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, 1998 COMMISSION FILE NO. 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.)
3850 N. CAUSEWAY, SUITE 1770 METAIRIE, LOUISIANA	70002
(Address of principal executive offices)	(Zip Code)

(504) 838-8222
(Registrant's telephone number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $.01 par value	New York Stock Exchange
8-5/8% Senior Subordinated Notes due 2007, Series B	New York Stock Exchange

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 [X] 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 [X]

At March 25, 1999, the aggregate market value of the voting stock held by non-affiliates of the registrant was $487,619,736. 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 March 25, 1999, a total of 68,884,951 shares of Common Stock, $.01 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Pursuant to General Instruction G(3) to this form, the information required by Part III (Items 10, 11, 12 and 13 hereof) is incorporated by reference from the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders scheduled to be held on May 26, 1999.

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FOR THE YEAR ENDED DECEMBER 31, 1998

Note: The responses to Items 10, 11, 12 and 13 are included in the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders scheduled to be held on May 26, 1999. The required information is incorporated into this Report by reference to such document and is not repeated here.

PART I

ITEM 1. BUSINESS

GENERAL

Newpark Resources, Inc.("Newpark" or the "Company") is a leading provider of proprietary environmental services to the oil and gas exploration and production industry, primarily in the U. S. Gulf Coast market. Services provided by the Company, either individually or as part of a comprehensive package, include: (i) processing and disposal of oilfield exploration and production ("E&P") waste; (ii) drilling fluids and associated engineering and technical services; (iii) fluids processing and recycling services at the rig site, (iv) installation, rental and sale of temporary access roads and work sites ("mat rental") in oilfield and other construction applications; and, (v) other related on-site environmental and oilfield construction services. Newpark has begun to offer its drilling fluids, fluids processing and management services and waste disposal services in an integrated service offering which it calls "Minimization Management". The Company believes that by offering this integrated service approach to the needs of its customers it can differentiate itself from its competitors and provide improved economics for its customers' drilling operations.

Most of the E&P waste received by Newpark is processed for injection into environmentally secure geologic formations deep underground. Certain volumes of waste are delivered to surface disposal facilities. The company maintains the ability to process E&P waste into a product which can be used as daily cover material or cell liner and construction material at two municipal waste landfills, but does not currently utilize this method for a significant volume of waste. Since 1994, Newpark has been licensed to process E&P waste contaminated with naturally occurring radioactive material ("NORM"). The Company currently operates under a license that authorizes the injection of NORM into disposal wells at its Big Hill, Texas, facility, the only offsite facility in the U. S. Gulf Coast licensed for this purpose. In the fourth quarter of 1997, Newpark applied for permits to dispose of non-hazardous industrial waste at a new facility, which will use its E&P waste disposal technology, to be constructed adjacent to its existing NORM facility. The necessary permits were issued in the first quarter of 1999, and the Company expects to enter this new business during the third quarter of 1999.

Newpark is a full service provider of drilling fluids and associated engineering and technical services in the Gulf Coast market. The Company also markets its services in Mexico through a joint venture with a Mexican company and has recently expanded into Canada by the acquisition of two drilling fluids companies and an environmental service company.

Newpark focuses on providing unique solutions to highly technical drilling projects involving complex conditions, as these projects require critical engineering support of the fluids system during the drilling process to ensure optimal performance at the lowest total well cost. The Company has developed and begun to market several proprietary and patented products that substitute for environmentally harmful substances commonly used in drilling fluids and that contribute to environmental concern in the waste stream created by drilling. Newpark has recently introduced a new water-based fluid system incorporating these products, and is marketing the system under the DeepDrill(TM) name. The Company believes that these new products will benefit its customers in light of increasingly stringent environmental regulation affecting the drilling operations.

The Company has established its own barite grinding capacity to provide critical raw materials for its drilling fluids operations and assembled the service infrastructure necessary to participate in the U.S. Gulf Coast and south Texas markets.

Newpark provides temporary access roads and worksites in unstable soil conditions, primarily in support of oil and gas exploration operations along the U.S. Gulf Coast using its patented interlocking wooden mat systems. These mats are typically rented to the customer for the duration of use, and are occasionally sold to the customer to provide permanent access to a site or facility. In 1994, Newpark began marketing its mat services for use in the construction of pipelines, electrical distribution systems and highways in and through wetlands environments. This has broadened the geographic area served by Newpark to include the coastal areas of the Southeastern U.S., particularly Florida and Georgia. Newpark also markets its mat services to the oil and gas exploration industries in Venezuela and Canada. In the fourth quarter of 1998, Newpark began utilizing a new composite plastic mat which, Newpark believes, will in many applications replace the wooden mats which have been used since 1988. Newpark believes that the plastic mat provides significant economic benefits due to its lighter weight, greater strength, freedom from repairs and longer useful life.

Newpark provides other services for its customers' oil and gas exploration and production activities, including site assessment, waste pit design, construction and installation, regulatory compliance assistance, site remediation and closure, and general oilfield construction services, including hook-up and connection of wells and installation of production equipment.

Newpark was organized in 1932 as a Nevada corporation and in April 1991 changed its state of incorporation to Delaware. The Company's principal executive offices are located at 3850 North Causeway Boulevard, Suite 1770, Metairie, Louisiana 70002, and its telephone number is (504) 838-8222.

INDUSTRY FUNDAMENTALS

Demand for Newpark's services has historically been driven by several factors: (i) commodity pricing, (ii) oil and gas exploration and production expenditures and activity; (iii) the desire to drill in more environmentally difficult environments, such as the coastal marsh and inland waters near the coastline ("transition zone") of the Gulf Coast, (iv) use of more complex drilling techniques, which tend to generate more waste; and (v) increasing environmental regulation of E&P waste and NORM.

The demand for most of Newpark's services is related to the level of oil and gas drilling activity as measured by the Baker-Hughes Rotary Rig Count. During the fourth quarter of 1997, the number of drilling rigs working in the U.S. Gulf Coast region reached its highest level since 1990, then began a decline that has continued into the first quarter of 1999. The rig count in the Company's principal market peaked in the first quarter of 1998 and had declined 36% by the end of the fourth quarter. That decline has continued during the first quarter of 1999, recently reaching the lowest level ever recorded in the history of the indicator, which began over 50 years ago.

Newpark believes that technological advances that have reduced the risk and cost of finding oil and gas are an important factor in the economics faced by the industry. These advances include the use of three-dimensional seismic data and the computer-enhanced interpretation of

that data, which increases the likelihood of drilling a successful well, and improved drilling tools and fluids, which facilitate faster drilling and reduce the overall cost. These advances also have increased the willingness of exploration companies to drill in coastal marshes and inland waters, and to drill deeper wells. Such projects rely heavily on services such as those provided by Newpark. Deeper wells require the construction of larger locations to accommodate larger drilling rigs and the equipment for handling drilling fluids and associated wastes. Such locations are generally in service for significantly longer periods, generating additional mat rental revenues. Deeper wells also require more complex drilling fluid programs, which generate wastes that are more difficult and costly to dispose of than those from simpler systems used in shallower wells.

The oilfield market for environmental services has grown due to increasingly stringent regulations restricting the discharge of exploration and production wastes into the environment. Louisiana, Texas and other states have enacted comprehensive laws and regulations governing the proper handling of E&P waste and NORM, and regulations have been proposed in other states. As a result, generators of waste and landowners have become increasingly aware of the need for proper treatment and disposal of such waste in both the drilling of new wells and the remediation of production facilities.

For many years, prior to current regulation, industry practice was to allow E&P waste to remain in the environment. Onshore, surface pits were used for the disposal of E&P waste; offshore or in inland waters, E&P waste was discharged directly into the water. Since 1990, E&P waste has become subject to increased public scrutiny and increased federal and state regulation. These regulations have imposed strict requirements for ongoing drilling and production activities in certain geographic areas, as well as for the remediation of sites contaminated by past disposal practices and, in many respects, have prohibited the prior disposal practices. In addition, operators have become increasingly concerned about long-term liability for remediation, and landowners have become more aggressive in requiring land restoration. For these reasons, operators are increasingly retaining service companies such as Newpark to devise and implement comprehensive waste management techniques to handle waste on an ongoing basis and to remediate past contamination of oil and gas properties.

The Clean Water Act is the primary legislation resulting in these regulations. Between 1990 and 1995, substantially all discharges of waste from drilling and production operations on land (the "onshore subcategory") and in the transition zone (the "coastal subcategory") were prohibited. This "zero discharge" standard has become the expected pattern for the industry. Effective December 4, 1997, discharges of waste from drilling operations in state territorial waters of the Gulf of Mexico (the "territorial waters subcategory"), were prohibited. Newpark immediately noticed an increase in waste volume received from this subcategory in its daily operations. However, as drilling projects in progress as of that date were completed, most of the rigs subsequently moved outside of the area covered by those regulations. Since December 4, 1997, the offshore waters of the Gulf of Mexico have been the only surface waters of the United States into which such waste discharges are allowed. Recent EPA rulemaking efforts have been directed towards the further restriction of discharges into those waters. Recent Federal Register notices indicate that such restrictions are expected by January, 2000. More strict enforcement of the requirements of the Clean Water Act is expected to ultimately result in similar "zero discharge" regulations affecting the offshore waters of the Gulf of Mexico. However, the timing of the implementation of these regulations is uncertain.

NORM regulations require more stringent worker protection, handling and storage procedures than those required of E&P waste under Louisiana regulations. Equivalent rules governing the disposal of NORM have also been adopted in Texas, and similar regulations have been adopted in Mississippi, New Mexico, and Arkansas.

BUSINESS STRENGTHS

Proprietary Products and Services. Over the past 15 years, Newpark has acquired, developed, and continues to improve its patented or proprietary technology and know-how which has enabled the Company to provide innovative and unique solutions to oilfield construction and waste disposal problems. The Company has developed and expects to continue to introduce similarly innovative products in its drilling fluids business. Newpark believes that increased customer acceptance of its proprietary products and services will enable it to take advantage of any upturn in drilling and production activity.

Injection of Waste. Since 1993, Newpark has developed and used proprietary technology to dispose of E&P waste by low-pressure injection into unique geologic structures deep underground. In December 1996, Newpark was issued patents covering its waste processing and injection operations. Newpark believes that its injection technology is currently the most cost-effective method for the offsite disposal of oilfield wastes and that this technology is suitable for disposal of other types of waste. Newpark was recently granted a new permit to construct and operate a non-hazardous industrial waste injection disposal facility in Texas.

Patented Mats. Newpark owns or licenses several patents that cover its wooden mats and subsequent improvements. To facilitate entry into new markets and reduce the Company's dependence on the supply of hardwoods, Newpark has obtained the exclusive license for a new patented composite mat manufactured from recycled plastics and other materials. Through a 49% owned joint venture that owns and operates the manufacturing facility, Newpark began taking delivery of these mats in the fourth quarter of 1998. The Company expects that over the next three years it will convert the majority of its mat fleet to the new composite product. However, a portion of the fleet will continue to be made up of the wooden mats.

Low Cost Infrastructure. Newpark has assembled an infrastructure in the U.S. Gulf Coast region that includes injection disposal sites, transfer stations, barges, mat inventories, mat service centers, a hardwood sawmill to produce lumber for the construction of mats, drilling fluids distribution centers, service facilities and barite mills to supply raw materials for the make-up of drilling fluids.

Integration of Services. Newpark believes it is one of the few companies in the U.S. Gulf Coast able to provide a package of integrated services and offer a "one-stop shop" approach to solving customers' problems.

Beginning in mid-1998, Newpark has offered a unique integrated package of services that include the provision of the fluids, the on-site processing of the material returned from the well bore to better separate the cuttings or tailings from the fluids, and the disposal of the tailings and associated waste products. Newpark believes that its separation technology is significantly more effective than conventional equipment, resulting in more complete separation of fluids from waste, reducing both the quantity of fluids needed to drill the well and the total volume of waste taken off site for disposal, thereby reducing the customer's well cost.

Newpark's mats provide the access roads and work sites for a majority of the land drilling in the Gulf Coast market. Its on-site and off-site waste management services are frequently sold in combination with mat rental services. Newpark's entry into the drilling fluids business has created the opportunity for it to market drilling fluids with other related services, including technical and engineering services, disposal of used fluids and other waste material, construction services, site cleanup and site closure. Consequently, Newpark believes that it is uniquely positioned to take advantage of the industry trend towards outsourcing and vendor consolidation.

Experience in the Regulatory Environment. Newpark believes that its operating history provides it with a competitive advantage in the highly regulated oilfield waste disposal business. As a result of working closely with regulatory officials and citizens' groups, Newpark has gained acceptance for its proprietary injection technology and has received a series of permits for the Company' s disposal facilities, including a permit allowing the disposal of NORM at Newpark's Big Hill, Texas facility. These permits enable Newpark to expand its business and operate cost-effectively. Newpark believes that its proprietary injection method is superior to alternative methods of disposal of oil field wastes, including landfarming, because injection provides greater assurance that the waste is permanently isolated from the environment and will not contaminate adjacent property or groundwater. Newpark further believes that increasing environmental regulation and activism will inhibit the widespread acceptance of other disposal methods and the permitting of additional disposal facilities.

Experienced Management Team. Newpark's executive and operating management team has built and augmented Newpark's capabilities over the past ten years, allowing it to develop a base of knowledge and a unique understanding of the oilfield construction and waste disposal markets. Newpark's executive and operating management team has an average of 22 years of industry experience, and an average of 10 years with Newpark, including several who have been with Newpark for 20 years or more. Newpark has strengthened its management team by retaining key management personnel of the companies it has acquired and by attracting additional experienced personnel.

BUSINESS STRATEGY

Implement Newpark's Minimization Management Concept. Newpark's strategy is to integrate its operations to provide a "one-stop shop" approach to solving customers' problems. By integrating its drilling fluids solids control services, and waste disposal services with other on-site services, Newpark intends to provide a comprehensive solution to the management of the total fluids stream. Newpark calls this concept "Minimization Management" and believes that its ability to provide a comprehensive package of products and services reduces the total cost to the customer and increases operating efficiency.

Service and Product Extensions. Newpark believes that it can apply the waste processing and injection technology it has pioneered and developed in the oil and gas exploration industry to other industrial waste markets. Initially, Newpark intends to focus on wastes generated in the petrochemical processing and refining industries, as many potential customers in these industries are located in the markets already served by Newpark, and certain wastes generated by these industries have many of the same characteristics as the E&P waste currently handled by Newpark. In addition, Newpark will continue to evaluate the applicability of its injection disposal methods to other industrial waste streams. Newpark has begun using a composite plastic mat system to enhance its current mat fleet and expand into new markets. Newpark believes that these composite mats may have certain military and emergency response applications for which the wooden mats were not suitable due to their limited storage life.

Cost Reductions. Since the third quarter of 1998, Newpark has implemented a program of operating cost and expense reductions throughout the company in order to reposition its operations for the current low level of activity. Newpark will continue to pursue cost reductions in its existing operations to increase margins.

Newpark has implemented washwater recycling facilities at its principal E&P waste transfer stations. These methods allow Newpark to reduce the volume of waste transported and disposed of in its injection wells. Newpark intends to continue to consolidate certain facilities, supply and purchasing functions in its drilling fluids business to eliminate duplicate costs, and take advantage of manufacturer direct pricing, volume discounts and rail transportation efficiencies.

DESCRIPTION OF BUSINESS

E & P WASTE DISPOSAL

E&P Waste Processing. In most jurisdictions, E&P waste, if not treated for discharge or disposed of on the location where it is generated, must be transported to a licensed E&P waste disposal or treatment facility. Three primary alternatives for offsite disposal of E&P waste are available to generators in the U.S. Gulf Coast: (i) underground injection (see "Injection Wells"); (ii) disposal in surface facilities; and (iii) processing and conversion into a reuse product. In addition, a portion of the waste can be recycled into a drilling fluids product.

The volume of waste handled by the Company in 1996, 1997 and 1998 is summarized in the table below:

(barrels in thousands)	1998	1997	1996
Drilling and Production	4,746	5,329	3,588
Remediation Activity	206	92	368
Total	4,952	5,421	3,956

In August 1996, Newpark completed the acquisition of substantially all of the marine-related E&P waste collection operations, excluding landfarming facilities and associated equipment of its largest competitor. In the acquisition, Newpark acquired certain leases associated with five transfer stations located along the U.S. Gulf Coast and three receiving docks

at the landfarm facilities now operated by a subsidiary of U. S. Liquids, Inc. The acquisition significantly increased Newpark's E&P waste disposal business.

Newpark operates nine receiving and transfer facilities located along the U.S. Gulf Coast from Venice, Louisiana, to Corpus Christi, Texas. Waste products are collected at the transfer facilities from three distinct exploration and production markets: offshore; land and inland waters; and from remediation operations at well sites and production facilities. These facilities are supported by a fleet of 36 double-skinned barges certified by the U. S. Coast Guard to transport E&P waste. Waste received at the transfer facilities is transported by barge through the Gulf Intracoastal Waterway to Newpark's processing and transfer facility at Port Arthur, Texas, and trucked to injection disposal facilities at Fannett, Texas. Since the third quarter of 1995, the Fannett facility has served as Newpark's primary E&P waste injection facility.

Improved processing equipment and techniques and increased injection capacity has reduced the volume of waste processed for reuse and delivered to local municipal landfills as a reuse product. Landfills are required by regulations to cover the solid waste deposited in the facility daily with earth or other inert material. Newpark's reuse product is deposited at either the City of Port Arthur Municipal Landfill or the City of Beaumont Municipal Landfill for use as cover or construction material pursuant to contracts with the respective cities. Newpark also has developed alternative uses for the product as roadbase material or construction fill material.

NORM Processing and Disposal. Many alternatives are available to the generator for the treatment and disposal of NORM. These include both chemical and mechanical methods designed to achieve volume reduction, on-site burial of encapsulated NORM within old well bores and soil washing and other techniques of dissolving and suspending the radium in solution for onsite injection of NORM liquids. When the application of these techniques are not economically competitive with offsite disposal, or insufficient to bring the site into compliance with applicable regulations, the NORM must be transported to a licensed storage or disposal facility. Newpark was initially licensed to operate a NORM disposal business in September 1994 and began operations October 21, 1994. Since May 21, 1996, Newpark has disposed of NORM by injection disposal at its Big Hill, Texas facility. During 1998, Newpark received 16,500 barrels of NORM contaminated waste, as compared to 52,400 barrels in 1997 and 143,500 barrels in 1996.

Non-hazardous Industrial Waste. In September 1997, Newpark began the licensing process to obtain authority to build and operate a facility that will process and dispose of non-hazardous industrial waste. The permits were issued in February 1999, and operations are expected to begin by the third quarter of 1999. Initially, Newpark intends to focus on wastes generated in the petrochemical processing and refining industries.

Injection Wells. Newpark's injection technology is distinguished from conventional methods in that it utilizes very low pressure, typically under 100 pounds psi, to move the waste into the injection zone. Conventional wells typically use pressures of 2,000 pounds psi or more. In the event of a formation failure or blockage of the face of the injection zone, such pressure can force waste material beyond the intended zone, posing a potential hazard to the environment. The low pressure used by Newpark is inadequate to drive the injected waste from its intended geologic injection zone.

Newpark began using injection for disposal of E&P waste in April 1993. Under a permit from the Texas Railroad Commission, Newpark began to develop a 50 acre injection well facility in

the Big Hill Field in Jefferson County, Texas. During 1995, Newpark licensed and built a new injection well facility at a 400 acre site near Fannett, Texas, which was placed in service in September 1995 and now serves as Newpark's primary facility for the disposal of E&P waste. The Company has subsequently acquired several additional injection disposal sites, and now holds an inventory of approximately 1,250 acres of injection disposal property in Texas and Louisiana.

Newpark has identified a number of additional sites in the U.S. Gulf Coast region as suitable for disposal facilities, has received permits for one additional site in Texas, and plans to file for additional permit authority in Louisiana. Newpark believes that its current processing and disposal capacity will be adequate to provide for expected future demand for its oilfield waste disposal and other environmental services.

Newpark believes that its patented injection technology has application to other industrial waste markets and waste streams. In January 1997, Newpark acquired approximately 400 acres of mineral assets, including 120 surface acres adjacent to its Big Hill site, part of which it is developing into an industrial waste disposal facility. A permit was received for this facility in March, 1999, and operations are expected to begin in the third quarter of 1999.

FLUIDS SALES AND ENGINEERING

Newpark entered the drilling fluids market as a means of distributing recycled products recovered from its waste business and to provide environmentally safe high performance fluid systems. In response to weak pricing due to current market conditions, the Company has temporarily suspended its offsite recycling operations, but maintains the capability of producing this product, and expects to resume recycling operations when market conditions permit. The capacity to provide complete drilling fluids service to its customers was a key step towards implementation of Newpark's Minimization Management strategy. Newpark focuses on highly technical drilling projects involving complex conditions, such as deep horizontal drilling or deep water drilling. These projects require constant monitoring and critical engineering support of the fluids system during the drilling process.

In February 1997, Newpark completed the acquisition of SBM (now known as Newpark Drilling Fluids, Inc.), a full-service provider of drilling fluids and associated engineering and technical services to the onshore and offshore oil and gas exploration industry in the Gulf Coast market. Newpark has subsequently expanded its drilling fluids operations through additional acquisitions in order to broaden its customer base and obtain the services of key employee-owners of the acquired companies. During 1997, these acquisitions included four retail drilling fluids companies, one wholesale drilling fluids company and one specialty chemical company. In November 1997, Newpark completed the acquisition of certain Louisiana and Texas assets of Anchor Drilling Fluids USA, Inc., which have enhanced Newpark's service capability in the offshore Gulf of Mexico. During 1998, the Company completed ten acquisitions by which it extended its service area to west Texas, Oklahoma, and Canada, and strengthened its market position on the Gulf Coast.

In May 1997, Newpark acquired a specialty milling company that grinds barite and other industrial minerals at facilities in Houston, Texas and New Iberia, Louisiana. The acquisition and subsequent expansion of that company's milling capacity has provided Newpark access to critical raw materials for its drilling fluids operations. The Company has also entered into several

contract grinding agreements under which contract mills grind raw barite supplied by Newpark for a fixed fee. These agreements help assure the Company adequate supplies of raw materials.

MAT RENTAL AND INTEGRATED SERVICES

Mat rental and sales.

In 1988, Newpark acquired the right to use, in Louisiana and Texas, a patented prefabricated interlocking wooden mat system for the construction of drilling and work sites, which displaced the use of individual hardwood boards. This system is quicker to install and remove than individual hardwood boards, substantially reducing labor costs. Prefabricated mats are also stronger, easier to repair and maintain, and generate less waste material during construction and removal. In 1994, Newpark acquired the exclusive right to use this system in the continental U.S. for the life of the patent. The most recent patents expire in 2007. The original holder of the patent continues to fabricate the mats for Newpark and acts as a distributor of mats for non-oilfield applications. As of December 31, 1998, Newpark had approximately 186,000 wooden mats in inventory, including mats in Venezuela and Canada.

Beginning in 1994, Newpark began exploring other products which could substitute for wood in the construction of mats. In 1997, the Company formed a joint venture to manufacture a new plastic mat designed to be lighter, stronger, and more durable than the wooden mats currently in use. The manufacturing facility was completed in the third quarter of 1998 and immediately began production of the new composite mats. Newpark has taken delivery of 3,500 of the composite mats since production began in September 1998. Newpark expects the facility's production rate to increase to approximately 3,000 mats per month by the fourth quarter of 1999. While the Company intends to replace a large portion of its wooden mats with composite mats, it will maintain some level of wooden mats in its fleet.

Markets. Newpark provides mats to the oil and gas industry to ensure all-weather access to exploration and production sites in the unstable soil conditions common along the onshore Gulf of Mexico. Newpark also provides access roads and temporary work sites to the pipeline, electrical utility and highway construction industries where protection of the soil is required by environmental regulations or to assure productivity in unstable soil conditions. Newpark has performed projects in connection with pipeline, electrical utility and highway construction projects in Georgia, Florida, Texas and Louisiana. Revenue from this source was approximately $5.8 in 1996, approximately $1.4 million in 1997 and approximately $4.5 million in 1998. Newpark believes that the decline in revenues in 1997 was caused by deferral of capital expenditures in the electric utility industry while the industry adjusted to deregulation and that the subsequent increase in 1998 reflects the resumption of normal capital spending patterns.

Rerentals and Sales. Drilling and work sites are typically rented by the customer for an initial period of 60 days. Often, the customer extends the rental term for additional 30 day periods, resulting in additional revenues to Newpark. These rerental revenues provide higher margins because only minimal incremental depreciation and maintenance costs accrue to each rerental period. Factors which may increase rerental revenue include: (i) the trend toward increased activity in the "transition zone"; (ii) a trend toward deeper drilling, taking a longer time to reach the desired target; and (iii) the increased frequency of commercial success, requiring logging, testing, and completion (hook-up), extending the period during which access to the site is required. Occasionally, the mats are purchased by the customer when a site is converted into a permanent worksite.

International Markets.

Venezuela. The Venezuelan government has enacted legislation designed to speed the opening of its petroleum sector to foreign investment, including international oil companies, in furtherance of a national objective of increasing that country's production of oil to five million barrels per day by the year 2005. Many of the international oil companies investing in Venezuela are existing customers of Newpark. As of December 31, 1998, Newpark had approximately 19,000 mats in inventory in Venezuela. Newpark expects that activity in Venezuela will increase as further exploration concessions are granted.

Canada. The Company began shipping mats to Canada in the first quarter of 1998, and believes that the Canadian market will develop somewhat more quickly than other international markets. At December 31, 1998, approximately 7,000 mats had been shipped to this new market.

Other Integrated Services

Promulgation and enforcement of increasingly stringent environmental regulations affecting drilling and production sites has increased the scope of services required by the oil companies. Often it is more efficient for the site operator to contract with a single company that can provide all-weather site access and provide the required onsite and offsite environmental services on a fully integrated basis. Newpark provides a comprehensive range of environmental services necessary for its customers' oil and gas exploration and production activities. These services include:

Site Assessment. Site assessment work begins prior to installation of mats on a drilling site, and generally begins with a study of the proposed well site, which includes site photography, background soil sampling, laboratory analysis and investigation of flood hazards and other native conditions. The assessment determines whether the site has previously been contaminated and provides a baseline for later restoration to pre-drilling condition.

Pit Design, Construction and Drilling Waste Management. Where permitted by regulations and landowners, under its Environmentally Managed Pit ("EMP") Program, Newpark constructs waste pits at drilling sites and monitors the waste stream produced in drilling operations and the contents and condition of the pits with the objective of minimizing the amount of waste generated on the site. Where possible, Newpark disposes of waste onsite by landfarming, through chemical and mechanical treatment of liquid waste and by annular injection into a suitably permitted underground formation. Waste water treated onsite may be reused in the drilling process or, where permitted, discharged into adjacent surface waters.

Regulatory Compliance. Throughout the drilling process, Newpark assists the operator in interfacing with the landowner and regulatory authorities. Newpark also assists the operator in obtaining necessary permits and in complying with record maintenance and reporting requirements.

Site Remediation.

E&P Waste (Drilling). At the completion of the drilling process, under applicable regulations, wastewater on the site may be chemically and/or mechanically treated to eliminate its waste-like characteristics and discharged into surface waters. Other waste that may not remain on the surface of the site may be land-farmed on the site or injected under permit into geologic formations to minimize the need for offsite disposal. Any waste that cannot, under regulations, remain onsite is manifested and transported to an authorized facility for processing and disposal at the direction of the generator or customer.

E&P Waste (Production). Newpark also provides services to remediate production pits and inactive waste pits, including those from past oil and gas drilling and production operations. Newpark provides the following remediation services: (i) analyzing of the contaminants present in the pit and determining whether remediation is required by applicable state regulation; (ii) treating waste onsite and, where permitted, reintroducing that material into the environment; and (iii) removing, containerizing and transportating E&P waste to Newpark's processing facility.

NORM. In January 1994, Newpark became a licensed NORM contractor, allowing Newpark to perform site remediation work at NORM contaminated facilities in Louisiana and Texas, and subsequently have received licenses to perform NORM remediation in other states. Because of the need for increased worker-protective equipment, extensive decontamination procedures and other regulatory compliance issues at NORM facilities, the cost of providing such services is materially greater than at E&P waste facilities and such services generate proportionately higher revenues and operating margins than similar services at E&P waste facilities.

Site Closure. Site closure services are designed to restore a site to its pre-drilling condition, replanted with native vegetation. Closure also involves delivery of test results indicating that closure has been completed in compliance with applicable regulations. This information is important to the customer because the operator is subject to future regulatory review and audits. In addition, the information may be required on a current basis if the operator is subject to a pending regulatory compliance order.

General Oilfield Construction Services. Newpark performs general oilfield construction services throughout the U.S. Gulf Coast area between Corpus Christi, Texas and Pensacola, Florida. General oilfield services performed by Newpark include preparing work sites for the installation of mats, connecting wells and placing them in production, laying flow lines and infield pipelines, building permanent roads, grading, lease maintenance (the maintenance and repair of producing well sites), cleanup and general roustabout services. General oilfield services are typically performed under short-term time and material contracts, which are obtained by direct negotiation or bid.

Wood Product Sales. Newpark owns a sawmill in Batson, Texas, which provides access to adequate quantities of hardwood lumber in support of its mat business. The mill's products include lumber, timber, and wood chips, as well as bark and sawdust. Pulp and paper companies in the area supply a large proportion of the hardwood logs processed at the sawmill and, in turn, are the primary customers for wood chips created in the milling process. Newpark believes that the capacity of the sawmill will be sufficient to meet its anticipated needs for the foreseeable future.

SOURCES AND AVAILABILITY OF RAW MATERIALS AND EQUIPMENT

Newpark believes that its sources of supply for any materials or equipment used in its businesses are adequate for its needs and that it is not dependent upon any one supplier. Newpark acquires the majority of its hardwood needs in its mat business from its own sawmill. The hardwood logs are obtained from loggers who operate in relatively close proximity to the mill. Barite used in Newpark's drilling fluids business is provided by its specialty milling company and, to a limited extent, by E&P waste recycling. In addition, barite is obtained from third party mills under contract grinding arrangements. The raw barite ore used by the mills is obtained under supply agreements from foreign sources. Other materials used in the drilling fluids business are obtained from various third party suppliers. No serious shortages or delays have been encountered in obtaining any raw materials and Newpark does not currently anticipate any such shortages or delays.

Newpark obtains certain patented chemical compounds under long-term supply contracts with various chemical manufacturers. Newpark owns the patent rights for these products, and if the current supplier is unable to provide the products in sufficient quantities, Newpark believes that it can arrange suitable supply agreements with other manufacturers.

The new composite mats, which are intended to substantially replace the Company's current mat fleet, are manufactured through a joint venture in which Newpark has a 49% interest. The resins, chemicals and other materials used to manufacture the mats are widely available in the market.

Logging activities are generally conducted during the drier weather months of May through November. During this period, inventory increases significantly at the sawmill and is consumed throughout the remainder of the year. Raw barite is imported primarily from China and India. Due to the lead times involved in obtaining barite, a 90 day or greater supply of barite is maintained at the grinding facilities at all times.

PATENTS AND LICENSES

Newpark seeks patents and licenses on new developments whenever feasible. On December 31, 1996, Newpark was granted a U.S. patent on its E&P waste and NORM waste processing and injection disposal system. Newpark has the exclusive, worldwide license for the life of the patent to use, sell and lease the wooden and composite mats that it uses in connection with its site preparation business. The licensor of the wooden mats continues to fabricate the mats for Newpark and has the right to sell mats in locations where Newpark is not engaged in business, but only after giving Newpark the opportunity to take advantage of the opportunity itself. Newpark has the exclusive right to the use and resale of the new composite mats. Both licenses are subject to a royalty which Newpark can satisfy by purchasing specified quantities of mats annually from the licensor. In its drilling fluids business, the Company has obtained a patent on its DeepDrillTM product and owns the patent on the two primary components of this product. The Company has obtained the exclusive right to use two patented oilfield processing units, which are essential to its MM process.

The utilization of proprietary technology and systems is an important aspect of Newpark's business strategy. For example, Newpark relies on a variety of unpatented proprietary technologies and know-how in the processing of E&P waste. Although Newpark believes that this

technology and know-how provide it with significant competitive advantages in the environmental services business, competitive products and services have been successfully developed and marketed by others. Newpark believes that its reputation in its industry, the range of services offered, ongoing technical development and know-how, responsiveness to customers and understanding of regulatory requirements are of equal or greater competitive significance than its existing proprietary rights.

CUSTOMERS

Newpark's customers are principally major and independent oil and gas exploration and production companies operating in the U.S. Gulf Coast area, with the vast majority of Newpark's customers concentrated in Louisiana and Texas.

During the year ended December 31, 1998, approximately 44% of Newpark's revenues were derived from 20 major customers, including five major oil companies, and no one customer accounted for more than 10% of the Company's consolidated revenues. Given current market conditions and the nature of the products involved, Newpark does not believe that the loss of any single customer would have a material adverse effect upon Newpark.

Newpark performs services either pursuant to standard contracts or under longer term negotiated agreements. As most of Newpark's agreements with its customers are cancelable upon limited notice, Newpark's backlog is not significant.

Newpark does not derive a significant portion of its revenues from government contracts of any kind.

COMPETITION

Newpark operates in several niche markets where it is a leading provider of services. In Newpark's disposal business, Newpark often competes with its major customers, who continually evaluate the decision whether to use internal disposal methods or utilize a third party disposal company such as Newpark. Other product markets are fragmented and highly competitive, with many competitors providing similar products and services to the industry. In the drilling fluids industry, Newpark faces competition from both larger companies that may have broader geographic coverage, and smaller companies that may have lower capital cost structures.

Newpark believes that the principal competitive factors in its businesses are price, reputation, technical proficiency, reliability, quality, breadth of services offered and managerial experience. Newpark believes that it effectively competes on the basis of these factors and that its competitive position benefits from its proprietary position with respect to the patented mat system used in its site preparation business, its proprietary treatment and disposal methods for both E&P waste and NORM waste streams and its ability to provide its customers with an integrated well site management program including environmental, drilling fluids and general oilfield services. Additionally, it is often more efficient for the site operator to contract with a single company that can prepare the well site and provide the required onsite and offsite environmental services. Newpark believes that its ability to provide a number of services as part of a comprehensive program enables Newpark to price its services competitively.

ENVIRONMENTAL DISCLOSURES

Newpark has sought to comply with all applicable regulatory requirements concerning environmental quality. Newpark has made, and expects to continue to make, the necessary expenditures for environmental protection and compliance at its facilities, but does not expect that these will become material in the foreseeable future. No material expenditures for environmental protection or compliance were made during 1997 or 1998.

Newpark derives a significant portion of its revenue from providing environmental services to its customers. These services have become necessary in order for these customers to comply with regulations governing the discharge of materials into the environment. Substantially all of Newpark's capital expenditures made in the past several years, and those planned for the foreseeable future, are directly or indirectly influenced by the needs of customers to comply with such regulations.

EMPLOYEES

At February 28, 1999, Newpark employed 1,242 full and part-time personnel, none of which are represented by unions. Newpark considers its relations with its employees to be satisfactory.

ENVIRONMENTAL REGULATION

Newpark deals primarily with E&P waste and NORM in its waste disposal business. E&P waste and NORM are generally described as follows:

E&P Waste. Oilfield Exploration and Production Waste, or E&P waste, is waste generated in the exploration for or production of oil and gas. These wastes typically contain levels of oil and grease, salts or chlorides, and heavy metals in excess of concentration limits defined by state regulators. E&P waste also includes soils which have become contaminated by these materials. In the environment, oil and grease and chlorides disrupt the food chain and have been determined by regulatory authorities to be harmful to plant and animal life. Heavy metals are toxic and can become concentrated in living tissues.

NORM. Naturally Occurring Radioactive Material, or NORM, is present throughout the earth's crust at very low levels. Among the radioactive elements, only Radium 226 and Radium 228 are slightly soluble in water. Because of their solubility, which can carry them into living plant and animal tissues, these elements may present a hazard. Radium 226 and Radium 228 can be leached out of hydrocarbon bearing strata deep underground by salt water which is produced with the hydrocarbons. Radium can coprecipitate with scale out of the production stream as it is drawn to the surface and encounters a pressure or temperature change in the well tubing or production equipment, forming a rust-like scale. This scale contains radioactive elements which, over many years, can become concentrated on tank bottoms or at water discharge points at production facilities. Thus, NORM waste is E&P waste that has become contaminated with these radioactive elements above concentration levels defined by state regulatory authorities.

Newpark's business is affected both directly and indirectly 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 Newpark's business. Newpark, through the routine course of providing its services, handles and profiles hazardous regulated material for its

customers. Newpark also handles, processes and disposes of nonhazardous regulated materials. This section discusses various federal and state pollution control and health and safety programs that are administered and enforced by regulatory agencies, including, without limitation, the U.S. Environmental Protection Agency ("EPA"), the U.S. Coast Guard, the U.S. Army Corps of Engineers, the Texas Natural Resource Conservation Commission, the Texas Department of Health, the Texas Railroad Commission, the Louisiana Department of Environmental Quality and the Louisiana Department of Natural Resources. These programs are applicable or potentially applicable to Newpark's current operations. Although Newpark intends to make capital expenditures to expand its environmental services capabilities in response to customers' needs, Newpark believes that it is not presently required to make material capital expenditures to remain in compliance with federal, state and local provisions relating to the protection of the environment.

RCRA. The Resource Conservation and Recovery Act of 1976, as amended in 1984 ("RCRA"), is the principal federal statute governing hazardous waste generation, treatment, storage and disposal. RCRA and state hazardous waste management programs govern the handling and disposal of "hazardous wastes". The EPA has issued regulations pursuant to RCRA, and states have promulgated regulations under comparable state statutes, that govern hazardous waste generators, transporters and owners and operators of hazardous waste treatment, storage or disposal facilities. These regulations impose detailed operating, inspection, training and emergency preparedness and response standards and requirements for closure, financial responsibility, manifesting of waste, record-keeping and reporting, as well as treatment standards for any hazardous waste intended for land disposal.

Newpark's primary operations involve E&P waste, which is exempt from classification as a RCRA-regulated hazardous waste. Many state counterparts to RCRA also exempt E&P waste from classification as a hazardous waste; however, extensive state regulatory programs govern the management of such waste. In addition, in performing other services for its customers, Newpark is subject to both federal (RCRA) and state solid or hazardous waste management regulations as contractor to the generator of such waste.

Proposals have been made in the past to rescind the exemption that excludes E&P waste from regulation as hazardous waste under RCRA. Repeal or modification of this exemption by administrative, legislative or judicial process could require Newpark to change significantly its method of doing business. There is no assurance that Newpark would have the capital resources available to do so, or that it would be able to adapt its operations to the changed regulations.

Subtitle I of RCRA regulates underground storage tanks in which liquid petroleum or hazardous substances are stored. States have similar regulations, many of which are more stringent in some respects than the federal regulations. The implementing regulations require that each owner or operator of an underground tank notify a designated state agency of the existence of such underground tank, specifying the age, size, type, location and use of each such tank. The regulations also impose design, construction and installation requirements for new tanks, tank testing and inspection requirements, leak detection, prevention, reporting and cleanup requirements, as well as tank closure and removal requirements.

Newpark has a number of underground storage tanks that are subject to the requirements of RCRA and applicable state programs. Violators of any of the federal or state regulations may be subject to enforcement orders or significant penalties by the EPA or the applicable state agency.

Newpark is not aware of any existing conditions or circumstances that would cause it to incur liability under RCRA for failure to comply with regulations applicable to underground storage tanks. However, cleanup costs associated with releases from these underground storage tanks or costs associated with changes in environmental laws or regulations could be substantial and could have a material adverse effect on Newpark's consolidated financial statements.

CERCLA. The Comprehensive Environmental Response, Compensation and Liability Act, as amended in 1986 ("CERCLA"), provides for immediate response and removal actions coordinated by the EPA in response to certain releases of hazardous substances into the environment and authorizes the government, or private parties, to respond to the release or threatened release of hazardous substances. The government may also order persons responsible for the release to perform any necessary cleanup. Liability extends to the present owners and operators of waste disposal facilities from which a release occurs, persons who owned or operated such facilities at the time the hazardous substances were released, persons who arranged for disposal or treatment of hazardous substances and waste transporters who selected such facilities for treatment or disposal of hazardous substances. CERCLA has been interpreted to create strict, joint and several liabilities for the costs of removal and remediation, other necessary response costs and damages for injury to natural resources.

Among other things, CERCLA requires the EPA to establish a National Priorities List ("NPL") of sites at which hazardous substances have been or are threatened to be released and that require investigation or cleanup. The NPL is subject to change, with additional sites being added and remediated sites being removed from the list. In addition, the states in which Newpark conducts operations have enacted similar laws and keep similar lists of sites which may be in need of remediation.

Although Newpark primarily handles oilfield waste classified as E&P waste, this waste typically contains constituents designated by the EPA as hazardous substances under RCRA, despite the current exemption of E&P waste from hazardous substance classification or another applicable federal statute. Where Newpark's operations result in the release of hazardous substances, including releases at sites owned by other entities where Newpark performs its services, Newpark could incur CERCLA liability. Previously owned businesses also may have disposed or arranged for disposal of hazardous substances that could result in the imposition of CERCLA liability on Newpark in the future. In particular, divisions and subsidiaries previously owned by Newpark were involved in extensive mining operations at facilities in Utah and Nevada and in waste generation and management activities in numerous other states. These activities involved substances that may be classified as RCRA hazardous substances. Any of those sites or activities potentially could be the subject of future CERCLA damage claims.

With the exception of the sites discussed in "Environmental Proceedings" below, Newpark is not aware of any present claims against it that are based on CERCLA or comparable state statutes. Nonetheless, the identification of additional sites at which clean-up action is required could subject Newpark to liabilities which could have a material adverse effect on Newpark's consolidated financial statements.

The Clean Water Act. The Clean Water Act regulates the discharge of pollutants, including E&P waste, into waters of the United States. The Clean Water Act establishes a system of standards, permits and enforcement procedures for the discharge of pollutants from industrial and municipal wastewater sources. The law sets treatment standards for industries and waste water

treatment plants, requires permits for industrial and municipal discharges directly into waters of the United States and requires pretreatment of industrial waste water before discharge into municipal systems. The Clean Water Act gives the EPA the authority to set pretreatment limits for direct and indirect industrial discharges.

In addition, the Clean Water Act prohibits certain discharges of oil or hazardous substances and authorizes the federal government to remove or arrange for removal of such oil or hazardous substances. Under the Clean Water Act, the owner or operator of a vessel or facility from which oil or a hazardous substance is discharged into navigable waters may be liable for penalties, the costs of cleaning up the discharge and natural resource damage caused by the spill.

Newpark treats and discharges wastewaters at certain of its facilities. These activities are subject to the requirements of the Clean Water Act, and comparable state statutes, and federal and state enforcement of these regulations.

The Clean Water Act also imposes requirements that are applicable to Newpark's customers and are material to its business. EPA Region 6, which includes Newpark's market, continues to issue new and amended National Pollutant Discharge Elimination System ("NPDES") general permits further limiting or restricting substantially all discharges of produced water from the Oil and Gas Extraction Point Source Category into waters of the United States. These permits include:

1) Onshore subcategory permits for Texas, Louisiana, Oklahoma and New Mexico issued in February, 1991 (56 Fed. Reg. 7698). These permits completely prohibit the discharge of drilling fluids, drill cuttings, produced water or sand, and various other oilfield wastes generated by onshore operations into waters of the United States. These permits have the effect of requiring that most oilfield wastes follow established state disposal programs. These general permits expired on February 25, 1996, but pursuant to EPA policy, they are considered to remain in effect until reissued by the EPA or superseded by other EPA action.

2) Permits for produced water and produced sand discharges into coastal waters of Louisiana and Texas were issued on January 9, 1995 (60 Fed. Reg. 2387). Coastal means "waters of the United States...located landward of the territorial seas". Under these regulations, all such discharges were required to cease by January 1, 1997.

3) The Outer Continental Shelf ("OSC") permit covering oil and gas operations in federal waters in the Gulf (seaward of the Louisiana and Texas territorial seas) was reissued in November 1992 and modified in December 1993. The existing permit was combined with a new source permit on August 9, 1996 (61 Fed. Reg. 41609). This permit prohibits certain discharges of drilling fluids and drill cuttings and includes stricter limits for oil and grease concentrations in produced waters to be discharged. These limits are based on the Best Available Treatment ("BAT") requirements contained in the Oil and Gas Offshore Subcategory national guidelines which were published March 4, 1993. Additional requirements include toxicity testing and bioaccumulation monitoring studies of proposed discharges. The general permit for the Western portion of the Gulf of Mexico was reissued on November 2, 1998 (63 Fed. Reg. 58722) with very few changes. However, on February 3, 1999 (64 Fed. Reg. 5488) the EPA issued a proposed rule that will establish effluent limitation guidelines for synthetic-based and

other non-aqueous drilling fluids. One of the proposed guidelines is a discharge limit of 10.2 % for drilling fluid retained on cuttings. Newpark believes that companies will likely require additional solids handling technology in order to achieve the proposed limit and that it has access to technology capable of meeting this standard. The comment period for this proposed rule currently is scheduled to end on May 4, 1999.

4) A permit for the territorial seas of Louisiana was issued on November 4, 1997 (62 Fed. Reg. 59687). The permit became effective on December 4, 1997, except for the water quality based limits and certain monitoring requirements that became effective May 4, 1998. The permit prohibits the discharge of drilling fluids, drill cuttings and produced sand. Produced water discharges are limited for oil and grease, toxic metals, organics, and chronic toxicity. The territorial seas part of the Offshore Subcategory begins at the line of ordinary low water along the part of the coast which is in direct contact with the open sea, and extends out three nautical miles. This permit covers both existing sources and new sources. All discharges in state waters must comply with any more stringent requirements contained in Louisiana Water Quality Regulations, LAC 33.IX.7.708. Newpark believes that a similar permit will be proposed for the Texas territorial seas in the future.

The combined effect of all these permits closely approaches a "zero discharge standard" affecting all waters except those of the OCS. Newpark and many industry participants believe that these permits and the requirements of the Clean Water Act may ultimately lead to a total prohibition of overboard discharge in the Gulf of Mexico.

The Clean Air Act. The Clean Air Act provides for federal, state and local regulation of emissions of air pollutants into the atmosphere. Any modification or construction of a facility with regulated air emissions must be a permitted or authorized activity. The Clean Air Act provides for administrative and judicial enforcement against owners and operators of regulated facilities, including substantial penalties. In 1990, the Clean Air Act was reauthorized and amended, substantially increasing the scope and stringency of the Clean Air Act's requirements. The Clean Air Act has very little impact on Newpark's operations.

Oil Pollution Act of 1990. The Oil Pollution Act of 1990 contains liability provisions for cleanup costs, natural resource damages and property damages resulting from discharges of oil into navigable waters, as well as substantial penalty provisions. The OPA also requires double hulls on all new oil tankers and barges operating in waters subject to the jurisdiction of the United States. All marine vessels operated by Newpark already meet this requirement.

State Regulation. In 1986, the Louisiana Department of Natural Resources ("DNR") promulgated Order 29-B. Order 29-B contains extensive rules governing pit closure and the generation, treatment, storage, transportation and disposal of E&P waste. Under Order 29-B, onsite disposal of E&P waste is limited and is subject to stringent guidelines. If these guidelines cannot be met, E&P waste must be transported and disposed of offsite in accordance with the provisions of Order 29-B. Moreover, under Order 29-B, most, if not all, active waste pits must be closed or modified to meet regulatory standards; those pits that continue to be allowed may be used only for a limited time. A material number of these pits may contain concentrations of radium that are sufficient to require the waste material to be categorized as NORM.

The DNR issued three emergency rules for oilfield waste testing during 1998. The rules call for comprehensive and systematic testing of oilfield waste disposed at commercial facilities throughout the State of Louisiana. All E&P waste generated within or without Louisiana, including offshore Louisiana (state and federal waters), that is to be transported to a commercial facility in the State of Louisiana must be sampled at the point of generation in accordance with the emergency rule. Newpark understands that the DNR intends to use the collected data to revise Statewide Order 29-B, possibly as early as the summer of 1999. The three rules were effective as of May 1, August 29 and October 1, 1998, and each rule, by law, remained effective for a period of only 120 days. The DNR has continued the requirement for oilfield waste testing in a fourth emergency rule that became effective as of January 29, 1999.

Rule 8 of the Texas Railroad Commission also contains detailed requirements for the management and disposal of E&P waste and Rule 94 governs the management and disposal of NORM. In addition, Rule 91 regulates the cleanup of spills of crude oil from oil and gas exploration and production activities, including transportation by pipeline. In general, contaminated soils must be remediated to total petroleum hydrocarbons content of less than 1%. The State of Texas also has established an Oilfield Cleanup Fund to be administered by the Texas Railroad Commission to plug abandoned wells if the Commission deems it necessary to prevent pollution, and to control or clean up certain oil and gas wastes that cause or are likely to cause pollution of surface or subsurface water. Other states (New Mexico, Mississippi, Arkansas) where the Company operates have similar regulations. Oklahoma is presently in the process of drafting NORM oil and gas regulations. Newpark recently received the first specific license to conduct NORM remediation in Arkansas.

Many states maintain licensing and permitting procedures for the construction and operation of facilities that emit pollutants into the air. In Texas, the Texas Natural Resource Conservation Commission (the "TNRCC") requires companies that emit pollutants into the air to apply for an air permit or to satisfy the conditions for an exemption. Newpark has obtained certain air permits and believes that it is exempt from obtaining other air permits at its Texas facilities, including its Port Arthur, Texas, E&P waste facility. Newpark met with the TNRCC and filed for an air permit exemption for its Port Arthur facility in the fall of 1991, which exemption was granted by the TNRCC. A subsequent renewal letter was filed and granted in 1995. Based upon communications with the TNRCC, Newpark expects that its operations at the Port Arthur facility will continue to remain exempt from air permitting requirements. However, should it not remain exempt, Newpark believes that compliance with the permitting requirements of the TNRCC would not have a material adverse effect on the consolidated financial statements of Newpark.

Other Environmental Laws. Newpark is subject to the Occupation Safety and Health Act that imposes requirements for employee safety and health and applicable state provisions adopting worker health and safety requirements. Moreover, it is possible that other developments, such as increasingly stricter environmental, safety and health laws, and regulations and enforcement policies thereunder, could result in substantial additional regulation of Newpark and could subject to further scrutiny Newpark's handling, manufacture, use or disposal of substances or pollutants. Newpark cannot predict the extent to which its operations may be affected by future enforcement policies as applied to existing laws or by the enactment of new statutes and regulations.

RISK MANAGEMENT

Newpark's business exposes it to substantial risks. For example, Newpark's environmental services routinely involve the handling, storage and disposal of nonhazardous regulated materials and waste, and in some cases, handling of hazardous regulated materials and waste for its customers which are generators of such waste. Newpark could be held liable for improper cleanup and disposal, which liability could be based upon statute, negligence, strict liability, contract or otherwise. As is common in the oil and gas industry, Newpark often is required to indemnify its customers or other third-parties against certain risks related to the services performed by Newpark, including damages stemming from environmental contamination.

Newpark has 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 training and monitoring of employees and maintenance of insurance coverage.

Newpark carries a broad range of insurance coverages that management considers adequate for the protection of its assets and operations. This coverage includes general liability, comprehensive property damage, workers' compensation and other coverage customary in its industries; however, this insurance is subject to coverage limits and certain policies exclude coverage for damages resulting from environmental contamination. Newpark could be materially adversely affected by a claim that is not covered or only partially covered by insurance. There is no assurance that insurance will continue to be available to Newpark, that the possible types of liabilities that may be incurred by Newpark will be covered by its insurance, that Newpark's insurance carriers will meet their obligations or that the dollar amount of such liabilities will not exceed Newpark's policy limits.

ITEM 2. PROPERTIES

Newpark's corporate offices in Metairie, Louisiana, consisting of approximately 7,000 square feet, are occupied at an annual rental of approximately $138,000 under a lease expiring in December 2002.

Newpark owns an office building in Lafayette, Louisiana, consisting of approximately 35,000 square feet, to house the administrative offices of its E&P waste disposal and mat and integrated services segments.

The Company leases a total of approximately 39,000 square feet of office space in Houston, Texas, to house the administrative offices of its fluids sales and engineering segment. These various leases have an aggregate annual rent of $367,000 and expire at various terms through October 2000.

Newpark's Port Arthur, Texas, E&P waste facility, which is used in its E&P waste disposal segment, is subject to annual rentals aggregating approximately $556,000 under three separate leases. A total of six acres are under lease with various expiration dates through September 2002, all with extended options to renew.

Newpark owns two injection disposal sites, which are used in its E&P waste disposal segment, in Jefferson County, Texas, one on 50 acres of land and the other on 400 acres. Eight wells are currently operational at these sites. In January 1997, Newpark completed the purchase of 120 acres located adjacent to one of the disposal sites. Newpark plans to use this property as an industrial waste injection disposal facility. Newpark also has acquired an additional injection facility, which includes two active injection wells on 37 acres of land, adjacent to its Big Hill, Texas facility.

In October 1997, Newpark acquired land and facilities in Andrews, Big Springs, Plains and Fort Stockton, Texas at which brine is extracted and sold and E&P waste is disposed of in the salt domes or caverns created by the extraction process. A total of 125 acres of land was acquired in this transaction which is used in its E&P waste disposal segment

Newpark maintains a fleet of 36 double-skinned barges, which are used in its E&P waste disposal segment, of which 6 are owned by the Company, and 30 are under lease with terms from five to ten years. The barges are used to transport waste to processing stations and are certified for this purpose by the U. S. Coast Guard. Annual rentals under the barge leases totaled approximately $2.4 million during 1998.

The Company operates two specialty product grinding facilities used in its fluids sales and engineering segment. One is located on 6.6 acres of leased land in Channelview, Texas, with an annual rental rate of $12,000, and the other is located on 13.7 acres of leased land in New Iberia, Louisiana, with an annual rental rate of $75,000.

In the Company's E&P waste disposal segment, the Company uses nine leased facilities located along the Gulf Coast at an annual aggregate rental of $834,000. In the Company's fluids sales and engineering segment, the Company serves customers from five leased bases located along the Gulf Coast at an annual aggregate rental rate of $434,000.

Newpark owns 80 acres occupied as a sawmill facility near Batson, Texas, which is used in the mat and integrated services segment.

Due to growth in certain of Newpark's market areas, the Company has undertaken efforts to expand the capacity of a number of its facilities. The Company is currently constructing a new facility for its proposed industrial disposal facility. In addition, the Company is working on plans for a new leased offshore base, which will replace several of its current bases used in the E&P waste disposal and fluids sales and engineering segments. The Company has leased approximately 104,000 square feet of space in a new office building in Houston, which is under construction. This space will be used to relocate all of the Company's operations located in the Houston area.

ITEM 3. LEGAL PROCEEDINGS

Newpark and its subsidiaries are involved in litigation and other claims or assessments on matters arising in the normal course of business. In the opinion of management, any recovery or liability in these matters should not have a material effect on Newpark's consolidated financial statements.

ENVIRONMENTAL PROCEEDINGS

In the ordinary course of conducting business, Newpark becomes involved in judicial and administrative proceedings involving governmental authorities at the federal, state and local levels, as well as private party actions. Pending proceedings that allege liability related to environmental matters are described below. Newpark believes that none of these matters involves material exposure. There is no assurance, however, that such exposure does not exist or will not arise in other matters relating to Newpark's past or present operations.

Newpark continues to be involved in the voluntary cleanup associated with the DSI sites in southern Mississippi. This includes three facilities known as Clay Point, Lee Street and Woolmarket. The Mississippi Department of Environmental Quality is overseeing the cleanup. The DSI Technical Group that represents the potentially responsible parties, including Newpark, has awarded a contract to Newpark to do the remaining remediation work at the three sites. This cleanup should be completed in 1999 except for some continuing ground water monitoring.

Newpark has been identified as one of 600 contributors of material to the MAR Services facility, a state voluntary cleanup site located in Louisiana. Because Newpark delivered only processed solids meeting the requirements of Louisiana Statewide Executive Order 29-B to the site, Newpark does not believe it has material financial liability for the site cleanup cost. The Louisiana Department of Natural Resources ("DNR") is overseeing voluntary cleanup at the site.

Recourse against its insurers under general liability insurance policies for reimbursement of cost and expense in the foregoing actions is uncertain as a result of conflicting court decisions in similar cases. In addition, certain insurance policies under which coverage may be afforded contain self-insurance levels that may exceed Newpark's ultimate liability.

Newpark believes that any liability incurred in the foregoing matters will not have a material adverse effect on Newpark's consolidated financial statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

None

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Newpark's 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 the periods indicated.

Period	High	Low
1997		
1st Quarter	$ 12.375	$ 9.188
2nd Quarter	$ 16.875	$ 9.875
3rd Quarter	$ 20.000	$ 14.250
4th Quarter	$ 22.500	$ 14.750
1998		
1st Quarter	$ 20.313	$ 12.000
2nd Quarter	$ 25.375	$ 9.750
3rd Quarter	$ 12.875	$ 5.500
4th Quarter	$ 10.000	$ 5.313

At December 31, 1998, the Company had 3,010 stockholders of record.

Newpark does not intend to pay any cash dividends in the foreseeable future, and the Board of Directors currently intends to retain earnings for use in Newpark's business. In addition, Newpark's credit facility and the Indenture relating to its outstanding Senior Subordinated Notes contain covenants which significantly limit the payment of dividends on the common stock.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated historical financial data presented below for the five years ended December 31, 1998, are derived from the audited consolidated financial statements of Newpark and have been restated to reflect: (i) Several acquisitions made during 1997 and 1998 which were accounted for as poolings of interests; (ii) a two-for-one split of Newpark's common stock effective May 1997; and (iii) a 100% stock dividend issued by Newpark in November 1997. The following data should be read in conjunction with the Consolidated Financial Statements of Newpark and the Notes thereto included elsewhere herein and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	YEARS ENDED DECEMBER 31,				
	1998(1)	1997(1)	1996(2)	1995	1994
	(In thousands, except per share data)				
CONSOLIDATED STATEMENTS OF OPERATIONS:					
Revenues	$ 256,808	$ 233,245	$ 153,679	$ 123,676	$ 104,348
Cost of services provided	176,551	138,392	100,627	84,328	74,275
Operating costs	68,243	27,726	15,141	14,887	14,255
General and administrative expenses	4,305	3,185	2,920	2,658	3,231
Provision for uncollectible accounts	9,180	--	--	--	--
Impairment of long-lived assets	52,266	--	--	--	--
Arbitration settlement	27,463	--	--	--	--
Equity in net loss of unconsolidated affiliates	1,293	--	--	--	--
Restructure expense	--	--	2,432	--	--
Operating income (loss)	(82,493)	63,942	32,559	21,803	12,587
Interest income	(1,488)	(310)	(273)	(245)	(80)
Interest expense	11,554	4,265	3,996	3,883	2,724
Other	--	--	--	183	--
Income (loss) before provision for income taxes	(92,559)	59,987	28,836	17,982	9,943
Provision (benefit) for income taxes	(30,270)	22,246	9,884	5,102	(252)
Income (loss) before cumulative effect of accounting change	(62,289)	37,741	18,952	12,880	10,195
Cumulative effect of accounting change (net of income tax effect)	(1,326)	--	--	--	--
Net income (loss)	$ (63,615)	$ 37,741	$ 18,952	$ 12,880	$ 10,195
Net income (loss) per common and common equivalent shares:					
Basic	$ (0.95)	$ 0.59	$ 0.36	$ 0.28	$ 0.22
Diluted	$ (0.95)	$ 0.58	$ 0.34	$ 0.27	$ 0.22
Weighted average common and common equivalent shares outstanding:					
Basic	67,058	64,158	53,197	46,640	46,056
Diluted	67,058	65,630	54,956	47,706	46,880

(IN THOUSANDS)	DECEMBER 31, 1998(1)	1997(1)	1996(2)	1995	1994
CONSOLIDATED BALANCE SHEET DATA:					
Working capital	$ 75,937	$ 88,882	$ 28,301	$ 31,832	$ 12,876
Total assets	504,479	451,623	299,071	160,755	120,214
Short-term debt	1,267	1,774	13,831	8,515	10,541
Long-term debt	208,057	127,996	35,677	47,395	29,738
Stockholders' equity	242,497	269,985	206,362	80,227	65,540

(1) 1998 and 1997 include the effects of eight acquisitions and seven acquisitions, respectively, primarily in the fluids sales and engineering segment, accounted for by the purchase method of accounting (See Note B to Consolidated Financial Statements).

(2) 1996 includes the effects of the purchase of substantially all of the non-landfarms assets and certain leases from Campbell Wells, Ltd. (See Note B to Consolidated Financial Statements).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition, results of operations, liquidity and capital resources should be read in conjunction with the "Consolidated Financial Statements" and the "Notes to Consolidated Financial Statements" included elsewhere in this report.

RECENT DEVELOPMENTS

Continued weakness in oil prices has produced a continuing decline in market activity as measured by the rig count in the markets which Newpark serves. In addition, Newpark has experienced a geographical shift of activity away from the Austin Chauk area of Western Louisiana and Eastern Texas, as a result of weak oil prices and disappointing drilling results in this area.

The table below shows the average crude oil and natural gas prices for 1998, 1997 and 1996:

	1998	1997	1996
West Texas Intermediate Crude ($/bbl)	14.41	21.83	20.51
U.S. Spot Natural Gas ($/mcf)	2.01	2.47	2.21

During the first quarter of 1999 oil prices dropped to approximately $12.

The table below, based on the Baker-Hughes Rotary Rig Count, indicates the recent downward trend in Newpark's primary market areas, including (i) South Louisiana Land; (ii) Texas Railroad Commission Districts 2 and 3; (iii) Louisiana and Texas Inland Waters; and (iv) Offshore Gulf of Mexico:

	1998	1997	1996	1Q98	2Q98	3Q98	4Q98
U.S. Rig Count	831	943	779	968	864	796	690
Newpark's market	243	252	208	283	266	219	204
Newpark's market to total	29.2%	26.7%	26.7%	29.2%	30.8%	27.5%	29.6%

As of the week ended March 19, 1999, the U.S. rig count was 526, with 182 rigs, or 34.6%, within Newpark's primary market. This marks the lowest rig count ever recorded in the history of the indicator. Rig counts in Newpark's primary market are down from a peak of 297, which was achieved during the week ended February 20, 1998.

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Source: Baker Hughes Incorporated

The recent decline in rig activity has affected the Company's revenue and is expected to continue to affect future period revenues until oil prices recover.

The percentage of rigs in Newpark's primary market, as compared to the total domestic rig count, reflects the importance of natural gas drilling relative to oil in that market. Natural gas production accounts for the majority of activity in the Gulf Coast

region. However, low oil prices reduce the cash flow available for all exploration and production activity. Lower oil prices, beginning in 1998, slowed drilling in markets more oriented toward oil, such as the Austin Chalk region, West Texas and areas which produce primarily heavy oil, such as Canada and Venezuela.

During this period of market and geographic shifts, Newpark has continued to work toward bringing proprietary innovative solutions to the markets which it serves. These innovations primarily include:

- Composite mats
- Proprietary environmentally friendly drilling fluids (DeepDrill(TM))
- Drilling fluids processing and recycling
- Minimization Management
- Industrial non-hazardous waste processing and disposal

As a result of these innovations, which were partially or fully implemented in the third and fourth quarter of 1998, Newpark has displaced, and will continue to displace some of its current operations and operating assets. The most significant displacement is associated with the introduction of Newpark's composite mat. Newpark expects to convert a significant portion of the mats used in its domestic rental fleet from wooden mats to the new composite mats. While the Company will continue to use wooden mats in its domestic fleet, it has decided to dispose of many of its older wooden mats instead of repairing them. During the third and fourth quarter of 1998 the Company removed these older mats from service and had destroyed the majority of them by the end of the year. The Company will complete this disposal process in the first quarter of 1999 but does not intend to take any additional mats out of service at this time. The impairment of long-lived assets of $52.3 million recorded during 1998 includes $43.0 million relating to the write-off of these older wooden mats. The remaining $9.3 million in impairments relates to assets which have been impaired in value or abandoned due to the downturn in market conditions discussed above.

In the third quarter of 1998, the Company also settled its arbitration related to the NOW Disposal Agreement with U.S. Liquids, Inc. In the fourth quarter of 1998, final modifications were made to the agreement. The total settlement was $30 million, of which $6 million was paid in 1998, and $11 million, $9 million, and $4 million will be paid in 1999, 2000 and 2001, respectively. Total pretax charges associated with the settlement of $27.5 million were recorded during 1998 (of which $9.1 million was recorded in the third quarter and $18.4 million was recorded in the fourth quarter). This $27.5 million includes $6.1 million of reduction in the value of the non-compete with U. S. Liquids with the remaining $21.4 million representing the portion of the settlement associated with the termination feature. Future charges of $8.8 million ($7.6 million in the form of operating expense and $1.2 million in the form of imputed interest expense) will be recorded during 1999, 2000 and the first half of 2001, respectively, in relation to the settlement.

Due to weakness in the commodity prices of oil and gas, and the resulting liquidity problems encountered by a number of customers for whom the Company has performed services, the Company increased its allowance for doubtful accounts by $9.2 million in 1998

(of which $5.2 million was recorded in the fourth quarter and $4 million was recorded in the third quarter). The majority of the provision relates to three specific customers.

The Company also recorded a $2.1 million charge ($1.3 million after tax) in the third quarter reflecting the cumulative effect of a change in accounting for certain start-up costs, resulting from the early adoption of Statement of Position 98-5, "Reporting on the Costs of Start-up Activities." Start-up costs since the date of adoption (July 1, 1998) have not been significant.

During the third quarter of 1998, two tropical storms and two hurricanes significantly disrupted drilling activities in the Gulf of Mexico and surrounding areas. When severe weather enters the Gulf, drilling operations are stopped and rigs are evacuated. These evacuation proceedings usually take place several days in advance of the storm. The rigs are then shut down for the duration of the storm and drilling activities do not resume for several days following the storm. As a result, operations in the Gulf area were disrupted during the third quarter for more than 20 days. There were no significant weather related disruptions of operations in the fourth quarter of 1998.

1998 AND 1997 ACQUISITIONS

During the year ended December 31, 1998, the Company completed nine separate acquisitions in the drilling fluids industry and two acquisitions in the solids control, processing and disposal industry. The consideration paid for these acquisitions aggregated 3,497,771 shares of Newpark common stock and $22.7 million in cash. Eight transactions were accounted for as purchases. The other three acquisitions were accounted for as poolings of interests, and accordingly, prior year financial statements have been restated. These acquisitions provided the Company entry into the drilling fluids markets in the Canadian provinces of Alberta and Saskatchewan, the Permian Basin of West Texas and New Mexico, and the Anadarko Basin in Western Oklahoma. The acquisitions also provided the Company entry into the onsite fluids processing market, which is a key additional component of the Company's "Minimization Management" ("MM") strategy. The Company has no current plans to make additional acquisitions.

In February 1997, Newpark acquired SBM, a full-service drilling fluids company, which serves customers in the Louisiana and Texas Gulf Coast, in exchange for an aggregate of 2,328,000 shares of Newpark common stock. The acquisition was accounted for as a pooling of interests, with direct acquisition costs of $316,000 charged to current operations. SBM subsequently changed its name to Newpark Drilling Fluids, Inc. After the SBM acquisition, Newpark completed seven additional acquisitions during 1997 in the drilling fluids industry, in exchange for an aggregate of $9.2 million in cash and 1,371,112 shares of Newpark common stock. The acquisitions involved five drilling fluids distribution companies, one specialty chemical company and one specialty milling company. In November, 1997, Newpark also purchased the Gulf Coast operations and related assets of Anchor Drilling Fluids, Inc.

To expand its presence and service capabilities in the site preparation business, Newpark acquired, during 1997, two oilfield site contractors in exchange for an aggregate of 990,888 shares of Newpark common stock. Newpark also acquired additional properties

and facilities to expand its disposal capacity, including two active injection wells on 37 acres of land adjacent to Newpark's Big Hill facility, four facilities in the Permian Basin at which brine is extracted and sold and E&P waste is disposed in the salt domes or caverns created by the extraction process, and 120 acres of land adjacent to its Big Hill facility, which Newpark plans to develop into an industrial non-hazardous waste disposal facility.

RESULTS OF OPERATIONS

Operating Results for 1997 and 1996 have been restated to give effect to a series of pooling of interests transactions, which took place during 1997 and 1998.

Years Ended December 31,
(Dollars in thousands)

	1998		1997		1996	
Revenues by segment:						
E&P waste disposal	$ 57,588	22.4%	$ 62,301	26.7%	$ 44,905	29.2%
Fluids sales & engineering	103,053	40.1	69,227	29.7	28,201	18.3
Mat & integrated services	96,167	37.5	101,717	43.6	79,213	51.5
Other	0	0.0	0	0.0	1,360	1.0
Total	$256,808	100.0%	$233,245	100.0%	$153,679	100.0%

Years Ended December 31,
(Dollars in thousands)

	1998	1997	1996
Operating income (loss) by segment:			
E&P waste disposal	$ 16,633	$ 26,463	$ 14,245
Fluids sales & engineering	(13,961)	12,534	811
Mat & integrated services	9,342	28,130	21,933
Other	0	0	922
Total	$ 12,014	$ 67,127	$ 37,911

Figures shown above are net of intersegment transfers.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

Revenues

Total revenues increased to $256.8 million in 1998, from $233.2 million in 1997, an increase of $23.6 million, or 10.1%. The components of the increase in revenues were a $33.8 million increase in drilling fluids sales and engineering, partially offset by a $4.7 million decrease in waste disposal and a $5.5 million decrease in mat and integrated services.

Drilling fluids sales increased $33.8 million, or 48.9%, as a result of a series of acquisitions made during 1997 and 1998, and the expansion of the businesses acquired. The decline in drilling activity has reduced the size of the market for drilling fluids; however, the Company has increased its sales of drilling fluids by obtaining a larger share of the market. The growth in sales volume during 1998 masked the softness in commodity prices experienced throughout the drilling fluids industry in the latter part of 1998,

especially during the fourth quarter, which continued into the first quarter of 1999. In particular the selling price received in the market place for barite, which is a key component in most drilling fluids, has declined significantly during the fourth quarter of 1998 and first quarter of 1999 due to competitive pressures.

E&P waste accounted for 95% of disposal revenue, or $54.9 million in 1998, and 90%, or $56.1 million in 1997. During 1998, the volume of E&P waste declined slightly while the average price per barrel increased by approximately 10%. In the first quarter of 1998, E&P waste volume increased due to increased regulations, which banned waste discharges in the state territorial waters of the Gulf of Mexico. This increase was offset by declines in drilling activity, particularly in the territorial waters, beginning in the second quarter of 1998. In the latter half of 1998, volume declined due to lower drilling activity and as a result of the Company's waste minimization efforts to reduce the volume of wash water created at transfer facilities in the vessel and container cleaning process. In addition, volumes were lower due to the effect of unusual weather conditions encountered in the third quarter of 1998.

The decrease of $5.5 million in mat and integrated services revenue reflects the general decline in drilling activity, as well as the effect of unusual weather conditions on drilling activity in the area surrounding the Gulf of Mexico. Mat rental revenues include revenues earned on the initial mat installation, which typically includes the first 60 days of rental, and re-rentals earned beyond the initial installation term. The price received for mat rentals and re-rentals has declined significantly during the latter part of 1998 and the first quarter of 1999. This decline in pricing was caused by competitive pressure and low activity relative to industry capacity. The Company as well as many of its competitors had increased their inventories of mats during 1997 and the first part of 1998 in response to increasing industry activity.

Operating Income (Loss)

The Company reported an operating loss of ($92.6) million in 1998 as compared to operating income of $60.0 million in 1997. The primary factors contributing to the operating loss in 1998 were charges for the provision of uncollectible accounts, impairment of long-lived assets, and the arbitration settlement noted above. The total of these charges in 1998 were $88.9 million.

Segment operating income declined to $12.0 million in 1998, from $67.1 million in 1997, a decrease of $55.1 million, or 82%. The components of the decrease were a $9.8 million decrease in E&P waste disposal operating income, a $26.5 million decrease in fluids sales and engineering operating income and a $18.8 million decrease in mat and integrated services operating income. The $9.8 million decrease in waste disposal operating income can be attributed to the $4.7 million decrease in revenues discussed above coupled with a decline in operating margins. Since completing the 1996 acquisition of US Liquids offshore waste business, the Company has expanded its overall capacity to handle volumes of waste through increased barge capacity and transfer station capacity. While this capacity was necessary for the increase in business experienced by the Company in 1997 as compared to 1996, this capacity added significantly to the cost of the waste disposal operations. When the sharp decline hit in 1998 the Company reacted to the situation by disposing of barges,

closing facilities and reducing staffing levels. The Company was not able to reduce the costs of these operations as fast as the decline in revenues. The Company has continued to reduce costs in this segment of its business in the first quarter of 1999.

While revenues for the fluids sales and engineering segment increased by $33.8 million in 1998 as compared to 1997, operating income decreased by $26.5 million. The increase in revenue can be attributed to the rapid growth in this business segment due to a series of acquisitions, an expansion of facilities acquired and the establishment of new distribution facilities. In particular, the Company saw a rapid growth in business in the Austin Chauk region. In order to service this growing market the Company expanded capacity of its facilities in this region. With the downturn in oil prices, and disappointing drilling results in this region, this market fell quickly and dramatically. The Company has since closed its facilities in the Austin Chauk area and downsized its operations. This downsizing has included the disposal of assets, which do not serve its other markets effectively, and the reduction in staffing levels. The Company has continued to make cost reductions in this business segment in the first quarter of 1999. The Company also saw profits from this business segment decline as a result of falling sales prices for many products used in drilling fluids.

Operating income in the mat and integrated services segment decreased $18.8 million in 1998 as compared to 1997. This decline in operating income can be attributed in part to the $5.5 million decrease in revenues in this segment along with declining margins and costs associated with the disposal of mats during the third and fourth quarter of 1998. Mat disposal operations during 1998 were conducted for the most part with internal labor and assets. There will be some continuing cost for mat disposal in the first and second quarter of 1999 but to a lesser degree than in 1998. This business segment has significantly cut costs in response to the decline in demand for its services by reducing staffing levels, closing facilities and disposing of excess assets. Further cost cuts were implemented in this segment in the first quarter of 1999.

General and Administrative Expenses

General and administrative expenses during 1998 were $4.3 million as compared to $3.2 million in 1997. The increase is attributable to a growth in revenues, recent acquisitions, and growth in new product offerings. The Company has undertaken steps to reduce its general and administrative costs in the latter part of 1998 and in the first quarter of 1999.

Provision for Uncollectible Accounts

The Company recorded $9.2 million in bad debt reserves during 1998 due to the risk of customer financial weakness resulting from continued downward pressure on oil prices. This downturn in oil prices has caused a strain on customers' cash flow, which has in turn affected the collectibility of certain receivables from customers. The Company has identified three specific customer balances where the risk of such financial concern merits the majority of this additional reserve.

Impairment of Long Lived Assets

The Company recorded impairments on certain of its capital assets during 1998 in the amount of $52.3 million. These impairments were caused primarily by two factors which arose during the period. The first factor was the introduction of new technology by the Company in several areas, which rendered obsolete certain assets in service. The second factor was a change in market conditions driven by a reduction in oil prices. These market conditions caused certain assets of the Company (primarily those located in the Austin Chauk region) to become significantly or completely impaired in value. The impairment of long-lived assets includes $43.0 million for the write-down of the Company's wooden board road mat fleet used in its mat and integrated services segment. The Company is in the process of converting a significant portion of its domestic rental fleet to a new composite mat. Accordingly, the Company has disposed of its older mats which would normally have required substantial maintenance cost to keep in service. The Company also incurred an impairment of $1.3 million in its mat and integrated services segment on a machine used in remediation operations that has been rendered obsolete by other new equipment being introduced by the Company as well as other equipment.

Included in the impairment was $4.7 million of write-downs for assets used in the Company's fluids sales and engineering segment. These assets have either been abandoned (primarily warehouses and mixing plants located in the Austin Chauk region) due to market conditions or were written down to their disposal value due to excess capacity created by a downturn in the Company's operations.

Also included in the impairment was $1.3 million to write-down to their disposal value barges which were previously used in the Company's E&P waste disposal segment and are no longer required due to decreased volumes of waste being handled. The Company also incurred a write-down of $1.9 million in this segment relating to the abandonment of additional disposal sites being constructed for future use. Due to the downturn in the oilfield waste market created by reduced oilfield drilling, the Company will not pursue bringing this additional capacity on-line.

Arbitration Settlement

In the third quarter, the Company settled its arbitration related to the NOW Disposal Agreement with U.S. Liquids, Inc. In the fourth quarter, final modifications were made to the agreement. Pretax charges associated with the settlement of $27.5 million were recorded during 1998. This $27.5 million includes a $6.1 million reduction in the value of the non-compete with U. S. Liquids, with the remaining $21.4 million representing the portion of the settlement associated with the termination feature.

Equity Earnings of Unconsolidated Affiliate

Included in the loss from unconsolidated affiliates are charges of $1.3 million that include recognition of the Company's share of joint venture losses related to the start-up period of the composite mat manufacturing facility.

Interest Income and Interest Expense

Net interest expense was $10.1 million in 1998 as compared to $4.0 in 1997. The increase in net interest cost is due to an increase of $81.0 million in average outstanding borrowings and an increase in average effective interest rates from 6.07% in 1997 to 8.32% in 1998. The increase in average outstanding borrowings and average effective interest rates is due to the issuance of $125 million of ten year, 8-5/8% senior subordinated notes in December 1997 and additional borrowings under the Credit Facility. The proceeds from the senior subordinated notes and the Credit Facility were used to fund acquisitions, capital expenditures and working capital for operations growth.

Provision for Income Taxes

For the 1998 and 1997 periods, Newpark recorded income tax (benefits) provisions of ($30.3) million and $22.2 million, equal to (32.8)% and 37.1% of pre-tax (loss) income, respectively.

Cumulative Effect of Accounting Change

On July 1, 1998 Newpark elected early adoption of Statement of Position 98-5 "Reporting on Costs of Start-up Activities." Newpark was required to adopt this accounting pronouncement beginning January 1, 1999. The cumulative effect of this change in accounting, net of income taxes, was $1.3 million. Start-up costs since the date of adoption have not been significant.

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

Revenues

Total revenues increased to $233.2 million in 1997, from $153.7 million in 1996, an increase of $79.5 million, or 51.7%. Drilling fluids sales and engineering revenue increased $41.0 million as a result of a series of purchase acquisitions made during 1997 in the drilling fluids market, the expansion of the businesses acquired through increased inventories and facilities to service new and expanded markets and an increase in drilling activity. The increase in waste disposal revenues of $17.4 million can be primarily ascribed to the full year effect of acquisition of a competitor's marine-related collection operations in August 1996, increases in the domestic market rig count and increased pricing. The volume of waste received was also impacted by an increase in environmental regulations. Effective December 4, 1997, discharges of waste from drilling operations in the state territorial waters of the Gulf of Mexico were prohibited. These regulations immediately began to impact volumes of waste handled by the Company. E&P waste revenues for 1997 increased to $56.1 million, compared to $36.2 million in 1996. The volume of E&P waste received increased to 5.6 million barrels, from 4.0 million barrels. The increase in volume accounted for approximately 80% of the increase in E&P waste revenues, while price increases accounted for approximately 20% of the increase in revenues. NORM revenue was $6.2 million in 1997, compared to $8.7 million in 1996, due to decreased site remediation activity. The decrease in activity in the NORM market was partially offset by

higher average pricing on waste received in 1997 versus 1996. The increase of $22.5 million in mat and integrated services revenue reflects improvement in the domestic market rig count and increased pricing for Newpark's mat inventory, coupled with the completion of a purchase acquisition in 1997. Mat rental revenues include revenues earned on the initial mat installation, which typically includes the first 60 days of rental. If the mats are rented beyond the initial period, a rerental charge is earned. In 1997, the initial rentals accounted for approximately 60% of mat service revenues, with rerentals accounting for 40%. In 1996, initial rentals accounted for 52% of the total mat service revenues and rerentals accounted for 48%. In terms of pricing and volume impact on total mat service revenues, pricing accounted for approximately 60% of the increase and volume accounted for approximately 40%.

Operating Income

Operating income increased to $63.9 million in 1997, an increase of $31.4 million, or 77%. The primary components of the increase were a $12.2 million increase in E&P waste disposal operating income, an $11.7 million increase in fluids sales and engineering operating income, and a $6.2 million increase in mat and integrated services operating income. These increases are primarily related to the revenue increases for the segments and a greater leveraging of operations.

General and Administrative Expenses

General and administrative expenses increased by $265,000 from 1996 to 1997, but decreased as a percentage of revenues to 1.4% in 1997 from 1.9% in 1996.

Provision for Income Taxes

For the 1997 and 1996 periods, Newpark recorded income tax provisions of $22.2 million and $9.9 million, equal to 37.1% and 34.3% of pre-tax income, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position decreased by $12.9 million, or 14.6%, during the year ended December 31, 1998, as compared to 1997. Key working capital data is provided below:

	Year Ended December 31,	
	1998	1997
Working Capital (000's)	$ 75,937	$ 88,882
Current Ratio	2.75	3.56

The decrease in working capital is primarily attributable to acquisitions completed during 1998 for cash, the acquisition of additional long lived assets and a dramatic downturn in the Company's business in the second half of 1998 which caused revenues to fall, expenses to rise and resulting margins from operations to decline.

The Company's long term capitalization as of December 31, 1998, 1997 and 1996 was as follows:

	1998	1997	1996
Long-term debt (including current maturities):			
Credit facility	$ 80,900	$ --	$ 41,351
Subordinated debt	125,000	125,000	--
Other	3,352	4,495	6,179
Total long-term debt	209,252	129,495	47,530
Stockholders' equity	242,497	269,985	206,362
Total capitalization	$451,749	$399,480	$253,892

For the year ended December 31, 1998, Newpark's working capital needs were met primarily from operating cash flow, borrowings under the Credit Facility and excess proceeds from the subordinated debt issue. Total cash generated from operations of $29.2 million was supplemented by $75.0 million from financing activities to provide for a total of $119.3 million used in investing activities.

Newpark has outstanding a Credit Facility, which provides for a $100.0 million revolving credit facility maturing on June 30, 2001, including up to $20.0 million in standby letters of credit. At December 31, 1998, $15.6 million in letters of credit were issued and outstanding under the Credit Facility, and $80.9 million was outstanding under the revolving facility. Advances under the credit facility bear interest at either (i) a specified prime rate or (ii) the LIBOR rate plus a spread which is determined quarterly based on the Credit Facility. The Credit Facility requires that Newpark maintain certain specified financial ratios and comply with other usual and customary requirements. One of the requirements of the Credit Facility is that the Company cannot incur losses for two consecutive quarters. Due primarily to asset impairments and the arbitration settlement which were recorded during the third and fourth quarter of 1998, the Company sustained losses over two quarters. The banks have waived any defaults as a result of these two loss quarters and amended the Credit Facility to provide for covenants which are consistent with the Company's current financial condition and anticipated market outlook. Newpark was in compliance with all other requirements of the Credit Facility, as amended, at December 31, 1998. Several of the financial ratios under the credit facility are at or near their respective limits. Any losses sustained by the Company in future quarters may cause Newpark to not be in compliance with certain financial covenants unless waivers can be obtained from the banks. Since December 31, 1998 the Company has paid down approximately $12 million of the outstanding balance under the credit facility which has provided additional coverages under two of the financial ratios. The Company has plans to make additional substantial reductions of the outstanding balance during 1999. There can be no assurance, however, that the Company will be able to make such additional reductions, or, if needed, obtain any necessary waivers from the banks.

For 1999, Newpark anticipates capital expenditures of approximately $30 million, including: (i) $3 million to develop non-hazardous industrial waste injection well sites, (ii)

$6 million for expansion of drilling fluids operations, including the purchase of equipment associated with fluids processing and recycling and infrastructure expansions; (iii) $2 million to complete an enlarged joint operational offshore facility; (iv) $16 million for the purchase of synthetic mats and additional hardwood mats; and (v) $3 million for maintenance capital.

Potential sources of additional funds, if required by the Company, would include operating leases for equipment purchases and the sale of equity securities. The Company presently has no commitments beyond its working capital and bank lines of credit by which it could obtain additional funds for current operations; however, it regularly evaluates potential borrowing arrangements which may be utilized to fund future expansion. Newpark believes that its current sources of capital, coupled with internally generated funds, will be sufficient to support its working capital, capital expenditure and debt service requirements for the foreseeable future provided that market conditions stabilize or improve from current levels. Any further protracted downturn in market conditions could have an adverse affect on the Company's future available capital and would likely result in reductions in planned capital expenditures. Except as described in the preceding paragraph, and in Footnote M to the Consolidated Financial Statements. Newpark is not aware of any material expenditures, significant balloon payments or other payments on long term obligations or any other demands or commitments, including off-balance sheet items to be incurred within the next 12 months.

Inflation has not materially impacted the Company's revenues or income.

YEAR 2000

The Company relies heavily on computers in its internal and external financial reporting systems. In addition, computers are used extensively throughout the Company to perform critical operating activities, including the processing of payroll, accounts receivable and accounts payable and to perform critical analyses such as well reports for drilling fluids customers and testing of E&P waste streams received from customers. The Company also makes use of computers for efficient communications with employees and customers, including extensive use of e-mail systems and the Internet, and is expected to expand its use of such technology in the future. Finally, embedded technology such as microcontrollers are commonly found in equipment used throughout the Company's operations. The complete failure of these systems could have a material negative impact on the operations of the Company. In addition, most of the Company's major suppliers and customers rely heavily on similar computer systems and failures in such systems could disrupt their operations.

The Company is substantially complete in assessing and addressing Year 2000 issues in its major computer systems. Most of the Company's major systems have been updated in the normal course of business or replaced with applications that are Year 2000 compliant. No system replacements were made or accelerated to comply with Year 2000 issues, but rather were made to address other operating issues.

In addition to substantially addressing Year 2000 issues in its own critical computer systems, the Company is in the process of contacting its major customers and vendors to

assess their progress in addressing their Year 2000 issues. Included with these contacts is a request to address embedded technology as it relates to their own operations and to products supplied to the Company. The Company expects to have responses from these customers and vendors by the second quarter of 1999. The Company believes that in making these contacts it can minimize the risks associated with Year 2000 failures of such vendors and customers. The Company can give no assurance that the systems of other companies on which the Company's systems rely will be converted or otherwise addressed on time, or that a failure to convert by another company would not have a material adverse effect on the Company.

While the Company has and will continue to make efforts to address Year 2000 issues, the Company could experience disruptions in its operations as a result of failures in its own systems and those of its major vendors or customers. Accordingly, the Company will develop contingency plans by the end of the second quarter of 1999 to help mitigate the effects of failures, if any.

To date, the total amount spent on Year 2000 issues has been less than $100,000 and has not been material to the Company's operations or financial condition. Based on current assessments, the Company expects to incur less than $100,000 in additional expenditures to address Year 2000 issues. However, these estimates are subject to revisions based on future assessments and responses from vendors and customers.

Estimates of the costs or consequences of incomplete or untimely resolution of Year 2000 issues would be speculative. The Company will continue to assess and address Year 2000 issues and expects to fund such efforts through operating cash flows.

NEW ACCOUNTING STANDARDS.

During 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" ("SFAS 130") and Statement of Financial Accounting Standards No. 131 :Disclosure about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 130 provides guidance for the presentation and display of comprehesive income. SFAS 131 establishes standards for disclosure of operating segments, products, services, geographic areas and major customers. The Company has adopted SFAS 130 and has included the required Statements of Comprehensive Income within its consolidated financial statements with the same prominence as its other consolidated financial statements. In addition, the Company has considered the implications of SFAS 131 and has included the required disclosure in Note P.

In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits" ("SFAS 132"). SFAS 132 revises the standards for disclosure of pension and other postretirement benefit plans by standardizing the disclosure requirements, requiring additional information on changes in the benefit obligations and fair values of plan assets. and eliminating certain disclosure requirements no longer considered to be useful. The new disclosure requirements are designed to improve the understandability of benefit disclosure for final analysis. the Company has considered the implications of SFAS 132 and has concluded that no additional disclosure is required at this time.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities"("SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments and hedging activities. The Company has considered the implications of SFAS 133 and has concluded that its implementation will not have a material effect on the Company's consolidated financial statements.

During 1998, the American Institute of Certified Pubic Accountants promulgated Statement of Position 98-5, "Reporting on the Costs of Start-up Activities" ("SOP 98-5"). SOP 98-5 broadly defines start-up activities as those one-time activities related to opening a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer or beneficiary, initiating a new process in an existing facility, or commencing some new operation. SOP 98-5 requires that companies expense start-up activities as incurred. Although SOP 98-5 is not effective until fiscal years beginning after December 15, 1998, it does encourage entities to early adopt its requirements. The Company has elected to early adopt SOP 98-5 effective July 1, 1998. Thus, in accordance with SOP 98-5, the Company has recorded the after-tax charge as a cumulative effect of accounting change within the Company's 1998 Consolidated Statement of Operations. The effect of this change in accounting principle was to decrease net income by $1,326,000 (net of related income tax benefits of $778,000) or $.02 per basic and diluted share.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Newpark is exposed to certain market risks that are inherent in the Company's financial instruments arising from transactions that are entered into in the normal course of business. Historically, the Company has not entered into derivative financial instrument transactions to manage or reduce market risk or for speculative purposes. A discussion of the Company's primary market risk exposure in financial instruments is presented below.

Long-term Debt

The Company is subject to interest rate risk on its long-term fixed interest rate senior subordinated notes. The bank credit facility has a variable interest rate and accordingly is not subject to interest rate risk. All other things being equal, the fair market value of debt with a fixed interest rate will increase, and the amount required to retire the debt today will increase, as interest rates fall and the fair market value will decrease as interest rates rise. This exposure to interest rate risk is managed by borrowing money that has a variable interest rate.

The $125 million senior subordinated notes accrue interest at the rate of 8-5/8% per annum and mature on December 15, 2007. There are no scheduled principal payments under the notes prior to the maturity date. However, the notes may be redeemed at a premium in whole or in part commencing after December 15, 2002. Up to 35% of the notes may be redeemed at a premium from proceeds of an equity offering, at any time up to and including December 31, 2000. The Company has no plans to repay the notes ahead of their scheduled maturity.

Investments

Included in Other Assets is a note receivable with a face amount of $8,534,000 related to the sale of substantially all of the assets of the Company's former marine repair operations. The note bears simple interest at 5% per annum, with accrued interest and principal payable at September 30, 2003.

Foreign Currency

The Company's principal foreign operations are conducted in Canada, Venezuela and Mexico. As such, there is exposure to future earnings due to changes in foreign currency exchange rates when transactions are denominated in currencies other than the Company's functional currencies, which are the primary currencies in which the Company conducts its business in various jurisdictions. At present, the Company does not use hedging arrangements to offset any anticipated affects of such exposure.

FORWARD-LOOKING STATEMENTS

The foregoing discussion contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. There are risks and uncertainties that could cause future events and results to differ materially from those anticipated by management in the forward-looking statements included in this report. Among these risks and uncertainties are (a) the level of exploration for and production of oil and gas and the industry's willingness to spend capital on environmental and oilfield services; (b) oil and gas prices, expectations about future prices, the cost of exploring for, producing and delivering oil and gas, the discovery rate of new oil and gas reserves and the ability of oil and gas companies to raise capital; (c) domestic and international political, military, regulatory and economic conditions; (d) other risks and uncertainties generally applicable to the oil and gas exploration and production industry; (e) any rescission or relaxation of existing regulations affecting the disposal of E&P waste and NORM, failure of governmental authorities to enforce such regulations or the ability of industry participants to avoid or delay compliance with such regulations; (f) future technological change and innovation, which could result in a reduction in the amount of waste being generated or alternative methods of disposal being developed; (g) increased competition in the Company's product lines; (h) the Company's success in integrating acquisitions and (i), the Company's success in replacing its wooden mat fleet with its new composite mats; (j) the Company's ability to obtain the necessary permits to operate its non-hazardous waste disposal wells and its ability to successfully compete in this market; (k) the Company's ability to successfully compete in the drilling fluids markets in the Canadian provinces of Alberta and Saskatchewan, the Permian Basin of West Texas and New Mexico and the Anadarko Basin in Western Oklahoma, where it has only recently entered the market ;and (l) adverse weather conditions, which could disrupt drilling operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Newpark Resources, Inc.

We have audited the accompanying consolidated balance sheets of Newpark Resources, Inc. and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Newpark Resources, Inc. and subsidiaries at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

As discussed in Note A of the Notes to Consolidated Financial Statements, effective July 1, 1998, the Company changed its method of accounting for costs of start-up activities.

DELOITTE & TOUCHE LLP

New Orleans, Louisiana
March 26, 1999

Newpark Resources, Inc.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	December 31, 1998	December 31, 1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,611	$ 21,699
Accounts and notes receivable, less allowance of $11,008 in 1998 and $2,266 in 1997	65,675	74,768
Inventories	19,381	21,489
Current taxes receivable	10,593	--
Deferred tax asset	13,776	3,974
Other current assets	3,292	1,712
TOTAL CURRENT ASSETS	119,328	123,642
Property, plant and equipment, at cost, net of accumulated depreciation	217,988	191,058
Cost in excess of net assets of purchased businesses and identifiable intangibles, net of accumulated amortization	123,539	97,542
Deferred tax asset	1,735	--
Other assets	41,889	39,381
	$ 504,479	$ 451,623
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 72	$ 275
Current maturities of long-term debt	1,195	1,499
Accounts payable	23,237	19,309
Accrued liabilities	11,711	10,974
Arbitration settlement payable	7,176	--
Current taxes payable	--	2,703
TOTAL CURRENT LIABILITIES	43,391	34,760
Long-term debt	208,057	127,996
Arbitration settlement payable	8,080	--
Other non-current liabilities	2,454	1,314
Deferred taxes payable	--	17,568
Commitments and contingencies (See Note M)	--	--
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.01 par value, 1,000,000 shares authorized, no shares outstanding	--	--
Common Stock, $.01 par value, 100,000,000 shares authorized, 68,839,672 shares outstanding in 1998 and 65,212,289 in 1997	688	652
Paid-in capital	319,833	283,271
Foreign currency translation adjustments	(1,033)	--
Retained earnings (deficit)	(76,991)	(13,938)
TOTAL STOCKHOLDERS' EQUITY	242,497	269,985
	$ 504,479	$ 451,623

See accompanying Notes to Consolidated Financial Statements

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31,

(In thousands, except per share data)	1998	1997	1996
Revenues	$ 256,808	$ 233,245	$ 153,679
Operating costs and expenses:			
Cost of services provided	176,551	138,392	100,627
Operating costs	68,243	27,726	15,141
	244,794	166,118	115,768
General and administrative expenses	4,305	3,185	2,920
Provision for uncollectible accounts	9,180	--	--
Impairment of long-lived assets	52,266	--	--
Arbitration settlement	27,463	--	--
Equity in net loss of unconsolidated affiliates	1,293	--	--
Restructure expense	--	--	2,432
Operating income (loss)	(82,493)	63,942	32,559
Interest income	(1,488)	(310)	(273)
Interest expense	11,554	4,265	3,996
Income (loss) before income taxes	(92,559)	59,987	28,836
Provision (benefit) for income taxes	(30,270)	22,246	9,884
Income (loss) before cumulative effect of accounting change	(62,289)	37,741	18,952
Cumulative effect of accounting change (net of income tax effect)	(1,326)	--	--
Net income (loss)	$ (63,615)	$ 37,741	$ 18,952
Net income (loss) per common and common equivalent share:			
Basic	$ (0.95)	$ 0.59	$ 0.36
Diluted	$ (0.95)	$ 0.58	$ 0.34
Weighted average common and common equivalent shares outstanding:			
Basic	67,058	64,158	53,197
Diluted	67,058	65,630	54,956

See accompanying Notes to Consolidated Financial Statements

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31,

(In thousands)	1998	1997	1996
Net income (loss)	$ (63,615)	$ 37,741	$ 18,952
Other comprehensive income (loss):			
Foreign currency translation adjustments	(1,033)	--	--
Comprehensive income (loss)	$ (64,648)	$ 37,741	$ 18,952

See accompanying Notes to Consolidated Financial Statements

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 1996, 1997 and 1998

(In thousands)	Common Stock	Paid-In Capital	Foreign Currency Translation	Retained Earnings (Deficit)	Total
BALANCE, JANUARY 1, 1996	$ 468	$ 149,756	$ --	$ (69,997)	$ 80,227
Employee stock options	12	4,944	--	(2)	4,954
Issuance of stock	140	96,249	--	--	96,389
Acquisitions	4	5,836	--	--	5,840
Net income				18,952	18,952
BALANCE, DECEMBER 31, 1996	624	256,785	--	(51,047)	206,362
Employee stock options	13	9,090	--	(7)	9,096
Incentive plan	--	668	--	--	668
Acquisitions	15	16,728	--	--	16,743
Results of operations of pooled entity due to different year end	--	--	--	(625)	(625)
Net income	--	--	--	37,741	37,741
BALANCE, DECEMBER 31, 1997	652	283,271	--	(13,938)	269,985
Employee stock options	9	6,757	--	(1)	6,765
Incentive plan	4	6,468	--	--	6,472
Acquisitions	23	23,337	--	--	23,360
Foreign currency translation	--	--	(1,033)	--	(1,033)
Results of operations of pooled entities due to different year ends	--	--	--	563	563
Net loss	--	--	--	(63,615)	(63,615)
BALANCE, DECEMBER 31, 1998	$ 688	$ 319,833	$ (1,033)	$ (76,991)	$ 242,497

See accompanying Notes to Consolidated Financial Statements

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31,

(In thousands)	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	$ (63,615)	$ 37,741	$ 18,952
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	37,901	26,393	17,572
(Benefit) provision for deferred income taxes	(25,965)	15,880	6,168
Loss on sales of assets	45	147	36
Provision for doubtful accounts	9,180	--	775
Impairment of long-lived assets	52,266	--	--
Arbitration settlement	22,056	--	--
Net loss in unconsolidated affiliates	1,293	--	--
Change in assets and liabilities net of effects of acquisitions:			
Decrease (increase) in accounts and notes receivable	11,434	(21,221)	(11,065)
Decrease (increase) in inventories	3,605	(12,195)	129
Increase in other assets	(8,228)	(6,814)	(99)
(Decrease) increase in accounts payable	(6,920)	(3,685)	2,222
Decrease in accrued liabilities and other	(3,813)	(4,571)	(9,255)
NET CASH PROVIDED BY OPERATING ACTIVITIES	29,239	31,675	25,435
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(104,660)	(79,476)	(46,500)
Proceeds from sale of property, plant and equipment	382	40	1,492
Investment in joint ventures	--	(4,833)	(4,406)
Acquisitions, net of cash acquired	(15,809)	(7,679)	(71,461)
Payments received on notes receivable	2,456	70	440
Advances on notes receivable	(1,734)	(3,000)	(112)
Purchase of patents	--	--	(5,700)
NET CASH USED IN INVESTING ACTIVITIES	(119,365)	(94,878)	(126,247)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net borrowings on line of credit	80,900	--	5,749
Principal payments on notes payable and long-term debt	(10,001)	(46,777)	(12,294)
Proceeds from issuance of debt	452	125,122	4,908
Proceeds from exercise of stock options	3,687	4,114	4,953
Proceeds from issuance of stock, net of expenses	--	--	98,066
NET CASH PROVIDED BY FINANCING ACTIVITIES	75,038	82,459	101,382
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15,088)	19,256	570
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,699	2,443	1,873
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 6,611	$ 21,699	$ 2,443

See accompanying Notes to Consolidated Financial Statements.

NEWPARK RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PRINCIPLES OF CONSOLIDATION. Newpark Resources, Inc. ("Newpark" or the "Company") provides integrated fluids management, environmental and oilfield services to the exploration and production industry in the Gulf Coast region, principally Louisiana and Texas. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Investments in which the Company owns 20 percent to 50 percent and exercises significant influence over operating and financial policies are accounted for using the equity method. All material intercompany transactions are eliminated in consolidation.

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

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.

FAIR VALUE DISCLOSURES. Statement of Financial Accounting Standards ("SFAS") No. 107, "Disclosures about Fair Value of Financial Instruments", requires the disclosure of the fair value of all significant financial instruments. The estimated fair value amounts have been developed based on available market information and appropriate valuation methodologies. However, considerable judgment is required in developing the estimates of fair value. Therefore, such estimates are not necessarily indicative of the amounts that could be realized in a current market exchange. After such analysis, except as described below, management believes the carrying values of the Company's significant financial instruments (consisting of cash and cash equivalents, receivables, payables and long-term debt, primarily the Senior Subordinated Notes issued in December of 1997) approximate fair values at December 31, 1998 and 1997.

The estimated fair value of the Company's senior subordinated notes payable at December 31, 1998 and 1997, based upon available market information, was $118.8 million and $125.0 million, respectively, as compared to the carrying amount of $125.0 million on those dates.

INVENTORIES. Inventories are stated at the lower of cost (principally average and first-in, first-out) or market. Such inventories consist of logs, supplies, processed barite, other specialty chemicals used in drilling fluids, and board road lumber. Board road lumber is amortized on the straight-line method over its estimated useful life of approximately one year.

DEPRECIATION AND AMORTIZATION. Depreciation of property, plant and equipment, including interlocking composite and board road mats, is provided for financial reporting purposes on the straight-line method over the estimated useful lives of the individual assets which range from three to forty years.

The cost in excess of net assets of purchased businesses ("excess cost") is being amortized on a straight-line basis over fifteen to thirty-five years, except for $2,211,000 relating to acquisitions prior

to 1971 that is not being amortized. Management of the Company periodically reviews the carrying value of the excess cost in relation to the current and expected undiscounted cash flows of the businesses which benefit therefrom in order to assess whether there has been a permanent impairment of the excess cost of the net purchased assets. Accumulated amortization on excess cost was $8,954,000 and $3,936,000 at December 31, 1998 and 1997, respectively.

REVENUE RECOGNITION. In substantially all of its operating segments, Newpark recognizes revenue on a units of delivery basis. E&P waste and NORM disposal revenues are generally recognized upon receipt of waste for processing, while drilling fluids sales and engineering revenues are generally recognized upon delivery of products or services. Revenues from certain integrated service projects, which are typically of short duration, are recognized as projects progress based upon sales values agreed to by the customer for specific units delivered or project milestones completed. Included in accounts receivable are unbilled revenues for projects in progress in the amounts of $3,663,000 and $7,509,000 at December 31, 1998 and 1997, respectively, all of which are due within one year.

INCOME TAXES. Income taxes are provided using the liability method in accordance with SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred income taxes are recorded based upon differences between the financial reporting and income tax basis of assets and liabilities and are measured using the enacted income tax rates and laws that will be in effect when the differences are expected to reverse.

INTEREST CAPITALIZATION. For the years ended December 31, 1998, 1997 and 1996 the Company incurred interest cost of $14,114,000, $5,372,000, and $4,511,000, respectively, of which $2,560,000, $1,107,000, and $515,000, respectively, was capitalized on qualifying construction projects.

STOCK-BASED COMPENSATION. SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, and has adopted the disclosure-only provisions of SFAS 123.

RECLASSIFICATIONS. Certain reclassifications of amounts reported in prior years have been made to conform to the current year presentation.

NEW ACCOUNTING STANDARDS. During 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" ("SFAS 130") and Statement of Financial Accounting Standards No. 131 :Disclosure about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 130 provides guidance for the presentation and display of comprehesive income. SFAS 131 establishes standards for disclosure of operating segments, products, services, geographic areas and major customers. The Company has adopted SFAS 130 and has included the required Statements of Comprehensive Income within its consolidated financial statements with the same prominence as its other consolidated financial statements. In addition, the Company has considered the implications of SFAS 131 and has included the required disclosure in Note P.

In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits" ("SFAS 132"). SFAS 132 revises the standards for disclosure of pension and other postretirement benefit plans by standardizing the disclosure requirements, requiring additional

information on changes in the benefit obligations and fair values of plan assets. and eliminating certain disclosure requirements no longer considered to be useful. The new disclosure requirements are designed to improve the understandability of benefit disclosure for final analysis. the Company has considered the implications of SFAS 132 and has concluded that no additional disclosure is required at this time.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities"("SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments and hedging activities. The Company has considered the implications of SFAS 133 and has concluded that its implementation will not have a material effect on the Company's consolidated financial statements.

During 1998, the American Institute of Certified Public Accountants promulgated Statement of Position 98-5, "Reporting on the Costs of Start-up Activities" ("SOP 98-5"). SOP 98-5 broadly defines start-up activities as those one-time activities related to opening a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer or beneficiary, initiating a new process in an existing facility, or commencing some new operation. SOP 98-5 requires that companies expense start-up activities as incurred. Although SOP 98-5 is not effective until fiscal years beginning after December 15, 1998, it does encourage entities to early adopt its requirements. The Company has elected to early adopt SOP 98-5 effective July 1, 1998. Thus, in accordance with SOP 98-5, the Company has recorded the after-tax charge as a cumulative effect of accounting change within the Company's 1998 Consolidated Statement of Operations. The effect of this change in accounting principle was to decrease net income by $1,326,000 (net of related income tax benefits of $778,000) or $.02 per basic and diluted share.

B. ACQUISITIONS AND DISPOSITIONS

During 1998 and 1997, Newpark issued an aggregate of 1,151,000 shares and 3,496,668 shares, respectively, of its common stock in exchange for all of the outstanding common stock of the following six companies:

Company Name	Type of Company	Location	Shares
1998 acquisitions:			
Southwestern Universal Corp	Drilling Fluids	West Texas	450,000
Optimum Fluids, Inc.	Drilling Fluids	Western Canada	281,000
Houston Prime Pipe & Supply	Solids Control	Gulf Coast	420,000
			1,151,000
1997 acquisitions:			
Sampey, Bilbo, Meschi Drilling Fluids Management, Inc.	Drilling Fluids	Gulf Coast	2,328,000
Excalibar Minerals, Inc.	Barite Grinding	Gulf Coast	666,668
Bockmon Construction Company	Site Preparation	Gulf Coast	502,000
			3,496,668

These business combinations have been accounted for as poolings of interests, and accordingly, the consolidated financial statements for periods prior to the combinations have been restated to include the accounts and results of operations of these entities.

Prior to the combinations, the year end for two of the entities was September 30 and the year end for one of the entities was October 31. Newpark's fiscal year is December 31. In applying pooling of interests accounting, the December 31, 1997 and 1996 Newpark consolidated statements of operations were combined with the statements of operations for the corresponding year end of each pooled entity. Retained earnings (deficit) of the combined entities were adjusted by $563,000 and ($625,000) as of the beginning of Newpark's fiscal 1998 and 1997 years, respectively, to include net income/(losses) of the pooled entities for the periods October 1, 1997 to December 31, 1997 and November 1, 1996 to December 31, 1996. During these periods, the revenues of the pooled entities which were excluded from the consolidated statements of operations were $3.9 million and $3.0 million, for 1997 and 1996, respectively. Amounts included in the accompanying consolidated statements of operations for the years ended December 31, 1997 include the results of these entities for the year ended September 30, 1997. Amounts included in the accompanying consolidated statements of operations for the years ended December 31, 1996 include the results of these entities for the years ended and September 30, 1996 and October 31, 1996.

Operating results prior to the combination of the separate companies and the combined amounts presented in the consolidated financial statements are summarized below:

(In thousands of dollars)	Year Ended December 31,		
	1998	1997	1996
Revenues:			
Newpark	$ 249,313	$ 210,277	$ 121,542
Houston Prime	4,448	6,022	1,773
Optimum	2,016	1,813	--
Southwestern	1,031	6,882	3,534
Bockmon	--	3,174	3,936
Excalibar	--	5,077	8,462
SBM	--	--	14,432
Combined	$ 256,808	$ 233,245	$ 153,679
Net Income (Loss):			
Newpark	$ (64,590)	$ 36,909	$ 18,453
Houston Prime	789	805	14
Optimum	(6)	(354)	--
Southwestern	192	162	(102)
Bockmon	--	12	(65)
Excalibar	--	207	602
SBM	--	--	50
Combined	$ (63,615)	$ 37,741	$ 18,952

In addition to these transactions, Newpark acquired, in the aggregate, eight other companies in 1998 and seven other companies in 1997. These acquisitions have been accounted for by the purchase method and include the results of operations of the acquired companies since their respective acquisition dates. These acquisitions were completed in exchange for an aggregate of 2,346,771 shares of Newpark common stock and $22,652,000 in cash during 1998 and 1,193,332 shares of Newpark common stock and $9,186,000 in cash during 1997. The purchase prices were allocated based on preliminary estimates of fair values at the dates of acquisition. The Company does not believe that the final purchase price allocation will differ significantly from the preliminary purchase price allocation. This resulted in an excess of purchase price over assets acquired of $51,671,000, which is being amortized on a straight-line basis over 15 to 20 years.

The purchase price was allocated to the net assets acquired based on their fair values at the date of acquisition, as follows:

	1998	1997
Current assets	$ 15,078	$ 3,240
Property, Plant & Equipment	6,579	10,848
Liabilities assumed	(17,729)	(6,096)
Goodwill	35,241	16,430
Total purchase price, net of cash acquired	39,169	24,422
Less value of common stock issued	(23,360)	(16,743)
Cash purchase price, net of cash acquired	$ 15,809	$ 7,679

The following unaudited pro forma summary presents the consolidated results of operations of the Company as if the above purchase acquisitions had occurred on January 1, 1997:

(In thousands, except per share amounts)	1998	1997
Revenues	$ 279,496	$ 276,476
Net income (loss)	(62,047)	37,777
Net income (loss) per common and common equivalent share:		
Basic	$ (.90)	$ 0.58
Diluted	(.90)	0.56

The above unaudited proforma amounts have been prepared for comparative purposes only and include certain adjustments, such as additional amortization expense as a result of goodwill, additional depreciation expense for assets recorded at fair market value at the date of acquisition, additional interest expense for borrowings, and the net impact of the above adjustments on income tax expense. They do not purport to be indicative of the results of operations which actually would have resulted had the combination been in effect on January 1, 1997, or of future results of operations of the consolidated entities.

On August 12, 1996, the Company acquired from Campbell Wells, Ltd. ("Campbell") substantially all of the non-landfarm assets and certain leases associated with five transfer stations located along the Gulf Coast and three receiving docks at the landfarm facilities operated by Campbell for cash consideration of $70.5 million. This acquisition has been accounted for under the purchase method, and the results of the operations of the acquired business have been included in the consolidated financial statements since the date of acquisition. The purchase price was allocated based on estimated fair values at the date of acquisition. This resulted in an excess of purchase price over assets acquired of $77.1 million, of which $68.6 million is being amortized on a straight-line basis over 35 years, $7.5 million, attributable to a non-compete agreement, was being amortized on a straight-line basis over 25 years and $1.0 million, attributable to dock leases, which is being amortized over the respective lease terms. As a result of the signing of a Settlement Agreement with U.S. Liquids, Inc. (see Notes C and M), the remaining unamortized value of the non-compete agreement was reduced to $900,000, (the estimated fair market value) and is being amortized over the revised non-compete period of three years. The adjustment to the unamortized balance of the non-compete agreement of $6.1 million was included in arbitration settlement charged to operations in 1998.

In conjunction with this acquisition and the acquisition of a new waste disposal license in 1996, the Company recorded a restructure charge of $2.4 million, $1.6 million after taxes, or $0.03 per common share. A total of approximately $1.8 million was related to the restructuring of certain of the Company's E&P waste processing operations and staffing changes to facilitate the integration of its operations with those recently acquired by Campbell. The Company recognized an additional $.6 million cost associated with the termination of processing operations at its original NORM facility at Port Arthur, Texas and the partial closure of the site.

On August 29, 1996, the Company sold the land, buildings and certain equipment comprising substantially all of the assets of its former marine repair operation to the operator of the facility and refinanced certain advances previously made to the operator. The assets sold had previously been subject to an operating lease to the same party, and the purchase was made under the terms of a purchase option granted in the original lease. The sales price of approximately $16.0 million represents the net book value of the assets sold and refinanced. The consideration received included $1.2 million in cash, $7.2 million in notes receivable and $7.6 million in debt obligations which were assumed by the operator. The notes receivable are included in other assets and have been recorded at their estimated fair value, which approximates the amount at which they can be prepaid at the operator's option during the term of the notes. The notes receivable include two notes, one of which is in the face amount of $8,534,000, bears simple interest at 5.0% per annum, with interest and principal payable at September 30, 2003. The second note, in the amount of $600,000 bearing interest at 8% per annum, was subsequently paid off during the first quarter of 1998. The remaining note is secured by a second lien on the assets sold as well as certain guarantees of the operator.

C. SIGNIFICANT 1998 CHARGES

During the mid 1990's through the first half of 1998 the Company experienced significant growth through a series of strategic acquisitions and mergers, and increasing demand for its related products and services. Due to a significant decrease in the price of oil and gas and the resultant impact on drilling activity, the Company experienced a sharp decline in the demand for its products and services during the third and fourth quarters of 1998. This decline in customer demand materialized quickly from the previous growth period and, coupled with the timing of the Company's continued efforts to bring certain proprietary innovations to its customers, caused the Company to re-assess its overall operations. This re-assessment, as well as the settlement of an arbitration dispute, resulted in the Company recording pretax charges during 1998 of $9.2 million ($4 million and 5.2 million in the third and fourth quarters, respectively) for a provision for uncollectible accounts, $52.3 million ($20.4 million and $31.9 million in the third and fourth quarters, respectively) for the impairment of long-lived assets, and $27.5 million ($9.1 million and $18.4 million in the third and fourth quarters, respectively) relating to the arbitration settlement.

The provision for uncollectible accounts is primarily related to the weakness in the commodity prices of oil and gas and the resulting liquidity problems encountered by a number of customers to whom the Company has sold products or services. The majority of the current year provision relates to three specific customers.

The impairment of long-lived assets includes $43.0 million for the write-down of the Company's wooden board road mat fleet used in its mat and integrated services segment. The Company is in the process of converting a significant portion of its domestic rental fleet to a new composite mat. Accordingly, the Company has disposed of many of its older mats, which would normally have required

maintenance and repair costs to be expended. The write-down represents the net book value associated only with mats that have been abandoned and destroyed. An impairment charge related to any of the remaining wooden mats currently in service has not been recorded. The Company also incurred an impairment of $1.3 million in its mat & integrated services segment representing the net book value of a machine previously used in remediation operations that was abandoned after it was rendered obsolete by other new equipment introduced by the Company, which is technologically superior.

Also, included in the impairment was $4.7 million of write-downs for assets used in the Company's fluids sales & engineering segment. These assets have either been abandoned (primarily warehouses and mixing plants located in the Austin Chauk region) due to market conditions or were written down to their disposal value due to excess capacity created by a downturn in the Company's operations.

In addition, in the impairment was $1.3 million to write-down barges to their disposal value which were previously used in the Company's E&P waste disposal segments which are no longer required due to decreased volumes of waste being handled. The Company also incurred a write-down of $1.9 million in this segment relating to the abandonment of additional disposal sites being constructed for future use. Due to the downturn in the oilfield waste market created by reduced oilfield drilling, the Company will not pursue bringing this additional capacity on-line.

The $27.5 million of charges relating to the arbitration settlement stems from the settlement during the third quarter (with final modifications during the fourth quarter) between the Company's E&P waste disposal segment and U. S. Liquids, Inc. ("USL") over a contract dispute which is discussed more fully in Note M. The total settlement was $30 million, of which $6 million was paid in 1998 and $11 million, $9 million and $4 million will be paid in 1999, 2000 and 2001, respectively. The settlement provided for, among other things, 1) the termination of Newpark's original contractual commitment to provide waste to USL's disposal facilities for twenty-five years and 2) the right, but not the obligation to deliver specified volumes of E&P waste to USL's facilities until June 30, 2001 without additional cost. The right to deliver waste was valued at its estimated fair market value of $8 million based on the volumes that can be delivered and the market price to dispose of such waste. This amount is being recorded as a charge to operations over the disposal period. The termination feature was valued at $22 million, which represented the balance of the total settlement and an obligation was recorded based on the present value of the contractual payments assigned to the termination feature. At December 31, 1998, the recorded amount of the obligation was $15.3 million. Total pretax charges associated with the settlement of $27.5 million includes a $6.1 million write down to the estimated fair value of the remaining non-compete with U.S. Liquids with the remaining $21.4 million representing the portion of the settlement associated with the termination feature.

The above charges, which were primarily non-cash, or will be paid over an extended period of time, contributed significantly to the reported net loss for 1998. To compensate for the sharp decline in the markets it serves, the Company has also made significant changes in its operations, including disposal of non-performing assets, closure of facilities and reductions in staffing levels in all of its business segments. In addition, since December 31, 1998, the Company has paid down approximately $12 million of the outstanding balance under the credit facility and has obtained the necessary amendments to such credit facility to provide for covenants which are consistent with the Company's current financial condition and anticipated market outlook.

D. INVENTORY

The Company's inventory consisted of the following items at December 31, 1998 and 1997:

(In thousands)	1998	1997
Board road lumber	$ 1,276	$ 5,017
Logs	4,835	8,546
Drilling fluids raw materials and components	11,385	6,058
Supplies	1,285	926
Other	600	942
Total	$ 19,381	$ 21,489

E. PROPERTY, PLANT AND EQUIPMENT

The Company's investment in property, plant and equipment at December 31, 1998 and 1997 is summarized as follows:

(In thousands)	1998	1997
Land	$ 9,770	$ 8,190
Buildings and improvements	33,753	41,870
Machinery and equipment	152,304	86,492
Board road mats	71,660	114,504
Other	6,111	3,730
	273,598	254,786
Less accumulated depreciation	(55,610)	(63,728)
	$ 217,988	$ 191,058

F. CREDIT ARRANGEMENTS AND LONG-TERM DEBT

Credit arrangements and long-term debt consisted of the following at December 31, 1998 and 1997:

(In thousands)	1998	1997
Senior subordinated notes	$ 125,000	$ 125,000
Bank line of credit	80,900	-
Building loan	1,335	1,683
Other, principally installment notes secured by machinery and equipment, payable through 2001 with interest at 2.0% to 13.5%	2,017	2,812
	209,252	129,495
Less: current maturities of long-term debt	(1,195)	(1,499)
Long-term portion	$ 208,057	$ 127,996

On December 17, 1997 the Company issued $125 million of unsecured senior subordinated notes (the "Notes"), which mature on December 15, 2007. Interest on the Notes accrues at the rate of 8-5/8% per annum and is payable semi-annually on each June 15 and December 15, commencing June 15, 1998. The Notes may be redeemed, in whole or in part, at a premium commencing after December 15, 2002. Up to 35% of the Notes may be redeemed from proceeds of an equity offering, at a premium at any time up to and including December 1, 2000. The Notes are subordinated to all senior indebtedness, as defined in the subordinated debt indenture, including the Company's bank revolving credit facility.

The Notes are guaranteed by substantially all operating subsidiaries of the Company (the "Subsidiary Guarantors"). The guarantee obligations of the Subsidiary Guarantors (which are all direct or indirect wholly owned subsidiaries of the Company) are full, unconditional and joint and several. The aggregate assets, liabilities, earnings, and equity of the Subsidiary Guarantors are substantially equivalent to the total assets, liabilities, earnings, and equity of Newpark Resources, Inc. and its subsidiaries on a consolidated basis. Separate financial statements of the Subsidiary Guarantors are not included in the accompanying financial statements because management of the Company has determined that the additional information provided by separate financial statements of the Subsidiary Guarantors would not be of material value to investors.

As of December 31, 1998, the Company maintained a $100.0 million bank credit facility in the form of a revolving line of credit commitment. The credit facility is unsecured. It bears interest at either a specified prime rate (7.75% at December 31, 1998) or the LIBOR rate (5.07% at December 31, 1998) plus a spread which is determined quarterly based upon the ratio of the Company's funded debt to cash flow. The weighted average interest rate on the outstanding balance under the credit facility in 1998 and 1997 was 5.87% and 7.04%, respectively. The line of credit requires monthly interest payments and matures on June 30, 2001. At December 31, 1998, $15.6 million of letters of credit were issued and outstanding, leaving a net of $84.4 million available for cash advances under the line of credit. The credit facility requires that the Company maintain certain specified financial ratios and comply with other usual and customary requirements. One of the requirements was that the Company could not incur net losses for two consecutive fiscal quarters. Due primarily to the asset impairments and the arbitration settlement which were recorded during the third and fourth quarters of 1998, the Company sustained net losses for two consecutive quarters. The lenders have waived this default and amended the credit facility to provide for covenants which are consistent with the Company's current financial condition and market outlook. At December 31, 1998, the Company was in compliance with all other requirements of the respective agreements, as amended. In addition, the Notes and the credit facility contain covenants which significantly limit the payment of dividends on the common stock of the Company.

Maturities of long-term debt are $1,195,000 in 1999, $854,000 in 2000, $81,291,000 in 2001, $242,000 in 2002, $211,000 in 2003 and $125,459,000 thereafter.

G. INCOME TAXES

The provision for income taxes charged to operations is principally U. S. Federal tax as follows:

	Year Ended December 31,		
(In thousands)	1998	1997	1996
Current tax expense (benefit)	$ (5,083)	$ 6,366	$ 3,716
Deferred tax expense (benefit)	(25,965)	15,880	6,168
Total provision (benefit)	$ (31,048)	$ 22,246	$ 9,884

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

	Year Ended December 31,		
	1998	1997	1996
Income tax expense (benefit) at statutory rate	(35.0)%	35.0%	35.0%
Non-deductible expenses	1.4	1.5	.6
Tax effect of NOL	--	.4	(1.0)
Other	.8	.2	(.3)
Total income tax expense (benefit)	(32.8)%	37.1%	34.3%

For federal income tax purposes, the Company has net operating loss carryforwards ("NOLs") of approximately $62 million (net of amounts disallowed pursuant to IRC Section 382) that, if not used, will expire in 1999 through 2018. The Company also has approximately $2.3 million of alternative minimum tax credit carryforwards, which are not subject to expiration and are available to offset future regular income taxes subject to certain limitations. Additionally, for state income tax purposes, the Company has NOLs of approximately $74 million available to reduce future state taxable income. These NOLs expire in varying amounts beginning in year 2000 through 2013.

Temporary differences and carryforwards which give rise to a significant portion of deferred tax assets and liabilities at December 31, 1998 and 1997 are as follows:

(In thousands)	1998	1997
Deferred tax assets:		
Net operating losses	$ 25,640	$ 5,096
Accruals not currently deductible	3,103	2,518
Bad debts	3,411	800
Deferred payments under settlement agreement	6,164	--
Alternative minimum tax credits	2,341	3,441
All other	962	530
Total deferred tax assets	41,621	12,385
Valuation allowance	(1,326)	(1,326)
Net deferred tax assets	$ 40,295	$ 11,059
Deferred tax liabilities:		
Accelerated depreciation and amortization	$ 21,033	$ 21,554
Inventory costs capitalized for financial reporting	943	2,369
All other	2,808	730
Total deferred tax liabilities	24,784	24,653
Total net deferred tax assets (liabilities)	$ 15,511	$ (13,594)

Under SFAS No. 109, a valuation allowance must be established to offset a deferred tax asset if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. At December 31, 1998 and 1997, the Company recorded a valuation allowance for state NOLs, generated by a particular subsidiary, that the Company believes may not be utilized in the future. At December 31, 1998, the Company has recognized a net deferred tax asset of $15.5 million, the realization of which is dependent on the Company's ability to generate taxable income in future periods. The Company believes that its estimate of future earnings based on contracts in place and its earnings trend from recent prior years supports recognition of this amount.

Deferred tax expense includes a decrease (increase) in the valuation allowance for deferred tax assets of ($1,326,000) and $236,000 for 1997, and 1996, respectively.

H. EQUITY SECURITIES

The Company has been authorized to issue up to 1,000,000 shares of Preferred Stock, $.01 par value, none of which are issued or outstanding at December 31, 1998.

On May 13, 1998, the stockholders of the Company approved an increase in the number of authorized shares of common stock to 100,000,000.

Changes in outstanding Common Stock for the years ended December 31, 1998, 1997, and 1996 were as follows:

(In thousands of shares)	1998	1997	1996
Outstanding, beginning of year	65,212	62,758	47,184
Shares issued for acquisitions	2,347	1,193	-
Shares issued for deferred compensation plan	535	59	-
Other	17	-	-
Shares issued for public offering	-	-	13,800
Shares issued to settle royalty obligations	-	-	434
Shares issued to acquire mat patent rights	-	-	276
Shares issued upon exercise of options	729	1,202	1,064
Outstanding, end-of-year	68,840	65,212	62,758

I. EARNINGS PER SHARE

In accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"), the Company changed its method of calculating earnings per share during the fourth quarter of 1997. Per share and weighted average share amounts for all years presented have been restated to conform to the requirements of SFAS No. 128, and to give effect for all 1998 and 1997 transactions accounted for as poolings of interest (see Note B).

The following table presents the reconciliation of the numerator and denominator for calculating earnings per share in accordance with the disclosure requirements of SFAS 128 as follows (in thousands, except per share data):

	FOR THE YEARS ENDED								
	1998			1997			1996		
	Income (Num)	Shares (Den)	Per Share Amount	Income (Num)	Shares (Den)	Per Share Amount	Income (Num)	Shares (Den)	Per Share Amount
BASIC EPS									
Income (loss) available to common stockholders	$(63,615)	67,058	$ (0.95)	$37,741	64,158	$ .59	$18,952	53,197	$ .36
EFFECT OF DILUTIVE SECURITIES									
Stock options		-			1,472			1,759	
DILUTED EPS									
Income (loss) available to common stockholders	$(63,615)	67,058	$ (0.95)	$37,741	65,630	$ .58	$18,952	54,956	$ .34

Options excluded from the computation of diluted EPS for the year ended December 31, 1998 that could potentially dilute basic EPS in the future were options to purchase 4,435,664 shares. Since the Company incurred a loss per share for 1998, such dilutive options were excluded, as they would be antidilutive to basic EPS.

Options to purchase 12,000 and 16,000 shares of common stock, at exercise prices of $20.84 and $19.53 per share, respectively, were outstanding during the fourth quarter of 1997, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares. The options, which expire during the fourth quarter of 2002, were still outstanding at the end of 1997.

Options to purchase 40,000 shares of common stock, at an exercise price of $9.31 per share were outstanding during the fourth quarter of 1996, but were not included in the computation of diluted EPS because the options exercise price was greater than the average market price of the common shares. The options, which expire during the fourth quarter of 2001, were all outstanding at the end of 1996.

J. STOCK OPTION PLANS

At December 31, 1998, the Company had three stock-based compensation plans, which are described below. The Company applies Accounting Principles Board Opinion 25 ("APB 25") and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for its stock option plans as the exercise price of all stock options granted thereunder is equal to the fair value at the date of grant. Had compensation costs for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of Financial Accounting Standards Board Statement No. 123, the Company's net income (loss) and earnings (loss) per share would have been reduced to the pro forma amounts indicated below:

		Year Ended December 31,		
(In thousands, except per share data)		1998	1997	1996
Net income (loss)	As reported	$ (63,615)	$ 37,741	$ 18,952
	Pro forma	(68,977)	35,245	17,990
Basic earnings (loss) per share	As reported	(0.95)	0.59	0.36
	Pro forma	(1.03)	0.55	0.34
Diluted earnings (loss) per share	As reported	(0.95)	0.58	0.34
	Pro forma	(1.03)	0.54	0.33

The fair value of each option grant is estimated on the date of grant using the Black- Scholes option-pricing model, with the following assumptions:

	Years Ended December 31,		
	1998	1997	1996
Risk free interest rate	5.2%	6.3%	6.2%
Expected years until exercise	4	4	4
Expected stock volatility	56.9%	64.3%	40.8%
Dividend yield	0%	0%	0%

A summary of the status of the Company's stock option plans as of December 31, 1998, 1997, and 1996 and changes during the periods ending on those dates is presented below:

	Years Ended December 31,					
	1998		1997		1996	
	Shares	W-A Exercise Price	Shares	W-A Exercise Price	Shares	W-A Exercise Price
Outstanding at beginning of year	4,070,557	$ 7.59	4,110,132	$ 4.90	3,980,032	$ 3.26
Granted	1,254,000	11.35	1,254,000	12.59	1,264,000	8.16
Exercised	(726,222)	4.92	(1,153,315)	3.50	(1,066,768)	2.73
Canceled	(162,671)	13.45	(140,260)	6.69	(67,132)	3.78
Outstanding at end of year	4,435,664	$ 8.02	4,070,557	$ 7.59	4,110,132	$ 4.90
Weighted-average fair value of options granted during the year		$ 6.51		$ 6.80		$ 3.28

The following table summarizes information about all stock options outstanding at December 31, 1998.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$1.72 to $3.81	1,039,106	3.75	$ 3.57	1,039,106	$ 3.57
$4.02 to $8.28	407,196	5.87	5.87	119,661	4.85
$8.31 to $8.31	948,389	4.94	8.31	610,916	8.31
$9.31 to $9.94	36,667	5.40	9.48	13,333	9.31
$10.00 to $21.00	2,004,306	5.75	10.59	289,917	10.00
	4,435,664	5.12	$ 8.02	2,072,933	$ 5.98

In December 1998 a total of 1,729,306 options, none of which were for the benefit of executive officers, were amended to reflect a reduction of the exercise price to $10.00 per share. On the date of the amendment, the price of Newpark's common stock was $5.63 per share.

The Amended and Restated Newpark Resources, Inc. 1988 Incentive Stock Option Plan (the "1988 Plan") was adopted by the Board of Directors on June 22, 1988 and thereafter was approved by the stockholders. The 1988 Plan was amended several times and provided for approximately 4,000,000 shares to be issuable thereunder. Under the terms of the 1988 Plan, an option could not be granted for an exercise price less than the fair market value on the date of grant and could have a term of up to ten years. No future grants are available under the 1988 Plan

The 1993 Non-Employee Directors' Stock Option Plan (the "1993 Non-Employee Directors' Plan") was adopted on September 1, 1993 by the Board of Directors and, thereafter, was approved by the stockholders in 1994. Non-employee directors are not eligible to participate in any other stock option or similar plans currently maintained by the Company. The purpose of the 1993 Non-Employee

Directors' Plan is to promote an increased incentive and personal interest in the welfare of Newpark by those individuals who are primarily responsible for shaping the long-range plans of Newpark, to assist Newpark in attracting and retaining on the Board persons of exceptional competence and to provide additional incentives to serve as a director of Newpark.

Prior to January 29, 1998, the 1993 Non-Employee Directors' Stock Option Plan (the "Non-Employee Directors' Plan") provided that each non-employee director who was serving on the Board of Directors on September 1, 1993, and each new non-employee director who was first elected to the Board of Directors after September 1, 1993, would be granted a stock option to purchase, at an exercise price equal to the fair market value of the Common Stock on the date of grant, 63,000 shares of common stock. The Non-Employee Directors' Plan also provided that each time a non-employee director had served on the Board for a period of five consecutive years, such director automatically would be granted a stock option to purchase 42,000 shares of Common Stock, at an exercise price equal to the fair market value of the Common Stock on the date of grant. Effective January 29, 1998, the Non-Employee Directors' Plan was amended to reduce the number of shares of Common Stock for which a stock option will be granted to each non-employee director who is first elected a director after that date from 63,000 shares to 10,000 shares of Common Stock. The Non-Employee Directors' Plan also was amended to delete the provisions for the automatic grant of additional stock options at five-year intervals and to provide instead for automatic additional grants to each Non-Employee Director of stock options to purchase 10,000 shares of Common Stock on January 29, 1998, and each time the Non-Employee director is re-elected to the Board of Directors. These amendments were approved by the stockholders on May 13, 1998.

On November 2, 1995, the Board of Directors adopted, and on June 12, 1996 the stockholders approved, the Newpark Resources, Inc. 1995 Incentive Stock Option Plan (the "1995 Plan"), pursuant to which the Compensation Committee may grant incentive stock options and nonstatutory stock options to designated employees of Newpark. Initially, a maximum of 2,100,000 shares of Common Stock were issuable under the 1995 Plan, with such maximum number increasing on the last business day of each fiscal year of Newpark, commencing with the last business day of the fiscal year ending December 31, 1996, by a number equal to 1.25% of the number of shares of Common Stock issued and outstanding on the close of business on such date, with a maximum number of shares of Common Stock that may be issued upon exercise of options granted under the 1995 Plan being limited to 5,250,000.

K. DEFERRED COMPENSATION PLAN

In March of 1997, the Company established a Long Term Stock and Cash Incentive Plan (the "Plan"). By policy, the Company has limited participation in the Plan to certain key employees of companies acquired subsequent to inception of the Plan. The intent of the Plan is to increase the value of the stockholders' investment in the Company by improving the Company's performance and profitability and to retain, attract and motivate key employees who are not directors or officers of Newpark but whose judgment, initiative and efforts are expected to contribute to the continued success, growth and profitability of the Company.

Subject to the provisions of the Plan, a committee may (i) grant awards pursuant to the Plan, (ii) determine the number of shares of stock or the amount of cash or both subject to each award, (iii) determine the terms and conditions (which need not be identical) of each award, provided that stock shall be issued without the payment of cash consideration other than an amount equal to the par value of the stock, (iv) establish and modify performance criteria for awards, and (v) make all of the determinations necessary or advisable with respect to awards under the Plan.

Each award under the Plan will consist of a grant of shares of stock or an amount of cash (to be paid on a deferred basis) subject to a restriction period (after which the restrictions shall lapse), which shall mean a period commencing on the date the award is granted and ending on such date as the committee shall determine (the "Restriction Period"). The committee may provide for the lapse of restrictions in installments, for acceleration of the lapse of restrictions upon the satisfaction of such performance or other criteria or upon the occurrence of such events as the committee shall determine, and for the early expiration of the Restriction Period upon a participant's death, disability, retirement at or after normal retirement age or the termination of the participant's employment with the Company by the Company without cause.

The maximum number of shares of common stock of Newpark that may be issued pursuant to the Plan is 676,909, subject to adjustment pursuant to certain provisions of the Plan. The maximum amount of cash that may be awarded pursuant to the Plan is $1,500,000, and each such amount may be increased by the Board of Directors. If shares of stock or the right to receive cash awarded or issued under the Plan are reacquired by Newpark due to a forfeiture or for any other reason, such shares or right to receive cash will be cancelled and thereafter will again be available for purposes of the Plan. At December 31, 1998, 594,234 shares of common stock had been issued under the Plan and $1,428,000 had been awarded.

L. SUPPLEMENTAL CASH FLOW INFORMATION

During 1996, the Company's noncash transactions included the acquisition of certain patents and exclusivity rights in exchange for 708,728 shares of the Company's common stock and $5,700,000 in cash. In connection with the purchase of certain of these patents, the Company recorded a deferred tax liability of $767,000. Transfers from inventory to fixed assets of $4,625,000 were also made during the period. As discussed in Note B, the Company sold and refinanced $16,000,000 of certain assets in exchange for $7,200,000 of notes receivable, $1,200,000 in cash and the assumption by the buyer of $7,600,000 in debt obligations.

Included in accounts payable and accrued liabilities at December 31, 1998, 1997 and 1996, were equipment purchases of $5,186,000, $3,632,000, and $1,283,000, respectively. Also included are notes payable for equipment purchases in the amount of $434,000, $83,000 and $1,397,000 for 1998, 1997, and 1996, respectively.

Interest of $13,144,000, $4,801,000, and $4,313,000, was paid in 1998, 1997 and 1996, respectively. Income taxes of $9,991,000, $4,751,000, and $3,186,000 were paid in 1998, 1997 and 1996, respectively.

M. COMMITMENTS AND CONTINGENCIES

Newpark and its subsidiaries are involved in litigation and other claims or assessments on matters arising in the normal course of business. In the opinion of management, any recovery or liability in these matters will not have a material adverse effect on Newpark's consolidated financial statements.

In conjunction with the 1996 acquisition of Campbell Wells Ltd. ("Campbell"), Newpark became a party to a "NOW Disposal Agreement", pursuant to which Newpark was required, for a period of 25 years following the acquisition, to deliver to Campbell for disposal at its landfarm facilities an agreed annual quantity of E&P Waste, and Campbell executed a Noncompetition Agreement under which it agreed not to compete with Newpark in the marine-related E&P Waste disposal business for five years.

The landfarms are now operated by U.S. Liquids, Inc. ("USL"), which also assumed Campbell's obligations under the Noncompetition Agreement. During 1998, a dispute arose between the parties concerning Newpark's obligations under the NOW Disposal Agreement. In September 1998, Newpark and USL settled their dispute by executing a Settlement Agreement and a "Payment Agreement" under which, among other things, Newpark's contractual commitment to deliver waste to USL's disposal facilities was terminated immediately, and Newpark agreed to pay USL $30 million, $6 million of which was paid in 1998, $11 million of which is to be paid in 1999, $9 million of which is to be paid in 2000 and $4 million of which is to be paid in 2001. The payments to be made in 2000 and 2001 are subject to increase based on the increase, if any, in the Consumer Price Index between July 1, 1998 and January 3, 2000. Under the Payment Agreement, Newpark has the right, but not the obligation, to deliver specified volumes of E&P Waste to USL's facilities until June 30, 2001 without additional cost, and, subject to certain conditions, Newpark may extend this arrangement for two additional one-year terms at an additional annual cost of $8 million, which amount is also subject to increase based on increases in the Consumer Price Index. As part of the settlement, Newpark agreed that USL may engage in the business of cleaning tanks, barges, vessels, containers and similar structures used in the transportation and storage of E&P Waste, and USL purchased from Newpark certain equipment used by Newpark in such cleaning activities.

During 1992, the State of Texas assessed additional sales taxes for the years 1988-1991. The Company has filed a petition for redetermination with the Comptroller of Public Accounts. The Company believes that the ultimate resolution of this matter will not have a material adverse effect on its consolidated financial statements.

In the normal course of business, in conjunction with its insurance programs, the Company has established letters of credit in favor of certain insurance companies in the amount of $1,000,000 and $1,500,000 at December 31, 1998 and 1997, respectively. At December 31, 1998 and 1997, the Company had outstanding guaranty obligations totaling $1,526,000 and $1,201,000, respectively, in connection with facility closure bonds issued by an insurance company.

Since May 1988, the Company has held the exclusive right to use a patented prefabricated wooden mat system with respect to the oil and gas exploration and production industry within the State of Louisiana. On June 20, 1994, the Company entered into a new license agreement by which it obtained the exclusive right to use the same patented prefabricated mat system, without industry restriction, throughout the continental United States. The license agreement requires, among other things, that the Company purchase a minimum of 20,000 mats annually through 2003. The Company has met this annual mat purchase requirement since the inception of the agreement. Any purchases in excess of that level may be applied to future annual requirements. The Company's annual commitment to maintain the agreement in force, absent any excess purchases, is currently estimated to be $4,600,000. At December 31, 1998, purchases in excess of prior year commitment levels will significantly mitigate future annual requirements for the foreseeable future.

Since July 1995, Newpark has held the exclusive worldwide right to use a patented composite mat system. Production of these mats did not commence until 1998. The license agreement requires, among other things, that the Company purchase a minimum of 5,000 mats annually. Any purchases in excess of that level may be applied to future annual requirements. Newpark's annual commitment to maintain the agreement in force is currently estimated to be $3,500,000.

The Company holds the exclusive rights to use two types of patented processing equipment. In order to maintain these exclusive rights, the Company is required to purchase a minimum number of units annually. The Company has exceeded these annual purchase commitments since the inception of

the agreements. Any purchases in excess of the annual commitment may be applied to future commitments. Newpark's annual commitment to maintain these agreements in force is currently estimated to be $2,600,000. The Company has guaranteed certain debt obligations of a joint venture in which it holds a 49% interest, through the issuance of a letter of credit. The guarantee is limited to $15 million, plus accrued interest.

The Company leases various manufacturing facilities, warehouses, office space, machinery and equipment, including transportation equipment, under operating leases with remaining terms ranging from one to ten 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 $10,731,000, $5,993,000, and $5,251,000, in 1998, 1997 and 1996, respectively.

Future minimum payments under noncancellable operating leases, with initial or remaining terms in excess of one year are: $5,715,000 in 1999, $6,071,000 in 2000, $5,004,000 in 2001 $3,595,000 in 2002, $3,353,000 in 2003 and $12,531,000 thereafter.

N. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and trade accounts and notes receivable.

The Company maintains cash and cash equivalents with various financial institutions. These financial institutions are located throughout the Company's trade area and company policy is designed to limit exposure to any one institution. As part of the Company's investment strategy, the Company performs periodic evaluations of the relative credit standing of these financial institutions.

Concentrations of credit risk with respect to trade accounts and notes receivable are generally limited due to the large number of entities comprising the Company's customer base, and for notes receivable, the required collateral. The Company maintains an allowance for losses based upon the expected collectibility of accounts and notes receivable.

O. SUPPLEMENTAL SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(In thousands, except per share amounts)	Quarter Ended Mar 31	Jun 30	Sep 30	Dec 31
FISCAL YEAR 1998 (AS PREVIOUSLY REPORTED)				
Revenues	$ 69,111	$ 67,019	$ 64,899	
Operating income	20,459	20,223	(43,936)	
Net income	11,600	11,295	(33,395)	
Net income per share				
Basic	0.18	0.17	(0.49)	
Diluted	0.18	0.17	(0.49)	
Weighted average common and common equivalent shares outstanding:				
Basic	64,663	66,448	67,605	
Diluted	66,083	67,731	68,071	
FISCAL YEAR 1998 (AS RESTATED)				
Revenues	$ 72,404	$ 67,019	$ 62,899	$ 54,486
Operating income	19,571	16,807	(43,135)	(75,736)
Net income	11,227	9,109	(32,882)	(51,069)
Net income per share				
Basic	0.17	0.14	(0.49)	(0.74)
Diluted	0.17	0.13	(0.49)	(0.74)
Weighted average common and common equivalent shares outstanding:				
Basic	65,364	66,448	67,605	68,775
Diluted	66,784	67,731	67,605	68,775
FISCAL YEAR 1997 (AS PREVIOUSLY REPORTED)				
Revenues	$ 42,915	$ 47,959	$ 57,908	$ 66,572
Operating income	11,953	13,959	16,873	19,693
Net income	7,115	8,269	10,129	11,603
Net income per share				
Basic	0.12	0.13	0.16	0.18
Diluted	0.11	0.13	0.15	0.18
Weighted average common and common Equivalent shares outstanding:				
Basic	61,265	61,921	63,588	64,041
Diluted	62,656	63,291	65,122	65,643
FISCAL YEAR 1997 (AS RESTATED)				
Revenues	$ 47,501	$ 52,545	$ 62,494	$ 70,705
Operating income	12,361	14,367	17,200	20,013
Net income	7,362	8,516	10,196	11,668
Net income per share				
Basic	0.12	0.13	0.16	0.18
Diluted	0.12	0.13	0.15	0.17
Weighted average common and common equivalent shares outstanding:				
Basic	62,637	63,293	64,906	65,192
Diluted	64,028	64,653	66,440	66,794

The information above has been restated to reflect the effects of all 1998 and 1997 transactions accounted for as poolings of interests. In addition, 1998 quarterly information has been restated to

reflect certain adjustments in the Fluids Sales & Engineering segment for charges that had been capitalized in the first and second quarters and were later determined to be more appropriately expensed in those quarters and to reflect a more accurate cut off of certain revenues and expenses between the third and fourth quarters. The effects of these adjustments were to reduce reported net income in the first and second quarter by $958,000 and $2,186,000, respectively and to reduce revenues and increase net income in the third quarter by $2,000,000 and $513,000, respectively.

Included in the fourth quarter of 1998 are charges to adjust certain inventories to physical amounts and to account for differences in gross margins, primarily in the Fluids Sales & Engineering segment, which were estimated during the interim periods of 1998. The total of these charges was $4,381,000 and is included in costs of services provided. In addition, as further discussed in Note C, during the third and fourth quarters of 1998, the Company recorded significant charges associated with asset impairments, arbitration settlement, and increases in the provision for uncollectible accounts.

P. SEGMENT AND RELATED INFORMATION

The Company's three business units have separate management teams and infrastructures that offer different products and services to a homogenous customer base. The business units form the three reportable segments of E&P Waste Disposal, Fluids Sales & Engineering and Mat & Integrated Services.

E&P Waste Disposal: This segment provides disposal services for both oilfield exploration and production ("E&P") waste and E&P waste contaminated with naturally occurring radioactive material. The primary method used for disposal is low pressure injection into environmentally secure geologic formations deep underground. The primary operations for this segment are in the Gulf Coast market and customers include major multinational and independent oil companies. This segment plans to begin expansion into the disposal of non-hazardous industrial waste in 1999. Disposal of this type of waste could lead to an expansion of Newpark's customer base and geographic service points for this segment.

Fluids Sales & Engineering: This segment provides drilling fluids sales and engineering services and onsite drilling fluids processing services. The primary operation for this segment are in the Gulf Coast market, however, other markets served by this segment include Oklahoma, Canada, Mexico, and the Permian Basin. Customers include major multinational, independent and national oil companies.

Mat & Integrated Services: This segment provides prefabricated interlocking mat systems for the construction of drilling and work sites. In addition, the segment provides fully-integrated onsite and offsite environmental services, including site assessment, pit design, construction and drilling waste management, and regulatory compliance services. The primary markets served include the Gulf Coast market, Venezuela and Canada. The principal customers are major national, independent and national oil companies. In addition, this segment provides temporary work site services to the pipeline, electrical utility and highway construction industries principally in the Southeastern portion of the United States.

The accounting policies of the reportable segments are the same as those described in Note A. The Company evaluates the performance of its operating segments based on income before taxes, accounting changes, nonrecurring items, and interest income and expense.

Newpark does not believe it is dependent on any one customer. During the year ended December 31, 1998 there were no sales to one customer in excess of 10%. During the years ended December 31, 1997 and 1996, one customer accounted for approximately 10% of total revenues. This customer is a customer of the Mat & Integrated Services segment. Export sales are not significant.

Summarized financial information concerning the Company's reportable segments is shown in the following table. The "other" caption includes corporate-related items, results of insignificant operations and as it relates to segment profit (loss), income and expense not allocated to reportable segments.

	Years Ended December 31,		
	1998	1997	1996
	(In thousands)		
REVENUES (1)			
E&P Waste Disposal	$ 58,457	$ 62,681	$ 45,106
Fluids Sales & Engineering	104,142	69,227	28,201
Mat & Integrated Services	111,513	103,216	83,067
Other	--	--	1,360
Eliminations	(17,304)	(1,879)	(4,055)
Total Revenues	$ 256,808	$ 233,245	$ 153,679
(1) Segment revenues include the following intersegment transfers:			
E&P Waste Disposal	$ 869	$ 380	$ 201
Fluids Sales & Engineering	1,089	--	--
Mat & Integrated Services	15,346	1,499	3,854
Total Intersegment Transfers	$ 17,304	$ 1,879	$ 4,055
OPERATING INCOME (LOSS):			
Segment Operating Income (Loss)			
E&P Waste Disposal	$ 16,633	$ 26,463	$ 14,245
Fluids Sales & Engineering	(13,961)	12,534	811
Mat & Integrated Services	9,342	28,130	21,933
Other	--	--	922
Total Segment Operating Income (Loss)	$ 12,014	$ 67,127	$ 37,911
General and administrative expenses	(4,305)	(3,185)	(2,920)
Provision for uncollectibles	(9,180)		
Impairment of long-lived assets	(52,266)		
Arbitration settlement	(27,463)		
Equity in net loss of unconsolidated affiliate	(1,293)		
Restructure expense	--	--	(2,432)
Total Operating Income (Loss)	$ (82,493)	$ 63,942	$ 32,559

	December 31		
	1998	1997	1996
	(In thousands)		
SEGMENT ASSETS			
E&P Waste Disposal	$ 156,047	$ 149,746	$ 130,856
Fluids Sales & Engineering	166,189	73,793	12,731
Mat & Integrated Services	136,737	173,303	134,691
Other	45,649	54,781	20,793
Total Assets	$ 504,622	$ 451,623	$ 299,071
DEPRECIATION & AMORTIZATION			
E&P Waste Disposal	$ 6,258	$ 5,371	$ 2,899
Fluids Sales & Engineering	4,619	1,331	424
Mat & Integrated Services	25,822	19,617	13,885
Other	30	74	364
Total Depreciation & Amortization	$ 36,729	$ 26,393	$ 17,572
CAPITAL EXPENDITURES			
E&P Waste Disposal	$ 30,621	$ 20,816	$ 6,845
Fluids Sales & Engineering	23,211	16,249	2,765
Mat & Integrated Services	47,335	42,296	36,857
Other	15	115	33
Total Capital Expenditures	$ 101,182	$ 79,476	$ 46,500

The following table sets forth information about the Company's operations by geographic area:

	Years Ended December 31,		
	1998	1997	1996
REVENUE			
Domestic	$ 239,309	$ 230,684	$ 151,987
International	17,499	2,561	1,692
Total	$ 256,808	$ 233,245	$ 153,679
OPERATING INCOME (LOSS)			
Domestic	$ (84,499)	$ 63,949	$ 31,387
International	2,006	(7)	1,172
Total	$ (82,493)	$ 63,942	$ 32,559

	December 31,		
ASSETS	1998	1997	1996
- ------			
Domestic	$ 470,998	$ 442,117	$ 290,661
International	33,624	9,506	8,410
Total	$ 504,622	$ 451,623	$ 299,071

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated by reference to the registrant's Proxy Statement to be filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with the Company's 1998 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the registrant's Proxy Statement to be filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with the Company's 1998 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the registrant's Proxy Statement to be filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with the Company's 1998 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the registrant's Proxy Statement to be filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with the Company's 1998 Annual Meeting of Shareholders.

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.

Dated: March 27, 1999

NEWPARK RESOURCES, INC.

By: /s/ JAMES D. COLE
James D. Cole, Chairman of the Board, President and Chief Executive Officer

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 date indicated.

Signatures	Title	Date
/s/ JAMES D. COLE James D. Cole	Chairman of the Board, President and Chief Executive Officer	March 27, 1999
/s/ MATTHEW W. HARDEY Matthew W. Hardey	Vice President of Finance and Chief Financial Officer	March 27, 1999
/s/ ERIC M. WINGERTER Eric M. Wingerter	Controller (Principal Accounting Officer)	March 27, 1999
/s/ WM. THOMAS BALLANTINE Wm. Thomas Ballantine	Executive Vice President and Director	March 27, 1999
/s/ DIBO ATTAR Dibo Attar*	Director	March 27, 1999
/s/ W. W. GOODSON W. W. Goodson*	Director	March 27, 1999
/s/ DAVID P. HUNT David P. Hunt*	Director	March 27, 1999
/s/ DR. ALAN KAUFMAN Dr. Alan Kaufman*	Director	March 27, 1999
/s/ JAMES H. STONE James H. Stone*	Director	March 27, 1999

/s/ JAMES D. COLE
*James D. Cole
Attorney-in-Fact

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. FINANCIAL STATEMENTS

Reports of Independent Auditors
Consolidated Balance Sheets as of December 31, 1998 and 1997
Consolidated Statements of Income for the years ended December 31, 1998, 1997 and 1996. Consolidated Statements of Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996. Consolidated Statement of Cash Flows for the years ended December 31, 1998, 1997 and 1996. Consolidated Statements of Comprehensive Income for the years ended December 31, 1998, 1997 and 1996. Notes to Consolidated Financial Statements

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

3.1 Restated Certificate of Incorporation.+

3.2 Bylaws.(1)

4.1 Indenture, dated as of December 17, 1997, among the registrant, each of the Guarantors identified therein and State Street Bank and Trust Company, as Trustee.(2)

4.2 Form of the Newpark Resources, Inc. 8 % Senior Subordinated Notes due 2007, Series B.(2)

4.3 Form of Guarantees of the Newpark Resources, Inc. 8 % Senior Subordinated Notes due 2007. (2)

10.1 Employment Agreement, dated as of October 23, 1990, between the registrant and James D. Cole.(1)*

10.2 Lease Agreement, dated as of May 17, 1990, by and between Harold F. Bean Jr. and Newpark Environmental Services, Inc. ("NESI").(1)

10.3 Lease Agreement, dated as of July 29, 1994, by and between Harold F. Bean Jr. and NESI.(3)

10.4	Building Lease Agreement, dated April 10, 1992, between the registrant and The Traveler's Insurance Company.(4)
10.5	Building Lease Agreement, dated May 14, 1992, between State Farm Life Insurance Company, and SOLOCO, Inc.(4)
10.6	Operating Agreement, dated June 30, 1993, between Goldrus Environmental Services, Inc. and NESI.(3)
10.7	Amended and Restated 1993 Non-Employee Directors' Stock Option Plan.*+
10.8	1995 Incentive Stock Option Plan.(5)*
10.9	Exclusive License Agreement, dated June 20, 1994, between SOLOCO, Inc. and Quality Mat Company.(3)
10.10	Restated Credit Agreement, dated June 30, 1997, among the registrant, as borrower, the subsidiaries of the registrant named therein, as guarantors, and BankOne, Louisiana, National Association, Deutsche Bank A.G., New York Branch and/or Cayman Islands Branch and Hibernia National Bank, as banks (the "Banks").(6)
10.11	First Amendment to Restated Credit Agreement, dated November 7, 1997, among the registrant, the subsidiaries of the registrant named therein and the Banks.(7)
10.12	Second Amendment to Restated Credit Agreement, dated December 10, 1997, among the registrant, the subsidiaries of the registrant named therein and the Banks.(7)
10.13	Third, Fourth, Fifth and Sixth Amendment to Restated Credit Agreement, dated December 10, 1997, among the registrant, the subsidiaries of the registrant named therein and the Banks.(7)]+
10.14	Credit Agreement, dated December 1, 1995, between SOLOCO, Inc., and Hibernia National Bank.(5)
10.15	Now Disposal Agreement, dated June 4, 1996, among Sanifill, Inc., Now Disposal Operating Co. and Campbell Wells, Ltd.(8)
10.16	Settlement of Arbitration and Release, dated July 22, 1998, among the registrant and U.S. Liquids, Inc.+
10.17	Payment Agreement, dated December 31, 1998, among the registrant, Newpark Environmental Services, Inc. and U.S. Liquids, Inc.+
10.18	Option Agreement, dated December 31, 1998, among the registrant, Newpark Environmental Services, Inc. and U.S. Liquids, Inc.+
10.19	Asset Purchase Agreement, dated September 16, 1998 among Newpark Environmental Services, Inc. and U.S. Liquids, Inc.+
10.20	Amendment to Asset Purchase Agreement, dated September 22, 1998 among Newpark Environmental Services, Inc. and U.S. Liquids, Inc.+
10.21	Noncompetition Agreement of September 16, 1998, among the registrant and U.S. Liquids, Inc.+
10.22	Miscellaneous Agreement, dated September 16, 1998, among the registrant and U.S. Liquids, Inc.+
10.23	Operating Agreement of The Loma Company L.L.C.+

	21.1	Subsidiaries of the Registrant+
	23.1	Consent of Deloitte & Touche LLP+
	24.1	Powers of Attorney+
	27.1	Financial Data Schedule+
	27.2	Restated Financial Data Schedule+
	27.3	Restated Financial Data Schedule+

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+ Filed herewith.

* Management Compensation Plan or Agreement.

(1) Previously filed in the exhibits to the registrant's Registration Statement on Form S-1 (File No. 33-40716) and incorporated by reference herein.

(2) Previously filed in the exhibits to the registrant's Registration Statement on Form S-4 (File No. 333-45197) and incorporated by reference herein.

(3) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994, and incorporated by reference herein.

(4) Previously filed in the exhibits to the registrant's Registration Statement on Form S-8 (File No. 33-83680) and incorporated by reference herein.

(5) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1995, and incorporated by reference herein.

(6) Previously filed in the exhibits to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997.

(7) Previously filed in the exhibits to the registrants Annual Report on Form 10-K for the year ended December 31, 1997, and incorporated by reference herein.

(8) Previously filed in the exhibits to the registrant's Registration Statement on Form S-3 (File No. 333-05805), and incorporated by reference herein.

(b) REPORTS ON FORM 8-K

During the last quarter of the period covered by this report, Newpark filed one report on Form 8-K. In that report, filed October 6, 1998, Newpark reported, under item 5, that on September 22, 1998, Newpark announced it had settled the previously disclosed dispute concerning its obligations under the NOW Disposal Agreement with U.S. Liquids, Inc.

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
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(8) Previously filed in the exhibits to the registrant's Registration Statement on Form S-3 (File No. 333-05805), and incorporated by reference herein.

EXHIBIT 3.1

RESTATED CERTIFICATE OF INCORPORATION
OF
NEWPARK RESOURCES, INC.

PURSUANT TO SECTION 245
OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

ORIGINAL CERTIFICATE OF INCORPORATION
FILED WITH THE SECRETARY OF STATE
OF THE STATE OF DELAWARE JUNE 3, 1988

FIRST: The name of the corporation is:

NEWPARK RESOURCES, INC.

SECOND: The address of the registered office of the corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

FOURTH: A. The corporation is authorized to issue two classes of shares to be designated, respectively, "Preferred Stock" and "Common Stock." The total number of shares which this corporation shall have authority to issue is One Hundred One Million (101,000,000), of which One Million (1,000,000) shall be Preferred Stock and One Hundred Million (100,000,000) shall be Common Stock. The Preferred Stock and the Common Stock shall each have a par value of $.01 per share.

B. The shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to fix or alter by resolution the number of shares constituting each such series and the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, the liquidation preferences, and all other designations, preferences, and relative, optional and other special rights, and the qualifications, limitations and restrictions thereof, of the shares of each wholly unissued series of Preferred Stock, and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the outstanding shares of

any series shall be reacquired or the number of shares of any series shall be decreased, the shares reacquired or the shares constituting such decrease shall resume the status of authorized but unissued shares which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

C. Except for and subject to such voting rights as may be granted to the holders of Preferred Stock from time to time outstanding, the holders of Common Stock issued and outstanding shall have and possess the exclusive right to notice of stockholders' meetings and exclusive voting rights and powers. Subject to all of the rights of Preferred Stock from time to time outstanding, dividends may be paid on the Common Stock, as and when declared by the Board of Directors, out of any funds of the corporation legally available for the payment of such dividends.

D. No stockholder of this corporation shall by reason of his holding shares of any class or series have any preemptive or preferential rights to purchase or subscribe to any shares of any class or series of this corporation now or hereafter to be authorized, or any notes, debentures, bonds or other securities convertible into or carrying options or warrants to purchase shares of any class or series now or hereafter to be authorized, whether or not the issuance of any such shares or such notes, debentures, bonds or other securities would adversely affect the dividend or voting rights of such stockholder, other than such rights, if any, as the Board of Directors, in its discretion from time to time, may grant, and at such price as the Board of Directors, in its discretion, may fix; and the Board of Directors, if otherwise authorized by the provisions of this Article, may issue shares of any class or series of this corporation or any notes, debentures, bonds or other securities convertible into or carrying options or warrants to purchase shares of any class or series, without offering any such shares of any class or series either in whole or in part to the existing stockholders of any class or series.

FIFTH: The corporation is to have perpetual existence.

SIXTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors shall have the power to make, alter, amend and repeal the Bylaws of the corporation. Elections of directors need not be by written ballot unless the Bylaws so provide.

SEVENTH: A. The Board of Directors or stockholders may change the number of directors from time to time, provided, however, that the number of directors shall not be increased by more than one (1) within any period of twelve (12) months unless the increase (by more than one) is approved by the affirmative vote of two-thirds (2/3) of the authorized number of directors or by the affirmative vote or written consent of two-thirds (2/3) of the outstanding shares of each class entitled to vote. A reduction of the authorized number of directors shall not operate to remove any director prior to the expiration of such director's term of office.

B. No director may be removed from office except for cause, and except upon the vote or written consent of stockholders representing not less than two-thirds (2/3) of the issued and outstanding capital stock of each class then entitled to vote in elections of directors.

C. This Article Seventh may not be amended, altered, changed or repealed except upon the affirmative vote of two-thirds (2/3) of the authorized number of directors and the affirmative vote or written consent of two-thirds (2/3) of all outstanding shares of each class entitled to vote.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the corporation.

NINTH: This Corporation shall indemnify, to the fullest extent now or hereafter permitted by applicable law, each of its officers, directors, employees, and agents who was or is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an officer, director, employee or representative of the corporation, against all expenses (including attorneys' fees and disbursements), judgments, fines (including excise taxes and penalties) and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding.

TENTH: To the fullest extent permitted by law, as the same exists or as may hereafter be amended, a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breaches of fiduciary duty as a director. Neither any amendment nor repeal of this Article Tenth nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article Tenth, shall eliminate or reduce the effect of this Article Tenth in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article Tenth would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ELEVENTH: A. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of law.

B. The corporation may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and/or other similar arrangements), as well as enter into contracts providing indemnification to the full extent authorized or permitted by law and including as part thereof provisions with respect to any or all of the foregoing to ensure the payment of such amounts as may become necessary to effect indemnification as provided therein, or elsewhere.

TWELFTH: No "business combination" (as now or hereafter defined in Section 203 of the Delaware General Corporation Law) shall be subject to Section 203 of the Delaware General Corporation Law.

THIRTEENTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by law, and all rights conferred herein upon stockholders are granted subject to this reservation.

I, Eric Wingerter, Vice President, hereby declare and certify that the foregoing Restated Certificate of Incorporation of Newpark Resources, Inc. was duly adopted by its Board of Directors in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware; that the Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Corporation's Certificate of Incorporation as heretofore amended or supplemented; and that there is no discrepancy between such provisions and the provisions of the Restated Certificate of Incorporation.

IN WITNESS WHEREOF, I have executed this Restated Certificate of Incorporation this 3rd day of November, 1998.

Newpark Resources, Inc.

By:

Eric Wingerter, Vice President

EXHIBIT 10.7

NEWPARK RESOURCES, INC.
AMENDED AND RESTATED
1993 NON-EMPLOYEE DIRECTORS' STOCK OPTION PLAN
(INCLUDING SECOND AMENDMENT ADOPTED BY
THE BOARD OF DIRECTORS ON JANUARY 29, 1998)

1. PURPOSE.

This Amended and Restated Newpark Resources, Inc., 1993 Non-Employee Directors' Stock Option Plan (this "Plan") is intended to promote the best interests of Newpark Resources, Inc., a Delaware corporation ("Newpark"), and its stockholders by providing to each member of Newpark's Board of Directors (the "Board") who is a Non-Employee Director (as defined in paragraph 3 herein) of Newpark with an opportunity to acquire a proprietary interest in Newpark by receiving options (each a "Stock Option") to purchase Newpark's common stock, $.01 par value ("Common Stock"), as herein provided. It is intended that this Plan will promote an increased incentive and personal interest in the welfare of Newpark by those individuals who are primarily responsible for shaping the long-range plans of Newpark. In addition, Newpark seeks both to attract and retain on its Board persons of exceptional competence and to provide a further incentive to serve as a director of Newpark.

2. ADMINISTRATION.

2.1. This Plan shall be administered by the Board or by a duly authorized committee of the Board. At such times as the Board is administering this Plan, all references in this Plan to the "Committee" shall mean the Board.

2.2. In addition to the automatic grants of Stock Options provided for in paragraph 4 of this Plan, the Committee shall have full and complete authority, in its discretion: to grant Stock Options to one or more Non-Employee Directors; to determine the number of Stock Options to be granted to a Non-Employee Director; to determine the time or times at which Stock Options shall be granted; to establish the exercise price and the other terms and conditions upon which Stock Options may be exercised; to remove or adjust any restrictions and conditions upon Stock Options; to specify, at the time of grant, provisions relating to the exercisability of Stock Options and to accelerate or otherwise modify the exercisability of any Stock Options; and to adopt such rules and regulations and to make all other determinations deemed necessary or desirable for the administration of this Plan. All interpretations and constructions of this Plan by the Committee, and all of its actions hereunder, shall be binding and conclusive on all persons for all purposes.

2.3. Newpark shall indemnify and hold harmless each Committee member and each director of Newpark, and the estate and heirs of such Committee member or director, against all claims, liabilities, expenses, penalties, damages or other pecuniary losses, including legal fees, which such Committee member or director, his or her estate or heirs may suffer as a result of his or her responsibilities, obligations or duties in connection with this Plan, to the extent that insurance, if any, does not cover the payment of such items.

3. ELIGIBILITY.

Each member of the Board who is not an employee or executive officer of Newpark or any of its Subsidiaries (as herein defined) or of any parent corporation of Newpark (a "Non-Employee Director") shall be eligible to be granted Stock Options under this Plan. Eligibility shall be determined: (i) with respect to each director serving on the Board on the date this Plan was adopted by the Board (i.e., September 1, 1993) on that date; and (ii) with respect to each director elected after this Plan was adopted by the Board, on the date such director is so elected. A Stock Option, once granted to a Non-Employee

Director, shall remain in effect in accordance with its terms even if the optionee later enters the employ of Newpark or a Subsidiary or parent. "Subsidiary" shall mean each corporation which is a "subsidiary corporation" of Newpark within the definition contained in Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code").

4. GRANTS.

4.1. Each Non-Employee Director serving on the Board on the date the Board adopted this Plan (September 1, 1993) was granted a Stock Option to purchase 63,000 shares of Common Stock (reflects all adjustments made pursuant to paragraph 11 of this Plan to and including January 29, 1998). Each Non-Employee Director who was first elected a director after September 1, 1993 and before January 30, 1998, was granted a Stock Option to purchase 63,000 shares of Common Stock (reflects all adjustments made pursuant to paragraph 11 of this Plan to and including January 29, 1998) automatically on the date of such election. Each Non-Employee Director who is first elected a director after January 29, 1998, will be granted a Stock Option to purchase 10,000 shares of Common Stock automatically on the date of such election.

4.2. Subject to stockholder approval of the second amendment of this Plan (the "Second Amendment"): each Non-Employee Director in office on January 29, 1998, the date the Second Amendment was approved by the Board, was granted a Stock Option to purchase 10,000 shares of Common Stock as of said date; and each Non-Employee Director (whether in office on January 29, 1998, or subsequently elected) shall be granted a Stock Option to purchase 10,000 shares of Common Stock automatically on the date of each annual meeting of stockholders (or stockholder action in lieu thereof) at which such Non-Employee Director is re-elected, commencing with the annual meeting in 1998. If no annual meeting of stockholders (or stockholder action in lieu thereof) occurs in one or more calendar years, and such Non-Employee Director continues in office, such Stock Option shall be granted automatically on the anniversary of the last previous annual meeting of stockholders or stockholder action in lieu thereof. Subject to stockholder approval of this Second Amendment, the provisions of this Plan which contemplated automatic grants of Stock Options at five-year intervals were repealed and replaced with the foregoing provisions of this paragraph 4.2.

4.3. Subject to the provisions of paragraph 11 of this Plan, the number of shares of Common Stock issued and issuable upon the exercise of Stock Options granted under this Plan shall not exceed 840,000 (reflects all adjustments made pursuant to paragraph 11 of this Plan to and including January 29, 1998).

5. PURCHASE PRICE.

The purchase price (the "Exercise Price") of shares of Common Stock subject to each Stock Option ("Option Shares") granted pursuant to paragraph 4 shall equal the fair market value ("Fair Market Value") of such shares on the date of grant (the "Date of Grant") of such Stock Option. The Fair Market Value of a share of Common Stock on any date shall be equal to the closing price of the Common Stock for the last preceding day on which Newpark's shares were traded, and the method for determining the closing price shall be determined by the Committee. Notwithstanding the foregoing, the Exercise Price of shares of Common Stock subject to each Stock Option granted at the discretion of the Committee pursuant to paragraph 2.2 shall be determined by the Committee in its sole and absolute discretion, and may be less than the fair market value of the Option Shares on the date of grant, but shall not be less than $1.00 per share.

6. OPTION PERIOD.

The term of each Stock Option shall commence on the Date of Grant of the Stock Option and shall be ten years. Subject to the other provisions of this Plan, (i) each Stock Option granted pursuant to paragraph 4.1 shall be exercisable during its term as to 20% of the Option Shares during the twelve months beginning on the first anniversary of the Date of Grant; 20% of the Option Shares during the twelve months beginning on the second anniversary of the Date of Grant; 20% during the twelve months beginning on the third anniversary of the Date of Grant; 20% during the twelve months beginning on the fourth anniversary of the Date of Grant; and 20% during the twelve months beginning on the fifth anniversary of the Date of Grant; and (ii) each Stock Option granted pursuant to paragraph 4.2 shall be exercisable during its term as to one-third of the Option Shares during the twelve months beginning on the first anniversary of the Date of Grant; one-third of the Option Shares during the twelve-months beginning on the second anniversary of the date of grant; and one-third of the Option Shares during the twelve months beginning on the third anniversary of the date of grant; provided, however, that the Stock Option granted to each Non-Employee Director pursuant to paragraph 4.1 shall be exercisable from time to time after the actual Date of Grant as to the number of Option Shares determined in accordance with the foregoing schedule as if the Date of Grant were the date such Non-Employee Director first became a director; provided, further, however, that no Stock Option granted pursuant to paragraph 4.2 shall be exercisable unless and until stockholder approval of the Second Amendment has been obtained. If an optionee shall not in any period purchase all of the Option Shares which the optionee is entitled to purchase in such period, the optionee may purchase all or any part of such Option Shares at any time after the end of such period and prior to the expiration of the Option.

7. EXERCISE OF OPTIONS.

7.1. Each Stock Option may be exercised in whole or in part (but not as to fractional shares) by delivering it for surrender or endorsement to Newpark, attention of the Corporate Secretary, at Newpark's principal office, together with payment of the Exercise Price and an executed Notice and Agreement of Exercise in the form prescribed by paragraph 7.2. Payment may be made in cash, by cashier's or certified check, or by surrender of previously owned shares of Common Stock valued pursuant to paragraph 5 (if the Committee authorizes payment in stock).

7.2. Exercise of each Stock Option is conditioned upon the agreement of the Non-Employee Director to the terms and conditions of this Plan and of such Stock Option as evidenced by the Non-Employee Director's execution and delivery of a Notice and Agreement of Exercise in a form to be determined by the Committee in its discretion. Such Notice and Agreement of Exercise shall set forth the agreement of the Non-Employee Director that: (a) no Option Shares will be sold or otherwise distributed in violation of the Securities Act of 1933, as amended (the "Securities Act"), or any other applicable federal or state securities laws; (b) each Option Share certificate may be imprinted with legends reflecting any applicable federal and state securities law restrictions and conditions; (c) Newpark may comply with said securities law restrictions and issue "stop transfer" instructions to its Transfer Agent and Registrar without liability; (d) each Non-Employee Director will furnish to Newpark a copy of each Form 4 or Form 5 filed by said Non-Employee Director under Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and will timely file all reports required under federal securities laws; and (e) each Non-Employee Director will report all sales of Option Shares to Newpark in writing on a form prescribed by Newpark.

7.3. No Stock Option shall be exercisable unless and until any applicable registration or qualification requirements of federal and state securities laws, and all other legal requirements, have been fully complied with. Newpark will use reasonable efforts to maintain the effectiveness of a Registration Statement under the Securities Act for the issuance of Stock Options and shares acquired thereunder, but there may be times when no such Registration Statement will be currently effective. The exercise of Stock Options may be temporarily suspended without liability to Newpark during times when no such Registration Statement is currently effective, or during times when, in the reasonable opinion of the Committee, such suspension is necessary to preclude violation of any requirements of applicable law or regulatory bodies having jurisdiction over Newpark. If any Stock Option would expire for any reason except the end of its term during such a suspension, then, if exercise of such Stock Option is duly tendered before its expiration, such Stock Option shall be exercisable and exercised (unless the attempted exercise is withdrawn) as of the first day after the end of such suspension. Newpark shall have no obligation to file any Registration Statement covering resales of Option Shares.

8. CONTINUOUS DIRECTORSHIP.

Except as provided in paragraph 10 below, a Non-Employee Director may not exercise a Stock Option unless from the Date of Grant to the date of exercise such Non-Employee Director continuously serves as a director of Newpark.

9. RESTRICTIONS ON TRANSFER.

Stock Options granted under this Plan may contain terms specifically authorized by the Committee, in its sole discretion, which (i) permit transfer of all or any portion of such Stock Options by an optionee to (a) the spouse, children (including step-children and adopted children) or grandchildren of the optionee ("Immediate Family Members"), (b) a trust or trusts for the exclusive benefit of Immediate Family Members, (c) a corporation, partnership, limited partnership or limited liability company in which no persons or entities other than such optionee and Immediate Family Members have beneficial interests, or (d) such other persons or entities as the Committee may specifically approve, on a case-by-case basis, and (ii) permit the exercise of such Stock Options by such transferees. Unless the Committee shall determine otherwise in its sole discretion, transferred Stock Options may not be further transferred by the transferees thereof except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order. Notwithstanding any transfer permitted in accordance with the foregoing provisions, transferred Stock Options shall continue to be subject to the same terms and conditions as were applicable immediately before such transfer (other than permitting such Stock Options to be exercised by a permitted transferee), including but not limited to the provisions of this Plan and option agreements governing (x) the exercise of Stock Options, (y) the termination of Stock Options at the expiration of their term or following termination of the directorship of the Non-Employee Director to which the Stock Options were issued and (z) the payment of withholding taxes. No interest under this Plan of any Non-Employee Director or transferee shall be subject to attachment, execution, garnishment, sequestration, the laws of bankruptcy or any other legal or equitable process. Except as otherwise specifically provided by the Committee in accordance with this Paragraph 9, each Stock Option granted under this Plan may not be transferred except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order and shall be exercisable during a Non-Employee Director's lifetime only by such Non-Employee Director or by such Non-Employee Director's legal representative.

10. TERMINATION OF SERVICE.

10.1. Unless otherwise determined by the Committee, in its sole discretion: upon termination of the directorship of a Non-Employee Director by reason of death, all outstanding Stock Options to the extent exercisable on the date of death of the Non-Employee Director shall remain in full force and effect and may be exercised pursuant to the provisions thereof at any time prior to expiration at the end of the fixed term thereof; and, upon termination of the directorship of a Non-Employee Director by reason of Disability, all outstanding Stock Options to the extent exercisable on the date of termination of directorship may be exercised pursuant to the provisions thereof at any time until the earlier of the end of the fixed term thereof and the expiration of twelve months following termination of the Non-Employee Director's directorship. Unless otherwise provided by the Committee, all Stock Options to the extent not presently exercisable by such Non-Employee Director at the date of death or termination of directorship by reason of Disability, shall terminate as of the date of death or such termination of directorship and shall not be exercisable thereafter.

10.2. Unless otherwise determined by the Committee, in its sole discretion, upon the termination of the directorship of a Non-Employee Director for any reason other than the reasons set forth in paragraph 10.1, the Stock Option may be exercised during the period of three months following the date of such termination of directorship, but only to the extent that such Stock Option was outstanding and exercisable on such date of termination of directorship. Unless otherwise determined by the Committee, in its sole discretion, all Stock Options to the extent not then presently exercisable by such Non-Employee Director shall terminate as of the date of such termination of directorship and shall not be exercisable thereafter.

10.3. For purposes of this Plan, "Disability" shall mean total and permanent incapacity of a Non- Employee Director, due to physical impairment or legally established mental incompetence, to perform the usual duties of a director, which disability shall be determined: (i) on medical evidence by a licensed physician designated by the Committee, or (ii) on evidence that the Non-Employee Director has become entitled to receive primary benefits as a disabled employee under the Social Security Act in effect on the date of such disability.

11. ADJUSTMENTS UPON CHANGE IN CAPITALIZATION.

11.1. The number and class of shares subject to each Stock Option outstanding from time to time, the Exercise Price thereof (but not the total price), the maximum number of Stock Options that may be granted under this Plan, and the minimum number of shares as to which a Stock Option may be exercised at any one time, shall be proportionately adjusted in the event of any increase or decrease in the number of the issued shares of Common Stock which results from a split-up or consolidation of shares, payment of a stock dividend or dividends exceeding a total of two and one-half percent (2.5%) for which the record dates occur in any one fiscal year, a recapitalization (other than the conversion of convertible securities according to their terms), a combination of shares or other like capital adjustment (a "Capital Adjustment"), so that upon exercise of the Stock Option, the Non-Employee Director shall receive the number and class of shares such Non-Employee Director would have received had such Non-Employee Director been the holder of the number of shares of Common Stock for which the Stock Option is being exercised upon the date of such Capital Adjustment. A similar adjustment shall be made to the number of Option Shares for which Stock Options shall be granted automatically to Non-Employee Director after January 29, 1998, as contemplated by paragraph 4 of this Plan, as a result of any Capital Adjustment occurring after January 29, 1998.

11.2. Upon a reorganization, merger or consolidation of Newpark with one or more corporations as a result of which Newpark is not the surviving corporation or in which Newpark survives as a subsidiary of another corporation, or upon a sale of all or substantially all of the property of

Newpark to another corporation, or any dividend or distribution to stockholders of more than ten percent (10%) of Newpark's assets, adequate adjustment or other provisions shall be made by Newpark or other party to such transaction so that there shall remain and/or be substituted for the Option Shares provided for herein, the shares, securities or assets which would have been issuable or payable in respect of or in exchange for such Option Shares then remaining, as if the Non-Employee Director had been the owner of such shares as of the applicable date. Any securities so substituted shall be subject to similar successive adjustments.

11.3. Subject to paragraph 19, in the event of a change in control ("Change in Control") of Newpark, all outstanding Stock Options shall immediately become and shall thereafter be exercisable in full until expiration at the end of the fixed term thereof or until earlier terminated in accordance with paragraphs 10 or 16. A Change in Control of Newpark shall be deemed to have occurred (a) on the date Newpark first has actual knowledge that any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act or any amendment or replacement of such sections) has become the beneficial owner (as defined in Rule 13(d)-3 under the Exchange Act or any amendment or replacement of such Rule), directly or indirectly, of securities of the Company representing forty percent (40%) or more of the combined voting power of Newpark's then outstanding securities or (b) on the date the stockholders of Newpark approve (i) a merger of Newpark with or into any other corporation in which Newpark is not the surviving corporation or in which Newpark survives as a subsidiary of another corporation, (ii) a consolidation of Newpark with any other corporation, or (iii) the sale or disposition of all or substantially all of Newpark's assets or a plan of complete liquidation.

12. WITHHOLDING TAXES.

Newpark shall have the right at the time of exercise of any Stock Option to make adequate provision for any federal, state, local or foreign taxes which it believes are or may be required by law to be withheld with respect to such exercise ("Tax Liability"), to ensure the payment of any such Tax Liability. Newpark may provide for the payment of any Tax Liability by any of the following means or a combination of such means, as determined by the Committee in its sole and absolute discretion in the particular case: (i) by requiring the Non-Employee Director to tender a cash payment to Newpark, (ii) by withholding from the Non-Employee Director's cash compensation, (iii) by withholding from the Option Shares which would otherwise be issuable upon exercise of the Stock Option that number of Option Shares having an aggregate fair market value (determined in the manner prescribed by paragraph 5) as of the date the withholding tax obligation arises in an amount which is equal to the Non-Employee Director's Tax Liability or (iv) by any other method deemed appropriate by the Committee. Satisfaction of the Tax Liability of a Non-Employee Director may be made by the method of payment specified in clause (iii) above upon the satisfaction of such additional conditions as the Committee shall deem in its sole and absolute discretion as appropriate in order for such withholding of Option Shares to qualify for the exemption provided for in Section 16b-3 of the Exchange Act.

13. AMENDMENTS AND TERMINATION.

The Board of Directors may at any time suspend, amend or terminate this Plan at any time. No amendment or modification of this Plan may be adopted, except subject to stockholder approval, which would: (a) materially increase the benefits accruing to Non-Employee Directors under this Plan, (b) materially increase the maximum number of Option Shares which may be issued under this Plan (except for adjustments pursuant to paragraph 11), or (c) materially modify the requirements as to eligibility for participation in this Plan.

14. SUCCESSORS IN INTEREST.

The provisions of this Plan and the actions of the Committee shall be binding upon all heirs, successors and assigns of Newpark and of Non-Employee Directors.

15. OTHER DOCUMENTS.

All documents prepared, executed or delivered in connection with this Plan shall be, in substance and form, as established and modified by the Committee or by persons under its direction and supervision; provided, however, that all such documents shall be subject in every respect to the provisions of this Plan, and in the event of any conflict between the terms of any such document and this Plan, the provisions of this Plan shall prevail.

16. MISCONDUCT OF A NON-EMPLOYEE DIRECTOR.

Notwithstanding any other provision of this Plan, all unexercised Stock Options held by a Non-Employee Director shall automatically terminate as of the date his or her directorship is terminated, if such directorship is terminated on account of any act of fraud, embezzlement, misappropriation or conversion of assets or opportunities of Newpark, or if the Non-Employee Director takes any other action materially inimical to the best interests of Newpark, as determined by the Committee in its sole and absolute discretion. Upon termination of such Stock Options, such Non-Employee Director shall forfeit all rights and benefits under this Plan.

17. TERM OF PLAN.

This Plan was adopted by the Board effective as of September 1, 1993. No Stock Options may be granted under this Plan after August 31, 2003.

18. GOVERNING LAW.

This Plan shall be construed in accordance with, and governed by, the laws of the State of Delaware.

19. STOCKHOLDER APPROVAL OF SECOND AMENDMENT.

No Stock Option granted pursuant to paragraph 4.2 of this Plan, as amended by the Second Amendment, shall be exercisable unless and until the stockholders of Newpark have approved this Plan, as amended by the Second Amendment, and all other legal requirements have been fully complied with. If stockholder approval of the Second Amendment is not obtained on or before January 28, 1999, the Second Amendment shall be null and void and of no further force or effect, but this Plan, all Stock Options granted hereunder prior to January 29, 1998, and all provisions of this Plan relating to future grants of Stock Options shall remain in full force and effect in accordance with the terms of this Plan, as amended the First Amendment approved by the stockholders on June 12, 1996.

20. PRIVILEGES OF STOCK OWNERSHIP.

The holder of a Stock Option shall not be entitled to the privileges of stock ownership as to any shares of Common Stock not actually issued to such holder.

IN WITNESS WHEREOF, this Amended and Restated Plan been executed as of January 29, 1998.

NEWPARK RESOURCES, INC.

By

James D. Cole, President

EXHIBIT 10.13

THIRD AMENDMENT TO RESTATED CREDIT AGREEMENT

THIS THIRD AMENDMENT TO RESTATED CREDIT AGREEMENT (hereinafter referred to as the "Third Amendment") executed as of the 28th day of May, 1998, by and among NEWPARK RESOURCES, INC., a Delaware corporation ("Borrower"), SOLOCO, L.L.C., a Louisiana limited liability company ("SOLOCO, L.L.C."), NEWPARK SHIPHOLDING TEXAS, L.P., a Texas limited partnership ("Newpark Shipholding"), MALLARD & MALLARD OF LA., INC., a Louisiana corporation ("Mallard"), SOLOCO TEXAS L.P., a Texas limited partnership ("SOLOCO Texas"), BATSON-MILL, L.P., a Texas limited partnership ("Batson"), N.I.D., L.P., a Texas limited partnership ("N.I.D."), NEWPARK TEXAS, L.L.C., a Louisiana limited liability company ("Newpark Texas"), NEWPARK HOLDINGS, INC., a Louisiana corporation ("Holdings"), NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C., a Louisiana limited liability company ("Environmental L.L.C."), NEWPARK ENVIRONMENTAL SERVICES OF TEXAS L.P., a Texas limited partnership ("Environmental L.P."), NEWPARK DRILLING FLUIDS, INC., a Texas corporation ("Newpark Drilling"), SUPREME CONTRACTORS, INC., a Louisiana corporation ("Supreme"), EXCALIBAR MINERALS, INC., a Texas corporation ("Excalibar"), EXCALIBAR MINERALS OF LA., L.L.C., a Louisiana limited liability company ("Excalibar Minerals"), CHEMICAL TECHNOLOGIES, INC., a Texas corporation ("Chemical"), NEWPARK ENVIRONMENTAL SERVICES, INC., a Delaware corporation ("Newpark Services"), NEWPARK TEXAS DRILLING FLUIDS, L.P., a Texas limited partnership ("Texas Drilling"), NES PERMIAN BASIN, L.P., A Texas limited partnership ("NES"), BOCKMON CONSTRUCTION COMPANY, INC., a Texas Corporation ("Bockmon") and NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P., a Mississippi limited partnership ("Mississippi") (SOLOCO, L.L.C., Newpark Shipholding, Mallard, SOLOCO Texas, Batson, N.I.D., Newpark Texas, Holdings, Environmental L.L.C., Environmental L.P., Newpark Drilling, Supreme, Excalibar, Excalibar Minerals, Chemical, Newpark Services, Texas Drilling, NES, Bockmon and Mississippi are herein collectively referred to as the "Guarantors", and individually, "Guarantor"), BANK ONE, LOUISIANA, NATIONAL ASSOCIATION, a national banking association ("Bank One"), DEUTSCHE BANK A.G., NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH ("Deutsche"), HIBERNIA NATIONAL BANK, a national banking association ("Hibernia") and each of the financial institutions which is a party hereto (as evidenced by the signature pages to this Third Amendment) or which may from time to time become a party hereto or any successor or assignee thereof (hereinafter collectively referred to as "Banks", and individually, "Bank") and Bank One, as Administrative and Syndication Agent ("Agent") and Deutsche as Documentation Agent ("Co-Agent").

W I T N E S S E T H:

WHEREAS, Borrower, certain of the Guarantors, Bank One and Hibernia entered into a Credit Agreement dated as of June 29, 1995 under the terms of which Bank One and Hibernia agreed to provide Borrower with a revolving loan facility in amounts of up to $25,000,000.00 and a term loan facility in amounts of up to $25,000,000.00; and

WHEREAS, as of June 30, 1997 the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Restated Credit Agreement to consolidate all outstanding loan facilities into one facility in a maximum amount of $90,000,000 (the Restated Credit Agreement is hereinafter referred to as the "Credit Agreement"); and

WHEREAS, as of November 7, 1997, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a First Amendment to Restated Credit Agreement (the "First Amendment"); and

WHEREAS, as of December 10, 1997, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Second Amendment to Restated Credit Agreement (the "Second Amendment"); and

WHEREAS, the Borrower has requested that the Banks make certain additional amendments to the Credit Agreement and the Agent, the Co-Agent and the Banks are willing to make such additional amendments.

NOW, THEREFORE, the parties hereto agree as follows:

. Unless otherwise defined herein, all defined terms used herein shall have the same meaning ascribed to such terms in the Credit Agreement.

. Section 1 of the Credit Agreement is hereby amended by the addition of the following new definitions thereto:

"Reimbursement Agreement" means that certain Reimbursement Agreement dated as of May 1, 1998, by and among Borrower, The Loma Company, L.L.C. and Bank One.

"Loma Letter of Credit" means that certain Irrevocable Letter of Credit dated May 28, 1998 from Bank One to Bank One Trust Company, N.A., as Trustee, issued at the request of and for the account of Borrower in the stated amount of $15,187,500.00.

. Section 2 of the Credit Agreement is hereby amended in the following respects:

(a) by replacing the phrase "Five Million Dollars ($5,000,000.00)" with the phrase "Twenty Million Dollars ($20,000,000.00)" everywhere it appears in such Section; and

(b) by adding the following sentence to the end of Section 2(d):

"In addition to the above stated amounts, Borrower agrees to pay Agent for the benefit of the Banks an additional commission of one-eighth of one percent (.125%) per annum (based upon the actual days elapsed in a year consisting of 365, or, if appropriate, 366 days) on the amount of the Loma Letter of Credit.

. Subsection (vii) of Section 12(h) of the Credit Agreement is hereby deleted in its entirety and the following inserted in lieu thereof:

(vii) indebtedness evidenced by the Reimbursement Agreement; or

. This Third Amendment shall be effective as of the date first above written, but only upon satisfaction of the conditions precedent set forth in Paragraph 6 hereto.

. The obligations of Banks under this Third Amendment shall be subject to the satisfaction of the following conditions precedent:

() Execution and Delivery. The Borrower shall have executed and delivered this Third Amendment and other required documents, all in form and substance satisfactory to the Banks;

() Guarantors' Execution and Delivery. The Guarantors shall have executed and delivered this Third Amendment and other required documents, all in form and substance satisfactory to the Banks;

() Corporate Resolutions. Banks shall have received appropriate certified corporate resolutions of each of the Borrower and each of the Guarantors;

() Good Standing and Existence. The Banks shall have received evidence of existence and good standing for Borrower and each of the Guarantors;

() Reimbursement Agreement. The transactions described in the Reimbursement Agreement shall have closed and been funded.

() Representations and Warranties. The representations and warranties of Borrower under the Credit Agreement are true and correct in all material respects as of such date, as if then made (except to the extent that such representations and warranties related solely to an earlier date);

() No Event of Default. No Event of Default shall have occurred and be continuing nor shall any event have occurred or failed to occur which, with the passage of time or service of notice, or both, would constitute an Event of Default;

() Other Documents. Each Bank shall have received such other instruments and documents incidental and appropriate to the transaction provided for herein as such Bank or its counsel may reasonably request, and all such documents shall be in form and substance satisfactory to such Bank; and

() Legal Matters Satisfactory. All legal matters incident to the consummation of the transactions contemplated hereby shall be satisfactory to special counsel for Bank retained at the expense of Borrower.

. Except to the extent its provisions are specifically amended, modified or superseded by this Third Amendment, the representations, warranties and affirmative and negative covenants of the Borrower contained in the Credit Agreement are incorporated herein by reference for all purposes as if copied herein in full. The Borrower hereby restates and reaffirms each and every term and provision of the Credit Agreement, as amended, including, without limitation, all representations, warranties and affirmative and negative covenants. Except to the extent its provisions are specifically amended, modified or superseded by this Third Amendment, the Credit Agreement, as amended, and all terms and provisions thereof shall remain in full force and effect, and the same in all respects are confirmed and approved by the Borrower and the Banks.

. Pursuant to the Second Amendment and that certain Continuing Guaranty dated December 10, 1997 (the "Newpark Mississippi Guaranty"), Newpark Environmental Services Mississippi, L.P., a Mississippi limited partnership ("Newpark Mississippi") became a Guarantor under the Credit Agreement. The Newpark Mississippi Guaranty incorrectly referred to Newpark Mississippi as "Newpark Environmental Services of Mississippi, L.P." The parties hereto agree that any reference to "Newpark Environmental Services of Mississippi, L.P." in the Newpark Mississippi Guaranty or any other Loan Document shall be a reference to "Newpark Environmental Services Mississippi, L.P."

9. The parties hereto agree that the Loma Letter of Credit is a "Letter of Credit" issued under the Credit Agreement.

10. This Third Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Third Amendment to Restated Credit Agreement to be duly executed as of the date first above written.

BORROWER:

NEWPARK RESOURCES, INC.
a Delaware corporation

By:

John R. Dardenne, Sr., Treasurer

GUARANTORS:

CHEMICAL TECHNOLOGIES, INC.,
EXCALIBAR MINERALS, INC., NEWPARK
ENVIRONMENTAL SERVICES, INC.,
MALLARD & MALLARD OF LA., INC.,
NEWPARK HOLDINGS, INC., NEWPARK DRILLING
FLUIDS, INC., SUPREME CONTRACTORS, INC.,
AND BOCKMON CONSTRUCTION COMPANY, INC.

By:

John R. Dardenne, Sr., Treasurer

NEWPARK ENVIRONMENTAL MANAGEMENT
COMPANY, L.L.C., NEWPARK TEXAS,
L.L.C., EXCALIBAR MINERALS OF LA.,L.L.C.
AND SOLOCO L.L.C.

By:

John R. Dardenne, Sr., Treasurer

BATSON-MILL, L.P., NEWPARK TEXAS DRILLING,
FLUIDS L.P., NEWPARK ENVIRONMENTAL
SERVICES OF TEXAS, L.P., NEWPARK
SHIPHOLDING TEXAS, L.P., N.I.D., L.P.,
SOLOCO TEXAS, L.P., NES PERMIAN BASIN, L.P.
AND NEWPARK ENVIRONMENTAL SERVICES
MISSISSIPPI, L.P.

By: Newpark Holdings, Inc., the general
partner of each

By:

John R. Dardenne, Sr., Treasurer

BANKS:

BANK ONE, LOUISIANA,
NATIONAL ASSOCIATION,
a national banking association

By:

Rose M. Miller, Vice President

DEUTSCHE BANK A.G., NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By:

Name:

Title:

By:

Name:

Title:

HIBERNIA NATIONAL BANK

By:

Name:

Title:

AGENT:

BANK ONE, LOUISIANA,
NATIONAL ASSOCIATION,
a national banking association

By:

Rose M. Miller, Vice President

CO-AGENT:

DEUTSCHE BANK A.G., NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By:

Name:

Title:

By:

Name:

Title:

FOURTH AMENDMENT TO RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO RESTATED CREDIT AGREEMENT (hereinafter referred to as the "Fourth Amendment") executed as of the 30th day of September, 1998, by and among NEWPARK RESOURCES, INC., a Delaware corporation ("Borrower"), SOLOCO, L.L.C., a Louisiana limited liability company ("SOLOCO, L.L.C."), NEWPARK SHIPHOLDING TEXAS, L.P., a Texas limited partnership ("Newpark Shipholding"), MALLARD & MALLARD OF LA., INC., a Louisiana corporation ("Mallard"), SOLOCO TEXAS L.P., a Texas limited partnership ("SOLOCO Texas"), BATSON-MILL, L.P., a Texas limited partnership ("Batson"), N.I.D., L.P., a Texas limited partnership ("N.I.D."), NEWPARK TEXAS, L.L.C., a Louisiana limited liability company ("Newpark Texas"), NEWPARK HOLDINGS, INC., a Louisiana corporation ("Holdings"), NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C., a Louisiana limited liability company ("Environmental L.L.C."), NEWPARK ENVIRONMENTAL SERVICES OF TEXAS L.P., a Texas limited partnership ("Environmental L.P."), NEWPARK DRILLING FLUIDS, INC., a Texas corporation ("Newpark Drilling"), SUPREME CONTRACTORS, INC., a Louisiana corporation ("Supreme"), EXCALIBAR MINERALS, INC., a Texas corporation ("Excalibar"), EXCALIBAR MINERALS OF LA., L.L.C., a Louisiana limited liability company ("Excalibar Minerals"), CHEMICAL TECHNOLOGIES, INC., a Texas corporation ("Chemical"), NEWPARK ENVIRONMENTAL SERVICES, INC., a Delaware corporation ("Newpark Services"), NEWPARK TEXAS DRILLING FLUIDS, L.P., a Texas limited partnership ("Texas Drilling"), NES PERMIAN BASIN, L.P., A Texas limited partnership ("NES"), BOCKMON CONSTRUCTION COMPANY, INC., a Texas Corporation ("Bockmon"), NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P., a Mississippi limited partnership ("Mississippi"), NDF MEXICO, INC., a Texas corporation ("Mexico") (SOLOCO, L.L.C., Newpark Shipholding, Mallard, SOLOCO Texas, Batson, N.I.D., Newpark Texas, Holdings, Environmental L.L.C., Environmental L.P., Newpark Drilling, Supreme, Excalibar, Excalibar Minerals, Chemical, Newpark Services, Texas Drilling, NES, Bockmon, Mississippi and Mexico are herein collectively referred to as the "Guarantors", and individually, "Guarantor"), BANK ONE, LOUISIANA, NATIONAL ASSOCIATION, a national banking association ("Bank One"), DEUTSCHE BANK A.G., NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH ("Deutsche"), HIBERNIA NATIONAL BANK, a national banking association ("Hibernia") and each of the financial institutions which is a party hereto (as evidenced by the signature pages to this Fourth Amendment) or which may from time to time become a party hereto or any successor or assignee thereof (hereinafter collectively referred to as "Banks", and individually, "Bank") and Bank One, as Administrative and Syndication Agent ("Agent") and Deutsche as Documentation Agent ("Co-Agent").

W I T N E S S E T H:

WHEREAS, Borrower, certain of the Guarantors, Bank One and Hibernia entered into a Credit Agreement dated as of June 29, 1995 under the terms of which Bank One and Hibernia agreed to provide Borrower with a revolving loan facility in amounts of up to $25,000,000.00 and a term loan facility in amounts of up to $25,000,000.00; and

WHEREAS, as of June 30, 1997 the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Restated Credit Agreement to consolidate all outstanding loan facilities into one facility in a maximum amount of $90,000,000 (the Restated Credit Agreement is hereinafter referred to as the "Credit Agreement"); and

WHEREAS, as of November 7, 1997, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a First Amendment to Restated Credit Agreement (the "First Amendment"); and

WHEREAS, as of December 10, 1997, the Borrower, the Guarantors, the Agent, the Co- Agent and the Banks entered into a Second Amendment to Restated Credit Agreement (the "Second Amendment"); and

WHEREAS, as of May 28, 1998, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Third Amendment to Restated Credit Agreement (the "Third Amendment"); and

WHEREAS, the Borrower has requested that the Banks make certain additional amendments to the Credit Agreement and the Agent, the Co-Agent and the Banks are willing to make such additional amendments.

NOW, THEREFORE, the parties hereto agree as follows:

. Unless otherwise defined herein, all defined terms used herein shall have the same meaning ascribed to such terms in the Credit Agreement.

. Section 1 of the Credit Agreement is hereby amended in the following respects:

() By deleting the definition of "Maturity Date" and substituting the following in lieu thereof :

"Maturity Date" shall mean June 30, 2001";

() By deleting the definition of "Revolving Commitment" and substituting the following in lieu thereof:

"Revolving Commitment" shall mean (A) for all Banks, $100,000,000 as reduced from time to time pursuant to Sections 2(e) and 8(b) hereof and (B) as to any Bank, its obligation to make Advances hereunder on the Revolving Loans and purchase participations in Letters of Credit issued hereunder by the Agent in amounts not exceeding, in the aggregate, the amount set forth opposite the name of such Bank on the signature pages hereto under the heading "Revolving Commitment" or in its Assignment and Acceptance."

() By deleting the definition of "Interest Payment Date" and substituting the following in lieu thereof:

"Interest Payment Date" shall mean (i) with respect to Eurodollar Loan, the last day of each Interest Period or (ii) with respect to Base Rate Loans, the last day of each calendar month, or (iii) with respect to Euro-Canadian Loans, the earlier of (A) the last day of each Interest Period or (B) the last day of each calendar month.

() By deleting the definition of "Interest Period" and substituting the following in lieu thereof:

"Interest Period" shall mean any Base Rate Interest Period, Eurodollar Interest Period or Euro-Canadian Interest Period.

() By deleting the definition of "Tranches" and substituting the following in lieu thereof:

"Tranches" shall mean Eurodollar Loans, Euro-Canadian Loans or Base Rate Loans.

() By the addition of the following new definitions:

"Asset Write-Down" shall mean the write-down by Borrower of the value of its wooden mat inventory and other assets and a contract settlement, such write-down not to exceed $70,000,000 after tax without the consent of the Banks.

"Euro-Canadian Business Day" shall mean a business day in which dealings in Canadian dollars are carried on in Canada.

"Euro-Canadian Interest Period" shall mean with respect to any Euro-Canadian Loan (i) initially, the period commencing on the date such Euro-Canadian Loan is made and ending one (1), two (2) or three (3) months thereafter as selected by Borrower pursuant to Section 4(a)(iii), and (ii) thereafter, each period commencing on the day following the last day of the next preceding Interest Period applicable to such Euro-Canadian Loan and ending one (1), two (2) or three (3) months thereafter, as selected by Borrower pursuant to Section 4(a)(iii); provided, however, that (a) if any Euro-Canadian Interest Period would otherwise expire on a day which is not a Euro-Canadian Business Day, such Interest Period shall expire on the next succeeding Euro-Canadian Business Day unless the result of such extension would be to extend such Interest Period into the next calendar month, in which case such Interest Period shall end on the immediately preceding Euro-Canadian Business Day, (b) if any Euro-Canadian Interest Period begins on the last Euro-Canadian Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) such Interest Period shall end on the last Euro-Canadian Business Day of a calendar month, and (c) any Euro-Canadian Interest Period which would otherwise expire after the Maturity Date shall end on such Maturity Date.

"Euro-Canadian Loans" shall mean any loan during any period which is funded in Canadian Dollars and bears interest at the Euro-Canadian Rate, or which would bear interest at such rate if the Maximum Rate ceiling was not in effect at a particular time.

"Euro-Canadian Margin" shall mean, with respect to each Euro-Canadian Loan:

(i) two percent (2%) per annum whenever the Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.75 to 1.0; or

(ii) one and three-fourths percent (1.75%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.5 to 1.0 but less than 1.75 to 1.0; or

(iii) one and one-half percent (1.50%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.25 to 1.0 but less than 1.5 to 1.0; or

(iv) one and one-quarter percent (1.25%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.0 to 1.0 but less than 1.25 to 1.0; or

(v) one percent (1%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is less than 1.0 to 1.0.

The Euro-Canadian Margin shall be determined at the end of each fiscal quarter of Borrower and calculated on a trailing four quarter basis and shall immediately apply to each existing and new Tranche.

"Euro-Canadian Rate" shall mean the market rate of interest per annum (rounded upward, if necessary to the nearest 1/6 of 1%) for Canadian Dollar deposits offered outside of Canada, as such rates are reported by Reuters New Service two (2) Euro-Canadian Business Days prior to the first date of each Euro-Canadian Interest Period. Provided,

however, that if such rate is not available from Reuters News Service then such market interest rate shall be otherwise independently obtained by Agent from an alternate, substantially similar independent source available to Agent or shall be calculated by Agent by substantially similar methodology as that theretofore used to determine such market rate in Reuters News Service.

. Section 2 of the Credit Agreement is hereby amended in the following respects:

() By deleting Subsection 2(b) thereof in its entirety and substituting the following in lieu thereof:

"(b) Procedure for Borrowing. Whenever Borrower desires an Advance hereunder, it shall give Agent telegraphic, telex, facsimile or telephonic notice ("Notice of Borrowing") of such requested Advance, which in the case of telephonic notice, shall be promptly confirmed in writing. Each Notice of Borrowing shall be in the form of Exhibit "A" attached hereto and shall be received by Agent not later than 11:00 a.m. Lafayette, Louisiana time, (i) one Business Day prior to the date upon which any such Advance is requested to be funded (the "Borrowing Date") in the case of the Base Rate Loan, or (ii) three (3) Eurodollar Business Days prior to any proposed Borrowing Date in the case of Eurodollar Loans or (iii) three (3) Euro-Canadian Business Days prior to any proposed Borrowing Date in the case of Euro-Canadian Loans. Upon receipt of such Notice, Agent shall advise each Bank thereof; provided, that if the Banks have received at least one (1) Business Day's notice of such Advance prior to funding of a Base Rate Loan, at least two (2) Eurodollar Business Days' notice of each Advance prior to funding in the case of a Eurodollar Loan or at least two (2) Euro-Canadian Business Days' notice of each Advance prior to the funding in the case of a Euro-Canadian Loan, each Bank shall (i) in the case of Base Rate Loans or Eurodollar Loans, provide Agent at its office at 200 W. Congress, Lafayette, Louisiana 70502, not later than 1:00 p.m., Lafayette, Louisiana time, on the Borrowing Date, in immediately available funds, its Pro Rata Part of the requested Advance or (ii) in the case of Euro-Canadian Loans provide Agent at Toronto Dominion Bank, Swift Code TDOMCATT, Bank One International Corp., Acct. No. 0360-01-2226951, Reference Newpark Resources, Inc. no later than 1:00 p.m. Lafayette, Louisiana time on the Borrowing Date, in immediately available funds, its Pro Rata Part of the requested Advance, but the aggregate of all such fundings by each Bank shall never exceed such Bank's Revolving Commitment. Not later than 2:00 p.m., Lafayette, Louisiana time, on the Borrowing Date, Agent shall make available to Borrower at the same office, in like funds, the aggregate amount of such requested Advance. Neither Agent nor any Bank shall incur any liability to Borrower in acting upon any Notice of Borrowing referred to above which Agent or such Bank believes in good faith to have been given by a duly authorized officer or other person authorized to borrow on behalf of Borrower or for otherwise acting in good faith under this Section 2(b). Upon funding of Advances by Banks in accordance with this Agreement, pursuant to any such Notice of Borrowing, Borrower shall have effected Advances hereunder.

() By the addition of a new Subsection 2(g) thereto as follows:

"(g) Euro-Canadian Loans. On the terms and conditions hereinafter set forth, the Banks agree to make Advances to Borrower in the form of Euro-Canadian Loans from time to time during the period beginning on the Fourth Amendment Effective Date and ending on the Maturity Date in such amounts as the Borrower may request up to an amount not to exceed, in the aggregate principal amount outstanding at any time, the sum of $10,000,000 in U.S. Dollars. All Advances on Euro-Canadian Loans shall be made by the Banks in Canadian dollars and all

repayments of such Advances shall be made in Canadian dollars. Each Advance as a Euro-Canadian Loan shall be in an amount equivalent to at least $500,000 U.S. Dollars or whole multiples of $100,000 U.S. Dollars in excess thereof. All such Advances made as Euro-Canadian Loans shall be Advances on the Revolving Commitment. The amount and the date of each such Advance shall be designated by Borrower in a Notice of Borrowing delivered to Agent not later than 11:00 a.m., Lafayette, Louisiana time, three (3) Euro-Canadian Business Days prior to any proposed Borrowing Date. The Banks shall not be obligated to make Advances as Euro-Canadian Loans if the amount thereof when added to the amount of all other outstanding Euro-Canadian Loans exceeds $10,000,000 or when the amount thereof when added to the Total Outstandings would exceed the Revolving Commitment."

. Section 3 of the Credit Agreement is hereby amended in the following respects:

() By deleting the reference to "$90,000,000" in Subsection 3(a) and substituting in lieu thereof the sum of "$100,000,000".

() By the addition of a new Subsection 3(j) thereto as follows:

"(j) All Payments of Euro-Canadian Loans. All payments or prepayments of Euro-Canadian Loans by Borrower shall be made in Canadian Dollars to Agent's account at Royal Bank of Canada."

. Section 4 of the Credit Agreement is hereby amended bu adding a new Subsection 4(a)(iii) thereto as follows:

"(iii) Euro-Canadian Loans. Borrower agrees to pay interest calculated utilizing a 360 daily interest factor over the number of days in an actual calendar year (365, or if appropriate, 366 days) with respect to the unpaid principal amount of each Euro-Canadian Loan from the date the proceeds thereof are made available to Borrower until maturity (whether by acceleration or otherwise), at a varying rate per annum equal to the lesser of (i) the Maximum Rate, or (ii) the Euro-Canadian Rate plus the Euro-Canadian Margin. Subject to the provisions of this Agreement with respect to prepayment, the principal of the Notes shall be payable as specified in Section 3(e) hereof and the interest with respect to each Euro-Canadian Loan shall be payable on each Interest Payment Date. Past due principal and, to the extent permitted by law, past due interest shall bear interest, payable on demand, at a rate per annum equal to the Default Rate. Upon two (2) Euro-Canadian Business Days' written notice prior to the making by the Banks of any Euro-Canadian Loan (in the case of the initial Interest Period therefor) or the expiration date of each succeeding Interest Period (in the case of subsequent Interest Periods therefor), Borrower shall have the option, subject to compliance by Borrower with all of the provisions of this Agreement, as long as no Event of Default exists, to specify whether the Interest Period commencing on any such date shall be a one (1), two (2) or three (3) month period. If Agent shall not have received timely notice of a designation of such Interest Period as herein provided, Borrower shall be deemed to have elected to a one (1) month period.

. Section 5 of the Credit Agreement is hereby deleted in its entirety and the following inserted in lieu thereof:

"(5) Special Provisions Relating to Loans.

(a) Unavailability of Funds or Inadequacy of Pricing. In the event that, in connection with any proposed Loan, any Bank (i) shall have determined that U.S. Dollar deposits of the relevant amount and for the relevant Eurodollar Interest Period for Loans are not available to such Bank in the London interbank market; or (ii) in good faith determines that the Eurodollar Interest Rate or the Euro-Canadian Interest Rate will not adequately reflect the cost to such Bank of maintaining or funding the Eurodollar Loans or the Euro-Canadian Loans (as the case may be) for

such Interest Period, the obligations of the Banks to make the Eurodollar Loans or the Euro-Canadian Loans, as the case may be, shall be suspended until such time such Bank in its sole discretion reasonably exercised determines that the event resulting in such suspension has ceased to exist. If any Bank shall make such determination it shall promptly notify the Agent in writing, Agent shall promptly notify Borrower in writing, and Borrower shall either repay the outstanding Eurodollar Loans or Euro-Canadian Loans, as the case may be, owed to such Bank, without penalty, on the last day of the current Interest Period or convert the same to Base Rate Loans in the case of Eurodollar Loans or Euro-Canadian Loans on the last day of the then current Interest Period for such Eurodollar Loan or Euro-Canadian Loan.

(b) Reserve Requirements. In the event of any change in any applicable law, treaty or regulation or in the interpretation or administration thereof, or in the event any central bank or other fiscal monetary or other authority having jurisdiction over any Bank or the loans contemplated by this Agreement shall impose, modify or deem applicable any reserve requirement of the Board of Governors of the Federal Reserve System on any Eurodollar Loan, or loans, or Euro-Canadian Loan, or loans, or any other reserve, special deposit, or similar requirements against assets to, deposits with or for the account of, or credit extended by, the Banks or shall impose on any Bank or the London interbank market, as the case may be, any other condition affecting this Agreement or the Eurodollar Loans or Euro-Canadian Loans and the result of any of the foregoing is to increase the cost to any Bank in making or maintaining its Eurodollar Loans or Euro-Canadian Loans or to reduce any amount (or the effective return on any amount) received by any Bank hereunder, then Borrower shall pay to the Banks upon demand of any Bank as additional interest on the Notes evidencing the Eurodollar Loans or Euro-Canadian Loans such additional amount or amounts as will reimburse the Banks for such additional cost or such reduction. The Banks shall give notice to Borrower upon becoming aware of any such change or imposition which may result in any such increase or reduction. A certificate of any Bank setting forth the basis for the determination of such amount necessary to compensate Banks as aforesaid shall be delivered to Borrower and shall be conclusive as to such determination and such amount, absent error.

(c) Taxes. Both principal and interest on the Notes evidencing the Eurodollar Loans or Euro-Canadian Loans and any other payment due pursuant to any Loan Document are payable without withholding or deduction for or on account of any taxes. If any taxes are levied or imposed on or with respect to the Notes evidencing the Eurodollar Loans or Euro-Canadian Loans or on any payment on the Notes evidencing the Eurodollar Loans or Euro-Canadian Loans made to any Bank, then, and in any such event, Borrower shall pay to the Banks upon demand of any Bank such additional amounts as may be necessary so that every net payment of principal and interest on the Notes evidencing the Eurodollar Loans or Euro-Canadian Loans, after withholding or deduction for or on account of any such taxes, will not be less than any amount provided for herein. In addition, if at any time when the Eurodollar Loans or Euro-Canadian Loans are outstanding any laws enacted or promulgated, or any court of law or governmental agency interprets or administers any law, which, in any such case, materially changes the basis of taxation of payments to any Bank of principal of or interest on the Notes evidencing the Eurodollar Loans or Euro-Canadian Loans by reason of subjecting such payments to double taxation or otherwise (except through an increase in the rate of tax on the overall net income of such Bank or Banks) then Borrower will pay the amount of loss to the extent that such loss is caused by such a change. The Banks shall give notice to Borrower upon becoming aware of the amount of any loss incurred by any Bank through enactment or promulgation of any such law which materially changes the

basis of taxation of payments to one or more of the Banks. The Banks shall also give notice on becoming aware of any such enactment or promulgation which may result in such payments becoming subject to double taxation or otherwise. A certificate of any Bank setting forth the basis for the determination of such loss and the computation of such amounts shall be delivered to Borrower and shall be conclusive of such determination and such amount, absent error.

(d) Change in Laws. If at any time any new law or any change in existing laws or in the interpretation of any new or existing laws shall make it unlawful for the Banks to maintain or fund its Eurodollar Loans or Euro-Canadian Loans hereunder, then the Banks shall promptly notify Borrower in writing and Borrower shall either repay the outstanding Eurodollar Loan or Euro-Canadian Loans owed to the Banks, without penalty, on the last day of the current Interest Periods (or, if any Bank may not lawfully continue to maintain and fund such Eurodollar Loans, immediately), or Borrower may convert such Eurodollar Loans or Euro-Canadian Loans at such appropriate time to Base Rate Loans.

(e) Option to Fund. The Banks shall each have the option if Borrower elect a Eurodollar Loan or Euro-Canadian Loan, to purchase one or more deposits in order to fund or maintain its funding of the principal balance of its Note to which such Eurodollar Loan or Euro-Canadian Loan is applicable during the Interest Period in question; it being understood that the provisions of this Agreement relating to such funding are included only for the purpose of determining the rate of interest to be paid under such Eurodollar Loan or Euro-Canadian Loan and any amounts owing hereunder and under the Notes. Any Bank shall be entitled to fund and maintain its funding of all or any part of that portion of the principal balance of the Notes in any manner it sees fit, but all such determinations hereunder shall be made as if such Bank has actually funded and maintained that portion of the principal balance of the Notes to which a Eurodollar Loan or Euro-Canadian Loan is applicable during the applicable Interest Period through the purchase of deposits in an amount equal to the principal balance of the Notes to which such Eurodollar Loan or Euro-Canadian Loan is applicable and having a maturity corresponding to such Interest Period. Any Bank may fund the outstanding principal balance of the Notes which is to be subject to any Eurodollar Loan or Euro-Canadian Loan from any branch or office of such Bank as any Bank may designate from time to time.

(f) Indemnity. Borrower shall indemnify and hold harmless the Banks against all reasonable and necessary out-of-pocket costs and expenses which the Banks may sustain (i) as a consequence of any Default or Event of Default by Borrower under this Agreement, or (ii) outside of their ordinary course of business in making and servicing any loan or loans as Eurodollar Loans or Euro-Canadian Loans under this Agreement.

(g) Payments Not at End of Interest Period. If Borrower makes any payment of principal with respect to any Eurodollar Loan or Euro-Canadian Loan on any day other than the last day of the Interest Period applicable to such Eurodollar Loan or Euro-Canadian Loan, as the case may be, or if Borrower fails to reborrow or convert after giving notice of its intent to do so, then Borrower shall reimburse the Banks on demand for any loss, cost or expense incurred by the Banks as a result of the timing of such payment or in redepositing such principal amount, including the sum of (i) the cost of funds to the Banks in respect of such principal amount so paid, for the remainder of the Interest Period applicable to such sum, reduced, if any Bank is able to redeposit such principal amount so paid for the balance of the Interest Period, by the interest earned by such Bank as a result of so redepositing such principal amount, plus (ii) any expense or penalty incurred by the Bank in redepositing such principal amount. A

certificate of any Bank setting forth the basis for the determination of the amount owed by Borrower pursuant to this Section 5(g) shall be delivered to Borrower and shall be conclusive in the absence of manifest error.

. Section 6 of the Credit Agreement is hereby amended by adding a new sentence to the end thereof as follows:

"To further secure the obligation of the Borrower and the Guarantors hereunder, (i) Borrower shall pledge to the Bank sixty-six percent (66%) of the issued and outstanding voting stock of Newpark Canada, Inc. and International Mat Ltd., such pledges to be made pursuant to documentation in form and substance satisfactory to Agent and shall represent first and prior Liens on such stock."

. Section 11 of the Credit Agreement is hereby amended to add the new Subsections 11(v) and 11(w) thereto as follows:

"(v) Subsidiaries. Borrower shall cause each of its Subsidiaries, whether they be a Guarantor or otherwise, to comply in all respects with the covenants contained in Sections 11 and 12 of this Agreement to the same extent as the Borrower and each Guarantor are required to so comply."

"(w) Maintain Book Registration. Borrower shall maintain the book registration of the shares of International Mat, Ltd. in the appropriate records in the Cayman Islands."

. Section 12 of the Credit Agreement is hereby amended in the following respects:

() By the deletion of Subsection 12(e) and substituting the following in lieu thereof:

"(e) Tangible Net Worth. Borrower will not allow the Consolidated Tangible Net Worth to be less than $135,000,000 plus seventy-five percent (75%) of Borrower's Consolidated Net Income, if positive, for each fiscal quarter ending after September 30, 1998, tested at the end of each fiscal quarter."

() Subsection 12(g) is hereby amended to delete the reference therein to "$10,000,000" and substitute in lieu thereof the sum of "$20,000,000".

() Subsection 12(n)(iii) is hereby amended to delete the references therein to "$10,000,000" and substitute in lieu thereof in each instance the sum of "$20,000,000".

. Section 14 of the Credit Agreement is hereby amended by the addition of a new Subsection 14(p) as follows:

"(p) Advances and Repayments of Euro-Canadian Loans. Upon receipt of notice from the Agent of an Advance to be made to Borrower as a Euro-Canadian Loan and subject to the other provisions of this Agreement, each Bank severally agrees to fund its Pro Rata Part of each such Euro-Canadian Loan Advance in Canadian Dollars by wire transfer to Agent's account at Royal Bank of Canada, [address and wiring information].

. In connection with the execution of this Fourth Amendment, Borrower shall execute and deliver to the Banks new Notes representing each Bank's Pro Rata Part of the increased Revolving Commitment. At the Fourth Amendment Effective Date there shall be outstanding three (3) Notes in an aggregate face amount of $100,000,000, one payable to Bank One in the face amount of $39,440,000, one payable to Deutsche in the face amount of $35,560,000 and one payable to Hibernia in the face amount of $25,000,000.

. This Fourth Amendment shall be effective as of the date first above written, but only upon satisfaction of the conditions precedent set forth in Paragraph 6 hereto (the "Fourth Amendment Effective Date").

. The obligations of Banks under this Fourth Amendment shall be subject to the satisfaction of the following conditions precedent:

() Execution and Delivery. The Borrower shall have executed and delivered this Fourth Amendment, the Pledge Agreements covering the stock of Newpark Canada, Inc. and International Mat Ltd., and other required documents, all in form and substance satisfactory to the Banks;

() Guarantors' Execution and Delivery. The Guarantors shall have executed and delivered this Fourth Amendment and other required documents, all in form and substance satisfactory to the Banks;

() Corporate Resolutions. Banks shall have received appropriate certified corporate resolutions of each of the Borrower and each of the Guarantors;

() Good Standing and Existence. The Banks shall have received evidence of existence and good standing for Borrower and each of the Guarantors;

() Representations and Warranties. The representations and warranties of Borrower under the Credit Agreement are true and correct in all material respects as of such date, as if then made (except to the extent that such representations and warranties related solely to an earlier date);

() No Event of Default. No Event of Default shall have occurred and be continuing nor shall any event have occurred or failed to occur which, with the passage of time or service of notice, or both, would constitute an Event of Default;

() Other Documents. Each Bank shall have received such other instruments and documents incidental and appropriate to the transaction provided for herein as such Bank or its counsel may reasonably request, and all such documents shall be in form and substance satisfactory to such Bank; and

() Legal Matters Satisfactory. All legal matters incident to the consummation of the transactions contemplated hereby shall be satisfactory to special counsel for Bank retained at the expense of Borrower.

. Except to the extent its provisions are specifically amended, modified or superseded by this Fourth Amendment, the representations, warranties and affirmative and negative covenants of the Borrower contained in the Credit Agreement are incorporated herein by reference for all purposes as if copied herein in full. The Borrower hereby restates and reaffirms each and every term and provision of the Credit Agreement, as amended, including, without limitation, all representations, warranties and affirmative and negative covenants. Except to the extent its provisions are specifically amended, modified or superseded by this Fourth Amendment, the Credit Agreement, as amended, and all terms and provisions thereof shall remain in full force and effect, and the same in all respects are confirmed and approved by the Borrower and the Banks.

. The parties hereto agree that the Loma Letter of Credit is a "Letter of Credit" issued under the Credit Agreement.

. This Fourth Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

. The Borrower and each of the Guarantors hereby represent to the Banks that all indebtedness either owed or available to be borrowed under the Credit Agreement, as the same is amended from time to time, is "Senior Debt" under the Indenture between Borrower, the Guarantors and State Street Bank and Trust Company dated December 17, 1997 (the "Indenture") and that the increase in availability provided for in this Fourth Amendment is not prohibited in any respect pursuant to the provisions of Section 1008 of the Indenture.

. Each of the Guarantors hereby consents to the execution of this Fourth Amendment by the Borrower and reaffirms its guaranty of all of the obligations of the Borrower to the Bank. Each such Guarantor further acknowledges and consents to the increase in the obligations owed the Banks pursuant to the terms of this Fourth Amendment. Borrower and Guarantor acknowledge and agree that the renewal, extension and amendment of the Credit Agreement shall not be considered a novation of account or new contract but that all existing rights, titles, powers, Liens, security interests and estates in favor of the Banks constitute valid and existing obligations and Liens and security interests as against the Collateral in favor of the Banks. Borrower and each Guarantor confirm and agree that (a) neither the execution of this Fourth Amendment or any other Loan Document nor the consummation of the transactions described herein and therein shall in any way effect, impair or limit the covenants, liabilities, obligations and duties of the Borrower and each Guarantor under the Loan Documents and (b) the obligations evidenced and secured by the Loan Documents continue in full force and effect. Each Guarantor hereby further confirms that it unconditionally guarantees to the extent set forth in its respect Guaranty the due and punctual payment and performance of any and all amounts and obligations owed by the Banks under the Credit Agreement or the other Loan Documents.

IN WITNESS WHEREOF, the parties have caused this Fourth Amendment to Restated Credit Agreement to be duly executed as of the date first above written.

BORROWER:

NEWPARK RESOURCES, INC.
a Delaware corporation

By:

John R. Dardenne, Sr., Treasurer

GUARANTORS:

CHEMICAL TECHNOLOGIES, INC., EXCALIBAR MINERALS, INC., NEWPARK ENVIRONMENTAL SERVICES, INC., MALLARD & MALLARD OF LA., INC., NEWPARK HOLDINGS, INC., NEWPARK DRILLING FLUIDS, INC., SUPREME CONTRACTORS, INC., AND BOCKMON CONSTRUCTION COMPANY, INC.

By:

John R. Dardenne, Sr., Treasurer

NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C., NEWPARK TEXAS, L.L.C., EXCALIBAR MINERALS OF LA.,L.L.C. AND SOLOCO L.L.C.

By:

John R. Dardenne, Sr., Treasurer

BATSON-MILL, L.P., NEWPARK TEXAS DRILLING, FLUIDS L.P., NEWPARK ENVIRONMENTAL SERVICES OF TEXAS, L.P., NEWPARK SHIPHOLDING TEXAS, L.P., N.I.D., L.P., SOLOCO TEXAS, L.P., NES PERMIAN BASIN, L.P. AND NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P.

By: Newpark Holdings, Inc., the general partner of each

By: ---
John R. Dardenne, Sr., Treasurer

NDF MEXICO, INC.

By: ---
Name: ---
Title: ---

BANKS:

BANK ONE, LOUISIANA, NATIONAL ASSOCIATION, a national banking association

By: ---
Rose M. Miller, Vice President

DEUTSCHE BANK A.G., NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH

By: ---
Name: ---
Title: ---

By: ---
Name: ---
Title: ---

HIBERNIA NATIONAL BANK

By: ---
Name: ---
Title: ---

AGENT:

BANK ONE, LOUISIANA, NATIONAL ASSOCIATION, a national banking association

By: ---
Rose M. Miller, Vice President

CO-AGENT:

DEUTSCHE BANK A.G., NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By:

Name:

Title:

By:

Name:

Title:

FIFTH AMENDMENT TO RESTATED CREDIT AGREEMENT

THIS FIFTH AMENDMENT TO RESTATED CREDIT AGREEMENT (hereinafter referred to as the "Fifth Amendment") executed as of the 1st day of February, 1999, by and among NEWPARK RESOURCES, INC., a Delaware corporation ("Borrower"), SOLOCO, L.L.C., a Louisiana limited liability company ("SOLOCO, L.L.C."), NEWPARK SHIPHOLDING TEXAS, L.P., a Texas limited partnership ("Newpark Shipholding"), MALLARD & MALLARD OF LA., INC., a Louisiana corporation ("Mallard"), SOLOCO TEXAS L.P., a Texas limited partnership ("SOLOCO Texas"), BATSON-MILL, L.P., a Texas limited partnership ("Batson"), N.I.D., L.P., a Texas limited partnership ("N.I.D."), NEWPARK TEXAS, L.L.C., a Louisiana limited liability company ("Newpark Texas"), NEWPARK HOLDINGS, INC., a Louisiana corporation ("Holdings"), NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C., a Louisiana limited liability company ("Environmental L.L.C."), NEWPARK ENVIRONMENTAL SERVICES OF TEXAS L.P., a Texas limited partnership ("Environmental L.P."), NEWPARK DRILLING FLUIDS, INC., a Texas corporation ("Newpark Drilling"), SUPREME CONTRACTORS, INC., a Louisiana corporation ("Supreme"), EXCALIBAR MINERALS, INC., a Texas corporation ("Excalibar"), EXCALIBAR MINERALS OF LA., L.L.C., a Louisiana limited liability company ("Excalibar Minerals"), CHEMICAL TECHNOLOGIES, INC., a Texas corporation ("Chemical"), NEWPARK ENVIRONMENTAL SERVICES, INC., a Delaware corporation ("Newpark Services"), NEWPARK TEXAS DRILLING FLUIDS, L.P., a Texas limited partnership ("Texas Drilling"), NES PERMIAN BASIN, L.P., A Texas limited partnership ("NES"), BOCKMON CONSTRUCTION COMPANY, INC., a Texas Corporation ("Bockmon"), NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P., a Mississippi limited partnership ("Mississippi"), NDF MEXICO, INC., a Texas corporation ("Mexico") (SOLOCO, L.L.C., Newpark Shipholding, Mallard, SOLOCO Texas, Batson, N.I.D., Newpark Texas, Holdings, Environmental L.L.C., Environmental L.P., Newpark Drilling, Supreme, Excalibar, Excalibar Minerals, Chemical, Newpark Services, Texas Drilling, NES, Bockmon, Mississippi and Mexico are herein collectively referred to as the "Guarantors", and individually, "Guarantor"), BANK ONE, LOUISIANA, NATIONAL ASSOCIATION, a national banking association ("Bank One"), DEUTSCHE BANK A.G., NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH ("Deutsche"), HIBERNIA NATIONAL BANK, a national banking association ("Hibernia") and each of the financial institutions which is a party hereto (as evidenced by the signature pages to this Fifth Amendment) or which may from time to time become a party hereto or any successor or assignee thereof (hereinafter collectively referred to as "Banks", and individually, "Bank") and Bank One, as Administrative and Syndication Agent ("Agent") and Deutsche as Documentation Agent ("Co-Agent").

W I T N E S S E T H:

WHEREAS, Borrower, certain of the Guarantors, Bank One and Hibernia entered into a Credit Agreement dated as of June 29, 1995 under the terms of which Bank One and Hibernia agreed to provide Borrower with a revolving loan facility in amounts of up to $25,000,000.00 and a term loan facility in amounts of up to $25,000,000.00; and

WHEREAS, as of June 30, 1997 the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Restated Credit Agreement to consolidate all outstanding loan facilities into one facility in a maximum amount of $90,000,000 (the Restated Credit Agreement is hereinafter referred to as the "Credit Agreement"); and

WHEREAS, as of November 7, 1997, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a First Amendment to Restated Credit Agreement (the "First Amendment"); and

WHEREAS, as of December 10, 1997, the Borrower, the Guarantors, the Agent, the Co- Agent and the Banks entered into a Second Amendment to Restated Credit Agreement (the "Second Amendment"); and

WHEREAS, as of May 28, 1998, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Third Amendment to Restated Credit Agreement (the "Third Amendment"); and

WHEREAS, as of September 29, 1998, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Fourth Amendment to Restated Credit Agreement (the "Fourth Amendment"); and

WHEREAS, the Borrower has requested that the Banks make certain additional amendments to the Credit Agreement and the Agent, the Co-Agent and the Banks are willing to make such additional amendments.

NOW, THEREFORE, the parties hereto agree as follows:

. Unless otherwise defined herein, all defined terms used herein shall have the same meaning ascribed to such terms in the Credit Agreement.

. Section 1 of the Credit Agreement is hereby amended in the following respects:

() By deleting the definition of "Reimbursment Agreement" therefrom and inserting the following in lieu thereof :

"Reimbursement Agreement" means that certain Reimbursement Agreement dated as of May 1, 1998 by and among Borrower, The Loma Company, L.L.C. and Bank One, as the same is amended and supplemented from time to time including, but not limited to, that certain First Amendment and Supplement to Reimbursement Agreement between said parties dated as of February 1,1999."

() By deleting the definition of "Loma Letter of Credit" and substituting the following in lieu thereof:

"Loma Letter of Credit" means that certain Irrevocable Letter of Credit dated May 28, 1998 from Bank to Bank One Trust Company, N.A., as Trustee, issued at the request of and for the account of Borrower in the stated amount of $15,187,500.00, as the same may be amended, restated or increased from time to time, including, but not limited to, that certain Amendment to Irrevocable Letter of Credit dated as of February 1, 1999 between said parties which increases the stated amount of the Loma Letter of Credit to $16,959,375.00."

. This Fifth Amendment shall be effective as of the date first above written, but only upon satisfaction of the conditions precedent set forth in Paragraph 4 hereto (the "Fifth Amendment Effective Date").

. The obligations of Banks under this Fifth Amendment shall be subject to the satisfaction of the following conditions precedent:

() Execution and Delivery. The Borrower shall have executed and delivered this Fifth Amendment and other required documents, all in form and substance satisfactory to the Banks;

() Guarantors' Execution and Delivery. The Guarantors shall have executed and delivered this Fifth Amendment and other required documents, all in form and substance satisfactory to the Banks;

() Corporate Resolutions. Banks shall have received appropriate certified corporate resolutions of each of the Borrower and each of the Guarantors;

() Good Standing and Existence. The Banks shall have received evidence of existence and good standing for Borrower and each of the Guarantors;

() Representations and Warranties. The representations and warranties of Borrower under the Credit Agreement are true and correct in all material respects as of such date, as if then made (except to the extent that such representations and warranties related solely to an earlier date);

() No Event of Default. No Event of Default shall have occurred and be continuing nor shall any event have occurred or failed to occur which, with the passage of time or service of notice, or both, would constitute an Event of Default;

() Other Documents. Each Bank shall have received such other instruments and documents incidental and appropriate to the transaction provided for herein as such Bank or its counsel may reasonably request, and all such documents shall be in form and substance satisfactory to such Bank; and

() Legal Matters Satisfactory. All legal matters incident to the consummation of the transactions contemplated hereby shall be satisfactory to special counsel for Bank retained at the expense of Borrower.

. Except to the extent its provisions are specifically amended, modified or superseded by this Fifth Amendment, the representations, warranties and affirmative and negative covenants of the Borrower contained in the Credit Agreement are incorporated herein by reference for all purposes as if copied herein in full. The Borrower hereby restates and reaffirms each and every term and provision of the Credit Agreement, as amended, including, without limitation, all representations, warranties and affirmative and negative covenants. Except to the extent its provisions are specifically amended, modified or superseded by this Fifth Amendment, the Credit Agreement, as amended, and all terms and provisions thereof shall remain in full force and effect, and the same in all respects are confirmed and approved by the Borrower and the Banks.

. This Fifth Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

. Each of the Guarantors hereby consents to the execution of this Fifth Amendment by the Borrower and reaffirms its guaranty of all of the obligations of the Borrower to the Bank. Each such Guarantor further acknowledges and consents to the increase in the obligations owed the Banks pursuant to the terms of this Fifth Amendment. Borrower and Guarantor acknowledge and agree that the renewal, extension and amendment of the Credit Agreement shall not be considered a novation of account or new contract but that all existing rights, titles, powers, Liens, security interests and estates in favor of the Banks constitute valid and existing obligations and Liens and security interests as against the Collateral in favor of the Banks. Borrower and each Guarantor confirm and agree that (a) neither the execution of this Fifth Amendment or any other Loan Document nor the consummation of the transactions described herein and therein shall in any way effect, impair or limit the covenants, liabilities, obligations and duties of the Borrower and each Guarantor under the Loan Documents and (b) the obligations evidenced and secured by the Loan Documents continue in full force and effect. Each Guarantor hereby further confirms that it unconditionally guarantees to the extent set forth in its respect Guaranty the due and punctual payment and performance of any and all amounts and obligations owed by the Banks under the Credit Agreement or the other Loan Documents.

IN WITNESS WHEREOF, the parties have caused this Fifth Amendment to Restated Credit Agreement to be duly executed as of the date first above written.

BORROWER:

NEWPARK RESOURCES, INC.
a Delaware corporation

By:

John R. Dardenne, Sr., Treasurer

GUARANTORS:

CHEMICAL TECHNOLOGIES, INC.,
EXCALIBAR MINERALS, INC., NEWPARK
ENVIRONMENTAL SERVICES, INC.,
MALLARD & MALLARD OF LA., INC.,
NEWPARK HOLDINGS, INC., NEWPARK DRILLING
FLUIDS, INC., SUPREME CONTRACTORS, INC.,
AND BOCKMON CONSTRUCTION
COMPANY, INC.

By:

John R. Dardenne, Sr., Treasurer

NEWPARK ENVIRONMENTAL MANAGEMENT
COMPANY, L.L.C., NEWPARK TEXAS,
L.L.C., EXCALIBAR MINERALS OF LA.,L.L.C.
AND SOLOCO L.L.C.

By:

John R. Dardenne, Sr., Treasurer

BATSON-MILL, L.P., NEWPARK TEXAS DRILLING,
FLUIDS L.P., NEWPARK ENVIRONMENTAL
SERVICES OF TEXAS, L.P., NEWPARK
SHIPHOLDING TEXAS, L.P., N.I.D., L.P.,
SOLOCO TEXAS, L.P., NES PERMIAN BASIN, L.P.
AND NEWPARK ENVIRONMENTAL SERVICES
MISSISSIPPI, L.P.

By: Newpark Holdings, Inc., the general
partner of each

By:

John R. Dardenne, Sr., Treasurer

NDF MEXICO, INC.

By:

Name:

Title:

BANKS:

BANK ONE, LOUISIANA,
NATIONAL ASSOCIATION,
a national banking association

By:

Rose M. Miller, Vice President

DEUTSCHE BANK A.G., NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By:

Name:

Title:

By:

Name:

Title:

HIBERNIA NATIONAL BANK

By:

Name:

Title:

AGENT:

BANK ONE, LOUISIANA,
NATIONAL ASSOCIATION,
a national banking association

By:

Rose M. Miller, Vice President

CO-AGENT:

DEUTSCHE BANK A.G., NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By:

Name:

Title:

By:

Name:

Title:

SIXTH AMENDMENT TO RESTATED CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO RESTATED CREDIT AGREEMENT (hereinafter referred to as the "Sixth Amendment") executed as of the 26th day of March, 1999, by and among NEWPARK RESOURCES, INC., a Delaware corporation ("Borrower"), SOLOCO, L.L.C., a Louisiana limited liability company ("SOLOCO, L.L.C."), NEWPARK SHIPHOLDING TEXAS, L.P., a Texas limited partnership ("Newpark Shipholding"), MALLARD & MALLARD OF LA., INC., a Louisiana corporation ("Mallard"), SOLOCO TEXAS L.P., a Texas limited partnership ("SOLOCO Texas"), BATSON-MILL, L.P., a Texas limited partnership ("Batson"), N.I.D., L.P., a Texas limited partnership ("N.I.D."), NEWPARK TEXAS, L.L.C., a Louisiana limited liability company ("Newpark Texas"), NEWPARK HOLDINGS, INC., a Louisiana corporation ("Holdings"), NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C., a Louisiana limited liability company ("Environmental L.L.C."), NEWPARK ENVIRONMENTAL SERVICES OF TEXAS L.P., a Texas limited partnership ("Environmental L.P."), NEWPARK DRILLING FLUIDS, INC., a Texas corporation ("Newpark Drilling"), SUPREME CONTRACTORS, INC., a Louisiana corporation ("Supreme"), EXCALIBAR MINERALS, INC., a Texas corporation ("Excalibar"), EXCALIBAR MINERALS OF LA., L.L.C., a Louisiana limited liability company ("Excalibar Minerals"), CHEMICAL TECHNOLOGIES, INC., a Texas corporation ("Chemical"), NEWPARK ENVIRONMENTAL SERVICES, INC., a Delaware corporation ("Newpark Services"), NEWPARK TEXAS DRILLING FLUIDS, L.P., a Texas limited partnership ("Texas Drilling"), NES PERMIAN BASIN, L.P., A Texas limited partnership ("NES"), BOCKMON CONSTRUCTION COMPANY, INC., a Texas Corporation ("Bockmon"), NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P., a Mississippi limited partnership ("Mississippi"), NDF MEXICO, INC., a Texas corporation ("Mexico") (SOLOCO, L.L.C., Newpark Shipholding, Mallard, SOLOCO Texas, Batson, N.I.D., Newpark Texas, Holdings, Environmental L.L.C., Environmental L.P., Newpark Drilling, Supreme, Excalibar, Excalibar Minerals, Chemical, Newpark Services, Texas Drilling, NES, Bockmon, Mississippi and Mexico are herein collectively referred to as the "Guarantors", and individually, "Guarantor"), BANK ONE, LOUISIANA, NATIONAL ASSOCIATION, a national banking association ("Bank One"), DEUTSCHE BANK A.G., NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH ("Deutsche"), HIBERNIA NATIONAL BANK, a national banking association ("Hibernia") and each of the financial institutions which is a party hereto (as evidenced by the signature pages to this Sixth Amendment) or which may from time to time become a party hereto or any successor or assignee thereof (hereinafter collectively referred to as "Banks", and individually, "Bank") and Bank One, as Administrative and Syndication Agent ("Agent") and Deutsche as Documentation Agent ("Co-Agent").

W I T N E S S E T H:

WHEREAS, Borrower, certain of the Guarantors, Bank One and Hibernia entered into a Credit Agreement dated as of June 29, 1995 under the terms of which Bank One and Hibernia agreed to provide Borrower with a revolving loan facility in amounts of up to $25,000,000.00 and a term loan facility in amounts of up to $25,000,000.00; and

WHEREAS, as of June 30, 1997 the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Restated Credit Agreement to consolidate all outstanding loan facilities into one facility in a maximum amount of $90,000,000 (the Restated Credit Agreement is hereinafter referred to as the "Credit Agreement"); and

WHEREAS, as of November 7, 1997, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a First Amendment to Restated Credit Agreement (the "First Amendment"); and

WHEREAS, as of December 10, 1997, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Second Amendment to Restated Credit Agreement (the "Second Amendment"); and

WHEREAS, as of May 28, 1998, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Third Amendment to Restated Credit Agreement (the "Third Amendment"); and

WHEREAS, as of September 29, 1998, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Fourth Amendment to Restated Credit Agreement (the "Fourth Amendment"); and

WHEREAS, as of February 1, 1999, the Borrower, the Guarantors, the Agent, the Co-Agent and the Banks entered into a Fifth Amendment to Restated Credit Agreement (the "Fifth Amendment"); and

WHEREAS, the Borrower has requested that the Banks make certain additional amendments to the Credit Agreement and the Agent, the Co-Agent and the Banks are willing to make such additional amendments.

NOW, THEREFORE, the parties hereto agree as follows:

1. Unless otherwise defined herein, all defined terms used herein shall have the same meaning ascribed to such terms in the Credit Agreement.

2. Section 1 of the Credit Agreement is hereby amended in the following respects:

(a) By deleting the definition of "Eurodollar Margin" therefrom and inserting the following in lieu thereof :

"Eurodollar Margin"shall mean, with respect to each Eurodollar Loan:

(i) two and three-quarters percent (2.75%) per annum whenever the Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 2.50 to 1.0; or

(ii) two and one-quarter percent (2.25%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 2.25 to 1.0 but less than 2.50 to 1.0; or

(iii) two percent (2%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.75 to 1.0 but less than 2.25 to 1.0; or

(iv) one and one-half percent (1.50%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.25 to 1.0 but less than 1.75 to 1.0; or

(v) one and one-quarter percent (1.25%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or less than 1.25 to 1.0.

The Eurodollar Margin shall be determined at the end of each fiscal quarter of Borrower and calculated on a trailing four quarter basis and shall immediately apply to each new Tranche and each rollover Tranche."

(b) By deleting the definition of "Euro-Canadian Margin" and substituting the following in lieu thereof:

Euro-Canadian Margin" shall mean, with respect to each Euro-Canadian Loan:

(i) two and three-quarters percent (2.75%) per annum whenever the Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 2.50 to 1.0; or

(ii) two and one-quarter percent (2.25%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 2.25 to 1.0 but less than 2.50 to 1.0; or

(iii) two percent (2%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.75 to 1.0 but less than 2.25 to 1.0; or

(iv) one and one-half percent (1.50%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.25 to 1.0 but less than 1.75 to 1.0; or

(v) one and one-quarter percent (1.25%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or less than 1.25 to 1.0.

The Euro-Canadian Margin shall be determined at the end of each fiscal quarter of Borrower and calculated on a trailing four quarter basis and shall immediately apply to each new Tranche and each rollover Tranche."

(c) By deleting the definition of "Unused Fee Rate" therefrom and substituting the following in lieu thereof:

"Unused Fee Rate" shall mean:

(i) one-half percent (.50%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 2.25 to 1.0;

(ii) three-eighths percent (.375%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.75 to 1.0 but less than 2.25 to 1.0;

(iii) five-sixteenths percent (.3125%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is equal to or greater than 1.25 to 1.0 but less than 1.75 to 1.0;

(iv) one-quarter of one percent (.25%) per annum whenever Borrower's ratio of Consolidated Funded Debt to Consolidated EBITDA is less than 1.25 to 1.0.

The Unused Fee Rate shall be measured at the end of each fiscal quarter and calculated on a trailing four quarter basis."

(d) By deleting the definition of "Asset Write-Down" that was added by the Fourth Amendment.

3. Section 2 of the Credit Agreement is hereby amended by deleting Subsection (d) thereof in its entirety and inserting the following in lieu thereof:

"(d) Procedure for Obtaining Letters of Credit. The amount and date of issuance, renewal, extension or reissuance of a Letter of Credit pursuant to the Banks' commitment above in Section 2(c) shall be designated by Borrower's written request delivered to Agent at least three (3) Business Days prior to the date of such issuance, renewal, extension or reissuance. Concurrently with or promptly following the delivery of the request for a Letter of Credit, Borrower shall execute and deliver to the Agent an application and agreement with respect to the Letter of Credit, said application and agreement to be in the form used by the Agent. The Agent shall not be obligated to issue, renew, extend or reissue such Letters of Credit if (A) the conditions precedent specified in Section 10 hereof shall not have been satisfied, or (B) the amount thereon when added to the amount of the outstanding Letters of Credit exceeds Twenty Million Dollars ($20,000,000.00) or (C) the amount thereof when added to the Total Outstandings would exceed the Revolving Commitment. Once issued, the Agent shall have the authority (subject to the terms and conditions hereof) to renew and extend from time to time the expiry date of any Letter of Credit without the requirement of the joinder of any of the Banks, except that the Agent shall not renew or extend the expiry date of any such Letter of Credit beyond the Maturity Date. Borrower agrees to pay the Agent for the benefit of the Banks commissions for issuing the Letters of Credit (calculated separately for each Letter of Credit) in an amount equal to the face amount of each such Letter of Credit times the then effective Eurodollar Margin minus one-eighth of one percent (.125%) per annum. Borrower further agrees to pay Agent (i) an additional fee equal to one-eighth of one percent (.125%) per annum on the maximum face amount of each Letter of Credit, and (ii) an amendment fee for any amendment to letters of credit issued hereunder, said fee to be in the amount of $50.00 per amendment and shall be due upon the issuance of such amendment. For all new Letters of Credit issued after the Sixth Amendment Effective Date, such commissions shall be paid quarterly in advance with the first such fee being payable prior to the issuance of each Letter of Credit and thereafter at the end of each three (3) month period while such Letter of Credit is outstanding. For all Letters of Credit issued and outstanding as of the Sixth Amendment Effective Date, such new commission rate shall not apply until the next anniversary date of such Letter of Credit."

4. Section 12 of the Credit Agreement is hereby amended in the following respects:

(a) By deleting Subsection 12(d) therefrom in its entirety and substituting the following in lieu thereof:

"(d) Maximum Total Debt Ratios. Borrower will not allow the ratio of (i) total Debt (including Capital Lease Obligations) less Subordinated Indebtedness, to (ii) Total Capitalization (including Subordinated Indebtedness), to ever exceed 36% as of the end of any fiscal quarter."

(b) By deleting Subsection 12(e) therefrom in its entirety and substituting the following in lieu thereof:

"(e) Tangible Net Worth. Borrower will not allow its Consolidated Tangible Net Worth to be less, as of the end of any fiscal quarter, than $118,958,000 plus (i) seventy-five percent (75%) of Borrower's Consolidated Net Income, if positive, for each fiscal quarter ending after December 31, 1998 and (ii) net proceeds received by Borrower from the issuance and sale of any its preferred stock."

(c) By deleting Subsection 12(q) therefrom in its entirety and substituting the following in lieu thereof:

"(q) Maximum Consolidated Funded Debt. Borrower will not allow its ratio of Consolidated Funded Debt to Consolidated EBITDA as of the end of any fiscal quarter for the previous twelve (12) months ending on such date to ever exceed (i) 3.50 to 1.0 as of the end of any fiscal quarter to and including the fiscal quarter ended September 30, 1999, and (ii) thereafter, 2.75 to 1.0 beginning with the fiscal quarter ending December 31, 1999."

5. The Banks hereby agree to waive any Defaults or Events of Default that have occurred as a result of the Borrower's failure to comply with the provisions of Sections 12(d), (e), (f) and (q) of the Credit Agreement as of the fiscal quarter ended December 31, 1998. The waivers contained herein are waivers specific to the provisions noted and are not waivers of any other provisions of the Credit Agreement for any period.

6. This Sixth Amendment shall be effective as of the date first above written, but only upon satisfaction of the conditions precedent set forth in Paragraph 7 hereto (the "Sixth Amendment Effective Date").

7. The obligations of Banks under this Sixth Amendment shall be subject to the satisfaction of the following conditions precedent:

(a) Execution and Delivery. The Borrower shall have executed and delivered this Sixth Amendment and other required documents, all in form and substance satisfactory to the Banks;

(b) Guarantors' Execution and Delivery. The Guarantors shall have executed and delivered this Sixth Amendment and other required documents, all in form and substance satisfactory to the Banks;

(c) Corporate Resolutions. Banks shall have received appropriate certified corporate resolutions of each of the Borrower and each of the Guarantors;

(d) Representations and Warranties. The representations and warranties of Borrower under the Credit Agreement are true and correct in all material respects as of such date, as if then made (except to the extent that such representations and warranties related solely to an earlier date);

(e) No Event of Default. No Event of Default shall have occurred and be continuing nor shall any event have occurred or failed to occur which, with the passage of time or service of notice, or both, would constitute an Event of Default;

(f) Other Documents. Each Bank shall have received such other instruments and documents incidental and appropriate to the transaction provided for herein as such Bank or its counsel may reasonably request, and all such documents shall be in form and substance satisfactory to such Bank; and

(g) Legal Matters Satisfactory. All legal matters incident to the consummation of the transactions contemplated hereby shall be satisfactory to special counsel for Bank retained at the expense of Borrower.

8. Except to the extent its provisions are specifically amended, modified or superseded by this Sixth Amendment, the representations, warranties and affirmative and negative covenants of the Borrower contained in the Credit Agreement are incorporated herein by reference for all purposes as if copied herein in full. The Borrower hereby restates and reaffirms each and every term and provision of the Credit Agreement, as amended, including, without limitation, all representations, warranties and affirmative and negative covenants. Except to the extent its provisions are specifically amended, modified or superseded by this Sixth Amendment, the Credit Agreement, as amended, and all terms and provisions thereof shall remain in full force and effect, and the same in all respects are confirmed and approved by the Borrower and the Banks.

9. This Sixth Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

10. Each of the Guarantors hereby consents to the execution of this Sixth Amendment by the Borrower and reaffirms its guaranty of all of the obligations of the Borrower to the Bank. Each such Guarantor further acknowledges and consents to the increase in the obligations owed the Banks pursuant to the terms of this Sixth Amendment. Borrower and Guarantor acknowledge and agree that the renewal, extension and amendment of the Credit Agreement shall not be considered a novation of account or new contract but that all existing rights, titles, powers, Liens, security interests and estates in favor of the Banks constitute valid and existing obligations and Liens and security interests as against the Collateral in favor of the Banks. Borrower and each Guarantor confirm and agree that (a) neither the execution of this Sixth Amendment or any other Loan Document nor the consummation of the transactions described herein and therein shall in any way effect, impair or limit the covenants, liabilities, obligations and duties of the Borrower and each Guarantor under the Loan Documents and (b) the obligations evidenced and secured by the Loan Documents continue in full force and effect. Each Guarantor hereby further confirms that it unconditionally guarantees to the extent set forth in its respect Guaranty the due and punctual payment and performance of any and all amounts and obligations owed by the Banks under the Credit Agreement or the other Loan Documents.

IN WITNESS WHEREOF, the parties have caused this Sixth Amendment to Restated Credit Agreement to be duly executed as of the date first above written.

BORROWER:

NEWPARK RESOURCES, INC.
a Delaware corporation

By:

John R. Dardenne, Sr., Treasurer

GUARANTORS:

CHEMICAL TECHNOLOGIES, INC., EXCALIBAR MINERALS, INC., NEWPARK ENVIRONMENTAL SERVICES, INC., MALLARD & MALLARD OF LA., INC., NEWPARK HOLDINGS, INC., NEWPARK DRILLING FLUIDS, INC., SUPREME CONTRACTORS, INC., AND BOCKMON CONSTRUCTION COMPANY, INC.

By:

John R. Dardenne, Sr., Treasurer

NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C., NEWPARK TEXAS, L.L.C., EXCALIBAR MINERALS OF LA.,L.L.C. AND SOLOCO L.L.C.

By:

John R. Dardenne, Sr., Treasurer

BATSON-MILL, L.P., NEWPARK TEXAS DRILLING, FLUIDS L.P., NEWPARK ENVIRONMENTAL SERVICES OF TEXAS, L.P., NEWPARK SHIPHOLDING TEXAS, L.P., N.I.D., L.P., SOLOCO TEXAS, L.P., NES PERMIAN BASIN, L.P. AND NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P.

By: Newpark Holdings, Inc., the general partner of each

By:

John R. Dardenne, Sr., Treasurer

NDF MEXICO, INC.

By:

Name:

Title:

BANKS:

BANK ONE, LOUISIANA,
NATIONAL ASSOCIATION,
a national banking association

By:

Rose M. Miller, Vice President

DEUTSCHE BANK A.G., NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By:

Name:

Title:

By:

Name:

Title:

HIBERNIA NATIONAL BANK

By:

Name:

Title:

AGENT:

BANK ONE, LOUISIANA,
NATIONAL ASSOCIATION,
a national banking association

By: _____
Rose M. Miller, Vice President

CO-AGENT:

DEUTSCHE BANK A.G., NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT 10.16

SETTLEMENT OF ARBITRATION AND RELEASE

This Settlement of Arbitration and Release (herein referred to as "Release") is entered into by and between U.S. Liquids, Inc. (herein referred to as "USL") and Newpark Resources, Inc. (herein referred to as "Newpark") (collectively referred to as the "Parties") and each of its respective officers, directors, employees, agents, attorneys, representatives, predecessors, successors, and assigns, and each of its respective direct and indirect corporate parents, subsidiaries, partners, affiliates, and joint venturers and all of their respective officers, directors, employees, agents, attorneys, representatives, predecessors, successors, and assigns, who are expressly intended to be beneficiaries of this Settlement of Arbitration and Release.

RECITALS

A. WHEREAS, Newpark and USL each assumed the obligations and rights under a NOW Disposal Agreement dated June 4, 1996, which provided for the disposal of nonhazardous oilfield waste ("NOW"); and a Noncompetition Agreement dated August 12, 1996.

B. WHEREAS, disputes arose with regard to the effect of certain events on Newpark's payment obligations under the NOW Disposal Agreement.

C. WHEREAS, USL filed a Demand for Arbitration styled U.S. Liquids vs. Newpark Resources, Inc., Action No. 70 198 00220 98, In the Houston Regional Office of the American Arbitration Association (the "Arbitration").

D. WHEREAS, the Parties desire to compromise and forever settle all matters in dispute between them of whatever kind and character for the cause of action asserted in the Arbitration identified in these Recitals and to enter into this Settlement of Arbitration and Release.

AGREEMENTS AND RELEASE

In consideration of the foregoing and the mutual commitments specified below, the receipt and adequacy of which are hereby acknowledged, the Parties to this Release agree as follows:

1. Termination of Agreements. A separate agreement captioned "Miscellaneous Agreement" executed concurrently herewith sets forth the Parties' understanding with respect to certain agreements to which Newpark is a party, which were assumed by USL in connection with Asset Purchase Agreement dated December 2, 1996, by and among (i) SANIFILL, INC., a Delaware corporation ("Sanifill"), CAMPBELL WELLS, L.P., a Delaware limited partnership also known as CAMPBELL WELLS, LTD. ("Campbell"), and CAMPBELL WELLS NORM, L.P., a Delaware limited partnership ("Campbell Wells NORM") (collectively, "Sellers") and (ii) USL, as "Buyer." By the execution of this Release, the Parties agree that the following described agreements are terminated solely with respect to the rights,

interests and obligations of USL effective September 16, 1998, to the extent provided in the Miscellaneous Agreement:

a. An Agreement captioned "NOW Disposal Agreement" entered into June 4, 1996, by and between Sanifill, Inc., NOW Disposal Operating Company and Campbell Wells, Ltd.; and

b. An Agreement captioned "Noncompetition Agreement" dated August 12, 1996, by and between Sanifill, Inc. and Newpark.

2. Execution of Agreements. By the execution of this Settlement of Arbitration and Release, the Parties agree to execute and deliver the following described agreements:

a. An Agreement captioned "NOW Payment Agreement" and attached hereto;

b. An Agreement captioned "Noncompetition Agreement" and attached hereto;

c. An Agreement captioned "Asset Purchase Agreement" and attached hereto; and

d. An Agreement captioned "Miscellaneous Agreement" and attached hereto.

3. Dismissal of Arbitration. USL, acting by and through its attorney, agrees to procure either the dismissal with prejudice of the arbitration complaint filed against Newpark in the Houston Regional Office of the American Arbitration Association ("AAA"), being Action No. 70 198 00220 98, with each party to bears its costs and attorneys' fees therein, or a written confirmation from the AAA that the same has already been dismissed on such basis. To implement this provision, the Parties agree that they shall, subsequent to the effective date of this Agreement, themselves do, and cause their respective attorneys to do, all things and sign all documents which are reasonable and necessary to carry out and effectuate the foregoing.

4. Release. USL shall and hereby does completely release, acquit, and discharge Newpark (and each of Newpark's officers, directors, employees, agents, attorneys, representatives, predecessors, successors, and assigns as well as all of Newpark's present and former direct and indirect corporate parents, subsidiaries, partners, affiliates, and joint venturers and all of their respective officers, directors, employees, agents, attorneys, representatives, predecessors, successors, and assigns) of and from the cause of action asserted in the Arbitration up to and including the date of this Release; namely, the failure by Newpark to either deliver the minimum volume of nonhazardous oil field waste required by the NOW Disposal Agreement or pay the minimum amount to which USL was entitled under the NOW Disposal Agreement, up to and including the date of this Release.

5. No Admission of Liability. Recitals of fact and representations made herein and any consideration provided are not to be construed as an admission of liability on the part of any party hereto, and Newpark expressly denies any liability whatsoever to USL.

6. No Assignments. USL represents and warrants that it has not assigned, pledged, encumbered, or otherwise in any manner whatsoever sold or transferred, either by instrument in writing or otherwise, any right, claim, cause of action, title, interest, lien, or security interest released herein or relating in any way to the claims that were or could have been asserted in the Arbitration. USL further represents and warrants that it is fully authorized and empowered to fully release and extinguish the claim that has been asserted in the Arbitration.

7. No Representations. This Release is entered into with full knowledge of any and all rights which the Parties may have by reason of the pending Arbitration. The Parties have received independent legal advice, have conducted such investigation as each of them and its respective counsel thought appropriate, and have consulted with such other independent advisors as each of them and its respective counsel deemed appropriate regarding the Release and its rights and asserted rights in connection therewith. None of the Parties is relying upon any representations or statements made by any other party, or such other party's employees, agents, representatives or attorneys, regarding this Release or its preparation except to the extent such representations are expressly incorporated herein. None of the Parties is relying upon a legal duty, if one exists, on the part of any other party (or such other party's employees, agents, representatives, or attorneys) to disclose any information in connection with the execution of this Release or its preparation, it being expressly understood that no party shall ever assert any failure to disclose information on the part of any other party as a ground for challenging this Release.

8. Counterparts. This Release may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. When signed by each of the Parties hereto, this Release shall be binding upon and inure to the benefit of each party to this Release, and its respective successors, assigns, receivers, trustees, executors, administrators, heirs, beneficiaries, or other legal representatives.

9. Construction. The language used in this Release will be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any party. Any reference to any federal, provincial, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder.

10. Superseding Effect. This Release supersedes any and all other representations, discussions, or agreements concerning settlement, either oral or in writing, between USL and Newpark.

11. Enforcement Action. In any action brought to enforce this Release, the prevailing party shall be entitled to recover from the unsuccessful party its reasonable attorneys' fees, costs, and disbursements.

12. Venue. Any action brought to enforce this Release must be filed in Texas state court in Harris County.

13. GOVERNING LAW. THE INTERPRETATION AND CONSTRUCTION OF THIS RELEASE AND ANY AMENDMENT HEREOF, AND WAIVERS AND CONSENTS HEREUNDER, SHALL, TO THE EXTENT THE PARTICULAR SUBJECT MATTER IS CONTROLLED BY STATE LAW, BE GOVERNED BY AND BE CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAW OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

ON THIS DATE, the Parties have executed multiple originals of this Settlement of Arbitration and Release.

NEWPARK RESOURCES, INC.

Dated: ----------

By: ----------

Name: ----------

Title: ----------

Dated: ----------

Bertram K. Massing
Attorney for Newpark Resources, Inc.

U.S. LIQUIDS, INC.

Dated: ----------

By: ----------

Name: ----------

Title: ----------

Dated: ----------

Philip J. John
Attorney for U.S. Liquids, Inc.

EXHIBIT 10.17

PAYMENT AGREEMENT

This Payment Agreement (the "Agreement") is made and entered into this 31st day of December, 1998, by and among U.S. Liquids, Inc. ("U.S. Liquids" or "USL"), a Delaware corporation, Newpark Resources, Inc., a Delaware corporation ("Newpark"), and Newpark Environmental Services, Inc. ("NESI"), a Delaware corporation and wholly owned subsidiary of Newpark (i) to amend and restate in its entirety the NOW Payment Agreement dated September 16, 1998 (as amended effective September 22, 1998, the "NOW Payment Agreement"), by and between NESI and USL and (ii) to amend certain other agreements referred to herein.

WHEREAS the parties to this Agreement agree that, among the purposes of this Agreement, the NOW Payment Agreement and the other agreements described herein were and are: (i) cancellation of the waste disposal obligations of NESI and Newpark under NOW Disposal Agreement (the "Disposal Agreement") dated as of June 4, 1996, by and among Sanifill, Inc., a Delaware corporation ("Sanifill"), Campbell Wells, Ltd., a Delaware limited partnership ("Campbell"), and NOW Disposal Operating Co., a Delaware corporation ("Disposeco"), and the Assumption and Guaranty Agreement dated as of August 12, 1996, by and among Newpark, Sanifill and Campbell; (ii) termination of any obligation of Newpark and NESI to USL extending beyond the term of this Agreement; (iii) establishment of fair compensation to USL for, among other things, such cancellation and termination; and (iv) modification of certain obligations of USL to Newpark and NESI, including but not limited to its non-competition obligation, based on such cancellation and termination.

WHEREAS, concurrently with the execution and delivery of the NOW Payment Agreement, the parties have executed and delivered the following agreements (the "Other Agreements") in connection with the execution and delivery of the NOW Payment Agreement: NESI and USL executed and delivered (a) Asset Purchase Agreement dated September 16, 1998 (as amended as of September 22, 1998, the "Purchase Agreement"); and Newpark and USL executed and delivered (b) Settlement of Arbitration and Release dated September 17, 1998 (the "Release"); (c) Noncompetition Agreement dated September 16, 1998 (the "Noncompetition Agreement"); and (d) Miscellaneous Agreement dated September 16, 1998 (the "Miscellaneous Agreement").

NOW, THEREFORE, in consideration of the above premises and the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings (unless indicated otherwise, all Article and Section references are to Articles and Sections in this Agreement):

Adjustment Date: January 3, 2000.

Affiliate: A Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to (i) vote 50% or more of the voting interests in such Person or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

Annual Volume: For any Contract Year, the maximum volume of NOW permitted to be delivered by or on behalf of NESI at no cost and accepted for disposal by USL, which volume shall be 375,000 barrels of NOW for the first Contract Year, 500,000 barrels of NOW for the second Contract Year and 500,000 barrels of NOW for the third Contract Year.

Base Rate: The number reflecting the most current measure of the Consumer Price Index in effect as of the Effective Date. The Base Rate shall be 146.4.

Collection: The collection, transfer or transportation of NOW.

Consumer Price Index: The number reflecting the measure of the average change in prices over time of certain goods and services purchased by all urban consumers in the Houston Area, as compiled and reported every even-numbered month by the United States Department of Labor, Bureau of Labor Statistics. On the Adjustment Date, the Consumer Price Index shall be the number last reported and in effect as of that date. If the Consumer Price Index as defined becomes unavailable, the parties shall use the number last reported as a measure of the average change in prices of goods and services purchased by all urban consumers in (i) the State of Texas or, in the event that number is unavailable, (ii) the United States.

Contract Year: Twelve-month period commencing each July 1 during the term of this Agreement.

Covered Region: The States of Louisiana, Texas, Mississippi and Alabama, and the Gulf of Mexico.

Disposal: The treatment or disposal of NOW.

Effective Date: July 1, 1998.

Excluded NOW: NOW generated and collected on land and delivered to a Landfarm from the site where it was generated entirely by on-land transportation.

Landfarms: The NOW disposal facilities owned and operated by USL designated as Elm Grove, LA (DNR Permit #OWD 89-1) (the "Elm Grove Landfarm"); Bourg, LA (DNR Permit #90-10 OWD) (the "Bourg Landfarm"); Bateman Island, LA (DNR Permit #91-10 OWD) (the "Bateman Island Landfarm"); and Mermentau, LA (DNR Permit #SWD 83-6) (the "Mermentau Landfarm").

NOW: Nonhazardous oilfield waste (including Washwater) associated with the exploration and production of oil, gas and geothermal energy that contains less than 30 picocuries

per gram of Radium 226 or 228. Without limiting the generality of the foregoing, for waste disposed of in Louisiana, the term NOW shall include all wastes containing less than 30 picocuries per gram of Radium 226 or 228 classified as NOW under Louisiana Statewide Order 29-B, as currently in effect, and all waste that is classified as "E&P Waste" by the Louisiana Department of Natural Resources.

Payment in Full and on Time: Payment or reimbursement made to USL on or before any date specified for such payment in this Agreement except and unless timely paid in accordance with Section 13.6.

Person: Any individual, corporation, association, partnership, joint venture, trust, estate or other entity or organization or government or any agency or political subdivision thereof.

Quarter: Calendar three-month period commencing each January 1, April 1, July I and October 1.

Washwater: Fluids generated by the cleaning and/or decontamination of tanks, barges, vessels, containers or other similar structures used in the storage and/or transportation of NOW. Washwater may contain cleaning agents and emulsifiers, etc., in addition to the basic cleaning agent (water).

Zapata Facility: A NOW disposal facility owned and operated by USL located near Zapata, Texas.

ARTICLE II
PAYMENT

2.1 Initial Payment. NESI shall pay USL $4 million as follows: (a) $3 million due before the close of business on September 22, 1998, and (b) $1 million due on or before October 1, 1998.

2.2 Additional Payments.

2.2.1 First Contract Year. Separate from and in addition to its obligations under Section 2.1, NESI shall make an additional payment to USL in the total amount of $8 million for the first Contract Year except as provided in Section 12.1. NESI shall pay USL $1 million of the aforesaid additional payment on each of the following eight occasions: November 2, 1998, December 1, 1998, January 4, 1999, February 1, 1999, March 1, 1999, April 1, 1999, May 1, 1999, and June 1, 1999, except as provided in Section 12.1. Failure to make Payment in Full and on Time under this Section constitutes a breach of this Agreement.

2.2.2 Second Contract Year.

a. The additional payment owed for the second Contract Year shall total $10 million except as provided in Section 12.1, subject to adjustment as provided in Section

2.2.2b. The additional payment for the first and second Quarters of the second Contract Year shall total $5 million except as provided in Section 12.1. During the first and second Quarters of the second Contract Year, NESI shall pay such additional payment in six equal monthly installments due on or before July 1, 1999, August 2, 1999, September 1, 1999, October 1, 1999, November 1, 1999, and December 1, 1999, respectively, except as provided in Section 12.1.

b. On the Adjustment Date, January 3, 2000, the additional payment for the remainder of the second Contract Year shall be adjusted by (i) adding to the Base Rate 70% of the positive amount, if any, determined by subtracting the Base Rate from the Consumer Price Index in effect on the Adjustment Date, (ii) dividing said sum by the Base Rate and (iii) multiplying the result by $5 million, except as provided in Section 12.l. In the event that the net change in the Consumer Price Index is negative, the additional payment for the third and fourth Quarters of the second Contract Year shall total $5 million except as provided in Section 12.1. NESI shall pay the remainder of such additional payment for the second Contract Year in six equal monthly installments due on or before January 1, 2000, February 1, 2000, March 1, 2000, April 3, 2000, May 1, 2000, and June 1, 2000, respectively, except as provided in Section 12.1. Failure to make Payment in Full and on Time under this Section constitutes a breach of this Agreement.

2.2.3 Third Contract Year. The additional payment owed for the third Contract Year shall total $8 million except as provided in Section 12.1, subject to adjustment as provided in the following sentence. On the Adjustment Date, January 3, 2000, the additional payment for the third Contract Year shall be adjusted by (i) adding to the Base Rate 70% of the positive amount, if any, determined by subtracting the Base Rate from the Consumer Price Index in effect on the Adjustment Date, (ii) dividing said sum by the Base Rate, and (iii) multiplying the results by $8 million except as provided in Section 12.1. In the event that the net change in the Consumer Price Index is negative, the additional payment for the third Contract Year shall total $8 million, except as provided in Section 12.1. NESI shall pay such additional payment in twelve equal monthly installments due on or before July 3, 2000, August 1, 2000, September 1, 2000, October 2, 2000, November 1, 2000, December 1, 2000, January 2, 2001, February 1, 2001, March 1, 2001, April 2, 2001, May 1, 2001, and June 1, 2001, respectively, except as provided in Section 12.1. Failure to make Payment in Full and on Time under this Section constitutes a breach of this Agreement.

2.3 Obligation to Pay. NESI's obligation to make Payment in Full and on Time where required by any Section in this Agreement exists without regard to whether NESI exercises its option to deliver NOW, if any, to USL in accordance with Section 3.1. Failure to make Payment in Full and on Time in every instance for any reason whatsoever constitutes a breach of this Agreement and shall not entitle NESI to any offsets, carryovers, or counterclaims of any kind.

ARTICLE III
DISPOSAL VOLUME

3.1 NOW Delivery.

3.1.1 Delivery Option.

a. NESI may, at its option, deliver to USL for disposal at the Bateman Island Landfarm a maximum amount of NOW equal to the Annual Volume for such Contract Year at no cost without prior notice or approval. Subject to the terms and conditions and the limitations set forth in this Agreement, USL shall accept for disposal at the Bateman Island Landfarm all NOW delivered by or on behalf of NESI, provided, however, that in no event shall USL be obligated to accept from NESI for disposal at any Landfarm more than the Annual Volume during any Contract Year. Failure to deliver the full Annual Volume shall not result in any carryforward or increase in the Annual Volume in the succeeding Contract Year.

b. NESI shall have the right to deliver a volume no more than 10% of the Annual Volume to the Bourg Landfarm at no cost, subject to Section 3.1.l.a, and prior notice by NESI in accordance with Section 13.5.2, of 48 hours if such delivery shall arrive by marine transportation; or

c. NESI shall have the right to deliver a volume no more than 10% of the Annual Volume to the Mermentau Landfarm at no cost, subject to Section 3.1.1.a and prior written approval by USL, which approval will not be unreasonably withheld.

3.1.2 Obligation to Pay. NESI is obligated to pay the additional payments required under Article II regardless of the volume of NOW, if any, delivered to or accepted by USL in accordance with this Section 3.1, except as provided in Section 12.1. Failure by NESI to exercise its option to deliver NOW to USL for disposal shall not alter, lessen, decrease, alleviate, or relieve NESI of its obligation to pay USL in accordance with Article II. NESI shall make all payments in accordance with Article II without regard to the volume of NOW, if any, offered or delivered to USL for disposal.

3.2 Variance. The parties agree to cooperate to minimize monthly and quarterly variances in NOW, if any, delivered for disposal at the Landfarms, in order to avoid disruption of or problems in USL's operations.

3.3 Excess Volume.

3.3.1 Acceptance Option. During any Contract Year, USL has the option, but not the obligation, to accept for disposal an amount of NOW from NESI in excess of the Annual Volume (the "Excess Volume"). USL may decline to accept Excess Volume for any reason. Should USL exercise its option to accept delivery of an amount of Excess Volume of NOW, NESI agrees to pay the "Excess Volume Rate" (as defined below) for disposal of the Excess Volume. In the event USL elects not to accept NOW delivered by NESI in excess of the Annual Volume during any Contract Year for any reason, including but not limited to rejection in

accordance with Section 6.6 of this Agreement, such election shall not cause (i) the Annual Volume for any Contract Year to increase or (ii) the payments required under this Agreement to decrease.

3.3.2 Excess Volume Rate.

a. First Contract Year. The rate for disposal of Excess Volume of NOW (the "Excess Volume Rate") for the first Contract Year shall be $2.86 per barrel, net of all currently applicable taxes. The Excess Volume Rate shall never be less than $2.86 per barrel of NOW during the term of this Agreement.

b. Adjustment of Prevailing Rate. On the Adjustment Date, January 3, 2000, the Excess Volume Rate shall be adjusted by (i) adding to the Base Rate 70% of the positive amount, if any, determined by subtracting the Base Rate from the Consumer Price Index as of the Adjustment Date, (ii) dividing said sum by the Base Rate, and (iii) multiplying the result by $2.86. If the net change in the Consumer Price Index is negative, then the Prevailing Rate shall be $2.86 per barrel of Excess Volume of NOW until June 30, 2001.

3.3.3 Invoice for Excess Volume: USL shall invoice NESI for fees incurred from the disposal of Excess Volume of NOW, to be paid no later than 30 days from receipt of the invoice. Failure to pay USL in accordance with the terms of the invoice shall constitute a breach of this Agreement.

3.4 Radium Concentration. Notwithstanding anything contained in this Agreement to the contrary, USL shall not be obligated to accept NOW from NESI at any Landfarm where such NOW (i) when combined with other NOW in an individual treatment cell, would cause the weighted average concentration of Radium 226 or 228 to exceed 5 pCi/gm, excluding background, or (ii) would require the loading of two or more treatment cells simultaneously to prevent the weighted average concentration of Radium 226 or 228 from exceeding 5 pCi/gm, excluding background. In the event NESI delivers NOW contravening the foregoing sentence, USL shall have the right, but not the obligation, to reject such NOW in accordance with Section 6.6.

ARTICLE IV
SERVICES, LEVIES, AND INSPECTION

4.1 Additional Services; Disposal of Injectable Saltwater. Pursuant to this Agreement, USL will perform standard off-loading and customary handling services associated with disposal of NOW up to, and including, the Annual Volume at no additional charge. USL will perform additional services upon request of NESI at the usual and customary rates of USL for such services, or at such other rates as the parties may mutually agree upon. All charges for such additional services shall be in addition to and independent of the other payments due in accordance with this Agreement. USL will accept injectable saltwater at the Landfarms for disposal upon request of NESI at the usual and customary rates of USL for disposal of injectable saltwater, or at such other rates as the parties may mutually agree upon. All charges for disposal of injectable saltwater shall be in addition to and independent of the other amounts which are payable pursuant to this Agreement.

4.2 Disposal of Washwater. NESI shall pay USL to dispose of Washwater at the rate of $1.50 per barrel of Washwater. On the Adjustment Date, the rate shall be adjusted by (i) adding to the Base Rate 70% of the positive amount, if any, determined by subtracting the Base Rate from the Consumer Price Index as of the Adjustment Date, (ii) dividing said sum by the Base Rate, and (iii) multiplying the result by $1.50. If the net change in the Consumer Price Index is negative, then the rate for disposal of Washwater shall be $1.50 per barrel. The disposal of Washwater shall be for the benefit of NESI, and USL shall provide NESI with billing information specified by NESI to enable NESI to bill the customer or customers for whose account any related cleaning services were performed.

4.3 Invoice for Additional Services: USL shall invoice NESI on a monthly basis for fees or expenses incurred from any services performed pursuant to Section 4.1 or 4.2 to be paid no later than 30 days from receipt of the invoice. Failure to pay USL in accordance with the terms of the invoice shall constitute a breach of this Agreement.

4.4 Extraordinary Levies.

4.4.1 Taxes. Notwithstanding anything to the contrary contained herein, if during the term of this Agreement there is levied upon USL or any of its Affiliates or upon the operations of USL any tax, fee, assessment, or other charge (other than income taxes applicable generally) by any governmental authority, which tax, assessment or charge increases USL's costs to operate any Landfarm, USL shall notify NESI of the cause and the per barrel amount of the cost increase. If NESI chooses to deliver NOW to USL following the effectiveness of the tax, fee, assessment or other charge, USL will invoice NESI for and NESI will be obligated to pay NESI's share of the cost increase for so long as such tax, fee, assessment or other charge remains in effect as follows: (i) with respect to any cost increase resulting from any tax, fee, assessment or other charge levied by a governmental authority on a per barrel basis, an amount determined by multiplying such per barrel charge (but not more than the increase in cost resulting therefrom) by the number of barrels of NOW delivered by NESI to USL; and (ii) with respect to any tax, fee, assessment or other charge levied by a governmental authority on any basis other than per barrel, NESI's proportionate share of the cost increase resulting from such tax, fee, assessment or charge. NESI's proportionate share shall be calculated as follows: (a) if such tax, fee, assessment or other charge increases the cost to operate the Bateman Island Landfarm, the NESI's proportionate share shall be calculated by (i) dividing the number of barrels of NOW delivered to USL by NESI by the Annual Volume plus the total number of barrels of Excess Volume, if any, delivered to USL by NESI and accepted by USL and (ii) multiplying the result by the amount of the cost increase resulting from the tax, fee, assessment, or other charge; (b) if such tax, fee, assessment or other charge increases the cost to operate the Bourg and/or Mermentau Landfarm, then NESI's proportionate share shall be calculated by (i) dividing the number of barrels of NOW delivered to USL by NESI to that Landfarm by the total number of barrels delivered to that Landfarm by all Persons and (ii) multiplying the result by the amount of the cost increase at that Landfarm resulting from the tax, fee, assessment, or other charge. Such payment or reimbursement shall not alter the Annual Volume or the other payments that are due pursuant to this Agreement.

4.4.2 Landfarm Environmental Regulations. Notwithstanding anything to the contrary contained herein, if during the term of this Agreement there is a substantial change in

regulatory requirements related to the waste disposal business having general applicability to the handling, treatment or disposal of NOW, which change increases in a material manner USL's costs to operate any Landfarm, (i) USL shall notify NESI of the cause and the per barrel amount of the cost increase and, to the extent that NESI chooses to deliver NOW to USL, (ii) USL will invoice NESI for NESI's proportionate share of the cost increase and NESI will be obligated to pay such amount so long as such cost increase remains in effect. NESI's proportionate share shall be calculated as follows: (a) if such change in regulatory requirements increases costs to operate the Bateman Island Landfarm, then NESI's proportionate share shall be calculated by (i) dividing the number of barrels of NOW delivered to USL by NESI by the Annual Volume plus the total number of barrels of Excess Volume, if any, delivered to USL by NESI and accepted by USL and (ii) multiplying the result by the amount of the cost increase; (b) if such change in regulatory requirements increases costs to operate the Bourg and/or Mermentau Landfarm, then NESI's proportionate share shall be calculated by (i) dividing the number of barrels of NOW delivered to USL by NESI to that Landfarm by the total number of barrels delivered to that Landfarm by all Persons and (ii) multiplying the result by the amount of the cost increase at that Landfarm. Failure to pay USL in accordance with the terms of the invoice shall constitute a breach of this Agreement.

4.4.3 Right of Inspection. In the event USL notifies NESI of a cost increase pursuant to this Section 4.4, NESI shall have the right to conduct a reasonable review of the calculations, working papers and the books and records related to the determination of such fee increase. All costs of such review shall be borne exclusively by NESI.

ARTICLE V
TERM

5.1 Term. The term of this Agreement shall be for a period of three years, commencing on the Effective Date and ending on June 30, 2001. Each party shall notify the other of the pending expiration of the Agreement no later than seven months before such expiration.

5.2 Effect of Breach of Noncompetition Agreement. If USL breaches the Noncompetition Agreement by engaging in the "Business," as that term is defined therein, after the Effective Date, USL must pay to NESI any and all revenues received from activities that constitute such breach. Breach of the Noncompetition Agreement shall have no effect whatsoever on NESI's payment obligations under this Agreement. USL shall use all reasonable commercial efforts to enforce the Seller Noncompetition Agreement and the Buyer Noncompetition Agreement, both dated December 13, 1996 by and between Sanifill and USL.

ARTICLE VI
OPERATING PROCEDURES

6.1 Compliance with Operating Procedures. NESI and its Affiliates shall comply in all material respects with and abide by, and shall require their employees, servants, agents, representatives, contractors, subcontractors, haulers and transporters to comply in all material respects with and abide by, all applicable federal, state and local laws, ordinances, permits, regulations, directives, codes, standards and requirements relating to the subject matter of this Agreement or the performance of services hereunder, as well as all of USL's rules, regulations,

procedures and guidelines, written or oral, as the same may be reasonably adopted and modified from time to time, including, without limitation, all safety and/or security regulations, practices and procedures, and all procedures reasonably adopted by USL in compliance with its permits or utilized by USL in the inspection, sampling and testing of material delivered to any Landfarm for disposal.

6.2 Inspection and Testing by NESI; Notification. NESI agrees that it shall inspect and test all materials accepted, acquired, taken possession of, procured, directed, controlled or otherwise received by it from third party generators or other parties for disposal (with the exception of any NOW produced by third-party generators which NESI or its Affiliates treat and dispose of on the site at which the NOW was generated) to the extent required by applicable federal, state and local laws, ordinances, permits, regulations, directives, codes, standards and requirements. NESI shall promptly notify USL if it becomes aware of any unusual or special characteristics of any materials being delivered to any Landfarm which cause such materials to require special treatment, handling or care. Upon request by USL, NESI shall provide copies of all inspection and test results relating to material to be disposed of at any Landfarm under the terms of this Agreement to USL upon delivery.

6.3 Shipment and Delivery of NOW. NESI, its Affiliates and/or its contractors and subcontractors shall be responsible for proper containerization, preparation and labeling for shipment, shipment, transportation and delivery to any Landfarm, and shall comply fully with all applicable federal, state and local laws, ordinances, permits, regulations, directives, codes, standards and requirements in making such delivery to any Landfarm. USL and its Affiliates undertake no responsibility whatsoever for the preparation, handling or transportation of any material prior to acceptance of delivery as hereinafter provided.

6.4 Inspections.

6.4.1 Barges. Upon arrival of any barge transporting material to a Landfarm at the direction of NESI or any of its Affiliates, USL shall have the right to have an independent third party inspector selected by USL undertake an inspection of the barge transporting material to the Landfarm for the purpose of determining (a) the volume of materials delivered and (b) the condition of the barge on arrival at the Landfarm. The costs of such inspector shall be split evenly between NESI and USL, and NESI's portion of such expense shall be included on the monthly invoices prepared by USL in accordance with Section 4.3. Before any materials are off-loaded from the barge or any inspection or testing is undertaken by USL, the independent inspector will provide the authorized representatives of NESI and USL with an inspector's report indicating the time and date, the barge identification number and volume of waste materials in the barge. The authorized representatives of the parties will indicate their acceptance of the inspector's report by signing the report. In the event either authorized representative disagrees with the volume determination, either authorized representative may request that an additional independent third-party inspector prepare an inspector's report, the cost of which shall be borne by the party requesting the same. If the parties are unable to agree on the actual volume of waste after the preparation of the second inspector's report, the two independent inspectors shall select a third independent inspector to prepare an inspector's report, the cost of which will be borne half by NESI and half by USL. The final volume determination shall be that volume agreed upon by the majority of the independent inspectors that have inspected the barge. If the barge appears to be

damaged in any significant respect, the inspector shall summarize the apparent damage and take photographs as appropriate to evidence the scope of the damage. The authorized representative of NESI shall approve such damage summary by executing the same prior to the time any material is off-loaded from the barge. With regard to barges owned and operated by NESI, USL agrees that it shall not exercise its right to implement the procedures set forth in this Section 6.4.1 unless the parties have previously had a dispute or disagreement relating to the quantity of materials delivered to a Landfarm by NESI or the condition of a barge owned and operated by NESI and such dispute or disagreement was not amicably resolved within 30 days.

6.4.2 Trucks. Upon arrival of a truck transporting material to a Landfarm on behalf of NESI or any of its Affiliates, USL personnel shall undertake an inspection to determine the volume of materials delivered. Before any materials are off-loaded from the truck or any inspection or testing is undertaken by USL, USL shall prepare a receipt indicating the time and date and the volume of materials in the truck. The driver of the truck shall indicate his or her acceptance of the receipt by signing the receipt. In the event the driver disagrees with the volume determination, USL shall have the option of (i) accepting the volume stated by the driver and preparing a receipt evidencing such volume to be signed by the driver or (ii) rejecting such materials in accordance with Section 6.6.

6.5 Inspection and Testing of Material. After all inspections, if any, pursuant to Section 6.4 have been concluded, USL shall conduct inspections, testing and sampling using such equipment and procedures as are required by or consistent with its permits. USL may rely exclusively on the results of its inspection in determining whether materials delivered may be disposed at the Landfarm in accordance with its permits and this Agreement. NESI authorizes USL to retain samples and all data relating thereto, including test results, for so long as required by federal, state or local law, ordinance, permit, regulation, directive, code, standard or requirement and additionally for so long as USL in its sole discretion shall determine.

6.6 Acceptance or Rejection of Material.

6.6.1 Acceptance. USL shall only be obligated to accept waste materials at the Landfarm which are permissible under the permit requirements of that Landfarm at the time of delivery. For a period of ten days after the date of delivery, USL shall have the right to reject (or revoke any prior acceptance) all or any part of a shipment of material delivered by or on behalf of NESI to the Landfarm if (i) such material is not in accordance with the terms of this Agreement or (ii) USL concludes that such material exceeds the parameters of the permits applicable to the Landfarm. USL shall notify NESI of any rejection in writing and shall state the reason therefor. The expiration of such ten-day period without a rejection or a revocation of a prior acceptance of material shall constitute "Final Acceptance" of such material.

6.6.2 Rejected Material. Rejected material shall remain at NESI's risk and expense and shall not be deemed to be incorporated into the Landfarm or come under the possession, custody, control or ownership of USL. Notwithstanding the foregoing, to the extent required by federal, state or local law, ordinance, permit, regulation, directive, code, standard or requirement, or by USL's safety and/or security rules, practices or procedures, USL may detain any rejected materials, including the vehicle and/or containers in which such rejected materials

arrived, and shall notify regulatory or other authorities wherever necessary or appropriate to do so.

6.6.3 Removal. In the event USL rejects all or any part of a shipment of material from NESI, after compliance in all material respects with all regulatory and any other requirements involving detention of such shipment, upon written request of USL, NESI, unless otherwise directed by a regulatory agency or other lawful authority, shall promptly remove or cause to be removed from the Landfarm all of the rejected material at NESI's risk and expense in a manner consistent with all applicable federal, state and local laws, ordinances, permits, regulations, directives, codes, standards and requirements. In the event NESI fails to complete such removal by the fifth business day after the date of the request by USL, USL, unless otherwise required by law or regulation, may remove or cause to be removed from the Landfarm any and all of the rejected material, and may containerize and transport it or cause it to be containerized and transported to an authorized storage site or returned to NESI at its nearest location. NESI hereby authorizes USL in such event to contract for such storage for NESI's account. For its services, USL shall charge and NESI shall pay USL's cost plus 15%. Any and all material that USL rejects shall remain property and the responsibility of NESI at NESI's risk and expense.

6.7 Third-Party Deliveries. USL may follow the procedures set forth in this Article VI with respect to any third-party generator's vessels or vehicles containing materials that are delivered to any Landfarm at the direction of NESI or its Affiliates. In addition, USL may establish and enforce other policies and procedures relating to the independent inspection of any such third-party generator's vessels or vehicles before the material contained in such vessels or vehicles shall be accepted for disposal.

ARTICLE VII
COVENANTS, REPRESENTATIONS AND WARRANTIES OF NESI

NESI hereby covenants, represents and warrants to USL as follows:

7.1 Authorization and Validity of Agreement. NESI has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereby. The execution, delivery and performance by NESI of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of NESI. No action or approval of the equity owners of NESI is necessary to authorize NESI's execution or delivery of, or the performance of its obligations under, this Agreement. This Agreement has been duly executed and delivered by NESI and is a valid and binding obligation of NESI, enforceable in accordance with its terms.

7.2 No Conflict. The execution and delivery by NESI of this Agreement does not, and exercise by NESI of its rights hereunder and the consummation of the transactions contemplated hereby will not, (a) require any consent, approval, order or authorization of or other action by any governmental entity on the part of or with respect to NESI; (b) require on the part of NESI any consent by or approval of or notice to any other Person; or (c) result in a violation of any law, rule, regulation, order, judgment or decree applicable to NESI, except in any case covered by (a),

(b) or (c) where failure to obtain such consent or such violation would not, either individually or in the aggregate, have a material adverse effect on the transactions contemplated hereby.

7.3 Licensed Carriers. Any carrier with which NESI contracts to transport NOW and all of NESI's driver personnel shall at all times relevant to the performance of services under this Agreement remain properly licensed and otherwise fully qualified to perform the services required hereunder.

7.4 Customer Approval. NESI's obligations under this Agreement shall not be affected in any way by the approval, disapproval, recommendation, instruction, direction or other communication between NESI and its customers, including any request by any NESI customer as to where its waste should be delivered. NESI shall remain responsible for payment under this Agreement without reference or regard to NESI's customers.

ARTICLE VIII
COVENANTS, REPRESENTATIONS AND WARRANTIES OF USL

USL hereby covenants, represents and warrants to NESI as follows:

8.1 Authorization and Validity of Agreement. USL has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereby. The execution, delivery and performance by USL of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of USL. No action or approval of the equity owners of USL is necessary to authorize USL's execution or delivery of, or the performance of its obligations under, this Agreement. This Agreement has been duly executed and delivered by USL and is a valid and binding obligation of USL, enforceable in accordance with its terms.

8.2 No Conflict. The execution and delivery by USL of this Agreement does not, and exercise by USL of its rights hereunder and the consummation of the transactions contemplated hereby will not (a) require any consent, approval, order or authorization of or other action by any governmental entity on the part of or with respect to USL or any of its Affiliates; (b) require on the part of USL or any of its Affiliates any consent by or approval of or notice to any other Person; or (c) result in a violation of any law, rule, regulation, order, judgment or decree applicable to USL or any of its Affiliates, except in any case covered by (a), (b) or (c) where failure to obtain such consent or such violation would not, either individually or in the aggregate, have a material adverse effect on the transactions contemplated hereby.

8.3 Services and Equipment. USL possesses the business, professional and technical expertise to handle, treat and dispose of NOW and possesses the equipment, plant and employee resources required to perform this Agreement. USL shall use its commercially reasonable efforts to turn all barges delivering materials to the Landfarms in a timely manner consistent with the number of NESI and third-party generator barges on site at such moment and with its general practice of giving priority to third-party generators' barges. The equipment shall, at all times relevant to the performance of services hereunder, be maintained in good and safe condition and fit for use.

8.4 Licenses and Permits. As of the Effective Date, USL shall be duly licensed, permitted and authorized pursuant to all applicable federal, state and local laws to handle, treat and dispose of NOW, and the Landfarms will have been issued all licenses, permits and authorizations required by all applicable federal, state and local laws. At any time during the term of this Agreement, upon NESI's reasonable request, USL shall provide to NESI, at NESI's expense, a complete copy of the current permits applicable to the operation of the Landfarms. During the term of this Agreement, USL shall use its best efforts to keep all such licenses, permits and authorizations in effect and shall promptly notify NESI if any such license, permit or authorization is to expire and not be renewed or becomes the subject of any administrative or judicial action seeking revocation or suspension.

8.5 Workers' Compensation. USL shall comply in all material respects with all applicable workers' compensation laws during the term of this Agreement. In the event any work is performed by USL's agent or subcontractor, USL shall obtain certification from such agent or subcontractor that it too is in compliance in all material respects with such laws or does not fall within the scope of such laws.

ARTICLE IX
INSURANCE

9.1 Insurance Coverage. USL and NESI, each at its own expense, shall procure and maintain in full force and effect during the term of this Agreement the following kinds of insurance with limits of coverage equal to or exceeding those limits specified therefor:

9.1.1 Workers' Compensation; Employer's Liability. Workers' Compensation Insurance shall be obtained in accordance with the provisions of the applicable Workers' Compensation Law or similar laws of a state having jurisdiction over any employee. Employer's Liability Insurance shall be obtained with a minimum limit of liability of $1,000,000. To the extent exposures fall, or may fall, within federal jurisdictions, including the U.S. Longshore and Harbor Workers' Compensation Act, the Defense Bases Act and the Federal Employers Liability Act, extensions of coverage shall be obtained in accordance with the requirements of such laws. Should operations occur where maritime liability law, the Jones Act, or General Admiralty Law apply, applicable coverages shall be required at limits of not less than $1,000,000.

9.1.2 General Liability. Comprehensive or Commercial General Liability Insurance, including Products/Completed Operations and Contractual Liability, which shall cover the indemnity provisions contained in this Agreement, shall be obtained with a combined single limit of not less than $1,000,000 per occurrence for bodily injury and property damage.

9.1.3 Automobile Liability. Business or Commercial Automobile Liability Insurance covering all owned, nonowned, and hired vehicles, shall be obtained with a combined single limit of $ 1,000,000 per occurrence or accident.

9.1.4 Umbrella Liability. Umbrella Liability Insurance over the foregoing coverages shall be obtained as applicable at limits of $10,000,000 per occurrence.

9.2 Coverage Terms. All coverages shall be written through insurers authorized to transact business in the states of operation and reasonably satisfactory and acceptable to both parties. Each party shall be added as an additional insured, and subrogation as to the policies of the other party shall be waived as applicable. All policies will be endorsed to provide not less than 30 days' written notice of cancellation, termination, nonrenewal or material change in the policy. Each party will furnish the other party certificates of insurance evidencing compliance with the requirements of Section 9.1.

9.3 Site Financial Assurance and Environmental Impairment Liability. To the extent available on commercially reasonable terms and subject to the other terms of this Agreement, USL shall (i) maintain policies of environmental impairment liability insurance covering the ownership and operation of the Landfarms in substantially such amounts and on such terms as shall be in place on the Effective Date and (ii) comply with all applicable federal or state governmental financial assurance requirements imposed in connection with its operation of the Landfarms.

ARTICLE X
INDEMNIFICATION

10.1 Indemnification by USL. USL shall defend, indemnify and hold harmless NESI and its Affiliates and their employees, officers, owners, directors and agents, from and against any and all liabilities, penalties, fines, forfeitures, demands, claims, causes of action, suits, judgments and costs and expenses incidental thereto, including reasonable attorneys' fees, which any or all of them may hereafter suffer, incur, be responsible for or pay out as a result of personal injuries, property damage, or contamination of or adverse effects on the environment, to the extent directly or indirectly caused by, or arising from or in connection with (i) the negligence, gross negligence or willful act or omission or willful misconduct of USL or any of its employees, officers, owners, directors, agents or subcontractors in the performance of this Agreement; (ii) the violation of any environmental rule, law or regulation by USL or any of its employees, officers, owners, directors, agents or subcontractors; (iii) operations of the Landfarms, including, without limitation, the receipt and disposal of waste delivered to the Landfarms by NESI and others; or (iv) the breach of, misrepresentation in, untruth in or inaccuracy in any representation, warranty or covenant of USL set forth in this Agreement.

10.2 Indemnification by NESI. NESI shall defend, indemnify and hold harmless USL and its Affiliates and their employees, officers, owners, directors, agents and subcontractors, from and against any and all liabilities, penalties, fines, forfeitures, demands, claims, causes of action, suits, judgments and costs and expenses incidental thereto, including reasonable attorneys' fees, which any or all of them may hereafter suffer, incur, be responsible for or pay out with respect to claims by third parties for personal injuries, property damage or other loss to the extent directly or indirectly caused by, or arising from or in connection with (i) the negligence, gross negligence or willful act or omission of NESI, any of its employees, officers, owners, directors, agents or subcontractors or any third-party generator acting at NESI's direction in the performance of this Agreement, (ii) the violation of any environmental rule, law or regulation by NESI, any of its employees, officers, owners, directors, agents or subcontractors or any third-party generator acting at NESI's direction; (iii) material delivered to any of the Landfarms by NESI or any third-party generator acting at NESI's direction which is not in accordance with the terms of this

Agreement or otherwise not permitted to be disposed at such Landfarm; or (iv) the breach of, misrepresentation in, untruth in or inaccuracy in any representation, warranty or covenant of NESI set forth in this Agreement.

10.3 Indemnification Procedures.

10.3.1 Promptly after receipt by an indemnified party under this Article X of notice of the commencement of any action or proceeding evidenced by service of process or other legal pleading, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify in writing the indemnifying party of the commencement thereof, but the omission so to notify the indemnifying party (i) will not relieve it from any liability that it may have to any indemnified party under this Article X unless and to the extent that the indemnifying party has been prejudiced in any material respect by such omission and (ii) will not relieve the indemnifying party from any liability that it may have to any indemnified party other than under this Article X. If any such action or proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Article X for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless the named parties to such action or proceeding (including any impleaded parties) shall include both an indemnifying party and an indemnified party and the indemnified party shall have been advised by counsel that there may be one or more defenses available to such indemnified party that are different from or additional to those available to the indemnifying party (in which case, if the indemnified party notifies the indemnifying party that it wishes to employ separate counsel at the expense of the indemnifying party (who shall promptly pay all such expenses as incurred), the indemnifying party shall not have the right to assume the defense of such action or proceeding on behalf of such indemnified party).

10.3.2 If an indemnifying party, within a reasonable period of time after notice by the indemnified party of the commencement of any action or proceeding with respect to which the indemnified party is to make a claim hereunder, fails to assume the defense thereof, the indemnified party shall have the right (upon further notice to the indemnifying party) to undertake the defense, compromise or settlement of such action or proceeding for the account of the indemnifying party, subject to the right of the indemnifying party to assume the defense of such action or proceeding at any time prior to settlement, compromise or final determination thereof. The cost and expense of any such defense and any judgment in any such action or proceeding shall be borne by the indemnifying party, and, if paid by the indemnified party, shall be reimbursed by the indemnifying party within thirty days after receipt of invoice therefor.

10.3.3 Except as otherwise provided in Section 10.3.2, an indemnifying party shall not be liable for any settlement of any litigation or proceeding effected without its written consent. An indemnifying party shall not, without the indemnified party's written consent, settle or compromise any action or proceeding or consent to entry of any judgment that would impose an injunction or other equitable relief upon the indemnified party or that does not include as an

unconditional term thereof the release by the claimant or the plaintiff of such indemnified party from all liability in respect of such action or proceeding.

ARTICLE XI
DISPUTE RESOLUTION

11.1 Negotiation of Disputes. In the event of any dispute or disagreement arising out of or relating to the implementation and performance of this Agreement, the parties agree to attempt to resolve such dispute in good faith. Should a resolution of such dispute not be obtained within 15 days after the origination of the dispute, either party may in accordance with the provisions of this Article XI file suit. Any suit filed by any party that relates to this Agreement must be filed in Texas state court in Harris County, Texas.

11.2 Continuation of Performance. In the event of a dispute arising under this Agreement, the parties shall continue performance of their respective obligations hereunder.

11.3 Effect of Breach. Breach of this Agreement by NESI shall automatically terminate the Noncompetition Agreement of September 16, 1998.

ARTICLE XII
SUSPENSION OF PERFORMANCE

12.1 Suspension of Performance by USL. USL shall have the right to suspend operations under this Agreement at the Bateman Island Landfarm for any reason. Upon such suspension, USL shall give NESI written notice of the basis for, and an estimate of, the length of the suspension.

12.1.1 If USL notifies NESI that it will temporarily suspend operations at the Bateman Island Landfarm due to litigation, court order or directive of any governmental body having jurisdiction over the operation of the Landfarm, or substantial changes to laws or regulations, then NESI shall continue to make all Payments in Full and on Time as this Agreement requires; provided, however, that USL shall make available the Bourg and/or Mermentau Landfarms to accept, in a timely fashion, delivery of that portion of the Annual Volume that NESI would otherwise deliver to the Bateman Island Landfarm under Section 3.1.l.a. If USL fails to make available either the Bourg Landfarm or the Mermentau Landfarm to accept delivery, in a timely fashion, of the NOW that NESI desires to deliver, up to the Annual Volume (prorated for the period involved), then NESI shall be excused from payments due each month such failure continues. Upon the resumption of operations at the Bateman Island Landfarm, NESI may exercise its option to deliver NOW in accordance with Section 3.1.

12.1.2 If USL notifies NESI that it will temporarily suspend operations at the Bateman Island Landfarm due to, caused by or resulting from fire, lightning, explosion, windstorm, hail, smoke, aircraft or vehicles, riot or civil commotion, sinkhole collapse, volcanic action, falling objects, weight of snow, ice or sleet, water damage, vandalism, and malicious mischief, flood, and/or earthquake, including order of civil authority when such order is given as a direct result of any other cause named in this sentence, then NESI shall be excused from payments due each month that operations are suspended. Upon the resumption of operations at the

Bateman Island Landfarm, NESI shall resume payments and may exercise its option to deliver NOW in accordance with Section 3.1.

12.1.3 If USL notifies NESI that it will temporarily suspend operations at the Bateman Island Landfarm voluntarily for any reason other than under Section 12.1.1 or 12.1.2 above, NESI is excused from payments due each month that operations are suspended. Upon the resumption of operations at the Bateman Island Landfarm, NESI shall resume payments and may exercise its option to deliver NOW in accordance with Section 3.1.

12.1.4 If operations are temporarily suspended at the Bourg, Bateman Island and Mermentau Landfarms at once or in reasonably close succession, then NESI is excused from payments due each month that operations are suspended. Upon the resumption of operations at any Landfarm, and provided USL makes any Landfarrn available to accept delivery in a timely fashion, of the NOW that NESI desires to deliver, up to the Annual Volume (prorated for the period involved), then NESI shall resume payments and may exercise its option to deliver NOW in accordance with Section 3.1.

12.1.5 Whenever, in accordance with the foregoing provisions of this Section 12.1, NESI is excused from making payments of a portion of the additional payment due pursuant to this Agreement for any month or months, such excuse shall be a permanent excuse, and the total additional payments for the Contract Year or Contract Years in which such excuse occurs shall be reduced accordingly.

12.2 Suspension of Performance by NESI. NESI has no right to suspend its performance except as specifically provided elsewhere in this Agreement and any other suspension or attempt to suspend its obligations shall constitute breach of this Agreement. Disapproval, instruction or communication by a customer of NESI, including any request by any NESI customer as to where its waste should be delivered, in a manner contrary to the terms of this Agreement shall not constitute force majeure nor provide a basis for suspension of performance.

ARTICLE XIII
MISCELLANEOUS

13.1 Status of the Parties. Each party hereto is and shall perform this Agreement as an independent contractor, and as such, shall have and maintain complete control over all of its employees, agents, and operations. Except as expressly otherwise provided in this Agreement, neither party nor anyone employed by it shall be, represent, act, purport to act or be deemed to be the agent, representative, employee or servant of the other party.

13.2 No Set-Off Rights. The parties hereby agree that neither party shall have any right to set-off or apply against any sums due under this Agreement any sums due or amounts otherwise owing pursuant to any other provision of this Agreement or any other agreement or arrangement between the parties.

13.3 Subrogation; Assignment of Rights. In the event NESI delivers and USL accepts a delivery of materials (the "Nonconforming Materials") containing hazardous or dangerous substances in violation of this Agreement and in violation of NESI's agreement with the third-party

generator producing such materials, NESI agrees that, upon the request of USL, USL shall become fully subrogated to the rights of NESI against such generator related to the Nonconforming Materials, and NESI shall (i) assign or take such further action as is necessary or desirable to transfer to USL any and all rights of action of NESI against such generator relating to such Nonconforming Materials arising at law under NESI's agreement with such generator or in equity and (ii) use its good faith best efforts to assist in the prosecution of any claim brought by USL against such third party generator relating to the Nonconforming Materials.

13.4 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. USL and NESI may assign their rights, obligations and duties under this Agreement with the written consent of the other parties to the Agreement, which consent shall not be unreasonably withheld; provided that the assigning party shall remain primarily liable for all obligations and duties arising hereunder. Without limiting the generality of the foregoing, if USL sells the Landfarms and/or related business, the purchaser shall assume USL's obligations under this Agreement, and NESI shall retain its obligations under this Agreement.

13.5 Notices.

13.5.1 General. Except under Section 3.1.1, notices and other communications provided for in this Agreement shall be in writing and shall be deemed to have been validly given (a) three calendar days after deposit in the United States mails, registered or certified mail with proper postage prepaid and return receipt requested; (b) upon transmission thereof and receipt of the appropriate confirmation if sent via telecopier or telefax; (c) the business day after the same shall have been deposited with a reputable overnight courier, shipping prepaid; and (d) if delivered in person, upon delivery, in each case addressed as follows:

If to NESI or Newpark:

c/o Newpark Resources, Inc.
3850 North Causeway, Suite 1770
Metairie, LA 70002
Attention: James D. Cole, President
Facsimile No.: (504) 833-9506

With a copy to:

Ervin, Cohen & Jessup
9401 Wilshire Boulevard
Beverly Hills, CA 90212
Attention: Bertram K. Massing, Esq.
Facsimile No.: (310) 859-2325

If to USL:

U.S. Liquids, Inc.
411 N. Sam Houston Parkway East
Houston, TX 77060
Attention: W. Greg Orr, President
Facsimile No.: (281) 272-4545

With a copy to:

Baker & Botts, L.L.P.
One Shell Plaza
910 Louisiana
Houston, TX 77002-4995
Attention: Philip J. John, Esq.
Facsimile No.: (713)229-1522

or such other address as any party shall specify by written notice so given.

Other Notices. Notices provided for in Section 3. 1.1 shall be made in writing by telefax or mailed to USL as follows:

U.S. Liquids, Inc.
Division Manager
P.O. Box 1467
Jennings, LA 70546
Attention: Jerry Brazell
Facsimile No.: (318) 824-3147

13.6 Opportunity to Cure. In the event that NESI (i) fails to pay USL any amount required under this Agreement on or before the date such payment is due and such payment is not excused by Section 12.1 and/or (ii) otherwise fails to perform under this Agreement, USL shall give notice to NESI of its failure to perform in accordance with Section 13.5. The notice shall include a description of the manner in which NESI failed to perform under this Agreement and shall include the date on which performance was due. NESI shall have fifteen (15) calendar days from the date notice is deemed validly given to correct or cure its failure to perform under this Agreement. If NESI fails to do so, then such failure shall constitute a breach of this Agreement. If NESI receives from USL notice that NESI has failed to pay USL any amount required, due and not otherwise excused under this Agreement and NESI fails to correct or cure such failure within 15 days from the date such notice is given, then such failure shall be deemed failure to make Payment in Full and on Time and shall constitute a breach of this Agreement. Failure by USL to act in accordance with this Section shall not itself constitute a breach of this Agreement nor shall such failure cause USL to waive or relinquish any right or option provided by any Section in this Agreement; provided, however, that NESI shall not be deemed to have breached this Agreement unless and until notice of such alleged breach shall have been given in accordance with this section, and NESI shall have failed to cure or correct its failure to perform as specified in such notice.

13.7 Non-Waiver. The failure of any party to enforce its rights under any provision of this Agreement shall not be construed to be a waiver of such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other breach.

13.8 Effect on NOW Payment and Other Agreements. The NOW Payment Agreement is superseded in its entirety by this Agreement and shall be of no further force or effect. Each of the Other Agreements is and shall remain in full force and effect, except that all references to the NOW Payment Agreement in the Other Agreements shall be deemed to refer solely to this Agreement unless the context requires otherwise.

13.9 Entire Agreement; Amendment. This Agreement and the Other Agreements constitute the entire agreement between the parties concerning the subject matter hereof and supersede any and all other communications, representations, proposals, understandings or agreements, either written or oral, between the parties hereto with respect to such subject matter. Concurrently with the execution and delivery of this Agreement, the parties are also executing and delivering an agreement (the "Option") under which NESI and Newpark are granted the option to extend certain provisions of this Agreement for an additional two years. This Agreement may not be modified or amended, in whole or in part, except by a writing signed by both parties hereto.

13.10 Severability. If any provision of this Agreement is declared invalid or unenforceable, then such portion shall be deemed to be severable from this Agreement and shall not affect the remainder hereof.

13.11 Headings. The Article and Section headings contained herein are for reference purposes only and shall not in any way affect the meaning and interpretation of this Agreement.

13.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one instrument.

13.13 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

ON THIS DATE, the Parties have executed multiple originals of this Payment Agreement.

NEWPARK ENVIRONMENTAL SERVICES, INC.

Dated: December 31, 1998

By:
Name:
Title:

NEWPARK RESOURCES, INC.

Dated: December 31, 1998

By:
Name:
Title:

U.S. LIQUIDS, INC.

Dated: December 31, 1998

By:
Name:
Title:

EXHIBIT 10.18

OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Option Agreement") is made and entered into this 31st day of December, 1998, by and among U.S. Liquids, Inc. ("U.S. Liquids" or "USL"), a Delaware corporation, Newpark Resources, Inc., a Delaware corporation ("Newpark"), and Newpark Environmental Services, Inc. ("NESI"), a Delaware corporation and wholly owned subsidiary of Newpark, with reference to the following facts:

A. Concurrently with the execution and delivery of this Option Agreement, the parties have executed and delivered an agreement captioned "Payment Agreement" (the "Payment Agreement") which modifies certain provisions of the NOW Payment Agreement dated September 16, 1998 (as previously amended effective September 22, 1998) between USL and NESI.

B. Under the Payment Agreement, Newpark and NESI retained the right, but not the obligation, to deliver certain limited quantities of NOW to USL for Disposal for a term ending June 30, 2001. NESI desires to obtain the option (the "Option") to extend by up to two additional one-year periods (one period at a time) the term (the "Term") for which it has the right to deliver NOW to USL for Disposal.

NOW THEREFORE, in consideration of the above premises and the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINITIONS

The following terms shall have the following meanings in this Option Agreement (unless indicated otherwise, all Article and Section references in this Option Agreement are to Articles and Sections in this Option Agreement):

Adjustment Date: June 30, 2001 (the "First Adjustment Date") or June 30, 2002 (the "Second Adjustment Date"), as applicable.

Affiliate: A Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to (i) vote 50% or more of the voting interests in such Person or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

Annual Volume: For each Option Year separately, the maximum volume of NOW permitted to be delivered by or on behalf of NESI at no cost and accepted for Disposal by USL, which volume shall be 1,400,000 barrels of NOW for each Option Year.

Base Rate: 146.4.

Collection: The collection, transfer or transportation of NOW.

Consumer Price Index: The number reflecting the measure of the average change in prices over time of certain goods and services purchased by all urban consumers in the Houston Area, as compiled and reported every even-numbered month by the United States Department of Labor, Bureau of Labor Statistics. On any Adjustment Date, the Consumer Price Index shall be the number last reported and in effect as of that date. If the Consumer Price Index as defined becomes unavailable, the parties shall use the number last reported as a measure of the average change in prices of goods and services purchased by all urban consumers in (i) the State of Texas or, in the event that number is unavailable, (ii) the United States.

Covered Region: The States of Louisiana, Texas, Mississippi and Alabama, and the Gulf of Mexico.

Disposal: The treatment or disposal of NOW.

Excluded NOW: NOW generated and collected on land and delivered to a Landfarm from the site where it was generated entirely by on-land transportation.

Landfarms: The NOW disposal facilities owned and operated by USL designated as Elm Grove, LA (DNR Permit #OWD 89-1) (the "Elm Grove Landfarm"); Bourg, LA (DNR Permit #90-10 OWD) (the "Bourg Landfarm"); Bateman Island, LA (DNR Permit #91-10 OWD) (the "Bateman Island Landfarm"); and Mermentau, LA (DNR Permit #SWD 83-6) (the "Mermentau Landfarm").

NOW: Nonhazardous oilfield waste (including Washwater) associated with the exploration and production of oil, gas and geothermal energy that contains less than 30 picocuries per gram of Radium 226 or 228. Without limiting the generality of the foregoing, for waste disposed of in Louisiana, the term NOW shall include all wastes containing less than 30 picocuries per gram of Radium 226 or 228 classified as NOW under Louisiana Statewide Order 29-B, as currently in effect, and all waste that is classified as "E&P Waste" by the Louisiana Department of Natural Resources.

Option: As defined in Section B above, the right to extend the Term, as provided in this Option Agreement.

Option Payment: The amount that NESI must pay to USL for an Option Year if it exercises the Option as to such Option Year, which, except as provided in Section 12.1, shall be no less than $8 Million, adjusted as provided in Section 2.2 of this Option Agreement.

Option Year: The twelve-month period commencing July 1, 2001 (the "First Option Year"), and/or the twelve-month period commencing July 1, 2002 (the "Second Option Year").

Payment in Full and on Time: Payment or reimbursement made to USL on or before any date specified for such payment in this Option Agreement except and unless timely paid in accordance with Section 13.6 of this Option Agreement.

Person: Any individual, corporation, association, partnership, joint venture, trust, estate or other entity or organization or government or any agency or political subdivision thereof.

Term: As defined in Section B above.

Washwater: Fluids generated by the cleaning and/or decontamination of tanks, barges, vessels, containers or other similar structures used in the storage and/or transportation of NOW. Washwater may contain cleaning agents and emulsifiers, etc., in addition to the basic cleaning agent (water).

Zapata Facility: A NOW disposal facility owned and operated by USL located near Zapata, Texas.

2. GRANT AND EXERCISE OF OPTION

2.1 Grant of Option. USL hereby grants to NESI the Option, which may be exercised or not exercised by NESI in its sole discretion. The Option may be exercised by NESI as to the First Option Year only by giving to USL written notice of the exercise of the Option on or before December 31, 2000; if the Option is exercised as to the First Option Year, the Option may be exercised by NESI as to the Second Option Year only by giving to USL written notice of the exercise of the Option on or before December 31, 2001.

2.2 Payments by NESI. For each Option Year as to which NESI exercises the Option, NESI shall pay to USL an amount equal to the Option Payment for such year. On the First Adjustment Date, June 30, 2001, the Option Payment for the First Option Year shall be adjusted by (i) dividing 100% of the Consumer Price Index in effect on that date by 100% of the Base Rate; and (ii) multiplying the result by $8 million except as provided in Section 12.1. In the event the net change in the Consumer Price Index is negative, the Option Payment for the First Option Year shall be $8 million, except as provided in Section 12.1. NESI shall pay the Option Payment for the First Option Year in twelve equal monthly installments due on or before July 2, 2001, August 1, 2001, September 3,2001, October 1, 2001, November 1, 2001, December 3, 2001, January 2, 2002, February 1, 2002, March 1, 2002, April 1, 2002, May 1, 2002, and June 3, 2002, respectively, except as provided in Section 12.1. On the Second Adjustment Date, June 30, 2002, the Option Payment for the Second Option Year shall be adjusted by (i) dividing 100% of the Consumer Price Index in effect on that date by 100% of the Base Rate; and (ii) multiplying the result by $8 million except as provided in Section 12.1. In the event the net change in the Consumer Price Index is negative, then the Option Payment for the second Option Year shall be $8 million except as provided in Section 12.1. NESI shall pay the Option Payment for the Second Option Year in twelve equal monthly installments due on or before July 1, 2002, August 1, 2002, September 2, 2002, October 1, 2002, November 1, 2002, December 2, 2002, January 1, 2003, February 3, 2003, March 3, 2003, April 1, 2003, May 1, 2003, and June 2, 2003, respectively, except as provided in Section 12.l.

2.3 Obligation to Pay. NESI's obligation to make Payment in Full and on Time in any Option Year as to which NESI has exercised the Option exists without regard to whether NESI exercises its option to deliver NOW, if any, to USL in accordance with Section

3.1. Failure to make Payment in Full and on Time in every instance for any reason whatsoever constitutes a breach of this Option Agreement and shall not entitle NESI to any offsets, carryovers, or counterclaims of any kind.

2.4 Reimbursement for Revenues. For each Option Year as to which NESI exercises the Option, NESI shall recover 100% of any revenues received by USL and its Affiliates during each calendar quarter of that Option Year from the "Business," as that term is defined in the Noncompetition Agreement dated September 16, 1998, between USL and Newpark. USL shall reimburse NESI in the proper amount within 30 days of the end of each calendar quarter.

3. DISPOSAL VOLUME

3.1 NOW Delivery.

3.1.1 Delivery Option.

a. NESI may, at its option, deliver to USL for Disposal at the Bateman Island Landfarm a maximum amount of NOW equal to the Annual Volume for such Contract Year at no cost without prior notice or approval. Subject to the terms and conditions and the limitations set forth in this Agreement, USL shall accept for Disposal at the Bateman Island Landfarm all NOW delivered by or on behalf of NESI, provided, however, that in no event shall USL be obligated to accept from NESI for Disposal at any Landfarm more than the Annual Volume during any Contract Year. Failure to deliver the full Annual Volume shall not result in any carryforward or increase in the Annual Volume in the succeeding Contract Year.

b. NESI shall have the right to deliver a volume no more than 10% of the Annual Volume to the Bourg Landfarm at no cost, subject to Section 3.1.l.a, and prior notice by NESI in accordance with Section 13.5.2, of 48 hours if such delivery shall arrive by marine transportation; or

c. NESI shall have the right to deliver a volume no more than 10% of the Annual Volume to the Mermentau Landfarm at no cost, subject to Section 3.1.1.a and prior written approval by USL, which approval will not be unreasonably withheld.

3.1.2 Obligation to Pay. If NESI has exercised the Option as to an Option Year, NESI is obligated to make the Option Payment regardless of the volume of NOW, if any, delivered to or accepted by USL in accordance with this Section 3.1, except as provided in Section 12.1. Failure by NESI to exercise its option to deliver NOW to USL for Disposal shall not alter, lessen, decrease, alleviate, or relieve NESI of its obligation to pay USL in accordance with Article 2. NESI shall make all payments in accordance with Article 2 without regard to the volume of NOW, if any, offered or delivered to USL for Disposal.

3.2 Variance. The parties agree to cooperate to minimize monthly and quarterly variances in NOW, if any, delivered for Disposal at the Landfarms, in order to avoid disruption of or problems in USL's operations.

3.3 Radium Concentration. Notwithstanding anything contained in this Option Agreement to the contrary, USL shall not be obligated to accept NOW from NESI at any Landfarm where such NOW (i) when combined with other NOW in an individual treatment cell, would cause the weighted average concentration of Radium 226 or 228 to exceed 5 pCi/gm, excluding background, or (ii) would require the loading of two or more treatment cells simultaneously to prevent the weighted average concentration of Radium 226 or 228 from exceeding 5 pCi/gm, excluding background. In the event NESI delivers NOW contravening the foregoing sentence, USL shall have the right, but not the obligation, to reject such NOW in accordance with Section 6.6.

4. SERVICES, LEVIES AND INSPECTION

4.1 Additional Services; Disposal of Injectable Saltwater. Pursuant to this Option Agreement, USL will perform standard off-loading and customary handling services associated with disposal of NOW up to, and including, the Annual Volume at no additional charge. USL will perform additional services upon request of NESI at the market rates of USL for such services, or at such other rates as the parties may mutually agree upon. All charges for such additional services shall be in addition to and independent of the Option Payment. USL will accept injectable saltwater at the Landfarms for disposal upon request of NESI at the market rates of USL for disposal of injectable saltwater, or at such other rates as the parties may mutually agree upon. All charges for disposal of injectable saltwater shall be in addition to and independent of the Option Payment.

4.2 Disposal of Washwater. NESI shall pay USL to dispose of Washwater at the rate of $1.50 per barrel of Washwater. On each Adjustment Date, the rate shall be adjusted by (i) adding to the Base Rate 70% of the positive amount, if any, determined by subtracting the Base Rate from the Consumer Price Index as of that Adjustment Date, (ii) dividing said sum by the Base Rate, and (iii) multiplying the result by $1.50. If the net change in the Consumer Price Index is negative, then the rate for disposal of Washwater shall be $1.50 per barrel. The disposal of Washwater shall be for the benefit of NESI, and USL shall provide NESI with billing information specified by NESI to enable NESI to bill the customer or customers for whose account any related cleaning services were performed.

4.3 Invoice for Additional Services: USL shall invoice NESI on a monthly basis for fees or expenses incurred from any services performed pursuant to Section 4.1 or 4.2 to be paid no later than 30 days from receipt of the invoice. Failure to pay USL in accordance with the terms of the invoice shall constitute a breach of this Option Agreement.

4.4 Extraordinary Levies.

4.4.1 Taxes. Notwithstanding anything to the contrary contained herein, if during the term of this Option Agreement there is levied upon USL or any of its Affiliates or upon the operations of USL any tax, fee, assessment, or other charge (other than income taxes applicable generally) by any governmental authority, which tax, assessment or charge increases USL's costs to operate any Landfarm, USL shall notify NESI of the cause and the per barrel

amount of the cost increase. If NESI chooses to deliver NOW to USL following the effectiveness of the tax, fee, assessment or other charge, USL will invoice NESI for and NESI will be obligated to pay NESI's share of the cost increase for so long as such tax, fee, assessment or other charge remains in effect as follows: (I) with respect to any cost increase resulting from any tax, fee, assessment or other charge levied by a governmental authority on a per barrel basis, an amount determined by multiplying such per barrel charge (but not more than the increase in cost resulting therefrom) by the number of barrels of NOW delivered by NESI to USL; and (ii) with respect to any tax, fee, assessment or other charge levied by a governmental authority on any basis other than per barrel, NESI's proportionate share of the cost increase resulting from such tax, fee, assessment or charge. NESI's proportionate share shall be calculated as follows: (a) if such tax, fee, assessment or other charge increases the cost to operate the Bateman Island Landfarm, the NESI's proportionate share shall be calculated by (I) dividing the number of barrels of NOW delivered to USL by NESI by the Annual Volume and (ii) multiplying the result by the amount of the cost increase resulting from the tax, fee, assessment, or other charge; (b) if such tax, fee, assessment or other charge increases the cost to operate the Bourg and/or Mermentau Landfarm, then NESI's proportionate share shall be calculated by (I) dividing the number of barrels of NOW delivered to USL by NESI to that Landfarm by the total number of barrels delivered to that Landfarm by all Persons and (ii) multiplying the result by the amount of the cost increase at that Landfarm resulting from the tax, fee, assessment, or other charge. Such payment or reimbursement shall not alter the Annual Volume nor alter the Option Payment.

4.4.2 Landfarm Environmental Regulations. Notwithstanding anything to the contrary contained herein, if during the term of this Option Agreement there is a substantial change in regulatory requirements related to the waste disposal business having general applicability to the handling, treatment or disposal of NOW, which change increases in a material manner USL's costs to operate any Landfarm, (i) USL shall notify NESI of the cause and the per barrel amount of the cost increase and, to the extent that NESI chooses to deliver NOW to USL, (ii) USL will invoice NESI for NESI's proportionate share of the cost increase and NESI will be obligated to pay such amount so long as such cost increase remains in effect. NESI's proportionate share shall be calculated as follows: (a) if such change in regulatory requirements increases costs to operate the Bateman Island Landfarm, then NESI's proportionate share shall be calculated by (i) dividing the number of barrels of NOW delivered to USL by NESI by the Annual Volume and (ii) multiplying the result by the amount of the cost increase; (b) if such change in regulatory requirements increases costs to operate the Bourg and/or Mermentau Landfarm, then NESI's proportionate share shall be calculated by (i) dividing the number of barrels of NOW delivered to USL by NESI to that Landfarm by the total number of barrels delivered to that Landfarm by all Persons and (ii) multiplying the result by the amount of the cost increase at that Landfarm. Failure to pay USL in accordance with the terms of the invoice shall constitute a breach of this Option Agreement.

4.4.3 Right of Inspection. In the event USL notifies NESI of a cost increase pursuant to this Section 4.4, NESI shall have the right to conduct a reasonable review of the calculations, working papers and the books and records related to the determination of such fee increase. All costs of such review shall be borne exclusively by NESI.

5. GUARANTY BY NEWPARK

5.1 Performance of Option Agreement. Newpark hereby covenants and agrees that it shall cause NESI to fully perform all of its obligations under this Option Agreement in a timely manner. Newpark further covenants and agrees that it shall take all action, including, without limitation, supplying information necessary for the determination of quantities of NOW that may be delivered pursuant to this Option Agreement, or shall refrain from taking any action, as is necessary or appropriate, to permit NESI to fully perform all of its obligations under this Option Agreement in a timely manner.

5.2 Unconditional Guarantee. Newpark hereby unconditionally and irrevocably guarantees the performance in full of all obligations of NESI under this Option Agreement, with the same force and effect and to the same extent as if Newpark had the same rights and obligations hereunder as NESI.

5.3 No Set-Off; Guaranty of Performance or Payment Upon Demand. Newpark shall perform any obligations or pay any amounts due in respect of the obligations of NESI hereunder promptly upon demand by USL or its Affiliates, without any set-off, defense or deduction for any claims or counterclaims of any kind, except for any such setoffs, defenses, or deductions that NESI could assert hereunder.

5.4 Waiver of Diligence, Etc. Newpark hereby waives diligence, presentment, demand, protest and notice of any kind with respect to this Guarantee, as well as any requirement that USL or its affiliates exhaust any rights or take any action against NESI.

5.5 Waiver of Suretyship Defenses. To the extent permitted by applicable law, Newpark hereby waives any and all legal and equitable defenses that arise by reason of Newpark's status as a surety for NESI, which defenses would not be available to Newpark if it had the same rights and obligations hereunder as NESI.

5.6 Status. This Section 5 shall remain in full force and effect with respect to each Option Year for which the Option is exercised and shall terminate thereafter when and to the extent that this Option Agreement is terminated.

6. OPERATING PROCEDURES

6.1 Compliance with Operating Procedures. NESI and its Affiliates shall comply in all material respects with and abide by, and shall require their employees, servants, agents, representatives, contractors, subcontractors, haulers and transporters to comply in all material respects with and abide by, all applicable federal, state and local laws, ordinances, permits, regulations, directives, codes, standards and requirements relating to the subject matter of this Option Agreement or the performance of services hereunder, as well as all of USL's rules, regulations, procedures and guidelines, written or oral, as the same may be reasonably adopted and modified from time to time, including, without limitation, all safety and/or security regulations, practices and procedures, and all procedures reasonably adopted by USL in compliance with its permits or utilized by USL in the inspection, sampling and testing of material delivered to any Landfarm for disposal.

6.2 Inspection and Testing by NESI; Notification. NESI agrees that it shall inspect and test all materials accepted, acquired, taken possession of, procured, directed, controlled or otherwise received by it from third party generators or other parties for disposal (with the exception of any NOW produced by third-party generators which NESI or its Affiliates treat and dispose of on the site at which the NOW was generated) to the extent required by applicable federal, state and local laws, ordinances, permits, regulations, directives, codes, standards and requirements. NESI shall promptly notify USL if it becomes aware of any unusual or special characteristics of any materials being delivered to any Landfarm which cause such materials to require special treatment, handling or care. Upon request by USL, NESI shall provide copies of all inspection and test results relating to material to be disposed of at any Landfarm under the terms of this Option Agreement to USL upon delivery.

6.3 Shipment and Delivery of NOW. NESI, its Affiliates and/or its contractors and subcontractors shall be responsible for proper containerization, preparation and labeling for shipment, shipment, transportation and delivery to any Landfarm, and shall comply fully with all applicable federal, state and local laws, ordinances, permits, regulations, directives, codes, standards and requirements in making such delivery to any Landfarm. USL and its Affiliates undertake no responsibility whatsoever for the preparation, handling or transportation of any material prior to acceptance of delivery as hereinafter provided.

6.4 Inspections.

6.4.1 Barges. Upon arrival of any barge transporting material to a Landfarm at the direction of NESI or any of its Affiliates, USL shall have the right to have an independent third party inspector selected by USL undertake an inspection of the barge transporting material to the Landfarm for the purpose of determining (a) the volume of materials delivered and (b) the condition of the barge on arrival at the Landfarm. The costs of such inspector shall be split evenly between NESI and USL, and NESI's portion of such expense shall be included on the monthly invoices prepared by USL in accordance with Section 4.3. Before any materials are off-loaded from the barge or any inspection or testing is undertaken by USL, the independent inspector will provide the authorized representatives of NESI and USL with an inspector's report indicating the time and date, the barge identification number and volume of waste materials in the barge. The authorized representatives of the parties will indicate their acceptance of the inspector's report by signing the report. In the event either authorized representative disagrees with the volume determination, either authorized representative may request that an additional independent third-party inspector prepare an inspector's report, the cost of which shall be borne by the party requesting the same. If the parties are unable to agree on the actual volume of waste after the preparation of the second inspector's report, the two independent inspectors shall select a third independent inspector to prepare an inspector's report, the cost of which will be borne half by NESI and half by USL. The final volume determination shall be that volume agreed upon by the majority of the independent inspectors that have inspected the barge. If the barge appears to be damaged in any significant respect, the inspector shall summarize the apparent damage and take photographs as appropriate to evidence the scope of the damage. The authorized representative of NESI shall approve such damage summary by executing the same prior to the time any material is off-loaded from the barge. With regard to barges owned and operated by NESI, USL agrees that it shall not exercise its right to implement the procedures set forth in this Section 6.4.1 unless the parties have previously had a dispute or disagreement relating

to the quantity of materials delivered to a Landfarm by NESI or the condition of a barge owned and operated by NESI and such dispute or disagreement was not amicably resolved within 30 days.

6.4.2 Trucks. Upon arrival of a truck transporting material to a Landfarm on behalf of NESI or any of its Affiliates, USL personnel shall undertake an inspection to determine the volume of materials delivered. Before any materials are off-loaded from the truck or any inspection or testing is undertaken by USL, USL shall prepare a receipt indicating the time and date and the volume of materials in the truck. The driver of the truck shall indicate his or her acceptance of the receipt by signing the receipt. In the event the driver disagrees with the volume determination, USL shall have the option of (i) accepting the volume stated by the driver and preparing a receipt evidencing such volume to be signed by the driver or (ii) rejecting such materials in accordance with Section 6.6.

6.5 Inspection and Testing of Material. After all inspections, if any, pursuant to Section 6.4 have been concluded, USL shall conduct inspections, testing and sampling using such equipment and procedures as are required by or consistent with its permits. USL may rely exclusively on the results of its inspection in determining whether materials delivered may be disposed at the Landfarm in accordance with its permits and this Option Agreement. NESI authorizes USL to retain samples and all data relating thereto, including test results, for so long as required by federal, state or local law, ordinance, permit, regulation, directive, code, standard or requirement and additionally for so long as USL in its sole discretion shall determine.

6.6 Acceptance or Rejection of Material.

6.6.1 Acceptance. USL shall only be obligated to accept waste materials at the Landfarm which are permissible under the permit requirements of that Landfarm at the time of delivery. For a period of ten days after the date of delivery, USL shall have the right to reject (or revoke any prior acceptance) all or any part of a shipment of material delivered by or on behalf of NESI to the Landfarm if (i) such material is not in accordance with the terms of this Option Agreement or (ii) USL concludes that such material exceeds the parameters of the permits applicable to the Landfarm. USL shall notify NESI of any rejection in writing and shall state the reason therefor. The expiration of such ten-day period without a rejection or a revocation of a prior acceptance of material shall constitute "Final Acceptance" of such material.

6.6.2 Rejected Material. Rejected material shall remain at NESI's risk and expense and shall not be deemed to be incorporated into the Landfarm or come under the possession, custody, control or ownership of USL. Notwithstanding the foregoing, to the extent required by federal, state or local law, ordinance, permit, regulation, directive, code, standard or requirement, or by USL's safety and/or security rules, practices or procedures, USL may detain any rejected materials, including the vehicle and/or containers in which such rejected materials arrived, and shall notify regulatory or other authorities wherever necessary or appropriate to do so.

6.6.3 Removal. In the event USL rejects all or any part of a shipment of material from NESI, after compliance in all material respects with all regulatory and any other

requirements involving detention of such shipment, upon written request of USL, NESI, unless otherwise directed by a regulatory agency or other lawful authority, shall promptly remove or cause to be removed from the Landfarm all of the rejected material at NESI's risk and expense in a manner consistent with all applicable federal, state and local laws, ordinances, permits, regulations, directives, codes, standards and requirements. In the event NESI fails to complete such removal by the fifth business day after the date of the request by USL, USL, unless otherwise required by law or regulation, may remove or cause to be removed from the Landfarm any and all of the rejected material, and may containerize and transport it or cause it to be containerized and transported to an authorized storage site or returned to NESI at its nearest location. NESI hereby authorizes USL in such event to contract for such storage for NESI's account. For its services, USL shall charge and NESI shall pay USL's cost plus 15%. Any and all material that USL rejects shall remain property and the responsibility of NESI at NESI's risk and expense.

6.7 Third-Party Deliveries. USL may follow the procedures set forth in this Article VI with respect to any third-party generator's vessels or vehicles containing materials that are delivered to any Landfarm at the direction of NESI or its Affiliates. In addition, USL may establish and enforce other policies and procedures relating to the independent inspection of any such third-party generator's vessels or vehicles before the material contained in such vessels or vehicles shall be accepted for disposal.

7. COVENANTS, REPRESENTATIONS AND WARRANTIES OF NESI

NESI hereby covenants, represents and warrants to USL as follows:

7.1 Authorization and Validity of Agreement. NESI has all requisite power and authority to enter into this Option Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereby. The execution, delivery and performance by NESI of this Option Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of NESI. No action or approval of the equity owners of NESI is necessary to authorize NESI's execution or delivery of, or the performance of its obligations under, this Option Agreement. This Option Agreement has been duly executed and delivered by NESI and is a valid and binding obligation of NESI, enforceable in accordance with its terms.

7.2 No Conflict. The execution and delivery by NESI of this Option Agreement does not, and exercise by NESI of its rights hereunder and the consummation of the transactions contemplated hereby will not, (a) require any consent, approval, order or authorization of or other action by any governmental entity on the part of or with respect to NESI; (b) require on the part of NESI any consent by or approval of or notice to any other Person; or (c) result in a violation of any law, rule, regulation, order, judgment or decree applicable to NESI, except in any case covered by (a), (b) or (c) where failure to obtain such consent or such violation would not, either individually or in the aggregate, have a material adverse effect on the transactions contemplated hereby.

7.3 Licensed Carriers. Any carrier with which NESI contracts to transport NOW and all of NESI's driver personnel shall at all times relevant to the performance of services

under this Option Agreement remain properly licensed and otherwise fully qualified to perform the services required hereunder.

7.4 Customer Approval. For each Option Year as to which the Option has been exercised by NESI, NESI's obligations under this Option Agreement shall not be affected in any way by the approval, disapproval, recommendation, instruction, direction or other communication between NESI and its customers, including any request by any NESI customer as to where its waste should be delivered. NESI shall remain responsible for payment under this Option Agreement without reference or regard to NESI's customers.

8. COVENANTS, REPRESENTATIONS AND WARRANTIES OF USL

USL hereby covenants, represents and warrants to NESI as follows:

8.1 Authorization and Validity of Agreement. USL has all requisite power and authority to enter into this Option Agreement and to perform its obligations hereunder and consummate the transactions contemplated hereby. The execution, delivery and performance by USL of this Option Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of USL. No action or approval of the equity owners of USL is necessary to authorize USL's execution or delivery of, or the performance of its obligations under, this Option Agreement. This Option Agreement has been duly executed and delivered by USL and is a valid and binding obligation of USL, enforceable in accordance with its terms.

8.2 No Conflict. The execution and delivery by USL of this Option Agreement does not, and exercise by USL of its rights hereunder and the consummation of the transactions contemplated hereby will not (a) require any consent, approval, order or authorization of or other action by any governmental entity on the part of or with respect to USL or any of its Affiliates; (b) require on the part of USL or any of its Affiliates any consent by or approval of or notice to any other Person; or (c) result in a violation of any law, rule, regulation, order, judgment or decree applicable to USL or any of its Affiliates, except in any case covered by (a), (b) or (c) where failure to obtain such consent or such violation would not, either individually or in the aggregate, have a material adverse effect on the transactions contemplated hereby.

8.3 Services and Equipment. USL possesses the business, professional and technical expertise to handle, treat and dispose of NOW and possesses the equipment, plant and employee resources required to perform this Option Agreement. USL shall use its commercially reasonable efforts to turn all barges delivering materials to the Landfarms in a timely manner consistent with the number of NESI and third-party generator barges on site at such moment and with its general practice of giving priority to third-party generators' barges. The equipment shall, at all times relevant to the performance of services hereunder, be maintained in good and safe condition and fit for use.

8.4 Licenses and Permits. As of the Effective Date, USL shall be duly licensed, permitted and authorized pursuant to all applicable federal, state and local laws to handle, treat and dispose of NOW, and the Landfarms will have been issued all licenses, permits and authorizations required by all applicable federal, state and local laws. At any time during the

term of this Option Agreement, upon NESI's reasonable request, USL shall provide to NESI, at NESI's expense, a complete copy of the current permits applicable to the operation of the Landfarms. During the term of this Option Agreement, USL shall use its best efforts to keep all such licenses, permits and authorizations in effect and shall promptly notify NESI if any such license, permit or authorization is to expire and not be renewed or becomes the subject of any administrative or judicial action seeking revocation or suspension.

8.5 Workers' Compensation. USL shall comply in all material respects with all applicable workers' compensation laws during the term of this Option Agreement. In the event any work is performed by USL's agent or subcontractor, USL shall obtain certification from such agent or subcontractor that it too is in compliance in all material respects with such laws or does not fall within the scope of such laws.

9. INSURANCE

9.1 Insurance Coverage. USL and NESI, each at its own expense, shall procure and maintain in full force and effect during the term of this Option Agreement the following kinds of insurance with limits of coverage equal to or exceeding those limits specified therefor:

9.1.1 Workers' Compensation; Employer's Liability. Workers' Compensation Insurance shall be obtained in accordance with the provisions of the applicable Workers' Compensation Law or similar laws of a state having jurisdiction over any employee. Employer's Liability Insurance shall be obtained with a minimum limit of liability of $1,000,000. To the extent exposures fall, or may fall, within federal jurisdictions, including the U.S. Longshore and Harbor Workers' Compensation Act, the Defense Bases Act and the Federal Employers Liability Act, extensions of coverage shall be obtained in accordance with the requirements of such laws. Should operations occur where maritime liability law, the Jones Act, or General Admiralty Law apply, applicable coverages shall be required at limits of not less than $1,000,000.

9.1.2 General Liability. Comprehensive or Commercial General Liability Insurance, including Products/Completed Operations and Contractual Liability, which shall cover the indemnity provisions contained in this Option Agreement, shall be obtained with a combined single limit of not less than $1,000,000 per occurrence for bodily injury and property damage.

9.1.3 Automobile Liability. Business or Commercial Automobile Liability Insurance covering all owned, nonowned, and hired vehicles, shall be obtained with a combined single limit of $ 1,000,000 per occurrence or accident.

9.1.4 Umbrella Liability. Umbrella Liability Insurance over the foregoing coverages shall be obtained as applicable at limits of $10,000,000 per occurrence.

9.2 Coverage Terms. All coverages shall be written through insurers authorized to transact business in the states of operation and reasonably satisfactory and acceptable to both parties. Each party shall be added as an additional insured, and subrogation as to the policies of the other party shall be waived as applicable. All policies will be endorsed to provide not less than 30 days' written notice of cancellation, termination, nonrenewal or material

change in the policy. Each party will furnish the other party certificates of insurance evidencing compliance with the requirements of Section 9.1.

9.3 Site Financial Assurance and Environmental Impairment Liability. To the extent available on commercially reasonable terms and subject to the other terms of this Option Agreement, USL shall (i) maintain policies of environmental impairment liability insurance covering the ownership and operation of the Landfarms in substantially such amounts and on such terms as shall be in place on the Effective Date and (ii) comply with all applicable federal or state governmental financial assurance requirements imposed in connection with its operation of the Landfarms.

10. INDEMNIFICATION

10.1 Indemnification by USL. USL shall defend, indemnify and hold harmless NESI and its Affiliates and their employees, officers, owners, directors and agents, from and against any and all liabilities, penalties, fines, forfeitures, demands, claims, causes of action, suits, judgments and costs and expenses incidental thereto, including reasonable attorneys' fees, which any or all of them may hereafter suffer, incur, be responsible for or pay out as a result of personal injuries, property damage, or contamination of or adverse effects on the environment, to the extent directly or indirectly caused by, or arising from or in connection with (i) the negligence, gross negligence or willful act or omission or willful misconduct of USL or any of its employees, officers, owners, directors, agents or subcontractors in the performance of this Option Agreement; (ii) the violation of any environmental rule, law or regulation by USL or any of its employees, officers, owners, directors, agents or subcontractors; (iii) operations of the Landfarms, including, without limitation, the receipt and disposal of waste delivered to the Landfarms by NESI and others; or (iv) the breach of, misrepresentation in, untruth in or inaccuracy in any representation, warranty or covenant of USL set forth in this Option Agreement.

10.2 Indemnification by NESI. NESI shall defend, indemnify and hold harmless USL and its Affiliates and their employees, officers, owners, directors, agents and subcontractors, from and against any and all liabilities, penalties, fines, forfeitures, demands, claims, causes of action, suits, judgments and costs and expenses incidental thereto, including reasonable attorneys' fees, which any or all of them may hereafter suffer, incur, be responsible for or pay out with respect to claims by third parties for personal injuries, property damage or other loss to the extent directly or indirectly caused by, or arising from or in connection with (i) the negligence, gross negligence or willful act or omission of NESI, any of its employees, officers, owners, directors, agents or subcontractors or any third-party generator acting at NESI's direction in the performance of this Option Agreement, (ii) the violation of any environmental rule, law or regulation by NESI, any of its employees, officers, owners, directors, agents or subcontractors or any third-party generator acting at NESI's direction; (iii) material delivered to any of the Landfarms by NESI or any third-party generator acting at NESI's direction which is not in accordance with the terms of this Option Agreement or otherwise not permitted to be disposed at such Landfarm; or (iv) the breach of, misrepresentation in, untruth in or inaccuracy in any representation, warranty or covenant of NESI set forth in this Option Agreement.

10.3 Indemnification Procedures.

10.3.1 Promptly after receipt by an indemnified party under this Article X of notice of the commencement of any action or proceeding evidenced by service of process or other legal pleading, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify in writing the indemnifying party of the commencement thereof, but the omission so to notify the indemnifying party (i) will not relieve it from any liability that it may have to any indemnified party under this Article X unless and to the extent that the indemnifying party has been prejudiced in any material respect by such omission and (ii) will not relieve the indemnifying party from any liability that it may have to any indemnified party other than under this Article X. If any such action or proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Article X for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless the named parties to such action or proceeding (including any impleaded parties) shall include both an indemnifying party and an indemnified party and the indemnified party shall have been advised by counsel that there may be one or more defenses available to such indemnified party that are different from or additional to those available to the indemnifying party (in which case, if the indemnified party notifies the indemnifying party that it wishes to employ separate counsel at the expense of the indemnifying party (who shall promptly pay all such expenses as incurred), the indemnifying party shall not have the right to assume the defense of such action or proceeding on behalf of such indemnified party).

10.3.2 If an indemnifying party, within a reasonable period of time after notice by the indemnified party of the commencement of any action or proceeding with respect to which the indemnified party is to make a claim hereunder, fails to assume the defense thereof, the indemnified party shall have the right (upon further notice to the indemnifying party) to undertake the defense, compromise or settlement of such action or proceeding for the account of the indemnifying party, subject to the right of the indemnifying party to assume the defense of such action or proceeding at any time prior to settlement, compromise or final determination thereof. The cost and expense of any such defense and any judgment in any such action or proceeding shall be borne by the indemnifying party, and, if paid by the indemnified party, shall be reimbursed by the indemnifying party within thirty days after receipt of invoice therefor.

10.3.3 Except as otherwise provided in Section 10.3.2, an indemnifying party shall not be liable for any settlement of any litigation or proceeding effected without its written consent. An indemnifying party shall not, without the indemnified party's written consent, settle or compromise any action or proceeding or consent to entry of any judgment that would impose an injunction or other equitable relief upon the indemnified party or that does not include as an unconditional term thereof the release by the claimant or the plaintiff of such indemnified party from all liability in respect of such action or proceeding.

11. DISPUTE RESOLUTION

11.1 Negotiation of Disputes. In the event of any dispute or disagreement arising out of or relating to the implementation and performance of this Option Agreement, the parties agree to attempt to resolve such dispute in good faith. Should a resolution of such dispute not be obtained within 15 days after the origination of the dispute, either party may in accordance with the provisions of this Article XI file suit. Any suit filed by any party that relates to this Option Agreement must be filed in Texas state court in Harris County, Texas.

11.2 Continuation of Performance. In the event of a dispute arising under this Option Agreement, the parties shall continue performance of their respective obligations hereunder.

12. SUSPENSION OF PERFORMANCE

12.1 Suspension of Performance by USL. USL shall have the right to suspend operations under this Option Agreement at the Bateman Island Landfarm for any reason. Upon such suspension, USL shall give NESI written notice of the basis for, and an estimate of, the length of the suspension.

12.1.1 If USL notifies NESI that it will temporarily suspend operations at the Bateman Island Landfarm due to litigation, court order or directive of any governmental body having jurisdiction over the operation of the Landfarm, or substantial changes to laws or regulations, then NESI shall continue to make all Payments in Full and on Time as this Option Agreement requires; provided, however, that USL shall make available the Bourg and/or Mermentau Landfarms to accept, in a timely fashion, delivery of that portion of the Annual Volume that NESI would otherwise deliver to the Bateman Island Landfarm under Section 3.1.l.a. If USL fails to make available either the Bourg Landfarm or the Mermentau Landfarm to accept delivery, in a timely fashion, of the NOW that NESI desires to deliver, up to the Annual Volume (prorated for the period involved), then NESI shall be excused from payments due each month such failure continues. Upon the resumption of operations at the Bateman Island Landfarm, NESI may exercise its option to deliver NOW in accordance with Section 3.1.

12.1.2 If USL notifies NESI that it will temporarily suspend operations at the Bateman Island Landfarm due to litigation, court order or directive of any governmental body having jurisdiction over the operation of the Landfarm, or substantial changes to laws or regulations, then NESI shall continue to make all Payments in Full and on Time as this Option Agreement requires; provided, however, that USL shall make available the Bourg and/or Mermentau Landfarms to accept, in a timely fashion, delivery of that portion of the Annual Volume that NESI would otherwise deliver to the Bateman Island Landfarm under Section 3.1.l.a. If USL fails to make available either the Bourg Landfarm or the Mermentau Landfarm to accept delivery, in a timely fashion, of the NOW that NESI desires to deliver, up to the Annual Volume (prorated for the period involved), then NESI shall be excused from payments due each month such failure continues. Upon the resumption of operations at the Bateman Island Landfarm, NESI may exercise its option to deliver NOW in accordance with Section 3.1.

12.1.3 If USL notifies NESI that it will temporarily suspend operations at the Bateman Island Landfarm voluntarily for any reason other than under Section 12.1.1 or 12.1.2 above, NESI is excused from payments due each month that operations are suspended. Upon the

resumption of operations at the Bateman Island Landfarm, NESI shall resume payments and may exercise its option to deliver NOW in accordance with Section 3.1.

12.1.4 If operations are temporarily suspended at the Bourg, Bateman Island and Mermentau Landfarms at once or in reasonably close succession, then NESI is excused from payments due each month that operations are suspended. Upon the resumption of operations at any Landfarm, and provided USL makes any Landfarrn available to accept delivery in a timely fashion, of the NOW that NESI desires to deliver, up to the Annual Volume (prorated for the period involved), then NESI shall resume payments and may exercise its option to deliver NOW in accordance with Section 3.1.

12.1.5 Whenever, in accordance with the foregoing provisions of this Section 12.1, NESI is excused from making payments of a portion of the Option Payment for any month or months, such excuse shall be a permanent excuse, and the total Option Payment for the Option Year or Option Years in which such excuse occurs shall be reduced accordingly.

12.2 Suspension of Performance by NESI. NESI has no right to suspend its performance except as specifically provided elsewhere in this Option Agreement and any other suspension or attempt to suspend its obligations shall constitute breach of this Option Agreement. Disapproval, instruction or communication by a customer of NESI, including any request by any NESI customer as to where its waste should be delivered, in a manner contrary to the terms of this Option Agreement shall not constitute force majeure nor provide a basis for suspension of performance.

13. MISCELLANEOUS

13.1 Status of the Parties. Each party hereto is and shall perform this Option Agreement as an independent contractor, and as such, shall have and maintain complete control over all of its employees, agents, and operations. Except as expressly otherwise provided in this Option Agreement, neither party nor anyone employed by it shall be, represent, act, purport to act or be deemed to be the agent, representative, employee or servant of the other party.

13.2 No Set-Off Rights. The parties hereby agree that neither party shall have any right to set-off or apply against any sums due under this Option Agreement any sums due or amounts otherwise owing pursuant to any other provision of this Option Agreement or any other agreement or arrangement between the parties.

13.3 Subrogation; Assignment of Rights. In the event NESI delivers and USL accepts a delivery of materials (the "Nonconforming Materials") containing hazardous or dangerous substances in violation of this Option Agreement and in violation of NESI's agreement with the third-party generator producing such materials, NESI agrees that, upon the request of USL, USL shall become fully subrogated to the rights of NESI against such generator related to the Nonconforming Materials, and NESI shall (i) assign or take such further action as is necessary or desirable to transfer to USL any and all rights of action of NESI against such generator relating to such Nonconforming Materials arising at law under NESI's agreement with such generator or

in equity and (ii) use its good faith best efforts to assist in the prosecution of any claim brought by USL against such third party generator relating to the Nonconforming Materials.

13.4 Binding Effect; Assignment. This Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. USL and NESI may assign their rights, obligations and duties under this Option Agreement with the written consent of the other parties to the Agreement, which consent shall not be unreasonably withheld; provided that the assigning party shall remain primarily liable for all obligations and duties arising hereunder. Without limiting the generality of the foregoing, if USL sells the Landfarms and/or related business, the purchaser shall assume USL's obligations under this Option Agreement, and NESI shall retain its obligations under this Option Agreement.

13.5 Notices.

13.5.1 General. Except under Section 3.1.1, notices and other communications provided for in this Option Agreement shall be in writing and shall be deemed to have been validly given (a) three calendar days after deposit in the United States mails, registered or certified mail with proper postage prepaid and return receipt requested; (b) upon transmission thereof and receipt of the appropriate confirmation if sent via telecopier or telefax; (c) the business day after the same shall have been deposited with a reputable overnight courier, shipping prepaid; and (d) if delivered in person, upon delivery, in each case addressed as follows:

If to NESI or Newpark:	With a copy to:
c/o Newpark Resources, Inc. 3850 North Causeway, Suite 1770 Metairie, LA 70002 Attention: James D. Cole, President Facsimile No.: (504) 833-9506	Ervin, Cohen & Jessup 9401 Wilshire Boulevard Beverly Hills, CA 90212 Attention: Bertram K. Massing, Esq. Facsimile No.: (310) 859-2325

If to USL:	With a copy to:
U.S. Liquids, Inc. 411 N. Sam Houston Parkway East Houston, TX 77060 Attention: W. Greg Orr, President Facsimile No.: (281) 272-4545	Baker & Botts, L.L.P. One Shell Plaza 910 Louisiana Houston, TX 77002-4995 Attention: Philip J. John, Esq. Facsimile No.: (713) 229-1522

or such other address as any party shall specify by written notice so given.

13.5.2 Other Notices. Notices provided for in Section 3.1.1 shall be made in writing by telefax or mailed to USL as follows:

U.S. Liquids, Inc.
Division Manager
P.O. Box 1467

Jennings, LA 70546
Attention: Jerry Brazell
Facsimile No.: (318) 824-3147

13.6 Opportunity to Cure. In the event that NESI (i) fails to pay USL any amount required under this Option Agreement on or before the date such payment is due and such payment is not excused by Section 12.1 and/or (ii) otherwise fails to perform under this Option Agreement, USL shall give notice to NESI of its failure to perform in accordance with Section 13.5. The notice shall include a description of the manner in which NESI failed to perform under this Option Agreement and shall include the date on which performance was due. NESI shall have fifteen (15) calendar days from the date notice is deemed validly given to correct or cure its failure to perform under this Option Agreement. If NESI fails to do so, then such failure shall constitute a breach of this Option Agreement. If NESI receives from USL notice that NESI has failed to pay USL any amount required, due and not otherwise excused under this Option Agreement and NESI fails to correct or cure such failure within 15 days from the date such notice is given, then such failure shall be deemed failure to make Payment in Full and on Time and shall constitute a breach of this Option Agreement. Failure by USL to act in accordance with this Section shall not itself constitute a breach of this Option Agreement nor shall such failure cause USL to waive or relinquish any right or option provided by any Section in this Option Agreement; provided, however, that NESI shall not be deemed to have breached this Option Agreement unless and until notice of such alleged breach shall have been given in accordance with this section, and NESI shall have failed to cure or correct its failure to perform as specified in such notice.

13.7 Non-Waiver. The failure of any party to enforce its rights under any provision of this Option Agreement shall not be construed to be a waiver of such provision. No waiver of any breach of this Option Agreement shall be held to be a waiver of any other breach.

13.8 Entire Agreement; Amendment. This Option Agreement, the Payment Agreement and the Other Agreements referred to in the Payment Agreement constitute the entire agreement between the parties concerning the subject matter hereof and supersede any and all other communications, representations, proposals, understandings or agreements, either written or oral, between the parties hereto with respect to such subject matter. This Option Agreement may not be modified or amended, in whole or in part, except by a writing signed by both parties hereto.

13.9 Severability. If any provision of this Option Agreement is declared invalid or unenforceable, then such portion shall be deemed to be severable from this Option Agreement and shall not affect the remainder hereof.

13.10 Headings. The Article and Section headings contained herein are for reference purposes only and shall not in any way affect the meaning and interpretation of this Option Agreement.

13.11 Counterparts. This Option Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one instrument.

13.12 Governing Law. This Option Agreement SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

ON THIS DATE, the Parties have executed multiple originals of this Option Agreement.

NEWPARK ENVIRONMENTAL SERVICES, INC.

Dated: December 31, 1998

By:
Name:
Title:

NEWPARK RESOURCES, INC.

Dated: December 31, 1998

By:
Name:
Title:

U.S. LIQUIDS, INC.

Dated: December 31, 1998

By:
Name:
Title:

EXHIBIT 10.19

ASSET PURCHASE AGREEMENT

BY

AND

BETWEEN

NEWPARK ENVIRONMENTAL SERVICES, INC.

AND

U.S. LIQUIDS, INC.

Dated as of the 16th day
of September, 1998

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") dated September 16, 1998 by and among Newpark Environmental Services, Inc., a Delaware corporation ("NESI" or "Seller"), and U.S. Liquids, Inc., a Delaware corporation ("USL" or "Purchaser").

WHEREAS, one of Seller's lines of business is the Cleaning Business as defined herein and activities related thereto; and

WHEREAS, Purchaser wishes to purchase from Seller and Seller wishes to sell, transfer, assign and deliver to Purchaser the Acquisition Assets (as hereinafter defined) on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements stated herein, the parties hereto covenant and agree as follows:

I. ARTICLE

DEFINITION

I.1 Section Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

I.1 Section Defined Terms. As used in this Agreement, the following terms have the meanings specified in this Section 1.2. Other capitalized terms have the meanings assigned to them elsewhere in this Agreement.

Affiliate: with respect to any Person, means any Person directly or indirectly controlling, controlled by or under common control with such Person, and any natural Person who is an officer, director or partner of such Person and any members of their immediate families living within the same household. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

CERCLA: means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

Cleaning Business: shall include but is not limited to any one or more of the following activities: (1) performance of onshore and/or offshore cleaning of tanks, barges, vessels, containers or other similar structures used in the storage and/or transportation of NOW; and (2) the lease, rental or sale of labor and/or equipment involved in cleaning. Code: means the Internal Revenue Code of 1986, as amended, or any amending or superseding tax laws of the United States of America.

Environmental Laws: means any and all laws, common law, statutes, ordinances, rules, regulations, judgments, orders or other official acts or determinations of any Governmental Authority relating to the protection of human health or safety or regulating or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance, element, compound, mixture or material in any and all jurisdictions in which property of Seller is located or the business of Seller is conducted or in which such business at any time has been conducted, including, without limitation, (a) CERCLA, (b) RCRA, (c) the Solid Waste Disposal Act, as amended, (d) the Hazardous and Solid Waste Amendments Act of 1984, as amended, (e) the Clean Air Act, as amended, (f) the Toxic Substances Control Act, as amended, (g) the Safe Drinking Water Act, as amended, (h) the Federal Water Pollution Prevention and Control Act, as amended, (i) the Occupational Safety and Health Act of 1970, as amended, (j) the Hazardous Materials Transportation Act, as amended, (k) the Rivers and Harbors Act of 1899, as amended, and (l) any rules and regulations promulgated pursuant to any or all of (a) through (k) above. The terms "release" or "threatened release" shall have the meanings specified in CERCLA, and the terms "solid waste" and "disposal" (or "disposed") shall have the meanings specified in RCRA; provided, however, that, to the extent the laws of any jurisdiction applicable to Seller or any of their respective properties or assets establish a meaning for "release," "solid waste" or "disposal" which is broader than that specified in either CERCLA or RCRA, such broader meaning shall apply in such jurisdiction.

Governmental Authority: means any nation or government, any state or political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

Permitted Encumbrances: means (a) minor defects and irregularities affecting title to the Acquisition Assets, but only if such defects and irregularities do not and will not impair in any material respect the operation, value, marketability or use of the asset affected by such defect or irregularity; and (b) rights reserved to or vested in any governmental body to control or regulate any asset in any manner that does not materially impair the value or use of such asset.

Person: means any individual, partnership, joint venture, corporation, limited liability company, association, trust, unincorporated organization, government or agency or subdivision thereof or any other entity.

RCRA: means the Resources Conservation and Recovery Act of 1976, as amended.

Subsidiary or Subsidiaries: means, with respect to any specified Person, a corporation, partnership, joint venture, trust, limited liability company, unincorporated organization or other Person at least a majority of whose securities having ordinary voting power for the election of its board of directors or other similar managing body are, at the time as of which any determination is being made, owned legally or beneficially by such Person or one or more Subsidiaries thereof. Tax Return: means any return, report, statement, information return or other document (including any related or supporting information) filed or required to be filed with any Governmental Authority in connection with the determination, assessment or collection of any Taxes or the administration of any laws, regulations or administrative requirements relating to any Taxes.

Taxes: means all federal, foreign, state, local or other net or gross income, gross receipts, sales, use, transfer, real property gains or transfer, ad valorem, property, value-added, franchise, production, severance, windfall profit, withholding, payroll, employment, excise or similar taxes, assessments, duties, fees, levies or other governmental charges, together with any interest thereon, any penalties, additions to tax or additional amounts with respect thereto and any interest in respect of such penalties, additions or additional amounts.

I ARTICLE

CLOSING

Closing. The closing of the purchase and sale provided for herein (the "Closing") shall take place at the offices of U.S. Liquids, Inc., 411 North Sam Houston Parkway East, Suite 400, Houston, Texas 77060, on the date hereof, or at such other place, time or date as may be agreed upon by the parties hereto (the "Closing Date").

I ARTICLE

PURCHASE, SALE AND DELIVERY

I.1 Section Acquisition Assets. Subject to the terms and conditions of this Agreement, and on the basis of the representations and warranties hereinafter set forth, at the Closing Newpark shall sell, transfer, convey, assign and deliver to Purchaser, and Purchaser shall acquire and purchase from Newpark, the assets of Newpark attached hereto (the " Acquisition Assets"), free and clear of any and all Liens, other than Permitted Encumbrances.

I.1 Section Purchase Price. The consideration for the purchase of the Acquisition Assets is $2,150,000 (collectively, the price for the Acquisition Assets shall be referred to as the "Purchase Price"). The Purchase Price has been, shall be paid or shall be deemed to have been paid as follow:

(a) At the Closing, Purchaser shall pay $537,500 to Seller;

(a) Purchaser shall pay to Seller $537,500 on each of the following three dates: October 1, 1998, January 1, 1999, and March 1, 1999.

All such payments of the Purchase Price by Purchaser to Seller shall be by wire transfer to an account designated in writing by Seller or by a bank cashier's check made payable to Seller.

I.1 Section Further Assistance. Seller shall execute and deliver to Purchaser, at the Closing or thereafter, any other instrument which may be requested by Purchaser and which is reasonably appropriate to perfect or evidence any of the sales, assignments, transfers or conveyances contemplated by this Agreement or to transfer any Acquisition Assets.

I ARTICLE

LIABILITIES AND OBLIGATIONS

Liabilities Not Assumed by Purchaser. Purchaser does not hereby assume or agree to pay, perform or discharge, and shall not be responsible for, any liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise, including, without limitation, liabilities or obligations based on, arising out of or in connection with (i) payment or nonpayment of Taxes, (ii) any employee relating to service rendered prior to the Closing Date and under any pension plan or agreement or employee benefit plan, (iii) claims or conditions arising under or relating to Environmental Laws, or (iv) any claim, litigation or proceeding, whether now pending or hereafter initiated, to the extent based on any act or omission of Seller occurring before the Closing Date.

I ARTICLE

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents, warrants and agrees to and with Purchaser as follows:

I.1 Section Organization; Qualification. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Seller is duly licensed or qualified as an entity to do business and is in good standing in all jurisdictions wherein the character of the properties owned or held by it or the nature of the business transacted by it requires it to be so licensed or qualified.

I.1 Section Authority; Enforceability. Seller has all requisite corporate power and authority to own and operate its assets and properties and to carry on its business as presently conducted, to enter into this Agreement and to perform its other obligations under this Agreement. The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of Seller. This Agreement has been duly and validly executed and delivered by Seller. There is no action, claim, suit, arbitration, investigation or proceeding pending or threatened against Seller which purports to affect the validity or enforceability of this Agreement or that seeks to prohibit, restrict or delay the consummation of the transaction contemplated hereby.

I.1 Section Binding Agreement. This Agreement constitutes, as of the date hereof, and this Agreement and all documents and instruments required hereunder to be executed and delivered by Seller at Closing will constitute, on the Closing Date, legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms.

I.1 Section Conflicting Agreements and Other Matters; Consents. The execution and delivery of this Agreement does not, the fulfillment of or compliance with the terms and provisions hereof will not, and the consummation of the transactions contemplated hereby will not (i) violate or conflict with any provision of, or require any notice, consent, authorization or approval under, the charter or bylaws of Seller, (ii) violate or conflict with any provision of any judicial, administrative or arbitration order, award, judgment, writ, injunction or decree applicable to or binding upon Seller or to which any of its assets or properties is subject, or (iii) constitute a default under any agreement or instrument to which Seller is a party or by which Seller is bound or to which any of its properties is subject.

I.1 Section Title to Properties; Condition of Acquisition Assets. Seller has good and marketable title to the Acquisition Assets and the Acquisition Assets are not subject to any lien, including, without limitation, liens with respect to Taxes, or encumbrance. The Acquisition Assets are in good operating condition and repair (subject to normal wear and tear) and are adequate for the uses to which they are being put, and none of the Acquisition Assets is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER HEREBY DISCLAIMS ANY AND ALL EXPRESS AND IMPLIED WARRANTIES CONCERNING THE ACQUISITION ASSETS, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL CONDITION OF THE ACQUISITION ASSETS AND THEIR FITNESS FOR ANY PARTICULAR PURPOSE. SELLER IS SELLING, AND PURCHASER IS PURCHASING, THE ACQUISITION ASSETS "AS IS."

I ARTICLE

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents, warrants and agrees to and with Seller as follows:

I.1 Section Corporate Existence. Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

I.1 Section Authority; Absence of Conflicts; Enforceability. Purchaser has all requisite corporate power and authority to carry on its business as presently conducted, to enter into this Agreement and to perform its obligations under this Agreement. The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of Purchaser. This Agreement has been duly and validly executed and delivered by Purchaser. The consummation of the transactions contemplated by this Agreement will not violate, or be in conflict with, any provision of Purchaser's certificate of formation, any agreement or instrument to which Purchaser is a party or by which Purchaser is bound or any law applicable to Purchaser. There is no action, claim, suit, arbitration, investigation or proceeding pending or threatened against Purchaser which purports to affect the validity or enforceability of this Agreement or that seeks to prohibit, restrict or delay the consummation of the transactions contemplated hereby.

I.1 Section Binding Agreement. This Agreement constitutes, as of the date hereof, and this Agreement and all documents and instruments required hereunder to be executed and delivered by Purchaser at Closing will constitute, on the Closing Date, legal, valid and binding obligations of Purchaser enforceable against Purchaser, as the case may be, in accordance with their respective terms.

I ARTICLE

CONDITIONS TO CLOSING

I.1 Section Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated herein are subject, at the option of Purchaser, to satisfaction of the following conditions:

(a) Compliance. Seller shall have complied with their covenants and agreements contained herein, and the representations and warranties contained in Article V hereof shall be true and correct on the date hereof and as of the Closing Date.

(a) Seller's Resolutions. Seller shall deliver to Purchaser certified copies of resolutions duly adopted by the board of directors of each Seller authorizing and approving the execution and delivery of this Agreement, including any attachment hereto, and the consummation of the transactions contemplated herein.

(a) Transfer Documents. Seller shall execute and deliver to Purchaser such bills of sale and other instruments of sale, transfer, conveyance, assignment and delivery covering the Acquisition Assets or any part thereof, executed by Seller or other appropriate parties, as

Purchaser may reasonably require to assure the full and effective sale, transfer, conveyance, assignment and delivery to Purchaser of the Acquisition Assets.

I.1 Section Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated herein are subject, at the option of Seller, to satisfaction of the following condition: Purchaser shall have complied with its covenants and agreements contained herein, and the representations and warranties contained in Article VI hereof shall be true and correct on the date hereof and as of the Closing Date.

I ARTICLE

INDEMNIFICATION

I.1 Section Seller's Indemnity Obligations. Seller shall indemnify and hold Purchaser (including its officers, directors, employees and agents) harmless from and against any and all claims, actions, causes of action, arbitrations, proceedings, losses, damages, liabilities, judgments and expenses (including, without limitation, reasonable attorneys' fees) ("Indemnified Amounts") incurred by Purchaser as a result of (a) any breach or misrepresentation in any of the representations and warranties made by or on behalf of Seller in this Agreement, (b) any violation or breach by Seller of or default by Seller under the terms of this Agreement, (c) except for liabilities and obligations expressly assumed by Purchaser pursuant to this Agreement, any act or omission by Seller, including, without limitation, those acts or omissions relating to intellectual property rights or to products manufactured or sold by Seller, occurring prior to the Closing Date with respect to the Seller's business or the Acquisition Assets, (d) any act or omission occurring after the Closing Date by Seller with respect to Seller's business or (e) any of Seller's Liabilities.

I.1 Section Purchaser's Indemnity Obligations. Purchaser shall indemnify and hold Seller (including its officers, directors, employees and agents) harmless from and against any and all Indemnified Amounts incurred by Seller as a result of (a) any breach or misrepresentation in any of the representations and warranties made by or on behalf of Purchaser in this Agreement, (b) any violation or breach by Purchaser of or default by Purchaser under the terms of this Agreement or (c) any act or omission occurring after the Closing Date by Purchaser with respect to the Acquisition Assets.

I ARTICLE

MISCELLANEOUS

I.1 Section Survival. Except as otherwise provided herein, the representations and warranties set forth in this Agreement and in any certificate or instrument delivered in connection herewith shall be continuing and shall survive the Closing for a period of one (1) year following the Closing Date, notwithstanding any investigation at any time made by or on behalf of Purchaser, but shall thereafter terminate and be of no further force or effect; provided, however, that in the case of all representations and warranties, there shall be no such termination with respect to any such representation or warranty as to which a bona fide claim has been asserted by written notice of such claim delivered to the party or parties making such representation or warranty prior to the expiration of the survival period.

I.1 Section Expenses. Except as otherwise expressly provided herein, each party shall bear its own respective expenses incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby, including his or its own consultant's fees, attorneys' fees, accountants' fees, investment banking and loan fees and other similar costs and expenses.

I.1 Section Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been received only if and when (a) personally delivered or (b) on receipt after mailing, by United States mail, first class, postage prepaid, by certified mail return receipt requested, or by facsimile transmission to the respective parties, addressed in each case as follows (or to such other address as may be specified by like notice):

(i) If to Seller, to: Newpark Environmental Services, Inc.
3850 North Causeway, Suite 1770
Metairie, LA 77002
Attention: James D. Cole, President
Facsimile No.: (504) 833-9506

(ii) If to Purchaser, to: U.S. Liquids, Inc.
411 N. Sam Houston Parkway East
Houston, Texas 77060
Attention: W. Greg Orr, President
Facsimile: (281) 272-4545

I.1 Section Entire Agreement. This Agreement, including any attachments hereto, which attachments are incorporated herein by reference and deemed to be a part of this Agreement, and the Noncompetition Agreement constitute the entire agreement of the parties with respect to the subject matter hereof, and may not be modified, amended or terminated except by a written instrument specifically referring to this Agreement signed by all the parties hereto. Concurrently with the execution and delivery of this Agreement, the parties and Newpark Resources, Inc., a Delaware corporation, are executing the following additional agreements (the "New Deal Agreements"): Settlement of Arbitration and Release, NOW Payment Agreement, Noncompetition Agreement and Miscellaneous Agreement. In the event of any conflict between the provisions of this Agreement and any of the New Deal Agreements, the provisions of the New Deal Agreement or Agreements shall control.

I.1 Section Governing Law. THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF.

I.1 Section Assignments and Third Parties. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No party hereto shall assign this Agreement or any part hereof without the prior written consent of the other party; provided, however, that it is understood and agreed that Purchaser may assign all or any portion of its rights and delegate all or any portion of its duties hereunder to an Affiliate of Purchaser, in which event the assignee of Purchaser shall execute and deliver all documents, certificates and other instruments to be executed and delivered by Purchaser at the Closing in lieu of Purchaser, which documents, certificates and other instruments shall be appropriately modified to conform to such assignee's

organizational status. No assignment shall release a party of any of its obligations under this Agreement.

I.1 Section Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any of the parties hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

I.1 Section Amendments; No Waivers. Any provision of this Agreement may be amended or waived prior to the Closing Date if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by all parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

I.1 Section No Third-Party Beneficiaries. Nothing in this Agreement shall entitle any Person other than the parties hereto or their respective successors and assigns permitted hereby to any claim, cause of action, remedy or right of any kind.

I.1 Section Headings; Use of Certain Terms. The headings and table of contents included herein are for convenience only and shall have no significance in the interpretation hereof. Unless the context shall otherwise require, the singular shall include the plural and vice versa, and each pronoun in any gender shall include all other genders.

I.1 Section Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed for all purposes to be an original, but all of which together shall constitute one and the same agreement.

ON THIS DATE, the Parties have executed multiple originals of this Asset Purchase Agreement.

NEWPARK ENVIRONMENTAL SERVICES, INC.

Dated: ----------

By:
Name:
Title:

U.S. LIQUIDS, INC.

Dated: ----------

By:
Name:
Title:

EXHIBIT 10.20

AMENDMENT TO ASSET PURCHASE AGREEMENT

THIS AMENDMENT TO ASSET PURCHASE AGREEMENT (the "Amendment") is made and entered into as of September 22, 1998, by and between U.S. Liquids, Inc., a Delaware corporation ("USL" or "Purchaser"), and Newpark Environmental Services, Inc., a Delaware corporation ("NESI" or "Seller") (collectively the "Parties") with reference to the following facts:

A. On September 17, 1998, NESI and USL entered into an agreement captioned "Asset Purchase Agreement" (the "Agreement").

B. The Parties now desire to supplement and amend certain provisions of the Agreement. Terms used in this Amendment that are defined in the Agreement shall have the same meanings herein as in the Agreement unless otherwise provided in this Amendment.

NOW THEREFORE, the Parties hereby agree as follows:

1. The Closing under the Agreement shall occur on, and the Closing Date shall be, September 22, 1998.

2. Section 3.1 of the Agreement is hereby amended to read as follows:

> "Section 3.1 Acquisition Assets. Subject to the terms and conditions of this Agreement, and on the basis of the representations and warranties hereinafter set forth, at the Closing NESI shall sell, transfer, convey, assign and deliver to Purchaser, and Purchaser shall acquire and purchase from NESI, the assets of NESI listed on Exhibit B attached hereto (the "Exhibit B Assets"), free and clear of any and all liens other than Permitted Encumbrances. After the Closing, NESI agrees to use commercially reasonable efforts to acquire title to the assets listed on Exhibit A attached hereto (the "Exhibit A Assets") and to transfer, convey, assign and deliver the Exhibit A Assets to Purchaser, free and clear of any and all liens other than Permitted Encumbrances, without additional consideration. The Exhibit A Assets and the Exhibit B Assets are sometimes collectively referred to herein as the "Acquisition Assets." NESI's failure to acquire title to the Exhibit A Assets shall not constitute a breach of this Agreement and shall not entitle Purchaser to any reduction in the Purchase Price."

3. Section 3.2 of the Agreement is hereby amended to read as follows:

> "3.2 Purchase Price. The consideration for the purchase of the Acquisition Assets (or for the Exhibit B Assets, if Newpark does not acquire the Exhibit A Assets) is $2,150,000 (collectively, the "Purchase Price"). The Purchase Price has been paid or shall be paid as follows: [balance of Section unchanged]"

4. Exhibit A and Exhibit B to the Agreement are attached to this Amendment and are hereby incorporated by reference into the Agreement.

5. Section 5.5 of the Agreement is hereby amended to read as follows:

"Section 5.5 Title to Properties; Condition of Acquisition Assets. Seller has good and marketable title to the Exhibit B Assets. When transferred to Purchaser, the Acquisition Assets so transferred will not be subject to any lien, including, without limitation, liens with respect to Taxes, or encumbrance. The Exhibit B Assets are in good condition and repair (subject to normal wear and tear) and are adequate for the purposes to which they are being put, and none of the Exhibit B Assets is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in cost. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER HEREBY DISCLAIMS ANY AND ALL EXPRESS AND IMPLIED WARRANTIES CONCERNING THE ACQUISITION ASSETS, INCLUDING BUT NOT LIMITED TO THE PHYSICAL CONDITION OF THE ACQUISITION ASSETS AND THEIR FITNESS FOR ANY PARTICULAR PURPOSE. SELLER IS SELLING, AND PURCHASER IS PURCHASING, THE ACQUISITION ASSETS `AS IS'. "

6. Except as hereby amended, the Agreement is and shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the Parties have executed multiple originals of this Amendment as of September 22, 1998.

NEWPARK ENVIRONMENTAL SERVICES, INC.
U.S. LIQUIDS, INC.

By:

James D. Cole, Chairman

W. Gregory Orr, President

EXHIBIT 10.21

NONCOMPETITION AGREEMENT OF SEPTEMBER 16, 1998

This Noncompetition Agreement (the "Agreement") dated September 16, 1998, is made and entered into by and between U.S. LIQUIDS, INC., a Delaware corporation ("U.S. Liquids" or "USL" herein), and NEWPARK RESOURCES, INC., a Delaware corporation ("Newpark" herein), with reference to the following facts:

On this day the parties agreed:

a. To execute and deliver a Settlement of Arbitration and Release dated September 16, 1998 (the "Release"), which, to the extent provided in the Miscellaneous Agreement, (i) terminates the NOW Disposal Agreement dated June 4, 1996; and (ii) the Noncompetition Agreement dated August 12, 1996;

b. To execute and deliver a NOW Payment Agreement dated September 16, 1998 (the "NOW Payment Agreement");

c. To execute and deliver an Asset Purchase Agreement dated September 16, 1998 (the "Purchase Agreement");

d. To execute and deliver the Miscellaneous Agreement dated September 16, 1998 (the "Miscellaneous Agreement"); and

e. To execute and deliver this Noncompetition Agreement of September 16, 1998.

In consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, USL and Newpark hereby agree and covenant as follows.

1 Certain Definitions. The following terms used herein shall have the following meanings:

Affiliate or affiliate - A Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. For purposes of this definition, "control" (including the terms "controlling, " "controlled by" and "under common control with") of a Person means the possession, directly or indirectly, of the power to (a) vote 50% or more of the voting interests in such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise. At all times during the term of this Agreement, Persons controlled by USL or one or more of its controlled Affiliates, or jointly controlled by USL and one or more of its controlled Affiliates, shall be deemed to be Affiliates of USL. Notwithstanding the foregoing, a Person who acquires control of USL after the Effective Date of this Agreement shall not be bound by this Agreement solely by reason of such control, with respect to the

continuation of activities in which such Person was engaged immediately prior to its acquisition or control of USL.

Business - Any one or more of the following activities: the Collection or Disposal of NOW; the remediation and closure of oilfield waste pits, including related loading and hauling; and marketing, dealing in or soliciting orders for any of the products, services or support activities included within the Business, excluding the Cleaning Business.

Cleaning Business - The Cleaning Business shall include, but is not limited to, any one or more of the following activities: (1) performance of onshore and/or offshore cleaning of tanks, barges, vessels, containers or other similar structures used in the storage and/or transportation of NOW; (2) the lease, rental or sale of labor and/or equipment involved in cleaning. USL shall be free to engage in any aspect of the Cleaning Business inside and/or outside the Territory. The Cleaning Business does not include the Collection or Disposal of NOW (including Washwater), the remediation and closure of oilfield waste pits and related loading and hauling.

Collection - The collection, transfer or transportation of NOW.

Competitor - Any Person that, directly or indirectly, engages in any aspect of the Business within any portion of the Territory.

Disposal - The treatment or disposal of NOW.

Effective Date - September 16, 1998.

Excluded NOW - NOW that is generated and collected on land and is delivered to the Landfarms from the site where it was generated entirely by on-land transportation.

Landfarm - The NOW disposal facility owned and operated by USL designated as Bateman Island, Louisiana (DNR Permit #91-10 OWD) (the "Bateman Island Landfarm"), Bourg, Louisiana (DNR Permit #90-10 OWD) (the "Bourg Landfarm"), Elm Grove, Louisiana (DNR Permit #OWD 89-1) (the "Elm Grove Landfarm"), and Mermentau, Louisiana (DNR Permit #SWD 83-6) (the "Mermentau Landfarm").

NOW - Nonhazardous oilfield waste (including Washwater) associated with the exploration and production of oil, gas and geothermal energy, that contains less than 30 picocuries per gram of Radium 226 or 228, and all waste that is classified as "E&P Waste" by the Louisiana Department of Natural Resources.

Payment in Full and on Time - Payment or reimbursement made to USL on or before any date specified in the NOW Payment Agreement except and unless made in accordance with Section 13.6 of the NOW Payment Agreement.

Person or person - Any individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

Territory - All or any part of the following: the States of Louisiana, Texas, Mississippi and Alabama and the Gulf of Mexico.

Washwater - Fluids generated by the cleaning and/or decontamination of tanks, barges, vessels, containers, or other similar structures used in the storage and/or transportation of NOW. Washwater may contain cleaning agents or emulsifiers, etc., in addition to the basic cleaning agent (water).

2 Noncompetition. USL hereby agrees, for itself and on behalf of its Affiliates, that, during the term of this Agreement, except as otherwise permitted under this Agreement, neither it nor any of its Affiliates will, within any part of the Territory, directly or indirectly, do any one or more of the following: (a) engage in any aspect of the Business, except what is excluded in Section 5 of this Agreement; (b) own any interest in any Competitor; (c) operate, join, control or otherwise participate in any Competitor; or (d) lend credit or money for the purpose of assisting another to establish or operate any Competitor.

3 Term. The term of this Agreement commences on the date hereof and shall continue in force each month that Newpark makes to USL all Payments in Full and on Time under the NOW Payment Agreement. Any breach and/or failure to make Payment in Full and on Time under the NOW Payment Agreement shall immediately terminate this Agreement. This Agreement shall automatically terminate on June 30, 2001 if it has not been terminated sooner. Upon termination of this Agreement, USL may (a) engage in any aspect of the Business, (b) own any interest in any Competitor; (c) operate, join, control or otherwise participate in any Competitor; and/or (d) lend credit or money for the purpose of assisting another to establish or operate any Competitor.

4 Maintenance of Confidentiality. For the term of this Agreement, USL and its Affiliates shall keep secret and retain in strictest confidence, except for disclosure to any of its Affiliates, and will not permit any Person other than its Affiliates to exercise the right, on a nonexclusive basis, to use all patents, patent applications, copyrights, trademark registrations and applications therefor, inventions, trade secrets, technical know-how, special processes, and similar intangibles, parts lists, designs, specifications, drawings, bills of material, maintenance manuals, warranty service data and sales literature (collectively, "Intangible Assets") related to the Business, which Newpark has been granted the right to use, along with USL and its Affiliates.

5 Permitted Activities. Section 2 of this Agreement notwithstanding:

a. USL and its Affiliates, as passive investors, may own up to 5% (including ownership by USL and all of its Affiliates) of the equity securities of any Person (other than Newpark) whose equity securities are publicly traded. In addition, in connection with their business described in subparagraph (b) below, USL and its Affiliates shall be permitted from time to

time to acquire interests representing more than 5% of the equity securities of Persons that derive less than 10% of their revenues from activities that cause such Persons to be Competitors, provided that USL or its Affiliates or the Persons who engage in such competitive activities immediately formulate plans to dispose of those aspects of such businesses that cause such Persons to be Competitors and actually complete such dispositions within 90 days after such interests are acquired by USL or one or more of its Affiliates.

b. Newpark recognizes and acknowledges that USL and its Affiliates are in the business of the collection, treatment and disposal of numerous varieties of wastes, including, without limitation, municipal solid wastes, construction and demolition debris, industrial nonhazardous wastes and special wastes, such as contaminated soil and sludges. Newpark agrees that this Agreement relates only to the Collection and Disposal of NOW and the remediation and closure of oilfield waste pits, including related loading and hauling, in the Territory, and excludes the Cleaning Business. This Agreement is not intended to limit or otherwise affect the business of USL except as expressly set forth herein.

c. Newpark further recognizes and acknowledges that USL and its Affiliates from time to time enter into joint venture arrangements with independent (i.e., non-Affiliate) third parties ("Joint Venture Partners") who engage in aspects of the Business in the Territory. Without limiting the applicability of this Agreement to USL and its Affiliates and such joint ventures, Newpark agrees that the terms of this Agreement shall not apply to Joint Venture Partners solely as a result of their entering into joint venture arrangements with USL and its Affiliates with respect to the continuation of activities in which such Joint Venture Partners were engaged immediately prior to entering into such joint venture arrangements.

d. USL and its Affiliates may market, deal in, solicit orders for and conduct other activity related to: (i) Disposal and Collection at any of the Landfarms of Excluded NOW; (ii) Collection of NOW within a 200-mile radius of USL?s Zapata, Texas, facility and Disposal of NOW so Collected at such facility; (iii) Disposal and Collection of NOW contemplated under the NOW Payment Agreement dated as of September 16, 1998, by and among USL and Newpark Environmental Services, Inc.; (iv) Disposal and Collection of NOW at USL?s facility in Lacassine, Louisiana; and (v) the Cleaning Business.

e. USL shall be free to engage in any aspect of the Cleaning Business.

6 Severability. USL acknowledges that it has carefully read and considered the provisions of this Agreement and, having done so, agrees that the restrictions set forth herein (including, but not limited to, the time periods of restriction and the geographical areas of restriction) are fair and reasonable and are reasonably required to protect the interests of Newpark and its stockholders. In the event that, notwithstanding the foregoing, any of the provisions of this Agreement shall be held to be invalid or unenforceable, the remaining provisions hereof shall nevertheless continue to be valid and enforceable, as though the invalid or unenforceable parts had not been included herein. In the event that any provision of this Agreement relating to time periods or areas of restriction, or both, shall be declared by a court of competent jurisdiction to exceed the

maximum time periods or areas (or both) that such court deems reasonable and enforceable, said time periods or areas of restriction or both shall be deemed to become and thereafter shall be the maximum time periods and areas which such court deems reasonable and enforceable.

7 Entire Agreement. This Agreement, together with the Release, the NOW Payment Agreement, and Purchase Agreement and the other agreements specifically mentioned therein, constitutes the entire agreement of USL and Newpark with respect to the subject matter hereof and supersedes all prior and contemporaneous oral agreements, understandings, negotiations and discussions of the parties. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. Any failure to insist on strict compliance with any of the terms and conditions of this Agreement shall not be deemed a waiver of any such terms or conditions.

8 Nature of Obligations. All covenants and obligations of USL hereunder shall be binding on USL, its Affiliates and the assigns, successors and legal representatives of each of them, and shall inure to the benefit of Newpark and all of its Affiliates that engage in any aspect of the Business in any part of the Territory.

9 Notices. Any and all notices, demands, requests or other communications hereunder shall be in writing and shall be deemed duly given when personally delivered to or transmitted by overnight express delivery or by facsimile to and received by the party to whom such notice is intended, or in lieu of such personal delivery or overnight express delivery or facsimile transmission, 48 hours after deposit in the United States mail, first-class, certified or registered, postage prepaid, return receipt requested, addressed to the applicable party at the address provided below. The parties may change their respective addresses for the purpose of this Section 9 by giving notice of such change to the other party in the manner which is provided in this Section 9.

USL:

U.S. Liquids, Inc.
411 N. Sam Houston Parkway East
Houston, TX 77060
Attention: W. Greg Orr, President
Facsimile No.: (281) 272-4545

With a copy to:

Baker & Botts, L.L.P.
One Shell Plaza
910 Louisiana
Houston, TX 77002-4995
Attention: Philip J. John, Esq.
Facsimile No.: (713) 229-1522

Newpark:

Newpark Resources, Inc.
Newpark Environmental Services, Inc.
3850 North Causeway, Suite 1770
Metairie, LA 70002
Attention: James D. Cole, President
Facsimile No.: (504) 833-9506

With a copy to:

Ervin, Cohen & Jessup, L.L.P.
9401 Wilshire Boulevard
Beverly Hills, CA 90212
Attention: Bertram K. Massing, Esq.
Facsimile No.: (310) 859-2325

10 Injunctive Relief. USL hereby stipulates and agrees that any breach by it or by any of its Affiliates of this Agreement cannot be reasonably or adequately compensated by damages in an action at law and that, in the event of such breach, Newpark shall be entitled to injunctive relief, which may include, but shall not be limited to, restraining USL and its Affiliates from engaging in any activity that would constitute a breach of this Agreement.

11 Option in Case of Breach. If USL breaches this Noncompetition Agreement dated September 16, 1998, by engaging in Business as that term is defined herein after the Effective Date, USL must pay to Newpark Environmental Services, Inc. any and all revenues received from activities that constitute a breach. Breach of this Noncompetition Agreement shall have no effect whatsoever on Newpark Environmental Services, Inc.'s payment obligations under the NOW Payment Agreement. USL shall use all reasonable commercial efforts to enforce the Seller Noncompetition Agreement and the Buyuer Noncompetition Agreement, both dated December 31, 1996 by and between Sanifill, Inc. and USL.

12 Attorneys' Fees. In any litigation relating to this Agreement, including litigation with respect to any supplement, modification or waiver of this Agreement or any of its provisions, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees.

13 Law Governing. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

14 Venue of Lawsuit. Any suit relating to this agreement must be filed in state court in Harris County, Texas.

15 Captions. The captions in this Agreement are included for convenience of reference only, do not constitute a part hereof and shall be disregarded in the interpretation or construction hereof.

ON THIS DATE, the Parties have executed multiple originals of this Noncompetition Agreement.

NEWPARK RESOURCES, INC.

Dated: ----------

By: ----------

Name: ----------

Title: ----------

U.S. LIQUIDS, INC.

Dated: ----------

By: ----------

Name: ----------

Title: ----------

EXHIBIT 10.22

MISCELLANEOUS AGREEMENT

THIS MISCELLANEOUS AGREEMENT (the "Agreement") is made and entered into this 16th day of September, 1998 (the "Effective Date"), by and between Newpark Resources, Inc., a Delaware corporation (herein, together with each of its officers, directors, employees, agents, attorneys, representatives, predecessors, successors, and assigns, and its direct and indirect corporate parents, subsidiaries, partners, affiliates, and joint venturers, and all of their respective officers, directors, employees, agents, attorneys, representatives, predecessors, successors, and assigns, referred to as "Newpark"), and U.S. Liquids, Inc., a Delaware corporation (herein, together with each of its officers, directors, employees, agents, attorneys, representatives, predecessors, successors, and assigns and its direct and indirect corporate parents, subsidiaries, partners, affiliates, and joint venturers and all of their respective officers, directors, employees, agents, attorneys, representatives, predecessors, successors, and assigns, referred to as "USL"), with reference to the following facts:

A. On or about December 13, 1996, pursuant to Asset Purchase Agreement dated December 2, 1996 (the "Sanifill Purchase Agreement"), by and among (i) SANIFILL, INC., a Delaware corporation ("Sanifill"), CAMPBELL WELLS, L.P., a Delaware limited partnership also known as CAMPBELL WELLS, LTD. ("Campbell") and CAMPBELL WELLS NORM, L.P., a Delaware limited partnership ("Campbell Wells NORM") (collectively "Sellers"), and (ii) USL, as "Buyer," USL assumed all liabilities and obligations of Sanifill and Campbell under the contracts (the "Contracts") listed on Schedule I attached to this Agreement, which are referred to in this Agreement by the names with which they are identified on Schedule I. Sanifill and Campbell were not relieved of any of their obligations to Newpark under the Contracts and certain other agreements.

B. Concurrently with the execution of this Agreement, Newpark and USL are executing a Settlement of Arbitration and Release (the "Release"), a "NOW Payment Agreement," a "Noncompetition Agreement," and an "Asset Purchase Agreement" (collectively, the "New Deal Agreements"), which may affect the continued existence of the Contracts.

C. By this Agreement, the parties intend to clarify the continuing status of the Contracts after the execution of the Release and the New Deal Agreements.

NOW THEREFORE, in consideration of the foregoing and of their mutual covenants and agreements contained herein, the parties hereby agree as follows:

1. Status of Disposal Agreement. Articles VI, VII, VIII, IX, X (other than Section 10.2) and XII of the Disposal Agreement shall remain in full force and effect in accordance with their terms solely with respect to events occurring and circumstances existing before the Effective Date. All other provisions of the Disposal Agreement are hereby terminated, except to the extent that such terminated provisions are necessary to the interpretation of the articles of the Disposal Agreement that remain in effect.

2. Status of Sanifill Noncompetition Agreement and Joinder Agreement. As between Newpark and USL, the Sanifill Noncompetition Agreement between Sanifill, Inc. and USL and the Joinder Agreement shall be superseded as of the Effective Date by the Noncompetition Agreement dated September 16, 1998. As regards Sellers and their Affiliates, the Sanifill Noncompetition Agreement and the Joinder Agreement shall remain in full force and effect in accordance with the terms of each.

3. Guarantee of NOW Payment Agreement.

3.1 Performance of NOW Payment Agreement. Newpark hereby covenants and agrees that it shall cause Newpark Environmental Services, Inc. ("NESI") to fully perform all of its obligations under the NOW Payment Agreement in a timely manner. Newpark further covenants and agrees that it shall take all action, including, without limitation, supplying information necessary for the determination of quantities of NOW that may be delivered pursuant to the NOW Payment Agreement, or shall refrain from taking any action, as is necessary or appropriate, to permit NESI to fully perform all of its obligations under the NOW Payment Agreement in a timely manner.

3.2 Unconditional Guarantee. Newpark hereby unconditionally and irrevocably guarantees the performance in full of all obligations of NESI under the NOW Payment Agreement, with the same force and effect and to the same extent as if Newpark were a party to the NOW Payment Agreement having the same rights and obligations thereunder as NESI.

3.3 No Set-Off; Guaranty of Performance or Payment Upon Demand. Newpark shall perform any obligations or pay any amounts due in respect of the obligations of NESI under the NOW Payment Agreement promptly upon demand by USL or its Affiliates, without any set-off, defense or deduction for any claims or counterclaims of any kind, except for any such set-offs, defenses, or deductions that Newpark could assert if it were a party to the NOW Payment Agreement having the same rights and obligations thereunder as NESI.

3.4 Waiver of Diligence, Etc. Newpark hereby waives diligence, presentment, demand, protest and notice of any kind with respect to this Guarantee, as well as any requirement that USL or its affiliates exhaust any rights or take any action against NESI.

3.5 Waiver of Suretyship Defenses. To the extent permitted by applicable law, Newpark hereby waives any and all legal and equitable defenses that arise by reason of Newpark's status as a surety for NESI, which defenses would not be available to Newpark if it were a party to the NOW Payment Agreement having the same rights and obligations thereunder as NESI.

3.6 Status. This Section 3 shall remain in full force and effect to the extent that the NOW Payment Agreement remains in full force and effect in accordance with its terms and shall terminate when and to the extent that the NOW Payment Agreement is terminated.

4. Status of Prior Guaranty. The Prior Guaranty shall remain in full force and effect to the extent that the Disposal Agreement remains in full force and effect in accordance with its terms and shall terminate as of the Effective Date to the extent that the Disposal Agreement is terminated.

5. Guarantee of Asset Purchase Agreement. Newpark hereby unconditionally and irrevocably guarantees the performance in full of all obligations of NESI under the Asset Purchase Agreement, with the same force and effect and to the same extent as if Newpark were a party to the Asset Purchase Agreement having the same rights and obligations thereunder as NESI. Newpark hereby waives diligence, presentment, demand, protest and notice of any kind with respect to this Guarantee, as well as any requirement that USL or its affiliates exhaust any rights or take any action against NESI.

6. Status of Lease and Subleases. The Lease and the Subleases referred to in Schedule I of this Agreement shall remain in full force and effect for three years beginning July 1, 1998, and then terminate on June 30, 2001. USL shall take all necessary and reasonable measures to ensure that the Lease and Subleases remain in full force and effect until June 30, 2001.

7. Other Agreements. All other agreements between or among Newpark and Sellers, or any of them, whether or not assumed by USL, shall remain in full force and effect in accordance with their terms. USL shall use commercially reasonable efforts to enforce for the benefit of Newpark all relevant covenants, including, but not limited to, noncompetition covenants, made by Sellers in favor of USL under or in connection with the Sanifill Purchase Agreement.

8. Effect on Sellers. Although Sellers are not party to this Agreement, the parties intend that none of Sellers shall be relieved of any obligations owed by them to Newpark by reason of the transactions which gave rise to the Contracts, except to the extent that certain provisions of the Disposal Agreement are prospectively terminated hereby.

ON THIS DATE, the Parties have executed multiple originals of this Miscellaneous Agreement.

NEWPARK RESOURCES, INC.

Dated: ----------

By:
Name:
Title:

U.S. LIQUIDS, INC.

Dated: ----------

By:
Name:
Title:

Schedule I

List of Contracts

1. NOW Disposal Agreement by and among Sanifill, Inc., a Delaware corporation, NOW Disposal Operating Co., a Delaware corporation and an indirect wholly-owned subsidiary of Sanifill, and Campbell Wells, Ltd., a Delaware limited partnership, dated as of June 4, 1996, as assumed by Newpark Resources, Inc., by an Assumption and Guarantee Agreement dated August 12, 1996 (the "Disposal Agreement")

2. Noncompetition Agreement by and between Sanifill, Inc., a Delaware corporation, and Newpark Resources, Inc., a Delaware corporation, dated as of August 12, 1996 (the "Sanifill Noncompetition Agreement")

3. Joinder Agreement, dated as of August 12, 1996, by Campbell Wells, Ltd., a Delaware limited partnership, for the benefit of Newpark Resources, Inc., and its Affiliates (the "Joinder Agreement")

4. Assumption and Guarantee Agreement by and among Newpark Resources, Inc., a Delaware corporation, Sanifill, Inc., a Delaware corporation, and Campbell Wells, Ltd., a Delaware limited partnership, dated as of August 12, 1996 (the "Prior Guaranty")

5. Lease and Access Agreement by and between Campbell Wells, Ltd., a Delaware limited partnership, and Newpark Resources, Inc. [no date] (the "Lease")

6. Sublease and Access Agreement by and between Campbell Wells, Ltd., a Delaware limited partnership, and Newpark Resources, Inc. [no date] (the "First Sublease")

7. Sublease and Access Agreement by and between Campbell Wells, Ltd. a Delaware limited partnership, and Newpark Resources, Inc. [no date] (the "Second Sublease," and, together with the First Sublease, the "Subleases")

EXHIBIT 10.23

OPERATING AGREEMENT
OF
THE LOMA COMPANY, L.L.C.

This Operating Agreement of The Loma Company, L.L.C. is hereby entered into effective as of the _____ day of December, 1996, by and between:

NEWPARK HOLDINGS, INC., a Louisiana corporation (hereinafter sometimes referred to as "Newpark"); and

OLS CONSULTING SERVICES, INC., a Louisiana corporation (hereinafter referred to as "OLS").

WHEREAS, OLS is the assignee of the entire right, title and interest of Ores Paul Seaux in and to a certain new and useful invention as set forth in an application for United States Letters Patent entitled "Mat System for Construction of Roadways and Support Surfaces" accorded application serial No. 08/541,083 and filed on October 11, 1995 pursuant to an act of assignment dated October 4, 1996;

WHEREAS, OLS and Soloco, Inc. (now, by way of merger, Soloco, L.L.C.), an affiliate of Newpark, have previously entered into that certain exclusive licensing agreement made effective as of July 1, 1995, as amended on December _____, 1996 and as may be amended from time to time hereafter the "License Agreement," relating to the production of certain property more fully described hereinafter;

WHEREAS, it is Newpark's objective to facilitate the financing of the production of such property and assure itself a reliable source of production thereof under the Licensing Agreement;

WHEREAS, Newpark and OLS have contemporaneously herewith formed a Louisiana Limited Liability Company and have agreed to enter into this Operating

Agreement for the Company to set forth the terms and conditions of the continuing relationship among the Members and the Company thereafter;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the covenants and agreements set forth below, Newpark and OLS agree as follows, pursuant to the provisions of the Louisiana Limited Liability Company Law, LSA-R.S. 12:1301, et seq.
(the "Law"), and on the following terms and conditions:

1. Agreement. This Operating Agreement of the Company is hereby adopted by the Members pursuant to the provisions of the Law upon the terms and conditions set forth hereinafter (the "Agreement").

2. Name. The name of the Company is The Loma Company, L.L.C.

3. Members. The name and municipal address of each of the members (the "Members") of the Company are as follows:

Name	Municipal Address
Newpark Holdings, Inc.	Lakeway Center 3850 N. Causeway Suite 1770 Metairie, Louisiana 70002-1752 ATTN: Mr. James D. Cole
OLS Consulting Services, Inc.	1126 Coolidge Boulevard Second Floor P.O. Box 52201 Lafayette, Louisiana 70505 ATTN: Mr. Paul Seaux

4. Principal Place of Business. The principal place of business of the Company shall be located at 1126 Coolidge Boulevard, Second Floor, P.O. Box 52201, Lafayette, Louisiana 70505, or such other location as selected from time to time by the Executive Committee (as hereinafter defined).

5. Business and Purpose. The purpose or purposes for which the Company is organized and the nature of the business to be carried on by it are stated and declared to be as follows:

To enter into any business lawful under the laws of the State of Louisiana, either for its own account, or for the account of others, as agent, and either as agent or principal, to enter into or engage in any kind of business of any nature whatsoever, in which limited liability companies organized under the Law may engage; and to the extent not prohibited thereby to enter into and engage in any kind of business of any nature whatsoever in any other state of the United States of America, any foreign nation, and any territory of any country to the extent permitted by the laws of such other state, nation or territory.

To establish a manufacturing facility for the development, manufacture, field trial and production of synthetic mats, including the construction and operation of a suitable manufacturing facility for such mats (the "Project").

6. Term. The existence of the Company shall commence on the effective date of this Agreement and shall terminate by the occurrence any of the following events:

(a) The sale or other disposition of the Project or all or substantially all of the property of the Company;

(b) The execution of a written agreement of termination setting forth the effective date thereof by all of the Members;

(c) The withdrawal, expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event which terminates the continued membership of a Member in the Company unless, within 90 days after such event, all of the remaining Members agree in writing to continue the Company and, if membership is reduced to one, to the admission of one or more members;

7. Capital Contributions.

(a) Initial. The initial Members respectively have contributed the following amounts to the capital of the Company:

Member	Amount
OLS Consulting Services, Inc.	$ 51.00
Newpark Holdings, Inc.	$ 49.00

(b) Secondary Contribution of Newpark. Subject to reimbursement of its acquisition cost thereof as set forth hereinbelow, Newpark will contribute certain immovable property more fully described on Exhibit "A" attached hereto, which is the property upon which the manufacturing facility of the Company is to be located (the "Property"). Additionally, Newpark or its affiliates have advanced through August 31, 1996 (inclusive of interest charges

on such advances), the sum of $669,903.83 to the Company. Newpark will periodically make additional advances to the Company to fund certain engineering and other soft costs in connection with the development, manufacture and field trial of prototype mats and development costs preliminary to the construction and initial operation of the manufacturing facility for the mats up to a total amount of $640,000.00 (any such additional amounts together with the amounts advanced by Newpark or its affiliates through August 31, 1995 shall be referred to cumulatively as the "Advances"). The Company will execute a note payable to Newpark equal to the amount of the Advances (the "Note"). Subject to any additional restrictions or terms that may be imposed by Company's lender(s), the Note shall be repaid in 28 equal quarterly installments of principal plus accrued interest on the unpaid principal balance at the rate of eight percent (8%) per annum, said quarterly installments to commence on the last day of the sixth month following the commencement of production at the manufacturing facility contemplated by the Project. The Executive Committee shall also have the right from time to time to relax the terms for the repayment of the Note to the extent the Company's financial condition may require. The Note shall further be subordinated as may be necessary to facilitate the best possible structure of the financing to be obtained for the hard costs of the Project as described below. Additionally, with the cooperation and assistance of the Company, Newpark will arrange suitable construction and permanent financing for the hard costs of the manufacturing facility (the "Project Financing"). Newpark will guarantee the Project Financing if required by the lender. Newpark's cost of acquiring the Property will be added to the Note if Newpark is not repaid in full for such cost from proceeds of the Project Financing.

(c) Secondary Capital Contribution of OLS. OLS will contribute, assign and/or license to the Company its exclusive manufacturing rights relating to the manufacture of synthetic and wooden mats as reserved by OLS in the License Agreement together with OLS's rights, benefits and obligations under the License Agreement related to the manufacture of synthetic or wooden mats, including, specifically, but without limitation thereto, OLS's rights and obligations under Sections 4.01(d), (f) and (g) and Sections 5.01, 5.02 and 5.03 of the License Agreement. OLS shall retain and not assign to the Company the ownership of the Patent Rights. In addition, OLS shall contribute, assign and/or license to the Company the exclusive manufacturing rights relating to any improvements to the Products including Products produced according to or embodying the Improvement Inventions and the Engineering Data. OLS shall retain the right to make, use and sell the components and raw materials of the Products for uses other than for the production of Products. All capitalized terms used in this Section 7(c) shall have the meaning ascribed to them in the License Agreement. The Members agree that the value of OLS's secondary contribution made herein is $669,301.05 (the "OLS Advance"). The Company will execute a note payable to OLS equal to the amount of the OLS Advance

(the "Note"). Subject to any additional restrictions or terms that may be imposed by Company's lender(s), the Note shall be repaid in 28 equal quarterly installments of principal plus accrued interest on the unpaid principal balance at the rate of eight percent (8%) per annum, said quarterly installments to commence on the last day of the sixth month following the commencement of production at the manufacturing facility contemplated by the Project. The Executive Committee shall also have the right from time to time to relax the terms for the repayment of the Note to the extent the Company's financial condition may require. The Note shall further be subordinated as may be necessary to facilitate the best possible structure of the financing to be obtained for the hard costs of the Project as described below.

(d) Limitation. No Member shall be required to make any contribution to the capital of the Company other than as set forth in (a), (b) and (c).

(e) Provisions not for Benefit of Creditors. The provisions of this Paragraph 7 are not for the benefit of any creditor or other person other than a Member to whom any debts, liabilities or obligations are owed by, or otherwise has any claim against, the Company or any Member, and no creditor or other person shall obtain any rights under this Paragraph or by reason of this Paragraph, or shall be able to make any claim in respect of any debts, liabilities, or obligations against the Company or any Member.

(f) Property. All Company property shall be held in the name of the Company.

8. Management.

(a) Executive Committee. As more fully described in Paragraph 8(c) hereof, the policy of the Company will be directed and its operations reviewed by an Executive Committee (the "Executive Committee") comprised of four Directors. Except as provided in Paragraph 8(c) hereof, no Member of the Company will have the right to bind the Company or to incur any obligation on behalf of the Company unless otherwise approved by a majority of the Executive Committee. Newpark will appoint two Directors to the Executive Committee and OLS will appoint two Directors to the Executive Committee. In the event of a payment default in any financing agreement between the Company and any third party lender, which payment default shall specifically include a demand by such third party lender upon Newpark or its affiliate(s) to pay all or any portion of such third party indebtedness (whether pursuant to a guaranty agreement or otherwise) and such payment default is not timely cured by Company and prompts an acceleration of the repayment of the indebtedness by such third party lender or an election by such third party lender to exercise any of its remedies upon default, including demand for payment upon Newpark or its affiliate(s) (except where such event of default has been precipitated by a

breach of Newpark or any of its affiliates under this Agreement or the Exclusive License Agreement), then, at Newpark's option, one of OLS's Directors will resign and the Executive Committee thereafter will be composed of three Directors, two of which are appointed by Newpark and one of which is appointed by OLS. If the two OLS Directors cannot agree on which Director among the two shall resign, Newpark shall select the OLS Director to resign. In the event or at such time the default is waived or subsequently cured and providing that Newpark or its affiliate is not required to advance any funds or incur any additional liability to such lender(s), OLS shall have the right to reinstate its resigning director to the Executive Committee.

(b) Authority of the Executive Committee. The following matters shall be reserved to the Executive Committee:

(i) Final approval of the annual compensation, bonuses or other benefits to be paid to any managerial level employee of the Company, including any manager who is also a Member of the Company;

(ii) Final approval of the missions and goals of the Company, as the same my be modified from time to time, including, without limitation, final approval of the Company's annual operating plan as submitted by the Chief Executive Officer;

(iii) The approval of the public accounting firm(s) engaged by the Company to audit the financial affairs and records of the Company;

(iv) Any contract, except contracts between the Company and Soloco L.L.C., whose aggregate value to the Company is expected to exceed $500,000.00;

(v) The purchase, sale or lease of any immovable property by the Company;

(vi) Any guarantee by the Company of the debt or obligations of any other person or entity;

(vii) The approval of any proposed capital expenditure for the Company in excess of $25,000;

(viii) Any borrowings or loans made to or by the Company except regularly anticipated draws against a pre-approved revolving line of credit;

(ix) The sale or lease of all or any portion of the assets of the Company, except where such sale is in the ordinary course of Company's business or due to obsolescence or ordinary wear and tear; and

(x) Any distributions made to the Members out of the Net Operating Cash Flow of the Company.

(c) Chief Executive Officer. Paul Seaux shall be the Chief Executive Officer ("CEO") of the Company and, as such, shall have the authority and function delegated to him by the Executive Committee as set forth in Paragraph 8(d) hereof.

(d) Authority of the CEO. The CEO shall have exclusive authority to manage the operations and affairs of the Company and to make all decisions regarding the business of the Company, subject only to those matters which are reserved for the vote of the Executive Committee or the Members by the terms of this Agreement (by the vote herein specified), or by the Law. It is understood and agreed that the CEO shall have all of the rights and powers of the Members as provided in the Law and as otherwise provided by law, and any action taken by the CEO in accordance with this Paragraph 8 shall constitute the act of, and serve to bind the Company and its Members. In furtherance of the foregoing, the CEO shall have all right, power and authority necessary, appropriate, desirable or incidental to carry out the conduct of the Company's business, including, but not limited to, the right, power and authority: (i) to incur and pay all costs, expenses and expenditures (including the timely payment of all taxes)incurred in good faith in the course of the conduct of the Company business; (ii) to execute promissory note(s), loan agreement(s), mortgage(s), security agreement(s) and other financing related documents reasonably necessary to finance the operation of the Company's business by causing it to borrow funds upon such terms and conditions as previously approved by the Executive Committee and to take any and all actions and to execute, acknowledge and deliver all documents in connection therewith; provided however that the CEO shall have no right or power to create or impose personal liability on any Member for any of the Company's obligations without the express consent of such Member, except as may otherwise be provided herein; (iii) to employ and dismiss from employment any and all employees, agents, independent contractors, consultants, appraisers, attorneys and accountants, and to pay such fees, expenses, salaries, wages or other compensation to such persons, as the CEO determines to be reasonable; (iv) to acquire, purchase or contract to purchase, sell or contract to sell, or to lease or hire any personal or movable property; (v) to pay, extend, renew, modify, submit to arbitration, prosecute, defend or compromise, upon such terms as the CEO deems proper and upon any evidence as it may deem sufficient, any obligation, suit, liability, cause of action or claim, in favor of or against the Company; (vi) to pay or cause to be paid any and all taxes, charges or assessments that may be levied, assessed or imposed on any property or assets of the Company; and (vii) to invest funds which, in the judgment of the CEO, are not immediately required for the conduct of the Company's business, in government-backed securities,

money market accounts or other prudent short-term investments generally recognized as being free of risk.

(e) Certificates. In accordance with La. R.S. 12:1305(C)(5) the Executive Committee shall have the power and authority to execute from time to time a certificate to establish the membership of any Member, the authenticity of any records of the Company or the authority of any person to act on behalf of the Company including, but not limited to the authority to take the actions referred to in La. R.S. 12:1318(B).

(f) Management Stalemate, Mediation, Buy-Sell. All actions reserved to the Executive Committee shall be taken by a majority of the members of the Executive Committee. If the Executive Committee, after a diligent and good faith effort, is unable to resolve a matter reserved to the Executive Committee and at least two members of the Executive Committee declare in writing that such stalemate has a materially adverse effect on the effective management of the Company, the Members shall first endeavor to settle the dispute in an amicable manner by mediation administered by the American Arbitration Association, under its mediation rules. Unless otherwise agreed upon, the mediation shall be conducted in Lafayette, Louisiana by a panel of three (3) mediators, one appointed by each of the Members and one appointed by the two mediators so appointed.

If the Members are unable to resolve the stalemate of the Executive Committee through non-binding mediation, then one Member shall purchase the entire interest of the other Member in the Company through the following procedures. Immediately prior to the conclusion of the mediation, the mediators, by the flip of a coin, shall designate one of the Members as the defaulting party. The defaulting Member shall then have a period of up to one hundred eighty (180) days from the date of the mediators' designation of the defaulting Member to make an offer to purchase the entire interest of the other Member upon such price and upon such terms as selected by the defaulting Member. Such offer shall be in writing and shall be sent by certified mail to the address of the other Member provided for notices hereunder. Thereafter, the other Member shall have a period of one hundred eighty (180) days from the receipt of such offer within which to either sell its entire interest to the defaulting Member for the price and upon the terms and conditions as set forth in the offer, or to purchase the interest of the defaulting Member for the price and upon the terms and conditions as set forth in the offer. If the defaulting Member fails to make an offer to purchase the entire interest of the other Member within the one hundred eighty (180) day period from the conclusion of the mediation, then such Member must sell its entire interest in the Company to the other Member for a price equal to the fair market value of its interest in the Company as determined by an independent United States investment banking firm appointed by the mediators, upon terms of all cash to the selling

Member. If neither Member purchases the interest of the other and the stalemate continues to exist, the Company shall be dissolved in the manner provided by applicable law.

(g) Manufacturing Facility. Except for those matters reserved to the Executive Committee, the CEO shall manage the operation of the manufacturing facility and all aspects of the manufacturing process. All aspects of the ongoing business of the Company shall be subject to the terms and conditions of the Exclusive Licensing Agreement, a copy of which is attached as Exhibit "B" hereto.

(h) Indemnification. The Company shall indemnify, hold harmless and defend any person who was or is a party or is threatened to be made a party of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, (other than an action by or in the right of the Company) by reason of the fact that such person is or was the CEO or a member of the Executive Committee of the Company, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, and/or proceeding. The termination of any action, suit or proceeding by judgment, order, settlement or conviction will not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, that such person had reasonable cause to believe that his or her conduct was unlawful. Expenses incurred by the CEO or a Director in defending a civil or criminal action, suit or proceeding may be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such CEO or Director to repay such amount if it is ultimately determined that such person is not entitled to be indemnified by the Company. Such expenses incurred by other personnel, employees and agents of the Company may be so paid upon such terms and conditions if any, as the CEO or Director deems appropriate.

(i) Member Liability. Except as expressly provided under the Law, no Member shall have personal liability for the losses, debts, claims, expenses or encumbrances of or against the Company or its Property, nor shall any Member be obligated to restore a deficit balance, if any, in the Members Capital Account (as hereinafter defined).

(j) Authority to Engage in Other Activities. Except as provided herein, no Member shall be required to manage the Company as his or its sole and exclusive function, and a Member may have other business interests and may engage in other activities in addition to those relating to the Company. The Members acknowledge that certain of the Members' other activities and

business interests may consist of the ownership, development, marketing, sale, operation or management of facilities or real properties or entities that compete with the business of the Company. Except as provided herein or in any Exhibit hereto, neither the Company nor any Member shall have any right in or to such other ventures by virtue of this Agreement or the relationship among the Members created hereby.

9. Profits and Losses.

(a) Determination, Allocation. The profits and losses of the Company shall be determined under accounting principals consistently applied and the method of accounting used in maintaining the Company's books and records, as hereinafter set forth. Except as specifically provided herein, the annual net profits and losses (and all items of income, deduction and credit) of the Company shall be allocated among the Members in accordance with their Membership Percentage Interests, which shall be as follows:

Member	Membership Percentage Interest
Newpark	49.0%
OLS	51.0%
TOTAL	100.0%

(b) Allocations to Reflect Contributed Property and Capital Account Revaluations. In accordance with Section 704(c) of the Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations issued thereunder (the "Regulations"), taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for Federal income tax purposes, be allocated among the Members so as to take into account any variation between the adjusted basis of such property for Federal income tax purposes and its fair market value, as recorded on the books of the Company. As provided in Section 1.704-1(b)(2)(iv)(f) of the Regulations, in the event that the Capital Accounts of the Members are adjusted to reflect the revaluation of Company property on the Company's books, then subsequent allocation of taxable income, gain, loss and deduction with respect to such property shall take into account any variation between the adjusted basis of such property for Federal income tax purposes and its adjusted fair market value, as recorded on the Company's books. Allocations under this Paragraph shall be made in accordance with Section 1.704-1(b)(4)(i) of the Regulations and, consequently, shall not be reflected in the Members' Capital Accounts.

(c) Varying Partnership Interests During Accounting Year. In the event there is a change in any Member's Membership Percentage Interest in the Company during an accounting year, net profits and net losses shall be appropriately allocated among the Members to take into account the varying interests of the Members so as to comply with Section 706(d) of the Code.

(d) Regulatory Allocations. Notwithstanding any other provision in this Paragraph 9 to the contrary, in order to comply with the rules set forth in the Regulations for (i) allocations of income, gain, loss and deductions attributable to nonrecourse liabilities, and (ii) partnership allocations where partners are not liable to restore deficit capital accounts, the following rules shall apply:

(1) "Partner nonrecourse deductions" as described and defined in Section 1.704-2(i)(1) and (2) of the Regulations attributable to a particular "partner nonrecourse liability" (as defined in Section 1.704-2(b)(4)) shall be allocated among the Members in the ratio in which the Members bear the economic risk of loss with respect to such liability;

(2) Items of Company gross income and gain shall be allocated among the Members to the extent necessary to comply with the minimum gain chargeback rules for nonrecourse liabilities set forth in Sections 1.704-2(f) and 1.704-2(i)(4) of the Regulations; and

(3) Items of Company gross income and gain shall be allocated among the Members to the extent necessary to comply with the qualified income offset provisions set forth in Section 1.704-1(b)(2)(ii)(d) of the Regulations, relating to unexpected deficit capital account balances (after taking into account (i) all capital account adjustments prescribed in Section 1.704-1(b)(2)(ii)(d) of the Regulations and (ii) each Member's share, if any, of the Company's partnership minimum gain and partner nonrecourse minimum gain and partner nonrecourse minimum gain as provided in Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations.

Since the allocations set forth in this Paragraph 9(d) (the "Regulatory Allocations") may effect results not consistent with the manner in which the Members intend to divide Company distributions, the Executive Committee is authorized to divide other allocations of net profits, net losses, and other items among the Members so as to prevent the Regulatory Allocations from distorting the manner in which distributions would be divided among the Members but for application of the Regulatory Allocations. The Executive Committee shall have discretion to accomplish this result in any reasonable manner that is consistent with Section 704 of the Code and the related Regulations. The Members may agree, by unanimous written consent, to make any election permitted by the Regulations under Section 704 of the Code that may

reduce or eliminate any Regulatory Allocation that would otherwise be required.

(e) Tax Conformity; Reliance on Attorneys or Accountants. The determination of each Member's share of each item of income, gain, loss, deduction or credit of the Company for any period or fiscal year shall, for purposes of Sections 702 and 704 of the code, be made in accordance with the allocations set forth in this Paragraph 9. The Executive Committee shall have no liability to the Members or the Company if the Executive Committee relies upon the written opinion of tax counsel or accountants retained by the Company with respect to all matters (including disputes) relating to computations and determinations required to be made under this Paragraph or other provisions of this Agreement.

10. Distributions.

(a) Net Operating Cash Flow. "Net Operating Cash Flow" means the gross cash proceeds from Company operations, less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital improvements, replacements, and contingencies, all as determined by the Executive Committee. "Net Operating Cash Flow" shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, and shall be increased by any reductions of reserves previously established.

(b) Distribution. The distribution policy of the Company will be established by the Executive Committee taking into account (i) the requirements of the Law; (ii) the terms and conditions of the Project Financing; and (iii) the capital and operating needs of the Company. In making distributions of Net Operating Cash Flow, the Executive Committee shall take into account the following priority: first, excess Net Operating Cash Flow shall be reinvested to the extent required for appropriate expansions of the business including working capital needs in connection therewith; second, as necessary, repayments shall be made under the Company's credit arrangements so as to minimize the cost of the Company's financing; third, distributions will be made to the Members. Any distributions of Net Operating Cash Flow shall be made forty-nine (49%) percent to Newpark and fifty-one (51%) percent to OLS in accordance with their individual interest set forth in Section 9(a) hereof. Provided sufficient Net Operating Cash Flow is available, the Executive Committee shall authorize the distribution of sufficient cash to cover each Member's federal and state income tax liability for reported income.

11. Financial Matters. To the extent that capital in addition to the Advances or the Project Financing is needed to operate the Company or fund certain maintenance or expansion of the Project, the Company will raise such funds according to the following priorities; first, the Company will seek to borrow such funds from third parties;

second, the Members may loan such funds to the Company upon terms and conditions similar to those of the Advances; and third, equity contributions may be made by each of the Members on a pro-rata basis in accordance with the Members' Membership Percentage Interests in the Company; provided, however, that no such contributions will be required unless the unanimous agreement of each of the Members to make such an equity contribution is first obtained.

12. Annual Reports and Tax Information. Within a reasonable time after the close of each Company accounting year, the Company shall furnish to each Member an annual report containing a balance sheet as of the close of such accounting year, statements of income, Members' Capital Accounts and cash flow and necessary tax information. If the Company's accounting year is the calendar year, such reports shall be made within sixty (60) days of the close of the accounting year.

13. Tax Matters Member and Tax Elections. OLS Consulting Services, Inc. is designated the "tax matters partner" as defined in Internal Revenue Code Section 6231(a)(7) and shall perform all duties imposed thereon under Code Sections 6221 through 6232. Except as specifically provided herein, said Member is further authorized, in its sole discretion, to make or revoke any Company tax election as provided for in the Internal Revenue Code; provided, however, that said Member shall make, on behalf of the Company, the election referred to in Section 754 of the Internal Revenue Code, if so requested by the Members. The Members intend that the Company be classified, for Federal income tax purposes, as a partnership, and agree in advance to any amendment which a tax advisor selected by the Executive Committee shall recommend to be necessary or advisable to qualify for or maintain such tax classification. Further, the Members authorize the filing (or the forbearance of filing) of any election under any Regulation or Internal Revenue Service rulings or procedures to effect the classification of the Company as a partnership for Federal income tax purposes.

14. Books and Records. The Company shall at all times keep and maintain a true and accurate set of books and records at the Company's principal place of business and in accordance with accounting principals consistently applied and the provisions of this Operating Agreement. The Company shall cause its books and records to be audited by a recognized public accounting firm approved by the Members. The Company shall allow its Members and their authorized representatives to inspect, during normal business hours, the books and accounting records of the Company, to make extracts and copies therefrom at their own expense, and to have full access of all of the Property and assets of the Company. Additionally, the Company shall supply to the Members of the Company any financial information they may from time to time reasonably require.

15. Accounting Year and Method. For purposes of maintaining the Company's books and records, the Company's accounting year shall be the calendar year, and the Company shall employ the cash method of accounting for tax purposes and the accrual method of accounting for book purposes, provided, however, that the Company shall use a fiscal year and/or employ the accrual

method of accounting for tax purposes, if, and only if, the Company is required to report its federal income tax on such basis.

16. Book Carrying Value of Assets. The Company's assets shall be carried on the Company's books and records at each asset's "Book Carrying Value," which shall mean the asset's adjusted basis for Federal income tax purposes, except as follows:

(a) The initial Book Carrying Value of any asset contributed by a Member to the Company shall be such asset's fair market value, as agreed to by the contributing Member and the Company.

(b) The Book Carrying Value of all Company assets (including assets distributed in accordance with (ii) below) shall be adjusted to reflect their then current fair market value, as determined by the Members, upon the happening of any of the following events:

(i) Contributions to the Company, other than pro-rata contributions by the then current Members,

(ii) Distributions to the Members of property other than money or pro-rata distributions of undivided interests in the distributed property, or

(iii) Termination of the Company as a partnership for federal income tax purposes pursuant to Section 708(b)(1)(B) of the Internal Revenue Code.

17. Capital Accounts.

(a) Individual capital accounts ("Capital Accounts") shall be maintained for each Member and shall consist of such Member's initial capital contribution to the Company, if any, increased by (i) any additional capital contributions to the Company by such Member and (ii) such Member's distributive share of Company profits, and decreased by (x) distributions to such Member pursuant to this Agreement and (y) such Member's distributive share of Company losses.

(b) If the Book Carrying Value of Company assets is adjusted pursuant to Paragraph 16(b) hereof, the Capital Accounts of all Members shall be simultaneously adjusted to reflect the aggregate net adjustments to said Book Carrying Value of Company assets as if the Company recognized a profit or loss equal to the amount of such aggregate net adjustment.

(c) The transferee of any interest in the Company transferred in accordance with the provisions of this Agreement shall succeed to the Capital Account of the transferor to the extent that it relates to the transferred interest.

(d) No Member shall be entitled to interest on the balance in such Member's Capital Account nor shall any Member be entitled to a distribution with respect to such Member's Capital Account except as specifically provided in this Agreement.

18. Prior Written Consent Required for the Sale of Membership Percentage Interests.

(a) No Member may sell, transfer or otherwise dispose of all or any of its Membership Percentage Interest in the Company without either (i) obtaining the prior written consent of the other Members, which consent will not be unreasonably withheld, or (ii) in the case of a proposed sale, transfer or disposition by Newpark, complying with the provisions of Paragraph 18(b), and in the case of a proposed sale, transfer or disposition by OLS, complying with the provisions of Paragraph 18(c). Notwithstanding the foregoing, no written consent of the other Members or compliance with Paragraph 18(b) or Paragraph 18(c) will be required in the event of (x) an assignment or transfer of any Membership Percentage Interest in the Company from a Member to its parent corporation or to another directly or indirectly wholly-owned subsidiary or holding company of the Member or its parent company or to any affiliate or subsidiary of such holding company or (y) a collateral pledge of or grant of a security interest in a Membership Percentage Interest in the Company in order to secure indebtedness as provided in Paragraph 19. Any sale, transfer or other disposal of any Membership Percentage Interest in the Company (whether or not requiring the prior written consent of the other Members) will not be or become effective until the assignee or transferee has executed appropriate documentation in favor of the other Members and to the Company whereby such assignee or transferee agrees to be bound by the terms and conditions of this Agreement and any other third party contracts entered into by and between Members and by and between a Member or his or its affiliate and the Company, as provided in Paragraph 20.

(b) Newpark Sale. As a condition to Newpark's right to sell, transfer or otherwise dispose of all or a portion of its Membership Percentage Interest in the Company (other than as permitted in Paragraph 18(a)), Newpark will first comply with the following conditions:

(i) Newpark will first inform OLS in writing (the "Newpark Notice of Sale") of the price, terms and conditions upon which it proposes to sell, transfer or otherwise dispose of its entire Membership Percentage Interest in the Company, will identify the prospective purchaser or transferee of such Membership Percentage Interest, and will offer OLS the opportunity to acquire Newpark's Membership Percentage Interest in the Company upon the same price, terms and conditions as set forth in

the Newpark Notice of Sale ("OLS ROFR Rights"). OLS will have the preferential right to exercise OLS ROFR Rights as of the date of the Newpark Notice of Sale.

(ii) It will be deemed that OLS ROFR Rights have been waived if such rights have not been exercised in writing within thirty (30) calendar days after receipt of the Newpark Notice of Sale.

(iii) Newpark may, within a period of six (6) months after OLS ROFR Rights have been refused or waived by OLS, sell, transfer or otherwise dispose of such Membership Percentage Interest in the Company to the prospective purchaser or transferee previously identified in the Newpark Notice of Sale, but not at a price less than nor upon terms and conditions more favorable to the purchaser or transferee than the price, terms and conditions first offered to OLS.

(iv) If no such transaction of Newpark's Membership Percentage Interest in the Company is consummated by Newpark within the same period of six (6) months, Newpark will not thereafter make any sale, transfer or other disposal without again offering the same to OLS in accordance with the provisions of this Paragraph 18(b).

(c) OLS Sale. As a condition to OLS's right to sell, transfer or otherwise dispose of all or a portion of its Membership Percentage Interest in the Company (other than as permitted in Paragraph 18(a)), OLS will first comply with the following conditions:

(i) OLS will first inform Newpark in writing ("OLS Notice of Sale") of the price, terms and conditions upon which it proposes to sell, transfer or otherwise dispose of its entire Membership Percentage Interest in the Company, will identify the prospective purchaser or transferee of such Membership Percentage Interest, and will offer Newpark the opportunity to acquire OLS's Membership Percentage Interest in the Company upon the same price, terms and conditions as set forth in OLS Notice of Sale (the "Newpark ROFR Rights"). Newpark will have the preferential right to exercise its Newpark ROFR Rights as of the date of OLS Notice of Sale.

(ii) It will be deemed that the Newpark ROFR Rights have been waived if such rights have not been exercised in writing within thirty (30) calendar days after receipt of OLS Notice of Sale.

(iii) OLS may, within a period of six (6) months after the Newpark ROFR Rights have been refused or waived by Newpark, sell, transfer or

otherwise dispose of its entire Membership Percentage Interest in the Company to the prospective purchaser or transferee previously identified in OLS Notice of Sale, but not at a price less than nor upon terms and conditions more favorable to the purchaser or transferee than the price, terms and conditions first offered to Newpark.

(iv) If no such transaction of OLS's Membership Percentage Interest in the Company is consummated by OLS within the same period of six (6) months, OLS will not thereafter make any sale, transfer or other disposal without again offering the same to Newpark in accordance with the provisions of this Paragraph 18(c).

19. Transfers as Security. Any Member may transfer all or any part of its interest in the Company by way of security, and the provisions of Paragraph 18 shall not apply so long as the Member remains the legal owner of the interest so given as security. However, the interest cannot be transferred or sold to satisfy the debt for which it was given as security without complying with the provisions of Paragraph 18.

20. Status of Transferee. Any transfer (whether voluntary or involuntary) of an interest in this Company in accordance with the provisions of the Agreement (other than to another Member) shall convey to the transferee only the transferor's right to share in distributions, profits and losses and capital upon liquidation with respect to the interest transferred, shall not convey any rights to vote on any Company matters or to participate in the management of the Company and shall not diminish or in any way affect the liabilities and obligations of the transferring Member under the Agreement, and the transferee shall not become a Member in the Company unless and until:

(i) the transfer shall have been approved by all of the other Members;

(ii) the transferee shall agree in writing to be bound by the terms and conditions of this Agreement (as may be modified in connection with the transfer) and any other third party contracts entered into by and between the Members or by and between the Members or any of his or its affiliates and the Company; and

(iii) an instrument setting forth the fact of the transfer and the new interests of the affected Member, is executed by all of the Members including the transferee.

21. Bankruptcy of a Member.

(a) Except as otherwise provided herein, the bankruptcy of a Member shall terminate that Member's interest in the Company and the remaining Members shall have the right to purchase the interest of the withdrawing Member at a

price equal to the value of his interest in the Company as of the end of the month of his bankruptcy as hereinafter calculated.

(b) Upon the termination of a Member's interest in the company as provided in subparagraph (a) hereof, Company Capital Accounts shall be posted as of the end of the month in which the terminating event occurred. The value of the bankrupt Member's interest in the Company shall be the sum of its Capital Account as posted and any debts due and owing to it by the Company less any amounts due and owing by him it the Company.

(c) If the remaining Members exercise their right of purchase, they shall pay the purchase price of the interest of the Member terminating hereunder at the valuation determined under subparagraph (b) hereof, as follows:

(i) One/half within three months after the end of the month in which the terminating event occurred, and

(ii) the balance within six months after the end of the month in which the terminating event occurred.

The remaining Members shall purchase the interest of the terminating Member in proportion to their respective Membership Percentage Interests; provided, however, that if one Member fails to pay its share of the purchase price, the remaining Member or Members may pay the balance and their respective Membership Percentage Interests shall be increased thereby.

(d) The bankruptcy of a Member shall not terminate that Member's interest in the Company if the remaining Members unanimously agree to admit that Member's trustee in bankruptcy, successor, assign or other legal representative as a Member under the provisions of Paragraph 20 hereof.

(e) Following the bankruptcy of a Member, neither the Member, nor the Member's trustee in the bankruptcy, successor, assign or other legal representative shall have any further rights in connection with the management of the Company as provided in Paragraph 8 hereof, and none of such shall have any right to serve as a CEO, Director or other Manager of the Company or any right to appoint any person to any such position.

22. Other Events of Termination of Interest of Member, Withdrawal of Member, Admission of New Members.

(a) Upon any other event which terminates a Member's interest in the Company, other than bankruptcy of the Member, such as the withdrawal, expulsion or dissolution of a Member, and provided that the Company is continued pursuant to the terms of Paragraph 6 hereof, such Member shall be

distributed, within six (6) months of the date of such Member's termination of membership in the Company, an amount, in cash, equal to the Member's capital account as of the end of the month in which the terminating event occurred, plus any debts due and owing to it by the Company, less any amounts due and owing by it to the Company.

(b) No Member may voluntarily withdraw without the consent of all remaining Members and the Members.

(c) A new Member or Members may be admitted with the consent of all Members and such admission may be effected by an amendment to this Agreement, executed by all of the Members setting forth the value of such Member's contribution to the Company and the resulting Membership Percentage Interests of the newly admitted Member or Members and any other Member or Members of the Company and any other modifications to this Agreement occasioned thereby.

23. Seizure of Interest of Member.

(a) In the event of the seizure of the interest in the Company of any Member by a creditor of the Member, the Company shall have the right and option to either:

(i) bond out the seizure, or

(ii) satisfy the debt on account of which the seizure was made, or

(iii) take no action.

(b) If the Company shall elect to bond out the seizure, the Member whose interest was seized shall be indebted to the Company for the premiums and other expenditures of the Company incurred by reason of the bonding out of the seizure.

(c) If the Company shall satisfy the debt on account of which the seizure was made, the Company shall automatically be subrogated to all of the rights of the seizing creditor against the Member whose Company interest was seized with respect to the debt so satisfied by the Company.

(d) In the event of seizure of the interest in the Company of any Member, such Member shall no longer have any right to participate in the management of the Company as set forth in Paragraph 8 hereof or to serve as a CEO, Director or other Manager of the Company and shall have no right to appoint any person to any such position.

24. Liquidation.

(a) Upon termination of the Company as provided in Paragraph 6, the Members jointly acting as liquidator, shall proceed to wind up the affairs of the Company and to liquidate the Company in an orderly manner. The liquidator of the Company shall collect all revenues and liquidate the assets, to the extent deemed necessary and advisable, and shall distribute (or establish appropriate reserves therefor) the proceeds and the unliquidated assets, if any, in accordance with the following priorities:

(i) First, payment and discharge of debts and liabilities of the Company;

(ii) Second, liquidation of Members' Capital Accounts; and

(iii) Third, if any proceeds or unliquidated assets remain after satisfaction of the above priorities (i) and (ii), such remaining proceeds and unliquidated assets shall be distributed to the Members in accordance with their Membership Percentage Interests.

(b) Any gain or loss on disposition of the assets of the Company in liquidation shall be credited or charged to the Members in proportion to their Membership Percentage Interests.

(c) Any property distributed in kind shall be valued by an independent appraisal at its fair market value and then treated as though the property were sold at such fair market value as of the time of such distribution (with a resulting allocation of profits and losses) and the cash proceeds were distributed. In-kind distributions shall be made at the discretion of the liquidator and, if made, shall to the extent possible be made on the basis of particular properties being distributed to particular Members in full ownership.

25. Applicable Law. The relations of the Members with each other and with third persons shall be governed by the laws of the State of Louisiana.

26. Notices. Notices required or permitted by this Agreement shall be given (a) to each Member (and to legal representatives and successors) at the Member's permanent mailing address as hereinabove set forth and (b) to the Company at its principal place of business, with copies to each Member at their said permanent mailing address. The Company or any Member may change the address for the giving of notices to it or him by giving the Company and all other Members a notice of the new address. Any such notice or communication (a) sent by express overnight courier or facsimile will be considered given on the first business day following the date of dispatch and (b) delivered personally will be considered given on the date of such delivery. Nothing contained in this Paragraph 26 will excuse failure to give prompt or

immediate oral notice for purposes of informing the other Member of an event which requires such notice, but such oral notice will not satisfy the requirements of written notice set forth in this Paragraph 26.

27. Waiver. No failure or delay by any Member in exercising any right, power or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. No waiver by any Member of any breach of any provision hereof will be deemed to be a waiver of any subsequent breach of that or any other provision thereof.

28. Amendments. Except as otherwise provided herein, this Agreement may be amended only by an instrument in writing signed by all Members.

29. Separability of Provisions. If for any reason, any provision hereof is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

This Operating Agreement may be executed in any number of multiple originals or counterparts, each of which shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns, jointly, severally and in solido.

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Operating Agreement effective as of the date first hereinabove set forth.

WITNESSES

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NEWPARK HOLDINGS, INC.

By: ----------
James D. Cole
President

OLS CONSULTING SERVICES, INC.

By: ----------
Ores Paul Seaux
President

EXHIBIT 21.1
SUBSIDIARIES OF THE REGISTRANT

1. BATSON MILL L.P.

2. BOCKMON CONSTRUCTION COMPANY, INC.

3. CHESSHER CONSTRUCTION, INC.

4. CHEMICAL TECHNOLOGIES, INC.

5. CONSOLIDATED MAYFLOWER MINES

6. EXCALIBAR MINERALS, INC.

7. EXCALIBAR MINERALS OF LA., L.L.C.
(FORMERLY IBERIA BARITE, L.L.C.)

8. FLORIDA MAT RENTAL, INC.

9. HYDRA FLUIDS INTERNATIONAL, LTD.

10. INTERNATIONAL MAT, LTD.

11. IML DE VENEZUELA, LLC

12. JPI ACQUISITION CORP.

13. MALLARD & MALLARD, INC.

14. MALLARD & MALLARD OF LA., INC.

15. NES PERMIAN BASIN, L.P.

16. NDF MEXICO, INC.

17. NEWPARK CANADA, INC.

18. NEWPARK DRILLING FLUIDS CANADA, INC.
(FORMERLY PROTECT MUD SERVICE, LTD.)

19. NEWPARK DRILLING FLUIDS, INC.
(FORMERLY SAMPEYOBILBOOMESCHE DRILLING FLUIDS MANAGEMENT, INC.)

20. NEWPARK ENVIRONMENTAL SERVICES, INC.
(FORMERLY NOW DISPOSAL OPERATING CO.)

21. NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C.
(FORMERLY NEWPARK ENVIRONMENTAL SERVICES, L.L.C.)

22. NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P.

23. NEWPARK ENVIRONMENTAL SERVICES, L.P

24. NEWPARK HOLDINGS, INC.

25. NEWPARK PERFORMANCE SERVICES, INC.

26. NEWPARK SHIPHOLDING TEXAS, L.P.

27. NEWPARK TEXAS DRILLING FLUIDS, LP.
(FORMERLY FMI WHOLESALE DRILLING FLUIDS USA,L.P.)

28. NEWPARK TEXAS L.L.C.

29. NID, L.P.

30. OGS LABORATORY, INC.

31. SOLOCO FSC, INC.

32. SOLOCO, L.L.C.

33. SOLOCO TEXAS, L.P.

34. SONNEX, INC.

35. SUPREME CONTEACTORS, L.L.C.

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-22291, 33-54060, 33-62643, 33-83680, and 333-07225 of Newpark Resources, Inc. on Form S-8 and Registration Statement No. 333-65411 on Form S-3 of our report dated March 26, 1999, appearing in this Annual Report on Form 10-K of Newpark Resources, Inc. for the year ended December 31, 1998.

DELOITTE & TOUCHE LLP

New Orleans, Louisiana
March 26, 1999

EXHIBIT 24.1

POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a Director of NEWPARK RESOURCES, INC., does hereby constitute and appoint James D. Cole and/or Matthew W. Hardey, his true and lawful attorney and agent to do any and all acts and things and execute, in the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting the seal of Newpark Resources, Inc., or otherwise), any and all instruments which said attorney and agent may deem necessary or advisable in order to enable Newpark Resources, Inc. to comply with the Securities Exchange Act of 1934 and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 1997, including specifically but without limitation thereto, power and authority to sign the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting to the seal of Newpark Resources, Inc., or otherwise) to the Annual Report on Form 10-K to be filed with the Securities and Exchange Commission, or any of the exhibits filed therewith, or any amendment or application for amendment of the Annual Report on Form 10-K, or any of the exhibits filed therewith, and to attest the seal of Newpark Resources, Inc. thereon and to file the same with the Securities and Exchange Commission; and the undersigned does hereby ratify and confirm all that said attorneys and agents, each of them, shall do or cause to be done by virtue hereof. Any one of said attorneys and agents shall have, and may exercise, all the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: FEBRUARY 9, 1999 /s/ WILLIAM W. GOODSON

WILLIAM W. GOODSON,

DIRECTOR

WITNESSES

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POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

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IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: JANUARY 28, 1999 /s/ DAVID P. HUNT
DAVID P. HUNT, DIRECTOR

WITNESSES

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POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

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IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: JANUARY 30, 1999 /s/ JAMES H. STONE

JAMES H. STONE, DIRECTOR

WITNESSES

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POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

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IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: FEBRUARY 2, 1999

/s/ ALAN J. KAUFMAN
ALAN J. KAUFMAN, DIRECTOR

WITNESSES

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POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a Director of NEWPARK RESOURCES, INC., does hereby constitute and appoint James D. Cole and/or Matthew W. Hardey, his true and lawful attorney and agent to do any and all acts and things and execute, in the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting the seal of Newpark Resources, Inc., or otherwise), any and all instruments which said attorney and agent may deem necessary or advisable in order to enable Newpark Resources, Inc. to comply with the Securities Exchange Act of 1934 and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 1997, including specifically but without limitation thereto, power and authority to sign the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting to the seal of Newpark Resources, Inc., or otherwise) to the Annual Report on Form 10-K to be filed with the Securities and Exchange Commission, or any of the exhibits filed therewith, or any amendment or application for amendment of the Annual Report on Form 10-K, or any of the exhibits filed therewith, and to attest the seal of Newpark Resources, Inc. thereon and to file the same with the Securities and Exchange Commission; and the undersigned does hereby ratify and confirm all that said attorneys and agents, each of them, shall do or cause to be done by virtue hereof. Any one of said attorneys and agents shall have, and may exercise, all the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: FEBRUARY 22, 1999

/s/ DIBO ATTAR
DIBO ATTAR, DIRECTOR

WITNESSES

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1,000

12-MOS
DEC-31-1998
JAN-01-1998
DEC-31-1998
6,611
0
76,683
11,008
19,381
119,328
273,598
55,610
504,479
43,391
208,057
0
0
688
241,809
504,479
256,808
256,808
176,551
244,794
0
9,180
11,554
(92,559)
(30,270)
(62,289)
0
0
(1,326)
(63,615)
(0.95)
(0.95)

5

1,000

3-MOS	6-MOS	9-MOS
DEC-31-1998	DEC-31-1998	DEC-31-1998
JAN-01-1998	JAN-01-1998	JAN-01-1998
MAR-31-1998	JUN-30-1998	SEP-30-1998
16,310	12,627	10,114
0	0	0
92,999	91,679	83,393
2,262	2,216	7,397
20,496	22,883	23,087
133,272	130,151	119,618
271,664	321,411	317,782
69,599	82,278	69,876
482,200	527,426	528,245
43,922	34,042	39,986
127,064	160,267	184,435
0	0	0
0	0	0
658	670	682
290,979	313,958	290,713
482,200	527,426	528,245
72,404	139,423	202,322
72,404	139,423	202,322
42,719	82,234	125,211
52,377	102,328	172,043
0	0	0
0	0	4,000
2,638	5,262	8,059
17,413	31,925	(13,659)
6,186	11,589	(2,439)
11,227	20,336	(11,220)
0	0	0
0	0	0
0	0	(1,326)
11,227	20,336	(12,546)
0.17	0.31	(0.19)
0.17	0.30	(0.19)

5

1,000

3-MOS	6-MOS	9-MOS	12-MOS
DEC-31-1997	DEC-31-1997	DEC-31-1997	DEC-31-1997
JAN-01-1997	JAN-01-1997	JAN-01-1997	JAN-01-1997
MAR-31-1997	JUN-30-1997	SEP-30-1997	DEC-31-1997
3,138	3,733	6,179	21,699
0	0	0	0
54,738	12,652	62,613	77,034
1,731	2,206	1,925	2,266
6,280	7,925	18,305	21,489
73,946	78,207	90,778	123,642
170,997	200,452	223,681	254,786
43,820	51,293	56,808	63,728
308,730	346,324	381,771	451,623
37,125	35,016	35,315	34,760
43,994	63,091	76,392	127,996
0	0	0	0
0	0	0	0
611	635	645	651
210,156	233,179	256,969	269,334
308,730	346,324	381,771	451,623
47,501	100,046	162,540	233,245
47,501	100,046	162,540	233,245
29,422	60,972	98,449	138,392
34,332	71,736	116,147	166,118
0	0	0	0
0	0	0	0
894	1,923	2,810	4,265
11,512	24,902	41,274	59,987
4,150	9,024	15,201	22,246
7,362	15,878	26,073	37,741
0	0	0	0
0	0	0	0
0	0	0	0
7,362	15,878	26,073	37,741
0.12	0.25	0.41	0.59
0.11	0.25	0.40	0.58