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

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003

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 75-2379388
(STATE OR OTHER JURISDICTION OF (I.R.S. EMPLOYER
INCORPORATION OR ORGANIZATION) 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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock outstanding on November 7, 2003 was 74,070,648.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Quarterly Report on Form 10-Q for
the Quarterly Period Ended September 30, 2003

TABLE OF CONTENTS

	Page

PART I FINANCIAL INFORMATION	
Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 3. Quantitative and Qualitative Disclosures about Market Risk	17
Item 4. Controls and Procedures	17
PART II OTHER INFORMATION	
Item 6. Exhibits and Reports on Form 8-K	18

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
September 30, 2003 and December 31, 2002
(in thousands, except share data)

	9/30/03 (Unaudited)	12/31/02 (Audited)
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,732	\$ 3,480
Accounts receivable - net	117,204	108,352
Income taxes receivable	-	6,087
Prepaid insurance and other	15,807	11,663
	-----	-----
Total current assets	153,743	129,582
	-----	-----
Property, plant and equipment - net	425,070	418,047
Goodwill - net	202,305	160,366
Investments in affiliates	12,772	12,343
Other assets - net	7,429	7,282
	-----	-----
Total assets	\$ 801,319	\$ 727,620
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 20,306	\$ 21,010
Accrued expenses	61,273	33,871
Income taxes payable	1,401	-
Current maturities of long-term debt	14,210	13,730
	-----	-----
Total current liabilities	97,190	68,611
	-----	-----
Deferred income taxes	82,755	67,333
Long-term debt	259,271	256,334
Stockholders' equity:		
Preferred stock of \$.01 par value. Authorized, 5,000,000 shares; none issued	-	-
Common stock of \$.001 par value. Authorized, 125,000,000 shares; issued and outstanding, 74,057,509 shares at September 30, 2003, and 73,819,341 at December 31, 2002	74	74
Additional paid in capital	370,501	368,746
Accumulated other comprehensive income	388	43
Accumulated deficit	(8,860)	(33,521)
	-----	-----
Total stockholders' equity	362,103	335,342
	-----	-----
Total liabilities and stockholders' equity	\$ 801,319	\$ 727,620
	=====	=====

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, 2003 and 2002
(in thousands, except per share data)
(unaudited)

	Three Months		Nine Months	
	2003	2002	2003	2002
	-----	-----	-----	-----
Revenues	\$ 128,316	\$ 107,213	\$ 380,368	\$ 324,769
	-----	-----	-----	-----
Costs and expenses:				
Cost of services	75,449	67,136	219,897	188,514
Depreciation and amortization	12,174	10,295	36,001	30,273
General and administrative	24,195	21,279	71,573	63,918
	-----	-----	-----	-----
Total costs and expenses	111,818	98,710	327,471	282,705
	-----	-----	-----	-----
Income from operations	16,498	8,503	52,897	42,064
Other income (expense):				
Interest expense, net	(5,611)	(5,452)	(16,693)	(15,857)
Other income	2,762	--	2,762	-
Equity in income of affiliates, net	60	113	492	258
	-----	-----	-----	-----
Income before income taxes	13,709	3,164	39,458	26,465
Income taxes	4,883	1,218	14,797	10,189
	-----	-----	-----	-----
Net income	\$ 8,826	\$ 1,946	\$ 24,661	\$ 16,276
	=====	=====	=====	=====
Basic earnings per share	\$ 0.12	\$ 0.03	\$ 0.33	\$ 0.22
	=====	=====	=====	=====
Diluted earnings per share	\$ 0.12	\$ 0.03	\$ 0.33	\$ 0.22
	=====	=====	=====	=====
Weighted average common shares used in computing earnings per share:				
Basic	74,035	73,765	73,933	72,615
Incremental common shares from stock options	1,134	778	1,019	1,019
	-----	-----	-----	-----
Diluted	75,169	74,543	74,952	73,634
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2003 and 2002
(in thousands)
(unaudited)

	2003	2002
	-----	-----
Cash flows from operating activities:		
Net income	\$ 24,661	\$ 16,276
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,001	30,273
Deferred income taxes	11,687	16,630
Equity in income of affiliates, net	(492)	(258)
Other income	(2,762)	-
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(5,754)	16,481
Other - net	419	(1,247)
Accounts payable	(1,727)	(17,060)
Accrued expenses	9,061	6,436
Income taxes	7,169	8,122
	-----	-----
Net cash provided by operating activities	78,263	75,653
	-----	-----
Cash flows from investing activities:		
Payments for purchases of property and equipment	(36,467)	(80,506)
Acquisitions of businesses, net of cash acquired	(8,549)	(2,065)
Cash proceeds from asset dispositions	313	-
Cash proceeds from insurance settlement	8,000	-
	-----	-----
Net cash used in investing activities	(36,703)	(82,571)
	-----	-----
Cash flows from financing activities:		
Net payments on revolving credit facility	(9,250)	(5,900)
Proceeds from long-term debt	23,000	9,507
Principal payments on long-term debt	(39,334)	(34,723)
Debt acquisition costs	(479)	(1,326)
Proceeds from issuance of stock	-	38,836
Proceeds from exercise of stock options	1,755	1,421
	-----	-----
Net cash provided by (used in) financing activities	(24,308)	7,815
	-----	-----
Net increase in cash	17,252	897
Cash and cash equivalents at beginning of period	3,480	3,769
	-----	-----
Cash and cash equivalents at end of period	\$ 20,732	\$ 4,666
	=====	=====

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, 2003 and 2002

(1) 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 Annual Report on Form 10-K for the year ended December 31, 2002 and Management's Discussion and Analysis of Financial Condition and Results of Operations.

The financial information of Superior Energy Services, Inc. and subsidiaries (the Company) for the three and nine months ended September 30, 2003 and 2002 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 2003 presentation.

(2) Stock Based Compensation

The Company accounts for its stock based compensation under the principles prescribed by the Accounting Principles Board's (Opinion No. 25), "Accounting for Stock Issued to Employees." However, Statement of Financial Accounting Standards No. 123 (FAS No. 123), "Accounting for Stock-Based Compensation" permits the continued use of the intrinsic-value based method prescribed by Opinion No. 25 but requires additional disclosures, including pro forma calculations of earnings and net earnings per share as if the fair value method of accounting prescribed by FAS No. 123 had been applied. No stock based compensation costs are reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of the grant. As required by Statement of Financial Accounting Standards No. 148 (FAS No. 148), "Accounting for Stock Based Compensation - Transition and Disclosure," which amended FAS No. 123, the following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of FAS No. 123 to stock based employee compensation. The pro forma data presented below is not representative of the effects on reported amounts for future years (amounts are in thousands, except per share amounts).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Net income, as reported	\$ 8,826	\$ 1,946	\$ 24,661	\$ 16,276
Stock-based employee compensation expense, net of tax	(692)	(808)	(1,977)	(2,265)
Pro forma net income	\$ 8,134	\$ 1,138	\$ 22,684	\$ 14,011
Basic earnings per share:				
Earnings, as reported	\$ 0.12	\$ 0.03	\$ 0.33	\$ 0.22
Stock-based employee compensation expense, net of tax	(0.01)	(0.01)	(0.03)	(0.03)
Pro forma earnings per share	\$ 0.11	\$ 0.02	\$ 0.30	\$ 0.19
Diluted earnings per share:				
Earnings, as reported	\$ 0.12	\$ 0.03	\$ 0.33	\$ 0.22
Stock-based employee compensation expense, net of tax	(0.01)	(0.01)	(0.03)	(0.03)
Pro forma earnings per share	\$ 0.11	\$ 0.02	\$ 0.30	\$ 0.19

Black-Scholes option pricing model assumptions:

Risk free interest rate	3.10%	2.94%	2.65%	2.94%
Expected life (years)	3	3	3	3
Volatility	58.46%	85.48%	58.61%	85.48%
Dividend yield	-	-	-	-

(3) Earnings per Share

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

(4) Other Income

As the result of a tropical storm, one of the Company's 200-foot class liftboats sank in the Gulf of Mexico on June 30, 2003. During the third quarter of 2003, the vessel was declared a total loss and the Company received \$8 million of insurance proceeds for the vessel. As a result, the Company recorded a gain from the insurance proceeds of \$2.8 million, which is included in other income in the quarter ended September 30, 2003.

(5) Business Combinations

On August 15, 2003, the Company acquired Premier Oilfield Services, Ltd. (Premier), an Aberdeen, Scotland-based provider of oilfield equipment rentals, in order to geographically expand the Company's operations and the rental tool segment. The Company paid \$3.4 million ((pound)2.1 million) in cash consideration for Premier, including transaction costs, and paid an additional \$29.0 million ((pound)18.1 million) to repay its existing debt, concurrently with the acquisition. The acquisition has been accounted for as a purchase and the acquired assets and liabilities have been preliminarily valued at their estimated fair market values. The Company has initially recorded approximately \$19.1 million in goodwill related to this transaction pending finalization of valuation of fixed assets and tax considerations. The results of operations of Premier have been included from the acquisition date. The pro forma effect of operations of the acquisition when included as of the beginning of the periods presented was not material to the Consolidated Statements of Operations of the Company.

On August 28, 2003, the Company sold its construction-related assets that were included in the other oilfield services segment for \$1.25 million. The Company received \$312,500 in cash for the sale and a note receivable for the remaining \$937,500. There was no gain or loss recorded on the sale. These assets generated approximately \$18.5 million and \$18.7 million of the Company's revenues in the nine months ended September 30, 2003 and 2002, respectively.

In the year ended December 31, 2002, the Company made two acquisitions. In January, the Company acquired an environmental services company by converting \$18.6 million of notes and other receivables into ownership of the company. In December, the Company acquired a rental tool business for \$5.6 million in cash consideration. The Company paid an additional \$928,000 for this acquisition in the second quarter of 2003 in conjunction with the receipt of the title to a facility for this business. Both of these acquisitions have been accounted for as purchases and the results of operations have been included from the respective acquisition dates.

Most of the Company's acquisitions have involved additional contingent consideration based upon a multiple of the acquired companies' respective average earnings before interest, income taxes, depreciation and amortization expense (EBITDA) over a three-year period from the respective date of acquisition. While the amounts of additional consideration payable depend upon the acquired company's operating performance and are difficult to predict accurately, the maximum additional consideration payable for the Company's remaining acquisitions will be approximately \$16.1 million, which will be determined in the second quarter of 2004 and payable during the second half of 2004. These amounts are not classified as liabilities under generally accepted accounting principles and are not reflected in the Company's financial statements until the amounts are fixed and determinable. With the exception of the Company's guarantee of Lamb Energy Services' credit facility (see note 7 to the unaudited consolidated financial statements), the Company does not have any other financing arrangements that are not required under generally accepted accounting principles to be reflected in its financial statements. When amounts are determined, they are capitalized as part of the purchase price of the related acquisition. In the nine months ended September 30, 2003, the Company capitalized additional consideration of \$22.8 million related to five of its acquisitions, of which \$5.7 million was paid in the nine months ended September 30, 2003, and \$17.1 million will be paid by the end of the first quarter of 2004.

(6) Segment Information

The Company's reportable segments are as follows: well intervention group, marine, rental tools and other oilfield services. Each segment offers products and services within the oilfield services industry. The well intervention group segment provides plug and abandonment services, coiled tubing services, well pumping and stimulation services, data acquisition services, gas lift services, electric wireline services, hydraulic drilling and workover services, well control services and mechanical wireline services that perform a variety of ongoing maintenance and repairs to producing wells, as well as modifications to enhance the production capacity and life span of the well. The marine segment operates liftboats for oil and gas production facility maintenance, construction operations and platform removals, as well as production service activities. The rental tools segment rents and sells specialized equipment for use with onshore and offshore oil and gas well drilling, completion, production and workover activities. The other oilfield services segment provides contract operations and maintenance services, interconnect piping services, sandblasting and painting maintenance services, transportation and logistics services, offshore oil and gas cleaning services, oilfield waste treatment services, dockside cleaning of items, including supply boats, cutting boxes, and process equipment, and manufactures and sells drilling instrumentation and oil spill containment equipment. All of the segments operate primarily in the Gulf of Mexico.

Summarized financial information concerning the Company's segments for the three and nine months ended September 30, 2003 and 2002 is shown in the following tables (in thousands):

Three Months Ended September 30, 2003

	Well Intervention	Marine	Rental Tools	Other Oilfield Services	Unallocated Amount	Consolidated Total
Revenues	\$ 50,264	\$ 17,260	\$ 35,351	\$ 25,441	\$ -	\$128,316
Cost of services	29,811	12,443	11,509	21,686	-	75,449
Depreciation and amortization	3,011	1,746	6,433	984	-	12,174
General and administrative	10,139	1,611	8,579	3,866	-	24,195
Operating income	7,303	1,460	8,830	(1,095)	-	16,498
Interest expense, net	-	-	-	-	(5,611)	(5,611)
Equity in income of affiliates, net	-	-	60	-	-	60
Other income	-	2,762	-	-	-	2,762
Income (loss) before income taxes	\$ 7,303	\$ 4,222	\$ 8,890	\$ (1,095)	\$ (5,611)	\$ 13,709

Three Months Ended September 30, 2002

	Well Intervention	Marine	Rental Tools	Other Oilfield Services	Unallocated Amount	Consolidated Total
Revenues	\$ 36,115	\$ 14,326	\$ 29,401	\$ 27,371	\$ -	\$107,213
Cost of services	24,414	11,456	9,373	21,893	-	67,136
Depreciation and amortization	2,742	1,422	5,036	1,095	-	10,295
General and administrative	8,432	1,704	7,337	3,806	-	21,279
Operating income	527	(256)	7,655	577	-	8,503
Interest expense, net	-	-	-	-	(5,452)	(5,452)
Equity in income of affiliates, net	-	-	113	-	-	113
Income (loss) before income taxes	\$ 527	\$ (256)	\$ 7,768	\$ 577	\$ (5,452)	\$ 3,164

Nine Months Ended September 30, 2003

	Well Intervention	Marine	Rental Tools	Other Oilfield Services	Unallocated Amount	Consolidated Total
Revenues	\$ 138,079	\$ 54,412	\$ 106,347	\$ 81,530	\$ -	\$ 380,368
Cost of services	82,894	37,777	34,005	65,221	-	219,897
Depreciation and amortization	9,041	5,028	18,737	3,195	-	36,001
General and administrative	29,399	5,531	25,084	11,559	-	71,573
Operating income	16,745	6,076	28,521	1,555	-	52,897
Interest expense, net	-	-	-	-	(16,693)	(16,693)
Equity in income of affiliates, net	-	-	492	-	-	492
Other income	-	2,762	-	-	-	2,762
Income (loss) before income taxes	\$ 16,745	\$ 8,838	\$ 29,013	\$ 1,555	\$ (16,693)	\$ 39,458

Nine Months Ended September 30, 2002

	Well Intervention	Marine	Rental Tools	Other Oilfield Services	Unallocated Amount	Consolidated Total
Revenues	\$ 112,589	\$ 46,672	\$ 90,676	\$ 74,832	\$ -	\$ 324,769
Cost of services	69,489	31,965	27,761	59,299	-	188,514
Depreciation and amortization	7,953	4,564	14,431	3,325	-	30,273
General and administrative	25,828	5,078	22,327	10,685	-	63,918
Operating income	9,319	5,065	26,157	1,523	-	42,064
Interest expense, net	-	-	-	-	(15,857)	(15,857)
Equity in income of affiliates, net	-	-	258	-	-	258
Income (loss) before income taxes	\$ 9,319	\$ 5,065	\$ 26,415	\$ 1,523	\$ (15,857)	\$ 26,465

(7) Debt

The Company has outstanding \$200 million of 8 7/8% senior notes due 2011. The indenture governing the senior notes requires semi-annual interest payments, which commenced November 15, 2001 and continue through the maturity date of May 15, 2011. The indenture governing the senior notes contains certain covenants that, among other things, prevent the Company from incurring additional debt, paying dividends or making other distributions, unless its ratio of cash flow to interest expense is at least 2.25 to 1, except that the Company may incur additional debt in an amount equal to 30% of its net tangible assets, which was approximately \$141 million at September 30, 2003. The indenture also contains covenants that restrict the Company's ability to create certain liens, sell assets or enter into certain mergers or acquisitions. At September 30, 2003, the Company was in compliance with all such covenants.

The Company has a bank credit facility which was amended in August 2003. The amendment increased the balance of the term loans by \$23 million to finance the acquisition of Premier and extended the maturity date of the facility. At September 30, 2003, the Company has term loans in an aggregate amount of \$54.1 million outstanding and a revolving credit facility of \$75 million, none of which was outstanding. The term loans require principal payments of \$3.4 million each quarter through March 31, 2005 and \$1.8 million each quarter from June 30, 2005 through June 30, 2008. A lump sum payment of \$11.2 million is due on May 2, 2005 and any balance outstanding on the revolving credit facility is due on August 13, 2006. The credit facility bears interest at a LIBOR rate plus margins that depend on the Company's leverage ratio. Indebtedness under the credit facility is secured by substantially all of the Company's assets, including the pledge of the stock of the Company's principal subsidiaries. The credit facility contains customary events of default and requires that the Company satisfy various financial covenants. It also limits the Company's capital expenditures, its ability to pay dividends or make other distributions, make acquisitions, make changes to the Company's capital structure, create liens or incur additional indebtedness. At September 30, 2003, the Company was in compliance with all such covenants.

The Company has \$19.4 million outstanding in U. S. Government guaranteed long-term financing under Title XI of the Merchant Marine Act of 1936 which is administered by the Maritime Administration (MARAD) for two 245-foot class liftboats. The debt bears an interest rate of 6.45% per annum and is payable in equal semi-annual installments of \$405,000, which began December 3, 2002, and matures on June 3, 2027. The Company's obligations are secured by mortgages on the two liftboats. In accordance with the agreement, the Company is required to comply with certain covenants and restrictions, including the maintenance of minimum net worth and debt-to-equity requirements. At September 30, 2003, the Company was in compliance with all such covenants.

The Company owns a 54.3% interest in Lamb Energy, which has a credit facility with a syndicate of banks that matures in 2005 consisting of a term loan in the amount of \$10 million outstanding at September 30, 2003, and a revolving credit facility of \$3 million, none of which was outstanding at September 30, 2003. The Company fully guarantees amounts due under the credit facility. The Company does not expect to incur any losses as a result of the guarantee.

(8) Commitments and Contingencies

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

(9) Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." FIN 46 clarifies the application of Accounting Research Bulletin Number 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the second fiscal year or interim period beginning after December 15, 2003, to variable entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. FIN 46 applies to public enterprises as of the beginning of the applicable interim or annual period. The Company does not expect the adoption of FIN 46 to have a significant effect on the Company's financial position or results of operations.

In April 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149 (FAS No. 149), "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." FAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under Statement of Financial Accounting Standards No. 133 (FAS No. 133), "Accounting for Derivative Instruments and Hedging Activities." FAS No. 149 is effective for contracts entered into or modified after September 30, 2003. The adoption of FAS No. 149 did not have a significant effect on the Company's financial position or results of operations.

In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 150 (FAS No. 150), "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." FAS No. 150 establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. FAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003. The adoption of FAS No. 150 did not have a significant effect on the Company's financial position or results of operations.

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" contains forward-looking statements which involve risks and uncertainties. All statements other than statements of historical fact included in this section regarding our financial position and liquidity, strategic alternatives, future capital needs, business strategies and other plans and objectives of our management for future operations and activities, are forward-looking statements. These statements are based on certain assumptions and analyses made by our management in light of its experience and 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 our 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 our growth strategy, including the risks of rapid growth and the risks inherent in acquiring businesses; changes in competitive factors affecting our operations; operating hazards, including the significant possibility of accidents resulting in personal injury, property damage or environmental damage; the effect on our performance of regulatory programs and environmental matters; seasonality of the offshore industry in the Gulf of Mexico; and our dependence on certain customers. These and other uncertainties related to our business are described in detail in our Annual Report on Form 10-K for the year ended December 31, 2002. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update any of our forward-looking statements for any reason.

OVERVIEW

We are a leading provider of specialized oilfield services and equipment focused on serving the production-related needs of oil and gas companies primarily in the Gulf of Mexico. We believe that we are one of the few companies in the Gulf of Mexico capable of providing most of the post wellhead products and services necessary to maintain offshore producing wells, as well as the plug and abandonment services necessary at the end of their life cycle. We believe that our ability to provide our customers with multiple services and to coordinate and integrate their delivery from our liftboats allows us to maximize efficiency, reduce lead time and provide cost-effective services for our customers.

Over the past several years, we have significantly expanded the range of production-related services we provide and the geographic scope of our operations through both internal growth and strategic acquisitions. We have expanded our geographic focus to select international market areas and added complementary product and service offerings. Currently, we provide a full range of products and services for our customers, including well intervention services, marine services, rental tools and other oilfield services. For additional segment financial information, see note 6 to our unaudited consolidated financial statements.

Our financial performance is impacted by the broader economic trends affecting our customers. The demand for our services and equipment is cyclical due to the nature of the energy industry. Our operating results are directly tied to industry demand for our services, most of which are performed on the outer continental shelf in the Gulf of Mexico. While we have focused on providing production-related services and renting drilling-related equipment where, historically, demand has not been as volatile as for exploration-related services, we expect our operating results to be highly dependent upon industry activity levels in the Gulf of Mexico.

In the third quarter of 2003, activity levels increased for our production-related services, which offset decreases in demand for our drilling-related businesses. As a result, revenue increased for many of our well intervention services in comparison to the second quarter of 2003, offsetting decreased demand for drilling-related products and services such as rental tools and non-hazardous oilfield waste treatment services. For the quarter ended September 30, 2003, revenue remained relatively unchanged at \$128.3 million and net income increased 6% to \$8.8 million from the second quarter of 2003. During the third quarter of 2003, we also recorded \$2.8 million of other income related to the gain on insurance proceeds from the loss of the 200-foot class liftboat, Superior Challenge.

Our well intervention segment's revenue increased to \$50.3 million in the third quarter of 2003 as compared to \$46.4 million in the second quarter of 2003. Activity increased for most well intervention services, including coiled tubing, hydraulic workover, mechanical wireline and well control services. These were offset by decreases in activity levels for plug and abandonment and electric line services.

Our marine segment's revenue decreased 7% to \$17.3 million in the third quarter of 2003 from the second quarter of 2003. This decrease is primarily attributed to the loss of the 200-foot class liftboat Superior Challenge and the unusually high number of weather downtime days due to multiple tropical storms in the Gulf of Mexico. During the quarter, five tropical storms in the Gulf of Mexico either partially or completely shut down liftboat activity. Several storms occurred days apart, meaning some of our customers did not restart projects until the weather improved over a longer period of time so they could avoid mobilization charges. Our fleet's average utilization rate remained relatively unchanged at 66% from the second quarter of 2003. Our fleet's average dayrate decreased to \$6,240 in the third quarter of 2003 from \$6,430 in the second quarter of 2003. The lower average dayrate was attributable to lower dayrates for some of our larger liftboat classes, particularly the 230-foot to 245-foot and 250-foot class liftboats.

The revenue for our rental tools segment decreased to \$35.4 million in the third quarter of 2003, as compared to \$36.4 million in the second quarter of 2003. Rental activity for drill pipe, stabilizers and related equipment was lower as a result of lower oil and gas drilling activity in the shallow water Gulf of Mexico and changes in timing on certain deepwater Gulf of Mexico projects.

Our other oilfield services segment's revenue was \$25.4 million, an 8% decrease over the second quarter of 2003. The decrease in revenue was attributable to the sale of the Company's construction-related assets and lower activity for drilling-related environmental services, such as non-hazardous oilfield waste treatment.

COMPARISON OF THE RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

For the three months ended September 30, 2003, our revenues were \$128.3 million resulting in net income of \$8.8 million or \$0.12 diluted earnings per share. For the three months ended September 30, 2002, revenues were \$107.2 million and net income was \$1.9 million or \$0.03 diluted earnings per share. Our increase in revenue and net income are primarily the result of increased activity levels as compared to the third quarter of last year when activity levels were lower and two hurricanes shut down activity in the Gulf of Mexico in September, which negatively impacted all of the segments of our business. The following discussion analyzes our operating results on a segment basis.

WELL INTERVENTION SEGMENT

Revenue for our well intervention group was \$50.3 million for the three months ended September 30, 2003, as compared to \$36.1 million for the same period in 2002. This segment's gross margin percentage increased to 41% in the three months ended September 30, 2003 from 32% in the three months ended September 30, 2002. The increase in revenue and gross margin percentage is the result of increased demand for almost all of our services as a result of increased production-related activity.

MARINE SEGMENT

Our marine revenue for the three months ended September 30, 2003 increased 20% over the same period in 2002 to \$17.3 million. The fleet's average dayrate increased to \$6,240 in the third quarter of 2003 from \$5,410 in the third quarter of 2002, and the average utilization increased to 66% for the third quarter of 2003 from 63% in the same period in 2002. The gross margin percentage for the three months ended September 30, 2003 increased to 28% from 20% for the same period in 2002. Higher utilization was due to an increase in production-related activity and the absence of the more severe hurricanes that existed in the third quarter of 2002.

RENTAL TOOLS SEGMENT

Revenue for our rental tools segment for the three months ended September 30, 2003 was \$35.4 million, a 20% increase over the same period in 2002. The increase in this segment's revenue was primarily due to an increased demand for our expanded inventory of rental tool equipment and our geographic expansion. During the quarter,

revenue from international markets grew as we acquired Premier, an Aberdeen, Scotland-based provider of oilfield equipment rentals, and continue to diversify outside of the Gulf of Mexico market area. The gross margin percentage decreased slightly to 67% in the three months ended September 30, 2003 from 68% from the same period in 2002 due to changes in business mix.

OTHER OILFIELD SERVICES SEGMENT

Other oilfield services revenue for the three months ended September 30, 2003 was \$25.4 million, a 7% decrease over the \$27.4 million in revenue for the same period in 2002. The gross margin percentage decreased to 15% in the three months ended September 30, 2003 from 20% in the same period in 2002. The lower revenue and gross margin percentage are attributable to lower drilling-related activity which reduced activity in our non-hazardous oilfield waste treatment business and the sale of our construction and fabrication assets.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased to \$12.2 million in the three months ended September 30, 2003 from \$10.3 million in the same period in 2002. The increase resulted mostly from our larger asset base as a result of our capital expenditures during 2002 and 2003.

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased to \$24.2 million for the three months ended September 30, 2003 from \$21.3 million for the same period in 2002. The increase is primarily the result of our internal growth and expansion. However, general and administrative expenses as a percentage of revenue decreased to 19% for the quarter ended September 30, 2003 from 20% for the quarter ended September 30, 2002.

COMPARISON OF THE RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

For the nine months ended September 30, 2003, our revenues were \$380.4 million resulting in net income of \$24.7 million or \$0.33 diluted earnings per share. For the nine months ended September 30, 2002, our revenues were \$324.8 million and our net income was \$16.3 million or \$0.22 diluted earnings per share. Our increase in revenue and net income is the result of an overall increased demand for most of our services due to increased activity by our customers. The following discussion analyzes our operating results on a segment basis.

WELL INTERVENTION SEGMENT

Revenue for our well intervention group was \$138.1 million for the nine months ended September 30, 2003, as compared to \$112.6 million for the same period in 2002. This segment's gross margin percentage increased slightly to 40% in the nine months ended September 30, 2003 from 38% in the nine months ended September 30, 2002. The increase in revenue and gross margin percentage is the result of increased demand for almost all of our services as production-related activity in the Gulf of Mexico increased. Our hydraulic workover, well control and pumping and stimulation services benefited the most from the increased activity levels.

MARINE SEGMENT

Our marine revenue for the nine months ended September 30, 2003 increased 17% over the same period in 2002 to \$54.4 million. The fleet's average dayrate increased to \$6,400 in the nine months ended September 30, 2003 from \$5,580 in the same period in 2002, and the average utilization decreased slightly to 66% for the nine months ended September 30, 2003 from 67% in the same period in 2002. The gross margin percentage for the nine months ended September 30, 2003 decreased slightly to 31% from 32% for the same period in 2002. While revenues and the average dayrate increased because of additions of three larger liftboats to the fleet during 2002, a drop-off in utilization and the increased costs of the new liftboats resulted in a lower gross margin percentage. Increased costs, including maintenance and insurance, also contributed to the decline in gross margin percentage.

RENTAL TOOLS SEGMENT

Revenue for our rental tools segment for the nine months ended September 30, 2003 was \$106.3 million, a 17% increase over the same period in 2002. The increase in this segment's revenue was primarily due to an increased demand for our expanded inventory of rental tool equipment and our geographic expansion. During the nine months ended September 30, 2003, revenue from international markets grew as we continue to diversify outside of the Gulf of Mexico market area. We acquired Premier, an Aberdeen, Scotland-based provider of oilfield equipment rentals, in August 2003 to further this diversification. The gross margin percentage decreased slightly to 68% in the nine months ended September 30, 2003 from 69% in the same period in 2002 due primarily to a change in the mix of the demand for our rental tools.

OTHER OILFIELD SERVICES SEGMENT

Other oilfield services revenue for the nine months ended September 30, 2003 was \$81.6 million, a 9% increase over the \$74.8 million in revenue in the same period in 2002. The gross margin percentage decreased slightly to 20% in the nine months ended September 30, 2003 from 21% in the same period in 2002. This segment generated more revenue primarily from sales of oil spill containment equipment and growth in our oilfield waste treatment business, but a slightly lower gross margin percentage due to additional costs associated with the sale of our construction and fabrication assets and growth and expansion of our oilfield waste treatment business.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased to \$36.0 million in the nine months ended September 30, 2003 from \$30.3 million in the same period in 2002. The increase resulted mostly from our larger asset base as a result of our capital expenditures during 2002 and 2003.

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased to \$71.6 million for the nine months ended September 30, 2003 from \$63.9 million for the same period in 2002. The increase is primarily the result of our internal growth and expansion. However, general and administrative expenses as a percentage of revenue decreased to 19% for the nine months ended September 30, 2003 from 20% for the same period in 2002.

LIQUIDITY AND CAPITAL RESOURCES

In the nine months ended September 30, 2003, we generated net cash from operating activities of \$78.3 million. Our primary liquidity needs are for working capital, capital expenditures, debt service and acquisitions. Our primary sources of liquidity are cash flows from operations and borrowings under our revolving credit facility. We had cash and cash equivalents of \$20.7 million at September 30, 2003 compared to \$3.5 million at December 31, 2002.

We made \$36.5 million of capital expenditures during the nine months ended September 30, 2003, of which approximately \$21.6 was used to expand and maintain our rental tool equipment inventory, approximately \$5.8 million was used on facilities construction (including our facility in Broussard, Louisiana) and approximately \$1.5 million was made in our marine segment. We also made \$7.6 million of capital expenditures to expand and maintain the asset base of our well intervention group and other oilfield services group. We currently believe that we will make approximately \$15 million of capital expenditures, excluding acquisitions and targeted asset purchases, during the remaining three months of 2003 primarily to further expand our rental tool asset base. We believe that our current working capital, cash generated from our operations and availability under our revolving credit facility will provide sufficient funds for our identified capital projects.

In August 2003, we acquired Premier, an Aberdeen, Scotland-based provider of oilfield equipment rentals, in order to geographically expand our operations and the rental tool segment. We paid \$3.4 million ((pound)2.1 million) in cash consideration for Premier, including transaction costs, and paid an additional \$29.0 million ((pound)18.1 million) to repay its existing debt, concurrently with the acquisition.

We have outstanding \$200 million of 8 7/8% senior notes due 2011. The indenture governing the senior notes requires semi-annual interest payments, which commenced November 15, 2001 and continue through the maturity date of May 15, 2011. The indenture governing the senior notes contains certain covenants that, among other things, prevent us from incurring additional debt, paying dividends or making other distributions, unless our ratio of cash flow to interest expense is at least 2.25 to 1, except that we may incur additional debt in an amount equal to 30% of our net tangible assets, which was approximately \$141 million at September 30, 2003. The indenture also contains covenants that restrict our ability to create certain liens, sell assets or enter into certain mergers or acquisitions.

We also have a bank credit facility which was amended in August 2003. The amendment increased the balance of the term loans by \$23 million to finance the acquisition of Premier and extended the maturity date of the facility. At September 30, 2003, we had term loans in an aggregate amount of \$54.1 million outstanding and a revolving credit facility of \$75 million, none of which was outstanding. As of November 7, 2003, these balances were unchanged and the weighted average interest rate on amounts outstanding under the credit facility was 3.7% per annum. Indebtedness under the credit facility is secured by substantially all of our assets, including the pledge of the stock of our principal subsidiaries. The credit facility contains customary events of default and requires that we satisfy various financial covenants. It also limits our capital expenditures, our ability to pay dividends or make other distributions, make acquisitions, make changes to our capital structure, create liens or incur additional indebtedness.

We have \$19.4 million outstanding at September 30, 2003 in U. S. Government guaranteed long-term financing under Title XI of the Merchant Marine Act of 1936 which is administered by the Maritime Administration (MARAD) for two 245-foot class liftboats. This debt bears an interest rate of 6.45% per annum and is payable in equal semi-annual installments of \$405,000, which began December 3, 2002, and matures on June 3, 2027. Our obligations are secured by mortgages on the two liftboats. In accordance with the agreement, we are required to comply with certain covenants and restrictions, including the maintenance of minimum net worth and debt-to-equity requirements.

The following table summarizes our contractual cash obligations and commercial commitments at September 30, 2003 (amounts in thousands) for our long-term debt and operating leases. We do not have any other material obligations or commitments.

Description	Remaining Three Months 2003	2004	2005	2006	2007	2008	Thereafter
Long-term debt	\$ 3,755	\$ 14,210	\$20,610	\$7,810	\$ 7,810	\$ 4,310	\$214,976
Operating leases	999	3,000	1,838	859	708	286	450
Total	\$ 4,754	\$ 17,210	\$22,448	\$8,669	\$ 8,518	\$ 4,596	\$215,426

The table does not include our guarantee of the Lamb Energy Services credit facility consisting of a \$10 million term loan at September 30, 2003 and a \$3 million revolving credit facility, none of which was outstanding as of September 30, 2003. This table also does not include any potential additional consideration that may be payable as a result of our acquisitions. Additional consideration is generally based on the acquired company's operating performance after the acquisition as measured by earnings before interest, income taxes, depreciation and amortization (EBITDA) and other adjustments intended to exclude extraordinary items. While the amounts of additional consideration payable depend upon the acquired company's operating performance and are difficult to predict accurately, the maximum additional consideration payable for the Company's remaining acquisitions will be approximately \$16.1 million, which will be determined in the second quarter of 2004 and payable during the second half of 2004. These amounts are not classified as liabilities under generally accepted accounting principles and are not reflected in the Company's financial statements until the amounts are fixed and determinable. We do not have any other financing arrangements that are not required under generally accepted accounting principles to be reflected in our financial statements. When amounts are determined, they are capitalized as part of the purchase price of the related acquisition. In the nine months ended September 30, 2003, we capitalized additional consideration of \$22.8 million related to five of our acquisitions, of which \$5.7 million was paid in the nine months ended September 30, 2003, and \$17.1 million will be paid by the end of the first quarter of 2004.

We intend to continue implementing our growth strategy of increasing our scope of services through both internal growth and strategic acquisitions. We expect to continue to make the capital expenditures required to implement our growth strategy in amounts consistent with the amount of cash generated from operating activities, the availability of additional financing and our credit facility. Depending on the size of any future acquisitions, we may require additional equity or debt financing in excess of our current working capital and amounts available under our revolving credit facility.

NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." FIN 46 clarifies the application of Accounting Research Bulletin Number 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the second fiscal year or interim period beginning after December 15, 2003, to variable entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. FIN 46 applies to public enterprises as of the beginning of the applicable interim or annual period. We do not expect the adoption of FIN 46 to have a significant effect on our financial position or results of operations.

In April 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149 (FAS No. 149), "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." FAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under Statement of Financial Accounting Standards No. 133 (FAS No. 133), "Accounting for Derivative Instruments and Hedging Activities." FAS No. 149 is effective for contracts entered into or modified after September 30, 2003. The adoption of FAS No. 149 did not have a significant effect on our financial position or results of operations.

In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 150 (FAS No. 150), "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." FAS No. 150 establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. FAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003. The adoption of FAS No. 150 did not have a significant effect on our financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes in our market risks since the year ended December 31, 2002. For more information, please read the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2002.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this quarterly report on Form 10-Q, based on the evaluation conducted by our chief financial officer and chief executive officer, they have concluded that our disclosure controls and procedures (as defined in rules 13a-14c promulgated under the Securities Exchange Act of 1934, as amended) are effective and designed to alert them to material information relating to the Company.

There were no material changes to the Company's system of internal controls over financial reporting or in other factors that have materially affected or are reasonably likely to materially affect those internal controls subsequent to the date of our most recent evaluation.

PART II. OTHER INFORMATION

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 herein by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1996).
- 3.2 Certificate of Amendment to the Company's Certificate of Incorporation (incorporated herein by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
- 3.3 Amended and Restated Bylaws (incorporated herein by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
- 10.1 Amended and Restated Credit Agreement dated as of August 13, 2003 among SESI, L.L.C., as borrower, Superior Energy Services, Inc., as parent, Bank One, NA as agent, Wells Fargo Bank Texas, N.A. as syndication agent, Whitney National Bank as documentation agent, and the lenders party thereto.
- 31.1 Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Officer's certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Officer's certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K. The following reports on Form 8-K were filed during the quarter ended September 30, 2003:

On August 5, 2003, the Company filed a current report on Form 8-K reporting, under item 5, the announcement of earnings for the second quarter ended June 30, 2003.

On August 12, 2003, the Company filed a current report on Form 8-K reporting, under item 5, that it has elected Mr. Enoch Dawkins to the Company's Board of Directors.

On August 18, 2003, the Company filed a current report on Form 8-K reporting, under item 5, that it acquired Premier Oilfield Services, Ltd., an Aberdeen-based provider of oilfield equipment rentals.

SIGNATURE

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

SUPERIOR ENERGY SERVICES, INC.

Date: November 13 , 2003

By: /s/ Robert S. Taylor

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

EXHIBIT INDEX

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- 32.2 Officer's certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

AMENDED AND RESTATED CREDIT AGREEMENT

BY AND AMONG

SESI, L.L.C.
(AS BORROWER),

SUPERIOR ENERGY SERVICES, INC.
(AS PARENT),

BANK ONE, NA
(AS AGENT),

WELLS FARGO BANK TEXAS, N.A.
(AS SYNDICATION AGENT)

WHITNEY NATIONAL BANK
(AS DOCUMENTATION AGENT)

AND

THE LENDERS PARTY HERETO

AS OF AUGUST 14, 2003

BANC ONE CAPITAL MARKETS, INC.
(AS SOLE LEAD ARRANGER AND SOLE BOOK MANAGER)

TABLE OF CONTENTS

PAGE NO.

ARTICLE I. DEFINITIONS

1.1	DEFINITIONS OF CERTAIN TERMS USED HEREIN	2
-----	--	---

ARTICLE II. THE CREDITS

2.1	TERM LOANS	17
2.2	REVOLVING LOANS; SWING LINE LOAN	17
2.3	LETTERS OF CREDIT	19
2.4	TYPES OF ADVANCES	20
2.5	COMMITMENT FEE; REDUCTIONS IN AGGREGATE REVOLVING LOAN COMMITMENT	20
2.6	MINIMUM AMOUNT OF EACH ADVANCE	21
2.7	PREPAYMENTS	21
2.8	METHOD OF SELECTING TYPES AND EURODOLLAR INTEREST PERIODS FOR NEW ADVANCES	22
2.9	CONVERSION AND CONTINUATION OF OUTSTANDING ADVANCES	22
2.10	CHANGES IN INTEREST RATE, ETC	23
2.11	RATES APPLICABLE AFTER DEFAULT	23
2.12	METHOD OF PAYMENT	24
2.13	NOTELESS AGREEMENT; EVIDENCE OF INDEBTEDNESS	24
2.14	TELEPHONIC NOTICES	25
2.15	INTEREST PAYMENT DATES; INTEREST AND FEE BASIS	25
2.16	NOTIFICATION OF ADVANCES, INTEREST RATES, PREPAYMENTS AND COMMITMENT REDUCTIONS	25
2.17	LENDING INSTALLATIONS	25
2.18	NON-RECEIPT OF FUNDS BY THE AGENT	26
2.19	COLLATERAL	26

ARTICLE III. YIELD PROTECTION; TAXES

3.1	YIELD PROTECTION	28
3.2	CHANGES IN CAPITAL ADEQUACY REGULATIONS	28
3.3	AVAILABILITY OF TYPES OF ADVANCES	29
3.4	FUNDING INDEMNIFICATION	29
3.5	TAXES	29
3.6	LENDER STATEMENTS; SURVIVAL OF INDEMNITY	31
3.7	REPLACEMENT OF LENDER	31

ARTICLE IV. CONDITIONS PRECEDENT

4.1	Initial Advance	33
4.2	Each Advance	34

ARTICLE V. REPRESENTATIONS AND WARRANTIES

5.1	Existence and Standing	35
5.2	Authorization and Validity	35
5.3	No Conflict; Government Consent	35
5.4	Financial Statements	36
5.5	Material Adverse Change	36
5.6	Taxes	36
5.7	Litigation and Contingent Obligations	36
5.8	Subsidiaries	36
5.9	ERISA	37
5.10	Accuracy Of Information	37
5.11	Regulation U	37
5.12	Material Agreements	37
5.13	Compliance With Laws	37
5.14	Ownership of Properties	37
5.15	Plan Assets; Prohibited Transactions	37
5.16	Environmental Matters	38
5.17	Investment Company Act	38
5.18	Public Utility Holding Company Act	38
5.19	Solvency	38

ARTICLE VI. COVENANTS

6.1	Financial Reporting	39
6.2	Use of Proceeds	40
6.3	Notice of Default	40
6.4	Conduct of Business	41
6.5	Taxes	41
6.6	Insurance	41
6.7	Compliance with Laws; Environmental Matters	41
6.8	Maintenance of Properties	41
6.9	Inspection	42
6.10	Dividends	42
6.11	Indebtedness	42
6.12	Merger	44

6.13	Sale of Assets	44
6.14	Investments	45
6.15	Liens	46
6.16	Acquisitions	48
6.17	Transactions with Affiliates	48
6.18	Appraisals	49
6.19	Financial Covenants	49
6.20	Plug and Abandonment Liabilities	50
ARTICLE VII. DEFAULTS		51
ARTICLE VIII. ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES		
8.1	Acceleration	53
8.2	Amendments	53
8.3	Preservation of Rights	54
ARTICLE IX. GENERAL PROVISIONS		
9.1	Survival Of Representations	55
9.2	Governmental Regulation	55
9.3	Headings	55
9.4	Entire Agreement	55
9.5	Several Obligations; Benefits of this Agreement	55
9.6	Expenses; Indemnification	55
9.7	Numbers Of Documents	56
9.8	Accounting	56
9.9	Severability of Provisions	56
9.10	Nonliability of Lenders	56
9.11	Confidentiality	57
9.12	Nonreliance	57
9.13	Disclosure	57
ARTICLE X. THE AGENT		
10.1	Appointment; Nature of Relationship	58
10.2	Powers	58
10.3	General Immunity	58
10.4	No Responsibility for Loans, Recitals, etc.	58
10.5	Action on Instructions of Lenders	59
10.6	Employment of Agents and Counsel	59

10.7	Reliance on Documents; Counsel	59
10.8	Agent's Reimbursement and Indemnification	59
10.9	Notice of Default	60
10.10	Rights as a Lender	60
10.11	Lender Credit Decision	60
10.12	Successor Agent	61
10.13	Agent's Fee; Arranger's Fee	61
10.14	Delegation to Affiliates	61
10.15	Execution of Collateral Documents	61
10.16	Collateral Releases	62
ARTICLE XI. SETOFF; RATABLE PAYMENTS		
11.1	Setoff	63
11.2	Ratable Payments	63
ARTICLE XII. BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS		
12.1	Successors and Assigns	64
12.2	Participations	64
12.3	Assignments	65
12.4	Dissemination of Information	66
12.5	Tax Treatment	66
ARTICLE XIII. NOTICES		
13.1	Notices	67
13.2	Change of Address	67
ARTICLE XIV. COUNTERPARTS		
ARTICLE XV. CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL		
15.1	Choice of Law	69
15.2	Consent to Jurisdiction	69
15.3	Waiver of Jury Trial	69

SCHEDULES

1	Commitment Amounts of the Lenders	73
2	Pricing Schedule	81
3	List of Borrower's Subsidiaries	83
4	Eligible Accounts and Eligible Inventory	85
5	Existing Permitted Indebtedness	89
6	Existing Permitted Investments	90
7	Existing Permitted Liens	91
8	Existing Additional Contingent Consideration	92

EXHIBITS

A	Compliance Certificate	93
B	Assignment Agreement	97
C	Borrowing Base Certificate	104

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated as of August 14, 2003, is among SESI, L.L.C., as Borrower, SUPERIOR ENERGY SERVICES INC., as Parent, BANK ONE, NA, as Agent, WELLS FARGO BANK TEXAS, N.A., as Syndication Agent, WHITNEY NATIONAL BANK, as Documentation Agent, and the lenders party hereto, who agree as follows:

RECITALS

A. Superior Energy Services, Inc., (the "Parent"), SESI, L.L.C. ("Borrower"), Agent, Syndication Agent, Documentation Agent and the Lenders party thereto have executed an Amended and Restated Credit Agreement dated as of December 31, 2000 (as amended, the "Original Credit Agreement") providing for a Term Loan One in the principal amount of \$50,000,000 (with a current principal balance of \$12,000,000), a Term Loan Two in the principal amount of \$32,000,000 (with a current principal balance of \$22,400,000 and a Revolving Loan in the aggregate principal amount of \$75,000,000.

B. The Borrower has requested a \$23,000,000 increase in the aggregate principal amount of Term Loan One from \$12,000,000 to \$35,000,000.

C. The parties hereto wish to reflect the foregoing transactions through an amendment and restatement of the Original Credit Agreement. For convenience, the parties hereto have agreed to restate the Original Credit Agreement to incorporate all amendments to date as well as the further amendments contemplated in these Recitals.

NOW, THEREFORE, in consideration of their mutual covenants and undertakings, the Borrower, Parent, Agent, Syndication Agent, Documentation Agent and the Lender hereby amend and restate the Original Credit Agreement in full to read as follows:

ARTICLE I

DEFINITIONS

1.1. Definitions of Certain Terms Used Herein. As used in this Agreement, the following terms shall have the following meanings:

"Acquisition" means any transaction, or series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (i) acquires any going business concern or all or substantially all of the assets of any firm, corporation or limited liability company or division thereof that is a going business concern, whether through purchase of assets, merger or otherwise, or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding ownership interest of a partnership or limited liability company; "Acquisition" shall not include the formation of a Wholly-Owned Subsidiary of the Borrower or any Wholly-Owned Subsidiary of any Wholly-Owned Subsidiary of the Borrower.

"Additional Contingent Consideration" means consideration payable by the Borrower or its Subsidiaries to sellers subsequent to the closing of an Acquisition that is dependent on the performance of the acquired company following the Acquisition. The total Additional Contingent Consideration as of the Closing Date is set forth on Schedule 6. Notwithstanding the foregoing definition, the amount of Additional Contingent Consideration to be included in the defined term "Indebtedness" for the purposes of determining the financial covenants in Section 6.19, shall be the amount of Additional Contingent Consideration (excluding any accrued interest) which through the date of determination of such covenant and based on the performance of the acquired company through the date of determination of such covenant, the Borrower reasonably anticipates paying to the sellers within the 12 months following the date of determination.

"Adjusted Leverage Ratio" is defined in Section 6.19.3.

"Advance" means a borrowing hereunder, (i) made by the Lenders on the same Borrowing Date, (ii) converted or continued by the Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of Eurodollar Loans, for the same Eurodollar Interest Period, or (iii) made by the Agent on the Swing Line Loan.

"Affected Lender" is defined in Section 3.7.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control

another Person if the controlling Person owns 20% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" means Bank One, NA, in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to Article X. "Agents" means the Agent, Wells Fargo Bank Texas, N.A., as Syndication Agent and Whitney National Bank, as Documentation Agent.

"Aggregate Pro Rata Share" means, with respect to all Lenders, at any time, the percentage obtained by dividing (i) the sum of such Lender's Term Loan One and Term Loan Two outstanding and Revolving Loan Commitment at such time (in each case as adjusted from time to time in accordance with the provisions of this Agreement) by (ii) the sum of the aggregate amount of the Term Loan One and Term Loan Two outstanding hereunder at such time and the Aggregate Revolving Loan Commitment at such time, provided, however, that if all of the Revolving Loan Commitments are terminated pursuant to the terms of this Agreement, then "Aggregate Pro Rata Share" means, with respect to any Lender at any time, the percentage obtained by dividing (x) the sum of such Lender's Term Loan One and Term Loan Two and Revolving Loans outstanding at such time (excluding the amounts outstanding on the Swing Line Loan) by (y) the sum of the aggregate amount of the Term Loan One, Term Loan Two and Revolving Loans outstanding hereunder at such time.

"Aggregate Revolving Loan Commitment" means the aggregate of the Revolving Loan Commitments of all the Lenders, as reduced from time to time pursuant to the terms hereof.

"Aggregate Term Loan Commitment" means the aggregate of the Term Loan Commitments of all the Lenders.

"Agreement" means this amended and restated credit agreement, as it may be amended or modified and in effect from time to time.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (i) the Prime Rate for such day or (ii) the Federal Funds Effective Rate for such day plus 1/2% per annum. "Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One, NA (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes. "Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole

discretion.

"Applicable Fee Rate" means, at any time, the percentage rate per annum at which commitment fees are accruing on the unused portion of the Aggregate Revolving Loan Commitment at such time as set forth in the Pricing Schedule.

"Applicable Letter of Credit Fee Rate" means, at any time, with respect to Letters of Credit, the percentage rate per annum which is applicable at such time as set forth in the Pricing Schedule.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

"Arranger" means Banc One Capital Markets, Inc., a Delaware corporation, and its successors.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Asset Sale" means the sale of any fixed assets, excluding sales in the ordinary course of business in any calendar year, in a single transaction or a series of related transactions, provided that such transaction or series of transactions results in the receipt of Net Sales Proceeds in excess of \$500,000 individually and \$2,000,000 in the aggregate per calendar year. Notwithstanding the foregoing, the following transactions will be deemed not to be Asset Sales: (A) a sale of assets by the Borrower to a Subsidiary or by a Subsidiary to the Borrower or to another Subsidiary; (B) any trade or exchange by the Borrower or any Subsidiary of equipment or other assets for equipment or other assets owned or held by another Person, provided that the fair market value of the assets traded or exchanged by the Borrower or such Subsidiary (together with any cash or cash equivalents) is reasonably equivalent to the fair market value of the assets (together with any cash or cash equivalent) to be received by the Borrower or such Subsidiary; (C) a sale of assets which are promptly replaced thereafter by assets of a similar type and value or otherwise useful in and to the business of the Borrower or one of the Subsidiaries; and (D) obsolete or worn-out equipment sold in the ordinary course of business.

"Assignment Agreement" means any assignment agreement in the form of Exhibit B, executed and delivered pursuant to Section 12.3.

"Authorized Officer" means any of the President, any Vice President, Chief Financial Officer or Treasurer of the Borrower, acting singly.

"Borrower" means SESI, L.L.C., a Delaware limited liability company, and its successors and assigns.

"Borrowing Base" means at any time an amount equal to 80% of Eligible Accounts plus

the lesser of 50% of Eligible Inventory or 40% of the Aggregate Revolving Loan Commitment.

"Borrowing Base Certificate" means a certificate executed and delivered by the Borrower to the Agent from time to time setting forth the Borrowing Base as of a certain date and substantially in the form attached as Exhibit C.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.8.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in New Orleans for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in New Orleans for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with GAAP excluding (i) expenditures of insurance proceeds to rebuild or replace any asset after a casualty loss, (ii) leasehold improvement expenditures for which the Borrower or a Subsidiary is reimbursed promptly by the lessor and (iii) expenditures constituting consideration for Permitted Acquisition.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

"Capitalized Lease Expenses" means, with reference to any period, the lease expenses of the Borrower and its Subsidiaries with respect to Capitalized Leases calculated on a consolidated basis for such period.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

"Cash Equivalent Investments" means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by S&P or P-1 or better by Moody's, (iii) demand deposit accounts maintained in the ordinary course of business, (iv) certificates of deposit issued by, and time deposits with, commercial banks (whether domestic or foreign) having capital and surplus in excess of \$100,000,000 or with any Lender; provided in each case that the same provides for payment of both principal and interest (and not

principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest, (v) money market mutual funds, and (vi) repurchase obligations with a term of not more than seven days for underlying securities of the type described in clause (i) above entered into with any financial institution meeting the qualifications specified in clause (iv) above.

"Change" is defined in Section 3.2.

"Change in Control" means the acquisition, after the date hereof, by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 35% or more of the outstanding shares of voting stock of the Borrower.

"Closing Date" means the date upon which the conditions precedent to the initial Advance have been satisfied or waived by the Lenders and the Term Loans and initial Revolving Loans are made under this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" shall mean all of the types of property described in Section 2.19, or as otherwise described as such in any Collateral Documents.

"Collateral Documents" means, collectively, all guaranties and all security agreements, financing statements, mortgages, deeds of trust, assignments creating and perfecting security interests, liens, or encumbrances in the assets of the Borrower and its Subsidiaries in favor of the Agent, for the benefit of the Lenders to secure the Secured Obligations.

"Commitment" means, for each Lender, collectively, such Lender's Revolving Loan Commitment and Term Loan Commitment.

"Compliance Certificate" means the certificate required from the Borrower from time to time in the form of Exhibit A, signed by an Authorized Officer of the Borrower.

"Conversion/Continuation Notice" is defined in Section 2.9.

"Default" means an event described in Article VII.

"Domestic Subsidiaries" means Subsidiaries of the Borrower incorporated or organized under the laws of any state of the United States of America.

"EBITDA" means Net Income plus, to the extent deducted in determining Net Income, (i) Interest Expense, (ii) Income Taxes, (iii) depreciation expense, (iv) amortization expense, (v) other non-cash charges, and (vi) extraordinary losses, minus, to the extent included in

determining Net Income, extraordinary gains, all calculated for the Parent, Borrower and Borrower's Subsidiaries on a consolidated basis; provided, however, that following a Permitted Acquisition by the Borrower or any of its Subsidiaries, calculation of EBITDA for the fiscal quarter in which such Permitted Acquisition occurred and each of the three fiscal quarters immediately following such Permitted Acquisition shall be made on a Pro Forma Basis.

"Eligible Accounts" is defined on Schedule 4.

"Eligible Inventory" is defined on Schedule 4.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Equity Issuance" means the issuance, sale or other disposition by the Parent, Borrower or any Subsidiary of its capital stock, any rights, warrants or options to purchase or acquire any shares of its capital stock or any other security representing, convertible into or exchangeable for an equity interest in the Parent, Borrower or Subsidiary.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Eurodollar Advance" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Eurodollar Interest Period, the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. dollars as reported by any generally recognized information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period, and having a maturity equal to such Eurodollar Interest Period, provided that, (i) if no such British Bankers' Association Interest Settlement Rate is available to the Agent, the applicable Eurodollar Base Rate for the relevant Eurodollar Interest Period shall instead be the rate determined by the Agent to be the rate at which Bank One, NA or one of its Affiliate banks offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period, in the approximate amount of Bank One, NA's relevant Eurodollar Loan and having a maturity equal to such Eurodollar Interest Period.

"Eurodollar Interest Period" means, with respect to a Eurodollar Advance, a period of

one, two, three months or six months (or other period acceptable to all of the Lenders) commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Eurodollar Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months (or other period acceptable to all of the Lenders) thereafter, provided, however, that if there is no such numerically corresponding day in such next, second or third succeeding month, such Eurodollar Interest Period shall end on the last Business Day of such next, second or third succeeding month. If an Eurodollar Interest Period would otherwise end on a day which is not a Business Day, such Eurodollar Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Eurodollar Interest Period shall end on the immediately preceding Business Day. Notwithstanding the foregoing, from the period from the Closing Date through the earlier of the completion of the syndication of the Obligations or 90 days after the Closing Date, at the Agent's option, the Eurodollar Interest Period shall not exceed 14 days.

"Eurodollar Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Advance for the relevant Eurodollar Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Eurodollar Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Eurodollar Interest Period, plus (ii) the Applicable Margin.

"Excess Cash Flow" means, for any fiscal year of the Parent, and without duplication, (i) the sum of (a) Net Income, (b) depreciation and amortization, and (c) all extraordinary or nonrecurring cash gains, business interruption insurance proceeds and cash gains attributable to the sale of assets out of the ordinary course of business, minus (ii) the sum of (x) required principal repayments on the Term Loan and other Indebtedness pursuant to Section 2.1.2, (y) Capital Expenditures made during such fiscal year (excluding the financed portion thereof), and (z) cash consideration paid to the sellers in connection with a Permitted Acquisition (excluding the financed portion thereof).

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or the Agent is incorporated or organized or (ii) the jurisdiction in which the Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Floating Rate" means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day plus (ii) the Applicable Margin, in each case changing when and as the Alternate Base Rate changes.

"Floating Rate Advance" means an Advance which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4.

"Income Taxes" means, with reference to any period, all federal, state and local income taxes paid or provided for (accrued) by the Parent, Borrower and Borrower's Subsidiaries, calculated on a consolidated basis for such period.

"Indebtedness" of a Person means, without duplication, such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, bonds, debentures, acceptances, or other instruments, (v) obligations to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Capitalized Lease Obligations, (vii) any other obligation for borrowed money or other financial accommodation which in accordance with GAAP would be shown as a liability on the consolidated balance sheet of such Person; (viii) all reimbursement obligations relating to letters of credit, bankers' acceptances and similar instruments (but excluding performance bonds), (ix) all liabilities with respect to unfunded vested benefits under any Plan, (x) all endorsements (other than for collection or deposit in the ordinary course of business), (xi) all Additional Contingent Consideration, and (xii) all obligations under guaranties for any obligations described in clauses (i) through (xi) hereof.

"Intercreditor Agreement" means that certain Intercreditor Agreement dated as of July 11, 2002, as amended, supplemented or restated from time to time, by and between the Agents on behalf of the Lenders and Bank One, NA on behalf of the Lamb Energy Lenders regarding the sharing of certain Collateral.

"Interest Expense" means, with reference to any period, the interest expense of the Parent, Borrower and Borrower's Subsidiaries calculated on a consolidated basis for such period, and, in the case of a Permitted Acquisition, imputed interest determined as set forth in the definition of Pro Forma Basis.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers, employees and consultants made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on

terms customary in the trade) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

"Issuing Bank" is defined in Section 2.3.1.

"Lamb Energy" means Lamb Energy Services, L.L.C.

"Lamb Energy Credit Agreement" means that certain Credit Agreement dated as of June 11, 2002 by and among Lamb Energy, Bank One as agent and the Lamb Energy Lenders.

"Lamb Energy Lenders" means those certain Lenders hereof who are parties to the Lamb Energy Credit Agreement.

"Lamb Energy Loans" means a revolving line of credit in the amount of \$3,000,000 and a term loan in the original principal amount of \$12,000,000 (and all renewals, extensions, amendments and substitutions thereof) made by the Lamb Energy Lenders to Lamb Energy pursuant to the Lamb Energy Credit Agreement.

"Lenders" means the lending institutions listed on Schedule 1 hereto (as amended or replaced from time to time) and their respective successors and assigns. Unless otherwise specified herein, the term "Lenders" includes the Agent in its capacity as a lender.

"Lending Installation" means, with respect to a Lender or the Agent, the office, branch, subsidiary or affiliate of such Lender or the Agent listed on Schedule 1 hereto (or any superseding Schedule 1) or otherwise selected by such Lender or the Agent pursuant to Section 2.17.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued by a Lender upon the application of the Borrower or any of its Subsidiaries as set forth in Section 2.3.

"Leverage Ratio" is defined in Section 6.19.2.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's loan (including the Swing Line Loan) made pursuant to Article II (or any conversion or continuation thereof), and collectively all

Revolving Loans and Term Loans, whether made or continued as or converted to Floating Rate Loans or Eurodollar Loans.

"Loan Documents" means this Agreement, any Notes issued pursuant to Section 2.13 and the Collateral Documents.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, condition (financial or otherwise), results of operations, or prospects of the Parent, Borrower and Borrower's Subsidiaries taken as a whole, (ii) the ability of the Parent or Borrower to perform its obligations under the Loan Documents or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Agent or the Lenders thereunder.

"Material Indebtedness" is defined in Section 7.5.

"Moody's" means Moody's Investors Service, Inc.

"Net Equity Proceeds" means the aggregate cash proceeds received by the Parent, Borrower or any of Borrower's Subsidiaries in respect of any Equity Issuance, net of (without duplication) the direct costs relating to such Equity Issuance (including without limitation, legal, accounting and investment banking fees and underwriting discounts and commissions).

"Net Income" means, with reference to any period, the net income (or loss) of the Parent, Borrower and Borrower's Subsidiaries calculated on a consolidated basis for such period.

"Net Sales Proceeds" means the aggregate cash proceeds received by the Parent, Borrower or any of Borrower's Subsidiaries in respect of any Asset Sale, net of (without duplication) (i) the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, sales commissions, recording fees, title transfer fees, title insurance premiums, appraiser fees and costs incurred in connection with preparing such asset for sale) and any relocation or other related expenses incurred as a result thereof, (ii) amounts required to be applied to the repayment of Indebtedness (other than under this Agreement) secured by a Lien on the asset or assets that were the subject of such Asset Sale, and (iii) any amounts placed in escrow or reserves established in accordance with GAAP until such time as the escrow arrangement is terminated, in which case such Net Sales Proceeds shall include the amounts returned to the Parent, Borrower or any of Borrower's Subsidiaries from such escrow arrangement, taxes paid or estimated to be paid as a result thereof.

"Net Worth" means, as of any time, total stockholders' equity of the Parent, Borrower and Borrower's Subsidiaries calculated on a consolidated basis as of such time.

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Note" means any Term Note or any Revolving Note, or the Swing Line Note.

"Obligations" means all Indebtedness of the Borrower to the Lenders, from time to time,

arising under the Loan Documents, including without limitation, all unpaid principal of and accrued and unpaid interest on the Loans, all commercial and standby letters of credit and bankers acceptances, issued by any Lender, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the Agent or any indemnified party arising under the Loan Documents.

"Operating Lease" of a Person means any lease of Property (other than a Capitalized Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

"Other Taxes" is defined in Section 3.5(ii).

"Overadvances" is defined in Section 2.2.2.

"Participants" is defined in Section 12.2.1.

"Parent" means Superior Energy Services, Inc., a Delaware corporation and the sole member of the Borrower.

"Payment Date" means the last day of each month.

"PBGCC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Acquisition" means an Acquisition permitted by the terms of Section 6.16, or otherwise consented to by the Agent and the Required Lenders.

"Permitted Liens" is defined in Section 6.15.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower may have any liability.

"Power Offshore Vessels" means the eight liftboats acquired by the Borrower or a Subsidiary from Power Offshore Service, L.L.C. on or about May 22, 2002.

"Pricing Schedule" means Schedule 2.

"Pro Forma Basis" means, following a Permitted Acquisition, the calculation of the Indebtedness and EBITDA components of the Leverage Ratio and fixed charge coverage ratio for the fiscal quarter in which such Permitted Acquisition occurred and each of the three fiscal

quarters immediately following such Permitted Acquisition with reference to the audited historical financial results of the Person, business, division or group of assets acquired in such Permitted Acquisition (or if such audited historical financial results are not available, such management prepared financial statements as are acceptable to the Agent) and the Borrower and its Subsidiaries for the applicable test period after giving effect on a pro forma basis to such Permitted Acquisition and assuming that such Permitted Acquisition had been consummated at the beginning of such test period. For purposes of calculating the EBITDA on a Pro Forma Basis, (i) the Borrower may exclude expenses reasonably believed by the Borrower will be saved as a result of the Acquisition, but only to the extent approved by the Agent in writing, and (ii) the Borrower shall include in such calculation, as imputed interest expense, interest on the cash paid by the Borrower to the sellers in connection with the Permitted Acquisition, during such test period at the Eurodollar Rate (assuming a 3-month Eurodollar Interest Period) as of the last day of such test period.

"Pro Rata Share" means, with respect to any Lender making a Term Loan One and a Revolving Loan, at any time, the percentage obtained by dividing (i) the sum of such Lender's Term Loan One outstanding and Revolving Loan Commitment at such time (in each case, as adjusted from time to time in accordance with the provisions of this Agreement) by (ii) the sum of the aggregate amount of the Term Loan One outstanding hereunder at such time and the Aggregate Revolving Loan Commitment at such time, provided, however, that if all of the Revolving Loan Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Share" means, with respect to any Lender at any time, the percentage obtained by dividing (x) the sum of such Lender's Term Loan One and Revolving Loans outstanding at such time (excluding the amounts outstanding on the Swing Line Loan) by (y) the sum of the aggregate amount of the Term Loan One and Revolving Loans outstanding hereunder at such time. "Pro Rata Share" means, with respect to any Lender making a Term Loan Two, at any time, the percentage obtained by dividing (i) the sum of such Lender's Term Loan Two outstanding at such time (in each case, as adjusted from time to time in accordance with the provisions of this Agreement) by (ii) the sum of the aggregate amount of the Term Loan Two outstanding hereunder at such time.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Purchasers" is defined in Section 12.3.1.

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Borrower and any Lender or Affiliate thereof which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign

currencies, commodity prices, equity prices or other financial measures.

"Rate Management Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Reports" is defined in Section 9.6.

"Required Lenders" means Lenders whose Aggregate Pro Rata Shares, in the aggregate, are 66 2/3% or greater, but in any event, at least two Lenders.

"Reserve Requirement" means, with respect to an Eurodollar Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Revolving Loan" is defined in Section 2.2.1.

"Revolving Loan Commitment" means, for each Lender, the obligation of such Lender to make Revolving Loans not exceeding the amount set forth on Schedule 1 under the caption "Revolving Loan Commitment" (as amended or replaced from time to time) or as set forth in any Assignment Agreement relating to any assignment that has become effective pursuant to Section 12.3, as such amount may be modified from time to time pursuant to the terms hereof.

"Revolving Loan Termination Date" means August 13, 2006 or any earlier date upon which the Aggregate Revolving Loan Commitment is reduced to zero or otherwise terminated pursuant to the terms of Section 2.5.

"Revolving Note" means any promissory note evidencing Revolving Loans issued at the request of a Lender pursuant to Section 2.13.

"Risk-Based Capital Guidelines" is defined in Section 3.2.

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Secured Obligations" means, collectively, (i) the Obligations and (ii) all Rate Management Obligations owing to one or more Lenders.

"Subsidiary" means (i) any corporation, more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by the Borrower or by one or more of its Subsidiaries or by the Borrower and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization, more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which (i) represents more than 10% of the consolidated assets of the Borrower and its Subsidiaries as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made, or (ii) is responsible for more than 10% of the consolidated net sales or of the Net Income of the Borrower and its Subsidiaries as reflected in the financial statements referred to in clause (i) above.

"Swing Line Loan" is defined in Section 2.2.4.

"Swing Line Note" means the promissory note evidencing the Swing Line Loan.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes.

"Term Loan" means, individually Term Loan One or Term Loan Two, and collectively,

Term Loan One and Term Loan Two.

"Term Loan Commitment" means, for each Lender, the obligation of such Lender to make Term Loans not exceeding the amount set forth on Schedule 1A under the caption "Term Loan One Commitment" and the amount set forth on Schedule 1B under the caption "Term Loan Two Commitment" (as amended from time to time) or as set forth in any Assignment relating to any assignment that has become effective pursuant to Section 12.3, as such amount may be modified from time to time pursuant to the terms hereof.

"Term Loan One" and "Term Loan Two" are defined in Section 2.1.1.

"Term Loan Two Lenders" means those Lenders who make the Term Loan Two.

"Term Note" means any promissory note evidencing a Term Loan issued at the request of a Lender pursuant to Section 2.13.

"Transferee" is defined in Section 12.4.

"Type" means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurodollar Advance.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

THE CREDITS

2.1. Term Loans.

2.1.1 Making the Term Loans. (a) Term Loan One. The Lenders have made a "Term Loan One" to the Borrower in an aggregate original principal amount of \$50,000,000, which currently has an aggregate outstanding principal balance of \$12,000,000 as of the date of this Agreement, and shall mature on May 2, 2005. If the Borrower completes the acquisition of Premier Oilfield Services Holdings Limited on or before September 30, 2003, at the request of the Borrower not later than September 30, 2003, the Lenders severally agree to increase the Term Loan One to an aggregate principal amount of \$35,000,000, in which event the entire Term Loan One shall mature on August 13, 2008. The Lenders agree to make the additional Term Loan One Advances in accordance with their Pro Rata Share of Term Loan One as shown on Schedule 1A. The increase in the Term Loan One shall be made simultaneously by each of the Lenders, it being understood that no Lender shall be responsible for any failure by any other Lender to perform its obligation to make the increase in the Term Loan One hereunder nor shall the Term Loan One Commitment of any Lender be increased or decreased as a result of any such failure. The Borrower shall execute and deliver new Term Loan One Notes to the existing Lenders for the increased amount of their Term Loan One Commitments. The Agent shall also promptly distribute revised Schedules 1A and 1C, reflecting the increased Term Loan One Commitments to all Lenders. If the Borrower fails to complete the acquisition of Premier Oilfield Services Holdings Limited on or before September 30, 2003 and if the Borrower fails to request the increase in Term Loan One by September 30, 2003, then the Lenders shall no longer have the obligation to make additional Term Loan One Advances.

(b) Term Loan Two. The Term Loan Two Lenders have made a "Term Loan Two" to the Borrower in an aggregate original principal amount of \$32,000,000, which has an aggregate outstanding principal balance of \$22,400,000 as of the date of this Agreement, and shall mature on May 2, 2005. The amount of each Term Loan Two Lender's Term Loan Two Commitment is shown on Schedule 1A.

2.1.2. Repayment of the Term Loans. (a) Term Loan One. If Term Loan One is not increased as provided in Section 2.1.1 above, Term Loan One shall continue to be repaid in equal consecutive installments of \$1,600,000, payable quarterly on each September 30, December 31, March 31, and June 30, with a balance of all unpaid principal being due and payable at maturity on May 2, 2005. If Term Loan One is increased as provided in Section 2.1.1 above, Term Loan One shall be repaid in equal consecutive installments of \$1,750,000, payable quarterly on each September 30 (beginning September 30, 2003), December 31, March 31, and June 30, with a balance of all unpaid principal being due and payable on August 13, 2008. In addition to the foregoing installment payments, the Borrower may make voluntary prepayments and shall make mandatory prepayments as described in Section 2.7. Term Loan One shall be permanently reduced by the amount of each such installment on the date payment thereof is made hereunder,

and no portion of Term Loan One may be reborrowed once it is repaid.

(b) Term Loan Two. Term Loan Two shall continue to be repaid in equal consecutive installments of \$1,600,000, payable quarterly on each September 30, December 31, March 31 and June 30, with a balance of all unpaid principal being due and payable at maturity on May 2, 2005. In addition to the foregoing installment payments, the Borrower may make voluntary prepayments and shall make mandatory prepayments as described in Section 2.7. Term Loan Two shall be permanently reduced by the amount of each such installment on the date payment thereof is made hereunder, and no portion of the Term Loan Two may be reborrowed once it is repaid. The purpose of Term Loan Two was to finance the acquisition of the Power Offshore Vessels. The obligations of the Borrower on Term Loan Two shall be secured by a first preferred ship mortgage on the Power Offshore Vessels.

2.2. Revolving Loans; Swing Line Loan.

2.2.1. Making the Revolving Loans. From and including the Closing Date and prior to the Revolving Loan Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make revolving loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding (i) the amount of its Revolving Loan Commitment (each individually a "Revolving Loan" and, collectively, the "Revolving Loans") or (ii) the Borrowing Base, in each case minus the sum of the aggregate principal amount of all outstanding Letters of Credit and the outstanding principal on the Swing Line Loan. Each Advance under this Section 2.2.1 shall consist of Revolving Loans made by each Lender ratably in proportion to such Lender's respective Pro Rata Share, it being understood that no Lender shall be responsible for any failure by any other Lender to perform its obligation to make any Revolving Loan hereunder nor shall the Revolving Loan Commitment of any Lender be increased or decreased as a result of any such failure. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Revolving Loans at any time prior to the Revolving Loan Termination Date. The Revolving Loan Commitments of the Lenders shall expire on the Revolving Loan Termination Date, and all amounts due on the Revolving Loans shall be payable on the Revolving Loan Termination Date.

2.2.2. Overadvances. At the request of Borrower, the Agent, with the approval of all of the Lenders, in their sole discretion, may (but shall have absolutely no obligation to), make Advances to the Borrower on behalf of the Lenders in amounts which cause the outstanding balance of the aggregate Revolving Loans to exceed the Borrowing Base (minus the outstanding principal on the Swing Line Loan) (any such excess Revolving Loan Advances are herein referred to collectively as "Overadvances"), and no such event or occurrence shall cause or constitute a waiver by the Agent or the Lenders of any Unmatured Default or Default that may result therefrom or of the Agent's or the Lenders' right to refuse to make any further Advances, or incur any obligations under Letters of Credit, as the case may be, at any time that an Overadvance exists or would result therefrom. All Overadvances shall constitute Floating Rate Loans, shall bear interest at the Default Rate and shall be payable on demand. The authority of the Agent to make Overadvances is limited to an aggregate amount not to exceed \$1,000,000 at

any time, shall not cause the aggregate amount of all outstanding Revolving Loans to exceed the Aggregate Revolving Loan Commitment, and may be revoked prospectively by a written notice to Agent signed by Required Lenders. The Borrower shall repay any Overadvances, in whole or in part, immediately upon demand therefor by the Agent, and any failure to do so shall constitute a Default.

2.2.3. Repayment of the Revolving Loans. On the Revolving Loan Termination Date, the Borrower shall repay in full the outstanding principal balance of the Revolving Loans.

2.2.4 Increase of Revolving Loans. The Borrower and the Agent, without the consent of any other Lenders, may increase the aggregate of the Revolving Loan Commitments up to the aggregate amount of \$100,000,000, by either or both of the following methods: (i) one or more existing Lenders increases its Revolving Loan Commitment and/or (ii) one or more additional banks or other entities issue Revolving Loan Commitments and become parties to and Lenders under this Agreement. No Lender shall be required to increase its Revolving Loan Commitment. In the event of either or both of (i) and (ii) above, the Agent shall amend and restate Schedules 1A and 1C hereto to reflect the revised Revolving Loan Commitments of all Lenders and their adjusted Pro Rata Shares; the Agent shall promptly distribute the revised Schedules 1A and 1C to the Borrower and to all Lenders. Any additional Lenders shall become a party to this Agreement by delivering to the Agent an executed signature page of this Agreement. The Borrower shall execute and deliver new Line of Credit Notes to existing Lenders for the increased amount of their Revolving Loan Commitments and shall deliver new Line of Credit Notes to new Lenders for the amount of their Revolving Loan Commitments.

2.2.5. Making the Swing Line Loan. From and including the Closing Date, and prior to the Loan Termination Date, the Agent agrees, on the terms and conditions set forth in this Agreement, to make a revolving loan to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding \$7,000,000 (the "Swing Line Loan"). Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow amounts on the Swing Line Loans at any time prior to the Revolving Loan Termination Date. The aggregate principal amount outstanding on the Swing Line Loan shall constitute a portion of the Aggregate Revolving Loan Commitments (thereby reducing the amounts available under the Aggregate Revolving Loan Commitments for Revolving Loans and Letters of Credit on a dollar-for-dollar basis). The Swing Line Loan shall bear interest at the Floating Rate. The Swing Line Loan shall be considered a part of the Revolving Loans and any principal amounts outstanding on the Swing Line Loan for five (5) Business Days shall be repaid through an Advance on the Revolving Loans, whether or not an Unmatured Default or Default has occurred and is existing, except that the Borrower shall repay the Swing Line Loan in whole or in part immediately upon demand by the Agent, and failure to do so shall constitute a Default.

2.3 Letters of Credit.

2.3.1 Issuance of Letters of Credit. From and including the Closing Date, the Agent or, with the approval of the Borrower, any Lender (the "Issuing Lender") shall issue one or more

standby Letters of Credit for the account of the Borrower or any of its Subsidiaries, pursuant to the Issuing Lender's standard form of application for standby letters of credit. The aggregate face amount of all outstanding Letters of Credit (i) shall constitute a portion of the Aggregate Revolving Loan Commitments (thereby reducing the Revolving Loan Commitments available for Revolving Loans on a dollar-for-dollar basis), and (ii) shall not exceed \$10,000,000. If the expiry date of a Letter of Credit is initially after the Revolving Loan Termination Date, and if the Revolving Loan Termination Date is not extended to a date after the expiry date of the Letter of Credit, then the Borrower shall, not later than five Business Days prior to the Revolving Loan Termination Date, either cause the Letter of Credit to be returned to the Issuing Lender, or secure the Letter of Credit by delivering to the Issuing Lender, for the benefit of the Lenders, one of the following: (i) cash in the face amount of the Letter of Credit which shall be held in pledge until the Letter of Credit is paid or expires without being drawn upon; or (ii) a backup letter of credit issued by a financial institution acceptable to the Agent and the Issuing Lender in their sole discretion, for the benefit of the Issuing Lender, in the face amount of the Letter of Credit and on terms satisfactory to the Agent and the Issuing Lender.

2.3.2 Risk Participation. Immediately upon the issuance of a Letter of Credit by the Issuing Lender, each other Lender shall be deemed to have automatically, unconditionally and irrevocably (except as provided for in Section 10.8) purchased from the Issuing Lender an undivided interest and participation in such Letter of Credit, the obligations in respect thereof, and the liability of the Issuing Lender, equal to the face amount of such Letter of Credit multiplied by such Lender's Pro Rata Share.

2.3.3 Letter of Credit Fees. (a) The Borrower agrees to pay the Issuing Lender a fronting fee in an amount agreed between the Borrower and the Issuing Lender (but not less than 0.125% per annum on the face amount of the Letter of Credit), payable quarterly in arrears on the last day of each calendar quarter, for the term of the Letter of Credit, together with the Issuing Lender's customary letter of credit issuance and processing fees. The fronting fee and customary letter of credit issuance and processing fees shall be retained by the Issuing Lender and shall not be shared with the other Lenders;

(b) In addition, the Borrower agrees to pay the Agent a fee equal to the Applicable Letter of Credit Fee Rate (on a per annum basis) shown on the Pricing Schedule times the aggregate face amount of all outstanding Letters of Credit (as reduced from time to time), payable quarterly in arrears on the last day of each calendar quarter, for the term of the Letter of Credit and shall be shared by the Issuing Lender and the other Lenders on the basis of each Lender's Pro Rata Share.

2.3.4 Guaranty of Subsidiaries. The Borrower hereby absolutely and unconditionally guarantees the prompt and punctual payment of all Obligations of all Subsidiaries to the Agent and Lenders arising from the issuance of any Letters of Credit for the account of one or more Subsidiaries.

2.4. Types of Advances. The Advances must be either Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Borrower in accordance with

Sections 2.8 and 2.9.

2.5. Commitment Fee; Reductions in Aggregate Revolving Loan Commitment. (a) The Borrower agrees to pay to the Agent, to be shared by the Lenders on the basis of each Lender's Pro Rata Share, a commitment fee at a per annum rate equal to the Applicable Fee Rate on the daily unused portion of the Aggregate Revolving Loan Commitment from the date hereof to and including the Revolving Loan Termination Date, payable quarterly in arrears on last day of each calendar quarter hereafter and on the Revolving Loan Termination Date. For the purposes hereof, "unused portion" shall mean the Aggregate Revolving Loan Commitment, minus the aggregate principal amount outstanding on all Revolving Loans, minus the aggregate face amount of all outstanding Letters of Credit. Swing Line Loans shall not count as usage of any Lender's Revolving Loan Commitment for purposes of calculating the commitment fee due hereunder.

(b) The Borrower may permanently reduce the Aggregate Revolving Loan Commitment in whole, or in part ratably among the Lenders in integral multiples of \$1,000,000, upon at least five Business Days' written notice to the Agent, which notice shall specify the amount of any such reduction, provided, however, that the amount of the Aggregate Revolving Loan Commitment may not be reduced below the aggregate principal amount of the outstanding Revolving Loans, the Swing Line Loan and the aggregate face amount of all outstanding Letters of Credit. All accrued commitment fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Revolving Loans hereunder.

2.6. Minimum Amount of Each Advance. Each Eurodollar Advance shall be in the minimum amount of \$1,000,000 (and in multiples of \$100,000 if in excess thereof), and each Floating Rate Advance (other than an Advance to repay a Swing Line Loan) shall be in the minimum amount of \$200,000 (and in multiples of \$100,000, if in excess thereof), provided, however, that any Floating Rate Advance may be in the amount of the unused Aggregate Revolving Loan Commitment.

2.7. Prepayments.

2.7.1. Optional Prepayments. The Borrower may from time to time pay, without penalty or premium, in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$100,000 in excess thereof, any portion of the outstanding Floating Rate Advances (or the full outstanding balance of all Floating Rate Advances, if less than such minimum), upon one Business Days' prior notice to the Agent. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but otherwise without penalty or premium, in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$100,000 in excess thereof, any portion (or the full outstanding balance of all Eurodollar Advances, if less than such minimum) of the outstanding Eurodollar Advances upon five Business Days' prior notice to the Agent. Any such optional prepayments shall be applied to the principal installments payable under Section 2.1.2 in the inverse order of maturity.

2.7.2. Mandatory Prepayments. The Borrower shall make prepayments of the

outstanding amount of Term Loan One and Term Loan Two (in addition to the scheduled principal installments) upon not less than one Business Day's prior notice to the Agent, in amounts equal to either or both of the following: (i) 75% of Excess Cash Flow of the Borrower for any fiscal year ending December 31, 2001 or thereafter, minus the aggregate principal amount of all voluntary prepayments of Term Loan One and Term Loan Two made during such fiscal year; and (ii) 100% of the Net Sales Proceeds received by the Borrower or any Subsidiary from Asset Sales permitted by this Agreement or (if not permitted by this Agreement) consented to by the Agent and the Required Lenders. In the case of clause (i), the prepayment shall be made within 10 days after the Agent's receipt of the annual audited financial statements of the Borrower, but in no event later than 130 days after the end of each fiscal year of the Borrower; provided that no such prepayment based on the Excess Cash Flow of the Borrower for any fiscal year shall be required if the Leverage Ratio as of the end of such fiscal year is less than or equal to 3.00 to 1.00. In the case of clause (ii), the prepayment shall be made not later than 30 days after the consummation of the Asset Sale. If such prepayment constitutes a repayment of a Eurodollar Advance on a date which is not the last day of a Eurodollar Interest Period, the Borrower shall not be required to pay any amounts that would otherwise be due under this Agreement (including without limitation, Section 3.4) for the repayment of a Eurodollar Rate Advance prior to the last day of the Eurodollar Interest Period. Any such mandatory prepayment shall be applied to the principal installments payable on Term Loan One in the inverse order of maturity; once Term Loan One is repaid in full, any such mandatory prepayment shall be applied to the principal installments payable on Term Loan Two in inverse order of maturity.

2.8. Method of Selecting Types and Eurodollar Interest

Periods for New Advances. The Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Eurodollar Interest Period applicable thereto from time to time. The Borrower shall give the Agent irrevocable notice (a "Borrowing Notice") not later than 10:00 a.m. (New Orleans time) at least one Business Day before the Borrowing Date of each Floating Rate Advance (other than a Swing Line Loan) and three Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

- (i) the Borrowing Date, which shall be a Business Day, of such Advance,
- (ii) the aggregate amount of such Advance,
- (iii) the Type of Advance selected, and whether such Advance is comprised of Term Loans or Revolving Loans, and
- (iv) in the case of each Eurodollar Advance, the Eurodollar Interest Period applicable thereto.

Not later than noon (Central time) on each Borrowing Date, each Lender shall make available its Loan or Loans in funds immediately available in New Orleans to the Agent at its address specified pursuant to Article XIII. The Agent will make the funds so received from the Lenders available to the Borrower at the Agent's aforesaid address.

The Borrower shall not be entitled to more than six Eurodollar Rate tranches and one Floating Rate tranche at any one time on the Revolving Loan, and only three Eurodollar Rate tranche and one Floating Rate tranche at any one time on the Term Loan.

2.9. Conversion and Continuation of Outstanding Advances.

Floating Rate Advances (other than Swing Line Loans) shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.9 or are repaid. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Eurodollar Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.7 or 2.1.2 or (y) the Borrower shall have given the Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Eurodollar Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Eurodollar Interest Period. Subject to the terms of Section 2.6, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance into a Eurodollar Advance. The Borrower shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance not later than 10:00 a.m. (New Orleans time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

- (i) the requested date, which shall be a Business Day, of such conversion or continuation,
- (ii) the aggregate amount and Type of the Advance which is to be converted or continued, and whether such Advance is comprised of Term Loans or Revolving Loans, and
- (iii) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Eurodollar Interest Period applicable thereto.

2.10. Changes in Interest Rate, etc. Each Floating Rate

Advance (other than a Swing Line Loan) shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.9, to but excluding the date it is paid or is converted into a Eurodollar Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the Floating Rate for such day. Each Swing Line Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the day such Swing Line Loan is made but excluding the date it is paid, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and

including the first day of the Eurodollar Interest Period applicable thereto to (but not including) the last day of such Eurodollar Interest Period at the interest rate determined by the Agent as applicable to such Eurodollar Advance based upon the Borrower's selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Eurodollar Interest Period with respect to any Term Loan may end after the maturity date thereof and no Eurodollar Interest Period with respect to any Revolving Loan may end after the Revolving Loan Termination Date. The Borrower shall use commercially reasonable efforts to select Eurodollar Interest Periods so that it is not necessary to repay any portion of a Eurodollar Advance prior to the last day of the applicable Eurodollar Interest Period in order to make a mandatory repayment required by this Agreement.

2.11. Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.8 or 2.9, during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a Eurodollar Advance. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (i) each Eurodollar Advance shall bear interest for the remainder of the applicable Eurodollar Interest Period at the rate otherwise applicable to such Eurodollar Interest Period plus 2% per annum and (ii) each Floating Rate Advance shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time plus 2% per annum, provided that, during the continuance of a Default under Section 7.6 or 7.7, the interest rates set forth in clauses (i) and (ii) above shall be applicable to all Advances without any election or action on the part of the Agent or any Lender.

2.12. Method of Payment. All payments of the Secured Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Agent at the Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Agent specified in writing by the Agent to the Borrower, by noon (Central time) on the date when due and, shall (except with respect to repayment of the Swing Line Loan) be applied ratably by the Agent among the Lenders. Each payment delivered to the Agent for the account of any Lender shall be delivered promptly by the Agent to such Lender in the same type of funds that the Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Agent from such Lender. The Agent is hereby authorized to charge the account of the Borrower maintained with the Agent for each payment of principal, interest and bank fees as they become due hereunder; all other fees due hereunder shall be paid by Borrower upon the receipt of an invoice at Borrower's address.

2.13. Noteless Agreement; Evidence of Indebtedness. (i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Obligations of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to

time hereunder.

(ii) The Agent shall also maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Type thereof and the Eurodollar Interest Period with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (c) the amount of any sum received by the Agent hereunder from the Borrower and each Lender's share thereof.

(iii) The entries maintained in the accounts maintained pursuant to paragraphs (i) and (ii) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Revolving Loans or Term Loans, or the Agent may request that its Swing Line Loan, be evidenced by a Note. In such event, the Borrower shall execute and deliver to such Lender a Note for such Loans payable to the order of such Lender in a form supplied by the Agent and acceptable to such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 12.3, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (i) and (ii) above.

2.14. Telephonic Notices. The Borrower hereby authorizes the Lenders and the Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Agent a written confirmation, if such confirmation is requested by the Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Agent and the Lenders, the records of the Agent and the Lenders shall govern absent manifest error.

2.15. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof and at maturity. Interest at the Floating Rate shall be calculated for actual days elapsed on the basis of a 365-day (366-day in leap year) basis. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Eurodollar Interest Period (or if the applicable Eurodollar Interest Period is greater than three months, on the last day of the third month of such Eurodollar Interest Period), on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest at the Eurodollar Rate and commitment fees shall be calculated for actual days elapsed on the basis of a

360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.16. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Agent will notify each Lender of the contents of each Aggregate Revolving Loan Commitment reduction notice, Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. The Agent will notify each Lender of the interest rate and Eurodollar Interest Period applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

2.17. Lending Installations. Each Lender may book its Loans at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans and any Notes issued hereunder shall be deemed held by each Lender for the benefit of any such Lending Installation. Each Lender may, by written notice to the Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it and for whose account Loan payments are to be made.

2.18. Non-Receipt of Funds by the Agent. Unless the Borrower or a Lender, as the case may be, notifies the Agent prior to the date on which it is scheduled to make payment to the Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal or interest to the Agent for the account of the Lenders, that it does not intend to make such payment, the Agent may assume that such payment has been made. The Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.19 Collateral. (a) The Secured Obligations shall be secured by the following: (i) first priority perfected security interest in all inventory, accounts, equipment, vessels (except that so long as Term Loan Two remains unpaid, the mortgage on the Power Offshore Vessels and all accounts, equipment and general intangibles relating to the Power Offshore Vessels shall be a second priority Lien), instruments, chattel paper, documents, general intangibles (and proceeds thereof and in the case of inventory, all products thereof) of the Borrower or any Domestic

Subsidiary; (ii) first priority perfected security interest in all outstanding shares of stock or partnership or membership interests, as the case may be, of each Subsidiary (except in the case of any direct Subsidiary of the Borrower or any Domestic Subsidiary incorporated outside of the United States, the security interest shall extend to 66% of the outstanding shares thereof); (iii) solidary (joint and several) guaranties by each of the Domestic Subsidiaries, including any Domestic Subsidiaries acquired or created after the Closing Date; (iv) solidary (joint and several) guaranty of the Secured Obligations by the Parent; and (v) first priority perfected security interest in the Parent's entire membership interest of the Borrower.

(b) Notwithstanding the provisions of any Collateral Documents to the contrary, Term Loan Two shall be secured solely by a first priority preferred fleet mortgage of the Power Offshore Vessels and all accounts, equipment and general intangibles relating to the Power Offshore Vessels.

(c) To the extent required by Section 6.16(a)(x) hereof, the Borrower covenants and agrees to execute a security agreement granting a first priority security interest in all of the outstanding capital stock or membership or partnership interest of any Domestic Subsidiary acquired or created after the Closing Date, or 66% of the outstanding capital stock or membership or partnership interest of any direct foreign Subsidiary acquired or created after the Closing Date, in each case to further secure the Secured Obligations (other than Term Loan Two), within 60 days after the acquisition or creation of such Subsidiary, if the Borrower has invested at least \$1,000,000 in such Domestic Subsidiary. In addition, the Borrower covenants and agrees to cause any Domestic Subsidiary acquired or created after December 31, 2000 that, as of the end of any fiscal quarter after December 31, 2000, has total assets or total revenues during that fiscal quarter that are at least equal to 5% of the total assets or total revenues, as applicable, of the Borrower and its Domestic Subsidiaries during that fiscal quarter, to execute a guaranty of the Secured Obligations (other than Term Loan Two) and to execute appropriate Collateral Documents (including lockbox and pledged deposits agreements) concerning the assets of the Domestic Subsidiary similar in nature to the Collateral described in Section 2.19(a)(i) above to further secure the Secured Obligations (other than Term Loan Two), within 60 days after the end of such fiscal quarter.

ARTICLE III

YIELD PROTECTION; TAXES

3.1. Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender or any applicable Lending Installation to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to any Lender in respect of its Eurodollar Loans, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining its Eurodollar Loans or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with its Eurodollar Loans, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Eurodollar Loans held or interest received by it, by an amount deemed material by such Lender, and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation of making or maintaining its Eurodollar Loans or Commitment or to reduce the return received by such Lender or applicable Lending Installation in connection with such Eurodollar Loans or Commitment, then, within 15 days of demand by such Lender, the Borrower shall pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction in amount received.

3.2. Changes in Capital Adequacy Regulations. If a Lender determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a Change, then, within 15 days of demand by such Lender, the Borrower shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender determines is attributable to this Agreement, its Loans or its Commitment to make Loans hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-

Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk- Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of Types of Advances. If any Lender reasonably determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that (i) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (ii) the interest rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, then the Agent shall suspend the availability of Eurodollar Advances and require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4. Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Eurodollar Interest Period, whether because of acceleration, prepayment or otherwise (but excluding a mandatory prepayment under Section 2.7.2), or a Eurodollar Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance.

3.5. Taxes. (i) All payments by the Borrower to or for the account of any Lender or the Agent hereunder or under any Note shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or the Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d) the Borrower shall furnish to the Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise

from any payment made hereunder or under any Note or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note ("Other Taxes").

(iii) The Borrower hereby agrees to indemnify the Agent and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Agent or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Agent or such Lender makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not less than ten Business Days after becoming a party to this Agreement, (i) deliver to each of the Borrower and the Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to each of the Borrower and the Agent a United States Internal Revenue Form W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (iv), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv), above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax

with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Agent under this subsection, together with all costs and expenses related thereto (including attorneys fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6. Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

3.7. Replacement of Lender. If the Borrower is required pursuant to Section 3.1, 3.2 or 3.5 to make any additional payment to any Lender or if any Lender's obligation to make or continue, or to convert Floating Rate Advances into, Eurodollar Advances shall be suspended pursuant to Section 3.3 (any Lender so affected an "Affected Lender"), the Borrower may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement, provided that no Default or Unmatured Default shall have occurred and be continuing at the time of such replacement, and provided

further that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Agent shall agree, as of such date, to purchase for cash the Advances and other Obligations due to the Affected Lender pursuant to an assignment substantially in the form of Exhibit B and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) the Borrower shall pay to such Affected Lender in same day funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. Initial Advance. The Lenders shall not be required to make the initial Advance hereunder unless the Borrower has furnished to the Agent and, if required by the Agent, with sufficient copies for the Lenders (or has otherwise satisfied the Agent):

- (i) Copies of the articles of incorporation and bylaws of the Parent, articles of organization (or certificate of formation) and operating agreement (or limited liability company agreement) of Borrower, and the corresponding organization documents of all of Borrower's Domestic Subsidiaries, together with all amendments, each certified by the Secretary or Assistant Secretary of Parent or Borrower, and a certificate of good standing or existence for the Parent, Borrower and Borrower's Domestic Subsidiaries, each certified by the appropriate governmental officer in its jurisdiction of incorporation, and copies of the articles of incorporation of any foreign Subsidiary, together with all amendments certified by the secretary of said Subsidiary, but only to the extent of any changes from the date of the Original Credit Agreement.
- (ii) Copies, certified by the Secretary or Assistant Secretary of the Parent, Borrower and the authorized person for each Subsidiary, of its Board of Directors' resolutions or consent of members or partners, and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which the Parent, Borrower or any of Borrower's Subsidiaries is a party.
- (iii) An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and title of the Authorized Officers and any other officers of the Borrower authorized to sign the Loan Documents to which the Borrower is a party, upon which certificate the Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.

- (iv) This Agreement executed by the Parent, Borrower, Agent and Lenders.
- (v) Any Notes requested by a Lender pursuant to Section 2.13 payable to the order of each such requesting Lender.
- (vi) The Collateral Documents executed by the Parent, Borrower and all Domestic Subsidiaries, together with the stock certificates affected by the security interests described in Section 2.19, but only to the extent of any amendments required by the modifications from the Original Credit Agreement reflected on this Agreement.
- (vii) A written opinion of the Parent's and Borrower's counsel, addressed to the Lenders, in form and substance satisfactory to the Agent.
- (viii) Certificate of an Authorized Officer of the Parent and the Borrower to the effect that (a) there has been no Material Adverse Effect since December 31, 2002 and (b) on the Closing Date no Unmatured Default or Default exists.
- (ix) Such other documents as any Lender or its counsel may have reasonably requested.

4.2. Each Advance. The Lenders shall not (except as otherwise set forth in Section 2.2.5 with respect to Revolving Loans for the purpose of repaying Swing Line Loans) be required to make any Advance unless on the applicable Borrowing Date:

- (i) There exists no Default or Unmatured Default.
- (ii) The representations and warranties contained in Article V are true and correct in all material respects as of such Borrowing Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.
- (iii) All matters incident to the making of such Advance shall be satisfactory to the Lenders and their counsel.
- (iv) No Material Adverse Effect relating to the Parent, Borrower and Borrower's Subsidiaries has occurred since the Closing Date or the date of any financial statements of the Parent submitted subsequent to the Closing Date.

Each Borrowing Notice and each Conversion/Continuation Notice with respect to each such Advance shall constitute a representation and warranty by the Parent and Borrower that the conditions contained in Sections 4.2(i) and (ii) have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Parent and Borrower represent and warrant to the Lenders that:

5.1. Existence and Standing. The Parent is a corporation, the Borrower is a limited liability company, and each of the Borrower's Subsidiaries is a corporation, partnership or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except where such failure could not reasonably be expected to have a Material Adverse Effect.

5.2. Authorization and Validity. Each of the Parent, Borrower and Borrower's Subsidiaries has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by the Parent, Borrower and Borrower's Subsidiaries of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate or company proceedings, and the Loan Documents to which the Parent, Borrower and Borrower's Subsidiaries is a party constitute legal, valid and binding obligations of the Parent, Borrower and Borrower's Subsidiaries enforceable against the Parent, Borrower and Borrower's Subsidiaries in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3. No Conflict; Government Consent. Neither the execution and delivery by the Parent, Borrower and Borrower's Subsidiaries of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Parent, Borrower or any of Borrower's Subsidiaries or (ii) the Parent's, Borrower's or any Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which the Parent, Borrower or any of Borrower's Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Parent, Borrower or Borrower's Subsidiaries pursuant to the terms of any such indenture, instrument or agreement, except where such failure could not reasonably be expected to have a Material Adverse Effect. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Parent, Borrower or any of Borrower's Subsidiaries, is required to be obtained by the Parent, Borrower or any of Borrower's Subsidiaries in connection with the execution and delivery of the Loan Documents, the Advances under this Agreement, the payment and

performance by the Borrower of the Secured Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4. Financial Statements. The audited December 31, 2002 and the unaudited March 31, 2003 financial statements of the Parent, Borrower and Borrower's Subsidiaries heretofore delivered to the Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition and operations of the Parent and its Subsidiaries at such date and the consolidated results of their operations for the period then ended.

5.5. Material Adverse Change. Since December 31, 2002 there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Parent and its Subsidiaries, taken as a whole, which could reasonably be expected to have a Material Adverse Effect.

5.6. Taxes. The Parent, Borrower and Borrower's Subsidiaries have filed or caused to be filed all United States federal tax returns or extensions relating thereto and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Parent, Borrower or any of Borrower's Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with GAAP and as to which no Lien exists. The United States income tax returns of the Borrower and its Subsidiaries have been closed by the Internal Revenue Service through the fiscal year ended December 31, 1998. No tax liens have been filed with respect to any such taxes. The charges, accruals and reserves on the books of the Parent, Borrower and Borrower's Subsidiaries in respect of any taxes or other governmental charges are adequate.

5.7. Litigation and Contingent Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Parent, Borrower or Borrower's Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Loans. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, neither the Parent, the Borrower nor Borrower's Subsidiaries has any material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4, except for Additional Contingent Consideration that may be payable in connection with an Acquisition.

5.8. Subsidiaries. Schedule 3 contains an accurate list of all Subsidiaries of the Parent and Borrower as of the Closing Date, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9. ERISA. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has occurred with respect to any Plan, and the Borrower has not withdrawn from any Plan or initiated steps to do so, and no steps have been taken to reorganize or terminate any Plan.

5.10. Accuracy of Information. No information, exhibit or report furnished by the Parent, Borrower or Borrower's Subsidiaries in writing to the Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

5.11. Regulation U. Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Parent, Borrower and Borrower's Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder.

5.12. Material Agreements. Neither the Parent, Borrower nor any of Borrower's Subsidiaries is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect if the Parent, Borrower or Borrower's Subsidiaries complies with the terms thereof. Neither the Parent, Borrower nor any of Borrower's Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness.

5.13. Compliance With Laws. To the best of the knowledge of the officers of the Parent and Borrower, the Parent, Borrower and Borrower's Subsidiaries have complied with all laws, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property, including, without limitation, Regulation U, T and X of the Board of Governors of the Federal Reserve System, and all Environmental Laws, except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.14. Ownership of Properties. On the date of this Agreement, the Parent, Borrower and Borrower's Subsidiaries will have good title, free of all Liens other than Permitted Liens, to all of the Property and assets reflected in the Parent's most recent consolidated financial statements provided to the Agent as owned by the Parent, Borrower and Borrower's Subsidiaries, excluding sales in the ordinary course since that date.

5.15. Plan Assets; Prohibited Transactions. Neither the Parent nor the Borrower is an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Loans hereunder gives rise to a prohibited transaction within the

meaning of Section 406 of ERISA or Section 4975 of the Code.

5.16. Environmental Matters. In the ordinary course of its business, the officers of the Borrower consider the effect of Environmental Laws on the business of the Parent, Borrower and Borrower's Subsidiaries, in the course of which they identify and evaluate potential risks and liabilities accruing due to Environmental Laws. On the basis of this consideration, the Parent and Borrower have concluded that they are aware of no non-compliance with the Environmental Laws that could reasonably be expected to have a Material Adverse Effect. Neither the Parent, Borrower nor any of Borrower's Subsidiaries has received any notice to the effect that its operations are not in material compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

5.17. Investment Company Act. Neither the Parent, Borrower nor any of Borrower's Subsidiaries is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.18. Public Utility Holding Company Act. Neither the Parent, Borrower nor any of Borrower's Subsidiaries is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19. Solvency. (i) Immediately after the consummation of the transactions to occur on the date hereof and immediately following the making of each Loan, if any, made on the date hereof and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries on a consolidated basis; (b) the present fair saleable value of the Property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the date hereof. The Borrower does not intend to, or to permit any of its Subsidiaries to, and does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Financial Reporting. The Parent and Borrower will maintain, for themselves and for each Subsidiary, a system of accounting established and administered in accordance with GAAP, and furnish to the Lenders:

- (i) Within 90 days after the close of each of the Parent's fiscal years, an unqualified audit report certified by KPMG LLP or independent certified public accountants acceptable to the Agent, prepared in accordance with GAAP on a consolidated basis for Parent, Borrower and Borrower's Subsidiaries, including balance sheets as of the end of such period, related profit and loss statement, statement of changes in shareholders equity and statement of cash flows (but excluding any work papers relating thereto), accompanied by a certificate of said accountants that, in the course of their examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default or Unmatured Default, or if, in the opinion of such accountants, any Default or Unmatured Default shall exist, stating the nature and status thereof.
- (ii) Within 45 days after the close of each fiscal quarter of the Parent, consolidated unaudited balance sheets of the Parent, Borrower and Borrower's Subsidiaries as at the close of each fiscal quarter and consolidated profit and loss statements for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.
- (iii) Simultaneously with the furnishing of the financial statements required under Sections 6.1(i) and (ii), a Compliance Certificate.
- (iv) Within 20 days after the end of each fiscal quarter, a Borrowing Base Certificate with respect to the Borrower and its Subsidiaries, accompanied by such supporting detail and documentation as shall be requested by the Agent.
- (v) Within 20 days after the close of each of Borrower's fiscal quarters, an accounts receivable aging report for the Borrower and its Subsidiaries as of the close of such quarter, in form and substance satisfactory to the Agent (including notations indicating which accounts receivable are supported by letters of credit issued or confirmed by banks located in the United States).
- (vi) As soon as available, but in any event within 30 days after the beginning of Borrower's fiscal year, a copy of the operating plan (including a projected balance

sheet, income statements and funds flow statement) of the Borrower and its Subsidiaries for each fiscal quarter of such fiscal year and for such fiscal year as a whole, including a statement of all material assumptions on which such plan is based.

- (vii) As soon as possible and in any event within 10 days after the Parent or Borrower has actual knowledge that any Reportable Event has occurred with respect to any Plan, a statement signed by an Authorized Officer of the Parent or Borrower, describing said Reportable Event and the action which the Parent or Borrower proposes to take with respect thereto.
- (viii) As soon as possible and in any event within 10 days after receipt by the Parent or Borrower, a copy of (a) any notice or claim to the effect that the Parent, Borrower or any of Borrower's Subsidiaries is or may be liable to any Person as a result of the release by the Parent, Borrower, any of Borrower's Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Parent, Borrower or any of Borrower's Subsidiaries, which, in either case, could reasonably be expected to have a Material Adverse Effect.
- (ix) Promptly upon the furnishing thereof to the shareholders of the Parent, copies of all financial statements, reports and proxy statements so furnished.
- (x) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Parent, Borrower or any of Borrower's Subsidiaries filed with the Securities and Exchange Commission.
- (xi) Such other information (including non-financial information) as the Agent or any Lender may from time to time reasonably request.

6.2. Use of Proceeds. The Borrower will, and will cause each Subsidiary to use the proceeds of the Loans for one or more of the following: (i) to refinance indebtedness of the Parent existing on the Closing Date, (ii) for Capital Expenditures and Acquisitions permitted by this Agreement, and (iii) for general corporate purposes.

6.3. Notice of Default. The Borrower will (a) give prompt notice in writing to the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect, and (b) promptly advise by written notice to the Agent of any material inaccuracy in any representation or warranty set forth in Article V which occurs due to events or circumstances arising after the Closing Date (whether or not the subject of such inaccuracy could reasonably be expected to cause or give rise to a Material Adverse Effect).

6.4. Conduct of Business. The Parent and Borrower will, and will cause each of Borrower's Subsidiaries to, carry on and conduct its business in substantially the same manner and in the same general fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.5. Taxes. The Parent and Borrower will, and will cause each of Borrower's Subsidiaries to, timely file complete and to the best of the Parent's and Borrower's knowledge, correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, or extensions relating thereto, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, and except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with GAAP.

6.6. Insurance. The Parent and Borrower will, and will cause each of Borrower's Subsidiaries to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts and covering such risks as is consistent with sound business practice, or as otherwise provided in the Collateral Documents, and the Borrower will furnish to any Lender upon request full information as to the insurance carried.

6.7. Compliance with Laws; Environmental Matters. (a) The Parent and Borrower will, and will cause each of Parent's Subsidiaries to, comply in all material respects with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it or its Property may be subject including, without limitation, Regulations U, T, and X of the Board of Governors of the Federal Reserve System, and also including, without limitation, ERISA and Environmental Laws.

(b) The Parent and Borrower will, and will cause each of Parent's Subsidiaries to, and will use its reasonable best efforts to cause each of their agents, contractors and sub-contractors (while such Persons are acting within the scope of their contractual relationship with the Borrower or the Subsidiaries) to comply in all material respects with all applicable Environmental Laws, and to prevent the unauthorized release, discharge, disposal, escape or spill of hazardous substances on or about the properties owned or operated by the Borrower or the Subsidiaries.

6.8. Maintenance of Properties. The Parent and Borrower will, and will cause each of Borrower's Subsidiaries to, do all things reasonably necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition in light of the uses for such Property, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

6.9. Inspection. The Parent and Borrower will, and will cause each of Borrower's Subsidiaries to, permit the Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of the Parent, Borrower and each of Borrower's Subsidiaries, to examine and make copies of the books of accounts and other financial records of the Parent, Borrower and each of Borrower's Subsidiaries, and to discuss the affairs, finances and accounts of the Parent, Borrower and each of Borrower's Subsidiaries with, and to be advised as to the same by, their respective officers at such reasonable times and intervals, subject to prior reasonable notice and during business hours, as the Agent or any Lender may designate.

6.10. Dividends. The Parent will not declare or pay any dividends or make any distributions on its capital stock (other than dividends payable in its own capital stock) or redeem, repurchase or otherwise acquire or retire any of its capital stock at any time outstanding. The Borrower will not make any distributions on its membership interest to the Parent, except to pay operating and administrative expenses and taxes, in each case incurred in the ordinary course of business. The Borrower's Subsidiaries may declare and pay dividends or make distributions to the Borrower or to a wholly-owned Subsidiary of the Borrower.

6.11. Indebtedness. (a) The Borrower will not, nor will it permit any of its Subsidiaries to, create, incur or suffer to exist any Indebtedness, except:

- (i) The Loans.
- (ii) Indebtedness arising under Rate Management Transactions related to the Loans.
- (iii) Trade credit or other contractual obligations to acquire goods, supplies, and services, including, without limitation, obligations incurred to employees for compensation for services rendered in the ordinary course of business, or merchandise on terms similar to those granted to purchasers in similar lines of business as Borrower or its Subsidiaries and incurred in the ordinary course of business.
- (iv) Rental payments on Operating Leases.
- (v) Deferred taxes.
- (vi) Unfunded pension fund and other employee benefit plan obligations and liabilities, but only to the extent they are permitted to remain unfunded under applicable law.
- (vii) Endorsements for collection, deposits or negotiation and warranties or products or services, in each case incurred in the ordinary course of business.

- (viii) Indebtedness in respect of performance, surety or appeal bonds obtained in the ordinary course of Borrower's or any Subsidiary' business.
- (ix) Indebtedness from the Borrower in favor of one or more of its Subsidiaries or from one or more of its Subsidiaries in favor of the Borrower or one or more of the Subsidiaries in favor of one or more of the other Subsidiaries.
- (x) Indebtedness representing the unpaid purchase price and/or Capitalized Lease value of equipment used in the operations of the Borrower and its Subsidiaries up to the aggregate amount of \$5,000,000 at any one time.
- (xi) Indebtedness incurred in connection with the acquisition or leasing of motor vehicles used by employees or representatives of the Borrower and its Subsidiaries in the ordinary course of business, up to the aggregate amount of \$6,000,000 at any one time.
- (xii) Additional Contingent Consideration incurred by the Borrower or any Subsidiary in connection with a Permitted Acquisition.
- (xiii) Other unsecured Indebtedness not exceeding \$5,000,000 in the aggregate principal amount outstanding at any time.
- (xiv) Indebtedness incurred or assumed by the Borrower and its Subsidiaries as a result of a Permitted Acquisition (a) that is unsecured or secured only by collateral consisting of property, plant and equipment of the acquired business or entity that was provided by such business or entity prior to the consummation of any such Permitted Acquisition, and (b) that was not incurred in anticipation of any such Permitted Acquisition, not exceeding \$5,000,000 in the aggregate.
- (xv) Indebtedness of Superior Energy Liftboats, L.L.C. guaranteed by the Maritime Administration under Title XI of the Merchant Marine Act of 1946, as amended, for the construction or refinancing of construction of liftboats, up to the aggregate principal amount of \$75,000,000.
- (xvi) Indebtedness incurred in connection with export financing guaranteed by the Export-Import Bank of the United States up to the aggregate amount of \$20,000,000 at any one time.
- (xvii) Indebtedness for the obligations to plug and abandon offshore oil and gas wells up to the amounts permitted by Section 6.20.
- (xviii) Senior unsecured indebtedness up to the aggregate amount of \$200,000,000 at any one time.

- (xix) The refinancing of any Indebtedness described in the foregoing Section 6.11(i) through (xvii).
- (b) The Parent will not create, incur or suffer to exist any Indebtedness, except:
 - (i) The guaranty of the Loans.
 - (ii) The guaranty of the Borrower's Indebtedness arising under Rate Management Transactions related to the Loans.
 - (iii) Deferred taxes.
 - (iv) Unfunded pension fund and other employee benefit plan obligations and liabilities, but only to the extent they are permitted to remain unfunded under applicable law.
 - (v) Indebtedness in respect of performance, surety or appeal bonds obtained in the ordinary course of Borrower's or any Subsidiary' business.
 - (vi) The guaranty of the note issued by Superior Energy Liftboats, L.L.C. to the Maritime Administration in connection with the Indebtedness guaranteed by the Maritime Administration under Title XI of the Merchant Marine Act of 1946, as amended, for the construction or refinancing of liftboats, up to the aggregate principal amount of \$75,000,000, on terms reasonably acceptable to the Agent.
 - (vii) The guaranty in full of the Borrower's obligations to plug and abandon offshore oil and gas wells up to the amounts permitted by Section 6.20.
 - (viii) The guarantee in full of the Lamb Energy Loan by Borrower and Parent, on terms reasonably acceptable to the Agent.

6.12. Merger. The Borrower will not, nor will it permit any of its Subsidiaries to, merge or consolidate with or into any other Person, except that a Subsidiary may merge into the Borrower or a Wholly-Owned Subsidiary, the Borrower or a Subsidiary may merge with another Person to affect an Acquisition permitted by Section 6.16. The Parent will not merge or consolidate with or into any other Person.

6.13. Sale of Assets. (a) The Borrower will not, nor will it permit any of its Subsidiaries to, lease, sell or otherwise dispose of its Property to any other Person, except:

- (i) Sales of inventory in the ordinary course of business.
- (ii) Leases, sales or other dispositions of its Property that, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of (other

than inventory in the ordinary course of business) as permitted by this Section during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries, taken as a whole.

- (iii) Transfers of Property among the Borrower and its Subsidiaries.
- (iv) A sale of assets which are promptly replaced thereafter by assets of a similar type and value, or otherwise useful in the business of the Borrower or one of the Subsidiaries.
- (v) Obsolete or worn-out equipment sold in the ordinary course of business.

(b) The Parent will not lease, sell or otherwise dispose of any of its membership interest in the Borrower or any other Property to any other Person.

6.14. Investments. (a) The Borrower will not, nor will it permit any of its Subsidiaries to, make or suffer to exist any Investments, except:

- (i) Cash Equivalent Investments.
- (ii) Advances or Investments by the Borrower in or to any one or more of its Subsidiaries or by any Subsidiary in or to the Borrower or any other Subsidiary.
- (iii) Acquisition of current assets or liabilities arising from the sale or lease of goods, the rendition of services or the extension of credit in the ordinary course of business of the Borrowers and its Subsidiaries, including, without limitation, investments in accounts, contract rights, chattel paper and notes receivable.
- (iv) Advances to officers, shareholders, and employees of Borrower not to exceed \$500,000 in the aggregate at any one time.
- (v) Rate Management Obligations in favor of any Lender.
- (vi) Investments in Subsidiaries and other Investments existing on the Closing Date and described on Schedule 5.
- (vii) Permitted Acquisitions.
- (viii) Strategic investments, including without limitation, joint venture arrangements, loans and loans convertible to equity, up to an aggregate, at any one time, of \$10,000,000.

(b) The Parent will not make or suffer to exist any

Investments, except for the

ownership of its membership interest in the Borrower.

6.15. Liens. (a) The Borrower will not, nor will it permit any of its Subsidiaries to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except for the following (collectively, the "Permitted Liens"):

- (i) Liens for taxes, assessments or governmental charges or levies on its Property if the same are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.
- (ii) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 90 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books.
- (iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.
- (iv) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Borrower or its Subsidiaries.
- (v) Liens in favor of the Agent, for the benefit of the Lenders, granted pursuant to any Collateral Document.
- (vi) Liens constituting purchase money security interests in equipment securing Indebtedness permitted by Section 6.11 (x).
- (vii) Liens constituting security interests in motor vehicles securing Indebtedness permitted by Section 6.11(xi).
- (viii) Attachment, judgment and other similar, non-tax Liens in connection with court proceedings, but only if and for so long as the execution or other enforcement of such Liens is and continues to be effectively stayed and bonded on appeal in a manner reasonably satisfactory to Lenders for the full amount of such Liens, the validity and amount of the claims secured thereby are being actively contested in good faith and by appropriate lawful proceedings, such Liens do not, in the aggregate, materially detract from the value of the Property of the Borrower or any of its Subsidiaries or materially impair the use thereof in the operation of the

Borrower's or any of its Subsidiaries' business and such Liens are and remain junior in priority to the Liens in favor of the Lender.

- (ix) Other Liens that secure less than \$1,000,000 of Indebtedness, provided that such Liens do not encumber real estate, vessels or accounts.
- (x) Liens in existence on the date of a Permitted Acquisition, securing Indebtedness permitted by this Agreement and encumbering the assets of any Subsidiary acquired after the date of this Agreement.
- (xi) Liens on the liftboats, charters and construction and related agreements with respect thereto to secure the Indebtedness permitted by Section 6.11(a)(xvi).
- (xii) Liens securing the Lamb Energy Loans and the guaranty thereof by the Borrower and Parent, subject to the terms of the Intercreditor Agreement, on terms reasonably acceptable to the Agent.
- (xiii) Liens permitted by the Required Lenders in writing.

(b) The Parent will not create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except for the following (collectively, the "Permitted Liens"):

- (i) Liens for taxes, assessments or governmental charges or levies on its Property if the same are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.
- (ii) Liens in favor of the Agent, for the benefit of the Lenders, granted pursuant to any Collateral Document.
- (iii) Attachment, judgment and other similar, non-tax Liens in connection with court proceedings, but only if and for so long as the execution or other enforcement of such Liens is and continues to be effectively stayed and bonded on appeal in a manner reasonably satisfactory to Lenders for the full amount of such Liens, the validity and amount of the claims secured thereby are being actively contested in good faith and by appropriate lawful proceedings, such Liens do not, in the aggregate, materially detract from the value of the Property of the Borrower or any of its Subsidiaries or materially impair the use thereof in the operation of the Borrower's or any of its Subsidiaries' business and such Liens are and remain junior in priority to the Liens in favor of the Lender.
- (iv) Liens permitted by the Required Lenders in writing.

6.16. Acquisitions. (a) The Borrower will not, and will not permit any of its Subsidiaries to, make any Acquisition of any Person, except as follows: (i) the Acquisition shall be with the consent of the Person (non-hostile); (ii) the total consideration for the Acquisition shall not exceed \$20,000,000; (iii) the total consideration (including all Additional Contingent Consideration) of all Acquisitions during any 12-month period shall not exceed \$50,000,000 in the aggregate (provided, however, that the acquisition of Premier Oilfield Services Holdings Limited and its affiliates shall not count against this \$50,000,000 limit); (iv) the business and assets subject to the Acquisition shall be in the same line of business as the Borrower and its Subsidiaries; (v) the location of the corporate or company headquarters of the Person subject to the Acquisition shall be in the United States of America and less than a Substantial Portion of the assets of the Borrower and the Subsidiaries, taken as a whole after giving effect to the Acquisition, shall be located outside of the United States of America at any one time; (vi) at the time of the Acquisition, no Unmatured Default and no Default shall exist; (vii) no Default shall exist as a result of the Acquisition; (viii) in the case of a merger, the Borrower or a Subsidiary of the Borrower shall be the surviving entity; (ix) immediately following the Acquisition, the Borrower and its Subsidiaries shall be in compliance with all material applicable laws and regulations; (x) the Borrower and the affected Subsidiaries shall grant a security interest in the stock or membership interest or partnership interest in any new Subsidiary in favor of the Agent and the Lenders in which the Borrower has invested more than \$1,000,000; (xi) if the Person subject to the Acquisition becomes a Domestic Subsidiary, the Domestic Subsidiary shall execute (A) if applicable, a security agreement in any securities of any Subsidiaries of the new Subsidiary, (B) one or more security agreements in the assets of the Domestic Subsidiary to the extent required by Section 2.19(c), and (C) a solidary (joint and several) guaranty of the Secured Obligations if required by Section 2.19(c); (xii) the Borrower shall submit a legal opinion with respect to the Acquisition to the Agent, in form and substance reasonably satisfactory to the agent; (xiii) based on pro forma financial statements, the Borrower shall have at least \$15,000,000 of availability under the Revolving Loan Commitment immediately following the Acquisition; and (xiv) based on pro forma financial statements, the Leverage Ratio immediately following the Acquisition shall be at least 0.375 below the maximum Leverage Ratio required by this Agreement at the time of the Acquisition. If the Borrower desires a waiver or modification of any of the foregoing conditions in the case of a particular Acquisition, approval of the Required Lenders must be obtained; any approval of a waiver or modification of a condition for a particular Acquisition shall not apply to or be binding on the Lenders with respect to any subsequent Acquisition.

(b) The Parent will not make any Acquisition of any Person, except for the Acquisition of all of the membership interest of the Borrower.

Section 6.17 Transactions with Affiliates. The Borrower and the Parent will not, and will not permit any of the Borrower's Subsidiaries to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except (a) in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or Parent's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower, Parent or such Subsidiary than the

Borrower, Parent or such Subsidiary would obtain in a comparable arms height and length transaction; and (b) transactions between or among the Borrower and/or the Parent and/or any Wholly-Owned Domestic Subsidiary of the Borrower and/or Parent.

6.18 Appraisals. At any time following the Closing Date, the Agent shall have the right to, or the Agent at the request of the Required Lenders shall, order and obtain appraisals from a nationally recognized firm reasonably acceptable to the Agent, and in form and substance satisfactory to the Agent, of the fair market value of all of the fixed assets (including property, plant, vessels and equipment) of the Borrower and its Subsidiaries, at the Borrower's expense, once prior to the Revolving Loan Termination Date. The Borrower shall cooperate with the Agent and the appraiser so as to facilitate the delivery of the appraisal within 60 days after the Agent's request therefor.

6.19 Financial Covenants.

6.19.1 Minimum Net Worth. The Parent will not permit its Net Worth, determined as of the end of each fiscal quarter, to be less than the sum of (i) \$162,643,250, plus (ii) 50% of positive Net Income for such fiscal quarter (with no deduction for net losses) beginning with the fiscal quarter ending September 30, 2000, plus (iii) 100% of Net Equity Proceeds during such fiscal quarter, beginning with the fiscal quarter ending September 30, 2000.

6.19.2 Maximum Leverage Ratio. The Parent will not permit the ratio (the "Leverage Ratio"), determined on a Pro Forma Basis, of (i) Indebtedness (excluding the funded portion of any Indebtedness guaranteed by the Federal Maritime Administration that is held in escrow and not yet available to the Borrower and excluding any Additional Contingent Consideration payable more than 12 months after the determination date) as of the end of each fiscal quarter (the determination date) to (ii) EBITDA for the four fiscal quarters ending with such fiscal quarter, to be greater than the following for the periods indicated:

Period -----	Maximum Leverage Ratio -----
July 1, 2003 through and including September 30, 2003	3.25 to 1.00
October 1, 2003 through March 31, 2004	3.00 to 1.00
April 1, 2004 through Revolving Loan Termination Date	2.75 to 1.00

6.19.3 Maximum Adjusted Leverage Ratio. The Parent will not permit the ratio (the "Adjusted Leverage Ratio"), determined on a Pro Forma Basis, of (i) Indebtedness (excluding the funded portion of any Indebtedness guaranteed by the Federal Maritime Administration that is held in escrow and not yet available to the Borrower and excluding any Additional Contingent Consideration payable more than 12 months after the determination date), plus the present value of all obligations to plug and abandon oil and gas wells as reflected on the Borrower's financial statements in accordance with GAAP, in each case, as of the end of each fiscal quarter (the

determination date) to (ii) EBITDA for the four fiscal quarters ending with such fiscal quarter, to be greater than the following for the periods indicated:

Period -----	Maximum Adjusted Leverage Ratio -----
July 1, 2003 through and including September 30, 2003	3.75 to 1.00
October 1, 2003 through and including March 31, 2004	3.50 to 1.00
April 1, 2004 through Revolving Loan Termination Date	3.25 to 1.00

Section 6.19.4 Minimum Fixed Charge Coverage Ratio. The Parent will not permit the ratio, determined on a Pro Forma Basis as of the last day of each fiscal quarter, of (i) EBITDA for the four fiscal quarters ending with such fiscal quarter, to (ii) the sum of Interest Expense, plus scheduled principal payments on the Term Loans (excluding any mandatory prepayments), plus cash Income Taxes actually paid, in each case for such four-fiscal quarter period, to be less than 1.50 to 1.00.

Section 6.19.5 Maximum Capital Expenditures. The Parent will not permit Capital Expenditures (on a consolidated but non-cumulative basis) of the Parent, the Borrower and their Subsidiaries during each fiscal year (including the fiscal year ending December 31, 2003 to be greater than \$60,000,000, provided that such amount will be reviewed by the Lenders annually and may be increased with the consent of the Agent and the Required Lenders.

Section 6.20 Plug and Abandonment Liabilities. The Borrower and/or certain of its Subsidiaries are engaged in acquiring oil and gas wells offshore the United States. The Borrower covenants and agrees that it and its Subsidiaries will not create or assume liabilities to plug and abandon offshore wells in excess of the lesser of (i) \$85,000,000 gross future value at any one time in the aggregate or (ii) the amount permitted by the Minerals Management Service.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1. Any representation or warranty made or deemed made by or on behalf of the Parent, Borrower or any of Borrower's Subsidiaries to the Lenders or the Agent under or in connection with this Agreement, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

7.2. Nonpayment of any interest or principal on the Loan, or nonpayment of any commitment fee or other obligations under any of the Loan Documents, or nonpayment of any Rate Management Obligations to any Lender, or nonpayment of any reimbursement obligations to a Lender under any Letter of Credit, in each case within five days after the same becomes due.

7.3. The breach by the Parent or Borrower of any of the terms or provisions of Section 6.2, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16, 6.17, 6.18 or 6.19.

7.4. The breach by the Parent or Borrower (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement or any other Loan Document which is not remedied within 30 days after written notice from the Agent or any Lender.

7.5. Failure of the Parent, Borrower or any of Borrower's Subsidiaries to pay when due any Indebtedness to any Person other than the Lenders aggregating in excess of \$2,000,000 ("Material Indebtedness"); or the default by the Parent, Borrower or any of Borrower's Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any agreement under which any such Material Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which default or event is to cause, or to permit the holder or holders of such Material Indebtedness to cause, such Material Indebtedness to become due prior to its stated maturity; or any Material Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Parent, Borrower or any of Borrower's Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due. Notwithstanding the foregoing, the default by Superior Energy Liftboats, L.L.C. ("Liftboats") on any Indebtedness permitted by Section 6.11(a)(xvi) (Indebtedness guaranteed by the Maritime Administration) shall be excluded from the effect of this Section 7.5, unless and until the Maritime Administration makes a formal demand for payment under any guaranty issued by the Parent, Borrower or other Subsidiary in connection therewith.

7.6. The Parent, Borrower or any of Borrower's Subsidiaries shall (i) have an order for

relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (vi) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7. Without the application, approval or consent of the Parent, Borrower or any of Borrower's Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Parent, Borrower or any of Borrower's Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Parent, Borrower or any of Borrower's Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days.

7.8. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Parent, Borrower and Borrower's Subsidiaries which, when taken together with all other Property of the Parent, Borrower and Borrower's Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

7.9. The Parent, Borrower or any of Borrower's Subsidiaries shall fail within 60 days to pay, bond or otherwise discharge one or more (i) judgments or orders for the payment of money in excess of \$10,000,000 (or the equivalent thereof in currencies other than U.S. Dollars) in the aggregate, or (ii) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith.

7.10. Any Change in Control shall occur.

7.11. Any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any Substantial Portion of the Collateral purported to be covered thereby, except as permitted by the terms of this Agreement or any Collateral Document, or any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration. If any Default described in Section 7.6 or 7.7 occurs with respect to the Parent or Borrower, the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Agent or any Lender. If any other Default occurs, the Required Lenders (or the Agent with the consent of the Required Lenders) may terminate or suspend the obligations of the Lenders to make Loans hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives.

If, within 30 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to the Parent or Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2. Amendments. Subject to the provisions of this Article VIII, the Required Lenders (or the Agent with the consent in writing of the Required Lenders) and the Parent and Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender affected thereby:

- (i) Extend the maturity of Loan, or extend or postpone any payment of principal and/or interest due under any Loan, or forgive all or any portion of the principal amount of any Loan, or reduce the rate or extend the time of payment of interest or fees thereon, or forebear in the collection of any Loan, or grant a payment moratorium on any Loan; or amend the definitions of "Alternate Base Rate," "Applicable Margin", "Eurodollar Base Rate", "Eurodollar Interest Period," or "Eurodollar Rate" or amend the Pricing Schedule.
- (ii) Reduce the percentage specified in the definition of Required Lenders or any other percentage of Lenders specified to be the applicable percentage in this Agreement to act on specified matters, or amend the definitions of "Required Lenders" or "Pro Rata Share".
- (iii) Extend the Revolving Loan Termination Date or the maturity date of any Term Loan, or increase or reduce the amount of the Aggregate Revolving Loan Commitment or of the Revolving Loan Commitment of any Lender hereunder, or

of the Aggregate Term Loan Commitment or of the Term Loan Commitment of any Lender hereunder, or permit the Borrower to assign its rights under this Agreement.

- (iv) Amend this Section 8.2.
- (v) Except as provided in the Collateral Documents, release all or any Substantial Portion of the Collateral (including any guarantor of the Secured Obligations); provided, however, that the Agent may release any Collateral in order to give effect to, or otherwise in connection with, any asset sale, lease or other disposition, or secured financing or other financing transaction permitted by this Agreement, in which case the Lenders authorize the Agent to execute and deliver any and all related release documents without the further consent of any Lender.
- (vi) Waive any Default if the practical effect of such waiver allows the Agent and/or Required Lenders to effectuate any of the items or matters listed in clauses (i) through (v) of this Section 8.2 (except that any waiver or amendments of the financial covenants set forth in Section 6.19 shall require the consent of the Required Lenders).

No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent. The Agent may waive payment of the fee required under Section 12.3.2 without obtaining the consent of any other party to this Agreement.

8.3. Preservation of Rights. No delay or omission of the Lenders or the Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Agent and the Lenders until the Secured Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1. Survival of Representations. All representations and warranties of the Parent and Borrower contained in this Agreement shall survive the making of the Loans herein contemplated.

9.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Parent, Borrower, Borrower's Subsidiaries, the Agent and the Lenders and supersede all prior agreements and understandings among the Parent, Borrower, Borrower's Subsidiaries, the Agent and the Lenders relating to the subject matter thereof other than the fee letter described in Section 10.13.

9.5. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, provided, however, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6. Expenses; Indemnification. (i) The Borrower shall reimburse the Agent and the Arranger for any costs and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, which attorneys may be employees of the Agent) paid or incurred by the Agent or the Arranger in connection with the preparation, negotiation, execution, delivery, syndication, review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Agent, the Arranger and the Lenders for any costs and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Agent, the Arranger and the Lenders, which attorneys may be employees of the Agent, the Arranger or the Lenders) paid or incurred by the Agent, the Arranger or any Lender in connection with the collection and enforcement of the Loan Documents. The Borrower acknowledges that from time

to time the Agent may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "Reports") pertaining to the Borrower's assets for internal use by the Agent from information furnished to it by or on behalf of the Borrower, after the Agent has exercised its rights of inspection pursuant to this Agreement.

(ii) The Borrower hereby further agrees to indemnify the Agent, the Arranger, each Lender, their respective affiliates, and each of their directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Agent, the Arranger, any Lender or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrower under this Section 9.6 shall survive the termination of this Agreement.

9.7. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Lenders.

9.8. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP.

9.9. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10. Nonliability of Lenders. The relationship between the Borrower on the one hand and the Lenders and the Agent on the other hand shall be solely that of borrower and lenders. Neither the Agents, the Arranger nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Agents, the Arranger nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that neither the Agents, the Arranger nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the

Agents, the Arranger nor any Lender shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect or consequential damages suffered by the Borrower in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11. Confidentiality. Each Lender agrees to hold any confidential information which it may receive from the Parent or Borrower pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, and (vii) permitted by Section 12.4.

9.12. Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Loans provided for herein.

9.13. Disclosure. The Borrower and each Lender hereby (i) acknowledge and agree that the Agent and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower and its Affiliates, and (ii) waive any liability of the Agent or such Affiliate of the Agent to the Borrower or any Lender, respectively, arising out of or resulting from such investments, loans or relationships other than liabilities arising out of the gross negligence or willful misconduct of the Agent or its Affiliates.

ARTICLE X

THE AGENT

10.1. Appointment; Nature of Relationship. Bank One, NA is hereby appointed by each of the Lenders as its contractual representative hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agents shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Agents (i) do not hereby assume any fiduciary duties to any of the Lenders, (ii) are a "representative" of the Lenders within the meaning of Section 9-105 of the Uniform Commercial Code and (iii) are acting as independent contractors, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Agents on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

10.2. Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto; provided, however in the event of a conflict between the terms and provisions of any Loan Document (other than this Agreement) and this Agreement, the terms and conditions of this Agreement shall control. The Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents, subject to any limitation contained in this Agreement, to be taken by the Agent.

10.3. General Immunity. Neither the Agents nor any of their directors, officers, agents or employees shall be liable to the Borrower, the Lenders or any Lender for any action taken or omitted to be taken by them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

10.4. No Responsibility for Loans, Recitals, etc. Neither the Agents nor any of their directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any Advance hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of

any condition specified in Article IV, except receipt of items required to be delivered solely to the Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in the Collateral; or (g) the financial condition of the Borrower or any guarantor of any of the Obligations or of any of the Borrower's or any such guarantor's respective Subsidiaries. The Agents shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Agent at such time, but is voluntarily furnished by the Borrower to the Agent (either in its capacity as Agent or in its individual capacity).

10.5. Action on Instructions of Lenders. Except as may otherwise be provided in Section 8.2, the Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. Employment of Agents and Counsel. Except as may otherwise be provided in Section 8.2, the Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Agent and the Lenders and all matters pertaining to the Agent's duties hereunder and under any other Loan Document.

10.7. Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

10.8. Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Agent ratably in proportion to each Lender's Pro Rata Share (i) for any amounts not reimbursed by the Borrower for which the Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by

the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Agent in connection with any dispute between the Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that (a) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Agent and (b) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9. Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Lenders.

10.10. Rights as a Lender. In the event the Agent is a Lender, the Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Term Loan Commitment, its Revolving Loan Commitment and its Loans as any Lender and may exercise the same as though it were not the Agent, and the term "Lender" or "Lenders" shall, at any time when the Agent is a Lender, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person.

10.11. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agents, the Arranger or any other Lender and based on the financial statements prepared by the Parent or Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Agents, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.12. Successor Agent. The Agent may resign at any time by giving written notice

thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. The Agent may be removed at any time with or without cause by written notice received by the Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of the Borrower and the Lenders, a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Borrower and the Lenders, a successor Agent. Notwithstanding the previous sentence, the Agent may at any time without the consent of the Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Agent hereunder. If the Agent has resigned or been removed and no successor Agent has been appointed, the Lenders may perform all the duties of the Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Agent. Upon the effectiveness of the resignation or removal of the Agent, the resigning or removed Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Agent, the provisions of this Article X shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents.

10.13. Agent's Fee; Arranger's Fee. The Borrower agrees to pay to the Agent and the Arranger, for their own accounts, the fees agreed to by the Borrower, the Agent and the Arranger pursuant to that certain letter agreement dated the date of this Agreement, or as otherwise agreed from time to time.

10.14. Delegation to Affiliates. The Borrower and the Lenders agree that the Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Agent is entitled under Articles IX and X.

10.15. Execution of Collateral Documents. The Lenders hereby empower and authorize the Agent to execute and deliver to the Borrower on their behalf the Collateral Documents and all related financing statements and any financing statements, agreements, documents or instruments as shall be necessary or appropriate to effect the purposes of the Collateral Documents.

10.16. Collateral Releases. The Lenders hereby empower and authorize the Agent to execute and deliver to the Borrower on their behalf any agreements, documents or instruments as

shall be necessary or appropriate to effect any releases of Collateral which shall be permitted by the terms hereof or of any other Loan Document or which shall otherwise have been approved by the Required Lenders (or, if required by the terms of Section 8.2, all of the Lenders) in writing.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

11.2. Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives Collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such Collateral ratably in proportion to their respective Pro Rata Shares. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

If an amount to be setoff is to be applied to permitted Indebtedness of the Borrower to a Lender other than Obligations under this Agreement, such amount shall be applied ratably to such other Indebtedness and to the Obligations.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Parent, Borrower and the Lenders and their respective successors and assigns, except that (i) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents and (ii) any assignment by any Lender must be made in compliance with Section 12.3. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and does not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank; provided, however, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; provided, however, that the Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2. Participations

12.2.1. Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Obligations owing to such Lender, any Note held by such Lender, any Revolving Loan Commitment or Term Loan Commitment of such Lender or any other interest of such Lender under the Loan Documents, or any Letter of Credit issued by said Lender. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Loans and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2. Voting Rights. Each Lender shall retain the sole right to approve, without the

consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan or Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Loan or Commitment, extends the Revolving Loan Termination Date or the maturity date of any Term Loan, postpones any date fixed for any regularly-scheduled payment of principal of, or interest or fees on, any such Loan or Revolving Loan Commitment, releases any guarantor of any such Loan or releases all or a Substantial Portion of the Collateral, if any, securing any such Loan.

12.2.3. Benefit of Setoff. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender.

12.3. Assignments

12.3.1. Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit B or in such other form as may be agreed to by the parties thereto. The consent of the Borrower and the Agent shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof; provided, however, that if a Default has occurred and is continuing, the consent of the Borrower shall not be required. Any required consent of the Borrower shall not be unreasonably withheld or delayed. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate thereof shall (unless each of the Borrower and the Agent otherwise consents) be in an amount not less than the lesser of (i) \$5,000,000 or (ii) the remaining amount of the assigning Lender's Commitment (calculated as at the date of such assignment) or outstanding Loans (if the applicable Commitment has been terminated). Furthermore, the assigning Lender shall pay the Agent an assignment fee of \$3,500 for each assignment.

12.3.2. Effect; Effective Date. Upon (i) delivery to the Agent of an assignment, together with any consents required by Section 12.3.1, and (ii) payment of a \$3,500 fee to the Agent for processing such assignment (unless such fee is waived by the Agent), such assignment shall become effective on the effective date specified in such assignment. The assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Revolving Loan Commitment and Loans under the applicable assignment agreement constitutes "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under

ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Borrower, the Lenders or the Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Revolving Loan Commitment and Loans assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.2, the transferor Lender, the Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Revolving Loan Commitments and outstanding Term Loans, as adjusted pursuant to such assignment.

12.4. Dissemination of Information. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Parent, Borrower and Borrower's Subsidiaries, including without limitation any information contained in any Reports; provided that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5. Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIII

NOTICES

13.1. Notices. Except as otherwise permitted by Section 2.14 with respect to Borrowing Notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrower, at 1105 Peters Road, Harvey, Louisiana 70058, Facsimile: (504) 362-1818 (Attention: President), (y) in the case of the Agent or any Lender, at its address or facsimile number set forth on Schedule 1 hereto or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Agent and the Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; provided that notices to the Agent under Article II shall not be effective until received.

13.2. Change of Address. The Borrower, the Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV

COUNTERPARTS

14.1 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Parent, the Borrower, the Agent and the Lenders and each party has notified the Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (BUT OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF LOUISIANA, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2. CONSENT TO JURISDICTION. THE BORROWER AND THE AGENT HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR LOUISIANA STATE COURT SITTING IN NEW ORLEANS, LOUISIANA IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW ORLEANS, LOUISIANA.

15.3. WAIVER OF JURY TRIAL. THE BORROWER, THE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

IN WITNESS WHEREOF, the Parent, the Borrower, the Lenders and the Agent have executed this Agreement as of the date first above written.

BORROWER: SESI, L.L.C.
By: Superior Energy Services, Inc.,
Member Manager
By: /s/ ROBERT S. TAYLOR

Name: Robert S. Taylor
Title: Chief Financial Officer

PARENT: SUPERIOR ENERGY SERVICES, INC.
By: /s/ ROBERT S. TAYLOR

Name: Robert S. Taylor
Title: Chief Financial Officer

AGENT: BANK ONE, NA
(Main Office Chicago)
By: /s/ STEVEN D. NANCE

Name: Steven D. Nance
Title: Vice President

SYNDICATION AGENT: WELLS FARGO BANK TEXAS, N.A.
By: /s/ PHILIP C. LAUINGER III

Name: Philip C. Lauinger III
Title: Vice President

DOCUMENTATION AGENT: WHITNEY NATIONAL BANK
By: /s/ HOLLIE L. ERICKSEN

Name: Hollie L. Ericksen
Title: Vice President

LENDERS:

BANK ONE, NA
(Main Office Chicago)

By: /s/ STEVEN D. NANCE

Name: Steven D. Nance
Title: Vice President

WELLS FARGO BANK TEXAS, N.A.

By: /s/ PHILIP C. LAUINGER III

Name: Philip C. Lauinger III
Title: Vice President

WHITNEY NATIONAL BANK

By: /s/ HOLLIE L. ERICKSEN

Name: Hollie L. Ericksen
Title: Vice President

HIBERNIA NATIONAL BANK

By: /s/ STEPHEN BIRNBAUM

Name: Stephen Birnbaum
Title: Vice President

PNC BANK, NATIONAL
ASSOCIATION

By: /s/ PAUL R. FRANK

Name: Paul R. Frank
Title: Vice President

BANK OF SCOTLAND

By: /s/ JOSEPH FRATUS

Name: Joseph Fratus
Title: Vice President

UNION PLANTERS BANK

By:

Name:
Title:

NATEXIS BANQUES POPULAIRES

By: /s/ TIMOTHY POLVADO

Name: Timothy Polvado
Title: Vice President/Manager

By: /s/ DONOVAN C. BROUSSARD

Name: Donovan C. Broussard
Title: Vice President/Manager

SOUTHWEST BANK OF TEXAS, N.A.

By: /s/ EDWARD K. BOWDON

Name: Edward K. Bowdon
Title: Vice President

OFFICER'S CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Terence E. Hall, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Superior Energy Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

SUPERIOR ENERGY SERVICES, INC.

Date: November 13, 2003

By: /s/ Terence E. Hall

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

OFFICER'S CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert S. Taylor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Superior Energy Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

SUPERIOR ENERGY SERVICES, INC.

Date: November 13, 2003

By: /s/ Robert S. Taylor

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

CERTIFICATE PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Terence E. Hall, the Chairman of the Board, Chief Executive Officer and President of Superior Energy Services, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by such Report.

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

Date: November 13, 2003

By: /s/ Terence E. Hall

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

CERTIFICATE PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert S. Taylor, Chief Financial Officer, Principal Financial and Accounting Officer of Superior Energy Services, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by such Report.

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

Date: November 13, 2003

By: /s/ Robert S. Taylor

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