UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2011

OR

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

For the transition period from ______ to ______

Commission file number 001-32108

Hornbeck Offshore Services, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**72-1375844** **(I.R.S. Employer Identification Number)**

103 NORTHPARK BOULEVARD, SUITE 300
COVINGTON, LA 70433
(Address of Principal Executive Offices) (Zip Code)

(985) 727-2000
(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Non-accelerated filer ☐
Accelerated filer ☒	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The total number of shares of common stock, par value $.01 per share, outstanding as of July 31, 2011 was 26,912,733.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2011

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PART I—FINANCIAL INFORMATION

Item 1—Financial Statements

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	June 30, 2011	December 31, 2010
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 136,538	$ 126,966
Accounts receivable, net of allowance for doubtful accounts of $2,002 and $734, respectively	68,547	71,777
Other current assets	20,658	17,598
Total current assets	225,743	216,341
Property, plant and equipment, net	1,593,090	1,606,121
Deferred charges, net	46,167	41,058
Other assets	14,487	14,905
Total assets	$ 1,879,487	$ 1,878,425
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 38,273	$ 25,100
Accrued interest	9,021	9,024
Accrued payroll and benefits	9,615	13,413
Deferred revenue	3,310	2,197
Other accrued liabilities	9,577	4,451
Total current liabilities	69,796	54,185
Long-term debt, net of original issue discount of $35,671 and $41,767, respectively	764,329	758,233
Deferred tax liabilities, net	215,689	222,413
Other liabilities	1,186	1,717
Total liabilities	1,051,000	1,036,548
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; 26,911 and 26,584 shares issued and outstanding, respectively	269	266
Additional paid-in-capital	418,345	415,673
Retained earnings	409,573	425,634
Accumulated other comprehensive income	300	304
Total stockholders' equity	828,487	841,877
Total liabilities and stockholders' equity	$ 1,879,487	$ 1,878,425

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

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(Unaudited)		(Unaudited)	
Revenues	$ 80,817	$111,885	$153,084	$198,131
Costs and expenses:				
Operating expenses	48,414	48,507	90,036	92,839
Depreciation	15,320	14,731	30,529	28,263
Amortization	4,773	4,585	10,165	8,896
General and administrative expenses	8,497	9,640	18,361	18,561
	77,004	77,463	149,091	148,559
Gain on sale of assets	—	95	559	619
Operating income	3,813	34,517	4,552	50,191
Other income (expense):				
Interest income	240	155	419	249
Interest expense	(14,998)	(14,274)	(29,914)	(25,931)
Other income (expense), net	81	257	77	235
	(14,677)	(13,862)	(29,418)	(25,447)
Income (loss) before income taxes	(10,864)	20,655	(24,866)	24,744
Income tax expense (benefit)	(3,839)	7,612	(8,805)	9,146
Net income (loss)	$ (7,025)	$ 13,043	$ (16,061)	$ 15,598
Basic earnings (loss) per common share	$ (0.26)	$ 0.49	$ (0.60)	$ 0.59
Diluted earnings (loss) per common share	$ (0.26)	$ 0.48	$ (0.60)	$ 0.57
Weighted average basic shares outstanding	26,875	26,388	26,799	26,324
Weighted average diluted shares outstanding	26,875	27,156	26,799	27,138

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

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (16,061)	$ 15,598
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	30,529	28,263
Amortization	10,165	8,896
Stock-based compensation expense	3,926	4,612
Provision for bad debts	1,268	(157)
Deferred tax expense (benefit)	(9,551)	8,714
Amortization of deferred financing costs	8,015	7,490
Gain on sale of assets	(559)	(619)
Equity in loss from investment	—	6
Changes in operating assets and liabilities:		
Accounts receivable	3,096	(17,111)
Other receivables and current assets	(3,396)	5,499
Deferred drydocking charges	(10,380)	(12,108)
Accounts payable	3,489	8,291
Accrued liabilities and other liabilities	(780)	(4,720)
Accrued interest	(4)	(766)
Net cash provided by operating activities	19,757	51,888
CASH FLOWS FROM INVESTING ACTIVITIES:		
Costs incurred for MPSV program	—	(8,533)
Costs incurred for OSV newbuild program #4	—	(22,670)
Net proceeds from sale of assets	2,055	1,458
Vessel capital expenditures	(12,194)	(20,769)
Non-vessel capital expenditures	(698)	(1,344)
Net cash used in investing activities	(10,837)	(51,858)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Deferred financing costs	(490)	(60)
Net cash proceeds from other shares issued	1,138	730
Net cash provided by (used in) financing activities	648	670
Effects of exchange rate changes on cash	4	81
Net increase in cash and cash equivalents	9,572	781
Cash and cash equivalents at beginning of period	126,966	51,019
Cash and cash equivalents at end of period	$136,538	$ 51,800
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES:		
Cash paid for interest	$ 21,848	$ 22,316
Cash paid for income taxes	$ 499	$ 2,354

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

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited consolidated financial statements do not include certain information and footnote disclosures required by United States generally accepted accounting principles, or GAAP. The interim financial statements and notes are presented as permitted by instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements have been included and consist only of normal recurring items. The unaudited quarterly financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Annual Report on Form 10-K of Hornbeck Offshore Services, Inc. (together with its subsidiaries, the “Company”) for the year ended December 31, 2010. The results of operations for the three and six months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

The consolidated balance sheet at December 31, 2010 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board, or FASB, amended the presentation of comprehensive income. The amendments give the Company the option to present the total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. These amendments are effective for fiscal years and interim periods within those years, beginning on or after December 15, 2011. The Company has not determined which method of presentation it will elect.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company’s financial position, results of operations and cash flows.

2. Earnings Per Share

Basic earnings (loss) per common share was calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share was calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year plus the effect of dilutive stock options and restricted stock unit awards. Weighted average number of common shares outstanding was calculated by using the sum of the shares determined on a daily

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

basis divided by the number of days in the period. The table below reconciles the Company's earnings (loss) per share (in thousands, except for per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income (loss)	$ (7,025)	$ 13,043	$ (16,061)	$ 15,598
Weighted average number of shares of common stock outstanding	26,875	26,388	26,799	26,324
Add: Net effect of dilutive stock options and unvested restricted stock (1)(2)	—	768	—	814
Adjusted weighted average number of shares of common stock outstanding (3)	26,875	27,156	26,799	27,138
Earnings (loss) per common share:				
Basic	$ (0.26)	$ 0.49	$ (0.60)	$ 0.59
Diluted	$ (0.26)	$ 0.48	$ (0.60)	$ 0.57

(1) Due to a net loss, the Company excluded, for the calculation of loss per share, the effect of equity awards representing the rights to acquire 1,232 and 1,196 shares of common stock, for the three and six months ended June 30, 2011, respectively, because the effect was anti-dilutive. Stock options representing the rights to acquire 401 shares of common stock for the three and six months ended June 30, 2010, were excluded from the calculation of diluted earnings per share, because the effect was anti-dilutive after considering the exercise price of the options in comparison to the average market price, proceeds from exercise, taxes, and related unamortized compensation expense.

(2) As of June 30, 2011 and 2010, the 1.625% convertible senior notes were not dilutive, as the average price of the Company's stock was less than the effective conversion price of such notes, which is $62.59 per share.

(3) Dilutive restricted stock is expected to fluctuate from quarter to quarter depending on the Company's performance compared to a predetermined set of performance criteria. See Note 4 to these financial statements for further information regarding certain of the Company's restricted stock.

3. Long-Term Debt

As of the dates indicated, the Company had the following outstanding long-term debt (in thousands):

	June 30, 2011	December 31, 2010
6.125% senior notes due 2014, net of original issue discount of $247 and $279	$299,753	$ 299,721
8.000% senior notes due 2017, net of original issue discount of $5,946 and $6,305	244,054	243,695
1.625% convertible senior notes due 2026, net of original issue discount of $29,478 and $35,183 (1)	220,522	214,817
Revolving credit facility due 2013	—	—
	764,329	758,233
Less current maturities	—	—
	$764,329	$ 758,233

(1) The notes initially bear interest at a fixed rate of 1.625% per year, declining to 1.375% beginning on November 15, 2013.

The Company's 6.125% senior notes due 2014, or 2014 senior notes, have semi-annual cash interest payments of $9.2 million due and payable each June 1 and December 1. The Company's 8.000% senior notes due 2017, or 2017 senior notes, have semi-annual cash interest payments of $10.0 million due and payable each March 1 and September 1. The Company's 1.625% convertible senior notes due 2026, or convertible senior notes, have semi-annual cash interest payments of $2.0 million due each May 15 and November 15, declining to 1.375%, or $1.7 million semi-annually, beginning on November 15, 2013. Subject to certain conversion and redemption features of the convertible senior notes, holders of such notes may require the Company to purchase all or a portion of their notes on each of November 15, 2013, November 15, 2016 and November 15, 2021.

Under the Company's revolving credit facility, it has the option of borrowing at a variable rate of interest equal to either (i) LIBOR, plus an applicable margin, or (ii) the greatest of the Prime Rate, the Federal Funds Effective Rate plus 1/2 of 1% and the one-month LIBOR plus 1%, plus in each case an applicable margin. The applicable margin for each base rate is determined by a pricing grid, which is based on the Company's leverage ratio, as defined in the credit agreement governing the amended revolving credit facility. Unused commitment fees are payable quarterly at the annual rate of 50.0 basis points of the unused portion of the borrowing base of the amended facility. As of June 30, 2011, there were no amounts drawn under the Company's revolving credit facility and $0.9 million posted as a letter of credit. As of June 30, 2011, the Company was in compliance with all financial covenants required by its revolving credit facility.

The Company estimates the fair value of its 2014 senior notes, its 2017 senior notes and its convertible senior notes by using quoted market prices. The fair value of the Company's revolving credit facility, when there are outstanding balances, approximates its carrying value. The face value, carrying value and fair value of the Company's total debt was $800.0 million, $764.3 million and $789.7 million, respectively, as of June 30, 2011.

Capitalized Interest

During the three and six months ended June 30, 2010, the Company capitalized approximately $0.8 million and $3.4 million of interest costs related to the construction or conversion of vessels. No such interest was capitalized during the same periods in 2011.

4. Incentive Compensation

Stock-Based Incentive Compensation Plan

The Company's stock-based incentive compensation plan covers a maximum of 4.2 million shares of common stock that allows the Company to grant restricted stock awards, restricted stock unit awards, or collectively restricted stock, stock options and stock appreciation rights to employees and directors.

During the six months ended June 30, 2011, the Company granted stock options, time-based and performance-based restricted stock. Time-based restricted stock was granted to directors, executive officers and certain shore-side employees of the Company.

Stock options and performance-based restricted stock were granted to executive officers of the Company. The shares to be received under the performance-based restricted stock are calculated based on the Company's stock price performance relative to a peer group, as

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defined by the restricted stock agreements governing such awards. Performance is measured by the change in the Company's stock price measured against the peer group during a measurement period. The actual number of shares that could be received by the award recipients can range from 0% to 200% of the Company's base share awards depending on the Company's performance ranking relative to the peer group. During the six months ended June 30, 2011, the Company granted stock options, time-based restricted stock and performance-based restricted stock representing 490,587 shares, in the aggregate.

Compensation expense related to performance-based restricted stock is recognized over the service period, which is from three to five years. The fair value of the Company's performance-based restricted stock, which is determined using a Monte Carlo simulation, is applied to the total shares that are expected to fully vest and is amortized over the vesting period based on the Company's internal performance measured against pre-determined criteria or relative performance compared to peers, as applicable. The compensation expense related to time-based restricted stock, which is amortized over a vesting period from one to three years, is determined based on the market price of the Company's stock on the date of grant applied to the total shares that are expected to fully vest. Compensation expense for stock options is determined using the Black-Scholes pricing model and is amortized over the vesting period of three years. In addition to the restricted stock granted in 2011, the Company granted performance-based and time-based restricted stock in 2008, 2009 and 2010. The performance-based restricted stock grants issued in 2008 were eligible for vesting in February 2011. Based on the Company's performance, 100% of such restricted stock did not meet the performance criteria and were cancelled.

The stock-based compensation expense charges from previously issued equity grants and the financial impact such grants have on the Company's operating results are reflected in the table below (in thousands, except for per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Income before taxes	$ 1,725	$ 2,254	$ 3,926	$ 4,612
Net income	$ 1,116	$ 1,422	$ 2,536	$ 2,906
Earnings per common share:				
Basic	$ 0.04	$ 0.05	$ 0.09	$ 0.11
Diluted	$ 0.04	$ 0.05	$ 0.09	$ 0.11

In addition, the Company capitalized approximately $0.1 million and $0.3 million of stock-based compensation expense that related directly to newbuild construction programs and general corporate capital projects for the three and six months ended June 30, 2010, respectively. No such stock-based compensation expense was capitalized during the three and six months ended June 30, 2011.

5. Contingencies

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.

The Company insures against losses relating to its vessels, pollution and third party liabilities, including claims by employees under Section 33 of the Merchant Marine Act of 1920, or the Jones Act. Third-party liabilities and pollution claims that relate to vessel operations are covered by the Company's entry in a mutual protection and indemnity association, or P&I Club, as well as by marine liability policies in excess of the P&I Club's coverage. In February 2010 and 2011, the terms of entry with the P&I Club for the Downstream segment contained an annual aggregate deductible (AAD) for which the Company remains responsible. The P&I Club is responsible for covered amounts that exceed the AAD, after payment by the Company of an additional individual claim deductible. The Company provides reserves for those portions of the AAD and any individual claim deductibles for which the Company remains responsible by using an estimation process that considers Company-specific and industry data, as well as management's experience, assumptions and consultation with outside counsel. As additional information becomes available, the Company will assess the potential liability related to its pending litigation and revise its estimates. Although historically revisions to such estimates have not been material, changes in estimates of the potential liability could materially impact the Company's results of operations, financial position or cash flows.

6. Segment Information

The Company provides marine transportation and logistics services through two business segments. The Company primarily operates new generation offshore supply vessels, or OSVs, and multi-purpose support vessels, or MPSVs, in the U.S. Gulf of Mexico, or GoM, other U.S. coastlines, Latin America and the Middle East and operates a shore-base facility in Port Fourchon, Louisiana through its Upstream segment. The OSVs, MPSVs and the shore-base facility principally support complex exploration and production projects by transporting cargo to offshore drilling rigs and production facilities and provide support for oilfield and non-oilfield specialty services, including military applications. The Downstream segment primarily operates ocean-going tugs and tank barges in the northeastern United States, GoM, Great Lakes and Puerto Rico. The ocean-going tugs and tank barges provide coastwise transportation of refined and bunker grade petroleum products as well as non-traditional downstream services, such as support of deepwater well testing and other specialty applications for the Company's upstream customers.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table shows reportable segment information for the three and six months ended June 30, 2011 and 2010, reconciled to consolidated totals and prepared on the same basis as the Company's consolidated financial statements (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Operating revenues:				
Upstream				
Domestic	$ 35,188	$ 85,203	$ 67,758	$149,429
Foreign (1)	32,774	15,295	61,547	27,667
	67,962	100,498	129,305	177,096
Downstream				
Domestic	10,705	10,342	20,304	19,628
Foreign (1) (2)	2,150	1,045	3,475	1,407
	12,855	11,387	23,779	21,035
Total	$ 80,817	$ 111,885	$153,084	$198,131
Operating expenses:				
Upstream	$ 39,924	$ 40,105	$ 74,138	$ 76,724
Downstream	8,490	8,402	15,898	16,115
Total	$ 48,414	$ 48,507	$ 90,036	$ 92,839
Depreciation:				
Upstream	$ 13,198	$ 12,592	$ 26,290	$ 23,986
Downstream	2,122	2,139	4,239	4,277
Total	$ 15,320	$ 14,731	$ 30,529	$ 28,263
Amortization:				
Upstream	$ 3,378	$ 3,475	$ 7,481	$ 7,160
Downstream	1,395	1,110	2,684	1,736
Total	$ 4,773	$ 4,585	$ 10,165	$ 8,896
General and administrative expenses:				
Upstream	$ 7,611	$ 8,899	$ 16,627	$ 17,130
Downstream	886	741	1,734	1,431
Total	$ 8,497	$ 9,640	$ 18,361	$ 18,561
Gain on sale of assets:				
Upstream	$ —	$ 95	$ —	$ 615
Downstream	—	—	559	4
Total	$ —	$ 95	$ 559	$ 619
Operating income (loss):				
Upstream	$ 3,851	$ 35,522	$ 4,769	$ 52,711
Downstream	(38)	(1,005)	(217)	(2,520)
Total	$ 3,813	$ 34,517	$ 4,552	$ 50,191
Capital expenditures:				
Upstream	$ 4,645	$ 24,618	$ 11,593	$ 50,881
Downstream	89	134	847	1,091
Corporate	203	944	452	1,344
Total	$ 4,937	$ 25,696	$ 12,892	$ 53,316

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	As of June 30, 2011	As of December 31, 2010
Identifiable Assets:		
Upstream	$ 1,643,809	$ 1,647,561
Downstream	213,156	205,782
Corporate	22,522	25,082
Total	$ 1,879,487	$ 1,878,425
Long-Lived Assets:		
Upstream		
Domestic	$ 1,078,583	$ 1,203,136
Foreign (1)	330,286	211,488
	1,408,869	1,414,624
Downstream		
Domestic	149,634	166,673
Foreign (1)(2)	28,907	18,297
	178,541	184,970
Corporate	5,680	6,527
Total	$ 1,593,090	$ 1,606,121

(1) The Company's vessels conduct operations in international areas from time to time. Vessels will routinely move to and from domestic and international operating areas. As these assets are highly mobile, the long-lived assets reflected above represent the assets that were present in international areas as of June 30, 2011 and December 31, 2010, respectively.

(2) Included are amounts applicable to the Puerto Rico downstream operations, even though Puerto Rico is considered a possession of the United States and the Jones Act applies to vessels operating in Puerto Rican waters.

Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with our unaudited consolidated financial statements and notes to unaudited consolidated financial statements in this Quarterly Report on Form 10-Q and our audited financial statements and notes thereto included in our Annual Report on Form 10-K as of and for the year ended December 31, 2010. 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. See "Forward Looking Statements" for additional discussion regarding risks associated with forward-looking statements. In this Quarterly Report on Form 10-Q, "company," "we," "us," "our" or like terms refer to Hornbeck Offshore Services, Inc. and its subsidiaries, except as otherwise indicated.

References in this Quarterly Report on Form 10-Q to "OSVs" mean offshore supply vessels; to "TTBs" mean ocean-going tugs and tank barges; to "MPSVs" mean multi-purpose support vessels; to "AHTS" mean anchor-handling towing supply; to "ROVs" mean remotely operated vehicles; to "DP-1", "DP-2" and "DP-3" mean various classifications of dynamic positioning systems on new generation vessels to automatically maintain a vessel's position and heading; to "flotel" mean offshore accommodations services, such as lodging, meals and office space; to "deepwater" mean offshore areas, generally 1,000' to 5,000' in depth; to "ultra-deepwater" mean offshore 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; to "new generation," when referring to OSVs, mean modern, 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 and foreign-flagged equivalent vessels; and to "conventional," when referring to OSVs, mean vessels that are at least 25 years old, are generally less than 200' in length or carry less than 1,500 dead weight tons of cargo when originally built and primarily operate on the Continental Shelf.

General

Outlook

The on-going impact of the Department of the Interior, or the DOI's, regulatory response to the *Deepwater Horizon* tragedy continues to depress the level of drilling activity in the GoM. In a recent study by IHS Global Insight and IHS CERA, it was reported that deepwater exploration and development plan approvals have dropped from a five-year annual average pace of 130 plans per year to an annualized pace of fewer than 30 plans per year as of April 10, 2011, an 80% decline. Deepwater exploration and development drilling permits have also declined by 80% from an average of nearly 160 per year to an annualized rate of 30 for 2011. The GoM is one of our primary geographic markets and drilling activity is the primary demand driver for our type of vessels in that market.

While we expect that drilling activity will gradually resume, we cannot predict if or when activity in the GoM will return to levels that existed prior to the *Deepwater Horizon* event and we expect that this will not occur for at least the remainder of 2011. The timing of a market recovery will depend upon several factors outside of our control including 1) the ability of operators and drilling contractors to comply with the new rules; 2) the pace at which regulators approve plans and permit applications required by operators to drill; 3) the content of additional as yet unpromulgated rules that are expected to be issued; 4) the outcome of pending litigation brought by environmental groups challenging recent exploration plans approved by the DOI and 5) general economic conditions. These factors have adversely affected our operating results during the first half of 2011 and we expect that they will continue to do so through the second half of 2011.

In response to these events, we took measures to 1) reduce our operating costs by stacking vessels and furloughing or laying-off employees, and 2) expand our international presence by mobilizing vessels out of the GoM into foreign markets. The deployment of additional vessels to foreign markets takes time, resulting in periods in which they are not earning revenue, and requires us to make expenditures necessary for such repositioning. In addition, the ability to obtain charters in international locations is not certain given the competition that exists for such charters, which may increase as more vessels depart the GoM in response to current regulatory constraints and market conditions.

We have focused our international deployments to Mexico and Brazil, as well as other smaller foreign markets, such as Trinidad and Suriname. In order to enhance our competitiveness in Mexico, we previously re-flagged, or placed under Mexican registry, two of our older new generation U.S.-flagged vessels and placed an additional four such vessels under Mexican registry during the first half of 2011. Because we anticipate long-term growth in our Mexican and Brazilian operations, we may re-flag additional U.S.-flagged vessels into those markets. Once a U.S.-flagged vessel changes its registry and is re-flagged, it loses its eligibility to return to U.S. coastwise trade. In addition to international deployments, we will also continue to seek additional production-related, decommissioning, specialty-work or other non-oilfield markets for our vessels both in the United States and abroad. Generally, operations of these kinds are less affected by the on-going de facto regulatory moratorium in the GoM.

The de facto regulatory moratorium is adversely impacting our ability to predict or obtain utilization of our MPSVs. With the conclusion of oil spill response activities during the fourth quarter of 2010, the nature and extent of the de facto regulatory moratorium’s impact on the GoM market is now fully exposed. As a group, our MPSVs experienced a significant drop-off in demand during the first half of 2011. However, our MPSV contract coverage for the remainder of 2011 has improved as a result of recent charter activity. In July, we were awarded a three-year charter with an international oilfield service company for the *HOS Iron Horse,* which is expected to begin during the third quarter of 2011. As for our 370 class MPSVs, the *HOS Centerline* recently commenced a long-term contract with a major oil and gas company in the GoM. While several operators continue to show strong interest in utilizing our remaining two spot market MPSVs, we believe more regular and predictable utilization will be contingent upon the issuance of drilling permits in the deepwater GoM by the Bureau of Ocean Energy Management, Regulation and Enforcement, or BOEMRE. While the utilization of our 430 class MPSVs are not as directly dependent on drilling permits, these vessels are utilized for construction and other projects with long-lead times, some of which may also be impacted by the de facto regulatory moratorium. Further, our four MPSVs are all relatively new, with the first becoming available for use in October 2008 and the last becoming available for use in March 2010. Therefore, we have not had the opportunity to have all four MPSVs working in a non-moratorium (de facto or otherwise) market environment or to fully develop the market's understanding of their capabilities and various service offerings. This makes it difficult to predict the dayrate and utilization profile of these MPSVs under normal operating conditions and, therefore, the income generating potential that these MPSVs could have on our results of operations. Nevertheless, due to the fact that each of our MPSVs has a workload capacity and significantly higher income generating potential than each of our new generation OSVs, the utilization and dayrate levels of our MPSVs could have a very large impact on our results of operations. For this reason, our consolidated operating results, on a quarter-to-quarter basis, are disproportionately impacted by the level of dayrates and utilization achieved by our four MPSVs.

Upstream Segment

As of June 30, 2011, our 42 active new generation OSVs and four MPSVs were operating in domestic and international areas as noted in the following table:

Operating Areas	
Domestic	
GoM	18
Other U.S. coastlines (1)	5
	23
Foreign (2)	
Latin America	20
Middle East	3
	23
Total Upstream Vessels (3)	46

(1) Includes vessels that are currently supporting the military.
(2) Our Upstream foreign areas of operation generally include the following countries: Brazil, Mexico, Trinidad and Qatar.
(3) Excluded from this table are nine of our new generation OSVs and one conventional OSV that were stacked as of June 30, 2011.

Our average new generation OSV dayrates for the second quarter of 2011 were approximately $20,500 and our average OSV utilization was approximately 67.9%. OSV utilization has been significantly impacted by the lack of drilling permit activity in the GoM. With the regulatory driven demand uncertainty for the GoM Upstream market not expected to change in the near term, we have deployed additional vessels to Latin America. Our increased focus on, coupled with improving dayrates in, our core international markets (Brazil and Mexico) has resulted in improved contract coverage for the remainder of 2011. We currently have about two-thirds of our remaining new generation OSV vessel-days contracted for 2011, with 31 vessels contracted through the end of the year. Based on recently awarded contracts, we expect to have 14 Upstream vessels on charter in Brazil by the end of the third quarter of 2011. As of June 30, 2011, we had nine new generation vessels stacked, which is down from a high of 15 stacked vessels during the first quarter. Subsequent to June 30, 2011, we re-activated four stacked new generation OSVs and we expect our stacked fleet to be reduced to five vessels during the third quarter of 2011. Although we owned an average of 1.5 more new generation OSVs during the second quarter of 2011 compared to the year-ago quarter, our active new generation OSV fleet of 40.1 vessels was two fewer vessels than our average active new generation OSV fleet for the second quarter of 2010. With the re-activation of stacked vessels, our crewing requirements have increased throughout the second quarter of 2011. We have re-hired some of our previously laid-off or furloughed crewmembers as well as hired new employees. As the global applicant pool of qualified mariners remains tight, we expect to encounter stiff competition for crewmembers, which could negatively impact our operating costs.

Downstream Segment

As of June 30, 2011, our Downstream fleet was comprised of nine double-hulled tank barges and 15 ocean-going tugs, six of which are older, lower horsepower tugs that were stacked. The prolonged weakness in the overall economy, which has impacted our Downstream segment since 2008, continues to adversely impact demand for Downstream equipment. Although Downstream results for the second quarter improved from the prior year, recent dayrate trends are roughly $5,000 below the Downstream dayrates that existed from 2006 to 2008. We anticipate that the current market conditions for our Downstream vessels will continue throughout 2011. With the protracted weak demand for tugs and tank barges coupled with the expansion of our Upstream fleet, we expect our Downstream segment to continue to represent a much smaller portion of our consolidated operating results compared to historical trends.

Critical Accounting Estimates

This Management’s Discussion and Analysis of Financial Condition and Results of Operations discusses our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q. In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. generally accepted accounting principles, or GAAP. In other circumstances, we are required to make estimates, judgments and assumptions that we believe are reasonable based on 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. Our significant accounting policies are discussed in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Impairment Assessment

Our operating results for the quarter ended June 30, 2011 were consistent with our expectations given the continued lack of drilling permits issued. No new triggering events occurred during the first six months of 2011. We again considered whether the curtailed level of drilling activity in the GoM represented an indicator of impairment for any of our asset groups and concluded it did not. Some factors that the Company considered were the anticipated temporary nature of the reduced drilling activity, projected operating results over the remaining useful lives of our assets, the significant remaining operating useful lives of such assets and the mobility and flexibility of our vessels. However, should losses continue for a period of time longer than we anticipate or the current operating environment deteriorates further, we would need to re-assess whether a triggering event has occurred.

Results of Operations

The tables below set forth, by segment, the average dayrates, utilization rates and effective dayrates for certain of our vessels and the average number and size of such vessels owned during the periods indicated. These new generation OSVs and double-hulled tank barges generate the vast majority of our revenues and operating profit. Excluded from the operating data below are the results of operations for our MPSVs, conventional vessels, our shore-base facility and vessel management services.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Offshore Supply Vessels:				
Average number of new generation OSVs (1)	51.0	49.5	51.0	49.0
Average number of active new generation OSVs (2)	40.1	42.1	38.4	41.3
Average new generation OSV fleet capacity (deadweight)	128,190	124,065	128,190	122,673
Average new generation vessel capacity (deadweight)	2,514	2,505	2,514	2,502
Average new generation OSV utilization rate (3)	67.9%	71.8%	63.5%	72.3%
Effective new generation OSV utilization rate (4)	86.3%	84.5%	84.4%	85.8%
Average new generation OSV dayrate (5)	$ 20,493	$ 23,874	$ 20,732	$ 21,946
Effective dayrate (6)	$ 13,915	$ 17,142	$ 13,165	$ 15,867
Tugs and Tank Barges:				
Double-hulled tank barges:				
Average number of tank barges (7)	9.0	9.0	9.0	9.0
Average fleet capacity (barrels)	884,621	884,621	884,621	884,621
Average barge capacity (barrels)	98,291	98,291	98,291	98,291
Average utilization rate (3)	90.6%	74.2%	86.5%	74.7%
Average dayrate (8)	$ 17,333	$ 18,708	$ 16,880	$ 17,262
Effective dayrate (6)	$ 15,704	$ 13,881	$ 14,601	$ 12,895

(1) We owned 51 new generation OSVs as of June 30, 2011. Our average number of new generation OSVs for the three and six months ended June 30, 2010 reflect the deliveries of several vessels under our fourth OSV newbuild program. Excluded from this data are four multi-purpose support vessels that we own and were placed in service under our MPSV program on various dates from October 2008 to March 2010. Also excluded from this data is one stacked conventional OSV that we consider to be a non-core asset.
(2) In response to weak market conditions, we may elect to stack certain of our new generation OSVs. Active new generation OSVs represent vessels that are fully crewed and immediately available for service during each respective period.
(3) Utilization rates are average rates based on a 365-day year. Vessels are considered utilized when they are generating revenues.
(4) Effective utilization rate is based on a denominator comprised only of vessel-days available for service by the active fleet, which excludes the impact of stacked vessel days.
(5) Average dayrates represent average revenue per day, which includes charter hire, crewing services and net brokerage revenues, based on the number of days during the period that the OSVs generated revenue.
(6) Effective dayrate represents the average dayrate multiplied by the average utilization rate.
(7) The operating data presented above reflects only the results from our nine double-hulled tank barges. Excluded from this data are 15 ocean-going tugs owned by the Company, six of which are currently stacked.
(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.

Non-GAAP Financial Measures

We disclose and discuss EBITDA as a non-GAAP financial measure in our public releases, including quarterly earnings releases, investor conference calls and other filings with the Securities and Exchange Commission. We define EBITDA as earnings (net income) before interest, income taxes, depreciation and amortization. Our measure of EBITDA may not be comparable to similarly titled measures presented by other companies. Other companies may calculate EBITDA differently than we do, which may limit its usefulness as comparative measure.

We view EBITDA primarily as a liquidity measure and, as such, we believe that the GAAP financial measure most directly comparable to this measure is cash flows provided by operating activities. Because EBITDA is not a measure of financial performance calculated in accordance with GAAP, it 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.

EBITDA is widely used by investors and other users of our financial statements as a supplemental financial measure that, when viewed with our GAAP results and the accompanying reconciliation, we believe provides additional information that is useful to gain an understanding of the factors and trends affecting our ability to service debt, pay deferred taxes and fund drydocking charges and other maintenance capital expenditures. We also believe the disclosure of EBITDA helps investors meaningfully evaluate and compare our cash flow generating capacity from quarter to quarter and year to year.

EBITDA is also a financial metric used by management (i) as a supplemental internal measure for planning and forecasting overall expectations and for evaluating actual results against such expectations; (ii) as a significant criteria for annual incentive cash compensation paid to our executive officers and bonuses paid to other shore-based employees; (iii) to compare to the EBITDA of other companies when evaluating potential acquisitions; and (iv) to assess our ability to service existing fixed charges and incur additional indebtedness.

The following table provides the detailed components of EBITDA as we define that term for the three and six months ended June 30, 2011 and 2010, respectively (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Components of EBITDA:				
Net income (loss)	$ (7,025)	$ 13,043	$ (16,061)	$ 15,598
Interest expense, net				
Debt obligations	14,998	14,274	29,914	25,931
Interest income	(240)	(155)	(419)	(249)
Total interest, net	14,758	14,119	29,495	25,682
Income tax expense (benefit)	(3,839)	7,612	(8,805)	9,146
Depreciation	15,320	14,731	30,529	28,263
Amortization	4,773	4,585	10,165	8,896
EBITDA	$ 23,987	$ 54,090	$ 45,323	$ 87,585

The following table reconciles EBITDA to cash flows provided by operating activities for the three and six months ended June 30, 2011 and 2010, respectively (in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
EBITDA Reconciliation to GAAP:				
EBITDA	$ 23,987	$ 54,090	$ 45,323	$ 87,585
Cash paid for deferred drydocking charges	(5,178)	(5,684)	(10,380)	(12,108)
Cash paid for interest	(11,531)	(11,289)	(21,848)	(22,316)
Cash paid for taxes	(123)	(1,628)	(499)	(2,354)
Changes in working capital	(3,924)	(5,448)	2,526	(2,761)
Stock-based compensation expense	1,725	2,254	3,926	4,612
Changes in other, net	(580)	(34)	709	(770)
Net cash flows provided by operating activities	$ 4,376	$ 32,261	$ 19,757	$ 51,888

In addition, we also make certain adjustments to EBITDA for losses on early extinguishment of debt, if any, stock-based compensation expense and interest income to compute ratios used in certain financial covenants of our revolving credit facility with various lenders. We believe that these ratios are a material component of certain financial covenants in such credit agreements and failure to comply with the financial covenants could result in the acceleration of indebtedness or the imposition of restrictions on our financial flexibility.

The following table provides certain detailed adjustments to EBITDA, as defined in our revolving credit facility, for the three and six months ended June 30, 2011 and 2010, respectively (in thousands).

Adjustments to EBITDA for Computation of Financial Ratios Used in Debt Covenants

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Stock-based compensation expense	$1,725	$ 2,254	$3,926	$4,612
Interest income	240	155	419	249

Set forth below are the material limitations associated with using EBITDA as a non-GAAP financial measure compared to cash flows provided by operating activities.

- EBITDA does not reflect the future capital expenditure requirements that may be necessary to replace our existing vessels as a result of normal wear and tear,
- EBITDA does not reflect the interest, future principal payments and other financing-related charges necessary to service the debt that we have incurred in acquiring and constructing our vessels,
- EBITDA does not reflect the deferred income taxes that we will eventually have to pay once we are no longer in an overall tax net operating loss carryforward position, as applicable, and
- EBITDA does not reflect changes in our net working capital position.

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Management compensates for the above-described limitations in using EBITDA as a non-GAAP financial measure by only using EBITDA to supplement our GAAP results.

Summarized financial information concerning our reportable segments for the three months ended June 30, 2011 and 2010, respectively, is shown below in the following table (in thousands, except percentage changes):

	Three Months Ended June 30,		Increase (Decrease)	
	2011	2010	$ Change	% Change
Revenues:				
Upstream				
Domestic	$ 35,188	$ 85,203	$ (50,015)	(58.7)%
Foreign	32,774	15,295	17,479	>100.0
	67,962	100,498	(32,536)	(32.4)
Downstream				
Domestic	10,705	10,342	363	3.5
Foreign (1)	2,150	1,045	1,105	>100.0
	12,855	11,387	1,468	12.9
	$ 80,817	$111,885	$ (31,068)	(27.8)%
Operating expenses:				
Upstream	$ 39,924	$ 40,105	$ (181)	(0.5)%
Downstream	8,490	8,402	88	1.0
	$ 48,414	$ 48,507	$ (93)	(0.2)%
Depreciation and amortization:				
Upstream	$ 16,576	$ 16,067	$ 509	3.2%
Downstream	3,517	3,249	268	8.2
	$ 20,093	$ 19,316	$ 777	4.0%
General and administrative expenses:				
Upstream	$ 7,611	$ 8,899	$ (1,288)	(14.5)%
Downstream	886	741	145	19.6
	$ 8,497	$ 9,640	$ (1,143)	(11.9)%
Gain (loss) on sale of assets:				
Upstream	$ —	$ 95	$ (95)	(100.0)%
Downstream	—	—	—	—
	$ —	$ 95	$ (95)	(100.0)%
Operating income (loss):				
Upstream	$ 3,851	$ 35,522	$ (31,671)	(89.2)%
Downstream	(38)	(1,005)	967	96.2
	$ 3,813	$ 34,517	$ (30,704)	(89.0)%
Interest expense	$ 14,998	$ 14,274	$ 724	5.1%
Interest income	$ 240	$ 155	$ 85	54.8%
Income tax expense (benefit)	$ (3,839)	$ 7,612	$ (11,451)	(>100.0)%
Net income (loss)	$ (7,025)	$ 13,043	$ (20,068)	(>100.0)%

(1) Included are the amounts applicable to our Puerto Rico Downstream operations, even though Puerto Rico is considered a possession of the United States and the Jones Act applies to vessels operating in Puerto Rican waters.

Three Months Ended June 30, 2011 Compared to Three Months Ended June 30, 2010

Revenues. Revenues for the three months ended June 30, 2011 decreased by $31.1 million, or 27.8%, to $80.8 million compared to the same period in 2010 primarily due to the lack of drilling activity in the GoM, which led to our decision to stack certain new generation OSVs. Our weighted-average active operating fleet as of June 30, 2011 was approximately 62 vessels compared to 65 vessels as of June 30, 2010.

Revenues from our Upstream segment decreased by $32.5 million, or 32.4%, to $68.0 million for the three months ended June 30, 2011 compared to $100.5 million for the same period in 2010. These lower revenues primarily resulted from a decline in activity from new generation OSVs and MPSVs that were in-service during each of the quarters ended June 30, 2011 and 2010 and the stacking of certain new generation OSVs in response to regulatory-driven demand weakness in the GoM. These lower revenues were partially offset by incremental revenues related to vessels operating in Latin America. Our new generation OSV average dayrates were $20,493 for the second quarter of 2011 compared to $23,874 for the same period in 2010, a decrease of $3,381, or 14.2%. Our new generation OSV dayrates for the second quarter of 2010 were favorably impacted by non-recurring revenues for one of our specialty service vessels unrelated to the oil spill relief efforts in the GoM. Excluding these revenues, our new generation OSV dayrates would have been $20,628. Our new generation OSV utilization was 67.9% for the second quarter of 2011 compared to 71.8% for the same period in 2010. The decrease in utilization was largely due to having an average of 10.9 vessels stacked during the three months ended June 30, 2011 compared to an average of 7.4 stacked vessels during the prior-year period. Domestic revenues for our Upstream segment decreased $50.0 million during the three months ended June 30, 2011 due to reduced drilling activity in the GoM. Foreign revenues for our Upstream segment increased $17.5 million, or 114.3%, primarily due to an average of 11 additional vessels deployed to Latin America since June 30, 2010. Foreign revenues comprised 48.2% of our total Upstream revenues compared to 15.2% for the year-ago quarter. This trend of higher foreign revenues is expected to continue throughout the second half of 2011, particularly in recognition of the eight vessels that were recently awarded contracts in Latin America commencing during 2011.

Revenues from our Downstream segment increased by $1.5 million, or 12.9%, to $12.9 million for the three months ended June 30, 2011 compared to the three months ended June 30, 2010. This revenue increase was largely due to higher contract of affreightment (COA) dayrates and strong utilization for our clean petroleum product (CPP) barges in the Northeast U.S. market and, to a lesser extent, demand for our dirty petroleum (DPP) barges in the GoM. Our double-hulled tank barge average dayrates were $17,333 for the three months ended June 30, 2011, a decrease of $1,375, or 7.3%, from $18,708 for the same period in 2010. Tank barge dayrates in the prior-year quarter were favorably impacted by well-test services performed for an Upstream customer. Excluding the impact of the well-test project, dayrates would have been $17,547, for the prior-year quarter. Our double-hulled tank barge utilization was 90.6% for the second quarter of 2011 compared to 74.2% for the second quarter of 2010. Effective, or utilization-adjusted, dayates for our double-hulled tank barges were $15,704 for the three months ended June 30, 2011, which was $2,684, or 20.6%, higher than the prior-year quarter effective dayrates, as adjusted to exclude the 2010 well-test project.

Operating Expenses. Operating expenses for the three months ended June 30, 2011 decreased by $0.1 million, or 0.2%, to $48.4 million. This slight decrease was primarily associated with the reduction of our active operating fleet compared to the year-ago period.

Operating expenses for our Upstream segment were $39.9 million, a decrease of $0.2 million, or 0.5%, for the second quarter of 2011 compared to $40.1 million for the same period in 2010. Operating expenses for our Upstream segment were driven lower due to reduced activity for vessels that comprise our MPSV fleet and an increase in the average number of stacked new generation OSVs since late 2010. This favorable variance was partially offset by higher operating expenses for our vessels working in Latin America and costs incurred to pre-position additional vessels that are mobilizing for long-term contracts in Latin America, which are expected to commence during the second half of 2011.

Operating expenses for our Downstream segment were $8.5 million, an increase of $0.1 million, or 1.0%, for the three months ended June 30, 2011 compared to $8.4 million for the same period in 2010. The slight increase in operating expenses is largely the result of having a greater mix of Downstream vessels operating under COA agreements instead of time charters. Under COA arrangements, the vessel owner typically bears the cost of fuel. These increases were partially offset by reduced expenses associated with vessels that have been sold since June 30, 2010.

Depreciation and Amortization. Depreciation and amortization was $0.8 million higher for the three months ended June 30, 2011 compared to the same period in 2010 primarily due to incremental depreciation expense related to vessels placed in service under our fourth OSV newbuild program and our MPSV program on various dates during 2010. Depreciation and amortization expense is expected to increase further when these and any other recently acquired and newly constructed vessels undergo their initial 30-month and 60-month recertifications.

General and Administrative Expenses. General and administrative expenses of $8.5 million, or 10.5% of revenues, decreased by $1.1 million during the three months ended June 30, 2011 compared to the three months ended June 30, 2010. This decrease in G&A expenses were primarily attributable to lower shoreside personnel expenses and a reduction in bad debt reserves. The reduction of bad debt reserves resulted from recent collections activity related to foreign customer billings and billings for oil spill remediation efforts in late 2010. Our general and administrative expenses are expected to remain in the approximate annual range of $35 million to $39 million for the year ending December 31, 2011.

Operating Income. Operating income decreased by $30.7 million to $3.8 million during the three months ended June 30, 2011 compared to the same period in 2010 due to the reasons discussed above. Operating income as a percentage of revenues for our Upstream segment was 5.7% for the three months ended June 30, 2011 compared to 35.3% for the same period in 2010.

Interest Expense. Interest expense increased $0.7 million during the three months ended June 30, 2011 compared to the same period in 2010. Lower capitalized interest from having fewer vessels under construction or conversion was the primary reason that our interest expense increased from the prior-year quarter. During the second quarter of 2011, we did not capitalize any construction period interest compared to capitalized interest of $0.8 million, or roughly 5% of our total interest costs, for the year-ago quarter.

Interest Income. Interest income increased $0.1 million during the three months ended June 30, 2011 compared to the same period in 2010. Our average cash balance increased to $141.8 million for the three months ended June 30, 2011 compared to $49.2 million for the same period in 2010. The average interest rate earned on our invested cash balances during the three months ended June 30, 2011 was approximately 0.5% compared to 0.8% for the same period in 2010.

Income Tax Expense (Benefit). Our effective tax rate was 35.3% and 36.9% for the three months ended June 30, 2011 and 2010, respectively. Our income tax expense (benefit) primarily consists of deferred taxes. Our income tax rate is higher than the federal statutory rate primarily due to expected state tax liabilities and items not deductible for federal income tax purposes.

Net Income (Loss). Operating performance decreased year-over-year by $20.1 million for a reported net loss of $7.0 million for the three months ended June 30, 2011. The net loss incurred for the second quarter of 2011 was primarily due to a decrease in operating income discussed above and a $0.6 million pre-tax increase in net interest expense.

Summarized financial information concerning our reportable segments for the six months ended June 30, 2011 and 2010, respectively, is shown below in the following table (in thousands, except percentage changes):

	Six Months Ended June 30,		Increase (Decrease)	
	2011	2010	$ Change	% Change
Revenues:				
Upstream				
Domestic	$ 67,758	$ 149,429	$ (81,671)	(54.7)%
Foreign	61,547	27,667	33,880	>100.0
	129,305	177,096	(47,791)	(27.0)
Downstream				
Domestic	20,304	19,628	676	3.4
Foreign (1)	3,475	1,407	2,068	>100.0
	23,779	21,035	2,744	13.0
	$153,084	$ 198,131	$ (45,047)	(22.7)%
Operating expenses:				
Upstream	$ 74,138	$ 76,724	$ (2,586)	(3.4)%
Downstream	15,898	16,115	(217)	(1.3)
	$ 90,036	$ 92,839	$ (2,803)	(3.0)%
Depreciation and amortization:				
Upstream	$ 33,771	$ 31,146	$ 2,625	8.4%
Downstream	6,923	6,013	910	15.1
	$ 40,694	$ 37,159	$ 3,535	9.5%
General and administrative expenses:				
Upstream	$ 16,627	$ 17,130	$ (503)	(2.9)%
Downstream	1,734	1,431	303	21.2
	$ 18,361	$ 18,561	$ (200)	(1.1)%
Gain on sale of assets:				
Upstream	$ —	$ 615	$ (615)	(100.0)%
Downstream	559	4	555	>100.0
	$ 559	$ 619	$ (60)	(9.7)%
Operating income (loss):				
Upstream	$ 4,769	$ 52,711	$ (47,942)	(91.0)%
Downstream	(217)	(2,520)	2,303	(91.4)
	$ 4,552	$ 50,191	$ (45,639)	(90.9)%
Interest expense	$ 29,914	$ 25,931	$ 3,983	15.4%
Interest income	$ 419	$ 249	$ 170	68.3%
Income tax expense (benefit)	$ (8,805)	$ 9,146	$ (17,951)	(>100.0)%
Net income (loss)	$ (16,061)	$ 15,598	$ (31,659)	(>100.0)%

(1) Included are the amounts applicable to our Puerto Rico Downstream operations, even though Puerto Rico is considered a possession of the United States and the Jones Act applies to vessels operating in Puerto Rican waters.

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Revenues. Revenues for the six months ended June 30, 2011 decreased by $45.0 million, or 22.7%, to $153.1 million compared to the same period in 2010 primarily due to the lack of drilling activity in the GoM, which led to our decision to stack certain new generation OSVs. Our weighted-average active operating fleet as of June 30, 2011 was approximately 60 vessels compared to 64 vessels as of June 30, 2010.

Revenues from our Upstream segment decreased by $47.8 million, or 27.0%, to $129.3 million for the six months ended June 30, 2011 compared to $177.1 million for the same period in 2010. These lower revenues primarily resulted from a decline in activity from new generation OSVs and MPSVs that were in-service during each of the quarters ended June 30, 2011 and 2010 and the stacking of certain new generation OSVs in primary response to regulatory-driven demand weakness in the GoM. These lower revenues were partially offset by incremental revenues related to vessels operating in Latin America and, to a lesser degree, contributions from vessels added to the Upstream fleet in 2010 through our fourth OSV newbuild program. Our new generation OSV average dayrates were $20,732 for the first six months of 2011 compared to $21,946 for the same period in 2010, a decrease of $1,214, or 5.5%. Our new generation OSV dayrates for the first six months of 2010 were favorably impacted by non-recurring revenues for one of our specialty service vessels unrelated to the oil spill relief efforts in the GoM. Excluding these revenues, our new generation OSV dayrates would have been $20,310, or 2.1% lower than the six months ended June 30, 2011. Our new generation OSV utilization was 63.5% for the first six months of 2011 compared to 72.3% for the same period in 2010. The decrease in utilization was largely due to having an average of 12.6 vessels stacked during the six months ended June 30, 2011 compared to an average of 7.7 stacked vessels during the prior-year period. Domestic revenues for our Upstream segment decreased $81.7 million during the six months ended June 30, 2011 due to reduced drilling activity in the GoM. Foreign revenues for our Upstream segment increased $33.9 million primarily due to an average of ten additional vessels deployed to Latin America since June 30, 2010. Foreign revenues comprised 47.6% of our total Upstream revenues compared to 15.6% for the first six months of 2010. This trend of higher foreign revenues is expected to continue throughout the second half of 2011, particularly in recognition of the eight vessels that were recently awarded contracts in Latin America commencing during 2011.

Revenues from our Downstream segment increased by $2.7 million, or 13.0%, to $23.8 million for the six months ended June 30, 2011 compared to the six months ended June 30, 2010. This revenue increase was due to higher effective dayrates earned during the first six months of 2011 compared to the same period in 2010. Our double-hulled tank barge average dayrates were $16,880 for the six months ended June 30, 2011, a decrease of $382, or 2.2%, from $17,262 for the same period in 2010. Our double-hulled tank barge utilization was 86.5% for the first half of 2011 compared to 74.7% for the first half of 2010.

Operating Expenses. Operating expenses for the six months ended June 30, 2011 decreased by $2.8 million, or 3.0%, to $90.0 million. This decrease was primarily associated with the reduction of our active operating fleet compared to the year-ago period partially offset by higher operating costs for vessels operating in international regions.

Operating expenses for our Upstream segment were $74.1 million, a decrease of $2.6 million, or 3.4%, for the six months ended June 30, 2011 compared to $76.7 million for the same period in 2010. Operating expenses for our Upstream segment were driven lower by reduced activity for vessels that comprise our MPSV fleet and an increase in the average number of stacked new generation OSVs since late 2010. This favorable variance was partially offset by higher operating expenses for our vessels working in Latin America and incremental costs incurred for vessels that were placed in service during 2010 under our fourth OSV newbuild program.

Operating expenses for our Downstream segment were $15.9 million, a decrease of $0.2 million, or 1.3%, for the six months ended June 30, 2011 compared to $16.1 million for the same period in 2010. The decrease in operating expenses for the Downstream segment is attributable to the sale of seven vessels in our Downstream fleet since June 30, 2010.

Depreciation and Amortization. Depreciation and amortization was $3.5 million higher for the six months ended June 30, 2011 compared to the same period in 2010. This increase is primarily due to incremental depreciation expense related to vessels placed in service under our fourth OSV newbuild program and our MPSV program during 2010. In addition, amortization expense was higher in the current period for vessels undergoing their initial recertifications that have been placed in-service on various dates since 2008. Depreciation and amortization expense is expected to increase further as these and any other recently acquired and newly constructed vessels undergo their initial 30-month and 60-month recertifications.

General and Administrative Expenses. General and administrative expenses of $18.4 million, or 12.0% of revenues, decreased by $0.2 million during the six months ended June 30, 2011 compared to the six months ended June 30, 2010. This decrease in G&A expenses were primarily the result of lower personnel and stock-based compensation expense, which was partially offset by higher reserves associated with oil spill response-related receivables and a greater concentration of foreign-sourced customer billings. Our general and administrative expenses are expected to remain in the approximate annual range of $35 million to $39 million for the year ending December 31, 2011.

Gain on Sale of Assets. During the first six months of 2011, we sold four single-hulled tank barges for net cash proceeds of $2.1 million, which resulted in aggregate gains of approximately $0.6 million ($0.4 million after tax or $0.01 per diluted share). During the first six months of 2010, we sold one conventional OSV for net cash proceeds of $1.3 million and recorded a gain of approximately $0.5 million ($0.3 million after tax or $0.01 per diluted share).

Operating Income. Operating income decreased by $45.6 million to $4.6 million during the six months ended June 30, 2011 compared to the same period in 2010 due to the reasons discussed above. Operating income as a percentage of revenues for our Upstream segment was 3.7% for the six months ended June 30, 2011 compared to 29.8% for the same period in 2010.

Interest Expense. Interest expense increased $4.0 million during the six months ended June 30, 2011 compared to the same period in 2010. Lower capitalized interest from having fewer vessels under construction or conversion was the primary reason that our interest expense increased from the same period in 2010. During the first six months of 2011, we did not capitalize any construction period interest compared to capitalized interest of $3.4 million, or roughly 12% of our total interest costs, for the year-ago period.

Interest Income. Interest income increased $0.2 million during the six months ended June 30, 2011 compared to the same period in 2010. Our average cash balance increased to $140.4 million for the six months ended June 30, 2011 compared to $52.0 million for the same period in 2010. The average interest rate earned on our invested cash balances during the six months ended June 30, 2011 was approximately 0.5% compared to 0.8% for the same period in 2010.

Income Tax Expense (Benefit). Our effective tax rate was 35.4% and 37.0% for the six months ended June 30, 2011 and 2010, respectively. Our income tax expense (benefit) primarily consists of deferred taxes. Our income tax rate is higher than the federal statutory rate primarily due to expected state tax liabilities and items not deductible for federal income tax purposes.

Net Income (Loss). Operating performance decreased year-over-year by $31.7 million for a reported net loss of $16.1 million for the six months ended June 30, 2011. The net loss incurred for the first six months of 2011 was primarily due to a decrease in operating income discussed above and a $3.8 million pre-tax increase in net interest expense.

Liquidity and Capital Resources

Our capital requirements have historically been financed with cash flows from operations, proceeds from issuances of our debt and common equity securities, borrowings under our credit facilities and cash received from the sale of assets. We require capital to fund on-going operations, vessel recertifications, discretionary capital expenditures and debt service and may require capital to fund potential future vessel construction, retrofit or conversion projects or acquisitions. The nature of our capital requirements and the types of our financing sources are not expected to change significantly for the remainder of 2011. While we have postponed required drydockings for some of our stacked vessels, we will be required to conduct any deferred drydockings prior to such vessels returning to service. The drydocking funds required to recertify currently stacked vessels will be dependent upon vessel class, certification requirements and the timing and sustainability of any market recovery.

We have reviewed all of our debt agreements as well as our liquidity position and projected future cash needs. Despite volatility in financial and commodity markets, we remain confident in our current financial position, the strength of our balance sheet and the short- and long-term viability of our business model. To date, our liquidity has not been materially impacted and we do not expect that it will be materially impacted in the near-future due to such volatility. We believe that our cash on-hand, projected operating cash flow and available borrowing capacity under our recently amended revolving credit facility will be more than sufficient to operate the Company, while we reposition vessels to alternative markets and/or await the resumption of drilling activities in the GoM.

Although we expect to continue generating positive working capital through our operations, events beyond our control, such as an extended delay in returning to normal operating conditions following the de facto regulatory moratorium in the GoM, declines in expenditures for exploration, development and production activity, mild winter conditions or any extended reduction in domestic consumption of refined petroleum products and other reasons discussed in the Risk Factors in our Annual Report on Form 10-K or under the "Forward Looking Statements" discussed in this Quarterly Report on Form 10-Q, may affect our financial condition or results of operations. None of our funded debt instruments mature any sooner than November 2013; however, our currently undrawn revolving credit facility matures March 2013. Depending on the market demand for our vessels, long-term debt maturities and other growth opportunities that may arise, we may require additional debt or equity financing. We currently expect to generate sufficient cash to re-pay our long-term debt upon maturity. However, it is possible that, due to events beyond our control, including those described in our Risk Factors, should such need for additional financing arise, we may not be able to access the capital markets on attractive terms at that time or otherwise obtain sufficient capital to meet our maturing debt obligations or finance growth opportunities that may arise. We will continue to closely monitor our liquidity position, as well as the state of the global capital and credit markets.

As of June 30, 2011, we had total cash and cash equivalents of $136.5 million. Excluding any potential cash requirements for growth opportunities that may arise, our current cash on-hand and our internal cash projections indicate that our $250 million revolving credit facility will remain undrawn for the foreseeable future beyond 2011. As of June 30, 2011, we had a posted letter of credit for $0.9 million and have $249.1 million of credit available under our revolving credit facility, for all uses of proceeds, including working capital, if necessary.

Cash Flows

Operating Activities. We rely primarily on cash flows from operations to provide working capital for current and future operations. Cash flows from operating activities were $19.8 million for the six months ended June 30, 2011 and $51.9 million for the six months ended June 30, 2010. Operating cash flows for the first six months of 2011 were unfavorably affected by a decline in our weighted-average operating fleet and a decrease in demand for our Upstream equipment primarily due to regulatory-driven market weakness in the GoM.

Investing Activities. Net cash used in investing activities was $10.8 million for the six months ended June 30, 2011 and $51.9 million for the six months ended June 30, 2010. Cash utilized during the first six months of 2011 primarily consisted of capital improvements made to our operating fleet, which were partially offset by approximately $2.1 million in aggregate net cash proceeds from the sale of four single-hulled tank barges. Cash utilized during the first six months of 2010 primarily consisted of construction costs incurred for our newbuild and conversion programs, which were partially offset by approximately $1.5 million in aggregate net cash proceeds from the sale of one conventional OSV and other non-revenue generating equipment. Our fourth new generation OSV program and our MPSV program were completed during 2010.

Financing Activities. Net cash provided by financing activities was $0.6 million for the six months ended June 30, 2011 and $0.7 million for the six months ended June 30, 2010. Net cash provided for six months ended June 30, 2010 and 2011 was comprised of deferred financing costs and net proceeds from common shares issued pursuant to our employee stock-based compensation plans.

Contractual Obligations

Debt

As of June 30, 2011, we had total debt of $764.3 million, net of original issue discount of $35.7 million. Our debt is comprised of $299.8 million of our 6.125% senior notes due 2014, or 2014 senior notes, $244.1 million of our 8.000% senior notes due 2017, or 2017 senior notes, and $220.5 million of our 1.625% convertible senior notes due 2026, or convertible senior notes. On March 14, 2011, we amended the credit agreement governing our $250 million revolving credit facility to adjust certain financial ratios and provide for additional new maintenance covenants. The revolving credit facility as of July 31, 2011 remains undrawn. The changes to our revolving credit facility were effective commencing with the fiscal quarter ended December 31, 2010. Other than these changes, all other definitions and substantive terms in our credit agreement governing our revolving credit facility were unchanged. For further information on our debt agreements, see Note 3 to our consolidated financial statements included herein. As of June 30, 2011, we were in compliance with all of our debt covenants.

The credit agreement governing our revolving credit facility and the indentures governing our 2014 senior notes and 2017 senior notes 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. Based on our recently amended financial ratios for the quarterly compliance reporting period ended June 30, 2011, the full amount of the undrawn borrowing base under our revolving credit facility is available to us for all uses of proceeds, including working capital, if necessary. We continuously review our debt covenants and report our compliance with financial ratios on a quarterly basis. We also consider such covenants in evaluating transactions that will have an effect on our financial ratios.

Capital Expenditures and Related Commitments

The following table summarizes the costs incurred, prior to the allocation of construction period interest, for maintenance capital expenditures for the three and six months ended June 30, 2011 and 2010, and a forecast for fiscal 2011 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,
	2011 *Actual*	2010 *Actual*	2011 *Actual*	2010 *Actual*	2011 *Forecast*
Maintenance and Other Capital Expenditures:					
Maintenance Capital Expenditures					
Deferred drydocking charges (1)	$ 5.2	$ 5.7	$ 10.4	$ 12.1	$ 24.7
Other vessel capital improvements (2)	2.4	1.0	6.4	4.6	18.7
	7.6	6.7	16.8	16.7	43.4
Other Capital Expenditures					
Commercial-related vessel improvements (3)	2.2	14.7	5.8	16.2	24.3
Miscellaneous non-vessel additions (4)	0.3	0.9	0.7	1.3	2.7
	2.5	15.6	6.5	17.5	27.0
Total:	$ 10.1	$ 22.3	$ 23.3	$ 34.2	$ 70.4

(1) Deferred drydocking charges for the full-year 2011 include the projected recertification costs for 17 OSVs, one MPSV, two tank barges and two tugs.
(2) Other vessel capital improvements include costs for discretionary vessel enhancements, which are typically incurred during a planned drydocking event to meet customer specifications
(3) Commercial-related vessel improvements include items, such as cranes, ROVs and other specialized vessel equipment, which costs are typically included in and offset by higher dayrates charged to customers.
(4) Non-vessel capital expenditures are primarily related to information technology and shore-side support initiatives.

Forward Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements,” as contemplated by the Private Securities Litigation Reform Act of 1995, in which the Company discusses factors it believes may affect its performance in the future. Forward-looking statements are all statements other than historical facts, such as statements regarding assumptions, expectations, beliefs and projections about future events or conditions. You can generally identify forward-looking statements by the appearance in such a statement of words like “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “remain,” “should,” or “will,” or other comparable words or the negative of such words. The accuracy of the Company’s assumptions, expectations, beliefs and projections depends on events or conditions that change over time and are thus susceptible to change based on actual experience, new developments and known and unknown risks. The Company gives no assurance that the forward-looking statements will prove to be correct and does not undertake any duty to update them. The Company’s actual future results might differ from the forward-looking statements made in this Quarterly Report on Form 10-Q for a variety of reasons, including the effect of the de facto regulatory moratorium on the issuance of drilling and other permits in the GoM due to government regulations. Future results may also be impacted by proposed federal legislation or regulations that are being and may yet be implemented in response to the *Deepwater Horizon* event, as well as the outcome of pending litigation brought by environmental groups challenging recent exploration plans approved by the DOI. Such legislation, regulations or litigation could further aggravate a number of other existing risks, uncertainties and assumptions, including, without limitation: less than anticipated success in marketing and operating the Company’s MPSVs; bureaucratic, administrative or operating barriers that delay vessels chartered in foreign markets from going on-hire or result in contractual penalties imposed by foreign customers; further weakening of demand for the Company’s services; the inability to effectively curtail operating expenses from stacked vessels; unplanned customer suspensions, cancellations, rate reductions or non-renewals of vessel charters or failures to finalize commitments to charter vessels; industry risks; further reductions in capital spending budgets by customers; declines in oil and natural gas prices; increases in operating costs; the inability to accurately predict vessel utilization levels and dayrates; the inability to effectively compete in or operate in international markets; less than anticipated subsea infrastructure demand activity in the U.S. Gulf of Mexico and other markets; the level of fleet additions by competitors that could result in over capacity; economic and political risks, including the recent unrest in the Middle East; weather related risks; the inability to attract and retain qualified personnel; regulatory risks; the repeal or administrative weakening of the Jones Act, including any changes in the interpretation of the Jones Act related to the U.S. citizenship qualification; the imposition of laws or regulations that result in reduced exploration and production activities or that increase the Company’s operating costs or operating requirements, including any such laws or regulations that may arise as a result of the de facto regulatory moratorium or as a result of the oil spill disaster in the Gulf of Mexico; drydocking delays and cost overruns and related risks; vessel accidents or pollution incidents resulting in lost revenue or expenses that are unrecoverable from insurance policies or other third parties; unexpected litigation and insurance expenses; fluctuations in foreign currency valuations compared to the U.S. dollar and risks associated with expanded foreign operations, such as non-compliance with or the unanticipated effect of tax laws, customs laws, immigration laws, or other legislation that result in higher than anticipated tax rates or other costs or the inability to repatriate foreign-sourced earnings and profits. In addition, the Company's future results may be impacted by adverse economic conditions, such as inflation, deflation, or lack of liquidity in the capital markets, that may negatively affect it or parties with whom it does business. Should one or more of the foregoing risks or uncertainties materialize in a way that negatively impacts the Company, or should the Company's underlying assumptions prove incorrect, the Company's actual results may vary materially from those anticipated in its forward-looking statements, and its business, financial condition and results of operations could be materially and adversely affected. Additional factors that you should consider are set forth in detail in the "Risk Factors" section of this Quarterly Report on Form 10-Q as well as other filings the Company has made and will make with the Securities and Exchange Commission which, after their filing, can be found on the Company's website www.hornbeckoffshore.com.

Item 3—Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the market risk disclosures set forth in Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2010.

Item 4—Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1—Legal Proceedings

None.

Item 1A—Risk Factors

There were no changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Item 2—Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3—Defaults Upon Senior Securities

None.

Item 4—Removed and Reserved

Item 5—Other Information

None.

Item 6—Exhibits

Exhibit Index

Exhibit Number		Description of Exhibit
3.1	—	Second Restated Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q for the quarter ended March 31, 2005).
3.2	—	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 (incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
3.3	—	Fourth Restated Bylaws of the Company adopted June 30, 2004 (incorporated by reference to Exhibit 3.3 to the Company's Form 10-Q for the quarter ended June 30, 2004).
4.1	—	Indenture dated as of November 23, 2004 between the Company, the guarantors named therein and Wells Fargo Bank, National Association (as Trustee), including table of contents and cross-reference sheet (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 24, 2004).

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Exhibit Number		Description of Exhibit
4.2	—	Specimen 6.125% Series B Senior Note due 2014 (incorporated by reference to Exhibit 4.12 to the Company's Registration Statement on Form S-4 dated December 22, 2004, Registration No. 333-121557).
4.3	—	Specimen stock certificate for the Company's common stock, $0.01 par value (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form 8-A dated March 25, 2004, Registration No. 001-32108).
4.4	—	Rights Agreement dated as of June 18, 2003 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 3, 2003).
4.5	—	Amendment to Rights Agreement dated as of March 5, 2004 between the Company and Mellon Investor Services LLC as Rights Agent (incorporated by reference to Exhibit 4.13 to the Company's Form 10-K for the period ended December 31, 2003).
4.6	—	Second Amendment to Rights Agreement dated as of September 3, 2004 by and between the Company and Mellon Investor Services, LLC as Rights Agent (incorporated by reference to Exhibit 4.3 to the Company's Form 8-A/A filed September 3, 2004, Registration No. 001-32108).
4.7	—	Indenture dated as of November 13, 2006 by and among Hornbeck Offshore Services, Inc., the guarantors named therein, and Wells Fargo Bank, National Association, as Trustee (including form of 1.625% Convertible Senior Notes due 2026) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 13, 2006).
4.8	—	Confirmation of OTC Warrant Confirmation dated as of November 7, 2006 by and between Hornbeck Offshore Services, Inc. and Jefferies International Limited (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed November 13, 2006).
4.9	—	Confirmation of OTC Warrant Confirmation dated as of November 7, 2006 by and between Hornbeck Offshore Services, Inc and Bear, Stearns International Limited, as supplemented on November 9, 2006 (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed November 13, 2006).
4.10	—	Confirmation of OTC Warrant Confirmation dated as of November 7, 2006 by and between Hornbeck Offshore Services, Inc. and AIG-FP Structured Finance (Cayman) Limited, as supplemented on November 9, 2006 (incorporated by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed November 13, 2006).

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Exhibit Number		Description of Exhibit
4.11	—	Indenture dated as of August 17, 2009 by and among Hornbeck Offshore Services, Inc., the guarantors named therein, and Wells Fargo Bank, National Association, as Trustee (including form of 8% Senior Notes due 2017) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed August 18, 2009).
4.12	—	Specimen 8% Series B Senior Note due 2017 (incorporated by reference to Exhibit 4.11 to the Company's Registration Statement on Form S-4 dated September 29, 2009, Registration No. 333-162197).
*10.1	—	Employment Agreement dated effective January 1, 2011 by and between Samuel A. Giberga and the Company.
*31.1	—	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	—	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	—	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	—	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101	—	Interactive Data File

*** Filed herewith.**

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

Hornbeck Offshore Services, Inc.

Date: August 9, 2011

/S/ JAMES O. HARP, JR.

James O. Harp, Jr.
Executive Vice President and Chief Financial Officer

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of this 23 day of June, 2011, but is effective as of the Commencement Date (as hereinafter defined), by and between **HORNBECK OFFSHORE OPERATORS, LLC**, a Delaware limited liability company (the "Employer"), and **SAMUEL A. GIBERGA**, residing at 10 Cherokee Lane, Covington, Louisiana 70433 (the "Employee").

WITNESSETH:

1. Employment. Employer has employed and hereby continues to employ Employee, and Employee hereby accepts such continued employment, upon the terms and subject to the conditions set forth in this Agreement. Employee shall be employed by Employer but may serve (and if requested by Employer shall serve) as an officer and/or director of its parent, Hornbeck Offshore Services, Inc., a Delaware corporation ("Parent"), or any subsidiary or affiliate of Employer or Parent.

2. Term. The term of employment under this Agreement shall commence on January 1, 2011, (the "Commencement Date") and shall continue through December 31, 2013; *provided*, *however*, that beginning on January 1, 2012, and on every January 1 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 notice of termination at least ninety (90) days prior to any such Renewal Date. Written notice by Employer shall be solely pursuant to a duly adopted resolution of Employer's or Parent's board of directors. Upon delivery of such notice of nonrenewal from Employer to Employee, Employee shall be entitled to payment by Employer of an amount equal to one half of Employee's basic annualized salary for the year preceding such notice of nonrenewal, payable to Employee upon termination of his employment. Following the date of termination of this Agreement, except as set forth in the preceding sentence, Employee shall have no further rights, including but not limited to rights under Section 8, or obligations hereunder, except obligations set forth in Sections 10 and 11.

3. Compensation and Benefits.

(a) Employer shall pay to Employee as compensation for all services rendered by Employee a basic annualized salary of $275,000 during the initial three (3) year term of this Agreement (the "Basic Salary"), or such other sums as the parties may agree on from time to time, payable semi-monthly or in other more frequent installments, as determined by the Board (as hereinafter defined). The compensation committee of the board of directors of Parent, by providing direction through the board of directors of Employer (collectively, the board of directors of Parent, the compensation committee of Parent and the board of directors of Employer are referred to as the "Board") shall have the right to increase Employee's compensation from time to time and Employee shall be entitled to an annual review thereof or more frequently as determined by the Board. In addition, the Board, in its discretion, may, with respect to any year during the term hereof, award a bonus or bonuses to Employee; *provided, however,* Employer shall annually provide Employee with a bonus based on the terms as more particularly described in Appendix “A” attached hereto. Appendix “A” may be modified, supplemented, or replaced from time to time by written agreement between Employer and Employee for the purpose of defining the then current bonus calculation methodologies for the applicable year(s). The compensation provided for in this Section 3(a) shall be in addition to any pension or profit sharing payments set aside or allocated for the benefit of Employee in either a tax qualified plan or otherwise.

Attached hereto as Appendix B are the financial terms that have been established for the calendar year 2011. It is the intention of the parties that a new Appendix B will be approved by the Board and signed by the Chairman of the Parent’s Compensation Committee and the Employee no later than March 31 of each calendar year (or portion thereof) covered by this Agreement, as amended. In the absence of an approval by the Compensation Committee 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.

(b) If the Board determines in its sole discretion that general economic conditions, the economic conditions of the oil and gas industry or the financial condition of Parent require such measures, the Board may reduce Employee’s compensation hereunder, but in any such case by no more nor less than the percentage by which it has reduced and only if it reduces concurrently the compensation of all executive management and mid-management shore-based employees of Parent and its subsidiaries.

(c) Employer shall reimburse Employee for all reasonable expenses incurred by Employee in the performance of his duties under this Agreement; *provided*, *however*, that Employee must furnish to Employer an itemized account, satisfactory to Employer, in substantiation of such expenditures.

(d) Employee shall be entitled to such fringe benefits including, but not limited to, medical and family insurance benefits as may be provided from time to time by Employer to other senior officers of Employer; *provided*, *however*, that any health insurance shall not provide for a preexisting condition limitation, and, *provided further*, that during the term of this Agreement, such fringe benefits shall always be equal to, at a minimum, the maximum fringe benefits provided in a particular year to any other officer of Employer or Parent other than with respect to the grant of an award under any Incentive Compensation Plan of Employer.

(e) To the extent permitted by applicable law and terms of the benefit plans, Employer shall include in Employee’s credited service, in any case where credited service is relevant in determining eligibility for or benefits under any employee benefits plan, the Employee’s service for any parent, subsidiary or affiliate of Employer or for any predecessor thereof and time served at prior employers.

(f) Employer shall provide Employee with an automobile during the term of the Agreement as approved by the President and Chief Executive Officer. Employer will also pay for auto insurance, maintenance and fuel. Employee may use the automobile for personal use and will pay all taxes related to such personal use.

(g) Employee shall be eligible to participate in such incentive compensation and stock option plans that have been approved or may in the future be approved by the shareholders of Parent or Employer and administered by the Board.

4. Duties. Employee is engaged and shall serve as Executive Vice President, General Counsel and Chief Compliance Officer of (i) Parent, (ii) Employer and (iii) any other direct or indirect subsidiaries of Parent that may be formed or acquired. In addition, Employee shall have such other duties and hold such other offices as may from time to time be reasonably assigned to him by the Board.

5. Extent of Services; Vacations and Days Off.

(a) During the term of his employment under this Agreement, Employee shall devote his full business time, energy and attention to the benefit and business of Employer as may be necessary in performing his duties pursuant to this Agreement. Employee shall not provide services of a business nature to any other person other than that which has been disclosed and permitted by the Employer.

(b) Employee shall be entitled to vacations and holidays with pay and to such personal and sick leave with pay in accordance with the policy of Employer as may be established from time to time by Employer and applied to other senior officers of Employer; *provided, however*, that Employee shall annually be entitled to the maximum number of vacation days and holidays afforded to any other officer of Employer or Parent.

6. Facilities. Employer shall provide Employee with a fully furnished office, and the facilities of Employer shall be generally available to Employee in the performance of his duties pursuant to this Agreement; it being understood and contemplated by the parties that all equipment, supplies and office personnel required for Employee's performance of duties under this Agreement shall be supplied by Employer.

7. Illness or Incapacity, Termination on Death.

(a) If during the term of his employment Employee becomes permanently disabled, as defined below, or dies, Employer shall pay to the Employee or his estate compensation through the date of death or determination of permanent disability, including salary, any prior year bonus compensation earned but not yet paid and the pro-rated portion of any current year bonus as and when determined in the ordinary course of the calculation of current year bonus due to other executive officers of Employer. Employer shall continue to provide medical insurance and other benefits to which Employee's dependents would otherwise have been entitled for one year following the date of death or determination of permanent disability. Effective upon the date of death or determination of permanent disability, any and all options, rights or awards granted in conjunction with Parent's or Employer's incentive compensation and stock option plans shall immediately vest; provided that, with respect to restricted stock awards or restricted stock unit awards that contain performance criteria for vesting, the greater of (x) the Base Shares (as such term is used in the restricted stock awards and restricted stock unit awards) or (y) the number of shares that would have vested on the date of the death or determination of permanent disability as if such date were the end of the Measurement Period (as such term is used in the restricted stock awards and the restricted stock unit awards) shall vest and all other shares covered by such awards shall be forfeited. Except for the benefits set forth in the preceding sentences and any life insurance benefits included in the benefit package provided at such time by Employer to Employee, Employer shall have no additional financial obligation under this Agreement to Employee or his estate. After receiving the payments and health insurance benefits provided in this subparagraph (a), Employee and his estate shall have no further rights under this Agreement.

(b)

(i) During any period of disability, illness or incapacity during the term of this Agreement that renders Employee at least temporarily unable to perform the services required under this Agreement for a period that shall not equal or exceed ninety (90) continuous days (provided that a return to full work status of less than five full days shall be deemed not to interrupt the calculation of such 90 days), Employee shall receive the compensation payable under Section 3(a) of this Agreement plus any bonus compensation earned through the last day of such ninety (90) day period but not yet paid, less any benefits received by him under any disability insurance carried by or provided by Employer. All rights of Employee under this Agreement (other than rights already accrued) shall terminate as provided below upon Employee's permanent disability (as defined below), although Employee shall continue to receive any disability benefits to which he may be entitled under any disability income insurance that may be carried by or provided by Employer from time to time; Employer hereby agrees to provide such insurance on a same occupation basis.

(ii) The terms "permanently disabled" and "permanent disability" as used in this Agreement shall mean that Employee is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under any long term disability plan maintained by Employer that covers Employee. In the absence of such a long term disability plan, “permanently disabled” and “permanent disability” shall mean that Employee is unable to engage in any substantial gainful activity for a period of at least ninety (90) days in any one-year period by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. In the event Employee becomes “permanently disabled,” the Board may terminate Employee’s employment under this Agreement upon ten (10) days’ prior written notice. If any determination with respect to “permanent disability” is disputed by Employee, the parties hereto agree to abide by the determination with respect to “permanent disability” of a panel of three physicians. Employee and the Board shall each appoint one member, and the third member of the panel shall be appointed by the other two members. Employee agrees to make himself available for and submit to examinations by such physicians as may be directed by the Board. Failure to submit to any such examination shall constitute a breach of a material part of this Agreement.

8. <u>Other Terminations</u>.

(a)

(i) Employee may terminate his employment hereunder for any reason whatsoever upon giving at least thirty (30) days’ prior written notice. In addition, Employee shall have the right to terminate his employment hereunder on the conditions and at the times provided for in Section 8(d) of the Agreement.

(ii) If Employee gives notice pursuant to Section 8(a)(i) above, Employer shall have the right to relieve Employee, in whole or in part, of his duties under this Agreement (without reduction in compensation through the termination date).

(b)

(i) Except as otherwise provided in this Agreement, Employer may terminate the employment of Employee hereunder only for “good cause” (as defined below) and upon written notice.

(ii) As used herein, “good cause” shall mean:

(1) Employee’s conviction of either a felony involving moral turpitude or any crime in connection with his

employment by Employer that causes Employer a substantial detriment, but specifically shall not include traffic offenses;

(2) actions or inactions by Employee that clearly are contrary to the best interests of Employer;

(3) Employee's willful failure to take actions permitted by law and necessary to implement policies of the Board that the Board has communicated to him in writing, provided that such policies that are reflected in minutes of a Board meeting attended in its entirety by Employee shall be deemed communicated to Employee;

(4) Employee's continued failure to devote his full business time, energy and attention to his duties as an executive officer of Employer or its affiliates, following written notice from the Board to Employee of such failure; or

(5) any condition that either resulted from Employee's current substantial dependence on alcohol, or any narcotic drug or other controlled or illegal substance. If any determination of substantial dependence is disputed by Employee, the parties hereto agree to abide by the decision of a panel of three physicians appointed in the manner specified in Section 7(b)(ii) of this Agreement.

(6) With respect to (2) through (5) above, such circumstances shall not constitute "good cause" unless Employee has failed to cure such circumstances within 10 business days following written notice thereof from the Board identifying in reasonable detail the manner in which the Employer believes that Employee has not performed such duties and indicating the steps Employer requires to cure such circumstances.

(iii) Termination of the employment of Employee for reasons other than those expressly specified in this Agreement as good cause shall be deemed to be a termination of employment "without good cause."

(c)

(i) If Employer shall terminate the employment of Employee without good cause effective on a date earlier than the termination date provided for in Section 2 (with the effective date of termination as so identified by Employer being referred to herein as the "Accelerated Termination Date"), Employee, until the termination date provided for in Section 2 shall continue to receive the salary and other compensation and benefits specified in Section 3, in each case in the amount and kind and at the time provided for in Section 3 (provided, however, that if such benefits are not available under Employer's benefit plans or applicable law, Employer shall be responsible for the cost of providing equivalent benefits); *provided that* bonuses for each calendar year till the termination date

(1) that are discretionary in nature, shall be paid based on the greater of (x) the amount equal to the total bonus paid for the last completed year for which bonuses have been paid or (y) the amount equal to the bonuses that would have been payable for the then current year (or, in the case of an Accelerated Termination Date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year, such previous year), determined on a basis consistent with the last completed year for which bonuses have been paid but using the projected bonus amounts for the then current year (or, in the case of an Accelerated Termination Date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year, such previous year) determined by extrapolating the information as of the Accelerated Termination Date based on the best information available at the time of the calculation; and

(2) that are performance based, shall be based on the amount equal to the bonuses that would have been payable for the applicable year (or, in the case of an Accelerated Termination Date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year, such previous year), had Employee been employed with the Employer at the end of each such year and paid at the time bonuses for each such year are paid to those still employed by Employer, determined on a basis consistent with the last completed year for which bonuses have been paid but using the bonus amounts for the then current year (or, in the case of an Accelerated Termination Date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year, such previous year);

provided further that, notwithstanding such termination of employment, Employee's covenants set forth in Sections 10 and 11 shall remain in full force and effect; *also provided further that,* at Employer's option, Employee's covenants set forth in Sections 10 and 11 shall renew in full force and effect for an additional one (1) year following the period referred to in Sections 10 and 11 if Employer elects to provide and provides to Employee the salary and other compensation and other benefits specified in Section 3 for an additional period of one (1) year following the period set forth above in this Section (8)(c)(i). If Employee shall violate any of the provisions of Sections 9, 10 or 11 at any time prior to the expiration of two years after the termination of Employee's employment with Employer (or, if applicable, the referenced one-year renewal period), then, in addition to its other rights and remedies, Employer shall have the right to terminate all further payments of compensation or benefits to Employee and shall have no further obligation therefor.

(ii) If Employer shall terminate the employment of Employee without good cause effective on a date earlier than the termination date provided for in Section 2, any and all options, rights or awards granted in conjunction with Parent's or Employer's incentive compensation and stock option plans shall immediately vest; provided that, with respect to each such option, right or award that contains performance criteria for vesting, the number of shares that would have vested (or the amount of cash that would have been paid) had Employee been employed with the Employer through the end of each Measurement Period (depending on satisfaction of the performance criteria at the end of each such Measurement Period) shall vest (or be paid) at the time Employee would have otherwise vested (or been paid) had he been employed with the Employer through the end of each such Measurement Period, and thereafter all entitlements under such option, right or award that could have vested at the end of each such Measurement Period, but did not, shall be forfeited. Further, if Employer amends or waives such performance criteria for the benefit of any employees before or after the Employer terminates Employee's employment without good cause but prior to the end of each applicable Measurement Period, then Employer shall treat Employee's applicable options, rights or awards in a substantially similar manner.

(iii) If Employee is eligible for the payments and benefits paid and provided pursuant to this Section 8(c), Employee is not eligible for payments under Section 2.

(iv) The parties agree that, because there can be no exact measure of the damage that would occur to Employee as a result of a termination by Employer of Employee's employment without good cause, the payments and benefits paid and provided pursuant to this Section 8(c) shall be deemed to constitute liquidated damages and not a penalty for Employer's termination of Employee's employment without good cause, and Employer agrees that Employee shall not be required to mitigate his damages.

(d)

(i) If a Change in Control of Employer, as defined in Section 8(d)(ii) shall occur, and Employee shall:

(1) voluntarily terminate his employment within one year following such Change in Control and such termination shall be as a result of Employee's good faith determination that Employer:

(A) has after the Change in Control reduced Employee’s annual base salary or potential bonus level or any incentive compensation or equity incentive compensation plan benefit (as in effect immediately before such Change in Control);

(B) has relocated Employee’s office to a location that is more than 35 miles from the location in which Employee principally works for Employer or Parent immediately before such Change in Control;

(C) has relocated the principal executive office of Parent, Employer or the office of Employer’s operating group for which Employee performed the majority of his services for Employer during the year before the Change in Control to a location that is more than 35 miles from the location of such office immediately before such Change in Control;

(D) has required Employee, in order to perform duties of substantially equal status, dignity and character to those duties Employee performed immediately before the Change in Control, to travel on Employer’s business to a substantially greater extent than is consistent with Employee’s travel obligations immediately before such Change in Control;

(E) has failed to continue to provide Employee with benefits substantially equivalent to those enjoyed by Employee under any of Employer’s life insurance, medical, health and accident or disability plans and incentive compensation or equity incentive compensation plans in which Employee was participating immediately before the Change in Control;

(F) has taken any action that would directly or indirectly materially reduce any of such benefits or deprive Employee of any material fringe benefit enjoyed by Employee immediately before the Change in Control;

(G) has failed to provide Employee with at least the number of paid vacation days to which Employee is entitled on the basis of years of service under Employer’s normal vacation policy in effect immediately before the Change in Control giving credit for time served at prior employers;

(2) voluntarily terminate his employment within one year following such Change in Control and such termination shall be as a result of Employee’s good faith determination that as a result of the Change in Control and a change in circumstances thereafter significantly affecting his position other than those listed in Section 8(d)(i)(1) above, he can no

longer adequately exercise the authorities, powers, functions or duties attached to his position as an executive officer of Employer, Parent or any of their affiliates; or

(3) voluntarily terminate his employment within one year following such Change in Control, and such termination shall be as a result of Employee's good faith determination that he can no longer perform his duties as an executive officer of Employer, Parent or any of their affiliates by reason of a substantial diminution in his responsibilities, status, title or position;

(4) have his employment terminated by Employer for reasons other than those specified in Section 8(b)(ii) within one (1) year following such Change in Control;

then in any of the above four cases, Employee shall have, instead of the rights described in Section 3(a), the right to immediately terminate this Agreement and receive from Employer, within fifteen business days following the date Employee notifies Employer of his constructive or voluntary termination pursuant to this Section 8(d)(i)(1), (2) or (3) or within three business days of having his employment terminated under 8(d)(i)(4) above, (A) a lump sum cash payment equal to one and one-half (1 1/2) times the amount of Employee's Basic Salary with respect to the year in which such termination has occurred plus one and one-half (1 1/2) times the greater of (x) the amount equal to the total bonus paid for the last completed year for which bonuses have been paid or (y) the amount equal to the bonuses that would have been payable for the then current year (or, in the case of termination date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year), such previous year determined on a basis consistent with the last completed year for which bonuses have been paid but using the projected bonus amounts for the then current year (or, in the case of a termination date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year, such previous year), determined by extrapolating the information as of the termination date based on the best information available at the time of the calculation; *provided, however, that* if Employee for any reason did not receive a bonus in the immediately preceding year and would not have been eligible for a bonus under (y) of the previous clause, Employee shall be deemed for purposes of this Section 8(d)(i) to have received a bonus in the amount of one-fourth of his annual Basic Salary for such year, and (B) medical plan coverage and other insurance benefits provided for himself and his spouse and dependents (to the extent his spouse and dependents are covered under the medical plan and other insurance benefits as of the date of Employee's termination of employment) for a period of eighteen (18) months to begin on the date immediately following the expiration of the eighteen (18) month coverage period for such benefits as provided under Employee's Change in Control Agreement entered into on August 5, 2008, as amended (provided, however, that if such benefits are not available under Employer's benefit plans or applicable laws, Employer shall be responsible for the cost of providing equivalent benefits). Employee shall not be required to mitigate the amount of any payment provided for in this Section 8(d)(i) by seeking other employment or otherwise. The obligation to provide this medical plan coverage shall terminate in the event Employee becomes employed by another employer that provides a medical plan that fully covers Employee and his dependents without a preexisting condition limitation. Employee shall be eligible for payments pursuant to this Section 8(d) if Employee complies with the terms of Sections 10 and 11 of this Agreement.

(ii) For purposes of this Agreement, a "Change in Control" shall mean:

(1) the obtaining by any person or persons acting as a group of fifty percent (50%) or more of the voting shares of Parent pursuant to a "tender offer" for such shares as provided under Rule 14d-2 promulgated under the Securities Exchange Act of 1934, as amended, or any subsequent comparable federal rule or regulation governing tender offers; or

(2) a majority of the members of the Parent's board of directors is replaced during any twelve (12) month period by new directors whose appointment or election is not endorsed by a majority of the members of the Parent's board of directors before the date of such new directors' appointment or election; or

(3) any person, or persons acting as a group, acquire (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent that have a total gross fair market value equal to or more than seventy-five percent (75%) of the total gross fair market value of all of the assets of the Parent immediately before such acquisition or acquisitions (other than transfers to related persons as defined in Section 1.409A-3(i)(5)(vii)(B) of the Treasury Regulations).

The determination of whether a Change in Control has occurred shall be made in accordance with Section 409A of the Code (as defined below), and the Treasury Regulations and other guidance issued thereunder.

(iii) The provisions of Section 8(c) and this Section 8(d) are mutually exclusive; *provided, however*, that if within one year following commencement of a Section 8(c) payout there shall be a Change in Control as defined in Section 8(d)(ii), then Employee shall be entitled to the greater of the amounts payable to Employee under Sections 8(c) or 8(d)(i) reduced by the amount that Employee has previously received under Section 8(c) up to the date of the Change in Control. The triggering of the lump sum payment requirement of this Section 8(d) shall cause the provisions of Section 8(c) to become inoperative. The triggering of the continuation of payment provisions of Section 8(c) shall cause the provisions of Section 8(d) to become inoperative except to the extent provided in this Section 8(d)(iii).

(e) If the employment of Employee is terminated for good cause under Section 8(b)(ii) of this Agreement, or if Employee voluntarily terminates his employment by written notice to Employer under Section 8(a) of this Agreement without reliance on Section 8(d), Employer shall pay to Employee any compensation earned but not paid to Employee prior to the effective date of such termination. Under such circumstances, such payment shall be in full and complete discharge of any and all liabilities or obligations of Employer to Employee hereunder, and Employee shall be entitled to no further benefits under this Agreement. Employee must, however, still comply with the obligations set forth in Sections 10 and 11 of this Agreement.

9. Inventions and Other Intellectual Property. Employee hereby agrees that any design, invention, copyright or trademark materials made or created as a result of or in connection with the duties of Employee hereunder shall be the sole and exclusive property of Employer, and Employee hereby assigns and transfers to Employer the entire right, title and interest of Employee in and to the foregoing. Employee further agrees that, at Employer's request and expense, Employee will execute any deeds, assignments or other documents necessary to transfer any such design, invention, copyright or trademark materials to Employer and will cooperate with Employer or its nominee in perfecting Employer's title (or the title of Employer's nominee) in such materials. During the term of his employment, Employee shall keep Employer informed of the development of all designs, inventions or copyright materials made, conceived or reduced to practice by Employee, in whole or in part, alone or with others, that either result from any work Employee may do for or at the request of Employer or any affiliate of Employer or are related to the present or contemplated activities, investigations or obligations of Employer or any affiliate of Employer. If any such design, invention, or copyright material relating in any manner to the business of Employer or Parent or any research and development of Employer or any affiliate of Employer is disclosed by Employee within six (6) months after leaving the employ of Employer, it shall be presumed that such design, invention, copyright or trademark materials resulted or were conceived from developments made during the period of the employment by Employer of Employee (unless Employee can conclusively prove that such design, invention, copyright or trademark materials were conceived, made and discovered solely during the period following termination of employment hereunder) and Employee agrees that any such design, invention, copyright or trademark materials shall belong to Employer.

10. Confidential Information and Trade Secrets.

(a) Employer is engaged in the highly competitive business of the offshore transportation of refined and unrefined petroleum products, offshore towing, offshore supply vessel services, anchor handling and towing services, well stimulation vessel services, well-test services, offshore pipeline remediation services, ROV support services, offshore construction services, and other services required in the offshore construction, energy exploration and production industry and in specialty services in United States coastal waters in the Restricted Area (as defined below). The foregoing collectively referred to as "Hornbeck's Business." In this business, Employer generates a tremendous volume of Confidential Information and Trade Secrets which it hereby agrees to share with Employee, and which Employee will have access to and knowledge of through or as a result of Employee's employment with the Employer. "Confidential Information and Trade Secrets" includes any information, data or compilation of information or data developed, acquired or generated by Employer, or its employees (including information and materials conceived, originating, discovered, or developed in whole or in part by Employee at the request of or for the benefit of Employer or while employed by Employer), which is not generally known to persons who are not employees of Employer, and which Employer generally does not share other than with its employees, or with its customers and suppliers on an individual transactional basis. "Confidential Information and Trade Secrets" may be written, verbal or recorded by electronic, magnetic or other methods, whether or not expressly identified as "Confidential" by Employer.

(b) "Confidential Information and Trade Secrets" includes, but is not limited to, the following information and materials:

(i) Financial information, of any kind, pertaining to Employer, including, without limitation, information about the profit margins, profitability, income and expenses of Employer or any of its divisions or lines of business;

(ii) Names and all other information about, and all communications received from, sent to or exchanged between, Employer and any person or entity which has purchased, contracted, hired, chartered equipment, vessels, personnel or services, or otherwise entered into a transaction with Employer regarding Hornbeck's Business, or to which Employer has made a proposal with respect to Hornbeck's Business (such person or entity being hereinafter referred to as "Customer" or "Customers");

(iii) Names and other information about Employer's employees, including their experience, backgrounds, resumes, compensation, sales or performance records or any other information about them;

(iv) Any and all information and records relating to Employer's contracts, transactions, charges, prices, or sales to its Customers, including invoices, proposals, confirmations, statements, accounting records, bids, payment records or any other information regarding transactions between Employer and any of its Customers;

(v) All information about the employees, agents or representatives of Customers who are involved in evaluating, providing information for, deciding upon, or committing to purchase, sell or otherwise enter into a transaction relating to Hornbeck's Business (each such individual being hereinafter referred to as a "Customer Representative") including, without limitation, with respect to any such individual, his name, address, telephone and facsimile numbers, email addresses, titles, positions, duties, and all records of communications to, from or with any such Customer Representative;

(vi) Any and all information or records relating to Employer's contracts or transaction with, or prices or purchases from any person or entity from which Employer has purchased or otherwise acquired goods or services of any kind used in connection with Hornbeck's Business (each such person or entity being hereinafter referred to as a "Supplier"), including invoices, proposals, confirmations, statements, accounting records, bids, payment records or any other information documents regarding amounts charged by or paid to suppliers for products or services;

(vii) All information about the employees, agents or representatives of Suppliers who are involved in evaluating, providing information for, deciding upon, or committing to purchase, sell or otherwise enter into a transaction relating to Hornbeck's Business (each such individual being hereinafter referred to as "Supplier Representative") including, without limitation, with respect to any such individual, his name, address, telephone and facsimile numbers, email addresses, titles, positions, duties, and all records of communications to, from or with any such Supplier Representative;

(viii) Employer's marketing, business and strategic growth plans, methods of operation, methods of doing business, cost and pricing data, and other compilations of information relating to the operations of Employer.

(c) Employee acknowledges that all notes, data, forms, reference and training materials, leads, memoranda, computer programs, computer print-outs, disks and the information contained in any computer, and any other records which contain, reflect or describe any Confidential Information and Trade Secrets, belong exclusively to Employer. Employee shall promptly return such materials and all copies thereof in Employee's possession to Employer upon termination of his employment, regardless of the reasons therefor (such date being hereinafter referred to as the "Termination Date").

(d) During Employee's employment with Employer and thereafter, Employee will not copy, publish, convey, transfer, disclose nor use, directly or indirectly, for Employee's own benefit or for the benefit of any other person or entity (except Employer) any Confidential Information and Trade Secrets. Employee's obligation shall continue in full force and effect until the later of the final day of any period of non-competition or eighteen (18) months after the termination of Employer's employment. Employee will abide by all rules, guidelines, policies and procedures relating to Confidential Information and Trade Secrets implemented and/or amended from time to time by Employer.

Employee acknowledges that any actual or threatened breach of the covenants contained herein will cause Employer irreparable harm and that money damages would not provide an adequate remedy to Employer for any such breach. For these reasons, and because of the unique nature of the Confidential Information and Trade Secrets and the necessity to preserve such Confidential Information and Trade Secrets in order to protect Employer's property rights in the event of a breach or threatened breach of any of the provisions herein, Employer, in addition to any other remedies available to it at law or in equity, shall be entitled to immediate injunctive relief against Employee to enforce the provisions of this Agreement and shall be entitled to recover from Employee its reasonable attorney's fees and other expenses incurred in connection with such proceedings.

11. Noncompetition and Nonsolicitation.

(a) During the term of Employee's employment, Employer agrees to provide, and to continue to provide, Employee access to, and the use of, its "Confidential Information and Trade Secrets" concerning Hornbeck's Business, and Employer's employees, Customers and Customer Representatives, Suppliers and Supplier Representatives and Employer's transactional histories with all of them, as well as information about the logistics, details, revenues and expenses of Hornbeck's Business, in order to allow Employee to perform Employee's duties under this Agreement, and to develop or continue to solidify relationships with Customers, Customer Representatives, Suppliers and Supplier Representatives. Employee acknowledges that new and additional Confidential Information and Trade Secrets regarding each of these matters is developed by Employer as a part of its continuing operations, and Employer hereby agrees to provide Employee access to and use of all such new, additional and continuing Confidential Information and Trade Secrets, and Employee acknowledges that access to such new, additional and continuing Confidential Information and Trade Secrets is essential for Employee to be able to perform, and continue to perform, Employee's duties under this Agreement.

(b) In consideration of Employer's agreement to provide Employee with access to and use of its Confidential Information and Trade Secrets, including new, additional and continuing Confidential Information and Trade Secrets, and to provide training, Employee agrees to refrain from competing with Employer, or otherwise engaging in Restricted Activities within the Restricted Area, each as defined herein, during the Restricted Period.

(c) Restricted Period. Employee agrees that during the term of his employment with Employer, and for a period of two years thereafter, regardless of the date or cause of such termination (the "Restricted Period"), and regardless of whether the termination occurs with or without cause, and regardless of who terminates such employment, Employee will not directly or indirectly, as an employee, officer, director, shareholder, proprietor, agent, partner, recruiter, consultant, independent contractor or in any other individual or representative capacity, engage in any of the Restricted Activities within the Restricted Area.

(d) Restricted Activities. Restricted Activities shall mean and include all of the following:

(i) Conducting, engaging or participating, directly or indirectly, as employee, agent, independent contractor, consultant, partner, shareholder, investor, lender, underwriter or in any other capacity with another company that is engaged in Hornbeck's Business. The restrictions of this Section shall not be violated by (i) the ownership of no more than 5% of the outstanding securities of any company whose stock is publicly traded, (ii) other outside business investments approved in writing by the Chief Executive Officer or President of Employer that do not in any manner conflict with the services to be rendered by Employee for Employer and its affiliates and that do not diminish or detract from Employee's ability to render his attention to the business of Employer and its affiliates or (iii) employment by a certified public accounting firm or a commercial or investment bank that may have as a client or customer: (A) a Competitor to Employer or (B) any of the clients or customers of Employer with whom Employer did business during the term of Employee's employment, so long as Employee does not directly or indirectly serve, advise or consult in any way such Competitor to Employer or client or customer of Employer, respectively, for a period of twelve (12) months after Employee's termination.

(ii) Recruiting, hiring or attempting to recruit or hire, either directly or by assisting others, any other employee of Employer, or any of its customers or suppliers in connection with Hornbeck's Business. For purposes of this covenant, "any other employee" shall include employees, consultants, independent contractors or others who are still actively employed by, or doing business with, Employer, its Customers or Suppliers, at the time of the attempted recruiting or hiring, or were so employed or doing business at any time within six months prior to the date of such attempted recruiting or hiring;

(iii) Communicating, by any means, soliciting or offering to solicit the purchase, performance, sale, furnishing, or providing of any equipment, services, or product which constitute any part of Hornbeck's Business to, for or with any Customer, Customer Representative, Supplier or Supplier Representative; and

(iv) Using, disclosing, publishing, copying, distributing or communicating any Confidential Information and Trade Secrets to or for the use or benefit of Employee or any other person or entity other than Employer.

(e) Restricted Area. The Restricted Area shall mean and include each of the following in which Hornbeck's Business is conducted:

(i) The following parishes of the State of Louisiana in which Employer carries on and is engaged in Hornbeck's business: Acadia, Allen, Ascension, Assumption, Beauregard, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, and West Feliciana and the state and federal waters offshore such parishes;

(ii) The following counties of the State of Texas in which Employer carries on and is engaged in Hornbeck's business: Aransas, Brazoria, Calhoun, Cameron, Chambers, Fort Bend, Galveston, Harris, Houston, Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Montgomery, Nueces, Orange, Refugio, San Jacinto, San Patricio, Waller and Willacy and the state and federal waters offshore such counties;

(iii) The following counties in the State of New York in which Employer carries on and is engaged in Hornbeck's business: Bronx, Kings, Nassau, New York, Queens, Richmond, Rockland, Suffolk, and Westchester and the state and federal waters offshore such parishes;

(iv) The following counties in the State of New Jersey in which Employer carries on and is engaged in Hornbeck's business: Atlantic, Bergen, Cape May, Hudson, Middlesex, Monmouth, Ocean and Union and the state and federal waters offshore such parishes;

(v) The following government subdivisions in the country of Trinidad and Tobago: San Fernando, Galeota and Chagaramas and the state and federal waters offshore the same;

(vi) The following government subdivisions of Mexico: Ciudad del Carmen, Poza Rica and Dos Bocas and the state and federal waters offshore the same;

(vii) The following government subdivisions of Brazil: Macaé, Vitória and Rio de Janeiro and the state and federal waters offshore the same; and

(viii) The following government subdivisions of Qatar: Doha and the state and federal waters offshore the same.

(f) Agreement Ancillary to Other Agreements. This covenant not to compete is ancillary to and part of other agreements between Employer and Employee, including, without limitation, Employer's agreement to disclose, and continue to disclose, its Confidential Information and Trade Secrets, and its agreement to provide, and continue to provide, training, education and development to Employee.

(g) Independent Agreements. The parties hereto agree that the foregoing restrictive covenants set forth herein are essential elements of this Agreement, and that, but for the agreement of Employee to comply with such covenants, Employer would not have agreed to enter into this Agreement. Such covenants by Employee shall be construed as agreements independent of any other provision in this Agreement. The existence of any claim or cause of action of Employee against Employer, whether predicated on this Agreement, or otherwise, shall not constitute a defense to the enforcement by Employer of such covenants.

(h) Equitable Reformation. The parties hereto agree that if any portion of the covenants set forth herein are held to be illegal, invalid, unreasonable, arbitrary or against public policy, then such portion of such covenants shall be considered divisible both as to time and geographical area. Employer and Employee agree that, if any court of competent jurisdiction determines the specified time period or the specified geographical area applicable herein to be illegal, invalid, unreasonable, arbitrary or against public policy, a lesser time period or geographical area which is determined to be reasonable, non-arbitrary and not illegal or against public policy may be enforced against Employee. Employer and Employee agree that the foregoing covenants are appropriate and reasonable when considered in light of the nature and extent of the business conducted by Employer and the Confidential Information and Trade Secrets and training provided by Employer to Employee.

12. Injunctive Relief. Employee agrees that damages at law will be an insufficient remedy to Employer if Employee violates or attempts or threatens to violate the terms of Sections 9, 10 or 11 of this Agreement and that Employer would suffer irreparable damage as a result of such violation or attempted or threatened violation. Accordingly, it is agreed that Employer shall be entitled, upon application to a court of competent jurisdiction, to obtain injunctive relief to enforce the provisions of such Sections, which injunctive relief shall be in addition to any other rights or remedies available to Employer, at law or in equity. In the event either party commences legal action relating to the enforcement of the terms of Sections 9, 10 or 11 of this Agreement, the prevailing party in such action shall be entitled to recover from the other party all of the costs and expenses in connection therewith, including reasonable fees and disbursements of counsel (both at trial and in appellate proceedings).

13. Compliance with Other Agreements. Employee represents and warrants that the execution of this Agreement by him and his performance of his obligations hereunder will not conflict with, result in the breach of any provision of or the

termination of or constitute a default under any agreement to which Employee is a party or by which Employee is or may be bound.

14. Waiver of Breach. The waiver by Employer of a breach of any of the provisions of this Agreement by Employee shall not be construed as a waiver of any subsequent breach by Employee.

15. Binding Effect; Assignment.

(a) Employer is a subsidiary of Hornbeck Offshore Services, Inc. (the Parent), and Hornbeck's Business, as defined in Section 10, is carried on by, and the Confidential Information and Trade Secrets as defined in Section 10 has been, and will continue to be, developed by Employer, Parent and each of Parent's or Employer's subsidiaries and affiliates, all of which shall be included within the meaning of the word "Employer" as that term is used in Sections 9, 10, 11 and 12 of this Agreement. This Agreement shall inure to the benefit of, and be enforceable by, Employer, Parent, and each of the subsidiaries and affiliates included within the definition of the word "Employer" as used in Sections 9, 10, 11 and 12.

(b) The rights and obligations of Employer under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of Employer. This Agreement is a personal employment contract and the rights, obligations and interests of Employee hereunder may not be sold, assigned, transferred, pledged or hypothecated.

16. Indemnification. Employee shall be entitled throughout the term of this Agreement and thereafter to indemnification by Parent and Employer in respect of any actions or omissions as an employee, officer or director of Parent, Employer (or any successor thereof) to the fullest extent permitted by law. The parties acknowledge that Employee is also entitled to the benefits of a separate Indemnification Agreement between Employee and Parent and that this Section shall be read as complimentary with and not in conflict with or substitution for such Indemnification Agreement. Parent and Employer also agree to obtain directors and officers (D&O) insurance in a reasonable amount determined by the Board and to maintain such insurance during the term of this Agreement (as such Agreement may be extended from time to time) and for a period of twelve (12) months following the termination of this Agreement, as so extended.

17. Entire Agreement/Application to Other Agreements. Excepting the Change in Control Agreement entered into between the Employer and the Employee on August 5, 2008, as later amended effective December 31, 2009 (the "Change in Control Agreement"), this Agreement (including Appendix A and Appendix B) contains the entire agreement and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof. This Agreement may be changed only by an agreement in writing signed by the party against whom any waiver, change, amendment, modification or discharge is sought. Addressing the relationship between

this Agreement and the Change in Control Agreement: (i) the Change in Control Agreement shall remain in full force and effect in accordance with its terms and shall not be deemed amended nor terminated due to this Agreement; and (ii) any and all substantive conflicts between the Change in Control Agreement and this Agreement shall be resolved in favor of the Change in Control Agreement.

18. Construction and Interpretation.

(a) The Board shall have the sole and absolute discretion to construe and interpret the terms of this Agreement, unless another individual or entity is charged with such responsibility.

(b) This Agreement shall be construed pursuant to and governed by the laws of the State of Louisiana (but any provision of Louisiana law shall not apply if the application of such provision would result in the application of the law of a state or jurisdiction other than Louisiana).

(c) The headings of the various sections in this Agreement are inserted for convenience of the parties and shall not affect the meaning, construction or interpretation of this Agreement.

(d) Consistent with Section 11(h) the following sentences of this Section 18(d) shall apply. Any provision of this Agreement that is determined by a court of competent jurisdiction to be prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. In any such case, such determination shall not affect any other provision of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect. If any provision or term of this Agreement is susceptible to two or more constructions or interpretations, one or more of which would render the provision or term void or unenforceable, the parties agree that a construction or interpretation that renders the term or provision valid shall be favored.

(e) This Agreement shall be construed to the extent necessary to comply with the provisions of Section 409A of the Code and any Treasury Regulations and other guidance issued thereunder.

19. Notice. All notices that are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy or similar electronic transmission method; one working day after it is sent, if sent by recognized expedited delivery service; and five days after it is sent, if mailed, first class mail, certified mail, return receipt requested, with postage prepaid. In each case notice shall be sent to:

To Employer:

HORNBECK OFFSHORE OPERATORS, LLC
Attention: Todd M. Hornbeck, President and Chief Executive Officer
103 Northpark Blvd., Suite 300
Covington, LA 70433
Fax: (985) 727-2006

To Employee:

SAMUEL A. GIBERGA
10 Cherokee Lane
Covington, LA 70433
Fax: (985) 727-2006

20. Venue; Process. The parties agree that all obligations payable and performable under this Agreement are payable and performable at the offices of Employer in Covington, St. Tammany Parish, Louisiana. The parties to this Agreement agree that jurisdiction and venue in any action brought pursuant to this Agreement to enforce its terms or otherwise with respect to the relationships between the parties shall properly lie in the 22nd Judicial District Court for the Parish of St. Tammany or in the United States District Court for the Eastern District of Louisiana, New Orleans Division, New Orleans Office.

21. Six-Month Delay. Notwithstanding any provision of this Agreement to the contrary, if, at the time of Employee's termination of employment with Employer, he is a "specified employee" as defined in Section 409A of the Code, and one or more of the payments or benefits received or to be received by Employee pursuant to this Agreement would constitute deferred compensation subject to Section 409A of the Code, no such payment or benefit will be provided under this Agreement until the earlier of (a) the date that is six (6) months following Employee's termination of employment with Employer, or (b) the Employee's death. The provisions of this Section 21 shall only apply to the extent required to avoid Employee's incurrence of any penalty tax or interest under Section 409A of the Code or any Treasury Regulations and other guidance issued thereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

EMPLOYER:

HORNBECK OFFSHORE
OPERATORS, LLC

By: /s/ Todd M. Hornbeck
Todd M. Hornbeck, President and
Chief Executive Officer

EMPLOYEE:

/s/ Samuel A. Giberga
SAMUEL A. GIBERGA

ACKNOWLEDGED AND AGREED TO FOR
PURPOSES OF GUARANTEEING THE
FINANCIAL OBLIGATIONS OF EMPLOYER
TO EMPLOYEE:

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ Todd M. Hornbeck
Todd M. Hornbeck, President and
Chief Executive Officer

APPENDIX A

Employer shall annually provide Employee with a bonus comprised of two components, each of which shall represent approximately 50% of the aggregate bonus potential. Component One shall be at least equal as a percentage of Basic Salary as is determined by comparing the actual Hornbeck Offshore Services, Inc. ("Parent") earnings before interest, taxes, depreciation, amortization ("EBITDA"), as adjusted by loss on early extinguishment of debt, stock-based compensation expense and interest income (as applicable) ("adjusted EBITDA"), calculated on a consolidated basis with Parent's subsidiaries, such actual Parent adjusted EBITDA 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 the Parent adjusted EBITDA target set in advance by the Board (referred to herein as the "Target") for each fiscal year under the term of this Agreement as contemplated below. Component Two shall be determined at the sole discretion of the Compensation Committee of the Parent's Board of Directors based on the performance of the Company and Employee.

With respect to Component One, Employer and Employee agree that the Target is to be aggressively set by the Compensation Committee such that this bonus incentive for Employee is aligned with Parent stockholder goals for each fiscal year. If in any year (or portion thereof) Parent should issue additional equity in conjunction with any acquisition, newbuild program or for any other purpose, the EBITDA Target originally set for such year (or portion thereof) will be adjusted to take into account the income statement effect of the use of proceeds. Bonus awards for the Component One Target based upon such percentage comparisons are as follows:

(i) achievement of eighty percent (80%) of Target earns a bonus of ten percent (10%) of Basic Salary;

(ii) achievement of one hundred percent (100%) of Target earns a bonus of fifty percent (50%) of Basic Salary; and

(iii) achievement of one hundred twenty percent (120%) of Target earns a bonus of one hundred percent (100%) of Basic Salary.

With respect to Component One, the Bonus 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 twenty percent (120%) shall be determined by the Compensation Committee 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 twenty percent (120%). Notwithstanding the above, the Compensation Committee, in its sole discretion, may award a bonus to Employee under Component One for a Target achievement percentage that is less than eighty percent (80%), and the Compensation

Committee, in its sole discretion, may award an additional bonus to Employee for a Target achievement percentage in excess of one hundred twenty percent (120%).

The applicable EBITDA Target and any other financial terms that vary from year to year will be set forth each year on an Appendix B.

EXHIBIT 31.1

CERTIFICATION

I, Todd M. Hornbeck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hornbeck Offshore Services, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2011

/s/ Todd M. Hornbeck
Todd M. Hornbeck
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, James O. Harp, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hornbeck Offshore Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2011

/s/ James O. Harp, Jr
James O. Harp, Jr.
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Hornbeck Offshore Services, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the quarter ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Todd M. Hornbeck, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2011

/s/ Todd M. Hornbeck
Todd M. Hornbeck
Chairman, President and Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Hornbeck Offshore Services, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the quarter ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James O. Harp, Jr., Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2011

/s/ James O. Harp, Jr.
James O. Harp, Jr.
Executive Vice President and Chief Financial Officer