HORNBECK OFFSHORE SERVICES INC /LA
Form 424B3
January 25, 2010
**Table of Contents**

**Filed Pursuant to Rule 424(b)(3)**
**Registration No. 333-162197**

**Prospectus**

# Hornbeck Offshore Services, Inc.

***$250,000,000***

***Offer to Exchange***

***8.000% Series B Senior Notes due 2017***

***with Issuance Registered under the Securities Act of 1933***

***for***

***8.000% Series A Senior Notes due 2017***

**Terms of the Exchange Offer:**

We are offering to exchange up to $250,000,000 in principal amount of our 8.000% Series B Senior notes due 2017 for our outstanding 8.000% Series A Senior notes due 2017. The issuance of the Series B notes has been registered under the Securities Act of 1933. The Series B notes are tradable without restriction under the federal securities laws and have terms that are substantially identical to the terms of the Series A notes.

We will exchange all Series A notes that you validly tender and do not validly withdraw before the exchange offer expires for an equal principal amount of Series B notes.

The exchange offer expires at 5:00 p.m., New York City time, on February 23, 2010, unless extended. We do not currently intend to extend the exchange offer.

Tenders of Series A notes may be withdrawn at any time before the expiration of the exchange offer.

The exchange of Series B notes for Series A notes should not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

Each broker-dealer that receives Series B notes in connection with this exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Series B notes. If a broker-dealer acquired Series A notes as a result of market-making or other trading activities, such broker-dealer may use this prospectus, as supplemented or amended, in connection with resales of Series B notes.

**The Series B Notes:**

*Maturity*. The Series B notes will mature on September 1, 2017.

*Interest Payments*. Interest on the Series B notes is payable on March 1 and September 1 of each year, beginning on March 1, 2010, and will accrue from August 17, 2009, the date of issuance of the Series A notes.

*Ranking; Guarantees*. The Series B notes will be senior unsecured obligations and will rank equally in right of payment with all of our senior debt and senior to any subordinated debt. The Series B notes will initially be guaranteed on a senior unsecured basis by our domestic, significant subsidiaries. The guarantees will rank equally in right of payment with all of the senior debt of our subsidiary guarantors. The Series B notes and guarantees will be effectively subordinated to any secured debt, to the extent of the fair value of the assets securing such debt, and to any indebtedness of our non-guarantor subsidiaries.

*Optional Redemption*. We may, at our option, redeem all or part of the Series B notes from time to time at the redemption prices and subject to the conditions described in this prospectus.

*Change of Control*. If we undergo a change of control, we may be required to offer to purchase notes from holders.

*Listing*. We do not intend to list the Series B notes on any securities exchange or arrange for them to be quoted on any quotation system.

**See the Description of the Series B Notes section beginning on page 47 for more information about the Series B notes to be issued in this exchange offer.**

**See Risk Factors beginning on page 17 for a discussion of certain risks that you should consider before participating in the exchange offer.**

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

The date of this prospectus is January 25, 2010

Table of Contents

**TABLE OF CONTENTS**



## ABOUT THIS PROSPECTUS

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

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Commission under the Securities Exchange Act of 1934, as amended, or Exchange Act. The reports and documents that we file with the Commission are available free of charge at the Commission s website named below, as well as our website at *http://www.hornbeckoffshore.com* under the caption Investors. Information on our website does not constitute part of this prospectus.

We have filed with the Commission a registration statement on Form S-4 under the Securities Act of 1933, as amended, or Securities Act, related to the Series B notes offered by this prospectus. As allowed by Commission rules, this prospectus does not contain all of the information contained in the registration statement. The complete registration statement and the documents filed as exhibits to the registration statement are available to the public over the Internet at the Commission s web site at *http://www.sec.gov*. If you have a question on i

any contract, agreement or other document filed as an exhibit to the registration statement, please see the exhibits for a more complete description of the matter involved. You may also read and copy any document we have filed with or furnished to the Commission at its public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of these documents at prescribed rates by writing to the Public Reference Section of the Commission at 100 F Street, N.E., Washington, D.C. 20549. Please call the Commission at 1-800-732-0330 for further information on the operation of the public reference facilities. Our Commission filings are also available on the Commission s web site at *http://www.sec.gov*.

Table of Contents

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This prospectus incorporates by reference important business and financial information about us that we have not included in or delivered with this prospectus. This means that we are disclosing important information to you by referring you to filings with the Commission under the Exchange Act. The information we incorporate by reference is considered a part of this prospectus, and subsequent information that we file with the Commission will automatically update and supersede this information.

Any statement contained in a document incorporated or considered to be incorporated by reference in this prospectus shall be considered to be modified or superseded for purposes of this prospectus to the extent a statement contained in this prospectus or in any other subsequently filed document that is or is considered to be incorporated by reference in this prospectus modifies or supersedes such statement.

We incorporate by reference the following documents that we have filed with the Commission:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, including information specifically incorporated by reference into our Form 10-K from our Proxy Statement for our Annual Meeting of Stockholders held on May 26, 2009;

- our Quarterly Reports on Form 10-Q for the three months ended March 31, 2009, June 30, 2009 and September 30, 2009; and

- our Current Reports on Form 8-K filed on February 19, 2009, April 30, 2009, July 30, 2009, August 11, 2009, August 18, 2009, November 5, 2009 and November 6, 2009 (excluding the information furnished in Item 2.02 and Item 7.01 thereof, which is not deemed filed and which is not incorporated by reference herein).

Our Current Report on Form 8-K filed on August 11, 2009 includes an updated Management s Discussion and Analysis of Financial Condition and Results of Operations, consolidated financial statements and accompanying notes for the years ended December 31, 2006, 2007 and 2008, which give retrospective effect to the adoption of new accounting rules applicable to our 1.625% convertible senior notes due 2026 effective January 1, 2009.

In addition, we incorporate by reference any future filings we make with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus until we have sold all of the notes to which this prospectus relates or the offering is otherwise terminated. We will provide free copies of any of those documents, the indenture or the registration rights agreement, if you write or telephone us at: Hornbeck Offshore Services, Inc., 103 Northpark Boulevard, Suite 300, Covington, Louisiana 70433, (985) 727-2000 (attention James O. Harp, Jr., Executive Vice President and Chief Financial Officer). In order to obtain timely delivery of such documents, holders of outstanding Notes must request this information no later than five business days prior to the expiration date of the exchange offer for the outstanding Series A notes.

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

This prospectus includes or incorporates by reference certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. Forward-looking statements are all statements other than historical facts, such as statements regarding assumptions, expectations, beliefs and projections about future events or conditions. You can generally identify forward-looking statements by the appearance in such a statement of words like anticipate, believe, continue, could, estimat expect, forecast, intend, may, might, plan, potential, predict, project, should or will or other comparable words or the nega The accuracy of the Company s assumptions, expectations, beliefs and projections depend on events or conditions that change over time and are thus susceptible to change based on actual experience, new developments and known and unknown risks. The Company gives no assurance that the forward-looking statements will prove to be correct and does not undertake any duty to update them. The Company s actual future results might differ from the forward-looking statements made in this prospectus for a variety of reasons, which include:

- the Company s inability to successfully or timely complete its various vessel construction and conversion programs, especially its MPSV program, which involves the construction and integration of highly complex vessels and systems;
- changes in its vessel construction and conversion budgets;
- less than anticipated success in marketing and operating its MPSVs, which are a class of vessels that the Company does not have a long history of owning or operating;
- the inability of the Company s MPSVs to perform the services for which they were designed;
- further weakening of demand for the Company s services;
- inability to effectively curtail operating expenses from stacked vessels;
- the potential for valuation impairment charges;
- the inability to sell or otherwise dispose of non-core assets on acceptable terms;
- unplanned customer suspensions, cancellations, rate reductions or non-renewals of vessel charters or failures to finalize commitments to charter vessels;
- industry risks;
- further reductions in capital spending budgets by customers;
- further decline in oil and natural gas prices;

increases in operating costs;

the inability to accurately predict vessel utilization levels and dayrates;

less than anticipated subsea infrastructure demand activity in the U.S. Gulf of Mexico and other markets;

- the level of fleet additions by competitors that could result in over-capacity;
- economic and political risks including those that are the result of proposed changes to policies and laws currently being considered in the United States;
- weather related risks;
- the risk of pandemics such as swine flu;
- the inability to attract and retain qualified marine personnel;
- regulatory risks;
- the repeal or administrative weakening of the Jones Act;
- drydocking delays and cost overruns and related risks;
- vessel accidents or pollution incidents resulting in lost revenue or expenses that are unrecoverable from insurance policies or other third parties;
- unexpected litigation and insurance expenses; and
- fluctuations in foreign currency valuations compared to the U.S. dollar and risks associated with expanded foreign operations.

In addition, the Company s future results may be impacted by continued volatility or deterioration in capital markets and the worldwide economic downturn, inflation, deflation, or other adverse economic conditions that may negatively affect it or parties with whom it does business resulting in their non-payment or inability to perform obligations owed to the Company, such as the failure of shipyards and major suppliers to complete orders or the failure by banks to provide expected funding under the Company s credit agreement. Should one or more of the foregoing risks or uncertainties materialize in a way that negatively impacts the Company, or should the Company s underlying assumptions prove incorrect, the Company s actual results may vary materially from those anticipated in its forward-looking statements, and its business, financial condition and results of operations could be materially and adversely affected. Additional factors that you should consider are set forth in detail in the Risk Factors section of this prospectus as well as filings the Company has made and will make with the Commission which, after their filings, can be found on the Company s website *http://www.hornbeckoffshore.com*. When you consider our forward-looking statements, you should keep in mind the risk factors we describe and other cautionary statements we make in this prospectus and in such filings.

**Table of Contents**

## PROSPECTUS SUMMARY

*This prospectus summary highlights selected information contained elsewhere or incorporated by reference in this prospectus. We urge you to carefully read all of this prospectus and the documents incorporated by reference, including our consolidated financial statements and accompanying notes, to gain a fuller understanding of our business and the exchange offer and the terms of the notes, as well as some of the other considerations that may be important to you, before deciding whether to participate in the exchange offer. You should pay special attention to the Risk Factors section of this prospectus to determine whether to participate in the exchange offer.*

*Unless otherwise indicated or the context otherwise requires, in this prospectus, we, us, our, the Company and Hornbeck refer to Hornbeck Offshore Services, Inc. and its consolidated subsidiaries. References in this prospectus to OSVs mean offshore supply vessels; to TTB mean ocean-going tugs and tank barges; to MPSVs mean multi-purpose support vessels; to AHTS mean anchor-handling towing supply; to ROVs mean remotely operated vehicles; to DP-1, DP-2 and DP-3 mean various classifications of dynamic positioning systems on new generation vessels to automatically maintain a vessel s position and heading; to flotel mean accommodations services, such as lodging, meals and office space; to deepwater mean offshore areas, generally 1,000 to 5,000 in depth; to ultra-deepwater mean offshore areas, generally more than 5,000 in depth; to deep well mean a well drilled to a true vertical depth of 15,000 or greater; to new generation, when referring to OSVs, mean modern, deepwater-capable vessels subject to the regulations promulgated under the International Convention on Tonnage Measurement of Ships, 1969, which was adopted by the United States and made effective for all U.S.-flagged vessels in 1992 and foreign-flagged equivalent vessels; and to conventional, when referring to OSVs, mean vessels that are at least 20 years old, are generally less than 200 in length or carry less than 1,500 dead weight tons of cargo when originally built and primarily operate on the Continental Shelf.*

*References in this prospectus to Series A notes refers to the 8.000% Series A Senior Notes due 2017 that were issued by us on August 17, 2009; to Series B notes refers to the 8.000% Series B Senior Notes due 2017 offered by us in this prospectus and issuable in the exchange offer; and to notes refers to both the Series A notes and the Series B notes unless stated otherwise herein.*

## THE COMPANY

### Overview

We are a leading provider of marine services to exploration and production, oilfield service, offshore construction and military customers. Since our establishment, we have primarily focused on providing innovative, technologically advanced marine solutions to meet the evolving needs of the deepwater and ultra-deepwater energy industry. During the last five years, we have rapidly expanded our fleet of vessels primarily through new vessel construction programs as well as through acquisitions of existing vessels.

Table of Contents

We operate two business segments in the marine industry. Our Upstream segment, formerly known as our OSV segment, owns and operates one of the youngest and largest fleets of U.S.-flagged, new generation OSVs and MPSVs. Together, these vessels support deepwater and ultra-deepwater exploration, development, production, construction, installation, maintenance, repair and enhanced oil recovery requirements of the oil and natural gas industry, primarily in the U.S. Gulf of Mexico, or GoM, and in select international markets. Our Upstream segment also includes conventional OSVs, work class ROVs and a shore-base facility located in Port Fourchon, Louisiana. On occasion, we provide vessel management services for other vessel owners, such as crewing, daily operational management and maintenance activities. Our Downstream segment, formerly known as our TTB segment, owns and operates a fleet of ocean-going tugs and tank barges that transport petroleum products, primarily in the northeastern United States and the GoM. Although all of our vessels can operate in domestic and international waters, both of our fleets are predominately comprised of vessels that are qualified under Section 27 of the Merchant Marine Act of 1920, also known as the Jones Act, to engage in the U.S. coastwise trade. Foreign owned, built or crewed vessels are restricted in their ability to conduct U.S. coastwise trade and are typically excluded from such trade.

**Upstream Segment**

OSVs primarily serve exploratory and developmental drilling rigs and production facilities and support offshore and subsea construction, installation, maintenance, repair and decommissioning activities. OSVs differ from other ships primarily due to their cargo carrying flexibility and capacity. In addition to transporting deck cargo, such as pipe or drummed material and equipment, OSVs also transport liquid mud, potable and drilling water, diesel fuel, dry bulk cement and personnel between shore bases and offshore rigs and production facilities. In the mid-1990s, oil and natural gas producers began seeking large hydrocarbon reserves in deeper water depths using new, specialized drilling and production equipment. We recognized that the then-existing fleet of conventional OSVs operating in the GoM was not designed to support these more complex projects or to operate in the challenging environments in which they were conducted. Therefore, in 1997, we conceived of a fleet of new generation OSVs with enhanced capabilities to allow them to more effectively support deepwater drilling and related construction projects. In order to best serve these projects, we designed our new generation vessels with larger liquid mud and dry bulk cement capacities, as well as larger areas of open deck space, which are features essential to deepwater projects that are often distant from shore-based support infrastructure. Deepwater environments also require dynamic positioning, or anchorless station-keeping capability, driven primarily by safety concerns that preclude vessels from physically mooring to deepwater installations. Such DP systems have experienced steady increases in technology over time with the highest DP rating currently being DP-3. The number following the DP notation generally indicates the degree of redundancy built into the vessel s systems and the range of usefulness of the vessel in deepwater construction and subsea operations. Higher numbers represent greater DP capabilities.

Since 1997, we have executed our business plan to serve the deepwater exploration and production requirements of our customers with our diverse fleet of new generation OSVs. We own a fleet of 44 new generation OSVs. Our new generation OSV fleet is comprised of a broad array of vessel classes with varying sizes and capabilities. Through a series of newbuild construction programs and multiple acquisitions, we now have a total of ten distinct new generation OSV vessel class designs particularly suited for our customers needs. Our fourth OSV newbuild program consists of vessel construction contracts with three domestic shipyards that will add an additional six 240 ED class OSVs, nine 250 EDF class OSVs and one 290 class OSV, respectively, to our Upstream fleet. Nine of these vessels have already been placed in service. Our newest design, the 250 EDF class, is based on our highly successful 240 ED design modified to lengthen the vessel and expand the propulsion package to achieve faster transit speeds.

MPSVs also support the offshore exploration and production activities of the energy industry. MPSVs are distinguished from OSVs in that they are significantly larger and more specialized vessels that are principally used to support complex deepwater subsea construction, installation, maintenance, repair, decommissioning and other sophisticated operations. These vessels are typically equipped with a variety of lifting and deployment systems, including large capacity cranes, winches or reel systems. For example, MPSVs can serve as a platform for the subsea installation of risers, jumpers and umbilicals. MPSVs also support ROV operations, diving activities, well intervention, including live well intervention, platform decommissioning and other complex construction operations. Generally, MPSVs command higher day rates than OSVs due to their disparate relative size and versatility, as well as higher construction and operating costs.

In May 2005, we conceived of a new breed of MPSV that, in addition to the array of services described above, are also capable of being utilized to transport deck or bulk cargoes with capacities far exceeding that of new generation OSVs. We launched an innovative MPSV program to convert two former U.S.-flagged sulfur carriers into proprietary 370 class DP-2 new generation MPSVs. These MPSVs will have nearly three times the deadweight and liquid mud capacity of one of our 265 class new generation OSVs and more than eight times the liquid mud capacity of one of our 200 class new generation OSVs. In addition, we believe that these MPSVs will be able to assist in large volume deepwater well testing and flow-back operations. In addition, the vessels can be outfitted with a variety of tool kits including large capacity cranes, winches and other apparatus to support offshore construction, subsea well intervention, ROV operations, pipe-hauling and flotel services, among others.

In May 2007, we expanded our MPSV program to include the *HOS Iron Horse*, which is a newbuild MPSV being constructed at IHC Holland s Merwede Shipyard in the Netherlands. The MPSV program was further expanded in January 2008 with the acquisition of the *HOS Achiever*, which was then under construction at IHC Holland s Krimpen Shipyard, also in the Netherlands. The *HOS Iron Horse* and *HOS Achiever* are T-22 class DP-3 new generation MPSVs. A DP-3 notation requires greater vessel and ship systems redundancies. DP-3 systems also include separate vessel compartments with fire-retardant walls for generators, prime movers, switchboards and most other DP components. These T-22 class MPSVs are designed to handle a variety of global offshore energy applications, many of which are not dependent on the exploratory rig count. They are excellent platforms to support subsea-to-surface construction, inspection, repair and maintenance, well intervention,

**Table of Contents**

decommissioning projects and flotel services, as well as pipeline and subsea wellhead installations with ROVs, saturation diving systems and flexible umbilical and flexible pipe-laying capabilities.

**Downstream Segment**

The domestic tank barge industry provides marine transportation of crude oil, petroleum products and petrochemicals by ocean-going tugs and tank barges and is a critical link in the U.S. petroleum distribution chain. The largest tank barge market in the northeastern United States is New York Harbor. Petroleum products are transported in the northeastern United States through a vast network of terminals, tankers and pipelines. Imported petroleum products are primarily delivered to New York Harbor as it has the capacity to receive products in cargo lots of 50,000 tons or more per tanker. By contrast, draft limitations in most New England ports and drawbridge limitations in Boston, Massachusetts and Portland, Maine limit the average cargo-carrying capacity of direct imports into many of the largest New England ports to about 30,000 tons per tanker. As larger petroleum tankers are being built, we believe that direct delivery into New York Harbor will generate increased tank barge demand for lightering services and further shipment to New England, the Hudson River and Long Island.

We offer marine transportation, distribution and logistics services primarily in the northeastern United States and the GoM with our Downstream fleet mix of nine active double-hulled tank barges and 11 active ocean-going tugs. We provide our services to major integrated oil companies, independent refineries and oil traders. Generally, a tug and tank barge work together as a tow to transport refined or bunker grade petroleum products. Our tank barges carry petroleum products that are typically characterized as either clean or dirty. Clean products are primarily gasoline, home heating oil, diesel fuel and jet fuel. Dirty products are mainly crude oils, residual crudes and feedstocks, heavy fuel oils and asphalts. Since 2005, we have taken delivery of eight new double-hulled tank barges and eight retrofitted tugs under a series of Downstream newbuild programs. These tank barges added 780,000 barrels of new double-hulled barge capacity and increased our tug brake horsepower to an average of approximately 3,900 per tug, up from an average of approximately 3,100 per tug.

**Recent Developments**

*Series A Notes Offering*. On August 17, 2009, we issued $250.0 million in aggregate principal amount of Series A notes in a private placement. The net proceeds from the Series A notes offering were approximately $237.3 million, net of estimated transaction costs. We used $200.0 million of such proceeds to repay debt under our revolving credit facility, which may be reborrowed.

*Amended Credit Facility*. On November 4, 2009, we amended the agreement governing our existing senior secured revolving credit facility with Wells Fargo Bank, N.A., as administrative agent, and the lenders party thereto to, among other things, extend the maturity date of the lenders commitments thereunder from September 2011 to March 2013, amend our leverage ratio for certain periods, and permit the Company, under certain circumstances, to expand the commitments under our revolving credit facility up to $350.0 million.

Table of Contents

We were formed as a Delaware corporation in 1997. Our principal executive offices are located at 103 Northpark Boulevard, Suite 300, Covington, Louisiana 70433, and our telephone number is (985) 727-2000. Our website address is *http://www.hornbeckoffshore.com*. Information on our website does not constitute part of this prospectus.

Table of Contents

## SUMMARY OF THE EXCHANGE OFFER

In connection with the offering of the Series A notes, we entered into an exchange registration rights agreement, or registration rights agreement, with the initial purchasers in the offering in which we agreed to complete an exchange offer within 210 days after the date we issued the Series A notes, offering holders of Series A notes the opportunity to exchange their Series A notes for Series B notes in a registered exchange offer under the Securities Act. Holders of Series A notes should read the discussion under the headings Summary of the Terms of the New Series B Notes beginning on page 9 and Description of the Series B Notes beginning on page 46 for further information regarding the Series B notes and resales of the Series B notes.

| | |
|---|---|
| **Exchange Offer** | We are offering to exchange Series B notes for Series A notes. Series A notes may be exchanged only in integral multiples of $1,000. We will exchange Series B Notes for all outstanding Series A notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer. |
| **Expiration Time and Date** | The exchange offer will expire at 5:00 p.m., New York City time, on February 23, 2010, unless we decide to extend it. No extension will continue beyond February 24, 2010. |
| **Condition to the Exchange Offer** | The exchange offer is subject to customary conditions, which we may waive. A minimum aggregate principal amount of outstanding Series A notes being tendered is not a condition to the exchange offer. |
| **Procedures for Tendering Series A Notes** | To participate in the exchange offer, you must follow the procedures established by The Depository Trust Company, or DTC, for tendering the Series A notes. These automated tender offer program procedures require that the exchange agent receive, prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer, a computer generated message known as an agent s message that is transmitted through DTC s automated tender offer program and that DTC confirm that:<br>DTC has received your instructions to exchange your Series A notes, and<br>you agree to be bound by the terms of the letter of transmittal. |

Table of Contents

For more information on tendering your Series A notes, please refer to the sections in this prospectus entitled Exchange Offer Terms of the Exchange Offer, and Procedures for Tendering.

**Resale of Series B Notes**

Except as provided below, we believe that the Series B notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act provided that:

- the Series B notes are being acquired in the ordinary course of business,
- you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate in the distribution of the Series B notes issued to you in the exchange offer,
- you are not our affiliate, and
- you are not a broker-dealer tendering outstanding Series A notes acquired directly from us for your account.

Our belief is based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties that are not related to us. The Commission has not considered this exchange offer in the context of a no-action letter, and we cannot assure you that the Commission would make similar determinations with respect to this exchange offer. If any of these conditions are not satisfied, or if our belief is not accurate, and you transfer any Series B notes issued to you in the exchange offer without delivering a resale prospectus meeting the requirements of the Securities Act or without an exemption from registration of your Series B notes from those requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability. Each broker-dealer that receives Series B notes for its own account in exchange for outstanding Series A notes, where the outstanding notes were acquired by such broker-dealer as a result of market-making or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Series B notes. See Plan of Distribution.

**Table of Contents**

| | |
|---|---|
| **Guaranteed Delivery Procedures** | None. |
| **Withdrawal of Tenders** | You may withdraw your tender of Series A notes at any time prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer, but you must follow the withdrawal procedures described in Exchange Offer Withdrawal of Tenders. |
| **Acceptance and Delivery** | If you fulfill all conditions required for proper acceptance of Series A notes, we will accept all Series A notes that you properly tender in the exchange offer on or before 5:00 p.m., New York City time, on the expiration date. We will return to you without expense any Series A note that we do not accept for exchange, or with respect to which all conditions for acceptance have not been met, as promptly as practicable after the expiration date. We will deliver the Series B notes as promptly as practicable after the expiration date and acceptance of the Series A notes for exchange. |
| **Fees and Expenses** | We will bear all expenses incident to the exchange offer. |
| **Use of Proceeds** | We will not receive any proceeds for the issuance of the Series B notes. We have filed the exchange offer registration statement to meet our obligation under the registration rights agreement. |
| **Failure to Exchange** | If you do not exchange your Series A notes in this exchange offer, you will no longer be able to require us to register the Series A notes under the Securities Act, except in limited circumstances provided under the registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the Series A notes unless we have registered the Series A notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of or in a transaction not subject to the Securities Act. |
| **Tax Considerations** | The exchange of Series B notes for Series A notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. Please see the discussion under Material United Stated Federal Income Tax Consequences for more information regarding the tax consequences to you of the exchange offer. |

**Table of Contents**

**Exchange Agent**

We have appointed Wells Fargo Bank, National Association as exchange agent for the exchange offer. You should direct questions and requests for assistance, additional copies of this prospectus or the letter of transmittal to the exchange agent addressed as follows:

*By Registered or Certified Mail:*

WELLS FARGO BANK, N.A.

Corporate Trust Operations

MAC N9303-121

PO Box 1517

Minneapolis, MN 55480

*By Regular Mail or Overnight Courier:*

WELLS FARGO BANK, N.A.

Corporate Trust Operations

MAC N9303-121

Sixth & Marquette Avenue

Minneapolis, MN 55479

*In Person by Hand Only:*

WELLS FARGO BANK, N.A.

12th Floor  Northstar East Building

Corporate Trust Operations

608 Second Avenue South

Minneapolis, MN 55479

*By Facsimile:*

*(For Eligible Institutions only):*

fax. (612) 667-6282

Attn. Bondholder Communications

*For Information or Confirmation by*

Telephone: (800) 344-5128, Option 0

Attn. Bondholder Communications

9

**Table of Contents**

## SUMMARY OF THE TERMS OF THE NEW SERIES B NOTES

The Series B notes will be substantially identical to the Series A notes except that the issuance of the Series B notes will be registered under the Securities Act and the Series B notes will not have restrictions on transfer under the Securities Act, registration rights or provisions for payment of additional interest as liquidated damages. The Series B notes will evidence the same debt as the Series A notes, and the same indenture that governs the Series A notes will govern the Series B notes offered by this prospectus.

| | |
|---|---|
| **Securities Offered** | $250,000,000 aggregate principal amount of Series B notes. |
| **Maturity** | September 1, 2017. |
| **Interest Payment Dates** | We will pay interest on the notes semi-annually in arrears on March 1 and September 1 of each year, commencing March 1, 2010. Interest will accrue from August 17, 2009. |
| **Guarantees** | All of our domestic, significant subsidiaries will guarantee the Senior B notes on a senior, unsecured basis. |
| **Ranking** | The Senior B notes will be senior, unsecured obligations, ranking equally in right of payment with all of our other existing and future senior indebtedness and senior in right of payment to any subordinated indebtedness incurred by us in the future. The indenture governing the notes permits us and our subsidiaries to incur additional indebtedness, subject to certain conditions. The Series B notes and subsidiary guarantees will be effectively subordinated to our secured indebtedness and that of our subsidiary guarantors, including any indebtedness under our $250.0 million revolving credit facility, to the extent of the fair value of our assets and those of our subsidiaries collateralizing such indebtedness, and to any indebtedness of our non-guarantor subsidiaries. |
| **Optional Redemption** | We may, at our option, redeem all or a part of the Series B notes at any time on or after September 1, 2013 at the redemption prices described in this prospectus. At any time before September 1, 2013, we may also redeem all or a part of the Series B notes at a redemption price equal to 100% of the principal amount of the Series B notes plus the make whole premium described in this prospectus. In addition, prior to September 1, 2012, we may redeem up to 35% of the aggregate principal amount of the Series B notes with the proceeds of certain equity offerings at the redemption price specified in this prospectus. |

| | |
|---|---|
| **Change of Control** | If we experience a change of control, any noteholder may require us to repurchase all or a part of its Series B notes for cash at 101% of the principal amount of such Series B notes. |
| **Certain Covenants** | The indenture for the Series B notes contains certain covenants that, among other things, limits our ability and that of certain of our subsidiaries to:<br>pay dividends or make other distributions,<br>purchase equity interests or redeem subordinated indebtedness early,<br>incur additional indebtedness,<br>create liens on our assets to secure debt,<br>engage in sale-and-leaseback transactions,<br>issue or sell capital stock of our subsidiaries,<br>sell assets or merge or consolidate with another company, and<br>enter into certain transactions with affiliates. |

All of these limitations will be subject to a number of important qualifications.

| | |
|---|---|
| **Covenant Termination** | Once the Series B notes are rated investment grade by either Moody s or S&P and no default has occurred and is continuing under the indenture governing the Series B notes, we and our subsidiaries will no longer be subject to many of the foregoing covenants. See Description of the Series B Notes Covenant Termination. |
| **No Existing Public Market** | The Series B notes will be transferable without restriction under U.S. federal securities laws, but there is currently no public market for the Series B notes. We can provide no assurance that any market for the Series B notes will develop or, if a market does develop, that it will offer any significant opportunity for liquidity. |
| **Governing Law** | New York. |
| **Trustee** | Wells Fargo Bank, National Association. |

**Risk Factors**

You should read carefully Risk Factors beginning on page 16 of this prospectus for certain considerations relevant to your participation in the exchange offer.

*For further information regarding the Series B notes, see Description of the Series B Notes.*

Table of Contents

**SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION**

Our summary historical consolidated financial information as of and for the periods ended December 31, 2004, 2005, 2006, 2007 and 2008 was derived from our audited historical consolidated financial statements prepared in accordance with generally accepted accounting principles, or GAAP. The data should be read in conjunction with and is qualified in its entirety by reference to Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and the notes to those statements. We have updated our Management s Discussion and Analysis of Financial Condition and Results of Operations, consolidated financial statements and accompanying notes for the year ended December 31, 2008 in a Current Report on Form 8-K filed on August 11, 2009, which gives retrospective effect to our adoption of new accounting rules regarding our 1.625% convertible senior notes due 2026 effective January 1, 2009. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009 and our Current Report on Form 8-K filed on August 11, 2009 are each incorporated by reference into this prospectus. In the opinion of management, the unaudited data includes all adjustments consisting of normal and recurring adjustments necessary for a fair presentation of our financial position and results of operations as of and for these quarterly periods. Operating results for the nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

| (in thousands, except operating data) | Year ended December 31, | | | | | Nine months ended September 30, | |
|---|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2008 | 2009 |
| **Statements of Operations Data:** | | | | | | | |
| Revenues | $ 132,261 | $ 182,586 | $ 274,551 | $ 338,970 | $ 432,084 | $ 311,053 | $ 297,642 |
| Operating expenses | 58,520 | 66,910 | 95,591 | 126,876 | 164,532 | 124,363 | 121,191 |
| Depreciation and amortization(1) | 23,135 | 27,270 | 32,021 | 35,169 | 52,002 | 38,040 | 75,974 |
| General and administrative expenses | 14,759 | 20,327 | 28,388 | 32,857 | 37,155 | 26,718 | 23,302 |
| Gain on sale of assets | 65 | 1,893 | 1,854 | 1,859 | 8,402 | 8,402 | 346 |
| Operating income | 35,912 | 69,972 | 120,405 | 145,927 | 186,797 | 130,334 | 77,521 |
| Loss on early extinguishment of debt | 22,443 | 1,698 | | | | | |
| Interest income | 356 | 3,178 | 16,074 | 18,414 | 1,525 | 1,370 | 365 |
| Interest expense | 17,698 | 12,558 | 18,866 | 21,299 | 8,331 | (5,466) | (12,584) |
| Other income (expense)(2) | 70 | 87 | 70 | (43) | 190 | 141 | (263) |
| Income (loss) before income taxes | (3,803) | 58,981 | 117,683 | 142,999 | 180,181 | 126,379 | 65,039 |
| Income tax expense (benefit) | (1,320) | 21,538 | 42,727 | 51,782 | 64,379 | (45,222) | (23,965) |
| Net income (loss) | $ (2,483) | $ 37,443 | $ 74,956 | $ 91,217 | $ 115,802 | $ 81,157 | $ 41,074 |
| **Balance Sheet Data (at period end):** | | | | | | | |
| Cash and cash equivalents | $ 54,301 | $ 271,739 | $ 474,261 | $ 173,552 | $ 20,216 | $ 21,335 | $ 61,891 |
| Working capital | 52,556 | 290,471 | 489,261 | 214,266 | 66,069 | 55,331 | 106,455 |
| Property, plant, and equipment, net | 361,219 | 462,041 | 532,158 | 956,558 | 1,405,340 | 1,347,586 | 1,563,202 |
| Total assets | 460,571 | 796,675 | 1,098,587 | 1,265,399 | 1,595,743 | 1,528,730 | 1,766,132 |
| Total short-term debt(3) | 15,449 | | | | | | |
| Total long-term debt(4) | 225,000 | 299,449 | 475,282 | 484,076 | 618,519 | 601,094 | 743,913 |
| Total stockholders equity | 182,904 | 429,495 | 502,280 | 606,147 | 736,900 | 699,072 | 784,634 |

Table of Contents

| (in thousands, except operating data) | Year ended December 31, 2004 | 2005 | 2006 | 2007 | 2008 | Nine months ended September 30, 2008 | 2009 |
|---|---|---|---|---|---|---|---|
| **Statement of Cash Flows Data:** | | | | | | | |
| Net cash provided by (used in): | | | | | | | |
| Operating activities | $ 21,405 | $ 75,806 | $ 131,996 | $ 138,550 | $ 206,832 | $ 150,631 | $ 142,613 |
| Investing activities | (61,378) | (120,617) | (87,344) | (442,032) | (487,293) | (414,503) | (214,802) |
| Financing activities | 81,358 | 262,202 | 157,797 | 2,710 | 127,109 | 111,638 | 113,856 |
| **Other Financial Data (unaudited):** | | | | | | | |
| EBITDA(5) | $ 36,674 | $ 95,631 | $ 152,496 | $ 181,053 | $ 238,989 | $ 168,515 | $ 153,232 |
| Capital expenditures | 61,378 | 124,964 | 91,418 | 447,915 | 505,105 | 432,315 | 221,849 |
| **Other Operating Data (unaudited):** | | | | | | | |
| *Offshore Supply Vessels:* | | | | | | | |
| Average number of new generation OSVs(6) | 22.8 | 24.6 | 25.0 | 29.0 | 36.4 | 35.8 | 42.2 |
| Average new generation OSV fleet capacity (deadweight tons) | 51,938 | 57,658 | 59,042 | 67,739 | 84,892 | 83,157 | 102,890 |
| Average new generation vessel capacity (deadweight tons) | 2,274 | 2,341 | 2,362 | 2,341 | 2,329 | 2,321 | 2,436 |
| Average new generation utilization rate(7) | 87.5% | 96.2% | 90.3% | 93.3% | 95.4% | 95.0% | 82.5% |
| Effective new generation utilization rate(8) | 87.5% | 96.2% | 90.3% | 93.3% | 95.4% | 95.0% | 87.6% |
| Average new generation OSV dayrate(9) | $ 10,154 | $ 13,413 | $ 19,380 | $ 21,505 | $ 22,939 | $ 22,411 | $ 21,829 |
| Effective dayrate(10) | $ 8,885 | $ 12,903 | $ 17,500 | $ 20,064 | $ 21,884 | $ 21,290 | $ 18,009 |
| *Tugs and Tank Barges:* | | | | | | | |
| *Double-hulled tank barges(11):* | | | | | | | |
| Average number of tank barges(12) | 1.0 | 2.5 | 6.0 | 6.5 | 8.8 | 8.8 | 9.0 |
| Average fleet capacity (barrels)(12) | 81,364 | 275,437 | 685,902 | 719,354 | 872,347 | 868,255 | 884,621 |
| Average barge capacity (barrels) | 81,364 | 98,586 | 114,317 | 109,943 | 98,824 | 99,002 | 98,291 |
| Average utilization rate(7) | 98.8% | 92.6% | 97.9% | 92.4% | 85.0% | 88.2% | 71.5% |
| Average dayrate(13) | $ 12,134 | $ 17,409 | $ 24,539 | $ 23,026 | $ 21,806 | $ 22,294 | $ 22,797 |
| Effective dayrate(10) | $ 11,988 | $ 16,121 | $ 24,024 | $ 21,276 | $ 18,535 | $ 19,663 | $ 16,300 |

(1) During the nine months ended September 30, 2009, we recorded a non-cash asset impairment charge of $26.7 million in depreciation and amortization related to ten single-hulled tank barges and six ocean-going tugs and the write-off of remaining goodwill associated with our Downstream segment.

(2) Represents other operating income and expenses, including equity in income from investments and foreign currency transaction gains or losses.

(3) Represents the remaining balance of approximately $15,500 in aggregate principal amount of our 10.625% senior notes due 2008 that were redeemed on January 14, 2005 and excludes original issue discount associated with our 10.625% senior notes in the amount of $97 as of December 31, 2004.

(4) Excludes original issue discount associated with our 6.125% senior notes in the amount of $551, $503, $453, $398, $413 and $356 as of December 31, 2005, 2006, 2007 and 2008, and as of September 30, 2008 and 2009, respectively. Excludes original issue discount associated with our 1.625% convertible senior notes in the amount of $74,215, $65,471, $56,083, $58,493 and $48,591 as of December 31, 2006, 2007, and 2008, and as of September 30, 2008 and 2009, respectively. Also excludes original issue discount associated with our 8.000% Series A notes in the amount of $7,140 as of September 30, 2009.

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

(6) We operated 44 new generation OSVs as of September 30, 2009. For the nine months ended September 30, 2009, the average number of new generation OSVs above includes the *HOS Mystique*, *HOS Lode Star, HOS Coral, HOS Black Powder* and *HOS Westwind*, which are five newly constructed OSVs that were placed in service under our fourth OSV newbuild program in January 2009, February 2009, March 2009, June 2009 and June 2009, respectively. At September 30, 2009, seven new generation OSVs were stacked. For the nine months ended September 30, 2008, the average number of new generation OSVs above includes the *HOS Polestar* and *HOS Shooting Star*, two newly constructed OSVs that were placed in service under our fourth newbuild program. We operated 39 new generation OSVs as of December 31, 2008. For the year ended December 31, 2008, the average number of new generation OSVs above includes the *HOS Polestar*, *HOS Shooting Star, and HOS North Star,* three newly constructed 240 ED class OSVs that were placed in service under our fourth OSV newbuild program in May 2008, July 2008, and November 2008, respectively, and the *HOS Resolution,* a 250 EDF class OSV that was also placed in service under our fourth OSV newbuild program in October 2008. Also included are 10 new generation OSVs that were acquired in August 2007. Excluded from this data are 10 conventional OSVs that were also acquired in August 2007, including the *Cape Scott*, which was sold in May 2008, the

**Table of Contents**

*Cape Cod, Cape San Lucas* and *Cape Spencer*, which were sold in August 2008 and the *Cape Charles, Cape Misty,* and *Cape Hatteras* which were sold in August 2009. We consider our three remaining conventional OSVs that are currently stacked to be non-core assets.

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

(8) Effective utilization rate is based on a denominator comprised only of vessel-days available for service by the active fleet, which excludes the impact of stacked vessel days.

(9) Average dayrates represent average revenue per day, which includes charter hire, crewing services and net brokerage revenues, based on the number of days during the period that the OSVs generated revenue.

(10) Effective dayrate represents the average dayrate multiplied by the average utilization rate.

(11) The operating data presented above reflects only the results from our double-hulled tank barges. Our single-hulled tank barges, all of which have been stacked, have been excluded from our Downstream dayrate and utilization rate information. Our active Downstream fleet is comprised of nine double-hulled barges and ten ocean-going tugs.

(12) We owned 9 double-hulled tank barges as of September 30, 2009. Effective January 1, 2009, and June 17, 2009, the *Energy 11102* and the *Energy 11101* were excluded from the above table, because they reached their respective OPA 90 phase-out dates and were removed from active service. Currently, all of our remaining single-hulled tank barges are stacked. The averages for the years ended December 31, 2008 and December 31, 2007 include the *Energy 6506, Energy 6507* and *Energy 6508*, three double-hulled tank barges delivered under our second TTB newbuild program in August 2007, November 2007, and March 2008, respectively.

(13) Average dayrates represent average revenue per day, including time charters, brokerage revenue, revenues generated on a per-barrel transported basis, demurrage, shipdocking and fuel surcharge revenue, based on the number of days during the period that the tank barges generated revenue. For purposes of brokerage arrangements, this calculation excludes that portion of revenue that is equal to the cost of in-chartering third-party equipment paid by customers.

***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 Commission. We define EBITDA as earnings (net income) before interest, income taxes, depreciation and amortization. Our measure of EBITDA may not be comparable to similarly titled measures presented by other companies. Other companies may calculate EBITDA differently than we do, which may limit its usefulness as comparative measure.

We view EBITDA primarily as a liquidity measure and, as such, we believe that the GAAP financial measure most directly comparable to this measure is cash flows provided by operating activities. Because EBITDA is not a measure of financial performance calculated in accordance with GAAP, it should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP.

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

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

**Table of Contents**

The following table provides the detailed components of EBITDA, as we define that term, for the following periods.

| | Year ended December 31, | | | | | Nine months ended September 30, | |
|---|---|---|---|---|---|---|---|
| (in thousands) | 2004 | 2005 | 2006 | 2007 | 2008 | 2008 | 2009 |
| **Components of EBITDA:** | | | | | | | |
| Net income (loss) | $ (2,483) | $ 37,443 | $ 74,956 | $ 91,217 | $ 115,802 | $ 81,157 | $ 41,074 |
| Interest, net: | | | | | | | |
| Debt obligations | 17,698 | 12,558 | 18,866 | 21,299 | 8,331 | 5,466 | 12,584 |
| Interest income | (356) | (3,178) | (16,074) | (18,414) | (1,525) | (1,370) | (365) |
| Total interest, net | 17,342 | 9,380 | 2,792 | 2,885 | 6,806 | 4,096 | 12,219 |
| Income tax expense (benefit) | (1,320) | 21,538 | 42,727 | 51,782 | | | |