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UTILITY BOAT MARKET REPORT

Gentlemen:

As the market changes we continue to track availability of vessels, average prices and ages of vessels on the market for sale. Note, that there are always a few vessels "not officially listed for sale" which we may develop on a private & confidential basis. Following is a breakdown of available foreign and U.S. flag utility boats:

LOA	20' 30'	30' 40'	40' 50'	50' 60'	60' 70'	70' 80'	80' 90'	90' 100'	100' 110'	110' 120'	120' 130'	130' +	Total
Apr 1997	3	4	7	6	3	1	2	3	15	16	7	4	**71**
Jan 1998	1	3	5	9	1	1	4	6	8	15	5	3	**61**
Jan 1999	2	3	5	7	1	3	4	6	4	15	8	5	**63**
Jan 2000	1	1	4	5	1	3	5	6	8	26	10	4	**74**
Jun 2000	1	1	4	5	2	3	4	6	8	30	15	5	**84**
Oct 2000	1	0	4	3	2	2	3	6	8	30	20	6	**85**
Mar 2001	1	0	4	2	1	2	4	5	8	23	17	6	**73**
Jun 2001	3	0	5	3	1	2	3	5	9	23	20	6	**80**
Oct 2001	4	0	6	2	2	2	2	4	7	22	16	4	**71**
Feb 2002 (Total)	3	0	4	2	3	2	4	3	7	24	15	6	**73**
May 2002 (Total)	**4**	**0**	**2**	**2**	**3**	**2**	**4**	**2**	**8**	**23**	**12**	**5**	**67**
May 2002 (U.S.)	**3**	**0**	**1**	**2**	**1**	**0**	**2**	**1**	**7**	**12**	**5**	**1**	**36**
Avg. Age (Total)	**1985**	**-**	**2002**	**1966**	**1984**	**1979**	**1979**	**1979**	**1976**	**1979**	**1978**	**1978**	
Avg. BHP (Total)	**390**	**-**	**208**	**330**	**540**	**865**	**1,340**	**940**	**838**	**1,067**	**1,113**	**1,456**	

Market Overview

Out of the 5,779 vessels currently tracked by Marcon, 249 are utility boats. Since last year at this time the number of utility boats Marcon has officially on the market for sale has fallen by about 10 vessels. At this time Marcon has only listed four vessels which were built within the "magic" ten year window every buyer would like have. 19 vessels listed are 25 years of age or older and five do not have any year built in our records. The oldest utility boat listed was built in 1963. Average utility boat prices for vessels in the 80 – 125' range have fallen about 15% since the beginning of the year. Since January 2002, actual sales prices of vessels and barges sold by Marcon have averaged 83.32% of the asking price.

Low gas prices in the U.S. have resulted in falling demand for drilling on the shallow water shelf. This has directly effected the number of supply and utility vessels needed, lowering rates and utilization. Rates for 110' to 120' utilities are in the USD 1,500 to 2,000 per day range. Rates for new generation 145' vessels have dropped to the region of USD 2,750 to 3,000 per day. Spot and long term rates may vary, but this shows a meaningful decline from the highs of USD 3,500 to 4,500 per day received in the past for the 145's. Natural gas prices have been on the rise lately and should continue to rise gradually based on reduced E & P generating less supply. If the economy strengthens in the second half of 2002, the demand should also gradually rebound. Any strengthening in the economy should also help to move energy companies ahead on projects in general.

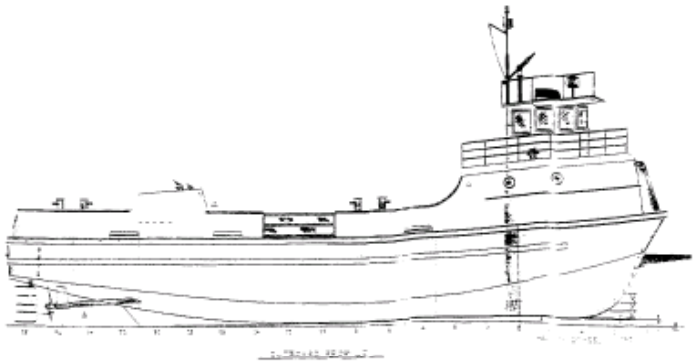
According to their first quarter results announcement, SEACOR SMIT of Houston has permanently removed fifteen U.S. flag utility boats from service at the beginning of 2002 and are being held for sale. Twenty-eight additional vessels, primarily U.S. utility and crew, were out-of-service at the end of the first quarter due to market conditions. SEACOR continues their 145' class utility boat building program at Bollinger Shipyards Inc.

New Construction

Bollinger Shipyards, Inc., Lockport, La., is building three 145' supply/utility boats for Edison Chouest Offshore. Vessels will meet new regulatory standards and will be less than 100 GT (U. S. Reg.) and less than 500 GT (ITC) registered tonnage. Each vessel will be 145' long with a 36' beam and maximum draft of 11.5'. Normal operating draft will be eight feet. The first vessel will be powered by two Cummins KTA-38MO diesel engines rated @750BHP at 1600 RPM. The Cummins package will drive Bollinger 72" x 57", four-blade, stainless steel propellers through Twin Disc MG5301 reverse/reduction gears with a ratio of 4.96:1. The second and third vessels will be powered by two Caterpillar 3508B-diesel engines rated at 855 BHP at 1600 RPM. They will drive 72", four blade NIBRAL propellers through Twin Disc MG 5301 reverse reduction gears with a ratio of 4.96:1. International Marine Systems Hydraulic steering will be installed at two pilothouse stations and a 272 HP Schottel, STT-110 bow thruster will aid steering on all three vessels. The engines feature a "package" that meets new IMO (International Maritime Organization) emission standards. The boats' electrical power will be provided by two Cummins 6CTA8.36 diesels driving two Cummins 99 KW generators with direct drive liquid mud pumps off of the generator engines thereby eliminating belt systems. Each of the new Chouest OSV's will be equipped with 4 liquid mud tanks and 2 Methanol tanks. Their large 95' x 32' aft decks will be able to carry up to 390 long tons of cargo. Their crew/passenger decks will emphasize crew comfort with larger staterooms and living quarters with extra sound proofing and carpeting and 20 tons of Carrier air conditioning and 25KW heating. Delivery of the first vessel will be summer 2002 with the remaining vessels following in October and December 2002. Contract terms were not disclosed. Edison Chouest was founded in 1960 and currently has over 300 vessels and over 3,000 employees' world wide, including all affiliates. Chouest is a leader in the U.S. Gulf of Mexico deep water market with high-tech, high-capacity offshore vessels ranging from 87ft to 350ft. Today, Chouest has under charter the largest number of privately owned and operated special-purpose vessels to the US Government, while owning and operating the largest independently owned fleet of seismic/research vessels in the world.

Featured Listings

UB08533 Utility Boat 85' x 33' x 11' depth. Built 1981 by Bollinger Shipyard. US Flag. G/NRT 84/57. USCG Certified 16 passengers renewed in March '01. ABS Loadline. Fuel 23,000g. Lube Oil 665g. FW (cargo) – 9,600 g. FW (vessel's) – 2,000g. BW 65,000g. Clear deck 50'x30'. Deck Cargo 50LT. 2 x GM12V92 total 900BHP @ 1800 rpm. Twin Disc 4:1 gears. 52"x44" 4-blade props. Speed 10 knots. Anchor windlass forward. 1-330 lb. anchor. 2-50kW / GM3-71 110/220v AC generators. Quarters for total 20 persons. Air-conditioned. Full galley, etc. Full electronics including radar, VHF, SSB, GPS, fathometer. Built specifically to handle DOT tanks with a capacity of 15T each on deck. Located US Gulf. Stern controls. Vessel working but Owner will consider sale 'as is, where is'. As brokers, we invite all serious cash offers, to test after inspection. Full details on this vessel and others available on the internet at www.marcon.com.



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Details are believed correct but are not guaranteed. All vessels are offered subject to prior sale or charter.