

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

Form 10-Q

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

For the quarterly period ended March 31, 2007

or

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

For the transition period from _____ to _____.

Commission File No. 1-2960

Newpark Resources, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

72-1123385

(I.R.S. Employer Identification No.)

2700 Research Forest Drive, Suite 100

The Woodlands, Texas

(Address of principal executive offices)

77381

(Zip Code)

(281) 362-6800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of April 23, 2007, a total of 89,902,975 shares of Common Stock, \$0.01 par value per share, were outstanding.

NEWPARK RESOURCES, INC.
INDEX TO QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTH PERIOD ENDED
March 31, 2007

Item Number	Description	Page Number
	<u>PART I-FINANCIAL INFORMATION</u>	
<u>1</u>	<u>Unaudited Consolidated Condensed Financial Statements:</u>	
	<u>Balance Sheets as of March 31, 2007 and December 31, 2006</u>	4
	<u>Statements of Operations for the Three Months Ended March 31, 2007 and 2006</u>	5
	<u>Statements of Comprehensive Income for the Three Months Ended March 31, 2007 and 2006</u>	6
	<u>Statements of Cash Flows for the Three Months Ended March 31, 2007 and 2006</u>	7
	<u>Notes to Unaudited Consolidated Condensed Financial Statements</u>	8
<u>2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
<u>3</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	20
<u>4</u>	<u>Controls and Procedures</u>	21
	<u>PART II-OTHER INFORMATION</u>	
<u>1</u>	<u>Legal Proceedings</u>	22
<u>1A</u>	<u>Risk Factors</u>	22
<u>2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	22
<u>3</u>	<u>Defaults upon Senior Securities</u>	22
<u>4</u>	<u>Submission of Matters to a Vote of Security Holders</u>	22
<u>5</u>	<u>Other Information</u>	22
<u>6</u>	<u>Exhibits</u>	22
	<u>Signatures</u>	24
	<u>Employment Agreement - Bruce Smith</u>	
	<u>Employment Agreement - Sean Mikaelian</u>	
	<u>Waiver to Amended and Restated Credit Agreement</u>	
	<u>First Amendment and Waiver to Amended Credit Agreement</u>	
	<u>Certification of Paul L. Howes Pursuant to Section 302</u>	
	<u>Certification of James E. Braun Pursuant to Section 302</u>	
	<u>Certification of Paul L. Howes Pursuant to Section 906</u>	
	<u>Certification of James E. Braun Pursuant to Section 906</u>	

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. We also may provide oral or written forward-looking statements in other materials we release to the public. The words “anticipates,” “believes,” “estimates,” “expects,” “plans,” “intends,” and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties and contingencies, including the risks identified in Item 1A, “Risk Factors,” in Part I of our Annual Report on Form 10-K for the year ended December 31, 2006, and those set forth from time to time in our filings with the Securities and Exchange Commission, could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, these statements, including the success or failure of our efforts to implement our business strategy.

[Table of Contents](#)

We assume no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Quarterly Report on Form 10-Q might not occur.

For further information regarding these and other factors, risks and uncertainties affecting us, we refer you to the risk factors set forth in Part I of our Annual Report on Form 10-K for the year ended December 31, 2006.

PART I**ITEM 1. Unaudited Consolidated Financial Statements****Newpark Resources, Inc.****Consolidated Balance Sheets**

(In thousands, except share data)	March 31, 2007 (Unaudited)	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,007	\$ 13,218
Receivables, net	160,928	156,221
Inventories	105,203	111,740
Deferred tax asset	25,467	22,970
Prepaid expenses and other current assets	12,528	13,014
Assets of discontinued operations	2,583	2,555
Total current assets	307,716	319,718
Property, plant and equipment, net	230,687	227,962
Goodwill	55,294	55,143
Deferred tax asset	—	5,348
Other intangible assets, net	11,258	11,623
Other assets	7,455	7,875
	<u>\$ 612,410</u>	<u>\$ 627,669</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Foreign bank lines of credit	\$ 7,472	\$ 10,938
Current maturities of long-term debt	6,452	4,208
Accounts payable	40,395	43,859
Accrued liabilities	39,058	42,809
Liabilities of discontinued operations	94	181
Total current liabilities	93,471	101,995
Long-term debt, less current portion	181,201	198,186
Deferred tax liability	1,337	—
Other non-current liabilities	4,428	4,345
Total liabilities	280,437	304,526
Stockholders' equity:		
Common Stock, \$0.01 par value, 100,000,000 shares authorized, 89,908,657 and 89,675,292 shares issued and outstanding, respectively	899	897
Paid-in capital	446,303	444,763
Accumulated other comprehensive income	8,744	7,940
Retained deficit	(123,973)	(130,457)
Total stockholders' equity	331,973	323,143
	<u>\$ 612,410</u>	<u>\$ 627,669</u>

See Accompanying Notes to Unaudited Consolidated Condensed Financial Statements

[Table of Contents](#)

Newpark Resources, Inc.
Consolidated Statements of Operations
For the Three Months Ended March 31,
(Unaudited)

(In thousands, except per share data)	2007	2006
Revenues	\$171,800	\$166,458
Cost of revenues	147,420	148,058
	24,380	18,400
General and administrative expenses	8,155	3,329
Operating income	16,225	15,071
Foreign currency exchange loss	114	105
Interest expense, net	4,444	4,792
Income from continuing operations before income taxes	11,667	10,174
Provision for income taxes	4,206	3,639
Income from continuing operations	7,461	6,535
Loss from discontinued operations, net of tax	(227)	(350)
Net income	\$ 7,234	\$ 6,185
Basic and diluted earnings per share:		
Income from continuing operations	\$ 0.08	\$ 0.07
Loss from discontinued operations	0.00	0.00
Income per share	\$ 0.08	\$ 0.07

See Accompanying Notes to Unaudited Consolidated Condensed Financial Statements

[Table of Contents](#)

Newpark Resources, Inc.
Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31,
(Unaudited)

(In thousands)	2007	2006
Net income	\$7,234	\$6,185
Changes in interest rate swap and cap (net of tax of \$23)	(43)	—
Foreign currency translation adjustments	847	(659)
Comprehensive income	\$8,038	\$5,526

See Accompanying Notes to Unaudited Consolidated Condensed Financial Statements

[Table of Contents](#)**Consolidated Statements of Cash Flows
For the Three Months Ended March 31,
(Unaudited)**

(In thousands)	2007	2006
Cash flows from operating activities:		
Net income	\$ 7,234	\$ 6,185
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	6,148	6,025
Stock-based compensation expense	682	506
Provision for deferred income taxes	3,341	2,914
Gain on sale of assets	(33)	(185)
Change in assets and liabilities:		
Increase in accounts and notes receivable	(4,700)	(8,163)
Decrease (increase) in inventories	3,401	(5,537)
Decrease in other assets	1,335	1,267
Decrease in accounts payable	(3,591)	(208)
(Decrease) increase in accrued liabilities and other	(3,744)	9,209
Net cash provided by operating activities	10,073	12,013
Cash flows from investing activities:		
Capital expenditures	(5,400)	(12,725)
Proceeds from sale of property, plant and equipment	457	477
Insurance proceeds from property, plant and equipment claim	—	3,471
Net cash used in investing activities	(4,943)	(8,777)
Cash flows from financing activities:		
Net payments on lines of credit	(12,310)	(2,769)
Payments on notes payable and long-term debt, net	(6,089)	(3,067)
Proceeds from exercise of stock options and ESPP	970	4,037
Excess tax benefit from exercise of stock options	—	595
Net cash used in financing activities	(17,429)	(1,204)
Effect of exchange rate changes	88	75
Net (decrease) increase in cash and cash equivalents	(12,211)	2,107
Cash and cash equivalents at beginning of period	13,218	7,956
Cash and cash equivalents at end of period	<u>\$ 1,007</u>	<u>\$ 10,063</u>

See Accompanying Notes to Unaudited Consolidated Condensed Financial Statements

NEWPARK RESOURCES, INC.
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 1 — Basis of Presentation and Significant Accounting Policies

The accompanying unaudited consolidated condensed financial statements of Newpark Resources, Inc. and our wholly-owned subsidiaries, which we refer to as “we,” “our” or “us”, have been prepared in accordance with Rule 10-01 of Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission and do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. These consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2006. The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results to be expected for the entire year.

In the opinion of management, the accompanying unaudited consolidated condensed financial statements reflect all adjustments necessary to present fairly our financial position as of March 31, 2007, and the results of our operations and our cash flows for the three months ended March 31, 2007 and 2006. All adjustments are of a normal recurring nature. Our balance sheet at December 31, 2006 has been derived from the audited financial statements at that date. We have reclassified certain amounts related to discontinued operations previously reported to conform with the presentation at March 31, 2007.

Note 2 — Discontinued Operations

During 2006, we decided to shut down the operations of Newpark Environmental Water Solutions, LLC (“NEWS”), and dispose of, or redeploy the assets related to this operation along with the disposal and water treatment operations in Wyoming which existed prior to the start up of NEWS. The operations ceased at these facilities during the fourth quarter of 2006, and all remaining assets of these businesses are held for sale. If we are unable to sell the NEWS assets, we may incur pre-tax cash charges relating to the exit of this business of approximately \$3.5 million to \$4.0 million, which will be expensed as incurred.

[Table of Contents](#)

In connection with this shut down, all assets, liabilities and results of operations have been classified as discontinued operations for all periods presented. Summarized results of operations from discontinued operations are as follows for the three months ended March 31,

(In thousands)	2007	2006
Revenues	\$ —	\$ 307
Expenses	360	839
Loss from discontinued operations before income taxes	(360)	(532)
Income tax benefit	(133)	(182)
Loss from discontinued operations, net of tax	<u>\$(227)</u>	<u>\$(350)</u>

Assets and liabilities of discontinued operations are as follows as of March 31, 2007 and December 31, 2006:

(In thousands)	March 31, 2007	December 31, 2006
Current assets	\$ 196	\$ 168
Property, plant and equipment	2,387	2,387
Assets of discontinued operations	<u>\$2,583</u>	<u>\$2,555</u>
Liabilities of discontinued operations	<u>\$ 94</u>	<u>\$ 181</u>

Note 3 — Earnings per Share

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

(In thousands, except per share amounts)	Three Months Ended March 31,	
	2007	2006
Net income	<u>\$ 7,234</u>	<u>\$ 6,185</u>
Weighted average number of common shares outstanding	89,829	89,048
Add: Net effect of dilutive stock options, warrants and restricted stock	419	1,083
Adjusted weighted average number of common shares outstanding	<u>90,248</u>	<u>90,131</u>
Basic and diluted income per share	<u>\$ 0.08</u>	<u>\$ 0.07</u>

For the three months ended March 31, 2007 and 2006, we had dilutive stock options and warrants of approximately 1.6 million shares and 3.5 million shares, respectively, which were assumed to be exercised using the treasury stock method. The resulting net effects of stock options and warrants were used in calculating diluted income per share for these periods.

During the quarter ended March 31, 2007, we issued 193,365 shares in conjunction with stock options exercised and 40,000 shares in conjunction with the vesting of time restricted shares.

[Table of Contents](#)

Options and warrants to purchase a total of approximately 3.9 million shares and 2.6 million shares, respectively, of common stock were outstanding during the three months ended March 31, 2007 and 2006, respectively, but were not included in the computation of diluted income per share because they were anti-dilutive.

Note 4 — Receivables, net

Accounts receivable consisted of the following items at March 31, 2007 and December 31, 2006:

(In thousands)	March 31, 2007	December 31, 2006
Trade receivables	\$ 139,705	\$ 132,332
Unbilled revenues	22,544	23,514
Notes and other receivables	1,084	2,740
Gross accounts receivables	163,333	158,586
Allowance for doubtful accounts	(2,405)	(2,365)
Receivables, net	<u>\$ 160,928</u>	<u>\$ 156,221</u>

Note 5 — Inventory

Inventory consisted of the following items at March 31, 2007 and December 31, 2006:

(In thousands)	March 31, 2007	December 31, 2006
Finished goods-composite mats	\$ 8,068	\$ 14,458
Raw materials and components:		
Logs	621	3,451
Drilling fluids raw material and components	91,734	89,240
Supplies and other	4,780	4,591
Total raw materials and components	97,135	97,282
Total inventory	<u>\$ 105,203</u>	<u>\$ 111,740</u>

Note 6 — Commitments and Contingencies

Shareholder Litigation

Settlement of Shareholder Derivative and Class Action Litigation

On April 13, 2007, we announced that, subject to court approval, we had reached a settlement of our pending derivative and class action litigation described below. Under the terms of the settlement, we will pay \$1.6 million, and our directors and officers' liability insurance carrier will pay \$8.3 million. A portion of these amounts will be used to pay administration costs and legal fees. If approved, the settlement will resolve all pending shareholder class and derivative litigation against us, our former and current directors, and former officers. As part of the settlement, however, we will preserve certain claims against our former Chief Executive Officer and Chief Financial Officer for matters arising from the potential invoicing irregularities at Soloco and the backdating of stock options. We accrued our share of the settlement costs, along with the legal fees incurred to conclude this settlement, in the first quarter of 2007. The history and nature of this litigation is set forth below.

Derivative Actions

On August 17, 2006, a shareholder derivative action was filed in the 24th Judicial District Court for the Parish of Jefferson, captioned: *Victor Dijour, Derivatively on Behalf of Nominal Defendant Newpark Resources, Inc., v. James D. Cole, et al.* On August 28, 2006, a second shareholder derivative action was filed in the 24th Judicial District Court for the Parish of Jefferson, captioned: *James Breaux, Derivatively on Behalf of Nominal Defendant Newpark Resources, Inc., v. James D. Cole, et al.* These actions, which are substantially similar, were brought, allegedly for the benefit of us, in which we are sued as a nominal defendant in each of these actions, against James D. Cole, our former Chief Executive Officer and director; Matthew W. Hardey, our former Chief Financial Officer; William Thomas Ballantine, our former Chief Operating Officer, President and director; and directors David P. Hunt, Alan J. Kaufman, Roger C. Stull and James H. Stone. The plaintiffs in these respective actions allege improper backdating of stock option grants to our executives, improper recording and accounting of the backdated stock option grants and producing and disseminating false financial statements and other SEC filings to our shareholders and the market. We are contesting the plaintiffs' right to bring these cases. The plaintiffs do not seek any recovery against us. Instead, they seek unspecified damages from the individual defendants on our behalf for alleged breach of fiduciary duty, and against Messrs. Cole and Hardey, and also against Mr. Ballantine in the second shareholder derivative action, for alleged unjust enrichment. These two cases were voluntarily dismissed without prejudice by the plaintiffs on December 29, 2006 and have subsequently been re-filed in the U.S. District Court for the Eastern District of Louisiana. The complaints in the re-filed cases are virtually identical to the complaints filed in the *Galchutt* and *Pomponi* cases described below.

On October 5, 2006, a third shareholder derivative action was filed in the U.S. District Court, Eastern District of Louisiana, captioned: *Vincent Pomponi, Derivatively on Behalf of Newpark Resources, Inc., v. James D. Cole, et al.* On October 6, 2006, a fourth derivative action was filed in the U.S. District Court, Eastern District of Louisiana, captioned: *David Galchutt, Derivatively on Behalf of Newpark Resources, Inc., v. James D. Cole, et al.* These complaints are virtually identical and were brought, allegedly for the benefit of us, in which we are sued as a nominal defendant, against Messrs. Cole and Hardey and current and previous directors Hunt, Kaufman, Stone, Stull, Jerry W. Box, F. Walker Tucei, Jr., Gary L. Warren, Ballantine, Michael Still, Dibo Attar, Phillip S. Sassower, Lawrence I. Schneider and David C. Baldwin, alleging improper financial reporting and backdating of stock option grants to our employees. The plaintiffs do not seek any recovery against us. Instead, they seek unspecified damages from Messrs. Cole and Hardey for alleged disgorgement under the Sarbanes-Oxley Act of 2002 and alleged rescission, against Messrs. Hardey, Hunt, Kaufman, Stone, Ballantine, Still, Attar, Sassower, Schneider, and Baldwin for alleged violation of Section 14(a) of the Securities Exchange Act of 1934, which we refer to as the Exchange Act, and against all of the individual defendants on behalf of us for alleged unjust enrichment, breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, and constructive trust. All four derivative actions have been consolidated in Judge Livaudais' court.

Pursuant to previously existing indemnification agreements, we are advancing to the officer and director defendants the fees they incur to defend themselves, subject to repayment in the event of a determination that they are not entitled to indemnification. We have also agreed to advance to the former directors the fees they incur to defend themselves subject to certain restrictions on reasonableness and an agreement to repay in the event of a determination that they are not entitled to indemnification.

Our Board of Directors formed a Special Litigation Committee consisting of David C. Anderson and James W. McFarland, recently elected independent directors who are not named in any of the derivative actions, to review the allegations in these actions and in any other derivative actions that may be filed that involve the same subject matter, and the

Table of Contents

Special Litigation Committee has retained outside counsel to assist it. After conducting its investigation and analysis of the claims made in the derivative actions, the Special Litigation Committee approved the settlement of the derivative Actions on the terms outlined above. The Special Litigation Committee has recommended that we preserve our causes of action against Messrs. Cole and Hardey, but that we not pursue claims against any other officer or director of our company named in the derivative actions.

Class Action Lawsuit

Between April 21, 2006 and May 9, 2006, five lawsuits asserting claims against us for violation of Section 10(b) of the Exchange Act, and SEC Rule 10b-5 were filed in the U.S. District Court for the Eastern District of Louisiana. All five lawsuits have been transferred to Judge Marcel Livaudais who has consolidated these actions as *In re: Newpark Resources, Inc. Securities Litigation*. Following the filing of the Amendment No. 2 to our Annual Report on Form 10-K/A for 2005 (filed on October 10, 2006), the plaintiffs filed (on November 9, 2006) a Consolidated Class Action Complaint for Securities Fraud (the "Consolidated Class Complaint") against us and the following directors and officers: James Cole, Matthew Hardey, Thomas Ballantine, David Hunt, Alan Kaufman, James Stone, Roger Stull and Jerry Box. The Consolidated Class Complaint alleges that we and the individual defendants made false and misleading statements in violation of Sections 10(b) and 20(a) of the Exchange Act. These allegations arise from our disclosure of an internal investigation into potential irregularities in the processing and payment of invoices at one of our subsidiaries, Soloco Texas, LP, and alleged improper granting, recording and accounting of backdated grants of our stock options to our executives. The Consolidated Class Complaint does not specify the damages sought by the Plaintiffs and no discovery has been conducted to date.

Pursuant to previously existing indemnification agreements, we will advance to the officer and director defendants the fees they incur to defend themselves, subject to repayment in the event of a determination that they are not entitled to indemnification.

James D. Cole Demand Letter

By letter dated April 25, 2007, counsel for James D. Cole, our former Chief Executive Officer and former director, notified us that Mr. Cole is pursuing claims against us for breach of his employment agreement and other causes of action. Mr. Cole seeks recovery of approximately \$3.1 million purportedly due under his employment agreement and reimbursement of certain defense costs incurred in connection with the shareholder litigation and our internal investigation. Mr. Cole also claims that he is entitled to the sum of \$640,000 pursuant to the non-compete provision of his employment agreement. We believe that Cole's claims regarding his employment agreement are without merit and intend to vigorously defend any action brought by him.

Other Matters

In response to our announcement to shut down the operations of NEWS as disclosed in our Current Report on Form 8-K filed on August 30, 2006, we received a letter from counsel for the Mexican company in September 2006 demanding, among other things, that we return to the Mexican company certain equipment and pay it an aggregate of \$4.0 million for the period that this equipment was utilized, technical support and administrative costs, unreimbursed costs of the equipment, and lost profits due to the Mexican company's dedication of time to our water treatment business. We have resolved this claim by returning certain equipment belonging to the Mexican company and providing to them certain assets (with minimal residual value) from the former NEWS operations. Mutual releases have been executed.

We have also been advised that the Securities and Exchange Commission ("SEC") has opened a formal investigation into the matters disclosed in Amendment No. 2 to our Annual Report on Form 10-K/A filed on October 10, 2006. We are cooperating with the SEC in their investigation.

[Table of Contents](#)

In addition, we and our 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 our consolidated financial statements.

Note 7 — Segment Data

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

(In thousands)	Three Months Ended March 31,	
	2007	2006
Revenues by segment:		
Fluids systems and engineering	\$ 125,298	\$ 115,289
Mats and integrated services	28,565	33,830
Environmental services	17,937	17,339
Total revenues	<u>\$ 171,800</u>	<u>\$ 166,458</u>
Segment operating income:		
Fluids systems and engineering	\$ 16,630	\$ 12,660
Mats and integrated services	4,518	3,707
Environmental services	3,232	2,033
Total segment operating income	24,380	18,400
General and administrative expenses	8,155	3,329
Total operating income	<u>\$ 16,225</u>	<u>\$ 15,071</u>

In the first quarter of 2007 following a comprehensive review of all of our businesses, we decided to explore strategic alternatives with regards to our Environmental Services business, including the potential sale of this business. This decision is part of our newly developed strategic plan to focus our attention and capital on our Fluids Systems and Engineering and Mats and Integrated Services businesses. It is in these two segments where we believe there is a greater opportunity for earnings growth.

Note 8 — Uncertain Tax Positions

On January 1, 2007, we adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"). As a result of the implementation of FIN 48, we performed a comprehensive review of possible uncertain tax positions in accordance with recognition standards established by FIN 48. As a result of the implementation of FIN 48, we recognized a liability of approximately \$0.8 million resulting in a corresponding increase to the retained deficit balance.

We do not recognize accrued interest and penalties related to uncertain tax positions in income tax expense. These costs are captured in interest and general and administrative expenses, respectively. No interest or penalties have been accrued due to tax net operating losses.

Our United States tax returns for 2003 and subsequent years remain subject to examination by tax authorities. In our international tax jurisdictions, tax returns for 2003 and subsequent years also remain subject to examination by tax authorities.

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

The following discussion of our financial condition, results of operations, liquidity and capital resources should be read together with our consolidated financial statements and Notes to Consolidated Financial Statements contained in this report as well as our Annual Report on Form 10-K for the year ended December 31, 2006.

We are a diversified oil and gas industry supplier and we currently have three operating segments: fluids systems and engineering, mats and integrated services, and environmental services. We provide these products and services principally to the oil and gas exploration and production ("E&P") industry in the U.S. Gulf Coast, West Texas, U.S. Mid-continent, U.S. Rocky Mountains, Canada, Mexico, Brazil and areas of Europe and North Africa surrounding the Mediterranean Sea. Further, we are expanding our presence outside the E&P sector, particularly in mats and integrated services, where we are marketing to utilities, municipalities, and government sectors.

In the first quarter of 2007 following a comprehensive review of all of our businesses, we decided to explore strategic alternatives with regards to our Environmental Services business, including the potential sale of this business. Subsequently, we initiated a sale process for this business and expect a sale to be completed in 2007. This decision is part of our newly developed strategic plan to focus our attention and capital on our Fluids Systems and Engineering and Mats and Integrated Services businesses.

In April 2007, we announced that, subject to court approval, we had reached a settlement of our pending derivative and class action litigation. Under the terms of the settlement, we will pay \$1.6 million, and our directors and officers' liability insurance carrier will pay \$8.3 million. If approved, the settlement will resolve all pending shareholder class and derivative litigation against us, our former and current directors, and our former officers. As part of the settlement, however, we will preserve certain claims against our former Chief Executive Officer and Chief Financial Officer for matters arising from the potential invoicing irregularities at Soloco and the backdating of stock options. We accrued our share of the settlement costs, along with the legal fees incurred to conclude this settlement, in the first quarter of 2007.

Results of Operations

Our operating results depend in large measure on oil and gas drilling activity levels in the markets we serve, as well as on the depth of drilling, which governs the revenue potential of each well. These levels, in turn, depend on oil and gas commodity pricing, inventory levels and product demand. Rig count data is the most widely accepted indicator of drilling activity. Key average rig count data for the last five quarters is listed in the following table:

	1Q06	2Q06	3Q06	4Q06	1Q07
U.S. rig count	1,521	1,635	1,721	1,719	1,734
Canadian rig count	661	292	490	441	521

Derived from Baker Hughes Incorporated

Table of Contents

Summarized financial information concerning our reportable segments is shown in the following table (dollars in thousands):

	Three Months Ended March 31,		Increase/(Decrease)	
	2007	2006	\$	%
Revenues by segment:				
Fluid systems and engineering	\$125,298	\$115,289	\$10,009	9%
Mats and integrated services	28,565	33,830	(5,265)	(16)
Environmental services	17,937	17,339	598	3
Total revenues	\$171,800	\$166,458	\$ 5,342	3%
Segment Operating Income:				
Fluid systems and engineering	\$ 16,630	\$ 12,660	\$ 3,970	
Mats and integrated services	4,518	3,707	811	
Environmental services	3,232	2,033	1,199	
Total segment operating income	24,380	18,400	5,980	
General and administrative expenses	8,155	3,329	4,826	
Total operating income	\$ 16,225	\$ 15,071	\$ 1,154	
Segment Operating Margin:				
Fluids systems and engineering	13.3%	11.0%		
Mats and integrated services	15.8%	11.0%		
Environmental services	18.0%	11.7%		

The amounts above are shown net of intersegment transfers.

Quarter Ended March 31, 2007 Compared to Quarter Ended March 31, 2006

Fluids Systems and Engineering

Revenues

Total revenue by region for this segment was as follows for the three months ended March 31, 2007 and 2006 (dollars in millions):

	2007	2006	Change	
			\$	%
Drilling fluid sales and engineering:				
North America	\$ 78.6	\$ 75.1	\$ 3.5	5%
Mediterranean and South America	15.5	12.9	2.6	20
Total drilling fluid sales and engineering	94.1	88.0	6.1	7
Completion Fluids and Services	19.2	17.5	1.7	10
Industrial Materials	12.0	9.8	2.2	22
Total	\$125.3	\$115.3	\$10.0	9%

North American drilling fluid sales and engineering revenues increased 5% to \$78.6 million for the quarter ended March 31, 2007, as compared to \$75.1 for the quarter ended March 31, 2006. Overall North American rig activity increased 3% during this period, while the average number of North American rigs serviced by this segment, namely the U.S. Gulf Coast, U.S. Central Region and Canada, decreased by 13%. Significant drivers of the revenue growth were market penetration in

Table of Contents

areas where new rigs are being deployed in our markets, the servicing of more complicated wells which generate higher revenues and improved pricing. The decrease in the number of rigs serviced by this segment is primarily related to the Canadian market shift to drilling shallower conventional oil wells as compared to the deeper wells that we typically service. Average revenue per rig, an indication of the complexity and depth of wells being serviced, increased 20% from the quarter ended March 31, 2006 to the same period in 2007.

In the quarter ended March 31, 2007, our Mediterranean and South American revenues increased 20% over the same period in 2006. These increases were driven by North African rig activity and additional segment infrastructure investment in this market. These operations are realizing improvements as a result of continued focus on technology and performance.

Revenues in our Completion Fluids and Services business increased \$1.7 million, or 10%, to \$19.2 million for the quarter ended March 31, 2007, due to increased investment in the completion fluids business as well as increased market share and higher well completion activity.

Revenues in our Industrial Materials market is principally associated with wholesale sales of barite and industrial minerals. These revenues increased \$2.2 million for the quarter ended March 31, 2007, or 22%, as compared to the same period in 2006 as a result of higher demand for barite driven by the increased drilling activity in the U.S. markets we serve.

Operating Income

Operating income for this segment increased \$4.0 million for the quarter ended March 31, 2007 on a \$10.0 million increase in revenues, compared to the same period in 2006, representing an incremental operating margin of 40.0%. The operating margin for this segment for the quarter ended March 31, 2007 was 13.3%, compared to 11.0% for the comparable period in 2006. The increase in operating margin included \$1.1 million attributable to increased sales volume and \$2.9 million attributable to operating leverage gained throughout the segment and a change in mix of revenues along with an increased focus on pricing driven by higher market demand.

Mats and Integrated Services

Revenues

Total revenue for this segment consists of the following for the three months ended March 31, 2007 and 2006 (dollars in millions):

	2007	2006	Change	
			\$	%
Installation	\$ 5.6	\$ 4.7	\$ 0.9	19%
Re-rental	3.3	2.0	1.3	65
Total U.S. oilfield mat rental	8.9	6.7	2.2	33
Canadian mat sales	0.1	7.7	(7.6)	(99)
Composite mat sales and rentals	6.2	4.7	1.5	32
Sawmill	4.6	4.6	—	—
Integrated services	8.8	9.4	(0.6)	(6)
Non-oilfield mat rental	—	0.7	(0.7)	(100)
Total	\$28.6	\$33.8	\$(5.2)	(15)%

U.S. oilfield mat rental volume, measured in square feet, decreased 6.7% for the quarter ended March 31, 2007 compared to the same period in 2006. The average price per square foot increased 28.8% from the quarter ended March 31, 2006. Total U.S. oilfield mat rental revenues

Table of Contents

increased by \$2.2 million in the quarter ended March 31, 2007, compared to the same period in 2006, reflecting an increase in our pricing, driven by increased market demand.

Canadian revenues, primarily related to the sales of wooden mats, decreased \$7.6 million for the quarter ended March 31, 2007. This decrease is due to extended winter conditions in 2007 along with a large one-time sale in the first quarter of 2006.

Composite mat and rentals revenue increased \$1.5 million from the quarter ended March 31, 2006 to \$6.2 million for the comparable quarter in 2007, which includes a 41% increase in DuraBase™ mats partially offset by a 40% decrease in Bravo™ mats. The DuraBase™ average price per mat is significantly higher than the Bravo™ average price per mat, resulting in the net increase in sales.

Integrated services and other revenues, our lowest-margin business unit for this segment, decreased \$0.6 million for the quarter ended March 31, 2007 as compared to the same period in 2006.

Operating Income

Mats and integrated services operating income improved \$0.8 million for the quarter ended March 31, 2007 on a \$5.2 million decrease in revenues, compared to the same period in 2006. Operating margins increased to 15.8% for the quarter ended March 31, 2007 as compared to 11.0% for the same period in 2006. The increased operating margin is primarily attributable to improved pricing combined with improved sales mix and operating cost leverage on rentals.

Environmental Services

Revenues

Total revenue for this segment consists of the following for the three months ended March 31, 2007 and 2006 (dollars in millions):

	2007	2006	Change	
			\$	%
E&P Waste U.S. Gulf Coast	\$12.2	\$11.5	\$ 0.7	6%
E&P Waste Non-U.S. Gulf Coast	3.6	4.4	(0.8)	(18)
NORM & Industrial	2.1	1.5	0.6	40
Total	\$17.9	\$17.3	\$ 0.6	3%

E&P Waste U.S. Gulf Coast revenues increased \$0.7 million, or 6.0%, on a 13.1% increase in average revenue per barrel driven by a higher mix of off-shore waste, offset by a 4.9% decrease in total waste volumes received for the quarter ended March 31, 2007. E&P Waste Non-U.S. Gulf Coast decreased primarily due to lower activity in the Canadian market. NORM & Industrial revenues increased due to a 28% increase in waste volumes received, combined with improved revenue per barrel.

Operating Income

Environmental services operating income increased \$1.2 million for the quarter ended March 31, 2007 on a \$0.6 million increase in revenues, compared to the same period in 2006 reflecting an operating margin improvement to 18.0% for the quarter ended March 31, 2007 compared to 11.7% for the quarter ended March 31, 2006. The improved operating margins are primarily attributable to improved pricing and the mix of sales described above, which resulted in higher revenues per barrel throughout the segment.

Table of Contents

General and Administrative Expense

General and administrative expense increased \$4.8 million to \$8.2 million for the quarter ended March 31, 2007. The quarter ended March 31, 2007 included \$2.4 million of expenses related to the shareholder class action and derivative litigation, including a \$1.6 million settlement charge, based on an April 2007 agreement that is subject to court approval. Additionally, the quarter included consulting fees of \$1.0 million related to corporate strategic planning projects. Salaries and other employee related costs increased \$1.1 million due to the relocation of the corporate office and the addition of new corporate executive officers and staff positions.

Interest Expense, net

Interest expense, net, totaled \$4.4 million for the first quarter of 2007 as compared to \$4.8 million for the first quarter of 2006 due to lower average debt balances during the quarter ended March 31, 2007.

Provision for Income Taxes

For the quarter ended March 31, 2007, we recorded an income tax provision of \$4.2 million, reflecting an income tax rate of 36.1%. For the quarter ended March 31, 2006, we recorded an income tax provision of \$3.6 million, reflecting an income tax rate of 35.8%.

Discontinued Operations

During 2006, we decided to shut down the operations of Newpark Environmental Water Solutions, LLC (“NEWS”), and dispose of, or redeploy the assets related to this operation along with the disposal and water treatment operations in Wyoming which existed prior to the start up of NEWS. The operations ceased at these facilities during the fourth quarter of 2006, and all remaining assets of these businesses are held for sale. If we are unable to sell the NEWS assets, we may incur pre-tax cash charges relating to the exit of this business of approximately \$3.5 million to \$4.0 million, which will be expensed as incurred. During the first quarter of 2007, we recorded \$0.2 million of losses, net of taxes, related to the shutdown of these operations.

Liquidity and Capital Resources

Cash generated from operating activities during the first quarter of 2007 totaled \$10.1 million. Net income adjusted for non-cash items generated \$17.4 million of cash during the period, while changes in working capital used \$7.3 million of cash. This cash was used primarily to fund capital expenditures of \$5.4 million during the quarter.

Net cash used in financing activities during the first quarter of 2007 totaled \$17.4 million and included \$18.4 million in net debt repayments. These repayments were primarily funded by a \$12.2 million reduction in idle cash balances, along with \$1.0 million in proceeds from employee stock plans.

We anticipate that our working capital requirements for 2007 will continue to increase with the anticipated growth in revenue. Some of the increase in working capital requirements should be offset by our continued focus on improving our collection cycle. However, we believe we have the ability to fund the expected increase in working capital.

Table of Contents

Our long term capitalization was as follows as of:

	March 31, 2007	December 31, 2006
Long-term debt:		
Term Credit Facility	\$142,566	\$148,125
Credit facility-revolver	36,178	44,825
Other, primarily mat financing	2,457	5,236
Total long-term debt	181,201	198,186
Stockholders' equity	331,973	323,143
Total capitalization	\$513,174	\$521,329
Long-term debt to long-term capitalization	35.3%	38.0%

In August 2006, we entered into a term credit agreement which we refer to as the Term Credit Facility. This Term Credit Facility, in the aggregate face amount of \$150.0 million, has a five-year term and a current interest rate of LIBOR plus 3.00%, based on our corporate family ratings by Moody's and Standard & Poor's. The maturity date of the Term Credit Facility is August 18, 2011.

In December 2006, we entered into an agreement, which we refer to as the Revolving Credit Facility. The Revolving Credit Facility is in the maximum aggregate face amount of \$100.0 million and matures on June 25, 2011. The Revolving Credit Facility is secured by a first lien on our U.S. accounts receivable and inventory and by a second lien on our U.S. tangible and intangible assets. Availability under the Revolving Credit Facility is based on a percentage of our eligible consolidated accounts receivable and inventory as defined in the Revolving Credit Facility.

At March 31, 2007, the maximum amount we could borrow under the Revolving Credit Facility was \$100.0 million. In addition to the \$36.2 million outstanding under the facility, \$12.3 million in letters of credit were issued and outstanding at March 31, 2007, leaving \$51.5 million of availability. The Revolving Credit Facility bears interest at either a specified prime rate (8.25% at March 31, 2007), or a LIBOR rate plus a spread determined quarterly based upon the amount of the prior quarter average availability under the Revolving Credit Facility (7.07% at March 31, 2007). The weighted average interest rates on the outstanding balances under the credit facilities as of March 31, 2007 and December 31, 2006 were 7.60% and 7.63%, respectively.

Both the Term Credit Facility and Revolving Credit Facility contain a fixed charge coverage ratio covenant and a debt to EBITDA ratio. As of March 31, 2007, we were in compliance with the financial covenants contained in these facilities. The Term Credit Facility and the Revolving Credit Facility also contain covenants that significantly limit our ability to pay dividends on our common stock, incur additional debt and repurchase our common stock.

With respect to additional off-balance sheet liabilities, we lease most of our office and warehouse space, barges, rolling stock and certain pieces of operating equipment under operating leases.

Except as described in the preceding paragraphs, we are 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 our revenues or income.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles, which requires us to make assumptions, estimates and judgments that affect the amounts reported. We periodically evaluate our estimates and judgments related to

[Table of Contents](#)

uncollectible accounts and notes receivable, customer returns, reserves for obsolete and slow moving inventory, impairments of long-lived assets, including goodwill and other intangibles and our valuation allowance for deferred tax assets. Our estimates are based on historical experience and on our future expectations that we believe to be reasonable. The combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our current estimates and those differences may be material.

For additional discussion of our critical accounting estimates and policies, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2006. Our critical accounting policies have not changed materially since December 31, 2006, except for the adoption of Interpretation No. 48, “Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109” which we refer to as “FIN 48”, in Note 8 to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Risk

Our policy historically has been to manage exposure to interest rate fluctuations by using a combination of fixed and variable-rate debt. At March 31, 2007, we had total debt outstanding of \$195.1 million, all of which is subject to variable rate terms.

Our Term Credit Agreement requires that we enter into, and thereafter maintain, interest rate management transactions, such as interest rate swap arrangements, to the extent necessary to provide that at least 50% of the aggregate principal amount of the Term Credit Facility is subject to either a fixed interest rate or interest rate protection for a period of not less than three years. To satisfy this requirement, we entered into an interest rate swap arrangement for the period from September 22, 2006 through March 22, 2008, which fixes the LIBOR rate applicable to 100% of the principle amount under the Term Credit Facility at 5.35% plus a spread based on our corporate family ratings by Moody’s and Standard & Poor’s. In addition, we entered into an interest rate cap arrangement that provides for a maximum LIBOR rate of 6.00% on the principal amount of \$68.9 million for the period from March 22, 2008 through September 22, 2009. We paid a fee of \$170,000 for the interest rate cap arrangement. Through this swap arrangement, we have effectively fixed the interest rate on \$144.1 million, or 73.8%, of our total debt outstanding as of March 31, 2007.

The fair value of the Term Credit Facility totaled \$145.5 million at March 31, 2007, as compared to the recorded balance of \$144.1 million. The fair value of the interest rate swap is a \$302,000 liability as of March 31, 2007. The fair value of the interest rate cap is \$38,000 as of March 31, 2007 as compared to the original cost of \$170,000.

As of March 31, 2007, Ava, S.p.A, our European fluids systems and engineering subsidiary, which we refer to as Ava, had a swap arrangement in which Ava received a floating rate from a bank and paid a rate which varied based on inflation. Under the terms of the swap, Ava receives an annual payment from the bank based on a Euro notional amount of \$4.0 million times the Euribor rate in effect as of the end of the determination period, and pays an annual amount to the bank based on the notional amount times a rate which varies according to both the Euribor rate and the published inflation rate for the Euro area. This arrangement requires annual settlements and matures in February 2015. At March 31, 2007, the fair value of this arrangement represents a liability of approximately \$711,000.

Table of Contents

The remaining \$45.7 million of debt outstanding at March 31, 2007 bears interest at a floating rate. At March 31, 2007, the weighted average interest rate under our floating-rate debt was approximately 7.24%. A 200 basis point increase in market interest rates during 2007 would cause our annual interest expense to increase approximately \$576,000, net of taxes, resulting in a \$0.01 per diluted share reduction in annual earnings.

Foreign Currency

Our principal foreign operations are conducted in Canada and in areas surrounding the Mediterranean Sea. We have foreign currency exchange risks associated with these operations, which are conducted principally in the foreign currency of the jurisdictions in which we operate. Historically, we have not used off-balance sheet financial hedging instruments to manage foreign currency risks when we enter into a transaction denominated in a currency other than our local currencies because the dollar amount of these transactions has not warranted our using hedging instruments. However, during the quarter ended March 31, 2005, our Canadian subsidiary committed to purchase approximately \$2.0 million of barite from one of our U.S. subsidiaries and we entered into a foreign currency forward contract arrangement to reduce its exposure to foreign currency fluctuations related to this commitment. The forward contract required that the Canadian subsidiary purchase approximately \$2.0 million U.S. dollars at a contracted exchange rate of 1.2496 over a two year period. During the three months ended March 31, 2007, the contract expired and we have not entered into a similar contract.

ITEM 4. Controls and Procedures

(a) We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in our reports under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, with the participation and oversight of our chief executive officer and chief financial officer, evaluated the design and effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. As previously reported in our Form 10-K for the year ended December 31, 2006, in conducting this evaluation for the period ended December 31, 2006 the following material weaknesses were identified in our internal control over financial reporting:

- Management did not adequately monitor certain control practices to foster an environment that allowed for a consistent and open flow of information and communication between those who initiated transactions and those who were responsible for the financial reporting of those transactions, principally at one of our subsidiaries, Soloco, Inc. This control deficiency resulted in 2006 adjustments that were recorded by management and related to accounts receivable and revenues; and
- Management did not maintain effective controls over the recording of intangible assets. This control deficiency resulted in 2006 adjustments that were recorded by management and related to intangible assets and cost of revenues.

On the basis of these findings, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were not effective, as of the end of the December 31, 2006 period.

While we believe we have taken the steps necessary to remediate the material weaknesses relating to the flow of information within our Soloco subsidiary and the recording of intangible assets, we cannot confirm the effectiveness of our enhanced internal controls with respect to

Table of Contents

these matters until we have conducted sufficient tests. Accordingly, we continue to conclude that our disclosure controls and procedures are ineffective as of March 31, 2007.

- (c) There have been no changes in our internal control over financial reporting during the period covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. Legal Proceedings

The information set forth in the legal proceedings section of Note 6, "Commitments and Contingencies," to our consolidated financial statements included in this Quarterly Report on Form 10-Q is incorporated by reference into this Item 1.

ITEM 1A. Risk Factors

There have been no material changes during the period ended March 31, 2007 in our risk factors as set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2006.

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

- (a) None.
- (b) None.
- (c) None.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

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

Not applicable.

ITEM 5. Other Information

Not applicable.

ITEM 6. Exhibits

- 3.1 Amended and Restated Bylaws (filed as Exhibit 3.1 to the Company's Form 8-K filed March 13, 2007 and incorporate herein by reference.
- 10.1 Employment Agreement, dated April 20, 2007 by and between Newpark Resources, Inc. and Bruce Smith. *+
- 10.2 Employment Agreement, dated May 18, 2006 by and between Newpark Resources, Inc. and Sean Mikaelian.*
- 10.3 Waiver to Amended and Restated Credit Agreement dated March 21, 2007, by and among Newpark Resources, Inc., certain of its domestic subsidiaries, certain lenders, and JP Morgan Chase Bank, N.A. as agent and LC Issuer.
- 10.4 First Amendment and Waiver to Amended and Restated Credit Agreement dated March 21, 2007, by and among Newpark Resources, Inc., certain of its domestic subsidiaries, certain lenders, and JP Morgan Chase Bank, N.A., as agent and LC Issuer.
- 31.1 Certification of Paul L. Howes pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

[Table of Contents](#)

31.2 Certification of James E. Braun pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Paul L. Howes pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of James E. Braun pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management compensation plan or agreement.

+ Portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment.

NEWPARK RESOURCES, INC.

SIGNATURES

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

Date: May 7, 2007

NEWPARK RESOURCES, INC.

By: /s/ Paul L. Howes

Paul L. Howes, President and
Chief Executive Officer
(Principal Executive Officer)

By: /s/ James E. Braun

James E. Braun, Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Gregg Piontek

Gregg Piontek, Controller and
Chief Accounting Officer
(Principal Accounting Officer)

Exhibit Index

Exhibits	Description of Exhibit
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32.2	Certification of James E. Braun pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management compensation plan or agreement.

+ Portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment.

***Indicates material has been omitted pursuant to a Confidential Treatment Request filed with the Securities and Exchange Commission. A complete copy of this agreement has been filed with the Securities and Exchange Commission.

EMPLOYMENT AGREEMENT

THIS AGREEMENT dated April 20, 2007 is entered into by Newpark Resources, Inc. (the “**Company**”), a Delaware corporation, and Bruce Smith (the “**Executive**”) and is intended to incorporate and accurately reflect all prior negotiations, discussions, or agreements between the parties.

WHEREAS, the Company desires: a) to retain the services of the Executive as Vice President of the Company and President of Newpark Drilling Fluids (“NDF”) (collectively these titles will be referred to as “President, NDF”); b) for the Executive to assume greater responsibilities; and , c) for the Executive to enter into certain Non-compete Agreements. All, in order to enhance shareholder value and grow the Company’s business to its maximum potential, and as Executive has represented himself as qualified to achieve these objectives, and as the parties mutually desire and agree to enter into an employment relationship by means of this Employment Agreement.

NOW, THEREFORE in consideration of the promises and mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually covenanted and agreed by and between the parties as follows:

1. Employment of Executive

1.1 Employment Term. The Company hereby offers to continue to employ Executive, and Executive hereby agrees to continue to serve as its President, NDF on the terms and conditions set forth in this Agreement. The period during which Executive is employed hereunder shall be referred to as the “Employment Term.” The Executive’s Employment Term under this Agreement shall commence on April 20 , 2007, and shall continue for a period of three (3) years (“Initial Term”)subject to the provisions of Section 2 “Termination of Employment”, and shall automatically be renewed for successive one (1) year periods thereafter unless Executive’s employment is terminated by either party giving written notice to the other party at least sixty (60) days in advance of the expiration of the initial or any successive Employment Term. Termination by sixty (60) days written notice pursuant to this Section 1.1(a) shall be treated as a termination by Executive under Section 2.2 if given by Executive or as a termination without Cause under Section 2.3 if given by the Company. The period during which Executive is employed hereunder shall be referred to as the “Employment Term.”

1.2 Compensation and Benefits.

(a) Base Salary. During the Employment Term, the Company will pay Executive a base monthly salary at an annualized rate of at least Three Hundred Thousand Dollars (\$300,000) per year (“Base Salary”). The Company will review annually Executive’s Base Salary and, at its reasonable discretion, may increase such Base Salary as it deems appropriate, provided Executive’s Base Salary for any subsequent twelve month year shall not be less than the preceding twelve month year except with Executive’s prior written agreement. Adjustments in Base Salary shall be automatically incorporated herein by reference and be contractual obligations of Company. Such Base Salary shall be paid in accordance with the Company’s standard payroll practice for its senior staff.

(b) Incentive Compensation. In addition to the Base Salary, during the Employment Period Executive shall be eligible for participation in the 2003 Executive Incentive Plan (“EICP”) and the 2003 Long Term Incentive Plan (“LTIP”), subject to any amendments made at Board’s discretion as provided herein. Performance measures and goals will be set by the Compensation Committee of the Board. The Target Award under the EICP is equal to forty (40%) percent of Base Salary with a maximum limitation of

eighty percent (80%) of Executive's actual Base Salary paid for that calendar year. Payout under the EICP for a particular year will be made in cash by March 31 of the next year, e.g. payout for 2006 will occur prior to March 31, 2007. Executive will be eligible to participate in the EICP and the LTIP from the date of his initial appointment as President of NDF. Actual awards, in accordance with the Board approved plan and any amendments, are at the discretion of the Compensation Committee, provided the Company represents and warrants to the Executive that the terms of the EICP and LTIP will not be amended, modified, changed, or interpreted or applied to make them less generous than they are on December 1, 2006, without prior written notice.

(c) Stock Options and Share Awards. In addition, Executive shall receive such number of stock options and performance restricted share awards as are granted by the Compensation Committee in accordance with the Board approved plans (all such plans being referred to as the "**Plans**"). Vesting shall be as provided in these existing plans, and subject to any amendments. When used in this Agreement "stock" and "shares" mean the Company's publicly traded common stock, \$.01 par value. Further, throughout this Agreement, the words "stock options, awards, and grants" are used separately or in various combinations to describe awards of shares or the right to acquire shares of Company stock under various benefit plans or this Agreement, or both.

(d) Benefit Plans and Vacation. Subject to the terms of such Plans, throughout his employment under this Agreement, Executive shall be entitled to participate in any and all employee benefits plans or programs of the Company to the extent that he is otherwise eligible to participate under the terms of those plans, including participation in any welfare benefit programs provided by the Company (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance programs), and fringe benefits and perquisites available generally to Divisional Presidents of the Company, including the provision of a company car or car allowance. The Company shall not be obligated to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan, or perquisite, so long as such changes are similarly applicable to other Divisional Presidents of the Company.

During the Employment Term, Executive shall be entitled to four (4) weeks paid vacation each calendar year in accordance with the Company's policies in effect from time to time, provided the four (4) of weeks of vacation provided in this paragraph shall not be reduced under such policies.

(e) Expense Reimbursement. The Company will reimburse Executive in full for all reasonable and necessary business, entertainment and travel expenses incurred or expended by Executive in the performance of the duties hereunder in accordance with the Company's customary practices applicable to its senior staff.

(f) Location. Executive will be located at the Company's offices in Houston, Texas

(g) Schedule of Compensation and Benefit Plans. Attached to this Agreement is a schedule of the compensation and benefit plans by name or description that the Company and Executive understand and intend to cover Executive. The terms and provisions of the items listed on the Schedule, as modified by this Agreement, are incorporated herein by reference (whether or not the actual plan documents are attached as exhibits) and are contractual by and between Company and Executive.

1.3 Extent of Services; Conflicts of Interest.

(a) Executive shall devote substantially all of his working time, attention and energies to the business of the Company, and its affiliated entities. Executive may be involved in charitable and professional activities, trade and industry associations and the like providing these do not interfere with the requirements of employment with the Company.

(b) During the term of his employment under this Agreement, Executive shall not, directly or indirectly, without the prior consent of the Chief Executive Officer of Company, render any services to any other person or entity or acquire any interests of any type in any other entity, that might be deemed in competition with the Company or any of its subsidiaries or affiliates or in conflict with his position, provided, however, that the foregoing shall not be deemed to prohibit Executive from (a) acquiring, solely as an investment, any securities of a partnership, trust, limited liability company, corporation or other entity (i) so long as he remains a passive investor in such entity, (ii) so long as he does not become part of any control group thereof, and (iii) so long as such entity is not, directly or indirectly, in competition with the Company or any of its subsidiaries or affiliates, or (b) serving as a consultant, advisor or director of any corporation which has a class of outstanding equity securities registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and which is not in competition with the Company or any of its subsidiaries or affiliates.

(c) Executive shall execute simultaneously with this Agreement, the two Unfair Competition, Confidentiality and Non-Competition Agreements attached as Appendix A and Appendix B.

(d) The Company and Executive executed an Indemnification Agreement on June 7th 2006 and that agreement is incorporated by reference.

1.4 Change of Control

The Company policy related to Change of Control provisions is currently under review. At the completion of that review, the Executive will receive Change of Control terms, if any, no less favorable than other Divisional Presidents of the Company.

1.5. Special Cash Retention Incentive

(a) If still employed by the Company on June 29, 2007, Executive shall receive a cash payment equivalent to the value of sixteen thousand, six hundred and sixty six (16,666) shares of the Company as determined by the closing price on the New York Stock Exchange (“NYSE”) on June 29, 2007

(b) If still employed by the Company on June 30, 2008, Executive shall receive a cash payment equivalent to the value of sixteen thousand, six hundred and sixty six (16,666) shares of the Company as determined by the closing price on the New York Stock Exchange (“NYSE”) on June 30, 2008

(c) If still employed by the Company on June 30, 2009, Executive shall receive a cash payment equivalent to the value of sixteen thousand, six hundred and sixty eight (16,668) shares of the Company as determined by the closing price on the NYSE on June 30, 2009

(d) In the event Executive is terminated by the Company other than for Cause or if he resigns for Good Reason, he shall become immediately eligible for payment of amounts under (a), (b) and (c) of this section, less any payments already received. However, in this situation the value of the shares shall be determined by the closing price on the NYSE on the date of termination or the first day of trading thereafter,

1.6. Special Cash Performance Incentive

(a) Executive will be eligible to participate in a plan to receive a cash performance incentive based on the improved financial performance of the NDF division. The performance target set is for a 7% annualized growth in divisional earnings (“Earnings”) for the years 2006 to 2008, against the actual performance in 2005. Earnings will be calculated on the same basis as used in the EICP annual and Long-

term Incentive Plans. A total of 50,000 Performance Units (“Units”) are available to Executive. The value of each Unit will be equivalent to the value of one share of the Company stock as determined by the closing price on the New York Stock Exchange (“NYSE”) on the day that the Units become payable to Executive. You will not receive any stock or stock options under this special incentive plan. To be eligible for any award under this program Executive must be employed by the company at the time of eligibility, except as set out below in (e).

(b) On June 29, 2007, if the Earnings of NDF in 2006 exceeded the 2005 Earnings by seven percent (7%) or more, the Executive shall receive one third of the Units as a cash payment. If the seven percent target is not achieved, then no payment will be made, although you remain eligible to earn Performance Units in later years as noted below.

(c) On June 30, 2008, if the annualized Earnings growth of NDF over the two calendar years 2006 and 2007 exceeded the 2005 Earnings by seven percent (7%) or more, the Executive shall receive one third of the Units as a cash payment, plus an additional one third if no payment was made under paragraph (b). If the annualized rate of Earnings growth does not achieve the seven percent target then no payment will be made.

(d) On June 30, 2009, if the annualized Earnings growth of NDF over the three calendar years 2006, 2007 and 2008 exceeded the 2005 Earnings by seven percent (7%) or more, the Executive shall receive the balance of the 50,000 Units not already paid out as a cash payment. If the annualized rate of Earnings growth does not achieve the seven percent target then no payment will be made and all Units not already paid will be canceled.

(e) In the event Executive is terminated by the Company other than for Cause or if he resigns for Good Reason, he shall become immediately eligible for payment of the full 50,000 Units less any Units already paid to Executive. However, in this situation the value of the Units shall be determined by the closing price on the NYSE on the date of termination or the first day of trading thereafter,

2. Termination of Employment.

2.1 Termination. Executive’s employment by the Company shall be terminated (1) automatically, upon the death or disability (as defined below), of Executive, or (2) at the election of Executive upon 30 days written notice to the Company by Executive for Good Reason (as defined below) or his voluntary resignation at his election and without Good Reason, (3) by the Company for Cause (as defined below), (4) by the Company without Cause, or (5) at the end of the Employment Term as defined in Section 1.1(a).

2.2 Early Termination. If Executive’s employment is terminated by Executive at any time before the end of the Employment Term for any reason other than for Good Reason, Executive shall be entitled to receive only (i) his Base Salary and other earned compensation through the date of termination and (ii) such stock options, share awards, and grants as shall have fully vested before the date of termination.

2.3 Termination by Executive for Good Reason or by Company without Cause. If Executive’s employment is terminated by Executive for Good Reason or by the Company without Cause, then Executive shall be entitled to receive: (i) in a lump sum payment within thirty (30) days of the date of termination, an amount equal to the greater of (A) Executive’s current annual Base Salary as provided herein plus Target Award incentive (40%) for the remaining period of the Initial Term or (B) Executive’s current annual Base Salary as provided herein plus Target Award incentive (40%) for one year; (ii) the Company will pay the COBRA premium to continue the same coverage under the Company’s group medical insurance program period for the greater of the remaining period of the Employment Term or twelve (12) months subject to an overall maximum of eighteen (18) months and; (iii) direct payment by the

Company for the costs of outplacement services obtained by the Executive within the one (1) year period after termination, not to exceed \$20,000.

2.4 Termination for Cause. If Executive's employment is terminated at any time during the Employment Term for Cause (as defined herein), then Executive shall be entitled to receive only (i) his Base Salary through the date of termination and (ii) such stock options, restricted stock awards, and grants as shall have fully vested before the date of termination. In any such event, Executive shall be ineligible for and shall forfeit all rights with respect to options and grants that have not vested as of the time of termination for Cause.

2.5 Termination as a Result of Death. If Executive dies during the Employment Term, the Company shall pay to Executive's surviving spouse or such other person or estate as the Executive may from time to time designate by written notice to the Company, or such other person as may be required by law, the Company will pay the following amounts: (i) any unpaid Base Salary or other compensation for services rendered to the date of death, and any unpaid expenses required to be reimbursed under this Agreement, and any earned but unpaid bonuses for any prior period; (ii) as of the date of termination by reason of Executive's death, stock options previously awarded to Executive that have vested as of the date of death in keeping with the governing Plans. No awards or grants contemplated by this Agreement, but not yet awarded to Executive as of the time of his death shall be granted

2.6 Termination as a Result of Disability. The Company may terminate Executive's employment hereunder upon Executive becoming "Totally Disabled." For purposes of this Agreement, Executive shall be considered "Totally Disabled" if Executive has been physically or mentally incapacitated so as to render Executive incapable of performing the essential functions of Executive's position with or without reasonable accommodation. Executive's receipt of disability benefits for total disability under the Company's long-term disability plan or receipt of Social Security total disability benefits shall be deemed conclusive evidence of Total Disability for purposes of this Agreement. However, in the absence of Executive's receipt of such long-term disability benefits or Social Security benefits, the Chief Executive Officer in good faith may determine that the Executive is disabled due to the needs of the business and the unacceptable unavailability of Executive which is expected to last for a continuous period of not less than six (6) months. In the event of such disability, Executive will continue to receive his Base Salary for six (6) months or until benefits become payable to the Executive under the terms of the Company's disability policy, whichever first occurs.

2.7 No Setoff. The Company's obligation to make payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right, or action which Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable, or benefits to be provided to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains or seeks to obtain other employment.

3. Miscellaneous Matters.

3.1 Exclusive Dispute Resolution Procedure. In the event either party contends the other has not complied with a provision of this Agreement or asserts any claims under ERISA, other than the Non-Compete Agreements (which are specifically excluded from this procedure), prior to seeking arbitration as provided for below, the party claiming a violation of this Agreement, shall advise the other party, in writing, of the specifics of the claim, including the specific provision alleged to have been violated, as well as provide the other party with any supporting documentation the party desires to produce at that time. If the Company is disputing amounts that Executive contends are due to him, the Company shall provide a complete statement of the amount it is disputing, the reason it is disputing it, and supporting documentation upon request by Executive. The parties will thereafter meet and attempt to resolve their differences in a period not to exceed thirty (30) days, unless the parties agree in writing to mutually extend the time for one additional thirty (30) day period. Following such attempts to resolve any such dispute, either party may

require arbitration of the other. In order to do so, the request must be timely made, in writing, and delivered to the other party (Executive or the Chief Executive Officer) within thirty (30) days following the end of the resolution period (or any valid extension thereof) referenced herein above. The parties hereto agree that any controversy or claim arising out of or relating to this Agreement, or any dispute arising out of the interpretation or application of this Agreement, which the parties hereto are unable to resolve as provided for above, shall be finally resolved and settled exclusively by arbitration in the city where the Company's headquarters are then located or such other location as the parties may agree, by a single arbitrator in accordance with the substantive laws of the State of Texas to the extent not preempted by the Employee Retirement Income Security Act, which shall govern all applicable benefits issues, in keeping with the above required procedure. If the parties cannot agree upon an arbitrator, then each party shall choose its own independent representative, and those independent representatives shall choose the single arbitrator within thirty (30) days of the date of the selection of the first independent representative. The legal expenses of each party shall be borne by them respectively. However, the cost and expenses of the arbitrator in any such action shall be borne equally by the parties. The arbitrator's decision, judgment and award shall be final, binding and conclusive upon the parties and may be entered in the highest court, state or federal, having jurisdiction. The arbitrator to which any such dispute shall be submitted in accordance with the provision of this Article shall only have jurisdiction and authority to interpret, apply or determine compliance with the provisions of this Agreement, but shall not have jurisdiction or authority to add to, subtract from, or alter in any way the provisions of this Agreement.

3.2 Headings. Section and other headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

3.3 Notices. Any notice, communication, request, reply or advice (here severally and collectively called " **Notice** ") required or permitted to be given under this Agreement must be in writing and is effectively given by deposit in the same in the United States mail, postage pre-paid and registered or certified with return receipt requested, by national commercial courier for next day delivery, or by delivering in person the same to the address of the person or entity to be notified. Notice deposited in the mail in the manner herein above described shall be effective 48 hours after such deposit, Notice sent by national commercial courier for next day delivery shall be effective on the date delivered, and Notice delivered in person shall be effective at the time of delivery. For purposes of Notice, the address of the parties shall, until changed as hereinafter provided, be as follows:

(a) If to the Company :

Newpark Resources, Inc.
2700 Research Forest Dr.
The Woodlands, Texas 77381
Attention: Chief Executive Officer

or at such address as the Company may have advised Executive in writing; and

(b) If to Executive:

Bruce Smith

or at such other address as Executive may have advised the Company in writing.

3.4 Waiver. The failure by any party to enforce any of its rights under this Agreement shall not be deemed to be a waiver of such rights, unless such waiver is an express written waiver which has been signed by the waiving party. Waiver of any one breach shall not be deemed to be a waiver of and other breach of the same or any other provision of this Agreement.

3.5 Choice of Law. The validity of the agreement, the construction of its terms and the determination of the rights and duties of the parties hereto shall be governed by and construed in accordance with the laws of the State of Texas without regard to choice of law principles.

3.6 Invalidity of Provisions. If any provision of this Agreement is adjudicated to be invalid, illegal or unenforceable under applicable law, the validity or enforceability of the remaining provisions shall be unaffected. To the extent that any provision of this Agreement is adjudicated to be invalid, illegal or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited.

3.7 Entire Agreement; Written Modifications. This Agreement, the Non-Compete Agreements, and the specific documents referred to and incorporated herein by reference (whether or not copies thereof are attached to this Agreement) together contain the entire agreement between the parties and supersedes all prior or contemporaneous representations, promises, understandings and agreements between Executive and the Company.

3.8 No Assignments; Assumption by Successor. This Agreement is personal to the Company and the Executive and may not be assigned by either party without the prior written consent of the other. The Company will require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to (i) expressly assume and agree to perform this Agreement in the same manner and the same extent the Company would be required to perform it as if no such succession had taken place; and (ii) notify the Executive of the assumption of this Agreement within ten days of such assumption. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be considered a Good Reason for the Executive to resign from the Company. As used in this Agreement, Company shall mean Newpark Resources, Inc., and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this agreement by operation of law or otherwise. However, this agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators' successors, heirs, and distributees, devisees, and legatees.

3.9 Attorney's Fee s. The prevailing party in any action brought to enforce this Agreement shall be entitled, in addition to such other relief that may be granted, to a reasonable sum for attorney's fees and costs incurred by such party in enforcing or defending against an action to enforce this Agreement.

3.10 Definitions. In this Agreement:

(a) "Cause" when used with reference to termination of the employment of Executive by the Company for "Cause", shall mean:

- (1) Executive's conviction by a court of competent jurisdiction of, or entry of a plea of guilty or nolo contendere for an act on the Executive's part constituting a felony; or
- (2) dishonesty; willful misconduct or gross neglect by Executive of his obligations under this Agreement that results in material injury to the Company;
- (3) appropriation (or an overt act attempting appropriation) by Executive of a material business opportunity of the Company;
- (4) theft, embezzlement or other similar misappropriation of funds or property of the Company by Executive; or
- (5) the failure of Executive to follow the reasonable and lawful written instructions or policy of the Company with respect to the services to be rendered and the manner of rendering such services by Executive provided Executive has been given reasonable and specific written notice of such failure and opportunity to cure and no cure has been effected or initiated

within a reasonable time, but not less than 90 days, after such notice.

(b) “ **Good Reason** ” means any of the following:

- (1) the Company adversely changes Executive’s title or changes in any material respect the responsibilities, authority or status of Executive without prior notice and acceptance;
- (2) the substantial or material failure of the Company to comply with its obligations under this Agreement or any other agreement that may be in effect that is not remedied within a reasonable time after specific written notice thereof by Executive to the Company;
- (3) the diminution of the Executive’s salary and or a material diminution of the Executive’s benefits without prior notice and acceptance;
- (4) the failure of the Company to obtain the assumption of this Agreement by any successor or assignee of the Company
- (5) Requiring Executive to relocate more than 50 miles from Houston, Texas
- (6) provided that in any of the above situations, Executive has given reasonable and specific written notice to the Chief Executive Officer of such failure and the Company has been given a reasonable opportunity to cure and no cure has been effected or initiated within a reasonable time after such notice.

Executed as of the date first written above.

Signed: /s/ Bruce Smith

Bruce Smith (Executive)

Signed: /s/ Paul L. Howes

**Paul L. Howes
President & CEO
Newpark Resources, Inc**

Witness: /s/ Milissa Weisinger

Name: Milissa Weisinger

Witness: /s/ Mark J. Airola

Name Mark J. Airola

APPENDIX A

ANCILLARY LOUISIANA UNFAIR COMPETITION, CONFIDENTIALITY AND
NON-COMPETITION AGREEMENT

THIS LOUISIANA UNFAIR COMPETITION, CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (this “Ancillary Agreement”) dated and effective as of December 1, 2006 is made by Bruce Smith (“Executive”) and Newpark Resources, Inc. (the “Company”).

RECITALS:

WHEREAS, Executive and the Company have entered into an Agreement dated this date (the “Employment Agreement”), to which this Agreement is ancillary and incorporated by reference, pursuant to which, among other things, the Company agrees to make certain payments to Executive; and

WHEREAS, pursuant to the Employment Agreement, the Company and Executive have agreed to enter into this Ancillary Agreement; and

NOW, THEREFORE, in consideration of Executive’s Employment Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby covenant and agree as follows:

1. Definitions. Each capitalized term not defined herein shall have the meaning assigned to that term in the Employment Agreement.

2. Confidentiality. Executive acknowledges that in the course of his relationship with the Company and its related entities Newpark Drilling Fluids, Newpark Environmental Services, SOLOCO, Newpark Canada, and Newpark Water (the “Related Entities” or referred to collectively with Newpark Resources as the “Company”) he has in the past received, and may in the future receive, certain trade secrets, programs, lists of customers and other confidential or proprietary information and knowledge concerning the business of the Company and its Related Entities (hereinafter collective referred to as “Confidential Information”) which the Company desires to protect. Executive understands that the information is confidential and he agrees not to reveal the Confidential Information to anyone outside the Company so long as the confidential or secret nature of the Confidential Information shall continue, other than such disclosure as authorized by the Company or is made to a person transacting business with the Company who has reasonable need for such Confidential Information. Executive further agrees that he will at no time use the Confidential Information for or on behalf of any person other than the Company for any purpose. Executive further agrees to comply with the confidentiality and other provisions set forth in this Agreement, the terms of which are supplemental to any statutory or fiduciary or other obligations relating to these matters. On the termination of employment or his Employment Agreement, Executive shall surrender to the Company all papers, documents, writings and other property produced by him or coming into his possession by or through his relationship with the Company or relating to the Confidential Information and Executive agrees that all such materials will at all times remain the property of the Company.

3. Specific Covenants.

(a) This Agreement. The terms of this Agreement constitute Confidential Information, which Executive shall not disclose to anyone other than his spouse, attorney, accountant, or as may be required by the Company or by law.

(b) Company Property. All written materials, customer or other lists or data bases, records, data, and other documents prepared or possessed by Executive during Executive’s employment

with the Company are the Company's property. All information, ideas, concepts, improvements, discoveries, and inventions that are conceived, made, developed, or acquired by Executive individually or in conjunction with others during Executive's employment (whether during business hours and whether on the Company's premises or otherwise) which relate to the Company's business, products, or services are the Company's sole and exclusive property. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, recipes, inventory, prices, improvements, discoveries, and inventions are the Company's property. At the termination of Executive's employment with the Company for any reason, Executive shall return all of the Company's documents, data, or other Company Property to the Company. Included in the above are all such data that Executive had access to, over, or possessed. The Company desires by this Agreement to protect its economic investment in its current and future operations and business.

(c) Confidential Information; Non-Disclosure. Executive acknowledges and stipulates that the business of the Company is highly competitive, cost and price sensitive, and that he in connection with his work and job have had access to Confidential Information relating to the Company's businesses and their methods and operations. For purposes of this Agreement, "**Confidential Information**" means and includes the Company's confidential and/or proprietary information and/or trade secrets that have been developed or used and/or will be developed and that cannot be obtained readily by third parties from outside sources. Confidential Information includes, by way of example and without limitation, the following information regarding customers, employees, contractors, its operations and its markets and the industry not generally known to the public; strategies, methods, books, records, and documents; recipes, technical information concerning products, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers and those being solicited to be customers, investors, and business relations (such as contact name, service provided, pricing for that customer, type and amount of product used, credit and financial data, and/or other information relating to the Company's relationship with that customer); pricing strategies and price curves; positions, plans, and strategies for expansion or acquisitions; budgets; customer lists; research; financial and sales data; raw materials purchasing or trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and locations; grids and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating the Company; bids or proposals submitted to any third party; technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; labor or employee relations or agreements; payment amounts or rates paid to consultants or other service providers; and other such confidential or proprietary information. Information need not qualify as a trade secret to be protected as Confidential Information under this Agreement, and the authorized and controlled disclosure of Confidential Information to authorized parties by Company in the pursuit of its business will not cause the information to lose its protected status under this Agreement. Executive acknowledges and stipulates that this Confidential Information constitutes a valuable, special, and unique asset used by the Company in its businesses to obtain a competitive advantage over its competitors. Executive further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to the Company in maintaining its competitive position and economic investment, as well as work for its employees.

(d) Unfair Competition Restrictions. Executive agrees that for a period of twenty- four (24) months following the date of his termination ("**Restricted Term**"), he will not, directly or indirectly, for himself or for others, anywhere in those areas where the Company currently (including the City of New Orleans and its surrounding parishes, and in those cities or parishes listed in Attachment "A-1" attached hereto) (the "**Restricted Area**") conducts or is seeking to conduct business of the same nature as the Company, including the Related Entities, do any of the following, unless expressly authorized by the Chief Executive Officer of the Company: Engage in, or assist any person, entity, or business engaged in, the selling or providing of products or services that would displace the products or services that (i) the Company is currently in the business of providing and was in the business of providing, or is planning to be in the business of providing, at the time of the execution of this Agreement, or (ii) that Executive had

***Indicates material has been omitted pursuant to a Confidential Treatment Request filed with the Securities and Exchange Commission. A complete copy of this agreement has been filed with the Securities and Exchange Commission.

involvement in, access to, or received Confidential Information about in the course of employment. The foregoing is expressly understood to include, without limitation, the business of the manufacturing, selling and/or providing products or services of the same type offered and/or sold by the Company. ***

4. Prohibition on Circumvention. It is further agreed that during the Restricted Term, Executive cannot circumvent these covenants by alternative means or engage in any of the enumerated prohibited activities in the Restricted Area by means of telephone, telecommunications, satellite communications, correspondence, or other contact from outside the Restricted Area. Executive further understands that the foregoing restrictions may limit his ability to engage in certain businesses during the Restricted Term, but acknowledge that these restrictions are necessary to protect the Confidential Information and business interests of the Company.

5. Proviso. It is agreed that these covenants do not prevent Executive from using and offering the general management or other skills that he possessed prior to receiving access to Confidential Information and knowledge from the Company. This Agreement creates an advance approval process, and nothing herein is intended, or will be construed as, a general restriction against Executive's pursuit of lawful employment in violation of any controlling state or federal laws. Executive is permitted to engage in activities that would otherwise be prohibited by this covenant if such activities are determined in the sole discretion of the Chief Executive Officer of the Company, and authorized in writing, to be of no material threat to the legitimate business interests of the Company.

6. Non-Solicitation of Customers. For a period of twenty-four (24) months following Executive's termination of employment or employment agreement, Executive agrees not to call on, service, or solicit competing business from customers of the Company, in the Restricted Area, whom he, within the previous twenty-four (24) months, (i) had or made contact with, or (ii) induce or encourage any such customer or other source of ongoing business to stop doing business with the Company. This provision does not prohibit Executive from managing or providing other services or products that are not a product or services currently offered by the Company. ***

7. Non-Solicitation of Employees. For a period of twenty-four (24) months following the date of Executive's termination of employment or employment agreement, Executive will not, either directly or indirectly, call on, solicit, encourage, or induce any other employee or officer of the Company, whom he had contact with, knowledge of, or association within the course of employment with the Company to discontinue his or her employment, and will not assist any other person or entity in such a solicitation. ***

8. Non-Disparagement. Executive covenants and agrees he will not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company or its respective management or products and services.

9. Separability of Covenants. The covenants contained in Section 3 herein constitute a series of separate but ancillary covenants, one for each applicable parish in the State of Louisiana set forth in this Agreement or Attachment "A-1" hereto. If in any judicial proceeding, a court shall hold that any of the covenants set forth in Section 3 exceed the time, geographic, or occupational limitations permitted by applicable law, Executive and the Company agree that such provisions shall and are hereby reformed to the maximum time, geographic, or occupational limitations permitted by such laws. Further, in the event a court shall hold unenforceable any of the separate covenants deemed included herein, then such unenforceable covenant or covenants shall be deemed eliminated from the provisions of this Agreement for the purpose of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced in such proceeding. Executive and the Company further agree that the covenants in Section 3 shall each be construed as a separate agreement independent of any other provisions of this Agreement, and the existence of any claim or cause of action by Executive against the Company, whether predicated on this

Agreement, his Employment Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of the covenants of Section 3.

10. Consideration. Executive acknowledges and agrees that no other consideration for Executive's covenants in this Agreement, other than that specifically referred to in Section 1 of the Employment Agreement, has or will be paid or furnished to him by the Company or the Related Entities.

11. Return of Items. Upon termination and/or retirement, Executive will return any computer related hardware or software, cell phone, keys, or other data or company property in his possession or control, including all customer list(s), pricing documents, etc., to the Company, except as may be specifically provided for to the contrary in the Employment Agreement.

12. Meaning of Certain Terms. All non-capitalized terms in Sections 3 and 4 are intended to and shall have the same meanings that those terms (to the extent they appear therein) have in La. R. S. 23:921.C. Subject to and only to the extent not consistent with the foregoing sentence, the parties understand the following phrases to have the following meanings:

(a) The phrase “**carrying on or engaging in a business similar to the business of the Company**” includes engaging, as principal, executive, employee, agent, trustee, advisor, consultant or through the agency of any corporation, partnership, association or agent or agency, in any business which conducts business in competition with the Company (including its Related Entities) or being the owner of more than 1% of the outstanding capital stock of any corporation, or an officer, director, or employee of any corporation or other entity, (other than the Company or a corporation or other entity, affiliated with the Company) or a member or employee or any partnership, or an owner or employee of any other business, which conducts a business or provides a service in the Restricted Area in competition with the Company or any affiliated corporation or other entity. Moreover, the term also includes (i) directly or indirectly inducing any current customers of the Company, or any affiliated corporation or other entity, to patronize any product or service business in competition with the Company or any affiliated corporation or other entity, (ii) canvassing, soliciting, or accepting any product or service business of the type conducted by the Company or any affiliated corporation or other entity (iii) directly or indirectly requesting or advising any current customers of the Company or any affiliated corporation or other entity, to withdraw, curtail or cancel such customer's business with the Company or any affiliated corporation or other entity; or (iv) directly or indirectly disclosing to any other person, firm, corporation or entity, the names or addresses of any of the current customers of the Company or any affiliated corporation or other entity or the rates or other terms on which the Company provides services to its customers. In addition, the term includes directly or indirectly, through any person, firm, association, corporation or other entity with which Executive is now or may hereafter become associated, causing or inducing any present employee of the Company or any affiliated corporation or other entity to leave the employ of the Company or any affiliated corporation or other entity to accept employment with Executive or with such person, firm, association, corporation, or other entity.

(b) The phrase “**a business similar to the business of the Company**” means environmental services to the exploration, production and maritime industries, mat sales and rentals, drilling fluids, and water treatment and related technology; and, heavy oil and air treatment.

(c) The phrase “**carries on a like business**” includes, without limitation, actions taken by or through a wholly-owned subsidiary or other affiliated corporation or entity.

(d) All references to the Company shall also be deemed to refer to and include the Related Entities.

13. Reasonable Restrictions. Executive represents to the Company that the enforcement of the restrictions contained in this Agreement would not be unduly burdensome to Executive and acknowledges that Executive is willing and able, subject to the Restricted Area as defined herein, to

compete in other geographical areas not prohibited by this Agreement. The parties to this Agreement hereby agree that the covenants contained in this Agreement are reasonable.

14. Entire Agreement. Except with respect to the Employment Agreement executed concurrently herewith, and with respect to certain matters included in a separate Agreement being entered into between Executive and the Company on the date of this Agreement (“ **Appendix B and B-1** ”), this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersedes and is in full substitution for any and all prior agreements and understandings whether written or oral between said parties relating to the subject matter of this Agreement. This Agreement shall not supersede or substitute for, nor be superseded or substituted by, the Employment Agreement, but shall have full force and effect concurrently therewith.

15. Amendment. This Agreement may not be amended or modified in any respect except by an agreement in writing executed by the parties in the same manner as this Agreement except as provided in Section 18 of this Agreement.

16. Assignment. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned by the Company in a manner inconsistent with 3.8 of Executive’s Employment Agreement without the consent of Executive in connection with the sale, transfer or other assignment of all or substantially all of the capital stock or assets of, or the merger of, the Company, provided that the party acquiring such capital stock or assets or into which the company merges assumes in writing the obligations of the Company hereunder and provided further that no such assignment shall release the Company from its obligations hereunder. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned or encumbered in any way by Executive without the written consent of the Company.

17. Successors. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) shall be binding upon and shall inure to the benefit of and be enforceable by each of the parties and their respective successors and assigns.

18. Unenforceable Provisions. If, and to the extent that, any section, paragraph, part, term and/or provision of this Agreement would otherwise be found null, void, or unenforceable under applicable law by any court of competent jurisdiction, that section, paragraph, part, term and/or provision shall automatically not constitute part of this Agreement. Each section, paragraph, part, term and/or provision of this Agreement is intended to be and is severable from the remainder of this Agreement. If, for any reason, any section, paragraph, part, term and/or provision herein is determined not to constitute part of this Agreement or to be null, void, or unenforceable under applicable law by any court of competent jurisdiction, the operation of the other sections, paragraphs, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible shall not be impaired or otherwise affected and shall continue to have full force and effect and bind the parties hereto.

19. Remedies.

(a) Executive agrees that a breach or violation of Section 3 or 4 of this Agreement by Executive shall entitle the Company as a matter of right, to an injunction, without necessity of posting bond, issued by any court of competent jurisdiction, restraining any further or continued breach or violation of such provisions. Such right to an injunction shall be cumulative and in addition, and not in lieu of, any other remedies to which the Company may show themselves justly entitled, including, but not limited to, specific performance and damages. The parties specifically agree that the remedy of damages alone is inadequate.

(b) In the event that Executive knowingly and intentionally fails in any material respect to perform any of his material obligations under this Agreement, the Company may elect (i) to cease any payments under the Employment Agreement and recover all payments made to Executive under

the Employment Agreement on or subsequent to the date of the failure, (ii) obtain an injunction and/or (iii) exercise any and all other remedies available by law.

(c) Notwithstanding the foregoing subsection (b), Executive will have no liability or responsibility for: (i) inadvertent disclosure or use of the Information if (x) he uses the same degree of care in safeguarding the Information that the Company uses to safeguard information of like importance and (y) upon discovery of such inadvertent disclosure or use of such material, Executive immediately uses his best efforts, including the commencement of litigation, if necessary, to prevent any use thereof by the person or persons to whom it has been disclosed and to prevent any further incidental disclosure thereof; and (ii) , disclosure of Information (x) that is required by law, (y) that is made pursuant to a proper subpoena from a court or administrative agency of competent jurisdiction from a court or administrative agency of competent jurisdiction or (z) that is made upon written demand of an official involved in regulating Executive if before disclosure is made, Executive immediately notifies the Company of the requested disclosure by the most immediate means of communication available and confirms in writing such notification within one business day thereafter.

20. Notice. All notices, consents, requests, approvals or other communications in connection with this Agreement and all legal process in regard hereto shall be in writing and shall be deemed validly delivered, if delivered personally or sent by certified mail, postage prepaid. Unless changed by written notice pursuant hereto, the address of each party for the purposes hereof is as follows:

If to Executive :
Bruce Smith

If to the Company :
2700 Research Forest , Suite 100
The Woodlands, Texas 77381
Attn: Chief Executive Officer

Notice given by mail as set out above shall be deemed delivered only when actually received.

21. Descriptive Headings. The descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

22. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Louisiana without regard to conflicts of law principles.

IN WITNESS WHEREOF , the parties have duly executed this Louisiana Unfair Competition, Confidentiality and Non-competition Agreement as of the date first above written.

Signed: /s/ Bruce Smith

Signed: /s/ Paul L. Howes

Bruce Smith (Executive)

Paul L. Howes
President & CEO
Newpark Resources, Inc

ATTACHMENT A-1 (Restricted Areas)

States and areas in which Newpark Resources, Inc. currently does business:

1. Louisiana
2. Texas
3. Nevada
4. Wyoming
5. Montana
6. Colorado
7. South Dakota
8. Oklahoma

Other areas:

9. The Gulf of Mexico, off what is commonly the "**Gulf Coast.**"
10. Western Canada

Louisiana Parishes in which Newpark Resources, Inc currently does business:

1. Acadia
2. Allen
3. Assumption
4. Avoyelles
5. Beauregard
6. Bossier
7. Calcasieu
8. Cameron
9. East Ascension
10. East Baton Rouge
11. Evangeline
12. Grant
13. Iberia
14. Iberville
15. Jeff Davis
16. Jefferson
17. Lafayette
18. Lafourche
19. Livingston
20. Plaquemine
21. Pointe Coupee
22. Rapides
23. Richland
24. St. Charles
25. St. James
26. St. Landry
27. St. Martin
28. St. Mary
29. St. Tammany
30. Terrebonne
31. Vermilion
32. Washington

***Indicates material has been omitted pursuant to a Confidential Treatment Request filed with the Securities and Exchange Commission. A complete copy of this agreement has been filed with the Securities and Exchange Commission.

Attachment A-2

APPENDIX B

TEXAS AND NON-LOUISIANA UNFAIR COMPETITION, CONFIDENTIALITY AND
NON-COMPETITION AGREEMENT

THIS UNFAIR COMPETITION, CONFIDENTIALITY AND NONCOMPETITION AGREEMENT (this “Ancillary Agreement”) dated and effective as of December 1, 2006 is made by Bruce Smith (“Executive”) and Newpark Resources, Inc. (the “Company”).

RECITALS:

WHEREAS, Executive and the Company have entered into an Agreement dated this date (the “Employment Agreement”), to which this Agreement is ancillary and incorporated by reference, pursuant to which, among other things, the Company agrees to make certain payments to Executive; and

WHEREAS, pursuant to the Employment and Settlement Agreement, the Company and Executive have agreed to enter into this Ancillary Agreement; and

NOW, THEREFORE, in consideration of Executive’s Employment Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby covenant and agree as follows:

1. Definitions. Each capitalized term not defined herein shall have the meaning assigned to that term in the Employment Agreement.

2. Confidentiality. Executive acknowledges that in the course of his relationship with the Company and its related entities Newpark Drilling Fluids, Newpark Environmental Services, SOLOCO, Newpark Canada, and Newpark Water (the “Related Entities” or referred to collectively with Newpark Resources as the “Company”) he has in the past received, and may in the future receive, certain trade secrets, programs, lists of customers and other confidential or proprietary information and knowledge concerning the business of the Company and its Related Entities (hereinafter collective referred to as “Confidential Information”) which the Company desires to protect. Executive understands that the information is confidential and he agrees not to reveal the Confidential Information to anyone outside the Company so long as the confidential or secret nature of the Confidential Information shall continue, other than such disclosure as authorized by the Company or is made to a person transacting business with the Company who has reasonable need for such Confidential Information. Executive further agrees that he will at no time use the Confidential Information for or on behalf of any person other than the Company for any purpose. Executive further agrees to comply with the confidentiality and other provisions set forth in this Agreement, the terms of which are supplemental to any statutory or fiduciary or other obligations relating to these matters. On the termination of employment or his Employment Agreement, Executive shall surrender to the Company all papers, documents, writings and other property produced by him or coming into his possession by or through his relationship with the Company or relating to the Confidential Information and Executive agrees that all such materials will at all times remain the property of the Company.

3. Specific Covenants.

(a) **This Agreement.** The terms of this Agreement constitute Confidential Information, which Executive shall not disclose to anyone other than his spouse, attorney, accountant, or as may be required by the Company or by law.

(b) **Company Property.** All written materials, customer or other lists or data bases, records, data, and other documents prepared or possessed by Executive during Executive’s employment

with the Company are the Company's property. All information, ideas, concepts, improvements, discoveries, and inventions that are conceived, made, developed, or acquired by Executive individually or in conjunction with others during Executive's employment (whether during business hours and whether on the Company's premises or otherwise) which relate to the Company's business, products, or services are the Company's sole and exclusive property. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, recipes, inventory, prices, improvements, discoveries, and inventions are the Company's property. At the termination of Executive's employment with the Company for any reason, Executive shall return all of the Company's documents, data, or other Company Property to the Company. Included in the above are all such data that Executive had access to, over, or possessed. The Company desires by this Agreement to protect its economic investment in its current and future operations and business.

(c) **Confidential Information; Non-Disclosure.** Executive acknowledges and stipulates that the business of the Company is highly competitive, cost and price sensitive, and that he in connection with his work and job have had access to Confidential Information relating to the Company Resource's businesses and their methods and operations. For purposes of this Agreement, "**Confidential Information**" means and includes the Company's confidential and/or proprietary information and/or trade secrets that have been developed or used and/or will be developed and that cannot be obtained readily by third parties from outside sources. Confidential Information includes, by way of example and without limitation, the following information regarding customers, employees, contractors, its operations and its markets and the industry not generally known to the public; strategies, methods, books, records, and documents; recipes, technical information concerning products, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers and those being solicited to be customers, investors, and business relations (such as contact name, service provided, pricing for that customer, type and amount of product used, credit and financial data, and/or other information relating to the Company's relationship with that customer); pricing strategies and price curves; positions, plans, and strategies for expansion or acquisitions; budgets; customer lists; research; financial and sales data; raw materials purchasing or trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and locations; grids and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating the Company; bids or proposals submitted to any third party; technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; labor or employee relations or agreements; payment amounts or rates paid to consultants or other service providers; and other such confidential or proprietary information. Information need not qualify as a trade secret to be protected as Confidential Information under this Agreement, and the authorized and controlled disclosure of Confidential Information to authorized parties by Company in the pursuit of its business will not cause the information to lose its protected status under this Agreement. Executive acknowledges and stipulates that this Confidential Information constitutes a valuable, special, and unique asset used by the Company in its businesses to obtain a competitive advantage over its competitors. Executive further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to the Company in maintaining its competitive position and economic investment, as well as work for its employees.

(d) **Unfair Competition Restrictions.** Executive agrees that for a period of twenty-four (24) months following the date of his termination or such lesser period of time as is the maximum amount permitted by law ("**Restricted Term**"), he will not, directly or indirectly, for himself or for others, anywhere in those areas where the Company currently (including the City of Houston and its surrounding counties, and in those cities or counties or states listed in Attachment "B-1" attached hereto) (the "**Restricted Area**") conducts or is seeking to conduct business of the same nature as Newpark Resources and its Related Entities, do any of the following, unless expressly authorized by the Chief Executive Officer of the Company: Engage in, or assist any person, entity, or business engaged in, the selling or providing of products or services that would displace the products or services that (i) the Company is currently in the business of providing and was in the business of providing, or is planning to be

***Indicates material has been omitted pursuant to a Confidential Treatment Request filed with the Securities and Exchange Commission. A complete copy of this agreement has been filed with the Securities and Exchange Commission.

in the business of providing, at the time of the execution of this Agreement, or (ii) that Executive had involvement in, access to, or received Confidential Information about in the course of employment. The foregoing is expressly understood to include, without limitation, the business of the manufacturing, selling and/or providing products or services of the same type offered and/or sold by the Company. ***

4. Prohibition on Circumvention. It is further agreed that during the Restricted Term, Executive cannot circumvent these covenants by alternative means or engage in any of the enumerated prohibited activities in the Restricted Area by means of telephone, telecommunications, satellite communications, correspondence, or other contact from outside the Restricted Area. Executive further understands that the foregoing restrictions may limit his ability to engage in certain businesses during the Restricted Term, but acknowledge that these restrictions are necessary to protect the Confidential Information and business interests of the Company.

5. Proviso. It is agreed that these covenants do not prevent Executive from using and offering the general management or other skills that he possessed prior to receiving access to Confidential Information and knowledge from the Company. This Agreement creates an advance approval process, and nothing herein is intended, or will be construed as, a general restriction against Executive's pursuit of lawful employment in violation of any controlling state or federal laws. Executive is permitted to engage in activities that would otherwise be prohibited by this covenant if such activities are determined in the sole discretion of the Board of the Company, and authorized in writing, to be of no material threat to the legitimate business interests of the Company.

6. Non-Solicitation of Customers. For a period of twenty-four (24) months following Executive's termination of employment or employment agreement, Executive agrees not to call on, service, or solicit competing business from customers of the Company, in the Restricted Area, whom he, within the previous twenty-four (24) months, (i) had or made contact with, or (ii) induce or encourage any such customer or other source of ongoing business to stop doing business with the Company. This provision does not prohibit Executive from managing or providing other services or products that are not a product or services currently offered by the Company. ***

7. Non-Solicitation of Employees. For a period of twenty-four (24) months following the date of Executive's termination of employment or employment agreement, Executive will not, either directly or indirectly, call on, solicit, encourage, or induce any other employee or officer of the Company, whom he had contact with, knowledge of, or association within the course of employment with the Company to discontinue his or her employment, and will not assist any other person or entity in such a solicitation. ***

8. Non-Disparagement. Executive covenants and agrees he will not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company or its respective management or products and services.

9. Separability of Covenants. The covenants contained in Section 3 herein constitute a series of separate but ancillary covenants, one for each applicable county in the State of Texas and/or each area of operation in each state, county, and area as set forth in this Agreement or Attachment "B- 1" hereto. If in any judicial proceeding, a court shall hold that any of the covenants set forth in Section 3 exceed the time, geographic, or occupational limitations permitted by applicable law, Executive and the Company agree that such provisions shall and are hereby reformed to the maximum time, geographic, or occupational limitations permitted by such laws. Further, in the event a court shall hold unenforceable any of the separate covenants deemed included herein, then such unenforceable covenant or covenants shall be deemed eliminated from the provisions of this Agreement for the purpose of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced in such proceeding. Executive and the Company further agree that the covenants in Section 3 shall each be construed as a separate agreement independent of any other provisions of this Agreement, and the existence of any claim or cause of action by

Executive against the Company, whether predicated on this Agreement or Employment Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of the covenants of Section 3.

10. Consideration. Executive acknowledges and agrees that no other consideration for Executive's covenants in this Agreement, other than that specifically referred to in Section 1 of the Employment Agreement, has or will be paid or furnished to him by the Company or the Related Entities.

11. Return of Items. Upon termination and/or retirement, Executive will return any computer related hardware or software, cell phone, keys, or other data or company property in his possession or control, including all customer list(s), pricing documents, etc., to the Company, except as may be specifically provided for to the contrary in Executive's Employment Agreement.

12. Meaning of Certain Terms. The parties understand the following phrases to have the following meanings:

(a) The phrase "**carrying on or engaging in a business similar to the business of the Company**" includes engaging, as principal, executive, employee, agent, trustee, advisor, consultant or through the agency of any corporation, partnership, association or agent or agency, in any business which conducts business in competition with the Company (including its Related Entities) or being the owner of more than 1% of the outstanding capital stock of any corporation, or an officer, director, or employee of any corporation or other entity, (other than the Company or a corporation or other entity, affiliated with the Company) or a member or employee or any partnership, or an owner or employee of any other business, which conducts a business or provides a service in the Restricted Area in competition with the Company or any affiliated corporation or other entity. Moreover, the term also includes (i) directly or indirectly inducing any current customers of the Company, or any affiliated corporation or other entity, to patronize any product or service business in competition with the Company or any affiliated corporation or other entity, (ii) canvassing, soliciting, or accepting any product or service business of the type conducted by the Company or any affiliated corporation or other entity (iii) directly or indirectly requesting or advising any current customers of the Company or any affiliated corporation or other entity, to withdraw, curtail or cancel such customer's business with the Company or any affiliated corporation or other entity; or (iv) directly or indirectly disclosing to any other person, firm, corporation or entity, the names or addresses of any of the current customers of the Company or any affiliated corporation or other entity or the rates or other terms on which the Company provides services to its customers. In addition, the term includes directly or indirectly, through any person, firm, association, corporation or other entity with which Executive is now or may hereafter become associated, causing or inducing any present employee of the Company or any affiliated corporation or other entity to leave the employ of the Company or any affiliated corporation or other entity to accept employment with Executive or with such person, firm, association, corporation, or other entity.

(b) The phrase "**a business similar to the business of the Company**" means environmental services to the exploration, production and maritime industries, mat sales and rentals, drilling fluids, and water treatment and related technology; and, heavy oil and air treatment.

(c) The phrase "**carries on a like business**" includes, without limitation, actions taken by or through a wholly-owned subsidiary or other affiliated corporation or entity.

(d) All references to the Company shall also be deemed to refer to and include the Related Entities

13. Reasonable Restrictions. Executive represents to the Company that the enforcement of the restrictions contained in this Agreement would not be unduly burdensome to Executive and acknowledges that Executive is willing and able, subject to the Restricted Area as defined herein, to

compete in other geographical areas not prohibited by this Agreement. The parties to this Agreement hereby agree that the covenants contained in this Agreement are reasonable.

14. Entire Agreement. Except with respect to the Employment Agreement executed concurrently herewith, and with respect to certain matters included in a separate Agreement being entered into between Executive and the Company on the date of this Agreement (“ **Appendix B and B-1** ”), this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersedes and is in full substitution for any and all prior agreements and understandings whether written or oral between said parties relating to the subject matter of this Agreement. This Agreement shall not supersede or substitute for, nor be superseded or substituted by, the Employment Agreement, but shall have full force and effect concurrently therewith.

15. Amendment. This Agreement may not be amended or modified in any respect except by an agreement in writing executed by the parties in the same manner as this Agreement except as provided in Section 18 of this Agreement.

16. Assignment. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned by the Company in a manner inconsistent with 3.8 of Executive’s Employment Agreement without the consent of Executive in connection with the sale, transfer or other assignment of all or substantially all of the capital stock or assets of, or the merger of, the Company provided that the party acquiring such capital stock or assets or into which the company merges assumes in writing the obligations of the Company hereunder and provided further that no such assignment shall release the Company from its obligations hereunder. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned or encumbered in any way by Executive without the written consent of the Company.

17. Successors. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) shall be binding upon and shall inure to the benefit of and be enforceable by each of the parties and their respective successors and assigns.

18. Unenforceable Provisions. If, and to the extent that, any section, paragraph, part, term and/or provision of this Agreement would otherwise be found null, void, or unenforceable under applicable law by any court of competent jurisdiction, that section, paragraph, part, term and/or provision shall automatically not constitute part of this Agreement. Each section, paragraph, part, term and/or provision of this Agreement is intended to be and is severable from the remainder of this Agreement. If, for any reason, any section, paragraph, part, term and/or provision herein is determined not to constitute part of this Agreement or to be null, void, or unenforceable under applicable law by any court of competent jurisdiction, the operation of the other sections, paragraphs, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible shall not be impaired or otherwise affected and shall continue to have full force and effect and bind the parties hereto.

19. Remedies.

(a) Executive agrees that a breach or violation of Section 3 or 4 of this Agreement by Executive shall entitle the Company as a matter of right, to an injunction, without necessity of posting bond, issued by any court of competent jurisdiction, restraining any further or continued breach or violation of such provisions. Such right to an injunction shall be cumulative and in addition, and not in lieu of, any other remedies to which the Company may show themselves justly entitled, including, but not limited to, specific performance and damages. The parties specifically agree that the remedy of damages alone is inadequate.

(b) In the event that Executive knowingly and intentionally fails in any material respect to perform any of his material obligations under this Agreement, the Company may elect (i) to cease any payments due under the Employment Agreement and recover all payments made to Executive

under the Employment Agreement on or subsequent to the date of the failure, (ii) obtain an injunction and/or (iii) exercise any and all other remedies available by law.

Notwithstanding the foregoing subsection (b), Executive will have no liability or responsibility for: (i) inadvertent disclosure or use of the Information if (x) he uses the same degree of care in safeguarding the Information that the Company uses to safeguard information of like importance and (y) upon discovery of such inadvertent disclosure or use of such material, Executive immediately uses his best efforts, including the commencement of litigation, if necessary, to prevent any use thereof by the person or persons to whom it has been disclosed and to prevent any further incidental disclosure thereof; and (ii) , disclosure of Information (x) that is required by law, (y) that is made pursuant to a proper subpoena from a court or administrative agency of competent jurisdiction from a court or administrative agency of competent jurisdiction or (z) that is made upon written demand of an official involved in regulating Executive if before disclosure is made, Executive immediately notifies the Company of the requested disclosure by the most immediate means of communication available and confirms in writing such notification within one business day thereafter.

20. Notice. All notices, consents, requests, approvals or other communications in connection with this Agreement and all legal process in regard hereto shall be in writing and shall be deemed validly delivered, if delivered personally or sent by certified mail, postage prepaid. Unless changed by written notice pursuant hereto, the address of each party for the purposes hereof is as follows:

If to Executive :
Mr. Bruce Smith

If to the Company :
2700 Research Forest Drive, Suite 100
The Woodlands, Texas 77381
Attn: Chief Executive Officer

Notice given by mail as set out above shall be deemed delivered only when actually received.

21. Descriptive Headings. The descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

22. Governing Law. This Appendix B shall be governed by and construed and enforced in accordance with the laws of the State of Texas (other than the choice of law principles thereof).

IN WITNESS WHEREOF , the parties have duly executed this Unfair Competition, Confidentiality and Non-competition Agreement as of the date first above written.

Signed: /s/ Bruce Smith

Signed: /s/ Paul Howes

Bruce Smith (Executive)

**Paul L. Howes
President & CEO
Newpark Resources, Inc**

ATTACHMENT B-1 (Restricted Areas)

Areas in which Newpark Resources, Inc. currently does business:

1. Louisiana
2. Texas
3. Oklahoma
4. Colorado
5. Wyoming
6. Utah
7. Nevada
8. Montana

Other states or areas in which Newpark Resources, Inc currently does business:

9. Western Canada
10. Gulf of Mexico (off the "**Gulf Coast**")

Texas Counties in which Newpark Resources, Inc currently does business:

1. Andrews
2. Aransas
3. Austin
4. Bee
5. Bienville
6. Borden
7. Brazoria
8. Brazos
9. Brooks
10. Burleson
11. Calhoun
12. Cameron
13. Chambers
14. Cochran
15. Colorado
16. Crane
17. Crockett
18. Culberson
19. Dewitt
20. Duval
21. Ector
22. Fayette
23. Fort Bend
24. Freestone
25. Gaines
26. Galveston
27. Glasscock
28. Goliad
29. Gregg
30. Hardin
31. Harris
32. Harrison
33. Hidalgo

34. Hockley
35. Houston
36. Howard
37. Jackson
38. Jefferson
39. Jim Hogg
40. Jim Wells
41. Karnes
42. Kenedy
43. Kleberg
44. Lavaca
45. Leon
46. Liberty
47. Limestone
48. Live Oak
49. Loving
50. Lubbock
51. Marion
52. Matagorda
53. McMullen
54. Motley
55. Nacogdoches
56. Navarro
57. Newton
58. Nueces
59. Orange
60. Panola
61. Pecos
62. Polk
63. Reagan
64. Reeves
65. Robertson
66. Roosevelt
67. Rusk
68. San Patricio
69. Schleicher
70. Scurry
71. Shelby
72. Snyder
73. Starr
74. Sterling
75. Terrell
76. Terry
77. Titus
78. Tom Green
79. Upshur
80. Upton
81. Val Verde
82. Victoria

- 83. Waller
- 84. Washington
- 85. Webb
- 86. Wharton
- 87. Winkler
- 88. Yoakum
- 89. Zapata

***Indicates material has been omitted pursuant to a Confidential Treatment Request filed with the Securities and Exchange Commission. A complete copy of this agreement has been filed with the Securities and Exchange Commission.

Attachment B-2

EMPLOYMENT AGREEMENT

THIS AGREEMENT dated May 18, 2006 is entered into by Newpark Resources, Inc. (the “**Company**”), a Delaware corporation, and Sean Mikaelian (the “**Executive**”) and is intended to incorporate and accurately reflect all prior negotiations, discussions, or agreements between the parties.

WHEREAS, the Company desires to employ a President of Newpark Mats and Integrated Services to enhance shareholder value and grow the mats business to its maximum potential, and as Executive has represented himself as qualified to achieve these objectives, and as the parties mutually desire and agree to enter into an employment relationship by means of this Employment Agreement.

NOW, THEREFORE in consideration of the promises and mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually covenanted and agreed by and between the parties as follows:

1. Employment of Executive

1.1 Employment Term. The Company hereby offers to employ Executive, and Executive hereby accepts employment by the Company, as its President of Newpark Mats on the terms and conditions set forth in this Agreement. The period during which Executive is employed hereunder shall be referred to as the “Employment Term.” The Executive’s Employment Term under this Agreement shall commence on May 18, 2006 (“Employment Date”), and shall continue for a period of three (3) years subject to the provisions of Section 2 “Termination of Employment”.

1.2 Compensation and Benefits.

(a) Base Salary. During the Employment Term, the Company will pay Executive a base monthly salary at an annualized rate of at least Two Hundred and Thirty Thousand Dollars (\$230,000) per year (“Base Salary”). The Company will review annually Executive’s Base Salary and, at its reasonable discretion, may increase such Base Salary as it deems appropriate, provided Executive’s Base Salary for any subsequent twelve month year shall not be less than the preceding twelve month year except with Executive’s prior written agreement. Adjustments in Base Salary shall be automatically incorporated herein by reference and be contractual obligations of Company. Such Base Salary shall be paid in accordance with the Company’s standard payroll practice for its senior staff.

(b) Signing bonus. Executive will receive a signing bonus of \$75,000 to be paid no later than the end of June, 2006. In the event that Executive voluntarily terminates this Agreement or is terminated for cause Executive will repay this signing bonus on a pro-rata basis based on the number of completed months of the thirty six months of this Agreement. For example, if Executive voluntarily terminates this Agreement after having completed 24 months of employment Executive will be responsible for repaying 12/36 of the bonus, i.e. \$25,000.

(c) Incentive Compensation. In addition to the Base Salary, during the Employment Period Executive shall be eligible for participation in the 2003 Executive Incentive Plan (“EICP”) and the 2003 Long Term Incentive Plan (“LTIP”), subject to any amendments made at Board’s discretion as provided herein, in each of the years ending December 31, 2006, 2007, and 2008. Performance measures and goals will be set by the Compensation Committee of the Board. The Target Award is equal to forty (40%) percent of Base Salary with a maximum limitation of eighty percent (80%) of Executive’s actual Base Salary paid for that calendar year. Any payout for 2006 performance shall be based on the Company performance prorated for the eligible period. Payout under the EICP for a particular year will be made in cash by March 31 of the next year, e.g. payout for 2006 will occur prior to March 31, 2007. Actual awards, in accordance with the Board approved plan and any amendments, are at the discretion of the Compensation Committee, provided the Company represents and warrants to the Executive that the terms

of the EICP and LTIP will not be amended, modified, changed, or interpreted or applied to make them less generous than they are on May 18, 2006, without prior written notice.

(d) Stock Options and Share Awards. In addition, Executive shall receive such number of stock options and performance restricted share awards as are granted by the Compensation Committee in accordance with the Board approved plans (all such plans being referred to as the “**Plans**”). You will be eligible to participate in the June 2006 option grant. Vesting shall be as provided in these existing plans, and subject to any amendments. When used in this Agreement “stock” and “shares” mean the Company’s publicly traded common stock, \$.01 par value. Further, throughout this Agreement, the words “stock options, awards, and grants” are used separately or in various combinations to describe awards of shares or the right to acquire shares of Company stock under various benefit plans or this Agreement, or both.

(e) Employment Inducement Awards. As an incentive to accepting employment with Company and entering into this Agreement, Executive will be awarded upon execution of this Agreement and the Company will take any and all necessary action to make such award at no cost to Executive: (1) twenty five thousand (25,000) fair market value options at the market price on the day this Agreement is dated which will vest ratably over three (3) years with the first year being the anniversary of this Employment Agreement.

(f) Benefit Plans and Vacation. Subject to the terms of such Plans, throughout his employment under this Agreement, Executive shall be entitled to participate in any and all employee benefits plans or programs of the Company to the extent that he is otherwise eligible to participate under the terms of those plans, including participation in any welfare benefit programs provided by the Company (including, without limitation, medical, prescription, dental disability, employee life, group life, accidental death and travel accident insurance programs), and fringe benefits and perquisites available generally to Presidents of Company subsidiaries, including the provision of a company car and rights to indemnification. The Company shall not be obligated to institute, maintain, or refrain from changing, amending, or discontinuing any benefit plan, or perquisite, so long as such changes are similarly applicable to other Presidents of Company subsidiaries.

During the Employment Term, Executive shall be entitled to 12 days paid vacation in 2006 and four (4) weeks paid vacation each calendar year beginning in 2007 in accordance with the Company’s policies in effect from time to time, provided the four (4) of weeks of vacation provided in this paragraph shall not be reduced under such policies.

(g) Expense Reimbursement. The Company will reimburse Executive in full for all reasonable and necessary business, entertainment and travel expenses incurred or expended by Executive in the performance of the duties hereunder in accordance with the Company’s customary practices applicable to its senior staff.

(h) Relocation, Commuting and Temporary Housing Expenses. For the first six months of the Employment Term, the Executive will be based at the Company’s offices in Lafayette, Louisiana. After that time the Executive will be based in Houston, Texas and will relocate to the Houston area. Therefore for the first six months of the Employment Term, Company will assist Executive with finding temporary’ housing and with the reasonable cost of such housing in the Lafayette area, and reimburse reasonable commercial transportation expenses for Executive or his wife between Lafayette and their home in Michigan up to three (3) times per month for a maximum of 6 months or relocation to Houston, whichever occurs first. Costs of relocation to the Houston area will be in accordance with the provisions set out in your offer letter of April 28, 2006 and the appropriate company policies. In addition to those set out in the offer letter, you will receive a lump sum equivalent to one month’s salary at the closing on the purchase of a home in the Houston area for incidental expenses. All expenses related to temporary housing commuting, relocation, etc will be grossed up. For the purposes of determining the amount of the Gross-Up Payment, the Executive will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive’s

residence, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(i) Schedule of Compensation and Benefit Plans. Attached to this Agreement is a schedule of the compensation and benefit plans by name or description that the Company and Executive understand and intend to cover Executive. The terms and provisions of the items listed on the Schedule, as modified by this Agreement, are incorporated herein by reference (whether or not the actual plan documents are attached as exhibits) and are contractual by and between Company and Executive.

1.3 Extent of Services; Conflicts of Interest.

(a) Executive shall devote substantially all of his working time, attention and energies to the business of the Company, and its affiliated entities. Executive may be involved in charitable and professional activities, trade and industry associations and the like providing these do not interfere with the requirements of employment with the Company.

(b) During the term of his employment under this Agreement, Executive shall not, directly or indirectly, without the prior consent of the Chief Executive Officer of Company, render any services to any other person or entity or acquire any interests of any type in any other entity, that might be deemed in competition with the Company or any of its subsidiaries or affiliates or in conflict with his position, provided, however, that the foregoing shall not be deemed to prohibit Executive from (a) acquiring, solely as an investment, any securities of a partnership, trust, limited liability company, corporation or other entity (i) so long as he remains a passive investor in such entity, (ii) so long as he does not become part of any control group thereof, and (iii) so long as such entity is not, directly or indirectly, in competition with the Company or any of its subsidiaries or affiliates, or (b) serving as a consultant, advisor or director of any corporation which has a class of outstanding equity securities registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and which is not in competition with the Company or any of its subsidiaries or affiliates.

(c) Executive shall execute simultaneously with this Agreement, the two Unfair Competition, Confidentiality and Non-Competition Agreements attached as Appendix A and Appendix B.

(d) The Company shall execute simultaneously with this Agreement the Indemnification Agreement attached as Appendix C.

1.4 Change of Control

The Company policy related to Change of Control provisions is currently under review. At the completion of that review, the Executive will receive Change of Control terms, if any, no less favorable than other Divisional Presidents.

2. Termination of Employment.

2.1 Termination. Executive's employment by the Company shall be terminated (1) automatically, upon the death or disability (as defined below), of Executive, or (2) at the election of Executive upon 30 days written notice to the Company by Executive for Good Reason (as defined below) or his voluntary resignation at his election and without Good Reason, (3) by the Company for Cause (as defined below), (4) by the Company without Cause, or (5) at the end of the Employment Term as defined in Section 1.1(a).

2.2 Early Termination. if Executive's employment is terminated by Executive at any time before the end of the Employment Term for any reason other than for Good Reason, Executive shall be entitled to receive only (i) his Base Salary and other earned compensation through the date of termination and (n) such stock options, share awards, and grants as shall have fully vested before the date of termination.

2.3 Termination by Executive for Good Reason or by Company without Cause. If Executive's employment is terminated by Executive for Good Reason or by the Company without Cause, then Executive shall be entitled to receive: (i) in a lump sum payment within thirty (30) days of the date of termination, an amount equal to the greater of (A) Executive's current annual Base Salary as provided herein plus Target Award incentive (40%) for the remaining period of the Employment Term or (D) Executive's current annual Base Salary as provided herein plus Target Award incentive (40%) for one year; (ii) full vesting of all time related Options awarded at commencement of employment, provided however, there will be no vesting of annual stock awards in the post-employment exercise period in accordance with the Plans; (iii) the Company will pay the COBRA premium to continue the same coverage under the Company's group medical insurance program period for the greater of the remaining period of the Employment Term or twelve (12) months subject to an overall maximum of eighteen (18) months and; (iv) direct payment by the Company for the costs of outplacement services obtained by the Executive within the one (1) year period after termination, not to exceed \$20,000.

2.4 Termination for Cause. If Executive's employment is terminated at any time during the Employment Term for Cause (as defined herein), then Executive shall be entitled to receive only (i) his Base Salary through the date of termination and (ii) such stock options, awards, and grants as shall have fully vested before the date of termination. In any such event, Executive shall be ineligible for and shall forfeit all rights with respect to options and grants that have not vested as of the time of termination for Cause.

2.5 Termination as a Result of Death. If Executive dies during the Employment Term, the Company shall pay to Executive's surviving spouse or such other person or estate as the Executive may from time to time designate by written notice to the Company, or such other person as may be required by law the Company will pay the following amounts: (i) any unpaid Base Salary or other compensation for services rendered to the date of death, and any unpaid expenses required to be reimbursed under this Agreement, and any earned but unpaid bonuses for any prior period; (ii) as of the date of termination by reason of Executive's death, stock options previously awarded to Executive that have vested as of the date of death in keeping with the governing Plans. No awards or grants contemplated by this Agreement, but not yet awarded to Executive as of the time of his death shall be granted

2.6 Termination as a Result of Disability. The Company may terminate Executive's employment hereunder upon Executive becoming "Totally Disabled." For purposes of this Agreement, Executive shall be considered "Totally Disabled" if Executive has been physically or mentally incapacitated so as to render Executive incapable of performing the essential functions of Executive's position with or without reasonable accommodation. Executive's receipt of disability benefits for total disability under the Company's long-term disability plan or receipt of Social Security total disability benefits shall be deemed conclusive evidence of Total Disability for purposes of this Agreement. However, in the absence of Executive's receipt of such long-term disability benefits or Social Security benefits, the Chief Executive Officer in "good faith may determine that the Executive is disabled due to the needs of the business and the unacceptable unavailability of Executive which is expected to last for a continuous period of not less than six (6) months. In the event of such disability, Executive will continue to receive his Base Salary for six (6) months or until benefits become payable to the Executive under the terms of the Company's disability policy, whichever first occurs.

2.7 No Setoff. The Company's obligation to make payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off counterclaim, recoupment, defense or other claim, right, or action which Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable, or benefits to be provided to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains or seeks to obtain other employment.

3. Miscellaneous Matters.

3.1 Exclusive Dispute Resolution Procedure. In the event either party contends the other has not complied with a provision of this Agreement or asserts any claims under ERISA, other than the Non-Compete Agreements (which are specifically excluded from this procedure), prior to seeking arbitration as provided for below, the party claiming a violation of this Agreement, shall advise the other party, in writing of the specifics of the claim, including the specific provision alleged to have been violated, as well as provide the other party with any supporting documentation the party desires to produce at that time. If the Company is disputing amounts that Executive contends are due to him, the Company shall provide a complete statement of the amount it is disputing, the reason it is disputing it, and supporting documentation upon request by Executive. The parties will thereafter meet and attempt to resolve their differences in a period not to exceed thirty (30) days, unless the parties agree in writing to mutually extend the time for one additional thirty ("SO) day period. Following such attempts to resolve any such dispute, either party may require arbitration of the other. In order to do so, the request must be timely made, in writing, and delivered to the other party (Executive or the Chief Executive Officer) within thirty (30) days following the end of the resolution period (or any valid extension thereof) referenced herein above. The parties hereto agree that any controversy or claim arising out of or relating to this Agreement, or any dispute arising out of the interpretation or application of this Agreement, which the parties hereto are unable to resolve as provided for above, shall be finally resolved and settled exclusively by arbitration in the city where the Company's headquarters are then located or such other location as the parties may agree, by a single arbitrator in accordance with the substantive laws of the State of Texas to the extent not preempted by the Employee Retirement Income Security Act, which shall govern all applicable benefits issues, in Keeping with the above required procedure. If the parties cannot agree upon an arbitrator, then each party shall choose its own independent representative, and those independent representatives shall choose the single arbitrator within thirty (30) days of the date of the selection of the first independent representative. The legal expenses of each party shall be borne by them respectively. However, the cost and expenses of the arbitrator in any such action shall be borne equally by the parties. The arbitrator's decision, judgment and award shall be final, binding and conclusive upon the parties and may be entered in the highest court, state or federal having jurisdiction. The arbitrator to which any such dispute shall be submitted in accordance with the provision of this Article shall only have jurisdiction and authority to interpret, apply or determine compliance with the provisions of this Agreement, but shall not have jurisdiction or authority to add to, subtract from, or alter in any way the provisions of this Agreement.

3.2 Headings. Section and other headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

3.3 Notices. Any notice, communication, request reply or advice (here severally and collectively called " Notice ") required or permitted to be given under this Agreement must be in writing and is effectively given by deposit in the same in the United States mail, postage pre-paid and registered or certified with return receipt requested, by national commercial courier for next day delivery, or by delivering in person the same to the address of the person or entity to be notified. Notice deposited in the mail in the manner herein above described shall be effective 48 hours after such deposit, Notice sent by national commercial courier for next day delivery shall be effective on the date delivered, and Notice delivered in person shall be effective at the time of delivery. For purposes of Notice, the address of the parties shall, until changed as hereinafter provided, be as follows:

(a) If to the Company:

Newpark Resources, Inc.
3850 Causeway Blvd., Suite 5770
Metairie, LA 70002-1752
Attention: Chief Executive Officer

or at such address as the Company may have advised Executive in writing; and

(b) If to Executive:

Employment Agreement — Sean Mikaelian

Page 5 of 21

Sean Mikaelian
7196 Brass Creek Drive
Dexter, MI 48130

or at such other address as Executive may have advised the Company in writing.

3.4 Waiver. The failure by any party to enforce any of its rights under this Agreement shall not be deemed to be a waiver of such rights, unless such waiver is an express written waiver which has been signed by the waiving party. Waiver of any one breach shall not be deemed to be a waiver of and other breach of the same or any other provision of this Agreement.

3.5 Choice of Law. The validity of the agreement, the construction of its terms and the determination of the rights and duties of the parties hereto shall be governed by and construed in accordance with the laws of the State of Texas without regard to choice of law principles.

3.6 Invalidity of Provisions. If any provision of this Agreement is adjudicated to be invalid, illegal or unenforceable under applicable law, the validity or enforceability of the remaining provisions shall be unaffected To the extent that any provision of this Agreement is adjudicated to be invalid, illegal or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited.

3.7 Entire Agreement; Written Modifications. This Agreement, the Non-Compete Agreements, and the specific documents referred to and incorporated herein by reference (whether or not copies thereof are attached to this Agreement) together contain the entire agreement between the parties and supersedes all prior or contemporaneous representations, promises, understandings and agreements between Executive and the Company.

3.8 No Assignments; Assumption by Successor. This Agreement is personal to the Company and the Executive and may not be assigned by either party without the prior written consent of the other. The Company will require any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Company to (i) expressly assume and agree to perform this Agreement in the same manner and the same extent the Company would be required to perform it as if no such succession had taken place; and (ii) notify the Executive of the assumption of this Agreement within ten days of such assumption. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be considered a Good Reason for the Executive to resign from the Company. As used in this Agreement, Company shall mean Newport Resources, Inc. and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this agreement by operation of law or otherwise. However, this agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators' successors, heirs, and distributees, devisees, and legatees.

3.9 Attorney's Fees. The prevailing party in any action brought to enforce this Agreement shall be entitled, in addition to such other relief that may be granted, to a reasonable sum for attorney's fees and costs incurred by such party in enforcing or defending against an action to enforce this Agreement.

3.10 Definitions. In this Agreement:

(a) "Cause" when used with reference to termination of the employment of Executive by the Company for "Cause", shall mean:

- (1) Executive's conviction by a court of competent jurisdiction of, or entry of a plea of guilty or nolo contendere for an act on the Executive's part constituting a felony; or
- (2) dishonesty; willful misconduct or gross neglect by Executive of his obligations under this

Agreement that results in material injury to the Company;

- (3) appropriation (or an overt act attempting appropriation) by Executive of a material business opportunity of the Company;
- (4) theft, embezzlement or other similar misappropriation of funds or property of the Company by Executive; or
- (5) the failure of Executive to follow the reasonable and lawful written instructions or policy of the Company with respect to the services to be rendered and the manner of rendering such services by Executive provided Executive has been given reasonable and specific written notice of such failure and opportunity to cure and no cure has been effected or initiated within a reasonable time, but not less than 90 days, after such notice.

(b) “ **Good Reason** ” means any of the following:

- (1) the Company adversely changes Executive’s title or changes in any material respect the responsibilities, authority or status of Executive without prior notice and acceptance;
- (2) the substantial or material failure of the Company to comply with its obligations under this Agreement or any other agreement that may be in effect that is not remedied within a reasonable time after specific written notice thereof by Executive to the Company;
- (3) the diminution of the Executive’s salary and or a material diminution of the Executive’s benefits without prior notice and acceptance;
- (4) the failure of the Company to obtain the assumption of this Agreement by any successor or assignee of the Company
- (5) Requiring Executive to relocate more than 50 miles from Houston, Texas
- (6) provided that in any of the above situations, Executive has given reasonable and specific written notice to the Chief Executive Officer of such failure and the Company has been given a reasonable opportunity to cure and no cure has been effected or initiated within a reasonable time after such notice.

Executed as of the date first written above.

Signed: /s/ Sean Mikaelian
Sean Mikaelian (Executive)

Signed: /s/ Paul L. Howes
Paul L. Howes
Chief Executive Office
Newpark Resources, Inc

Witness: /s/ W.T. Ballantine
Name W.T. Ballantine

Witness: /s/ Doug Abstinence
Name Doug Abstinence

APPENDIX A

ANCILLARY LOUISIANA UNFAIR COMPETITION, CONFIDENTIALITY AND
NON-COMPETITION AGREEMENT

THIS LOUISIANA UNFAIR COMPETITION, CONFIDENTIALITY AND NON- COMPETITION AGREEMENT (this “ **Ancillary Agreement**”) dated and effective as of May 18, 2006 is made by Sean Mikaelian (“ **Executive** ”) and Newpark Resources, Inc. (the “ **Company** ”).

RECITALS:

WHEREAS Executive and the Company have entered into an Agreement dated this date (the “ **Employment Agreement**”), to which this Agreement is ancillary and incorporated by reference, pursuant to which, among other things, the Company agrees to make certain payments to Executive; and

WHEREAS , pursuant to the Employment Agreement, the Company and Executive have agreed to enter into this Ancillary Agreement; and

NOW THEREFORE , in consideration of Executive’s Employment Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby covenant and agree as follows:

1. Definitions. Each capitalized term not defined herein shall have the meaning assigned to that term in the Employment Agreement.

2 Confidentiality. Executive acknowledges that in the course of his relationship with the Company and its related entities Newpark Drilling Fluids, Newpark Environmental Services, SOLOCO Newpark Canada, and Newpark Water (the “ **Related Entities**” or referred to collectively with Newpark Resources as the “ **Company** .”) he has in the past received, and may in the future receive certain trade secrets programs lists of customers and other confidential or proprietary information and knowledge concerning The business of the Company and its Related Entities (hereinafter collectively referred to as “ **Confidential Information** .”) which the Company desires to protect. Executive understands that the Information is confidential and he agrees not to reveal the Confidential Information to anyone outside the Company so long as the confidential or secret nature of the Confidential Information shall continue, other than such disclosure as authorized by the Company or is made to a person transacting business with the Company who has reasonable need for such Confidential Information. Executive further agrees that he will at no time use the Confidential Information for or on behalf of any person other than the Company for any purpose Executive further agrees to comply with the confidentiality and other provisions set forth in his Agreement the terms of which are supplemental to any statutory or fiduciary or other obligations relating to these matters. On the termination of employment or his Employment Agreement, Executive shall surrender to the Company all papers, documents, writings and other property produced by him or coming into his possession by or through his relationship with the Company or relating to the Confidential Information and Executive agrees that all such materials will at all times remain the property of the Company.

3. Specific Covenants.

(a) This Agreement. The terms of this Agreement constitute Confidential Information, which Executive shall not disclose to anyone other than his spouse, attorney, accountant, or as may be required by the Company or by law.

(b) Company Property. All written materials, customer or other lists or data bases, records, data, and other documents prepared or possessed by you during your employment with the

Company are the Company's property. All information, ideas, concepts, improvements, discoveries, and inventions that are conceived, made, developed, or acquired by you individually or in conjunction with others during your employment (whether during business hours and whether on the Company's premises or otherwise) which relate to the Company's business, products, or services are the Company's sole and exclusive property. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information; ideas, concepts, recipes, inventory, prices, improvements, discoveries, and inventions are the Company's property. At the termination of Executive's employment with the Company for any reason Executive shall return all of the Company's documents, data, or other Company Property to the Company. Included in the above are all such data that Executive had access to, over, or possessed. The Company desires by this Agreement to protect its economic investment in its current and future operations and business.

(c) Confidential Information; Non-Disclosure. Executive acknowledges and stipulates that the business of the Company is highly competitive, cost and price sensitive and that he in connection with his work and job have had access to Confidential Information relating to the Company's businesses and their methods and operations. For purposes of this Agreement, "**Confidential Information**" means and includes the Company's confidential and/or proprietary information and/or trade secrets that have been developed or used and/or will be developed and that cannot be obtained readily by third parties from outside sources. Confidential Information includes, by way of example and without limitation, the following information regarding customers, employees, contractors, its operations and its markets and the industry not generally known to the public; strategies, methods, books, records, and documents; recipes, technical information concerning products, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers and those being solicited to be customers, investors, and business relations (such as contact name, service provided, pricing for that customer type and amount of product used, credit and financial data, and/or other information relating to the Company's relationship with that customer); pricing strategies and price curves; positions plans, and strategies for expansion or acquisitions; budgets; customer lists; research; financial and sales data; raw materials purchasing or trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and locations; grids and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating the Company; bids or proposals submitted to any third party technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; labor or employee relations or agreements; payment amounts or rates paid to consultants or other service providers; and other such confidential or proprietary information. Information need not qualify as a trade secret to be protected as Confidential Information under this Agreement, and the authorized and controlled disclosure of Confidential Information to authorized parties by Company in the pursuit of its business will not cause the information to lose its protected status under this Agreement. Executive acknowledges and stipulates that this Confidential Information constitutes a valuable, special, and unique asset used by the Company in its businesses to obtain a competitive advantage over its competitors. Executive further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to the Company in maintaining its competitive position and economic investment, as well as work for its employees.

(d) Unfair Competition Restrictions. Executive agrees that for a period of twenty- four (24) months following the date of his termination ("**Restricted Term**"), he will not, directly or indirectly for himself or for others, anywhere in those areas where the Company currently (including the City of New Orleans and its surrounding parishes, and in those cities or parishes listed in Attachment "A-1 attached hereto) (the "**Restricted Area**") conducts or is seeking to conduct business of the same nature as the Company, including the Related Entities, do any of the following, unless expressly authorized by the Chief Executive Officer of the Company: Engage in, or assist any person, entity, or business engaged in, the selling or providing of products or services that would displace the products or services that (i) the Company is currently in the business of providing and was in the business of providing, or is planning to be in the business of providing, at the time of the execution of this Agreement, or (ii) that Executive had

involvement in, access to, or received Confidential Information about in the course of employment. The foregoing is expressly understood to include, without limitation, the business of the manufacturing, selling and/or providing products or services of the same type offered and/or sold by the Company.

4. Prohibition on Circumvention. It is further agreed that during the Restricted Term, Executive cannot circumvent these covenants by alternative means or engage in any of the enumerated prohibited activities in the Restricted Area by means of telephone, telecommunications, satellite communications, correspondence, or other contact from outside the Restricted Area. Executive further understands that the foregoing restrictions may limit his ability to engage in certain businesses during the Restricted Term, but acknowledge that these restrictions are necessary to protect the Confidential Information and business interests of the Company.

5. Proviso. It is agreed that these covenants do not prevent Executive from using and offering the general management or other skills that he possessed prior to receiving access to Confidential Information and knowledge from the Company. This Agreement creates an advance approval process, and nothing herein is intended, or will be construed as, a general restriction against Executive's pursuit of lawful employment in violation of any controlling state or federal laws. Executive is permitted to engage in activities that would otherwise be prohibited by this covenant if such activities are determined in the sole discretion of the Chief Executive Officer of the Company, and authorized in writing, to be of no material threat to the legitimate business interests of the Company.

6. Non-Solicitation of Customers. For a period of twenty-four (24) months following Executive's termination of employment or employment agreement, Executive agrees not to call on, service, or solicit competing business from customers of the Company, in the Restricted Area, whom he, within the previous twenty-four (24) months, (i) had or made contact with, or (ii) had access to information and files about; or induce or encourage any such customer or other source of ongoing business to stop doing business with the Company. This provision does not prohibit Executive from managing or providing other services or products that are not a product or services currently offered by the Company.

7. Non-Solicitation of Employees. For a period of twenty-four (24) months following the date of Executive's termination of employment or employment agreement, Executive will not, either directly or indirectly, call on, solicit, encourage, or induce any other employee or officer of the Company, whom he had contact with, knowledge of, or association within the course of employment with the Company to discontinue his or her employment, and will not assist any other person or entity in such a solicitation.

8. Non-Disparagement. Executive covenants and agrees he will not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company or its respective management or products and services,

9. Separability of Covenants. The covenants contained in Section 3 herein constitute a series of separate but ancillary covenants, one for each applicable parish in the State of Louisiana set forth in this Agreement or Attachment "A-1" hereto. If in any judicial proceeding, a court shall hold that any of the covenants set forth in Section 3 exceed the time, geographic, or occupational limitations permitted by applicable law, Executive and the Company agree that such provisions shall and are hereby reformed to the maximum time, geographic, or occupational limitations permitted by such laws. Further, in the event a court shall hold unenforceable any of the separate covenants deemed included herein, then such unenforceable covenant or covenants shall be deemed eliminated from the provisions of this Agreement for the purpose of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced in such proceeding. Executive and the Company further agree that the covenants in Section 3 shall each be construed as a separate agreement independent of any other provisions of this Agreement, and the existence of any claim or cause of action by Executive against the Company, whether predicated on this

Agreement, his Employment Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of the covenants of Section 3.

10. Consideration. Executive acknowledges and agrees that no other consideration for Executive's covenants in this Agreement, other than that specifically referred to in Section 1 of the Employment Agreement, has or will be paid or furnished to him by the Company or the Related Entities.

11. Return of Items. Upon termination and/or retirement, Executive will return any computer related hardware or software, cell phone, keys, or other data or company property in his possession or control, including all customer list(s), pricing documents, etc., to the Company, except as may be specifically provided for to the contrary in the Employment Agreement.

12. Meaning of Certain Terms. All non-capitalized terms in Sections 3 and 4 are intended to and shall have the same meanings that those terms (to the extent they appear therein) have in La. R. S. 23:92 IC. Subject to and only to the extent not consistent with the foregoing sentence, the parties understand the following phrases to have the following meanings:

(a) The phrase “ **carrying on or engaging in a business similar to the business of the Company**.” includes engaging, as principal, executive, employee, agent, trustee, advisor, consultant or through the agency of any corporation, partnership, association or agent or agency, in any business which conducts business in competition with the Company (including its Related Entities) or being the owner of more than 1% of the outstanding capital stock of any corporation, or an officer, director, or employee of any corporation or other entity, (other than the Company or a corporation or other entity, affiliated with the Company) or a member or employee or any partnership, or an owner or employee of any other business, which conducts a business or provides a service in the Restricted Area in competition with the Company or any affiliated corporation or other entity. Moreover, the term also includes (i) directly or indirectly inducing any current customers of the Company, or any affiliated corporation or other entity, to patronize any product or service business in competition with the Company or any affiliated corporation or other entity, (ii) canvassing, soliciting, or accepting any product or service business of the type conducted by the Company or any affiliated corporation or other entity (iii) directly or indirectly requesting or advising any current customers of the Company or any affiliated corporation or other entity, to withdraw, curtail or cancel such customer's business with the Company or any affiliated corporation or other entity; or (iv) directly or indirectly disclosing to any other person, firm, corporation or entity, the names or addresses of any of the current customers of the Company or any affiliated corporation or other entity or the rates or other terms on which the Company provides services to its customers. In addition, the term includes directly or indirectly, through any person, firm, association, corporation or other entity with which Executive is now or may hereafter become associated, causing or inducing any present employee of the Company or any affiliated corporation or other entity to leave the employ of the Company or any affiliated corporation or other entity to accept employment with Executive or with such person, firm, association, corporation, or other entity.

(b) The phrase “ **a business similar to the business of the Company**.” means environmental services to the exploration, production and maritime industries, mat sales and rentals, drilling fluids, and water treatment and related technology; and, heavy oil and air treatment.

(c) The phrase “ **carries on a like business** ” includes, without limitation, actions taken by or through a wholly-owned subsidiary or other affiliated corporation or entity.

(d) All references to the Company shall also be deemed to refer to and include the Related Entities.

13. Reasonable Restrictions. Executive represents to the Company that the enforcement of the restrictions contained in this Agreement would not be unduly burdensome to Executive and acknowledges that Executive is willing and able, subject to the Restricted Area as defined herein, to

compete in other geographical areas not prohibited by this Agreement. The parties to this Agreement hereby agree that the covenants contained in this Agreement are reasonable.

14. Entire Agreement. Except with respect to the Employment Agreement executed concurrently herewith, and with respect to certain matters included in a separate Agreement being entered into between Executive and the Company on the date of this Agreement (“**Appendix B and B-1**”), this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersedes and is in full substitution for any and all prior agreements and understandings whether written or oral between said parties relating to the subject matter of this Agreement. This Agreement shall not supersede or substitute for, nor be superseded or substituted by, the Employment Agreement, but shall have full force and effect concurrently therewith.

15. Amendment. This Agreement may not be amended or modified in any respect except by an agreement in writing executed by the parties in the same manner as this Agreement except as provided in Section 18 of this Agreement.

16. Assignment. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned by the Company in a manner inconsistent with 3.8 of Executive’s Employment Agreement without the consent of Executive in connection with the sale, transfer or other assignment of all or substantially all of the capital stock or assets of, or the merger of, the Company, provided that the party acquiring such capital stock or assets or into which the company merges assumes in writing the obligations of the Company hereunder and provided further that no such assignment shall release the Company from its obligations hereunder. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned or encumbered in any way by Executive without the written consent of the Company.

17. Successors. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) shall be binding upon and shall inure to the benefit of and be enforceable by each of the parties and their respective successors and assigns.

18. Unenforceable Provisions. If, and to the extent that, any section, paragraph, part, term and/or provision of this Agreement would otherwise be found null, void, or unenforceable under applicable law by any court of competent jurisdiction, that section, paragraph, part, term and/or provision shall automatically not constitute part of this Agreement. Each section, paragraph, part, term and/or provision of this Agreement is intended to be and is severable from the remainder of this Agreement. If, for any reason, any section, paragraph, part, term and/or provision herein is determined not to constitute part of this Agreement or to be null, void, or unenforceable under applicable law by any court of competent jurisdiction, the operation of the other sections, paragraphs, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible shall not be impaired or otherwise affected and shall continue to have full force and effect and bind the parties hereto.

19. Remedies.

(a) Executive agrees that a breach or violation of Section 3 or 4 of this Agreement by Executive shall entitle the Company as a matter of right, to an injunction, without necessity of posting bond, issued by any court of competent jurisdiction, restraining any further or continued breach or violation of such provisions.’ Such right to an injunction shall be cumulative and in addition, and not in lieu of, any other remedies to which the Company may show themselves justly entitled, including, but not limited to, specific performance and damages. The parties specifically agree that the remedy of damages alone is inadequate.

(b) In the event that Executive knowingly and intentionally fails in any material respect to perform any of his material obligations under this Agreement, the Company may elect (i) to cease any payments under the Employment Agreement and recover all payments made to Executive under

the Employment Agreement on or subsequent to the date of the failure, (ii) obtain an injunction and/or (iii) exercise any and all other remedies available by law.

(c) Notwithstanding the foregoing subsection (b), Executive will have no liability or responsibility for: (i) inadvertent disclosure or use of the Information if (x) he uses the same degree of care in safeguarding the Information that the Company uses to safeguard information of like importance and (y) upon discovery of such inadvertent disclosure or use of such material, Executive immediately uses his best efforts, including the commencement of litigation, if necessary, to prevent any use thereof by the person or persons to whom it has been disclosed and to prevent any further incidental disclosure thereof; and (it), disclosure of Information (x) that is required by law, (y) that is made pursuant to a proper subpoena from a court or administrative agency of competent jurisdiction from a court or administrative agency of competent jurisdiction or (z) that is made upon written demand of an official involved in regulating you if before disclosure is made, Executive immediately notifies the Company of the requested disclosure by the most immediate means of communication available and confirms in writing such notification within one business day thereafter.

20. Notice. All notices, consents, requests, approvals or other communications in connection with this Agreement and all legal process in regard hereto shall be in writing and shall be deemed validly delivered, if delivered personally or sent by certified mail, postage prepaid. Unless changed by written notice pursuant hereto, the address of each party for the purposes hereof is as follows:

If to Executive :
Sean Mikaelian
7196 Brass Creek Drive
Dexter, MI 48130

If to the Company :
3850 Causeway Blvd., Suite 1770
Metairie, LA 70002-1752
Attn: Chief Executive Officer

Notice given by mail as set out above shall be deemed delivered only when actually received.

21, Descriptive Headings. The descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

22, Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Louisiana without regard to conflicts of law principles.

IN WITNESS WHEREOF , the parties have duly executed this Louisiana Unfair Competition, Confidentiality and Noncompetition Agreement as of the date first above written.

Signed: /s/ Sean Mikaelian
Sean Mikaelian (Executive)

Signed: /s/ Paul L. Howes
Paul L. Howes
Chief Executive Officer
Newpark Resources, Inc

ATTACHMENT A-1 (Restricted Areas)

States and areas in which Newpark Resources, Inc. currently does business:

- | | |
|--------------|-----------------|
| 1. Louisiana | 5. Montana |
| 2. Texas | 6. Colorado |
| 3. Nevada | 7. South Dakota |
| 4. Wyoming | 8. Oklahoma |

Other areas:

9. The Gulf of Mexico, off what is commonly the “ **Gulf Coast** ”

10. Western Canada

Louisiana Parishes in which Newpark Resources, Inc currently does business:

- | | |
|----------------------|-------------------|
| 1. Acadia | 17. Lafayette |
| 2. Allen | 18. Lafourche |
| 3. Assumption | 19. Livingston |
| 4. Avoyelles | 20. Plaquemine |
| 5. Beauregard | 21. Pointe Coupee |
| 6. Bossier | 22. Rapides |
| 7. Calcasieu | 23. Richland |
| 8. Cameron | 24. St. Charles |
| 9. East Ascension | 25. St. James |
| 10. East Baton Rouge | 26. St. Landry |
| 11. Evangeline | 27. St. Martin |
| 12. Grant | 28. St. Mary |
| 13. Iberia | 29. St. Tammany |
| 14. Iberville | 30. Terrebonne |
| 15. Jeff Davis | 31. Vermilion |
| 16. Jefferson | 32. Washington |

APPENDIX B

**TEXAS AND NON-LOUISIANA UNFAIR COMPETITION, CONFIDENTIALITY AND
NON-COMPETITION AGREEMENT**

THIS UNFAIR COMPETITION, CONFIDENTIALITY AND NONCOMPETITION AGREEMENT (this “**Ancillary Agreement**”) dated and effective as of May 18, 2006 is made by Sean Mikaelian (“**Executive**”) and Newpark Resources, Inc. (the “**Company**”).

RECITALS:

WHEREAS, Executive and the Company have entered into an Agreement dated this date (the “**Employment Agreement**”), to which this Agreement is ancillary and incorporated by reference, pursuant to which, among other things, the Company agrees to make certain payments to Executive; and

WHEREAS, pursuant to the Employment and Settlement Agreement, the Company and Executive have agreed to enter into this Ancillary Agreement; and

NOW, THEREFORE, in consideration of Executive’s Employment Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Executive and the Company hereby covenant and agree as follows:

1. Definitions. Each capitalized term not defined herein shall have the meaning assigned to that term in the Employment Agreement.

2. Confidentiality. Executive acknowledges that in the course of his relationship with the Company and its related entities Newpark Drilling Fluids, Newpark Environmental Services, SOLOCO, Newpark Canada, and Newpark Water (the “**Related Entities**” or referred to collectively with Newpark Resources as the “**Company**”) he has in the past received, and may in the future receive, certain trade secrets, programs, lists of customers and other confidential or proprietary information and knowledge concerning the business of the Company and its Related Entities (hereinafter collective referred to as “**Confidential Information**”) which the Company desires to protect. Executive understands that the information is confidential and he agrees not to reveal the Confidential Information to anyone outside the Company so long as the confidential or secret nature of the Confidential Information shall continue, other than such disclosure as authorized by the Company or is made to a person transacting business with the Company who has reasonable need for such Confidential Information. Executive further agrees that he will at no time use the Confidential Information for or on behalf of any person other than the Company for any purpose. Executive further agrees to comply with the confidentiality and other provisions set forth in this Agreement, the terms of which are supplemental to any statutory or fiduciary or other obligations relating to these matters. On the termination of employment or his Employment Agreement, Executive shall surrender to the Company all papers, documents, writings and other property produced by him or coming into his possession by or through his relationship with the Company or relating to the Confidential Information and Executive agrees that all such materials will at all times remain the property of the Company.

3. Specific Covenants.

(a) This Agreement. The terms of this Agreement constitute Confidential Information, which Executive shall not disclose to anyone other than his spouse, attorney, accountant, or as may be required by the Company or by law.

(b) Company Property. All written materials, customer or other lists or data bases, records, data, and other documents prepared or possessed by you during your employment with the

Company are the Company's property. All information, ideas, concepts, improvements, discoveries, and inventions that are conceived, made, developed, or acquired by you individually or in conjunction with others during your employment (whether during business hours and whether on the Company's premises or otherwise) which relate to the Company's business, products, or services are the Company's sole and exclusive property. All memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, recipes, inventory, prices, improvements, discoveries, and inventions are the Company's property. At the termination of Executive's employment with the Company for any reason, Executive shall return all of the Company's documents, data, or other Company Property to the Company. Included in the above are all such data that Executive had access to, over, or possessed. The Company desires by this Agreement to protect its economic investment in its current and future operations and business.

(c) **Confidential Information; Non-Disclosure.** Executive acknowledges and stipulates that the business of the Company is highly competitive, cost and price sensitive, and that he in connection with his work and job have had access to Confidential Information relating to the Company Resource's businesses and their methods and operations. For purposes of this Agreement, "**Confidential Information**" means and includes the Company's confidential and/or proprietary information and/or trade secrets that have been developed or used and/or will be developed and that cannot be obtained readily by third parties from outside sources. Confidential Information includes, by way of example and without limitation, the following information regarding customers, employees, contractors, its operations and its markets and the industry not generally known to the public; strategies, methods, books, records, and documents; recipes, technical information concerning products, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers and those being solicited to be customers, investors, and business relations (such as contact name, service provided, pricing for that customer, type and amount of product used, credit and financial data, and/or other information relating to the Company's relationship with that customer); pricing strategies and price curves; positions, plans, and strategies for expansion or acquisitions; budgets; customer lists; research; financial and sales data; raw materials purchasing or trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and locations; ends and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating the Company; bids or proposals submitted to any third party; technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; labor or employee relations or agreements; payment amounts or rates paid to consultants or other service providers; and other such confidential or proprietary information. Information need not qualify as a trade secret to be protected as Confidential Information under this Agreement, and the authorized and controlled disclosure of Confidential Information to authorized parties by Company in the pursuit of its business will not cause the information to lose its protected status under this Agreement. Executive acknowledges and stipulates that this Confidential Information constitutes a valuable, special, and unique asset used by the Company in its businesses to obtain a competitive advantage over its competitors. Executive further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to the Company in maintaining its competitive position and economic investment, as well as work for its employees.

(d) **Unfair Competition Restrictions.** Executive agrees that for a period of twenty-four (24) months following the date of his termination or such lesser period of time as is the maximum amount permitted by law ("**Restricted Term**"), he will not, directly or indirectly, for himself or for others, anywhere in those areas where the Company currently (including the City of Houston and its surrounding counties, and in those cities or counties or states listed in Attachment "B-1" attached hereto) (the "**Restricted Area**") conducts or is seeking to conduct business of the same nature as Newport Resources and its Related Entities, do any of the following, unless expressly authorized by the Chief Executive Officer of the Company: Engage in, or assist any person, entity, or business engaged in, the selling or providing of products or services that would displace the products or services that (i) the Company is currently in the business of providing and was in the business of providing, or is planning to be

in the business of providing, at the time of the execution of this Agreement, or (ii) that Executive had involvement in, access to, or received Confidential Information about in the course of employment. The foregoing is expressly understood to include, without limitation, the business of the manufacturing, selling and/or providing products or services of the same type offered and/or sold by the Company.

4. Prohibition on Circumvention. It is further agreed that during the Restricted Term, Executive cannot circumvent these covenants by alternative means or engage in any of the enumerated prohibited activities in the Restricted Area by means of telephone, telecommunications, satellite communications, correspondence, or other contact from outside the Restricted Area. Executive further understands that the foregoing restrictions may limit his ability to engage in certain businesses during the Restricted Term, but acknowledges that these restrictions are necessary to protect the Confidential Information and business interests of the Company.

5. Proviso. It is agreed that these covenants do not prevent Executive from using and offering the general management or other skills that he possessed prior to receiving access to Confidential Information and knowledge from the Company. This Agreement creates an advance approval process, and nothing herein is intended, or will be construed as, a general restriction against Executive's pursuit of lawful employment in violation of any controlling state or federal laws. Executive is permitted to engage in activities that would otherwise be prohibited by this covenant if such activities are determined in the sole discretion of the Board of the Company, and authorized in writing, to be of no material threat to the legitimate business interests of the Company.

6. Non-Solicitation of Customers. For a period of twenty-four (24) months following Executive's termination of employment or employment agreement, Executive agrees not to call on, service, or solicit competing business from customers of the Company, in the Restricted Area, whom he, within the previous twenty-four (24) months, (i) had or made contact with, or (ii) had access to information and files about; or, induce or encourage any such customer or other source of ongoing business to stop doing business with the Company. This provision does not prohibit Executive from managing or providing other services or products that are not a product or services currently offered by the Company.

7. Non-Solicitation of Employees. For a period of twenty-four (24) months following the date of Executive's termination of employment or employment agreement, Executive will not, either directly or indirectly, call on, solicit, encourage, or induce any other employee or officer of the Company, whom he had contact with, knowledge of, or association within the course of employment with the Company to discontinue his or her employment, and will not assist any other person or entity in such a solicitation.

8. Non-Disparagement. Executive covenants and agrees he will not engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumors, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or good will of the Company or its respective management or products and services.

9. Separability of Covenants. The covenants contained in Section 3 herein constitute a series of separate but ancillary covenants, one for each applicable county in the State of Texas and/or each area of operation in each state, county, and area as set forth in this Agreement or Attachment "B- 1" hereto. If in any judicial proceeding, a court shall hold that any of the covenants set forth in Section 3 exceed the time, geographic, or occupational limitations permitted by applicable law, Executive and the Company agree that such provisions shall and are hereby reformed to the maximum time, geographic, or occupational limitations permitted by such laws. Further, in the event a court shall hold unenforceable any of the separate covenants deemed included herein, then such unenforceable covenant or covenants shall be deemed eliminated from the provisions of this Agreement for the purpose of such proceeding to the extent necessary to permit the remaining separate covenants to be enforced in such proceeding. Executive and the Company further agree that the covenants in Section 3 shall each be construed as a separate agreement independent of any other provisions of this Agreement, and the existence of any claim or cause of action by

Executive against the Company, whether predicated on this Agreement or Employment Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of any of the covenants of Section 3.

10. Consideration. Executive acknowledges and agrees that no other consideration for Executive's covenants in this Agreement, other than that specifically referred to in Section 1 of the Employment Agreement, has or will be paid or furnished to him by the Company or the Related Entities,

11. Return of Items. Upon termination and/or retirement, Executive will return any computer related hardware or software, cell phone, keys, or other data or company property in his possession or control, including all customer list(s), pricing documents, etc., to the Company, except as may be specifically provided for to the contrary in Executive's Employment Agreement,

12. Meaning of Certain Terms. The parties understand the following phrases to have the following meanings:

(a) The phrase "**carrying on or engaging in a business similar to the business of the Company**," includes engaging, as principal, executive, employee, agent, trustee, advisor, consultant or through the agency of any corporation, partnership, association or agent or agency, in any business which conducts business in competition with the Company (including its Related Entities) or being the owner of more than 1% of the outstanding capital stock of any corporation, or an officer, director, or employee of any corporation or other entity, (other than the Company or a corporation or other entity, affiliated with the Company) or a member or employee or any partnership, or an owner or employee of any other business, which conducts a business or provides a service in the Restricted Area in competition with the Company or any affiliated corporation or other entity, Moreover, the term also includes (i) directly or indirectly inducing any current customers of the Company, or any affiliated corporation or other entity, to patronize any product or service business in competition with the Company or any affiliated corporation or other entity, (ii) canvassing, soliciting, or accepting any product or service business of the type conducted by the Company or any affiliated corporation or other entity (iii) directly or indirectly requesting or advising any current customers of the Company or any affiliated corporation or other entity, to withdraw, curtail or cancel such customer's business with the Company or any affiliated corporation or other entity; or (iv) directly or indirectly disclosing to any other person, firm, corporation or entity, the names or addresses of any of the current customers of the Company or any affiliated corporation or other entity or the rates or other terms on which the Company provides services to its customers. In addition, the term includes directly or indirectly, through any person, firm, association, corporation or other entity with which Executive is now or may hereafter become associated, causing or inducing any present employee of the Company or any affiliated corporation or other entity to leave the employ of the Company or any affiliated corporation or other entity to accept employment with Executive or with such person, firm, association, corporation, or other entity.

(b) The phrase "**a business similar to the business of the Company**," means environmental services to the exploration, production and maritime industries, mat sales and rentals, drilling fluids, and water treatment and related technology; and, heavy oil and air treatment.

(c) The phrase "**carries on a like business**" includes, without limitation, actions taken by or through a wholly-owned subsidiary or other affiliated corporation or entity.

(d) All references to the Company shall also be deemed to refer to and include the Related Entities

13. Reasonable Restrictions. Executive represents to the Company that the enforcement of the restrictions contained in this Agreement would not be unduly burdensome to Executive and acknowledges that Executive is willing and able, subject to the Restricted Area as defined herein, to

compete in other geographical areas not prohibited by this Agreement. The parties to this Agreement hereby agree that the covenants contained in this Agreement are reasonable.

14. Entire Agreement. Except with respect to the Employment Agreement executed concurrently herewith, and with respect to certain matters included in a separate Agreement being entered into between Executive and the Company on the date of this Agreement (“ **Appendix B and B-1** ”), this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement and supersedes and is in full substitution for any and all prior agreements and understandings whether written or oral between said parties relating to the subject matter of this Agreement. This Agreement shall not supersede or substitute for, nor be superseded or substituted by, the Employment Agreement, but shall have full force and effect concurrently therewith.

15. Amendment. This Agreement may not be amended or modified in any respect except by an agreement in writing executed by the parties in the same manner as this Agreement except as provided in Section 18 of this Agreement.

16. Assignment. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned by the Company in a manner inconsistent with 3.8 of Executive’s Employment Agreement without the consent of Executive in connection with the sale, transfer or other assignment of all or substantially all of the capital stock or assets of, or the merger of, the Company provided that the party acquiring such capital stock or assets or into which the company merges assumes in writing the obligations of the Company hereunder and provided further that no such assignment shall release the Company from its obligations hereunder. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) may not be assigned or encumbered in any way by Executive without the written consent of the Company.

17. Successors. This Agreement (including, without limitation, Executive’s obligations under Sections 3 and 4) shall be binding upon and shall inure to the benefit of and be enforceable by each of the parties and their respective successors and assigns.

18. Unenforceable Provisions. If, and to the extent that, any section, paragraph, part, term and/or provision of this Agreement would otherwise be found null, void, or unenforceable under applicable law by any court of competent jurisdiction, that section, paragraph, part, term and/or provision shall automatically not constitute part of this Agreement. Each section, paragraph, part, term and/or provision of this Agreement is intended to be and is severable from the remainder of this Agreement. If, for any reason, any section, paragraph, part, term and/or provision herein is determined not to constitute part of this Agreement or to be null, void, or unenforceable under applicable law by any court of competent jurisdiction, the operation of the other sections, paragraphs, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible shall not be impaired or otherwise affected and shall continue to have full force and effect and bind the parties hereto.

19. Remedies.

(a) Executive agrees that a breach or violation of Section 3 or 4 of this Agreement by Executive shall entitle the Company as a matter of right, to an injunction, without necessity of posting bond, issued by any court of competent jurisdiction, restraining any further or continued breach or violation of such provisions.” Such right to an injunction shall be cumulative and in addition, and not in lieu of, any other remedies to which the Company may show themselves justly entitled, including, but not limited to, specific performance and damages. The parties specifically agree that the remedy of damages alone is inadequate.

(b) In the event that Executive knowingly and intentionally fails in any material respect to perform any of his material obligations under this Agreement, the Company may elect (i) to cease any payments due under the Employment Agreement and recover all payments made to Executive

under the Employment Agreement on or subsequent to the date of the failure, (ii) obtain an injunction and/or (iii) exercise any and all other remedies available by law.

Notwithstanding the foregoing subsection (b), Executive will have no liability or responsibility for: (i) inadvertent disclosure or use of the Information if (x) he uses the same degree of care in safeguarding the Information that the Company uses to safeguard information of like importance and (y) upon discovery of such inadvertent disclosure or use of such material, Executive immediately uses his best efforts, including the commencement of litigation, if necessary, to prevent any use thereof by the person or persons to whom it has been disclosed and to prevent any further incidental disclosure thereof; and (ii), disclosure of Information (x) that is required by law, (y) that is made pursuant to a proper subpoena from a court or administrative agency of competent jurisdiction from a court or administrative agency of competent jurisdiction or (z) that is made upon written demand of an official involved in regulating Executive if before disclosure is made, Executive immediately notifies the Company of the requested disclosure by the most immediate means of communication available and confirms in writing such notification within one business day thereafter.

20. Notice. All notices, consents, requests, approvals or other communications in connection with this Agreement and all legal process in regard hereto shall be in writing and shall be deemed validly delivered, if delivered personally or sent by certified mail, postage prepaid. Unless changed by written notice pursuant hereto, the address of each party for the purposes hereof is as follows:

If to Executive :
Mr. Sean Mikaelian
7196 Brass Creek Drive
Dexter, MI 48130

If to the Company :
3850 Causeway Blvd., Suite 1770
Metairie, LA 70002-1752
Attn: Chief Executive Officer

29

Notice given by mail as set out above shall be deemed delivered only when actually received.

21. Descriptive Headings. The descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or constriction of any of the provisions hereof.

22. Governing Law. This Appendix B shall be governed by and construed and enforced in accordance with the laws of the State of Texas (other than the choice of law principles thereof).

IN WITNESS WHEREOF, the parties have duly executed this Unfair Competition, Confidentiality and Non-competition Agreement as of the date first above written.

Signed: /s/ Sean Mikaelian
Sean Mikaelian (Executive)

Signed: /s/ Paul L. Howes
Paul L. Howes
Chief Executive Office
Newpark Resources, Inc

ATTACHMENT B-I (Restricted Areas)
Areas in which Newpark Resources, Inc. currently does business:

- 1. Louisiana
- 2. Texas
- 5. Wyoming
- 6. Utah

3. Oklahoma
4. Colorado

7. Nevada
8. Montana

Other states or areas in which Newpark Resources, Inc currently does business:

9. Western Canada

10. Gulf of Mexico (off the “ **Gulf Coast** ”)

Texas Counties in which Newpark Resources, Inc currently does business;

1. Andrews
2. Aransas
3. Austin
4. Bee
5. Bienville
6. Borden
7. Brazoria
8. Brazos
9. Brooks
10. Burleson
11. Calhoun
12. Cameron
13. Chambers
14. Cochran
15. Colorado
16. Crane
17. Crockett
18. Culberson
19. Dewitt
20. Duval
21. Ector
22. Fayette
23. Fort Bend
24. Freestone
25. Gaines
26. Galveston
27. Glasscock
28. Goliad
29. Gregg
30. Hardin
31. Harris
32. Harrison
33. Hidalgo
34. Hockley
35. Houston
36. Howard
37. Jackson
38. Jefferson
39. Jim Hogg
40. Jim Wells

41. Karnes
42. Kenedy
43. Kleberg
44. Lavaca
45. Leon
46. Liberty
47. Limestone
48. Live Oak
49. Loving
50. Lubbock
51. Marion
52. Matagorda
53. McMullen
54. Motley
55. Nacogdoches
56. Navarro
57. Newton
58. Nueces
59. Orange
60. Panola
61. Pecos
62. Polk
63. Reagan
64. Reeves
65. Robertson
66. Roosevelt
67. Rusk
68. San Patricio
69. Schleicher
70. Scurry
71. Shelby
72. Snyder
73. Starr
74. Sterling
75. Terrell
76. Terry
77. Titus
78. Tom Green
79. Upshur
80. Upton
81. ValVerde
82. Victoria
83. Waller
84. Washington
85. Webb
86. Wharton
87. Winkler
88. Yoakum
89. Zapata

EXECUTION COPY

CONSENT AND WAIVER, dated as of April 26, 2007 (this "Consent"), with respect to the Credit Agreement, dated as of August 18, 2006 (the "Credit Agreement"), by and among Newpark Resources, Inc. (the "Borrower"), the other Loan Parties, the Lenders, Wilmington Trust Company, as the Collateral Agent, and JPMorgan Chase Bank, N.A., as the Administrative Agent.

WITNESSETH:

WHEREAS, the Borrower, certain Subsidiaries, the Lenders and the Administrative Agent are parties to the Credit Agreement;

WHEREAS, one of the Loan Parties effected a name change from "NMIS LLC" to "Newpark Mats & Integrated Services LLC" (the "Name Change"), and the Borrower amended and restated its by-laws as annexed hereto as Exhibit "A" (the "Amended and Restated By-Laws"), which changes did not and do not negatively affect the Borrower's or any other Loan Party's ability to perform their respective obligations under the Credit Agreement or any other of the Loan Documents;

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent (i) consent to the Name Change and the Amended and Restated By-Laws and the Borrower's adoption thereof and (ii) waive any noncompliance with the Credit Agreement and the other Loan Documents in connection therewith (including any failure to provide prior notice thereof); and

WHEREAS, the Administrative Agent and the Lenders have agreed so to do and to such waivers, but only on and subject to the terms and conditions as set forth herein;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein (and in the recitals and preamble hereto) as defined terms are so used as so defined.

2. Consent and Waiver. The Administrative Agent and the Lenders hereby consent to the Name Change and the Amended and Restated By-Laws, and waive any noncompliance under or pursuant to the Credit Agreement and the other Loan Documents in connection with the Name Change and the Amended and Restated By-Laws and including, without limitation, any and all requirements for the Borrower or any other Loan Party to provide prior notice of the Name Change or the Amended and Restated By-Laws. The Administrative Agent and the Lenders further waive any and all Defaults and Events of Default in connection with the Name Change and Amended and Restated By-Laws, including, without limitation, pursuant to clause (e) of Article VII of the Credit Agreement and any and all requirements for the Borrower or any other Loan Party to provide prior notice of the Name Change or the Amended and Restated By-Laws. For the avoidance of doubt, the Administrative Agent and the Lenders hereby agree and acknowledge that the Name Change does not in and of itself cause any noncompliance with the Credit Agreement or any other of the Loan Documents, but herein waive any Default or Event of Default caused under clause (e) of Article VII resulting therefrom.

3. Continuing Effect; No Other Waivers. The terms and provisions set forth in this Consent shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and the other Loan Documents and except as expressly consented to or waived hereunder, all terms, conditions and provisions of the Loan Documents are and shall remain in full force and effect. The consent and waiver provided for herein is limited to the consents and waivers as specified herein and shall not constitute a consent, waiver, release or amendment of, or an indication of the Administrative Agent's or the Lenders' willingness to consent to any action requiring consent or release under any other provisions of the Loan Documents and shall not be construed as a consent, waiver, release or amendment of any subsequent breach of failure of the same term or condition.

4. Representations and Warranties. The Borrower represents and warrants to the Administrative Agent and the Lenders that as of the date hereof and after giving effect to this Consent, no Default or Event of Default has occurred and is continuing and the representations and warranties made by the Borrower or any of its Subsidiaries in or pursuant to the Credit Agreement or any other Loan Document are true and correct in all material respects on and as of the date hereof as if made on such date, except to the extent that any such representations and warranties (i) expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects on and as of such earlier date or (ii) relate to any matter with respect to which written notice has been provided by the Loan Parties pursuant to and in accordance with the Credit Agreement.

5. Conditions Precedent to Effectiveness. This Consent shall become effective on the date on which the Administrative Agent shall have received counterparts hereof duly executed and delivered by the Borrower and the Required Lenders.

6. Expenses. The Borrower agrees to promptly pay and/or reimburse the Administrative Agent for its invoiced out-of-pocket expenses in connection with this Consent (including the reasonable fees, charges and disbursements of Simpson Thacher & Bartlett LLP, counsel for the Administrative Agent).

7. Counterparts. This Consent may be executed in any number of counterparts by the parties hereto (including by facsimile transmission or other electronic transmission (e.g. a "pdf" or "tif")), each of which counterparts when so executed shall be an original, but all the counterparts shall together constitute one and the same instrument.

8. Notice. This Consent shall constitute delivery of a notice by Loan Parties pursuant to the Credit Agreement (and any other Loan Document requiring any such notice) of the events of noncompliance, the Defaults and Events of Default described or referred to hereinabove, and of the circumstances relating thereto.

9. Severability. Any provision of this Consent held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder hereof and the effect thereof shall be confined to the provisions so held to be invalid or unenforceable. Furthermore, in lieu of each such invalid or unenforceable provisions there shall be added automatically a valid and enforceable provisions that comes closest to expressing the intention of such invalid unenforceable provision.

10. Successors and Assigns. Subject to the provisions of clause (a) of Article XII of the Credit Agreement, this Consent is binding upon an shall inure to the benefit of the Agents, the Lenders, the Borrower and the other Loan Parties.

11. GOVERNING LAW. THIS CONSENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Consent to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

NEWPARK RESOURCES, INC.,
as Borrower

By: 

Name: JAMES E. BRAUN
Title: VP & CFO

BATSON MILL LLC,
COMPOSITE MAT SOLUTIONS L.L.C.,
DURA-BASE NEVADA, INC.,
EXCALIBAR MINERALS LLC,
NEWPARK DRILLING FLUIDS LLC,
NEWPARK ENVIRONMENTAL SERVICES LLC,
NEWPARK ENVIRONMENTAL
MANAGEMENT COMPANY, L.L.C.,
NEWPARK ENVIRONMENTAL WATER SOLUTIONS L.L.C.,
NEWPARK MATS & INTEGRATED SERVICES LLC,
NEWPARK TEXAS, L.L.C., AND
SOLOCO TX LLC,
as Loan Parties

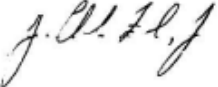
By: 

Name: JAMES E. BRAUN
Title: VP & CFO

[Signature Page to the Consent and Waiver]

Acknowledged to as of the date first written above and the Administrative Agent authorizes and directs the Collateral Agent to take all actions necessary in connection hereto and in connection with the Transactions:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent



By: _____

Name: J. Charles Facel, Jr.
Title: Senior Vice President


GULF STREAM-COMPASS CLO 2002-1 LTD
By: Gulf Stream Asset Management, LLC
As Collateral Manager

Illegible
By: Gulf Stream Asset Management, LLC
As Collateral Manager

GULF STREAM-COMPASS CLO 2005-II LTD
By: Gulf Stream Asset Management, LLC
As Collateral Manager

GULF STREAM-SEXTANT CLO 2006-1 LTD
By: Gulf Stream Asset Management, LLC
As Collateral Manager

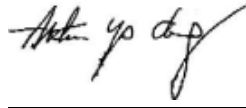
as a Lender

By: 
Name: Barry Love
Title: Chief Credit Officer

[Signature Page to the Consent and Waiver]

PIMCO Floating Rate Income Fund

By: Pacific Investment Management Company LLC, as its
Investment Advisor, acting through Investors Fiduciary
Trust Company in the Nominee Name of IFTCO



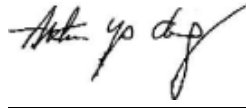
By _____

Arthur Y. D. Ong
Senior Vice President

[Signature Page to the Consent and Waiver]

PIMCO Floating Rate Strategy Fund

By: Pacific Investment Management Company LLC, as its
Investment Advisor, acting through Investors Fiduciary
Trust Company in the Nominee Name of IFTCO



By _____

Arthur Y. D. Ong
Senior Vice President

[Signature Page to the Consent and Waiver]

AMMC CLO III, LIMITED
By: American Money Management Corp.,
as Collateral Manager

as a Lender



By: _____

Name: Chester M. Eng
Title: Senior Vice President

[Signature Page to the Consent and Waiver]

AMMC CLO IV, LIMITED
By: American Money Management Corp.,
as Collateral Manager

as a Lender



By: _____

Name: Chester M. Eng
Title: Senior Vice President

[Signature Page to the Consent and Waiver]

AMMC CLO V, LIMITED
By: American Money Management Corp.,
as Collateral Manager

as a Lender



By: _____

Name: Chester M. Eng
Title: Senior Vice President

[Signature Page to the Consent and Waiver]

AMMC CLO VI, LIMITED
By: American Money Management Corp.,
as Collateral Manager

as a Lender



By: _____

Name: Chester M. Eng
Title: Senior Vice President

[Signature Page to the Consent and Waiver]

AMMC VII, LIMITED
By: American Money Management Corp.,
as Collateral Manager

as a Lender



By: _____

Name: Chester M. Eng
Title: Senior Vice President

[Signature Page to the Consent and Waiver]

J.P. Morgan Whitefriars Inc.,
as a Lender



By: _____

Name: Virginia R. Conway

Title: Vice President

[Signature Page to the Consent and Waiver]

Alaska CBNA Loan Funding LLC,

as a Lender

By: 

Name: Richard Newcomb
Title: Attorney-in-fact

[Signature Page to the Consent and Waiver]

Bismarck CBNA Loan Funding LLC,

as a Lender

By: 

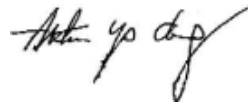
Name: Richard Newcomb

Title: Attorney-in-fact

[Signature Page to the Consent and Waiver]

PIMCO Floating Rate Income Fund

By: Pacific Investment Management Company LLC, as its
Investment Advisor, acting through Investors
Fiduciary Trust Company in the Nominee Name of
IFTCO

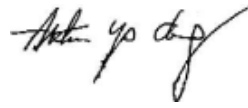


By: _____
Arthur Y. D. Ong
Senior Vice President

[Signature Page to the Consent and Waiver]

PIMCO Floating Rate Strategy Fund

By: Pacific Investment Management Company LLC, as its
Investment Advisor, acting through Investors
Fiduciary Trust Company in the Nominee Name of
IFTCO



By: _____
Arthur Y. D. Ong
Senior Vice President

[Signature Page to the Consent and Waiver]

Waterfront CLO 2007 — 1,
as a Lender

By: 

Name: Dean R Graves
Title: Senior Vice President

[Signature Page to the Consent and Waiver]

Silverado CLO 2007 — I by
Wells Capital Management
as a Lender



By: _____

Name: WELLS CAPITAL MANAGEMENT

Title: GILBERT L. SOUTHWELL III
VICE PRESIDENT

[Signature Page to the Consent and Waiver]

Silverado CLO 2006 — II by
Wells Capital Management
as a Lender



By: _____

Name: WELLS CAPITAL MANAGEMENT

Title: GILBERT L. SOUTHWELL III
VICE PRESIDENT

[Signature Page to the Consent and Waiver]

**Global Leveraged Capital Credit Opportunity Fund
I, as a Lender**

**Global Leveraged Capital Management, LLC, as
Collateral Manager**




By: _____

Name: Andy Cai
Title: Analyst

[Signature Page to the Consent and Waiver]

RiverSource Bond Series, Inc.-
Riversource Floating Rate Fund,
as a Lender

By: 
Name: Yvonne E. Stevens
Title: Assistant Vice President

[Signature Page to the Consent and Waiver]

Atlas Loan Funding (CENT I) LLC

By: RiverSource Investments, LLC
Attorney in Fact,
as a Lender


By: 

Name: Traci D. Garcia
Title: Sr. Business Analyst

[Signature Page to the Consent and Waiver]

Centurion CDO II, Ltd.


By: RiverSource Investments,
LLC as Collateral Manager,
as a Lender

By: 
Name: Traci D. Garcia
Title: Sr. Business Analyst

[Signature Page to the Consent and Waiver]

Sequils-Centurion V, Ltd.


By: RiverSource Investments,
LLC as Collateral Manager,
as a Lender

By: 
Name: Traci D. Garcia
Title: Sr. Business Analyst

[Signature Page to the Consent and Waiver]

BELHURST CLO LTD.

By: INVESCO Senior Secured Management, Inc.
As Collateral Manager


By: 

Name: Peter C. Wollman
Title: Authorized Signatory

[Signature Page to the Consent and Waiver]

ALZETTE EUROPEAN CLO S.A.

By: INVESCO Senior Secured Management, Inc.
As Collateral Manager
as a Lender


By: 

Name: Peter C. Wollman
Title: Authorized Signatory

[Signature Page to the Consent and Waiver]

AIM FLOATING RATE FUND

By: INVESCO Senior Secured Management, Inc.
As Sub-Adviser


By: 

Name: Peter C. Wollman
Title: Authorized Signatory

[Signature Page to the Consent and Waiver]

KATONAH V, LTD.


By: INVESCO Senior Secured Management, Inc.
As Investment Manager

By: 
Name: Peter C. Wollman
Title: Authorized Signatory

[Signature Page to the Consent and Waiver]

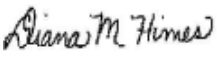
NAUTIQUE FUNDING LTD.

By: INVESCO Senior Secured Management, Inc.
As Collateral Manager

By: 
Name: Peter C. Wollman
Title: Authorized Signatory

[Signature Page to the Consent and Waiver]

Atlas Loan Funding (Navigator), LLC
By: Atlas Capital Funding, Ltd.
By: Structured Asset Investors, LLC
Its Investment Manager,
as a Lender

By: 

Name: Diana M. Himes
Title: Vice President

[Signature Page to the Consent and Waiver]

Acknowledged to as of the date first written above
and the Administrative Agent authorizes and directs
the Collateral Agent to take all actions necessary in
connection hereto and in connection with the
Transactions:


JPMORGAN CHASE BANK, N.A.,
as Administrative Agent



By: _____


Name: J. Charles Facel, Jr.
Title: Senior Vice President

Cent CDO 12 Limited
By: RiverSource Investments,
LLC as Collateral Manager,
as a Lender

By: 
Name: Traci D. Gracia
Title: Sr. Business Analyst

[Signatuer Page to the Consent and Waiver]

Cent CDO 14 Limited
By: RiverSource Investments,
LLC as Collateral Manager,
as a Lender

By: 
Name: Traci D. Gracia
Title: Sr. Business Analyst

[Signature Page to the Consent and Waiver]

BABSON CLO LTD. 2003-I
BABSON CLO LTD. 2004-I
BABSON CLO LTD. 2004-II
BABSON CLO LTD. 2005-I
BABSON CLO LTD. 2005-II
BABSON CLO LTD. 2005-III
BABSON CLO LTD. 2006-I
BABSON CLO LTD. 2006-II
BABSON CLO LTD. 2007-I
BABSON MID-MARKET CLO LTD. 2007-II
SAPPHIRE VALLEY CDO I, LTD.
SUFFIELD CLO, LIMITED
By: Babson Capital Management LLC as Collateral Manager

By  _____

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as Investment Adviser

By  _____

BILL & MELINDA GATES FOUNDATION TRUST
By: Babson Capital Management LLC as Investment Adviser

By  _____
MARCUS G. SOWELL
Managing Director

LANDMARK II CDO LTD
By Aladdin Capital Management as Manager,
as a Lender

By: *Stephen H. Hooker*
Name: Stephen H. Hooker, CFA
Title: Director

LANDMARK III CDO LTD
By Aladdin Capital Management as Manager,
as a Lender

By: *Stephen H. Hooker*
Name: Stephen H. Hooker, CFA
Title Director

LANDMARK VIII CDO LTD
By Aladdin Capital Management as Manager,
as a Lender

By: *Stephen H. Hooker*
Name: Stephen H. Hooker, CFA
Title Director

[Signature Page to the Consent and Waiver]

**FIRST AMENDMENT AND WAIVER
TO AMENDED AND RESTATED
CREDIT AGREEMENT**

THIS FIRST AMENDMENT AND WAIVER TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made and entered into as of March 21, 2007 among **NEWPARK RESOURCES, INC.**, a Delaware corporation ("Newpark"), each of the other Borrowers signatory hereto (collectively with Newpark, "Borrower" or "Borrowers"); the other Loan Parties signatory hereto; **JPMORGAN CHASE BANK, N.A.** (successor by merger to Bank One, N.A. (Main Office Chicago)), for itself, as Lender and LC Issuer, and as agent for Lenders (in such capacity, the "Agent"); and the other Lenders signatory hereto.

WHEREAS, Borrowers, the other Loan Parties, Agent, the LC Issuer and Lenders are parties to that certain Amended and Restated Credit Agreement, dated as of December 29, 2006 (as amended, restated or modified from time to time, the "Credit Agreement");

WHEREAS, one of the Borrowers effected a name change from NMIS LLC to Newpark Mats & Integrated Services LLC, and the Company amended its bylaws (each, as further described in Section 4.01 below), which changes Borrowers and the other Loan Parties have represented to Agent and Lenders did not and do not negatively affect the Borrowers' or Loan Parties' ability to perform their respective obligations under the Credit Agreement or any other of the Loan Documents;

WHEREAS, Borrowers, the other Loan Parties, Lenders, the LC Issuer and Agent desire to amend the Credit Agreement to allow and provide for such matters contained herein, all as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**ARTICLE I
Definitions**

Section 1.01 Definitions. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meaning as in the Credit Agreement, as amended hereby.

**ARTICLE II
Amendments**

Section 2.01 Amendment of Preamble. Effective as of the Effective Date, the preamble of the Credit Agreement is hereby amended and restated to read as follows:

"This Amended and Restated Credit Agreement, dated as of December 29, 2006, is among Newpark Resources, Inc., a Delaware corporation, as the Company and

FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT

as a Borrower, Batson Mill LLC, a Texas limited liability company, Dura-Base Nevada, Inc., a Nevada corporation, Excalibar Minerals LLC, a Texas limited liability company, Newpark Drilling Fluids LLC, a Texas limited liability company, Newpark Environmental Management Company, L.L.C., a Louisiana limited liability company, Newpark Environmental Services LLC, a Texas limited liability company, Newpark Texas, L.L.C., a Louisiana limited liability company, Newpark Environmental Water Solutions LLC, a Delaware limited liability company, Newpark Mats & Integrated Services LLC, a Texas limited liability company, each as a Borrower, the other Loan Parties, the Lenders, and JPMorgan Chase Bank, N.A. (successor by merger to Bank One, N.A. (Main Office Chicago)), as an LC Issuer and as the Agent.”

Section 2.02 Amendment to Article I. Effective as of the Effective Date, the following definitions found in Article I of the Credit Agreement are each hereby amended and restated in their entireties to read as follows:

“‘**Authorized Officer**’ means any of (i) James E. Braun, (ii) Paul L. Howes, (iii) Joseph L. Gocke, or (iv) until the effective date of termination of his employment with the Company, John R. Dardenne.

‘**Borrower**’ or ‘**Borrowers**’ means, individually or collectively, jointly and severally, the Company, Batson Mill LLC, a Texas limited liability company, Dura-Base Nevada, Inc., a Nevada corporation, Excalibar Minerals LLC, a Texas limited liability company, Newpark Drilling Fluids LLC, a Texas limited liability company, Newpark Environmental Management Company, L.L.C., a Louisiana limited liability company, Newpark Environmental Services LLC, a Texas limited liability company, Newpark Texas, L.L.C., a Louisiana limited liability company, Newpark Environmental Water Solutions LLC, a Delaware limited liability company and Newpark Mats & Integrated Services LLC, a Texas limited liability company.”

Section 2.03 Amendment to Section 6.1(t). Effective as of the Effective Date, Section 6.1(t) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(t) on (i) each of April 16, 2007 and September 4, 2007 for Fiscal Year 2007 and (ii) the first Business Day of the months of March and September for each Fiscal Year thereafter, a certificate of good standing for each Loan Party from the appropriate governmental officer in its jurisdiction of incorporation, formation, or organization.”

Section 2.04 Amendment to Pricing Schedule. Effective as of the Effective Date, the Pricing Schedule attached to the Credit Agreement is hereby amended by deleting the reference to “March 30, 2006” therein and substituting “March 31, 2007” in lieu thereof.”

Section 2.05 Amendment to Credit Agreement and Other Loan Documents. Effective as of the Effective Date, with respect to the Credit Agreement and the other Loan

FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT

Documents, all references in each such agreement to (i) "Borrower", "Loan Party" and "Guarantor" shall be deemed to include Batson Mill LLC, Excalibar Minerals LLC, Newpark Environmental Services LLC, Newpark Mats & Integrated Services LLC, and Newpark Drilling Fluids LLC (in addition to all other Borrowers, Loan Parties and Guarantors) and (ii) "Batson Mill, L.P." shall mean Batson Mill LLC, "Excalibar Minerals Inc." shall mean Excalibar Minerals LLC, "Newpark Drilling Fluids, LP." shall mean Newpark Drilling Fluids LLC, "Newpark Environmental Services of Texas, L.P." shall mean "Newpark Environmental Services LLC, and "Soloco Texas, L.P." shall mean Newpark Mats & Integrated Services LLC.

ARTICLE III

Section 3.01 Conditions Precedent. The effectiveness of this Amendment is subject to the satisfaction of the following conditions precedent (such date on which such conditions are satisfied being the "Effective Date"), unless specifically waived by Agent and Required Lenders:

(a) Agent shall have received all of the following documents, each document (unless otherwise indicated) being dated the date hereof, duly authorized, executed and delivered by the parties thereto, and in form and substance reasonably satisfactory to Agent and Lenders:

(i) this Amendment;

(ii) a copy of the amended and restated bylaws of the Company (the "Amended Bylaws"), certified by its Secretary or Assistant Secretary as a true, correct and complete copy thereof in effect as of the date hereof and the Effective Date and a true correct and complete copy of each of the resolutions adopted by each Loan Party's Board of Directors or of its members or any other body authorizing the execution, delivery and performance of this Amendment and any other Loan Documents to which such Loan Party is a party, certified by its Secretary or Assistant Secretary;

(iii) an incumbency certificate, executed by each Loan Party's Secretary or Assistant Secretary (or Secretary or Assistant Secretary of the general partner of such Person, if applicable), which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers such Loan Party authorized to sign this Amendment or any other Loan Documents to which such Loan Party is a party;

(iv) a certified copy of the certificate of amendment of NMIS LLC, a Texas limited liability company, evidencing its name change to Newpark Mats & Integrated Services LLC filed in the Office of the Secretary of State of the State of Texas.

(v) such additional documents, instruments and information as Agent or Lenders or their legal counsel may reasonably request.

(b) The representations and warranties contained in the Credit Agreement and/or in the other Loan Documents in each case, as Modified (hereinafter defined) hereby and as contained herein shall be true and correct as of the Effective Date as if made on such date, except to the extent such representations and warranties (i) relate to any matter with respect to which written notice has been given to Agent and/or Lenders by Loan Parties pursuant to and in accordance with the Credit Agreement or (ii) which by their terms expressly speak as of an earlier date;

(c) No Default or Unmatured Default (in each case, after giving effect to the Modifications contained in this Amendment) shall have occurred and be continuing.

(d) All corporate proceedings taken in connection with the transactions contemplated by this Amendment and all documents, instruments and other legal matters incident thereto shall be reasonably satisfactory to Agent, Lenders and their legal counsel.

The term "Modified" as used herein shall mean and include expressly amended, modified or waived, as the case may be, and shall include correlative meanings thereof; provided however, for the avoidance of doubt, the term "Modified" shall not include any waivers that are subsequently terminated and of no longer of any force and effect pursuant to the terms hereof.

Section 3.02 Conditions Subsequent. The continued effectiveness of the waivers contained in Section 4.01 of this Amendment is subject to the satisfaction of the following conditions subsequent on or before April 6, 2007 or such later date, as may be agreed to in writing by Agent and Required Lenders (April 6, 2007 or such later date, if any, the "Subsequent Satisfaction Date"), unless specifically waived by Agent and the Required Lenders:

(a) a fully executed copy of a consent, waiver and/or amendment to the Term Agreement ("Term Agreement Waiver"), in form and substance satisfactory to Agent and Required Lenders, in their Permitted Discretion, pursuant to which the requisite lenders and if required, requisite agents thereunder consent to the Loan Parties' actions or otherwise expressly waive such matters which are in violation of the Term Agreement, as described in Section 4.01 of this Amendment.

(b) No Default or Unmatured Default (in each case, after giving effect to the consents and/or waivers contained in the Term Agreement Waiver and the Modifications contained in this Amendment) shall have occurred and be continuing.

ARTICLE IV

Limited Waivers and Other Agreements

Section 4.01 Acknowledgment and Limited Waiver. Loan Parties hereby acknowledge the occurrence and continuation of certain Defaults in connection with (x) the previous name change of NMIS LLC to Newpark Mats & Integrated Services LLC on or around March 9, 2007 and (y) the Company's adoption of the Amended Bylaws effective as of March 7, 2007, in each case, in violation of Sections 6.4, 6.23 and 6.25, as applicable, of the Credit Agreement, which Defaults (collectively, the "Existing Events of Default") are hereby waived by

FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT

the Lenders effective as of the Effective Date of this Amendment, and such waivers shall continue to be effective from the Effective Date to and including the Subsequent Satisfaction Date; provided however, notwithstanding the foregoing, such waivers shall automatically terminate and be of no further force and effect effective as of the Effective Date, without notice or any other future act or instrument being required, upon the earlier to occur of (i) the exercise of remedies or delivery of notice of such intention under the Term Agreement by the Term Collateral Agent, Term Administrative Agent and/or Term Lenders party thereto pursuant to any Existing Events of Default and (ii) the failure of Loan Parties to satisfy the conditions subsequent set forth in Section 3.02 hereof on or before the Subsequent Satisfaction Date; provided further however, in the event the waivers have not been terminated pursuant to clause (i) above, and the conditions subsequent set forth in Section 3.02 hereof are satisfied on or before the Subsequent Satisfaction Date (or Agent and Required Lenders waive such conditions in writing), the Existing Events of Default shall be deemed waived from and after the Effective Date.

Section 4.02 Amendment of Agreement Regarding Post Closing Matters. The Borrowers, the other Loan Parties, Agent and the Lenders agree that, as of the Effective Date, each deadline set forth under “Time for Performance to be Completed” referenced in Exhibit A to the Agreement Regarding Post Closing Matters, dated as of December 29, 2006, by and among Borrowers, the other Loan Parties and Agent is hereby amended as follows:

(a) Item 1 of Exhibit A is hereby amended by deleting the reference to “60 days after the Closing Date” in clause (ii) therein and substituting “April 30, 2007” in lieu thereof;

(b) Item 2 of Exhibit A is hereby amended by deleting the reference to “April 1, 2007” therein and substituting in its place “April 30, 2007” in lieu thereof; and

(c) Item 3 of Exhibit A is hereby amended by deleting the reference to “60 days after the Closing Date” therein and substituting in its place “April 30, 2007” in lieu thereof.

Section 4.03 No Waiver.

(a) Except as expressly set forth in Section 4.01, nothing contained in this Amendment shall be construed as a consent or waiver by Agent or any Lender of any covenant or provision of this Amendment, the Credit Agreement, the other Loan Documents, or of any other contract or instrument between any Borrower or any Loan Party and Agent or any Lender, and the failure of Agent or Lenders at any time or times hereafter to require strict performance by any Borrower or any Loan Party of any provision thereof shall not waive, affect or diminish any rights of Agent or Lenders to thereafter demand strict compliance therewith. Subject to the terms and provisions of this Amendment, Agent and Lenders hereby reserve all rights granted under the Credit Agreement, the other Loan Documents, this Amendment and any other contract or instrument between any Borrower or any Loan Party and Agent or any Lender. Nothing set forth herein shall constitute a course of dealing among the parties, and neither Agent

nor the Lenders shall have any obligation to further amend, waive or modify any terms and provisions of the Credit Agreement or any of the other Loan Documents.

Section 4.04 This Amendment shall constitute delivery of a “notice of default” by Loan Parties of the Existing Events of Default as required by the Credit Agreement.

ARTICLE V

Ratifications, Representations and Warranties

Section 5.01 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and except as Modified and superseded by this Amendment, the terms and provisions of the Credit Agreement are each ratified and confirmed and shall continue in full force and effect. Additionally, each Borrower and each Loan Party each hereby ratifies and confirms their agreements under the Credit Agreement and the other Loan Documents, in each case as Modified hereby, as a Borrower and as a Loan Party, respectively, as of each of the date hereof, the Effective Date and the Subsequent Satisfaction Date. Each Borrower and Loan Party hereby agrees that all Liens and security interests securing payment of the Obligations are hereby collectively renewed, ratified and brought forward as security for the payment and performance of the Obligations, as the same may have been Modified by this Amendment and the documents executed in connection herewith, in each case as of each of the date hereof, the Effective Date and the Subsequent Satisfaction Date.

Section 5.02 Ratification of Guaranty. As of each of the date hereof, the Effective Date and the Subsequent Satisfaction Date, each Guarantor hereby ratifies and confirms its guaranty to Agent and Lenders (the “Guaranty”) and each Guarantor hereby represents and acknowledges that it has no claims, counterclaims, offsets, credits or defenses to the Loan Documents or the performance of its obligations thereunder. Furthermore, each Guarantor agrees that nothing contained in this Amendment shall adversely affect any right or remedy of Agent or Lenders under the Guaranty. Each Guarantor agrees that all references in such Guaranty to the “Guaranteed Obligations” shall include, without limitation, all of the obligations of Borrowers to Agent and Lenders under the Credit Agreement, as amended hereby. Finally, each Guarantor hereby represents and acknowledges, as of each of the date hereof, the Effective Date and the Subsequent Satisfaction Date, that the execution and delivery of this Amendment and the other Loan Documents executed in connection herewith shall in no way change or modify its obligations as a guarantor, debtor, pledgor, assignor, obligor and/or grantor under the Guaranty and shall not constitute a waiver by Agent or Lenders of any of their rights against such Guarantor.

Section 5.03 Representations and Warranties. Each Borrower and each Loan Party hereby represents and warrants to Agent and Lenders as of the date hereof and the Effective Date that (i) the execution, delivery and performance of this Amendment and any and all other Loan Documents executed and/or delivered in connection herewith have been authorized by all requisite corporate action on the part of such Borrower and such Loan Party and will not violate the certificate/articles of incorporation or other analogous formation document of such Borrower

**FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT**

or such Loan Party or the bylaws (including the Amended Bylaws) or other analogous charter or organizational documents of such Borrower or such Loan Party, (ii) the representations and warranties contained in the Credit Agreement, and any other Loan Document, in each case as Modified hereby, are true and correct on and as of the date hereof and as of the Effective Date as though made on and as of such date, except to the extent any such representations and warranties (A) relate to any matter with respect to which written notice has been provided by Loan Parties pursuant to and in accordance with the Credit Agreement or (B) which by their terms expressly speak as of an earlier date, (iii) such Borrower or such Loan Party is in full compliance with all covenants and agreements contained in the Credit Agreement, each as Modified hereby, (iv) such Borrower or such Loan Party has not amended its certificate/articles of incorporation or other analogous formation document or bylaws or other analogous charter or organizational documents on or after December 29, 2006 except (A) solely pursuant to consummation of the Permitted Restructuring, (B) the Company's adoption of the Amended Bylaws, and (C) the name change of NMIS LLC to Newpark Mats & Integrated Services LLC, and (v) all requisite corporate proceedings, including any shareholder consents that may be required, authorizing the Permitted Restructuring, the Company's adoption of the Amended Bylaws and the name change of NMIS LLC to Newpark Mats & Integrated Services LLC were taken and obtained prior to the consummation of such transactions.

ARTICLE VI **Miscellaneous**

Section 6.01 Survival of Representations and Warranties. All representations and warranties made in the Credit Agreement or any other document or documents relating thereto, including, without limitation, any Loan Document furnished in connection with this Amendment, shall survive the execution and delivery of this Amendment and the other Loan Documents, in each case, as Modified hereby, and no investigation by Agent or any Lender or any closing shall affect the representations and warranties or the right of Agent or Lenders to rely upon them.

Section 6.02 Reference to Credit Agreement; Obligations. Each of the Loan Documents, including the Credit Agreement and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement, are hereby amended so that any reference in such Loan Documents to the Credit Agreement or any other Loan Documents shall mean a reference to the Credit Agreement or such other Loan Document, in each case as Modified hereby. Each Borrower acknowledges and agrees that its obligations under this Amendment and the Credit Agreement, as amended hereby, constitute "Obligations" as defined in the Credit Agreement and as used in the Loan Documents.

Section 6.03 Expenses. As provided in the Credit Agreement, each Borrower agrees to pay on demand all reasonable costs and expenses incurred by Agent in connection with the preparation, negotiation and execution of this Amendment and the other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the reasonable costs and fees of Agent's legal counsel, and all reasonable costs and expenses incurred by Agent in connection with the enforcement or

preservation of any rights under the Credit Agreement or any other Loan Document, in each case as Modified hereby.

Section 6.04 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable. Furthermore, in lieu of each such invalid or unenforceable provision there shall be added automatically as a part of this Amendment a valid and enforceable provision that comes closest to expressing the intention of such invalid unenforceable provision.

Section 6.05 APPLICABLE LAW. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AMENDMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED, AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS (WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF TEXAS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

Section 6.06 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of Agent, Lenders, Borrowers, the other Loan Parties signatory hereto and their respective successors and assigns, except that no Borrower may assign or transfer any of its rights or obligations hereunder without the prior written consent of each Lender.

Section 6.07 Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

Section 6.08 Effect of Waiver. No consent or waiver, express or implied, by Agent or any Lender to or for any breach of or deviation from any covenant or condition of the Credit Agreement shall be deemed a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

Section 6.09 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 6.10 Release. EACH OF BORROWER AND THE OTHER LOAN PARTIES SIGNATORY HERETO HEREBY ACKNOWLEDGE THAT IT HAS NO DEFENSE, COUNTERCLAIM, OFFSET, CROSS-COMPLAINT, CLAIM OR DEMAND OF ANY KIND OR NATURE WHATSOEVER THAT CAN BE ASSERTED TO REDUCE OR ELIMINATE ALL OR ANY PART OF ITS LIABILITY TO REPAY THE "OBLIGATIONS" OR TO SEEK AFFIRMATIVE RELIEF OR DAMAGES OF ANY KIND OR NATURE FROM AGENT OR LENDERS. EACH OF BORROWER AND THE OTHER LOAN PARTIES SIGNATORY HERETO HEREBY VOLUNTARILY AND KNOWINGLY RELEASE AND FOREVER DISCHARGE AGENT AND EACH LENDER, THEIR RESPECTIVE PREDECESSORS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS, FROM

FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT

ALL POSSIBLE CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES, AND LIABILITIES WHATSOEVER, KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT, OR CONDITIONAL, AT LAW OR IN EQUITY, ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE THIS AMENDMENT IS EXECUTED, WHICH BORROWER OR THE OTHER LOAN PARTIES SIGNATORY HERETO MAY NOW HAVE AGAINST AGENT AND ANY LENDER, THEIR PREDECESSORS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS, IF ANY, AND IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, AND ARISING FROM ANY LOANS, INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE CREDIT AGREEMENT OR OTHER LOAN DOCUMENTS, AND NEGOTIATION FOR AND EXECUTION OF THIS AMENDMENT.

Section 6.11 NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT

IN WITNESS WHEREOF, this Amendment has been executed on the date first written above, to be effective as of the Effective Date.

BORROWERS:

**NEWPARK RESOURCES, INC.,
BATSON MILL LLC,
DURA-BASE NEVADA, INC.,
EXCALIBAR MINERALS LLC,
NEWPARK DRILLING FLUIDS LLC,
NEWPARK ENVIRONMENTAL SERVICES LLC,
NEWPARK ENVIRONMENTAL MANAGEMENT
COMPANY, L.L.C.,
NEWPARK TEXAS, L.L.C.,
NEWPARK ENVIRONMENTAL WATER SOLUTIONS
LLC and
NEWPARK MATS & INTEGRATED SERVICES LLC**

By: /s/ James E. Braun
Name: James E. Braun
Title: VP

LOAN PARTIES:

**NEWPARK ENVIRONMENTAL SERVICES
MISSISSIPPI, L.P.**

By: Newpark Texas, L.L.C., its general partner

By: /s/ James E. Braun
Name: James E. Braun
Title: VP

LENDERS:

JPMORGAN CHASE BANK, N.A.

(successor by merger to Bank One, N.A. (Main Office
Chicago))

Individually, as Agent and LC Issuer

By: /s/ J. Devin Mock _____

J. Devin Mock

Vice President

FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT

BANK OF AMERICA, N.A.,
as Lender

By: /s/ John M. Olsen
John M. Olsen
Vice President

FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT

CAPITAL ONE, NATIONAL ASSOCIATION,
as Lender

By: /s/ Cheryl Denenea
Cheryl Denenea
Vice President

FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT

WHITNEY NATIONAL BANK,
as Lender

By: /s/ Josh Jones
Josh Jones
Assistant Vice President

FIRST AMENDMENT TO 12/29/06 AMENDED AND
RESTATED CREDIT AGREEMENT

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

I, Paul L. Howes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Newpark Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2007

/s/ Paul L. Howes

Paul L. Howes, President and Chief Executive
Officer

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

I, James E. Braun, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Newpark Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2007

/s/ James E. Braun

James E. Braun, Vice President and
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2007, of Newpark Resources, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul L. Howes, President and Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2007

/s/ Paul L. Howes

Paul L. Howes, President and Chief Executive
Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2007, of Newpark Resources, Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James E. Braun, Vice President and Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2007

/s/ James E. Braun

James E. Braun, Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.