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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

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
(State or other jurisdiction of
incorporation or organization)

75-2379388
(I.R.S. Employer
Identification No.)

1001 Louisiana Street, Suite 2900

Houston, TX
(Address of principal executive offices)

77002
(Zip Code)

Registrant's telephone number, including area code: (713) 654-2200

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 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the 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 filer (do not check if 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

The number of shares of the registrant's common stock outstanding on November 1, 2013 was 159,481,771.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES

Quarterly Report on Form 10-Q for
the Quarterly Period Ended September 30, 2013

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**

Consolidated Balance Sheets
September 30, 2013 and December 31, 2012
(in thousands, except share data)

	9/30/2013 (unaudited)	12/31/2012 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 90,651	\$ 91,199
Accounts receivable, net of allowance for doubtful accounts of \$27,562 and \$28,715 as of September 30, 2013 and December 31, 2012, respectively	1,030,232	1,027,218
Income taxes receivable	28,658	—
Deferred income taxes	18,424	34,120
Prepaid expenses	89,851	93,190
Inventory and other current assets	272,537	214,630
Total current assets	<u>1,530,353</u>	<u>1,460,357</u>
Property, plant and equipment, net of accumulated depreciation and depletion of \$1,741,569 and \$1,342,631 as of September 30, 2013 and December 31, 2012, respectively	3,237,350	3,255,220
Goodwill	2,548,910	2,532,065
Notes receivable	47,033	44,838
Intangible and other long-term assets, net of accumulated amortization of \$81,160 and \$53,148 as of September 30, 2013 and December 31, 2012, respectively	484,217	510,406
Total assets	<u>\$7,847,863</u>	<u>\$7,802,886</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 250,374	\$ 252,363
Accrued expenses	361,927	346,490
Income taxes payable	—	153,212
Current maturities of long-term debt	20,000	20,000
Total current liabilities	632,301	772,065
Deferred income taxes	845,228	745,144
Decommissioning liabilities	97,595	93,053
Long-term debt, net	1,650,000	1,814,500
Other long-term liabilities	168,932	147,045
Stockholders' equity:		
Preferred stock of \$0.01 par value. Authorized, 5,000,000 shares; none issued	—	—
Common stock of \$0.001 par value.		
Authorized - 250,000,000, Issued - 159,303,614, Outstanding - 159,510,812 as of September 30, 2013		
Authorized - 250,000,000, Issued - 157,501,635, Outstanding - 157,933,224 as of December 31, 2012	159	158
Additional paid in capital	2,874,112	2,850,855
Accumulated other comprehensive loss, net	(21,968)	(19,317)
Retained earnings	1,601,504	1,399,383
Total stockholders' equity	<u>4,453,807</u>	<u>4,231,079</u>
Total liabilities and stockholders' equity	<u>\$7,847,863</u>	<u>\$7,802,886</u>

See accompanying notes to condensed consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES

Consolidated Statements of Income
Three and Nine Months Ended September 30, 2013 and 2012
(in thousands, except per share data)
(unaudited)

	Three Months		Nine Months	
	2013	2012	2013	2012
Revenues	\$1,188,615	\$1,179,665	\$3,483,807	\$3,389,821
Costs and expenses:				
Cost of services (exclusive of items shown separately below)	748,052	708,608	2,167,422	1,966,659
Depreciation, depletion, amortization and accretion	158,006	128,160	462,627	366,272
General and administrative expenses	157,904	163,458	465,035	496,998
Income from operations	124,653	179,439	388,723	559,892
Other income (expense):				
Interest expense, net	(24,464)	(28,585)	(78,946)	(88,950)
Other income	789	467	2,062	562
Loss on early extinguishment of debt	—	(2,294)	(884)	(2,294)
Gain on sale of equity-method investment	—	—	—	17,880
Income from continuing operations before income taxes	100,978	149,027	310,955	487,090
Income taxes	31,143	55,140	108,834	180,223
Net income from continuing operations	69,835	93,887	202,121	306,867
Loss from discontinued operations, net of income tax	—	—	—	(17,207)
Net income	<u>\$ 69,835</u>	<u>\$ 93,887</u>	<u>\$ 202,121</u>	<u>\$ 289,660</u>
Earnings (loss) per share information:				
Basic				
Continuing operations	\$ 0.44	\$ 0.60	\$ 1.27	\$ 2.09
Discontinued operations	—	—	—	(0.11)
Basic earnings per share	<u>\$ 0.44</u>	<u>\$ 0.60</u>	<u>\$ 1.27</u>	<u>\$ 1.98</u>
Diluted				
Continuing operations	\$ 0.43	\$ 0.59	\$ 1.26	\$ 2.07
Discontinued operations	—	—	—	(0.12)
Diluted earnings per share	<u>\$ 0.43</u>	<u>\$ 0.59</u>	<u>\$ 1.26</u>	<u>\$ 1.95</u>
Weighted average common shares used in computing earnings per share:				
Basic	159,326	157,153	159,204	146,611
Incremental common shares from stock based compensation	1,557	1,423	1,600	1,758
Diluted	<u>160,883</u>	<u>158,576</u>	<u>160,804</u>	<u>148,369</u>

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
Three and Nine Months Ended September 30, 2013 and 2012
(in thousands)
(unaudited)

	Three Months		Nine Months	
	2013	2012	2013	2012
Net income	\$69,835	\$ 93,887	\$202,121	\$289,660
Unrealized net gain (loss) on investment securities, net of tax	1,007	2,198	(448)	(642)
Change in cumulative translation adjustment, net of tax	10,942	7,216	(2,203)	7,146
Comprehensive income	<u>\$81,784</u>	<u>\$103,301</u>	<u>\$199,470</u>	<u>\$296,164</u>

See accompanying notes to condensed consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
 Nine Months Ended September 30, 2013 and 2012
 (in thousands)
 (unaudited)

	2013	2012
Cash flows from operating activities:		
Net income	\$ 202,121	\$ 289,660
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion	462,627	367,518
Loss on early extinguishment of debt	884	3,460
Deferred income taxes	113,207	(14,745)
Excess tax benefit from stock-based compensation	(301)	(1,537)
Gain on sale of equity method investment	—	(17,880)
Stock based and performance share unit compensation expense	26,788	27,845
Retirement and deferred compensation plan expense	100	1,455
Amortization of debt acquisition costs and note discount	6,819	7,439
Loss on sale of businesses	—	6,649
Other reconciling items, net	(6,361)	4,922
Changes in operating assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	140	(144,316)
Inventory and other current assets	(54,924)	85,119
Accounts payable	7,085	(757)
Accrued expenses	24,721	(29,835)
Decommissioning liabilities	(87)	(4,624)
Income taxes	(183,420)	141,916
Other, net	36,714	(25,701)
Net cash provided by operating activities	636,113	696,588
Cash flows from investing activities:		
Payments for capital expenditures	(466,831)	(918,193)
Sale of available-for-sale securities	—	31,150
Change in restricted cash held for acquisition of business	—	785,280
Acquisitions of businesses, net of cash acquired	(23,797)	(1,072,532)
Cash proceeds from sale of businesses	—	183,094
Cash proceeds from sale of equity method investment	—	34,087
Cash proceeds from insurance recovery	22,650	—
Other	2,709	28,438
Net cash used in investing activities	(465,269)	(928,676)
Cash flows from financing activities:		
Proceeds from revolving line of credit	561,771	604,608
Payments on revolving line of credit	(561,771)	(589,608)
Proceeds from issuance of long-term debt	—	400,000
Principal payments on long-term debt	(165,000)	(172,546)
Payment of debt acquisition costs	—	(25,266)
Proceeds from exercise of stock options	5,551	13,915
Excess tax benefit from stock-based compensation	301	1,537
Proceeds from issuance of stock through employee benefit plans	1,939	2,193
Other	(12,164)	(5,843)
Net cash provided by (used in) financing activities	(169,373)	228,990
Effect of exchange rate changes on cash	(2,019)	1,910
Net decrease in cash and cash equivalents	(548)	(1,188)
Cash and cash equivalents at beginning of period	91,199	80,274
Cash and cash equivalents at end of period	<u>\$ 90,651</u>	<u>\$ 79,086</u>

See accompanying notes to condensed consolidated financial statements.

SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements
Nine Months Ended September 30, 2013

(1) Basis of Presentation

Certain information and footnote disclosures normally in financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission; however, management believes the disclosures that are made are adequate to make the information presented not misleading. These financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in Superior Energy Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012, and Management's Discussion and Analysis of Financial Condition and Results of Operations herein.

The financial information of Superior Energy Services, Inc. and subsidiaries (the Company) for the three and nine months ended September 30, 2013 and 2012 has not been audited. However, in the opinion of management, all adjustments necessary to present fairly the results of operations for the periods presented have been included therein. The results of operations for the first nine months of the year are not necessarily indicative of the results of operations that might be expected for the entire year. Certain previously reported amounts have been reclassified to conform to the 2013 presentation.

(2) Acquisitions

Complete Production Services, Inc.

On February 7, 2012, the Company acquired Complete Production Services, Inc. (Complete) in a cash and stock merger transaction valued at approximately \$2,914.8 million. Complete focused 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 were located throughout the U.S. and Mexico. The acquisition of Complete substantially expanded the size and scope of the Company's services. Complete's legacy businesses are currently reported in the Onshore Completion and Workover Services and the Production Services segments.

Pursuant to the merger agreement, 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 \$553.3 million in cash and issued approximately 74.7 million shares of its common stock valued at approximately \$2,308.2 million (based on the closing price of the Company's common stock on the acquisition date of \$30.90). Additionally, the Company paid \$676.0 million, inclusive of a \$26.0 million prepayment premium, to redeem \$650 million of Complete's 8.0% senior notes. The Company also assumed all outstanding stock options and shares of non-vested and unissued restricted stock beneficially owned by Complete's employees and directors at the time of acquisition.

Acquisition related expenses totaled approximately \$33.3 million, of which approximately \$28.8 million was recorded in the nine months ended September 30, 2012. The remainder was recorded in the three months ended December 31, 2011. These acquisition related costs include expenses directly related to acquiring Complete and were recorded in general and administrative expenses in the consolidated statements of income.

Other Acquisitions

In March 2013, the Company acquired 100% of the equity interest in a company that provides cementing services to oil and gas companies in Colombia. This acquisition provides the Company with a platform for continued expansion in the South American market area. During the three months ended September 30, 2013, the Company recorded adjustments to the initial purchase price allocation to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The Company paid approximately \$20.4 million at closing and will pay an additional \$3.6 million over the next two years, subject to the settlement of certain liabilities. Goodwill of approximately \$15.1 million was recognized as a result of this acquisition and was calculated as the excess of the consideration paid over the net assets recognized and represents estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. None of the goodwill related to this acquisition will be deductible for tax purposes. All of the goodwill was assigned to the Production Services segment.

In August 2012, the Company acquired 100% of the equity interest in a company that provides mechanical wireline, electric line and well testing services to the oil and gas exploration and production industry in Argentina. The Company paid approximately \$37.6 million in cash related to this acquisition, including approximately \$6.5 million of contingent consideration paid in April 2013 based upon achievement of certain performance metrics.

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(3) Dispositions

On February 15, 2012, the Company sold one of its derrick barges and received proceeds of approximately \$44.5 million, inclusive of selling costs. The Company recorded a pre-tax loss of approximately \$3.1 million, inclusive of approximately \$9.7 million of goodwill, during the nine months ended September 30, 2012 in connection with this sale. This business was previously reported in the Company's former Subsea and Well Enhancement segment. The operations and loss on the sale of this disposal group have been reported within loss from discontinued operations in the condensed consolidated statement of income.

On March 30, 2012, the Company sold 18 liftboats and related assets comprising its former Marine segment. The Company received cash proceeds of approximately \$138.6 million, inclusive of working capital and selling costs. In connection with the sale, the Company repaid approximately \$12.5 million in U.S. Government guaranteed long-term financing. As a result of the repayment, the Company paid approximately \$4.0 million of make-whole premiums and wrote off approximately \$0.7 million of unamortized loan costs. The Company's total pre-tax loss on the disposal of this segment was approximately \$56.1 million, which includes a \$46.1 million write off of long-lived assets and goodwill recorded in the fourth quarter of 2011 in order to approximate the segment's indicated fair value, and an additional loss of \$10.0 million recorded in the first quarter of 2012, comprised of an approximate \$3.6 million loss on sale of assets and approximately \$6.4 million of additional costs related to the disposition.

The following table summarizes the components of loss from discontinued operations, net of tax for the nine months ended September 30, 2012 (in thousands):

Revenues	\$ 16,231
Loss from discontinued operations, net of tax benefit of \$1,771	(6,478)
Loss on disposition, net of tax benefit of \$2,391	<u>(10,729)</u>
Loss from discontinued operations, net of tax	<u>\$ (17,207)</u>

(4) Stock-Based Compensation and Retirement Plans

The Company maintains various stock incentive plans that provide long-term incentives to the Company's key employees, including officers, directors, consultants and advisors (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 Company's total compensation expense related to these plans was approximately \$27.7 million and \$30.0 million for the nine months ended September 30, 2013 and 2012, respectively, which is reflected in general and administrative expenses.

(5) Inventory and Other Current Assets

Inventory and other current assets includes approximately \$159.6 million and \$136.5 million of inventory at September 30, 2013 and December 31, 2012, respectively. The Company's inventory balance at September 30, 2013 consisted of approximately \$64.0 million of finished goods, \$17.6 million of work-in-process, \$22.1 million of raw materials and \$55.9 million of supplies and consumables. The Company's inventory balance at December 31, 2012 consisted of approximately \$63.7 million of finished goods, \$6.0 million of work-in-process, \$5.0 million of raw materials and \$61.8 million of supplies and consumables. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out 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.

On April 17, 2012, SandRidge Energy Inc. (NYSE: SD) (SandRidge) completed its acquisition of Dynamic Offshore Resources, LLC (Dynamic Offshore), at which time the Company received approximately \$34.1 million in cash and approximately \$51.6 million in shares of SandRidge common stock (approximately 7.0 million shares valued at \$7.33 per share) as consideration for its 10% interest in Dynamic Offshore. In accordance with authoritative guidance related to equity securities, the Company is accounting for the shares received in this transaction as available-for-sale securities. The changes in fair values, net of applicable taxes, on available-for-sale securities are recorded as unrealized holding gains (losses) on securities as a component of accumulated other comprehensive loss in stockholders' equity.

The fair value of the approximately 1.5 million shares of SandRidge common stock held by the Company at September 30, 2013 was approximately \$8.5 million. During the nine months ended September 30, 2013, the Company recorded an unrealized loss related to the fair value of these securities of \$0.7 million, of which \$0.5 million was reported within accumulated other comprehensive loss, net of tax benefit of \$0.2 million. During the nine months ended September 30, 2012, the Company recorded an unrealized loss related to

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the fair value of these securities of \$1.0 million, of which \$0.6 million was reported within accumulated other comprehensive loss, net of tax benefit of \$0.4 million. The Company evaluates whether unrealized losses on investments in available-for-sale securities are other-than-temporary, and if it is believed the unrealized losses are other-than-temporary, an impairment charge is recorded. There were no other-than-temporary impairment losses recognized during the nine months ended September 30, 2013 and 2012.

(6) Debt

In May 2013, the Company redeemed the remaining \$150 million aggregate principal amount of its 6 7/8% unsecured senior notes due 2014 at 100% of face value using proceeds from the revolving portion of its credit facility. The redemption resulted in a loss on early extinguishment of debt of approximately \$0.9 million related to the writeoff of unamortized debt acquisition costs and note discount.

Credit Facility

The Company has a \$1.0 billion bank credit facility, comprised of a \$600 million revolving credit facility and a \$400 million term loan. The principal balance of the term loan is payable in installments of \$5.0 million on the last day of each fiscal quarter, which began on June 30, 2012. At September 30, 2013, the Company had \$370 million outstanding under the term loan. At September 30, 2013, the Company had no amounts outstanding under the revolving portion of its credit facility. The Company also had approximately \$56.0 million of letters of credit outstanding, which reduce the Company's borrowing availability under this portion of the credit facility.

Any amounts outstanding on the revolving portion of the credit facility and the term loan are due on February 7, 2017. Amounts borrowed under the credit facility bear interest at LIBOR 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 September 30, 2013, the Company was in compliance with all such covenants.

Senior Unsecured Notes

The Company has outstanding \$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 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 September 30, 2013, the Company was in compliance with all such covenants.

The Company also has outstanding \$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 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 September 30, 2013, the Company was in compliance with all such covenants.

(7) Earnings per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding excludes the shares of non-vested restricted stock that were assumed by the Company as a result of the Complete acquisition. 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, conversion of restricted stock units and the vesting of outstanding restricted stock issued in the acquisition of Complete.

Stock options for approximately 1,100,000 and 2,600,000 shares of the Company's common stock for the three months ended September 30, 2013 and 2012, respectively, and approximately 1,210,000 and 1,800,000 shares of the Company's common stock for the nine months ended September 30, 2013 and 2012, respectively, were excluded in the computation of diluted earnings per share for these periods as the effect would have been anti-dilutive.

(8) Decommissioning Liabilities

The Company records estimated future decommissioning liabilities in accordance with the authoritative guidance related to asset retirement obligations, 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.

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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 condensed 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 an increase or decrease in 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. As a result of continuing development activities, the Company revised its estimates during the second quarter of 2012 relating to the timing of decommissioning work on Bullwinkle assets, including a 10 year postponement of the platform decommissioning. This change in estimate resulted in a significant reduction in the present value of decommissioning liabilities.

The following table summarizes the activity for the Company's decommissioning liabilities for the nine month periods ended September 30, 2013 and 2012 (in thousands):

	2013	2012
Decommissioning liabilities, December 31, 2012 and 2011, respectively	\$93,053	\$ 123,176
Liabilities acquired and incurred	360	3,573
Liabilities settled	(87)	(4,624)
Accretion	4,269	3,260
Revision in estimated liabilities	—	(34,373)
Long-term decommissioning liabilities, September 30, 2013 and 2012, respectively	<u>\$97,595</u>	<u>\$ 91,012</u>

(9) Notes Receivable

Notes receivable consist of a commitment from the seller of oil and gas properties acquired by the Company 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 obligation 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 \$2.2 million and \$2.1 million for the nine months ended September 30, 2013 and 2012, respectively.

(10) Segment Information

Business Segments

During the fourth quarter of 2012, the Company revised the internal reporting structure that is used by the chief operating decision maker in determining how to allocate the Company's resources and, as a result, divided the Subsea and Well Enhancement segment into three segments that better reflect the Company's product and service offerings throughout the life cycle of a well: Onshore Completion and Workover Services, Production Services, and Subsea and Technical Solutions. The Drilling Products and Services segment remains unchanged. Accordingly, all prior period segment disclosures have been recast to reflect this change in reporting structure.

The Drilling Products and Services segment rents and sells bottom hole assemblies, premium 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 Onshore Completion and Workover Services segment provides pressure pumping services used to complete and stimulate production in new oil and gas wells, fluid handling services and well servicing rigs that provide a variety of well completion, workover and maintenance services. The Production Services segment provides intervention services such as coiled tubing, cased hole and mechanical wireline, hydraulic workover and snubbing, production testing and optimization, and remedial pumping services. It also provides specialized pressure control tools used to manage and control pressure throughout the life of a well. The Subsea and Technical Solutions segment provides services typically requiring specialized engineering, manufacturing or project planning, including integrated subsea services and engineering services, well control services, well containment systems, stimulation and sand control services and well plug and abandonment services. It also includes production handling arrangements and the production and sale of oil and gas.

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Summarized financial information for the Company's segments for the three and nine months ended September 30, 2013 and 2012 is shown in the following tables (in thousands):

Three Months Ended September 30, 2013

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Subsea and Technical Solutions	Unallocated	Consolidated Total
Revenues	\$ 215,523	\$ 398,016	\$ 359,722	\$ 215,354	\$ —	\$ 1,188,615
Cost of services (exclusive of items shown separately below)	73,873	275,676	251,575	146,928	—	748,052
Depreciation, depletion, amortization and accretion	42,391	52,576	45,553	17,486	—	158,006
General and administrative expenses	37,016	36,306	46,886	37,696	—	157,904
Income from operations	62,243	33,458	15,708	13,244	—	124,653
Interest expense, net	—	—	—	743	(25,207)	(24,464)
Other income	—	—	—	—	789	789
Income (loss) from continuing operations before income taxes	<u>\$ 62,243</u>	<u>\$ 33,458</u>	<u>\$ 15,708</u>	<u>\$ 13,987</u>	<u>\$ (24,418)</u>	<u>\$ 100,978</u>

Three Months Ended September 30, 2012

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Subsea and Technical Solutions	Unallocated	Consolidated Total
Revenues	\$ 194,882	\$ 421,194	\$ 373,868	\$ 189,721	\$ —	\$ 1,179,665
Cost of services (exclusive of items shown separately below)	61,959	277,780	237,506	131,363	—	708,608
Depreciation, depletion, amortization and accretion	37,784	48,108	34,509	7,759	—	128,160
General and administrative expenses	32,380	43,109	52,830	35,139	—	163,458
Income from operations	62,759	52,197	49,023	15,460	—	179,439
Interest expense, net	—	—	—	697	(29,282)	(28,585)
Other income	—	—	—	—	467	467
Loss on early extinguishment of debt	—	—	—	—	(2,294)	(2,294)
Income (loss) from continuing operations before income taxes	<u>\$ 62,759</u>	<u>\$ 52,197</u>	<u>\$ 49,023</u>	<u>\$ 16,157</u>	<u>\$ (31,109)</u>	<u>\$ 149,027</u>

Nine Months Ended September 30, 2013

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Subsea and Technical Solutions	Unallocated	Consolidated Total
Revenues	\$ 614,924	\$ 1,222,215	\$ 1,096,185	\$ 550,483	\$ —	\$ 3,483,807
Cost of services (exclusive of items shown separately below)	205,502	819,472	756,954	385,494	—	2,167,422
Depreciation, depletion, amortization and accretion	125,768	158,021	133,361	45,477	—	462,627
General and administrative expenses	105,180	114,747	140,970	104,138	—	465,035
Income from operations	178,474	129,975	64,900	15,374	—	388,723
Interest expense, net	—	—	—	2,195	(81,141)	(78,946)
Other income	—	—	—	—	2,062	2,062
Loss on early extinguishment of debt	—	—	—	—	(884)	(884)
Income (loss) from continuing operations before income taxes	<u>\$ 178,474</u>	<u>\$ 129,975</u>	<u>\$ 64,900</u>	<u>\$ 17,569</u>	<u>\$ (79,963)</u>	<u>\$ 310,955</u>

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Nine Months Ended September 30, 2012

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Subsea and Technical Solutions	Unallocated	Consolidated Total
Revenues	\$ 582,389	\$1,176,239	\$1,141,649	\$489,544	\$ —	\$3,389,821
Cost of services (exclusive of items shown separately below)	191,010	766,620	680,439	328,590	—	1,966,659
Depreciation, depletion, amortization and accretion	111,200	119,594	99,345	36,133	—	366,272
General and administrative expenses	100,875	140,453	159,645	96,025	—	496,998
Income from operations	179,304	149,572	202,220	28,796	—	559,892
Interest income (expense), net	—	—	—	2,107	(91,057)	(88,950)
Other income (expense)	—	—	—	—	562	562
Loss on early extinguishment of debt	—	—	—	—	(2,294)	(2,294)
Gain on sale of equity method investment	—	—	—	—	17,880	17,880
Income (loss) from continuing operations before income taxes	<u>\$ 179,304</u>	<u>\$ 149,572</u>	<u>\$ 202,220</u>	<u>\$ 30,903</u>	<u>\$ (74,909)</u>	<u>\$ 487,090</u>

Identifiable Assets

	Drilling Products and Services	Onshore Completion and Workover Services	Production Services	Subsea and Technical Solutions	Unallocated	Consolidated Total
September 30, 2013	\$1,158,247	\$3,006,588	\$2,244,103	\$1,438,925	\$ —	\$7,847,863
December 31, 2012	\$1,086,804	\$3,223,984	\$2,185,779	\$1,295,134	\$ 11,185	\$7,802,886

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 the end of a period. The Company's revenue by geographic area for the three and nine months ended September 30, 2013 and 2012, and long-lived assets by geographic area at September 30, 2013 and December 31, 2012 is as follows (in thousands):

Revenues:

	Three Months		Nine Months	
	2013	2012	2013	2012
United States	\$ 960,054	\$ 976,984	\$2,849,265	\$2,826,544
Other Countries	228,561	202,681	634,542	563,277
Total	<u>\$1,188,615</u>	<u>\$1,179,665</u>	<u>\$3,483,807</u>	<u>\$3,389,821</u>

Long-Lived Assets:

	September 30, 2013	December 31, 2012
United States	\$2,611,837	\$2,684,932
Other Countries	625,513	570,288
Total, net	<u>\$3,237,350</u>	<u>\$3,255,220</u>

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(11) Guarantee

In accordance with authoritative guidance related to guarantees, the Company has assigned an estimated value of \$2.6 million at September 30, 2013 and December 31, 2012 related to decommissioning activities in connection with oil and gas properties acquired by the Company's former subsidiary SPN Resources, LLC (SPN Resources) prior to its sale to Dynamic Offshore in March 2008. The guarantee 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 of default on any remaining decommissioning liabilities, the total maximum potential obligation under these guarantees is estimated to be approximately \$105.1 million, net of the contractual right to receive payments from third parties, which is approximately \$24.6 million, as of September 30, 2013. The total maximum potential obligation will decrease over time as the underlying obligations are fulfilled.

(12) Fair Value Measurements

The Company follows the 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.

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

The following tables provide a summary of the financial assets and liabilities measured at fair value on a recurring basis at September 30, 2013 and December 31, 2012 (in thousands):

	September 30, 2013	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Inventory and other current assets				
Available-for-sale securities	\$ 8,512	\$ 8,512	—	—
Intangible and other long-term assets, net				
Non-qualified deferred compensation assets	\$ 13,045	\$ 1,963	\$ 11,082	—
Interest rate swaps	\$ 616	—	\$ 616	—
Accrued Expenses				
Non-qualified deferred compensation liabilities	\$ 1,944	—	\$ 1,944	—
Contingent consideration	\$ 136	—	—	\$ 136
Other long-term liabilities				
Non-qualified deferred compensation liabilities	\$ 14,050	—	\$ 14,050	—
	December 31, 2012	Level 1	Level 2	Level 3
Inventory and other current assets				
Available-for-sale securities	\$ 9,224	\$ 9,224	—	—
Intangible and other long-term assets, net				
Non-qualified deferred compensation assets	\$ 11,343	\$ 825	\$ 10,518	—
Interest rate swap	\$ 1,286	—	\$ 1,286	—
Accounts payable				
Non-qualified deferred compensation liabilities	\$ 125	—	\$ 125	—
Accrued expenses				
Contingent consideration	\$ 9,890	—	—	\$ 9,890
Other long-term liabilities				
Non-qualified deferred compensation liabilities	\$ 13,515	—	\$ 13,515	—

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Available-for-sale securities is comprised of approximately 1.5 million shares of SandRidge common stock that the Company received as partial consideration for its 10% interest in Dynamic Offshore (see note 5). The securities are reported at fair value based on the closing price of the shares as reported on the New York Stock Exchange.

The Company's non-qualified deferred compensation plans allow officers, certain highly compensated employees and non-employee directors to defer receipt of a portion of their compensation and contribute such amounts to one or more hypothetical investment funds. The Company entered into separate trust agreements, subject to general creditors, to segregate assets of each plan and reports the accounts of the trusts in its condensed 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 July 2013, June 2013 and April 2012, the Company entered into interest rate swap agreements related to its fixed rate debt maturing in 2021 for notional amounts of \$100 million each, whereby the Company is entitled to receive semi-annual interest payments at a fixed rate of 7 1/8% per annum and is obligated to make semi-annual interest payments at floating rates, which are adjusted every 90 days, based on LIBOR plus a fixed margin. The swap agreements, scheduled to terminate on December 15, 2021, are designated as fair value hedges of a portion of the Company's 7 1/8% senior notes, as the derivative has been tested to be highly effective in offsetting changes in the fair value of the underlying note. As these derivatives are classified as fair value hedges, the changes in the fair value of the derivatives are offset against the changes in the fair value of the underlying note in interest expense, net (see note 13). The Company previously had an interest rate swap agreement for a notional amount of \$150 million related to its 6 7/8% senior notes that was designated as a fair value hedge. In February 2012, the Company sold this interest rate swap to the counterparty for approximately \$1.2 million.

As of September 30, 2013, the Company's maximum contingent consideration payable as a result of prior acquisitions was approximately \$3.5 million. The Company has recorded a current liability of approximately \$0.1 million, which represents the Company's estimate of the fair value of the maximum contingent consideration payable. The fair value of the contingent consideration was determined using a probability-weighted discounted cash flow approach at the acquisition and reporting date. The approach is based on significant inputs that are not observable in the market, which are referred to as Level 3 inputs. The fair value is based on the acquired companies reaching specific performance metrics.

During the nine months ended September 30, 2013, the Company paid approximately \$6.5 million of contingent consideration related to its acquisition of a wireline and well testing company in 2012. The following table summarizes the activity recorded using fair value of Level 3 liabilities for the nine months ended September 30, 2013 (in thousands):

Balance as of December 31, 2012	\$ 9,890
Settlements	(6,500)
Reduction in fair value of liability for additional consideration	(3,254)
Balance as of September 30, 2013	<u>\$ 136</u>

In accordance with authoritative guidance, non-financial assets and non-financial liabilities are remeasured at fair value on a non-recurring basis. In determining estimated fair value of acquired goodwill, we use various sources and types of information, including, but not limited to, quoted market prices, replacement cost estimates, accepted valuation techniques such as discounted cash flows, and existing carrying value of acquired assets. As necessary, we utilize third-party appraisal firms to assist us in determining fair value of inventory, identifiable intangible assets, and any other significant assets or liabilities. During the measurement period and as necessary, we adjust the preliminary purchase price allocation if we obtain more information regarding asset valuations and liabilities assumed. During the nine months ended September 30, 2013, the Company revised its fair value estimate of contingent consideration payable due to changes in certain performance metrics. The adjustment was recorded in general and administrative expense in the consolidated statement of income.

The fair value of the Company's cash equivalents, accounts receivable and current maturities of long-term debt approximates their carrying amounts. The fair value of the Company's long-term debt was approximately \$1,772.8 million and \$1,960.0 million at September 30, 2013 and December 31, 2012, respectively. The fair value of these debt instruments is determined by reference to the market value of the instruments as quoted in over-the-counter markets, which are Level 1 inputs.

(13) 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.

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The Company has three interest rate swaps for notional amounts of \$100 million each related to its 7 1/8% senior notes maturing in December 2021. These transactions are designated as fair value hedges since the swaps hedge against the change in fair value of fixed rate debt resulting from changes in interest rates. The Company recorded a derivative asset of \$0.6 million and \$1.3 million within intangible and other long term assets in the consolidated balance sheets at September 30, 2013 and December 31, 2012, respectively, relating to these swaps.

The Company previously had an interest rate swap for a notional amount of \$150 million related to its 6 7/8% senior notes maturing in June 2014 that was designated as a fair value hedge. In February 2012, the Company sold this interest rate swap to the counterparty for approximately \$1.2 million.

The changes in fair value of the interest rate swaps are included in the adjustments to reconcile net income to net cash provided by operating activities in the consolidated statement of cash flows. The effect and location of the derivative instruments in the condensed consolidated statement of operations for the three and nine months ended September 30, 2013 and 2012, presented on a pre-tax basis, is as follows (in thousands):

<u>Effect of derivative instrument</u>	<u>Location of (gain) loss recognized</u>	<u>Three Months Ended September 30, 2013</u>	<u>Three Months Ended September 30, 2012</u>
Interest rate swap	Interest expense, net	\$ (513)	\$ (1,079)
Hedged item - debt	Interest expense, net	615	682
		<u>\$ 102</u>	<u>\$ (397)</u>

		<u>Nine Months Ended September 30, 2013</u>	<u>Nine Months Ended September 30, 2012</u>
Interest rate swap	Interest expense, net	\$ 7,383	\$ (4,235)
Hedged item - debt	Interest expense, net	(6,886)	3,196
		<u>\$ 497</u>	<u>\$ (1,039)</u>

For the nine months ended September 30, 2013 and 2012, approximately \$0.5 million of interest expense and \$1.0 million of interest income, respectively, was related to the ineffectiveness associated with these fair value hedges. 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.

(14) Income Taxes

The Company provides for income taxes at the end of each interim period based on the estimated effective tax rate adjusted for certain discrete items for the full fiscal year. Cumulative adjustments to the Company's estimate are recorded in the interim period in which a change in the estimated annual effective rate is determined. During the three months ended September 30, 2013, the Company recorded adjustments to the effective income tax rate to reflect changes resulting from filing its 2012 U.S. federal tax return. As a result, the Company adjusted its effective tax rate from 37% to 35% for the nine months ending September 30, 2013. The decrease in the rate was primarily as result of U.S. federal income tax credits.

The Company follows authoritative guidance surrounding accounting for uncertainty in income taxes. It is the Company's policy to recognize interest and applicable penalties, if any, related to uncertain tax positions in income tax expense. The Company had approximately \$27.8 million and \$26.4 million of unrecorded tax benefits at September 30, 2013 and December 31, 2012, respectively, all of which would impact the Company's effective tax rate if recognized.

In addition to its U.S. federal tax return, the Company files income tax returns in 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 2009.

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(15) Commitments and Contingencies

The Company's wholly owned subsidiary, Hallin Marine, is the lessee of a dynamically positioned subsea vessel under a capital lease expiring in 2019 with a two year renewal option. Hallin Marine owns a 5% equity interest in the entity that owns this leased asset. The lessor's debt is 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. The vessel's gross asset value under the capital lease was approximately \$37.6 million at inception and accumulated depreciation through September 30, 2013 and December 31, 2012 was approximately \$15.3 million and \$12.2 million, respectively. As of September 30, 2013 and December 31, 2012, the Company had approximately \$22.5 million and \$25.6 million, respectively, included in other long-term liabilities, and approximately \$4.1 million and \$3.9 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 \$1.0 million, \$4.2 million, \$4.6 million, \$5.0 million, \$5.4 million and \$5.9 million for the three months ending December 31, 2013 and the years ending December 31, 2014, 2015, 2016, 2017 and 2018, respectively, exclusive of interest at an annual rate of 8.5%. For the nine months ended September 30, 2013 and 2012, the Company recorded interest expense of approximately \$1.8 million and \$2.0 million, respectively, in connection with this capital lease.

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 its business activities. Legal costs related to these matters are expensed as incurred. In management's opinion, none of the pending litigation, disputes or claims is expected to have a material adverse effect on the Company's financial condition, results of operations or liquidity.

(16) Related Party Disclosures

Subsequent to the acquisition of Complete, the Company purchases services, products and equipment from companies affiliated with an officer of one of its subsidiaries. The Company believes the transactions reflected below with these related parties are on terms and conditions no less favorable to the Company than transactions with unaffiliated parties. For the nine months ended September 30, 2013 and 2012, these purchases totaled approximately \$140.7 million and \$188.0 million, respectively. For the nine months ended September 30, 2013, approximately \$41.1 million was purchased from ORTEQ Energy Services, a heavy equipment construction company which also manufactures pressure pumping equipment, approximately \$0.1 million was purchased from Ortowski Construction, primarily related to the manufacture of pressure pumping units, approximately \$11.9 million was purchased from Resource Transport, LLC, related to the transportation of sand used in pressure pumping activities, approximately \$64.6 million was purchased from Texas Specialty Sands, LLC primarily for the purchase of sand used for pressure pumping activities, approximately \$22.6 million was purchased from ProFuel, LLC, primarily related to the purchase of diesel used to operate equipment and trucks, and approximately \$0.4 million was related to facilities leased from Timber Creek Real Estate Partners. From the date of acquisition of Complete through September 30, 2012, approximately \$90.9 million was purchased from ORTEQ Energy Services, approximately \$4.0 million was purchased from Ortowski Construction, approximately \$8.0 million was purchased from Resource Transport, LLC, approximately \$70.6 million was purchased from Texas Specialty Sands, LLC, approximately \$13.4 million was purchased from ProFuel, LLC, and approximately \$1.1 million was related to facilities leased from Timber Creek Real Estate Partners.

As of September 30, 2013, the Company's trade accounts payable includes amounts due to these companies totaling approximately \$14.7 million, of which approximately \$2.8 million was due ORTEQ Energy Services, approximately \$1.3 million was due Resource Transport, LLC, approximately \$8.2 million was due Texas Specialty Sands, LLC, and approximately \$2.4 million was due ProFuel, LLC. As of December 31, 2012, the Company's trade accounts payable includes amounts due to these companies totaling approximately \$23.2 million, of which approximately \$13.4 million was due ORTEQ Energy Services, approximately \$1.3 million was due Resource Transport, LLC, approximately \$6.9 million was due Texas Specialty Sands, LLC, and approximately \$1.6 million was due ProFuel, LLC. No amounts were due Ortowski Construction and Timber Creek Real Estate Partners as of September 30, 2013 or December 31, 2012.

In May 2012, the Company's President and Chief Executive Officer was appointed as an independent director of the board of Linn Energy, LLC (Linn), an independent oil and gas development company with focus areas in the mid-continent, including the Permian Basin, the Hugoton Basin, the Powder River Basin, the Williston Basin, Michigan, and California. The Company recorded revenues from Linn of approximately \$15.9 million and \$14.7 million for the nine months ended September 30, 2013 and 2012, respectively. The Company had trade receivables from Linn of approximately \$1.6 million and \$3.3 million as of September 30, 2013 and December 31, 2012, respectively.

(17) Subsequent Events

The Company has evaluated and disclosed all material subsequent events that occurred after the balance sheet date but before financial statements were issued.

(18) Recently Issued Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board issued ASU 2013-02, “Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (ASU 2013-02). ASU 2013-02 is an update to existing guidance on the presentation of comprehensive income. This update requires companies to report the effect of significant reclassifications out of accumulated other comprehensive income (AOCI) by component. For significant items reclassified out of AOCI to net income in their entirety during the reporting period, companies must report the effect on the line items in the statement where net income is presented. For significant items not reclassified to net income in their entirety during the period, companies must provide cross references in the notes to other disclosures that already provide information about those amounts. The Company adopted this update effective January 1, 2013, and it did not have a material impact on the condensed consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements which involve risks and uncertainties. All statements other than statements of historical fact included in this section regarding our financial position and liquidity, strategic alternatives, future capital needs, business strategies and other plans and objectives of our management for future operations and activities are forward-looking statements. These statements are based on certain assumptions and analyses made by our management in light of its experience and its perception of historical trends, current market and industry conditions, expected future developments and other factors it believes are appropriate under the circumstances. Such forward-looking statements are subject to uncertainties that could cause our actual results to differ materially from such statements. Such uncertainties include, but are not limited to: risks inherent in acquiring businesses, including the ability to successfully integrate Complete's operations into our legacy operations and the costs incurred in doing so; the effect of regulatory programs and environmental matters on our performance, including the risk that future changes in the regulation of hydraulic fracturing could reduce or eliminate demand for our pressure pumping services; risks associated with business growth outpacing the capabilities of our infrastructure and workforce; risks associated with the uncertainty of macroeconomic and business conditions worldwide; the cyclical nature and volatility of the oil and gas industry, including the level of exploration, production and development activity and the volatility of oil and gas prices; changes in competitive factors affecting our operations; political, economic and other risks and uncertainties associated with international operations; the lingering impact on exploration and production activities in the U.S. coastal waters following the Deepwater Horizon incident; the impact that unfavorable or unusual weather conditions could have on our operations; the potential shortage of skilled workers; our dependence on certain customers; the risks inherent in long-term fixed-price contracts; and, operating hazards, including the significant possibility of accidents resulting in personal injury or death, property damage or environmental damage. These risks and other uncertainties related to our business are described in detail in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. 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, including for example the market prices of oil and natural gas and regulations affecting oil and gas operations, which we cannot control or anticipate. Further, we may make changes to our business plans that could or will affect our results. We undertake no obligation to update any of our forward-looking statements and we do not intend to update our forward-looking statements more frequently than quarterly, notwithstanding any changes in our assumptions, changes in our business plans, our actual experience, or other changes. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Executive Summary

On February 7, 2012, we closed our acquisition of Complete Production Services, Inc. (Complete), and the operating results of the acquired businesses are included from the date of acquisition. Given the substantial nature of this acquisition and its impact on our financial performance, comparisons between the nine months ended September 30, 2013 and 2012 for our Onshore Completion and Workover Services and Production Services segments may not be meaningful.

For the quarter ended September 30, 2013, revenue was \$1,188.6 million, net income was \$69.8 million, or \$0.43 diluted earnings per share. For the quarter ended June 30, 2013, revenues were \$1,159.7 million, and net income was \$68.6 million, or \$0.43 diluted earnings per share. For the quarter ended September 30, 2012, revenues were \$1,179.7 million and net income from continuing operations was \$93.9 million, or \$0.59 diluted earnings per share.

Third quarter 2013 revenue from our Drilling Products and Services segment increased 5% sequentially to \$215.5 million, as compared with \$205.4 million in the second quarter. U.S. land revenue declined slightly from the second quarter to approximately \$72.9 million primarily due to decreased demand for premium drill pipe. International revenue increased sequentially to approximately \$64.9 million primarily due to rentals of premium drill pipe and bottom hole assemblies in Latin America. Gulf of Mexico revenue increased 3% sequentially to approximately \$77.8 million due to increases in rentals of premium drill pipe, bottom hole assemblies and specialty rentals.

Third quarter 2013 revenue from our Onshore Completion and Workover Services segment was essentially unchanged from the second quarter at \$398.0 million. Virtually all of this segment's revenue is derived from the U.S. land market area.

Third quarter 2013 revenue from our Production Services segment decreased 3% sequentially to \$359.7 million as compared to the second quarter. U.S. land revenue decreased approximately 3% sequentially to \$225.1 million primarily due to decreased demand for coiled tubing, cased hole wireline and pressure control tools. Revenue from the Gulf of Mexico market area decreased 2% sequentially to approximately \$52.5 million with increases in cased hole wireline services offset by decreases in coiled tubing and snubbing services. Revenue from international market areas decreased 3% sequentially to \$82.1 million primarily due to decreased coiled tubing activity in Mexico and lower demand for snubbing services in Latin America.

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Third quarter 2013 revenue from our Subsea and Technical Solutions segment increased to \$215.4 million, or 15% sequentially. International revenue increased 15% sequentially to \$81.6 million due to an increase in subsea construction activity. Gulf of Mexico market revenue increased 16% sequentially to \$111.5 million due to increased demand for pressure control services and completion tools and services. U.S. land market revenue increased 12% sequentially to \$22.3 million primarily related to an increase in completion tools and services.

Comparison of the Results of Operations for the Three Months Ended September 30, 2013 and 2012

For the three months ended September 30, 2013, our revenues were \$1,188.6 million, resulting in net income of \$69.8 million, or \$0.43 diluted earnings per share. Included in the results for the three months ended September 30, 2013 is a reduction of income tax expense as a result of a change in the effective income tax rate from 37% to 35%. For the three months ended September 30, 2012, revenues were \$1,179.7 million and net income from continuing operations was \$93.9 million, or \$0.59 diluted earnings per share from continuing operations.

The following table compares our operating results for the three months ended September 30, 2013 and 2012 (in thousands, except percentages). Cost of services excludes depreciation, depletion, amortization and accretion.

	Revenue			Cost of Services					
	2013	2012	Change	2013	%	2012	%	Change	
Drilling Products and Services	\$ 215,522	\$ 194,882	\$ 20,640	\$ 73,874	34%	\$ 61,959	32%	\$11,915	
Onshore Completion and Workover Services	398,016	421,194	(23,178)	275,676	69%	277,780	66%	(2,104)	
Production Services	359,722	373,868	(14,146)	251,575	70%	237,506	64%	14,069	
Subsea and Technical Solutions	215,355	189,721	25,634	146,927	68%	131,363	69%	15,564	
Total	<u>\$1,188,615</u>	<u>\$1,179,665</u>	<u>\$ 8,950</u>	<u>\$748,052</u>	63%	<u>\$708,608</u>	60%	<u>\$39,444</u>	

The following provides a discussion of our results on a segment basis:

Drilling Products and Services Segment

Revenue from our Drilling Products and Services segment for the three months ended September 30, 2013 was \$215.5 million, as compared to \$194.9 million for the same period in 2012. Cost of rentals and sales as a percentage of revenue increased to 34% of segment revenue for the three months ended September 30, 2013 as compared to 32% in the same period in 2012. Revenue derived from the U.S. land market area decreased approximately 14% primarily due to decreased demand for premium drill pipe and accommodations. Revenue generated from our international market areas increased 34% primarily due to increases in rentals of premium drill pipe and accommodations. Revenue from our Gulf of Mexico market area increased approximately 26% due to increases in most of our product lines within this segment, particularly premium drill pipe and specialty rentals.

Onshore Completion and Workover Services Segment

Revenue from our Onshore Completion and Workover Services segment was \$398.0 million for the third quarter of 2013, as compared to \$421.2 million for the same period in 2012. Virtually all of this segment's revenue is derived from the U.S. land market area. Revenue declined in our well service rigs and fluid management businesses. These declines were partially offset by an increase in pressure pumping activity. Cost of services as a percentage of revenue increased to 69% for the three months ended September 30, 2013 as compared to 66% in the same period in 2012. The decline in revenue and increase in cost of services percentage is a result of lower pricing and competitive pressures existing in the U.S. land markets.

Production Services Segment

Revenue from our Production Services segment for the three months ended September 30, 2013 was \$359.7 million, as compared to \$373.9 million for the same period in 2012. Cost of services as a percentage of revenue increased to 70% from 64% in the third quarter of 2012. Revenue from the U.S. land market area decreased 15% as we experienced declines in coiled tubing, wireline, remedial pumping, and hydraulic workover and snubbing activity. The decline in U.S. land market revenue and the increase in cost of services percentage are attributable to a decline in general market conditions as a result of a decrease in rig count, lower pricing and competitive pressures. Revenue derived from the Gulf of Mexico market area increased 35% due to increased demand for pressure control, hydraulic workover and snubbing and wireline services. Revenue from international market areas increased 16% primarily due to our acquisitions of a wireline company and a cementing company in Latin America, partially offset by decreased activity in our coiled tubing services in Mexico.

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Subsea and Technical Solutions Segment

Revenue from our Subsea and Technical Solutions segment for the three months ended September 30, 2013 was \$215.4 million, as compared to \$189.7 million for the same period in 2012. Cost of sales decreased to 68% of segment revenue for the three month period ended September 30, 2013 from 69% in the same period in 2012. Revenue in our Gulf of Mexico market area increased 26% year over year primarily due to an increase in sand control and stimulation services and other technical service projects. Revenue in our international market areas decreased 2% as a result of decreases in sand control and stimulation services and well control work. These decreases were partially offset by increased demand for subsea construction services in the Asia Pacific market area. Revenue in our U.S. land market area increased 26% primarily as a result of increased demand for sand control and stimulation services and environmental services.

Depreciation, Depletion, Amortization and Accretion

Depreciation, depletion, amortization and accretion increased to \$158.0 million in the three months ended September 30, 2013 from \$128.2 million for the same period in 2012. Depreciation and amortization expense increased for our Drilling Products and Services segment by \$4.6 million, or 12%, due to 2012 and 2013 capital expenditures. Depreciation and amortization expense for our Onshore Completion and Workover Services segment increased by \$4.5 million, or 9%, due to 2012 and 2013 capital expenditures. Depreciation and amortization expense for our Production Services segment increased by \$11.0 million, or 32%, due to our acquisitions of a wireline company and a cementing company in Latin America, and to 2012 and 2013 capital expenditures. Depreciation, depletion, amortization and accretion expense for our Subsea and Technical Solutions segment for the three months ended September 30, 2013 increased by approximately \$9.7 million due to 2012 and 2013 capital expenditures and to higher utilization of subsea construction vessels.

General and Administrative Expenses

General and administrative expenses were \$157.9 million for the three months ended September 30, 2013 compared to \$163.5 million for the same period in 2012. The year over year decrease is primarily due to a decrease in insurance and bad debt expenses.

Comparison of the Results of Operations for the Nine Months Ended September 30, 2013 and 2012

For the nine months ended September 30, 2013, our revenues were \$3,483.8 million, resulting in net income of \$202.1 million, or \$1.26 diluted earnings per share. Included in the results for the nine months ended September 30, 2013 is a reduction of income tax expense as a result of a change in the effective income tax rate from 37% to 35%. For the nine months ended September 30, 2012, revenues were \$3,389.8 million and net income from continuing operations was \$289.7 million, or \$1.95 diluted earnings per share from continuing operations. Included in the results for the nine months ended September 30, 2012 were approximately \$30.6 million of acquisition related costs, \$3.1 million in unrealized pre-tax hedging losses from our equity method investment in Dynamic Offshore and a pre-tax gain of approximately \$17.9 million from the sale of that equity method investment. Revenues and costs of service for the nine months ended September 30, 2012 include only a partial period contribution from the businesses acquired from Complete in February 2012. The businesses acquired from Complete are reported within the Onshore Completion and Workover Services and Production Services segments.

The following table compares our operating results for the nine months ended September 30, 2013 and 2012 (in thousands, except percentages). Cost of services excludes depreciation, depletion, amortization and accretion.

	Revenue			Cost of Services				
	2013	2012	Change	2013	%	2012	%	Change
Drilling Products and Services	\$ 614,924	\$ 582,389	\$ 32,535	\$ 205,502	33%	\$ 191,010	33%	\$ 14,492
Onshore Completion and Workover Services	1,222,215	1,176,239	45,976	819,472	67%	766,620	65%	52,852
Production Services	1,096,185	1,141,649	(45,464)	756,954	69%	680,439	60%	76,515
Subsea and Technical Solutions	550,483	489,544	60,939	385,494	70%	328,590	67%	56,904
Total	<u>\$3,483,807</u>	<u>\$3,389,821</u>	<u>\$ 93,986</u>	<u>\$2,167,422</u>	62%	<u>\$1,966,659</u>	58%	<u>\$200,763</u>

The following provides a discussion of our results on a segment basis:

Drilling Products and Services Segment

Revenue from our Drilling Products and Services segment for the nine months ended September 30, 2013 was \$614.9 million, as compared to \$582.4 million for the same period in 2012. Cost of rentals and sales as a percentage of revenue remained constant at 33% of segment revenue for the nine months ended September 30, 2013 as compared to the same period in 2012. Revenue derived from the U.S. land market area decreased approximately 17% primarily due to decreased demand for premium drill pipe and accommodations. Revenue generated in our international market areas increased 19% due to increases in most of our product lines within the segment. Revenue from our Gulf of Mexico market area increased approximately 29% due to increases in most of our product lines within this segment, particularly premium drill pipe.

Onshore Completion and Workover Services Segment

Revenue from our Onshore Completion and Workover Services segment was \$1,222.2 million for the nine months ended September 30, 2013, as compared to \$1,176.2 million for the same period in 2012. Virtually all of this segment's revenue is derived in the U.S. land market areas by businesses acquired in the Complete acquisition in February 2012. Revenue increased 4% over the previous period. This segment's revenue was negatively impacted during the nine months ended September 30, 2013 as a result of the decline in general market conditions in the U.S. land market area, including competitive pressures and resulting lower pricing. These factors also contributed to an increase in cost of services as a percentage of revenue to 67% for the nine months ended September 30, 2013 as compared to 65% in the same period in 2012.

Production Services Segment

Revenue from our Production Services segment for the nine months ended September 30, 2013 was \$1,096.2 million, as compared to \$1,141.7 million for the same period in 2012. Cost of services as a percentage of revenue for the nine months ended September 30, 2013 increased to 69% from 60% for the same period in 2012. Market demand for coiled tubing, wireline, hydraulic workover and snubbing, and remedial pumping services in the U.S. land market areas declined considerably, the primary driver of an 18% year over year decline in revenue and the increase in cost of services as a percentage of revenue. Revenue derived from the Gulf of Mexico market area increased 45% due to increases in demand for most of our product lines within this segment. Revenue from international market areas increased 23% primarily due to our acquisitions of a wireline company and a cementing company in Latin America. These increases were partially offset by a decline in demand for coiled tubing services in Mexico, and hydraulic workover and snubbing services.

Subsea and Technical Solutions Segment

Revenue from our Subsea and Technical Solutions segment for the nine months ended September 30, 2013 was \$550.5 million, as compared to \$489.5 million for the same period in 2012. Cost of sales increased to 70% of segment revenue for the nine months ended September 30, 2013 from 67% in the same period in 2012. Revenue in our Gulf of Mexico market area increased 27% primarily due to increases in well control work, sand control and stimulation services and other technical service projects. These increases were partially offset by decreases in oil and gas sales and plug and abandonment services. Revenue in our international market areas decreased 3% primarily as a result of a decrease in well control work. Revenue in our U.S. land market area increased 8% primarily as a result of increased demand for environmental services.

Depreciation, Depletion, Amortization and Accretion

Depreciation, depletion, amortization and accretion increased to \$462.6 million in the nine months ended September 30, 2013 from \$366.3 million for the same period in 2012. Depreciation and amortization expense increased for our Drilling Products and Services segment by \$14.6 million, or 13%, due to 2012 and 2013 capital expenditures. Depreciation and amortization expense for our Onshore Completion and Workover Services segment increased by \$38.4 million, or 32%, some of which was attributable to the fact that the product offerings comprising this segment were acquired in the Complete acquisition in February 2012. The remainder is attributable to 2012 and 2013 capital expenditures. Depreciation and amortization expense for our Production Services segment increased by \$34.0 million, or 34%, partly because a portion of the product offerings comprising this segment were acquired in the Complete acquisition. The remainder is attributable to other acquisitions and to 2012 and 2013 capital expenditures. Depreciation, depletion, amortization and accretion expense for our Subsea and Technical Solutions segment increased by \$9.3 million, or 26%, due to higher utilization of certain marine assets and to 2012 and 2013 capital expenditures.

General and Administrative Expenses

General and administrative expenses were \$465.0 million for the nine months ended September 30, 2013 compared to \$497.0 million for the same period in 2012. General and administrative expenses declined year over year due to nonrecurring acquisition related and other expenses incurred during the first nine months of 2012.

Liquidity and Capital Resources

In the nine months ended September 30, 2013, we generated net cash from operating activities of \$636.1 million, as compared to \$696.6 million in the same period of 2012. 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 the revolving portion of our credit facility. We had cash and cash equivalents of \$90.7 million at September 30, 2013 compared to \$91.2 million at December 31, 2012. At September 30, 2013, approximately \$87.1 million of our cash balance was held outside the U.S. Cash balances held in foreign jurisdictions can be repatriated to the U.S.; however, they would be subject to federal income taxes, less applicable foreign tax credits. The Company has not provided U.S. income tax expense on earnings of its foreign subsidiaries, other than foreign subsidiaries acquired in the Complete acquisition, because it expects to reinvest the undistributed earnings indefinitely.

We spent \$466.8 million of cash on capital additions during the nine months ended September 30, 2013, a portion of which related to 2012 capital additions. Approximately \$71.5 million, \$111.1 million and \$100.3 million was used to expand and maintain the asset bases of our Onshore Completion and Workover Services, Production Services and Subsea and Technical Solutions segments, respectively, and approximately \$183.9 million was used to expand and maintain our Drilling Products and Services equipment inventory.

We have a \$1.0 billion bank credit facility which is comprised of a \$600 million revolving portion and a \$400 million term loan. The principal balance of the term loan is payable in installments of \$5.0 million on the last day of each fiscal quarter. At September 30, 2013, we had no amounts outstanding under the revolving portion of our credit facility and approximately \$56.0 million of letters of credit outstanding, which reduce our borrowing capacity under this portion of the credit facility. The average amount outstanding under the revolving portion of our credit facility during the third quarter was approximately \$88.9 million with a weighted average interest rate of 2.5% per annum. The maximum amount outstanding under the revolving portion of our credit facility during the third quarter was \$180.0 million, primarily related to the redemption of our \$150 million 6 7/8% senior notes in May 2013. As of November 1, 2013, we had no amounts outstanding under the revolving portion of our credit facility, and approximately \$56.3 million of letters of credit outstanding. Any amounts outstanding on the bank revolving credit facility and the term loan are due on February 7, 2017. 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 domestic 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 September 30, 2013, we were in compliance with all such covenants.

We have outstanding \$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. At September 30, 2013, we were in compliance with all such covenants.

We also have outstanding \$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. At September 30, 2013, we were in compliance with all such covenants.

In October 2013, the Company's Board of Directors authorized a \$400 million share repurchase program of the Company's common stock, which will expire on December 31, 2015. Under the program, the Company may purchase shares through open market transactions at prices deemed appropriate by management.

Our current long-term issuer credit rating is BBB- by Standard and Poor's and Ba1 by Moody's.

We currently believe that we will spend approximately \$125 million to \$175 million on capital expenditures, excluding acquisitions, during the fourth quarter of 2013. We believe that our current working capital, cash generated from our operations and availability under the revolving portion of our credit facility will provide sufficient funds for our identified capital projects.

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, availability of additional financing and availability under the revolving portion of 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 the revolving portion of our credit facility.

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Off-Balance Sheet Financing Arrangements

We have no off-balance sheet financing arrangements other than a guarantee on the performance of certain decommissioning liabilities. We do not have any other financing arrangements that are not required under U.S. generally accepted accounting principles to be reflected in our financial statements.

In accordance with authoritative guidance related to guarantees, we have assigned an estimated value of \$2.6 million as of September 30, 2013 and December 31, 2012, which is reflected in other long-term liabilities, related to decommissioning activities in connection with oil and gas properties acquired by our former subsidiary SPN Resources prior to its sale to Dynamic Offshore. The Company believes that the likelihood of being required to perform these guarantees is remote. In the unlikely event of default on any remaining decommissioning liabilities, the total maximum potential obligation under these guarantees is estimated to be approximately \$105.1 million, net of the contractual right to receive payments from third parties, which is approximately \$24.6 million, as of September 30, 2013. The total maximum potential obligation will decrease over time as the underlying obligations are fulfilled.

Hedging Activities

In July 2013, June 2013 and April 2012, we entered into interest rate swap agreements for notional amounts of \$100 million each related to our 7 1/8% senior notes maturing in December 2021, whereby we are entitled to receive semi-annual interest payments at a fixed rate of 7 1/8% per annum and are obligated to make semi-annual interest payments at variable rates. The variable interest rates, which are adjusted every 90 days, are based on LIBOR plus a fixed margin and are scheduled to terminate on December 15, 2021.

Recently Issued Accounting Pronouncements

See Part I, Item 1, "Financial Statements – Note 18 – Recently Issued Accounting Pronouncements."

Item 3. 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 Canada, the United Kingdom and Europe, is the U.S. dollar, but a portion of the revenues from our international operations is paid in foreign currencies. The effects of foreign currency fluctuations are partly mitigated because local expenses of such international 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.

Assets and liabilities of certain subsidiaries in Canada, the United Kingdom and Europe are translated at end of period exchange rates, while income and expenses 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.

We do not hold derivatives for trading purposes or use derivatives with complex features. When we believe prudent, we 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. As of September 30, 2013, we had no outstanding foreign currency forward contracts.

Interest Rate Risk

As of September 30, 2013, our debt was comprised of the following (in thousands):

	Fixed Rate Debt	Variable Rate Debt
Credit facility term loan due 2017	\$ —	\$370,000
6 3/8 % Senior notes due 2019	500,000	—
7 1/8 % Senior notes due 2021	500,000	300,000
Total Debt	<u>\$1,000,000</u>	<u>\$670,000</u>

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Based on the amount of this debt outstanding as of September 30, 2013, a 10% increase in the variable interest rate would have increased our interest expense for the nine months ended September 30, 2013 by approximately \$1.7 million, while a 10% decrease would have decreased our interest expense by approximately \$1.7 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 natural gas that can economically be produced.

For additional discussion, see Part 1, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

Item 4. Controls and Procedures

- a. Evaluation of disclosure controls and procedures. As of the end of the period covered by this quarterly report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation, that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) are effective for ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures and is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.
- b. Changes in internal control. There has been no change in our internal control over financial reporting that occurred during the three months ended September 30, 2013, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

<u>Period</u>	<u>Total Number of Shares Purchased ⁽¹⁾</u>	<u>Average Price Paid per Share</u>
July 1 - 31, 2013	935	\$ 26.66
August 1 - 31, 2013	1,749	\$ 25.91
September 1 - 30, 2013	—	\$ —
Total	<u>2,684</u>	<u>\$ 26.17</u>

⁽¹⁾ Through our stock incentive plans, 2,684 shares were delivered to us by our employees to satisfy their tax withholding requirements upon vesting of restricted stock.

Item 6. Exhibits

- (a) The following exhibits are filed with this Form 10-Q:
 - 2.1 Agreement and Plan of Merger 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 the Company’s Form 8-K filed October 12, 2011 (File No. 001-34037)).
 - 3.1 Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company’s Form 10-Q filed August 7, 2013 (File No. 001-34037)).
 - 3.2 Amended and Restated Bylaws of the Company (as amended through March 7, 2012) (incorporated herein by reference to Exhibit 3.1 to the Company’s Form 8-K filed March 12, 2012 (File No. 001-34037)).

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- 4.1 Specimen Stock Certificate (incorporated herein by reference to Amendment No. 1 to the Company's Form S-4 on Form SB-2 (Registration Statement No. 33-94454)).
- 4.2 Indenture, dated May 22, 2006, among SESI, L.L.C., the guarantors party thereto and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to the Company's Form 8-K filed May 23, 2006 (File No. 333-22603)), as amended by Supplemental Indenture, dated December 12, 2006, by and among SESI, L.L.C., the guarantors party thereto and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to the Company'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 SESI, L.L.C., the guarantors party thereto and The Bank of New York Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to the Company's Form 8-K filed September 18, 2007 (File No. 333-22603)), as further amended by Supplemental Indenture, dated April 27, 2011, among SESI, L.L.C., the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.3 to the Company's Form 8-K filed April 27, 2011 (File No. 001-34037)), as further amended by Supplemental Indenture, dated February 29, 2012, by and among SESI, L.L.C., the guarantors party thereto and The Bank of New York Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed March 1, 2012 (File No. 001-34037)), as further amended by Supplemental Indenture dated May 7, 2012, by and among SESI, L.L.C., the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed May 8, 2012 (File No. 001-34037)).
- 4.3 Indenture, dated April 27, 2011, among SESI, L.L.C., 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 the Company's Form 8-K filed April 27, 2011 (File No. 001-34037)), as amended by Supplemental Indenture, dated February 29, 2012, by and among SESI, L.L.C., the guarantors party thereto and The Bank of New York Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed March 1, 2012 (File No. 001-34037)), as further amended by Supplemental Indenture dated May 7, 2012, by and among SESI, L.L.C., the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed May 8, 2012 (File No. 001-34037)).
- 4.4 Indenture, dated December 6, 2011, among SESI, L.L.C., 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 the Company's Form 8-K filed December 12, 2011 (File No. 001-34037)), as amended by Supplemental Indenture, dated February 29, 2012, by and among SESI, L.L.C., the guarantors party thereto and The Bank of New York Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed March 1, 2012 (File No. 001-34037)), as further amended by Supplemental Indenture dated May 7, 2012, by and among SESI, L.L.C., the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.3 to the Company's Form 8-K filed May 8, 2012 (File No. 001-34037)).
- 10.1[^] Superior Energy Services, Inc. 2013 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K filed August 14, 2013 (File No. 001-34037)).
- 10.2^{^*} Form of Stock Option Agreement under the Superior Energy Services, Inc. 2013 Stock Incentive Plan.
- 10.3^{^*} Form of Performance Share Unit Agreement under the Superior Energy Services, Inc. 2013 Stock Incentive Plan.
- 10.4^{^*} Form of Restricted Stock Agreement under the Superior Energy Services, Inc. 2013 Stock Incentive Plan.
- 10.5^{^*} Form of Restricted Stock Unit Agreement under the Superior Energy Services, Inc. 2013 Stock Incentive Plan.
- 10.6^{^*} Form of Notice of Grant of Restricted Stock Units for Non-Management Directors under the Superior Energy Services, Inc. 2013 Stock Incentive Plan.
- 31.1* Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2* Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1* Officer's certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2* Officer's certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS* XBRL Instance Document

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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 with this Form 10-Q

^ Management contract or compensatory plan or arrangement

SIGNATURE

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

SUPERIOR ENERGY SERVICES, INC.

Date: November 6, 2013

By: /s/ Robert S. Taylor

Robert S. Taylor

Executive Vice President, Treasurer and

Chief Financial Officer

(Principal Financial and Accounting Officer)

STOCK OPTION AGREEMENT

THIS AGREEMENT is by and between Superior Energy Services, Inc. ("Superior"), and <<Participant Name>> ("Optionee").

WHEREAS Optionee is a key employee of Superior or one of its subsidiaries (collectively, the "Company") and Superior considers it desirable and in its best interest that Optionee be given an inducement to acquire a proprietary interest in the Company and an added incentive to advance the interests of the Company by possessing an option to purchase shares of the common stock of Superior, \$.001 par value per share (the "Common Stock"), in accordance with the 2013 Stock Incentive Plan (the "Plan").

NOW, THEREFORE, in consideration of the premises, it is agreed by and between the parties as follows:

1.
GRANT OF OPTION

On <<Grant Date>> (the "Date of Grant"), Superior granted to Optionee the right, privilege and option to purchase <<Awards Granted>> shares of Common Stock (the "Option") at an exercise price of \$_____per share (the "Exercise Price"). The Option shall be exercisable at the time specified in Section 2 below. The Option is a non-qualified stock option and shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2.
TIME OF EXERCISE

2.1 Subject to the provisions of the Plan and the other provisions of this Agreement, the Option shall vest in annual installments (disregarding any fractional shares) as follows:

<u>Scheduled Vesting Date</u>	<u>Amount of Shares To Vest</u>
January 15, 20__	33%
January 15, 20__	33%
January 15, 20__	Remaining balance

The Option shall expire and may not be exercised later than the tenth anniversary of the Date of Grant.

2.2 Except as otherwise provided herein, upon the termination of Optionee's employment with the Company, any portion of the Option that has not yet become exercisable shall terminate immediately. If (a) Optionee's employment by the Company is terminated because of death or disability (within the meaning of Section 22(e)(3) of the Code), or (b) if there has been a Change of Control (as defined in the Plan), then any portion of the Option that has not yet vested shall become immediately exercisable on the date of such termination of employment or Change of Control. If Optionee's employment by the Company is terminated because of (a)

Optionee's retirement on or after reaching age 55 with five years of service, or (b) the Company's termination of Optionee's employment without Cause (as defined below), then, if approved by the Compensation Committee of the Board of Directors of Superior, any portion of the Option that has not yet vested shall become immediately exercisable on the date of such termination of employment.

2.3 If Optionee's employment by the Company is terminated for Cause, the Option shall terminate in full immediately, whether or not exercisable at the time of termination of employment. "Cause" for termination of employment shall be deemed to exist upon either (a) a final determination is made in accordance with the terms of Optionee's employment agreement, if any, with the Company that Optionee's employment has been terminated for "cause" within the meaning of the employment agreement or (b), if Optionee is not subject to an employment agreement: (i) failure to abide by the Company's rules and regulations governing the transaction of its business, including without limitation, its Code of Business Ethics and Conduct; (ii) inattention to duties, or the commission of acts within employment with the Company amounting to negligence or misconduct; (iii) misappropriation of funds or property of the Company or committing any fraud against the Company or against any other person or entity in the course of employment with the Company; (iv) misappropriation of any corporate opportunity, or otherwise obtaining personal profit from any transaction which is adverse to the interests of the Company or to the benefits of which the Company is entitled; or (v) the commission of a felony or other crime involving moral turpitude.

2.4 Except as provided in Sections 2.5 and 2.6, if Optionee's employment with the Company is terminated, the Option must be exercised, to the extent exercisable at the time of termination of employment, within 30 days of the date on which Optionee ceases to be an employee, but in no event later than the tenth anniversary of the Date of Grant.

2.5 If Optionee's employment by the Company is terminated because of (a) death, (b) disability (within the meaning of Section 22(e)(3) of the Code) or (c) retirement on or after reaching age 55 with five years of service, the Option must be exercised, to the extent exercisable at the time of termination of employment, on or before the tenth anniversary of the Date of Grant. In the event of Optionee's death, the Option may, to the extent exercisable at the time of death, be exercised by his estate, or by the person to whom such right devolves from him by reason of his death. If Optionee's employment is terminated by the Company other than for Cause, then the Option must be exercised, to the extent exercisable at the time of termination of employment, within five years following the date of termination of employment, but in no event later than the tenth anniversary of the Date of Grant.

2.6 If there has been a Change of Control (as defined in the Plan) of Superior, (a) if the Option remains outstanding after the Change of Control, either as a right to purchase Common Stock or as a right to purchase that number and class of shares of stock or other securities or property (including without limitation, cash) to which Optionee would have been entitled if, immediately prior to the Change of Control, Optionee had been the record owner of the number of shares of Common Stock then covered by the Option and (b) if Optionee's employment is terminated by the Company other than for Cause within a one-year period following the Change of Control, then the Option must be exercised within five years following the date of termination of employment, but in no event later than the tenth anniversary of the Date of Grant.

3.
FORFEITURE OF OPTION GAIN

3.1 If the Optionee engages in grossly negligent conduct or intentional misconduct that either (i) requires the Company's financial statements to be restated at any time beginning on the Date of Grant and ending on the third anniversary of the end of the final vesting date set forth in Section 1 or (ii) results in an increase of the value of the Options upon exercise, then the Committee, after considering the costs and benefits to the Company of doing so, may seek recovery for the benefit of the Company of the difference between the shares of Common Stock received upon exercise of the Options during the three-year period following such conduct and the shares of Common Stock that would have been received based on the restated financial statements or absent the increase described in part (ii) above (the "Excess Shares"). All determinations regarding the amount of the Excess Shares shall be made solely by the Committee in good faith.

3.2 The Options granted hereunder are also subject to any clawback policies the Company may adopt in order to conform to the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any resulting rules issued by the SEC or national securities exchanges thereunder.

3.3 If the Committee determines that Optionee owes any amount to the Company under Sections 3.1 or 3.2 above, Optionee shall return to the Company the Excess Shares (or the shares recoverable under Section 3.2) acquired by Optionee pursuant to this Agreement (or other securities into which such shares have been converted or exchanged) or, if no longer held by Optionee, Optionee shall pay to the Company, without interest, all cash, securities or other assets received by Optionee upon the sale or transfer of such shares. Optionee acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount owed from any amounts the Company owes Optionee from time to time for any reason (including without limitation amounts owed to Optionee as salary, wages, reimbursements or other compensation, fringe benefits, retirement benefits or vacation pay). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount Optionee owes it, Optionee hereby agrees to pay immediately the unpaid balance to the Company.

4.
METHOD OF EXERCISE OF OPTION

Optionee may exercise all or a portion of the Option by contacting Merrill Lynch, the Company's third party administrator, or any successor administrator, in accordance with the procedures established by Superior. Optionee shall specify the number of shares to be purchased and must pay the total Exercise Price of the shares, which may be accomplished in any manner set forth in the Plan or approved by Superior. Once Superior or its delegee has received the Exercise Price for the shares, the appropriate officer of Superior shall cause the transfer of title of the shares purchased to Optionee on Superior's stock records and cause such shares to be issued in Optionee's name or to an account in Optionee's name with his brokerage firm. Optionee shall not have any rights as a stockholder until such shares are issued to him.

5.

NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon Optionee any right to continue in the employ of the Company, or to interfere in any way with the right of the Company to terminate Optionee's employment relationship with the Company at any time.

6.

NON-TRANSFERABILITY, BINDING EFFECT AND SUCCESSORS

6.1 The Option may not be transferred, assigned, pledged or hypothecated in any manner, by operation of law or otherwise, other than by will or by the laws of descent and distribution, or pursuant to a domestic relations order, as defined in the Code, and shall not be subject to execution, attachment or similar process. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors and administrators and permitted successors.

6.2 If in connection with a Change of Control, the Option is assumed by a successor to the Company, then, as used herein, "Company" shall include any successor to the Company's business and assets that assumes and agrees to perform this Agreement.

7.

INCONSISTENT PROVISIONS

The Option is subject to the provisions of the Plan as in effect on the date hereof and as it may be amended. In the event any provision of this Agreement conflicts with such a provision of the Plan, the Plan provision shall control.

8.

GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the State of Delaware. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the grant of the Options or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the courts of Harris County, Texas, or the federal courts for the United States for the Southern District of Texas, and no other courts, where this grant is made and/or to be performed.

9.

ENTIRE AGREEMENT; MODIFICATION; WAIVER

The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the

parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes. Optionee acknowledges that a waiver by Superior of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Optionee or any other Plan participant.

10.

ELECTRONIC DELIVERY; ACCEPTANCE OF AGREEMENT

10.1 Superior may, in its sole discretion, deliver any documents related to Optionee's current or future participation in the Plan by electronic means or request your consent to participate in the Plan by electronic means. By accepting the terms of this Agreement, Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by Superior or a third party designated by Superior.

10.2 Optionee must expressly accept the terms and conditions of this Agreement by electronically accepting this Agreement in a timely manner. If Optionee does not accept the terms of this Agreement, this Option is subject to cancellation.

By clicking the "Accept" button, Optionee represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Agreement in their entirety and fully understands all provisions of this Agreement. Optionee agrees to accept as binding, conclusive and final all decisions or interpretations of the Compensation Committee of Superior's Board of Directors upon any questions arising under the Plan or this Agreement.

PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS

PERFORMANCE SHARE UNIT AWARD AGREEMENT

This PERFORMANCE SHARE UNIT AWARD AGREEMENT (this “Agreement”) is by and between Superior Energy Services, Inc. (“Superior”) and <<Participant Name>> (the “Participant”).

WHEREAS, Superior has adopted the 2013 Stock Incentive Plan (the “Plan”), under which the Compensation Committee (the “Committee”) of the Board of Directors of Superior, or its delegee, may, among other things, grant awards of performance share units payable in cash, or a combination of cash and shares of Superior common stock, \$.001 par value per share (the “Common Stock”), to officers and key employees of Superior or its subsidiaries (collectively, the “Company”); and

WHEREAS, the Committee believes that entering into this Agreement with the Participant is consistent with the purpose for which the Plan was adopted.

NOW, THEREFORE, Superior and the Participant hereby agree as follows:

Section 1. The Plan. The Plan, a copy of which has been made available to the Participant, is incorporated by reference and made a part of this Agreement as if fully set forth herein. This Agreement uses a number of defined terms that are defined in the Plan or in the body of this Agreement. These defined terms are capitalized wherever they are used.

Section 2. Award.

(a) On <<Grant Date>>, Superior granted to the Participant an Other Stock Based Award consisting of <<Awards Granted>> performance share units (the “Units”), subject to the terms and conditions of this Agreement.

(b) Depending on the Company’s achievement of the performance goals specified in Section 2(c) during the period beginning January 1, 20 and ending December 31, 20 (the “Performance Period”), the Participant shall be entitled to a payment equal to the value of the Units determined pursuant to Section 2(d) if, except as otherwise provided in Section 3, he remains actively employed with the Company on January 2, 20 .

(c) The amount paid with respect to the Units shall be based upon the Company’s achievement of the following performance criteria as determined by the Committee: (i) return on invested capital relative to the return on invested capital of the Company’s “Peer Group” listed on Schedule A attached hereto (“Relative ROIC”); and (ii) the Company’s total shareholder return relative to the total shareholder return of the Company’s “Peer Group” listed on Schedule A attached hereto (“Relative TSR”) in accordance with the following matrix:

Relative ROIC

Performance Level Compared to Peer Group		Performance Percentage(%)
	Below 25 th Percentile	0%
Threshold	25 th Percentile	25%
Target	50 th Percentile	50%
Maximum	75 th Percentile or above	100%

Relative TSR

Performance Level Compared to Peer Group		Performance Percentage(%)
	Below 25 th Percentile	0%
Threshold	25 th Percentile	25%
Target	50 th Percentile	50%
Maximum	75 th Percentile or above	100%

The Committee shall adjust the performance criteria to recognize special or non-recurring situations or circumstances with respect to the Company or any other company in the peer group for any year during the Performance Period arising from the acquisition or disposition of assets, costs associated with exit or disposal activities or material impairments that are reported on a Form 8-K filed with the Securities and Exchange Commission.

(d) The amount payable to the Participant pursuant to this Agreement shall be an amount equal to the number of Units awarded to the Participant multiplied by the product of (i) \$100 and (ii) the sum of the Performance Percentages set forth above for the level of achievement of each of the performance criteria set forth in Section 2(c). By way of example, if the Company reached the 25th percentile in Relative ROIC and the 50th percentile in Relative TSR, the sum of the Performance Percentages would be 75% and the amount payable with respect to each Unit would be \$75. If Relative ROIC reached the 75th percentile but Relative TSR was below the 25th percentile, the sum of the Performance Percentages would be 100% and the amount payable with respect to each Unit would be \$100. Performance results between the threshold, target and maximum levels will be calculated on a pro rata basis. The maximum payout for each Unit is \$200.

(e) Except as provided in Section 3(b), payment of amounts due under the Units shall be made on March 31, 20___. Any amount paid in respect of the Units shall be payable in such combination of cash and Common Stock (with the Common Stock valued at its Fair Market Value) as determined by the Committee in its sole discretion; provided, however, that no more than fifty percent (50%) of the payment may be made in Common Stock. Prior to any payments under this Agreement, the Committee shall certify in writing, by resolution or otherwise, the amount to be paid in respect of the Units as a result of the achievement of Relative ROIC and Relative TSR. The Committee retains discretion to decrease the amount payable to the Participant if it deems appropriate, but shall not increase the amount payable to the Participant to an amount that is higher than the amount payable under the formula described herein.

Section 3. Early Termination; Change of Control.

(a) In the event of the Participant's termination of employment prior to the end of the Performance Period due to (i) any reason other than voluntary termination by the Participant (other than as permitted under Section 3(a)(iv)) or cause as determined by the Committee in its sole discretion, (ii) death, (iii) disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code")), or (iv) Retirement (as hereinafter defined), the Participant shall forfeit as of the date of termination a number of Units determined by multiplying the number of Units by a fraction, the numerator of which is the number of full months following the date of termination, death, disability or Retirement to the end of the Performance Period and the denominator of which is thirty six (36). The Committee shall determine the number of Units forfeited and the amount to be paid to the Participant or his beneficiary in accordance with Section 2(e) based on the performance criteria for the entire Performance Period. As used herein, "Retirement" is defined as the voluntary termination of employment at or after age 55 with at least five years of service.

(b) In the event of a Change of Control, the Participant shall be deemed to have achieved the maximum level for Relative ROIC and Relative TSR in accordance with the terms of the Plan. Payment shall be made to the Participant as soon as administratively practical following the Change of Control, but in no event later than 2.5 months following the end of the year in the such Change of Control occurs. Notwithstanding the foregoing, if the Change of Control does not qualify as a "change in control event" under Section 409A of the Code, and any regulations or guidance promulgated thereunder, then payment shall be made at the time specified in Section 2(e).

Section 4. Forfeiture of Award.

(a) If the Participant engages in grossly negligent conduct or intentional misconduct that either (i) requires the Company's financial statements to be restated at any time beginning on the Date of Grant and ending on the third anniversary of the end of the Performance Period or (ii) results in an increase of the value of the Participant's Units, then the Committee, after considering the costs and benefits to the Company of doing so, may seek recovery for the benefit of the Company of the after-tax portion of the difference between the value of the Units received by the Participant during the three-year period following such conduct and the value of the Units that would have been received based on the restated financial statements or absent the increase described in part (ii) above (the "Excess Unit Value"). All determination regarding the value of the Units shall be made solely by the Committee in good faith.

(b) The Units granted hereunder are also subject to any clawback policies the Company may adopt in order to conform to the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any resulting rules issued by the SEC or national securities exchanges thereunder.

(c) If the Committee determines that the Participant owes any amount to the Company under Sections 4(a) or 4(b) above, the Participant shall pay to the Company, without interest, the Excess Unit Value (or the amount recoverable under Section 4(b)). The Participant acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct the amount owed from any amounts the Company owes the Participant from time to time for any

reason (including without limitation amounts owed to the Participant as salary, wages, reimbursements or other compensation, fringe benefits, retirement benefits or vacation pay). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Participant owes it, the Participant hereby agrees to pay immediately the unpaid balance to the Company.

Section 5. Miscellaneous.

(a) The Participant understands and acknowledges that he is one of a limited number of employees of the Company who have been selected to receive grants of Units and that the grant is considered confidential information. The Participant hereby covenants and agrees not to disclose the award of Units pursuant to this Agreement to any other person except (i) the Participant's immediate family and legal or financial advisors who agree to maintain the confidentiality of this Agreement, (ii) as required in connection with the administration of this Agreement and the Plan as it relates to this award or under applicable law, and (iii) to the extent the terms of this Agreement have been publicly disclosed by the Company.

(b) The Company shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to the award or payments in respect of any Units or the issuance of Common Stock. Alternatively, the Participant may irrevocably elect, in such manner and at such time or times prior to any applicable tax date, as may be permitted by the Committee, to have the Company withhold and reacquire Units or Common Stock to satisfy any withholding obligations of the Company. Any election to have Units or Common Stock so held back and reacquired shall be subject to the Committee's approval.

(c) The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee and any decision made by it with respect to this Agreement shall be final and binding on all persons.

(d) Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan, and this Agreement is subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

(e) This Agreement shall be construed and interpreted to comply with Section 409A of the Internal Revenue Code of 1986, as amended. Superior reserves the right to amend this Agreement to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of the Units in light of Section 409A and any regulations or other guidance promulgated thereunder. Neither the Company nor the members of the Committee shall be liable for any determination or action taken or made with respect to this Agreement or the Units granted thereunder.

(f) Each notice relating to this Agreement shall be in writing and delivered in person or by mail to Superior at its office, 1001 Louisiana Street, Suite 2900, Houston, TX 77002, to the attention of the Secretary or at such other address as Superior may specify in writing to the Participant by a notice delivered in accordance with this Section 5(f). All notices to the Participant shall be delivered to the Participant's address on file with the Company or at such other address as the Participant may specify in writing to the Secretary by a notice delivered in accordance with this Section 5(f) and Section 5(m).

(g) Neither this Agreement nor the rights of Participant hereunder shall be transferable by the Participant during his life other than by will or pursuant to applicable laws of descent and distribution. No rights or privileges of the Participant in connection herewith shall be transferred, assigned, pledged or hypothecated by Participant or by any other person in any way, whether by operation of law, or otherwise, and shall not be subject to execution, attachment, garnishment or similar process. In the event of any such occurrence, this Agreement shall automatically be terminated and shall thereafter be null and void.

(h) Nothing in this Agreement shall confer upon the Participant any right to continue in the employment of the Company, or to interfere in any way with the right of the Company to terminate the Participant's employment relationship with the Company at any time.

(i) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the grant of the Units or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the courts of Harris County, Texas, or the federal courts for the United States for the Southern District of Texas, and no other courts, where this grant is made and/or to be performed.

(j) If any term or provision of this Agreement, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Participant and Superior intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

(k) The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided herein or in the Plan or as it may be amended from time to time by a written document signed by each of the parties hereto, including by electronic means as provided in Section 5(m). Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes.

(l) Superior's obligation under the Plan and this Agreement is an unsecured and unfunded promise to pay benefits that may be earned in the future. Superior shall have no obligation to set aside, earmark or invest any fund or money with which to pay its obligations under this Agreement. The Participant or any successor in interest shall be and remain a general creditor of Superior in the same manner as any other creditor having a general claim for matured and unpaid compensation.

(m) Superior may, in its sole discretion, deliver any documents related to the Participant's current or future participation in the Plan by electronic means or request the Participant's consent to participate in the Plan by electronic means. By accepting the terms of this Agreement, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by Superior or a third party designated by Superior.

(n) The Participant must expressly accept the terms and conditions of this Agreement by electronically accepting this Agreement in a timely manner. If the Participant does not accept the terms of this Agreement, this award of Units is subject to cancellation.

(o) The Participant acknowledges that a waiver by Superior of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant or any other Plan participant.

* * * * *

By clicking the "Accept" button, the Participant represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Participant has reviewed the Plan and this Agreement in their entirety and fully understands all provisions of this Agreement. The Participant agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

PEER GROUP COMPANIES

Baker Hughes Incorporated
Basic Energy Services Inc.
Cameron International Corporation
FMC Technologies, Inc.
Halliburton Company
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 Limited
Weatherford International, Ltd.

If any peer group company's Relative ROIC or Relative TSR shall cease to be publicly available (due to a business combination, receivership, bankruptcy or other event) or if any such company is no longer publicly held, the Committee shall exclude that company from the peer group and, in its sole discretion, substitute another comparable company.

PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS

RESTRICTED STOCK AGREEMENT

This RESTRICTED STOCK AGREEMENT (this “Agreement”), executed by the parties on the dates indicated on the signature page, is by and between Superior Energy Services, Inc. (“Superior”) and <<Participant Name>> (the “Award Recipient”).

WHEREAS, Superior maintains the 2013 Stock Incentive Plan (the “Plan”), under which the Compensation Committee of the Board of Directors of Superior (the “Committee”) may, directly or indirectly, among other things, grant restricted shares of Superior’s common stock, \$.001 par value per share (the “Common Stock”), to key employees of Superior or its subsidiaries (collectively, the “Company”); and

WHEREAS, pursuant to the Plan the Committee has awarded to the Award Recipient restricted shares of Common Stock on the terms and conditions specified below;

NOW, THEREFORE, the parties agree as follows:

1. AWARD OF SHARES

On January 15, 2014 (the “Date of Grant”), and upon the terms and conditions of the Plan and this Agreement, and in consideration of services rendered, Superior awarded to the Award Recipient <<Awards Granted>> restricted shares of Common Stock (the “Restricted Stock”), that vest, subject to Sections 2, 3 and 4 hereof, in annual installments (disregarding any fractional share) as follows:

<u>Scheduled Vesting Date</u>	<u>Amount of Restricted Stock To Vest</u>
January 15, 20__	33%
January 15, 20__	33%
January 15, 20__	Remaining balance

2. AWARD RESTRICTIONS ON RESTRICTED STOCK

2.1 In addition to the conditions and restrictions provided in the Plan, neither the shares of Restricted Stock nor the right to vote the Restricted Stock, to receive dividends thereon or to enjoy any other rights or interests thereunder or hereunder may be sold, assigned, donated, transferred, exchanged, pledged, hypothecated or otherwise encumbered prior to vesting. Subject to the restrictions on transfer provided in this Section 2.1, the Award Recipient shall be entitled to all rights of a shareholder of Superior with respect to the Restricted Stock, including the right to vote the shares and receive all dividends and other distributions declared thereon.

2.2 If the shares of Restricted Stock have not already vested in accordance with Section 1 above, the shares of Restricted Stock shall vest and all restrictions set forth in Section 2.1 shall lapse on the earlier of: (a) the date on which the employment of the Award Recipient terminates as a result of any of the events specified in Sections 3(a) or (b) below, (b) if permitted by the Committee in accordance with Section 3 below, retirement or termination by the Company, or (c) the occurrence of a Change of Control (as defined in the Plan).

3.
TERMINATION OF EMPLOYMENT

If the Award Recipient's employment terminates as the result of (a) death or (b) disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code")), all unvested shares of Restricted Stock granted hereunder shall immediately vest. Unless the Committee determines otherwise in the case of retirement of the Award Recipient or termination by the Company of the Award Recipient's employment, termination of employment for any other reason, except termination upon a Change of Control (as defined in the Plan), shall automatically result in the termination and forfeiture of all unvested Restricted Stock.

4.
FORFEITURE OF AWARD

4.1 If the Award Recipient engages in grossly negligent conduct or intentional misconduct that either (i) requires the Company's financial statements to be restated at any time beginning on the Date of Grant and ending on the third anniversary of the end of the final vesting date set forth in Section 1 or (ii) results in an increase of the value of the Restricted Stock upon vesting, then the Committee, after considering the costs and benefits to the Company of doing so, may seek recovery for the benefit of the Company of the difference between the shares of Common Stock received upon vesting during the three-year period following such conduct and the shares of Common Stock that would have been received based on the restated financial statements or absent the increase described in part (ii) above (the "Excess Shares"). All determinations regarding the amount of the Excess Shares shall be made solely by the Committee in good faith.

4.2 The shares of Restricted Stock granted hereunder are also subject to any clawback policies the Company may adopt in order to conform to the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any resulting rules issued by the SEC or national securities exchanges thereunder.

4.3 If the Committee determines that the Award Recipient owes any amount to the Company under Sections 4.1 or 4.2 above, the Award Recipient shall return to the Company the Excess Shares (or the shares recoverable under Section 4.2) acquired by the Award Recipient pursuant to this Agreement (or other securities into which such shares have been converted or exchanged) or, if no longer held by the Award Recipient, the Award Recipient shall pay to the Company, without interest, all cash, securities or other assets received by the Award Recipient upon the sale or transfer of such shares. The Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount owed from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as salary, wages, reimbursements or other compensation, fringe benefits, retirement benefits or vacation pay). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

5.
ESCROW

5.1 The shares of Restricted Stock will generally be represented in book or electronic entry rather than a physical certificate, and Superior shall take steps necessary to restrict transfer of the Restricted Stock as it deems necessary or advisable until the lapse of restrictions under the terms hereof. In the event a stock certificate evidencing the Restricted Stock is issued, the certificate shall be retained by Superior until the lapse of restrictions under the terms hereof, and Superior shall place a legend, in the form specified in the Plan, on such stock certificate restricting the transferability of the shares of Restricted Stock.

5.2 Upon the lapse of the restrictions on shares of Restricted Stock, Superior will credit the Award Recipient's brokerage account with the vested shares of Restricted Stock. If the Award Recipient has not established a brokerage account, the shares will be held by Superior's transfer agent until such time as the Award Recipient opens such an account.

6.
WITHHOLDING TAXES

At the time that all or any portion of the Restricted Stock vests, the Award Recipient must deliver to Superior the amount of income tax withholding required by law. In accordance with and subject to the terms of the Plan, the Award Recipient may satisfy the tax withholding obligation in whole or in part by delivering currently owned shares of Common Stock or by electing to have Superior withhold from the shares the Award Recipient otherwise would receive hereunder shares of Common Stock having a value equal to the minimum amount required to be withheld (as determined under the Plan).

7.
ADDITIONAL CONDITIONS

Anything in this Agreement to the contrary notwithstanding, if at any time Superior further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to Superior. Superior agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

8.

NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon the Award Recipient any right to continue in the employment of the Company, or to interfere in any way with the right of the Company to terminate the Award Recipient's employment relationship with the Company at any time.

9.

BINDING EFFECT

This Agreement may not be transferred, assigned pledged or hypothecated in any manner or law or otherwise, other than by will or by the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code, and shall not be subject to execution, attachment or similar process. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and permitted successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

10.

INCONSISTENT PROVISIONS

The shares of Restricted Stock granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control. The Award Recipient acknowledges that a copy of the Plan and a prospectus summarizing the Plan was distributed or made available to the Award Recipient and that the Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives and successors.

11.

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the grant of the Restricted Stock or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the courts of Harris County, Texas, or the federal courts for the United States for the Southern District of Texas, and no other courts, where this grant is made and/or to be performed.

12.
SEVERABILITY

If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and Superior intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

13.
ENTIRE AGREEMENT; MODIFICATION; WAIVER

The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes. The Award Recipient acknowledges that a waiver by Superior of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Award Recipient or any other Plan participant.

14.
ELECTRONIC DELIVERY; ACCEPTANCE OF AGREEMENT

14.1 Superior may, in its sole discretion, deliver any documents related to the Award Recipient's current or future participation in the Plan by electronic means or request the Award Recipient's consent to participate in the Plan by electronic means. By accepting the terms of this Agreement, the Award Recipient hereby consents to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Superior or a third party designated by Superior.

14.2 The Award Recipient must expressly accept the terms and conditions of this Agreement by electronically accepting this Agreement in a timely manner. If the Award Recipient does not accept the terms of this Agreement, this award of Restricted Stock is subject to cancellation.

By clicking the "Accept" button, the Award Recipient represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Award Recipient has reviewed the Plan and this Agreement in their entirety and fully understands all provisions of this Agreement. The Award Recipient agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS

RESTRICTED STOCK UNIT AGREEMENT

This RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”) is by and between Superior Energy Services, Inc. (“Superior”) and <<Participant Name>> (the “Award Recipient”).

WHEREAS, Superior maintains the 2013 Stock Incentive Plan (the “Plan”), under which the Compensation Committee of the Board of Directors of Superior (the “Committee”) may, directly or indirectly, among other things, grant restricted stock units payable in shares of Superior’s common stock, \$.001 par value per share (the “Common Stock”), to key employees of Superior or its subsidiaries (collectively, the “Company”); and

WHEREAS, pursuant to the Plan the Committee has awarded to the Award Recipient restricted stock units on the terms and conditions specified below;

NOW, THEREFORE, the parties agree as follows:

1.

AWARD OF RESTRICTED STOCK UNITS

1.1 On _____ (the “Date of Grant”), and upon the terms and conditions of the Plan and this Agreement, and in consideration of services rendered, Superior awarded to the Award Recipient <<Awards Granted>> restricted stock units (the “RSUs”), that vest, subject to Sections 2 and 4 hereof, in annual installments (disregarding any fractional share) as follows:

<u>Scheduled Vesting Date</u>	<u>Amount of RSUs To Vest</u>
January 15, 20__	33%
January 15, 20__	33%
January 15, 20__	Remaining balance

2.

TERMS OF
RESTRICTED STOCK UNITS

2.1 Each RSU represents the right to receive from Superior, upon vesting, one share of Common Stock, free of any restrictions, and all Related Credits credited to the Award Recipient’s Dividend Equivalent Account (as such terms are defined in Section 3.1) with respect to such RSU.

2.2 Neither the RSUs nor the right to receive dividend equivalents thereon may be sold, assigned, donated, transferred, exchanged, pledged, hypothecated or otherwise encumbered. The Award Recipient shall have no rights, including but not limited to, voting and dividend rights, in the shares of Common Stock underlying the RSUs unless and until such shares are issued to the Award Recipient, or as otherwise provided in this Agreement.

2.3 If the RSUs have not already vested in accordance with Section 1 above, the RSUs shall vest on the earlier of: (a) the date on which the employment of the Award Recipient terminates as the result of death or disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code")), (b) if permitted by the Committee and subject to any additional restrictions the Committee may impose, retirement or termination by the Company, or (c) the occurrence of a Change of Control (as defined in the Plan). Unless the Committee determines otherwise in the case of retirement of the Award Recipient or termination by the Company of the Award Recipient's employment, termination of employment for any other reason, except termination upon a Change of Control, shall automatically result in the termination and forfeiture of all unvested RSUs.

3.

DIVIDEND EQUIVALENTS; ISSUANCE OF SHARES UPON VESTING

3.1 From and after the Date of Grant of an RSU until the issuance of the share of Common Stock payable in respect of such RSU, the Award Recipient shall be credited, as of the payment date therefor, with (a) the amount of any cash dividends and (b) the amount equal to the Fair Market Value of any shares of Common Stock, securities, or other property distributed or distributable in respect of one share of Common Stock to which the Award Recipient would have been entitled had the Award Recipient been a record holder of one share of Common Stock for each RSU at all times from the Date of Grant of such RSU to such issuance date (collectively, the "Related Credits"). All such Related Credits shall be made notionally to a dividend equivalent account (a "Dividend Equivalent Account") established for the Award Recipient with respect to all RSUs granted on the same date. All such Related Credits shall vest or be forfeited at the same time and on the same terms as the RSUs to which they relate.

3.2 As soon as practicable after the vesting of the RSUs, but no later than 30 days from such date, Superior will credit the Award Recipient's brokerage account with the shares of Common Stock and the cash value of any Related Credits applicable to such RSUs. If the RSUs have vested in connection with a Change of Control under Section 2.3, and the event constituting the Change of Control does not qualify as a change in the ownership of the Company, a change in the effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company under Section 409A of the Internal Revenue Code and any related implementing regulations or guidance ("Section 409A"), then settlement of the RSUs and distribution of the shares of Common Stock or other property and any Related Credits shall be delayed until the applicable vesting date set forth in Section 1 or such earlier time as settlement would be permissible under Section 409A. If the Award Recipient has not established a brokerage account, the shares and any cash payment due will be held by Superior's transfer agent until such time as the Award Recipient opens an account.

3.3 Upon issuance of such shares of Common Stock, the Award Recipient is free to hold or dispose of such shares, subject to applicable securities laws and any internal Company policy then in effect and applicable to the Award Recipient, such as Superior's Insider Trading Policy and Executive Stock Ownership Guidelines.

4.
FORFEITURE OF AWARD

4.1 If the Award Recipient engages in grossly negligent conduct or intentional misconduct that either (i) requires the Company's financial statements to be restated at any time beginning on the Date of Grant and ending on the third anniversary of the end of the final vesting date set forth in Section 1 or (ii) results in an increase of the value of the RSUs upon vesting, then the Committee, after considering the costs and benefits to the Company of doing so, may seek recovery for the benefit of the Company of the difference between the shares of Common Stock received upon vesting during the three-year period following such conduct and the shares of Common Stock that would have been received based on the restated financial statements or absent the increase described in part (ii) above (the "Excess Shares"). All determinations regarding the amount of the Excess Shares shall be made solely by the Committee in good faith.

4.2 The RSUs granted hereunder are also subject to any clawback policies the Company may adopt in order to conform to the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any resulting rules issued by the SEC or national securities exchanges thereunder.

4.3 If the Committee determines that the Award Recipient owes any amount to the Company under Sections 4.1 or 4.2 above, the Award Recipient shall return to the Company the Excess Shares (or the shares recoverable under Section 4.2) acquired by the Award Recipient pursuant to this Agreement (or other securities into which such shares have been converted or exchanged) or, if no longer held by the Award Recipient, the Award Recipient shall pay to the Company, without interest, all cash, securities or other assets received by the Award Recipient upon the sale or transfer of such shares. The Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount owed from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as salary, wages, reimbursements or other compensation, fringe benefits, retirement benefits or vacation pay). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

5.
WITHHOLDING TAXES; SECTION 409A

5.1 At the time that all or any portion of the RSUs vest, the Award Recipient must deliver to Superior the amount of income tax withholding required by law. In accordance with and subject to the terms of the Plan, the Award Recipient may satisfy the tax withholding obligation in whole or in part by delivering currently owned shares of Common Stock or by electing to have Superior withhold from the shares the Award Recipient otherwise would receive upon vesting of the RSUs shares of Common Stock having a Fair Market Value equal to the minimum amount required to be withheld (as determined under the Plan).

5.2 It is intended that the payments and benefits provided under this Agreement will comply with the requirements of Section 409A or an exemption therefrom. This Agreement shall be interpreted, construed, administered, and governed in a manner that effects such intent. No acceleration of the settlement of RSUs shall be permitted unless permitted under Section 409A.

6.
ADDITIONAL CONDITIONS

Anything in this Agreement to the contrary notwithstanding, if at any time Superior further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant hereto, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to Superior. Superior agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

7.
NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon the Award Recipient any right to continue in the employment of the Company, or to interfere in any way with the right of the Company to terminate the Award Recipient's employment relationship with the Company at any time.

8.
BINDING EFFECT

This Agreement may not be transferred, assigned pledged or hypothecated in any manner or law or otherwise, other than by will or by the laws of descent and distribution or pursuant to a domestic relations order as defined in the Code, and shall not be subject to execution, attachment or similar process. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and permitted successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

9.
INCONSISTENT PROVISIONS

The RSUs granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control. The Award Recipient acknowledges that a copy of the Plan and a prospectus summarizing the Plan was distributed or made available to the Award Recipient and

that the Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives and successors.

10.
GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the grant of RSUs or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the courts of Harris County, Texas, or the federal courts for the United States for the Southern District of Texas, and no other courts, where this grant is made and/or to be performed.

11.
SEVERABILITY

If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and Superior intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

12.
ENTIRE AGREEMENT; MODIFICATION; WAIVER

The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes. The Award Recipient acknowledges that a waiver by Superior of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Award Recipient or any other Plan participant.

13.
ELECTRONIC DELIVERY; ACCEPTANCE OF AGREEMENT

13.1 Superior may, in its sole discretion, deliver any documents related to the Award Recipient's current or future participation in the Plan by electronic means or request the Award Recipient's consent to participate in the Plan by electronic means. By accepting the terms of this Agreement, the Award Recipient hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by Superior or a third party designated by Superior.

13.2 The Award Recipient must expressly accept the terms and conditions of this Agreement by electronically accepting this Agreement in a timely manner. If the Award Recipient does not accept the terms of this Agreement, this award of RSUs is subject to cancellation.

By clicking the “*Accept*” button, the Award Recipient represents that he or she is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Award Recipient has reviewed the Plan and this Agreement in their entirety and fully understands all provisions of this Agreement. The Award Recipient agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS

SUPERIOR ENERGY SERVICES, INC.

**NOTICE OF GRANT OF
RESTRICTED STOCK UNITS
UNDER THE
2013 STOCK INCENTIVE PLAN**

Pursuant to the terms of the Superior Energy Services, Inc. 2013 Stock Incentive Plan (the "Plan"), _____(the "Director"), being a non-management member of the Board of Directors (the "Board") of Superior Energy Services, Inc. (the "Company"), was granted restricted stock units ("RSUs") as hereinafter set forth. The RSUs were granted as a matter of separate inducement in connection with his service as a director of the Company, and not in lieu of any fee or other compensation for service as a director. This Notice is subject to the provisions of the Plan, and all terms not otherwise defined herein shall have the meanings set forth in the Plan.

Grant Date: _____, 20__

Number of RSUs Granted:

Scheduled Vesting Date: The earlier of the date of the Company's [next] annual meeting of stockholders or December 31, [year of next meeting]

1. The following terms and conditions shall apply to the RSUs.

1.1 Each RSU represents the right to automatically receive from the Company, on the Scheduled Vesting Date, one share (a "Share") of Common Stock, free of any restrictions, and all cash, securities and property credited to or deposited in the Director's Dividend Equivalent Account (as defined in Section 1.2) with respect to such RSU, except as otherwise set forth herein.

1.2 From and after the Grant Date of an RSU until the issuance of the Shares payable in respect of such RSU, the Director shall be credited, as of the payment date therefor, with (a) the amount of any cash dividends and (b) the amount equal to the Fair Market Value of any Shares, securities, or other property distributed or distributable in respect of one share of Common Stock to which the Director would have been entitled had the Director been a record holder of one share of Common Stock for each RSU at all times from the Grant Date of such RSU to such issuance date (collectively, the "Related Credits"). All such Related Credits shall be made notionally to a dividend equivalent account (a "Dividend Equivalent Account") established for the Director with respect to all RSUs granted on the same date.

1.3 (a) Except as otherwise set forth in this Section 1.3, the Director's termination of service on the Board prior to vesting of the RSUs shall have no effect on the outstanding RSUs and Related Credits.

(b) If the Director voluntarily resigns from the Board prior to the vesting of the RSUs, then all unvested RSUs and Related Credits shall immediately be forfeited on the date the Director ceases to serve on the Board.

(c) If the Director's service on the Board terminates by reason of the Director's death or disability (as defined herein), all unvested RSUs and Related Credits shall vest as of the date the Director ceases to serve on the Board, provided such cessation of service also constitutes a "separation from service" in accordance with Section 409A of the Internal Revenue Code and any related implementing regulations or guidance ("Section 409A").

(d) For purposes of this Section 1.3, a “disability” shall have occurred if the Director is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Director’s employer.

1.4 Upon a Change of Control, all outstanding RSUs shall become fully vested; provided, however, that if the event constituting the Change of Control of the Company does not qualify as a change in the ownership of the Company, a change in the effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company under Section 409A, then settlement of the RSUs and distribution of the Shares shall be delayed until the Scheduled Vesting Date or such earlier time as settlement would be permissible under Section 409A.

2. The terms of this Notice shall bind and inure to the benefit of the Director, the Company and the successors and assigns of the Company and, to the extent provided in the Plan and in this Notice, the legal representatives of the Director.

3. This Notice may at any time be amended by the Committee provided that no amendment to this Notice that materially impairs the benefits provided to the Director hereunder may be made without the Director’s consent.

4. It is intended that the payments and benefits provided under this Notice will comply with the requirements of Section 409A or an exemption therefrom. This Notice shall be interpreted, construed, administered, and governed in a manner that effects such intent. No acceleration of the settlement of RSUs shall be permitted unless permitted under Section 409A.

SUPERIOR ENERGY SERVICES, INC.

By: /s/ David. D. Dunlap

David D. Dunlap
President and Chief Executive Officer

**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 quarterly report on Form 10-Q of Superior Energy Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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: November 6, 2013

/s/ David D. Dunlap

David D. Dunlap
President and Chief Executive Officer
Superior Energy Services, Inc.

**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 quarterly report on Form 10-Q of Superior Energy Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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: November 6, 2013

/s/ Robert S. Taylor

Robert S. Taylor
Executive Vice President, Treasurer and Chief Financial Officer
Superior Energy Services, Inc.

**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 quarterly report on Form 10-Q of the Company for the quarter ended September 30, 2013 (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: November 6, 2013

/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.

**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 quarterly report on Form 10-Q of the Company for the quarter ended September 30, 2013 (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: November 6, 2013

/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.