

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: APRIL 22, 1999

Date of earliest event reported: APRIL 16, 1999

NEWPARK RESOURCES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	1-2960	72-1123385
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3850 NORTH CAUSEWAY, SUITE 1770 METAIRIE, LOUISIANA	70002
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(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (504) 838-8222

ITEM 5. OTHER EVENTS.

On April 16, 1999, Newpark Resources, Inc., a Delaware corporation (the "Company"), sold to SCF-IV, L.P., a Delaware limited partnership managed by SCF Partners (the "Purchaser"), 150,000 shares of Series A Cumulative Perpetual Preferred Stock, \$0.01 par value per share (the "Series A Preferred Stock"), and a warrant (the "Warrant") to purchase up to 2,400,000 shares of the Common Stock of the Company at an exercise price of \$8.50 per share, subject to anti-dilution adjustments. The aggregate purchase price for the Series A Preferred Stock and the Warrant was \$15.0 million, and the net proceeds from the sale have been used to repay indebtedness. No underwriting discounts, commissions or similar fees were paid in connection with the sale of the securities.

The Warrant has a term of seven years and, subject to certain exceptions, may not be transferred or exercised for a period of 18 months following the date of issuance. If dividends on the Series A Preferred Stock are in arrears by more than 75 days, the holder of the Warrant will have a one-time right to reset the exercise price to 120% of the then current market price of the Common Stock (based on a 30 day average). No transfer of the shares of Series A Preferred Stock may be made prior to April 15, 2004 other than to the Company.

Cumulative dividends are payable on the Series A Preferred Stock quarterly in arrears. The initial dividend rate is 5% per annum, based on the stated value of \$100 per share of Series A Preferred Stock. The dividend rate is subject to adjustment three, five and seven years after the date of issuance. Assuming the Company's 8 5/8% Senior Subordinated Notes (the "Subordinated Notes") continue to be outstanding, the dividend rate effective as of the third and fifth years following the date of issuance will be equal to the then current yield to maturity on the Subordinated Notes plus 2.5 percentage points. If the Subordinated Notes no longer are outstanding, and in the case of the final adjustment, the dividend rate will be determined by reference to comparable long-term debt of the Company or another energy service company or will be determined by the agreement of the Company and the holders of a majority of the shares of Series A Preferred Stock. Dividends accruing during the first three years following issuance are payable in shares of Common Stock valued at then current fair market value and thereafter are payable in cash. If the Company fails to pay any dividends when due, such dividends shall accumulate and accrue additional dividends at the then existing dividend rate. So long as shares of the Series A Preferred Stock are outstanding, no dividends may be paid on the Common Stock and, subject to certain exceptions, no shares of Common Stock may be purchased or otherwise redeemed by the Company unless all accumulated dividends on the Series A Preferred Stock have been paid in full.

Upon a liquidation of the Company, the holders of the Series A Preferred Stock will be entitled to receive \$100 per share of Series A Preferred Stock plus accrued dividends before the holders of Common Stock receive any payment. The holders of Common Stock will receive all liquidating distributions after the holders of the Series A Preferred Stock have received this

amount, unless the Company later issues additional shares of preferred stock having priority over the Common Stock with respect to liquidating distributions.

Beginning five years after the date of issuance, the Series A Preferred Stock may be redeemed at the option of the Company, in whole but not in part, for a redemption price of \$100 per share plus accrued dividends. The holders of a majority of the Series A Preferred Stock also may request, but not require, a redemption of the Series A Preferred Stock at this redemption price if any person or group becomes the owner of more than 50% of the outstanding Common Stock of the Company.

Beginning June 1, 2004, the holders of the Series A Preferred Stock will have the right to convert the Series A Preferred Stock, in whole but not in part, into Common Stock at a conversion rate based on the then current fair market value of the Common Stock or \$2.00 per share of Common Stock, whichever is greater. For purposes of any conversion, each share of Series A Preferred Stock will have a value equal to its liquidation preference. The Series A Preferred Stock also will be convertible at this conversion rate at any time when dividends payable on the Series A Preferred Stock are in arrears in an aggregate amount equal to five quarterly dividends or, subject to certain conditions, when any person or group becomes the beneficial owner of 50% or more of the outstanding Common Stock of the Company.

The Series A Preferred Stock will not have voting rights on ordinary corporate matters, except as required by Delaware law; however, approval of a majority of the Series A Preferred Stock will be required before the Company can effect any changes to the rights of the Series A Preferred Stock that adversely effect the holders of such shares (including any such change resulting from a merger or similar transaction) or issue any additional shares of capital stock having a priority equal or senior to the Series A Preferred Stock with respect to dividends or distributions upon liquidation. The holders of the Series A Preferred Stock also will vote separately as a class and the approval of a majority of the Series A Preferred Stock will be required to approve any merger or other business combination that would result in a change of control of the Company on or before April 15, 2004, subject to certain exceptions. The voting rights of the Series A Preferred Stock may delay, deter or prevent a change in control of the Company.

The agreement providing for the issuance of the Series A Preferred Stock includes a covenant obligating the Company, for so long as the Purchaser owns at least a majority of the Series A Preferred Stock, to use its best efforts to nominate and elect to the Company's Board of Directors an individual designated by the Purchaser. In addition, whenever the Company is in arrears in the payment of dividends on the Series A Preferred Stock in an aggregate amount equal to three quarterly dividends, the holders of the Series A Preferred Stock, voting as a separate class, will be entitled to elect one director.

The Purchaser has agreed that, subject to certain exceptions, the Purchaser and its affiliates will not, at any time prior to April 15, 2004, acquire any securities of the Company that

would result in the Purchaser and its affiliates holding more than 15% of the voting securities of the Company determined on a fully diluted basis. The Purchaser has been granted demand and piggyback registration rights with respect to the Common Stock issuable upon exercise of the Warrant (commencing 18 months after the date of issuance) and upon conversion of the Series A Preferred Stock (commencing 60 months after the date of issuance).

The sale of the Series A Preferred Stock and the Warrant was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and Regulation D promulgated thereunder. The sale was made without general solicitation or advertising, the Purchaser is a sophisticated investor with access to all relevant information necessary to evaluate an investment in the securities, and the Purchaser represented to the Company that the securities were being acquired for investment.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

1. Certificate of Designation of Series A Cumulative Perpetual Preferred Stock of the Company, dated April 13, 1999.
2. Purchase Agreement, dated April 16, 1999, between the Company and the Purchaser.
3. Warrant to Purchase 2,400,000 shares of Common Stock, par value \$.01 per share, of the Company.
4. Registration Rights Agreement, dated April 16, 1999, between the Company and the Purchaser.

SIGNATURES

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

NEWPARK RESOURCES, INC.

Dated: April 22, 1999

By /s/ Matthew w. Hardey

Matthew W. Hardey, Vice President
and Chief Financial Officer

EXHIBIT INDEX

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CERTIFICATE OF DESIGNATION
OF
SERIES A CUMULATIVE PERPETUAL PREFERRED STOCK
OF
NEWPARK RESOURCES, INC.

Pursuant to Section 151(g) of the Delaware General Corporation Law, NEWPARK

RESOURCES, INC., a corporation organized and existing under the laws of the State of Delaware (the "Company"), hereby certifies that the following resolution was duly adopted by the Board of Directors of the Company on April 7, 1999, pursuant to authority conferred upon the Board of Directors by the Certificate of Incorporation of the Company, which authorizes the issuance of up to 1,000,000 shares of preferred stock, \$0.01 par value.

RESOLVED, that pursuant to authority expressly granted to and vested in the Board of Directors of the Company and pursuant to the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of preferred stock, herein designated and authorized as the Series A Cumulative Perpetual Preferred Stock, \$0.01 par value per share, which shall consist of 150,000 of the 1,000,000 shares of preferred stock which the Company now has authority to issue, and the Board of Directors hereby fixes the powers, designations, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations and restrictions thereof as follows:

1. Number. The number of shares constituting the Series A Cumulative Perpetual Preferred Stock (the "Series A Preferred Stock") shall be 150,000.

2. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

"Actual Special Redemption Date" is defined in Section 8(C).

"Affiliate" means with respect to any Person, any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person. For purposes of this definition, the term "control" (and correlative terms "controlling," "controlled by" and "under common control with") means possession of the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a Person.

"Associate" shall have the meaning ascribed to such term in Rule 12b-2 promulgated under the Exchange Act.

"Beneficially Own" or "Beneficial Ownership" has the meaning set forth in Rules 13d-3 and 13d-5 of the Exchange Act.

"Board" means the Board of Directors of the Company.

"Business Combination" means (i) any consolidation or merger of the Company

with or into any Person or of any Person with or into the Company, or (ii) any issuance by the Company of shares of Common Stock or Common Stock Equivalents, in one or a series of related transactions, in connection with the acquisition of assets (other than cash) or securities by the Company or a Subsidiary of the Company (including by way of a merger of a Subsidiary of the Company with or into a Person), or (iii) the sale, assignment, conveyance, transfer, lease or other disposition by the Company, in one or a series of related transactions, of all or substantially all of its assets.

"Business Day" means any day except Saturday, Sunday and any day which

shall be a legal holiday or a day on which banking institutions in Houston, Texas or New Orleans, Louisiana generally are authorized or required by law or other governmental actions to close.

"Capital Stock" means (i) with respect to any Person that is a corporation,

any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (ii) with respect to any Person that is not a corporation, any and all partnership or other equity interests of such Person.

"Certificate" means the Certificate of Incorporation of the Company, as

amended.

"Certificate of Designation" means this Certificate of Designation of the

Series A Preferred Stock.

"Change of Control" shall mean any event constituting the consummation of

any Business Combination except where (i) (A) if the Common Stock or Voting Stock of the Company is converted into or exchanged for cash, securities or other property, the shareholders of the Company immediately prior to such Business Combination own (in substantially the same proportion relative to each other as such shareholders owned the Common Stock or Voting Stock of the Company, as the case may be, immediately prior to such consummation) (x) 50.1% or more of the Voting Stock of the surviving or transferee entity immediately after such Business Combination, and (y) 50.1% or more of the outstanding common stock of the surviving or transferee entity immediately after such Business Combination, or (B) if the Common Stock or Voting Stock of the Company is not converted into or exchanged for cash, securities or other property, the shareholders of the Company immediately prior to such Business Combination own (in substantially the same proportion relative to each other as such shareholders owned the Common Stock or Voting Stock of the Company, as the case may be, immediately prior to such consummation) (x) 50.1% or more of the Voting Stock of the Company immediately after such Business Combination, and (y) 50.1% or more of the Common Stock immediately after such Business Combination, (ii) the members of the Board immediately prior to the entering into the agreement relating to such Business Combination (or if no such agreement is entered into, then immediately prior to the consummation of such Business Combination) constitute at least a majority of the Board (in the case of a transaction described in clause (i)(B) of this definition) or the board of directors of the surviving or transferee entity (in the case of a transaction described in clause (i)(A) of this definition) immediately after such Business Combination, with no agreements or arrangements in place immediately after such consummation that would result in the members of the Board immediately prior to the entering into the agreement

relating to such Business Combination ceasing to constitute at least a majority of the Board or the board of directors of the surviving or transferee entity, as applicable and (iii) no Person or Group of Persons immediately after such Business Combination is the Beneficial Owner of 35% or more of the total outstanding Common Stock or Voting Stock of the Company (in the case of a transaction described in clause (i) (B) of this definition) or of the total outstanding Voting Stock or common stock of the surviving or transferee entity (in the case of a transaction described in clause (i) (A) of this definition), as applicable; provided, however, that if a Person or Group of Persons was on the date one year prior to the consummation of such Business Combination a Beneficial Owner of 35% or more of the total outstanding Voting Stock of the Company or Common Stock, then the condition provided for in this clause (iii) will be deemed to be met as long as such Person or Group of Persons does not immediately after such consummation Beneficially Own a greater percentage of (in the case of a transaction described in clause (i) (A) of this definition) the total outstanding Voting Stock or common stock of the surviving or transferee entity or (in the case of a transaction described in clause (i) (B) of this definition) the total outstanding Voting Stock of the Company or the Common Stock than the percentage of the total outstanding Voting Stock of the Company or Common Stock that such Person or Group of Persons Beneficially Owned one year prior to such consummation and no other Person or Group of Persons immediately after such Business Combination is the Beneficial Owner of 35% or more of (in the case of a transaction described in clause (i) (A) of this definition) the total outstanding Voting Stock or common stock of the surviving or transferee entity or (in the case of a transaction described in clause (i) (B) of this definition) the total outstanding Voting Stock of the Company or the Common Stock. In calculating the percentage of the Voting Stock owned where there is more than one class or series of Voting Stock, the percentage of the Voting Stock shall be calculated based on the number of votes eligible to be cast in the election of directors generally. In calculating the percentages of Voting Stock and Common Stock or common stock, as the case may be, owned for purposes of this definition, such calculation shall be calculated on a basis assuming the exercise or conversion in full of all Common Stock Equivalents and on a basis disregarding all Common Stock Equivalents, and the percentage which results in the lower percentage owned by the shareholders of the Company shall apply in the application of clause (i) above.

"Common Stock" means the Company's common stock, par value \$.01 per share,

and any Capital Stock for or into which such Common Stock hereafter is exchanged, converted, reclassified or recapitalized by the Company or pursuant to a Business Combination to which the Company is a party.

"Common Stock Equivalents" means (without duplication with any other Common

Stock or common stock, as the case may be, or Common Stock Equivalents) rights, warrants, options, convertible securities or exchangeable securities, exercisable for or convertible or exchangeable into, directly or indirectly, Common Stock, or common stock, as the case may be, whether at the time of issuance or upon the passage of time or the occurrence of some future event.

"Company" means Newport Resources, Inc. a Delaware corporation.

"Company Subordinated Debt" shall mean (i) in the context of the

determination of the Yield to Maturity as of any Reset Date other than the Final Reset Date, the Company's 8 5/8% Senior

Subordinated Notes due 2007, Series B; provided, however, that if the Company's 8 5/8% Senior Subordinated Notes due 2007, Series B are not outstanding as of the 40th day prior to the applicable Reset Date, then Company Subordinated Debt shall mean the then largest outstanding issue, with a principal amount of at least \$50 million, of non-convertible subordinated notes issued by the Company which mature on or after December 15, 2007, if any, which are rated by Standard & Poor's Ratings Group or Moody's Investors Service, Inc. and which were issued either in an offering registered under the Securities Act or in a Rule 144A offering and (ii) in the context of the determination of the Yield to Maturity as of the Final Reset Date, the largest outstanding issue, with a principal amount of at least \$100 million, of non-convertible subordinated notes issued by the Company which mature on or after April 15, 2011, if any, which are rated by Standard & Poor's Ratings Group or Moody's Investors Service, Inc. and which were issued either in an offering registered under the Securities Act or in a Rule 144A offering.

"DGCL" means the General Corporation Law of the State of Delaware, as

amended, or any successor statute or other legislation.

"Dividend Payment Date" is defined in Section 3(A).

"Dividend Period" is defined in Section 3(A).

"Dividend Rate" means a rate equal to (i) prior to the Initial Dividend

Reset Date, a nominal rate of five percent (5%) per annum payable quarterly and
(ii) on or after the Initial Dividend Reset Date, the Dividend Rate determined
pursuant to Section 4. In determining the amount of dividends per share of

Series A Preferred Stock to be paid pursuant to Section 3(A), such rate shall be

multiplied by the Stated Value, and in determining the amount of dividends per
share of Series A Preferred Stock to be paid pursuant to Section 3(C), such rate

shall be multiplied by the per share amount of the applicable accrued but unpaid
dividends, in each case as adjusted to reflect the payment of dividends on a
quarterly basis.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or

any successor statute, and the rules and regulations promulgated thereunder.

"Final Dividend Reset Date" means April 15, 2006.

"Group" means a group as contemplated by Section 13(d)(3) of the Exchange

Act.

"Holder" means a holder of record of the Series A Preferred Stock.

"In-the-Money Warrant Value" is defined in Section 8(E).

"Initial Dividend Reset Date" means April 15, 2002.

"Investment Banking Firm" shall mean a nationally recognized investment

banking firm.

"Issue Date" means with respect to any shares of Series A Preferred Stock

the original date of issuance of such shares of Series A Preferred Stock.

"Junior Securities" means Capital Stock that, with respect to dividends and

distributions upon Liquidation, ranks junior to the Series A Preferred Stock.

"Liquidation" means the voluntary or involuntary liquidation, dissolution

or winding up of the Company; provided, however, that a consolidation, merger or
share exchange shall not be deemed a Liquidation, nor shall a sale, assignment,
conveyance, transfer, lease or other disposition by the Company of all or
substantially all of its assets, which does not involve a distribution by the
Company of cash or other property to the holders of Common Stock, be deemed to
be a Liquidation.

"Liquidation Preference" is defined in Section 6.

"Majority of the Series A Preferred Stock" means more than 50% of the then

outstanding shares of Series A Preferred Stock.

"Market Price" means, with respect to a particular security, on any given

day, the last reported sale price regular way or, in case no such reported sale
takes place on such day, the average of the last closing bid and asked prices
regular way, in either case on the principal national securities exchange on
which the applicable security is listed or admitted to trading, or if not listed
or admitted to trading on any national securities exchange, (i) the closing sale
price for such day reported by the NASDAQ Stock Market if such security is
traded over-the-counter and quoted in the NASDAQ Stock Market, or (ii) if such
security is so traded, but not so quoted, the average of the closing reported
bid and asked prices of such security as reported by the NASDAQ Stock Market or
any comparable system, or (iii) if such security is not listed on the NASDAQ
Stock Market or any comparable system, the average of the closing bid and asked
prices as furnished by two members of the National Association of Securities
Dealers, Inc. selected from time to time by the Company for that purpose. If
such security is not listed and traded in a manner that the quotations referred
to above are available for the period required hereunder, the Market Price, with
respect to the Company Subordinated Debt, shall be deemed to be the fair value
of such security as determined by an Investment Banking Firm selected by the
Company, and the Market Price, with respect to Common Stock and any other
security, shall be deemed to be the fair value per share of such security as
determined in good faith by the Board.

"Notice of Redemption" is defined in Section 7(B).

"Notice of Special Redemption" is defined in Section 8(B).

"Parity Securities" means Capital Stock that, with respect to dividends or

distributions upon Liquidation, is pari passu with the Series A Preferred Stock.

"Person" means an individual or a corporation, partnership, trust,

incorporated or unincorporated association, limited liability company, joint
venture, joint stock company, government (or an agency or political subdivision
thereof) or other entity of any kind.

"Purchase Agreement" means the Purchase Agreement dated as of April 8, 1999, among the Company and the Purchaser pursuant to which 150,000 shares of Series A Preferred Stock and certain other securities are to be issued by the Company, including all schedules and exhibits thereto.

"Purchaser" means SCF-IV, L.P.

"Record Date" is defined in Section 3(A).

"Redemption Date" is defined in Section 7(B).

"Redemption Price" is defined in Section 7(A).

"Related Person" shall mean any Person who is, or any Group of Persons who are, the Beneficial Owner of 10% or more of the outstanding Common Stock.

"Reset Date" means the Initial Dividend Reset Date, the Second Dividend Reset Date or the Final Dividend Reset Date, as applicable.

"Second Dividend Reset Date" means April 15, 2004.

"Securities Act" means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"Senior Securities" means Capital Stock that, with respect to dividends or distributions upon Liquidation, ranks senior to the Series A Preferred Stock.

"Series A Preferred Stock" means the Series A Cumulative Perpetual Preferred Stock of the Company or successor preferred stock as contemplated by Section 5(C)(ii)(A)(y).

"Special Redemption Price" is defined in Section 8(E).

"Stated Value" is an amount equal to \$100.00 per share of Series A Preferred Stock.

"Subsidiary" of a Person means (i) a corporation, a majority of whose stock with voting power, under ordinary circumstances, to elect directors is at the time of determination, directly or indirectly, owned by such Person or by one or more Subsidiaries of such Person, or (ii) any other entity (other than a corporation) in which such Person or one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has at least a majority ownership interest.

"Trading Day" means a day on which the principal market with respect to the security in question is regularly scheduled to be open for trading or if there is no such principal market, then a day on which the New York Stock Exchange is regularly scheduled to be open for trading.

"Voting Stock" of a Person means Capital Stock of such Person of the class

or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to vote in the election of the board of directors, managers or trustees of such Person.

"Yield to Maturity" shall mean (i) if Company Subordinated Debt is

outstanding as of the 50th day prior to the applicable Reset Date and is not then scheduled to mature or to be prepaid within the next 180 days, the yield to maturity, expressed as a per annum percentage, of the Company Subordinated Debt using as the price of the Company Subordinated Debt the average Market Price (expressed as a percentage of the principal amount) of the Company Subordinated Debt for the five Trading Days ending on the twentieth Trading Day immediately preceding the applicable Reset Date, (ii) if clause (i) is inapplicable, the yield to maturity, expressed as a per annum percentage, to which the Company and the Holders of a Majority of the Series A Preferred Stock agree in writing prior to the 40th day preceding the applicable Reset Date and (iii) otherwise, the yield to maturity, expressed as a per annum percentage, that an Investment Banking Firm selected by the Company states in a written opinion to the Company, with a copy to the Holders, is the yield to maturity as of the 40th day before the applicable Reset Date of the issue of non-convertible subordinated debt of an energy service company that in its judgment has a yield to maturity that approximates the yield to maturity that Company Subordinated Debt would then bear if such debt were then outstanding (taking into account the terms of Company Subordinated Debt that would be required as of such Reset Date). If clause (iii) is applicable and the Company fails to engage an Investment Banking Firm or for any other reason such written opinion is not delivered to the Holders within the 20th day preceding the applicable Reset Date, then the Holders of a Majority of the Series A Preferred Stock may engage an Investment Banking Firm, at the expense of the Company, to so determine the Yield to Maturity, and shall cause the written opinion of the Investment Banking Firm to be delivered to the Company, which determination shall be final and conclusive. If the Yield to Maturity is determined pursuant to clause (i) above, then the Company shall deliver a certificate to the Holders prior to the 10th day preceding the applicable Reset Date providing reasonable detail as to the calculation of such Yield to Maturity and the Dividend Rate to be applicable following the next Reset Date. The Yield to Maturity in each case shall be calculated in accordance with the Securities Industry Association's recommendations as contained in Spence, Graudenz, and Lynch, Securities

Calculation Methods, Securities Industry Association, New York, 1973.

"Warrants" means the warrants issued and sold pursuant to the Purchase

Agreement.

"Warrant Shares" means shares of Common Stock acquired upon exercise of

Warrants.

The foregoing definitions will be equally applicable to both the singular and plural forms of the defined terms.

3. Dividends and Distributions.

(A) The holders of the Series A Preferred Stock shall be entitled to receive out of the assets of the Company legally available for that purpose, dividends at the Dividend Rate, and, except as provided in Section

3(C), no more, to be paid in accordance with the terms of this Section 3.

Such dividends shall be cumulative from the Issue Date and shall be payable in arrears, when and as declared by the Board, on March 31, June 30, September 30 and December 31 of each year (each such date being herein referred to as a "Dividend Payment Date"), commencing on June 30, 1999.

The period from the Issue Date to the next Dividend Payment Date and each quarterly period between consecutive Dividend Payment Dates shall hereinafter be referred to as a "Dividend Period." The dividend for any

Dividend Period for any share of Series A Preferred Stock that is not outstanding on every day of the Dividend Period shall be prorated based on the number of days such share was outstanding during the period. Each such dividend shall be paid to the holders of record of the Series A Preferred Stock as their names appear on the share register of the Company on the corresponding Record Date. As used above, the term "Record Date" means,

with respect to the dividend payable on March 31, June 30, September 30 and December 31, respectively, of each year, the preceding March 15, June 15, September 15 and December 15, or such other record date designated by the Board with respect to the dividend payable on such respective Dividend Payment Date not exceeding 30 days preceding such Dividend Payment Date. Dividends on account of arrears for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on a date designated by the Board, not exceeding 30 days preceding the payment date thereof, as may be fixed by the Board.

(B) Dividends payable on the Series A Preferred Stock for Dividend Periods ending on or prior to March 31, 2002 shall be paid in the form of Common Stock. Dividends payable on the Series A Preferred Stock for Dividend Periods ending after March 31, 2002 shall be paid in cash. The number of shares of Common Stock to be issued in circumstances when dividends are paid with shares of Common Stock will equal the cash amount of the dividend otherwise payable divided by the average Market Price of the Common Stock for the five Trading Days immediately preceding the record date of such dividend (which record date shall not be prior to the date such dividend is declared); provided, however, that if any adjustment of the Exercise Price pursuant to Section 13 of the Warrants is effective as

of any date during the period beginning on the first day of such five-day period and ending on the date on which such shares of Common Stock are issued, then the number of shares of Common Stock to be issued as a dividend pursuant to the foregoing provision will be adjusted to the extent appropriate to reflect such adjustment. The number of shares of Common Stock to be issued as a dividend shall be rounded to the nearest whole share after aggregating all shares of Series A Preferred Stock owned by a Holder.

(C) If, on any Dividend Payment Date, the Company fails to pay dividends, then until the dividends that were scheduled to be paid on such date are paid, such dividends shall cumulate and shall accrue additional dividends to and including the date of payment thereof at the Dividend Rate then in effect, compounded on a quarterly basis. Unpaid dividends for any period less than a full Dividend Period shall cumulate on a day-to-day basis and shall be computed on the basis of a 360-day year. Except as otherwise provided in this Section

3 or in Section 5(B) or 10, no right shall accrue to the Holders by reason of
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the fact that dividends on the Series A Preferred Stock are not declared or paid
for any Dividend Period.

(D) So long as any shares of the Series A Preferred Stock shall be outstanding, (i) the Company shall not declare or pay any dividend whatsoever, whether in cash, property or otherwise, set aside any cash or property for the payment of dividends, or make any other distribution on any Junior Securities (except a dividend or distribution payable in shares of Junior Securities), (ii) the Company shall not declare or pay any dividend whatsoever, whether in cash, property or otherwise, set aside any cash or property for the payment of dividends, or make any other distribution on any Parity Securities (except a dividend or distribution payable in shares of Junior Securities), and (iii) the Company shall not and shall cause its Subsidiaries not to repurchase, redeem or otherwise acquire or set aside any cash or property for the repurchase or redemption of any Junior Securities or Parity Securities (other than the acquisition of Junior Securities from employees of the Company or any of its Subsidiaries or the acquisition of Junior Securities from a Person in connection with the settlement of disputes with such Person or its shareholders or other equity holders relating to a prior acquisition by the Company or any of its Subsidiaries of assets or securities from such Person or where the consideration payable by the Company consists solely of Junior Securities), unless in each such case all dividends to which the Holders of the Series A Preferred Stock shall have been entitled to receive for all previous Dividend Periods shall have been paid or declared and a sum of money, or shares of Common Stock, as applicable, sufficient for the payment thereof shall have been set apart.

4. Dividend Reset Procedures.

(A) From and after the Initial Dividend Reset Date and continuing until the Second Dividend Reset Date, the Dividend Rate shall be the sum of (i) the Yield to Maturity determined for the Initial Dividend Reset Date and (ii) 2.5%.

(B) From and after the Second Dividend Reset Date and continuing until the Final Dividend Reset Date, the Dividend Rate shall be the sum of (i) the Yield to Maturity determined for the Second Dividend Reset Date and (ii) 2.5%.

(C) From and after the Final Reset Date, the Dividend Rate shall be the sum of (i) the Yield to Maturity determined for the Final Reset Date and (ii) 4.5%.

5. Voting Rights. The Holders shall have the following voting rights

with respect to the Series A Preferred Stock:

(A) Each share of Series A Preferred Stock shall entitle the holder thereof to the voting rights specified in Sections 5(B) and 5(C) and no
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other voting rights except as required by law.

(B) Whenever, at any time or times, dividends payable on the Series A Preferred Stock shall be in arrears in an aggregate amount equivalent to three (3) quarterly dividends (determined without regard to any dividends payable pursuant to Section 3(C)), there shall

be vested in the Holders, voting as a separate class and with one vote for each share, the right to elect a director of the Company. Such right of the Holders to vote for the election of a director may be exercised at any annual meeting or at any special meeting called for such purpose, or at any adjournment thereof, until all arrearages in dividends on the outstanding shares of Series A Preferred Stock shall have been paid in full, or declared and funds, or shares or Common Stock, as applicable, sufficient for the payment thereof deposited in trust or otherwise made available and when so paid or provided for, then all rights of the Holders under this Section 5(B) shall cease. So long as such right to vote continues, the

Secretary of the Company may call, and upon written request of the Holders of ten percent (10%) or more of the outstanding Series A Preferred Stock addressed to him at the principal office of the Company shall call, a special meeting of the Holders for the election of such director as provided herein. Such meeting shall be held within fifty (50) days after delivery of such request to such Secretary, at the place and upon the notice provided by law and in the Bylaws of the Company for the holding of meetings of its shareholders. If at any such meeting or any adjournment thereof the Holders of at least a majority of the then outstanding shares of Series A Preferred Stock then entitled to vote in such election shall be present or represented by proxy, then, by vote of the Holders of at least the majority of all such shares of Series A Preferred Stock present or represented in such meeting, the then authorized number of directors of the Company shall be increased by one (unless a vacancy then exists on the Board) and the Holders of such shares of Series A Preferred Stock shall be entitled to elect such additional director (or fill such vacancy). The Director so elected shall serve until the next annual meeting of the Company's shareholders for the election of directors or until his successor shall be elected and shall qualify; provided, however, that whenever all arrearages in dividends on all outstanding shares of Series A Preferred Stock shall have been paid, or declared and funds, or shares or Common Stock, as applicable, sufficient for the payment thereof deposited in trust or otherwise made available, the term of office of the person so elected as director shall forthwith terminate, and, if the size of the Board shall have been increased as provided herein, the number of the whole Board shall be reduced accordingly. If the director so elected by the Holders shall cease to serve as director before his term shall expire, the Holders may, at a special meeting of such Holders called as provided above, elect a successor to hold office for the unexpired term of such director.

(C) The consent of the Holders of at least a Majority of the Series A Preferred Stock, voting separately as a single class with one vote per share, in person or by proxy, either in writing without a meeting or at an annual or a special meeting of such Holders called for the purpose, shall be necessary to:

(i) amend, alter or repeal, by way of merger or otherwise, any of the provisions of the Certificate, including the Certificate of Designation, so as to

(A) affect adversely any of the rights, preferences or privileges of Holders, or

(B) authorize or create any shares of Parity Securities or Senior Securities (or amend the provisions of any existing class of Capital Stock to

make such class of Capital Stock a class of Parity Securities or Senior Securities), or

(ii) authorize the consummation of or consummate any Business Combination unless either clause (A) or clause (B) below is satisfied:

(A) the consummation of the Business Combination will not result in a Change of Control or the Business Combination will be consummated after April 15, 2004, and in each case:

(y) if, but only if, the Company is not the surviving or continuing corporation in the Business Combination or the Company becomes a Subsidiary of another corporation in such Business Combination and the holders of Common Stock become entitled to receive Capital Stock in such other corporation, the Holders of the Series A Preferred Stock shall have the right to receive or continue to hold in the surviving or continuing corporation in such Business Combination the same number of shares of preferred stock with the same rights, preferences and privileges, as correspond to the Series A Preferred Stock held immediately prior to such Business Combination (provided, however, that if the Company or the surviving corporation becomes a Subsidiary of another corporation in such Business Combination and the holders of Common Stock became entitled to receive Capital Stock in such other corporation, then the holders of the Series A Preferred Stock shall be entitled to receive such shares of preferred stock with the same rights, preferences and privileges in such other corporation), and

(z) if, but only if, the Company is not the surviving or continuing corporation in the Business Combination or the Company becomes a Subsidiary of another corporation in such Business Combination and the holders of Common Stock become entitled to receive Capital Stock in such other corporation, such surviving or other corporation, as the case may be, has immediately after the consummation of such Business Combination no Senior Securities or Parity Securities (other than the same number of shares with the same rights, preferences and privileges as correspond to any shares of Senior Securities or Parity Securities of the Company outstanding immediately prior to the consummation of the Business Combination), or

(B) (w) the consummation of the Business Combination will occur on or before April 15, 2004 and will result in a Change of Control, and

(x) the Board has elected, by a duly adopted resolution, to utilize the provisions of this Section

5(C) (ii) (B) in lieu of obtaining a separate vote of the

Holders to authorize the consummation of the Business Combination, and

(y) the consummation of such Business Combination has been approved by the holders of 75% or more of the outstanding shares of Common Stock unless such Business Combination would involve (i) the merger or consolidation of the Company or a Subsidiary of the Company with a Related Person or any other Person which is an Affiliate or Associate of a Related Person, (ii) the sale or other disposition of all or substantially all of the assets of the Company to a Related Person or any Affiliate or Associate of a Related Person or (iii) any other Business Combination with a Related Person or an Affiliate or Associate of a Related Person, in which event the Business Combination has been approved by the holders of 75% or more of the outstanding Common Stock not owned, directly or indirectly, by such Related Person or any Affiliate or Associate of such Related Person, and

(z) concurrently with, and as a condition to, the consummation of the Business Combination all of the Series A Preferred Stock is redeemed pursuant to the provisions of Section 8(A); or

(iii) issue any shares of Parity Securities or Senior Securities.

(D) Anything in Section 5(C) to the contrary notwithstanding, (i) the

consent of the Holders of at least a Majority of the Series A Preferred Stock, voting separately as a single class with one vote per share, shall be required to authorize the consummation on or before April 15, 2004 of any Business Combination that will result in a Change of Control unless the Board has made the election referred to in Section 5(C) (ii) (B) (x), and (ii)

no separate vote or consent of the Series A Preferred Stock shall be required in connection with the authorization or issuance of, or an increase in the total number of authorized shares of, any class of Junior Securities or an increase in the number of shares of undesignated Preferred Stock that the Company is authorized to issue.

6. Liquidation Preference. In the event of any Liquidation, after

payment or provision for payment by the Company of the debts and other liabilities of the Company and the liquidation preference of any Senior Securities that rank senior to the Series A Preferred Stock with respect to distributions upon Liquidation, each Holder shall be entitled to receive an amount in cash for each share of the then outstanding Series A Preferred Stock held by such Holder equal to the Stated Value per share plus an amount equal to all accrued but unpaid dividends thereon, whether or not earnings are available in respect of such dividends or such dividends have been declared, to and including the date full payment is tendered, deposited in trust or otherwise made available to the Holders with respect to such Liquidation and no more (such amount being referred to herein as the "Liquidation

Preference") before any distribution shall be made to the holders of any Junior

Securities (and any Senior Securities or Parity Securities that, with respect to distributions upon Liquidation, rank junior to the Series A Preferred Stock) upon the Liquidation of the Company. In case the assets of the Company available for payment to the Holders are insufficient to pay the full Liquidation Preference on all outstanding shares of the Series A Preferred Stock and all outstanding shares of Parity Securities and Senior Securities that, with respect to distributions upon Liquidation, are pari passu with the Series A Preferred Stock in the amounts to which the holders of such shares are entitled, then the entire assets of the Company available for payment to the Holders and to the holders of such Parity Securities and Senior Securities shall be distributed ratably among the Holders of the Series A Preferred Stock and the holders of such Parity Securities and Senior Securities, based upon the aggregate amount due on such shares upon Liquidation. Written notice of any Liquidation of the Company, stating a payment date and the place where the distributable amounts shall be payable, shall be given by mail, postage prepaid, not less than ten days prior to the payment date stated therein, to the Holders of record of the Series A Preferred Stock, if any, at their respective addresses as the same shall appear on the books of the Company.

7. Ordinary Redemption.

(A) Except as provided in this Section 7 or Section 8, the Series A

Preferred Stock may not be redeemed by the Company prior to April 15, 2004. On or after April 15, 2004 or earlier if in accordance with Section 7(D),

the Series A Preferred Stock may be redeemed by the Company at any time so long as funds are legally available therefor, in whole but not in part, in the manner provided for in this Section 7, at a redemption price per share

equal to the Stated Value plus accrued but unpaid dividends to and including the date the redemption price is paid, tendered or otherwise made available to the Holders, payable in same day funds (the "Redemption

Price").

(B) Notice of redemption (the "Notice of Redemption") of the Series A

Preferred Stock shall be sent by or on behalf of the Company, by first class mail, postage prepaid, to the Holders of record of the Series A Preferred Stock at their respective addresses as they shall appear on the records of the Company, not less than ten (10) days nor more than sixty (60) days prior to the date fixed for redemption (the "Redemption Date")

(1) notifying such holders of the election of the Company to redeem such shares, the Redemption Date and the Redemption Price, and (2) stating the place or places at which the Series A Preferred Stock shall, upon presentation and surrender of the certificates evidencing such shares, be redeemed. The right of the Holders to receive the payment of the Redemption Price shall be conditioned upon the presentation and surrender for cancellation of the certificates evidencing their shares of Series A Preferred Stock.

(C) If Notice of Redemption shall have been given as hereinbefore provided, each Holder shall be entitled to all preferences, relative and other rights accorded by this Certificate of Designation (including the right to receive dividends, but excluding the conversion rights provided for in Section 10, which shall, subject to the further provisions of this

Section 7(C), terminate as of the date of mailing of the Notice of

Redemption unless such conversion rights had been exercised prior to the date of mailing of the Notice of

Redemption, in which case such rights shall continue to the extent so exercised) and the DGCL until and including the Redemption Date. If the Company shall default in making, tendering or otherwise making available payment of the Redemption Price on the Redemption Date, then each Holder shall be entitled to all preferences, relative and other rights accorded by this Certificate of Designation (including the right to receive dividends and the conversion rights provided for in Section 10) and the DGCL until

and including the date (the "Actual Redemption Date") when the Company

actually makes, tenders or otherwise makes available payment of the Redemption Price to the Holders. From and after the Redemption Date or, if the Company shall default in making payment or provision for payment as aforesaid on the Redemption Date, the Actual Redemption Date, whether or not the certificates for the shares of Series A Preferred Stock are surrendered for payment of the Redemption Price, the Series A Preferred Stock shall no longer be deemed to be outstanding, and all rights of the Holders shall cease and terminate, except the right of the Holders, upon surrender of certificates therefor, to receipt of amounts to be paid hereunder.

(D) If any Person or Group becomes the Beneficial Owner of 50% or more of the total outstanding Voting Stock of the Company or of Common Stock, then, at any time at least ninety (90) days after the date of such occurrence, the Holders of a Majority of the Series A Preferred Stock may give written notice to the Company requesting redemption of all Series A Preferred Stock at the Redemption Price. If, within sixty (60) days after receiving such notice from the Holders of a Majority of the Series A Preferred Stock, the Company has not given Notice of Redemption of all of the Series A Preferred Stock in accordance with Section 7(B), the Company

shall be deemed to have elected to permit the Holders of the Series A Preferred Stock to effect an Optional Conversion pursuant to Section 10,

and the Company shall not be obligated to redeem the Series A Preferred Stock under this Section 7(D).

8. Special Redemptions.

(A) If the consent of the Holders of a Majority of the Series A Preferred Stock is not obtained in connection with a Business Combination that will result in a Change of Control on or before April 15, 2004 and the Company has elected to proceed with such Business Combination by complying with the conditions set forth in Section 5(C)(ii)(B), then, subject to the

satisfaction of such conditions, upon, and as a condition to the consummation of the Business Combination, the Company shall redeem effective with, and subject to, such consummation, all of the Series A Preferred Stock at the Special Redemption Price per share, payable in same day funds on the day that the Business Combination is consummated.

(B) Notice of redemption (the "Notice of Special Redemption") of the

Series A Preferred Stock pursuant to Section 8(A) shall be sent by or on

behalf of the Company, by first class mail, postage prepaid, to the Holders of record of the Series A Preferred Stock at their respective addresses as they shall appear on the records of the Company, not less than ten (10) days nor more than ninety (90) days prior to the date fixed for redemption (the "Special Redemption Date") which shall be the date of consummation of

the Business

Combination. The Notice of Special Redemption shall (1) notify such holders of the election of the Company to redeem such shares, the Special Redemption Date and the Special Redemption Price, and (2) state the place or places at which the Series A Preferred Stock shall, upon presentation and surrender of the certificates evidencing such shares, be redeemed. The right of the Holders to receive the payment of the Special Redemption Price shall be conditioned upon the presentation and surrender for cancellation of the certificates evidencing their shares of Series A Preferred Stock.

(C) If Notice of Special Redemption shall have been given as hereinbefore provided, each Holder shall be entitled to all preferences, relative and other rights accorded by this Certificate of Designation (including the right to receive dividends, but excluding the conversion rights provided for in Section 10, which shall, subject to the further

provisions of this Section 8(C), terminate as of the date of mailing of the

Notice of Special Redemption unless such conversion rights had been exercised prior to such date of mailing in which case such rights shall continue to the extent so exercised) and the DGCL until and including the Special Redemption Date. If the Company shall default in making, tendering or otherwise making available payment of the Special Redemption Price on the Special Redemption Date, then each Holder shall be entitled to all preferences, relative and other rights accorded by this Certificate of Designation (including the right to receive dividends and the conversion rights provided for in Section 10) and the DGCL until and including the

date (the "Actual Special Redemption Date") when the Company actually

makes, tenders or otherwise makes available payment of the Special Redemption Price to the Holders. From and after the Special Redemption Date or, if the Company shall default in making payment or provision for payment as aforesaid on the Special Redemption Date, the Actual Special Redemption Date, whether or not the certificates for the shares of Series A Preferred Stock are surrendered for payment of the Special Redemption Price, the Series A Preferred Stock shall no longer be deemed to be outstanding, and all rights of the Holders shall cease and terminate (including, without limitation, the right to receive payment for accrued but unpaid dividends), except the right of the Holders, upon surrender of certificates therefor, to receipt of the Special Redemption Price.

(D) If a Notice of Special Redemption has been given pursuant to Section 8(A), and the agreement relating to the proposed Business

Combination to which it relates has been terminated or the Company otherwise has elected not to proceed with the proposed Business Combination, then the Notice of Special Redemption may be rescinded by the Company.

(E) "Special Redemption Price" shall mean the quotient of (i) \$30,000,000 less (A) the aggregate amount of dividends with respect to the Series A Preferred Stock paid to the Holders after the Issue Date and prior to the Special Redemption Date or the Actual Special Redemption Date, as the case may be (such applicable date is hereinafter referred to as the "Date of Redemption") (valuing any dividends paid in the form of shares of Common Stock based on the Market Price of a share of Common Stock on the Trading Day next preceding the date of payment of the applicable dividend) less (B) the aggregate consideration received by the Purchaser prior to the Date of Redemption from the sale or other disposition of any or all of the Warrants and any Warrant Shares less (C) the In-the-

Money Warrant Value of all Warrants owned by the Purchaser immediately prior to the Date of Redemption less (D) the product of the number of Warrant Shares owned by Purchaser immediately prior to the Date of Redemption multiplied by the Market Price of a share of Common Stock on the Trading Day next preceding the Date of Redemption, divided by (ii) 150,000; provided, however, that the Special Redemption Price shall not be less than the Stated Value plus accrued but unpaid dividends to and including the Date of Redemption. The "In-the-Money Warrant Value" shall mean (a) the aggregate product of (x) the number of shares of Common Stock acquirable upon exercise of the Warrants owned by Purchaser immediately prior to the Date of Redemption multiplied by (y) the Market Price of a share of Common Stock on the Trading Day next preceding the Date of Redemption less (b) the aggregate exercise price for all Warrants owned by Purchaser immediately prior to the Date of Redemption. In connection with a Special Redemption, the Purchaser shall provide the Company with a certificate providing the information requested by the Company that is reasonably necessary to calculate the Special Redemption Price. Anything herein to the contrary notwithstanding, the Company shall not be deemed to be in default in making payment or provision for payment of the Special Redemption Price if its failure to make such payment or provision for payment is a result of Purchaser's failure to provide the information contemplated by the preceding sentence, and the right of the Holders to receive payment of the Special Redemption Price shall be deferred until two Business Days following the Company's receipt of such information.

9. Status of Redeemed Shares; Limitations on Series A Preferred Stock.

The Company shall return to the status of unauthorized and undesignated shares of Preferred Stock each share of Series A Preferred Stock which it shall redeem or for any other reason acquire, and such shares thereafter may have such characteristics and designations as the Board may determine (subject to Section

5), provided, however, no share of Series A Preferred Stock which shall be

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redeemed or otherwise acquired by the Company shall thereafter be reissued, sold or transferred by the Company as Series A Preferred Stock. The Company will not issue any further shares of Series A Preferred Stock.

10. Optional Conversion.

(A) Subject to the provisions of Section 7 and Section 8, shares of

Series A Preferred Stock are convertible into Common Stock at the Optional Conversion Rate per share of Series A Preferred Stock, at the option of the Holders thereof ("Optional Conversion") (i) at any time after June 1, 2004, (ii) at any time dividends payable on the Series A Preferred Stock are in arrears in an aggregate amount equivalent to five quarterly dividends (determined without regard to any dividends payable pursuant to Section

3(C)), and (iii) at any time after the Company is deemed to have elected

pursuant to Section 7(D) to permit the Holders to effect an Optional

Conversion. The right of the Holders to effect an Optional Conversion based on an arrearage in dividends shall immediately terminate (except to the extent Holders have previously delivered written notice of conversion to the Company) when all arrearages in dividends have been paid in full or declared and funds, or shares of Common Stock, as applicable, sufficient for the payment thereof deposited in trust or otherwise made available to the Holders. Optional Conversion of shares of Series A Preferred Stock may be effected by

delivering certificates evidencing such shares of Series A Preferred Stock, together with a duly executed written notice of conversion and, if required by the Company, a proper assignment of such certificates to the Company's principal executive offices or to the office of the transfer agent for the shares of Series A Preferred Stock or to any other office or agency maintained by the Company for that purpose. Each Optional Conversion shall be deemed to have been effected immediately before the close of business on the date on which the certificates evidencing such shares of Series A Preferred Stock and the related notice of conversion are received by the Company. The Optional Conversion shall be at the Optional Conversion Rate in effect on such date. Anything herein to the contrary notwithstanding, shares of Series A Preferred Stock may not be converted unless all then outstanding shares of Series A Preferred Stock are converted at the same time even if the shares of Series A Preferred Stock are held by more than one Holder. If the Holders of a Majority of the Series A Preferred Stock elect to effect an Optional Conversion, then all outstanding shares of Series A Preferred Stock held by other Holders shall be deemed to be converted at the same time.

(B) The Optional Conversion Rate per share of Series A Preferred Stock shall be the number of shares of Common Stock equal to the quotient of (i) the Stated Value plus all accrued but unpaid dividends to and including the effective date of the Optional Conversion on one share of the Series A Preferred Stock divided by (ii) the higher of (x) the average of the Market Price of the Common Stock for the five Trading Days immediately preceding the effective date of the Optional Conversion; provided, however, that if any adjustment of the Exercise Price pursuant to Section 13 of the Warrants

is effective during such five-day period, then the average of the Market Price of the Common Stock for such five-day period will be adjusted to the extent appropriate to reflect such adjustment or (y) \$2.00 (such amount shall be adjusted in a manner similar to the adjustment to the Exercise Price under the Warrants with respect to events occurring after the Issue Date that are subject to Section 13(B) of the Warrants). As of the

effective date of the Optional Conversion, the Holder shall be deemed to have been issued the shares of Common Stock the Holder is entitled to receive upon such conversion, and the Holder shall be treated for all purposes as the record holder of such shares of Common Stock on such date, which shares shall, upon issuance, be fully paid and non-assessable and free from liens other than liens created by or imposed upon the Holder.

(C) The Company will at all times reserve and keep available, out of its authorized but unissued shares of Common Stock, the maximum number of shares of Common Stock into which all shares of Series A Preferred Stock may become convertible pursuant to this Section 10.

(D) The Company will procure, at its sole expense, the listing of the Common Stock issuable upon conversion of the Series A Preferred Stock, subject to issuance or notice of issuance, on all stock exchanges on which the Common Stock is then listed. The Company will pay any and all documentary stamp or similar issue or transfer taxes that may be payable in respect of the issuance or delivery of shares of Common Stock on conversion of shares of the Series A Preferred Stock. The Company shall not, however, be required to

pay any tax which may be payable in respect of any transfer involving the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issue and delivery shall be made unless and until the person requesting such issue has paid to the Company the amount of any such tax, or has established, to the satisfaction of the Company, that such tax has been paid.

(E) No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Series A Preferred Stock. If any such conversion would otherwise require the issuance of a fractional share, an amount equal to such fraction multiplied by the current Market Price per share of Common Stock on the date of conversion shall be paid to the Holder in cash by the Company. If more than one share of Series A Preferred Stock shall be surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered.

(F) The Holders of a Majority of the Series A Preferred Stock may give written notice to the Company at any time terminating the right of the Holders to effect an Optional Conversion.

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IN WITNESS WHEREOF, this Certificate of Designation has been signed on behalf of the Company by its President and attested to by its Secretary, all as of the 13th day of April, 1999.

NEWPARK RESOURCES, INC.

By: /s/ James D. Cole

President

Attest:

By: /s/ Edah Keating

Secretary

PURCHASE AGREEMENT

BY AND AMONG

NEWPARK RESOURCES, INC.

AND

SCF-IV, L.P.

SERIES A CUMULATIVE PERPETUAL PREFERRED STOCK
WARRANTS FOR COMMON STOCK

APRIL 8, 1999

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PURCHASE AGREEMENT

PURCHASE AGREEMENT, dated as of April 8, 1999, by and among Newpark Resources, Inc., a Delaware corporation (together with its successors, if any, the "Company"), and SCF-IV, L.P., a Delaware limited partnership, (the "Purchaser").

In consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Affiliate" means, with respect to any Person, any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person. For purposes of this definition and this Agreement, the term "control" (and correlative terms "controlling," "controlled by" and "under common control with") means possession of the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a Person.

"Agreement" means this Purchase Agreement, as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof.

"Approval" means any approval, authorization, grant of authority, consent, order, qualification, permit, license, variance, exemption, franchise, concession, certificate, filing or registration or any waiver of the foregoing, or any notice, statement or other communication required to be filed with, delivered to or obtained from any Governmental Entity.

"Authorized Preferred Stock" has the meaning set forth in Section 3.3(a).

"Board" means the Board of Directors of the Company.

"Business Day" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in Houston, Texas or New Orleans, Louisiana generally are authorized or required by law or other government actions to close.

"Bylaws" mean the Company's bylaws, as amended from time to time.

"Capital Stock" means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (ii) with respect to any Person that is not a corporation, any and all partnership or other equity interests of such Person.

"Certificate of Designation" shall mean the Certificate of Designation in

the form attached hereto as Exhibit 6.2(e).

"Certificate of Incorporation" means the Company's Certificate of

Incorporation, as amended from time to time.

"Closing" has the meaning set forth in Section 7.1.

"Closing Date" has the meaning set forth in Section 7.1.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules

and regulations thereunder as in effect on the date hereof.

"Common Stock" means the Company's common stock, par value \$.01 per share,

and any Capital Stock for or into which such Common Stock hereafter is
exchanged, converted, reclassified or recapitalized by the Company or pursuant
to a business combination to which the Company is a party.

"Company" has the meaning set forth in the introductory paragraph hereof.

"Company Disclosure Schedule" has the meaning set forth in Article III.

"Company 1998 Form 10-K" means the Report on Form 10-K filed by the Company

with the SEC for the year ended December 31, 1998.

"Company Options" has the meaning set forth in Section 3.3(c).

"Company SEC Documents" has the meaning set forth in Section 3.5.

"Contracts" means all agreements, contracts, or other binding commitments,

arrangements or plans, written or oral (including any amendments and other
modifications thereto), to which the Company or any of its Subsidiaries is a
party or is otherwise bound.

"Cure Period" has the meaning set forth in Section 8.1(b) (i).

"Environmental Laws" has the meaning set forth in Section 3.15.

"ERISA" means the Employee Retirement Income Security Act of 1974, as

amended.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and

the rules and regulations of the SEC promulgated thereunder.

"GAAP" has the meaning set forth in Section 3.5(b).

"Governmental Entity" means any agency, bureau, commission, court,

authority, department, official, political subdivision, tribunal or other
instrumentality of any government, whether (i) regulatory, administrative or
otherwise, (ii) federal, state or local, or (iii) domestic or foreign.

"Hazardous Materials" has the meaning set forth in Section 3.15.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976,

as amended.

"Intellectual Property" has the meaning set forth in Section 3.14.

"Knowledge" of any Person means the actual knowledge of such Person's

executive officers obtained without investigation other than through the
exercise of each such Person's normal duties.

"Law" means any constitutional provision, statute or other law, ordinance,

rule, regulation or interpretation of any thereof having the force of law and
any Order of any Governmental Entity (including Environmental Laws) now in
effect.

"Lien" means any mortgage, lien, pledge, encumbrance, easement, charge or

security interest of any kind (including any agreement to give any of the
foregoing, any conditional sale or other title retention agreement or any lease
in the nature thereof).

"Litigation" has the meaning set forth in Section 3.10.

"Material Adverse Effect" or "Material Adverse Change" means any effect,

change, event or occurrence that is materially adverse to the business,
operations, properties, condition (financial or otherwise), results of
operations, assets, liabilities or prospects of the Company and its Subsidiaries
taken as a whole.

"Material Contracts" means any contract required to be filed as an exhibit

to a Report on Form 10-K filed by the Company with the SEC.

"Material Subsidiary" means any Subsidiary of the Company that had revenues

of more than \$1,000,000 for the year ended December 31, 1998 or that had assets
or liabilities (including contingent liabilities) of a value or amount in excess
of \$1,000,000 as of the date of this Agreement.

"Order" means any decree, injunction, judgment, settlement, order, ruling,

assessment or writ of a court.

"Person" means an individual or a corporation, partnership, trust,

incorporated or unincorporated association, limited liability company, joint
venture, joint stock company, government (or an agency or political subdivision
thereof) or other entity of any kind.

"PS" means the Company's Series A Cumulative Perpetual Preferred Stock,

\$.01 par value per share.

"Purchase Price" has the meaning set forth in Section 2.1(b).

"Purchaser" has the meaning set forth in the introductory paragraph hereto.

"Purchaser's Expenses" means all reasonable out-of-pocket fees, costs and expenses incurred by Purchaser in connection with its due diligence efforts or the transactions contemplated by this Agreement and the other Transaction Documents, including fees, costs and expenses of its accountants, counsel and other similar advisors.

"Registration Rights Agreement" means the Registration Rights Agreement in the form of Exhibit 7.2(b) (iii).

"SEC" means the Securities and Exchange Commission.

"Securities" means the Shares and the Warrants.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Shares" means the 150,000 shares of PS purchased by Purchaser pursuant to this Agreement, and any Capital Stock for or into which such Shares hereafter are exchanged, converted, reclassified or recapitalized by the Company or pursuant to a business combination to which the Company is a party.

"Stock Plans" means the Company's stock option, stock incentive or other similar plans.

"Subsidiary" means, (i) a corporation, a majority of whose stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by the Company, by a Subsidiary of the Company or by the Company and another Subsidiary, or (ii) any other Person (other than a corporation) in which the Company, a Subsidiary or the Company and a Subsidiary, directly or indirectly, at the date of determination thereof has at least a majority ownership interest.

"Transaction Documents" means this Agreement, the Certificate of Designation, the Warrants and the Registration Rights Agreement.

"Transfer" has the meaning set forth in Section 4.4.

"Underlying Shares" means the shares of Common Stock issuable upon exercise of the Warrants in accordance with the terms thereof, any shares of Common Stock issued in payment of accrued dividends on the Shares, and any shares of Common Stock issued upon conversion of the Shares.

"Voting Stock" of a Person means Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances

to vote in the election of the board of directors, managers or trustees of such Person; provided that if such Person has more than one class or series of Voting Stock, any calculation as to a percentage of such Voting Stock shall be made with respect to the percentage of votes entitled to be cast in respect of such Voting Stock in such circumstances.

"Warrants" means the warrants to purchase initially 2,400,000 shares of

Common Stock, at an exercise price of \$8.50 per share (as may be adjusted from time to time as set forth therein), in substantially the form of Exhibit

7.2(b)(ii).

Section 1.2 References and Titles. All references in this Agreement to

Exhibits, Schedules, Articles, Sections, subsections, and other subdivisions refer to the corresponding Exhibits, Schedules, Articles, Sections, subsections, and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections, or other subdivisions of this Agreement are for convenience only, do not constitute any part of such Articles, Sections, subsections or other subdivisions, and shall be disregarded in construing the language contained therein. The words "this Agreement," "herein," "hereby," "hereunder," and "hereof," and words of

similar import, refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Section," "this

subsection," and words of similar import, refer only to the Sections or

subsections hereof in which such words occur. The word "including" (in its various forms) means "including without limitation." Pronouns in masculine,

feminine, or neuter genders shall be construed to state and include any other gender and words, terms, and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise expressly requires. Unless the context otherwise requires, all defined terms contained herein shall include the singular and plural forms of such defined terms. All references in this Agreement to "the Company and its Subsidiaries" or to "the Company and its Material Subsidiaries" means the Company and its Subsidiaries or the Company and its Material Subsidiaries, as the case may be, taken as a whole.

ARTICLE II.
PURCHASE OF THE SECURITIES

Section 2.1 Purchase of the Securities.

(a) Subject to the terms and conditions herein set forth, the Company will sell to Purchaser, and Purchaser will purchase from the Company, the Securities.

(b) The aggregate purchase price payable for the Securities shall be \$15 million (the "Purchase Price"). The Purchase Price shall be allocated between

the Shares and the Warrants as agreed to between the parties in writing at or prior to Closing.

(c) Delivery of the Securities shall be made at Closing by delivery to Purchaser, against payment of the Purchase Price therefor as provided herein, of (i) one or more share certificates, registered in the name of Purchaser, representing an aggregate of 150,000 shares of PS and (ii) the Warrants, all to be purchased at Closing by Purchaser hereunder.

(d) Payment of the Purchase Price for the Securities to be purchased hereunder shall be made by or on behalf of Purchaser by wire transfer of immediately available funds to an account of the Company (the number for which account shall have been furnished to Purchaser at least two Business Days prior to the Closing Date).

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Purchaser as follows (in each case as qualified by matters reflected on the disclosure schedule dated as of the date of this Agreement by reference to the Section of this Agreement so qualified and delivered by the Company to Purchaser on or prior to the date of this Agreement (the "Company Disclosure Schedule") and made a part hereof by

reference):

Section 3.1 Organization, Standing and Power. Each of the Company and

each of its Material Subsidiaries is a corporation or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or organized and has the requisite corporate or other such entity power and authority to own its properties and carry on its business as now being conducted. Each of the Company and each of its Material Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions where the failure to be so qualified or licensed or to be in good standing, individually or in the aggregate, has not had and could not reasonably be expected to have a Material Adverse Effect. The Company has delivered to Purchaser prior to the execution of this Agreement complete and correct copies of its Certificate of Incorporation and Bylaws and, in the case of the Material Subsidiaries, made available similar organizational documents, in each case, as in effect on the date of this Agreement.

Section 3.2 Material Subsidiaries. Except as set forth in the Company

1998 Form 10-K, all the outstanding shares of share capital (or other voting or equity securities or interests, as applicable) of each Material Subsidiary of the Company have been validly issued and are fully paid and nonassessable (with respect to corporate Subsidiaries) and, except as set forth in Schedule 3.2, are

owned directly or indirectly by the Company, free and clear of all Liens.

Section 3.3 Capital Structure.

(a) The authorized Capital Stock of the Company consists of 100,000,000 shares of Common Stock and 1,000,000 shares of preferred stock, \$.01 par value, which may be divided into and issued in one or more series upon the creation thereof by the Board (the "Authorized Preferred Stock"), of which, as of April

8, 1999, (A) 68,884,951 shares of Common Stock are issued and outstanding, (B) 6,823,769 shares of Common Stock have been authorized and reserved for issuance under the Stock Plans, (C) 0 shares of Common Stock are held by the Company in its treasury and (D) no shares of Common Stock are held by any of the Company's Subsidiaries. Except as described in this Section 3.3, the Company has no

authorized, issued or outstanding shares of Capital Stock as of the date of this Agreement.

(b) Except as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors' rights, there are no restrictions or limitations, contractual or otherwise, binding upon the Company or any of its Subsidiaries or to which the Company or any of its Subsidiaries is subject that prohibit or limit the enforceability of the terms and provisions of the Certificate of Designation or, except as provided for in the Warrants, will prohibit or limit the right of a holder of Warrants to exercise Warrants for shares of Common Stock; and the exercise of any Warrants for shares of Common Stock will not violate or result in or constitute a default under any existing loan or credit agreement, note, bond, mortgage, indenture, lease, permit, concession, franchise, license or any other contract, agreement, arrangement or understanding to which the Company or any of its Subsidiaries is a party or by which they or any of their properties or assets are bound other than any such violations or defaults that, individually or in the aggregate, have not had and could not reasonably be expected to have a Material Adverse Effect;

(c) There are no outstanding warrants, share or stock options, share or stock appreciation rights or other rights to receive or purchase any Capital Stock of the Company or any of its Subsidiaries granted under the Stock Plans or otherwise except as set forth in the Company 1998 Form 10-K or Schedule 3.3(c)

of the Company Disclosure Schedule (such warrants, share or stock options, share or stock appreciation rights or other rights disclosed thereon, collectively, the "Company Options"). Except for the Company Options and except as provided

in the Transaction Documents, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which the Company or any of its Subsidiaries is a party or by which any of them is bound obligating the Company or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, any Capital Stock of the Company or of any of its Material Subsidiaries or obligating the Company or any of its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. There are no outstanding obligations of the Company or any of its Subsidiaries (contingent or otherwise) to repurchase, redeem or otherwise acquire any Capital Stock of the Company or any of its Material Subsidiaries or any security exchangeable for or convertible into such Capital Stock.

(d) All outstanding shares of Capital Stock of the Company and its Material Subsidiaries are, and all shares which may be issued upon exercise of the Warrants, conversion of the Shares or as a dividend on the Shares, will be, when issued in accordance with the terms of the Warrants and upon delivery of the exercise price, payable with respect thereto or in accordance with the terms of the Shares, as the case may be, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive or similar rights.

(e) Except as contemplated hereby or in the other Transaction Documents or as set forth in the Company 1998 Form 10-K or Schedule 3.3(e), there are not any

registration rights agreements, shareholder agreements, voting agreements or trusts, proxies or other agreements or contractual obligations to which the Company or any Subsidiary is a party or bound with respect to the registration with any Government Entity of any Capital Stock of the Company or any of its Material Subsidiaries, or the voting or disposition of any Capital Stock of the Company or any of its Material Subsidiaries and, to the Company's Knowledge, there are no other shareholder agreements, voting

agreements or trusts, proxies or other agreements or contractual obligations among the shareholders of the Company with respect to the voting or disposition of any Capital Stock of the Company or any of its Material Subsidiaries.

Section 3.4 Authority; No Violations; Approvals.

(a) The Board has approved this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby, and declared this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby to be in the best interests of the Company. The Board has approved the sale of the Securities and, upon any exercise of the Warrants or conversion of the Shares, the issuance of the Underlying Shares to Purchaser hereunder. The Company has all requisite corporate power and authority to enter into this Agreement and each of the other Transaction Documents and to consummate each of the transactions and perform each of the obligations contemplated hereby and thereby. The execution and delivery of this Agreement and each of the other Transaction Documents and the consummation of each of the transactions and the performance of each of the obligations contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been, and, subject to the completion of the Closing, at the Closing the Warrants and the Registration Rights Agreement will be, duly executed and delivered by the Company, and the Certificate of Designation has been duly adopted by the Board of Directors in accordance with applicable Law. The Certificate of Designation (upon the filing of the same with the Delaware Secretary of State) and, assuming this Agreement and each of the other Transaction Documents to which Purchaser is a party constitute the valid and binding obligations of Purchaser, this Agreement and each of the Warrants and the Registration Rights Agreement, constitutes a valid and binding obligation of the Company enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) The execution and delivery of this Agreement and each of the Warrants and the Registration Rights Agreement, and the adoption of the Certificate of Designation, does not, and the consummation of the transactions contemplated hereby and thereby and compliance with the provisions hereof and thereof will not, conflict with, require the consent of any other Person to or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to the loss of any material benefit under, or give rise to a right of purchase under, result in the creation of any Lien upon any of the material properties or assets of the Company or its Material Subsidiaries under, or otherwise result in a material detriment to the Company or its Material Subsidiaries under, any provision of (A) the Certificate of Incorporation or Bylaws or any provision of the comparable organizational documents of any of the Company's Material Subsidiaries, (B) any loan or credit agreement, note, bond, mortgage, indenture, lease, instrument, permit, concession, franchise, license or other contract or agreement, arrangement or understanding to which the Company or any of its Material Subsidiaries is a party or otherwise is bound or by which any of them or their respective properties are bound or any existing Approval applicable to the Company or any of its Material Subsidiaries, (C) any joint venture or other ownership arrangement to which the Company or any

of its Material Subsidiaries is a party or otherwise is bound or by which any of them or their respective properties are bound or (D) assuming the Approvals referred to in Section 3.4(c) are duly and timely obtained or made, any Law or

Order applicable to the Company or any of its Subsidiaries or any of their respective properties or assets, other than, in the case of clause (B) (other than with respect to any material loan or credit agreement, note, bond, mortgage or indenture or any Material Contract), (C) or (D), any such conflicts, failures to obtain consents, violations, defaults, rights, losses, Liens or detriments, that, individually or in the aggregate, (x) have not had and could not reasonably be expected to have a Material Adverse Effect, (y) have not impaired and could not reasonably be expected to impair the ability of the Company to perform its obligations under any of the Transaction Documents in any material respect, and (z) have not and could not reasonably be expected to delay in any material respect or prevent the consummation of any of the transactions, or performance of any of the obligations of the Company contemplated by any of the Transaction Documents.

(c) No Approval from any Governmental Entity is required by or with respect to the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement or any other Transaction Document by the Company or the consummation by the Company of the transactions contemplated hereby or thereby, except for: (A) the possible filing of a notification report by the Company under the HSR Act and the expiration or termination of the applicable waiting period with respect thereto in connection with the issuance of Underlying Shares (but not in order to consummate the Closing), (B) the filing of the Certificate of Designation in accordance with the requirements of Section 103 of the Delaware General Corporation Law and (C) any such Approvals the failure of which to be made or obtained (1) has not had and could not reasonably be expected to have a Material Adverse Effect, (2) has not impaired and could not reasonably be expected to impair the ability of the Company to perform its obligations under any of the Transaction Documents in any material respect and (3) have not and could not reasonably be expected to delay in any material respect or prevent the consummation of any of the transactions contemplated by any of the Transaction Documents.

Section 3.5 SEC Documents.

(a) The Company has made available to Purchaser a true and complete copy of each report, schedule, registration statement and definitive proxy statement filed by the Company with the SEC since December 31, 1997 (the "Company SEC Documents"), including the Company 1998 Form 10-K, which are all the documents

(other than preliminary materials) that the Company was required to file with the SEC since December 31, 1997. As of their respective dates, the Company SEC Documents complied in all material respects with the requirements of the Securities Act, or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such Company SEC Documents, and none of the Company SEC Documents contained as of their respective dates any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The financial statements of the Company included in the Company SEC Documents, including the notes and schedules thereto, at the time filed complied as to form in all material

respects with the rules and regulations of the SEC with respect thereto, were prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved

(except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Rule 10-01 of Regulation S-X of the SEC) and fairly present the consolidated financial position of the Company and its consolidated Subsidiaries as of their respective dates and the consolidated results of operations and the consolidated cash flows of the Company and its consolidated Subsidiaries for the periods presented therein in accordance with applicable requirements of GAAP (subject, in the case of the unaudited statements, to normal, recurring adjustments, none of which are material) applied on a consistent basis during the periods presented (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Rule 10-01 of Regulation S-X promulgated under the Securities Act).

Section 3.6 Absence of Certain Changes or Events.

(a) Except as disclosed in the Company SEC Documents filed prior to the date of this Agreement, or except as contemplated by this Agreement, since December 31, 1998, the Company and its Material Subsidiaries have conducted their business only in the ordinary course of business consistent with past practice, and there has not been: (i) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Capital Stock of the Company; (ii) any split, combination, reclassification or amendment of any term of any outstanding Capital Stock or other security of the Company or any of its Material Subsidiaries or (other than issuance of Common Stock upon the exercise of any Company Options) any issuance or the authorization of the issuance of any securities of the Company or any of its Material Subsidiaries, other than in connection with the transactions contemplated hereby; (iii) any repurchase, redemption or other acquisition by the Company or any Subsidiary of the Company of any outstanding Capital Stock or other securities of the Company or any Material Subsidiary of the Company, except as contemplated by the Stock Plans; (iv) (A) any grant by the Company or any of its Subsidiaries to any officer of the Company or any of its Material Subsidiaries of any increase in compensation, except for increases in the ordinary course of business consistent with past practice or as required under employment or other agreements or benefit arrangements in effect as of December 31, 1998, or (B) any grant by the Company or any of its Subsidiaries to any such officer of any increase in severance or termination pay, except as was required or provided for under any employment, severance, termination or other agreements or benefit arrangements in effect as of December 31, 1998; (v) except as required by a change in GAAP, any material change in accounting methods, principles or practices by the Company or any of its Material Subsidiaries, (vi) any material casualties affecting the Company and its Material Subsidiaries, or any material loss, damage or destruction to any of their properties or assets, whether covered by insurance or not.

(b) Except as disclosed in the Company's consolidated financial statements included in the Company 1998 Form 10-K, and the notes thereto, and except for matters relating to general economic conditions and conditions which affect the oilfield services industry generally, since December 31, 1998, there has not been any event, circumstance or fact that (x) has had or could reasonably be expected to have a Material Adverse Effect, (y) has impaired or could reasonably be expected to impair the ability of the Company to perform its obligations under any of the Transaction Documents in any material respect, or (z) could reasonably be expected to delay in any material

respect or prevent the consummation of any of the transactions contemplated by any of the Transaction Documents.

Section 3.7 No Undisclosed Material Liabilities. Except as disclosed in

Schedule 3.7 of the Company Disclosure Schedule or the Company's financial

statements included in the Company 1998 Form 10-K, and the notes thereto, there are no liabilities or obligations of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than: (i) liabilities adequately provided for on the balance sheet of the Company dated as of December 31, 1998 (including the notes thereto) contained in the Company 1998 Form 10-K; (ii) liabilities incurred in the ordinary course of business consistent with past practice since December 31, 1998, which liabilities, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect; (iii) liabilities arising under the Transaction Documents; and (iv) liabilities not required by GAAP to be recognized or disclosed on a consolidated balance sheet of the Company and its consolidated Subsidiaries or in the notes thereto, which liabilities, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 3.8 No Default. Neither the Company nor any of its Subsidiaries

is in default or violation (and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation) of any term, condition or provision of (i) the Certificate of Incorporation or Bylaws of the Company or the comparable organizational documents of any of its Material Subsidiaries, (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease, instrument, permit, concession, franchise, license or any other contract, agreement, arrangement or understanding to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of their respective properties or assets is bound, or (iii) any Order or Law applicable to the Company or any of its Subsidiaries, except in the case of clause (ii) and (iii), for violations or defaults that, individually or in the aggregate, (x) have not had and could not reasonably be expected to have a Material Adverse Effect, (y) have not impaired and could not reasonably be expected to impair the ability of the Company to perform its obligations under any of the Transaction Documents in any material respect, and (z) have not and could not reasonably be expected to delay in any material respect or prevent the consummation of any of the transactions contemplated by any of the Transaction Documents. The Company and its Subsidiaries (i) are not in breach of or default under any covenant, including financial covenants, under agreements relating to money borrowed in excess of \$5 million where such breach or default would (or would, with the passage of time or giving of notice, or both) entitle any other party to any such agreement to accelerate the time of repayment of any indebtedness of the Company or its Subsidiaries thereunder, and (ii) do not believe that it is reasonably likely that they will be in breach of or default under any such covenant under any such agreement as of the next date on which they are required to be in compliance with any such covenants.

Section 3.9 Compliance with Applicable Laws.

(a) The Company and each of its Subsidiaries has in effect all Approvals of all Governmental Entities necessary for the lawful conduct of their respective businesses, and there has occurred no default or violation (and no event has occurred which, with notice or the lapse of time

or both, would constitute a default or violation) under any such Approval, except for failures to obtain, or for defaults or violations under, Approvals which failures, defaults or violations, individually or in the aggregate, (i) have not had and could not reasonably be expected to have a Material Adverse Effect, (ii) have not impaired and could not reasonably be expected to impair the ability of the Company to perform its obligations under any of the Transaction Documents in any material respect, and (iii) could not reasonably be expected to delay in any material respect or prevent the consummation of any of the transactions contemplated by any of the Transaction Documents.

(b) Except as otherwise disclosed in the Company SEC Documents, the Company and its Subsidiaries are in compliance with all applicable Laws and Orders, except for possible noncompliance which, individually or in the aggregate, (i) has not had and could not reasonably be expected to have a Material Adverse Effect, (ii) has not impaired and could not reasonably be expected to impair the ability of the Company to perform its obligations under any of the Transaction Documents in any material respect, and (iii) could not reasonably be expected to delay in any material respect or prevent the consummation of any of the transactions contemplated by any of the Transaction Documents.

(c) No investigation or review by any Governmental Entity with respect to the Company, any of its Subsidiaries or the transactions contemplated by this Agreement and the other Transaction Documents is pending or, to the Knowledge of the Company, threatened, nor has any Governmental Entity notified the Company or any of its Subsidiaries in writing or, to the Company's Knowledge, otherwise of any intention to conduct the same, other than those the outcome of which, individually or in the aggregate, (i) have not had and could not reasonably be expected to have a Material Adverse Effect, (ii) have not impaired and could not reasonably be expected to impair the ability of the Company to perform its obligations under any of the Transaction Documents in any material respect, or (iii) could not reasonably be expected to delay in any material respect or prevent the consummation of any of the transactions contemplated by any of the Transaction Documents.

Section 3.10 Litigation. Except as disclosed in the Company SEC

Documents or Schedule 3.10 of the Company Disclosure Schedule, there is no suit,

action, proceeding or indemnification claim, at law or in equity, pending before any Governmental Entity or arbitrator, or, to the Knowledge of the Company, threatened, against or affecting the Company, any Subsidiary of the Company or any of its Material Contracts ("Litigation"), and neither the Company nor any

Subsidiary is a party to any Litigation, that, with respect to each matter, (i) has had or could reasonably be expected to have a Material Adverse Effect, (ii) has impaired or reasonably could be expected to impair the ability of the Company to perform its obligations under any of the Transaction Documents in any material respect, or (iii) reasonably could be expected to delay in any material respect or prevent the consummation of any of the transactions contemplated by any of the Transaction Documents, nor is there any Order of any Governmental Entity or arbitrator outstanding against or binding upon the Company or any Subsidiary of the Company or any of its Material Contracts which (i) has had or could reasonably be expected to have a Material Adverse Effect, (ii) has impaired or reasonably could be expected to impair the ability of the Company to perform its obligations under any of the Transaction Documents in any material respect, or (iii) reasonably

could be expected to delay in any material respect or prevent the consummation of any of the transactions contemplated by any of the Transaction Documents.

Section 3.11 Title to Properties. Except as set forth in the Company SEC

Documents and Schedule 3.2, the Company or its Subsidiaries own, of record (to

the extent applicable) and beneficially, or have a valid leasehold interest in, all material personal property and real property, in each case, as reflected on the latest balance sheet included in the Company SEC Documents as being owned or leased by it or any of its Subsidiaries or as thereafter acquired by it or any of its Subsidiaries (except to the extent that any such properties have thereafter been disposed of in the ordinary course of business), free and clear of any liens or other similar encumbrances that are material to the business of the Company and its Subsidiaries.

Section 3.12 Certain Agreements.

(a) Except as included in the list of exhibits to the Company 1998 Form 10-K or Schedule 3.12(a) of the Company Disclosure Schedule, there are no, whether

in oral or written form, Material Contracts. Each Material Contract is in full force and effect.

(b) The Company or the relevant Subsidiary and, to the Company's Knowledge, each other party to the Material Contracts has performed in all material respects the obligations required to be performed by it under the Material Contracts and is not (with or without lapse of time or the giving of notice, or both) in breach or default thereunder in any material respect. No party to any Material Contract has given written notice of any action to terminate, cancel, rescind or procure a judicial reformation thereof.

Section 3.13 Status of Securities. The issuance and sale of the

Securities and the reservation and issuance of the Underlying Shares have been duly authorized by all necessary corporate action on the part of the Company (except that there has been no reservation of any shares of Common Stock that may be issued in payment of accrued dividends on the Shares), and the Shares, when delivered to Purchaser at the Closing against payment therefor as provided herein, will be validly issued, fully paid and non-assessable and the issuance and sale of the Securities and the issuance of the Underlying Shares are not and will not be subject to preemptive rights of any Person.

Section 3.14 Intellectual Property. The Company and the Subsidiaries

own, possess or license, or, to the Company's Knowledge can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business of the Company and the Material Subsidiaries in all material respects as now operated by them, and neither the Company nor any of the Subsidiaries has received any written notice or, to the Knowledge of the Company, is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property (including Intellectual Property which is licensed) or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of the Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision,

ruling or finding) or invalidity or inadequacy, singly or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. To the Company's Knowledge, the Company will not suffer any Material Adverse Effect with respect to Year 2000 non-compliance.

Section 3.15 Environmental Matters. Except for such matters as could

not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect or as disclosed on Schedule 3.15, (A) neither the Company nor any

of the Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and the Subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or, to the Company's Knowledge, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of the Subsidiaries and (D) to the Company's Knowledge there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of the Subsidiaries relating to Hazardous Materials or Environmental Laws.

Section 3.16 Insurance. The Company has made available to Purchaser a

listing of all insurance policies maintained by the Company and its Material Subsidiaries, indicating risks insured against, carrier, amount of coverage and expiration date, and, to the Company's Knowledge, all such insurance is in full force and effect.

Section 3.17 No Brokers or Finders. No agent, broker, finder or

investment or commercial banker, or other Person or firm engaged by or acting on behalf of the Company or its Subsidiaries in connection with the negotiation, execution or performance of this Agreement is or will be entitled to any brokerage or finder's or similar fee or other commission as a result of this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby, other than any such fees or commissions that have been disclosed to Purchaser and as to which the Company shall have full responsibility.

Section 3.18 Vote. There are no approvals required of the holders of any

class or series of shares or stock of the Company necessary to approve this Agreement or any other Transaction Documents and the transactions contemplated hereby or thereby.

Section 3.19 Absence of Labor Dispute. No labor dispute with the

employees of the Company or any of the Subsidiaries exists or, to the Company's Knowledge is imminent, and, to the

Company's Knowledge, there is no existing or imminent labor disturbance by the employees of any of its or any of the Subsidiaries' principal suppliers, manufacturers, customers or contractors, which, in either case, could reasonably be expected to result in a Material Adverse Effect.

Section 3.20 Tax Returns. Except as set forth on Schedule 3.20, all

United States federal income tax returns of the Company and the Subsidiaries required by law to be filed (taking into account all extensions) have been filed and all federal income taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except for such taxes and assessments, if any, as are being contested in good faith and by adequate proceedings and as to which adequate reserves have been provided. The Company and the Subsidiaries have filed all other tax returns that are required to have been filed by them pursuant to applicable foreign, federal, state, local or other law except insofar as the failure to file such returns could not reasonably be expected to result in a Material Adverse Effect, and have paid all taxes shown by such returns or pursuant to any assessment received by the Company and the Subsidiaries, which are due and payable, except for such taxes or assessments, if any, as are being contested in good faith and by appropriate proceedings and as to which adequate reserves have been provided or where the amount due, in the aggregate, is not material to the business of the Company and its Material Subsidiaries. The charges, accruals and reserves on the books of the Company in respect of all federal, state, local and foreign tax liabilities of the Company and each Subsidiary for any years not finally determined are adequate to meet any assessments or reassessments for additional income tax that is reasonably expected to be payable for any years not finally determined, except to the extent of any inadequacy that could not reasonably be expected to result in a Material Adverse Effect.

Section 3.21 ERISA. The Company and each of the Subsidiaries is in

compliance in all material respects with the applicable provisions of ERISA, and no "reportable event", as such term is defined in Section 403 of ERISA, has occurred with respect to any plan of the Company or the Subsidiaries.

Section 3.22 Related Party Transactions. No relationship, direct or

indirect, exists between or among any of the Company, the Subsidiaries or any affiliate of the Company, on the one hand, and any director, officer, stockholder, customer or supplier of any of them, on the other hand, which would be required by the Exchange Act or by the rules and regulations enacted thereunder to be described in the Company's proxy statement for the election of directors in 1999 which is not described in the Company SEC Documents of the Company Disclosure Schedule.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to the Company as follows:

Section 4.1 Organization, Standing and Power. Purchaser is a limited

partnership duly organized, validly existing, and in good standing under the laws of Delaware and has all requisite partnership power and authority to own, lease, and operate its properties and to carry on its business as now being conducted and to execute and deliver this Agreement and the other Transaction

Documents to which Purchaser is a party and consummate each of the transactions and perform each of the obligations contemplated hereby and thereby.

Section 4.2 Authority; Approvals.

(a) (i) The execution and delivery by Purchaser of this Agreement and the other Transaction Documents to which it is a party, the purchase of the Securities to be purchased by it and the consummation of each of the transactions and the performance of each of the obligations contemplated hereby and thereby have been duly and properly authorized by all necessary partnership action on the part of Purchaser and (ii) this Agreement has been and the other Transaction Documents to which Purchaser is a party will be (on or prior to the Closing), duly executed and delivered by it and, assuming the accuracy of the representations and warranties of the Company in Section 3.4 hereof, constitute

the valid and legally binding obligations of Purchaser, enforceable against it in accordance with their respective terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) The execution and delivery by Purchaser of this Agreement and the other Transaction Documents to which it is a party, the purchase of the Securities to be purchased by it and the consummation of each of the transactions and the performance of each of the obligations contemplated hereby and thereby (i) does not conflict with or violate (whether with or without notice or a lapse of time or both), require the consent of any Person to or otherwise result in a material detriment to Purchaser under, (1) its organizational documents or (2) any agreements to which it is a party or, assuming the Approvals referred to in Section 4.2(c) are duly and timely made or obtained, any Law or Order applicable

to it, in each case in a manner that could reasonably be expected to materially hinder or impair the completion of any of the transactions contemplated hereby or have a material adverse effect on the business, properties, condition (financial or otherwise), liabilities or prospects of Purchaser; or (ii) does not impose any penalty or other onerous condition on Purchaser that could reasonably be expected to materially hinder or impact the completion of any of the transactions contemplated hereby.

(c) No Approval from any Governmental Entity is required by or with respect to Purchaser in connection with the execution and delivery by Purchaser of this Agreement or any other Transaction Document to which it is a party or the consummation by Purchaser of the transactions contemplated hereby or thereby, except for: (A) the possible requirement of the filing of a notification report by Purchaser under the HSR Act, and the expiration or termination of the applicable waiting period with respect thereto in connection with the acquisition of Underlying Shares (but not in order to consummate the Closing) and (B) any such Approval the failure of which to be made or obtained (1) has not impaired and could not reasonably be expected to impair the ability of Purchaser to perform its obligations under any of the Transaction Documents in any material respect and (2) could not reasonably be expected to delay in any material respect or prevent the consummation of any of the transactions contemplated by any of the Transaction Documents.

Section 4.3 Investment Intent. The Securities to be acquired by

Purchaser hereunder and any Underlying Shares to be acquired upon the exercise, conversion or exchange of such Securities are being, or, in the case of the Underlying Shares, will be, acquired for its own account for investment and with no intention of distributing or reselling such Securities or Underlying Shares or any part thereof or interest therein in any transaction which would be in violation of the securities Laws of the United States of America or any applicable state or any foreign country or jurisdiction.

Section 4.4 Transfer Restrictions.

(a) Purchaser acknowledges and agrees that (i) no Transfer of the Shares may be made prior to April 15, 2004 (other than to the Company), (ii) the foregoing restriction on Transfer is reasonable in light of the nature of the transactions contemplated by this Agreement and Purchaser's investment goals in connection with its acquisition of the Securities, and (iii) the Company would not have entered into this Agreement but for the agreement of Purchaser set forth in this Section 4.4(a).

(b) If Purchaser should decide to dispose of any of the Securities to be purchased by it or any Underlying Shares, Purchaser understands and agrees that it may do so only pursuant to an effective registration statement under the Securities Act (and registration or qualification under all applicable state and foreign securities Laws) or pursuant to an exemption from registration under the Securities Act and such state and foreign securities Laws. In connection with any offer, resale, pledge or other transfer (individually and collectively, a "Transfer") of any Securities or Underlying Shares other than pursuant to an

effective registration statement, (i) the transferor shall have notified the Company of the proposed Transfer and shall have furnished the Company with a statement in reasonable detail of the circumstances surrounding the proposed Transfer, and (ii) the Company may require that the transferor of such Securities or Underlying Shares provide to the Company an opinion of counsel which opinion shall be reasonably satisfactory in form and substance to the Company, to the effect that such Transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or foreign securities Laws. In the discretion of the Company, the Company may condition any Transfer of any Securities or Underlying Shares (other than pursuant to an effective registration statement, pursuant to Rule 144 promulgated under the Securities Act or pursuant to a distribution by Purchaser to its partners such that such partners upon receipt of such securities will be eligible to sell such securities pursuant to Rule 144(k) promulgated under the Securities Act, provided that, in the case of any such distribution, Purchaser shall have provided to the Company an opinion of counsel, reasonably satisfactory in form and substance to the Company, to such effect) upon the transferee's delivery to the Company of a written agreement, in form and substance satisfactory to the Company, whereby the transferee (i) makes such representations and warranties to and for the benefit of the Company as are comparable to the representations and warranties of Purchaser set forth in Article IV of this Agreement, as and to the extent applicable to the proposed Transfer, and (ii) agrees to be bound by the transfer restriction set forth in this Section 4.4. Purchaser agrees to the

imprinting, so long as appropriate, of substantially the following legend on certificates representing the Securities and any Underlying Shares:

THE SECURITIES (THE "SECURITIES") EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR FOREIGN SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER AGREES THAT IT WILL NOT OFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER (INDIVIDUALLY AND COLLECTIVELY, A "TRANSFER") THE SECURITIES EVIDENCED HEREBY, EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT (AND REGISTRATION OR QUALIFICATION UNDER ALL APPLICABLE STATE AND FOREIGN SECURITIES LAWS), OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND ALL APPLICABLE STATE AND FOREIGN SECURITIES LAWS. IF THE PROPOSED TRANSFER IS TO BE MADE OTHER THAN PURSUANT TO CLAUSE (A) ABOVE, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AND THE TRANSFER AGENT SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THEY MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR ANY STATE OR FOREIGN SECURITIES LAW. IN ADDITION, THE SECURITIES MAY ONLY BE TRANSFERRED IN COMPLIANCE WITH SECTION 4.4 OF THE PURCHASE AGREEMENT PURSUANT TO WHICH THEY WERE ISSUED.

COPIES OF SUCH PURCHASE AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

Purchaser also agrees to the imprinting, so long as appropriate, of substantially the following legend on certificates representing the Shares:

THE SHARES EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD,
PLEDGED OR OTHERWISE TRANSFERRED OTHER THAN TO THE COMPANY
PRIOR TO APRIL 15, 2004.

The legends set forth above relating to securities Law matters may be removed if and when the Securities or Underlying Shares, as the case may be, represented by such certificate are disposed of pursuant to an effective registration statement under the Securities Act or the Company receives an opinion of counsel, reasonably satisfactory to the Company, that such legends may be removed. The Share certificates, Warrants and certificates for Underlying Shares shall also bear any additional legends required by applicable federal, state or foreign securities Laws, which legends (together with the legends set forth above relating to securities Law matters) may be removed when, in the opinion of counsel to the Company, the same are no longer required under the applicable requirements of such securities Laws. Purchaser agrees that, in connection with any Transfer of Securities by it pursuant to an effective registration statement under the Securities Act, it will comply with all prospectus delivery requirements of the Securities Act and will affect all Transfers thereunder in accordance with such registration statement and all requirements of applicable federal, state and foreign securities Laws. The Company makes no representation, warranty or agreement as to the

availability of any exemption from registration under the Securities Act or any state or foreign securities Laws with respect to any resale of Securities or Underlying Shares. The Company is authorized to notify its transfer agent of the status of any Securities or Underlying Shares bearing any of the foregoing legend(s) and to take such other action as shall be reasonable and proper to prevent any violation of the Securities Act, any state or foreign securities Laws or any other restrictions on Transfer set forth herein.

(c) The provisions of this Section 4.4 shall not be construed to limit any

of the obligations of Purchaser under the Warrants.

Section 4.5 Purchaser Status. Purchaser represents and warrants to, and

covenants and agrees with the Company that (i) at the time it was offered the Securities, it was, (ii) at the date hereof, it is, and (iii) at the Closing Date, it will be, an accredited investor as defined in Rule 501(a) under the Securities Act, and has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the Company and the merits and risks of an investment in the Securities and the Underlying Shares, and is able to bear the economic risk of such investment for an indefinite period of time.

Section 4.6 Access to Information; Investigation. Purchaser represents

and acknowledges that it (a) has had access to and the opportunity to review the Company's properties, assets, financial statements, contracts and other books and records and has made such investigation with respect thereto as it deems necessary to enter into the transactions contemplated hereby, (b) has been afforded the opportunity to ask appropriate representatives of the Company questions concerning the business, assets, financial condition and prospects of the Company and has been furnished, to its Knowledge, with all requested information, and (c) has been solely responsible for its own due diligence investigation of the Company and its management and business, for its own analysis of the merits and risks of an investment in the Securities, and for its own analysis of the terms of the investment in the Securities. Anything herein to the contrary notwithstanding, the provisions of this Section 4.6 shall not in

any way limit any of the representations and warranties of the Company set forth in this Agreement or in any Schedule delivered pursuant hereto by the Company or its authorized representatives or the rights of Purchaser with respect to any breach of any such representations and warranties.

Section 4.7 No Brokers or Finders. No agent, broker, finder or

investment or commercial banker, or other Person or firm engaged by or acting on behalf of Purchaser in connection with the negotiation, execution or performance of this Agreement is or will be entitled to any brokerage or finder's or similar fee or other commission as a result of this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby, other than any such fees or commissions that have been disclosed to the Company and as to which Purchaser shall have full responsibility.

ARTICLE V.
COVENANTS

Section 5.1 Affirmative Covenants of the Company. The Company hereby

covenants and agrees that, until the earlier of the Closing or the termination of this Agreement, unless consented to in writing by Purchaser (such consent not to be unreasonably withheld), the Company will and will cause each of its Material Subsidiaries to operate its business in the usual and ordinary course consistent with past practices except as contemplated by this Agreement.

Section 5.2 Negative Covenants of the Company.

(a) Except as expressly contemplated by this Agreement or otherwise consented to in writing by Purchaser, from the date of this Agreement until earlier of the Closing or the termination of this Agreement, the Company shall not do, and shall, to the extent applicable, not permit any of its Material Subsidiaries to do, any of the following:

(i) adopt or propose to adopt any amendments to the Company's Certificate of Incorporation or Bylaws; other than transactions between the Company and one or more of its Subsidiaries or among one or more of its Subsidiaries, adopt resolutions authorizing a liquidation, dissolution, merger, consolidation, restructuring, recapitalization, or other reorganization of the Company or any Material Subsidiary; or make any other changes in the Company's capital structure;

(ii) declare or pay any dividend or make any other distribution (whether in cash, stock or property) with respect to its Capital Stock (or other voting or equity securities or interests, as applicable), other than dividends paid by any Subsidiary to the Company or another Subsidiary, or take any other action that if taken after the issuance of the Warrants would result in an adjustment to the number of shares acquirable upon exercise of the Warrants; or

(iii) agree in writing or otherwise to do any of the foregoing.

Section 5.3 Approvals. The Company and Purchaser each agree to

cooperate and use all commercially reasonable efforts to obtain (and will promptly prepare all registrations, filings and applications, requests and notices preliminary to) all Approvals that may be necessary or which may be reasonably requested by the Company or Purchaser to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

Section 5.4 HSR Act Notification. If after the Closing and until the

later of (i) the date the Shares are no longer outstanding and (ii) the earlier to occur of the date on which the Warrants are fully exercised and the date on which all outstanding Warrants are no longer exercisable, filings are required under the HSR Act so that Purchaser may acquire the Underlying Shares or otherwise acquire securities pursuant to the Transaction Documents, the Company will upon the written request of Purchaser, and Purchaser will upon the written request of the Company, (i) file or cause to be filed, as promptly as practicable after the receipt of such notice and in no event later than fifteen Business Days after the receipt of such notice, with the Federal Trade Commission and the United States Department of Justice, all reports and other documents required to be filed by such party under the HSR Act concerning the transactions contemplated in such notice, (ii) promptly comply with or

cause to be complied with any requests by the Federal Trade Commission or the United States Department of Justice for additional information so that the waiting period applicable thereto under the HSR Act shall expire as soon as practicable, and (iii) cooperate with the other parties in requesting early termination of any applicable waiting period under the HSR Act. The Company will reimburse Purchaser for any filing fees in connection with such filings by Purchaser.

Section 5.5 Notification of Certain Matters. The Company shall give

prompt notice to Purchaser, and Purchaser shall give prompt notice to the Company, of (a) the occurrence, or failure to occur, of any event that causes any representation or warranty contained in any Transaction Document to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Closing Date and (b) any failure of the Company or Purchaser to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under any Transaction Document at any time from the date of this Agreement to the Closing Date.

Section 5.6 Board of Directors. The Company shall use its reasonable

best efforts to cause promptly following the Closing (a) the Board to be increased by one (unless there is an existing vacancy on the Board) and (b) an individual identified by Purchaser to the Company to be elected as a director of the Company. As long as Purchaser owns a majority of the Shares, at any meeting of the shareholders of the Company held for the purpose of electing directors of the Company, Purchaser shall be entitled to nominate one individual for election to the Board (unless the term of the director previously nominated by the Purchaser pursuant to this Section 5.6 would continue after such election) and

the Company shall use its reasonable best efforts to cause to be elected to the Board such individual. If the director nominated by the Purchaser shall resign or otherwise cease serving as director, then Purchaser may designate a replacement, and the Company shall use its reasonable best efforts to ensure that such designated replacement shall serve on the Board in the place of such former director until the next scheduled meeting of shareholders held for the purpose of electing directors.

Section 5.7 Registration Rights Agreement. The Company agrees to enter

into a Registration Rights Agreement in substantially the form attached hereto as Exhibit 7.2(b)(iii).

Section 5.8 Confidentiality. Purchaser shall, and shall cause its

representatives to, hold confidential all information relating to the Company or its Subsidiaries it has received prior to the Closing from the Company or any of its representatives, or information, if any, it receives after the Closing from the Company or any of its representatives as a result of or in connection with Purchaser's ownership of the Securities or Purchaser's right to nominate and/or elect any of the directors of the Company (including, without limitation, information provided to any such director); provided, however, that the foregoing shall not apply to (a) information that is or becomes generally available to the public other than as a result of a disclosure by a Purchaser or any of its representatives in violation of this Section 5.8, (b) information

that is or becomes available to Purchaser or any of its representatives on a nonconfidential basis from a source other than the Company or its representatives, provided that such source is not known by Purchaser to be bound by a confidentiality agreement with or other obligation of secrecy to the Company or any other party, and (c) information that is required to be disclosed by Purchaser or any of its representatives as a

result of any applicable Law; provided further, however, that in the event information is required to be disclosed pursuant to clause (c), the Person proposing such disclosure shall provide the Company to the extent practicable an opportunity, reasonably in advance of any such disclosure, to review and comment on the form and content of such proposed disclosure. The provisions of this Section 5.8 shall terminate on the first anniversary of the termination of the

provisions of Section 5.6.

Section 5.9 Standstill.

(a) Purchaser will not, and will not permit any of its Affiliates to, acquire or agree to acquire, directly or indirectly, by purchase or otherwise (including by joining a "group" within the meaning of Section 13(d)(3) of the Exchange Act), any of the Voting Stock of the Company, any securities directly or indirectly convertible into or exchangeable for Voting Stock of the Company, any direct or indirect rights, warrants or options to acquire any voting Stock of the Company or any right to vote Voting Stock of the Company if, after giving effect to such purchase or other acquisition, Purchaser and its Affiliates together would hold in the aggregate, or have the right to vote, more than 15% of the Voting Stock of the Company determined on a fully diluted basis.

(b) For purposes of Section 5.9(a), (i) all calculations of the fully

diluted voting power of the Voting Stock of the Company shall assume the conversion or exchange of all outstanding securities convertible into or exchangeable for such Voting Stock and the exercise of all outstanding rights, warrants and options to acquire such Voting Stock, regardless of whether such rights of conversion, exchange, purchase or acquisition are then exercisable, and (ii) any voting rights of the Shares and any shares of Common Stock issuable or issued upon the conversion of the Shares or issued in payment of dividends on the Shares shall be disregarded and excluded from any determination of the amount of Voting Stock owned by Purchaser and its Affiliates.

(c) Purchaser agrees that it will not form, or encourage the formation of, a "group" within the meaning of Section 13(d)(3) of the Exchange Act, to effect or acquire control of the Company.

(d) Purchaser agrees that with respect to any election of directors by the holders of Common Stock, it will (i) vote all shares of Common Stock then owned by it either, at Purchaser's election, (x) in the same proportion as the votes cast by all other holders of Common Stock or (y) in the manner recommended by the Company's then Board of Directors and (ii) as long as the Company is not in breach of Section 5.6, not solicit proxies in opposition to the slate of

nominees proposed by the Company's then Board of Directors.

(e) The provisions of this Section 5.9 shall terminate and be of no further

force or effect upon the earlier of (i) April 15, 2004 and (ii) a Change of Control (as such term is defined in the Certificate of Designation).

Section 5.10 Indemnification. The Company agrees to indemnify the

Purchaser and hold the Purchaser harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind (including, without limitation, the reasonable fees and disbursements of Purchaser's counsel in connection with any investigative, administrative or judicial proceeding), which may be incurred by Purchaser as a result of any claims made against Purchaser by any Governmental Entity or shareholder of the Company that relate to or arise out of this Agreement or the Securities,

provided that Purchaser shall not have the right to be indemnified hereunder for (or be relieved of any liability for) its own gross negligence or willful misconduct as determined by a court of competent jurisdiction or any conduct constituting a breach of or default under this Agreement or any other Transaction Document, and provided further, that notwithstanding anything to the contrary above, it is expressly understood between the parties hereto that the Company pursuant to this Section 5.10 shall not be responsible for or assume any

of the investment risk associated with the Securities or have any liability or responsibility for any lost profits of Purchaser.

Section 5.11 Restrictive Actions. The Company agrees it will not adopt or amend a shareholders rights plan, or take similar action, that would have the effect of restricting to a greater extent than the provisions of Section 5.9 (to be determined without giving effect to Section 5.9(e)), the ability of Purchaser and its Affiliates to acquire, directly or indirectly, Voting Stock of the Company.

ARTICLE VI.
CONDITIONS PRECEDENT TO CLOSING

Section 6.1 Conditions Precedent to Each Party's Obligation. The respective obligations of Purchaser and the Company to effect the transactions contemplated hereby are subject to the satisfaction on or prior to the Closing Date of the following conditions:

(a) Approvals. All Approvals of, or expirations of waiting periods imposed by, any Governmental Entity necessary for the consummation of the transactions contemplated by this Agreement shall have been filed, occurred, or been obtained, as applicable.

(b) No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

(c) No Action. No action shall have been taken nor any statute, rule, or regulation shall have been enacted by any Governmental Entity that makes the consummation of the transactions contemplated hereby illegal.

(d) No Adverse Action or Decision. There shall be no action, suit, investigation or proceeding, pending or threatened, against or affecting Purchaser or the Company or any of its Subsidiaries or any of their respective properties or rights, or any of their Affiliates, officers or directors, before any court, arbitrator or administrative or governmental body which (i) seeks to restrain, enjoin or prevent the consummation of or otherwise affect the transactions contemplated by this Agreement or the other Transaction Documents or (ii) questions the validity or legality of any such transaction or seeks to recover damages or to obtain other relief in connection with any such transaction.

(e) Consents Under Agreements. There shall have been obtained all consents or approvals required to be obtained by the Company or any of its Subsidiaries with respect to the

consummation of each of the transactions contemplated by this Agreement the failure of which to obtain reasonably could be expected to result in a Material Adverse Effect, and each such consent or approval shall be unconditional.

Section 6.2 Conditions Precedent to Obligation of Purchaser. The

obligation of Purchaser to effect the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions unless waived, in whole or in part, by Purchaser:

(a) Representations and Warranties. The representations and warranties of the Company set forth in this Agreement shall be true and correct in all respects (provided that, for purposes of this Section 6.2(a), any representation or warranty of the Company contained herein that is qualified by a materiality standard or a Material Adverse Effect qualification shall be read without regard to any such qualifications as if such qualifications were not contained therein) as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date except for such failures which, individually or in the aggregate, have not had and could not reasonably be expected to have a Material Adverse Effect, and Purchaser shall have received a certificate to the foregoing effect signed on behalf of the Company by the chief executive officer or by the chief financial officer of the Company.

(b) Performance of Obligations. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement prior to the Closing Date, and Purchaser shall have received a certificate to such effect signed on behalf of the Company by the chief executive officer or by the chief financial officer of the Company.

(c) Legal Opinions. Purchaser shall have received from Ervin, Cohen & Jessup LLP an opinion dated the Closing Date, with respect to the matters set forth in Exhibit 6.2(e).

(d) Closing Deliveries. All documents, instruments, certificates or other items required to be delivered by the Company pursuant to Section 7.2(b) shall have been delivered.

(e) Certificate of Designation. The Certificate of Designation, in the form attached as Exhibit 6.2(e), shall have been filed with the Delaware Secretary of State.

Section 6.3 Conditions Precedent to Obligations of Company. The

obligation of the Company to effect the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions unless waived, in whole or in part, by the Company:

(a) Representations and Warranties. The representations and warranties of Purchaser set forth in this Agreement shall be true and correct in all respects (provided that, for purposes of this Section 6.3(a), any representation or warranty of Purchaser contained herein that is qualified by a materiality standard shall be read without regard to any such qualifications as if such qualifications were not contained therein) as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date except for such failures which, individually or in the aggregate, have not had and could not reasonably be expected to have a material adverse effect on Purchaser,

and the Company shall have received a certificate to the foregoing effect signed on behalf of Purchaser by its general partner.

(b) Performance of Obligations of Purchaser. Purchaser shall have

performed in all material respects the obligations required to be performed by it under this Agreement prior to the Closing Date, and the Company shall have received a certificate to such effect signed on behalf of Purchaser by its general partner.

(c) Legal Opinions. The Company shall have received from Vinson & Elkins

L.L.P. an opinion dated the Closing Date, with respect to the matters set forth in of Exhibit 6.3(c).

(d) Closing Deliveries. All documents, instruments, certificates or other

items required to be delivered by Purchaser pursuant to Section 7.2(a) shall have been delivered.

ARTICLE VII.
CLOSING

Section 7.1 Closing. Subject to the satisfaction or waiver of the

conditions set forth in Article VI, the purchase and sale of the Securities to be purchased by Purchaser hereunder (the "Closing") will take place at the

offices of Vinson & Elkins L.L.P., 1001 Fannin, Houston, Texas, 77002, at 10:00 a.m., local time, on the third Business Day following the satisfaction or waiver (subject to applicable Law) of each of the conditions to the obligations of the parties to effect the transactions to occur at such Closing as set forth in Article VI, or on such other date as mutually agreed to by the parties hereto. The date on which the Closing occurs is herein referred to as the "Closing

Date". All closing transactions at the Closing shall be deemed to have occurred simultaneously.

Section 7.2 Actions to Occur at the Closing.

(a) At the Closing, Purchaser shall deliver to the Company the following:

(i) Purchase Price. An amount equal to the Purchase Price for the Securities in accordance with Article II.

(ii) Certificates. The certificates described in Sections 6.3(a) and 6.3(b).

(iii) Registration Rights Agreement. The Registration Rights Agreement, duly executed by Purchaser.

(iv) Legal Opinion. The opinion of counsel referred to in Section 6.3(c).

(b) At the Closing, the Company shall deliver to Purchaser the following:

(i) Share Certificates. Certificates representing the Shares.

(ii) Warrants. The Warrants, the form of which is attached hereto as

Exhibit 7.2(b)(ii).

(iii) Registration Rights Agreement. The Registration Rights

Agreement, duly executed by the Company, the form of which is attached
hereto as Exhibit 7.2(b)(iii).

(iv) Certificates. The certificates described in Sections 6.2(a) and

6.2(b).

(v) Consents Under Agreements. The original of each consent or

approval, if any, pursuant to Section 6.1(e).

(vi) Legal Opinions. The opinion of counsel referred to in Section

6.2(d).

ARTICLE VIII.
TERMINATION

Section 8.1 Termination. This Agreement may be terminated prior to the

Closing:

- (a) by mutual consent of Purchaser and the Company;
- (b) by either Purchaser or the Company:

(i) in the event of a breach by the other party of any
representation, warranty, covenant or agreement contained in this Agreement
which (A) would give rise to the failure of a condition set forth in
Section 6.2 or 6.3, and (B) cannot be cured or, if curable, has not been

cured within 20 days (the "Cure Period") following receipt by the breaching

party of written notice of such breach;

(ii) if a court of competent jurisdiction or other Governmental
Entity shall have issued an order, decree, or ruling or taken any other
action (which order, decree, or ruling Purchaser and the Company shall use
all commercially reasonable efforts to lift), in each case permanently
restraining, enjoining, or otherwise prohibiting the transactions
contemplated by this Agreement, and such order, decree, ruling, or other
action shall have become final and nonappealable; provided, however, that
the right to terminate this Agreement under this clause (ii) shall not be
available to any party whose breach of this Agreement has been the cause
of, or resulted in, such order, decree, ruling or other action; or

(iii) if the Closing shall not have occurred by April 30, 1999,
provided, however, that the right to terminate this Agreement under this
clause (iii) shall not be available to any party whose breach of this
Agreement has been the cause of, or resulted in, the failure of the Closing
to occur on or before such date.

Section 8.2 Effect of Termination. In the event of the termination of

this Agreement, written notice thereof shall forthwith be given to the other
party specifying the provision hereof pursuant to which such termination is
made, and this Agreement shall forthwith become null and void, except for
Sections 5.8 and 5.10 and liability of a party arising out of a willful breach

of, or

willful misrepresentation under, this Agreement prior to such termination (but in no event shall any party hereto be entitled to recover punitive or exemplary damages).

ARTICLE IX.
RECOVERY OF FEES

Section 9.1 Recovery of Fees.

Any party who shall obtain a final judgment in a court of competent jurisdiction for the payment of damages by another party for a breach of this Agreement or any other Transaction Document shall be entitled to recover reasonable attorneys' fees and court costs incurred in connection with the obtaining of such judgment.

ARTICLE X.
MISCELLANEOUS

Section 10.1 Survival of Provisions.

(a) The representations and warranties of the Company and Purchaser made herein and the covenants of the Company and Purchaser to be complied with on or prior to the Closing Date shall remain operative and in full force and effect pursuant to their terms, regardless of (x) any investigation made by or on behalf of Purchaser or the Company, as the case may be, or (y) acceptance of any of the Securities and payment by Purchaser therefor, until the later of the first anniversary of the Closing or April 15, 2000; provided that the representations and warranties contained in Sections 3.1 (insofar as it applies

to the Company), 3.3, 3.4(a), 3.13, 4.1 and 4.2(a) shall survive until the

eighth anniversary of the Closing and the representations and warranties
contained in Sections 4.3, 4.4 and 4.5 shall survive through the period of the

applicable statute of limitations; and provided, further, that such
representations and warranties shall survive as to any claim or demand made
prior to their termination date until such claim or demand is fully paid or
otherwise resolved by the parties hereto in writing or otherwise.

(b) The covenants and agreements of the Company and Purchaser contained in this Agreement that, by their terms, are to be performed or complied with after the Closing Date will survive until the period specified herein with respect to such covenant or agreement (or for the period during which the same remain applicable to the parties in accordance with their terms); and provided, further, that such covenants and agreements shall survive as to any claim or demand made prior to their termination date until such claim or demand is fully paid or otherwise resolved by the parties hereto in writing or otherwise.

Section 10.2 No Waiver; Modification in Writing. No failure or delay on

the part of the Company or Purchaser in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The provisions of this

Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given without the written consent of the Company and Purchaser. Any waiver of any provision of this Agreement, shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement, no notice to or demand on any party hereto in any case shall entitle the other party to any other or further notice or demand in similar or other circumstances.

Section 10.3 Specific Performance. The parties recognize that in the

event the Company or Purchaser should refuse to perform under the provisions of this Agreement or any other Transaction Document, monetary damages alone will not be adequate. Purchaser or the Company, as the case may be, shall therefore be entitled, in addition to any other remedies which may be available, including money damages, to obtain specific performance of the terms of this Agreement. In the event of any action to enforce this Agreement or any other Transaction Document specifically, the Company and Purchaser hereby waive the defense that there is an adequate remedy at law.

Section 10.4 Severability. If any term or other provision of this

Agreement is invalid, illegal, or incapable of being enforced by any rule of applicable law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated herein are consummated as originally contemplated to the fullest extent possible.

Section 10.5 Fees and Expenses. Within 30 days after the Closing, the

Company shall pay to Purchaser an amount equal to Purchaser's Expenses through the Closing Date (provided the amount and nature of such costs and expenses in reasonable detail shall have been furnished to the Company at least within 25 days after the Closing Date).

Section 10.6 Parties in Interest. This Agreement shall be binding upon

and, except as provided below, inure solely to the benefit of each party hereto and their permitted successors and assigns, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

Section 10.7 Notices. All notices and other communications hereunder

shall be in writing and shall be deemed given if delivered personally or by facsimile or mailed by registered, certified mail (return receipt requested) or Federal Express or other recognized overnight courier to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to Purchaser, to:

SCF-IV, L.P.
600 Travis, Suite 6600
Houston, Texas 77002
Attention: David C. Baldwin
Facsimile: 713-227-7850

(b) If to the Company, to:

Newpark Resources Inc.
3850 North Causeway, Suite 1700
Metairie, Louisiana 70002
Attention: James D. Cole
Facsimile: 504-833-9506

Any of the above addresses may be changed at any time by notice given as provided above; provided, however, that any such notice of change of address shall be effective only upon receipt. All notices, requests or instructions given in accordance herewith shall be deemed received on the date of delivery, if hand delivered, on the date of receipt, if telecopied, three Business Days after the date of mailing, if mailed by registered or certified mail, return receipt requested, and one Business Day after the date of sending, if sent by Federal Express or other recognized overnight courier.

Section 10.8 Counterparts. This Agreement may be executed and delivered

(including by facsimile transmission) in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 10.9 Entire Agreement. This Agreement (which term shall be

deemed to include the Exhibits and Schedules hereto and the other certificates, documents and instruments delivered hereunder) and the other Transaction Documents constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements, letters of intent and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof. There are no representations or warranties, agreements, or covenants of the parties with respect to the subject matter hereof and thereof other than those expressly set forth in this Agreement and the other Transaction Documents.

Section 10.10 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND

CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CONFLICTS OF LAW PROVISIONS.

Section 10.11 Public Announcements. The Company and Purchaser shall

consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereby, except for statements required by Law or by any

listing agreements with or rules of any national securities exchange or the National Association of Securities Dealers, Inc., or made in disclosures reasonably determined as required to be filed pursuant to the Securities Act or the Exchange Act.

Section 10.12 Assignment. Neither this Agreement nor any of the rights,

interests, or obligations hereunder shall be assigned by any of the parties hereto, whether by operation of Law or otherwise.

Section 10.13 Headings. The headings of this Agreement are for

convenience of reference only and are not part of the substance of this Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officer as of the date first written above.

NEWPARK RESOURCES, INC.

By: /s/ Matthew W. Hardey

Name: Matthew W. Hardey
Title: Vice President and Chief Financial Officer

SCF-IV, L.P.

By SCF-IV, G.P., Limited Partnership,
its General Partner

By: L.E. Simmons & Associates, Incorporated,
its General Partner

By: /s/ David C. Baldwin

1. The Company has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Delaware.

2. Each of the Transaction Documents, and the performance of the Company thereunder, has been duly authorized by all necessary corporate action on the part of the Company, and each of the Transaction Documents has been duly executed and delivered by the Company.

3. The Certificate of Designation has been duly adopted by the Board of Directors and duly filed with the Secretary of State of the State of Delaware in accordance with the DGCL.

4. The powers, preferences and relative, participating, optional and other special rights and the qualifications, limitations and restrictions of the Series A Preferred Stock are as stated in the Certificate of Designation.

1. The Purchaser is a duly formed and validly existing partnership in good standing under the laws of the State of Delaware.

2. Each of the Purchase Agreement and the Registration Rights Agreement, and the performance of the Purchaser thereunder, has been duly authorized by all necessary partnership action on the part of the Purchaser, and the Purchase Agreement and the Registration Rights Agreement have been duly executed and delivered by the Purchaser.

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THEY HAVE BEEN ACQUIRED SOLELY FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF IN VIOLATION OF ANY APPLICABLE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE DISTRIBUTED IN THE ABSENCE OF (i) AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL, SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS AND (ii) COMPLIANCE WITH SECTION 8 OF THIS WARRANT AND SECTION 4.4 OF THE PURCHASE

AGREEMENT PURSUANT TO WHICH THEY WERE ISSUED. COPIES OF SUCH PURCHASE AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

WARRANT

No. 1

April 16, 1999

TO PURCHASE 2,400,000 SHARES OF COMMON STOCK,
PAR VALUE \$.01 PER SHARE,
OF NEWPARK RESOURCES, INC.

1. Definitions. Unless the context otherwise requires, when used herein the

following terms shall have the meaning indicated.

"Affiliate" means with respect to any Person, any other Person directly, or

indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person. For purposes of this definition, the term "control" (and correlative terms "controlling," "controlled by" and "under common control with") means possession of the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a Person.

"Beneficially Own" or "Beneficial Ownership" has the meaning set forth in

Rules 13d-3 and 13d-5 of the Exchange Act.

"Board" means the Board of Directors of the Company.

"Business Combination" means (i) any consolidation or merger of the Company

with or into any Person or any Person with or into the Company, or (ii) any issuance by the Company of shares of Common Stock or Common Stock Equivalents, in one or a series of related transactions, in connection with the acquisition of assets (other than cash) or securities by the Company or a Subsidiary of the Company (including by way of a merger of a Subsidiary of the Company with or into a Person), or (iii) the sale, assignment, conveyance, transfer, lease or other disposition by the Company, in one or a series of related transactions, of all or substantially all of its assets followed by a liquidation of the Company.

"Business Day" means any day except Saturday, Sunday and any day which

shall be a legal holiday or a day on which banking institutions in Houston, Texas or New Orleans, Louisiana generally are authorized or required by law or other governmental actions to close.

"Capital Stock" means (i) with respect to any Person that is a corporation,

any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (ii) with respect to any Person that is not a corporation, any and all partnership or other equity interests of such Person.

"Certificate of Designation" means the Certificate of Designation relating

to the Preferred Stock filed with the Secretary of State of the State of Delaware on April 14, 1999.

"Change of Control" shall mean any event constituting the consummation of

any Business Combination except where (i) (A) if the Common Stock or Voting Stock of the Company is converted into or exchanged for cash, securities or other property, the shareholders of the Company immediately prior to such Business Combination own (in substantially the same proportion relative to each other as such shareholders owned the Common Stock or Voting Stock of the Company, as the case may be, immediately prior to such consummation) (x) 50.1% or more of the Voting Stock of the surviving or transferee entity immediately after such Business Combination, and (y) 50.1% or more of the outstanding common stock of the surviving or transferee entity immediately after such Business Combination, or (B) if the Common Stock or Voting Stock of the Company is not converted into or exchanged for cash, securities or other property, the shareholders of the Company immediately prior to such Business Combination own (in substantially the same proportion relative to each other as such shareholders owned the Common Stock or Voting Stock of the Company, as the case may be, immediately prior to such consummation) (x) 50.1% or more of the Voting Stock of the Company immediately after such Business Combination, and (y) 50.1% or more of the Common Stock immediately after such Business Combination, (ii) the members of the Board immediately prior to the entering into the agreement relating to such Business Combination (or if no such agreement is entered into, then immediately prior to the consummation of such Business Combination) constitute at least a majority of the Board (in the case of a transaction described in clause (i) (B) of this definition) or the board of directors of the surviving or transferee entity (in the case of a transaction described in clause (i) (A) of this definition) immediately after such

Business Combination, with no agreements or arrangements in place immediately after such consummation that would result in the members of the Board immediately prior to the entering into the agreement relating to such Business Combination ceasing to constitute at least a majority of the Board or the board of directors of the surviving or transferee entity, as applicable and (iii) no Person or Group of Persons immediately after such Business Combination is the Beneficial Owner of 35% or more of the total outstanding Common Stock or Voting Stock of the Company (in the case of a transaction described in clause (i)(B) of this definition) or of the total outstanding Voting Stock or common stock of the surviving or transferee entity (in the case of a transaction described in clause (i)(A) of this definition), as applicable; provided, however, that if a Person or Group of Persons was on the date one year prior to the consummation of such Business Combination a Beneficial Owner of 35% or more of the total outstanding Voting Stock of the Company or Common Stock, then the condition provided for in this clause (iii) will be deemed to be met as long as such Person or Group of Persons does not immediately after such consummation Beneficially Own a greater percentage of (in the case of a transaction described in clause (i)(A) of this definition) the total outstanding Voting Stock or common stock of the surviving or transferee entity or (in the case of a transaction described in clause (i)(B) of this definition) the total outstanding Voting Stock of the Company or the Common Stock than the percentage of the total outstanding Voting Stock of the Company or Common Stock that such Person or Group of Persons Beneficially Owned one year prior to such consummation and no other Person or Group of Persons immediately after such Business Combination is the Beneficial Owner of 35% or more of (in the case of a transaction described in clause (i)(A) of this definition) the total outstanding Voting Stock or common stock of the surviving or transferee entity or (in the case of a transaction described in clause (i)(B) of this definition) the total outstanding Voting Stock of the Company or the Common Stock. In calculating the percentage of the Voting Stock owned where there is more than one class or series of Voting Stock, the percentage of the Voting Stock shall be calculated based on the number of votes eligible to be cast in the election of directors generally. In calculating the percentages of Voting Stock and Common Stock or common stock, as the case may be, owned for purposes of this definition, such calculation shall be calculated on a basis assuming the exercise or conversion in full of all Common Stock Equivalents and on a basis disregarding all Common Stock Equivalents, and the percentage which results in the lower percentage owned by the shareholders of the Company shall apply in the application of clause (i) above.

"Common Stock" means the Company's common stock, par value \$.01 per share,

and any Capital Stock for or into which such Common Stock hereafter is exchanged, converted, reclassified or recapitalized by the Company or pursuant to a Business Combination to which the Company is a party.

"Common Stock Equivalents" means (without duplication with any other Common

Stock or common stock, as the case may be, or Common Stock Equivalents) rights, warrants, options, convertible securities or exchangeable securities, exercisable for or convertible or exchangeable into, directly or indirectly, Common Stock, or common stock, as the case may be, whether at the time of issuance or upon the passage of time or the occurrence of some future event, including the Warrants.

"Company" means Newpark Resources, Inc., a Delaware corporation.

"DGCL" means the General Corporation Law of the State of Delaware, as

amended, or any successor statute or other legislation.

"Early Exercise Event" means the occurrence of any of the following: (i) an

agreement providing for a Business Combination that will result in a Change
of Control is approved by the Board, (ii) a Tender Offer for the Common
Stock is approved or recommended by the Board or (iii) prior to the second
day preceding the expiration of a Tender Offer for Common Stock which is
not approved or recommended by the Board, the Company does not have in
effect a typical shareholders' rights plan with a threshold of 20% or less
or such shareholders rights plan ceases to be in effect prior to the
expiration of such Tender Offer or the application of such shareholders
rights plan is waived with respect to any Person making such Tender Offer.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or

any successor statute, and the rules and regulations promulgated
thereunder.

"Excluded Stock" means shares of Common Stock issued by the Company (or

that would otherwise be deemed issued pursuant to Section 13(A)(ii)) (i)

pursuant to a transaction described in Section 13(B), Section 13(C) or

Section 13(D) or upon conversion of shares of Capital Stock (but not the

issuance of such Capital Stock which will be subject to the provisions of
Section 13(A)(ii)) or (ii) to directors, officers, employees, consultants

and advisors of the Company and/or its Subsidiaries pursuant to employee
benefit plans (as such term is defined for purposes of Form S-8 under the
Securities Act) approved by the Board.

"Exercise Price" has the meaning given to it in Section 2.

"Expiration Time" has the meaning given to it in Section 3.

"Group" means a group as contemplated by Section 13(d)(3) of the Exchange

Act.

"Market Price" means, with respect to a particular security, on any given

day, the last reported sale price regular way or, in case no such reported
sale takes place on such day, the average of the last closing bid and asked
prices regular way, in either case on the principal national securities
exchange on which the applicable security is listed or admitted to trading,
or if not listed or admitted to trading on any national securities
exchange, (i) the closing sale price for such day reported by the NASDAQ
Stock Market if such security is traded over-the-counter and quoted in the
NASDAQ Stock Market, or (ii) if such security is so traded, but not so
quoted, the average of the closing reported bid and asked prices of such
security as reported by the NASDAQ Stock Market or any comparable system,
or (iii) if such security is not listed on the NASDAQ Stock Market or any
comparable system, the average of the closing bid and asked prices as
furnished by two members of the National Association of Securities Dealers,
Inc. selected from time to time by the Company for that purpose. If such
security is not listed and traded in a manner that the quotations referred
to above are available for the period required hereunder, the Market Price
per share of Common Stock

shall be deemed to be the fair value per share of such security as determined in good faith by the Board of Directors of the Company.

"Ordinary Cash Dividends" means any cash dividend or distribution which,

when combined on a per share of Common Stock basis with the per share amounts of all other cash dividends and cash distributions paid on the Common Stock during the 365-day period ending on the date of declaration of such dividend or distribution (as adjusted to appropriately reflect any of the events referred to in Section 13 and excluding cash dividends or

distributions that resulted in an adjustment to the Exercise Price), does not exceed 5% of the Market Price of a share of Common Stock on the trading day immediately preceding the date of declaration of such dividend or distribution.

"Person" means an individual or a corporation, partnership, trust,

incorporated or unincorporated association, limited liability company, joint venture, joint stock company, government (or an agency or political subdivision thereof) or other entity of any kind.

"Preferred Stock" means the Series A Cumulative Perpetual Preferred Stock

of the Company or successor preferred stock as contemplated by Section 5(C) (ii) (A) (y) of the Certificate of Designation.

"Purchase Agreement" means the Purchase Agreement, dated as of April 8,

1999, among the Company and the purchaser named therein, including all schedules and exhibits thereto.

"Securities Act" means the Securities Act of 1933, as amended, or any

successor statute, and the rules and regulations promulgated thereunder.

"Shares" is defined in Section 2.

"Stated Value" is an amount equal to \$100.00 per share of Preferred Stock.

"Subsidiary" of a Person means (i) a corporation, a majority of whose stock

with voting power, under ordinary circumstances, to elect directors is at the time of determination, directly or indirectly, owned by such Person or by one or more Subsidiaries of such Person, or (ii) any other entity (other than a corporation) in which such Person or one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has at least a majority ownership interest.

"Tender Offer" means any transaction to which Regulation 14D of the

Exchange Act applies.

"Voting Stock" of a Person means Capital Stock of such Person of the class

or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to vote in the election of the board of directors, managers or trustees of such Person.

"Warrantholder" has the meaning given to it in Section 2.

"Warrants" means this Warrant.

2. Number of Shares; Exercise Price. This certifies that, for value received, -----
SCF-IV, L.P. or its registered assigns (the "Warrantholder") is entitled, -----
upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole or in part, an aggregate of 2,400,000 fully paid and nonassessable shares of Common Stock, par value \$0.01 per share, (the "Shares") of the Company, at a purchase price of \$8.50 per -----
Share (the "Exercise Price"). The number of Shares and the Exercise Price -----
are subject to adjustment as provided herein, and all references to "Shares", "Common Stock" and "Exercise Price" herein shall be deemed to include any such adjustment or series of adjustments.
3. Exercise of Warrant; Term. The right to purchase the Shares represented by -----
this Warrant is exercisable, in whole or in part by the Warrantholder, at any time or from time to time after the earlier of October 15, 2000 and the occurrence of an Early Exercise Event but in no event later than 11:59 p.m. Central Time, on April 15, 2006 (the "Expiration Time"), by (a) the -----
surrender of this Warrant and Notice of Exercise annexed hereto, duly completed and executed on behalf of the Warrantholder, at the principal executive offices of the Company (or such other office or agency of the Company in the United States as it may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company), and (b) payment of the Exercise Price for the Shares thereby purchased at the election of the Warrantholder in one of the following manners:
- (i) by tendering in cash or by certified or cashier's check or wire transfer payable to the order of the Company;
or
 - (ii) by having the Company withhold shares of Common Stock issuable upon exercise of the Warrant equal in value to the aggregate Exercise Price as to which this Warrant is so exercised based on the average Market Price of the Common Stock for the five trading day period ending on and including the trading day immediately prior to the date on which this Warrant and the Notice of Exercise are delivered to the Company (the "Notice of Exercise Date") unless an event resulting in an adjustment to the Exercise Price has occurred during such five day period, in which case, for purposes of computing the five day average, the Market Price of the Common Stock for the trading days prior to the effectiveness of such event shall be adjusted in the same manner as the Exercise Price; or
 - (iii) by tendering to the Company that number of shares of Preferred Stock rounded to the nearest whole share equal to the aggregate Exercise Price as to which this Warrant is so exercised divided by the sum of (1) the Stated Value of the Preferred Stock plus (2) any accrued but unpaid dividends thereon; provided, however, that shares of Preferred Stock may not be tendered pursuant to this Section 3(iii) prior to April 15, 2004; provided, further, however, that after April 15, 2002 and prior to April 15, 2004, shares of Preferred Stock may be so tendered with the consent of the Company, which consent may be given or withheld in the sole

discretion of the Company. On or after April 15, 2004, any and all shares of Preferred Stock may be tendered.

Upon the surrender of this Warrant as herein provided and the issuance of a certificate or certificates for Shares as provided in Section 4, the surrendered Warrant shall be deemed cancelled. The Company, in its discretion, may condition any exercise of this Warrant on the Warrantholder's confirmation of the representations and warranties of the "Purchaser" as set forth in Sections 4.3, 4.4(b), 4.5 and 4.6 (to the

extent the Company has provided the access and opportunity referred to in such Section 4.6) of the Purchase Agreement, with appropriate

modifications, as and to the extent the same may be applicable to the Warrant exercise; provided, however, that such condition shall not affect the effective date of such exercise of the Warrant. If the Warrantholder does not exercise this Warrant in its entirety, the Warrantholder will be entitled to receive from the Company within a reasonable time, not exceeding three (3) Business Days, a new Warrant in substantially identical form for the purchase of that number of Shares equal to the difference between the number of Shares subject to this Warrant immediately prior to such exercise and the number of Shares as to which this Warrant is so exercised.

4. Issuance of Shares; Authorization; Listing. Certificates for Shares issued

upon exercise of this Warrant will be issued and registered in the name of the Warrantholder, or subject to compliance with the provisions of Section

8, in such other name or names as the Warrantholder may designate and will

-
be delivered to such named Person or Persons within a reasonable time, not to exceed three (3) Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant. The Company hereby represents and warrants that any Shares issued upon the exercise of this Warrant in accordance with the provisions of Section 3

will, upon such exercise, be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by or imposed upon the Warrantholder or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that, to the extent permitted by law, the Shares so issued will be deemed to have been issued to the Warrantholder as of the close of business on the date on which this Warrant and payment of the Exercise Price are delivered to the Company in accordance with the terms of this Warrant, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Shares may not be actually delivered on such date. The Company will at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of providing for the exercise of this Warrant, the aggregate number of shares of Common Stock issuable upon exercise of this Warrant. The Company will procure, at its sole expense, the listing of the Shares and other securities issuable upon exercise of this Warrant, subject to issuance or notice of issuance on all stock exchanges on which the Common Stock or such other securities are then listed. The Company will take all action as may be reasonably necessary to ensure that the Shares may be issued without violation of any applicable law or regulation or of any requirement of any securities exchange on which the Shares are listed or traded, subject to the compliance of the Warrantholder with the conditions set forth in the penultimate sentence of Section 3 and any other applicable

provisions of this Warrant.

5. No Fractional Shares or Scrip. No fractional Shares or scrip representing

fractional Shares shall be issued upon any exercise of this Warrant. In lieu of any fractional Share to which the Warrantholder would otherwise be entitled, the Warrantholder shall be entitled to receive a cash payment based upon the Market Price of the Common Stock less the Exercise Price for such fractional share.

6. No Rights as Shareholders; Transfer Books. This Warrant does not entitle

the Warrantholder to any voting rights or other rights as a shareholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books on any Business Day against transfer of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. Charges, Taxes and Expenses. Issuance of certificates for shares upon the

exercise of this Warrant shall be made without charge to the Warrantholder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; provided, however, whenever any such certificates shall be registered in a name or names other than the name of the Warrantholder or such holder's nominee, all stock transfer taxes shall be paid by the Warrantholder.

8. Transfer/Assignment.

(A) Restrictions on Transfer. The Warrantholder agrees not to make

any disposition of all or any portion of this Warrant or the Shares unless and until:

(i) there is then in effect a registration statement under the Securities Act covering such proposed disposition (and such disposition is registered or qualified under all applicable state securities laws) and such disposition is made in accordance with such registration statement and all requirements of applicable federal and state securities laws;

(ii) (a) the Warrantholder shall have notified the Company of the proposed disposition and shall have furnished the Company with a statement in reasonable detail of the circumstances surrounding the proposed disposition, and (b) if requested by the Company, the Warrantholder shall have furnished the Company with an opinion of counsel, satisfactory in form and substance to the Company, that such disposition will not require registration or qualification under the Securities Act or any state securities laws; or

(iii) Shares are sold pursuant to Rule 144 promulgated under the Securities Act.

In the discretion of the Company, the Company may condition any transfer of all or any portion of this Warrant or Shares (other than a disposition satisfying the conditions set forth in Section 8(A) (i) or 8(A) (iii) or a distribution by SCF-IV, L.P. of Shares to its partners such that such partners upon receipt of such Shares will be eligible to sell such Shares pursuant

to Rule 144(k) promulgated under the Securities Act, provided that, in the case of any such distribution, SCF-IV, L.P. shall have provided to the Company an opinion of counsel, reasonably satisfactory in form and substance to the Company, to such effect) upon the transferee's delivery to the Company of a written agreement, in form and substance satisfactory to the Company, whereby the transferee (i) makes such representations and warranties to and for the benefit of the Company as are comparable to the representations and warranties of the "Purchaser" set forth in Article IV of the Purchase Agreement, as and to the extent applicable to the proposed disposition, and (ii) agrees to be bound by the transfer restrictions set forth in this Section 8.

(B) Mechanics of Permitted Transfers. Subject to compliance with -----
Section 8(A), this Warrant and all rights hereunder are transferable, in -----
whole or in part, upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of the transferee, upon surrender of this Warrant, duly endorsed, to the office or agency of the Company described in Section 3; provided, however, that in no event shall this -----
Warrant be transferred prior to the earlier of October 15, 2000 or the Early Exercise Event. SCF-IV, L.P. acknowledges and agrees that the foregoing restriction on transfer is reasonable in light of the nature of the transactions contemplated by the Purchase Agreement and its investment goals in connection with its acquisition of the securities issued pursuant thereto. All expenses, taxes (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 8 shall be paid by the -----
Company. The restrictions imposed by Section 8(A) shall terminate as to -----
the Warrant and/or Shares, as the case may be, (i) when such security has been effectively registered under the Securities Act and disposed of in accordance with the registration statement covering such security and all requirements of applicable federal and state securities laws, (ii) when, in the opinion of counsel for the Company, such restrictions are no longer required in order to achieve compliance with the Securities Act and applicable state securities laws or (iii) when Shares have been sold pursuant to Rule 144 or Shares have been distributed by SCF-IV, L.P. to its partners in the manner referred to in the last sentence of Section 8(A). -----

(C) Legends. This Warrant (and any new or replacement warrants) and -----
certificates for the Shares, and any securities issued in respect thereof or exchange therefor, shall bear a legend substantially similar to the legend on the first page of this Warrant and any legend required by any state securities laws to the extent such laws are applicable to the securities represented by the warrants or certificates in question. The Company is authorized to notify its transfer agent of the status of any securities bearing the foregoing legend(s) and to take such other action as shall be reasonable and proper to prevent any violation of the Securities Act or any state securities laws.

9. Exchange and Registry of Warrant. This Warrant is exchangeable, upon the -----
surrender hereof, properly endorsed, by the Warrantholder at the office or agency of the Company described in Section 3, for a new warrant or warrants -----
of like tenor and date representing the right to purchase in the aggregate a like number of Shares. The Company shall maintain at the office

or agency described in Section 3 a registry showing the name and address of

the Warrantholder as the registered holder of this Warrant. This Warrant may be surrendered for exchange or exercise, in accordance with its terms, at such office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the

Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in the case of any such loss, theft or destruction, of an indemnity letter (reasonably satisfactory to the Company) by an institutional Warrantholder, or in other cases, indemnity or security reasonably satisfactory to it, and in the case of such mutilation, upon surrender and cancellation of this Warrant, the Company will make and deliver a new warrant or warrants of like tenor and date, in lieu of this Warrant.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the

taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding day that is a Business Day.

12. Rule 144 Information. The Company covenants that it will file the reports

required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder (or, if the Company is not required to file such reports, it will, upon the request of any Warrantholder, make publicly available such information), all to the extent required from time to time to enable such holder to sell the Shares without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the Securities and Exchange Commission. Upon the request of any Warrantholder, the Company will deliver to such Warrantholder a written statement that it has complied with such requirements.

13. Adjustments and Other Rights. The Exercise Price and the number of Shares

issuable upon exercise of this Warrant shall be subject to adjustment from time to time as follows:

 (A) Common Stock Issued at Less than Exercise Price. If the Company

issues or sells any Common Stock other than Excluded Stock for cash for a consideration per share less than the then Exercise Price, the number of shares of Common Stock issuable upon the exercise of this Warrant shall be increased to the number obtained by multiplying (x) the number of shares issuable upon the exercise of this Warrant immediately prior to such issuance or sale by (y) a fraction, (1) the numerator of which shall be the sum of the number of shares of Common Stock outstanding immediately after such issuance or sale plus the number of shares issuable upon the exercise of this Warrant immediately prior to such issuance or sale and (2) the denominator of which is the total number of shares of Common Stock outstanding immediately prior to such issuance or sale plus the number of shares issuable upon the exercise of this Warrant immediately prior to such issuance. Anything herein to the contrary notwithstanding, an adjustment of the number of Shares issuable upon

exercise of this Warrant pursuant to this Section 13(A) shall not result in

any adjustment of the Exercise Price. For the purposes of any adjustment of
the number of Shares issuable upon exercise of this Warrant pursuant to
this Section 13(A), the following provisions shall be applicable:

(i) In the case of the issuance of Common Stock for cash, the amount of the consideration received by the Company shall be deemed to be the amount of the cash proceeds received by the Company for such Common Stock before deducting therefrom any discounts, commissions or other expenses allowed, paid or incurred by the Company for any underwriting or otherwise in connection with the issuance and sale thereof.

(ii) In the case of the issuance after the date of this Agreement of (a) options, warrants or other rights to purchase or acquire Common Stock (whether or not at the time exercisable) or (b) securities by their terms convertible into or exchangeable for Common Stock (whether or not at the time so convertible or exchangeable) or options, warrants or rights to purchase such convertible or exchangeable securities (whether or not at the time exercisable):

(1) the aggregate maximum number of shares of Common Stock deliverable upon exercise of such options, warrants or other rights to purchase or acquire Common Stock shall be deemed to have been issued at the time such options, warrants or rights are issued and for a consideration equal to the consideration (determined in the manner provided in Section 13(A) (i)), if any, received by the

Company upon the issuance of such options, warrants or rights plus the minimum purchase price provided in such options, warrants or rights for the Common Stock covered thereby;

(2) the aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange for any such convertible or exchangeable securities, or upon the exercise of options, warrants or other rights to purchase or acquire such convertible or exchangeable securities and the subsequent conversion or exchange thereof, shall be deemed to have been issued at the time such securities were issued or such options, warrants or rights were issued and for a consideration equal to the consideration, if any, received by the Company for any such securities and related options, warrants or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the additional consideration (determined in the manner provided in Section 13(A) (i)), if any, to be received

by the Company upon the conversion or exchange of such securities, or upon the

exercise of any related options, warrants or rights to purchase or acquire such convertible or exchangeable securities and the subsequent conversion or exchange thereof;

- (3) on any change in the number of shares of Common Stock deliverable upon exercise of any such options, warrants or rights or conversion or exchange of such convertible or exchangeable securities, but excluding changes resulting from the anti-dilution provisions thereof (to the extent comparable to the anti-dilution provisions contained herein), the number of Shares issuable upon exercise of this Warrant as then in effect shall forthwith be readjusted to such number of Shares as would have been obtained had an adjustment been made upon the issuance of such options, warrants or rights not exercised prior to such change, or of such convertible or exchangeable securities not converted or exchanged prior to such change, upon the basis of such change;
- (4) on the expiration or cancellation of any such options, warrants or rights (without exercise), the termination of the right to convert or exchange such convertible or exchangeable securities (without exercise), or the expiration or cancellation of any options, warrants or rights (without exercise) to purchase or acquire such convertible or exchangeable securities, if the number of Shares issuable upon exercise of this Warrant shall have been adjusted upon the issuance thereof, the number of Shares issuable upon exercise of this Warrant shall forthwith be readjusted to such number of Shares as would have been obtained had an adjustment been made upon the issuance of such options, warrants, rights or such convertible or exchangeable securities or such options, warrants or rights to purchase or acquire such convertible or exchangeable securities on the basis of the issuance of only the number of shares of Common Stock actually issued upon the exercise of such options, warrants or rights, or upon the conversion or exchange of such convertible or exchangeable securities, or upon the exercise of such options, warrants or rights related to such convertible or exchangeable securities and the subsequent conversion or exchange thereof; and
- (5) if the number of Shares issuable upon exercise of this Warrant shall have been adjusted upon the issuance of any such options, warrants, rights or convertible or exchangeable securities or options, warrants or rights related to such convertible or exchangeable securities, no further adjustment

of the number of Shares issuable upon exercise of this Warrant shall be made for the actual issuance of Common Stock upon the exercise, conversion or exchange thereof; provided, however, that no decrease in the number of Shares issuable upon exercise of this Warrant shall be made pursuant to subclauses (1) or (2) of this Section 13(A) (ii).

(B) Stock Splits, Subdivisions, Reclassifications or Combinations. If

the Company shall (1) declare a dividend or make a distribution on its Common Stock in shares of Common Stock, (2) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (3) combine or reclassify the outstanding Common Stock into a smaller number of shares, the number of Shares issuable upon exercise of this Warrant at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Warrantholder after such date shall be entitled to purchase the number of shares of Common Stock which such holder would have owned or been entitled to receive after such date had this Warrant been exercised immediately prior to such date; successive adjustments in the number of shares issuable upon exercise of this Warrant shall be made whenever any event specified above shall occur. In such event the Exercise Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by dividing (i) the product of (a) the number of Shares issuable upon the exercise of this Warrant before such adjustment and (b) the Exercise Price in effect immediately prior to the issuance giving rise to this adjustment by (ii) the new number of shares issuable upon exercise of the Warrant determined pursuant to the immediately preceding sentence. In the case of any adjustment made pursuant to this Section 13(B) as of the record date

for any dividend or distribution, if such dividend is not paid or such distribution is not made, the Exercise Price and the number of Shares issuable upon exercise of this Warrant, as then in effect, shall be readjusted, effective as of the date when the Board determines not to pay such dividend or make such distribution, as the case may be, to the Exercise Price that would then be in effect and the number of Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

(C) Other Distributions. In case the Company shall fix a record date

for the making of a distribution to all holders of shares of its Common Stock (i) of shares of any class other than its Common Stock or (ii) of evidence of indebtedness of the Company or any Subsidiary or (iii) of assets (excluding Ordinary Cash Dividends, and dividends or distributions referred to in Section 13(B)), or (iv) of rights or warrants (other than in

connection with the adoption or implementation of a typical shareholders rights plan as long as, but only as long as, such rights plan is not triggered), in each such case the Exercise Price in effect immediately prior thereto shall be reduced immediately thereafter to the price determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction (i) the numerator of which shall be an amount equal to the difference resulting from (1) the number of shares of Common Stock outstanding on such record date multiplied by the Market Price per share of Common Stock on such record date, less (2) the fair market

value (as reasonably determined by the Board) of said shares or evidences of indebtedness or assets or rights or warrants to be so distributed, and (ii) the denominator of which shall be equal to the number of shares of Common Stock outstanding on such record date multiplied by the Market Price per share of Common Stock on such record date; such adjustment shall be made successively whenever such a record date is fixed. In such event, the number of shares of Common Stock issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (i) the product of (a) the number of Shares issuable upon the exercise of this Warrant before such adjustment, and (b) the Exercise Price in effect immediately prior to the issuance giving rise to this adjustment by (ii) the new Exercise Price determined in accordance with the immediately preceding sentence. In the event that such distribution is not so made, the Exercise Price and the number of Shares issuable upon exercise of this Warrant then in effect shall be readjusted, effective as of the date when the Board determines not to distribute such shares, evidences of indebtedness, assets, rights or warrants, as the case may be, to the Exercise Price that would then be in effect and the number of Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

(D) Business Combinations. If any Business Combination other than a

Business Combination referred to in clause (ii) of the definition thereof or reclassification of Common Stock (other than a reclassification of Common Stock referred to in Section 13(B)) is effected in such a way that holders of Common Stock are entitled to receive shares of stock, other securities or property (including cash) as a result of their Common Stock ownership, the Warrantholder, upon exercise of this Warrant after the date of such Business Combination or reclassification, shall be entitled to receive the number of shares of stock or other securities or property (including cash) to which the shares of Common Stock issuable upon exercise of this Warrant immediately prior to such Business Combination or reclassification would have been entitled upon such Business Combination or reclassification; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to any shares of stock or other securities or property thereafter deliverable on the exercise of this Warrant. In determining the kind and amount of stock, securities or the property receivable upon consummation of such Business Combination, if the holders of Common Stock have the right to elect the kind or amount of consideration receivable upon consummation of such Business Combination, then the Warrantholder shall have the right to make a similar election upon exercise of this Warrant with respect to the number of shares of stock or other securities or property which the Warrantholder will receive upon exercise of this Warrant.

(E) Failure to Pay Dividends. If the Company fails to pay any

dividend scheduled to be paid on the Preferred Stock and such failure continues beyond the 75th day following the date of such scheduled payment, then the Warrantholder may elect by giving written notice of such election to the Company at any time prior to the tenth day following the payment by the Company of all then accrued but unpaid dividends on the Preferred Stock to reset the Exercise Price to the price determined by multiplying (i) 1.2 by (ii) the average of the daily high and low trading prices for the Common Stock for each of the days on which

the Common Stock was traded (based on reports published by the Wall Street Journal) during the 30 consecutive calendar days ending on the day immediately preceding the date that the Company receives such election notice from the Warrantholder. Only one adjustment may be made to the Exercise Price pursuant to the provisions of this Section 13(E); provided, however, subsequent adjustments to such adjusted Exercise Price and to the number of shares acquirable upon exercise of this Warrant shall be made as contemplated by the other paragraphs of this Section 13.

(F) Rounding of Calculations; Minimum Adjustments. All calculations under this Section 13 shall be made to the nearest one-tenth (1/10/th/) of a cent or to the nearest one-hundredth (1/100/th/) of a share, as the case may be. Any provision of this Section 13 to the contrary notwithstanding, no adjustment in the Exercise Price or the number of Shares into which this Warrant is exercisable shall be made (unless the only adjustment is to the number of Shares for which this Warrant may be exercised, in which case the adjustment shall be made) if the amount of such adjustment to the Exercise Price would be less than \$0.01, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or more.

(G) Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 13 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Warrantholder of this Warrant exercised after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such exercise by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such exercise before giving effect to such adjustment (based upon the Exercise Price in effect before the adjustment) and (ii) paying to such Warrantholder any amount of cash in lieu of a fractional share of Common Stock; provided, however, that the Company upon request shall deliver to such Warrantholder a due bill or other appropriate instrument evidencing such Warrantholder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

(H) Statement Regarding Adjustments. Whenever the Exercise Price or the number of Shares into which this Warrant is exercisable shall be adjusted as provided in Section 13, the Company shall forthwith file, at the principal office of the Company a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that shall be in effect and the number of Shares into which this Warrant shall be exercisable after such adjustment and the Company shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each Warrantholder at the address appearing in the Company's records.

(I) Notices. In the event that the Company shall propose to take any action of the type described in Section 13(C), or (D) (but only if such action would result in an adjustment in the Exercise Price or the number of Shares into which this Warrant is

exercisable or a change in the type of securities or property to be delivered upon exercise of this Warrant), the Company shall give notice to the Warranthead, in the manner set forth in Section 13(H), which notice

shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth the facts with respect thereto as shall be reasonably necessary to indicate the effect on the Exercise Price and the number, kind or class of shares or other securities or property which shall be deliverable upon exercise of this Warrant. In the case of any action which would require the fixing of a record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

(J) No Impairment. The Company will not, by amendment of its

Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in taking of all such action as may be necessary or appropriate in order to protect the rights of the Warranthead set forth herein.

14. Governing Law. Subject to the provisions of Section 8 and of Section 4 of

the Purchase Agreement, the rights and obligations of the Company and the Warranthead hereunder shall be binding upon and inure to the benefit of their respective successors and assigns. This Warrant shall constitute a contract under the laws of Delaware and for all purposes shall be construed in accordance with and governed by the laws of Delaware, without giving effect to the conflict of laws principles.

15. Attorneys' Fees. In any litigation, arbitration or court proceeding between

the Company and the Warranthead as the holder of this Warrant relating hereto, the prevailing party shall be entitled to reasonable attorneys' fees and expenses incurred in enforcing this Warrant.

16. Amendments. This Warrant may be amended and the observance of any term of

this Warrant may be waived only with the written consent of the Company and Warrantheads then owning Warrants entitled to purchase a majority of the Shares then acquirable upon exercise of all outstanding Warrants.

17. Notice. All notices hereunder shall be in writing and shall be effective

(a) on the day on which delivered if delivered personally or transmitted by telex or telegram or telecopier with evidence of receipt, (b) one Business Day after the date on which the same is delivered to a nationally recognized overnight courier service with evidence of receipt, or (c) five Business Days after the date on which the same is deposited, postage prepaid, in the U.S. mail, sent by certified or registered mail, return receipt requested, and addressed to the party to be notified at the address indicated in the Purchase Agreement for the Company, or at the address for the Warranthead set forth in the registry maintained by the Company pursuant to Section 9, or at such other address and/or telecopy or telex

number and/or to the attention

of such other person as the Company or the Warrantholder may designate by ten-day advance written notice.

18. Prohibited Actions. The Company agrees that it will not take any action -----
which would entitle the Warrantholder to an adjustment to the number of shares issuable upon exercise of this Warrant if the total number of shares of Common Stock issuable after such action upon exercise of this Warrant, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon the exercise of all outstanding options, warrants, conversion and other rights or otherwise reserved for issuance, would exceed the total number of shares of Common Stock then authorized by its Certificate of Incorporation.

19. Entire Agreement. This Warrant and the forms attached hereto contain the -----
entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by a duly authorized officer.

Dated: April 16, 1999

NEWPARK RESOURCES, INC.

/s/ Matthew W. Hardey

Name: Matthew W. Hardey

Title: Vice President and Chief Financial Officer

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[FORM OF NOTICE OF EXERCISE]

Date:

TO: Newpark Resources, Inc.

RE: Election to Subscribe for and Purchase Common Stock

1. [] The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby agrees to subscribe for and purchase the number of shares of the Common Stock set forth below covered by such Warrant. The undersigned, in accordance with Section 3 of the Warrant, hereby agrees to pay the aggregate Exercise Price for such shares of Common Stock in the manner set forth below.

Number of Shares of Common Stock: _____

Method of Payment of Exercise Price (check one box only):

[] in accordance with Section 3(b)(i) of the Warrant; or

[] in accordance with Section 3(b)(ii) of the Warrant; or

[] in accordance with Section 3(b)(iii) of the Warrant.

2. [] The attached Warrant is not being exercised in full. A new warrant evidencing the remaining shares of Common Stock covered by such Warrant should be issued in the name set forth below. If the new warrant is being transferred, an opinion of counsel is attached hereto with respect to the transfer of such warrant.

3. [] The undersigned acknowledges that the shares of Common Stock issuable upon exercise of the Warrant are subject to the restrictions on transfer set forth in Section 8 of the Warrant and, by its signature below, agrees to be bound by and to comply with such restrictions.

Name and Address of Person to be Issued New Warrant:

Capitalized terms used herein shall have the meaning set forth in the attached Warrant.

Holder:

By:
Name:
Title:

=====

REGISTRATION RIGHTS AGREEMENT

by and among

NEWPARK RESOURCES, INC.

and

SCF-IV, L.P.

Dated as of April 16, 1999

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into this 16th day of April, 1999, by and among Newpark Resources, Inc., a Delaware corporation (the "Company") and SCF-IV, L.P., a Delaware limited partnership (the "Purchaser").

RECITALS:

This Agreement is made pursuant to the Purchase Agreement, dated April 8, 1999, between the Company and the Purchaser (the "Purchase Agreement"). In order to induce the Purchaser to enter into the Purchase Agreement, the Company has agreed to provide the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

AGREEMENT:

The parties hereby agree as follows:

1. DEFINITIONS.

(a) As used in this Agreement, the following terms will have the following meanings:

"Common Stock" means shares of the Company's Common Stock.

"Demand Registration" has the meaning set forth in Section 3(a).

"Early Exercise Event" has the meaning given to it in the Warrants.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Majority" means 51% or more.

"Person" means any individual, partnership, corporation, limited liability company, trust or unincorporated organization, or a government or agency or political subdivision thereof or any other entity of any kind.

"Piggyback Registration" has the meaning set forth in Section 4(a).

"Preferred Stock" means shares of the Company's Series A Cumulative Perpetual Preferred Stock.

"Registration Expenses" has the meaning set forth in Section 8(a).

"Registration Notice" has the meaning set forth in Section 5.

"Registrable Securities" means (i) the Shares and (ii) the Warrant Shares and any other securities issued with respect to the Shares or the Warrant Shares by way of conversion, dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization; provided, however, a Registrable Security shall cease to be a Registrable Security to the extent so provided in Section 2(a).

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"SEC" means the Securities and Exchange Commission.

"Shares" means the shares of Preferred Stock issued and sold pursuant to the Purchase Agreement, and any Capital Stock for or into which such Shares hereafter are exchanged, converted, reclassified or recapitalized by the Company or pursuant to a business combination to which the Company is a party.

"Underwritten registration" or "underwritten offering" means any registration in which securities of the Company are sold pursuant to a firm commitment underwriting.

"Warrants" means the warrants issued and sold pursuant to the Purchase Agreement.

"Warrant Shares" means the shares of Common Stock or other securities issuable upon exercise of the Warrants.

(b) All undefined capitalized terms used herein shall have the meaning set forth in the Purchase Agreement.

2. SECURITIES SUBJECT TO THIS AGREEMENT.

(a) Registrable Securities. The securities entitled to the benefits of this Agreement are the Registrable Securities but, with respect to any particular Registrable Security, only so long as such security continues to be a Registrable Security. A Registrable Security shall cease to be a Registrable Security when (i) it has been effectively registered under the Securities Act and disposed of in accordance with the registration statement covering it, (ii) it has been sold pursuant to Rule 144 (or any similar provisions then in force) under the Securities Act, or (iii) it has otherwise been transferred or exchanged and a new certificate or other evidence of ownership for it not bearing the legend set forth in Section 4.4 of the Purchase Agreement (or other legend of similar import) has been delivered (not subject to any stop transfer order) by or on behalf of the Company and no other restriction on transfer exists or an opinion of counsel to the Company, reasonably satisfactory to the holder of such Registrable Security, shall have been delivered to such holder, or an opinion of counsel to the holder of such Registrable Security, reasonably satisfactory to the Company, shall have been delivered to the Company, in either case to the effect that (x) the subsequent disposition of such Registrable Security may be made pursuant to Rule 144(k) promulgated under the Securities Act (or any successor provision) or (y) as to any particular disposition proposed to be made by such holder, the entire number of Registrable Securities proposed to be sold by such holder may be sold, in the manner proposed by such holder, without registration under the Securities Act, whether

pursuant to Rule 144 or otherwise, within a period ending not more than 90 days after the date of such opinion.

(b) Holders of Registrable Securities. A Person is deemed to be a holder of Registrable Securities whenever such Person owns Registrable Securities or has the currently exercisable right to acquire such Registrable Securities whether or not such acquisition has actually been effected.

3. DEMAND REGISTRATION.

(a) Requests for Registration. Subject to the provisions of Section 2(a) and Section 3(b), any holder or holders of the then outstanding Registrable Securities may request at any time a registration by the Company under the Securities Act of all or part of his Registrable Securities (a "Demand Registration"); provided, however, a Demand Registration with respect to the Warrant Shares may not be made prior to September 30, 2000 or an Early Exercise Event, whichever occurs first, and a Demand Registration with respect to the Shares may not be made prior to the fifth anniversary of this Agreement. Within ten days after receipt of such request, the Company will serve written notice by overnight carrier of such registration request to all holders of Registrable Securities and will, subject to the provisions of Section 2(a) and Section 3(b), include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 15 days after distribution to the applicable holder of the Company's notice. All requests made pursuant to this Section 3(a) will specify the amount of Registrable Securities to be registered and will also specify the intended method of disposition thereof; provided, however, that such method of disposition will be limited to an underwritten offering if requested by the holders of a Majority of the Registrable Securities requested to be included in such registration.

(b) Number of Registrations. The holders of Registrable Securities will be entitled to request an aggregate of two Demand Registrations. A registration initiated as a Demand Registration will not constitute a Demand Registration (i) unless such registration has been declared effective by the SEC and remains effective for the period set forth in Section 7(a)(iii); and (ii) if after such registration has been declared effective by the SEC it is subject to any stop order, injunction or other adverse order or action of the SEC or other governmental authority.

(c) Effective Registration Expenses. Except as provided in Section 3(d), in any registration initiated as a Demand Registration, the Company will pay all Registration Expenses, whether or not the registration has been declared effective; provided, however, the Company shall not be required to pay for any such Registration Expenses if the request for registration is subsequently withdrawn at any time by the initiating holder(s) of Registrable Securities (in which case such holders shall bear such expenses), unless all the holders of Registrable Securities agree to forfeit their right to one Demand Registration Statement; and provided further, that, if at the time of such withdrawal, there has been a material adverse change in the condition, business or prospects of the Company from that disclosed in the Company's filings under the Exchange Act at the time of the request for registration and the Company did not at the time of the request notify the initiating holder(s) that such change had occurred or that in its good faith judgment such change was likely

to occur, then such holder(s) shall not be required to pay any of the Registration Expenses and shall not forfeit their right to a Demand Registration.

(d) No Rights of Company or Other Securityholders to Piggyback on Demand Registrations. Neither the Company nor any of its securityholders (other than the holders of Registrable Securities in such capacity) has any right to include any of the Company's securities in a registration statement initiated as a Demand Registration under this Section 3, unless (i) such securities are of the same class as the Registrable Securities being registered, (ii) if such Demand Registration is for an offering other than an underwritten offering, the holders of a Majority of the Registrable Securities being registered in such registration consent to such inclusion in writing, which consent shall not be unreasonably withheld, (iii) if such Demand Registration is an underwritten offering, the managing underwriters agree that some or all of such securities can be included without adversely affecting such offering or offering price and (iv) if such Demand Registration is an underwritten offering the Company, or the selling securityholders, as applicable, agree to sell their securities on the same terms and conditions as apply to Registrable Securities and the holders of such Registrable Securities. If any securityholders of the Company (other than the holders of Registrable Securities in such capacity) register securities of the Company in a Demand Registration (in accordance with the provisions of this Section 3(d)), such securityholders will pay the fees and expenses of counsel to such securityholders and their pro rata share of the Registration Expenses if such pro rata share of the Registration Expenses for such registration are not paid by the Company for any reason.

(e) Priority on Demand Registrations. If a Demand Registration is an underwritten offering and the managing underwriters advise the Company and the selling holders of the Registrable Securities in writing that in their opinion the number of Registrable Securities requested to be included exceeds the number of securities which can be sold in such offering without adversely affecting the proposed offering or the offering price, the Company will include in such registration the number of Registrable Securities which in the opinion of such underwriters can be sold without adversely affecting the proposed offering or the offering price, and such securities will be allocated pro rata among the holders of Registrable Securities on the basis of the number of the Registrable Securities requested to be included in such registration by their respective holders. If securities (other than Registrable Securities) are proposed to be included by the Company or its other securityholders in a Demand Registration which is an underwritten offering (subject to and in accordance with the provisions of Section 3(d)) and the managing underwriters advise the Company and the selling holders of Registrable Securities in writing that some but not all of said other securities can be sold without adversely affecting the proposed offering or the offering price in such underwritten offering, in addition to all of the Registrable Securities being registered, those securities which are permitted to be included will be allocated (i) first, to the Company and (ii) second, to the securityholders of such securities, allocated among them in such proportions as such securityholders and the Company may agree. The Company and any such securityholders may withdraw their securities from a Demand Registration; provided, however, if the Demand Registration is an underwritten offering, they may do so only on the reasonable and customary terms agreed upon by the managing underwriters for such offering.

(f) Selection of Underwriters. If any Demand Registration is an underwritten offering, or a best efforts underwritten offering, the investment banker or investment bankers and manager

or managers that will administer the offering will be selected by the holders of a Majority of the Registrable Securities requested to be included in such offering; provided, however, such investment bankers and managers must be reasonably satisfactory to the Company.

(g) Other Registration Rights Agreements. Without the prior written consent of the holders of a Majority of the Registrable Securities, the Company will neither enter into any new registration rights agreements that conflict with the terms of this Agreement nor permit the exercise of any other registration rights in a manner that conflicts with the terms of the registration rights granted hereunder.

4. PIGGYBACK REGISTRATIONS.

(a) Right to Piggyback. Subject to the further provisions of this Section 4, whenever the Company proposes to register any securities under the Securities Act in connection with the public offering of such securities solely for cash (other than a registration relating to the sale of securities to participants in an employee benefit plan or a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities), other than pursuant to a Demand Registration under Section 3 (a "Piggyback Registration"), the Company will give written notice to all holders of Registrable Securities of its intention to effect such a registration not later than the earlier to occur of (i) the tenth day following receipt by the Company of notice of exercise of other demand registration rights or (ii) 30 days prior to the anticipated filing date; provided, however, the Company shall not be required to give such notice or to include any Registrable Securities in a Piggyback Registration prior to the earlier of September 30, 2000 or an Early Exercise Event, in the case of the Warrant Shares or any other Registrable Security other than Shares, or prior to March 31, 2004, in the case of the Shares; and provided further, the Company shall not be required to include any Registrable Securities in a Piggyback Registration unless the Registrable Securities to be so included are of the same class as the other securities to be included in such registration. Subject to the provisions of Sections 4(c) and (d), the Company will include in such Piggyback Registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten business days after the receipt by the applicable holder of Registrable Securities of the Company's notice. The holders of Registrable Securities will be permitted to withdraw all or any part of such holder's Registrable Securities from a Piggyback Registration at any time prior to the date such Piggyback Registration becomes effective with the SEC; provided, however, if the Piggyback Registration is an underwritten offering, the holders of Registrable Securities may do so only on the reasonable and customary terms agreed upon by the managing underwriters for such offering. If a Piggyback Registration is an underwritten offering effected under (i) Section 4(c), all Persons whose securities are included in the Piggyback Registration will be obligated to sell their securities on the same terms and conditions as apply to the securities being issued and sold by the Company or (ii) Section 4(d), all Persons whose securities are included in the Piggyback Registration will be obligated to sell their securities on the same terms and conditions as apply to the securities being sold by the Person or Persons who initiated the Piggyback Registration under Section 4(d). The foregoing notwithstanding, if, at any time after giving written notice of a Piggyback Registration but prior to the effective date of the registration statement filed in connection therewith, the Company shall determine for any reason not to register such securities, the Company

may, at its election, give written notice of such determination to the holders of Registrable Securities and thereupon shall be relieved of its obligation to register any Registrable Securities in such registration.

(b) Piggyback Expenses. The Registration Expenses of the holders of Registrable Securities included in a Piggyback Registration will be paid by the Company.

(c) Priority on Primary Registrations. If a Piggyback Registration is an underwritten registration on behalf of the Company, and the managing underwriters advise the Company in writing that in their opinion the total number of securities requested to be included in such registration exceeds the number of securities which can be sold in such offering without adversely affecting the offering or the offering price, the Company will include in such registration: (i) first, all securities the Company proposes to sell, (ii) second, to the extent that additional securities can, in the opinion of such underwriters, be included in such registration without adversely affecting the offering or the offering price, up to the full number of securities requested to be included in such registration by holders of Registrable Securities and other holders of securities entitled to include securities in such Piggyback Registration, allocated pro rata among such holders on the basis of the number of securities requested to be included therein by each such holder and (iii) third, any additional securities that may be included in such registration, in the opinion of such underwriters, without adversely affecting the offering or the offering price, as may be agreed upon by the Company and any other securityholders.

(d) Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration on behalf of holders of the Company's securities pursuant to the exercise of such holders' demand registration rights, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number of securities which can be sold in such offering without adversely affecting the offering or the offering price, the Company will include in such registration (i) first, the number of securities proposed to be included therein on behalf of the holders of the Company's securities exercising demand registration rights, allocated among the holders of such securities in such proportions as the Company and such holders may agree, (ii) second, up to the full number of securities the Company proposes to sell, (iii) third, to the extent that additional securities can, in the opinion of such underwriters, be included in such registration without adversely affecting the offering or the offering price, up to the full number of securities requested to be included in such registration by the holders of Registrable Securities and other holders of securities entitled to include securities in such Piggyback Registration, allocated pro rata among such holders on the basis of the number of securities requested to be included therein by each such holder and (iv) fourth, any additional securities that may be included in such registration, in the opinion of such underwriters, without adversely affecting the offering or the offering price, as may be agreed upon by the Company and any other securityholders.

(e) Selection of Underwriters. If any Piggyback Registration is an underwritten offering, as between the Company and the holders of the Registrable Securities, the Company will have the sole right to select the investment banker or investment bankers and manager or managers to administer the offering.

5. REGISTRATION ON FORM S-3.

As one of its Demand Registration rights provided in Section 3, a holder of Registrable Securities shall be entitled to request by a notice in writing to the Company ("Registration Notice") that the Company register for resale all or a portion of its Registrable Securities on Form S-3 (or any similar short form registration) if the Company and the transaction then qualify for the use of such short form registration. On receipt of the Registration Notice, the Company will notify all of the holders of Registrable Securities entitled to notice of a proposed registration pursuant to Section 3(a) of such request. Upon receipt by the Company of the Registration Notice, the Company will, subject to Section 6 and Section 12(a) use its reasonable best efforts to file a registration statement on Form S-3 (or any similar short form registration) in accordance with the terms of this Section 5 and Section 7 as soon as practicable after receipt of such Registration Notice. The Company will, subject to Sections 6 and 12(a), use its reasonable best efforts to maintain the effectiveness of the registration statement until the first anniversary of the effectiveness of such registration statement or such earlier date when all the Registrable Securities covered by such registration statement are sold. All Registration Expenses shall be borne by the Company. A holder of Registrable Securities that are covered by a registration statement pursuant to this Section 5 will give the Company at least 48 hours written notice prior to any resales by such holder thereunder.

6. DEFERRAL OF FILING; SUSPENSION OF SHELF REGISTRATION STATEMENT.

(a) Deferral of Filing. Anything herein to the contrary notwithstanding, the Company may defer the filing of any registration statement otherwise required to be filed by it pursuant to Section 3 or Section 5 if (i) the Company notifies each requesting holder that it is in good faith contemplating filing a registration statement for an underwritten offering of Common Stock within 60 days of its receipt for the demand for registration (which shall not affect any of the other rights of the holders of Registrable Securities hereunder, including, without limitation, the rights of such holders under Section 4) or (ii) the Company notifies each requesting holder that the Company has determined, in its reasonable judgment, that the requested registration and offering would materially interfere with a financing, acquisition, corporate reorganization or other material transaction involving the Company or that appropriate financial statements will not be available when registration is requested. In the case of clause (i) of this Section 6(a), the Company shall use its reasonable best efforts, as soon as practicable, upon the first to occur of the abandonment of such contemplated registration statement or the expiration of such 60 day period, to register the Registrable Securities which it otherwise would be obligated to register pursuant to Section 3 or Section 5, unless the demand for registration is withdrawn or the Company has filed the contemplated registration statement. In the case of clause (ii) of this Section 6(a), the Company may delay the filing of the registration statement otherwise required by Section 3 or Section 5 for a reasonable period of time not to exceed 60 days. If the Company shall so defer the filing of a registration statement, the requesting holder may, within 20 days after its receipt of written notice of the deferral, withdraw its request for registration by giving written notice to the Company (and, in the event of such withdrawal, such request shall not be counted for purposes of determining the number of requests for registration to which the holders of Registrable Securities are entitled hereunder). In addition to the foregoing deferral rights, the Company shall not be required to file

any registration statement pursuant to Section 3 or Section 5 (i) within 90 days after the effectiveness of a registration statement relating to a Demand Registration or (ii) within 90 days after the effectiveness of a registration statement referred to in Section 4.

(b) Suspension of Shelf Registration Statement. In addition, if the Company receives notice of a proposed sale under a shelf registration statement filed pursuant to Section 5, the Company may give notice to the holder requesting such sale that such sale under such shelf registration statement must be deferred and not made for a reasonable period of time (not to exceed 60 days) after the date of receipt by the Company of such notice of proposed sale if, at the time the Company receives such notice, the Company is engaged in confidential negotiations or other confidential business activities, disclosure of which would be required to be made in the prospectus included in such shelf registration statement (but would not be required if such sale were not made) in order to prevent such prospectus from containing any untrue statement of a material fact or omitting to state any material fact necessary to make the statements therein not misleading and the Company has determined in its reasonable judgment that such disclosure would be materially detrimental to the Company. Each holder of Registrable Securities agrees that, upon receipt of any such notice from the Company pursuant to this Section 6(b), such holder shall forthwith discontinue the disposition of Registrable Securities pursuant to such shelf registration statement for the period of time contemplated by this Section 6(b). A deferral of such proposed sale pursuant to this Section 6(b) shall be lifted, and the sale may be forthwith made if the negotiations or other activities are disclosed or terminated.

7. REGISTRATION PROCEDURES.

(a) Whenever the holders of Registrable Securities have requested that any Registrable Securities be registered in accordance with the terms and conditions of this Agreement, the Company will use its reasonable best efforts to effect the registration and to permit the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company will as expeditiously as possible:

(i) prepare and file with the SEC, subject to the availability of all required consents of independent accountants (which the Company agrees to use all reasonable efforts to obtain), not later than 45 days after receipt of a request to file a registration statement with respect to such Registrable Securities, a registration statement with respect to such Registrable Securities, and use its reasonable best efforts to cause such registration statement to become effective; provided, however, before filing a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to the counsel selected by the holders of the Registrable Securities being registered in such registration statement copies of all such documents proposed to be filed, which documents will be subject to the review of such counsel; the Company may assume, for the purpose of the foregoing proviso, that the holders and their counsel have approved any such documents if the Company has not received a contrary notice from the holders or their counsel within five days after the delivery of the documents to such counsel (or, with respect to any version of or amendment or supplement to any document after the first draft furnished to such counsel, such shorter period as the Company may reasonably request when it furnishes such document to such

counsel, if a longer delay would result in prejudice to the proposed offering); each such registration statement will be on a form for which the Company then qualifies, which is available for the sale of the Registrable Securities in accordance with the intended method of disposition thereof and which is reasonably satisfactory to the holders of a Majority of the Registrable Securities being registered (or the managing underwriters in the case of a firm or best efforts underwriting offering);

(ii) notify each seller of Registrable Securities of any stop order issued by the SEC and take all reasonable actions required to prevent the entry of such stop order or to remove it at the earliest possible time if entered;

(iii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than 90 days, or such shorter period as may be required if all Registrable Securities covered by such registration statement are sold prior to the expiration of such 90-day period (except in connection with an underwritten offering, in which case such registration statement shall be kept effective as long as the underwriters reasonably request in the underwriting agreement), and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(iv) furnish to each seller of Registrable Securities such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(v) use its reasonable best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions within the United States as any seller reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; provided, however, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 7(a)(v), (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction;

(vi) use its reasonable best efforts to cause the Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities within the United States as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities;

(vii) notify each seller of such Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the

happening of any event of which the Company is aware as a result of which the prospectus included in such registration statement or any document incorporated therein by reference contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein not misleading, and prepare and file promptly with the SEC a supplement or amendment to such prospectus or any such document incorporated therein by reference so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading;

(viii) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(ix) provide a transfer agent and registrar for all Registrable Securities and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration statement;

(x) enter into such customary agreements (including an underwriting agreement in customary form with customary lock-up provisions not to exceed 90 days) and take all such other actions in connection therewith as the holders of a Majority of the Registrable Securities being registered or the managing underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(xi) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement, in each case upon receipt of an appropriate confidentiality agreement;

(xii) in the case of an underwritten offering, obtain a cold comfort letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters, as the managing underwriters reasonably request; and

(xiii) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, beginning with the first month after the effective date of the Registration Statement, which earnings statement will satisfy the provisions of Section 11(a) of the Securities Act.

(b) The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Company such information regarding the seller and

the distribution of such securities as the Company may from time to time reasonably request and to timely complete and execute all questionnaires, powers of attorney, indemnities, hold-back agreements, underwriting agreements and other documents reasonably requested by the Company.

8. REGISTRATION EXPENSES.

(a) All expenses incident to the Company's performance of or compliance with this Agreement, including without limitation all registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities), printing expenses, messenger, telephone and delivery expenses, and fees and disbursements of counsel for the Company and of the Company's independent certified public accountants (including the expenses of any special audit or "cold comfort" letters required by or incident to such performance), fees and expenses of underwriters customarily paid by issuers of securities (including liability insurance if the Company so desires), the reasonable fees and expenses of any special experts retained by the Company or at the request of the managing underwriters in connection with such registration and fees and expenses of other Persons retained by the Company, but excluding underwriting discounts and commissions, fees, discounts and commissions of brokers and dealers, transfer taxes, if any, relating to any sale of Registrable Securities and the fees and disbursements of counsel for the holders of Registrable Securities, will be borne by the Company (all such expenses being herein called "Registration Expenses").

(b) Any fees or expenses incurred by any of the parties other than Registration Expenses, including fees and disbursements of attorneys and accountants other than as included in the definition of Registration Expenses, shall be borne by the party that incurred them.

9. INDEMNIFICATION; CONTRIBUTION.

(a) Indemnification by Company. In the event of the registration of any of the Registrable Securities pursuant to this Agreement, the Company agrees to indemnify to the full extent permitted by law, each holder of Registrable Securities, its officers, directors and constituent partners and each Person who controls such holder (within the meaning of the Securities Act and the Exchange Act) against all losses, claims, damages, liabilities and expenses (or actions in respect thereof) arising out of or based upon any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus relating to the registration of such Registrable Securities or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are contained in any information furnished in writing to the Company by or on behalf of such holder or other indemnified Person expressly for use therein or caused by such holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Company has furnished such holder with a sufficient number of copies of the same. Subject to the provisions of Section 9(c), the Company will reimburse each holder of Registrable Securities, its officers, directors, constituent partners and controlling Persons for any reasonable legal and other expenses as incurred in connection with investigating or defending any such losses, claims, damages, liabilities, expenses or actions for which such Person is entitled to

indemnification hereunder. In connection with a firm commitment or best efforts underwritten offering, the Company will indemnify the underwriters or agents, their officers, directors, constituent partners and each Person who controls such underwriters (within the meaning of the Securities Act and the Exchange Act) or agents to the same extent as provided above (or such greater extent as may be customarily required by the managing underwriters) with respect to the indemnification of the holders of Registrable Securities.

(b) Indemnification by Holder of Registrable Securities. In connection with any registration statement in which a holder of Registrable Securities is participating, each such holder will furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and agrees to indemnify, to the full extent permitted by law, the Company, its directors and officers, each Person who controls the Company (within the meaning of the Securities Act and the Exchange Act) and all other prospective sellers and their respective directors, officers and controlling Persons (within the meaning of the Securities Act and the Exchange Act) against any losses, claims, damages, liabilities and expenses (or actions in respect thereof) arising out of or based upon any untrue or alleged untrue statement of a material fact or any omission or alleged omission of a material fact required to be stated in the registration statement or prospectus or any amendment thereof or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any written information or affidavit furnished by or on behalf of such holder specifically for such registration statement or prospectus and then only to the extent of the total proceeds received by such holder of Registrable Securities. Subject to the provisions of Section 9(c), the holders of Registrable Securities will reimburse, to the extent of the total proceeds received by the holders of Registrable Securities, the Company, its officers, directors and controlling Persons and all other prospective sellers and their respective directors, officers and controlling Persons for any reasonable legal and other expenses as incurred in connection with investigation or defending any such losses, claims, damages, liabilities, expenses or actions.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder will (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification (but omission of such notice shall not relieve the indemnifying party from liability hereunder except to the extent such indemnifying party is actually prejudiced by such failure to give notice) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest may exist between such indemnified and indemnifying parties with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent (but such consent will not be unreasonably withheld). No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim.

(d) Contribution. If the indemnification provided for in Section 9(a) or Section 9(b) is unavailable or insufficient to hold harmless each of the indemnified parties against any losses, claims, damages, liabilities and expenses (or actions in respect thereof) to which such persons may become subject under the Securities Act, then the indemnifying party shall, in lieu of indemnifying each party entitled to indemnification hereunder, contribute to the amount paid or payable by such party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and such indemnified persons on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages, liabilities or expenses. The relative fault of such persons shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact, or omission or alleged omission to state a material fact, relates to information supplied by or concerning the indemnifying party on the one hand, or by such indemnified person on the other, and such person's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 9(d) were determined by pro rata allocation or by any other allocation that does not take into account the equitable considerations referred to in this Section 9(d). No person guilty of fraudulent misrepresentation within the meaning of the Act shall be entitled to contribution from any person that is not guilty of such fraudulent misrepresentation.

10. RULE 144.

The Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, it will, upon the request of any holder of Registrable Securities, make publicly available such information), all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any holder of Registrable Securities, the Company will deliver to such holder a written statement that it has complied with such requirements.

11. PARTICIPATION IN UNDERWRITTEN REGISTRATIONS; MARKET STAND-OFF AGREEMENT.

(a) Participation in Underwritten Registration. No Person may participate in any underwritten registration hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (ii) completes and executes all customary questionnaires, powers of attorney, underwriting agreements and other documents required under the terms of such underwriting arrangements.

(b) Market Stand-Off Agreement. Each holder of Registrable Securities agrees that it shall not, to the extent requested by the Company and an underwriter of Common Stock (or other securities of the Company), sell or otherwise transfer or dispose of (other than to transferees who agree to be similarly bound) any Registrable Securities during the 90 day period following the

effective date of a registration statement of the Company filed under the Securities Act (or such shorter period as the executive officers and directors of the Company are so bound); provided, however, the holders of Registrable Securities shall be so bound only if the executive officers and directors of the Company and all other holders of 3% or more of the outstanding Common Stock who could be entitled to request that shares of Common Stock be included in a registration statement filed pursuant to Sections 3, 4 or 5 hereof shall have entered into similar agreements. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities until the end of such 90 day period.

12. MISCELLANEOUS.

(a) Right to Suspend. The Company may, by notice in writing to each holder of Registrable Securities, require the holder of Registrable Securities to suspend use of any prospectus included in a registration statement filed hereunder if the Company reasonably determines that it contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein not misleading or that any transaction in which the Company is engaged or proposes to engage, or any event that has occurred or is expected to occur, would require an amendment to such registration statement or a supplement to such prospectus (including any such amendment or supplement made through incorporation by reference to a report filed under Section 13 of the Exchange Act). Each holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in this Section 12(a), such holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such holder's receipt of the copies of a properly supplemented or amended prospectus, and, if so directed by the Company, such holder will deliver to the Company all copies, other than permanent file copies, then in such holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. In the event the Company gives any such notice, the time period mentioned in Section 7(a)(iii), if applicable, will be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such registration statement has received the copies of such supplemented or amended prospectus. The Company agrees to use its reasonable best efforts to cause any suspension of use of any prospectus pursuant to this paragraph to be as short a period of time as possible.

(b) Remedies. Each holder of Registrable Securities, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of at least a Majority of the outstanding Registrable Securities.

(d) Registrable Securities Held by the Company or its Affiliates. Whenever the consent or approval of holders of all or any specified percentage of Registrable Securities is required

hereunder, Registrable Securities held by the Company or any of its affiliates (other than Purchaser or any of its affiliates if it is such an affiliate) will not be counted in determining whether such consent or approval was given by such holders.

(e) Notices. All notices hereunder shall be in writing and shall be effective (a) on the day on which delivered if delivered personally or transmitted by telex or telegram or telecopier with evidence of receipt, (b) one business day after the date on which the same is delivered to a nationally recognized overnight courier service with evidence of receipt, or (c) five business days after the date on which the same is deposited, postage prepaid, in the U.S. mail, sent by certified or registered mail, return receipt requested, and addressed to the party to be notified at the address indicated below for the Company, or at the address for the holder of the Registrable Securities set forth in a registry maintained by the Company, or at such other address and/or telecopy or telex number and/or to the attention of such other person as the Company or the holder of the Registrable Securities may designate by ten-day advance written notice.

(f) Successors and Assigns. Subject to compliance with any conditions to or restrictions on the transfer of any Registrable Securities, this Agreement will inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent holders of Registrable Securities (other than any such holders who acquire Registrable Securities in a transaction described in clause (i), (ii) or (iii) of Section 2(a)).

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and will not limit or otherwise affect the meaning hereof.

(i) Governing Law; Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to conflict of law principles. Any holder of Registrable Securities may bring any action or proceeding to enforce or arising out of this Agreement or in the instruments and agreements annexed hereto in any court of competent jurisdiction.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein will not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the securities sold pursuant

to the Purchase Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(1) Attorney's Fees. In any action or proceeding brought to enforce any provision of this Agreement, or where any provision hereof or thereof is validly asserted as a defense, the successful party will be entitled to recover reasonable attorney's fees in addition to any other available remedy.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NEWPARK RESOURCES, INC.

Company Address:

3850 N. Causeway Blvd.

Suite 1770
Metairie, Louisiana 70002
Financial Officer

/s/ Matthew W. Hardey

Name: Matthew W. Hardey
Title: Vice President and Chief

SCF-IV, L.P.

By SCF-IV, G.P., Limited Partnership,
its General Partner

By: L.E. Simmons & Associates, Incorporated,
its General Partner

By: /s/ David C. Baldwin
