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As filed with the Securities and Exchange Commission on September , 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Hornbeck Offshore 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)

103 Northpark Boulevard, Suite 300
Covington, Louisiana 70433
(985) 727-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Todd M. Hornbeck
President, Chief Executive Officer and Secretary
103 Northpark Boulevard, Suite 300
Covington, Louisiana 70433
(985) 727-2000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

R. Clyde Parker, Jr., Esq. **Mark W. Eisenbraun, Esq.** **Winstead Sechrest & Minick P.C.** **2400 Bank One Center** **910 Travis Street** **Houston, Texas 77002** **(713) 650-8400**	**T. Mark Kelly, Esq.** **Vinson & Elkins L.L.P.** **1001 Fannin, Suite 2300** **First City Tower** **Houston, Texas 77002** **(713) 758-2222**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ ________

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ ________

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ ________

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(4)
Common Stock, par value $.01 per share(3).	$86,250,000	$6,978

(1) Includes shares of common stock that the underwriters may purchase from Hornbeck Offshore to cover over-allotments, if any.
(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.
(3) Including associated preferred stock purchase rights. Prior to the occurrence of certain events, the preferred stock purchase rights will not be evidenced or traded separately from our common stock.
(4) Pursuant to Rule 457(p) under the Securities Act, the $6,978 registration fee is to be offset against the $11,638 previously paid for the registration fee relating to Hornbeck Offshore's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on July 22, 2002, Registration No. 333-96833, and subsequently withdrawn before the sale of any securities covered thereby.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion. Dated September 19, 2003.

Shares

Hornbeck Offshore Services, Inc.

Common Stock

This is an initial public offering of shares of common stock of Hornbeck Offshore Services, Inc. All of the shares are being sold by the company.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $ and $. Hornbeck Offshore's common stock will be traded on under the symbol " ."

See "Risk Factors" beginning on page 9 to read about factors you should consider before buying shares of common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Hornbeck Offshore	$	$

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from Hornbeck Offshore at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2003.

Goldman, Sachs & Co. **Jefferies & Company, Inc**

Simmons & Company International

Johnson Rice & Company, L.L.C.

Prospectus dated , 2003.

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission, or Commission. In making your investment decision, you should rely only on the information contained in this prospectus. We have not authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may change after that date.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Commission a registration statement on Form S-1 under the Securities Act of 1933 related to the common stock offered by this prospectus. As allowed by Commission rules, this prospectus does not contain all of the information contained in the registration statement. The complete registration statement and the documents filed as exhibits to the registration statement are available to the public over the Internet at the Commission's website at *http://www.sec.gov*. If you have a question on any contract, agreement or other document filed as an exhibit to the registration statement, please see the exhibits for a more complete description of the matter involved. Under the terms of the indenture governing our 10 $^{5}/_{8}$% senior notes, we have been filing with the Commission annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. As a result of this offering we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, in accordance with those requirements, we will continue to file periodic reports, proxy statements and other information with the Commission. The reports that we file with the Commission are available free of charge at the Commission's website named above, as well as at our website at *http://www.hornbeckoffshore.com* under the caption "Investors."

You may also read and copy any document we have filed with the Commission at its public reference facilities at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain copies of these documents at prescribed rates by writing to the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-732-0330 for further information on the operation of the public reference facilities.

FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus, including certain information set forth in the sections entitled "Prospectus Summary," "Business" and "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 other comparable words or the negative of these words. When you consider our forward-looking statements, you should keep in mind the risk factors we describe and other cautionary statements we make in this prospectus.

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

- changes in international economic and political conditions;
- changes in oil and natural gas prices;
- activity levels in the energy markets;

- increases in supply of new vessels;
- demand for refined petroleum products or in methods of delivery;
- loss of existing customers;
- changes in laws;
- financial stability of our customers;
- retention of skilled employees;
- our ability to finance our operations on acceptable terms and 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;
- 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; 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 prospectus may not occur.

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PROSPECTUS SUMMARY

This summary highlights selected information described more fully elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in our common stock. You should read the entire prospectus, including the financial statements and related notes, before making an investment decision with respect to our common stock. You should pay special attention to the "*Risk Factors*" *section of this prospectus for a discussion of factors you should consider before investing in our common stock.*

References in this prospectus to "the company," "we," "us," "our," or like terms refer to Hornbeck Offshore Services, Inc. and its subsidiaries, except as otherwise indicated. References in this prospectus to "OSVs" mean offshore supply vessels; to "deepwater" mean offshore areas, generally 1,000' to 5,000' in depth, and ultra-deepwater areas, generally more than 5,000' in depth; to "deep well" mean a well drilled to a true vertical depth of 15,000' or greater; and to "new generation," when referring to OSVs, mean deepwater-capable vessels subject to the regulations promulgated under the International Convention on Tonnage Measurement of Ships, 1969, which was adopted by the United States and made effective for all U.S.-flagged vessels in 1992.

Hornbeck Offshore Services, Inc.

We are a leading provider of technologically advanced, new generation OSVs serving the offshore oil and gas industry, primarily in the U.S. Gulf of Mexico and in select international markets. Our OSV business focuses on complex exploration and production activities, which include deepwater, deep well and other logistically demanding projects. We are also a leading transporter of petroleum products through our tug and tank barge segment, serving the energy industry in the northeastern United States and Puerto Rico.

Demand for our OSV services is primarily driven by the drilling of deep wells, whether in the deepwater or on the U.S. Continental Shelf, and other complex exploration and production projects that require specialized drilling and production equipment. According to the Minerals Management Service, or MMS, in 2002 the deepwater region accounted for 68% and 38% of the total U.S. Gulf of Mexico oil and natural gas production, respectively, up substantially from 4% and 1% in 1990. In addition, the MMS estimates that deep reservoirs on the Continental Shelf may hold up to 20 tcf of undiscovered natural gas, which compares favorably to the approximately 26 tcf of existing proven natural gas reserves in the entire U.S. Gulf of Mexico. As the trend toward these deeper, larger and more complex projects emerged in the mid-1990s, we recognized that conventional, 180**'** OSVs were not well-suited to effectively service these projects or to operate in the challenging environments in which they were conducted. Since that time, we have constructed 16 new generation OSVs based on the proprietary designs of our in-house team of naval architects and have acquired six additional new generation OSVs. We also expect delivery of one additional new generation OSV in December 2003.

All of our OSVs have enhanced capabilities that allow them to more effectively support the premium drilling equipment required for deep drilling and related specialty services. In contrast to conventional, 180' OSVs, our vessels have dynamic positioning capability, as well as greater range, and storage and off-loading capacity, features that are essential to the efficient servicing of deep well drilling projects given the typical size, depth, complexity and location of such projects. We are capable of providing OSV services to our customers anywhere in the world and we are actively pursuing additional contracts in select international markets. Our fleet of 22 OSVs is among the youngest in the industry with an average age of approximately three years. Upon completion of this offering, we will be the only publicly traded company with a significant fleet of U.S.-flagged, new generation OSVs.

Our tug and tank barge fleet consists of 12 ocean-going tugs, 16 ocean-going tank barges and one coastwise tanker. We believe our tug and tank barge business complements our OSV business by providing additional revenue and geographic diversification and allowing us to offer another line of services to integrated oil and gas companies. Demand for our tug and tank barge services is primarily driven by the level of refined petroleum product consumption in the northeastern United States and Puerto Rico, our core operating markets. The Energy Information Administration, or EIA, projects that refined petroleum product consumption in the East Coast region of the United States will increase by an average of 1.7% per year from 2002 to 2010.

Our Competitive Strengths

Technologically Advanced Fleet of OSVs. Our new generation OSVs have significantly more capacity and operate more efficiently than conventional, 180' OSVs. Our proprietary vessels incorporate sophisticated technologies and are designed specifically to operate safely in complex and challenging environments. These technologies include dynamic positioning, roll reduction, controllable pitch thrusters and our unique cargo handling systems, which permit high volume transfer rates of liquid mud and dry bulk. We believe that we earn higher average dayrates and maintain higher utilization rates than our peers due to the superior capabilities of our OSVs, our five-year track record of safe and reliable performance and the collaborative efforts of our in-house design team in providing marine engineering solutions to our customers.

Young OSV Fleet. We believe that we operate the youngest fleet of U.S.-flagged OSVs. While the average age of the industry's conventional, 180' U.S.-flagged OSV fleet is approximately 24 years, the average age of our OSV fleet is approximately three years. Newer vessels generally experience less downtime and require significantly less maintenance and scheduled drydocking costs compared to older vessels. We believe that our operation of new technologically advanced OSVs gives us a competitive advantage in obtaining long-term contracts for our vessels and in attracting and retaining crews.

Commitment to Safety and Quality. As part of our commitment to safety and quality, we have voluntarily pursued and received certifications and classifications that are not generally held by other companies in our industry. Safety is an increasingly important consideration for oil and gas operators due to the environmental and regulatory sensitivity associated with offshore drilling and production activity. We believe that customers recognize our commitment to safety and that our strong reputation and performance history provide us with a competitive advantage.

Leading Presence in Core Target Markets. Our 22 OSVs comprise the second largest fleet of technologically advanced, new generation OSVs qualified for work in the U.S. Gulf of Mexico. Currently, 18 of our OSVs operate in that area. We also operate one of the largest fleets of tugs and tank barges for the transportation of petroleum products in Puerto Rico and believe that we are the fourth largest tank barge transporter of petroleum products in New York Harbor. We believe that having scale in our selected markets benefits our customers and provides us with operational efficiencies.

Successful Track Record of Vessel Construction and Acquisitions. Our management has significant naval architecture, marine engineering and shipyard experience. We believe that our history of designing and constructing 16 new generation OSVs on time and on budget provides us with a competitive advantage in obtaining contracts for our vessels prior to their actual delivery. Our company has designed its operations and management systems in contemplation of growth through new vessel construction and acquisitions. To date, we have successfully completed and integrated four acquisitions involving 13 ocean-going tugs and 13 ocean-going tank barges, one acquisition of a coastwise tanker and two acquisitions involving six 220' new generation OSVs.

Favorable OPA 90 Fleet Status. Data provided by a U.S. Coast Guard report dated September 2001 indicates that 38% of the then remaining single-hulled tank barge fleet capacity would need to be retired by 2005, as mandated by the Oil Pollution Act of 1990, or OPA 90. According to the report, the 5.5 million barrels of single-hulled tank barge capacity required to be phased out by 2005 represented 22% of the total 24.9 million barrel single- and double-hulled tank barge capacity that existed in 2001. Because 10 of our 15 single-hulled tank barges are not required to be replaced or retrofitted with double hulls until 2015, we believe that we enjoy a competitive advantage over operators who have a higher percentage of single-hulled tank barges that must be retired or modified to add double hulls before 2005.

Experienced Management Team with Proven Track Record. Our executive management team has an average of 19 years of domestic and international marine transportation industry-related experience. We believe that our team has successfully demonstrated its ability to grow our fleet through new construction and strategic acquisitions and to secure profitable contracts for our vessels in both favorable and unfavorable market conditions.

Our Strategy

*Apply Existing and Develop New Technologies to Meet our Customers***'** *Vessel Needs.* Our new generation OSVs are designed to meet the higher capacity and performance needs of our clients' increasingly more complex drilling and production programs. We are committed to applying existing and developing new technologies to maintain a technologically advanced fleet that will enable us to meet the developing needs of our customers for OSVs and ocean-going tugs and tank barges.

Expand Fleet Through Newbuilds and Strategic Acquisitions. We plan to expand our fleet through construction of new vessels, including construction of new generation OSVs and double-hulled tank barges, retrofitting of certain vessels and through strategic acquisitions. We believe that acquisition opportunities are likely to arise as consolidation continues in our two industry segments. We intend to use our expertise and experience to evaluate and execute strategic acquisitions where the opportunity exists to expand our service offerings in our core markets and create or enhance long-term client relationships.

Pursue Optimal Mix of Long-Term and Short-Term Contracts. We seek to balance our portfolio of customer contracts by entering into both long-term and short-term charters. Long-term charters, which contribute to higher utilization rates, provide us with more predictable cash flow. Most of our long-term charters contain annual dayrate escalation provisions. Short-term charters provide the opportunity to benefit from increasing dayrates in favorable market cycles.

Build Upon Existing Customer Relationships. We intend to build upon existing customer relationships by expanding the services we offer to those customers with diversified marine transportation needs. Many integrated oil and gas companies require OSVs to support their exploration and production activities and ocean-going tugs and tank barges to support their refining, trading and retail distribution activities. Moreover, many of our customers that conduct operations internationally have expressed interest in chartering our OSVs in such markets.

Optimize Tug and Tank Barge Operations. Due to OPA 90 phase-out requirements of single-hulled barges, the total barrel-carrying capacity of existing tank vessels transporting petroleum products domestically is projected to decline significantly from its current level without a commensurate increase in newbuildings and retrofittings. In addition, the energy industry is increasingly outsourcing its marine transportation requirements and focusing on safety and reliability as a key determinant in the awarding of new business. We believe that these trends will improve the balance of supply and demand, and result in improved barge utilization and dayrates.

Recent Developments

Acquisitions of Six New Generation OSVs. On June 26, 2003, we acquired five 220' new generation OSVs from Candy Marine Investment Corporation. Subsequently, on August 6, 2003, we acquired an additional 220' new generation OSV from Candy. We financed a portion of the purchase price for these vessels with $24 million in proceeds from a private placement of our common stock completed in July 2003. We issued an additional $6 million of common stock to Candy as part of the purchase price of the first acquisition.

Amendment to Revolving Credit Facility. On June 26, 2003, concurrent with the initial Candy acquisition, we amended our $50 million revolving credit facility with a syndicate of three banks to increase our borrowing base from $25 million to $50 million.

International Expansion. On July 11, 2003, we commenced operating under a two-year time charter pursuant to which one of our OSVs, the *HOS Deepwater*, provides services to PEMEX in the Gulf of Mexico. In addition, on May 10, 2003, we mobilized a third vessel, the *HOS Dakota*, for service offshore Trinidad & Tobago. Both of these vessels, as well as our other two OSVs operating offshore Trinidad & Tobago, retain their U.S.-flag status and will be able to return to Jones Act service in the U.S. Gulf of Mexico after expiration of their respective charters.

Delivery of the HOS Greystone. On September 17, 2003, we took delivery of the *HOS Greystone*, our third 240 ED class OSV and the third vessel to be delivered under our current OSV newbuild program. We expect to take delivery of one additional 240 ED class vessel, the *HOS Silverstar*, in December 2003.

We were formed as a Delaware corporation in 1997. Our principal executive offices are located at 103 Northpark Boulevard, Suite 300, Covington, Louisiana 70433, and our telephone number is (985) 727-2000. Our website address is *http://www.hornbeckoffshore.com*.

The Offering

The following information assumes that the underwriters will not purchase additional shares of common stock from us in this offering to cover over-allotments. Please read **"**Underwriting.**"**

Common stock offered by us	shares
Common stock to be outstanding immediately after this offering	shares
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $ million. We plan to use the proceeds to fund a portion of the cost of the construction of ocean-going, double-hulled tank barges, the retrofit of certain existing vessels, possible future acquisitions or additional new vessel construction, and for general corporate purposes. We do not currently have any agreements or understandings with respect to any acquisition targets. Pending these uses, we may repay debt under our revolving credit facility, which can be reborrowed.
Proposed ticker symbol	" "

The number of shares of common stock to be outstanding immediately after this offering listed above does not take into account 2,308,611 shares of our common stock issuable upon exercise of options previously granted to employees and non-employee directors and 1,063,889 additional shares of our common stock that have been authorized and reserved for issuance under our incentive compensation plan.

Risk Factors

See **"**Risk Factors**"** beginning on page 9 for a discussion of certain factors you should consider before investing in our common stock.

Summary Financial Information

(In thousands, except per share and operating data)

The following table presents summary financial information regarding our company, which should be read in conjunction with, and is qualified in its entirety by reference to, our historical consolidated financial statements, the notes to those statements, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. The summary financial information set forth below as of and for the years ended December 31, 2000, 2001 and 2002 has been derived from our audited consolidated financial statements, and the summary financial information set forth below as of and for the six-month periods ended June 30, 2002 and 2003 has been derived from our unaudited consolidated financial statements.

	Year Ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
				(Unaudited)	
Statement of Operations Data:					
Revenues	$ 36,102	$ 68,791	$ 92,585	$ 44,058	$ 53,357
Operating expenses	20,410	32,371	48,043	21,448	28,666
General and administrative expenses	3,355	8,473	10,271	5,053	5,713
Operating income	12,337	27,947	34,271	17,557	18,978
Interest income	305	1,455	667	448	115
Interest expense	15,478	16,646	16,207	7,796	8,574
Other income (expense)(1)	(138)	—	55	—	707
Income (loss) before income taxes	(2,974)	12,756	18,786	10,209	11,226
Income tax expense	1,550	5,737	7,139	3,879	4,263
Net income (loss)	(4,524)	7,019	11,647	6,330	6,963
Per Share Data:					
Basic net income (loss)	$ (0.36)	$ 0.27	$ 0.39	$ 0.21	$ 0.22
Diluted net income (loss)	$ (0.36)	$ 0.27	$ 0.38	$ 0.21	$ 0.22
Weighted-average basic shares outstanding	12,594	25,661	30,245	30,188	31,006
Weighted-average diluted shares outstanding	12,594	25,760	30,652	30,276	31,446
Balance Sheet Data (at period end):					
Cash and cash equivalents	$ 32,988	$ 53,203	$ 22,228	$ 36,821	$ 14,747
Property, plant and equipment, net	98,935	180,781	226,232	207,708	297,965
Total assets	147,148	258,817	278,290	268,526	356,092
Total long-term debt(2)	82,557	171,976	172,306	172,249	211,486
Total stockholders' equity	38,197	59,866	71,876	66,557	106,356
Statement of Cash Flows Data:					
Net cash provided by (used in):					
Operating activities	$ 5,741	$ 33,345	$ 24,955	$ 15,272	$ 13,405
Investing activities	(15,324)	(88,328)	(55,771)	(31,478)	(71,376)
Financing activities	36,427	75,198	(159)	(176)	50,490
Other Financial Data (unaudited):					
EBITDA(3)	$ 17,667	$ 37,072	$ 47,289	$ 23,357	$ 27,417

	Year Ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
				(Unaudited)	
Other Operating Data (unaudited):					
Offshore Supply Vessels:					
Average number(4)	6.8	7.8	11.0	9.8	13.7
Average utilization rate(5)	93.4%	99.1%	94.9%	95.9%	91.0%
Average dayrate(6)	$ 8,435	$ 11,872	$ 12,176	$ 11,795	$ 12,220
Tugs and Tank Barges:					
Average number of tank barges(7)	7.0	12.3	16.0	16.0	15.8
Average fleet capacity (barrels)(7)	451,655	847,780	1,130,727	1,130,727	1,133,797
Average barge size (barrels)(7)	64,522	68,109	70,670	70,670	71,893
Average utilization rate(5)	71.4%	84.4%	78.1%	80.4%	75.4%
Average dayrate(8)	$ 8,982	$ 8,944	$ 9,499	$ 9,505	$ 11,239

(1) Represents other operating income and expenses, including gains (or losses) on disposition of assets and equity in income from investments.

(2) Excludes original issue discount associated with our $10^5/_8$% senior notes in the amount of $3,024, $2,694, $2,805 and $2,514 as of December 31, 2001, December 31, 2002, June 30, 2002 and June 30, 2003, respectively. The amount as of June 30, 2003 includes $39,000 outstanding under our long-term, revolving credit facility.

(3) See our discussion of EBITDA as a non-GAAP financial measure immediately following these footnotes.

(4) We owned 20 OSVs at June 30, 2003, acquired an additional OSV on August 6, 2003, and took delivery of a newly constructed OSV on September 17, 2003. We expect to take delivery of one additional newly constructed OSV in December 2003.

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

(6) 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 OSVs generated revenue.

(7) The averages for the six months ended June 30, 2003 give effect to our sale of the Energy 5502 on January 28, 2003 and our acquisition of the Energy 8001 on February 28, 2003. As of June 30, 2003, our tank barge fleet consisted of 16 vessels.

(8) 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 is equal to the cost paid by customers of in-chartering third-party equipment.

EBITDA consists of earnings (net income) before interest expense, provision for income taxes, depreciation and amortization. This term, as we define it, may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States, or GAAP. EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP.

We believe EBITDA is useful to an equity investor in evaluating our operating performance because:

- it is widely used by investors in our industry to measure a company's operating performance without regard to items such as interest expense, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired; and
- it helps investors more meaningfully evaluate and compare the results of our operations from period to period by removing the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation and amortization of our vessels) from our operating results.

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Our management uses EBITDA:

- as a measure of operating performance because it assists us in comparing our performance on a consistent basis as it removes the impact of our capital structure and asset base from our operating results;
- in presentations to our board of directors to enable them to have the same consistent measurement basis of operating performance used by management;
- as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations;
- as a basis for incentive cash bonuses paid to our executive officers and other shore-based employees;
- to assess compliance with financial ratios and covenants included in our revolving credit facility and the indenture governing our senior notes; and
- in communications with lenders, senior note holders, rating agencies and others, concerning our financial performance.

In March 2003, the Commission adopted rules regulating the use of non-GAAP financial measures, such as EBITDA, in filings with the Commission, disclosures and press releases. These rules require non-GAAP financial measures to be presented with and reconciled to the most nearly comparable financial measure calculated and presented in accordance with GAAP. The following table reconciles EBITDA with our net income (loss):

	Year Ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
Net income (loss)	$ (4,524)	$ 7,019	$ 11,647	$ 6,330	$ 6,963
Interest expense:					
Debt obligations(1)	8,216	13,694	16,207	7,796	8,574
Put warrants(2)	7,262	2,952	—	—	—
Income tax expense	1,550	5,737	7,139	3,879	4,263
Depreciation and amortization	5,163	7,670	12,296	5,352	7,617
EBITDA	$ 17,667	$ 37,072	$ 47,289	$ 23,357	$ 27,417

(1) Interest expense from debt obligations includes a loss of $3,029 incurred during 2001 resulting from the early extinguishment of debt. The loss relates to the write-off of deferred financing costs upon the refinancing of all our debt through the issuance of our $10^5/_8$% senior notes in July 2001.

(2) Interest expense from put warrants represents an adjustment to the estimated fair value of the put warrants. According to the Emerging Issues Task Force, or EITF, Issue 88-9, as supplemented by EITF Issue 00-19, a company whose capital stock is publicly traded is required to account for warrants that contain put options at their estimated fair value with the changes reported as interest expense. We repurchased and terminated all of the warrants for $14,500 in October 2001.

RISK FACTORS

In considering whether to invest in our common stock, you should carefully read and consider the risks described below, together with all of the information we have included in this prospectus.

Risks Relating to our Business

Demand for our OSV services substantially depends on the level of activity in offshore oil and gas exploration, development and production.

The level of offshore oil and gas exploration, development and production activity has historically been volatile and is likely to continue to be so in the future. The level of activity is subject to large fluctuations in response to relatively minor changes in a variety of factors that are beyond our control, including:

- prevailing oil and natural gas prices and expectations about future prices and price volatility;
- the cost of offshore exploration for, and production and transportation of, oil and natural gas;
- worldwide demand for oil and natural gas;
- consolidation of oil and gas and oil service companies operating offshore;
- availability and rate of discovery of new oil and natural gas reserves in offshore areas;
- local and international political and economic conditions and policies;
- technological advances affecting energy production and consumption;
- weather conditions;
- environmental regulation; and
- the ability of oil and gas companies to generate or otherwise obtain funds for exploration and production.

We expect levels of oil and gas exploration, development and production activity to continue to be volatile and affect the demand for our OSVs.

A prolonged, material downturn in oil and natural gas prices is likely to cause a substantial decline in expenditures for exploration, development and production activity, which would likely result in a corresponding decline in the demand for OSVs and thus decrease the utilization and dayrates of our OSVs. Such decreases could have a material adverse effect on our financial condition and results of operations. Moreover, increases in oil and natural gas prices and higher levels of expenditure by oil and gas companies for exploration, development and production may not result in increased demand for our OSVs.

The current downturn in offshore drilling activity in the U.S. Gulf of Mexico has resulted in an industry-wide decrease in the demand for OSV services and lower dayrates.

Increases in the supply of new generation OSVs could decrease dayrates.

We and certain of our competitors have announced plans to construct 29 new U.S.-flagged OSVs. These announced vessels include one new generation OSV we currently have under construction and the last four vessels of our current OSV newbuild program for which we are currently evaluating construction bids from several shipyards, as well as demand for such vessels. A remobilization to the U.S. Gulf of Mexico of U.S.-flagged OSVs operating in other regions or a repeal or significant modification of the Jones Act or the administrative erosion of its benefits, permitting OSVs that are either foreign-flagged, foreign-built, foreign-owned or foreign-operated to engage in the U.S. coastwise trade, would also result in an increase in capacity. Any increase in the supply of OSVs, whether through new construction, refurbishment or conversion of vessels from other uses, remobilization or changes in law or its application, could not only increase competition for charters and lower dayrates, which would adversely affect our revenues and profitability, but could also worsen the impact of any downturn in oil and natural gas prices on our results of operations and financial condition.

Intense competition in our industry could reduce our profitability and market share.

Contracts for our OSVs and tank barges are generally awarded on an intensely competitive basis. The most important factors determining whether a contract will be awarded include:

- quality and capability of the vessels;
- ability to meet the customer's schedule;
- safety record;
- reputation;
- price; and
- experience.

Some of our competitors, including diversified multinational companies in the OSV segment, have substantially greater financial resources and larger operating staffs than we do. They may be better able to compete in making vessels available more quickly and efficiently, meeting the customer's schedule and withstanding the effect of declines in dayrates and utilization rates. They may also be better able to weather a downturn in the oil and gas industry. As a result, we could lose customers and market share to these competitors.

The failure to successfully complete construction of our vessels on schedule and on budget and to utilize those and the other vessels in our fleet at profitable levels could adversely affect our financial condition and results of operations.

We have one new generation OSV under construction and are evaluating plans for the construction of an additional four OSV's. We are also presently considering plans to construct a number of ocean-going, double-hulled tank barges. Our construction projects are subject to the risks of delay and cost overruns inherent in any large construction project, including shortages of equipment, unforeseen engineering problems, work stoppages, weather interference, unanticipated cost increases, inability to obtain necessary certifications and approvals and shortages of materials or skilled labor. Significant delays could have a material adverse effect on anticipated contract commitments with respect to vessels under construction, while significant cost overruns or delays in general could adversely affect our financial condition and results of operations. Moreover, customer demand for vessels currently under construction may not be as strong as we presently anticipate, and our inability to obtain contracts on anticipated terms or at all may have a material adverse effect on our revenues and profitability. In addition, our OSVs are typically chartered or hired to provide services to a specified drilling rig. A delay in the availability of the drilling rig to our customer may have an adverse impact on our utilization of the contracted vessel and thus on our financial condition and results of operations.

If we are unable to acquire additional vessels or businesses and successfully integrate them into our operations, our ability to grow may be limited.

We regularly consider possible acquisitions of single vessels, vessel fleets and businesses that complement our existing operations. We can give no assurance that we will be able to identify desirable acquisition candidates or that we will be successful in entering into definitive agreements on satisfactory terms. Even if we consummate an acquisition, we may be unable to integrate it into our existing operations successfully or realize the anticipated benefits of the acquisition. The process of integrating acquired operations into our own may result in unforeseen operating difficulties, may require significant management attention and financial resources.

Revenues from our tug and tank barge business could be adversely affected by a decline in demand for domestic refined petroleum products and crude oil or a change in existing methods of delivery in response to insufficient availability of tug and tank barge services and other conditions.

A reduction in domestic consumption of refined petroleum products or crude oil may adversely affect the revenues of our tug and tank barge business and, therefore, our financial condition and results of operation. Weather conditions also affect demand for our tug and tank barge services. For example, a mild winter may reduce demand for heating oil in the northeastern United States.

Moreover, alternative methods of delivery of refined petroleum products or crude oil may develop as a result of insufficient availability of tug and tank barge services, the cost of compliance with environmental regulations or increased liabilities connected with the transportation of refined petroleum products and crude oil. For example, long-haul transportation of refined petroleum products and crude oil is generally less costly by pipeline than by tank barge. While there are significant impediments to building new pipelines, such as high capital costs and environmental concerns, entities may propose new pipeline construction to meet demand for petroleum products. To the extent new pipeline segments are built or existing pipelines converted to carry petroleum products, such activity could have an adverse effect on our ability to compete in particular markets.

The loss of our contract of affreightment with Amerada Hess Corporation or the early termination of any contracts on our OSVs could have an adverse effect on our operations.

The revenues we derived from our long-term contract of affreightment with Amerada Hess for the year ended December 31, 2002, constituted more than 10% of our total revenues for such period. Under the terms of the contract of affreightment, we are required to meet certain performance criteria and, if we fail to meet such criteria, Amerada Hess would be entitled to terminate the contract. We can provide no assurance that we will be able to fulfill our performance obligations under the contract of affreightment, and a decision by Amerada Hess to terminate the contract of affreightment could adversely affect our financial condition and results of operations. Our contract of affreightment provides for minimum annual cargo volume to be transported and allows Amerada Hess to reduce its minimum commitment, subject to a significant adjustment penalty. Most of the long-term contracts for our OSVs contain early termination options in favor of the customer; however, some have substantial early termination penalties designed to discourage the customers from exercising such options. We cannot assure that our customers would not choose to exercise their termination rights in spite of such penalties. Any such early termination could adversely affect our financial condition and results of operations.

We are subject to complex laws and regulations, including environmental regulations, that can adversely affect the cost, manner or feasibility of doing business.

Increasingly stringent federal, state and local laws and regulations governing worker health and safety and the manning, construction and operation of vessels significantly affect our operations. Many aspects of the marine industry are subject to extensive governmental regulation by the United States Coast Guard, the National Transportation Safety Board and the United States Customs Service and to regulation by private industry organizations such as the American Bureau of Shipping. The Coast Guard and the National Transportation Safety Board set safety standards and are authorized to investigate vessel accidents and recommend improved safety standards, while the Customs Service is authorized to inspect vessels at will. Our operations are also subject to federal, state, local and international laws and regulations that control the discharge of pollutants into the environment or otherwise relate to environmental protection. Compliance with such laws, regulations and standards may require installation of costly equipment or operational changes. Failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions, imposition of remedial obligations or the suspension or termination of our operations. Some environmental laws impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, others, including charterers. Moreover, these laws and regulations could change in ways that substantially increase our costs. Any changes in laws, regulations or standards that would impose additional requirements or restrictions could adversely effect our financial condition and results of operations.

We are also subject to the Merchant Marine Act of 1936, which provides that, upon proclamation by the President of a national emergency or a threat to the security of the national defense, the Secretary of Transportation may requisition or purchase any vessel or other watercraft owned by United States citizens (which includes United States corporations), including vessels under construction in the United States. If one of our OSVs, tugs or tank barges were purchased or requisitioned by the federal government under this law, we would be entitled to be paid the fair market value of the vessel in the case of a purchase or, in the case of a requisition, the fair market value of charter hire. However, if one of our tugs is requisitioned or purchased and its associated tank barge is left idle, we would not be entitled to receive any compensation for the lost revenues resulting from the idled barge. We would also not be entitled to be compensated for any consequential damages we suffer as a result of the requisition or purchase of any of our OSVs, tugs or tank barges. The purchase or the requisition for an extended period of time of one or more of our OSVs, tugs or tank barges could adversely effect our results of operations and financial condition.

Finally, we are subject to the Merchant Marine Act of 1920, commonly referred to as the Jones Act. The Jones Act requires that vessels engaged in coastwise trade to carry cargo between U.S. ports be registered under the laws of the United States and be owned and operated by U.S. citizens. To ensure that we are determined to be a U.S. citizen as defined under these laws, our certificate of incorporation contains certain restrictions on the ownership of our capital stock by non-U.S. citizens and establishes certain mechanisms to maintain compliance with these laws. If we are determined at any time not to be in compliance with these citizenship requirements, our vessels would become ineligible to engage in the coastwise trade in U.S. domestic waters, and our business and operating results would be adversely affected. Recently, the Jones Act provisions restricting coastwise trade have been challenged by interests seeking to facilitate foreign competition for trade reserved for U.S. registered vessels, owned and operated by U.S. citizens. To the extent such efforts are successful and permit foreign competition, such competition could have a material adverse effect on domestic companies in the offshore service vessel industry and on our financial condition and results of operations.

Our business involves many operating risks that may disrupt our business or otherwise result in substantial losses, and insurance may be unavailable or inadequate to protect us against these risks.

Tugs, tank barges, tankers and OSVs are subject to operating risks such as catastrophic marine disaster, adverse weather and sea conditions, mechanical failure, collisions, oil and hazardous substance spills, navigation errors, acts of God, war and terrorism. The occurrence of any of these events may result in damage to or loss of our vessels and their tow or cargo or other property and injury to passengers and personnel. If any of these events were to occur, we could be exposed to liability for resulting damages. Affected vessels may also be removed from service and thus be unavailable for income-generating activity. While we believe our insurance coverage is at adequate levels and insures us against risks that are customary in the industry, we may be unable to renew such coverage in the future at commercially reasonable rates. Moreover, existing or future coverage may not be sufficient to cover claims that may arise.

Our expansion into international markets subjects us to risks inherent in conducting business internationally.

Over the past 14 months we have derived an increasing portion of our revenues from foreign sources. We therefore face risks inherent in conducting business internationally, such as legal and governmental regulatory requirements, potential vessel seizure or nationalization of assets, import-export quotas or other trade barriers, difficulties in collecting accounts receivable and longer collection periods, political and economic instability, adverse tax consequences, difficulties and costs of staffing international operations, currency exchange rate fluctuations and language and cultural differences. All of these risks are beyond our control. We cannot predict the nature and the likelihood of any such events. If such an event should occur, however, it could have a material adverse effect on our financial condition and results of operations.

Future results of operations depend on the long-term financial stability of our customers.

Many of the contracts we enter into for our vessels are full utilization contracts with initial terms ranging from one to five years. We enter into these long-term contracts with our customers based on a credit assessment at the time of execution. Our financial condition in any period may therefore depend on the long-term stability and creditworthiness of our customers. We can provide no assurance that our customers will fulfill their obligations under our long-term contracts and the insolvency or other failure of a customer to fulfill its obligations under such contract could adversely affect our financial condition and results of operations.

We may be unable to attract and retain qualified, skilled employees necessary to operate our business.

Our success depends in large part on our ability to attract and retain highly skilled and qualified personnel. Our inability to hire, train and retain a sufficient number of qualified employees could impair our ability to manage and maintain our business.

We require skilled employees who can perform physically demanding work. As a result of the volatility of the oil and gas industry and the demanding nature of the work, potential employees may choose to pursue employment in fields that offer a more desirable work environment at wage rates that are competitive with ours. With a reduced pool of workers, it is possible that we will have to raise wage rates to attract workers from other fields and to retain our current employees. If we are not able to increase our service rates to our customers to compensate for wage-rate increases, our financial condition and results of operations may be adversely affected.

Our employees are covered by federal laws that may subject us to job-related claims in addition to those provided by state laws.

Some of our employees are covered by provisions of the Jones Act, the Death on the High Seas Act and general maritime law. These laws preempt state workers' compensation laws and permit these employees and their representatives to pursue actions against employers for job-related incidents in federal courts. Because we are not generally protected by the limits imposed by state workers' compensation statutes, we may have greater exposure for any claims made by these employees.

Our success depends on key members of our management, the loss of whom could disrupt our business operations.

We depend to a large extent on the efforts and continued employment of our executive officers and key management personnel. We do not maintain key-man insurance. The loss of services of one or more of our executive officers or key management personnel could have a negative impact on our financial condition and results of operations.

Restrictions contained in the indenture governing our 10 5/8% senior notes and in the agreement governing our revolving credit facility may limit our ability to obtain additional financing, to pursue other business opportunities and to pay dividends.

Covenants contained in the indenture governing our 10 5/8% senior notes and in the agreement governing our revolving credit facility require us to meet certain financial tests, which may limit:

- our flexibility in operating, planning for, and reacting to changes, in our business;
- our ability to dispose of assets, withstand current or future economic or industry downturns and compete with others in our industry for strategic opportunities;
- our ability to obtain additional financing for working capital, capital expenditures, including our newbuild programs, acquisitions, general corporate and other purposes; and
- our ability to pay dividends, should we choose to do so in the future.

Risks Relating to this Offering

Our management and directors will beneficially own, control or have substantial influence over a significant amount of common stock, giving them a controlling influence over corporate transactions and other matters. Their interests may conflict with yours, and the concentration of ownership of our common stock by such stockholders will limit the influence of public stockholders.

Upon completion of this offering, our management, directors and their respective affiliates, will beneficially own, control or have substantial influence over approximately   percent of our outstanding common stock, and approximately   percent if the underwriters exercise their over-allotment option in full. If these stockholders voted together as a group, they would have the ability to exert significant influence over our board of directors and its policies. These stockholders would, acting together, be able to control or substantially influence the outcome of stockholder votes, including votes concerning the election of directors, the adoption or amendment of provisions in our certificate of incorporation or bylaws and possible mergers, corporate control contests and other significant corporate transactions. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, a merger, consolidation, takeover or other business combination. This concentration of ownership could also discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which could in turn have an adverse effect on the market price of our common stock.

Our stock price may fluctuate significantly following this offering, and you could lose all or a part of your investment as a result.

Prior to this offering there has been no public market for our common stock, and we cannot predict the extent to which investor interest in us will lead to the development or maintenance of an active trading market. You may not be able to resell your shares at or above the initial public offering price, which will be determined through negotiations among us and the underwriters and may not be indicative of prices that will prevail in the public trading market. The trading price of our common stock, and the price at which we may sell securities in the future, could be subject to significant fluctuations in response to:

- government regulations;
- the prices of oil and gas;
- our operating results;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- news announcements regarding the oil and gas or related industries in general, our customers, our competitors or us; or
- other factors beyond our control.

The realization of any of the risks described in this section could cause the market price of our common stock to decline significantly.

Investors in this offering will suffer immediate and substantial dilution and are subject to potential future dilution.

The initial public offering price of our common stock will be substantially higher than the net tangible book value per share of the common stock outstanding immediately after this offering. Therefore, if you purchase shares in this offering, you will incur immediate and substantial dilution based on net tangible book value per share. You will incur further dilution if outstanding options to purchase common stock are exercised. In addition, our certificate of incorporation allows us to issue significant numbers of additional shares. Any such issuance may significantly reduce your proportionate interest in our stock. See "Dilution."

Future sales of our common stock could adversely affect its market price.

Following this offering, we will have a large number of shares of common stock outstanding and available for resale beginning at various points in time in the future. Sales of a substantial number of shares of our common stock in the public market after this offering, or the possibility that these sales may occur, could cause the market price for our common stock to decline. These sales, or the possibility that these sales may occur, could also make it more difficult for us to sell our common stock or other equity securities in the future at a time and at a price that we deem appropriate. Our directors, executive officers and principal stockholders, who collectively will hold a total of 29,053,187 shares of common stock following the completion of this offering, have agreed not to dispose of any shares of common stock, subject to limited exceptions, for a period of 180 days after the date of this prospectus, without the consent of the underwriters. See "Shares Eligible for Future Sale."

Provisions of our certificate of incorporation, bylaws, stockholder rights plan and Delaware law could deter takeover attempts.

Our certificate of incorporation and bylaws, Delaware corporations law, and our stockholder rights plan contain provisions that could have the effect of making it more difficult for a third party to acquire, or discourage a third party from attempting to acquire, control of us. These provisions could limit the price that investors might be willing to pay in the future for shares of our common stock.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the sale of shares in this offering, after deducting offering expenses, of approximately $ million. If the underwriter's over-allotment option is exercised in full, we estimate that we will receive an additional $ million. We intend to use the proceeds to fund a portion of the costs of the construction of ocean-going, double-hulled tank barges, the retrofit of certain existing vessels, possible future acquisitions or additional new vessel construction, and for general corporate purposes. We do not currently have any agreements or understandings with respect to any acquisition targets. Pending these uses, we may repay debt under our revolving credit facility, which can be reborrowed.

DIVIDEND POLICY

We currently intend to retain any future earnings to finance the growth, development and expansion of our business. Accordingly, we do not intend to declare or pay any dividends on our common stock for the foreseeable future. The declaration, payment and amount of future dividends, if any, will be at the sole discretion of our board of directors after taking into account various factors, including our financial condition, results of operations, cash flow from operations, current and anticipated capital requirements and expansion plans, the income tax laws then in effect and the requirements of Delaware law. In addition, the indenture governing our 10 $^{5}/_{8}$% senior notes and the agreement governing our revolving credit facility include restrictions on our ability to pay cash dividends without meeting certain financial ratios and obtaining the consent of the lenders.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of June 30, 2003:

- on a historical basis; and
- as adjusted to reflect the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, after deducting underwriting discounts and commissions and our estimated offering expenses of $.

The information in this table is unaudited. This table should be read in conjunction with our historical consolidated financial statements and the notes to those statements included in this prospectus.

	As of June 30, 2003	
	Actual	As Adjusted
	(In thousands)	
Cash and cash equivalents	$ 14,747	$
Long-term credit obligations:		
Revolving credit facility	$ 39,000	
10 5/8% senior notes due 2008 (net of original issue discount of $2,514)	172,486	
Total long-term credit obligations	211,486	
Stockholders' equity:		
Preferred stock, $0.01 par value, 5,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value, 100,000 shares authorized, 35,812 and issued and outstanding, historical and as adjusted, respectively	358	
Additional paid-in capital	88,342	
Retained earnings	17,656	
Total stockholders' equity	106,356	
Total capitalization	$ 317,842	$

The information set forth above does not include 2,284,111 shares of our common stock issuable as of June 30, 2003, upon exercise of options previously granted to employees and non-employee directors at a weighted average price of $2.95 and 1,090,889 additional shares of our common stock reserved as of June 30, 2003, for grants and awards under our Incentive Compensation Plan, and also assumes that the underwriters do not purchase additional shares of common stock from us in this offering to cover over-allotments.

DILUTION

Our net tangible book value as of June 30, 2003, was approximately $ million or $ per share, which gives effect to an additional $2.5 million received in early July as part of a $30 million private placement of our common stock affected during June and July 2003. Net tangible book value per share represents our tangible net worth (tangible assets less total liabilities) divided by the total number of outstanding shares of our common stock. Dilution in net tangible book value per share represents the difference between the amount per share that investors will pay in this offering and the net tangible book value per share immediately afterwards.

After giving effect to the receipt of $ million of estimated net proceeds from the sale of shares of our common stock in this offering at an assumed price of $ per share after deducting the estimated underwriting fees and estimated expenses of this offering, our adjusted net tangible book value as of June 30, 2003 would have been $ million or $ per share. This represents an immediate increase in our net tangible book value of $ per share to existing shareholders and an immediate dilution of $ per share to new investors purchasing our common stock in this offering. The following table illustrates this per share dilution to new investors purchasing our common stock in this offering:

Assumed public offering price per share		$
Net tangible book value per share as of June 30, 2003	$2.93	
Increase per share attributable to new investors		
Adjusted net tangible book value per share after this offering		
Dilution per share to new investors		$

The table above also assumes no issuance of shares under options outstanding as of June 30, 2003. Upon completion of this offering, 2,308,611 shares of our common stock will be issuable upon the exercise of options granted under our Incentive Compensation Plan at exercise prices ranging from $1.85 to $5.00 per share. Of these shares, 1,242,625 will be issuable under options that will be exercisable upon completion of this offering, with the remaining 1,065,986 becoming issuable at various intervals in the future based on remaining option vesting schedules. Please read **"**Management—Option Grants**"** and **"**Principal Stockholders**"** for more information regarding outstanding options to purchase our common stock. If the 1,242,625 shares subject to options that will be exercisable upon completion of this offering were included in the above calculations, the dilution per share to new investors would be $, and if all 2,308,611 shares subject to options outstanding upon completion of this offering were included in the above calculations, the dilution per share to new investors would be $.

The following table illustrates, on an as adjusted basis as of June 30, 2003, the difference between the number of shares of common stock purchased from us, the total consideration paid to us and the average price paid by existing shareholders and by the new investors purchasing shares of common stock in this offering, before deduction of estimated underwriting fees and estimated expenses of this offering payable by us.

	Shares Purchased(1)		Total Cash Consideration(1)		Average Price Per Share
	Number	**Percent**	**Amount**	**Percent**	
Existing shareholders		%	$	%	$
New investors					
Total		%	$	%	$

(1) Gives effect to 2,700,000 shares for which stock subscriptions were received (including 504,893 shares issued for $2,524,465 with respect to subscriptions received in early July 2003) but for which payment was not received until July 2003.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION
(In thousands, except per share and operating data)

Our selected historical consolidated financial information as of and for the periods ended December 31, 1998, 1999, 2000, 2001 and 2002 was derived from our audited historical consolidated financial statements. Our selected historical financial information as of and for the six-month periods ended June 30, 2002 and 2003 was derived from our unaudited historical consolidated financial statements. The data should be read in conjunction with and is qualified in its entirety by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Capitalization" and our historical consolidated financial statements and the notes to those statements included elsewhere in this prospectus.

	Year Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
						(Unaudited)	
Statement of Operations Data:							
Revenues	$ 12,822	$ 25,723	$ 36,102	$ 68,791	$ 92,585	$ 44,058	$ 53,357
Operating expenses	10,701	16,890	20,410	32,371	48,043	21,448	28,666
General and administrative expenses	1,699	2,852	3,355	8,473	10,271	5,053	5,713
Operating income	422	5,981	12,337	27,947	34,271	17,557	18,978
Interest income	130	170	305	1,455	667	448	115
Interest expense	2,679	7,524	15,478	16,646	16,207	7,796	8,574
Other income (expense)(1)	544	(20)	(138)	—	55	—	707
Income (loss) before income taxes	(1,583)	(1,393)	(2,974)	12,756	18,786	10,209	11,226
Income tax (expense) benefit	156	(341)	(1,550)	(5,737)	(7,139)	(3,879)	(4,263)
Net income (loss)(2)(3)	(1,427)	(1,734)	(4,524)	7,019	11,647	6,330	6,963
Per Share Data:							
Basic net income (loss)(3)	$ (0.13)	$ (0.15)	$ (0.36)	$ 0.27	$ 0.39	$ 0.21	$ 0.22
Diluted net income (loss)(3)	$ (0.13)	$ (0.15)	$ (0.36)	$ 0.27	$ 0.38	$ 0.21	$ 0.22
Weighted average basic shares outstanding	11,334	11,367	12,594	25,661	30,245	30,188	31,006
Weighted average diluted shares outstanding	11,334	11,367	12,594	25,760	30,652	30,276	31,446
Balance Sheet Data (at period end):							
Cash and cash equivalents	$ 3,183	$ 6,144	$ 32,988	$ 53,203	$ 22,228	$ 36,821	$ 14,747
Working capital	105	(2,429)	29,524	48,516	22,265	31,912	27,212
Property, plant and equipment, net	45,819	85,700	98,935	180,781	226,232	207,708	297,965
Total assets	58,216	103,486	147,148	258,817	278,290	268,526	356,092
Total long-term debt(4)	34,621	79,076	82,557	171,976	172,306	172,249	211,486
Total stockholders' equity	11,036	9,194	38,197	59,866	71,876	66,557	106,356
Statement of Cash Flows Data:							
Net cash provided by (used in):							
Operating activities	$ 3,593	$ 1,915	$ 5,741	$ 33,345	$ 24,955	$ 15,272	$ 13,405
Investing activities	(30,692)	(42,313)	(15,324)	(88,328)	(55,771)	(31,478)	(71,376)
Financing activities	25,661	43,359	36,427	75,198	(159)	(176)	50,490
Other Financial Data (unaudited):							
EBITDA(5)	$ 2,434	$ 9,263	$ 17,667	$ 37,072	$ 47,289	$ 23,357	$ 27,417

	Year Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
						(Unaudited)	
Other Operating Data (unaudited):							
Offshore Supply Vessels:							
Average number(6)	0.1	4.1	6.8	7.8	11.0	9.8	13.7
Average utilization rate(7)	100%	93.1%	93.4%	99.1%	94.9%	95.9%	91.0%
Average dayrate(8)	$ 8,936	$ 6,724	$ 8,435	$ 11,872	$ 12,176	$ 11,795	$ 12,220
Tugs and Tank Barges:							
Average number of tank barges(9)	7.0	7.1	7.0	12.3	16.0	16.0	15.8
Average fleet capacity (barrels)(9)	358,108	434,861	451,655	847,780	1,130,727	1,130,727	1,133,797
Average barge size (barrels)(9)	51,158	61,464	64,522	68,109	70,670	70,670	71,893
Average utilization rate(7)	75.3%	73.9%	71.4%	84.4%	78.1%	80.4%	75.4%
Average dayrate(10)	$ 6,502	$ 8,482	$ 8,982	$ 8,944	$ 9,499	$ 9,505	$ 11,239

(1) Represents other operating income and expenses, including gains (or loses) on disposition of assets and equity in income from investments.

(2) Includes goodwill amortization of $135, $126, $126 and $126 for the years ended December 31, 1998, 1999, 2000 and 2001, respectively. Effective January 1, 2002, SFAS No. 142 **"**Goodwill and Other Intangible Assets**"** requires that goodwill and other indefinite-lived assets are no longer amortized, but are reviewed for impairment annually or more frequently if circumstances indicate potential impairment. Net income (loss) would have been $(1,292), $(1,608), $(4,398) and $7,145 for the years ended December 31, 1998, 1999, 2000 and 2001, respectively, if SFAS 142 had been in effect on January 1, 1998.

(3) Excludes a net write-off of $108 ($0.01 basic and diluted per share of common stock) related to a cumulative effect of change in accounting principle for start-up costs in 1999.

(4) Excludes original issue discount associated with our 10 $^{5}/8$ senior notes in the amount of $3,024, $2,694, $2,805 and $2,514 as of December 31, 2001, December 31, 2002, June 30, 2002 and June 30, 2003, respectively. The amount as of June 30, 2003 includes $39,000 outstanding under our long-term, revolving credit facility.

(5) See our discussion of EBITDA as a non-GAAP financial measure immediately following these footnotes.

(6) We owned 20 OSVs at June 30, 2003, acquired an additional OSV on August 6, 2003, and took delivery of a newly constructed OSV on September 17, 2003. We expect to take delivery of an additional newly constructed OSV in December 2003.

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

(8) 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 OSVs generated revenue.

(9) The averages for the six months ended June 30, 2003 give effect to our sale of the Energy 5502 on January 28, 2003 and our acquisition of the Energy 8001 on February 28, 2003. As of June 30, 2003, our tank barge fleet consisted of 16 vessels.

(10) 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 is equal to the cost of in-chartering third-party equipment paid by customers.

EBITDA consists of earnings (net income) before interest expense, provision for income taxes, depreciation and amortization. This term, as we define it, may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States, or GAAP. EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP.

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We believe EBITDA is useful to an equity investor in evaluating our operating performance because:

- it is widely used by investors in our industry to measure a company's operating performance without regard to items such as interest expense, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired; and
- it helps investors more meaningfully evaluate and compare the results of our operations from period to period by removing the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation and amortization of our vessels) from our operating results.

Our management uses EBITDA:

- as a measure of operating performance because it assists us in comparing our performance on a consistent basis as it removes the impact of our capital structure and asset base from our operating results;
- in presentations to our board of directors to enable them to have the same consistent measurement basis of operating performance used by management;
- as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations;
- as a basis for incentive cash bonuses paid to our executive officers and other shore-based employees;
- to assess compliance with financial ratios and covenants included in our revolving credit facility and the indenture governing our senior notes; and
- in communications with lenders, senior note holders, rating agencies and others, concerning our financial performance.

In March 2003, the Commission adopted rules regulating the use of non-GAAP financial measures, such as EBITDA, in filings with the Commission, disclosures and press releases. These rules require non-GAAP financial measures to be presented with and reconciled to the most nearly comparable financial measure calculated and presented in accordance with GAAP. The following table reconciles EBITDA with our net income (loss):

	Year Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
Net income (loss)	$ (1,427)	$ (1,734)	$ (4,524)	$ 7,019	$ 11,647	$ 6,330	$ 6,963
Interest expense:							
Debt obligations(1)	1,155	5,262	8,216	13,694	16,207	7,796	8,574
Put warrants(2)	1,524	2,262	7,262	2,952	—	—	—
Income tax expense (benefit)	(156)	341	1,550	5,737	7,139	3,879	4,263
Depreciation and amortization	1,338	3,132	5,163	7,670	12,296	5,352	7,617
EBITDA	$ 2,434	$ 9,263	$ 17,667	$ 37,072	$ 47,289	$ 23,357	$ 27,417

(1) Interest expense from debt obligations includes a loss of $3,029 incurred during 2001 resulting from the early extinguishment of debt. The loss relates to the write-off of deferred financing costs upon the refinancing of all our debt through the issuance of our 10 $^{5}/8$% senior notes in July 2001.

(2) Interest expense from put warrants represents an adjustment to the estimated fair value of the put warrants. According to EITF Issue 88-9, as supplemented by EITF Issue 00-19, a company whose capital stock is publicly traded is required to account for warrants that contain put options at their estimated fair value with the changes reported as interest expense. We repurchased and terminated all of the warrants for $14,500 in October 2001.

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 historical consolidated financial statements and their notes included elsewhere in this prospectus. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under "*Risk Factors*" *and elsewhere in this prospectus.*

General

We own and operate a fleet of 22 technologically advanced, new generation OSVs. Currently, 18 of our OSVs are operating in the U.S. Gulf of Mexico, three of our OSVs are operating offshore Trinidad & Tobago and one is working offshore Mexico. We also operate 12 ocean-going tugs and 16 ocean-going tank barges in the northeastern United States, primarily New York Harbor, and in Puerto Rico.

We charter our OSVs on a dayrate basis, under which the customer pays us a specified dollar amount for each day during the term of the contract, pursuant to either fixed time charters or spot market charters. A fixed time charter is a contract with a term of at least one year in which the charterer obtains the right to direct the movements and utilization of the vessel in exchange for payment of a specified dayrate, 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 OSV industry are generally time charter contracts with either relatively short, indefinite terms or fixed terms of less than one year. Generally, the vessel owner absorbs crew, insurance and repair and maintenance costs in connection with the operation of OSVs pursuant to spot market charters, while customers absorb all other direct operating costs.

All of our OSVs operate under time charters, including five that are chartered under contracts with expiration dates ranging from June 2004 through November 2006. The long-term contracts for our OSVs 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 OSVs service existing oil and gas production platforms as well as exploration and development activities, incremental OSV demand depends primarily upon the level of drilling activity, which can be influenced by a number of factors, including oil and natural gas prices and drilling budgets of exploration and production companies. As a result, utilization rates have historically been tied to oil and natural gas prices and drilling activity. However, the relatively large capital commitments, longer lead times and investment horizons associated with deepwater and deep well projects have diminished the significance of this relationship.

Although commodity prices remained strong during the second quarter of 2003, we believe that an uncertain economic environment has contributed to operators' unwillingness to commit significant capital expenditures to new exploration programs. The deepwater market continued to show weakness as the deepwater drilling rig count in the U.S. Gulf of Mexico, which stood at 29 rigs during the first quarter of 2003, remained relatively constant at 27 to 29 rigs for the second quarter of 2003. At the end of the second quarter of 2003, the domestic new generation OSV market appeared to be slightly oversupplied. We believe that, should the deepwater drilling rig count in the U.S. Gulf of Mexico remain flat, and domestic new generation OSVs not obtain additional international charters, dayrates for new generation OSVs will continue to be negatively impacted as nine new generation OSVs are expected to be delivered to the U.S. Gulf of Mexico by December 31, 2003.

Since 1999, with the delivery of eight 240' OSVs and four 265' OSVs, we experienced a gradual, increasing shift in the average size of the OSVs in our fleet. This trend reversed itself following our recent acquisitions of six 220' OSVs. These newly acquired 220' OSVs have decreased the percentage of vessels that are in our 240 and 265 classes from 67% to 48% of our total fleet. The physical attributes of these 220' OSVs are most comparable to our proprietary 200 class vessels. As a result, our 220' OSVs are currently commanding average dayrates at, or slightly below, the rates we are earning for our proprietary 200 class vessels. While the acquisition of these six vessels resulted in a decrease in our fleetwide average OSV dayrate, we have also achieved a commensurate reduction in both our fleet-wide average capital cost per vessel and fleet-wide average daily operating expense per vessel.

Notwithstanding the soft market conditions, we have witnessed a number of deepwater oil and natural gas properties change ownership and several exploration and production companies have recently announced upward revisions to their exploration budgets for the remainder of 2003. In addition, increased drilling activity in Mexico, as evidenced by the recent contracting of jack-up and semi-submersible drilling rigs, has increased the demand for new generation OSVs, all of which have come from the U.S.-flagged fleet. We anticipate that there will be additional new generation OSVs working in Mexico in the near term as more contracted drilling rigs are expected to be delivered during 2003.

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 was chartered to a third party under a bareboat charter from January 2000 until it was sold to the third party on January 28, 2003. 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 demand drivers for our tug and tank barge services are population growth, the strength of the U.S. economy, changes in weather, oil prices and competition from alternate energy sources. The tug and tank barge market, in general, is marked by steady demand over time. Our second quarter 2003 results for our tug and tank barge segment were down from the first quarter of 2003, as expected, due to normal seasonal weather patterns that typically result in a drop-off of activity during the second and third quarters. We generally take advantage of this seasonality to prepare the tug and tank barge fleet for peak demand periods by performing our regulatory drydocking and maintenance programs during these off-peak periods. During the second quarter of 2003, we had higher than anticipated drydockings as we accelerated the planned drydockings of two vessels based on an evaluation of customer needs and scheduling opportunities during the second half of the year. In addition, we are beginning to see an increase in customer demand in, and a favorable trend toward premium pricing for double-hulled equipment. At the end of the second quarter of 2003, we noticed an increase in clean oil movements primarily related to the increased demand for gasoline during the summer driving season.

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. Because most of these expenses remain payable regardless of vessel utilization, our direct operating costs as a percentage of revenues may fluctuate considerably with changes in dayrates 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.

Critical Accounting Policies

Our consolidated financial statements included in this prospectus 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 available information. We base our estimates and judgments on historical experience and various other factors that we believe are reasonable based upon the information available. Actual results may differ from these estimates under different assumptions and conditions. We believe that of our significant accounting policies discussed in note 2 to our consolidated financial statements, the following may involve a higher degree of judgment.

Purchase Accounting. Purchase accounting requires extensive use of estimates and judgments to allocate the cost of an acquired enterprise to the assets acquired and liabilities assumed. The cost of each acquired operation is allocated to the assets acquired and liabilities assumed based on their estimated fair values. These estimates are revised during an allocation period as necessary when, and if, information becomes available to further define and quantify the value of the assets acquired and liabilities assumed. For example, costs related to the recertification of acquired vessels that are drydocked within the allocation period immediately following the acquisition of such vessels are reflected as an adjustment to the value of the vessels acquired and the liabilities assumed related to the drydocking. The adjusted basis of the vessel is depreciated over the estimated useful lives of the vessel. The allocation period does not exceed one year from the date of the acquisition. To the extent additional information to refine the original allocation becomes available during the allocation period, the allocation of the purchase price is adjusted. For example, if an acquired vessel was subsequently disposed of within the allocation period, the sales price of the vessel would be used to adjust the original assigned value to the vessel at the date of acquisition such that no gain or loss would be recognized upon disposition during the allocation period. If information becomes available after the allocation period, those items are reflected in operating results.

Carrying Value of Vessels. We depreciate our tugs, tank barges, and OSVs over estimated useful lives of 14 to 25 years, three to 18 years and 25 years, respectively. The useful lives used for tank barges is based on their classification under OPA 90. In assigning depreciable lives to these assets, we have considered the effects of both physical deterioration largely caused by wear and tear due to operating use and other economic and regulatory factors that could impact commercial viability. To date, our experience confirms that these policies are reasonable, although there may be events or changes in circumstances in the future that indicate the recoverability of the carrying amount of a vessel might not be possible. Examples of events or changes in circumstances that could indicate that the recoverability of a vessel's carrying amount should be assessed might include a change in regulations such as OPA 90, a significant decrease in the market value of a vessel and current period operating or cash flow losses combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with a vessel. If events or changes in circumstances as set forth above indicate that a vessel's carrying amount may not be recoverable, we would then be required to estimate the undiscounted future cash flows expected to result from the use of the vessel and its eventual disposition. If the sum of the expected future cash flows is less than the carrying amount of the vessel, we would be required to recognize an impairment loss.

Recertification Costs. Our tugs, tank barges and OSVs are required by regulation to be recertified after certain periods of time. These recertification costs are incurred while the vessel is in drydock where other routine repairs and maintenance are performed and, at times, major replacements and improvements are performed. We expense routine repairs and maintenance as they are incurred. Recertification costs can be accounted for in one of three ways: 1) defer and amortize, 2) accrue in advance, or 3) expense as incurred. Companies in our industry use either the defer and amortize or the expense as incurred accounting method. We defer and amortize recertification costs over the length of time in which the recertification is expected to last, which is generally 30 or 60 months. Major replacements and improvements which extend the vessel's economic useful life or functional operating capability are capitalized and depreciated over the vessel's remaining economic useful life. Inherent in this process are estimates we make regarding the specific cost incurred and the period that the incurred cost will benefit.

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 OSVs and tugs and tank barges generate substantially all of our revenues and operating profit.

	Years Ended December 31,			Six Months Ended June 30,	
	2000	2001(1)	2002(2)	2002	2003(3)
Offshore Supply Vessels:					
Average number of vessels(4)	6.8	7.8	11.0	9.8	13.7
Average utilization rate(5)	93.4%	99.1%	94.9%	95.9%	91.0%
Average dayrate(6)	$ 8,435	$ 11,872	$ 12,176	$ 11,795	$ 12,220
Tugs and Tank Barges:					
Average number of tank barges	7.0	12.3	16.0	16.0	15.8
Average fleet capacity (barrels)	451,655	847,780	1,130,727	1,130,727	1,133,797
Average barge size (barrels)	64,522	68,109	70,670	70,670	71,893
Average utilization rate(5)	71.4%	84.4%	78.1%	80.4%	75.4%
Average dayrate(7)	$ 8,982	$ 8,944	$ 9,499	$ 9,505	$ 11,239

(1) Includes 7.0 months of operations of the nine tugs and nine tank barges acquired from the Spentonbush/Red Star Group effective May 31, 2001, 8.0 months of operations from the *HOS Innovator*, delivered April 28, 2001, and 2.0 months of operations from the *BJ Blue Ray*, delivered November 6, 2001.

(2) Includes 10.0 months of operations from the *HOS Dominator*, delivered February 28, 2002, 6.5 months of operations from the *HOS Brimstone* delivered June 13, 2002, 4.5 months of operations from the *HOS Stormridge*, delivered August 11, 2002, and 2.5 months of operations from the *HOS Sandstorm* delivered October 20, 2002.

(3) The tug and tank barge averages for the six months ended June 30, 2003 give effect to our sale of the Energy 5502 on January 28, 2003 and our acquisition of the Energy 8001 on February 28, 2003. As of June 30, 2003, our tank barge fleet consisted of 16 vessels. The OSV averages include 3.5 months of operations from the *HOS Bluewater*, delivered on March 17, 2003, and 0.5 months of operations from the *HOS Gemstone*, delivered on June 19, 2003.

(4) We owned 20 OSVs at June 30, 2003, acquired an additional OSV on August 6, 2003, and took delivery of a newly constructed OSV on September 17, 2003. We expect to take delivery of an additional newly constructed OSV in December 2003.

(5) Utilization rates are average rates based on a 365-day year. Vessels are considered utilized when they are generating revenues.
(6) 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 OSVs generated revenue.
(7) 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 is equal to the cost paid by customers of in-chartering third-party equipment.

Summarized financial information concerning our reportable segments is shown below in the following table (dollars in thousands):

	Years Ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
Revenues by segment:					
Offshore supply vessels	$19,626	$33,610	$46,378	$20,093	$27,767
Tugs and tank barges	16,476	35,181	46,207	23,965	25,590
	$36,102	$68,791	$92,585	$44,058	$53,357
Operating expenses by segment:					
Offshore supply vessels	$ 9,291	$11,448	$20,052	$ 8,230	$12,990
Tugs and tank barges	11,119	20,923	27,991	13,218	15,676
	$20,410	$32,371	$48,043	$21,448	$28,666
General and administrative expenses	$ 3,355	$ 8,473	$10,271	$ 5,053	$ 5,713
Interest expense	$15,478	$16,646	$16,207	$ 7,796	$ 8,574
Interest income	$ 305	$ 1,455	$ 667	$ 448	$ 115
Income tax expense	$ 1,550	$ 5,737	$ 7,139	$ 3,879	$ 4,263

Six Months Ended June 30, 2003 Compared to Six Months Ended June 30, 2002

Revenues. Revenues were $53.4 million for the six months ended June 30, 2003, compared to $44.1 million for the same period in 2002, an increase of $9.3 million or 21.1%. This increase in revenues was primarily the result of the growth of our fleet since June 2002. Our operating fleet grew from 40 vessels at the end of the second quarter of 2002 to 48 vessels at the end of the second quarter of 2003. The additional revenues generated by the incremental new vessels accounted for a $10.9 million increase in revenues, which was offset by a $1.6 million decrease in revenues from our vessels that were in service during each of the six months ended June 30, 2003 and 2002.

Revenues from our OSV segment increased to $27.8 million in the first six months of 2003, compared to $20.1 million in the first six months of 2002, an increase of $7.7 million or 38.3%. Our utilization rate was 91.0% for the first six months of 2003, compared to 95.9% in the same period of 2002. The decrease in utilization was due to fewer long-term contracts and an increased proportion of vessels operating in the spot market, which is more susceptible to market fluctuations. Our OSV average dayrate was $12,220 for the first six months of 2003, compared to $11,795 for the same period in 2002, an increase of $425 or 3.6%. The increase in average dayrates primarily reflects the addition of larger, newly constructed 240 ED and 265 class vessels, which typically earn higher dayrates than our 200 class vessels. However, these higher dayrates were offset by weak spot market conditions that primarily impacted our 200 class vessels.

Revenues from our tug and tank barge segment totaled $25.6 million for the first six months of 2003, compared to $24.0 million for the same period in 2002, an increase of $1.6 million or 6.7%. The segment revenue increase was primarily due to the acquisition of one double-hulled 80,000-barrel tank barge on February 28, 2003, and a change in contract mix. Our utilization rate decreased to 75.4% for the first six months of 2003, compared to 80.4% for the same period in 2002, primarily due to an increase in vessels operating under contracts of affreightment during the 2003 period, which was adversely impacted by weak economic conditions and an increase in drydocking days occurring in the second quarter of 2003 compared to the second quarter of 2002. Our average dayrate increased to $11,239 for the six months ended June 30, 2003, compared to $9,505 for the same period of 2002, an increase of $1,734 or 18.2%. The increase in average dayrate was primarily driven by the sale of the Energy 5502, which was operating on a bareboat charter, and the purchase of the Energy 8001, which is being operated on a time charter. Time charters command higher dayrates than bareboat charters due to the difference in treatment of operating expenses under each type of contract.

Operating Expenses. Our operating expenses, including depreciation and amortization, increased to $28.7 million for the first six months of 2003, compared to $21.4 million in the same period of 2002, an increase of $7.3 million or 34.1%. The increase in operating expenses was primarily the result of more vessels being in service during the first six months of 2003 compared to the same six-month period in 2002.

Operating expenses for our OSV segment increased $4.8 million, or 58.5%, in the first six months of 2003 to $13.0 million, compared to $8.2 million for the first six months of 2002. This increase was primarily the result of five new 240 ED or 265 class OSVs being in service for substantially more days during the first six months of 2003 compared to the first six months of 2002. Average daily operating costs per vessel for the first six months of 2003 increased over the same period of 2002, primarily due to the higher costs of operating larger class vessels, including increased manning requirements.

Operating expenses for our tug and tank barge segment were $15.7 million for the first six months of 2003 compared to $13.2 million for the same period in 2002, an increase of $2.5 million or 18.9%. The increase in operating expenses was primarily due to the acquisition of the Energy 8001 in February 2003. Average daily operating expenses per vessel in the tug and tank barge segment remained fairly constant.

General and Administrative Expenses. Our general and administrative expenses were $5.7 million for the first six months of 2003, compared to $5.1 million for the same period of 2002, an increase of $0.6 million or 11.8%. This increase primarily resulted from increased overhead relating to the costs associated with the expansion of our fleet, and costs related to increased reporting obligations under the federal securities laws following our senior notes offering that were incurred during 2003 and were not applicable in the first six months of 2002.

Interest Expense. Interest expense was $8.6 million in the first six months of 2003, compared to $7.8 million in the first six months of 2002, an increase of $0.8 million or 10.3%. The increase in interest expense resulted from lower capitalized interest in 2003 related to the construction in progress of four vessels compared to the construction in progress of eight vessels during the 2002 period. This increase was offset in part by the capitalization of interest costs of $1.7 million and $2.2 million for the six months ended June 30, 2003 and 2002, respectively.

Interest Income. Interest income was $0.1 million in the first six months of 2003, compared to $0.4 million in the first six months of 2002, a decrease of $0.3 million or 75.0%. Average cash balances were $18.5 million and $45.0 million for the six months ended June 30, 2003 and 2002, respectively, which substantially contributed to the decrease in interest income earned during the six months ended June 30, 2003.

Income Tax Expense. Our effective income tax provision for the first six months of 2003 remained constant compared to the first six months of 2002. Our income tax expense primarily consists of deferred taxes due to our federal net operating loss carryforwards. Our income tax rate was higher than the federal statutory rate due primarily to expected state and foreign tax liabilities and items not deductible for federal income tax purposes.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Revenues. Revenues were $92.6 million for the year ended December 31, 2002, compared to $68.8 million in 2001, an increase of $23.8 million or 34.6%. The increase in revenues was primarily the result of the increase in the size of our fleet since February 2002. Our operating fleet grew from an average of 29.3 vessels during 2001 to an average of 40.0 during 2002.

Revenues from our OSV segment increased to $46.4 million in 2002, compared to $33.6 million for 2001, an increase of $12.8 million or 38.1%. Our average OSV fleet size grew by 3.2 vessels during 2002 compared to 2001. The average utilization rate was 94.9% for 2002, compared to 99.1% for 2001. The 4.2% decrease in utilization for 2002 resulted from a reduced number of long-term contracts and an increased proportion of vessels operating in the spot market, which is more susceptible to market fluctuations. The spot OSV market was softer in 2002 and we experienced more drydocking days in 2002 than in 2001. Our OSV average dayrate was $12,176 for 2002, compared to $11,872 for 2001, an increase of $304 or 2.6%. The increase in average dayrates primarily reflects the addition of larger, newly constructed 240 and 265 class vessels, which experience higher dayrates than our 200 class vessels.

Revenues from our tug and tank barge segment totaled $46.2 million for 2002, compared to $35.2 million in 2001, an increase of $11.0 million or 31.3%. This increase in revenue was primarily due to the acquisition of nine tugs and nine tank barges on May 31, 2001, which increased average fleet capacity in barrels from 451,655 to 1,130,727. Revenues for 2002 included $2.9 million that was equal to the cost of in-chartering third party equipment paid by customers, compared to $1.4 million for 2001. Our utilization rate decreased 6.3% to 78.1% for 2002, compared to 84.4% for 2001, primarily due to a significant increase in vessels operating under contracts of affreightment during 2002, and the adverse impact of the warm winter season and weak economic conditions experienced in the northeastern United States since the third quarter of 2001. More barrels moved under contracts of affreightment also contributed to our average dayrate increasing by $555 to $9,499 for 2002, compared to $8,944 for 2001.

Operating Expenses. Our operating expenses, including depreciation and amortization, increased to $48.0 million for 2002, compared to $32.4 million in 2001, an increase of $15.6 million or 48.1%. The increase in operating expenses was the result of an average of 10.7 more vessels in service during 2002 compared to 2001.

Operating expenses for our OSV segment increased $8.7 million, or 76.3%, in 2002 to $20.1 million, compared to $11.4 million in 2001. This increase was primarily the result of an average of 3.2 more new OSVs being in service during 2002 compared to 2001. Daily operating costs per vessel for 2002 increased slightly over 2001, primarily due to the higher costs of operating larger vessels, including increased manning requirements.

Operating expenses for our tug and tank barge segment was $28.0 million for 2002, compared to $20.9 million in 2001, an increase of $7.1 million or 34.0%. The increase in operating expenses was primarily the result of the addition of nine tugs and nine tank barges on May 31, 2001. Daily operating expenses per vessel in the tug and tank barge segment remained fairly constant.

As discussed in note 2 to the audited consolidated financial statements contained herein, we adopted SFAS 142 effective January 1, 2002 and, accordingly, we have ceased amortizing goodwill. Operating expenses for 2001 included goodwill amortization of $0.1 million.

General and Administrative Expenses. Our general and administrative expenses were $10.3 million for 2002, compared to $8.5 million in 2001, an increase of $1.8 million or 21.2%. This increase primarily resulted from increased overhead relating to the nine tugs and nine tank barges acquired on May 31, 2001 and increased costs associated with reporting obligations under federal securities laws that we were subject to during all of 2002 but during only a portion of 2001.

Interest Expense. Interest expense from debt obligations was $16.2 million in 2002, compared to $13.7 million in 2001, an increase of $2.5 million or 18.2%. The increase in interest expense from debt obligations resulted from the refinancing of our conventional floating rate debt through the issuance of $175.0 million of 10 $^{5}/_{8}$% senior notes in July 2001 with a higher fixed rate and average balance of debt outstanding for 2002. This increase was offset in part by the capitalization of interest costs of $3.9 million and $3.1 million for 2002 and 2001, respectively. Higher capitalized interest in 2002 was related to the construction in progress of seven offshore supply vessels compared to six vessels during 2001. Included in interest expense was a loss of approximately $3.0 million incurred during 2001 resulting from the early extinguishment of debt. This loss related to the write-off of deferred financing costs upon the refinancing of our debt through the issuance of our senior notes. For more information, please read **"**Recent Accounting Pronouncements**"** below.

Interest expense also includes the results of fair value adjustments to warrants having put options. There was no such adjustment for 2002 compared to an adjustment for 2001 of $3.0 million as the warrants were repurchased and terminated during October 2001.

Interest Income. Interest income was $0.7 million in 2002, compared to $1.5 million in 2001, a decrease of $0.8 million or 53.3%. The decrease in interest income resulted from substantially lower interest rates earned on lower average cash balances invested during 2002 compared to 2001.

Income Tax Expense. Our effective income tax provision for 2002, compared to 2001 was higher primarily due to foreign and state income taxes and the impact of non-deductible interest expense resulting from fair value adjustments for warrants with put options, which was $3.0 million lower in 2002 than in 2001. Our income tax expense primarily consists of deferred taxes due to our federal net operating loss carryforwards, which were approximately $21.5 million as of December 31, 2002, and are available through 2018 to offset future taxable income. Our income tax rate is higher than the federal statutory rate due primarily to expected state tax liabilities, foreign taxes and items not deductible for federal income tax purposes.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Revenues. Revenues were $68.8 million for the year ended December 31, 2001, compared to $36.1 million in 2000, an increase of $32.7 million or 90.6%. This increase was primarily attributable to our OSV segment, which continued to experience strong demand for our vessels, and the revenues generated by the additional tugs and tank barges acquired on May 31, 2001.

Revenues from our OSV segment increased to $33.6 million in 2001, compared to $19.6 million in 2000, an increase of $14.0 million or 71.4%. This increase in revenue was due to a 40.7% increase in average dayrates, a 5.7% increase in utilization and the addition, during 2001, of two newly constructed OSVs, one in late April and the other in early November. The utilization rate for our OSVs was 99.1% for 2001, compared to 93.4% in 2000, as a result of higher demand for deepwater drilling, construction and field development activity in the Gulf of Mexico. The average dayrate for our OSVs was $11,872 for 2001, compared to $8,435 in 2000, an increase of $3,437 or 40.7%. The increase in average dayrates was due to a combination of higher demand and the addition to our fleet of the larger, newly constructed 240 class *HOS Innovator* on April 28, 2001 and the 265 class *BJ Blue Ray* on November 6, 2001. Each of these two new vessels operated at higher dayrates than our 200 class OSVs.

Revenues from our tug and tank barge segment totaled $35.2 million for 2001, compared to $16.5 million in 2000, an increase of $18.7 million or 113.3%. This increase in segment revenue was primarily due to increased utilization and the acquisition of nine tugs and nine tank barges on May 31, 2001, which increased fleet capacity from 451,655 barrels to 1,130,727 barrels. The utilization rate for our tugs and tank barges increased to 84.4% for 2001 compared to 71.4% in 2000. The increase in utilization was primarily the result of a change from vessels operating under contracts of affreightment to time charters, combined with the vessels being out of service for repairs fewer days in 2001 as compared to 2000. Our average dayrate remained fairly constant at $8,944 in 2001 compared to $8,982 in 2000.

Operating Expenses. Our operating expenses, including depreciation and amortization, increased to $32.4 million for 2001, compared to $20.4 million in 2000, an increase of $12.0 million or 58.8%. The increase in total operating expenses resulted primarily from the addition of vessels to the OSV and tank barge fleets during 2001. Daily operating expenses per vessel in both the OSV segment and the tug and tank barge segment remained relatively constant.

Operating expenses for our OSV segment increased $2.1 million, or 22.6%, in 2001 to $11.4 million, compared to $9.3 million in 2000. This increase was primarily the result of the *HOS Cornerstone* being in service for all of 2001, but only a portion of 2000 and the *HOS Innovator* and *BJ Blue Ray* being in service for a portion of 2001 but not during 2000.

Operating expenses for our tug and tank barge segment were $20.9 million for 2001, compared to $11.1 million in 2000, an increase of $9.8 million or 88.2%. The increase in operating expenses resulted primarily from our acquisition of nine tugs and nine tank barges on May 31, 2001.

General and Administrative Expenses. Our general and administrative expenses were $8.5 million for 2001, compared to $3.4 million in 2000, an increase of $5.1 million. This increase primarily resulted from increased overhead relating to the nine tugs and nine tank barges acquired on May 31, 2001, new costs associated with compliance with our reporting obligations under the federal securities laws following our senior notes offering and an increase in profit-based incentive bonus compensation accruals as our profitability increased.

Interest Expense. Interest expense from debt obligations was $13.7 million in 2001, compared to $8.2 million in 2000, an increase of $5.5 million or 67.1%. This increase in interest expense from debt obligations 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 average debt outstanding in the 2001 period. Included in interest expense is a loss of approximately $3.0 million, incurred during 2001 resulting from the early extinguishment of debt. This loss relates to the write-off of deferred financing costs upon the refinancing of all our debt through the issuance of our senior notes in July 2001. This increase was offset by capitalized interest in 2001 of $3.1 million due to the construction in progress of six OSVs compared to $0.4 million related to one vessel under construction in 2000.

Interest expense also includes the effect of fair value adjustments to warrants having put options. The adjustment for 2001 was $3.0 million compared to $7.3 million in 2000, a decrease of $4.3 million or 59.4%.

Interest Income. Interest income was $1.5 million in 2001, compared to $0.3 million in 2000, an increase of $1.2 million or 400%. This increase in interest income resulted from substantially higher cash balances invested during the 2001 period resulting from the excess proceeds of the senior notes offering being available for investment after the refinancing.

Income Tax Expense. Our effective tax rate for 2001 was lower than in 2000 primarily due to the impact of non-deductible interest expense resulting from fair value adjustments for warrants with put options, which was $4.3 million lower in 2001 than in 2000.

Liquidity and Capital Resources

We require capital to fund ongoing operations, the construction of new vessels, acquisitions and debt service. We have historically financed our capital requirements with cash flow from operations, issuances of equity and debt securities and borrowings under our credit facilities.

Net cash provided by operating activities was $5.7 million in 2000, $33.3 million in 2001, $25.0 million in 2002 and $13.4 million for the first six months of 2003. Changes in cash flow from operating activities are principally the result of the timing of our construction draws for new vessel construction and interest paid on our senior notes.

Net cash used in investing activities was $15.3 million in 2000, $88.3 million in 2001, $55.8 million in 2002 and $71.4 million for the first six months of 2003. Net cash used in investing activities was primarily the result of new vessel construction and acquisitions.

Net cash provided by (used in) financing activities was $36.4 million in 2000, $75.2 million in 2001, $(0.2) million in 2002 and $50.5 million in the first six months of 2003. Net cash provided by financing activities was primarily the result of issuances of equity and senior notes and borrowings under our credit facilities.

We have a three-year $50.0 million senior secured revolving credit facility with three banks. Our revolving credit facility was recently amended to increase our borrowing base from $25.0 million to $50.0 million. In connection with this amendment, we pledged an additional two OSVs. As of June 30, 2003, six OSVs and four ocean-going tugs collateralize the revolving credit facility in compliance with our credit facility. Borrowings under the revolving credit facility accrue interest, at our option, at either (i) the prime rate announced by Citibank, N.A. in New York, plus a margin of 0.0% to 1.0%, or (ii) the London Interbank Offered Rate, plus a margin of 1.75% to 3.00%. As of September 15, 2003, our weighted average interest rate was 4.14%. We are also required to pay a commitment fee on available but unused amounts ranging from 0.250% to 0.375%. The interest rate margin and commitment fee are based on our leverage ratio, as defined in the revolving credit facility. We can use the amounts we draw under such facility for working capital purposes, acquisitions and, under certain circumstances, new vessel construction. The revolving credit facility expires on December 31, 2004, but we believe it will be renewed prior to that time. As of June 30, 2003, we had $39.0 million outstanding under this facility, which amount was used to fund the acquisition of an 80,000-barrel double-hulled tank barge and a portion of the acquisition cost of five OSVs. As of June 30, 2003, we had $11.0 million available under the facility.

As of June 30, 2003, we had outstanding debt of $172.5 million, net of original issue discount, under our senior notes. Interest on the senior notes is payable semiannually each February 1 and August 1. The senior notes do not require scheduled payments of principal prior to their stated maturity on August 1, 2008. Pursuant to the indenture under which the senior notes were issued, however, we are required to make offers to purchase the senior notes upon the occurrence of specified events, such as certain asset sales or a change in control.

The revolving credit facility and indenture impose certain 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 dividend or other restricted payments.

As of June 30, 2003, we had cash of approximately $14.7 million and working capital of approximately $27.2 million. During the six months ended June 30, 2003, we expended $22.4 million for new vessel construction, before allocation of construction period interest. As of June 30, 2003, we were committed under vessel construction contracts to complete construction of two new generation OSVs, which are part of our current eight-vessel OSV newbuild program. We are currently evaluating construction bids from several shipyards for the last four vessels of this program, as well as market demand for such vessels. Aggregate construction costs for the first four vessels, before allocation of construction period interest, are expected to be approximately $53.0 million, including $18.4 million that was incurred with respect to such vessels during 2002. We took delivery of the *HOS Bluewater* on March 17, 2003, the *HOS Gemstone* on June 19, 2003 and the *HOS Greystone* on September 17, 2003. We expect delivery of the *HOS Silverstar* in December 2003. As of June 30, 2003, the amount expected to be expended to complete construction of the last two of the first four vessels was approximately $12.2 million, which becomes due at various dates during the remainder of 2003. During the six months ended June 30, 2003, we expended approximately $3.9 million for drydocking-related expenses for vessels, of which $2.8 million was accounted for as deferred charges and $1.1 million for other vessel capital improvements. 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 six months ended June 30, 2003, we also expended approximately $1.1 million for miscellaneous other additions to the property, plant and equipment.

As of December 31, 2002, we had federal net operating loss carryforwards of approximately $21.5 million available through 2018 to offset future taxable income. In addition, we expect to generate 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 near term.

We believe that cash on hand and cash generated from operations will provide sufficient funds to complete construction of the one remaining new generation OSV currently under construction in our newbuild program discussed above, and to satisfy debt service and working capital requirements. We have, however, made, and may make additional, short-term draws on our revolving credit facility from time to time during peak demands on our cash that occur as a result of scheduled capital expenditure commitments. Any excess liquidity will be available to finance our strategy, which includes expanding our fleet through the construction or acquisition of additional, or the retrofit of existing, OSVs, tugs and tank barges as needed to take advantage of the demand for such vessels. Depending on the market demand for OSVs, tugs and tank barges and consolidation opportunities that may arise, we may require additional debt or equity financing, including to fund, at such time as we elect to proceed, the construction of the last four vessels in our current new generation OSV newbuild program.

Contractual Obligations and Commercial Commitments

The following table sets forth an aggregation of our contractual obligations and commercial commitments as of June 30, 2003, in thousands of dollars.

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	Thereafter
Senior notes(1)	$ 175,000	$ —	$ —	$ —	$ 175,000
Revolving credit facility	39,000	—	39,000	—	—
Operating leases(2)	3,679	718	2,357	604	—
Construction commitments(3)	12,230	12,230	—	—	—
Total	$ 229,909	$ 12,948	$ 41,357	$ 604	$ 175,000

(1) Includes original issue discount of $2,514.
(2) Included in operating leases are commitments for office space, vessel rentals, office equipment, and vehicles. On June 30, 2003, we entered into a lease for our new principal executive offices in Covington, Louisiana. The lease covers 23,756 sq. ft. and has an initial term of five years, which commenced September 1, 2003, with two optional five-year renewal periods. The cost of this new facility is included in the table.
(3) The timing of the incurrence of these costs is subject to change among periods based on the achievement of shipyard milestones, however, the amounts are not expected to change materially in the aggregate.

Inflation

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

Recent Accounting Pronouncements

Effective January 1, 2001, we adopted Statement of Financial Accounting Standards, or SFAS, No. 133 **"**Accounting for Derivative Instruments and Hedging Activities,**"** which establishes accounting and reporting standards that every derivative instrument be recorded on the balance sheet as either an asset or liability measured at its fair value. The adoption did not have an impact on our financial position as we have not entered into any derivative instruments.

In July 2001, the Financial Accounting Standards Board, or FASB, issued SFAS No. 141 **"**Business Combinations.**"** SFAS 141 eliminated 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.

In July 2001, the FASB issued SFAS No. 142 **"**Goodwill and Other Intangible Assets.**"** 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. For goodwill and indefinite-lived intangible assets acquired prior to July 1, 2001, goodwill continued to be amortized through 2001 at which time amortization ceased and a transitional goodwill impairment test was performed. Any impairment charges resulting from the initial application of the new rules were classified as a cumulative change in accounting principle. We completed our initial transition evaluation by June 30, 2002, which is within the six month transition period allowed by the new standard. We determined that our goodwill balances would not be impaired. Goodwill amortization for each of the years ended December 31, 2000, 2001 and 2002 was $126,000, $126,000 and $0, respectively. The following table presents our net income (loss) as reported in our consolidated financial statements compared to what would have been reported had SFAS 142 been in effect as of January 1, 2000 (in thousands).

	Year Ended December 31,		
	2000	**2001**	**2002**
Net income (loss) as reported	$(4,524)	$ 7,019	$ 11,647
Amortization of goodwill	126	126	—
Net income (loss), as adjusted	$(4,398)	$ 7,145	$ 11,647

There was no per share effect from the adoption of SFAS 142.

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," 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 Opinion No. 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 30. 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 our consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS 145 requires that gains or losses recorded from the extinguishment of debt that do not meet the criteria of APB 30 should not be presented as extraordinary items. This statement is effective for fiscal years beginning after May 15, 2002 as it relates to the reissued FASB Statement, with earlier application permitted. Any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet the criteria in APB 30 for classification as an extraordinary item should be reclassified. A loss of approximately $3.0 million was incurred during the third quarter of 2001 resulting from the early extinguishment of debt. This loss relates to the write-off of deferred financing costs upon the refinancing of our debt through the issuance of $175 million of senior notes in July 2001.

In June 2002, the FASB issued SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 nullifies EITF Issue 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," under which a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized at fair value when the liability is incurred. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002. SFAS 146 had no impact on our consolidated financial statements for the year ended December 31, 2002.

In November 2002, the FASB issued FASB Interpretation No., or FIN, 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of this Interpretation are applied prospectively to guarantees issued or modified after December 31, 2002. The adoption of these recognition provisions will result in recording liabilities associated with certain guarantees we may provide in the future. The disclosure requirements of this Interpretation are effective for financial statements of interim or annual periods ending after December 15, 2002. FIN 45 did not have an impact on our consolidated financial statements.

In December 2002, SFAS No. 148 "Accounting for Stock-Based Compensation—Transition and Disclosure—An Amendment of FASB Statement No. 123" was issued by the FASB and amends FASB Statement No. 123 "Accounting for Stock-Based Compensation." This Statement provides alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation and amends the disclosure provisions of SFAS 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. We have not adopted either of the alternative methods of transition and continue to apply APB Opinion No. 25. Additionally, this Statement amends APB Opinion No. 28 "Interim Financial Reporting" to require disclosure about those effects in interim financial information. The transition method provisions of this Statement are effective for fiscal years ending after December 15, 2002. The interim financial reporting requirements of this Statement are effective for financial reports containing condensed financial statements for interim periods beginning after December 15, 2002, which we have adopted.

In January 2003, the FASB issued FIN 46 "Consolidation of Variable Interest Entities," which clarifies the application of Accounting Research Bulletin, or ARB, No. 51 "Consolidated Financial Statements" to certain entities (called variable interest entities) in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The disclosure requirements of this Interpretation are effective for all financial statements issued after January 31, 2003. The consolidation requirements apply to all variable interest entities created after January 31, 2003. In addition, public companies must apply the consolidation requirements to variable interest entities that existed prior to February 1, 2003 and remain in existence as of the beginning of annual or interim periods beginning after June 15, 2003. FIN 46 is not expected to have a material impact on our consolidated financial statements upon adoption.

In April 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" to clarify under what circumstances a contract with an initial net investment meets the characteristics of a derivative, to clarify when a derivative contains a financing component, to amend the definition of "underlying" to conform it to language in FIN 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" and to amend certain other existing pronouncements. SFAS 149 is effective for contracts entered into or modified after June 30, 2003, and is to be applied prospectively. Implementation of SFAS 149 did not have a material effect on our consolidated financial statements for the period ended June 30, 2003, as it did not have any derivative instruments or hedging arrangements.

In May 2003, the FASB issued SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS 150 requires that certain financial instruments issued in the form of shares that are mandatorily redeemable, as well as certain other financial instruments, be classified as liabilities in the financial statements. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective beginning with our second quarter of 2004. The provisions of this statement did not have a material impact on our consolidated financial statements as of and for the period ended June 30, 2003.

On September 9, 2003, the Accounting Standards Executive Committee, or AcSEC, of the American Institute of Certified Public Accountants voted to approve a Statement of Position, or SOP, *Accounting for Certain Costs and Activities Related to Property, Plant, and Equipment*. The SOP is expected to be presented for approval by the FASB in the fourth quarter of 2003. If approved, the SOP would require us to expense as incurred some or all of the recertification costs in connection with the drydocking of our vessels. The SOP was undertaken to clarify the diversity in practice that exists in accounting for these and other costs related to property, plant and equipment. We will continue to monitor the progress related to the potential new rules and their impact on our consolidated financial statements.

Change in Independent Public Accountants and Auditors

Effective June 24, 2002, we dismissed Arthur Andersen LLP as our independent public accountants and auditors and engaged Ernst & Young LLP as our new independent public accountants and auditors. The decision to change our independent public accountants and auditors was approved by our board of directors upon the recommendation of its audit committee. The initial engagement of Ernst & Young LLP was to reaudit each of the three years in the period ended December 31, 2001.

Arthur Andersen's reports on our consolidated financial statements for the years ended December 31, 2001 and 2000, respectively, did not contain an adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope, or accounting principles. In addition, during the two years ended December 31, 2001 and the subsequent interim period preceding the decision to change independent public accountants and auditors, there was no disagreement with Arthur Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of Arthur Andersen, would have caused it to make a reference to the subject matter of the disagreement in connection with its reports covering such periods, and there were no other events relating to Arthur Andersen's service as our independent public accountants and auditors that would have required disclosure under applicable Commission regulations.

We did not consult Ernst & Young LLP on any financial or accounting reporting matters in the period before its appointment.

BUSINESS

General

We are a leading provider of technologically advanced, new generation OSVs serving the offshore oil and gas industry, primarily in the U.S. Gulf of Mexico and in select international markets. The focus of our OSV business is on complex exploration and production activities, which include deepwater, deep well and other logistically demanding projects. We are also a leading transporter of petroleum products through our tug and tank barge segment serving the energy industry in the northeastern United States and Puerto Rico.

In the mid-1990s, oil and gas producers began seeking large hydrocarbon reserves at deeper well depths using new, specialized drilling and production equipment. We recognized that the existing fleet of conventional, 180' OSVs operating in the U.S. Gulf of Mexico was not designed to support these more complex projects or to operate in the challenging environments in which they were conducted. Therefore, in 1997, we began a program to construct new generation OSVs based upon the proprietary designs of our in-house team of naval architects. Since that time, we have constructed 16 new generation OSVs using these proprietary designs, and we recently expanded our fleet with the acquisition of six additional new generation OSVs. We also expect delivery of one additional OSV in December 2003. Our fleet of 22 OSVs is among the youngest fleets in the industry with an average age of approximately three years. Upon completion of this offering, we will be the only publicly traded company with a significant fleet of U.S.-flagged, new generation OSVs.

Our OSVs were purposefully designed with the flexibility to meet the diverse needs of our clients in all stages of their exploration and production activities. As a result, all of our OSVs have enhanced capabilities that allow them to more effectively support premium drilling equipment required for deep drilling and related specialty services. In contrast to conventional, 180' OSVs, our vessels have dynamic positioning capability, as well as greater storage and off-loading capacity. We are capable of providing OSV services to our customers anywhere in the world and we are actively pursuing additional contracts in select international markets.

Demand for our technologically advanced OSV services is primarily driven by the drilling of deep wells, whether in the deepwater or on the U.S. Continental Shelf, and other complex exploration and production projects that require specialized drilling and production equipment. According to the Minerals Management Service, or MMS, in 2002 the deepwater region accounted for 68% of total U.S. Gulf of Mexico oil production and 38% of total U.S. Gulf of Mexico natural gas production, up substantially from 4% and 1% in 1990, respectively. In addition, the MMS estimates that deep reservoirs on the Continental Shelf may hold up to 20 tcf of undiscovered natural gas. This potential reserve base compares favorably to the approximately 26 tcf of proven natural gas reserves in the entire U.S. Gulf of Mexico. Our new generation OSVs are also well-suited for drilling in logistically demanding projects and frontier areas, where support infrastructure is severely limited.

Our tug and tank barge fleet consists of 12 ocean-going tugs, 16 ocean-going tank barges and one coastwise tanker. We believe our tug and tank barge business complements our OSV business by providing additional revenue and geographic diversification, while allowing us to offer another line of services to integrated oil and gas companies. Demand for our tug and tank barge services is primarily driven by the level of refined petroleum product consumption in the northeastern United States and Puerto Rico, our core operating markets. The Energy Information Administration, or EIA, projects that refined petroleum product consumption in the East Coast region of the United States will increase by an average of 1.7% per year from 2002 to 2010. Demand for refined petroleum products is primarily driven by population growth, the strength of the U.S. economy, seasonal weather patterns, oil prices and competition from alternate energy sources.

Offshore Supply Vessels

The OSV Industry

OSVs primarily serve exploratory and developmental drilling rigs and production facilities and support offshore construction and subsea maintenance activities. OSVs differ from other types of marine vessels in their cargo carrying flexibility and capacity. In addition to transporting deck cargo, such as pipe or drummed material and equipment, OSVs also transport liquid mud, potable and drilling water, diesel fuel, dry bulk cement and personnel between shore bases and offshore rigs and facilities. In general, demand for OSVs, as evidenced by dayrates and utilization rates, is primarily related to offshore oil and natural gas exploration, development and production activity, which in turn is influenced by a number of factors, including oil and natural gas prices and the drilling budgets of offshore exploration and production companies.

OSVs operate worldwide, but are generally concentrated in relatively few offshore regions with high levels of exploration and development activity such as the Gulf of Mexico, the North Sea, Southeast Asia, West Africa, and Brazil. While there is some vessel migration between regions, key factors such as mobilization costs, vessel suitability and government statutes prohibiting foreign-flagged vessels from operating in certain waters generally limit such migration.

The U.S. Gulf of Mexico is a critical oil and natural gas supply basin for the United States, accounting for 30% and 25%, respectively, of total U.S. oil and natural gas production in 2002. Offshore oil and natural gas drilling and production in the U.S. Gulf of Mexico occurs on the Continental Shelf and in the deepwater. Drilling activity on the Continental Shelf has historically been limited to shallow wells, or wells with true vertical depths of less than 15,000'. More recently, however, operators have begun to increasingly focus exploratory efforts on deep wells and natural gas reserves located below 15,000'. These deep prospects are largely undeveloped, but are believed to contain significant reserves.

While the shallow waters of the Continental Shelf have been actively explored for decades, relatively few deep wells have been drilled historically due to the high cost associated with these wells. The dry hole cost of a typical Continental Shelf well drilled from 8,000' to 12,000' generally ranges from $4 million to $8 million, while the dry hole cost for a deep well drilled in a similar location but to 15,000' or more can range from $10 million to $25 million. The higher costs associated with the drilling of deep wells can be attributed to, among other things, the need for specialized, high-end drilling rigs and related equipment, greater volumes of downhole materials such as liquid mud, tubular products, and cement, and longer drilling times.

Despite the higher costs associated with deep well Continental Shelf drilling, operators, especially those in search of natural gas, have continued to demonstrate interest. This interest is driven by, among other things, the potential for the discovery of significant natural gas reserves. The MMS estimates that there may be up to 20 tcf of undiscovered, conventionally recoverable, deep well natural gas on the Continental Shelf. Moreover, the abundance of existing platforms, production facilities and pipelines on the Continental Shelf allow new deep gas to flow quickly to market. In addition, MMS data indicates that higher natural gas production rates can be expected from wells drilled on the Continental Shelf below 16,000'. Furthermore, the MMS royalty relief programs enacted in 2001, and expanded in August 2003, have stimulated interest by reducing the development costs of these deep wells. The combination of these factors partly compensates for the higher drilling costs of deep wells on the Continental Shelf and can allow operators to commercially produce discovered reserves in this market. While drilling on the Continental Shelf has declined, production data from 2000 to 2002 provided by IHS Energy, an energy research company, suggests an increasing focus on deep wells on the Continental Shelf. From 2000 to 2002, oil production from deep wells as a percentage of total wells on the Continental Shelf increased from 13% to 15% and natural gas production increased from 22% to 31%.

Recent discoveries of large hydrocarbon reserves in deepwater fields in the Gulf of Mexico and at deeper well depths on the Continental Shelf have resulted in increased developmental and exploratory drilling activities in these areas. The deepwater region of the U.S. Gulf of Mexico is an increasingly important source of oil and natural gas production with many unexplored areas of potential oil and natural gas reserves. According to the 2002 Deepwater Report of Douglas-Westwood Limited, an international energy research firm, the U.S. Gulf of Mexico had 48 deepwater projects developed between 1998 and 2002, and an additional 76 deepwater projects have been identified for development between 2003 and 2007. With regard to deep well drilling on the Continental Shelf, IHS Energy data indicates that the number of deep wells drilled as a percentage of the total number of wells drilled has increased from 12% in 1998 to 15% in 2002.

Because oil and natural gas exploration, development and production costs in the shallow well Continental Shelf market are generally lower than those in the deepwater or deep well environments, shallow well drilling activity on the Continental Shelf is typically more sensitive to fluctuations in commodity prices, particularly the price of natural gas. Accordingly, actual or anticipated decreases in oil and natural gas prices generally result in reduced offshore drilling activity and correspondingly lower demand for the conventional, 180' OSVs serving the shallow well Continental Shelf market. This causes a corresponding decline in OSV dayrates and utilization rates in that market. In contrast, the relatively larger capital commitments, longer lead times and investment horizons associated with deepwater (particularly ultra-deepwater) and deep well developments make it less likely that an operator will abandon such projects in response to a short-term decline in oil or natural gas prices. Dayrates and utilization rates for new generation OSVs that serve the deepwater and deep well markets are, therefore, generally less sensitive to short-term commodity price fluctuations and tend to be more stable than dayrates and utilization rates for OSVs serving the shallow well Continental Shelf market.

According to our analysis of the industry and data derived from Clarkson’s, an international marine research firm, and from the U.S. Coast Guard, the U.S.-flagged OSV fleet currently totals approximately 350 vessels, substantially all of which are located in the Gulf of Mexico. Of this total, 246, or 70% are conventional, 180' OSVs that primarily operate on the Continental Shelf. The remaining 104 vessels are deepwater-capable and primarily operate in the deepwater Gulf of Mexico. Of the conventional OSV fleet, a significant number are currently cold-stacked. Vessels that are cold-stacked have generally been removed from active service by the operator due to lack of demand. In contrast, we believe there are currently no deepwater OSVs cold-stacked.

The Market for New Generation OSVs

Complex exploration and production projects require specialized equipment and higher volumes of supplies to meet the more difficult operating environment associated with such offshore developments. In order to better serve these projects and meet customer demands, new generation OSVs, including our entire OSV fleet, are designed with larger capacities, including greater liquid mud and dry bulk cement capacities, as well as larger areas of open deck space than conventional, 180' OSVs. These features are essential to the effective servicing of deepwater drilling projects, which are often distant from shore-based support infrastructure, because they allow a vessel to make fewer trips to supply the liquid mud, drilling water, dry bulk cement and other needs of the customer. In addition, OSVs operating in deepwater environments generally require dynamic positioning, or anchorless station-keeping capability, primarily because customers’ safety procedures preclude OSVs from tying up to deepwater installations, and to enable continued operation in adverse weather conditions. We believe that conventional, 180' OSVs, substantially all of which lack dynamic positioning capability and sufficient on-deck or below-deck cargo capacity, are not capable of operating effectively or economically in the deepwater market. In addition, certain ports have draft or other logistical impediments, which limit the pool of new generation vessels capable of servicing such ports. Our proprietary vessels were designed to work under these shallow draft and logistically demanding conditions.

As a result of recent deepwater and deep well drilling activity, utilization rates for new generation OSVs in the U.S. Gulf of Mexico have averaged approximately 97% over the last two years while the average utilization rate for the conventional OSV fleet over the same period has been approximately 75%. Moreover, during the same two-year period, average dayrates for new generation OSVs were generally more than double the average dayrates of conventional, 180' OSVs. Given the recent and expected deepwater and deep well activity, we believe that the supply of new generation OSVs, including vessels currently available and vessels being constructed under announced construction plans, is more than sufficient to meet the current and near term demand for such vessels. Long-term projections of deepwater and deep well activity, however, indicate a potential shortage of new generation OSVs. Furthermore, although U.S.-flagged vessels operating in overseas locations may be remobilized to the U.S. Gulf of Mexico, historically such re-mobilization has been limited.

Our OSV Business

We currently own and operate a fleet of 22 new generation OSVs, and have one additional new generation OSV under construction. We are also currently evaluating construction bids from several shipyards and assessing market demand for the last four vessels of our current OSV newbuild program. Our in-house engineering team, using our proprietary designs, built 16 of our OSVs expressly to meet the demands of deepwater regions and other complex drilling projects. Our in-house engineering team possesses significant vessel operating experience. Drawing from this experience, we work closely with potential charterers to design vessels specifically to meet their anticipated needs. This is particularly the case when the charterer will operate a project that could have a duration of more than 20 years and require expenditures exceeding $1 billion. All of our vessels have up to three times the dry bulk capacity and deck space, two to 10 times the liquid mud capacity and two to four times the deck tonnage compared to conventional, 180' OSVs. The advanced cargo handling systems of our 16 proprietary OSVs allow for dry bulk and liquid cargoes to be loaded and unloaded three times faster, while the solid state controls of their engines typically result in a 20% greater fuel efficiency than vessels powered by conventional engines. In addition, our larger classes of proprietary OSVs, the 240 ED and the 265, were designed, in part, to supply the substantially greater liquid mud volume and other cargo capacity required for ultra-deepwater drilling. We believe that the superior capabilities of our proprietary OSVs have contributed to our ability to achieve higher dayrates and utilization rates than those generated by our peers.

All of our OSVs are equipped with dynamic positioning systems, which allow our vessels to maintain position within minimal variance, and state-of-the-art lifesaving monitoring, emergency power, fire alarm and fire suppression systems and systems monitoring equipment. The unique hull design and integrated rudder and thruster system of our 16 proprietary OSVs provide for a more manageable vessel. These proprietary vessels also have double-bottomed and double-sided hulls that minimize the environmental impact of hull penetrations, solid state control that minimizes visible soot and polluting gases and zero discharge sewage and waste systems that minimize the impact on marine environments. In addition, these 16 vessels are either fully SOLAS (Safety of Life at Sea) certified or SOLAS ready. SOLAS is the international convention that regulates the technical characteristics of vessels for purposes of ensuring international standards of safety for vessels engaged in commerce between international ports. These features allow us to market our proprietary OSVs for service in international waters.

Our technologically advanced, new generation OSVs are also capable of supporting certain specialty services, including well stimulation, remotely operated vehicles, or ROVs, used in oilfield subsea construction and maintenance, underwater inspections, marine seismic operations, and certain non-energy applications such as fiber optics cable installation, military work and containerized cargo transportation. Compared to conventional, 180' OSVs, our OSVs have more dead weight capacity, deck space, and berthing accommodations, improved maneuverability and greater fuel efficiency. We believe these characteristics strengthen demand for our OSVs in specialty situations. Two of our vessels, the *HOS Innovator* and the *HOS Dominator,* currently provide ROV subsea construction and maintenance support for a large oilfield service company under contracts that each have an initial term of three years. The *BJ Blue Ray* provides deepwater well stimulation support services for another large oilfield service company under a contract with a five-year initial term. This vessel was the first U.S.-flagged well stimulation vessel to receive the American Bureau of Shipping WS and DPS2 class notations. We believe the *BJ Blue Ray* is one of the most technologically sophisticated well stimulation vessels in the world.

On June 26, 2003, we completed the acquisition of five 220' new generation OSVs from Candy Marine Investment Corporation. Following the completion in July of a private placement of our common stock and satisfaction of certain other conditions, on August 6, 2003 we acquired an additional 220' new generation OSV from Candy. These six vessels complement our existing OSV fleet and allow us to expand our service offerings to clients, particularly those drilling deep wells on the Continental Shelf.

The following table provides information, as of September 17, 2003, regarding our existing fleet of OSVs, as well as the vessel we currently have under construction.

Offshore Supply Vessels(1)

Name	Class	Current Service Function(2)	Built (Acquired)	Brake Horsepower
BJ Blue Ray	265	Well Stimulation	November 2001	6,700
HOS Brimstone	265	Supply	June 2002	6,700
HOS Stormridge	265	Supply	August 2002	6,700
HOS Sandstorm	265	Supply	October 2002	6,700
HOS Bluewater	240 ED	Supply	March 2003	4,000
HOS Gemstone	240 ED	Supply	June 2003	4,000
HOS Greystone	240 ED	Supply	September 2003	4,000
HOS Silverstar	240 ED	TBD	December 2003(3)	4,000
HOS Innovator	240 E	ROV Support	April 2001	4,500
HOS Dominator	240 E	ROV Support	February 2002	4,500
HOS Deepwater	240	Supply	November 1999	4,500
HOS Cornerstone	240	Supply	March 2000	4,500
HOS Explorer	220	Supply	February 1999 (June 2003)	3,900
HOS Express	220	Supply	September 1998 (June 2003)	3,900
HOS Pioneer	220	Supply	June 2000 (June 2003)	4,200
HOS Trader	220	Supply	November 1997 (June 2003)	3,900
HOS Voyager	220	Supply	May 1998 (June 2003)	3,900
HOS Mariner	220	Supply	September 1999 (August 2003)	3,900
HOS Crossfire	200	Supply	November 1998	4,000
HOS Super H	200	Supply	January 1999	4,000
HOS Brigadoon	200	Supply	March 1999	4,000
HOS Thunderfoot	200	Supply	May 1999	4,000
HOS Dakota	200	Supply	June 1999	4,000

(1) We have also bareboat chartered a newly constructed 165' crewboat, which we named the *HOS Hotshot.* We have an option to purchase this vessel during the term of the charter.
(2) ROV: remotely operated vehicle.
(3) Expected month of delivery.

The table above does not contain any information with respect to the four additional OSVs for which we are presently evaluating construction bids from shipyards in connection with our current OSV newbuild program. Demand for new generation OSVs in the Gulf of Mexico and international markets will be a key determinant of when the four additional OSVs will be constructed.

We have designed five distinct classes of proprietary OSVs and acquired six new generation OSVs to meet the diverse needs of the offshore oil and gas industry. The following table provides a comparison of certain specifications and capabilities of our new generation OSVs to conventional, 180' OSVs.

		Our Proprietary Design OSV Classes					Acquired OSVs
	Conventional 180' OSV(1)	200	240	240 E	240 ED	265	220
Size							
Class length overall (ft.)	180	200	240	240	240	265	220
Breadth (ft.)	40	54	54	54	54	60	46
Depth (ft.)	14	18	18	18	20	22	17
Maximum draft (ft.)	12	13	13	13	14.5	16	13.7
Deadweight (long tons)	950	1,750	2,250	2,380	2,850	3,756	1,607
Clear deck area (sq. ft.)	3,450	6,580	8,836	8,100	8,100	9,212	5,472
Capacity							
Fuel capacity (gallons)	79,400	90,000	151,800	135,100	104,210	151,800	114,490
Fuel pumping rate (gallons per minute)	275	550	550	550	550	500	380
Drill water capacity (gallons)	120,000	240,000	240,000	240,000	311,000	413,000	99,000
Dry bulk capacity (cu. ft.)	4,000	7,000	8,400	8,400	6,000	10,800	8,040
Liquid mud capacity (barrels)	1,200	3,640	6,475	6,475	8,300	10,500	2,955
Liquid mud pumping rate (gallons per minute)	250	500	1,000	1,000	1,000	1,000	1,200
Potable water capacity (gallons)	11,500	52,200	52,200	52,200	30,400	20,430	26,800
Machinery							
Main engines (horsepower)	2,250	4,000	4,000	4,000	4,000	6,700	3,900
Auxiliaries (number)	2	3	3	3	3	3	2
Total rating (kw)	200	750	750	750	750	860	250
Bow thruster (horsepower)	325	800	1,600	1,600	1,600	2,400	530
Type of Pitch	Fixed	Controllable	Controllable	Controllable	Controllable	Controllable	Fixed
Stern thruster (horsepower)	None	300	300	800	800	1,600	300
Type of Pitch	—	Controllable	Controllable	Controllable	Controllable	Controllable	Fixed
Fire fighting (gallons per minute)	None	1,250	2,700	2,700	2,700	2,700	2,600
Dynamic positioning(2)	None	DP0,1	DP1	DP2	DP2	DP2,3	DP0,1
Crew Requirements							
Number of personnel(3)	5	6	6	7	7	8	6

(1) Statistics are for a typical 180' class vessel. Actual specifications and capabilities may vary from vessel to vessel.
(2) Dynamic positioning permits a vessel to maintain position without the use of anchors. The numbers "0," "1," "2" and "3" refer to increasing levels of technical sophistication and system redundancy features.
(3) Regulatory manning requirements; depending on the services provided, operators may man vessels with more crew than required by regulations.

Tugs and Tank Barges

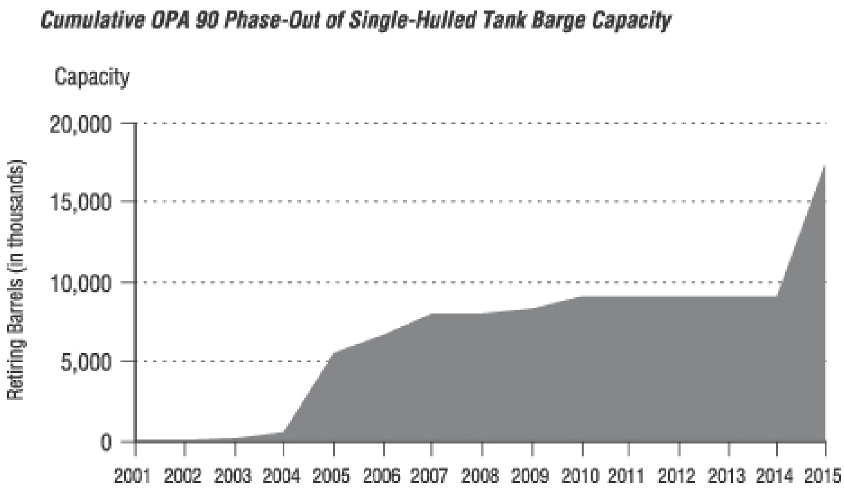
The Tug and Tank Barge Industry

Introduction. The domestic tank barge industry provides marine transportation of crude oil, petroleum products and petrochemicals by tug and tank barge, and is a critical link in the U.S. petroleum distribution chain. Petroleum products are transported in the northeastern United States through a vast network of terminals, tankers and pipelines. We believe, based upon our analysis of the industry, that in the northeastern United States approximately 430 million barrels of petroleum products are transported annually by tank barges. Additionally, the EIA estimates that in Puerto Rico, our other core area of operation, approximately 70 million barrels of petroleum products are transported annually.

Demand for tug and tank barge services in the northeastern United States is primarily driven by population growth, the strength of the U.S. economy, seasonal weather patterns, oil prices and competition from alternate energy sources. According to the EIA, demand for petroleum products in the northeastern United States will increase approximately 1.7% annually through 2010, which we believe will generate steadily increasing demand for the tank barge industry.

The largest single tank barge market in the northeastern United States is New York Harbor. Imported petroleum products are primarily delivered to New York Harbor as it has the capacity to receive products in cargo lots of 50,000 tons or more per tanker. By contrast, draft limitations in most New England ports and drawbridge limitations in Boston and Portland, Maine limit the average cargo carrying capacity of direct imports into many of the largest New England ports to about 30,000 tons per tanker. As a result, ships importing directly into New England must frequently discharge in multiple ports or terminals or transfer cargoes to tank barges. As existing single-hulled tankers are retired due to age or as mandated under OPA 90, they are typically replaced by larger tankers. These larger-sized tankers are being built to facilitate the importation of crude oil and petroleum products into the United States. The volume of imported crude oil and petroleum products is expected to grow at a compound annual rate of 2.4% through 2025, according to the EIA. As larger petroleum tankers are being built, we believe that direct delivery into New York Harbor will generate increased tank barge demand for lightering services and further shipment to New England, the Hudson River and Long Island.

Oil Pollution Act of 1990. OPA 90 mandates that all single-hulled tank vessels operating in U.S. waters be removed from service according to a schedule. Data provided by a U.S. Coast Guard report dated September 2001 indicates that 38% of the then remaining single-hulled tank barge fleet capacity would need to be retired by 2005, as mandated by OPA 90. According to the report, the 5.5 million barrels of single-hulled tank barge capacity required to be phased out by 2005 represented 22% of the total 24.9 million barrel single- and double-hulled tank barge capacity that existed in 2001. The following chart illustrates the capacity of tank vessels that must be removed from service from 2000 through 2014.



Based on data contained in the United States Coast Guard Report to Congress on the Progress to Replace Single Hull Tank Vessels with Double Hull Tank Vessels, dated September 2001.

Additionally, OPA 90 requires that owners or operators of tankers operating in U.S. waters submit vessel spill response plans to the U.S. Coast Guard for approval and operate according to the plans upon approval. Our vessel response plans have been approved by the U.S. Coast Guard, and all of our crew members have been trained to comply with these guidelines. For discussion of OPA 90 see "—Environmental and Other Governmental Regulation" below.

Our Tug and Tank Barge Business

We provide marine transportation, distribution and logistics services in the northeastern United States and Puerto Rico with our fleet of 12 ocean-going tugs and 16 ocean-going tank barges. We provide our services to major oil companies, refineries and oil traders. Generally, a tug and tank barge work together as a "tow" to transport refined or bunker grade petroleum products. Our tank barges carry petroleum products that are typically characterized as either "clean" or "dirty." Clean products are primarily gasoline, home heating oil, diesel fuel and jet fuel. Dirty products are mainly crude oils, residual crudes and feedstocks, heavy fuel oils and asphalts.

Our tugs and tank barges serve the northeastern U.S. coast, primarily New York Harbor, by transporting both clean and dirty petroleum products to and from refineries and distribution terminals. Our tugs and tank barges also transport both clean and dirty petroleum products from refineries and distribution terminals to the Puerto Rico Electric Power Authority and to utilities located on other Caribbean islands. In addition, we provide ship lightering, bunkering and docking services in these markets and are well positioned to provide such services to the increasing number of new tankers that are too large to make direct deliveries to distribution terminals and refineries.

On May 31, 2001, we acquired nine ocean-going tugs and nine ocean-going tank barges from the Spentonbush/Red Star Group, composed of certain affiliates of Amerada Hess, as well as the business related to these tugs and tank barges, greatly expanding our capacity in the northeastern United States and increasing our market share of the coastwise trade on the U.S. upper east coast. As part of the acquisition, Amerada Hess entered into a long-term contract of affreightment with us pursuant to which Amerada Hess has committed to use us as its exclusive marine logistics provider and transporter of liquid petroleum products by tank barge in the northeastern United States. Under this contract, Amerada Hess has committed to ship a minimum of 45 million barrels annually for an initial period from June 1, 2001 through March 31, 2006 with options to renew for subsequent periods. Also under the contract, we have the opportunity, on a reasonable commercial efforts basis, to coordinate the marine logistics for Amerada Hess in the southeastern United States, subject to Amerada Hess's right to cancel within 30 days after December 31 of each year of the contract. The contract of affreightment will provide us with a significant source of revenues over the life of the contract. Our contract of affreightment allows Amerada Hess to reduce its minimum annual cargo volume commitment subject to a significant adjustment penalty. If Amerada Hess does not transport volumes as contemplated under the contract, we believe that we would be able to replace such volumes through other customers.

One of our tank barges is double-hulled and is not subject to OPA 90 retirement dates. Ten of our 15 single-hulled tank barges are not required under OPA 90 to be retired or double-hulled until 2015. Of our remaining five single-hulled tank barges, three are required to be retired or modified before 2005 and two in 2009. Our coastwise tanker is not subject to OPA 90 retirement dates. Based on the remaining lives of the majority of our tank barge fleet under OPA 90, we believe we are well positioned to obtain additional customers in the northeastern United States, as a large portion of currently available capacity in that market is required to be removed from service or be substantially reconstructed by 2005.

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The following tables provide information, as of September 17, 2003, regarding the tugs, tank barges and the coastwise tanker we own.

Ocean-Going Tugs

Name	Gross Tonnage	Length (feet)	Year Built	Brake Horsepower
Ponce Service	190	107	1970	3,900
Caribe Service	194	111	1970	3,900
Atlantic Service	198	105	1978	3,900
Brooklyn Service	198	105	1975	3,900
Gulf Service	198	126	1979	3,900
Tradewind Service	183	105	1975	3,200
Yabucoa Service	183	105	1975	3,000
Spartan Service	126	102	1978	3,000
Sea Service	173	109	1975	2,820
North Service	187	100	1978	2,200
Bay Ridge Service	194	100	1981	2,000
Stapleton Service	146	78	1966	1,530

Ocean-Going Tank Barges and Coastwise Tanker

Name	Barrel Capacity	Length (feet)	Year Built	OPA 90 Date(1)
Ocean-Going Tank Barges:				
Energy 11101	111,844	420	1979	2009
Energy 11102	111,844	420	1979	2009
Energy 9801	97,432	390	1967	2005
Energy 9501	94,442	346	1972	2005
Energy 8701	86,454	360	1976	2005
Energy 8001(2)	81,364	350	1996	N/A
Energy 7002	72,693	351	1971	2015
Energy 7001	72,016	300	1977	2015
Energy 6505	65,710	328	1978	2015
Energy 6504	66,333	305	1958	2015
Energy 6503	65,145	327	1988	2015
Energy 6502	64,317	300	1980	2015
Energy 6501	63,875	300	1974	2015
Energy 5501	57,848	341	1969	2015
Energy 2201	22,556	242	1973	2015
Energy 2202	22,457	242	1974	2015
Coastwise Tanker:				
Energy Service 9001(3)	—	402	1992	N/A

N/A: OPA 90 limitations are not applicable to this vessel.

(1) By January 1 of the year indicated (except for the Energy 11101 for which the date is June 1), according to OPA 90, the vessel must be refurbished as a double hull or be retired from service in U.S. waters. For a discussion of OPA 90 see "—Environmental and Other Governmental Regulation" below.
(2) This vessel, formerly known as the *T/B Kilchis*, is a double-hulled tank barge that was acquired on February 28, 2003. Upon closing, we renamed this vessel the Energy 8001.
(3) This coastwise tanker, formerly known as the *M/V W.K. McWilliams, Jr.*, acquired on November 15, 2001, is not currently certified to transport petroleum products and, therefore, barrel capacity is not applicable to this vessel.

Competitive Strengths

Technologically Advanced Fleet of New Generation OSVs. Our technologically advanced, new generation OSVs were designed with the specifications necessary for operations in complex and challenging drilling environments, including deepwater, deep well and other logistically demanding projects. Our new generation OSVs have significantly more capacity and operate more efficiently than conventional, 180' OSVs. While operators are especially concerned with a vessel's ability to avoid collisions with multi-million dollar drilling rigs or production platforms during adverse weather conditions, they are hesitant to stop operations under such conditions due to the high daily cost of halting such complex operations. Our proprietary vessels incorporate sophisticated technologies and are designed specifically to operate safely in complex exploration and production environments. These technologies include dynamic positioning, roll reduction, controllable pitch thrusters and our unique cargo handling systems, which permit high volume transfer rates of liquid mud and dry bulk. We believe that we earn higher average dayrates and maintain higher utilization rates than our peers due to the superior capabilities of our OSVs, our five-year track record of safe and reliable performance and the collaborative efforts of our in-house design team in providing marine engineering solutions to our customers.

Young OSV Fleet with Lower Cost of Ownership. We believe that we operate the youngest fleet of U.S.-flagged OSVs. While the average age of the conventional, 180' U.S.-flagged OSV fleet is approximately 24 years, the average age of our OSV fleet is approximately three years. Newer vessels generally experience less downtime and require significantly less maintenance and scheduled drydocking costs compared to older vessels. The average intermediate drydocking for recertification for one of our OSVs generally lasts five to ten days in the shipyard and costs approximately $0.3 million. In contrast, the typical drydocking for recertification of a conventional, 180' OSV may last up to 90 days in the shipyard and can cost as much as $1.5 million. We believe that our operation of new technologically advanced OSVs gives us a competitive advantage in obtaining long-term contracts for our vessels and in attracting and retaining crews. Since we accepted delivery of our first OSV in November 1998, the average utilization rate for our OSVs has been approximately 95%. According to One Offshore, the U.S. Gulf of Mexico industry average was approximately 75% over the same time period, based on vessels available for service. We expect that our newer, larger, faster and more cost-efficient vessels will remain in high demand as deepwater and other complex and challenging exploration, development and production activities continues to increase globally.

Commitment to Safety and Quality. As part of our commitment to safety and quality, we have voluntarily pursued and received certifications and classifications that are not generally held by other companies in our industry. We maintain ISO 9002 and ISO 14001 certifications for quality and environmental management, respectively, from the International Standards Organization with respect to the eight tugs and nine tank barges acquired from the Spentonbush/Red Star Group. We are one of the few OSV companies operating in the U.S. Gulf of Mexico that is approved under the U.S. Coast Guard's Streamlined Inspection Program in which we and the Coast Guard cooperate to develop training, inspection and compliance processes, with our personnel conducting periodic examinations of vessel systems and taking corrective actions where necessary. Both of our principal office locations in Covington, Louisiana and Brooklyn, New York, as well as the majority of our vessels, including all of our OSVs and our tugs and tank barges acquired from the Spentonbush/Red Star Group, are also certified under the International Safety Management Code, developed by the International Maritime Organization to provide internationally recognized standards for the safe management and operation of ships and for pollution prevention. Our OSVs are classed by the American Bureau of Shipping, which develops and verifies standards for the design, construction and operational maintenance of vessels and facilities. Safety is an increasingly important consideration for oil and gas operators due to the environmental and regulatory sensitivity associated with offshore drilling and production activity. We believe that customers recognize our commitment to safety and that our strong reputation and performance history provide us with a competitive advantage.

Leading Market Presence in Core Target Markets. Our 22 OSVs comprise the second largest fleet of technologically advanced, new generation OSVs qualified for work in the U.S. Gulf of Mexico. Currently, 18 of our 22 OSVs operate in that area. We also operate one of the largest fleets of tugs and tank barges for the transportation of petroleum products in Puerto Rico and believe that we are the fourth largest tank barge transporter of petroleum products in New York Harbor. We believe that having scale in our selected markets benefits our customers and provides us with operating efficiencies.

Successful Track Record of Vessel Construction and Acquisitions. Our management has significant naval architecture, marine engineering and shipyard experience. We believe we are unique in the manner in which we design our own OSVs and work closely with our contracted shipyards in their construction. We typically source and supply many of the manufactured components (owner-furnished equipment), comprising a large portion of the aggregate cost of a vessel, directly from vendors rather than through the shipyard. In addition to substantial cost savings, we believe our approach enables us to better control the construction process, resulting in a higher quality vessel and an enhanced level of service from these vendors during the applicable warranty periods. We believe that our history of designing and constructing 16 new generation OSVs on time and on budget provides us with a competitive advantage in obtaining contracts for our vessels prior to their actual delivery. We also expect delivery of one additional new generation OSV in December 2003. Our company has designed its operations and management systems in contemplation of growth through both new vessel construction and acquisitions. To date, we have successfully completed and integrated four acquisitions involving 13 ocean-going tugs and 13 ocean-going tank barges, one acquisition of a coastwise tanker and two acquisitions involving six 220' new generation OSVs.

Favorable OPA 90 Fleet Status. Data provided by a U.S. Coast Guard report dated September 2001 indicates that 38% of the then remaining single-hulled tank barge fleet capacity would need to be retired by 2005, as mandated by OPA 90. According to the report, the 5.5 million barrels of single-hulled tank barge capacity required to be phased out by 2005 represented 22% of the total 24.9 million barrel single- and double-hulled tank barge capacity that existed in 2001. Because 10 of our 15 single-hulled tank barges are not required to be replaced or retrofitted with double hulls until 2015, we believe we have a competitive advantage over operators who have a higher percentage of single-hulled tank barges that must be retired or modified to add double hulls before 2005.

Experienced Management Team with Proven Track Record. Our executive management team has an average of 19 years of domestic and international marine transportation industry-related experience. We believe that our team has successfully demonstrated its ability to grow our fleet through new construction and strategic acquisitions and to secure profitable contracts for our vessels in both favorable and unfavorable market conditions. Moreover, our in-house engineering team has significant operating experience that enables us to more effectively design and manage our new vessel construction program, adapt our vessels for specialized purposes, oversee and manage the drydocking process and provide custom marine engineering solutions to our customers. We believe this will continue to result in a lower overall cost of ownership over the life of our vessels compared to our competitors, as well as a competitive advantage in securing contracts for our OSVs as the benefits of our proprietary designs and in-house engineering capabilities are recognized by our customers.

Our Strategy

Apply Existing and Develop New Technologies to Meet our Customers' Vessel Needs. Our new generation OSVs are designed to meet the higher capacity and performance needs of our clients' increasingly more complex drilling and production programs. Our new generation OSVs are equipped with sophisticated propulsion and cargo handling systems, dynamic positioning capabilities and have larger capacities than conventional 180' OSVs. We are committed to applying existing or developing new technologies to maintain a technologically advanced fleet in order to continue to improve our service offerings and to meet the developing needs of our customers for OSVs and ocean-going tugs and tank barges. Improvements in exploration and production technologies have enabled operators to pursue larger scale, more complex drilling programs in remote locations and under more challenging operating conditions. We believe that the trend toward increasingly more complex projects will increase the demand for our technologically advanced fleet of new generation OSVs. Oil and natural gas exploration and development activity in these regions has increased recently as a result of several factors, including world-class exploration potential, improvements in exploration and production technologies for deepwater projects, and slowing or declining production from onshore and shallow water fields. We believe that deepwater regions worldwide and deep well drilling on the Continental Shelf will continue to be active areas for exploration and development in the foreseeable future, and that demand for our OSVs, which are uniquely equipped to serve the current and planned drilling programs in these markets, will continue to be strong.

Expand Fleet Through Newbuilds and Strategic Acquisitions. We plan to expand our fleet through construction of new vessels, including construction of new generation OSVs and double-hulled tank barges, retrofitting of certain vessels and through strategic acquisitions. Market demand for vessels, including demand for new generation OSVs in domestic and international markets, will be the main determinant of the level and timing of construction of additional vessels. We believe that acquisition opportunities are likely to arise as consolidation continues in our two industry segments. We intend to use our expertise and experience to evaluate and execute strategic acquisitions where the opportunity exists to expand our service offerings in our core markets and create or enhance long-term client relationships. To date, we have completed four acquisitions involving 13 ocean-going tugs and 13 ocean-going tank barges, one acquisition of a coastwise tanker and two acquisitions involving six 220' new generation OSVs.

Pursue Optimal Mix of Long Term and Short Term Contracts. We seek to balance our portfolio of customer contracts by entering into both long-term and short-term charters. Long-term charters, which contribute to higher utilization rates, provide us with more predictable cash flow. Most of our long-term charters contain annual dayrate escalation provisions. Short-term charters provide the opportunity to benefit from increasing dayrates in favorable market cycles. The initial terms of our current OSV term contracts range from one to five years. Our contract of affreightment with Amerada Hess for the services of tugs and tank barges in the northeastern United States has an initial term of June 1, 2001 through March 31, 2006. Our other tug and tank barge contracts typically have been renewed annually over the last several years.

Build Upon Existing Customer Relationships. We intend to build upon existing customer relationships by expanding the services we offer to those customers with diversified marine transportation needs. Many integrated oil and gas companies require OSVs to support their exploration and production activities and ocean-going tugs and tank barges to support their refining, trading and retail distribution activities. Moreover, many of our customers that conduct operations internationally have expressed interest in chartering our OSVs in such markets. Currently, four of our new generation OSVs are chartered for use in international markets. Our management team has significant international experience and will continue to evaluate such opportunities.

Optimize Tug and Tank Barge Operations. Due to OPA 90 phase-out requirements of single-hulled barges, the total barrel-carrying capacity of existing tank vessels transporting petroleum products domestically is projected to decline significantly from its current levels without a commensurate increase in newbuildings and retrofittings. In addition, the energy industry is increasingly outsourcing its marine transportation requirements and focusing on safety and reliability as a key determinant in its award of new business. We believe that these trends will improve the balance of supply and demand, and result in improved barge utilization and dayrates.

Customers and Charter Terms

Major oil companies, large independent oil and gas exploration, development and production companies and large oil service companies constitute the majority of our customers for our OSV services, while refining, marketing and trading companies constitute the majority of our customers for our tug and tank barge services. The percentage of revenues attributable to a customer in any particular year depends on the level of oil and natural gas exploration, development and production activities undertaken or refined petroleum products or crude oil transported by a particular customer, the availability and suitability of our vessels for the customer's projects or products and other factors, many of which are beyond our control. For the year ended December 31, 2002, Amerada Hess Corporation and BHP Billiton each accounted for more than 10% of our total revenues for such period. For prior periods, see note 15 of the notes to our consolidated financial statements.

We enter into a variety of contract arrangements with our customers, including spot and time charters, contracts of affreightment and consecutive voyage contracts. Our contracts are obtained through competitive bidding or, with established customers, through negotiation.

Currently, five of our 22 OSVs operate under long-term charters. Most of the contracts for our OSVs contain early termination options in favor of the customer; however some have substantial early termination penalties designed to discourage the customers from exercising such options. Similarly, 11 of our 16 tank barges provide services under long-term contracts with initial terms of one year or longer. Since we commenced operations, our OSVs have performed services for approximately 55 different customers, and our tugs and tank barges have performed services for approximately 219 different customers. Because of the variety and number of customers historically using the services of our fleet, and the approximate balance between supply and demand in both the OSV and tug and tank barge markets, we believe that the loss of any one customer would not have a material adverse effect on our business.

Because we have established a reputation for on-time delivery and reliability, charterers have contacted us in certain circumstances to construct vessels to meet their needs. In such circumstances, we have generally contracted these specially designed vessels for three to five years, with renewal options, before construction is completed. Although we will design vessels to meet the specific needs of a charterer, we ensure in our design that customization does not preclude efficient operation of these vessels for other customers, for other purposes or in other situations.

Competition

We operate in a highly competitive industry. Competition in the OSV and ocean-going tug and tank barge segments of the marine transportation industry primarily involves factors such as:

- quality and capability of the vessels;
- ability to meet the customer's schedule;
- safety record;
- reputation;
- price; and
- experience.

The terms of the Jones Act restrict the ability of vessels that are not built in the United States, registered under the laws of the United States and owned and managed by U.S. citizens to compete in the coastwise trade in the United States and Puerto Rico. See "—Environmental and Other Governmental Regulation" for a more detailed discussion of the Jones Act.

We do not anticipate significant competition in the near term from pipelines as an alternative method of petroleum product delivery in the northeastern United States or Puerto Rico. No pipelines are currently under construction that could provide significant competition to tank barges in the northeastern United States or Puerto Rico, nor are any new pipelines likely to be built in the near future due to cost constraints and logistical and environmental requirements.

We believe that prior to this offering, approximately 83% of the new generation OSVs currently operating in the U.S. Gulf of Mexico are owned by privately-held companies. We believe we operate the second largest fleet of new generation OSVs in the U.S. Gulf of Mexico, and, upon completion of this offering, we will be the only publicly traded company with a significant fleet of U.S.-flagged, new generation OSVs. In contrast, approximately 82% of the conventional, 180' OSVs operating on the Continental Shelf of the U.S. Gulf of Mexico are owned by publicly-traded companies. We operate one of the largest tank barge fleets in Puerto Rico and we believe that we are the fourth largest transporter by tank barge of petroleum products in New York Harbor. Most of our competitors in the tug and tank barge industry are privately held.

Although some of our principal competitors are larger and have greater financial resources and, with respect to OSVs, extensive international operations, we believe that our operating capabilities and reputation enable us to compete effectively with other fleets in the market areas in which we operate. In particular, we believe that the relatively young age and advanced features of our OSVs provide us with a competitive advantage. The ages of our OSVs range from one month to 70 months, while the average age of the industry's conventional, 180' U.S.-flagged OSV fleet is approximately 24 years. Retirement of older vessels has already commenced and we believe that many more of these older vessels will be retired in the next few years. In addition to the young age of our fleet, the advanced capabilities of our fleet position us to take advantage of the expanding deepwater, deep well and other logistically demanding exploration and production projects in the U.S. Gulf of Mexico and around the world.

Environmental and Other Governmental Regulation

Our operations are significantly affected by a variety of federal, state, local and international laws and regulations governing worker health and safety and the manning, construction and operation of vessels. Certain U.S. governmental agencies, including the U.S. Coast Guard, the National Transportation Safety Board, the U.S. Customs Service and the Maritime Administration of the U.S. Department of Transportation, have jurisdiction over our operations. In addition, private industry organizations such as the American Bureau of Shipping oversee aspects of our business. The Coast Guard and the National Transportation Safety Board establish safety criteria and are authorized to investigate vessel accidents and recommend improved safety standards.

The U.S. Coast Guard regulates and enforces various aspects of marine offshore vessel operations. Among these are classification, certification, routes, drydocking intervals, manning requirements, tonnage requirements and restrictions, hull and shafting requirements and vessel documentation. Coast Guard regulations require that each of our vessels be drydocked for inspection at least twice within a five-year period.

Under Section 27 of the Merchant Marine Act of 1920, also known as the Jones Act, the privilege of transporting merchandise or passengers for hire in the coastwise trade in U.S. domestic waters extends only to vessels that are owned and managed by U.S. citizens and are built in and registered under the laws of the United States. A corporation is not considered a U.S. citizen unless, among other things:

- the corporation is organized under the laws of the United States or of a state, territory or possession of the United States;

- at least 75% of the ownership of voting interests with respect to its capital stock is held by U.S. citizens;
- the corporation's chief executive officer, president and chairman of the board are U.S. citizens; and
- no more than a minority of the number of directors necessary to constitute a quorum for the transaction of business are non-U.S. citizens.

We meet all of the foregoing requirements. If we should fail to comply with these requirements, our vessels would lose their eligibility to engage in coastwise trade within U.S. domestic waters. To facilitate compliance, our certificate of incorporation:

- limits ownership by non-U.S. citizens of any class of our capital stock (including our common stock) to 20%, so that foreign ownership will not exceed the 25% permitted;
- permits withholding of dividends and suspension of voting rights with respect to any shares held by non-U.S. citizens that exceed 20%;
- permits a stock certification system with two types of certificates to aid tracking of ownership;
- permits our board of directors to redeem any shares held by non-U.S. citizens that exceed 20%; and
- permits our board of directors to make such determinations to ascertain ownership and implement such measures as reasonably may be necessary.

Recently, the Jones Act restrictions have been challenged by interests seeking to facilitate foreign competition for coastwise trade. Historically, their efforts have been defeated by large margins when considered by the U.S. Congress. Although industry associations and participants are actively responding to the latest challenges involving lease-finance alternatives permitted by a 1996 amendment of the Jones Act, should foreign competition be permitted to enter the coastwise market, it could have an adverse effect on the U.S. OSV industry and on us.

Our operations are also subject to a variety of federal, state, local and international laws and regulations regarding the discharge of materials into the environment or otherwise relating to environmental protection. The requirements of these laws and regulations have become more complex and stringent in recent years and may, in certain circumstances, impose strict liability, rendering a company liable for environmental damages and remediation costs without regard to negligence or fault on the part of such party. Aside from possible liability for damages and costs including natural resource damages associated with releases of hazardous materials including oil into the environment, such laws and regulations may expose us to liability for the conditions caused by others or even acts of ours that were in compliance with all applicable laws and regulations at the time such acts were performed. Failure to comply with applicable laws and regulations may result in the imposition of administrative, civil and criminal penalties, revocation of permits, issuance of corrective action orders and suspension or termination of our operations. Moreover, it is possible that changes in the environmental laws, regulations or enforcement policies that impose additional or more restrictive requirements or claims for damages to persons, property, natural resources or the environment could result in substantial costs and liabilities to us. We believe that we are in substantial compliance with currently applicable environmental laws and regulations.

OPA 90 and regulations promulgated pursuant thereto impose a variety of regulations on "responsible parties" related to the prevention of oil spills and liability for damages resulting from such spills. A "responsible party" includes the owner or operator of an onshore facility, pipeline or vessel or the lessee or permittee of the area in which an offshore facility is located. OPA 90 assigns liability to each responsible party for oil removal costs and a variety of public and private damages. Under OPA 90, "tank vessels" of over 3,000 gross tons that carry oil or other hazardous materials in bulk as cargo, a term which includes our tank barges, are subject to liability limits of the greater of $1,200 per gross ton or $10 million. For any vessels, other than "tank vessels," that are subject to OPA 90, the liability limits are the greater of $500,000 or $600 per gross ton. A party cannot take advantage of liability limits if the spill was caused by gross negligence or willful misconduct or resulted from violation of a federal safety, construction or operating regulation. If the party fails to report a spill or to cooperate fully in the cleanup, the liability limits likewise do not apply. Moreover, OPA 90 imposes on responsible parties the need for proof of financial responsibility to cover at least some costs in a potential spill. We have provided satisfactory evidence of financial responsibility to the U.S. Coast Guard for all of our vessels over 300 tons.

OPA 90 also imposes ongoing requirements on a responsible party, including preparedness and prevention of oil spills, preparation of an oil spill response plan and proof of financial responsibility (to cover at least some costs in a potential spill) for vessels in excess of 300 gross tons. We have engaged the National Response Corporation to serve as our independent contractor for purposes of providing stand-by oil spill response services in all geographical areas of our fleet operations. In addition, our Oil Spill Response Plan has been approved by the U.S. Coast Guard.

OPA 90 requires that all newly-built tank vessels used in the transport of petroleum products be built with double hulls and provides for a phase-out period for existing single hull vessels. Modifying existing vessels to provide for double hulls will be required of all tank barges and tankers in the industry by the year 2015. We are in a favorable position concerning this provision because a significant number of vessels in our fleet of tank barges measure less than 5,000 gross tons. Vessels of such tonnage may continue to operate without double hulls through the year 2015. Under existing legal requirements, therefore, we will be required to modify or replace only five of our tank barges before 2015. Although we are not aware of anything that would lead us to believe this current schedule will change, it remains possible that a change in the law affecting the requirement for double hulls or other aspects of our operations may occur that would require us to modify or replace our existing tank barge fleet earlier than currently anticipated.

The Clean Water Act imposes strict controls on the discharge of pollutants into the navigable waters of the United States. The Clean Water Act also provides for civil, criminal and administrative penalties for any unauthorized discharge of oil or other hazardous substances in reportable quantities and imposes substantial liability for the costs of removal and remediation of an unauthorized discharge. Many states have laws that are analogous to the Clean Water Act and also require remediation of accidental releases of petroleum in reportable quantities. Our OSVs routinely transport diesel fuel to offshore rigs and platforms and also carry diesel fuel for their own use. Our OSVs also transport bulk chemical materials used in drilling activities and liquid mud, which contain oil and oil by-products. In addition, our tank barges are specifically engaged to transport a variety of petroleum products. We maintain vessel response plans as required by the Clean Water Act to address potential oil and fuel spills.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, also known as "CERCLA" or "Superfund," and similar laws impose liability for releases of hazardous substances into the environment. CERCLA currently exempts crude oil from the definition of hazardous substances for purposes of the statute, but our operations may involve the use or handling of other materials that may be classified as hazardous substances. CERCLA assigns strict liability to each responsible party for all response and remediation costs, as well as natural resource damages and thus we could be held liable for releases of hazardous substances that resulted from operations by third parties not under our control or for releases associated with practices performed by us or others that were standard in the industry at the time.

The Resource Conservation and Recovery Act regulates the generation, transportation, storage, treatment and disposal of onshore hazardous and non-hazardous wastes and requires states to develop programs to ensure the safe disposal of wastes. We generate non-hazardous wastes and small quantities of hazardous wastes in connection with routine operations. We believe that all of the wastes that we generate are handled in all material respects in compliance with the Resource Conservation and Recovery Act and analogous state statutes.

LEEVAC Marine, Inc., a predecessor entity to one of our current subsidiaries, was notified in March 1996 regarding the possibility of remediating on a voluntary basis certain waste pits at the SBA Shipyards site in Jennings, Louisiana. This site is not identified as a federal Superfund site. Subsequent to this initial notice, in December 2000, LEEVAC Marine was one of approximately 14 companies that formed a limited liability company, SSIC Remediation, LLC, to address this matter. LEEVAC Marine accrued a $100,000 liability at the time of our formation to cover this expense. Our subsidiary's current percentage of liability for cleanup efforts within the SSIC Remediation group at this site is estimated at approximately 2.64%, and, to date, it has contributed approximately $34,000 towards this cleanup effort and an additional $17,000 to pay certain costs discussed below, thereby reducing the accrued liability with respect to this matter to $44,600. The $34,000 contribution represents our subsidiary's current share of a $1.9 million voluntary cleanup plan submitted to the limited liability company's members by an independent contractor who has agreed to clean up the site in a manner that will meet both state and federal standards. In June 1997, Cari Investment Company, the former parent of LEEVAC Marine, Inc., agreed to indemnify us for certain matters, including those discussed in this paragraph. The indemnity would also be applicable to all liabilities, obligations, damages and expenses related to the SBA Shipyard matter in excess of $100,000. Christian G. Vaccari, who served as our Chairman and Chief Executive Officer until February 2002 and is serving as one of our directors, is a minority shareholder and President, Chief Executive Officer and Chairman of the Board of Cari Investment Company. In July 2002, our subsidy entered into a contractual agreement whereby it paid an additional $17,000 to SSIC Remediation, LLC in order to limit its exposure to certain future costs incurred by the independent contractor at the site. This limitation on payment of future monies relates primarily to certain legal and administrative costs of SSIC Remediation, LLC and does not bar future payment of monies for potential Superfund cleanup costs or for costs associated with any suits brought by third parties. In late 2002, SSIC Remediation, LLC commenced interim phase remedial activities at the SBA Shipyards site pursuant to a December 9, 2002 "Order and Agreement" that it entered into with EPA. These remedial efforts are on-going at this site.

In addition to laws and regulations affecting us directly, our operations are also influenced by laws, regulations and policies which affect our customers' drilling programs and the oil and natural gas industry as a whole.

The Outer Continental Shelf Lands Act gives the federal government broad discretion to regulate the release of offshore resources of oil and natural gas. Because our operations rely primarily on offshore oil and natural gas exploration, development and production, if the government were to exercise its authority under the Outer Continental Shelf Lands Act to restrict the availability of offshore oil and natural gas leases, such an action would have a material adverse effect on our financial condition and results of operations.

We currently have in place protection and indemnity insurance coverage that includes coverage for oil spills in navigable waters of the United States. Our OSVs have $5.0 million in primary insurance coverage for such offshore oil spills, with an additional $100.0 million in excess umbrella coverage. In addition, our tugs and tank barges have insurance coverage for oil spills with a coverage limit of $1.0 billion.

Our tugs and tank barges acquired from the Spentonbush/Red Star Group have obtained ISO 14001 certifications for environmental management from the International Standards Organization. Both of our principal office locations in Covington, Louisiana and Brooklyn, New York, as well as the majority of our vessels, including all of our proprietary OSVs and our tugs and tank barges acquired from the Spentonbush/Red Star Group, are also certified under the International Safety Management Code, developed by the International Maritime Organization to provide internationally recognized standards for the safe management and operation of ships and for pollution prevention. Our OSVs participate in the U.S. Coast Guard's Streamlined Inspection Program to maintain the overall quality of our vessels and their operating systems. We believe that our voluntary attainment and maintenance of these certifications and participation in these programs provides evidence of our commitment to operate in a manner that minimizes our impact on the environment.

Operating Hazards and Insurance

The operation of our vessels is subject to various risks, such as catastrophic marine disaster, adverse weather conditions, mechanical failure, collision and navigation errors, all of which represent a threat to personnel safety and to our vessels and cargo. We maintain insurance coverage that we consider customary in the industry against certain of these risks, including, as discussed above, $1.0 billion in pollution insurance for the tug and tank barge fleet and $100.0 million of pollution coverage for the OSVs. We believe that our current level of insurance is adequate for our business and consistent with industry practice, and we have not experienced a loss in excess of our policy limits. We may not be able to obtain insurance coverage in the future to cover all risks inherent in our business, or insurance, if available, may be at rates that we do not consider to be commercially reasonable. In addition, as more single-hulled vessels are retired from active service, insurers may be less willing to insure and customers less willing to hire single-hulled vessels.

Employees

On September 1, 2003, we had 543 employees in the United States and Puerto Rico, including 464 operating personnel and 79 corporate, administrative and management personnel. None of our employees are represented by a union or employed pursuant to a collective bargaining agreement or similar arrangement. We have not experienced any strikes or work stoppages, and our management believes that we continue to enjoy good relations with our employees.

Properties

Our corporate headquarters have recently relocated to Covington, Louisiana. Our new office lease covers 23,756 sq. ft. and has an initial term of five years, which commenced in September 2003, with two additional five-year renewal periods. We also hold a one-year lease on a 4,500-square-foot warehouse near our corporate headquarters to maintain spare parts inventory. For local support in Puerto Rico, we lease an office consisting of approximately 1,900 square feet. To support our operations in the northeastern United States, we lease office space and warehouse space in Brooklyn, New York, consisting of approximately 66,760 square feet. We also lease dock space, consisting of approximately 36,000 square feet, in Brooklyn, New York. We operate our tug and tank barge fleet from these New York facilities. The lease on our Brooklyn facilities expires in 2006. We believe that our facilities, including waterfront locations used for vessel dockage and certain vessel repair work, provide an adequate base of operations for the foreseeable future. Information regarding our fleet is set forth above in "—Offshore Supply Vessels—Our OSV Business" and "—Tugs and Tank Barges—Our Tug and Tank Barge Business."

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.

Seasonality of Business

Demand for our OSV services is directly affected by the levels of offshore drilling activity. Budgets of many of our customers are based upon a calendar year, and demand for our services has historically been stronger in the third and fourth calendar quarters when allocated budgets are expended by our customers and weather conditions are more favorable for offshore activities. Many other factors, such as the expiration of drilling leases and the supply of and demand for oil and natural gas, may affect this general trend in any particular year. These factors have less impact on our OSV business due to our high level of contracted cash flow, which has resulted in high utilization.

Tank barge services are significantly affected by the strength of the U.S. economy, changes in weather patterns and population growth that affect the consumption of and the demand for refined petroleum products and crude oil. The tug and tank barge market, in general, is marked by steady demand over time, although such demand is seasonal and often dependent on weather conditions. Unseasonably mild winters result in significantly lower demand for heating oil in the northeastern United States, which is a significant market for our tank barge services. Conversely, the summer driving season can increase demand for automobile fuel and, accordingly, the demand for our services.

MANAGEMENT

Our Directors and Executive Officers

Our directors and executive officers are as follows:

Name	Age	Position	Class(1)
Todd M. Hornbeck	35	President, Chief Executive Officer, Secretary and Director	III
Carl G. Annessa	46	Vice President and Chief Operating Officer	N/A
James O. Harp, Jr.	42	Vice President and Chief Financial Officer	N/A
Timothy P. McCarthy	35	Controller	N/A
Paul M. Ordogne	51	Treasurer	N/A
Bernie W. Stewart	58	Director and Chairman of the Board	I
Richard W. Cryar	55	Director	II
Larry D. Hornbeck	64	Director	II
Bruce W. Hunt	45	Director	I
Patricia B. Melcher	42	Director	III
David A. Trice	54	Director	II
Christian G. Vaccari	43	Director	III
Andrew L. Waite	42	Director	I

(1) Class I, II and III directors have terms expiring in 2004, 2006 and 2005, respectively.

Todd M. Hornbeck has served as our President and Secretary and as a director since our formation in June 1997. Until February 2002, he also served as Chief Operating Officer. In February 2002, he was appointed Chief Executive Officer. Mr. Hornbeck worked for the original Hornbeck Offshore Services, Inc., a publicly traded offshore service vessel company, from 1991 to 1996, serving in various positions relating to business strategy and development. Following the merger of Hornbeck Offshore Services, Inc. with Tidewater, Inc. (NYSE:TDW) in March 1996, he accepted a position as Marketing Director—Gulf of Mexico with Tidewater, where his responsibilities included managing relationships and overall business development in the U.S. Gulf of Mexico region. He remained with Tidewater until our formation. Mr. Hornbeck is the son of Larry D. Hornbeck and serves as a board designee for himself and his brother, Troy A. Hornbeck in accordance with a stockholders' agreement.

Carl G. Annessa has served as our Vice President of Operations since September 1997. In February 2002, he was appointed Vice President and Chief Operating Officer. Mr. Annessa is responsible for operational oversight and design and implementation of our vessel construction program. Prior to joining us, he was employed for 17 years by Tidewater, Inc. in various technical and operational management positions, including management of large fleets of OSVs in the Arabian Gulf, Caribbean and West African markets, and was responsible for the design of several of Tidewater's vessels. Mr. Annessa was employed for two years by Avondale Shipyards, Inc. as a naval architect before joining Tidewater. Mr. Annessa received a degree in naval architecture and mechanical engineering from the University of Michigan in 1979.

James O. Harp, Jr. has served as our Vice President and Chief Financial Officer since January 2001. Prior to joining us, Mr. Harp served as Vice President in the Energy Group of RBC Dominion Securities Corporation, an investment banking firm, from August 1999 to January 2001 and as Vice President in the Energy Group of Jefferies & Company, Inc., an investment banking firm, from June 1997 to August 1999. During his investment banking career, Mr. Harp worked extensively with marine-related oil service companies, including as our investment banker in connection with our private placement of common stock in November 2000. From July 1982 to June 1997 he served in a variety of capacities, most recently as Tax Principal, with Arthur Andersen LLP, and had a significant concentration of international clients in the oil service and maritime industries. Since April 1992, he has also served as Treasurer and Director of SEISCO, Inc., a seismic brokerage company.

Timothy P. McCarthy has served as our Controller since May 2002. Prior to joining us, Mr. McCarthy served in a variety of capacities, most recently as an Experienced Manager, in the assurance practice section of the New Orleans office of Arthur Andersen LLP from July 1994 to May 2002. Mr. McCarthy is a certified public accountant.

Paul M. Ordogne has served as our Treasurer since our formation in June 1997. Until May 2002, he also served as our Controller. From 1980 to June 1997, he worked for Cari Investment Company, a privately owned holding company for energy-related investments, serving in various financial and accounting positions, including those of controller and assistant treasurer. Mr. Ordogne is a certified public accountant.

Bernie W. Stewart has served as one of our directors since November 2001 and was appointed Chairman of the Board in February 2002. Mr. Stewart was Senior Vice President, Operations of R&B Falcon Corporation, a contract drilling company, and President of R&B Falcon Drilling U.S., its domestic operating subsidiary, from May 1999 until R&B Falcon Corporation (NYSE:FLC) merged with Transocean Sedco Forex Inc. (NYSE:RIG) in January 2001. Between April 1996 and May 1999, he served as Chief Operating Officer of R&B Falcon Holdings, Inc. and as its President from January 1998. From 1993 until joining R&B Falcon Holdings, he was Senior Vice President and Chief Operating Officer for the original Hornbeck Offshore Services, Inc., a publicly traded offshore service vessel company, where he was responsible for overall supervision of the company's operations. From 1986 until 1993, he was President of Western Oceanics, Inc., an offshore drilling contractor. Since leaving R&B Falcon Corporation upon its merger with Transocean Sedco Forex, Mr. Stewart has been an independent business consultant. From February 27, 2002 to February 27, 2003, Mr. Stewart advised the company under an advisory services agreement discussed below.

Richard W. Cryar has served as one of our directors since our formation in June 1997. Since 1994, he has served as Managing Member of Cari Capital Company, L.L.C., a merchant banking firm. Since October 1999, Mr. Cryar has served as a general partner in the equity fund, Audubon Capital Fund I, L.P. Mr. Cryar serves as a board designee of Cari Investment Company in accordance with a stockholders' agreement.

Larry D. Hornbeck has served as one of our directors since August 2001. An executive with over 30 years experience in the OSV business worldwide, Mr. Hornbeck was the founder of the original Hornbeck Offshore Services, Inc., a publicly traded offshore service vessel company with over 100 vessels operating worldwide. From its inception in 1981 until its merger with Tidewater, Inc., Mr. Hornbeck served as Chairman of the Board, President and Chief Executive Officer of the original Hornbeck Offshore Services. Following the merger, Mr. Hornbeck served as a director of Tidewater from March 1996 until October 2000. From 1969 to 1980, Mr. Hornbeck was Chairman, President and Chief Executive Officer of Sealcraft Operators, Inc., a publicly held, specialty service OSV company operating worldwide. Mr. Hornbeck is the father of Todd M. Hornbeck and serves as a board designee for Todd M. Hornbeck and Troy A. Hornbeck in accordance with a stockholders' agreement.

Bruce W. Hunt has served as one of our directors since August 1997. He has been President of Petrol Marine Corporation since 1988 and President and Director of Petro-Hunt, L.L.C. since 1997, each of which is an energy-related company. Mr. Hunt served as a director of the original Hornbeck Offshore Services, Inc., a publicly traded offshore service vessel company, from November 1992 to March 1996.

Patricia B. Melcher joined our board of directors in October 2002. Ms. Melcher has served as the President of Allegro Capital Management, Inc., a privately-owned investment company focused on private equity investments in energy-related companies, since 1997. From 1989 to 1994, she worked for SCF Partners, L.P., an investment fund sponsor specializing in private equity investments in oilfield service companies, and from 1995 to 1997, she served as a board member and advisory board member of its general partner, L. E. Simmons & Associates, Incorporated. From 1986 to 1989, Ms. Melcher worked for Simmons & Company International, an investment banking firm serving the energy industry.

David A. Trice joined our board of directors in October 2002. Mr. Trice has served as the President of Newfield Exploration Company (NYSE:NFX), an independent oil and gas company engaged in the exploration, development and acquisition of crude oil and natural gas properties since May 1999. At Newfield, he has also served as the Chief Executive Officer since February 2000 and as a director since 2000. From May 1999 to February 2000, he served as its Chief Operating Officer and from July 1997 to May 1999, he served as its Vice President—Finance and International. Mr. Trice served as the President, Chief Executive Officer and Director of the Huffco Group, an offshore drilling contractor, from 1991 to July 1997.

Christian G. Vaccari has served as one of our directors since our formation in June 1997 and served as our Chairman of the Board and Chief Executive Officer from June 1997 until February 2002. Since 1989, Mr. Vaccari has served as President, Chief Executive Officer and Chairman of the Board of Cari Investment Company. From 1988 to 1994, he served as Director of Corporate Development and Marketing for JAMO, Inc., a leading building materials company in the southeastern United States. From 1984 to 1988, Mr. Vaccari was an investment advisor with Thomson McKinnon, Inc., an investment banking firm. Since July 1997, Mr. Vaccari has served as a director of Riverbarge Excursion Lines, Inc. and since October 1999, he has served as a general partner in the equity fund, Audubon Capital Fund I, L.P. Mr. Vaccari serves as a board designee of Cari Investment Company in accordance with a stockholders' agreement.

Andrew L. Waite has served as one of our directors since November 2000. He was appointed to our board as the designee of SCF-IV, L.P. in accordance with a stockholders' agreement. Mr. Waite is a Managing Director of L.E. Simmons & Associates, Incorporated and has been an officer of that company since October 1995. He was previously Vice President of Simmons & Company International, an investment banking firm serving the energy industry, where he served from August 1993 to September 1995. From 1984 to 1991, Mr. Waite held a number of engineering and management positions with the Royal Dutch/Shell Group, an integrated oil and gas company. He currently serves as a director of Oil States International, Inc. (NYSE:OIS), a diversified oilfield equipment and service company.

Committees of the Board of Directors

Our board of directors has a compensation committee, which currently consists of Messrs. Stewart, Hunt and Trice. The compensation committee:

- reviews and recommends to the board of directors the compensation and benefits of our executive officers;
- establishes and reviews general policies relating to our compensation and benefits; and
- administers our stock incentive plan.

The board has also established an audit committee comprised of Ms. Melcher and Messrs. Larry Hornbeck, Hunt and Stewart. The audit committee recommends to the board the independent public accountants to audit our annual financial statements. The board selects the independent public accountants, subject to shareholder approval. The audit committee also establishes the scope of, and oversees, the annual audit and approves any other services provided by public accounting firms.

The board has also established an ad hoc committee comprised of Messrs. Todd Hornbeck, Larry Hornbeck, Waite, Hunt and Stewart. The purpose of this committee is to address any issues related to the separation of Christian G. Vaccari (who ceased serving as our Chief Executive Officer and Chairman of the Board in February 2002) from the company, including our ongoing relationship with Mr. Vaccari, his family, Cari Investment Company (which is the holder of more than 5% of our common stock and for which Mr. Vaccari serves as President, Chief Executive Officer and Chairman of the Board) and certain shipyards affiliated with Mr. Vaccari and with which we have contracted from time to time for the construction of certain of our OSVs.

Our board may establish other committees from time to time to facilitate the management of the business and affairs of our company.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of a compensation committee or board of directors of any other entity which has an executive officer serving as a member of our board of directors.

Term and Compensation of Directors

The members of our board of directors are divided into three classes and are elected for a term of three years, or until a successor is duly elected and qualified. The terms of office of the Class I, Class II and Class III directors expire at the annual meeting of stockholders to be held in 2004, 2006 and 2005, respectively.

Directors who are also our employees receive no additional compensation for serving as directors or committee members. Non-employee directors historically have received compensation in the form of stock option grants for their service as directors.

Effective July 18, 2002, the board of directors approved a compensation plan applicable to our non-employee directors. Each non-employee director is entitled to receive a total annual retainer of $20,000, paid quarterly. Each non-employee director is also entitled to receive $1,200 for each board meeting attended in person and $800 for each board meeting attended by telephonic communications. Board committee members are entitled to receive $600 for each committee meeting attended, with the committee chairman entitled to receive $800 for each committee meeting attended. Committee members must attend meetings in person or by telephonic communications to receive the applicable compensation. Non-employee directors are entitled to receive a minimum annual grant of 5,000 options to purchase common stock. The minimum annual grant is subject to annual review and may be increased at the discretion of the compensation committee. After three years of service as a non-employee director, a non-employee director and his immediate family may elect to participate in the same insurance benefit programs sponsored by the company on the same monetary terms as the executive officers. Effective May 6, 2003, the board of directors approved a modification to the compensation plan to provide that the chairman of the board be paid $1,800 for each regularly scheduled board meeting and $1,500 for each special board meeting. All directors are reimbursed for their out-of-pocket expenses incurred in connection with serving on our board.

The non-employee director compensation plan also provides for longevity service awards to non-employee directors. Upon completion of three years of service following adoption of the compensation plan, a director will be granted options to purchase the number of shares of common stock equaling 25% of the options granted to such director over the previous three years. Upon completion of five years of service as a non-employee director, a director will be granted options to purchase the number of shares of common stock equaling 50% of the options granted to such director over the previous five years less the number of shares covered by the options awarded to such director after three years of service. Thereafter, upon completion of each successive period of five years of service, a non-employee director will be granted options to purchase the number of shares of common stock equaling 50% of the options granted to such director over the previous five years. Under the terms of this compensation plan, neither Mr. Cryar nor Mr. Vaccari qualifies to participate.

In addition to the cash compensation received for their service as directors during 2002 under the terms of the plan described above, in March 2003 each of Ms. Melcher and Messrs. Larry Hornbeck, Hunt, Stewart, Trice and Waite were granted options to purchase shares of our common stock. Although the plan provides for the grant of options to purchase a minimum of 5,000 shares of common stock, each agreed to accept options to purchase 4,250 shares of our common stock at an exercise price of $4.48 per share in lieu of the minimum grant required by the plan. One third of these options will become exercisable on each of the first three anniversaries of the date of grant.

On February 27, 2002, we entered into an advisory agreement with Bernie W. Stewart, our Chairman of the Board. Under the terms of this agreement, Mr. Stewart advised and made recommendations to our executive officers and board of directors on matters relating to our business, including our operations, finances, strategic planning and acquisitions. Mr. Stewart provided these services on a full-time basis through May 31, 2002 and on a part-time basis through February 27, 2003, at which time the agreement expired. He received $20,000 per month for his full-time advisory services and $8,335 per month for his part-time services. Under the terms of his advisory agreement, Mr. Stewart was granted options to purchase 10,000 shares of our common stock at an exercise price of $2.65 per share. The compensation expense recorded during 2002 related to the options granted was $7,400 using the Black-Scholes option pricing value methodology, as Mr. Stewart was not an employee of the company at the grant date. Also under the terms of the advisory agreement, Mr. Stewart purchased 75,472 shares of our common stock at a purchase price of $2.65 per share, and, upon such purchase, we granted Mr. Stewart an option to purchase 37,736 shares of our common stock at a purchase price of $2.65 per share, to be exercised in accordance with, and subject to the terms of our Incentive Compensation Plan. Mr. Stewart has agreed that for a period of two years following the expiration of the agreement, he will not solicit any of our employees, customers, suppliers or sales agents to terminate their relationship with us or employ or cause any of our competitors to employ any person who is or was recently one of our employees, sales representatives, contractors, advisors or agents.

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Executive Compensation

The following table sets forth compensation information for the chief executive officer and certain of our other executive officers whose total salary and bonus exceeded, on an annualized basis, $100,000 for the years ended December 31, 2000, 2001 and 2002.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards	
Name and Position(1)	Fiscal Year	Salary(2)	Bonus(3)	Other Annual Compensation(4)	Securities Underlying Options(5)(6)	All Other Compensation (7,8,9)
Todd M. Hornbeck	2002	$ 200,000	$ 279,753	—	127,500	$ 2,873
President, Chief Executive	2001	195,833	400,000	—	—	1,940
Officer and Secretary	2000	165,625	70,000	—	300,000	—
Carl G. Annessa	2002	170,000	178,342	—	42,500	2,386
Vice President and	2001	155,000	240,000	—	—	1,953
Chief Operating Officer	2000	121,771	39,000	—	100,000	—
James O. Harp, Jr.	2002	170,000	178,342	—	42,500	1,131
Vice President and	2001	163,571	255,000	—	100,000	1,103
Chief Financial Officer						
Timothy P. McCarthy	2002	59,000	20,000	—	29,000	359
Controller						
Paul M. Ordogne	2002	116,000	20,000	—	—	1,765
Treasurer	2001	115,000	42,665	—	—	1,541
	2000	103,021	30,804	—	48,000	—
Christian G. Vaccari	2002	33,333	46,626	—	—	401,865
Former Chairman of the Board	2001	195,833	400,000	—	—	1,296
and Chief Executive Officer	2000	168,750	70,000	—	300,000	—

(1) Mr. Harp joined us as our Vice President and Chief Financial Officer in January 2001. Effective February 27, 2002, Mr. Vaccari ceased serving as our Chairman of the Board and Chief Executive Officer. Mr. Vaccari continues to serve as one of our directors and is still being compensated under the termination provisions of his employment agreement. Also effective February 27, 2002, Mr. Hornbeck, who had been serving as our President and Chief Operating Officer, was appointed to the additional position of Chief Executive Officer and Mr. Annessa was appointed to the additional position of Chief Operating Officer. Mr. McCarthy joined us as our Controller on May 27, 2002. Mr. Ordogne had also served as our Controller until May 2002.

(2) For 2001, the salary amount for Mr. Harp reflects his compensation from his date of hire of January 15, 2001. For 2002, the salary amount for Mr. McCarthy reflects his compensation from his date of hire of May 27, 2002 and the amount for Mr. Vaccari reflects the amount of salary earned as our Chief Executive Officer through his severance date of February 27, 2002.

(3) Bonuses were paid in 2001, 2002 and 2003 as compensation for services provided in 2000, 2001 and 2002, respectively.

(4) None of the perquisites and other benefits paid to each named executive officer exceeded the lesser of $50,000 or 10% of the total annual salary and bonus received by each named executive officer.

(5) In connection with the adoption of an incentive compensation program for executive officers, we granted options in 2001, in part as compensation for services provided in 2000, to Messrs. Hornbeck, Annessa, Ordogne and Vaccari to purchase shares of our common stock at an exercise price of $2.65 per share. In addition, Mr. Harp was granted options upon commencement of his employment in January 2001 to purchase 100,000 shares of our common stock at an exercise price of $2.65 per share.

(6) In connection with our incentive compensation program for executive officers, we granted options in 2003, in part for services rendered in 2002, to Messrs. Hornbeck, Annessa, Harp and McCarthy to purchase shares of our common stock at an exercise price of $4.48 per share. In addition, Mr. McCarthy was granted options upon commencement of his employment in May 2002 to purchase 20,000 shares of our common stock at an exercise price of $2.65 per share.

(7) For 2000, these amounts represent (i) employer matching contributions made under our 401(k) savings plan in the amount of $630, $796 and $360 for Messrs. Hornbeck, Annessa and Ordogne, respectively, and (ii) premiums of $576, $490 and $288 for Messrs. Hornbeck, Annessa and Ordogne, respectively, associated with life insurance policies.

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(8) For 2001, these amounts represent (i) employer matching contributions made under our 401(k) savings plan in the amount of $1,517, $1,530, $680, $1,118 and $872 for Messrs. Hornbeck, Annessa, Harp, Ordogne and Vaccari, respectively, and (ii) premiums of $423, $423, $423, $423 and $423 for Messrs. Hornbeck, Annessa, Harp, Ordogne and Vaccari, respectively, associated with life insurance policies.

(9) For 2002, these amounts represent (i) employer matching contributions made under our 401(k) savings plan in the amount of $2,200, $1,956, $701, $277, $1,335 and $1,090 for Messrs. Hornbeck, Annessa, Harp, McCarthy, Ordogne and Vaccari, respectively, (ii) premiums of $673, $431, $431, $82, $431 and $981 for Messrs. Hornbeck, Annessa, Harp, McCarthy, Ordogne and Vaccari, respectively, associated with life insurance policies and (iii) in the case of Mr. Vaccari, the payments made under the termination provisions of his employment agreement relating to the period during 2002 after his severance date of February 27, 2002.

Option Grants

The following table shows all grants of options to acquire shares of our common stock granted during the year ended December 31, 2002 to the executive officers named in the Summary Compensation Table above under our Incentive Compensation Plan.

Name	Number of Securities Underlying Options Granted	% of Total Options Granted in Fiscal Year	Exercise or Base Price ($/ Share) (1)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Appreciation for Option Term(2)	
					5%	10%
Timothy P. McCarthy	20,000(3)	6.0%	$ 2.65	May 27, 2012	$ 86,331	$ 137,468

(1) The options were granted at or above the fair market value of our common stock on the date of grant.

(2) In accordance with the rules of the Commission, the gains or "option spreads" that would exist for the respective options granted are shown. These gains are based on the assumed rates of annual compound stock price appreciation of 5% and 10% from the date the option was granted over the full option term. These assumed annual compound rates of stock price appreciation are mandated by the rules of the Commission and do not represent our estimate or projection of future appreciation.

(3) One-fourth of these options become exercisable on each of the first, second, third and fourth anniversaries of the date of grant.

Option Values

The following tables show information with respect to unexercised options held by the executive officers named in the Summary Compensation Table as of December 31, 2002 and as anticipated upon the closing of this offering, respectively. Except for Mr. Vaccari, none of our executive officers named in the Summary Compensation Table have exercised any options to purchase our common stock as of December 31, 2002.

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at December 31, 2002		Value of Unexercised In-the-Money Options at December 31, 2002	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Todd M. Hornbeck	—	—	205,000	180,000	$ 433,650	$ 329,400
Carl G. Annessa	—	—	90,000	60,000	199,000	109,800
James O. Harp, Jr.	—	—	33,333	66,667	61,000	122,000
Timothy P. McCarthy	—	—	—	20,000	—	36,600
Paul M. Ordogne	—	—	46,700	28,800	103,661	52,704
Christian G. Vaccari	85,000	$ 58,500	300,000	—	549,000	—

Name	Number of Securities Underlying Unexercised Options Upon Closing of Offering		Value of Unexercised In-the-Money Options Upon Closing of Offering(1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Todd M. Hornbeck	385,000(2)	127,500	$ 963,250	$ 66,300
Carl G. Annessa	150,000(3)	42,500	386,800	22,100
James O. Harp, Jr.	100,000(4)	42,500	235,000	22,100
Timothy P. McCarthy	5,000	24,000	11,750	39,930
Paul M. Ordogne	75,500(5)	—	195,625	—
Christian G. Vaccari	300,000(6)	—	705,000	—

(1) As provided for under Statement of Financial Accounting Standards (SFAS) No. 123 "Accounting for Stock-Based Compensation" we account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees." For all periods presented, we have used the intrinsic value method in which compensation costs for stock options, if any, is measured as the excess of the estimated fair value market price of our common stock at the date of grant over the amount an employee must pay to acquire the stock.
(2) Includes 120,000 shares subject to options that are not currently exercisable but will become exercisable upon closing of this offering.
(3) Includes 40,000 shares subject to options that are not currently exercisable but will become exercisable upon closing of this offering.
(4) Includes 33,333 shares subject to options that are not currently exercisable but will become exercisable upon closing of this offering.
(5) Includes 19,200 shares subject to options that are not currently exercisable but will become exercisable upon closing of this offering.
(6) All options that were not exercisable by Mr. Vaccari at the time he ceased serving as our President and Chief Executive Officer became exercisable at such time.

Employment Agreements

Todd M. Hornbeck serves as our President, Chief Executive Officer and Secretary, Carl G. Annessa serves as our Vice President and Chief Operating Officer, James O. Harp, Jr. serves as our Vice President and Chief Financial Officer and Paul M. Ordogne serves as our Treasurer. Each of Messrs. Hornbeck, Annessa and Harp serves under an employment agreement, as amended, with an initial term expiring December 31, 2006. On January 1, 2005, and on every January 1 thereafter, each of their agreements will automatically renew for one additional year, unless terminated before any such renewal date by the employee or us. Mr. Ordogne serves under an employment agreement which expires December 31, 2003.

The employment agreements of Messrs. Hornbeck, Annessa and Harp, in each case, as amended, and of Mr. Ordogne, currently provide for annual base salaries of $240,000, $200,000, $185,000 and $116,000, respectively, subject to review from time to time by our compensation committee for possible increases based on the employee's performance. Our board has agreed to award a bonus or bonuses to each of Messrs. Hornbeck, Annessa and Harp if our company meets certain EBITDA and earnings per share targets with respect to any year during which their respective employment agreements are in effect. Our board may, in its discretion, award a smaller bonus if our company does not meet such targets or an additional bonus if our company exceeds such targets. Mr. Ordogne is eligible for a bonus each year at the discretion of the board.

If we terminate the employment of Mr. Hornbeck for any reason other than for cause, he will be entitled to receive his salary until the actual termination date of his agreement. If, during the terms of their respective agreements, we terminate the employment of Messrs. Annessa, Harp or Ordogne for any reason other than for cause, he will be entitled to receive his salary until the actual termination date of his agreement. If we should undergo a change in control while the agreements are in effect and Messrs. Hornbeck, Annessa or Harp is either constructively or actually terminated under the conditions set forth in his agreement, then he will be entitled to receive three times his salary for the year in which the termination occurs and, in general, three times the bonus he received for the previous year. If we should undergo a change in control while Mr. Ordogne's agreement is in effect and he is either constructively or actually terminated under the conditions set forth in his agreement, then he will be entitled to receive one and one-half times his salary for the year in which the termination occurs and, in general, one and one-half times the bonus he received for the previous year.

Mr. Hornbeck has agreed that during the term of his agreement and Messrs. Annessa, Harp and Ordogne have each agreed that during the term of their respective agreements and for a period of one year (six months in the case of Mr. Ordogne) after termination, they will not (1) be employed by or associated with or own more than five percent of the outstanding securities of any entity that competes with us in the locations in which we operate, (2) solicit any of our employees to terminate their employment or (3) accept employment with or payments from any of our clients or customers who did business with us while employed by us. We may elect to extend Mr. Annessa's noncompetition period for an additional year by paying his compensation and other benefits for an additional year, and we may elect to extend Mr. Ordogne's noncompetition period for an additional six months by paying his compensation and other benefits for an additional six months.

Christian G. Vaccari served as our Chairman of the Board and Chief Executive Officer under an employment agreement with terms substantially identical to the terms of Mr. Hornbeck's employment agreement described above, except that prior to its termination, the term of Mr. Vaccari's agreement was scheduled to expire December 31, 2003, and it provided for an annual salary of $200,000. Effective February 27, 2002, Mr. Vaccari ceased serving as our Chairman of the Board and Chief Executive Officer and his employment under the terms of his agreement terminated. Mr. Vaccari will receive payments in accordance with the termination provisions of his agreement until February 27, 2004.

Incentive Compensation Plan

Our board of directors and shareholders adopted an Incentive Compensation Plan in 1997. The purpose of the Incentive Compensation Plan is to strengthen our company by providing an incentive to our employees, officers, consultants, non-employee directors and advisors to devote their abilities and energies to our success. The plan provides for the granting or awarding of incentive and nonqualified stock options, stock appreciation and dividend equivalent rights, restricted stock and performance shares. With the approval of our stockholders, we have reserved 3.5 million shares of our common stock for issuance pursuant to awards made under the plan, of which 1,063,889 shares are available for future grants or awards as of September 15, 2003.

The Incentive Compensation Plan is administered by the compensation committee. Subject to the express provisions of the plan, the compensation committee has full authority, among other things:

- to select the persons to whom stock, options and other awards will be granted;
- to determine the type, size and terms and conditions of stock options and other awards; and
- to establish the terms for treatment of stock options and other awards upon a termination of employment.

Under the plan, awards other than stock options and stock appreciation rights given to any of our executive officers whose compensation must be disclosed in our annual proxy statement and who is subject to the limitations imposed by Section 162(m) of the tax code must be based on the attainment of certain performance goals established by the board of directors or the compensation committee. The performance measures are limited to earnings per share, return on assets, return on equity, return on capital, net profits after taxes, net profits before taxes, operating profits, stock price and sales or expenses. Additionally, the performance goals must include formulas for calculating the amount of compensation payable if the goals are met; and both the goals and the formulas must be sufficiently objective so that a third party with knowledge of the relevant performance results could assess that the goals were met and calculate the amount to be paid.

Consistent with certain provisions of the tax code, there are other restrictions providing for a maximum number of shares that may be granted in any one year to a named executive officer and a maximum amount of compensation payable as an award under the plan (other than stock options and stock appreciation rights) to a named executive officer.

401(k) Retirement Plan

We have adopted a 401(k) plan for our employees. Employees are eligible to participate in the plan following three months of employment with us if they are at least 21 years of age. Under the plan, eligible employees are permitted, subject to legal limitations, to contribute up to 20% of compensation. The plan provides that we will match 100% of an employee’s contribution of up to 3% of his compensation before the end of each calendar year. We are also permitted to make qualified non-elective and discretionary contributions in proportion to each eligible employee’s compensation as a ratio of the aggregate compensation of all eligible employees. The amounts held under the plan are invested in investment funds maintained under the plan in accordance with the directions of each participant. This plan does not permit investments in our common stock.

All employee contributions are immediately 100% vested. Contributions by us to the plan vest at a rate of 20% each year after the second year of service. Upon attaining age 65, participants are automatically 100% vested, even with respect to our contributions. Subject to certain limitations imposed under the tax code, participants or their designated beneficiaries are entitled to payment of vested benefits upon termination of employment. On attaining age 65, participants are entitled to distribution of the full value of their benefits even if they continue to be employed by us. Such employees also have the option of deferring payment until April 1 following the year they attain the age of 70½. In addition, hardship and other in-service distributions are available under certain circumstances and subject to certain conditions. The amount of benefits ultimately payable to a participant under the plan depends on the level of the participant’s salary deferral contributions under the plan, the amount of our discretionary and matching contributions made to the plan and the performance of the investment funds maintained under the plan in which participants are invested.

CERTAIN TRANSACTIONS WITH RELATED PARTIES

The following is a discussion of transactions between our company and its executive officers, directors and shareholders owning more than 5% of our common stock. We believe that the terms of each of these transactions were at least as favorable as could have been obtained in similar transactions with unaffiliated third parties.

Effective May 29, 2002, we changed our name to Hornbeck Offshore Services, Inc. from HORNBECK-LEEVAC Marine Services, Inc., and one of our subsidiaries changed its name to Hornbeck Offshore Transportation, LLC from LEEVAC Marine, LLC. In connection with these name changes, we terminated a cross-license with Cari Investment Company covering the use of the name "LEEVAC" and certain logos associated with such name, and assigned all of our interests therein to Cari Investment Company. In consideration for the assignment, Cari Investment Company agreed not to use the name "LEEVAC" or its related logos in any activity that would compete with our business. Cari Investment Company is a holder of more than 5% of our common stock and Christian G. Vaccari, who served as our Chairman of the Board and Chief Executive Officer until February 2002 and who serves as one of our directors, is the President, Chief Executive Officer and Chairman of the Board of Cari Investment Company.

Mr. Vaccari is also a member of LEEVAC Industries, LLC. Two of our OSVs delivered in 2002 and three delivered in 2003 were built by LEEVAC Industries. As of September 15, 2003, we had a contract with LEEVAC Industries for the construction of one additional OSV. Between January 1, 2002 and September 17, 2003, we made payments under various shipyard contracts with LEEVAC Industries aggregating $41.7 million, and at September 17, 2003 our remaining contract with LEEVAC Industries provided for the payment of an additional $1.9 million over the course of construction of the one remaining OSV, the delivery of which is expected in December 2003. We entered into our current and past contracts with LEEVAC Industries following a competitive bidding process. In connection with our contract with LEEVAC Industries relating to the construction of the first four vessels under our current OSV newbuild program, we received a fairness opinion from an independent appraiser with respect to the terms of the transaction.

In 2002, the board approved an amendment to Mr. Cryar's outstanding stock options providing for full vesting at the closing of an initial public offering of our common stock of any unvested options previously granted to Mr. Cryar. As a result, options covering 10,000 shares of our common stock that would not otherwise be exercisable at that time will become exercisable at the closing of this offering.

We have entered into registration rights agreements, voting agreements and stockholders' agreements with Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and SCF-IV, L.P. Please read the sections entitled "Principal Stockholders—Voting Agreements," "Description of Capital Stock—Common Stock," "—Registration Rights" and "—Anti-Takeover Effects of Certificate, Bylaws, Stockholder Rights Plan and Delaware Law" for information regarding the terms of these agreements.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our voting securities as of September 15, 2003 and to reflect the sale of the shares of our common stock offered pursuant to this prospectus by:

- each person who is known to us to be the beneficial owner of more than 5% of our voting securities;
- each of our directors; and
- each of our executive officers and all of our executive officers and directors as a group.

Unless otherwise indicated, each person named below has an address in care of our principal executive offices and has sole power to vote and dispose of the shares of voting securities beneficially owned by them, subject to community property laws where applicable. The table below assumes that the underwriters will not purchase additional shares of common stock from us in this offering to cover over-allotments, and is therefore based on 36,319,536 shares of our common stock outstanding before this offering.

		Percentage of Common Stock Beneficially Owned (%)	
Name	**Shares of Common Stock Beneficially Owned (#)**	**Before the Offering**	**After the Offering**
Executive Officers and Directors:			
Todd M. Hornbeck	3,302,736(1)	9.0	
Carl G. Annessa	180,000(2)	*	
James O. Harp, Jr.	106,847(3)	*	
Timothy P. McCarthy	5,000(4)	*	
Paul M. Ordogne	155,600(5)	*	
Bernie W. Stewart	149,488(6)	*	
Richard W. Cryar	83,143(7)	*	
Larry D. Hornbeck	235,120(8)	*	
Bruce W. Hunt	85,000(9)	*	
Patricia B. Melcher	120,000	*	
David A. Trice	5,000	*	
Christian G. Vaccari	5,753,982(10)	14.7	
Andrew L. Waite	18,209(11)	*	
All directors and executive officers as a group (12 persons)	10,200,125(12)	41.7	
Other 5% Stockholders:			
SCF-IV, L.P.	11,818,019(13)	32.5	
Cari Investment Company	5,129,364(14)	14.7	
William Herbert Hunt Trust Estate	5,145,976(15)	14.2	
Rock Creek Capital Group, Inc.	4,660,904(16)	12.8	

* Indicates beneficial ownership of less than 1% of the total outstanding common stock.

(1) Includes (a) 1,250,000 shares owned by Troy Hornbeck, over which Todd M. Hornbeck holds voting power pursuant to a power of attorney, (b) 500,000 shares held by several family trusts for which Todd M. Hornbeck either serves as trustee or holds voting power pursuant to powers of attorney and (c) currently exercisable options to purchase 265,000 shares of common stock.

(2) Includes currently exercisable options to purchase 110,000 shares of common stock.
(3) Includes currently exercisable options to purchase 66,667 shares of common stock.
(4) Represents currently exercisable options to purchase 5,000 shares of common stock.
(5) Includes currently exercisable options to purchase 56,300 shares of common stock.
(6) Includes currently exercisable options to purchase 38,302 shares of common stock.
(7) Includes currently exercisable options to purchase 40,000 shares of common stock.
(8) Includes currently exercisable options to purchase 16,000 shares of common stock.
(9) Includes currently exercisable options to purchase 40,000 shares of common stock. Mr. Hunt is a representative of the William Herbert Hunt Trust Estate. As such, Mr. Hunt may be deemed to have voting and dispositive power over the shares beneficially owned by the Trust Estate. Mr. Hunt disclaims beneficial ownership of the shares owned by the Trust Estate.
(10) Includes (a) 5,129,364 shares of common stock owned directly by Cari Investment Company over which Mr. Vaccari, as owner and chief executive officer of Cari Investment Company, may be deemed to exercise shared voting and dispositive power, (b) 67,940 shares of common stock held in trusts for the benefit of Mr. Vaccari's children, of which Mr. Vaccari is the trustee, and (c) currently exercisable options to purchase 300,000 shares of common stock.
(11) Includes currently exercisable options to purchase 14,167 shares of common stock. Mr. Waite serves as Managing Director of L.E. Simmons & Associates, Incorporated, the ultimate general partner of SCF-IV, L.P. As such, Mr. Waite may be deemed to have voting and dispositive power over the shares beneficially owned by SCF-IV, L.P. Mr. Waite disclaims beneficial ownership of the shares owned by SCF-IV, L.P.
(12) Includes currently exercisable options to purchase 951,436 shares of common stock.
(13) SCF-IV, L.P. is a limited partnership of which the ultimate general partner is L.E. Simmons & Associates, Incorporated. The Chairman of the Board and President of L.E. Simmons & Associates, Incorporated is Mr. L.E. Simmons. As such, Mr. Simmons may be deemed to have voting and dispositive power over the shares owned by SCF-IV, L.P. The address of Mr. Simmons and SCF-IV, L.P. is 6600 J.P. Morgan Chase Tower, 600 Travis Street, Houston, Texas 77002. Pursuant to a voting arrangement entered into between SCF-IV, L.P. and us in connection with our private placement of common stock completed in October 2001, SCF is restricted from voting 673,365 of those shares. See "Description of Capital Stock."
(14) Cari Investment Company's address is 1100 Poydras Street, Suite 2000, New Orleans, Louisiana 70163.
(15) The Trust Estate's address if 3900 Thanksgiving Tower, 1601 Elm Street, Dallas, Texas 75201.
(16) Rock Creek Capital Group, Inc. is the ultimate general partner of both Rock Creek Partners II, Ltd. and Rock Creek II Co. Investments, Ltd. As such, Rock Creek Capital Group, Inc. may be deemed to have voting and dispositive power over the 4,283,545 shares owned directly by Rock Creek Partners II, Ltd. and the 377,359 shares owned directly by Rock Creek II Co. Investments, Ltd. The address of each of these entities is 1200 River Place Drive, Suite 902, Jacksonville, Florida 32207.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock, certificate of incorporation, bylaws and stockholder rights plan is only a summary. For more complete information, you should refer to our certificate of incorporation, bylaws and stockholder rights plan, which we have filed with the Commission and incorporated by reference as exhibits to the registration statement of which this prospectus is a part. In addition, you should refer to the general corporation laws of Delaware, which also govern our structure, management and activities.

As of September 17, 2003, our authorized capital stock consisted of:

- 100,000,000 shares of common stock, par value $.01 per share, of which 36,319,536 were outstanding and held by approximately 98 holders of record; and
- 5,000,000 shares of preferred stock, par value $.01 per share, of which 1,000,000 have been designated as Series A Junior Participating Preferred Stock in connection with the stockholder rights plan discussed below, but none are currently outstanding.

Because we have a significant amount of authorized but unissued common and preferred stock, our board may make it more difficult or may discourage an attempt to obtain control of our company by issuing additional stock in our company. Use of the common or preferred stock for this purpose might also protect incumbent management.

Before this offering, there has been no public market for our common stock. Although we intend to apply to list the common stock on the , we cannot assure you that a market for our common stock will develop or, if one develops, that it will be sustained.

Common Stock

General. The holders of common stock are entitled to one vote per share on all matters submitted to a vote of our stockholders. Stockholders are not permitted to cumulate their votes. With certain exceptions, which are described below, a majority of the votes entitled to be cast and represented in person or by proxy at a meeting of stockholders is required to approve any matter on which stockholders vote. The affirmative vote of holders of at least 80% of the shares entitled to vote is required to approve certain amendments to our certificate of incorporation and bylaws. See **"**—Anti-Takeover Effects of Certificate, Bylaws, Stockholder Rights Plan and Delaware Law—Board of Directors.**"** The affirmative vote of holders of at least $66^{2}/_{3}$% of the shares entitled to vote is required to approve or authorize:

- a merger or consolidation with any other corporation;
- the sale, lease, exchange or other disposition of all or substantially all of our assets;
- a liquidation of our company; or
- any amendments to our certificate of incorporation other than those indicated in this paragraph.

The holders of common stock are entitled to receive ratably such dividends as may be declared from time to time by our board of directors out of funds legally available for the payment of dividends, subject to preferences that may be applicable to any outstanding preferred stock. The indenture governing our senior notes and our revolving credit facility limit our ability to declare or pay dividends and, in some circumstances, prohibit the declaration or payment of dividends and other restricted payments. If we liquidate, dissolve or otherwise wind up our business, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and satisfaction of prior distribution rights of preferred stock, if any is then outstanding. The holders of common stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. All of the outstanding shares of common stock are fully paid and nonassessable, and the shares of common stock to be issued upon completion of this offering will be fully paid and nonassessable.

Voting Agreements. Under the terms of a stockholders' agreement among SCF-IV, L.P., Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and us, Todd and Troy Hornbeck and Cari Investment Company have agreed to vote their shares in favor of SCF-IV, L.P.'s designee to our board, so long as it owns at least 5% of our outstanding common stock. Under this agreement, SCF-IV, L.P. also agrees to vote its shares in favor of two designees of Todd and Troy Hornbeck and two designees of Cari Investment Company to the board of directors. Pursuant to a voting arrangement entered into between SCF-IV, L.P. and us in connection with our private placement of common stock completed in October 2001, SCF is restricted from voting 673,365 of its shares.

See also "Business—Environmental and Other Governmental Regulation" for a discussion of restrictions on foreign ownership of our stock.

Preferred Stock

Our board, without further action by our stockholders, is authorized to issue preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions of the preferred stock, including:

- dividends rights;
- conversion rights;
- voting powers;
- redemption rights; and
- liquidation preferences.

The issuance of preferred stock provides us with flexibility in achieving various corporate purposes, including possible acquisitions, but it could adversely affect the voting rights of holders of our common stock. It could also affect the likelihood that holders of common stock will receive dividends or payments upon liquidation.

A total of 1,000,000 shares of preferred stock has been designated as Series A Junior Participating Preferred Stock, which we refer to as "the Series A Preferred Stock", in connection with our stockholder rights plan discussed below. No other series of preferred stock is designated and no shares of preferred stock are outstanding.

Registration Rights

Under the terms of a stockholders' agreement among, Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and us, Todd and Troy Hornbeck and Cari Investment Company are entitled to require us to file a registration statement under the Securities Act of 1933 to sell some or all of the shares of our common stock held by them. We are only required to make one such stand-alone registration for each of Todd and Troy Hornbeck and one for Cari Investment Company. In addition, holders of a majority of the shares of our common stock issued to the Hornbecks and Cari Investment

Company on June 5, 1997 and shares issued with equivalent registration rights to other persons or entities may require us to register some or all of such shares if they have not already been registered and may not then be sold under Rule 144(k) of the Securities Act of 1933. Todd and Troy Hornbeck and Cari Investment Company also have the right to include some or all of their shares of common stock in any other registration statement that we file involving our common stock, subject to certain limitations.

Under the terms of a registration rights agreement among SCF-IV, L.P., us and the other stockholders that purchased shares of our common stock in the private placement of our common stock completed in November 2000, such stockholders have the right to include some or all of such shares, and any shares issued in respect of such shares, in any registration statement that we file involving our common stock, subject to certain limitations. Also under this agreement, the holders of a majority of the shares of our common stock issued in the November 2000 private placement are entitled to require us to file a registration statement under the Securities Act of 1933 to sell some or all of the common stock held by them. At this time, only SCF-IV, L.P. holds a majority of these shares.

Under the terms of a registration rights agreement among us and several stockholders that purchased shares of our common stock in the private placement completed in July 2003, such stockholders have the right to include some or all of such shares, and any shares issued in respect of such shares, in any registration statement that we file involving our common stock, subject to certain limitations.

All persons with registration rights under the foregoing agreements have either waived or are deemed to have waived their rights to participate in this offering.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Mellon Investor Services LLC.

Anti-Takeover Effects of Certificate, Bylaws, Stockholder Rights Plan and Delaware Law

General. Our certificate of incorporation, bylaws and stockholder rights plan contain provisions that are designed in part to make it more difficult and time-consuming for a person to obtain control of our company. The provisions of our certificate of incorporation, bylaws and stockholder rights plan reduce the vulnerability of our company to an unsolicited takeover proposal. These provisions may also have an adverse effect on the ability of stockholders to influence the governance of our company. In addition, our certificate of incorporation contains provisions that enable our board to limit the amount of our common stock that may be owned by persons who are not U.S. citizens. See "Business—Environmental and Other Governmental Regulation." This may adversely affect the liquidity of our common stock in certain situations. We have summarized the provisions of our certificate of incorporation and bylaws, other than those dealing with citizenship, and the terms of our stockholder rights plan below, but you should read our certificate of incorporation, bylaws and stockholder rights plan in their entirety for a complete description of the rights of holders of our common stock.

Board of Directors. Our certificate of incorporation and bylaws divide the members of our board of directors into three classes serving three-year staggered terms. The classification of directors makes it more difficult for our stockholders to change the composition of our board: at least two annual meetings of stockholders may be required for the stockholders to change a majority of the directors, whether or not a majority of our stockholders favors such a change. The affirmative vote of the holders of at least eighty percent (80%) of the shares entitled to vote is required to alter or repeal the provision related to the classification of our board.

Our stockholders may only remove directors from office for cause by the affirmative vote of stockholders holding at least 80% of the shares entitled to vote at an election of directors. Our stockholders may not remove directors without cause. Vacancies in a directorship may be filled only by the vote of a majority of the remaining directors, although if a director was removed by the stockholders, the vacancy may be filled at the meeting at which the removal took place by the affirmative vote of stockholders holding at least 80% of the shares entitled to vote. The number of directors may be fixed by resolution of the board, but must be no less than four nor more than nine unless otherwise determined by holders of 80% of the shares entitled to vote at an election of directors or by unanimous consent of the board.

Contractual Restrictions on Transfer by Certain Stockholders. Todd M. Hornbeck, Troy A. Hornbeck and Cari Investment Company have agreed, beginning after we become a reporting company under the Securities Exchange Act of 1934, to give us notice of and an opportunity to make a competing offer regarding a decision by any of them to sell or consider accepting an offer to sell to a single person or entity shares of common stock representing 5% or more of our common stock, other than in compliance with Rule 144 or to an affiliate or family member of the holder. SCF-IV, L.P. has also agreed to give us notice of and an opportunity to make a competing offer regarding a decision by it to sell or consider accepting an offer to sell to a single person or entity shares of common stock representing 5% or more of our common stock. SCF-IV, L.P. is further prohibited from transferring any of its shares of our common stock to any person or entity that is a competitor of ours. In addition, certain purchasers that participated in our 2003 private placement agreed to a similar restriction prohibiting the transfer of any of their shares of our common stock to any person or entity that is a competitor of ours.

Supermajority Voting. The affirmative vote of the holders of at least $66^{2}/_{3}$% of our outstanding voting stock is required to amend or repeal our certificate of incorporation, except with respect to the classification of the board, which requires the affirmative vote of the holders of at least 80% of our outstanding voting stock. The affirmative vote of the holders of at least 80% of our outstanding voting stock is required to amend, alter, change or repeal the provisions in our bylaws governing the following matters:

- the composition of the board of directors, including the classification of the board;
- the removal of directors and the procedure for electing the successor to a removed director;
- the date and time of the annual meeting;
- advance notice of stockholder nominations and stockholder business; and
- the procedure for calling a special meeting of stockholders.

No Stockholder Action by Written Consent. Under Delaware law, unless a corporation's certificate of incorporation specifies otherwise, any action that could be taken at an annual or special meeting of stockholders may be taken without a meeting and without notice to or a vote of other stockholders if a consent in writing is signed by holders of outstanding stock having voting power sufficient to take such action at a meeting at which all outstanding shares were present and voted. Our certificate of incorporation provides that stockholder action may be taken only at an annual or special meeting of stockholders. As a result, our stockholders may not act upon any matter except at a duly called meeting.

Advance Notice of Stockholder Nominations and Stockholder Business. Our stockholders may nominate a person for election as a director or bring other business before a stockholder meeting only if written notice of an intent to do so is given at a specified time in advance of the meeting.

Special Meetings of the Stockholders. Special meetings of the stockholders may be called only by the chairman of the board, the chief executive officer, the president, a majority of the directors or holders of not less than 25% of the shares entitled to vote at the meeting.

Stockholder Rights Plan. Our board implemented a stockholder rights plan on June 18, 2003, a copy of which has been filed with the Commission, and declared a dividend of one right for each outstanding share of our common stock to stockholders of record on June 18, 2003. One right will also attach to each share issued after June 18, 2003. The rights will only become exercisable, and transferable apart from our common stock, 10 business days following a public announcement that a person or group has acquired beneficial ownership of, or has commenced a tender or exchange offer for, 10% or more of our common stock. The discussion that follows sets forth the operation of the rights.

Each right will initially entitle the holder to purchase one one-hundredth of one share of our Series A Preferred Stock at a price of $75.00, subject to adjustment. If a person becomes an "acquiring person" as defined below, each holder of a right who is not an acquiring person will have the right to receive upon exercise of each right and payment of the purchase price one one-hundredth of one share of our Series A Preferred Stock (or, in certain circumstances, cash, property, our common stock or other of our securities). Similarly, if after an event triggering the exercise of the rights we are acquired in a merger or other business combination, or 50% or more of our assets or earning power are sold or transferred, each holder of a right (other than holders whose rights have been voided) will have the right to receive, upon exercise of the right and payment of the purchase price, that number of shares of common stock of the company acquiring us having a then current market price equal to twice the exercise price for one one-hundredth of a share of Series A Preferred Stock.

Under the Rights Agreement, an acquiring person is a person or group that has acquired or has announced an offer to acquire 10% or more of our common stock. The following are excluded from the definition of acquiring person:

- the company;
- any subsidiary of the company;
- any employee benefit plan or employee stock plan of the company, any subsidiary of the company or any person appointed or holding our common stock pursuant to the terms of any such plans; or
- any person whose ownership of 10% or more of our common stock then outstanding results solely from being a beneficial owner of 10% or more of our common stock at the effective date of the Rights Agreement or having participated in our 2003 private placement, results from any transaction approved by our board of directors or results from a reduction in the number of our issued and outstanding shares of common stock pursuant to a transaction approved by our board of directors. A person excluded for these reasons will become an acquiring person if it acquires any additional shares of our common stock, unless such additional acquisition does not increase its percentage ownership of our common stock.

We may redeem the rights in whole, but not in part, at a redemption price of $.001 per right at any time before the rights become exercisable. The rights expire on June 17, 2013. Pursuant to the stockholder rights plan, all shares of our Series A Preferred Stock are reserved for issuance upon exercise of the rights.

The rights have certain anti-takeover effects. The rights will cause substantial dilution to a person or group who attempts to acquire us without the approval of our board of directors. As a result, the overall effect of the rights may be to render more difficult or discourage any attempt to acquire us even if such acquisition may be favorable to the interests of our stockholders.

Because our board of directors can redeem the rights or approve certain offers, the rights should not interfere with any merger or other business combination approved by our board of directors.

The description and terms of the rights are set forth in a Rights Agreement between the company and Mellon Investor Services LLC, which serves as the rights agent.

Delaware Business Combination Statute. Section 203 of the Delaware General Corporation Law provides that, subject to specified exceptions, an "interested stockholder" of a Delaware corporation may not engage in any "business combination," including general mergers or consolidations or acquisitions of additional shares of the corporation, with the corporation for a three-year period following the time that such stockholder becomes an interested stockholder unless:

- before such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an "interested stockholder," the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding specified shares; or
- on or after such time, the business combination is approved by the board of directors of the corporation and authorized not by written consent, but at an annual or special meeting of stockholders, by the affirmative vote of at least $66^{2}/_{3}$% of the outstanding voting stock not owned by the interested stockholder.

Under Section 203, the restrictions described above also do not apply to specified business combinations proposed by an interested stockholder following the announcement or notification of a transaction specified in Section 203 and involving the corporation and a person who:

- had not been an interested stockholder during the previous three years; or
- became an interested stockholder with the approval of a majority of the corporation's directors,

if such transaction is approved or not opposed by a majority of the directors who were directors prior to any person becoming an interested stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors.

Except as otherwise specified in Section 203, an "interested stockholder" is defined to include:

- any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately before the date of determination; and
- the affiliates and associates of any such person.

Under some circumstances, Section 203 makes it more difficult for an interested stockholder to effect various business combinations with a corporation for a three-year period.

Indemnification of Directors and Officers

Our certificate of incorporation provides for indemnification of directors and officers under the circumstances and to the full extent permitted by Delaware law. We have also entered into indemnification agreements with our directors and officers.

SHARES ELIGIBLE FOR FUTURE SALE

There has been no market for our common stock before this offering, and we cannot assure you that a significant public market for our common stock will develop or be sustained for any period of time after this offering. Sales by our existing stockholders of a substantial number of shares of our common stock in the public market could cause the market price of our common stock to fall and could affect our ability to raise capital on terms favorable to us in the future.

Upon completion of this offering, we will have outstanding shares of common stock, assuming the underwriters' over-allotment option is not exercised. Of these shares, shares, or shares if the underwriters exercise their over-allotment option in full, of the common stock sold in this offering will be freely tradable without restriction under the Securities Act of 1933 unless purchased by our affiliates as that term is defined in Rule 144 under the Securities Act. The remaining shares of common stock outstanding will be restricted securities under Rule 144 and may in the future be sold without registration under the Securities Act to the extent permitted by Rule 144 or any other applicable exemption under the Securities Act, subject to the restrictions on transfer described in "Description of Securities—Anti-Takeover Effects of Certificate, Bylaws, Stockholder Rights Plan and Delaware Law—Contractual Restrictions on Transfer by Certain Stockholders" and the lock-up agreements described below.

Our executive officers, directors and certain stockholders have agreed pursuant to lock-up agreements that, with limited exceptions, they will not sell any shares of our common stock for a period of 180 days from the date of this prospectus without the prior written consent of the representatives.

As a result of these lock-up agreements and the rules under the Securities Act, the restricted shares will be available for sale in the public market, subject in most cases to volume and other restrictions, as follows:

Days after the Effective Date	Number of Shares Eligible for Sale	Comment
Upon effectiveness		Restricted shares not locked up and eligible for sale under Rule 144
90 days		Restricted shares not locked up and eligible for sale under Rules 144 and 701
180 days		Lock-up released; restricted shares eligible for sale under Rules 144 and 701

Upon expiration of the lock-up period, or to the extent restricted shares are not subject to the lock-up restrictions, the restricted shares will be available for sale in the public market, subject to Rule 144 and Rule 701 of the Securities Act.

The shares set forth in the above table do not include 1,242,625 shares of our common stock issuable under options that will become exercisable upon completion of this offering, of which will be eligible for sale after 90 days and of which will be eligible for sale after 180 days.

Rule 144

In general, under Rule 144 of the Securities Act as currently in effect, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated, such as an affiliate) who has beneficially owned restricted shares for at least one year, is permitted to sell, within any three-month period, the number of such restricted shares that does not exceed the greater of:

- one percent (1%) of the then-outstanding shares of our common stock, which will equal approximately shares after giving effect to this offering; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding such sale.

Sales under Rule 144 are subject to restrictions relating to manner of sale, notice and the availability of current public information about us.

Rule 144(k)

In addition, under Rule 144(k) of the Securities Act, a person who was not an affiliate of our company at any time within the three months preceding a sale, and who has beneficially owned shares for at least two years, may sell such shares immediately following this offering without having to comply with volume limitations, manner of sale provisions, notice or other requirements of Rule 144.

Rule 701

Any employees, directors, officers, consultants and advisors who purchased shares from us in connection with a compensatory stock or option plan or other written agreement may be entitled to rely on the resale provisions of Rule 701. Rule 701 permits resales of such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period and notice filing requirements of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144.

Following the consummation of this offering, we intend to file a registration statement on Form S-8 covering a total of 3.5 million shares of common stock reserved for issuance under our Incentive Compensation Plan. Shares of our common stock so registered will, subject to vesting provisions, Rule 144 volume limitations applicable to our affiliates and the expiration of any applicable lock-up agreement, be available for sale immediately in the open market. Options covering 1,242,625 shares of our common stock will become exercisable upon completion of this offering.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co., Jefferies & Company, Inc., Simmons & Company International and Johnson Rice & Company, LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman, Sachs & Co.	
Jefferies & Company, Inc.	
Simmons & Company International	
Johnson & Rice Company, L.L.C.	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional shares from us to cover such sales. They may exercise the option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by the Company	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. Any such securities dealers may resell any shares purchased from the underwriters to other brokers or dealers at a discount of up to $ per share from the initial public offering price. If all of the shares are not sold at the initial public offering price, the representatives may change this offering price and the other selling terms.

We, our executive officers and directors, and certain of our other stockholders have agreed with the underwriters not to dispose of or hedge any of our common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Available for Future Sale" for a discussion of certain transfer restrictions.

At our request, the underwriters have reserved for sale at the initial public offering price up to shares of common stock for sale to our employees and directors and certain other persons we designate. The number of shares of common stock available for sale to the general public in the offering will be reduced to the extent these persons purchase these reserved shares. Any shares not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to the market valuation of companies in related businesses.

Our common stock will be traded on under the trading symbol " ".

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from us in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriters in stabilizing transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on , in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

We estimate that the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $ million.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the company, for which they received or will receive customary fees and expenses.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed on for us by Winstead Sechrest & Minick P.C., Houston, Texas. R. Clyde Parker, Jr., a shareholder in Winstead Sechrest & Minick P.C., is a nonvoting, advisory director appointed by our board of directors, owns 148,500 shares of our common stock and has options to acquire 34,250 shares of our common stock. Certain legal matters in connection with this offering will be passed on for the underwriters by Vinson & Elkins L.L.P., Houston, Texas.

EXPERTS

The consolidated financial statements of Hornbeck Offshore Services, Inc. and the combined financial statements of the Spentonbush/Red Star Group appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent auditors, to the extent indicated in their reports thereon also appearing elsewhere herein and in the registration statement. Such consolidated financial statements have been included herein in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of
Hornbeck Offshore Services, Inc.

We have audited the accompanying consolidated balance sheets of Hornbeck Offshore Services, Inc. and subsidiaries (formerly known as HORNBECK-LEEVAC Marine Services, Inc. and HV Marine Services, Inc.) as of December 31, 2001 and 2002, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hornbeck Offshore Services, Inc. and subsidiaries as of December 31, 2001 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

New Orleans, Louisiana
January 31, 2003, except for Notes 3 and 4,
as to which the date is September 18, 2003

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HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars and shares in thousands)

	December 31, 2001	December 31, 2002	June 30, 2003
			(Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 53,203	$ 22,228	$ 14,747
Accounts and claims receivable, net of allowance for doubtful accounts of $133, $469 and $440, respectively	10,690	14,616	15,253
Stock subscriptions receivable	—	—	10,975
Prepaid insurance	1,047	569	1,644
Other current assets	665	1,877	1,558
Total current assets	65,605	39,290	44,177
Property, plant and equipment, net	180,781	226,232	297,965
Goodwill, net	2,628	2,628	2,628
Deferred charges, net	9,803	10,113	11,295
Other assets	—	27	27
Total assets	$258,817	$ 278,290	$ 356,092
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 5,624	$ 5,350	$ 6,589
Current portion of long-term debt	437	—	—
Accrued interest	8,161	7,747	7,786
Accrued payroll and benefits	2,867	3,740	2,353
Other accrued liabilities	—	188	237
Total current liabilities	17,089	17,025	16,965
Revolving credit facility	—	—	39,000
Long-term debt, net of original issue discount of $3,024, $2,694 and $2,514, respectively	171,976	172,306	172,486
Deferred tax liabilities, net	9,570	16,709	20,972
Other liabilities	316	374	313
Total liabilities	198,951	206,414	249,736
Stockholders' equity:			
Preferred stock: $0.01 par value; 5,000 shares authorized; no shares issued and outstanding	—	—	—
Common stock: $0.01 par value; 100,000 shares authorized; 30,135, 30,305 and 35,812 shares issued and outstanding at December 31, 2001 and 2002, and June 30, 2003, respectively	301	303	358
Additional paid-in capital	60,519	60,880	88,342
Retained earnings (deficit)	(954)	10,693	17,656
Total stockholders' equity	59,866	71,876	106,356
Total liabilities and stockholders' equity	$258,817	$ 278,290	$ 356,092

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

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars and shares in thousands)

	Year Ended December 31,			Six Months Ended June 30,	
	2000	**2001**	**2002**	**2002**	**2003**
				(Unaudited)	
Revenues	$ 36,102	$ 68,791	$ 92,585	$44,058	$53,357
Costs and expenses:					
Operating expenses	20,410	32,371	48,043	21,448	28,666
General and administrative expenses	3,355	8,473	10,271	5,053	5,713
	23,765	40,844	58,314	26,501	34,379
Operating income	12,337	27,947	34,271	17,557	18,978
Other income (expense):					
Interest income	305	1,455	667	448	115
Interest expense:					
Debt obligations	(8,216)	(13,694)	(16,207)	(7,796)	(8,574)
Put warrants	(7,262)	(2,952)	—	—	—
	(15,478)	(16,646)	(16,207)	(7,796)	(8,574)
Other income (expense), net	(138)	—	55	—	707
	(15,311)	(15,191)	(15,485)	(7,348)	(7,752)
Income (loss) before income taxes	(2,974)	12,756	18,786	10,209	11,226
Income tax expense	(1,550)	(5,737)	(7,139)	(3,879)	(4,263)
Net income (loss)	$ (4,524)	$ 7,019	$ 11,647	$ 6,330	$ 6,963
Basic net income (loss) per share of common stock	$ (0.36)	$ 0.27	$ 0.39	$ 0.21	$ 0.22
Diluted net income (loss) per share of common stock	$ (0.36)	$ 0.27	$ 0.38	$ 0.21	$ 0.22
Weighted average basic shares outstanding	12,594	25,661	30,245	30,188	31,006
Weighted average diluted shares outstanding	12,594	25,760	30,652	30,276	31,446

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

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollars and shares in thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
	Shares	Amount			
BALANCE AT JANUARY 1, 2000	11,367	$ 114	$ 12,529	$ (3,449)	$ 9,194
Shares issued	13,208	132	33,395	—	33,527
Net loss	—	—	—	(4,524)	(4,524)
BALANCE AT DECEMBER 31, 2000	24,575	$ 246	$ 45,924	$ (7,973)	$ 38,197
Shares issued	5,560	55	14,595	—	14,650
Net income	—	—	—	7,019	7,019
BALANCE AT DECEMBER 31, 2001	30,135	$ 301	$ 60,519	$ (954)	$ 59,866
Shares issued	188	2	411	—	413
Net income	—	—	—	11,647	11,647
Repurchase and retirement of shares	(18)	—	(50)	—	(50)
BALANCE AT DECEMBER 31, 2002	30,305	$ 303	$ 60,880	$ 10,693	$ 71,876
Shares issued	5,507	55	27,462	—	27,517
Net income	—	—	—	6,963	6,963
BALANCE AT JUNE 30, 2003 (unaudited)	35,812	$ 358	$ 88,342	$ 17,656	$ 106,356

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

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HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Year Ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
				(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ (4,524)	$ 7,019	$ 11,647	$ 6,330	$ 6,963
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation	4,250	6,501	10,351	4,551	6,358
Amortization	913	1,169	1,945	801	1,259
Provision for bad debts	(77)	78	336	322	(15)
Deferred tax expense	1,550	5,816	7,139	3,815	4,263
Gain on sale of assets	—	—	(32)	—	(713)
Equity in income from investments	—	—	(27)	—	—
Loss on early extinguishment of debt	—	3,029	—	—	—
Amortization of financing costs and initial warrant valuation	7,901	3,978	1,455	764	744
Changes in operating assets and liabilities:					
Accounts receivable	(3,051)	(4,419)	(4,335)	941	(622)
Prepaid insurance and other current assets	(50)	(379)	478	138	(756)
Deferred charges and other assets	(1,582)	(2,278)	(4,389)	(1,755)	(2,941)
Accounts payable	(1,002)	3,441	(295)	1,015	247
Accrued liabilities and other liabilities	778	2,099	1,095	(2,039)	(1,421)
Accrued interest	635	7,291	(413)	389	39
Net cash provided by operating activities	5,741	33,345	24,955	15,272	13,405
CASH FLOWS FROM INVESTING ACTIVITIES:					
Construction of offshore supply vessels	(14,144)	(50,475)	(48,359)	(26,637)	(22,445)
Acquisition of offshore supply vessels	—	—	—	—	(39,000)
Acquisition of tugs, tank barges and other vessels	—	(31,080)	—	—	(7,400)
Proceeds from sale of vessels	—	—	315	—	1,650
Capital expenditures	(1,180)	(6,773)	(7,727)	(4,841)	(4,181)
Net cash used in investing activities	(15,324)	(88,328)	(55,771)	(31,478)	(71,376)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of senior notes	—	171,896	—	—	—
Proceeds from borrowings under debt agreements	24,398	40,750	60	54	1,545
Net proceeds from borrowings under revolving credit facility	—	—	—	—	39,000
Payments on long-term debt	(19,062)	(129,930)	(453)	(434)	(533)
Deferred financing costs	(1,536)	(7,668)	(129)	(159)	(62)
Repurchase of shares	—	—	(50)	(50)	—
Repurchase of warrants	—	(14,500)	—	—	—
Proceeds from shares issued	32,627	14,650	413	413	10,540
Net cash provided by (used in) financing activities	36,427	75,198	(159)	(176)	50,490
Net increase (decrease) in cash and cash equivalents	26,844	20,215	(30,975)	(16,382)	(7,481)
Cash and cash equivalents at beginning of period	6,144	32,988	53,203	53,203	22,228
Cash and cash equivalents at end of period	$ 32,988	$ 53,203	$ 22,228	$ 36,821	$ 14,747
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES:					
Interest paid	$ 7,145	$ 5,577	$ 19,075	$ 9,658	$ 9,440
Income taxes paid	$ —	$ —	$ 65	$ —	$ —
NON-CASH FINANCING ACTIVITIES:					
Issuance of common stock to partially fund the purchase of offshore supply vessels	$ —	$ —	$ —	$ —	$ 6,000
Stock subscriptions receivable	$ —	$ —	$ —	$ —	$ 10,975

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

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars and shares in thousands)

1. Organization

Formation

Hornbeck Offshore Services, Inc. (formerly HORNBECK-LEEVAC Marine Services, Inc. and referred to as the Company in these Notes) was incorporated in the state of Delaware in 1997 under the name HV Marine Services, Inc. The Company wholly owns Hornbeck Offshore Transportation, LLC, Hornbeck Offshore Services, LLC, Hornbeck Offshore Operators, LLC and Energy Services Puerto Rico, LLC. Before May 29, 2002 Hornbeck Offshore Transportation, LLC and Hornbeck Offshore Operators, LLC were named LEEVAC Marine, LLC and HORNBECK-LEEVAC Marine Operators, LLC, respectively. All of the subsidiaries were converted from C corporations to limited liability companies (LLCs) in 2001. The accompanying financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Nature of Operations

Hornbeck Offshore Services, LLC (HOS) operates OSVs to provide support and specialty services to the offshore oil and gas exploration and production industry, primarily in the U.S. Gulf of Mexico. Hornbeck Offshore Transportation, LLC (HOT) operates ocean-going tugs and tank barges that provide transportation of petroleum products. In 2000, HOT operated an average of seven ocean-going tank barges and associated tugs. On May 31, 2001, the Company purchased a fleet of nine ocean-going tugs and nine ocean-going tank barges and the related coastwise transportation businesses from the Spentonbush/Red Star Group, affiliates of Amerada Hess Corporation, for approximately $28,000 in cash. HOT services the north-eastern seaboard of the United States and Puerto Rico. The results of this acquisition have been included since the date of acquisition (see Note 17). Hornbeck Offshore Operators, LLC (HOO) is a service subsidiary that provides administrative and personnel support to the other subsidiaries. Energy Services Puerto Rico, LLC (ESPR) provides administrative and personnel support to vessels operating in Puerto Rico.

During 2002 the Company obtained a 49.0 percent interest in Hornbeck Offshore Trinidad and Tobago Limited (HOTT). HOTT is a vessel crewing and management services company established to support the Company’s Trinidad-based operations. The 49.0 percent interest owned by the Company is being recorded using the equity method.

Unaudited Interim Financial Statements

The accompanying unaudited consolidated financial statements as of June 30, 2003 and for the six months ended June 30, 2002 and 2003 have been prepared in accordance with accounting principles generally accepted in the United States 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 accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all material 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 six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2. Summary of Significant Accounting Policies

Revenue Recognition

HOS contracts its offshore support vessels to clients under time charters based on a daily rate of hire and recognizes revenue as earned on a daily basis during the contract period of the specific vessel.

HOT contracts its vessels to clients primarily under contracts of affreightment, under which revenue is recognized based on the percentage of days incurred for the voyage to total estimated days applied to total estimated revenues. Voyage related costs are expensed as incurred. Substantially all voyages under these contracts are less than 10 days in length. HOT also contracts its vessels under time charters based on a daily rate of hire. Revenue is recognized on such contracts as earned on a daily basis during the contract period of the specific vessel.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments in money market funds and investments available for current use with an initial maturity of three months or less.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation and amortization of equipment and leasehold improvements are computed using the straight-line method based on the estimated useful lives of the related assets. Improvements and major repairs that extend the useful life of the related asset are capitalized. Gains and losses from retirements or other dispositions are recognized as incurred.

The estimated useful lives by classification are as follows:

Tugs	14-25 years
Tank Barges	3-18 years
Offshore supply vessels	25 years
Machinery and equipment	3-10 years

All of the tank barges have estimated useful lives based on their classification under the Oil Pollution Act of 1990.

Deferred Charges

The Company's tank barges, tugs and OSVs are required by regulation to be recertified after certain periods of time. The Company defers certain costs related to the recertification of the vessels. Deferred drydocking costs are amortized over the length of time in which the improvements made during the recertification are expected to last (generally 30 or 60 months). Financing charges are amortized over the term of the related debt using the interest method.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company's temporary differences primarily relate to depreciation and deferred drydocking costs.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred tax assets and liabilities are measured using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The provision for income taxes includes provisions for federal, state and foreign income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk

Customers are primarily major and independent, domestic and international, oil and oil service companies. The Company's customers are granted credit on a short-term basis and related credit risks are considered minimal. The Company usually does not require collateral.

Goodwill

Goodwill reflects the excess of cost over the estimated fair value of the net assets acquired. Before January 1, 2002, realization of goodwill was periodically assessed by management based on the expected future profitability and undiscounted future cash flows of acquired entities and their contribution to the overall operations of the Company. If the review indicated that the carrying value was not recoverable, the excess of the carrying value over the undiscounted cash flow was recognized as an impairment loss. Effective January 1, 2002, the Company has performed goodwill impairment reviews by reporting unit based on a fair value concept as required by Statement of Financial Accounting Standards (SFAS) No. 142 "Goodwill and Other Intangible Assets." See Recent Accounting Pronouncements.

Stock-Based Compensation

SFAS No. 123 "Accounting for Stock-Based Compensation" established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As provided for under SFAS 123, the Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board (APB) Opinion No. 25 "Accounting for Stock Issued to Employees." For all periods presented, the Company has used the intrinsic value method, in which compensation cost for stock options, if any, is measured as the excess of the estimated fair value market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock.

Impairment of Long-Lived Assets and Intangible Assets

When events or circumstances indicate that the carrying amount of long-lived assets to be held and used or intangible assets might not be recoverable, the expected future undiscounted cash flows from the assets is estimated and compared with the carrying amount of the assets. If the sum of the estimated undiscounted cash flows is less than the carrying amount of the assets, an impairment loss is recorded. The impairment loss is measured by comparing the fair value of the assets with their carrying amounts. Fair value is determined based on discounted cash flow or appraised values, as appropriate. Long-lived assets that are held for disposal are reported at the lower of the assets' carrying amount or fair value less costs related to the assets' disposition.

Recent Accounting Pronouncements

Effective January 1, 2001, the Company adopted SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards that every derivative instrument be recorded on the balance sheet as either an asset or liability measured at its fair value. The adoption did not have an impact on the Company's financial position as it has not entered into any derivative instruments.

In July 2001, the Financial Accounting Standards Board, on FASB, issued SFAS No. 141 "Business Combinations." SFAS 141 eliminated 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.

In July 2001, the FASB issued SFAS 142 "Goodwill and Other Intangible Assets." 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. For goodwill and indefinite-lived intangible assets acquired prior to July 1, 2001, goodwill continued to be amortized through 2001, at which time amortization ceased and a transitional goodwill impairment test was required to be performed. Any impairment charges resulting from the initial application of the new rules were classified as a cumulative change in accounting principle. The initial transition evaluation was completed by June 30, 2002, which was within the six-month transition period allowed by the new standard. The Company's goodwill balances were determined not to be impaired. Goodwill amortization for each of the years ended December 31, 2000, 2001 and 2002 was $126, $126 and $0, respectively.

The following table presents the Company's net income as reported in the Company's consolidated financial statements compared to that which would have been reported if SFAS 142 had been in effect as of January 1, 2000.

	Year Ended December 31,		
	2000	**2001**	**2002**
Net income (loss), as reported	$(4,524)	$ 7,019	$ 11,647
Amortization of goodwill	126	126	—
Net income (loss), as adjusted	$(4,398)	$ 7,145	$ 11,647

There was no per share effect from the adoption of SFAS 142.

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" which supersedes FASB Statement No. 121 "Accounting for the Impairment of

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS 144 also supersedes certain aspects of APB Opinion No. 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 Opinion 30. 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 consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145 **"**Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections.**"** SFAS 145 requires that gains or losses recorded from the extinguishment of debt that do not meet the criteria of APB Opinion No. 30 should not be presented as extraordinary items. This statement is effective for fiscal years beginning after May 15, 2002 as it relates to the reissued FASB Statement No. 4, with earlier application permitted. Any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet the criteria in APB 30 for classification as an extraordinary item should be reclassified (see Note 4).

In June 2002, the FASB issued SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 nullifies EITF Issue 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," under which a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized at fair value when the liability is incurred. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002. SFAS 146 has no impact on the consolidated financial statements of the Company for the year ended December 31, 2002.

In November 2002, the FASB issued FASB Interpretation No., or FIN, 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of FIN 45 are applied prospectively to guarantees issued or modified after December 31, 2002. The adoption of these recognition provisions will result in recording liabilities associated with certain guarantees provided by the Company. The disclosure requirements of FIN 45 are effective for financial statements of interim or annual periods ending after December 15, 2002. FIN 45 did not have an impact on the consolidated financial statements.

In December 2002, SFAS No. 148 "Accounting for Stock-Based Compensation—Transition and Disclosure—An Amendment of FASB Statement No. 123" was issued by the FASB and amends SFAS 123 "Accounting for Stock-Based Compensation." SFAS 148 provides alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation and amends the disclosure provisions of SFAS 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. The Company has not adopted any of the alternative methods of transition and continues to apply APB Opinion No. 25. Additionally, SFAS 148 amends APB Opinion No. 28 “Interim Financial Reporting” to require disclosure about those effects in interim financial information. The transition method provisions of SFAS 148 are effective for fiscal years ending after December 15, 2002. The interim financial reporting requirements of SFAS 148 are effective for financial reports containing condensed financial statements for interim periods beginning after December 15, 2002, which the Company has adopted.

In January 2003, the FASB issued FIN 46 “Consolidation of Variable Interest Entities,” which clarifies the application of Accounting Research Bulletin (ARB) No. 51 “Consolidated Financial Statements” to certain entities (called variable interest entities) in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The disclosure requirements of this Interpretation are effective for all financial statements issued after January 31, 2003. The consolidation requirements apply to all variable interest entities created after January 31, 2003. In addition, public companies must apply the consolidation requirements to variable interest entities that existed prior to February 1, 2003 and remain in existence as of the beginning of annual or interim periods beginning after June 15, 2003. FIN 46 is not expected to have a material impact on the Company’s consolidated financial statements upon adoption.

In April 2003, the FASB issued SFAS No. 149 “Amendment of Statement 133 on Derivative Instruments and Hedging Activities” to clarify under what circumstances a contract with an initial net investment meets the characteristics of a derivative, to clarify when a derivative contains a financing component, to amend the definition of an “underlying” to conform it to language in FIN 45 “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others” and to amend certain other existing pronouncements. SFAS 149 is effective for contracts entered into or modified after June 30, 2003, and is to be applied prospectively. Implementation of SFAS 149 did not have a material effect on the Company’s consolidated financial statements as of and for the period ended June 30, 2003, as it did not have any derivative instruments or hedging arrangements.

In May 2003, the FASB issued SFAS No. 150 “Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity.” SFAS 150 requires that certain financial instruments issued in the form of shares that are mandatorily redeemable, as well as certain other financial instruments, be classified as liabilities in the financial statements. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective beginning with the Company’s second quarter of 2004. The provisions of this statement did not have a material impact on the Company’s consolidated financial statements as of and for the period ended June 30, 2003.

Reclassifications

Certain reclassifications of amounts reported in prior years have been made to conform to the current year presentation.

3. Earnings Per Share

In connection with the Company’s anticipated filing of a registration statement on Form S-1 to complete an initial public offering of the Company’s stock, the required earnings per share disclosures of a Company with publicly traded equity securities have been presented in the accompanying financial statements. Earnings per share disclosures were not previously required.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Basic net income (loss) per share of common stock was calculated by dividing net income (loss) applicable to common stock by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share of common stock was calculated by dividing net income (loss) applicable to common stock by the weighted average number of common shares outstanding during the year plus the effect of dilutive stock options and warrants. Weighted average number of common shares outstanding was calculated by using the sum of the shares determined on a daily basis divided by the number of days in the period. At December 31, 2001 and 2002 and the six months ended June 30, 2002 and 2003, the Company had dilutive stock options of 99, 407, 88, and 440, respectively, which were assumed exercised using the treasury stock method. Options excluded from the computation of diluted income (loss) per share for the year ended December 31, 2000 that could potentially dilute net income (loss) per share in the future totaled 14 shares. Since the Company incurred a loss per share in 2000 these potentially dilutive options were excluded, as they would be antidilutive to basic income (loss) per share. Warrants convertible to 11,905 shares and 9,920 shares for the years ended December 31, 2000 and 2001, respectively, were excluded from the computation of diluted net income (loss) per share of common stock as their effect was anti-dilutive.

4. Early Extinguishment of Debt

A loss of $3,029 was incurred during the third quarter of 2001 resulting from the write-off of deferred financing costs upon the refinancing of the Company's debt through the issuance of $175,000 of senior notes in July 2001 (see Note 8). The loss was classified as an extraordinary item in the previously issued 2001 financial statements. In connection with the adoption of SFAS 145 on January 1, 2003, this loss has been reclassified in the accompanying financial statements as an increase to interest expense (see Note 2 – Recent Accounting Pronouncements).

5. Defined Contribution Plan

The Company was a participating employer in the Cari Investment Company 401(k) Plan, a defined contribution plan with a cash or deferred arrangement pursuant to Section 401(k) of the Internal Revenue Code. The Company established a simple employer plan on March 1, 2001. Employees must be at least twenty-one years of age and have completed three months of service to be eligible for participation. Participants may elect to defer up to 20% of their compensation, subject to certain statutorily established limits. The Company may elect to make annual matching and/or profit sharing contributions to the plan. During the years ended December 31, 2000, 2001 and 2002, the Company made contributions of $6, $75 and $125, respectively.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

6. Property, Plant and Equipment

Property, plant and equipment consisted of the following :

	December 31, 2001	December 31, 2002	June 30, 2003
			(Unaudited)
Tugs	$ 28,846	$ 28,725	$ 28,786
Tank barges	26,504	29,299	35,484
Offshore supply vessels	102,932	167,864	239,962
Construction in progress	36,402	22,866	21,336
Machinery and equipment	581	2,283	3,072
Less: Accumulated depreciation	(14,484)	(24,805)	(30,675)
	$180,781	$226,232	$ 297,965

Interest expense of $365, $3,075, $3,867 and $1,658 was capitalized for the years ended December 31, 2000, 2001 and 2002, and the six months ended June 30, 2003, respectively.

7. Investment in Unconsolidated Entity

In years prior to 2000 and for over ten months in 2000 the Company had a 60 percent limited partner interest in a partnership. The remaining 40 percent was owned by an entity in which the Company's then Chairman of the Board and Chief Executive Officer had a minority interest. The partnership's only asset was a tank barge which was leased by the Company on a short-term basis. The Company accounted for this investment using the cost-method of accounting because it did not exert significant influence over the operations of the partnership. Monthly lease payments were charged to expense, and partnership profit distributions were netted against the lease expense. During the year ended December 31, 2000, HOT's lease expense, net of distributions, related to this partnership was approximately $106. As part of its $35,000 private placement of common stock in November 2000, the Company issued approximately 340 shares of common stock at a per share price of $2.65 for an aggregate of $900 in exchange for the remaining 40 percent of the partnership. The price represented 40 percent of the value of the tank barge based on an independent appraisal. As a result the barge was recorded as an asset in the Company's consolidated property, plant and equipment.

8. Long-Term Debt

On June 5, 1998, the Company entered into a $20,000 line of credit agreement (Credit Facility) with a venture capital company to refinance existing indebtedness and partially finance the construction of OSVs (see Note 12). The Company issued detachable warrants to purchase 11,905 shares of common stock in connection with the Credit Facility. The warrants were assigned an estimated market value of $500. 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 the Credit Facility, the Company filing for bankruptcy or if the indebtedness under the Credit Facility was not discharged in full by June 5, 2003. All of the warrants issued in connection with establishment of the Credit Facility 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.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

According to EITF Issue No. 88-9 “Accounting for Put Warrants, issued by the Emerging Issues Task Force” and supplemented by EITF Issue No. 00-19 “Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock” a company whose stock is publicly traded is required to account for warrants that contain put options as a liability. Upon the Company’s filing of a Registration Statement on Form S-1 in July 2002, which was subsequently withdrawn in October 2002, the accounting for put warrants as a liability became effective. As previously discussed, the Company assigned a market value of $500 to the warrants at issuance based on the relative fair value of the Credit Facility and the warrants. The $500 was allocated to debt with all subsequent changes to the fair market value of the warrants for each period presented being recorded as an adjustment to interest expense.

The Company repurchased and terminated all of the warrants for $14,500 in October 2001. The repurchase of the warrants was funded by a private placement of the Company’s common stock for gross proceeds of $14,650. The remaining funds were used for payment of expenses incurred in the offering.

On July 24, 2001, the Company issued $175,000 in principal amount of 10 5/8% senior notes. The Company realized net proceeds of approximately $165,000, a substantial portion of which was used to repay and fully extinguish all of the then 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% 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%. 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 December 31, 2002, the Company was permitted to incur a minimum of $25,000 of additional indebtedness.

In connection with the issuance of the senior notes, the Company wrote-off deferred financing costs related to previous credit facilities. The write-off in the amount of $3,029 has been presented as an adjustment to interest expense in the accompanying statements of operations (see Note 4).

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, the offering of which was publicly registered.

Effective December 31, 2001, the Company entered into a new senior secured revolving line of credit for $50,000 (revolving credit facility). Pursuant to the amended terms of such revolving credit facility, the Company’s borrowing base was recently increased to $50,000. 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 is 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 Spentonbush/Red Star Group acquisition. Unused commitment fees are payable quarterly at the annual rate of three-eighths of one percent on the revolving credit facility. This facility expires on December 31, 2004. As of June 30, 2003, as permitted by the indenture, the Company had increased the borrowing base of its revolving credit facility to $50,000 and had drawn $39,000 under such facility to fund the acquisition of a tank barge, and a portion of the acquisition cost of five offshore supply vessels.

As of the dates indicated, the Company had the following outstanding long-term debt:

	December 31, 2001	December 31, 2002
10 5/8% senior notes due 2008, net of original issue discount of $2,694 and $3,024, respectively	$ 171,976	$ 172,306
Other notes payable	437	—
	172,413	172,306
Less: Current maturities	437	—
	$ 171,976	$ 172,306

Annual maturities of long-term debt during each year ending December 31, are as follows:

2003	—
2004	—
2005	—
2006	—
2007	—
Thereafter	172,306
	$ 172,306

9. Stockholders' Equity

Preferred Stock

The Company's charter authorizes 5,000 shares of preferred stock. The Board of Directors has the authority to issue preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series or the designation of such series, without further vote or action by the Company's shareholders.

Stockholder Rights Plan

The Company's Board of Directors implemented a stockholder rights plan on June 18, 2003, declaring a dividend of one right for each outstanding share of common stock to stockholders of record on June 18, 2003. One right will also attach to each share of common stock issued after June 28, 2003. The rights become exercisable, and transferable apart from the Company's common stock, 10 business days following a public announcement that a person or group has acquired beneficial ownership of, or has commenced a tender or exchange offer for, 10% or more of the Company's common stock.

The rights have anti-takeover effects, causing substantial dilution to a person or group who attempts to acquire the Company without the approval of the Board of Directors. As a result, the overall effect of the rights may be to render more difficult or discourage any attempt to acquire the Company even if such acquisition may be favorable to the interests of the Company's stockholders. Because the Board of Directors can redeem the rights or approve certain offers, the rights should not interfere with any merger or other business combination approved by the Company's Board of Directors.

Private Placement of Common Stock

In May 2003, the Company commenced a private placement of its common stock to accredited investors to raise gross proceeds of $30,000, including $6,000 of common stock, or 1,200 shares, issued to Candy Fleet as partial consideration for the June 26, 2003 acquisition of five deepwater OSVs. The Company had received payments or irrevocable, unconditional and binding stock subscriptions for 4,300 shares resulting in $10,500 of cash proceeds and subscriptions receivable of approximately $11,000 by June 30, 2003. All stock subscriptions receivables recorded during June 2003 were collected in full during July 2003. The private placement was completed in July 2003 with $2,500 of additional proceeds received from July 2003 subscriptions for 500 shares.

10. Stock Option Plan

SFAS No. 123 "Accounting for Stock-Based Compensation" established financial accounting and reporting standards for stock-based compensation plans. The Company's plan includes all arrangements by which employees and directors receive shares of stock or other equity instruments of the Company, or the Company incurs liabilities to employees or directors in amounts based on the price of the stock. SFAS 123 defines a fair-value-based method of accounting for stock-based compensation. However, SFAS 123 also allows an entity to continue to measure stock-based compensation cost using the intrinsic value method of APB Opinion No. 25 "Accounting for Stock Issued to Employees." Entities electing to retain the accounting prescribed in APB 25 must make pro forma disclosures of net income assuming dilution as if the fair-value-based method of accounting defined in SFAS 123 had been applied. The Company retained the provisions of APB 25 for expense recognition purposes. Under APB 25, where the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

The Company established an incentive stock option plan which provides the Company with the ability to grant options for a maximum of 3,500 shares of common stock. The purchase price of the stock subject to each option is determined by the Board of Directors of the Company and cannot be less than the fair market value of the stock at the date of grant. During 2002, options for 113 shares were exercised. All options granted expire five to ten years after the date of grant, have an exercise price equal to or greater than the estimated market price of the Company's stock at the date of grant and vest over a two to four year period.

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The following summarizes the option activity in the plan during 2000, 2001 and 2002:

	2000		2001		2002	
	Number of Options Outstanding	Average Price Per Share	Number of Options Outstanding	Average Price Per Share	Number of Options Outstanding	Average Price Per Share
Outstanding, beginning of year	150	$ 1.85	386	$ 1.97	1,740	$ 2.51
Granted	236	2.04	1,420	2.65	333	2.65
Exercised	—	—	—	—	(113)	1.95
Cancelled	—	—	(66)	2.36	(28)	2.65
Outstanding, end of year	386	$ 1.97	1,740	$ 2.51	1,932	$ 2.56
Exercisable, end of year	196		568		908	
Weighted average fair value of options granted during the year		$ 0.52		$ 0.74		$ 0.84

The weighted average remaining contractual life for the options at December 31, 2002 was 5 years.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

If compensation cost for the Company's stock options had been determined based on the fair value at the grant date consistent with the method under SFAS 123, the Company's income available to common stockholders for the years ended December 31, 2000, 2001 and 2002 and the six months ended June 30, 2002 and 2003, would have been as indicated below:

	Years ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
				(Unaudited)	
Income (loss) available to common stockholders:					
As reported	$(4,524)	$7,019	$11,647	$6,330	$6,963
Deduct: stock based employee compensation expense determined under fair value based method for all awards, net of related tax effect	(41)	(170)	(217)	(193)	(194)
Pro forma	$(4,565)	$6,849	$11,430	$6,137	$6,769
Basic net income (loss) per share of common stock:					
As reported	$ (0.36)	$ 0.27	$ 0.39	$ 0.21	$ 0.22
Deduct: stock based employee compensation expense determined under fair value based method for all awards, net of related tax effect	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Pro forma	$ (0.36)	$ 0.26	$ 0.38	$ 0.20	$ 0.21
Diluted net income (loss) per share of common stock:					
As reported	$ (0.36)	$ 0.27	$ 0.38	$ 0.21	$ 0.22
Deduct: stock based employee compensation expense determined under fair value based method for all awards, net of related tax effect	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Pro forma	$ (0.36)	$ 0.26	$ 0.37	$ 0.20	$ 0.21

The fair value of the options granted under the Company's stock option plan during each of the three years ended December 31, 2000, 2001 and 2002, was estimated using the Black-Scholes pricing model using the minimum value method whereby volatility is not considered. The other assumptions used were: a risk-free interest rate of 6.20%, 4.88% and 3.83%, respectively, and an expected life of five to seven years with no expected dividends for each year.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

11. Income Taxes

The net long-term deferred tax liabilities (assets) in the accompanying consolidated balance sheets include the following components:

	December 31	
	2001	2002
Deferred tax liabilities:		
Fixed assets	$11,819	$23,396
Deferred charges	964	1,314
Total deferred tax liabilities	12,783	24,710
Deferred tax assets:		
Net operating loss carryforward	(3,201)	(7,917)
Allowance for doubtful accounts	(39)	(162)
Other	(65)	(17)
Total deferred tax assets	(3,305)	(8,096)
Valuation allowance	92	95
Total deferred tax liabilities, net	$ 9,570	$16,709

The components of the income tax expense follow:

	2000	2001	2002
Current tax expense	$ —	$ —	$ —
Deferred tax expense	1,550	5,737	7,139
Total	$ 1,550	$ 5,737	$ 7,139

At December 31, 2002, the Company had federal net operating loss carryforwards of approximately $21,549. The carryforward benefit from the federal net operating loss carryforwards begins to expire in 2018. The Company had state net operating loss carryforwards of approximately $1,515 related to one state tax jurisdiction. These carryforwards can only be utilized if the Company generates taxable income in the appropriate tax jurisdiction. A valuation allowance has been established to fully offset the deferred tax asset related to the state tax jurisdiction.

The following table reconciles the difference between the Company’s income tax provision calculated at the federal statutory rate and the actual income tax provision:

	2000	2001	2002
Statutory rate	$(1,011)	$ 4,460	$ 6,575
State taxes	(30)	158	275
Non-deductible expense	(30)	47	95
Non-deductible interest expense – warrants	2,621	1,033	—
Other	—	39	194
	$ 1,550	$ 5,737	$ 7,139

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

12. Commitments and Contingencies

Vessel Construction

At December 31, 2002, the Company was committed under a vessel construction contract with a shipyard affiliated with the Company's former Chairman of the Board and Chief Executive Officer to construct four OSVs. At that date, the remaining amount expected to be incurred to complete construction with respect to such contract was approximately $24,926. The Company is obligated under the terms of the contract to remit funds to the shipyard based on vessel construction milestones, which are subject to change during vessel construction.

Operating Leases

The Company is obligated under certain operating leases for marine vessels, office space and vehicles. The Brooklyn facility lease provides for a term of five years with five one-year renewal options.

Future minimum payments under noncancelable leases for years subsequent to 2002 follow:

Year Ended December 31,	
2003	$ 937
2004	264
2005	217
2006	88
2007	—
	$ 1,506

The Company is obligated under capital leases for certain vehicles. The lease payments, which bear no interest expense, will be $21, $21, and $4 for the years ended December 31, 2003, 2004 and 2005, respectively.

In addition, the Company leases marine vessels used in its operations under month-to-month operating lease agreements. Total rent expense related to leases was $1,758, $771 and $1,559 during the years ended December 31, 2000, 2001 and 2002, respectively, and $921 during the six-month period ended June 30, 2003.

See Note 17 for a description of the lease entered into in connection with the Spentonbush/Red Star Group acquisition.

In the normal course of its business, the Company becomes involved in various claims and legal proceedings in which monetary damages are sought. It is management's opinion that the Company's liability, if any, under such claims or proceedings would not materially affect its financial position or results of operations.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. Deferred Charges

Deferred charges include the following:

	December 31,			June 30, 2003
	2000	2001	2002	(Unaudited)
Deferred financing costs, net of accumulated amortization of $889, $424, $1,479 and $1,990, respectively	$3,004	$6,554	$ 5,559	$ 5,058
Deferred drydockings costs, net of accumulated amortization of $1,372, $2,414, $4,352 and $3,779, respectively	2,086	2,789	3,261	4,764
Deferred equity offering costs and other, net of accumulated amortization of $2, $6, $70 and $102, respectively	30	460	1,293	1,473
Total	$5,120	$9,803	$ 10,113	$ 11,295

14. Related Party Transactions

A former member of the Company's Board of Directors, who served on the Board from June 1997 until August 2001 and is now serving as an advisory director, is a shareholder in a law firm that has provided legal services to the Company. The Company paid approximately $475 and $1,529 to the law firm during the years ended December 31, 2000 and 2001, respectively, the years during which he served as a director. As discussed in Note 12, the Company was committed under a vessel construction contract to construct four OSVs with a shipyard affiliated with the Company's former Chairman of the Board and Chief Executive Officer. The same shipyard has constructed seven of the 13 OSVs in service as of December 31, 2002. See Note 12 for additional information.

15. Major Customers

In the years ended December 31, 2000, 2001 and 2002 and the six months ended June 30, 2002 and 2003 revenues by customer that individually exceeded ten percent of total revenue are as follows:

	Year Ended December 31,			Six Months Ended June 30, (Unaudited)	
	2000	2001	2002	2002	2003
Customer A	—	—	11%	—	15%
Customer B	13%	12%	—	—	—
Customer C	15%	—	—	—	—
Customer D	—	19%	24%	16%	10%
Customer E	—	—	—	—	12%
Customer F	—	—	—	—	11%
Customer G	—	—	—	—	10%

16. Segment Information

The Company provides marine transportation services through two business segments. The Company operates new generation offshore supply vessels in the Gulf of Mexico and Trinidad & Tobago through its offshore supply vessel segment. The offshore supply vessels principally support complex exploration and production projects by transporting cargo to offshore drilling rigs and

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production facilities and provide 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 shows reportable segment information for the years ended December 31, 2000, 2001 and 2002 and for the interim periods ended June 30, 2002 and 2003 reconciled to consolidated totals and prepared on the same basis as the Company's consolidated financial statements.

	Year Ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
				(Unaudited)	
Operating Revenues:					
Offshore supply vessels	$19,626	$33,610	$46,378	$20,093	$27,767
Tugs and tank barges	16,476	35,181	46,207	23,965	25,590
Total	$36,102	$68,791	$92,585	$44,058	$53,357
Operating Expenses:					
Offshore supply vessels	$ 9,291	$11,448	$20,052	$ 8,230	$12,990
Tugs and tank barges	11,119	20,923	27,991	13,218	15,676
Total	$20,410	$32,371	$48,043	$21,448	$28,666
General and Administrative Expenses:					
Offshore supply vessels	$ 1,551	$ 3,720	$ 3,985	$ 1,896	$ 2,530
Tugs and tank barges	1,804	4,753	6,286	3,157	3,183
Total	$ 3,355	$ 8,473	$10,271	$ 5,053	$ 5,713
Operating Income:					
Offshore supply vessels	$ 8,784	$18,442	$22,341	$ 9,966	$12,247
Tugs and tank barges	3,553	9,505	11,930	7,591	6,731
Total	$12,337	$27,947	$34,271	$17,557	$18,978
Capital Expenditures:					
Offshore supply vessels	$14,473	$53,317	$51,865	$28,567	$70,500
Tugs and tank barges	709	34,926	3,295	2,679	8,081
Corporate	142	85	611	232	446
Total	$15,324	$88,328	$55,771	$31,478	$79,027
Depreciation and Amortization:					
Offshore supply vessels	$ 2,823	$ 3,503	$ 5,830	$ 2,477	$ 3,926
Tugs and tank barges	2,340	4,167	6,466	2,879	3,691
Total	$ 5,163	$ 7,670	$12,296	$ 5,356	$ 7,617

	As of December 31,			As of June 30, 2003
	2000	2001	2002	
				(Unaudited)
Identifiable Assets:				
Offshore supply vessels	$ 87,866	$ 140,580	$ 196,068	$ 257,967
Tugs and tank barges	28,569	67,937	74,036	87,649
Corporate	30,713	50,300	8,186	10,476
Total	$ 147,148	$ 258,817	$ 278,290	$ 356,092
Long-lived assets:				
Offshore supply vessels	$ 78,143	$ 128,188	$ 174,676	$ 241,582
Tugs and tank barges	20,449	52,272	50,797	55,317
Corporate	343	321	759	1,066
Total	$ 98,935	$ 180,781	$ 226,232	$ 297,965

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

17. Spentonbush/Red Star Group Acquisition

On May 31, 2001, the Company purchased a fleet of nine ocean-going tugs and nine ocean-going tank barges and the related coastwise transportation businesses from the Spentonbush/Red Star Group for approximately $28,000 in cash. As part of the acquisition, the Company entered into a contract of affreightment with Amerada Hess as its exclusive marine logistics provider and coastwise transporter of petroleum products in the northeastern United States. The contract became effective on June 1, 2001 and its initial term continues through March 31, 2006. The Company also entered into a five-year lease for the Brooklyn marine facility of Amerada Hess where the tug and tank barge operations that were acquired are based and from which such operations are conducted. The lease expires in March 2006. The Company incurred approximately $600 in acquisition costs.

The purchase method was used to account for the acquisition of the tugs and tank barges from the Spentonbush/Red Star Group. There was no goodwill recorded as a result of the acquisition. The Company completed its final purchase price allocation and increased the liabilities related to assumed drydocking liabilities to $4,995. The following reflects the final allocation of the purchase price and recertification costs incurred during the allocation period following the acquisition date (in thousands):

Property, plant and equipment	$32,025
Other assets	1,000
Accrued liabilities	(4,995)
Purchase price	$28,030

The following summarized unaudited pro-forma income statement data reflects the impact the Spentonbush/Red Star Group acquisition would have had on the Company’s consolidated results of operations for 2000 and 2001, if the acquisition had taken place at the beginning of the fiscal year (in thousands):

	Unaudited Pro-Forma Results for the	
	Year Ended December 31, 2000	Year Ended December 31, 2001
Revenues	$ 78,198	$ 89,298
Operating income	21,621	33,614
Net income	283	10,189

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18. Supplemental Selected Quarterly Financial Data (Unaudited):

	Quarter Ended			
	Mar 31	Jun 30	Sep 30	Dec 31
Fiscal Year 2001				
Revenues	$ 10,416	$ 15,278	$ 21,422	$ 21,675
Operating income	3,999	6,438	8,788	8,722
Net income	1,758	3,122	1,667	472
Net income per share of common stock:				
Basic	$ 0.07	$ 0.13	$ 0.07	$ 0.02
Diluted	0.07	0.13	0.07	0.02
Fiscal Year 2002				
Revenues	$ 22,743	$ 21,315	$ 22,322	$ 26,204
Operating income	9,322	8,235	7,209	9,505
Net income	3,489	2,841	2,043	3,274
Net income per share of common stock:				
Basic	$ 0.12	$ 0.09	$ 0.07	$ 0.11
Diluted	0.12	0.09	0.07	0.11

The sum of the four quarters may not equal annual results due to rounding.

19. Employment Agreements

The Company has employment agreements with certain members of its executive management team. These agreements include, among other things, contractually stated base level salaries and a structured bonus plan dependent upon the Company achieving EBITDA and earnings per share targets in years during which the employment agreements are in effect. In the event a member of the executive management team is terminated due to events as defined in the agreement, the employee will continue to receive salary, bonus and other payments equal to the full amount payable under the agreement.

Effective February 27, 2002, the Company's former Chairman of the Board and Chief Executive Officer ceased serving in that capacity and his employment under the terms of his agreement terminated. The Company has accrued its contractual obligation as of the date of termination.

20. Candy Fleet Offshore Supply Vessel Acquisitions (Unaudited)

On June 26, 2003, the Company acquired five 220-foot new generation offshore supply vessels and their related business from Candy Marine Investment Corporation, an affiliate of Candy Fleet Corporation (collectively, "Candy Fleet"), for $45,000, comprised of $39,000 in cash and of $6,000 of common stock, for the purpose of diversifying its offshore supply vessel fleet and expanding its service offerings. Candy Fleet is a privately held marine vessel operator in the Gulf of Mexico. The Company funded the cash portion of the purchase price with a combination of borrowings under the Company's Revolving Credit Facility as discussed in Note 8, and with part of the cash proceeds generated by the private placement of its common stock discussed in Note 9. The new vessel names are *HOS Explorer*, *HOS Express*, *HOS Pioneer*, *HOS Trader*, and *HOS Voyager*.

The purchase method was used to account for the acquisition of the five new generation offshore supply vessels from Candy Fleet. The purchase price allocation is currently being evaluated and the

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

final calculation is expected to be completed no later than June 26, 2004. There were no intangible assets or goodwill recorded as a result of the acquisition. As of June 26, 2003, the purchase price was allocated to the acquired assets based on the estimated fair values as follows (in thousands):

Property, plant and equipment	$ 44,957
Inventory	43
Purchase price	$ 45,000

On August 6, 2003, the Company completed the acquisition of an additional 220-foot new generation offshore supply vessel from Candy Fleet. The closing of the transaction was affected after satisfying certain conditions precedent to closing, including, among other things, receipt during July 2003 of $13,500 in proceeds relating to the previously announced $30,000 private placement of common stock and the satisfactory completion of a drydocking and survey of the vessel in early August. The purchase price of $9,000 was negotiated by the parties on an arms-length basis. The Company plans to continue operating the acquired vessel, which was renamed the *HOS Mariner*, in the deepwater Gulf of Mexico. In connection with the acquisition, the Company was also granted options to purchase three conventional 180-foot offshore supply vessels from Candy Fleet for an aggregate exercise price of $4,500. These options expire on August 6, 2004.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholder of the
Spentonbush/Red Star Group:

We have audited the accompanying combined balance sheet of Spentonbush/Red Star Group (as discussed in Note 1) as of December 31, 2000, and the related combined statement of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Spentonbush/Red Star Group as of December 31, 2000, and the results of their income and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

New Orleans, Louisiana,
July 18, 2002

SPENTONBUSH/RED STAR GROUP

COMBINED BALANCE SHEET
December 31, 2000

ASSETS
(Dollars in thousands, except par value)

Current assets:	
Cash	$ 2
Accounts receivable	
—trade	1,034
—other	47
Prepaid expenses	792
Deferred income taxes	1,730
Total current assets	3,605
Property, plant and equipment, at cost:	
Barges	26,682
Tugs	16,930
Other	108
	43,720
Less—reserve for depreciation	(43,596)
Property, plant and equipment, net	124
Other assets:	
Deferred income taxes	66
Total assets	$ 3,795

LIABILITIES AND STOCKHOLDER’S DEFICIT

Current liabilities:	
Accounts payable	$ 1,328
Accrued liabilities	8,828
Income taxes payable	3,922
Total current liabilities	14,078
Stockholder’s deficit:	
Common stock—	
Spentonbush/Red Star Companies Inc., authorized and issued—1,000 shares; par value $8	8
Hygrade Operators, Inc., authorized and issued—200 shares; par value $10	2
Red Star Towing and Transportation Company, authorized and issued—400 shares; par value $125	50
Sheridan Towing, Co., Inc., authorized—600 shares; issued—300 shares; par value $100	30
Capital in excess of par value	13,199
Retained earnings	1,684
Advances to affiliates (Note 3)	(24,479)
Treasury stock—at cost (300 shares)	(777)
Total stockholder’s deficit	(10,283)
Total liabilities and stockholder’s deficit	$ 3,795

The accompanying notes are an integral part of these combined statements.

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SPENTONBUSH/RED STAR GROUP

STATEMENT OF COMBINED INCOME AND RETAINED EARNINGS
(Dollars in thousands)

	Year Ended December 31, 2000
Revenues:	
Marine transportation—affiliates	$ 34,120
Marine transportation—third party	6,728
Other	4
Total revenues	40,852
Costs and Expenses:	
Operating expenses	25,997
Depreciation	162
General and administrative	5,092
Total costs and expenses	31,251
Income before income taxes	9,601
Provision for income taxes	
Federal	3,363
State	42
Net Income	6,196
Retained earnings at beginning of period	2,488
Dividends paid	(7,000)
Retained earnings at end of period	$ 1,684

The accompanying notes are an integral part of these combined statements.

SPENTONBUSH/RED STAR GROUP

COMBINED STATEMENT OF CASH FLOWS
(Dollars in thousands)

	Year End December 31, 2000
Cash Flows From Operating Activities:	
Net income	$ 6,196
Adjustments to reconcile net income to net cash provided by operating activities—	
Depreciation	162
Change in deferred income taxes	(539)
(Increase) decrease in accounts receivable	232
Increase (decrease) in accounts payable	2
Increase (decrease) in accrued liabilities	1,790
(Increase) decrease in other assets and liabilities	2,487
Net cash provided by operating activities	10,330
Cash Flows From Financing Activities:	
Dividends paid	(7,000)
Amounts advanced under accounts receivable—affiliates	(3,330)
Net cash used in investing activities	(10,330)
Net change in cash	—
Cash at beginning of period	2
Cash at end of period	$ 2
Supplemental Disclosure of Cash Flow Activities:	
Cash paid for income taxes	$ 1,256

The accompanying notes are an integral part of these combined statements.

SPENTONBUSH/RED STAR GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollars in thousands)

1. Summary of Significant Accounting Policies

Basis of Financial Statements

The Spentonbush/Red Star Group (the "Group") is comprised of the following three New York corporations and one Delaware corporation:

Spentonbush/Red Star Companies, Inc. (New York)

Hygrade Operators, Inc. (New York)

Red Star Towing & Transportation Company (New York)

Sheridan Towing Co., Inc. (Delaware)

Each is an indirect wholly owned subsidiary of Amerada Hess Corporation ("Parent") and is included in its Parent's consolidated financial statements. The Group is an owner and operator of vessels engaged in tug and tank barge operations. A significant portion of the Group's business is transacted with the Parent and its affiliates (see Note 3).

Principles of Combination

The combined financial statements include the accounts of the Group. All intergroup transactions have been eliminated.

Revenue Recognition

Revenues and related voyage expenses are recognized on an accrual basis.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is computed using the straight-line method based on the estimated useful lives of the related assets. Improvements that extend the useful life of the related asset are capitalized; all other expenditures for maintenance and repairs, excluding drydock, are expensed as incurred. Gains and losses from retirements or other dispositions are recognized as incurred.

Drydock Reserves

The Group's vessels are required to be recertified by the United States Coast Guard after certain periods of time. The Group maintains a drydock reserve to accrue for estimated drydocking costs over the operating period preceding each scheduled drydocking. Drydocking expenses are recognized as the reserves are accrued and the reserves are included in accrued liabilities.

Income Taxes

The Group is included in the consolidated federal income tax return of the Parent. In 2000, the Parent allocated federal income tax expense at a rate of 35%. This allocation is comparable to the amount that would be provided for income taxes if the provision was determined on a stand-alone basis. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to

SPENTONBUSH/RED STAR GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS—(Continued)

differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Income Taxes

The components of income tax expense (benefit) for the year ended December 31, 2000, were as follows:

	2000
Current	$3,935
Deferred	(530)
Total	$3,405

Total income tax expense for 2000 was different from the amount computed by applying the statutory federal income tax rate due primarily to state income taxes and certain non-deductible travel and entertainment expenses. The tax effect of significant temporary differences that give rise to the net deferred tax assets are differences in the basis of property, plant and equipment and drydock reserves.

The current taxes payable of the Group which are owed to its Parent was $3,893 at December 31, 2000.

3. Transactions with Affiliates

Following is a summary of material transactions between the Group and its Parent and other affiliates:

	For the Year Ended December 31, 2000
Vessel income	$ 34,120
Vessel operating expenses	702
Selling, general and administrative expenses	1,874
	As of December 31, 2000
Accounts receivable—affiliates	$ 24,479
Current taxes payable	(3,893)

Effective January 1, 2000, the Group entered into Service Level Agreements with its Parent. Under these agreements the Parent provides information systems services, human resources, risk management and other administrative related functions to the Group. The fee charged for these

SPENTONBUSH/RED STAR GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS—(Continued)

services is based upon estimated level of time expended for human resources, risk management and other administrative functions plus volume-related charges for information systems activities. Prior to January 1, 2000, the Parent allocated an amount to the Group for the services provided. The fees allocated for these services are reported as selling, general and administrative expenses in the table above and in the accompanying statement of income and retained earnings.

During the year ended December 31, 2000, affiliates of the Group provided certain vessel operating expenses which included fuel costs and insurance related to vessel operations.

Advances to parent represent non-interest bearing advances of cash to the Parent. Accordingly, advances are recorded as a component of stockholder's equity in the accompanying combined balance sheet.

4. Drydock Reserves

Drydock reserves are in accrued liabilities and the analysis of changes in these reserves is as follows for the year ended December 31, 2000:

Drydock reserve, beginning of period	$ 2,588
Drydock expense	2,927
Payments on completed drydock costs	(1,407)
Drydock reserve, end of period	$ 4,108

5. Contingencies

The Group is subject to contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings. The Group considers these routine and incidental to its business and not material to its financial position or results of operations. The Group accrues liabilities when the future costs are probable and estimable.

6. Subsequent Event

On May 31, 2001, the Group sold nine ocean-going tugs and nine ocean-going tank barges and the related coastwise transportation business to a subsidiary of Hornbeck Offshore Services, Inc. (Hornbeck Offshore) for approximately $28 million in cash. In connection with the transaction, Amerada Hess then entered into a contract of affreightment with Hornbeck Offshore, whereby Hornbeck Offshore will provide marine logistics and coastwise transportation in the northeastern United States to Amerada Hess. The Group's remaining ocean-going tug and ocean-going tank barge will continue to provide transportation services to Amerada Hess, primarily in the Caribbean market.

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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Through and including , 2003 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Shares

Hornbeck Offshore Services, Inc.

Common Stock

Goldman, Sachs & Co.

Jefferies & Company, Inc.

Simmons & Company International

Johnson Rice & Company, L.L.C.

Representatives of the Underwriters

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of common stock being registered. All amounts are estimates.

Securities and Exchange Commission registration fee	$7,000
NASD filing fee	9,000
Stock Market Listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous fees and expenses	*
Total	$ *

* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The General Corporation Law of Delaware, under which we are incorporated, authorizes the indemnification of directors and officers under the circumstances described below. To the extent one of our present or former directors or officers is successful on the merits or otherwise in defense of any action, suit or proceeding described below, the General Corporation Law of Delaware requires that such person be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by such person in connection with such action, suit or proceeding. Article VIII of our Certificate of Incorporation requires indemnification of our directors and officers to the extent permitted by law. Section 6.10 of our bylaws provides for, and sets forth the procedures for obtaining, such indemnification. These provisions may be sufficiently broad to indemnify such persons for liabilities under the Securities Act of 1933. In addition, we maintain insurance which insures our directors and officers against certain liabilities.

The General Corporation Law of Delaware gives us the power to indemnify each of our officers and directors against expenses, including attorneys' fees, and judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any action, suit or proceeding by reason of such person being or having been one of our directors, officers, employees or agents, or of any other corporation, partnership, joint venture, trust or other enterprise at our request. To be entitled to such indemnification, such person must have acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interest and, if a criminal proceeding, had no reasonable cause to believe that the conduct was unlawful. The General Corporation Law of Delaware also gives us the power to indemnify each of our officers and directors against expenses, including attorneys' fees, actually and reasonably incurred by such person in connection with the defense or settlement of any action or suit by or in the right of us to procure a judgment in our favor by reason of such person being or having been one of our directors, officers, employees or agents, or of any other corporation, partnership, joint venture, trust or other enterprise at our request, except that we may not indemnify such person with respect to any claim, issue or matter as to which such person was adjudged to be liable to us in the absence of a determination by the court that, despite the adjudication of liability, such person is fairly and reasonably entitled to indemnity. To be entitled to such indemnification, such person must have acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interest.

We have also entered into indemnification agreements with our directors and officers. These agreements provide rights that are consistent with but more detailed than those provided under Delaware Law and our bylaws. The indemnification agreements are not intended to deny or otherwise limit third-party derivative suits against us or our directors or officers, but if a director or officer is entitled to indemnity or contribution under the indemnification agreement, the financial burden of the third-party suit would be borne by us, and we would not benefit from derivative recoveries against the director or officer. Such recoveries would accrue to the benefit of us but would be offset by our obligations to the director of officer under the indemnification agreement.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Since January 1, 2000, we have issued the following shares of our common stock which were not registered under the Securities Act of 1933:

(a) In June and July 2003, we issued 6,000,000 shares of our common stock to certain of our existing stockholders and other investors who qualified as accredited investors, as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act. The total amount of consideration received for the issuance of these shares was $30.0 million, which includes $6 million of common stock that was issued to Candy Marine Investment Corporation in connection with the acquisition of five offshore service vessels. The issuance of these shares of our common stock was exempt from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act.

(b) In December 2002, we issued 4,250 shares of our common stock to a holder of options granted under our Incentive Compensation Plan upon the exercise of such options. The total amount of consideration we received for the issuance of these shares was approximately $8,670. The issuance of these shares of our common stock was exempt from registration under Rule 701 promulgated under the Securities Act.

(c) In May 2002, we issued 109,000 shares of our common stock to certain holders of options granted under our Incentive Compensation Plan upon their exercise of such options. The total amount of consideration we received for the issuance of these shares was approximately $212,900. The issuance of these shares of our common stock was exempt from registration under Rule 701 promulgated under the Securities Act.

(d) In March 2002, we issued 75,472 shares of our common stock to Bernie W. Stewart, the Chairman of our Board of Directors, under the terms of his Advisory Agreement. The amount of consideration we received for the issuance of these shares was approximately $200,000. The issuance of these shares of our common stock was exempt from registration under Rule 701 promulgated under the Securities Act.

(e) In August and October 2001, we issued a total of 5,509,434 shares of our common stock to certain of our existing stockholders and their affiliates who qualified as accredited investors, as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act. The amount of consideration we received for the issuance of these shares was $14.6 million. The issuance of these shares of our common stock was exempt from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act.

(f) In September 2001, we issued 50,000 shares of our common stock to one of our employees. The amount of consideration we received for the issuance of these shares was $132,500. The issuance of these shares of our common stock was exempt from registration under Section 4(2) of the Securities Act.

(g) In June 2001, we issued 1,001 shares of our common stock to two of our directors in connection with our policy that each of our directors must hold shares of our common stock in order to qualify for service on our Board of Directors. The total amount of consideration we received for the issuance of these shares was $2,652. The issuance of these shares of our common stock was exempt from registration under Section 4(2) of the Securities Act.

(h) In November 2000, we issued 13,207,547 shares of our common stock to persons and entities that qualified as accredited investors, as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act. The amount of consideration we received for the issuance of these shares was $35.0 million. The issuance of these shares of our common stock was exempt from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act.

On July 24, 2001, we issued $175 million in principal amount of our $10^5/_8$% Series A senior notes due 2008 to the initial purchasers of those notes who then resold the Series A senior notes only to qualified institutional buyers pursuant to Rule 144A promulgated under the Securities Act. 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. We did not receive any proceeds from the exchange offer.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits:

Exhibit Number	Description of Exhibit
**1.1	—Form of Underwriting Agreement.
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 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 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
3.5	—Certificate of Amendment of the Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on May 29, 2002 (incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
*3.6	—Certificate of Designation of Series A Junior Participating Preferred Stock filed with the Secretary of State of the State of Delaware on June 20, 2003.
3.7	—Second Restated Bylaws of the Company adopted October 4, 2000 (incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).

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Exhibit Number	Description of Exhibit
3.8	—Amendment to Second Restated Bylaws of the Company adopted May 28, 2002 (incorporated by reference to Exhibit 3.8 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
**4.1	—Specimen Certificate for the Company's common stock, $0.01 par value.
4.2	—Rights Agreement dated as of June 18, 2002 between the Company and Mellon Investor Services LLC as Rights Agent, which includes as Exhibit A the Certificate of Designations of Series A Junior Participating Preferred Stock, as Exhibit B the form of Right Certificate and as Exhibit C the form of Summary of Rights to Purchase Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 2, 2003).
4.3	—Stockholders' Agreement dated as of June 5, 1997 between the Company, Todd M. Hornbeck, Troy A. Hornbeck and Cari Investment Company (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
4.4	—Registration Rights Agreement dated as of October 27, 2000 between the Company and SCF-IV, L.P. (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
4.5	—Agreement Concerning Registration Rights dated as of October 27, 2000 between the Company, SCF-IV, LP, Joint Energy Development Investments II, LP and Sundance Assets, LP (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
*4.6	—Stockholders' Agreement dated as of October 27, 2000 between the Company, Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and SCF-IV, L.P.
*4.7	—Letter Agreement dated September 24, 2001 between the Company, Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and SCF-IV, L.P.
4.8	—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).
4.9	—Supplemental Indenture dated as of December 17, 2001, between Wells Fargo Bank Minnesota, National Association (as Trustee), the Company, Hornbeck Offshore Services, LLC, (formerly Hornbeck Offshore Services, Inc.), HORNBECK-LEEVAC Marine Operators, LLC, (formerly HORNBECK-LEEVAC Marine Operators, Inc.), LEEVAC Marine, LLC and Energy Services Puerto Rico, LLC, with Notation of Subsidiary Guarantee by Hornbeck Offshore Services, LLC, HORNBECK-LEEVAC Marine Operators, LLC, LEEVAC Marine, LLC and Energy Services Puerto Rico, LLC (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).
4.10	—Specimen 10 $^{5}/_{8}$% Series B Senior 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).
*4.11	—Registration Rights Agreement dated as of June 24, 2003 between the Company and certain purchasers of securities.

Exhibit Number	Description of Exhibit
*4.12	—Second Supplemental Indenture and Amendment dated as of June 18, 2003, between Wells Fargo Bank Minnesota, National Association (as Trustee), the Company and HOS-IV, LLC, with Notation of Subsidiary Guarantee by HOS-IV, LLC.
**5.1	—Opinion of Winstead Sechrest & Minick P.C.
10.1	—Employment Agreement dated effective January 1, 2001 by and between Christian G. Vaccari and the Company (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.2	—Senior Employment Agreement dated effective January 1, 2001 by and between Todd M. Hornbeck and the Company (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.3	—Employment Agreement dated effective January 1, 2001 by and between Carl Annessa and the Company (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.4	—Employment Agreement dated effective January 1, 2001 by and between Paul M. Ordogne and the Company (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.5	—Employment Agreement dated effective January 1, 2001 by and between James O. Harp, Jr. and the Company (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.6	—Incentive Compensation Plan (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.7	—Amendment No. 1 to Incentive Compensation Plan (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.8	—Amendment No. 2 to the Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 15, 2003).
10.9	—Form of Indemnification Agreement for directors, officers and key employees (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
10.10	—Contract of Affreightment dated as of May 31, 2001 among LEEVAC Marine, Inc. and Amerada Hess Corporation (certain portions omitted based on a grant of confidential treatment filed separately with the Commission) (incorporated by reference to Exhibit 10.9 to Amendment No. 2 to the Company's Registration Statement on Form S-4 dated December 19, 2001, Registration No. 333-69826).
10.11	—Asset Purchase Agreement dated as of June 20, 2003 by and among HOS-IV, LLC, Candy Marine Investment Corporation, Candy Fleet Corporation and Kenneth I. Nelkin, and joined for limited purposes by Hornbeck Offshore Services, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed July 7, 2003).

Exhibit Number	Description of Exhibit
10.12	—Credit Agreement dated as of December 31, 2001 among Hornbeck Offshore Services, LLC, LEEVAC Marine, LLC and Hibernia National Bank, as Agent and the lenders named therein (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 filed with the Commission on April 1, 2002).
10.13	—First Amendment to Credit Agreement dated as of February 25, 2002 among Hornbeck Offshore Services, LLC, LEEVAC Marine, LLC and Hibernia National Bank, as Agent and the lenders named therein (incorporated by reference to the Company's Annual Report on Form 10-K filed with the Commission on April 1, 2002).
10.14	—Second Amendment to Credit Agreement dated as of June 18, 2003 by and among Hornbeck Offshore Services, Inc. and Hibernia National Bank, as agent, and Hibernia National Bank, Fortis Capital Corp. and Southwest Bank of Texas, N.A., as lenders (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 7, 2003).
*10.15	—Amendment to Senior Employment Agreement dated effective February 17, 2003 by and between Todd M. Hornbeck and the Company.
*10.16	—Amendment to Employment Agreement dated effective February 17, 2003 by and between Carl G. Annessa and the Company.
*10.17	—Amendment to Employment Agreement dated effective February 17, 2003 by and between James O. Harp, Jr. and the Company.
*21.1	—Subsidiaries of the Company.
**23.1	—Consent of Winstead Sechrest & Minick P.C.
*23.2	—Consent of Ernst & Young LLP.
*24.1	—Powers of Attorney (set forth on page II-8).
99.1	—Asset Purchase and Option Agreement dated as of June 20, 2003 by and among HOS-IV, LLC, Candy Marine Investment Corporation, Candy Fleet Corporation and Kenneth I. Nelkin, and joined for limited purposes by Hornbeck Offshore Services, Inc. and Candy Cruiser, Inc. (incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K filed August 7, 2003).

* Filed herewith.
** To be filed by amendment.

(b) Financial Statement Schedules.

None.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 14 above, or otherwise, the co-registrants have been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the co-registrants of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the co-registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430(A) and contained in a form of prospectus filed by the Company pursuant to Rule 424(b)(1) or (4) of 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Covington, the State of Louisiana, on September 19, 2003.

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ TODD M. HORNBECK

Todd M. Hornbeck
President and Chief Executive Officer

We, the undersigned directors and officers of Hornbeck Offshore Services, Inc., do hereby constitute and appoint Todd M. Hornbeck and James O. Harp, Jr. and each of them our true and lawful attorneys-in-fact and agents, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorneys and agents may deem necessary or advisable to enable said corporation to comply with the Securities Act of 1933 and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Registration Statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, power and authority to sign for us or any of us in names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that said attorneys and agents shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ TODD M. HORNBECK **(Todd M. Hornbeck)**	President, Chief Executive Officer, Secretary and Director (Principal Executive Officer)	September 19, 2003
/s/ JAMES O. HARP, JR. **(James O. Harp, Jr.)**	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	September 19, 2003
/s/ BERNIE W. STEWART **(Bernie W. Stewart)**	Director and Chairman of the Board	September 19, 2003
/s/ RICHARD W. CRYAR **(Richard W. Cryar)**	Director	September 19, 2003
/s/ LARRY D. HORNBECK **(Larry D. Hornbeck)**	Director	September 19, 2003

Signature	Title	Date
/s/ Bruce W. Hunt (Bruce W. Hunt)	Director	September 19, 2003
/s/ Patricia B. Melcher (Patricia B. Melcher)	Director	September 19, 2003
/s/ David A. Trice (David A. Trice)	Director	September 19, 2003
/s/ Christian G. Vaccari (Christian G. Vaccari)	Director	September 19, 2003
/s/ Andrew L. Waite (Andrew L. Waite)	Director	September 19, 2003

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EXHIBIT INDEX

Exhibit Number	Description of Exhibit
**1.1	—Form of Underwriting Agreement.
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 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 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
3.5	—Certificate of Amendment of the Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware on May 29, 2002 (incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
*3.6	—Certificate of Designation of Series A Junior Participating Preferred Stock filed with the Secretary of State of the State of Delaware on June 20, 2003.
3.7	—Second Restated Bylaws of the Company adopted October 4, 2000 (incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
3.8	—Amendment to Second Restated Bylaws of the Company adopted May 28, 2002 (incorporated by reference to Exhibit 3.8 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
**4.1	—Specimen Certificate for the Company's common stock, $0.01 par value.
4.2	—Rights Agreement dated as of June 18, 2002 between the Company and Mellon Investor Services LLC as Rights Agent, which includes as Exhibit A the Certificate of Designations of Series A Junior Participating Preferred Stock, as Exhibit B the form of Right Certificate and as Exhibit C the form of Summary of Rights to Purchase Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 2, 2003).
4.3	—Stockholders' Agreement dated as of June 5, 1997 between the Company, Todd M. Hornbeck, Troy A. Hornbeck and Cari Investment Company (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
4.4	—Registration Rights Agreement dated as of October 27, 2000 between the Company and SCF-IV, L.P. (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).

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Exhibit Number	Description of Exhibit
4.5	—Agreement Concerning Registration Rights dated as of October 27, 2000 between the Company, SCF-IV, LP, Joint Energy Development Investments II, LP and Sundance Assets, LP (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
*4.6	—Stockholders' Agreement dated as of October 27, 2000 between the Company, Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and SCF-IV, L.P.
*4.7	—Letter Agreement dated September 24, 2001 between the Company, Todd M. Hornbeck, Troy A. Hornbeck, Cari Investment Company and SCF-IV, L.P.
4.8	—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).
4.9	—Supplemental Indenture dated as of December 17, 2001, between Wells Fargo Bank Minnesota, National Association (as Trustee), the Company, Hornbeck Offshore Services, LLC, (formerly Hornbeck Offshore Services, Inc.), HORNBECK-LEEVAC Marine Operators, LLC, (formerly HORNBECK-LEEVAC Marine Operators, Inc.), LEEVAC Marine, LLC and Energy Services Puerto Rico, LLC, with Notation of Subsidiary Guarantee by Hornbeck Offshore Services, LLC, HORNBECK-LEEVAC Marine Operators, LLC, LEEVAC Marine, LLC and Energy Services Puerto Rico, LLC (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).
4.10	—Specimen 105/8% Series B Senior 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).
*4.11	—Registration Rights Agreement dated as of June 24, 2003 between the Company and certain purchasers of securities.
*4.12	—Second Supplemental Indenture and Amendment dated as of June 18, 2003, between Wells Fargo Bank Minnesota, National Association (as Trustee), the Company and HOS-IV, LLC, with Notation of Subsidiary Guarantee by HOS-IV, LLC.
**5.1	—Opinion of Winstead Sechrest & Minick P.C.
10.1	—Employment Agreement dated effective January 1, 2001 by and between Christian G. Vaccari and the Company (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.2	—Employment Agreement dated effective January 1, 2001 by and between Todd M. Hornbeck and the Company (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.3	—Employment Agreement dated effective January 1, 2001 by and between Carl Annessa and the Company (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.4	—Employment Agreement dated effective January 1, 2001 by and between Paul M. Ordogne and the Company (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).

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Exhibit Number	Description of Exhibit
10.5	—Employment Agreement dated effective January 1, 2001 by and between James O. Harp, Jr. and the Company (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.6	—Incentive Compensation Plan (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.7	—Amendment No. 1 to Incentive Compensation Plan (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-4 dated September 21, 2001, Registration No. 333-69826).
10.8	—Amendment No. 2 to the Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the Commission on May 15, 2003).
10.9	—Form of Indemnification Agreement for directors, officers and key employees (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 filed July 22, 2002, Registration No. 333-96833).
10.10	—Contract of Affreightment dated as of May 31, 2001 among LEEVAC Marine, Inc. and Amerada Hess Corporation (certain portions omitted based on a grant of confidential treatment filed separately with the Commission) (incorporated by reference to Exhibit 10.9 to Amendment No. 2 to the Company's Registration Statement on Form S-4 dated December 19, 2001, Registration No. 333-69826).
10.11	—Asset Purchase Agreement dated as of June 20, 2003 by and among HOS-IV, LLC, Candy Marine Investment Corporation, Candy Fleet Corporation and Kenneth I. Nelkin, and joined for limited purposes by Hornbeck Offshore Services, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed July 7, 2003).
10.12	—Credit Agreement dated as of December 31, 2001 among Hornbeck Offshore Services, LLC, LEEVAC Marine, LLC and Hibernia National Bank, as Agent and the lenders named therein (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 filed with the Commission on April 1, 2002).
10.13	—First Amendment to Credit Agreement dated as of February 25, 2002 among Hornbeck Offshore Services, LLC, LEEVAC Marine, LLC and Hibernia National Bank, as Agent and the lenders named therein (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 filed with the Commission on April 1, 2002).
10.14	—Second Amendment to Credit Agreement dated as of June 18, 2003 by and among Hornbeck Offshore Services, Inc. and Hibernia National Bank, as agent, and Hibernia National Bank, Fortis Capital Corp. and Southwest Bank of Texas, N.A., as lenders (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 7, 2003).
*10.15	—Amendment to Senior Employment Agreement dated effective February 17, 2003 by and between Todd M. Hornbeck and the Company.
*10.16	—Amendment to Employment Agreement dated effective February 17, 2003 by and between Carl G. Annessa and the Company.
*10.17	—Amendment to Employment Agreement dated effective February 17, 2003 by and between James O. Harp, Jr. and the Company.

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Exhibit Number	Description of Exhibit
*21.1	—Subsidiaries of the Company.
**23.1	—Consent of Winstead Sechrest & Minick P.C.
*23.2	—Consent of Ernst & Young LLP.
*24.1	—Powers of Attorney (set forth on page II-8).
99.1	—Asset Purchase and Option Agreement dated as of June 20, 2003 by and among HOS-IV, LLC, Candy Marine Investment Corporation, Candy Fleet Corporation and Kenneth I. Nelkin, and joined for limited purposes by Hornbeck Offshore Services, Inc. and Candy Cruiser, Inc. (incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K filed August 7, 2003).

Exhibit 3.6

CERTIFICATE OF DESIGNATION
OF
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK
OF
HORNBECK OFFSHORE SERVICES, INC.

Pursuant to Section 151
of the Delaware General Corporation Law

Hornbeck Offshore Services, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Company"), DOES HEREBY CERTIFY:

ARTICLE I That by resolution of the Board of Directors of the Company dated June 18, 2003, and by a Certificate of Designations filed in the office of the Secretary of State of Delaware on June __, 2003, the Company authorized the issuance of a series of 1,000,000 shares of Series A Junior Participating Preferred Stock of the Company (the "Series A Preferred Stock") and established the voting powers, designations, preferences and relative, participating and other rights, and the qualifications, limitations or restrictions thereof.

ARTICLE II That as of the date hereof no shares of such Series A Preferred Stock are outstanding and no shares of such Series A Preferred Stock have been issued.

RESOLVED, that pursuant to the authority conferred upon the Board of Directors of the Company by its Restated Certificate of Incorporation, as amended, and by the provisions of Section 151 of the Delaware General Corporation Law a series of preferred stock be and it hereby is established, in the number and having the designation, preferences, terms, qualifications, limitations, restrictions and relative rights, including voting rights, set forth below:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting such series shall be one million (1,000,000).

Section 2. Dividends and Distributions.

(A) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, (i) cash dividends in an amount per share (rounded to the nearest cent) equal to 100 times the aggregate per share amount of all cash dividends declared or paid on the Common Stock, $0.01 par value per share, of the Company (the "Common Stock") and (ii) a preferential cash dividend (the "Preferential Dividends"), if any, on the first day of April, July, October and January of each year (each a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount equal to $1.00 per share of Series A Preferred Stock less the per share amount of all cash dividends declared on the Series A Preferred Stock pursuant to clause (i) of this sentence since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of

Series A Preferred Stock. If the Company shall, at any time after the issuance of any share or fraction of a share of Series A Preferred Stock, make any distribution on the shares of Common Stock of the Company, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Company or otherwise, which is payable in cash or any debt security, debt instrument, real or personal property or any other property (other than cash dividends subject to the immediately preceding sentence, a distribution of shares of Common Stock or other capital stock of the Company or a distribution of rights or warrants to acquire any such share, including any debt security convertible into or exchangeable for any such share, at a price less than the Fair Market Value of such share), then and in each such event the Company shall simultaneously pay on each then outstanding share of Series A Preferred Stock of the Company a distribution, in like kind, of 100 times such distribution paid on a share of Common Stock (subject to the provisions for adjustment hereinafter set forth). The dividends and distributions on the Series A Preferred Stock to which holders thereof are entitled pursuant to clause (i) of the first sentence of this paragraph and pursuant to the second sentence of this paragraph are hereinafter referred to as "Participating Dividends" and the multiple of such cash and non-cash dividends on the Common Stock applicable to the determination of the Participating Dividends, which shall be 100 initially but shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Dividend Multiple". If the Company shall at any time after June 18, 2003 declare or pay any dividend or make any distribution on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Dividend Multiple thereafter applicable to the determination of the amount of Participating Dividends which holders of shares of Series A Preferred Stock shall be entitled to receive shall be the Dividend Multiple applicable immediately before such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately before such event.

(B) The Company shall declare each Participating Dividend at the same time it declares any cash or non-cash dividend or distribution on the Common Stock in respect of which a Participating Dividend is required to be paid. No cash or non-cash dividend or distribution on the Common Stock in respect of which a Participating Dividend is required to be paid shall be paid or set aside for payment on the Common Stock unless a Participating Dividend in respect of such dividend or distribution on the Common Stock shall be simultaneously paid, or set aside for payment, on the Series A Preferred Stock.

(C) Preferential Dividends shall begin to accrue on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issuance of any shares of Series A Preferred Stock. Accrued but undeclared or unpaid Preferential Dividends shall cumulate but shall not bear interest. Preferential Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued, declared and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provisions for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Company. The number of votes which a holder of Series A Preferred Stock is entitled to cast, as the same may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Vote Multiple". If the Company shall at any time after June 18, 2003 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Series A Preferred Stock shall be entitled after such event shall be the Vote Multiple immediately before such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately before such event.

(B) Except as otherwise provided by law or in this Designation, the Restated Certificate of Incorporation, as amended, or the Second Restated Bylaws, as amended, of the Company, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Company.

(C) If the Preferential Dividends accrued on the Series A Preferred Stock for four or more quarterly dividend periods, whether consecutive or not, shall not have been declared and paid or set apart for payment, the holders of record of Preferred Stock of the Company of all series (including the Series A Preferred Stock), other than any series in respect of which such right is expressly withheld by the Restated Articles of Incorporation, as amended, or the authorizing resolutions included in the certificate of designation therefor, shall have the right, at the next meeting of stockholders called for the election of directors, to elect two members to the Board of Directors, which directors shall be in addition to the number required by the Bylaws before such event, to serve until the next Annual Meeting and until their successors are elected and qualified or their earlier resignation, removal or incapacity or until such earlier time as all accrued and unpaid Preferential Dividends upon the outstanding shares of Series A Preferred Stock shall have been paid (or set aside for payment) in full. The holders of shares of Series A Preferred Stock shall continue to have the right to elect directors as provided by the immediately preceding sentence until all accrued and unpaid Preferential Dividends upon the outstanding shares of Series A Preferred Stock shall have been paid (or set aside for payment) in full. Such directors may be removed and replaced by such stockholders, and vacancies in such directorships may be filled only by such stockholders (or by the remaining director elected by such stockholders, if there be one) in the manner permitted by law; provided, however, that any such action by stockholders shall be taken at a meeting of stockholders and shall not be taken by written consent thereto.

(D) Except as otherwise set forth herein or required by law, the Restated Certificate of Incorporation, as amended, or the Second Restated Bylaws, as amended, of the Company, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of any corporate action.

Section 4. Certain Restrictions.

(A) Whenever Preferential Dividends or Participating Dividends are in arrears, whether or not declared, or the Company shall be in default of payment thereof, thereafter and until all accrued and unpaid Preferential Dividends and Participating Dividends, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid or set aside for payment in full, and in addition to any and all other rights which any holder of shares of Series A Preferred Stock may have in such circumstances, the Company shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity as to dividends with the Series A Preferred Stock, unless dividends are paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled if the full dividends accrued thereon were to be paid;

(iii) except as permitted by subparagraph (iv) of this paragraph 4(A), redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided, however, that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Company ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Series A Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up), except in accordance with a purchase offer made to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Company shall not permit any Subsidiary (as hereinafter defined) of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner. A "Subsidiary" of the Company shall mean any corporation or other entity of which securities or other ownership interests having ordinary voting power sufficient to elect a majority of the Board of Directors or other persons performing similar functions are beneficially owned, directly or indirectly, by the Company or by any corporation or other entity that is otherwise controlled by the Company.

(C) The Company shall not issue any shares of Series A Preferred Stock except upon exercise of Rights issued pursuant to that certain Rights Agreement dated as of June 18, 2003 between the Company and Mellon Investor Services LLC as Rights Agent, a copy of which is on file with the Secretary of the Company at its principal executive office and shall be made available to stockholders of record without charge upon written request therefor addressed to said Secretary. Notwithstanding the foregoing sentence, nothing contained in the provisions hereof shall prohibit or restrict the Company from issuing for any purpose any series of Preferred Stock with rights and privileges similar to, different from or greater than those of the Series A Preferred Stock.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares upon their retirement and cancellation shall become authorized but unissued shares of Preferred Stock, without designation as to series, and such shares may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors.

Section 6. Liquidation, Dissolution or Winding Up. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, no distribution shall be made (i) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless the holders of shares of Series A Preferred Stock shall have received, subject to adjustment as hereinafter provided, (A) $100.00 per share plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (B) if greater than the amount specified in clause (i)(A) of this sentence, an amount equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, as the same may be adjusted as hereinafter provided, and (ii) to the holders of stock ranking on a parity upon liquidation, dissolution or winding up with the Series A Preferred Stock, unless simultaneously therewith distributions are made ratably on the Series A Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of shares of Series A Preferred Stock are entitled under clause (i)(A) of this sentence and to which the holders of such parity shares are entitled, in each case upon such liquidation, dissolution or winding up. The amount to which holders of Series A Preferred Stock may be entitled upon liquidation, dissolution or winding up of the Company pursuant to clause (i)(B) of the foregoing sentence is hereinafter referred to as the "Participating Liquidation Amount" and the multiple of the amount to be distributed to holders of shares of Common Stock upon the liquidation, dissolution or winding up of the Company applicable pursuant to said clause to the determination of the Participating Liquidation Amount, as said multiple may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Liquidation Multiple". If the Company shall at any time after June 18, 2003 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common

Stock, then in each such case the Liquidation Multiple thereafter applicable to the determination of the Participating Liquidation Amount to which holders of Series A Preferred Stock shall be entitled after such event shall be the Liquidation Multiple applicable immediately before such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately before such event.

Section 7. Certain Reclassifications and Other Events.

(A) If holders of shares of Common Stock of the Company receive after June 18, 2003 in respect of their shares of Common Stock any share of capital stock of the Company (other than any share of Common Stock of the Company), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Transaction"), then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Company of the shares of Series A Preferred Stock shall be adjusted so that after such event the holders of Series A Preferred Stock shall be entitled, in respect of each share of Series A Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately before such adjustment, to (i) such additional dividends as equal the Dividend Multiple in effect immediately before such Transaction multiplied by the additional dividends which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Transaction of such capital stock, (ii) such additional voting rights as equal the Vote Multiple in effect immediately before such Transaction multiplied by the additional voting rights which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Transaction of such capital stock and (iii) such additional distributions upon liquidation, dissolution or winding up of the Company as equal the Liquidation Multiple in effect immediately before such Transaction multiplied by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Company by virtue of the receipt in the Transaction of such capital stock, as the case may be, all as provided by the terms of such capital stock.

(B) If holders of shares of Common Stock of the Company receive after June 18, 2003 in respect of their shares of Common Stock any right or warrant to purchase Common Stock (including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for Common Stock) at a purchase price per share less than the Fair Market Value (as hereinafter defined) of a share of Common Stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Company of the shares of Series A Preferred Stock shall each be adjusted so that after such event the Dividend Multiple, the Vote Multiple and the Liquidation Multiple shall each be the product of the Dividend Multiple, the Vote Multiple and the Liquidation Multiple, as the case may be, in effect immediately before such event multiplied by a fraction the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased, at the Fair Market Value of the

Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(C) If holders of shares of Common Stock of the Company receive after June 18, 2003 in respect of their shares of Common Stock any right or warrant to purchase capital stock of the Company (other than shares of Common Stock), including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for capital stock of the Company (other than Common Stock), at a purchase price per share less than the Fair Market Value of such shares of capital stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon liquidation, dissolution or winding up of the Company of the shares of Series A Preferred Stock shall each be adjusted so that after such event each holder of a share of Series A Preferred Stock shall be entitled, in respect of each share of Series A Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately before such event, to receive (i) such additional dividends as equal the Dividend Multiple in effect immediately before such event multiplied, first, by the additional dividends to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction (as hereinafter defined) and (ii) such additional voting rights as equal the Vote Multiple in effect immediately before such event multiplied, first, by the additional voting rights to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction and (iii) such additional distributions upon liquidation, dissolution or winding up of the Company as equal the Liquidation Multiple in effect immediately before such event multiplied, first, by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Company upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction. For purposes of this paragraph, the "Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Common Stock of the Company as contemplated by this paragraph immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.

(D) For purposes of this Section 7, the "Fair Market Value" of a share of capital stock of the Company (including a share of Common Stock) on any date shall be deemed to be the average of the daily closing price per share thereof over the thirty consecutive Trading Days (as such term is hereinafter defined) immediately before such date; provided, however, that, if such Fair Market Value of any such share of capital stock is determined during a period which includes any date that is within thirty Trading Days after (i) the ex-dividend date for a dividend or distribution on stock payable in shares of such stock or securities convertible into shares of such stock, or (ii) the effective date of any subdivision, split, combination, consolidation, reverse stock split or reclassification of such stock, then, and in each such case, the Fair Market Value shall be appropriately adjusted by the Board of Directors of the Company to take into account ex-dividend or post-effective date trading. The closing price for any day shall be the last sale price, regular way, or, in case, no such sale takes place on such day, the average of the closing bid and asked prices, regular way (in either case, as reported in the applicable transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange), or, if the shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the applicable transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares are listed or admitted to trading or, if the shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("Nasdaq") or such other system then in use, or if on any such date the shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the shares selected by the Board of Directors of the Company. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares are listed or admitted to trading is open for the transaction of business or, if the shares are not listed or admitted to trading on any national securities exchange, on which the New York Stock Exchange or such other national securities exchange as may be selected by the Board of Directors of the Company is open. If the shares are not publicly held or not so listed or traded on any day within the period of thirty Trading Days applicable to the determination of Fair Market Value thereof as aforesaid, "Fair Market Value" shall mean the fair market value thereof per share as determined in good faith by the Board of Directors of the Company. In either case referred to in the foregoing sentence, the determination of Fair Market Value shall be described in a statement filed with the Secretary of the Company.

Section 8. Consolidation, Merger, etc. If the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each outstanding share of Series A Preferred Stock shall at the same time be similarly exchanged for or changed into the aggregate amount of stock, securities, cash and/or other property (payable in like kind), as the case may be, for which or into which each share of Common Stock is changed or exchanged multiplied by the highest of the Vote Multiple, the Dividend Multiple or the Liquidation Multiple in effect immediately before such event.

Section 9. Effective Time of Adjustments.

(A) Adjustments to the Series A Preferred Stock required by the provisions hereof shall be effective as of the time at which the event requiring such adjustments occurs.

(B) The Company shall give prompt written notice to each holder of a share of Series A Preferred Stock of the effect of any adjustment to the voting rights, dividend rights or rights upon liquidation, dissolution or winding up of the Company of such shares required by the provisions hereof. Notwithstanding the foregoing sentence, the failure of the Company to give such notice shall not affect the validity of or the force or effect of or the requirement for such adjustment.

Section 10. No Redemption. The shares of Series A Preferred Stock shall not be redeemable at the option of the Company or any holder thereof. Notwithstanding the foregoing sentence of this Section, the Company may acquire shares of Series A Preferred Stock in any other manner permitted by law, the provisions hereof and the Restated Certificate of Incorporation, as amended, of the Company.

Section 11. Ranking. Unless otherwise provided in the Restated Certificate of Incorporation, as amended, of the Company or a Certificate of Designations relating to a subsequent series of preferred stock of the Company, the Series A Preferred Stock shall rank junior to all other series of the Company's preferred stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up and senior to the Common Stock.

Section 12. Amendment. Except as contemplated herein, the provisions hereof and the Restated Articles of Incorporation, as amended, of the Company shall not be amended in any manner which would adversely affect the rights, privileges or powers of the Series A Preferred Stock without, in addition to any other vote of stockholders required by law, the affirmative vote of the holders of two-thirds or more of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, I have executed and subscribed this Certificate of Designations and do affirm the foregoing as true under the penalties of perjury this 19th day of June, 2003.

By: /s/ Todd Hornbeck

Todd Hornbeck, President

Exhibit 4.6

STOCKHOLDERS AGREEMENT

This Stockholders Agreement (this "Agreement") dated as of October 27, 2000 is by and among SCF-IV, L.P., a Delaware limited partnership ("SCF"), Cari Investment Company, a Louisiana corporation ("CIC"), Todd M. Hornbeck, Troy A. Hornbeck (collectively, Todd and Troy Hornbeck are referred to as the "Hornbecks") and HORNBECK-LEEVAC Marine Services, Inc., a Delaware corporation (the "Company").

WHEREAS, the Company and SCF have entered into a Subscription Agreement (the "Subscription Agreement") regarding the sale of Common Stock (as defined herein) of the Company; and

WHEREAS, the Company and SCF have entered into that certain Registration Rights Agreement (the "Registration Rights Agreement") of even date herewith; and

WHEREAS, the Company made certain representations and warranties in the Subscription Agreement and granted SCF certain demand registration rights in Section 2.2 of the Registration Rights Agreement in partial consideration for the provisions of this Agreement; and

WHEREAS, the parties desire to set forth their agreement with respect to certain matters relating to the transfer and voting of shares of Common Stock and the preemptive rights of SCF;

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used herein without definition shall have the meanings given them in the Securities Purchase Agreement. The following are defined terms within this Agreement:

"Affiliate" of any specified Person means any other Person other than the Company directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Business Day" means a day that is not a Saturday, a Sunday or a day on which banking institutions in New Orleans, Louisiana are not required to be open for business.

"Capital Stock" of any Person means any and all shares, interests, participation, or other equivalents (however designated) of, or rights, warrants, or options to purchase, corporate stock or any other equity interest (however designated) of or in such Person.

"CIC" has the meaning specified therefor in the preamble to this Agreement.

"Common Stock" shall mean common stock, par value $.01, of the Company and all equity securities received in connection with any stock split, stock dividend, reorganization, recapitalization, merger or consolidation of the Company with or into another entity or a similar event. All references herein to Common Stock owned by a Stockholder shall include: (i) the community interest or similar marital property interest, if any, of a spouse of such Stockholder in such Common Stock; and (ii) all of the equity interests and voting rights in the Company which are reflected by Common Stock ownership.

"Company" has the meaning specified therefor in the preamble of this Agreement.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Initial Public Offering" shall mean (i) an underwritten public offering of Common Stock pursuant to an effective registration statement filed under the Securities Act (other than any registration statement on Form S-4 or S-8 or any forms succeeding thereto, for purposes permissible under such forms as of the date hereof) wherein the aggregate net proceeds (after deducting all costs, discounts, commissions and other expenses of the offering) is at least $25,000,000, or (ii) a merger or other business combination if, following the consummation of such merger or business combination, the Common Stock is registered under the Exchange Act.

"Person" means any natural person, partnership, corporation, and any other form of business or legal entity.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Transfer" shall mean any direct or indirect transfer, assignment, donation, devise, sale, gift, pledge, hypothecation, encumbrance, or other disposition of any security, or any interest therein, whether voluntary or involuntary, including without limitation any disposition or transfer as a part of any liquidation of assets or any reorganization pursuant to the United States' or any other jurisdiction's bankruptcy law or other similar debtor relief laws. The term "Transfer," shall also include a transaction involving a change of ownership interest or voting power of a Securityholder entered into for the purpose or with the effect of avoiding the restrictions on the Transfer of the Common Stock provided herein or other any other provision hereof governing Transfers.

"Transferee" shall mean every Person who acquires Common Stock from SCF.

2. Preemptive Rights. From and after the date hereof and until the date on which the Company completes an Initial Public Offering (the "Termination Date"), SCF shall have a preemptive right to purchase its proportionate share of any additional shares of Capital Stock issued by the Company (other than (a) shares issued pursuant to plans for the benefit of employees, consultants, or directors of the Company or any of its subsidiaries (b) shares issued pursuant to warrants to purchase Common Stock outstanding on the date hereof and (c) shares issued otherwise than for cash), at the same price and on the same terms as the shares to be sold

by the Company. In determining the number of shares SCF shall have a right to purchase in any issuance of shares by the Company, the number of shares outstanding shall be determined on a fully diluted basis and the number of shares SCF shall be entitled to purchase shall be calculated by multiplying the total number of shares of Capital Stock to be issued in such issuance by a fraction the numerator of which shall be the aggregate number of shares of Common Stock then owned by SCF that were acquired pursuant to the Subscription Agreement or this Section 2 and the denominator of which shall be the total shares of Common Stock then outstanding or issuable pursuant to then outstanding options, warrants and convertible securities. The Company shall notify SCF in writing at least 10 Business Days prior to the issuance of any shares of Capital Stock that is to occur prior to the Termination Date. The Company may sell to others the securities offered to SCF but not subscribed by SCF within 10 Business Days after the receipt of such offer, during a period not to exceed 60 Business Days after the receipt by SCF of such offer. Thereafter, any issuance by the Company must again be preceded by an offer to SCF. SCF shall be entitled to delay the purchase of the securities for which it has subscribed for up to 15 Business Days.

3. Standstill.

(a) After the date hereof, SCF will not, and SCF and L. E. Simmons & Associates Incorporated ("LESA") will cause their direct or indirect majority owned entities not to, acquire, either directly or indirectly, any voting securities of the Company other than pursuant to Section 2 hereof, unless such acquisition has been approved in advance by the Board of Directors of the Company; provided that SCF may acquire such additional voting securities of the Company as long as, after giving effect to such acquisition, the percentage of the Company's outstanding voting securities owned by SCF does not exceed 22.1% of the Company's securities on a fully diluted basis, as such percentage has been subsequently decreased by any issuances of capital stock by the Company. Notwithstanding any decrease referred to in the final clause of the preceding sentence, SCF shall be entitled (provided it does not solicit such purchases) to purchase shares of capital stock of the Company that are offered to it for purchase so long as, upon consummation of any such purchases, the percentage of the Company's outstanding voting securities owned by SCF on a fully diluted basis would not exceed 20%. SCF will not act together with any other person(s) so that, were such rule applicable, SCF would be deemed to be a beneficial owner of such securities under Rule 13d-5(b)(1) where such actions have a purpose or effect of changing control of the Company. Notwithstanding the foregoing, nothing herein shall affect the ability of a director of the Company, SCF or LESA to fulfill applicable fiduciary duties.

4. Competing Offer. SCF agrees to give the Company within ten (10) days following such occurrence written notice of the occurrence of an "Event" as that term is hereinafter defined. For purposes of this Section 4, an Event is any of the following:

(a) A decision by SCF to sell to one person, or group of persons acting in concert, shares of Common Stock representing five percent (5%) or more of the Company's Common Stock (hereinafter a "Block Sale");

(b) A decision by SCF to consider accepting an unsolicited offer to make a Block Sale to one person or group of persons acting in concert;

(c) A decision by SCF to request an investment banker or broker to locate a purchaser for a Block Sale.

Upon giving notice to the Company of an Event, SCF will meet with the Company to discuss the Event and provide the Company with the terms of any solicited or unsolicited offer to sell received by SCF, and the opportunity to make or sponsor a competing offer. Ten (10) days after such meeting or if the Company indicates it is not interested in such a meeting or if the Company is unwilling to meet SCF within five (5) days after the giving of notice by SCF, SCF shall be entitled to sell its shares of Common Stock to any person in SCF's sole discretion subject to the other provisions of this Agreement. SCF will give notice (a "Termination Notice") to the Company at the time that the potential transaction leading to the notice of an Event ceases to be under active consideration by SCF. If a new or revived potential transaction constituting an Event occurs within 90 days after the giving of such Termination Notice and SCF gives notice of such an Event to the Company within that 90 day period, then the ten (10) day notice requirement will again be applicable. If the Company breaches its obligation to effect a Special Demand Registration under the terms of the Registration Rights Agreement, the provisions of this Section 4 shall terminate.

5. Transfers of Common Stock. SCF may not Transfer any of its Common Stock to any Person who is, either directly or indirectly through one or more subsidiaries, a competitor of the Company, or affiliate of such competitor, engaged in the business of operating marine vessels; provided that following a public offering of shares of Common Stock by the Company, sales in "brokers' transactions" within the meaning of Section 4(4) of the Securities Act of 1933, pursuant to an underwritten offering or otherwise, to the extent SCF does not knowingly sell to a competitor, shall not be subject to this prohibition. The Company agrees to notify SCF within three (3) Business Days following any request from SCF addressed to the attention of the President and/or the Chief Executive Officer regarding whether a prospective purchaser of Common Stock would constitute such a competitor.

6. Tag-Along Rights.

(a) For purposes of this Agreement, the following shall constitute a "Triggering Event":

The receipt by Todd M. Hornbeck, Christian G. Vaccari or SCF (the "Potential Sellers") from any person or entity of a bona fide written offer to purchase or otherwise acquire for a valuable consideration any Common Stock held by Todd M. Hornbeck, Christian G. Vaccari or SCF, respectively, that such person desires to accept (a "Purchase Offer").

Upon the occurrence of a Triggering Event, the recipient of a Purchase Offer shall promptly give notice to the other Potential Sellers of the occurrence of the Triggering Event together with a copy of the offer executed by the offeror (a "Trigger Notice").

(b) Upon the occurrence of a Triggering Event, the following provisions shall apply.

(i) If Todd M. Hornbeck and/or Christian G. Vaccari is the recipient of a Purchase Offer, SCF shall have the right and option to participate along with either or both of Mr. Hornbeck or Mr. Vaccari, as sellers, in the sale of Common Stock pursuant to a Purchase Offer received by Mr. Hornbeck or Mr. Vaccari or both, which right and option shall be exercised by delivering written notice to such effect to the Potential Seller(s) that provided the Trigger Notice within 15 days after the date of the Trigger Notice. SCF and each of the Potential Sellers that provided the Trigger Notice shall be entitled to sell shares of Common Stock pursuant to the Purchase Offer on the terms and conditions set forth on the Purchase Offer and in a quantity calculated by multiplying (X) the total number of shares of Common Stock that are subject to the Purchase Offer by (Y) a fraction, the numerator of which is equal to the number of shares of Common Stock owned by such Potential Seller and the denominator of which is equal to the number of shares of Common Stock owned by all the Potential Sellers desiring to sell in the Purchase Offer. In such circumstances, the Potential Seller(s) providing the Trigger Notice shall not sell any of the Common Stock which it owns pursuant to the Purchase Offer unless SCF is permitted to participate in the sale as provided herein.

(ii) If SCF, in compliance with its other contractual obligations hereunder, including restrictions on the transfer of its Common Stock, is the recipient of a Purchase Offer, Todd M. Hornbeck and Christian G. Vaccari shall have the right and option to participate along with SCF in the sale of the Common Stock pursuant to the Purchase Offer, which right and option shall be exercised by delivering written notice to such effect to SCF within fifteen (15) days after the date of the Trigger Notice. In such event, SCF and each of the other Potential Sellers that elects to participate in such sale shall be entitled to sell shares of Common Stock pursuant to the Purchase Offer on the terms and conditions set forth in the Purchase Offer and in a quantity calculated by multiplying (X) the total number of shares of Common Stock that are subject to the Purchase Offer by (Y) a fraction, the numerator of which is equal to the number of shares of Common Stock owned by such Potential Seller and the denominator of which is equal to the number of shares of Common Stock owned by all the Potential Sellers desiring to sell in the Purchase Offer; provided, however, that for the purposes of this subsection 6(b)(ii) and the determination of the applicable percentage interests, each of Mr. Hornbeck and Mr. Vaccari shall be deemed to own only 35% of the shares that they own on the date of such calculation, including shares deemed owned pursuant to clause (iii) below. SCF shall not be entitled to sell any of its Common Stock pursuant to the Purchase Offer unless each electing Potential Seller is permitted to participate in the sale as provided herein.

(iii) For purposes of this Section 6, Mr. Vaccari shall be deemed to own 1/3 of the shares owned by Cari Investment Company in addition to those shares owned by him directly. Mr. Vaccari agrees to cause Cari Investment Company to comply with this Section to allow Potential Sellers to tag-along with sales of shares of Common Stock by Cari Investment Company to the extent such shares to be sold by Cari Investment Company are attributable to Mr. Vaccari's 1/3 interest in Cari Investment Company.

(iv) The rights and obligations set forth in this Section 6 shall terminate upon the Company's Initial Public Offering.

7. Corporate Governance Matters.

(a) Designation of Directors. The Company agrees that, so long as SCF owns at least 5% of the outstanding Common Stock (or other applicable voting securities of the Company, or, prior to the Initial Public Offering, so long as it owns at least 80% of the Common Stock acquired pursuant to the Subscription Agreement), SCF shall have the right to designate one (1) director to the Board of Directors of the Company. SCF recognizes and acknowledges that pursuant to that certain Voting Agreement between the Company, Cari and the Hornbecks dated June 5, 1997, as amended by the Amendment to Voting Agreement between the Company, Cari and the Hornbecks dated June 5, 1998, the Hornbecks, collectively, and Cari each have the right to designate an equal number of directors, that number being two (2) each as of the date hereof.

(b) Vacancies and Removals. The Company and SCF agree that any designee specified in (a) above may be removed only by the party designating such director, and any vacancy resulting from the resignation, removal or death of any director designated by a party hereto may be filled only by a designee of the party designating such director. The Company, the Hornbecks, Cari and SCF shall take no action to remove any such director designated by any party hereto or to fill any such vacancy, except as provided in this Agreement.

(c) Stockholder Action. The Hornbecks and Cari hereby agree, and Mr. Vaccari agrees to cause Cari Investment Company to vote their respective shares of Common Stock (and to execute any requested written consent in lieu of a meeting) from time to time as may be necessary to elect the designee of SCF to the Board of Directors and to take any other action necessary to accomplish the purposes of this Section; provided that the Hornbecks', Cari's and Mr. Vaccari's obligations under this paragraph shall terminate if, at any time following an Initial Public Offering, SCF ceases to own more than 5% of the then outstanding shares of Common Stock. SCF hereby agrees to vote its shares of Common Stock (and to execute any requested written consent in lieu of a meeting) from time to time as may be necessary to elect two (2) designees of the Hornbecks and two (2) designees of Cari to the Board of Directors, and to take any other action necessary to accomplish the purposes of this Section; provided that SCF's obligation under this paragraph shall terminate if, at any time following an Initial Public Offering, SCF ceases to own more than 5% of the then outstanding shares of Common Stock.

8. Legend on Certificate; Stop Transfer Orders. SCF agrees to the placement of a conspicuous legend on all certificates representing shares of Common Stock indicating that such securities may not be Transferred except in accordance with this Agreement and to the entry of a stop transfer order with the transfer agent for such securities against the transfer of such securities except in accordance with this Agreement. Such legend shall be substantially in the following form:

BY THE TERMS OF A STOCKHOLDERS AGREEMENT DATED __________, 2000 AMONG CERTAIN STOCKHOLDERS AND THE CORPORATION (THE "STOCKHOLDER'S AGREEMENT"), CERTAIN RESTRICTIONS HAVE BEEN PLACED ON THE TRANSFER AND VOTING OF THE SHARES REPRESENTED BY THIS CERTIFICATE. NEITHER THESE SECURITIES NOR ANY INTEREST HEREIN MAY BE TRANSFERRED, BY MEANS OF A DIRECT OR INDIRECT SALE, ASSIGNMENT, DONATION, TRANSFER, DEVISE, PLEDGE, HYPOTHECATION, ENCUMBRANCE OR OTHER DISPOSITION OF LEGAL TITLE OR BENEFICIAL INTEREST HEREIN, EXCEPT IN ACCORDANCE WITH THE STOCKHOLDERS AGREEMENT. A COPY OF THE STOCKHOLDERS AGREEMENT HAS BEEN PLACED ON FILE BY THE CORPORATION AT ITS PRINCIPAL PLACE OF BUSINESS OR REGISTERED OFFICE AND IS AVAILABLE FOR INSPECTION.

9. Miscellaneous.

(a) Termination. Except as otherwise set forth herein and except for Section 5 hereof which shall survive for so long as SCF and its affiliates own at least 5% of the Company's Common Stock, the terms of this Agreement shall terminate on the closing of an Initial Public Offering.

(b) Assignment; Successors and Assigns. This Agreement is not assignable by SCF. This Agreement shall inure to the benefit of and be binding upon the successors of the parties hereto.

(c) Arbitration. Any controversy, dispute or claim arising out of or related to this Agreement (a "Dispute") shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, by an arbitrator mutually agreed to by the parties. In the event the parties are unable to agree to the selection of an arbitrator within 10 days after the written notification by either party to this Agreement of the commencement of a Dispute, each party shall appoint one arbitrator, who shall be an impartial person. Those two persons shall select a third person to serve as the arbitrator. Any arbitration shall be held in New Orleans, Louisiana within 90 days of the appointment of the arbitrator.

The decision by the arbitrator shall be final and binding on each party. The arbitrator shall execute and deliver to each party its decision in writing. Judgment upon the award, if any, rendered by the arbitrator may be entered in any court having jurisdiction over the parties. No award by the arbitrator shall assess consequential, exemplary or punitive damages, but may assess the arbitration costs and expenses, including without limitation, attorneys fees of the parties, in a manner deemed equitable by the arbitrator, taking into account the arbitration decision. The parties to any Dispute shall maintain the confidentiality of any Dispute and any related arbitration proceeding for a period of 18 months, unless such disclosure is required by law and except to the extent either party shall reasonably designate in writing any information as being subject to confidentiality for a longer period, in which event the obligation to maintain confidentiality shall not terminate but shall continue for the period specified by such party. Notwithstanding the foregoing, the obligation of confidentiality specified herein shall not include any information which (i) is or becomes generally available to the public through no fault of the party bound by such obligation of confidentiality, (ii) was known by such party at the time of disclosure or is thereafter acquired from a source that was not known after inquiry to be prohibited from making such disclosure or (iii) is independently developed by such party.

(d) Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

(e) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(f) Choice of Law. The laws of the State of Delaware shall govern this Agreement without regard to principles of conflict of laws.

(g) Saving Clause. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting or impairing the validity or enforceability of such provision in any other jurisdiction.

(h) Integrated Agreement. This Agreement, together with the Subscription Agreement and the documents and instruments to be executed in connection therewith, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement, the Subscription Agreement and the documents and instruments to be executed in connection therewith supersede all prior agreements and understandings between the parties with respect to such subject matter.

(i) Amendment. This Agreement may be amended only by means of a written amendment signed by all of the parties hereto.

(j) Notices. All notices provided for hereunder shall be given by telecopy (confirmed by overnight delivery), air courier guaranteeing overnight delivery or personal delivery at the following addresses:

HORNBECK-LEEVAC Marine Services, Inc.
414 North Causeway Boulevard
Mandeville, Louisiana 70471
Attention: Christian G. Vaccari

Cari Investment Company
1100 Poydras Street, Suite 2000
New Orleans, Louisiana 70163
Attention: Christina G. Vaccari
Telecopier: 504-727-2006

Todd M. Hornbeck
c/o HORNBECK-LEEVAC Marine Services, Inc.
414 North Causeway Boulevard
Mandeville, Louisiana 70471
Telecopier: 504-727-2006

Troy A. Hornbeck
c/o HORNBECK-LEEVAC Marine Services, Inc.
414 North Causeway Boulevard
Mandeville, Louisiana 70471
Telecopier: 504-727-2006

or to such other address as any such party may designate by notice in the manner provided above. All such notices shall be deemed to have been delivered and received at the time delivered by hand, if personally delivered, when receipt acknowledged, if telecopied, and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

(k) Authority. Each signatory hereto signing in a representative capacity represents and warrants to every party that his principal has duly authorized him to execute this Agreement on its behalf and that he has the power to bind his principal to this Agreement by such signature.

(l) Effective and Binding. Notwithstanding anything else in this Agreement, this Agreement will only become effective and binding on the parties hereto upon the closing under the Subscription Agreement of the sale of 8,150,944 shares of Common Stock to SCF.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

HORNBECK-LEEVAC MARINE SERVICES, INC.

By: /s/ Christian G. Vaccari
Name: Christian G. Vaccari
Title: Chief Executive Offices

SCF-IV, L.P.
a Delaware limited partnership

By: SCF-IV, G.P., Limited Partnership,
its general partner

By: L. E. Simmons & Associates
Incorporated, its general partner

By: /s/ Anthony F. DeLuca
Anthony F. DeLuca
Managing Director

CARI INVESTMENT COMPANY

By: /s/ Christian G. Vaccari
Name: Christian G. Vaccari
Title: President

/s/ Todd M. Hornbeck
Todd M. Hornbeck

/s/ Todd M. Hornbeck
Troy A. Hornbeck, by
Todd M. Hornbeck,
Attorney-in-Fact

[Signature Page to Stockholders Agreement]

ACKNOWLEDGED AND AGREED TO
solely for purposes of being bound by Section 3 hereof.

L. E. SIMMONS & ASSOCIATES INCORPORATED

By: /s/ Anthony F. DeLuca
Anthony F. DeLuca
Managing Director

[Signature Page to Stockholders Agreement]

EXHIBIT 4.7

[HORNBECK-LEEVAC LETTERHEAD]

September 24, 2001

SCF-IV, L.P.
600 Travis, Suite 6600
Houston, Texas 77002
Attn: Andrew L. Waite

Re: Private Placement

Dear Sirs:

As you know, HORNBECK-LEEVAC Marine Services, Inc. (the "Company") proposes to offer shares of common stock to its current stockholders pursuant to a private placement (the "Private Placement").

Pursuant to Section 2 of the Stockholders Agreement ("Stockholders Agreement") dated as of October 27, 2000 by and among SCF-IV, L.P. ("SCF"), Cari Investment Company, Todd M. Hornbeck, Troy A. Hornbeck and the Company, SCF has the preemptive right to purchase its proportionate share of the common stock offered in the Private Placement, with the number of shares SCF is entitled to purchase being calculated by multiplying the total number of shares to be issued in the Private Placement by a fraction the numerator of which is the aggregate number of shares of common stock owned by SCF and the denominator of which is the total shares of common stock outstanding or issuable pursuant to outstanding options, warrants and convertible securities (the "Agreement Formula"). The Company hereby agrees to permit SCF to purchase its pro rata portion of the shares offered in the Private Placement, with the number of shares SCF is permitted to purchase calculated by multiplying the total number of shares to be issued in the Private Placement by a fraction the numerator of which is the aggregate number of shares of common stock owned by SCF and the denominator of which is the total shares of common stock outstanding. Further, SCF may participate in the over-subscription opportunity to be provided in the Private Placement, as described in the Confidential Private Offering Memorandum. SCF will be restricted from voting any shares SCF purchases beyond the pro rata portion SCF would be permitted to purchase in accordance with the Agreement Formula, pursuant to a mechanism (such as the granting of a proxy, voting agreement, voting trust, etc.) to be mutually agreed upon between SCF and the Company.

In connection with the Private Placement, the Company agrees that this letter constitutes an amendment to Section 2 of the Stockholders Agreement to provide that SCF will be entitled to purchase its pro rata share of any future issuance of Capital Stock (as defined therein) with its pro rata share based on the number of shares outstanding at that time rather than the number of shares determined on a fully diluted basis. Any securities which SCF is entitled to purchase in any future issuances pursuant to its preemptive rights which are attributable to the ownership of securities for which voting rights are restricted will be subject to the same restriction on voting rights.

Subject to your execution below, SCF agrees that this letter constitutes an amendment of the Registration Rights Agreement dated October 27, 2000 by and between the Company and SCF to provide that the Company shall not be obligated to effect a registration requested pursuant to a Special Demand made prior to November 21, 2004 pursuant to Section 2.2(a)(ii) if the Company elects to file a "Company Registration" as permitted in Section 2.2(d) and as contemplated in Section 3 of the Agreement Concerning Registration Rights dated October 27, 2000 among the parties to this letter and certain other parties. In the event of such an election to make a "Company Registration" the Company shall notify SCF of such election within ten Business Days after receipt of any such Special Demand, diligently pursue an offering as contemplated in such Section 2.2(d) and pursuant to such offering register Common Stock under Section 12 of the Securities Exchange Act of 1934, as amended.

Please indicate your acceptance of and agreement with the foregoing by executing in the spaces provided below and returning the same to me at the Company's home office. Facsimile signatures shall be acceptable to bind the parties.

This letter agreement memorializes the proposal made to you by the Company's board of directors in a duly constituted meeting and will therefore be binding on the Company in accordance with its terms upon your acceptance and the execution by all parties hereto.

Very truly yours,

HORNBECK-LEEVAC Marine Services, Inc.

By: /s/ Christian G. Vaccari

Christian G. Vaccari
Chief Executive Officer

ACCEPTED AND AGREED TO
for the limited purposes set forth above
as of the date first written above by:

SCF-IV, L.P.

By: SCF-IV, G.P., Limited Partnership,
its general partner

By: L. E. Simmons & Associates, Incorporated,
its general partner

By: /s/ Andrew L. Waite

Name: Andrew L. Waite

Title: Managing Director

CARI INVESTMENT COMPANY

By: /s/ Christian G. Vaccari

Name: Christian G. Vaccari

Title: President

/s/ Todd M. Hornbeck
- --
Todd M. Hornbeck

/s/ Todd M. Hornbeck
- --
Troy A. Hornbeck, by
Todd M. Hornbeck,
Attorney-in-Fact

Exhibit 4.11

REGISTRATION RIGHTS AGREEMENT

Dated June 24, 2003

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement") is entered into and made effective as of June 24, 2003 by and between Hornbeck Offshore Services, Inc., a Delaware corporation (the "Company") and, those purchasers of Common Stock of the Company in the offering thereof pursuant to which this Agreement has been entered into by the Company who execute a joinder to this Agreement within 30 days of the date hereof.

W I T N E S S E T H:

WHEREAS, the Company has agreed to grant certain piggy-back registration rights in connection with the purchase of certain shares of Common Stock from the Company pursuant to those certain Subscription Agreements executed by purchasers in the Private Placement and the Company (the "Subscription Agreements"), subject to their execution of a Joinder to the Agreement;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms have the meanings indicated:

"Affiliate" means, with respect to any Person, any Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power, alone or as part of an organized group, to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this Registration Rights Agreement, as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof then in effect.

"Business Day" shall mean any day other than a Saturday, Sunday or legal holiday for banks in the State of Texas.

"Commission" shall mean the Securities and Exchange Commission.

"Common Stock" means the Company's Common Stock, par value $.01 per share, or any successor class of the Company's Common Stock.

"Company" shall mean Hornbeck Offshore Services, Inc., a Delaware corporation.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fair Market Value" shall mean, with respect to a share of Common Stock, the value of each such share that would be obtained in a commercially reasonable private sale process in which all equity securities of the Company are sold as a whole to a non-affiliated entity.

"Holder" means any person purchasing Purchaser Shares in the Private Placement and executing a Joinder within 30 days of the date hereof.

"Hornbecks" means Todd M. Hornbeck and Troy A. Hornbeck.

"Joinder" shall mean a joinder in the form attached hereto as Exhibit A.

"Liabilities" shall mean all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation).

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or a political subdivision, agency or instrumentality thereof or other entity or organization of any kind.

"Piggyback Registration" shall mean the registration of Registrable Securities pursuant to a registration statement filed by the Company under the 1933 Act as set forth in Section 2.1 of this Agreement.

"Private Placement" shall mean the issuance by the Company of up to 9,000,000 shares of its Common Stock in a private placement, offered pursuant to the Confidential Private Offering Memorandum dated as of May 30, 2003, as supplemented by the Supplement to Confidential Private Offering Memorandum dated as of June 19, 2003.

"Publicly Traded" means, with respect to the Common Stock, that such securities are listed for trading on the New York Stock Exchange, Inc., the American Stock Exchange, Inc. or the NASDAQ Stock Market's NASDAQ National Market or NASDAQ SmallCap Market.

"Purchaser Shares" means (i) the shares of Common Stock issued to persons pursuant to the Private Placement who execute a Joinder within 30 days of the date hereof and (ii) any shares of the Common Stock issued in exchange for, as a dividend on, or in replacement or upon conversion of, or otherwise issued in respect of (including Common Stock issued in a stock dividend, split or recombination or pursuant to the exercise of preemptive rights), any such shares of Common Stock described in clause (i).

"Records" shall mean all financial and other records, pertinent corporate documents and properties of the Company.

"Registrable Securities" means any Purchaser Shares until such time as they (i) have been distributed to the public pursuant to a registration statement covering such securities that has been declared effective under the Securities Act, (ii) have been distributed to the public in accordance with the provisions of Rule 144 (or any similar provision then in force) under the Securities Act or (iii) have been repurchased by the Company or (iv) are eligible to be sold pursuant to Rule 144(k) (or any similar provision then in force) if the Holder thereof owns less than two percent of the then outstanding Common Stock.

"RRAs" means the 1997 Stockholders' Agreement and the 2000 Registration Rights Agreement.

"Transfer" shall mean any direct or indirect transfer, assignment, donation, devise, sale, gift, pledge, hypothecation, encumbrance, or other disposition of any security, or any interest therein, whether voluntary or involuntary, including without limitation any disposition or transfer as a part of any liquidation of assets or any reorganization pursuant to the United States' or any other jurisdiction's bankruptcy law or other similar debtor relief laws. The term "Transfer," shall also include a transaction involving a change of ownership interest (including without limitation as a result of merger or consolidation) or voting power of a Holder entered into for the purpose or with the effect of avoiding the restrictions on the Transfer of the Common Stock provided herein or other any other provision hereof governing Transfers.

"1997 Stockholders' Agreement" shall mean that certain Stockholders' Agreement by and among the Company, the Hornbecks and Cari dated June 5, 1997.

"2000 Registration Rights Agreement" shall mean that certain Registration Rights Agreement by and between the Company and SCF IV, L.P. dated October 27, 2000.

Section 2. Registration Rights.

2.1. Piggy-back Registration.

(a) If the Company proposes to file a registration statement under the Securities Act of 1933, as amended (the "1933 Act"), with respect to an offering by the Company for its own account or for the account of any other Person of any class of equity security, including any securities convertible into or exchangeable for any equity security (other than a registration statement on Forms S-4 or S-8 (or their successor forms) or filed in connection with an exchange offer or an offering of securities solely to the Company's existing stockholders), then the Company shall in each case give written notice of such proposed filing to the Holders of Registrable Securities at least twenty days before the anticipated filing date, and such notice shall offer such Holders the opportunity to register such number of Registrable Securities as each such Holder may request (a "Piggy-back Registration"). The Company shall use reasonable diligence to cause the managing underwriter or underwriters of a proposed underwritten offering to permit the Holders of Registrable Securities requested to be included in the registration for such offering to include such securities in such offering on the same terms and conditions as any similar securities of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such offering delivers a written opinion to the holders of Registrable Securities that the total amount of securities which they or the Company and any other Persons intend to include in such offering is sufficiently large to materially and adversely affect the success of such offering, then the amount or kind of Registrable Securities to be offered for the accounts of Holders of Registrable Securities shall be reduced as follows:

in the event of a registration initiated pursuant to the exercise of any demand registration rights, then (i) any securities to be registered by any person or entity who is not a Holder hereunder or a "Holder" under any RRA (other than the party exercising their demand rights) shall be reduced first, (ii) any securities to be registered by any Holder hereunder shall be reduced next among the Holders in proportion to the number of Registrable Securities for which they requested registration; (iii) any securities to be registered by the Company shall then be reduced prior to effecting any reduction in the number of securities to be registered by the "Holders" under any RRA and (iv) any further reduction required shall be made among the "Holders" under any RRA in accordance with its terms. In the event of a registration not initiated pursuant to the exercise of any demand registration rights (such as a Company-initiated registration or a "Company Registration" as contemplated by the RRAs) then (i) any securities to be offered by any person or entity other than a Holder hereunder, a "Holder" under any RRA or the Company shall be reduced first, (ii) any securities to be registered by any Holder hereunder shall be reduced next among such Holders in proportion to the number of Registrable Securities for which they requested registration; (iii) any further reduction required shall be made among the "Holders" under any RRA in accordance with its terms; and (iv) any further reduction required shall be made with respect to the securities to be registered by the Company. The total amount of the reduction shall be the amount which the managing underwriter reasonably believes is necessary so as not to materially and adversely affect the success of the offering.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be required to include Registrable Securities in any registration statement if the proposed registration is (i) a registration of a stock option or other employee incentive compensation plan or of securities issued or issuable pursuant to any such plan, (ii) a registration of securities issued or issuable pursuant to a stockholder reinvestment plan, or other similar plan, (iii) a registration of securities issued in exchange for any securities or any assets of, or in connection with a merger or consolidation with, an unaffiliated company, or (iv) a registration of securities pursuant to a "rights" or other similar plan designed to protect the Company's stockholders from a coercive or other attempt to take control of the Company.

(c) The Company may withdraw any registration statement and abandon any proposed offering initiated by the Company without the consent of any Holder of Registrable Securities, notwithstanding the request of any such Holder to participate therein in accordance with this provision, if the Company determines in its sole discretion that such action is in the best interests of the Company and its stockholders (for this purpose, the interest of the Holders in effecting the registration and offering shall not be considered).

(d) Notwithstanding anything to the contrary contained in this Agreement, the rights of Holders of Registrable Securities to be included in a Piggy-Back Registration, whether or not such registration is underwritten, shall be superior to any registration rights granted subsequent to the date of this Agreement.

2.2. Holdback Agreements; Requirements of Holders.

(a) Restrictions on Public Sale by Holders of Registrable Securities. To the extent not inconsistent with applicable law, including insurance codes, each Holder of Registrable Securities that are included in a registration statement which registers Registrable Securities pursuant to this Agreement agree not to effect any public sale or distribution of the issue being registered or a similar security of the Company or any securities convertible into or exchangeable or exercisable for such securities, during the 14 days prior to, and during the 180-day period (or such shorter period as to which the Company or any other Person is subject) beginning on, the effective date of a registration statement filed by the Company (except as part of such registration), but only if and to the extent requested in writing (with reasonable prior notice) by the managing underwriter or underwriters in the case of an underwritten public offering by the Company and/or selling stockholders of securities similar to the Registrable Securities; provided, however, that the period of time for which the Company is required to keep such registration statement which includes Registrable Securities continuously effective shall be increased by a period equal to such requested holdback period.

(b) Restrictions on Public Sale by the Company. The Company agrees not to effect any public sale or distribution of any securities similar to those being registered, or any securities convertible into or exchangeable or exercisable for such securities, during the 14 days prior to, and during the 90-day period beginning on, the effective date of any registration statement in which the Holders of Registrable Securities are participating (except pursuant to such registration statement).

(c) Cooperation by Holders. The offering of Registrable Securities by any Holder shall comply in all respects with the applicable terms, provisions and requirements set forth in this Agreement, and such Holder shall timely provide the Company with all information and materials required to be included in a registration statement that (a) relate to the offering, (b) are in possession of such Holder, and (c) relate to such Holder, and to take all such action as may be reasonably required in order not to delay the registration and offering of the securities by the Company. The Company shall have no obligation to include in such registration statement shares of a Holder who has failed to furnish such information which, in the written opinion of counsel to the Company, is required in order for the registration statement to be in compliance with the 1933 Act.

2.3. Registration Procedures. Whenever any Registrable Securities are to be registered pursuant to Section 2.1 of this Agreement, the Company will use reasonable diligence to effect the registration of such Registrable Securities in accordance with the intended method of disposition thereof as quickly as practicable. In connection with any Piggy-back Registration, the Company will as expeditiously as possible:

(a) prepare and file with the Commission a registration statement which includes the Registrable Securities and use reasonable diligence to cause such registration statement to become effective; provided, however, that before filing a registration statement or prospectus or any amendments or supplements thereto, including documents incorporated by reference after the initial filing of the registration statement, the Company will furnish to the Holders of the Registrable Securities covered by such registration statement and the underwriters, if any, draft copies of all such documents proposed to be filed at least 3 Business Days prior thereto, which documents will be subject to the reasonable review of such Holders and underwriters, and the Company will not file any registration statement or amendment thereto or any prospectus or any supplement thereto (including such documents incorporated by reference) to which holders of a majority of the Registrable Securities covered by such registration statement or the underwriters with respect to such Registrable Securities, if any, shall reasonably object, and will notify each Holder of the Registrable Securities of any stop order issued or threatened by the Commission in connection therewith and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered;

(b) prepare and file with the Commission such amendments and post-effective amendments to the registration statement as may be necessary to keep the registration statement effective for a period of not less than six months (or such shorter period which will terminate when all Registrable Securities covered by such registration statement have been sold or withdrawn, but not prior to the expiration of the 90-day period referred to in Section 4(3) of the 1933 Act and Rule 174 thereunder, if applicable); cause the prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the 1933 Act; and comply with the provisions of the 1933 Act applicable to it with respect to the disposition of all securities covered by such registration statement during the applicable period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement or supplement to the prospectus;

(c) furnish to any Holder of Registrable Securities included in such registration statement and the underwriter or underwriters, if any, without charge, such number of conformed copies of the registration statement and any post-effective amendment thereto and such number of copies of the prospectus (including each preliminary prospectus) and any amendments or supplements thereto, and any documents incorporated by reference therein, as such Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities being sold by such Holder (it being understood that the Company consents to the use of the prospectus and any amendment or supplement thereto by each Holder of Registrable Securities covered by the registration statement and the underwriter or underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by the prospectus or any amendment or supplement thereto);

(d) notify each Holder of Registrable Securities included in such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, when the Company becomes aware of the happening of any event as a result of which the prospectus included in such registration statement (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of the prospectus or any preliminary prospectus, in light of the circumstances under which they were made) not misleading and, as promptly as practicable thereafter, prepare and file with the Commission and furnish a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(e) use reasonable diligence to cause all Registrable Securities included in such registration statement to be listed, by the date of the first sale of Registrable Securities pursuant to such registration statement, on each securities exchange (including, for this purpose, NASDAQ Stock Market) on which the Common Stock of the Company is then listed or proposed to be listed, if any.

(f) make generally available to its security holders an earnings statement satisfying the provisions of Section 11(a) of the 1933 Act no later than 45 days after the end of the 12-month period beginning with the first day of the Company's first fiscal quarter commencing after the effective date of the registration statement, which earnings statement shall cover said 12-month period, which requirement will be deemed to be satisfied if the Company timely files complete and accurate information on Forms 10-Q, 10-K and 8-K under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and otherwise complies with Rule 158 under the 1933 Act as soon as feasible;

(g) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of the registration statement at the earliest possible moment;

(h) if requested by the managing underwriter or underwriters or any Holder of Registrable Securities covered by the registration statement, promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters or such Holder requests to be included therein, including, without limitation, with respect to the number of Registrable Securities being sold by such Holder to such underwriter or underwriters, the purchase price being paid therefor by such underwriter or underwriters and any other terms of the underwritten offering of such Registrable Securities, and promptly make all required filings of such prospectus supplement or post-effective amendment;

(i) as promptly as practicable after filing with the Commission of any document which is incorporated by reference into a registration statement, deliver a copy of such document to each Holder of Registrable Securities covered by such registration statement;

(j) on or prior to the date on which the registration statement is declared effective, use reasonable diligence to register or qualify, and cooperate with the Holders of Registrable Securities included in such registration statement, the underwriter or underwriters, if any, and their counsel, in connection with the registration or qualification of the Registrable Securities covered by the registration statement for offer and sale under the securities or blue sky laws of each state and other jurisdiction of the United States as any such Holder or underwriter reasonably requests in writing, to use reasonable diligence to keep each such registration or qualification effective, including through new filings, or amendments or renewals, during the period such registration statement is required to be kept effective and to do any and all other acts or things necessary or advisable to enable the disposition in all such jurisdictions of the Registrable Securities covered by the applicable registration statement; provided that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;

(k) cooperate with the Holders of Registrable Securities covered by the registration statement and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing securities to be sold under the registration statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or such Holders may request, subject to the underwriters' obligation to return any certificates representing securities not sold;

(l) use reasonable diligence to cause the Registrable Securities covered by the registration statement to be registered with or approved by such other governmental agencies or authorities within the United States as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such securities;

(m) enter into such customary agreements (including an underwriting agreement in customary form) and take all such other reasonable actions as the Holders of a majority of the Registrable Securities being sold or the underwriters retained by Holders participating in an underwritten public offering, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(n) make available for inspection by one representative of the Holders of Registrable Securities included in such Registration Statement, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by any such representative of the Holders or underwriter (collectively, the "Inspectors"), all nonconfidential financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably necessary to enable each of the foregoing to exercise its due diligence responsibility, and cause the Company's officers, directors and employees to supply all Records reasonably requested by any such Inspector in connection with such registration statement; provided, however, that with respect to any Records that are confidential, the Inspectors shall execute such confidentiality agreements as the Company may reasonably request in order to maintain the confidentiality of the Records; and

(o) use reasonable diligence in connection with any underwritten offering to obtain a "cold comfort" letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters as the managing underwriter or underwriters may reasonably request.

Each Holder, upon receipt of any notice from the Company of the happening of any event of the kind described in subsection (d) of this Section 2.3, will forthwith discontinue disposition of the Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by subsection (d) of this Section 2.3 or until it is advised in writing (the "Advice") by the Company that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the prospectus, and, if so directed by the Company, such Holder will, or will request the managing underwriter or underwriters, if any, to, deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the time periods mentioned in subsection (b) of this Section 2.3 shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable

Securities covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by subsection (d) of this Section 2.4 hereof or the Advice.

If such registration statement refers to any Holder by name or otherwise as the Holder of any securities of the Company then such Holder shall have the right to require (i) the insertion therein of language, in form and substance satisfactory to such holder, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation of such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such Holder by name or otherwise is not required by the 1933 Act or any similar federal statute then in force, the deletion of the reference to such Holder.

2.4. Expenses.

(a) Registration Expenses. "Registration Expenses" means all expenses incurred by the Company incident to the Company's performance of or compliance with this Agreement, including without limitation, all SEC and securities exchange, NASDAQ or National Association of Securities Dealers, Inc. registration and filing fees, fees and expenses (other than the pro rata portion of filing fees required by state law attributable to the securities to be sold) of compliance with securities or blue sky laws (including fees and disbursements, if any, of any underwriters' counsel in connection with blue sky qualifications of the Registrable Securities), rating agency fees, printing expenses, messenger and delivery expenses, internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the fees and expenses incurred in connection with the listing of the securities to be registered on each securities exchange or NASDAQ on which similar securities issued by the Company are to be or are then listed and fees and disbursements of counsel for the Company and its independent certified public accountants (including the expenses of any special audit or "cold comfort" letters required by or incident to such performance), securities act liability insurance (if the Company elects to obtain such insurance), the fees and expenses of any special experts retained by the Company in connection with such registration (but not including any Selling Expenses). "Selling Expenses" means all underwriting fees, discounts and selling commissions allocable to the sale of Registrable Securities sold pursuant to the applicable registration statement, all out-of-pocket expenses incurred directly by the selling Holders, including for legal counsel, if any, on behalf of the selling Holders.

(b) The Company will pay all Registration Expenses in connection with each Piggyback Registration and the selling Holders shall pay all Selling Expenses.

2.5. Indemnification; Contribution.

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless each Holder of Registrable Securities, its officers, directors and each Person who controls such Holder (within the meaning of the 1933 Act), and any Agent (as hereinafter defined) or investment advisor thereof against all Liabilities arising out of or based upon any untrue or alleged untrue statement of material fact contained in any registration statement, any amendment or supplement thereto, any prospectus or preliminary prospectus or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as any such Liabilities arise out of or are based upon any untrue statement or omission based upon information with respect to such indemnified Person furnished in writing to the Company by such indemnified Person expressly for use therein. In connection with an underwritten offering, the Company will indemnify the underwriters thereof, their officers and directors and each Person who controls such underwriters (within the meaning of the 1933 Act) to the same extent as provided above with respect to the indemnification of the Holders of Registrable Securities or to such other extent as the Company and such underwriters may agree. For purposes of this Section 2.5(a), an "Agent" of a Holder of Registrable Securities is any person acting for or on behalf of such Holder with respect to the holding or sale of such Registrable Securities.

(b) Indemnification by Holders of Registrable Securities. In connection with any registration statement in which a Holder of Registrable Securities is participating, each such Holder will furnish to the Company in writing such information with respect to the name and address of such Holder and the amount of Registrable Securities held by such Holder and such other information as the Company shall reasonably request for use in connection with any such registration statement or prospectus, and agrees to indemnify, to the extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the 1933 Act) against any Liabilities resulting from any untrue statement of a material fact or any omission of a material fact required to be stated in the registration statement or prospectus or any amendment thereof or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission was made in reliance upon and in conformity with information with respect to such Holder so furnished in writing by such Holder specifically for inclusion in any prospectus or registration statement. In no event shall the liability of any selling Holder of Registrable Securities hereunder be greater in amount than the dollar amount of the proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder agrees to give prompt written notice to the indemnifying party after the receipt by such Person of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which such Person may claim indemnification or contribution pursuant to this Agreement and, unless in the written opinion of counsel for such indemnified party a conflict of interest may exist between such indemnified party and the indemnifying party with respect to such claim, permit the indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to such indemnified party. Whether or not such defense is assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel with respect to such claim, unless in the opinion of counsel for any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels.

(d) Contribution. If the indemnification provided for in this Section 2.5 from the indemnifying party is unavailable to or insufficient to hold harmless an indemnified party hereunder in respect of any Liabilities referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such Liabilities, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the Liabilities referred to above shall be deemed to include, subject to the limitations set forth in Section 2.5(c), any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.5.(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 2.6(d), no selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such selling Holder were offered to the public exceeds the amount of any damages which such selling Holder has otherwise been required to pay by reason of such untrue statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

The obligations of the Company pursuant to this Section 2.5 shall be further subject to such additional express agreements of the Company as may be required to facilitate an underwritten offering, provided that no such agreement shall in any way limit the rights of the Holders of Registrable Securities under this Agreement, or create additional obligations of such Holders not set forth herein, except as otherwise expressly agreed in writing by any such Holders.

2.6. Participation in Underwritten Registrations. No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's securities on the terms of and on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements (which shall be the Company in the case of an offering of securities by the Company); (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements; and (c) agrees to be bound by all terms and conditions of this Agreement.

Section 3. Other Registration Rights. The Company may only grant registration rights to any Person (including the Holders of Registrable Securities) with respect to any securities of the Company that are granted in accordance with the terms of this Section 3. Such new rights must either (i) if identical to those granted herein (through being designated as "Purchaser Shares" hereunder), be approved in writing by Holders of a majority of the then Registrable Securities, or (ii) if not identical to those granted herein, nevertheless not be inconsistent with the terms of this Agreement while providing that (a) with respect to demand registration rights granted to other Persons, the Holders of Registrable Securities have a piggy-back right upon the exercise of such new rights and shall be included in such registration statement on the same terms and conditions as the holders of the new rights, subject to possible reduction at the initiative of the managing underwriter or underwriters on terms substantially equivalent to those set forth in Section 2.1 and with respect to piggy-back rights granted to other Persons, such other Persons' rights to be included in a registration statement shall not be superior to the rights of the Holder.

Section 4. Transfers of Common Stock. No Holder may Transfer any of its Common Stock to any Person who is, either directly or indirectly through one or more subsidiaries, a competitor of the Company, or affiliate of such competitor, engaged in the business of operating marine vessels; provided that following a public offering of shares of Common Stock by the Company, sales in "brokers' transactions" within the meaning of Section 4(4) of the Securities Act of 1933, pursuant to an underwritten offering or otherwise, to the extent a Holder does not knowingly sell to a competitor, shall not be subject to this prohibition. The Company agrees to notify a Holder within three (3) Business Days following any request from such Holder addressed to the attention of the President and/or the Chief Executive Officer regarding whether a prospective purchaser of Common Stock would constitute such a competitor.

Section 5. Miscellaneous.

5.1. Recapitalizations, Exchanges, etc. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Registrable Securities, to any and all shares of capital equity of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or in substitution of the shares of Registrable Securities, in each case as the amounts of such securities outstanding are appropriately adjusted for any equity dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date of this Agreement.

5.2. Opinions. When any legal opinion is required to be delivered hereunder, such opinion may contain such qualifications as may be customary or otherwise appropriate for legal opinions in similar circumstances.

5.3. Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Company, to: Hornbeck Offshore Services, Inc.

414 N. Causeway Blvd.
Mandeville, LA 70448
Attention: Chairman
Attention: President

With a copy to: R. Clyde Parker, Jr., Esq.

Winstead Sechrest & Minick P.C.
1450 Lake Robbins Drive, Suite 600
The Woodlands, Texas 77380

If to Holders to: the address provided in the Joinder executed by such Holder

or to such other address as any party may furnish to the others in writing in accordance herewith, except that notices of changes of address shall be effective only upon receipt, and that failure to copy legal counsel shall not invalidate notices otherwise properly given.

5.4. Applicable Law. This contract is entered into under, and shall be governed for all purposes by, the laws of the State of Delaware.

5.5. Amendment and Waiver. This Agreement may be amended, and the provisions hereof may be waived, only by a written instrument signed by (i) the Holders holding a majority of the Registrable Securities (ii) the Company. Actions by the Company to amend this Agreement must be approved by the Company's board of directors. No failure by any party hereto at any time to give notice of any breach by any other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

5.6. Remedy for Breach of Contract. The parties agree that in the event there is any breach or asserted breach of the terms, covenants or conditions of this Agreement, the remedy of the parties hereto shall be at law and in equity and injunctive relief shall lie for the enforcement of or relief from any provisions of this Agreement.

5.7. Severability. It is a desire and intent of the parties that the terms, provisions, covenants and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant or remedy of this Agreement or the application thereof to any Person or circumstances shall, to any extent, be construed to be invalid or unenforceable, in whole or in part, then such term, provision, covenant or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any Person or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

5.8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

5.9. Headings. The section and paragraph headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

5.10. Binding Effect. This Agreement may not be assigned to a third party by any Holder other than, prior to a public offering of shares of Common Stock by the Company, to a Holder to whom the assigning Holder has transferred substantially all of its Purchaser Shares in compliance with the restrictions set forth in this Agreement. Unless otherwise provided herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto (including those Holders who elect to participate in any registration) and their respective heirs, legal representatives, successors and permitted assigns, and is not intended to confer upon any other Person any right or remedies hereunder other than purchasers in the Private Placement.

5.11. Entire Agreement. This Agreement, together with the other agreements referenced herein, constitutes the entire agreement and supersedes all prior agreements, understandings, both written and oral, among the parties with respect to the subject matter hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ Todd M. Hornbeck

Todd M. Hornbeck
President and Chief Executive Officer

[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

Exhibit A
Form of Joinder

The undersigned hereby adopts, accepts, and agrees to be bound by all of the terms and conditions of that certain Registration Rights Agreement dated June 24, 2003 and to perform all obligations therein imposed upon the undersigned in his capacity as a Holder thereunder. The undersigned acknowledges receipt of copies of such Agreement and agrees that this Joinder may be attached to master copies thereof.

IN WITNESS WHEREOF, the undersigned has executed this Joinder on __________________, 2003

(Signature)

(Printed Name)

Address:

Exhibit 4.12

HORNBECK OFFSHORE SERVICES, INC.

AND

THE GUARANTOR NAMED HEREIN

SERIES B

10 5/8% SENIOR NOTES DUE 2008

SECOND SUPPLEMENTAL INDENTURE

AND AMENDMENT - SUBSIDIARY GUARANTEE

Dated as of June 18, 2003

WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION

Trustee

This SECOND SUPPLEMENTAL INDENTURE AND AMENDMENT - SUBSIDIARY GUARANTEE ("Supplemental Indenture"), dated as of June 18, 2003, is among Hornbeck Offshore Services, Inc., a Delaware corporation (the "Company"), HOS-IV, LLC (the "New Guarantor") and Wells Fargo Bank Minnesota, National Association, a national banking association, as Trustee.

RECITALS

WHEREAS, the Company originally issued $175,000,000 aggregate principal amount of 10 5/8% Senior Notes due 2008 (the "Notes") under the terms of that certain Indenture, dated as of July 24, 2001 (the "Original Indenture"), by and between the Company, the Trustee, and the subsidiary guarantors named therein; and

WHEREAS, the Original Indenture was supplemented and amended in order to name additional subsidiaries of the Company as subsidiary guarantors of the Notes under the terms of that certain Supplemental Indenture and Amendment - Subsidiary Guarantee, dated as of December 17, 2001, by and between the Company, the Trustee and the additional subsidiary guarantors named therein (the "First Supplement"); and

WHEREAS, the Original Indenture, as supplemented by the First Supplement, shall hereinafter be referred to as the "Indenture"; and

WHEREAS, Section 9.01(f) of the Indenture provides that the Indenture may amended or supplemented in order to add any new guarantor of the Indenture to comply with Section 10.02 thereof, without the consent of the Holders of the Notes; and

WHEREAS, all acts and things prescribed by the Indenture, by law and by the charter and the bylaws (or comparable constituent documents) of the Company, of the New Guarantor and of the Trustee necessary to make this Supplemental Indenture a valid instrument legally binding on the Company, the New Guarantor and the Trustee, in accordance with its terms, have been duly done and performed;

NOW, THEREFORE, to comply with the provisions of the Indenture and in consideration of the above premises, the Company, the New Guarantor and the Trustee covenant and agree for the equal and proportionate benefit of the respective Holders of the Notes as follows:

ARTICLE 1

Section 1.01. This Supplemental Indenture is supplemental to the Indenture and does and shall be deemed to form a part of, and shall be construed in connection with and as part of, the Indenture for any and all purposes.

Section 1.02. This Supplemental Indenture shall become effective immediately upon its execution and delivery by each of the Company, the New Guarantor and the Trustee.

ARTICLE 2

Section 2.01. From this date, in accordance with Section 10.02 and by executing this Supplemental Indenture and a notation of Subsidiary Guarantee (a copy of which is attached hereto), the New Guarantor whose signature appears below is subject to the provisions of the Indenture to the extent provided for in Article 10 thereunder.

ARTICLE 3

Section 3.01. Except as specifically modified herein, the Indenture and the Notes are in all respects ratified and confirmed (mutatis mutandis) and shall remain in full force and effect in accordance with their terms with all capitalized terms used herein without definition having the same respective meanings ascribed to them as in the Indenture.

Section 3.02. Except as otherwise expressly provided herein, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture. This Supplemental Indenture is executed and accepted by the Trustee subject to all the terms and conditions set forth in the Indenture with the same force and effect as if those terms and conditions were repeated at length herein and made applicable to the Trustee with respect hereto.

Section 3.03. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE AND ENFORCE THIS SUPPLEMENTAL INDENTURE.

Section 3.04. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of such executed copies together shall represent the same agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first written above.

COMPANY:

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ James O. Harp, Jr.

James O. Harp, Jr.
Vice President and Chief Financial Officer

TRUSTEE:

WELLS FARGO BANK MINNESOTA,
NATIONAL ASSOCIATION

By: /s/ Nedine A. Peluso

Name: Nedine A. Peluso
Title: Corporate Trust Offices

NEW GUARANTOR:

HOS-IV, LLC,

By: /s/ James O. Harp, Jr.

James O. Harp, Jr.
Vice President and Chief Financial Officer

NOTATION OF SUBSIDIARY GUARANTEE

Subject to Section 10.06 of the Indenture, each Guarantor has jointly and severally, unconditionally guaranteed to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes and the Obligations of the Company under the Notes or under the Indenture, that: (a) the principal of and premium, if any, interest and Liquidated Damages, if any, on the Notes will be promptly paid in full when due, subject to any applicable grace period, whether at maturity, by acceleration, redemption or otherwise, and interest on overdue principal of and premium, if any, (to the extent permitted by law) interest and Liquidated Damages, if any, on the Notes and all other payment Obligations of the Company to the Holders or the Trustee under the Indenture or under the Notes will be promptly paid in full and performed, all in accordance with the terms thereof; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other payment Obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, subject to any applicable grace period, whether at stated maturity, by acceleration, redemption or otherwise. Failing payment when so due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. An Event of Default under the Indenture or the Notes shall constitute an event of default under the Subsidiary Guarantees, and shall entitle the Holders to accelerate the obligations of the Guarantors under the Indenture in the same manner and to the same extent as the Obligations of the Company. The Guarantors have agreed that their Obligations under the Indenture shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor further, to the extent permitted by law, has waived diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that its Subsidiary Guarantee will not be discharged except by complete performance of the Obligations contained in the Notes and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors, or any Note Custodian, Trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by the Company or any Guarantor to the Trustee or such Holder, the Subsidiary Guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor has agreed that it shall not be entitled to, and hereby has waived, any right of subrogation in relation to the Holders in respect of any Obligations guaranteed under the Indenture. Each Guarantor further has agreed that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (a) the maturity of the Obligations guaranteed under the Indenture may be accelerated as provided in Article 6 of the Indenture for the purposes of its Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed thereby, and (b) in the event of any declaration of acceleration of such Obligations as provided in Article 6 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purpose of its Subsidiary Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Subsidiary Guarantees.

The obligations of the Guarantors to the Holders and to the Trustee pursuant to the Subsidiary Guarantees and the Indenture are expressly set forth in Article 10 of the Indenture, and reference is hereby made to such Indenture for the precise terms of the Subsidiary Guarantees. The terms of Article 10 of the Indenture are incorporated herein by reference. The Subsidiary Guarantees are subject to release as and to the extent provided in Sections 10.04 and 10.05 of the Indenture.

Each Subsidiary Guarantee is a continuing guarantee and shall remain in full force and effect and shall be binding upon each Guarantor and its respective successors and assigns to the extent set forth in the Indenture until full and final payment of all of the Company's Obligations under the Notes and the Indenture and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred in the Indenture upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. Each Subsidiary Guarantee is a guarantee of payment and not a guarantee of collection.

For purposes hereof, each Guarantor's liability under its Subsidiary Guarantee shall be limited in amount as provided in Section 10.06 of the Indenture.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

GUARANTOR:

HOS-IV, LLC

By: /s/ James O. Harp, Jr.

James O. Harp, Jr.
Vice President and Chief Financial Officer

EXHIBIT 10.15

AMENDMENT TO

SENIOR EMPLOYMENT AGREEMENT

THIS AMENDMENT TO SENIOR EMPLOYMENT AGREEMENT is made and entered into effective as of the 17th day of February, 2003, by and between HORNBECK OFFSHORE OPERATORS, LLC, a Delaware limited liability company (formerly HORNBECK-LEEVAC MARINE OPERATORS, INC., a Delaware corporation) (the "Employer") and TODD M. HORNBECK (the "Employee").

The parties hereby agree that from and after the effective date hereof, the Appendix A attached hereto shall be deemed to be the Appendix A attached to the Senior Employment Agreement ("Agreement") dated January 1, 2001 between the parties for purposes of defining the bonus calculation methodologies for the year 2003 and thereafter, for so long as employee shall be entitled to compensation under such Agreement, with EBITDA and EPS targets reestablished by the Compensation Committee for each year after 2003, no later than March 31st of such year.

Attached hereto as Appendix B are the financial terms that may vary annually, which have been established for the calendar year 2003. It is the intention of the parties that a new Appendix B will be approved by the Compensation Committee and signed by the Committee Chairman and the Employee no later than March 31 of each calendar year (or portion thereof) covered by the Agreement, as amended. In the absence of such a new Appendix B for any year (or portion thereof), the Appendix B for the prior year will remain in full force and effect.

Additionally, the first sentence of Section 2 of the Agreement is hereby amended to read as follows:

> "The term of employment under this Agreement, which commenced on January 1, 2001 (the "Commencement Date") shall continue through December 31, 2006; provided, however, that beginning January 1, 2005, and on every January thereafter (each a "Renewal Date"), the then existing term of this Agreement shall automatically be extended one additional year, unless either party gives the other written notification of termination at least ninety (90) days prior to any such Renewal Date."

EMPLOYER:

HORNBECK OFFSHORE OPERATORS, LLC

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

Name: JAMES O. HARP, JR.

Title: CHIEF FINANCIAL OFFICER

EMPLOYEE:

/s/ TODD M. HORNBECK

TODD M. HORNBECK

ACKNOWLEDGED AND AGREED TO FOR
PURPOSES OF GUARANTEEING THE
FINANCIAL OBLIGATIONS OF EMPLOYER
TO EMPLOYEE:

HORNBECK OFFSHORE SERVICES, INC.

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

Name: JAMES O. HARP, JR.

Title: CHIEF FINANCIAL OFFICER

APPENDIX A

Employer shall annually provide Employee with a bonus that is at least equal as a percentage of Basic Salary as is determined by comparing the actual Parent (i) earnings before interest, taxes, depreciation, and amortization calculated on a consolidated basis with Parent's subsidiaries ("EBITDA") and (ii) earnings per share calculated as described below ("EPS"), such actual Parent EBITDA and EPS performance, to be derived from audited financial statements of Parent and its consolidated subsidiaries prepared in accordance with generally accepted accounting principles ("GAAP"), taking into account accruals for such bonuses for Employee and other employees of Employer, to their respective Parent EBITDA and EPS targets set in advance by the Board (each referred to herein as a "Target" and collectively, as the "Targets") for each fiscal year under the term of this Agreement as contemplated below.

Employer and Employee agree that targets are to be aggressively set by the Board such that the bonus incentives for Employee are aligned with Parent shareholder goals for each fiscal year. Fifty percent (50%) of the bonus shall be based upon a percentage comparison of actual Parent EBITDA performance to the EBITDA Target for such fiscal year, and the remaining fifty percent (50%) shall be based upon a percentage comparison of actual Parent EPS performance to the EPS Target for such fiscal year. The EPS Target will be calculated by dividing budgeted net income by a number comprised of all outstanding shares of common stock, plus shares of common stock subject to outstanding options, plus shares of common stock subject to options approved for issuance by the Compensation Committee in connection with its year-end employee reviews (for example, based on action by the Compensation Committee through February 17, 2003: in 2003, 32,781,272 comprised of 30,305,286 shares outstanding; plus 1,940,986 options outstanding; plus 535,000 options approved for issuance, subject to resolution of final issues involved in establishing the exercise price). If in any year (or portion thereof) Parent should issue additional equity or stock options in conjunction with any acquisition, newbuild program or for any other purpose, the EBITDA Target and EPS Target originally set for such year (or portion thereof) will each be adjusted to take into account the income statement effect of the use of proceeds and the revised total number of shares and options outstanding on a weighted average basis for the year (or portion thereof) as a result of the transaction. The actual EPS will be calculated on a consistent basis, taking into account any additional equity or options issued/granted/cancelled during the year.

Bonus awards for each Target based upon such percentage comparisons are as follows:

achievement of eighty percent (80%) of Target earns a bonus of ten percent (10%) of Basic Salary;

achievement of one hundred percent (100%) of Target earns a bonus of fifty (50%) of Basic Salary; and

achievement of one hundred fifty percent (150%) of Target earns a bonus of one hundred percent (100%) of Basic Salary.

Bonuses for Target achievement percentages (i) greater than eighty percent (80%) and less than one hundred percent (100%) and (ii) greater than one hundred percent (100%) but less than one hundred fifty percent (150%) shall be determined by the Board using a curve which is a straight line connecting eighty percent (80%) and one hundred percent (100%) and another line connecting one hundred percent (100%) and one hundred fifty percent (150%). Notwithstanding the above, the Board, in its sole discretion, may award a bonus to Employee for a Target achievement percentage that is less than eighty percent (80%), and the Board, in its sole discretion, may award an additional bonus to Employee for a Target achievement percentage in excess of one hundred fifty percent (150%).

The applicable EBITDA Target and EPS Target, together with any other financial terms that vary from year to year will be set forth each year on an Appendix B as contemplated by the February 17, 2003 amendment to Senior Employment Agreement.

APPENDIX B

This Appendix B to the Amended and Restated Senior Employment Agreement (the "Agreement") made and entered into effective as of the 17th day of February, 2003, by and between Hornbeck Offshore Operators, LLC and Todd M. Hornbeck establishes the following terms and provisions that shall be applicable for the calendar year 2003:

Salary	$ 240,000
EBITDA Target	$ 53,198,795*
EPS Target	$ 0.36 per share*

- -------------

* Targets are calculated in accordance with the methodology set forth in Appendix A to the Agreement. The EPS Target above was calculated by dividing budgeted net income for 2003 by 32,781,272, comprised of 30,305,286 shares outstanding; plus 1,940,986 options outstanding; plus 535,000 options approved for issuance, subject to resolution of final issues involved in establishing the exercise price. Such targets are subject to adjustment as set forth in Appendix A

ACKNOWLEDGMENT
OF APPENDIX B FOR 2003:

/s/ Bernie W. Stewart
- ----------------------------------
Bernie W. Stewart
Chairman of the Compensation Committee

/s/ Todd M. Hornbeck

Todd M. Hornbeck

EXHIBIT 10.16

AMENDMENT TO

EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EMPLOYMENT AGREEMENT is made and entered into effective as of the 17th day of February, 2003, by and between HORNBECK OFFSHORE OPERATORS, LLC, a Delaware limited liability company (formerly HORNBECK-LEEVAC MARINE OPERATORS, INC., a Delaware corporation) (the "Employer") and CARL G. ANNESSA (the "Employee").

The parties hereby agree that from and after the effective date hereof, the Appendix A attached hereto shall be deemed to be the Appendix A attached to the Amended and Restated Senior Employment Agreement ("Agreement") dated January 1, 2001 between the parties for purposes of defining the bonus calculation methodologies for the year 2003 and thereafter, for so long as employee shall be entitled to compensation under such Agreement, with EBITDA and EPS targets reestablished by the Compensation Committee for each year after 2003, no later than March 31st of such year.

Attached hereto as Appendix B are the financial terms that may vary annually, which have been established for the calendar year 2003. It is the intention of the parties that a new Appendix B will be approved by the Compensation Committee and signed by the Compensation Committee Chairman and the Employee no later than March 31 of each calendar year (or portion thereof) covered by the Agreement, as amended. In the absence of such a new Appendix B for any year (or portion thereof), the Appendix B for the prior year will remain in full force and effect.

Additionally, the first sentence of Section 2 of the Agreement is hereby amended to read as follows:

> "The term of employment under this Agreement, which commenced on January 1, 2001 (the "Commencement Date") shall continue through December 31, 2006; provided, however, that beginning January 1, 2005, and on every January thereafter (each a "Renewal Date"), the then existing term of this Agreement shall automatically be extended one additional year, unless either party gives the other written notification of termination at least ninety (90) days prior to any such Renewal Date."

EMPLOYER:

HORNBECK OFFSHORE OPERATORS, LLC

By: /s/ TODD M. HORNBECK

Name: TODD M. HORNBECK

Title: CHIEF EXECUTIVE OFFICER

EMPLOYEE:

/s/ CARL G. ANNESSA

CARL G. ANNESSA

ACKNOWLEDGED AND AGREED TO FOR
PURPOSES OF GUARANTEEING THE
FINANCIAL OBLIGATIONS OF EMPLOYER
TO EMPLOYEE:

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ TODD M. HORNBECK

Name: TODD M. HORNBECK

Title: CHIEF EXECUTIVE OFFICER

APPENDIX A

Employer shall annually provide Employee with a bonus that is at least equal as a percentage of Basic Salary as is determined by comparing the actual Parent (i) earnings before interest, taxes, depreciation, and amortization calculated on a consolidated basis with Parent's subsidiaries ("EBITDA") and (ii) earnings per share calculated as described below ("EPS"), such actual Parent EBITDA and EPS performance, to be derived from audited financial statements of Parent and its consolidated subsidiaries prepared in accordance with generally accepted accounting principles ("GAAP"), taking into account accruals for such bonuses for Employee and other employees of Employer, to their respective Parent EBITDA and EPS targets set in advance by the Board (each referred to herein as a "Target" and collectively, as the "Targets") for each fiscal year under the term of this Agreement as contemplated below.

Employer and Employee agree that targets are to be aggressively set by the Board such that the bonus incentives for Employee are aligned with Parent shareholder goals for each fiscal year. Fifty percent (50%) of the bonus shall be based upon a percentage comparison of actual Parent EBITDA performance to the EBITDA Target for such fiscal year, and the remaining fifty percent (50%) shall be based upon a percentage comparison of actual Parent EPS performance to the EPS Target for such fiscal year. The EPS Target will be calculated by dividing budgeted net income by a number comprised of all outstanding shares of common stock, plus shares of common stock subject to outstanding options, plus shares of common stock subject to options approved for issuance by the Compensation Committee in connection with its year-end employee reviews (for example, based on action by the Compensation Committee through February 17, 2003: in 2003, 32,781,272 comprised of 30,305,286 shares outstanding; plus 1,940,986 options outstanding; plus 535,000 options approved for issuance, subject to resolution of final issues involved in establishing the exercise price). If, in any year (or portion thereof), Parent should issue additional equity or stock options in conjunction with any acquisition, newbuild program or for any other purpose, the EBITDA Target and EPS Target originally set for such year (or portion thereof) will each be adjusted to take into account the income statement effect of the use of proceeds and the revised total number of shares and options outstanding on a weighted average basis for the year (or portion thereof) as a result of the transaction. The actual EPS will be calculated on a consistent basis, taking into account any additional equity or options issued/granted/cancelled during the year.

Bonus awards for each Target based upon such percentage comparisons are as follows:

achievement of eighty percent (80%) of Target earns a bonus of seven and one half percent (7.5%) of Basic Salary;

achievement of one hundred percent (100%) of Target earns a bonus of thirty seven and one half percent (37.5%) of Basic Salary; and

achievement of one hundred fifty percent (150%) of Target earns a bonus of seventy five percent (75%) of Basic Salary.

Bonuses for Target achievement percentages (i) greater than eighty percent (80%) and less than one hundred percent (100%) and (ii) greater than one hundred percent (100%) but less than one hundred fifty percent (150%) shall be determined by the Board using a curve which is a straight line connecting eighty percent (80%) and one hundred percent (100%) and another line connecting one hundred percent (100%) and one hundred fifty percent (150%). Notwithstanding the above, the Board, in its sole discretion, may award a bonus to Employee for a Target achievement percentage that is less than eighty percent (80%), and the Board, in its sole discretion, may award an additional bonus to Employee for a Target achievement percentage in excess of one hundred fifty percent (150%).

The applicable EBITDA Target and EPS Target, together with any other financial terms that vary from year to year, will be set forth each year on an Appendix B, as contemplated by the February 17, 2003 amendment to Employment Agreement.

APPENDIX B

This Appendix B to the Amended and Restated Senior Employment Agreement (the "Agreement") made and entered into effective as of the 17th day of February, 2003, by and between Hornbeck Offshore Operators, LLC and Carl G. Annessa establishes the following terms and provisions that shall be applicable for the calendar year 2003:

Salary	$	200,000
EBITDA Target	$	53,198,795*
EPS Target	$	0.36 per share*

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* Targets are calculated in accordance with the methodology set forth in Appendix A to the Agreement. The EPS Target above was calculated by dividing budgeted net income for 2003 by 32,781,272, comprised of 30,305,286 shares outstanding; plus 1,940,986 options outstanding; plus 535,000 options approved for issuance, subject to resolution of final issues involved in establishing the exercise price. Such targets are subject to adjustment as set forth in Appendix A.

ACKNOWLEDGMENT
OF APPENDIX B FOR 2003:

/s/ Bernie W. Stewart	/s/ Carl G. Annessa
Bernie W. Stewart Chairman of the Compensation Committee	Carl G. Annessa

EXHIBIT 10.17

AMENDMENT TO

EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EMPLOYMENT AGREEMENT is made and entered into effective as of the 17th day of February, 2003, by and between HORNBECK OFFSHORE OPERATORS, LLC, a Delaware limited liability company (formerly HORNBECK-LEEVAC MARINE OPERATORS, INC., a Delaware corporation) (the "Employer") and JAMES O. HARP, JR. (the "Employee").

The parties hereby agree that from and after the effective date hereof, the Appendix A attached hereto shall be deemed to be the Appendix A attached to the Amended and Restated Senior Employment Agreement ("Agreement") dated January 1, 2001 between the parties for purposes of defining the bonus calculation methodologies for the year 2003 and thereafter, for so long as employee shall be entitled to compensation under such Agreement, with EBITDA and EPS targets reestablished by the Compensation Committee for each year after 2003, no later than March 31st of such year.

Attached hereto as Appendix B are the financial terms that may vary annually, which have been established for the calendar year 2003. It is the intention of the parties that a new Appendix B will be approved by the Compensation Committee and signed by the Compensation Committee Chairman and the Employee no later than March 31 of each calendar year (or portion thereof) covered by the Agreement, as amended. In the absence of such a new Appendix B for any year (or portion thereof), the Appendix B for the prior year will remain in full force and effect.

Additionally, the first sentence of Section 2 of the Agreement is hereby amended to read as follows:

> "The term of employment under this Agreement, which commenced on January 1, 2001 (the "Commencement Date") shall continue through December 31, 2006; provided, however, that beginning January 1, 2005, and on every January thereafter (each a "Renewal Date"), the then existing term of this Agreement shall automatically be extended one additional year, unless either party gives the other written notification of termination at least ninety (90) days prior to any such Renewal Date."

EMPLOYER:

HORNBECK OFFSHORE OPERATORS, LLC

By: /s/ TODD M. HORNBECK

Name: TODD M. HORNBECK

Title: CHIEF EXECUTIVE OFFICER

EMPLOYEE:

/s/ JAMES O. HARP, JR.

JAMES O. HARP, JR.

ACKNOWLEDGED AND AGREED TO FOR
PURPOSES OF GUARANTEEING THE
FINANCIAL OBLIGATIONS OF EMPLOYER
TO EMPLOYEE:

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ TODD M. HORNBECK

Name: TODD M. HORNBECK

Title: CHIEF EXECUTIVE OFFICER

APPENDIX A

Employer shall annually provide Employee with a bonus that is at least equal as a percentage of Basic Salary as is determined by comparing the actual Parent (i) earnings before interest, taxes, depreciation, and amortization calculated on a consolidated basis with Parent's subsidiaries ("EBITDA") and (ii) earnings per share calculated as described below ("EPS"), such actual Parent EBITDA and EPS performance, to be derived from audited financial statements of Parent and its consolidated subsidiaries prepared in accordance with generally accepted accounting principles ("GAAP"), taking into account accruals for such bonuses for Employee and other employees of Employer, to their respective Parent EBITDA and EPS targets set in advance by the Board (each referred to herein as a "Target" and collectively, as the "Targets") for each fiscal year under the term of this Agreement as contemplated below.

Employer and Employee agree that targets are to be aggressively set by the Board such that the bonus incentives for Employee are aligned with Parent shareholder goals for each fiscal year. Fifty percent (50%) of the bonus shall be based upon a percentage comparison of actual Parent EBITDA performance to the EBITDA Target for such fiscal year, and the remaining fifty percent (50%) shall be based upon a percentage comparison of actual Parent EPS performance to the EPS Target for such fiscal year. The EPS Target will be calculated by dividing budgeted net income by a number comprised of all outstanding shares of common stock, plus shares of common stock subject to outstanding options, plus shares of common stock subject to options approved for issuance by the Compensation Committee in connection with its year-end employee reviews (for example, based on action by the Compensation Committee through February 17, 2003: in 2003, 32,781,272 comprised of 30,305,286 shares outstanding; plus 1,940,986 options outstanding; plus 535,000 options approved for issuance, subject to resolution of final issues involved in establishing the exercise price). If, in any year (or portion thereof), Parent should issue additional equity or stock options in conjunction with any acquisition, newbuild program or for any other purpose, the EBITDA Target and EPS Target originally set for such year (or portion thereof) will each be adjusted to take into account the income statement effect of the use of proceeds and the revised total number of shares and options outstanding on a weighted average basis for the year (or portion thereof) as a result of the transaction. The actual EPS will be calculated on a consistent basis, taking into account any additional equity or options issued/granted/cancelled during the year.

Bonus awards for each Target based upon such percentage comparisons are as follows:

achievement of eighty percent (80%) of Target earns a bonus of seven and one half percent (7.5%) of Basic Salary;

achievement of one hundred percent (100%) of Target earns a bonus of thirty seven and one half percent (37.5%) of Basic Salary; and

achievement of one hundred fifty percent (150%) of Target earns a bonus of seventy five percent (75%) of Basic Salary.

Bonuses for Target achievement percentages (i) greater than eighty percent (80%) and less than one hundred percent (100%) and (ii) greater than one hundred percent (100%) but less than one hundred fifty percent (150%) shall be determined by the Board using a curve which is a straight line connecting eighty percent (80%) and one hundred percent (100%) and another line connecting one hundred percent (100%) and one hundred fifty percent (150%). Notwithstanding the above, the Board, in its sole discretion, may award a bonus to Employee for a Target achievement percentage that is less than eighty percent (80%), and the Board, in its sole discretion, may award an additional bonus to Employee for a Target achievement percentage in excess of one hundred fifty percent (150%).

The applicable EBITDA Target and EPS Target, together with any other financial terms that vary from year to year, will be set forth each year on an Appendix B, as contemplated by the February 17, 2003 amendment to Employment Agreement.

APPENDIX B

This Appendix B to the Amended and Restated Senior Employment Agreement (the "Agreement") made and entered into effective as of the 17th day of February, 2003, by and between Hornbeck Offshore Operators, LLC and James O. Harp, Jr. establishes the following terms and provisions that shall be applicable for the calendar year 2003:

Salary	$ 185,000
EBITDA Target	$ 53,198,795*
EPS Target	$ 0.36 per share*

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* Targets are calculated in accordance with the methodology set forth in Appendix A to the Agreement. The EPS Target above was calculated by dividing budgeted net income for 2003 by 32,781,272, comprised of 30,305,286 shares outstanding; plus 1,940,986 options outstanding; plus 535,000 options approved for issuance, subject to resolution of final issues involved in establishing the exercise price. Such targets are subject to adjustment as set forth in Appendix A

ACKNOWLEDGMENT
OF APPENDIX B FOR 2003:

/s/ Bernie W. Stewart	/s/ James O. Harp, Jr.
Bernie W. Stewart Chairman of the Compensation Committee	James O. Harp, Jr.

Exhibit 21.1

Subsidiaries of Hornbeck Offshore Services, Inc.

Subsidiary Name	State of Incorporation	Name Doing Business As
Hornbeck Offshore Services, LLC	Delaware	Hornbeck Offshore Services, LLC
Hornbeck Offshore Transportation, LLC (f/k/a LEEVAC Marine, LLC)	Delaware	Hornbeck Offshore Transportation, LLC
Hornbeck Offshore Operators, LLC (f/k/a HORNBECK-LEEVAC Marine Operators, LLC)	Delaware	Hornbeck Offshore Operators, LLC
Energy Services Puerto Rico, LLC	Delaware	Energy Services Puerto Rico, LLC
HOS-IV, LLC	Delaware	HOS-IV, LLC

Exhibit 23.2

Consent of Independent Auditors

We consent to the references to our firm under the caption "Experts" and to the use of our report dated January 31, 2003, except for Notes 3 and 4, as to which the date is September 18, 2003, relating to the consolidated financial statements of Hornbeck Offshore Services, Inc. as of December 31, 2002 and the three years then ended and our report dated July 18, 2002 relating to the combined financial statements of Spentonbush/Red Star Group as of December 31, 2000 and for the year then ended in the Form S-1 Registration Statement and related Prospectus of Hornbeck Offshore Services, Inc. dated September 19, 2003.

/s/ Ernst & Young LLP

New Orleans, Louisiana
September 19, 2003