

NEW ACQUISITION: DONJON SHIPBUILDING & REPAIR HARD AT WORK IN GREAT LAKES

In December 2009 Donjon was pleased to announce the creation of Donjon Shipbuilding and Repair, LLC (“DSR”). Through an agreement with the Erie-Western Pennsylvania Port Authority and the acquisition of the assets of the former Erie Shipbuilding, LLC, DSR will engage in shipbuilding and repair on its 44-acre site on Lake Erie, Pennsylvania. The shipyard is currently hard at work building the Articulated Tug/Barge (ATB) *Ken Boothe Sr./Seajon Enterprise*, a state of the art self-unloader that will enter service upon completion as the first new bulk carrier in the Great Lakes fleet in years.

DSR’s facility, equipped with a 1,250 feet by 120 feet by 22 feet dry dock, is the largest shipyard of its kind on the Great Lakes. The facility includes 4,000 feet of pier space and more than 200,000 square feet of production area, with fully enclosed fabrication and assembly buildings housing fully automated cutting, fabrication and coating equipment sufficient to build and maintain everything from deck barges to ocean-going ships.

Although the yard was essentially inactive at the time of Donjon’s acquisition, today DSR employs over 80 full-time employees. Donjon anticipates ramping up to approximately 100 by October and about 150 by April 2011. By the second half of 2011, Donjon anticipates expanding to 160-175 employees. Donjon’s arrival in the region has offered a much-needed chance for employment to the wealth of skilled employees in the region.

At a combined length of over 913 feet and 10,000 horsepower, the ATB *Ken Boothe Sr./Seajon Enterprise* is a massive undertaking. The vessel is built for a joint venture between Donjon and its new partner Seacor Holdings, Inc. – a publicly traded company with a well known presence in the marine industry. In addition to the ongoing build, DSR anticipates significant winter work beginning in January 2011 with two vessels brought to the shipyard for maintenance and refits.



Automated cutting tables in DSR’s massive fabrication building.



The 10,000 hp tug *Ken Boothe Sr.*, currently under construction

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DONJON DREDGING WINS ANOTHER MAJOR NEW YORK HARBOR DEEPENING PROJECT

Through a joint venture partnership with Jay Cashman, Inc., Donjon Marine Co., Inc. has recently become the successful low bidder on a dredging project solicited by the United States Army Corps of Engineers (USACE). The Project is the largest New York Harbor deepening project bid to date since the deepening began twenty years ago. The contract to deepen the Newark Bay and Arthur Kill Channels will bring large sections of the New York/ New Jersey harbor to the depths required to keep commerce in the area flowing at new, sometimes unprecedented, depth requirements.

Proposed by the New York District, the project consists of deepening of the 2 Federal channels from their existing controlling depth of -43 feet mean low water to a controlling depth of -52 feet mean low water. The project area is located predominantly along the Newark Bay, adjacent to the home of the majority of Donjon's dredging fleet. The Project calls for the dredging and disposal of just under 3,000,000 cubic yards of material consisting of silt, clay, sand, glacial till and rock. Approximately 350,000 cubic

yards of overlying silt will be removed first with disposal both upland as well as in the Newark Bay Confined Disposal Facility (NBCDF). Approximately 1,800,000 cubic yards of underlying clay, glacial Till and sand will be disposed of 26 miles offshore at the Hazardous Area Reclamation Site (HARS). The balance of the uncovered rock will be drilled, blasted, and disposed of at a USACE controlled offshore artificial reef.

Donjon will utilize its environmental dredging expertise as well as a substantial portion of its dredging assets to perform this work. Donjon will be utilizing its hydraulic excavator J.P. Boisseau, environmental bucket dredges Michigan and Delaware Bay, a fleet of over a dozen hopper scows, three four thousand cubic yard capacity dump scows *Witte 4001*, *Witte 4002* and *Witte 4003*, as well as multiple tugboats and launches to accomplish the project.

Thomas Witte, Donjon's Executive Vice President and head of the Dredging Division commented: "We were extremely happy to be able to win this bid

with our Joint Venture partners at Cashman. We look forward to combining Donjon's environmental dredging expertise, our modern fleet of dredging assets, and our experienced workforce with Cashman's drilling and blasting experience. We've come up with a winning combination that should help keep our equipment and personnel hard at work for the next two years." ❖



Donjon dredge's Newark Bay and Michigan loading the Dump Scow *Witte 4001* and Hopper Scow *Witte 3001*.

DONJON CONTRACTED FOR WORK ON HISTORIC WAR VESSEL

Donjon served as the lead salvage contractor to the U.S. Navy to coordinate the locating and initial archeological investigation of the *USS Scorpion*, the flagship of a U.S. Navy fleet known as the Chesapeake Flotilla during the War of 1812.

The recovery of the vessel is to be accomplished in 2 to 3 phases. Phase 1, just completed, was designed to locate and conduct preliminary preparatory work for the more extensive archeological work to be done in concert with the bicentennial celebration of the War of 1812. Phase 2 and 3 will involve installing a cofferdam so that the *Scorpion* recovery and excavation can be done in the dry.

The contract was awarded to Donjon on July 8th, 2010 and will continue through the completion of the recovery in the summer of 2012.

The *USS Scorpion* was designed to navigate the shallow waters of the Patuxent and to harass the British, whose Royal Navy at the time was terrorizing towns from Havre de Grace to Norfolk, according to news reports and historical depictions. The Chesapeake Flotilla harassed the larger British fleet and successfully delayed their advance on Washington DC when the Americans scuttled the fleet across the Patuxent River 20 miles east of Washington DC in Upper Marlboro, MD.

"Donjon was very fortunate to be a part of this archaeological project and to touch a part of history at the same time," said John A. Witte, Jr., Donjon's Executive Vice President. ❖

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In addition to the construction of the ATB and expansion of the workforce, Donjon is currently at work on a number of other capital improvements to the shipyard, including a new Railroad Spur which will enable the yard to receive steel and major components – all of U.S. manufacture – via rail. In addition, Donjon is planning a “mid gate” at the 800-foot mark of the Graving Dock in 2011, which will allow the massive dock to be flooded in separate sections.

Donjon hosted an open house for a group of about 120 elected officials, local business people and out-of-town business owners and vendors, who toured Donjon Shipbuilding and Repair in Erie on July 21. The turnout was higher than anticipated and all attending were impressed with the possibilities presented by Donjon’s arrival in the region.

Donjon’s President, J. Arnold Witte, said of the expansion, “We are looking forward to building on the wealth of talented people and experience that we’ve put in place at Donjon Shipbuilding and Repair. With hard work and dedication, we anticipate a prosperous future in Erie, Pennsylvania.” ❖



Government officials and media toured Donjon’s shipyard on July 21.

DONJON TOWING AND TRANSPORTATION PROJECTS INCREASE

Donjon’s Marine Transportation Division has been involved in several new projects over the last months, in addition to the daily support it provides to the company’s Dredging, Salvage, Marine Demolition and other areas.



Through a contract with SIMS Metals, Donjon tugs are transporting the barges that carry all of SIMS’ steel scrap in the New York/Metropolitan Area. Donjon tugs handle approximately 1,800,000 tons of mixed grades of scrap steel each year.

Donjon tugs and barges transport various types and grades of bulk stone products under contract to O&G Industries from two upstate New York quarries to various New York/Metropolitan Area receiving facilities in support of its customer. Donjon transports over 300,000 tons of stone per year as part of this services contract.

In late May 2012, Donjon was awarded a competitively bid Marine Transportation Services contract to move all New York City Department of Sanitation Recycling Barges from various distribution points in New York City to a number of re-handling facilities throughout the area. Donjon moves at least one barge of recycled material per day, 365 days per year.

“Donjon continues to expand its Marine Transportation services based upon the needs of the company’s various divisions, the needs of our customers, along with the needs of the marine community as a whole. This approach is consistent with Donjon’s overall philosophy of well-planned growth in our target markets,” said Steven G. Newes, Donjon’s Vice President of Marine Transportation.

Donjon currently operates 14 tugboats, ranging in size from 1,200 to 8,000 horsepower, and works both nationally and internationally. Donjon’s barge fleet includes more than 40 barges of various types ranging from 4,000 cubic yard dump barges to Donjon’s new 1400-ton capacity, *Witte 1400* series material barges. The 10 new *Witte 1400* Class material barges and 4000 cubic yard dump barge were built in Donjon’s Erie, Pennsylvania, shipyard, Donjon Shipbuilding and Repair, LLC. ❖

DONJON COMPLETES TIER 2 “GREEN” REPOWER AND REFIT OF TUG *BRIAN NICHOLAS*

This past June, Donjon completed the top-to-bottom refit and replacement of the main engines, generators, gears and related equipment of its tug *Brian Nicholas*. The refit was performed in house at Donjon’s Port Newark, New Jersey facility under the supervision of Donjon’s Gabe Yandoli and Robert Stickles. As a result of the refit, the *Brian Nicholas* is now a “green” tug, compliant with all applicable EPA and Tier 2 marine emissions regulations.

The rebuild included a repowering of the main propulsion with Cummins K38-M Marine engines, which were specifically developed by Cummins to meet EPA and Tier 2 marine emissions regulations. The new engines also meet the IMO, MARPOL and EU Stage 3A requirements. Similarly, the generators were upgraded to incorporate John Deere 4045TFM75 engines, also Tier 2 compliant. In addition to the replacement of the aforementioned engines, the project required virtually total replacement of exhaust lines and routing of new control lines and panels in the engine room and wheelhouse.

Notably, the repowering required significant “dry” work to the hull, shafts, propellers and rudders. Rather than perform the work at a shipyard, Donjon actually lifted the entire tug out of the water and placed it onto a *Witte 1400* series barge using Donjon’s heavy lift crane *Chesapeake 1000*. This allowed Donjon’s personnel, including the *Brian Nicholas*’ crew, to work comfortably on the hull, right down to a new coat of paint. Notably, the *Brian Nicholas*’ crew was not laid off during the refit. Rather, they participated in the rebuild right through to successful completion of sea trials.

The refit extended outside the engine room with a complete “gut” and rebuild of the galley and accommodations. The

wheelhouse also received an upgrade right down to a new brass chronometer, a gift to the tug from Donjon’s Yandoli – who is also the father of tug’s namesake. The crew, operating on a 24/7 basis, now enjoys a new and comfortable work platform to conduct their day to day business, whether it be supporting



Refit wheelhouse panels, with the classic touch of a brass chronometer

Donjon’s dredging and salvage operations or towing for any of Donjon’s customers in the New York area.

Yandoli commented on the successful repowering and refit, “After significant man hours and a lot of hard work, we’re happy to say that the repowering and refit of the *Brian Nicholas* is complete and we now have our first Tier 2 emissions tug in our fleet, ready to work for the years ahead.” ❖



The heart of the rebuild, K38-M Tier 2 main engines.



No drydock needed; Donjon’s *Chesapeake 1000* picks up the *Brian Nicholas* to be placed onto a Donjon barge.

Message from the President: Donjon Staying Busy

By J. Arnold Witte, President/Chairman/CEO, Donjon Marine Co., Inc.

I am proud to say that we are about to celebrate our 45th anniversary of the creation of Donjon. When the company began, we had little equipment and two employees, me and Tony Prasa, both of us still employed by Donjon. We have grown steadily yet conservatively. The equipment base has grown and the employees more numerous, but what has not changed is the fact that Donjon's continued success is the result of the dedication and talent of our people.

The Donjon family of companies, including our environmental group, now employ more than seven hundred full-time employees. Donjon's focus has expanded well beyond our beginnings and now we commonly work not only in our "backyard," but all over the world. Donjon began as a salvage and wreck removal company, but we soon realized that the peaks and valleys of emergency response could not ground a stable and growing workforce. Today, by expansion into dredging, metals recycling, marine transportation, heavy lift, and other services, we can be satisfied that our benefit programs and wages are competitive in all instances and superior in most. This has only been attainable by the quality of our employees. We have accomplished this growth without the assistance of bailouts, grants, subsidies or other assistance. We could not, however, accomplish the growth without the hard work of every one of our people.

We are pleased to use this issue of *Donjon-In-Depth* to focus on one of our newest additions, Donjon Shipbuilding and Repair, LLC. We first became acquainted with the shipyard when we began a dedicated expansion of our new-build barge fleet back in 2005.

These new-builds included the addition of Donjon's third 4000 cubic yard dump scow to support our dredging division and construction of 11 1400-ton capacity deck barges to further enhance our salvage, stevedoring and bulk cargo groups. With the delivery of every vessel, we were impressed by the quality of the construction and the craftsmanship of the people involved.

Accordingly, last year we began the process of acquiring the shipyard and on December 16, 2009 we proudly announced the creation of Donjon Shipbuilding and Repair. Through continued hard work, we expect to expand Donjon's activities even further into the Great Lakes region. As with all

of our businesses, the success of that venture depends in large part upon the dedication, experience and hard work of our people.

Keeping this all in mind, I wish to welcome all of our new employees and use this as an opportunity to thank everyone for their dedication and hard work. With all of our combined efforts, we look forward to further shared success in the future. ❖



J. Arnold Witte

DONJON CONTRACTED FOR WORK ON HISTORIC WAR VESSEL



Work begins on salvage of USS Scorpion. (See story, page 5.)

Remembering Ken Boothe, Sr.

Executive Vice President - Operations Donjon Shipbuilding & Repair

Kenneth Boothe, Sr., Executive Vice President – Operations, Donjon Shipbuilding in Erie, PA, passed away unexpectedly on June 4, 2010 at his home in Waterford, Pennsylvania.

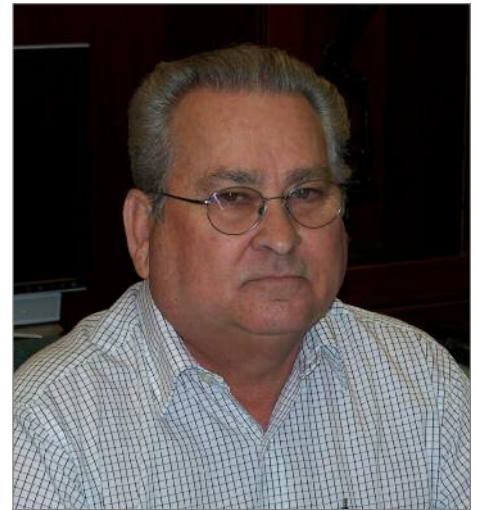
Mr. Boothe had a distinguished reputation that preceded him over his 45 years in the shipbuilding and marine industry. Over his career, he worked in just about every aspect of shipbuilding, moving up through the ranks which afforded him the opportunity to gain valuable experience with some highly respected companies including Kirby Corporation, Trinity Industries, Halter Marine and Bollinger Shipyards.

Over the last three years Mr. Boothe had been in Erie working for Erie Shipbuilding, now Donjon Shipbuilding and Repair, and said, when interviewed last February, the secret of his longevity in the industry was to “provide the customer with a quality product at the most economical price.”

Mr. Boothe was excited about the move to Donjon’s ownership of the shipyard that occurred in December 2009, saying, “People being put back to work has been terrific. The morale of the people here is at an all-time high and employees are excited about the prospects of long-term employment,” he said.

He is survived by his wife of over 44 years, Ellen S. Boothe, and son Mr. Boothe, Jr., and grandchildren Alyssa, Alexa, Avrea and Kyler Daniel Boothe.

A memorial fund has been established in Mr. Boothe’s name at all branches of



Ken Boothe, Sr.

Northwest Savings Bank, 800 State St., Erie, PA 16501. For more information, call (504) 341-9421. ❖

DONJON’S RECYCLING DIVISION GROWS

Donjon’s C & M Metals Recycling, LLC in Morris County, New Jersey, has increased capacity of its 32,000 square foot facility by leasing an additional 4000 square feet of climate controlled warehouse space to accommodate its non-ferrous recycling operation. The division continues to investigate opportunities to expand in the future! ❖



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