UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2011

OR

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

For the Transition Period From to

Commission File Number 1-2960

Newpark Resources, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**72-1123385**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
2700 Research Forest Drive, Suite 100 **The Woodlands, Texas**	**77381**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code
(281) 362-6800

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

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

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

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

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐	Smaller Reporting Company	☐
				(Do not check if a 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 aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to the price at which the common equity was last sold as of June 30, 2011, was $815.5 million. The aggregate market value has been computed by reference to the closing sales price on such date, as reported by The New York Stock Exchange.

As of February 15, 2012, a total of 91,744,540 shares of Common Stock, $0.01 par value per share, were outstanding.

Documents Incorporated by Reference

Pursuant to General Instruction G(3) to this Form 10-K, the information required by Items 10, 11, 12, 13 and 14 of Part III hereof is incorporated by reference from the registrant's definitive Proxy Statement for its 2011 Annual Meeting of Stockholders.

NEWPARK RESOURCES, INC.

INDEX TO ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2011

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. We also may provide oral or written forward-looking information in other materials we release to the public. Words such as “will”, “may”, “could”, “would”, “anticipates”, “believes”, “estimates”, “expects”, “plans”, “intends”, and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties, contingencies and other factors, some of which are beyond our control, are difficult to predict and could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, these statements, including the success or failure of our efforts to implement our business strategy.

We assume no obligation to update, amend or clarify publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Annual Report might not occur.

For further information regarding these and other factors, risks and uncertainties affecting us, we refer you to the risk factors set forth in Item 1A of this Annual Report on Form 10-K.

PART I

ITEM1. *Business*

General

Newpark Resources, Inc. was organized in 1932 as a Nevada corporation. In 1991, we changed our state of incorporation to Delaware. We are a diversified oil and gas industry supplier providing products and services primarily to the oil and gas exploration ("E&P") industry. We operate our business through three reportable segments: Fluids Systems and Engineering, Mats and Integrated Services, and Environmental Services. Our Fluids Systems and Engineering segment provides customized drilling fluids solutions to E&P customers globally, operating through four geographic regions: North America, Europe, the Middle East and Africa ("EMEA"), Latin America, and Asia Pacific. Our Mats and Integrated Services segment provides composite mat rentals, well site construction and related well site services to E&P customers in the U.S. We also sell composite mats to E&P customers outside of the U.S., and to domestic customers outside of the oil and gas industry. Our Environmental Services segment processes and disposes of waste generated by the E&P customers along the U.S. Gulf Coast.

Our principal executive offices are located at 2700 Research Forest Drive, Suite 100, The Woodlands, Texas 77381. Our telephone number is (281) 362-6800. You can find more information about us at our Internet website located at www.newpark.com. Our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports are available free of charge on or through our Internet website. These reports are available as soon as reasonably practicable after we electronically file these materials with, or furnish them to, the Securities and Exchange Commission ("SEC"). Our Code of Ethics, our Corporate Governance Guidelines, our Audit Committee Charter, our Compensation Committee Charter and our Nominating and Corporate Governance Committee Charter are also posted to the corporate governance section of our Internet website. We make our website content available for informational purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference in this Form 10-K. Information filed with the SEC may be read or copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C., 20549. Information on operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

When referring to "Newpark" and using phrases such as "we", "us" and "our", our intent is to refer to Newpark Resources, Inc. and its subsidiaries as a whole or on a segment basis, depending on the context in which the statements are made.

Industry Fundamentals

Historically, several factors have driven demand for our products and services, including the supply, demand and pricing of oil and gas commodities, which drive E&P drilling and development activity. Demand for most of our products and services is related to the level, type, depth and complexity of oil and gas drilling. The most widely accepted measure of activity for our North American operations is the Baker Hughes Rotary Rig Count. After several consecutive years of elevated North American drilling activity through 2008, the weak economic environment, the instability in the credit markets and declines in oil and natural gas commodity prices significantly impacted North American activity, reducing the average North American rig count from 2,261 in 2008 to 1,310 in 2009, before rebounding to 1,894 in 2010 and 2,298 in 2011. Outside of North America, drilling activity has remained more stable, as drilling activity in many countries is based upon longer term economic projections and multiple year drilling programs, which tend to minimize the impact of short term changes of commodity prices on overall drilling activity.

In our core North American markets, we have seen significant growth in drilling activity in deep shales and other hard rock formations with limited permeability in recent years. These formations are being exploited with advanced fracture stimulation technology, which facilitates production of oil and natural gas from these formations and drives higher drilling activities. In addition, there has been a significant shift in drilling activity mix between dry gas wells and liquid-rich or oil wells. Since 2008, the percentage of North American rigs drilling for natural gas has declined from approximately 80% of total rigs drilling to approximately 40% at the end of 2011, offset by a corresponding increase in liquid-rich or oil wells being drilled. This shift, which we believe is driven by the relative pricing of dry gas relative to oil and other liquids, has resulted in significant declines in certain regions, such as East Texas and North Louisiana, and significant increases in activity in other regions of the U.S., including North Dakota and West Texas. Also, in April 2010, the Deepwater Horizon drilling rig sank in the Gulf of Mexico after an explosion and fire, resulting in the discharge of oil from the well. Following the Deepwater Horizon oil spill, the Department of Interior of the U.S. government took several actions aimed at restricting and temporarily prohibiting certain drilling activity in the Gulf of Mexico. While the Department of Interior has since announced the formal end of the drilling moratorium placed in effect in May 2010, increased permitting requirements are applicable to both shallow water and deepwater drilling activities. As a result, drilling activity in the affected areas of the Gulf of Mexico has not yet recovered to first quarter 2010 levels, and the near-term outlook remains uncertain.

Internationally, we have seen continued growth in drilling activity, which is more heavily focused on oil, rather than natural gas exploration. The elevation of oil prices in recent years and the expectation of continued increases in world-wide demand have supported continued expansion of the international E&P activity, benefiting our operations in certain areas of Europe, North Africa and Brazil. In early 2011, several international markets in which we operate, including Tunisia and Libya experienced political unrest and our operations in Libya were temporarily shut down and currently remain idle. While the conditions have since improved in these markets, the near term outlook for operations in these areas remains uncertain and we cannot predict when our operations in Libya will restart.

Reportable Segments

Fluids Systems and Engineering

Our Fluids Systems and Engineering business offers customized solutions, including highly technical drilling projects involving complex subsurface conditions such as horizontal, directional, geologically deep or deep water drilling. These projects require increased monitoring and critical engineering support of the fluids system during the drilling process. We provide drilling fluids products and technical services to markets in North America, EMEA, Latin America, and following our April 2011 acquisition, the Asia Pacific region. We also provide completion services and equipment rental to customers in Oklahoma and Texas.

We have industrial mineral grinding operations for barite, a critical raw material in drilling fluids products, which serve to support our activity in the drilling fluids market. We grind barite and other industrial minerals at facilities in Houston and Corpus Christi, Texas, New Iberia, Louisiana and Dyersburg, Tennessee. We use the resulting products in our drilling fluids business, and also sell them to third party users, including other drilling fluids companies. We also sell a variety of other minerals, principally to third party industrial (non oil and gas) markets, from our main plant in Houston, Texas and from the plant in Dyersburg, Tennessee.

Raw Materials — We believe that our sources of supply for materials and equipment used in our drilling fluids business are adequate for our needs, however, we have recently experienced significant cost increases on barite ore. Our specialty milling operation is our primary supplier of barite used in our drilling fluids business. Our mills obtain raw barite ore under supply agreements from foreign sources, primarily China and India. During 2011, there has been a significant increase in world-wide demand for barite ore, and as result, we have experienced significant cost increases. In response to this development, we continue our efforts to maintain our profitability by identifying other economical sources of barite ore and adjusting our customer pricing to offset the inflationary cost increases that we are currently experiencing. We obtain other materials used in the drilling fluids business from various third party suppliers. We have encountered no serious shortages or delays in obtaining raw materials.

Technology — We seek patents and licenses on new developments whenever we believe it creates a competitive advantage in the marketplace. We own the patent rights to a family of high-performance water-based products, which we market as DeepDrill® and FlexDrill™ systems. In addition, in 2010 we introduced Evolution™, a new water-based system which was designed to enhance drilling performance and provide environmental benefits. Proprietary technology and systems is an important aspect of our business strategy. We also rely on a variety of unpatented proprietary technologies and know-how in many of our applications. We believe that our reputation in the industry, the range of services we offer, ongoing technical development and know-how, responsiveness to customers and understanding of regulatory requirements are of equal or greater competitive significance than our existing proprietary rights.

Competition — We face competition from larger companies, including Schlumberger, Halliburton and Baker Hughes, which compete vigorously on fluids performance and/or price. In addition, these companies have broad product and service offerings in addition to their drilling fluids. We also have smaller regional competitors competing with us mainly on price and local relationships. We believe that the principal competitive factors in our businesses include a combination of price, reputation, technical proficiency, reliability, quality, breadth of services offered and experience. We believe that our competitive position is enhanced by our proprietary products and services.

Customers — Our customers are principally major integrated and independent oil and gas E&P companies operating in the markets that we serve. During 2011, approximately 48% of segment revenues were derived from the 20 largest segment customers, and 67% of segment revenues were generated domestically. Typically, we perform services either under short-term standard contracts or under longer term "master" service agreements. As most agreements with our customers can be terminated upon short notice, our backlog is not significant. We do not derive a significant portion of our revenues from government contracts. See *Note 12 Segment and Related Information in Item 8*. *Financial Statements and Supplementary Data* for additional information on financial and geographic data.

Mats and Integrated Services

We provide mat rentals, location construction and related well site services to E&P customers in the Northeast U.S., onshore U.S. Gulf Coast, and Rocky Mountain regions, and mat rentals to the utility industry in the U.K. These mats provide environmental protection and ensure all-weather access to sites with unstable soil conditions.

We manufacture our DuraBase™ composite mat system for sales as well as for use in our domestic and international rental operations. Our marketing efforts for this product remain focused in principal oil and gas industry markets which include the Asia Pacific, Latin America, EMEA, as well as markets outside the E&P sector in the U.S. and Europe. We believe these mats have worldwide applications outside our traditional oilfield market, primarily in infrastructure construction, maintenance and upgrades of electric utility transmission lines, military logistics and as temporary roads for movement of oversized or unusually heavy loads.

Raw Materials — We believe that our sources of supply for materials and equipment used in our business are adequate for our needs. We are not dependent upon any one supplier and we have encountered no serious shortages or delays in obtaining any raw materials. The resins, chemicals and other materials used to manufacture composite mats are widely available. Resin is the largest raw material component in the manufacturing of our composite mat products.

Technology — We have obtained patents related to several of the components utilized in our DuraBase mat system as well as our composite mat manufacturing process. Using proprietary technology and systems is an important aspect of our business strategy. We believe that these products provide us with a distinct advantage over our competition. We believe that our reputation in the industry, the range of services we offer, ongoing technical development and know-how, responsiveness to customers and understanding of regulatory requirements also have competitive significance in the markets we serve.

Competition — Our market is fragmented and competitive, with many competitors providing various forms of site preparation products and services. We provide DuraBase composite mat systems to many customers, both domestic and international. The mat sales component of our business is not as fragmented as the oilfield services segment with only a few competitors providing various alternatives to our DuraBase mat products. This is due to many factors, including large capital start-up costs and proprietary technology associated with this product. We believe that the principal competitive factors in our businesses include product capabilities, price, reputation, and reliability. We also believe that our competitive position is enhanced by our proprietary products, services and experience.

Customers — Our customers are principally integrated and independent oil and gas E&P companies operating in the markets that we serve. During 2011, approximately 82% of our segment revenues were derived from the 20 largest segment customers, of which, the largest customer represented 26% of our segment revenues. Typically, we perform services either under short-term contracts or rental service agreements. As most agreements with our customers are cancelable upon short notice, our backlog is not significant. We do not derive a significant portion of our revenues from government contracts. See *Note 12 Segment and Related Information* in Item 8. *Financial Statements and Supplementary Data* for additional information on financial and geographic data.

Environmental Services

We process and dispose of waste generated by our oil and gas customers that is treated as exempt under the Resource Conservation and Recovery Act ("RCRA"). Primary revenue sources include onshore and offshore drilling waste management as well as reclamation services. Additionally, we provide disposal services in the West Texas market. We operate six receiving and transfer facilities located along the U.S. Gulf Coast. E&P waste is collected at the transfer facilities from drilling and production operations located offshore, onshore and within inland waters. Waste is accumulated at the transfer facilities and moved by barge through the Gulf Intracoastal Waterway to our processing and transfer facility at Port Arthur, Texas, and, if not recycled, is trucked to injection disposal facilities. We also recycle a portion of the material received and deliver it to municipal landfill facilities for application as a commercial product. Any remaining material is injected, after further processing, into environmentally secure geologic formations, effecting a permanent isolation of the material from the environment.

Under permits from Texas state regulatory agencies, we currently operate a 50-acre injection well facility in Jefferson County, Texas and an additional facility at a 400-acre site near Fannett, Texas. The Fannett site was placed in service in September 1995 and is our primary facility for disposing of E&P waste. Utilizing this same technology, we also receive and dispose of non-hazardous industrial waste principally from generators in the U.S. Gulf Coast market, including refiners, manufacturers, service companies and industrial municipalities that produce waste that is not regulated under RCRA. These non-hazardous waste streams are injected into a separate well utilizing the same low-pressure injection technology.

We are licensed to process E&P waste contaminated with naturally occurring radioactive material ("NORM"). We currently operate under a license that authorizes us to inject NORM directly into dedicated disposal wells at our Jefferson County facility. For more information on NORM, please refer to the discussion under Environmental Regulation below. We also dispose of non-hazardous industrial waste.

Technology — We use proprietary technology to dispose of E&P waste by low-pressure injection into unique geologic structures deep underground. We have patents covering our waste processing and injection operations which expire in 2014. We do not expect these expirations to have an impact on our operations. Our injection technology is distinguished from conventional methods in that it utilizes very low pressure to move the waste into the injection zone.

Competition — Our competition in this business consists of one large independent, R360 Environmental Solutions, and several smaller companies which utilize a variety of disposal methods and generally serve specific geographic markets. In addition, we face competition with our major customers, who continually re-evaluate their decision to use internal disposal methods, or a third-party disposal company, such as ours. We believe that the principal competitive factors in our businesses include price, reputation, location in relation to customer activity and reliability. We believe that we compete effectively on the basis of these factors.

Customers — Our customers are principally integrated and independent oil and gas E&P companies operating in the markets that we serve. During 2011, approximately 59% of our segment revenues were derived from the 20 largest segment customers, of which, the largest customer represented 19% of our segment revenues. All of our segment revenues are generated domestically. Typically, we perform services either under short-term standard contracts or under longer term service agreements. As most agreements with our customers are cancelable upon short notice, our backlog is not significant. We do not derive a significant portion of our revenues from government contracts. See *Note 12 Segment and Related Information* in Item 8. *Financial Statements and Supplementary Data* for additional information on financial and geographic data.

Employees

At January 31, 2012, we employed 2,118 full and part-time personnel, none of which are represented by unions. We consider our relations with our employees to be satisfactory.

Environmental Regulation

We seek to comply with all applicable legal requirements concerning environmental matters. Our environmental services business processes and disposes of several types of non-hazardous waste. The non-hazardous wastes handled by our environmental services business are generally described as follows:

> *E&P Waste*. E&P waste typically contains levels of oil and grease, salts, dissolved solids and heavy metals within limits defined by state regulations. E&P waste also includes soils that have become contaminated by these materials.

> *NORM*. NORM is present throughout the earth's crust at very low levels. Radium can co-precipitate with scale in the production stream as it is drawn to the surface and encounters a pressure or temperature change in the well tubing or production equipment. This scale contains radioactive elements that can become concentrated on tank bottoms or at water discharge points at production facilities.

> *Non-hazardous Industrial Waste*. This category of waste is generated by industries not associated with the exploration or production of oil and gas. This includes refineries and petrochemical plants.

Our business is affected by governmental regulations relating to the oil and gas industry in general, as well as environmental, health and safety regulations that have specific application to our business. Our activities are impacted by various federal and state regulatory agencies, and provincial pollution control, health and safety programs that are administered and enforced by regulatory agencies. While our business activities were not directly subject to the drilling moratorium and increased permitting requirements imposed during 2010 following the Deepwater Horizon accident, both our drilling fluids and environmental services segments were impacted by these regulatory actions. Although the Department of Interior has since announced the formal end of the drilling moratorium, increased permitting requirements are applicable to both shallow water and deepwater drilling activities.

Additionally, our business exposes us to environmental risks. For example, our environmental services business routinely handles, stores and disposes of non-hazardous regulated materials and waste. We could be held liable for improper cleanup and disposal based upon statute, negligence, strict liability, contract or otherwise. As is common in the oil and gas industry, we often are required contractually to indemnify our customers or other third-parties against certain risks related to the services we perform, including damages stemming from environmental contamination.

We have implemented various procedures designed to ensure compliance with applicable regulations and reduce the risk of damage or loss. These include specified handling procedures and guidelines for regulated waste, ongoing employee training and monitoring and maintaining insurance coverage.

We also employ a corporate-wide web-based health, safety and environmental management system ("HSEMS"), which is ISO 14001:2004 compliant. The HSEMS is composed of modules designed to capture information related to the planning, decision-making, and general operations of environmental regulatory activities within our operations. We also use the HSEMS to capture the information generated by regularly scheduled independent audits that are done to validate the findings of our internal monitoring and auditing procedures.

ITEM 1A. *Risk Factors*

The following summarizes the most significant risk factors to our business. Our success will depend, in part, on our ability to anticipate and effectively manage these and other risks. Any of these risk factors, either individually or in combination, could have significant adverse impacts to our results of operations and financial condition, or prevent us from meeting our profitability or growth objectives.

Risks Related to the Availability of Raw Materials and Skilled Personnel

Our ability to provide products and services to our customers is dependent upon our ability to obtain the raw materials and qualified personnel necessary to operate our business.

Barite is a naturally occurring mineral that constitutes a significant portion of our drilling fluids systems. We currently secure the majority of our barite ore from foreign sources, primarily China and India. The availability and cost of barite ore is dependent on factors beyond our control including transportation, political priorities and government imposed export fees in China as well as natural disasters such as the 2008 earthquake in Sichuan Province, China. During 2011, there has been a significant increase in world-wide demand for barite ore, and as result, we have experienced significant cost increases in barite ore sourced from China. Our operating costs in future periods may continue to increase as a result of the increased demand in barite ore and we may be unable to offset these cost increases with customer pricing, which may result in a reduction in future profitability. Further, the future supply of barite ore from existing sources could be inadequate to meet the current market demand, which could ultimately result in a reduction in industry activity, or our inability to meet our customer's needs.

Our business is also highly dependent on our ability to attract and retain highly-skilled engineers, technical sales and service personnel. The market for these employees is very competitive, and if we cannot attract and retain quality personnel, our ability to compete effectively and to grow our business will be severely limited. Also, a significant increase in the wages paid by competing employers could result in a reduction in our skilled labor force or an increase in our operating costs.

Risks Related to the Impact of Restrictions on Offshore Drilling Activity in the Gulf of Mexico

In April 2010, the Deepwater Horizon drilling rig sank in the Gulf of Mexico after an explosion and fire, resulting in the discharge of oil from the well. Following the Deepwater Horizon oil spill, the Department of Interior of the U.S. government took several actions aimed at restricting and temporarily prohibiting certain drilling activity in the Gulf of Mexico. While the Department of Interior has since announced the formal end of the drilling moratorium placed in effect in May 2010, increased permitting requirements are applicable to both shallow water and deepwater drilling activities. As a result, drilling activity in the affected areas of the Gulf of Mexico have not yet recovered to first quarter 2010 levels, and the near-term outlook remains uncertain.

In addition to the recent restrictions, we cannot predict whether changes in laws and regulations concerning operations in the Gulf of Mexico, or more generally throughout the U.S. will be enacted. Significant changes in regulations regarding future exploration and production activities in the Gulf of Mexico or other government or regulatory actions could reduce drilling and production activity, or increase the costs of our services, which could have a material adverse impact on our business.

Risks Related to our Customer Concentration and Cyclical Nature of the E&P Industry

We derive a significant portion of our revenues from companies in the E&P industry, and our customer base is highly concentrated in major integrated and independent oil and gas E&P companies operating in the markets that we serve. In 2011, approximately 44% of our consolidated revenues were derived from our 20 largest customers. While no single customer accounted for more than 10% of our consolidated revenues, one customer in our mats and integrated services segment accounted for 26% of segment revenues. The E&P industry is historically cyclical, with levels of activity generally affected by the following factors:

- current oil and natural gas prices and expectations about future prices
- the cost to explore for, produce and deliver oil and gas
- the discovery rate for new oil and gas reserves
- the ability of oil and gas companies to raise capital
- domestic and international political, military, regulatory and economic conditions
- government regulations regarding environmental protection, taxation, price controls and product allocation

Because of the cyclical nature of our industry and our customer concentration, our quarterly and annual operating results have fluctuated significantly in recent years and may continue to fluctuate in future periods. A prolonged decline in industry drilling rig activity or the loss of any of our large customers could materially affect the demand for our services. Because our business has high fixed costs, including significant facility and personnel expenses, downtime or low productivity due to reduced demand can have significant adverse impact on our profitability.

Risk Related to our Market Competition

We face competition in the Fluids Systems and Engineering business from larger companies, which compete vigorously on fluids performance and/or price. In addition, these companies have broad product and service offerings in addition to their drilling fluids. We also have smaller regional competitors competing with us mainly on price and local relationships. Our competition in the Mats and Integrated Services business is very fragmented and competitive, with nine to ten competitors providing various forms of mat products and services. Competition in the Environmental Services market could increase as the industry continues to develop, which could put downward pressure on our margins. We also face competition from efforts by oil and gas producing customers to improve their own methods of disposal and waste elimination.

Risks Related to the Cost and Continued Availability of Borrowed Funds

We employ borrowed funds as an integral part of our long-term capital structure and our future success is dependent upon continued access to borrowed funds to support our operations. The availability of borrowed funds on reasonable terms is dependent on the condition of credit markets and financial institutions from which these funds are obtained. Adverse events in the financial markets, such as those experienced in recent years, may significantly reduce the availability of funds, which may have an adverse effect on our cost of borrowings and our ability to fund our business strategy. Adverse events in the financial markets may also negatively impact our customers, as many of them finance their drilling and production operations through borrowed funds. The reduced availability and increased cost of borrowing could cause our customers to reduce their spending on drilling programs, thereby reducing demand and potentially pricing for our products and services.

Our ability to meet our debt service requirements and the continued availability of funds under our existing or future credit agreements is dependent upon our ability to continue generating operating income and remain in compliance with the covenants in our credit agreements. This, in turn, is subject to the volatile nature of the E&P industry, and to competitive, economic, financial and other factors that are beyond our control.

Risks Related to International Operations

We have significant operations outside of the United States, including certain areas of Canada, EMEA, Brazil, and Asia Pacific. In 2011, these international operations generated approximately 28% of our consolidated revenues. In addition, we may seek to expand to other areas outside the United States in the future. International operations are subject to a number of risks and uncertainties, including:

- difficulties and cost associated with complying with a wide variety of complex foreign laws, treaties and regulations
- unexpected changes in regulatory environments or tax laws
- legal uncertainties, timing delays and expenses associated with tariffs, export licenses and other trade barriers
- difficulties enforcing agreements and collecting receivables through foreign legal systems
- risks associated with the Foreign Corrupt Practices Act and other similar U.S. laws applicable to our operations in international markets
- exchange controls or other limitations on international currency movements

- sanctions imposed by the U.S. government to prevent us from engaging in business in certain countries
- inability to preserve certain intellectual property rights in the foreign countries in which we operate
- our inexperience in new international markets
- fluctuations in foreign currency exchange rates
- political and economic instability
- In addition, several of the markets in which we operate, including Italy, Romania, and Hungary are currently experiencing economic uncertainties, which could negatively impact our operations and profitability

In 2011, several international markets in which we operate, including Tunisia, Egypt and Libya experienced political unrest, which negatively impacted our operating results, including the temporary shut-down of our operations in Libya.

Risks Related to Legal and Regulatory Matters, Including Environmental Regulations

We are responsible for complying with numerous federal, state and local laws, regulations and policies that govern environmental protection, zoning and other matters applicable to our current and past business activities, including the activities of our former subsidiaries. Failure to remain compliant with these laws and regulations may result in fines, penalties, costs of cleanup of contaminated sites and site closure obligations, or other expenditures. Further, any changes in the current legal and regulatory environment could impact industry activity and the demands for our products and services, the scope of products and services that we provide, or our cost structure required to provide our products and services.

We believe that the demand for our services in the Environmental Services business is directly related to regulation of E&P waste. In particular, E&P waste is currently exempt from the principal federal statute governing the handling of hazardous waste. In recent years, proposals have been made to rescind this exemption. If the exemption covering this type of E&P waste is repealed or modified, or if the regulations interpreting the rules regarding the treatment or disposal of E&P waste or NORM waste were changed, it could have a material adverse effect on this business.

The markets for our products and services are dependent on the continued exploration for and production of fossil fuels (predominantly oil and natural gas). In December 2009, the U.S. Environmental Protection Agency ("EPA") published findings that the emissions of carbon dioxide, methane and other greenhouse gases are contributing to the warming of the Earth's atmosphere and other climatic changes, presenting an endangerment to human health and the environment. Further, federal legislation to reduce emissions of greenhouse gases has been considered and many states have taken measures to reduce greenhouse gas emissions. The EPA has adopted regulations that potentially limit greenhouse gas emissions and impose reporting obligations on large greenhouse gas emission sources. In addition, the EPA has proposed rules that could require reduction of certain air emissions during exploration and production of oil and gas. To the extent that laws and regulations enacted as part of climate change legislation increase the costs of drilling for or producing such fossil fuels, or reduce the demand for fossil fuels, such legislation could have a material adverse impact on our operations and profitability.

Hydraulic fracturing is an increasingly common practice used by E&P operators to stimulate production of hydrocarbons, particularly from shale oil and gas formations in the United States. The process of hydraulic fracturing, which involves the injection of sand laden fluids into oil and gas bearing zones, has come under increasing scrutiny from a variety of regulatory agencies, including the EPA and various state authorities. Several states have adopted regulations requiring operators to identify the chemicals used in fracturing operations. The EPA has commenced a study of the potential impact of hydraulic fracturing on drinking water, with the preliminary results expected to be released in 2012. Further, the EPA has announced plans to develop effluent limitations associated with wastewater generated by hydraulic fracturing. To the extent that any of these ongoing studies or initiatives lead to regulations which have the effect of limiting the use or availability of hydraulic fracturing, such developments could have a significant negative impact on the drilling activity levels of our customers, which, in turn, could have a material adverse effect on our business, results of operations or financial condition.

Risks Related to the Inherent Limitations of Insurance Coverage

While we maintain liability insurance, this insurance is subject to coverage limitations. Specific risks and limitations of our insurance coverage include the following:

- self-insured retention limits on each claim, which are our responsibility
- exclusions for certain types of liabilities and limitations on coverage for damages resulting from pollution
- coverage limits of the policies, and the risk that claims will exceed policy limits
- the financial strength and ability of our insurance carriers to meet their obligations under the policies

In addition, our ability to continue to obtain insurance coverage on commercially reasonable terms is dependent upon a variety of factors impacting the insurance industry in general, which are outside our control.

Any of the issues noted above, including insurance cost increases, uninsured or underinsured claims, or the inability of an insurance carrier to meet their financial obligations could have a material adverse effect on our profitability.

Risks Related to Potential Impairments of Long-lived Intangible Assets

As of December 31, 2011, our consolidated balance sheet includes $72.0 million in goodwill and $20.9 million of intangible assets, net. Goodwill and indefinite-lived intangible assets are tested for impairment annually, or more frequently as the circumstances require, using a combination of market multiple and discounted cash flow approaches. In completing this annual evaluation during the fourth quarter of 2011, we determined that no reporting unit has a fair value below its net carrying value, and therefore, no impairment is required. However, if the financial performance or future projections for our operating segments deteriorate from current levels, a future impairment of goodwill or indefinite-lived intangible assets may be required, which would negatively impact our financial results, in the period of impairment.

Risks Related to Technological Developments in our Industry

The market for our products and services is characterized by continual technological developments that generate substantial improvements in product functions and performance. If we are not successful in continuing to develop product enhancements or new products that are accepted in the marketplace or that comply with industry standards, we could lose market share to competitors, which would negatively impact our results of operations and financial condition.

We hold U.S. and foreign patents for certain of our drilling fluids components and our mat systems. In our Environmental Services business, we also hold U.S. patents on certain aspects of our system to process and dispose of E&P waste, including E&P waste that is contaminated with NORM. However, these patents are not a guarantee that we will have a meaningful advantage over our competitors, and there is a risk that others may develop systems that are substantially equivalent to those covered by our patents. If that were to happen, we would face increased competition from both a service and a pricing standpoint. In addition, costly and time-consuming litigation could be necessary to enforce and determine the scope of our patents and proprietary rights. It is possible that future innovation could change the way companies drill for oil and gas, reduce the amount of waste that is generated from drilling activities or create new methods of disposal or new types of drilling fluids. This could reduce the competitive advantages we may derive from our patents and other proprietary technology.

Risks Related to Severe Weather, Particularly in the U.S. Gulf Coast

Approximately 24% of our consolidated revenue in 2011 was generated in market areas in the U.S. Gulf of Mexico and related near-shore areas, which are susceptible to hurricanes and other adverse weather events, such as those which occurred in 2005 and 2008. These weather events can disrupt our operations and result in damage to our properties, as well as negatively impact the activity and financial condition of our customers. Our business may be adversely affected by these and other negative effects of future hurricanes or other adverse weather events.

Risks Related to Capital Investments and Business Acquisitions

Our ability to successfully execute our business strategy will depend, among other things, on our ability to make capital investments and acquisitions which provide us with financial benefits. Our 2012 capital expenditures are expected to be approximately $50-$60 million, including additional investments in our manufacturing and research and development facilities, expansion of our field equipment, as well as additions to our composite mat rental fleet. These anticipated investments, along with any future investments, are subject to a number of risks and uncertainties, including:

- incorrect assumptions regarding the future benefits or results from our capital investments, any of acquired operations or assets
- failure to complete a planned acquisition transaction or to successfully integrate the operations or management of any acquired businesses or assets in a timely manner
- diversion of management's attention from existing operations or other priorities
- unanticipated disruptions to our business associated with the implementation of our enterprise-wide operational and financial system
- failure of new enterprise-wide operational and financial system to function as intended

Any of the factors above could have an adverse effect on our business, financial condition or results of operations.

Risks Related to Fluctuations in the Market Value of our Common Stock

The market price of our common stock may fluctuate due to a number of factors, including the general economy, stock market conditions, general trends in the E&P industry, announcements made by us or our competitors, and variations in our operating results. Investors may not be able to predict the timing or extent of these fluctuations.

ITEM 1B. *Unresolved Staff Comments*

None

ITEM 2. *Properties*

We lease office space to support our operating segments as well as our corporate offices. This leased space is located in The Woodlands and Houston, Texas, Lafayette, Louisiana, Calgary, Alberta, Rome, Italy and Rio de Janeiro, Brazil. We also own office space in Oklahoma City, Oklahoma and Perth, Australia. All material domestic owned properties are subject to our Second Amended and Restated Credit Agreement ("Credit Amendment").

Fluids Systems & Engineering. We own six warehouse facilities and have 21 leased warehouses and seven contract warehouses to support our customers and operations in the U.S. We own two warehouse facilities in Western Canada to support our Canadian operations. Additionally, we lease 20 warehouses and own one warehouse in the EMEA region, lease seven warehouses in Brazil, and own one warehouse and lease 11 warehouses in the Asia Pacific region to support our international operations.

We operate four specialty product grinding facilities in the U.S. These facilities are located in Houston, Texas on approximately 18 acres of owned land, in New Iberia, Louisiana on 15.7 acres of leased land, in Corpus Christi, Texas on 6 acres of leased land, and in Dyersburg, Tennessee on 13.2 acres of owned land.

Mats & Integrated Services. We own approximately 41,000 square feet of office and industrial space on 18 acres of land in Carencro, Louisiana, which houses manufacturing facilities for this segment. We also lease five sites, throughout Texas, Louisiana, Colorado, and Pennsylvania which serve as bases for our well site service activities. Additionally, we own six facilities which are located in Louisiana, Texas, and Colorado to support field operations.

Environmental Services. We lease a 4.6 acre E&P waste processing and transfer facility in Port Arthur, Texas. We own three injection disposal sites located in Jefferson County, Texas with two of those properties immediately adjacent to each other, one 47 acre site for NORM disposal with five caprock injection wells and a 130 acre site for our industrial injection operation with two caprock injection wells. The remaining site consists of our nonhazardous oilfield waste processing and injection operations. This site is on 400+ acres and has 11 caprock injection wells and a disposal cavern. In addition, we own three facilities in West Texas on a total of approximately 80 acres of land. Additionally, we have six leased receiving facilities to support our injection and waste disposal services.

ITEM 3. *Legal Proceedings*

In the ordinary course of conducting our business, we become involved in litigation and other claims from private party actions, as well as judicial and administrative proceedings involving governmental authorities at the federal, state and local levels. In the opinion of management, any liability in these matters should not have a material effect on our consolidated financial statements.

ITEM 4. *Mine Safety Disclosures*

The information concerning mine safety violations and other regulatory matters required by section 1503 (a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 of this Annual Report on Form 10-K, which is incorporated by reference.

PART II

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

Our common stock is traded on the New York Stock Exchange under the symbol "NR."

The following table sets forth the range of the high and low sales prices for our common stock for the periods indicated:

Period	High	Low
2011		
Fourth Quarter	$ 9.87	$5.19
Third Quarter	$10.09	$6.07
Second Quarter	$10.00	$6.60
First Quarter	$ 7.99	$5.52
2010		
Fourth Quarter	$ 8.90	$5.12
Third Quarter	$ 9.50	$5.97
Second Quarter	$ 8.05	$5.18
First Quarter	$ 5.85	$3.60

As of February 1, 2012, we had 1,672 stockholders of record as determined by our transfer agent.

During 2008, our Board of Directors approved a plan authorizing our repurchase of up to $25 million of outstanding common stock, of which $9.9 million remains available. No repurchases were made under this program during 2009 and 2010 and we no longer intend to purchase shares under this program. In February 2012, our Board of Directors authorized a new stock repurchase program of up to $50 million of outstanding common stock. We have not made any repurchases under the recently approved stock repurchase program as of the date of this annual report.

During 2011, 2010 and 2009 we repurchased $0.6 million, $0.2 million and $0.3 million of shares surrendered in lieu of taxes under vesting of restricted stock awards, respectively. We have not paid any dividends during the two recent fiscal years or any subsequent interim period, and we do not intend to pay any cash dividends in the foreseeable future. In addition, our credit facilities contain covenants which limit the payment of dividends on our common stock.

The following table details our repurchases of shares of our common stock for the three months ended December 31, 2011:

Period	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs(2)
October 1 — 31, 2011	—	$ —	—	$ 9.9 million
November 1 — 30, 2011	5,047	$ 8.93	—	$ 9.9 million
December 1 — 31, 2011	—	—	—	$ 9.9 million
Total	5,047	$ 8.93	—	

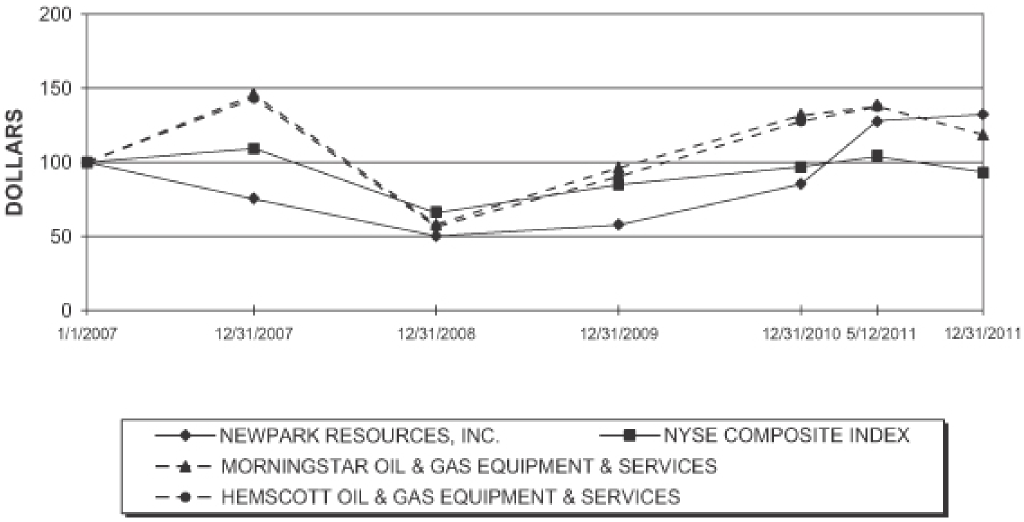
(1) The shares purchased represent shares surrendered in lieu of taxes under vesting of restricted stock awards.

(2) The value of shares that may be repurchased reflect the value available under the 2008 program. We no longer intend to make any repurchases under the 2008 program and in February 2012 our Board of Directors approved a new stock repurchase program of up to $50 million of outstanding common stock.

Performance Graph

The following graph reflects a comparison of the cumulative total stockholder return of our common stock from January 1, 2007 through December 31, 2011, with the New York Stock Exchange Market Value Index, a broad equity market index, and the Morningstar Oil & Gas Equipment & Services Index, an industry group index. The graph assumes the investment of $100 on January 1, 2007 in our common stock and each index and the reinvestment of all dividends, if any. This information shall be deemed furnished not filed, in this Form 10-K, and shall not be deemed incorporated by reference into any filing under the Securities Exchange Act of 1933, or the Securities Act of 1934, except to the extent we specifically incorporate it by reference.

The Hemscott Oil & Gas Equipment/Services Index, the industry group index previously used in our performance graph is no longer available due to Morningstar's acquisition of Hemscott, and it has been replaced in the performance graph with Morningstar's Oil and Gas E&P Industry index, an index deemed to be the closest fit by composition and construction.



ITEM 6. *Selected Financial Data*

The selected consolidated historical financial data presented below for the five years ended December 31, 2011 is derived from our consolidated financial statements and is not necessarily indicative of results to be expected in the future.

The following data should be read in conjunction with the consolidated financial statements and notes thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Items 7 and 8 below.

	As of and for the Year Ended December 31,				
	2011	2010	2009	2008	2007
	(In thousands, except share data)				
Consolidated Statements of Operations:					
Revenues	$958,180	$715,954	$490,275	$858,350	$671,207
Operating income (loss)	132,764	78,004	(15,325)	71,496	66,403
Interest expense, net	9,226	10,267	9,334	10,881	20,251
Income (loss) from continuing operations	$ 80,017	$ 41,626	$ (20,573)	$ 39,300	$ 31,763
Loss from discontinued operations, net of tax	—	—	—	(842)	(3,488)
Loss from disposal of discontinued operations, net of taxes	—	—	—	—	(1,613)
Net income (loss)	$ 80,017	$ 41,626	$ (20,573)	$ 38,458	$ 26,662
Net income (loss) per common share (basic):					
Income (loss) from continuing operations	$ 0.89	$ 0.47	$ (0.23)	$ 0.44	$ 0.35
Net income (loss) per common share	$ 0.89	$ 0.47	$ (0.23)	$ 0.43	$ 0.30
Net income (loss) per common share (diluted):					
Income (loss) from continuing operations	$ 0.80	$ 0.46	$ (0.23)	$ 0.44	$ 0.35
Net income (loss) per common share	$ 0.80	$ 0.46	$ (0.23)	$ 0.43	$ 0.29
Consolidated Balance Sheet Data:					
Working capital	$406,976	$329,371	$163,110	$253,136	$214,890
Total assets	886,837	737,342	585,114	713,679	643,493
Foreign bank lines of credit	2,174	1,458	6,901	11,302	7,297
Current maturities of long-term debt	58	148	10,319	10,391	11,565
Long-term debt, less current portion	189,876	172,987	105,810	166,461	158,616
Stockholders' equity	497,846	417,347	368,022	377,882	360,664
Consolidated Cash Flow Data:					
Net cash (used in) provided by operations	$ (13,558)	$ 31,476	$ 88,819	$ 28,687	$ 68,171
Net cash used in investing activities	(63,150)	(10,549)	(17,144)	(23,168)	(40,292)
Net cash provided by (used in) financing activities	18,338	50,621	(66,265)	(2,062)	(35,649)

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

The following discussion of our financial condition, results of operations, liquidity and capital resources should be read together with our Consolidated Financial Statements and Notes to Consolidated Financial Statements included in Item 8 of this Annual Report.

Overview

We are a diversified oil and gas industry supplier providing products and services primarily to the oil and gas exploration ("E&P") industry. We operate our business through three reportable segments: Fluids Systems and Engineering, Mats and Integrated Services, and Environmental Services. Our Fluids Systems and Engineering segment, which generated 83% of consolidated revenues in 2011, provides customized drilling fluids solutions to E&P customers globally, operating through four geographic regions: North America, Europe, the Middle East and Africa ("EMEA"), Latin America, and following our April 2011 acquisition (as described below), Asia Pacific.

Our Mats and Integrated Services segment, which generated 12% of consolidated revenues in 2011, provides composite mat rentals, well site construction and related well site services to E&P customers in the U.S. We also sell composite mats to E&P customers outside of the U.S., and to domestic customers outside of the oil and gas industry. Our Environmental Services segment, which generated 5% of consolidated revenues in 2011, processes and disposes of waste generated by E&P customers along the U.S. Gulf Coast. While we continue to expand our operations globally, particularly in our Fluids Systems and Engineering segment, our North American operations generated 77% of consolidated revenues in 2011.

During 2011, we have continued the North American roll-out of Evolution™, our high performance water-based drilling fluid system launched in 2010, which we believe provides superior performance and environmental benefits to our customers, as compared to traditional fluids systems used in the industry. After the initial introduction into the Haynesville shale last year, the system is now being used by customers in several major North American drilling basins. Revenues from wells using the Evolution system were approximately $67 million in 2011.

In April 2011, we completed the acquisition of the drilling fluids and engineering services business from Rheochem PLC, a publicly-traded Australian-based oil and gas company. The acquired business provides drilling fluids and related engineering services with operations in Australia, New Zealand and India. Total cash paid was AUD$27.2 million ($28.8 million), including post-closing payments of AUD$0.8 million ($0.8 million) based on a true-up of the final working capital conveyed at closing and AUD$2.0 million ($2.1 million) related to a six month earn-out provision in the agreement. Additional consideration may also be payable based on financial results of the acquired business over a one year earn-out period, up to a maximum additional consideration of AUD$19.3 million (approximately $19.6 million at the current exchange rate). Following the April acquisition, this business generated $24.6 million of revenues in 2011.

Our operating results depend, to a large extent, on oil and gas drilling activity levels in the markets we serve, as well as the depth of drilling, which governs the revenue potential of each well. The drilling activity in turn, depends on oil and gas commodity pricing, inventory levels and demand, and regulatory actions, such as those affecting operations in the Gulf of Mexico in 2010 and 2011.

Rig count data is the most widely accepted indicator of drilling activity. Average North American rig count data for the last three years ended December 31 is as follows:

	Year ended December 31,			2011 vs 2010		2010 vs 2009	
	2011	2010	2009	Count	%	Count	%
U.S. Rig Count	1,879	1,546	1,087	333	22%	459	42%
Canadian Rig Count	419	348	223	71	20%	125	56%
Total	2,298	1,894	1,310	404	21%	584	45%

Source: Baker Hughes Incorporated

North American drilling activity declined dramatically during 2009 from the elevated levels experienced in 2008. In response to these declines, we executed cost reduction programs during 2009 including workforce reductions, reduced discretionary spending and salary reductions. As part of this cost reduction program, we reduced our North American workforce by 548 employees. As a result, operating results for 2009 include $4.5 million of charges associated with employee termination and related costs.

In April 2010, the Deepwater Horizon drilling rig sank in the Gulf of Mexico after an explosion and fire, resulting in the discharge of oil from the well. Following the Deepwater Horizon oil spill, the Department of Interior of the U.S. government took several actions aimed at restricting and temporarily prohibiting certain drilling activity in the Gulf of Mexico. While the Department of Interior has since announced the formal end of the drilling moratorium placed in effect in May 2010, increased permitting requirements are applicable to both shallow water and deepwater drilling activities. As a result, drilling activity in the affected areas of the Gulf of Mexico have not yet recovered to first quarter 2010 levels, and the near-term outlook remains uncertain.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Consolidated Results of Operations

Summarized results of operations for the year ended December 31, 2011 compared to the year ended December 31, 2010 are as follows:

	Year Ended December 31,		2011 vs 2010	
	2011	2010	$	%
	(In thousands)			
Revenues	$ 958,180	$715,954	$ 242,226	34%
Cost of revenues	744,176	576,920	167,256	29%
Selling, general and administrative expenses	81,672	64,157	17,515	27%
Other operating income, net	(432)	(3,127)	2,695	(86%)
Operating income	132,764	78,004	54,760	70%
Foreign currency exchange loss (gain)	522	(1,134)	1,656	(146%)
Interest expense, net	9,226	10,267	(1,041)	(10%)
Income from operations before income taxes	123,016	68,871	54,145	79%
Provision for income taxes	42,999	27,245	15,754	58%
Net income	$ 80,017	$ 41,626	$ 38,391	92%

Revenues

Revenues increased 34% to $958.2 million in 2011, compared to $716.0 million in 2010. This $242.2 million improvement includes a $201.3 million (37%) increase in revenues in North America, largely driven by the 21% improvement in the North America rig count. Revenues from our international operations increased by $40.9 million (23%) reflecting the contribution of the Asia Pacific region, following our April 2011 acquisition, along with continued growth in Brazil. Additional information regarding the change in revenues is provided within the operating segment results below.

Cost of Revenues

Cost of revenues increased 29% to $744.2 million in 2011, as compared to $576.9 million in 2010. The increase is primarily driven by the 34% increase in revenues. Additional information regarding the change in cost of revenues is provided within the operating segment results below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $17.5 million to $81.7 million in 2011 from $64.2 million in 2010. The increase includes a $3.6 million increase in performance-based employee incentive compensation expense. In addition, 2011 includes $3.2 million of expenses incurred within the acquired Asia Pacific business, $1.0 million of transaction-related expenditures for this acquisition, $2.5 million of costs associated with strategic planning projects, and $2.3 million of implementation expenses associated with an operational and financial system conversion in the U.S. operations. The remainder of the increase is primarily attributable to additional costs required to support the increase in revenues.

Other Operating Income, Net

Other operating income was $0.4 million in 2011, compared to $3.1 million in 2010. The 2010 results included a $3.1 million gain, reflecting net proceeds from the settlement of a lawsuit and proceeds from the insurance claims in our Mats and Integrated Services segment.

Foreign Currency Exchange

Foreign currency exchange was a $0.5 million loss in 2011, compared to a $1.1 million gain in 2010, and primarily reflects the impact of currency translations on assets and liabilities held in our foreign operations that are denominated in currencies other than functional currencies. Our foreign operations have a portion of their cash and accounts receivable that are denominated in U.S. dollars. During 2010, our foreign currency exchange transactions were favorably impacted by the weakening U.S. dollar as compared to other currencies in our foreign operations, while 2011 was negatively impacted by the strengthening U.S. dollar.

Interest Expense

Interest expense decreased to $9.2 million in 2011, compared to $10.3 million in 2010. The 2010 fiscal year included a $1.2 million charge for the termination of our interest rate swap agreements. See *Liquidity and Capital Resources* below for additional information.

Provision for Income Taxes

The provision for income taxes for 2011 was $43.0 million, reflecting an effective tax rate of 35.0%, compared to $27.2 million in 2010, reflecting an effective tax rate of 39.6%. The high effective tax rate in 2010 was due to losses generated in Brazil for which the recording of a tax benefit was not permitted.

Operating Segment Results

Summarized financial information for our reportable segments is shown in the following table (net of inter-segment transfers):

	Year ended December 31,		2011 vs 2010	
	2011	2010	$	%
Revenues	(In thousands)			
Fluids systems and engineering	$ 798,957	$ 597,795	$201,162	34%
Mats and integrated services	110,411	69,397	41,014	59%
Environmental services	48,812	48,762	50	0%
Total revenues	$ 958,180	$ 715,954	$242,226	34%
Operating income (loss)				
Fluids systems and engineering	$ 90,683	$ 56,234	$ 34,449	
Mats and integrated services	52,678	26,684	25,994	
Environmental services	11,909	13,447	(1,538)	
Corporate office	(22,506)	(18,361)	(4,145)	
Operating income	$ 132,764	$ 78,004	$ 54,760	
Segment operating margin				
Fluids systems and engineering	11.4%	9.4%		
Mats and integrated services	47.7%	38.5%		
Environmental services	24.4%	27.6%		

Fluids Systems and Engineering

Revenues

Total revenues for this segment consisted of the following:

	Year ended December 31,		2011 vs 2010	
	2011	2010	$	%
	(In thousands)			
United States	$ 533,629	$ 402,106	$ 131,523	33%
Canada	51,712	23,021	28,691	125%
Total North America	585,341	425,127	160,214	38%
EMEA	113,386	111,416	1,970	2%
Latin America	75,642	61,252	14,390	23%
Asia Pacific	24,588	—	24,588	—
Total	$ 798,957	$ 597,795	$ 201,162	34%

North America revenues increased 38% to $585.3 million in 2011, as compared to $425.1 million in 2010, largely attributable to the 22% increase in the U.S. rig count, a 20% increase in the Canadian rig count, along with market share improvements in Canada and several U.S. regions.

Internationally, revenues were up 24% to $213.6 million in 2011, as compared to $172.7 million in 2010. This increase includes $24.6 million of revenues from our Asia Pacific region following the April 2011 acquisition described above and a $14.4 million increase in Brazil, primarily attributable to the continued ramp-up of activity under our long-term contract with Petrobras. EMEA revenues increased $2.0 million, as a $13.4 million increase in Eastern Europe and a $5.9 million increase in Algeria was largely offset by declines in other markets, including a $5.9 million decline in Tunisia attributable to a reduction in customer activity, and a $10.0 million decline in Libya due to the political and social unrest in that country.

Operating Income

Operating income for this segment was $90.7 million reflecting an operating margin of 11.4% in 2011, compared to $56.2 million and a 9.4% operating margin in 2010. Of this $34.4 million improvement, our North American operating income increased $28.0 million on a $160.2 million increase in revenues, reflecting an 18% incremental margin. Compared to historical experience which is typically in the 20% to 30% range, the low incremental margin is the result of a greater mix of low margin products in 2011, as compared to 2010. Our product mix typically fluctuates from period to period based on the specific customer activities and needs in the period.

Our international operations generated a $6.5 million increase in operating income on a $40.9 million increase in revenues, reflecting a 16% incremental margin. The low incremental margin is partially due to the acquisition of our Asia Pacific business unit in the second quarter of 2011, which generated $2.3 million of operating income in 2011. In addition, operating income of our international operations was negatively impacted in 2011 by a $2.3 million provision for an allowance of a customer receivable in North Africa.

Our consolidated balance sheet as of December 31, 2011 includes $11.2 million of long-lived assets within our Brazil operation, of which $10.1 million consists of property, plant and equipment. In 2011, our Brazil operation generated full year operating income of $0.7 million, after generating a loss of $3.1 million in 2010. While the operating results from this operation are expected to improve in the future, as they did in 2011, and management currently believes that the carrying value of the long-lived assets is recoverable, an impairment of the long-lived assets in a future period is possible if current expectations change and management's outlook for the Brazil operation deteriorates.

Mats and Integrated Services

Revenues

Total revenues for this segment consisted of the following:

	Year ended December 31,		2011 vs 2010	
	2011	2010	$	%
	(In thousands)			
Mat rental and integrated services	$ 68,579	$45,945	$22,634	49%
Mat sales	41,832	23,452	18,380	78%
Total	$110,411	$69,397	$41,014	59%

Mat rental and integrated services revenues increased $22.6 million, including a $12.1 million increase in the Northeast U.S., a $5.8 million increase in the Gulf Coast and $4.8 million increase in the Rocky Mountain region. The increase is primarily driven by higher demand for our Durabase™ composite mats, which provide environmental protection and soil stability at the drilling sites.

Mat sales also increased $18.4 million, due to increasing demand for our Durabase™ composite mat products from international E&P customers and other industries.

Operating Income

Segment operating income increased by $26.0 million on the $41.0 million increase in revenues, reflecting an incremental margin of 63%. The high incremental margin, relative to recent historical experience, is primarily attributable to the significant increase in mat rental revenues. Incremental margins on mat rentals are stronger than mat sales or service activities, due to the fixed nature of operating expenses, including depreciation expense on our rental mat fleet.

In July 2011, our largest customer in the Northeast U.S. region informed us that they were significantly reducing the number of rental mats utilized on their drilling sites, and during the second half of 2011, approximately 45% of our rental mats in this region have been re-deployed to meet customer demands in other regions of the U.S. market. As mats are re-deployed, the rental pricing in these other regions has been lower than our historical pricing in the Northeast U.S. region. As a result, we expect operating margins in this business to be lower in 2012, as compared to 2011.

Environmental Services

Revenues

Total revenues for this segment consisted of the following:

	Year ended December 31,		2011 vs 2010	
	2011	2010	$	%
	(In thousands)			
E&P waste	$37,974	$39,169	$(1,195)	(3%)
NORM and industrial waste	10,838	9,593	1,245	13%
Total	$48,812	$48,762	$ 50	0%

Environmental services revenues were $48.8 million in both 2011 and 2010. Revenues in 2010 included $10.5 million generated from disposals associated with the April 2010 Deepwater Horizon oil spill. The loss of this revenue in 2011 was offset by market share gains and increased activity in oilfield waste disposals from state water and inland locations, along with a $1.2 million increase in NORM and industrial waste disposals. Although the outlook for the Gulf of Mexico remains uncertain, drilling activity appears to be increasing, and E&P waste should be expected to increase as well.

Operating Income

Operating income for this segment decreased by $1.5 million from 2010 to 2011, primarily due to a $0.5 million increase in transportation costs, due to a higher mix of inland waste disposals in 2011, and a $0.7 million non-cash charge in 2011 for the abandonment of a disposal well.

Corporate office

Corporate office expenses increased $4.1 million to $22.5 million in 2011, compared to $18.4 million in 2010. The increase includes a $2.3 million increase in employee compensation, primarily attributable to a $1.6 million increase in employee incentives, along with $1.0 million of transaction-related expenses associated with the April 2011 acquisition described above.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Consolidated Results of Operations

Summarized results of operations for the year ended December 31, 2010 compared to the year ended December 31, 2009 are as follows:

	Year Ended December 31,		2010 vs 2009	
	2010	2009	$	%
	(In thousands)			
Revenues	$715,954	$490,275	$225,679	46%
Cost of revenues	576,920	447,624	129,296	29%
Selling, general and administrative expenses	64,157	61,205	2,952	5%
Other operating income, net	(3,127)	(3,229)	102	(3%)
Operating income (loss)	78,004	(15,325)	93,329	NM
Foreign currency exchange gain	(1,134)	(1,870)	736	(39%)
Interest expense, net	10,267	9,334	933	10%
Income (loss) from operations before income taxes	68,871	(22,789)	91,660	NM
Provision for income taxes	27,245	(2,216)	29,461	NM
Net income (loss)	$ 41,626	$ (20,573)	$ 62,199	NM

NM—not meaningful

Revenues

Revenues increased 46% to $716.0 million in 2010, compared to $490.3 million in 2009. This increase in revenues is primarily driven by the 42% improvement in the U.S. rig count, along with our expansion into new markets and market share gains, including increased revenues of $49.0 million from East Texas and North Louisiana, $40.9 million from the Northeast U.S. region and $35.8 million from Brazil. Additional information regarding the change in revenues is provided within the operating segment results below.

Cost of Revenues

Cost of revenues increased 29% to $576.9 million in 2010, as compared to $447.6 million in 2009. The increase is primarily driven by the 46% increase in revenues, partially offset by a change in revenue mix, along with the benefits of the 2009 cost reduction programs, workforce reductions and non-recurring employee termination and related costs recorded in 2009. Cost of revenues as a percentage of revenues was 81% in 2010 compared to 91% in 2009. Additional information regarding the change in cost of revenues is provided within the operating segment results below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $3.0 million to $64.2 million in 2010 from $61.2 million for 2009. The increase is primarily attributable to a $5.2 million increase in performance-based employee incentive costs in 2010, partially offset by the impact of cost reduction programs implemented during 2009.

Other Operating Income, Net

Other income, net was $3.1 million in 2010, reflecting $0.9 million of proceeds from insurance claims resulting from Hurricane Ike in 2008 and $2.2 million of net proceeds from a lawsuit settlement, both within our Mats and Integrated Services business. Other income, net was $3.2 million during 2009, including $2.3 million of proceeds from business interruption insurance claims within our Environmental Services business.

Foreign Currency Exchange

Foreign currency exchange was a $1.1 million gain in 2010, compared to a $1.9 million gain in 2009, reflecting the impact of currency fluctuations on our non-functional currency denominated assets and liabilities within our foreign operations.

Interest Expense

Interest expense increased to $10.3 million in 2010, compared to $9.3 million in 2009. 2010 included a $1.2 million charge for the termination of our interest rate swap agreements associated with the term loan. The remaining interest expense was $9.1 million in 2010, reflecting a $0.2 million decrease from 2009. See *Liquidity and Capital Resources* below for additional information.

Provision for Income Taxes

The provision for income taxes for 2010 was a $27.2 million expense, reflecting an effective tax rate of 39.6%, compared to a $2.2 million benefit for 2009, reflecting an effective tax rate of 9.7%. The low effective tax benefit rate in 2009 is primarily due to losses generated in certain foreign countries for which the recording of a tax benefit is not permitted, as well as the recording of valuation allowances against a previously recognized net operating loss carryforward tax asset in Canada, which serve to reduce the effective tax benefit rate in the period.

Operating Segment Results

Summarized financial information for our reportable segments is shown in the following table (net of inter-segment transfers):

	Year ended December 31, 2010	Year ended December 31, 2009	2010 vs 2009 $	2010 vs 2009 %
	(In thousands)			
Revenues				
Fluids systems and engineering	$ 597,795	$ 409,450	$188,345	46%
Mats and integrated services	69,397	37,476	31,921	85%
Environmental services	48,762	43,349	5,413	12%
Total revenues	$ 715,954	$ 490,275	$225,679	46%
Operating income (loss)				
Fluids systems and engineering	$ 56,234	$ 1,994	$ 54,240	
Mats and integrated services	26,684	(7,840)	34,524	
Environmental services	13,447	7,711	5,736	
Corporate office	(18,361)	(17,190)	(1,171)	
Operating income (loss)	$ 78,004	$ (15,325)	$ 93,329	
Segment operating margin				
Fluids systems and engineering	9.4%	0.5%		
Mats and integrated services	38.5%	(20.9%)		
Environmental services	27.6%	17.8%		

Fluids Systems and Engineering

Revenues

Total revenues for this segment consisted of the following:

	Year ended December 31, 2010	Year ended December 31, 2009	2010 vs 2009 $	2010 vs 2009 %
	(In thousands)			
United States	$ 402,106	$ 255,681	$ 146,425	57%
Canada	23,021	12,369	10,652	86%
Total North America	425,127	268,050	157,077	59%
EMEA	111,416	115,926	(4,510)	(4%)
Latin America	61,252	25,474	35,778	140%
Total	$ 597,795	$ 409,450	$ 188,345	46%

North American revenues increased 59% to $425.1 million for 2010, as compared to $268.0 million for 2009, which is largely attributable to the 42% increase in the U.S. rig count, along with expansion in the Northeast U.S. region and market share gains in East Texas and North Louisiana.

Internationally, revenues were up 22% to $172.7 million for 2010, as compared to $141.4 million for 2009, primarily due to a $35.8 million increase from Brazil resulting from continued market share gains. EMEA revenue is down 4% primarily due to the impact of the strengthening U.S. dollar, as revenues were relatively unchanged in local currency terms.

Operating Income

Operating income for this segment was $56.2 million in 2010, reflecting an improvement of $54.2 million from a $2.0 million operating profit in 2009. Substantially all of this improvement was provided by the North

American operations, which generated a $51.5 million improvement in operating income. This improvement is primarily attributable to the incremental profit from the $157.1 million increase in revenues described above, combined with operating expense reductions from programs implemented during 2009, and $3.1 million of charges in the 2009 period associated with employee terminations. Operating income from international operations increased $2.7 million, including a $2.6 million increase in Brazil, as a result of higher revenues in 2010.

Mats and Integrated Services

Revenues

Total revenues for this segment consisted of the following:

	Year ended December 31,		2010 vs 2009	
	2010	2009	$	%
	(In thousands)			
Mat rental and integrated services	$45,945	$24,944	$21,001	84%
Mat sales	23,452	12,532	10,920	87%
Total	$69,397	$37,476	$31,921	85%

The $21.0 million increase in mat rental and integrated services revenue is primarily driven by a $25.6 million increase in mat rentals in the Northeast U.S. region, partially offset by a $3.4 million decline in rental and service revenues in Colorado and a $1.2 million decrease in the Gulf Coast region. Mat sales increased $10.9 million, as demand for these products has improved from the E&P and other industries, following the economic downturn in 2009.

Operating Income

Segment operating income increased by $34.5 million to $26.7 million for 2010. This improvement in operating income is primarily attributable to the $31.9 million increase in revenues, along with $4.4 million in operating expense reductions following 2009 cost reduction programs. Fiscal 2009 included $1.0 million of employee termination costs and $1.2 million of non-cash write-downs of inventory. Operating income in 2010 benefited from a higher mix of mat rental activity. Incremental margins on mat rentals are stronger than mat sales or service activities, due to the fixed nature of operating expenses, including depreciation expense on the rental mat fleet. As a result, we experienced significantly higher operating margins in 2010, as compared to 2009. Additionally, 2010 included $3.1 million of other income reflecting proceeds from insurance claims and the settlement of a lawsuit against a former vendor.

Environmental Services

Revenues

Total revenues for this segment consisted of the following:

	Year ended December 31,		2010 vs 2009	
	2010	2009	$	%
	(In thousands)			
E&P waste	$39,169	$32,459	$ 6,710	21%
NORM and industrial waste	9,593	10,890	(1,297)	(12%)
Total	$48,762	$43,349	$ 5,413	12%

Environmental services revenues increased 12% to $48.8 million in 2010, as compared to 2009. The $5.4 million increase in revenues from the prior year included $10.5 million of revenues from the Deepwater Horizon oil spill. Revenues from non oil spill activities declined by $5.1 million in 2010, primarily reflecting the impact of U.S. government restrictions on drilling activity in the Gulf of Mexico.

Operating Income

Environmental services operating income increased by $5.7 million in 2010, partially driven by the $5.4 million increase in revenues compared to 2009. In addition, operating expenses are down $2.7 million in 2010, including a $2.4 million reduction in equipment rental expenses, following the non-renewal of barge leases in 2009. Operating income in 2009 includes $2.3 million of proceeds from business interruption insurance claims.

Liquidity and Capital Resources

Net cash used in operating activities during 2011 totaled $13.6 million. Net income adjusted for non-cash items provided $143.2 million of cash during the period, while changes in operating assets and liabilities used $156.7 million of cash. Increases in accounts receivable used $135.3 million of cash in 2011, due to higher revenue levels, along with customer billing delays experienced in our Fluid Systems and Engineering U.S. operations, following our fourth quarter 2011 operational and financial system conversion. The changes in operating assets and liabilities during the period also include $48.1 million in increases in inventories, partially offset by a $30.4 million increase in accounts payable, driven by higher revenue levels.

Net cash used in investing activities during 2011 was $63.2 million, which included $26.8 million for the acquisition of the drilling fluids and engineering services business from Rheochecm PLC. In addition, capital expenditures were $36.9 million, including $11.5 million on the implementation of an operational and financial system, $11.5 million in the U.S. operations of the fluids systems and engineering segment, primarily related to replacement of field equipment, and $7.6 million in the mats and integrated services segment, primarily related to the expansion of the rental mat fleet. Net cash provided by financing activities during 2011 was $18.3 million, primarily reflecting net borrowings under lines of credit.

We anticipate that our working capital requirements for our operations will decline in the near term due to expected reductions in accounts receivable from the elevated levels at December 31, 2011. We expect total 2012 capital expenditures to range between $50 million to $60 million. The Rheochem acquisition also contains a one-year earn-out provision, under which we are obligated to pay additional consideration in the first half of 2012, up to a maximum of AUD$19.3 million (approximately $19.6 million at the current exchange rate), in addition to amounts already paid. We expect our $25.2 million of cash on-hand at December 31, 2011, along with cash generated by operations and availability under our existing credit agreement to be adequate to fund our anticipated capital needs during the next 12 months.

Our capitalization was as follows as of December 31:

	2011	2010
	(In thousands)	
Senior Notes	$ 172,500	$ 172,500
Revolving credit facility	17,000	—
Other	2,608	2,093
Total	192,108	174,593
Stockholder’s equity	497,846	417,347
Total capitalization	$ 689,954	$ 591,940
Total debt to capitalization	27.8%	29.5%

Our financing arrangements include $172.5 million of unsecured convertible senior notes (“Senior Notes”) and a $125.0 million revolving credit facility. The Senior Notes bear interest at a rate of 4.0% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2011. Holders may convert the Senior Notes at their option at any time prior to the close of business on the business day immediately preceding the October 1, 2017 maturity date. The conversion rate is initially 90.8893 shares of our common stock per $1,000 principal amount of Senior Notes (equivalent to an initial conversion price of $11.00 per share of common stock), subject to adjustment in certain circumstances. Upon conversion, the Senior Notes will be settled in shares of our common stock. We may not redeem the Senior Notes prior to their maturity date.

In November 2011, we entered into a Second Amended and Restated Credit Agreement (the "Credit Agreement") which provides for a $125 million revolving loan facility available for borrowings and letters of credit and expires in November 2016. Under the terms of the Credit Agreement, we can elect to borrow at an interest rate either based on LIBOR plus a margin based on our consolidated leverage ratio, ranging from 175 to 300 basis points, or at an interest rate based on the greatest of: (a) prime rate, (b) the federal funds rate in effect plus 50 basis points, or (c) the Eurodollar rate for a Eurodollar Loan with a one-month interest period plus 100 basis points, in each case plus a margin ranging from 75 to 200 basis points. The applicable margin on LIBOR borrowings on December 31, 2011 was 200 basis points. In addition, we are required to pay a commitment fee on the unused portion of the Facility of 37.5 basis points. The Credit Facility contains customary financial and operating covenants, including a consolidated leverage ratio, a senior secured leverage ratio and an interest coverage ratio. We were in compliance with these covenants as of December 31, 2011.

At December 31, 2011, $17.0 million was outstanding under the Credit Agreement, and $14.0 million in letters of credit were issued and outstanding under the Credit Agreement leaving $94.0 million of availability at December 31, 2011. Additionally, we had $0.7 million in letters of credit outstanding relating to foreign operations.

The Facility is a senior secured obligation, secured by first liens on all of our U.S. tangible and intangible assets, including our accounts receivable and inventory. Additionally, a portion of the capital stock of our non-U.S. subsidiaries has also been pledged as collateral.

Our foreign Fluid Systems and Engineering subsidiaries in Italy and Brazil maintain local credit arrangements consisting primarily of lines of credit with several banks, which are renewed on an annual basis. We utilize local financing arrangements in our foreign operations in order to provide short-term local liquidity needs, as well as to reduce the net investment in foreign operations subject to foreign currency risk. Advances under these short-term credit arrangements are typically based on a percentage of the subsidiary's accounts receivable or firm contracts with certain customers. The weighted average interest rate under these arrangements was 3.54% and 2.26% on total outstanding balances of $2.2 million and $1.5 million at December 31, 2011 and 2010, respectively.

Off-Balance Sheet Arrangements

In conjunction with our insurance programs, we had established letters of credit in favor of certain insurance companies in the amount of $3.6 million at December 31, 2011 and 2010. We also had $8.6 million in guarantee obligations in connection with facility closure bonds and other performance bonds issued by insurance companies outstanding as of December 31, 2011 and 2010.

Other than normal operating leases for office and warehouse space, barges, rolling stock and other pieces of operating equipment, we do not have any off-balance sheet financing arrangements or special purpose entities. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such financing arrangements.

Contractual Obligations

A summary of our outstanding contractual and other obligations and commitments at December 31, 2011 is as follows:

	2012	2013-2014	2015-2016	Thereafter	Total
			(In thousands)		
Current maturities of long term debt	$ 58	$ —	$ —	$ —	$ 58
Long-term debt including capital leases	—	130	246	189,500	189,876
Interest on 4.0% Senior Notes	—	13,800	13,800	12,094	39,694
Foreign bank lines of credit	2,174	—	—	—	2,174
Operating leases	14,398	10,753	3,707	1,194	30,052
Trade accounts payable and accrued liabilities	144,611	—	—	—	144,611
Purchase commitments, not accrued	595	—	—	—	595
Other long-term liabilities	—	—	—	5,428	5,428
Performance bond obligations	6,091	2,548	—	—	8,639
Letter of credit commitments	13,966	—	—	—	13,966
Total contractual obligations	$181,893	$27,231	$17,753	$208,216	$435,093

The above table does not reflect expected tax payments and uncertain tax positions due to the inability to make a reasonably reliable estimate of the timing and amount to be paid. For additional discussion on uncertain tax positions, see "*Note 8 — Income Taxes*" to our Notes to Consolidated Financial Statements included in Part II Item 8 in this report.

We anticipate that the obligations and commitments listed above that are due in less than one year will be paid from operating cash flows, available cash on-hand, and availability under our existing credit agreement. The specific timing of settlement for certain long-term obligations cannot be reasonably estimated.

Critical Accounting Policies

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted within the United States ("U.S. GAAP"), which requires us to make assumptions, estimates and judgments that affect the amounts and disclosures reported. Significant estimates used in preparing our consolidated financial statements include the following: allowances for product returns, allowances for doubtful accounts, reserves for self-insured retentions under insurance programs, estimated performance and values associated with employee incentive programs, fair values used for goodwill impairment testing, undiscounted cash flows used for impairment testing of long-lived assets and valuation allowances for deferred tax assets. Note 1 to the consolidated financial statements contains the accounting policies governing each of these matters. Our estimates are based on historical experience and on our future expectations that are believed to be reasonable. The combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our current estimates and those differences may be material.

We believe the critical accounting policies described below affect our more significant judgments and estimates used in preparing our consolidated financial statements.

Allowance for Doubtful Accounts

Reserves for uncollectible accounts receivable are determined on a specific identification basis when we believe that the required payment of specific amounts owed to us is not probable. The majority of our revenues are from mid-sized and international oil companies as well as government-owned or government-controlled oil companies, and we have receivables in several foreign jurisdictions. Changes in the financial condition of our customers or political changes in foreign jurisdictions could cause our customers to be unable to repay these receivables, resulting in additional allowances. For 2011, 2010 and 2009, provisions for uncollectible accounts receivable were $2.4 million, $0.5 million and $2.3 million, respectively.

Allowance for Product Returns

We maintain reserves for estimated customer returns of unused materials in our Fluids Systems and Engineering segment. The reserves are established based upon historical customer return levels and estimated gross profit levels attributable to product sales. Future customer return levels may differ from the historical return rate.

Impairments of Long-lived Assets

Goodwill and other indefinite-lived intangible assets are tested for impairment annually as of November 1, or more frequently, if an indication of impairment exists. The impairment test includes a comparison of the carrying value of net assets of our reporting units, including goodwill, with their estimated fair values, which we determine using a combination of a market multiple and discounted cash flow approach. If the carrying value exceeds the estimated fair value, an impairment charge is recorded in the period in which such review is performed. We identify our reporting units based on our analysis of several factors, including our operating segment structure, evaluation of the economic characteristics of our geographic regions within each of our operating segments, and the extent to which our business units share assets and other resources.

We determine the impairment of goodwill by comparing the carrying amounts of our reporting units with fair values, which we estimate using a combination of a market multiple and discounted cash flow approach. In completing our November 1, 2011 evaluation, we determined that each reporting unit’s fair value was substantially in excess of the net carrying value and therefore, no impairment was required.

We review property, plant and equipment, finite-lived intangible assets and certain other assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We assess recoverability based on expected undiscounted future net cash flows. In estimating expected cash flows, we use a probability-weighted approach. Should the review indicate that the carrying value is not fully recoverable, the amount of impairment loss is determined by comparing the carrying value to the estimated fair value.

Insurance

We maintain reserves for estimated future payments associated with our self-insured employee healthcare programs, as well as the self-insured retention exposures under our general liability, auto liability and workers compensation insurance policies. Our reserves are determined based on historical cost experience under these programs, including estimated development of known claims under these programs and estimated incurred-but-not-reported claims. Required reserves could change significantly based upon changes in insurance coverage, loss experience or inflationary impacts. As of December 31, 2011 and 2010, total insurance reserves were $4.4 million and $3.7 million, respectively.

Income Taxes

We have total deferred tax assets of $36.3 million at December 31, 2011. A valuation allowance must be established to offset a deferred tax asset if, based on available evidence, it is more likely than not that some or all of the deferred tax asset will not be realized. We have considered future taxable income and tax planning strategies in assessing the need for our valuation allowance. At December 31, 2011, a total valuation allowance of $16.7 million was recorded, substantially all of which offsets $15.5 million of net operating loss carryforwards for state tax purposes, as well as foreign jurisdictions, including Brazil and Mexico. Changes in the expected future generation of qualifying taxable income within these jurisdictions or in the realizability of other tax assets may result in an adjustment to the valuation allowance, which would be charged or credited to income in the period this determination was made. Specifically, we have a $4.3 million valuation allowance recorded on the net operating loss carryforward in Brazil which could be reversed in the future, depending on our ability to generate taxable income.

New Accounting Standards

In September 2011, the Financial Accounting Standards Board issued additional guidance regarding intangibles and goodwill impairment testing. The objective of the additional guidance is to simplify how entities test goodwill for impairment. Under the new requirements, we will have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, further quantitative testing is not required. The changes in this update are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We do not expect the adoption of this additional guidance to have a material effect on our consolidated financial statements.

ITEM 7A. *Quantitative and Qualitative Disclosures about Market Risk*

We are exposed to market risk from changes in interest rates and changes in foreign currency rates. A discussion of our primary market risk exposure in financial instruments is presented below.

Interest Rate Risk

At December 31, 2011, we had total debt outstanding of $192.1 million, including $172.5 million of borrowings under our Senior Notes, bearing interest at a fixed rate of 4.0%. Variable rate debt totaled $19.6 million which included $17.0 million outstanding under our revolving credit facility and $2.6 million of borrowings under foreign bank lines of credit. Due to the limited borrowing currently outstanding under variable rate agreements, interest rate risk is minimal.

Foreign Currency

Our principal foreign operations are conducted in certain areas of EMEA, Brazil, Asia Pacific, Canada, U.K. and Mexico. We have foreign currency exchange risks associated with these operations, which are conducted principally in the foreign currency of the jurisdictions in which we operate which include European euros, Australian dollars, Canadian dollars and Brazilian reais. Historically, we have not used off-balance sheet financial hedging instruments to manage foreign currency risks when we enter into a transaction denominated in a currency other than our local currencies because the dollar amount of these transactions has not warranted our using hedging instruments.

Unremitted foreign earnings permanently reinvested abroad upon which deferred income taxes have not been provided aggregated approximately $84.7 million and $67.9 million at December 31, 2011 and 2010, respectively. We have the ability and intent to leave these foreign earnings permanently reinvested abroad.

ITEM 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Newpark Resources, Inc.
The Woodlands, Texas

We have audited the accompanying consolidated balance sheets of Newpark Resources, Inc. and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Newpark Resources, Inc. and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 29, 2012

Newpark Resources, Inc.

Consolidated Balance Sheets
December 31,

	2011	2010
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	$ 25,247	$ 83,010
Receivables, net	328,590	196,799
Inventories	175,929	123,028
Deferred tax asset	13,224	27,654
Prepaid expenses and other current assets	10,828	10,036
Total current assets	553,818	440,527
Property, plant and equipment, net	231,055	212,655
Goodwill	71,970	62,307
Other intangible assets, net	20,850	13,072
Other assets	9,144	8,781
Total assets	$ 886,837	$ 737,342
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	$ 2,232	$ 1,606
Accounts payable	97,168	66,316
Accrued liabilities	47,443	43,234
Total current liabilities	146,843	111,156
Long-term debt, less current portion	189,876	172,987
Deferred tax liability	46,844	31,549
Other noncurrent liabilities	5,428	4,303
Total liabilities	388,991	319,995
Commitments and contingencies (Note 14)		
Common stock, $0.01 par value, 200,000,000 shares authorized and 94,497,526 and 93,143,102 shares issued, respectively	945	931
Paid-in capital	477,204	468,503
Accumulated other comprehensive income	789	8,581
Retained earnings (deficit)	34,983	(45,034)
Treasury stock, at cost; 2,803,987 and 2,766,912 shares, respectively	(16,075)	(15,634)
Total stockholders' equity	497,846	417,347
Total liabilities and stockholders' equity	$ 886,837	$ 737,342

See Accompanying Notes to Consolidated Financial Statements

Newpark Resources, Inc.

Consolidated Statements of Operations
Years Ended December 31,

	2011	2010	2009
	(In thousands, except per share data)		
Revenues	$958,180	$715,954	$490,275
Cost of revenues	744,176	576,920	447,624
Selling, general and administrative expenses	81,672	64,157	61,205
Other operating income, net	(432)	(3,127)	(3,229)
Operating income (loss)	132,764	78,004	(15,325)
Foreign currency exchange loss (gain)	522	(1,134)	(1,870)
Interest expense, net	9,226	10,267	9,334
Income (loss) from operations before income taxes	123,016	68,871	(22,789)
Provision for income taxes	42,999	27,245	(2,216)
Net income (loss)	$ 80,017	$ 41,626	$ (20,573)
Income (loss) per common share — basic:	$ 0.89	$ 0.47	$ (0.23)
Income (loss) per common share — diluted:	$ 0.80	$ 0.46	$ (0.23)

See Accompanying Notes to Consolidated Financial Statements

Newpark Resources, Inc.

Consolidated Statements of Comprehensive Income (Loss)
Years Ended December 31,

	2011	2010	2009
		(In thousands)	
Net income (loss)	$ 80,017	$ 41,626	$ (20,573)
Changes in fair value of interest rate swap, net of tax	—	—	452
Settlement of interest rate swap, net of tax	—	858	—
Foreign currency translation adjustments	(7,792)	(912)	6,887
Comprehensive income (loss)	$ 72,225	$ 41,572	$ (13,234)

See Accompanying Notes to Consolidated Financial Statements

Newpark Resources, Inc.

Consolidated Statements of Stockholders' Equity

	Common Stock	Paid-In Capital	Accumulated Other Compre-hensive Income	Retained (Deficit) Earnings	Treasury Stock	Total
			(In thousands)			
Balance at January 1, 2009	$ 911	$457,012	$ 1,296	$(66,087)	$(15,250)	$377,882
Net loss	—	—	—	(20,573)		(20,573)
Employee stock options and employee stock purchase plan	2	99	—	—	—	101
Stock-based compensation expense	—	3,437	—	—	—	3,437
Issuance of restricted stock and restricted stock units	4	(4)	—	—	—	—
Changes in fair value of interest rate swap, net of tax	—	—	452	—	—	452
Treasury shares purchased at cost	—	—	—	—	(164)	(164)
Foreign currency translation	—	—	6,887	—	—	6,887
Balance at December 31, 2009	917	460,544	8,635	(86,660)	(15,414)	368,022
Net income	—	—	—	41,626	—	41,626
Employee stock options, restricted stock and employee stock purchase plan	14	3,838	—	—	(220)	3,632
Stock-based compensation expense	—	3,876	—	—	—	3,876
Income tax effect, net, of employee stock related activity	—	245	—	—	—	245
Settlement of interest rate swap, net of tax	—	—	858	—	—	858
Foreign currency translation	—	—	(912)	—	—	(912)
Balance at December 31, 2010	931	468,503	8,581	(45,034)	(15,634)	417,347
Net income				80,017		80,017
Employee stock options, restricted stock and employee stock purchase plan	14	3,574	—	—	(441)	3,147
Stock-based compensation expense	—	4,535	—	—	—	4,535
Income tax effect, net, of employee stock related activity	—	592	—	—	—	592
Foreign currency translation	—	—	(7,792)	—	—	(7,792)
Balance at December 31, 2011	$ 945	$477,204	$ 789	$ 34,983	$(16,075)	$497,846

See Accompanying Notes to Consolidated Financial Statements

Newpark Resources, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31,

	2011	2010	2009
		(In thousands)	
Cash flows from operating activities:			
Net income (loss)	$ 80,017	$ 41,626	$ (20,573)
Adjustments to reconcile net income (loss) to net cash provided by operations:			
Impairment charges	—	225	1,166
Depreciation and amortization	28,971	27,010	28,138
Stock-based compensation expense	4,535	3,876	3,437
Provision for deferred income taxes	26,623	18,030	(6,916)
Net provision for doubtful accounts	2,400	478	2,301
Loss (gain) on sale of assets	630	(257)	233
Change in assets and liabilities:			
(Increase) decrease in receivables	(135,303)	(75,829)	89,340
(Increase) decrease in inventories	(48,129)	(8,085)	35,182
(Increase) decrease in other assets	(434)	1,898	(800)
Increase (decrease) in accounts payable	30,425	2,810	(28,710)
(Decrease) increase in accrued liabilities and other	(3,293)	19,694	(13,979)
Net cash (used in) provided by operating activities	(13,558)	31,476	88,819
Cash flows from investing activities:			
Capital expenditures	(36,897)	(12,134)	(18,544)
Proceeds from sale of property, plant and equipment	522	1,585	1,400
Business acquisition, net of cash acquired	(26,775)	—	—
Net cash used in investing activities	(63,150)	(10,549)	(17,144)
Cash flows from financing activities:			
Borrowings on lines of credit	27,619	141,497	116,000
Payments on lines of credit	(9,951)	(231,613)	(171,701)
Principal payments on notes payable and long-term debt	(219)	(30,457)	(10,439)
Proceeds from senior notes, net of offering costs	—	167,756	—
Proceeds from employee stock plans	3,588	3,591	143
Post-closing payment for business acquisition	(2,055)	—	—
Purchase of treasury stock	(644)	(153)	(268)
Net cash provided by (used in) financing activities	18,338	50,621	(66,265)
Effect of exchange rate changes on cash	607	(72)	(2,128)
Net (decrease) increase in cash and cash equivalents	(57,763)	71,476	3,282
Cash and cash equivalents at beginning of year	83,010	11,534	8,252
Cash and cash equivalents at end of year	$ 25,247	$ 83,010	$ 11,534
Cash paid for:			
Income taxes (net of refunds)	$ 29,675	$ 7,395	$ 5,179
Interest	$ 7,794	$ 7,956	$ 7,564

See Accompanying Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies

Organization and Principles of Consolidation. Newpark Resources, Inc. was organized in 1932 as a Nevada corporation. In 1991, we changed our state of incorporation to Delaware. We are a diversified oil and gas industry supplier providing products and services primarily to the oil and gas exploration ("E&P") industry serving customers in North America, Europe, the Middle East and Africa ("EMEA"), Latin America, and Asia Pacific regions. The consolidated financial statements include our company and our wholly-owned subsidiaries ("we", "our" or "us"). All intercompany transactions are eliminated in consolidation.

Use of Estimates and Market Risks. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates used in preparing our consolidated financial statements include, but are not limited to the following: allowances for product returns, allowances for doubtful accounts, reserves for self-insured retentions under insurance programs, reserves for incentive compensation programs, fair values used for goodwill impairment testing, undiscounted future cash flows used for impairment testing of long-lived assets, depreciation using the unit-of-production method and valuation allowances for deferred tax assets.

Our operating results depend primarily on oil and gas drilling activity levels in the markets we serve. Drilling activity, in turn, depends on oil and gas commodities pricing, inventory levels and product demand. Oil and gas prices and activity are cyclical and volatile. This market volatility has a significant impact on our operating results.

Cash Equivalents. All highly liquid investments with a remaining maturity of three months or less at the date of acquisition are classified as cash equivalents.

Allowance for Doubtful Accounts. Reserves for uncollectible accounts receivable are determined on a specific identification basis when we believe that the required payment of specific amounts owed to us is not probable.

The majority of our revenues are from mid-sized and international oil companies and government-owned or government-controlled oil companies, and we have receivables in several foreign jurisdictions. Changes in the financial condition of our customers or political changes in foreign jurisdictions could cause our customers to be unable to repay these receivables, resulting in additional allowances.

Allowance for Product Returns. We maintain reserves for estimated customer returns of unused materials in our Fluids Systems and Engineering segment. The reserves are established based upon historical customer return levels and estimated gross profit levels attributable to product sales.

Inventories. Inventories are stated at the lower of cost (principally average cost) or market. Certain conversion costs associated with the acquisition, production, blending and storage of inventory in our Fluids Systems and Engineering segment as well as in the manufacturing operations in the Mats and Integrated Services segment are capitalized as a component of the carrying value of the inventory and expensed as a component of cost of revenues as the products are sold. Reserves for inventory obsolescence are determined based on the fair value of the inventory using factors such as our historical usage of inventory on-hand, future expectations related to our customers needs, market conditions and the development of new products.

Property, Plant and Equipment. Property, plant and equipment are recorded at cost. Additions and improvements that extend the useful life of the assets are capitalized. Maintenance and repairs are charged to expense as incurred. The cost of property, plant and equipment sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any gain or loss is credited or charged to income.

For financial reporting purposes, except as described below, depreciation is provided on property, plant and equipment, including assets held under capital leases, by utilizing the straight-line method over the following estimated useful service lives or lease term:

Computer hardware and office equipment	3-5 years
Computer software	3-10 years
Autos & light trucks	5-7 years
Furniture, fixtures & trailers	7-10 years
Composite mats	7-12 years
Machinery and heavy equipment	5-15 years
Owned buildings	20-39 years
Leasehold improvements	Lease term, including reasonably assured renewal periods

We compute the provision for depreciation on certain of our environmental disposal assets and our barite grinding mills using the unit-of-production method. In applying this method, we have considered certain factors which affect the expected production units (lives) of these assets. These factors include periods of non-use for normal maintenance and economic slowdowns.

Goodwill and Other Intangible Assets. Goodwill represents the excess of the purchase price of acquisitions over the fair value of the net identifiable assets acquired. Goodwill and other intangible assets with indefinite lives are not amortized. Intangible assets with finite useful lives are amortized either on a straight-line basis over the asset's estimated useful life or on a basis that reflects the pattern in which the economic benefits of the asset are realized. Any period costs of maintaining intangible assets are expensed as incurred.

Impairment of Long-Lived Assets. Goodwill and other indefinite-lived intangible assets are tested for impairment annually as of November 1, or more frequently, if an indication of impairment exists. The impairment test includes a comparison of the carrying value of net assets of our reporting units, including goodwill, with their estimated fair values, which we determine using a combination of a market multiple and discounted cash flow approach. If the carrying value exceeds the estimated fair value, an impairment charge is recorded in the period in which such review is performed. We identify our reporting units based on our analysis of several factors, including our operating segment structure, evaluation of the economic characteristics of our geographic regions within each of our operating segments, and the extent to which our business units share assets and other resources.

We review property, plant and equipment, finite-lived intangible assets and certain other assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We assess recoverability based on expected undiscounted future net cash flows. In estimating expected cash flows, we use a probability-weighted approach. Should the review indicate that the carrying value is not fully recoverable, the amount of impairment loss is determined by comparing the carrying value to the estimated fair value.

Insurance. We maintain reserves for estimated future payments associated with our self-insured employee healthcare programs, as well as the self-insured retention exposures under our general liability, auto liability and workers compensation insurance policies. Our reserves are determined based on historical cost experience under these programs, including estimated development of known claims and estimated incurred-but-not-reported claims.

Revenue Recognition. The Fluids Systems and Engineering segment recognizes sack and bulk material additive revenues upon shipment of materials and passage of title. Formulated liquid systems revenues are recognized when utilized or lost downhole while drilling. An allowance for product returns is maintained, reflecting estimated future customer product returns. Engineering and related services are provided to customers at agreed upon hourly or daily rates, and revenues are recognized when the services are performed.

For the Mats and Integrated Services segment, revenues from the sale of mats are recognized when title passes to the customer, which is upon shipment or delivery, depending upon the terms of the underlying sales contract. Revenues for services and rentals provided by this segment are generated from both fixed-price and unit-priced contracts, which are short-term in duration. The activities under these contracts include site preparation, pit design, construction, drilling waste management, and the installation and rental of mat systems for a period of time generally not to exceed 60 days. Revenues from services provided under these contracts are recognized as the specified services are completed. Revenues from any subsequent extensions to the rental agreements are recognized over the extension period.

For our Environmental Services segment, revenues are recognized when we take title to the waste, which is upon receipt of the waste at one of our facilities. All costs related to the transporting and disposing of the waste received are accrued when that revenue is recognized.

Shipping and handling costs are reflected in cost of revenues, and all reimbursements by customers of shipping and handling costs are included in revenues.

Income Taxes. We provide for deferred taxes using an asset and liability approach by measuring deferred tax assets and liabilities due to temporary differences existing at year end using currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. We reduce deferred tax assets by a valuation allowance when, based on our estimates, it is more likely than not that a portion of those assets will not be realized in a future period. The estimates utilized in recognition of deferred tax assets are subject to revision, either up or down, in future periods based on new facts or circumstances. We evaluate uncertain tax positions and record a liability as circumstances warrant. We have a $1.2 million and $1.6 million liability for uncertain tax positions recorded as of December 31, 2011 and 2010, respectively.

Stock-Based Compensation. All share-based payments to employees, including grants of employee stock options, are recognized in the income statement based on their fair values. We use the Black-Scholes option-pricing model for measuring the fair value of stock options granted and recognize stock-based compensation based on the grant date fair value, net of an estimated forfeiture rate, for all share-based awards, on a straight-line basis over the vesting term.

Foreign Currency Transactions. The majority of our transactions are in U.S. dollars; however, our foreign subsidiaries maintain their accounting records in the respective local currency. These currencies are converted to U.S. dollars with the effect of the foreign currency translation reflected in “accumulated other comprehensive income,” a component of stockholders’ equity. Foreign currency transaction gains and losses, if any, are credited or charged to income. We recorded a net transaction loss (gain) totaling $0.5 million, ($1.1) million, and ($1.9) million in 2011, 2010 and 2009, respectively. At December 31, 2011 and 2010, cumulative foreign currency translation adjustments, related to foreign subsidiaries reflected in stockholders’ equity amounted to $0.9 million and $8.6 million, respectively.

Derivative Financial Instruments. We monitor our exposure to various business risks including interest rates and foreign currency exchange rates and occasionally use derivative financial instruments to manage the impact of certain of these risks. At the inception of a new derivative, we designate the derivative as a cash flow or fair value hedge or we determine the derivative to be undesignated as a hedging instrument based on the underlying facts. We do not enter into derivative instruments for trading purposes.

New Accounting Standards. In September 2011, the Financial Accounting Standards Board issued additional guidance regarding intangibles and goodwill impairment testing. The objective of the additional guidance is to simplify how entities test goodwill for impairment. Under the new requirements, we will have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, further quantitative testing is not required. The changes in this update are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We do not expect the adoption of this additional guidance to have a material effect on our consolidated financial statements.

New Accounting Standards. In September 2011, the Financial Accounting Standards Board issued additional guidance regarding intangibles and goodwill impairment testing. The objective of the additional guidance is to simplify how entities test goodwill for impairment. Under the new requirements, we will have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, further quantitative testing is not required. The changes in this update are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We do not expect the adoption of this additional guidance to have a material effect on our consolidated financial statements.

2. Inventories

Inventories consisted of the following items at December 31:

	2011	2010
	(In thousands)	
Raw materials and components:		
Drilling fluids	$174,659	$122,490
Mats	623	359
Total raw materials and components	175,282	122,849
Finished goods- mats	647	179
Total	$175,929	$123,028

3. Property, Plant and Equipment

Our investment in property, plant and equipment consisted of the following at December 31:

	2011	2010
	(In thousands)	
Land	$ 14,677	$ 14,258
Buildings and improvements	134,628	131,164
Machinery and equipment	219,993	192,747
Mats (rental fleet)	40,597	37,964
Construction in progress	3,520	4,535
	413,415	380,668
Less accumulated depreciation	(182,360)	(168,013)
Property, plant and equipment, net	$ 231,055	$ 212,655

Depreciation expense was $25.6 million, $23.9 million and $24.8 million in 2011, 2010 and 2009, respectively.

4. Goodwill, Other Intangibles and Impairments of Long-Lived Assets

Changes in the carrying amount of goodwill by reportable segment are as follows:

	Fluids Systems & Engineering	Mats and Integrated Services	Total
		(In thousands)	
Balance at December 31, 2009	$ 47,347	$ 14,929	$62,276
Effects of foreign currency	31	—	31
Balance at December 31, 2010	47,378	14,929	62,307
Acquisition	10,275	—	10,275
Effects of foreign currency	(612)	—	(612)
Balance at December 31, 2011	$ 57,041	$ 14,929	$71,970

We have evaluated the carrying values of our goodwill and other indefinite-lived intangible assets as of November 1, 2011. We determine any impairment of goodwill by comparing the carrying amounts of our reporting units with fair values, which we estimate using a combination of a market multiple and discounted cash flow approach. In completing this evaluation, we determined that no reporting unit has a fair value below its net carrying value and therefore, no impairment was required.

Other intangible assets consist of the following:

	December 31, 2011			December 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Intangible assets, net	Gross Carrying Amount	Accumulated Amortization	Intangible assets, net
			(In thousands)			
Technology related	$ 5,531	$ (2,607)	$ 2,924	$ 7,409	$ (4,057)	$ 3,352
Customer related	20,675	(7,854)	12,821	9,524	(5,586)	3,938
Employment related	2,679	(2,337)	342	2,775	(1,805)	970
Total amortizing intangible assets	28,885	(12,798)	16,087	19,708	(11,448)	8,260
Permits and licenses	3,929	—	3,929	3,950	—	3,950
Trademarks	834	—	834	862	—	862
Total indefinite-lived intangible assets	4,763	—	4,763	4,812	—	4,812
Total intangible assets	$33,648	$ (12,798)	$20,850	$24,520	$ (11,448)	$13,072

Total amortization expense in 2011, 2010 and 2009 related to other intangible assets was $3.3 million, $3.1 million and $3.3 million, respectively.

Estimated future amortization expense for the years ended December 31 is as follows (in thousands):

2012	$ 3,588
2013	2,869
2014	2,507
2015	2,108
2016	1,396
Thereafter	3,619
Total	$16,087

Note 5 — Acquisition

In April 2011, we completed the acquisition of the drilling fluids and engineering services business from Rheochem PLC, a publicly-traded Australian-based oil and gas company. The acquired business provides drilling fluids and related engineering services to the oil and gas exploration and geothermal industries with operations in Australia, New Zealand and India. Total cash paid was AUD$27.2 million ($28.8 million), including post-closing payments of AUD$0.8 million ($0.8 million) based on a true-up of the final working capital conveyed at closing and AUD$2.0 million ($2.1 million) related to a six month earn-out provision in the agreement. Additional consideration may also be payable based on financial results of the acquired business over a one year earn-out period, up to a maximum additional consideration of AUD$19.3 million (approximately $19.6 million at the current exchange rate).

The transaction has been accounted for using the acquisition method of accounting and accordingly, assets acquired and liabilities assumed were recorded at their fair values as of the acquisition date. The excess of the total consideration, including projected additional consideration, was recorded as goodwill and includes the value of the access to markets in Asia Pacific and an assembled workforce. While the preliminary purchase price allocation has been completed, the allocation of the purchase price is subject to change for a period of one year following the acquisition.

The following table summarizes the amounts recognized for assets acquired and liabilities assumed, as of the April 2011 acquisition date.

	(In thousands)
Cash and cash equivalents	$ 315
Receivables, net	3,316
Inventories	7,166
Prepaid expenses and other current assets	773
Property, plant and equipment, net	9,465
Goodwill	10,275
Customer relationships (11 year life)	10,492
Tradename (5 year life)	700
Other assets	510
Total assets acquired	$ 43,012
Accounts payable	$ 717
Accrued liabilities	12,676
Deferred tax liability	3,432
Other noncurrent liabilities	271
Total liabilities assumed	$ 17,096
Total cash conveyed at closing	$ 25,916

The accrued liabilities at the date of acquisition in the table above, includes $11.1 million reflecting anticipated post-closing payments to the seller under the terms of the agreement, of which $2.9 million was paid during the third quarter of 2011. The remaining $8.2 million balance at December 31, 2011, which reflects estimated obligations under the one-year earn-out provision, is expected to be paid during the first half of 2012.

Our operating results include $1.0 million of acquisition-related costs in 2011, substantially all of which were incurred during the first half of the year. Proforma results of operation for the acquired business have not been presented as the effect of this acquisition is not material to our consolidated financial statements.

6. Financing arrangements

Financing arrangements consisted of the following at December 31, 2011 and 2010:

	2011	2010
	(In thousands)	
Senior Notes	$172,500	$172,500
Revolving credit facility	17,000	—
Other	2,608	2,093
Total debt	$192,108	$174,593
Less: current portion	(2,232)	(1,606)
Long-term portion	$189,876	$172,987

Our financing arrangements include $172.5 million of unsecured convertible senior notes (“Senior Notes”) and a $125.0 million revolving credit facility. The Senior Notes bear interest at a rate of 4.0% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2011. Holders may convert the Senior Notes at their option at any time prior to the close of business on the business day immediately preceding the October 1, 2017 maturity date. The conversion rate is initially 90.8893 shares of our common stock per $1,000 principal amount of Senior Notes (equivalent to an initial conversion price of $11.00 per share of common stock), subject to adjustment in certain circumstances. Upon conversion, the Senior Notes will be settled in shares of our common stock. We may not redeem the Senior Notes prior to their maturity date.

In November 2011, we entered into a Second Amended and Restated Credit Agreement (the “Credit Agreement”) which provides for a $125 million revolving loan facility available for borrowings and letters of credit and expires in November 2016. Under the terms of the Credit Agreement, we can elect to borrow at an interest rate either based on LIBOR plus a margin based on our consolidated leverage ratio, ranging from 175 to 300 basis points, or at an interest rate based on the greatest of: (a) prime rate, (b) the federal funds rate in effect plus 50 basis points, or (c) the Eurodollar rate for a Eurodollar Loan with a one-month interest period plus 100 basis points, in each case plus a margin ranging from 75 to 200 basis points. The applicable margin on LIBOR borrowings on December 31, 2011 was 200 basis points. In addition, we are required to pay a commitment fee on the unused portion of the Facility of 37.5 basis points. The Credit Facility contains customary financial and operating covenants, including a consolidated leverage ratio, a senior secured leverage ratio and an interest coverage ratio. We were in compliance with these covenants as of December 31, 2011.

At December 31, 2011, $17.0 million was outstanding under the Credit Agreement, and $14.0 million in letters of credit were issued and outstanding under the Credit Agreement leaving $94.0 million of availability at December 31, 2011. Additionally, we had $0.7 million in letters of credit outstanding relating to foreign operations.

The Credit Agreement is a senior secured obligation, secured by first liens on all of our U.S. tangible and intangible assets, including our accounts receivable and inventory. Additionally, a portion of the capital stock of our non-U.S. subsidiaries has also been pledged as collateral.

Our foreign Fluid Systems and Engineering subsidiaries in Italy and Brazil maintain local credit arrangements consisting primarily of lines of credit with several banks, which are renewed on an annual basis. We utilize local financing arrangements in our foreign operations in order to provide short-term local liquidity needs, as well as to reduce the net investment in foreign operations subject to foreign currency risk. Advances under these short-term credit arrangements are typically based on a percentage of the subsidiary’s accounts receivable or firm contracts with certain customers. The weighted average interest rate under these arrangements was 3.54% and 2.26% on total outstanding balances of $2.2 million and $1.5 million at December 31, 2011 and 2010, respectively.

We incurred net interest expense of $9.2 million, $10.3 million, and $9.3 million for the years ended December 31, 2011, 2010 and 2009, respectively. Scheduled maturities of all long-term debt are as follows (in thousands):

2013	$ 65
2014	65
2015	65
2016	181
Thereafter	189,500
Total	$189,876

7. Fair Value of Financial Instruments and Concentrations of Credit Risk

Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, receivables, payables and debt. We believe the carrying values of these instruments, with the exception of our Senior Notes, approximated their fair values at December 31, 2011 and December 31, 2010. The estimated fair value of our Senior Notes is $195.8 million at December 31, 2011 and $157.0 million at December 31, 2010, based on quoted market prices at these respective dates.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash, trade accounts and notes receivable. At December 31, 2011, substantially all of our U.S. cash deposits are held in accounts at a financial institution with deposit ratings of P-1 by Moody's, A-1 by Standard and Poor's, and F1+ by Fitch. As part of our investment strategy, we perform periodic evaluations of the relative credit standing of these financial institutions.

Accounts Receivable. Accounts receivable at December 31, 2011 and 2010 include the following:

	2011	2010
	(In thousands)	
Gross trade receivables	$306,791	$193,349
Allowance for doubtful accounts	(3,161)	(5,839)
Net trade receivables	303,630	187,510
Other receivables	24,960	9,289
Total receivables, net	$328,590	$196,799

Other receivables includes $21.9 million for value added, goods and service taxes related to foreign jurisdictions and other tax related receivables.

We derive a significant portion of our revenues from companies in the E&P industry, and our customer base is highly concentrated in major and independent oil and gas E&P companies operating in the markets that we serve. In 2011, approximately 43% of our consolidated revenues were derived from our 20 largest customers. We maintain an allowance for losses based upon the expected collectability of accounts receivable. Changes in this allowance for 2011, 2010 and 2009 are as follows.

	2011	2010	2009
		(In thousands)	
Balance at beginning of year	$ 5,839	$5,969	$4,259
Provision for uncollectible accounts	2,400	478	2,301
Write-offs, net of recoveries	(5,078)	(608)	(591)
Balance at end of year	$ 3,161	$5,839	$5,969

During 2011, $5.2 million of fully reserved trade receivables were written off against the allowance for doubtful accounts. During the years ended December 31, 2011, 2010 and 2009, no single customer accounted for more than 10% of total sales.

8. Income Taxes

The provision for income taxes charged to continuing operations was as follows:

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Current tax expense (benefit):			
U.S. Federal	$ 6,082	$ 1,110	$ (121)
State	2,752	1,868	(455)
Foreign	7,234	6,427	5,438
Total current	16,068	9,405	4,862
Deferred tax expense (benefit):			
U.S. Federal	26,373	17,532	(10,326)
State	372	552	1,108
Foreign	186	(244)	2,140
Total deferred	26,931	17,840	(7,078)
Total provision	$42,999	$27,245	$ (2,216)

Income (loss) from operations before income taxes was as follows:

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
U.S.	$ 95,267	$52,608	$(31,868)
Foreign	27,749	16,263	9,079
Income (loss) from operations before income taxes	$123,016	$68,871	$(22,789)

The effective income tax rate is reconciled to the statutory federal income tax rate as follows:

	Year Ended December 31,		
	2011	2010	2009
Income tax expense (benefit) at federal statutory rate	35.0%	35.0%	(35.0%)
Nondeductible expenses	1.9%	1.9%	2.3%
Nondeductible stock based compensation expense	0.1%	—	3.0%
Different rates on earnings of foreign operations	(2.3%)	(2.6%)	(5.7%)
Tax exempt foreign earnings due to tax holidays	(0.2%)	(0.6%)	(3.7%)
Benefit of foreign interest deductible in U.S.	(0.2%)	—	(2.0%)
Change in valuation allowance	(1.1%)	2.2%	17.5%
Tax on undistributed earnings	0.2%	0.2%	2.6%
Foreign exchange gain	—	—	2.6%
Foreign tax withholdings	0.7%	0.4%	4.0%
State tax expense, net	1.8%	2.6%	3.6%
Other	(0.9%)	0.5%	1.1%
Total income tax expense (benefit)	35.0%	39.6%	(9.7%)

Temporary differences and carryforwards which give rise to deferred tax assets and liabilities at December 31, 2011 and 2010 are as follows:

	2011	2010
	(In thousands)	
Deferred tax assets:		
Net operating losses	$ 16,045	$ 27,581
Accruals not currently deductible	13,185	12,343
Bad debts	750	2,044
Alternative minimum tax credits	—	5,606
Foreign tax credits	2,026	2,150
Other	4,331	4,043
Total deferred tax assets	36,337	53,767
Valuation allowance	(16,734)	(20,459)
Total deferred tax assets, net of allowances	19,603	33,308
Deferred tax liabilities:		
Accelerated depreciation and amortization	47,320	32,182
Other	5,922	5,212
Total deferred tax liabilities	53,242	37,394
Total net deferred tax liabilities	$(33,639)	$ (4,086)
Current portion of deferred tax assets	$ 13,224	$ 27,654
Non current portion of deferred tax assets	341	3
Current portion of deferred tax liabilities	(360)	(194)
Non current portion of deferred tax liabilities	(46,844)	(31,549)
Net deferred tax liabilities	$(33,639)	$ (4,086)

For state income tax purposes, we have net operating loss carryforwards ("NOLs") of approximately $228 million available to reduce future state taxable income. These NOLs expire in varying amounts beginning in year 2012 through 2031. Foreign NOLs of approximately $13.0 million are available to reduce future taxable income, some of which expire beginning in 2015.

The realization of our net deferred tax assets is dependent on our ability to generate taxable income in future periods. At December 31, 2011 and December 31, 2010, we have recorded a valuation allowance in the amount of $16.7 million and $20.5 million, respectively, related to state and foreign NOL carryforwards.

Unremitted foreign earnings permanently reinvested abroad upon which deferred income taxes have not been provided aggregated approximately $84.7 million and $67.9 million at December 31, 2011 and 2010, respectively. We have the ability and intent to leave these foreign earnings permanently reinvested abroad.

We operate in a foreign tax jurisdiction which has granted tax holidays, which will terminate in 2012. The current tax benefit in 2011 and 2010 attributable to these holidays was $0.2 million and $0.4 million.

We file an income tax return in the U.S. federal jurisdiction, and various state and foreign jurisdictions. We are no longer subject to income tax examinations for substantially all tax jurisdictions for years prior to 1999.

A reconciliation of the beginning and ending provision for uncertain tax positions is as follows:

	2011	2010	2009
		(In thousands)	
Balance at January 1	$1,568	$ 750	$750
(Reductions) additions for tax positions of prior years	(350)	818	—
Balance at December 31	$1,218	$1,568	$750

The provision for uncertain tax positions, if recognized, would affect the annual effective tax rate. The Company recognizes accrued interest and penalties related to uncertain tax positions in operating expenses.

9. Capital Stock

Common stock

Changes in outstanding Common Stock for the years ended December 31, 2011, 2010 and 2009 were as follows:

	2011	2010	2009
		(In thousands of shares)	
Outstanding, beginning of year	93,143	91,673	91,140
Shares issued upon exercise of options	671	677	18
Shares issued under employee stock purchase plan	—	—	32
Shares issued for grants of time vested restricted stock	684	773	229
Shares issued upon vesting of performance units	—	20	254
Outstanding, end of year	94,498	93,143	91,673

Preferred stock and Warrant

We are authorized to issue up to 1,000,000 shares of Preferred Stock, $0.01 par value. There was no outstanding preferred stock at December 31, 2011, 2010 or 2009.

In June 2000, we completed the sale of 120,000 shares of Series B Convertible Preferred Stock, $0.01 par value per share (the "Series B Preferred Stock"), and a warrant (the "Series B Warrant") to purchase up to 1,900,000 shares of our common stock at an exercise price of $10.075 per share, subject to anti-dilution adjustments. Prior to 2006, all outstanding shares of the Series B Preferred Stock were converted to common stock. The Series B Warrant was originally issued with a seven year life, expiring June 1, 2007. This warrant contained certain registration provisions, which, if not met, reduced the exercise price of the warrant by 2.5%, for each year we were not in compliance with the registration requirements, and extended the term of the warrant. Effective May 1, 2009, we became compliant with the registration requirements for the warrant. Previously, because of a restatement of our earnings which occurred in 2006, we were not in compliance with these requirements which resulted in adjustments to the exercise price and extended the term of the warrant. As of December 31, 2011, the Series B Warrant, as adjusted for certain anti-dilution provisions, remained outstanding and provided for the right to purchase up to approximately 2.1 million shares of our common stock at an exercise price of $9.01. The Series B Warrant was not exercised and expired by its terms in February 2012.

Treasury stock

During 2011, 2010 and 2009, 72,721, 27,134, and 104,824 shares were repurchased, respectively, for an aggregate price of $0.6 million, $0.2 million, $0.3 million, respectively, representing employee shares surrendered in lieu of taxes under vesting of restricted stock awards.

All of the shares repurchased are held as treasury stock. During 2011, 2010 and 2009, 35,646, 59,804 and 23,468 shares of treasury stock were re-issued, respectively, pursuant to our employee stock purchase plan. We record treasury stock purchases under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock.

Share repurchase program

In February 2012, our Board of Directors approved a share repurchase program that authorizes the Company to purchase up to $50.0 million of its outstanding shares of common stock. These purchases will be funded with a combination of cash generated from operations and borrowings under the Company's revolving credit facility, and the repurchase program has no specific term. The Company may repurchase shares in the open market or as otherwise determined by management, subject to market conditions, business opportunities and other factors. The Company's management has been authorized to establish trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934, which we intend to establish as soon as practicable, as part of the share repurchase program.

10. Earnings per Share

The following table presents the reconciliation of the numerator and denominator for calculating earnings per share:

	Year Ended December 31, 2011	2010	2009
	(In thousands, except per share data)		
Basic EPS:			
Net income (loss)	$ 80,017	$41,626	$(20,573)
Weighted average number of common shares outstanding	90,022	89,103	88,500
Basic income (loss) per common share	$ 0.89	$ 0.47	$ (0.23)
Diluted EPS:			
Net income (loss)	$ 80,017	$41,626	$(20,573)
Assumed conversions of Senior Notes	4,969	1,138	—
Adjusted net income (loss)	$ 84,986	$42,764	$(20,573)
Weighted average number of common shares outstanding-basic	90,022	89,103	88,500
Add: Dilutive effect of stock options and restricted stock awards	965	790	—
Dilutive effect of Senior Notes	15,682	3,824	—
Diluted weighted average number of common shares outstanding	106,669	93,717	88,500
Diluted income (loss) per common share	$ 0.80	$ 0.46	$ (0.23)
Stock options and warrants excluded from calculation of diluted earnings per share because anti-dilutive for the period	2,907	3,913	6,613

11. Stock Based Compensation and Other Benefit Plans

The following describes stockholder approved plans utilized by the Company for the issuance of stock based awards.

2003 Long-Term Incentive Plan

During 2011, our stockholders approved the Amended and restated 2003 Long Term Incentive Plan (the "2003 Plan"). As amended, the 2003 Plan, allows awards of restricted stock with multi-year vesting as well as previously authorized awards of performance-based restricted stock units made at the beginning of overlapping three-year performance periods. The maximum number of shares that may be granted in the form of performance-based restricted stock units and restricted stock awards to any participant in any calendar year is 50,000 shares. Subject to adjustment upon a stock split, stock dividend or other recapitalization event, the maximum number of shares of common stock that may be issued under the 2003 Plan is 1,000,000. The common stock issued under the 2003 Plan will be from authorized but un-issued shares of our common stock, although shares re-acquired due to forfeitures or any other reason may be re-issued under the 2003 Plan. At December 31, 2011, 230,433 shares remained available for award under the 2003 Plan.

2004 Non-Employee Directors' Incentive Compensation Plan

In June 2004, our stockholders approved the 2004 Non-Employee Directors' Stock Option Plan ("2004 Plan"). During 2007, stockholders approved the amended and restated 2004 Plan (renamed the 2004 Non-Employee Directors' Incentive Compensation Plan) which authorizes grants of restricted stock to non-employee directors instead of stock options. In 2011, each non-employee director received $125,000 in restricted stock (valued as of the date of the annual stockholder's meeting), upon their election or re-election. At December 31, 2011, 365,088 shares remained available for award under the amended 2004 Plan.

2006 Equity Incentive Plan

In December 2006, our stockholders approved the 2006 Equity Incentive Plan ("2006 Plan"), pursuant to which the Compensation Committee of our Board of Directors ("Compensation Committee") may grant to key employees, including executive officers and other corporate and divisional officers, a variety of forms of equity-based compensation, including options to purchase shares of common stock, shares of restricted common stock, restricted stock units, stock appreciation rights, other stock-based awards, and performance-based awards. During 2011, the 2006 Plan was amended to increase the number of shares available for issuance from 5,000,000 to 8,000,000. At December 31, 2011, 2,727,081 shares remained available for award under the 2006 Plan, as amended.

The Compensation Committee approves the granting of all stock based compensation to employees, utilizing shares available under the 2003 Plan and 2006 Plan. Stock based awards are granted in a variety of forms, including stock options, restricted stock awards and performance-based restricted stock units. The Committee also grants other stock based awards to non-executive employees including cash-settled stock appreciation rights and cash-settled performance-based restricted stock equivalents, which are not part of the plans outlined above and are not available to executives or non-employee directors. Activity under each of these programs is described below.

Stock Options & Cash-Settled Stock Appreciation Rights

Stock options granted by the Compensation Committee are generally granted with a three or four year vesting period and a term of ten years. During 2011, 725,643 options were granted with a three year vesting period and a ten year term. The exercise price of each stock option granted was equal to the fair market value on the date of grant.

The following table summarizes activity for our outstanding stock options for the year ended December 31, 2011:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at beginning of period	3,901,232	$ 5.44		
Granted	725,643	9.13		
Exercised	(671,871)	5.34		
Expired or cancelled	(333,991)	5.23		
Outstanding at end of period	3,621,013	$ 6.21	6.11	$ 11,908,247
Vested or expected to vest at end of period	3,554,364	$ 6.19	6.07	$ 11,762,252
Options exercisable at end of period	2,079,337	$ 6.54	4.62	$ 6,162,396

We estimated the fair value of options granted on the date of grant using the Black-Scholes option-pricing model, with the following weighted average assumptions:

	Year Ended December 31, 2011	2010	2009
Risk-free interest rate	1.59%	1.99%	2.93%
Expected life of the option in years	5.22	5.22	5.22
Expected volatility	63.1%	62.5%	62.5%
Dividend yield	—	—	—

The risk-free interest rate is based on the implied yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The expected life of the option is based on observed historical patterns. The expected volatility is based on historical volatility of the price of our common stock. The dividend yield is based on the projected annual dividend payment per share divided by the stock price at the date of grant, which is zero because we have not paid dividends for several years and do not expect to pay dividends in the foreseeable future.

The following table summarizes information about the weighted-average exercise price and the weighted-average grant date fair value of stock options granted:

	Year Ended December 31,		
	2011	2010	2009
Weighted-average exercise price of the stock on the date of grant	$9.13	$5.61	$3.31
Weighted-average grant date fair value on the date of grant	$5.00	$3.08	$1.85

All stock options granted for the years ended December 31, 2011, 2010 and 2009 reflected an exercise price equal to the market value of the stock on the date of grant.

The total intrinsic value of options exercised was $2.5 million, $1.9 and $0.0 million for the years ended December 31, 2011, 2010 and 2009, while cash from option exercises totaled $3.6 million, $3.6 million and $0.0 million, respectively.

The following table summarizes activity for outstanding cash-settled stock appreciation rights for the year-ended December 31, 2011:

	Rights
Outstanding at the beginning of the period	545,800
Exercised	(210,200)
Forfeited	(22,934)
Outstanding at the end of the period	312,666
Exercisable at end of period	312,666

During 2011, there were no additional grants of cash-settled stock appreciation rights. The remaining outstanding cash-settled stock appreciation rights, if exercised, will ultimately be settled in cash for the difference between market value of our outstanding shares at the date of exercise, and $7.89. As such, the projected cash settlement is adjusted each period based upon the ending fair market value of the underlying stock. At December 31, 2011, the fair market value of each cash-settled stock appreciation right was $1.61, resulting in a liability of $0.5 million.

Total compensation cost recognized for stock options and cash-settled stock appreciation rights during the years-ended December 31, 2011, 2010 and 2009 was $2.1 million, $1.8 million and $2.9 million, respectively. For the years ended December 31, 2011, 2010 and 2009, we recognized tax benefits resulting from the exercise of stock options totaling $0.8 million, $0.6 million and $0.0 million, respectively.

Performance-Based Restricted Stock Units & Cash-Settled Performance-Based Restricted Stock Units

The Compensation Committee may use various business criteria to set the performance objectives for awards of performance-based restricted stock units. For awards made during 2009, the Compensation Committee determined that our cumulative earnings per share for the three-year performance period ending December 31, 2011 was the performance criterion for vesting in the award shares. No performance-based awards were granted during 2010 or 2011.

The following table summarizes activity for outstanding performance-based restricted stock units for the year-ended December 31, 2011:

Nonvested Shares (Performance-Based)	Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of the period	708,280	$ 4.88
Forfeited	(327,050)	6.71
Outstanding at the end of the period	381,230	$ 3.31

Subsequent to December 31, 2011, the 381,230 shares remaining under this award were forfeited related to the three-year performance period ending December 31, 2011 as performance objectives were not achieved.

The following table summarizes activity for outstanding cash-settled performance-based restricted stock units for the year-ended December 31, 2011:

Nonvested Shares (Cash-Settled Performance Based)	Shares
Outstanding at beginning of the period	260,000
Forfeited	(260,000)
Outstanding at the end of the period	—

During 2011 and 2010, no compensation cost was recognized for performance-based restricted stock units and cash-settled performance based restricted stock units. During 2009, $0.6 million of income was recognized which reflects the reversal of the previous liability for these awards, based on the revised forecast of performance criteria for the three year measurement periods.

Restricted Stock Awards

Time-vested restricted stock awards are periodically granted to key employees, including grants for employment inducements, as well as to members of our Board of Directors. Employee awards provide for vesting periods ranging from three to four years. Non-employee director grants fully vest at the one year anniversary from the date of grant. Upon vesting of these grants, shares are issued to award recipients. The following table summarizes activity for our outstanding time-vesting restricted stock awards for the year-ended December 31, 2011.

Nonvested Shares (Time-Vesting)	Shares	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2011	847,693	$ 6.00
Granted	792,542	9.04
Vested	(365,736)	6.14
Forfeited	(108,770)	7.06
Nonvested at December 31, 2011	1,165,729	$ 7.92

Total compensation cost recognized for restricted stock awards was $2.8 million, $1.8 million and $1.4 million for the years ended December 31, 2011, 2010 and 2009 respectively. Total unrecognized compensation cost at December 31, 2011 related to restricted stock awards is approximately $7.8 million which is expected to be recognized over the next 2.7 years. During the years ended December 31, 2011, 2010 and 2009, the total fair value of shares vested was $3.2 million $1.2 million and $0.6 million, respectively.

For the years ended December 31, 2011, 2010 and 2009, we recognized tax benefits resulting from the vesting of share awards totaling $1.1 million, $0.6 million and $0.4 million, respectively.

Defined Contribution Plan

Substantially all of our U.S. employees are covered by a defined contribution plan ("401(k) Plan"). Employees may voluntarily contribute up to 50% of compensation, as defined in the 401(k) Plan. Participants' contributions, up to 3% of compensation, are matched 100% by us, and the participants' contributions, from 3% to 6% of compensation, are matched 50% by us. Under the 401(k) Plan, our cash contributions were $2.8 million, $1.7 million and $1.5 million in 2011, 2010 and 2009, respectively. During 2009, we executed cost reduction programs which included the temporary elimination of our 401(k) matching for U.S. employees beginning in the second quarter of 2009 and did not resume until March 2010.

12. Segment and Related Information

Our Company consists of three reportable segments, which offer different products and services to a relatively homogenous customer base. The reportable segments include: Fluids Systems and Engineering, Mats and Integrated Services, and Environmental Services. Intersegment revenues are generally recorded at cost for items which are included in inventory of the purchasing segment, and at standard markups for items which are included in cost of revenues of the purchasing segment. All intersegment revenues and related profits have been eliminated.

Fluids Systems and Engineering — Our Fluids Systems and Engineering business offers customized solutions including highly technical drilling projects involving complex subsurface conditions, such as horizontal directional, geologically deep or deep water drilling. These projects require increased monitoring and critical engineering support of the fluids system during the drilling process. We provide drilling fluids products and technical services to markets in North America, EMEA, Brazil, and following our April 2011 acquisition (see Note 5), the Asia Pacific region. We also provide completion services and equipment rental to customers in Oklahoma and Texas.

We have industrial mineral grinding operations for barite, a critical raw material in drilling fluids products, which serve to support our activity in the drilling fluids market. We grind barite and other industrial minerals at facilities in Houston and Corpus Christi, Texas, New Iberia, Louisiana and Dyersburg, Tennessee. We use the resulting products in our drilling fluids business, and also sell them to third party users, including other drilling fluids companies. We also sell a variety of other minerals, principally to third party industrial (non oil and gas) markets, from our main plant in Houston, Texas and from the plant in Dyersburg, Tennessee.

Mats and Integrated Services — This segment provides mat rentals, location construction and related well site services to E&P customers in the Northeast U.S. region, onshore U.S. Gulf Coast, and Rocky Mountain regions, and mat rentals to the utility industry in the U.K. These mats provide environmental protection and ensure all-weather access to sites with unstable soil conditions.

We manufacture our DuraBase™ composite mat system for sales as well as for use in our domestic and international rental operations. Our marketing efforts for this product remain focused in principal oil and gas industry markets which include the Asia Pacific, Latin America, EMEA, as well as markets outside the E&P sector in the U.S. and Europe. We believe these mats have worldwide applications outside our traditional oilfield market, primarily in infrastructure construction, maintenance and upgrades of electric utility transmission lines, military logistics and as temporary roads for movement of oversized or unusually heavy loads.

Environmental Services — This segment provides disposal services for both oilfield E&P waste and industrial waste. The primary method used for disposal is low pressure injection into environmentally secure geologic formations deep underground. This segment operates in the U.S. Gulf Coast and West Texas markets.

Summarized financial information concerning our reportable segments is shown in the following tables:

	Year Ended December 31,		
	2011	2010	2009
		(In thousands)	
Revenues			
Fluids Systems & Engineering	$798,957	$597,795	$409,450
Mats & Integrated Services	110,411	69,397	37,476
Environmental Services	48,812	48,762	43,349
Total Revenues	$958,180	$715,954	$490,275
Depreciation and Amortization			
Fluids Systems & Engineering	$ 17,126	$ 15,253	$ 13,739
Mats & Integrated Services	7,581	7,672	10,309
Environmental Services	3,016	3,169	3,339
Corporate Office	1,248	916	751
Total Depreciation and Amortization	$ 28,971	$ 27,010	$ 28,138
Operating Income (loss)			
Fluids Systems & Engineering	$ 90,683	$ 56,234	$ 1,994
Mats & Integrated Services	52,678	26,684	(7,840)
Environmental Services	11,909	13,447	7,711
Corporate Office	(22,506)	(18,361)	(17,190)
Operating Income (loss)	$132,764	$ 78,004	$ (15,325)
Segment Assets			
Fluids Systems & Engineering	$673,794	$476,677	$409,054
Mats & Integrated Services	93,078	79,957	77,868
Environmental Services	70,122	69,058	66,966
Corporate	49,843	111,650	31,226
Total Assets	$886,837	$737,342	$585,114
Capital Expenditures			
Fluids Systems & Engineering	$ 16,033	$ 7,033	$ 12,748
Mats & Integrated Services	7,629	2,253	4,604
Environmental Services	1,693	738	865
Corporate	11,542	2,110	326
Total Capital Expenditures	$ 36,897	$ 12,134	$ 18,544

The following table sets forth information about our operations by geographic area. Revenues by geographic location are determined based on the operating location from which services are rendered or products are sold.

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Revenue			
United States	$690,205	$516,786	$334,986
Canada	51,713	23,846	13,432
EMEA	115,319	113,295	115,926
Latin America and Mexico	76,355	62,027	25,931
Asia Pacific	24,588	—	—
Total Revenue	$958,180	$715,954	$490,275
Long-Lived Assets			
United States	$252,751	$243,194	$253,630
Canada	11,730	12,334	12,075
EMEA	25,814	26,380	27,076
Latin America and Mexico	12,920	14,904	14,735
Asia Pacific	29,463	—	—
Total Long-Lived Assets	$332,678	$296,812	$307,516

No single customer accounted for more than 10% of our consolidated revenues for years ended December 31, 2011, 2010 or 2009.

13. Supplemental Cash Flow and Other Information

Included in accounts payable and accrued liabilities at December 31, 2011, 2010, and 2009, were capital expenditures of $3.7 million, $2.3 million, and $1.4 million, respectively.

Accrued liabilities at December 31, 2011 and 2010 were $47.4 million and $43.2 million respectively. The balance in 2011 included $19.7 million for employee incentives and other compensation related expenses, and $8.2 million in estimated obligations under the one-year earn-out provision relating to our April 2011 acquisition. The balance in 2010 included $15.4 million for employee incentives and other compensation related expenses.

During the years ended December 31, 2011, 2010 and 2009, we did not finance the acquisition of property, plant and equipment with capital leases.

14. Commitments and Contingencies

In the ordinary course of conducting our business, we become involved in litigation and other claims from private party actions, as well as judicial and administrative proceedings involving governmental authorities at the federal, state and local levels. In the opinion of management, any liability in these matters should not have a material effect on our consolidated financial statements.

Leases

We lease various manufacturing facilities, warehouses, office space, machinery and equipment, including transportation equipment, under operating leases with remaining terms ranging from one to six years, with various renewal options. Substantially all leases require payment of taxes, insurance and maintenance costs in addition to rental payments. Total rental expenses for all operating leases were approximately $24.2 million, $25.4 million and $29.4 million for the years ending 2011, 2010 and 2009, respectively.

Future minimum payments under non-cancelable operating leases, with initial or remaining terms in excess of one year are included in the table below. Future minimum payments under capital leases are not significant.

	(In thousands)
2012	$ 14,398
2013	6,519
2014	4,234
2015	2,108
2016	1,599
Thereafter	1,194
	$ 30,052

Other

In conjunction with our insurance programs, we had established letters of credit in favor of certain insurance companies in the amount of $3.6 million at December 31, 2011 and 2010. We also had $8.6 million in guarantee obligations in connection with facility closure bonds and other performance bonds issued by insurance companies outstanding as of December 31, 2011 and 2010.

Other than normal operating leases for office and warehouse space, barges, rolling stock and other pieces of operating equipment, we do not have any off-balance sheet financing arrangements or special purpose entities. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such financing arrangements.

We are self-insured for health claims, subject to certain “stop loss” insurance policies. Claims in excess of $200,000 per incident are insured by third-party insurers. We had accrued liabilities of $1.2 million for unpaid claims incurred, based on historical experience at December 31, 2011 and 2010. Substantially all of these estimated claims are expected to be paid within six months of their occurrence.

We are self-insured for certain workers’ compensation, auto and general liability claims up to a certain policy limit. Claims in excess of $750,000 are insured by third-party reinsurers. At December 31, 2011 and 2010, we had accrued a liability of $3.2 million and $2.5 million, respectively, for the uninsured portion of claims.

We maintain accrued liabilities for asset retirement obligations, which represent obligations associated with the retirement of tangible long-lived assets that result from the normal operation of the long-lived asset. Our asset retirement obligations primarily relate to repair cost obligations associated with the return of leased barges as well as required expenditures associated with owned and leased facilities. Upon settlement of the liability, a gain or loss for any difference between the settlement amount and the liability recorded is recognized. As of December 31, 2011 and 2010, we had accrued asset retirement obligations of $2.1 million and $1.9 million, respectively.

15. Supplemental Selected Quarterly Financial Data (Unaudited)

	Quarter Ended			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share amounts)			
Fiscal Year 2011				
Revenues	$202,651	$230,822	$261,193	$263,514
Operating income	27,948	31,596	39,179	34,041
Net income	15,854	19,280	22,997	21,886
Net income per share:				
Basic	0.18	0.21	0.25	0.24
Diluted	0.16	0.19	0.23	0.22
Fiscal Year 2010				
Revenues	$160,798	$181,352	$179,278	$194,526
Operating income	13,709	19,896	19,532(1)	24,867
Net income	7,782	10,840	8,234	14,770
Net income per share:				
Basic	0.09	0.12	0.09	0.16
Diluted	0.09	0.12	0.09	0.15

(1) Includes $2.2 million of income reflecting proceeds from the settlement of a lawsuit.

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

None.

ITEM 9A. ***Controls and Procedures***

Evaluation of disclosure controls and procedures

Based on their evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this report, the Chief Executive Officer and Chief Financial Officer of the Company have concluded that the Company's disclosure controls and procedures are effective as of December 31, 2011.

Changes in internal control over financial reporting.

During the quarter ended December 31, 2011, the Company implemented an operational and financial system in our U.S. Fluids Systems and Engineering segment as well as our corporate office location. This implementation was subject to various testing and review procedures prior to execution. The Company believes the conversion to and implementation of this new system further strengthened its existing internal controls over financial reporting by enhancing certain business processes.

In April 2011, we completed the acquisition of the drilling fluids and engineering services business from Rheochem PLC, a publicly-traded Australian-based oil and gas company ("Rheochem"). For purposes of determining the effectiveness of our internal control over financial reporting, management has excluded Rheochem from its evaluation of these matters. Rheochem represented approximately 5% of our consolidated total assets at December 31, 2011 and approximately 3% of our consolidated revenues for the year-ended December 31, 2011.

Other than the changes described above, there has been no other changes in the Company's internal controls over financial reporting during the quarter ended December 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Management's Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities and Exchange Act Rule 13(a)-15(f). Our internal control system over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance, not absolute assurance with respect to the financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our internal control over financial reporting as of December 31, 2011 as required by the Securities and Exchange Act of 1934 Rule 13a-15(c). In making its assessment, we have utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in a report entitled "Internal Control — Integrated Framework." We concluded that based on our evaluation, our internal control over financial reporting was effective as of December 31, 2011.

The effectiveness of our internal control over financial reporting as of December 31, 2011 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

/s/ Paul L. Howes
Paul L. Howes
President, Chief Executive Officer

/s/ Gregg S. Piontek
Gregg S. Piontek
Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Newpark Resources, Inc.
The Woodlands, Texas

We have audited the internal control over financial reporting of Newpark Resources, Inc. and subsidiaries (the "Company") as of December 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control Over Financial Reporting, in April 2011, the Company acquired the drilling fluids and engineering services business from Rheochem PLC, a publicly-traded Australian-based oil and gas company ("Rheochem"). For the purpose of assessing internal control over financial reporting, management excluded Rheochem, whose financial statements constitute 5% of consolidated total assets, and 3% of consolidated revenues, of the consolidated financial statement amounts as of and for the year ended December 31, 2011. Accordingly, our audit did not include the internal control over financial reporting at Rheochem. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2011 of the Company and our report dated February 29, 2012 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 29, 2012

ITEM 9B. *Other Information*

None.

PART III

ITEM 10. *Directors, Executive Officers and Corporate Governance*

Executive Officers and Directors

The information required by this Item is incorporated by reference to the “Executive Officers” and “Election of Directors” sections of the definitive Proxy Statement relating to our 2012 Annual Meeting of Stockholders.

Compliance with Section 16(a) of the Exchange Act

The information required by this Item is incorporated by reference to the “Section 16(a) Beneficial Ownership Reporting Compliance” section of the definitive Proxy Statement relating to our 2012 Annual Meeting of Stockholders.

Code of Conduct and Ethics

We have adopted a Code of Ethics that applies to all of our directors and senior officers, and a Corporate Compliance and Business Ethics Manual (“Ethics Manual”) that applies to all officers and employees. The Code of Ethics and Ethics Manual are publicly available in the investor relations area of our website at *www.newpark.com.* This Code of Ethics is incorporated in this report by reference. Copies of our Code of Ethics may also be requested in print by writing to Newpark Resources, Inc., 2700 Research Forest Drive, Suite 100, The Woodlands, Texas, 77381.

ITEM 11. *Executive Compensation*

The information required by this Item is incorporated by reference to the “Executive Compensation” section of the definitive Proxy Statement relating to our 2012 Annual Meeting of Stockholders.

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

The information required by this Item is incorporated by reference to the “Ownership of Common Stock” section of the definitive Proxy Statement relating to our 2012 Annual Meeting of Stockholders.

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this Item is incorporated by reference to the “Related Person Transactions” and “Director Independence” sections of the definitive Proxy Statement relating to our 2012 Annual Meeting of Stockholders.

ITEM 14. *Principal Accounting Fees and Services*

The information required by this Item is incorporated by reference to the “Independent Auditor” section of the definitive Proxy Statement relating to our 2012 Annual Meeting of Stockholders.

PART IV

ITEM 15. *Exhibits and Financial Statement Schedules*

(a) List of documents filed as part of this report or incorporated herein by reference.

1. *Financial Statements*

The following financial statements of the Registrant as set forth under Part II, Item 8 of this report on Form 10-K on the pages indicated.

2. *Financial Statement Schedules*

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. *Exhibits*

The exhibits listed are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

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*10.36	Amendment No. 1 to the Newpark Resources, Inc. 2006 Equity Incentive Plan (As Amended and Restated Effective June 10, 2009), incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-8 filed on June 9, 2011 (SEC File No. 333-174807).
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*10.40	Form of Restricted Stock Agreement under the Newpark Resources, Inc. 2006 Equity Incentive Plan (As Amended and Restated Effective June 10, 2009) (as amended), incorporate by reference to Exhibit 4.12 to the Company's Registration Statement on Form S-8 filed on June 9, 2011 (SEC File No. 333-174807).
*10.41	Newpark Resources, Inc. 2003 Long Term Incentive Plan, Amended and Restated Effective March 8, 2011, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 15, 2011 (SEC File No. 001-02960).
*10.42	Form of Restricted Stock Agreement under the 2003 Long Term Incentive Plan, Amended and Restated Effective March 8, 2011, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 15, 2011 (SEC File No. 001-02960).
*10.43	Employment Agreement, dated October 18, 2011, by and between Newpark Resources, Inc. and Gregg Steven Piontek, incorporated by reference to the Company's Current Report on Form 8-K filed on October 21, 2011 (SEC File No. 001-02960).
10.44	Indemnification Agreement, dated October 26, 2011, between Gregg S. Piontek and Newpark Resources, Inc., incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on October 31, 2011 (SEC File No. 001-02960).
10.45	Second Amended and Restated Credit Agreement among Newpark Resources, Inc., JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and Wells Fargo Bank, National Association, as Documentation Agent, dated November 22, 2011, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 29, 2011 (SEC File No. 001-02960).
†21.1	Subsidiaries of the Registrant.
†23.1	Consent of Independent Registered Public Accounting Firm.
†31.1	Certification of Paul L. Howes pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†31.2	Certification of Gregg S. Piontek pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†32.1	Certification of Paul L. Howes pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†32.2	Certification of Gregg S. Piontek pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†95.1	Reporting requirements under the Mine Safety and Health Administration.
**101.INS	XBRL Instance Document
**101.SCH	XBRL Schema Document
**101.CAL	XBRL Calculation Linkbase Document
**101.LAB	XBRL Label Linkbase Document

**101.PRE	XBRL Presentation Linkbase Document
**101.DEF	XBRL Definition Linkbase Document

† Filed herewith.

* Management compensation plan or agreement

** Furnished with this Form 10-K, not filed

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized

NEWPARK RESOURCES, INC.

By: /s/ Paul L. Howes
Paul L. Howes
President and Chief Executive Officer

Dated: February 29, 2012

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

Signatures	Title	Date
/s/ Paul L. Howes Paul L. Howes	President, Chief Executive Officer and Director (Principal Executive Officer)	February 29, 2012
/s/ Gregg S. Piontek Gregg S. Piontek	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 29, 2012
/s/ Jerry W. Box Jerry W. Box	Chairman of the Board	February 29, 2012
/s/ James W. McFarland James W. McFarland	Director, Member of Audit Committee	February 29, 2012
/s/ G. Stephen Finley G. Stephen Finley	Director, Member of Audit Committee	February 29, 2012
/s/ Gary L. Warren Gary L. Warren	Director, Member of Audit Committee	February 29, 2012
/s/ David C. Anderson David C. Anderson	Director	February 29, 2012

NEWPARK RESOURCES, INC

EXHIBIT INDEX

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*10.38	Form of Non-Qualified Stock Option Agreement under the Newpark Resources, Inc. 2006 Equity Incentive Plan (As Amended and Restated Effective June 10, 2009) (as amended), incorporated by reference to Exhibit 4.10 to the Company's Registration Statement on Form S-8 filed on June 9, 2011 (SEC File No. 333-174807).
*10.39	Form of Restricted Stock Agreement under the Newpark Resources, Inc. 2006 Equity Incentive Plan (As Amended and Restated Effective June 10, 2009) (as amended), incorporated by reference to Exhibit 4.11 to the Company's Registration Statement on Form S-8 filed on June 9, 2011 (SEC File No. 333-174807).
*10.40	Form of Restricted Stock Agreement under the Newpark Resources, Inc. 2006 Equity Incentive Plan (As Amended and Restated Effective June 10, 2009) (as amended), incorporate by reference to Exhibit 4.12 to the Company's Registration Statement on Form S-8 filed on June 9, 2011 (SEC File No. 333-174807).
*10.41	Newpark Resources, Inc. 2003 Long Term Incentive Plan, Amended and Restated Effective March 8, 2011, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 15, 2011 (SEC File No. 001-02960).
*10.42	Form of Restricted Stock Agreement under the 2003 Long Term Incentive Plan, Amended and Restated Effective March 8, 2011, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 15, 2011 (SEC File No. 001-02960).
*10.43	Employment Agreement, dated October 18, 2011, by and between Newpark Resources, Inc. and Gregg Steven Piontek, incorporated by reference to the Company's Current Report on Form 8-K filed on October 21, 2011 (SEC File No. 001-02960).
10.44	Indemnification Agreement, dated October 26, 2011, between Gregg S. Piontek and Newpark Resources, Inc., incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on October 31, 2011 (SEC File No. 001-02960).
10.45	Second Amended and Restated Credit Agreement among Newpark Resources, Inc., JPMorgan Chase Bank, N.A., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and Wells Fargo Bank, National Association, as Documentation Agent, dated November 22, 2011, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 29, 2011 (SEC File No. 001-02960).
†21.1	Subsidiaries of the Registrant.
†23.1	Consent of Independent Registered Public Accounting Firm.
†31.1	Certification of Paul L. Howes pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†31.2	Certification of Gregg S. Piontek pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†32.1	Certification of Paul L. Howes pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†32.2	Certification of Gregg S. Piontek pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†95.1	Reporting requirements under the Mine Safety and Health Administration.
**101.INS	XBRL Instance Document
**101.SCH	XBRL Schema Document
**101.CAL	XBRL Calculation Linkbase Document
**101.LAB	XBRL Label Linkbase Document
**101.PRE	XBRL Presentation Linkbase Document
**101.DEF	XBRL Definition Linkbase Document

† Filed herewith.
* Management compensation plan or agreement
** Furnished with this Form 10-K, not filed

Exhibit 21.1

Subsidiaries
of
Newpark Resources, Inc.
December 31, 2011

1. NEWPARK MATS & INTEGRATED SERVICES LLC
2. DURA-BASE DE MEXICO S.A. DE C.V.
3. DURA-BASE NEVADA, INC.
4. EXCALIBAR MINERALS LLC
5. NEWPARK CANADA, INC.
6. NEWPARK CANADA HOLDINGS LIMITED PARTNERSHIP
7. NEWPARK CANADA INVESTMENTS LIMITED PARTNERSHIP
8. NEWPARK DRILLING FLUIDS LLC
9. NEWPARK ENVIRONMENTAL SERVICES LLC
10. NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C.
11. NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P.
12. NEWPARK ENVIRONMENTAL WATER SOLUTIONS LLC
13. NEWPARK HOLDINGS NOVA SCOTIA CORP.
14. NEWPARK INVESTMENTS NOVA SCOTIA CORP.
15. NEWPARK TEXAS, L.L.C.
16. AVA, S.P.A.
17. AVA EASTERN EUROPE D.F.& S., S.R.L.
18. AVA AFRICA S.A.R.L.
19. AVA DEUTCHLAND GMBH
20. AVA TUNISIE S.A.R.L.
21. AVA INTERNATIONAL DRILLING FLUIDS LTD.
22. AVA ALGERIE E.U.R.L.
23. NEWPARK DRILLING FLUIDS do BRASIL TRATAMENTO de FLUIDOS LTDA.
24. AVA PANNONIA
25. DBM SERVICIOS, S.A. de C.V.
26. NEWPARK DRILLING FLUIDS INTERNATIONAL LLC
27. NEWPARK DRILLING FLUIDS PERSONNEL SERVICES LLC
28. TECHNOLOGY AND ENGINEERING FOR DRILLING FLUIDS JSC

35\. NEWPARK LATIN AMERICA LLC

29\. NEWPARK PERU S.R.L.

30\. NEWPARK AUSTRALIA PTY LTD

31\. RHEOCHEM LIMITED

32\. PT RHEOCHEM INDONESIA

33\. RHEOCHEM INDIA PRIVATE LIMITED

34\. RHEOCHEM PACIFIC LIMITED

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-07225, 333-39948, 333-106394, 333-118140, 333-141577, 333-161378 and 333-156010 on Form S-8 and Registration Statement Nos. 333-156009 and 333-166776-09 on Form S-3, of our reports dated February 29, 2012, relating to the financial statements of Newpark Resources, Inc. and subsidiaries, and the effectiveness of Newpark Resources, Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Newpark Resources, Inc. and subsidiaries for the year ended December 31, 2011.

/s/ Deloitte & Touche LLP

Houston, Texas
February 29, 2012

EXHIBIT 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Paul L. Howes, certify that:

1. I have reviewed this Annual Report on Form 10-K of Newpark Resources, 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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2012

/s/ Paul L. Howes

Paul L. Howes, President and Chief Executive Officer

EXHIBIT 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Gregg S. Piontek, certify that:

1. I have reviewed this Annual Report on Form 10-K of Newpark Resources, 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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 29, 2012

/s/ Gregg S. Piontek

Gregg S. Piontek, Vice President and
Chief Financial Officer

EXHIBIT 32.1

Certification
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K for the period ended December 31, 2011, of Newpark Resources, Inc. (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paul L. Howes, President and Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 29, 2012

/s/ Paul E. Howes
Paul L. Howes, President and Chief Executive Officer

EXHIBIT 32.2

Certification
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K for the period ended December 31, 2011, of Newpark Resources, Inc. (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gregg S. Piontek, Vice President and Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 29, 2012

/s/ Gregg S. Piontek

Gregg S. Piontek, Vice President and Chief Financial Officer

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), each operator of a coal or other mine is required to include certain mine safety results in its periodic reports filed with the Securities and Exchange Commission (“SEC”). While we have disputed that certain operations of our subsidiary, Excalibar Minerals LLC (“Excalibar”), are subject to the jurisdiction of the Mine Safety and Health Administration (“MSHA”), we are providing below the required mine safety data for the four specialized barite and calcium carbonate grinding facilities operated by Excalibar that are subject to the regulation by MSHA under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”).

As required by the reporting requirements regarding mine safety included in Section 1503 of the Dodd-Frank Act and the SEC’s final rules promulgated thereunder, the table below presents the following information for the twelve months ended December 31, 2011 for each of the specialized facilities operated by our subsidiaries:

(a) The total number of Mine Act Section 104 significant and substantial citations received, which are for alleged violations of a mining safety standard or regulation where there exists a reasonable likelihood that the hazard could result in an injury or illness of a reasonably serious nature;

(b) The total number of Mine Act Section 104(b) orders received, which are for an alleged failure to totally abate the subject matter of a Mine Act Section 104(a) citation within the period specified in the citation;

(c) The total number of Mine Act Section 104(d) citations and orders received, which are for an alleged unwarrantable failure to comply with a mining safety standard or regulation;

(d) The total number of flagrant violations under Section 110(b)(2) of the Mine Act received;

(e) The total number of imminent danger orders issued under Section 107(a) of the Mine Act;

(f) The total dollar value of proposed assessments from MSHA under the Mine Act;

(g) The total number of mining-related fatalities;

(h) Mine Act Section 104(e) written notices for an alleged pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of a coal mine health or safety hazard, or the potential to have such a pattern; and

(i) The total number of pending legal actions before the Federal Mine Safety and Health Review Commission as required by Section 1503(a)(3) of the Dodd-Frank Act. The number of legal actions pending as of December 31, 2011 that are:

(1)	contests of citations and orders referenced in Subpart B of 29 CFR Part 2700:	0
(2)	contests of proposed penalties referenced in Subpart C of 29 CFR Part 2700:	0
(3)	complaints for compensation referenced in Subpart D of 29 CFR Part 2700:	0
(4)	complaints of discharge, discrimination or interference referenced in Subpart E of 29 CFR Part 2700:	0

(5) applications for temporary relief referenced in Subpart F of 29 CFR Part 2700: 0

(6) appeals of judges' decisions or orders to the Federal Mine Safety and Health Review Commission referenced in Subpart H of 29 CFR Part 2700: 0

For the Twelve Months Ended December 31, 2011

Mine or Operating Name/MSHA Identification Number	(A) Section 104 S&S Citations (#)	(B) Section 104(b) Orders (#)	(C) Section 104(d) Citations and Orders (#)	(D) Section 110(b)(2) Violations (#)	(E) Section 107(a) Orders (#)	(F) Total Dollar Value of MSHA Assessments Proposed (#)	(G) Total Number of Mining Related Fatalities (#)	(H) Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	(H) Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	(I) Legal Actions Pending as of Last Day of Period (#)	(I) Legal Actions Initiated During Period (#)	(I) Legal Actions Resolved During Period (#)
Houston Plant /41-04449	4	—	—	—	—	$1,167.00	—	No	No	—	—	—
Dyersburg Plant / 40-03183	2	—	—	—	—	$ 234.00	—	No	No	—	—	—
Excalibar Minerals (New Iberia Plaint) / 16-01302	4	—	—	—	—	$ 634.00	—	No	No	—	—	—
Corpus Christ Plant / 41-04002	1	—	—	—	—	$ 108.00	—	No	No	—	—	—

In evaluating the above information regarding mine safety and health, investors should take into account factors such as (i) the number of citations and orders will vary depending on the size of the coal mine or facility, (ii) the number of citations issued will vary from inspector-to-inspector and mine-to-mine, and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.