

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 31, 1997

SUPERIOR ENERGY SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware 0-20310 75-2379388
(State or other (Commission File Number) (IRS Employer
jurisdiction Identification No.)
of incorporation)

1503 Engineers Road, Belle Chasse, Louisiana 70037
(Address of principal executive offices) (Zip Code)

(504) 393-7774
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report.)

Item 2: Acquisition or Disposition of Assets

Pursuant to an Agreement and Plan of Merger dated as of May 31, 1997, by and among Superior Energy Services, Inc. ("Superior"), Tong Rentals and Supply Acquisition, Inc. ("Tong Acquisition"), Tong Rentals and Supply Company, Inc. ("Tong") and Rufus L. Patin, the sole shareholder of Tong, Superior acquired Tong effective as of May 31, 1997. The acquisition was accomplished by the merger of Tong with and into Tong Acquisition, a wholly-owned subsidiary of Superior, formed for this purpose, (the "Merger") with the effect that Tong has become a wholly-owned subsidiary of Superior. Upon consummation of the Merger, the outstanding shares of common stock of Tong were converted into rights to receive an aggregate of (i) 1,100,000 restricted shares of Superior's authorized and unissued common stock, and (ii) \$5,500,000 cash.

Superior is not aware of any material relationships between itself, its affiliates, directors or officers or any associates of its directors or officers with Mr. Patin.

Tong is and following the Merger will continue to be engaged in the business of renting power swivels, power tongs, and related oilfield rental tools.

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

It is impracticable to provide the financial statements of Tong Rentals and Supply Company, Inc. required by this item at the time this Current Report on Form 8-K is filed. The required financial statements will be filed as soon as practicable, but not later than 60 days after the date this Current Report on Form 8-K must be filed.

(b) Pro Forma Financial Information.

It is impracticable to provide the pro forma financial information of Tong Rentals and Supply Company, Inc. required by this item at the time this Current Report on

Form 8-K is filed. The required pro forma financial information will be filed as soon as practicable, but not later than 60 days after the date this Current Report on Form 8-K must be filed.

(c) Exhibits.

2.1. Agreement and Plan of Merger dated as of May 31, 1997, by and among Superior Energy Services, Inc., Tong Rentals and Supply Acquisition, Inc., Tong Rentals and Supply Company, Inc. and Rufus L. Patin. The following attachments are omitted from herein and will be provided to the Commission upon request: Form of Certificate of Merger, Form of Employment Agreement, and Form of Disclosure Schedule.

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 hereunto duly authorized.

SUPERIOR ENERGY SERVICES, INC.

By: /s/ Robert S. Taylor

Robert S. Taylor
Chief Financial Officer
and duly authorized officer

Dated: June 13, 1997

AGREEMENT AND PLAN OF MERGER

Among

SUPERIOR ENERGY SERVICES, INC.,
 TONG RENTALS AND SUPPLY ACQUISITION, INC.,
 TONG RENTALS AND SUPPLY COMPANY, INC.

and

RUFUS L. PATIN

Dated as of May 31, 1997

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Exhibits

- A -Form of Certificate of Merger
- B - Form of Employment Agreement
- C - Form of Disclosure Schedule

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of May 31, 1997 (this "Agreement"), is by and among Superior Energy Services, Inc., a Delaware corporation ("SESI" or "Superior"), its wholly-owned subsidiary, Tong Rentals and Supply Acquisition, Inc., a Louisiana corporation ("Tong Acquisition"), Tong Rentals and Supply Company, Inc., a Louisiana corporation ("Tong"), and Rufus L. Patin, the sole shareholder of Tong ("Shareholder").

W I T N E S S E T H:

WHEREAS, the Board of Directors of Tong and the Boards of Directors of SESI and Tong Acquisition have determined it to be desirable and mutually advantageous to enter into a business combination to be effected by the merger of Tong with and into Tong Acquisition on the terms and subject to the conditions set forth herein; and

WHEREAS, the parties hereto intend that, for federal income tax purposes, the merger will constitute a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(D) of the Internal Revenue Code of 1986, as amended, and that this Agreement constitute a plan of reorganization.

NOW, THEREFORE, in consideration of the representations,

warranties, covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1
THE MERGER

Section 1.1 Merger. At the Effective Time, in accordance with the terms and subject to conditions of this Agreement and the Louisiana Business Corporation Law, Tong shall merge with and into Tong Acquisition, the separate existence of Tong shall cease, and Tong Acquisition shall continue as the surviving corporation.

Section 1.2 The Closing. Unless this Agreement shall have been terminated pursuant to the provisions hereof, and subject to satisfaction or waiver of the conditions specified in Section 6 hereof, the Closing shall take place at the offices of Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P. in New Orleans, Louisiana, or such place as the parties may agree upon, commencing at 10:00 a.m., local time, on or before June 15, 1997. If all conditions set forth in Section 6 hereof are satisfied or duly waived, at the Closing (a) the certificates, agreements and instruments specified in Section 6 shall be delivered, (b) the appropriate officer of Tong Acquisition shall execute, deliver and acknowledge the Certificate of Merger and the appropriate officers of Tong and Tong Acquisition shall execute the certifications and acknowledgments of this Agreement required by the Louisiana Business Corporation Law and (c) the parties shall take such further action as is required to consummate the transactions contemplated by this Agreement.

Section 1.3 Filing of Certificate of Merger. Immediately following its execution and acknowledgment, the Certificate of Merger shall be delivered to the Secretary of State of Louisiana for filing, and the Certificate of Merger shall thereafter be recorded in the manner required by the Louisiana Business Corporation Law.

Section 1.4 The Effective Time; Effect of Merger. The Merger shall be effective at such time and date as is provided in the Certificate of Merger pursuant to the mutual agreement of Tong and SESI (the "Effective Time"). Upon the Effective Time and by virtue of the Merger, Tong Acquisition shall possess all the rights, privileges and franchises possessed by Tong and Tong Acquisition shall be responsible for all of the liabilities and obligations of Tong in the same manner as if Tong Acquisition had itself incurred such liabilities or obligations, and the Merger shall have such other effects as are provided in the Louisiana Business Corporation Law.

Section 1.5 Directors and Officers; Articles of Incorporation.

(a) After the Effective Time and until their successors shall have been duly elected or appointed, the directors of Tong Acquisition will be the directors of the surviving corporation and the officers of Tong Acquisition will be the officers of Tong.

(b) The Articles of Incorporation of Tong Acquisition, as in effect immediately prior to the Effective Time, shall be amended as provided in the Certificate of Merger to change its name to "Tong Rentals and Supply Company, Inc."

(c) The Bylaws of Tong Acquisition as in effect immediately prior to the Effective Time shall be the Bylaws of the surviving corporation after the Effective Time until thereafter duly amended.

ARTICLE 2
CONVERSION OF STOCK; PAYMENT

Section 2.1 Conversion of Shares of Tong; Payment.

(a) At the Effective Time, by reason of the Merger, each of the issued and outstanding shares of Tong Common Stock immediately prior to the Effective Time shall, by virtue of the Merger, be converted into the right to receive (i) 152.46279

shares of SESI Common Stock (i.e., that number of full shares, rounded to the nearest whole share, as shall be determined by dividing \$5,500,000 by the closing price of the SESI Common Stock on the Nasdaq National Market on the day prior to the Closing Date), and (ii) \$762.31397 cash (i.e., \$5,500,000 in the aggregate). Each share of Tong Common Stock held in treasury shall be canceled.

(b) At the Effective Time, by reason of the Merger, each share of Tong Common Stock outstanding immediately prior to the Merger shall be canceled.

Section 2.2 Delivery and Exchange of Certificates. Following the Effective Time, Shareholder shall deliver to Tong Acquisition all certificates formerly representing shares of Tong Common Stock. Upon such delivery, SESI shall deliver to Shareholder a certificate or certificates representing the shares of SESI Common Stock into which such shares of Tong Common Stock have been converted together with the cash payment specified in Section 2.1(a). Until so delivered, each certificate which, before the Effective Time, represented shares of Tong Common Stock, shall be deemed for all purposes to represent the number of whole shares of SESI Common Stock into which the shares of Tong Common Stock theretofore represented thereby shall have been converted.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF TONG AND SHAREHOLDER

Except as set forth in the Disclosure Schedule, (a) Shareholder, with respect to matters relating to himself, represents and warrants to and agrees with SESI as set forth as follows in Sections 3.1 through 3.5 and (b) Tong and Shareholder, jointly, severally and in solido, represent and warrant to and agree with SESI as follows with respect to the matters set forth in Sections 3.6 through 3.31:

Section 3.1 Ownership. Shareholder is, and at the Closing Date will be, the record and beneficial owner of the number of shares of Tong Common Stock, which are represented by the certificates bearing the numbers, shown opposite his name in the Disclosure Schedule. Shareholder has and at the Closing Date will have good and marketable title to all such shares and the absolute right to deliver such shares in accordance with the terms hereof, free and clear of all Liens.

Section 3.2 Authority. Shareholder has full legal right, power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Shareholder and constitutes, and each other agreement, instrument or documents executed or to be executed by Shareholder in connection with the transactions contemplated hereby has been, or when executed will be, duly executed and delivered by Shareholder and constitutes, or when executed and delivered will constitute, a valid and legally binding obligation of Shareholder, enforceable against Shareholder in accordance with their respective terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally and equitable principles which may limit the availability of certain equitable remedies in certain instances.

Section 3.3 Noncontravention. The execution, delivery and performance by Shareholder of this Agreement and the consummation by Shareholder of the transactions contemplated hereby do not and will not (a) result in the creation or imposition of any Lien upon the Tong Common Stock held by Shareholder or (b) violate any Applicable Law binding upon Shareholder.

Section 3.4 Legal Proceedings. There are no Proceedings pending or, to the knowledge of Shareholder threatened seeking to restrain, prohibit or obtain damages or other relief in connection with this Agreement or the transactions contemplated hereby.

Section 3.5 Investment Representation.

(a) Shareholder is acquiring SESI Common Stock for investment for his own account and not with a view to, or for sale or other disposition in connection with, any distribution of all or any part thereof except (i) in an offering covered by a registration statement filed with the Securities and Exchange Commission under the Securities Act covering SESI Common Stock acquired by Shareholder or (ii) pursuant to an applicable exemption under the Securities Act. In receiving SESI Common Stock, Shareholder is not offering or selling, and will not offer and sell, for SESI in connection with any distribution of such SESI Common Stock, and Shareholder does not have any contract, undertaking, agreement or arrangement with any person for the distribution of SESI Common Stock and will not participate in any undertaking or in any underwriting of such an undertaking except in compliance with Applicable Law.

(b) Shareholder represents that he is an "accredited investor" as that term is defined in Regulation D under the Securities Act and that he is able to fend for himself and can bear the economic risk of his investment in the SESI Common Stock.

(c) Shareholder has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in SESI Common Stock.

(d) Shareholder has received from SESI and has reviewed with his representatives a copy of each of the SESI Disclosure Documents. Shareholder has also been afforded access to information about SESI and SESI's financial position, results of operation, business, property and management sufficient to enable him to evaluate an investment in SESI Common Stock, and has had the opportunity to ask questions of and has received satisfactory answers from SESI concerning the foregoing matters.

(e) Shareholder understands that the SESI Common Stock acquired pursuant hereto has not been registered under the Securities Act on the basis that the sale provided for in this Agreement and the issuance of SESI's Common Stock hereunder is exempt from registration under the Securities Act, and that SESI's reliance on such exemption is based, in part, upon Shareholder's representations set forth herein.

(f) Shareholder understands that the shares of SESI Common Stock will not be registered under the Securities Act, that such shares will be "restricted securities" as that term is defined in Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act, and that Shareholder cannot transfer such shares unless they are subsequently registered under the Securities Act and under any applicable state securities law or are transferred in a transfer that, in the opinion of counsel satisfactory to SESI, is exempt from such registration. Shareholder further understands that SESI will, as a condition to the transfer of any such shares, require that the request for transfer be accompanied by an opinion of counsel, in form and substance satisfactory to SESI, to the effect that the proposed transfer does not result in a violation of the Securities Act or any applicable state securities law, unless such transfer is covered by an effective registration statement. Shareholder understands that such shares of SESI Common Stock may not be sold publicly in reliance on the exemption from registration under the Securities Act afforded by Rule 144 unless and until the minimum holding period (currently one year) and other requirements of Rule 144 have been satisfied.

(g) Shareholder understands and agrees that all certificates evidencing the shares of SESI Common Stock issued hereunder will bear restrictive legends in substantially the following form:

The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), or any applicable state law, and may not be transferred without registration under the Act and any such state law or an

opinion of counsel satisfactory to the corporation that registration is not required.

Section 3.6 Organization; Qualification; Subsidiaries. Tong is a corporation duly organized, validly existing and in good standing under the laws of the State of Louisiana, having all requisite corporate power and authority to own its property and to carry on its business as it is now being conducted. No actions or proceedings to dissolve Tong are pending. Tong is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the conduct of its business requires such qualification or licensing. Tong has no subsidiaries or equity interests in any other Person.

Section 3.7 Capital Stock. The authorized capital stock of Tong consists of 10,000 shares of Tong Common Stock, of which 7,214.875 shares are issued and outstanding and 430.125 are held in its treasury. Following the consummation of the transactions contemplated by this Agreement, SESI will own all of the issued and outstanding capital stock of Tong. All issued and outstanding shares of Tong Common Stock have been duly authorized and are validly issued, fully paid and non-assessable. There are no outstanding stock options or other rights to acquire any shares of the capital stock of Tong or any security convertible into Tong Common Stock and Tong has no obligation or other commitment to issue, sell or deliver any of the foregoing or any shares of its capital stock. All shares of Tong Common Stock have been issued in compliance with all legal requirements and without violation of any pre-emptive or similar rights.

Section 3.8 Corporate Authorization; Enforceability. The execution, delivery and performance of this Agreement has been duly authorized by the Board of Directors of Tong. Shareholder is the sole holder of all of the outstanding shares of Tong Common Stock. The execution of this Agreement by Shareholder constitutes his written unanimous consent as the sole shareholder of Tong to the Merger and to the execution, delivery and performance by Tong of this Agreement. No further vote or consent of shareholders or directors of Tong and no further corporate acts or other corporate proceedings are required of Tong for the due and valid authorization, execution, delivery and performance of this Agreement or the consummation of the Merger. Subject to such filings as are required by Applicable Law, this Agreement is the legal, valid and binding obligation of Tong and is enforceable against Tong in accordance with its terms, except that enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and equitable principles which may limit the availability of certain equitable remedies in certain instances.

Section 3.9 Consent. Except for the filing of the Certificate of Merger with the Louisiana Secretary of State, no consent, approval, order or authorization of, or declaration, filing or registration with, any Governmental Entity or other Person is required to be obtained or made by Tong in connection with the execution, delivery or performance by Tong of this Agreement or the consummation by it of the transactions contemplated hereby.

Section 3.10 No Conflict. Neither the execution and the delivery of this Agreement by Tong or Shareholder, nor the consummation of the transactions contemplated hereby do or will (a) violate, conflict with, or result in a breach of any provisions of, (b) constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, (c) result in the termination of or accelerate the performance required by, (d) result in the creation of any Lien, upon any of Tong's properties or assets under any of the terms, conditions or provisions of its Articles of Incorporation or any note, bond, mortgage, indenture, deed of trust, lease, license, loan agreement or other instrument or obligation to or by which it or any of its assets is bound, or (e) violate any order, writ, injunction, decree, statute, rule or regulation of any Governmental Entity applicable to it or any of its assets.

Section 3.11 Charter. Shareholder has made available to SESI accurate and complete copies of (a) the Articles of Incorporation of Tong, (b) the stock records of Tong and (c) the minutes of all meetings of the Board of Directors of Tong, any committees of such board and the stockholders of Tong (and all consents in lieu of such meetings). Such records, minutes and consents accurately reflect the stock ownership of Tong and all actions taken by the Board of Directors, committees and stockholders. Tong is not in violation of any provision of its Articles of Incorporation.

Section 3.12 Tong's Financial Statements. The Disclosure Schedule contains true and complete copies of the Tong Financial Statements. The Tong Financial Statements (a) have been prepared from the books and records of Tong and are complete, correct and in accordance with the books of account and records of Tong and (b) accurately and fairly present Tong's financial position as of the respective dates thereof and results of operations and cash flows for the periods then ended. Tong has not since the date of the Tong Interim Financial Statements incurred any liability or obligation (whether accrued, absolute, contingent, unliquidated or otherwise), except (i) liabilities reflected in the Tong Interim Financial Statements, (ii) liabilities described in the notes accompanying the Tong Annual Financial Statements, (iii) current liabilities which have arisen since the date of the Tong Interim Financial Statements in the ordinary course of business (none of which is a material liability for breach of contract, tort or infringement) and (iv) liabilities arising under executory contracts entered into in the ordinary course of business (none of which is a material liability for breach of contract).

Section 3.13 Accounts Receivable. All of the accounts receivable reflected on the Tong Interim Financial Statements or created thereafter have arisen only from bona fide transactions in the ordinary course of business, represent valid obligations owing to Tong and have been accrued in accordance with generally accepted accounting principles. All such accounts receivable either have been collected in full or will be collectible in full when due, without any counterclaims, setoffs or other defenses and without provision for any allowance for uncollectible accounts other than such allowance as appears in the Tong Interim Financial Statements.

Section 3.14 Absence of Certain Changes. Since April 30, 1997 there has been no event or condition of any character that has had, or can reasonably be expected to have, a material adverse effect on the financial condition, results of operations, cash flow, business or prospects of Tong. Tong has not since April 30, 1997:

(a) made any material change in the conduct of its business and operations or failed to operate its business so as to preserve its business organization intact and to preserve the good will of its customers, suppliers and others with whom it has significant business relations;

(b) entered into any agreement or transaction not in the ordinary course of business;

(c) incurred any obligation or liability, absolute or contingent, except trade or business obligations incurred in the ordinary course of business or sales, income, franchise, or ad valorem taxes accruing or becoming payable in the ordinary course of business;

(d) declared or paid any dividend or other distribution with respect to any of its capital stock or purchased any of its capital stock;

(e) acquired or disposed of any assets material to its business or operations;

(f) subjected any of its assets to any Lien other than Permitted Liens;

(g) increased the rate of compensation (including bonuses, contingent severance payments, retirement, profit sharing, benefit or similar payments) payable or to become payable to any of its officers, directors or employees;

(h) adopted any employee welfare, pension, retirement, profit sharing or similar plan or made any material addition to or modification of existing plans;

(i) experienced any labor trouble or any controversy or unsettled grievance involving any personnel;

(j) terminated or received notice of the termination of any contract, commitment or transaction that is material to it, or waived any right of material value to it;

(k) made any material change in any accounting principle, procedure or practice followed by it;

(l) except for the execution and delivery of this Agreement, issued any stock or merged or consolidated with any other business or agreed to do so;

(m) made any capital expenditure or entered into any Lease;

(n) borrowed any money or guaranteed or assumed any indebtedness of others;

(o) suffered any extraordinary losses or any material damage, destruction or casualty with respect to its assets, or experienced any events, conditions, losses or casualties which have resulted in or might result in claims under its insurance policies of an aggregate of \$25,000 or more;

(p) loaned any money to any Person;

(q) defaulted under any note, loan, mortgage, guarantee or other instrument of indebtedness or any Material Contract;

(r) received any notification, warning or inquiry from or given any notification to or had any communication with any Governmental Entity, with respect to any proposed remedial action or any violation or alleged or possible violation of any law, rule, regulation or order relating to or affecting its business, nor are any facts known to Tong that may reasonably be expected to give rise to any such notification, warning or inquiry;

(s) transferred any asset, right or interest to, or entered into any transaction with any Shareholder or any of their Affiliates;

(t) amended its Articles of Incorporation;

(u) received notice or had knowledge or reason to believe that any substantial customer of Tong has terminated or intends to terminate its relationship with Tong;

(v) waived any right in connection with any aspect of its business that could have a material effect on the business of Tong; or

(w) made any agreement or commitment to do any of the foregoing.

Section 3.15 Suppliers and Customers. To the knowledge of Shareholder, (a) no supplier providing products, materials or services to Tong intends to cease selling such products, materials or services to Tong or to limit or reduce such sales to Tong or materially alter the terms or conditions of such sales and (b) no customer of Tong intends to terminate, limit or reduce its or their business relations with Tong.

Section 3.16 Properties.

(a) Tong does not own, and has never owned, any real property other than as described in the Disclosure Schedule. Tong has good title to all material properties and assets reflected in the Disclosure Schedule, free and clear of any Liens.

(b) The Disclosure Schedule sets forth a complete

and correct list of all Leases, all of which are valid and enforceable and in full force and effect. Complete and correct copies of each Lease have been made available to SESI. Tong is in full compliance with and has not received a notice of default under any Lease and Tong is not involved in any dispute under any Lease, the effect of which would have a material adverse effect on the business, assets or financial condition of Tong.

(c) Except as described in the Disclosure Schedule, there are no developments affecting any of Tong's owned or leased properties or assets pending or threatened which could materially detract from the value of such property or assets, materially interfere with any present or intended use of any such property or assets or materially adversely affect the marketability of such properties or assets.

Section 3.17 Permits; Compliance with Laws. Tong (a) has all necessary permits, licenses and governmental authorizations required for the lease, ownership, occupancy or operation of its properties and assets and the carrying on of its business, and (b) has conducted its business in substantial compliance with and is in substantial compliance with all applicable laws, regulations, orders, permits, judgments, ordinances or decrees of any Governmental Entity.

Section 3.18 Material Contracts. The Disclosure Schedule lists and describes all Material Contracts. A complete and correct copy of each Material Contract has been furnished to or made available to SESI. Each Material Contract is valid, binding and enforceable, except to the extent that enforcement may be limited by bankruptcy, reorganization, insolvency and other similar laws and court decisions relating to or affecting the enforcement of creditors' rights generally and by equitable principles. Tong and each other party to each Material Contract are in compliance in all material respects with the provisions of such Material Contract.

Section 3.19 Litigation. There are no Proceedings pending or threatened against Tong and, to the knowledge of Shareholder, there have been no events and there are no facts or circumstances that could result in any Proceedings.

Section 3.20 Environmental Matters. Tong is not in violation of any Applicable Law relating to the environment and Tong is not a party to any proposed removal, response, remedy or remedial action. Tong has not received any notice that any investigation, administrative order, consent order and agreement, removal or remedial action, litigation or settlement with respect to any environmental permit, law or regulation is proposed, threatened, anticipated or in existence with respect to any of Tong's leased or owned properties. The properties currently and previously leased or owned by Tong are not and have never been on or associated with any "national priorities" list or any equivalent state list or any federal or state "superlien" list. Tong has made available to SESI all internal and external environmental audits and studies in Tong's possession relating to the leased or owned properties of Tong and all correspondence on substantial environmental matters relating to the leased or owned properties of Tong.

Section 3.21 ERISA and Related Matters.

(a) The Disclosure Schedule lists each Employee Plan that Tong maintains, administers, contributes to, or has any contingent liability with respect thereto. Tong has provided a true and complete copy of each such Plan, current summary plan description, (and, if applicable, related trust documents) and all amendments thereto and written interpretations thereof together with (i) all annual reports, if any, that have been prepared in connection with each such Employee Plan; (ii) all material communications received from or sent to the Internal Revenue Service or the Department of Labor within the last two years (including a written description of any oral communications); and (iii) the most recent Internal Revenue Services determination letter with respect to each Employee Plan and the most recent application for a determination letter.

(b) Tong does not maintain or administer and has

never maintained or administered an Employee Plan which is or was (i) a plan subject to Title IV of ERISA or (ii) a Multiemployer Plan.

(c) The Disclosure Schedule identifies each Benefit Arrangement that Tong maintains, or administers. Except as set forth in the Disclosure Schedule, Tong has made all contributions to and has no contingent liability with respect to any of its Benefit Arrangements. Tong has furnished to SESI copies or descriptions of each Benefit Arrangement. To the knowledge of Shareholder, each Benefit Arrangement has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations which are applicable to such Benefit Arrangement.

(d) Benefits under any Employee Plan or Benefit Arrangement are as represented in said documents and have not been increased or modified (whether written or not written) subsequent to the dates of such documents. Tong has not communicated to any employee or former employee any intention or commitment to modify any Employee Plan or Benefit Arrangement or to establish or implement any other employee or retiree benefit or compensation arrangement.

(e) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code is so qualified and has been so qualified during the period from its adoption to date, and, to the knowledge of Shareholder, no event has occurred since such adoption that would adversely affect such qualification and each trust created in connection with each such Employee Plan forming a part thereof is exempt from tax pursuant to Section 501(a) of the Code. To the knowledge of Shareholder, each Employee Plan has been maintained and administered in compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code.

(f) To the knowledge of Shareholder, full payment has been made of all amounts which Tong is or has been required to have paid as contributions to any Employee Plan or Benefit Arrangement under applicable law or under the terms of any such plan or any arrangement.

(g) To the knowledge of Shareholder, neither Tong nor any of its shareholders, directors, officers or employers has engaged in any transaction with respect to an Employee Plan that could subject Tong to a tax, penalty or liability for a prohibited transaction, as defined in Section 406 of ERISA or Section 4975 of the Code.

(h) To the knowledge of Shareholder, Tong has no current or projected liability in respect of post-retirement or post-employment welfare benefits for retired, current or former employees. No health, medical, death or survivor benefits have been provided under any Benefit Arrangement to any person who is not an employee or former employee of Tong or a dependent thereof.

(i) There is no litigation, administrative or arbitration proceeding or other dispute pending or threatened that involves any Employee Plan or Benefit Arrangement which could reasonably be expected to result in a liability to Tong, any employees or directors of Tong, or any fiduciary (as defined in ERISA Section 3(21)) of such Employee Plan or Benefit Arrangement.

(j) No employee or former employee of Tong will become entitled to any bonus, retirement, severance, job security or similar benefit or enhanced benefit (including acceleration of compensation, an award, vesting or exercise of an incentive award) or any fee or payment of any kind solely as a result of any of the transactions contemplated hereby.

(k) Tong is not a party to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code (i.e., a golden parachute).

Section 3.22 Taxes.

(a) All Returns required to be filed by or on behalf of Tong have been duly filed on a timely basis and such Returns (including all attached statements and schedules) are true, complete and correct. All Taxes have been paid in full on a timely basis, and no other Taxes are payable by Tong with respect to items or periods covered by such Returns (whether or not shown on or reportable on such Returns) or with respect to any period prior to the Closing Date.

(b) Tong has withheld and paid over all Taxes required to have been withheld and paid over (including any estimated taxes), and has complied with all information reporting and backup withholding requirements, including maintenance of required records with respect thereto, in connection with amounts paid or owing to any employee, creditor, independent contractor, or other third party.

(c) There are no Liens on any of the assets of Tong with respect to Taxes, other than Liens for Taxes not yet due and payable or for Taxes that are being contested in good faith through appropriate proceedings and for which appropriate reserves have been established.

(d) Tong has furnished or made available to SESI true and complete copies of: (i) all federal and state income and franchise tax returns of Tong for all periods beginning on or after January 1, 1994, and (ii) all tax audit reports, work papers statements of deficiencies, closing or other agreements received by Tong or on its behalf relating to Taxes.

(e) Except as disclosed on the Disclosure Schedule or in documents provided to or made available to SESI:

(i) The Returns of Tong have never been audited by a governmental or taxing authority, nor is any such audit in process, pending or threatened (formally or informally).

(ii) No deficiencies exist or have been asserted (either formally or informally) or are expected to be asserted with respect to Taxes of Tong, and no notice (either formally or informally) has been received by Tong that it has not filed a Return or paid Taxes required to be filed or paid by it.

(iii) Tong is not a party to any pending action or proceeding for assessment or collection of Taxes, nor has such action or proceeding been asserted or threatened (either formally or informally) against it or any of its assets.

(iv) Except as reflected in the Returns or as disclosed on the Disclosure Schedule, no waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of Tong.

(v) There are no requests for rulings, subpoenas or requests for information pending with respect to Tong.

(vi) No power of attorney has been granted by Tong, with respect to any matter relating to Taxes.

(vii) The amount of liability for unpaid Taxes of Tong for all periods ending on or before the Effective Time will not, in the aggregate, exceed the amount of the current liability accruals for Taxes (excluding reserves for deferred Taxes), as such accruals are reflected on the balance sheet of Tong as of the Closing Date.

(f) Except as disclosed on the Disclosure Schedule, or as described in documents furnished to or made available to SESI:

(i) Tong has not made an election, and is not required to treat any asset as owned by another person for federal income tax purposes or as tax-exempt bond financed property or tax-exempt use property within the meaning of section 168 of the Code.

(ii) Tong has not issued or assumed any indebtedness that is subject to section 279(b) of the Code.

(iii) Tong has not entered into any compensatory agreements with respect to the performance of services which payment thereunder would result in a nondeductible expense to Section 280G of the Code or an excise tax to the recipient of such payment pursuant to Section 4999 of the Code.

(iv) No election has been made under Section 338 of the Code with respect to Tong and no action has been taken that would result in any income tax liability to Tong as a result of deemed election within the meaning of Section 338 of the Code.

(v) No consent under Section 341(f) of the Code has been filed with respect to Tong.

(vi) Tong has not agreed, nor is it required to make, any adjustment under Code Section 481(a) by reason of change in accounting method or otherwise.

(vii) Tong has not disposed of any property that has been accounted for under the installment method.

(viii) Tong is not a party to any interest rate swap, currency swap or similar transaction.

(ix) Tong is not a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code and SESI is not required to withhold tax on the acquisition of the stock of Tong.

(x) Tong has not participated in any international boycott as defined in Code Section 999.

(xi) Tong is not subject to any joint venture, partnership or other arrangement or contract that is treated as a partnership for federal income tax purposes.

(xii) Tong has not made any of the foregoing elections and is not required to apply any of the foregoing rules under any comparable state or local income tax provisions.

(xiii) Tong does not have and has never had a permanent establishment in any foreign country, as defined in any applicable tax treaty or convention between the United States and such foreign country.

(xiv) The transactions contemplated herein are not subject to the tax withholding provisions of Section 3406 of the Code, or of Subchapter A of Chapter 3 of the Code, or of any other provision of law.

(g) Set forth in the Disclosure Schedule or in documents furnished or made available to SESI is accurate and complete information with respect to each of the following for all tax periods beginning January 1, 1994:

(i) All material tax elections in effect with respect to Tong;

(ii) The net operating losses of Tong by taxable year;

(iii) The net capital losses of Tong; and

(iv) The tax credit carry overs of Tong.

(h) (i) Neither Shareholder nor Tong has taken or agreed to take any action that would prevent the Merger from constituting a reorganization qualifying under the provisions of section 368(a) of the Code.

(ii) There is no plan or intention by Shareholder to sell, exchange or otherwise dispose of a number of shares of SESI Common Stock to be received in the Merger that would reduce the Shareholder's ownership of SESI Common Stock to a number of shares having a value, as of the Effective Time, of less than 50 percent of the value of all of the Tong Common Stock outstanding immediately prior to the Effective Time.

(iii) Immediately following the Effective Time, Tong Acquisition will hold at least 90 percent of the fair market value of the net assets of Tong and at least 70 percent of the fair market value of the gross assets of Tong held immediately prior thereto. For purposes of this representation, amounts used by Tong to pay Merger expenses and all redemptions and distributions made by Tong will be included as assets of Tong immediately prior to the Merger.

(iv) Shareholder and Tong will each pay their respective expenses, if any, incurred in connection with the Merger.

(v) There is no intercorporate indebtedness existing between Tong and SESI or between Tong and Tong Acquisition that was issued, acquired or will be settled at a discount.

(vi) Tong is not an investment company as defined in Section 368(a)(3)(A) of the Code.

Section 3.23 Transactions with Certain Persons. Except for employment relationships in the ordinary course of business, no employee of Tong or any of their Affiliates is presently a party to any transaction with Tong, including without limitation any contract, agreement or other arrangement providing for the furnishing of services by or the rental of real or personal property from any such person or from any of their Affiliates.

Section 3.24 Intellectual Property. Tong either owns or has valid licenses to use all patents, copyrights, trademarks, software, databases, and other technical information used in its business as presently conducted, subject to limitations contained in the agreements governing the use of same, which limitations are customary for companies engaged in businesses similar to Tong. There are no limitations contained in any such agreements which will alter any such rights, breach any such agreement or any third-party vendor, or require payments of additional sums thereunder. Tong is in compliance with all such licenses and agreements and there are no pending or, to the knowledge of Shareholder, threatened Proceedings challenging or questioning the validity or effectiveness of any license or agreement relating to such property or the right of Tong to use, copy, modify or distribute the same.

Section 3.25 Insurance. SESI has been provided access to all insurance policies or binders which relate to Tong's business. All premiums due under such policies and binders have been paid or accrued for on the Tong Financial Statements and all such policies and binders are in full force and effect and no notice of cancellation or nonrenewal of any such policy or binder has been received by Tong and no notice of disallowance of any claim under any insurance policy or binder, whether or not currently in effect, has been received by Tong. Tong has no liability for or exposure to any premium expense for expired policies and there are no current claims by Tong under any such policy or binder nor are there any insured losses for which claims have not been made.

Section 3.26 Safety and Health. The property and assets of Tong have been and are being operated in compliance with all Applicable Laws designed to protect safety or health, or both, including without limitation, the Occupational Safety and Health Act, and the regulations promulgated pursuant thereto. Tong has not received any written notice of any violations, deficiency, investigation or inquiry from any Governmental Entity, employer or third party under any such law and, to the knowledge of Shareholder, no such investigation or inquiry is planned or threatened.

Section 3.27 Bank Accounts; Powers of Attorney. The Disclosure Schedule sets forth with respect to each bank account or cash account maintained by Tong at any bank, brokerage or other financial firm, the name of the institution at which such account is maintained, the number of the account, and the names of the individuals having authority to withdraw funds from such account.

Section 3.28 Compensation Agreements. The Disclosure

Schedule lists all written employment, commission, bonus or other compensation and consulting agreements to which Tong is a party. Except as set forth on the Disclosure Schedule, Tong is not a party to any written or oral employment, commission, bonus or other compensation or consulting agreement which Tong may not terminate without any payment or penalty, at will, with or without cause, except to the extent that employment at will may be limited by Applicable Law.

Section 3.29 Director and Officer Indemnification. The directors and officers of Tong are not entitled to indemnification by Tong, except to the extent that indemnification rights are provided for generally in Louisiana and there are no pending claims for indemnification by any director or officer of Tong.

Section 3.30 Documents and Written Materials. Originals or true and complete copies of all documents or other written materials underlying items listed in the Disclosure Schedule have been furnished or made available to SESI in the form in which each of such documents is in effect, and will not be modified in any material respect prior to the Closing Date without SESI's prior written consent.

Section 3.31 Effectiveness of Representations and Warranties. All of the representations and warranties of Tong and Shareholder in this Agreement shall be true in all material respects on the Closing Date and shall be deemed to have been made again by Tong and Shareholder on and as of the Closing Date.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SESI AND TONG ACQUISITION

SESI and Tong Acquisition represent and warrant to and agree with Tong and Shareholder as follows:

Section 4.1 Organization. SESI and Tong Acquisition are corporations duly organized, validly existing and in good standing under the laws of Delaware and Louisiana, respectively, and have all requisite corporate power and authority to own their properties and carry on their businesses as now being conducted.

Section 4.2 Capitalization. As of the date of this Agreement, the authorized capital stock of SESI consists of 40,000,000 shares of common stock, \$.001 par value per share, 19,027,867 of which are validly issued and outstanding, and 5,000,000 of preferred stock, \$.01 par value, none of which are outstanding. SESI owns all of the issued and outstanding shares of Tong Acquisition's capital stock.

Section 4.3 Authority; Enforceability. Each of SESI and Tong Acquisition has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its obligations hereunder. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of each of SESI and Tong Acquisition and no other corporate proceedings on the part of either SESI or Tong Acquisition are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly executed and delivered by each of SESI and Tong Acquisition and constitutes a valid and binding obligation of each of SESI and Tong Acquisition, enforceable against each of them in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and equitable principles which may limit the availability of certain equitable remedies in certain instances.

Section 4.4 Consents and Approvals; Conflicts. No filing with or notice to, and no permit, authorization, consent or approval of, any Governmental Entity is necessary for the execution and delivery by either SESI or Tong Acquisition of this Agreement or the consummation by either SESI or Tong Acquisition of the transactions contemplated hereby. Neither the execution and delivery of this Agreement by either SESI or

Tong Acquisition, nor the consummation of the transactions contemplated hereby, will violate any of the provisions of the Articles of Incorporation or Bylaws of either SESI or Tong Acquisition or conflict with or result in a breach of, or give rise to a right of termination of, or accelerate the performance required by, any terms of any court order, consent decree, note, bond, mortgage, indenture, deed of trust, or any license or agreement binding on either SESI or Tong Acquisition or to which either SESI or Tong Acquisition is subject or a party, or constitute a default thereunder, or result in the creation of any Lien upon any of the assets or result in the creation of any Lien upon any of the assets of either SESI or Tong Acquisition, except for any such conflict, breach, termination, acceleration, default or Lien which would not have a material adverse effect on (a) the business, assets or financial condition of either SESI or Tong Acquisition or (b) either SESI's or Tong Acquisition's ability to consummate any of the transactions contemplated hereby.

Section 4.5 SESI Common Stock. All shares of SESI Common Stock to be issued pursuant to this Agreement will be, when issued, duly authorized, validly issued, fully paid and non-assessable.

Section 4.6 SESI Disclosure. The SESI Disclosure Documents do not include any misstatement of any fact material to the assets, business, operations, financial condition and prospects of SESI, taken as a whole, or omit to state such a material fact necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading.

Section 4.7 Effectiveness of Representations and Warranties. All of the representations and warranties of SESI and Tong Acquisition in this Agreement shall be true in all material respects on the Closing Date and shall be deemed to have been made again by SESI and Tong Acquisition on and as of the Closing Date.

ARTICLE 5 PRE-CLOSING COVENANTS

Section 5.1 Legal Requirements. Subject to the conditions set forth in Section 6 and to the other terms and provisions of this Agreement, each of the parties to this Agreement agrees to take, or cause to be taken, all reasonable actions necessary to comply promptly with all legal requirements applicable to it with respect to the transactions contemplated by this Agreement and will promptly cooperate with and furnish information to each other in connection with any such requirements imposed upon any of them. Each of SESI, Tong Acquisition, Tong and Shareholder will take all reasonable actions necessary to obtain, and will cooperate with each other in obtaining, any consent, authorization, order or approval of, or any exemption by, any Governmental Entity or other public or private party, required to be obtained or made by it or the taking or any action contemplated by this Agreement.

Section 5.2 Access to Properties and Records. Until the Closing Date, Tong and Shareholder shall allow SESI and its authorized representatives full access, during normal business hours and on reasonable notice, to all of Tong's properties, offices, vehicles, equipment, inventory and other assets, documents, files, books and records, in order to allow SESI a full opportunity to make such investigation and inspection as it desires of Tong's business and assets. Tong and Shareholder shall further use their best efforts to cause the employees, counsel and regular independent certified public accountants of Tong to be available upon reasonable notice to answer questions of SESI's representatives concerning the business and affairs of Tong, and shall further use their best efforts to cause them to make available all relevant books and records in connection with such inspection and examination, including without limitation work papers for all audits and reviews of financial statements of Tong.

Section 5.3 Conduct of Business. From and after the date of this Agreement and until the Closing Date, SESI and Tong shall each conduct their respective businesses in the ordinary course and consistently with past practice, except as expressly

required or otherwise permitted by this Agreement or disclosed in the Disclosure Schedule, and shall not take or permit any action which would cause any of their representations made in this Agreement not to be true and correct on the Closing Date.

Section 5.4 Public Statements. Prior to the Closing Date, none of the parties to this Agreement shall, and each party shall use its best efforts so that none of its advisors, officers, directors or employees shall, except with the prior written consent of the other parties, publicize, announce or describe to any third person, except their respective advisors and employees, the execution or terms of this Agreement, the parties hereto or the transactions contemplated hereby, except as required by law or as required pursuant to this Agreement to obtain the consent of such third person; provided, in any case, that SESI may make such disclosures and announcements as may be necessary or advisable under applicable securities laws.

Section 5.5 No Solicitation. Shareholder and Tong will not prior to the Closing Date or the termination of this Agreement pursuant to Section 8.1, (nor will they permit any of their affiliates or any of Tong's officers, directors or agents to) directly or indirectly solicit or participate or engage in or initiate any negotiations or discussions, or enter into or authorize any agreement or agreements in principle, or announce any intention to do any of the foregoing, with respect to any offer or proposal to acquire all or any significant part of Tong's business and properties or any Tong Common Stock whether by merger, purchase of assets, purchase of stock or otherwise. Shareholder and Tong will notify SESI promptly upon receipt of any inquiry, offer or other communication from any third party regarding any such activities.

Section 5.6 Update Information. Each party hereto will promptly disclose to the other any information contained in its representations and warranties that because of an event occurring after the date hereof is incomplete or no longer correct; provided, however, that none of such disclosures will be deemed to modify, amend, or supplement the representations and warranties of such party, unless the other party consents to such modification, amendment, or supplement in writing.

ARTICLE 6 CLOSING CONDITIONS

Section 6.1 Conditions Applicable to all Parties. The respective obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or, where permissible, waiver by such party of the following conditions at or prior to the Closing Date:

(a) No statute, rule, regulation, executive order, decree, preliminary or permanent injunction or restraining order shall have been enacted, entered, promulgated or enforced by any court of competent jurisdiction or other Governmental Entity which prohibits or restricts the consummation of the transactions contemplated by this Agreement, and no action, suit, claim or proceeding by a state or federal Governmental Entity before any court or other Governmental Entity shall have been commenced and be pending which seeks to prohibit or restrict the consummation of the transactions contemplated by this Agreement.

(b) SESI and Tong shall have received an opinion of Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P. to the effect that the Merger constitutes a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(D) of the Code, that Shareholder will recognize no gain or loss for federal income tax purposes with respect to SESI Common Stock received by him in connection with the Merger, and that no gain or loss for federal income tax purposes will be recognized by SESI, Tong Acquisition or Tong as a result of the Merger.

(c) Shareholder shall have entered into the Employment Agreement.

Section 6.2 Conditions to Obligations of SESI and Tong Acquisition. The obligations of SESI and Tong Acquisition to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions unless

waived by SESI and Tong Acquisition:

(a) The representations and warranties of Tong and Shareholder set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except as otherwise contemplated by this Agreement, and Tong and Shareholder shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(b) All consents and approvals of third parties necessary for consummation of the transactions contemplated by this Agreement shall have been obtained. Tong and Shareholder shall have used their best efforts to obtain all necessary permits, authorizations, consents and approvals required by such Governmental Entities prior to the Closing Date.

(c) SESI shall have had a full opportunity to conduct inspections of the operating assets and books and records of Tong. Tong shall have provided SESI certified copies of its Articles of Incorporation and certificates of existence, good standing and qualification to do business as a foreign corporation, certified by the Secretary of State of the State of Louisiana.

(d) SESI shall have received a certificate of a duly authorized officer of Tong, dated the Closing Date, certifying as to the incumbency of any person executing this Agreement or any certificate or other document delivered in connection with this Agreement and certifying as to such other matters as SESI shall reasonably request.

(e) Any and all changes made to the Disclosure Schedule or to the representations and warranties of Tong and Shareholder shall be satisfactory in all respects to SESI.

Section 6.3 Conditions to Obligations of Tong and Shareholder. The obligations of Tong and Shareholder to consummate the transactions contemplated by this Agreement are subject to the satisfaction for the following conditions, unless waived by Shareholder:

(a) The representations and warranties of SESI and Tong Acquisition set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except as otherwise contemplated by this Agreement, and SESI and Tong Acquisition shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(b) Tong and Shareholder shall have received a certificate of a duly authorized officer of SESI and Tong Acquisition, dated the Closing Date, and certifying as to the incumbency of any person executing this Agreement or any certificate or other document delivered in connection with this Agreement and certifying such other matters as Tong and Shareholder shall reasonably request.

ARTICLE 7 POST-CLOSING COVENANTS

Section 7.1 Registration Rights.

(a) Shareholder may request in writing that SESI effect the registration under the Securities Act of all or any part of the Registrable Shares owned by Shareholder. Thereupon, SESI shall, as expeditiously as possible, take such steps as are necessary to effect the registration of all Registrable Shares that SESI has been requested to so register. SESI shall be obligated to prepare and file at its expense one registration statement under the Securities Act pursuant to this Section 7.1(a); provided, however, that SESI may for up to a 90 day period defer filing a registration statement and from time to time suspend the ability of Shareholder to resell Registrable Shares pursuant to such registration statement if SESI reasonably concludes, after consultation with Shareholder, that filing a registration statement or updating the prospectus contained therein would (i) interfere with or adversely affect

the negotiation or completion of any transaction that is being contemplated by SESI at the time the right to delay is exercised or (ii) involve an initial or continuing disclosure obligation that would not be in the best interest of SESI's stockholders. If at any time SESI defers filing a registration statement or suspends the ability to sell the Registrable Shares pursuant to such registration statement, SESI shall use its best efforts to file such registration statement or permit resales of Registrable Shares pursuant to such registration statement as soon as thereafter as practicable; provided, however, that the foregoing shall not require SESI to alter its actions with respect to any pending corporate developments or business transactions of the nature described in clauses (i) and (ii) above.

(b) Whenever SESI proposes to file a registration statement (other than pursuant to Section 7.1(a)) relating to SESI Common Stock proposed to be sold for SESI's account at any time and from time to time, it will, prior to such filing, give written notice to Shareholder of its intention to do so and, upon the written request of Shareholder given within 30 days after SESI provides such notice (which request shall state the intended method of disposition of such Registrable Shares), SESI shall use its best efforts to cause all Registrable Shares that SESI has been requested by Shareholder to register to be registered under the Securities Act to the extent necessary to permit their sale or other disposition in accordance with the intended methods of distribution specified in the request of Shareholder; provided that SESI shall have the right to postpone or withdraw any registration effected pursuant to this Section 7.1(b) without obligation to Shareholder. In connection with any offering under this Section 7.1(b) involving an underwriting, SESI shall not be required to include any Registrable Shares in such offering unless the holders thereof accept the terms of the underwriting as agreed upon between SESI and the underwriters selected by it (provided that such terms must be consistent with this Agreement), and then only in such quantity as will not, in the opinion of the underwriters, jeopardize the success of the offering by SESI. If in the opinion of the managing underwriter the registration of all, or part of, the Registrable Shares that Shareholder has requested to be included would materially and adversely affect such public offering, then SESI shall be required to include in the underwriting only that number of Registrable Shares, if any, that the managing underwriter believes may be sold without causing such adverse effect.

(c) SESI will pay all the expenses incurred by SESI in complying with this Section 7.1, including, without limitation, all registration and filing fees, exchange listing fees, printing expenses, fees, and expenses of counsel for SESI, state "blue sky" fees and expenses, and the expense of any special audits incident to or required by any such registration, but excluding underwriting discounts, selling commissions, and the fees and expenses of selling Shareholder's own counsel.

(d) Shareholder agrees not to effect any public sale or distribution (including sales pursuant to Rule 144) of Registrable Shares during the seven (7) days prior to (provided that Shareholder receives a notice from SESI of a commencement of such 7-day period) and up to a 180-day period beginning on the effective date of any underwritten registration effected pursuant to Section 7.1(a) or any registration effected pursuant to Section 7.1(b) in which Registrable Shares are included (except as part of such underwritten registration), that may be requested by the underwriters managing the public offering.

(e) If and whenever SESI is required by the provisions of this Agreement to use its best efforts to effect the registration of any of the Registrable Shares under the Securities Act, SESI shall file with the Securities and Exchange Commission a registration statement with respect to such Registrable Shares and use its best efforts to cause that registration statement to become and remain effective and any amendments and supplements to the registration statement and the prospectus included in the registration statement as may be necessary to keep the registration statement effective, in the case of a firm commitment underwritten public offering, until each underwriter has completed the distribution of all

securities purchased by it and, in the case of any other offering, until the earlier of the sale of all Registrable Shares covered thereby or 90 days after the effective date thereof.

(f) Each holder of Registrable Shares included in any registration shall furnish to SESI such information regarding such holder and the distribution proposed by such holder as SESI may request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Section 7.1.

(g) SESI agrees to:

(i) comply with the requirements of Rule 144(c) under the Securities Act with respect to current public information about SESI;

(ii) use its best efforts to file with the Securities and Exchange Commission in a timely manner all reports and other documents required of SESI under the Securities Act and the Exchange Act; and

(iii) furnish to any holder of Registrable Shares upon request (i) a written statement by SESI as to its compliance with the requirements of Rule 144(c) and the reporting requirements of the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of SESI, and (iii) such other reports and documents of SESI as such holder may reasonably request to avail itself of any similar rule or regulation of the Securities and Exchange Commission allowing it to sell any such securities without registration.

ARTICLE 8 TERMINATION AND AMENDMENT

Section 8.1 Termination. This Agreement may be terminated and may be abandoned at any time prior to the Closing Date:

(a) by mutual consent of SESI and Tong;

(b) by SESI or Tong, as the case may be, if (a) there shall have been a material breach of any representation, warranty, covenant or agreement on the part of Tong or Shareholder or on the part of SESI or Tong Acquisition, as the case may be, which breach shall not have been cured prior to the earlier of (i) 10 days following notice of such breach and (ii) the Closing Date; or (b) any permanent injunction or other order of a court or other competent Governmental Entity preventing the transactions contemplated by this agreement shall have become final and nonappealable; or

(c) by SESI or Tong if the transactions contemplated by this Agreement shall not have been consummated on or before June 15, 1997; provided, that the right to terminate this Agreement under this Section 8.1(c) shall not be available to any party whose breach of its representations and warranties in this Agreement or whose failure to perform any of its covenants and agreements under this Agreement has resulted in the failure of the transactions contemplated by this agreement to occur on or before such date.

Section 8.2 Effect of Termination. In the event of a termination of this Agreement as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no liability or obligation under any provisions hereof on the part of SESI or Tong or their respective officers, directors or stockholders, except (a) pursuant to the covenants and agreements contained in Section 11.1 and this Section 8.2 and (b) to the extent that such termination results from the willful material breach by a party hereto of any of its representations, warranties, covenants or agreements set forth in this Agreement, in which case the non-breaching party shall have a right to recover its damages caused thereby.

Section 8.3 Amendment. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

Section 8.4 Extension; Waiver. At any time prior to the Closing Date, the parties hereto may, in their respective sole discretion and to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto; (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant thereto; and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed by or on behalf of such party.

ARTICLE 9
INDEMNIFICATION; REMEDIES

Section 9.1 Indemnification by Shareholder. Except as otherwise expressly provided in this Article 9, Shareholder shall defend, indemnify and hold harmless SESI and each of SESI's officers, directors, employees, Affiliates, successors and assigns (SESI and such persons, collectively, "SESI's Indemnified Persons"), and shall reimburse SESI's Indemnified Persons, for, from and against each and every demand, claim, action, loss (which shall include any diminution in value), liability, judgment, damage, cost and expense (including, without limitation, interest, penalties, costs of preparation and investigation, and the reasonable fees, disbursements and expenses of attorneys, accountants and other professional advisors) (collectively, "Losses") imposed on or incurred by SESI's Indemnified Persons, directly or indirectly, relating to, resulting from or arising out of: (a) any inaccuracy in any representation or warranty of Shareholder in this Agreement or any certificate, document or other instrument delivered or to be delivered pursuant hereto in any respect whether or not SESI's Indemnified Persons relied thereon or had knowledge thereof or (b) any breach or nonperformance of any covenant, agreement or other obligation of Shareholder under this Agreement or any certificate, document or other instrument delivered or to be delivered pursuant hereto; provided, however, that, except for a knowing and intentional breach of any representation or warranty of Shareholder in this Agreement (as to which there shall be no Minimum Amount), Shareholder shall have no liability under Section 9.1(a) unless and until the aggregate of all Losses resulting therefrom exceeds \$25,000 (the "Shareholder's Minimum Amount"), in which event Shareholder shall be liable for all Losses in excess of Shareholder's Minimum Amount.

Section 9.2 Indemnification by SESI. Except as otherwise expressly provided in this Article 9, SESI shall defend, indemnify and hold harmless to Shareholder and each of the Shareholder's successors and assigns (Shareholder and such persons, collectively, "Shareholder's Indemnified Persons"), and shall reimburse Shareholder's Indemnified Persons for, from and against all Losses imposed on or incurred by Shareholder's Indemnified Persons, directly or indirectly, relating to, resulting from or arising out of: (a) any inaccuracy in any representation or warranty of SESI in this Agreement or any certificate, document or other instrument delivered or to be delivered pursuant hereto in any respect, whether or not Shareholder's Indemnified Persons relied thereon or had knowledge thereof, or (b) any breach or nonperformance of any covenant, agreement or other obligation of SESI under this Agreement or any certificate, document or other instrument delivered or to be delivered pursuant hereto; provided, however, that except for a knowing and intentional breach of any representation or warranty of SESI in this Agreement (as to which there shall be no Minimum Amount), SESI shall have no liability under this Section 9.2(b) unless and until the aggregate of all Losses exceeds \$25,000 ("SESI Minimum Amount"), in which event SESI shall be liable for all Losses in excess of SESI's Minimum Amount.

Section 9.3 Notice and Defense of Third Party Claims. If any third party demand, claim, action or proceeding shall be brought or asserted under this Article 9 against an indemnified party or any successor thereto (the "Indemnified Person") in respect of which indemnity may be sought under this Article 9 from an indemnifying person or any successor thereto (the "Indemnifying Person"), the Indemnified Person shall give prompt written notice thereof to the Indemnifying Person who

shall have the right to assume its defense, including the hiring of counsel reasonably satisfactory to the Indemnified Person and the payment of all expenses; except that any delay or failure to so notify the Indemnifying Person shall relieve the Indemnifying Person of its obligations under this Article 9 only to the extent, if at all, that it is prejudiced by reason of such delay or failure. The Indemnified Person shall have the right to employ separate counsel in any of the foregoing actions, claims or proceedings and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Person unless both the Indemnified Person and the Indemnifying Person are named as parties and the Indemnified Person shall in good faith determine that representation by the same counsel is inappropriate. In the event that the Indemnifying Person, within ten days after notice of any such action or claim, does not assume the defense thereof, the Indemnified Person shall have the right to undertake the defense, compromise or settlement of such action, claim or proceeding for the account of the Indemnifying Person, subject to the right of the Indemnifying Person to assume the defense of such action, claim or proceeding with counsel reasonably satisfactory to the Indemnified Person at any time prior to the settlement, compromise or final determination thereof. Anything in this Article 9 to the contrary notwithstanding, the Indemnifying Person shall not, without the Indemnified Person's prior consent, settle or compromise any action or claim or consent to the entry of any judgment with respect to any action, claim or proceeding for anything other than money damages paid by the Indemnifying Person. The Indemnifying Person may, without the Indemnified Person's prior consent, settle or compromise any such action, claim or proceeding or consent to entry of any judgment with respect to any such action or claim that requires solely the payment of money damages by the Indemnifying Person and that includes as an unconditional term thereof the release by the claimant or the plaintiff of the Indemnified Person from all liability in respect of such action, claim or proceeding.

Section 9.4 Survival of Representations and Warranties.

(a) The obligation of Shareholder to indemnify SESI's Indemnified Persons pursuant to Section 9.1 shall survive the consummation of the transactions contemplated by this Agreement, as follows:

(i) with respect to the representations and warranties in Sections 3.1 and 3.7, indefinitely;

(ii) with respect to the representations and warranties in Sections 3.20 and 3.22, until the expiration of the applicable statute of limitations period; and

(iii) with respect to all other representations and warranties of Tong and the Shareholder and any other matters covered by Section 9.1, until the second anniversary of the Closing Date.

(b) The obligation of SESI to indemnify Shareholder's Indemnified Persons pursuant to Section 9.2 shall survive the consummation of the transactions contemplated by this Agreement, as follows:

(i) with respect to the representations and warranties in Section 4.2, indefinitely; and

(ii) with respect to all other representations and warranties of SESI and any other matters covered by Section 9.2, until the second anniversary of the Closing Date.

(c) The obligations of the parties for indemnification under this Article 9 shall terminate after the expiration of the periods indicated in subsections (a) and (b) of this Section 9.4, except with respect to any Loss which has been the subject of written notice to the party against whom such claim of Loss is asserted prior to the expiration of such period, which notice will preserve such claim until it is liquidated or otherwise finally resolved pursuant to the procedures set forth in Sections 9.3 and 9.4 of this Agreement.

(d) The provisions of this Article 9 shall apply to any claim of Loss resulting or arising from any untruth or

inaccuracy of any representation or warranty of any party to this Agreement which gives rise to an indemnity to one party from another party or parties, with the intent that all such claims shall be subject to the procedures, limitations and other provisions contained in this Article 9. The indemnification provided by Sections 9.1 and Section 9.2 shall be the sole and exclusive remedy available to the parties hereto for any breach or inaccuracy of any of the representations or warranties by a party set forth in this Agreement. Notwithstanding the foregoing, the provisions of this Article 9 shall not be deemed to preclude an action by any party for, or a recovery pursuant to a final decision of a court of competent jurisdiction against any party for, actual, and not negligent or unintentional, fraud.

ARTICLE 10 DEFINED TERMS

Section 10.1 Definitions. In addition to the other defined terms used herein, as used in this Agreement, the following terms when capitalized have the meanings indicated.

"Affiliate" shall have the meaning ascribed by Rule 12b-2 promulgated under the Exchange Act.

"Applicable Law" shall mean any statute, law, rule or regulation or any judgement, order, writ, injunction or decree of any Governmental Entity to which a specified Person or its property is subject.

"Agreement" shall mean this Agreement and Plan of Merger, including the Exhibits hereto, all as amended or otherwise modified from time to time.

"Benefit Arrangement" shall mean any employment, severance or similar contract, or any other contract, plan, policy or arrangement (whether or not written) providing for compensation, bonus, profit-sharing, stock option or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-insured arrangement), health or medical benefits, disability benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits), other than the Employee Plans, that (a) is maintained, administered or contributed to by the employer and (b) covers any employee or former employee of the employer.

"Business Day" shall mean a day other than a Saturday, a Sunday or a day on which national banks are closed.

"Certificate of Merger" shall mean the Certificate of Merger in the form attached hereto as Exhibit "A".

"Closing" means the consummation of the Merger and the other transactions contemplated by this Agreement.

"Closing Date" shall mean the date on which the Closing occurs.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Disclosure Schedule" shall mean the disclosure schedules and other documents attached hereto as Exhibit "C" prepared by Tong and Shareholder in accordance with the applicable provisions of this Agreement.

"Effective Time" shall have the meaning ascribed to it in Section 1.4 hereof.

"Employee Plan" means a plan or arrangement as defined in Section 3(3) of ERISA, that (A) is subject to any provision of ERISA, (B) is maintained, administered or contributed to by the employer and (C) covers any employee or former employee of the employer.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Governmental Entity" shall mean any court or tribunal in any jurisdiction or any public, governmental or regulatory body, agency, department, commission, board, bureau or other authority or instrumentality.

"Leases" shall mean any executory lease to which Tong is subject having future rental payments of more than \$25,000 in the aggregate.

"Liens" shall mean pledges, liens, defects, leases, licenses, equities, conditional sales contracts, charges, claims, encumbrances, security interests, easements, restrictions, chattel mortgages, mortgages or deeds of trust, of any kind or nature whatsoever.

"Material Contract" means any executory contract, agreement or other understanding, whether or not reduced to writing, to which Tong or its property is subject, which provides for future payments by Tong of more than \$25,000 in the aggregate.

"Merger" means the merger of Tong with and into Tong Acquisition pursuant to this Agreement and the Certificate of Merger.

"Multiemployer Plan" means a plan or arrangement as defined in Section 4001(a)(3) and 3(37) of ERISA.

"Permitted Liens" shall mean any mechanic's, worker's, materialmen's, operator's, maritime or other liens arising as a matter of law in the ordinary course of business.

"Person" shall mean an individual, firm, corporation, general or limited partnership, limited liability company, limited liability partnership, joint venture, trust, governmental authority or body, association, unincorporated organization or other entity.

"Pre-Closing Periods" shall mean all Tax periods ending at or before the Closing Date and, with respect to any Tax period that includes but does not end at the Closing Date, the portion of such period that ends at and includes the Closing Date.

"Proceedings" means any suit, action, proceeding, dispute or claim before or investigation by any Governmental Entity.

"Registrable Shares" means SESI Common Stock issued to Shareholder pursuant to this Agreement that cannot be sold without restriction under Rule 145(d) under the Securities Act.

"Returns" means all returns, reports, estimates, declarations and statements of any nature regarding Taxes for any Pre-Closing Period required to be filed by the taxpayer relating to its income, properties or operations.

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

"SESI Common Stock" means the shares of common stock, \$.001 par value per share, of SESI.

"SESI Disclosure Documents" shall mean SESI's Annual Report on Form 10-KSB for the year ended December 31, 1996, as amended by a Form 10-KSB/A, SESI's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1997 and any other document filed by SESI with the Securities and Exchange Commission in accordance with the Exchange Act prior to the Closing Date.

"Taxes" shall mean any federal, state, local, foreign or other taxes (including, without limitation, income, alternative minimum, franchise, property, sales, use, lease, excise, premium, payroll, wage, employment or withholding taxes), fees, duties, assessments, withholdings or governmental charges of any kind whatsoever (including interest, penalties and additions to tax).

"Tong Annual Financial Statements" shall mean the

unaudited balance sheet and related unaudited statements of income, stockholders' equity and cash flows, and the related notes thereto of Tong as of and for the fiscal year ended June 30, 1996.

"Tong Common Stock" shall mean the issued and outstanding common stock, par value \$5.00 per share, of Tong and owned by Shareholder.

"Tong Financial Statements" shall mean the Tong Annual Financial Statements and the Tong Interim Financial Statements, collectively.

"Tong Interim Financial Statements" shall mean the unaudited balance sheet and the related unaudited statements of income and cash flows of Tong as of and for the ten-month period ended April 30, 1997.

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ARTICLE 11
MISCELLANEOUS

Section 11.1 Confidentiality. Until the Closing Date and subsequent to the termination of this Agreement pursuant to Section 8.1, SESI will keep confidential and will not disclose to any third party any information obtained by it from Tong or Shareholder's representatives in connection with this Agreement except (a) that information may be disclosed by SESI to its advisors in connection with the negotiation of and the activities conducted pursuant to this Agreement, or (b) to the extent that such information is or becomes generally available to the public through no act or omission of SESI in violation of this Agreement.

Section 11.2 Notices. All notices hereunder must be in writing and shall be deemed to have given upon receipt of delivery by: (a) personal delivery to the designated individual, (b) certified or registered mail, postage prepaid, return receipt requested, (c) a nationally recognized overnight courier service (against a receipt therefor) or (d) facsimile transmission with confirmation of receipt. All such notices must be addressed as follows or such other address as to which any party hereto may have notified the other in writing:

If to SESI or Tong Acquisition, to:

1503 Engineers Road
Belle Chasse, LA 70037
Attention: Terence Hall
Facsimile transmission No.: 504-393-0003

if to Tong or Shareholder:

101 W. Saul Drive
Scott, LA 70583
Facsimile transmission No.: 318-232-3835

Section 11.3 Headings; Gender. When a reference is made in this Agreement to a section, exhibit or schedule, such reference shall be to a section, exhibit or schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All personal pronouns used in this Agreement shall include the other genders, whether used in the masculine, feminine or neuter gender, and the singular shall include the plural and vice versa, whenever and as often as may be appropriate.

Section 11.4 Entire Agreement; No Third Party Beneficiaries. This Agreement (including the documents, exhibits and instruments referred to herein) (a) constitutes the entire agreement and supersedes all prior agreements, and understandings and communications, both written and oral, among the parties with respect to the subject matter hereof, and (b) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

Section 11.5 Governing Law. This Agreement shall be

governed and construed in accordance with the laws of the State of Louisiana without regard to any applicable principles of conflicts of law.

Section 11.6 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties.

Section 11.7 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by reason of any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible, and in any case such term or provision shall be deemed amended to the extent necessary to make it no longer invalid, illegal or unenforceable.

Section 11.8 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed themselves or by their respective duly authorized officers as of the date first written above.

SUPERIOR ENERGY SERVICES, INC.

By: /s/ Terence Hall

Terence Hall, President

TONG RENTALS AND SUPPLY ACQUISITION, INC.

By: /s/ Terence Hall

Terence Hall, President

TONG RENTALS AND SUPPLY COMPANY, INC.

By: /s/ Rufus L. Patin

Rufus L. Patin, President

SHAREHOLDER:

/s/ Rufus L. Patin

Rufus L. Patin