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

Form 10-K

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2011

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. 001-34037

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

Delaware	**75-2379388**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
11000 Equity Dr., Suite 300 **Houston, TX**	**77041**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (281) 999-0047

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common Stock, $.001 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated	☐ (Do not check this if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 17, 2012, there were 157,592,337 shares of the registrant's common stock outstanding. The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant (based on a closing price of such shares on the New York Stock Exchange on June 30, 2011) was $5.83 billion.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information called for by Items 10, 11, 12, 13 and 14 of Part III is incorporated by reference from the registrant's definitive proxy statement to be filed pursuant to Regulation 14A.

SUPERIOR ENERGY SERVICES, INC.
Annual Report on Form 10-K for
the Fiscal Year Ended December 31, 2011

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FORWARD-LOOKING STATEMENTS

This report, as well as other filings made by us with the SEC and our releases to the public, contain various statements relating to future results and other forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, the words “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words and similar expressions identify forward-looking statements, although not all forward-looking statements contain these identifying words. In making any forward-looking statements, we believe that the expectations are based on reasonable assumptions. We caution readers that those statements are not guarantees of future performance and our actual results may differ materially from those anticipated, projected or assumed in the forward-looking statements.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, most of which are difficult to predict and many of which are beyond our control. It is not possible to identify all of these risks, uncertainties or assumptions, but they include the factors described below in Part I, Item 1A of this Annual Report.

Investors are cautioned that many of the assumptions on which our forward-looking statements are based are likely to change after our forward-looking statements are made. Further, we may make changes to our business plans that could or will affect our results. We undertake no obligation to update or revise any of our forward-looking statements, notwithstanding any changes in our assumptions, changes in our business plans, our actual experience, or other changes.

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PART I

Item 1. Business

On February 7, 2012, we acquired Complete Production Services, Inc. ("Complete") pursuant to a merger that substantially expanded the size and scope of our business. Except as otherwise noted, the description of our business contained in this Item 1 refers to the business of Superior and its consolidated subsidiaries, including Complete and its subsidiaries, except where we refer to results of operations or operating data prior to February 7, 2012. However, because the Complete acquisition occurred during the 2012 fiscal year, but prior to our filing of this Annual Report, the accompanying financial statements reflect the results of Superior's stand-alone operations for the three year period ended December 31, 2011. Additional information on our acquisition of Complete is included in note 3 of our consolidated financial statements included in Part II, Item 8 of this Annual Report.

General

We believe we are a leading, highly diversified provider of specialized oilfield services and equipment. As a result of the Complete acquisition, we significantly added to our geographic footprint on U.S. land and in product and service offering. We now offer a wider variety of products and services throughout the economic life of an oil and gas well, including end of life services. The acquisition of Complete greatly expanded our ability to offer more products and services related to the completion of a well prior to full production commencing, and enhanced our full suite of intervention services used to carry out wellbore maintenance operations during a well's producing phase.

We serve energy industry customers who focus on developing and producing oil and gas worldwide. Our operations are managed and organized by both business units and geomarkets offering product and service families within various phases of a well's economic lifecycle. We report our operating results in three segments: (1) Subsea and Well Enhancement; (2) Drilling Products and Services; and (3) Marine. Given our history of growth and long-term strategy of expanding geographically, we provide supplemental segment revenue information in three geographic areas: U.S. land, Gulf of Mexico and international.

Complete Acquisition

On February 7, 2012, we completed our acquisition of Complete through its merger with one of our subsidiaries. Complete provides specialized completion and production services and products to oil and gas companies. At the time of the acquisition, Complete's business was comprised of two segments: completion and production services and drilling services. Approximately 96% of Complete's 2011 revenue was derived from its completion and production services segment, which provides intervention services (including completion, workover and maintenance services), downhole and wellsite services (including wireline, production optimization, production testing and rental, fishing and pressure testing services) and fluid handling services. Virtually all of Complete's operations are located in U.S land basins, particularly in major unconventional basins in the Rocky Mountain region, Texas, Oklahoma, Louisiana, Arkansas and Pennsylvania. We are currently in the process of integrating Complete's operations into our Subsea and Well Enhancement segment.

The merger resulted in several important changes to our operations, including

- significantly increasing our onshore presence in the U.S., thereby reducing the percentage of revenue that we expect to derive from our international and Gulf of Mexico operations;
- expanding our fleet of coiled tubing units, which we believe makes us one of the leading providers of coiled tubing services in the U.S.;
- expanding our existing wireline, rental and fishing products and services; and
- expanding our operations into new product and service lines, including:
    - hydraulic fracturing, stimulation and cementing services through Complete's fleet of pressure pumping equipment;

- fluid handling services, including fluid procurement, transportation, treatment, heating, pumping and disposal services, through Complete's fleet of specialized trucks and frac tanks, fluid disposal facilities and other fluid management assets; and
- well servicing through Complete's fleet of well service rigs and swabbing units.

Products and Services

Well Lifecycle Products and Services

We offer a wide variety of conventional products and services generally categorized by their typical use during the economic life of a well—drilling, completions and production.

- Drilling products—Includes downhole drilling tools and surface rentals.
  - Downhole drilling tools—Includes rentals of tubulars, such as primary drill pipe strings, tubing landing strings, completion tubulars and associated accessories, and manufacturing and rentals of bottom hole tools, including stabilizers, non-magnetic drill collars, and hole openers.
  - Surface rentals—Includes rentals of temporary onshore and offshore accommodation modules and accessories.
- Onshore completion and workover services—Includes pressure pumping, fluid handling and workover services.
  - Pressure pumping—Includes hydraulic fracturing, high pressure pumping, cementing and stimulation services used to complete and stimulate production in new oil and gas wells.
  - Fluid handling—Includes services used to obtain, move, store and dispose of fluids that are involved in the development and production of oil and gas reservoirs including specialized trucks, fracturing tanks and other assets that transport, heat, pump and dispose of fluids.
  - Well servicing rigs—Provides a variety of well completion, workover and maintenance services including installations, completions, sidetracking of wells and support for perforating operations.
- Production services—Includes intervention services and specialized pressure-control tools used for pressure control and intervention operations.
  - Intervention services—Includes services to enhance, maintain and extend oil and gas production during the life of the well, including coiled tubing, cased hole and mechanical wireline, hydraulic workover and snubbing, production testing and optimization, and pressure pumping services.
  - Specialized pressure-control tools—Surface and downhole products used to manage and control pressure throughout the life of a well, including blowout preventers, choke manifolds, fracturing flow back trees, and downhole valves for drilling, workover, and well intervention operations.

Subsea and Technical Solutions

Products and services in this grouping generally address customer-specific needs with their applications typically requiring specialized engineering, manufacturing or project planning. Most operations requiring our innovative and technical solutions are generally in offshore environments during the completion, production and decommissioning phase of an oil or gas well. These products and services include pressure control services, completion tools and services, subsea construction, end-of-life services, marine technical services and liftboats.

- Pressure control services—Resolves well control and pressure control problems through firefighting, engineering and well control training.
- Completion tools and services—Includes products and services to control sand and maximize oil and gas production during the completion phase of an offshore well including sand control systems, well screens and filters, and surface-controlled sub surface safety valves.

- Subsea construction—Includes subsea well intervention, inspection, repair and maintenance services utilizing subsea operating vessels, diving systems, remotely operated vehicles and engineering services.
- End-of-life services—Includes offshore well and platform decommissioning, including plugging and abandoning wells at the end of their economic life and dismantling and removing associated infrastructure.
- Marine technical services—Includes technical solutions for oil and gas offshore and marine applications including naval architecture and marine engineering, subsea and offshore engineering design, harsh environment engineering, subsea and offshore installations, and project management services.
- Liftboats—Self-elevated, self-propelled barges used to support production, maintenance and construction operations in shallow water environments.

Customers

Our customers are the major and independent oil and gas companies that are active in the geographic areas in which we operate. Based on combined revenues from us and Complete, EOG Resources accounted for approximately 10% of total combined revenue in 2011 and Chevron accounted for approximately 10% of total combined revenue in 2009. There were no customers that exceeded 10% of total combined revenues in 2010. Our inability to continue to perform services for a number of our large existing customers, if not offset by sales to new or other existing customers, could have a material adverse effect on our business and operations.

Competition

We provide products and services worldwide in highly competitive markets. Our revenues and earnings can be affected by several factors, including changes in competition, fluctuations in drilling activity, perceptions of future prices of oil and gas, government regulation and general economic conditions. We believe that the principal competitive factors are price, performance, product and service quality, safety, response time and breadth of products.

We believe our primary competitors include Weatherford, Baker Hughes, Halliburton and Schlumberger. We also compete with various other regional and local providers within certain services and geographic markets.

Potential Liabilities and Insurance

Our operations involve a high degree of operational risk and expose us to significant liabilities. An accident involving our services or equipment, or the failure of a product, could result in personal injury, loss of life, damage to property, equipment or the environment. Litigation arising from a catastrophic occurrence, such as fire, explosion, well blowout or vessel loss, may result in substantial claims for damages.

We generally attempt to negotiate the terms of our customer contracts consistent with general industry practice to be responsible for our own products and services and for our customers to retain liability for drilling and related operations. Consistent with this practice, we generally attempt to take responsibility for our own people and property and intend for our customers, such as the well operators, to take responsibility for their own personnel, property and all liabilities related to the well and subsurface operations, regardless of either party’s negligence.

We maintain a commercial general liability insurance policy program that covers against certain operating hazards, including product liability claims and personal injury claims, as well as certain limited environmental pollution claims for damage to a third party or its property arising out of contact with pollution for which we are liable, but well control costs are not covered by this program. All of the insurance policies purchased by us are subject to self insured retention amounts for which we are responsible for payment, specific terms, conditions, limitations and exclusions. There can be no assurance that the nature and amount of insurance we maintain will be sufficient to fully protect us against all liabilities related to our business.

Government Regulation

Our business is significantly affected by laws and other regulations. These laws and regulations relate to, among other things:

- worker safety standards;
- the protection of the environment;
- the handling and transportation of hazardous materials; and
- the mobilization of our equipment to work sites.

Numerous permits are required for the conduct of our business and operation of our various facilities, including our underground injection wells, marine vessels, trucks and other heavy equipment. These permits can be revoked, modified or renewed by issuing authorities.

We cannot predict the level of enforcement of existing laws and regulations or how such laws and regulations may be interpreted by enforcement agencies or court rulings in the future. We also cannot predict whether additional laws and regulations will be adopted, including changes in regulatory oversight, increase of federal, state or local taxes, increase of inspection costs, or the effect such changes may have on us, our businesses or our financial condition.

Environmental Matters

Our operations, and those of our customers, are also subject to extensive laws, regulations and treaties relating to air and water quality, generation, storage and handling of hazardous materials, and emission and discharge of materials into the environment. We believe we are in substantial compliance with all regulations affecting our business. Historically, our expenditures in furtherance of our compliance with these laws, regulations and treaties have not been material, and we do not expect the cost of compliance to be material for 2012.

Seasonality

Seasonal weather and severe weather conditions can temporarily impair our operations and reduce demand for our products and services. Examples of seasonal events that negatively affect our operations include severe cold during winter months in the U.S. and hurricanes during the summer months in the Gulf of Mexico.

Employees

As of December 31, 2011, we had approximately 6,500 employees. As of February 17, 2012, following the Complete acquisition, we had approximately 14,000 employees. Certain of our international operations are subject to union contracts. These contracts cover less than 1% of our employees. We believe that our relationship with our employees is good.

Facilities

Our principal executive offices are located at 11000 Equity Drive, Suite 300, Houston, Texas, 77041. We own or lease a large number of facilities in the various areas in which we operate.

Intellectual Property

We seek patent and trademark protections throughout the world for our technology when we deem it prudent, and we aggressively pursue protection of these rights. Most of our patents are used in our stimulation and sand control business, which we acquired from Baker Hughes Incorporated in 2010 (see note 3 of our consolidated financial statements included in Part II, Item 8 of this Annual Report). We believe our patents and trademarks are adequate for the conduct of our business, and that no single patent or trademark is critical to our business. In addition, we rely to a great extent on the technical expertise and know-how of our personnel to maintain our competitive position.

Executive Officers of Registrant

David D. Dunlap, age 50, has served as our Chief Executive Officer since April 2010 and our President since February 2011. Prior to joining us, he was employed by BJ Services Company as its Executive Vice President and Chief Operating Officer since 2007. Mr. Dunlap joined BJ Services in 1984 and held numerous positions during his tenure including President of the International Division, Vice President for the Coastal Division of North America and U.S. Sales and Marketing Manager.

Robert S. Taylor, age 57, has served as our Chief Financial Officer since January 1996, as one of our Executive Vice Presidents since September 2004, and as our Treasurer since July 1999. He also served as one of our Vice Presidents from July 1999 to September 2004.

A. Patrick Bernard, age 54, has served as a Senior Executive Vice President since July 2006 and as one of our Executive Vice Presidents since September 2004. He served as one of our Vice Presidents from June 2003 until September 2004. From July 1999 until June 2003, Mr. Bernard served as the Chief Financial Officer of our wholly-owned subsidiary International Snubbing Services, L.L.C. and its predecessor company.

Brian K. Moore, age 55, was appointed Senior Executive Vice President of North America Services on February 7, 2012. From March 2007 until the effectiveness of the Complete acquisition, Mr. Moore was President and Chief Operating Officer of Complete and its predecessor companies since April 2004.

Westervelt T. Ballard, Jr., age 40, was appointed Executive Vice President of International Services on February 7, 2012. Mr. Ballard previously served as Vice President of Corporate Development since joining us in June 2007. Prior to joining us, Mr. Ballard spent six years working in private equity.

L. Guy Cook, III, age 43, has served as one of our Executive Vice Presidents since September 2004. He has also served as an Executive Vice President of our wholly-owned subsidiary Superior Energy Services, L.L.C., and previously as a Vice President of this subsidiary and its predecessor company since August 2000.

William B. Masters, age 54, has served as our General Counsel and one of our Executive Vice Presidents since March 2008. He was previously a partner in the law firm Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P. for more than 20 years.

Gregory A. Rosenstein, age 44, was appointed Executive Vice President of Corporate Development on February 7, 2012. He also is our Corporate Secretary and our main point of contact for investor relations matters, having recently served as Vice President of Investor Relations. He has been with us since March 2000.

Danny R. Young, age 56, has served as one of our Executive Vice Presidents since September 2004. Mr. Young has also served as an Executive Vice President of Superior Energy Services, L.L.C. From January 2002 to May 2005, he served as Vice President of Health, Safety and Environment and Corporate Services of Superior Energy Services, L.L.C.

Other Information

We have our principal executive offices at 11000 Equity Drive, Suite 300, Houston, Texas 77041. Our telephone number is (281) 999-0047. We also have a website at http://www.superiorenergy.com. Copies of the annual, quarterly and current reports we file with the SEC, and any amendments to those reports, are available on our website free of charge soon after such reports are filed with or furnished to the SEC. The information posted on our website is not incorporated into this Annual Report. Alternatively, you may access these reports at the SEC's internet website: http://www.sec.gov/.

We have a Code of Business Ethics and Conduct, which applies to all of our directors, officers and employees. The Code of Business Ethics and Conduct is publicly available on our website at http://www.superiorenergy.com. Any waivers by directors or executive officers and any material amendment to our Code of Business Ethics and Conduct will be posted promptly on our website and/or disclosed in a current report on Form 8-K.

Item 1A. Risk Factors

An investment in our common stock or debt securities involves risks and uncertainties and our actual results and future trends may differ materially from our past or projected future performance. We urge investors to consider carefully the following risk factors in addition to the other information contained in this Annual Report. There may be additional risks, uncertainties, and factors not listed below that we are unaware of or do not currently consider material. Any of these could adversely affect our business, financial condition, results of operations and cash flows, and thus the value of your investment in our common stock or debt securities.

Our business depends on the level of activity in the oil and gas industry, which is significantly affected by volatile oil and gas prices and other factors.

Our business depends on the level of activity in oil and gas exploration, development and production in market sectors worldwide. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, higher commodity prices do not necessarily translate into increased drilling activity since customers' expectations of future commodity prices typically drive demand for our services. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments are also expected to affect the demand for our services. Worldwide military, political and economic events have in the past contributed to oil and gas price volatility and are likely to do so in the future. The demand for our services may be affected by numerous factors, including the following:

- the level of worldwide oil and gas exploration and production;
- the cost of exploring for, producing and delivering oil and gas;
- demand for energy, which is affected by worldwide economic activity and population growth;
- the ability of the Organization of Petroleum Exporting Countries, or OPEC, to set and maintain production levels for oil;
- the level of excess production capacity;
- the discovery rate of new oil and gas reserves;
- domestic and global political and economic uncertainty, socio-political unrest and instability or hostilities;
- demand for and availability of alternative, competing sources of energy; and
- technological advances affecting energy exploration, production and consumption.

A significant amount of our U.S. onshore business is focused on unconventional shale resource plays. The demand for those services is substantially affected by oil and gas prices and market expectations of potential changes in these prices. If the price of oil were to go below a certain threshold for an extended period of time, demand for our services in the U.S. land market would be greatly reduced having a material adverse effect on our financial condition, results of operations and cash flows.

The oil and gas industry has historically experienced periodic downturns, which have been characterized by reduced demand for oilfield services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry will adversely affect the demand for oilfield services and our financial condition, results of operations and cash flows.

There are operating hazards inherent in the oil and natural gas industry that could expose us to substantial liabilities.

Our operations are subject to hazards present in the oil and gas industry, such as fire, explosion, blowouts, oil spills and leaks and spills of hazardous materials. These incidents, as well as accidents or problems in normal operations, expose us to a wide range of significant health, safety and environmental risks. Our product and service offerings involve production related activities, well control services, radioactive materials, explosives and other equipment and services that are deployed in challenging exploration, development and production environments. An accident involving these services or equipment, or the failure of a product, could cause personal injury, loss of life, damage to property, equipment or the environment. From time to time, customers and third parties may seek to hold us accountable for damages and costs incurred as a result of an accident, including pollution. Our insurance may not protect us against liability for some types of events, including events involving pollution, or against losses from business interruption. Moreover, we may not be able to maintain insurance at levels of risk coverage or policy limits that we deem adequate. Any damages caused by our services or products that are not covered by insurance, or are in excess of policy limits or subject to substantial deductibles, could adversely affect our financial condition, results of operations and cash flows.

We may not be fully indemnified against losses incurred due to catastrophic events for which we are not responsible.

As is customary in our industry, our contracts generally provide that we will indemnify and hold harmless our customers from any claims arising from personal injury or death of our employees, damage to or loss of our equipment, and pollution emanating from our equipment and services. Similarly, our customers agree to indemnify and hold us harmless from any claims arising from personal injury or death of their employees, damage to or loss of their equipment, and pollution caused from their equipment or the well reservoir (including uncontained oil flow from a reservoir). Our indemnification arrangements may not protect us in every case. For example, from time to time we may enter into contracts with less favorable indemnities or perform work without a contract that protects us. In addition, our indemnification rights may not fully protect us if the customer is insolvent or becomes bankrupt, does not maintain adequate insurance or otherwise does not possess sufficient resources to indemnify us. In addition, our indemnification rights may be held unenforceable in some jurisdictions. Our inability to fully realize the benefits of our contractual indemnification protections could result in significant liabilities and could adversely affect our financial condition, results of operations and cash flows.

Our business is subject to risks from economic stagnation and lower commodity prices.

Recent economic data indicates that the rate of economic growth in the United States and worldwide will remain lower than experienced several years ago. Prolonged periods of little or no economic growth will likely decrease demand for oil and gas, which could result in lower prices for oil and gas and therefore lower demand and potentially lower pricing for our services and products. A prolonged period of economic stagnation or deterioration could result in a significant adverse effect on our financial position, results of operations and cash flows. In addition, if a significant number of our customers experience a prolonged business decline or disruption as a result of economic slowdown or lower oil and gas prices, we may incur increased exposure to credit risk and bad debts.

The risk of future changes regarding the regulation of hydraulic fracturing could reduce or eliminate demand for our pressure pumping services.

Our hydraulic fracturing and fluid handling operations, which are core businesses of Complete, are subject to a range of applicable federal, state and local laws. Our hydraulic fracturing and fluid handling operations are designed and operated to minimize the risk, if any, of subsurface migration of hydraulic fracturing fluids and spillage or mishandling of hydraulic fracturing fluids. However, a proven case of subsurface migration of hydraulic fracturing fluids or a case of spillage or mishandling of hydraulic fracturing fluids during these

activities could potentially subject us to civil and/or criminal liability and the possibility of substantial costs, including environmental remediation, depending on the circumstances of the underground migration, spillage, or mishandling, the nature and scope of the underground migration, spillage, or mishandling, and the applicable laws and regulations.

The practice of hydraulically fracturing formations to stimulate the production of natural gas and oil has come under increased scrutiny from federal and state governmental authorities. The U.S. Environmental Protection Agency (EPA) is studying hydraulic fracturing, and legislation may be introduced in the U.S. Congress that would authorize the EPA to regulate hydraulic fracturing. In addition, some states are evaluating the adoption of legislation or regulations governing hydraulic fracturing. Any federal or state laws or regulations of hydraulic fracturing could adversely affect our operations and reduce or eliminate the demand for our hydraulic fracturing services.

Adverse and unusual weather conditions may affect our operations.

Our operations may be materially affected by severe weather conditions in areas where we operate. Severe weather, such as hurricanes, blizzards and extreme temperatures may cause evacuation of personnel, curtailment of services and suspension of operations, and loss of or damage to equipment and facilities. In addition, variations from normal weather patterns can have a significant impact on demand for oil and gas, thereby reducing demand for our services and equipment. Damage from any adverse weather conditions, and reductions in consumption of oil and gas due to weather variations, could adversely affect our financial condition, results of operations and cash flows.

The Deepwater Horizon incident could have a lingering significant impact on exploration and production activities in United States coastal waters that could adversely affect demand for our services and equipment.

The April 2010 catastrophic explosion of the Deepwater Horizon, the related oil spill in the Gulf of Mexico and the U.S. Government’s response to these events has continued to significantly and adversely disrupt oil and gas exploration activities in the Gulf of Mexico. After the explosion, the U.S. government issued new guidelines and regulations regarding safety, environmental matters, drilling equipment and decommissioning applicable to the U.S. Gulf of Mexico, and may take other additional steps that could result in permitting delays, increased costs and reduced areas of operation, which could reduce the demand for our services.

At this time, we cannot predict with any certainty what further impact the Deepwater Horizon incident may have on the regulation of offshore oil and gas exploration and development activity, or on the cost or availability of insurance coverage to cover the risks of such operations. The enactment of new or stricter regulations in the U.S. and other countries where we operate could adversely affect our financial condition, results of operations and cash flows.

Our borrowing capacity could be affected by the uncertainty impacting credit markets generally.

Lingering disruptions in the U.S. credit and financial markets and international disruptions from the European Union member states unable to service their debt obligations, which have caused investor concerns, could adversely affect financial institutions, inhibit lending and limit access to capital and credit for many companies. Although we believe that the banks participating in our senior credit facility have adequate capital and resources, we can provide no assurance that all of those banks will continue to operate as a going concern in the future. If any of the banks in our lending group were to fail, it is possible that the borrowing capacity under our senior credit facility would be reduced. In the event that the availability under our senior credit facility was reduced significantly, we could be required to obtain capital from alternate sources in order to finance our capital needs. Our options for addressing such capital constraints would include, but not be limited to, obtaining commitments from the remaining banks in the lending group or from new banks to fund increased amounts under the terms of

our senior credit facility, and accessing the public capital markets. In addition, we may delay certain capital expenditures to ensure we maintain appropriate levels of liquidity. If it became necessary to access additional capital, any such alternatives could have terms less favorable than those terms under our senior credit facility, which could have a material effect on our consolidated financial position, results of operations and cash flows.

If future financing is not available to us when required, as a result of limited access to the credit markets or otherwise, or is not available to us on acceptable terms, we may be unable take advantage of business opportunities or respond to competitive pressures, either of which could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

Failure to retain key employees and skilled workers could adversely affect us.

Our performance could be adversely affected if we are unable to retain certain key employees and skilled workers. Our ability to continue to expand the scope of our services and products depends in part on our ability to increase the size of our skilled labor force. The loss of the services of one or more of our key employees or the inability to employ or retain skilled workers could adversely affect our operating results. The demand for skilled workers is high and the supply is limited, particularly in the United States where there are now significant unconventional oil and gas basins in areas that do not have a significant experienced workforce. We have experienced increases in labor costs in recent years and may continue to do so in the future. In addition, current and prospective employees may experience uncertainty about their future roles with us in connection with the integration of our businesses. This may adversely affect our ability to attract and retain key personnel.

We may not be able to successfully integrate Complete's operations into our legacy operations.

Prior to the acquisition of Complete on February 7, 2012, we operated as independent public companies. We are currently devoting significant management attention and resources to integrating the business practices and operations of Complete with our legacy business practices and operations. We may encounter potential difficulties in the integration process, including the following:

- the failure to retain key employees of either of our legacy business or Complete's business;
- the inability to successfully combine Complete's business with our legacy business in a manner that permits us to achieve the anticipated benefits of the Complete acquisition in the time frame currently anticipated or at all;
- the complexities associated with managing the combined businesses out of a substantial number of different locations and integrating personnel from both us and Complete, while at the same time attempting to provide consistent, high quality services and equipment under a unified culture;
- potential unknown liabilities and unforeseen increased expenses associated with the Complete acquisition; and
- performance shortfalls as a result of the diversion of management's attention caused by finalizing the Complete acquisition and integrating the operations of Complete's business with our legacy business.

For all these reasons, the integration process could result in the distraction of our management, the disruption of our ongoing business or inconsistencies in our services, equipment, standards, controls, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, vendors and employees or to achieve the anticipated benefits of the Complete acquisition, or could otherwise adversely affect our business and financial results.

Our international operations and revenue exposes us to additional political, economic and other uncertainties.

We have substantial international operations, and following the Complete acquisition, we intend to grow those operations further. Our international operations are subject to a number of risks inherent in any business operating in foreign countries, including, but not limited to, the following:

- political, social and economic instability;
- potential expropriation, seizure or nationalization of assets;
- deprivation of contract rights;
- increased operating costs;
- civil unrest and protests, strikes, acts of terrorism, war or other armed conflict;
- import-export quotas;
- confiscatory taxation or other adverse tax policies;
- currency exchange controls;
- currency exchange rate fluctuations and devaluations;
- restrictions on the repatriation of funds; and
- other forms of government regulation which are beyond our control.

Additionally, our competitiveness in international market areas may be adversely affected by regulations, including, but not limited to, the following:

- the awarding of contracts to local contractors; and
- the establishment of foreign subsidiaries with significant ownership positions reserved by the foreign government for local citizens.

While the impact of these factors is difficult to predict, any one or more of these factors could adversely affect our financial condition, results of operations and cash flows.

We are subject to environmental compliance costs and liabilities.

Our business is significantly affected by a wide range of environmental laws and regulations in the areas in which we operate, and increasingly stringent laws and regulations governing air emissions, water discharges and waste management. We incur, and expect to continue to incur, capital and operating costs to comply with these laws and regulations. The technical requirements of these laws and regulations are becoming increasingly complex and expensive to implement. These laws may provide for "strict liability" for remediation costs, damages to natural resources or threats to public health and safety. Strict liability can render a party liable for damages without regard to negligence or fault on the part of the party. Some environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances.

We use and generate hazardous substances and wastes in our operations. In addition, many of our current and former facilities are, or have been, used for industrial purposes. Accordingly, we could become subject to material liabilities relating to the investigation and cleanup of potentially contaminated properties, and to claims alleging personal injury or property damage as the result of exposures to, or releases of, hazardous substances. In addition, stricter enforcement of existing laws and regulations, new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require us to incur costs or become the basis of new or increased liabilities that could reduce our earnings and our cash available for operations. We believe we are currently in substantial compliance with environmental laws and regulations.

World political events could affect the markets for our services.

World political events have resulted in military action in the Middle East, terrorist attacks and related unrest. Military action by the United States or other nations could escalate and further acts of terrorism may occur in the U.S. or elsewhere. Such acts of terrorism could be directed against us. Such developments have caused instability in the world's financial and insurance markets in the past. In addition, these developments could lead to increased volatility in prices for crude oil and natural gas and could affect the markets for our products and services. Insurance premiums could increase and coverages may be unavailable in the future.

U.S. government regulations may effectively preclude us from actively engaging in business activities in certain countries. These regulations could be amended to restrict or prohibit business activities in certain countries where we currently operate or where we may wish to operate in the future.

We may not realize the anticipated benefits of mergers, acquisitions or divestitures.

A key element of our business strategy has been, and we believe will continue to be, the acquisition of other businesses. We entered into the agreement and plan of merger to acquire Complete with the expectation that it would result in numerous benefits including, among other things, expansion opportunities, an expanded product line and workforce better equipped to serve customers, maintaining business and customer levels and accretion to our earnings per share. Whether we realize the anticipated benefits from the Complete acquisition or any other transactions depends, in part, upon our ability to integrate the operations of the acquired business, the performance of the underlying product and service portfolio, and the performance of the management team and other personnel of the acquired operations. Accordingly, our financial results could be adversely affected from unanticipated performance issues, legacy liabilities, transaction-related charges, amortization of expenses related to intangibles, charges for impairment of long-term assets, credit guarantees, partner performance and indemnifications. While we believe that we have established appropriate and adequate procedures and processes to mitigate these risks, there is no assurance that these transactions will be successful. We also may make strategic divestitures from time to time. These transactions may result in continued financial involvement in the divested businesses, such as guarantees or other financial arrangements, following the transaction. Nonperformance by those divested businesses could affect our future financial results through additional payment obligations, higher costs or asset write-downs.

Demand for our products and services could be reduced or eliminated by governmental regulation or a change in the law regarding emissions.

A variety of regulatory developments, proposals or requirements have been introduced in the domestic and international regions that are focused on restricting the emission of carbon dioxide, methane and other greenhouse gases. Among these developments are the United Nations Framework Convention on Climate Change, also known as the "Kyoto Protocol," the Regional Greenhouse Gas Initiative in the Northeastern United States, and the Western Regional Climate Action Initiative in the Western United States. Also, in 2007, the U.S. Supreme Court held in Massachusetts, et al. v. EPA that greenhouse gases are an "air pollutant" under the federal Clean Air Act and thus subject to future regulation.

It is not currently feasible to predict whether, or which of, the current greenhouse gas emission proposals will be adopted. In addition, there may be subsequent international treaties, protocols or accords that the United States joins in the future. The potential passage of climate change regulation may curtail production and demand for fossil fuels such as oil and gas in areas of the world where our customers operate and thus adversely affect future demand for our products and services, which may in turn adversely affect future results of operations.

Estimates of our oil and gas reserves and potential liabilities relating to our oil and gas properties may be incorrect.

From time to time, we may engage in projects that include the acquisition of oil and gas properties. Acquisitions of these properties require an assessment of a number of factors beyond our control, including estimates of

recoverable reserves, future oil and gas prices, operating costs and potential environmental and plugging and abandonment liabilities. These assessments are complex and inherently imprecise, and, with respect to estimates of oil and gas reserves, require significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir. In addition, since these properties are typically mature and could be in shallow water, our facilities and operations may be more susceptible to hurricane damage, equipment failure or mechanical problems. In connection with these assessments, we perform due diligence reviews that we believe are generally consistent with industry practices. However, our reviews may not reveal all existing or potential problems. In addition, our reviews may not permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. We may not always discover structural, subsurface, environmental or other problems that may exist or arise.

Actual future production, cash flows, development expenditures, operating and abandonment expenses and quantities of recoverable oil and gas reserves may vary substantially from those estimated by us and any significant variance in these assumptions could materially affect the estimated quantity and value of our proved reserves. Therefore, the risk exists we may overestimate the value of economically recoverable reserves and/or underestimate the cost of plugging wells and abandoning production facilities. If costs of abandonment are materially greater or actual reserves are materially lower than our estimates, they could have an adverse effect on our financial condition, results of operations and cash flows.

Business growth could outpace the capabilities of our infrastructure and workforce.

We cannot be certain that our infrastructure and workforce will be adequate to support our operations as we expand. Future growth after the Complete acquisition also could impose significant additional demands on our resources, resulting in additional responsibilities of our senior management, including the need to recruit and integrate new senior level managers, executives and operating personnel. We cannot be certain that we will be able to recruit and retain such additional personnel. To the extent that we are unable to manage our growth effectively, or are unable to attract and retain additional qualified personnel, we may not be able to expand our operations or execute our business plan.

We will incur substantial integration costs in connection with the Complete acquisition and the coordination of our and Complete's businesses.

We have incurred substantial expenses in connection with the Complete acquisition, and we expect to incur substantial expenses in connection with coordinating the businesses, operations, policies and procedures of our legacy business and Complete's business. While we have assumed that a certain level of transaction and coordination expenses will be incurred, there are a number of factors beyond our control that could affect the total amount or the timing of these transaction and coordination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately.

We may be exposed to unforeseen costs in some of our projects.

Some of our decommissioning business may be conducted under fixed price or "turnkey" contracts. Under fixed-price contracts, we agree to perform a defined scope of work for a fixed price. Prices for these contracts are established based largely upon estimates and assumptions relating to project scope and specifications, personnel and material needs. These estimates and assumptions may prove inaccurate or conditions may change due to factors out of our control, resulting in cost overruns, which we may be required to absorb and could have a material adverse effect on our business, financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Information on properties is contained in Part I, Item 1 of this Annual Report and in note 13 to our consolidated financial statements included in Part II, Item 8 of this Annual Report.

Item 3. Legal Proceedings

We are involved in various legal and other proceedings and claims that are incidental to the conduct of our business. Our management does not believe that the outcome of any ongoing proceedings, individually or collectively, would have a material adverse effect on our financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not Applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock Information

Our common stock trades on the New York Stock Exchange under the symbol "SPN." The following table sets forth the high and low sales prices per share of common stock as reported for each fiscal quarter during the periods indicated.

	High	Low
2010		
First Quarter	$26.95	$19.40
Second Quarter	28.93	18.09
Third Quarter	28.00	18.02
Fourth Quarter	35.44	25.35
2011		
First Quarter	$41.65	$32.55
Second Quarter	41.49	33.39
Third Quarter	42.87	26.21
Fourth Quarter	31.44	22.19

As of February 17, 2012, there were 157,592,337 shares of our common stock outstanding, which were held by 152 record holders.

Dividend Information

We have never paid cash dividends on our common stock. We currently expect to retain all of the cash our business generates to fund the operation and expansion of our business. In addition, the terms of our credit facility and the indentures governing all of our unsecured senior notes restrict our ability to pay dividends.

Equity Compensation Plan Information

Information required by this item with respect to compensation plans under which our equity securities are authorized for issuance is incorporated by reference from Part III, Item 12 of this Annual Report.

Issuer Purchases of Equity Securities

In December 2009, our Board of Directors approved a $350 million share repurchase program that expired on December 31, 2011 and was not renewed. The following table provides information about our common stock repurchased and retired during each month for the three months ended December 31, 2011:

Period	Total Number of Shares Purchased [(1)]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan [(2)]	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan [(2)]
October 1 – 31, 2011	1,184	$ 26.76	—	$350,000,000
November 1 – 30, 2011	—	$ —	—	$350,000,000
December 1 – 31, 2011	—	$ —	—	$350,000,000
October 1, 2011 through December 31, 2011	1,184	$ 26.76	—	$350,000,000

(1) Through our stock incentive plans, 1,184 shares were delivered to us by our employees to satisfy their tax withholding requirements upon vesting of restricted stock.

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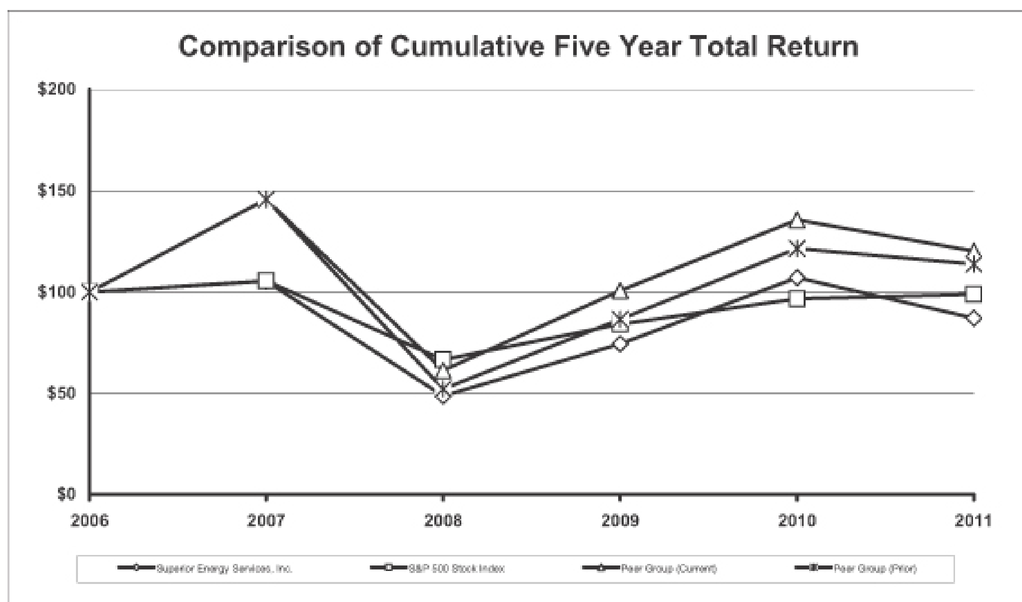
(2) There was no common stock repurchased and retired under the share repurchase program during the quarter ended December 31, 2011.

Performance Graph

The following performance graph and related information shall not be deemed “solicitating material” or “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into such filing.

The following graph compares the total stockholder return on our common stock for the last five years with the total return on the S&P 500 Stock Index and Self-Determined Peer Groups, as described below, for the same period. The information in the graph is based on the assumption of a $100 investment on January 1, 2007 at closing prices on December 31, 2006.

The comparisons in the graph are required by the Securities and Exchange Commission and are not intended to be a forecast or be indicative of possible future performance of our common stock.



	Years Ended December 31,				
	2007	2008	2009	2010	2011
Superior Energy Services, Inc.	$105	$49	$ 74	$107	$ 87
S&P 500 Stock Index	$105	$66	$ 84	$ 97	$ 99
Peer Group (current)	$146	$61	$101	$136	$120
Peer Group (prior)	$146	$52	$ 87	$122	$114

NOTES:

- The lines represent monthly index levels derived from compounded daily returns that include all dividends.

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- The indexes are reweighted daily, using the market capitalization on the previous trading day.
- If the monthly interval, based on the fiscal year-end, is not a trading day, the preceding trading day is used.
- The index level for all series was set to $100.00 on December 31, 2006.

For 2011, we amended our Self-Determined Peer Group as a result of the Complete acquisition as well as mergers involving other companies in our peer group. We believe our current Self-Determined Peer Group better reflects our current size as well as our potential for growth. Our current Self-Determined Peer Group consists of 16 companies whose average stockholder return levels comprise part of the performance criteria established by the Compensation Committee under our long-term incentive compensation program: Baker Hughes, Incorporated, Basic Energy Services, Inc., Cameron International Corp., FMC Technologies Inc., Halliburton Co., Helix Energy Solutions Group, Inc., Helmerich & Payne Inc., Key Energy Services, Inc., Nabors Industries Ltd., National Oilwell Varco, Inc., Oceaneering International, Inc., Oil States International, Inc., Patterson-UTI Energy Inc., RPC, Inc., Schlumberger Ltd. and Weatherford International, Ltd. Our prior Self-Determined Peer Group included Baker Hughes, Incorporated, Basic Energy Services, Inc., Cameron International Corp., Complete Production Services, Inc., Global Industries, Ltd., Helix Energy Solutions Group, Inc., Hercules Offshore, Inc., Key Energy Services, Inc., National Oilwell Varco, Inc., Oceaneering International, Inc., Oil States International, Inc., RPC, Inc., Tetra Technologies, Inc. and Weatherford International, Ltd.

Item 6. Selected Financial Data

We present below our selected consolidated financial data for the periods indicated. We derived the historical data from our audited consolidated financial statements.

The data presented below should be read together with, and are qualified in their entirety by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements included elsewhere in this Annual Report. The financial data is in thousands, except per share amounts.

	Years Ended December 31,				
	2011	2010	2009	2008	2007
Revenues	$2,070,166	$1,681,616	$1,449,300	$1,881,124	$1,572,467
Income (loss) from operations	273,745	168,266	(51,384)	565,692	465,838
Net income (loss)	142,554	81,817	(102,323)	351,475	271,558
Net income (loss) per share:					
Basic	1.79	1.04	(1.31)	4.39	3.35
Diluted	1.76	1.03	(1.31)	4.33	3.30
Total assets	4,048,145	2,907,533	2,516,665	2,490,145	2,255,295
Long-term debt, net	1,685,087	681,635	848,665	654,199	637,789
Decommissioning liabilities, less current portion	108,220	100,787	—	—	88,158
Stockholders' equity	1,453,599	1,280,551	1,178,045	1,254,273	1,025,666

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and applicable notes to our consolidated financial statements and other information included elsewhere in this Annual Report, including risk factors disclosed in Part I, Item 1A. The following information contains forward-looking statements, which are subject to risks and uncertainties. Should one or more of these risks or uncertainties materialize, our actual results may differ from those expressed or implied by the forward-looking statements. See "Forward-Looking Statements" at the beginning of this Annual Report.

Executive Summary

On February 7, 2012, we acquired Complete Production Services, Inc. ("Complete") pursuant to a merger that substantially expanded the size and scope of our business. Except as otherwise noted, the description of our business contained in this Item 7 refers to the business of Superior and its consolidated subsidiaries, including Complete and its subsidiaries, except where we refer to results of operations or operating data prior to February 7, 2012. However, because the Complete acquisition occurred during the 2012 fiscal year, but prior to our filing of this Annual Report, the accompanying financial statements reflect the results of Superior's stand-alone operations as of December 31, 2011. Additional information on our acquisition of Complete is included in note 3 of our consolidated financial statements included in Part II, Item 8 of this Annual Report. Additionally, on February 22, 2012, we entered into an agreement to sell our marine segment, consisting of a fleet of 18 liftboats.

We believe we are a leading, highly diversified provider of specialized oilfield services and equipment. As a result of the Complete acquisition, we significantly added to our U.S. land geographic footprint and product and service offering. We now offer a wider variety of products and services throughout the economic life of an oil and gas well. The acquisition of Complete greatly expanded our ability to offer more products and services related to the completion of a well prior to full production commencing, and enhanced our full suite of intervention services used to carry out wellbore maintenance operations during a well's producing phase.

We serve energy industry customers who focus on developing and producing oil and gas worldwide. Our operations are managed and organized by both business units and geomarkets offering product and service families within various phases of a well's economic lifecycle, including end of life services. Business unit and geomarket leaders report to executive vice presidents, and we report our operating results in three segments: Subsea and Well Enhancement, Drilling Products and Services and Marine. Given our history of growth and long-term strategy of expanding geographically, we provide supplemental segment revenue information in three geographic areas: (1) U.S. land; (2) Gulf of Mexico; and (3) international.

Overview of our business segments

The subsea and well enhancement segment consists of completion and workover services, production services and subsea and technical solutions, all of which are labor and equipment intensive. In 2011, approximately 42% of segment revenue was from the U.S. land market area (up from 34% in 2010), while approximately 32% of this segment's revenue was derived from work performed for customers in the Gulf of Mexico market area (down from 40% in 2010) and approximately 27% of segment revenue was from international market areas (which remained constant from 2010).

Following the acquisition of Complete, a significantly larger amount of revenue from this segment is expected to come from the U.S. land market areas. We intend to continue to focus our capital expenditures on expanding our existing products and services into U.S. land market areas that are driven by oil and liquids-rich drilling and completion activity, and on expanding into new and existing international market areas. In the U.S., the acquisition of Complete will allow us to take advantage of opportunities with larger oil and gas producers that procure services from providers offering multiple and complementary product lines. This segment's income from operations as a percentage of segment revenue ("operating margin") can vary based on drilling and completion spending and activity, especially in the U.S. land market areas.

The drilling products and services segment is capital intensive with higher operating margins as a result of relatively low operating expenses. The largest fixed cost is depreciation as there is little labor associated with our drilling products and services businesses. The financial performance is primarily a function of changes in volume rather than pricing. In 2011, approximately 46% of segment revenue was derived from U.S. land market areas (up from 35% in 2010), while approximately 25% of segment revenue was from the Gulf of Mexico market area (down from 32% in 2010) and approximately 29% of segment revenue was from international market areas (down from 33% in 2010). Three drilling products and their ancillary equipment (accommodations, drill pipe and stabilization tools) each accounted for more than 20% of this segment's revenue in 2011.

The marine segment is comprised of our 18 rental liftboats. Operating costs of our liftboats are relatively fixed, and therefore, income from operations as a percentage of revenue can vary significantly from quarter to quarter and year to year based on changes in dayrates and utilization levels. With all of our liftboats currently operating in the Gulf of Mexico, our activity levels can be impacted by harsh weather, especially tropical systems that occur during hurricane season. We entered into an agreement on February 22, 2012 to sell our marine segment. We expect this transaction to close in March of 2012.

Market drivers and conditions

The oil and gas industry remains highly cyclical and seasonal. Activity levels are driven primarily by traditional energy industry activity indicators, which include current and expected commodity prices, drilling rig counts, well completions and workover activity, geological characteristics of producing wells which determine the number and intensity of services required per well, oil and gas production levels, and customers' spending allocated for drilling and production work, which is reflected in our customers' operating expenses or capital expenditures.

Historical market indicators are listed below:

	2011	% Change	2010	% Change	2009
Worldwide Rig Count [1]					
U.S.	1,879	22%	1,546	42%	1,089
International [2]	1,167	7%	1,094	10%	997
Commodity Prices (average)					
Crude Oil (West Texas Intermediate)	$95.47	19%	$80.12	28%	$62.74
Natural Gas (Henry Hub)	$ 4.09	-8%	$ 4.44	3%	$ 4.29

(1) Estimate of drilling activity as measured by average active drilling rigs based on Baker Hughes Incorporated rig count information.
(2) Excludes Canadian Rig Count.

As indicated by the table above, the major activity drivers continued to improve in 2011. The average number of drilling rigs working in the United States increased 22%, while the international rig count increased 7%. The average price of West Texas Intermediate crude oil increased 19% while the average price of Henry Hub natural gas decreased 8% from 2010.

The following table compares our revenues generated from major geographic regions for the years ended December 31, 2011 and 2010 (in thousands). We attribute revenue to countries based on the location where services are performed or the destination of the sale of products.

	Revenue				
	2011	%	2010	%	Change
Gulf of Mexico	$ 669,166	32%	$ 675,836	40%	$ (6,670)
U.S. Land	856,130	42%	540,459	32%	315,671
International	544,870	26%	465,321	28%	79,549
Total	$2,070,166	100%	$1,681,616	100%	$388,550

In 2011, our U.S. land revenue increased 58% to $856.1 million as a result of higher oil prices, the increase in drilling rig counts (particularly the number of rigs drilling horizontal wells in the U.S. land market areas) and higher overall industry activity which led to increased utilization of existing assets and high utilization of new assets added through capital expenditures. In this market area, we experienced a 53% increase in revenue from our subsea and well enhancement segment and a 71% increase in revenue from our drilling products and services segment. Within individual product and service lines, the largest increases in the U.S. land market area were in coiled tubing, cased hole wireline, pressure control tools, rentals of accommodations and rentals and sales of premium drill pipe and accessories.

Our Gulf of Mexico revenue declined 1% to $669.2 million. The slow recovery in activity following the Deepwater Horizon incident in April 2010 without the offsetting spill recovery work that we concluded in the fourth quarter of 2010 resulted in a slight decline in our Gulf of Mexico revenue. Drilling and production activity was slow to recover through most of 2011 due to the slow pace of permits issued for such projects early in the year. While the incident curtailed much activity in the second half of 2010, the incident also created demand for many of our products and services during the well capping and cleanup phases, which were completed in the fourth quarter of 2010.

Our international revenue increased 17% to $554.9 million due primarily to improved performance at Hallin, increases in demand for completion tools, and down-hole drilling products and hydraulic workover and snubbing services in Latin America.

Industry Outlook

We believe drivers of industry demand, commodity prices and drilling rig counts should remain favorable in most geographic market areas. We also believe Gulf of Mexico deep water activity will continue to gradually increase. We believe U.S. land market areas with high concentrations of rigs drilling horizontal oil wells will remain underserved for products and services such as coiled tubing, premium drill pipe and ancillary products. Internationally, we expect to continue to build out market areas, such as Australia and Brazil, that provide us the best opportunities to provide as many products and services as possible. We expect our 2012 capital expenditures allocated for expansion in the U.S. land and international market areas will substantially increase over 2011 levels.

Our Gulf of Mexico operations generally focus on three areas: drilling support, production enhancement and decommissioning (or end of life) services. Our exposure to drilling activity is primarily in the drilling products and services segment. We anticipate that our financial performance from the Gulf of Mexico in this segment will gradually increase as the number of permits for deep water drilling increases, resulting in more rigs drilling in 2012 than 2011. In the shallow water Gulf of Mexico, most of our revenue is related to production enhancement and end of life services. We anticipate that demand for products and services participating in these market segments will remain stable.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Note 1 of our consolidated financial statements, which is included in Part II, Item 8 of this Annual Report, contains a description of the significant accounting policies used in the preparation of our financial statements. We evaluate our estimates on an ongoing basis, including those related to long-lived assets, goodwill, income taxes, allowance for doubtful accounts, revenue recognition, long-term construction accounting, self insurance, and oil and gas properties. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual amounts could differ significantly from these estimates under different assumptions and conditions.

We define a critical accounting policy or estimate as one that is both important to our financial condition and results of operations and requires us to make difficult, subjective or complex judgments or estimates about matters that are uncertain. We believe that the following are the critical accounting policies and estimates used in the preparation of our consolidated financial statements. In addition, there are other items within our consolidated financial statements that require estimates but are not deemed critical as defined in this paragraph.

Long-Lived Assets. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. We record impairment losses on long-lived assets used in operations when the fair value of those assets is less than their respective carrying amount. Fair value is measured, in part, by the estimated cash flows to be generated by those assets. Our cash flow estimates are based upon, among other things, historical results adjusted to reflect our best estimate of future market rates, utilization levels and operating performance. Our estimates of cash flows may differ from actual cash flows due to, among other things, changes in economic conditions or changes in an asset's operating performance. Assets are grouped by subsidiary or division for the impairment testing, except for liftboats, which are grouped together by leg length. These groupings represent the lowest level of identifiable cash flows. We have long-lived assets, such as facilities, utilized by multiple operating divisions that do not have identifiable cash flows. Impairment testing for these long-lived assets is based on the consolidated entity. Assets to be disposed of are reported at the lower of the carrying amount or fair value less estimated costs to sell. Our estimate of fair value represents our best estimate based on industry trends and reference to market transactions and is subject to variability. The oil and gas industry is cyclical and our estimates of the period over which future cash flows will be generated, as well as the predictability of these cash flows, can have a significant impact on the carrying value of these assets and, in periods of prolonged down cycles, may result in impairment charges.

As a result of pursuing strategic alternatives, we entered into an agreement dated February 22, 2012 to sell our marine segment. As such, we concluded that indicators of impairment existed and therefore conducted a fair value assessment of our liftboats at December 31, 2011. This valuation included two components: estimated undiscounted cash flows and indicated valuation evidenced by tenders from prospective buyers. We then applied a weighted average to the two components to obtain an estimate of the fair market value of the liftboats. Based on this valuation analysis, we determined that the liftboats had a fair market value that was approximately $35.8 million less than their carrying value. Therefore, a reduction in the value of assets (property, plant and equipment) was recorded for approximately $35.8 million.

Goodwill. In assessing the recoverability of goodwill, we make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. We test goodwill for impairment in accordance with authoritative guidance related to goodwill and other intangibles, which requires that goodwill as well as other intangible assets with indefinite lives not be amortized, but instead tested annually for impairment. Our annual testing of goodwill is based on carrying value and our estimate of fair value at December 31. We estimate the fair value of each of our reporting units (which are consistent with our business segments) using various cash flow and earnings projections discounted at a rate estimated to approximate the reporting units'

weighted average cost of capital. We then compare these fair value estimates to the carrying value of our reporting units. If the fair value of the reporting units exceeds the carrying amount, no impairment loss is recognized. Our estimates of the fair value of these reporting units represent our best estimates based on industry trends and reference to market transactions. A significant amount of judgment is involved in performing these evaluations since the results are based on estimated future events.

We completed our assessment as of December 31, 2011 to determine whether our goodwill was impaired, and as a result we determined that it was more likely than not that the fair value of our marine segment was less than its carrying amount, indicating that goodwill was potentially impaired. As a result, we initiated the second step of the goodwill impairment test which involved calculating the implied fair value of our goodwill by allocating the fair value of the marine segment to all of the assets and liabilities other than goodwill and comparing it to the carrying amount of goodwill. We determined that the implied fair value of our goodwill for our marine segment was less than its carrying value and wrote-off the segment's goodwill balance of $10.3 million, which was recorded as a reduction in the value of assets. Based on business conditions and market values that existed at December 31, 2011, we concluded that no goodwill impairment was required in our subsea and well enhancement and drilling and product services segments.

Income Taxes. We use the asset and liability method of accounting for income taxes. This method takes into account the differences between financial statement treatment and tax treatment of certain transactions. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Our deferred tax calculation requires us to make certain estimates about our future operations. Changes in state, federal and foreign tax laws, as well as changes in our financial condition or the carrying value of existing assets and liabilities, could affect these estimates. The effect of a change in tax rates is recognized as income or expense in the period that the rate is enacted.

Allowance for Doubtful Accounts. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of some of our customers to make required payments. These estimated allowances are periodically reviewed on a case by case basis, analyzing the customer's payment history and information regarding the customer's creditworthiness known to us. In addition, we record a reserve based on the size and age of all receivable balances against those balances that do not have specific reserves. If the financial condition of our customers deteriorates, resulting in their inability to make payments, additional allowances may be required.

Revenue Recognition. Our products and services are generally sold based upon purchase orders or contracts with customers that include fixed or determinable prices. We recognize revenue when services or equipment are provided and collectability is reasonably assured. We contract for marine, subsea and well enhancement and environmental projects either on a day rate or turnkey basis, with a majority of our projects conducted on a day rate basis. The products we rent within our drilling products and services segment are rented on a day rate basis, and revenue from the sale of equipment is recognized when the title to the equipment has transferred to the customer.

Long-Term Construction Accounting for Revenue and Profit (Loss) Recognition. A portion of our revenue is derived from long-term contracts. For contracts that meet the criteria under the authoritative guidance related to construction-type and production-type contracts, we recognize revenues on the percentage-of-completion method, primarily based on costs incurred to date compared with total estimated contract costs. It is possible there will be future and currently unforeseeable significant adjustments to our estimated contract revenues, costs and profitability for contracts currently in process. These adjustments could, depending on the magnitude of the adjustments, materially, positively or negatively, affect our operating results in an annual or quarterly reporting period. To the extent that an adjustment in the estimated total contract cost impacts estimated profit of the contract, the cumulative change to revenue and profitability is reflected in the period in which this adjustment in

estimate is identified. The accuracy of the revenue and estimated earnings we report for fixed-price contracts is dependent upon the judgments we make in estimating our contract performance and contract revenue and costs.

We use the percentage-of-completion method for recognizing our revenues and related costs on our contract to decommission seven downed oil and gas platforms and related well facilities located in the Gulf of Mexico. During the fourth quarter of 2009, as the project to decommission seven downed oil and gas platforms and well facilities neared completion, we determined it was necessary to increase the total cost estimate due to various well conditions and other technical issues associated with this complex and challenging project (see note 5 to our consolidated financial statements included in Part II, Item 8 of this Annual Report).

Self Insurance. We self insure, through deductibles and retentions, up to certain levels for losses related to workers' compensation, third party liability insurances, property damage, and group medical. With our growth, we have elected to retain more risk by increasing our self insurance. We accrue for these liabilities based on estimates of the ultimate cost of claims incurred as of the balance sheet date. We regularly review our estimates of reported and unreported claims and provide for losses through reserves. We obtain actuarial reviews to evaluate the reasonableness of internal estimates for losses related to workers' compensation and group medical on an annual basis. Our financial results could be impacted if litigation trends, claims settlement patterns and future inflation rates are different from our estimates.

Oil and Gas Properties. Our subsidiary, Wild Well Control Inc. (Wild Well), and our equity-method investment, Dynamic Offshore Holding, LP (Dynamic Offshore), have oil and gas properties and the related well abandonment and decommissioning liabilities. Each of these entities follows the successful efforts method of accounting for their investment in oil and gas properties. Under the successful efforts method, the costs of successful exploratory wells and leases containing productive reserves are capitalized. Costs incurred to drill and equip developmental wells, including unsuccessful developmental wells, are capitalized. Other costs such as geological and geophysical costs and the drilling costs of unsuccessful exploratory wells are expensed. All capitalized costs are accumulated and recorded separately for each field and allocated to leasehold costs and well costs. Leasehold costs and well costs are depleted on a units-of-production basis based on the estimated remaining equivalent proved developed oil and gas reserves of the field.

We estimate the third party market price to plug and abandon wells, abandon pipelines, decommission and remove platforms and clear sites, and use that estimate to record our proportionate share of the decommissioning liability. In estimating the decommissioning liabilities, we perform detailed estimating procedures, analysis and engineering studies. Whenever practical, we will utilize the services of our subsidiaries to perform well abandonment and decommissioning work. When these services are performed by our subsidiaries, all recorded intercompany revenues and expenses are eliminated in the consolidated financial statements. The recorded decommissioning liability associated with a specific property is fully extinguished when the property is completely abandoned. The liability is first reduced by all cash expenses incurred to abandon and decommission the property. If the liability exceeds (or is less than) our incurred costs, the difference is reported as income (or loss) in the period in which the work is performed. We review the adequacy of our decommissioning liability whenever indicators suggest that the estimated cash flows underlying the liability have changed materially. The timing and amounts of these cash flows are subject to changes in the energy industry environment and may result in additional liabilities recorded, which in turn would increase the carrying values of the related properties.

Oil and gas properties are assessed for impairment in value on a field-by-field basis whenever indicators become evident. We use our current estimate of future revenues and operating expenses to test the capitalized costs for impairment. In the event net undiscounted cash flows are less than the carrying value, an impairment loss is recorded based on the present value of expected future net cash flows over the economic lives of the reserves.

Proved Reserve Estimates. Our reserve information is prepared by independent reserve engineers in accordance with guidelines established by the Securities and Exchange Commission. There are a number of uncertainties inherent in estimating quantities of proved reserves, including many factors beyond our control such as

commodity pricing. Reserve engineering is a subjective process of estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. In accordance with the Securities and Exchange Commission's guidelines, we use twelve month average prices, year end costs and a 10% discount rate to determine the present value of future net cash flow. Actual prices and costs may vary significantly, and the discount rate may or may not be appropriate based on outside economic conditions.

Comparison of the Results of Operations for the Years Ended December 31, 2011 and 2010

For the year ended December 31, 2011, our revenue was $2,070.2 million and our net income was $142.6 million, or $1.76 diluted earnings per share. Included in the results for the year ended December 31, 2011 were non-cash pre-tax charges of $46.1 million for the reduction in value of assets within our marine segment. For the year ended December 31, 2010, our revenue was $1,681.6 million and our net income was $81.8 million, or $1.03 diluted earnings per share. Included in the results for the year ended December 31, 2010 were pre-tax management transition expenses of approximately $35.0 million, as well as non-cash pre-tax charges of $32.0 million for the reduction in value of assets within our marine segment.

The following table compares our operating results for the years ended December 31, 2011 and 2010 (in thousands). Cost of services, rentals and sales excludes depreciation, depletion, amortization and accretion for each of our business segments.

	Revenue			Cost of Services, Rentals and Sales				
	2011	2010	Change	2011	%	2010	%	Change
Subsea and Well Enhancement	$ 1,367,834	$ 1,112,662	$ 255,172	$ 832,568	61%	$ 675,447	61%	$ 157,121
Drilling Products and Services	611,101	474,707	136,394	220,647	36%	176,453	37%	44,194
Marine	91,231	94,247	(3,016)	64,788	71%	66,813	71%	(2,025)
Total	$ 2,070,166	$ 1,681,616	$ 388,550	$ 1,118,003	54%	$ 918,713	55%	$ 199,290

The following discussion analyzes our results on a segment basis.

Subsea and Well Enhancement Segment

Revenue for our subsea and well enhancement segment was $1,367.8 million for the year ended December 31, 2011, as compared to $1,112.7 million for 2010. Cost of services remained constant at 61% of segment revenue in both 2011 and 2010. Our increase in revenue and profitability is due to demand increases in the U.S. land and international market areas. Revenue from our U.S. land market area increased approximately 53% due to demand for coiled tubing, cased hole wireline, well control and pressure pumping services, as well as hydraulic workover and snubbing services. Additionally, revenue from our international market areas increased approximately 24% primarily due increased revenue from our subsea projects, well control services, hydraulic workover and snubbing services and our acquisition of Superior Completion Services in August of 2010. Revenue from our Gulf of Mexico market area decreased approximately 3% primarily based on a decline in revenue from work associated with our large-scale decommissioning project as well as a decrease in well control services. The decrease in the Gulf of Mexico was partially offset by increased revenue from cased hole wireline services, hydraulic snubbing and workover services and the acquisition of Superior Completion Services in 2010.

Drilling Products and Services Segment

Revenue for our drilling products and services segment was $611.1 million for the year ended December 31, 2011, an approximate 29% increase from 2010. Cost of services decreased slightly to 36% of segment revenue in

2011 from 37% in 2010. The increase in revenue for this segment is primarily related to rentals of our accommodation units, drill pipe and specialty tubulars, specifically in our U.S. land market area. Revenue in our U.S. land market area increased approximately 71% for the year ended December 31, 2011 over the same period in 2010. Revenue generated from our international market areas increased approximately 12% for the year ended December 31, 2011 over the same period in 2010. This increase was primarily related to increased rentals of drill pipe and specialty tubulars. Revenue from our Gulf of Mexico market area remained essentially flat due to the lingering effects of the Macondo oil spill in April 2010.

Marine Segment

Our marine segment revenue for the year ended December 31, 2011 decreased approximately 3% from 2010 to $91.2 million. Our cost of services percentage remained constant at 71% of segment revenue for the years ended December 31, 2011 and 2010. Due to the high fixed cost nature of this segment, cost of services does not fluctuate proportionately with revenue. The fleet's average utilization decreased to approximately 66% in 2011 from 67% in 2010. However, the fleet's average dayrate increased to approximately $16,300 in 2011 from $13,600 in 2010. This is primarily due to the fact that our two 265 foot-class vessels, which typically generate our highest day rates, returned to work in the fourth quarter of 2010 after being taken out of service for repairs in the fourth quarter of 2009. During 2011, we sold seven of our smaller liftboats for $22.8 million and recorded gains of approximately $8.6 million. In December 2010, we also sold one of our 175-foot class liftboats for $5.4 million and recorded a gain of approximately $1.1 million.

On February 22, 2012, we entered into an agreement to sell the assets comprising our marine segment, or 18 liftboats. We expect this transaction to close in March of 2012.

Depreciation, Depletion, Amortization and Accretion

Depreciation, depletion, amortization and accretion increased to $257.3 million for the year ended December 31, 2011 from $220.8 million in 2010. Depreciation, depletion, amortization and accretion expense related to our subsea and well enhancement segment increased $20.3 million, or 21%, in 2011 from the same period in 2010. Increases in depreciation, depletion, amortization and accretion are related to the acquisition of Superior Completion Services, capital expenditures and increased utilization of subsea vessels. Depreciation and amortization expense increased within our drilling products and services segment by $16.1 million, or 14%, due to capital expenditures. Depreciation expense related to the marine segment remained constant for the years ended December 31, 2011 and 2010.

General and Administrative Expenses

General and administrative expenses increased to $383.6 million for the year ended December 31, 2011 from $342.9 million in 2010, which included approximately $35.0 million of management transition expenses. Increases in general and administrative expenses are attributable to the acquisition of Superior Completion Services and increased bonus and compensation expense due to our improved performance as well as additional infrastructure to enhance our growth.

Reduction in Value of Assets

As a result of pursuing strategic alternatives, we entered into an agreement on February 22, 2012 to sell our marine segment. As such, we recorded a reduction in the value of assets for approximately $46.1 million which included a write down of property and equipment of approximately $35.8 million and a write down of goodwill of approximately $10.3 million.

During 2010, we recorded a reduction in the value of assets totaling $32.0 million in connection with liftboat components primarily related to two partially completed liftboats. After a detailed evaluation, we concluded in December 2010 that it was impractical to complete these vessels. As such, we reduced our carrying value in these assets to their respective net realizable value.

Comparison of the Results of Operations for the Years Ended December 31, 2010 and 2009

For the year ended December 31, 2010, our revenue was $1,681.6 million and our net income was $81.8 million, or $1.03 diluted earnings per share. Included in the results for the year ended December 31, 2010 were pre-tax management transition expenses of approximately $35.0 million, as well as non-cash pre-tax charges of $32.0 million for the reduction in value of assets within our marine segment. Included in the results for the year ended December 31, 2009 were non-cash, pre-tax charges of $212.5 million for the reduction in value of assets within our subsea and well enhancement segment and $36.5 million for the reduction in value of our remaining equity-method investment in BOG. Also included in the results for the year ended December 31, 2009 were losses of $18.0 million from our share of equity-method investments and $4.6 million of other non-cash charges related to SPN Resources.

The following table compares our operating results for the years ended December 31, 2010 and 2009 (in thousands). Cost of services, rentals and sales excludes depreciation, depletion, amortization and accretion for each of our business segments.

	Revenue			Cost of Services, Rentals and Sales				
	2010	2009	Change	2010	%	2009	%	Change
Subsea and Well Enhancement	$1,112,662	$ 919,335	$193,327	$675,447	61%	$616,116	67%	$59,331
Drilling Products and Services	474,707	426,876	47,831	176,453	37%	143,802	34%	32,651
Marine	94,247	103,089	(8,842)	66,813	71%	64,116	62%	2,697
Total	$1,681,616	$1,449,300	$232,316	$918,713	55%	$824,034	57%	$94,679

The following discussion analyzes our results on a segment basis.

Subsea and Well Enhancement Segment

Revenue for our subsea and well enhancement segment was $1,112.7 million for the year ended December 31, 2010, as compared to $919.3 million for 2009. Our increase in revenue and profitability is primarily due to demand increases in the U.S. land and international market areas. Revenue from our U.S. land market area increased approximately 75% due to demand for coiled tubing, cased hole wireline, well control services and hydraulic workover and snubbing services. Additionally, revenue from our international market areas increased approximately 77% primarily due to our acquisition of Hallin along with increased revenue from our well control services and hydraulic workover and snubbing services. Revenue from our Gulf of Mexico market area decreased approximately 18% primarily based on a decline in revenue from work associated with our large-scale decommissioning project. This decrease was partially offset by increased well control work and plug and abandonment activity, as well as our acquisitions of Superior Completion Services and the Bullwinkle platform.

Cost of services decreased to 61% of segment revenue in 2010, as compared to 67% of segment revenue in 2009. Similar to revenue, our profitability increased due to increased demand for coiled tubing, cased hole wireline, well control services and hydraulic workover and snubbing services. Additionally, cost of services as a percentage of revenue for 2009 was impacted due to the adjustment related to our large-scale decommissioning project. During the fourth quarter of 2009 as we neared completion of this project, we determined it was necessary to increase our total cost estimate due to various well conditions and other technical issues associated with this complex and challenging project. As the revenue related to this long-term contract is recorded on the percentage-of-completion method utilizing costs incurred as a percentage of total estimated costs, the cumulative effect of changes to estimated total contract costs was recognized in the period in which revisions were identified.

Drilling Products and Services Segment

Revenue for our drilling products and services segment was $474.7 million for the year ended December 31, 2010, an approximate 11% increase from 2009. Cost of services increased to 37% of segment revenue in 2010

from 34% in 2009. The increase in revenue for this segment is primarily related to rentals of our accommodation units and specialty tubulars, specifically in our U.S. land market area. Revenue in our U.S. land market area increased approximately 54% for the year ended December 31, 2010 over the same period in 2009. Revenue generated from our international market areas increased approximately 5%. Revenue from our Gulf of Mexico market area decreased approximately 11% due to decreased demand for specialty tubulars and stabilization equipment as a result of the lingering effects of the deepwater drilling moratorium. The decrease in demand for specialty tubulars was partially offset by an increase in demand for accommodation rentals, which benefited from oil spill cleanup efforts. Cost of services as a percentage of revenue increased 4% as rentals from high-margin drill pipe, specialty tubulars and stabilization equipment fell significantly in the Gulf of Mexico due to the deepwater drilling moratorium.

Marine Segment

Our marine segment revenue for the year ended December 31, 2010 decreased 9% from 2009 to $94.3 million. Our cost of services percentage increased to 71% of segment revenue for the year ended December 31, 2010 from 62% in 2009 primarily due to increased liftboat inspections and maintenance costs coupled with decreased revenue. Due to the high fixed cost nature of this segment, cost of services does not fluctuate proportionately with revenue. The fleet's average utilization increased to approximately 67% in 2010 from 52% in 2009. However, the fleet's average dayrate decreased to approximately $13,600 in 2010 from $16,800 in 2009. The average dayrate decreased as several of our larger liftboats were not available for work due to inspections and repairs. Both of our 250-foot class liftboats were out of service for an extended period of time for U.S. Coast Guard inspections. Additionally, our two completed 265-foot class liftboats returned to service in October and November of 2010 after being out of service for repairs since November 2009. In December 2010, we also sold one of our 175-foot class liftboats for $5.4 million and recorded a gain of approximately $1.1 million.

Depreciation, Depletion, Amortization and Accretion

Depreciation, depletion, amortization and accretion increased to $220.8 million for the year ended December 31, 2010 from $207.1 million in 2009. Depreciation, depletion, amortization and accretion expense related to our subsea and well enhancement segment increased $5.3 million, or 6%, in 2010 from the same period in 2009. Increases in depreciation, depletion, amortization and accretion related to the acquisitions of Superior Completion Services, Hallin and the Bullwinkle platform, along with 2009 and 2010 capital expenditures, were offset by the decrease in depreciation and amortization as a result of the $212.5 million reduction in value of assets related to our U.S. land market area recorded in 2009. Depreciation and amortization expense increased within our drilling products and services segment by $9.1 million, or 9%, due to 2009 and 2010 capital expenditures. Depreciation expense related to the marine segment decreased $0.7 million, or 6%. The decrease in depreciation expense in our marine segment is attributable to very low utilization of our larger boats as our 250-foot class liftboats were out of service for an extended period of time for U.S. Coast Guard inspections and our two completed 265-foot class liftboats returned to service in the October and November of 2010 after being out of the service for repairs since November 2009.

General and Administrative Expenses

General and administrative expenses increased to $342.9 million for the year ended December 31, 2010 from $259.1 million in 2009. Included in this increase is approximately $35.0 million of management transition expenses. Additional increases in general and administrative expenses include the acquisitions of Superior Completion Services and Hallin, as well as increased bonus and compensation expense due to our improved performance, and additional infrastructure to enhance our growth.

Reduction in Value of Assets

During 2010, we recorded a reduction in the value of assets totaling $32.0 million in connection with liftboat components primarily related to our two partially completed class liftboats. After a detailed evaluation, we concluded in December that it was impractical to complete these vessels. As such, we reduced our carrying value in these assets to their respective net realizable value.

During the second quarter of 2009, we recorded an expense of approximately $92.7 million in connection with intangible assets within our subsea and well enhancement segment. This reduction in value of intangible assets was primarily due to the decline in demand for services in the U.S. land market area. During the fourth quarter of 2009, the U.S. land market area remained depressed and our forecast of this market did not suggest a timely recovery sufficient to support our current carrying values. As such, we recorded an expense of approximately $119.8 million related to our tangible assets (property, plant and equipment) within the same segment.

Additionally in 2009, we recorded a $36.5 million expense to write off our remaining investment in BOG, an equity-method investment in which we owned a 40% interest. In April 2009, BOG defaulted under its loan agreements due primarily to the impact of production curtailments from Hurricanes Gustav and Ike in 2008 and the decline of natural gas and oil prices. As a result of continued negative BOG operating results, lack of viable interested buyers and unsuccessful attempts to renegotiate the terms and conditions of BOG's loan agreements, we wrote off the remaining carrying value of our investment in BOG.

Liquidity and Capital Resources

In the year ended December 31, 2011, we generated net cash from operating activities of $492.8 million as compared to $456.0 million in 2010. Our primary liquidity needs are for working capital and to fund capital expenditures, debt service and acquisitions. Our primary sources of liquidity are cash flows from operations and available borrowings under our revolving credit facility. We had cash and cash equivalents of $80.3 million at December 31, 2011 compared to $50.7 million at December 31, 2010. In addition, we had restricted cash and cash equivalents of approximately $785.3 million that was used to partially fund the Complete acquisition. At December 31, 2011, approximately $46.6 million of our cash balance was held in foreign jurisdictions. Cash balances held in foreign jurisdictions could be repatriated to the United States; however, they would be subject to United States federal income taxes, less applicable foreign tax credits. The Company has not provided United States income tax expense on earnings of its foreign subsidiaries because it expects to reinvest the undistributed earnings indefinitely.

We expect increased liquidity in 2012 from Complete's cash on hand at the date of acquisition. In addition, we collected $45.5 million, exclusive of selling costs, in February 2012 from the sale of a derrick barge. We also expect to collect $134.0 million, exclusive of working capital and selling costs, from the pending sale of our marine segment in the first quarter of 2012 and $129.7 million late in the first half of 2012 in connection with the large-scale platform decommissioning project in the Gulf of Mexico, pending certain regulatory approvals. These amounts are exclusive of any tax payments related to these transactions.

We spent $484.6 million of cash on capital expenditures during the year ended December 31, 2011. Approximately $200.9 million was used to expand and maintain our drilling products and services equipment inventory, approximately $2.5 million was spent on our marine segment and approximately $281.2 million was used to expand and maintain the asset base of our subsea and well enhancement segment.

At December 31, 2011, we had a $400 million bank revolving credit facility. Any amounts outstanding under the revolving credit facility were due on July 20, 2014. At December 31, 2011, we had $75.0 million outstanding under the bank credit facility with a weighted average interest rate of 5.0% per annum. On February 7, 2012, at the time of the Complete acquisition, we amended our revolving credit facility to increase the borrowing capacity to $600 million from $400 million, and to include a $400 million term loan. The maturity date for both the credit facility and the term loan is February 7, 2017, and any amounts outstanding under the revolving credit facility

and the term loan are due at maturity. The principal balance of the term loan is payable in installments of $5.0 million on the last day of each fiscal quarter, commencing June 30, 2012. At February 17, 2012, we had $211.0 million outstanding under the bank credit facility with a weighted average interest rate of 3.6% per annum. We also had $33.3 million of letters of credit outstanding, which reduces our borrowing capacity under this credit facility. Borrowings under the credit facility bear interest at LIBOR plus margins that depend on our leverage ratio. 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 ability to pay dividends or make other distributions, make acquisitions, create liens or incur additional indebtedness.

At December 31, 2011, we had outstanding $12.5 million 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 liftboats. This debt bears an interest rate of 6.45% per annum and is payable in equal semi-annual installments of $405,000 on June 3rd and December 3rd of each year through the maturity date of June 3, 2027. Our obligations are secured by mortgages on two liftboats. This MARAD financing also requires that we comply with certain covenants and restrictions, including the maintenance of minimum net worth, working capital and debt-to-equity requirements. We have notified MARAD of our intent to repay this facility in connection with the sale of our marine segment.

We have outstanding $300 million of 6 7/8% unsecured senior notes due 2014. The indenture governing the senior notes requires semi-annual interest payments on June 1st and December 1st of each year through the maturity date of June 1, 2014. The indenture contains certain covenants that, among other things, limit us from incurring additional debt, repurchasing capital stock, paying dividends or making other distributions, incurring liens, selling assets or entering into certain mergers or acquisitions.

In April 2011, we issued $500 million of 6 3/8% unsecured senior notes due 2019. The indenture governing the 6 3/8% senior notes requires semi-annual interest payments on May 1st and November 1st of each year through the maturity date of May 1, 2019. The indenture contains certain covenants that, among other things, limit us from incurring additional debt, repurchasing capital stock, paying dividends or making other distributions, incurring liens, selling assets or entering into certain mergers or acquisitions. We used a portion of the net proceeds of this offering, together with borrowings under our revolving credit facility to redeem, on December 15, 2011, all of our outstanding $400 million 1.50% senior exchangeable notes.

In December 2011, we issued $800 million of 7 1/8% unsecured senior notes due 2021. The indenture governing the 7 1/8% senior notes requires semi-annual interest payments on June 15th and December 15th of each year through the maturity date of December 15, 2021. The indenture contains certain covenants that, among other things, limit us from incurring additional debt, repurchasing capital stock, paying dividends or making other distributions, incurring liens, selling assets or entering into certain mergers or acquisitions. We used proceeds from this offering to partially fund the Complete acquisition.

Our current long-term issuer credit rating is BB+ by Standard and Poor’s (S&P) and Ba2 by Moody’s. S&P recently revised its outlook on our company to positive from stable, as well as affirmed their BB+ corporate credit rating. S&P’s positive outlook reflects their expectation that we will enhance operating momentum with the Complete acquisition.

The following table summarizes our contractual cash obligations and commercial commitments at December 31, 2011 (amounts in thousands). We do not have any other material obligations or commitments.

Description	2012	2013	2014	2015	2016	Thereafter
Long-term debt, including estimated interest payments	$ 116,582	$ 114,804	$ 477,773	$ 90,324	$ 90,272	$ 1,676,195
Capital lease obligations, including estimated interest payments	6,225	6,225	6,225	6,225	6,225	12,969
Decommissioning liabilities, undiscounted	10,552	5,276	8,793	5,276	5,276	129,069
Operating leases	14,493	10,785	8,095	4,608	2,918	17,743
Vessel construction	44,750	—	—	—	—	—
Other long-term liabilities	—	22,868	9,588	9,445	8,097	30,778
Total	$ 192,602	$ 159,958	$ 510,474	$ 115,878	$ 112,788	$ 1,866,754

We currently believe that we will spend approximately $1.1 billion to $1.2 billion on capital expenditures, excluding acquisitions, during 2012. We believe that our current working capital, cash generated from our operations, cash generated from dispositions and availability under our revolving credit facility will provide sufficient funds for our identified capital projects.

In May 2010, we signed a contract for construction of a compact semi-submersible vessel. This vessel is designed for both shallow and deepwater conditions and will be capable of performing subsea construction, inspection, repairs and maintenance work, as well as subsea light well intervention and abandonment work. The vessel is expected to be delivered in the first half of 2013.

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, cash proceeds from dispositions, 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.

Off-Balance Sheet Arrangements

We have no off-balance sheet financing arrangements other than potential additional consideration that may be payable as a result of the future operating performances of an acquisition and a guarantee on the performance of certain decommissioning liabilities. We do not have any other financing arrangements that are not required under generally accepted accounting principles to be reflected in our financial statements.

At December 31, 2011, the maximum additional consideration payable for an acquisition was approximately $3.0 million. Since this acquisition occurred before we adopted the revised authoritative guidance for business combinations, these amounts are not classified as liabilities and are not reflected in our financial statements until the amounts are fixed and determinable. When amounts are determined, they are capitalized as part of the purchase price of the related acquisition. During the year ended December 31, 2011, we paid additional consideration of approximately $1.2 million as a result of prior acquisitions.

In connection with the sale of SPN Resources in 2008, we guaranteed the performance of its decommissioning liabilities. In accordance with authoritative guidance related to guarantees, we have assigned an estimated value of $2.6 million at December 31, 2011 and 2010 related to decommissioning performance guarantees, which is reflected in other long-term liabilities. We believe that the likelihood of being required to perform these guarantees is remote. In the unlikely event that Dynamic Offshore defaults on the decommissioning liabilities,

the total maximum potential obligation under these guarantees is estimated to be approximately $158.7 million, net of the contractual right to receive payments from third parties, which is approximately $24.6 million, as of December 31, 2011. The total maximum potential obligation will decrease over time as the underlying obligations are fulfilled by SPN Resources.

Hedging Activities

In an attempt to achieve a more balanced debt portfolio, we entered into an interest rate swap in March 2010 whereby we are entitled to receive semi-annual interest payments at a fixed rate of 6 7/8% per annum and are obligated to make quarterly interest payments at a variable rate. Interest rate swap agreements that are effective at hedging the fair value of fixed-rate debt agreements are designated and accounted for as fair value hedges. At December 31, 2011, we had fixed-rate interest on approximately 87% of our long-term debt. As of December 31, 2011, we had a notional amount of $150 million related to this interest rate swap with a variable interest rate, which is adjusted every 90 days, based on LIBOR plus a fixed margin.

From time to time, we may enter into forward foreign exchange contracts to hedge the impact of foreign currency fluctuations. We do not enter into forward foreign exchange contracts for trading purposes. During the years ended December 31, 2011 and 2009, we did not hold any foreign currency forward contracts. During the year ended December 31, 2010, we held foreign currency forward contracts outstanding in order to hedge exposure to currency fluctuations. These contracts are not designated as hedges and are marked to fair market value each period. As of December 31, 2011, we had no outstanding foreign currency forward contracts.

Recently Issued Accounting Pronouncements

See Part II, Item 8, “Financial Statements and Supplementary Data—Note 1—Summary of Significant Accounting Policies—Recently Issued Accounting Pronouncements.”

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks associated with foreign currency fluctuations and changes in interest rates. A discussion of our market risk exposure in financial instruments follows.

Foreign Currency Exchange Rates

Because we operate in a number of countries throughout the world, we conduct a portion of our business in currencies other than the U.S. dollar. The functional currency for our international operations, other than certain operations in the United Kingdom and Europe, is the U.S. dollar, but a portion of the revenues from our foreign operations is paid in foreign currencies. The effects of foreign currency fluctuations are partly mitigated because local expenses of such foreign operations are also generally denominated in the same currency. We continually monitor the currency exchange risks associated with all contracts not denominated in the U.S. dollar.

We do not hold derivatives for trading purposes or use derivatives with complex features. Assets and liabilities of certain subsidiaries in the United Kingdom and Europe are translated at end of period exchange rates, while income and expense are translated at average rates for the period. Translation gains and losses are reported as the foreign currency translation component of accumulated other comprehensive loss in stockholders’ equity.

When we believe prudent, we enter into forward foreign exchange contracts to hedge the impact of foreign currency fluctuations. The forward foreign exchange contracts we enter into generally have maturities ranging from one to eighteen months. We do not enter into forward foreign exchange contracts for trading purposes. As of December 31, 2011, we had no outstanding foreign currency forward contracts.

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Interest Rates

At December 31, 2011, our debt (exclusive of discounts), was comprised of the following (in thousands):

	Fixed Rate Debt	Variable Rate Debt
Bank revolving credit facility due 2014 ^	$ —	$ 75,000
6.875% Senior notes due 2014 *	150,000	150,000
6.375% Senior notes due 2019	500,000	—
7.125% Senior notes due 2021	800,000	—
U.S. Government guaranteed long-term financing due 2027	12,546	—
Total Debt	$ 1,462,546	$ 225,000

(^) Upon the consummation of the Complete acquisition, we amended our revolving credit facility to increase the borrowing capacity to $600 million from $400 million and added a $400 million term loan. Additionally, the amendment extended the maturity date to February 7, 2017.

(*) In March 2010, we entered into an interest rate swap agreement for a notional amount of $150 million, whereby we are entitled to receive semi-annual interest payments at a fixed rate of 6 7/8% per annum and are obligated to make quarterly interest payments at a variable rate. The variable interest rate, which is adjusted every 90 days, is based on LIBOR plus a fixed margin.

Based on the amount of this debt outstanding at December 31, 2011, a 10% increase in the variable interest rate would increase our interest expense for the year ended December 31, 2011 by approximately $1.2 million, while a 10% decrease would decrease our interest expense by approximately $1.2 million.

Commodity Price Risk

Our revenues, profitability and future rate of growth significantly depend upon the market prices of oil and natural gas. Lower prices may also reduce the amount of oil and gas that can economically be produced.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Superior Energy Services, Inc.:

We have audited the accompanying consolidated balance sheets of Superior Energy Services, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule, Valuation and Qualifying Accounts. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Superior Energy Services, Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Superior Energy Services, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

KPMG LLP

New Orleans, Louisiana
February 28, 2012

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2011 and 2010
(in thousands, except share data)

	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 80,274	$ 50,727
Accounts receivable, net of allowance for doubtful accounts of $17,484 and $22,618 at December 31, 2011 and 2010, respectively	540,602	452,450
Prepaid expenses	34,037	25,828
Inventory and other current assets	228,309	235,047
Total current assets	883,222	764,052
Property, plant and equipment, net	1,507,368	1,313,150
Goodwill	581,379	588,000
Notes receivable	73,568	69,026
Equity-method investments	72,472	59,322
Intangible and other long-term assets, net	930,136	113,983
Total assets	$4,048,145	$2,907,533
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 178,645	$ 110,276
Accrued expenses	197,574	162,044
Income taxes payable	717	2,475
Deferred income taxes	831	29,353
Current portion of decommissioning liabilities	14,956	16,929
Current maturities of long-term debt	810	184,810
Total current liabilities	393,533	505,887
Deferred income taxes	297,458	223,936
Decommissioning liabilities	108,220	100,787
Long-term debt, net	1,685,087	681,635
Other long-term liabilities	110,248	114,737
Stockholders' equity:		
Preferred stock of $0.01 par value. Authorized, 5,000,000 shares; none issued	—	—
Common stock of $0.001 par value. Authorized, 125,000,000 shares; issued and outstanding 80,425,443 and 78,951,053 shares at December 31, 2011 and 2010, respectively	80	79
Additional paid in capital	447,007	415,278
Accumulated other comprehensive loss, net	(26,936)	(25,700)
Retained earnings	1,033,448	890,894
Total stockholders' equity	1,453,599	1,280,551
Total liabilities and stockholders' equity	$4,048,145	$2,907,533

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
Years Ended December 31, 2011, 2010 and 2009
(in thousands, except per share data)

	2011	2010	2009
Revenues	$2,070,166	$1,681,616	$1,449,300
Costs and expenses:			
Cost of services (exclusive of items shown separately below)	1,118,003	918,713	824,034
Depreciation, depletion, amortization and accretion	257,313	220,835	207,114
General and administrative expenses	383,567	342,881	259,093
Reduction in value of assets	46,096	32,004	212,527
Gain on sale of businesses	8,558	1,083	2,084
Income (loss) from operations	273,745	168,266	(51,384)
Other income (expense):			
Interest expense, net of amounts capitalized	(73,843)	(57,377)	(50,906)
Interest income	6,226	5,143	926
Other income (expense)	(822)	825	571
Earnings (losses) from equity-method investments, net	16,394	8,245	(22,600)
Reduction in value of equity-method investment	—	—	(36,486)
Income (loss) before income taxes	221,700	125,102	(159,879)
Income taxes	79,146	43,285	(57,556)
Net income (loss)	$ 142,554	$ 81,817	$ (102,323)
Basic earnings (loss) per share	$ 1.79	$ 1.04	$ (1.31)
Diluted earnings (loss) per share	$ 1.76	$ 1.03	$ (1.31)
Weighted average common shares used in computing earnings per share:			
Basic	79,654	78,758	78,171
Incremental common shares from stock options	1,271	840	—
Incremental common shares from restricted stock units	170	136	—
Diluted	81,095	79,734	78,171

See accompanying notes to consolidated financial statements.

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SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2011, 2010 and 2009
(in thousands, except share data)

	Preferred stock shares	Preferred stock	Common stock shares	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss), net	Retained earnings	Total
Balances, December 31, 2008	—	$ —	78,028,072	$ 78	$375,436	$ (32,641)	$ 911,400	$1,254,273
Comprehensive income (loss):								
Net loss	—	—	—	—	—	—	(102,323)	(102,323)
Other comprehensive income (loss)—Disposition of hedging positions of equity-method investments, net of tax	—	—	—	—	—	(3,881)	—	(3,881)
Foreign currency translation adjustment	—	—	—	—	—	17,526	—	17,526
Total comprehensive income (loss)	—	—	—	—	—	13,645	(102,323)	(88,678)
Grant of restricted stock units	—	—	—	—	700	—	—	700
Restricted stock grant and compensation expense, net of forfeitures	—	—	305,182	1	5,837	—	—	5,838
Exercise of stock options	—	—	38,717	—	375	—	—	375
Tax benefit from exercise of stock options	—	—	—	—	170	—	—	170
Stock option compensation expense	—	—	—	—	2,401	—	—	2,401
Shares issued to pay performance share unit	—	—	71,392	—	920	—	—	920
Shares issued under Employee Stock Purchase Plan	—	—	133,360	—	2,308	—	—	2,308
Shares withheld and retired	—	—	(17,373)	—	(262)	—	—	(262)
Balances, December 31, 2009	—	$ —	78,559,350	$ 79	$387,885	$ (18,996)	$ 809,077	$1,178,045
Comprehensive income (loss):								
Net income	—	—	—	—	—	—	81,817	81,817
Other comprehensive loss—Foreign currency translation adjustment	—	—	—	—	—	(6,704)	—	(6,704)
Total comprehensive income (loss)	—	—	—	—	—	(6,704)	81,817	75,113
Grant of restricted stock units	—	—	—	—	950	—	—	950
Restricted stock grant and compensation expense, net of forfeitures	—	—	342,694	—	11,367	—	—	11,367
Exercise of stock options	—	—	87,150	—	927	—	—	927
Tax benefit from exercise of stock options	—	—	—	—	560	—	—	560
Stock option compensation expense	—	—	—	—	15,493	—	—	15,493
Shares issued to pay performance share unit	—	—	—	—	—	—	—	—
Shares issued under Employee Stock Purchase Plan	—	—	94,250	—	2,233	—	—	2,233
Shares withheld and retired	—	—	(132,391)	—	(4,137)	—	—	(4,137)
Balances, December 31, 2010	—	$ —	78,951,053	$ 79	$415,278	$ (25,700)	$ 890,894	$1,280,551

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Continued)
Years Ended December 31, 2011, 2010 and 2009
(in thousands, except share data)

	Preferred stock shares	Preferred stock	Common stock shares	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss), net	Retained earnings	Total
Balances, December 31, 2010	—	$ —	78,951,053	$ 79	$415,278	$ (25,700)	$ 890,894	$1,280,551
Comprehensive income (loss):								
Net income	—	—	—	—	—	—	142,554	142,554
Other comprehensive loss—Foreign currency translation adjustment	—	—	—	—	—	(1,236)	—	(1,236)
Total comprehensive income (loss)	—	—	—	—	—	(1,236)	142,554	141,318
Grant of restricted stock units	—	—	—	—	1,140	—	—	1,140
Restricted stock grant and compensation expense, net of forfeitures	—	—	541,425	—	5,996	—	—	5,996
Exercise of stock options	—	—	876,435	1	10,262	—	—	10,263
Tax benefit from exercise of stock options	—	—	—	—	9,004	—	—	9,004
Stock option compensation expense	—	—	—	—	3,348	—	—	3,348
Shares issued to pay performance share units	—	—	67,288	—	2,759	—	—	2,759
Shares issued under Employee Stock Purchase Plan	—	—	75,745	—	2,594	—	—	2,594
Share issuance cost	—	—	—	—	(335)	—	—	(335)
Shares withheld and retired	—	—	(86,503)	—	(3,039)	—	—	(3,039)
Balances, December 31, 2011	—	$ —	80,425,443	$ 80	$447,007	$ (26,936)	$1,033,448	$1,453,599

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2011, 2010 and 2009
(in thousands)

	2011	2010	2009
Cash flows from operating activities:			
Net income (loss)	$ 142,554	$ 81,817	$(102,323)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, depletion, amortization and accretion	257,313	220,835	207,114
Deferred income taxes	48,073	8,276	(74,704)
Excess tax benefit from stock-based compensation	(9,004)	(560)	(170)
Reduction in value of assets	46,096	32,004	212,527
Reduction in value of equity-method investments	—	—	36,486
Stock based and performance share unit compensation expense	14,032	27,207	11,785
Retirement and deferred compensation plans expense	1,990	4,825	1,550
(Earnings) losses from equity-method investments, net of cash received	(13,152)	2,905	28,606
Amortization of debt acquisition costs and note discount	25,178	23,954	21,744
Gain on sale of businesses	(8,558)	(1,083)	(2,084)
Other reconciling items, net	(6,426)	(4,708)	—
Changes in operating assets and liabilities, net of acquisitions and dispositions:			
Accounts receivable	(86,814)	(89,800)	25,609
Inventory and other current assets	2,182	85,687	(51,320)
Accounts payable	40,289	20,303	(24,637)
Accrued expenses	24,961	14,754	(41,264)
Decommissioning liabilities	(504)	(1,759)	—
Income taxes	(1,378)	10,510	(2,301)
Other, net	15,972	20,806	29,485
Net cash provided by operating activities	492,804	455,973	276,103
Cash flows from investing activities:			
Payments for capital expenditures	(484,648)	(323,244)	(286,277)
Acquisitions of businesses, net of cash acquired	(1,748)	(276,077)	(1,247)
Proceeds from sale of businesses	22,349	5,250	7,716
Change in restricted cash held for acquisition of a business	(785,280)	—	—
Purchase of short-term investments	(223,491)	—	—
Proceeds from sale of short-term investments	223,630	—	—
Cash contributed to equity-method investment	—	—	(8,694)
Other	(721)	(9,402)	(3,769)
Net cash used in investing activities	(1,249,909)	(603,473)	(292,271)
Cash flows from financing activities:			
Net (payments) borrowings from revolving line of credit	(100,000)	(2,000)	177,000
Proceeds from issuance of long-term debt	1,300,000	—	—
Principal payments of long-term debt	(400,810)	(810)	(810)
Payment of debt issuance costs	(24,428)	(5,182)	(2,308)
Proceeds from exercise of stock options	10,263	927	375
Excess tax benefit from stock-based compensation	9,004	560	170
Proceeds from issuance of stock through employee benefit plans	2,206	1,891	1,958
Other	(9,662)	(3,443)	—
Net cash provided by (used in) financing activities	786,573	(8,057)	176,385
Effect of exchange rate changes on cash	79	(221)	1,435
Net increase (decrease) in cash and cash equivalents	29,547	(155,778)	161,652
Cash and cash equivalents at beginning of year	50,727	206,505	44,853
Cash and cash equivalents at end of year	$ 80,274	$ 50,727	$ 206,505

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2011, 2010 and 2009

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements include the accounts of Superior Energy Services, Inc. and subsidiaries (the Company). All significant intercompany accounts and transactions are eliminated in consolidation. Certain previously reported amounts have been reclassified to conform to the 2011 presentation.

(b) Business

The Company is a leading provider of specialized oilfield services and equipment focusing on serving the production and drilling-related needs of oil and gas companies. The Company provides most of the products and services necessary to maintain, enhance and extend producing wells, as well as plug and abandonment services at the end of their life cycle.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Major Customers and Concentration of Credit Risk

The majority of the Company's business is conducted with major and independent oil and gas exploration companies. The Company evaluates the financial strength of its customers and provides allowances for probable credit losses when deemed necessary.

The market for the Company's services and products is the oil and gas industry in the United States and select international market areas. Oil and gas companies make capital expenditures on exploration, drilling and production operations. The level of these expenditures historically has been characterized by significant volatility.

The Company derives a large amount of revenue from a small number of major and independent oil and gas companies. In 2011 and 2010, no single customer accounted for more than 10% of total revenue. In 2009 Chevron accounted for approximately 15%, Apache accounted for approximately 13% and BP accounted for approximately 11% of total revenue, primarily related to our subsea and well enhancement segment.

In addition to trade receivables, other financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and derivative instruments used in hedging activities. The Company periodically evaluates the creditworthiness of financial institutions that may serve as a counterparty. The financial institutions in which the Company transacts business are large, investment grade financial institutions which are "well-capitalized" under applicable regulatory capital adequacy guidelines, thereby minimizing its exposure to credit risks for deposits in excess of federally insured amounts and for failure to perform as the counterparty on interest rate swap agreements.

(e) Cash Equivalents

The Company considers all short-term investments with a maturity of 90 days or less when purchased to be cash equivalents.

(f) Accounts Receivable and Allowances

Trade accounts receivable are recorded at the invoiced amount or the earned amount but not yet invoiced and do not bear interest. The Company maintains allowances for estimated uncollectible receivables including bad debts and other items. The allowance for doubtful accounts is based on the Company's best estimate of probable uncollectible amounts in existing accounts receivable. The Company determines the allowance based on historical write-off experience and specific identification.

(g) Inventory and Other Current Assets

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) or weighted-average cost methods for finished goods and work-in-process. Supplies and consumables consist principally of products used in our services provided to customers.

Inventory and other current assets include approximately $83.1 million and $70.0 million of inventory at December 31, 2011 and 2010, respectively. Our inventory balance at December 31, 2011 consisted of approximately $39.0 million of finished goods, $2.3 million of work-in-process, $5.4 million of raw materials and $36.4 million of supplies and consumables. Our inventory balance at December 31, 2010 consisted of $31.4 million of finished goods, $1.4 million of work-in-process, $2.2 million of raw materials and $35.0 million of supplies and consumables.

Additionally, inventory and other current assets include approximately $133.4 million and $146.9 million of costs incurred and estimated earnings in excess of billings on uncompleted contracts at December 31, 2011 and 2010, respectively. The Company follows the percentage-of-completion method of accounting for applicable contracts.

(h) Property, Plant and Equipment

Property, plant and equipment are stated at cost, except for assets acquired using purchase accounting, which are recorded at fair value as of the date of acquisition. With the exception of the Company's larger marine vessels, depreciation is computed using the straight line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	3 to 40 years
Marine vessels and equipment	5 to 25 years
Machinery and equipment	2 to 20 years
Automobiles, trucks, tractors and trailers	3 to 5 years
Furniture and fixtures	2 to 10 years

The Company's larger marine vessels are depreciated using the units-of-production method based on the utilization of the vessels and are subject to a minimum amount of annual depreciation. The units-of-production method is used for these assets because depreciation occurs primarily through use rather than through the passage of time.

The Company follows the successful efforts method of accounting for its investment in oil and natural gas properties. Under the successful efforts method, the costs of successful exploratory wells and leases containing productive reserves are capitalized. Costs incurred to drill and equip developmental wells, including unsuccessful development wells, are capitalized. Other costs such as geological and

geophysical costs and the drilling costs of unsuccessful exploratory wells expensed. Leasehold and well costs are depleted on a units-of-production basis based on the estimated remaining equivalent proved oil and gas reserves of each field.

The Company capitalizes interest on the cost of major capital projects during the active construction period. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. The Company capitalized approximately $7.1 million, $2.7 million and $2.9 million in 2011, 2010 and 2009, respectively, of interest for various capital projects.

In accordance with authoritative guidance on property, plant and equipment, long-lived assets, such as property, plant and equipment and purchased intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of such assets to their fair value calculated, in part, by the estimated undiscounted future cash flows expected to be generated by the assets. Cash flow estimates are based upon, among other things, historical results adjusted to reflect the best estimate of future market rates, utilization levels, and operating performance. Estimates of cash flows may differ from actual cash flows due to, among other things, changes in economic conditions or changes in an asset's operating performance. The Company's assets are grouped by subsidiary or division for the impairment testing, except for liftboats, which are grouped together by leg length. These groupings represent the lowest level of identifiable cash flows. The Company has long-lived assets, such as facilities, utilized by multiple operating divisions that do not have identifiable cash flows. Impairment testing for these long-lived assets is based on the consolidated entity. If the assets' fair value is less than the carrying amount of those items, impairment losses are recorded in the amount by which the carrying amount of such assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less estimated costs to sell. The net carrying value of assets not fully recoverable is reduced to fair value. The estimate of fair value represents the Company's best estimate based on industry trends and reference to market transactions and is subject to variability. The oil and gas industry is cyclical and these estimates of the period over which future cash flows will be generated, as well as the predictability of these cash flows, can have a significant impact on the carrying values of these assets and, in periods of prolonged down cycles, may result in impairment charges.

As a result of pursuing strategic alternatives, the Company entered into an agreement dated February 22, 2012 to sell its marine segment. As such, the Company concluded that indicators of impairment existed and therefore conducted a fair value assessment of the liftboats at December 31, 2011. This valuation included two components: estimated undiscounted cash flows and indicated valuation evidenced by tenders from prospective buyers. A weighted average was applied to the two components to obtain an estimate of the fair market value of the liftboats. Based on this valuation analysis, the Company determined that the liftboats had a fair market value that was approximately $35.8 million less than their carrying value. Therefore, a reduction in the value of assets (property, plant and equipment) was recorded for approximately $35.8 million.

For the year ended December 31, 2010, the Company recorded a reduction in the value of assets totaling $32.0 million in connection with liftboat components primarily related to the two partially completed liftboats. For the year ended December 31, 2009, the Company recorded approximately $119.8 million reduction in the value of assets, related to property, plant and equipment, due to the decline in the U.S. land market area.

(i) Goodwill

In accordance with authoritative guidance on intangible assets, goodwill is tested for impairment annually as of December 31 or on an interim basis if events or circumstances indicate that the fair value of the asset has decreased below its carrying value. In order to estimate the fair value of the reporting units (which is consistent with the reported business segments), the Company used a weighting of the

discounted cash flow method and the public company guideline method of determining fair value of each reporting unit. The Company weighted the discounted cash flow method 80% and the public company guideline method 20% due to differences between the Company's reporting units and the peer companies' size, profitability and diversity of operations. In order to validate the reasonableness of the estimated fair values obtained for the reporting units, a reconciliation of fair value to market capitalization was performed for each unit on a standalone basis. A control premium, derived from market transaction data, was used in this reconciliation to ensure that fair values were reasonably stated in conjunction with the Company's capitalization. These fair value estimates were then compared to the carrying value of the reporting units. No impairment loss was recognized during the years ended December 31, 2010 and 2009, as the fair value of the reporting unit exceeded the carrying amount. A significant amount of judgment was involved in performing these evaluations since the results are based on estimated future events.

The Company completed its assessment at December 31, 2011 to determine whether goodwill was impaired and as a result determined that it was more likely than not that the fair value of the marine segment was less than its carrying amount, indicating that goodwill was potentially impaired. As a result, the Company initiated the second step of the goodwill impairment test which involved calculating the implied fair value of the goodwill by allocating the fair value of the marine segment to all of the assets and liabilities other than goodwill and comparing it to the carrying amount of goodwill. The Company determined that the implied fair value of the goodwill for the marine segment was less than its carrying value and fully wrote-off the goodwill balance of $10.3 million, which was recorded as a reduction in the value of assets.

The following table summarizes the activity for the Company's goodwill for the years ended December 31, 2011 and 2010 (amounts in thousands):

	Subsea and Well Enhancement	Drilling Products and Services	Marine	Total
Balance, December 31, 2009	$ 332,111	$ 139,436	$ 10,933	$482,480
Acquisition activities	93,650	—	—	93,650
Disposition activities	—	—	(80)	(80)
Additional consideration paid for prior acquisitions	14,029	1,000	—	15,029
Foreign currency translation adjustment	(2,106)	(973)	—	(3,079)
Balance, December 31, 2010	$ 437,684	$ 139,463	$ 10,853	$588,000
Acquisition activities	3,563	—	—	3,563
Disposition activities	—	—	(519)	(519)
Reduction in value of asset	—	—	(10,334)	(10,334)
Additional consideration paid for prior acquisitions	—	1,000	—	1,000
Foreign currency translation adjustment	(296)	(35)	—	(331)
Balance, December 31, 2011	$ 440,951	$ 140,428	$ —	$581,379

If, among other factors, (1) the Company's market capitalization declines and remains below its stockholders' equity, (2) the fair value of the reporting units decline, or (3) the adverse impacts of economic or competitive factors are worse than anticipated, the Company could conclude in future periods that impairment losses are required.

(j) Notes Receivable

Notes receivable consist of a commitment from the seller of oil and gas properties towards the abandonment of the acquired property. Pursuant to an agreement with the seller, the Company will

invoice the seller an agreed upon amount at the completion of certain decommissioning activities. The gross amount of this note totaled $115.0 million and is recorded at present value using an effective interest rate of 6.58%. The related discount is amortized to interest income based on the expected timing of the platform's removal. The Company recorded interest income related to notes receivable of $4.5 million for each of the years ended December 31, 2011 and 2010.

(k) Intangible and Other Long-Term Assets

Intangible and other long-term assets consist of the following at December 31, 2011 and 2010 (amounts in thousands):

	December 31, 2011			December 31, 2010		
	Gross Amount	Accumulated Amortization	Net Balance	Gross Amount	Accumulated Amortization	Net Balance
Customer relationships	$ 23,707	$ (6,144)	$ 17,563	$ 23,306	$ (4,317)	$ 18,989
Tradenames	18,005	(2,706)	15,299	17,924	(1,622)	16,302
Non-compete agreements	1,697	(1,126)	571	1,320	(1,211)	109
Debt issuance costs	41,449	(10,039)	31,410	25,886	(14,412)	11,474
Deferred compensation plan assets	10,598	—	10,598	10,820	—	10,820
Escrowed cash	50,196	—	50,196	33,013	—	33,013
Restricted cash and cash equivalents	785,280	—	785,280	—	—	—
Long-term assets held as major replacement spares	13,806	—	13,806	19,999	—	19,999
Other	6,018	(605)	5,413	3,780	(503)	3,277
Total	$ 950,756	$ (20,620)	$ 930,136	$ 136,048	$ (22,065)	$ 113,983

Customer relationships, tradenames, and non-compete agreements are amortized using the straight line method over the life of the related asset with weighted average useful lives of 13 years, 17 years, and 3 years, respectively. Debt issuance costs are amortized primarily using the effective interest method over the life of the related debt agreements with a weighted average useful life of 9 years. Amortization of debt issuance costs is recorded in interest expense. Amortization expense (exclusive of debt issuance costs) was approximately $3.4 million, $3.3 million and $4.3 million for the years ended December 31, 2011, 2010 and 2009, respectively. Estimated annual amortization of intangible assets (exclusive of debt acquisition costs) will be approximately $3.4 million for 2012, $3.3 million for 2013, $3.2 million for 2014, $3.0 million for 2015 and $2.9 million for 2016, excluding the effects of any acquisitions or dispositions subsequent to December 31, 2011.

In connection with the issuance of the Company's $800 million of 7 1/8% unsecured senior notes due 2021, certain restrictions were placed on the proceeds from the issuance of these notes. These restrictions limit the Company to use the proceeds, net of fees and expenses from the issuance, for the acquisition of Complete Production Services, Inc. (NYSE: CPX) (Complete). At December 31, 2011, the Company held $785.3 million in other long-term assets as net proceeds from the issuance of these notes (see note 8), which were used to partially fund the acquisition of Complete on February 7, 2012.

As a result of the annual review for impairment of long-lived assets in accordance with authoritative guidance, the Company recorded approximately $92.7 million as a reduction in the value of intangible assets during the year ended December 31, 2009.

(l) Decommissioning Liabilities

The Company records estimated future decommissioning liabilities in accordance with the authoritative guidance related to asset retirement obligations (decommissioning liabilities), which requires entities to

record the fair value of a liability for an asset retirement obligation in the period in which it is incurred, with a corresponding increase in the carrying amount of the related long-lived asset. Subsequent to initial measurement, the decommissioning liability is required to be accreted each period to present value. The Company's decommissioning liabilities associated with the Bullwinkle platform and its related assets consist of costs related to the plugging of wells, the removal of the related facilities and equipment, and site restoration.

Whenever practical, the Company utilizes its own equipment and labor services to perform well abandonment and decommissioning work. When the Company performs these services, all recorded intercompany revenues and related costs of services are eliminated in the consolidated financial statements. The recorded decommissioning liability associated with a specific property is fully extinguished when the property is abandoned. The recorded liability is first reduced by all cash expenses incurred to abandon and decommission the property. If the recorded liability exceeds (or is less than) the Company's total costs, then the difference is reported as income (or loss) within revenue during the period in which the work is performed. The Company reviews the adequacy of its decommissioning liabilities whenever indicators suggest that the estimated cash flows needed to satisfy the liability have changed materially. The Company reviews its estimates for the timing of these expenditures on a quarterly basis.

In connection with the acquisition of Superior Completion Services in 2010, the Company assumed approximately $10.0 million of decommissioning liabilities associated with restoring two chartered vessels to the original condition in which they were received.

The following table summarizes the activity for the Company's decommissioning liabilities for the years ended December 31, 2011 and 2010 (amounts in thousands):

	2011	2010
Decommissioning liabilities, December 31, 2010 and 2009, respectively	$117,716	$ —
Liabilities acquired and incurred	—	136,559
Liabilities settled	(504)	(1,759)
Accretion	6,752	7,018
Revision in estimated liabilities	(788)	(24,102)
Total decommissioning liabilities, December 31, 2011and 2010, respectively	123,176	117,716
Less: current portion of decommissioning liabilities at December 31, 2011 and 2010, respectively	14,956	16,929
Long-term decommissioning liabilities, December 31, 2011 and 2010, respectively	$108,220	$100,787

(m) Revenue Recognition

Products and services are generally sold based upon purchase orders or contracts with customers that include fixed or determinable prices. Revenue is recognized when services or equipment are provided and collectability is reasonably assured. The Company contracts for marine and subsea and well enhancement projects either on a day rate or turnkey basis, with a vast majority of its projects conducted on a day rate basis. The Company's drilling products and services are billed on a day rate basis, and revenue from the sale of equipment is recognized when the title to the equipment has been transferred. Reimbursements from customers for the cost of drilling products and services that are damaged or lost down-hole are reflected as revenue at the time of the incident. The Company accounted for the revenue and related costs on a large-scale platform decommissioning contract on the

percentage-of-completion method utilizing costs incurred as a percentage of total estimated costs (see note 5). The Company recognizes oil and gas revenue from its interests in producing wells as oil and natural gas is sold.

(n) Taxes Collected from Customers

In accordance with authoritative guidance related to taxes collected from customers and remitted to governmental authorities, the Company elected to net taxes collected from customers against those remitted to government authorities in the financial statements consistent with the historical presentation of this information.

(o) Income Taxes

The Company accounts for income taxes and the related accounts under the asset and liability method. 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 and rates that are in effect when the temporary differences are expected to reverse. The effect of a change in tax rates on the deferred income taxes is recognized in income in the period in which the change occurs. A valuation allowance is recorded when management believes it is more likely than not that at least some portion of any deferred tax asset will not be realized.

The Company has adopted authoritative guidance surrounding accounting for uncertainty in income taxes. It is the Company's policy to recognize interest and applicable penalties related to uncertain tax positions in income tax expense.

(p) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) 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 and restricted stock units and the potential shares that would have a dilutive effect on earnings per share using the treasury stock method.

Stock options and restricted stock units for approximately 540,000, 1,650,000 and 1,180,000 shares were excluded in the computation of diluted earnings per share for the years ended December 31, 2011, 2010 and 2009, respectively, as the effect would have been anti-dilutive.

(q) Fair Value Measurements

The Company follows authoritative guidance for fair value measurements relating to financial and nonfinancial assets and liabilities, including presentation of required disclosures herein. This guidance establishes a fair value framework requiring the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets and liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than those included in Level 1 such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets or model-derived valuations or other inputs that can be corroborated by observable market data; and

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

(r) Financial Instruments

The fair value of the Company's financial instruments of cash equivalents, accounts receivable, accounts payable, accrued expenses and revolving credit facility approximates their carrying amounts due to their short maturity or market interest rates. The fair value of the Company's debt was approximately $1,749.8 million and $902.5 million at December 31, 2011 and 2010, respectively. The fair value of these debt instruments is determined by reference to the market value of the instrument as quoted in an over-the-counter market.

(s) Foreign Currency

Results of operations for foreign subsidiaries with functional currencies other than the U.S. dollar are translated using average exchange rates during the period. Assets and liabilities of these foreign subsidiaries are translated using the exchange rates in effect at the balance sheet dates, and the resulting translation adjustments are reported as accumulated other comprehensive income (loss) in the Company's stockholders' equity.

For international subsidiaries where the functional currency is the U.S. dollar, financial statements are remeasured into U.S. dollars using the historical exchange rate for most of the long-term assets and liabilities and the balance sheet date exchange rate for most of the current assets and liabilities. An average exchange rate is used for each period for revenues and expenses. These transaction gains and losses, as well as any other transactions in a currency other than the functional currency, are included in general and administrative expenses in the consolidated statements of operations in the period in which the currency exchange rates change. For the years ended December 31, 2011, 2010 and 2009 the Company recorded approximately $1.4 million, $1.6 million and $3.5 million of foreign currency gains, respectively.

(t) Stock-Based Compensation

In accordance with authoritative guidance related to stock compensation, the Company records compensation costs relating to share -based payment transactions and includes such costs in general and administrative expenses in the statement of operations. The cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity award). Excess tax benefits of awards that are recognized in equity related to stock option exercises and restricted stock vesting are reflected as financing cash flows.

(u) Derivative Instruments and Hedging Activities

The Company recognizes all derivative instruments as either assets or liabilities in the balance sheet at their respective fair values. Interest rate swap agreements that are effective at hedging the fair value of fixed-rate debt agreements are designated and accounted for as fair value hedges. The Company also assesses, both at inception of the hedging relationship and on an ongoing basis, whether the derivatives used in hedging relationships are highly effective in offsetting changes in fair value.

In an attempt to achieve a more balanced debt portfolio, the Company entered into an interest rate swap in March 2010. Under this agreement, the Company is entitled to receive semi-annual interest payments at a fixed rate of 6 7/8% per annum and is obligated to make quarterly interest payments at a variable rate. At December 31, 2011, the Company had fixed-rate interest on approximately 87% of its long-term debt. As of December 31, 2011, the Company had a notional amount of $150 million related to this interest rate swap with a variable interest rate, which is adjusted every 90 days, based on LIBOR plus a fixed margin.

From time to time, the Company may enter into forward foreign exchange contracts to hedge the impact of foreign currency fluctuations. The Company does not enter into forward foreign exchange

contracts for trading purposes. During the years ended December 31, 2011 and 2009, the Company did not hold any foreign currency forward contracts. During the year ended December 31, 2010, the Company held foreign currency forward contracts outstanding in order to hedge exposure to currency fluctuations. These contracts are not designated as hedges, for hedge accounting treatment, and were marked to fair market value each period and changes in fair value were recognized in earnings.

(v) Other Comprehensive Loss

The following table reconciles the change in accumulated other comprehensive loss for the years ended December 31, 2011 and 2010 (amounts in thousands):

	2011	2010
Accumulated other comprehensive loss, net, December 31, 2010 and 2009, respectively	$(25,700)	$(18,996)
Other comprehensive loss, net of tax: Foreign currency translation adjustment	(1,236)	(6,704)
Accumulated other comprehensive loss, net, December 31, 2011 and 2010, respectively	$(26,936)	$(25,700)

(w) Equity—Method Investments

Investments in entities that are not controlled by the Company, but where the Company has the ability to exercise significant influence over the operations, are accounted for using the equity-method. The Company's share of the income or losses of these entities is reflected as earnings or losses from equity-method investments in its consolidated statements of operations.

(x) Self Insurance Reserves

The Company is self insured, through deductibles and retentions, up to certain levels for losses related to workers' compensation, third party liability insurances, property damage, and group medical. With the Company's growth, the Company has elected to retain more risk by increasing its self insurance. The Company accrues for these liabilities based on estimates of the ultimate cost of claims incurred as of the balance sheet date. The Company regularly reviews the estimates of reported and unreported claims and provides for losses through reserves. The Company obtains actuarial reviews to evaluate the reasonableness of internal estimates for losses related to workers' compensation and group medical on an annual basis.

(y) Subsequent Events

In accordance with authoritative guidance, the Company has evaluated and disclosed all material subsequent events that occurred after the balance sheet date, but before financial statements were issued.

(z) Recently Issued Accounting Pronouncements

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, "Presentation of Comprehensive Income" ("ASU 2011-05"). The amendments in ASU 2011-05 allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both instances, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive

income. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in ASU 2011-05 do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. However, in December 2011, the FASB issued Accounting Standards Update No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" ("ASU 2011-12"), which deferred the guidance on whether to require entities to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement where net income is presented and the statement where other comprehensive income is presented for both interim and annual financial statements. ASU 2011-12 reinstated the requirements for the presentation of reclassifications that were in place prior to the issuance of ASU 2011-05 and did not change the effective date for ASU 2011-05. For public entities, the amendments in ASU 2011-05 and ASU 2011-12 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and should be applied retrospectively. The adoption of this guidance will change the Company's financial statement presentation of comprehensive income but will not impact the consolidated financial position or results of operations.

In September 2011, the FASB issued ASU No. 2011-08, "Intangibles—Goodwill and Other" ("ASU 2011-08"). ASU 2011-08 allows a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the two-step impairment test would be performed. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, and early adoption is permitted. This update changed the process the Company used to test goodwill for impairment, but did not have a material impact on its consolidated financial statements.

In December 2011, the FASB issued ASU 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). This newly issued accounting standard requires an entity to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position as well as instruments and transactions executed under a master netting or similar arrangement and was issued to enable users of financial statements to understand the effects or potential effects of those arrangements on its financial position. This ASU is required to be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. As this accounting standard only requires enhanced disclosure, the adoption of this standard is not expected to have an impact on our consolidated financial position or results of operations.

(2) Supplemental Cash Flow Information

The following table includes the Company's supplemental cash flow information for the years ended December 31, 2011, 2010 and 2009 (amounts in thousands):

	2011	2010	2009
Cash paid for interest, net of amounts capitalized	$39,539	$ 34,034	$28,833
Cash paid for income taxes	$22,320	$ 25,435	$16,434
Details of business acquisitions:			
Fair value of assets	$ 8,650	$ 515,767	$ 1,247
Fair value of liabilities	(6,902)	(228,417)	—
Cash paid	1,748	287,350	1,247
Less cash acquired	—	(11,273)	—
Net cash paid for acquisitions	$ 1,748	$ 276,077	$ 1,247
Details of proceeds from sale of businesses:			
Book value of assets	$13,791	$ 4,236	$ 5,632
Book value of liabilities	—	81	—
Receivable due from sale	—	(150)	—
Gain on sale of business	8,558	1,083	2,084
Proceeds from sale of businesses	$22,349	$ 5,250	$ 7,716
Non-cash investing activity:			
Long term payable on vessel construction	$ —	$ —	$ 5,000
Capital expenditures included in accounts payable	$23,053	$ —	$ —
Additional consideration payable on acquisitions	$ —	$ —	$ 484
Non-cash financing activity:			
Share settlement for employee tax liability	$ —	$ 3,093	$ —

(3) Acquisitions

In September 2011, the Company acquired 100% of the equity interest in a pressure pumping company based in Brazil in order to expand the breadth of services offered in Brazil. The Company paid approximately $0.5 million at closing, with an additional $5.8 million payable after the settlement of certain liabilities and administrative formalities. Identifiable intangible assets include goodwill of $3.6 million, all of which was assigned to the Company's subsea and well enhancement segment.

In August 2010, the Company acquired certain assets (operating as Superior Completion Services) from subsidiaries of Baker Hughes Incorporated (Baker Hughes) for approximately $54.3 million. The assets purchased were used in Baker Hughes' Gulf of Mexico stimulation and sand control business.

In January 2010, the Company acquired 100% of the equity interest of Hallin Marine Subsea International Plc (Hallin) for approximately $162.3 million. Additionally, the Company repaid approximately $55.5 million of Hallin's debt. Hallin is an international provider of integrated subsea services and engineering solutions, focused on installing, maintaining and extending the life of subsea wells. Hallin operates in international offshore oil and gas markets with offices and facilities located in Singapore, Indonesia, Australia, Scotland and the United States.

In January 2010, Wild Well Control, Inc. (Wild Well), a wholly-owned subsidiary of the Company, acquired 100% ownership of Shell Offshore, Inc.'s Gulf of Mexico Bullwinkle platform and its related assets and assumed the related decommissioning obligation. Immediately after Wild Well acquired these assets, it conveyed an

undivided 49% interest in these assets and the related well plugging and abandonment obligations to Dynamic Offshore Holding, LP (Dynamic Offshore), which operates these assets. Additionally, Dynamic Offshore will pay Wild Well to extinguish its 49% portion of the well plugging and abandonment obligation (see note 5).

The Company has an off-balance sheet financing arrangement for additional consideration that may be payable as a result of the future operating performance of an acquisition. At December 31, 2011, the maximum additional contingent consideration payable was approximately $3.0 million and will be determined and payable through 2012. Since this acquisition occurred before the Company adopted the revised authoritative guidance for business combinations, these amounts are not classified as liabilities and are not reflected in the Company's financial statements until the amounts are fixed and determinable. The Company paid additional consideration of approximately $1.2 million for the year ended December 31, 2011, as a result of prior acquisitions. Of the consideration paid, $1.0 million was capitalized during the year ended December 31, 2011 and $0.2 million had been capitalized and accrued during 2010.

Subsequent Event

On February 7, 2012, the Company acquired Complete Production Services, Inc. ("Complete") pursuant to a merger that substantially expanded the size and scope of the Company. The total consideration for this acquisition approximates $2,917.9 million, which includes both cash and stock. Complete stockholders received 0.945 of a share of the Company's common stock and $7.00 cash for each share of Complete's common stock outstanding at the time of the acquisition. In total, the Company paid approximately $553.9 million in cash and issued approximately 75.5 million shares valued at approximately $2,310.7 million (based on the closing price of the Company's common stock on the acquisition date of $30.90). Additionally, the Company will repay $650.0 million of Complete's debt.

During the year ended December 31, 2011, the Company expensed approximately $4.5 million of acquisition related costs, which was recorded in general and administrative expenses. The Company expects to incur approximately $23.0 million of additional acquisition related costs in the first quarter of 2012 related to this acquisition.

Complete focuses on providing specialized completion and production services and products that help oil and gas companies develop hydrocarbon reserves, reduce costs and enhance production. Complete's operations are located throughout the United States and Mexico. Management believes that the acquisition will position the combined company as the only mid-cap oilfield service company in the United States (a company with market capitalization between $3 billion and $10 billion) providing services and equipment to upstream oil and natural gas operators, making the combined company better equipped to compete with the larger oilfield service companies and to expand internationally. Complete will be reported under the subsea and well enhancement segment.

The Company funded the Complete acquisition with $800 million of 7 1/8% unsecured senior notes due 2021 which were issued in December 2011, a $400 million term loan facility and by increasing the capacity of the Company's revolving credit facility from $400 million to $600 million (see note 8).

The transaction will be accounted for using the acquisition method of accounting which requires that, among other things, assets acquired and liabilities assumed be recorded at their fair values as of the acquisition date. The excess of the consideration transferred over those fair values is recorded as goodwill. None of the goodwill related to this acquisition will be deductible for tax purposes. As the initial valuation and subsequent purchase accounting for this acquisition is incomplete due to the timing of the acquisition, the Company is unable to provide the allocation of the aggregate purchase price for each major class of assets acquired and liabilities assumed. Since the pro forma statement of earnings data is dependent on the purchase price allocation, the Company is also unable to provide pro forma information for the year ending December 31, 2011 at this time. These disclosures will be included in our interim consolidated financial statements for the period ending March 31, 2012.

(4) Dispositions

During 2011, the Company sold seven liftboats for approximately $22.3 million, net of commissions, resulting in a pre-tax gain of approximately $8.6 million for the year ended December 31, 2011. In December 2010, the Company sold one liftboat for approximately $5.4 million, inclusive of a $0.1 million receivable, resulting in a pre-tax gain of approximately $1.1 million for the year ended December 31, 2010. In 2009, the Company sold four liftboats for approximately $7.7 million resulting in a pre-tax gain of approximately $2.1 million for the year ended December 31, 2009.

Subsequent Events

On February 15, 2012, the Company sold a derrick barge to a marine construction company based in India. The Company received proceeds of $44.3 million, inclusive of selling costs. The carrying value of the derrick barge and related assets approximated $37.9 million, exclusive of $9.7 million of goodwill. The Company expects to record a pre-tax loss of approximately $3.3 million in the first quarter of 2012 in connection with this sale. The operations of this derrick barge have been reported under the Subsea and Well Enhancement Segment.

On February 22, 2012, the Company entered into an agreement to sell the assets comprising its marine segment, or 18 liftboats. The Company is expected to receive cash proceeds of approximately $134 million, exclusive of working capital and selling costs, which approximates the segment's carrying value at December 31, 2011. At December 31, 2011, the Company had outstanding $12.5 million in U.S. Government guaranteed long-term financing, which is administered by the Maritime Administration, for two liftboats. The Company has notified the Maritime Administration of its intent to repay this facility in connection with the sale of its marine segment. The Company expects to record an additional pre-tax loss at the time of sale for various expenses, including commissions, separation agreements and losses on the extinguishment of debt. The sale of these assets will constitute all of the marine segment as defined in the segment disclosure (see note 11). The Company expects this transaction to close in March of 2012.

(5) Long-Term Contracts

In January 2010, Wild Well acquired 100% ownership of Shell Offshore Inc.'s Gulf of Mexico Bullwinkle platform and its related assets, and assumed the decommissioning obligations of such assets. In connection with the conveyance of an undivided 49% interest in these assets and the related well plugging and abandonment obligations, Dynamic Offshore will pay Wild Well to extinguish its portion of the well plugging and abandonment obligations, limited to the current fair value of the obligation at the time of acquisition. As part of the asset purchase agreement with Shell Offshore Inc., Wild Well was required to obtain a $50 million performance bond as well as fund $50 million into an escrow account. Included in intangible and other long-term assets, net is escrowed cash of $50.2 million and $33.0 million as of December 31, 2011 and 2010, respectively. Included in other long-term liabilities is deferred revenue of $24.6 million and $16.2 million as of December 31, 2011 and 2010, respectively.

In December 2007, Wild Well entered into contractual arrangements pursuant to which it is decommissioning seven downed oil and gas platforms and related wells located offshore in the Gulf of Mexico for a fixed sum of $750 million, which is payable in installments upon the completion of specified portions of work. The contract contains certain covenants primarily related to Wild Well's performance of the work. As of December 31, 2011, the work on this project was substantially complete, pending certain regulatory approvals. The revenue related to the contract for decommissioning these downed platforms and wells was recorded on the percentage-of-completion method utilizing costs incurred as a percentage of total estimated costs. Included in other current assets at December 31, 2011 and 2010 is approximately $129.7 million and $144.5 million, respectively, of costs and estimated earnings in excess of billings related to this contract.

(6) Property, Plant and Equipment

A summary of property, plant and equipment at December 31, 2011 and 2010 (in thousands) is as follows:

	2011	2010
Buildings, improvements and leasehold improvements	$ 139,432	$ 127,725
Marine vessels and equipment	417,413	499,398
Machinery and equipment	1,596,580	1,248,318
Automobiles, trucks, tractors and trailers	38,770	31,934
Furniture and fixtures	40,575	35,124
Construction-in-progress	171,108	83,694
Land	29,518	24,223
Oil and gas producing assets	44,109	34,336
	2,477,505	2,084,752
Accumulated depreciation and depletion	(970,137)	(771,602)
Property, plant and equipment, net	$1,507,368	$1,313,150

In connection with the review for impairment of long-lived assets in accordance with authoritative guidance, the Company recorded approximately $35.8 million as a reduction in the value of property, plant and equipment during the year ended December 31, 2011 as the indicated valuation from prospective buyers was less than the carrying value of certain marine assets. During 2010, the Company recorded a reduction in the value of assets totaling $32.0 million in connection with liftboat components primarily related to the partially completed liftboats. During 2009, the Company recorded approximately $119.8 million as a reduction in the value of property, plant and equipment during the year ended December 31, 2009 primarily related to assets servicing the U.S. land market area.

The Company had approximately $23.2 million and $22.7 million of leasehold improvements at December 31, 2011 and 2010, respectively. These leasehold improvements are depreciated over the shorter of the life of the asset or the term of the lease using the straight line method. Depreciation expense (excluding depletion, amortization and accretion) was approximately $224.6 million, $207.7 million, $202.8 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Capital Lease

Hallin is the lessee of a dynamically positioned subsea vessel under a capital lease expiring in 2019 with a 2 year renewal option. Hallin owns a 5% equity interest in the entity that owns this leased asset. The entity owning this vessel had $28.9 million of debt as of December 31, 2011, all of which was non-recourse to the Company. The amount of the asset and liability under this capital lease is recorded at the present value of the lease payments. This vessel is depreciated using the units-of-production method based on the utilization of the vessel and is subject to a minimum amount of annual depreciation. The units-of-production method is used for this vessel because depreciation occurs primarily through use rather than through the passage of time. The vessel’s gross asset value under the capital lease was approximately $37.6 million at inception and depreciation expense was approximately $4.2 million for the year ending December 31, 2011 and $3.8 million from the date of acquisition through December 31, 2010. At December 31, 2011 and 2010, the Company had approximately $29.5 million and $33.0 million, respectively, included in other long-term liabilities, and approximately $3.6 million and $3.2 million, respectively, included in accounts payable related to the obligations under this capital lease. The future minimum lease payments under this capital lease are approximately $3.6 million, $3.9 million, $4.2 million, $4.6 million and $5.0 million in the years ending December 31, 2012, 2013, 2014, 2015 and 2016 respectively, exclusive of interest at an annual rate of 8.5%. For each of the years ended December 31, 2011 and 2010, the Company recorded interest expense of approximately $3.0 million in connection with this capital lease.

(7) Equity-Method Investments

In March 2011, the Company contributed all of its equity interests in SPN Resources and DBH, LLC (DBH) to Dynamic Offshore, the majority owner of both SPN Resources and DBH, in exchange for a 10% limited partnership interest in Dynamic Offshore. Following these contributions, Dynamic Offshore owns all the equity interests of SPN Resources and DBH. Prior to these contributions, the Company accounted for its equity interests in SPN Resources and DBH as separate equity-method investments. The Company's equity interest in Dynamic Offshore is accounted for as an equity-method investment with a balance of approximately $70.6 million at December 31, 2011. The Company recorded income from its equity-method investment in Dynamic Offshore of approximately $15.0 million for the ten months ended December 31, 2011 following the contributions. Additionally, the Company received approximately $2.8 million of cash distributions from its equity-method investment in Dynamic Offshore for the ten month period ended December 31, 2011. The Company, where possible and at competitive rates, provides its products and services to assist Dynamic Offshore in producing and developing its oil and gas properties. The Company had a receivable from Dynamic Offshore of approximately $9.8 million at December 31, 2011. The Company also recorded revenue from Dynamic Offshore of approximately $44.9 million for the ten months ended December 31, 2011 following the contributions. Additionally, the Company has a receivable from Dynamic Offshore of approximately $14.0 million as of December 31, 2011 related to its share of oil and natural gas commodity sales and production handling arrangement fees.

The Company's equity-method investment balance in SPN Resources was approximately $43.6 million at December 31, 2010. The Company recorded earnings from its equity-method investment in SPN Resources of approximately $0.2 million for the two months ended February 28, 2011 prior to the contributions and approximately $1.2 million for the year ended December 31, 2010. The Company recorded losses from this equity-method investment of approximately $7.6 million for the year ended December 31, 2009. Additionally, the Company received approximately $9.9 million and $5.9 million, respectively, of cash distributions from its equity-method investment in SPN Resources for the years ended December 31, 2010 and 2009. The Company, where possible and at competitive rates, provides its products and services to assist SPN Resources in producing and developing its oil and gas properties. The Company had a receivable from SPN Resources of approximately $3.2 million at December 31, 2010. The Company also recorded revenue from SPN Resources of approximately $0.3 million for the two months ended February 28, 2011 and approximately $11.4 million and $11.0 million, respectively, for the years ended December 31, 2010 and 2009. The Company also reduces its revenue and its investment in SPN Resources for its respective ownership interest when products and services are provided to and capitalized by SPN Resources. As these capitalized costs are depleted by SPN Resources, the Company then increases its revenue and investment in SPN Resources. As such, the Company recorded a net increase in revenue and its investment in SPN Resources of approximately $0.6 million for the year ended December 31, 2009.

During the year ended December 31, 2009, the Company wrote off the remaining carrying value of its 40% interest in Beryl Oil and Gas L.P. (BOG), $36.5 million, and suspended recording its share of BOG's operating results under equity-method accounting as a result of continued negative BOG operating results, lack of viable interested buyers and unsuccessful attempts to renegotiate the terms and conditions of its loan agreements with lenders on terms that would preserve the Company's investment. The Company's total cash contribution for this equity-method investment in BOG was approximately $57.8 million. The Company recorded a loss from its equity-method investment in BOG of approximately $14.0 million for the year ended December 31, 2009. The Company also recorded revenue of approximately $7.0 million from BOG for the year ended December 31, 2009. The Company also recorded a decrease in its investment in BOG of approximately $6.1 million for the year ended December 31, 2009 for its proportionate share of accumulated other comprehensive income generated from hedging transactions. The Company recorded a net increase in revenue and its investment in BOG for services provided by the Company that were capitalized by BOG of approximately $0.2 million for the year ended December 31, 2009.

In October 2009, DBH acquired BOG in connection with a restructuring of BOG in which the previously existing debt obligations of BOG were partially extinguished and otherwise renegotiated. Simultaneous with that

acquisition, the Company acquired a 24.6% membership interest in DBH for approximately $8.7 million. DBH's purchase of BOG using the acquisition method of accounting resulted in a difference between the carrying amount of the Company's investment in DBH and the underlying equity in net assets. The difference is being adjusted against the equity in earnings based on the depletion of DBH's oil and gas assets and related reserves. The Company's equity-method investment balance in DBH was approximately $13.8 million at December 31, 2010. The Company recorded earnings from its equity-method investment in DBH of approximately $0.9 million for the two months ended February 28, 2011 prior to the contributions and $7.1 million for the year ended December 31, 2010. From the date of acquisition through December 31, 2009, the Company recorded a loss from its equity-method investment in DBH of approximately $1.0 million. Additionally, the Company received approximately $1.0 million of cash distributions from its equity-method investment in DBH for the year ended December 31, 2010. The Company had a receivable from this equity-method investment of approximately $1.4 million at December 31, 2010. The Company also recorded revenue from this equity-method investment of approximately $0.9 million for the two months ended February 28, 2011 prior to the contributions and $4.1 million for the year ended December 31, 2010. From the date of acquisition through December 31, 2009, the Company recorded revenue from this equity-method investment of $2.4 million.

Combined summarized financial information for all investments that are accounted for using the equity-method of accounting is as follows (in thousands):

	December 31,	
	2011	2010
Current Assets	$ 229,516	$104,241
Noncurrent assets	1,305,514	487,136
Total assets	$1,535,030	$591,377
Current liabilities	$ 202,465	$ 49,587
Noncurrent liabilities	797,031	197,672
Total liabilities	$ 999,496	$247,259

	Years Ended December 31,		
	2011	2010	2009
Revenues	$ 468,140	$204,935	$245,092
Cost of sales	181,433	80,525	110,101
Gross profit	$ 286,707	$124,410	$134,991
Income (loss) from continuing operations	$ 95,581	$ (8,016)	$ (10,024)

Subsequent Event

On February 1, 2012, SandRidge Energy Inc. (NYSE: SD) entered into an agreement to acquire Dynamic Offshore for aggregate consideration of $1.275 billion consisting of approximately $680 million in cash and approximately 74 million shares of SandRidge common stock valued at an assumed price of $8.02 per share. This sale is expected to close in the second quarter of 2012, at which time the anticipated gain will be reflected. In accordance with authoritative guidance related to equity securities, the Company will account for the shares received through this transaction as available-for-sale securities. The shares will be recorded at their fair market value and any unrealized gains or losses will be excluded from earnings and reported as a net amount within accumulated other comprehensive income (loss) within stockholders' equity.

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(8) Debt

The Company's long-term debt as of December 31, 2011 and 2010 consisted of the following (in thousands):

	2011	2010
Revolving credit facility—interest payable monthly at floating rate, due December 2014	$ 75,000	$175,000
U.S. Government guaranteed long-term financing—interest payable semiannually at 6.45%, due in semiannual installments through June 2027	12,546	13,356
Senior Notes—interest payable semiannually at 6 7/8%, due June 2014	300,000	300,000
Discount on 6 7/8% Senior Notes	(1,649)	(2,248)
Senior Notes—interest payable semiannually at 6 3/8%, due May 2019	500,000	—
Senior Notes—interest payable semiannually at 7 1/8%, due December 2021	800,000	—
Senior Exchangeable Notes—interest payable semiannually at 1.5% until December 2011 and 1.25% thereafter	—	400,000
Discount on 1.5% Senior Exchangeable Notes	—	(19,663)
	1,685,897	866,445
Less current portion	810	184,810
Long-term debt	$1,685,087	$681,635

The Company had a $400 million bank revolving credit facility. Any amounts outstanding under the revolving credit facility were due on July 20, 2014. The weighted average interest rate on amounts outstanding under the revolving credit facility was 5.0% and 3.4% per annum at December 31, 2011 and 2010, respectively. On February 7, 2012, this revolving credit facility was amended in connection with the Complete acquisition. See additional details on this amendment within the subsequent event portion of this footnote.

The Company also had approximately $11.0 million of letters of credit outstanding, which reduce the Company's borrowing availability under the revolving credit facility. Amounts borrowed under the credit facility bear 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 domestic subsidiaries. The credit facility contains customary events of default and requires that the Company satisfy various financial covenants. It also limits the Company's 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 December 31, 2011, the Company was in compliance with all such covenants.

At December 31, 2011, the Company had outstanding $12.5 million 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, for two liftboats. The debt bears interest at 6.45% per annum and is payable in equal semi-annual installments of $405,000 on June 3rd and December 3rd of each year through the maturity date of 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, working capital and debt-to-equity requirements. At December 31, 2011, the Company was in compliance with all such covenants. The Company has notified the Maritime Administration of its intent to repay this facility in connection with the sale of the marine segment.

The Company also has outstanding $300 million of 6 7/8% unsecured senior notes due 2014. The indenture governing the senior notes requires semi-annual interest payments on June 1st and December 1st of each year through the maturity date of June 1, 2014. The indenture contains certain covenants that, among other things, limit the Company from incurring additional debt, repurchasing capital stock, paying dividends or making other distributions, incurring liens, selling assets or entering into certain mergers or acquisitions. At December 31, 2011, the Company was in compliance with all such covenants.

In April 2011, the Company issued $500 million of 6 3/8% unsecured senior notes due 2019. Costs associated with the issuance of these notes were approximately $9.7 million and were capitalized and will be amortized over the term of the 6 3/8% senior notes. The Company used a portion of the proceeds of this debt issuance to redeem all of the outstanding $400 million 1.50% senior exchangeable notes on December 15, 2011. The indenture governing the 6 3/8% senior notes requires semi-annual interest payments on May 1st and November 1st of each year through the maturity date of May 1, 2019. The indenture contains certain covenants that, among other things, limit the Company from incurring additional debt, repurchasing capital stock, paying dividends or making other distributions, incurring liens, selling assets or entering into certain mergers or acquisitions. At December 31, 2011, the Company was in compliance with all such covenants.

In December 2011, the Company issued $800 million of 7 1/8% unsecured senior notes due 2021. Costs associated with the issuance of these notes were approximately $15.1 million and were capitalized and will be amortized over the term of the notes. Certain restrictions were placed on the proceeds from the issuance of these notes. These restrictions limited the Company to use the proceeds, net of fees and expenses from the issuance, to partially fund the Complete acquisition which occurred in February 2012 (see note 3). The indenture governing the 7 1/8% senior notes requires semi-annual interest payments on June 15th and December 15th of each year through the maturity date of December 15, 2021. The indenture contains certain covenants that, among other things, limit the Company from incurring additional debt, repurchasing capital stock, paying dividends or making other distributions, incurring liens, selling assets or entering into certain mergers or acquisitions. At December 31, 2011, the Company was in compliance with all such covenants.

On December 15, 2011, the Company redeemed all of its outstanding $400 million 1.50% senior exchangeable notes for 100% of the principal amount. As the holders of the Company's 1.50% senior exchangeable notes had the ability to require the Company to purchase all of the notes on December 15, 2011, the entire amount of these notes would have been deemed to be a current liability at December 31, 2010. However, in accordance with accounting guidance related to classification of short-term debt that is to be refinanced, the Company utilized the amount available to it under its revolving credit facility as of December 31, 2010 of approximately $216.0 million to classify this portion as long-term under the assumption that the revolving credit facility could be used to refinance that portion of the debt.

Annual maturities of long-term debt for each of the five fiscal years following December 31, 2011 and thereafter are as follows (in thousands):

2012	810
2013	810
2014	375,810
2015	810
2016	810
Thereafter	1,308,496
Total	$ 1,687,546

Subsequent Events

On February 7, 2012, in connection with the Complete acquisition, the Company amended its bank credit facility to increase the revolving borrowing capacity to an aggregate amount of $600 million from $400 million and to include a $400 million term loan. The maturity date of both the credit facility and the term loan is February 7, 2017, and any amounts outstanding under the revolving credit facility and the term loan are due at maturity. The principal balance of the term loan is payable in installments of $5.0 million on the last day of each fiscal quarter, commencing on June 30, 2012. Costs associated with these amendments totaled approximately $24.5 million. These costs will be capitalized and amortized over the term of the credit facility.

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(9) Stock-Based and Long-Term Compensation

The Company maintains various stock incentive plans that provide long-term incentives to the Company's key employees, including officers, directors, consultants and advisers (Eligible Participants). Under the incentive plans, the Company may grant incentive stock options, non-qualified stock options, restricted stock, restricted stock units, stock appreciation rights, other stock-based awards or any combination thereof to Eligible Participants. The Compensation Committee of the Company's Board of Directors establishes the terms and conditions of any awards granted under the plans, provided that the exercise price of any stock options granted may not be less than the fair value of the common stock on the date of grant.

Stock Options

The Company has granted non-qualified stock options under its stock incentive plans. The stock options generally vest in equal installments over three years and expire in ten years. Non-vested stock options are generally forfeitable upon termination of employment. During 2011, the Company granted 207,183 non-qualified stock options under these same terms.

In accordance with authoritative guidance related to stock-based compensation, the Company recognizes compensation expense for stock option grants based on the fair value at the date of grant using the Black-Scholes-Merton option pricing model. The Company uses historical data, among other factors, to estimate the expected price volatility, the expected life of the stock option and the expected forfeiture rate. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected life of the stock option. The following table presents the fair value of stock option grants made during the years ended December 31, 2011, 2010 and 2009, and the related assumptions used to calculate the fair value:

	Years Ended December 31,		
	2011 Actual	2010 Actual	2009 Actual
Weighted average fair value of grants	$13.54	$10.56	$ 8.95
Black-Scholes-Merton Assumptions:			
Risk free interest rate	0.85%	2.07%	1.77%
Expected life (years)	5	4	4
Volatility	56.31%	49.28%	53.57%
Dividend yield	—	—	—

The Company's compensation expense related to stock options for the years ended December 31, 2011, 2010 and 2009 was approximately $3.3 million, $15.5 million and $2.4 million, respectively, which is reflected in general and administrative expenses. During 2010, the Company modified 1,418,395 stock options, affecting three employees in connection with the management transition of certain executive officers. These stock options were accelerated to vest by December 31, 2010. The Company incurred incremental compensation cost of approximately $9.8 million during 2010 as a result of this modification.

The following table summarizes stock option activity for the years ended December 31, 2011, 2010 and 2009:

	Number of Options	Weighted Average Option Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2008	3,267,910	$ 15.37		
Granted	309,352	$ 20.01		
Exercised	(38,717)	$ 9.71		
Outstanding at December 31, 2009	3,538,545	$ 15.84		
Granted	1,549,058	$ 25.04		
Exercised	(87,150)	$ 10.62		
Outstanding at December 31, 2010	5,000,453	$ 18.78		
Granted	207,183	$ 28.97		
Exercised	(876,435)	$ 11.71		
Outstanding at December 31, 2011	4,331,201	$ 20.70	6.0	$ 36,885
Exercisable at December 31, 2011	3,647,745	$ 19.62	5.4	$ 34,783
Options expected to vest	683,456	$ 26.46	8.9	$ 2,102

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on December 31, 2011 and the stock option price, multiplied by the number of "in-the-money" stock options) that would have been received by the stock option holders if all the options had been exercised on December 31, 2011. The Company expects all of its remaining non-vested options to vest as they are primarily held by its officers and senior managers.

The total intrinsic value of stock options exercised during the year ended December 31, 2011 (the difference between the stock price upon exercise and the option price) was approximately $23.4 million. The Company received approximately $10.3 million, $0.9 million and $0.4 million during the years ended December 31, 2011, 2010 and 2009, respectively, from employee stock option exercises. In accordance with authoritative guidance related to stock-based compensation, the Company has reported the tax benefits of approximately $7.4 million, $0.6 million, $0.2 million from the exercise of stock options for the years ended December 31, 2011, 2010 and 2009, respectively, as financing cash flows.

A summary of information regarding stock options outstanding at December 31, 2011 is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life	Weighted Average Price	Shares	Weighted Average Price
$7.31 – $8.79	61,665	1.3 years	$ 8.78	61,665	$ 8.78
$9.10 – $9.90	80,313	0.4 years	$ 9.48	80,313	$ 9.48
$10.36 – $10.90	770,268	2.6 years	$ 10.66	770,268	$ 10.66
$12.45 – $13.34	309,977	6.9 years	$ 12.88	309,977	$ 12.88
$17.46 – $23.00	1,502,669	6.3 years	$ 19.92	1,236,572	$ 19.55
$24.00 – $30.00	1,133,657	7.9 years	$ 25.98	829,664	$ 25.38
$34.40 – $37.64	464,239	6.8 years	$ 35.37	350,873	$ 35.57
$40.00 – $40.69	8,413	6.2 years	$ 40.69	8,413	$ 40.69

The following table summarizes non-vested stock option activity for the year ended December 31, 2011:

	Number of Options	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2010	869,971	$ 10.23
Granted	207,183	$ 13.54
Vested	(393,698)	$ 9.61
Non-vested at December 31, 2011	683,456	$ 11.59

As of December 31, 2011, there was approximately $6.8 million of unrecognized compensation expense related to non-vested stock options outstanding. The Company expects to recognize approximately $3.7 million, $2.2 million and $0.9 million of compensation expense during the years 2012, 2013 and 2014, respectively, for these outstanding non-vested stock options.

Restricted Stock

During the year ended December 31, 2011, the Company granted 567,083 shares of restricted stock to its employees. Shares of restricted stock generally vest in equal annual installments over three years. Non-vested shares are generally forfeitable upon the termination of employment. Holders of restricted stock are entitled to all rights of a shareholder of the Company with respect to the restricted stock, including the right to vote the shares and receive any dividends or other distributions. Compensation expense associated with restricted stock is measured based on the grant date fair value of our common stock and is recognized on a straight line basis over the vesting period. The Company’s compensation expense related to restricted stock outstanding for the years ended December 31, 2011, 2010 and 2009 was approximately $6.0 million, $11.4 million and $5.8 million, respectively, which is reflected in general and administrative expenses. During 2010, the Company modified 282,781 shares of restricted stock affecting three employees in connection with the management transition of certain executive officers. These shares of restricted stock were accelerated to vest by December 31, 2010. The Company incurred incremental compensation cost of approximately $4.3 million during the year as a result of this modification.

A summary of the status of restricted stock for the year ended December 31, 2011 is presented in the table below:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2010	792,436	$ 22.25
Granted	567,083	$ 28.84
Vested	(294,144)	$ 19.80
Forfeited	(25,658)	$ 22.49
Non-vested at December 31, 2011	1,039,717	$ 27.07

As of December 31, 2011, there was approximately $21.8 million of unrecognized compensation expense related to non-vested restricted stock. The Company expects to recognize approximately $9.1 million, $7.4 million, $5.3 million during the years 2012, 2013 and 2014, respectively, for non-vested restricted stock. In accordance with authoritative guidance related to stock-based compensation, the Company has reported tax benefits of approximately $1.6 million from the vesting of restricted stock for the year ended December 31, 2011 as financing cash flows.

Restricted Stock Units

Under the Amended and Restated 2004 Directors Restricted Stock Units Plan, each non-employee director is issued annually a number of Restricted Stock Units (RSUs) having an aggregate dollar value determined by the Company's Board of Directors. The exact number of RSUs granted is determined by dividing the dollar value determined by the Company's Board of Directors based on the fair market value of the Company's common stock on the day of the annual stockholders' meeting or a pro rata amount if the appointment occurs subsequent to the annual stockholders' meeting. An RSU represents the right to receive from the Company, within 30 days of the date the director ceases to serve on the Board, one share of the Company's common stock. At December 31, 2011, 170,457 RSUs were outstanding under this plan. The Company's expense related to RSUs for the years ended December 31, 2011, 2010 and 2009 was approximately $1.2 million, $1.2 million and $0.6 million, respectively, which is reflected in general and administrative expenses.

A summary of the activity of restricted stock units for the year ended December 31, 2011 is presented in the table below:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2010	136,173	$ 27.02
Granted	34,284	$ 35.10
Outstanding at December 31, 2011	170,457	$ 28.64

Performance Share Units

The Company has issued performance share units (PSUs) to its employees as part of the Company's long-term incentive program. There is a three year performance period associated with each PSU grant. The two performance measures applicable to all participants are the Company's return on invested capital and total shareholder return relative to those of the Company's pre-defined "peer group." The PSUs provide for settlement in cash or up to 50% in equivalent value in the Company's common stock, provided the participant has met specified continued service requirements. At December 31, 2011, there were 366,133 PSUs outstanding (70,522, 96,673, 81,154 and 117,784 related to performance periods ending December 31, 2011, 2012, 2013 and 2014, respectively). The Company's compensation expense related to all outstanding PSUs for the years ended December 31, 2011, 2010 and 2009 was approximately $3.2 million, $5.2 million and $7.3 million, respectively, which is reflected in general and administrative expenses. The Company has recorded a current liability of approximately $3.8 million and $6.0 million at December 31, 2011 and 2010, respectively, for outstanding PSUs, which is reflected in accrued expenses. Additionally, the Company has recorded a long-term liability of approximately $6.8 million and $7.0 million at December 31, 2011 and 2010, respectively, for outstanding PSUs, which is reflected in other long-term liabilities. In 2011, the Company paid approximately $2.8 million and issued approximately 67,300 shares of its common stock to settle PSUs for the performance period ended December 31, 2010. In 2010, the Company paid approximately $6.4 million in cash to settle PSUs for the performance period ended December 31, 2009. In 2009, the Company paid approximately $4.7 million in cash and issued approximately 71,400 shares of its common stock to its employees to settle PSUs for the performance period ended December 31, 2008.

Employee Stock Purchase Plan

The Company has an employee stock purchase plan under which an aggregate of 1,250,000 shares of common stock were reserved for issuance. Under this stock purchase plan, eligible employees can purchase shares of the Company's common stock at a discount. The Company received approximately $2.2 million, $1.9 million and $2.0 million related to shares issued under these plans for the years ended December 31, 2011, 2010 and 2009, respectively. For the years ended December 31, 2011, 2010 and 2009, the Company recorded compensation expense of approximately $388,000, $345,000 and $350,000, respectively, which is reflected in general and

administrative expenses. Additionally, the Company issued approximately 75,700, 94,200 and 133,400 shares for the years ended December 31, 2011, 2010 and 2009, respectively, related to these stock purchase plans.

Profit Sharing Plan

The Company maintains a defined contribution profit sharing plan for employees who have satisfied minimum service requirements. Employees may contribute up to 75% of their earnings to the plan subject to the contribution limitations imposed by the Internal Revenue Service. The Company may provide a discretionary match, not to exceed 5% of an employee's salary. The Company made contributions of approximately $7.4 million, $3.3 million and $3.8 million in 2011, 2010 and 2009, respectively.

Non-Qualified Deferred Compensation Plan

The Company has a non-qualified deferred compensation plan which allows certain highly compensated employees the option to defer up to 75% of their base salary, up to 100% of their bonus, and up to 100% of the cash portion of their performance share unit compensation to the plan. Payments are made to participants based on their annual enrollment elections and plan balances. Participants earn a return on their deferred compensation that is based on hypothetical investments in certain mutual funds. Changes in market value of these hypothetical participant investments are reflected as an adjustment to the deferred compensation liability of the Company with an offset to compensation expense (see note 14). At December 31, 2011 and 2010, the liability of the Company to the participants was approximately $13.0 million and $14.2 million, respectively, which reflects the accumulated participant deferrals and earnings (losses) as of that date. These amounts are recorded in other long-term liabilities. Additionally at December 31, 2011 and 2010, the Company had approximately $2.8 million and $3.0 million in accounts payable in anticipation of pending payments. For the years ended December 31, 2011, 2010 and 2009, the Company recorded compensation income (expense) of approximately $0.1 million, ($1.8) million and ($2.8) million, respectively, related to the earnings and losses of the deferred compensation plan liability. The Company makes contributions that approximate the participant deferrals into various investments, principally life insurance that is invested in mutual funds similar to the participants' hypothetical investment elections. Changes in market value of the investments and life insurance are reflected as adjustments to the deferred compensation plan asset with an offset to other income (expense). At December 31, 2011 and 2010, the deferred contribution plan asset was approximately $10.6 million and $10.8 million, respectively, and is recorded in intangible and other long-term assets. For the years ended December 31, 2011, 2010 and 2009, the Company recorded other income (expense) of ($0.2) million, $0.8 million and $0.6 million, respectively, related to the earnings and losses of the deferred compensation plan assets.

Supplemental Executive Retirement Plan

The Company also has a supplemental executive retirement plan (SERP). The SERP provides retirement benefits to the Company's executive officers and certain other designated key employees. The SERP is an unfunded, non-qualified defined contribution retirement plan, and all contributions under the plan are unfunded credits to a notional account maintained for each participant. Under the SERP, the Company will generally make annual contributions to a retirement account based on age and years of service. During 2011, 2010 and 2009, the participants in the plan received contributions ranging from 5% to 35% of salary and annual cash bonus, which totaled approximately $1.0 million, $5.5 million and $2.2 million, respectively. The Company may also make discretionary contributions to a participant's retirement account. In 2010, the Company made a discretionary contribution to the account of its former chief operating officer in the amount of $4.7 million as part of its executive management transition. The Company recorded $1.8 million, $5.6 million and $2.1 million of compensation expense in general and administrative expenses for the years ended December 31, 2011, 2010 and 2009, respectively, inclusive of discretionary contributions. During the year ended December 31, 2011, the Company paid approximately $5.5 million to select participants of this plan. There were no payments to participants of this plan in the years 2010 and 2009.

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(10) Income Taxes

The components of income and loss from continuing operations before income taxes for the years ended December 31, 2011, 2010 and 2009 are as follows (in thousands):

	2011	2010	2009
Domestic	$220,908	$117,988	$(191,543)
Foreign	792	7,114	31,664
	$221,700	$125,102	$(159,879)

The components of income tax expense (benefit) for the years ended December 31, 2011, 2010 and 2009 are as follows (in thousands):

	2011	2010	2009
Current:			
Federal	$19,810	$16,002	$ 1,555
State	551	1,939	(256)
Foreign	19,716	17,628	16,019
	40,077	35,569	17,318
Deferred:			
Federal	39,284	11,367	(71,874)
State	1,658	(653)	(1,831)
Foreign	(1,873)	(2,998)	(1,169)
	39,069	7,716	(74,874)
	$79,146	$43,285	$(57,556)

Income tax expense (benefit) differs from the amounts computed by applying the U.S. Federal income tax rate of 35% to income (loss) before income taxes for the years ended December 31, 2011, 2010 and 2009 as follows (in thousands):

	2011	2010	2009
Computed expected tax expense (benefit)	$77,595	$43,786	$(55,958)
Increase (decrease) resulting from State and foreign income taxes	(3,300)	1,768	(3,712)
Other	4,851	(2,269)	2,114
Income tax	$79,146	$43,285	$(57,556)

The tax effects of temporary differences that give rise to significant components of deferred income tax assets and liabilities at December 31, 2011 and 2010 are as follows (in thousands):

	2011	2010
Deferred tax assets:		
Allowance for doubtful accounts	$ 9,054	$ 7,097
Operating loss and tax credit carryforwards	24,101	10,120
Compensation and employee benefits	28,305	29,358
Decommissioning liabilities	39,638	37,909
Deferred interest expense related to exchangeable notes	—	526
Other	35,005	21,626
Net deferred tax assets	136,103	106,636
Deferred tax liabilities:		
Property, plant and equipment	317,033	248,453
Notes receivable	25,599	23,857
Goodwill and other intangible assets	22,432	19,555
Deferred revenue on long-term contracts	47,341	53,465
Other	21,987	14,595
Deferred tax liabilities	434,392	359,925
Net deferred tax liability	$ 298,289	$ 253,289

The net deferred tax assets reflect management's estimate of the amount that will be realized from future profitability and the reversal of taxable temporary differences that can be predicted with reasonable certainty. A valuation allowance is recognized if it is more likely than not that at least some portion of any deferred tax asset will not be realized.

Net deferred tax liabilities were classified in the consolidated balance sheet at December 31, 2011 and 2010 as follows (in thousands):

	2011	2010
Deferred tax liabilities:		
Current deferred income taxes	$ 831	$ 29,353
Noncurrent deferred income taxes	297,458	223,936
Net deferred tax liability	$ 298,289	$ 253,289

As of December 31, 2011, the Company had approximately $1.8 million in net operating loss carryforwards, which are available to reduce future taxable income. The expiration dates for utilization of the loss carryforwards are 2020 through 2026. Utilization of $0.6 million of the net operating loss carryforwards will be subject to the annual limitations due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended. As of December 31, 2011, the Company also has various state net operating loss carryforwards of an estimated $60 million with expiration dates from 2020 to 2026. A deferred tax asset of $3.7 million reflects the expected future tax benefit for the state loss carryforwards.

The Company has not provided United States income tax expense on earnings of its foreign subsidiaries, since the Company has reinvested or expects to reinvest the undistributed earnings indefinitely. At December 31, 2011, the undistributed earnings of the Company's foreign subsidiaries were approximately $154 million. If these earnings are repatriated to the United States in the future, additional tax provisions may be required. It is not practicable to estimate the amount of taxes that might be payable on such undistributed earnings.

The Company files income tax returns in the U.S. federal and various state and foreign jurisdictions. The number of years that are open under the statute of limitations and subject to audit varies depending on the tax jurisdiction. The Company remains subject to U.S. federal tax examinations for years after 2007.

The Company had approximately $21.7 million, $24.8 million and $11.0 million of unrecorded tax benefits at December 31, 2011, 2010 and 2009, respectively, all of which would impact the Company's effective tax rate if recognized.

The activity in unrecognized tax benefits at December 31, 2011, 2010 and 2009 is as follows (in thousands):

	2011	2010	2009
Unrecognized tax benefits, December 31, 2010, 2009 and 2008, respectively	$24,760	$11,013	$ 9,652
Additions based on tax positions related to current year	—	36	3,377
Additions based on tax positions related to prior years	871	16,607	186
Reductions based on tax positions related to prior years	(3,939)	(2,896)	(2,202)
Unrecognized tax benefits, December 31, 2011, 2010 and 2009, respectively	$21,692	$24,760	$11,013

(11) Segment Information

Business Segments

The Company currently has three reportable segments: subsea and well enhancement, drilling products and services, and marine. The subsea and well enhancement segment provides production-related services used to enhance, extend and maintain oil and gas production, which include integrated subsea services and engineering services, mechanical wireline, hydraulic workover and snubbing, well control, coiled tubing, electric line, pumping and stimulation and wellbore evaluation services; well plug and abandonment services; stimulation and sand control equipment and services; and other oilfield services used to support drilling and production operations. The subsea and well enhancement segment also includes production handling arrangements, as well as the production and sale of oil and gas. The drilling products and services segment rents and sells stabilizers, drill pipe, tubulars and specialized equipment for use with onshore and offshore oil and gas well drilling, completion, production and workover activities. It also provides on-site accommodations and bolting and machining services. The marine segment operates liftboats for production service activities, as well as oil and gas production facility maintenance, construction operations and platform removals.

The accounting policies of the reportable segments are the same as those described in note 1 of these notes to the consolidated financial statements. The Company evaluates the performance of its operating segments based on operating profits or losses. Segment revenues reflect direct sales of products and services for that segment, and each segment records direct expenses related to its employees and its operations. Identifiable assets are primarily those assets directly used in the operations of each segment.

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Summarized financial information concerning the Company's segments as of December 31, 2011, 2010 and 2009 and for the years then ended is shown in the following tables (in thousands):

2011	Subsea and Well Enhancement	Drilling Products and Services	Marine	Unallocated	Consolidated Total
Revenues	$1,367,834	$ 611,101	$ 91,231	$ —	$2,070,166
Cost of services, rentals, and sales (exclusive of items shown separately below)	832,568	220,647	64,788	—	1,118,003
Depreciation, depletion, amortization and accretion	115,616	130,801	10,896	—	257,313
General and administrative	253,550	121,274	8,743	—	383,567
Reduction in the value of assets	—	—	46,096	—	46,096
Gain on sale of businesses	—	—	8,558	—	8,558
Income (loss) from operations	166,100	138,379	(30,734)	—	273,745
Interest expense, net	—	—	—	(73,843)	(73,843)
Interest income	4,542	—	—	1,684	6,226
Other income	105	—	—	(927)	(822)
Earnings from equity-method investments	—	—	—	16,394	16,394
Income (loss) before income taxes	$ 170,747	$ 138,379	$ (30,734)	$ (56,692)	$ 221,700
Identifiable assets	$2,863,550	$ 947,679	$164,444	$ 72,472	$4,048,145
Capital expenditures	$ 286,066	$ 219,121	$ 2,514	$ —	$ 507,701

2010	Subsea and Well Enhancement	Drilling Products and Services	Marine	Unallocated	Consolidated Total
Revenues	$1,112,662	$ 474,707	$ 94,247	$ —	$1,681,616
Cost of services, rentals, and sales (exclusive of items shown separately below)	675,447	176,453	66,813	—	918,713
Depreciation, depletion, amortization and accretion	95,306	114,722	10,807	—	220,835
General and administrative	221,615	107,191	14,075	—	342,881
Reduction in the value of assets	—	—	32,004		32,004
Gain on sale of business	—	—	1,083	—	1,083
Income (loss) from operations	120,294	76,341	(28,369)	—	168,266
Interest expense, net	—	—	—	(57,377)	(57,377)
Interest income	4,548	—	—	595	5,143
Other income	—	—	—	825	825
Earnings from equity-method investments	—	—	—	8,245	8,245
Income (loss) before income taxes	$ 124,842	$ 76,341	$ (28,369)	$ (47,712)	$ 125,102
Identifiable assets	$1,769,813	$ 802,785	$255,883	$ 79,052	$2,907,533
Capital expenditures	$ 150,313	$ 142,942	$ 29,989	$ —	$ 323,244

2009	Subsea and Well Enhancement	Drilling Products and Services	Marine	Unallocated	Consolidated Total
Revenues	$ 919,335	$ 426,876	$ 103,089	$ —	$ 1,449,300
Cost of services, rentals, and sales (exclusive of items shown separately below)	616,116	143,802	64,116	—	824,034
Depreciation and amortization	89,986	105,613	11,515	—	207,114
General and administrative	149,122	90,318	19,653	—	259,093
Reduction in value of assets	212,527	—	—	—	212,527
Gain on sale of businesses	—	—	2,084	—	2,084
Income (loss) from operations	(148,416)	87,143	9,889	—	(51,384)
Interest expense, net	—	—	—	(50,906)	(50,906)
Interest income	—	—	—	926	926
Other income	—	—	—	571	571
Losses from equity-method investments	—	—	—	(22,600)	(22,600)
Reduction in the value of equity-method investment	—	—	—	(36,486)	(36,486)
Income (loss) before income taxes	$ (148,416)	$ 87,143	$ 9,889	$ (108,495)	$ (159,879)
Identifiable assets	$ 1,377,122	$ 759,418	$ 299,834	$ 80,291	$ 2,516,665
Capital expenditures	$ 99,551	$ 124,845	$ 66,881	$ —	$ 291,277

Geographic Segments

The Company attributes revenue to various countries based on the location where services are performed or the destination of the drilling products or equipment sold or leased. Long-lived assets consist primarily of property, plant and equipment and are attributed to various countries based on the physical location of the asset at a given fiscal year end. The Company's information by geographic area is as follows (amounts in thousands):

	Revenues Years Ended December 31,			Long-Lived Assets December 31,	
	2011	2010	2009	2011	2010
United States	$ 1,525,296	$ 1,216,295	$ 1,126,071	$ 1,060,483	$ 881,416
Other Countries	544,870	465,321	323,229	446,885	431,734
Total	$ 2,070,166	$ 1,681,616	$ 1,449,300	$ 1,507,368	$ 1,313,150

(12) Guarantee

In connection with the sale of SPN Resources in 2008, the Company guaranteed the performance of its decommissioning liabilities. In accordance with authoritative guidance related to guarantees, the Company has assigned an estimated value of $2.6 million at December 31, 2011 and 2010 related to decommissioning performance guarantees, which is reflected in other long-term liabilities. The Company believes that the likelihood of being required to perform these guarantees is remote. In the unlikely event that Dynamic Offshore defaults on the decommissioning liabilities existing at the closing date, the total maximum potential obligation under these guarantees is estimated to be approximately $158.7 million, net of the contractual right to receive payments from third parties, which is approximately $24.6 million, as of December 31, 2011. The total maximum potential obligation will decrease over time as the underlying obligations are fulfilled by SPN Resources.

(13) Commitments and Contingencies

The Company leases many of its office, service and assembly facilities under operating leases. In addition, the Company also leases certain assets used in providing services under operating leases. The leases expire at various

dates over an extended period of time. Total rent expense was approximately $18.3 million, $15.1 million and $12.0 million in 2011, 2010 and 2009, respectively. Future minimum lease payments under non-cancelable leases for the five years ending December 31, 2012 through 2016 and thereafter are as follows: $20.7 million, $17.0 million, $14.3 million, $10.8 million, $9.1 million and $30.7 million, respectively.

Due to the nature of the Company's business, the Company is involved, from time to time, in routine litigation or subject to disputes or claims regarding our business activities. Legal costs related to these matters are expensed as incurred. In management's opinion, none of the pending litigation, disputes or claims will have a material adverse effect on the Company's financial condition, results of operations or liquidity.

(14) Fair Value Measurements

The Company follows authoritative guidance for fair value measurements relating to financial and nonfinancial assets and liabilities, including presentation of required disclosures herein. This guidance establishes a fair value framework requiring the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets and liabilities.

The following table provides a summary of the financial assets and liabilities measured at fair value on a recurring basis at December 31, 2011 and December 31, 2010 (in thousands):

	December 31, 2011	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Intangible and other long-term assets				
Non-qualified deferred compensation assets	$ 10,597	$ 815	$ 9,782	—
Interest rate swap	$ 1,904	—	$ 1,904	—
Accounts payable				
Non-qualified deferred compensation liabilities	$ 2,790	—	$ 2,790	—
Other long-term liabilities				
Non-qualified deferred compensation liabilities	$ 12,975	—	$ 12,975	—

	December 31, 2010	Level 1	Level 2	Level 3
Intangible and other long-term assets				
Non-qualified deferred compensation assets	$ 10,820	$ 812	$ 10,008	—
Interest rate swap	$ 161	—	$ 161	—
Accounts payable				
Non-qualified deferred compensation liabilities	$ 2,953	$ 1,429	$ 1,524	—
Other long-term liabilities				
Non-qualified deferred compensation liabilities	$ 14,236	—	$ 14,236	—

The Company's non-qualified deferred compensation plan allows officers and highly compensated employees to defer receipt of a portion of their compensation and contribute such amounts to one or more hypothetical investment funds (see note 9). The Company entered into a separate trust agreement, subject to general creditors, to segregate the assets of the plan and it reports the accounts of the trust in its consolidated financial statements. These investments are reported at fair value based on unadjusted quoted prices in active markets for identifiable assets and observable inputs for similar assets and liabilities, which represent Levels 1 and 2, respectively in the fair value hierarchy.

In March 2010, the Company entered into an interest rate swap agreement for a notional amount of $150 million, whereby the Company is entitled to receive semi-annual interest payments at a fixed rate of 6 7/8% per annum and is obligated to make quarterly interest payments at a floating rate, which is adjusted every 90 days, based on LIBOR plus a fixed margin.

In accordance with authoritative guidance, non-financial assets and non-financial liabilities are remeasured at fair value on a non-recurring basis. During the year ended 2011, the Company wrote off approximately $46.1 million of certain long-lived assets to approximate the indicated fair value of the liftboats from prospective purchasers. During the year ended December 31, 2010, the Company wrote off approximately $32.0 million of long-lived liftboat components primarily related to the two partially completed liftboats. During the year ended December 31, 2009, the Company identified impairments of certain long-lived assets of approximately $212.5 million. Additionally, during 2009, the Company recorded a $36.5 million reduction in the value of its equity-method investment in BOG.

The following table reflects the fair value measurements used in testing the impairment of long-lived assets during the years ended December 31, 2011, 2010 and 2009 (in thousands):

		Fair Value Measurements at Reporting Date Using			
	December 31, 2011	(Level 1)	(Level 2)	(Level 3)	Total Losses
Property, plant and equipment, net	$ 134,000	—	—	$ 134,000	$ (35,762)
Goodwill	$ - 0 -			$ - 0 -	$ (10,334)
	December 31, 2010	(Level 1)	(Level 2)	(Level 3)	Total Losses
Property, plant and equipment, net	$ - 0 -	—	—	$ - 0 -	$ (32,004)
	December 31, 2009	(Level 1)	(Level 2)	(Level 3)	Total Losses
Property, plant and equipment, net	$ 107,591	—	—	$ 107,591	$(119,844)
Intangible and other long-term assets, net	$ - 0 -	—	—	$ - 0 -	$ (92,683)
Equity-method investments	$ - 0 -	—	—	$ - 0 -	$ (36,486)

(15) Derivative Financial Instruments

From time to time, the Company may employ interest rate swaps in an attempt to achieve a more balanced debt portfolio. The Company does not use derivative financial instruments for trading or speculative purposes.

In March 2010, the Company entered into an interest rate swap agreement for a notional amount of $150 million related to its fixed rate debt maturing on June 1, 2014. This transaction was designated as a fair value hedge since the swap hedges against the change in fair value of fixed rate debt resulting from changes in interest rates. The Company recorded a derivative asset of $1.9 million and $0.2 million, respectively, within intangible and other long-term assets in the consolidated balance sheet at December 31, 2011 and 2010. The change in fair value of the interest rate swap is included in the adjustments to reconcile net income to net cash provided by operating activities in the consolidated statements of cash flows.

The location and effect of the derivative instrument on the consolidated statements of operations for the years ended December 31, 2011 and 2010, presented on a pre-tax basis, is as follows (in thousands):

	Location of (gain) loss recognized	Amount of (gain) loss recognized in the year ending December 31, 2011	2010
Interest rate swap	Interest expense, net	$ 793	$ (1,742)
Hedged item—debt	Interest expense, net	(2,536)	1,581
		$ (1,743)	$ (161)

For the years ended December 31, 2011 and 2010, approximately $1.7 million and $0.2 million, respectively, of interest income was related to the ineffectiveness associated with this fair value hedge. Hedge ineffectiveness represents the difference between the changes in fair value of the derivative instruments and the changes in fair value of the fixed rate debt attributable to changes in the benchmark interest rate.

This interest rate swap exposes the Company to credit risk to the extent that the counterparty may be unable to meet the terms of agreement. The counterparty to this agreement is a major financial institution which has an investment grade credit rating and is considered "well-capitalized" under applicable regulatory capital adequacy guidelines. Should the counterparty to this interest rate swap agreement fail to perform according to the terms of the contract, the Company would be required to pay interest at the stated rate of 6 7/8% related to its $300 million of unsecured senior notes with a maturity date of 2014.

(16) Financial Information of Guarantor Subsidiaries

In April 2011, SESI, L.L.C. (Issuer), a wholly-owned subsidiary of Superior Energy Services, Inc. (Parent), issued $500 million of unsecured 6 3/8% senior notes due 2019. In December 2011, SESI, L.L.C. issued $800 million of unsecured 7 1/8% senior notes due 2021. The Parent, along with substantially all of its domestic subsidiaries, fully and unconditionally guaranteed the senior notes, and such guarantees are joint and several. All of the guarantor subsidiaries are wholly-owned subsidiaries of the Issuer. Domestic income taxes are paid by the Parent through a consolidated tax return and are accounted for by the Parent. In 2011, the Company reorganized its international legal entities. The following tables present the condensed consolidating balance sheets as of December 31, 2011 and 2010, and the condensed consolidating statements of operations and cash flows for the years ended December 31, 2011, 2010 and 2009.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidating Balance Sheets
December 31, 2011
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ 29,057	$ 6,272	$ 44,945	$ —	$ 80,274
Accounts receivable, net	—	531	437,963	143,444	(41,336)	540,602
Income taxes receivable	—	—	—	698	(698)	—
Prepaid expenses	34	3,893	9,796	20,314	—	34,037
Inventory and other current assets	—	1,796	214,381	12,132	—	228,309
Total current assets	34	35,277	668,412	221,533	(42,034)	883,222
Property, plant and equipment, net	—	2,758	1,096,036	408,574	—	1,507,368
Goodwill	—	—	437,614	143,765	—	581,379
Notes receivable	—	—	73,568	—	—	73,568
Investments in subsidiaries	124,271	1,152,918	—	—	(1,277,189)	—
Equity-method investments	—	70,614	—	1,858	—	72,472
Intangible and other long-term assets, net	—	828,447	71,625	30,064	—	930,136
Total assets	$ 124,305	$2,090,014	$2,347,255	$805,794	$(1,319,223)	$4,048,145
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable	$ —	$ 4,307	$ 128,996	$ 86,723	$ (41,381)	$ 178,645
Accrued expenses	164	54,000	105,512	38,503	(605)	197,574
Income taxes payable	1,415	—	—	—	(698)	717
Deferred income taxes	831	—	—	—	—	831
Current portion of decommissioning liabilities	—	—	14,956	—	—	14,956
Current maturities of long-term debt	—	—	—	810	—	810
Total current liabilities	2,410	58,307	249,464	126,036	(42,684)	393,533
Deferred income taxes	285,871	—	—	11,587	—	297,458
Decommissioning liabilities	—	—	108,220	—	—	108,220
Long-term debt, net	—	1,673,351	—	11,736	—	1,685,087
Intercompany payables/(receivables)	(96,987)	988,160	(253,050)	(7,276)	(630,847)	—
Other long-term liabilities	5,192	32,380	26,704	45,972	—	110,248
Stockholders' equity:						
Preferred stock of $.01 par value	—	—	—	—	—	—
Common stock of $.001 par value	80	—	—	4,212	(4,212)	80
Additional paid in capital	447,007	124,271	—	517,209	(641,480)	447,007
Accumulated other comprehensive loss, net	—	—	—	(26,936)	—	(26,936)
Retained earnings (accumulated deficit)	(519,268)	(786,455)	2,215,917	123,254	—	1,033,448
Total stockholders' equity (deficit)	(72,181)	(662,184)	2,215,917	617,739	(645,692)	1,453,599
Total liabilities and stockholders' equity	$ 124,305	$2,090,014	$2,347,255	$805,794	$(1,319,223)	$4,048,145

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidating Balance Sheets
December 31, 2010
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$ —	$ —	$ 5,493	$ 45,234	$ —	$ 50,727
Accounts receivable, net	—	415	382,935	99,010	(29,910)	452,450
Income taxes receivable	—	—	—	2,024	(2,024)	—
Prepaid expenses	18	4,128	8,948	12,734	—	25,828
Inventory and other current assets	—	1,678	222,822	10,547	—	235,047
Intercompany interest receivable	—	15,883	—	—	(15,883)	—
Total current assets	18	22,104	620,198	169,549	(47,817)	764,052
Property, plant and equipment, net	—	3,189	957,561	352,400	—	1,313,150
Goodwill	—	—	447,467	140,533	—	588,000
Notes receivable	—	—	69,026	—	—	69,026
Intercompany notes receivable	—	456,280	—	—	(456,280)	—
Investments in subsidiaries	124,271	602,461	4,347	4,347	(735,426)	—
Equity-method investments	—	43,947	—	15,375	—	59,322
Intangible and other long-term assets, net	—	22,455	61,722	29,806	—	113,983
Total assets	$ 124,289	$1,150,436	$2,160,321	$ 712,010	$(1,239,523)	$2,907,533
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable	$ —	$ 6,654	$ 71,790	$ 64,636	$ (32,804)	$ 110,276
Accrued expenses	153	42,821	91,451	27,619	—	162,044
Income taxes payable	4,499	—	—	—	(2,024)	2,475
Deferred income taxes	29,353	—	—	—	—	29,353
Current portion of decommissioning liabilities	—	—	16,929	—	—	16,929
Current maturities of long-term debt	—	184,000	—	810	—	184,810
Intercompany interest payable	—	—	—	15,883	(15,883)	—
Total current liabilities	34,005	233,475	180,170	108,948	(50,711)	505,887
Deferred income taxes	211,173	—	—	12,763	—	223,936
Decommissioning liabilities	—	—	100,787	—	—	100,787
Long-term debt, net	—	669,089	—	12,546	—	681,635
Intercompany notes payable	—	—	—	456,280	(456,280)	—
Intercompany payables/(receivables)	(100,882)	760,164	(1,407)	(125,246)	(532,629)	—
Other long-term liabilities	8,260	37,537	19,427	49,513	—	114,737
Stockholders' equity:						
Preferred stock of $.01 par value	—	—	4,347	4,347	(8,694)	—
Common stock of $.001 par value	79	—	—	176	(176)	79
Additional paid in capital	415,278	124,271	—	66,762	(191,033)	415,278
Accumulated other comprehensive loss, net	—	—	—	(25,700)	—	(25,700)
Retained earnings (accumulated deficit)	(443,624)	(674,100)	1,856,997	151,621	—	890,894
Total stockholders' equity (deficit)	(28,267)	(549,829)	1,861,344	197,206	(199,903)	1,280,551
Total liabilities and stockholders' equity	$ 124,289	$1,150,436	$2,160,321	$ 712,010	$(1,239,523)	$2,907,533

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidating Statements of Operations
Year Ended December 31, 2011
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ —	$ 1,730,780	$ 408,497	$ (69,111)	$ 2,070,166
Cost of services (exclusive of items shown separately below)	—	—	890,800	295,998	(68,795)	1,118,003
Depreciation, depletion, amortization and accretion	—	523	211,988	44,802	—	257,313
General and administrative expenses	683	81,363	236,229	65,608	(316)	383,567
Reduction in value of assets	—	—	46,096	—	—	46,096
Gain on sale of businesses	—	—	8,558	—	—	8,558
Income (loss) from operations	(683)	(81,886)	354,225	2,089	—	273,745
Other income (expense):						
Interest expense, net	—	(72,414)	(24)	(1,405)	—	(73,843)
Interest income	—	1,097	4,536	593	—	6,226
Intercompany interest income (expense)	—	26,673	—	(26,673)	—	—
Other income (expense)	—	(1,005)	183	—	—	(822)
Earnings (losses) from equity-method investments, net	—	15,180	—	1,214	—	16,394
Income (loss) before income taxes	(683)	(112,355)	358,920	(24,182)	—	221,700
Income taxes	74,961	—	—	4,185	—	79,146
Net income (loss)	$ (75,644)	$ (112,355)	$ 358,920	$ (28,367)	$ —	$ 142,554

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidating Statements of Operations
Year Ended December 31, 2010
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ —	$ 1,414,519	$ 339,233	$ (72,136)	$ 1,681,616
Cost of services (exclusive of items shown separately below)	—	—	759,447	231,082	(71,816)	918,713
Depreciation, depletion, amortization and accretion	—	515	181,216	39,104	—	220,835
General and administrative expenses	322	99,068	190,665	53,146	(320)	342,881
Reduction in value of assets	—	—	32,004	—	—	32,004
Gain on sale of business	—	—	1,083	—	—	1,083
Income (loss) from operations	(322)	(99,583)	252,270	15,901	—	168,266
Other income (expense):						
Interest expense, net	—	(53,716)	(216)	(3,445)	—	(57,377)
Interest income		150	4,467	526	—	5,143
Intercompany interest income (expense)	—	15,883	—	(15,883)	—	—
Other income (expense)		825	—	—	—	825
Earnings (losses) from equity-method investments, net	—	985	—	7,260	—	8,245
Income (loss) before income taxes	(322)	(135,456)	256,521	4,359	—	125,102
Income taxes	37,662	—	—	5,623	—	43,285
Net income (loss)	$ (37,984)	$ (135,456)	$ 256,521	$ (1,264)	$ —	$ 81,817

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Consolidating Statements of Operations
Year Ended December 31, 2009
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ —	$ 1,307,542	$ 186,807	$ (45,049)	$ 1,449,300
Cost of services (exclusive of items shown separately below)	—	—	763,029	106,054	(45,049)	824,034
Depreciation and accretion	—	476	184,084	22,554	—	207,114
General and administrative expenses	(184)	61,035	168,459	29,783	—	259,093
Reduction in value of assets	—	—	212,527	—	—	212,527
Gain on sale of businesses	—	—	2,084	—	—	2,084
Income (loss) from operations	184	(61,511)	(18,473)	28,416	—	(51,384)
Other income (expense):						
Interest expense, net	—	(48,894)	(68)	(1,944)	—	(50,906)
Interest income		87	670	169	—	926
Intercompany interest income (expense)	—	—	—	—	—	—
Other income (expense)		571	—	—	—	571
Earnings (losses) from equity-method investments, net	—	(21,631)	—	(969)	—	(22,600)
Reduction in value of equity-method investments	—	(36,486)	—	—	—	(36,486)
Income (loss) before income taxes	184	(167,864)	(17,871)	25,672	—	(159,879)
Income taxes	(65,805)	—	—	8,249	—	(57,556)
Net income (loss)	$ 65,989	$ (167,864)	$ (17,871)	$ 17,423	$ —	$ (102,323)

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SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows

Year Ended December 31, 2011

(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Cash flows from operating activities:					
Net income (loss)	$(75,644)	$ (112,355)	$ 358,920	$ (28,367)	$ 142,554
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, depletion, amortization and accretion	—	523	211,988	44,802	257,313
Deferred income taxes	49,946	—	—	(1,873)	48,073
Excess tax benefit from stock-based compensation	(9,004)	—	—	—	(9,004)
Reduction in value of assets	—	—	46,096	—	46,096
Stock-based and performance share unit compensation expense	—	14,032	—	—	14,032
Retirement and deferred compensation plans expense	—	1,990	—	—	1,990
(Earnings) losses from equity-method investments, net of cash received	—	(12,001)	—	(1,151)	(13,152)
Amortization of debt acquisition costs and note discount	—	25,154	—	24	25,178
Gain on sale of businesses	—	—	(8,558)	—	(8,558)
Other reconciling items, net	—	(1,884)	(4,542)	—	(6,426)
Changes in operating assets and liabilities, net of acquisitions and dispositions:					
Accounts receivable	—	(117)	(51,133)	(35,564)	(86,814)
Inventory and other current assets	—	(117)	5,348	(3,049)	2,182
Accounts payable	—	(2,348)	26,499	16,138	40,289
Accrued expenses	12	7,983	11,801	5,165	24,961
Decommissioning liabilities	—	—	(504)	—	(504)
Income taxes	(917)	—	—	(461)	(1,378)
Other, net	(16)	(1,024)	18,646	(1,634)	15,972
Net cash provided by operating activities	(35,623)	(80,164)	614,561	(5,970)	492,804
Cash flows from investing activities:					
Payments for capital expenditures	—	(93)	(383,785)	(100,770)	(484,648)
Change in restricted cash held for acquisition of a business	—	(785,280)	—	—	(785,280)
Purchase of short-term investments	—	(223,491)	—	—	(223,491)
Proceeds from sale of short-term investments	—	223,630	—	—	223,630
Acquisitions of businesses, net of cash acquired	—	—	(1,200)	(548)	(1,748)
Proceeds from sale of businesses	—	—	22,349	—	22,349
Other	—	—	(721)	—	(721)
Intercompany receivables/payables	14,485	125,015	(250,425)	110,925	—
Net cash used in investing activities	14,485	(660,219)	(613,782)	9,607	(1,249,909)
Cash flows from financing activities:					
Net (payments) borrowings from revolving line of credit	—	(100,000)	—	—	(100,000)
Proceeds from issuance of long-term debt	—	1,300,000	—	—	1,300,000
Principal payments on long-term debt	—	(400,000)	—	(810)	(400,810)
Payment of debt issuance costs	—	(24,428)	—	—	(24,428)
Proceeds from exercise of stock options	10,263	—	—	—	10,263
Excess tax benefit from stock-based compensation	9,004	—	—	—	9,004
Proceeds from issuance of stock through employee benefit plans	2,206	—	—	—	2,206
Other	(335)	(6,132)	—	(3,195)	(9,662)
Net cash used in financing activities	21,138	769,440	—	(4,005)	786,573
Effect of exchange rate changes on cash	—	—	—	79	79
Net increase (decrease) in cash and cash equivalents	—	29,057	779	(289)	29,547
Cash and cash equivalents at beginning of period	—	—	5,493	45,234	50,727
Cash and cash equivalents at end of period	$ —	$ 29,057	$ 6,272	$ 44,945	$ 80,274

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidating Statements of Cash Flows
Year Ended December 31, 2010
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Cash flows from operating activities:					
Net income (loss)	$(37,984)	$(135,456)	$ 256,521	$ (1,264)	$ 81,817
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, depletion, amortization and accretion	—	515	181,216	39,104	220,835
Deferred income taxes	10,650	—	—	(2,374)	8,276
Excess tax benefit from stock-based compensation	(560)	—	—	—	(560)
Reduction in value of assets	—	—	32,004	—	32,004
Stock-based and performance share unit compensation expense	—	27,207	—	—	27,207
Retirement and deferred compensation plans expense	—	4,825	—	—	4,825
(Earnings) losses from equity-method investments, net of cash received	—	9,005	—	(6,100)	2,905
Amortization of debt acquisition costs and note discount	—	23,954	—	—	23,954
Gain on sale of business	—	—	(1,083)	—	(1,083)
Other reconciling items, net	—	(161)	(4,547)	—	(4,708)
Changes in operating assets and liabilities, net of acquisitions and dispositions:					
Accounts receivable	—	275	(76,669)	(13,406)	(89,800)
Inventory and other current assets	—	163	89,302	(3,778)	85,687
Accounts payable	—	2,001	18,928	(626)	20,303
Accrued expenses	38	5,800	1,735	7,181	14,754
Decommissioning liabilities	—	—	(1,759)	—	(1,759)
Income taxes	13,536	—	—	(3,026)	10,510
Other, net	(1,417)	(3,143)	21,280	4,086	20,806
Net cash provided by operating activities	(15,737)	(65,015)	516,928	19,797	455,973
Cash flows from investing activities:					
Payments for capital expenditures	—	—	(218,726)	(104,518)	(323,244)
Acquisitions of businesses, net of cash acquired	—	—	(56,560)	(219,517)	(276,077)
Proceeds from sale of business	—	—	5,250	—	5,250
Other	—	2,387	(11,537)	(252)	(9,402)
Intercompany receivables/payables	12,359	(102,093)	(234,733)	324,467	—
Net cash used in investing activities	12,359	(99,706)	(516,306)	180	(603,473)
Cash flows from financing activities:					
Net (payments) borrowings from revolving line of credit	—	(2,000)	—	—	(2,000)
Principal payments on long-term debt	—	—	—	(810)	(810)
Payment of debt issuance costs	—	(5,182)	—	—	(5,182)
Proceeds from exercise of stock options	927	—	—	—	927
Excess tax benefit from stock-based compensation	560	—	—	—	560
Proceeds from issuance of stock through employee benefit plans	1,891	—	—	—	1,891
Other	—	—	—	(3,443)	(3,443)
Net cash used in financing activities	3,378	(7,182)	—	(4,253)	(8,057)
Effect of exchange rate changes on cash	—	—	—	(221)	(221)
Net increase (decrease) in cash and cash equivalents	—	(171,903)	622	15,503	(155,778)
Cash and cash equivalents at beginning of period	—	171,903	4,871	29,731	206,505
Cash and cash equivalents at end of period	$ —	$ —	$ 5,493	$ 45,234	$ 50,727

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SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidating Statements of Cash Flows
Year Ended December 31, 2009
(in thousands)

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Cash flows from operating activities:					
Net income (loss)	$ 65,989	$(167,864)	$ (17,871)	$ 17,423	$(102,323)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	—	476	184,084	22,554	207,114
Deferred income taxes	(73,127)	—	—	(1,577)	(74,704)
Excess tax benefit from stock-based compensation	(170)	—	—	—	(170)
Reduction in value of assets	—	—	212,527	—	212,527
Reduction in value of equity-method investments	—	36,486	—	—	36,486
Stock-based and performance share unit compensation expense	—	11,785	—	—	11,785
Retirement and deferred compensation plans expense	—	1,550	—	—	1,550
(Earnings) losses from equity-method investments, net of cash received	—	27,637	—	969	28,606
Amortization of debt acquisition costs and note discount	—	21,744	—	—	21,744
Gain on sale of businesses	—	—	(2,084)	—	(2,084)
Changes in operating assets and liabilities, net of acquisitions and dispositions:					
Accounts receivable	—	(156)	19,940	5,825	25,609
Inventory and other current assets	—	(211)	(48,786)	(2,323)	(51,320)
Accounts payable	—	609	(27,786)	2,540	(24,637)
Accrued expenses	(469)	(13,381)	(27,381)	(33)	(41,264)
Income taxes	4,270	—	—	(6,571)	(2,301)
Other, net	1,970	6,925	17,493	3,097	29,485
Net cash provided by operating activities	(1,537)	(74,400)	310,136	41,904	276,103
Cash flows from investing activities:					
Payments for capital expenditures	—	—	(240,907)	(45,370)	(286,277)
Acquisitions of businesses, net of cash acquired	—	—	(1,247)	—	(1,247)
Proceeds from sale of businesses	—	—	7,716	—	7,716
Cash contributed to equity-method investment	—	—	—	(8,694)	(8,694)
Other	—	(3,769)	—	—	(3,769)
Intercompany receivables/payables	(966)	64,509	(76,684)	13,141	—
Net cash used in investing activities	(966)	60,740	(311,122)	(40,923)	(292,271)
Cash flows from financing activities:					
Net (payments) borrowings from revolving line of credit	—	177,000	—	—	177,000
Principal payments on long-term debt	—	—	—	(810)	(810)
Payment of debt issuance costs	—	(2,308)	—	—	(2,308)
Proceeds from exercise of stock options	375	—	—	—	375
Excess tax benefit from stock-based compensation	170	—	—	—	170
Proceeds from issuance of stock through employee benefit plans	1,958	—	—	—	1,958
Net cash used in financing activities	2,503	174,692	—	(810)	176,385
Effect of exchange rate changes on cash	—	—	—	1,435	1,435
Net increase (decrease) in cash and cash equivalents	—	161,032	(986)	1,606	161,652
Cash and cash equivalents at beginning of period	—	10,871	5,857	28,125	44,853
Cash and cash equivalents at end of period	$ —	$ 171,903	$ 4,871	$ 29,731	$ 206,505

(17) Interim Financial Information (Unaudited)

The following is a summary of consolidated interim financial information for the years ended December 31, 2011 and 2010 (amounts in thousands, except per share data).

	Three Months Ended			
	March 31	June 30	Sept. 30	Dec. 31
2011				
Revenues	$413,981	$510,806	$565,342	$580,037
Less:				
Cost of services, rentals and sales	233,845	271,370	301,065	311,723
Depreciation, depletion, amortization and accretion	59,363	63,314	64,875	69,761
Gross profit	120,773	176,122	199,402	198,553
Net income	15,503	48,109	59,580	19,362
Earnings per share:				
Continuing operations				
Basic	$ 0.20	$ 0.60	$ 0.75	$ 0.24
Diluted	0.19	0.59	0.73	0.25

	Three Months Ended			
	March 31	June 30	Sept. 30	Dec. 31
2010				
Revenues	$364,511	$424,856	$435,353	$456,896
Less:				
Cost of services, rentals and sales	199,052	229,916	232,308	257,437
Depreciation, depletion, amortization and accretion	51,048	54,299	56,805	58,683
Gross profit	114,411	140,641	146,240	140,776
Net income	21,526	24,065	33,217	3,009
Earnings (loss) per share:				
Continuing operations				
Basic	$ 0.27	$ 0.31	$ 0.42	$ 0.04
Diluted	0.27	0.30	0.42	0.04

(18) Supplementary Oil and Natural Gas Disclosures (Unaudited)

On January 31, 2010, Wild Well acquired 100% ownership of Shell Offshore, Inc.'s Gulf of Mexico Bullwinkle platform and its related assets and assumed the related decommissioning obligation. Immediately after Wild Well acquired these assets, it conveyed an undivided 49% interest in these assets and the related well plugging and abandonment obligations to Dynamic Offshore, which operates these assets (see note 3). The Company also has an interest in oil and gas operations through its equity-method investment in Dynamic Offshore (see note 7).

In January 2010, the Financial Accounting Standards Board issued an update to the authoritative guidance related to oil and gas reserve estimation and disclosures that expands the definition of oil- and gas-producing activities and requires disclosures of reserve quantities and standardized measure of cash flows for equity-method investments that have significant oil- and gas-producing activities.

The Company's December 31, 2011 estimates of proved reserves are based on reserve reports prepared by Netherland, Sewell & Associates, Inc., independent petroleum engineers. The Company's December 31, 2010 estimates of proved reserves were based on reserve reports prepared by DeGoyler and MacNaughton and Netherland, Sewell & Associates, Inc. Users of this information should be aware that the process of estimating quantities of "proved", "proved developed" and "proved undeveloped" natural gas and crude oil reserves is very complex, requiring significant subjective decisions in the evaluation of

all available geological, engineering and economic data for each reservoir. This data may also change substantially over time as a result of multiple factors including, but not limited to, additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions. Consequently, material revisions to existing reserve estimates occur from time to time. Although every reasonable effort is made to ensure that reserve estimates reported represent the most accurate assessments possible, the significance of the subjective decisions required and variances in available data for various reservoirs make these estimates generally less precise than other estimates presented in connection with financial statement disclosures. Proved reserves are estimated quantities of natural gas, crude oil and condensate that geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Proved undeveloped reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for completion.

Oil and Natural Gas Reserves

The following table sets forth the Company’s net proved reserves, including the changes therein, and proved developed reserves:

	Consolidated		Company’s Share of Equity-Method Investments	
	Crude Oil (Mbbls)	Natural Gas (Mmcf)	Crude Oil (Mbbls)	Natural Gas (Mmcf)
Proved-developed and undeveloped reserves:				
December 31, 2009	—	—	3,242	23,255
Purchase of reserves in place	5,686	4,377	34	8
Revisions	723	1,572	564	692
Extensions, discoveries and other additions	—	—	—	413
Change in ownership percentage	—	—	(32)	(1,347)
Production	(427)	(648)	(413)	(2,910)
December 31, 2010	5,982	5,301	3,395	20,111
Purchase of reserves in place	—	—	958	8,045
Revisions	887	1,338	412	(547)
Extensions, discoveries and other additions	—	—	—	—
Sale of reserves in-place	—	—	(1,159)	(8,467)
Production	(439)	(371)	(399)	(906)
December 31, 2011	6,430	6,268	3,207	18,236
Proved-developed reserves:				
December 31, 2010	4,166	3,848	2,972	18,228
December 31, 2011	3,495	3,229	2,606	14,695
Proved-undeveloped reserves:				
December 31, 2010	1,817	1,453	423	1,885
December 31, 2011	2,935	3,039	602	3,542

Costs Incurred in Oil and Natural Gas Activities

The following table displays certain information regarding the costs incurred associated with finding, acquiring and developing the Company's proved oil and natural gas reserves for the years ended December 31, 2011 and 2010 (in thousands).

	Consolidated Years Ended December 31,		Company's Share of Equity-Method Investments Years Ended December 31,	
	2011	2010	2011	2010
Acquisition of properties—proved	$ —	$ 34,336	$ 32,586	$ 629
Acquisition of properties—unproved	—	—	—	118
Exploratory costs	—	359	—	—
Development costs	10,560	30	18,367	9,980
Total costs incurred	$ 10,560	$ 34,725	$ 50,953	$ 10,727

Capitalized costs for oil and gas producing activities consist of the following (in thousands):

	Consolidated Years Ended December 31,		Company's Share of Equity-Method Investments Years Ended December 31,	
	2011	2010	2011	2010
Unproved oil and gas properties	$ —	$ —	$ 13,559	$ 24,097
Proved oil and gas properties	44,109	34,336	159,527	144,324
Accumulated depreciation, depletion and amortization	(8,215)	(3,038)	(52,764)	(49,849)
Capitalized costs, net	$ 35,894	$ 31,298	$120,322	$118,572

Productive Wells Summary

The following table presents the Company's ownership of productive oil and natural gas wells as of December 31, 2011. Productive wells consist of producing wells and wells capable of production. In the table, "gross" refers to the total wells in which the Company owns an interest and "net" refers to the sum of fractional interests owned in gross wells.

	Consolidated Total Productive Wells		Company's Share of Equity-Method Investments Total Productive Wells	
	Gross	Net	Gross	Net
Oil	10.00	5.10	28.50	18.13
Natural gas	—	—	22.70	11.07
Total	10.00	5.10	51.20	29.20

Acreage

The following table sets forth information as of December 31, 2011 relating to acreage held by the Company. Developed acreage is assigned to productive wells.

	Consolidated		Company's Share of Equity-Method Investments	
	Gross Acreage	Net Acreage	Gross Acreage	Net Acreage
Developed	17,280	8,813	69,517	38,434
Undeveloped	—	—	5,560	4,574
Total	17,280	8,813	75,077	43,008

Drilling Activity

The following table shows the Company's drilling activity for the years ended December 31, 2011 and 2010. The Company did not engage in any drilling activity related to its ownership of the Bullwinkle platform and its related assets during the year ended December 31, 2011. In the table, "gross" refers to the total wells in which the Company has a working interest and "net" refers to the gross wells multiplied by the Company's working interest in these wells. Well activity refers to the number of wells completed during a fiscal year, regardless of when drilling first commenced.

	Company's Share of Equity-Method Investments			
	2011		2010	
	Gross	Net	Gross	Net
Exploratory Wells				
Productive	0.10	0.01	—	—
Non-productive	0.10	0.07	—	—
Total	0.20	0.08	—	—
Development Wells				
Productive	0.20	0.03	0.25	0.15
Non-productive	0.10	0.02	—	—
Total	0.30	0.05	0.25	0.15

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Results of Operations

The following table sets forth the Company's results of operations for producing activities:

	Years Ended December 31,	
	2011	2010
Consolidated Entities		
Revenues		
Sales	$ 54,442	$ 39,410
Production costs	12,293	9,511
Exploration expenses	—	359
Depreciation, depletion and amortization	11,928	10,057
	30,221	19,483
Income tax expenses	10,789	7,014
Results of operations from producing activities (excluding corporate overhead)	$ 19,432	$ 12,469
Company's share of equity-method investments		
Revenues		
Sales	$ 53,181	$ 56,964
Production costs	22,034	23,375
Exploration expenses	—	105
Depreciation, depletion and amortization	18,449	18,557
	12,698	14,927
Income tax expenses	4,533	5,373
Results of operations from producing activities (excluding corporate overhead)	$ 8,165	$ 9,554

The Company's consolidated oil and gas operations, as well as its share of equity-method investment are in the Gulf of Mexico. The Company's consolidated entity's average sales price was $108.79 per barrel of oil and $3.45 per mcf of gas in 2011 and $77.04 per barrel of oil and $5.00 per mcf of gas in 2010. Average production costs were $12.51 and $19.99 per barrel of oil equivalent in years ended December 31, 2011 and 2010, respectively. The Company's share of its equity-method investment's average sales price was $113.28 per barrel of oil and $4.40 per mcf of gas in 2011 and $79.21 per barrel of oil and $4.78 per mcf of gas in 2010. Average production costs were $26.30 and $25.35 per barrel of oil equivalent in 2011 and 2010, respectively.

Standardized Measure of Discounted Future Net Cash Flows Relating to Reserves

The following information has been developed utilizing procedures prescribed by authoritative guidance related to oil and gas activities. It may be useful for certain comparative purposes, but should not be solely relied upon in evaluating the Company or its performance. Further, information contained in the following table should not be considered as representative of realistic assessments of future cash flows, nor should the standardized measure of discounted future net cash flows be viewed as representative of the current value of the Company.

The Company believes that the following factors should be taken into account in reviewing this information: (1) future costs and selling prices will likely differ from those required to be used in these calculations; (2) due to future market conditions and governmental regulations, actual rates of production achieved in future years may vary significantly from the rate of production assumed in the calculations; (3) selection of a 10% discount rate is arbitrary and may not be reasonable as a measure of the relative risk inherent in realizing future net oil and gas revenues; and (4) future net revenues may be subject to different rates of income taxation.

Under the standardized measure, future cash inflows were estimated by applying period-end oil and natural gas prices adjusted for differentials. Future cash inflows were reduced by estimated future development, abandonment and production costs based on period-end costs in order to arrive at net cash flow before tax. Future income tax expense has been computed by applying period-end statutory tax rates to aggregate future net cash flows, reduced by the tax basis of the properties involved and tax carryforwards. Use of a 10% discount rate is required by authoritative guidance related to oil and gas activities.

The standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves at December 31, 2011 and 2010 is as follows (in thousands):

	Consolidated		Company's Share of Equity-Method Investments	
	2011	2010	2011	2010
Future cash inflows	$ 701,170	$ 486,199	$ 414,246	$356,126
Future production costs	(126,627)	(43,392)	(100,848)	(83,215)
Future development and abandonment costs	(58,388)	(86,125)	(67,760)	(84,260)
Future income tax expenses	(185,816)	(129,262)	(73,202)	(66,161)
Future net cash flows	330,339	227,420	172,436	122,490
10% annual discount for estimated timing of cash flows	92,590	57,928	39,704	20,014
Standardized measure of discounted future net cash flows	$ 237,749	$ 169,492	$ 132,732	$102,476

A summary of the changes in the standardized measure of discounted future net cash flows applicable to proved oil and natural gas reserves for the years ended December 31, 2011 and 2010 is as follows (in thousands):

	Consolidated		Company's Share of Equity-Method Investment	
	2011	2010	2011	2010
Beginning of the period	$169,492	$ —	$102,476	$ 64,136
Net change in sales and transfer prices and in production (lifting) costs related to future production	62,881	102,726	27,944	57,626
Changes in estimated future development costs	8,297	2,950	(8,862)	(9,051)
Sales and transfers of oil and gas produced during the period	(54,057)	(29,542)	(44,268)	(32,370)
Net change due to extensions, discoveries, and improved recovery	—	—	—	2,781
Net changes due to purchases and sales of minerals in place	—	70,993	51,781	(1,912)
Net changes due to revisions in quantity estimates	57,189	38,206	22,005	16,859
Previously estimated development costs incurred during the period	17,980	1,758	13,840	16,570
Exchange transaction	—	—	(23,356)	—
Accretion of discount	26,625	16,484	11,179	8,780
Other-unspecified	(12,650)	2,338	(2,065)	1,496
Net change in income taxes	(38,008)	(36,421)	(17,942)	(22,439)
Aggregate change in the standardized measure of discounted future net cash flows for the year	68,257	169,492	30,256	38,340
End of the period	$237,749	$169,492	$132,732	$102,476

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The December 31, 2011 amount was estimated by Netherland, Sewell & Associates, Inc. using a twelve month average WTI Cushing price of $96.19 per barrel (bbl), and a Henry Hub gas price of $4.118 per million British Thermal Units, and price differentials. The December 31, 2010 amount was estimated by DeGoyler and MacNaughton and Netherland, Sewell & Associates, Inc. using a twelve month average WTI Cushing price of $79.40 per barrel (bbl), and a Henry Hub gas price of $4.38 per million British Thermal Units, and price differentials.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Our management has established and maintains a system of disclosure controls and procedures to provide reasonable assurances that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is appropriately recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission (SEC). In addition, the disclosure controls and procedures ensure that information required to be disclosed, accumulated and communicated to management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), allow timely decisions regarding required disclosure. An evaluation was carried out, under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-14(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on that evaluation, our principal executive and financial officers have concluded that our disclosure controls and procedures as of December 31, 2011 were effective to provide reasonable assurance that information required to be disclosed by us in reports we file with the SEC is recorded, processed, summarized and reported within the time periods required by the SEC's rules and forms, and is accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow timely decisions regarding disclosures. Management's report and the independent registered public accounting firm's attestation report are included herein under the captions "Management's Annual Report on Internal Control over Financial Reporting" and "Report of Independent Registered Public Accounting Firm," and are incorporated by reference.

There has been no change in our internal control over financial reporting during the three months ended December 31, 2011, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, and for performing an assessment of the effectiveness of internal control over our financial reporting as of December 31, 2011. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements. Management recognizes that there are inherent limitations in the effectiveness of any internal control over financial reporting, including the possibility of human error and the circumvention or overriding of internal control. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may be inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our principal executive officer and principal financial officer, performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2011 based upon criteria in "Internal Control—Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, our management determined that as of December 31, 2011, our internal control over financial reporting was effective based on those criteria.

Our internal control over financial reporting as of December 31, 2011 has been audited by KPMG, LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Superior Energy Services, Inc.:

We have audited Superior Energy Services, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Superior Energy Services, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Superior Energy Services, Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Superior Energy Services, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Superior Energy Services, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated February 28, 2012 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

New Orleans, Louisiana
February 28, 2012

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information relating to our executive officers is included in Part I, Item 1 in this Annual Report, and is incorporated herein by reference. Information relating to our Code of Business Ethics and Conduct that applies to all of our directors, officers and employees, including our senior financial officers, is included in Part I, Item 1 of this Annual Report, and is incorporated herein by reference. Other information required by this item will be contained in our definitive proxy statement to be filed pursuant to Regulation 14A and is incorporated herein by reference.

Item 11. Executive Compensation

Information required by this item will be contained in our definitive proxy statement to be filed pursuant to Regulation 14A and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item will be contained in our definitive proxy statement to be filed pursuant to Regulation 14A and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item will be contained in our definitive proxy statement to be filed pursuant to Regulation 14A and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by this item will be contained in our definitive proxy statement to be filed pursuant to Regulation 14A and is incorporated herein by reference.

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) (1) Financial Statements

The following financial statements are included in Part II of this Annual Report on Form 10-K:

Report of Independent Registered Public Accounting Firm—Audit of Financial Statements	34
Consolidated Balance Sheets as of December 31, 2011 and 2010	35
Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009	36
Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2011, 2010 and 2009	37
Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009	39
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Management's Report on Internal Control over Financial Reporting	87
Report of Independent Registered Public Accounting Firm—Audit of Internal Control over Financial Reporting	88

(2) Financial Statement Schedule

Schedule II—Valuation and Qualifying Accounts for the years ended December 31, 2011, 2010 and 2009	98

All other schedules are omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits

Exhibit No.	Description
2.1	Implementation Agreement, dated December 11, 2009, by and among Superior Energy Services, Inc., Superior Energy Services (UK) Limited and Hallin Marine Subsea International Plc (incorporated herein by reference to Exhibit 2.1 to Superior Energy Services, Inc.'s Form 8-K filed December 11, 2009 (File No. 001-34037)).
2.2	Rule 2.5 Announcement (incorporated herein by reference to Exhibit 2.2 to Superior Energy Services, Inc.'s Form 8-K filed December 11, 2009 (File No. 001-34037)).
2.3	Agreement and Plan of Merger, dated October 9, 2011, by and among Superior Energy Services, Inc., SPN Fairway Acquisition, Inc. and Complete Production Services, Inc. (incorporated herein by reference to Exhibit 2.1 to Superior Energy Services, Inc.'s Form 8-K filed October 12, 2011 (File No. 001-34037)).
3.1*	Composite Certificate of Incorporation of Superior Energy Services, Inc.
3.2	Amended and Restated Bylaws of Superior Energy Services, Inc. (as amended through February 23, 2011) (incorporated herein by reference to Exhibit 3.1 to Superior Energy Services, Inc.'s Form 8-K filed February 25, 2011 (File No. 001-34037)).
4.1	Specimen Stock Certificate (incorporated herein by reference to Amendment No. 1 to Superior Energy Services, Inc.'s Form S-4 on Form SB-2 (Registration Statement No. 33-94454)).

Exhibit No.	Description
4.2	Indenture, dated May 22, 2006, among SESI, L.L.C., the guarantors identified therein and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to Superior Energy Services, Inc.'s Form 8-K filed May 23, 2006 (File No. 333-22603)), as amended by Supplemental Indenture, dated December 12, 2006, by and among Warrior Energy Services Corporation, SESI, L.L.C., the other Guarantors (as defined in the Indenture referred to therein) and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to Superior Energy Services, Inc.'s 8-K filed December 13, 2006 (File No. 333-22603)), as further amended by Supplemental Indenture, dated September 13, 2007 but effective as of August 29, 2007, by and among Advanced Oilwell Services, Inc., SESI L.L.C., the other Guarantors (as defined in the Indenture referred to therein) and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to Superior Energy Services, Inc.'s Form 8-K filed September 18, 2007 (File No. 333-22603)), as further amended by Supplemental Indenture, dated April 27, 2011, among Superior Energy Services Colombia, L.L.C., SESI, L.L.C., Superior Energy Services, Inc., the other Guarantors (as defined in the Indenture referred to therein) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.3 to Superior Energy Services, Inc.'s Form 8-K filed April 27, 2011 (File No. 001-34037)).
4.3	Indenture, dated April 27, 2011, among SESI, L.L.C., each of the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to Superior Energy Services, Inc.'s Form 8-K filed April 27, 2011 (File No. 001-34037)).
4.4	Indenture, dated December 6, 2011, among SESI, L.L.C., each of the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to Superior Energy Services, Inc.'s Form 8-K filed December 12, 2011 (File No. 001-34037)).
10.1^	Amended and Restated Superior Energy Services, Inc. 1995 Stock Incentive Plan (incorporated herein by reference to Exhibit A to Superior Energy Services, Inc.'s Definitive Proxy Statement filed June 26, 1997 (File No. 000-20310)).
10.2	Wreck Removal Contract, dated December 31, 2007, by and among Wild Well Control, Inc., BP America Production Company, Chevron U.S.A. Inc. and GOM Shelf LLC (Superior Energy Services, Inc. agrees to furnish supplementally a copy of any omitted exhibits to the SEC upon request) (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed January 4, 2008 (File No. 333-22603)).
10.3^	Form of Employment Agreement for Robert S. Taylor (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed June 6, 2007 (File No. 333-22603)).

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Exhibit No.	Description
10.4^	Superior Energy Services, Inc. 2007 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed May 24, 2007 (File No. 333-22603)).
10.5^	Form of Employment Agreement executed by Superior Energy Services, Inc. and each of Alan P. Bernard, Lynton G. Cook, III and Danny R. Young (incorporated herein by reference to Exhibit 10.2 to Superior Energy Services, Inc.'s Form 8-K filed June 6, 2007 (File No. 333-22603)).
10.6^	Superior Energy Services, Inc. 1999 Stock Incentive Plan (incorporated herein by reference to Superior Energy Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 333-22603)), as amended by Second Amendment to Superior Energy Services, Inc. 1999 Stock Incentive Plan, effective as of December 7, 2004 (incorporated herein by reference to Exhibit 10.2 to Superior Energy Services, Inc.'s Form 8-K filed December 20, 2004 (File No. 333-22603)).
10.7^	Amended and Restated Superior Energy Services, Inc. 2002 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.9 to Superior Energy Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 333-22603)), as amended by First Amendment to Superior Energy Services, Inc. 2002 Stock Incentive Plan, effective as of December 7, 2004 (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed December 20, 2004 (File No. 333-22603)).
10.8^	Superior Energy Services, Inc. Nonqualified Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.11 to Superior Energy Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009), as amended by Amendment No. 1 to the Superior Energy Nonqualified Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.11 of Superior Energy Services, Inc.'s Form 10-K for the year ended December 31, 2011 (File No. 001-34037)).
10.9^	Superior Energy Services, Inc. 2005 Stock Incentive Plan (incorporated herein by reference to Appendix A to Superior Energy Services, Inc.'s Definitive Proxy Statement filed April 19, 2005 (File No. 333-22603)).
10.10^	Amended and Restated Superior Energy Services, Inc. 2004 Directors Restricted Stock Units Plan (incorporated herein by reference to Appendix B to Superior Energy Services, Inc.'s Definitive Proxy Statement filed April 20, 2006 (File No. 333-22603)).
10.11	Purchase, Contribution and Redemption Agreement, dated February 25, 2008, by and among Dynamic Offshore Resources, LLC, Moreno Group LLC, SESI, L.L.C., and SPN Resources, LLC (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed February 29, 2008 (File No. 333-22603)).
10.12^	Employment Agreement, dated March 1, 2008, by and between Superior Energy Services, Inc. and William B. Masters (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed March 6, 2008 (File No. 333-22603)).
10.13^	Superior Energy Services, Inc. Supplemental Executive Retirement Plan (incorporated herein by reference to Exhibit 10.21 to Superior Energy Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-34037)), as amended by Amendment No. 1 to the Superior Energy Supplemental Executive Retirement Plan (incorporated herein by reference to Exhibit 10.21 to Superior Energy Services, Inc.'s Form 10-K for the year ended December 31, 2010 (File No. 001-34037)).
10.14^	Superior Energy Services, Inc. 2009 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed May 27, 2009 (File No. 001-34037)).

Exhibit No.	Description
10.15	Third Amended and Restated Credit Agreement, dated February 7, 2012, among SESI, L.L.C., Superior Energy Services, Inc., JPMorgan Chase Bank, N.A. and the lenders party thereto (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed February 8, 2012 (File No. 001-34037)).
10.16^	Form of Stock Option Agreement under the Superior Energy Services, Inc. 2005 Stock Incentive Plan and the 2009 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed December 16, 2009 (File No. 001-34037)).
10.17^	Form of Restricted Stock Agreement under the Superior Energy Services, Inc. 2005 Stock Incentive Plan and the 2009 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.2 to Superior Energy Services, Inc.'s Form 8-K filed December 16, 2009 (File No. 001-34037)).
10.18^	Form of Performance Share Unit Award Agreement under the Superior Energy Services, Inc. 2005 Stock Incentive Plan and the 2009 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.3 to Superior Energy Services, Inc.'s Form 8-K filed December 16, 2009 (File No. 001-34037)).
10.19^	Superior Energy Services, Inc. 2011 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed May 26, 2011 (File No. 001-34037)).
10.20^	Form of Stock Option Agreement under the Superior Energy Services, Inc. 2011 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed December 14, 2011 (File No. 001-34037)).
10.21^	Form of Restricted Stock Agreement under the Superior Energy Services, Inc. 2011 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.2 to Superior Energy Services, Inc.'s Form 8-K filed December 14, 2011 (File No. 001-34037)).
10.22^	Form of Performance Share Unit Award Agreement under the Superior Energy Services, Inc. 2011 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.3 to Superior Energy Services, Inc.'s Form 8-K filed December 14, 2011 (File No. 001-34037)).
10.23*	Complete Production Services, Inc. Amended and Restated 2001 Stock Incentive Plan.
10.24*	Amendment No. 1 to the Complete Production Services, Inc. Amended and Restated 2001 Stock Incentive Plan.
10.25*	Complete Production Services, Inc. 2008 Incentive Award Plan.
10.26*	Amendment No. 1 to the Complete Production Services, Inc. 2008 Incentive Award Plan.
10.27^	Employment Agreement, dated effective as of April 28, 2010, by and between Superior Energy Services, Inc. and David D. Dunlap (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed May 3, 2010 (File No. 001-34037)).
10.28^	Buy-Out Agreement, dated effective as of April 28, 2010, by and between Superior Energy Services, Inc. and Terence E. Hall (incorporated herein by reference to Exhibit 10.3 to Superior Energy Services, Inc.'s Form 8-K filed May 3, 2010 (File No. 001-34037)).
10.29^	Senior Advisor Agreement, dated effective as of May 20, 2011, by and between Superior Energy Services, Inc. and Terence E. Hall (incorporated herein by reference to Exhibit 10.4 to Superior Energy Services, Inc.'s Form 8-K filed May 3, 2010 (File No. 001-34037)).
10.30^	Senior Advisor Agreement, dated effective as of January 1, 2011, by and between Superior Energy Services, Inc. and Kenneth L. Blanchard (incorporated herein by reference to Exhibit 10.5 to Superior Energy Services, Inc.'s Form 8-K filed May 3, 2010 (File No. 001-34037)).

Exhibit No.	Description
10.31^	Letter Agreement, dated effective December 10, 2010, by and between Superior Energy Services, Inc. and Terence E. Hall (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed December 16, 2010 (File No. 001-34037)).
10.32^	Letter Agreement, dated effective December 10, 2010, by and between Superior Energy Services, Inc. and Kenneth L. Blanchard (incorporated herein by reference to Exhibit 10.2 to Superior Energy Services, Inc.'s Form 8-K filed December 16, 2010 (File No. 001-34037)).
10.33^*	Employment Agreement, dated June 1, 2007, between Superior Energy Services, Inc. and Gregory A. Rosenstein.
10.34^*	Amended and Restated Complete Production Services, Inc. Executive Agreement, dated December 31, 2008, between Complete Production Services, Inc. and Brian K. Moore.
10.35^	Superior Energy Services, Inc. Directors Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed February 25, 2011 (File No. 001-34037)).
10.36	Purchase Agreement dated April 20, 2011, with respect to SESI, L.L.C.'s $500,000,000 6.375% Senior Notes due 2019 (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed April 26, 2011 (File No. 001-34037)).
10.37	Registration Rights Agreement dated April 27, 2011, by and among SESI, L.L.C., Superior Energy Services, Inc., the guarantors listed in Schedule 1 thereto and J.P. Morgan Securities LLC (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed April 27, 2011 (File No. 001-34037)).
10.38	Purchase Agreement dated November 21, 2011, with respect to SESI, L.L.C.'s $800,000,000 7.125% Senior Notes due 2021 (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed November 28, 2011 (File No. 001-34037)).
10.39	Registration Rights Agreement dated December 6, 2011, by and among SESI, L.L.C., Superior Energy Services, Inc., the guarantors listed in Schedule 1 thereto and J.P. Morgan Securities LLC (incorporated herein by reference to Exhibit 10.1 to Superior Energy Services, Inc.'s Form 8-K filed December 12, 2011 (File No. 001-34037)).
12.1*	Computation of Ratio of Earnings to Fixed Charges.
14.1	Code of Business Ethics and Conduct (incorporated herein by reference to Exhibit 14.1 to Superior Energy Services, Inc.'s Form 8-K filed on February 25, 2011 (File No. 001-34037)).
21.1*	Subsidiaries of Superior Energy Services, Inc.
23.1*	Consent of KPMG LLP, independent registered public accounting firm.
23.2*	Consent of Netherland, Sewell & Associates, Inc.
23.3*	Consent of DeGoyler and MacNaughton.
31.1*	Officer's certification pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Officer's certification pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32.1*	Officer's certification pursuant to Section 1350 of Title 18 of the U.S. Code.
32.2*	Officer's certification pursuant to Section 1350 of Title 18 of the U.S. Code.
99.1*	Appraisal Report as of December 31, 2011 on Certain Properties owned by Superior Energy Services, Inc.
101.INS**	XBRL Instance Document

Exhibit No.	Description
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herein
** Furnished with this Form 10-K
^ Management contract or compensatory plan or arrangement

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 28, 2012

By: /s/ DAVID D. DUNLAP
David D. Dunlap
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DAVID D. DUNLAP **David D. Dunlap**	Chief Executive Officer (Principal Executive Officer)	February 28, 2012
/s/ ROBERT S. TAYLOR **Robert S. Taylor**	Executive Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2012
/s/ TERENCE E. HALL **Terence E. Hall**	Chairman of the Board	February 28, 2012
/s/ HAROLD J. BOUILLION **Harold J. Bouillion**	Director	February 28, 2012
/s/ ENOCH L. DAWKINS **Enoch L. Dawkins**	Director	February 28, 2012
/s/ JAMES M. FUNK **James M. Funk**	Director	February 28, 2012
/s/ ERNEST E. HOWARD, III **Ernest E. Howard, III**	Director	February 28, 2012
/s/ PETER D. KINNEAR **Peter D. Kinnear**	Director	February 28, 2012
/s/ MICHAEL M. MCSHANE **Michael M. McShane**	Director	February 28, 2012
/s/ W. MATT RALLS **W. Matt Ralls**	Director	February 28, 2012
/s/ JUSTIN L. SULLIVAN **Justin L. Sullivan**	Director	February 28, 2012

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES
Schedule II Valuation and Qualifying Accounts
Years Ended December 31, 2011, 2010 and 2009
(in thousands)

Description	Balance at the beginning of the year	Charged to costs and expenses	Deductions	Balance at the end of the year
Year ended December 31, 2011:				
Allowance for doubtful accounts	$ 22,618	$ 3,689	$ 8,823	$17,484
Year ended December 31, 2010:				
Allowance for doubtful accounts	$ 23,679	$ 4,825	$ 5,886	$22,618
Year ended December 31, 2009:				
Allowance for doubtful accounts	$ 18,013	$ 10,866	$ 5,200	$23,679

Exhibit 3.1

COMPOSITE CERTIFICATE OF INCORPORATION
OF
SUPERIOR ENERGY SERVICES, INC.

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

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

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

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

FOURTH: The aggregate number of shares which the Corporation shall have authority to issue is Two Hundred Fifty-Five Million (255,000,000) shares, of which Two Hundred Fifty Million (250,000,000) shares shall be designated Common Stock, par value $.001 per share, and Five Million (5,000,000) shares shall be designated Preferred Stock, par value $.01 per share. The Board of Directors may authorize the issuance from time to time of the Preferred Stock in one or more series with such designations, preferences, qualifications, limitations, restrictions and optional or other special rights (which may differ with respect to each series) as the Board may fix by resolution. Without limiting the foregoing, the Board of Directors is authorized to fix with respect to each series:

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

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

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

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

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

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

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

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

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

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

SIXTH: The corporation is to have perpetual existence.

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

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

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

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

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

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

TENTH: The corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities, or other matters referred to or covered by said section, and the indemnification provided for which those indemnified may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

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

TWELFTH: A. PURPOSE. The provisions of this Article TWELFTH are intended to assure that the Corporation remains in continuous compliance with the citizenship requirements of the Merchant Marine Act, 1920, as amended, the Merchant Marine Act, 1936, as amended, the Shipping Act, 1916, as amended, and the regulations promulgated thereunder, as such laws and regulations are amended from time to time (collectively, the “Maritime Laws”). It is the policy of the Corporation that Non-Citizens should not Beneficially Own, individually or in the aggregate, any shares of the Corporation’s Capital Stock in excess of the Permitted Amount. If the Board of Directors of the Corporation should conclude in its sole discretion at any time that Non-Citizens have become, or are about to become, the Beneficial Owners, individually or in the aggregate, of shares of Capital Stock in excess of the Permitted Amount, the Board of Directors may by resolution duly adopted declare that any or all of the provisions of subparagraphs C, D and E of this Article TWELFTH shall apply. Certificates representing shares of the Capital Stock of the Corporation shall bear a legend concerning the restrictions on ownership by Non-Citizens contained in this Article TWELFTH.

B. DEFINITIONS. For purposes of this Article TWELFTH, the following terms shall have the meanings specified below:

1. A Person shall be deemed to be the "Beneficial Owner" of, or to "Beneficially Own," shares of Capital Stock to the extent such Person would be deemed to be the beneficial owner thereof pursuant to Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as such rule may be amended from time to time.

2. "Capital Stock" shall mean any class or series of capital stock of the Corporation other than any class or series of capital stock of the Corporation that is permitted by the Maritime Administration of the United States Department of Transportation ("MARAD") to be excluded from the determination of whether the Corporation is in compliance with the citizenship requirements of the Maritime Laws.

3. "Citizen" shall mean:

(a) any individual who is a citizen of the United States, by birth, naturalization or as otherwise authorized by law;

(b) any corporation (i) that is organized under the laws of the United States or of a state, territory, district or possession thereof, (ii) not less than 75% of the capital stock of which is Beneficially Owned by Persons who are Citizens, (iii) whose president or chief executive officer, chairman of the board of directors and all officers authorized to act in the absence or disability of such Persons are Citizens and (iv) of which more than 50% of the number of its directors necessary to constitute a quorum are Citizens;

(c) any partnership (i) that is organized under the laws of the United States or of a state, territory, district or possession thereof, (ii) all general partners of which are Citizens and (iii) not less than a 75% interest in which is Beneficially Owned by Persons who are Citizens;

(d) any association or limited liability company (i) that is organized under the laws of the United States or of a state, territory, district or possession thereof, (ii) whose president or chief executive officer (or the Person serving in an equivalent position), chairman of the board of directors (or equivalent position) and all Persons authorized to act in the absence or disability of such Persons are Citizens, (iii) not less than a 75% interest in which or 75% of the voting power of which is Beneficially Owned by Citizens and (iv) of which more than 50% of the number of its directors (or the Persons serving in equivalent positions) necessary to constitute a quorum are Citizens;

(e) any joint venture (if not an association, corporation or partnership) (i) that is organized under the laws of the United States or of a state, territory, district or possession thereof and (ii) all co-venturers of which are Citizens; and (f) any trust (i) that is domiciled in and existing under the laws of the United States or of a state, territory, district or possession thereof, (ii) the trustee of which is a Citizen and (iii) of which not less than a 75% of the beneficial interests in both income and principal are held for the benefit of Citizens.

4. “Non-Citizen” shall mean any Person other than a Citizen.

5. “Permitted Amount” shall mean shares of Capital Stock that, individually or in the aggregate (a) have Voting Power not in excess of 23% of Total Voting Power or (b) constitute not more than 23% of the total number of the issued and outstanding shares of Capital Stock; provided that, if the Maritime Laws are amended to change the amount of Capital Stock that a Non-Citizen may own or have the power to vote, then the Permitted Amount shall be changed to a percentage that is two percentage points less than the percentage that would cause the Corporation to be no longer qualified under the Maritime Laws, after giving effect to such amendment, as a Citizen qualified to (i) engage in coastwise trade, (ii) participate in MARAD’s Title XI or comparable financing programs, or (iii) participate in operating differential subsidies or similar programs.

6. “Person” shall mean an individual, partnership, corporation, limited liability company, trust, joint venture or other entity.

7. “Total Voting Power” shall mean the total number of votes that may be cast by all outstanding shares of Capital Stock having Voting Power.

8. “Voting Power” shall mean the power to vote with respect to the election of the Corporation’s directors.

C. RESTRICTIONS ON TRANSFER.

1. Any transfer, or attempted or purported transfer, of any shares of the Capital Stock of the Corporation or any interest therein or right thereof, that would result in the Beneficial Ownership by Non-Citizens, individually or in the aggregate, of shares of Capital Stock in excess of the Permitted Amount will, until such excess no longer exists, be void and ineffective as against the Corporation and the Corporation will not recognize, with respect to those shares that caused the Permitted Amount to be exceeded, the purported transferee as a stockholder of the Corporation for any purpose other than the transfer by the purported transferee of such excess to a person who is not a Non-Citizen or to the extent necessary to effect any other remedy available to the Corporation under this Article TWELFTH.

2. The Board of Directors is hereby authorized to effect any and all measures necessary or desirable (consistent with applicable law and the provisions of this Certificate of Incorporation) to fulfill the purpose and implement the provisions of this Article TWELFTH, including without limitation, obtaining, as a condition to recording the transfer of shares on the stock records of the Corporation, affidavits or other proof as to the citizenship of existing or prospective stockholders on whose behalf shares of the Capital Stock of the Corporation or any interest therein or right thereof are or are to be held, or establishing and maintaining a dual stock certificate system under which different forms of stock certificates representing outstanding shares of the Capital Stock of the Corporation are issued to Citizens or Non-Citizens.

D. SUSPENSION OF VOTING, DIVIDEND AND DISTRIBUTION RIGHTS WITH RESPECT TO EXCESS SHARES. If any shares of Capital Stock in excess of the Permitted Amount are Beneficially Owned by Non- Citizens, individually or in the aggregate, any such excess shares determined in accordance with this subparagraph D (the "Excess Shares"), shall, until such excess no longer exists, not be entitled to (1) receive any dividends or distributions of assets declared payable or paid to the holders of the Capital Stock of the Corporation during such period or (2) vote with respect to any matter submitted to a vote of the stockholders of the Corporation, and such Excess Shares shall not be deemed to be outstanding for purposes of determining the vote required on any matter properly submitted to a vote of the stockholders of the Corporation. At such time as the Permitted Amount is no longer exceeded, full voting rights shall be restored to any shares previously deemed to be Excess Shares, and any dividends or distributions with respect thereto that have been withheld shall be due and paid to the holders of such shares. If the number of shares of Capital Stock Beneficially Owned by Non-Citizens is in excess of the Permitted Amount, the shares deemed to be Excess Shares for purposes of this Article TWELFTH will be those shares Beneficially Owned by Non-Citizens that the Board of Directors determines became so Beneficially Owned most recently, and such determination shall be conclusive.

E. REDEMPTION OF EXCESS SHARES. The Corporation shall have the power, but not the obligation, to redeem Excess Shares subject to the following terms and conditions:

1. The per share redemption price (the "Redemption Price") to be paid for the Excess Shares to be redeemed shall be the sum of (a) the average closing sales price of the Capital Stock and (b) any dividend or distribution declared with respect to such shares prior to the date such shares are called for redemption hereunder but which has been withheld by the Corporation pursuant to subparagraph D. As used herein, the term "average closing sales price" shall mean the average of the closing sales prices of the Capital Stock as quoted on the Nasdaq National Market during the 10 trading days immediately prior to the date the notice of redemption is given, or if not so quoted, on the New York Stock Exchange, or on any other national securities exchange selected by the Corporation on which such Capital Stock is listed, or if not so quoted or listed on any national securities exchange, the mean between the representative bid and ask prices as quoted by Nasdaq or another generally recognized reporting system, on each of such 10 trading days, and if not so quoted, as may be determined in good faith by the Board of Directors.

2. The Redemption Price may be paid in cash or by delivery of a promissory note of the Corporation, at the election of the Corporation. Any such promissory note shall have a maturity of not more than 10 years from the date of issuance and shall bear interest at the rate equal to the then current coupon rate of a 10-year Treasury note as such rate is published in THE WALL STREET JOURNAL or comparable publication.

3. A notice of redemption shall be given by first class mail, postage prepaid, mailed not less than 10 days prior to the redemption date to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock records of the Corporation. Each such notice shall state (a) the redemption date, (b) the number of shares of Capital Stock to be redeemed from such holder, (c) the Redemption Price, and the manner of

payment thereof, (d) the place where certificates for such shares are to be surrendered for payment of the Redemption Price, and (e) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

4. From and after the redemption date, dividends on the shares of Capital Stock called for redemption shall cease to accrue and such shares shall no longer be deemed to be outstanding and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the Redemption Price) shall cease. Upon surrender of the certificates for any shares so redeemed in accordance with the requirements of the notice of redemption (properly endorsed or assigned for transfer if the notice shall so state), such shares shall be redeemed by the Corporation at the Redemption Price. In case fewer than all shares represented by any such certificate are redeemed, a new certificate shall be issued representing the shares not redeemed without cost to the holder thereof.

5. Such other terms and conditions as the Board of Directors may reasonably determine.

EXHIBIT 10.23

COMPLETE PRODUCTION SERVICES, INC.

AMENDED AND RESTATED
2001 STOCK INCENTIVE PLAN

I. PURPOSE

The purpose of the **COMPLETE PRODUCTION SERVICES, INC. AMENDED AND RESTATED 2001 STOCK INCENTIVE PLAN** (the "Plan") is to provide a means through which Complete Production Services, Inc., a Delaware corporation (the "Company"), and its Affiliates may attract able persons to serve as Directors or Consultants or to enter the employ of the Company and its Affiliates and to provide a means whereby those individuals upon whom the responsibilities of the successful administration and management of the Company and its Affiliates rest, and whose present and potential contributions to the Company and its Affiliates are of importance, can acquire and maintain stock ownership, thereby strengthening their concern for the welfare of the Company and its Affiliates. A further purpose of the Plan is to provide such individuals with additional incentive and reward opportunities designed to enhance the profitable growth of the Company and its Affiliates. Accordingly, the Plan provides for granting Incentive Stock Options, options that do not constitute Incentive Stock Options, Restricted Stock Awards, or any combination of the foregoing, as is best suited to the circumstances of the particular employee, Consultant or Director as provided herein. This Plan amends and restates in its entirety the Integrated Production Services, Inc. 2001 Stock Incentive Plan (the "IPS Plan"), which amended and restated in its entirety the Saber Energy Services, Inc. 2001 Stock Incentive Plan (the "Original Plan"); provided, however, that to the extent amendments made by the Plan to the IPS Plan or the Original Plan would impair the rights under an Option Agreement awarded under the IPS Plan or the Original Plan, such amendments shall not apply to such Option Agreement unless the optionee consents to such amendments.

II. DEFINITIONS

The following definitions shall be applicable throughout the Plan unless specifically modified by any paragraph:

(a) "**Affiliate**" means any corporation, partnership, limited liability company or partnership, association, trust or other organization which, directly or indirectly, controls, is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any entity or organization, shall mean the possession, directly or indirectly, of the power (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of the controlled entity or organization, or (ii) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities or by contract or otherwise.

(b) “**Award**” means, individually or collectively, any Option or Restricted Stock Award.

(c) “**Board**” means the Board of Directors of the Company.

(d) “**Code**” means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

(e) “**Committee**” means the Compensation Committee of the Board, or another committee appointed by the Board to administer the Plan in accordance with Paragraph IV(a).

(f) “**Common Stock**” means the common stock, par value $0.01 per share, of the Company, or any security into which such Common Stock may be changed by reason of any transaction or event of the type described in Paragraph IX.

(g) “**Company**” means Complete Production Services, Inc., a Delaware corporation.

(h) “**Company Change**” shall have the meaning assigned to such term in Paragraph IX(c) of the Plan.

(i) “**Consultant**” means any person who is not an employee or a Director and who is providing advisory or consulting services to the Company or any Affiliate.

(j) “**Director**” means an individual elected to the Board by the stockholders of the Company or by the Board under applicable corporate law who is serving on the Board on the date the Plan is adopted by the Board or is elected to the Board after such date.

(k) An “**employee**” means any person (including a Director) in an employment relationship with the Company or any Affiliate.

(l) “**Fair Market Value**” means, as of any specified date, the mean of the high and low sales prices of the Common Stock (i) reported by the National Market System of NASDAQ on that date or (ii) if the Common Stock is listed on a national stock exchange, reported on the stock exchange composite tape on that date (or such other reporting service approved by the Committee); or, in either case, if no prices are reported on that date, on the last preceding date on which such prices of the Common Stock are so reported. If the Common Stock is traded over the counter at the time a determination of its fair market value is required to be made hereunder, its fair market value shall be deemed to be equal to the average between the reported high and low or closing bid and asked prices of Common Stock on the most recent date on which Common Stock was publicly traded. In the event Common Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its fair market value shall be made by the Committee in such manner as it deems appropriate. Notwithstanding the foregoing, the Fair Market Value of a share of Common Stock on the date of an initial public offering of Common Stock shall be the offering price under such initial public offering.

(m) “**Incentive Stock Option**” means an incentive stock option within the meaning of section 422 of the Code.

(n) “**Option**” means an Award granted under Paragraph VII of the Plan and includes both Incentive Stock Options to purchase Common Stock and Options that do not constitute Incentive Stock Options to purchase Common Stock.

(o) “**Option Agreement**” means a written agreement between the Company and a Participant with respect to an Option.

(p) “**Participant**” means an employee, Consultant, or Director who has been granted an Award.

(q) “**Plan**” means the Complete Production Services, Inc. Amended and Restated 2001 Stock Incentive Plan, as amended from time to time.

(r) “**Restricted Stock Agreement**” means a written agreement between the Company and a Participant with respect to a Restricted Stock Award.

(s) “**Restricted Stock Award**” means an Award granted under Paragraph VIII of the Plan.

(t) “**Stock Appreciation Right**” shall have the meaning assigned to such term in Paragraph VIl(d) of the Plan.

III. EFFECTIVE DATE AND DURATION OF THE PLAN

The Plan shall become effective upon the date of its adoption by the Board, provided the Plan is approved by the stockholders of the Company within 12 months thereafter. Notwithstanding any provision in the Plan, in any Option Agreement or in any Restricted Stock Agreement, no Option shall be exercisable and no Restricted Stock Award shall vest prior to such stockholder approval. No further Awards may be granted under the Plan after 10 years from the date the Plan is adopted by the Board. The Plan shall remain in effect until all Options granted under the Plan have been satisfied or expired, and all Restricted Stock Awards granted under the Plan have vested or been forfeited.

IV. ADMINISTRATION

(a) **Composition of Committee**. The Plan shall be administered by the Compensation Committee of the Board (or anther committee of the Board assuming the same functions) and shall consist of two or more Directors satisfying the applicable requirements of Rule 16b-3 of the Securities Exchange Act of 1934 and Section 162(m) of the Code. Vacancies in the Committee may be filled by the Board. In the absence of the Board’s appointment of a committee to administer the Plan, the Board shall serve as the Committee.

(b) **Powers**. Subject to the express provisions of the Plan, the Committee shall have authority, in its discretion, to determine which employees, Consultants, or Directors shall receive an Award, the time or times when such Award shall be made, whether an Incentive Stock Option or nonqualified Option shall be granted, and the number of shares to be subject to each Option or Restricted Stock Award. In making such determinations, the Committee shall take into account the nature of the services rendered by the respective employees, Consultants, or Directors, their present and potential contribution to the Company’s success and such other factors as the Committee in its discretion shall deem relevant.

(c) **Additional Powers**. The Committee shall have such additional powers as are delegated to it by the other provisions of the Plan. Subject to the express provisions of the Plan, this shall include the power to construe the Plan and the respective agreements executed hereunder, to prescribe rules and regulations relating to the Plan, and to determine the terms, restrictions and provisions of the agreement relating to each Award, including such terms, restrictions and provisions as shall be requisite in the judgment of the Committee to cause designated Options to qualify as Incentive Stock Options, and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any agreement relating to an Award in the manner and to the extent it shall deem expedient to carry it into effect. The determinations of the Committee on the matters referred to in this Paragraph IV shall be conclusive.

V. SHARES SUBJECT TO THE PLAN; GRANT OF AWARDS

(a) **Shares Subject to the Plan**. Subject to adjustment in the same manner as provided in Paragraph IX with respect to shares of Common Stock subject to Options then outstanding, the aggregate number of shares of Common Stock that may be issued under the Plan shall not exceed 4,500,000 shares. Shares shall be deemed to have been issued under the Plan only (i) to the extent actually issued and delivered pursuant to an Award or (ii) to the extent an Award is settled in cash. To the extent that an Award lapses or the rights of its holder terminate, any shares of Common Stock subject to such Award shall again be available for the grant of an Award under the Plan.

(b) **Grant of Awards**. The Committee may from time to time grant Awards to one or more employees, Consultants, or Directors determined by it to be eligible for participation in the Plan in accordance with the terms of the Plan. The maximum number of shares subject to Awards granted to any individual in any calendar year shall not exceed 450,000.

(c) **Stock Offered**. Subject to the limitations set forth in Paragraph V(a), the stock to be offered pursuant to the grant of an Award may be authorized but unissued Common Stock or Common Stock previously issued and outstanding and reacquired by the Company. Any of such shares which remain unissued and which are not subject to outstanding Awards at the termination of the Plan shall cease to be subject to the Plan but, until termination of the Plan, the Company shall at all times make available a sufficient number of shares to meet the requirements of the Plan.

VI. ELIGIBILITY

Awards may be granted only to persons who, at the time of grant, are employees, Consultants, or Directors. An Award may be granted on more than one occasion to the same person, and, subject to the limitations set forth in the Plan, such Award may include an Incentive Stock Option, an Option that is not an Incentive Stock Option, a Restricted Stock Award, or any combination thereof.

VII. STOCK OPTIONS

(a) **Option Period**. The term of each Option shall be as specified by the Committee at the date of grant.

(b) **Limitations on Exercise of Option**. An Option shall be exercisable in whole or in such installments and at such times as determined by the Committee.

(c) **Special Limitations on Incentive Stock Options**. An Incentive Stock Option may be granted only to an individual who is employed by the Company or any parent or subsidiary corporation (as defined in section 424 of the Code) of the Company at the time the Option is granted. To the extent that the aggregate Fair Market Value (determined at the time the respective Incentive Stock Option is granted) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all incentive stock option plans of the Company and its parent and subsidiary corporations exceeds $100,000, such Incentive Stock Options shall be treated as Options which do not constitute Incentive Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury regulations and other administrative pronouncements, which of a Participant's Incentive Stock Options will not constitute Incentive Stock Options because of such limitation and shall notify the Participant of such determination as soon as practicable after such determination. No Incentive Stock Option shall be granted to an individual if, at the time the Option is granted, such individual owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, within the meaning of section 422(b)(6) of the Code, unless (i) at the time such Option is granted the option price is at least 110% of the Fair Market Value of the Common Stock subject to the Option and (ii) such Option by its terms is not exercisable after the expiration of five years from the date of grant. An Incentive Stock Option shall not be transferable otherwise than by will or the laws of descent and distribution, and shall be exercisable during the Participant's lifetime only by such Participant or the Participant's guardian or legal representative.

(d) **Option Agreement**. Each Option shall be evidenced by an Option Agreement in such form and containing such provisions not inconsistent with the provisions of the Plan as the Committee from time to time shall approve, including, without limitation, provisions to qualify an Incentive Stock Option under section 422 of the Code. Each Option Agreement shall specify the effect of termination of (i) employment, (ii) the consulting or advisory relationship, or (iii) membership on the Board, as applicable, on the exercisability of the Option. An Option Agreement may provide for the payment of the option price, in whole or in part, by the delivery of a number of shares of Common Stock (plus cash if necessary) having a Fair Market Value equal to such option price. Moreover, an Option Agreement may provide for a "cashless exercise" of the Option by establishing procedures satisfactory to the Committee with respect thereto. Further, an Option Agreement may provide for the surrender of the right to purchase shares under the Option in return for a payment in cash or shares of Common Stock or a combination of cash and shares of Common Stock equal in value to the excess of the Fair Market Value of the shares with respect to which the right to purchase is surrendered over the option price therefor ("Stock Appreciation Rights"), on such terms and conditions as the Committee in its sole discretion may prescribe. In the case of any such Stock Appreciation Right that is

granted in connection with an Incentive Stock Option, such right shall be exercisable only when the Fair Market Value of the Common Stock exceeds the price specified therefor in the Option or the portion thereof to be surrendered. The terms and conditions of the respective Option Agreements need not be identical. Subject to the consent of the Participant, the Committee may, in its sole discretion, amend an outstanding Option Agreement from time to time in any manner that is not inconsistent with the provisions of the Plan (including, without limitation, an amendment that accelerates the time at which the Option, or a portion thereof, may be exercisable).

(e) **Option Price and Payment**. The price at which a share of Common Stock may be purchased upon exercise of an Option shall be determined by the Committee but, subject to adjustment as provided in Paragraph IX, (i) in the case of an Incentive Stock Option, such purchase price shall not be less than the Fair Market Value of a share of Common Stock on the date such Option is granted, and (ii) in the case of an Option that does not constitute an Incentive Stock Option, such purchase price shall not be less than 85% of the Fair Market Value of a share of Common Stock on the date such Option is granted. The Option or portion thereof may be exercised by delivery of an irrevocable notice of exercise to the Company, as specified by the Committee. The purchase price of the Option or portion thereof shall be paid in full in the manner prescribed by the Committee. Separate stock certificates shall be issued by the Company for those shares acquired pursuant to the exercise of an Incentive Stock Option and for those shares acquired pursuant to the exercise of any Option that does not constitute an Incentive Stock Option.

(f) **Stockholder Rights and Privileges**. The Participant shall be entitled to all the privileges and rights of a stockholder only with respect to such shares of Common Stock as have been purchased under the Option and for which certificates of stock have been registered in the Participant's name.

(g) **Options and Rights in Substitution for Options Granted by Other Employers**. Options and Stock Appreciation Rights may be granted under the Plan from time to time in substitution for options held by individuals providing services to corporations or other entities who become employees, Consultants, or Directors as a result of a merger or consolidation or other business transaction with the Company or any Affiliate.

VIII. RESTRICTED STOCK AWARDS

(a) **Forfeiture Restrictions To Be Established by the Committee**. Shares of Common Stock that are the subject of a Restricted Stock Award shall be subject to restrictions on disposition by the Participant and an obligation of the Participant to forfeit and surrender the shares to the Company under certain circumstances (the "Forfeiture Restrictions"). The Forfeiture Restrictions shall be determined by the Committee in its sole discretion, and the Committee may provide that the Forfeiture Restrictions shall lapse upon (i) the attainment of one or more performance targets established by the Committee, (ii) the Participant's continued employment with the Company or an Affiliate or continued service as a Consultant or Director for a specified period of time, (iii) the occurrence of any event or the satisfaction of any other condition specified by the Committee in its sole discretion, or (iv) a combination of any of the foregoing. Each Restricted Stock Award may have different Forfeiture Restrictions, in the discretion of the Committee.

(b) **Other Terms and Conditions**. Common Stock awarded pursuant to a Restricted Stock Award shall be represented by a stock certificate registered in the name of the Participant. Unless provided otherwise in a Restricted Stock Agreement, the Participant shall have the right to receive dividends with respect to Common Stock subject to a Restricted Stock Award, to vote Common Stock subject thereto and to enjoy all other stockholder rights, except that (i) the Participant shall not be entitled to delivery of the stock certificate until the Forfeiture Restrictions have expired, (ii) the Company shall retain custody of the stock until the Forfeiture Restrictions have expired, (iii) the Participant may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the stock until the Forfeiture Restrictions have expired, and (iv) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement shall cause a forfeiture of the Restricted Stock Award. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms, conditions or restrictions relating to Restricted Stock Awards, including, but not limited to, rules pertaining to the termination of employment or service as a Consultant or Director (by retirement, disability, death or otherwise) of a Participant prior to expiration of the Forfeitures Restrictions. Such additional terms, conditions or restrictions shall be set forth in a Restricted Stock Agreement made in conjunction with the Award.

(c) **Payment for Restricted Stock**. The Committee shall determine the amount and form of any payment for Common Stock received pursuant to a Restricted Stock Award, provided that in the absence of such a determination, a Participant shall not be required to make any payment for Common Stock received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

(d) **Committee's Discretion to Accelerate Vesting of Restricted Stock Awards**. The Committee may, in its discretion and as of a date determined by the Committee, fully vest any or all Common Stock awarded to a Participant pursuant to a Restricted Stock Award and, upon such vesting, all restrictions applicable to such Restricted Stock Award shall terminate as of such date. Any action by the Committee pursuant to this Subparagraph may vary among individual Participants and may vary among the Restricted Stock Awards held by any individual Participant.

(e) **Restricted Stock Agreements**. At the time any Award is made under this Paragraph VIII, the Company and the Participant shall enter into a Restricted Stock Agreement setting forth each of the matters contemplated hereby and such other matters as the Committee may determine to be appropriate. The terms and provisions of the respective Restricted Stock Agreements need not be identical. Subject to the consent of the Participant, the Committee may, in its sole discretion, amend an outstanding Restricted Stock Agreement from time to time in any manner that is not inconsistent with the provisions of the Plan.

(f) **Restricted Stock Units.** Restricted stock awards may be made either as restricted common stock or restricted stock units.

IX. RECAPITALIZATION OR REORGANIZATION

(a) **No Effect on Right or Power**. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's or any Affiliate's capital structure or its business, any merger or consolidation of the Company or any Affiliate, any sale of all of the Common Stock of the Company, any issue of debt or equity securities ahead of or affecting Common Stock or the rights thereof, the dissolution or liquidation of the Company or any Affiliate or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

(b) **Subdivision or Consolidation of Shares: Stock Dividends**. The shares with respect to which Options may be granted are shares of Common Stock as presently constituted, but if, and whenever, prior to the expiration of an Option theretofore granted, the Company shall effect a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend on Common Stock without receipt of consideration by the Company, the number of shares of Common Stock with respect to which such Option may thereafter be exercised (i) in the event of an increase in the number of outstanding shares shall be proportionately increased, and the purchase price per share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares shall be proportionately reduced, and the purchase price per share shall be proportionately increased. Any fractional share resulting from such adjustment shall be rounded up to the next whole share.

(c) **Recapitalizations and Company Changes**. If the Company recapitalizes, reclassifies its capital stock, or otherwise changes its capital structure (a "recapitalization"), the number and class of shares of Common Stock covered by an Option theretofore granted shall be adjusted so that such Option shall thereafter cover the number and class of shares of stock and securities to which the Participant would have been entitled pursuant to the terms of the recapitalization if, immediately prior to the recapitalization, the Participant had been the holder of record of the number of shares of Common Stock then covered by such Option. If (i) the Company shall not be the surviving entity in any merger or consolidation (or survives only as a subsidiary of an entity), (ii) the Company sells, leases or exchanges or agrees to sell, lease or exchange all or substantially all of its assets to any other person or entity, (iii) the Company is to be dissolved and liquidated, (iv) any person or entity (other than SCF-IV, L.P. and its Affiliates), including a "group" as contemplated by Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, acquires or gains ownership or control (including, without limitation, power to vote) of more than 50% of the outstanding shares of the Company's voting stock (based upon voting power), or (v) as a result of or in connection with a contested election of Directors, the persons who were Directors of the Company before such election shall cease to constitute a majority of the Board (each such event is referred to herein as a "Company Change"), no later than (x) 10 days after the approval by the stockholders of the Company of such merger, consolidation, reorganization, sale, lease or exchange of assets or dissolution or such election of Directors or (y) 30 days after a Company Change of the type described in clause (iv), the Committee, acting in its sole discretion without the consent or approval of any Participant, shall effect one or more of the following alternatives, which alternatives may vary among individual Participants and which may vary among Options held by any individual Participant: (1) accelerate the time at which Options then outstanding may be exercised so that such Options may be exercised in full for a

limited period of time on or before a specified date (before or after such Company Change) fixed by the Committee, after which specified date all unexercised Options and all rights of Participants thereunder shall terminate, (2) require the mandatory surrender to the Company by selected Participants of some or all of the outstanding Options held by such Participants (irrespective of whether such Options are then exercisable under the provisions of the Plan) as of a date, before or after such Company Change, specified by the Committee, in which event the Committee shall thereupon cancel such Options and cause the Company to pay to each Participant an amount of cash per share equal to the excess, if any, of the amount calculated in Subparagraph (d) below (the "Change of Control Value") of the shares subject to such Option over the exercise price(s) under such Options for such shares, or (3) make such adjustments to Options then outstanding and the Plan as the Committee deems appropriate to reflect such Company Change (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to Options then outstanding), including, without limitation, adjusting an Option to provide that the number and class of shares of Common Stock covered by such Option shall be adjusted so that such Option shall thereafter cover securities of the surviving or acquiring corporation or other property (including, without limitation, cash) as determined by the Committee in its sole discretion.

(d) **Change of Control Value**. For the purposes of clause (2) in Subparagraph (c) above, the "Change of Control Value" shall equal the amount determined in clause (i), (ii) or (iii), whichever is applicable, as follows: (i) the per share price offered to stockholders of the Company in any such merger, consolidation, sale of assets or dissolution transaction, (ii) the price per share offered to stockholders of the Company in any tender offer or exchange offer whereby a Company Change takes place, or (iii) if such Company Change occurs other than pursuant to a tender or exchange offer, the fair market value per share of the shares into which such Options being surrendered are exercisable, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Options. In the event that the consideration offered to stockholders of the Company in any transaction described in this Subparagraph (d) or Subparagraph (c) above consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash.

(e) **Other Changes in the Common Stock**. In the event of changes in the outstanding Common Stock by reason of recapitalizations, reorganizations, mergers, consolidations, combinations, split-ups, split-offs, spin-offs, exchanges or other relevant changes in capitalization or distributions to the holders of Common Stock occurring after the date of the grant of any Award and not otherwise provided for by this Paragraph IX, such Award and any agreement evidencing such Award shall be subject to adjustment by the Committee at its discretion as to the number and price of shares of Common Stock or other consideration subject to such Award. In the event of any such change in the outstanding Common Stock or distribution to the holders of Common Stock, the aggregate number of shares available under the Plan shall be appropriately adjusted by the Committee, whose determination shall be conclusive.

(f) **Stockholder Action**. Any adjustment provided for in the above Subparagraphs shall be subject to any required stockholder action.

(g) **No Adjustments unless Otherwise Provided**. Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to Awards theretofore granted or the purchase price per share, if applicable.

X. AMENDMENT AND TERMINATION OF THE PLAN

The Board in its discretion may terminate the Plan at any time with respect to any shares of Common Stock for which Awards have not theretofore been granted. The Board shall have the right to alter or amend the Plan or any part thereof from time to time; provided that no change in the Plan may be made that would impair the rights of a Participant with respect to an Award theretofore granted without the consent of the Participant, and provided, further, that the Board may not, without approval of the stockholders of the Company, amend the Plan to (a) increase the maximum aggregate number of shares that may be issued under the Plan or (b) change the class of individuals eligible to receive Awards under the Plan.

XI. MISCELLANEOUS

(a) **Shareholders Agreement**. Every Participant who receives shares of Common Stock pursuant to this Plan, whether pursuant to the exercise of an Option, receipt of a Restricted Stock Award or otherwise, shall be subject to the terms of the Shareholders Agreement among the Company, SCF-IV, L.P., HSBC Capital (Canada) Inc. and certain other persons dated September 20, 2002, as the same may be amended or restated from time to time (the "Shareholders Agreement"). Any Option Agreement or Restricted Stock Agreement shall provide that the Participant specifically acknowledges and agrees that the Participant is bound by the terms of the Shareholders Agreement when Common Stock is issued to him and agrees that, if requested by the Company at any time, the Participant (or other person in whose name the Common Stock is registered) will immediately execute and deliver a counterpart execution page to the Shareholders Agreement to the Company so as to better evidence that the Participant is a party thereto. [This Section shall no longer apply if and when there is consummated a firm underwritten public offering of Common Stock of the Company pursuant to a registration statement filed with the Securities and Exchange Commission.]

(b) **No Right To An Award**. Neither the adoption of the Plan nor any action of the Board or of the Committee shall be deemed to give an employee, Consultant, or Director any right to be granted an Option, a right to a Restricted Stock Award, or any other rights hereunder except as may be evidenced by an Option Agreement or a Restricted Stock Agreement duly executed on behalf of the Company, and then only to the extent and on the terms and conditions expressly set forth therein. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the performance of its obligations under any Award.

(c) **No Employment/Membership Rights Conferred**. Nothing contained in the Plan shall (i) confer upon any employee or Consultant any right with respect to continuation of employment or of a consulting or advisory relationship with the Company or any Affiliate or (ii) interfere in any way with the right of the Company or any Affiliate to terminate his or her employment or consulting or advisory relationship at any time. Nothing contained in the Plan shall confer upon any Director any right with respect to continuation of membership on the Board.

(d) **Other Laws: Withholding**. The Company shall not be obligated to issue any Common Stock pursuant to any Award granted under the Plan at any time when the shares covered by such Award have not been registered under the Securities Act of 1933, as amended, or in respect of which a prospectus has not been filed in the applicable Canadian provinces, as applicable, and such other state, provincial and federal laws, rules and regulations as the Company or the Committee deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration requirements of such laws, rules and regulations available for the issuance and sale of such shares. No fractional shares of Common Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid. The Company shall have the right to deduct in connection with all Awards any taxes required by law to be withheld and to require any payments required to enable it to satisfy its withholding obligations.

(e) **No Restriction on Corporate Action**. Nothing contained in the Plan shall be construed to prevent the Company or any Affiliate from taking any action which is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No Participant, beneficiary or other person shall have any claim against the Company or any Affiliate as a result of any such action.

(f) **Restrictions on Transfer**. An Award (other than an Incentive Stock Option, which shall be subject to the transfer restrictions set forth in Paragraph VII(c)) shall not be transferable otherwise than (i) by will or the laws of descent and distribution, (ii) pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder, or (iii) with the consent of the Committee.

(g) **Code Section 409A Standards**. The Plan, and all Awards, Option Agreements and Restricted Stock Agreements pursuant to the Plan, shall be effected, interpreted, and applied in a manner consistent with the standards for nonqualified deferred compensation plans established by Section 409A of the Code and its interpretive regulations (the “Section 409A Standards”). To the extent that any terms of the Plan, an Award, an Option Agreement or Restricted Stock Agreement would subject any Participant to gross income inclusion, interest, or additional tax pursuant to, or would be prohibited by, Code Section 409A, those terms are to that extent superseded by the applicable Section 409A Standards.

(h) **Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of law principles thereof.**

AMENDMENT NO. 1 TO THE
COMPLETE PRODUCTION SERVICES, INC.
AMENDED AND RESTATED 2001 STOCK INCENTIVE PLAN
July 28, 2006

This Amendment No. 1 to the Complete Production Services, Inc. Amended and Restated 2001 Stock Incentive Plan ("***Amendment***") is adopted by Complete Production Services, Inc., a Delaware corporation (the "***Company***"), effective as of July 28, 2006 (the ***"Effective Date"***). Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Complete Production Services, Inc. Amended and Restated 2001 Stock Incentive Plan (the "***Amended Plan***").

RECITALS

The Amended Plan was approved by the Board of Directors of the Company (the "***Board***") on March 29, 2006 and by the stockholders of the Company on April 12, 2006.

Article X of the Amended Plan provides that the Amended Plan, or any part thereof, may be altered or amended by the Board provided that no change in the Amended Plan may impair the rights of a Participant with respect to an award previously granted without the consent of the Participant. Notwithstanding the foregoing, any amendment to increase the maximum aggregate number of shares that may be issued under the Amended Plan or change the class of individual rights to receive awards under the Amended Plan are subject to stockholder approval.

The Board of Directors has determined that it is in the best interests of the Company and its stockholders to amend the Amended Plan to: (i) give the Committee the authority to amend the Amended Plan in any way that does not require stockholder approval; (ii) allow the Committee to delegate authority under the Amended Plan; (iii) allow, with the prior consent of the Committee, the payment of withholding taxes with shares of Common Stock of the Company otherwise issuable under an Award or already-owned by a Participant; and (iv) amend the definition of "Fair Market Value".

AMENDMENT

1. Effective as of the Effective Date, Article X, "**AMENDMENT AND TERMINATION OF THE PLAN**" of the Amended Plan is hereby amended and restated to read in its entirety as follows:

> "The Board in its discretion may terminate the Plan at any time with respect to any shares of Common Stock for which Awards have not theretofore been granted. The Board or the Committee shall have the right to alter or amend the Plan or any part thereof from time to time; provided that (i) no change in the Plan may be made that would impair the rights of a Participant with respect to an Award theretofore granted without the consent of the Participant, and (ii) stockholder approval will be required to

amend the Plan to (a) increase the maximum aggregate number of shares that may be issued under the Plan or (b) change the class of individuals eligible to receive Awards under the Plan; and (iii) only the Board may approve an amendment to the Plan that is subject to stockholder approval.

2. Effective as of the Effective Date, Article IV, "**ADMINISTRATION**" shall be amended to add a new Paragraph (d) as follows:

(d) **Delegation of Authority**. To the extent permitted by applicable law, the Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant Awards to, and amend and interpret Awards granted to, Participants other than (a) any senior executive of the Company who is subject to Section 16 of the Exchange Act, (b) any employee who is, or could be, a "covered employee" within the meaning of Section 162(m) of the Code, or (c) any member of the Board to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation, and the Committee may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Article IV, subparagraph (d) shall serve in such capacity at the pleasure of the Committee. All references to the Committee in this Amended Plan shall include references to such delegatee.

3. Effective as of the Effective Date, Article XI, Paragraph (d) "**Other Laws: Withholding**" shall be amended to add the following at the end of such paragraph:

"The Committee may in its discretion and in satisfaction of any withholding obligation allow a Participant to elect to have the Company withhold shares of Common Stock otherwise issuable under an Award (or allow the return of shares of Common Stock) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Common Stock which may be withheld (or which may be repurchased from the Participant of such Award) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income."

4. Effective as of the Effective Date, Article II, Paragraph (l), "**Fair Market Value**" shall be amended and restated to read in its entirety as follows:

"(l) "**Fair Market Value**" means, as of any given date, the fair market value of a share of Common Stock on such date determined by such methods or procedures as may be established from time to time by the Committee. Unless otherwise

determined by the Committee, if the Common Stock is listed on any established stock exchange or a national market system, including, without limitation, the New York Stock Exchange, the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing selling price for a share of Common Stock as quoted on such exchange or system for such date or, if there is no closing selling price for the Common Stock on the date in question, the closing selling price for a share of Common Stock on the last preceding date for which such quotation exists."

5. Except as set forth herein, the Amended Plan shall remain in full force and effect. All Awards granted prior to the Effective Date shall, as applicable, be governed by the Amended Plan as in effect prior to the Effective Date.

I hereby certify that the foregoing Amendment No. 1 to the Amended and Restated 2001 Stock Incentive Plan of Complete Production Services, Inc. was duly adopted by the Board of Directors effective as of July 28, 2006

Executed this 28th day of July 2006.

/s/ James F. Maroney, III

James F. Maroney, III
Vice President, Secretary and
General Counsel

COMPLETE PRODUCTION SERVICES, INC.

2008 INCENTIVE AWARD PLAN

Complete Production Services, Inc., a Delaware corporation (the "Company"), by resolution of its Board of Directors, hereby adopts the Complete Production Services, Inc. 2008 Incentive Award Plan, as the same may be amended or restated from time to time (the "Plan").

The purpose of the Plan is to promote the success and enhance the value of the Company by linking the personal interests of the members of the Board, Employees, and Consultants to those of the Company's stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent. The Plan succeeds the Complete Production Services, Inc. Amended and Restated 2001 Stock Incentive Plan, as amended from time to time.

ARTICLE I.

DEFINITIONS

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

1.1. "*Administrator*" shall mean the entity that conducts the general administration of the Plan as provided in Article XI. With reference to the duties of the Committee under the Plan which have been delegated to one or more persons pursuant to Section 11.6, or as to which the Board has assumed, the term "Administrator" shall refer to such person(s) unless the Committee or the Board has revoked such delegation or the Board has terminated the assumption of such duties.

1.2. "*Award*" shall mean an Option, a Restricted Stock award, a Restricted Stock Unit award, a Performance Award, a Dividend Equivalents award, a Deferred Stock award, a Stock Payment award or a Stock Appreciation Right, which may be awarded or granted under the Plan (collectively, "Awards").

1.3. "*Award Agreement*" shall mean any written notice, agreement, terms and conditions, contract or other instrument or document evidencing an Award, including through electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine consistent with the Plan.

1.4. "*Award Limit*" shall mean 900,000 shares of Common Stock, as adjusted pursuant to Section 11.3; provided, however, that each share of Common Stock subject to an Award shall be counted as one share against the Award Limit. Solely with respect to Performance Awards granted pursuant to Section 8.1(b) and payable in cash, "Award Limit" shall mean $4,000,000.

1.5. "*Board*" shall mean the Board of Directors of the Company.

1.6. "*Change in Control*" shall mean the occurrence of any of the following events:

(a) a transaction or series of transactions whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 20% of the total combined voting power of the Company's securities outstanding immediately after such acquisition, other than:

(i) an acquisition by an employee benefit plan or any trustee holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company; or

(ii) an acquisition by the Company or any Subsidiary; or

(iii) an acquisition pursuant to the offering of shares of Common Stock by the Company to the general public through a registration statement filed with the Securities and Exchange Commission; or

(iv) an acquisition of voting securities pursuant to a transaction described in clause (c) below that would not be a Change in Control under clause (c).

(b) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however,* that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two thirds of the directors then comprising the Incumbent Board shall be considered to be members of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office was a result of an actual or threatened election contest with respect to the election or removal of directors; or

(c) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries or subsidiaries) of (x) a merger, consolidation, reorganization, or business combination, including without limitation, a reverse or forward triangular merger, or (y) the acquisition of assets or stock of another entity, in each case, other than a transaction, which results in the Company's stockholders prior to such transaction owning at least 55% of the outstanding voting securities of the surviving or resulting corporation or entity.

(d) a tender offer or exchange offer is made and consummated by a person or group of persons other than the Company for the ownership of 20% or more of the Company's voting securities; or

(e) a disposition, transfer, sale or exchange of all or substantially all of the Company's assets, or the Company's stockholders approve a plan of liquidation or dissolution of the Company.

For purposes of subsection (a) above, the calculation of voting power shall be made as if the date of the acquisition were a record date for a vote of the Company's stockholders, and for purposes of subsection (c) above, the calculation of voting power shall be made as if the date of the consummation of the transaction or at the consummation of the last of a series of related transactions were a record date for a vote of the Company's stockholders.

1.7. "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.8. "*Committee*" shall mean the Compensation Committee of the Board, or another committee or subcommittee comprised solely of independent members of the Board, appointed as provided in Section 10.1.

1.9. "*Common Stock*" shall mean the common stock of the Company, par value $0.01 per share.

1.10. "*Company*" shall mean Complete Production Services, Inc., a Delaware corporation.

1.11. "*Consultant*" shall mean any consultant or adviser that qualifies as a consultant under the applicable rules of the Securities and Exchange Commission for registration of shares on a Form S-8 Registration Statement.

1.12. "*Deferred Stock*" shall mean a right to receive Common Stock awarded under Section 8.5.

1.13. "*Director*" shall mean a member of the Board as constituted from time to time.

1.14. "*Dividend Equivalent*" shall mean a right to receive the equivalent value (in cash or Common Stock) of dividends paid on Common Stock, awarded under Section 8.3.

1.15. “*DRO*” shall mean a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended from time to time, or the rules thereunder.

1.16. “*Effective Date*” shall mean the date the Plan is approved by the Board, subject to approval of the Plan by the Company’s stockholders.

1.17. “*Eligible Individual*” means any person who is an Employee, Consultant or a Non-Employee Director, as determined by the Administrator.

1.18. “*Employee*” shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code and the Treasury Regulations thereunder) of the Company or of any Subsidiary.

1.19. “*Exchange Act*” shall mean the Securities Exchange Act of 1934, as amended from time to time

1.20. “*Fair Market Value*” means, as of any date, the value of a share of Common Stock determined as follows:

(a) If the Common Stock is listed on any established stock exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market) or national market system, its Fair Market Value shall be the closing sales price for a share of Common Stock as quoted on such exchange or system for such date or, if there is no closing sales price for a share of Common Stock on the date in question, the closing sales price for a share of Common Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is not listed on an established stock exchange or national market system , but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Common Stock on such date, the high bid and low asked prices for a share of Common Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(c) If the Common Stock is neither listed on an established stock exchange or a national market system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Administrator in good faith.

1.21. “*Holder*” shall mean a person who has been granted an Award.

1.22. “*Incentive Stock Option*” shall mean an option is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

1.23. “*Non-Employee Director*” shall mean a member of the Board who is not an Employee.

1.24. “*Non-Qualified Stock Option*” shall mean an Option that is not an Incentive Stock Option.

1.25. “*Option*” shall mean a right to purchase shares of Common Stock at a specified exercise price, granted under Article V. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors and Consultants shall be Non-Qualified Stock Options.

1.26. “*Performance Award*” shall mean a cash bonus award, stock bonus award, performance award or incentive award that is paid in cash, Common Stock or a combination of both, awarded under Section 8.1.

1.27. “*Performance-Based Compensation*” means any compensation that is intended to qualify as “performance-based compensation” as described in Section 162(m)(4)(C) of the Code.

1.28. “*Performance Criteria*” means the criteria (and adjustments) that the Committee selects for an Award for purposes of establishing the Performance Goal or Performance Goals for a Performance Period, determined as following:

(a) The Performance Criteria that shall be used to establish Performance Goals are limited to the following: (i) net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation and (D) amortization), (ii) gross or net sales or revenue, (iii) net income (either before or after taxes), (iv) operating earnings or profit, (v) cash flow (including, but not limited to, operating cash flow and free cash flow), (vi) return on assets, (vii) return on capital, (viii) return on stockholders’ equity, (ix) return on sales, (x) gross or net profit or operating margin, (xi) costs, (xii) funds from operations, (xiii) expenses, (xiv) working capital, (xv) earnings per share, (xvi) price per share of Common Stock, (xvii) regulatory body approval for commercialization of a product, (xviii) implementation or completion of critical projects, (xix) various safety statistics including any of (a) total reportable incident rates (TRIR), (b) loss time incident rates (LTIR) or (c) workers comp experience modifier and (xx) market share, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group.

(b) The Administrator may, in its sole discretion, provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include one or more of the following: (i) items related to a change in accounting principle; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the disposal of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under United States generally accepted accounting principles (“GAAP”); (ix) items attributable to any stock dividend, stock split, combination or exchange of shares occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company’s core, on-going business activities; or (xiv) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions. For all Awards intended to qualify as Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

1.29. “*Performance Goals*” means, for a Performance Period, one or more goals established in writing by the Administrator for the Performance Period based upon one or more Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The achievement of each Performance Goal shall be determined in accordance with GAAP to the extent applicable.

1.30. “*Performance Period*” means one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Holder’s right to, and the payment of, a Performance Award.

1.31. “*Plan*” means this Complete Production Services, Inc. 2008 Incentive Award Plan, as amended or restated from time to time.

1.32. “*Prior Award*” means a stock option or restricted stock award granted under the Prior Plan.

1.33. “*Prior Plan*” shall mean the Complete Production Services, Inc. Amended and Restated 2001 Stock Incentive Plan, as amended.

1.34. “*Restricted Stock*” shall mean Common Stock awarded under Article VII that is subject to certain restrictions and to risk of forfeiture or repurchase.

1.35. “*Restricted Stock Units*” shall mean rights to receive Common Stock awarded under Section 8.5.

1.36. “*Rule 16b-3*” shall mean Rule 16b-3 promulgated under the Exchange Act, as such Rule may be amended from time to time.

1.37. “*Securities Act*” shall mean the Securities Act of 1933, as amended from time to time.

1.38. “*Stock Appreciation Right*” shall mean a stock appreciation right granted under Article IX.

1.39. “*Stock Payment*” shall mean: (a) a payment in the form of shares of Common Stock, or (b) an option or other right to purchase shares of Common Stock, as part of a bonus, deferred compensation or other arrangement awarded under Section 8.3.

1.40. “*Subsidiary*” means any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

1.41. “*Substitute Award*” shall mean an Option granted under this Plan upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Option.

1.42. “*Greater Than 10% Stockholder*” shall mean an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code).

1.43. “*Termination of Service*” shall mean,

(a) As to a Consultant, the time when the engagement of a Holder as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, without limitation, by resignation, discharge, death or retirement, but excluding terminations where the Consultant simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(b) As to a Non-Employee Director, the time when a Holder who is a Non-Employee Director ceases to be a Director for any reason, including, without limitation, a termination by resignation, failure to be elected, death or retirement, but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

(c) As to an Employee, the time when the employee-employer relationship between a Holder and the Company or any Subsidiary is terminated for any reason, including, without limitation, a termination by resignation, discharge, death, disability or retirement; but excluding terminations where the Holder simultaneously commences or remains in employment or service with the Company or any Subsidiary.

The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to Terminations of Service, including, without limitation, the question of whether a Termination of Service resulted from a discharge for cause and all questions of whether particular leaves of absence constitute a Termination of Service; provided, however, that, with respect to Incentive Stock Options, unless the Administrator otherwise provides in the terms of the Award Agreement or otherwise, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Service only if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then applicable regulations and revenue rulings under said Section. For purposes of the Plan, a Holder’s employee-employer relationship or consultancy relations shall be deemed to be terminated in the event that the Subsidiary employing or contracting with such Holder ceases to remain a Subsidiary following any merger, sale of stock or other corporate transaction or event (including, without limitation, a spin-off).

ARTICLE II.

SHARES SUBJECT TO PLAN

2.1. *Shares Subject to Plan.*

(a) Subject to Section 12.2(a) and Section 2.1(b), the aggregate number of shares of Common Stock that may be issued or transferred pursuant to Awards under the Plan initially shall be equal to two million five hundred thousand (2,500,000) ("Initial Authorized Shares"). In addition, in the event of any cancellation, termination, expiration or forfeiture of any Prior Award during the term of the Plan (including any unvested shares of Common Stock that are forfeited by the holder or repurchased by the Company pursuant to the terms of the applicable award agreement at a price not greater than the original purchase price paid by the holder), the number of shares of Common Stock that may be issued or transferred pursuant to Awards under the Plan shall be automatically increased by one share for each share subject to such Prior Award that is so cancelled, terminated, expired, forfeited or repurchased (collectively, the "Cancelled Prior Award Shares"). In no event, however, shall the aggregate number of shares available for issuance pursuant to Incentive Stock Options under the Plan exceed 2,500,000.

(b) To the extent that an Award terminates, expires, lapses, settles in cash, or is forfeited for any reason, any shares of Common Stock then subject to such Award shall again be available for the grant of an Award pursuant to the Plan. If any shares of Restricted Stock are surrendered by the Holder or repurchased by the Company pursuant to Section 7.4 hereof, such shares may again be granted or awarded hereunder. To the extent exercised, the full number of shares subject to an Option or Stock Appreciation Right shall be counted for purposes of calculating the aggregate number of shares of Common Stock available for issuance under the Plan and for purposes of calculating the share limitation set forth in Section 3.7, regardless of the actual number of shares issued or transferred upon any net exercise of an Option (in which Common Stock is withheld to satisfy the exercise price or taxes) or upon exercise of any Stock Appreciation Right for Common Stock or cash. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares available for issuance under the Plan. To the extent permitted by applicable law or any exchange rule, shares of Common Stock issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Subsidiary shall not be counted against shares of Common Stock available for grant pursuant to this Plan, but shall be available under the Plan by virtue of the Company's assumption of the plan or arrangement of the acquired company or business. Notwithstanding the provisions of this Section 2.1(b), no shares of Common Stock may again be awarded if such action would cause an Incentive Stock Option to fail to qualify as an incentive stock option under Section 422 of the Code. Notwithstanding the provisions of this Section 2.1(b), no shares shall become available pursuant to this Section 2.1 to the extent that such return of shares would constitute a "material revision" of the Plan subject to stockholder approval under then applicable rules of the New York Stock Exchange (or any other applicable exchange or quotation system).

2.2. *Stock Distributed.* Any Common Stock distributed pursuant to an Award shall consist, in whole or in part, of authorized and unissued Common Stock, shares of Common Stock held in treasury or shares of Common Stock purchased on the open market.

ARTICLE III.

GRANTING OF AWARDS

3.1. *Participation.* The Administrator shall, from time to time, select from among all Eligible Individuals, those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. No Eligible Individual shall have any right to be granted an Award pursuant to the Plan.

3.2. *Award Agreement.* Each Award shall be evidenced by an Award Agreement. Award Agreements evidencing Awards intended to qualify as Performance-Based Compensation shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 162(m) of the Code. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code.

3.3. *Limitations Applicable to Section 16 Persons.* Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.4. *At-Will Employment.* Nothing in the Plan or in any Award Agreement hereunder shall confer upon any Holder any right to continue in the employ of, or as a Director or Consultant for, the Company or any Subsidiary, or shall interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge any Holder at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Holder and the Company or any Subsidiary.

3.5. *Foreign Holders.* Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have Employees, Non-Employee Directors or Consultants, or in order to comply with the requirements of any foreign stock exchange, the Administrator, in its sole discretion, shall have the power and authority to: (a) determine which Subsidiaries shall be covered by the Plan; (b) determine which Eligible Individuals outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Individuals outside the United States to comply with applicable foreign laws or listing requirements of any such foreign stock exchange; (d) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to the Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Sections 2.1 and 3.7; and (e) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals or listing requirements of any such foreign stock exchange. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Code, the Exchange Act, the Securities Act or any other securities law or governing statute or any other applicable law.

3.6. *Stand-Alone and Tandem Awards.* Awards granted pursuant to the Plan may, in the sole discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

3.7. *Award Limits.* Notwithstanding any provision in the Plan to the contrary, and subject to Section 12.2(a), the maximum number of shares of Common Stock with respect to one or more Awards that may be granted to any Eligible Individual during any calendar year shall not exceed the applicable Award Limit. To the extent required by Section 162(m) of the Code, shares subject to Awards which are canceled shall continue to be counted against the Award Limit. In addition, the maximum cash payment with respect to one or more Performance Awards granted pursuant to Section 8.1(b) and payable in cash that may be granted to any Eligible Individual during any calendar year shall not exceed the Award Limit.

ARTICLE IV.

PROVISIONS APPLICABLE TO AWARDS INTENDED TO QUALIFY AS PERFORMANCE-BASED COMPENSATION.

4.1. *Purpose.* The Committee, in its sole discretion, may determine whether an Award is to qualify as Performance-Based Compensation. If the Committee, in its sole discretion, decides to grant such an Award to an Eligible Individual that is intended to qualify as Performance-Based Compensation, then the provisions of this Article IV shall control over any contrary provision contained in this Plan. The Administrator may in its sole discretion grant Awards to Eligible Individuals that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Article IV and that are not intended to qualify as Performance-Based Compensation.

4.2. *Applicability.* The grant of an Award to an Eligible Individual for a particular Performance Period shall not require the grant of an Award to such Individual in any subsequent Performance Period and the grant of an Award to any one Eligible Individual shall not require the grant of an Award to any other Eligible Individual in such period or in any other period.

4.3. *Types of Awards.* Notwithstanding anything in the Plan to the contrary, the Committee may grant any type of Award to an Eligible Individual intended to qualify as Performance-Based Compensation, including, without limitation, Restricted Stock the restrictions with respect to which lapse upon the attainment of specified Performance Goals and any performance or incentive Awards described in Article VIII that vest or become exercisable or payable upon the attainment of one or more specified Performance Goals.

4.4. *Procedures with Respect to Performance-Based Awards.* To the extent necessary to comply with the requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted under Articles VII or VIII to one or more Eligible Individuals that is intended to qualify as Performance-Based Compensation, no later than 90 days following the commencement of any Performance Period or any designated fiscal period or period of service (or such earlier time as may be required under Section 162(m) of the Code), the Committee shall, in writing, (a) designate one or more Eligible Individuals, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period based on the Performance Criteria, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Holder for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether and the extent to which the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned under such Awards, the Committee shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period.

4.5. *Payment of Performance-Based Awards.* Unless otherwise provided in the applicable Award Agreement, as to an Award that is intended to qualify as Performance-Based Compensation, the Holder must be employed by the Company or a Subsidiary throughout the Performance Period. Furthermore, a Holder shall be eligible to receive payment pursuant to such Awards for a Performance Period only if and to the extent the Performance Goals for such period are achieved.

4.6. *Additional Limitations.* Notwithstanding any other provision of the Plan, any Award which is granted to an Eligible Individual and is intended to qualify as Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code or any regulations or rulings issued thereunder that are requirements for qualification as Performance-Based Compensation, and the Plan and the Award Agreement shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE V.

GRANTING OF OPTIONS

5.1. *Granting of Options to Eligible Individuals.*

(a) The Administrator shall from time to time, in its sole discretion, and, subject to applicable limitations of the Plan:

(i) Select from among the Eligible Individuals (including Eligible Individuals who have previously received Awards under the Plan) such of them as in its opinion should be granted Options;

(ii) Subject to Section 3.7, determine the number of shares to be subject to such Options granted to the selected Eligible Individuals;

(iii) Subject to Section 5.2, determine whether such Options are to be Incentive Stock Options or Non-Qualified Stock Options; and

(iv) Determine the terms and conditions of such Options, which shall not be inconsistent with the Plan.

(b) Upon the selection of an Eligible Individual to be granted an Option, the Administrator shall instruct the Secretary of the Company to issue the Option and may impose such conditions on the grant of the Option as it deems appropriate.

5.2. *Qualification of Incentive Stock Options.* No Incentive Stock Option shall be granted to any person who is not an Employee of the Company or any subsidiary corporation of the Company (as defined in Section 424(f) of the Code). Any Incentive Stock Option granted under the Plan may be modified by the Administrator, with the consent of the Holder, to disqualify such Option from treatment as an "incentive stock option" under Section 422 of the Code. To the extent that the aggregate fair market value of stock with respect to which "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by a Holder during any calendar year under the Plan, and all other plans of the Company and any subsidiary corporation (as defined in Section 424(f) of the Code) or parent corporation thereof (as defined in Section 424(e) of the Code), exceeds $100,000, the Options shall be treated as Non-Qualified Stock Options to the extent required by Section 422 of the Code. The rule set forth in the preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted and the fair market value of stock shall be determined as of the time the respective options were granted.

5.3. *Option Exercise Price.* The exercise price per share of Common Stock subject to each Option shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date the Option is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than 110% of the Fair Market Value of a share of Common Stock on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code).

5.4. *Option Term.* The term of each Option shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. The Administrator shall determine the time period, including the time period following a Termination of Service, during which the Holder has the right to exercise the vested Options, which time period may not extend beyond the term of the Option term. Except as limited by the requirements of Section 409A or Section 422 of the Code and regulations and rulings thereunder, the Administrator may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any Termination of Service of the Holder, and may amend any other term or condition of such Option relating to such a Termination of Service.

5.5. *Option Vesting.*

(a) The period during which the right to exercise, in whole or in part, an Option vests in the Holder shall be set by the Administrator and the Administrator may determine that an Option may not be exercised in whole or in part for a specified period after it is granted. Such vesting may be based on service with the Company or any Subsidiary, any of the Performance Criteria, or any other criteria selected by the Administrator. At any time after grant of an Option, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option vests.

(b) No portion of an Option which is unexercisable at the Holder's Termination of Service shall thereafter become exercisable, except as may be otherwise provided by the Administrator either in the Award Agreement or by action of the Administrator following the grant of the Option.

5.6. *Substitute Awards.* Notwithstanding the foregoing provisions of this Article V to the contrary, in the case of an Option that is a Substitute Award, the price per share of the shares subject to such Option may be less than the Fair Market Value per share on the date of grant, provided, that the excess of: (a) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over (b) the aggregate exercise price thereof does not exceed the excess of: (x) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Administrator) of the shares of the predecessor entity that were subject to the grant assumed or substituted for by the Company, over (y) the aggregate exercise price of such shares.

5.7. *Substitution of Stock Appreciation Rights.* The Administrator may provide in the Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided, that such Stock Appreciation Right shall be exercisable with respect to the same number of shares of Common Stock for which such substituted Option would have been exercisable.

ARTICLE VI.

EXERCISE OF OPTIONS

6.1. *Partial Exercise.* An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional shares and the Administrator may require that, by the terms of the Option, a partial exercise must be with respect to a minimum number of shares.

6.2. *Manner of Exercise.* All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company, or such other person or entity designated by the Administrator, or his, her or its office, as applicable:

(a) A written notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option;

(b) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal, state or foreign securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(c) In the event that the Option shall be exercised pursuant to Section 10.3 by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option; and

(d) Full payment of the exercise price and applicable withholding taxes to the Secretary of the Company for the shares with respect to which the Option, or portion thereof, is exercised, in a manner permitted by Section 10.1.

6.3. *Notification Regarding Disposition.* The Holder shall give the Company prompt notice of any disposition of shares of Common Stock acquired by exercise of an Incentive Stock Option within (a) two years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Holder, or (b) one year after the transfer of such shares to such Holder.

ARTICLE VII.

AWARD OF RESTRICTED STOCK

7.1. *Award of Restricted Stock.*

(a) The Administrator shall determine the terms and conditions, including the restrictions applicable to each award of Restricted Stock, which terms and conditions shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) The Administrator shall establish the purchase price, if any, and form of payment for Restricted Stock; provided, however, that such purchase price shall be no less than the par value of the Common Stock to be purchased, unless otherwise permitted by applicable state law. In all cases, legal consideration shall be required for each issuance of Restricted Stock.

7.2. *Rights as Stockholders.* Subject to Section 7.4, upon issuance of Restricted Stock, the Holder shall have, unless otherwise provided by the Administrator, all the rights of a stockholder with respect to said shares, subject to the restrictions in his or her Award Agreement, including the right to receive all dividends and other distributions paid or made with respect to the shares; provided, however, that, in the sole discretion of the Administrator, any extraordinary distributions with respect to the Common Stock shall be subject to the restrictions set forth in Section 7.3.

7.3. *Restrictions.* All shares of Restricted Stock (including any shares received by Holders thereof with respect to shares of Restricted Stock as a result of stock dividends, stock splits or any other form of recapitalization) shall, in the terms of each individual Award Agreement, be subject to such restrictions and vesting requirements as the Administrator shall provide. Such restrictions may include, without limitation, restrictions concerning voting rights and transferability and such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Administrator, including, without limitation, criteria based on the Holder's duration of employment, directorship or consultancy with the Company, the Performance Criteria, Company performance, individual performance or other criteria selected by the Administrator. By action taken after the Restricted Stock is issued, the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the vesting of such Restricted Stock by removing any or all of the restrictions imposed by the terms of the Award Agreement, or continue to vest such Restricted Stock in accordance with the terms of the Award Agreement following a Termination of Service. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

7.4. *Repurchase or Forfeiture of Restricted Stock.* If no price was paid by the Holder for the Restricted Stock, upon a Termination of Service the Holder's rights in unvested Restricted Stock then subject to restrictions shall lapse, and such Restricted Stock shall be surrendered to the Company and cancelled without consideration. If a price was paid by the Holder for the Restricted Stock, upon a Termination of Service the Company shall have the right to repurchase from the Holder the unvested Restricted Stock then subject to restrictions at a cash price per share equal to the price paid by the Holder for such Restricted Stock. The Administrator in its sole discretion may provide, in the Award Agreement or by action after the Restricted Stock is issued, that in the event of certain events, including a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service or any other event, the Holder's rights in unvested Restricted Stock shall not lapse, such Restricted Stock shall either vest immediately upon the occurrence of such specified event or continue to vest in accordance with the terms of the Award Agreement and, if applicable, the Company shall not have a right of repurchase.

7.5. *Certificates for Restricted Stock.* Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. Certificates or book entries evidencing shares of Restricted Stock must include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, in its sole discretion, retain physical possession of any stock certificate until such time as all applicable restrictions lapse.

7.6. *Section 83(b) Election.* If a Holder makes an election under Section 83(b) of the Code, or any successor section thereto, to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Holder would otherwise be taxable under Section 83(a) of the Code, the Holder shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

ARTICLE VIII.

AWARD OF PERFORMANCE AWARDS, DIVIDEND EQUIVALENTS, DEFERRED STOCK, STOCK PAYMENTS, RESTRICTED STOCK UNITS

8.1. *Performance Awards.*

(a) The value of Performance Awards may be linked to any one or more of the Performance Criteria or other specific criteria determined by the Administrator, in each case on a specified date or dates or over any

period or periods determined by the Administrator. In making such determinations, the Administrator shall consider (among such other factors as it deems relevant in light of the specific type of Award) the contributions, responsibilities and other compensation of the particular Eligible Individual. Performance Awards may be paid in cash, shares of Common Stock, or both, as determined by the Administrator.

(b) Without limiting Section 8.1(a), the Administrator may grant to any Employee Performance Awards intended to qualify as Performance Based Compensation, payable in cash based upon the attainment of objective Performance Goals which are established by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator, and which comply with Article IV.

8.2. *Dividend Equivalents*.

(a) Dividend Equivalents may be granted by the Administrator based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date an Award is granted to a Holder and the date such Award vests, is exercised, is distributed or expires, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional shares of Common Stock by such formula and at such time and subject to such limitations as may be determined by the Administrator.

(b) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights.

8.3. *Stock Payments*. The number or value of shares of any Stock Payment shall be determined by the Administrator and may be based upon one or more Performance Criteria or any other specific criteria, including service to the Company or any Subsidiary, determined by the Administrator. Stock Payments may, but are not required to be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to such Eligible Individual.

8.4. *Deferred Stock*. The number of shares of Deferred Stock shall be determined by the Administrator and may be based on one or more Performance Criteria or other specific criteria, including service to the Company or any Subsidiary, as the Administrator determines, in each case on a specified date or dates or over any period or periods determined by the Administrator. Common Stock underlying a Deferred Stock award will not be issued until the Deferred Stock award has vested, pursuant to a vesting schedule or other conditions or criteria set by the Administrator. Unless otherwise provided by the Administrator, a Holder of Deferred Stock shall have no rights as a Company stockholder with respect to such Deferred Stock until such time as the Award has vested and the Common Stock underlying the Award has been issued to the Holder.

8.5. *Restricted Stock Units*. The number and terms and conditions of Restricted Stock Units shall be determined by the Administrator. The Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate, including conditions based on one or more Performance Criteria or other specific criteria, including service to the Company or any Subsidiary, in each case on a specified date or dates or over any period or periods, as the Administrator determines,. The Administrator shall specify, or permit the Holder to elect, the conditions and dates upon which the shares of Common Stock underlying the Restricted Stock Units which shall be issued, which dates shall not be earlier than the date as of which the Restricted Stock Units vest and become nonforfeitable and which conditions and dates shall be subject to compliance with Section 409A of the Code. On the distribution dates, the Company shall issue to the Holder one unrestricted, fully transferable share of Common Stock for each vested and nonforfeitable Restricted Stock Unit.

8.6. *Term*. The term of a Performance Award, Dividend Equivalent award, Deferred Stock award, Stock Payment award and/or Restricted Stock Unit award shall be set by the Administrator in its sole discretion.

8.7. *Exercise or Purchase Price*. The Administrator may establish the exercise or purchase price of a Performance Award, shares of Deferred Stock, shares distributed as a Stock Payment award or shares distributed pursuant to a Restricted Stock Unit award; provided, however, that value of the consideration shall not be less than the par value of a share of Common Stock, unless otherwise permitted by applicable state law.

8.8. *Exercise upon Termination of Service*. A Performance Award, Dividend Equivalent award, Deferred Stock award, Stock Payment award and/or Restricted Stock Unit award is exercisable or distributable only while the Holder is an Employee, Director or Consultant, as applicable. The Administrator, however, in its sole discretion may provide that the Performance Award, Dividend Equivalent award, Deferred Stock award, Stock Payment award and/or Restricted Stock Unit award may be exercised or distributed subsequent to a Termination of Service in certain events, including a Change in Control, the Holder's death, retirement or disability or any other specified Termination of Service.

ARTICLE IX.

AWARD OF STOCK APPRECIATION RIGHTS

9.1. *Grant of Stock Appreciation Rights*. A Stock Appreciation Right may be granted: (a) in connection and simultaneously with the grant of an Option, or (b) independent of an Option. A Stock Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Administrator shall impose.

9.2. *Coupled Stock Appreciation Rights*.

(a) A Coupled Stock Appreciation Right ("CSAR") shall be related to a particular Option and shall be exercisable only when and to the extent the related Option is exercisable.

(b) A CSAR may be granted to the Holder for no more than the number of shares subject to the simultaneously granted Option to which it is coupled.

(c) A CSAR shall entitle the Holder (or other person entitled to exercise the Option pursuant to the Plan) to surrender to the Company unexercised a portion of the Option to which the CSAR relates (to the extent then exercisable pursuant to its terms) and to receive from the Company in exchange therefor an amount determined by multiplying (i) the difference obtained by subtracting the exercise price per share of the CSAR from (ii) the Fair Market Value of a share of Common Stock on the date of exercise of the CSAR by the number of shares of Common Stock with respect to which the CSAR shall have been exercised, subject to any limitations the Administrator may impose.

9.3. *Independent Stock Appreciation Rights*.

(a) An Independent Stock Appreciation Right ("ISAR") shall be unrelated to any Option and shall have a term set by the Administrator in its sole discretion, which term shall not be more than ten years following the date of grant of the ISAR. An ISAR shall be exercisable in such installments as the Administrator may determine. An ISAR shall cover such number of shares of Common Stock as the Administrator may determine. The exercise price per share of Common Stock subject to each ISAR shall be set by the Administrator, but shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date the ISAR is granted. An ISAR is exercisable only while the Holder is an Employee, Non-Employee Director or Consultant; provided, that the Administrator may determine that the ISAR may be exercised subsequent to Termination of Service or following a Change in Control, or because of the Holder's retirement, death or disability, or termination without cause, or otherwise to the extent not inconsistent with the terms of any employment agreement or other commitments made by the Company.

(b) An ISAR shall entitle the Holder (or other person entitled to exercise the ISAR pursuant to the Plan) to exercise all or a specified portion of the ISAR (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying (i) the difference obtained by subtracting the exercise price per share of the ISAR from the Fair Market Value of a share of Common Stock on the date of exercise of the ISAR by (ii) the number of shares of Common Stock with respect to which the ISAR shall have been exercised, subject to any limitations the Administrator may impose.

9.4. *Payment*. Payment of the amounts determined under Section 9.2(c) and 9.3(b) above shall be in cash, shares of Common Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised), or a combination of both, as determined by the Administrator.

ARTICLE X.

ADDITIONAL TERMS OF AWARDS

10.1. *Payment*. The Administrator shall determine the methods by which payments with respect to any Awards granted under the Plan shall be made, including, without limitation: (a) cash or check, (b) shares of Common Stock (including, in the case of payment of the exercise price of an Award, shares of Common Stock issuable pursuant to the exercise of the Award) or shares of Common Stock held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences, in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, (c) delivery of a notice that the Holder has placed a market sell order with a broker with respect to shares of Common Stock then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (d) any other form of legal consideration acceptable to the Administrator. The Administrator shall also determine the methods by which shares of Common Stock shall be delivered or deemed to be delivered to Holders. Notwithstanding any other provision of the Plan to the contrary, no Holder who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

10.2. *Tax Withholding*. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Holder to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Holder's FICA or employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Holder arising as a result of this Plan. The Administrator may in its sole discretion and in satisfaction of the foregoing requirement allow a Holder to elect to have the Company withhold shares of Common Stock otherwise issuable under an Award (or allow the surrender of shares of Common Stock). The number of shares of Common Stock which may be so withheld or surrendered shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income. The Administrator shall determine the fair market value of the Common Stock, consistent with applicable provisions of the Code, for tax withholding obligations due in connection with a broker-assisted cashless option exercise involving the sale of shares to pay the option exercise price or tax withholding obligation.

10.3. *Transferability of Awards*.

(a) Except as otherwise provided in Section 10.3(b):

(i) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution or, subject to the consent of the Administrator, pursuant to a DRO, unless and until such Award has been exercised, or the shares underlying such Award have been issued, and all restrictions applicable to such shares have lapsed;

(ii) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Holder or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence; and

(iii) During the lifetime of the Holder, only the Holder may exercise an Award (or any portion thereof) granted to him under the Plan, unless it has been disposed of pursuant to a DRO; after the death of the Holder, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Holder's will or under the then applicable laws of descent and distribution.

(b) Notwithstanding Section 10.3(a), the Administrator, in its sole discretion, may determine to permit a Holder to transfer a Non-Qualified Stock Option to any one or more Permitted Transferees (as defined below), subject to the following terms and conditions: (i) a Non-Qualified Stock Option transferred to a Permitted Transferee shall not be assignable or transferable by the Permitted Transferee other than by will or the laws of descent and distribution; (ii) any Non-Qualified Stock Option which is transferred to a Permitted Transferee shall continue to be subject to all the terms and conditions of the Non-Qualified Stock Option as applicable to the original Holder (other than the ability to further transfer the Non-Qualified Stock Option); and (iii) the Holder and the Permitted Transferee shall execute any and all documents requested by the Administrator, including, without limitation documents to (A) confirm the status of the transferee as a Permitted Transferee, (B) satisfy any requirements for an exemption for the transfer under applicable federal, state and foreign securities laws and (C) evidence the transfer. For purposes of this Section 10.3(b), "Permitted Transferee" shall mean, with respect to a Holder, any "family member" of the Holder, as defined under the instructions to use of the Form S-8 Registration Statement under the Securities Act, or any other transferee specifically approved by the Administrator after taking into account any state, federal, local or foreign tax and securities laws applicable to transferable Non-Qualified Stock Options.

(c) Notwithstanding Section 10.3(a), a Holder may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the Holder and to receive any distribution with respect to any Award upon the Holder's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Holder, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Administrator. If the Holder is married and resides in a community property state, a designation of a person other than the Holder's spouse as his or her beneficiary with respect to more than 50% of the Holder's interest in the Award shall not be effective without the prior written consent of the Holder's spouse. If no beneficiary has been designated or survives the Holder, payment shall be made to the person entitled thereto pursuant to the Holder's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Holder at any time provided the change or revocation is filed with the Administrator prior to the Holder's death.

10.4. *Conditions to Issuance of Shares.*

(a) Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates or make any book entries evidencing shares of Common Stock pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance of such shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Common Stock are listed or traded, and the shares of Common Stock are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Board may require that a Holder make such reasonable covenants, agreements, and representations as the Board, in its sole discretion, deems advisable in order to comply with any such laws, regulations, or requirements.

(b) All Common Stock certificates delivered pursuant to the Plan and all shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the Common Stock is listed, quoted, or traded. The Administrator may place legends on any Common Stock certificate or book entry to reference restrictions applicable to the Common Stock.

(c) The Administrator shall have the right to require any Holder to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional shares of Common Stock shall be issued and the Administrator shall determine, in its sole discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down.

10.5. *Forfeiture Provisions*. Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in the terms of Awards made under the Plan, or to require a Holder to agree by separate written instrument, that: (a)(i) any proceeds, gains or other economic benefit actually or constructively received by the Holder upon any receipt or exercise of the Award, or upon the receipt or resale of any Common Stock underlying the Award, must be paid to the Company, and (ii) the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (b)(i) a Termination of Service occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, or (ii) the Holder at any time, or during a specified time period, engages in any activity in competition with the Company, or which is inimical, contrary or harmful to the interests of the Company, as further defined by the Administrator or (iii) the Holder incurs a Termination of Service for "cause" (as such term is defined in the sole discretion of the Administrator, or as set forth in a written agreement relating to such Award between the Company and the Holder).

10.6. *Prohibition on Repricing*. Subject to Section 12.2, the Administrator shall not, without the approval of the stockholders of the Company, authorize the amendment of any outstanding Award to reduce its price per share. Furthermore, no Award shall be canceled and replaced with the grant of an Award having a lesser price per share without the further approval of stockholders of the Company. Subject to Section 12.2, the Administrator shall have the authority, without the approval of the stockholders of the Company, to amend any outstanding award to increase the price per share or to cancel and replace an Award with the grant of an Award having a price per share that is greater than or equal to the price per share of the original Award.

ARTICLE XI.

ADMINISTRATION

11.1. *Administrator*. The Compensation Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall administer the Plan (except as otherwise permitted herein) and shall consist solely of two or more Non-Employee Directors appointed by and holding office at the pleasure of the Board, each of whom is intended to qualify as both a "non-employee director" as defined by Rule 16b-3 of the Exchange Act or any successor rule, an "outside director" for purposes of Section 162(m) of the Code and an "independent director" under the rules of the New York Stock Exchange (or other principal securities market on which shares of Common Stock are traded); *provided*, that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 11.l or otherwise provided in any charter of the Committee. Except as may otherwise be provided in any charter of the Committee, appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may only be filled by the Board. Notwithstanding the foregoing, (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and (b) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 11.6.

11.2. *Duties and Powers of Committee*. It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and the Award Agreement, and to adopt such rules for the administration, interpretation and application of the Plan as are not inconsistent therewith, to interpret, amend or revoke any such rules and to amend any Award Agreement, provided that the rights or obligations of the holder of the Award that is the subject of any such Award Agreement are not affected adversely by such amendment, unless the consent of the Holder is obtained or such amendment is otherwise permitted under Section 12.10. Any such grant or award under the Plan need not be the same with respect to each holder. Any such interpretations and rules with respect to Incentive Stock Options shall be consistent with the provisions of Section 422 of the Code. In

its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act or any successor rule, or Section 162(m) of the Code, or any regulations or rules issued thereunder, are required to be determined in the sole discretion of the Committee.

11.3. *Action by the Committee*. Unless otherwise established by the Board or in any charter of the Committee, a majority of the Committee shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.4. *Authority of Administrator*. Subject to any specific designation in the Plan, the Administrator has the exclusive power, authority and sole discretion to:

(a) Designate Eligible Individuals to receive Awards;

(b) Determine the type or types of Awards to be granted to each Holder;

(c) Determine the number of Awards to be granted and the number of shares of Common Stock to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Common Stock, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Holder;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

11.5. *Decisions Binding*. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

11.6. *Delegation of Authority*. To the extent permitted by applicable law, the Board or Committee may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards; *provided*, *however*, that in no event shall an officer be delegated the authority to grant awards to, or amend awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, (b) any Employee who is a "covered employee" within the meaning of Section 162(m) of the Code, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 11.6 shall serve in such capacity at the pleasure of the Board and the Committee.

ARTICLE XII.

MISCELLANEOUS PROVISIONS

12.1. *Amendment, Suspension or Termination of the Plan*. Except as otherwise provided in this Section 12.1, the Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Administrator, no action of the Administrator may, except as provided in Section 12.2, (i) increase the limits imposed in Section 2.1 on the maximum number of shares which may be issued under the Plan, or (ii) decrease the exercise price of any outstanding Option or Stock Appreciation Right granted under the Plan. Except as provided in Section 12.10, no amendment, suspension or termination of the Plan shall, without the consent of the Holder, impair any rights or obligations under any Award theretofore granted or awarded, unless the Award itself otherwise expressly so provides. No Awards may be granted or awarded during any period of suspension or after termination of the Plan, and in no event may any Award be granted under the Plan after February 21, 2018.

12.2. *Changes in Common Stock or Assets of the Company, Acquisition or Liquidation of the Company and Other Corporate Events*.

(a) In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock, the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 2.1 on the maximum number and kind of shares which may be issued under the Plan, and adjustments of the Award Limit); (ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iv) the grant or exercise price per share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code or any successor provision.

(b) In the event of any transaction or event described in Section 12.2(a) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations or accounting principles, the Administrator, in its sole discretion, and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Holder's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Holder's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described in this Section 12.2 the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Holder's rights, then such Award may be terminated by the Company without payment) or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion having an aggregate value not exceeding the amount that could have been attained upon the exercise of such Award or realization of the Holder's rights had such Award been currently exercisable or payable or fully vested;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Stock or Deferred Stock and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future;

(iv) To provide that such Award shall be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the applicable Award Notice; and

(v) To provide that the Award cannot vest, be exercised or become payable after such event.

(c) Notwithstanding any other provision of the Plan, in the event of a Change in Control, each outstanding Award shall be assumed or an equivalent Award substituted by the successor corporation or a parent or subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Award, the Administrator may cause any or all of such Awards to become fully exercisable immediately prior to the consummation of such transaction and all forfeiture restrictions on any or all of such Awards to lapse. If an Award is exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Holder that the Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Award shall terminate upon the expiration of such period. For the purposes of this Section 12.2(c), an Award shall be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each share of Common Stock subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares); provided, however, that if such consideration received in the Change in Control was not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Award, for each share of Common Stock subject to an Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

(d) The Administrator may, in its sole discretion, include such further provisions and limitations in any Award, agreement or certificate, as it may deem equitable and in the best interests of the Company that are not inconsistent with the provisions of this Plan.

(e) With respect to Awards which are intended to qualify as Performance-Based Compensation, no adjustment or action described in this Section 12.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause such Award to fail to so qualify as Performance-Based Compensation, unless the Administrator determines that the Award should not so qualify. No adjustment or action described in this Section 12.2 or in any other provision of the Plan shall be authorized to the extent that such adjustment or action would cause the Plan to violate Section 422(b)(1) of the Code. Furthermore, no such adjustment or action shall be authorized to the extent such adjustment or action would result in short-swing profits liability under Section 16 or violate the exemptive conditions of Rule 16b-3 unless the Administrator determines that the Award is not to comply with such exemptive conditions.

(f) The existence of the Plan, the Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(g) No action shall be taken under this Section 12.2 which shall cause an Award to fail to comply with Section 409A of the Code or the Treasury Regulations thereunder, to the extent applicable to such Award.

12.3. _Approval of Plan by Stockholders_. The Plan will be submitted for the approval of the Company's stockholders within twelve (12) months after the date of the Board's initial adoption of the Plan. Awards may be granted or awarded prior to such stockholder approval, provided that such Awards shall not be exercisable, shall not vest and the restrictions thereon shall not lapse and no shares of Common Stock shall be issued pursuant thereto prior to the time when the Plan is approved by the stockholders, and provided further that if such approval has not been obtained at the end of said twelve (12) month period, all Awards previously granted or awarded under the Plan shall thereupon be canceled and become null and void.

12.4. _No Stockholders Rights_. Except as otherwise provided herein, a Holder shall have none of the rights of a stockholder with respect to shares of Common Stock covered by any Award until the Holder becomes the record owner of such shares of Common Stock.

12.5. _Paperless Administration_. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Holder may be permitted through the use of such an automated system.

12.6. _Effect of Plan upon Other Compensation Plans_. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company or any Subsidiary: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of the Company or any Subsidiary, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

12.7. _Compliance with Laws_. The Plan, the granting and vesting of Awards under the Plan and the issuance and delivery of shares of Common Stock and the payment of money under the Plan or under Awards granted or awarded hereunder are subject to compliance with all applicable federal, state, local and foreign laws, rules and regulations (including but not limited to state, federal and foreign securities law and margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

12.8. _Titles and Headings, References to Sections of the Code_. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code shall include any amendment or successor thereto.

12.9. _Governing Law_. The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof.

12.10. _Section 409A_. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury

regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section.

12.11. *No Rights to Awards*. No Eligible Individual or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Holders or any other persons uniformly.

12.12. *Unfunded Status of Awards*. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Holder pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Holder any rights that are greater than those of a general creditor of the Company or any Subsidiary.

12.13. *Indemnification*. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.14. *Relationship to other Benefits*. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.15. *Expenses*. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

* * * * *

I hereby certify that the foregoing Complete Production Services, Inc. 2008 Incentive Award Plan was duly adopted by the Board of Directors of Complete Production Services, Inc. on February 21, 2008.

* * * * *

I hereby certify that the foregoing Complete Production Services, Inc. 2008 Incentive Award Plan was approved by the stockholders of Complete Production Services, Inc. on May 22, 2008

* * * * *

Executed on this day of   , 2008.

James F. Maroney, III,

Corporate Secretary

AMENDMENT NO. 1
TO THE
COMPLETE PRODUCTION SERVICES, INC.
2008 INCENTIVE AWARD PLAN

This Amendment No. 1 ("Amendment") to the Complete Production Services, Inc. 2008 Incentive Award Plan (the "Plan"), is adopted by Complete Production Services, Inc., a Delaware corporation (the "Company"), effective as of May 21, 2009. Capitalized terms used in this Amendment and not otherwise defined shall have the same meanings assigned to them in the Plan.

RECITALS

A. Pursuant to Section 1.1 and 11.2 of the Plan, the Compensation Committee (the "Committee") of the Board of Directors (the "Board") acts as Administrator and is responsible for general administration of the Plan. Section 11.2 of the Plan authorizes the Board, at any time and from time to time, to exercise any and all rights and duties of the Committee, subject to certain limitations.

B. The Committee and the Board believe it to be in the best interest of the Company and its stockholders to amend the Plan to increase the maximum aggregate number of shares of Common Stock which may be issued pursuant to Section 2.1 of the Plan.

C. Section 12.1 of the Plan provides that the Administrator may amend the Plan to increase the maximum aggregate number of shares of Common Stock which may be issued pursuant to Section 2.1 of the Plan, subject to approval by the stockholders of the Company within twelve (12) months of such action by the Administrator.

AMENDMENT

1. Subject to approval by the stockholders of the Company, Section 2.1(a) of the Plan is hereby amended and restated in its entirety to read as follows:

"2.1. *Shares Subject to Plan.*

(a) Subject to Section 12.2(a) and Section 2.1(b), the aggregate number of shares of Common Stock that may be issued or transferred pursuant to Awards under the Plan shall be equal to eight million nine hundred thousand (8,900,000) ("Authorized Shares"), representing an increase of 6,400,000 shares since the Plan's inception. In addition, in the event of any cancellation, termination, expiration or forfeiture of any Prior Award during the term of the Plan (including any unvested shares of Common Stock that are forfeited by the holder or repurchased by the Company pursuant to the terms of the applicable award agreement at a price not greater than the original purchase price paid by the holder), the number of shares of Common Stock that may be issued or transferred pursuant to Awards under the Plan shall be automatically increased by one share for each share subject to such Prior Award that is so cancelled, terminated, expired, forfeited or repurchased (collectively, the "Cancelled Prior Award Shares"). In no event, however, shall the aggregate number of shares available for issuance pursuant to Incentive Stock Options under the Plan exceed 8,900,000. Of the 6,400,000 shares of Common Stock added to the Plan effective as of May 21, 2009, not more than 4,900,000 shares of Common Stock shall be available for full value awards granted under the Plan. For these purposes, full value awards shall mean any Award other than (i) an Option, (ii) a Stock Appreciation Right or (iii) any other Award for which the Holder pays the intrinsic value existing as of the date of grant (whether directly or by forgoing a right to receive a payment from the Company or any Subsidiary)"

2. Except as otherwise expressly set forth in this Amendment, the Plan and each award agreement to be entered into pursuant thereto, shall remain in full force and effect in accordance with its terms.

3. This Amendment shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws relating to conflicts or choice of laws, of the State of Delaware applicable to agreements made and to be performed wholly within the State of Delaware.

EMPLOYMENT AGREEMENT

between

SUPERIOR ENERGY SERVICES, INC.

and

GREGORY A. ROSENSTEIN

Dated as of June 1, 2007

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement"), dated and effective as of June 1, 2007, is by and between Superior Energy Services, Inc., a Delaware corporation (the "Company"), and Gregory A. Rosenstein (the "Executive").

WITNESSETH:

WHEREAS, the Company desires to attract and retain well-qualified officers and to assure itself of the continuity of its management; and

WHEREAS, Executive serves as an officer and key employee of the Company, and the Company desires to continue the employment of Executive, and Executive desires to remain in the employment of the Company, in each case on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of the respective representations and warranties hereinafter set forth and of the mutual covenants herein contained, the parties hereto agree as follows:

1. Employment. The Company shall continue to employ Executive, and Executive shall continue to serve in the employ of the Company, upon the terms and subject to the conditions set forth in this Agreement.

2. Position and Duties.

(a) Executive shall continue to be employed as the Corporate Secretary of the Company and shall perform such other duties, consistent with Executive's status as an officer and key employee, as may be prescribed by the Company's Chief Executive Officer or other officers to whom authority has been delegated by the Company's Chief Executive Officer.

(b) Executive shall at all times comply with and be subject to such policies and procedures as the Company may establish from time to time for its officers and employees, including, without limitation, its Code of Business Ethics and Conduct (the "Code of Business Conduct").

(c) Executive shall, during the period of Executive's employment hereunder, devote Executive's full business time, energy, and best efforts to the business and affairs of the Company. Executive may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Executive's performance of Executive's duties hereunder, is contrary to the interest of the Company or any of its subsidiaries, or requires any significant portion of Executive's business time. The foregoing notwithstanding, the parties recognize and agree that Executive may engage in passive personal investments and other business activities which do not conflict with the business and affairs of the Company or any of its subsidiaries or interfere with Executive's performance of his duties hereunder.

3. Term.

(a) Subject to the terms of this Agreement, Executive's employment with the Company hereunder shall continue until April 1, 2009; provided, however, that on April 1, 2008 and on each subsequent anniversary thereof, the term of Executive's employment under this Agreement shall be automatically extended for one additional year unless, either party gives written notice to the other of that party's election not to so extend the term hereof no less than 60 days prior to any such annual renewal date (such term, as it may be extended, the "Employment Period").

(b) Following Executive's ceasing, for whatever reason, to be an employee of the Company, each party shall have the right to enforce all its rights, and shall be bound by all obligations, that are continuing rights and obligations under the terms of this Agreement.

4. Compensation and Benefits. Executive shall be entitled to the compensation and other benefits provided in this Section 4 during the Employment Period.

(a) Salary. The Company shall pay to Executive a minimum annual base salary of $215,000.00 (such annual base salary, as it may be increased from time to time as provided herein, the "Base Salary"), which shall be paid in equal semi-monthly installments in accordance with the Company's regular payroll practices for its officers and key employees. The Base Salary shall be reviewed annually by the Compensation Committee (the "Compensation Committee") of the Board of Directors (the "Board"). Any increase in Base Salary shall not serve to limit or reduce any other obligation of the Company to Executive hereunder. At no time during the term of this Agreement shall the Base Salary of the Executive be reduced without the prior written consent of the Executive.

(b) Incentive Bonus. Executive shall be eligible to earn an annual bonus under the Company's annual incentive plan. The Compensation Committee shall approve the Company's performance goals under the annual incentive plan, as well as the target level and maximum bonus opportunity for Executive and the extent to which Executive's performance goals shall include a personal performance element.

(c) Long-Term Incentives. Executive shall be eligible for option, restricted stock, performance share unit and other stock-based incentive grants under the Company's long-term incentive plan. The Compensation Committee shall approve the mix of stock-based incentive grants, vesting and performance goals, as well as the target percentage for Executive.

(d) Savings, Retirement and Other Incentive Plans. Executive shall be eligible to participate in all savings, retirement and other incentive plans generally available to the Company's officers and key employees.

(e) Welfare Benefit Plans. Executive and/or Executive's family, as the case may be, shall be eligible to participate in and shall receive all benefits under all medical, long-term disability and other welfare benefit plans and programs generally available to the Company's officers and key employees.

(f) Automobile. The Company shall either provide an automobile allowance or make available to Executive an automobile for Executive's use in the discharge of his duties, and such automobile shall be maintained at the expense of the Company, each in accordance with the Company's policies and practices for its officers and key employees.

(g) Expenses. The Company shall promptly reimburse Executive for all reasonable and necessary expenses incurred by Executive in performing services hereunder, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the Company, provided that such expenses are incurred and accounted for in accordance with the policies and practices of the Company as in effect from time to time.

(h) Vacations. Executive shall be excused from rendering his services during reasonable vacation periods for not more than a total of 20 business days per year and during other reasonable temporary absences in accordance with the Company's policies and practices for its officers and key employees. Executive shall also be entitled to all paid holidays and personal days given by the Company to its officers and key employees generally.

5. Termination.

(a) Termination by the Company. The Company shall have the right to terminate Executive's employment under this Agreement at any time for any of the following reasons:

(i) Upon the Executive's death.

(ii) Upon the Executive's incapacity due to physical or mental illness and Executive becoming eligible to receive benefits under the Company's long-term disability plan. The Company shall give Executive at least 60 days prior written notice of termination pursuant to this Section 5(a)(ii).

(iii) For Cause. For purposes of this Agreement, the Company shall have "Cause" to terminate Executive's employment hereunder upon:

(A) the substantial and continued willful failure by Executive to perform his duties hereunder, or a material breach or threatened breach of this Agreement by Executive, in either case which results, or could reasonably be expected to result, in material harm to the business or reputation of the Company, which failure or breach is not corrected (if correctable) by Executive within 30 days after written notice of such failure or breach is delivered to Executive by the Company;

(B) a violation of the Code of Business Conduct, which violation is not corrected (if correctable) by Executive within 30 days after written notice of such violation is delivered to Executive by the Company; or

(C) the commission by Executive of any criminal act involving moral turpitude or a felony which results in an indictment or conviction.

(iv) For any other reason whatsoever in the sole discretion of the Board.

(b) Termination by Executive. Executive may terminate his employment, under this Agreement at any time for any of the following reasons (the events in Sections 5(b)(i)-(iv) only are referred to as "Good Reason"):

(i) without Executive's prior written consent, within two years following a Change of Control (as hereinafter defined) there is a material reduction in Executive's authority, duties or responsibilities with the Company from that set forth in Section 2;

(ii) within two years following a Change of Control, the Company fails in a material way to fulfill its obligations under Sections 4(a)-(e) or there is a material reduction in annual cash bonus incentive opportunities (whether in one reduction or cumulatively), excluding an elimination or reduction of a benefit under any benefit plan or arrangement in which Executive participates that affects other officers and key employees in a similar way;

(iii) the Company does not fulfill its obligations under Section 8(b) in connection with a Change in Control;

(iv) without Executive's prior written consent, the Company requires Executive, within two years following a Change of Control to be based at any office representing a material change in location from the Company's office at which Executive was based prior to the Change of Control, excluding travel reasonably required in the performance of Executive's duties hereunder (for purposes of this Agreement, 30 miles shall be deemed to be a material change in location, unless a greater distance is required under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") or the Treasury regulations thereunder, in which case such greater distance shall be substituted for 30 miles); or

(v) for any other reason whatsoever in the sole discretion of Executive.

For purposes of the Good Reason events specified in Sections 5(b)(i)-(iv), Good Reason shall not exist unless and until: (A) Executive provides written notice to the Company of the existence of the Good Reason event within 60 days of Executive having knowledge of its initial existence and (B) the Company is provided 30 days from the receipt of such notice during which it may remedy the Good Reason event (if such Good Reason event is cured by the Company by the end of such 30 day period, Executive shall not have Good Reason to terminate employment).

For purposes of this Agreement, the term "Change of Control" shall have the meaning set forth in Section 12.10A of the Company's 2005 Stock Incentive Plan; provided, however, that if at any time after the date hereof the Company's stockholders approve a new broad-based stock incentive plan, the term "Change of Control" shall have the same meaning given to it in any such stock incentive plan.

(c) Notice of Termination. Any termination of Executive's employment by the Company or by Executive, other than termination as a result of Executive's death, shall be communicated by written notice of termination to the other party hereto in accordance with Section 9, which notice shall indicate the specific termination provision in this Agreement relied upon, the effective date of termination of Executive's employment and set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated. If Executive elects to terminate his employment for Good Reason, Executive must first provide notice of the existence of a Good Reason event, and the Company shall have the opportunity to remedy such Good Reason event in accordance with Section 5(b).

6. Compensation Upon Termination.

(a) Except as provided in this Section 6, if Executive's employment hereunder is terminated pursuant to Section 5, all future compensation and benefits to which Executive is otherwise entitled under this Agreement shall cease and terminate as of the date of such termination, and Executive shall be entitled to receive:

(i) Executive's Base Salary through the date of termination;

(ii) any incentive compensation due Executive if, under the terms of the relevant compensation arrangement, such incentive compensation was due and payable to the Executive on or before the date of termination;

(iii) those benefits that are provided by welfare benefit plans and programs adopted and approved by the Company for Executive that, under the terms of the relevant plans and programs, are earned and vested and payable on or before the date of termination;

(iv) any rights Executive (or his estate) may have under any stock option, restricted stock, performance share unit or any other stock-based award; and

(v) medical and similar employee welfare benefits, the continuation of which is required by applicable law or as provided in the applicable welfare benefit plan.

(b) If Executive's employment under this Agreement is terminated by Executive for Good Reason or by the Company within two years of a Change in Control for any reason other than those specified in Section 5(a)(i), (ii) or (iii), then, in addition to any other amounts payable to Executive:

(i) the Company shall pay to Executive, in one lump-sum payment within 30 days after the date of such termination, an amount equal to two times (2x) the sum of (A) the Base Salary and (B) the greater of (x) the average annual bonus paid to Executive (including any amounts deferred by Executive under any savings, retirement or other incentive plan) for the three fiscal years preceding the year in which Executive's employment is terminated or (y) the target bonus for Executive in the Company's annual incentive plan for the current fiscal year;

(ii) for two years after the date of Executive's termination of employment, or such longer period as any plan, program or arrangement may provide, the Company shall continue benefits to Executive and/or Executive's family at least equal to those that would have been provided to them in accordance with the plans, programs and arrangements described in Section 4(e) if Executive's employment had not been terminated (health insurance shall be provided via the Company's payment of the monthly cost of coverage elected by the Executive pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), or an equivalent amount for periods of coverage after the applicable COBRA period, at such time as the COBRA premiums would be due under such plan; and such premiums, including any premiums paid on Executive's behalf beyond the COBRA period, will be imputed to Executive as income, as required by law); provided, however, that if Executive becomes reemployed with another employer and is eligible to receive such benefits under another employer provided plan, the benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility; and

(iii) the Company shall provide Executive at the Company's sole expense, outplacement services during the one year period following the termination of Executive's employment at a cost of up to $10,000, the provider of which shall be selected by Executive in Executive's sole discretion.

(c) Subject to Section 6(b) in the event of a Change of Control, if Executive's employment under this Agreement is terminated by the Company pursuant to Section 5(a)(iv), then in addition to any other amounts payable to Executive:

(i) the Company shall pay to Executive in one lump-sum payment within 30 days after the date of such termination an amount equal to (A) the greater of (x) one and (y) the number of full and partial calendar months remaining in the Employment Period as of the date of termination divided by 12, multiplied by (B) the sum of the Base Salary and the target bonus for Executive in the Company's annual incentive plan for the current fiscal year; and

(ii) for the remaining period in the Employment Period as of the date of Executive's termination of employment, or such longer period as any plan, program or arrangement may provide, the Company shall continue benefits to Executive and/or Executive's family at least equal to those that would have been provided to them in accordance with the plans, programs and arrangements described in Section 4(e) if Executive's employment had not been terminated (health insurance shall be provided via the Company's payment of the monthly cost of coverage elected by the Executive pursuant to COBRA, or an equivalent amount for periods of coverage after the applicable COBRA period, at such time as the COBRA premiums would be due under such plan; and such premiums, including any premiums paid on Executive's behalf beyond the COBRA period, will be imputed to Executive as income, as required by law); provided, however, that if Executive becomes reemployed with another employer and is eligible to receive such benefits under another employer provided plan, the benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility; and

(d) If, as a result of any payments or distribution made to Executive under this Agreement or any incentive compensation or other plan or arrangement, Executive is subjected to an excise tax pursuant to the "golden parachute" provisions of Section 4999 of the Code, the Company shall pay to Executive at the same time payment is made pursuant to Section 6(b)(i) such amounts (including any tax imposed on any such payment) as are necessary to place Executive in the same after-tax position as Executive would have been had such golden parachute provisions not been applicable to him in accordance with the terms and conditions set forth in Appendix A hereto.

7. Nondisclosure and Non-Competition.

(a) Certain Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Confidential Information" means any information, knowledge or data of any nature and in any form (including information that is electronically transmitted or stored on any form of magnetic or electronic storage media) relating to the past, current or prospective business or operations of the Company and its subsidiaries, that at the time or times concerned is not generally known to persons engaged in businesses similar to those conducted or contemplated by the Company and its subsidiaries (other than information known by such persons through a violation of an obligation of confidentiality to the Company), whether produced by the Company and its subsidiaries or any of their consultants, agents or independent contractors or by Executive, and whether or not marked confidential, including, without limitation, information relating to the Company's or its subsidiaries' products and services, business plans, business acquisitions, processes, product or service research and development methods or techniques, training methods and other operational methods or techniques, quality assurance procedures or standards, operating procedures, files, plans, specifications, proposals, drawings, charts, graphs, support data, trade secrets, supplier lists, supplier information, purchasing methods or practices, distribution and selling activities, consultants' reports, marketing and engineering or other technical studies, maintenance records, employment or personnel data, marketing data, strategies or techniques, financial reports, budgets, projections, cost analyses, price lists and analyses, employee lists, customer lists, customer source lists, proprietary computer software, and internal notes and memoranda relating to any of the foregoing.

(ii) "Company's Business" means any of the following: (i) manufacturing, selling or renting specialized tools or equipment for use with onshore and offshore oil and gas well drilling, completion, production, workover, fishing and related activities; (ii) providing oil and gas well intervention services, including, without limitation, coiled tubing, electric wireline, mechanical wireline, pumping and stimulation, artificial lift, well control, snubbing, recompletion, engineering, well evaluation and related services; (iii) providing oilfield decommissioning or plugging and abandonment services; (iv) chartering or operating liftboats or other similar oilfield service vessels; (v) providing oilfield waste management and environmental cleaning services; and (vi) acquiring, producing, developing and operating mature offshore oil and gas producing properties in the Gulf of Mexico.

(b) Nondisclosure of Confidential Information. Executive shall hold in a fiduciary capacity for the benefit of the Company all Confidential Information which shall have been obtained by Executive during Executive's employment by the Company and shall use such Confidential Information solely within the scope of his employment with and for the exclusive benefit of the Company. At the end of the employment term, Executive agrees (i) not to communicate, divulge or make available to any person or entity (other than the Company) any such Confidential Information, except upon the prior written authorization of the Company or as may be required by law or legal process, and (ii) to deliver promptly to the Company any Confidential Information in his possession, including any duplicates thereof and any notes or other records Executive has prepared with respect thereto. In the event that the provisions of any applicable law or the order of any court would require Executive to disclose or otherwise make available any Confidential Information then Executive shall give the Company prompt prior written notice of such required disclosure and an opportunity to contest the requirement of such disclosure or apply for a protective order with respect to such Confidential Information by appropriate proceedings.

(c) Limited Covenant Not to Compete. This Section 7(c) shall be binding upon Executive during the Employment Period and for a period of two years thereafter; provided, however, that this Section 7(c) shall not be binding upon Executive if the Company terminates Executive's employment hereunder other than pursuant to Section 5(a)(ii) or (iii) or if Executive terminates Executive's employment hereunder for Good Reason.

(i) Executive shall not, directly or indirectly, for himself or others, own, manage, operate, control, be employed by, engage or participate in, allow his skill, knowledge, experience or reputation to be used by, or otherwise be connected in any manner with the ownership, management, operation or control of, any company or other business enterprise engaged in any aspect of the Company's Business, within any parish (or any adjacent offshore areas) of the State of Louisiana, (as set forth in Appendix B), or within the States of Alabama, Florida, Mississippi, Oklahoma or Texas (including any adjacent offshore areas), and any other state or other jurisdiction (or any adjacent offshore areas) (whether within or outside the United States) (the "Territory"), in which the Company or any of its subsidiaries carries on a like line of business on the date of termination of Executive's employment hereunder; provided, however, that nothing contained herein shall prohibit Executive from making passive investments in any publicly held company that do not exceed, in the aggregate, one percent (1%) of the outstanding equity interest of such company;

(ii) Executive shall not call upon any customer or potential customer of the Company or its subsidiaries within the Territory, for the purpose of soliciting, diverting or enticing away the business of such person or entity, or otherwise disrupting any previously established relationship existing between such person or entity and the Company or its subsidiaries;

(iii) Executive shall not solicit, induce, influence or attempt to influence any supplier, lessor, licensor, or any other person who has a business relationship with the Company or its subsidiaries, or who on the date of termination of Executive's employment hereunder is engaged in discussions or negotiations to enter into a business relationship with the Company or its subsidiaries, to discontinue or reduce the extent of such relationship with the Company or its subsidiaries; and

(iv) Executive shall not make contact with any of the employees of the Company or its subsidiaries with whom he had contact during the course of his employment with the Company for the purpose of soliciting such employee for hire, whether as an employee or independent contractor, or otherwise disrupting such employee's relationship with the Company or its subsidiaries.

Executive further agrees that during the Employment Period and for a period of two years thereafter, Executive shall not hire any employee of the Company as an employee or independent contractor, whether or not such engagement is solicited by Executive.

(d) Protection of Information.

(i) The Company shall disclose to Executive, or place Executive in a position to have access to or develop, trade secrets or confidential information of the Company; and/or shall entrust Executive with business opportunities of the Company; and/or shall place Executive in a position to develop business good will on behalf of the Company.

(ii) Executive agrees not to disclose or utilize, for Executive's personal benefit or for the direct or indirect benefit of any other person or entity, or for any other reason, whether for consideration or otherwise, during the Employment Period or at any time thereafter, any information, ideas, concepts, improvements, discoveries or inventions, whether patentable or not, which are conceived, made, developed, or acquired by Executive, individually or in conjunction with others, during Executive's employment by the Company (whether during business hours or otherwise and whether on the Company's premises or otherwise) which relate to the business, products, or services of the Company (including, without limitation, all such business ideas, prospects, proposals or other opportunities which are developed by Executive during his employment hereunder, or originated by any third party and brought to the attention of Executive during his employment hereunder, together with information relating thereto (including, without limitation, data, memoranda, opinions or other written, electronic or charted means, or any other trade secrets or other confidential or proprietary information of or concerning the Company)) (collectively, "Business Information"). Moreover, all documents, drawings, notes, files, data, records, correspondence, manuals, models, specifications, computer programs, E-mail, voice mail, electronic databases, maps, and all other writings or materials of any type embodying any such Business Information are and shall be the sole and exclusive property of the Company. Upon termination of Executive's employment by the Company, for any reason, Executive promptly shall deliver all Business Information, and all copies thereof, to the Company. As a result of knowledge of confidential Business Information of third parties, such as customers, suppliers, partners, joint ventures, and the like, of the Company, Executive also agrees to preserve and protect the confidentiality of such third party Business Information to the same extent, and on the same basis, as the Company's Business Information.

(iii) Executive agrees that, during his employment, any inventions (whether or not patentable), concepts, ideas, expressions, discoveries, or improvements, including, without limitation, products, processes, methods, publications, works of authorship, software programs, designs, trade secrets, technical specifications, algorithms, technical data, know-how, internal reports and memoranda, marketing plans and any other patent or proprietary rights conceived, devised, developed, or reduced to practice, in whole or in part, by Executive during his employment with the Company (the "Developments") are the sole and exclusive property of the Company on a worldwide basis as works made for hire or otherwise, and further that any revenue or other consideration obtained from the sale, license or other transfer or conveyance of any such Development, or a product or service incorporating such Development, is solely for the benefit of and becomes the property of the Company. To the extent a Development may not be considered work made by Executive for hire for the Company, Executive agrees to assign, and automatically assigns at the time of creation of the Development, without any requirement of further consideration, any and all right, title and interest he may have in such Development. Executive shall preserve each such Development as confidential and proprietary information of the Company. Executive shall promptly disclose each such Development and shall, upon demand, at the Company's expense, execute and deliver to the Company such documents, instruments, deeds, acts and things as the Company may request to evidence or maintain the Company's ownership of the Development, in any and all countries of the world, or to effect enforcement thereof, and to assign all rights, if any, of Executive in and to each of such Developments. In addition, Executive agrees not to publish or seek to publish any information whatsoever concerning any Development without the prior written consent of the Company, which may be withheld in its sole and absolute discretion.

(iv) Any inventions relating to the business of the Company conceived or reduced to practice after Executive leaves the employ of the Company shall be conclusively deemed to have been conceived and/or reduced to practice during the period of the employment if conceived and/or reduced to practice within six months from termination of employment, and shall be subject to the terms of this Section 7.

(e) Injunctive Relief. Executive acknowledges that a breach by Executive of each of paragraph (b), (c) and (d) of this Section 7 would cause immediate and irreparable harm to the Company for which an adequate monetary remedy does not exist; hence, Executive agrees that, in the event of a breach or threatened breach by Executive of the provisions of paragraph (b), (c) or (d) of this Section 7 during or after the employment term, the Company shall be entitled to injunctive relief restraining Executive from violation of any such paragraph without the necessity of proof of actual damage or the posting of any bond, except as required by non-waivable, applicable law. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedy at law or in equity to which the Company may be entitled under applicable law in the event of a breach or threatened breach of this Agreement by Executive including, but not limited to, enforcing any obligations of Executive to Company under any option, restricted stock or other agreement with the Company, recovery of costs and expenses such as reasonable attorney's fees incurred by reason of any such breach and actual damages sustained by the Company as a result of any such breach.

(f) Governing Law of this Section 7; Consent to Jurisdiction. Any dispute regarding the reasonableness of the covenants and agreements set forth in this Section 7, or the territorial scope or duration thereof, or the remedies available to the Company upon any breach of such covenants and agreements, shall be governed by and interpreted in accordance with the laws of the state in which the prohibited competing activity or disclosure occurs, and, with respect to each such dispute, the Company and Executive each hereby irrevocably consent to the exclusive jurisdiction of the state and federal courts sitting in the relevant state for resolution of such dispute, and agree to be irrevocably bound by any judgment rendered thereby in connection with such dispute, and further agree that service of process may be made upon him in any legal proceeding relating to this Section 7 by any means allowed under the laws of such state. Each party irrevocably waives any objection he, she or it may have as to the venue of any such suit, action or proceeding brought in such a court or that such a court is an inconvenient forum.

(g) Executive's Understanding of this Section. Executive hereby represents to the Company that he has read and understands, and agrees to be bound by, the terms of this Section. Executive acknowledges that the geographic scope and duration of the covenants contained in paragraph (c) are the result of arm's-length bargaining and are fair and reasonable in light of (i) the importance of the functions performed by Executive and the length of time it would take the Company to find and train a suitable replacement, (ii) the nature and wide geographic scope of the operations of the Company, (iii) Executive's level of control over and contact with the Company's business and operations in all jurisdictions where same are conducted and (iv) the fact that the Company's Business is conducted throughout the geographic area where competition is restricted by this Agreement. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permitted under applicable law, whether now or hereafter in effect and therefore, to the extent permitted by applicable law, the parties hereto waive any provision of applicable law that would render any provision of this Section 7 invalid or unenforceable.

8. Successors.

(a) This Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to him under this Agreement if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee or, if there be no such designee, to Executive's estate.

(b) The Company shall require the ultimate parent entity of any successor (whether, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform this Agreement if no such succession had taken place. For purposes of this Agreement, the term "Company" shall mean the Company and the ultimate parent entity of any successor to all or substantially all of the Company's business or assets that assumes and agrees to perform the Company's obligations under this Agreement by operation of law or otherwise.

9. Arbitration. Except as otherwise specifically provided in this Agreement, the Company and the Executive agree to submit exclusively to final and binding arbitration any and all disputes or disagreements relating to or concerning the interpretation, performance or subject matter of this Agreement in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA") using a single arbitrator. The arbitration shall take place in New Orleans, Louisiana. The Executive and the Company agree that the decision of the arbitrator shall be final and binding on both parties. Arbitration shall be commenced by either party filing a demand for arbitration with the AAA within 60 days after such dispute has arisen and either party notifies the other that they are at an impasse. Each party in such an arbitration proceeding shall be responsible for the costs and expenses incurred by such party in connection therewith (including attorneys' fees) which shall not be subject to recovery from the other party in the arbitration except that any and all charges that may be made for the cost of the arbitration and the fees of the arbitrators which shall in all circumstances be paid by the Company. Any court having jurisdiction may enter a judgment upon the award rendered by the arbitrator. In the event of litigation to enforce an arbitration award in connection with or concerning the subject matter of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable out-of-pocket costs and disbursements incurred by such party in connection therewith (including reasonable attorneys' fees). Notwithstanding the provisions of this Section 9, the Employer may, if it so chooses, bring an action in any court of competent jurisdiction for injunctive relief to enforce the Executive's obligations under Section 7.

10. Notices. For purposes of this Agreement, all notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepared, addressed as follows:

If to Executive:

Gregory A. Rosenstein
c/o Superior Energy Services, Inc.
1105 Peters Road
Harvey, Louisiana 70058

If to the Company:

Chief Executive Officer
Superior Energy Services, Inc.
1105 Peters Road
Harvey, Louisiana 70058

or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by Executive and such officer of the Company as may be specifically designated by the Company's

Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

12. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

14. Rights and Remedies. In the event that Executive institutes proceedings to enforce this Agreement; he shall be entitled to recover all reasonable attorneys' fees and costs incurred, in addition to any damages or other relief awarded.

15. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and replaces and merges any previous agreements or discussions relating to the Executive's employment.

16. Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

17. Section 409A. Notwithstanding any provision of the Agreement to the contrary, the following provisions shall apply for purposes of complying with Section 409A of the Code and applicable Treasury regulations ("Section 409A"):

(a) If Executive is a "specified employee," as such term is defined in Section 409A and determined as described below in this Section 17, any payments payable as a result of Executive's termination (other than death or disability) shall not be payable before the earlier of (i) the date that is six months after Employee's termination, (ii) the date of Executive's death, or (iii) the date that otherwise complies with the requirements of Section 409A. This Section 17 shall be applied by accumulating all payments that otherwise would have been paid within six months of Executive's termination and paying such accumulated amounts at the earliest date which complies with the requirements of Section 409A. Executive shall be a "specified employee" for the twelve month period beginning on April 1st of a year if Executive is a "key employee" as defined in Section 416(i) of the Code (without regard to Section 416(i)(5)) as of December 31st of the preceding year.

(b) If any provision of the Agreement would result in the imposition of an applicable tax under Section 409A, Executive and the Company agree that such provision will be reformed by December 31, 2007 to avoid imposition of the applicable tax (or at such other time or in such other manner as may be allowed under applicable guidance) and no action taken to comply with Section 409A shall be deemed to adversely affect Executive's rights or benefits

hereunder. If any provision of the Agreement is capable of being interpreted in more than one manner, to the extent feasible, the provision shall be interpreted in a manner that does not result in an excise tax under Section 409A.

18. Governing Law. This Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of Louisiana without regard to principles of conflict of laws, except as expressly provided in Section 7(f) above with respect to the resolution of disputes arising under, or the Company's enforcement of, Section 7 of this Agreement.

[signatures appear on the following page]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

SUPERIOR ENERGY SERVICES, INC.

By: /s/ Terence E. Hall
Terence E. Hall
Chairman of the Board and
Chief Executive Officer

EXECUTIVE

/s/ Gregory A. Rosenstein
Gregory A. Rosenstein

APPENDIX A

A. If any payment or benefit received or to be received by Executive in connection with a Change in Control or termination of Executive's employment (whether payable pursuant to the terms of this Agreement, a stock option plan or any other plan or arrangement with the Company) (the "Total Payments") will be subject to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then Executive shall be entitled to receive from the Company an additional payment (the "Gross-Up Payment") in an amount such that the net amount of the Total Payments and the Gross-Up Payment retained by Executive after the calculation and deduction of all Excise Taxes (including any interest or penalties imposed with respect to such taxes) on the Total Payments and all federal, state and local income tax, employment tax and Excise Tax (including any interest or penalties imposed with respect to such taxes) on the Gross-Up Payments provided for in this Appendix A, and taking into account any lost or reduced tax deductions on account of the Gross-Up Payments, shall be equal to the Total Payments.

B. All determinations required to be made under this Appendix A, including whether and when the Gross-Up Payments are required and the amount of such Gross-Up Payments, and the assumptions to be utilized in arriving at such determinations (consistent with the provisions of this Appendix A), shall be made by the Company's independent registered public accounting firm (the "Accountants"). The Accountants shall provide Executive and the Company with detailed supporting calculations with respect to such Gross-Up Payments within fifteen (15) business days of the receipt of notice from Executive or the Company that Executive has received or will receive any Total Payments. In the event that the Accountants are also serving as accountant or auditor for the individual, entity or group effecting the Change of Control, Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accountants hereunder). All fees and expenses of the Accountants shall be borne solely by the Company. All determinations by the Accountants shall be binding upon the Company and Executive.

C. For the purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, such Total Payments will be treated as "parachute payments" within the meaning of Section 280G of the Code, and all "parachute payments" in excess of the "base amount" (as defined under Section 280G(b)(3) of the Code) shall be treated as subject to the Excise Tax, unless and except to the extent that in the opinion of the Accountants such payment (in whole or in part) either do not constitute "parachute payments" or represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4) of the Code) in excess of the "base amount" or such "parachute payments" are otherwise not subject to such Excise Tax. For purposes of determining the amount of the Gross-Up Payments, Executive shall be deemed to pay federal income taxes at the highest applicable marginal rate of federal income taxation for the calendar year in which the Gross-Up Payments are to be made and to pay any applicable state and local income taxes at the highest applicable marginal rate of taxation for the calendar year in which the Gross-Up Payments are to be made, net of the maximum reduction in federal income taxes that

could be obtained from the deduction of such state or local taxes if paid if such year (determined without regard to limitations on deductions based upon the amount of Executive's adjusted gross income); and to have otherwise allowable deductions for federal, state and local income tax purposes at least equal to those disallowed because of the inclusion of the Gross-Up Payments in Executive's adjusted gross income.

D. To the extent practicable, any Gross-Up Payments shall be paid by the Company at the time Executive is entitled to receive the Total Payments and in no event will any Gross-Up Payments be paid later than thirty (30) days after the receipt by Executive of the Accountant's determination. As a result of uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accountants hereunder, it is possible that the Gross-Up Payments made will have been an amount less than the Company should have paid pursuant to this Appendix A (the "Underpayment"). In the event that the Company exhausts its remedies pursuant to this Appendix A and Executive is required to make a payment of any Excise Tax, the Underpayment shall be promptly paid by the Company to or for Executive's benefit.

E. Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payments. Such notification shall be given as soon as practicable after Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes, interest and/or penalties with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such thirty (30) day period that it desires to contest such claim, Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order to effectively contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claims; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify Executive for, advance expenses to Executive for, defend Executive against and hold Executive harmless from, on an after-tax basis, any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of all related costs and expenses. Without limiting the foregoing provisions of this Appendix

A, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive, on an interest-free basis, and shall indemnify Executive for, advance expenses to Executive for, defend Executive against and hold Executive harmless from, on an after-tax basis, any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance (including as a result of any forgiveness by the Company of such advance); provided, further, that any extension of the statute of limitations relating to the payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payments would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

F. The Gross-Up Payments shall be paid to Executive during Executive's employment, or following the termination of Executive's employment, as determined under the foregoing provisions; provided, however, such benefits and payments shall be paid not later than fifteenth day of the third month following the later of the end of the taxable year of Executive in which the date of termination of Executive's employment occurs, or the end of the taxable year of the Company (or any successor thereto) in which the date of termination of Executive's employment occurs.

G. All terms not otherwise defined in this Appendix A are intended to have the meanings ascribed to them elsewhere in this Agreement.

APPENDIX B

Acadia
Allen
Ascension
Assumption
Avoyelles
Beauregard
Bienville
Bossier
Caddo
Calcasieu
Caldwell
Cameron
Catahoula
Claiborne
Concordia
DeSoto
East Baton Rouge
East Carroll
East Feliciana
Evangeline
Franklin
Grant
Iberia
Iberville
Jackson
Jefferson
Jefferson Davis
Lafayette
Lafourche
LaSalle
Lincoln
Livingston
Madison
Morehouse
Natchitoches
Orleans
Ouachita
Plaquemines
Pointe Coupee
Rapides
Red River
Richland
Sabine
St. Bernard
St. Charles
St. Helena
St. James
St. John the Baptist
St. Landry
St. Martin
St. Mary
St. Tammany
Tangipahoa
Tensas
Terrebonne
Union
Vermillion
Vernon
Washington
Webster
West Baton Rouge
West Carroll
West Feliciana
Winn

AMENDED AND RESTATED
COMPLETE PRODUCTION SERVICES, INC.
EXECUTIVE AGREEMENT

This Amended and Restated Executive Agreement (this "Agreement") is made effective as of December 31, 2008 between Complete Production Services, Inc. ("Complete Production Services"), a Delaware corporation and its subsidiaries (collectively, the "Company") and Brian K. Moore ("Executive").

WHEREAS, the Company and Executive entered into the Executive Agreement, dated as of November 13, 2006 (the "Prior Agreement");

WHEREAS, the Company currently employs Executive;

WHEREAS, the Company and Executive desire to amend and restate the Prior Agreement to conform the Prior Agreement to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service guidance issued thereunder ("Section 409A") and to make certain other changes;

WHEREAS, the Compensation Committee of the Board of Directors of Complete Production Services (the "Board") has authorized this amendment and restatement of the Prior Agreement; and

WHEREAS, this amendment and restatement amends and supersedes the Prior Agreement.

NOW, THEREFORE, in consideration of Executive's continued employment as an executive officer with the Company and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Executive agree as follows:

1. Term of Agreement

A. This Agreement shall be for an initial term that continues in effect, through the second anniversary of the Effective Date. The term of this Agreement shall automatically be extended for one or more additional terms of one (1) year, as of each anniversary date of the Effective Date that occurs while this Agreement is in effect. The term of Agreement, however, may be terminated by written notice of termination of this Agreement provided to Executive, and in the event any such termination notice is delivered to Executive then, notwithstanding the preceding sentence concerning automatic renewals, the term of this Agreement shall be deemed terminated effective as of December 31 of the second full calendar year following the date on which such notice of termination of the Agreement is delivered to Executive.

B. Notwithstanding the foregoing, the term of this Agreement shall terminate upon the expiration of the “Severance Payout Period” or the “Change of Control Payout Period,” as applicable, subject to all rights and benefits hereunder having been paid and satisfied in full.

2. Certain Definitions

The following capitalized terms shall have the meanings set forth below.

A. “Cause” shall mean:

(i) Executive’s conviction of a felony involving moral turpitude, dishonesty or a breach of trust as regards the Company;

(ii) Executive’s commission of any act of theft, fraud, embezzlement or misappropriation against the Company that is materially injurious to it regardless of whether a criminal conviction is obtained;

(iii) Executive’s willful and continued failure to devote substantially all of his business time to the Company’s business affairs (excluding failures due to illness, incapacity, vacations, incidental civic activities and incidental personal time), which failure is not remedied within a reasonable time after written demand is delivered by the Company, which demand specifically identifies the manner in which the Company believes that Executive has failed to devote substantially all of his business time to the Company’s business affairs;

(iv) Executive’s unauthorized disclosure of confidential information of the Company that is materially injurious to the Company; or

(v) Executive’s knowing or willful material violation of federal or state securities laws, as determined in good faith by the Company’s Board of Directors.

For purposes of this definition, no act, or failure to act, on Executive’s part shall be deemed “willful” unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive’s action or omission was in the best interest of the Company.

B. “Change of Control” of the Company will occur for purposes of this Agreement if:

(i) Any person or group of persons is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of securities in the Company representing 20% or more of the combined voting power of the Company’s outstanding securities;

(ii) A change in the majority of the membership of the Board occurs without approval by two-thirds of the Directors who are Continuing Directors. For these purposes, Continuing Directors are persons who (i) were Directors on the Effective Date or (ii) are new Directors whose election was approved by two-thirds of the members of the Board who were Directors on the Effective Date ("Approved Directors"), or (iii) are new Directors whose election was approved by two-thirds of the members of the Board who were Directors on the Effective Date or are subsequently Approved Directors;

(iii) The Company is merged, consolidated or combined with another corporation or entity, including without limitation, a reverse or forward triangular merger, and the Company's stockholders prior to such transaction own less than 55% of the outstanding voting securities of the surviving or resulting corporation or entity after the transaction;

(iv) A tender offer or exchange offer is made and consummated by a person or group of persons other than the Company for the ownership of 20% or more of the Company's voting securities; or

(v) There is a disposition, transfer, sale or exchange of all or substantially all of the Company's assets, or stockholder approval of a plan of liquidation or dissolution of the Company;

provided, that for purposes of this definition, the term "substantially all" in paragraph (v) shall mean eighty-five percent (85%) or more, and a transaction or event described in paragraph (i), (ii), (iii), (iv) or (v) shall constitute a "Change of Control" only if such transaction or event constitutes a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5), with respect to Executive.

C. "Change of Control Payout Period" shall mean the period of two and a half (2.5) years following the Date of Termination of Executive, which termination is covered by Section 5 hereof.

D. "Code" means the Internal Revenue Code of 1986, as amended.

E. "Date of Termination" shall mean the date specified in the Notice of Termination relating to termination of Executive's employment with the Company; provided that such date shall not be less than twenty (20) days nor more than forty-five (45) days following: (i) the date specified by the Company in the notice of discharge of Executive's employment without Cause, or (ii) the date specified by the Executive in the notice of Executive's resignation for Good Reason.

F. “Effective Date” shall mean November 13, 2006.

G. “Executive” shall mean the executive of the Company who is a party to this Agreement and in the event of the Executive’s death after a “qualifying” termination pursuant to Section 4 hereof or a Change of Control pursuant to Section 5 hereof, then the term “Executive” shall include his estate.

H. “Good Reason” shall mean:

(i) a failure to re-elect or appoint the Executive to any corporate office or directorship held at the time of the Change of Control or a material reduction in Executive’s authority, duties or responsibilities (including status, offices, titles and reporting requirements) or if Executive is assigned duties or responsibilities inconsistent in any material respect from those of Executive at the time of the relevant Change of Control all on the basis of which Executive makes a good faith determination that the terms of his employment have been detrimentally and materially affected;

(ii) a material reduction of Executive’s compensation, benefits or perquisites, including annual base salary, annual bonus, intermediate or long-term cash or equity incentive opportunities or plans from those in effect prior to the Change of Control;

(iii) the Company fails to obtain a written agreement satisfactory to Executive from any successor or assigns of the Company to assume and perform this Agreement as provided in Section 10 hereof; or

(v) the Company requires Executive to be based at any office located more than fifty (50) miles from the Company’s current offices without Executive’s consent.

I. “Involuntary Termination” shall mean the Executive’s Separation from Service by reason of a termination of employment by the Company other than for Cause.

J. “Notice of Termination” shall mean a written notice delivered to the other party indicating the specific termination provision in this Agreement relied upon for termination of Executive’s employment and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive’s employment under the provision so indicated. Any purported termination by either party other than pursuant to a Notice of Termination shall not be effective.

K. “Option Plans” shall mean the Company’s stock option plans, incentive plans, equity participation plans, or other similar plans, and any stock option agreements or other equity award agreements used in connection therewith.

L. “Section 409A Payments” shall have the meaning given to such term in Section 8(G) hereof.

M. “Separation from Service” with respect to Executive shall mean a “separation from service” as defined in Treasury Regulation Section 1.409A-1(h), with respect to the Company, and the service recipient that includes the Company.

N. “Severance Payout Period” shall mean the period of twenty (20) months following the Date of Termination of Executive, which termination is covered by Section 4 hereof

O. “Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i). For these purposes, Executive’s compensation shall be determined under Treasury Regulation Section 1.415(c)-2(a) and applied as if the Company were not using any safe harbor provided in Treasury Regulation Section 1.415(c)-2(d), were not using any of the elective special timing rules provided in Treasury Regulation Section 1.415(c)-2(e), and were not using any of the elective special rules provided in Treasury Regulation Section 1.415(c)-2(g).

P. “Termination Base Salary” shall mean Executive’s base salary at the rate in effect at the time the Notice of Termination is given or, for purposes of a Change of Control, if a greater amount, Executive’s base salary at the rate in effect immediately prior to the Change of Control.

Q. “Termination Bonus” shall mean the greater of (i) 75% of the Termination Base Salary, or (ii) the highest annual bonus earned during any of the three full fiscal years preceding the Date of Termination.

R. “Voluntary Termination for Good Reason” shall mean the Executive’s Separation from Service by reason of Executive’s resignation from employment with the Company for Good Reason.

3. **Termination for Cause**. The Company may terminate Executive for Cause at any time, including following a Change of Control, upon written notice to the Executive.

4. **Standard Severance Plan**. Except as provided in Section 5 hereof, in the event Executive has an Involuntary Termination, the Executive shall receive the following compensation and benefits from the Company provided under this Section 4. The payments made under Sections 4(B) and (C) shall be paid in a cash lump sum on such date determined by the Company within the ten (10) day period commencing on the 60th day after the date of Executive’s Separation from Service; provided, however, that if Executive is a Specified Employee on the date of Executive’s Separation from Service, any payments made under Sections 4(B) and (C) shall be paid as provided in Section 15(C) hereof.

A. The Company shall pay to Executive when otherwise due Executive's Termination Base Salary through the Date of Termination.

B. The Company shall pay to Executive an amount equal to 1.67 times the sum of Executive's Termination Base Salary plus Termination Bonus.

C. In consideration of service through the Date of Termination, the Company shall pay to Executive an amount equal to 75% of the Termination Base Salary, multiplied by a fraction, the numerator of which equals the number of days from the beginning of the calendar year through and including the Date of Termination, and the denominator of which equals 365.

D. Notwithstanding any provisions to the contrary in any of the Option Plans, (i) all outstanding unvested stock options of Executive shall be and become fully vested and exercisable, as to all shares of stock covered thereby, and (ii) all outstanding shares of restricted stock, restricted stock units, performance shares and performance units of Executive shall be and become 100% vested and all restrictions thereon shall lapse, in each case as of the Date of Termination.

E. For all options granted after the Effective Date, Executive (or in the event of his death, his estate) shall be entitled to exercise his vested options until 12 months following the Date of Termination. Notwithstanding the provisions of this Section E, no option may be exercised at any time past the term of such option (or, if earlier, the tenth anniversary of the original date of grant).

F. The Company shall provide Executive with additional benefits described in Section 6 hereof

5. **Change of Control Severance Plan**. In the event that Executive has either a Voluntary Termination for Good Reason or an Involuntary Termination within two (2) years following a Change of Control, the Executive shall receive the following compensation and benefits from the Company provided under this Section 5, and such compensation and benefits shall be in lieu of the compensation and benefits under Section 4. The payments made under Sections 5(B), (C), and (D) shall be paid in a cash lump sum on such date determined by the Company within the ten (10) day period commencing on the 60th day after the date of the Executive's Separation from Service; provided, however, that if Executive is a Specified Employee on the date of Executive's Separation from Service, any payments made under Sections 5(B), (C), and (D) shall be paid as provided in Section 15(C) hereof.

A. The Company shall pay to Executive when otherwise due Termination Base Salary through the Date of Termination.

B. The Company shall pay to Executive an amount equal to two and a half times the sum of Executive's Termination Base Salary plus Termination Bonus.

C. In consideration of service through the Date of Termination, the Company shall pay to Executive an amount equal to 75% of the Termination Base Salary, multiplied by a fraction, the numerator of which equals the number of days from the beginning of the calendar year through and including the Date of Termination, and the denominator of which equals 365.

D. The Company shall pay to executive an amount equal to two and a half times the amount the Company would be required to contribute on Executive's behalf under all qualified pension, nonqualified pension, profit sharing, 401(k), deferred compensation and supplemental plans based on Executive's Termination Base Salary and the applicable maximum Company contribution percentages in effect as of the Date of Termination (which maximum Company contribution currently would be four percent (4%) of Executive's Termination Base Salary); provided, that such payment is determined and made in a manner that complies with Treasury Regulation Section 1.409A-3(i).

E. Effective as of the Date of Termination, Executive shall become and be fully vested in Executive's accrued benefits under all qualified pension, nonqualified pension, profit sharing, 401(k), deferred compensation and supplemental plans maintained by the Company for Executive's benefit, to that the extent the acceleration of vesting of such benefits would not violate any applicable law or require the Company to accelerate the vesting of the accrued benefits of all participants in such plan or plans.

F For all options granted after the Effective Date, Executive (or in the event of his death, his estate) shall be entitled to exercise his vested options until 12 months following the Date of Termination. Notwithstanding the provisions of this Section F, no option may be exercised at any time past the term of such option (or, if earlier, the tenth anniversary of the original date of grant).

G. The Company shall provide Executive with additional benefits described in Section 6 hereof.

H. In the event Executive has an Involuntary Termination, and a Change of Control occurs within the six (6) month period commencing on the date of such Involuntary Termination, then Executive shall be entitled to receive the compensation and benefits described in Section 5 hereof as if such Involuntary Termination had occurred within two (2) years following the Change of Control, in lieu of the compensation and benefits described in Section 4 hereof The compensation and benefits described in Section 5 that are to be paid pursuant to this Section 5(H) shall be reduced by any compensation and benefits previously paid under Section 4. The amounts to be paid pursuant to this Section 5(H) shall be paid to Executive on such date determined by the Company within the ten (10) day period commencing on the later of: (i) the 60th day following the date of Executive's Separation from Service, or (ii) the date of the Change of Control.

6. **Additional Benefits**.

A. Health, Dental, Disability and Life Insurance Benefits. Throughout the term of the Severance Payout Period for a termination of Executive's employment covered by Section 4, or of the Change of Control Payout Period for a termination of Executive's employment covered by Section 5, the Company shall provide Executive and Executive's eligible family members, based on the cost sharing arrangement in effect between Executive (or persons of similar position) and the Company on the Date of Termination, with medical and dental health insurance benefits and disability and life insurance coverage at least equal to those in effect for Executive or persons of similar position on the Date of Termination or, if more favorable to Executive, as in effect generally at any time during such Severance Payout Period or Change of Control Payout Period, as applicable.

Notwithstanding the foregoing, if Executive becomes re-employed and is eligible to receive medical or dental health insurance benefits or disability insurance coverage under such successor employer's plans, the Company's obligations under this Section 6(A) shall be reduced to the extent comparable benefits are actually received by Executive during the Severance Payout Period or Change of Control Payout Period, as applicable, and any such benefits actually received by Executive shall be promptly reported by Executive to the Company. For the sake of clarity, Executive shall be entitled to all of the insurance benefits provided by this Section 6(A), and such benefits shall not be mitigated, in the event that as of the Date of Termination or at any time during the Severance Payout Period or Change of Control Payout Period, as applicable, Executive is receiving medical, dental, health, disability or life insurance benefits through the plans or obligations of a former employer.

In the event Executive is ineligible under the terms of the Company's benefit plans or programs to be so covered as required by this Section 6(A), the Company shall provide Executive with substantially equivalent insurance coverage through the conversion to individual insurance coverage or other sources. Any benefits provided under this Section 6(A) shall be provided through insurance maintained by the Company under the Company benefit plans and in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5).

In the event that the Company is unable to provide the benefits required under this Section 6(A) through insurance coverage as described above, the Company will provide Executive with a lump sum cash payment equal to: (i) the monthly cost to the Company of providing Executive (or persons of similar position) and Executive's dependents with such benefits coverage, determined as of the Date of Termination, multiplied by (ii) the number of months comprising the Severance Payout Period or the Change of Control Payout Period, as applicable. In addition, if such lump sum payment is payable, the Company shall make an additional gross-up payment to Executive in an amount such that the net amount of the lump sum payment and such additional gross-up payment retained by Executive, after

the calculation and deduction of all federal, state and local income tax and employment tax on such lump sum payment and additional gross-up payment, and taking into account any lost or reduced tax deductions on account of such gross-up payment, shall be equal to such lump sum payment.

Any lump sum cash payment and related gross-up payment required by this Section 6(A) shall be paid on such date determined by the Company within the ten (10) day period commencing on the 60th day following the date of Executive's Separation from Service. Pursuant to Section 5(H), in the event Executive has an Involuntary Termination described in Section 4 hereof, and a Change of Control occurs within the six (6) month period commencing on the date of such Involuntary Termination, then Executive shall be entitled to receive the benefits described in this Section 6(A) as if such Involuntary Termination had occurred within two (2) years following the Change of Control and determined by reference to the Change of Control Payout Period. The benefits that are to be paid pursuant to this Section 6(A) in the event of a Change of Control following Executive's Involuntary Termination shall be reduced by any payment or benefits previously paid under this Section 6(A) in connection with Executive's Involuntary Termination, and shall be paid on such date determined by the Company within the ten (10) day period commencing on the later of: (i) the 60th day following the date of Executive's Separation from Service, or (ii) the date of the Change of Control. Notwithstanding anything in this Section 6(A) to the contrary, if Executive is a Specified Employee on the date of the Separation from Service, any lump sum cash payment and related gross-up payment made under this Section 6(A) shall be paid as provided in Section 15(C) hereof. Any additional gross-up payment required under this Section 6(A) shall be paid in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(v).

B. Automobile Allowance Benefit. The Company shall provide Executive with a lump sum cash payment, in lieu of an automobile allowance, equal to Executive's monthly car allowance in effect on the date of the Date of Termination, multiplied by the number of months comprising the Severance Payout Period or Change of Control Payout Period, as applicable. The lump sum cash payment required by this Section 6(B) shall be paid on such date determined by the Company within the ten (10) day period commencing on the 60th day following the date of Executive's Separation from Service. Pursuant to Section 5(H), in the event Executive has an Involuntary Termination described in Section 4 hereof, and a Change of Control occurs within the six (6) month period commencing on the date of such Involuntary Termination, then Executive shall be entitled to receive the benefits described in this Section 6(B) as if such Involuntary Termination had occurred within two (2) years following the Change of Control and determined by reference to the Change of Control Payout Period. The benefits that are to be paid pursuant to this Section 6(B) in the event of a Change of Control following Executive's Involuntary Termination shall be reduced by any payment or benefits previously paid under this Section 6(B) in connection with Executive's Involuntary Termination, and shall be paid on such date determined by the

Company within the ten (10) day period commencing on the later of: (i) the 60th day following the date of Executive's Separation from Service, or (ii) the date of the Change of Control. Notwithstanding anything in this Section 6(B) to the contrary, if Executive is a Specified Employee on the date of the Separation from Service, any payment made under this Section 6(B) shall be paid as provided in Section 15(C) hereof.

7. Accelerated Vesting of Certain Equity Awards Upon a Change of Control.

Notwithstanding any provisions to the contrary in any of the Option Plans, upon a Change of Control: (i) all outstanding unvested stock options of Executive shall be and become fully vested and exercisable as to all shares of stock covered thereby, and (ii) all outstanding shares of restricted stock, restricted stock units, performance shares and performance units of Executive shall be and become 100% vested and all restrictions thereon shall lapse, in each case as of the Change of Control.

8. Excise Taxes and Gross-Up Payments.

A. If any payment or benefit received or to be received by Executive in connection with a Change of Control of the Company or Executive's Separation from Service (whether payable pursuant to the terms of this Agreement, a stock option plan or any other plan or arrangement with the Company) (the "Total Payments") will be subject to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then Executive shall be entitled to receive from the Company an additional payment (the "Gross-Up Payment") in an amount such that the net amount of the Total Payments and the Gross-Up Payment retained by Executive after the calculation and deduction of all Excise Taxes on the Total Payments and all federal, state and local income tax, employment tax and Excise Tax on the Gross-Up Payments provided for in this Section 8, and taking into account any lost or reduced tax deductions on account of the Gross-Up Payments, shall be equal to the Total Payments.

B. All determinations required to be made under this Section 8, including whether and when the Gross-Up Payments are required and the amount of such Gross-Up Payments, and the assumptions to be utilized in arriving at such determinations (consistent with the provisions of this Section 8), shall be made by the Company's independent certified public accountants (the "Accountants"). The Accountants shall provide Executive and the Company with detailed supporting calculations with respect to such Gross-Up Payments within fifteen (15) business days of the receipt of notice from Executive or the Company that Executive has received or will receive a Total Payments. In the event that the Accountants are also serving as accountant or auditor for the individual, entity or group effecting the Change of Control, Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accountants hereunder). All fees and expenses of the Accountants shall be borne solely by the Company. All determinations by the Accountants shall be binding upon the Company and Executive.

C. For the purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, such Total Payments will be treated as "parachute payments" within the meaning of Section 280G of the Code, and all "parachute payments" in excess of the "base amount" (as defined under Section 280G(b)(3) of the Code) shall be treated as subject to the Excise Tax, unless and except to the extent that in the opinion of the Accountants such payment (in whole or in part) either do not constitute "parachute payments" or represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4) of the Code) in excess of the "base amount" or such "parachute payments" are otherwise not subject to such Excise Tax. For purposes of determining the amount of the Gross-Up Payments, Executive shall be considered to pay federal income taxes at the applicable marginal rate of federal income taxation for the calendar year in which the Gross-Up Payments are to be made and to pay any applicable state and local income taxes at the applicable marginal rate of taxation for the calendar year in which the Gross-Up Payments are to be made, net of Executive's actual reduction in federal income taxes that could be obtained from the deduction of such state or local taxes if paid if such year (determined without regard to limitations on deductions based upon the amount of Executive's adjusted gross income); and to have otherwise allowable deductions for federal, state and local income tax purposes at least equal to those disallowed because of the inclusion of the Gross-Up Payments in Executive's adjusted gross income.

D. To the extent practicable, any Gross-Up Payments shall be paid by the Company at the time Executive is entitled to receive the Total Payments and in no event will any Gross-Up Payments be paid later than thirty (30) days after the receipt by Executive of the Accountant's determination, subject to Sections 8(F) and (G) hereof. As a result of uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accountants hereunder, it is possible that the Gross-Up Payments made will have been an amount less than the Company should have paid pursuant to this Section 8 (the "Underpayment"). In the event that the Company exhausts its remedies pursuant to Section 8 and Executive is required to make a payment of any Excise Tax, the Underpayment shall be promptly paid by the Company to or for Executive's benefit.

E. Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payments. Such notification shall be given as soon as practicable after Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which Executive gives such notice to the Company (or such shorter period ending on the date that any payment of

taxes with respect to such claim is due). If the Corporation notifies Executive in writing prior to the expiration of such thirty (30) day period that it desires to contest such claim, Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order to effectively contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claims;

provided, however, that the Company shall bear and pay directly all costs and expenses incurred in connection with such contest and shall indemnify Executive for, advance expenses to Executive for, defend Executive against and hold Executive harmless from, on an after-tax basis, any Excise Tax or income tax imposed as a result of such representation and payment of all related costs and expenses. Without limiting the foregoing provisions of this Section 8, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive, on an interest-free basis, and shall indemnify Executive for, advance expenses to Executive for, defend Executive against and hold Executive harmless from, on an after-tax basis, any Excise Tax or income tax imposed with respect to such advance or with respect to any imputed income with respect to such advance (including as a result of any forgiveness by the Company of such advance); provided, further, that any extension of the statute of limitations relating to the payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payments would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

F. The Gross-Up Payments, and any payments of income or other taxes to be paid by the Company under this Section 8, shall be paid by the Company by the end of Executive's taxable year next following the Executive's taxable year in which the Executive remits the related taxes, subject to Section 8(G) hereof. Any costs and expenses incurred by the Company on behalf of Executive under this Section 8 due to any tax contest, audit or litigation shall be paid by the Company by the end of Executive's taxable year following Executive's taxable year in which the taxes that are the subject of the tax contest, audit or litigation are remitted to the taxing authority, or where as a result of such tax contest, audit or litigation no taxes are remitted, the end of Executive's taxable year following Executive's taxable year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the contest or litigation, subject to Section 8(G) hereof The Gross-Up Payments, payment of income tax or other taxes, and costs and expenses to be paid by the Company under this Section 8 shall be paid in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(v).

G. Notwithstanding any provision in this Section 8 to the contrary, to the extent the Gross-Up Payments relate to any payments distributable upon Executive's Separation from Service and made under Sections 4(B), 4(C), 5(B), 5(C), 5(D), 5(E), 6(A) or 6(B) hereof (collectively, the "Section 409A Payments") or any other payments or benefits made under this Agreement that are subject to Section 409A, and Executive is a Specified Employee on the date of Executive's Separation from Service, then such Gross-Up Payments, and any related payments of income, other taxes, costs or expenses incurred by the Company on behalf of Executive under this Section 8, shall be paid as provided in Section 15(C) hereof.

9. Mitigation.

Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise nor, except as provided in Section 6(A), shall the amount of any payment or benefit provided for in this Agreement be reduced by any compensation earned or benefit received by Executive as the result of employment by another employer or self-employment, by retirement benefits, by offset against any amount claimed to be owed by Executive to the Company or otherwise.

10. Successor Agreement.

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume this Agreement and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. All references herein to the Company shall include the Successor entity. Failure of the successor entity to so assume shall constitute a breach of this Agreement and entitle Executive to the benefits hereunder as if triggered by a termination not for good cause.

11. Indemnity.

A. In any situation where under applicable law the Company has the power to indemnify, advance expenses to and defend Executive in respect of any judgments, fines, settlements, loss, cost or expense (including attorneys fees) arising from bona fide claims of any nature related to or arising out of Executive's activities as an agent, employee, officer or director of the Company or in any other capacity on behalf of or at the request of the Company, then the Company shall promptly on written request, indemnify Executive, advance expenses (including attorney's fees) to Executive and defend Executive to the fullest extent permitted by applicable law, including but not limited to making such findings and determinations and taking any and all such actions as the Company may, under applicable law, be permitted to have the discretion to take so as to effectuate such indemnification, advancement or defense. Such agreement by the Company shall not be deemed to impair any other obligation of the Company respecting Executive's indemnification or defense otherwise arising out of this or any other agreement or promise of the Company under any statute.

B. In the event that the Compensation Committee of the Board (the "Compensation Committee") approves that retired directors and executive officers receive directors and officers' liability insurance when they retire from the Company, and that the premiums for such insurance are to be paid by the Company, then Executive shall be provided with directors and officers' liability insurance on and after the date that Executive retires to the extent such insurance is so approved by the Compensation Committee for retired executive officers.

C. Any such indemnification and/or liability insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(10).

12. Notice.

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and delivered by United States certified or registered mail (return receipt requested, postage prepaid) or by courier guaranteeing overnight delivery or by hand delivery (with signed receipt required), addressed to the respective addresses set forth below, and such notice or communication shall be deemed to have been duly given two (2) days after deposit in the mail, one (1) day after deposit with such overnight carrier or upon delivery with hand delivery. The addresses set forth below may be changed by a writing in accordance herewith.

The Company:

Complete Production Services, Inc.
11700 Katy Freeway, Suite 300
Houston, Texas 77079
Attn: Chief Executive Officer
with a copy to General Counsel

Executive:

Brian K. Moore
2515 Fall Orchard Court
Kingwood, Texas 77345

13. Dispute Resolution.

If any dispute arises out of this Agreement, the "complaining party" shall give the "other party" written notice of such dispute. The other party shall have ten (10) business days to resolve the dispute to the complaining party's satisfaction. If the dispute is not resolved by the end of such period, the complaining party may by written notice (the "Notice") demand arbitration of the dispute as set out below, and each party hereto expressly agrees to submit to, and be bound by, such arbitration.

A. The Company will, within ten (10) business days of the Notice, appoint a single arbitrator. The arbitrator will set the rules and timing of the arbitration, but will generally follow the rules of the American Arbitration Association and this Agreement where same are applicable and shall provide for written fact findings.

B. The arbitration hearing will in no event take place more than ninety (90) days after the appointment of the arbitrator.

C. The arbitration will take place in Houston, Texas unless otherwise unanimously agreed to by the parties.

D. The results of the arbitration and the decision of the arbitrators will be final and binding on the parties and each party agrees and acknowledges that these results shall be enforceable in a court of law.

14. Governing Law.

This Agreement will be governed by and construed in accordance with the internal substantive laws, and not the choice of law rules, of the State of Texas.

15. Compliance With Code Section 409A.

A. Compliance with Section 409A. Certain payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A. This Agreement shall be interpreted in accordance with the applicable requirements of Section 409A. To the extent the payments and benefits under this Agreement are subject to Section 409A, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Sections 409A(a)(2), (3) and (4) and the Treasury Regulations thereunder. As provided in Internal Revenue Notice 2007-86, notwithstanding any other provision of this Agreement, with respect to an election or amendment to change a time or form of payment under this Agreement made on or after January 1, 2008 and on or before December 31, 2008, the election or amendment shall apply only with respect to payments that would not otherwise be payable in 2008, and shall not cause payments to be made in 2008 that would not otherwise be payable in 2008.

B. Amendment of Agreement to Comply with Section 409A. If the Company and Executive determine that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Sections 409A(a)(2), (3) and (4) do not comply with Section 409A, the Company and Executive agree to amend this Agreement, or take such other actions as the Company and Executive deem reasonably necessary or appropriate, to comply with the requirements of Section 409A, while preserving the economic agreement of the parties. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Sections 409A(a)(2), (3) and (4), if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments, and such provision shall otherwise remain in full force and effect.

C. Delayed Distribution under Section 409A. If Executive is a Specified Employee on the date of Executive's Separation from Service, the Section 409A Payments and any other payments or benefits under this Agreement that are subject to Section 409A shall be delayed in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i), and such payments or benefits shall be paid or distributed to Executive during the thirty (30) day period commencing on the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service or (ii) the date of Executive's death. Upon the expiration of the applicable six-month period under Section 409A(a)(2)(B)(i), all payments deferred pursuant to this Section 15(C) shall be paid in a lump sum payment to Executive (or Executive's estate, in the event of Executive's death). Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

16. Non-Disparage, Non-Compete and Non-Solicitation Covenants; General Release.

A. Non-Disparage. As an additional inducement for the Company to enter into this Agreement, Executive agrees that Executive shall refrain throughout the term of this Agreement, and throughout the Severance Payout Period or the Change of Control Payout Period, as applicable, from publishing any oral or written statements about Company, any of its affiliates or any of Company's or such affiliates' directors, officers, employees, consultants, agents or representatives that (a) are slanderous, libelous or defamatory, (b) disclose private information about or confidential information of Company, any of its affiliates or any of Company's or any such affiliates' business affairs, directors, officers, employees, consultants, agents or representatives, or (c) place Company, any of its affiliates, or any of Company's or any such affiliates' directors, officers, employees, consultants, agents or representatives in a false light before the public. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded Company and its affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

B. Non-Solicitation. As an additional inducement for the Company to enter into this Agreement, Executive agrees that throughout the Severance Payout Period or the Change of Control Payout Period, as applicable, Executive shall not, directly or indirectly knowingly induce any person in the employment of the Company to (A) terminate such employment, or (B) accept employment, or enter into any consulting arrangement, with anyone other than the Company.

C. Non-Competition. As an inducement for the Company to enter into this Agreement, Executive agrees throughout the Severance Payout Period or the Change of Control Payout Period, as applicable, Executive shall not, anywhere in the world, directly or indirectly (i) engage without the prior express written consent of the Company, in any business or activity, whether as an employee, consultant, partner, principal, agent, representative, stockholder (except as a holder of less than 2% of the combined voting power of the outstanding stock of a publicly held company) or in any other individual, corporate or representative capacity, or render any services or provide any advice to any business, activity, person or entity, if Executive knows or reasonably should know that such business, activity, service, person or entity, directly or indirectly, competes in any material manner with the Business, or (ii) meaningfully assist, help or otherwise support, without the prior express written consent of the Company, any person, business, corporation, partnership or other entity or activity, whether as an employee, consultant, partner, principal, agent, representative, stockholder (other than in the capacity as a stockholder of less than 2% of the combined voting power of the outstanding shares of stock of a publicly held company) or in any other individual, corporate or representative capacity, to create, commence or otherwise initiate, or to develop, enhance or otherwise further, any business or activity if Executive knows or reasonably should know that such business or activity, directly or indirectly competes in any material manner with the Business. For purposes of this Section 16(C), the term "Business" shall refer to the business of the Company as presently conducted or as conducted on the Date of Termination.

D. General Release. As an additional inducement for the Company to enter into this Agreement, and as a condition to payment and provision of benefits under this Agreement to Executive or Executive's estate, Executive agrees that Executive (or Executive's trust or estate, as applicable) shall execute and deliver within fifty (50) days following the date of Executive's Separation from Service, and not revoke within any revocation period required by law, a general release of claims in favor of the Company and its employees, directors, agents and affiliates in a form acceptable to the Company in its sole and absolute discretion.

E. Reasonable Restrictions. Executive acknowledges that these restrictions shall not prevent or unduly restrict Executive from practicing his profession, or cause him

economic hardship. Executive represents that he (i) is familiar with the foregoing covenants not to compete and not to solicit, and (ii) is fully aware of his obligations hereunder, including, without limitation, the reasonableness of the length of time, scope and geographic coverage of these covenants.

17. Cooperation.

During Executive's employment with the Company and thereafter; Executive agrees to cooperate with the Company and its agents, accountants and attorneys concerning any matter with which Executive was involved during his employment. Such cooperation shall include, but not be limited to, providing information to, meeting with and reviewing documents provided by the Company and its agents, accountants and attorneys during normal business hours or other mutually agreeable hours upon reasonable notice and to make himself available for depositions and hearings, if necessary and upon reasonable notice. If Executive's cooperation is required after the termination of Executive's employment, the Company shall reimburse Executive for any reasonable out of pocket expenses incurred in performing his obligations hereunder.

18. Entire Agreement; No Oral Modifications.

This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto in respect of the subject matter contained herein. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such officer as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement to be effective the date first above written.

EXECUTIVE

/s/ Brian K. Moore
Brian K. Moore

COMPLETE PRODUCTION SERVICES, INC.,
a Delaware corporation

By /s/ Joseph C. Winkler
Joseph C. Winkler
Chief Executive Officer

And /s/ James F. Maloney, III
James F. Maloney, III
Vice President, Secretary and General Counsel

EXHIBIT 12.1

Superior Energy Services, Inc. and Subsidiaries
Computation of Ratio of Earnings to Fixed Charges

The following table sets forth our consolidated ratio of earnings to fixed charges for the periods shown:

(dollars in thousands)	Year Ended December 31, 2011	2010	2009	2008	2007
Ratio of earnings to fixed charges [1] :					
Earnings from continuing operations before fixed charges:					
Income from continuing operations before income taxes, minority interest and income / loss from equity investees	$205,306	$116,857	$(100,793)	$518,006	$420,253
Amortization of capitalized interest	2,477	1,596	1,270	854	422
Distributed income of equity investees	3,242	11,150	6,006	17,272	—
Share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges	—	—	—	—	—
Adjusted pre-tax earnings from continuing operations	211,025	129,603	(93,517)	536,132	420,675
Fixed charges less capitalized interest	73,843	57,377	50,906	46,684	48,436
Earnings from continuing operations before fixed charges:	$284,868	$186,980	$ (42,611)	$582,816	$469,111
Fixed charges:					
Interest expenses, net of capitalized interest	$ 48,665	$ 33,423	$ 29,162	$ 26,721	$ 29,739
Capitalized Interest	7,093	2,737	2,912	3,110	1,486
Amortized premiums, discounts and capitalized expenses related to indebtedness	25,178	23,954	21,744	19,963	18,697
Total fixed charges	$ 80,936	$ 60,114	$ 53,818	$ 49,794	$ 49,922
Ratio of earnings to fixed charges [2]	3.52	3.11	(0.79)	11.70	9.40

Notes

[1] The ratio was computed by dividing earnings by fixed charges. For this purpose, “earnings” represent the aggregate of pre-tax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, amortization of capitalized interest, distributed income of equity investees, our share of pre-tax losses of equity investees, and fixed charges less capitalized interest.

[2] The ratio for the year ended December 31, 2009 indicates less than one-to-one coverage. The amount of this deficiency equates to $96.4 million.

EXHIBIT 21.1

SUPERIOR ENERGY SERVICES, INC.
List of Subsidiaries

Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Superior Energy Services, Inc. are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this report.

NAME	STATE OF JURISDICTION OF INCORPORATION OR ORGANIZATION
1105 Peters Road, L.L.C.	Louisiana
104474 Alberta, Ltd.	Canada
A&W Water Service, Inc.	Colorado
Alliance Energy Service Company, L.L.C.	Colorado
AWS, Inc.	Delaware
Balance Point Group B.V.	Netherlands
Big Mac Tank Trucks, L.L.C.	Delaware
Blowout Tools, Inc.	Texas
CES Mid-Continent Hamm, L.L.C.	Delaware
Concentric Pipe and Tool Rentals, L.L.C.	Louisiana
Fastorq, L.L.C.	Louisiana
Femco SWD, Inc.	Delaware
HB Rentals Limited	United Kingdom
H.B. Rentals, L.C.	Louisiana
Hallin Marine Subsea International Limited	Isle of Man
Hamm Management Co.	Delaware
Hamm & Phillips Service Company, Inc.	Delaware
High Plains Disposal, Inc.	Texas
Hyland Enterprises, Inc.	Wyoming
Integrated Production Services, Inc.	Delaware
Integrated Production Services, Ltd.	Canada
International Snubbing Services, L.L.C.	Louisiana
IPS Optimization, Inc.	Canada
LEED Tool Corporation	Colorado
Monument Well Service Co.	Delaware
Oil Tool Rentals, Co.	Delaware
Pumpco Energy Services, Inc.	Delaware
Rising Star Services, L.P.	Texas
Roustabout Specialities, Inc.	Colorado
SES Canada, ULC	Canada
SESI, L.L.C.	Delaware
Servicios Petrotec de S.A. de C.V.	Mexico
SPN Fairway Acquisition, Inc.	Delaware
Stabil Drill Specialties, L.L.C.	Louisiana
Stride Well Services Company, Inc.	Delaware
Sub-Surface Tools, L.L.C.	Louisiana
Superior Energy International, C.V.	Netherlands
Superior Energy Liftboats, L.L.C.	Louisiana
Superior Energy Services (Australia) Pty. Ltd.	Australia
Superior Energy Services Colombia, L.L.C.	Delaware
Superior Energy Services, L.L.C.	Louisiana
Superior Energy Services (UK) Limited	United Kingdom
Superior Inspection Services, Inc.	Louisiana
Sweetwater Produced Water Disposal, L.L.C.	Wyoming
Texas CES, Inc.	Texas
Turner Energy Services, L.L.C.	Delaware
Warrior Energy Services Corporation	Delaware
Wild Well Control, Inc.	Texas
Workstrings International, L.L.C.	Louisiana
Workstrings International Limited	United Kingdom

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Superior Energy Services, Inc:

We consent to the incorporation by reference in the registration statement (No. 333-125316, No. 333-116078, No. 333-101211, No. 333-33758, No. 333-43421, No. 333-12175, No. 333-136809, No. 333-146237, No. 333-144394, No. 333-161212, No. 333-174972, and No. 333-177679) on Form S-8 and Form S-4 of Superior Energy Services, Inc. of our reports dated February 28, 2012, with respect to the consolidated balance sheets of Superior Energy Services, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows, for each of the years in the three-year period ended December 31, 2011, and related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2011, which reports appear in the December 31, 2011 annual report on Form 10-K of Superior Energy Services, Inc.

/s/ KPMG LLP

New Orleans, Louisiana
February 28, 2012

NETHERLAND, SEWELL & ASSOCIATES, INC.

EXHIBIT 23.2

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

As independent petroleum engineers, we hereby consent to the use of our name included or incorporated by reference in this Annual Report on Form 10-K of Superior Energy Services, Inc. for the year ended December 31, 2011 (the Annual Report), and to the incorporation of our report of estimates of reserve and present value of future net reserves as of December 31, 2010 and 2011 (our Report) into the Annual Report. In addition, we hereby consent to the use of our name included or incorporated by reference and to our Report in Superior Energy Services, Inc.'s Registration Statements on Form S-8 (Registration Nos. 333-125316, 333-116078, 333-101211, 333-33758, 333-43421, 333-12175, 333-136809, 333-146237, 333-144394, 333-161212, 333-174972, and 333-177679).

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Danny D. Simmons
Danny D. Simmons, P.E.
President and Chief Operating Officer

Houston, Texas
February 28, 2012

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EXHIBIT 23.3

DEGOLYER AND MACNAUGHTON
5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

February 28, 2012

Superior Energy Services, Inc.
11000 Equity Dr. Suite 300
Houston, TX 77041

Ladies and Gentlemen:

We hereby consent to the reference to DeGolyer and MacNaughton and to the incorporation of the estimates contained in our “Appraisal Report as of December 31, 2010 on Certain Properties owned by Superior Energy Services, Inc.” (our Report) in the “Financial Statements and Supplemental Data” portion of the Annual Report on Form 10-K of Superior Energy Services, Inc. for the year ended December 31, 2011 (the Annual Report). We further consent to the incorporation of estimates contained in our “Appraisal Report as of December 31, 2010 on Certain Properties owned by SPN Resources, LLC prepared for Dynamic Offshore Resources, LLC” and our “Appraisal Report as of December 31, 2010 on Certain Properties owned by SPN Resources, LLC prepared for Dynamic Offshore Resources, LLC” that are combined with estimates prepared by other petroleum consultants. Superior Energy Services, Inc. is an owner of SPN Resources, LLC. We further consent to the incorporation by reference of references to DeGolyer and MacNaughton and to our Report in Superior Energy Services, Inc.’s Form S-8 (Registration No. 333-125316, 333-116078, 333-101211, 333-33758, 333-43421, 333-12175, 333-136809, 333-146237, 333-144394, 333-161212, 333-174972, and 333-177679).

Very truly yours,

/s/ DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, David D. Dunlap, President and Chief Executive Officer of Superior Energy Services, Inc., certify that:

1. I have reviewed this annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) 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
   d) 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 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.

Date: February 28, 2012

/s/ David D. Dunlap
David D. Dunlap
President and Chief Executive Officer
Superior Energy Services, Inc.

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Robert S. Taylor, Executive Vice President, Treasurer and Chief Financial Officer of Superior Energy Services, Inc., certify that:

1. I have reviewed this annual report on Form 10-K 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) 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
   d) 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 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.

Date: February 28, 2012

/s/ Robert S. Taylor

Robert S. Taylor
Executive Vice President, Treasurer and Chief Financial Officer
Superior Energy Services, Inc.

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
SECTION 1350 OF TITLE 18 OF THE U.S. CODE

I, David D. Dunlap, President and Chief Executive Officer of Superior Energy Services, Inc. (the "Company"), certify, pursuant to Section 1350 of Title 18 of the U.S. Code, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that:

1. the annual report on Form 10-K of the Company for the year ended December 31, 2011 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, 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.

This certificate is being furnished solely for purposes of Section 906 and is not being filed as part of the Report or as a separate disclosure document.

Date: February 28, 2012

/s/ David D. Dunlap
David D. Dunlap
President and Chief Executive Officer
Superior Energy Services, Inc.

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.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
SECTION 1350 OF TITLE 18 OF THE U.S. CODE

I, Robert S. Taylor, Executive Vice President, Treasurer and Chief Financial Officer of Superior Energy Services, Inc. (the "Company"), certify, pursuant to Section 1350 of Title 18 of the U.S. Code, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that:

1. the annual report on Form 10-K of the Company for the year ended December 31, 2011 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, 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.

This certificate is being furnished solely for purposes of Section 906 and is not being filed as part of the Report or as a separate disclosure document.

Date: February 28, 2012

/s/ Robert S. Taylor
Robert S. Taylor
Executive Vice President, Treasurer and Chief Financial Officer
Superior Energy Services, Inc.

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.

CHAIRMAN & CEO
C.H. (SCOTT) REES III
PRESIDENT & COO
DANNY D. SIMMONS
EXECUTIVE VP
G. LANCE BINDER

EXECUTIVE COMMITTEE
P. SCOTT FROST - DALLAS
J. CARTER HENSON, JR. - HOUSTON
DAN PAUL SMITH - DALLAS
JOSEPH J. SPELLMAN - DALLAS
THOMAS J. TELLA II - DALLAS

Exhibit 99.1

February 10, 2012

Superior Energy Services, Inc.
601 Poydras Street, Suite 2400
New Orleans, Louisiana 70130

Gentlemen:

In accordance with your request, we have estimated the proved reserves and future revenue, as of December 31, 2011, to the Superior Energy Services, Inc. (Superior) interest in certain oil properties located in the Green Canyon 65 Unit, federal waters in the Gulf of Mexico. We completed our evaluation on or about the date of this letter. It is our understanding that the proved reserves estimated in this report constitute all of the proved reserves owned by Superior. The estimates in this report have been prepared in accordance with the definitions and regulations of the U.S. Securities and Exchange Commission (SEC) and, with the exception of the exclusion of future income taxes, conform to the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas. Definitions are presented immediately following this letter. This report has been prepared for Superior's use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

We estimate the net reserves and future net revenue to the Superior interest in these properties, as of December 31, 2011, to be:

	Net Reserves		Future Net Revenue (M$)	
Category	Oil (MBBL)	Gas (MMCF)	Total	Present Worth at 10%
Proved Developed Producing	2,481.4	2,257.7	167,216.7	128,557.6
Proved Developed Non-Producing	1,013.5	971.2	93,872.0	71,444.9
Proved Undeveloped	2,935.5	3,039.4	280,362.2	194,447.2
Abandonment Costs	0.0	0.0	-25,296.0	-21,931.2
Total Proved	6,430.4	6,268.3	516,154.9	372,518.6

Totals may not add because of rounding.

The oil reserves shown include crude oil only. Oil volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases.

The estimates shown in this report are for proved reserves. As requested, probable reserves that exist for these properties have not been included. No study was made to determine whether possible reserves might be established for these properties. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated. Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The estimates of reserves and future revenue included herein have not been adjusted for risk.

Gross revenue is Superior's share of the gross (100 percent) revenue from the properties prior to any deductions. Future net revenue is after deductions for Superior's share of capital costs, abandonment costs, and operating expenses but before

consideration of any income taxes. The future net revenue has been discounted at an annual rate of 10 percent to determine its present worth, which is shown to indicate the effect of time on the value of money. Future net revenue presented in this report, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.

Prices used in this report are based on the 12-month unweighted arithmetic average of the first-day-of-the-month price for each month in the period January through December 2011. For oil volumes, the average West Texas Intermediate (Cushing) cash/spot price of $96.19 per barrel is adjusted for quality, transportation fees, and a regional price differential. For gas volumes, the average Henry Hub spot price of $4.118 per MMBTU is adjusted for energy content, transportation fees, and a regional price differential. All prices are held constant throughout the lives of the properties. The average adjusted product prices weighted by production over the remaining lives of the properties are $104.69 per barrel of oil and $4.463 per MCF of gas.

Operating costs used in this report are based on operating expense records of Dynamic Offshore Resources, LLC (Dynamic), the operator of the properties. These costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. Since all properties are nonoperated, headquarters general and administrative overhead expenses of Superior are not included. Operating costs are held constant throughout the lives of the properties.

Capital costs used in this report were provided by Dynamic and are based on authorizations for expenditure and actual costs from recent activity. Capital costs are included as required for workovers, new development wells, and production equipment. Based on our understanding of Dynamic's future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are Dynamic's estimates of the costs to abandon the wells, platforms, and production facilities; these estimates do not include any salvage value for the lease and well equipment. Capital costs and abandonment costs are held constant to the date of expenditure.

For the purposes of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and facilities. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability.

We have made no investigation of potential gas volume and value imbalances resulting from overdelivery or underdelivery to the Superior interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on Superior receiving its net revenue interest share of estimated future gross gas production.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be economically producible; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that our projections of future production will prove consistent with actual performance. If the reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such reserves may vary from assumptions made while preparing this report.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, seismic data, well test data, production data, historical price and cost information, and property ownership interests. The reserves in this report have been estimated using deterministic methods; these estimates have been prepared in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE Standards). We used standard engineering and geoscience methods, or a combination

of methods, including performance analysis, volumetric analysis, analogy, and reservoir modeling, that we considered to be appropriate and necessary to categorize and estimate reserves in accordance with SEC definitions and regulations. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from Superior, Dynamic, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting geoscience, performance, and work data are on file in our office. The titles to the properties have not been examined by NSAI, nor has the actual degree or type of interest owned been independently confirmed. The technical persons responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

By: /s/ C.H. (Scott) Rees III
C.H. (Scott) Rees III, P.E.
Chairman and Chief Executive Officer

By: /s/ Richard B. Talley, Jr.
Richard B. Talley, Jr., P.E. 102425
Vice President

Date Signed: February 10, 2012

By: /s/ Edward C. Roy III
Edward C. Roy III, P.G. 2364
Geologist

Date Signed: February 10, 2012

RBT:SBG

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The following definitions are set forth in U.S. Securities and Exchange Commission (SEC) Regulation S-X Section 210.4-10(a). Also included is supplemental information from (1) the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers, (2) the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas, and (3) the SEC's Compliance and Disclosure Interpretations.

(1) *Acquisition of properties.* Costs incurred to purchase, lease or otherwise acquire a property, including costs of lease bonuses and options to purchase or lease properties, the portion of costs applicable to minerals when land including mineral rights is purchased in fee, brokers' fees, recording fees, legal costs, and other costs incurred in acquiring properties.

(2) *Analogous reservoir*. Analogous reservoirs, as used in resources assessments, have similar rock and fluid properties, reservoir conditions (depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide concepts to assist in the interpretation of more limited data and estimation of recovery. When used to support proved reserves, an "analogous reservoir" refers to a reservoir that shares the following characteristics with the reservoir of interest:

(i) Same geological formation (but not necessarily in pressure communication with the reservoir of interest);

(ii) Same environment of deposition;

(iii) Similar geological structure; and

(iv) Same drive mechanism.

Instruction to paragraph (a)(2): Reservoir properties must, in the aggregate, be no more favorable in the analog than in the reservoir of interest.

(3) *Bitumen*. Bitumen, sometimes referred to as natural bitumen, is petroleum in a solid or semi-solid state in natural deposits with a viscosity greater than 10,000 centipoise measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural state it usually contains sulfur, metals, and other non-hydrocarbons.

(4) *Condensate*. Condensate is a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

(5) *Deterministic estimate*. The method of estimating reserves or resources is called deterministic when a single value for each parameter (from the geoscience, engineering, or economic data) in the reserves calculation is used in the reserves estimation procedure.

(6) *Developed oil and gas reserves*. Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

(i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and

(ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Supplemental definitions from the 2007 Petroleum Resources Management System:

Developed Producing Reserves – Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves – Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

(7) *Development costs.* Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. More specifically, development costs, including depreciation and applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(i) Gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines, and power lines, to the extent necessary in developing the proved reserves.

(ii) Drill and equip development wells, development-type stratigraphic test wells, and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment, and the wellhead assembly.

(iii) Acquire, construct, and install production facilities such as lease flow lines, separators, treaters, heaters, manifolds, measuring devices, and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems.

(iv) Provide improved recovery systems.

(8) *Development project*. A development project is the means by which petroleum resources are brought to the status of economically producible. As examples, the development of a single reservoir or field, an incremental development in a producing field, or the integrated development of a group of several fields and associated facilities with a common ownership may constitute a development project.

(9) *Development well*. A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

(10) *Economically producible*. The term economically producible, as it relates to a resource, means a resource which generates revenue that exceeds, or is reasonably expected to exceed, the costs of the operation. The value of the products that generate revenue shall be determined at the terminal point of oil and gas producing activities as defined in paragraph (a)(16) of this section.

(11) *Estimated ultimate recovery (EUR)*. Estimated ultimate recovery is the sum of reserves remaining as of a given date and cumulative production as of that date.

(12) *Exploration costs*. Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects of containing oil and gas reserves, including costs of drilling exploratory wells and exploratory-type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as prospecting costs) and after acquiring the property. Principal types of exploration costs, which include depreciation and applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(i) Costs of topographical, geographical and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews, and others conducting those studies. Collectively, these are sometimes referred to as geological and geophysical or “G&G” costs.

(ii) Costs of carrying and retaining undeveloped properties, such as delay rentals, ad valorem taxes on properties, legal costs for title defense, and the maintenance of land and lease records.

(iii) Dry hole contributions and bottom hole contributions.

(iv) Costs of drilling and equipping exploratory wells.

(v) Costs of drilling exploratory-type stratigraphic test wells.

(13) *Exploratory well*. An exploratory well is a well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir. Generally, an exploratory well is any well that is not a development well, an extension well, a service well, or a stratigraphic test well as those items are defined in this section.

(14) *Extension well*. An extension well is a well drilled to extend the limits of a known reservoir.

(15) *Field*. An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field which are separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both. Reservoirs that are associated by being in overlapping or adjacent fields

may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to identify localized geological features as opposed to the broader terms of basins, trends, provinces, plays, areas-of-interest, etc.

(16) *Oil and gas producing activities.*

(i) Oil and gas producing activities include:

(A) The search for crude oil, including condensate and natural gas liquids, or natural gas ("oil and gas") in their natural states and original locations;

(B) The acquisition of property rights or properties for the purpose of further exploration or for the purpose of removing the oil or gas from such properties;

(C) The construction, drilling, and production activities necessary to retrieve oil and gas from their natural reservoirs, including the acquisition, construction, installation, and maintenance of field gathering and storage systems, such as:

(1) Lifting the oil and gas to the surface; and

(2) Gathering, treating, and field processing (as in the case of processing gas to extract liquid hydrocarbons); and

(D) Extraction of saleable hydrocarbons, in the solid, liquid, or gaseous state, from oil sands, shale, coalbeds, or other nonrenewable natural resources which are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction.

Instruction 1 to paragraph (a)(16)(i): The oil and gas production function shall be regarded as ending at a "terminal point", which is the outlet valve on the lease or field storage tank. If unusual physical or operational circumstances exist, it may be appropriate to regard the terminal point for the production function as:

a. The first point at which oil, gas, or gas liquids, natural or synthetic, are delivered to a main pipeline, a common carrier, a refinery, or a marine terminal; and
b. In the case of natural resources that are intended to be upgraded into synthetic oil or gas, if those natural resources are delivered to a purchaser prior to upgrading, the first point at which the natural resources are delivered to a main pipeline, a common carrier, a refinery, a marine terminal, or a facility which upgrades such natural resources into synthetic oil or gas.

Instruction 2 to paragraph (a)(16)(i): For purposes of this paragraph (a)(16), the term *saleable hydrocarbons* means hydrocarbons that are saleable in the state in which the hydrocarbons are delivered.

(ii) Oil and gas producing activities do not include:

(A) Transporting, refining, or marketing oil and gas;

(B) Processing of produced oil, gas, or natural resources that can be upgraded into synthetic oil or gas by a registrant that does not have the legal right to produce or a revenue interest in such production;

(C) Activities relating to the production of natural resources other than oil, gas, or natural resources from which synthetic oil and gas can be extracted; or

(D) Production of geothermal steam.

(17) *Possible reserves.* Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

(i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.

(ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.

(iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.

(iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.

(v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.

(vi) Pursuant to paragraph (a)(22)(iii) of this section, where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

(18) *Probable reserves.* Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

(i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.

(ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.

(iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.

(iv) See also guidelines in paragraphs (a)(17)(iv) and (a)(17)(vi) of this section.

(19) *Probabilistic estimate.* The method of estimation of reserves or resources is called probabilistic when the full range of values that could reasonably occur for each unknown parameter (from the geoscience and engineering data) is used to generate a full range of possible outcomes and their associated probabilities of occurrence.

(20) *Production costs.*

(i) Costs incurred to operate and maintain wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. They become part of the cost of oil and gas produced. Examples of production costs (sometimes called lifting costs) are:

(A) Costs of labor to operate the wells and related equipment and facilities.

(B) Repairs and maintenance.

(C) Materials, supplies, and fuel consumed and supplies utilized in operating the wells and related equipment and facilities.

(D) Property taxes and insurance applicable to proved properties and wells and related equipment and facilities.

(E) Severance taxes.

(ii) Some support equipment or facilities may serve two or more oil and gas producing activities and may also serve transportation, refining, and marketing activities. To the extent that the support equipment and facilities are used in oil and gas producing activities, their depreciation and applicable operating costs become exploration, development or production costs, as appropriate. Depreciation, depletion, and amortization of capitalized acquisition, exploration, and development costs are not production costs but also become part of the cost of oil and gas produced along with production (lifting) costs identified above.

(21) *Proved area.* The part of a property to which proved reserves have been specifically attributed.

(22) *Proved oil and gas reserves.* Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and

(B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and

(B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

(23) *Proved properties.* Properties with proved reserves.

(24) *Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

(25) *Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(26) *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

Excerpted from the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas:

932-235-50-30 A standardized measure of discounted future net cash flows relating to an entity's interests in both of the following shall be disclosed as of the end of the year:

a. *Proved oil and gas reserves (see paragraphs 932-235-50-3 through 50-11B)*

b. *Oil and gas subject to purchase under long-term supply, purchase, or similar agreements and contracts in which the entity participates in the operation of the properties on which the oil or gas is located or otherwise serves as the producer of those reserves (see paragraph 932-235-50-7).*

The standardized measure of discounted future net cash flows relating to those two types of interests in reserves may be combined for reporting purposes.

932-235-50-31 All of the following information shall be disclosed in the aggregate and for each geographic area for which reserve quantities are disclosed in accordance with paragraphs 932-235-50-3 through 50-11B:

a. *Future cash inflows. These shall be computed by applying prices used in estimating the entity's proved oil and gas reserves to the year-end quantities of those reserves. Future price changes shall be considered only to the extent provided by contractual arrangements in existence at year-end.*

b. *Future development and production costs. These costs shall be computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. If estimated development expenditures are significant, they shall be presented separately from estimated production costs.*

c. *Future income tax expenses. These expenses shall be computed by applying the appropriate year-end statutory tax rates, with consideration of future tax rates already legislated, to the future pretax net cash flows relating to the entity's proved oil and gas reserves, less the tax basis of the properties involved. The future income tax expenses shall give effect to tax deductions and tax credits and allowances relating to the entity's proved oil and gas reserves.*

d. *Future net cash flows. These amounts are the result of subtracting future development and production costs and future income tax expenses from future cash inflows.*

e. *Discount. This amount shall be derived from using a discount rate of 10 percent a year to reflect the timing of the future net cash flows relating to proved oil and gas reserves.*

f. *Standardized measure of discounted future net cash flows. This amount is the future net cash flows less the computed discount.*

(27) *Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

(28) *Resources.* Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable, and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

(29) *Service well.* A well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for in-situ combustion.

(30) *Stratigraphic test well.* A stratigraphic test well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Such wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as “exploratory type” if not drilled in a known area or “development type” if drilled in a known area.

(31) *Undeveloped oil and gas reserves.* Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

From the SEC’s Compliance and Disclosure Interpretations (October 26, 2009):

Although several types of projects — such as constructing offshore platforms and development in urban areas, remote locations or environmentally sensitive locations — by their nature customarily take a longer time to develop and therefore often do justify longer time periods, this determination must always take into consideration all of the facts and circumstances. No particular type of project per se justifies a longer time period, and any extension beyond five years should be the exception, and not the rule.

Factors that a company should consider in determining whether or not circumstances justify recognizing reserves even though development may extend past five years include, but are not limited to, the following:

- *The company’s level of ongoing significant development activities in the area to be developed (for example, drilling only the minimum number of wells necessary to maintain the lease generally would not constitute significant development activities);*
- *The company’s historical record at completing development of comparable long-term projects;*
- *The amount of time in which the company has maintained the leases, or booked the reserves, without significant development activities;*
- *The extent to which the company has followed a previously adopted development plan (for example, if a company has changed its development plan several times without taking significant steps to implement any of those plans, recognizing proved undeveloped reserves typically would not be appropriate); and*
- *The extent to which delays in development are caused by external factors related to the physical operating environment (for example, restrictions on development on Federal lands, but not obtaining government permits), rather than by internal factors (for example, shifting resources to develop properties with higher priority).*

(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

(32) *Unproved properties.* Properties with no proved reserves.