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

FORM 10-Q

(MARK ONE) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D)
X OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
[ ] OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ....TO........

COMMISSION FILE NO. 0-20310

SUPERIOR ENERGY SERVICES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware	11-3039286
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

1105 Peters Road HARVEY, LOUISIANA	70058
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

Registrant's telephone number, including area code: (504) 362-4321

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

The number of shares of the Registrant's common stock outstanding on November 4, 1999 was 59,800,091.

SUPERIOR ENERGY SERVICES, INC.
QUARTERLY REPORT ON FORM 10-Q FOR
THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1999

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ACQUISITION OF CARDINAL HOLDING CORP.

On July 15, 1999, Superior Energy Services, Inc. (the "Company") acquired Cardinal Holding Corp. ("Cardinal") through a merger of Cardinal with and into a wholly-owned subsidiary of the Company. The merger was treated for accounting purposes as an acquisition of Superior by Cardinal in a purchase business transaction. Consistent with the purchase method of accounting, the Company has carried forward the net assets of Cardinal at their historical book value and has reflected the net assets of Superior at their estimated fair value at the date of the merger. Accordingly, all historical financial results presented in the Company's consolidated financial statements for periods prior to July 15, 1999 reflect the results of Cardinal on a stand alone basis. The results of the three and nine months ended September 30, 1999 reflect three and nine months, respectively, of Cardinal's operations and two and one-half months of Superior's operations. The results for the three and nine months ended September 30, 1998 are Cardinal alone. Consequently, analyzing prior period results to determine or estimate the combined operating potential of the Company will be difficult at best and perhaps meaningless given the fact Cardinal, prior to the merger, incurred substantial non-cash and extraordinary charges during the last few years associated with a recapitalization and refinancing.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets September 30, 1999
and December 31,1998
(in thousands, except share data)

	9/30/99 (UNAUDITED)	12/31/98 (AUDITED)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 933	$ 421
Accounts receivable- net	34,873	21,591
Income tax receivable	3,169	151
Other	4,058	3,864
Total current assets	43,033	26,027
Property, plant and equipment - net	132,329	60,328
Goodwill - net	70,531	17,163
Note receivable	8,898	-
Other assets - net	3,739	4,443
Total assets	$ 258,530	$ 107,961
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	7,349	6,069
Accrued expenses	10,469	5,090
Current maturities of long-term debt	2,000	7,096
Notes payable	-	4,439
Total current liabilities	19,818	22,694
Deferred income taxes	12,276	4,997
Long-term debt	110,260	102,280
Subordinated debt	-	17,930
Stockholders' equity (deficit):		
Preferred stock of $.01 par value. Authorized, 5,000,000 shares; none issued	-	-
Preferred stock, Class C, of $.10 par value. Authorized, 25,000 shares; issued none and 20,252 at September 30, 1999 and December 31, 1998, respectively	-	2
Common stock of $.001 par value. Authorized, 125,000,000 shares; issued and outstanding 59,186,091 at September 30, 1999	59	-
Additional paid-in capital	245,426	79,687
Accumulated deficit	(129,309)	(119,629)
Total stockholders' equity (deficit)	116,176	(39,940)
Total liabilities and stockholders' equity (deficit)	$ 258,530	$ 107,961

See accompanying notes to consolidated financial statements

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
Three and Nine Months Ended September 30, 1999 and 1998
(in thousands, except per share data)
(unaudited)

	Three Months		Nine Months	
	1999	1998	1999	1998

Revenues	$ 33,729	$ 17,765	$ 68,974	$ 57,656
Costs and expenses:				
Cost of services	18,692	11,569	42,627	31,941
Depreciation and amortization	4,099	1,780	8,639	4,671
General and administrative	6,579	2,239	13,927	11,966
Total costs and expenses	29,370	15,588	65,193	48,578
Income from operations	4,359	2,177	3,781	9,078
Other income (expense):				
Interest expense	(3,061)	(3,317)	(9,562)	(9,172)
Interest income	140	-	140	-
Income (loss) before income taxes and extraordinary losses	1,438	(1,140)	(5,641)	(94)
Income taxes	460	(379)	(1,805)	67
Income (loss) before extraordinary losses	978	(761)	(3,836)	(161)
Extraordinary losses, net of income tax benefit of $2,124 in 1999 and $214 in 1998	(4,514)	-	(4,514)	(10,885)
Net loss	$ (3,536)	$ (761)	$ (8,350)	$ (11,046)
Basic earnings (loss) per share:				
Earnings (loss) before extraordinary losses	$ 0.02	$ (0.03)	$ (0.10)	$ (0.01)
Extraordinary losses	(0.08)	-	(0.12)	(0.36)
Loss per share	$ (0.06)	$ (0.03)	$ (0.22)	$ (0.37)
Diluted earnings (loss) per share:				
Earnings (loss) before extraordinary losses	$ 0.02	$ (0.03)	$ (0.10)	$ (0.01)
Extraordinary losses	(0.08)	-	(0.12)	(0.36)
Loss per share	$ (0.06)	$ (0.03)	$ (0.22)	$ (0.37)
Weighted average common shares used in computing earnings (loss) per share:				
Basic	54,719	30,240	38,489	30,240
Diluted	54,719	30,240	38,489	30,240

See accompanying notes to consolidated financial statements

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 1999 and 1998
(in thousands)
(unaudited)

	1999	1998
Cash flows from operating activities:		
Net loss	$ (8,350)	$ (11,046)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Extraordinary losses	4,514	10,885
Gain on disposal of asset	-	(732)
Stock compensation awards	-	800
Deferred income taxes	(102)	52
Depreciation and amortization	8,639	4,671
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	1,012	(2,717)
Other - net	1,243	1,163
Accounts payable	(2,426)	1,019
Accrued expenses	(735)	(2,796)
Income taxes	(2,029)	(2,360)
Net cash provided by (used in) operating activities	1,766	(1,061)
Cash flows from investing activities:		
Payments for purchases of property and equipment	(5,437)	(16,359)
Proceeds from sales of assets	-	2,700
Businesses acquired, net of cash acquired	(1,742)	(22,373)
Net cash used in investing activities	(7,179)	(36,032)
Cash flows from financing activities:		
Net (payments) borrowings on notes payable	(4,439)	1,342
Net decrease in bank overdraft	-	(416)
Proceeds from long-term debt	115,000	133,500
Principal payments on long-term debt	(156,479)	(39,240)
Debt acquisition costs	(2,615)	(4,371)
Payment of premium on subordinated debt	(835)	-
Redemption of stock warrants	-	(13,320)
Proceeds from issuance of common and preferred stock	55,000	74,353
Proceeds from exercise of stock options	293	-
Payments to redeem stock	-	(114,755)
Net cash provided by financing activities	5,925	37,093
Net increase in cash and cash equivalents	512	-
Cash and cash equivalents at beginning of period	421	-
Cash and cash equivalents at end of period	$ 933	$ -

See accompanying notes to consolidated financial statements

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements
Nine Months Ended September 30, 1999 and 1998

(1) MERGER

On July 15, 1999, the Company consummated a subsidiary merger (the "Merger") whereby it acquired all of the outstanding capital stock of Cardinal Holding Corp. ("Cardinal") from the stockholders of Cardinal in exchange for an aggregate of 30,239,568 shares of the Company's common stock (or 51% of the then outstanding common stock). The acquisition was effected through the merger of a wholly-owned subsidiary of the Company, formed for this purpose, with and into Cardinal, with the effect that Cardinal became a wholly-owned subsidiary of the Company.

As used in the consolidated financial statements for Superior Energy Services, Inc., the term "Superior" refers to the Company as of dates and periods prior to the Merger and the term "Company" refers to the combined operations of Superior and Cardinal after the consummation of the Merger.

Due to the fact that the former Cardinal shareholders received 51% of the outstanding common stock at the date of the Merger, among other factors, the Merger has been accounted for as a reverse acquisition (i.e., a purchase of Superior by Cardinal) under the purchase method of accounting. As such, the Company's consolidated financial statements and other financial information reflect the historical operations of Cardinal for periods and dates prior to the Merger. The net assets of Superior, at the time of the Merger, have been reflected at their estimated fair value pursuant to the purchase method of accounting at the date of the Merger. The net assets of Cardinal 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 the 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 Superior Energy Services, Inc.'s Proxy Statement dated June 18, 1999 and Management's Discussion and Analysis of Financial Condition and Results of Operations.

The financial information for the nine months ended September 30, 1999 and 1998, 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 nine months of the year are not necessarily indicative of the results of operations that might be expected for the entire year. Certain previously reported amounts have been reclassified to conform to the 1999 presentation.

(3) BUSINESS COMBINATIONS

On July 15, 1999, the Company acquired all of the outstanding capital stock of Cardinal for 30,239,568 shares of the Company's common stock. Because the Cardinal shareholders received 51% of the outstanding common stock at the date of the Merger, among other factors, the transaction has been accounted for as a reverse acquisition which has resulted in the adjustment of the net assets of Superior to its estimated fair value as required by the rules of purchase accounting. The net assets of Cardinal are reflected at its historical book values. The valuation of Superior's net assets is based upon the 28,849,523 common shares outstanding prior to the Merger at the approximate trading price of $3.78 at the time of the negotiation of the Merger on April 21, 1999. The purchase price allocated to net assets was $56.3 million. The revaluation reflected excess purchase price of $52.8 million over the fair value of tangible assets which was recorded as goodwill.

In 1998, Superior acquired all of the outstanding stock of a company for an aggregate $1,000,000 cash. The acquisition was accounted for as a purchase and the results of operations of the acquired company has been included from its acquisition date. In the first quarter of 1998, Superior sold Baytron, Inc. for a gain of approximately $1.2 million. Effective July 1, 1999, Superior sold Lamb Services, Inc. and Tong Specialty, Inc. for a promissory note having an aggregate principal amount of $8.9 million which

bears interest of 7.5% per annum. These two subsidiaries were originally acquired in the second quarter of 1998. No gain or loss was recorded on this sale.

In 1998, Cardinal acquired all of the outstanding stock of three companies for an aggregate purchase price of $24,084,000 with a combination of cash and stock as consideration for the acquisitions. Each of these acquisitions was accounted for using the purchase method and the results of operations of the acquired companies have been included from their respective acquisition dates.

The following unaudited pro forma information for the three and nine months ended September 30, 1998, and for the nine months ended September 30, 1999, presents a summary of consolidated results of operations of Superior and Cardinal as if the Merger, the acquisitions, and the sales of subsidiaries, had occurred on January 1, 1998, with pro forma adjustments to give effect to amortization of goodwill, depreciation and certain other adjustments, together with related income tax effects (in thousands, except per share amounts). Reference should be made to the Condensed Consolidated Statements of Operations on page 3 for comparative information for the three months ended September 30, 1999.

	NINE MONTHS ENDED SEPTEMBER 30, 1999	NINE MONTHS ENDED SEPTEMBER 30, 1998	THREE MONTHS ENDED SEPTEMBER 30, 1998
Revenues	$102,887	$133,924	$39,721
Income before extraordinary loss	$ 340	$ 11,082	$ 1,122
Basic earnings per share	$ 0.01	$ 0.19	$ 0.02
Diluted earnings per share	$ 0.01	$ 0.19	$ 0.02

The above pro forma information is not necessarily indicative of the results of operations as they would have been had the acquisitions and sales of subsidiaries been effected on January 1, 1998.

Most of Superior's prior acquisitions have involved additional contingent consideration based upon a multiple of the acquired companies' respective average EBITDA (earnings before interest, income taxes, depreciation and amortization expense) over a three year period from the respective date of acquisition. In no event will the maximum aggregate consideration exceed $41.4 million. If the overall current industry activity levels continue, the additional consideration actually paid will be materially less than the maximum consideration. The additional consideration is not currently reflected in the respective companies' purchase price. The additional consideration, if paid, will be capitalized as additional purchase price.

Subsequent to September 30, 1999, the Company acquired Production Management Companies, Inc. ("PMI") for aggregate consideration consisting of $3,000,000 in cash and 610,000 shares of the Company's common stock. Additional consideration, if any, will be based upon a multiple of four times PMI's average earnings before interest, taxes, depreciation and amortization less certain adjustments. The additional consideration will be paid on the first and third anniversary of the acquisition, and in no event will the total additional payments exceed $11 million.

PMI provides contract operating and supplemental labor services on offshore oil and gas producing properties, offshore construction and maintenance services, onshore and offshore sandblasting and platform coating services as well as offshore and dockside environmental cleaning services. PMI operates primarily in the Gulf Coast region and is headquartered in Harvey, Louisiana.

(4) LONG-TERM DEBT

On July 15, 1999, the Company entered into a $152 million term loan and revolving credit facility. The credit facility was implemented to refinance the combined debt of Superior and Cardinal, provide a $20 million working capital facility and $22 million of borrowings that may be used to fund the additional consideration that may be payable as a result of

Superior's prior acquisitions. The Company executed an amendment to the credit facility on November 3, 1999 to increase the maximum borrowings under the credit facility by $10 million, to refinance PMI's existing indebtedness and to pay the cash portion of the acquisition price for PMI. Under the amended credit facility, the term loans require quarterly principal installments commencing December 31, 1999 in the amount of $519,000 and then increasing up to an aggregate of approximately $1.6 million a year until 2006 when $92 million will be due and payable. As amended, the term loan and revolving credit facility bears interest at a LIBOR rate plus margins that depend on the Company's leverage ratio. At September 30, 1999, the weighted average interest rate on the credit facility was 9.62%, and the amount outstanding under the credit facility was $112,160,000. Indebtedness under the credit facility is secured by substantially all of the assets of the Company and its subsidiaries and a pledge of all the common stock of the Company's subsidiaries. Pursuant to the credit facility, the Company has also agreed to maintain certain debt coverage and leverage ratios. The credit facility also imposes certain limitations on the ability of the Company and its subsidiaries to make capital expenditures, pay dividends or other distributions, make acquisitions, make changes to the capital structure, create liens or incur indebtedness.

The early extinguishment of the Cardinal and Superior indebtedness in July 1999 resulted in an extraordinary loss, net of a $2.1 million income tax benefit, of $4.5 million which included the premium on the subordinated debt and the write-off of unamortized financing costs.

In 1998, Cardinal completed a recapitalization and refinancing which resulted in an extraordinary loss, net of a $214,000 income tax benefit, of $10.9 million which included the unamortized estimated value of stock warrants which were redeemed for $10.5 million and unamortized financing costs of approximately $379,000.

(5) SEGMENT INFORMATION

In 1998, the Company adopted Statement of Financial Accounting Standard (FAS) No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION. The Company's reportable segments are grouped by products and services as follows: rental tools, well services, marine and other. Each segment offers products and services within the oilfield services industry. The rental tools segment sells and rents specialized equipment for use with onshore and offshore oil and gas well drilling, completion, production and workover activities. The well services segment provides mechanical wireline services, plug and abandonment services, data acquisition services, gas lift services, pumping and stimulation services, electric line services and tank cleaning. The marine segment operates offshore service vessels, primarily liftboats, for oil and gas production facility maintenance and construction operations as well as production service activities. The other segment manufactures and sells computerized electronic and pressure control equipment and manufactures, sells and rents oil spill containment equipment. All the segments operate primarily in the Gulf Coast region.

Summarized financial information concerning the Company's segments for the three and nine months ended September 30, 1999 and 1998 is shown in the following tables (in thousands):

THREE MONTHS ENDED SEPTEMBER 30, 1999

	Rental Tools	Well Services	Marine	Other	Total	Unallocated Amount	Consolidated Total
Revenues	$ 9,036	$ 17,482	$ 6,663	$ 548	$ 33,729	$ -	$ 33,729
Cost of services	2,868	11,599	4,017	208	18,692	-	18,692
Depreciation and amortization	1,563	1,436	1,062	38	4,099	-	4,099
General and administrative	2,169	3,048	1,095	267	6,579	-	6,579
Operating income	2,436	1,399	489	35	4,359	-	4,359
Interest expense	-	-	-	-	-	(3,061)	(3,061)
Interest income	-	-	-	-	-	140	140
Income (loss) before income taxes and							

extraordinary loss	$ 2,436	$ 1,399	$ 489	$ 35	$ 4,359	$ (2,921)	$ 1,438

THREE MONTHS ENDED SEPTEMBER 30, 1998

	Well Services	Marine	Total	Unallocated Amount	Consolidated Total
Revenues	$ 10,373	$ 7,392	$ 17,765	$ -	$ 17,765
Cost of services	7,455	4,114	11,569	-	11,569
Depreciation and amortization	1,026	754	1,780	-	1,780
General and administrative	1,211	1,028	2,239	-	2,239
Operating income	681	1,496	2,177	-	2,177
Interest expense	-	-	-	(3,317)	(3,317)
Income (loss) before income taxes	$ 681	$ 1,496	$ 2,177	$(3,317)	$ (1,140)

NINE MONTHS ENDED SEPTEMBER 30, 1999

	Rental Tools	Well Services	Marine	Other	Total	Unallocated Amount	Consolidated Total
Revenues	$ 9,036	$ 41,805	$ 17,585	$ 548	$ 68,974	$ -	$ 68,974
Cost of services	2,868	28,060	11,491	208	42,627	-	42,627
Depreciation and amortization	1,563	4,163	2,875	38	8,639	-	8,639
General and administrative	2,169	8,188	3,303	267	13,927	-	13,927
Operating income (loss)	2,436	1,394	(84)	35	3,781	-	3,781
Interest expense	-	-	-	-	-	(9,562)	(9,562)
Interest income	-	-	-	-	-	140	140
Income (loss) before income taxes and extraordinary loss	$ 2,436	$ 1,394	$ (84)	$ 35	$ 3,781	$ (9,422)	$ (5,641)

NINE MONTHS ENDED SEPTEMBER 30, 1998

	Well Services	Marine	Total	Unallocated Amount	Consolidated Total
Revenues	$ 31,542	$ 26,114	$ 57,656	$ -	$ 57,656
Cost of services	21,270	10,671	31,941	-	31,941
Depreciation and amortization	2,563	2,108	4,671	-	4,671
General and administrative	6,048	5,918	11,966	-	11,966
Operating income	1,661	7,417	9,078	-	9,078
Interest expense	-	-	-	(9,172)	(9,172)
Income (loss) before income taxes and extraordinary loss	$ 1,661	$ 7,417	$ 9,078	$ (9,172)	$ (94)

IDENTIFIABLE ASSETS

	Rental Tools	Well Services	Marine	Other	Total	Unallocated Amount	Consolidated Total

September 30, 1999	$121,089	$77,322	$50,399	$4,385	$253,195	$5,335	$258,530
	========	=======	=======	======	========	======	========
December 31, 1998	$ -	$50,095	$53,844	$ -	$103,939	$4,022	$107,961
	========	=======	=======	======	========	======	========

(6) COMMITMENTS AND CONTINGENCIES

At the end of the quarter ended September 30, 1999, one of the Company's two hundred foot class liftboats sank in the Gulf of Mexico. The vessel is fully insured and management does not believe it or any related unasserted claims will have a material effect on the financial position, results of operations or liquidity of the Company.

From time to time, the Company is involved in litigation arising out of operations in the normal course of business. In management's opinion, the Company is not involved in any litigation, the outcome of which would have a material effect on the financial position, results of operations or liquidity of the Company.

(7) ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (FAS) No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. FAS No. 133, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000 and establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. FAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are to be recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. Earlier application of the provisions of the Statement is encouraged and is permitted as of the beginning of any fiscal quarter that begins after the issuance of the Statement. The Company has not yet assessed the financial impact of adopting this statement.

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

Forward-Looking Statements

"Management's Discussion and Analysis of Financial Condition and Results of Operations" includes certain "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical fact included in this section regarding the Company's financial position and liquidity, its strategic alternatives, future capital needs, business strategies and other plans and objectives of management of the Company for future operations and activities, are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company's management in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Such forward-looking statements are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. Such uncertainties include but are not limited to: the volatility of the oil and gas industry, including the level of offshore exploration, production and development activity; risks of the Company's growth strategy, including the risks of rapid growth and the risks inherent in acquiring businesses; changes in competitive factors affecting the Company's operations; operating hazards, including the significant possibility of accidents resulting in personal injury, property damage or environmental damage; the effect on the Company's performance of regulatory programs and environmental matters; seasonality of the offshore industry in the Gulf of Mexico; the Company's dependence on certain customers; and the potential shortage of skilled workers. These and other uncertainties related to the Company's business are described in detail in the Company's Proxy Statement dated June 18, 1999. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update any of its forward-looking statements for any reason.

ACQUISITION OF CARDINAL HOLDING CORP.

On July 15, 1999, the Company acquired Cardinal through a merger of

Cardinal with and into a wholly-owned subsidiary of the Company. The Merger was treated for accounting purposes as an acquisition of Superior by Cardinal in a purchase business transaction. Consistent with purchase method of accounting, the Company has carried forward the net assets of Cardinal at their historical book value and has reflected the net assets of Superior at their estimated fair value at the date of the Merger. Accordingly, all historical financial results presented in the Company's consolidated financial statements for periods prior to July 15, 1999 reflect the results of Cardinal on a stand alone basis. The results of the three and nine months ended September 30, 1999 reflect three and nine months, respectively, of Cardinal's operations and two and one-half months of Superior's operations. The results for the three and nine months ended September 30, 1998 are Cardinal alone. Consequently, analyzing prior period results to determine or estimate the combined operating potential of the Company will be difficult at best and perhaps meaningless given the fact Cardinal, prior to the Merger, incurred substantial non-cash and extraordinary charges during the last few years associated with a recapitalization and refinancing.

OVERVIEW

The Company provides a broad range of specialized oilfield services and equipment primarily to major and independent oil and gas companies engaged in the exploration, production and development of oil and gas properties offshore in the Gulf of Mexico and through the Gulf Coast region. Management believes that the Company is the leading provider in the Gulf of Mexico of mechanical wireline services, plug and abandonment services and liftboat rental services and the second largest provider of oil field rental tools. The Company's management team has aggressively expanded the Company's operations through both internal growth and strategic acquisitions. This expansion, including the Cardinal acquisition, has enabled Superior to broaden the range of products and services that it offers to its customers and to expand its operations geographically throughout the Gulf Coast region.

The demand for the Company's services depends largely on oil and gas exploration and development activity in the Gulf of Mexico and along the Gulf Coast. The level of oilfield activity is affected in turn by the willingness of oil and gas companies to make capital expenditures for the exploration, development and production of oil and natural gas. These expenditures are influenced by prevailing oil and gas prices, the cost of exploring for, producing and delivering oil and gas, the sale and expiration dates of leases in the United States, the discovery rate of new oil and gas reserves, local and international political and economic conditions and the ability of oil and gas companies to generate capital. Historically, oil and gas prices and the level of exploration and development activity have fluctuated substantially, impacting the demand for oilfield services.

RESULTS OF OPERATIONS

The following discussion compares the operating results of the Company for the three month and the nine month periods ended September 30, 1999 and 1998. As described above, the acquisition of Cardinal was treated for accounting purposes as an acquisition of Superior by Cardinal and, accordingly, all historical financial results presented in the Company's financial statements for periods prior to July 15, 1999 represent the results of Cardinal on a stand alone basis. As such, the historical financial results for the prior year periods are those of Cardinal, not Superior. The Company's results of operations subsequent to the date of the Cardinal acquisition represent the combined operations of Cardinal and Superior. Accordingly, management believes that analyzing prior period results to determine or estimate the combined operating potential of the Company will be difficult at best and perhaps meaningless given the fact that Cardinal, prior to the Merger, incurred substantial non-cash and extraordinary charges during the last few years associated with a reorganization and recapitalization.

COMPARISON OF THE RESULTS OF OPERATIONS FOR THE QUARTERS ENDED SEPTEMBER 30, 1999 AND 1998

The Company's revenues were $33.7 million for the three months ended September 30, 1999 as compared to $17.8 million for the same period in 1998. The substantial increase in the third quarter of 1999 compared to the same period in 1998 is a result of the 1999 period representing the combined operations of Cardinal and Superior for approximately 2.5 months while the 1998 period reflects Cardinal's operations alone. In the third quarter of 1999, the Company continued to be affected by the downturn in industry activity, which began in the second half of 1998. On a combined basis, demand for the Company's services has decreased considerably during the three month period ended September 30, 1999 compared to the same period

in 1998, with a decline in revenue apparent in all segments of the Company's business.

Although demand for the Company's services decreased in the third quarter of 1999 compared to the same period in 1998, the Company's gross margin increased to 44.6% for the three months ended September 30, 1999 from 34.9% for the same period in 1998. The increased gross margin is a result of the marine segment's revenue comprising 19.8% of the Company's total revenue for the third quarter of 1999 compared to 41.6% in the same period in 1998. The rental tool segment of the Company's operations continues to contribute the strongest gross margin of all the segments.

The Company's costs and expenses were $29.4 million in the third quarter of 1999 as compared to $15.6 million for the same period in 1998. Depreciation and amortization expense increased to $4.1 million for the three months ended September 30, 1999 from $1.8 million for the three months ended September 30, 1998. Most of the increase resulted from the larger asset base that has resulted from the combined operations of Superior and Cardinal in the third quarter of 1999 and from the Company's 1999 acquisitions and capital expenditures. General and administrative expenses increased to $6.6 million for the third quarter of 1999 as compared to $2.2 million for the same period of 1998. The increase is the result of the third quarter of 1999 reflecting the combined operations of Cardinal and Superior for 2.5 months.

The Company incurred an extraordinary charge of $4.5 million, net of income taxes, during the three months ended September 30, 1999. That charge, the majority of which was non-cash in nature, resulted from the early extinguishment of debt when, in connection with the acquisition of Cardinal, the debt of the combined Company was refinanced.

The Company recorded net income before extraordinary charges of $978,000, or $0.02 diluted earnings per share, for the quarter ended September 30, 1999. After extraordinary charges, the Company recorded a net loss of $3.5 million, or $0.06 loss per diluted share, for the quarter ended September 30, 1999 as compared to a net loss of $761,000, or $0.03 loss per diluted share, for the comparable period in 1998. In addition to the extraordinary charge of $4.5 million incurred by the Company during the quarter, the Company's results for the third quarter of 1999 reflect the impact of the economic slowdown in the oil and gas industry and customers' decisions to limit or defer investment in exploration, drilling, production and plug and abandonment services.

COMPARISON OF THE RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998

The Company's revenues were $69.0 million for the nine months ended September 30, 1999 as compared to $57.7 million for the same period in 1998. The increase in revenues for the first nine months of 1999 compared to the same period in 1998 is a result of the 1999 period representing the combined operations of Cardinal and Superior for approximately 2.5 months whereas the 1998 period reflects Cardinal's operations alone. During the first nine months of 1999, the Company continued to be affected by the downturn in industry activity, which began in the second half of 1998. On a combined basis, demand for the Company's services has decreased during the nine month period ended September 30, 1999 compared to the same period in 1998, with a decline in revenue experienced in all segments of the Company's business.

The Company's costs and expenses were $65.2 million in the nine months ended September 30, 1999 as compared to $48.6 million for the same period in 1998. Depreciation and amortization expense increased to $8.6 million for the nine months ended September 30, 1999 from $4.7 million for the nine months ended September 30, 1998. Most of the increase resulted from the larger asset base that has resulted from the combined operations of Superior and Cardinal in the third quarter of 1999 and from the Company's 1999 acquisitions and capital expenditures. General and administrative expenses increased to $13.9 million for the nine months ended September 30, 1999 as compared to $12.0 million for the same period of 1998. The increase reflects the increased expenses resulting from the combined operations of Cardinal and Superior for 2.5 months of the period.

During the nine months ended September 30, 1999, the debt of the combined Company was refinanced in connection with the Merger which resulted in an extraordinary charge of $4.5 million, net of income taxes, from the early extinguishment of debt. The majority of the charges were non-cash in nature. During the nine months ended September 30, 1998, the Company incurred extraordinary charges of $10.9 million, net of income taxes, in connection with a recapitalization and refinancing. These charges were also mostly of a non-cash nature.

The Company recorded a net loss before extraordinary charges of $3.8 million, or $0.10 loss per diluted share, for the nine months ended September 30, 1999. After extraordinary charges, the Company recorded a net loss of $8.4 million, or $0.22 loss per diluted share, for the nine months ended September 30, 1999 as compared to a net loss of $11.0 million, or $0.37 loss per diluted share, for the comparable period in 1998. The Company's results for the nine months ended September 30, 1999 reflect the extraordinary charge of $4.5 million incurred by the Company during the third quarter and the impact of the economic slowdown in the oil and gas industry and customers' decisions to limit or defer investment in exploration, drilling, production and plug and abandonment services. The Company's results for the nine months ended September 30, 1998 reflect extraordinary charges of $10.9 million incurred by Cardinal during that period in connection with its reorganization and recapitalization.

CAPITAL RESOURCES AND LIQUIDITY

The Company had cash and cash equivalents of $933,000 at September 30, 1999 compared to $421,000 at December 31, 1998. Net cash provided by operating activities was $1.8 million for the nine month period ended September 30, 1999 as compared to $1.0 million net cash used in operating activities for the same period in 1998.

In early November 1999, the Company acquired PMI for aggregate consideration consisting of $3.0 million in cash and 610,000 shares of the Company's common stock. Additional consideration, if any, will be based upon a multiple of four times PMI's average earnings before interest, taxes, depreciation and amortization less certain adjustments. The additional consideration will be paid on the first and third anniversary of the acquisition, and in no event will the total additional payments exceed $11 million.

On July 15, 1999, the Company entered into a $152 million term loan and revolving credit facility. The credit facility was implemented to refinance the combined debt of Superior and Cardinal, provide a $20 million working capital facility and $22 million of borrowings that may be used to fund the additional consideration that may be payable as a result of the Superior's prior acquisitions. The Company executed an amendment to the credit facility on November 3, 1999 to increase the maximum borrowings under the credit facility by $10 million to refinance PMI's existing indebtedness and to pay the cash portion of the acquisition price for PMI. Under the amended credit facility, the term loans require quarterly principal installments commencing December 31, 1999 in the amount of $519,000 and then increasing up to an aggregate of approximately $1.6 million a year until 2006 when $92 million will be due and payable. As amended, the term loan and revolving credit facility bears interest at a LIBOR rate plus margins that depend on the Company's leverage ratio. As of November 4, 1999, the amount outstanding under the amended credit facility was $125.0 million. Indebtedness under the credit facility is secured by substantially all of the assets of the Company and its subsidiaries and a pledge of all of the common stock of the Company's subsidiaries. Pursuant to the credit facility, the Company has also agreed to maintain certain debt coverage and leverage ratios. The credit facility also imposes certain limitations on the ability of the Company and its subsidiaries to make capital expenditures, pay dividends or make other distributions, make acquisitions, make changes to the capital structure, create liens or incur indebtedness.

In the first nine months of 1999, the Company made capital expenditures of $5.4 million. Management currently believes that the Company will make additional capital expenditures, excluding acquisitions, of approximately $2 to $3 million during the remainder of 1999 primarily to further expand its rental tool inventory.

In 1999, prior to the Merger, Cardinal declared stock dividends on its Class C preferred stock for stockholders of record as of December 31, 1998 and June 30, 1999. The declaration of these dividends resulted in an increase in additional paid in capital and an increase in the accumulated deficit of $1.3 million.

At the end of the quarter ended September 30, 1999, one of the Company's two hundred foot class liftboats sank in the Gulf of Mexico. The vessel is fully insured and management does not believe it or any related unasserted claims will have a material effect on the financial position, results of operations or liquidity of the Company.

The Company's expansion has occurred through internal growth and strategic acquisitions. In connection with refinancing the existing debt of its newly acquired companies and with financing the cash portion of the purchase price paid for those acquisitions, the Company has significantly increased its leverage. The Company believes that cash generated from

operations and availability under the Company's credit facility will provide sufficient funds for the Company's identified capital projects and working capital requirements. However, the Company's strategy involves the acquisition of companies that have products and services complementary to the Company's existing base of operations. Depending on the size of any future acquisitions, the Company may require additional equity and debt financing in excess of the Company's credit facility.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (FAS) No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. FAS No. 133, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000 and establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. FAS No. 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are to be recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. Earlier application of the provisions of the Statement is encouraged and is permitted as of the beginning of any fiscal quarter that begins after the issuance of the Statement. The Company has not yet assessed the financial impact of adopting this statement.

YEAR 2000

The Year 2000 problem results from the use of two digits rather than four digits to define the applicable year in computer hardware and software. When computer systems must process dates both before and after January 1, 2000, two digit year "fields" may create processing ambiguities that can cause errors and system failures, because computer programs that have date-sensitive features may recognize a date represented by "00" as the year 1900, instead of 2000. These errors or failures may have limited effects, or the effects may be widespread, depending on the computer chip, system, or software, and its location and function.

The Company's plan to address the Year 2000 issue has included (i) the development of Year 2000 awareness, (ii) a review to identify systems that could be affected by the Year 2000 issue, (iii) an assessment of potential risk factors (including non-compliance by the Company's suppliers, subcontractors and customers), (iv) the allocation of required resources, (v) a determination of the extent of remediation work required, (vi) the development of an implementation plan and time table, and (vii) the development of contingency plans. The plan has been developed with an aim towards taking reasonable steps to prevent the Company's mission critical functions from being impaired due to the Year 2000 issue.

The Company has considered both its information technology ("IT") and its non-IT systems. The term "computer equipment and software" includes systems that are commonly thought of as IT systems, including accounting, data processing and telephone systems. Non-IT systems include alarm systems, fax machines, monitors for field operations and other miscellaneous items. Both IT and non-IT systems may contain embedded technology that without proper identification or assessment, remediation and testing of its systems, are not effectively timely or performed properly, the Year 2000 issue could potentially have an adverse impact on the Company's operations and financial condition. Through the Company's assessment and remediation phases, the Company has replaced or has ordered a replacement or upgrade for the identified equipment and software that is not Year 2000 ready. The Company presently believes that the Year 2000 issue will not pose significant operational problems for the Company's computer systems. Furthermore, throughout 1999, as new equipment and software are purchased in the ordinary course of business, the Company has ensured that such purchases are Year 2000 ready.

The Company has assessed the costs of addressing and the cost or the consequence of incomplete or untimely resolution of the Year 2000 issue for its IT systems which are used directly in the Company's operations. The Company utilized its resources to test or replace many of its IT systems, with the focus on its financial systems. As of the date of this filing, the Company's Year 2000 plan related to IT systems is substantially complete and anticipates that the remainder of the plan will be completed before year end. The Company believes that the most reasonably likely worst-case scenario would be that the Company would divert to the use of manual accounting records for billings, payments and collections. In addition, the inability of principal suppliers and major customers to be Year 2000 compliant could result in delays in delivery from those suppliers and collections of accounts receivable from those customers.

The Company continues its assessment of the costs of addressing and the cost or the consequence of incomplete or untimely resolution of the Year

2000 issue for its non-IT systems which are used directly in the Company's operations. The continuation of the assessment and remediation of non-IT systems is due to the Merger, and the Company anticipates the completion of the assessment and remediation, if any, by November 30, 1999.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

(c) In connection with the acquisition of Production Management Companies, Inc., on November 3, 1999, the Company issued an aggregate of 610,000 shares of its common stock, $0.001 par value per share, to the former stockholders of PMI in exchange for their shares of PMI capital stock. Pursuant to the terms of the acquisition, the offer and sale of these shares were not registered under the Securities Act of 1933 in reliance upon Section 4(2) thereunder.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

3.1 Certificate of Incorporation of the Company (incorporated by reference to the Company's Form 10-QSB for the quarter ended March 31, 1996).

3.2 Certificate of Amendment to Certificate of Incorporation of the Company (incorporated by reference to the Company's Form 10-Q for the quarter ended June 30, 1999).

3.3 Amended and Restated Bylaws (incorporated by reference to the Company's Form 10-Q for the quarter ended June 30, 1999).

10.1 Amendment and Assumption Agreement dated as of November 3, 1999 by and among the Company, General Electric Capital Corporation and others(1).

27.1 Financial Data Schedule.

(b) Reports on Form 8-K. The following Reports on Form 8-K were filed during the quarter ended September 30, 1999:

On July 7, 1999, the Company filed a Current Report on Form 8-K reporting, under Items 5 and 7, the execution of Amendment No. 1 to the Agreement and Plan of Merger dated as of June 30, 1999, by and among Superior, Superior Cardinal Acquisition Company, Inc., Cardinal Holding Corp., First Reserve Fund VII, Limited Partnership, and First Reserve Fund VIII, L.P.

On July 30, 1999, the Company filed a Current Report on Form 8-K reporting, under Items 2, 5 and 7, the consummation of the acquisition of Cardinal Holding Corp. The Current Report included, in response to Item 7, financial statements and pro forma financial information regarding Cardinal Holding Corp.

On September 9, 1999, the Company filed a Current Report on Form 8-K reporting, under Items 5 and 7, the execution of a definitive agreement to acquire Production Management Companies, Inc.

FOOTNOTES

(1)The Company agrees to furnish, supplementally, upon request of the Commission, a copy of any omitted schedule or exhibit to the agreement referred to in 10.1 above.

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: NOVEMBER 15, 1999

BY: /S/ TERENCE E. HALL
Terence E. Hall
Chairman of the Board,
Chief Executive Officer and President
(Principal Executive Officer)

Date: NOVEMBER 15, 1999

BY: /S/ ROBERT S. TAYLOR
Robert S. Taylor
Chief Financial Officer
(Principal Financial and Accounting Officer)

ASSUMPTION AND AMENDMENT AGREEMENT

ASSUMPTION AND AMENDMENT AGREEMENT (this "AGREEMENT") dated as of November 3, 1999 (the "EFFECTIVE DATE") among the Existing Subsidiaries signatory hereto; SUPERIOR ENERGY SERVICES, INC., a Delaware corporation ("HOLDINGS"); GENERAL ELECTRIC CAPITAL CORPORATION, a New York corporation, for itself as a Lender, and as Administrative Agent for Lenders, under the Credit Agreement defined below; the other Lenders signatory hereto; PMI Acquisition Company, Inc., a Louisiana corporation and wholly-owned subsidiary of Holdings ("PMI ACQUISITION"); Production Management Industries, Inc., a Louisiana corporation ("PMII") and wholly-owned subsidiary of Production Management Companies, Inc., a Louisiana corporation ("PMCI"); Production Management Control Systems, Inc., a Louisiana corporation and wholly-owned subsidiary of PMCI, ("PMCSI"); and Production Management Equities, Inc., a Louisiana corporation and majority-owned subsidiary of PMCI ("PMEI", and together with PMI Acquisition, PMII and PMCSI, the "NEW SUBSIDIARIES").

W I T N E S S E T H :

WHEREAS, Holdings, the Existing Subsidiaries, Lenders and Administrative Agent are parties to a Credit Agreement dated as of July 15, 1999 (as heretofore and hereafter amended, modified or supplemented from time to time, the "CREDIT AGREEMENT"); and

WHEREAS, the Existing Subsidiaries and Administrative Agent are parties to a Security Agreement dated as of July 15, 1999 (as heretofore and hereafter amended, modified or supplemented from time to time, the "SECURITY AGREEMENT"); and

WHEREAS, Holdings, Cardinal Holding Corp., Cardinal Services, Inc., Superior Well Service, Inc. and the Administrative Agent are parties to a Pledge Agreement dated as of July 15, 1999 (as heretofore and hereafter amended, modified or supplemented from time to time, the "PLEDGE AGREEMENT"); and

WHEREAS, simultaneously herewith, pursuant to a Merger Agreement dated as of September 7, 1999 (as heretofore and hereafter amended, modified or supplemented from time to time, the "MERGER AGREEMENT") among Holdings, PMI Acquisition, PMCI and Michael C. Sport (a shareholder of PMCI), PMCI will merge with and into PMI Acquisition as a result of which the separate existence of PMCI will cease and PMI Acquisition will be the surviving corporation (the "MERGER"), and immediately thereafter PMI Acquisition will change its name to "Production Management Companies, Inc."; and

WHEREAS, subject to the terms and conditions contained herein, the parties hereto desire (i) to amend certain provisions of the Credit Agreement to provide additional financing so as to permit the Merger to be consummated, (ii) for each New Subsidiary to become a Borrower under the Credit Agreement, (iii) for each New Subsidiary to become a Grantor under the Security Agreement, and (iv) for PMI Acquisition to become a Pledgor under the Pledge Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. DEFINED TERMS. Unless otherwise specifically defined herein, all capitalized terms used herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

2. AMENDMENTS TO CREDIT AGREEMENT. The Credit Agreement is hereby amended as follows:

(a) The aggregate Term Loan A Commitment of all of the Lenders is hereby increased by $1,824,000 from $20,000,000 to $21,824,000, apportioned among the Lenders as set forth on Annex A hereto.

(b) The aggregate Term Loan B Commitment of all of the Lenders is hereby increased by $8,176,000 from $90,000,000 to $98,176,000, apportioned among the Lenders as set forth on Annex A hereto.

(c) Section 1.1(b)(ii) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(ii) Borrowers shall pay the principal amount of the Term Loan A in twenty-four (24) consecutive quarterly installments on the last day of March, June, September and December of each year, commencing December 31, 1999, as follows:

Payment Date	Installment Amount
December 31, 1999	$273,000
March 31, 2000	$273,000
June 30, 2000	$273,000
September 30, 2000	$273,000
December 31, 2000	$546,000
March 31, 2001	$546,000
June 30, 2001	$546,000
September 30, 2001	$546,000
December 31, 2001	$818,000
March 31, 2002	$818,000
June 30, 2002	$818,000
September 30, 2002	$818,000
December 31, 2002	$1,091,000
March 31, 2003	$1,091,000
June 30, 2003	$1,091,000
September 30, 2003	$1,091,000
December 31, 2003	$1,364,000
March 31, 2004	$1,364,000
June 30, 2004	$1,364,000
September 30, 2004	$1,364,000
December 31, 2004	$1,364,000
March 31, 2005	$1,364,000
June 30, 2005	$1,364,000
September 30, 2005	$1,364,000

Notwithstanding the foregoing, the aggregate outstanding principal balance of Term Loan A shall be due and payable in full in immediately available funds on the Commitment Termination Date, if not sooner paid in full."

(d) Section 1.1(b)(v) of the Credit Agreement is hereby amended in its entirety to read as follows:

"(v) Borrowers shall pay the principal amount of the Term Loan B in twenty-six (26) installments, as follows:

Payment Date	Installment Amount
December 31, 1999	$246,000
March 31, 2000	$246,000
June 30, 2000	$246,000
September 30, 2000	$246,000
December 31, 2000	$246,000
March 31, 2001	$246,000
June 30, 2001	$246,000
September 30, 2001	$246,000
December 31, 2001	$246,000
March 31, 2002	$246,000
June 30, 2002	$246,000
September 30, 2002	$246,000
December 31, 2002	$246,000
March 31, 2003	$246,000
June 30, 2003	$246,000
September 30, 2003	$246,000
December 31, 2003	$246,000
March 31, 2004	$246,000
June 30, 2004	$246,000
September 30, 2004	$246,000
December 31, 2004	$246,000
March 31, 2005	$246,000
June 30, 2005	$246,000

September 30, 2005	$246,000
December 31, 2005	$0
March 31, 2006	$46,136,000
June 30, 2006	$46,136,000

Notwithstanding the foregoing, if the Commitment Termination Date occurs prior to September 30, 2005, the aggregate outstanding principal balance of Term Loan B shall be due and payable in full in immediately available funds on the Commitment Termination Date, if not sooner paid in full."

(e) Notwithstanding anything contained in the Credit Agreement to the contrary, upon the effectiveness of this Agreement as provided in Section 7 hereof, the Merger shall be a "Permitted Acquisition" under the Credit Agreement.

(f) The definition of "Leverage Ratio" in Annex A to the Credit Agreement is hereby amended by adding the following after the term "EBITDA":

> "; PROVIDED that in calculating the Leverage Ratio for determining compliance with Annex G on any date, an amount shall be added to EBITDA in respect of each acquisition by Holdings or any Borrower consummated on or after the date hereof (including the acquisition of PMCI pursuant to the Merger) to account for the portion of the period for which EBITDA is calculated, if any, occurring prior to each such acquisition."

(g) Schedule 6.7 to the Credit Agreement is hereby supplemented with the Liens listed on Annex B hereto.

3. ADDITION OF BORROWERS TO THE CREDIT AGREEMENT. Each New Subsidiary hereby agrees to be, and hereby becomes, a Borrower under and as defined in the Credit Agreement, and accordingly hereby assumes all of the joint and several obligations of the Borrowers under the Credit Agreement, and accordingly hereby agrees to be bound, and hereby is bound, jointly and severally with all other Borrowers, by all of the terms of the Loan Documents binding upon Borrowers.

4. ADDITION OF GRANTORS TO THE SECURITY AGREEMENT.

(a) Each New Subsidiary hereby agrees to be, and hereby becomes, a Grantor under and as defined in the Security Agreement, and accordingly hereby assumes all of the obligations of a Grantor under the Security Agreement, and accordingly hereby agrees to be bound, and hereby is bound, by all of the terms of the Loan Documents binding upon Grantors.

(b) Without limiting Section 4(a) hereof in any respect, to secure the prompt and complete payment, performance and observance of all of the Obligations, each New Subsidiary hereby grants, assigns, conveys, mortgages, pledges, hypothecates, transfers and grants a continuing security interest to Administrative Agent, for the benefit of Administrative Agent and Lenders, a Lien upon all of its right, title and interest in, to and under its Collateral (as defined in the Security Agreement). In addition, to secure the prompt and complete payment, performance and observance of the Obligations, each New Subsidiary hereby grants to Administrative Agent, for the benefit of Administrative Agent and Lenders, a right of setoff against the property of such New Subsidiary held by Administrative Agent or any Lender, consisting of its Collateral (as defined in the Security Agreement) now or hereafter in the possession or custody of or in transit to Administrative Agent or any Lender, for any purpose, including safekeeping, collection or pledge, for the account of such New Subsidiary, or as to which such New Subsidiary may have any right or power.

(c) The schedules to the Security Agreement are hereby supplemented with the information contained in Annex C hereto pertaining to the New Subsidiaries.

5. ADDITION OF PLEDGOR TO THE PLEDGE AGREEMENT.

(a) PMI Acquisition hereby agrees to be, and hereby becomes, a Pledgor under and as defined in the Pledge Agreement, and accordingly hereby assumes all of the obligations of a Pledgor under the Pledge Agreement, and accordingly hereby agrees to be bound, and hereby is bound, by all of the terms of the Loan Documents binding upon Pledgors.

(b) Without limiting Section 5(a) hereof in any respect, PMI

Acquisition hereby pledges to Administrative Agent, and grants to Administrative Agent for the benefit of Administrative Agent and Lenders, a first priority security interest in all of its Pledged Collateral (as defined in the Pledge Agreement).

(c) Schedule I to the Pledge Agreement is hereby supplemented with the information contained in Annex D hereto pertaining to PMI Acquisition after the consummation of the Merger simultaneously herewith.

6. REPRESENTATIONS AND WARRANTIES. Each of Holdings, each Existing Subsidiary and each New Subsidiary represents and warrants as follows (which representations and warranties shall survive the execution and delivery of this Agreement):

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

(b) It has duly executed and delivered this Agreement. This Agreement, and the Credit Agreement, Security Agreement and Pledge Agreement as amended or supplemented hereby, constitute its legal, valid and binding obligation, enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equity principles.

(c) No consent or approval of any person, firm, corporation or entity, and no consent, license, approval or authorization of any governmental authority is or will be required in connection with the execution, delivery, performance, validity or enforcement of this Agreement by it, other than any such consent, approval, license or authorization which has been obtained and remains in full force and effect, and except where the failure to obtain such consent, approval, license or authorization would not result in a Material Adverse Effect.

(d) After giving effect to this Agreement, it is in compliance with all of the various covenants and agreements set forth in the Credit Agreement and each of the other Loan Documents.

(e) After giving effect to this Agreement, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) All representations and warranties contained in the Credit Agreement and each of the other Loan Documents are true and correct in all material respects as of the date hereof, except to the extent that any representation or warranty relates to a specified date, in which case they are true and correct in all material respects as of the date or dates specified.

7. CONDITIONS PRECEDENT. The Administrative Agent shall have received on or prior to the Effective Date, each in form and substance satisfactory to it and its counsel (facsimile copies being acceptable so long as the originals thereof are sent to Administrative Agent or its counsel via overnight courier on or prior to the Effective Date):

(a) SECURITY INTERESTS AND CODE FILINGS. Evidence that Administrative Agent (for the benefit of itself and Lenders) has a valid and perfected first priority security interest in the Collateral of the New Subsidiaries (other than motor vehicles and except as set forth on Annex B), including such documents duly executed by each New Subsidiary (including financing statements under the Code and other applicable documents under the laws of any jurisdiction with respect to the perfection of Liens) as Administrative Agent may request in order to perfect its security interests in the Collateral of the New Subsidiaries (other than motor vehicles and except as set forth on Annex B).

(b) PAYOFF LETTER; TERMINATION STATEMENTS. Copies of a duly executed payoff letter by and between all parties to the credit agreement pursuant to which the New Subsidiaries received financing from Bank One (formerly The First National Bank of Commerce) (the "PRIOR LENDER"), evidencing repayment in full of all obligations owing thereunder to the Prior Lender (the "PRIOR LENDER OBLIGATIONS"), together with (i) UCC-3, mortgage releases or other appropriate termination statements, manually signed by the Prior Lender releasing all liens of the Prior Lender upon any of the personal property of the New Subsidiaries, and (ii) termination of all blocked account agreements, bank agency agreements or other similar agreements or arrangements or arrangements in favor of the Prior Lender or relating to the Prior Lender Obligations.

(c) CORPORATE DOCUMENTS.

(i) CHARTER AND GOOD STANDING. For each New Subsidiary, its (x) charter (or analogous document) and all amendments thereto, (y) good standing certificate (including verification of tax status) in its state of organization and (z) good standing certificates (including verification of tax status) and certificates of qualification to conduct business in each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, each dated a recent date prior to the Effective Date and certified by the applicable Secretary of State or other authorized Governmental Authority.

(ii) BYLAWS AND RESOLUTIONS. For each New Subsidiary, (x) its bylaws (or operating agreement), together with all amendments thereto and (y) resolutions of its Board of Directors (or analogous governing body) and stockholders (or members), approving and authorizing the execution, delivery and performance of this Agreement and the transactions to be consummated in connection therewith, each certified as of the Effective Date by its secretary or an assistant secretary as being in full force and effect without any modification or amendment.

(iii) INCUMBENCY CERTIFICATES. For each New Subsidiary, signature and incumbency certificates of each of its officers executing any of the Loan Documents, certified as of the Effective Date by its secretary or an assistant secretary as being true, accurate, correct and complete.

(iv) MERGER RESOLUTIONS. For each of Holdings, PMI Acquisition and PMCI, resolutions of its Board of Directors (or analogous governing body) and stockholders (or members), approving and authorizing the execution, delivery and performance of the Merger Agreement and the transactions to be consummated in connection therewith, each certified as of the Effective Date by its secretary or an assistant secretary as being in full force and effect without any modification or amendment.

(d) OPINION OF COUNSEL. A duly executed original of an opinion of Jones, Walker, Waechter, Poitevent Carrere & Denegre, L.L.P., counsel for the Credit Parties, dated the Effective Date.

(e) OFFICER'S CERTIFICATE. An officer's certificate of Holdings with respect to the matters contained in Section 6.1 of the Credit Agreement.

(f) CASH MANAGEMENT AGREEMENTS. Agreements evidencing and documenting the establishment of cash management systems for each New Subsidiary, including lockbox agreements, lockbox account agreements and pledged account agreements.

(g) ACQUISITION PRO FORMA AND ACQUISITION PROJECTIONS. The Acquisition Pro Forma and the Acquisition Projections defined in Section 6.1 of the Credit Agreement.

(h) VESSEL MORTGAGE. A duly executed original of a first preferred ship mortgage dated the Effective Date, delivered by the New Subsidiaries to a vessel mortgagee acting on behalf of the Administrative Agent and the Lenders, with respect to each of the vessels owned or leased to any New Subsidiary, and all documents, instruments and agreements executed pursuant thereto or in connection therewith, including, without limitation, releases of any existing Liens on any such vessels.

(i) OTHER DOCUMENTS. Such other certificates, documents and agreements as Administrative Agent may reasonably request.

8. EXPENSES. Holdings, the Existing Subsidiaries and the New Subsidiaries agree, jointly and severally, to pay or cause to be paid on demand all costs and expenses, including reasonable attorneys' fees, of the Administrative Agent incurred in connection with this Agreement.

9. CONTINUED EFFECTIVENESS. The term "Agreement," "hereof," "herein" and similar terms as used in the Credit Agreement, and references in the other Loan Documents to the Credit Agreement, shall mean and refer to, from and after the Effective Date, the Credit Agreement as amended by this Agreement. Each of Holdings, each Existing Subsidiary and each New Subsidiary hereby agrees that all of the covenants and agreements contained in the Credit Agreement and the Loan Documents are hereby ratified and confirmed in all respects.

10. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be an original, and all of which, taken

together, shall constitute a single instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

11. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to the conflict of laws provisions thereof.

* * *

IN WITNESS WHEREOF the parties hereto have caused this Assumption and Amendment Agreement to be duly executed by their respective officers as of the date first written above.

EXISTING SUBSIDIARIES

CARDINAL HOLDING CORP.

By:
Name:
Title:

CARDINAL SERVICES, INC.

By:
Name:
Title:

SUB-SURFACE TOOLS, INC.

By:
Name:
Title:

STABIL DRILL SPECIALTIES, INC.

By:
Name:
Title:

SUPERIOR WELL SERVICE, INC.

By:
Name:
Title:

NAUTILUS PIPE & TOOL RENTAL, INC.

By:
Name:
Title:

ACE RENTAL TOOLS, INC.

By:
Name:
Title:

CONNECTION TECHNOLOGY, LTD.

By:
Name:
Title:

FASTORQ, INC.

By:
Name:
Title:

F. & F. WIRELINE SERVICE, INC.

By:
Name:
Title:

OIL STOP, INC.

By:
Name:
Title:

STEERABLE ROTARY TOOLS, L.L.C.

By:
Name:
Title:

HYDRO-DYNAMICS OILFIELD CONTRACTORS, INC.

By:
Name:
Title:

1105 PETERS ROAD, INC.

By:
Name:
Title:

1209 PETERS ROAD, INC.

By:
Name:
Title:

DIMENSIONAL OIL FIELD SERVICES, INC.

By:
Name:
Title:

SUPERIOR BAREBOAT CHARTERS, INC.

By:
Name:
Title:

TONG RENTALS AND SUPPLY COMPANY, INC.

By:
Name:
Title:

HOLDINGS

SUPERIOR ENERGY SERVICES, INC.

By:
Name:
Title:

ADMINISTRATIVE AGENT

GENERAL ELECTRIC CAPITAL CORPORATION

By:
Name:
Title:

LENDERS

GENERAL ELECTRIC CAPITAL CORPORATION

By:
Name:
Title:

WELLS FARGO BANK (TEXAS), N.A.

By:
Name:
Title:

HIBERNIA NATIONAL BANK

By:
Name:
Title:

PILGRIM AMERICA HIGH INCOME INVESTMENTS LTD.

By:
Name:
Title:

ML CLO XX PILGRIM AMERICA (CAYMAN) LTD.

By:
Name:
Title:

ML CLO XV PILGRIM AMERICA (CAYMAN) LTD.

By:
Name:
Title:

PILGRIM PRIME RATE TRUST

By:
Name:
Title:

BANK ONE, LOUISIANA, N.A.

By:
Name:
Title:

CIBC, INC.

By:
Name:
Title:

HELLER FINANCIAL, INC.

By:
Name:
Title:

ELF FUNDING TRUST I

By:
Name:
Title:

KZH HIGHLAND-2 LLC

By:
Name:
Title:

SAFECO CREDIT COMPANY, INC.

By:
Name:
Title:

AVALON CAPITAL LTD.

By:
Name:
Title:

AERIES FINANCE-II, LTD.

By:
Name:
Title:

NATEXIS BANQUE-BFCE

By:
Name:
Title:

CAPTIVA III FINANCE LTD.

By:
Name:
Title:

CAPTIVA IV FINANCE LTD.

By:
Name:
Title:

DELANO COMPANY

By:
Name:
Title:

TRIGON HEALTHCARE INC.

By:
Name:
Title:

CATELINA CDO LTD.

By:
Name:
Title:

VAN KAMPEN SENIOR FLOATING RATE FUND

By:
Name:
Title:

NEW SUBSIDIARIES

PMI ACQUISITION COMPANY, INC.

By:
Name:
Title:

PRODUCTION MANAGEMENT INDUSTRIES, INC.

By:
Name:
Title:

PRODUCTION MANAGEMENT CONTROL SYSTEMS, INC.

By:
Name:
Title:

PRODUCTION MANAGEMENT EQUITIES, INC.

By:
Name:

9-MOS
DEC-31-1999
SEP-30-1999
933,000
0
37,838,000
(2,965,000)
1,259,000
43,033,000
161,494,000
(29,165,000)
258,530,000
19,818,000
0
0
0
59,000
116,117,000
258,530,000
68,974,000
68,974,000
42,627,000
65,193,000
0
0
9,562,000
(5,641,000)
(1,805,000)
(3,836,000)
0
(4,514,000)
0
(8,350,000)
(0.22)
(0.22)