



Pro Forma Consolidated Financial Statements	
Unaudited Pro Forma Condensed Balance Sheet as of December 31, 1996	12
Unaudited Pro Forma Condensed Statement of Earnings for the year ended December 31, 1996	13
Notes to unaudited Pro Forma Condensed Financial Information	14

Independent Auditors' Report

The Board of Directors  
Nautilus Pipe & Rental Tool, Inc.

We have audited the accompanying balance sheet of Nautilus Pipe & Rental Tool, Inc. as of December 31, 1996, and the related statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nautilus Pipe & Rental Tool, Inc. as of December 31, 1996, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

KPMG PEAT MARWICK LLP

New Orleans, Louisiana  
April 17, 1997

NAUTILUS PIPE & RENTAL TOOL, INC.  
BALANCE SHEET  
DECEMBER 31, 1996

ASSETS

Current Assets:

Accounts receivable - net allowance for doubtful accounts of \$10,000	\$1,189,739
Accounts receivable - affiliate	195,491
Other	1,560

Total current assets 1,386,790

Property and equipment - net 2,446,669

\$3,833,459  
=====

LIABILITIES AND SHAREHOLDER'S EQUITY

Current liabilities:

Notes payable - current	\$ 827,000
Accounts payable and accrued expenses	78,307
Income taxes payable	86,735
Deferred income taxes	336,043

Total current liabilities 1,328,085

Notes payable 588,681  
Due to shareholder 483,541  
Deferred income taxes 154,805

Stockholder's equity:

Common stock no par value, authorized 1,000 shares; issued -100 shares	168,569
Treasury stock	(40,000)
Retained earnings	1,149,778

Total stockholder's equity 1,278,347

\$3,833,459  
=====

Revenues	\$4,424,334
	-----
Expenses:	
Cost of services	1,401,313
General and administrative	1,559,924
Interest	125,094
Depreciation	556,150
	-----
Income before income taxes	781,853
Provision for income taxes	300,923
	-----
Net income	480,930
Retained earnings at beginning of year	668,848
	-----
Retained earnings at end of year	\$1,149,778
	=====

NAUTILUS PIPE & RENTAL TOOL, INC.  
STATEMENT OF CASH FLOWS  
DECEMBER 31, 1996

Cash flows from operating activities	
Net income	\$ 480,930
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	556,150
Deferred income taxes	129,748
Allowance for doubtful accounts	10,000
Net change in operating assets and liabilities:	
Accounts receivable	(117,863)
Accounts receivable - affiliates	66,762
Other current assets	7,821
Accounts payable	(106,182)
Income taxes payable	1,639
Other	18,521
	-----
Net cash provided by operating activities	1,047,526
Cash flows used in investing activities:	
Purchases of property and equipment	(1,312,124)
	-----
Net cash used in investing activities	(1,312,124)
Cash flows from (used in) financing activities:	
Notes payable	322,321
Due to shareholder	(69,315)
	-----
Net cash provided by financing activities	253,006
Net decrease in cash	(11,592)
Cash at beginning of year	11,592
	-----
Cash at end of year	\$ -
	=====

NAUTILUS PIPE & RENTAL TOOL, INC.  
Notes to Financial Statements

December 31, 1996

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Nautilus Pipe & Rental Tool, Inc., rents specialized equipment used in oil and gas well drilling, work-over, completion and production activities.

(b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that effect the reported amounts in the financial statements and related disclosures. Actual results could differ from these estimates.

(c) Property and Equipment

Property and equipment is carried at cost. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Description	Estimated useful lives
Buildings and improvements	30 years
Machinery and equipment	5-15 years
Automobiles, trucks, trailers and tractors	3-5 years
Furniture and equipment	5-7 years

(d) Income Taxes

The Company provides for income taxes in accordance with Statement of Financial Accounting Standards (FAS) No. 109, Accounting for Income Taxes. FAS No. 109 requires an asset and liability approach for financial accounting and reporting for income taxes. Deferred income taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws.

(e) Cash Flows

For purposes of the statement of cash flows, cash equivalents include demand deposits with original maturities of less than three months.

(f) Revenue Recognition

The Company recognizes revenues as services are provided.

(2) Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. The Company places cash and temporary cash investments with high quality financial institutions.

A majority of the Company's business is conducted with major oil and gas exploration companies with operations in the Gulf of Mexico. The Company continually evaluates the financial strength of their customers but does not require collateral to support the customer receivables.

Customers which accounted for 10 percent or more of operating revenue were as follows for the year ended December 31, 1996:

Baker Hughes, Inc.	18.2%
Chevron USA	11.0%
Shell Offshore, Inc.	10.0%

(3) Property and Equipment

A summary of property and equipment at December 31, 1996 follows:

Buildings and improvements	\$ 262,479
Automobiles, trucks, trailers	211,174
Furniture and equipment	23,828
Machinery and equipment	3,840,725
	-----
	4,338,206
Less accumulated depreciation	(1,891,537)
	-----
Property and equipment - net	\$ 2,446,669
	=====

(4) Notes Payable

The Company's notes payable as of December 31, 1996 consists of the following:

Revolving line of credit in the original amount of \$670,000 due May, 1997, annual interest rate of 8.25%	\$ 570,000
Equipment loan due May, 1998, annual interest of 8.35%	361,541
Equipment loan due April, 1998, annual interest of 8.05%	236,442
Equipment loan due December, 1999, annual interest of 9.75%	117,352
Other installment notes payable with interest rates ranging from 7.75% to 10.5% due in monthly installments through 1999	130,346
	-----
	1,415,681
Less current portion	827,000
	-----
Long-term debt	\$ 588,681
	=====

Maturities of long-term debt for the five years ended December 31, 2001 are as follows: \$827,000, \$544,000, \$45,000, none and none,

respectively.

(5) Commitments and Contingencies

The Company leases facilities in Houma and Lafayette, Louisiana under operating leases. Total rent expense in 1996 was \$30,000. Future minimum lease payments under these non-cancelable leases for the five year's ended December 31, 2001 are as follows: \$26,000, \$14,000, \$3,000, \$3,000 and \$3,000, respectively.

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

(6) Income Taxes

The components of income tax expense for the year ended December 31, 1996 are as follows:

Current - Federal	\$ 171,175
Deferred - Federal	129,748
	-----
	\$ 300,923
	=====

The significant components of deferred tax assets and liabilities at December 31, 1996 are as follows:

Deferred tax assets:	
Alternative Minimum Tax Carry Forward	\$ 46,709
Other	25,159
	-----
	71,868
	-----
Deferred tax liabilities:	
Accounts receivable	(407,911)
Property and equipment	(154,805)
	-----
	(562,716)
	-----
	\$(490,848)
	=====

The deferred tax assets reflect management's estimate of the amount which will be realized from future profitability which can be predicted with reasonable certainty.

A reconciliation between the statutory federal income tax rate and the Company's effective tax rate on pre-tax income for the year ended December 31, 1996 is as follows:

Federal income tax rate	34.0%
Entertainment expense	3.3
Officers life insurance	1.3
Other	(.1)
	-----
Effective income tax rate	38.5%
	=====

(7) Subsequent Event

On February 28, 1997, the Company was merged with Superior Energy Services, Inc. and the former shareholder's of the Company received cash of \$4,000,000, a promissory note of \$2,150,000 and 420,000 shares of Superior Energy Services, Inc.'s common stock. The Company's obligation to pay under the promissory note having an aggregate value of \$2,150,000 is subject to the Company meeting specified earnings levels through December 31, 1999.

b) Pro Forma Financial Information:

The following unaudited pro forma condensed financial information is derived from the historical financial statements of Superior Energy Services, Inc., Baytron, Inc., Dimensional Oilfield Services, Inc. and Nautilus Pipe and Rental Tool, Inc. Adjustments have been made to reflect the financial impact of purchase accounting for the Baytron, Dimensional and Nautilus acquisitions which would have been effected had the acquisitions taken place on January 1, 1996 with respect to operating data and December 31, 1996 with respect to balance sheet data. The acquisitions of Baytron, Inc. and Dimensional Oil Field Services, Inc. have been previously report. The pro forma adjustments are described in the accompanying notes and are based upon preliminary estimates and certain assumptions that management of the companies believe reasonable in the circumstances. This pro forma information is not necessarily indicative of the results of the operations had the acquisitions been effected on the assumed date. As part of the acquisition of Nautilus, the Company also acquired Superior Bearing & Machine Works, Inc. The

financial information for Superior Bearing & Machine Works, Inc. is considered immaterial and is not reflected in the pro forma information.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES  
Unaudited Pro Forma Condensed Balance Sheet  
December 31, 1996  
(in thousands)

	Historical Superior	Historical Nautilus	Pro Forma Adjustments	Pro Forma
Assets				
Cash	\$ 433	\$ -	\$ -	\$ 433
Accounts Receivable				
Trade	6,966	1,191	-	8,157
Other	-	195	-	195
Deferred Tax Asset	137	-	-	137
Inventories	1,197	2	-	1,199
Other	345	-	-	345
	-----	-----	-----	-----
Total Current	9,078	1,388	-	10,466
Assets				
Property, Plant & Equipment - Net	9,894	2,447	(A)2,007	14,348
Goodwill	8,239	-	(A)2,770	11,009
Other Assets	1,126	-	-	1,126
	-----	-----	-----	-----
Total Assets	\$ 28,337	\$ 3,835	\$ 4,777	\$ 36,949
	=====	=====	=====	=====

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES  
Unaudited Pro Forma Condensed Balance Sheet  
December 31, 1996  
(in thousands)

	Historical Superior	Historical Nautilus	Pro Forma Adjustments	Pro Forma
	-----	-----	-----	-----
Liabilities & Stockholders' Equity				
Current liabilities:				
Notes Payable	\$ 351	\$ 827	\$ -	\$ 1,178
Trade Accounts Payable	1,801	78	-	1,879
Due to Shareholder	1,171	484	(A) 484	1,171
Unearned Income	392	-	-	392
Accrued Expenses	1,362	-	-	1,362
Income Taxes Payable	1,208	87	-	1,295
Deferred Income Taxes	-	336	-	336
Other	200	-	-	200
	-----	-----	-----	-----
Total Current Liabilities	6,485	1,812	484	7,813
Notes Payable	250	589	(A)(4,000)	4,839
Deferred Taxes	1,254	155	(A)(703)	2,112
	-----	-----	-----	-----
Total Long-Term Liabilities	1,504	744	(4,703)	6,951
	-----	-----	-----	-----
Total Liabilities	7,989	2,556	(4,219)	14,764
Stockholders' Equity:				
Common Stock	19	129	(A) 129	19
Additional Paid in Capital	19,551	-	(A)(1,837)	21,388
Retained Earnings	778	1,150	(A) 1,150	778
	-----	-----	-----	-----
Total Stockholders' Equity	20,348	1,279	(558)	22,185
	-----	-----	-----	-----
Total Liabilities and Stockholders' Equity	\$ 28,337	\$ 3,835	\$ (4,777)	\$ 36,949
	=====	=====	=====	=====

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES  
 Unaudited Pro Forma Condensed Statement of Earnings  
 For the year ended December 31, 1996  
 (in thousands, except per share data)

	Historical Superior	Historical Baytron	Historical Dimensional	Adjustments	Superior Pre Acquisition	Historical Nautilus
	-----	-----	-----	-----	-----	-----
Revenues	\$ 23,638	\$ 1,277	\$ 4,053	\$ -	\$ 28,968	\$ 4,424
Costs and expenses:						
Cost of Services	11,040	367	2,982	-	14,389	1,401
Depreciation and amortization	1,323	40	26	(E)18 (F)39 (G)37 (H)94	1,577	556
General and administrative	5,737	773	584	-	7,094	1,560
Total costs and expenses	18,100	1,180	3,592	188	23,060	3,517
Income from operations	5,538	97	461	(188)	5,908	907
Other income (expense):						
Interest expense	(127)	(8)	(45)	-	(180)	(125)
Other	206	(16)	-	-	190	-
Income before income taxes	5,617	73	416	(188)	5,918	782
Provision for income taxes	1,685	-	-	(I)(20)	1,665	301
Net income	\$ 3,932	\$ 73	\$ 416	\$ (168)	\$ 4,253	\$ 481
Net income per common share and common share equivalent	\$ 0.22				\$ 0.23	
Weighted average shares outstanding	17,616,468				18,644,362	

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES  
 Unaudited Pro Forma Condensed Statement of Earnings  
 For the year ended December 31, 1996  
 (in thousands, except per share data)

(Table continued)

	Adjustments	Pro Forma
	-----	-----
Revenues	\$ -	\$ 33,392
Costs and expenses:		
Cost of Services	\$ -	\$ 15,790
Depreciation and amortization	(C)131 (B)(110)	2,154
General and administrative	-	8,654
Total costs and expenses	21	26,598
Income from operations	(21)	6,794
Other income (expense):		
Interest expense	-	(305)
Other	-	190
Income before income taxes	(21)	6,679
Provision for income taxes	(D)(39)	1,927
Net income	\$ 18	\$ 4,752
Net income per common share and common share equivalent		\$ 0.25
Weighted average shares outstanding		19,064,362

- A. To reflect the purchase price adjustments related to the acquisition of Nautilus Pipe & Tool Rental, Inc. The purchase price is the sum of \$4,000,000 cash, a promissory note of \$2,150,000 and 420,000 shares of common stock at the current approximate \$4 3/8 market price at the date of purchase. Amounts to be paid under the promissory note is subject to certain minimum earnings requirements and is not reflected in the purchase price which approximates \$5,838,000. The property and equipment were valued at their approximate fair value of approximately \$4,454,000. Deferred taxes have been provided for the difference between the book and tax basis of the property, plant and equipment acquired. The excess purchase price over the fair value of net assets of Nautilus at February 28, 1997 of approximately \$2,770,000 was allocated to goodwill amortized over 20 years.
- B. To reflect the adjustment to depreciation associated with the application of purchase accounting to Nautilus.
- C. To reflect the amortization of goodwill associated with Nautilus.
- D. To adjust the provision for income tax for Nautilus.
- E. To reflect the additional depreciation associated with the application of purchase accounting to Baytron fixed assets.
- F. To reflect the additional depreciation associated with the application of purchase accounting to Dimensional's fixed assets.
- G. To reflect the amortization of goodwill associated with Baytron.
- H. To reflect the amortization of goodwill associated with Dimensional.
- I. To adjust the provision for income tax associated with Baytron and Dimensional.



The Board of Directors and Shareholders  
Nautilus Pipe & Rental Tool, Inc.:

We consent to the use of our report included herein dated April 17, 1997, with respect to the balance sheet of Nautilus Pipe & Rental Tool, Inc. as of December 31, 1996, and the related statements of operations and related earnings and cash flows for the year then ended.

KPMG PEAT MARWICK LLP

New Orleans, Louisiana  
May 12, 1997