**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)
[√] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2008

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to_________

Commission file number:
333-145588

**ORION MARINE GROUP, INC.**
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **DELAWARE** | **26-0097459** |
| (State or other jurisdiction of Incorporation or organization) | (I.R.S. Employer Identification Number) |

**12550 Fuqua**
**Houston, Texas 77034**
(Address of principal executive offices)
(Zip Code)
**(713) 852-6500**
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days
Yes [√] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as described in Rule 12b-2 of the Exchange Act). (Check one)
Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [√] Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes[ ] No [√]

As of May 1, 2008, 21,565,324 shares of the Registrant's common stock, $0.01 par value were outstanding.

**ORION MARINE GROUP, INC.**
**Quarterly Report on Form 10-Q for the period ended March 31, 2008**
**INDEX**

**Orion Marine Group, Inc. and Subsidiaries**
**Consolidated Balance Sheets**
**(Unaudited)**
**(In Thousands, Except Share and Per Share Information)**

| | March 31, 2008 | December 31, 2007 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 15,706 | $ 12,584 |
| Accounts receivable: | | |
| Trade, net of allowance of $500 and $500, respectively | 36,314 | 30,832 |
| Retainage | 5,266 | 7,620 |
| Other | 1,587 | 1,345 |
| Inventory | 638 | 646 |
| Deferred tax asset | 591 | 551 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 4,187 | 7,676 |
| Asset held for sale | 1,952 | -- |
| Prepaid expenses and other | 1,166 | 293 |
| Total current assets | 67,407 | 61,547 |
| Property and equipment, net | 85,998 | 68,746 |
| Goodwill | 11,881 | 2,481 |
| Intangible assets, net of amortization | 7,359 | 653 |
| Other assets | 100 | 107 |
| Total assets | $ 172,745 | $ 133,534 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Current portion of long-term debt | $ 1,750 | $ -- |
| Accounts payable: | | |
| Trade | 7,544 | 11,139 |
| Retainage | 1,690 | 678 |
| Accrued liabilities | 7,761 | 7,546 |
| Taxes payable | 2,468 | 2,324 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 11,117 | 7,408 |
| Total current liabilities | 32,330 | 29,095 |
| Long-term debt, less current portion | 33,250 | -- |
| Other long-term liabilities | 401 | -- |
| Deferred income taxes | 13,167 | 13,928 |
| Deferred revenue | 413 | 427 |
| Total liabilities | 79,561 | 43,450 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock—$0.01 par value, 50,000,000 shares authorized, 21,565,324 shares issued and outstanding | 216 | 216 |
| Additional paid-in capital | 54,590 | 54,336 |
| Retained earnings | 38,378 | 35,532 |
| Total stockholders' equity | 93,184 | 90,084 |
| Total liabilities and stockholders' equity | $ 172,745 | $ 133,534 |

See notes to unaudited condensed consolidated financial statements

**Orion Marine Group, Inc. and Subsidiaries**
**Consolidated Statements of Income**
**(Unaudited)**
**(In Thousands, Except Share and Per Share Information)**

| | Three months ended March 31, 2008 | 2007 |
|---|---|---|
| Contract revenues | $ 52,591 | $ 38,293 |
| Costs of contract revenues | 42,519 | 28,768 |
| Gross profit | 10,072 | 9,525 |
| Selling, general and administrative expenses | 5,827 | 4,128 |
| | 4,245 | 5,397 |
| Interest (income) expense | | |
| Interest income | (149) | (266) |
| Interest expense | 126 | 446 |
| Interest (income) expense, net | (23) | 180 |
| Income before income taxes | 4,268 | 5,217 |
| Income tax expense | 1,422 | 1,931 |
| Net income | $ 2,846 | $ 3,286 |
| | | |
| Net income | $ 2,846 | $ 3,286 |
| Preferred dividends | -- | 518 |
| Earnings available to common stockholders | $ 2,846 | $ 2,768 |
| | | |
| Basic earnings per share | $ 0.13 | $ 0.17 |
| Diluted earnings per share | $ 0.13 | $ 0.17 |
| Shares used to compute earnings per share: | | |
| Basic | 21,468,569 | 16,048,404 |
| Diluted | 21,845,207 | 16,168,837 |

See notes to unaudited condensed consolidated financial statements

**Orion Marine Group, Inc. and Subsidiaries**
**Consolidated Statement of Stockholders' Equity**
**(Unaudited)**
**(In Thousands, Except Share Information)**

| | Common Stock | | Additional Paid-In | Retained | |
|---|---|---|---|---|---|
| | **Shares** | **Amount** | **Capital** | **Earnings** | **Total** |
| Balance, December 31, 2007 | 21,565,324 | $ 216 | $ 54,336 | $ 35,532 | $ 90,084 |
| Stock-based compensation | — | — | 254 | — | 254 |
| Net income | — | — | — | 2,846 | 2,846 |
| Balance, March 31, 2008 | 21,565,324 | $ 216 | $ 54,590 | $ 38,378 | $ 93,184 |

See notes to unaudited condensed consolidated financial statements

**Orion Marine Group, Inc. and Subsidiaries**
**Consolidated Statements of Cash Flows**
**(Unaudited)**
**(In Thousands)**

| | Three Months Ended March 31, 2008 | 2007 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 2,846 | $ 3,286 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,751 | 3,119 |
| Deferred financing cost amortization | 59 | 43 |
| Non-cash interest expense | 23 | 22 |
| Deferred income taxes | (801) | (436) |
| Stock-based compensation | 254 | 19 |
| Gain on sale of property and equipment | (62) | (81) |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (2,754) | 5,480 |
| Inventory | 8 | (6) |
| Prepaid expenses and other | (806) | (543) |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 4,719 | (1,701) |
| Accounts payable | (2,583) | (3,795) |
| Accrued liabilities | 590 | (3,365) |
| Income tax payable | 55 | 2,604 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 3,527 | (1,782) |
| Deferred revenue | (14) | (13) |
| Net cash provided by operating activities | 8,812 | 2,851 |
| Cash flows from investing activities: | | |
| Acquisition of assets of Subaqueous Services, Inc. | (36,698) | -- |
| Proceeds from sale of property and equipment | 73 | 114 |
| Purchase of property and equipment | (3,985) | (1,802) |
| Net cash used in investing activities | (40,610) | (1,688) |
| Cash flows from financing activities: | | |
| Payments on long-term debt | -- | (1,452) |
| Borrowing on line of credit | 35,000 | — |
| Payment of stock issuance costs | -- | (124) |
| Increase in loan costs | (80) | — |
| Net cash provided by (used in) financing activities | 34,920 | (1,576) |
| Net change in cash and cash equivalents | 3,122 | (413) |
| Cash and cash equivalents at beginning of period | 12,584 | 18,561 |
| Cash and cash equivalents at end of period | $ 15,706 | $ 18,148 |
| Supplemental disclosures of cash flow information: cash paid during the period for: | | |
| Interest | $ 120 | $ 203 |
| Taxes | $ 1,961 | -- |

See notes to unaudited condensed consolidated financial statements

Orion Marine Group, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements
Three Months Ended March 31, 2008
(Unaudited)
(Tabular Amounts in thousands, Except for Share and per Share Amounts)

**1. Description of Business and Basis of Presentation**

***Description of Business***

Orion Marine Group, Inc., and its wholly-owned subsidiaries (hereafter collectively referred to as "Orion" or the "Company") provide a broad range of marine construction services on, over and under the water along the Gulf Coast, the Atlantic Seaboard and the Caribbean Basin. Heavy civil marine projects include marine transportation facilities, bridges and causeways, marine pipelines, mechanical and hydraulic dredging, and specialty projects. The Company is headquartered in Houston, Texas.

***Basis of Presentation***

The accompanying condensed consolidated financial statements and financial information included herein have been prepared pursuant to the interim period reporting requirements of Form 10-Q. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. Readers of this report should also read our consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 ("2007 Form 10-K") as well as Item 7 – *Management's Discussion and Analysis of Financial Condition and Results of Operations* also included in our 2007 Form 10-K.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments considered necessary for a fair and comparable statement of the Company's financial position, results of operations and cash flows for the periods presented. Such adjustments are of a normal recurring nature. Interim results of operations for the three months ended March 31, 2008, are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

***Reclassifications***

Certain items on the balance sheet related to intangible assets have been reclassified to conform to current year presentation.

**2. Summary of Significant Accounting Principles**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates, judgments and assumptions are continually evaluated based on available information and experience; however, actual amounts could differ from those estimates. The Company's significant accounting policies are more fully described in Note 2 of the Notes to Consolidated Financial Statements in the 2007 Form 10-K.

On an ongoing basis, the Company evaluates the significant accounting policies used to prepare its condensed consolidated financial statements, including, but not limited to, those related to:

- Revenue recognition
- Accounts receivable
- Income taxes
- Self-insurance and
- Stock based compensation

***Revenue Recognition***

The Company records revenue on construction contracts for financial statement purposes on the percentage-of-completion method, measured by the percentage of contract costs incurred to date to total estimated costs for each contract. The Company follows the guidance of American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 81-1, *Accounting for Performance of Construction—Type and Certain Production—Type Contracts,* for its accounting policy relating to the use of the percentage-of-completion method, estimated costs and claim recognition for construction contracts. Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements, may result in revisions to costs and revenues and are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

The current asset "costs and estimated earnings in excess of billings on uncompleted contracts" represents revenues recognized in excess of amounts billed, which management believes will be billed and collected within one year of the completion of the contract. The liability "billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized.

***Risk Concentrations***

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of cash and cash equivalents and accounts receivable.

The Company's primary customers are governmental agencies in the United States. The Company depends on its ability to continue to obtain federal, state and local governmental contracts, and indirectly, on the amount of funding available to these agencies for new and current governmental projects. Therefore, the Company's operations can be influenced by the level and timing of government funding.

At March 31, 2008, 19.6% of our accounts receivable was due from one customer. No single customer accounted for more than 10% of total receivables at December 31, 2007. In the three months ended March 31, 2008 and 2007, one and two customers represented more than 10% of revenues, generating 15.1% and 44% of total revenues, respectively.

***Accounts Receivable***

Accounts receivable are stated at the historical carrying value, less write-offs and allowances for doubtful accounts. The Company writes off uncollectible accounts receivable against the allowance for doubtful accounts if it is determined that the amounts will not be collected or if a settlement is reached for an amount that is less than the carrying value. As of March 31, 2008 and December 31, 2007, the Company had an allowance for doubtful accounts of $500,000 and $500,000, respectively.

Balances billed to customers but not paid pursuant to retainage provisions in construction contracts generally become payable upon contract completion and acceptance by the owner. Retention at March 31, 2008 totaled $5.3 million, of which $1.2 million is expected to be collected beyond 2008. Retention at December 31, 2007 totaled $7.6 million.

***Income Taxes***

The Company records income taxes based upon Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*, which requires the recognition of income tax expense for the amount of taxes payable or refundable for the current period and for deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. The Company accounts for any uncertain tax positions in accordance with the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48).

***Self-Insurance***

The Company maintains insurance coverage for its business and operations. Insurance related to property, equipment, automobile, general liability, and a portion of workers' compensation is provided through traditional policies, subject to a deductible. A portion of the Company's workers' compensation exposure is covered through a mutual association, which is subject to supplemental calls.

Separately, the Company's employee health care is provided through a trust, administered by a third party. The Company funds the trust based on current claims. The administrator has purchased appropriate stop-loss coverage. Losses on these policies up to the deductible amounts are accrued based upon known claims incurred and an estimate of claims incurred but not reported. The accruals are derived from actuarial studies, known facts, historical trends and industry averages utilizing the assistance of an actuary to determine the best estimate of the ultimate expected loss.

***Stock-Based Compensation***

The Company recognizes compensation expense for equity awards based on the provisions of SFAS No. 123(R), *Share-Based Payment.* Compensation expense is recognized based on the fair value of these awards at the date of grant. The computed fair value of these awards is recognized as a non-cash cost over the period the employee provides services, which is typically the vesting period of the award.

Compensation is recognized only for share-based payments expected to vest. The Company estimates forfeitures at the date of grant based on historical experience and future expectations.

***Recently Issued Accounting Pronouncements***

*SFAS 157*. In September 2006, the FASB issued SFAS 157, "Fair Value Measurements," to increase consistency and comparability in fair value measurements by defining fair value, establishing a framework for measuring fair value in generally accepted accounting principles, and expanding disclosures about fair value measurements. SFAS 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. It clarifies the extent to which fair value is used to measure recognized assets and liabilities, the inputs used to develop the measurements, and the effect of certain measurements on earnings for the period. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and is applied on a prospective basis. On February 6, 2008, the FASB announced it will issue a FASB Staff Position (FSP) to allow a one-year deferral of adoption of SFAS 157 for nonfinancial assets and nonfinancial liabilities that are recognized at fair value on a nonrecurring basis. The FSP will also amend SFAS 157 to exclude SFAS 13, "Accounting for Leases," and its related interpretive accounting pronouncements. The FSP is expected to be issued in the near future. We have determined that the adoption of SFAS 157 will not have a material impact on our consolidated financial position, results of operations or cash flows and adopted the provisions as it relates to financial assets and liabilities on January 1, 2008.

*SFAS 141R.* In December 2007, the FASB issued SFAS 141(revised 2007), "Business Combinations," to increase the relevance, representational faithfulness, and comparability of the information a reporting entity provides in its financial reports about a business combination and its effects. SFAS 141R replaces SFAS 141, "Business Combinations" but, retains the fundamental requirements of SFAS 141 that the acquisition method of accounting be used and an acquirer be identified for all business combinations. SFAS 141R expands the definition of a business and of a business combination and establishes how the acquirer is to: (1) recognize and measure in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (2) recognize and measure the goodwill acquired in the business combination or a gain from a bargain purchase; and (3) determine what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R is applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, and is to be applied prospectively. Early adoption is prohibited. SFAS 141R will impact the Company if we elect to enter into a business combination subsequent to December 31, 2008.

*SFAS 160.* In December 2007, the FASB issued SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51," to improve the relevance, comparability, and transparency of the financial information a reporting entity provides in its consolidated financial statements. SFAS 160 amends ARB 51 to establish accounting and reporting standards for noncontrolling interests in subsidiaries and to make certain consolidation procedures consistent with the requirements of SFAS 141R. It defines a noncontrolling interest in a subsidiary as an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 changes the way the consolidated income statement is presented by requiring consolidated net income to include amounts attributable to the parent and the noncontrolling interest. SFAS 160 establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary which do not result in deconsolidation. SFAS 160 also requires expanded disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. SFAS 160 shall be applied prospectively, with the exception of the presentation and disclosure requirements which shall be applied retrospectively for all periods presented. We do not believe that the adoption of SFAS 160 would have a material effect on our consolidated financial position, results of operations and cash flows.

### 3. Acquisition of the Assets of Subaqueous Services, Inc.

On February 29, 2008, Subaqueous Services, LLC ("*SSLLC*"), a newly-formed, wholly-owned subsidiary of the Company concurrently entered into an agreement to purchase and closed the purchase of substantially all of the assets (with the exception of working capital) and related business (principally consisting of project contracts) of Orlando, Florida-based Subaqueous Services, Inc., a Florida corporation ("*SSI*") for $35 million in cash.

In addition, SSLLC (i) paid SSI approximately $1.7 million for net under-billings and retained funds held under certain project contracts and for transition support services to be provided by SSI through September, 2008; and (ii) entered a three-year Consulting Agreement with the sole shareholder of SSI, terminable on thirty (30) days prior written notice by the parties thereto, for $150,000 per year payable monthly.

The Company funded the acquisition using its acquisition line of $25 million and a draw on its accordion facility of $10 million, and cash on hand for the other payments referenced above. SSLLC operates the acquired assets under the name "Subaqueous Services, LLC," and SSLLC is based in Jacksonville, Florida. In that regard, SSLLC entered a lease agreement with Hill Street, LLC effective February 29, 2008, for premises and facilities constituting those formerly occupied and used by SSI for its Jacksonville operations.

SSI was a specialty dredging services provider that focused on shallow water dredging projects in Florida and along the Atlantic Seaboard utilizing both mechanical and hydraulic cutter suction pipeline dredging, with a wide variety of customers both in the public and private sectors. The assets acquired consist primarily of marine construction equipment, including several dredges. The Company also purchased construction contracts in progress and the right to the name "Subaqueous Services" and derivatives thereof. In addition, SSLLC hired certain senior managers of SSI and substantially all of SSI's field personnel.

Prior to this acquisition, no relationship outside the ordinary course of business existed between SSI and the Company or SSI and SSLLC.

The Company accounted for the purchase of the assets of SSI as a business combination. The following represents the Company's preliminary allocation of the purchase price to the assets acquired:

| | | |
|---|---|---|
| Property and equipment | $ | 18,500 |
| Intangible assets | | 7,100 |
| Goodwill | | 9,400 |
| | $ | 35,000 |

The Company's condensed consolidated financial statements at March 31, 2008 include results of SSLLC for the period since the acquisition. Pro-forma information is presented below as if the asset purchase had occurred on January 1 of each reporting period:

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | 2008 | | 2007 | |
| Revenue | $ | 55,369 | $ | 50,556 |
| Income before taxes | $ | 3,622 | $ | 5,451 |
| Net income | $ | 2,447 | $ | 3,433 |
| Earnings per share: | | | | |
| Basic | $ | 0.11 | $ | 0.18 |
| Diluted | $ | 0.11 | $ | 0.18 |

### 4. Contracts in Progress

Contracts in progress are as follows at March 31, 2008 and December 31, 2007:

| | **March 31, 2008** | | **December 31, 2007** | |
|---|---|---|---|---|
| Costs incurred on uncompleted contracts | $ | 263,942 | $ | 379,268 |
| Estimated earnings | | 84,362 | | 131,437 |
| | | 348,304 | | 510,705 |
| Less: Billings to date | | (355,234) | | (510,437) |
| | $ | (6,930) | $ | 268 |
| Included in the accompanying consolidated balance sheet under the following captions: | | | | |
| Costs and estimated earnings in excess of billings on uncompleted contracts | $ | 4,187 | $ | 7,676 |
| Billings in excess of costs and estimated earnings on uncompleted contract | | (11,117) | | (7,408) |
| | $ | (6,930) | $ | 268 |

Contract costs include all direct costs, such as materials and labor, and those indirect costs related to contract performance such as payroll taxes and insurance. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined. An amount equal to contract costs attributable to claims is included in revenues when realization is probable and the amount can be reliably estimated.

**5. Property and Equipment**

The following is a summary of property and equipment at March 31, 2008 and December 31, 2007:

| | March 31, 2008 | December 31, 2007 |
|---|---|---|
| Automobiles and trucks | $ 1,883 | $ 1,807 |
| Building and improvements | 12,558 | 12,363 |
| Construction equipment | 83,330 | 74,736 |
| Dredges and dredging equipment | 37,301 | 24,189 |
| Office equipment | 899 | 891 |
| | 135,971 | 113,986 |
| Less: accumulated depreciation | (59,077) | (56,223) |
| Net book value of depreciable assets | 76,894 | 57,763 |
| Construction in progress | 3,882 | 5,761 |
| Land | 5,222 | 5,222 |
| | $ 85,998 | $ 68,746 |

For the three months ended March 31, 2008 and 2007, depreciation expense was $3.4 million and $3.1 million, respectively. The assets of the Company are pledged as collateral for debt obligations in the amount of $35.0 million and $0 million at March 31, 2008 and December 31, 2007, respectively. The debt obligations mature in September 2010.

In January 2008, management committed to a plan to sell a vessel which it had purchased in 2006 and was no longer considered integral to the Company's fleet. Management believes the sale is probable within a year. The asset was reclassified on the Company's March 31, 2008 balance sheet and is recorded as a current asset held for sale. No depreciation has been taken on the vessel in 2008.

**6. Debt and Line of Credit**

The Company has had a credit agreement with several participating banks since October 2004. In July 2007, the Company restated its credit agreement with its existing lenders. Debt under the new credit facility included the balance of the old credit facility of $3.1 million, which was paid in full in December 2007. In addition, the terms of the credit facility provided for the Company to borrow up to $25 million under an acquisition term loan facility and up to $8.5 million under a revolving line of credit. At the discretion of the Company's lenders, either the acquisition term loan facility or the revolving line of credit may be increased by $25 million.

The revolving line of credit is subject to a borrowing base and availability on the revolving line of credit is reduced by any outstanding letters of credit. At March 31, 2008, the Company had outstanding letters of credit of $692,000, thus reducing the balance available to the Company on the revolving line of credit to approximately $7.8 million. The Company is subject to a monthly commitment fee on the unused portion of the revolving line of credit at a rate of 0.20% of the unused balance. As of May 1, 2008, no amounts had been drawn under the revolving line of credit.

As referenced in Note 3 above, the Company borrowed $35 million to fund the purchase of the assets of SSI in February 2008 and amended its credit facility to reflect the borrowing. Payments of interest are due quarterly beginning March 31, 2008. Payments of principal commence December 31, 2008 in seven equal quarterly installments based on 2.5% of the balance outstanding on September 30, 2008, with the remaining balance due September 30, 2010. All provisions under the credit facility mature on September 30, 2010.

Interest on the Company's borrowings is based on the prime rate or LIBOR rate then in effect, at the Company's discretion. For each prime rate loan drawn under the credit facility, interest is due quarterly at the then prime rate minus a margin that is adjusted quarterly based on total leverage ratios, as applicable. For each LIBOR loan, interest is due at the end of each interest period at a rate of the then LIBOR rate for such period plus the LIBOR margin based on total leverage ratios, as applicable. At March 31, 2008, interest on the Company's outstanding loans was based on LIBOR. The LIBOR interest rate at March 31, 2008 was 4.6%.

The credit facility requires the Company to maintain certain financial ratios, including net worth, fixed charge and leverage ratios, and places other restrictions on the Company as to its ability to incur additional debt, pay dividends, advance loans and other actions. The credit facility is secured by the bank accounts, accounts receivable, inventory, equipment and other assets of the Company and its subsidiaries. As of March 31, 2008, the Company was in compliance with all debt covenants.

## 7. Income Taxes

The Company's effective tax rate is based on expected income, statutory tax rates and tax planning opportunities available to it. For interim financial reporting, the Company estimates its annual tax rate based on projected taxable income for the full year and records a quarterly tax provision in accordance with the anticipated annual rate. The effective rate for the three months ended March 31, 2008 was 33.3% and differed from the Company's statutory rate primarily due to state income taxes, non-deductible stock based compensation expense associated with employee incentive stock options and other permanent differences. In the first quarter of 2008, the Company revised its estimate of the impact of certain permanent deductions, among other factors, available to it on its federal tax return, which reduced its effective rate for the period. The effective rate of 37.0% for the three months ended March 31, 2007 differed from the statutory rate principally due to state income taxes.

| | Current | Deferred | Total |
|---|---|---|---|
| Three months ended March 31, 2008: | | | |
| U.S. Federal | $ 2,004 | $ (866) | $ 1,138 |
| State and local | 219 | 65 | 284 |
| | $ 2,223 | $ (801) | $ 1,422 |
| Three months ended March 31, 2007: | | | |
| U.S. Federal | $ 2,210 | $ (436) | $ 1,774 |
| State and local | 157 | — | 157 |
| | $ 2,367 | $ (436) | $ 1,931 |

The Company does not believe that its uncertain tax positions will significantly change due to the settlement and expiration of statutes of limitations prior to March 31, 2009.

## 8. Earnings Per Share

Basic earnings per share are based on the weighted average number of common shares outstanding during each period. Diluted earnings per share is based on the weighted average number of common shares outstanding and the effect of all dilutive common stock equivalents during each period. At March 31, 2008, 604,261 common stock equivalents were not included in the diluted earnings per share calculation, as the effect of these shares would have been anti-dilutive. No common stock equivalents were considered anti-dilutive at March 31, 2007.

The following table reconciles the denominators used in the computations of both basic and diluted earnings per share:

| | Three months ended March 31 2008 | 2007 |
|---|---|---|
| Basic: | | |
| Weighted average shares outstanding | 21,565,324 | 16,730,942 |
| Less weighted average non-vested restricted stock | 96,755 | 682,538 |
| Total basic weighted average shares outstanding | 21,468,569 | 16,048,404 |
| Diluted: | | |
| Total basic weighted average shares outstanding | 21,468,569 | 16,048,404 |
| Effect of dilutive securities: | | |
| Common stock options | 280,034 | -- |
| Restricted stock | 96,603 | 120,433 |
| Total weighted average shares outstanding assuming dilution | 21,845,207 | 16,168,837 |

## 9. Stock-Based Compensation

The Compensation Committee of the Company's Board of Directors is responsible for the administration of the Company's two stock incentive plans. In general, the plans provide for grants of restricted stock and stock options to be issued with a per-share price equal to the fair market value of a share of common stock on the date of grant. Option terms are specified at each grant date, but generally are 10 years. Options generally vest over a three to five year period. Total shares of common stock that may be delivered under the LTIP and the 2005 Plan may not exceed 2,943,946.

In March 2008, the Company granted options to purchase 15,000 shares of common stock. The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards. The awards granted in March 2008 used the following assumptions:

| | |
|---|---|
| Expected life of options | 6 years |
| Expected volatility | 36.7% |
| Risk-free interest rate | 2.92% |
| Dividend yield | 0.0% |
| Grant date fair value | $5.35 |

For the three months ended March 31, 2008 and 2007, compensation expense related to stock options outstanding for the periods was $254,000 and $19,000, respectively.

## 10. Commitments and Contingencies

### *Litigation*

From time to time the Company is a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to such lawsuits, the Company accrues reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe any of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on results of operations, cash flows or financial condition.

We have been named as one of a substantial number of defendants in numerous individual claims and lawsuits brought by the residents and landowners of New Orleans, Louisiana and surrounding areas in the United States District Court for the Eastern District of Louisiana. These suits have been classified as a subcategory of suits under the more expansive proceeding, *In re Canal Breaches Consolidation Litigation,* Civil Action No: 05-4182, (E.D. La,), which was instituted in late 2005. While not technically class actions, the individual claims and lawsuits are being prosecuted in a manner similar to that employed for federal class actions. The claims are based on flooding and related damage from Hurricane Katrina. In general, the claimants state that the flooding and related damage resulted from the failure of certain aspects of the levee system constructed by the Corps of Engineers, and the claimants seek recovery of alleged general and special damages. The Corps of Engineers has contracted with various private dredging companies, including us, to perform maintenance dredging of the waterways. In accordance with a recent decision *(In re Canal Breaches Consolidation Litigation,* Civil Action No: 05-4182, *"Order and Reasons,"* March 9, 2007 (E.D. La, 2007)), we believe that we have no liability under these claims unless we deviated from our contracted scope of work on a project. In June of 2007, however, the plaintiffs appealed this decision to the United States Court of Appeals for the Fifth Circuit, where the appeal is currently pending. Substantive proceedings in the appeals case have yet to commence.

## 11. Other Possible Contingencies

Recently the Company learned of a federal criminal investigation that appears to relate to certain contracts and contracting activities in the Jacksonville, Florida area, of, among others, the Jacksonville Port Authority and SSI. It does not appear that the Company, or any of its subsidiaries, or their respective operations, is the focus of such investigation. Nevertheless, investigators have secured certain documents and other materials from the Company concerning SSI’s operations and activities prior to the sale of its assets to the Company. The Company is further cooperating with the investigation, including responding to requests for any additional relevant documents or materials. Based on information available to us at this time, we do not anticipate that the investigation will have any material adverse impact on the Company’s financial condition or results of operations.

## 12. Stockholders’ Equity

### *Common Stock*

Prior to May 2007, the Company had a capital structure consisting of Class A and Class B Common stock. The Class A stock was entitled to receive cumulative dividends at the annual rate of 6 percent of the original issue price. On May 17, 2007, the Company converted all Class A stock into preferred, redeemed all such Class A stock and paid all outstanding dividends, totaling $5.4 million. Upon redemption, the preferred stock was retired. The Class B common stock was converted into common stock and was subject to a 1 for 2.23 exchange of outstanding shares. The Company has authorized 50,000,000 shares, of which 21,565,324 have been issued and are outstanding. Common stockholders are entitled to vote and to receive dividends if declared.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

***Unless the context otherwise indicates, all references in this quarterly report to "Orion," "the company," "we," "our," or "us" are to Orion Marine Group, Inc. and its subsidiaries taken as a whole.***

Certain information in this Quarterly Report on Form 10-Q, including but not limited to Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), may constitute forward-looking statements as such term is defined within the meaning of the "safe harbor" provisions of Section 27A of the Securities Exchange Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended.

All statements other than statements of historical facts, including those that express a belief, expectation, or intention are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. Our forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "plan," "goal" or other words that convey the uncertainty of future events or outcomes.

We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These and other important factors, including those described under "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2007 (2007 Form 10-K) (beginning on page 16 thereto) may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. The forward-looking statements in this quarterly report on Form 10-Q speak only as of the date of this report; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to rely on them unduly.

The purpose of MD&A is to provide a narrative analysis explaining the reasons for material changes in the Company's (i) financial condition since the most recent fiscal year-end, and (ii) results of operations during the current fiscal year-to-date period and current fiscal quarter as compared to the corresponding periods of the preceding fiscal year. In order to better understand such changes, this MD&A should be read in conjunction with the Company's fiscal 2007 audited consolidated financial statements and notes thereto included in its 2007 Form 10-K (beginning on page F1 thereto), Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2007 Form 10-K (beginning on page 34 thereto) and with our unaudited financial statements and related notes appearing elsewhere in this quarterly report.

**Overview**

We are a leading marine specialty contractor serving the heavy civil marine infrastructure market. We provide a broad range of marine construction and specialty services on, over and under the water along the Gulf Coast, the Atlantic Seaboard and the Caribbean Basin. Our customers include federal, state and municipal governments, the combination of which accounted for approximately 58% of our revenue in the three months ended March 31, 2008, as well as private commercial and industrial enterprises. We are headquartered in Houston, Texas.

Our contracts are obtained primarily through competitive bidding in response to "requests for proposals" by federal, state and local agencies and through negotiation with private parties. Our bidding activity is affected by such factors as backlog, current utilization of equipment and other resources, ability to obtain necessary surety bonds and competitive considerations. The timing and location of awarded contracts may result in unpredictable fluctuations in the results of our operations.

Most of our revenue is derived from fixed-price contracts. There are a number of factors that can create variability in contract performance and therefore impact the results of our operations. The most significant of these include the following:

- completeness and accuracy of the original bid;
- increases in commodity prices such as concrete, steel and fuel;
- customer delays and work stoppages due to weather and environmental restrictions;
- availability and skill level of workers; and
- a change in availability and proximity of equipment and materials.

All of these factors can impose inefficiencies on contract performance, which can impact the timing of revenue recognition and contract profitability. We plan our operations and bidding activity with these factors in mind and they have not had a material adverse impact on the results of our operations in the past.

***Recent Developments*** As discussed in Note 3 in the Notes to Condensed Consolidated Financial Statements included herein, the Company completed the acquisition of substantially all of the assets of Subaqueous Services, Inc. ("SSI") on February 29, 2008. Recently we learned of a federal criminal investigation that appears to relate to certain contracts and contracting activities in the Jacksonville, Florida area, of, among others, the Jacksonville Port Authority and SSI. It does not appear that the Company, or any of its subsidiaries, or their respective operations, is the focus of such investigation. Nevertheless, investigators have secured certain documents and other materials from the Company concerning SSI's operations and activities prior to the sale of its assets to the Company. The Company is further cooperating with the investigation, including responding to requests for any additional relevant documents or materials. Based on information available to us at this time, we do not anticipate that the investigation will have any material adverse impact on the Company's financial condition or results of operations.

***Outlook*** Certain economic indicators continue to suggest a weaker US economy, raising short-term concerns regarding the stability of US domestic spending. Notwithstanding such concerns, however, we continue to see robust bidding activity in most of our end markets, including Department of Transportation bridge work, U.S. Navy infrastructure projects, port development projects, and private sector terminal projects. However, the US Corp of Engineers continues to delay release of projects for bidding, which may affect our competitive environment in the future. Moreover, a weak economy generally results in reduced demand for construction in the private sector, could divert governmental funding from projects we perform to other uses, and may also produce less tax revenue, thereby decreasing funds for public sector projects. However, we anticipate that such risks should be mitigated by, among other factors, continued port expansion, emphasis on bridge and causeway repair and replacement, and the diversity of our end markets, both by type and geographic region. Looking beyond 2008, we remain encouraged that the end markets we serve will continue to remain robust through sources such as the Water Resources and Development Act, which was passed last year, domestic military bid opportunities, and other infrastructure spending.

**Consolidated Results of Operations**

**Three months ended March 31, 2008 compared with three months ended March 31, 2007**

| | Three months ended March 31, 2008 | | 2007 | |
|---|---|---|---|---|
| | **Amount** | **Percent** | **Amount** | **Percent** |
| Contract revenues | $ 52,591 | 100.0% | $ 38,293 | 100.0% |
| Cost of contract revenues | 42,519 | 80.8 | 28,768 | 75.1 |
| Gross profit | 10,072 | 19.2 | 9,525 | 24.9 |
| Selling, general and administrative expenses | 5,827 | 11.1 | 4,128 | 10.8 |
| Operating income | 4,245 | 8.1 | 5,397 | 14.1 |
| Interest (income) expense | | | | |
| Interest (income) | (149) | (0.2) | (266) | (0.7) |
| Interest expense | 126 | 0.2 | 446 | 1.2 |
| Interest (income) expense, net | (23) | — | 180 | 0.5 |
| Income before income taxes | 4,268 | 8.1 | 5,217 | 13.6 |
| Income tax expense | 1,422 | 2.7 | 1,931 | 5.0 |
| Net income | $ 2,846 | 5.4% | $ 3,286 | 8.6% |

***Contract Revenues.*** Revenues for the three months ended March 31, 2008 increased approximately 37.3% as compared with the same period last year. Revenues are driven by the progress schedules and the size, composition and scope of projects under contract at any given time. In the first quarter last year, we experienced delays beyond our control in the start-up of several contracts, and we elected to withdraw from sole source negotiations on a project scheduled to begin in early 2007; these factors were reflected in lower revenues in that period. Revenues for the first three months of 2008 included one month of operations of Subaqueous Services, LLC, ("SSLLC") which acquired the assets of SSI on February 29, 2008, and generated approximately $1.5 million in the month of March from contracts acquired in the asset purchase. We worked on projects, among others, encompassing bridge and causeway replacement, dock construction and waterfront improvements and shoreline and beach restoration and improvements.

***Gross Profit.*** Gross profit increased approximately $0.5 million, or 5.7%, in the first quarter of 2008 as compared with the corresponding period last year. The increase in gross profit was due mostly to the increased revenues. Gross margin for the three months ended March 31, 2008 was 19.2%, a decrease from 24.9% in the prior year. In the current year period, costs related to material purchases totaled 25.3% of total costs compared with 18.0% of total costs for the same period last year; due primarily to the nature and mix of contracts in progress. In addition, we had higher depreciation expense related to the assets acquired from SSI and we utilized certain cost contingencies on some contracts. We self-performed approximately 89% of our work in the current period, essentially equal to self-performance in the same period last year.

***Selling, General and Administrative Expense.*** Selling, general and administrative expenses increased $1.7 million in the three months ended March 31, 2008 as compared with the prior year period. The increase was due to amortization expense related to intangible assets acquired from SSI, a full complement of public company expenses and increases in salaries, benefits and stock-based compensation due to the addition of personnel and grants under our long-term incentive programs.

***Income Tax Expense*** Our effective rate for the three months ended March 31, 2008 was 33.3% and differed from the Company's statutory rate of 35% primarily due to state income taxes, non-deductible stock based compensation expense associated with employee incentive stock options and other permanent differences. In the first quarter of 2008, the Company revised its estimate of the impact of certain permanent deductions available to it on its federal tax return, which reduced its effective rate for the period. The effective rate of 37.0% for the three months ended March 31, 2007 differed from the statutory rate principally due to state income taxes.

**Liquidity and Capital Resources**

Our primary liquidity needs are to maximize our working capital to continually improve our bonding position, invest in capital expenditures, expand internally, and pursue strategic acquisitions. Historically, our source of liquidity has been cash provided by our operating activities and borrowings under our credit facility. At December 31, 2007, we had paid our debt facility in full and we had available cash of $12.6 million. On February 29, 2008, we borrowed $35 million to fund the purchase of the assets of SSI and at March 31, 2008, our net indebtedness, which is comprised of total debt less cash was $19.3 million. We expect to meet our future internal liquidity and working capital needs from funds generated by our operating activities for the next 12 months.

Our working capital position fluctuates from period to period due to normal increases and decreases in operational activity. At March 31, 2008, our working capital was $35.1 million compared to $32.5 million at December 31, 2007. The increase of $2.6 million in working capital was primarily due to an improved cash position and increases in assets related to insurance renewals, offset by increases in liabilities related to billings in excess of costs and estimated earnings on uncompleted contracts. As of March 31, 2008, we had cash on hand and availability under our revolving credit facility of $23.5 million.

The following table provides information regarding our cash flows and capital expenditures for the three months ended March 31, 2008 and 2007 (unaudited):

| | Three months ended March 31, 2008 | 2007 |
|---|---|---|
| Cash flows provided by operating activities | $ 8,812 | $ 2,851 |
| Cash flows used in investing activities | $ (40,610) | $ (1,688) |
| Cash flows provided by (used in) financing activities | $ 34,920 | $ (1,576) |

***Operating Activities.*** During the three months ended March 31, 2008, our operating activities provided $8.8 million of cash as compared to $2.9 million for the three months ended March 31, 2007. Contributing to the increase between comparable periods was an increase of $5.9 million within working capital components, related to the timing of cash receipts and payments. In addition, we had increases in non-cash items affecting net income, such as depreciation and amortization expense associated with the equipment and intangible assets acquired from SSI, and an increase in non-cash stock-based compensation related to grants of options during 2007.

***Investing Activities.*** On February 29, 2008, we purchased substantially all of the assets of SSI for a total purchase price of $35 million, plus $1.7 million related to the acquisition of projects under contract by SSI, for total cash related to the acquisition of $36.7 million. We purchased heavy construction equipment not related to SSI totaling approximately $4.0 million, in the three months ended March 31, 2008, as compared with capital asset additions of $1.8 million in the three months ended March 31, 2007.

***Financing Activities.*** The increase in cash provided by financing activities for the three months ended March 31, 2008 is attributable to our borrowing of $35 million under of line of credit to fund the assets purchased from SSI. In the prior year period, we paid down our principal balances on our debt facility in the amount of $1.5 million.

**Sources of Capital**

In addition to our cash balances and cash provided by operations, we have a credit facility available to us to finance capital expenditures and working capital needs.

The Company has had a credit agreement with several participating banks since October 2004. In July 2007, the Company restated its credit agreement with its existing lenders. Debt under the new credit facility included the balance of the old credit facility of $3.1 million, which was paid in full in December 2007. In addition, the terms of the credit facility provided for the Company to borrow up to $25 million under an acquisition term loan facility and up to $8.5 million under a revolving line of credit. At the discretion of the Company's lenders, either the acquisition term loan facility or the revolving line of credit may be increased by $25 million.

The revolving line of credit is subject to a borrowing base and availability on the revolving line of credit is reduced by any outstanding letters of credit. At March 31, 2008, the Company had outstanding letters of credit of $692,000, thus reducing the balance available to the Company on the revolving line of credit to approximately $7.8 million. The Company is subject to a monthly commitment fee on the unused portion of the revolving line of credit at a rate of 0.20% of the unused balance. As of March 31, 2008 and May 1, 2008, no amounts had been drawn under the revolving line of credit.

As referenced in Note 3 in the Notes to Condensed Consolidated Financial Statements included herein, the Company borrowed $35 million to fund the purchase of the assets of SSI in February 2008 and amended its credit facility to reflect the borrowing. Payments of interest are due quarterly beginning March 31, 2008. Payments of principal commence December 31, 2008 in seven equal quarterly installments based on 2.5% of the balance outstanding on September 30, 2008, with the remaining balance due September 30, 2010. All provisions under the credit facility mature on September 30, 2010.

Interest on the Company's borrowings is based on the prime rate or LIBOR rate then in effect, at the Company's discretion. For each prime rate loan drawn under the credit facility, interest is due quarterly at the then prime rate minus a margin that is adjusted quarterly based on total leverage ratios, as applicable. For each LIBOR loan, interest is due at the end of each interest period at a rate of the then LIBOR rate for such period plus the LIBOR margin based on total leverage ratios, as applicable. At March 31, 2008, interest on the Company's outstanding loans was based on LIBOR. The LIBOR interest rate at March 31, 2008 was 4.6%.

The credit facility requires the Company to maintain certain financial ratios, including net worth, fixed charge and leverage ratios, and places other restrictions on the Company as to its ability to incur additional debt, pay dividends, advance loans and other actions. The credit facility is secured by the bank accounts, accounts receivable, inventory, equipment and other assets of the Company and its subsidiaries. As of March 31, 2008, the Company was in compliance with all debt covenants.

**Bonding Capacity**

We are generally required to provide various types of surety bonds that provide additional security to our customers for our performance under certain government and private sector contracts. Our ability to obtain surety bonds depends on our capitalization, working capital, past performance and external factors, including the capacity of the overall surety market. At March 31, 2008, we believe our capacity under our current bonding arrangement with Liberty Mutual was in excess of $250 million, of which we had approximately $100 million in surety bonds outstanding. During the quarter ended March 31, 2008, approximately 58% of projects, measured by revenue, required us to post a bond.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Management is actively involved in monitoring exposure to market risk and continues to develop and utilize appropriate risk management techniques. Our exposure to significant market risks includes outstanding borrowings under our floating rate credit agreement and fluctuations in commodity prices for concrete, steel products and fuel. An increase in interest rates of 1% would not have increased interest expense significantly for the three months ended March 31, 2008. Although we attempt to secure firm quotes from our suppliers, we generally do not hedge against increases in prices for concrete, steel and fuel. Commodity price risks may have an impact on our results of operations due to the fixed-price nature of many of our contracts.

As of March 31, 2008, there was $35.0 million outstanding under our credit agreement and there were no borrowings outstanding under our revolving credit facility; however, there were letters of credit issued in the amount of $692,000 which lower the amount available to us on the revolving facility to approximately $7.8 million.

**Item 4. Controls and Procedures**

(a) *Evaluation of Disclosure Controls and Procedures.* As required, the Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report. Based on that evaluation, such officers have concluded that the disclosure controls and procedures are effective.
(b) *Changes in Internal Controls.* There have been no changes in our internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II – Other Information

### Item 1. Legal Proceedings

For information about litigation involving us, see Note 10 to the condensed consolidated financial statements in Part I of this report, which we incorporate by reference into this Item 1.

### Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our 2007 Form 10-K

### Item 6. Exhibits

| | |
|---|---|
| 10.1.1* | First Amendment to Loan Agreement dated February 29, 2008 among the Cmopany, the lenders party thereto and Amegy National Association, a national banking association, as agent |
| 31.1* | Certification of the Chief Executive Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2* | Certification of the Chief Financial Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32* | Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

**filed herewith*

## 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.

**ORION MARINE GROUP, INC.**

| | |
|---|---|
| | By: /s/ J. Michael Pearson |
| May 8, 2008 | J. Michael Pearson<br>President and Chief Executive Officer |
| | By: /s/ Mark R. Stauffer |
| May 8, 2008 | Mark R. Stauffer<br>Executive Vice President and Chief Financial Officer |

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT (this "Amendment"), dated as of February 29, 2008, is between ORION MARINE GROUP, INC., a Delaware corporation ("Borrower"), each of the financial institutions which is or may from time to time become a party hereto (collectively, "Lenders", and each a "Lender"), and AMEGY BANK NATIONAL ASSOCIATION, a national banking association, as agent (the "Agent").

RECITALS:

A. Borrower, Lenders and Agent entered into that certain Loan Agreement dated as of July 10, 2007 (the "Agreement").

B. Pursuant to the Agreement, Orion Construction, L.P., a Texas limited partnership, King Fisher Marine Service, L.P., a Texas limited partnership, Misener Marine Construction, Inc., a Florida corporation and Orion Administrative Services, Inc., a Texas corporation ("Guarantors") executed those certain Guaranty Agreements dated as of July 10, 2007 (the "Guaranty Agreements") pursuant to which Guarantors guaranteed to Agent the payment and performance of the Obligations (as defined in the Agreement).

C. Borrower, Lenders and Agent now desire to amend the Agreement as herein set forth.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

Definitions

Section 1.1. Definitions. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the meanings given to such terms in the Agreement, as amended hereby.

ARTICLE II.

Amendments

Section 2.1. Amendment to Certain Definitions. (a) The definition of each of the following terms contained in Section 1.1 of the Agreement is amended to read in its respective entirety as follows:

"Borrowing Base Parties" means Construction, King Fisher, Subaqueous and Misener.

"Combined Commitments-Acquisition Term Loan" means, as to all Lenders who have Commitments-Acquisition Term Loan, the obligations of such Lenders to make Acquisition Advances in an aggregate principal amount at any time outstanding up to but not exceeding $35,000,000.00.

"Guarantors" means Construction, King Fisher, Misener, Subaqueous and OAS.

(b) The following definitions shall be added to Section 1.1 of the Agreement in proper alphabetical order:

"Hill Street Property" means the property leased by Subaqueous known as 1901 Hill Street, Jacksonville, Florida.

"Subaqueous" means Subaqueous Services, LLC, a Florida limited liability company (formerly known as OMGI Sub, LLC, a Florida limited liability company), and its successors and assigns.

Section 2.2. Amendment to Section 2.17. Clause (ii) contained in Section 2.17(a) of the Agreement is amended to read in its entirety as follows:

(ii) the aggregate amount of all Combined Commitments-Revolving Advances Increases and Combined Commitments-Acquisition Term Loan Increases (as defined in Section 4.8) shall not exceed $15,000,000.00, and

Section 2.3. Amendment to Section 4.8. Clause (ii) contained in Section 4.8(a) of the Agreement is amended to read in its entirety as follows:

(ii) the aggregate amount of all Combined Commitments-Acquisition Term Loan Increases and Combined Commitments-Revolving Advances Increases (as defined in Section 2.17) shall not exceed $15,000,000.00, and

Section 2.4. Amendment to Section 6.1. Clause (a) contained in Section 6.1 of the Agreement is amended to read in its entirety as follows:

(a) Each of Construction, King Fisher, Misener, Subaqueous and OAS, shall grant to Agent a first priority security interest in all of its accounts, accounts receivable, inventory, equipment, machinery, fixtures, chattel paper, documents, instruments, deposit accounts, investment property, letter of credit rights, general intangibles and all its other personal property, whether now owned or hereafter acquired, and all products and proceeds thereof, pursuant to a Security Agreement-Subsidiary-General.

Section 2.5. Amendment to Section 8.14. Section 8.14 of the Agreement is amended to read in its entirety as follows:

Section 8.14. Subsidiaries. Borrower has no Subsidiaries other than Construction, KFMSGP, KFMSLP, King Fisher, Misener, OAS, OCGP, OCLP, Subaqueous and F. Miller. Borrower owns directly or indirectly one hundred percent (100%) of the outstanding stock or other ownership interests of each such Subsidiary. Borrower has no assets other than the stock of OAS, the membership interests of OCLP and Subaqueous, and the ownership interests of F. Miller.

Section 2.6. Amendment to Section 8.17. Section 8.17 of the Agreement is amended to read in its entirety as follows:

Section 8.17. Environmental Matters. Except as may be disclosed in Schedule 8.17 with respect to the Hill Street Property and in the Environmental Reports, but excluding those items described in the Environmental Reports which have been remediated pursuant to the Florida Remediation, Borrower, each Guarantor and each Subsidiary, and their respective properties are in compliance with all applicable Environmental Laws. Except as disclosed in Schedule 8.17 with respect to the Hill Street Property and except for the Florida Remediation, there is no pending or threatened investigation or inquiry by any governmental authority of Borrower, any Guarantor or any Subsidiary, or any of their respective properties pertaining to any Hazardous Substance. Except in the ordinary course of business and in compliance with all Environmental Laws and except as may be disclosed in Schedule 8.17 with respect to the Hill Street Property and in the Environmental Reports, but excluding those items described in the Environmental Reports which have been remediated pursuant to the Florida Remediation, there are no Hazardous Substances located on or under any of the properties of Borrower, any Guarantor or any Subsidiary. Except in the ordinary course of business and in compliance with all Environmental Laws and except as may be disclosed in the Environmental Reports, but excluding those items described in the Environmental Reports which have been remediated pursuant to the Florida Remediation, none of Borrower, any Guarantor or any Subsidiary has caused or permitted any Hazardous Substance to be disposed of on or under or released from any of its properties. Borrower, each Guarantor and each Subsidiary have obtained all permits, licenses, and authorizations which are required under and by all Environmental Laws, except as may be disclosed in Schedule 8.17 with respect to the Hill Street Property and in the Environmental Reports. Notwithstanding the foregoing, (a) the Florida Remediation has been conducted as required by the Environmental Report-Florida Property, and (b) remediation at the Market Street Property has been completed in accordance with the requirements of the TCEQ.

Section 2.7. Amendment to Section 10.2. Section 10.2 of the Agreement is amended to read in its entirety as follows:

Section 10.2. Limitation on Liens. Borrower will not incur, create, assume or permit to exist, and will not permit any Subsidiary to incur, create, assume or permit to exist, any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except (a) Liens in favor of Agent as agent for Lenders, (b) purchase money Liens securing Debt permitted by Section 10.1(b), which Liens cover only the assets financed with the Debt permitted by Section 10.1(b), (c) Liens on Bonded Receivables, which Liens secure only the related Bond Obligations, (d) Liens on cash deposits in an aggregate amount which does not exceed $250,000.00 at any time, which Liens secure only Bond Obligations, (e) Liens securing Debt permitted by Section 10.1(d), which Liens cover only the assets subject to the Capital Lease Obligations permitted by Section 10.1(d), (f) Permitted Encumbrances, if any, as defined in the Deeds of Trust-Market Street, the Deeds of Trust-Port Lavaca and the Mortgage-Florida, (g) Liens for taxes, assessments, or other governmental charges which are not delinquent or which are being contested in good faith as provided in Section 9.4, (h) Liens of mechanics, materialmen, warehousemen, carriers or other similar statutory Liens securing obligations that are not yet due and are incurred in the ordinary course of business, (i) statutory Liens and contractual Liens of landlords, created in the ordinary course of business for amounts which are not delinquent or past due, (j) Liens of judgment creditors provided such Liens do not secure judgments the existence of which results in an Event of Default pursuant to Section 12.1(g), (k) Liens in favor of banking institutions arising by operation of law encumbering deposits (including the right of setoff) held by such banking institutions incurred in the ordinary course of business and that are within the general parameters customary in the banking industry, (l) Liens on cash deposits pledged as collateral to secure Cash Secured Letters of Credit, (m) subordinate Liens in favor of Borrower's and Guarantors' bonding companies which Liens secure only the related Bond Obligations, and (n) prior to April 30, 2008, financing statements covering assets of Subaqueous; provided that the Debt secured by such assets has been paid (collectively, "Permitted Liens").

Section 2.8. Amendment to Section 10.3. The second sentence contained in Section 10.3 of the Agreement is amended to read in its entirety as follows:

Borrower will own no assets other than the stock of OAS, the membership interests of OCLP and Subaqueous, and the ownership interest in F. Miller.

Section 2.9. Amendment to Annex II. Annex "II" to the Agreement is amended to conform in its entirety to Schedule "I" to this Amendment

Section 2.10. Addition of Schedule 8.17. Schedule 8.17 shall be added to the Agreement in the form of Schedule "II" to this Amendment.

Section 2.11. Amendment to Exhibits. (a) Exhibit "P" to the Agreement (Acquisition Advance Request Form) is amended to conform in its entirety to Annex "E" to this Amendment, and (b) Exhibit "Q"to the Agreement (Borrowing Base Certificate) is amended to conform in its entirety to Annex "F" to this Amendment.

## ARTICLE III.

## Consent

Section 3.1. Consent. (a) Borrower has informed Agent and Lenders that Borrower desires to create Subaqueous and cause Subaqueous to acquire certain of the assets of Subaqueous Services, Inc., a Florida corporation, for a purchase price of approximately $35,000,000.00. Such items and all actions and events directly related thereto are referred to as the "Subaqueous Acquisition". Borrower has requested that Agent and Lenders consent to the Subaqueous Acquisition and waive any Events of Default which may arise as a result of the Subaqueous Acquisition.

(b) Borrower represents and warrants to Agent and Lenders that all items described in Section 10.3(a)(iii) and (iv) of the Agreement have been satisfied with respect to the Subaqueous Acquisition.

(c) Agent and Lenders hereby consent to the Subaqueous Acquisition (including the creation of Subaqueous) and waive any Events of Default which may arise as a result of the Subaqueous Acquisition.

## ARTICLE IV.

## Conditions Precedent

Section 4.1. Conditions. The effectiveness of this Amendment is subject to the receipt by Agent of the following in form and substance satisfactory to Agent and Lenders:

(a) Certificate - Borrower. A certificate of the Secretary or another officer of Borrower acceptable to Agent certifying the names of the officers of Borrower authorized to sign this Amendment and each of the other Loan Documents to which Borrower is or is to be a party together with specimen signatures of such officers.

(b) Governmental Certificates - Borrower. Certificates issued by the appropriate government officials of the sate of incorporation of Borrower as to the existence and good standing of Borrower.

(c) Certificate - OCGP - As General Partner of Construction. A certificate of a manager or another officer of OCGP acceptable to Agent certifying (i) resolutions of the members of OCGP, as general partner of Construction, which authorize the execution, delivery and performance by Construction of each of the Loan Documents to which Construction is or is to be a party and (ii) the names of the managers or officers of OCGP authorized to sign each of the Loan Documents to which Construction is or is to be a party together with specimen signatures of such Persons.

(d) Governmental Certificates - Construction. A certificate issued by the appropriate government official of the state of organization of Construction as to the existence of Construction.

(e) Certificate - KFMSGP - As General Partner of King Fisher. A certificate of a manager or another officer of KFMSGP acceptable to Agent certifying (i) resolutions of the members of KFMSGP, as general partner of King Fisher, which authorize the execution, delivery and performance by King Fisher of each of the Loan Documents to which King Fisher is or is to be a party and (ii) the names of the managers or officers of KFMSGP authorized to sign each of the Loan Documents to which King Fisher is or is to be a party together with specimen signatures of such Persons.

(f) Governmental Certificates - King Fisher. A certificate issued by the appropriate government official of the state of organization of King Fisher as to the existence of King Fisher.

(g) Certificate - Misener. A certificate of the Secretary or another officer of Misener acceptable to Agent certifying (i) resolutions of the board of directors of Misener which authorize the execution, delivery and performance by Misener of each of the Loan Documents to which Misener is or is to be a party and (ii) the names of the officers of Misener authorized to sign each of the Loan Documents to which Misener is or is to be party together with specimen signatures of such officers.

(h) Governmental Certificates - Misener. Certificates issued by the appropriate government officials of the state of incorporation of Misener as to the existence and good standing of Misener.

(i) Certificate - Subaqueous. A certificate of a manager or another officer of Subaqueous acceptable to Agent certifying (i) resolutions of the members of Subaqueous which authorize the execution, delivery and performance by Subaqueous of each of the Loan Documents to which Subaqueous is or is to be a party and (ii) the names of the managers or other officers of Subaqueous authorized to sign each of the Loan Documents to which Subaqueous is or is to be a party together with specimen signatures of such Persons.

(j) Organizational Documents - Subaqueous. The articles of organization and the operating agreement of Subaqueous certified by a manager or another officer of Subaqueous acceptable to Agent.

(k) Governmental Certificates - KFMSGP, OCGP and Subaqueous. Certificates issued by the appropriate government officials of the state of organization of each of KFMSGP, OCGP and Subaqueous as to the existence and good standing of each of KFMSGP, OCGP and Subaqueous.

(l) Acquisition Term Notes. The Acquisition Term Notes executed by Borrower payable to the order of the respective Lenders.

(m) First Amendment to Pledge Agreement-Borrower-Ownership Interests. A First Amendment to Pledge Agreement-Borrower-Ownership Interests executed by Borrower substantially in the form of Annex "A" hereto.

(n) Modification to Deed of Trust-Market Street-Second Lien. A First Modification to Deed of Trust-Market Street-Second Lien executed by Construction substantially in the form of Annex "B" hereto.

(o) Modification to Deed of Trust-Port Lavaca-Second Lien . A First Modification to Deed of Trust-Port Lavaca-Second Lien executed by King Fisher substantially in the form of Annex "C" hereto.

(p) Modification to Mortgage-Florida. A First Modification to Mortgage-Florida executed by Misener substantially in the form of Annex "D" hereto.

(q) Security Agreement-Subsidiary-General. A Security Agreement-Subsidiary-General executed by Subaqueous.

(r) Financing Statements. Uniform Commercial Code financing statements showing Subaqueous as debtor.

(s) Guaranty Agreement. A Guaranty Agreement executed by Subaqueous.

(t) UCC Search. A Uniform Commercial Code search showing all financing statements and other documents or instruments on file against Subaqueous, Subaqueous Services, Inc. and OMGI Sub, LLC with the Florida Secretary of State.

(u) Name Change. Evidence that simultaneously with closing, Subaqueous' name has been changed from OMGI Sub, LLC to Subaqueous Services, LLC.

(v) Fees. A fee in the amount of $25,000.00 payable to Agent for the pro-rata benefit of each Lender.

(w) Additional Information. Such additional documents, instruments and information as Agent or Lenders may request.

Section 4.2. Post Closing Delivery. Within thirty (30) days after the date hereof, Borrower will provide Agent with copies of environmental reports related to the Hill Street Property available to Borrower, which reports shall supplement Schedule 8.17, which is attached as Schedule II hereto.

Section 4.3. Additional Conditions. The effectiveness of this Amendment is also subject to the satisfaction of the additional conditions precedent that (a) the representations and warranties contained herein and in all other Loan Documents, as amended hereby, shall be true and correct as of the date hereof as if made on the date hereof, (b) all proceedings, corporate or otherwise, taken in connection with the transactions contemplated by this Amendment and all documents, instruments and other legal matters incident thereto shall be satisfactory to Agent and Lenders, and (c) no Event of Default or Unmatured Event of Default shall have occurred and be continuing.

## ARTICLE V.

### Ratifications, Representations, and Warranties

Section 5.1. Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Agreement and except as expressly modified and superseded by this Amendment, the terms and provisions of the Agreement are ratified and confirmed and shall continue in full force and effect. Borrower and Lenders agree that the Agreement as amended hereby shall continue to be the legal, valid and binding obligation of such Persons enforceable against such Persons in accordance with its terms.

Section 5.2. Representations, Warranties and Agreements. Borrower hereby represents and warrants to Lenders that (a) the execution, delivery, and performance of this Amendment and any and all other Loan Documents executed or delivered in connection herewith have been authorized by all requisite corporate action on the part of Borrower and will not violate the articles of incorporation or bylaws of Borrower, (b) the representations and warranties contained in the Agreement as amended hereby, and all other Loan Documents are true and correct on and as of the date hereof as though made on and as of the date hereof, (c) no Event of Default or Unmatured Event of Default has occurred and is continuing, (d) Borrower is in full compliance with all covenants and agreements contained in the Agreement as amended hereby, (e) Borrower is indebted to Lenders pursuant to the terms of the Notes, as the same may have been renewed, modified, extended and rearranged, including, without limitation, renewals, modifications and extensions made pursuant to this Amendment, (f) the liens, security interests, encumbrances and assignments created and evidenced by the Loan Documents are, respectively, valid and subsisting liens, security interests, encumbrances and assignments and secure the Notes, as the same may have been renewed, modified or rearranged, including, without limitation, renewals, modifications and extensions made pursuant to this Amendment, and (g) Borrower has no claims, credits, offsets, defenses or counterclaims arising from the Loan Documents or any Lender's performance under the Loan Documents.

## ARTICLE VI.

### Miscellaneous

Section 6.1. Survival of Representations and Warranties. All representations and warranties made in this Amendment or any other Loan Documents including any Loan Document furnished in connection with this Amendment shall fully survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by any Lender or any closing shall affect the representations and warranties or the right of any Lender to rely on them.

Section 6.2. Reference to Agreement. Each of the Loan Documents, including the Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Agreement, as amended hereby, are hereby amended so that any reference in such Loan Documents to the Agreement shall mean a reference to the Agreement, as amended hereby.

Section 6.3. Expenses. As provided in the Agreement, Borrower agrees to pay on demand all costs and expenses incurred by Agent or any Lender in connection with the preparation, negotiation and execution of this Amendment and the other documents and instruments executed pursuant hereto and any and all amendments, modifications and supplements thereto, including, without limitation, the costs and fees of Agent's or any Lender's legal counsel, and all costs and expenses incurred by Agent or any Lender in connection with the enforcement or preservation of any rights under the Agreement, as amended hereby, or any other Loan Document, including, without limitation, the costs and fees of Agent or any Lender's legal counsel.

Section 6.4. Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

**Section 6.5. APPLICABLE LAW. THIS AMENDMENT AND ALL OTHER LOAN DOCUMENTS EXECUTED PURSUANT HERETO SHALL BE DEEMED TO HAVE BEEN MADE AND TO BE PERFORMABLE IN HOUSTON, HARRIS COUNTY, TEXAS AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.**

Section 6.6. Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of Agent, each Lender and Borrower and their respective successors and assigns, except Borrower may not assign or transfer any of its rights or obligations hereunder without the prior written consent of Agent.

Section 6.7. Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

Section 6.8. Effect of Waiver. No consent or waiver, express or implied, by Agent or any Lender to or for any breach of or deviation from any covenant, condition or duty by Borrower shall be deemed a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

Section 6.9. Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 6.10. ENTIRE AGREEMENT. THIS AMENDMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS, AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING

TO THIS AMENDMENT AND THE OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

Executed as of the date first written above.

BORROWER:

ORION MARINE GROUP, INC.,
a Delaware corporation

By: ______________________
Mark R. Stauffer
Executive Vice President and
Chief Financial Officer

AGENT:

AMEGY BANK NATIONAL ASSOCIATION,
as Agent

By: ______________________
Laif Afseth
Senior Vice President

LENDERS:

AMEGY BANK NATIONAL ASSOCIATION

By: ______________________
Nicholas J. Diaz
Assistant Vice President

TO THIS AMENDMENT AND THE OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

Executed as of the date first written above.

BORROWER:

ORION MARINE GROUP, INC.,
a Delaware corporation

By:________________________
Mark R. Stauffer
Executive Vice President and
Chief Financial Officer

AGENT:

AMEGY BANK NATIONAL ASSOCIATION,
as Agent

By: [signature]
Lair Afseth
Senior Vice President

LENDERS:

AMEGY BANK NATIONAL ASSOCIATION

By: Nicholas J. Diaz
Nicholas J. Diaz
Assistant Vice President

GUARANTY BANK

By: ______________________
Jason Fowler
Vice President

WHITNEY NATIONAL BANK

By: ______________________
Larry C. Stephens
Vice President

WACHOVIA BANK, N.A.

By: ______________________
Kenneth C. Coulter
Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: ______________________
Linda Masera
Vice President

GUARANTY BANK

By:______________________________
Jason Fowler
Vice President

WHITNEY NATIONAL BANK

By:______________________________
~~Larry C. Stephens~~ JONATHAN BEVERLY
Vice President

WACHOVIA BANK, N.A.

By:______________________________
Kenneth C. Coulter
Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By:______________________________
Linda Masera
Vice President

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By:______________________________
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By:______________________________
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By:______________________________
Larry C. Stephens
Vice President

WACHOVIA BANK, N.A.

By:______________________________
Kenneth C. Coulter
Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: Linda Masera
Linda Masera
Vice President

Exhibit 31.1

**CERTIFICATION PURSUANT TO**
**RULE 13a – 14(a)/15d – 14(a)**
**AS ADOPTED PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, J. Michael Pearson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Orion Marine Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By:/s/ J. Michael Pearson

May 8, 2008

J. Michael Pearson
President and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO**
**RULE 13a – 14(a)/15d – 14(a)**
**AS ADOPTED PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark R. Stauffer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Orion Marine Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By:/s/ Mark R. Stauffer

May 8, 2008

Mark R. Stauffer
Executive Vice President and Chief Financial Officer

**Exhibit 32.1**

**SECTION 1350 CERTIFICATIONS**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Orion Marine Group, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, J. Michael Pearson and Mark R. Stauffer, Chief Executive Officer and Chief Financial Officer , respectively, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

| | |
|---|---|
| | By:/s/ J. Michael Pearson |
| May 8, 2008 | J. Michael Pearson<br>President and Chief Executive Officer |
| | By:/s/ Mark R. Stauffer |
| May 8, 2008 | Mark R. Stauffer<br>Vice President and Chief Financial Officer |