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SUPPLY & TUG SUPPLY BOAT MARKET REPORT

Following is a breakdown of available supply and tug supply vessels we currently have officially listed for sale worldwide. Not included are those which can be made available on a private and confidential basis.

TUG SUPPLY BOATS

Horsepower	Under 3000	3000 4000	4000 5000	5000 6000	6000 7000	7000 8000	8000 9000	9000 10000 *	10000 11999	12000 plus	Total
February 1997	12	26	19	19	8	14	9	0	2	2	**110**
January 1998	8	20	7	11	6	8	3	0	0	4	**67**
January 1999	5	20	9	9	4	5	5	0	0	2	**59**
January 2000	5	20	14	10	8	15	8	0	0-	2	**82**
October 2000	8	24	20	10	13	18	5	0	0	1	**99**
March 2001	7	23	13	10	9	18	6	0	2	2	**90**
June 2001	8	23	12	13	9	18	10	0	2	2	**97**
October 2001	7	18	16	12	9	17	11	0	2	2	**94**
January 2002	7	18	15	10	7	19	8	1	2	2	**89**
April 2002 (total)	7	15	12	3	6	17	7	1	1	2	**71**
July 2002 (total)	**8**	**14**	**12**	**4**	**6**	**13**	**6**	**1**	**0**	**2**	**66**
July 2002 (U.S.)	**2**	**-**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**4**
Avg. BHP (total)	**2,313**	**3,537**	**4,323**	**5,463**	**6,266**	**7,166**	**8,360**	**9,450**	**-**	**18,800**	
Avg. Age (total)	**1977**	**1976**	**1980**	**1976**	**1977**	**1979**	**1980**	**1976**	**-**	**1983**	

(* Before 1/2002 9-10,000hp was lumped under 8-10,000hp category)

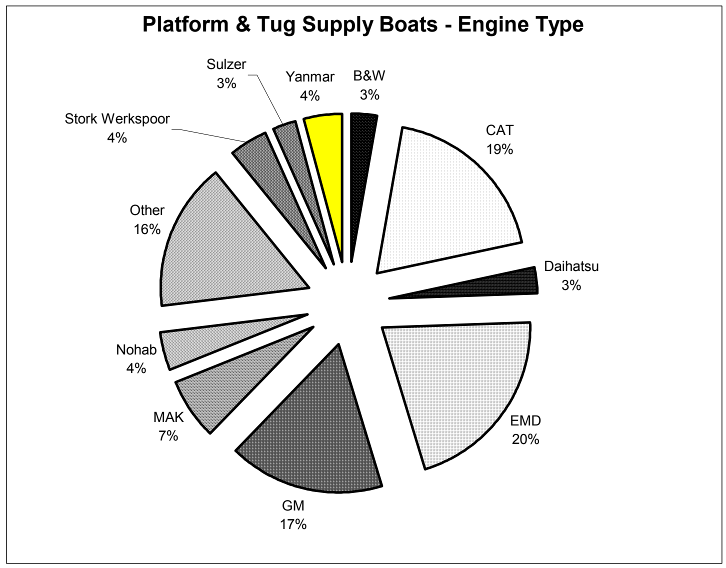
PLATFORM SUPPLY BOATS

LOA	120' 130'	130' 140'	140' 150'	150' 160'	160' 170'	170' 180'	180' 190'	190' 200'	200' Plus	Total
February 1997	1	3	3	1	5	7	13	8	6	**29**
January 1998	0	1	1	1	7	5	5	0	5	**25**
January 1999	0	2	0	2	6	5	7	3	6	**31**
January 2000	0	0	2	3	13	12	17	4	9	**60**
October 2000	1	0	3	5	20	15	18	3	6	**71**
March 2001	1	1	2	5	16	12	16	3	3	**59**
June 2001	1	2	1	5	15	14	17	2	3	**60**
October 2001	0	2	0	5	18	15	20	3	5	**68**
January 2002 (total)	0	2	0	6	17	12	17	2	5	**61**
April 2002 (total)	1	2	0	7	16	12	23	2	6	**69**
July 2002 (total)	**1**	**3**	**0**	**7**	**17**	**14**	**22**	**3**	**6**	**73**
July 2002 (U.S.)	**0**	**2**	**0**	**5**	**15**	**7**	**13**	**1**	**1**	**44**
Avg. BHP (total)	**1,200**	**1,183**	**-**	**1,577**	**1,915**	**2,209**	**2,693**	**3,544**	**3,573**	
Avg. LOA (total)	**125.0’**	**132.4’**	**-**	**154.4’**	**165.9’**	**175.2’**	**182.4’**	**192.4’**	**212.8’**	
Avg. Age (total)	**1981**	**1975**	**-**	**1979**	**1977**	**1981**	**1979**	**1992**	**1981**	

Market Overview

Out of the 5,823 vessels currently tracked by Marcon, 1,279 are supply and tug supply boats. Since June 2001, the total number of supply and tug supply boats Marcon has officially on the market for sale has decreased by a total of 19 vessels with most of the decrease in the tug suppliers. 67.4% of the foreign and 100% of the U.S. flag supply and tug supply boats officially listed for sale are direct from Owners. At this time Marcon has listed only 1 tug supplier, an 8920BHP, 64m vessel built 1999, and 5 straight supply boats built within the magic ten-year window every buyer is looking for. 35 tug suppliers and 28 supply boats listed are 25 years of age, or older, with the oldest tug supplier listed built in 1968 and oldest platform supply boat for sale built in 1962, although I do have to note the classic 136' x 36', U.S. flag, ex-supply boat *"Sensor" (ex-Low Tide)* we are now carrying for sale under our research category which was a first-generation U.S. Gulf Coast supply boat built in 1956 by harms & Smailhall of Orange, Texas and powered by twin Enterprise diesels with reverse reduction gears. I can without question state that she is in better condition than most supply boats half her age. If you are interested, check her out on the website. Her file number is RV13636. Just type it in the block provided in the left hand navigation bar. Of course, I have to admit being partial to this vessel, as she was the first boat that Marcon sold back in 1982.

Most of the supply and tug supply boats are powered by U.S. manufacturered diesels, with EMD leading with engines in 31 boats or 20% of the vessels we have officially listed for sale. EMD's are followed by CAT with 28 vessels (19%) and GM / Detroit Diesel in 25 vessels (17%). MAK leads the foreign manufacturers with 7% or 10 vessels, followed by Stork, Yanmar and Nohab tying at 4% or 6 vessels each. B&W, Sulzer and Daihatsu power 4 vessels each or 3%. The remaining 16% is split between other U.S. and foreign diesel manufacturers (including even Enterprise – see note about the *"Sensor"* above). A more complete breakdown of engine manufacturers is available on request.



Since the April 2002 report, we have seen average official asking prices for platform supply vessels remain fairly steady across the board with only minor fluctuations, but we are expecting some Owners to be more negotiable on their numbers on a case-by-case basis depending on the vessel and the intended trade. During the first half of 2002, the average ratio of actual sales price to asking price for all vessels and barges sold by Marcon averaged 80.35%. Back in April we stated "Generally the S+P market seems a bit "hesitant" with more potential buyers tip-toeing around than concluding sales at the moment" and regretfully that still seems to be the case. We did have one strong offer come in on a good 7,200BHP AHTS for a specific contract, but regretfully the boat's charter was extended by ExxonMobil and she was withdrawn from the market in the midst of negotiations.

Gulf of Mexico

Little has change in the U.S. Gulf market over the past several months. Rates are still stagnant, and it appears that everyone is waiting for the rebound in the market which has yet to appear. Hopes are that something will occur in the next few months before the typical slackening period of demand during the winter months – but it's not likely that many Owners are holding their breath in anticipation. Daily rates for the under 200' category are about US $3,500/day – which is historically the average 'break-even' point for many Owners in the 165'-185' category of PSV. Higer numbers are reported in the upper US $6,000 range for spot and special jobs, but overall demand for the shallow water fleet is still effectively very low. Of the 335 PSV's 165' and over with liquid mud, in the U.S. Gulf, according to OneOffshore in Houston, TX in June '02, there are 92 vessels laid up and 27 which are idle. Tonnage which is 'idle' is tonnage which is immediately available for work vs. those vessels "laid up".

Deepwater tonnage has still fared better in this market downturn which is now coming into its second year. Current rates are running in the US $10-15,000/day range, and 6,000BHP+ anchor handlers are reportedly earning rates in the US $15,000 / day – 35,000 / day (+) depending on nature / term of job. Anchor handling tug supply boats are still also enjoying a higher overall utilization level in the U.S. Gulf with only 1 of the 24 AHTS vessels reportedly idle or laid up at this time.

Some news items which were reported recently did not necessarily bolster the outlook for the U.S. Gulf, or the market in general.

- In early July '02 the Paris based IEA (International Energy Agency) announced that it was cutting its forecast on demand some 40% from what was forecast by the agency only one month earlier. Consumption, it was reported, will rise by 250,000 barrels a day, less than last month's estimate of 420,000. The IEA said demand will recover next year and increase by 1.1 million barrels a day, returning to levels seen during the 1990s.
- Oil demand slowed after the attacks of Sept. 11, and specifically hit air travel, with traffic down about 10% in the United States in the first five months of the year and was off about 8% percent in Europe. The Organization of the Petroleum Exporting Countries (OPEC) has its lowest output quotas in 11 years in the hopes of bolstering oil prices. OPEC last month left production targets unchanged for the third quarter to try and maintain prices at around $25 a barrel, compared with an average since 1986 of about $19 for Brent. "Growth is going to be deferred," said Tony Alves, an analyst at Investec Henderson Crosthwaite in London. Benchmark Brent crude oil Friday/12th July closed at $26.32 a barrel. Oil has gained a third this year, buoyed in part by OPEC's restraint. While OPEC restricts supply, the group's rivals (non-OPEC producers such as Russia, Mexico, China, Canada & No. Sea countries) are also boosting output in some cases, to try and take advantage of the higher prices and win additional market share.
- The Baker-Hughs rig count index was reported for July 12th, 2002 and U.S. drilling activity was down 14 rigs to 848 rigs last week. Drilling in Texas was down 10 rigs to 325 rigs. The offshore rig utilization rate in the Gulf was 68.0 percent, which is well down from 84.9 percent a year ago.

It seems that deepwater spending has not been affected by the current situation of price volatility in the oil markets, and the oil majors appear to be focusing their efforts in that direction. Deepwater oil investment is expected to almost double in the next five years. Oil company investment in deepwater exploration and development will virtually double in the next five years as giant fields are brought onstream in Brazil, Gulf of Mexico, West Africa and the Far East. Investment in deepwater projects in 2001 was around US $5.6 billion, and this is set to rise to US $10.6 billion by 2005, say UK consultants Douglas Westwood. "The major long-term change is the emergence of west Africa as a major market with some large individual field developments such as Girassol," says John Westwood, founder of the company. Of a forecast global total investment of US $40 billion from 2001-05, 92% or US $37 billion could be spent in Brazil, West Africa and the Gulf of Mexico. The U.S. Gulf of Mexico will see the highest deepwater spend of 35% or US $14 billion, Brazil around US $12 billion and West Africa about US $10.8 billion. In the Gulf of Mexico spars, tension leg platforms and production semi-submersibles are preferred for oil and gas developments over FPSOs, although this may change with the more relaxed rules over production ships and tanker offloading within the Minerals Management Service. Subsea equipment is important in deepwater developments, as well, with operators expected to invest upwards of US $13 billion during the 2001-2005 period. Subsea systems are now integral to deepwater projects. In Angola alone TotalFinaElf is planningto incorporate over 100 subsea wells in block 17. Subsea technology is also playing its part. Longer tie-back distances are planned with developments off Egypt, Ireland and in the Gulf of Mexico.

Despite this focus on deepwater it is noted in recent reports that overall oil spending by the oil majors will drop during the 2002 calendar year. On June 13th, 2002 Boomberg Business News advised that ExxonMobil Corp., Royal Dutch/Shell Group and other energy exploration companies will cut worldwide spending by 2.5 percent in 2002, more than previously forecast. This is based on a Salomon Smith Barney report in its midyear survey - released in mid June '02. In a December '01 report, Salomon had forecast a 15 percent decline in North American spending and a 10 percent increase internationally. Budgets for drilling and servicing oil and natural gas wells in North America are expected to decline 16 percent from a year earlier, although spending outside the region will rise 6 percent, Salomon analyst Geoff Kieburtz wrote in an industry note. Oil companies that raised outlays early last year only to watch prices collapse are now more wary. Spending plans have a ripple effect throughout the industry, directly affecting profits at contractors and service companies. The Salomon projections assumed average prices of $22.70 per barrel of oil and $3.04 per thousand cubic feet of gas.

On the upside, nearly 60% of Salomon's survey respondents expect spending to increase in 2003, with 42% forecasting growth of more than 10 percent. Echoing this forecast was a recently released midyear forecast from Lehman Bros., which was apparently the largest survey ever done to date by the firm on oil company E&P spending. U.S. E&P expenditures are forecast to fall some 20.2% compared with an 17.9% estimate predicted in Dec. '01.

Also noted in the survey was comments for 2003. Reportedly some 58% of the respondents surveyed planned to increase the E&P budgets during 2003. Of these 75% expect to increase their expenditures by over 10%, while 25% of the respondents advised that their increase would by as high as 25%.

Newbuildings and Shipyard News

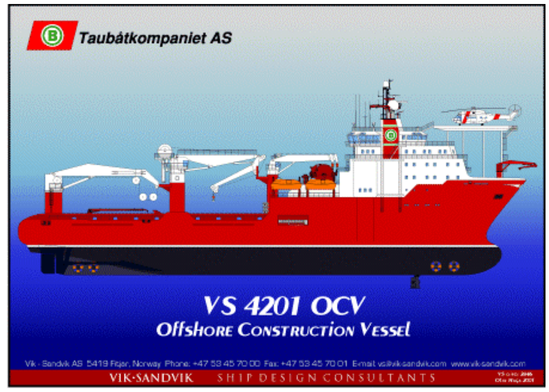
Bollinger Shipyards, Inc., recently launched the first of two new 207' hulls for MNM Boats of Golden Meadow, LA., a subsidiary of C&G Boats. The first boat is expected to be delivered October 2002 and the second in January 2003. The new design will be able to carry over 6,000 barrels of drilling mud and her dry bulk tanks will be able to carry over 6,000 cubic feet of material. The MNM boats will each have three separate pump systems that can handle three different liquid mud products without danger of contamination. All pump systems valves can be operated through a central control system in the pilot house that will also control the boats' ABS class DP1 dynamic positioning system." Propulsion power for the MNM 207' x 53' x 19' hull will be provided by two Caterpillar 3516D diesels developing 2,000 HP each through Reintjes reduction gears with a ratio of 6.44:1. They will drive Bollinger 102" propellers and independent rudders. Electrical power will be produced by two Caterpillar 3408 diesels generating 370 KW each. The new MNM boats reportedly will be able to sustain 11 knots while other larger OSV's with similar capacities can only sustain 10 knots fully loaded. The extra speed is attributed to a new hull design and reduced roll with bilge keels. Brunvoll 700 HP and 400HP bow thruster and stern thrusters respectively will ease maneuverability. Bow thruster noise will be reduced by a Sound Down noise damping system. The pilot house will be located further forward and will feature 360^o visibility free from interference by stacks and will include touch screen computer displays for the boats' dynamic positioning and other control systems. Quarters with reduced noise and vibration for 22 are included and each boat will have a galley and dining facilities for 10 at each seating. The boats will meet SOLAS (Safety Of Life At Sea) requirements and will be classed by the ABS as an Offshore Supply Vessel Maltese Cross A1, AMS, and DP-1 certificates. The vessels will also be delivered with the required international certificates and will also be certified by the U.S. Coast Guard under Subchapter "L" requirements.

Bollinger Shipyards, Inc. of Lockport, LA also announced in May 22nd, 2002 their intention to acquire the assets and operations of Halter Marine from Friede Goldman Halter, Inc. If approved by the bankruptcy court hearing to be held July 23rd, 2002, the sale contemplates an agreement for the purchase of all the operating assets and properties of Halter, including the assets at Halter Pascagoula, Halter Moss Point, Moss Point Marine, Halter Port Bienville, Halter Lockport, and Halter Gulfport East including the Corporate Headquarters, Gulfport Central and Three Rivers. The closing is expected to take place in early August 2002. If successful the acquisition would add eight new construction shipyards to Bollinger's three new construction shipyards, and eleven repair & conversion facilities – for a total of 22 facilities with 43 drydocks running from Pascagoula, MS to Houston, TX.

Tidewater Inc. announced in May that it has entered into a $45 million construction contract with Bollinger Shipyards Lockport, LLC for the construction of four (4) offshore supply vessels. The high performance, high capacity 207' platform supply vessels will be delivered during the period beginning in October 2003 and ending in May 2004. Prior to entering into the contract, Donald T. "Boysie" Bollinger, chairman and CEO. of Bollinger Shipyards, Inc., resigned from his position as a director of Tidewater. Dean Taylor, CEO. and president of Tidewater, commented, "It is with mixed emotions that we are making these announcements. We are delighted that Tidewater is moving forward with its program of vessel replacement for our core fleet with vessels capable of operating on a worldwide basis. However, given the magnitude and term of this contract, Boysie's resignation from Tidewater's Board was a matter of good corporate governance policy and in the best interest of all parties. His long time counsel and advice, as well as his great industry experience, will be missed." Boysie Bollinger, chairman and CEO. of Bollinger, commented "I am very pleased that Tidewater has shown the confidence in our design and capabilities to include us in this major newbuild program. The Tidewater Bollinger relationship dates back to Tidewater's very formation and we are pleased to continue that by delivering this new generation of vessels which will carry them into the future. My resignation as a member of Tidewater's Board of Directors is not without regrets for it has been a wonderful experience, but it was the appropriate step to take. I will miss my involvement with this group and wish them continued great success in the future." Tidewater Inc. owns and operates over 550 vessels, the world's largest fleet of vessels serving the global offshore energy industry. Bollinger Shipyards, Inc., has 14 shipyards and all are strategically located between New Orleans and Houston with direct access to the Gulf of Mexico, Mississippi River and the Intracoastal Waterway. Bollinger is the largest vessel repair company in the Gulf of Mexico region with a total of 42 dry-docks in Louisiana and Texas.

Trico Marine Services, Inc., has taken delivery on the *"Northern Canyon",* a 279-ft. UT 745 design platform supply vessel (PSV). The state-of-the-art vessel is designed to serve deepwater markets worldwide. Built in Norway, the Northern Canyon is equipped with a DP2 (dynamic positioning) system and is among the largest, most technologically advanced PSVs available in the industry. The vessel, which will be deployed initially in the North Sea, is quipped as a remotely operated vehicle vessel to perform subsea construction work globally. It has been awarded a three-year contract by Canyon-Offshore, Inc. Trico is scheduled to take delivery of a second 279-ft. PSV in September 2002. It also expects to take delivery of three new generation 155-ft. crewboats designed to transport personnel and oilfield products and supplies to offshore drilling and production platforms during the fourth quarter of 2002 and the first quarter of 2003.

Boa Limited of Norway has ordered a large Offshore Construction Vessel from the Spanish shipyard Factorias Vulcano SA in Spain. The vessel will have a length of 120 meter over all, and a beam of 27 meter. She will be equipped with an anchor handling and towing winch of 500 tonnes and total 27,000 HP. The vessel can operate both in conventional mechanical- and diesel electric mode according to the operational requirement. The new construction vessel will not only be the largest Anchor Handler built, but she will also be fully equipped as an ROV construction vessel.



Brattvaag Skipsverft AS, a company within the Aker Brattvaag Group, delivered on 3rd July 2002 the yard's *"Newbuilding No. 89"* to its owner **Olympic Orion** KS. The vessel is a Platform Supply Vessel of the type MT 6016, developed by Marin Teknikk AS with a total length of 91 m. The hull was built by Aker Brattvaag's subsidiary Aker Tulcea in Romania. **Rig Seismic (Liberia) Inc** has sold off Brattvaag Skipsverft AS's UT 755L *"Newbuilding No. 99"* to **Active Venture** III KS. Active Venture III KS is a Norwegian registered limited partnership company and the main participant is J. Hagenæs Shipping AS, Ålesund, who is also the company's manager with Fearnley Finans as corporate manager. The vessel will be taken over by delivery, December 2003. J. Hagenæs Shipping AS is manager and main owner of all companies within the Hagenæs Group. The group has currently one reefer in operation, two offshore vessels on management in national and international waters, and three offshore vessels on its order book. Active Venture II KS, where also J. Hagenæs Shipping AS is the main owner, has previously signed a contract with Sea Truck Shipping AS for buying Brattvaag Skipsverft AS's building no 84. This is also a UT 755L, due to be delivered in September 2003. Active Venture I KS is due to be delivered 4. July this year, also a UT 755L, built by another Aker Yards company, Aker Brevik AS. **Aker Tulca** of Romania in May launched *"Hull 94"* the 4th vessel this year and the 2nd this month of a total series of 13 vessels. *"Hull 94"* is a 67m PSV built on UT755 project for Brattrom AS of Norway who will complete the vessel.

Farstad Shipping ASA has, through its wholly owned subsidiary Farstad Supply AS, signed a contract with Brevik Construction AS for delivery of a UT 755L design platform supply vessel in July 2003. P/R International Offshore Services ANS (IOS), which is a 50/50 joint venture between Farstad Shipping ASA and P & O Australia has entered into an agreement to purchase a platform supply vessel, design UT 755L, from Consensus Foss KS (Det Nordenfjeldske Dampskipsselskap). The vessel is under construction at Aker Brattvaag. IOS will formally take over the vessel immediately after delivery from the yard in December 2002. After the delivery of the above vessel IOS will operate a fleet of 17 vessels and have three vessels on order for delivery in 2003.

On May 1st, **Hornbeck Offshore Services**, signed a definitive agreement with LEEVAC Industries, for construction of the first four vessels of our recently announced eight-vessel newbuild program. The contract provides for the delivery of all four of the 240-ft. DP-2 class deepwater offshore supply vessels during the second half of 2003. Aggregate construction costs for the first four vessels, before allocation of construction period interest, are expected to be approximately $53.0 million. As previously reported, the Company plans to fund these costs with current cash and projected free cash flow from operations. The Company will also have available an undrawn revolving credit facility, which it does not expect to have to use to fund the first four vessels. Hornbeck is currently seeking price bids from shipyards for the last four vessels. Hornbeck also announced that it has contracted the 265'. class *"HOS Brimstone",* currently scheduled for delivery in early June 2002, to one of its existing customers. Upon delivery, the vessel will immediately commence service under a one-year time charter, with two one-year renewal options, with a large international exploration and production company. Hornbeck has had two of its other offshore supply vessels supporting this customer's deepwater exploratory drilling activities in the Gulf of Mexico since April 2000. Todd Hornbeck, President and CEO, stated, "While we designed our 240'. class and 265' class vessels primarily for deepwater drilling applications, all of our last three delivered newbuilds have gone into specialty work. With the contract of the *"HOS Brimstone",* we will now be able to demonstrate the special capabilities that, we believe, make our 265' class design uniquely suited for ultra-deepwater drilling support."

Edison Chouest (ECO) is nearing completion of its 60th vessel for deepwater ops including PSV's and AHTS. The sixtieth vessel is the last of a series of five 260' offshore vessels with 3,500 tons deadweight capacity. Deliveries for the second half of 2002 include one 260' PSV, one 280' PSV, the 348', 30,000HP AHTS *"Laney Chouest"*. The 280' PSV will have in excess of 4,500 tons of deadweight capacity and will be the first of six vessels in it's class. All six of the 280' vessels will be delivered prior to the end of 2003.

North Sea / European Market

The North Sea has continued to experience a rather soft market, although there was some recent increase in activity which spiked briefly in April '02. During this past month it was reported that anchor handling utilization levels, and rates remain depressed with the lowest levels in the £4,000/day range for rig moves and cargo runs. Even lower rates are being taken by older vessels, and are dropping below this level in some cases. July has seen some improvement with spot rig tows capping on the high end at £20,000/day and spot cargo runs hitting the £10,000/day level – which is an improvement over last month.

Recent Corporate News

On May 2, 2002 **Cal Dive International, Inc.** (CDI) reported first quarter net income of $3.0 million or $0.09 per diluted share. A year ago, net income of $10.8 million or $0.33 per diluted share was driven by oil and gas operations that benefited from historically high natural gas prices. First quarter revenues of $53.9 million were within 8% of a year ago as a 42% increase in marine contracting revenues offset much of the impact of substantially lower natural gas prices and volumes. Contracting operations provided 60% of first quarter profitability in contrast to only 27% in the same period of 2001. Owen Kratz, Chairman and CEO of Cal Dive, stated, "The unique mix of subsea contracting and oil and gas operations again provided revenue-smoothing in a period of extreme industry volatility. However, the doubling of our Deepwater DP fleet and associated growing involvement in large construction projects results in the timing of that work having a significant impact upon any given quarter's financial results. That was evident in the first quarter as the weather-induced delay in setting the topsides at Nansen pushed our construction work to the following quarter and required a significant reshuffling of fleet responsibilities." Mr. Kratz continued, "The second quarter will witness the deployment of the *"Q4000"* and Intrepid, two new vessels capable of performing construction and well intervention tasks in 10,000 feet of water, and the *"Northern Canyon",* a chartered state-of-the-art ROV support vessel. This brings the recent investment in CDI contracting assets to $400 million, increasing our critical mass in anticipation of a significant acceleration in the demand for Deepwater construction services late next year. In the interim, 2002 is shaping up as a transition year with a number of significant opportunities that would further position CDI for long term growth."

On May 15, 2002 - **Chiles Offshore**, announced that it was being acquired for $578 million in stock and cash by Ensco International of Dallas. Houston-based Chiles, which became a publicly-traded company with an initial public offering in 2000, owns four such rigs and has one under construction, expected to be completed in the third quarter. The merger agreement announced Wednesday has shareholders receiving 0.6575 share of Ensco stock plus $5.25 in cash for each share of Chiles common stock. Ensco will also be assuming $140 million in debt. The acquisition, expected to close in between 90 and 120 days, will boost Ensco's offshore drilling fleet to 56. Chiles considers its rigs ultra-premium, said CFO Dick Fagerstal, which means they are one notch below harsh-environment rigs, of which there are only about 20 in the world. In addition to having longer legs and longer cantilevers that extend from the platform, ultra-premium rigs can carry more weight on their decks. This enables the use of powerful equipment such as bigger mud pumps. A powerful plant on the platform affects the speed at which you can drill a hole, which is the most important factor, said Fagerstal. This type of rig is usually the first to work and the last to be laid off during a slump, as now. "We've had 100 percent utilization since day one on these rigs," Fagerstal said. Relatively new, the oldest one was built in 1999. Chiles has about 300 employees, and the buyer is making a real effort to induce them to stay, the CFO said. William E. Chiles, President and CEO, agreed to join Ensco in an executive position after the merger. Ensco is paying about a 19 percent premium price, based on the price of Chiles stock prior to the announcement, said analyst Fred Mutalibov of SWS Securities. That isn't a problem because Ensco is buying in an upward market, he said. Further, if you figure it costs about $130 million each to build these rigs, the price comes close to what Ensco is paying. In 2001, Chiles earned $22.5 million on revenues of $74.2 million. The chairman of the board of Chiles Offshore, Charles Fabricant, is also the chairman and chief executive of Seacor Smit, Chiles' largest shareholder. **Seacor Smit** agreed to vote its 23.8% in favor of the deal, Fagerstal said. He added that the second-largest holder, a Mexican group, also will vote in favor.

Gulfmark Offshore on May 15, 2002 announced its quarterly earnings for the period ending March 31st, 2002with net income $5.4 million or $0.62 per share on revenues of $29.8 million. The net income during the same period in 2001 was $2.6 million or $0.31 per diluted share on revenues of $22.0 million. Revenues for all of its regions showed increases in the first quarter of 2002 when compared to the same quarter in 2001. North Sea revenue increased by $7.2 million or 45% due mainly to fleet growth coupled with increased day rates. Vessel acquisitions contributing to this increase were the June 2001 acquisition of Sea Truck, the April 2001 delivery of *"Highland Patriot",* the July 2001 delivery of the first vessel under their newbuild program, *"Highland Fortress",* and the August 2001 acquisition of the *"Clywd Supporter"* and *"Sefton Supporter".* Additionally, in late February 2002 we took delivery of the second and third vessels under the newbuild program, *"Highland Navigator"* and *"North Mariner".* The average North Sea day rate increased from $9,951 in the first quarter of 2001 to $10,072 in the current year's first quarter. These increases were partially offset by a reduction in utilization rate as Owners accelerated several drydockings in the current year first quarter. Revenues for the Southeast Asia based fleet increased by $0.4 million or 11%, and Brazil based fleet increased by $0.3 million or 12%. The average day rates for Southeast Asia and Brazil of $4,709 and $10,666, respectively, for the quarter ended March 31, 2002, were considerably higher than the $4,280 and $9,449, respectively, for the same quarter in 2001. Southeast Asia utilization rates decreased from 81.9% to 80.0% while Brazil utilization remained stable in the three months ended March 31, 2002 compared to the three months ended March 31, 2001. Operating income increased $2.6 million between the quarter ended March 31, 2001 and March 31, 2002, reflecting higher revenue in the period, offset in part by a $3.4 million increase in direct operating expenses and a $1.3 million increase in depreciation, both attributable to increased fleet size.

Hornbeck-Leevac Marine Services, Inc. announced on May 9th, 2002 that revenues for the quarter ending March 31, 2002 increased 118.0 percent to $22.7 million compared to $10.4 million for the same quarter in 2001. Operating income was $9.3 million or 41.0 percent of revenues for the first quarter of 2002, compared to $4.0 million or 38.5% of revenues for the same quarter in 2001. First quarter 2002 net income was $3.5 million compared to net income of $1.8 million for the first quarter 2001. The primary reason for the Company's revenue growth for the first quarter 2002 over the prior year is the significant increase in size of the Company's fleet since April 2001. The Company's operating fleet grew from 18 vessels at the end of the first quarter 2001 to 39 vessels at the end of the first quarter 2002. The 21 new vessels contributed the vast majority of the $12.3 million increase in first quarter 2002 revenue over the prior year quarter. The Company took delivery of three newly constructed, deepwater OSVs on April 27, 2001, November 6, 2001 and February 20, 2002, respectively; and acquired nine ocean-going tugs and nine ocean-going tank barges from the Spentonbush/Red Star Group, affiliates of Amerada Hess Corporation, on May 31, 2001. The 240' class *"HOS Innovator",* the 265' class *"BJ Blue Ray"* and the Spentonbush/Red Star acquisition contributed to the revenue growth for all of the first quarter of 2002 and the 240' class *"HOS Dominator"* contributed to revenue growth for approximately one month of the first quarter of 2002.

In a press release dated 7th March 2002 it was announced that **Brazil Offshore Services (BOS),** which is a Joint Venture (50/50) between Farstad Shipping ASA and Petroserv SA, was in the position to win three contracts each of 8 years duration in the present Petrobras tender for three different classes of anchorhandling vessels. The vessels have to be newbuildings and fly the Brazilian flag. On April 15, 2002 Farstad announced that the Board of Petrobras had awarded BOS <u>one</u> of the contracts. It is now formally confirmed that BOS has been awarded the other two contracts. Total contract value for the three contracts for Petrobras is approx. NOK 1.45 billion. Start-up for these contracts are around the turn of the year 2005/2006

Recent Marcon Sales & Charters

Marcon is pleased to announce the pending sale of the DP construction bury / lay vessel *'Discovery'* (*ex "Holis Hedberg"*) to Diamond Services Corp. of Morgan City, Louisiana. The Panamanian registered vessel was built 1974 by Burrard Drydock in Vancouver, BC, Canada – and later lengthened by 40' in 1982. The vessel now measures 270' x 42' x 19' depth and is powered by two EMD 12-645E7's total 4300BHP. The vessel's DP systems consists of an A.S.K. 4000 JS Nautronix with 360 degree azimuthing thruster on the bow and a 360 degree stern thruster and main engines with split rudder. She also has an 8-pt. mooring system, and quarters for 62 persons. The vessel has been used for pipeline jetting 2" – 60" dia. pipe to -10' below sea floor. 12'x12' moonpool. 40" dia. coring well. Suitable for cable lay, coiled tubing lay, dive support, pipeline construction, coring, riser installation, etc. This is the last vessel to be sold by Trustee appointed by the Southern District of Texas Federal Bankruptcy Court to dispose of the assets of the bankrupt TransCoastal Marine Services, Inc. estate. One item in the fleet remaining is the 350' pipelay barge *"Vermillion Bay"* which is currently under offer with expected closing in mid-August 2002. Marcon was the exclusive broker for the court.

Marcon also arranged a 3 month charter (with options) for the 215' x 45' DP Class II Vessel *'Argo II' (ex-Augustea Otto, ex-Maersk Plotter)* powered with twin MAK diesels providing 3,000BHP plus bow & stern thrusters. Vessel was built in 1978 BV Schp. Waterhuizen and converted to current configuration in 2000. The vessel is now engaged in underwater support in the Mediterranean region, and will become available again towards the end of 2002. Call Marcon for further details and charter inquiries.

Featured Vessels For Sale

SU17103 Tug Supply Boat *"HERCULES"* (ex-Arctic Pelly) 171' x 38' x 15' depth. Built 1973 by Star Shipyard, British Columbia. BVI flag. GRT 719. ABS +A1 E; Ice Class A; AMS. Drydocked June 2000 when Special Survey passed. 20,000# of steel internals renewed. FO abt. 290LT. Dry bulk system inoperable. Clear deck abt. 2,695ft2 as supply vessel and 1,350ft2 towing. Max deck cargo abt. 544mt. 2 x EMD 16-567C total 3240BHP. Fixed props in korts. 250HP bow thruster. Bollard pull @38.5mt. 2-150kW/GM12V71 & 1-100kW/GM8V71 generators + emergency generator. Double drum winch. Wire capacity @760m 50mm each drum. Stern roller. Full navaids. One of 4 sister vessels designed to support offshore ops in Eastern Canada including towing of potentially destructive icebergs away from offshore structures. Last employed Aug. 2000 towing oil barges in the Caribbean. Dry docking for Special Survey completed July 2000 when new certificates issued. Certificate is Active but Annual Inspection and S.O.L.A.S. are both overdue. The vessel has not worked since drydocking and is waiting to be sold. Hull and machinery are reported in good condition. Inspection/ delivery Santo Domingo, Dominican Republic. **Motivated Sellers encourage, cash offers. Try region US$ 500,000 - 600,000 to test.**

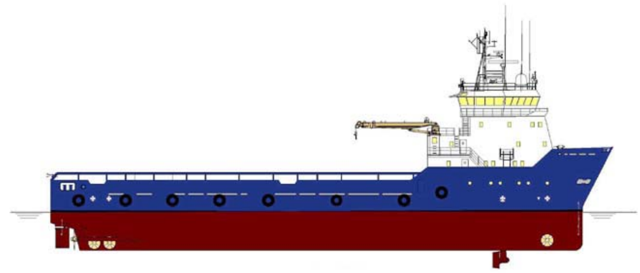
SU18068 Offshore Supply Vessel ***"Chesty Puller"*** **(ex-Bold Forbes, Elk)** 180' x 38' x 14' x 12' draft. US Flag. Built in 1976 by Halter Marine. ABS +A1, +AMS exp 1/03 U.S. Coast Guard COI til 2/05. FO 83,782g. FW 54,690g. DW 104867g. Clear deck abt. 120' x 30'. 540LT deck cargo. 4000 cft dry bulk in 4 tanks. 1131bbl liquid mud. 2 x GM 16V149 total 1800BHP. 300 HP Bow Thruster. Consumption @ 114.4 gph. 2-60kW / GM 6-71, 60 Hz, generators. Fire monitor. Accommodations for 19. Full navaids. Inspection / delivery U.S. Gulf. As brokers, recommend trying reasonable cash offers. Price guidance on request from this office. Full details available on the internet.

SU17501 Offshore Supply Vessel ***"Douglas MacArthur"*** **(ex-Gallant Knight)** 175' x 40' x 14.3' depth. Built 1982 Offshore Shipbuilding. U.S. flag. ABS +A-1, +AMS. FO 52,000g. FW 19,000g. DW 140,000g. Clear deck 120' x 32'. 600LT deck cargo. 4000 cft dry bulk in 4 tanks. 1700 bbl liquid mud. Gardner Denver bulk compressor. 2 x GM 16V149 total 1800BHP. One Main rebuilt August 2001. 300 HP Bow Thruster, rebuilt 8/01. Max Speed 12kn, Cruising about 10 kn. Consumption @ 114.4 gph. 2-75kW / GM 6-71, 60 Hz, generators. 1000gpm fire pump with 2.75" fire monitor. Accommodations for 17, certified to carry 18. Full navaids. Inspection / delivery U.S. Gulf. As brokers, we trying recommend reasonable cash offers. Price guidance available on request. Full details available on the internet under the file number.

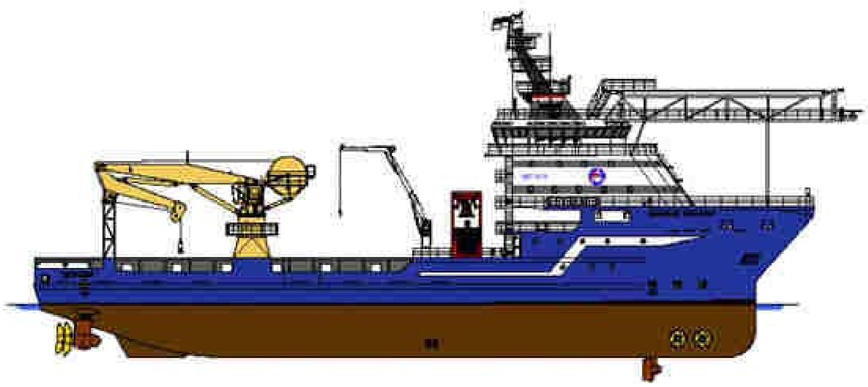
SU17004 Tug Supply Boat ***"Esort Protector"*** **(ex-Arctic Malik)** 170.88' x 38.05' x 15.09' depth. 15.09' loaded draft. Built 1972 Star Shipyards, New Westminster, British Columbia, Canada. ABS +A1 (E), Ice A, Arctic Pollution "B", Home Trade 1 (SS due 2005). Canadian Registry. G/NRT 719 / 379. DWT - abt. 961mt. FO - abt. 312m^3. FW abt. 173m^3. DW abt. 590m^3. Drybulk 45m^3 in 2 tanks total. Clear deck of 98' x 27.9' with 495T capacity. Watermaker. Pumps: FO/FW/DW – 103m^3/hr. @ 70m; Aux. Pump: 37.8m^3/hr. @ 15.2m. 2 x EMD16-567 total 3280BHP @ 900rpm. Fixed pitch 3-blade props in kort nozzles. Bollard pull abt. 38.6mt. Speed @13-14 knots on 10.5-12.7mt/day. 4,900nmi. range. 250hp Bowthruster. 1-150kW / GM12V1, 1-100kW/GM8V71 450v 60Hz AC generators. Swann double drum waterfall towing / anchor handling winch with 136mt line pull and 760m x 50mm wire capacity (rebuilt brake & clutch 2002). Quarters for 23 persons in 10 cabins. Air-conditioned. Full galley, etc. Vessel recently refurbished with replacement of steel in tank tops and overhaul of accommodations. Work included replacement all internals and tank tops on tanks 1 & 4 / replacement of internals as required on tanks 9 & 11 / Update of accommodations including new flooring & lights / cleaning all fuel tanks so vessel can carry maximum fuel load. Vessel is to be dry-docked for underwater class inspection of tail shafts, and rudders in mid-June '02. Special survey for class is not due until 2005. As brokers only we would invite best firm cash offers 'as is, where is' to test Owner after physical inspection. Price guidance and full details are available upon request. We have this from close owners/friends of ours for whom we have acted in a number of sales and purchases in the past.

Featured Vessels For Charter - Newbuildings

File SU23653 72 x 16 x 7 meter depth. 5.9m design draft. Being built by Aker Brattvaag Soviknes Verft; Norway. UT-755L design. Class DNV +1A1, SF, EO, Dynpos Autr Multi-Role Supply Vessel. Abt. 3,000mtdw on 5.0m draft. Clear deck 680m2 on 5 mt/m2 deck aft FW 800m3. BW/DW 1150m3 (incl Brine Tanks). Liq.Mud 800m3 (incl Brine Tanks). Brine 400m3. Cement Tanks 9,000cft. Base Oil 200m3. 1 deck crane 5mt @ 10m and one 2.5 mt @ 16m. 2 x Bergen Ulstein KRMB-9 total 5,460BHP. 2 Ulstein CP main prop. 2 Ulstein high lift rudders. 1 Ulstein 590kW bow thruster. 1 Ulstein 735kW azimuthing bow thruster. 2 Ulstein 590kW stern thrusters. Speed @. 15.5kn (max transit), 14.9kn service, 12.5kn economic. Accommodations for 38 in single/double cabins. Combined online / offline survey room. Instrument room. Charterer's office / conference room. Ship's office. 2 lounge/TV rooms. Mess room. DP-2 system. Nautronix ASK 5002. Nautronix Naspros Digital L&USBL HPR system.). Fan beam laser. DGPS. Light weight taut wire.



File SU24653 75 x 16 x 7 meter depth. 5.25m design draft. Being built by Astilleros de Balenciaga S.A.; Spain. IMT-975 design. Classed Lloyds +100A1 LMC UMS IMO DP-2 Supply / Survey Vessel. Abt. 2250mtdw on 5.65m draft. Clear deck 600m2 aft + mezz. deck. FO 876m3. FW 1063m2. BW 1178m3. 1 store crane & 1 knuckle boom crane at aft end workshop. 4 x MAK 6M total 9785BHP. Diesel electric. Contaz 15 Contra Rotating Azimuthing Props. Two 1042BHP bow thrusters + 1200BHP UL 1201 Aquamaster azimuthing thruster. Speed abt. 15.5kn (max transit), 14.9kn service and 12.5kn economic. Accommodations for 49 persons in single and double en-suite cabins. Two full online and offline survey rooms total 85m2. 2-15m2 charterer's offices. 1 ship's office. 2 recreations rooms. Mess room. Gymnasium. Sauna. Fully redundant DP-2 system. Nautronix DPS 5002. 2 x Hydro Accoustics Digital L&USBL system (Simrad Hi Pap 500 & Nautronix Naspos). 1 fan beam laser. 2 DGPS. ROV Mezzanine deck 150m3 with fully enclosed workshops and maintenance area. Optional items include helideck installed rated for Super Puma ops; 20 mt @ 15m heavy duty crane with kick out to 20m and 2,000m wire; equipment deployment moon pool installed. Vessel prepared for installation of hanger & A-frame.



Full details on these vessels and others are available on the internet at www.marcon.com.

We invite your company's news, vessel photographs and press releases.