SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 333-69826

HORNBECK-LEEVAC MARINE SERVICES, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	72-1375844	4424
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)	(Primary Standard Industrial Classification Code Number)

414 NORTH CAUSEWAY BLVD
MANDEVILLE, LA 70448

(Address of Principal Executive Offices) (Zip Code)

(985) 727-2000

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

The total number of shares of common stock, par value $.01 per share, outstanding as of May 13, 2002 was 30,192,036.

HORNBECK-LEEVAC MARINE SERVICES, INC. AND SUBSIDIARIES
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2002

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

HORNBECK-LEEVAC MARINE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 2001	MARCH 31, 2002 (UNAUDITED)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 53,203	$ 42,549
Accounts and claims receivable, net of allowance for doubtful accounts of $133 and $289 respectively	10,690	9,775
Prepaid insurance	1,047	2,005
Other current assets	665	743
Total current assets	65,605	55,073
Property, plant and equipment	195,265	207,044
Accumulated depreciation	14,485	16,636
Net fixed assets	180,781	190,407
Goodwill, net of accumulated amortization of $621	2,628	2,628
Deferred charges, net	9,803	9,614
Total assets	$ 258,817	$ 257,723
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	$ 5,624	$ 3,931
Notes payable, current	5	--
Accrued interest	8,161	3,099
Other accrued liabilities	3,299	3,053
Total current liabilities	17,089	10,082
Long-term debt, net of original issue discount of $3,024 and $2,890, respectively	171,976	172,110
Deferred taxes, net	9,570	11,709
Other long-term liabilities	316	318
Total liabilities	198,951	194,218
Preferred stock; $0.01 par value; 5,000 shares authorized no shares issued and outstanding	--	--
Common stock: $01 par value; 100,000 shares authorized 30,135 and 30,192 shares issued and outstanding, respectively	301	302
Additional paid-in-capital	61,019	61,167
Retained (deficit) earnings	(1,454)	2,035
Total stockholders' equity	59,866	63,504
Total liabilities and stockholders' equity	$ 258,817	$ 257,723

The accompanying notes are an integral part of these consolidated financial statements.

HORNBECK-LEEVAC MARINE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31,	
	2001	2002
	(UNAUDITED)	
REVENUE	$ 10,416	$ 22,743
Costs and expenses:		
Operating expenses..........................	5,072	10,573
General and administrative expenses.......	1,345	2,848
	6,417	13,421
Operating income..........................	3,999	9,322
Other income (expense):		
Interest expense..........................	(1,561)	(3,941)
Interest income...........................	399	246
Income before income taxes...................	2,837	5,627
Income tax expense...........................	(1,079)	(2,138)
Net income..................................	$ 1,758	$ 3,489
Pro Forma Information (Note 3):		
Net income, reported above	$ 1,758	N/A
Pro forma additional interest expense.....	--	N/A
Pro forma net income.........................	$ 1,758	N/A

The accompanying notes are an integral part of these consolidated financial statements.

HORNBECK-LEEVAC MARINE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

THREE MONTHS ENDED MARCH 31,	2001	2002
	(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,758	$ 3,489
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,357	2,541
Amortization of original issue discount, financing costs and initial warrant valuation	169	221
Provision for bad debt	14	158
Deferred tax expense	1,079	2,138
Changes in operating assets and liabilities:		
Accounts and claims receivable	719	757
Prepaid expenses	(347)	(959)
Deferred charges and other assets	49	32
Deferred charges relating to recertification drydock expenditures	(50)	(399)
Accounts payable and deferred revenue	159	(1,693)
Accrued interest	(654)	(5,062)
Other liabilities	126	(244)
Net cash provided by operating activities	4,379	979
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments under vessel construction contracts	(11,955)	(10,854)
Other additions to property, plant & equipment	(19)	(924)
Net cash used in investing activities	(11,974)	(11,778)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings under debt agreements	317	--
Payments on long-term debt	(3,086)	(5)
Repurchase of stock	--	(50)
Proceeds from issuance of common stock	--	200
Net cash provided by (used in) financing activities	(2,769)	145
Net decrease in cash and cash equivalents	(10,364)	(10,654)
Cash and cash equivalents at beginning of period	32,988	53,203
Cash and cash equivalents at end of period	$ 22,624	$ 42,549
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES:		
Interest paid	$ 2,593	$ 9,658
Income taxes paid	$ --	$ --

The accompanying notes are an integral part of these consolidated financial statements.

HORNBECK-LEEVAC MARINE SERVICES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS AND SHARES IN THOUSANDS)

1. Organization and Basis of Presentation:

HORNBECK-LEEVAC Marine Services, Inc., which is incorporated in the state of Delaware, wholly owns Hornbeck Offshore Services, LLC, LEEVAC Marine, LLC, HORNBECK-LEEVAC Marine Operators, LLC and Energy Services Puerto Rico, LLC. All of the subsidiaries were converted from C corporations to limited liability companies in December 2001. The accompanying financial statements include the accounts of HORNBECK-LEEVAC Marine Services, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Except as otherwise indicated herein, the "Company" refers collectively to HORNBECK-LEEVAC Marine Services, Inc. and its wholly owned subsidiaries.

Hornbeck Offshore Services, LLC (HOS) operates offshore supply vessels to furnish support to the offshore oil and gas exploration and production industry, primarily in the United States Gulf of Mexico and to provide specialty services. LEEVAC Marine, LLC operates ocean-going tugs and tank barges which provide vessel and barge charters for the transportation of petroleum products. HORNBECK-LEEVAC Marine Operators, LLC is a service subsidiary that provides administrative and personnel support to the other subsidiaries. Energy Services Puerto Rico, LLC provides administrative and personnel support to employees residing in Puerto Rico.

The accompanying unaudited consolidated financial statements as of December 31, 2001 and March 31, 2002 and for the three months ended March 31, 2001 and 2002 have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal and recurring adjustments) necessary to present a fair statement of the Company's financial position and results of operations for the interim periods included herein have been made, and the disclosures contained herein are adequate to make the information presented not misleading. Operating results for the three months ended March 31, 2002 are not necessarily indicative of the results that may be expected for the year ended December 31, 2002. The financial statements included herein should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

Certain reclassifications of prior year amounts have been made to conform to the current period presentation.

2. Summary of Significant Accounting Policies:

The Company's significant accounting policies are discussed in Note 2 to its consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2001. (See Note 4 for a change in the Company's accounting policy with respect to goodwill amortization.)

3. Long-Term Debt:

On June 5, 1998, the Company entered into a $43,000 line of credit agreement with two banks (Facility A) and $15,000 and $20,000 line of credit agreements (Facility B and C, respectively) with two venture capital companies. These "Credit Agreements" were used to refinance existing indebtedness and partially finance the construction of offshore supply vessels. Facilities A and B converted to term loans on the completion of the last offshore supply vessel. In connection with Facility C, the Company issued detachable warrants to purchase 11,905 shares of common stock. The warrants were assigned an estimated market value of $500. The warrants for the purchase of 10,500 shares of common stock were exercisable with an exercise price of $1.68 per share. The remaining warrants became exercisable only on the occurrence of an event of default under Facility C, the Company filing for bankruptcy or if the indebtedness under Facility C was not discharged in full by June 5, 2003. All of the warrants issued in connection with establishment of Facility C provided the holders with a put option whereby the holders had the right, if the Company's stock was not publicly traded by June 5, 2003 to require the Company to repurchase the warrants at their fair market value.

According to EITF Issue 88-9, Accounting for Put Warrants, issued by the Emerging Issues Task Force and supplemented by EITF Issue 00-19, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's own Stock, a company whose stock is not publicly traded may elect to account for warrants that contain put options either as a liability or as equity. As previously discussed, the Company assigned a market value of $500 to the warrants at issuance based on the relative fair value of the Facility C debt and the warrants. The $500 was allocated to equity and the Company had been amortizing, through retained earnings, the fair market value of the warrants through June 5, 2003, the first date on which the put could have been exercised. The warrants were revalued each period-end with changes in value accounted for prospectively. Had the Company elected to account for the warrants as a liability rather than as equity, the warrants would have been adjusted to their fair value at each period-end with the fair value adjustment reported as a noncash adjustment to interest expense. There was no additional interest expense that would be reported for the three months ended March 31, 2001, as there was no change in the fair value of the warrants during the period. The Company has included this pro forma information in its consolidated statements of operations. In the event of an initial public offering of the Company's stock, the Company's operating results would be required to reflect the additional interest expense in the amounts stated above for each applicable period.

The Company repurchased and terminated all of the warrants for $14,500 in October 2001. The repurchase of the warrants was funded by a concurrent private placement of the Company's common stock for gross proceeds of $14,600. The remaining funds were used for payment of expenses incurred in the offering. As a result of the repurchase of the warrants, the unamortized value of the warrants was accelerated and charged to retained earnings in the fourth quarter of 2001. Beginning in 2002, there is no further pro forma effects relating to the accounting for the put warrants due to the Company's repurchase as noted above.

On July 24, 2001, the Company issued $175,000 in principal amount of Senior Notes. The Company realized net proceeds of approximately $165,000, which was used to repay and fully extinguish all existing credit facilities. The Senior Notes mature on August 1, 2008 and require semi-annual interest payments at an annual rate of 10 5/8 percent on February 1 and August 1 of each year until maturity, with the first payment due on February 1, 2002. The effective interest rate on the Senior Notes is 11.18 percent. No principal payments are due until maturity. The Senior Notes are unsecured senior obligations and rank equally in right of payment with other existing and future senior indebtedness and senior in right of payment to any subordinated indebtedness incurred by the Company in the future. The Senior Notes are guaranteed by all of the Company's subsidiaries. The Company may, at its option, redeem all or part of the Senior Notes from time to time at specified redemption prices and subject to certain conditions required by the Indenture. The Company is permitted under the terms of the Indenture to incur additional indebtedness in the future, provided that certain financial conditions set forth in the Indenture are satisfied by the Company. As of March 31, 2002, the Company was permitted to incur a minimum of $25,000 of additional indebtedness.

The Company completed an Exchange Offer on January 18, 2002, whereby the 10 5/8% Series A Senior Notes, due 2008, were exchanged for 10 5/8% Series B Senior Notes with the same terms, which are publicly registered.

Effective December 31, 2001, the Company entered into a new senior secured revolving line of credit (the Revolver) for $50,000 with one of its former lenders. Pursuant to the terms of the Revolver, the Company's borrowings under this facility will initially be limited to $25,000 unless it has obtained the lender's concurrence to borrow in excess of $25,000. Pursuant to the indenture governing the Senior Notes, unless the Company meets a specified consolidated interest coverage ratio test, the level of permitted borrowings under this facility initially will be limited to $25,000 plus 15 percent of the increase in the Company's consolidated net tangible assets over the consolidated net tangible assets as of March 31, 2001 determined on a pro forma basis to reflect the acquisition in May 2001 of tugs and tank barges from the Spentonbush/Red Star Group, affiliates of Amerada Hess Corporation. The Revolver is collateralized by four offshore supply vessels and four ocean going tugs. On March 26 2002, the Revolver was syndicated to include two additional former lenders.

4. New Accounting Standards:

In July 2001, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standards Statement No. 141, Business Combinations (SFAS 141) and Financial Accounting Standards Statement No. 142, Goodwill and Other Intangible Assets (SFAS 142). SFAS 141 eliminates the pooling-of-interests method of accounting for business combinations except for qualifying business combinations that were initiated prior to July 1,

2001. The purchase method of accounting is required to be used for all business combinations initiated after June 30, 2001. SFAS 141 also requires separate recognition of intangible assets that meet certain criteria. Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed for impairment annually, or more frequently if circumstances indicate potential impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives.

Effective January 1, 2002, the Company adopted SFAS 141 and SFAS 142. Therefore, the Company has ceased to amortize goodwill in 2002. The Company has not completed its initial evaluation of goodwill impairment that is required with the adoption of the SFAS No. 142. However, based on the preliminary evaluation procedures it has performed, the Company does not believe that its existing goodwill balances will be impaired under the new standards; however, no assurances can be given. The initial transition evaluation is required to be and will be completed by June 30, 2002 which is within the six month transition period allowed by the new standard upon adoption.

The following table presents the Company's net income as reported in the Company's Unaudited Consolidated Financial Statements compared to that which would have been reported had the Company adopted SFAS 142 as of January 1, 2001.

	THREE MONTHS ENDED MARCH 31,	
	2001	2002
Net income, as reported	$ 1,758	$ 3,489
Amortization of goodwill, net of taxes ...	20	--
Net income, as adjusted	$ 1,778	$ 3,489

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" (SFAS 143), which requires recording the fair value of a liability for an asset retirement obligation in the period incurred. SFAS 143 is effective for fiscal years beginning after June 15, 2002, with earlier application permitted. Upon adoption of SFAS 143, the Company will be required to use a cumulative effect approach to recognize transition amounts for any existing retirement obligation liabilities, asset retirement costs and accumulated depreciation. The Company does not have any known asset retirement obligations, therefore adoption of this statement will have no effect on the financial statements.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144), which supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". SFAS 144 also supersedes certain aspects of APB 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", with regard to reporting the effects of a disposal of a segment of a business and will require expected future operating losses from discontinued operations to be reported in discontinued operations in the period incurred rather than as of the measurement date as presently required by APB 40. Additionally, certain dispositions may now qualify for discounted operations treatment. The provisions of SFAS 144 are required to be applied for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. The adoption of this statement did not have any effect on the Company's financial statements.

5. Capital Stock:

During the three months ended March 31, 2002, the Company sold 75 shares at $2.65 per share for a total proceeds of $200 and repurchased 19 shares at $2.65 per share for a total cost of $50. The repurchased shares have been retired. In addition, during the three months ended March 31, 2002, the Company issued options to purchase 288 shares of its common stock to employees and directors with an exercise price of $2.65 per share.

6. Commitments:

Vessel Construction

At March 31, 2002, the Company was committed under a vessel construction contract with a shipyard affiliated with one of the Company's directors and its former Chairman of the Board and Chief Executive Officer to construct one offshore supply vessel. At that date, the remaining amount expected to be expended to complete construction with respect to such contract was approximately $2.3 million (See also Note 8.) At March 31, 2002, the Company was also committed under a vessel construction contract with another shipyard to construct two additional offshore supply vessels. At that date, the remaining amount expected to be expended to complete construction with respect to such contract was approximately $15.0 million.

The Company is obligated under the terms of both contracts to remit funds to the shipyards based on vessel construction milestones, which are subject to change during vessel construction.

7. Segment Information:

The Company provides marine transportation services through two business segments. The Company operates newly constructed deepwater offshore supply vessels primarily in the Gulf of Mexico through its offshore supply vessel segment. The offshore supply vessels principally support offshore drilling and production operations in the deepwater regions of the Gulf of Mexico by transporting cargo to offshore drilling rigs and production facilities and providing support for specialty services. The tug and tank barge segment operates ocean-going tugs and tank barges in the northeastern United States and in Puerto Rico. The ocean-going tugs and tank barges provide coastwise transportation of refined and bunker grade petroleum products from one port to another. The following table shows reportable segment information for the three months ended March 31, 2001 and 2002 reconciled to consolidated totals and prepared on the same basis as the Company's consolidated financial statements.

	THREE MONTHS ENDED MARCH 31, 2001	2002
OPERATING REVENUE:		
Offshore supply vessels	$ 6,308	$ 9,776
Tugs and tank barges	4,108	12,967
Total	$ 10,416	$ 22,743
OPERATING EXPENSES:		
Offshore supply vessels	$ 2,405	$ 3,704
Tugs and tank barges	2,667	6,869
Total	$ 5,072	$ 10,573
OPERATING INCOME:		
Offshore supply vessels	$ 3,136	$ 5,020
Tugs and tank barges	863	4,302
Total	$ 3,999	$ 9,322
CAPITAL EXPENDITURES:		
Offshore supply vessels	$ 11,905	$ 10,999
Tugs and tank barges	--	702
Corporate	69	77
Total	$ 11,974	$ 11,778
DEPRECIATION AND AMORTIZATION:		
Offshore supply vessels	$ 728	$ 1,115
Tugs and tank barges	629	1,426
Total	$ 1,357	$ 2,541

IDENTIFIABLE ASSETS:	AS OF MARCH 31, 2001	2002
Offshore supply vessels	$ 97,573	$ 147,796
Tugs and tank barges	27,998	69,494
Corporate	21,300	40,433

--------- -------
----- Total
....
$ 146,871 $
257,723
============
============
LONG-LIVED
ASSETS: Offshore
supply vessels
.... $ 89,351 $
138,161 Tugs and
tank barges
.... 20,045
51,879 Corporate
....
388 367 ---------
--- ------------
Total
....
$ 109,784 $
190,407
============
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8. Subsequent Event:

In April 2002, the Company's Board of Directors approved a newbuild program for HOS to build eight deepwater offshore supply vessels. On May 1, 2002, HOS signed a definitive agreement with LEEVAC Industries, LLC for the construction of the first four vessels of this program, each of which will be 240' class vessels. The contract provides for the delivery of all four vessels during the second half of 2003. Aggregate construction costs for the first four vessels, before allocation of construction period interest, are expected to be approximately $53.0 million. The Company plans to fund these costs with current cash and projected cash flow from operations. The Company will also be able to draw upon the Revolver to fund the construction costs of these vessels if necessary, but does not expect to have to do so. HOS is currently seeking price bids from shipyards for the last four vessels of this newbuild program.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis should be read in conjunction with our consolidated financial statements and their notes included elsewhere in this Form 10-Q. In this Form 10-Q, "company," "we," "us" and "our" refer to HORNBECK-LEEVAC Marine Services, Inc. and its subsidiaries, except as otherwise indicated.

General

We operate deepwater offshore supply vessels in the Gulf of Mexico and ocean-going tugs and tank barges in the northeastern United States, primarily New York Harbor, and in Puerto Rico. We charter our offshore supply vessels on a dayrate basis, under which the customer pays us a specified dollar amount for each day during the term of the contract, under either fixed time charters or spot market charters. A fixed time charter is a contract in which the charterer obtains the right for a specified period to direct the movements and utilization of the vessel in exchange for payment of a specified daily rate, generally paid monthly, but the vessel owner retains operational control over the vessel. Typically, the owner fully equips the vessel and is responsible for normal operating expenses, repairs, wages and insurance, while the charterer is responsible for voyage expenses, such as fuel, port and stevedoring expenses. Spot market charters in the offshore supply vessel industry are generally time charter contracts with terms of less than one year. Generally, we absorb crew, insurance and repair and maintenance costs in connection with operation of our offshore supply vessels and our customers absorb other direct operating costs.

All of our offshore supply vessels are currently operating under time charter contracts, including seven that are chartered with initial terms ranging from two to five years. We are currently involved in a contract dispute with one of our customers with respect to two of such vessels, which could result in only five of our offshore supply vessels being under long-term contracts. Our long-term contracts for our offshore supply vessels are consistent with those used in the industry and are either fixed for a term of months or years or are tied to the duration of a long-term contract for a drilling rig for which the vessel provides services. These contracts generally contain, among others, provisions governing insurance, reciprocal indemnifications, performance requirements and, in certain instances, dayrate escalation terms and renewal options.

While offshore supply vessels service existing oil and gas production platforms as well as exploration and development activities, incremental vessel demand depends primarily upon the level of drilling activity, which can be influenced by a number of factors, including oil and gas prices and drilling budgets of exploration and production companies. As a result, utilization and dayrates have historically correlated to oil and gas prices and drilling activity, although the greater investment of time and expense associated with deepwater production and the consequent long-term nature of deepwater offshore supply vessel contracts have weakened the significance of the correlation in recent years.

Generally, we operate an ocean-going tug and tank barge together as a "tow" to transport petroleum products between U.S. ports and along the coast of Puerto Rico. We operate our tugs and tank barges under fixed time charters, spot market charters, contracts of affreightment and consecutive voyage contracts. Spot market charters in the tug and tank barge industry are generally single-voyage contracts of affreightment or time charter contracts with terms of less than one year. A consecutive voyage contract is a contract for the transportation of cargo for a specified number of voyages between designated ports over a fixed period of time under which we are paid based on the volume of products we deliver per voyage. Under consecutive voyage contracts, in addition to earning revenues for volumes delivered, we earn a standby hourly rate between charters. One of our tank barges has been chartered to a third party under a bareboat charter. A bareboat charter is a "net lease" in which the charterer takes full operational control over the vessel for a specified period of time for a specified daily rate that is generally paid monthly to the vessel owner. The bareboat charterer is solely responsible for the operation and management of the vessel and must provide its own crew and pay all operating and voyage expenses.

The primary drivers of demand for our tug and tank barge services are population growth, the strength of the United States economy and changes in weather patterns that affect consumption of heating oil and gasoline. The tug and tank barge market, in general, is marked by steady demand over time. Based on a recent industry study that we commissioned, we believe that demand for refined petroleum products and crude oil will remain steady or gradually increase for the foreseeable future.

Our operating costs are primarily a function of fleet size and utilization levels. The most significant direct operating costs are wages paid to vessel crews, maintenance and repairs and marine insurance. Generally, fluctuations in vessel utilization affect only that portion of our direct operating costs that is incurred when our vessels are active. Direct operating costs as a percentage of revenues may therefore vary substantially due to changes in day rates and utilization.

In addition to the operating costs described above, we incur fixed charges related to the depreciation of our fleet and costs for routine drydock inspections and maintenance and repairs necessary to ensure compliance with applicable regulations and to maintain certifications for our vessels with the U.S. Coast Guard and various classification societies. The aggregate number of drydockings and other repairs undertaken in a given period determines the level of maintenance and repair expenses and marine inspection amortization charges. We generally capitalize costs incurred for drydock inspection and regulatory compliance and amortize such costs over the period between such drydockings, typically 30 or 60 months.

Applicable maritime regulations require us to drydock our vessels twice in a five-year period for inspection and routine maintenance and repair. If we undertake a large number of drydockings in a particular fiscal period, comparative results may be affected.

RESULTS OF OPERATIONS

The table below sets forth, by segment, the average dayrates and utilization rates for our vessels and the average number of vessels owned during the periods indicated. These offshore supply vessels and tug and tank barges generate substantially all of our revenues and operating profit.

	THREE MONTHS ENDED MARCH 31,	
	2001	2002
OFFSHORE SUPPLY VESSELS:		
Average number of vessels	7.0	9.4
Average utilization rate (1)	98.7%	95.9%
Average dayrate (2)	$ 10,147	$ 12,012
TUGS AND TANK BARGES:		
Average number of tank barges	7.0	16.0
Average fleet capacity (barrels)	451,655	1,130,727
Average barge size (barrels)	64,522	70,670
Average utilization rate (1)	83.3%	86.9%
Average dayrate (3)	$ 7,824	$ 9,500

(1) Utilization rates are average rates based on a 365-day year. Vessels are considered utilized when they are generating revenues.

(2) Average dayrates represent average revenue per day, which includes charter hire and brokerage revenue, based on the number of days during the period that the offshore supply vessels generated revenue.

(3) Average dayrates represent average revenue per day, including time

charters, brokerage revenue, revenues generated on a per-barrel-transported basis, demurrage, shipdocking and fuel surcharge revenue, based on the number of days during the period that the tank barges generated revenue. For purposes of brokerage arrangements, this calculation excludes that portion of revenue that constitutes a "pass-through" to the customer of the cost of in-chartering third party equipment.

THREE MONTHS ENDED MARCH 31, 2002 COMPARED TO THREE MONTHS ENDED MARCH 31, 2001

Revenues. Revenues were $22.7 million for the three months ended March 31, 2002, as compared to $10.4 million for the same period in 2001, an increase of $12.3 million or 118.3 percent. This increase in revenue is primarily the result of the significant increase in the size of our fleet since April 2001. Our operating fleet grew from eighteen vessels at the end of the first quarter 2001 to 39 vessels at the end of the first quarter 2002. The additional revenues generated by the 21 new vessels accounted for approximately $11.0 million of the $12.3 million increase in revenues in the first three months of 2002 compared to the same period last year. The balance of the increase in revenue of approximately $1.3 million was derived from our 18 vessels that were in service during each of the first three months of 2001 and 2002. Our offshore supply vessels operating in the first three months of both 2002 and 2001 earned higher average dayrates in the first three months of 2002 than in the same period of 2001. Average dayrates for such offshore supply vessels increased 17.0 percent due to increased exploration and production activity in the deepwater Gulf of Mexico. Our tugs and tank barges operating in the first three months of 2002 and 2001 had higher average utilization in the first three months of 2002 than in the same period of 2001. Average tank barge utilization for such vessels increased 12.0 percent due to a change in mix of vessels from contracts of affreightment to time charter, as well as fewer days out of service for drydock and repairs in the first three months of 2002 versus the same period of 2001.

Revenues from our offshore supply vessel segment totaled $9.8 million for the three months ended March 31, 2002, as compared to $6.3 million for the same period in 2001, an increase of $3.5 million or 55.6 percent. The increase in segment revenue is primarily due to higher average dayrates and the addition of three deepwater offshore supply vessels since April 2001. Our utilization rate was 95.9 percent in the first three months of 2002 compared to 98.7 percent in the same period of 2001. The slight decrease in utilization is primarily due to two scheduled drydockings. Our offshore supply vessel average dayrate was $12,012 in the first three months of 2002 compared to $10,147 in the same period of 2001, an increase of $1,865 or 18.4 percent. The increase in average dayrates was due to a combination of continued high levels of deepwater drilling, construction and field development activity in the Gulf of Mexico and the addition to our fleet since the first three months of 2001 of the larger, newly constructed 240' class HOS Innovator on April 28, 2001, the 265' class BJ Blue Ray on November 6, 2001 and the 240' class HOS Dominator on February 28, 2002, which operated at higher dayrates than our 200' class offshore supply vessels.

Revenues from our tug and tank barge segment totaled $13.0 million for the three months ended March 31, 2002 as compared to $4.1 million for the same period in 2001, an increase of $8.9 million or 217.1 percent. The segment revenue increase is primarily due to increased utilization and the revenues generated by nine tugs and nine tank barges acquired on May 31, 2001. The acquisition increased fleet capacity in barrels from 451,655 to 1,130,727. Revenues for the first three months of 2002 included $1.1 million that was attributable to the "pass-through" to the customer of the cost of in-chartering third party equipment. There were no such "pass-through" revenues in the first three months of 2001. Our utilization rate increased to 86.9 percent for the three months ended March 31, 2002 compared to 83.3 percent for the same period in 2001. The increase in utilization was primarily the result of a change from vessels operating under contracts of affreightment to time charters, as well as the vessels being out of service for repairs fewer days in the first three months of 2002 as compared to the same period in 2001. Our average dayrate increased to $9,500 for the first three months of 2002 compared to $7,824 for the same period of 2001. We believe the increase in dayrates since the first three months of last year is reflective of the early effects of the Oil Pollution Act of 1990.

Operating Expense. Our operating expense, including depreciation and amortization, increased to $10.6 million for the three months ended March 31, 2002 as compared to $5.1 million in the same period in 2001, an increase of $5.5 million or 107.8 percent. The increase in operating expense resulted primarily from the addition of 21 vessels to the offshore supply vessel and tank barge fleets since the first three months of 2001.

Operating expense for our offshore supply vessel segment increased to $3.7 million in the first three months of 2002 compared to $2.4 million in the same period of 2001, an increase of $1.3 million or 54.2 percent. This increase was primarily the result of the HOS Innovator and BJ Blue Ray being in service for all of the first three months of 2002 and the HOS Dominator being in service for a portion of the first three months of 2002, but not in service during the same period of 2001. Daily operating costs per vessel for the first three months of 2002 increased over the same period of 2001, primarily due to the higher costs of operating larger vessels, including increased manning requirements, in the first three months of 2002.

Operating expense for our tug and tank barge segment was $6.9 million for the first three months of 2002 compared to $2.7 million for the same period of 2001, an increase of $4.2 million or 155.6 percent. The operating expense increase is primarily the result of the addition of nine tugs and nine tank barges on May 31, 2001. Operating expense for the first three months of 2002 included $1.1 million of the cost of in-chartering third party equipment that was "passed-through" to the customer. There were no such costs that were "passed-through" to the customer in the first three months of 2001. Daily operating costs per vessel, excluding "pass-through" operating expenses related to in-chartering of third party equipment, for the first three months of 2002 remained fairly consistent with the same period of 2001.

General and Administrative Expense. Our general and administrative expense was $2.9 million for the first three months of 2002 as compared to $1.3 million for the same period of 2001, an increase of $1.6 million. This increase primarily resulted from increased overhead relating to the nine tugs and nine tank barges acquired on May 31, 2001 and new costs associated with compliance with our reporting obligations under the federal securities laws. As discussed in Note 4 to the Unaudited Consolidated Financial Statements contained herein, we adopted SFAS 142 effective January 1, 2002 and, accordingly, we have ceased amortizing goodwill. General and administrative expense for the first three months of 2001 included goodwill amortization of less than $0.1 million.

Interest Expense. Interest expense was $3.9 million for the first three months of 2002 compared to $1.6 million in the same period of 2001, an increase of $2.3 million or 143.8 percent. The increase in interest expense resulted from the refinancing of all of our conventional floating rate debt through the issuance of senior notes in July 2001 with a higher fixed rate, and a higher average balance of debt outstanding in the 2002 period. This increase was offset by the capitalization of interest costs relating to new construction of approximately $1.0 million in the first three months of 2002 compared to $0.5 million in the same period of 2001. The increase in capitalized construction period interest is primarily due to a higher effective interest rate and a higher average balance of construction in progress outstanding associated with the construction of four offshore supply vessels during the first three months of 2002 compared to that of six vessels under construction during the same period of 2001.

Interest Income. Interest income was $0.2 million for the first three months of 2002 compared to $0.4 million for the same period of 2001, a decrease of $0.2 million or 50.0 percent. This decrease in interest income resulted from substantially higher interest rates being earned during the 2001 period, even though cash balances invested during the 2002 period were significantly higher than the 2001 period, due to the excess proceeds of the senior notes offering being available for investment since the July 2001 offering.

Income Tax Expense. Our effective tax rate for the first three months of each of 2002 and 2001 was 38.0 percent. Our income tax expense primarily consists of deferred taxes due to our federal net operating loss carryforwards, which were approximately $8.8 million as of December 31, 2001, and available through 2017 to offset future taxable income. In addition, we expect to generate additional federal tax benefits due to our use of accelerated tax depreciation with respect to new vessels. Our use of these net operating losses and additional tax benefits may be limited due to U.S. tax laws. Based on the age and composition of our current fleet, however, we expect to pay a lower than normal amount of federal income taxes over the next five years.

LIQUIDITY AND CAPITAL RESOURCES

Our principal needs for capital are to fund ongoing operations, capital expenditures for the construction of new vessels, acquisitions and debt service. We have historically financed our capital needs with cash flow from operations, issuances of equity and borrowings under our credit facilities.

Net cash provided by operating activities was $1.0 million for the three months ended March 31, 2002 compared to $4.4 million for the three months ended March 31, 2001. Changes in cash flow from operating activities are principally the result of higher income from operations after considering increases in depreciation and amortization due to the significant expansion of our vessel fleet, offset by changes in our net working capital, including a $5.1 million decrease in accrued interest expense related to our senior notes.

Net cash used in investing activities was $11.8 million for the three months ended March 31, 2002 compared to $12.0 million for the three months ended March 31, 2001. Net cash used in investing activities was primarily the result of new vessel construction. Also included in these cash amounts are drydocking expenditures of $0.5 million in the three months ended March 31, 2002 related to recertification of vessels acquired on May 31, 2001.

Net cash provided by financing activities was $0.1 million for the three months ended March 31, 2002 relating to the net issuance of additional common equity, compared to net cash used in financing activities during the three months ended March 31, 2001 of $2.8 million, which was primarily the result of repayments under our former credit facilities.

On December 31, 2001, two of our subsidiaries, Hornbeck Offshore Services, LLC and LEEVAC Marine, LLC, entered into a new three-year senior secured revolving line of credit (the "Revolver") for $50.0 million. Pursuant to the terms of the Revolver, our borrowings under this facility will initially be limited to $25.0 million unless we have obtained the lender's concurrence to borrow in excess of $25.0 million and are in compliance with the terms of the indenture governing our senior notes with respect to the incurrence of additional indebtedness. Borrowings under the Revolver accrue interest, at our option, at either (i) the prime rate announced by Citibank, N.A. in New York, plus a margin of 0% to 1%, or (ii) the London Interbank Offered Rate, plus a margin of 1.75% to 3.0%. We are also required to pay a commitment fee on available but unused amounts ranging from 0.25% to 0.375%. The interest rate margin and commitment fee are based on our leverage ratio, as defined in the agreement governing the Revolver. We can use the amounts we draw under the Revolver for working capital purposes, acquisitions and vessel construction. The Revolver is collateralized by four of our offshore supply vessels and four of our ocean-going tugs with an aggregate orderly liquidation value of approximately $75.0 million. We have guaranteed the obligations of Hornbeck Offshore Services, LLC and LEEVAC Marine, LLC under the Revolver. To date, we have made no drawings under the Revolver. On March 26, 2002, the Revolver was syndicated to include two additional former lenders.

On July 24, 2001, we issued $175.0 million in principal of 10 5/8% Series A senior notes due 2008. We realized net proceeds of $165.0 million, a substantial portion of which was used to repay and extinguish our outstanding indebtedness under our then existing credit facilities, which were terminated. On January 18, 2002, all of the Series A senior notes were exchanged for a like principal amount of our 10 5/8% Series B senior notes due 2008, which are identical in all material respects to the form and terms of the Series A senior notes, except that the offering of the Series B senior notes was registered under the Securities Act of 1933. We did not receive any proceeds from the exchange offer. At March 31, 2002, we had outstanding debt of $172.1 million, net of original issue discount, under the senior notes.

Interest on the senior notes is payable semi-annually each February 1 and August 1. The senior notes do not require any payments of principal prior to their stated maturity on August 1, 2008, but pursuant to the indenture under which the senior notes are issued, we are required to make offers to purchase the senior notes upon the occurrence of certain events, such as asset sales or a change in control.

The senior notes are general unsecured obligations and rank equally in right of payment with all our existing and future unsecured senior indebtedness and senior to all our future subordinated indebtedness. Our payment obligations under the senior notes are fully and unconditionally guaranteed on a senior unsecured basis by all our present and future significant subsidiaries on a joint and several basis.

The agreement governing the Revolver and the indenture under which the senior notes were issued impose operating and financial restrictions on us. Such restrictions affect, and in many cases limit or prohibit, among other things, our ability to incur additional indebtedness, make capital expenditures, redeem equity, create liens, sell assets and make dividends or other payments.

During the three months ended March 31, 2002, we expended approximately $9.9 million for new vessel construction. As of March 31, 2002, we had cash of approximately $42.5 million and working capital of approximately $45.0 million. As of March 31, 2002, we were committed under vessel construction contracts to complete construction of three offshore supply vessels. As of March 31, 2002, the amount expected to be expended to complete construction of these vessels was approximately $17.3 million, which becomes due at various dates through 2002. In addition, we expect to expend approximately $8.0 million during 2002 for drydocking expenses related to recertification of all vessels and other maintenance capital expenditures. During the three months ended March 31, 2002, we expended approximately $0.9 million for drydocking-related expenses for all vessels, of which $0.4 million was accounted for as deferred charges and $0.5 million was accounted for as an addition to property, plant and equipment relating to costs incurred for the recertification of acquired vessels that are drydocked within the first twelve months immediately following the acquisition of such vessels. Under our accounting policy, we generally capitalize drydocking expenditures related to vessel recertification to deferred charges and amortize the amount over 30 or 60 months. During the three months ended March 31, 2002, we also expended approximately $0.4 million for miscellaneous other additions to property, plant and equipment.

On May 1, 2002, one of our subsidiaries, Hornbeck Offshore Services, LLC, signed a definitive agreement with LEEVAC Industries, LLC for the construction of the first four vessels of our newbuild program discussed in Item 5 of Part II below. Aggregate costs for the construction of those vessels, before allocation of construction period interest, are expected to be approximately $53.0 million, which becomes due at various dates through 2003. We plan to fund these costs with current cash and projected free cash flow from operations. We will also be able to draw upon the Revolver to fund the construction costs of these vessels if necessary, but do not expect to have to do so.

Christian G. Vaccari, who served as our Chairman of the Board and Chief Executive Officer until February 2002 and who is one of our current directors, is a member of LEEVAC Industries, LLC. In connection with our contract with LEEVAC Industries relating to the construction of the first four vessels of our newbuild program, we received a favorable fairness opinion from an independent appraiser with respect to the terms of the transaction.

We believe that cash on hand and cash generated from operations will provide sufficient funds for the construction of the first four vessels of our newbuild program discussed above, debt service and working capital requirements. Our strategy, however, includes expanding our fleet through the construction or acquisition of additional offshore supply vessels, tugs and tank barges as needed to take advantage of the strong demand for such vessels. Depending on the market demand for offshore supply vessels, tugs and tank barges and consolidation opportunities that may arise, we may require additional debt or equity financing, including with respect to the last four vessels of our newbuild program.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

During the three months ended March 31, 2002, we made payments under existing vessel construction contracts of approximately $9.9 million. As discussed above, subsequent to March 31, 2002, we entered into a contract for the construction of four additional offshore supply vessels. Total construction costs for the four vessels, prior to allocation of construction period interest, are expected to be approximately $53.0 million. We expect to incur approximately $22.0 million of these costs during the remainder of 2002 and the balance of approximately $31.0 million during 2003. The timing of the incurrence of these costs is subject to change among periods based on the achievement of shipyard milestones, but are not expected to change materially in the aggregate. There were no other significant changes to our contractual obligations and commercial commitments as reported in the our Form 10-K for the year ended December 31, 2001.

CRITICAL ACCOUNTING POLICIES

This Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our Unaudited Consolidated Financial Statements included in this Form 10-Q, which have been prepared in accordance with accounting principles generally accepted in the United States. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles. In other circumstances, we are required to make estimates, judgments and assumptions that we believe are reasonable based upon information available. We base our estimates and judgments on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. The Company's significant accounting policies are discussed in Note 2 to its consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2001. There were no significant changes to the Company's critical accounting policies as reported in the Company's Form 10-K for the year ended December 31, 2001 during the three months ended March 31, 2002.

Effective January 1, 2002, the Company adopted SFAS 142 and accordingly, has ceased to amortize goodwill in 2002. (Refer to Note 4 in the Notes to Unaudited Consolidated Financial Statements in this Form 10-Q for further discussion of the Company's adoption of SFAS 142.)

INFLATION

To date, general inflationary trends have not had a material effect on our operating revenues or expenses.

FORWARD LOOKING STATEMENTS

We make forward-looking statements in this Form 10-Q, including certain information set forth in the foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations. We have based these forward-looking statements on our current views and assumptions about future events and our future financial performance. You can generally identify forward-looking statements by the appearance in such a statement of words like "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should" or "will" or the negative of these words or other comparable words. When you consider our forward-looking statements, you should keep in mind the cautionary statements we make in this Form 10-Q.

Among the risks, uncertainties and assumptions to which these forward-looking statements may be subject are:

- changes in international economic and political conditions, and in particular in oil and gas prices;
- our ability to manage costs effectively;
- our ability to finance our operations and construct new vessels on acceptable terms;
- our ability to complete vessels under construction without significant delays or cost overruns;
- the effects of competition;
- our ability to integrate acquisitions successfully;
- our ability to charter our vessels on acceptable terms;
- our ability to access the debt and equity markets to fund our capital requirements, which may depend on general market conditions and our financial condition at the time; and
- our success at managing these risks.

Our forward-looking statements are only predictions based on expectations that we believe are reasonable. Actual events or results may differ materially from those described in any forward-looking statement. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. To the extent these risks, uncertainties and assumptions give rise to events that vary from our expectations, the forward-looking events discussed in this Form 10-Q may not occur.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have not entered into any derivative financial instrument transactions to manage or reduce market risk or for speculative purposes.

We are subject to interest rate risk on its long-term fixed interest rate senior notes. In general, the fair market value of debt with a fixed interest rate will increase as interest rates fall. Conversely, the fair market value of debt will decrease as interest rates rise. The $175.0 million senior notes accrue interest at the rate of 10 5/8% per annum and mature on August 1, 2008. There are no scheduled principal payments under the notes prior to the maturity date.

Our operations are conducted between U.S. ports, including along the coast of Puerto Rico, and therefore we are not presently exposed to foreign currency fluctuation. However, if we expand our operations to international markets, we may become exposed to certain risks typically associated with foreign currency fluctuation.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings, although we may from time to time be subject to various legal proceedings and claims that arise in the ordinary course of business.

ITEM 2 - CHANGES IN SECURITIES AND USE OF PROCEEDS

In March 2002, we issued 75,472 shares of our common stock at a price of $2.65 per share to Bernie W. Stewart, one of our directors, under the terms of his Advisory Agreement. These shares were not registered under the Securities Act of 1933 in reliance upon Section 4(2) of the Act exempting transactions by an issuer not involving a public offering. The amount of consideration we received for the issuance of these shares was $0.2 million, which is available for general corporate purposes.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5 - OTHER INFORMATION

RECENT DEVELOPMENTS

Announcement of New Eight-Vessel Newbuild Program

In April 2002, our Board of Directors approved a newbuild program for its wholly-owned subsidiary, Hornbeck Offshore Services, LLC ("HOS"), to build eight deepwater offshore supply vessels. On May 1, 2002, HOS signed a definitive agreement with LEEVAC Industries, LLC for the construction of the first four vessels of this program, each of which will be a 240' class vessel. The contract provides for the delivery of all four vessels during the second half of 2003. Aggregate construction costs for the four vessels, before allocation of construction period interest, are expected to be approximately $53.0 million. We plan to fund these costs with current cash and projected free cash flow from operations. We will also be able to draw upon the Revolver to fund the construction costs of these vessels if necessary, but do not expect to have to do so. HOS is currently seeking price bids from shipyards for the last four vessels of this newbuild program.

Signing of Customer Contract for HOS Brimstone

In May, 2002, we signed a contract with a large international oil and gas exploration and production company for the 265' class HOS Brimstone, which is currently scheduled for delivery in early June 2002. Upon delivery, the vessel will immediately commence service under a one-year time charter, with two one-year renewal options. Two of our other offshore supply vessels have been supporting this customer's deepwater exploratory drilling activities in the Gulf of Mexico since April 2000.

ITEM 6 - EXHIBITS AND REPORTS ON 8-K

(a) Exhibits:

EXHIBIT NUMBER	DESCRIPTION
3.1	Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on December 13, 1997 (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
3.2	Certificate of Amendment of the Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on December 1, 1999 (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
3.3	Certificate of Amendment of the Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of

Delaware on October 23, 2000 (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826). 3.4 Certificate of Correction to Certificate of Amendment of the Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on November 14, 2000 (incorporated by reference to Exhibit 3.4 of the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826). 3.5 Second Restated Bylaws of the Company adopted October 4, 2000 (incorporated by reference to Exhibit 3.5 of the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826). 4.1 Indenture dated as of July 24, 2001 between Wells Fargo Bank Minnesota, National Association (as Trustee) and the Company, including table of contents and cross-reference sheet (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826). 4.2 Supplemental Indenture dated as of December 17, 2001, between Wells Fargo Bank Minnesota, National Association (as Trustee), the Company, Hornbeck Offshore Services, LLC, (f.k.a. Hornbeck Offshore Services, Inc.), HORNBECK-LEEVAC Marine Operators, LLC, (f.k.a. HORNBECK-LEEVAC Marine Operators, Inc.), LEEVAC Marine, LLC and Energy Services Puerto Rico, LLC, with Notation of Subsidiary Guarantee by Hornbeck Offshore Services, LLC, (f.k.a. Hornbeck Offshore Services, Inc.), HORNBECK-LEEVAC Marine Operators, LLC, (f.k.a. HORNBECK-LEEVAC Marine Operators, Inc.), LEEVAC Marine, LLC and Energy Services Puerto Rico, LLC attached (incorporated by reference to Exhibit 4.1.1 to Amendment No. 2 to the Company's Registration Statement on Form S-4 dated December 19, 2001, Registration No. 333-69826). 4.3 Specimen 10-5/8% Series B Note due 2008 (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826). *10.1 Advisory Agreement dated effective February 27, 2002 by and between Bernie W. Stewart and the Company.

* Filed herewith.

(b) Reports on Form 8-K.

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HORNBECK-LEEVAC Marine Services, Inc.

Date: May 15, 2002

By: /s/ JAMES O. HARP, JR.

Vice President and Chief Financial Officer

EXHIBIT INDEX

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* Filed herewith.

EXHIBIT 10.1

ADVISORY AGREEMENT WITH CHAIRMAN OF THE BOARD

This Agreement is entered into between HORNBECK-LEEVAC Marine Operators, Inc., (the "Company"), a wholly owned subsidiary of HORNBECK-LEEVAC Marine Services, Inc., which is also included in the definition of Company, as used herein, and Bernie W. Stewart (the "Advisor") upon the following terms and conditions:

Preamble: The parties acknowledge and agree that in no way does this agreement negate, supercede, detract from, reduce or limit the inherent responsibilities, obligations, or fiduciary duties associated with the role Bernie W. Stewart is also performing as a member of the Board of Directors of Company or as Chairman of the Board.

1. Services. Advisor is also serving, at the direction of the Board of Directors and consistent with Company's bylaw provisions governing such position, as the Chairman of the Board of Directors, subject to reelection annually at the meeting of the Board of Directors held in conjunction with the annual meeting of shareholders of Company. In addition to such service as Chairman of the Board of Directors, Advisor agrees to provide management consulting services to Company, including the following:

(a) Advisor will advise Company's executive officers and other existing management regarding the operation of Company's business, make recommendations relating to Company's operations, administrative functions, systems and procedures and otherwise foster and promote the positive attributes of the existing company in all respects;

(b) Advisor will advise Company's Chief Executive Officer, and such other members of management as the Chief Executive Officer may direct, regarding Company's finances, strategic planning, new-vessel building program, mergers and acquisitions, public disclosures, financial community relations, public and private equity and debt transactions or similar matters; and

(c) Advisor will provide such other advisory and/or management services as the Board of Directors or Chief Executive Officer may request from time to time.

2. Term. The term of this Agreement shall have two phases totalling 12 months (subject to extension):

(a) Full time. Advisor's services hereunder shall be for an initial three month term beginning February 27, 2002, and ending May 31, 2002 (the "Full Time Term"). During the Full Time Term, Advisor shall devote his full time employment efforts to the advisory duties hereunder; provided, however, that Company acknowledges that Advisor has other investment interests for which he does not have any management or employment role that require a portion of his business time and effort; and provided further that Advisor shall accept no other employment during the Full Time Term.

(b) Part time. At the end of the Full Time Term, Advisor shall continue as a part-time Advisor for nine months (the "Initial Part Time Term," and together with the Full Time Term, the "Initial Term") devoting such time and effort to the business of Company as is reasonably required to perform his duties hereunder, and/or may be reasonably requested by Company. At the end of the Initial Term, this Agreement may be extended by agreement of the parties. During the part-time phase, whether the Initial Part Time Term or any extension thereof, Advisor may accept other than full time employment with another business or company; provided that, during the Initial Term of this Agreement and any extension thereof, Advisor shall not perform, consult with or be employed by a company that competes with Company or its subsidiaries in any line of business in which Company or any such subsidiary is engaged during the term of this Agreement without the prior written approval of Company.

(c) Meaning. For purposes of determining "full time employment efforts," that phrase shall mean at least 40 hours per week, exclusive of travel time and time expended in his capacity as a director or carrying out his duties as Chairman, and in the Full Time Term shall mean such additional hours as may be required to effectively carry out Advisor's responsibilities under this Agreement. For purposes of determining any percentage of "business time" under Section 3(b) below, the percentage shall be calculated by dividing the number of hours of business effort in the applicable calendar quarter on behalf of Company, exclusive of travel time and time expended as a director or Chairman, by the product obtained by multiplying the number of calendar weeks in such calendar quarter by 40. The partial calendar quarter from the end of the Full Time Term until June 30, 2002 shall be added to the calendar quarter ended September 30, 2002 for purposes of evaluating the first such evaluative period.

3. Compensation and Benefits.

(a) During the Full Time Term, Company shall pay Advisor a fee in the gross amount of $20,000, per month payable in arrears on the last calendar day of each month of the Full Time Term; provided that the first such month shall run from the effective date of this Agreement through March 31, 2002.

(b) After the Full Time Term, Company shall pay Advisor a monthly fee equal to 1/12 of $100,000 (rounded to $8,335 per month), payable in arrears on the last calendar day of each month during the part-time phase of this Agreement; provided that should the demands on Advisor's time significantly exceed 25% of his business time, when considered on a quarterly basis, Company and Advisor will in good faith discuss any equitable adjustment to Advisor's cash compensation for such month or longer period as applicable.

(c) Company shall reimburse Advisor for all reasonable and necessary expenses incurred by him in the performance of his duties hereunder, upon presentation of reasonable written evidence of the incurring or paying of such expenses. Such reimbursement shall be made in accordance with the Company's usual policy regarding reimbursement of business expenses by its employees.

(d) During the Initial Term of this Agreement, Advisor shall be entitled in his capacity as Advisor, in addition to any option grants he receives as a member of the Board of Directors, to be granted at the same time as and in an amount equal to the amount of options to purchase common stock of Company that then constitute the standard grant to the outside directors of the Company under the HORNBECK-LEEVAC Marine Services, Inc. Incentive Compensation Plan (the "Plan"), subject to the other terms and conditions of the Plan.

(e) Recognising Advisor's previously expressed intent to purchase additional shares of Company's common stock since joining the Board in November 2001, in addition to the options described above, Advisor, for his personal account and without a view to distribution, shall have the option for 30 days from the effective date hereof to purchase that number of shares of common stock of Company set forth next to his signature on the signature page of this Agreement at a price of $2.65 per share. Such purchase shall be subject to execution and delivery by Advisor of Company's standard form Subscription Agreement and Investor Suitability Questionnaire. This option must be exercised during the initial 30 days of the term of this Agreement, by written notice to the Company of its exercise and by tender of the purchase price for the shares to be purchased. For each share which Advisor purchases under this provision, the Company will provide additional matching options in accordance with the following conditions:

(i) The option price for each share of stock shall be $2.65 per share;

(ii) These options shall be exercised in accordance with, and subject to the other terms and conditions of the Plan; and

(iii) The maximum number of shares of common stock of Company to be issued pursuant to the exercise of these matching options shall be determined by dividing the purchase price of the shares purchased pursuant to the first sentence of this Section 3(e) by $2.65 and rounding up any fractional share; provided that the numerator in such calculation may not in any event exceed $100,000 (the maximum number of shares that could be covered by such options being 37,736).

4. Communications. Advisor shall, in such capacity, coordinate with the Chief Executive Officer and, from time to time, report directly to the Board of Directors.

5. Termination.

(a) Company shall have the right to terminate this Agreement at any time for any reason by providing notice thereof to Advisor. If this Agreement is terminated because Advisor (1) breaches the terms of this Agreement; (2) fails to provide the services required hereunder in a reasonable and workmanlike manner; (3) is convicted of a felony or other crime involving moral turpitude; (4) dies; (5) commits any act of fraud or bad faith; and/or (6) becomes totally disabled and unable to provide the services described hereunder as certified by a qualified physician (acceptable to Advisor and Company), Advisor shall be entitled to be paid the fees described herein, through the date of termination, and neither Company nor Advisor shall have any further obligation thereafter. If during the Initial Term, Company shall terminate this Agreement for any other reason, Advisor shall, upon such termination, be entitled to be paid the balance of the fees described herein in a lump sum.

(b) Advisor shall have the right to terminate this Agreement if (1) Company breaches the terms of this Agreement; (2) Company fails to pay the compensation and/or reimbursement of expenses described herein; (3) Company is declared bankrupt, or initiates bankruptcy or insolvency proceedings. If Advisor terminates this Agreement for any of the reasons described above during the Initial Term hereof, Advisor shall be entitled to be paid the full consulting fee for the balance of the Initial Term. If Advisor terminates this Agreement for any reason set forth above thereafter, Advisor shall be entitled to his consulting fee for the month in which such termination occurs, and neither Advisor nor Company shall have any further right nor obligation thereafter. If Advisor terminates for any other reason than the reasons set forth above, he shall give Company 30 days advance written notice thereof and shall only be entitled to his consulting fee through the last date of service provided under this Agreement, and neither Advisor nor Company shall have any further right nor obligation under this Agreement thereafter.

6. Confidential Information.

(a) Confidential Information shall mean and include any and all information or material proprietary to the Company, or designated as confidential by it, and not generally known by persons who are not employees of Company, which Advisor develops or of which Advisor obtains knowledge or access through, or as a result of, Advisor's engagement hereunder (including information and materials conceived, originating, discovered, or developed, in whole or in part, by Advisor at the request or for the benefit of Company, pursuant to this Agreement). "Confidential Information" includes, but is not limited to, the following types of information, whether written, verbal or recorded by electronic, magnetic or other methods and whether or not expressly identified as confidential by Company (1) financial information about the Company, its revenues, expenses, profits and prospects; (2) specific information about the Company's customers, including prices, terms and conditions of specific orders or contracts; (3) information about the Company's personnel, including background, expertise and experience, compensation, and abilities; (4) confidential or proprietary information about the Company's products, services, equipment and operations; (5) information concerning the strategic plans, new vessel building programs and acquisition plans of the Company; (6) other material non-public information.

(b) Company agrees to provide Advisor with access to, and use of, Confidential Information during the term of this Agreement for the purpose of allowing Advisor to perform its services hereunder. Advisor acknowledges that it would not be able to perform its duties under this Agreement effectively without access to and use of such Confidential Information.

(c) Advisor acknowledges that the Confidential Information, and any document, file, or record, including electronic or magnetic records, which contain or constitute Confidential Information belonging to Company. Advisor shall properly deliver such materials and all copies thereof to Company on the date this Agreement terminates or at any other time upon request of Company, other than any copies to which he has been entitled as a member of the Board of Directors.

Without modifying in any way his duties and obligations as a member and Chairman of the Board of Directors, during and after the term of this Agreement, Advisor will not disclose or use, directly or indirectly, for his own benefit or for the benefit of any person or entity, except Company, any Confidential Information. Advisor acknowledges that, because the Company reports under the Securities Exchange Act of 1934, disclosure of material non-public information could result in liability under applicable securities laws.

7. Non-Competition; Non-Solicitation. Because of the sensitive nature of Advisor's position, and his access to the Company's Confidential Information, including the Company's marketing, budget and sales forecasts, and business plan, Advisor agrees that he shall not be employed by, nor consult with, nor enter into any other contractual arrangement which requires him to perform personal services of any kind, either directly or indirectly (including, without limitation, through the ownership of more than a 5% in any entity), in any corporation or other business entity or activity that competes with the Company or any of its subsidiaries in any line of business in which the Company or its subsidiaries is engaged during the term of this Agreement. During the term of this Agreement and for a period of two years thereafter, Advisor shall not:

(a) directly or indirectly recruit, solicit, induce or influence any then current employee (or person who was an employee of Company or any of its subsidiaries at any time within ninety (90) days prior to the date of such potentially interfering activity), customer, supplier or sales agent of Company or any of its subsidiaries to discontinue or reduce the extent of such employment, supplier, customer or agency relationship with Company or any of its subsidiaries; or

(b) directly or indirectly employ, seek to employ, or cause any competitor of Company or any of its subsidiaries to employ or seek to employ, as a sales representative, contractor, Advisor or employee, any person who is, or at any time within ninety (90) days prior to the date of such potentially interfering activity was, an employee, sales representative, contractor, Advisor or agent of Company or any of its subsidiaries.

8. Authority. Advisor understands and agrees that Advisor has no power to bind the Company or any of its subsidiaries, except to the extent, if any, such authority is hereafter granted to Advisor by the Board in writing. Advisor shall not bind, or attempt to bind, or contract for, or on behalf of, the Company or any of its subsidiaries, except to the extent that Advisor is specifically authorized to do so by vote, resolution or consent of the Board of Directors of the Company.

9. Independent Parties. This Agreement does not create, nor shall it be construed to create any joint venture or partnership between the parties. Advisor is and shall remain an independent contractor and not an employee of the Company. Advisor further acknowledges and agrees that (i) he will not be eligible for or entitled to participate in any employee benefit plans,

arrangements, distributions, insurance or other similar benefits that may be provided by the Company to its employees; (ii) he will not be treated as an employee for purposes of any federal or state law regarding any income tax withholding or for purposes of contributions required by any unemployment, insurance or compensatory program; and (iii) he will be solely responsible for, and will indemnify the Company from any liability for, payment of any taxes or assessments imposed on him on account of the payment of compensation to, or the performance of consulting services by him pursuant to this Agreement.

10. Miscellaneous. The headings in this Agreement are for convenience only, they form no part of this Agreement and shall not affect its interpretation. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

11. Notices. Any notice given hereunder by any party to the other shall be deemed to have been given upon (i) delivery, if hand delivered, (ii) three days after the mailing, if mailed by registered or certified mail, return receipt requested, postage prepaid, or (iii) on the next business day after facsimile transmission, addressed to such address as any party hereunder may designate for notice purposes. Notices shall be sent to:

For Advisor: Bernie W. Stewart
2607 Countryside Circle
Spicewood, Texas 78669
Facsimile: 830/693-6540

For Company: HORNBECK-LEEVAC Marine Operators, Inc.
414 North Causeway Boulevard
Mandeville, Louisiana 70448
Facsimile : 985/727-2006

Attention: President and Chief Executive Officer

For the Company: R. Clyde Parker, Jr.
Winstead Sechrest & Minick P.C.
600 Town Center One
1450 Lake Robbins Drive
The Woodlands, Texas 77380
Facsimile: 281/681-5901

12. Severability. In case any term, phrase, clause, paragraph, section, covenant or agreement contained in this Agreement shall be held to be invalid or unenforceable, the same shall be deemed and it is hereby agreed that same is meant to be severable, and such invalidity or unenforceability shall not defeat or impair the remaining provisions hereof.

13. Entire Agreement, Amendments and Waivers. This Agreement constitutes the entire agreement of the parties with respect to the Services to be rendered by Advisor to the Company. It expressly supersedes all prior and contemporaneous understandings and commitments, whether written or oral, between Advisor and the Company. No variations, modifications, change or extensions of this Agreement or any of the terms hereof shall be

binding upon any party hereto unless set forth in a document duly executed by such party or an authorized officer or other duly authorized agent of such party. This Agreement shall be construed in accordance with and governed by the laws of the State of Louisiana; provided that should the Company relocate its headquarters to the state of Texas, from and after the date of such relocation this Agreement shall be governed by the laws of Texas. The failure of either party to insist in any one or more instances upon the performance of any of the terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of any right granted hereunder or of the future performance of such term, covenant, or condition and the obligations of either party with respect thereto shall continue in full force and effect.

14. Binding Effect and Assignability. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The rights and interests of the Company hereunder shall be freely assignable by them. This Agreement is for Advisor's personal services and may not be assigned by him.

15. Third Party Beneficiaries. Any Agreement to pay any amount and any assumption of any liability herein contained, express or implied, shall only be for the benefit of the undersigned parties and their successors and permitted assigns, it being the intention of the undersigned that no one (other than the Company) shall be deemed to be a third party beneficiary of this Agreement.

16. Effective Date. This Agreement shall become effective the 27th day of February, 2002.

HORNBECK-LEEVAC MARINE OPERATORS, INC.

By: /s/ TODD M. HORNBECK

Todd M. Hornbeck
President and Chief Executive Officer

/s/ BERNIE W. STEWART

Bernie W. Stewart, Advisor

Number of Shares of Common Stock
of Company to be Purchased

75,472
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