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

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to

Commission File No. 001-34037
Commission Company Name: SUPERIOR ENERGY SERVICES INC

SUPERIOR ENERGY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**75-2379388**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1001 Louisiana Street, Suite 2900 Houston, TX	**77002**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (713) 654-2200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $.001 par value	**SPN**	**New York Stock Exchange**

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 x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	☐	Accelerated Filer	x
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of the registrant's common stock outstanding on August 5, 2020 was 14,826,627**.**

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Quarterly Report on Form 10-Q for
the Quarterly Period Ended June 30, 2020

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements and Notes

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except share data)
(unaudited)

	June 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 278,409	$ 272,624
Accounts receivable, net of allowance for doubtful accounts of $12,381 and $12,156 at June 30, 2020 and December 31, 2019, respectively	219,410	332,047
Income taxes receivable	32,648	740
Prepaid expenses	42,893	49,132
Inventory and other current assets	118,309	117,629
Assets held for sale	116,163	216,197
Total current assets	807,832	988,369
Property, plant and equipment, net of accumulated depreciation and depletion of $2,169,809 and $2,214,116 at June 30, 2020 and December 31, 2019, respectively	599,114	664,949
Operating lease right-of-use assets	71,376	80,906
Goodwill	136,006	137,695
Notes receivable	70,350	68,092
Restricted cash	2,774	2,764
Intangible and other long-term assets, net of accumulated amortization of $23,894 and $23,199 at June 30, 2020 and December 31, 2019, respectively	46,988	50,455
Total assets	$ 1,734,440	$ 1,993,230
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 64,604	$ 92,966
Accrued expenses	147,304	182,934
Current portion of decommissioning liabilities	3,706	3,649
Liabilities held for sale	7,252	44,938
Total current liabilities	222,866	324,487
Long-term debt, net	1,288,663	1,286,629
Decommissioning liabilities	135,677	132,632
Operating lease liabilities	54,087	62,354
Deferred income taxes	2,531	3,247
Other long-term liabilities	125,743	134,308
Stockholders' equity (deficit):		
Preferred stock of $0.01 par value. Authorized - 5,000,000 shares; none issued	-	-
Common stock of $0.001 par value		
Authorized - 25,000,000, Issued - 15,799,039, Outstanding - 14,826,627 at June 30, 2020	16	16
Authorized - 25,000,000, Issued - 15,689,463, Outstanding - 14,717,051 at December 31, 2019		
Additional paid-in capital	2,757,552	2,752,859
Treasury stock at cost, 972,412 shares at June 30, 2020 and December 31, 2019, respectively	(4,290)	(4,290)
Accumulated other comprehensive loss, net	(76,750)	(71,927)
Accumulated deficit	(2,771,655)	(2,627,085)
Total stockholders' equity (deficit)	(95,127)	49,573
Total liabilities and stockholders' equity (deficit)	$ 1,734,440	$ 1,993,230

See accompanying notes to condensed consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues:				
Services	$ 90,609	$ 238,435	$ 270,845	$ 477,708
Rentals	53,339	92,011	153,444	183,048
Product sales	39,905	36,992	81,061	71,956
Total revenues	183,853	367,438	505,350	732,712
Costs and expenses:				
Cost of services	81,400	168,881	221,599	347,606
Cost of rentals	20,982	38,850	61,025	80,537
Cost of sales	26,421	21,801	57,865	41,442
Cost of revenues (exclusive of depreciation, depletion, amortization and accretion)	128,803	229,532	340,489	469,585
Depreciation, depletion, amortization and accretion - services	18,025	33,326	41,184	69,948
Depreciation, depletion, amortization and accretion - rentals	10,668	15,795	23,488	31,458
Depreciation, depletion, amortization and accretion - sales	8,093	2,150	13,469	6,208
General and administrative expenses	59,707	71,038	124,864	142,150
Reduction in value of assets	-	7,556	16,522	7,556
Income (loss) from operations	(41,443)	8,041	(54,666)	5,807
Other income (expense):				
Interest expense, net	(24,749)	(24,650)	(49,883)	(49,771)
Other income (expense):	821	490	(3,411)	(1,122)
Loss from continuing operations before income taxes	(65,371)	(16,119)	(107,960)	(45,086)
Income taxes	(6,508)	2,322	(16,762)	5,999
Net loss from continuing operations	(58,863)	(18,441)	(91,198)	(51,085)
Loss from discontinued operations, net of income tax	(6,243)	(52,609)	(53,372)	(67,670)
Net loss	$ (65,106)	$ (71,050)	$ (144,570)	$ (118,755)
Basic and diluted loss per share:				
Net loss from continuing operations	$ (3.97)	$ (1.18)	$ (6.18)	$ (3.29)
Loss from discontinued operations	(0.42)	(3.37)	(3.61)	(4.35)
Net loss	$ (4.39)	$ (4.55)	$ (9.79)	$ (7.64)
Weighted average shares outstanding	14,826	15,600	14,767	15,538

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Loss

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net loss	(65,106)	(71,050)	(144,570)	(118,755)
Change in cumulative translation adjustment, net of tax	(285)	(1,916)	(4,823)	(843)
Comprehensive loss	$ (65,391)	$ (72,966)	$ (149,393)	$ (119,598)

See accompanying notes to condensed consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash flows from operating activities:		
Net loss	$ (144,570)	$ (118,755)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion	78,141	157,657
Deferred income taxes	(716)	-
Reduction in value of assets	16,522	31,381
Reduction in value of assets held for sale	49,361	-
Right-of-use assets amortization	9,943	11,286
Stock-based compensation expense	7,293	13,507
Other reconciling items, net	(1,906)	(7,005)
Changes in operating assets and liabilities:		
Accounts receivable	88,182	67,506
Prepaid expenses	(8)	(16,953)
Inventory and other current assets	5,668	(13,680)
Accounts payable	(27,250)	(21,931)
Accrued expenses	(38,137)	(28,089)
Income taxes	(31,677)	-
Other, net	(11,419)	(6,094)
Net cash provided by (used in) operating activities	(573)	68,830
Cash flows from investing activities:		
Payments for capital expenditures	(30,518)	(79,136)
Proceeds from sales of assets	39,445	84,557
Net cash provided by investing activities	8,927	5,421
Cash flows from financing activities:		
Tax withholdings for vested restricted stock units	(208)	(1,677)
Other	-	651
Net cash used in financing activities	(208)	(1,026)
Effect of exchange rate changes on cash	(2,351)	(102)
Net change in cash, cash equivalents, and restricted cash	5,795	73,123
Cash, cash equivalents, and restricted cash at beginning of period	275,388	163,748
Cash, cash equivalents, and restricted cash at end of period	$ 281,183	$ 236,871

See accompanying notes to condensed consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
Six Months Ended June 30, 2020
(in thousands, except share data)
(unaudited)

	Common stock shares		Common stock		Additional paid-in capital		Treasury stock		Accumulated other comprehensive loss, net		Accumulated deficit		Total
Balances, December 31, 2019	15,689,463	$	16	$	2,752,859	$	(4,290)	$	(71,927)	$	(2,627,085)	$	49,573
Net loss	-		-		-		-		-		(79,464)		(79,464)
Foreign currency translation adjustment	-		-		-		-		(4,538)		-		(4,538)
Stock-based compensation expense, net of forfeitures	-		-		2,527		-		-		-		2,527
Transactions under stock plans	108,965		-		(208)		-		-		-		(208)
Balances, March 31, 2020	15,798,428	$	16	$	2,755,178	$	(4,290)	$	(76,465)	$	(2,706,549)	$	(32,110)
Net loss	-		-		-		-		-		(65,106)		(65,106)
Foreign currency translation adjustment	-		-		-		-		(285)		-		(285)
Stock-based compensation expense, net of forfeitures	-		-		2,374		-		-		-		2,374
Transactions under stock plans	611		-		-		-		-		-		-
Balances, June 30, 2020	15,799,039	$	16	$	2,757,552	$	(4,290)	$	(76,750)	$	(2,771,655)	$	(95,127)

See accompanying notes to condensed consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
Six Months Ended June 30, 2019
(in thousands, except share data)
(unaudited)

	Common stock shares		Common stock		Additional paid-in capital		Accumulated other comprehensive loss, net		Accumulated deficit		Total
Balances, December 31, 2018	15,488,542	$	155	$	2,735,125	$	(73,177)	$	(2,371,364)	$	290,739
Net loss	-		-		-		-		(47,705)		(47,705)
Foreign currency translation adjustment	-		-		-		1,073		-		1,073
Stock-based compensation expense, net of forfeitures	-		-		5,625		-		-		5,625
Transactions under stock plans	107,118		1		(1,667)		-		-		(1,666)
Balances, March 31, 2019	15,595,660	$	156	$	2,739,083	$	(72,104)	$	(2,419,069)	$	248,066
Net loss	-		-		-		-		(71,050)		(71,050)
Foreign currency translation adjustment	-		-		-		(1,916)		-		(1,916)
Stock-based compensation expense, net of forfeitures	-		-		4,650		-		-		4,650
Transactions under stock plans	11,637		-		(10)		-		-		(10)
Shares issued under Employee Stock Purchase Plan	50,019		1		650		-		-		651
Balances, June 30, 2019	15,657,316	$	157	$	2,744,373	$	(74,020)	$	(2,490,119)	$	180,391

See accompanying notes to condensed consolidated financial statements.

(1) Basis of Presentation

Certain information and footnote disclosures normally in financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC); however, management believes the disclosures that are made are adequate to make the information presented not misleading. These financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in Superior Energy Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019, and Management's Discussion and Analysis of Financial Condition and Results of Operations herein.

The financial information of Superior Energy Services, Inc. and its subsidiaries (the Company) for the three and six months ended June 30, 2020 and 2019 has not been audited. However, in the opinion of management, all adjustments necessary to present fairly the results of operations for the periods presented have been included therein. Certain previously reported amounts have been reclassified to conform to the 2020 presentation. The results of operations for the first six months of the year are not necessarily indicative of the results of operations that might be expected for the entire year.

The Company evaluates events that occur after the balance sheet date but before the financial statements are issued for potential recognition or disclosure. Based on the evaluation, the Company determined that there were no material subsequent events, other than as described below, that required disclosure or recognition in these condensed consolidated financial statements.

Recent Developments

- *Combination*

As previously disclosed, on December 18, 2019, the Company entered into a definitive merger agreement (as amended on February 20, 2020, the Merger Agreement) to divest its U.S. service rig, coiled tubing, wireline, pressure control, flowback, fluid management and accommodations service lines (the Superior Energy U.S. Business) and combine them with Forbes Energy Services Ltd. (Forbes) to create a new consolidation platform for U.S. completion, production and water solutions (the Combination).

While the Company and Forbes worked diligently to complete the Combination, the significant reduction in crude oil prices caused primarily by the COVID-19 pandemic resulted in a significant decline in demand for services provided by the Superior Energy U.S. Business and Forbes. While management continues to believe that the Company should be separated into two distinct companies as contemplated by the Combination, the COVID-19 pandemic and oil price decline made it impractical for the Company and Forbes to complete the Combination on the terms originally contemplated by the Merger Agreement. The Combination was not consummated by May 31, 2020, and the Company terminated the Merger Agreement in accordance with its terms.

- *Related Financing Transactions*

As previously disclosed, as a condition of the Combination, SESI, L.L.C. (SESI), the Company's wholly owned subsidiary, conducted an offer to exchange (the Exchange Offer) up to $635.0 million of SESI's previously outstanding $800.0 million aggregate principal amount of 7.125% Senior Notes due 2021 (the Original Notes) for up to $635.0 million aggregate principal amount of SESI's 7.125% Senior Notes due 2021 (the New Notes) and conducted a concurrent consent solicitation to amend the liens covenant in the indenture (the Proposed Amendment) governing the Original Notes (the Original Notes Indenture).

As a result of the termination of the Merger Agreement, on June 3, 2020 (the Termination Exchange Date), the New Notes issued in the Exchange Offer were automatically exchanged for an equal principal amount of Original Notes issued as "Additional Notes" under the Original Notes Indenture, which notes accrue interest from the Termination Exchange Date at a rate of 7.125% per year. Accordingly, the (i) the 9.750% Senior Second Lien Secured Notes due 2025 were not issued by Arita Energy, Inc., (ii) the 8.750% Senior Second Lien Secured Notes due 2026 were not issued by SESI, (iii) the aggregate cash payment of $6.35 million were not paid to eligible holders of validly tendered Original Notes, (iv) the Proposed Amendment did not become operative and (v) eligible holders of New Notes that were issued in exchange for Original Notes in the Exchange Offer received an aggregate principal amount of Original Notes equal to the Exchange Consideration (as defined in SESI's offering memorandum and consent solicitation statement, dated as of January 6, 2020, and amended and supplemented).

- *COVID-19 Pandemic and Market Conditions*

The Company's operations were disrupted due to the circumstances surrounding the COVID-19 pandemic. The significant business disruption resulting from the COVID-19 pandemic has impacted customers, vendors and suppliers in all geographical areas where the Company operates. The closure of non-essential business facilities and restrictions on travel put in place by governments around the world have significantly reduced economic activity. Additionally, recognized health risks associated with the COVID-19 pandemic have altered the policies of companies operating around the world, resulting in these companies instituting safety programs similar to what both domestic and international governmental agencies have implemented, including stay at home orders, social distancing mandates, and other community oriented health objectives. The Company is complying with all such ordinances in its operations across the globe. Management of the Company believes it has proactively addressed many of the known operational impacts of the COVID-19 pandemic to the extent possible and will strive to continue to do so, but there can be no guarantee the measures will be fully effective.

Furthermore, the oil and gas industry has experienced unprecedented price disruptions during 2020, due in part to significantly decreased demand as a result of the COVID-19, as activity declined in the face of depressed crude oil pricing. The U.S. oil and gas rig count fell by approximately 25% during the first quarter of 2020 and plunged by more than 60% in the second quarter of 2020. The number of oil and gas rigs outside of the U.S. and Canada fell by more than 20% in the second quarter of 2020 to an average of 834 rigs from 1,074 rigs in the first quarter of 2020. In addition, real gross domestic product (GDP) decreased at an annual rate of 32.9% in the second quarter of 2020, after experiencing a 5% decrease for the first quarter, according to the Bureau of Economic Analysis. These market conditions have significantly impacted the Company’s business, with second quarter 2020 revenue decreasing to $183.9 million, as compared to $321.5 million in the first quarter of 2020, or 43%. As customers continue to revise their capital budgets in order to adjust spending levels in response to lower commodity prices, the Company has experienced significant pricing pressure for its products and services.

Low oil prices and industry volatility are likely to continue through the near and long-term. In the second quarter of 2020, OPEC+ reached a supply curtailment agreement of up to 10 million barrels per day, which drove expectations for future hydrocarbon supply lower. However, on July 15, 2020, an alliance of certain OPEC nations led by Saudi Arabia agreed to increase oil production starting in August 2020, citing theoretically increased demand due to the relaxing of COVID-19 restrictions. As the global outbreak of the COVID-19 pandemic continues to rapidly evolve, management expects it to continue to materially and adversely affect the Company’s revenue, financial condition, profitability, and cash flow for an indeterminate period of time. As a result, the management of the Company is taking the necessary actions to right-size the business for expected activity levels across the business.

- *New York Stock Exchange Notice*

As previously disclosed, on March 30, 2020, the Company received a written notice from the New York Stock Exchange (the NYSE) notifying the Company that it was not in compliance with the continued listing standards set forth in Section 802.01B of the NYSE Listed Company Manual because the average global market capitalization of the Company’s common stock over a consecutive 30 trading-day period was less than $50 million and, at the same time, its stockholders’ equity was less than $50 million (the $50 Million Standard).

In response to the significant volatility in the financial markets caused by the COVID-19 pandemic, on April 21, 2020, the SEC approved, with immediate effectiveness, the NYSE’s proposal to permit a longer cure period for NYSE-listed companies to regain compliance with the $50 Million Standard by tolling their respective compliance periods through June 30, 2020 (the Tolling Order). Under the NYSE rules, the Company would normally have 18 months to cure the noncompliance (the 18-Month Cure Period). However, in accordance with the Tolling Order, the 18-Month Cure Period was paused through June 30, 2020 and resumed on July 1, 2020.

On May 14, 2020, the Company submitted its plan (the Plan) to cure the deficiency and regain compliance with the $50 Million Standard, and, on June 25, 2020, the NYSE accepted the Plan. The Company’s common stock will continue to be traded on the NYSE during the 18-Month Cure Period which ends on December 9, 2021, as extended by the Tolling Order, subject to the Company’s compliance with the Plan and other continued listing requirements.

- *Amendment to Credit Facility*

On August 5, 2020, the Company amended its asset-based revolving credit facility to permit the Company to use up $100 million to cash collateralize third-party letters of credit, surety, judgment, appeal or performance bonds or similar obligations. The Company also agreed to deposit $25 million in an account under the lenders’ control to further secure its obligations under the revolving credit facility. The Company intends to reduce the amount of letters of credit issued under the revolving credit facility to bring availability under the credit facility to at least $37.5 million. The amendment also prohibits the Company from requesting any loans under the credit facility and also restricts the Company’s flexibility under certain of the investment, indebtedness, junior debt repayment and restricted payment covenants.

(2) Revenue

Revenue Recognition

Revenues are recognized when performance obligations are satisfied in accordance with contractual terms, in an amount that reflects the consideration the Company expects to be entitled to in exchange for services rendered, rentals provided, and products sold. Taxes collected from customers and remitted to governmental authorities and revenues are reported on a net basis in the Company’s financial statements.

Performance Obligations

A performance obligation arises under contracts with customers to render services, provide rentals or sell products, and is the unit of account under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Company accounts for services rendered and rentals provided separately if they are distinct and the service or rental is separately identifiable from other items provided to a customer and if a customer can benefit from the services rendered or rentals provided on its own or with other resources that are readily available to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. A contract's standalone selling prices are determined based on the prices that the Company charges for its services rendered, rentals provided, and products sold. The majority of the Company's performance obligations are satisfied over time, which is generally represented by a period of 30 days or less. The Company's payment terms vary by the type of products or services offered. The term between invoicing and when the payment is due is typically 30 days.

Services Revenue: primarily represents amounts charged to customers for the completion of services rendered, including labor, products and supplies necessary to perform the service. Rates for these services vary depending on the type of services provided and can be based on a per job, per hour or per day basis.

Rentals Revenue: primarily priced on a per day, per man hour or similar basis and consists of fees charged to customers for use of the Company's rental equipment over the term of the rental period, which is generally less than twelve months.

Product Sales Revenue: products are generally sold based upon purchase orders or contracts with the Company's customers that include fixed or determinable prices but do not include right of return provisions or other significant post-delivery obligations. The Company recognizes revenue from product sales when title passes to the customer, the customer assumes risks and rewards of ownership, collectability is reasonably assured and delivery occurs as directed by the customer.

The Company expenses sales commissions when incurred because the amortization period would have been one year or less.

Disaggregation of revenue

The following table presents the Company's revenues by segment disaggregated by geography (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
U.S. land				
Drilling Products and Services	$ 19,538	$ 47,267	$ 56,194	$ 95,483
Onshore Completion and Workover Services	21,180	94,618	82,398	197,754
Production Services	11,097	38,808	41,763	79,475
Technical Solutions	3,166	13,385	9,303	25,307
Total U.S. land	$ 54,981	$ 194,078	$ 189,658	$ 398,019
U.S. offshore				
Drilling Products and Services	$ 28,587	$ 28,085	$ 65,811	$ 57,153
Onshore Completion and Workover Services	-	-	-	-
Production Services	6,363	21,410	17,663	40,682
Technical Solutions	23,611	33,492	55,144	54,424
Total U.S. offshore	$ 58,561	$ 82,987	$ 138,618	$ 152,259
International				
Drilling Products and Services	$ 19,225	$ 25,330	$ 49,338	$ 49,125
Onshore Completion and Workover Services	-	-	-	-
Production Services	37,033	42,784	96,571	86,295
Technical Solutions	14,053	22,259	31,165	47,014
Total International	$ 70,311	$ 90,373	$ 177,074	$ 182,434
Total Revenues	$ 183,853	$ 367,438	$ 505,350	$ 732,712

The following table presents the Company's revenues by segment disaggregated by type (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Services				
Drilling Products and Services	$ 13,013	$ 15,203	$ 27,589	$ 34,162
Onshore Completion and Workover Services	19,712	85,519	73,816	178,033
Production Services	39,737	89,476	122,531	177,470
Technical Solutions	18,147	48,237	46,909	88,043
Total services	$ 90,609	$ 238,435	$ 270,845	$ 477,708
Rentals				
Drilling Products and Services	$ 44,573	$ 72,634	$ 122,402	$ 142,592
Onshore Completion and Workover Services	1,468	9,099	8,582	19,721
Production Services	5,072	7,250	13,860	15,852
Technical Solutions	2,226	3,028	8,600	4,883
Total rentals	$ 53,339	$ 92,011	$ 153,444	$ 183,048
Product Sales				
Drilling Products and Services	$ 9,764	$ 12,845	$ 21,352	$ 25,007
Onshore Completion and Workover Services	-	-	-	-
Production Services	9,684	6,276	19,606	13,130
Technical Solutions	20,457	17,871	40,103	33,819
Total product sales	$ 39,905	$ 36,992	$ 81,061	$ 71,956
Total Revenues	$ 183,853	$ 367,438	$ 505,350	$ 732,712

(3) Inventory

Inventories are stated at the lower of cost or net realizable value. The Company applies net realizable value and obsolescence to the gross value of the inventory. Cost is determined using the first-in, first-out or weighted-average cost methods for finished goods and work-in-process. Supplies and consumables primarily consist of products used in our services provided to customers. The components of the inventory balances are as follows (in thousands):

	June 30, 2020	December 31, 2019
Finished goods	$ 44,783	$ 45,127
Raw materials	14,274	16,130
Work-in-process	8,523	9,360
Supplies and consumables	38,059	33,322
Total	$ 105,639	$ 103,939

(4) Notes Receivable

Notes receivable consist of a commitment from the seller of an oil and gas property acquired by the Company related to costs associated with the abandonment of the acquired property. Pursuant to an agreement with the seller, the Company will invoice the seller an agreed upon amount at the completion of certain decommissioning activities. The gross amount of this obligation totals $115.0 million and is recorded at present value using an effective interest rate of 6.58%. The related discount is amortized to interest income based on the expected timing of completion of the decommissioning activities. The Company recorded interest income related to notes receivable of $2.3 million and $2.0 million for the six months ended June 30, 2020 and 2019, respectively.

(5) Debt

The Company's outstanding debt is as follows (in thousands):

	Stated Interest Rate (%)	June 30, 2020	December 31, 2019
		Long-term	
Senior unsecured notes due September 2024	7.750	$ 500,000	$ 500,000
Senior unsecured notes due December 2021	7.125	800,000	800,000
Total debt, gross		1,300,000	1,300,000
Unamortized debt issuance costs		(11,337)	(13,371)
Total debt, net		$ 1,288,663	$ 1,286,629

Credit Facility

The Company has an asset-based revolving credit facility which matures in October 2022. The borrowing base under the credit facility is calculated based on a formula referencing the borrower's and the subsidiary guarantors' eligible accounts receivable, eligible inventory and eligible premium rental drill pipe less reserves. Availability under the credit facility is the lesser of (i) the commitments, (ii) the borrowing base and (iii) the highest principal amount permitted to be secured under the indenture governing the 7.125% senior unsecured notes due 2021.

On March 2, 2020, the Company amended its credit facility to increase the capacity for foreign letters of credit from $25.0 million to $40.0 million. On August 5, 2020, the Company amended its asset-based revolving credit facility to permit the Company to use up $100 million to cash collateralize third-party letters of credit, surety, judgment, appeal or performance bonds or similar obligations. The Company also agreed to deposit $25 million in an account under the lenders' control to further secure its obligations under the revolving credit facility. The Company intends to reduce the amount of letters of credit issued under the revolving credit facility to bring availability under the credit facility to at least $37.5 million. The amendment also prohibits the Company from requesting any loans under the credit facility and also restricts the Company's flexibility under certain of the investment, indebtedness, junior debt repayment and restricted payment covenants.

At June 30, 2020, the borrowing base was $127.8 million and the Company had $115.4 million of letters of credit outstanding that reduced its borrowing availability under the revolving credit facility. The credit agreement contains various covenants, including, but not limited to, limitations on the incurrence of indebtedness, permitted investments, liens on assets, making distributions, transactions with affiliates, merger, consolidations, dispositions of assets and other provisions customary in similar types of agreements.

Senior Unsecured Notes

The Company has outstanding $800 million of senior unsecured notes due December 2021. The indenture governing the 7.125% senior unsecured notes due 2021 requires semi-annual interest payments on June 15 and December 15 of each year through the maturity date of December 15, 2021.

The Company also has outstanding $500 million of senior unsecured notes due September 2024. The indenture governing the 7.75% senior unsecured notes due 2024 requires semi-annual interest payments on March 15 and September 15 of each year through the maturity date of September 15, 2024.

(6) Decommissioning Liabilities

The Company's decommissioning liabilities associated with an oil and gas property and its related assets include liabilities related to the plugging of wells, removal of the related platform and equipment, and site restoration. The Company reviews the adequacy of its decommissioning liabilities whenever indicators suggest that the estimated cash flows and/or relating timing needed to satisfy the liability have changed materially. The Company had decommissioning liabilities of $139.4 million and $136.3 million at June 30, 2020 and December 31, 2019, respectively.

(7) Leases

Accounting Policy for Leases

The Company determines if an arrangement is a lease at inception. All of the Company's leases are operating leases and are included in right-of-use (ROU) assets, accounts payable and operating lease liabilities in the condensed consolidated balance sheet.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligations to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the respective lease term. The Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company's lease terms may include options to extend or terminate the lease.

Overview

The Company's operating leases are primarily for real estate, machinery and equipment, and vehicles. The terms and conditions for these leases vary by the type of underlying asset. Total operating lease expense was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Long-term fixed lease expense	$ 6,538	$ 8,414	$ 14,011	$ 16,565
Long-term variable lease expense	76	94	200	181
Short-term lease expense	2,100	4,593	6,523	9,871
Total operating lease expense	$ 8,714	$ 13,101	$ 20,734	$ 26,617

Supplemental Balance Sheet and Cash Flows Information

Operating leases were as follows (in thousands):

	June 30, 2020	December 31, 2019
Operating lease ROU assets	$ 71,376	$ 80,906
Accrued expenses	$ 19,427	$ 21,072
Operating lease liabilities	54,087	62,354
Total operating lease liabilities	$ 73,514	$ 83,426
Weighted average remaining lease term	9 years	9 years
Weighted average discount rate	6.53%	6.75%

	Six Months Ended June 30,	
	2020	2019
Cash paid for operating leases	$ 14,409	$ 17,435
ROU assets obtained in exchange for lease obligations	$ 2,996	$ 16,150

Maturities of operating lease liabilities at June 30, 2020 are as follows (in thousands):

Remainder of 2020	$ 13,898
2021	21,890
2022	14,580
2023	11,020
2024	8,049
Thereafter	47,073
Total lease payments	116,510
Less imputed interest	(42,996)
Total	$ 73,514

(8) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs used in determining fair value are characterized according to a hierarchy that prioritizes those inputs based on the degree to which they are observable. The three input levels of the fair value hierarchy are as follows.

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or model-derived valuations or other inputs that can be corroborated by observable market data.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The following tables provide a summary of the financial assets and liabilities measured at fair value on a recurring basis (in thousands):

	Fair Value at June 30, 2020			
	Level 1	Level 2	Level 3	Total
Intangible and other long-term assets, net:				
Non-qualified deferred compensation assets	$ -	$ 13,930	$ -	$ 13,930
Accounts payable:				
Non-qualified deferred compensation liabilities	$ -	$ 2,686	$ -	$ 2,686
Other long-term liabilities:				
Non-qualified deferred compensation liabilities	$ -	$ 19,039	$ -	$ 19,039
Total debt	$ 458,109	$ -	$ -	$ 458,109

	Fair Value at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Intangible and other long-term assets, net:				
Non-qualified deferred compensation assets	$ -	$ 15,499	$ -	$ 15,499
Accounts payable:				
Non-qualified deferred compensation liabilities	$ -	$ 1,372	$ -	$ 1,372
Other long-term liabilities:				
Non-qualified deferred compensation liabilities	$ -	$ 23,466	$ -	$ 23,466
Total debt	$ 1,021,300	$ -	$ -	$ 1,021,300

The Company's non-qualified deferred compensation plans allow officers, certain highly compensated employees and non-employee directors to defer receipt of a portion of their compensation and contribute such amounts to one or more hypothetical investment funds. These investments are reported at fair value based on unadjusted quoted prices in active markets for identifiable assets and observable inputs for similar assets and liabilities, which represent Levels 1 and 2, respectively, in the fair value hierarchy.

The carrying amount of cash equivalents, accounts receivable, accounts payable and accrued expenses, as reflected in the condensed consolidated balance sheets, approximates fair value due to the short maturities. The fair value of the debt instruments is determined by reference to the market value of such instruments as quoted in an over-the-counter market, which represents Level 1 in the fair value hierarchy.

The following table reflects the fair value measurements used in testing the impairment of long-lived assets (in thousands):

	Six Months Ended June 30, 2020	
	Impairment	Fair Value
Property, plant and equipment, net	$ 16,522	$ 13,593

Fair value is measured as of impairment date using Level 3 inputs. See Note 10 for a discussion of the reduction in value of assets recorded during the six months ended June 30, 2020.

(9) Segment Information

Business Segments

The Drilling Products and Services segment rents and sells premium drill pipe, bottom hole assemblies, tubulars and specialized equipment for use with onshore and offshore oil and gas well drilling, completion, production and workover activities. It also provides on-site accommodations and machining services. The Onshore Completion and Workover Services segment provides fluid handling services and workover and maintenance services. The Production Services segment provides intervention services such as coiled tubing, cased hole and mechanical wireline, hydraulic workover and snubbing, production testing and optimization, and remedial pumping services. The Technical Solutions segment provides services typically requiring specialized engineering, manufacturing or project planning, including well containment systems, stimulation and sand control services and the production and sale of oil and gas.

The Company evaluates the performance of its reportable segments based on income or loss from operations excluding corporate expenses. The segment measure is calculated as follows: segment revenues less segment operating expenses, depreciation, depletion, amortization and accretion expense and reduction in value of assets. The Company uses this segment measure to evaluate its reportable segments because it is the measure that is most consistent with how the Company organizes and manages its business operations. Corporate and other costs primarily include expenses related to support functions, salaries and benefits for corporate employees and stock-based compensation expense.

Summarized financial information for the Company's segments is as follows (in thousands):

Three Months Ended June 30, 2020

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated Total
Revenues	$ 67,350	$ 21,180	$ 54,493	$ 40,830	$ -	$ 183,853
Cost of revenues (exclusive of depreciation, depletion, amortization and accretion	22,486	24,242	48,897	33,178	-	128,803
Depreciation, depletion, amortization and accretion	15,828	5,514	10,182	4,335	927	36,786
General and administrative expenses	10,928	4,002	6,576	10,209	27,992	59,707
Reduction in value of assets	-	-	-	-	-	-
Income (loss) from operations	18,108	(12,578)	(11,162)	(6,892)	(28,919)	(41,443)
Interest income (expense), net	-	-	-	1,104	(25,853)	(24,749)
Other income	-	-	-	-	821	821
Income (loss) from continuing operations before income taxes	$ 18,108	$ (12,578)	$ (11,162)	$ (5,788)	$ (53,951)	$ (65,371)

Three Months Ended June 30, 2019

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated Total
Revenues	$ 100,682	$ 94,618	$ 103,002	$ 69,136	$ -	$ 367,438
Cost of revenues (exclusive of depreciation, depletion, amortization and accretion	37,864	74,088	78,418	39,162	-	229,532
Depreciation, depletion, amortization and accretion	21,490	9,440	13,172	5,979	1,190	51,271
General and administrative expenses	15,241	8,059	7,970	15,522	24,246	71,038
Reduction in value of assets	-	7,556	-	-	-	7,556
Income (loss) from operations	26,087	(4,525)	3,442	8,473	(25,436)	8,041
Interest income (expense), net	-	-	-	1,035	(25,685)	(24,650)
Other income	-	-	-	-	490	490
Income (loss) from continuing operations before income taxes	$ 26,087	$ (4,525)	$ 3,442	$ 9,508	$ (50,631)	$ (16,119)

Six Months Ended June 30, 2020

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated Total
Revenues	$ 171,343	$ 82,398	$ 155,997	$ 95,612	$ -	$ 505,350
Cost of revenues (exclusive of depreciation, depletion, amortization and accretion)	57,449	76,831	131,509	74,700	-	340,489
Depreciation, depletion, amortization and accretion	33,618	11,827	21,020	9,680	1,996	78,141
General and administrative expenses	25,441	9,316	14,431	24,200	51,476	124,864
Reduction in value of assets	-	-	4,096	12,426	-	16,522
Income (loss) from operations	54,835	(15,576)	(15,059)	(25,394)	(53,472)	(54,666)
Interest income (expense), net	-	-	-	2,277	(52,160)	(49,883)
Other expense	-	-	-	-	(3,411)	(3,411)
Income (loss) from continuing operations before income taxes	$ 54,835	$ (15,576)	$ (15,059)	$ (23,117)	$ (109,043)	$ (107,960)

Six Months Ended June 30, 2019

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated Total
Revenues	$ 201,761	$ 197,754	$ 206,452	$ 126,745	$ -	$ 732,712
Cost of revenues (exclusive of depreciation, depletion, amortization and accretion)	80,069	155,777	158,299	75,440	-	469,585
Depreciation, depletion, amortization and accretion	44,516	21,087	27,312	12,289	2,410	107,614
General and administrative expenses	29,810	15,901	15,782	31,459	49,198	142,150
Reduction in value of assets	-	7,556	-	-	-	7,556
Income (loss) from operations	47,366	(2,567)	5,059	7,557	(51,608)	5,807
Interest income (expense), net	-	-	-	2,053	(51,824)	(49,771)
Other expense	-	-	-	-	(1,122)	(1,122)
Income (loss) from continuing operations before income taxes	$ 47,366	$ (2,567)	$ 5,059	$ 9,610	$ (104,554)	$ (45,086)

Identifiable Assets

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Technical Solutions	Corporate and Other	Consolidated Total
June 30, 2020	$ 684,206	$ 294,324	$ 393,918	$ 298,791	$ 63,201	$ 1,734,440
December 31, 2019	$ 659,621	467,697	$ 421,848	$ 377,627	$ 66,437	$ 1,993,230

Geographic Segments

The Company attributes revenue to various countries based on the location of where services are performed or the destination of the drilling products or equipment sold or rented. Long-lived assets consist primarily of property, plant and equipment and are attributed to various countries based on the physical location of the asset at the end of a period. The Company's revenue attributed to the U.S. and to other countries and the value of its long-lived assets by those locations are as follows (in thousands):

Revenues

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
United States	$ 113,542	$ 277,065	$ 328,276	$ 550,278
Other countries	70,311	90,373	177,074	182,434
Total	$ 183,853	$ 367,438	$ 505,350	$ 732,712

Long-Lived Assets

	June 30, 2020	December 31, 2019
United States	$ 430,322	$ 489,189
Other countries	168,792	175,760
Total	$ 599,114	$ 664,949

(10) Reduction in Value of Assets

During the six months ended June 30, 2020, the Company recorded $16.5 million in connection with the reduction in the value of its long-lived assets. The reduction in value of assets was comprised of $4.1 million and $12.4 million related to property, plant and equipment in the Production Services segment and the Technical Solutions segment, respectively.

(11) Stock-Based Compensation Plans

The Company maintains various stock incentive plans that provide long-term incentives to the Company's key employees, including officers, directors, consultants and advisors (the Eligible Participants). Under the stock incentive plans, the Company may grant incentive stock options, restricted stock, restricted stock units, stock appreciation rights, other stock-based awards or any combination thereof to Eligible Participants. The Company's total compensation expense related to these plans was approximately $7.3 million and $13.4 million for the six months ended June 30, 2020 and 2019, respectively, which is reflected in general and administrative expenses.

(12) Income Taxes

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), a tax relief and spending package intended to provide economic stimulus to address the impact of the COVID-19 pandemic. The CARES Act allows corporations with net operating losses generated in 2018, 2019 and 2020 to elect to carryback those losses for a period of five years and relaxes the limitation for business interest deductions for 2019 and 2020. Under the provisions of the CARES Act, the Company received a refund of $30.5 million in July 2020.

The Company had $13.2 million of unrecorded tax benefits as of June 30, 2020 and December 31, 2019, all of which would impact the Company's effective tax rate if recognized. It is the Company's policy to recognize interest and applicable penalties, if any, related to uncertain tax positions in income tax expense.

(13) Earnings per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed in the same manner as basic earnings per share except that the denominator is increased to include the number of additional shares of common stock that could have been outstanding assuming the exercise of stock options and the conversion of restricted stock units.

The Company incurred a loss from continuing operations for each of the six months ended June 30, 2020 and 2019; therefore, the impact of any incremental shares would be anti-dilutive.

(14) Contingencies

Due to the nature of the Company’s business, the Company is involved, from time to time, in routine litigation or subject to disputes or claims regarding its business activities. Legal costs related to these matters are expensed as incurred. In management’s opinion, none of the pending litigation, disputes or claims is expected to have a material adverse effect on the Company’s financial condition, results of operations or liquidity.

A subsidiary of the Company is involved in legal proceedings with two employees regarding the payment of royalties for a patentable product developed by them. On April 2, 2018, the employees filed a lawsuit in the Harris County District Court alleging that the royalty payments they had received since 2010 should have been higher. In May 2019, the jury issued a verdict in favor of the plaintiffs. On October 25, 2019, the court issued a final judgment against the Company. The Company strongly disagrees with the verdict and believes the district court committed several legal errors that should result in a reversal or remand of the case by the Court of Appeals. The ultimate resolution of this matter could result in a loss of up to $7.4 million in excess of amounts accrued.

(15) Supplemental Guarantor Information

SESI, L.L.C. (the Issuer), a 100% owned subsidiary of Superior Energy Services, Inc. (the Parent), has $500 million of 7.75% senior unsecured notes due 2024 (the SESI 2024 notes). The Parent, along with certain of its direct and indirect 100% owned domestic subsidiaries (the subsidiary guarantors, and together with the Parent, the guarantors), have entered into guarantees of the outstanding SESI 2024 notes (the guarantees). All guarantees provided by the guarantors are full and unconditional, joint and several, except that the guarantee of any subsidiary guarantor may be released under certain customary circumstances, including (i) in connection with a sale or other disposition of all or substantially all of the assets of the applicable subsidiary guarantor (including by way of merger or consolidation) to a person that is not the Issuer, Parent or a subsidiary of the Issuer; (ii) in connection with a sale or other disposition of all of the capital stock of such subsidiary guarantor to a person that is not the Parent or Issuer or their respective subsidiaries; and (iii) upon legal defeasance or satisfaction and discharge of the indenture governing the SESI 2024 notes. The Parent will be released from its guarantee only in connection with any legal defeasance or satisfaction and discharge of the indenture.

With respect to each guarantor, each guarantee is a general unsecured senior obligation of such guarantor and

- ranks equally in right of payment with all existing and future senior unsecured indebtedness of such guarantor;
- is senior in right of payment to any future subordinated obligations of such guarantor; and
- is effectively subordinated to existing and future secured indebtedness of such guarantor to the extent of the value of the assets securing that indebtedness.

The guarantee obligations of the Parent and each subsidiary guarantor is limited as necessary to prevent the guarantee from constituting a fraudulent conveyance under applicable law. If a guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable guarantor, and, depending on the amount of such indebtedness, such guarantor’s liability on its guarantee could be reduced to zero.

The SESI 2024 notes and the guarantees are structurally subordinated to all indebtedness and other obligations of any of the subsidiary guarantors that do not guarantee the SESI 2024 notes (the non-guarantor subsidiaries). Such non-guarantor subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the SESI 2024 notes or to make funds available to pay those amounts, whether by dividends, distributions, loans or other payments.

The following summarized financial information presents the financial information of the Parent, Issuer and the subsidiary guarantors (collectively, the Obligor Group), on a combined basis, after elimination of (i) intercompany transactions and balances among the Parent, Issuer and the subsidiary guarantors and (ii) equity in earnings from and investments in any subsidiary of the Parent that is not the Issuer or a subsidiary guarantor.

OBLIGOR GROUP
Summarized Balance Sheets Information
(in thousands)
(unaudited)

	June 30, 2020	December 31, 2019
Current assets	$ 623,773	$ 789,562
Noncurrent assets	1,061,345	1,134,238
Total assets	$ 1,685,118	$ 1,923,800
Current liabilities	$ 171,181	$ 261,743
Noncurrent liabilities	2,051,127	2,039,138
Total liabilities	$ 2,222,308	$ 2,300,881

OBLIGOR GROUP
Summarized Statements of Operations Information
(in thousands)
(unaudited)

	Six Months Ended June 30, 2020	Year Ended December 31, 2019
Total revenues	$ 383,741	$ 1,126,456
Cost of revenues	257,155	723,451
Loss from operations before income taxes	(90,352)	(92,731)
Income taxes	(17,999)	6,102
Net loss from continuing operations	(72,353)	(98,833)
Loss from discontinued operations, net of tax	(53,372)	(177,968)
Net loss attributable to the obligor group	$ (125,725)	$ (276,801)

The same accounting policies as described in Note 1 to the consolidated financial statements included in this Quarterly Report are used by the Parent and each of its subsidiaries in connection with the summarized financial information presented above.

(16) Discontinued Operations

On December 10, 2019, the Company's indirect, wholly owned subsidiary, Pumpco Energy Services, Inc. (Pumpco), completed its existing hydraulic fracturing field operations and determined to discontinue, wind down and exit its hydraulic fracturing operations. The Company intends to maintain an adequate number of employees to efficiently wind down Pumpco's business. The financial results of Pumpco's operations have historically been included in the Company's Onshore Completions and Workover Services segment. The Company intends to sell Pumpco's fixed assets over time during the next twelve months.

The following table summarizes the components of loss from discontinued operations, net of tax, for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues	$ 214	$ 68,877	$ 468	$ 170,779
Cost of services	1,073	66,896	6,532	157,006
Loss from discontinued operations before tax	(3,144)	(46,737)	(62,795)	(63,774)
Loss from discontinued operations, net of income tax	(6,243)	(52,609)	(53,372)	(67,670)

For the six months ended June 30, 2020, loss from discontinued operations included $49.4 million in the reduction in value of assets relating to the impairment of property, plant and equipment.

The following summarizes the assets and liabilities related to the Pumpco business reported as discontinued operations (in thousands):

	June 30, 2020		December 31, 2019	
Current assets:				
Accounts receivable, net	$	552	$	25,106
Other current assets		2,377		6,215
Total current assets	$	2,929	$	31,321
Property, plant and equipment, net		112,853		179,144
Operating lease ROU assets		381		5,732
Total assets	$	116,163	$	216,197
Current liabilities:				
Accounts payable	$	349	$	14,370
Accrued expenses		3,745		24,751
Total current liabilities		4,094		39,121
Operating lease liabilities		2,756		5,415
Other long-term liabilities		402		402
Total liabilities	$	7,252	$	44,938

Significant operating non-cash items of Pumpco and cash flows from investing activities were as follows (in thousands):

	Six Months Ended June 30,			
	2020		2019	
Cash flows from discontinued operating activities:				
Depreciation and amortization	$	-	$	50,043
Reduction in value of assets		49,361		23,824
Cash flows from discontinued investing activities:				
Payments for capital expenditures	$	-	$	(27,154)
Proceeds from sales of assets		11,590		926

(17) New Accounting Pronouncements

Recently Issued Accounting Standards

In June 2016, the Financial Accounting Standards Board (the FASB) issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments.* This update improves financial reporting by requiring earlier recognition of credit losses on financing receivables and other financial assets in scope by using the Current Expected Credit Losses model (the CECL). The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses on financial instruments at the time the asset is originated or acquired. This update will apply to receivables arising from revenue transactions. The new standard is effective for the Company beginning on January 1, 2023. The Company is evaluating the effect ASU 2016-13 will have on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract.* This update aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The capitalized implementation costs of a hosting arrangement that is a service contract will be expensed over the term of the hosting arrangement. The Company adopted the new standard on January 1, 2020 on a prospective basis with respect to all implementation costs incurred after the date of adoption.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes.* The new standard is effective for the Company beginning on January 1, 2021. The Company is evaluating the effect ASU 2019-12 will have on its consolidated financial statements.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q (this Quarterly Report) and other documents filed by us with the SEC contain, and future oral or written statements or press releases by us and our management may contain, forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, the words "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks" and "estimates," variations of such words and similar expressions identify forward-looking statements, although not all forward-looking statements contain these identifying words. All statements other than statements of historical fact included in this Quarterly Report or such other materials regarding our financial position, financial performance, liquidity, strategic alternatives, market outlook, future capital needs, capital allocation plans, business strategies and other plans and objectives of our management for future operations and activities are forward-looking statements. These statements are based on certain assumptions and analyses made by our management in light of its experience and prevailing circumstances on the date such statements are made. Such forward-looking statements, and the assumptions on which they are based, are inherently speculative and are subject to a number of risks and uncertainties that could cause our actual results to differ materially from such statements. Such risks and uncertainties include, but are not limited to:

- the conditions in the oil and gas industry;
- the effects of public health threats, pandemics and epidemics, and the adverse impact thereof on our business, financial condition, results of operations and liquidity, including, but not limited to, our growth, operating costs, supply chain, labor availability, logistical capabilities, customer demand and industry demand generally, margins, utilization, cash position, taxes, the price of our securities, and our ability to access capital markets, including the macroeconomic effects from the continuing COVID-19 pandemic;
- the ability of the members of OPEC+ to agree on and to maintain crude oil price and production controls;
- our outstanding debt obligations and the potential effect of limiting our ability to fund future growth;
- we may not be able to generate enough cash flows to meet our debt obligations;
- necessary capital financing may not be available at economic rates or at all;
- volatility of our common stock;
- operating hazards, including the significant possibility of accidents resulting in personal injury or death, or property damage for which we may have limited or no insurance coverage or indemnification rights;
- we may not be fully indemnified against losses incurred due to catastrophic events;
- claims, litigation or other proceedings that require cash payments or could impair financial condition;
- credit risk associated with our customer base;
- the effect of regulatory programs and environmental matters on our operations or prospects;
- the impact that unfavorable or unusual weather conditions could have on our operations;
- the potential inability to retain key employees and skilled workers;
- political, legal, economic and other risks and uncertainties associated with our international operations;
- laws, regulations or practices in foreign countries could materially restrict our operations or expose us to additional risks;
- potential changes in tax laws, adverse positions taken by tax authorities or tax audits impacting our operating results;
- changes in competitive and technological factors affecting our operations;
- risks associated with the uncertainty of macroeconomic and business conditions worldwide;
- potential impacts of cyber-attacks on our operations;
- counterparty risks associated with reliance on key suppliers;
- challenges with estimating our potential liabilities related to our oil and natural gas property;
- risks associated with potential changes of the Bureau of Ocean Energy Management's security and bonding requirements for offshore platforms;
- the amount of the costs, fees, expenses and charges incurred as a result of terminating the Combination (as defined herein); and
- the potential impact on our business and financial results due to the failure to close the Combination.

These risks and other uncertainties related to our business are described in detail in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Investors are cautioned that many of the assumptions on which our forward-looking statements are based are likely to change after such statements are made, including for example the market prices of oil and gas and regulations affecting oil and gas operations, which we cannot control or anticipate. Further, we may make changes to our business strategies and plans (including our capital spending and capital allocation plans) at any time and without notice, based on any changes in the above-listed factors, our assumptions or otherwise, any of which could or will affect our results. For all these reasons, actual events and results may differ materially from those anticipated, estimated, projected or implied by us in our forward-looking statements. We undertake no obligation to update any of our forward-looking statements for any reason and, notwithstanding any changes in our assumptions, changes in our business plans, our actual experience, or other changes. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Executive Summary

General

We provide a wide variety of services and products to the energy industry. We serve major, national and independent oil and natural gas exploration and production companies around the world and offer products and services with respect to the various phases of a well’s economic life cycle. We report our operating results in four business segments: Drilling Products and Services; Onshore Completion and Workover Services; Production Services; and Technical Solutions.

Recent Developments

- *Combination*

As previously disclosed, on December 18, 2019, we entered into a definitive merger agreement (as amended on February 20, 2020, the Merger Agreement) to divest its U.S. service rig, coiled tubing, wireline, pressure control, flowback, fluid management and accommodations service lines (the Superior Energy U.S. Business) and combine them with Forbes Energy Services Ltd. (Forbes) to create a new consolidation platform for U.S. completion, production and water solutions (the Combination).

While we and Forbes worked diligently to complete the Combination, the significant reduction in crude oil prices caused primarily by the COVID-19 pandemic resulted in a significant decline in demand for services provided by the Superior Energy U.S. Business and Forbes. While management continues to believe that we should be separated into two distinct companies as contemplated by the Combination, the COVID-19 pandemic and oil price decline made it impractical for we and Forbes to complete the Combination on the terms originally contemplated by the Merger Agreement. The Combination was not consummated by May 31, 2020, and we terminated the Merger Agreement in accordance with its terms.

- *Related Financing Transactions*

As previously disclosed, as a condition of the Combination, SESI, L.L.C. (SESI), our wholly owned subsidiary, conducted an offer to exchange (the Exchange Offer) up to $635.0 million of SESI’s previously outstanding $800.0 million aggregate principal amount of 7.125% Senior Notes due 2021 (the Original Notes) for up to $635.0 million aggregate principal amount of SESI’s 7.125% Senior Notes due 2021 (the New Notes) and conducted a concurrent consent solicitation to amend the liens covenant in the indenture (the Proposed Amendment) governing the Original Notes (the Original Notes Indenture).

As a result of the termination of the Merger Agreement, on June 3, 2020 (the Termination Exchange Date), the New Notes issued in the Exchange Offer were automatically exchanged for an equal principal amount of Original Notes issued as “Additional Notes” under the Original Notes Indenture, which notes accrue interest from the Termination Exchange Date at a rate of 7.125% per year. Accordingly, the (i) the 9.750% Senior Second Lien Secured Notes due 2025 were not issued by Arita Energy, Inc., (ii) the 8.750% Senior Second Lien Secured Notes due 2026 were not issued by SESI, (iii) the aggregate cash payment of $6.35 million were not paid to eligible holders of validly tendered Original Notes, (iv) the Proposed Amendment did not become operative and (v) eligible holders of New Notes that were issued in exchange for Original Notes in the Exchange Offer received an aggregate principal amount of Original Notes equal to the Exchange Consideration (as defined in SESI’s offering memorandum and consent solicitation statement, dated as of January 6, 2020, and amended and supplemented).

- *COVID-19 Pandemic and Market Conditions*

Our operations were disrupted due to the circumstances surrounding the COVID-19 pandemic. The significant business disruption resulting from the COVID-19 pandemic has impacted our customers, vendors and suppliers in all geographical areas where we operate. The closure of non-essential business facilities and restrictions on travel put in place by governments around the world have significantly reduced economic activity. Additionally, recognized health risks associated with the COVID-19 pandemic have altered the policies of companies operating around the world, resulting in these companies instituting safety programs similar to what both domestic and international governmental agencies have implemented, including stay at home orders, social distancing mandates, and other community oriented health objectives. We are complying with all such ordinances in our operations across the globe. Management believes it has proactively addressed many of the known operational impacts of the COVID-19 pandemic to the extent possible and will strive to continue to do so, but there can be no guarantee the measures will be fully effective.

Furthermore, the oil and gas industry has experienced unprecedented price disruptions during 2020, due in part to significantly decreased demand as a result of the COVID-19 pandemic, as activity declined in the face of depressed crude oil pricing. The U.S. oil and gas rig count fell by approximately 25% during the first quarter of 2020 and plunged by more than 60% in the second quarter of 2020. The number of oil and gas rigs outside of the U.S. and Canada fell by more than 20% in the second quarter of 2020 to an average of 834 rigs from 1,074 rigs in the first quarter of 2020. In addition, real gross domestic product (GDP) decreased at an annual rate of 32.9% in the second quarter of 2020, after experiencing a 5% decrease for the first quarter, according to the Bureau of Economic Analysis. These market conditions have significantly impacted our business, with second quarter 2020 revenue decreasing to $183.9 million, as compared to $321.5 million in the first quarter of 2020, or 43%. As customers continue to revise their capital budgets in order to adjust spending levels in response to lower commodity prices, we have experienced significant pricing pressure for our products and services.

Low oil prices and industry volatility are likely to continue through the near and long-term. In the second quarter of 2020, OPEC+ reached a supply curtailment agreement of up to 10 million barrels per day, which drove expectations for future hydrocarbon supply lower. However, on July 15, 2020, an alliance of certain OPEC nations led by Saudi Arabia agreed to increase oil production starting in August 2020, citing theoretically increased demand due to the relaxing of COVID-19 restrictions. As the global outbreak of the COVID-19 pandemic continues to rapidly evolve, management expects it to continue to materially and adversely affect the Company's revenue, financial condition, profitability, and cash flow for an indeterminate period of time. As a result, management is taking the necessary actions to right-size the business for expected activity levels across the business.

- *New York Stock Exchange Notice*

As previously disclosed, on March 30, 2020, we received a written notice from the New York Stock Exchange (the NYSE) notifying us that we were not in compliance with the continued listing standards set forth in Section 802.01B of the NYSE Listed Company Manual because the average global market capitalization of our common stock over a consecutive 30 trading-day period was less than $50 million and, at the same time, its stockholders' equity was less than $50 million (the $50 Million Standard).

In response to the significant volatility in the financial markets caused by the COVID-19 pandemic, on April 21, 2020, the SEC approved, with immediate effectiveness, the NYSE's proposal to permit a longer cure period for NYSE-listed companies to regain compliance with the $50 Million Standard by tolling their respective compliance periods through June 30, 2020 (the Tolling Order). Under the NYSE rules, we would normally have 18 months to cure the noncompliance (the 18-Month Cure Period). However, in accordance with the Tolling Order, the 18-Month Cure Period was paused through June 30, 2020 and resumed on July 1, 2020.

On May 14, 2020, we submitted our plan (the Plan) to cure the deficiency and regain compliance with the $50 Million Standard, and, on June 25, 2020, the NYSE accepted the Plan. Our common stock will continue to be traded on the NYSE during the 18-Month Cure Period which ends on December 9, 2021, as extended by the Tolling Order, subject to our compliance with the Plan and other continued listing requirements.

- *Amendment to Credit Facility*

On August 5, 2020, we amended our asset-based revolving credit facility to permit the Company to use up $100 million to cash collateralize third-party letters of credit, surety, judgment, appeal or performance bonds or similar obligations. We also agreed to deposit $25 million in an account under the lenders' control to further secure its obligations under the revolving credit facility. We intend to reduce the amount of letters of credit issued under the revolving credit facility to bring availability under the credit facility to at least $37.5 million. The Fourth Amendment also prohibits us from requesting any loans under the credit facility and also restricts our flexibility under certain of the investment, indebtedness, junior debt repayment and restricted payment covenants.

Industry Trends

The oil and gas industry is both cyclical and seasonal. The level of spending by oil and gas companies is highly influenced by current and expected demand and future prices of oil and natural gas. Changes in spending result in an increased or decreased demand for our services and products. Rig count is an indicator of the level of spending by oil and gas companies. Our financial performance is significantly affected by the rig count in the U.S. land and offshore market areas as well as oil and natural gas prices and worldwide rig activity, which are summarized in the tables below.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
Worldwide Rig Count [1]						
U.S.:						
Land	378	967	-61%	571	995	-43%
Offshore	14	23	-39%	17	22	-23%
Total	392	990	-60%	588	1,017	-42%
International [2]	834	1,109	-25%	954	1,069	-11%
Worldwide Total	1,226	2,099	-42%	1,542	2,086	-26%
Commodity Prices (average)						
Crude Oil (West Texas Intermediate)	$ 27.96	$ 59.87	-53%	$ 36.58	$ 57.40	-36%
Natural Gas (Henry Hub)	$ 1.70	$ 2.57	-34%	$ 1.80	$ 2.74	-34%

[1] Estimate of drilling activity as measured by the average active drilling rigs based on Baker Hughes Co. rig count information.

[2] Excludes Canadian Rig Count.

Comparison of the Results of Operations for the Three Months Ended June 30, 2020 and March 31, 2020

For the second quarter of 2020, our revenue was $183.9 million and the net loss was $65.1 million, or a $4.39 loss per share. Included in the results for the three months ended June 30, 2020 was a pre-tax charge of $3.3 million for inventory write-down, $5.8 million, primarily for severance and facility closures and $8.6 million of merger-related transaction costs. This compares to net loss of $79.5 million, or a $5.36 loss per share, for the first quarter of 2020, on revenue of $321.5 million.

Second quarter 2020 revenue in our Drilling Products and Services segment decreased 35% sequentially to $67.4 million, as compared to $104.0 million for the first quarter of 2020. U.S. offshore revenue decreased 23% sequentially to $28.6 million primarily due to a decrease in rentals of premium drill pipe during the quarter. International revenue decreased 36% to $19.2 million primarily due to a decrease in rentals of premium drill pipe. U.S. land revenue decreased 47% to $19.5 million primarily due to a decrease in rentals of premium drill pipe, bottom hole assemblies, and accommodation units.

Second quarter 2020 revenue in our Onshore Completion and Workover Services segment decreased 65% sequentially to $21.2 million, as compared to $61.2 million for the first quarter of 2020. The decrease in revenue is primarily attributable to a decline in U.S. land activity.

Second quarter 2020 revenue in our Production Services segment decreased 46% sequentially to $54.5 million, as compared to $101.5 million for the first quarter of 2020. U.S. offshore revenue decreased 43% to $6.4 million primarily due to a decrease in slickline services. U.S. land revenue decreased 64% sequentially to $11.1 million primarily due to a decrease in pressure control activities. Revenue from international market areas decreased 38% sequentially to $37.0 million primarily due to a decrease in hydraulic workover and snubbing activities.

Second quarter 2020 revenue in our Technical Solutions segment decreased 25% sequentially to $40.8 million, as compared to $54.8 million in the first quarter of 2020. U.S. offshore revenue decreased 26% sequentially to $23.6 million due to a decrease in plug and abandonment activities. International revenue decreased 18% sequentially to $14.1 million primarily due to a decrease in well control services. U.S. land revenue decreased 48% sequentially to $3.2 million, primarily due to a decrease in demand for well control services.

Business Outlook

Demand for our products and services will continue to decline as our customers continue to revise their capital budgets downward and adjust their operations in response to lower oil prices and demand due to the COVID-19 pandemic and actions of OPEC+. We are proactively taking actions to mitigate the near and long-term financial impacts on our operating results, and to ensure adequate liquidity and capital resources are available to maintain our operations until the oil and gas industry and global economic conditions improve. These actions include, but are not limited to:

- In the second quarter of 2020, we implemented actions to reduce our payroll costs through a combination of salary reductions, reductions in force and furloughs.
- We are leveraging governmental relief efforts to defer payroll and other tax payments, which have benefited our future cash flows for 2020, including a tax refund of $30.5 million that was received in July 2020.
- We have taken, and will continue to take, other actions to reduce costs and preserve cash in order to successfully navigate the current economic environment, including limiting expected capital expenditures to no more than $50.0 million for the full fiscal year 2020.

The COVID-19 pandemic continues to adversely impact many jurisdictions and continues to disrupt normal economic activities. As a result, the demand for energy continues to be constrained with continued adverse consequences for our customers and for us. Further, we have seen, and expect to see, an increasing number of energy companies filing bankruptcy. Our collection of receivables could be materially delayed and/or impaired. We expect the negative impacts of the COVID-19 pandemic to be felt throughout 2020 and as the nature of the COVID-19 pandemic is inherently uncertain, we are unable to reasonably estimate the duration and ultimate impacts of the pandemic, including the timing or level of any subsequent recovery. We cannot be certain of the degree of impact on the Company's business, result of operations and/or financial position for future periods.

Comparison of the Results of Operations for the Three Months Ended June 30, 2020 and 2019

For the three months ended June 30, 2020, our revenue was $183.9 million, a decrease of $183.5 million, or 50%, as compared to the same period in 2019. Net loss was $65.1 million, or a $4.39 loss per share. Included in the results for the three months ended June 30, 2020 was a pre-tax charge of $3.3 million for inventory write-down, $5.8 million, primarily for severance and facility closures and $8.6 million of merger-related transaction costs. This compares to a net loss for the three months ended June 30, 2019 of $71.1 million, or a $4.55 loss per share.

The following table compares our operating results for the three months ended June 30, 2020 and 2019 (in thousands, except percentages). Cost of revenues excludes depreciation, depletion, amortization and accretion for each of our business segments.

	Revenue				Cost of Revenues				
	2020	2019	Change	%	2020	%	2019	%	Change
Drilling Products and Services	$ 67,350	$ 100,682	$ (33,332)	-33%	$ 22,486	33%	$ 37,864	38%	$ (15,378)
Onshore Completion and Workover Services	21,180	94,618	(73,438)	-78%	24,242	114%	74,088	78%	(49,846)
Production Services	54,493	103,002	(48,509)	-47%	48,897	90%	78,418	76%	(29,521)
Technical Solutions	40,830	69,136	(28,306)	-41%	33,178	81%	39,162	57%	(5,984)
Total	$ 183,853	$ 367,438	$ (183,585)	-50%	$ 128,803	70%	$ 229,532	62%	$ (100,729)

Operating Segments:

Drilling Products and Services Segment

Revenue from our Drilling Products and Services segment decreased 33% to $67.4 million for the three months ended June 30, 2020, as compared to $100.7 million for the same period in 2019. Cost of services and rentals as a percentage of revenue decreased to 33% of segment revenue for the three months ended June 30, 2020, as compared to 38% for the same period in 2019. Revenue from the U.S. land market areas decreased 59% primarily as a result of decreases in revenue from rentals of premium drill pipe and bottom hole assemblies. Revenue from the U.S. offshore market area increased 2% primarily due to an increase in revenue from rentals of premium drill pipe. Revenue from the international market areas decreased 24%, primarily due to an increase in demand for rentals of premium drill pipe.

Onshore Completion and Workover Services Segment

Revenue from our Onshore Completion and Workover Services segment decreased 78% to $21.2 million for the three months ended June 30, 2020, as compared to $94.6 million for the same period in 2019. All of this segment's revenue is derived from the U.S. land market area. Cost of services and rentals as a percentage of revenue increased to 114% of segment revenue for the three months ended June 30, 2020, as compared to 78% for the same period in 2019. The decrease in revenue is primarily attributable to decreased activity in North America, where the average rig count decreased by 61% during the second quarter of 2020.

Production Services Segment

Revenue from our Production Services segment for the three months ended June 30, 2020 decreased by 47% to $54.5 million, as compared to $103.0 million for the same period in 2019. Cost of services and rentals as a percentage of revenue increased to 90% of segment revenue for the three months ended June 30, 2020, as compared to 76% for the same period in 2019. Revenue from the U.S. land market area decreased 71%, primarily due to a decrease in coiled tubing and pressure control activities. Revenue from the international market areas decreased 13%, primarily due to a decrease in electric line activities. Revenue from the U.S. offshore market area decreased 70%, primarily due to a decrease in hydraulic workover and snubbing and electric line activities.

Technical Solutions Segment

Revenue from our Technical Solutions segment decreased 41% to $40.8 million for the three months ended June 30, 2020, as compared to $69.1 million for the same period in 2019. Cost of services and rentals as a percentage of revenue increased to 81% of segment revenue for the three months ended June 30, 2020, as compared to 57% for the same period in 2019. Revenue from the U.S. land market area decreased 76%, primarily due to a decrease in demand for well control services. Revenue from the international market areas decreased 37%, primarily due to a decrease in demand for well control services. Revenue derived from the U.S. offshore market area decreased 30%, primarily due to a decrease in plug and abandonment activities.

Depreciation, Depletion, Amortization and Accretion

Depreciation, depletion, amortization and accretion decreased to $36.8 million during the three months ended June 30, 2020 from $51.3 million during the same period in 2019. Depreciation and amortization expense decreased for our Drilling Products and Services segment by $5.7 million, or 26%; for our Onshore Completion and Workover Services segment by $3.9 million, or 42%; for our Production Services segment by $3.0 million, or 23% and for our Technical Solutions segment by $1.6 million, or 28%. Depreciation expense for Corporate and Other decreased by $0.3 million, or 22%. The decrease in depreciation, depletion, amortization and accretion is primarily due to assets becoming fully depreciated.

Reduction in Value of Assets

The reduction in value of assets recorded during the three months ended June 30, 2019 included $7.6 million related to the reduction in value of long-lived assets within the Onshore Completion and Workover Services segment.

Income Taxes

Our effective income tax rate for the three months ended June 30, 2020 was a 10% benefit compared to a 14% expense for the same period in 2019.

Discontinued Operations

Loss from discontinued operations, net of tax, was $6.2 million for the three months ended June 30, 2020, as compared to $52.6 million for the same period in 2019. Loss from discontinued operations includes a reduction in value of assets of $3.0 million and $23.8 million for the three months ended June 30, 2020 and 2019, respectively. See note 16 to our condensed consolidated financial statements for further discussion of the discontinued operations.

Comparison of the Results of Operations for the Six Months Ended June 30, 2020 and 2019

For the six months ended June 30, 2020, our revenue was $505.4 million, a decrease of $227.4 million, or 31%, as compared to the same period in 2019. Net loss was $144.6 million, or a $9.79 loss per share. Included in the results for the six months ended June 30, 2020 was a pre-tax charge of $16.5 million primarily related to the reduction in value of long-lived assets, $7.0 million for inventory write-down, $8.1 million primarily for severance and facility closures and $12.9 million of merger-related transaction costs. This compares to a net loss for the six months ended June 30, 2019 of $118.8 million, or a $7.64 loss per share.

The following table compares our operating results for the six months ended June 30, 2020 and 2019 (in thousands, except percentages). Cost of revenues excludes depreciation, depletion, amortization and accretion for each of our business segments.

	Revenue				Cost of Revenue				
	2020	2019	Change	%	2020	%	2019	%	Change
Drilling Products and Services	$ 171,343	$ 201,761	$ (30,418)	-15%	$ 57,449	34%	$ 80,069	40%	$ (22,620)
Onshore Completion and Workover Services	82,398	197,754	(115,356)	-58%	76,831	93%	155,777	79%	(78,946)
Production Services	155,997	206,452	(50,455)	-24%	131,509	84%	158,299	77%	(26,790)
Technical Solutions	95,612	126,745	(31,133)	-25%	74,700	78%	75,440	60%	(740)
Total	$ 505,350	$ 732,712	$ (227,362)	-31%	$ 340,489	67%	$ 469,585	64%	$ (129,096)

Operating Segments:

Drilling Products and Services Segment

Revenue from our Drilling Products and Services segment decreased 15% to $171.3 million for the six months ended June 30, 2020, as compared to $201.8 million for the same period in 2019. Cost of services and rentals as a percentage of revenue decreased to 34% of segment revenue for the six months ended June 30, 2020, as compared to 40% for the same period in 2019. Revenue from the U.S. land market areas decreased 41% primarily as a result of decreases in revenue from rentals of premium drill pipe and bottom hole assemblies. Revenue from the U.S. offshore market area increased 15% primarily due to an increase in revenue from rentals of premium drill pipe. Revenue from the international market areas remained flat.

Onshore Completion and Workover Services Segment

Revenue from our Onshore Completion and Workover Services segment decreased 58% to $82.4 million for the six months ended June 30, 2020, as compared to $197.8 million for the same period in 2019. All of this segment’s revenue is derived from the U.S. land market area. Cost of services and rentals as a percentage of revenue increased to 93% of segment revenue for the six months ended June 30, 2020, as compared to 79% for the same period in 2019. The decrease in revenue is primarily attributable to decreased activity in North America, where the average rig count decreased by 43% during the first half of 2020.

Production Services Segment

Revenue from our Production Services segment for the six months ended June 30, 2020 decreased by 24% to $156.0 million, as compared to $206.5 million for the same period in 2019. Cost of services and rentals as a percentage of revenue increased to 84% of segment revenue for the six months ended June 30, 2020, as compared to 77% for the same period in 2019. Revenue from the U.S. land market area decreased 47%, primarily due to a decrease in coiled tubing activities. Revenue from the international market areas increased 12%, primarily due to an increase in cementing and stimulation activities. Revenue from the U.S. offshore market area decreased 57%, primarily due to a decrease in hydraulic workover and snubbing and electric line activities. During the six months ended June 30, 2020, we recorded $4.1 million in reduction in value of assets.

Technical Solutions Segment

Revenue from our Technical Solutions segment decreased 25% to $95.6 million for the six months ended June 30, 2020, as compared to $126.7 million for the same period in 2019. Cost of services and rentals as a percentage of revenue increased to 78% of segment revenue for the six months ended June 30, 2020, as compared to 60% for the same period in 2019. Revenue from the U.S. land market area decreased 63%, primarily due to a decrease in demand for well control services. Revenue from the international market areas decreased 34%, primarily due to a decrease in activity within our well control division. Revenue derived from the U.S. offshore market area remained flat. During the six months ended June 30, 2020, we recorded $12.4 million in reduction in the value of assets.

Depreciation, Depletion, Amortization and Accretion

Depreciation, depletion, amortization and accretion decreased to $78.1 million during the six months ended June 30, 2020 from $107.6 million during the same period in 2019. Depreciation and amortization expense decreased for our Drilling Products and Services segment by $10.9 million, or 24%; for our Onshore Completion and Workover Services segment by $9.3 million, or 44%; for our Production Services segment by $6.3 million, or 23% and for our Technical Solutions segment by $2.6 million, or 21%. Depreciation expense for Corporate and Other decreased by $0.4 million, or 17%. The decrease in depreciation, depletion, amortization and accretion is primarily due to assets becoming fully depreciated.

Reduction in Value of Assets

During the six months ended June 30, 2020, the Company recorded $16.5 million in connection with the reduction in value of its long-lived assets. The reduction in value of assets was comprised of $4.1 million and $12.4 million related to property, plant and equipment in the Production Services segment and the Technical Solutions segment, respectively. The reduction in value of assets recorded during the six months ended June 30, 2019 included $7.6 million related to the reduction in value of long-lived assets within the Onshore Completion and Workover Services segment.

Income Taxes

Our effective income tax rate for the six months ended June 30, 2020 was a 16% benefit compared to a 13% expense for the same period in 2019. The effective tax rate for the six months ended June 30, 2020 was primarily impacted by the filing of the carryback claim under the CARES Act.

Discontinued Operations

Loss from discontinued operations, net of tax, was $53.4 million for the six months ended June 30, 2020 as compared to $67.7 million for the same period in 2019. Loss from discontinued operations includes a reduction in value of assets of $49.4 million and $23.8 million for the six months ended June 30, 2020 and 2019, respectively. See note 16 to our condensed consolidated financial statements for further discussion of the discontinued operations.

Liquidity and Capital Resources

Our cash flows depend, to a large degree, on the level of spending by oil and gas companies for exploration, development and production activities. Certain sources and uses of cash, such as our level of discretionary capital expenditures and divestitures of non-core assets are within our control and are adjusted as necessary based on market conditions.

Also impacting our liquidity is the state of the global economy, which impacts oil and natural gas consumption. The COVID-19 pandemic has resulted in travel restrictions, business closures and the institution of quarantining and other restrictions on movement in many communities. As a result, there has been a significant reduction in demand for, and prices of, crude oil and natural gas.

The COVID-19 pandemic, together with other dynamics in the marketplace, has recently significantly increased borrowing costs and, in certain cases, restricted the ability of borrowers to access the capital markets and other sources of financing. In order to provide financial flexibility, we may continue to utilize external financing arrangements that have been or may be affected by these market conditions. In addition, on March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), a tax relief and spending package intended to provide economic stimulus to address the impact of the COVID-19 pandemic. The CARES Act allows corporations with net operating losses generated in 2018, 2019 and 2020 to elect to carryback those losses for a period of five years and relaxes the limitation for business interest deductions for 2019 and 2020. Under the provisions of the CARES Act, we received a refund of $30.5 million in July 2020. We believe that our cash on hand and the cash we expect to generate from our operations will be sufficient to meet our ongoing operating and debt service obligations and capital expenditure requirements during the next 12 months.

Financial Condition and Sources of Liquidity

Our primary sources of liquidity during the period covered by this report have been cash and cash equivalents, cash generated from operations and proceeds from divestiture of non-core assets. As a result of the current market environment, we have an increased risk of delayed customer payments and payment defaults associated with customer bankruptcies or financial difficulties. Customer payment difficulties could have a material adverse impact on our liquidity and financial condition; and as a result, we routinely monitor the financial stability of our customers and will continue to do so. As of June 30, 2020, we had cash and cash equivalents of $278.4 million and $12.4 million of availability remaining under our revolving credit facility. We received a tax refund of $30.5 million in July 2020 related to the CARES Act and had approximately $315 million of cash at the end of July. During the six months ended June 30, 2020, the net cash used by operating activities was $0.6 million. During the six months ended June 30, 2020, we received $39.4 million in cash proceeds from the sale of assets. Subsequent to the quarter end, we entered into the Fourth Amendment, which prohibited borrowing of loans under the revolving credit facility. The Company is still permitted to obtain letters of credit under the revolving credit facility, subject to availability thereunder.

Uses of Liquidity

Our primary uses of liquidity during the period covered by this report have been to provide support for our operating activities, debt service obligations and capital expenditures. We spent $30.5 million of cash on capital expenditures and made $50.2 million of net interest payments during the six months ended June 30, 2020. Capital expenditures of $15.6 million primarily related to the expansion and maintenance of our equipment inventory at our Drilling Products and Services segment, capital expenditures of $9.3 million primarily related to the expansion and maintenance of equipment inventory at our Production Services segment and the remaining $5.6 million of capital expenditures primarily related to the maintenance of our equipment for our Onshore Completion and Workover Services and Technical Solutions segments.

During the remainder of 2020, we expect to limit capital spending within our operational cash flow levels to generate free cash flow and allocate capital to businesses with higher returns on invested capital.

Based on the impact of the COVID-19 pandemic and current market conditions, we continue to be mindful of our outstanding debt and its maturities and, with the support from our Board of Directors and assistance from advisors, we are evaluating strategic options to ensure that our balance sheet and capital structure is aligned with our business and the long-term health of our company. These options may include asset sales, seeking to raise additional capital or a negotiated restructuring of the debt represented by our senior unsecured notes that is implemented under the protection of Chapter 11 of the Bankruptcy Code. However, we cannot predict the extent to which any of the alternatives we may pursue will be successful, if at all, and there can be no assurance that we will be able to successfully restructure the debt represented by our senior unsecured notes or successfully conclude any other alternative we may pursue.

Debt Instruments

We have an asset-based revolving credit facility which matures in October 2022. The borrowing base under the credit facility is calculated based on a formula referencing the borrower's and the subsidiary guarantors' eligible accounts receivable, eligible inventory and eligible premium rental drill pipe less reserves. Availability under the credit facility is the lesser of (i) the commitments, (ii) the borrowing base and (iii) the highest principal amount permitted to be secured under the indenture governing the 7.125% senior unsecured notes due 2021. The credit agreement contains various covenants, including, but not limited to, limitations on the incurrence of indebtedness, permitted investments, liens on assets, making distributions, transactions with affiliates, merger, consolidations, dispositions of assets and other provisions customary in similar types of agreements.

We have outstanding $500 million of 7.75% senior unsecured notes due September 2024. The indenture governing the 7.75% senior unsecured notes due 2024 requires semi-annual interest payments on March 15 and September 15 of each year through the maturity date of September 15, 2024. The indenture contains customary events of default and requires that we satisfy various covenants. At June 30, 2020, we were in compliance with all such covenants.

We also have outstanding $800 million of 7.125% senior unsecured notes due December 2021. The indentures governing the 7.125% senior unsecured notes due 2021 require semi-annual interest payments on June 15 and December 15 of each year through the maturity date of December 15, 2021. The indentures contain customary events of default and require that we satisfy various covenants. At June 30, 2020, we were in compliance with all such covenants.

Other Matters

Off-Balance Sheet Arrangements and Hedging Activities

At June 30, 2020, we had no off-balance sheet arrangements and no hedging contracts.

Recently Adopted Accounting Guidance

See Part I, Item 1, "Financial Statements – Note 17 – New Accounting Pronouncements."

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks associated with foreign currency fluctuations and changes in interest rates. A discussion of our market risk exposure in financial instruments follows.

Foreign Currency Exchange Rates Risk

Because we operate in a number of countries throughout the world, we conduct a portion of our business in currencies other than the U.S. dollar. The functional currency for our international operations, other than certain operations in the United Kingdom and Europe, is the U.S. dollar, but a portion of the revenues from our international operations is paid in foreign currencies. The effects of foreign currency fluctuations are partly mitigated because local expenses of such international operations are also generally denominated in the same currency. We continually monitor the currency exchange risks associated with all contracts not denominated in the U.S. dollar.

Assets and liabilities of certain subsidiaries in the United Kingdom and Europe are translated at end of period exchange rates, while income and expenses are translated at average rates for the period. Translation gains and losses are reported as the foreign currency translation component of accumulated other comprehensive loss in stockholders' equity (deficit).

We do not hold derivatives for trading purposes or use derivatives with complex features. When we believe prudent, we enter into forward foreign exchange contracts to hedge the impact of foreign currency fluctuations. We do not enter into forward foreign exchange contracts for trading or speculative purposes. At June 30, 2020, we had no outstanding foreign currency forward contracts.

Interest Rate Risk

At June 30, 2020, we had no variable rate debt outstanding.

Commodity Price Risk

Our revenues, profitability and future rate of growth significantly depend upon the market prices of oil and natural gas. Lower prices may also reduce the amount of oil and natural gas that can economically be produced.

For additional discussion, see Part 1, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. As of the end of the period covered by this Quarterly Report, our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation, that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) are effective for ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures and is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

(b) Changes in internal control. There was no change in our internal control over financial reporting during the three months ended June 30, 2020, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in various legal actions incidental to our business. The outcome of these proceedings is not predictable. However, based on current circumstances, we do not believe that the ultimate resolution of these proceedings, after considering available defenses and any insurance coverage or indemnification rights, will have a material adverse effect on our financial position, results of operations or cash flows. See Part I, Item 1, "Financial Statements – Note 14 – Contingencies."

Item 1A. Risk Factors

For information regarding certain risks relating to our operations, any of which could negatively affect our business, financial condition, operating results or prospects, see Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2019 (the Annual Report) and Part II, Item 1A, "Risk Factors" or our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the Quarterly Report). There have been no material changes to the risk factors previously disclosed under the caption "Risk Factors" in our Annual Report and Quarterly Report, except as set forth below.

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding any statement in this Form 10-Q or elsewhere. The following information should be read in conjunction with the condensed consolidated financial statements and related notes herein and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-Q.

The COVID-19 pandemic continues to adversely affect our business, and the ultimate effect on our operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted.

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environments in which they operate. A number of jurisdictions in which we operate have implemented severe restrictions on the movement of their respective populations. As a result, there has been a significant reduction in demand for, and prices of, crude oil, which has directly affected our business. WTI oil spot prices decreased from a high of $63 per barrel in early January 2020 to a low of $14 per barrel in late March 2020 and briefly negative in April, before partially recovering to near $40 in June. If the reduced demand for and price of crude oil continues for a prolonged period, our business, financial condition, results of operation and liquidity may be further materially and adversely affected. Our operations also may be further adversely affected if significant portions of our workforce continue to be unable to work effectively due to illness, quarantines, government actions or other restrictions in connection with the COVID-19 pandemic.

Management expects industry activity levels and spending by customers to remain depressed at least throughout the remainder of 2020 as demand destruction from the COVID-19 pandemic continues. We believe that the well-known impacts described above and other potential impacts include, but are not limited to, the following:

- Disruption to our supply chain for materials essential to our business, including restrictions on importing and exporting products;
- Customers may attempt to cancel of delay projects or may attempt to invoke force majeure clauses in certain contracts resulting in a decreased on delayed demand for our products and services;
- Customers may also seek to delay payments, may default on payment obligations and/or seek bankruptcy protection that could delay or prevent collections of certain accounts receivable;
- A need to preserve liquidity and volatility in the financial markets;
- Reduction of our global workforce to adjust to market conditions, including severance payments, retention issues, and an inability to hire employees when market conditions improve;
- Liabilities resulting from operational delays due to decreased productivity resulting from stay-at-home orders affecting the work force or facility closures resulting from the COVID-19 pandemic;
- Liabilities resulting from an inability to perform services due to limited manpower availability or an inability to travel to perform the services;
- Other contractual or other legal claims from our customers resulting from the COVID-19 pandemic; and
- Infections and quarantining of our employees and the personnel of our customers, suppliers and other third parties.

At this time, it is not possible to quantify these risks, but the combination of these factors could have a material impact on our financial results. The ultimate extent to which the COVID-19 pandemic adversely affects our business, financial condition, results of operation and liquidity will depend on future developments, which are highly uncertain and cannot be predicted. These future developments include, but are not limited to, the scope and duration of the COVID-19 pandemic and actions taken by governmental authorities and other third parties in response to the COVID-19 pandemic. Disruptions and/or uncertainties related to the COVID-19 pandemic for a sustained period of time will result in, and have resulted to date in, delays or modifications to our strategic plans and initiatives and will hinder our ability to achieve our strategic goals. The COVID-19 pandemic, and the volatile regional and global economic conditions stemming from the COVID-19 pandemic, will likely have the effect of heightening many of the other risks described in the "Risk Factors" section included in the Annual Report, as those risk factors are amended or supplemented by subsequent Quarterly Reports on Form 10-Q and other reports and documents filed with the SEC.

We may not be able to generate enough cash flows to meet our debt obligations.

We expect our earnings and cash flows to vary significantly from year to year due to the nature of our industry. As a result, our future cash flows may be insufficient to meet our debt obligations and other commitments. Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flows from operations and to pay our debt obligations. In addition, economic recessions, including those brought on by the COVID-19 outbreak, have had a negative effect on the demand for crude oil and natural gas and, therefore, the services we provide, and will and have had a negative effect on our ability to generate cash flows from operations. Many of these factors, such as crude oil and natural gas prices, economic and financial conditions in our industry and the global economy, are beyond our control. If we do not generate enough cash flows from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- selling assets;
- further reducing capital expenditures;
- seeking to raise additional capital; or
- refinancing or restructuring our debt.

If for any reason we are unable to meet any of our debt service and repayment obligations, we would be in default under the terms of the relevant governing agreement, which would allow our creditors at that time to declare that indebtedness to be due and payable, which would in turn trigger cross-acceleration or cross-default rights under the relevant agreements governing all of our other indebtedness. If amounts outstanding under our credit facility or our senior notes were to be accelerated, we do not believe that our assets would be sufficient to repay in full the money owed to the lenders or to our other debt holders.

All of the above may be exacerbated in the future as the COVID-19 pandemic and the governmental responses thereto continue. These factors, combined with the volatile price of crude oil and natural gas may precipitate a continued economic slowdown and/or a deeper recession. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. If the economic climate in the United States or abroad continues to deteriorate, demand for our services could further diminish, which will negatively affect our operations and ultimately adversely impact our ability to meet our debt service and repayment obligations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) The following exhibits are filed with this Form 10-Q:

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of December 18, 2019, by and among Superior Energy Services, Inc., New NAM, Inc., Forbes Energy Services Ltd. Spieth Newco, Inc., Spieth Merger Sub, Inc. and Fowler Merger Sub, Inc. (incorporated herein by reference to Exhibit 2.1 to Superior Energy Services, Inc.'s Current Report on Form 8-K filed December 18, 2019 (File No. 001-34037)).
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated as of February 20, 2020, by and among Superior Energy Services, Inc., New NAM, Inc., Forbes Energy Services Ltd. Spieth Newco, Inc., Spieth Merger Sub, Inc. and Fowler Merger Sub, Inc. (incorporated herein by reference to Exhibit 2.1 to Superior Energy Services, Inc.'s Current Report on Form 8-K filed February 26, 2020 (File No. 001-34037)).
3.1	Restated Certificate of Incorporation of Superior Energy Services, Inc. (incorporated herein by reference to Exhibit 3.1 to Superior Energy Services, Inc.'s Quarterly Report on Form 10-Q filed August 7, 2013 (File No. 001-34037)), as amended by Certificate of Amendment of the Restated Certificate of Incorporation of Superior Energy Services, Inc. (incorporated herein by reference to Exhibit 3.1 to Superior Energy Services, Inc.'s Current Report on Form 8-K filed December 18, 2019 (File No. 001-34037)).
3.2	Amended and Restated Bylaws of Superior Energy Services, Inc. (as amended through March 7, 2012) (incorporated herein by reference to Exhibit 3.1 to Superior Energy Services, Inc.'s Current Report on Form 8-K filed March 12, 2012 (File No. 001-34037)).
4.1	Supplemental Indenture, dated as of June 3, 2020, by and among SESI, L.L.C., the guarantors named therein and The Bank of New York Mellon Trust Company, as trustee (incorporated herein by reference to Exhibit 4.1 to Superior Energy Services, Inc.'s Current Report on Form 8-K filed June 4, 2020 (File No. 001-34037)).
10.1	Fourth Amendment to Fifth Amended and Restated Credit Agreement, dated August 5, 2020, among Superior Energy Services, Inc., SESI, L.L.C., the guarantors party thereto, JPMorgan Chase Bank, N.A., each issuing lender and the lenders party thereto (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Current Report on Form 8-K filed August 6, 2020 (File No. 001-34037)).
31.1*	Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Officer's certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Officer's certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

SIGNATURE

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.

SUPERIOR ENERGY SERVICES, INC.

By: /s/ Westervelt T. Ballard, Jr.
Westervelt T. Ballard, Jr.
Executive Vice President, Chief Financial Officer and Treasurer

By: /s/ James W. Spexarth
James W. Spexarth
Chief Accounting Officer

Date: August 10, 2020

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, David D. Dunlap, President and Chief Executive Officer of Superior Energy Services, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Superior Energy Services, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) 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

   d) 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 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.

Date: August 10, 2020

/s/ David. D. Dunlap

David D. Dunlap
President and Chief Executive Officer
Superior Energy Services, Inc.

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Westervelt T. Ballard, Jr., Executive Vice President, Chief Financial Officer and Treasurer of Superior Energy Services, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Superior Energy Services, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) 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

   d) 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 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.

Date: August 10, 2020

/s/ Westervelt T. Ballard, Jr.

Westervelt T. Ballard, Jr.
Executive Vice President, Chief Financial Officer
and Treasurer
Superior Energy Services, Inc.

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
SECTION 1350 OF TITLE 18 OF THE U.S. CODE

I, David D. Dunlap, President and Chief Executive Officer of Superior Energy Services, Inc. (the "Company"), certify, pursuant to Section 1350 of Title 18 of the U.S. Code, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that:

1. the quarterly report on Form 10-Q of the Company for the quarter ended June 30, 2020 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, 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 results of operations of the Company.

This certificate is being furnished solely for purposes of Section 906 and is not being filed as part of the Report or as a separate disclosure document.

Date: August 10, 2020

/s/ David D. Dunlap

David D. Dunlap
President and Chief Executive Officer
Superior Energy Services, Inc.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
SECTION 1350 OF TITLE 18 OF THE U.S. CODE

I, Westervelt T. Ballard, Jr., Executive Vice President, Chief Financial Officer and Treasurer of Superior Energy Services, Inc. (the “Company”), certify, pursuant to Section 1350 of Title 18 of the U.S. Code, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (“Section 906”), that:

1. the quarterly report on Form 10-Q of the Company for the quarter ended June 30, 2020 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, 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 results of operations of the Company.

This certificate is being furnished solely for purposes of Section 906 and is not being filed as part of the Report or as a separate disclosure document.

Date: August 10, 2020

/s/ Westervelt T. Ballard, Jr.

Westervelt T. Ballard, Jr.
Executive Vice President, Chief Financial Officer
and Treasurer
Superior Energy Services, Inc.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.