

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

X QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 1996

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Transition Period From .....to.....

Commission File No. 0-20310

SUPERIOR ENERGY SERVICES, INC.  
(Exact Name of small business issuer  
as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

75-2379388  
(I.R.S. Employer  
Identification No.)

1503 Engineers Road  
P.O. Box 6220,  
New Orleans, LA  
(Address of principal executive offices)

70174  
(Zip Code)

Issuer's telephone number: (504) 393-7774

Check whether the issuer: (1) filed all reports  
required to be filed by Section 13 or 15 (d) of the Exchange  
Act during the past 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 \_\_\_

The number of shares of the Registrants' common stock  
outstanding on April 30, 1996 was 17,032,916

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

Superior Energy Services, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets  
March 31, 1996 and December 31, 1995  
(in thousands)

	3/31/96 (Unaudited)	12/31/95 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,452	\$ 5,068
Accounts receivable - net	3,358	3,759
Inventories	1,046	968
Deferred income taxes	256	256
Other	187	227
Total current assets	7,299	10,278
Property, plant and equipment-net	6,563	6,904

Goodwill - net	4,518	4,576
Patent - net	1,200	1,226
Total assets	<u>\$19,580</u>	<u>\$22,984</u>
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Notes payable - bank	\$ 234	\$ 1,249
Accounts payable	1,572	2,345
Notes payable - other	1,407	3,422
Unearned income	911	1,085
Accrued expenses	347	456
Income taxes payable	652	545
Other	235	200
Total current liabilities	<u>5,358</u>	<u>9,302</u>
Deferred income taxes	408	408
Other	-	180
Stockholders' equity:		
Preferred stock of \$.01 par value.		
Authorized, 5,000,000 shares;		
none issued		
	-	-
Common stock of \$.001 par value.		
Authorized, 40,000,000 shares;		
issued, 17,032,916		
	17	17
Additional paid-in capital	16,230	16,230
Accumulated deficit	(2,433)	(3,153)
Total stockholders' equity	<u>13,814</u>	<u>13,094</u>
Total liabilities and stockholders' equity	<u>\$ 19,580</u>	<u>\$ 22,984</u>
	=====	=====

Superior Energy Services, Inc. and Subsidiaries  
Condensed Consolidated Statements of Operations  
Three Months Ended March 31, 1996 and 1995  
(in thousands, except per share data)  
(unaudited)

	1996	1995
REVENUES	<u>\$ 4,640</u>	<u>\$ 2,936</u>
Costs and expenses:		
Costs of services	2,271	1,779
Depreciation and amortization	293	41
General and administrative	1,182	716
Total costs and expenses	<u>3,746</u>	<u>2,536</u>
Income from operations	<u>894</u>	<u>400</u>
Other income (expense):		
Interest expense	(30)	(19)
Other	165	59
Income before income taxes	<u>1,029</u>	<u>440</u>
Provision for income taxes	309	-
Net income	<u>\$ 720</u>	<u>\$ 440</u>
	=====	=====

Income before income taxes	Pro forma
as per above	<u>\$ 440</u>
Pro forma income taxes	163
	=====

Net income as adjusted for pro forma income taxes		\$ 277
		=====
Net income per common share and common share equivalent	\$ 0.04	\$ 0.03
	=====	=====
Weighted average shares outstanding	17,072,916	8,400,000
	=====	=====
Net income as adjusted for pro forma income taxes		

Superior Energy Services, Inc. and Subsidiaries  
Condensed Consolidated Statements of Cash Flows  
Three Months Ended March 31, 1996 and 1995  
(in thousands)  
(unaudited)

	1996	1995
Cash flows from operating activities:		
Net income	\$ 720	\$ 440
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	293	35
Unearned income	(174)	-
Changes in operating assets and liabilities:		
Accounts receivable	401	(1,040)
Notes receivable	-	110
Inventories	(78)	(48)
Other - net	(104)	48
Accounts payable	(773)	445
Due to shareholders	(15)	49
Accrued expenses	(109)	-
Income taxes payable	107	-
Net cash provided by operating activities	268	39
Cash flows from investing activities:		
Proceeds from sale of property and equipment	351	-
Payments for purchases of property and equipment	(220)	(214)
Net cash provided by (used in) investing activities	131	(214)
Cash flows from financing activities:		
Notes payable - bank	(1,015)	650
Deferred payment for acquisition of Oil Stop, Inc.	(2,000)	-
Shareholder distributions	-	(412)
Net cash provided by (used in) financing activities	(3,015)	238
Net increase (decrease) in cash	(2,616)	63
Cash and cash equivalents at beginning of period	5,068	207
Cash and cash equivalents at end of period	\$ 2,452	\$ 270

SUPERIOR ENERGY SERVICES, INC.  
AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements  
Three Months Ended March 31, 1996 and 1995

(1) Reorganization

On December 13, 1995, the Company consummated a share exchange (the "Reorganization") whereby it (i) acquired all of the outstanding capital stock of Superior Well Service, Inc., Connection Technology, Ltd. and Superior Tubular Services, Inc. (collectively, "Superior") in exchange for 8,400,000 Common Shares and (ii) acquired all of the outstanding capital stock of Oil Stop, Inc. ("Oil Stop") in exchange for 1,800,000 Common Shares and \$2.0 million cash.

As used in the consolidated financial statements, the term "Small's" refers to the Company as of dates and periods prior to the Reorganization and the term "Company" refers to the combined operations of Small's, Oil Stop and Superior after the consummation of the Reorganization.

As a result of the controlling interest the Superior shareholders have in the Company following the Reorganization, among other factors, the Reorganization has been accounted for as a reverse acquisition (i.e., a purchase of Small's by Superior) under the "purchase" method of accounting. As such, the Company's consolidated financial statements and other financial information reflect the historical operations of Superior for periods and dates prior to the Reorganization. The net assets of Small's and Oil Stop, at the time of the Reorganization, were reflected at their estimated fair value pursuant to purchase accounting at the date of the Reorganization. The net assets of Superior have been reflected at their historical book values.

(2) Basis of Presentation

Certain information and footnote disclosures normally in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission; however, management believes the disclosures which are made are adequate to make the information presented not misleading. These financial statements and footnotes should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 1995 and the accompanying notes and Management's Discussion and Analysis or Plan of Operation.

(Continued)

SUPERIOR ENERGY SERVICES, INC.  
AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

The financial information for the three months ended March 31, 1996 and 1995, has not been audited. However, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the results of operations for the periods presented have been included therein. The results of operations for the first three months of the year are not necessarily indicative of the results of operations which might be expected for the entire year.

(3) Pro Forma Income Taxes and Earnings per Share

Prior to the Reorganization, the Superior Companies, with the exception of Superior Tubular Services, Inc., which was a sub-chapter C corporation, were sub-chapter S corporations for income tax reporting purposes. Therefore, through March 31, 1995, no provision for federal and state income taxes had been made. Pro forma income tax expense and net income as adjusted for income taxes is presented for the three months ended March 31, 1995 on the Statement of Operations in order to reflect the impact on income taxes as if Superior had been a taxable entity during that period. In computing weighted average share outstanding, 8,400,000 shares issued in exchange for Superior's capital stock is assumed to be outstanding as of January 1, 1995. All other common shares issued or sold are included in the weighted average shares outstanding calculation from the date of issuance or sale.

(4) Joint Venture

On January 15, 1996, the Company entered into a joint venture with G&L Tool Company ("G&L"), an unrelated party, which extends through January 31, 2001. The Company has contributed assets of Superior Fishing with a book value of approximately \$4.5 million to the joint venture which is engaged in the business of renting specialized oil well equipment and fishing tools to the oil and gas industry in connection with the drilling, development and production of oil, gas and related hydrocarbons.

Superior Fishing receives as its share of distributions from operations \$110,000 a month commencing February 1996 through January 1998 and \$80,000 a month for the period February 1998 through January 2001. The Company's share of distributions is personally guaranteed by a principal of G&L. In connection with the joint venture, Superior Fishing also sold G&L land for \$300,000.

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SUPERIOR ENERGY SERVICES, INC.  
AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

The responsibility and authority for establishing policies relating to the strategic direction of the joint venture operations and ensuring that such policies are implemented have been vested in a policy committee consisting of three members, one of which is a Company employee. G&L will be responsible for the maintenance and repair, insurance and licenses and permits for all joint venture assets.

At the end of the joint venture term, G&L will have at its election, the option to purchase all of the Superior Fishing assets contributed to the joint venture for \$2 million.

(5) Stockholders Equity

At a special meeting of stockholders on February 23, 1996, the shareholders approved increasing the authorized number of shares of common stock to 40,000,000.

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

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### Reorganization

For purposes of this presentation, the term "Small's" refers to the Company as of dates and periods prior to the Reorganization and the term "Company" refers to the combined operations of Small's, Oil Stop and Superior after the consummation of the Reorganization.

On December 13, 1995, the Company consummated a share exchange (the "Reorganization") whereby it (i) acquired all of the outstanding capital stock of Superior Well Service, Inc., Connection Technology, Ltd. and Superior Tubular Services, Inc. (collectively "Superior") in exchange for 8,400,000 Common Shares and (ii) acquired all of the outstanding capital stock of Oil Stop, Inc. ("Oil Stop") in exchange for 1,800,000 Common Shares and \$2.0 million cash.

Due to the controlling interest the Superior shareholders have in the Company as a result of the Reorganization, the Reorganization has been accounted for as a reverse acquisition (i.e., a purchase of Small's by Superior) under the "purchase" method of accounting. As such, the Company's financial statements and other financial information now reflect the historical operations of Superior for periods and dates prior to the Reorganization. The net assets of Small's and Oil Stop have been reflected at their estimated fair value pursuant to purchase accounting at the date of the Reorganization. The net assets of Superior have been reflected at the historical book values.

### Comparison of the Results of Operations for the Quarter Ended March 31, 1996 and 1995

Revenues increased 58% in the first quarter ended March 31, 1996 as compared to the quarter ended March 31, 1995. Of this increase, 29% is a result of increased levels of activity and 71% is the result of acquisitions.

Cost of services for the quarter ended March 31, 1996 increased 28% over the quarter ended March 31, 1995. Of this increase, 46% is as a result of increased levels of activity and 54% is the result of acquisitions. Depreciation increased \$252,000 in the quarter ended March 31, 1996 as compared to the quarter ended March 31, 1995. Of this amount, \$20,000 is the result of additional equipment placed into service and \$232,000 is the result of acquisitions. General and administrative expenses increased 59% in the first quarter of 1996 as compared to the first quarter of 1995. Of this increase, 11% is the result of additional activity and 89% is the result of acquisitions.

For the year ended August 31, 1995, Small's incurred a loss of \$1,586,000 followed by a loss of \$378,000 for the quarter ended November 30, 1995. The Company, in an effort to eliminate these continued losses, entered into a joint venture for its West Texas rental tool and fishing operations on January 15, 1996. As a result of the joint venture, the Company will have no liability for any operating losses that may be incurred in the joint venture. The Company's share of distributions will be \$110,000 a month for the first 24 months and \$80,000 a month for the remaining 36 months of the term of the joint venture.

### Capital Resources and Liquidity

Net cash provided by operating activities increased to \$268,000 for the quarter ended March 31, 1996 from \$39,000 for the quarter ended March 31, 1995. The Company's cash decreased to \$2,452,000 at March 31, 1996 from \$5,068,000 at December 31, 1995. This was primarily the result of a \$2 million final payment made in connection with the acquisition of all the capital stock of Oil Stop as well as a reduction of debt of approximately \$1.0 million.



The Company's working capital improved to \$1,941,000 at March 31, 1996 as compared to \$976,000 at December 31, 1995. The Company's current ratio also improved from 1.08 at March 31, 1995 to 1.36 at March 31, 1996.

The Company, in connection with the joint venture for its West Texas fishing and rental tool operation, sold land for \$300,000. During the first quarter of 1996 it also sold various equipment for approximately \$51,000. Both these sales resulted in no gain or loss. In the first quarter of 1996, the Company purchased approximately \$220,000 of machinery and equipment. These purchases were funded primarily from cash generated from operations.

The Company had a \$1,000,000 revolving line of credit which expired March 31, 1996. There was approximately \$87,000 outstanding at March 31, 1996. The line was extended to May 31, 1996 at which time it is expected to be paid in full. Additionally, the Company maintains a master note loan agreement with a \$1.4 million revolving line of credit. The Company believes that its available funds, together with cash generated from operations and funds available under this line of credit will be sufficient to meet the Company's working capital requirements. However, significant capital expenditures or other acquisitions may require additional equity or debt financing.

Inflation has not had a significant effect on the Company's financial condition or operations in recent years.

PART II. OTHER INFORMATION

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

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The Company held a special meeting of stockholders of the Company on February 23, 1996 to consider an amendment of the Company's certificate of incorporation to increase the number of authorized shares of Company common stock by 15,000,000 shares to bring the total number of authorized shares of Company common stock to 40,000,000. Of the 17,032,916 shares outstanding and entitled to vote, 16,085,535 were voted for the proposal, 311,250 were voted against and there were 636,131 abstentions.

Item 6. Exhibits and Reports on Form 8-K

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- a) The following exhibits are filed with this Form-10QSB
- 3.1 Composite of the Company's Certificate of Incorporation including amendment filed on March 27, 1996.
- b) The Company did not file any reports on Form 8-K during the quarter ended March 31, 1996.

SIGNATURES

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

Superior Energy Services, Inc.

Date: May 14, 1996

By: /s/ Terence E. Hall

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Terence E. Hall  
Chairman of the Board,  
Chief Executive Officer  
and President  
(Principal Executive Officer)

Date: May 14, 1996

By: /s/ Robert S. Taylor

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Robert S. Taylor  
Chief Financial Officer  
(Principal Financial and  
Accounting Officer)

COMPOSITE  
CERTIFICATE OF INCORPORATION  
OF  
SUPERIOR ENERGY SERVICES, INC.

The undersigned, a natural person, for the purpose of organizing a corporation for conducting the business and promoting the purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the General Corporation Law of the State of Delaware, hereby certifies that:

FIRST: The name of the corporation (hereinafter called the "corporation" is Superior Energy Services, Inc.

SECOND: The address of the registered office of the corporation in the State of Delaware is c/o United Corporate Services, Inc. 15 East North Street, City of Dover, County of Kent; and the name of the registered agent of the corporation in the State of Delaware at such address is United Corporate Services, Inc.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, and by such statement all lawful acts and activities shall be within the purposes of the corporation, except for express limitations, if any.

FOURTH: The aggregate number of shares which the corporation shall have authority to issue is Forty-Five Million (45,000,000) shares, of which Forty Million (40,000,000) shares shall be designated Common Stock, par value \$.001 per share, and Five Million (5,000,000) shares shall be designated Preferred Stock, par value \$.01 per share. The Board of Directors may authorize the issuance from time to time of the Preferred Stock in one or more series with such designations, preferences, qualifications, limitations, restrictions and optional or other special rights (which may differ with respect to each series) as the Board may fix by resolution. Without limiting the foregoing, the Board of Directors is authorized to fix with respect to each series:

(1) the number of shares which shall constitute the series and the name of the series;

(2) the rate and times at which, and the preferences and conditions under which, dividends shall be payable on shares of the series, and the status of such dividends as cumulative or non-cumulative and as participating or non-participating;

(3) the prices, times and terms, if any, at or upon which shares of the series shall be subject to redemption;

(4) the rights, if any, of holders of shares of the series to convert such shares into, or to exchange such shares for, shares of any other class of stock of the corporation;

(5) the terms of the sinking fund or redemption or purchase account, if any, to be provided for shares of the series;

(6) the rights and preferences, if any, of the holders of shares of the series upon any liquidation, dissolution or winding up of the affairs of, or upon any distribution of the assets of, the corporation;

(7) the limitations, if any, applicable which such series is outstanding, on the payment of dividends or making of distributions on, or the acquisition of, the Common Stock or any other class of stock which does not rank senior to the shares of the series; and

(8) the voting rights, if any, to be provided for shares of the series.

FIFTH: The name and the mailing address of the incorporator are as follows:

Name	Mailing Address
Mark Gasarch	599 Lexington Avenue - 28th Floor New York, NY 10022

SIXTH: The corporation is to have perpetual existence.

SEVENTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

EIGHTH: For the management of the business and for the conduct of the affairs of the corporation, and in further definition, limitation, and regulation of the powers of the corporation and of its directors and of its stockholders or any class thereof, as the case may be, it is further provided:

1. The management of the business and the conduct of the affairs of the corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the Bylaws.

2. After the original or other Bylaws of the corporation have been adopted, amended, or repealed, as the case may be, in accordance with the provisions of Section 109 of the General Corporation Law of the State of Delaware, and, after the corporation has received any payment for any of its stock, the power to adopt, amend, or repeal the Bylaws of the corporation may be exercised by the Board of Directors of the corporation.

3. Whenever the corporation shall be authorized to issue only one class of stock, each outstanding share shall entitle the holder thereof to notice of, and the right to vote at, any meeting of the stockholders.

NINTH: The personal liability of the directors of the corporation is hereby eliminated to the fullest extent permitted by paragraph (7) of subsection (b) of Section 102 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented.

TENTH: The corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities, or other matters referred to or covered by

said section, and the indemnification provided for which those indemnified may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

ELEVENTH: From time to time any of the provisions of this certificate of incorporation may be amended, altered, or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the corporation by this certificate of incorporation are granted subject to the provisions of this Article ELEVENTH.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FROM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDING MARCH 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS	DEC-31-1996	MAR-31-1996
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	3,358	
	204	
	1,046	
	7,299	
		6,563
	989	
	19,580	
5,358		
		234
		17
0		
		0
		13,797
19,580		
		4,640
	4,640	
		2,271
	3,746	
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	1,029	
		309
720		
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		720
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		.04