

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1997

Commission File Number 0-12289

SEACOR SMIT INC.
(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

13-3542736
(I.R.S. Employer
Identification No.)

11200 WESTHEIMER, SUITE 850
HOUSTON, TEXAS 77042
(713) 782-5990

Not Applicable
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

The total number of shares of Common Stock, par value \$.01 per share, outstanding as of August 11, 1997 was 13,823,642. Registrant has no other class of Common Stock outstanding.

SEACOR SMIT INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SEACOR SMIT INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (IN THOUSANDS, EXCEPT SHARE DATA, UNAUDITED)

<TABLE>
 <CAPTION>

December 31,	June 30,
1996	1997
-----	-----
ASSETS	
Current Assets:	
Cash and cash equivalents.....	\$ 162,213
\$ 149,053	
Investment securities.....	-
Trade and other receivables, net of allowance for doubtful accounts of \$1,080 and \$475, respectively.....	64,550
Affiliate receivables.....	5,451
Inventories.....	1,827
Prepaid expenses and other.....	2,551
Total current assets.....	236,592
Investments in, at Equity, and Receivables from 50% or Less Owned Companies.....	28,982
Property and Equipment.....	505,070
Less--Accumulated depreciation.....	(100,715)
Net property and equipment.....	404,355
Restricted Cash.....	32,495
Other Assets.....	18,286
Total Assets.....	\$ 720,710
\$ 636,455	

LIABILITIES AND STOCKHOLDERS' EQUITY Current Liabilities:

Current portion of long-term debt.....	\$	1,797
\$ 1,793		
Accounts payable - trade.....		14,325
14,690		
Accounts payable - affiliates.....		2,935
734		
Other current liabilities.....		17,568
12,066		
---		-----
Total current liabilities.....		36,625
29,283		
---		-----
Long-Term Debt.....		217,087
218,659		
Deferred Income Taxes.....		51,478
33,749		
Deferred Gain and Other Liabilities.....		3,663
2,719		
Minority Interests and Indebtedness to Minority Shareholders.....		714
974		
Stockholders' Equity:		
Common stock, \$.01 par value, 13,987,610 and 13,888,133		
shares issued at June 30, 1997, and December 31, 1996,		
respectively.....		140
139		
Additional paid-in capital.....		264,391
258,904		
Retained earnings.....		158,866
92,005		
Less 162,768 and 56,768 shares held in treasury at June 30,		
1997 and December 31, 1996, respectively, at cost.....		(5,137)
(622)		
Less unamortized restricted stock compensation.....		(1,191)
(279)		
Currency translation adjustments.....		(5,926)
924		
---		-----

Total stockholders' equity.....		411,143
351,071		
---		-----
	\$	720,710
\$ 636,455		
=====		=====

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS
AND SHOULD BE READ IN CONJUNCTION HEREWITH.

1

SEACOR SMIT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT SHARE DATA, UNAUDITED)

<TABLE>
<CAPTION>

Six Months Ended
June 30,

Three Months Ended
June 30,

		1997	1996
1997	1996		
<S>	<C>	<C>	<C>
Operating Revenue:			
Marine.....		\$ 79,993	\$ 44,494
\$ 154,948	\$ 87,736		
Environmental -			
Oil spill response.....		1,160	3,497
1,637	5,919		
Retainer fees and other services.....		4,095	4,662
7,842	9,093		
		85,248	52,653
164,427	102,748		
Costs and Expenses:			
Costs of oil spill response.....		1,067	3,346
1,562	5,392		
Operating expenses -			
Marine.....		40,752	24,605
74,879	50,027		
Environmental.....		1,316	1,515
2,538	2,764		
Administrative and general.....		7,632	5,586
14,115	11,117		
Depreciation and amortization.....		8,754	5,842
17,621	11,542		
		59,521	40,894
110,715	80,842		
Operating Income.....		25,727	11,759
53,712	21,906		
Other (Expense) Income:			
Interest on debt.....		(2,849)	(1,631)
(5,641)	(3,452)		
Interest income.....		2,497	360
4,561	1,042		
Gain from equipment sales, net.....		31,123	279
47,010	522		
McCall acquisition costs.....		-	(472)
-	(472)		
Other.....		486	49
443	310		
		31,257	(1,415)
46,373	(2,050)		
Income Before Income Taxes, Minority Interests, Equity in Net Earnings of 50% or Less Owned Companies and Extraordinary Item.....		56,984	10,344
100,085	19,856		
Income Tax Expense.....		20,321	3,854
35,203	7,205		
Income Before Minority Interests, Equity in Net Earnings of 50% or Less Owned Companies and Extraordinary Item.....		36,663	6,490
64,882	12,651		

Minority Interests.....		113		71
145	147			
Equity in Net Earnings of 50% or Less Owned Companies.....		1,648		355
2,159	441			

Income Before Extraordinary Item.....		38,424		6,916
67,186	13,239			
Extraordinary Item - Extinguishment of Debt, net of tax.....		(325)		-
(325)	-			

Net Income.....		\$ 38,099	\$	6,916
\$ 66,861	\$ 13,239			
=====				
Earnings Per Common Share -- Assuming No Dilution:				
Income Before Extraordinary Item.....		\$ 2.77	\$	0.70
\$ 4.83	\$ 1.35			
Extraordinary Item.....		(0.02)		-
(0.02)	-			

Net Income.....		\$ 2.75	\$	0.70
\$ 4.81	\$ 1.35			
=====				
Earnings Per Common Share -- Assuming Full Dilution:				
Income Before Extraordinary Item.....		\$ 2.37	\$	0.60
\$ 4.16	\$ 1.16			
Extraordinary Item.....		(0.02)		-
(0.02)	-			

Net Income.....		\$ 2.35	\$	0.60
\$ 4.14	\$ 1.16			
=====				
Weighted Average Common Shares:				
Assuming No Dilution.....		13,854,468		9,840,314
.13,889,663	.9,835,707			
Assuming Full Dilution.....		16,932,803		12,424,443
.16,969,634	.12,419,836			

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS
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2

SEACOR SMIT INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS, UNAUDITED)

<TABLE>
<CAPTION>

Ended June 30,				Six Months
1996				1997

<S>			<C>	
<C>				
Net Cash Provided by Operating Activities.....		\$		39,870
\$ 22,669				

Cash Flows from Investing Activities:	
Purchase of property and equipment.....	(54,429)
(9,051)	
Proceeds from property and equipment sales.....	66,460
1,154	
Purchase of securities.....	-
(311)	
Proceeds from sale of securities.....	311
-	
Investments in and advances to 50% or less owned companies.....	(1,067)
(217)	
Principal payments on notes due from 50% or less owned	
companies.....	273
539	
Principal payments received under a sale-type lease.....	104
87	
Restricted cash.....	(32,495)
-	
Other.....	-
288	

Net cash provided (used) in investing activities.....	(20,843)
(7,511)	-----

Cash Flows from Financing Activities:	
Payments on long-term debt.....	(1,351)
(21,995)	
Payments on capital lease obligations.....	(746)
-	
Payments on stockholders' loans.....	-
(1,596)	
Payment of public offering costs.....	-
(375)	
Proceeds from issuance of long-term debt.....	750
7,711	
Proceeds from exercise of stock options.....	21
489	
Common stock acquired for treasury.....	(4,515)
-	

Net cash used in financing activities.....	(5,841)
(15,766)	-----

Effect of Exchange Rate Changes	
on Cash and Cash Equivalents.....	(26)
1	

Net Increase (Decrease) in Cash and Cash Equivalents.....	13,160
(607)	
Cash and Cash Equivalents, Beginning of Period.....	149,053
28,786	
	=====
Cash and Cash Equivalents, End of Period.....	\$ 162,213
\$ 28,179	
	=====

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS
AND SHOULD BE READ IN CONJUNCTION HEREWITH.

1. BASIS OF PRESENTATION --

The condensed consolidated financial information for the three and six-month periods ended June 30, 1997, and 1996, has been prepared by the Company (defined below) and was not audited by its independent public accountants. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows at June 30, 1997, and for all periods presented have been made. Results of operations for the interim periods presented are not necessarily indicative of the operating results for the full year or any future periods.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.

Unless the context otherwise indicates, any references in this Quarterly Report on Form 10-Q to the "Company" refer to SEACOR SMIT Inc. and its consolidated subsidiaries, and any references in this Quarterly Report on Form 10-Q to "SEACOR" refer to SEACOR SMIT Inc.

2. EARNINGS PER SHARE --

Earnings per common share assuming no dilution were computed based on the weighted average number of unrestricted and restricted common shares issued and outstanding during the relevant periods. The additional common stock assumed to be outstanding to reflect the dilutive effect of common stock equivalents was excluded from the computation as insignificant.

Earnings per common share assuming full dilution was computed based on the weighted average number of unrestricted and restricted shares issued and outstanding plus additional shares assumed to be outstanding to reflect the dilutive effect of common stock equivalents using the treasury stock method and the assumption that all outstanding convertible subordinated notes were converted to common stock. For computation purposes, net income was adjusted for interest expense and applicable debt discount amortization.

3. NEW ACCOUNTING STANDARDS --

In February 1997, the Financial Accounting Standards Board issued Statement No. 128 (SFAS 128), "Earnings Per Share," that simplifies the computation of earnings per share. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997 and requires restatement for all prior period earnings per share data presented. Earnings per share calculated in accordance with SFAS 128 would be unchanged for the periods presented.

In June 1997, the Financial Accounting Standards Board issued Statement No. 130 (SFAS 130), "Reporting Comprehensive Income" and Statement No. 131 (SFAS 131), "Disclosures About Segments of an Enterprise and Related Information." SFAS 130 establishes standards for reporting comprehensive income (defined as net income and all other non-owner changes in equity) in the financial statements. SFAS 131 requires companies to disclose segment data based on how management makes decisions about allocating resources to segments and measuring their performance. SFAS 130 and 131 are effective for 1998, and adoption of

these standards is expected to result in additional disclosure but will not have any effect on the Company's reported financial position or results of operations.

4. RESTRICTED CASH --

In connection with certain of the Company's vessel sales during 1997 (see Note 7), the Company has directed the sale proceeds to be deposited into escrow accounts pursuant to certain exchange and escrow agreements. Under the

terms of those agreements, for a period of six months, the funds held in escrow are restricted to be used toward the purchase of replacement vessels that have been identified. Accordingly, funds in escrow, totaling \$32,495,000, are reflected as restricted cash on the accompanying condensed consolidated balance sheet at June 30, 1997.

5. LONG-TERM DEBT --

On June 30, 1997, the Company entered into an agreement for an unsecured reducing revolving credit facility (the "Credit Facility") with Den norske Bank ASA ("DnB"), as agent for itself and other lenders named therein (the "Lenders"). This facility replaced the prior revolving credit facility with DnB. On June 30, 1997, there was \$6,991,000 principal amount of borrowings outstanding thereunder, the proceeds of which were used to pay all outstanding amounts under the prior revolving credit facility with DnB. Until termination of the Credit Facility, a commitment fee is payable on a quarterly basis, at rates ranging from .15 to .45 percent per annum on the average unfunded portion of the Credit Facility. The commitment fee rate shall vary based upon the percentage the Company's funded debt bears to earnings before interest, taxes, depreciation, and amortization ("EBITDA"), as defined.

An extraordinary loss of \$325,000 or \$0.02 per share was recognized in connection with the termination of the prior revolving credit facility with DnB that resulted from the write-off of unamortized debt issue costs.

Under the terms of the Credit Facility, the Company may borrow up to \$100,000,000 aggregate principal amount (the "Maximum Committed Amount") of unsecured reducing revolving credit loans maturing on June 29, 2002. The Maximum Committed Amount will automatically decrease semiannually by six and one-quarter percent beginning June 30, 1998, with the balance payable at maturity. Outstanding borrowings will bear interest at annual rates ranging from 70 to 160 basis points (the "Margin") above LIBOR. The Margin shall be determined quarterly and vary based upon the percentage the Company's funded debt bears to EBITDA, as defined.

The Credit Facility requires the Company, on a consolidated basis, to maintain a minimum ratio of indebtedness to vessel value, as defined, a minimum cash and cash equivalent level, a specified interest coverage ratio, specified debt to capitalization ratios and a minimum net worth requirement. The Credit Facility limits the amount of secured indebtedness which the Company and its subsidiaries may incur, provides for a negative pledge with respect to the Company's and its subsidiaries' assets and restricts the payment of dividends.

6. SHARES HELD IN TREASURY --

During the six months ended June 30, 1997, SEACOR repurchased 106,000 shares of its common stock. The shares were acquired at an aggregate cost of \$4,515,000. On February 24, 1997, SEACOR's Board of Directors authorized the repurchase, from time to time, of up to \$35,000,000 of the Company's common stock and/or 5-3/8% Convertible Subordinated Notes Due November 15, 2006, and the amount may be increased up to \$50,000,000 under certain circumstances.

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7. GAIN FROM EQUIPMENT SALES --

During the three and six-month periods ended June 30, 1997, gain from equipment sales primarily related to the Company's sale of 10 and 22 vessels, respectively. Vessels sold in the second quarter included five supply/towing supply, three anchor handling towing supply, and two utility. Vessels sold in the six months ended June 30, 1997, included 11 supply/towing supply, five utility, three anchor handling towing supply, two crew, and one freight.

8. COMMITMENT AND CONTINGENCY --

At July 31, 1997, the Company has committed to build vessels over the next two years for an aggregate capital expenditure of approximately \$133,300,000. Approximately \$22,400,000 has been funded and approximately \$6,000,000 is committed to be paid by Transportacion Maritima Mexicana S.A. de C.V. ("TMM"), the Company's joint venture partner in Mexico, pursuant to a Memorandum of Understanding, dated September 25, 1996, between TMM and the Company relating to the construction of several vessels.

On December 19, 1996, in connection with the acquisition of all of the offshore vessel assets, vessel spare parts, and certain related joint venture interests owned by Smit Internationale N.V. ("Smit"), the Company agreed to the payment to Smit of up to \$47,200,000 of additional consideration in cash and non-convertible notes based upon the earnings performance during 1997 and 1998 by certain of those assets. Based upon operations since the date of acquisition and estimated future rates per day worked, management believes it is probable that additional purchase consideration will be payable to Smit. When the contingency is resolved and additional consideration is distributable, the Company will record the additional consideration issued or issuable in accordance with generally accepted accounting principles as an additional cost of certain of the assets to be depreciated over their remaining lives.

9. SUBSEQUENT EVENT --

On August 5, 1997, SEACOR Offshore Rigs Inc., a Delaware corporation and a wholly owned subsidiary of SEACOR ("SEACOR Rigs"), together with COI LLC, a Delaware limited liability company ("COI"), formed Chiles Offshore LLC, a Delaware limited liability company ("Chiles Offshore") for the purpose of managing and investing in partnerships to construct, own and operate two jack-up drilling rigs. For their respective 50% membership interest in Chiles Offshore, SEACOR Rigs has contributed \$8,850,000 in cash and COI has contributed its interest in certain rig construction contracts (including certain progress payments thereunder) and approximately \$364,000 in cash. SEACOR Rigs has also advanced a short-term loan to Chiles Offshore in the principal amount of \$5,465,000, which loan bears interest at 10% per annum and is expected to be repaid out of additional capital contributions. It is anticipated that SEACOR Rigs will contribute up to an additional \$26,000,000 (for an aggregate investment of \$35,000,000) in such drilling rig partnerships to partially fund the rig construction. Total rig construction costs are presently estimated to be approximately \$160,000,000.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

When included in this Quarterly Report on Form 10-Q or in documents incorporated herein by reference, the words "expects," "intends," "anticipates," "believes," "estimates," and analogous expressions are intended to identify forward-looking statements. Such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risk and uncertainties include, among others, general economic and business conditions, industry fleet capacity, changes in foreign and domestic oil and gas exploration and production activity, competition, changes in foreign political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, customer preferences and various other matters, many of which are beyond the Company's control. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. The Company expressly disclaims any obligation or undertaking to release publicly any updates or any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

OFFSHORE MARINE SERVICES

The Company provides marine transportation and related services largely dedicated to supporting offshore oil and gas exploration and production through the operation, domestically and internationally, of offshore support vessels. The Company's vessels deliver cargo and personnel to offshore installations, tow and handle the anchors of drilling rigs and other marine equipment, support offshore construction and maintenance work, and provide standby safety support. The Company's vessels are also used for special projects, such as well stimulation, seismic data gathering, freight hauling, line handling, and oil spill emergencies.

The Company's operating revenue is affected by rates per day worked and utilization. These performance measures are closely aligned with the offshore

oil and gas exploration industry and are a function of demand and availability of marine vessels. The level of exploration and development of offshore areas is affected by both short-term and long-term trends in oil and gas prices which, in turn, are related to the demand for petroleum products and the current availability of oil and gas resources.

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The table below sets forth rates per day worked and utilization data for the Company during the periods indicated.

<TABLE>

<CAPTION>

Months Ended	Three Months Ended		Six
	June 30,		June
30,			
-----	-----		-----
1996	1997	1996	1997
-----	-----	-----	-----
<S>	<C>	<C>	<C>
<C>			
Rates Per Day Worked (\$): (1) (2)			
Supply/Towing Supply.....	6,307	4,118	6,069
3,918			
Anchor Handling Towing Supply.....	10,634	6,277	9,738
5,819			
Crew.....	2,163	1,675	2,114
1,653			
Standby Safety.....	5,962	4,561	5,669
4,604			
Utility/Line Handling.....	1,356	1,129	1,327
1,118			
Project and Geophysical/Freight.....	4,654	4,153	4,692
4,244			
Overall Fleet.....	3,548	2,411	3,422
2,359			
Overall Utilization (%): (1)			
Supply/Towing Supply.....	90.1	94.6	93.1
96.0			
Anchor Handling Towing Supply.....	79.0	90.7	82.5
93.7			
Crew.....	97.1	98.5	97.6
98.0			
Standby Safety.....	97.2	82.6	91.6
85.6			
Utility/Line Handling.....	97.7	79.2	97.5
76.7			
Project and Geophysical/Freight.....	97.5	79.3	95.0
89.0			
Overall Fleet.....	94.2	89.4	95.0
89.1			

</TABLE>

(1) Rates per day worked is the ratio of total charter revenue to the total number of vessel days worked. Rates per day worked and overall utilization figures exclude owned vessels that are bareboat chartered-out, vessels owned by corporations that participate in pooling arrangements with the Company, joint venture vessels and managed/operated vessels and include vessels bareboat and time chartered-in by the Company.

(2) Certain of the Company's vessels earn revenue in foreign currencies which have been converted to U.S. dollars for reporting purposes at the weighted average exchange rates of those foreign currencies for the periods indicated.

A significant factor affecting operating revenues, other than average rates per day worked and overall utilization, is the number of vessels owned and

bareboat chartered-in by the Company. Operating revenues and associated expenses for vessels owned and bareboat chartered-in are incurred at similar rates. However, operating expenses associated with vessels bareboat chartered-in include bareboat charter hire expenses that, in turn, are included in vessel expenses, but exclude depreciation expense.

The Company may also bareboat charter-out vessels. Operating revenues for these vessels are lower than for vessels owned and operated or bareboat chartered-in by the Company, because vessel expenses, normally recovered through charter revenue, are the burden of the charterer. Operating expenses include depreciation expense if the vessels which are chartered-out are owned. At June 30, 1997 and 1996, the Company had seven and two vessels, respectively, bareboat chartered-out.

The table below sets forth the Company's marine fleet structure at the dates indicated:

FLEET STRUCTURE	At June 30,	
	1997	1996
Owned.....	256	226
Bareboat and Time Chartered-In (1).....	5	3
Joint Ventured (2).....	33	10
Pooled (3).....	12	5
	=====	=====
Overall Fleet.....	306	244
	=====	=====

(1) A bareboat charter is a vessel lease under which the entity chartering-in a vessel is typically responsible for all crewing, insurance, and operating expenses, as well as the payment of bareboat charter hire to the vessel owner. A time charter is a vessel lease under which the entity providing the vessel is responsible for all crewing, insurance, and operating expenses. At June 30, 1997, the Company bareboat chartered-in two vessels and time chartered-in three vessels. At June 30, 1996, the Company bareboat chartered-in two vessels and time chartered-in one vessel.

(2) 1997 and 1996 include twelve and ten vessels, respectively, owned by a joint venture between Transportacion Maritima Mexicana S.A. de C.V. ("TMM") and the Company (the "TMM Joint Venture"). 1997 also includes 21 vessels owned by corporations in which the Company acquired an equity interest pursuant to a transaction with Smit Internationale N.V. ("Smit") in December 1996 (the "Smit Joint Ventures").

(3) 1997 and 1996 include five vessels owned by Toisa Ltd. ("Toisa") which participate in a pool with ten Company owned North Sea standby safety vessels. Additionally, 1997 includes seven standby safety vessels in which the Company shares net operating profits after certain adjustments with Toisa and owners of the vessels (the "Saint Fleet Pool").

Vessel operating expenses are primarily a function of fleet size and utilization levels. The most significant vessel operating expense items are wages paid to marine personnel, maintenance and repairs, and marine insurance. In addition to variable vessel operating expenses, the offshore marine segment also incurs fixed charges related to the depreciation of property and equipment. Depreciation is a significant operating cost, and the amount related to vessels is the most significant component.

A portion of the Company's revenues and expenses are paid in foreign currencies. For financial statement reporting purposes, these amounts are translated into U.S. dollars at the weighted average exchange rates during the relevant period. The foregoing applies primarily to the Company's North Sea operations and to a lesser extent its West African and Mexican offshore marine operations. Overall, the percentage of the Company's offshore marine operating revenues derived from foreign operations whether in U.S. dollars or foreign currencies approximated 41% and 30% in the six months ended June 30, 1997 and 1996, respectively.

The Company's foreign offshore marine operations are subject to various risks inherent in conducting business in foreign nations. These risks include, among others, political instability, potential vessel seizure, nationalization of assets, currency restrictions and exchange rate fluctuations, import-export quotas and other forms of public and governmental regulation, all of which are beyond the control of the Company. Although, historically, the Company's operations have not been affected materially by such conditions or events, it is not possible to predict whether any such conditions or events might develop in the future. The occurrence of any one or more of such conditions or events could have a material adverse effect on the Company's financial condition and results of operations.

Regulatory drydockings, which are a substantial component of marine maintenance and repair costs, are expensed when incurred. Under applicable maritime regulations, vessels must be drydocked twice in a five-year period for inspection and routine maintenance and repair. The Company follows an asset management strategy pursuant to which it defers required drydocking of selected marine vessels and voluntarily removes these marine vessels from operation during periods of weak market conditions and low rates per day worked. Should the Company undertake a large number of drydockings in a particular fiscal quarter or put through survey a disproportionate number of older vessels which typically have higher drydocking costs, comparative results may be affected. In the first six months of 1997, the Company completed the drydocking of 56 vessels at an aggregate cost of \$4.3 million versus 59 vessels drydocked at an aggregate cost of \$4.1 million in the comparable period of 1996.

Operating results are also affected by the Company's participation in the following ventures: (i) a joint venture arrangement with Vector Offshore Limited, a U.K. corporation which owns a 9% equity interest in the Company's subsidiary that operates standby safety vessels in the North Sea, (ii) a 15 vessel pooling arrangement between the Company and Toisa that coordinates the marketing for both the Company and Toisa in the North Sea standby safety market, (iii) the TMM Joint Venture, (iv) the Saint Fleet Pool, and (v) the Smit Joint Ventures which own and operate vessels in the Far East, Latin America, the Middle East, the Mediterranean and offshore West Africa.

ENVIRONMENTAL SERVICES

The Company's environmental services business, operated primarily through a wholly owned subsidiary, National Response Corporation ("NRC"), provides contractual oil spill response services to those who store, transport, produce or handle petroleum and certain other non-petroleum oils as required by the Oil Pollution Act of 1990 ("OPA 90"). NRC's clients include tank vessel owner/operators, refiners and terminal operators, exploration and production facility operators, and pipeline operators. NRC charges a retainer fee to its customers for ensuring, by contract, the availability at predetermined rates to NRC's response services. Retainer services include employing a staff to supervise response to an oil spill emergency and maintaining specialized equipment, including marine equipment, in a ready state for spill response as contemplated by response plans filed by NRC's customers in accordance with OPA 90 and various state regulations. NRC also maintains relationships with numerous environmental sub-contractors to assist with equipment maintenance and provide trained personnel for deploying equipment in a spill response.

Pursuant to retainer agreements entered into with NRC, certain vessel owners pay in advance to NRC a minimum annual retainer fee based upon the number and size of vessels in each such owner's fleet and in some circumstances pay NRC additional fees based upon the level of each vessel owner's voyage activity in the U.S. The Company recognizes the greater of revenue earned by voyage activity or the portion of the retainer earned in each accounting period. Certain other vessel owners pay a fixed fee for NRC's retainer services and such fee is recognized ratably throughout the year. Facility owners generally pay a quarterly fee to NRC based on a formula that defines and measures petroleum products transported to or processed at the facility. Some facility owners pay an annual fixed fee and such fee is recognized ratably throughout the year. NRC's retainer agreements with vessel owners generally range from one to three years while retainer arrangements with facility owners are as long as seven years.

Spill response revenue is dependent on the magnitude of any one spill response and the number of spill responses within a given fiscal period.

Consequently, spill response revenue can vary greatly between comparable periods and the revenue from any one period is not indicative of a trend or of anticipated results in future periods. Costs of oil spill response activities relate primarily to (i) payments to sub-contractors for labor, equipment, and materials, (ii) direct charges to NRC for labor, equipment and materials, and (iii) training and exercises related to spill response preparedness.

The principal components of NRC's operating costs are salaries and related benefits for operating personnel, payments to sub-contractors, equipment maintenance and depreciation, and insurance. These expenses are primarily a function of regulatory requirements and the level of retainer business.

RESULTS OF OPERATIONS

The following table sets forth operating revenue and operating profit by business segment for the periods indicated. The offshore marine business segment's data is provided by geographic area of operation. The environmental business segment's principal operations are in the United States.

<TABLE>
<CAPTION>

Months Ended June 30,	Three Months Ended June 30,		Six
	1997	1996	1997
-----	-----	-----	-----
1996	1997	1996	1997
-----	-----	-----	-----
<S>	<C>	<C>	<C>
<C>			
Operating Revenue --			
Marine:			
United States..... \$	47,479	31,612 \$	
92,181 \$ 61,746			
North Sea.....	16,664	3,274	
30,888 6,836			
West Africa.....	10,015	8,493	
21,348 16,871			
Other Foreign.....	5,835	1,115	
10,531 2,283			
-----	-----	-----	-----
	79,993	44,494	
154,948 87,736			
Environmental	5,255	8,159	
9,479 15,012			
=====	=====	=====	
	85,248	52,653	
164,427 102,748			
=====	=====	=====	
Operating Profit --			
Marine:			
United States.....	45,962	9,972	
80,420 18,593			
North Sea.....	6,109	(960)	
9,850 (1,678)			
West Africa.....	4,221	2,497	
8,602 3,938			
Other Foreign.....	1,612	444	
3,757 925			
-----	-----	-----	-----
	57,904	11,953	
102,629 21,778			
Environmental	615	976	

		58,519	12,929
103,459	24,126		
Other income (expense).....		(2)	(493)
(3)	(479)		
General corporate administration.....		(1,181)	(821)
(2,291)	(1,381)		
Net interest expense.....		(352)	(1,271)
(1,080)	(2,410)		
Minority interest in loss of a subsidiary.....		113	71
145	147		
Equity in net earnings of 50% or less owned companies..		1,648	355
2,159	441		
Income tax expense.....		(20,321)	(3,854)
(35,203)	(7,205)		
=====			
Income before extraordinary item..... \$		38,424 \$	6,916 \$
67,186 \$	13,239		
=====			

</TABLE>

The marine business segment's operating revenue increased \$35.5 million and \$67.2 million in the three and six-month periods ended June 30, 1997, respectively, compared to the three and six-month periods ended June 30, 1996 due primarily to a net increase in the number of owned vessels and a significant improvement in rates per day worked for the Company's offshore vessels operating in the U.S. Gulf of Mexico. Significant offshore vessel acquisitions include 24 vessels purchased from Smit during December 1996 that operate in the North Sea, offshore West Africa, and in Other Foreign regions and 24 vessels purchased from Galaxie Marine Service, Inc. and affiliated companies ("Galaxie") during January 1997 that operate in the U.S. Gulf of Mexico. Anchor handling towing supply, towing, and supply vessels were acquired from Smit, and utility and crew vessels were acquired from Galaxie. Strong demand in the U.S. Gulf of Mexico resulted in rates per day worked increasing between comparable periods for all offshore vessels owned by the Company. Additionally, rates per day worked for the Company's vessels operating in the North Sea, offshore West Africa, and in Other Foreign regions also increased between comparable periods.

The environmental business segment's operating revenue decreased \$2.9 million and \$5.5 million in the three and six-month periods ended June 30, 1997, respectively, compared to the three and six-month periods ended June 30, 1996 due primarily to a decline in the severity of oil spills managed by the Company. Retainer fees and other service revenues also declined between comparable periods due primarily to a decline in voyage and other service activities.

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The marine business segment's operating profit increased \$46.0 million and \$80.9 million in the three and six-month periods ended June 30, 1997, respectively, compared to the three and six-month periods ended June 30, 1996. The increases were due primarily to significant increases in gains from the sale of equipment, mainly vessels, and factors affecting operating revenue as outlined above. During the three months ended June 30, 1997, the Company realized gains, aggregating \$31.0 million, from the sale of 10 vessels: five U.S. Gulf of Mexico supply/towing supply, two U.S. Gulf of Mexico utility, and two West African and one U.S. Gulf of Mexico anchor handling towing supply. During the six months ended June 30, 1997, the Company realized gains, aggregating \$46.9 million, from the sale of 22 vessels: 10 U.S. Gulf of Mexico and one West African supply/towing supply, five U.S. Gulf of Mexico utility, two West African and one U.S. Gulf of Mexico anchor handling towing supply, two U.S. Gulf of Mexico crew, and one U.S. freight. These increases in operating profit were partially offset by higher wage, repair, insurance, and bad debt reserve costs. Wage costs rose for seaman working in the U.S. Gulf of Mexico region in response to strong demand for personnel resulting from very active market conditions. Vessel related insurance costs rose due to higher self funded claim costs. Repair costs rose due primarily to an increase in the number of scheduled engine overhauls and an increase in other engine maintenance resulting from

greater running time by the Company's smaller vessels. The Company's bad debt reserve for trade receivables rose due to potentially uncollectible accounts in West Africa.

The environmental business segment's operating profit declined \$0.4 million and \$1.5 million in the three and six-month periods ended June 30, 1997, respectively, compared to the three and six-month periods ended June 30, 1996 due primarily to the factors affecting operating revenue as outlined above. These declines in operating profit were partially offset by decreases in both operating and general and administrative expenses.

The Company's overall administrative and general expenses, relating primarily to operating activities, increased \$2.0 million and \$3.0 million in the three and six-month periods ended June 30, 1997, respectively, compared to the three and six-month periods ended June 30, 1996, and related primarily to an increase in managerial staff and other administrative costs necessary to support vessels recently acquired from Smit and Galaxie and bad debt reserves as mentioned in the discussion above of the marine business segment's operating profit. Corporate expenses also rose between comparable periods due primarily to increased employee compensation cost commensurate with the overall growth of the Company's operations. Administrative and general expenses primarily include costs associated with personnel, professional services, travel, communications, facility rental and maintenance, general insurance, and franchise taxes.

The Company's overall depreciation and amortization expense, which related primarily to operating activities, increased \$2.9 million and \$6.1 million in the three and six-month periods ended June 30, 1997, respectively, compared to the three and six-month periods ended June 30, 1996. This increase was due primarily to a net increase in the number of owned offshore marine vessels that were acquired from Smit and Galaxie.

Other expense in the three and six-month periods ended June 30, 1996 included \$0.5 million of costs to complete the McCall Acquisition.

Net interest expense decreased \$0.9 million and \$1.3 million in the three and six-month periods ended June 30, 1997, respectively, compared to the three and six-month periods ended June 30, 1996. Interest income rose between comparable periods due primarily to greater invested cash balances that resulted from improved operating results and the sale of the Company's 5-3/8% Convertible

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Subordinated Notes Due November 15, 2006. Interest expense also increased between comparable periods due to an increase in the Company's outstanding indebtedness but was partially offset by the capitalization in 1997 of certain interest costs associated with the construction of vessels.

In the three and six-month periods ended June 30, 1997, equity in the earnings of 50% or less owned companies, net of applicable income taxes, resulted from the Company's investment in the TMM Joint Venture, Clean Pacific Alliance L.L.C. ("CPA"), and certain Smit Joint Ventures. In the comparable periods of 1996, equity earnings were realized from the Company's participation in the TMM Joint Venture and CPA.

LIQUIDITY AND CAPITAL RESOURCES

The Company's ongoing liquidity requirements arise primarily from its need to service debt, fund working capital requirements, acquire or improve equipment, and make other investments. Management believes that cash flow from operations will provide sufficient working capital to fund the Company's operating needs. The Company may, from time to time, issue shares of common stock, debt, or a combination thereof, or sell vessels to finance the acquisition of equipment and businesses or improvements to existing equipment.

The Company's cash flow levels and operating revenues are determined primarily by vessels' rates per day worked, overall vessel utilization, the size of the Company's fleet, and the level of oil spill response activity. Factors relating to the marine business segment are affected directly by the volatility of oil and gas prices, the level of offshore drilling and exploration activity, and other factors beyond the Company's control.

Net cash provided by operating activities increased \$17.2 million in the six-month period ended June 30, 1997, compared to the six-month period ended

June 30, 1996. The increase was due primarily to improved operating profits that resulted from higher rates per day worked, primarily in the U.S. Gulf of Mexico, and the net addition of vessels to the Company's fleet.

Net cash used in investing activities increased \$13.3 million in the six-month period ended June 30, 1997, compared to the six-month period ended June 30, 1996. The increase was primarily related to funds used to acquire 30 vessels, construct crew, supply, and anchor handling towing supply vessels, and advance a Smit Joint Venture for the acquisition of a vessel and restricted cash balances held in escrow, pursuant to certain exchange and escrow agreements, to be used toward the purchase of vessels. This increase was partially offset by proceeds received from the sale of a greater number of vessels with higher market values.

Net cash used in financing activities decreased \$9.9 million in the six-month period ended June 30, 1997, compared to the six-month period ended June 30, 1996. The decrease was due primarily to a decline in principal repayments under the DnB Facility and other outstanding indebtedness. This decrease was offset by cash used to repurchase 106,000 shares of the Company's common stock pursuant to its Board of Directors authorization that permitted the repurchase, from time to time, of up to \$35.0 million of the Company's common stock and/or 5-3/8% Convertible Subordinated Notes Due November 15, 2006 and the amounts may be increased up to \$50.0 million under certain circumstances.

On June 30, 1997, the Company entered into an agreement for an unsecured reducing revolving credit facility (the "Credit Facility") with Den norske Bank ASA ("DnB"), as agent for itself and other lenders named therein (the "Lenders"). This facility replaced the prior revolving credit facility with DnB. On June 30, 1997, there was \$7.0 million principal amount of borrowings outstanding thereunder, the proceeds of which were used to pay all outstanding

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amounts under the prior revolving credit facility with DnB. Until termination of the Credit Facility, a commitment fee is payable on a quarterly basis, at rates ranging from .15 to .45 percent per annum on the average unfunded portion of the Credit Facility. The commitment fee rate shall vary based upon the percentage the Company's funded debt bears to earnings before interest, taxes, depreciation, and amortization ("EBITDA"), as defined.

Under the terms of the Credit Facility, the Company may borrow up to \$100.0 million aggregate principal amount (the "Maximum Committed Amount") of unsecured reducing revolving credit loans maturing on June 29, 2002. The Maximum Committed Amount will automatically decrease semiannually by six and one-quarter percent beginning June 30, 1998, with the balance payable at maturity. Outstanding borrowings will bear interest at annual rates ranging from 70 to 160 basis points (the "Margin") above LIBOR. The Margin shall be determined quarterly and vary based upon the percentage the Company's funded debt bears to EBITDA, as defined.

The Credit Facility requires the Company, on a consolidated basis, to maintain a minimum ratio of indebtedness to vessel value, as defined, a minimum cash and cash equivalent level, a specified interest coverage ratio, specified debt to capitalization ratios and a minimum net worth requirement. The Credit Facility limits the amount of secured indebtedness which the Company and its subsidiaries may incur, provides for a negative pledge with respect to the Company's and its subsidiaries' assets, and restricts the payment of dividends.

In connection with certain of the Company's vessel sales during 1997, the Company has directed the sale proceeds to be deposited into escrow accounts pursuant to certain exchange and escrow agreements. Under the terms of those agreements, for a period of six months, the funds held in escrow are restricted to be used toward the purchase of replacement vessels. At June 30, 1997, the Company's restricted cash balances totaled \$32.5 million.

On December 19, 1996, in connection with the acquisition of all of the offshore vessel assets, vessel spare parts, and certain related joint venture interests owned by Smit, the Company agreed to the payment to Smit of up to \$47.2 million of additional consideration in cash and non-convertible notes based upon the earnings performance during 1997 and 1998 by certain of those assets. Based upon operations since the date of acquisition and estimated future rates per day worked, management believes it is probable that additional purchase consideration will be payable to Smit in 1999 and future years.

CAPITAL EXPENDITURES

The Company may make selective acquisitions of marine vessels or fleets of marine vessels, drilling rigs, and oil spill response equipment and/or expand the scope and nature of its environmental services. The Company also may upgrade or enhance its marine vessels to remain competitive in the marketplace. Management anticipates that such expenditures would be funded through a combination of cash flow provided by operations, existing cash balances, and may, from time to time, issue additional shares of common stock, debt, or sell existing equipment.

At July 31, 1997, the Company has committed to build marine vessels over the next two years for an aggregate capital expenditure of approximately \$133.3 million. Approximately \$22.4 million has been funded and approximately \$6.0 million is committed to be paid by TMM, pursuant to a Memorandum of Understanding, dated September 25, 1996, between TMM and the Company relating to the construction of several marine vessels.

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On August 5, 1997, SEACOR Offshore Rigs Inc., a wholly owned subsidiary of SEACOR, invested \$8.85 million in cash in Chiles Offshore LLC for a 50% membership interest in such entity and anticipates contributing an additional \$26.0 million to partially fund certain drilling rig construction projects to be managed by Chiles Offshore LLC. See Note 9 to the Condensed Consolidated Financial Statements included in this report.

Expenditures for environmental compliance to modify marine segment vessels have not been a significant component of the Company's capital budget.

NEW ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board issued Statement No. 128 (SFAS 128), "Earnings Per Share," that simplifies the computation of earnings per share. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997 and requires restatement for all prior period earnings per share data presented. Earnings per share calculated in accordance with SFAS 128 would be unchanged for the periods presented.

In June 1997, the Financial Accounting Standards Board issued Statement No. 130 (SFAS 130), "Reporting Comprehensive Income" and Statement No. 131 (SFAS 131), "Disclosures About Segments of an Enterprise and Related Information." SFAS 130 establishes standards for reporting comprehensive income (defined as net income and all other non-owner changes in equity) in the financial statements. SFAS 131 requires companies to disclose segment data based on how management makes decisions about allocating resources to segments and measuring their performance. SFAS 130 and 131 are effective for 1998, and adoption of these standards is expected to result in additional disclosure but will not have any effect on the Company's reported financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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PART II - OTHER INFORMATION

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

- (a) The 1997 Annual Meeting of Stockholders of SEACOR SMIT Inc. ("SEACOR") was held on April 17, 1997 (the "Annual Meeting").
- (b) Messrs. Charles Fabrikant, Granville E. Conway, Michael E. Gellert, Stephen Stamas, Richard M. Fairbanks III, Pierre de Demandolx, and Antoon Kienhuis were elected as directors to serve until the 1998 Annual Meeting of Stockholders of SEACOR or until their respective successors are earlier elected and qualified.

- (c) At the Annual Meeting, SEACOR's stockholders ratified (i) the appointment of Arthur Andersen LLP to serve as SEACOR's independent auditors for the fiscal year ending December 31, 1997, (ii) an amendment to SEACOR's Restated Certificate of Incorporation to increase the authorized capital stock of SEACOR from 20,000,000 shares of common stock, par value \$.01 per share (the "Common Stock"), to 40,000,000 shares of Common Stock, and (iii) an amendment to SEACOR's Restated Certificate of Incorporation to change the corporate name from SEACOR Holdings, Inc. to SEACOR SMIT Inc. Messrs. Charles Fabrikant, Granville E. Conway, Michael E. Gellert, Stephen Stamas, Richard M. Fairbanks III, Pierre de Demandolx, and Antoon Kienhuis were elected with no director receiving less than 10,575,519 votes in favor and no more than 14,508 abstentions with respect to any one director. 10,590,027 shares were voted in favor of the appointment of Arthur Andersen LLP, with 4,662 shares voted against such appointment and 10,545 abstentions. 10,590,027 shares were voted in favor of adopting the increase in authorized capital stock of SEACOR with 297,866 shares voted against such adoption and 12,307 abstentions. 10,590,027 shares were voted in favor of adopting the corporate name change with 12,392 shares voted against such adoption and 11,712 abstentions. There were no broker non-votes for any of the directors, Arthur Andersen LLP, the increase in authorized capital stock amendment, and the corporate name change amendment.

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits:

- | | |
|--------|---|
| 3.1(a) | Restated Certificate of Incorporation of SEACOR SMIT Inc. |
| 3.1(b) | Certificate of Amendment to the Restated Certificate of Incorporation of SEACOR SMIT Inc. |
| 3.2 | Amended and Restated By-Laws of SEACOR SMIT Inc. (incorporated herein by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8 (No. 333-12637) filed with the Securities and Exchange Commission on September 25, 1996). |
| 10.1 | <p style="text-align: center;">16</p> Revolving Credit Facility Agreement dated as of June 30, 1997 among SEACOR SMIT Inc., Den norske Bank ASA, as agent, and the other banks and financial institutions named therein. |
| 10.2 | Operating Agreement of Chiles Offshore LLC dated as of August 5, 1997 between SEACOR Offshore Rigs Inc. and COI, LLC. |
| 11.1 | Computation of Per Share Earnings for the Three and Six Months Ended June 30, 1997 and 1996. |
| 27.1 | Financial Data Schedule. |

B. Reports on Form 8-K:

- Current Report on Form 8-K/A dated December 19, 1996 and filed with the Securities and Exchange Commission on March 4, 1997 (reporting under Items 2, 7 and 9 of the Current Report on Form 8-K and

including therein financial statements required by Rule 3-05(b) and Article 11 of Regulation S-X) and amending the Current Report on 8-K dated December 19, 1996 and filed with the Securities and Exchange Commission on December 24, 1996.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEACOR SMIT Inc.
(Registrant)

DATE: AUGUST 14, 1997 By: /s/ Charles Fabrikant

Charles Fabrikant, Chairman of the Board,
President and Chief Executive Officer
(Principal Executive Officer)

DATE: AUGUST 14, 1997 By: /s/ Randall Blank

Randall Blank, Executive Vice President,
Chief Financial Officer and Secretary
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.	Description
-----	-----
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10.2	Operating Agreement of Chiles Offshore LLC dated as of August 5, 1997 between SEACOR Offshore Rigs Inc. and COI, LLC.
11.1	Computation of Per Share Earnings for the Three and Six Months Ended June 30, 1997 and 1996.
27.1	Financial Data Schedule.

OPERATING AGREEMENT
OF
CHILES OFFSHORE LLC
DATED AS OF AUGUST 5, 1997

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OPERATING AGREEMENT
OF
CHILES OFFSHORE LLC

THIS OPERATING AGREEMENT (this "AGREEMENT") of CHILES OFFSHORE LLC (the "COMPANY"), is made and entered into as of the 5th day of August, 1997 by and among the Persons executing this Agreement on the signature pages hereto as a member (together with such other Persons that may hereafter become members as provided herein, referred to collectively as the "MEMBERS" or, individually, as a "MEMBER").

WHEREAS, the Members have caused Chiles Offshore LLC to be formed on as a limited liability company under the Delaware Limited Liability Company Act by causing a certificate of formation of the Company to be filed with the Delaware Secretary of State and, as required thereunder, do hereby adopt this Agreement as the limited liability company agreement of the Company pursuant to Section 18-201(d) of the Act effective as of the date hereof;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties agree as follows:

ARTICLE 1
DEFINITIONS

As used herein, the following terms shall have the following meanings, unless the context otherwise requires:

"ACT" means the Delaware Limited Liability Company Act, 6 Del. L. ss. 18-101, et seq., as amended from time to time.

"ADJUSTED CAPITAL ACCOUNT DEFICIT" means, with respect to a Member, the deficit balance, if any, in such Member's Capital Account as of the end of the

relevant Taxable Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"AFFILIATE" of a specified Person means any Person (a) who directly or indirectly controls, is controlled by, or is under common control with, such Person or (b) who has any relationship with such Person by blood, marriage or adoption, not more remote than first cousin.

"AGREEMENT" means this Operating Agreement, which shall constitute the limited liability company agreement of the Company for purposes of the Act, as amended from time to time.

"ASSIGNMENT AND ASSUMPTION AGREEMENT" means an assignment and assumption agreement to be entered into by COI and the Company contemporaneously herewith, in the form of Annex I attached hereto, pursuant to which COI assigns all of its properties and assets identified on Schedule 3.1(b) attached hereto to the Company and the Company assumes certain related liabilities of COI identified on Schedule 3.1(b) attached hereto, including liabilities arising under the Lease and the Construction Contracts.

"BASE RATE" means, at the applicable time, the Prime Rate as announced by The Chase Manhattan Bank, N.A. in New York, New York.

"BASSOE" means Bassoe Rig Partners Ltd., a Bermuda corporation.

"BRIDGE LOAN" means that loan in the principal amount of \$3,150,000 made by SEACOR SMIT to and evidenced by that certain Promissory Note dated July 18, 1997 issued by Chiles Offshore Inc. to SEACOR SMIT in the principal amount of \$3,150,000, the proceeds of which were used to repay certain indebtedness which had been incurred to make certain payments due under the Construction Contracts and the repayment of which is secured by first priority liens on the assets and properties, and a pledge of the outstanding capital stock, of Chiles Offshore Inc. pursuant to the Bridge Loan Security Documents.

"BRIDGE LOAN SECURITY DOCUMENTS" means that (i) certain Security Agreement dated as of July 18, 1997 by Chiles Offshore Inc. in favor of SEACOR SMIT, and the Financing Statement (UCC-1) filed with the Secretary of State, State of Texas in

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connection therewith, and (ii) those certain Pledge Agreements dated as of July 18, 1997 by each of Bassoe, Donald B. Gregg, Richard M. Fairbanks III and Shannon Fairbanks and Chiles.

"BROKERAGE AGREEMENT" means that certain letter agreement to be entered into by the Company and Bassoe contemporaneously herewith, in the form of Annex II attached hereto, providing, among other things, for Bassoe to receive a brokerage fee in connection with the Construction Contracts upon the delivery of each of CJ1 and CJ2.

"BUSINESS" shall have the meaning set forth in Section 3.9(a).

"BUSINESS DAY" means any day (other than a day which is a Saturday, Sunday or legal holiday in the state of New York) on which banks are open for business in New York City.

"CJ1" means the Le Tourneau Enhanced 116-C jack-up drilling rig which as of the date hereof is under construction pursuant to the Construction Contracts and, upon completion, will be owned by CJ1.

"CJ1 3.8(A) EVENT" shall have the meaning set forth in Section 3.8(a).

"CJ1 3.8(B) EVENT" shall have the meaning set forth in Section 3.8(b).

"CJ2" means the Le Tourneau Super 116 jack-up drilling rig which may be constructed pursuant to the Construction Contracts and, if so constructed, would be owned by CJP2.

"CJ2 3.8(A) EVENT" shall have the meaning set forth in Section 3.8(a).

"CJ2 3.8(B) EVENT" shall have the meaning set forth in Section 3.8(b).

"CJP1" means a Delaware limited partnership to be formed to own and operate CJ1 as provided in the Letter Agreement and whose managing general partner will be the Company.

"CJP2" means a Delaware limited partnership to be formed to own and operate CJ2 as provided in the Letter Agreement and whose managing general partner will be the Company.

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"CAPITAL ACCOUNT" means, with respect to any Member, a separate account established by the Company and maintained for each Member in accordance with Section 3.5 hereof.

"CAPITAL CONTRIBUTION" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any Property (other than money) contributed to the Company with respect to the interests purchased by such Member pursuant to the terms of this Agreement, in return for which the Member contributing such capital shall receive a Membership Interest.

"CERTIFICATE" means the Certificate of Formation of the Company filed with the Secretary of State of Delaware, as amended or restated from time to time.

"CHILES" shall mean William E. Chiles.

"CHILES OFFSHORE INC." means Chiles Offshore Inc., a Delaware corporation that was merged into COI effective July 31, 1997.

"CODE" means the United States Internal Revenue Code of 1986, as amended.

"COI" means COI, LLC, a Delaware limited liability company and the successor by merger to Chiles Offshore Inc., a Delaware corporation merged with and into COI effective July 31, 1997.

"COMPANY" means Chiles Offshore LLC.

"COMPANY AFFILIATE" shall have the meaning set forth in Section 8.2.

"COMPANY MINIMUM GAIN" shall have the meaning set forth for "partnership minimum gain" in Regulation Section 1.704-2(b)(2) and shall be determined in accordance with the provisions of Regulation Section 1.704-2(d).

"CONSTRUCTION CONTRACTS" means, collectively, that certain (i) Platform Construction Agreement dated April 30, 1997 between Chiles Offshore Inc. and Amfels, Inc., a Texas corporation ("AMFELS"), (ii) Ancillary Agreement dated April 30, 1997 between Chiles Offshore Inc. and Amfels, and (iii) Confidentiality Agreement dated April 30, 1997 between Chiles Offshore Inc. and Amfels and (iv) such other agreements as may be entered into between the Company or its successors or assigns and Amfels from time to time relating to the construction of CJ2.

"DEPRECIATION" means, for each Taxable Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect

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to an asset for such Taxable Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the

beginning of such Taxable Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Taxable Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Taxable Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Management Committee.

"DISPOSITION" shall have the meaning set forth in Section 3.9(a).

"DISPOSITION NOTICE" shall have the meaning set forth in Section 3.9(a).

"DRAG-ALONG NOTICE" shall have the meaning set forth in Section 9.10(a).

"DRAG-ALONG RIGHT" shall have the meaning set forth in Section 9.10(a).

"EMPLOYMENT AGREEMENT" means an employment agreement to be entered into between the Company and Chiles pursuant to which Chiles will be employed to serve as President and Chief Executive Officer of the Company for a term of three years upon the other terms and conditions set forth in the Letter Agreement.

"GROSS ASSET VALUE" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows and as otherwise provided in clause (ii) of Section 3.2(b):

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as reasonably determined by the Management Committee; provided, however, that the initial Gross Asset Values of the assets contributed to the Company pursuant to Section 3.1 hereof shall be as set forth in such section or the schedule referred to therein;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as reasonably determined by the Management Committee as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Company property as consideration for an interest in the Company; and (iii) the liquidation of the

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Company within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g); provided, however, that an adjustment described in clauses (i) and (ii) of this paragraph shall be made only if the Management Committee reasonably determines that such adjustment is necessary to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any item of Company assets distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution as reasonably determined by the Management Committee; and

(d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b)(2)(iv)(m) and subparagraph (f) of the definition of "Profits" and "Losses" or Section 5.3(g) hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that an adjustment pursuant to subparagraph (b) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (b) or (d), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

"GROUP A MEMBERS" means SEACOR and its permitted successors or assigns.

"GROUP B MEMBERS" means COI and its permitted successors or assigns.

"GROUP A PREFERRED RETURN" shall have the meaning set forth in Section 3.8(a).

"GROUP B PREFERRED RETURN" shall have the meaning set forth in Section 3.8(b).

"INITIAL TAG-ALONG NOTICE" shall have the meaning set forth in Section 9.9(a).

"LEASE" means the office lease between Chiles Offshore Inc. and 2000 West Loop Ltd. expiring on March 31, 1998 for approximately 850 square feet at the premises located at 2000 West Loop South, Suite 2130, Houston, Texas 77027.

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"LETTER AGREEMENT" means that certain Letter Agreement dated the date hereof among the Company, SEACOR, SEACOR SMIT and Chiles setting forth, among other things, certain understandings relating to the formation after the date hereof of CJP1 and CJP2 and the terms and conditions of the Employment Agreement.

"LOSSES" has the meaning set forth in the definition of "Profits" and "Losses".

"MAJORITY IN INTEREST" means, with respect to any specified group or class of Members, Members owning more than fifty percent (50%) of the total Percentage Interests held by all such specified group or class of Members.

"MANAGEMENT COMMITTEE" means the management committee of the Company established pursuant to Section 7.1.

"MANAGERS" means, collectively, the Persons designated and serving in accordance with Article 7 as members of the Management Committee.

"MEMBER" or "MEMBERS" shall have the meaning set forth in the preamble hereof.

"MEMBER NONRECOURSE DEBT" has the meaning set forth for "partner nonrecourse debt" in Regulation Section 1.704-2(b)(4).

"MEMBER NONRECOURSE DEBT MINIMUM GAIN" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulation Section 1.704-2(i)(3).

"MEMBER NONRECOURSE DEDUCTIONS" has the meaning set forth for "partner nonrecourse deductions" in Regulation Sections 1.704-2(i)(1) and 1.704-2(i)(2).

"MEMBERSHIP INTEREST" means a Member's limited liability company interest in the Company which refers to all of a Member's rights and interests in the Company in such Member's capacity as a Member, all as provided in this Agreement and the Act.

"NET CASH FLOW" shall mean the gross cash proceeds from the Company's operations and any distributions received from CJP1 or CJP2 (excluding the proceeds of Company borrowings and capital contributions) and from all sales and other dispositions of the Company's Property and any amount released by the Management Committee from Reserves, less the portion of gross proceeds (other than the proceeds of the Company's borrowings and capital contributions) used to pay or establish

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Reserves for all the Company's expenses, debt payments (including principal, interest and required redemption payments), capital improvements, replacements and contingencies, all as reasonably determined by the Management Committee. Net Cash Flow shall not be reduced by Depreciation or similar allowances (but shall

be reduced by the Group A Preferred Return and the Group B Preferred Return, if any, as accrued pursuant to Section 3.8 unless Section 3.8(d) shall be applicable) and shall include the net cash proceeds of all principal and interest payments actually received by the Company with respect to any promissory note or other deferred payment obligation held by the Company in connection with sales and other dispositions of the Company's Property.

"NONRECOURSE DEDUCTIONS" has the meaning set forth in Regulation Section 1.704- 2(b) (1).

"NONRECOURSE LIABILITY" has the meaning set forth in Regulation Section 1.704- 2(b) (3).

"NOTICE" means a writing, containing the information required by this Agreement to be communicated to a party, and shall be deemed to have been received (a) when personally delivered or sent by telecopy, (b) one day following delivery by overnight delivery courier, with all delivery charges pre-paid, or (c) on the third Business Day following the date on which it was sent by United States mail, postage prepaid, to such party at the address or fax number, as the case may be, of such party as shown on the records of the Company.

"NOTICE OF ACCEPTANCE" shall have the meaning set forth in Section 3.9(a).

"PERCENTAGE INTEREST" of a Member means the aggregate limited liability company percentage interest set forth on Schedule 1 hereto, as the same may be modified from time to time as provided herein.

"PERMITTED TRANSFEREE" shall have the meaning set forth in Section 9.2.

"PERSON" means any individual, partnership, limited liability company, corporation, cooperative, trust, estate or other entity.

"PROFITS" and "LOSSES" means, for each Taxable Year, an amount equal to the Company's taxable income or loss for a taxable year, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a) (1) of the Code shall be included in taxable income or loss), with the following adjustments:

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(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Section 705(a) (2) (B) of the Code or treated as Code Section 705(a) (2) (B) expenditures pursuant to Regulation Section 1.704-1(b) (2) (iv) (i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Taxable Year, computed in accordance with the definition of Depreciation;

(f) To the extent an adjustment to the adjusted tax basis of any

Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Sections 1.704-(b) (2) (iv) (m) (4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 5.3 or Section 5.4 hereof shall not be taken into account in computing Profits or Losses.

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The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 5.3 and 5.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (a) through (f) above.

"PROMOTED INTEREST" shall have the meaning set forth in Section 3.4(d).

"PROPERTY" means all assets, real or intangible, that the Company may own or otherwise have an interest in from time to time.

"PURCHASING GROUP B MEMBERS" shall have the meaning set forth in Section 3.9(a).

"REGULATIONS" means the regulations, including temporary regulations, promulgated by the United States Department of Treasury with respect to the Code, as such regulations are amended from time to time, or corresponding provisions of future regulations.

"REGULATORY ALLOCATIONS" shall have the meaning set forth in Section 5.4.

"RESERVES" means the cash reserves established by the Management Committee to provide for working capital, future investments, debt service and such other purposes as may be deemed reasonably necessary or advisable by the Management Committee.

"SEACOR" means SEACOR Offshore Rigs Inc., a Delaware corporation, and its permitted successors or assigns.

"SEACOR GROUP" shall have the meaning set forth in Section 3.4(a).

"SEACOR SMIT" means SEACOR SMIT Inc., a Delaware corporation and, as of the date hereof, the parent of SEACOR.

"SEC" means the Securities and Exchange Commission.

"SECRETARY" shall mean the Secretary of the Treasury or his/her delegate or the Internal Revenue Service.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SECTION 9.8 OFFEREE" shall have the meaning set forth in Section 9.8(a).

"SECTION 9.8 PROPOSED PURCHASER" shall have the meaning set forth in Section 9.8(a).

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"SECTION 9.8 SELLING MEMBER" shall have the meaning set forth in Section 9.8(a).

"SECTION 9.9 PARTICIPATING TAGGED MEMBERS" shall have the meaning set forth in Section 9.9(a).

"SECTION 9.9 PROPOSED PURCHASER" shall have the meaning set forth in Section 9.9(a).

"SECTION 9.9 TAG-ALONG MEMBERSHIP INTEREST" shall have the meaning set

forth in Section 9.9(a).

"SECTION 9.9 TAGGED MEMBERS" shall have the meaning set forth in Section 9.9(a).

"SECTION 9.10 DRAG ALONG MEMBERSHIP INTERESTS" shall have the meaning set forth in Section 9.10(a).

"SECTION 9.10 DRAGGED MEMBERS" shall have the meaning set forth in Section 9.10(a).

"SECTION 9.10 PROPOSED PURCHASER" shall have the meaning set forth in Section 9.10(a).

"SECTION 9.10 SELLING MEMBER" shall have the meaning set forth in Section 9.10(a).

"TAG-ALONG RIGHT" shall have the meaning set forth in Section 9.9(a).

"TAG-ALONG NOTICE" shall have the meaning set forth in Section 9.9(a).

"TAXABLE YEAR" shall mean the taxable year of the Company in accordance with the provisions of Section 706 of the Code.

"TAX DISTRIBUTION" means an amount equal to (i) the taxable income of the Company allocated to the Group B Members for a Taxable Year multiplied by the sum of (x) the highest federal income tax rate applicable to individuals for such Taxable Year and (y) 6%, divided by (ii) the lowest aggregate Percentage Interests held by the Group B Members during such Taxable Year. Cash Distributions in respect of the Tax Distribution shall be made quarterly as provided in Section 4.1 hereof, based on a reasonable estimate of the amount of Tax Distribution for such Taxable Year. The amount of Tax Distribution shall be computed by the Company's regular independent public accounting firm.

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"TAX MATTERS MEMBER" shall have the meaning set forth in Article 11.

"TRANSFER" or "TRANSFERRED" means (a) when used as a verb, to give, sell, exchange, assign, transfer, pledge, hypothecate, bequeath, devise or otherwise dispose of or encumber, and (b) when used as a noun, the nouns corresponding to such verbs, in either case voluntarily or involuntarily, by operation of law or otherwise. When referring to a Membership Interest, "TRANSFER" shall mean the Transfer of such Membership Interest whether of record, beneficially, by participation or otherwise.

ARTICLE 2 FORMATION AND OFFICES

2.1 FORMATION. Pursuant to the Act, the Members have formed a Delaware limited liability company effective upon the filing of the Certificate of the Company with the Secretary of State of Delaware. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, to the extent permitted by the Act, this Agreement shall control.

2.2 PRINCIPAL OFFICE. The principal office of the Company shall be located at 2000 West Loop South, Suite 2130, Houston, Texas 77027 or at such other place(s) as the Management Committee may determine from time to time.

2.3 REGISTERED OFFICE AND REGISTERED AGENT. The location of the registered office and the name of the registered agent of the Company in the State of Delaware shall be as stated in the Certificate, as determined from time to time by the Management Committee.

2.4 PURPOSE OF COMPANY. The Company's purposes, and the nature of the business to be conducted and promoted by the Company are, (a) to acquire partnership interests in each of CJP1 and CJP2 in exchange for the contribution of the Construction Contracts, the progress payments and deposits made in accordance therewith of \$5,400,000 in the aggregate and the obligation to make additional cash contributions of \$9,450,000 in the aggregate, (b) to manage and supervise all aspects of the construction of CJ1 and CJ2 and, upon their

completion, manage all aspects of their operation for CJP1 or CJP2, as the case may be, and receive therefor certain construction supervision fees and management fees, (c) to act as managing general partner of each of CJP1 and CJP2, (d) to engage in any other lawful act or activity for which limited liability companies may be formed under the Act, and (e) to engage in any and all activities necessary, advisable, convenient or incidental to the foregoing.

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2.5 DATE OF DISSOLUTION. The term of the Company shall continue until the close of business on August 1, 2032 or until the earlier dissolution under Article 10 hereof. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate in the manner required by the Act.

2.6 CERTIFICATE; QUALIFICATION. The execution, delivery and filing of the Certificate by David E. Zeltner, in his capacity as an authorized person, within the meaning of the Act, is hereby ratified, approved and confirmed in all respects. The President and Chief Executive Officer, any Vice President, the Secretary and any Assistant Secretary of the Company is hereby authorized to qualify the Company to do business as a foreign limited liability company in Texas and any other state or territory in the United States in which the Company may wish to conduct business and each is hereby designated as an authorized person, within the meaning of the Act, to execute, deliver and file any amendments or restatements of the Certificate and any other certificates and any amendments or restatements thereof necessary for the Company to so qualify to do business in any such state or territory.

ARTICLE 3 CAPITALIZATION OF THE COMPANY

3.1 INITIAL CAPITAL CONTRIBUTIONS.

(a) On the date hereof, each Member shall make Capital Contributions to the capital of the Company consisting of cash and/or property as specified and as set forth opposite such Member's name on Schedule 1 hereto. The amount of such Capital Contributions, or the Gross Asset Value of any property contributed, if other than cash, and the Percentage Interest of each Member on the date hereof, is likewise set forth on Schedule 1.

(b) COI hereby represents and warrants to each of the Company and the Group A Members that, as of the date hereof and immediately prior to the Capital Contribution of the Group B Member pursuant to Section 3.1(a), the sole assets and liabilities of COI are as set forth on Schedule 3.1(b), and such assets are owned free and clear of any lien or encumbrances of any nature whatsoever (other than liens or encumbrances arising out of this Agreement, the Bridge Loans and the Bridge Loan Documents, the Construction Contracts and the other agreements referred to on Schedule 3.1(b), to the extent relating to the rights thereunder of the parties thereto).

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3.2 ADDITIONAL CAPITAL CONTRIBUTIONS.

(a) Except as otherwise expressly provided in this Agreement, no Member shall be required to make any additional Capital Contribution. No Member shall be permitted to make any additional Capital Contribution without the approval of the Management Committee.

(b) Subject to the rights of each Member to purchase its proportionate share of additional Membership Interests issued by the Company in accordance with Section 3.7, the Company may offer additional Membership Interests to:

(i) any person that is not an Affiliate of a Member with the approval of the Management Committee; or

(ii) any person that is a Member or is an Affiliate of a Member with the approval of (A) the Management Committee, (B) a Majority in Interest of the Group A Members and (C) a Majority in Interest of the Group B Members, it being expressly understood that such approval of the Members shall also include their approval of any related valuations of Gross Asset Value by the Management Committee and, if such Members approve the Transfer without approving said

valuation, Gross Asset Value shall be determined by a third Person familiar with the valuation of such transactions selected jointly by a Majority in Interest of the Group A Members and a Majority in Interest of the Group B Members not later than ten (10) days after their approval of the Transfer or, if the Members fail to so select a third Person, then such third Person will be selected in accordance with the rules and procedures of the American Arbitration Association in New York, New York.

If any additional Capital Contributions are made by Members but not in proportion to their respective Percentage Interests, the Percentage Interest of each Member shall be adjusted such that each Member's revised Percentage Interest determined immediately following the additional Capital Contributions shall be equal to a fraction (1) the numerator of which is the sum of (a) the positive Capital Account balance of the Member determined immediately preceding the date the additional Capital Contribution is made (such Capital Account to be computed by adjusting the book value for Capital Account purposes of each Company asset to equal its Gross Asset Value as of such date, as provided in subparagraph (b) of the definition herein of "Gross Asset Value"), and (b) the additional Capital Contribution, if any, made by such Member, and (2) the denominator of which is the sum of the positive Capital Account balances and additional Capital Contributions of all Members, including any new Members (in each case calculated as provided in Section 3.2(b)(ii)(1)). The names, addresses and Capital Contributions of the Members shall be reflected in the books and records of the Company.

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3.3 LOANS; REPAYMENT OF BRIDGE LOANS.

(a) Each Member shall have the right, but not the obligation, to purchase debt securities hereafter issued by the Company, CJP1 or CJP2; provided, however, that, if any Member so purchases debt securities from the Company, CJP1 or CJP2, such purchase shall not increase the Capital Account balance of such Member. No Member shall be obligated to loan funds to the Company. Loans by a Member to the Company shall not be considered Capital Contributions. The amount of any such purchases shall be a debt of the Company owed to such Member in accordance with the terms and conditions upon which such purchases are made.

(b) A Member may (but shall not be obligated to) guarantee a loan made to the Company. If a Member guarantees a loan made to the Company and is required to make payment pursuant to such guarantee to the maker of the loan, then the amounts so paid to the maker of the loan shall be treated as a loan by such Member to the Company and not as an additional capital contribution.

(c) On the date hereof, the Company shall use a portion of the Members' Capital Contributions to satisfy the Bridge Loans in full and the Company, contemporaneously therewith, agrees to repay in full the Bridge Loans and take all necessary steps to release any security granted pursuant to the Bridge Loan Security Documents, including liens granted with respect to the Construction Contracts.

(d) The Members acknowledge and agree that SEACOR is making a loan to the Company as of the date hereof in the amount of \$5,465,000 which will be evidenced by a promissory note of the Company in such principal amount and secured by a pledge of the assets of the Company pursuant to a Security Agreement in the forms attached as Annexes IV and V. The Members agree that SEACOR may enforce its right thereunder as if it were an unaffiliated third Person without any violation of fiduciary or other duties to the Company or its Members.

3.4 CONTRIBUTIONS BY SEACOR OF CERTAIN PROMOTED INTERESTS; CERTAIN SEACOR TRANSACTIONS.

(a) In the event SEACOR or its parent, SEACOR SMIT, or any other consolidated subsidiary of SEACOR SMIT (collectively, the "SEACOR GROUP"), shall engage in any offshore drilling rig investment transaction pursuant to which it receives a "Promoted Interest" (as defined below), then SEACOR shall be obligated to contribute such Promoted Interest, or to cause the contribution of such Promoted Interest, to the Company without the payment of any consideration by the Company therefor, and the contribution of any such Promoted Interest hereunder to the Company shall not be considered an additional capital contribution and shall not in

any way increase SEACOR's Capital Account; provided, however, that in the event any member of the SEACOR Group was required to make an equity or other investment to obtain such Promoted Interest, either (i) the Company shall make such investment or acquire such investment from the applicable member of the SEACOR Group at the cost incurred by SEACOR with respect thereto or (ii) SEACOR's Capital Account shall be increased by an amount determined by the Management Committee and approved by a Majority in Interest of the Group B Members, which approval shall not be unreasonably withheld or delayed; provided, further, in the event that the Group B Members do not approve an increase in SEACOR's Capital Account as contemplated by clause (ii) of the foregoing proviso, the Company shall not be precluded from engaging in the related offshore rig investment transaction and the amount of any increase in SEACOR's Capital Account shall be determined by a third Person familiar with the valuation of such transactions selected jointly by SEACOR and a Majority in Interest of the Group B Members not later than ten (10) days after the consummation of said investment or, if SEACOR and such Group B Members fail to so select a third Person, then such third Person will be selected in accordance with the rules and procedures of the American Arbitration Association in New York, New York.

(b) Notwithstanding anything herein to the contrary, members of the SEACOR Group may freely (i) make equity or equivalent investments in offshore or other oil rig investment transactions without any obligation to contribute any interest therein to the Company (so long as any related Promoted Interest shall be contributed to the Company pursuant to Section 3.4(a) and shall not at any time accrue to any member of the SEACOR Group as a result thereof), and (ii) acquire or combine with any other Person engaged in offshore drilling activities so long as such Person has net assets in excess of \$50,000,000 (whether or not such Person has the benefit of any Promoted Interest).

(c) Notwithstanding anything herein to the contrary, in the event any member of the SEACOR Group provides administrative, financial or investment- banking type services to the Company, CJP1 or CJP2 with the respect to any rig transactions or otherwise, such member of the SEACOR Group shall be entitled to receive reasonable fees and reimbursement for expenses incurred in connection with the provision of such services so long as such fees are not in excess of fees charged by unrelated Persons for comparable services.

(d) For purposes of this Section 3.4, a "Promoted Interest" shall mean a Person's right to receive any equity interest in, or percentage of the cash flow or profits of, an enterprise in excess of the amount of equity or percentage attributable to such Person's investment of cash or other property in such enterprise (i.e., a

disproportionate share of equity, cash flow or profits when such Person's investment is compared to comparable investments of other investors in the enterprise).

3.5 MAINTENANCE OF CAPITAL ACCOUNTS.

(a) The Company shall maintain for each Member, a separate Capital Account with respect to the Membership Interest owned by such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited (A) such Member's Capital Contributions, (B) such Member's distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 5.3 or Section 5.4 hereof, and (C) the amount of any Company liabilities assumed by such Member or which are secured by any Property distributed to such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note (or a Member related to the maker of the note within the meaning of Regulation Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes a taxable disposition of the note or until (and only to the extent) principal payments are made on the note, all in accordance with Regulation Section 1.704-1(b)(2)(iv)(d)(2);

(ii) To each Member's Capital Account there shall be debited (A) the

amount of money and the Gross Asset Value of any Property distributed or treated as an advance distribution to such Member pursuant to any provision of this Agreement (including without limitation any distributions pursuant to Section 4.1(a)), (B) such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 5.3 or Section 5.4 hereof, and (C) the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company;

(iii) In the event Membership Interests are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Membership Interests; and

(iv) In determining the amount of any liability for purposes of Sections 3.5(a)(i) and 3.5(a)(ii) there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

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(b) The foregoing Section 3.5(a) and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulation. The Management Committee shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulation Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulation Section 1.704-1(b).

3.6 CAPITAL WITHDRAWAL RIGHTS, INTEREST AND PRIORITY. Except as expressly provided in this Agreement, no Member shall be entitled (a) to withdraw or reduce such Member's Capital Contribution or to receive any distributions from the Company, or (b) to receive or be credited with any interest on the balance of such Member's Capital Contribution at any time.

3.7 PREEMPTIVE RIGHTS. If the Company elects to offer and sell Membership Interests other than the Membership Interests set forth on Schedule 1, such additional Membership Interests shall be in the form of Membership Interests having such Percentage Interest, designations and such rights and provisions, including, but not limited to, provisions relating to distributions and allocations of Profits and Losses, as shall be reasonably determined by the Management Committee to be in the best interest of the Company; provided, however, that the Company may not offer and sell any Membership Interests having preferences to the rights of Group A Members or the Group B Members with respect to distributions, allocations or rights upon liquidation, without the prior written consent of a Majority in Interest of the Group A Members, and a Majority in Interest the Group B Members (it being understood that no such consent shall be required for the offering or sale of Membership Interests that are entitled to distributions, allocations and rights upon liquidation that are *pari passu* to the rights of the Group A Members and the Group B Members). Prior to the consummation of any sale of additional Membership Interests, the Company shall offer the additional Membership Interests to the Members, on the terms and conditions set forth below:

(a) The Company shall give Notice to each Member, setting forth the price, terms and conditions of the proposed sale of the additional Membership Interests, including the date of the proposed sale, which shall not be less than thirty (30) days after the date of the Notice.

(b) Each Member shall have the option to acquire all or a portion of such Member's pro rata portion (which shall be in proportion to the

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Percentage Interest of all the Members) at the time of the offering of the additional Membership Interests proposed to be sold, on the same terms and conditions as are set forth in the Notice. The option of Members to purchase all or a portion of their pro rata portions of the additional Membership Interests shall be exercised by delivery of a Notice to the Company of

exercise within twenty (20) days following receipt of the Company's Notice of the price, terms and conditions of the sale of the additional Membership Interests. If any Member fails or declines to purchase all or a portion of such Member's pro rata portion of the additional Membership Interests, then such Member's remaining portion of the additional Membership Interests shall be offered to the Members who have exercised their options to purchase their pro rata portions. This procedure shall continue until such time as all the Membership Interests offered hereby have been purchased by such Members or until no such Member desires to purchase any additional Membership Interests hereunder. Each such Member shall have the right to offer to acquire such additional Membership Interests by delivering to the Company such Member's Notice of such offer within ten (10) days following receipt of the Company's Notice that additional portions are available. If less than all the Membership Interests to be sold by the Company are purchased by the Members, the Company may within one hundred twenty (120) days from the initial Notice sell such Membership Interests as shall not have been purchased by the Members upon terms and conditions no less favorable to the Company than those set forth in the Notice.

(c) The sale of additional Membership Interests to Members who exercise their options to purchase additional Membership Interests shall occur on the date set forth in the Company's Notice of the price, terms and conditions of the sale.

3.8 GROUP A PREFERRED RETURN; GROUP B PREFERRED RETURN . (a) If any of the following events occur: (i) delivery of CJ1 is not completed until a date that is 120 days after the "Scheduled Delivery Date" (as such term is defined in the Construction Contracts with respect to CJ1) and such delayed delivery date is not due to force majeure (the "CJ1 3.8(A) EVENT"), or (ii) the construction and delivery of CJ2 is not completed until a date that is 120 days after the "Scheduled Delivery Date" (as defined in the Construction Contracts with respect to CJ2) and such delivery date is not due to force majeure (the "CJ2 3.8(A) EVENT"), then upon such occurrence, the Group A Members shall be entitled to a Group A preferred return (the "GROUP A PREFERRED RETURN") equal to (1) the total equity investment made by SEACOR and its successors or assigns in the Company and in (a) CJP1, in the case of a CJ1 3.8(a) Event, or (b) CJP2, in the case of a CJ2 3.8(a) Event, multiplied by (2) the product of (A) the Base Rate in effect on the date CJ1 or CJ2, as the case may be, is actually

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delivered, plus 2%, multiplied by (B) (x) the number of days in excess of 120 days after the applicable "Scheduled Delivery Date," that CJ1 or CJ2, as the case may be, is actually delivered, divided by (y) 365 days. Notwithstanding anything to the contrary contained in the preceding sentence, if the Management Committee duly approves and authorizes a "Change Order" (as defined in the Construction Contracts as of the date hereof) that results in an adjustment to a "Scheduled Delivery Date," the date used in determining whether a CJ1 3.8(a) Event or CJ2 3.8(b) Event has occurred therein shall be adjusted accordingly.

(b) If any of the following events occur: (i) delivery of CJ1 is completed on a date that is 120 days before the "Scheduled Delivery Date" (as such term is defined in the Construction Contracts with respect to CJ1) (the "CJ1 3.8(B) EVENT") or (ii) the construction and delivery of CJ2 is completed on a date that is 120 days before the "Scheduled Delivery Date" (as defined in the Construction Contracts with respect to CJ2) (the "CJ2 3.8(B) EVENT"), then upon such occurrence, the Group B Members shall be entitled to a Group B preferred return (the "GROUP B PREFERRED RETURN") equal to (1) the total equity investment made by the Group B Members and their successors or assigns in the Company and (a) CJP1, in the case of a CJ1 3.8(b) Event, or (b) CJP2, in the case of a CJ2 3.8(b) Event, multiplied by (2) the product of (A) the Base Rate in effect on the date CJ1 or CJ2, as the case may be, is actually delivered, plus 2%, multiplied by (B) (x) the number of days in advance of 120 days before the applicable "Scheduled Delivery Date," that CJ1 or CJ2, as the case may be, is actually delivered, divided by (y) 365 days. Notwithstanding anything to the contrary contained in the preceding sentence, if the Management Committee duly approves and authorizes a "Change Order" (as defined in the Construction Contracts as of the date hereof) that results in an adjustment to a "Scheduled Delivery Date," the date used in determining whether a CJ1 3.8(b) Event or CJ2 3.8(b) Event has occurred therein shall be adjusted accordingly.

(c) Anything to the contrary herein notwithstanding, the Group A Preferred Return and the Group B Preferred Return shall be paid or distributed to the

Group A Members or the Group B Members, as applicable, on a priority basis prior to the making of any other distribution or allocation hereunder to Members and shall be treated for federal income tax purposes as a "guaranteed payment" under Section 707(c) of the Code.

(d) In the event that the Construction Contracts are amended to provide that both CJ1 and CJ2 shall be constructed on a priority basis as described under the heading "Adjustment to the Order of Distributions in the Event of Early or Late Delivery" in the outline of terms attached to the letter of intent between COI and SEACOR SMIT dated July 18, 1997, this Section 3.8 shall be null and void and of no further force or effect.

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3.9 RIGHT OF FIRST OFFER ON SALE OF THE BUSINESS.

(a) If (i) the Management Committee proposes to sell all or substantially all of the business and operations of the Company (the "BUSINESS") to any Person by means of merger, sale of assets or otherwise (a "DISPOSITION"), other than pursuant to a sale of outstanding Membership Interests (as to which the provisions of Article 9 shall be applicable) and (ii) a Majority in Interest of the Group B Members shall not have consented in writing to such Disposition, then the Management Committee shall provide Notice of the proposed Disposition to the Group B Members setting forth in reasonable detail the price, terms and conditions of the proposed Disposition (the "DISPOSITION NOTICE"). One or more of the Group B Members (the "PURCHASING GROUP B MEMBERS") shall have the option, exercisable by a Notice to the Company delivered within thirty (30) days after the date of the Disposition Notice and signed by a Majority in Interest of the Group B Members (the "NOTICE OF ACCEPTANCE"), to elect to acquire the Business on the price, terms and conditions set forth in the Disposition Notice. The Notice of Acceptance shall indicate the identity of the Purchasing Group B Members, state their acceptance of the price, the terms and conditions of the proposed Disposition and may provide that consummation of the proposed Disposition is conditioned upon the Purchasing Group B Members obtaining financing therefor; provided, however, that if such consummation is conditioned upon obtaining financing therefor, Purchasing Group B Members shall provide, not later than forty-five (45) days after the date of the Disposition Notice, commitments from recognized financial institutions evidencing their commitment to provide any financing required to consummate the proposed Disposition, which commitments shall be in form and substance reasonable satisfactory to the Company; and, provided further, that, if such Purchasing Group B Members fail to provide any commitments required by the immediately preceding proviso, the Purchasing Class B Members shall be deemed not to have exercised their option to acquire the Business and the Company shall be free to effect the Disposition as contemplated by this Section. If the Purchasing Class B Members fail or for any reason (other than a default or breach by the Company) are unable to consummate the proposed Disposition within sixty (60) days from the date of the Disposition Notice in accordance with Section 3.9(b), the Company may effect a Disposition to any Person upon terms and conditions no less favorable to the Company than those set forth in the Disposition Notice during a period of 180 days after the expiration of such 60-day period. Thereafter, any Disposition will again be subject to the rights of the Group B Members under the provisions of this Section 3.9(a).

(b) The sale of the Business to the Purchasing Group B Members pursuant to this Section 3.9 shall occur at the office of the Company on a Business Day specified by not less than five (5) Business Days' prior Notice from the Purchasing Group B Members to the Company, which Business Day shall not be later than sixty (60) days

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after the date of the Disposition Notice. At the closing, the Purchasing Group B Members shall deliver the consideration payable pursuant to the Disposition Notice in the form and amount specified therein against the simultaneous delivery of instruments of assignment in form and substance reasonably satisfactory to the Purchasing Group B Members, evidencing the sale of the Business contemplated by the Disposition Notice.

4.1 DISTRIBUTIONS OF NET CASH FLOW. Except as otherwise provided in Section 3.8(c), distributions of Net Cash Flow to the Members shall be made as follows:

(a) quarterly, to the Group A Members and Group B Members in proportion to and to the extent of their relative Percentage Interests, an amount not in excess of the Tax Distribution for the Taxable Year; provided, however, that distributions under this Section 4.1(a) shall be treated as advance distributions under Section 4.1(b), with the result that distributions otherwise made under Section 4.1(b) to such Member shall be reduced by the amount of advances made pursuant to this Section 4.1(a); and

(b) upon the approval of and in the amount so approved by the Management Committee acting in its sole discretion, to the Group A Members and Group B Members in proportion to their relative Percentage Interests.

4.2 PERSONS ENTITLED TO DISTRIBUTIONS. All distributions of Net Cash Flow to the Members under this Article 4 shall be made to the Persons shown on the records of the Company to be entitled thereto as of the last day of the fiscal period prior to the time for which such distribution is to be made, unless the transferor and transferee of any Membership Interest otherwise agree in writing to a different distribution and such distribution is consented to in writing by the Management Committee.

4.3 LIMITATIONS ON DISTRIBUTIONS. Notwithstanding anything to the contrary herein provided, no distribution hereunder shall be permitted to the extent prohibited by Section 18-607 of the Act.

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ARTICLE 5
ALLOCATIONS

5.1 PROFITS. After giving effect to the special allocations set forth in Sections 5.3 and 5.4 hereof and subject to Section 5.7 hereof, Profits for any Taxable Year shall be allocated to the Group A Members and Group B Members in proportion to their Percentage Interests.

5.2 LOSSES. After giving effect to the special allocations set forth in Sections 5.3 and 5.4, subject to the limitation in Section 5.5 hereof and subject to Section 5.7 hereof, Losses for any Taxable Year shall be allocated to the Group A Members and Group B Members in proportion to their Percentage Interests.

5.3 SPECIAL ALLOCATIONS. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this Article 5, if there is a net decrease in Company Minimum Gain during any Taxable Year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to each Member's share of the net decrease in Company Minimum Gain during such taxable year as determined in accordance with the provisions of Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f) (6) and 1.704-2(j) (2) of the Regulations. This Section 5.3(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i) (4) of the Regulations, notwithstanding any other provision of this Section 5, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Taxable Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i) (5) of the Regulations, shall be specially allocated items of Company income and gain for such Taxable Year (and, if necessary, subsequent Taxable Years) in an amount equal to such Member's

share of the net decrease in Member

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Nonrecourse Debt, determined in accordance with Regulation Section 1.704-2(i) (4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i) (4) and 1.704-2(j) (2) of the Regulations. This Section 5.3(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i) (4) of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b) (2) (ii) (d) (4), 1.704-1(b) (2) (ii) (d) (5), or 1.704-1(b) (2) (ii) (d) (6) of the Regulations, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Member as quickly as possible, provided that an allocation pursuant to this Section 5.3(c) shall be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 5 have been tentatively made.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Taxable Year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g) (1) and 1.704-2(i) (5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible; provided, however, that an allocation pursuant to this Section 5.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 5 have been made other than those allocations pursuant to Section 5.3(c) and this Section 5.3(d).

(e) Nonrecourse Deductions. Nonrecourse Deductions for any Taxable Year shall be specially allocated to the Members in proportion to their respective Percentage Interests.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Taxable Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulation Section 1.704-2(i) (1).

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(g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b) (2) (iv) (m) (2) or 1.704-1(b) (2) (iv) (m) (4) to be taken into account in determining Capital Accounts as the result of a transfer of a Member's Membership Interest or a distribution to a Member in complete liquidation of such Member's Membership Interest, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event Regulation Section 1.704-1(b) (2) (iv) (m) (2) applies, or to the Member to whom such distribution was made in the event Regulation Section 1.704-1(b) (2) (iv) (m) (4) applies.

5.4 CURATIVE ALLOCATIONS. The allocations set forth in Sections 5.3(a), 5.3(b), 5.3(c), 5.3(d), 5.3(e), 5.3(f), 5.3(g) and 5.5 (the "REGULATORY ALLOCATIONS") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 5.4. Therefore, notwithstanding any other provision of this Section 5 (other than the Regulatory Allocations), following any Regulatory Allocation, the Management Committee shall use its best efforts to make such offsetting special allocations of Company income, gain, loss or

deduction in whatever reasonable manner it determines so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations had not been made and all Company items were allocated pursuant to Sections 5.1 and 5.2.

5.5 LOSS LIMITATION. Losses allocated pursuant to Section 5.2 hereof shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Taxable Year. In the event some but not all the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 5.2 hereof, the limitation set forth in this Section 5.5 shall be applied on a Member by Member basis and Losses not allocable to any Member as a result of such limitation shall be allocated to the other Members pro rata in accordance with the positive balances in such Members' Capital Accounts so as to allocate the maximum permissible Losses to each Member under Section 1.704-1(b) (2) (ii) (d) of the Regulations.

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5.6 TAX ALLOCATIONS: CODE SECTION 704(C).

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value).

(b) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (b) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(c) Any elections or other decisions relating to such allocations shall be made by the Management Committee in any manner that reasonably reflects the purpose and intention of this Agreement; provided, that the Company, in the discretion of SEACOR, may make, or not make, "curative" or "remedial" allocations (within the meaning of the Regulations under Code Section 704(c)) including, but not limited to, "curative" allocations which offset the effect of the "ceiling rule" for a prior Taxable Year (within the meaning of Regulation Section 1.704-3(c) (3) (iii)) and "curative" allocations from disposition of contributed property (within the meaning of Regulation Section 1.704-3(c) (3) (iii) (B)). Allocations pursuant to this Section 5.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions (other than Tax Distributions) pursuant to any provision of this Agreement.

5.7 CHANGE IN PERCENTAGE INTERESTS. In the event that the Members' Percentage Interests change during a Taxable Year, Profits and Losses shall be allocated taking into account the Members' varying Percentage Interests for such Taxable Year, determined on a daily, monthly or other basis as determined by the Management Committee, using any permissible method under Code Section 706 and the Regulations thereunder.

5.8 WITHHOLDING. Each Member hereby authorizes the Company to withhold and to pay over any taxes payable by the Company or any of its Affiliates as a result of such Member's participation in the Company; if and to the extent that the Company shall be required to withhold any such taxes, such Member shall be deemed for all purposes of this Agreement to have received a payment from the Company as

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of the time such withholding is required to be paid, which payment shall be deemed to be a distribution to such Member to the extent that the Member is then entitled to receive a distribution. To the extent that the aggregate of such payments in respect of a Member for any period exceeds the distributions to

which such Member is entitled for such period, the amount of such excess shall be considered a demand loan from the Company to such Member, with interest at 8% per annum, which interest shall be treated as an item of Company income, until discharged by such Member by repayment, which may be made in the sole discretion of the Management Committee out of distributions to which such Member would otherwise be subsequently entitled. The withholdings referred to in this Section 5.7 shall be made at the maximum applicable statutory rate under the applicable tax law unless the Management Committee shall have received an opinion of counsel or other evidence, satisfactory to the Management Committee, to the effect that a lower rate is applicable, or that no withholding is applicable.

ARTICLE 6 MEMBERS' MEETINGS

6.1 MEETINGS OF MEMBERS; PLACE OF MEETINGS. Regular meetings of the Members may be held on an annual basis or more frequently as determined by a Majority in Interest of the Members. All meetings of the Members shall be held in New York, New York or Houston, Texas as designated from time to time by the Management Committee and stated in the Notice of the meeting or in a duly executed waiver of the Notice thereof. The Company shall reimburse each Member for reasonable travel expenses incurred to attend such meeting provided that such expenses do not exceed the reasonable cost of travel between New York, New York and Houston, Texas. Special meetings of the Members may be held for any purpose or purposes, unless otherwise prohibited by law, and may be called by the Management Committee or by Members owning not less than thirty percent (30%) of the Percentage Interests. Members may participate in a meeting of the Members by means of conference telephone or other similar communication equipment whereby all Members participating in the meeting can hear each other. Participation in a meeting in this manner shall constitute presence in person at the meeting.

6.2 QUORUM; VOTING REQUIREMENT. The presence, in person or by proxy, of a Majority in Interest of the Members shall constitute a quorum for the transaction of business by the Members. The affirmative vote of a Majority in Interest of the Members present, in person or by proxy, at any meeting shall constitute a valid decision of the Members, except where a larger vote is required by the Act or this Agreement.

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6.3 PROXIES. At any meeting of the Members, every Member having the right to vote thereat shall be entitled to vote in person or by proxy appointed by an instrument in writing signed by such Member and bearing a date not more than one year prior to such meeting.

6.4 ACTION WITHOUT MEETING. Any action required or permitted to be taken at any meeting of Members of the Company may be taken without a meeting, without prior notice and without a vote if a consent in writing setting forth the action so taken is signed by Members having not less than the minimum Percentage Interests that would be necessary to authorize or take such action at a meeting of the Members. Prompt Notice of the taking of any action taken pursuant to this Section 6.4 by less than the unanimous written consent of the Members shall be given to those Members who have not consented in writing.

6.5 NOTICE. Notice stating the place, day and hour of the meeting and the purpose for which the meeting is called shall be delivered personally or sent by mail or by telecopier not less than five (5) days nor more than sixty (60) days before the date of the meeting by or at the direction of the Management Committee or other persons calling the meeting, to each Member entitled to vote at such meeting.

6.6 WAIVER OF NOTICE. When any Notice is required to be given to any Member hereunder, a waiver thereof in writing signed by the Member, whether before, at or after the time stated therein, shall be equivalent to the giving of such Notice.

6.7 NO AUTHORITY. Unless expressly authorized herein or by action of the Members or the Management Committee in accordance herewith and the Act, no Member shall have any authority to act on behalf of the Company or bind the Company in any manner whatsoever, including, without limitation, entering into any agreement on behalf of the Company.

6.8 CERTAIN APPROVALS. The Company may enter into, and perform the Assignment and Assumption Agreement, Construction Contracts, the Brokerage Agreement and the Employment Agreement and all agreements instruments and other documents relating thereto contemplated to be executed and delivered by the Company. The President and Chief Executive Officer and any Vice President of the Company are hereby authorized to enter into on behalf of the Company the agreements, instruments and documents referred to in the preceding sentence.

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ARTICLE 7
MANAGEMENT AND CONTROL

7.1 MANAGEMENT COMMITTEE; MANAGERS.

(a) Except as otherwise provided hereunder, the business and affairs of the Company shall be managed by a Management Committee comprised of seven Managers: (i) four (4) Managers designated by a Majority in Interest of the Group A Members, and (ii) three (3) Managers designated by a Majority in Interest of the Group B Members. The Group A Members shall have the right to remove or replace (following death or resignation) any or all of the Persons referred to in clause (i) above and designate their successors, and the Group B Members shall have the right to remove or replace (following death or resignation) any or all of the Persons referred to in clause (ii) above and designate their successors, such that the Group A Members shall at all times have the right to designate four Managers and the Group B Members shall at all times have the right to designate three Managers. The initial Managers designated by the Group A Members are: (i) Charles Fabrikant, (ii) Randall Blank, (iii) Dick H. Fagerstal, and (iv) Edward Washecka. The initial managers designated by the Group B Members are: (i) Richard M. Fairbanks III, (ii) William E. Chiles, and (iii) Jonathan B. Fairbanks.

(b) Except as otherwise expressly provided herein, the power and authority granted to the Management Committee hereunder shall include all those necessary or convenient for the furtherance of the purposes of the Company and shall include the power to make all decisions with regard to the management, operations, assets, financing and capitalization of the Company.

(c) Anything to the contrary herein notwithstanding, no Manager shall have any authority to bind the Company or the Management Committee in his individual capacity in any manner whatsoever, except for such authority as shall be expressly delegated to a Manager in this Agreement or by the Management Committee.

7.2 MANAGEMENT COMMITTEE MEETINGS; AUTHORITY; PROXIES.

(a) The Management Committee will establish a regular meeting schedule, and will use its reasonable best efforts to meet at least once every quarter. Unless otherwise agreed by a majority of the Managers, meetings of the Management Committee shall be held in New York, New York or Houston, Texas. The Company shall reimburse each Manager for reasonable travel expenses incurred to attend such meeting; provided, that such expenses do not exceed the reasonable cost of travel between New York, New York and Houston, Texas. Meetings may be conducted in person, by telephone or in any other manner agreed to by the Management

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Committee. Any two (2) Managers may call a meeting of the Management Committee upon delivery of written or telephonic Notice at least three (3) Business Days prior to the date of such meeting, which Notice shall be accompanied by a proposed agenda or statement of purpose and by copies of all documents, agreements and information to be considered at such meeting; provided, however, at any such meeting, the Managers may address any and all business matters which may come before it, whether or not such items were provided for in the proposed agenda.

(b) A quorum shall exist when a majority of the Managers are present in person or by proxy. Each Manager is entitled to vote at any meeting of the Management Committee. The vote of a majority of the Managers present in person or by proxy at any meeting of the Management Committee where a quorum is present shall be required for action by the Management Committee.

(c) At each meeting of the Management Committee, every Manager shall be entitled to vote in person or by proxy appointed by instrument in writing, subscribed by such Manager.

7.3 MANAGEMENT COMMITTEE'S AUTHORITY; CERTAIN LIMITATIONS. (a) Except as expressly set forth herein, the Management Committee shall have the maximum power and authority with respect to the business and operations of the Company permitted by law, including, without limitation, the right to cause the Company to merge or consolidate with, or sell all, or substantially all, of its asset to any Person.

(b) Notwithstanding the grant of authority to the Management Committee pursuant to Section 7.3(a) and except as otherwise contemplated in Sections 10.1(a), (b) and (c), the Management Committee shall not authorize the Company to merge or consolidate with, or sell all, or substantially all, of its assets to, a Member or an Affiliate of a Member without the prior written consent of a Majority in Interest of the Group A Members and a Majority in Interest of the Group B Members.

7.4 OFFICERS; AGENTS. The Management Committee shall have the power to appoint any Person or Persons as agents (who may be referred to as officers) to act for the Company with such titles, if any, as the Management Committee deems appropriate and to delegate to such officers or agents such of the powers as are granted to the Management Committee hereunder. Any decision or act of an officer appointed under this Section 7.4 within the scope of the officer's designated or delegated authority shall control and shall bind the Company. The officers or agents so appointed may have such titles as the Management Committee shall deem appropriate, which may include (but need not be limited to) President and Chief Executive Officer, Executive Vice President, Vice President, Chief Operating Officer,

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Chief Financial Officer, Treasurer or Controller. The initial officers of the Company are set forth on Schedule 7.4. Unless the authority of the agent designated as the officer in question is limited by the Management Committee, any officer so appointed shall have the same authority to act for the Company as a corresponding officer of a Delaware corporation would have to act for a Delaware corporation in the absence of a specific delegation of authority. The Management Committee, in its sole discretion, may by vote, resolution or otherwise ratify any act previously taken by an officer or agent acting on behalf of the Company.

7.5 RESIGNATION OF A MANAGEMENT COMMITTEE MEMBER. A Manager may resign from such position at any time upon giving Notice to the Management Committee. Any vacancy created by any such resignation of a Manager shall be filled by the Persons or Person who designated such vacating Manager in accordance with the provisions of Section 7.1(a).

7.6 COMPENSATION Except as otherwise provided herein, each Manager shall be entitled to reimbursement from the Company for all reasonable direct out-of-pocket expenses incurred on behalf of the Company. Commencing upon the completion, delivery and successful operation of both CJ1 and CJ2, any Manager that is not also employed by the Company shall be entitled to such compensation for services rendered on behalf of the Company as may be approved to by the Management Committee.

ARTICLE 8 LIABILITY AND INDEMNIFICATION

8.1 LIABILITY OF MEMBERS. A Member shall only be liable to make the payment of its Capital Contribution. No Member, except as otherwise specifically provided in the Act, shall be obligated to pay any distribution to or for the account of the Company or any creditor of the Company.

8.2 INDEMNIFICATION.

(a) The Company shall indemnify and hold harmless each Manager and Member and their respective Affiliates and all officers, directors, members, partners, managers and employees thereof, and each officer of the Company and any Person serving in any similar capacity for another Person affiliated with the Company at the request of the Company (solely for purposes of this Section 8.2, each

such Person being referred to as, a "COMPANY AFFILIATE"), from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including reasonable attorneys' fees and disbursements), judgments, fines, settlements and other

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amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which a Company Affiliate may be involved, or threatened to be involved, as a party or otherwise, arising out of or incidental to the business of the Company, including, without limitation, liabilities under the Federal and state securities laws, regardless of whether a Company Affiliate continues to be a Company Affiliate, at the time any such liability or expense is paid or incurred, if (i) the Company Affiliate acted in good faith and in a manner it or he reasonably believed to be in, or not opposed to, the interests of the Company and, with respect to any criminal proceeding, had no reason to believe its or his conduct was unlawful, and (ii) the Company Affiliate's conduct did not constitute actual fraud, gross negligence or willful or wanton misconduct. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, in and of itself, create a presumption or otherwise constitute evidence that the Company Affiliate acted in a manner contrary to that specified in (i) or (ii) above.

(b) Expenses (including reasonable legal fees and expenses) incurred in defending any proceeding subject to subsection (a) of this Section 8.2 shall be paid by the Company in advance of the final disposition of such proceeding upon receipt of a written affirmation by the Company Affiliate of his or its good faith belief that he or it has met the standard of conduct necessary for indemnification under this Section 8.2 and a written undertaking (which need not be secured) by or on behalf of the Company Affiliate to repay such amount if it shall ultimately be determined, by a court of competent jurisdiction or otherwise, that the Company Affiliate is not entitled to be indemnified by the Company as authorized hereunder.

(c) The indemnification provided by this Section 8.2 shall be in addition to any other rights to which each Company Affiliate may be entitled under any agreement or vote of the Management Committee by the vote of Managers that are disinterested and unaffiliated with such Company Affiliate, as a matter of law or otherwise, both as to action in the Company Affiliate's capacity as a Company Affiliate or as a Person serving at the request of the Company and shall continue as to a Company Affiliate who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns, administrators and personal representatives of such Company Affiliate.

(d) The Company may purchase and maintain directors and officers insurance or, similar coverage, for its Managers and its officers in such amounts and with such deductibles or self-insured retentions as are customary for Persons engaged in businesses similar in size and type to those engaged in by the Company. The Company shall use reasonable commercial efforts to purchase and maintain such

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insurance in the event and to the extent such insurance is available on commercially reasonable terms, as determined by the Management Committee in its discretion.

(e) Any indemnification hereunder shall be satisfied only out of the assets of the Company and the Members shall not be subject to personal liability by reason of these indemnification provisions. To the extent the Company does not have adequate cash available to satisfy its obligations under this Article 8, the Company shall pay its obligations under this Article 8 out of Net Cash Flow prior to making any distributions (other than distributions under Section 4.1(a) hereof) to the Members.

(f) A Company Affiliate shall not be denied indemnification in whole or in part under this Section 8.2 because the Company Affiliate had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement and all material facts relating to such indemnitee's interest were adequately disclosed to the Management Committee at the time the transaction was consummated.

(g) The provisions of this Section 8.2 are for the benefit of the Company Affiliates and the heirs, successors, assigns, administrators and personal representatives of the Company Affiliates and shall not be deemed to create any rights for the benefit of any other Persons.

(h) Any repeal or amendment of any provisions of this Section 8.2 shall be prospective only and shall not adversely affect any Company Affiliates's right existing at the time of such repeal or amendment.

ARTICLE 9
TRANSFERS OF MEMBERSHIP INTERESTS

9.1 GENERAL RESTRICTIONS.

(a) No Member may Transfer all or any part of such Member's Membership Interest, except as provided in this Agreement. Any purported Transfer or purported purchase of a Membership Interest or a portion thereof in violation of the terms of this Agreement shall be null and void and of no effect. A permitted Transfer shall be effective as of the date specified in the instruments relating thereto. Any transferee desiring to make a further Transfer shall become subject to all the provisions of this Article 9 to the same extent and in the same manner as any Member desiring to make any Transfer. No Member shall have the right to withdraw as a Member of the Company.

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(b) In the event that the Membership Interests are registered under the Securities Act, the Transfer restrictions set forth in this Article 9 shall terminate.

(c) No Group B Member shall transfer any Membership Interests prior to the completion of the construction and delivery of CJ1 and CJ2 except pursuant to Sections 3.9, 9.2, 9.9 or 9.10. Following such construction and delivery, all Group B Members shall also have the right to Transfer their Membership Interests pursuant to Section 9.8.

9.2 PERMITTED TRANSFEREES.

(a) Notwithstanding the provisions of Sections 9.8 and 9.9, each Group A Member shall have the right to Transfer (but not to substitute the transferee as a substitute Member in such Member's place, except in accordance with Section 9.3), by a written instrument, all or any part of such Group A Member's Membership Interest, to any member of the SEACOR Group (each a "PERMITTED TRANSFEREE"); it being understood that any such Permitted Transferee shall be deemed to be an additional or substitute Member as of the date of such Transfer and each Member agrees to take such action and execute such documents as such transferee may deem reasonably necessary and appropriate for such transferee to become a substitute or additional Member. Notwithstanding the provisions of Sections 9.8 and 9.9, each Member shall have the right to pledge such Member's interest as collateral security for a loan to another Member or to a financial institution generally in the business of making commercial loans; provided, however, that no such pledge shall be made for the purpose of effecting a disguised sale to the pledgee and; provided further, that any such pledgee shall agree in a writing delivered to the Company to be bound by all the terms and conditions of this Agreement, including, without limitation, the terms and conditions set forth in Section 9.10.

(b) Unless and until admitted as a substitute Member pursuant to Section 9.3, a transferee of a Member's Membership Interest in whole or in part shall be an assignee with respect to such Transferred Membership Interest and shall not be entitled to participate in the management of the business and affairs of the Company or to become or to exercise the rights of a Member, including the right to vote, the right to require any information or accounting of the Company's business or the right to inspect the Company's books and records. Such transferee shall only be entitled to receive, to the extent of the Membership Interest transferred to such transferee, the share of distributions and profits, including distributions representing the return of Capital Contributions, to which the transferor would otherwise be entitled with respect to the Transferred Interest. The transferor shall have the right to vote such Transferred Interest until the transferee is admitted to the Company as a substituted Member with respect to the Transferred Interest.

9.3 SUBSTITUTE MEMBERS. No transferee of all or part of a Member's Membership Interest shall become a substitute Member in place of the transferor unless and until:

(a) the transferee has executed an instrument in form and substance reasonably satisfactory to the Management Committee accepting and adopting the terms and provisions of the Certificate and this Agreement; and

(b) the transferee has caused to be paid all reasonable expenses of the Company in connection with the admission of the transferee as a substitute Member.

Upon satisfaction of all the foregoing conditions with respect to a particular transferee, the President and Chief Executive Officer shall cause the books and records of the Company to reflect the admission of the transferee as a substitute Member to the extent of the Transferred Interest held by the transferee.

9.4 EFFECT OF ADMISSION AS A SUBSTITUTE MEMBER. A transferee who has become a substitute Member has, to the extent of the transferred Membership Interest, all the rights, powers and benefits of, and is subject to the restrictions and liabilities of a Member under the Certificate, this Agreement and the Act. Upon admission of a transferee as a substitute Member, the transferor of the Membership Interest so held by the substitute Member shall cease to be a Member of the Company to the extent of such transferred Membership Interest.

9.5 CONSENT. Each Member hereby agrees that upon satisfaction of the terms and conditions of this Article 9 with respect to any proposed Transfer, the Person proposed to be such transferee may be admitted as a Member.

9.6 NO DISSOLUTION. If a Member transfers all of its Membership Interest pursuant to this Article 9 and the transferee of such Membership Interest is admitted as a Member pursuant to Section 9.3, such Person shall be admitted to the Company as a Member effective on the effective date of the Transfer or such other date as may be specified when the Member is admitted. In such event, the Company shall not dissolve if the business of the Company is continued without dissolution in accordance with clause (c) of Section 10.1 hereof.

9.7 ADDITIONAL MEMBERS; CERTAIN REPRESENTATIONS OF MEMBERS.

(a) Subject to Section 3.7, after the formation of the Company, any Person acceptable to the Management Committee may become an additional Member of the Company for such consideration as the Management Committee shall determine,

provided that such additional Member complies with all the requirements of a transferee under Sections 9.3(a) and (b).

(b) Each of COI and SEACOR hereby represents to the Company that, as of the date hereof, its outstanding membership interests or issued and outstanding shares of capital stock, as the case may be, are as set forth on Schedule 9.7 and such membership interests or shares, as the case may be, are owned beneficially and of record by the Persons identified on such Schedule.

(c) In order to prevent any indirect transfer of interests in the Company, each of COI and SEACOR represents that it has caused each of its members or stockholders, as the case may be, to agree to certain transfer restrictions with respect to their membership interests or shares, as the case may be, by executing an agreement in the form of Annex III(a), in the case of COI, or Annex III(b), in the case of SEACOR.

9.8 RIGHT OF FIRST OFFER.

(a) Subject to Section 9.1(c), if at any time any Member (hereinafter for purposes of this Section 9.8, the "SECTION 9.8 SELLING MEMBERS") proposes to Transfer to any Person other than a Permitted Transferee (hereinafter for purposes of this Section 9.8, the "SECTION 9.8 PROPOSED PURCHASER") its Membership Interest (or any portion thereof), such Section 9.8 Selling Member shall provide Notice of the proposed Transfer to the other Members (hereinafter for purposes of Section 9.8, the "SECTION 9.8 OFFEREES") setting forth the

price, terms and conditions of the proposed sale of the Membership Interest. Each of the Section 9.8 Offerees shall have the option to acquire such Member's pro rata portion (which shall be in proportion to the Percentage Interests of all Section 9.8 Offerees) at the time of such Notice on the terms and conditions set forth in such Notice. The option of Section 9.8 Offerees to purchase their pro rata portions of the Membership Interest shall be exercised by delivery of a Notice to the Section 9.8 Selling Member and the Company of exercise within twenty (20) days following receipt of the Section 9.8 Selling Member's Notice of the price, terms and conditions of the sale. A Section 9.8 Offeree may exercise such Member's option to purchase such Membership Interest only as to the entire portion thereof that such Member is entitled to purchase. If any Section 9.8 Offeree fails or declines to purchase such Member's pro rata portion of such Membership Interest, then such Member's portion of such Membership Interest shall be offered to the Section 9.8 Offerees who have exercised their options to purchase their pro rata portions. This procedure shall continue until such time as the entire Membership Interest offered hereby has been purchased by such Section 9.8 Offerees or until no such Member desires to purchase any additional Membership Interest hereunder. Each Section 9.8 Offeree shall have the right to offer to acquire such Membership

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Interest by delivering to the Section 9.8 Selling Member and the Company such Member's Notice of acceptance within three (3) Business Days following receipt of the Company's Notice that additional portions are available. If less than the entire Membership Interest to be sold by the Section 9.8 Selling Member is purchased by the Section 9.8 Offerees, the Section 9.8 Selling Member may sell the entire Membership Interest to be sold within forty-five (45) days after the expiration of the last option to expire under this Section 9.8(a), upon terms and conditions no less favorable to the Section 9.8 Selling Member than were set forth in the initial Notice.

(b) The sale of any Membership Interest to Section 9.8 Offerees who exercise their options to purchase any Membership Interest shall occur thirty (30) days after the expiration of the last option to expire under Section 9.8(a) above. At the closing, each of the Section 9.8 Offerees shall deliver a certified or bank cashier's check in the appropriate amount to the Section 9.8 Selling Member against the simultaneous delivery of an assignment in form and substance reasonably satisfactory to each Section 9.8 Offeree of the Member Interest (or portion thereof) being transferred to such Section 9.8 Offeree, such assignment shall be made free and clear of all liens, claims and encumbrances, except as provided by this Agreement or as otherwise agreed to by such Section 9.8 Offeree.

9.9 TAG-ALONG RIGHTS. (a) In the event of any proposed Transfer by any Member (hereinafter for purposes of this Section 9.9, the "SECTION 9.9 SELLING MEMBER") of its Membership Interests (or any portion thereof) to any Person (such Person being hereinafter referred to as the "SECTION 9.9 PROPOSED PURCHASER"), other than to a Permitted Transferee or in a bona fide public distribution pursuant to an effective Registration Statement under the Securities Act, each of the other Members (hereinafter for purposes of this Section 9.9, the "SECTION 9.9 TAGGED MEMBERS") shall have the irrevocable and exclusive right, but not the obligation (the "TAG-ALONG RIGHT"), to require the Section 9.9 Proposed Purchaser to purchase from each of them such Section 9.9 Tagged Member's pro rata portion (i.e., such Tagged Member's Percentage Interest) of the Membership Interests proposed to be sold by the Section 9.9 Selling Members to the Section 9.9 Proposed Purchaser (collectively, the "SECTION 9.9 TAG-ALONG MEMBERSHIP INTEREST"). The Section 9.9 Selling Members shall give Notice (the "INITIAL TAG-ALONG NOTICE") to the Section 9.9 Tagged Members contemporaneously, or as part of the Notice as Section 9.8 Selling Members given pursuant to Section 9.8, and the option of the Section 9.9 Tagged Members to exercise their Tag-Along Rights shall expire on the later of (i) five (5) days after the last option of Section 9.8 Offerees to expire pursuant to Section 9.8 (the "SECTION 9.8 OFFER EXPIRATION DATE") and (ii) five (5) days after the Section 9.9 Tagged Members receive Notice from the Section 9.9 Selling Members of the Section 9.8 Offer Expiration Date, stating:

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- (i) the name and address of the Section 9.9 Proposed Purchaser;
- (ii) the proposed amount of consideration and terms and conditions

of payment offered by such Section 9.9 Proposed Purchaser (if the proposed consideration is not cash, the Notice shall describe the terms of the proposed consideration) and any other material terms and conditions of the Section 9.9 Proposed Purchaser's offer;

(iii) the Membership Interest proposed to be transferred; and

(iv) that the Section 9.9 Proposed Purchaser has been informed of the Tag-Along Right and has agreed to purchase Membership Interests in accordance with the terms hereof.

The Tag-Along Right shall be exercised by any or all of the Section 9.9 Tagged Members by giving Notice to the Company ("TAG-ALONG NOTICE") with a copy to each Section 9.9 Selling Member, within five (5) days following receipt of the Initial Tag-Along Notice, indicating its election to exercise the Tag-Along Right (hereinafter referred to for purposes of this Section 9.9, the "SECTION 9.9 PARTICIPATING TAGGED MEMBERS"). The Tag-Along Notice shall state the amount of Membership Interests that such Section 9.9 Participating Tagged Member proposes to include in such transfer to the Section 9.9 Proposed Purchaser. Failure by any Section 9.9 Tagged Member to give such Tag-Along Notice within such 5 day period shall be deemed an election by such Section 9.9 Tagged Member not to sell its Membership Interests pursuant to the Tag-Along Notice. The closing with respect to any sale to a Section 9.9 Proposed Purchaser pursuant to this Section shall be held at the time and place specified in the Tag-Along Notice but in any event within sixty (60) days of the date the Tag-Along Notice is given. Consummation of the sale of Membership Interests by any Section 9.9 Selling Member to a Section 9.9 Proposed Purchaser shall be conditioned upon consummation of the sale by each Section 9.9 Participating Tagged Member to such Section 9.9 Proposed Purchaser of the Section 9.9 Tag-Along Membership Interest, if any.

(b) In the event that the Section 9.9 Proposed Purchaser does not purchase the Section 9.9 Tag-Along Membership Interest from the Section 9.9 Participating Tagged Members on the same terms and conditions as purchased from the Section 9.9 Selling Member, then the Section 9.9 Selling Member making such Transfer shall purchase on such terms and conditions such Section 9.9 Tag-Along Membership Interest if the Transfer occurs.

(c) The Section 9.9 Selling Members who are parties to a sale to a Section 9.9 Proposed Purchaser shall arrange for payment directly by the Section 9.9 Proposed

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Purchaser to each Section 9.9 Participating Tagged Member, upon delivery of an appropriate assignment in form and substance reasonably satisfactory to the Section 9.9 Proposed Purchaser, which assignment shall be made free and clear of all liens, claims and encumbrances except as provided by this Agreement or as otherwise agreed to by such Section 9.9 Proposed Purchaser.

(d) If at the end of 60 days following the date on which a Tag-Along Notice was given, the sale of Membership Interests by the Section 9.9 Selling Members and the sale of the Section 9.9 Tag-Along Membership Interests have not been completed in accordance with the terms of the Section 9.9 Proposed Purchaser's offer, all the restrictions on sale, transfer or assignment contained in this Agreement with respect to Membership Interests owned by the Members shall again be in effect.

9.10 DRAG-ALONG RIGHTS.

(a) In the event of any proposed Transfer of Membership Interest by the Group A Members (hereinafter for purposes of this Section 9.10, a "SECTION 9.10 SELLING MEMBERS") of all of their Membership Interest to a Person (such Person being hereinafter referred to as the "SECTION 9.10 PROPOSED PURCHASER"), other than to an Affiliate of any Group A Member, a Permitted Transferee or in a bona fide public distribution pursuant to an effective Registration Statement under the Securities Act, such Section 9.10 Selling Members shall have the right (the "DRAG-ALONG RIGHT"), to require each other Member (hereinafter for purposes of this Section 9.10, the "SECTION 9.10 DRAGGED MEMBERS") to Transfer to the Section 9.10 Proposed Purchaser each such Section 9.10 Dragged Member's entire Membership Interest (such Membership Interests as may be required to be so Transferred being hereinafter referred to as the "SECTION 9.10 DRAG-ALONG MEMBERSHIP INTERESTS"). The Section 9.10 Selling Members shall exercise their

Drag-Along Right by giving Notice (the "DRAG-ALONG NOTICE") to each Section 9.10 Dragged Member at least twenty (20) days prior to the date of the proposed Transfer and at least three (3) Business Days after the expiration of the last option to expire under Section 9.8(a) above, stating:

(i) the name and address of the Section 9.10 Proposed Purchaser;

(ii) the proposed amount of consideration and terms and conditions of payment offered by such Section 9.10 Proposed Purchaser (if the proposed consideration is not cash, the notice shall describe the terms of the proposed consideration);

(iii) the Membership Interests proposed to be transferred; and

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(iv) that the Section 9.10 Proposed Purchaser has been informed of the Drag-Along Right and has agreed to purchase Membership Interests in accordance with the terms hereof.

The closing with respect to any sale to a Section 9.10 Proposed Purchaser pursuant to this Section shall be held at the time and place specified in the Drag-Along Notice but in any event within sixty (60) days of the date the Drag-Along Notice is given. Consummation of the sale of Membership Interests by any Member to a Section 9.10 Proposed Purchaser shall be conditioned upon consummation of the sale by each Section 9.10 Selling Member to such Section 9.10 Proposed Purchaser of the Membership Interests proposed to be sold by the Section 9.10 Selling Members.

(b) In the event that the Section 9.10 Proposed Purchaser does not purchase the Section 9.10 Drag-Along Membership Interests from the Section 9.10 Dragged Members on the same terms and conditions as purchased from the Section 9.10 Selling Members, then such Section 9.10 Dragged Members shall have the right to require the Company to cause the Section 9.10 Selling Members making such Transfer to purchase on such terms and conditions such Section 9.10 Drag-Along Membership Interests if the Transfer occurs.

(c) The Section 9.10 Selling Members who are parties to a sale to a Section 9.10 Proposed Purchaser shall arrange for payment directly by the Section 9.10 Proposed Purchaser to each Section 9.10 Dragged Member, upon delivery of the an appropriate assignment in form and substance reasonably satisfactory to the Section 9.10 Proposed Purchaser, which assignment shall be made free and clear of all liens, claims and encumbrances, except as provided by this Agreement or as otherwise agreed to by such Section 9.10 Proposed Purchaser.

(d) If at the end of 60 days following the date on which a Drag-Along Notice was given, the sale of Membership Interests by the Section 9.10 Selling Members and the sale of the Section 9.10 Drag-Along Membership Interests have not been completed in accordance with the terms of the Drag-Along Notice, all the restrictions on sale, transfer or assignment contained in this Agreement with respect to Membership Interests owned by the Section 9.10 Selling Members shall again be in effect.

9.11 PIGGYBACK REGISTRATION.

(a) For the purposes of this Section 9.11, the following capitalized terms shall have the following meanings:

(i) "COMMON STOCK" shall mean the common stock of the Company issued upon conversion of the Company to a corporation;

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(ii) "OTHER SHARES" shall mean at any time those shares of Common Stock or other securities of the Company which do not constitute Primary Shares or Registrable Shares;

(iii) "PRIMARY SHARES" shall mean at any time authorized but unissued shares of Common Stock or shares of Common Stock held by the Company in its treasury;

(iv) "REGISTRABLE SHARES" shall mean the shares of Common Stock held

by the Members in the Company which constitute Restricted Shares and which are not then eligible for sale to the public pursuant to Rule 144 (other than Rule 144(k)) in a single transaction (and including Membership Interests held by Members prior to the conversion of the Company to a corporation).

(v) "RESTRICTED SHARES" shall mean any Membership Interests, shares of Common Stock or other securities received in respect thereof held or which may be acquired from the Company by the Members as of the applicable date, and which theretofore have not been sold to the public pursuant to a registration statement under the Securities Act or pursuant to Rule 144; and

(vi) "RULE 144" shall mean Rule 144 promulgated under the Securities Act or any successor rule thereto or any complementary rule thereto (such as Rule 144A).

(b) If the Company at any time proposes for any reason to register Primary Shares or Other Shares under the Securities Act (other than on Form S-4 or Form S-5 promulgated under the Securities Act or any successor forms thereto), it shall promptly give Notice to the Members of its intention so to register the Primary Shares or Other Shares and, upon the written request, given within 30 days after delivery of any such Notice by the Company, of the Members to include in such registration Registrable Shares (which request shall specify the number of Registrable Shares proposed to be included in such registration), the Company shall use its best efforts to cause all such Registrable Shares to be included in such registration on the same terms and conditions as the securities otherwise being sold in such registration; provided, however, that if the managing underwriter advises the Company that the inclusion of all Registrable Shares or Other Shares proposed to be included in such registration would interfere with the successful marketing (including pricing) of Primary Shares proposed to be registered by the Company, then the number of Primary Shares, Registrable Shares and Other Shares proposed to be included in such registration shall be included in the following order:

(i) first, the Primary Shares; and

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(ii) second, the Registrable Shares and Other Shares requested to be included in such registration pro rata, based upon the respective numbers of Restricted Shares owned at the time by each Member and the respective numbers of Other Shares owned at the time by each holder of Other Shares.

(c) If at any time after giving written notice pursuant to this Section 9.11 of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason either not to register or to delay registration of such securities, the Company may, at its election, give Notice of such determination to the Members and, thereupon, (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities, for the same period as the delay in registering such other securities.

(d) If a registration under this Section 9.11 involves an underwritten offering, the underwriter or underwriters and any additional investment bankers and managers to be used in connection with such registration shall be selected by the Company, and any Member desiring to have Registrable Shares included in such registration, and any such Investor shall be required to sign an underwriting agreement in customary form with such underwriter or underwriters.

ARTICLE 10 DISSOLUTION AND TERMINATION

10.1 EVENTS CAUSING DISSOLUTION. The Company shall be dissolved and its affairs wound up upon the first to occur of the following events:

(a) The vote of a Majority in Interest of the Members to dissolve;

(b) The sale, Transfer or other disposition of substantially all

of the assets of the Company and the receipt and distribution of all the proceeds therefrom;

(c) The death, retirement, resignation, insanity, expulsion, bankruptcy or dissolution of a Member, or any other event which terminates the continued membership of a Member in the Company, unless there is at least one remaining Member and the business of the Company is continued by the consent of such remaining Member or not less than a Majority in Interest of the remaining Members;

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(d) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act; or

(e) The expiration of the term of the Company as provided in Section 2.5.

10.2 NOTICES TO SECRETARY OF STATE. When all the remaining property and assets of the Company have been distributed, the Certificate shall be cancelled by filing a certificate of cancellation with the Secretary of State of Delaware.

10.3 CASH DISTRIBUTIONS UPON DISSOLUTION. Upon the dissolution of the Company as a result of the occurrence of any of the events set forth in Section 10.1, the Management Committee shall proceed to wind up the affairs of and liquidate the Company and any cash and proceeds therefrom shall be applied and distributed in the following order of priority:

(a) First, to the payment (or the making of reasonable provision for payment) of debts and liabilities of the Company in the order of priority as provided by law (including any loans or advances that may have been made by any of the Members to the Company) and the expenses of liquidation including the establishment of any Reserves which the Management Committee may reasonably deem necessary for any contingent, conditional or unasserted claims or obligations of the Company. Such Reserves may be paid over by the Company to an escrow agent to be held for disbursement in payment of any of the aforementioned liabilities and, at the expiration of such period as shall be reasonably deemed advisable by the Management Committee, for distribution of the balance in the manner provided in this Article 10;

(b) Finally, the remaining balance, if any, to the Members in proportion to their respective positive Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods, in accordance with the requirements of Regulation Section 1.704-1(b)(2)(ii)(b)(2).

10.4 IN-KIND. Notwithstanding the foregoing but subject to Section 18-804(a)(1) of the Act, in the event the Management Committee shall determine that an immediate sale of part of or all the Property would cause undue loss to the Members, or the Management Committee determines that it would be in the best interest of the Members to distribute the Property to the Members in-kind (which distributions do not, as to the in-kind portions, have to be in the same proportions as they would be if cash were distributed, but all such in-kind distributions shall be equalized, to the

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extent necessary, with cash), then the Management Committee may either defer liquidation of, and withhold from distribution for a reasonable time, any of the Property except that necessary to satisfy the Company's debts and obligations, or distribute the Property to the Members in-kind.

10.5 NO ACTION FOR DISSOLUTION. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1. Accordingly, except where the Manager has failed to liquidate the Company as required by Section 10.1 and except as specifically provided in Section 18-802 and Section 18-803(a) of the Act, each Member hereby to the fullest extent permitted by law waives and renounces his right to initiate legal action to seek dissolution of the Company or to seek the appointment of a receiver or trustee to wind up the affairs of the Company, except in the cases of fraud, violation of law, bad faith, gross

negligence, willful misconduct or willful violation of this Agreement.

ARTICLE 11
TAX MATTERS MEMBER

11.1 TAX MATTERS MEMBER. SEACOR shall be the Tax Matters Member of the Company as provided in the Regulations under Section 6231 of the Code and analogous provisions of state law.

11.2 CERTAIN AUTHORIZATIONS. The Tax Matters Member shall represent the Company, at the Company's expense, in connection with all examinations of the Company's affairs by tax authorities including any resulting administrative or judicial proceedings. Without limiting the generality of the foregoing, and subject to the restrictions set forth herein, the Tax Matters Member is hereby authorized, but not required:

(a) to enter into any settlement with the Secretary with respect to any tax audit or judicial review, in which agreement the Tax Matters Member may expressly state that such agreement shall bind the other Members except that such settlement agreement shall not bind any Member that has not approved such settlement agreement in writing;

(b) if a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes is mailed to the Tax Matters Member, to seek

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judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or elsewhere as allowed by law, or the United States Claims Court;

(c) to intervene in any action brought by any other Member for judicial review of a final adjustment;

(d) to file a request for an administrative adjustment with the Secretary at any time and, if any part of such request is not allowed by the Secretary, to file a petition for judicial review with respect to such request;

(e) to enter into an agreement with the Internal Revenue Service to extend the period for assessing any tax that is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item; and

(f) to take any other action on behalf of the Members (with respect to the Company) or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or the Regulations.

Each Member shall have the right to participate in any such actions and proceedings to the extent provided for under the Code and Regulations.

11.3 INDEMNITY OF TAX MATTERS MEMBER. To the maximum extent permitted by applicable law and without limiting Article 8, the Company shall indemnify and reimburse the Tax Matters Member for all expenses (including reasonable legal and accounting fees) incurred as Tax Matters Member pursuant to this Article 13 in connection with any administrative or judicial proceeding with respect to the tax liability of the Members as long as the Tax Matters Member has determined in good faith that the Tax Matters Member's course of conduct was in, or not opposed to, the best interest of the Company. The taking of any action and the incurring of any expense by the Tax Matters Member in connection with any such proceeding, except to the extent provided herein or required by law, is a matter in the sole discretion of the Tax Matters Member.

11.4 INFORMATION FURNISHED. To the extent and in the manner provided by applicable law and Regulations, the Tax Matters Member shall furnish the name,

address, profits and loss interest, and taxpayer identification number of each Member to the Internal Revenue Service.

11.5 NOTICE OF PROCEEDINGS, ETC. The Tax Matters Member shall use best efforts to keep each Member informed of any administrative and judicial proceedings for the adjustment at the Company level of any item required to be taken into account by a Member for income tax purposes or any extension of the period of limitations for making assessments of any tax against a Member with respect to any Company item, or of any agreement with the Internal Revenue Service that would result in any material change either in Income or Loss as previously reported.

11.6 NOTICES TO TAX MATTERS MEMBER. Any Member that receives a notice of an administrative proceeding under Section 6233 of the Code relating to the Company shall promptly provide Notice to the Tax Matters Member of the treatment of any Company item on such Member's Federal income tax return that is or may be inconsistent with the treatment of that item on the Company's return. Any Member that enters into a settlement agreement with the Internal Revenue Service or any other government agency or official with respect to any Company item shall provide Notice to the Tax Matters Member of such agreement and its terms within sixty (60) days after its date.

11.7 PREPARATION OF TAX RETURNS. The Tax Matters Member shall arrange for the preparation and timely filing of all returns of Company income, gains, deductions, losses and other items necessary for Federal, state and local income tax purposes and shall use all reasonable efforts to furnish to the Members within ninety (90) days of the close of the taxable year a Schedule K-1 and such other tax information reasonably required for Federal, state and local income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the cash or accrual method of accounting for Federal income tax purposes, as the Management Committee shall determine in its sole discretion in accordance with applicable law.

11.8 TAX ELECTIONS. Except as otherwise provided herein, the Tax Matters Member shall, in its sole discretion, determine whether to make any available election.

11.9 TAXATION AS A PARTNERSHIP. No election shall be made by the Company or any Member for the Company to be excluded from the application of any of the provisions of Subchapter K, Chapter I of Subtitle A of the Code or from any similar provisions of any state tax laws or to be treated as a corporation for federal tax purposes.

ARTICLE 12
ACCOUNTING AND BANK ACCOUNTS

12.1 FISCAL YEAR AND ACCOUNTING METHOD. The fiscal year and taxable year of the Company shall be as designated by the Management Committee in accordance with the Code. The Company shall use an accrual method of accounting.

12.2 BOOKS AND RECORDS. The Company shall maintain at its principal office, or such other office as may be determined by the Management Committee, all the following:

(a) A current list of the full name and last known business or residence address of each Member and of the Manager together with information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each Member became a Member of the Company;

(b) A copy of the Certificate and this Agreement, including any and all amendments to either thereof, together with executed copies of any powers of attorney pursuant to which the Certificate, this Agreement, or any amendments have been executed;

(c) Copies of the Company's Federal, state, and local income tax or information returns and reports, if any, which shall be retained for at

least six fiscal years;

(d) The financial statements of the Company, which shall be retained for at least six fiscal years; and

(e) The Company's books and records, which shall be retained for at least six fiscal years.

12.3 DELIVERY TO MEMBERS; INSPECTION. Upon the request of any Member, for any purpose reasonably related to such Member's interest as a member of the Company, the Management Committee shall cause to be made available to the requesting Member the information required to be maintained by clauses (a) through (d) of Section 14.2 and such other information regarding the business and affairs of the Company as any Member may reasonably request.

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12.4 FINANCIAL STATEMENTS. The Management Committee shall cause to be prepared for the Members at least annually, at the Company's expense, financial statements of the Company, CJP1 and CJP2, prepared in accordance with generally accepted accounting principles and audited by Arthur Andersen & Co., or another nationally recognized accounting firm. The financial statements so furnished shall include a balance sheet, statement of income or loss, statement of cash flows, and statement of Members' equity. In addition, the Management Committee shall provide on a timely basis to the Members monthly and quarterly financials, statements of cash flow, any available internal budgets or forecast or other available financial reports, as well as any reports or notices as are provided by the Company, CJP1 or CJP2 to any financial institution.

12.5 FILINGS. At the Company's expense, the Management Committee shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities and to have prepared and to furnish to each Member such information with respect to the Company as is necessary (or as may be reasonably requested by a Member) to enable the Members to prepare their Federal, state and local income tax returns. The Management Committee, at the Company's expense, shall also cause to be prepared and timely filed, with appropriate Federal, state and local regulatory and administrative bodies, all reports required to be filed by the Company with those entities under then current applicable laws, rules, and regulations. The reports shall be prepared on the accounting or reporting basis required by the regulatory bodies.

12.6 NON-DISCLOSURE. Each Member agrees that, except as otherwise consented to by the Management Committee in writing, all non-public and confidential information furnished to it pursuant to this Agreement will be kept confidential and will not be disclosed by such Member, or by any of its agents, representatives, or employees, in any manner whatsoever, in whole or in part, except that (a) each Member shall be permitted to disclose such information to those of its agents, representatives, and employees who need to be familiar with such information in connection with such Member's investment in the Company, so long as such agents, representatives and employees agree to keep such information confidential on the terms set forth herein, (b) each Member shall be permitted to disclose such information to its partners, stockholders and affiliates so long as they agree to keep such information confidential on the terms set forth herein, (c) each Member shall be permitted to disclose information to the extent required by law, legal process or regulatory requirements, so long as such Member shall have used its reasonable efforts to first afford the Company with a reasonable opportunity to contest the necessity of disclosing such information, (d) each Member shall be permitted to disclose such information to possible purchasers of all or a portion of the Member's Interest, provided that such prospective purchaser shall execute a suitable

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confidentiality agreement containing terms not less restrictive than the terms set forth herein, and (e) each Member shall be permitted to disclose information to the extent necessary for the enforcement of any right of such Member arising under this Agreement.

12.7 BANK ACCOUNTS. All funds of the Company shall be deposited in a separate bank, money market or similar account(s) approved by the Management Committee and in the Company's name. Withdrawals therefrom shall be made only by Persons authorized to do so by the Management Committee.

ARTICLE 13
MISCELLANEOUS

13.1 TITLE TO PROPERTY. Title to the Property shall be held in the name of the Company. No Member shall individually have any ownership interest or rights in the Property except indirectly by virtue of such Member's ownership of a Membership Interest.

13.2 WAIVER OF DEFAULT. No consent or waiver, express or implied, by the Company or a Member with respect to any breach or default by the Company or a Member hereunder shall be deemed or construed to be a consent or waiver with respect to any other breach or default by any party of the same provision or any other provision of this Agreement. Failure on the part of the Company or a Member to complain of any act or failure to act of the Company or a Member or to declare such party in default shall not be deemed or constitute a waiver by the Company or the Member of any rights hereunder.

13.3 AMENDMENT.

(a) Except as otherwise expressly provided elsewhere in this Agreement, this Agreement shall not be altered, modified or changed except by an amendment approved by Members holding a Majority in Interest of the Group A Members and a Majority in Interest of the Group B Members; provided, however, that if any such amendment adversely affects the economic rights of a Member, such amendment shall only be effective if consented to in writing by such Member.

(b) In addition to any amendments otherwise authorized herein, the Manager or Management Committee may make any amendments to any of the Schedules to this Agreement from time to time to reflect transfers of Membership Interests and issuances of additional Membership Interests. Copies of such amendments shall be delivered to the Members upon execution thereof.

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(c) The Manager shall cause to be prepared and filed any amendment to the Certificate that may be required to be filed under the Act as a consequence of any amendment to this Agreement.

(d) Any modification or amendment to this Agreement or the Certificate made in accordance with this Section 13.3 shall be binding on all Members and the Manager.

13.4 NO THIRD PARTY RIGHTS. Except as provided in Article 8, none of the provisions contained in this Agreement shall be for the benefit of or enforceable by any third parties, including creditors of the Company. Subject to Article 8, the parties to this Agreement expressly retain any and all rights to amend this Agreement as herein provided, notwithstanding any interest in this Agreement or in any party to this Agreement held by any other Person.

13.5 SEVERABILITY. In the event any provision of this Agreement is held to be illegal, invalid or unenforceable to any extent, the legality, validity and enforceability of the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect and shall be enforced to the greatest extent permitted by law.

13.6 NATURE OF INTEREST IN THE COMPANY. A Member's Membership Interest shall be personal property for all purposes.

13.7 BINDING AGREEMENT. Subject to the restrictions on the disposition of Membership Interests herein contained, the provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

13.8 HEADINGS. The headings of the Certificate and sections of this Agreement are for convenience only and shall not be considered in construing or interpreting any of the terms or provisions hereof.

13.9 WORD MEANINGS. The words such as "herein", "hereinafter", "hereof", and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural, and vice versa, unless the context

otherwise requires.

13.10 COUNTERPARTS. This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

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13.11 ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties hereto and thereto and supersedes all prior writings or agreements with respect to the subject matter hereof.

13.12 PARTITION. The Members agree that the Property is not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all right such Member may have to maintain any action for partition of any of the Property. No Member shall have any right to any specific assets of the Company upon the liquidation of, or any distribution from, the Company.

13.13 GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE. This Agreement shall be construed according to and governed by the laws of the State of Delaware without regard to principles of conflict of laws. The parties hereby submit to the exclusive jurisdiction and venue of the state courts of New York County, New York or to the Court of Chancery of the State of Delaware and the United States District Court for the Southern District of New York and of the United States District Court for the District of Delaware, as the case may be, and agree that the Company or Members may, at their option, enforce their rights hereunder in such courts.

13.14 DISCRETION. Whenever a Manager shall have discretion to act hereunder, such Person agrees to act in a reasonable manner on behalf of the Company and its Affiliates.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

GROUP A MEMBER:

SEACOR OFFSHORE RIGS INC.

By:

Name:

Title:

GROUP B MEMBER:

COI, LLC

By:

William E. Chiles

Duly Authorized Member

Agreed and Accepted
as of the date first
written above solely
with respect to Section 3.4

SEACOR SMIT INC.

By:

Name:

Title:

A. GROUP A MEMBERS

Name and Address	Cash Contributed	Total Capital Contribution	Percentage Interest ¹
SEACOR Offshore Rigs Inc. 1370 Avenue of the Americas 25th Floor New York, N.Y. 10019-4602	\$8,850,000	\$8,850,000	50%

Attn: Randall Blank

1. Includes both Group A Members and Group B Members.

SCHEDULE 1 (cont'd)

B. CLASS B MEMBERS

<TABLE>
<CAPTION>

Name and Address	Cash and/or Property Contributed	Gross Asset Value	Total Capital Contribution	Percentage Interest ¹
<S> COI, LLC 2000 West Loop South, Suite 2130 Houston, TX 77027	<C> The properties, assets and rights assigned by COI to the Company pursuant to the Assignment and Assumption Agreement	<C> \$8,486,000	<C> \$8,850,000	<C> 50%
	\$364,000 in cash	N/A		

</TABLE>

1. Includes both Group A Members and Group B Members.

OPERATING AGREEMENT
OF
CHILES OFFSHORE LLC
DATED AS OF AUGUST 5, 1997

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OPERATING AGREEMENT
OF
CHILES OFFSHORE LLC

THIS OPERATING AGREEMENT (this "AGREEMENT") of CHILES OFFSHORE LLC (the "COMPANY"), is made and entered into as of the 5th day of August, 1997 by and among the Persons executing this Agreement on the signature pages hereto as a member (together with such other Persons that may hereafter become members as provided herein, referred to collectively as the "MEMBERS" or, individually, as a "MEMBER").

WHEREAS, the Members have caused Chiles Offshore LLC to be formed on as a limited liability company under the Delaware Limited Liability Company Act by causing a certificate of formation of the Company to be filed with the Delaware Secretary of State and, as required thereunder, do hereby adopt this Agreement as the limited liability company agreement of the Company pursuant to Section 18-201(d) of the Act effective as of the date hereof;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties agree as follows:

ARTICLE 1
DEFINITIONS

As used herein, the following terms shall have the following meanings, unless the context otherwise requires:

"ACT" means the Delaware Limited Liability Company Act, 6 Del. L. ss. 18-101, et seq., as amended from time to time.

"ADJUSTED CAPITAL ACCOUNT DEFICIT" means, with respect to a Member, the deficit balance, if any, in such Member's Capital Account as of the end of the

relevant Taxable Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"AFFILIATE" of a specified Person means any Person (a) who directly or indirectly controls, is controlled by, or is under common control with, such Person or (b) who has any relationship with such Person by blood, marriage or adoption, not more remote than first cousin.

"AGREEMENT" means this Operating Agreement, which shall constitute the limited liability company agreement of the Company for purposes of the Act, as amended from time to time.

"ASSIGNMENT AND ASSUMPTION AGREEMENT" means an assignment and assumption agreement to be entered into by COI and the Company contemporaneously herewith, in the form of Annex I attached hereto, pursuant to which COI assigns all of its properties and assets identified on Schedule 3.1(b) attached hereto to the Company and the Company assumes certain related liabilities of COI identified on Schedule 3.1(b) attached hereto, including liabilities arising under the Lease and the Construction Contracts.

"BASE RATE" means, at the applicable time, the Prime Rate as announced by The Chase Manhattan Bank, N.A. in New York, New York.

"BASSOE" means Bassoe Rig Partners Ltd., a Bermuda corporation.

"BRIDGE LOAN" means that loan in the principal amount of \$3,150,000 made by SEACOR SMIT to and evidenced by that certain Promissory Note dated July 18, 1997 issued by Chiles Offshore Inc. to SEACOR SMIT in the principal amount of \$3,150,000, the proceeds of which were used to repay certain indebtedness which had been incurred to make certain payments due under the Construction Contracts and the repayment of which is secured by first priority liens on the assets and properties, and a pledge of the outstanding capital stock, of Chiles Offshore Inc. pursuant to the Bridge Loan Security Documents.

"BRIDGE LOAN SECURITY DOCUMENTS" means that (i) certain Security Agreement dated as of July 18, 1997 by Chiles Offshore Inc. in favor of SEACOR SMIT, and the Financing Statement (UCC-1) filed with the Secretary of State, State of Texas in

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connection therewith, and (ii) those certain Pledge Agreements dated as of July 18, 1997 by each of Bassoe, Donald B. Gregg, Richard M. Fairbanks III and Shannon Fairbanks and Chiles.

"BROKERAGE AGREEMENT" means that certain letter agreement to be entered into by the Company and Bassoe contemporaneously herewith, in the form of Annex II attached hereto, providing, among other things, for Bassoe to receive a brokerage fee in connection with the Construction Contracts upon the delivery of each of CJ1 and CJ2.

"BUSINESS" shall have the meaning set forth in Section 3.9(a).

"BUSINESS DAY" means any day (other than a day which is a Saturday, Sunday or legal holiday in the state of New York) on which banks are open for business in New York City.

"CJ1" means the Le Tourneau Enhanced 116-C jack-up drilling rig which as of the date hereof is under construction pursuant to the Construction Contracts and, upon completion, will be owned by CJ1.

"CJ1 3.8(A) EVENT" shall have the meaning set forth in Section 3.8(a).

"CJ1 3.8(B) EVENT" shall have the meaning set forth in Section 3.8(b).

"CJ2" means the Le Tourneau Super 116 jack-up drilling rig which may be constructed pursuant to the Construction Contracts and, if so constructed, would be owned by CJP2.

"CJ2 3.8(A) EVENT" shall have the meaning set forth in Section 3.8(a).

"CJ2 3.8(B) EVENT" shall have the meaning set forth in Section 3.8(b).

"CJP1" means a Delaware limited partnership to be formed to own and operate CJ1 as provided in the Letter Agreement and whose managing general partner will be the Company.

"CJP2" means a Delaware limited partnership to be formed to own and operate CJ2 as provided in the Letter Agreement and whose managing general partner will be the Company.

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"CAPITAL ACCOUNT" means, with respect to any Member, a separate account established by the Company and maintained for each Member in accordance with Section 3.5 hereof.

"CAPITAL CONTRIBUTION" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any Property (other than money) contributed to the Company with respect to the interests purchased by such Member pursuant to the terms of this Agreement, in return for which the Member contributing such capital shall receive a Membership Interest.

"CERTIFICATE" means the Certificate of Formation of the Company filed with the Secretary of State of Delaware, as amended or restated from time to time.

"CHILES" shall mean William E. Chiles.

"CHILES OFFSHORE INC." means Chiles Offshore Inc., a Delaware corporation that was merged into COI effective July 31, 1997.

"CODE" means the United States Internal Revenue Code of 1986, as amended.

"COI" means COI, LLC, a Delaware limited liability company and the successor by merger to Chiles Offshore Inc., a Delaware corporation merged with and into COI effective July 31, 1997.

"COMPANY" means Chiles Offshore LLC.

"COMPANY AFFILIATE" shall have the meaning set forth in Section 8.2.

"COMPANY MINIMUM GAIN" shall have the meaning set forth for "partnership minimum gain" in Regulation Section 1.704-2(b)(2) and shall be determined in accordance with the provisions of Regulation Section 1.704-2(d).

"CONSTRUCTION CONTRACTS" means, collectively, that certain (i) Platform Construction Agreement dated April 30, 1997 between Chiles Offshore Inc. and Amfels, Inc., a Texas corporation ("AMFELS"), (ii) Ancillary Agreement dated April 30, 1997 between Chiles Offshore Inc. and Amfels, and (iii) Confidentiality Agreement dated April 30, 1997 between Chiles Offshore Inc. and Amfels and (iv) such other agreements as may be entered into between the Company or its successors or assigns and Amfels from time to time relating to the construction of CJ2.

"DEPRECIATION" means, for each Taxable Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect

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to an asset for such Taxable Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the

beginning of such Taxable Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Taxable Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Taxable Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Management Committee.

"DISPOSITION" shall have the meaning set forth in Section 3.9(a).

"DISPOSITION NOTICE" shall have the meaning set forth in Section 3.9(a).

"DRAG-ALONG NOTICE" shall have the meaning set forth in Section 9.10(a).

"DRAG-ALONG RIGHT" shall have the meaning set forth in Section 9.10(a).

"EMPLOYMENT AGREEMENT" means an employment agreement to be entered into between the Company and Chiles pursuant to which Chiles will be employed to serve as President and Chief Executive Officer of the Company for a term of three years upon the other terms and conditions set forth in the Letter Agreement.

"GROSS ASSET VALUE" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows and as otherwise provided in clause (ii) of Section 3.2(b):

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as reasonably determined by the Management Committee; provided, however, that the initial Gross Asset Values of the assets contributed to the Company pursuant to Section 3.1 hereof shall be as set forth in such section or the schedule referred to therein;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as reasonably determined by the Management Committee as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Company property as consideration for an interest in the Company; and (iii) the liquidation of the

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Company within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g); provided, however, that an adjustment described in clauses (i) and (ii) of this paragraph shall be made only if the Management Committee reasonably determines that such adjustment is necessary to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any item of Company assets distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution as reasonably determined by the Management Committee; and

(d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b)(2)(iv)(m) and subparagraph (f) of the definition of "Profits" and "Losses" or Section 5.3(g) hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that an adjustment pursuant to subparagraph (b) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (b) or (d), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

"GROUP A MEMBERS" means SEACOR and its permitted successors or assigns.

"GROUP B MEMBERS" means COI and its permitted successors or assigns.

"GROUP A PREFERRED RETURN" shall have the meaning set forth in Section 3.8(a).

"GROUP B PREFERRED RETURN" shall have the meaning set forth in Section 3.8(b).

"INITIAL TAG-ALONG NOTICE" shall have the meaning set forth in Section 9.9(a).

"LEASE" means the office lease between Chiles Offshore Inc. and 2000 West Loop Ltd. expiring on March 31, 1998 for approximately 850 square feet at the premises located at 2000 West Loop South, Suite 2130, Houston, Texas 77027.

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"LETTER AGREEMENT" means that certain Letter Agreement dated the date hereof among the Company, SEACOR, SEACOR SMIT and Chiles setting forth, among other things, certain understandings relating to the formation after the date hereof of CJP1 and CJP2 and the terms and conditions of the Employment Agreement.

"LOSSES" has the meaning set forth in the definition of "Profits" and "Losses".

"MAJORITY IN INTEREST" means, with respect to any specified group or class of Members, Members owning more than fifty percent (50%) of the total Percentage Interests held by all such specified group or class of Members.

"MANAGEMENT COMMITTEE" means the management committee of the Company established pursuant to Section 7.1.

"MANAGERS" means, collectively, the Persons designated and serving in accordance with Article 7 as members of the Management Committee.

"MEMBER" or "MEMBERS" shall have the meaning set forth in the preamble hereof.

"MEMBER NONRECOURSE DEBT" has the meaning set forth for "partner nonrecourse debt" in Regulation Section 1.704-2(b)(4).

"MEMBER NONRECOURSE DEBT MINIMUM GAIN" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulation Section 1.704-2(i)(3).

"MEMBER NONRECOURSE DEDUCTIONS" has the meaning set forth for "partner nonrecourse deductions" in Regulation Sections 1.704-2(i)(1) and 1.704-2(i)(2).

"MEMBERSHIP INTEREST" means a Member's limited liability company interest in the Company which refers to all of a Member's rights and interests in the Company in such Member's capacity as a Member, all as provided in this Agreement and the Act.

"NET CASH FLOW" shall mean the gross cash proceeds from the Company's operations and any distributions received from CJP1 or CJP2 (excluding the proceeds of Company borrowings and capital contributions) and from all sales and other dispositions of the Company's Property and any amount released by the Management Committee from Reserves, less the portion of gross proceeds (other than the proceeds of the Company's borrowings and capital contributions) used to pay or establish

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Reserves for all the Company's expenses, debt payments (including principal, interest and required redemption payments), capital improvements, replacements and contingencies, all as reasonably determined by the Management Committee. Net Cash Flow shall not be reduced by Depreciation or similar allowances (but shall

be reduced by the Group A Preferred Return and the Group B Preferred Return, if any, as accrued pursuant to Section 3.8 unless Section 3.8(d) shall be applicable) and shall include the net cash proceeds of all principal and interest payments actually received by the Company with respect to any promissory note or other deferred payment obligation held by the Company in connection with sales and other dispositions of the Company's Property.

"NONRECOURSE DEDUCTIONS" has the meaning set forth in Regulation Section 1.704-2(b)(1).

"NONRECOURSE LIABILITY" has the meaning set forth in Regulation Section 1.704-2(b)(3).

"NOTICE" means a writing, containing the information required by this Agreement to be communicated to a party, and shall be deemed to have been received (a) when personally delivered or sent by telecopy, (b) one day following delivery by overnight delivery courier, with all delivery charges pre-paid, or (c) on the third Business Day following the date on which it was sent by United States mail, postage prepaid, to such party at the address or fax number, as the case may be, of such party as shown on the records of the Company.

"NOTICE OF ACCEPTANCE" shall have the meaning set forth in Section 3.9(a).

"PERCENTAGE INTEREST" of a Member means the aggregate limited liability company percentage interest set forth on Schedule 1 hereto, as the same may be modified from time to time as provided herein.

"PERMITTED TRANSFEREE" shall have the meaning set forth in Section 9.2.

"PERSON" means any individual, partnership, limited liability company, corporation, cooperative, trust, estate or other entity.

"PROFITS" and "LOSSES" means, for each Taxable Year, an amount equal to the Company's taxable income or loss for a taxable year, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

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(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulation Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Taxable Year, computed in accordance with the definition of Depreciation;

(f) To the extent an adjustment to the adjusted tax basis of any

Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Sections 1.704-(b) (2) (iv) (m) (4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(g) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 5.3 or Section 5.4 hereof shall not be taken into account in computing Profits or Losses.

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The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 5.3 and 5.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (a) through (f) above.

"PROMOTED INTEREST" shall have the meaning set forth in Section 3.4(d).

"PROPERTY" means all assets, real or intangible, that the Company may own or otherwise have an interest in from time to time.

"PURCHASING GROUP B MEMBERS" shall have the meaning set forth in Section 3.9(a).

"REGULATIONS" means the regulations, including temporary regulations, promulgated by the United States Department of Treasury with respect to the Code, as such regulations are amended from time to time, or corresponding provisions of future regulations.

"REGULATORY ALLOCATIONS" shall have the meaning set forth in Section 5.4.

"RESERVES" means the cash reserves established by the Management Committee to provide for working capital, future investments, debt service and such other purposes as may be deemed reasonably necessary or advisable by the Management Committee.

"SEACOR" means SEACOR Offshore Rigs Inc., a Delaware corporation, and its permitted successors or assigns.

"SEACOR GROUP" shall have the meaning set forth in Section 3.4(a).

"SEACOR SMIT" means SEACOR SMIT Inc., a Delaware corporation and, as of the date hereof, the parent of SEACOR.

"SEC" means the Securities and Exchange Commission.

"SECRETARY" shall mean the Secretary of the Treasury or his/her delegate or the Internal Revenue Service.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SECTION 9.8 OFFEREE" shall have the meaning set forth in Section 9.8(a).

"SECTION 9.8 PROPOSED PURCHASER" shall have the meaning set forth in Section 9.8(a).

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"SECTION 9.8 SELLING MEMBER" shall have the meaning set forth in Section 9.8(a).

"SECTION 9.9 PARTICIPATING TAGGED MEMBERS" shall have the meaning set forth in Section 9.9(a).

"SECTION 9.9 PROPOSED PURCHASER" shall have the meaning set forth in Section 9.9(a).

"SECTION 9.9 TAG-ALONG MEMBERSHIP INTEREST" shall have the meaning set

forth in Section 9.9(a).

"SECTION 9.9 TAGGED MEMBERS" shall have the meaning set forth in Section 9.9(a).

"SECTION 9.10 DRAG ALONG MEMBERSHIP INTERESTS" shall have the meaning set forth in Section 9.10(a).

"SECTION 9.10 DRAGGED MEMBERS" shall have the meaning set forth in Section 9.10(a).

"SECTION 9.10 PROPOSED PURCHASER" shall have the meaning set forth in Section 9.10(a).

"SECTION 9.10 SELLING MEMBER" shall have the meaning set forth in Section 9.10(a).

"TAG-ALONG RIGHT" shall have the meaning set forth in Section 9.9(a).

"TAG-ALONG NOTICE" shall have the meaning set forth in Section 9.9(a).

"TAXABLE YEAR" shall mean the taxable year of the Company in accordance with the provisions of Section 706 of the Code.

"TAX DISTRIBUTION" means an amount equal to (i) the taxable income of the Company allocated to the Group B Members for a Taxable Year multiplied by the sum of (x) the highest federal income tax rate applicable to individuals for such Taxable Year and (y) 6%, divided by (ii) the lowest aggregate Percentage Interests held by the Group B Members during such Taxable Year. Cash Distributions in respect of the Tax Distribution shall be made quarterly as provided in Section 4.1 hereof, based on a reasonable estimate of the amount of Tax Distribution for such Taxable Year. The amount of Tax Distribution shall be computed by the Company's regular independent public accounting firm.

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"TAX MATTERS MEMBER" shall have the meaning set forth in Article 11.

"TRANSFER" or "TRANSFERRED" means (a) when used as a verb, to give, sell, exchange, assign, transfer, pledge, hypothecate, bequeath, devise or otherwise dispose of or encumber, and (b) when used as a noun, the nouns corresponding to such verbs, in either case voluntarily or involuntarily, by operation of law or otherwise. When referring to a Membership Interest, "TRANSFER" shall mean the Transfer of such Membership Interest whether of record, beneficially, by participation or otherwise.

ARTICLE 2 FORMATION AND OFFICES

2.1 FORMATION. Pursuant to the Act, the Members have formed a Delaware limited liability company effective upon the filing of the Certificate of the Company with the Secretary of State of Delaware. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, to the extent permitted by the Act, this Agreement shall control.

2.2 PRINCIPAL OFFICE. The principal office of the Company shall be located at 2000 West Loop South, Suite 2130, Houston, Texas 77027 or at such other place(s) as the Management Committee may determine from time to time.

2.3 REGISTERED OFFICE AND REGISTERED AGENT. The location of the registered office and the name of the registered agent of the Company in the State of Delaware shall be as stated in the Certificate, as determined from time to time by the Management Committee.

2.4 PURPOSE OF COMPANY. The Company's purposes, and the nature of the business to be conducted and promoted by the Company are, (a) to acquire partnership interests in each of CJP1 and CJP2 in exchange for the contribution of the Construction Contracts, the progress payments and deposits made in accordance therewith of \$5,400,000 in the aggregate and the obligation to make additional cash contributions of \$9,450,000 in the aggregate, (b) to manage and supervise all aspects of the construction of CJ1 and CJ2 and, upon their

completion, manage all aspects of their operation for CJP1 or CJP2, as the case may be, and receive therefor certain construction supervision fees and management fees, (c) to act as managing general partner of each of CJP1 and CJP2, (d) to engage in any other lawful act or activity for which limited liability companies may be formed under the Act, and (e) to engage in any and all activities necessary, advisable, convenient or incidental to the foregoing.

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2.5 DATE OF DISSOLUTION. The term of the Company shall continue until the close of business on August 1, 2032 or until the earlier dissolution under Article 10 hereof. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate in the manner required by the Act.

2.6 CERTIFICATE; QUALIFICATION. The execution, delivery and filing of the Certificate by David E. Zeltner, in his capacity as an authorized person, within the meaning of the Act, is hereby ratified, approved and confirmed in all respects. The President and Chief Executive Officer, any Vice President, the Secretary and any Assistant Secretary of the Company is hereby authorized to qualify the Company to do business as a foreign limited liability company in Texas and any other state or territory in the United States in which the Company may wish to conduct business and each is hereby designated as an authorized person, within the meaning of the Act, to execute, deliver and file any amendments or restatements of the Certificate and any other certificates and any amendments or restatements thereof necessary for the Company to so qualify to do business in any such state or territory.

ARTICLE 3 CAPITALIZATION OF THE COMPANY

3.1 INITIAL CAPITAL CONTRIBUTIONS.

(a) On the date hereof, each Member shall make Capital Contributions to the capital of the Company consisting of cash and/or property as specified and as set forth opposite such Member's name on Schedule 1 hereto. The amount of such Capital Contributions, or the Gross Asset Value of any property contributed, if other than cash, and the Percentage Interest of each Member on the date hereof, is likewise set forth on Schedule 1.

(b) COI hereby represents and warrants to each of the Company and the Group A Members that, as of the date hereof and immediately prior to the Capital Contribution of the Group B Member pursuant to Section 3.1(a), the sole assets and liabilities of COI are as set forth on Schedule 3.1(b), and such assets are owned free and clear of any lien or encumbrances of any nature whatsoever (other than liens or encumbrances arising out of this Agreement, the Bridge Loans and the Bridge Loan Documents, the Construction Contracts and the other agreements referred to on Schedule 3.1(b), to the extent relating to the rights thereunder of the parties thereto).

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3.2 ADDITIONAL CAPITAL CONTRIBUTIONS.

(a) Except as otherwise expressly provided in this Agreement, no Member shall be required to make any additional Capital Contribution. No Member shall be permitted to make any additional Capital Contribution without the approval of the Management Committee.

(b) Subject to the rights of each Member to purchase its proportionate share of additional Membership Interests issued by the Company in accordance with Section 3.7, the Company may offer additional Membership Interests to:

(i) any person that is not an Affiliate of a Member with the approval of the Management Committee; or

(ii) any person that is a Member or is an Affiliate of a Member with the approval of (A) the Management Committee, (B) a Majority in Interest of the Group A Members and (C) a Majority in Interest of the Group B Members, it being expressly understood that such approval of the Members shall also include their approval of any related valuations of Gross Asset Value by the Management Committee and, if such Members approve the Transfer without approving said

valuation, Gross Asset Value shall be determined by a third Person familiar with the valuation of such transactions selected jointly by a Majority in Interest of the Group A Members and a Majority in Interest of the Group B Members not later than ten (10) days after their approval of the Transfer or, if the Members fail to so select a third Person, then such third Person will be selected in accordance with the rules and procedures of the American Arbitration Association in New York, New York.

If any additional Capital Contributions are made by Members but not in proportion to their respective Percentage Interests, the Percentage Interest of each Member shall be adjusted such that each Member's revised Percentage Interest determined immediately following the additional Capital Contributions shall be equal to a fraction (1) the numerator of which is the sum of (a) the positive Capital Account balance of the Member determined immediately preceding the date the additional Capital Contribution is made (such Capital Account to be computed by adjusting the book value for Capital Account purposes of each Company asset to equal its Gross Asset Value as of such date, as provided in subparagraph (b) of the definition herein of "Gross Asset Value"), and (b) the additional Capital Contribution, if any, made by such Member, and (2) the denominator of which is the sum of the positive Capital Account balances and additional Capital Contributions of all Members, including any new Members (in each case calculated as provided in Section 3.2(b)(ii)(1)). The names, addresses and Capital Contributions of the Members shall be reflected in the books and records of the Company.

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3.3 LOANS; REPAYMENT OF BRIDGE LOANS.

(a) Each Member shall have the right, but not the obligation, to purchase debt securities hereafter issued by the Company, CJP1 or CJP2; provided, however, that, if any Member so purchases debt securities from the Company, CJP1 or CJP2, such purchase shall not increase the Capital Account balance of such Member. No Member shall be obligated to loan funds to the Company. Loans by a Member to the Company shall not be considered Capital Contributions. The amount of any such purchases shall be a debt of the Company owed to such Member in accordance with the terms and conditions upon which such purchases are made.

(b) A Member may (but shall not be obligated to) guarantee a loan made to the Company. If a Member guarantees a loan made to the Company and is required to make payment pursuant to such guarantee to the maker of the loan, then the amounts so paid to the maker of the loan shall be treated as a loan by such Member to the Company and not as an additional capital contribution.

(c) On the date hereof, the Company shall use a portion of the Members' Capital Contributions to satisfy the Bridge Loans in full and the Company, contemporaneously therewith, agrees to repay in full the Bridge Loans and take all necessary steps to release any security granted pursuant to the Bridge Loan Security Documents, including liens granted with respect to the Construction Contracts.

(d) The Members acknowledge and agree that SEACOR is making a loan to the Company as of the date hereof in the amount of \$5,465,000 which will be evidenced by a promissory note of the Company in such principal amount and secured by a pledge of the assets of the Company pursuant to a Security Agreement in the forms attached as Annexes IV and V. The Members agree that SEACOR may enforce its right thereunder as if it were an unaffiliated third Person without any violation of fiduciary or other duties to the Company or its Members.

3.4 CONTRIBUTIONS BY SEACOR OF CERTAIN PROMOTED INTERESTS; CERTAIN SEACOR TRANSACTIONS.

(a) In the event SEACOR or its parent, SEACOR SMIT, or any other consolidated subsidiary of SEACOR SMIT (collectively, the "SEACOR GROUP"), shall engage in any offshore drilling rig investment transaction pursuant to which it receives a "Promoted Interest" (as defined below), then SEACOR shall be obligated to contribute such Promoted Interest, or to cause the contribution of such Promoted Interest, to the Company without the payment of any consideration by the Company therefor, and the contribution of any such Promoted Interest hereunder to the Company shall not be considered an additional capital contribution and shall not in

any way increase SEACOR's Capital Account; provided, however, that in the event any member of the SEACOR Group was required to make an equity or other investment to obtain such Promoted Interest, either (i) the Company shall make such investment or acquire such investment from the applicable member of the SEACOR Group at the cost incurred by SEACOR with respect thereto or (ii) SEACOR's Capital Account shall be increased by an amount determined by the Management Committee and approved by a Majority in Interest of the Group B Members, which approval shall not be unreasonably withheld or delayed; provided, further, in the event that the Group B Members do not approve an increase in SEACOR's Capital Account as contemplated by clause (ii) of the foregoing proviso, the Company shall not be precluded from engaging in the related offshore rig investment transaction and the amount of any increase in SEACOR's Capital Account shall be determined by a third Person familiar with the valuation of such transactions selected jointly by SEACOR and a Majority in Interest of the Group B Members not later than ten (10) days after the consummation of said investment or, if SEACOR and such Group B Members fail to so select a third Person, then such third Person will be selected in accordance with the rules and procedures of the American Arbitration Association in New York, New York.

(b) Notwithstanding anything herein to the contrary, members of the SEACOR Group may freely (i) make equity or equivalent investments in offshore or other oil rig investment transactions without any obligation to contribute any interest therein to the Company (so long as any related Promoted Interest shall be contributed to the Company pursuant to Section 3.4(a) and shall not at any time accrue to any member of the SEACOR Group as a result thereof), and (ii) acquire or combine with any other Person engaged in offshore drilling activities so long as such Person has net assets in excess of \$50,000,000 (whether or not such Person has the benefit of any Promoted Interest).

(c) Notwithstanding anything herein to the contrary, in the event any member of the SEACOR Group provides administrative, financial or investment- banking type services to the Company, CJP1 or CJP2 with the respect to any rig transactions or otherwise, such member of the SEACOR Group shall be entitled to receive reasonable fees and reimbursement for expenses incurred in connection with the provision of such services so long as such fees are not in excess of fees charged by unrelated Persons for comparable services.

(d) For purposes of this Section 3.4, a "Promoted Interest" shall mean a Person's right to receive any equity interest in, or percentage of the cash flow or profits of, an enterprise in excess of the amount of equity or percentage attributable to such Person's investment of cash or other property in such enterprise (i.e., a

disproportionate share of equity, cash flow or profits when such Person's investment is compared to comparable investments of other investors in the enterprise).

3.5 MAINTENANCE OF CAPITAL ACCOUNTS.

(a) The Company shall maintain for each Member, a separate Capital Account with respect to the Membership Interest owned by such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited (A) such Member's Capital Contributions, (B) such Member's distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 5.3 or Section 5.4 hereof, and (C) the amount of any Company liabilities assumed by such Member or which are secured by any Property distributed to such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note (or a Member related to the maker of the note within the meaning of Regulation Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes a taxable disposition of the note or until (and only to the extent) principal payments are made on the note, all in accordance with Regulation Section 1.704-1(b)(2)(iv)(d)(2);

(ii) To each Member's Capital Account there shall be debited (A) the

amount of money and the Gross Asset Value of any Property distributed or treated as an advance distribution to such Member pursuant to any provision of this Agreement (including without limitation any distributions pursuant to Section 4.1(a)), (B) such Member's distributive share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 5.3 or Section 5.4 hereof, and (C) the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company;

(iii) In the event Membership Interests are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Membership Interests; and

(iv) In determining the amount of any liability for purposes of Sections 3.5(a)(i) and 3.5(a)(ii) there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

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(b) The foregoing Section 3.5(a) and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulation. The Management Committee shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulation Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulation Section 1.704-1(b).

3.6 CAPITAL WITHDRAWAL RIGHTS, INTEREST AND PRIORITY. Except as expressly provided in this Agreement, no Member shall be entitled (a) to withdraw or reduce such Member's Capital Contribution or to receive any distributions from the Company, or (b) to receive or be credited with any interest on the balance of such Member's Capital Contribution at any time.

3.7 PREEMPTIVE RIGHTS. If the Company elects to offer and sell Membership Interests other than the Membership Interests set forth on Schedule 1, such additional Membership Interests shall be in the form of Membership Interests having such Percentage Interest, designations and such rights and provisions, including, but not limited to, provisions relating to distributions and allocations of Profits and Losses, as shall be reasonably determined by the Management Committee to be in the best interest of the Company; provided, however, that the Company may not offer and sell any Membership Interests having preferences to the rights of Group A Members or the Group B Members with respect to distributions, allocations or rights upon liquidation, without the prior written consent of a Majority in Interest of the Group A Members, and a Majority in Interest the Group B Members (it being understood that no such consent shall be required for the offering or sale of Membership Interests that are entitled to distributions, allocations and rights upon liquidation that are *pari passu* to the rights of the Group A Members and the Group B Members). Prior to the consummation of any sale of additional Membership Interests, the Company shall offer the additional Membership Interests to the Members, on the terms and conditions set forth below:

(a) The Company shall give Notice to each Member, setting forth the price, terms and conditions of the proposed sale of the additional Membership Interests, including the date of the proposed sale, which shall not be less than thirty (30) days after the date of the Notice.

(b) Each Member shall have the option to acquire all or a portion of such Member's pro rata portion (which shall be in proportion to the

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Percentage Interest of all the Members) at the time of the offering of the additional Membership Interests proposed to be sold, on the same terms and conditions as are set forth in the Notice. The option of Members to purchase all or a portion of their pro rata portions of the additional Membership Interests shall be exercised by delivery of a Notice to the Company of

exercise within twenty (20) days following receipt of the Company's Notice of the price, terms and conditions of the sale of the additional Membership Interests. If any Member fails or declines to purchase all or a portion of such Member's pro rata portion of the additional Membership Interests, then such Member's remaining portion of the additional Membership Interests shall be offered to the Members who have exercised their options to purchase their pro rata portions. This procedure shall continue until such time as all the Membership Interests offered hereby have been purchased by such Members or until no such Member desires to purchase any additional Membership Interests hereunder. Each such Member shall have the right to offer to acquire such additional Membership Interests by delivering to the Company such Member's Notice of such offer within ten (10) days following receipt of the Company's Notice that additional portions are available. If less than all the Membership Interests to be sold by the Company are purchased by the Members, the Company may within one hundred twenty (120) days from the initial Notice sell such Membership Interests as shall not have been purchased by the Members upon terms and conditions no less favorable to the Company than those set forth in the Notice.

(c) The sale of additional Membership Interests to Members who exercise their options to purchase additional Membership Interests shall occur on the date set forth in the Company's Notice of the price, terms and conditions of the sale.

3.8 GROUP A PREFERRED RETURN; GROUP B PREFERRED RETURN . (a) If any of the following events occur: (i) delivery of CJ1 is not completed until a date that is 120 days after the "Scheduled Delivery Date" (as such term is defined in the Construction Contracts with respect to CJ1) and such delayed delivery date is not due to force majeure (the "CJ1 3.8(A) EVENT"), or (ii) the construction and delivery of CJ2 is not completed until a date that is 120 days after the "Scheduled Delivery Date" (as defined in the Construction Contracts with respect to CJ2) and such delivery date is not due to force majeure (the "CJ2 3.8(A) EVENT"), then upon such occurrence, the Group A Members shall be entitled to a Group A preferred return (the "GROUP A PREFERRED RETURN") equal to (1) the total equity investment made by SEACOR and its successors or assigns in the Company and in (a) CJP1, in the case of a CJ1 3.8(a) Event, or (b) CJP2, in the case of a CJ2 3.8(a) Event, multiplied by (2) the product of (A) the Base Rate in effect on the date CJ1 or CJ2, as the case may be, is actually

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delivered, plus 2%, multiplied by (B) (x) the number of days in excess of 120 days after the applicable "Scheduled Delivery Date," that CJ1 or CJ2, as the case may be, is actually delivered, divided by (y) 365 days. Notwithstanding anything to the contrary contained in the preceding sentence, if the Management Committee duly approves and authorizes a "Change Order" (as defined in the Construction Contracts as of the date hereof) that results in an adjustment to a "Scheduled Delivery Date," the date used in determining whether a CJ1 3.8(a) Event or CJ2 3.8(b) Event has occurred therein shall be adjusted accordingly.

(b) If any of the following events occur: (i) delivery of CJ1 is completed on a date that is 120 days before the "Scheduled Delivery Date" (as such term is defined in the Construction Contracts with respect to CJ1) (the "CJ1 3.8(B) EVENT") or (ii) the construction and delivery of CJ2 is completed on a date that is 120 days before the "Scheduled Delivery Date" (as defined in the Construction Contracts with respect to CJ2) (the "CJ2 3.8(B) EVENT"), then upon such occurrence, the Group B Members shall be entitled to a Group B preferred return (the "GROUP B PREFERRED RETURN") equal to (1) the total equity investment made by the Group B Members and their successors or assigns in the Company and (a) CJP1, in the case of a CJ1 3.8(b) Event, or (b) CJP2, in the case of a CJ2 3.8(b) Event, multiplied by (2) the product of (A) the Base Rate in effect on the date CJ1 or CJ2, as the case may be, is actually delivered, plus 2%, multiplied by (B) (x) the number of days in advance of 120 days before the applicable "Scheduled Delivery Date," that CJ1 or CJ2, as the case may be, is actually delivered, divided by (y) 365 days. Notwithstanding anything to the contrary contained in the preceding sentence, if the Management Committee duly approves and authorizes a "Change Order" (as defined in the Construction Contracts as of the date hereof) that results in an adjustment to a "Scheduled Delivery Date," the date used in determining whether a CJ1 3.8(b) Event or CJ2 3.8(b) Event has occurred therein shall be adjusted accordingly.

(c) Anything to the contrary herein notwithstanding, the Group A Preferred Return and the Group B Preferred Return shall be paid or distributed to the

Group A Members or the Group B Members, as applicable, on a priority basis prior to the making of any other distribution or allocation hereunder to Members and shall be treated for federal income tax purposes as a "guaranteed payment" under Section 707(c) of the Code.

(d) In the event that the Construction Contracts are amended to provide that both CJ1 and CJ2 shall be constructed on a priority basis as described under the heading "Adjustment to the Order of Distributions in the Event of Early or Late Delivery" in the outline of terms attached to the letter of intent between COI and SEACOR SMIT dated July 18, 1997, this Section 3.8 shall be null and void and of no further force or effect.

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3.9 RIGHT OF FIRST OFFER ON SALE OF THE BUSINESS.

(a) If (i) the Management Committee proposes to sell all or substantially all of the business and operations of the Company (the "BUSINESS") to any Person by means of merger, sale of assets or otherwise (a "DISPOSITION"), other than pursuant to a sale of outstanding Membership Interests (as to which the provisions of Article 9 shall be applicable) and (ii) a Majority in Interest of the Group B Members shall not have consented in writing to such Disposition, then the Management Committee shall provide Notice of the proposed Disposition to the Group B Members setting forth in reasonable detail the price, terms and conditions of the proposed Disposition (the "DISPOSITION NOTICE"). One or more of the Group B Members (the "PURCHASING GROUP B MEMBERS") shall have the option, exercisable by a Notice to the Company delivered within thirty (30) days after the date of the Disposition Notice and signed by a Majority in Interest of the Group B Members (the "NOTICE OF ACCEPTANCE"), to elect to acquire the Business on the price, terms and conditions set forth in the Disposition Notice. The Notice of Acceptance shall indicate the identity of the Purchasing Group B Members, state their acceptance of the price, the terms and conditions of the proposed Disposition and may provide that consummation of the proposed Disposition is conditioned upon the Purchasing Group B Members obtaining financing therefor; provided, however, that if such consummation is conditioned upon obtaining financing therefor, Purchasing Group B Members shall provide, not later than forty-five (45) days after the date of the Disposition Notice, commitments from recognized financial institutions evidencing their commitment to provide any financing required to consummate the proposed Disposition, which commitments shall be in form and substance reasonable satisfactory to the Company; and, provided further, that, if such Purchasing Group B Members fail to provide any commitments required by the immediately preceding proviso, the Purchasing Class B Members shall be deemed not to have exercised their option to acquire the Business and the Company shall be free to effect the Disposition as contemplated by this Section. If the Purchasing Class B Members fail or for any reason (other than a default or breach by the Company) are unable to consummate the proposed Disposition within sixty (60) days from the date of the Disposition Notice in accordance with Section 3.9(b), the Company may effect a Disposition to any Person upon terms and conditions no less favorable to the Company than those set forth in the Disposition Notice during a period of 180 days after the expiration of such 60-day period. Thereafter, any Disposition will again be subject to the rights of the Group B Members under the provisions of this Section 3.9(a).

(b) The sale of the Business to the Purchasing Group B Members pursuant to this Section 3.9 shall occur at the office of the Company on a Business Day specified by not less than five (5) Business Days' prior Notice from the Purchasing Group B Members to the Company, which Business Day shall not be later than sixty (60) days

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after the date of the Disposition Notice. At the closing, the Purchasing Group B Members shall deliver the consideration payable pursuant to the Disposition Notice in the form and amount specified therein against the simultaneous delivery of instruments of assignment in form and substance reasonably satisfactory to the Purchasing Group B Members, evidencing the sale of the Business contemplated by the Disposition Notice.

4.1 DISTRIBUTIONS OF NET CASH FLOW. Except as otherwise provided in Section 3.8(c), distributions of Net Cash Flow to the Members shall be made as follows:

(a) quarterly, to the Group A Members and Group B Members in proportion to and to the extent of their relative Percentage Interests, an amount not in excess of the Tax Distribution for the Taxable Year; provided, however, that distributions under this Section 4.1(a) shall be treated as advance distributions under Section 4.1(b), with the result that distributions otherwise made under Section 4.1(b) to such Member shall be reduced by the amount of advances made pursuant to this Section 4.1(a); and

(b) upon the approval of and in the amount so approved by the Management Committee acting in its sole discretion, to the Group A Members and Group B Members in proportion to their relative Percentage Interests.

4.2 PERSONS ENTITLED TO DISTRIBUTIONS. All distributions of Net Cash Flow to the Members under this Article 4 shall be made to the Persons shown on the records of the Company to be entitled thereto as of the last day of the fiscal period prior to the time for which such distribution is to be made, unless the transferor and transferee of any Membership Interest otherwise agree in writing to a different distribution and such distribution is consented to in writing by the Management Committee.

4.3 LIMITATIONS ON DISTRIBUTIONS. Notwithstanding anything to the contrary herein provided, no distribution hereunder shall be permitted to the extent prohibited by Section 18-607 of the Act.

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ARTICLE 5
ALLOCATIONS

5.1 PROFITS. After giving effect to the special allocations set forth in Sections 5.3 and 5.4 hereof and subject to Section 5.7 hereof, Profits for any Taxable Year shall be allocated to the Group A Members and Group B Members in proportion to their Percentage Interests.

5.2 LOSSES. After giving effect to the special allocations set forth in Sections 5.3 and 5.4, subject to the limitation in Section 5.5 hereof and subject to Section 5.7 hereof, Losses for any Taxable Year shall be allocated to the Group A Members and Group B Members in proportion to their Percentage Interests.

5.3 SPECIAL ALLOCATIONS. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this Article 5, if there is a net decrease in Company Minimum Gain during any Taxable Year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to each Member's share of the net decrease in Company Minimum Gain during such taxable year as determined in accordance with the provisions of Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f) (6) and 1.704-2(j) (2) of the Regulations. This Section 5.3(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i) (4) of the Regulations, notwithstanding any other provision of this Section 5, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Taxable Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i) (5) of the Regulations, shall be specially allocated items of Company income and gain for such Taxable Year (and, if necessary, subsequent Taxable Years) in an amount equal to such Member's

share of the net decrease in Member

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Nonrecourse Debt, determined in accordance with Regulation Section 1.704-2(i) (4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i) (4) and 1.704-2(j) (2) of the Regulations. This Section 5.3(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i) (4) of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b) (2) (ii) (d) (4), 1.704-1(b) (2) (ii) (d) (5), or 1.704-1(b) (2) (ii) (d) (6) of the Regulations, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of the Member as quickly as possible, provided that an allocation pursuant to this Section 5.3(c) shall be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section 5 have been tentatively made.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Taxable Year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g) (1) and 1.704-2(i) (5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible; provided, however, that an allocation pursuant to this Section 5.3(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 5 have been made other than those allocations pursuant to Section 5.3(c) and this Section 5.3(d).

(e) Nonrecourse Deductions. Nonrecourse Deductions for any Taxable Year shall be specially allocated to the Members in proportion to their respective Percentage Interests.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Taxable Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulation Section 1.704-2(i) (1).

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(g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b) (2) (iv) (m) (2) or 1.704-1(b) (2) (iv) (m) (4) to be taken into account in determining Capital Accounts as the result of a transfer of a Member's Membership Interest or a distribution to a Member in complete liquidation of such Member's Membership Interest, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event Regulation Section 1.704-1(b) (2) (iv) (m) (2) applies, or to the Member to whom such distribution was made in the event Regulation Section 1.704-1(b) (2) (iv) (m) (4) applies.

5.4 CURATIVE ALLOCATIONS. The allocations set forth in Sections 5.3(a), 5.3(b), 5.3(c), 5.3(d), 5.3(e), 5.3(f), 5.3(g) and 5.5 (the "REGULATORY ALLOCATIONS") are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 5.4. Therefore, notwithstanding any other provision of this Section 5 (other than the Regulatory Allocations), following any Regulatory Allocation, the Management Committee shall use its best efforts to make such offsetting special allocations of Company income, gain, loss or

deduction in whatever reasonable manner it determines so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations had not been made and all Company items were allocated pursuant to Sections 5.1 and 5.2.

5.5 LOSS LIMITATION. Losses allocated pursuant to Section 5.2 hereof shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Taxable Year. In the event some but not all the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 5.2 hereof, the limitation set forth in this Section 5.5 shall be applied on a Member by Member basis and Losses not allocable to any Member as a result of such limitation shall be allocated to the other Members pro rata in accordance with the positive balances in such Members' Capital Accounts so as to allocate the maximum permissible Losses to each Member under Section 1.704-1(b) (2) (ii) (d) of the Regulations.

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5.6 TAX ALLOCATIONS: CODE SECTION 704(C).

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition of Gross Asset Value).

(b) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (b) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(c) Any elections or other decisions relating to such allocations shall be made by the Management Committee in any manner that reasonably reflects the purpose and intention of this Agreement; provided, that the Company, in the discretion of SEACOR, may make, or not make, "curative" or "remedial" allocations (within the meaning of the Regulations under Code Section 704(c)) including, but not limited to, "curative" allocations which offset the effect of the "ceiling rule" for a prior Taxable Year (within the meaning of Regulation Section 1.704-3(c) (3) (iii)) and "curative" allocations from disposition of contributed property (within the meaning of Regulation Section 1.704-3(c) (3) (iii) (B)). Allocations pursuant to this Section 5.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions (other than Tax Distributions) pursuant to any provision of this Agreement.

5.7 CHANGE IN PERCENTAGE INTERESTS. In the event that the Members' Percentage Interests change during a Taxable Year, Profits and Losses shall be allocated taking into account the Members' varying Percentage Interests for such Taxable Year, determined on a daily, monthly or other basis as determined by the Management Committee, using any permissible method under Code Section 706 and the Regulations thereunder.

5.8 WITHHOLDING. Each Member hereby authorizes the Company to withhold and to pay over any taxes payable by the Company or any of its Affiliates as a result of such Member's participation in the Company; if and to the extent that the Company shall be required to withhold any such taxes, such Member shall be deemed for all purposes of this Agreement to have received a payment from the Company as

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of the time such withholding is required to be paid, which payment shall be deemed to be a distribution to such Member to the extent that the Member is then entitled to receive a distribution. To the extent that the aggregate of such payments in respect of a Member for any period exceeds the distributions to

which such Member is entitled for such period, the amount of such excess shall be considered a demand loan from the Company to such Member, with interest at 8% per annum, which interest shall be treated as an item of Company income, until discharged by such Member by repayment, which may be made in the sole discretion of the Management Committee out of distributions to which such Member would otherwise be subsequently entitled. The withholdings referred to in this Section 5.7 shall be made at the maximum applicable statutory rate under the applicable tax law unless the Management Committee shall have received an opinion of counsel or other evidence, satisfactory to the Management Committee, to the effect that a lower rate is applicable, or that no withholding is applicable.

ARTICLE 6 MEMBERS' MEETINGS

6.1 MEETINGS OF MEMBERS; PLACE OF MEETINGS. Regular meetings of the Members may be held on an annual basis or more frequently as determined by a Majority in Interest of the Members. All meetings of the Members shall be held in New York, New York or Houston, Texas as designated from time to time by the Management Committee and stated in the Notice of the meeting or in a duly executed waiver of the Notice thereof. The Company shall reimburse each Member for reasonable travel expenses incurred to attend such meeting provided that such expenses do not exceed the reasonable cost of travel between New York, New York and Houston, Texas. Special meetings of the Members may be held for any purpose or purposes, unless otherwise prohibited by law, and may be called by the Management Committee or by Members owning not less than thirty percent (30%) of the Percentage Interests. Members may participate in a meeting of the Members by means of conference telephone or other similar communication equipment whereby all Members participating in the meeting can hear each other. Participation in a meeting in this manner shall constitute presence in person at the meeting.

6.2 QUORUM; VOTING REQUIREMENT. The presence, in person or by proxy, of a Majority in Interest of the Members shall constitute a quorum for the transaction of business by the Members. The affirmative vote of a Majority in Interest of the Members present, in person or by proxy, at any meeting shall constitute a valid decision of the Members, except where a larger vote is required by the Act or this Agreement.

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6.3 PROXIES. At any meeting of the Members, every Member having the right to vote thereat shall be entitled to vote in person or by proxy appointed by an instrument in writing signed by such Member and bearing a date not more than one year prior to such meeting.

6.4 ACTION WITHOUT MEETING. Any action required or permitted to be taken at any meeting of Members of the Company may be taken without a meeting, without prior notice and without a vote if a consent in writing setting forth the action so taken is signed by Members having not less than the minimum Percentage Interests that would be necessary to authorize or take such action at a meeting of the Members. Prompt Notice of the taking of any action taken pursuant to this Section 6.4 by less than the unanimous written consent of the Members shall be given to those Members who have not consented in writing.

6.5 NOTICE. Notice stating the place, day and hour of the meeting and the purpose for which the meeting is called shall be delivered personally or sent by mail or by telecopier not less than five (5) days nor more than sixty (60) days before the date of the meeting by or at the direction of the Management Committee or other persons calling the meeting, to each Member entitled to vote at such meeting.

6.6 WAIVER OF NOTICE. When any Notice is required to be given to any Member hereunder, a waiver thereof in writing signed by the Member, whether before, at or after the time stated therein, shall be equivalent to the giving of such Notice.

6.7 NO AUTHORITY. Unless expressly authorized herein or by action of the Members or the Management Committee in accordance herewith and the Act, no Member shall have any authority to act on behalf of the Company or bind the Company in any manner whatsoever, including, without limitation, entering into any agreement on behalf of the Company.

6.8 CERTAIN APPROVALS. The Company may enter into, and perform the Assignment and Assumption Agreement, Construction Contracts, the Brokerage Agreement and the Employment Agreement and all agreements instruments and other documents relating thereto contemplated to be executed and delivered by the Company. The President and Chief Executive Officer and any Vice President of the Company are hereby authorized to enter into on behalf of the Company the agreements, instruments and documents referred to in the preceding sentence.

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ARTICLE 7
MANAGEMENT AND CONTROL

7.1 MANAGEMENT COMMITTEE; MANAGERS.

(a) Except as otherwise provided hereunder, the business and affairs of the Company shall be managed by a Management Committee comprised of seven Managers: (i) four (4) Managers designated by a Majority in Interest of the Group A Members, and (ii) three (3) Managers designated by a Majority in Interest of the Group B Members. The Group A Members shall have the right to remove or replace (following death or resignation) any or all of the Persons referred to in clause (i) above and designate their successors, and the Group B Members shall have the right to remove or replace (following death or resignation) any or all of the Persons referred to in clause (ii) above and designate their successors, such that the Group A Members shall at all times have the right to designate four Managers and the Group B Members shall at all times have the right to designate three Managers. The initial Managers designated by the Group A Members are: (i) Charles Fabrikant, (ii) Randall Blank, (iii) Dick H. Fagerstal, and (iv) Edward Washecka. The initial managers designated by the Group B Members are: (i) Richard M. Fairbanks III, (ii) William E. Chiles, and (iii) Jonathan B. Fairbanks.

(b) Except as otherwise expressly provided herein, the power and authority granted to the Management Committee hereunder shall include all those necessary or convenient for the furtherance of the purposes of the Company and shall include the power to make all decisions with regard to the management, operations, assets, financing and capitalization of the Company.

(c) Anything to the contrary herein notwithstanding, no Manager shall have any authority to bind the Company or the Management Committee in his individual capacity in any manner whatsoever, except for such authority as shall be expressly delegated to a Manager in this Agreement or by the Management Committee.

7.2 MANAGEMENT COMMITTEE MEETINGS; AUTHORITY; PROXIES.

(a) The Management Committee will establish a regular meeting schedule, and will use its reasonable best efforts to meet at least once every quarter. Unless otherwise agreed by a majority of the Managers, meetings of the Management Committee shall be held in New York, New York or Houston, Texas. The Company shall reimburse each Manager for reasonable travel expenses incurred to attend such meeting; provided, that such expenses do not exceed the reasonable cost of travel between New York, New York and Houston, Texas. Meetings may be conducted in person, by telephone or in any other manner agreed to by the Management

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Committee. Any two (2) Managers may call a meeting of the Management Committee upon delivery of written or telephonic Notice at least three (3) Business Days prior to the date of such meeting, which Notice shall be accompanied by a proposed agenda or statement of purpose and by copies of all documents, agreements and information to be considered at such meeting; provided, however, at any such meeting, the Managers may address any and all business matters which may come before it, whether or not such items were provided for in the proposed agenda.

(b) A quorum shall exist when a majority of the Managers are present in person or by proxy. Each Manager is entitled to vote at any meeting of the Management Committee. The vote of a majority of the Managers present in person or by proxy at any meeting of the Management Committee where a quorum is present shall be required for action by the Management Committee.

(c) At each meeting of the Management Committee, every Manager shall be entitled to vote in person or by proxy appointed by instrument in writing, subscribed by such Manager.

7.3 MANAGEMENT COMMITTEE'S AUTHORITY; CERTAIN LIMITATIONS. (a) Except as expressly set forth herein, the Management Committee shall have the maximum power and authority with respect to the business and operations of the Company permitted by law, including, without limitation, the right to cause the Company to merge or consolidate with, or sell all, or substantially all, of its asset to any Person.

(b) Notwithstanding the grant of authority to the Management Committee pursuant to Section 7.3(a) and except as otherwise contemplated in Sections 10.1(a), (b) and (c), the Management Committee shall not authorize the Company to merge or consolidate with, or sell all, or substantially all, of its assets to, a Member or an Affiliate of a Member without the prior written consent of a Majority in Interest of the Group A Members and a Majority in Interest of the Group B Members.

7.4 OFFICERS; AGENTS. The Management Committee shall have the power to appoint any Person or Persons as agents (who may be referred to as officers) to act for the Company with such titles, if any, as the Management Committee deems appropriate and to delegate to such officers or agents such of the powers as are granted to the Management Committee hereunder. Any decision or act of an officer appointed under this Section 7.4 within the scope of the officer's designated or delegated authority shall control and shall bind the Company. The officers or agents so appointed may have such titles as the Management Committee shall deem appropriate, which may include (but need not be limited to) President and Chief Executive Officer, Executive Vice President, Vice President, Chief Operating Officer,

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Chief Financial Officer, Treasurer or Controller. The initial officers of the Company are set forth on Schedule 7.4. Unless the authority of the agent designated as the officer in question is limited by the Management Committee, any officer so appointed shall have the same authority to act for the Company as a corresponding officer of a Delaware corporation would have to act for a Delaware corporation in the absence of a specific delegation of authority. The Management Committee, in its sole discretion, may by vote, resolution or otherwise ratify any act previously taken by an officer or agent acting on behalf of the Company.

7.5 RESIGNATION OF A MANAGEMENT COMMITTEE MEMBER. A Manager may resign from such position at any time upon giving Notice to the Management Committee. Any vacancy created by any such resignation of a Manager shall be filled by the Persons or Person who designated such vacating Manager in accordance with the provisions of Section 7.1(a).

7.6 COMPENSATION Except as otherwise provided herein, each Manager shall be entitled to reimbursement from the Company for all reasonable direct out-of-pocket expenses incurred on behalf of the Company. Commencing upon the completion, delivery and successful operation of both CJ1 and CJ2, any Manager that is not also employed by the Company shall be entitled to such compensation for services rendered on behalf of the Company as may be approved to by the Management Committee.

ARTICLE 8 LIABILITY AND INDEMNIFICATION

8.1 LIABILITY OF MEMBERS. A Member shall only be liable to make the payment of its Capital Contribution. No Member, except as otherwise specifically provided in the Act, shall be obligated to pay any distribution to or for the account of the Company or any creditor of the Company.

8.2 INDEMNIFICATION.

(a) The Company shall indemnify and hold harmless each Manager and Member and their respective Affiliates and all officers, directors, members, partners, managers and employees thereof, and each officer of the Company and any Person serving in any similar capacity for another Person affiliated with the Company at the request of the Company (solely for purposes of this Section 8.2, each

such Person being referred to as, a "COMPANY AFFILIATE"), from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including reasonable attorneys' fees and disbursements), judgments, fines, settlements and other

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amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which a Company Affiliate may be involved, or threatened to be involved, as a party or otherwise, arising out of or incidental to the business of the Company, including, without limitation, liabilities under the Federal and state securities laws, regardless of whether a Company Affiliate continues to be a Company Affiliate, at the time any such liability or expense is paid or incurred, if (i) the Company Affiliate acted in good faith and in a manner it or he reasonably believed to be in, or not opposed to, the interests of the Company and, with respect to any criminal proceeding, had no reason to believe its or his conduct was unlawful, and (ii) the Company Affiliate's conduct did not constitute actual fraud, gross negligence or willful or wanton misconduct. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, in and of itself, create a presumption or otherwise constitute evidence that the Company Affiliate acted in a manner contrary to that specified in (i) or (ii) above.

(b) Expenses (including reasonable legal fees and expenses) incurred in defending any proceeding subject to subsection (a) of this Section 8.2 shall be paid by the Company in advance of the final disposition of such proceeding upon receipt of a written affirmation by the Company Affiliate of his or its good faith belief that he or it has met the standard of conduct necessary for indemnification under this Section 8.2 and a written undertaking (which need not be secured) by or on behalf of the Company Affiliate to repay such amount if it shall ultimately be determined, by a court of competent jurisdiction or otherwise, that the Company Affiliate is not entitled to be indemnified by the Company as authorized hereunder.

(c) The indemnification provided by this Section 8.2 shall be in addition to any other rights to which each Company Affiliate may be entitled under any agreement or vote of the Management Committee by the vote of Managers that are disinterested and unaffiliated with such Company Affiliate, as a matter of law or otherwise, both as to action in the Company Affiliate's capacity as a Company Affiliate or as a Person serving at the request of the Company and shall continue as to a Company Affiliate who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns, administrators and personal representatives of such Company Affiliate.

(d) The Company may purchase and maintain directors and officers insurance or, similar coverage, for its Managers and its officers in such amounts and with such deductibles or self-insured retentions as are customary for Persons engaged in businesses similar in size and type to those engaged in by the Company. The Company shall use reasonable commercial efforts to purchase and maintain such

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insurance in the event and to the extent such insurance is available on commercially reasonable terms, as determined by the Management Committee in its discretion.

(e) Any indemnification hereunder shall be satisfied only out of the assets of the Company and the Members shall not be subject to personal liability by reason of these indemnification provisions. To the extent the Company does not have adequate cash available to satisfy its obligations under this Article 8, the Company shall pay its obligations under this Article 8 out of Net Cash Flow prior to making any distributions (other than distributions under Section 4.1(a) hereof) to the Members.

(f) A Company Affiliate shall not be denied indemnification in whole or in part under this Section 8.2 because the Company Affiliate had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement and all material facts relating to such indemnitee's interest were adequately disclosed to the Management Committee at the time the transaction was consummated.

(g) The provisions of this Section 8.2 are for the benefit of the Company Affiliates and the heirs, successors, assigns, administrators and personal representatives of the Company Affiliates and shall not be deemed to create any rights for the benefit of any other Persons.

(h) Any repeal or amendment of any provisions of this Section 8.2 shall be prospective only and shall not adversely affect any Company Affiliates's right existing at the time of such repeal or amendment.

ARTICLE 9
TRANSFERS OF MEMBERSHIP INTERESTS

9.1 GENERAL RESTRICTIONS.

(a) No Member may Transfer all or any part of such Member's Membership Interest, except as provided in this Agreement. Any purported Transfer or purported purchase of a Membership Interest or a portion thereof in violation of the terms of this Agreement shall be null and void and of no effect. A permitted Transfer shall be effective as of the date specified in the instruments relating thereto. Any transferee desiring to make a further Transfer shall become subject to all the provisions of this Article 9 to the same extent and in the same manner as any Member desiring to make any Transfer. No Member shall have the right to withdraw as a Member of the Company.

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(b) In the event that the Membership Interests are registered under the Securities Act, the Transfer restrictions set forth in this Article 9 shall terminate.

(c) No Group B Member shall transfer any Membership Interests prior to the completion of the construction and delivery of CJ1 and CJ2 except pursuant to Sections 3.9, 9.2, 9.9 or 9.10. Following such construction and delivery, all Group B Members shall also have the right to Transfer their Membership Interests pursuant to Section 9.8.

9.2 PERMITTED TRANSFEREES.

(a) Notwithstanding the provisions of Sections 9.8 and 9.9, each Group A Member shall have the right to Transfer (but not to substitute the transferee as a substitute Member in such Member's place, except in accordance with Section 9.3), by a written instrument, all or any part of such Group A Member's Membership Interest, to any member of the SEACOR Group (each a "PERMITTED TRANSFEREE"); it being understood that any such Permitted Transferee shall be deemed to be an additional or substitute Member as of the date of such Transfer and each Member agrees to take such action and execute such documents as such transferee may deem reasonably necessary and appropriate for such transferee to become a substitute or additional Member. Notwithstanding the provisions of Sections 9.8 and 9.9, each Member shall have the right to pledge such Member's interest as collateral security for a loan to another Member or to a financial institution generally in the business of making commercial loans; provided, however, that no such pledge shall be made for the purpose of effecting a disguised sale to the pledgee and; provided further, that any such pledgee shall agree in a writing delivered to the Company to be bound by all the terms and conditions of this Agreement, including, without limitation, the terms and conditions set forth in Section 9.10.

(b) Unless and until admitted as a substitute Member pursuant to Section 9.3, a transferee of a Member's Membership Interest in whole or in part shall be an assignee with respect to such Transferred Membership Interest and shall not be entitled to participate in the management of the business and affairs of the Company or to become or to exercise the rights of a Member, including the right to vote, the right to require any information or accounting of the Company's business or the right to inspect the Company's books and records. Such transferee shall only be entitled to receive, to the extent of the Membership Interest transferred to such transferee, the share of distributions and profits, including distributions representing the return of Capital Contributions, to which the transferor would otherwise be entitled with respect to the Transferred Interest. The transferor shall have the right to vote such Transferred Interest until the transferee is admitted to the Company as a substituted Member with respect to the Transferred Interest.

9.3 SUBSTITUTE MEMBERS. No transferee of all or part of a Member's Membership Interest shall become a substitute Member in place of the transferor unless and until:

(a) the transferee has executed an instrument in form and substance reasonably satisfactory to the Management Committee accepting and adopting the terms and provisions of the Certificate and this Agreement; and

(b) the transferee has caused to be paid all reasonable expenses of the Company in connection with the admission of the transferee as a substitute Member.

Upon satisfaction of all the foregoing conditions with respect to a particular transferee, the President and Chief Executive Officer shall cause the books and records of the Company to reflect the admission of the transferee as a substitute Member to the extent of the Transferred Interest held by the transferee.

9.4 EFFECT OF ADMISSION AS A SUBSTITUTE MEMBER. A transferee who has become a substitute Member has, to the extent of the transferred Membership Interest, all the rights, powers and benefits of, and is subject to the restrictions and liabilities of a Member under the Certificate, this Agreement and the Act. Upon admission of a transferee as a substitute Member, the transferor of the Membership Interest so held by the substitute Member shall cease to be a Member of the Company to the extent of such transferred Membership Interest.

9.5 CONSENT. Each Member hereby agrees that upon satisfaction of the terms and conditions of this Article 9 with respect to any proposed Transfer, the Person proposed to be such transferee may be admitted as a Member.

9.6 NO DISSOLUTION. If a Member transfers all of its Membership Interest pursuant to this Article 9 and the transferee of such Membership Interest is admitted as a Member pursuant to Section 9.3, such Person shall be admitted to the Company as a Member effective on the effective date of the Transfer or such other date as may be specified when the Member is admitted. In such event, the Company shall not dissolve if the business of the Company is continued without dissolution in accordance with clause (c) of Section 10.1 hereof.

9.7 ADDITIONAL MEMBERS; CERTAIN REPRESENTATIONS OF MEMBERS.

(a) Subject to Section 3.7, after the formation of the Company, any Person acceptable to the Management Committee may become an additional Member of the Company for such consideration as the Management Committee shall determine,

provided that such additional Member complies with all the requirements of a transferee under Sections 9.3(a) and (b).

(b) Each of COI and SEACOR hereby represents to the Company that, as of the date hereof, its outstanding membership interests or issued and outstanding shares of capital stock, as the case may be, are as set forth on Schedule 9.7 and such membership interests or shares, as the case may be, are owned beneficially and of record by the Persons identified on such Schedule.

(c) In order to prevent any indirect transfer of interests in the Company, each of COI and SEACOR represents that it has caused each of its members or stockholders, as the case may be, to agree to certain transfer restrictions with respect to their membership interests or shares, as the case may be, by executing an agreement in the form of Annex III(a), in the case of COI, or Annex III(b), in the case of SEACOR.

9.8 RIGHT OF FIRST OFFER.

(a) Subject to Section 9.1(c), if at any time any Member (hereinafter for purposes of this Section 9.8, the "SECTION 9.8 SELLING MEMBERS") proposes to Transfer to any Person other than a Permitted Transferee (hereinafter for purposes of this Section 9.8, the "SECTION 9.8 PROPOSED PURCHASER") its Membership Interest (or any portion thereof), such Section 9.8 Selling Member shall provide Notice of the proposed Transfer to the other Members (hereinafter for purposes of Section 9.8, the "SECTION 9.8 OFFEREES") setting forth the

price, terms and conditions of the proposed sale of the Membership Interest. Each of the Section 9.8 Offerees shall have the option to acquire such Member's pro rata portion (which shall be in proportion to the Percentage Interests of all Section 9.8 Offerees) at the time of such Notice on the terms and conditions set forth in such Notice. The option of Section 9.8 Offerees to purchase their pro rata portions of the Membership Interest shall be exercised by delivery of a Notice to the Section 9.8 Selling Member and the Company of exercise within twenty (20) days following receipt of the Section 9.8 Selling Member's Notice of the price, terms and conditions of the sale. A Section 9.8 Offeree may exercise such Member's option to purchase such Membership Interest only as to the entire portion thereof that such Member is entitled to purchase. If any Section 9.8 Offeree fails or declines to purchase such Member's pro rata portion of such Membership Interest, then such Member's portion of such Membership Interest shall be offered to the Section 9.8 Offerees who have exercised their options to purchase their pro rata portions. This procedure shall continue until such time as the entire Membership Interest offered hereby has been purchased by such Section 9.8 Offerees or until no such Member desires to purchase any additional Membership Interest hereunder. Each Section 9.8 Offeree shall have the right to offer to acquire such Membership

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Interest by delivering to the Section 9.8 Selling Member and the Company such Member's Notice of acceptance within three (3) Business Days following receipt of the Company's Notice that additional portions are available. If less than the entire Membership Interest to be sold by the Section 9.8 Selling Member is purchased by the Section 9.8 Offerees, the Section 9.8 Selling Member may sell the entire Membership Interest to be sold within forty-five (45) days after the expiration of the last option to expire under this Section 9.8(a), upon terms and conditions no less favorable to the Section 9.8 Selling Member than were set forth in the initial Notice.

(b) The sale of any Membership Interest to Section 9.8 Offerees who exercise their options to purchase any Membership Interest shall occur thirty (30) days after the expiration of the last option to expire under Section 9.8(a) above. At the closing, each of the Section 9.8 Offerees shall deliver a certified or bank cashier's check in the appropriate amount to the Section 9.8 Selling Member against the simultaneous delivery of an assignment in form and substance reasonably satisfactory to each Section 9.8 Offeree of the Member Interest (or portion thereof) being transferred to such Section 9.8 Offeree, such assignment shall be made free and clear of all liens, claims and encumbrances, except as provided by this Agreement or as otherwise agreed to by such Section 9.8 Offeree.

9.9 TAG-ALONG RIGHTS. (a) In the event of any proposed Transfer by any Member (hereinafter for purposes of this Section 9.9, the "SECTION 9.9 SELLING MEMBER") of its Membership Interests (or any portion thereof) to any Person (such Person being hereinafter referred to as the "SECTION 9.9 PROPOSED PURCHASER"), other than to a Permitted Transferee or in a bona fide public distribution pursuant to an effective Registration Statement under the Securities Act, each of the other Members (hereinafter for purposes of this Section 9.9, the "SECTION 9.9 TAGGED MEMBERS") shall have the irrevocable and exclusive right, but not the obligation (the "TAG-ALONG RIGHT"), to require the Section 9.9 Proposed Purchaser to purchase from each of them such Section 9.9 Tagged Member's pro rata portion (i.e., such Tagged Member's Percentage Interest) of the Membership Interests proposed to be sold by the Section 9.9 Selling Members to the Section 9.9 Proposed Purchaser (collectively, the "SECTION 9.9 TAG-ALONG MEMBERSHIP INTEREST"). The Section 9.9 Selling Members shall give Notice (the "INITIAL TAG-ALONG NOTICE") to the Section 9.9 Tagged Members contemporaneously, or as part of the Notice as Section 9.8 Selling Members given pursuant to Section 9.8, and the option of the Section 9.9 Tagged Members to exercise their Tag-Along Rights shall expire on the later of (i) five (5) days after the last option of Section 9.8 Offerees to expire pursuant to Section 9.8 (the "SECTION 9.8 OFFER EXPIRATION DATE") and (ii) five (5) days after the Section 9.9 Tagged Members receive Notice from the Section 9.9 Selling Members of the Section 9.8 Offer Expiration Date, stating:

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- (i) the name and address of the Section 9.9 Proposed Purchaser;
- (ii) the proposed amount of consideration and terms and conditions

of payment offered by such Section 9.9 Proposed Purchaser (if the proposed consideration is not cash, the Notice shall describe the terms of the proposed consideration) and any other material terms and conditions of the Section 9.9 Proposed Purchaser's offer;

(iii) the Membership Interest proposed to be transferred; and

(iv) that the Section 9.9 Proposed Purchaser has been informed of the Tag-Along Right and has agreed to purchase Membership Interests in accordance with the terms hereof.

The Tag-Along Right shall be exercised by any or all of the Section 9.9 Tagged Members by giving Notice to the Company ("TAG-ALONG NOTICE") with a copy to each Section 9.9 Selling Member, within five (5) days following receipt of the Initial Tag-Along Notice, indicating its election to exercise the Tag-Along Right (hereinafter referred to for purposes of this Section 9.9, the "SECTION 9.9 PARTICIPATING TAGGED MEMBERS"). The Tag-Along Notice shall state the amount of Membership Interests that such Section 9.9 Participating Tagged Member proposes to include in such transfer to the Section 9.9 Proposed Purchaser. Failure by any Section 9.9 Tagged Member to give such Tag-Along Notice within such 5 day period shall be deemed an election by such Section 9.9 Tagged Member not to sell its Membership Interests pursuant to the Tag-Along Notice. The closing with respect to any sale to a Section 9.9 Proposed Purchaser pursuant to this Section shall be held at the time and place specified in the Tag-Along Notice but in any event within sixty (60) days of the date the Tag-Along Notice is given. Consummation of the sale of Membership Interests by any Section 9.9 Selling Member to a Section 9.9 Proposed Purchaser shall be conditioned upon consummation of the sale by each Section 9.9 Participating Tagged Member to such Section 9.9 Proposed Purchaser of the Section 9.9 Tag-Along Membership Interest, if any.

(b) In the event that the Section 9.9 Proposed Purchaser does not purchase the Section 9.9 Tag-Along Membership Interest from the Section 9.9 Participating Tagged Members on the same terms and conditions as purchased from the Section 9.9 Selling Member, then the Section 9.9 Selling Member making such Transfer shall purchase on such terms and conditions such Section 9.9 Tag-Along Membership Interest if the Transfer occurs.

(c) The Section 9.9 Selling Members who are parties to a sale to a Section 9.9 Proposed Purchaser shall arrange for payment directly by the Section 9.9 Proposed

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Purchaser to each Section 9.9 Participating Tagged Member, upon delivery of an appropriate assignment in form and substance reasonably satisfactory to the Section 9.9 Proposed Purchaser, which assignment shall be made free and clear of all liens, claims and encumbrances except as provided by this Agreement or as otherwise agreed to by such Section 9.9 Proposed Purchaser.

(d) If at the end of 60 days following the date on which a Tag-Along Notice was given, the sale of Membership Interests by the Section 9.9 Selling Members and the sale of the Section 9.9 Tag-Along Membership Interests have not been completed in accordance with the terms of the Section 9.9 Proposed Purchaser's offer, all the restrictions on sale, transfer or assignment contained in this Agreement with respect to Membership Interests owned by the Members shall again be in effect.

9.10 DRAG-ALONG RIGHTS.

(a) In the event of any proposed Transfer of Membership Interest by the Group A Members (hereinafter for purposes of this Section 9.10, a "SECTION 9.10 SELLING MEMBERS") of all of their Membership Interest to a Person (such Person being hereinafter referred to as the "SECTION 9.10 PROPOSED PURCHASER"), other than to an Affiliate of any Group A Member, a Permitted Transferee or in a bona fide public distribution pursuant to an effective Registration Statement under the Securities Act, such Section 9.10 Selling Members shall have the right (the "DRAG-ALONG RIGHT"), to require each other Member (hereinafter for purposes of this Section 9.10, the "SECTION 9.10 DRAGGED MEMBERS") to Transfer to the Section 9.10 Proposed Purchaser each such Section 9.10 Dragged Member's entire Membership Interest (such Membership Interests as may be required to be so Transferred being hereinafter referred to as the "SECTION 9.10 DRAG-ALONG MEMBERSHIP INTERESTS"). The Section 9.10 Selling Members shall exercise their

Drag-Along Right by giving Notice (the "DRAG-ALONG NOTICE") to each Section 9.10 Dragged Member at least twenty (20) days prior to the date of the proposed Transfer and at least three (3) Business Days after the expiration of the last option to expire under Section 9.8(a) above, stating:

(i) the name and address of the Section 9.10 Proposed Purchaser;

(ii) the proposed amount of consideration and terms and conditions of payment offered by such Section 9.10 Proposed Purchaser (if the proposed consideration is not cash, the notice shall describe the terms of the proposed consideration);

(iii) the Membership Interests proposed to be transferred; and

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(iv) that the Section 9.10 Proposed Purchaser has been informed of the Drag-Along Right and has agreed to purchase Membership Interests in accordance with the terms hereof.

The closing with respect to any sale to a Section 9.10 Proposed Purchaser pursuant to this Section shall be held at the time and place specified in the Drag-Along Notice but in any event within sixty (60) days of the date the Drag-Along Notice is given. Consummation of the sale of Membership Interests by any Member to a Section 9.10 Proposed Purchaser shall be conditioned upon consummation of the sale by each Section 9.10 Selling Member to such Section 9.10 Proposed Purchaser of the Membership Interests proposed to be sold by the Section 9.10 Selling Members.

(b) In the event that the Section 9.10 Proposed Purchaser does not purchase the Section 9.10 Drag-Along Membership Interests from the Section 9.10 Dragged Members on the same terms and conditions as purchased from the Section 9.10 Selling Members, then such Section 9.10 Dragged Members shall have the right to require the Company to cause the Section 9.10 Selling Members making such Transfer to purchase on such terms and conditions such Section 9.10 Drag-Along Membership Interests if the Transfer occurs.

(c) The Section 9.10 Selling Members who are parties to a sale to a Section 9.10 Proposed Purchaser shall arrange for payment directly by the Section 9.10 Proposed Purchaser to each Section 9.10 Dragged Member, upon delivery of the an appropriate assignment in form and substance reasonably satisfactory to the Section 9.10 Proposed Purchaser, which assignment shall be made free and clear of all liens, claims and encumbrances, except as provided by this Agreement or as otherwise agreed to by such Section 9.10 Proposed Purchaser.

(d) If at the end of 60 days following the date on which a Drag-Along Notice was given, the sale of Membership Interests by the Section 9.10 Selling Members and the sale of the Section 9.10 Drag-Along Membership Interests have not been completed in accordance with the terms of the Drag-Along Notice, all the restrictions on sale, transfer or assignment contained in this Agreement with respect to Membership Interests owned by the Section 9.10 Selling Members shall again be in effect.

9.11 PIGGYBACK REGISTRATION.

(a) For the purposes of this Section 9.11, the following capitalized terms shall have the following meanings:

(i) "COMMON STOCK" shall mean the common stock of the Company issued upon conversion of the Company to a corporation;

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(ii) "OTHER SHARES" shall mean at any time those shares of Common Stock or other securities of the Company which do not constitute Primary Shares or Registrable Shares;

(iii) "PRIMARY SHARES" shall mean at any time authorized but unissued shares of Common Stock or shares of Common Stock held by the Company in its treasury;

(iv) "REGISTRABLE SHARES" shall mean the shares of Common Stock held

by the Members in the Company which constitute Restricted Shares and which are not then eligible for sale to the public pursuant to Rule 144 (other than Rule 144(k)) in a single transaction (and including Membership Interests held by Members prior to the conversion of the Company to a corporation).

(v) "RESTRICTED SHARES" shall mean any Membership Interests, shares of Common Stock or other securities received in respect thereof held or which may be acquired from the Company by the Members as of the applicable date, and which theretofore have not been sold to the public pursuant to a registration statement under the Securities Act or pursuant to Rule 144; and

(vi) "RULE 144" shall mean Rule 144 promulgated under the Securities Act or any successor rule thereto or any complementary rule thereto (such as Rule 144A).

(b) If the Company at any time proposes for any reason to register Primary Shares or Other Shares under the Securities Act (other than on Form S-4 or Form S-5 promulgated under the Securities Act or any successor forms thereto), it shall promptly give Notice to the Members of its intention so to register the Primary Shares or Other Shares and, upon the written request, given within 30 days after delivery of any such Notice by the Company, of the Members to include in such registration Registrable Shares (which request shall specify the number of Registrable Shares proposed to be included in such registration), the Company shall use its best efforts to cause all such Registrable Shares to be included in such registration on the same terms and conditions as the securities otherwise being sold in such registration; provided, however, that if the managing underwriter advises the Company that the inclusion of all Registrable Shares or Other Shares proposed to be included in such registration would interfere with the successful marketing (including pricing) of Primary Shares proposed to be registered by the Company, then the number of Primary Shares, Registrable Shares and Other Shares proposed to be included in such registration shall be included in the following order:

(i) first, the Primary Shares; and

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(ii) second, the Registrable Shares and Other Shares requested to be included in such registration pro rata, based upon the respective numbers of Restricted Shares owned at the time by each Member and the respective numbers of Other Shares owned at the time by each holder of Other Shares.

(c) If at any time after giving written notice pursuant to this Section 9.11 of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason either not to register or to delay registration of such securities, the Company may, at its election, give Notice of such determination to the Members and, thereupon, (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities, for the same period as the delay in registering such other securities.

(d) If a registration under this Section 9.11 involves an underwritten offering, the underwriter or underwriters and any additional investment bankers and managers to be used in connection with such registration shall be selected by the Company, and any Member desiring to have Registrable Shares included in such registration, and any such Investor shall be required to sign an underwriting agreement in customary form with such underwriter or underwriters.

ARTICLE 10 DISSOLUTION AND TERMINATION

10.1 EVENTS CAUSING DISSOLUTION. The Company shall be dissolved and its affairs wound up upon the first to occur of the following events:

(a) The vote of a Majority in Interest of the Members to dissolve;

(b) The sale, Transfer or other disposition of substantially all

of the assets of the Company and the receipt and distribution of all the proceeds therefrom;

(c) The death, retirement, resignation, insanity, expulsion, bankruptcy or dissolution of a Member, or any other event which terminates the continued membership of a Member in the Company, unless there is at least one remaining Member and the business of the Company is continued by the consent of such remaining Member or not less than a Majority in Interest of the remaining Members;

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(d) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act; or

(e) The expiration of the term of the Company as provided in Section 2.5.

10.2 NOTICES TO SECRETARY OF STATE. When all the remaining property and assets of the Company have been distributed, the Certificate shall be cancelled by filing a certificate of cancellation with the Secretary of State of Delaware.

10.3 CASH DISTRIBUTIONS UPON DISSOLUTION. Upon the dissolution of the Company as a result of the occurrence of any of the events set forth in Section 10.1, the Management Committee shall proceed to wind up the affairs of and liquidate the Company and any cash and proceeds therefrom shall be applied and distributed in the following order of priority:

(a) First, to the payment (or the making of reasonable provision for payment) of debts and liabilities of the Company in the order of priority as provided by law (including any loans or advances that may have been made by any of the Members to the Company) and the expenses of liquidation including the establishment of any Reserves which the Management Committee may reasonably deem necessary for any contingent, conditional or unasserted claims or obligations of the Company. Such Reserves may be paid over by the Company to an escrow agent to be held for disbursement in payment of any of the aforementioned liabilities and, at the expiration of such period as shall be reasonably deemed advisable by the Management Committee, for distribution of the balance in the manner provided in this Article 10;

(b) Finally, the remaining balance, if any, to the Members in proportion to their respective positive Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods, in accordance with the requirements of Regulation Section 1.704-1(b)(2)(ii)(b)(2).

10.4 IN-KIND. Notwithstanding the foregoing but subject to Section 18-804(a)(1) of the Act, in the event the Management Committee shall determine that an immediate sale of part of or all the Property would cause undue loss to the Members, or the Management Committee determines that it would be in the best interest of the Members to distribute the Property to the Members in-kind (which distributions do not, as to the in-kind portions, have to be in the same proportions as they would be if cash were distributed, but all such in-kind distributions shall be equalized, to the

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extent necessary, with cash), then the Management Committee may either defer liquidation of, and withhold from distribution for a reasonable time, any of the Property except that necessary to satisfy the Company's debts and obligations, or distribute the Property to the Members in-kind.

10.5 NO ACTION FOR DISSOLUTION. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1. Accordingly, except where the Manager has failed to liquidate the Company as required by Section 10.1 and except as specifically provided in Section 18-802 and Section 18-803(a) of the Act, each Member hereby to the fullest extent permitted by law waives and renounces his right to initiate legal action to seek dissolution of the Company or to seek the appointment of a receiver or trustee to wind up the affairs of the Company, except in the cases of fraud, violation of law, bad faith, gross

negligence, willful misconduct or willful violation of this Agreement.

ARTICLE 11
TAX MATTERS MEMBER

11.1 TAX MATTERS MEMBER. SEACOR shall be the Tax Matters Member of the Company as provided in the Regulations under Section 6231 of the Code and analogous provisions of state law.

11.2 CERTAIN AUTHORIZATIONS. The Tax Matters Member shall represent the Company, at the Company's expense, in connection with all examinations of the Company's affairs by tax authorities including any resulting administrative or judicial proceedings. Without limiting the generality of the foregoing, and subject to the restrictions set forth herein, the Tax Matters Member is hereby authorized, but not required:

(a) to enter into any settlement with the Secretary with respect to any tax audit or judicial review, in which agreement the Tax Matters Member may expressly state that such agreement shall bind the other Members except that such settlement agreement shall not bind any Member that has not approved such settlement agreement in writing;

(b) if a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes is mailed to the Tax Matters Member, to seek

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judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or elsewhere as allowed by law, or the United States Claims Court;

(c) to intervene in any action brought by any other Member for judicial review of a final adjustment;

(d) to file a request for an administrative adjustment with the Secretary at any time and, if any part of such request is not allowed by the Secretary, to file a petition for judicial review with respect to such request;

(e) to enter into an agreement with the Internal Revenue Service to extend the period for assessing any tax that is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item; and

(f) to take any other action on behalf of the Members (with respect to the Company) or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or the Regulations.

Each Member shall have the right to participate in any such actions and proceedings to the extent provided for under the Code and Regulations.

11.3 INDEMNITY OF TAX MATTERS MEMBER. To the maximum extent permitted by applicable law and without limiting Article 8, the Company shall indemnify and reimburse the Tax Matters Member for all expenses (including reasonable legal and accounting fees) incurred as Tax Matters Member pursuant to this Article 13 in connection with any administrative or judicial proceeding with respect to the tax liability of the Members as long as the Tax Matters Member has determined in good faith that the Tax Matters Member's course of conduct was in, or not opposed to, the best interest of the Company. The taking of any action and the incurring of any expense by the Tax Matters Member in connection with any such proceeding, except to the extent provided herein or required by law, is a matter in the sole discretion of the Tax Matters Member.

11.4 INFORMATION FURNISHED. To the extent and in the manner provided by applicable law and Regulations, the Tax Matters Member shall furnish the name,

address, profits and loss interest, and taxpayer identification number of each Member to the Internal Revenue Service.

11.5 NOTICE OF PROCEEDINGS, ETC. The Tax Matters Member shall use best efforts to keep each Member informed of any administrative and judicial proceedings for the adjustment at the Company level of any item required to be taken into account by a Member for income tax purposes or any extension of the period of limitations for making assessments of any tax against a Member with respect to any Company item, or of any agreement with the Internal Revenue Service that would result in any material change either in Income or Loss as previously reported.

11.6 NOTICES TO TAX MATTERS MEMBER. Any Member that receives a notice of an administrative proceeding under Section 6233 of the Code relating to the Company shall promptly provide Notice to the Tax Matters Member of the treatment of any Company item on such Member's Federal income tax return that is or may be inconsistent with the treatment of that item on the Company's return. Any Member that enters into a settlement agreement with the Internal Revenue Service or any other government agency or official with respect to any Company item shall provide Notice to the Tax Matters Member of such agreement and its terms within sixty (60) days after its date.

11.7 PREPARATION OF TAX RETURNS. The Tax Matters Member shall arrange for the preparation and timely filing of all returns of Company income, gains, deductions, losses and other items necessary for Federal, state and local income tax purposes and shall use all reasonable efforts to furnish to the Members within ninety (90) days of the close of the taxable year a Schedule K-1 and such other tax information reasonably required for Federal, state and local income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the cash or accrual method of accounting for Federal income tax purposes, as the Management Committee shall determine in its sole discretion in accordance with applicable law.

11.8 TAX ELECTIONS. Except as otherwise provided herein, the Tax Matters Member shall, in its sole discretion, determine whether to make any available election.

11.9 TAXATION AS A PARTNERSHIP. No election shall be made by the Company or any Member for the Company to be excluded from the application of any of the provisions of Subchapter K, Chapter I of Subtitle A of the Code or from any similar provisions of any state tax laws or to be treated as a corporation for federal tax purposes.

ARTICLE 12
ACCOUNTING AND BANK ACCOUNTS

12.1 FISCAL YEAR AND ACCOUNTING METHOD. The fiscal year and taxable year of the Company shall be as designated by the Management Committee in accordance with the Code. The Company shall use an accrual method of accounting.

12.2 BOOKS AND RECORDS. The Company shall maintain at its principal office, or such other office as may be determined by the Management Committee, all the following:

(a) A current list of the full name and last known business or residence address of each Member and of the Manager together with information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each Member became a Member of the Company;

(b) A copy of the Certificate and this Agreement, including any and all amendments to either thereof, together with executed copies of any powers of attorney pursuant to which the Certificate, this Agreement, or any amendments have been executed;

(c) Copies of the Company's Federal, state, and local income tax or information returns and reports, if any, which shall be retained for at

least six fiscal years;

(d) The financial statements of the Company, which shall be retained for at least six fiscal years; and

(e) The Company's books and records, which shall be retained for at least six fiscal years.

12.3 DELIVERY TO MEMBERS; INSPECTION. Upon the request of any Member, for any purpose reasonably related to such Member's interest as a member of the Company, the Management Committee shall cause to be made available to the requesting Member the information required to be maintained by clauses (a) through (d) of Section 14.2 and such other information regarding the business and affairs of the Company as any Member may reasonably request.

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12.4 FINANCIAL STATEMENTS. The Management Committee shall cause to be prepared for the Members at least annually, at the Company's expense, financial statements of the Company, CJP1 and CJP2, prepared in accordance with generally accepted accounting principles and audited by Arthur Andersen & Co., or another nationally recognized accounting firm. The financial statements so furnished shall include a balance sheet, statement of income or loss, statement of cash flows, and statement of Members' equity. In addition, the Management Committee shall provide on a timely basis to the Members monthly and quarterly financials, statements of cash flow, any available internal budgets or forecast or other available financial reports, as well as any reports or notices as are provided by the Company, CJP1 or CJP2 to any financial institution.

12.5 FILINGS. At the Company's expense, the Management Committee shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities and to have prepared and to furnish to each Member such information with respect to the Company as is necessary (or as may be reasonably requested by a Member) to enable the Members to prepare their Federal, state and local income tax returns. The Management Committee, at the Company's expense, shall also cause to be prepared and timely filed, with appropriate Federal, state and local regulatory and administrative bodies, all reports required to be filed by the Company with those entities under then current applicable laws, rules, and regulations. The reports shall be prepared on the accounting or reporting basis required by the regulatory bodies.

12.6 NON-DISCLOSURE. Each Member agrees that, except as otherwise consented to by the Management Committee in writing, all non-public and confidential information furnished to it pursuant to this Agreement will be kept confidential and will not be disclosed by such Member, or by any of its agents, representatives, or employees, in any manner whatsoever, in whole or in part, except that (a) each Member shall be permitted to disclose such information to those of its agents, representatives, and employees who need to be familiar with such information in connection with such Member's investment in the Company, so long as such agents, representatives and employees agree to keep such information confidential on the terms set forth herein, (b) each Member shall be permitted to disclose such information to its partners, stockholders and affiliates so long as they agree to keep such information confidential on the terms set forth herein, (c) each Member shall be permitted to disclose information to the extent required by law, legal process or regulatory requirements, so long as such Member shall have used its reasonable efforts to first afford the Company with a reasonable opportunity to contest the necessity of disclosing such information, (d) each Member shall be permitted to disclose such information to possible purchasers of all or a portion of the Member's Interest, provided that such prospective purchaser shall execute a suitable

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confidentiality agreement containing terms not less restrictive than the terms set forth herein, and (e) each Member shall be permitted to disclose information to the extent necessary for the enforcement of any right of such Member arising under this Agreement.

12.7 BANK ACCOUNTS. All funds of the Company shall be deposited in a separate bank, money market or similar account(s) approved by the Management Committee and in the Company's name. Withdrawals therefrom shall be made only by Persons authorized to do so by the Management Committee.

ARTICLE 13
MISCELLANEOUS

13.1 TITLE TO PROPERTY. Title to the Property shall be held in the name of the Company. No Member shall individually have any ownership interest or rights in the Property except indirectly by virtue of such Member's ownership of a Membership Interest.

13.2 WAIVER OF DEFAULT. No consent or waiver, express or implied, by the Company or a Member with respect to any breach or default by the Company or a Member hereunder shall be deemed or construed to be a consent or waiver with respect to any other breach or default by any party of the same provision or any other provision of this Agreement. Failure on the part of the Company or a Member to complain of any act or failure to act of the Company or a Member or to declare such party in default shall not be deemed or constitute a waiver by the Company or the Member of any rights hereunder.

13.3 AMENDMENT.

(a) Except as otherwise expressly provided elsewhere in this Agreement, this Agreement shall not be altered, modified or changed except by an amendment approved by Members holding a Majority in Interest of the Group A Members and a Majority in Interest of the Group B Members; provided, however, that if any such amendment adversely affects the economic rights of a Member, such amendment shall only be effective if consented to in writing by such Member.

(b) In addition to any amendments otherwise authorized herein, the Manager or Management Committee may make any amendments to any of the Schedules to this Agreement from time to time to reflect transfers of Membership Interests and issuances of additional Membership Interests. Copies of such amendments shall be delivered to the Members upon execution thereof.

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(c) The Manager shall cause to be prepared and filed any amendment to the Certificate that may be required to be filed under the Act as a consequence of any amendment to this Agreement.

(d) Any modification or amendment to this Agreement or the Certificate made in accordance with this Section 13.3 shall be binding on all Members and the Manager.

13.4 NO THIRD PARTY RIGHTS. Except as provided in Article 8, none of the provisions contained in this Agreement shall be for the benefit of or enforceable by any third parties, including creditors of the Company. Subject to Article 8, the parties to this Agreement expressly retain any and all rights to amend this Agreement as herein provided, notwithstanding any interest in this Agreement or in any party to this Agreement held by any other Person.

13.5 SEVERABILITY. In the event any provision of this Agreement is held to be illegal, invalid or unenforceable to any extent, the legality, validity and enforceability of the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect and shall be enforced to the greatest extent permitted by law.

13.6 NATURE OF INTEREST IN THE COMPANY. A Member's Membership Interest shall be personal property for all purposes.

13.7 BINDING AGREEMENT. Subject to the restrictions on the disposition of Membership Interests herein contained, the provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

13.8 HEADINGS. The headings of the Certificate and sections of this Agreement are for convenience only and shall not be considered in construing or interpreting any of the terms or provisions hereof.

13.9 WORD MEANINGS. The words such as "herein", "hereinafter", "hereof", and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural, and vice versa, unless the context

otherwise requires.

13.10 COUNTERPARTS. This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

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13.11 ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties hereto and thereto and supersedes all prior writings or agreements with respect to the subject matter hereof.

13.12 PARTITION. The Members agree that the Property is not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all right such Member may have to maintain any action for partition of any of the Property. No Member shall have any right to any specific assets of the Company upon the liquidation of, or any distribution from, the Company.

13.13 GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE. This Agreement shall be construed according to and governed by the laws of the State of Delaware without regard to principles of conflict of laws. The parties hereby submit to the exclusive jurisdiction and venue of the state courts of New York County, New York or to the Court of Chancery of the State of Delaware and the United States District Court for the Southern District of New York and of the United States District Court for the District of Delaware, as the case may be, and agree that the Company or Members may, at their option, enforce their rights hereunder in such courts.

13.14 DISCRETION. Whenever a Manager shall have discretion to act hereunder, such Person agrees to act in a reasonable manner on behalf of the Company and its Affiliates.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

GROUP A MEMBER:

SEACOR OFFSHORE RIGS INC.

By:

Name:

Title:

GROUP B MEMBER:

COI, LLC

By:

William E. Chiles

Duly Authorized Member

Agreed and Accepted
as of the date first
written above solely
with respect to Section 3.4

SEACOR SMIT INC.

By:

Name:

Title:

A. GROUP A MEMBERS

Name and Address	Cash Contributed	Total Capital Contribution	Percentage Interest ¹
SEACOR Offshore Rigs Inc. 1370 Avenue of the Americas 25th Floor New York, N.Y. 10019-4602	\$8,850,000	\$8,850,000	50%

Attn: Randall Blank

1. Includes both Group A Members and Group B Members.

SCHEDULE 1 (cont'd)

B. CLASS B MEMBERS

<TABLE>
<CAPTION>

Name and Address	Cash and/or Property Contributed	Gross Asset Value	Total Capital Contribution	Percentage Interest ¹
<S> COI, LLC 2000 West Loop South, Suite 2130 Houston, TX 77027	<C> The properties, assets and rights assigned by COI to the Company pursuant to the Assignment and Assumption Agreement	<C> \$8,486,000	<C> \$8,850,000	<C> 50%
	\$364,000 in cash	N/A		

</TABLE>

1. Includes both Group A Members and Group B Members.

SEACOR SMIT INC. AND SUBSIDIARIES
COMPUTATION OF PER SHARE EARNINGS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 1997 AND 1996
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

Six Months Ended	Three Months Ended	
June 30,	June 30,	
-----	-----	-----
1997 1996	1997	1996
-----	-----	-----
<S>	<C>	<C>
EARNINGS PER COMMON SHARE - ASSUMING NO DILUTION, AS ADJUSTED FOR COMMON STOCK EQUIVALENTS (a).....\$	2.71	\$ 0.68
\$ 4.74 \$ 1.31		
Weighted average shares outstanding.....	13,854,468	9,840,314
13,889,663 9,835,707		
Shares issuable from assumed conversion of common stock equivalents (a).....	224,731	265,870
229,979 235,710		
-----	-----	-----
Weighted average shares outstanding, as adjusted.....	14,079,199	10,106,184
14,119,642 10,071,417		
=====	=====	=====
EARNINGS PER COMMON SHARE - ASSUMING FULL DILUTION.....\$	2.35	\$ 0.60
\$ 4.14 \$ 1.16		
Weighted average shares outstanding.....	13,854,468	9,840,314
13,889,663 9,835,707		
Shares issuable from assumed conversion of common stock equivalents.....	233,640	271,403
235,276 271,403		
Shares issuable from assumed conversion of 6.0% Convertible Subordinated Notes.....	-	2,156,076
- 2,156,076		
Shares issuable from assumed conversion of 2.5% Convertible Subordinated Notes.....	-	156,650
- 156,650		
Shares issuable from assumed conversion of 5-3/8% Convertible Subordinated Notes.....	2,844,695	-
2,844,695 -		
-----	-----	-----
Weighted average shares outstanding, as adjusted.....	16,932,803	12,424,443
16,969,634 12,419,836		
=====	=====	=====
NET INCOME FOR EARNINGS PER COMMON SHARE COMPUTATION :		
Net income for earnings per common share computation-- assuming no dilution.....\$	38,099	\$ 6,916
\$ 66,861 \$ 13,239		
Interest on 6.0% Convertible Subordinated Notes, net of income tax effect.....	-	539

-	1,078		
	Interest and debt discount on 2.5% Convertible		
	Subordinated Notes, net of income tax effect.....	37	-
-	74		
	Interest on 5-3/8% Convertible Subordinated Notes,		
	net of income tax effect.....	1,676	-
3,369	-		

Net income for earnings per common share			
	computation -- assuming full dilution, as adjusted.....\$	39,775	7,492
70,230	14,391		
=====			

</TABLE>

- (a) This computation is submitted in accordance with Regulation S-K item 601(b)(11). For the periods noted, it is contrary to APB Opinion No. 15 as per footnote to paragraph 14 which does not require the inclusion of common stock equivalents in the earnings per share calculation if the dilutive effect is less than 3%.

<TABLE> <S> <C>

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS CONTAINED IN THE BODY OF THE ACCOMPANYING FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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