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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 March 31, 2007

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	**72-1375844**
(State or other jurisdiction of incorporation or organization)	*(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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 April 30, 2007 was 25,822,485.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2007
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PART I—FINANCIAL INFORMATION

Item 1—Financial Statements

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

	March 31, 2007	December 31, 2006
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 450,401	$ 474,261
Accounts receivable, net of allowance for doubtful accounts of $552 and $745, respectively	42,213	46,133
Other current assets	10,572	6,593
Total current assets	503,186	526,987
Property, plant and equipment, net	582,424	531,951
Goodwill, net	2,628	2,628
Deferred charges, net	34,958	31,554
Other assets	5,296	5,260
Total assets	$ 1,128,492	$ 1,098,380
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 20,694	$ 18,472
Accrued interest	7,941	2,314
Accrued payroll and benefits	4,762	7,859
Deferred revenue	1,379	7,693
Other accrued liabilities	4,430	1,388
Total current liabilities	39,206	37,726
Long-term debt, net of original issue discount of $491 and $503, respectively	549,509	549,497
Deferred tax liabilities, net	64,035	54,480
Other liabilities	1,193	1,804
Total liabilities	653,943	643,507
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, 25,597 and 25,561 shares issued and outstanding, respectively	256	255
Additional paid-in capital	324,098	321,909
Retained earnings	150,043	132,558
Accumulated other comprehensive income	152	151
Total stockholders' equity	474,549	454,873
Total liabilities and stockholders' equity	$ 1,128,492	$ 1,098,380

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

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

	Three Months Ended March 31,	
	2007	2006
	(Unaudited)	
Revenues	$68,091	$61,056
Costs and expenses:		
Operating expenses	27,103	22,179
Depreciation	4,807	5,809
Amortization	2,380	1,680
General and administrative expenses	7,447	6,840
	41,737	36,508
Gain (loss) on sale of assets	(10)	1
Operating income	26,344	24,549
Other income (expense):		
Interest income	6,008	3,112
Interest expense	(4,905)	(4,353)
Other income, net	5	9
	1,108	(1,232)
Income before income taxes	27,452	23,317
Income tax expense	(9,967)	(8,466)
Net income	$17,485	$14,851
Basic earnings per common share	$ 0.68	$ 0.55
Diluted earnings per common share	$ 0.67	$ 0.54
Weighted average basic shares outstanding	25,583	27,159
Weighted average diluted shares outstanding	26,125	27,652

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

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

	Three Months Ended March 31,	
	2007	2006
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 17,485	$ 14,851
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,807	5,809
Amortization	2,380	1,680
Stock-based compensation expense	1,745	1,238
Provision for bad debts	(193)	119
Deferred tax expense	9,592	8,466
Amortization of financing costs	486	203
(Gain) loss on sale of assets	10	(1)
Equity income from investment	(35)	(16)
Changes in operating assets and liabilities:		
Accounts receivable	4,079	1,672
Other current assets	(3,937)	(9,789)
Deferred drydocking charges	(6,093)	(882)
Accounts payable	2,041	(1,137)
Accrued liabilities and other liabilities	(6,948)	1,106
Accrued interest	5,627	4,582
Net cash provided by operating activities	31,046	27,901
CASH FLOWS FROM INVESTING ACTIVITIES:		
Costs incurred for MPSV program	(29,607)	(1,669)
Costs incurred for OSV newbuild program #4	(8,120)	(2,255)
Costs incurred for TTB newbuild program #1	—	(4,129)
Costs incurred for TTB newbuild program #2	(14,518)	—
Acquisition and retrofit of AHTS vessels	—	(1,830)
Net proceeds from the sale of assets	—	1
Vessel capital expenditures	(1,619)	(1,130)
Non-vessel capital expenditures	(946)	(1,337)
Net cash used in investing activities	(54,810)	(12,349)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Deferred financing costs	(204)	(71)
Net cash proceeds from other shares issued	108	189
Net cash provided by (used in) financing activities	(96)	118
Effects of exchange rate changes on cash	—	8
Net increase (decrease) in cash and cash equivalents	(23,860)	15,678
Cash and cash equivalents at beginning of period	474,261	271,739
Cash and cash equivalents at end of period	$450,401	$287,417
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES:		
Cash paid for interest	$ 47	$ 50

The accompanying notes are an integral part of these consolidated financial 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 quarterly financial statements should be read in conjunction with the 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, 2006. The results of operations for the three-month period ended March 31, 2007 are not necessarily indicative of the results that may be expected for the year ended December 31, 2007. Certain amounts reported in prior periods have been reclassified to conform to the 2007 presentation.

The consolidated balance sheet at December 31, 2006 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by United States GAAP for complete financial statements.

Change in Accounting Estimate

Property, plant and equipment are recorded at cost. Depreciation and amortization of equipment and leasehold improvements are computed using the straight-line method based on the estimated useful lives and salvage values of the related assets. As of January 1, 2007, the Company prospectively modified its assumptions for estimated salvage values for its marine equipment. Salvage values for marine equipment are now estimated to range between 5% and 25% of the originally recorded cost, depending on vessel type. For the three months ended March 31, 2007, this change in estimated salvage values resulted in an increase in operating income, net income and diluted earnings per share of approximately $1.6 million, $1.0 million and $0.04, respectively.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2. Earnings Per Share

Basic earnings per share of common stock was calculated by dividing net income applicable to common stock by the weighted average number of common shares outstanding, other than unvested restricted stock, during the period. Diluted earnings per share of common stock was calculated by dividing net income by the weighted average number of common shares outstanding during the period plus the effect of dilutive stock options and unvested restricted stock. Weighted average number of common shares outstanding was calculated by using the sum of the shares determined on a daily basis divided by the number of days in the period. The table below provides details regarding the Company's earnings per share (in thousands, except for per share data):

	Three Months Ended March 31,	
	2007	2006
Net income	$ 17,485	$ 14,851
Weighted average number of shares of common stock outstanding	25,583	27,159
Add: Net effect of dilutive stock options and unvested restricted stock (1)(2)(3)	542	493
Adjusted weighted average number of shares of common stock outstanding	26,125	27,652
Earnings per common share:		
Basic	$ 0.68	$ 0.55
Diluted	$ 0.67	$ 0.54

(1) Stock options representing rights to acquire 346 and 3 shares of common stock for the three months ended March 31, 2007 and 2006, respectively, were excluded from the calculation of diluted earnings per share, because the effect was antidilutive. Stock options are antidilutive when the exercise price of the options is greater than the average market price of the common stock for the period.

(2) Dilutive restricted stock is expected to fluctuate from quarter to quarter depending on the relative stock price performance ranking among the Company's peers. See Note 5 for further information regarding the Company's restricted stock awards.

(3) As of March 31, 2007, 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. See Note 4 for further information.

3. Recent Accounting Pronouncements

On January 1, 2007 the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109", or FIN 48. As a result of the implementation of FIN 48, the Company did not record any significant changes to its liability for unrecognized income tax benefits. As of January 1, 2007 the Company had approximately $0.4 million of unrecognized income tax benefits, of which approximately $0.3 million would affect the effective tax rate if recognized. As of March 31, 2007, the Company had $0.4 million of unrecognized tax benefits. The Company accounts for interest and penalties relating to uncertain tax positions in the current period income statement, as necessary. The 2003, 2004, 2005, and 2006 tax years remain subject to examination by various federal, state and foreign tax jurisdictions.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

4. Long-Term Debt

Revolving Credit Facility

On September 27, 2006, the Company entered into a new five-year senior secured revolving credit facility. The revolving credit facility has a borrowing base of $100.0 million and matures in September 2011. As of March 31, 2007, the Company had no balance outstanding under the revolving credit facility and had $100.0 million of credit immediately available under such facility. As of that date, eight offshore supply vessels, or OSVs, and four ocean-going tugs and associated personalty collateralized the new facility.

Senior Notes

On November 23, 2004, the Company issued in a private placement $225.0 million in aggregate principal amount of 6.125% senior unsecured notes, or new senior notes, governed by an indenture, or the 2004 indenture. The net proceeds to the Company from the private placement were approximately $219.0 million, net of transaction costs. The effective interest rate on the new senior notes is 6.38%.

On October 4, 2005, the Company issued in a private placement an additional $75.0 million in aggregate principal amount of 6.125% senior unsecured notes, or additional notes, governed by the 2004 indenture. The additional notes were priced at 99.25% of principal amount to yield 6.41%. The net proceeds to the Company from this private placement were approximately $73.1 million, net of transaction costs. The senior notes and additional notes, or collectively, the senior notes, mature on December 1, 2014 and require semi-annual interest payments at a fixed rate of 6.125% per year on June 1 and December 1 of each year until maturity. No principal payments are due until maturity.

Pursuant to registered exchange offers, the senior notes and additional notes issued in November 2004 and October 2005, respectively, that were initially sold pursuant to private placements were exchanged for 6.125% senior notes with substantially the same terms, except that the issuances of the senior notes issued in the exchange offers were registered under the Securities Act of 1933, or Securities Act. All such senior notes were issued under and are entitled to the benefits of the same 2004 indenture.

Convertible Senior Notes

On November 13, 2006, the Company completed a private offering of $250.0 million of its 1.625% convertible senior unsecured notes due 2026, or the convertible notes, to “qualified institutional buyers” pursuant to Rule 144A under the Securities Act. The convertible notes initially bear interest at a fixed rate of 1.625% per year, declining to 1.375% beginning on November 15, 2013, payable semi-annually on May 15 and November 15 of each year, with the first interest payment payable on May 15, 2007. The convertible notes are convertible into shares of the Company’s common stock based on the applicable conversion rate only under the occurrence of certain events as defined in the indenture governing such convertible notes, or the 2006 convertible notes indenture. The initial conversion rate of 20.6260 shares of

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

common stock per $1,000 principal amount of convertible notes corresponds to a conversion price of approximately $48.48 per share, which was a 37.5% premium over the closing price of the Company's common shares on The New York Stock Exchange on November 7, 2006 of $35.26. As of March 31, 2007, the Company's closing share price was $28.65.

In connection with the sale of the convertible notes, the Company entered into convertible note hedge transactions with respect to its common stock with Jefferies International Limited, Bear, Stearns International Limited and AIG-FP Structured Finance (Cayman) Limited, or the counterparties. Each of the convertible note hedge transactions involves the purchase of call options with exercise prices equal to the conversion price of the convertible notes, and are intended to mitigate dilution to the Company's stockholders upon the potential future conversion of the convertible notes. Under the convertible note hedge transactions, the counterparties are required to deliver to the Company the number of shares of the Company's common stock that the Company is obligated to deliver to the holders of the convertible notes with respect to any such conversion. The convertible note hedge transactions cover approximately the same number of shares of the Company's common stock underlying the convertible notes, subject to customary anti-dilution adjustments, at a strike price of approximately $48.48 per share of common stock. The convertible note hedge transactions expire at the close of trading on November 15, 2013, which is the date that the convertible notes are first putable by the convertible noteholders, although the counterparties will have ongoing obligations with respect to convertible notes properly converted on or prior to that date of which the counterparty has been timely notified.

The Company also entered into separate warrant transactions, whereby the Company sold to the counterparties warrants to acquire approximately the same number of shares of its common stock underlying the convertible notes, subject to customary anti-dilution adjustments, at a strike price of $62.59 per share of common stock, which was a 77.5% premium over the closing price of the Company's shares of common stock on November 7, 2006. If the counterparties exercise the warrants, the Company will have the option to settle in cash or shares of its common stock equal to the difference between the then market price and strike price. The convertible note hedge and warrant transactions are separate and legally distinct instruments that bind the Company and the counterparties and have no binding effect on the holders of the convertible notes.

In early 2007, the Company filed a registration statement on Form S-3 and a subsequent 424(b) prospectus supplement under the Securities Act covering resales by the selling security holders named therein of the convertible senior notes and the shares of the Company's common stock issuable upon conversion of such notes.

The credit agreement governing the revolving credit facility and the 2004 indenture impose certain operating and financial restrictions on the Company. Such restrictions affect, and in many cases limit or prohibit, among other things, the Company's ability to incur additional indebtedness, make capital expenditures, redeem equity, create liens, sell assets and make dividend or other restricted payments.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Interest expense excludes capitalized interest related to the construction or conversion of vessels in the approximate amount of $1.3 million and $0.5 million for the three months ended March 31, 2007 and 2006, respectively.

5. Stock-Based Compensation

Incentive Compensation Plan

The Company has an incentive compensation plan covering a maximum of 3.5 million shares of common stock that allows the Company to grant stock options, restricted stock awards and restricted stock unit awards, or collectively restricted stock, and stock appreciation rights to employees and directors. Effective January 1, 2006, the Company adopted FAS No. 123 (revised 2004), “Share-Based Payment,” or FAS 123R, using the modified prospective method. Prior to the adoption of FAS 123R, the Company accounted for stock option grants in accordance with APB 25, using the intrinsic value method, and accordingly, no compensation expense was recorded for stock option grants for periods prior to 2006.

During the three months ended March 31, 2007, the Company granted performance-based and time-based restricted stock unit awards, or RSUs, to directors and employees. There were no stock options granted to such directors and employees in 2007. The Company granted two types of performance-based RSUs. The first type, which was granted to key executives of the Company, calculates the shares to be received based on the Company’s performance relative to a peer group, as defined by the RSU 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, which is generally three years. 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. The second type of performance-based RSU, which was granted to non-executive shore-side employees, calculates the shares to be received based on the Company’s achievement of certain performance criteria over a three year period as defined by the RSU agreement governing such awards. The actual number of shares that could be received by these award recipients can range from 0% to 100% of the Company’s base share awards depending on the number of performance goals attained by the Company.

Compensation expense related to restricted stock is recognized over the period the restrictions lapse, from one to three years. The compensation expense related to time-based restricted stock unit awards, which is amortized over the vesting period, 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. The fair value of the Company’s performance-based restricted stock, which is determined using a binomial lattice model, is applied to the total shares that are expected to fully vest and is amortized over the vesting period based on relative performance compared to peers or the Company’s internal performance measured against pre-determined criteria, as applicable.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

For the three months ended March 31, 2007, the Company's income before taxes, net income and basic and diluted earnings per share included $1.7 million, $1.1 million, $0.04 per share and $0.04 per share of stock-based compensation expense charges, respectively. In addition, the Company capitalized approximately $0.3 million of stock-based compensation expense as part of its ongoing newbuild construction programs and general corporate projects for the three months ended March 31, 2007.

6. 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.

On January 18, 2007, Anthony Caiafa filed an action in the United States District Court for the Eastern District of Louisiana against Hornbeck Offshore Services, Inc. and Todd M. Hornbeck, Chairman of the Board, President, and Chief Executive Officer. On January 24, 2007, Thomas Schedler filed a similar action in the United States District Court for the Eastern District of Louisiana against Hornbeck Offshore Services, Inc., Todd M. Hornbeck and James O. Harp, Jr., Executive Vice President and Chief Financial Officer. On January 26, 2007, Michael D. Fontenelle filed another similar action in the United States District Court for the Eastern District of Louisiana against Hornbeck Offshore Services, Inc. and Todd M. Hornbeck. On February 8, 2007, Oakmont Capital Management, LLC filed a similar action in the United States District Court for the Eastern District of Louisiana against Hornbeck Offshore Services, Inc., Todd M. Hornbeck, James O. Harp, Jr. and Carl G. Annessa, Executive Vice President and Chief Operating Officer. These lawsuits purport to be filed as a class action on behalf of the plaintiffs and other similarly situated purchasers of the Company's securities from November 1, 2006 to January 10, 2007. In their complaints, the plaintiffs allege that Hornbeck Offshore Services, Inc. and the other defendants violated Section 10(b) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 thereunder, by allegedly making false and misleading statements, and/or by omitting to state material facts necessary to make the statements not misleading, in connection with its forward earnings guidance and its January 10, 2007 announcement of preliminary financial results for the fourth quarter of 2006 that fell short of such guidance and indicated a reduction in 2007 guidance. The Company and such officers deny these allegations and believe that these actions are without merit. The Company intends to defend these actions vigorously. However, the Company cannot predict whether it will prevail in the actions or estimate the amount of damages that the Company might incur. The Company is also unable to estimate any reimbursement that it may receive from insurance policies in the event that the Company incurs any damages or costs in connection with these actions.

The Company insures against losses relating to its vessels, pollution and third party liabilities, including claims by employees under Section 27 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. In March 2007, the terms of entry for both of the Company's segments contained an annual aggregate deductible, or AAD, for which the Company remains responsible, while the P&I Club is responsible for all applicable 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. Such revisions in estimates of the potential liability could materially impact the Company's results of operations, financial position or cash flows. As of March 31, 2007, the Company's claims incurred under its P&I Club policies have not exceeded the AAD for the current policy year.

7. Segment Information

The Company provides marine transportation and logistics services through two business segments. The Company primarily operates new generation OSVs in the U.S. Gulf of Mexico, or GoM, other U.S. coastlines, Trinidad and Mexico and operates a shore-based facility in Port Fourchon, Louisiana through its OSV segment. The OSVs and the shore-based 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 TTB 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 and more recently, ethanol, as well as non-traditional TTB 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 months ended March 31, 2007 and 2006, reconciled to consolidated totals and prepared on the same basis as the Company's unaudited consolidated financial statements (in thousands).

	Three Months Ended March 31,	
	2007	2006
Operating revenues:		
Offshore supply vessels		
Domestic	$36,003	$ 33,314
Foreign	5,140	5,186
	41,143	38,500
Tugs and tank barges		
Domestic	24,371	20,611
Foreign (1)	2,577	1,945
	26,948	22,556
Total	$68,091	$ 61,056
Operating expenses:		
Offshore supply vessels	$15,324	$ 12,750
Tugs and tank barges	11,779	9,429
Total	$27,103	$ 22,179
Depreciation:		
Offshore supply vessels	$ 2,626	$ 3,417
Tugs and tank barges	2,181	2,392
Total	$ 4,807	$ 5,809
Amortization:		
Offshore supply vessels	$ 1,127	$ 655
Tugs and tank barges	1,253	1,025
Total	$ 2,380	$ 1,680
General and administrative expenses:		
Offshore supply vessels	$ 3,714	$ 3,196
Tugs and tank barges	3,733	3,644
Total	$ 7,447	$ 6,840
Gain (loss) on sale of assets:		
Offshore supply vessels	$ (10)	$ —
Tugs and tank barges	—	1
Total	$ (10)	$ 1
Operating income:		
Offshore supply vessels	$18,342	$ 18,482
Tugs and tank barges	8,002	6,067
Total	$26,344	$ 24,549

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

	Three Months Ended March 31,	
	2007	2006
Capital expenditures		
Offshore supply vessels	$ 39,633	$ 7,347
Tugs and tank barges	14,587	4,343
Corporate	590	660
Total	$ 54,810	$ 12,350
Deferred drydocking charges:		
Offshore supply vessels	$ 2,943	$ 740
Tugs and tank barges	3,150	142
Total	$ 6,093	$ 882

	As of March 31, 2007	As of December 31, 2006
Identifiable assets:		
Offshore supply vessels	$ 874,312	$ 861,498
Tugs and tank barges	232,847	215,935
Corporate	21,333	20,947
Total	$ 1,128,492	$ 1,098,380
Long-lived assets:		
Offshore supply vessels		
Domestic	$ 321,988	$ 281,244
Foreign (2)	55,340	55,271
	377,328	336,515
Tugs and tank barges		
Domestic	195,845	186,491
Foreign (1)(2)	4,166	4,242
	200,011	190,733
Corporate	5,085	4,703
Total	$ 582,424	$ 531,951

(1) Included are amounts applicable to the Company's TTB operations in Puerto Rico. Puerto Rico is considered a possession of the United States and, therefore, the Jones Act and U.S. environmental laws and regulations apply to vessels operating in Puerto Rican waters.
(2) The Company's vessels conduct operations in domestic and international areas. Vessels will routinely move to and from international and domestic 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 March 31, 2007 and December 31, 2006, respectively.

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, 2006. 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. The term "new generation," when referring to offshore supply vessels, or OSVs, means 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.

General

We own and operate a fleet of 25 technologically advanced, new generation OSVs. We also own two former coastwise sulfur tankers that are being converted into new generation multi-purpose supply vessels, or MPSVs. In addition, we are currently constructing 13 new generation OSVs and have recently signed a contract with a foreign shipyard for the construction of one new generation MPSV. Currently, 20 of our OSVs are operating in domestic waters, 16 of which are operating in the U.S. Gulf of Mexico, or GoM, and four are operating along other U.S. coastlines. Of our five OSVs currently working in international waters, four are operating offshore Trinidad and one is operating offshore Mexico. In April 2007, we sold our only new generation fast supply vessel.

In addition, we own and operate 13 ocean-going tugs and 18 ocean-going tank barges, six of which are double-hulled. We also own four ocean-going tugs that are being retrofitted for service in our petroleum transportation segment. In addition, we are currently constructing three double-hulled tank barges. Currently, eight of our tank barges are operating in the northeastern United States, primarily New York Harbor, six barges are operating in the GoM, two barges are operating in the Great Lakes, and two barges are operating in Puerto Rico.

Offshore Supply Vessels

We have developed, through a series of three newbuild programs, a proprietary fleet of 200, 240, and 265 class new generation OSVs to meet the diverse needs of our customers. Through acquisitions, we have broadened the mix of our fleet to include additional 200 class vessels that are well suited for deep shelf gas exploration and other complex shelf drilling applications and to fill the increasing demand for modern equipment for conventional drilling on the Continental Shelf. We have continued our efforts to expand the services that we offer our customers with the acquisition of two AHTS vessels, the commencement of our MPSV program and fourth OSV newbuild program, and the acquisition of a shore-based port facility in Port Fourchon, Louisiana.

In May 2007, we announced the expansion of our MPSV program to include one 430-ft. new generation DP-3 MPSV to be constructed at a European shipyard with an anticipated third quarter 2009 delivery. We plan to U.S.-flag this foreign-built vessel for non-Jones Act service primarily in the deepwater and ultra-deepwater GoM. The new DP-3 vessel to be constructed will be included in our MPSV program, which currently consists of two U.S.-flagged coastwise sulfur tankers that are being converted into 370-ft. new generation DP-2 MPSVs. Based on current internal estimates, the aggregate total project budget for all three vessels in this program, before construction period interest, is now expected to be in the range of $250.0 million to $270.0 million. We also have an exclusive four-year option to construct up to two additional "sister vessels" based on the same DP-3 MPSV design at a U.S. shipyard of our choice, which, would qualify for domestic coastwise trade under the Jones Act.

All of our OSVs operate under time charters, including 12 that are chartered under long-term contracts with expiration dates ranging from September 2007 through September 2011. The long-term contracts for our supply vessels are consistent with those used in the industry and are typically either fixed for a term of one or more years or are tied to the duration of a long-term contract for a drilling rig for which the vessel provides support services. These contracts generally contain, among others, provisions governing insurance, reciprocal indemnifications, performance requirements and, in certain instances, dayrate escalation terms and renewal options.

Our fleetwide average OSV dayrates for the first quarter of 2007 exceeded $19,000. We believe that market conditions for new generation vessels in the GoM continue to show long-term positive trends. In fact, we have recently experienced a sharp increase in OSV dayrates; particularly since the end of the first quarter of 2007, which has driven our fleetwide average dayrates above $20,000 for the month of April 2007. With the continued increase in deepwater exploratory drilling, the development of the deepwater production infrastructure and the dismantling of old structures from the Continental Shelf, we have noted an increase in opportunities to contract our OSVs on long term fixtures of two to five years. In addition, during the first quarter of 2007, we had over half of our OSV fleet working in international areas or performing specialty services such as well stimulation, ROV support or working for the military. We are also observing an increased level of interest for vessels with specialty service capabilities as evidenced by two of our OSVs having recently been deployed for well stimulation support services on long-term contracts.

Tugs and Tank Barges

As the most recent major OPA 90 milestone approached on January 1, 2005 and since that date, customer demand for double-hulled equipment has led to increased dayrates for this equipment, particularly for tank barges in black oil service. We are actively working to ensure that our fleet is well positioned to take advantage of opportunities as they develop in this segment. With a focus on expanding our geographic market area and current service offering, we are now operating vessels from our TTB fleet in the Great Lakes and in the GoM. In addition, we have recently been successful in deploying our vessels in non-traditional tank barge services, such as support of deepwater well testing and other specialty applications for our upstream and downstream customers. Because we have shifted most of our TTB fleet from COAs to time charters and continue to diversify our services and geographic service

areas, some of our historic seasonality for this segment has been diminished. Excluding vessels undergoing regulatory drydocking, we now have nearly all of our tank barges operating under time charters, including ten that are chartered under long-term contracts with expiration dates ranging from June 2007 through April 2008.

Critical Accounting Policies

This Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our unaudited consolidated financial statements included in this 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 upon available information. We base our estimates and judgments on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. 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, 2006.

Our property, plant and equipment are recorded at cost. Depreciation and amortization of equipment and leasehold improvements are computed using the straight-line method based on the estimated useful lives and salvage values of the related assets. As of January 1, 2007, we have prospectively modified our assumptions for estimated salvage values for our marine equipment. Salvage values for marine equipment are now estimated to range between 5% and 25% of the originally recorded cost, depending on vessel type. For the three months ended March 31, 2007, this change in estimated salvage values resulted in an increase in operating income, net income and diluted earnings per share of approximately $1.6 million, $1.0 million and $0.04, respectively. Our depreciation expense for vessels that were in service as of January 1, 2007, as well as for vessels placed in service after that date, is expected to be lower for the remaining estimated useful life of such assets based on the change in our estimated salvage values. Otherwise, there were no other significant changes to our critical accounting policies, as reported in our most recently filed Annual Report on Form 10-K, during the three months ended March 31, 2007.

Results of Operations

The tables below set forth, by segment, the average dayrates, utilization rates and effective dayrates for our vessels and the average number and size of vessels owned during the periods indicated. These OSVs and tank barges generate substantially all of our revenues and operating profit.

	Three Months Ended March 31,	
	2007	2006
Offshore Supply Vessels:		
Average number of vessels	25.0	25.0
Average fleet capacity (deadweight)	59,042	59,042
Average vessel capacity (deadweight)	2,362	2,362
Average utilization rate (1)	91.5%	90.0%
Average dayrate (2)	$ 19,073	$ 18,175
Effective dayrate (3)	$ 17,452	$ 16,358
Tugs and Tank Barges:		
Average number of tank barges (4)	18.0	18.0
Average fleet capacity (barrels) (4)	1,549,566	1,482,540
Average barge capacity (barrels) (4)	86,087	82,363
Average utilization rate (1)	94.2%	93.7%
Average dayrate (5)	$ 17,680	$ 14,771
Effective dayrate (3)	$ 16,655	$ 13,840

(1) Utilization rates are average rates based on a 365-day year. Vessels are considered utilized when they are generating revenues.
(2) Average dayrate represents average revenue per day, which includes charter hire and net brokerage revenues, based on the number of days during the period that the OSVs generated revenues.
(3) Effective dayrate represents the average dayrate multiplied by the average utilization rate.
(4) The *Energy 2202* is not included in the three months ended March 31, 2007 data as it was sold in May 2006. The *Energy 8701* is not included in the three months ended March 31, 2006 data as it was previously retired from service under OPA 90 in December 2004, but was reinstated into our active tank barge fleet in October 2006.
(5) Average dayrate represents average revenue per day, including time charters, brokerage revenues, revenues generated on a per-barrel-transported basis, demurrage, shipdocking and fuel surcharge revenues, 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 revenues 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, or 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 a 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 other shore-side 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 months ended March 31, 2007 and 2006, respectively (in thousands).

	Three Months Ended March 31,	
	2007	2006
Components of EBITDA:		
Net income	$17,485	$14,851
Interest expense (income):		
Debt obligations	4,905	4,353
Interest income	(6,008)	(3,112)
Interest, net	(1,103)	1,241
Income tax expense	9,967	8,466
Depreciation	4,807	5,809
Amortization	2,380	1,680
EBITDA	$33,536	$32,047

The following table reconciles EBITDA to cash flows provided by operating activities for the three months ended March 31, 2007 and 2006, respectively (in thousands).

	Three Months Ended March 31,	
	2007	2006
EBITDA Reconciliation to GAAP:		
EBITDA	$33,536	$32,047
Cash paid for deferred drydocking charges	(6,093)	(882)
Cash paid for interest	(47)	(50)
Changes in working capital	2,123	(4,553)
Stock-based compensation expense	1,745	1,238
Changes in other, net	(218)	101
Net cash flows provided by operating activities	$31,046	$27,901

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, and
- EBITDA does not reflect changes in our net working capital position.

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.

In addition, we also make certain adjustments to EBITDA for stock-based compensation expense and interest income, as well as losses on early extinguishment of debt, as applicable, 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 agreement 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 the detailed adjustments to EBITDA, as defined in our revolving credit facility, for the three months ended March 31, 2007 and 2006, respectively (in thousands).

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

	Three Months Ended March 31,	
	2007	2006
Stock-based compensation expense	$1,745	$1,238
Interest income	6,008	3,112

The following table provides detailed components of net income for the three months ended March 31, 2007 and 2006, respectively (in thousands, except for percentage changes).

	Three Months Ended March 31,		Increase (Decrease)	
	2007	2006	$ Change	% Change
Revenues:				
Offshore supply vessels				
Domestic	$36,003	$33,314	$ 2,689	8.1%
Foreign	5,140	5,186	(46)	(0.9)
	41,143	38,500	2,643	6.9
Tugs and tank barges				
Domestic	24,371	20,611	3,760	18.2
Foreign (1)	2,577	1,945	632	32.5
	26,948	22,556	4,392	19.5
Total	$68,091	$61,056	$ 7,035	11.5%
Operating expenses:				
Offshore supply vessels	$15,324	$12,750	$ 2,574	20.2%
Tugs and tank barges	11,779	9,429	2,350	24.9
	$27,103	$22,179	$ 4,924	22.2%
Depreciation and amortization:				
Offshore supply vessels	$ 3,753	$ 4,072	$ (319)	(7.8)%
Tugs and tank barges	3,434	3,417	17	0.5
Total	$ 7,187	$ 7,489	$ (302)	(4.0)%
General and administrative expenses				
Offshore supply vessels	$ 3,714	$ 3,196	$ 518	16.2%
Tugs and tank barges	3,733	3,644	89	2.4
Total	$ 7,447	$ 6,840	$ 607	8.9%
Gain (loss) on sale of assets:				
Offshore supply vessels	$ (10)	$ —	$ (10)	(100.0)%
Tugs and tank barges	—	1	(1)	(100.0)
Total	$ (10)	$ 1	$ (11)	n/a
Operating income:				
Offshore supply vessels	$18,342	$18,482	$ (140)	(0.8)%
Tugs and tank barges	8,002	6,067	1,935	31.9
Total	$26,344	$24,549	$ 1,795	7.3%
Interest expense	$ 4,905	$ 4,353	$ 552	12.7%
Interest income	$ 6,008	$ 3,112	$ 2,896	93.1%
Income tax expense	$ 9,967	$ 8,466	$ 1,501	17.7%
Net income	$17,485	$14,851	$ 2,634	17.7%

(1) Included are amounts applicable to our TTB operations in Puerto Rico. Puerto Rico is considered a possession of the United States and, therefore, the Jones Act and U.S. environmental laws and regulations apply to vessels operating in Puerto Rican waters.

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Revenues. Revenues for the three months ended March 31, 2007 were higher than the same period in 2006 due primarily to continued strong market conditions in each of our two business segments. Our average operating fleet was approximately 57 vessels at the end of the 2007 and 2006 periods.

Revenues from our OSV segment were 6.9% higher for the three months ended March 31, 2007 compared to the same period in 2006, due primarily to fleetwide effective dayrates being roughly $1,100 higher for the 2007 period. Our OSV average dayrate was $19,073 for the first quarter of 2007 compared to $18,175 for the same period in 2006, an increase of $898 or 4.9%. Our utilization rate was 91.5% for the first quarter of 2007 compared to 90.0% for the same period in 2006. Domestic revenues for our OSV segment for the first quarter of 2007 increased 8.1% compared to the same period in 2006. Foreign revenues for our OSV segment for the first quarter of 2007 were consistent with the same period in 2006 as we had the same vessel complement working in foreign waters during the first quarters of 2006 and 2007.

Revenues from our TTB segment increased 19.5% for the three months ended March 31, 2007 compared to the same period in 2006, due to higher market-driven dayrates, our shift in contract mix from COAs to time charters and a full-quarter contribution from a previously retired single-hulled tank barge that was placed back into service in October 2006. Our tank barge average dayrate was $17,680 for the three months ended March 31, 2007, an increase of $2,909, or 19.7%, from $14,771 for the same period in 2006. Our tank barge utilization was 94.2% for the three months ended March 31, 2007 compared to 93.7% for the same period in 2006.

Operating Expenses. Operating expenses for the three months ended March 31, 2007 increased 22.2% compared to the same period in 2006, due primarily to higher costs related to vessel personnel and in-chartering third-party equipment. We currently expect daily operating costs for existing vessels in each of our operating segments to increase approximately 20% to 25% in 2007 over 2006 levels.

Operating expenses for our OSV segment increased 20.2% for the three months ended March 31, 2007 compared to the same period in 2006, primarily due to market-driven wage increases for OSV mariners in the latter half of 2006, FAS 123R stock-based compensation related to restricted stock awards granted to mariners during the second quarter of 2006 and first quarter of 2007 and an increased cost of operating our shore-based facility.

Operating expenses for our TTB segment increased 24.9% for the three months ended March 31, 2007 compared to the same period in 2006, primarily as a result of market-driven wage increases for TTB mariners, FAS123R stock-based compensation related to restricted stock awards granted to mariners during the second quarter of 2006 and first quarter of 2007, the increased cost of in-chartered third-party tugs to fulfill time charter requirements and higher insurance costs. These cost increases were offset, in part, by lower fuel costs during the three months ended March 31, 2007 due to a shift in contract mix from COAs to time charters. Under time charter arrangements, the charterer is typically responsible for fuel costs. Average daily operating expense for the TTB segment is also expected to increase in 2007 commensurate with the delivery of three 60,000-barrel double-hulled tank barges and

four retrofitted ocean-going tugs that are expected to be placed in service on various dates throughout 2007.

Depreciation and Amortization. Depreciation and amortization was $0.3 million lower for the three months ended March 31, 2007 compared to the same period in 2006. As of January 1, 2007, we have prospectively modified our assumptions for estimated salvage values for our vessels. The salvage values are now estimated to range between 5% and 25% of the original recorded cost, depending on vessel type. As this represents a change in estimate, we expect our depreciation expense for vessels that were in service as of January 1, 2007, as well as for vessels placed in service after that date, to be lower for the remaining estimated useful life of such assets based on the change in our estimated salvage values. This decrease in depreciation expense was partially offset by a an increase in amortization expense. Amortization expenses were higher due to increased drydockings and drydocking costs. Our drydocking costs were unfavorably impacted during the first quarter of 2007 by reduced shipyard availability, shipyard labor shortages and an increase in the number of our vessels that incurred their first 30 or 60 month regulatory drydocking. Depreciation and amortization expense is expected to increase from current levels when the vessels under our current newbuild and conversion programs are placed in service and when these and any other recently acquired and newly constructed vessels undergo their initial 30 and 60 month recertifications.

General and Administrative Expense. General and administrative expenses increased $0.6 million for the three months ended March 31, 2007 compared to the same period in 2006. The increase in general and administrative expense is primarily due to higher personnel costs, insurance costs and an increase in FAS 123R stock-based compensation expense related to restricted stock awards granted to shore-based employees. Our general and administrative expenses, inclusive of FAS123R expenses, are expected to increase approximately 20% to 25% in 2007 over 2006 levels, but are still expected to remain approximately 10% to 12% of revenues.

Operating Income. Operating income increased by 7.3%, or $1.8 million, to $26.3 million for the first quarter of 2007 due to the reasons discussed above. Operating income as a percentage of revenues for our OSV segment was 44.6% for the three months ended March 31, 2007, compared to 48.0% for the same period in 2006. The primary drivers for this margin decrease relates to a higher allocable portion of general and administrative expenses and, to a lesser extent, increased activity at our OSV shore-based facility. Operating income as a percentage of revenues for our TTB segment was 29.7% for the three months ended March 31, 2007, compared to 26.9% for the same period in 2006. This margin increase was primarily related to the shift in our TTB contract mix from COAs to time charters.

Interest Expense. Interest expense increased $0.6 million for the three months ended March 31, 2007 compared to the same period in 2006, primarily as a result of the November 2006 issuance of $250.0 million of 1.625% convertible senior notes. The increase in interest expense was partially offset by a $0.8 million increase in capitalized interest during the first quarter of 2007 compared to the same period in 2006. The increase in capitalized interest resulted from higher newbuild construction and conversion activity during the 2007 period. See “Liquidity and Capital Resources” for further discussion.

Interest Income. Interest income increased $2.9 million for the three months ended March 31, 2007 primarily due to higher interest rates on larger invested cash balances. Our cash balances were driven higher by the contribution of $156.6 million in net proceeds received from the November 2006 convertible senior notes offering and concurrent hedge transactions. Our average cash balance for the three months ended March 31, 2007 was $462.3 million compared to $279.6 million for the same period in 2006. Our average interest rate earned on invested cash during the first quarter of 2007 was approximately 5.2% compared to approximately 4.4% in the first quarter of 2006.

Income Tax Expense. Our effective tax rate was 36.3% for each of the three months ended March 31, 2007 and 2006, respectively. Our income tax expense primarily consists of deferred taxes due to our federal tax net operating loss carryforwards. Our income tax rate is higher than the federal statutory rate, due primarily to expected state and foreign tax liabilities and items not deductible for federal income tax purposes.

Net Income. Net income increased by 17.7%, or $2.6 million, to $17.5 million for the first quarter of 2007 primarily due to the growth in operating income and net interest income for the reasons discussed above.

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, and borrowings under our credit facilities. We require capital to fund on-going operations, vessel construction, retrofit or conversion, acquisitions, vessel recertifications, discretionary capital expenditures and debt service. The nature of our capital requirements and the types of our financing sources are not expected to change significantly during 2007.

On September 27, 2006, we entered into a new senior secured revolving credit facility with an increased current borrowing base of $100.0 million and an accordion feature that allows for an increase in the size of the facility to an aggregate of $250.0 million in certain circumstances. The new senior secured revolving credit facility replaced our prior revolving credit facility. The new facility has a maturity date of September 27, 2011. As of March 31, 2007, we had no amounts drawn and $100.0 million of credit immediately available under such new revolving credit facility.

We have historically made, and may make additional, short-term draws on our revolving credit facility from time to time to satisfy scheduled capital expenditure requirements or for other corporate purposes. Any liquidity in excess of our planned capital expenditures will be utilized to repay debt or finance the implementation of our growth strategy, which includes expanding our fleet through the construction of new vessels, conversion or retrofit of existing vessels or acquisition of additional vessels, including OSVs, MPSVs, AHTS vessels, fast supply vessels, ocean-going tugs, tank barges and tankers, as needed to take advantage of the market demand for such vessels.

We believe that our current working capital, projected cash flows from operations and available capacity under our revolving credit facility, will be sufficient to meet our cash requirements for the foreseeable future and will fund our previously announced vessel

newbuild and conversion programs, including the expansion of such programs announced since their commencement. Although we expect to continue generating positive working capital through our operations, events beyond our control, such as declines in expenditures for exploration, development and production activity, mild winter conditions or a reduction in domestic consumption of refined petroleum products, may affect our financial condition or results of operations. Depending on the market demand for OSVs, tugs and tank barges and other growth opportunities that may arise, we may require additional debt or equity financing.

Construction costs related to our MPSV program, our fourth OSV newbuild program and our second TTB newbuild program will be funded, in part, with cash on hand, including a portion of the net proceeds from our October 2005 common stock offering and concurrent senior note offering, our November 2006 convertible senior note offering and concurrent hedge transactions and projected cash flows from operations.

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 $31.0 million for the three months ended March 31, 2007 and $27.9 million for the three months ended March 31, 2006. The increase in operating cash flows from the first quarter of 2006 was primarily due to increased effective dayrates in both of our business segments.

Investing Activities. Net cash used in investing activities was $54.8 million for the three months ended March 31, 2007 and $12.3 million for the three months ended March 31, 2006. Cash utilized in the first quarter of 2007 primarily consisted of construction costs incurred for our MPSV program, our fourth OSV newbuild program, and our second TTB newbuild program. Cash utilized in the first quarter of 2006 primarily consisted of construction costs incurred for our first TTB newbuild program, our MPSV program and our fourth OSV newbuild program. Investing activities for the remainder of 2007 are anticipated to include costs related to our current newbuild and conversion programs, retrofit and construction of additional vessels, additional acquisitions and other capital expenditures, including discretionary vessel modifications and corporate projects.

Financing Activities. Net cash used in financing activities was $0.1 million for the three months ended March 31, 2007 and net cash provided by financing activities was $0.1 million for the three months ended March 31, 2006. Net cash used in financing activities for the first quarter of 2007 resulted from the net effect of financing costs related to the November 2006 convertible senior note offering and the accompanying convertible note hedge, warrant sale, and stock repurchase transactions and the net proceeds from common stock issued under employee benefit programs. Net cash provided by financing activities for the first quarter of 2006 resulted from cash proceeds generated from stock option exercises.

Contractual Obligations

Debt

As of March 31, 2007, we had total debt of $549.5 million, net of original issue discount. Our debt is comprised of $299.5 million of our 6.125% senior notes due 2014 and $250.0 million of our 1.625% convertible senior notes due 2026. The effective interest rate on the

senior notes is 6.38% with semi-annual cash interest payments of $9.2 million due and payable each June 1 and December 1. The convertible senior notes currently bear interest at an annual rate of 1.625% with semi-annual cash interest payments of $2.0 million due and payable each May 15 and November 15, with the first interest payment due and payable on May 15, 2007. Beginning on November 15, 2013, the annual rate declines to 1.375% resulting in semi-annual cash interest payments of $1.7 million. We also have a new senior secured revolving credit facility due September 2011 with an increased current borrowing base of $100.0 million and an accordion feature that allows for an increase in the size of the facility to an aggregate of $250.0 million in certain circumstances. As of March 31, 2007, we had no amounts drawn and $100.0 million of credit immediately available under such new revolving credit facility.

Capital Expenditures and Related Commitments

The following table sets forth the amounts incurred, before construction period interest, during the three months ended March 31, 2007 and since each program's inception, respectively, as well as the estimated total project costs for each of our current expansion programs (in millions):

	Three Months Ended March 31, 2007	Incurred Since Inception	Estimated Program Totals (1)	Projected Delivery Dates (1)
Growth Capital Expenditures:				
MPSV program (2)	$ 29.0	$ 68.2	$ 260.0	1Q2008-3Q2009
OSV newbuild program #4 (3)	8.4	30.5	305.0	1Q2008-1Q2010
TTB newbuild program #2 (4)	15.3	34.7	70.0	3Q2007-4Q2007
Total:	$ 52.7	$ 133.4	$ 635.0	

(1) Estimated Program Totals and Projected Delivery Dates are based on internal estimates and are subject to change due to delays and possible cost overruns inherent in any large construction project, including shortages of equipment, lack of shipyard availability, unforeseen engineering problems, work stoppages, weather interference, unanticipated cost increases, inability to obtain necessary certifications and approvals and shortages of materials, component equipment or skilled labor. All of the above historical and budgeted capital expenditure project amounts for our active and pending newbuild and conversion programs represent estimated cash outlays and do not include any allocation of capitalized construction period interest. Projected delivery dates correspond to pending vessels that are currently contracted with shipyards for construction, retrofit or conversion.

(2) In May 2005, we announced a conversion program to retrofit two coastwise sulfur tankers into U.S.-flagged, 370-ft. DP-2 new generation MPSVs. These MPSVs are expected to be delivered from the shipyard during the first half of 2008. In May 2007, we announced the expansion of our MPSV program to include one 430-ft. DP-3 new generation MPSV that will be constructed in a foreign shipyard and an exclusive four-year option to build up to two additional "sister" vessels of the same DP3 MPSV design at a domestic shipyard of our choice. The newbuild MPSV is expected to be delivered from the foreign shipyard during the third quarter of 2009.

(3) In September 2005, we announced, and later expanded in February, May and August 2006, respectively, our fourth OSV newbuild program. This program is now expected to add, in the aggregate, approximately 38,000 deadweight tons of capacity to our OSV fleet. We are currently committed under vessel construction contracts with two domestic shipyards to build four proprietary 240 ED class OSVs and nine proprietary 250 EDF class OSVs, respectively.

(4) In September 2005, we announced, and later expanded in August 2006, our second TTB newbuild program. We are currently committed under vessel construction contracts with domestic shipyards to build three 60,000-barrel proprietary double-hulled barges and retrofit four 3,000 horsepower ocean-going tugs that were purchased in July 2006.

During calendar 2007, we expect to drydock a total of twelve OSVs, four tugs, and three tank barges for recertification and/or discretionary vessel enhancements, and to incur non-vessel capital expenditures related primarily to information technology initiatives, shore-side transportation assets and corporate projects. The following table summarizes the costs incurred for these purposes for the three months ended March 31, 2007 and 2006 (in millions and prior to construction period interest, as applicable):

	Three Months Ended March 31,		Year Ended December 31,
	2007	2006	2007
Maintenance Capital Expenditures:	*Actual*	*Actual*	*Forecast*
Deferred drydocking charges	$ 6.1	$ 0.9	$ 14.7
Other vessel capital improvements	1.6	1.1	7.0
Miscellaneous non-vessel additions	0.9	1.3	7.2
Total:	$ 8.6	$ 3.3	$ 28.9

Forward Looking Statements

We make forward-looking statements in this Quarterly Report on Form 10-Q, including certain information set forth in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” We have based these forward-looking statements on our current views and assumptions about future events and our future financial performance. You can generally identify forward-looking statements by the appearance in such a statement of words like “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “forecast” “project,” “should” or “will” or other comparable words or the negative of such words. When you consider our forward-looking statements, you should keep in mind the risk factors we describe in our Annual Report on Form 10-K for the year ended December 31, 2006 and other cautionary statements we make in this Quarterly Report on Form 10-Q.

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

- activity levels in the energy markets;
- changes in oil and natural gas prices;
- increases in supply of vessels in our markets;
- the effects of competition;
- our ability to complete vessels under construction or conversion programs without significant delays or cost overruns;
- our ability to integrate acquisitions successfully;
- our ability to maintain adequate levels of insurance;
- changes in demand for refined petroleum products or in methods of delivery;
- loss of existing customers and our ability to attract new customers;
- changes in laws;

- changes in domestic and international economic and political conditions;
- changes in foreign currency exchange rates;
- adverse domestic or foreign tax consequences;
- uncollectible accounts receivable or longer collection periods on such accounts;
- financial stability of our customers;
- retention and new hiring of skilled employees and our management;
- laws governing the health and safety of our employees working offshore;
- catastrophic marine disasters;
- collisions or allisions;
- shipyard delays in drydockings;
- adverse weather and sea conditions;
- oil and hazardous substance spills;
- war and terrorism;
- acts of God;
- our ability to finance our operations and capital requirements on acceptable terms and access the debt and equity markets;
- our ability to recruit and retain qualified crew members;
- our ability to charter our vessels on acceptable terms; and
- our success at managing these risks.

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

Item 3—Quantitative and Qualitative Disclosures About Market Risk

We have not entered into any derivative financial instrument transactions to manage or reduce market risk or for speculative purposes, other than the convertible note hedge and warrant transactions entered into concurrently with our convertible note offering in November 2006. Such transactions were entered into to mitigate the potential dilutive effect of the conversion feature of the convertible notes on our common stock.

Changes in interest rates may result in changes in the fair market value of our financial instruments, interest income and interest expense. Our financial instruments that are exposed to interest rate risk are cash equivalents and long-term borrowings. Due to the short duration and conservative nature of our cash equivalent investment portfolio, we do not expect any

material loss with respect to our investments. The book value for cash equivalents is considered to be representative of its fair value.

We are subject to interest rate risk on our long-term fixed interest rate 6.125% senior notes and 1.625% convertible senior notes. In general, the fair market value of debt with a fixed interest rate will increase as interest rates fall. Conversely, the fair market value of debt will decrease as interest rates rise. Such fluctuations may create or negate the need to enter into other financial instruments to manage or reduce interest rate risk. The currently outstanding 6.125% senior notes accrue interest at the rate of 6.125% per annum and mature on December 1, 2014 and the effective interest rate on such notes is 6.39%. Our outstanding 1.625% convertible senior notes accrue interest at the rate of 1.625%, which will decline to 1.375% beginning on November 15, 2013, and mature on November 15, 2026 and the effective interest rate on such notes is 2.04%. Our revolving credit facility has a variable interest rate and, therefore, is not subject to interest rate risk.

Our operations are primarily conducted between U.S. ports, including along the coast of Puerto Rico, and historically we have not been exposed to foreign currency fluctuation. However, as we expand our operations to international markets, we may become exposed to certain risks typically associated with foreign currency fluctuation. We currently have time charters for four of our OSVs for service offshore Trinidad. Although such contracts are denominated and will be paid in U.S. Dollars, value added tax, or VAT, payments are paid in Trinidad & Tobago dollars which creates an exchange risk related to currency fluctuations. In addition, we are currently operating under a fixed time charter with one of our OSVs for service offshore Mexico. Although we are paid in U.S. Dollars, there is an exchange risk to foreign currency fluctuations related to the payment terms of such time charter. To date, we have not hedged against any foreign currency rate fluctuations associated with foreign currency VAT payments or other foreign currency denominated transactions arising in the normal course of business.

In May 2007, we announced the expansion of our MPSV program to include the newbuild construction of one DP-3 MPSV at a foreign shipyard. This shipyard contract is denominated in Euros and we will be required to remit shipyard milestone payments in such currency. To date, we have not hedged against foreign currency rate fluctuations associated with these shipyard milestone payments.

We continually monitor the currency exchange risks associated with conducting international operations. To date, gains or losses associated with such fluctuations have not been material.

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 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 controls over financial reporting that occurred during the quarter ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1—Legal Proceedings

On January 18, 2007, Anthony Caiafa filed an action in the United States District Court for the Eastern District of Louisiana against Hornbeck Offshore Services, Inc. and Todd M. Hornbeck, our Chairman of the Board, President, and Chief Executive Officer. On January 24, 2007, Thomas Schedler filed a similar action in the United States District Court for the Eastern District of Louisiana against Hornbeck Offshore Services, Inc., Todd M. Hornbeck and James O. Harp, Jr., our Executive Vice President and Chief Financial Officer. On January 26, 2007, Michael D. Fontenelle filed another similar action in the United States District Court for the Eastern District of Louisiana against Hornbeck Offshore Services, Inc. and Todd M. Hornbeck. On February 8, 2007, Oakmont Capital Management, LLC filed a similar action in the United States District Court for the Eastern District of Louisiana against Hornbeck Offshore Services, Inc., Todd M. Hornbeck, James O. Harp, Jr. and Carl G. Annessa, our Executive Vice President and Chief Operating Officer. These lawsuits purport to be filed as a class action on behalf of the plaintiffs and other similarly situated purchasers of our securities from November 1, 2006 to January 10, 2007. In their complaints, the plaintiffs allege that Hornbeck Offshore Services, Inc. and the other defendants violated Section 10(b) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 thereunder, by allegedly making false and misleading statements, and/or by omitting to state material facts necessary to make the statements not misleading, in connection with its forward earnings guidance and its January 10, 2007 announcement of preliminary financial results for the fourth quarter of 2006 that fell short of such guidance and indicated a reduction in 2007 guidance. The Company and such officers deny these allegations and believe that these actions are without merit. We intend to defend these actions vigorously. However, we cannot predict whether we will prevail in the actions or estimate the amount of damages that we might incur. We are also unable to estimate any reimbursement that we may receive from insurance policies in the event that we incur any damages or costs in connection with these actions.

Item 1A – Risk Factors

Our expansion of operations into international markets and shipyard activities in foreign shipyards subjects us to risks inherent in conducting business internationally.

Over the past several years we have derived an increasing portion of our revenues from foreign sources. In addition, certain of our newbuild construction, shipyard repair and procurement activities are being conducted with foreign vendors. We therefore face risks inherent in conducting business internationally, such as legal and governmental regulatory requirements, potential vessel seizure or nationalization of assets, import-export quotas or other trade barriers, difficulties in collecting accounts receivable and longer collection periods, political and economic instability, kidnapping of or assault on personnel, adverse tax consequences, difficulties and costs of staffing international operations, currency exchange rate fluctuations and language and cultural differences. All of these risks are beyond our control and difficult to insure against. We cannot predict the nature and the likelihood of any such events. If such an event should occur, however, it could have a material adverse effect on our financial condition and results of operations.

There were no other material changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, in response to Item 1A to Part I of Form 10-K.

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

None.

Item 3—Defaults Upon Senior Securities

None.

Item 4—Submission of Matters to a Vote of Security Holders

None.

Item 5—Other Information

On May 7, 2007, the Company entered into amended and restated employment agreements, effective January 1, 2007, with each of its three most senior executive officers. Todd M. Hornbeck serves as the Company's President and Chief Executive Officer, Carl G. Annessa serves as its Executive Vice President and Chief Operating Officer and James O. Harp, Jr. serves as its Executive Vice President and Chief Financial Officer. The long-term employment agreements were amended principally to clarify and conform the confidentiality, noncompetition and nonsolicitation provisions and to provide a "gross up" payment for any potential excise tax liability to such executives, and, with respect to Todd Hornbeck's employment agreement, to add a two year post-employment noncompete. Certain other provisions regarding potential payments upon termination or change in control were also clarified and conformed. No changes were made to the executives' salaries, potential cash or equity incentive compensation, perquisites and other personal benefits.

Messrs. Todd Hornbeck, Annessa and Harp have each agreed that during the term of their respective agreements and for a period of two years after termination, they will not (1) be employed by or associated with or own more than 5% of the outstanding securities of any entity that competes with us in the locations in which we operate, (2) solicit any of our employees to terminate their employment or (3) accept employment with or payments from any of our clients or customers who did business with us while employed by us. We may elect to extend Messrs. Todd Hornbeck's, Annessa's or Harp's noncompetition period for an additional year by paying his compensation and other benefits for an additional year.

Under the terms of the amended and restated employment agreements, in the event of the death or permanent disability of any of Messrs. Todd Hornbeck, Annessa and Harp: (i) such executive or his estate would receive the compensation that such executive would have earned through the date of his death or determination of permanent disability, including any bonus or cash incentive compensation earned but not yet paid; (ii) his unvested stock options and time-based restricted stock awards would vest; (iii) his performance-based restricted stock awards would vest at the greater of the base share amount or the number of shares that would have vested on the date of his death or determination of permanent disability as if such date were the end of the performance period (as such term is used in the applicable restricted stock award agreement); (iv) his dependents would be entitled to benefits, including medical, and other benefits and use of a Company automobile for a period of one year; and (v) such executive or his estate would receive any life insurance benefits included in the benefit package provided by the Company to such executive on the date of his death or determination of permanent disability.

Under the terms of the amended and restated employment agreements, in the event any of Messrs. Todd Hornbeck, Annessa or Harp are terminated without "good cause" as defined in such employment agreements: (i) his unvested stock options and time-based restricted stock awards would vest upon the termination event; (ii) his performance-based restricted stock awards would vest at the greater of the base share amount or the number of shares that would have vested on the date of his termination without "good cause" as if such date were the end of the performance period (as such term is used in the applicable restricted stock award agreement); and (iii) he would be entitled to his base salary, cash incentive compensation, automobile, and medical and other benefits through the actual expiration date of his agreement.

Should any of the payments made to Messrs. Todd Hornbeck, Annessa or Harp, whether paid or payable pursuant to the terms of the amended and restated employment agreements or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any equity incentive compensation plan, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing, subject him to excise tax pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended, he will also be entitled to a "gross up" payment equal to such excise tax.

The foregoing descriptions of the amended and restated employment agreements are a summary only, do not purport to be complete and are qualified in their entirety by reference to each amended and restated employment agreement, copies of which are filed herewith as Exhibits 10.1, 10.2 and 10.3 to this Form 10-Q and are incorporated in this Item 5 by reference.

Item 6—Exhibits

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).
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 12, 2004, Registration No. 333-121557).
4.3	— Exchange and Registration Rights Agreement, dated as of October 4, 2005, among Goldman, Sachs & Co., Bear, Stearns & Co., Inc., Jefferies & Company, Inc., Hornbeck Offshore Services, Inc. and the guarantors party thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed October 7, 2005).
4.4	— Specimen stock certificate for the Company's common stock, $0.01 par value (incorporated by reference to Exhibit 4.2 to the Company's amended Registration Statement on Form 8-A/A dated March 25, 2004).
4.5	— 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).
4.6	— 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).
4.7	— 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 file September 3, 2004).

Exhibit Number	Description of Exhibit
4.8	— 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).
4.9	— Registration Rights Agreement dated November 13, 2006 by and among Hornbeck Offshore Services, Inc., the guarantors named therein, and Jefferies & Company, Inc. and Bear, Stearns & Co. Inc. (incorporated by reference to Exhibit 4.2 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 Jefferies International Limited (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed November 13, 2006).
4.11	—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).
4.12	— 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).
*10.1	— Amended and Restated Senior Employment Agreement dated May 7, 2007 by and between Todd M. Hornbeck and the Company.
*10.2	— Amended and Restated Employment Agreement dated May 7, 2007 by and between Carl G. Annessa and the Company
*10.3	— Amended and Restated Employment Agreement dated May 7, 2007 by and between James O. Harp, Jr. 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.

* 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: May 8, 2007

/s/ JAMES O. HARP, JR.

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

Exhibit 10.1

AMENDED AND RESTATED
SENIOR EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED SENIOR EMPLOYMENT AGREEMENT ("Agreement") is made and entered into this 7th day of May, 2007, 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 **TODD M. HORNBECK,** residing at 29 Elmwood Loop, Madisonville, Louisiana 70447 (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, 2007 (the "Commencement Date") and shall continue through December 31, 2009; *provided*, *however*, that beginning on January 1, 2008, 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 duly adopted resolution of Employer's or Parent's board of directors. If Employee is terminated by Employer pursuant to such notice of nonrenewal, or following the expiration of this Agreement where such expiration occurs as a result of a notice of non-renewal, Employer shall pay to Employee as severance pay an amount equal to one half of Employee's basic annualized salary for the year preceding such termination and shall continue Employee's medical insurance and other benefits (not including compensation set forth in Section 3(a)) for six months following such termination; 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. Following the date of termination of employment, 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 11 and 12.

3. Compensation and Benefits.

(a) Employer shall pay to Employee as compensation for all services rendered by Employee a basic annualized salary of $500,000 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 that is at least equal as a percentage of basic annualized salary to the maximum percentage bonus provided during the same year to any other senior officer of Employer or Parent; *provided*, *further*, 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 2007. 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. The automobile shall be substantially equivalent to the highest value automobile provided to any other officer of Employer or Parent. 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 the President and Chief Executive 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 such of his time, energy and attention to the benefit and business of Employer as may be necessary in performing his duties pursuant to this Agreement.

(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 refer to a "permanent disability" under any long term disability plan maintained by Employer that covers Employee. In the absence of such a plan, "permanently disabled" and "permanent disability" shall refer to the inability of Employee, as determined by the Board, by reason of physical or mental disability to perform the duties required of him under this Agreement for a period of at least ninety (90) days in any one-year period. Upon such determination, the Board may terminate Employee's employment under this Agreement upon ten (10) days' prior written notice. If any determination of the

Board with respect to permanent disability is disputed by Employee, the parties hereto agree to abide by the decision 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. Other Terminations.

(a)

(i) Employee may terminate his employment hereunder for any reason whatsoever upon giving at least ninety (90) 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 attend 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 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; *provided further that*, notwithstanding such termination of employment, Employee's covenants set forth in Sections 11 and 12 shall remain in full force and effect; *also provided further that*, at Employer's option, Employee's covenants set forth in Sections 11 and 12 shall renew in full force and effect for an additional one (1) year following the period referred to in Sections 11 and 12 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 10, 11 or 12 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 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 termination 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.

(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) have his employment constructively terminated by Employer because 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 three times the amount of Employee's Basic Salary with respect to the year in which such termination has occurred plus three 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 three (3) years following the date of Employee's termination of employment (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), and (C) any and all options, rights or awards (including restricted stock awards and restricted stock unit awards) granted in conjunction with the Parent's or Employer's incentive compensation or equity incentive compensation plans shall immediately vest. 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. Without duplication with the provisions under Section 9, to the extent the provision of any

such medical benefits are taxable to Employee or his spouse or dependents, Employer shall "gross up" Employee for such taxes based on Employee's actual tax rate (certified to Employer by Employee), up to 35% (without a "gross up" on the initial gross up). 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 11 and 12 of this Agreement.

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

(1) the obtaining by any party or group acting in concert (other than current stockholders or their affiliates) 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) individuals who were members of the Parent's board of directors immediately prior to any particular meeting of any Parent's shareholders that involves a contest for the election of directors fail to constitute a majority of the members of such Parent's board of directors following such election; or

(3) Parent executing an agreement concerning the sale of substantially all of its assets to a purchaser that is not the Employer, Parent or a direct or indirect subsidiary of Parent or the affiliate of Parent; or

(4) Parent's or Employer's adoption of a plan of dissolution or liquidation; or

(5) Parent's executing an agreement concerning a merger or consolidation in which Parent is not the surviving corporation or immediately following such merger or consolidation, less than fifty percent (50%) of the surviving corporation's outstanding voting stock is held by persons who were stockholders of Parent immediately prior to the merger or consolidation or their affiliates.

(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 11 and 12 of this Agreement.

9. Gross-Up Payment.

(a) In the event that it shall be determined (as hereafter provided) that any payment by Employer to or for the benefit of Employee, whether paid or payable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any equity incentive compensation plan, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (collectively, a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision thereto, by reason of being considered "contingent on a change in ownership or control" of Employer, within the meaning of Section 280G of the Code, or any successor provision thereto, or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), then Employee shall be entitled to receive an additional payment or payments (collectively, the "Gross-Up Payment"). The Gross-Up Payment shall be in an amount such that after payment by Employee of all taxes including any Excise Tax (and including any interest or penalties imposed with respect to such taxes and the Excise Tax, other than interest and penalties imposed by reason of Employee's failure to file timely a tax return or pay taxes shown due on Employee's return) imposed upon the Gross-Up Payment, the amount of the Gross-Up Payment retained by Employee is equal to the Excise Tax imposed upon the Payment.

(b) All determinations required to be made under this Section, including whether an Excise Tax is payable by Employee and the amount of such Excise Tax and whether a Gross-Up Payment is required to be paid by Employer to Employee and the amount of such Gross-Up Payment, if any, shall be made in good faith by a nationally recognized accounting firm (the "Accounting Firm") selected by Employer at Employer's expense. For purposes of determining the amount of the Gross-Up Payment the Accounting Firm may use reasonable assumptions and approximations with respect to applicable taxes and may rely on reasonable good faith interpretations of the Code for such purposes. Notwithstanding the foregoing, for purposes of determining the amount of the Gross-Up Payment Employee shall be deemed to pay federal income tax at the

highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Employee's residence on the date on which the Gross-Up Payment is calculated for purposes of this section, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. The Accounting Firm will provide its determination (the "Determination"), together with detailed supporting calculations and documentation, to Employer and Employee within five days of the date Executive terminates employment, if applicable, or such other time as requested by Employer or by Employee (provided Employee reasonably believes that any of the Payments may be subject to the Excise Tax). If the Accounting Firm determines that there is substantial authority, within the meaning of Section 6662 of the Code, or appropriate authority under any successor provisions, that no Excise Tax is payable by Employee, the Accounting Firm shall furnish Employee with a written opinion that failure to disclose or report the Excise Tax on Employee's federal income tax return will not constitute a substantial understatement of tax or be reasonably likely to result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon Employer, absent manifest error. Within ten days of the delivery of the Determination to Employee, Employee will have the right to dispute the Determination (the "Dispute"). The Gross-Up Payment, if any, as determined pursuant to this Section will be paid by Employer to Employee within five days of the receipt of the Determination. The existence of the Dispute will not in any way affect Employee's right to receive the Gross-Up Payment in accordance with the Determination. If there is no Dispute, the Determination will be binding, final and conclusive upon Employer and Employee, subject to the application of Section (c).

(c) As a result of the uncertainty in the application of Section 4999 of the Code, at the time of the initial determination by the Accounting Firm hereunder it is possible that part or all of the Gross-Up Payment that should have been made by Employer to Employee will not have been made ("underpayment"), or that part or all of the Gross-Up Payment that has been made by Employer to Employee should not have been made ("overpayment"). If a claim regarding an underpayment is made by Employee, Employer may either increase the Gross-Up Payment by the amount of the claimed underpayment, or Employer may contest such claim subject to the provisions of this Agreement. If a claim regarding an underpayment is made by the Internal Revenue Service (the "Service"), and such underpayment claim does not arise as a result of Employee's failure to remit to the Service any Excise Tax due on any Payment, then Employer may either increase the Gross-Up Payment by the amount of the claimed underpayment, or Employer may contest such claim. If Employer decides to contest the claim, Employer shall bear and pay directly the costs and expenses (including additional interest and penalties) incurred in connection with such contest, shall indemnify and hold Employee harmless on an after-tax basis for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such underpayment claim, and payment of costs and expenses, including advancing any funds necessary to pay the claim while it is being contested. In such case, Employee agrees to cooperate with and assist Employer in contesting such claim. In the event that Employer exhausts its remedies and Employee is required to make a payment of any Excise Tax in regard to an underpayment, the Accounting Firm shall determine the amount of the underpayment

that has occurred and any such underpayment shall be promptly paid by Employer to or for Employee's benefit, if not already paid during the process of contesting the claim. In the case of an overpayment, Employee shall, at the direction and expense of Employer, take such steps as are reasonably necessary (including the filing of returns and claims for refund), follow reasonable instructions from, and procedures established by, Employer, and otherwise reasonably cooperate with Employer to correct such overpayment; provided, however, that (i) Employee shall not in any event be obligated to return to Employer an amount greater than the net after-tax portion of the overpayment that he has retained or has recovered as a refund from the applicable taxing authorities, and (ii) this provision shall be interpreted in a manner consistent with the intent of this Section, which is to make Employee whole, on an after-tax basis, from the application of the Excise Tax, it being understood that the correction of an overpayment may result in Employee repaying to Employer an amount which is less than the overpayment.

10. Disclosure. Employee agrees that during the term of his employment by Employer, he will disclose to Employer (and no one else) all ideas, methods, plans, developments or improvements known by him which relate directly or indirectly to the business of Employer, whether acquired by Employee before or during his employment by Employer. Nothing in this Section 10 shall be construed as requiring any such communication where the idea, plan, method or development is lawfully protected from disclosure as a trade secret of a third party or by any other lawful prohibition against such communication.

11. 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 two (2) years 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.

12. 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, or (ii) other outside business investments 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;

(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; and

(vi) The following government subdivisions of Mexico: Ciudad del Carmen, Poza Rica and Dos Bocas 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.

13. Specific Performance. Employee agrees that damages at law will be an insufficient remedy to Employer if Employee violates the terms of Sections 10, 11 or 12 of this Agreement and that Employer would suffer irreparable damage as a result of such 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. In the event either party commences legal action relating to the enforcement of the terms of Sections 10, 11 or 12 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).

14. 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.

15. 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.

16. Binding Effect; Assignment.

(a) Employer is a subsidiary of Hornbeck Offshore Services, Inc. (the Parent), and Hornbeck's Business, as defined in Section 11, is carried on by, and the Confidential Information and Trade Secrets as defined in Section 11 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 10, 11, 12 and 13 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 10, 11, 12 and 13.

(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.

17. 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.

18. Entire Agreement. This Agreement (including Appendix A and Appendix B, as either may be amended from time to time) constitutes an amendment and restatement of the Senior Employment Agreement originally entered into between Employer and Employee as of January 1, 2001, and each of the provisions and obligations hereof shall be effective from and after and as of the Commencement Date. This Agreement (including such appendices) 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.

19. 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 12(h) the following sentences of this Section 19(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.

20. 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: Samuel A. Giberga, Senior Vice President and General Counsel
103 Northpark Blvd., Suite 300
Covington, LA 70433
Fax: (985) 727-2006

To Employee:

TODD M. HORNBECK
29 Elmwood Loop
Madisonville, LA 70447
Fax: (985) 727-2006

21. 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.

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

EMPLOYER:

HORNBECK OFFSHORE OPERATORS, LLC

By: /s/ SAMUEL A. GIBERGA
Samuel A. Giberga
Senior Vice President and General Counsel

EMPLOYEE:

/s/ TODD M. HORNBECK
TODD M. HORNBECK

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

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ SAMUEL A. GIBERGA
Samuel A. Giberga
Senior Vice President and General Counsel

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 and loss on early extinguishment of debt calculated on a consolidated basis with Parent's subsidiaries ("EBITDA"), such actual Parent 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 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. For purposes hereof, neither Target EBITDA nor actual EBITDA of Parent and its subsidiaries on consolidated basis shall include any special charges for any expenses that will be required to be recorded for stock-based compensation as a result of SFAS 123R. 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 (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 10.2

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement") is made and entered into this 7th day of May, 2007, 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 **CARL G. ANNESSA**, residing at 1201 Bluewater Drive, Mandeville, Louisiana 70471 (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, 2007 (the "Commencement Date") and shall continue through December 31, 2009; provided, however, that beginning on January 1, 2008, 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 duly adopted resolution of Employer's or Parent's board of directors. If Employee is terminated by Employer pursuant to such notice of non-renewal, or following the expiration of this Agreement where such expiration occurs as a result of a notice of non-renewal. Employer shall pay to Employee as severance pay an amount equal to one half of Employee's basic annualized salary for the year preceding such termination and shall continue Employee's medical insurance and other benefits (not including compensation set forth in Section 3(a)) for six months following such termination; 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. Following the date of termination of employment, 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 11 and 12.

3. Compensation and Benefits.

(a) Employer shall pay to Employee as compensation for all services rendered by Employee a basic annualized salary of $335,000 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 2007. 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 and Chief Operating 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 refer to a "permanent disability" under any long term disability plan maintained by Employer that covers Employee. In the absence of such a plan, "permanently disabled" and "permanent disability" shall refer to the inability of Employee, as determined by the Board, by reason of physical or mental disability to perform the duties required of him under this Agreement for a period of at least ninety (90) days in any one-year period. Upon such determination, the Board may terminate Employee's employment under this Agreement upon ten (10) days' prior written notice. If any determination of the Board with respect to permanent disability is disputed by Employee, the parties hereto agree to abide by the decision 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. Other Terminations.

(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 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; *provided further that*, notwithstanding such termination of employment, Employee’s covenants set forth in Sections 11 and 12 shall remain in full force and effect; *also provided further that*, at Employer’s option, Employee’s covenants set forth in Sections 11 and 12 shall renew in full force and effect for an additional one (1) year following the period referred to in Sections 11 and 12 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 10, 11 or 12 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 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 termination 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.

(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) have his employment constructively terminated by Employer because 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 three times the amount of Employee's Basic Salary with respect to the year in which such termination has occurred plus three 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 three (3) years following the date of Employee's termination of employment (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), and (C) any and all options, rights or awards (including restricted stock awards and restricted stock unit awards) granted in conjunction with the Parent's or Employer's incentive compensation or equity incentive compensation plans shall immediately vest. 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. Without duplication with the provisions under Section 9, to the extent the provision of any such medical benefits are taxable to Employee or his spouse or dependents, Employer shall "gross up" Employee for such taxes based on Employee's actual tax rate (certified to Employer by Employee), up to 35% (without a "gross up" on the initial gross up). 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 11 and 12 of this Agreement.

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

(1) the obtaining by any party or group acting in concert (other than current stockholders or their affiliates) 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) individuals who were members of the Parent’s board of directors immediately prior to any particular meeting of any Parent’s shareholders that involves a contest for the election of directors fail to constitute a majority of the members of such Parent’s board of directors following such election; or

(3) Parent executing an agreement concerning the sale of substantially all of its assets to a purchaser that is not the Employer, Parent or a direct or indirect subsidiary of Parent or the affiliate of Parent; or

(4) Parent’s or Employer’s adoption of a plan of dissolution or liquidation; or

(5) Parent’s executing an agreement concerning a merger or consolidation in which Parent is not the surviving corporation or immediately following such merger or consolidation, less than fifty percent (50%) of the surviving corporation’s outstanding voting stock is held by persons who were stockholders of Parent immediately prior to the merger or consolidation or their affiliates.

(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 11 and 12 of this Agreement.

9. Gross-Up Payment.

(a) In the event that it shall be determined (as hereafter provided) that any payment by Employer to or for the benefit of Employee, whether paid or payable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any equity incentive compensation plan, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (collectively, a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision thereto, by reason of being considered "contingent on a change in ownership or control" of Employer, within the meaning of Section 280G of the Code, or any successor provision thereto, or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), then Employee shall be entitled to receive an additional payment or payments (collectively, the "Gross-Up Payment"). The Gross-Up Payment shall be in an amount such that after payment by Employee of all taxes including any Excise Tax (and including any interest or penalties imposed with respect to such taxes and the Excise Tax, other than interest and penalties imposed by reason of Employee's failure to file timely a tax return or pay taxes shown due on Employee's return) imposed upon the Gross-Up Payment, the amount of the Gross-Up Payment retained by Employee is equal to the Excise Tax imposed upon the Payment.

(b) All determinations required to be made under this Section, including whether an Excise Tax is payable by Employee and the amount of such Excise Tax and whether a Gross-Up Payment is required to be paid by Employer to Employee and the amount of such Gross-Up Payment, if any, shall be made in good faith by a nationally recognized accounting firm (the "Accounting Firm") selected by Employer at Employer's expense. For purposes of determining the amount of the Gross-Up Payment the Accounting Firm may use reasonable assumptions and approximations with respect to applicable taxes and may rely on reasonable good faith interpretations of the Code for such purposes. Notwithstanding the foregoing, for purposes of determining the amount of the Gross-Up Payment Employee shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Employee's residence on the date on which the Gross-Up Payment is calculated for purposes of this section, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. The Accounting Firm will provide its determination (the "Determination"), together with detailed supporting calculations and documentation, to Employer and Employee within five days of the date Executive terminates employment, if applicable, or

such other time as requested by Employer or by Employee (provided Employee reasonably believes that any of the Payments may be subject to the Excise Tax). If the Accounting Firm determines that there is substantial authority, within the meaning of Section 6662 of the Code, or appropriate authority under any successor provisions, that no Excise Tax is payable by Employee, the Accounting Firm shall furnish Employee with a written opinion that failure to disclose or report the Excise Tax on Employee's federal income tax return will not constitute a substantial understatement of tax or be reasonably likely to result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon Employer, absent manifest error. Within ten days of the delivery of the Determination to Employee, Employee will have the right to dispute the Determination (the "Dispute"). The Gross-Up Payment, if any, as determined pursuant to this Section will be paid by Employer to Employee within five days of the receipt of the Determination. The existence of the Dispute will not in any way affect Employee's right to receive the Gross-Up Payment in accordance with the Determination. If there is no Dispute, the Determination will be binding, final and conclusive upon Employer and Employee, subject to the application of Section (c).

(c) As a result of the uncertainty in the application of Section 4999 of the Code, at the time of the initial determination by the Accounting Firm hereunder it is possible that part or all of the Gross-Up Payment that should have been made by Employer to Employee will not have been made ("underpayment"), or that part or all of the Gross-Up Payment that has been made by Employer to Employee should not have been made ("overpayment"). If a claim regarding an underpayment is made by Employee, Employer may either increase the Gross-Up Payment by the amount of the claimed underpayment, or Employer may contest such claim subject to the provisions of this Agreement. If a claim regarding an underpayment is made by the Internal Revenue Service (the "Service"), and such underpayment claim does not arise as a result of Employee's failure to remit to the Service any Excise Tax due on any Payment, then Employer may either increase the Gross-Up Payment by the amount of the claimed underpayment, or Employer may contest such claim. If Employer decides to contest the claim, Employer shall bear and pay directly the costs and expenses (including additional interest and penalties) incurred in connection with such contest, shall indemnify and hold Employee harmless on an after-tax basis for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such underpayment claim, and payment of costs and expenses, including advancing any funds necessary to pay the claim while it is being contested. In such case, Employee agrees to cooperate with and assist Employer in contesting such claim. In the event that Employer exhausts its remedies and Employee is required to make a payment of any Excise Tax in regard to an underpayment, the Accounting Firm shall determine the amount of the underpayment that has occurred and any such underpayment shall be promptly paid by Employer to or for Employee's benefit, if not already paid during the process of contesting the claim. In the case of an overpayment, Employee shall, at the direction and expense of Employer, take such steps as are reasonably necessary (including the filing of returns and claims for refund), follow reasonable instructions from, and procedures established by, Employer, and otherwise reasonably cooperate with Employer to correct such overpayment; provided, however, that (i) Employee shall not in any event be obligated to return to Employer an amount greater than the net after-tax portion of the overpayment that he has

retained or has recovered as a refund from the applicable taxing authorities, and (ii) this provision shall be interpreted in a manner consistent with the intent of this Section, which is to make Employee whole, on an after-tax basis, from the application of the Excise Tax, it being understood that the correction of an overpayment may result in Employee repaying to Employer an amount which is less than the overpayment.

10. 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.

11. 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.

12. 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 President and Chief Executive Officer 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 firm 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 Employee did business during the term of Employee's employment, so long as Employee does not indirectly serve, advise or consult in any way such Competitor to Employer or client or customer of Employer, respectively, for a period of one (1) year after Employee's termination (or two years as provided by Section 8(c) (i)).

(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; and

(vi) The following government subdivisions of Mexico: Ciudad del Carmen, Poza Rica and Dos Bocas 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.

13. 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 10, 11 or 12 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 10, 11 or 12 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).

14. 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.

15. 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.

16. Binding Effect; Assignment.

(a) Employer is a subsidiary of Hornbeck Offshore Services, Inc. (the Parent), and Hornbeck's Business, as defined in Section 11, is carried on by, and the Confidential Information and Trade Secrets as defined in Section 11 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 10, 11, 12 and 13 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 10, 11, 12 and 13.

(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.

17. 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.

18. Entire Agreement. This Agreement (including Appendix A and Appendix B, as either may be amended from time to time) constitutes an amendment and restatement of the Senior Employment Agreement originally entered into between Employer and Employee as of January 1, 2001, and each of the provisions and obligations hereof shall be effective from and after and as of the Commencement Date. This Agreement (including such appendices) 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.

19. 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 12(h) the following sentences of this Section 19(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.

20. 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:

CARL G. ANNESSA
1201 Bluewater Drive
Mandeville, Louisiana 70471
Fax: (985) 727-2006

21. 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.

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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/ CARL G. ANNESSA
CARL G. ANNESSA

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

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ TODD M. HORNBECK
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 and loss on early extinguishment of debt calculated on a consolidated basis with Parent's subsidiaries ("EBITDA"), such actual Parent 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 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. For purposes hereof, neither Target EBITDA nor actual EBITDA of Parent and its subsidiaries on consolidated basis shall include any special charges for any expenses that will be required to be recorded for stock-based compensation as a result of SFAS 123R. 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 thirty seven and one half percent (37.5%) of Basic Salary; and

(iii) achievement of one hundred twenty percent (120%) of Target earns a bonus of seventy five percent (75%) 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 10.3

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement") is made and entered into this 7th day of May, 2007, 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 **JAMES O. HARP, JR.**, residing at 53 Riverdale Drive, 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, 2007 (the "Commencement Date") and shall continue through December 31, 2009; *provided, however*, that beginning on January 1, 2008, 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. If Employee is terminated by Employer pursuant to such notice of nonrenewal, or following the expiration of this Agreement where such expiration occurs as a result of a notice of non-renewal, Employer shall pay to Employee as severance pay an amount equal to one half of Employee's basic annualized salary for the year preceding such termination and shall continue Employee's medical insurance and other benefits (not including compensation set forth in Section 3(a)) for six months following such termination; 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. Following the date of termination of employment, 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 11 and 12.

3. Compensation and Benefits.

(a) Employer shall pay to Employee as compensation for all services rendered by Employee a basic annualized salary of $300,000 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 2007. 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 and Chief Financial 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 refer to a "permanent disability" under any long term disability plan maintained by Employer that covers Employee. In the absence of such a plan, "permanently disabled" and "permanent disability" shall refer to the inability of Employee, as determined by the Board, by reason of physical or mental disability to perform the duties required of him under this Agreement for a period of at least ninety (90) days in any one-year period. Upon such determination, the Board may terminate Employee's employment under this Agreement upon ten (10) days' prior written notice. If any determination of the Board with respect to permanent disability is disputed by Employee, the parties hereto agree to abide by the decision 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. Other Terminations.

(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 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; *provided further that*, notwithstanding such termination of employment, Employee’s covenants set forth in Sections 11 and 12 shall remain in full force and effect; also provided further that, at Employer’s option, Employee’s covenants set forth in Sections 11 and 12 shall renew in full force and effect for an additional one (1) year following the period referred to in Sections 11 and 12 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 10, 11 or 12 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 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 termination 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.

(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) have his employment constructively terminated by Employer because 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 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 three times the amount of Employee's Basic Salary with respect to the year in which such termination has occurred plus three 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 three (3) years following the date of Employee's termination of employment (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), and (C) any and all options, rights or awards (including restricted stock awards and restricted stock unit awards) granted in conjunction with the Parent's or Employer's incentive compensation or equity incentive compensation plans shall immediately vest. 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. Without duplication with the provisions under Section 9, to the extent the provision of any such medical benefits are taxable to Employee or his spouse or dependents, Employer shall "gross up" Employee for such taxes based on Employee's actual tax rate (certified to Employer by Employee), up to 35% (without a "gross up" on the initial gross up). 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 11 and 12 of this Agreement.

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

(1) the obtaining by any party or group acting in concert (other than current stockholders or their affiliates) 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) individuals who were members of the Parent’s board of directors immediately prior to any particular meeting of any Parent’s shareholders that involves a contest for the election of directors fail to constitute a majority of the members of such Parent’s board of directors following such election; or

(3) Parent executing an agreement concerning the sale of substantially all of its assets to a purchaser that is not the Employer, Parent or a direct or indirect subsidiary of Parent or the affiliate of Parent; or

(4) Parent’s or Employer’s adoption of a plan of dissolution or liquidation; or

(5) Parent’s executing an agreement concerning a merger or consolidation in which Parent is not the surviving corporation or immediately following such merger or consolidation, less than fifty percent (50%) of the surviving corporation’s outstanding voting stock is held by persons who were stockholders of Parent immediately prior to the merger or consolidation or their affiliates.

(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 11 and 12 of this Agreement.

9. Gross-Up Payment.

(a) In the event that it shall be determined (as hereafter provided) that any payment by Employer to or for the benefit of Employee, whether paid or payable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any equity incentive compensation plan, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (collectively, a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision thereto, by reason of being considered "contingent on a change in ownership or control" of Employer, within the meaning of Section 280G of the Code, or any successor provision thereto, or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), then Employee shall be entitled to receive an additional payment or payments (collectively, the "Gross-Up Payment"). The Gross-Up Payment shall be in an amount such that after payment by Employee of all taxes including any Excise Tax (and including any interest or penalties imposed with respect to such taxes and the Excise Tax, other than interest and penalties imposed by reason of Employee's failure to file timely a tax return or pay taxes shown due on Employee's return) imposed upon the Gross-Up Payment, the amount of the Gross-Up Payment retained by Employee is equal to the Excise Tax imposed upon the Payment.

(b) All determinations required to be made under this Section, including whether an Excise Tax is payable by Employee and the amount of such Excise Tax and whether a Gross-Up Payment is required to be paid by Employer to Employee and the amount of such Gross-Up Payment, if any, shall be made in good faith by a nationally recognized accounting firm (the "Accounting Firm") selected by Employer at Employer's expense. For purposes of determining the amount of the Gross-Up Payment the Accounting Firm may use reasonable assumptions and approximations with respect to applicable taxes and may rely on reasonable good faith interpretations of the Code for such purposes. Notwithstanding the foregoing, for purposes of determining the amount of the Gross-Up Payment Employee shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Employee's residence on the date on which the Gross-Up Payment is calculated for purposes of this section, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. The Accounting Firm will provide its determination (the "Determination"), together with detailed supporting calculations and documentation, to Employer and Employee within five days of the date Executive terminates employment, if applicable, or

such other time as requested by Employer or by Employee (provided Employee reasonably believes that any of the Payments may be subject to the Excise Tax). If the Accounting Firm determines that there is substantial authority, within the meaning of Section 6662 of the Code, or appropriate authority under any successor provisions, that no Excise Tax is payable by Employee, the Accounting Firm shall furnish Employee with a written opinion that failure to disclose or report the Excise Tax on Employee's federal income tax return will not constitute a substantial understatement of tax or be reasonably likely to result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon Employer, absent manifest error. Within ten days of the delivery of the Determination to Employee, Employee will have the right to dispute the Determination (the "Dispute"). The Gross-Up Payment, if any, as determined pursuant to this Section will be paid by Employer to Employee within five days of the receipt of the Determination. The existence of the Dispute will not in any way affect Employee's right to receive the Gross-Up Payment in accordance with the Determination. If there is no Dispute, the Determination will be binding, final and conclusive upon Employer and Employee, subject to the application of Section (c).

(c) As a result of the uncertainty in the application of Section 4999 of the Code, at the time of the initial determination by the Accounting Firm hereunder it is possible that part or all of the Gross-Up Payment that should have been made by Employer to Employee will not have been made ("underpayment"), or that part or all of the Gross-Up Payment that has been made by Employer to Employee should not have been made ("overpayment"). If a claim regarding an underpayment is made by Employee, Employer may either increase the Gross-Up Payment by the amount of the claimed underpayment, or Employer may contest such claim subject to the provisions of this Agreement. If a claim regarding an underpayment is made by the Internal Revenue Service (the "Service"), and such underpayment claim does not arise as a result of Employee's failure to remit to the Service any Excise Tax due on any Payment, then Employer may either increase the Gross-Up Payment by the amount of the claimed underpayment, or Employer may contest such claim. If Employer decides to contest the claim, Employer shall bear and pay directly the costs and expenses (including additional interest and penalties) incurred in connection with such contest, shall indemnify and hold Employee harmless on an after-tax basis for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such underpayment claim, and payment of costs and expenses, including advancing any funds necessary to pay the claim while it is being contested. In such case, Employee agrees to cooperate with and assist Employer in contesting such claim. In the event that Employer exhausts its remedies and Employee is required to make a payment of any Excise Tax in regard to an underpayment, the Accounting Firm shall determine the amount of the underpayment that has occurred and any such underpayment shall be promptly paid by Employer to or for Employee's benefit, if not already paid during the process of contesting the claim. In the case of an overpayment, Employee shall, at the direction and expense of Employer, take such steps as are reasonably necessary (including the filing of returns and claims for refund), follow reasonable instructions from, and procedures established by, Employer, and otherwise reasonably cooperate with Employer to correct such overpayment; provided, however, that (i) Employee shall not in any event be obligated to return to Employer an amount greater than the net after-tax portion of the overpayment that he has

retained or has recovered as a refund from the applicable taxing authorities, and (ii) this provision shall be interpreted in a manner consistent with the intent of this Section, which is to make Employee whole, on an after-tax basis, from the application of the Excise Tax, it being understood that the correction of an overpayment may result in Employee repaying to Employer an amount which is less than the overpayment.

10. 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.

11. 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.

12. 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; and

(vi) The following government subdivisions of Mexico: Ciudad del Carmen, Poza Rica and Dos Bocas 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.

13. 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 10, 11 or 12 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 10, 11 or 12 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).

14. 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.

15. 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.

16. Binding Effect; Assignment.

(a) Employer is a subsidiary of Hornbeck Offshore Services, Inc. (the Parent), and Hornbeck's Business, as defined in Section 11, is carried on by, and the Confidential Information and Trade Secrets as defined in Section 11 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 10, 11, 12 and 13 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 10, 11, 12 and 13.

(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.

17. 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.

18. Entire Agreement. This Agreement (including Appendix A and Appendix B, as either may be amended from time to time) constitutes an amendment and restatement of the Senior Employment Agreement originally entered into between Employer and Employee as of January 1, 2001, and each of the provisions and obligations hereof shall be effective from and after and as of the Commencement Date. This Agreement (including such appendices) 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.

19. 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 12(h) the following sentences of this Section 19(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.

20. 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:

JAMES O. HARP, JR.
53 Riverdale Drive
Covington, Louisiana 70433
Fax: (985) 727-2006

21. 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.

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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/ JAMES O. HARP, JR.
JAMES O. HARP, JR.

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

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ TODD M. HORNBECK
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 and loss on early extinguishment of debt calculated on a consolidated basis with Parent's subsidiaries ("EBITDA"), such actual Parent 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 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. For purposes hereof, neither Target EBITDA nor actual EBITDA of Parent and its subsidiaries on consolidated basis shall include any special charges for any expenses that will be required to be recorded for stock-based compensation as a result of SFAS 123R. 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 thirty seven and one half percent (37.5%) of Basic Salary; and

(iii) achievement of one hundred twenty percent (120%) of Target earns a bonus of seventy five percent (75%) 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 controls 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; and
   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: May 8, 2007

/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 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 controls 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; and
   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: May 8, 2007

/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 ending March 31, 2007, 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: May 8, 2007

/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 ending March 31, 2007, 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: May 8, 2007

/s/ James O. Harp, Jr.

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