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U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-KSB

(Mark One)

/x/ ANNUAL REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1996

or

/ / TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period From.........to........

Commission File No. 0-20310

SUPERIOR ENERGY SERVICES, INC.
(Name of small business issuer in its charter)

Delaware	75-2379388
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

Issuer's telephone number: (504) 393-7774

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

NONE

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

Common Stock
Class A Warrants
Class B Warrants

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

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB. /x/

Revenues for the year ended December 31, 1996 were $ 23,638,000

The aggregate market value of the voting stock held by non-affiliates of the Registrant at March 14, 1997 based on the closing price on Nasdaq National Market on that date was $30,608,000

The number of shares of the Registrant's common stock outstanding on March 14, 1997 was 19,017,045

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 1997 Annual Meeting of Stockholders have been incorporated by reference into Part III of this Form 10-KSB.

Transitional Small Business Disclosure Format (check one): Yes___ No X

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SUPERIOR ENERGY SERVICES, INC.
Annual Report on Form 10-KSB for
the Fiscal Year Ended December 31, 1996

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PART I

Items 1 and 2. Description of Business

General

Superior Energy Services, Inc. through its subsidiaries (the "Company"), provides an integrated range of specialized oil field services and equipment to companies engaged in exploring, producing and developing oil and gas properties offshore in the Gulf of Mexico. These services and equipment include oil and gas well plug and abandonment, wireline and workover services, the sale and rental of specialized oil well equipment and fishing tools, the development, manufacture, sale and rental of oil and gas drilling instrumentation and computerized rig data acquisition systems, and the development, manufacture and sale of oil spill containment booms and ancillary equipment.

Business

Plug and Abandonment; Wireline. The Company is the leading provider of plug and abandonment services in the Gulf of Mexico. Plug and abandonment is required by governmental authorities that regulate offshore leases. Oil and gas wells that are no longer producing commercially are required to be plugged and abandoned. In order to plug the well, concrete is pumped into the well to form plugs that prevent debris, gas, oil or other material from escaping and contaminating the surrounding environment. Any production tubing is also required to be removed and the well casing is required to be severed below the mud line. This helps insure that no remaining oil or gas seeps from the well. The Company also provides wireline services. The Company provides services and specialized equipment for plugging and abandonment jobs, as well as for non-plugging and abandonment jobs such as logging and pipe recovery. Wireline service personnel are cross-trained to work plugging and abandonment jobs and perform wireline services in connection with remedial activities.

Rental Tools. The Company rents specialized equipment onshore and offshore in oil and gas well drilling and other specialized rental equipment and fishing tools used in well workover, completion and production activities. In connection with the rental of certain specialized equipment, such as fishing tools, the Company generally provides to the customer an operator who supervises the operations of the rental equipment on the well site. The Company's rental items include, in addition to those outlined above, bits, gauges, hoses, pumps, spools and tubing which are supplied as equipment only.

Data Acquisition and Monitoring. The Company designs, manufactures and sells specialized drilling rig instrumentation and data acquisition systems and computerized electronic torque and pressure control equipment. The Company's data acquisition systems are offered in connection with the use of a dispatcher to gather and record data and maintain equipment on drilling rigs. The Company's torque and pressure control equipment is used in connection with drilling and workover operations, as well as the manufacture of oil field tubular goods. The torque control equipment monitors the relationship between size, weight, grade, rate of makeup, torque and penetration of tubular goods to ensure a leak-free connection within the pipe manufacturer's specification. The electronic pressure control equipment monitors and documents internal and external pressure testing of tubular goods connections. The Company's patented thread protectors are used during drilling and workover operations to protect the pin end of tubular goods while being transported from the pipe rack to the drill floor.

Oil Spill Containment Boom. The Company manufactures, through third-party manufacturers, and sells oil spill containment inflatable boom and ancillary storage/deployment/retrieval equipment. The Company's inflatable boom utilizes continuous single-point inflation technology with air feeder sleeves in combination with mechanical check valves to permit continuous inflation of the boom material. The Company sells, rents and licenses oil spill containment technology to domestic and foreign oil companies, oil spill response companies and cooperatives, the United States Coast Guard and to foreign governments and their agencies.

Potential Liability and Insurance

The Company's operations involve a high degree of operational risk, particularly of personal injuries and damage to equipment. The Company maintains insurance against risks that are consistent with industry standards and required by its customers. Although management believes that the Company's insurance protection is adequate, and that the Company has not experienced a loss in excess of policy limits, there can be no assurance that the Company will be able to maintain adequate insurance at rates which management considers commercially reasonable, nor can there be any assurance such coverage will be adequate to cover all claims that may arise. See "Cautionary Statement," below.

Laws, Regulations and Environmental Matters

The Company's operations are affected by governmental regulations in the form of federal and state laws and regulations, as well as private industry organizations. In addition, the Company depends on the demand for its services from the oil and gas industry and, therefore, is affected by changing taxes and other laws and regulations relating to the oil and gas industry generally. See "Cautionary Statement," below.

The exploration and development of oil and gas properties located on the outer continental shelf of the United States is regulated primarily by the Minerals Management Service of the United States Department of the Interior (the "MMS"). The MMS has promulgated federal regulations governing the plugging and abandoning of wells located offshore and the removal of all production facilities.
The Company believes that its operations are in material compliance with these and all other regulations affecting the conduct of its business on the outer continental shelf of the United States.

The Company's operations are also affected by numerous federal, state and local environmental protection laws and regulations. The technical requirements of these laws and regulations are becoming increasingly expensive, complex and stringent. These laws may provide for strict liability for damages to natural resources or threats to public health and safety. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. Certain environmental laws provide for joint and several strict liability for remediation of spills and releases of hazardous substances. In addition, companies may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. The Company believes that compliance with these laws and regulations will not have a material adverse effect on the Company's business or financial condition. See "Cautionary Statement," below.

Competition and Customers

The Company operates in highly competitive markets and, as a result, its revenue and earnings can be affected by competitive action such as price changes, new product developments, or improved availability and delivery. Competition in both services and products is based on a combination of price, service (including the ability to deliver services and products on a "as needed, where needed" basis), product quality and technical proficiency. The Company's competition includes small, single location companies, large companies with multiple operating locations and extensive inventories and subsidiaries of large public companies having significant financial resources. The Company believes it competes based upon its technical capabilities, experience and personnel. An increasing number of the Company's customers have been seeking to establish plug and abandonment programs based upon partnering relationships or alliances with a limited number of oil field services companies. Such relationships or alliances can result in longer term work and higher efficiencies that increase profitability at a lower overall cost for oil companies. The Company is currently a preferred contractor for a number of major oil companies which management believes is a result of the Company's quality service and experience. Customers which accounted for 10% or more of the company's revenue for the years ended December 31, 1996 and 1995 were as follows:

	1996	1995
Chevron USA	34.5%	23.7%
Conoco, Inc.	8.9%	16.4%

Employees

As of March 14, 1997, the Company had approximately 222 employees. None of the Company's employees is represented by a union or covered by a collective bargaining agreement. The Company believes that its relations with its employees is good.

Description of Property

The Company leases its office, service and assembly facilities under various operating leases. The Company believes that all of its leases are at competitive or market rates and does not anticipate any difficulty in leasing suitable additional space upon expiration of its current lease terms. Set forth below is the location of each leased facility, the date of expiration of the lease, square footage and a description:

Location	Expiration	Square Footage	Description
Belle Chasse, LA	06-30-98	19,000	Office and service facility
Belle Chasse, LA	12-31-00	10,250	Office and service facility
Harvey, LA	12-31-98	11,000	Office and service facility
Harvey, LA	06-30-99	6,600	Rental and service facility
Houma, LA	10-31-97	5,000	Rental and service facility
Houma, LA	03-31-97	20,000	Rental, manufacturing and service facility
Venice, LA	06-30-99	8,000	Rental and service facility
Gretna, LA	07-31-99	4,000	Office and service facility
Lafayette, LA	06-30-98	9,000	Rental and service facility

CAUTIONARY STATEMENT

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this report, including, without limitation, the statements under the headings "Business and Properties," "Market for Registrant's Common Equity and Related Stockholder Matters," and "Management's Discussion and Analysis of Financial Condition or Plan of Operation" regarding the Company's financial position and liquidity, payment of dividends, future capital needs, capital expenditures (including the amount and nature thereof), business strategies, and other plans and objectives of management of the Company for future operations and activities, are forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in this report including, without limitation, in conjunction with the forward-looking statements included in this report. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, including the risk factors discussed below, and in the Company's other filings with the Securities and Exchange Commission (the "Commission"), general economic and business conditions, the business opportunities that may be presented to and pursued by the Company, changes in law or regulations and other factors, many of which are beyond the control of the Company. Readers are cautioned that any such statements are not guarantees of future performance and the actual results or developments may differ materially from those projected in the forward-looking statements. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Industry Volatility. The demand for oil field services has traditionally been cyclical. Demand for the Company's services is significantly affected by the number and age of producing wells and the drilling and completion of new oil and gas wells. These factors are affected in turn by the willingness of oil and gas operators to make capital expenditures for the exploration, development and production of oil and natural gas. The levels of such capital expenditures are influenced by oil and gas prices, the cost of exploring for, producing and delivering oil and gas, the sale and expiration dates of leases in the United States and overseas, the discovery rate of new oil and gas reserves, local and international political and economic conditions and the ability of oil and gas companies to generate capital. Although the production sector of the oil and gas industry is less immediately affected by changing prices, and, therefore, less volatile than the exploration sector, producers would likely react to declining oil and gas prices by reducing expenditures, which could adversely affect the business of the Company. No assurance can be given as to the future price of oil and natural gas or the level of oil and gas industry activity.

Seasonality. The businesses conducted by the Company are subject to seasonal fluctuation. The nature of the offshore oil and gas industry in the Gulf of Mexico is seasonal and depends in part on weather conditions. Purchases of the Company's products and services are also to a substantial extent, deferrable in the event oil and gas companies reduce capital expenditures as a result of conditions existing in the oil and gas industry or general economic downturns. Fluctuations in the Company's revenues and costs may have a material adverse effect on the Company's business and operations. Accordingly, the Company's operating results may vary from quarter to quarter, depending upon factors outside of its control.

Dependence on Oil and Gas Industry; Dependence Upon Significant Customers. The Company's business depends in large part on the conditions of the oil and gas industry, and specifically on the capital expenditures of the Company's customers. Purchases of the Company's products and services are also, to a substantial extent, deferrable in the event oil and gas companies reduce capital expenditures as a result of conditions existing in the oil and gas industry or general economic downturns. The Company derives a significant amount of its revenues from a small number of independent and major oil and gas companies. The inability of the Company to continue to perform services for a number of its large existing customers, if not offset by sales to new or existing customers, could have a material adverse effect on the Company's business and operations.

Technology Risks. Sales of certain of the Company's products are based primarily on its proprietary technology. The Company's success in the sales of these products depends to a significant extent on the development and implementation of new product designs and technologies. Many of the Company's competitors and potential competitors have more significant resources than the Company. While the Company has patents on certain of its technologies and products, there is no assurance that any patents secured by the Company will not be successfully challenged by others or will protect the Company from the development of similar products by others.

Intense Competition. The Company competes in highly competitive areas of the oil field business. The volatility of oil and gas prices has led to a consolidation of the number of companies providing services similar to the Company. This reduced number of companies competes intensely for available projects. Many of the competitors of the Company are larger and have greater financial and other resources than the Company. Although the Company believes that it competes on the basis of technical expertise and reputation of service, there can be no assurance that the Company will be able to maintain its competitive position.

Potential Liability and Insurance. The operations of the Company involve the use of heavy equipment and exposure to inherent risks, including blowouts, explosions and fire, with attendant significant risks of liability for personal injury and property damage, pollution or other environmental hazards or loss of production. The equipment that the Company sells and rents to customers are also used to combat oil spills. Failure of this equipment could result in property damage, personal injury, environmental pollution and resulting damage. Litigation arising from a catastrophic occurrence at a location where the Company's equipment and services are used may in the future result in large claims. The frequency and severity of such incidents affect the Company's operating costs, insurability and relationships with customers, employees and regulators. Any increase in the frequency or severity of such incidents, or the general level of compensation awards with respect thereto, could affect the ability of the Company to obtain projects from oil and gas operators or insurance and could have a material adverse effect on the Company. In addition, no assurance can be given that the Company will be able to maintain adequate insurance in the future at rates it considers reasonable.

Laws and Regulations. The Company's business is significantly affected by laws and other regulations relating to the oil and gas industry, by changes in such laws and by changing administrative regulations. The Company cannot predict how existing laws and regulations may be interpreted by enforcement agencies or court rulings, whether additional laws and regulations will be adopted, or the effect such changes may have on it, its business or financial condition. Federal and state laws require owners of non-producing wells to plug the well and remove all exposed piping and rigging before the well is abandoned. A decrease in the level of enforcement of such laws and regulations in the future would adversely affect the demand for the Company's services and products. Numerous state and federal laws and regulations affect the level of purchasing activity of oil containment boom and consequently the Company's business. There can be no assurance that a decrease in the level of enforcement of laws and regulations in the future would not adversely affect the demand for the Company's products.

Environmental Regulation. The Company believes that its present operations substantially comply with applicable federal and state pollution control and environmental protection laws and regulations and that compliance with such laws has had no material adverse effect upon its operations to date. No assurance can be given that environmental laws will not, in the future, have a material adverse effect on the Company's operations and financial condition.

Key Personnel. The Company depends to a large extent on the abilities and continued participation of its executive officers and key employees. The loss of the services of any of these persons would have a material adverse effect on the Company's business and operations.

Item 3. Legal Proceedings

The Company is involved in various legal and other proceedings which are incidental to the conduct of its business. Management believes that none of these proceedings, if adversely determined, would have a material adverse effect on its financial condition, results of operations or cash flows. The Company maintains liability insurance to cover some, but not all, of the potential liabilities normally incident to the ordinary course of its businesses as well as other insurance coverage as customary in its business, with such coverage limits as management deems prudent.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

The Company's Common Stock, Class A Warrants and Class B Warrants trade on the Nasdaq National Market under the symbols "SESI", "SESIW" and "SESIZ", respectively. The following table sets forth the range of high and low closing bid prices for the Common Stock, the Class A Warrants and the Class B Warrants for the last two full calendar years plus a portion of the first quarter of 1997 as reported by the Nasdaq National Market. The quotes represent "inter-dealer" prices without adjustment or mark-ups, mark-downs or commissions and may not necessarily represent actual transactions.

	Common Stock		Class A Warrants		Class B Warrants	
	High	Low	High	Low	High	Low
1995						
First Quarter	3-3/4	2-1/2	15/16	5/16	-	-
Second Quarter	3-1/8	2	1/2	1/4	-	-
Third Quarter	3	1-3/4	1/2	1/4	-	-
Fourth Quarter	2-11/16	1-1/2	1/2	1/16	3/4	1/4
1996						
First Quarter	2-13/16	2-1/8	1/4	1/16	7/8	7/16
Second Quarter	3-1/8	1-15/16	1/4	1/16	3/4	3/8
Third Quarter	3	1-13/16	3/16	1/16	9/16	3/16
Fourth Quarter	3-5/8	2-5/8	1/4	3/64	25/32	11/32
First Quarter 1997 (Through March 14, 1997)	4-15/16	2-15/16	5/16	1/16	1-9/16	15/32

As of March 14, 1997 there were 19,017,045 Shares of Common Stock, 1,121,251 Class A Warrants, and 5,175,000 Class B Warrants outstanding, held by 66, 12 and 10 record holders, respectively. The Company has never paid cash dividends on its Common Stock. The Company intends to retain any future earnings otherwise available for cash dividends on the Common Stock for use in its operations and for expansion and does not anticipate that any cash dividends will be paid in the foreseeable future.

Item 6. Management's Discussion and Analysis of Financial Condition or Plan of Operation

Comparison of the Results of Operations for the Years Ended December 31, 1996 and December 31, 1995.

The year ended December 31, 1996 is the first full year the Company has had under new management since the reverse acquisition which took place in December 1995. (See Note 2 of the consolidated financial statements included herein under Item 7 below). The Company's 1996 results have been impacted by three main factors: an increase in the Company's internal growth as a result of increased levels of activity in the Gulf of Mexico; a joint venture the Company entered into in January 1996 which turned around an unprofitable business in West Texas; and the acquisitions the Company made in the second half of the year.

Net income for the year ended December 31, 1996 was $3,932,000 resulting in $0.22 earnings per share. This compares to a net loss as adjusted for pro forma income taxes of $3,355,000 or a loss per share of $0.38 for the year ended December 31, 1995. The loss in 1995 includes a one-time charge of $4,042,000 for the impairment of long-lived assets discussed below.

The Company's revenues increased 92% to $23,638,000 for the year ended December 31, 1996 as compared to $12,338,000 for the year ended December 31, 1995. In comparing 1996 to 1995, without giving effect to acquisitions or the joint venture, revenues increased 36% as a result of increased levels of activity in the Gulf of Mexico. The joint venture the Company entered into in January 1996 contributed $1,265,000 of the increase in revenues. The acquisitions of Oil Stop, Inc. (1996 was the first full year), Baytron, Inc. and Dimensional Oil Field Services, Inc. contributed $5,798,000 of the increase in revenues in 1996.

Gross margins increased to 53.3% for the year ended December 31, 1996 from 39.3% for the year ended December 31, 1995. In comparing 1996 to 1995, without giving effect to acquisitions or the joint venture, the gross margins increased to 46.3% in 1996 from 37.8% in 1995. The significant increase in gross margins are primarily as a result of a decrease in rented marine equipment as well as an increase in the gross margin attributable to the rental tool and data acquisition businesses which tend to have higher margins than the plug and abandonment business.

General and administrative expenses were 24.3% of revenues for the year ended December 31, 1996 as compared to 26.4% of revenues for the year ended December 31, 1995. Even though the Company has had an increase in costs associated with its transition to public ownership, it has been successful in keeping all other costs down while increasing its revenues.

Comparisons of the Results of Operations for the Years Ended December 31, 1995 and December 31, 1994

Revenues increased 6% for the year ended December 31, 1995 as compared to year ended December 31, 1995, exclusive of the acquisitions. The increase was primarily the result of an increase in service revenues in the fourth quarter which were 26% of the total year in 1995, as compared to 21% in 1994.

In 1995, cost of services, exclusive of acquisitions, increased 7.8% primarily due to the cost of support services required to maintain and support the Company's major customers primarily with engineering services. In 1995, general and administrative expenses increased 34%. Most of this increase is related to the acquisitions as well as increases in employee, travel and insurance expenses. Depreciation expense exclusive of acquisitions increased nearly 44% in 1995 as a result of additional equipment being placed in service.

In January 1996, the Company, in an effort to eliminate continued losses in its West Texas rental tool and fishing operation entered into a joint venture. As a result of the joint venture the Company has no liability for any operating loss that may be incurred in the joint venture. The Company's share of distributions, which are reflected in revenue, is $110,000 a month for the first 24 months and $80,000 a month for the remaining 36 months of the term of the joint venture.

On December 31, 1995, the Company elected the early adoption of Statement of Financial Accounting Standards (FAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The undiscounted net cash flows from the joint venture were less than the carrying value of the associated fixed assets and associated goodwill indicating that an impairment had taken place. This resulted in the Company recognizing a non-cash charge for the impairment of long-lived assets of $4,042,000 consisting of a write-off of goodwill of $3,520,000 and a write off of $522,000 of property, plant and equipment.

Capital Resources and Liquidity

The Company generated net cash from operations for the two years ended December 31, 1996, of $2,676,000 and $3,616,000, respectively. These funds, along with the $9.3 million of net cash realized from the December 1995 secondary offering, were used to retire indebtedness incurred in the reverse acquisition in 1995, fund the cash portion of the purchases of Oil Stop, Inc., Baytron, Inc. and Dimensional Oil Field Services, Inc., and provide additional working capital for operations.

The Company's working capital position improved to $2,594,000 at December 31, 1996 as compared to $976,000 at December 31, 1995. This is primarily the result of the increase in accounts receivable offset by a decrease in notes payable, accounts payable and unearned income.

The Company's earnings before interest, taxes, depreciation and amortization (EBITDA) increased to $6,861,000 for the year ended December 31, 1996 as compared to $1,593,000 for the year ended December 31, 1995. This also excludes other income and the one-time charge for the impairment of long-lived assets incurred in 1995. The increase in EBITDA is a result of the Company's strong internal growth as well as the impact of the Company's strategic acquisitions in 1996 and 1995.

The Company, in connection with a joint venture for its West Texas fishing and rental tool operation, sold land for $300,000 in January 1996. The company also sold various equipment for approximately $54,000. Both of these sales resulted in no gain or loss. The Company made capital expenditures, exclusive of business acquisitions, of $1,965,000 in 1996 and $610,000 in 1995, primarily for machinery and equipment. In 1997, the Company expects to make capital expenditures, exclusive of business acquisitions, of approximately $1,500,000 primarily to expand the selection and availability of its rental equipment.

In July 1996, the Company, acquired Baytron, Inc. for $1,100,000 in cash and 550,000 shares of the Company's restricted common stock. In September 1996, the Company acquired all of the capital stock of Dimensional Oil Field Services, Inc. for $1,500,000 cash, $1,000,000 in promissory notes and 1,000,000 shares of the Company's restricted common stock. Promissory notes having an aggregate value of $750,000 are subject to certain minimum earnings requirements through December 31, 1998 and are not reflected on the balance sheet. In February 1997, the Company, acquired all of the outstanding common stock of Nautilus Pipe & Tool Rental, Inc. and Superior Bearing & Machine Works, Inc. (collectively doing business as "Concentric Pipe & Tool Rentals") for $4,000,000 cash, a promissory note in the principal amount of $2,150,000 and 420,000 shares of the Company's restricted common stock. The promissory note is subject to certain minimum earnings requirements through December 31, 1999.

In February 1997, in connection with the company's acquisition of Concentric Pipe & Tool Rentals, the Company borrowed $4,000,000 which bears interest at the lender's prime rate and requires no principal payments through December 31, 1997 at which time it will convert to a five or seven year term loan (at the Company's option) with principal and interest payable monthly at an interest rate of 8.25%.

The Company also maintains a revolving credit facility, which was increased in June 1996 to $4.0 million from $1.4 million. At December 31, 1996 there was approximately $300,000 outstanding under this facility. As of March 14, 1997 there were no amounts outstanding under this facility. The Company's management believes the combination of working capital, the revolving credit facility and cash flow from operations provide the company with sufficient resources and liquidity to manage its routine operations. Any strategic acquisitions will be funded with borrowed cash, newly issued common stock or a combination of cash and common stock.

Inflation has not had a significant effect on the Company's financial condition or operations in recent years.

Item 7. Financial Statements

Independent Auditors' Report

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

We have audited the consolidated balance sheets of Superior Energy Services, Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, changes in stockholdersO equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the CompanyOs management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 DecemberE31, 1996 and 1995, and the results of their operations and their cash flows for each of the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 9 to the consolidated financial statements, in 1995 the Company adopted the methods of accounting for the impairment of long-lived assets and for long-lived assets to be disposed of prescribed by Statement of Financial Accounting Standards No. 121.

KPMG PEAT MARWICK LLP

New Orleans, Louisiana
March 14, 1997

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 1996 and 1995
(in thousands)

Assets	1996	1995
Current assets:		
Cash and cash equivalents	$ 433	$ 5,068
Accounts receivable - net of allowance for doubtful accounts of $149,000 in 1996 and $204,000 in 1995	6,966	3,759
Inventories	1,197	968
Deferred income taxes	137	256
Other	345	227
Total current assets	9,078	10,278
Property, plant and equipment - net	9,894	6,904
Goodwill - net	8,239	4,576
Patent - net	1,126	1,226
	$ 28,337	$ 22,984

Liabilities and Stockholders' Equity

	1996	1995
Current liabilities:		
Notes payable - bank	$ 351	$ 1,249
Accounts payable	1,800	2,345
Notes payable - other	1,171	3,422
Unearned income	392	1,085
Accrued expenses	1,362	456
Income taxes payable	1,208	545
Other	200	200
Total current liabilities	6,484	9,302
Deferred income taxes	1,254	408
Long-term debt	250	-
Other	-	180
Stockholders' equity:		
Preferred stock of $.01 par value. Authorized - 5,000,000 shares; none issued	-	-
Common stock of $.001 par value. Authorized - 40,000,000 shares; issued - 18,597,045	19	17
Additional paid-in capital	19,551	16,230
Retained earnings (deficit)	779	(3,153)
Total stockholders' equity	20,349	13,094
	$ 28,337	$ 22,984

See accompanying notes to consolidated financial statements

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 1996 and 1995
(in thousands, except
per share data)

	1996	1995
Revenues	$ 23,638	$ 12,338
Costs and expenses:		
Costs of services	11,040	7,487
Depreciation and amortization	1,323	259
Impairment of long-lived assets	-	4,042
General and administrative	5,737	3,258
Total costs and expenses	18,100	15,046
Income (loss) from operations	5,538	(2,708)
Other income (expense):		
Interest expense	(127)	(86)
Other	206	79
Income (loss) before income taxes	5,617	(2,715)
Provision for income taxes	1,685	131
Net income (loss)	$ 3,932	$(2,846)
Net loss as adjusted for pro forma income taxes (unaudited):		
Loss before income taxes as per above		$(2,715)
Pro forma income taxes		640
Net loss as adjusted for pro forma income taxes		$(3,355)
Net income (loss) per common share and common share equivalent	$ 0.22	$ (.38)
Weighted average shares outstanding	17,618,711	8,847,946

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

December 31, 1996 and 1995
(in thousands, except share data)

	Common stock shares	Common stock	Additional paid-in capital	Retained earnings (deficit)	Total
Balance, December 31, 1994	3,550	$ 248	$ -	$ 2,025	$ 2,273
Net loss	-	-	-	(2,846)	(2,846)
Shareholder distributions	-	-	-	(2,465)	(2,465)
Acquisition of Oil Stop, Inc.	1,800,000	2	3,598	-	3,600
Share exchange for the Superior Companies	10,037,700	(238)	3,350	133	3,245
Sale of common stock	5,175,000	5	9,265	-	9,270
Exercise of private warrants	16,666	-	17	-	17
Balance, December 31, 1995	17,032,916	17	16,230	(3,153)	13,094
Net income	-	-	-	3,932	3,932
Acquisition of remaining minority interest in Ace Rental Tools, Inc.	14,129	-	35	-	35
Acquisition of Baytron, Inc.	550,000	1	1,099	-	1,100
Acquisition of Dimensional Oil Field Services, Inc.	1,000,000	1	2,187	-	2,188
Balance, December 31, 1996	18,597,045	$ 19	$ 19,551	$ 779	$ 20,349

See accompanying notes to consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 1996 and 1995
(in thousands)

	1996	1995
Cash flows from operating activities:		
Net income (loss)	$ 3,932	$(2,846)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,323	259
Unearned income	(692)	1,085
Impairment of long-lived assets	-	4,042
Deferred income taxes	258	(444)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(1,490)	(384)
Notes receivable	-	120
Inventories	(229)	61
Other-net	(56)	141
Accounts payable	(1,482)	(332)
Due from (to) shareholders	(302)	1,243
Accrued expenses	751	58
Income taxes payable	663	613
Net cash provided by operating activities	2,676	3,616
Cash flows from investing activities:		
Proceeds from sale of property and equipment	354	-
Payments for purchases of property and equipment	(1,965)	(610)
Deferred payment for acquisition of Oil Stop, Inc.	(2,000)	-
Acquisition of businesses, net of cash acquired	(2,321)	-
Net cash used in investing activities	(5,932)	(610)
Cash flows from financing activities:		
Notes payable	(1,379)	(5,264)
Shareholder distributions	-	(2,465)
Due to shareholders	-	297
Proceeds from sale of common stock	-	9,287
Net cash provided by (used in) financing activities	(1,379)	1,855
Net increase (decrease) in cash	(4,635)	4,861
Cash and cash equivalents at beginning of year	5,068	207
Cash and cash equivalents at end of year	$ 433	$5,068

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements include the accounts of Superior Energy Services, Inc. and its subsidiaries (the Company). All significant intercompany accounts and transactions are eliminated in consolidation. Certain previously reported amounts have been reclassified to conform to the 1996 presentation.

(b) Business

The Company is in the business of providing an integrated range of specialized oilfield products and services in the Gulf of Mexico. These products and services include oil and gas well plug and abandonment, wireline and workover services, the manufacture, sale and rental of specialized oil well equipment and fishing tools, the development, manufacture, sale and rental of oil and gas drilling instrumentation and computerized rig data acquisition systems, and the development, manufacture and sale of oil spill containment booms and ancillary equipment. A majority of the Company's business is conducted with major oil and gas exploration companies. The Company continually evaluates the financial strength of their customers but does not require collateral to support the customer receivables. The Company operated as one segment in 1996 and 1995.

Customers which accounted for 10 percent or more of revenue for the years ended December 31, 1996 and 1995, were as follows:

	1996	1995
Chevron USA	34.5%	23.7%
Conoco Inc.	8.9%	16.4%

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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.

(Continued)

(d) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related lives as follows:

Buildings	30 years
Machinery and equipment	5 to 15 years
Automobiles, trucks, tractors and trailers	2 to 5 years
Furniture and equipment	5 to 7 years

The Company assesses the potential impairment of capitalized costs of long-lived assets in accordance with Statement of Financial Accounting Standards (FAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. Under this method, the Company assesses its capitalized costs utilizing its current estimate of future revenues and operating expenses. In the event net undiscounted cash flow is less than capitalized costs, an impairment loss is recorded based on estimated fair value, which would consider discounted future net cash flows.

(e)Goodwill

The Company amortizes costs in excess of fair value of net assets of businesses acquired using the straight-line method over a period of 20 years. Recoverability will be reviewed periodically by comparing the undiscounted fair value of cash flows of the assets to which the goodwill applies to the net book value, including goodwill, of assets.

(f)Inventories

Inventories are stated at the lower of average cost or market. The cost of booms and parts are determined principally on the first-in, first-out method.

(g)Cash Equivalents

The Company considers all short-term deposits with a maturity of ninety days or less to be cash equivalents.

(Continued)

(h)Revenue Recognition

The Company recognizes revenues when services are provided and upon the completion of job orders from its customers. Rental income is recognized on a straight-line basis. Unearned income is recorded for lease payments in excess of rental income recognized.

(i)Income Taxes

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

(j)Patents

Patents are amortized using the straight-line method over the life of each patent.

(k)Pro Forma Income Taxes and Earnings per Share

Pro forma income tax expense and net income (loss) as adjusted for income taxes is presented on the Statement of Operations in order to reflect the impact on income taxes as if the entire consolidated company had been a taxable entity for all of 1995. In computing weighted average shares outstanding, 8,400,000 shares issued in the Reorganization (see Note 2) is assumed to be outstanding as of January 1, 1995. All other common shares issued or sold are included in the weighted average shares outstanding calculation from the date of issuance or sale.

(l)Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and notes payable. The carrying amount of these financial instruments approximates their fair value.

(Continued)

(2) Business Combinations

In July 1996, the Company, pursuant to a statutory merger, acquired Baytron, Inc. (Baytron) for $1.1 million in cash and 550,000 shares of the Company's common stock at the current approximate $2.00 market price at the date of purchase for a total purchase price of $2,200,000. The property, plant and equipment of Baytron were valued at their estimated fair value of approximately $791,000. Deferred taxes have been provided for the difference between the book and tax basis of the property. The remaining assets and liabilities approximated their fair values. The excess purchase price over the fair value of the net assets of Baytron at July 31, 1996 of $1,309,000 was allocated to goodwill to be amortized over 20 years.

In September 1996, the Company, pursuant to a statutory merger, acquired all the capital stock of Dimensional Oil Field Services, Inc. (Dimensional) for $1,500,000 in cash, a promissory note of $1,000,000 and 1,000,000 restricted shares of the Company's common stock at the current approximate $2 3/16 market price at the date of purchase. Promissory notes having an aggregate value of $750,000 are subject to certain minimum earnings requirements and are not reflected in the purchase price which approximates $3,984,000. The property, plant and equipment of Dimensional were valued at their estimated fair value of approximately $1,517,000. Deferred taxes have been provided for the difference between the book and tax basis of the property.

The remaining assets and liabilities approximated their fair values. The excess purchase price over the fair value of the net assets of Dimensional at September 15, 1996 of approximately $2,649,000 was allocated to goodwill to be amortized over 20 years.

On December 13, 1995, the Company consummated a share exchange (the Reorganization) whereby it (i) acquired all of the outstanding common stock of Superior Well Service, Inc., Connection Technology, Ltd. and Superior Tubular Services, Inc. (collectively, Superior) and (ii) acquired all of the outstanding common stock of Oil Stop, Inc. (Oil Stop) . As used in the consolidated statements of the Company, the term Small's (Small's Oilfield Services Corp.) refers to the Company as of dates and periods prior to the consummation of the Reorganization.

Small's acquired all of the capital stock of Superior for 8,400,000 Common Shares. Because of the controlling interest that Superior shareholders had in the combined entity, among other factors, the transaction was accounted for as a reverse acquisition which resulted in the adjustment of the net assets of Small's to its estimated fair value as required by the rules of purchase accounting. The net assets of Superior were reflected at their respective historical book values. The valuation of Small's net assets was based upon the 1,641,250 shares of common stock outstanding prior to the Reorganization at the approximate market price of $2.00 at the time of the renegotiation of the Reorganization on August 25, 1995. The purchase price allocated to net assets was $3,283,000. The revaluation resulted in a substantial reduction in the carrying value of Small's property and equipment. The revaluation reflected an excess purchase price of $3,520,000 over the fair value of tangible assets which was recorded as goodwill. At December 31, 1995, in applying the rules of FAS No. 121 (see Note 9), this goodwill was written off and the property and equipment was written down an additional $522,000.

(Continued)

(2) Business Combinations (continued)

Small's also acquired Oil Stop for the sum of $2.0 million in cash and 1.8 million shares of common stock at the approximate trading price of $2.00 at the time of the renegotiation of the Reorganization on August 25, 1995 for a total purchase price of $5,600,000. The book values of Oil Stop's assets and liabilities approximated their fair values under the rules of purchase accounting. The excess purchase price over the fair value of the net assets of Oil Stop at December 13, 1995 of $4,585,000 was allocated to goodwill to be amortized over 20 years.

Each of the above transactions have been accounted for as a purchase and the results of operations of the acquired company have been included from the acquisition date.

The following unaudited pro forma information presents a summary of consolidated results of operations as if the acquisitions and the Reorganization had occurred on January 1, 1995 with pro forma adjustments to give effects to amortization of goodwill, depreciation and certain other adjustments together with related income tax effects (in thousands, except per share amounts):

	1996	1995
Net sales	$28,968	$25,870
Net earnings (loss)	$ 4,253	$(4,151)
Earnings (loss) per share	$ 0.23	$ (0.40)

The above pro forma financial information is not necessarily indicative of the results of operations as they would have been had the acquisitions and the Reorganization been effected on the assumed date.

Subsequent to year end, the Company, pursuant to a stock purchase agreement dated February 28, 1997, acquired all of the outstanding common stock of Nautilus Pipe & Tool Rental, Inc. and Superior Bearing & Machine Works, Inc. (collectively doing business as "Concentric Pipe & Tool Rentals") for $4,000,000 cash, 420,000 restricted shares of the Company's common stock and a promissory note in the principal amount of $2,150,000. The promissory note of $2,150,000 is subject to certain contingencies and is not reflected in the purchase price which approximates $5,838,000. Concentric Pipe & Rental Tools is engaged in the business of renting specialized equipment used in the exploration, development and production of oil and gas and has operating facilities in Houma and Lafayette, Louisiana.

(Continued)

(3)Leased Equipment

In April 1993, the Company entered into an agreement to lease equipment (boom) to National Response Corporation for the period June 1993 through December 31, 1997. The lease is an operating lease. The lessee has the option to purchase the equipment at the end of the lease term for $450,000. Rental income is recognized on a straight-line basis. Unearned income is recorded for lease payments in excess of rental income recognized.

(4)Property, Plant and Equipment

A summary of property, plant and equipment at December 31, 1996 and 1995 (in thousands) is as follows:

	1996	1995
Buildings	$ 462	$ 462
Machinery and equipment	8,725	5,669
Automobiles, trucks, trailers and tractors	1,036	839
Furniture and fixtures	184	74
Construction-in-progress	1,170	360
Land	20	320
	11,597	7,724
Less accumulated depreciation	1,703	820
Property, plant and equipment, net	$ 9,894	$ 6,904

The cost of property, plant and equipment leased to third parties was $5,231,000 at December 31, 1996 and 1995.

(Continued)

(5)Notes Payable

The Company's notes payable as of December 31, 1996 and 1995 consist of the following (in thousands):

	1996	1995
Revolving line of credit in the original amount of $1,000,000 bearing a variable rate of interest which equals the Wall Street Journal posted prime rate (8.5% at December 31, 1995) plus 2%; principal due March 31, 1996	$ -	$ 918
Master note loan agreement with bank with a maximum principal amount of $4,000,000 bearing interest at the bank's prime rate (8.25% at December 31, 1996)	300	-
Note payable in connection with purchase of Dimensional Oil Field Services, Inc., due January, 1998, annual interest of 7.0%	250	-
Installment notes payable, annual interest rates of 8.00% to 8.75% at December 31, 1996	51	90
Notes payable to insurance company, due July 1996, annual interest rate of 7.5%	-	96
Other installment notes payable with interest rates ranging from 7.35% to 12.0% due in monthly installments through 1996	-	145
	601	1,249
Less current portion of notes payable	351	1,249
Long-term debt	$ 250	$ -

At December 31, 1996, the Company had notes payable related to acquisitions totaling $750,000 which are not recorded as their payment is subject to certain minimum earnings requirements.

(Continued)

(5) Notes Payable (continued)

Subsequent to year end, the Company borrowed $4.0 million in connection with the acquisition of Concentric Pipe & Rental Tools. Interest is at the lender's prime rate. The loan requires no principal payments through December 31, 1997 at which time it will convert to a five or seven year term loan (at the Company's option) with principal and interest payable monthly thereafter at 8.25%.

(6) Income Taxes

Prior to December 13, 1995, certain companies in the Reorganization were sub-chapter S corporations for income tax reporting purposes. Therefore, through December 13, 1995, no provision for federal and state income taxes had been made. In accordance with the terms of the Reorganization, the sub-chapter S shareholders received a note to be paid in five equal installments during the twelve-month period ended November 1, 1997 for undistributed earnings prior to January 1, 1995 in the amount of $1,374,000. In addition, they received $1,091,000 primarily to pay taxes on earnings from January 1, 1995 through December 13, 1995. Pro forma income tax expense and net income (loss) as adjusted for income taxes is presented on the Statements of Operations in order to reflect the impact of income taxes as if Superior had been a taxable entity for all of 1995.

The components of income tax expense for the year ended December 31, 1996 and 1995 are as follows (in thousands):

	1996	1995
Current:		
Federal	$ 1,382	$ 497
State	54	78
	1,436	575
Deferred:		
Federal	242	(384)
State	7	(60)
	249	(444)
	$ 1,685	$ 131

(Continued)

(6) Income Taxes - Continued

The significant components of deferred tax assets and liabilities at December 31, 1996 and 1995 are as follows (in thousands):

	1996	1995
Deferred tax assets:		
Property, plant and equipment	$ -	$ 527
Unearned income	137	401
Allowance for doubtful accounts	51	75
Net operating loss carryforward	942	1,118
	1,130	2,121
Valuation allowance	(992)	(1,900)
Net deferred tax asset	138	221
Deferred tax liabilities:		
Property, plant and equipment	(946)	-
Patent	(308)	(373)
	(1,254)	(373)
	$ (1,116)	$ (152)

A valuation allowance is provided to reduce the deferred tax assets to a level which, more likely than not, will be realized. The net deferred tax assets reflect management's estimate of the amount which will be realized from future profitability which can be predicted with reasonable certainty.

As of December 31, 1996, the Company has a net operating loss carryforward of approximately $2.8 million which is available to reduce future Federal taxable income through 2010. The utilization of the net operating loss carryforward is limited to approximately $200,000 a year.

A reconciliation between the statutory federal income rate and the Company's effective tax rate on pretax income (loss) for the year ended December 31, 1996 and 1995 is as follows:

	1996	1995
Federal income tax rate	34.0%	(34.0)%
Impairment of long lived-assets	-	50.6
Sub-chapter S income not subject to corporate tax	-	(17.2)
Valuation allowance adjustment	(6.3)	-
Other	2.3	5.4
Effective income tax rate	30.0%	4.8%

(8) Joint Venture

On January 15, 1996, the Company entered into a joint venture with the G&L Tool Company ("G&L"), an unrelated party, which extends through January 31, 2001. The Company contributed its West Texas assets that had a book value of approximately $4.5 million to the joint venture which will be engaged in the business of renting specialized oil well equipment and fishing tools to the oil and gas industry in connection with the drilling, development and production of oil, gas and related hydrocarbons.

The Company receives as its share of distributions from operations $110,000 a month which began February 1996 and runs through January 1998 and $80,000 a month for the period February 1998 through January 2001. The distributions are reflected as revenues on the Statements of Operations. The Company's share of distributions is personally guaranteed by a principal of G&L.

At the end of the joint venture term, G&L will have at its election, the option to purchase all of the Company's West Texas assets contributed to the joint venture for $2 million.

(9) Impairment of Long-Lived Assets

In 1995 the Company elected the early adoption of Statement of Financial Accounting Standards (FAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. FAS No. 121 requires that when events or changes in circumstances indicate that carrying amounts of an asset may not be recoverable, there has been an impairment, and the asset should be written down to its fair asset value. In such instances where there is goodwill associated with the asset as a result of a business combination accounted for using the purchase method, the goodwill is eliminated before making any reduction of the carrying amounts of the impaired long-lived asset.

The undiscounted net cash flows from the joint venture described in Note 8 were less than the carrying value of the property, plant and equipment and associated goodwill indicating that an impairment had taken place.

(9) Impairment of Long-Lived Assets (continued)

The fair value of the fixed assets was determined by discounting the estimated net cash flows from the joint venture. The result was an impairment charge of $4,042,000 for the year ended December 31, 1995 consisting of a write-off of goodwill of $3,520,000 and a write-off of $522,000 of property, plant and equipment.

(10) Stockholders' Equity

At a special meeting of stockholders on February 23, 1996, the shareholders approved increasing the authorized number of shares of common stock to 40,000,000. At December 31, 1996, the following were outstanding:

(a) Class A Warrants issued in connection with the Company's initial public offering, entitling the holders to purchase an aggregate of 1,121,251 shares of Common Stock until July 6, 1997 at an exercise price of $6.00 per Common Share;

(b) Class B Warrants issued December 13, 1995 entitling the holder to purchase an aggregate of 5,175,000 shares of Common Stock until December 13, 2000 at an exercise price of $3.60 per Common Share;

(c) Warrants entitling the holders thereof to purchase an aggregate of 66,666 shares of Common Stock until January 17, 2000 at an exercise price of $1.00 per share;

(d) Options to purchase an aggregate of 75,000 shares of Common Stock until December 31, 1997 at an exercise price of $3.60 per share;

(e) Options to purchase an aggregate of 150,000 shares of Common Stock until May 5, 1998 at an exercise price of $4.75 per share;

(f) Options issued in July 1992 to purchase (a) an aggregate of 210,000 shares of Common Stock until July 6, 1997 at an exercise price of $3.60 per share and (b) Class A Warrants at an exercise price of $.07 per warrant, which Class A Warrants entitle the holders thereof to purchase an aggregate of 210,000 shares of Common Stock at a price of $6.00 per share, and

(g) Underwriters Unit Purchase Options issued December 13, 1995 entitling the holder to purchase up to 150,000 Units until December 13, 1999 at an exercise price of $10.40.

(10) Stockholders Equity (continued)

Under a Stock Option Plan (1991 Option Plan), approved by the Company's stockholders and Board of Directors, the Company may grant to officers, directors, employees, consultants and agents stock options for up to 75,000 shares of the Company's common stock. Stock options are exercisable at the greater of the fair market value of the common shares on the date of grant or $5.00 and options may not be granted to persons who hold 10% or more of the Company outstanding common shares on the date of a proposed grant. All options expire ten years from the date of grant. None of the stock options under the 1991 Option Plan has been granted.

In October 1995, the stockholders approved the 1995 Stock Incentive Plan (Incentive Plan) to provide long-term incentives to its key employees, including officers and directors who are employees of the Company (Eligible Employees). Under the Incentive Plan, the Company may grant incentive stock options, non-qualified stock options, restricted stock, stock awards or any combination thereof to Eligible Employees for up to 600,000 shares of the Company's Common Stock. The Compensation Committee of the Board of Directors establishes the exercise price of any stock options granted under the Incentive Plan, provided the exercise price may not be less than the fair market value of a common share on the date of grant.

A summary of stock options granted under the Incentive Plan for the years ended December 31, 1996 and 1995 are as follows:

	1996		1995		
	Number of Shares	Weighted Average Price	Number of Shares	Weighted Average Price	
Outstanding at beginning of year	150,000	$2.53			-
Granted	421,500	$2.56	150,000	$2.53	
Exercised	-	-	-	-	
Forfeited	(40,000)	$2.56	-	-	
Canceled	-	-	-	-	
Outstanding at the end of year	531,500	$2.55	150,000	$2.53	
Exercisable at end of year	357,000	$2.55	-	-	
Available for future grants	68,500		450,000		

(10) Stockholders Equity (continued)

The Company accounts for its stock based compensation under the principles prescribed by the Accounting Principles Board's Opinion No. 25, Accounting for Stock Issued to Employees (Opinion No. 25). Accordingly, stock options awarded under the Incentive Plan are considered to be "non-compensatory" and do not result in the recognition of compensation expense.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (FAS) No. 123 Accounting for Stock-Based Compensation,which encouraged the use of fair value based method of accounting for compensation expense associated with stock option and similar plans. However, FAS No. 123 permits the continued use of the value based method prescribed by Opinion No. 25 but required additional disclosures, including pro forma calculations of earnings and net earnings per share as if the fair value method of accounting prescribed by FAS No. 123 had been applied in 1996 and 1995. The pro forma data presented below is not representative of the effects on reported amounts for future years because FAS No. 123 does not apply to awards prior to 1995 and additional awards are expected in the future (in thousands, except per share amounts).

	As Reported		Pro forma	
	1996	1995	1996	1995
Net income (loss)	$ 3,932	$(3,355)	$ 3,798	$ (3,355)
Earnings per share	$ 0.22	$ (0.38)	$ 0.22	$ (0.38)
Average shares outstanding	17,618,711	8,847,946	17,618,711	8,847,946
Average fair value of grants during the year	-	-	$ 0.58	$ 0.57
Black-Scholes option pricing model assumptions:				
Risk free interest rate			6.1%	5.9%
Expected life (years)			3	3
Volatility			20.6%	20.6%
Dividend yield			-0-	-0-

(11) Commitments and Contingencies

The Company leases certain office, service and assembly facilities under operating leases. The leases expire at various dates over the next several years. Total rent expense was $169,000 in 1996 and $85,000 in 1995. Future minimum lease payments under non-cancelable leases for the five years ending December 31, 1996 through 2000 are as follows: $243,000, $198,000, $93,000, $54,000 and none, respectively.

(11) Commitments and Contingencies (continued)

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

(12) Related Party Transactions

The Company has entered into certain transactions which have given rise to amounts payable to the shareholders. The balances at December 31, 1996 and 1995 were $1,171,000 and $3,422,000, respectively.

Due to shareholders at December 31, 1996 is primarily for the undistributed earnings in sub-chapter S corporations prior to December 31, 1994. Due to shareholders at December 31, 1995 consisted of $2,000,000 paid January 2, 1996 to the former sole shareholder of Oil Stop in the acquisition of that company and approximately $1,374,000 due to the former shareholders of Superior for undistributed earnings in sub-chapter S corporations prior to December 31, 1994.

The Company paid consulting fees to a director, who is not an employee, of $23,000 in 1996 and $25,000 in 1995. The employment contract of a director, who is a former officer, was converted to a consulting agreement, in May 1996. He was paid $70,000 in 1996 under this agreement and will be paid $60,000 in 1997 and 1998. The Company also paid a director, who is also an employee and a shareholder rent of approximately $46,200 in 1996 and $2,400 in 1995. The Company is obligated to make such rent payments in the future as follows: $46,200 in 1997 and $46,200 in 1998. The Company also paid an employee $36,000 in 1995 for the rent of two facilities. As of December 31, 1995, the Company negotiated the cancellation of lease with an officer and director in the amount of $125,000.

Item 8.Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III

Item 9.Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Information required by this item will be included in the Company's definitive proxy statement in connection with its 1997 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 10. Executive Compensation

Information concerning directors and executive officers required by this item will be included in the Company's definitive proxy statement in connection with its 1997 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Information required by this item will be included in the Company's definitive proxy statement in connection with its 1997 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Certain Relationships and Related Transactions

Information required by this item will be included in the Company's definitive proxy statement in connection with its 1997 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Exhibits and Reports on Form 8-K

(a) Exhibits. Reference is made to the Exhibit Index beginning on page E-1 hereof.

(b) Reports on Form 8-K. None

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Superior Energy Services, Inc.

/s/ Terence E. Hall
By:______________________________
Terence E. Hall
Chairman of the Board,
Chief Executive Officer and
President

In accordance with the Exchange Act, 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/ Terence E. Hall Terence E. Hall	Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer)	March 28, 1997
/s/ Robert S. Taylor Robert S. Taylor	Chief Financial Officer (Principal Financial and Accounting Officer)	March 28, 1997
/s/ Ernest J. Yancey, Jr. Ernest J. Yancey, Jr.	Director	March 28, 1997
/s/ James E. Ravannack James E. Ravannack	Director	March 28, 1997
/s/ Richard J. Lazes Richard J. Lazes	Director	March 28, 1997
/s/ Kenneth C. Boothe Kenneth C. Boothe	Director	March 28, 1997
/s/ Bradford Small Bradford Small	Director	March 28, 1997
/s/ Justin L. Sullivan Justin L. Sullivan	Director	March 28, 1997

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Reorganization, dated March 23, 1995, as amended, among the Company, Superior Well Service, Inc. and each of the Shareholders of Superior.(1)
2.2	Agreement and Plan of Reorganization, dated May 22, 1995, as amended, among the Company, Oil Stop, Inc. and the Sole Shareholder of Oil Stop.(1)
3.1	Composite of the Company & Certificate of Incorporation.(2)
3.2	Composite of the Company's By-laws.(3)
4.1	Form of Unit Purchase Option. (4)
4.2	Form of Class B Warrant Agreement. (4)
4.3	Class B Warrant Certificate. (5)
4.4	Stock Certificate. (5)
4.5	Purchase Option dated July 7, 1992 as amended dated August 16, 1995. (6)
4.6	Form of Private Warrant dated January 18, 1995. (6)
4.7	Class A Warrant Agreement dated July 7, 1992 between the Company and American Stock Transfer & Trust Company. (7)
4.8	Specimen Class A Warrant Certificate.(7)
10.1	Commercial Business Loan Agreement dated June 6, 1996 by and among Whitney National Bank and the Company. (8)
10.2	Promissory Note dated February 28, 1997 payable by the Company to Whitney National Bank in the amount of $4,000,000.
10.3	Agreement and Plan of Merger dated September 15, 1996, by and among the Company, Dimensional Oil Field Acquisition, Inc., Dimensional Oil Field Services, Inc. and Emmett E. Crockett, Evelyn Crockett, George K. Crockett and Robert L. Crockett.(9)
10.4	Agreement and Plan of merger dated July 30, 1996 by and among the Company, Baytron Acquisition, Inc., Baytron, Inc. James Edwards and Judy Edwards dated July 30, 1996.(3)
10.5	Stock Purchase Agreement dated February 28, 1997, by and between Superior Energy Services, Inc. and John C. Gordon.(10)
10.6	1991 Stock Option Plan.(1)
10.7	1995 Stock Incentive Plan.(1)
10.8	Joint Venture Agreement between G&L Tool Company and Superior Fishing and Rental, Inc. dated January 8, 1996.(3)
10.9	Form of Consultant Option amended.(4)
10.10	Commercial Lease Purchase Agreement dated October 1, 1994, between the Knight Family Trust and Small Fishing & Rental, Inc.(11)
10.11	Commercial Lease, dated April 21, 1993, between Artesia and Small Fishing and Rental, Inc.(11)

Exhibit No.	Description
10.12	Commercial Lease Purchase Agreement dated October 1, 1994, between the Knight Family trust and Small Fishing & Rental, Inc.(11)
10.13	Lease of Commercial Property dated March 1, 1994 between Oil Stop, Inc. and Richard Lazes.(11)
10.14	Employment Agreement between the Company and each of Terence E. Hall, Ernest J. Yancey and James Ravannack.(11)
10.15	Employment Agreement between the Company and Richard J. Lazes.(11)
10.16	Employment Agreement between the Company and Kenneth C. Boothe.(11)
21	Subsidiaries of the Company.(3)
23.5	Consent of KPMG Peat Marwick LLP.
27.1	Financial Data Schedule.

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(1) Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement dated September 29, 1995.
(2) Incorporated by reference to the Company's Form 10-QSB for the quarter ended March 31, 1996.
(3) Incorporated by reference to the Company's Form SB-2 (Registration Statement No. 333-15987).
(4) Incorporated by reference to Amendment No. 1 to the Company's Form S-4 on Form SB-2 (Registration Statement No. 33-94454)
(5) Incorporated by reference to Amendment No. 6 to the Company's Form S-4 on Form SB-2 (Registration No. 33-94454).
(6) Incorporated by reference to Amendment No. 3 to the Company's Form S-4 on Form SB-2 (Registration Statement No. 33-94454).
(7) Incorporated by reference to the Company's Registration Statement on Form S-18 (Registration Statement No. 33-48460FW).
(8) Incorporated by reference to the Company's Form 10-QSB for the quarter ended June 30, 1996.
(9) Incorporated by reference to the Company's Form 8-K dated September 16, 1996.
(10) Incorporated by reference to the Company's Form 8-K dated February 28, 1997.
(11) Incorporated by reference to the Company's Form S-4 (Registration Statement No. 33-94454).

Exhibit 10.2

$4,000,000.00 New Orleans, Louisiana
February 28, 1997

On December 31, 1997 after date, I, whether maker, endorser, guarantor, surety, or other party hereto, promise to pay to the order of

WHITNEY NATIONAL BANK

at 228 St. Charles Avenue, New Orleans, Louisiana, or at any one of its branches, Four Million Dollars and 00/100 Dollars, for value received, with interest at the rate of Whitney Prime percent per annum payable monthly beginning March 31, 1997 from Date until paid.

Each maker, endorser, guarantor, surety or other party to this note (the "Obligor", whether one or more) waives presentment for payment, demand, notice of dishonor, protest, pleas of discussion and division and is bound jointly, severally and solidarily for the full and timely payment payment of this note in accordance with its terms.

Each Obligor agrees to the following terms and conditions:

1. If this note is payable on demand or becomes payable on demand, Whitney National Bank (the "Bank") may, from time to time, change the interest rate set forth in this note by giving notice to the maker by U.S. mail, postage prepaid, at the last address of maker on file with the Bank, which shall constitute notice to Obligor. The Obligor shall have the right to reject a change in the interest rate by paying the note in full, including all principal and interest due thereon, with interest at the rate in effect prior to the giving of the notice of change, within ten (10) days after they have agreed to each change of interest rate from the date specified in the notice. Interest on the outstanding principal owed on this note shall be computed and assessed on the basis of the actual number of days elapsed over a year composed of 360 days. This note may be prepaid in full or in part at any time without penalty. If this note provides for interest at a rate based on Whitney Prime, the term Whitney Prime shall mean that rate of interest as recorded by the Bank from time to time as its prime lending rate with the rate of interest to change when and as said prime lending rate changes.

2. As security for the debt evidenced by this note, and for all obligations and liabilities of each Obligor to Whitney National Bank (the "Bank"), direct or contingent, due or to become due, now existing or hereafter arising, including all future advances, with interest, attorneys' fees, expenses of collection and costs, including without limitation, obligations to the Bank on promissory notes, checks, overdrafts, letter of credit agreements, endorsements and continuing guaranties, each Obligor hereby (a) pledges, pawns and delivers to the Bank, and grants in favor of the Bank a continuing security interest in, all property of Obligor of every nature or kind whatsoever owned by Obligor or in which Obligor has an interest that is now or hereafter on deposit with, in the possession of, under the control of or held by the Bank in definitive form, book entry form or in safekeeping or custodian accounts, including all deposit accounts, money, funds on deposit in checking, savings, custodian and other accounts, instruments, negotiable instruments, certificates of deposit, commercial paper, stocks, bonds, treasury bills and other securities, documents, documents of title and chattel paper, and (b) grants to the Bank a right of set-off and/or compensation with respect to such property of each Obligor. If the proceeds of collateral furnished for the payment of this note are insufficient to pay this note in full, each Obligor shall remain fully obligated for any deficiency. For purposes of executory process, each Obligor hereby acknowledges the debt created hereby and confesses judgment in favor of the Bank for the full amount of the debt evidenced by this note. To the extent permitted by law, each Obligor hereby expressly waives (i) the benefit of appraisement provided in the Louisiana Code of Civil Procedure and (ii) the demand and three (3) days delay accorded by Articles 2639 and 2721, Louisiana Code of Civil Procedure. The terms "deposit accounts," "instruments,"

"documents" and "chattel paper" shall have the meaning provided in La. R.S. 10:9-105. Each Obligor hereby releases the Bank from any obligation to take any steps to collect any proceeds of or preserve any of Obligor's rights, including, without limitation, rights against prior parties, in the collateral in which the Bank possesses a security interest, and the Bank's only duty with respect to such collateral shall be solely to use reasonable care in the physical preservation of the collateral which is in the actual possession of the Bank. Notwithstanding any other provision in this note to the contrary, IRA, pension, and other tax-deferred accounts at the Bank shall not be subject to the security interest created hereby.

3. If any of the following events shall occur:

(a) the non-payment of any principal or interest on this note on the date when due;

(b) the death, Interdiction, dissolution, liquidation or insolvency of any Obligor;

(c) the filing by or against any Obligor of a proceeding for bankruptcy, arrangement, reorganization, or any other relief afforded debtors or affecting rights of creditors generally under the laws of any state or under the United States Bankruptcy Code;

(d) the default by any Obligor under this note or under any mortgage, pledge agreement, security agreement, or other security instrument securing the payment of this note or under any other obligations owed by any Obligor to the Bank;

(e) any judgment, garnishment, seizure, tax lien or levy against any assets of any Obligor;

(f) any material adverse change in the financial condition of any Obligor, or any material discrepancy between the financial statements submitted by any Obligor and the actual financial condition of such Obligor;

(g) the expropriation or condemnation of all or a part of any property which is assigned, pledged or mortgaged to the Bank or in which the Bank possesses a security interest;

(h) any statement, warranty, covenant or representation made by any Obligor to the Bank proves to be untrue;

(i) the assessment of any tax or other assessment against the loan amount, the Bank's interest in the note or in any asset assigned, pledged or mortgaged to the Bank or in which the Bank possesses a security interest; or

(j) the existence or future enactment of any law or ordinance by any federal, state, parish, municipal or other taxing authority requiring or permitting Obligor to deduct any amount whatsoever from any payments to be made on this note;

then at the option of the Bank, the entire remaining balance of principal and interest due on this note and all other obligations and liabilities, direct or contingent, of Obligor to the Bank shall be immediately due and payable without notice or demand.

4. If an earlier note of any Obligor is cancelled at the time of execution hereof, then this note constitutes an extension, but not a novation, of the amount of the continuing indebtedness, and all security rights held by the Bank under the earlier note shall continue in full force and effect.

5. Without releasing or affecting any of the obligations of any Obligor, the Bank may, one or more times, in its sole discretion, without notice to or consent of any Obligor, (a) release or modify the obligations of any other Obligor, (b) release, exchange or modify the Bank's rights with respect to collateral held as security for this note, (c) extend the maturity of this note for periods that may exceed the original term, (d) retain the proceeds, increases and profits, including money, derived from the collateral furnished by any Obligor as additional security for any and all obligations and liabilities of Obligor to the Bank, including the debt evidenced by this note, without applying said proceeds, increases and profits toward payment of the obligations, or (e) impute or apply payments received from any Obligor, or the proceeds, increases and profits of collateral furnished by any Obligor, in whole or in part to this note, or to any other obligations of such Obligor.

6. Each Obligor agrees to pay the fees of any attorney-at-law employed by the Bank to recover sums owed or to protect the Bank's interests with regard to this note. Such attorneys' fees are fixed at ten (10%) percent of the amount of principal and interest due on this note and are secured by collateral furnished for the payment hereof. Obligor further agrees to pay any and all charges, fees, costs and/or taxes levied or assessed against the Bank in connection with this note, any obligation owed by any Obligor to the Bank and/or any collateral, asset or other property which is pledged, mortgaged, hypothecated or assigned to the Bank or in which the Bank possesses a security interest, as security for this note or any other obligation owed by any Obligor to the Bank.

7. The provisions of this note may not be waived or modified except in writing, signed by the Bank. No failure or delay of the Bank in exercising its rights shall be construed as a waiver.

SUPERIOR ENERGY SERVICES, INC.

$ SEE ABOVE

/s/ Terence E. Hall

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Terence E. Hall

DUE SEE ABOVE

EXHIBIT 23.1

The Board of Directors
Superior Energy Services, Inc.

We consent to incorporation by reference in the registration statements on Form SB-2 (No. 333-15987), Form S-3 (No. 333-22603) and Form S-8 (No. 333-12175) of Superior Energy Services, Inc. of our report dated March 14, 1997, relating to the consolidated balance sheets of Superior Energy Services, Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended, which report appears in the December 31, 1996, annual report on Form 10-K of Superior Energy Services, Inc. Our report refers to the adoption in 1995 of the methods of accounting for the impairment of long-lived assets and for long-lived assets to be disposed of prescribed by Statement of Financial Accounting Standards No. 121.

KPMG Peat Marwick LLP

New Orleans, Louisiana
March 26, 1997

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FROM CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

YEAR
DEC-31-1996
DEC-31-1996
433,000
0
7,115,000
(149,000)
1,197,000
9,078,000
11,597,000
(1,703,000)
28,337,000
6,484,000
0
0
0
19,000
20,330,000
28,337,000
23,638,000
23,638,000
11,040,000
18,100,000
(206,000)
0
127,000
5,617,000
1,685,000
3,932,000
0
0
0
3,932,000
0.22
0.22