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

FORM 10-Q

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

For the quarterly period ended June 30, 1999   Commission File No. 1-2960

NEWPARK RESOURCES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	72-1123385
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

Yes [X]   No _____

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common stock, $0.01 par value: 69,002,641 shares at August 12, 1999.

NEWPARK RESOURCES, INC.
INDEX TO FORM 10-Q
FOR THE THREE MONTH PERIOD ENDED
June 30, 1999

Item Number	Description	Page Number
	PART I	
1	Unaudited Consolidated Financial Statements:	
	Balance Sheets June 30, 1999 and December 31, 1998	3
	Statements of Operations for the Three and Six Month Periods Ended June 30, 1999 and 1998	4
	Statements of Comprehensive Income for the Six Month Periods Ended June 30, 1999 and 1998	5
	Statements of Cash Flows for the Six Month Periods Ended June 30, 1999 and 1998	6
	Notes to Unaudited Consolidated Financial Statements	7
2	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
	PART II	
1	Legal Proceedings	27
4	Submission of Matters to a Vote of Security Holders	27
6	Exhibits and Reports on Form 8-K	28

Newpark Resources, Inc.
CONSOLIDATED BALANCE SHEETS

(Unaudited)	June 30,	December 31,
(In thousands, except share data)	1999	1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,243	$ 6,611
Accounts and notes receivable, less allowance of $10,602 in 1999 and $11,008 in 1998	52,829	65,675
Inventories	19,198	19,381
Current taxes receivable	4,271	10,593
Deferred tax asset	13,565	13,776
Other current assets	4,579	3,292
TOTAL CURRENT ASSETS	100,685	119,328
Property, plant and equipment, at cost, net of accumulated depreciation	224,680	217,988
Cost in excess of net assets of purchased businesses and identifiable intangibles, net of accumulated amortization	122,161	123,539
Deferred tax asset	888	1,735
Other assets	39,146	41,889
	$ 487,560	$ 504,479
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ --	$ 72
Current maturities of long-term debt	918	1,195
Accounts payable	13,930	23,237
Accrued liabilities	9,312	11,711
Arbitration settlement payable	6,417	7,176
TOTAL CURRENT LIABILITIES	30,577	43,391
Long-term debt	194,786	208,057
Arbitration settlement payable	4,816	8,080
Other non-current liabilities	2,205	2,454
Commitments and contingencies	--	--
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.01 par value, 1,000,000 shares authorized, 150,000 shares outstanding in 1999, $100 face value, and none in 1998	12,597	--
Common Stock, $.01 par value, 100,000,000 shares authorized, 68,928,245 shares outstanding in 1999 and 68,839,672 in 1998	688	688
Paid-in capital	322,567	319,833
Accumulated other comprehensive income (loss)	(222)	(1,033)
Retained earnings (deficit)	(80,454)	(76,991)
TOTAL STOCKHOLDERS' EQUITY	255,176	242,497
	$ 487,560	$ 504,479

See accompanying Notes to Unaudited
Consolidated Financial Statements

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three and Six Month Periods Ended June 30,
(Unaudited)

(In thousands, except per share data)	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Revenues	$ 40,524	$ 67,019	$ 93,303	$ 139,423
Operating costs and expenses:				
Cost of services provided	29,743	39,515	63,456	82,234
Operating costs	17,475	10,436	31,505	20,094
	47,218	49,951	94,961	102,328
General and administrative expenses	671	976	1,161	1,887
Equity in net earnings of unconsolidated affiliates	--	(715)	--	(1,170)
Operating income (loss)	(7,365)	16,807	(2,819)	36,378
Interest income	(232)	(329)	(530)	(809)
Interest expense	4,042	2,624	8,019	5,262
Income (loss) before income taxes	(11,175)	14,512	(10,308)	31,925
Provision for income taxes (benefit)	(5,933)	5,403	(5,624)	11,589
Income (loss) before cumulative effect of accounting change	(5,242)	9,109	(4,684)	20,336
Cumulative effect of accounting change (net of income tax effect)	--	--	1,471	--
Net income (loss)	(5,242)	9,109	(3,213)	20,336
Less:				
Preferred stock dividends	156	--	156	--
Accretion of discount on preferred stock	94	--	94	--
Net income (loss) applicable to common and common equivalent shares	$ (5,492)	$ 9,109	$ (3,463)	$ 20,336
Weighted average common and common equivalent shares outstanding:				
Basic	68,893	66,448	68,883	65,912
Diluted	68,893	67,731	68,883	67,264
Income (loss) per common and common equivalent share:				
BASIC:				
Income (loss) before cumulative effect of accounting change	$ (0.08)	$ 0.14	$ (0.07)	$ 0.31
Cumulative effect of accounting change (net of income tax effect)	$ --	$ --	$ 0.02	$ --
Net income (loss)	$ (0.08)	$ 0.14	$ (0.05)	$ 0.31
DILUTED:				
Income (loss) before cumulative effect of accounting change	$ (0.08)	$ 0.13	$ (0.07)	$ 0.30
Cumulative effect of accounting change (net of income tax effect)	$ --	$ --	$ 0.02	$ --
Net income (loss)	$ (0.08)	$ 0.13	$ (0.05)	$ 0.30

See accompanying Notes to Unaudited Consolidated Financial Statements

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Six Month Periods Ended June 30,
(Unaudited)

(In thousands)	1999	1998
Net income (loss)	$ (3,213)	$ 20,336
Other comprehensive income (loss):		
Foreign currency translation adjustments	811	(85)
Comprehensive income (loss)	$ (2,402)	$ 20,251

See accompanying Notes to Unaudited
Consolidated Financial Statements

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Month Periods Ended June 30,

(Unaudited)

(In thousands)	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (3,213)	$ 20,336
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	14,159	17,170
Cumulative effect of accounting change (net of taxes)	(1,471)	--
(Benefit) provision for income taxes	(5,624)	670
Net earnings of unconsolidated affiliate	--	(1,170)
Dividends and accretion on preferred stock	(250)	--
Other	(185)	408
Change in assets and liabilities, net of effects of acquisitions:		
Decrease (increase) in accounts and notes receivable	11,590	(7,260)
Decrease (increase) in inventories	183	(3,305)
Decrease (increase) in other assets	12,367	(3,988)
Increase in accounts payable	(10,385)	(6,498)
(Increase) decrease in accrued liabilities and other	(6,671)	1,712
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,500	18,075
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(22,990)	(51,700)
Proceeds from disposal of property, plant and equipment	103	137
Advances on notes receivable	--	(2,200)
Payments received on notes receivable	1,203	2,232
Acquisitions, net of cash acquired	--	(7,640)
NET CASH USED IN INVESTING ACTIVITIES	(21,684)	(59,171)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (payments) borrowings on lines of credit	(12,650)	32,650
Principal payments on notes payable and long-term debt	(970)	(4,299)
Proceeds from equipment leasing	9,320	--
Proceeds from preferred stock issue	15,000	--
Proceeds from exercise of stock options	101	3,521
NET CASH PROVIDED BY FINANCING ACTIVITIES	10,801	31,872
EFFECT OF EXCHANGE RATE CHANGES IN CASH	15	152
NET DECREASE IN CASH AND CASH EQUIVALENTS	(368)	(9,072)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,611	21,699
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 6,243	$ 12,627

Included in accounts payable and accrued liabilities at June 30, 1999 and 1998 were equipment purchases of $1.1 million and $3.6 million, respectively. Also included are notes payable for equipment purchases in the amount of $434,000 at June 30, 1998.

Interest of $8.6 million and $5.6 million was paid during the six months ending June 30, 1999 and 1998, respectively. Income tax refunds, net of payments, totaled $12.2 million for the six months ended June 30, 1999. Income taxes of $7.1 million were paid during the six months ending June 30, 1998.

During the six month period ended June 30, 1998, noncash transactions included the transfer of $1.1 million from fixed assets to a note receivable, representing the Company's investment in a manufacturing venture.

See accompanying Notes to Unaudited Consolidated Financial Statements

NEWPARK RESOURCES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - INTERIM FINANCIAL STATEMENTS

In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments necessary to present fairly the financial position of Newpark Resources, Inc. ("Newpark" or the "Company") as of June 30, 1999, and the results of its operations and its cash flows for the three and six month periods ended June 30, 1999 and 1998. All such adjustments are of a normal recurring nature. These interim financial statements should be read in conjunction with the December 31, 1998 audited financial statements and related notes filed on Form 10-K. The results of operations for the three and six month periods ended June 30, 1999 are not necessarily indicative of the results to be expected for the entire year. Certain reclassifications of prior period amounts have been made to conform to the current period presentation.

NOTE 2 - CHANGE IN METHOD OF ACCOUNTING FOR DEPRECIATION

The Company computes the provision for depreciation on certain of its E&P waste and NORM disposal assets ("the waste disposal assets") and its barite grinding mills using the unit-of-production method. In applying this method, the Company has considered certain factors which affect the expected production units (lives) of these assets. These factors include obsolescence, periods of nonuse for normal maintenance and economic slowdowns and other events which are reasonably predictable. The unit-of-production method of providing for depreciation on these assets was adopted in the second quarter of 1999, effective January 1, 1999. Prior to 1999, the Company computed the provision for depreciation of these assets on a straight-line basis.

The original useful lives for the waste disposal assets were developed assuming a relatively constant annual volume of the expected waste streams. However, the actual volume of waste disposed by the Company has been more volatile than expected in the markets which Newpark serves, and the volatility in utilization rates is expected to continue. Because the utility of disposal assets is diminished by volume of waste disposed rather than time, the Company believes the unit-of-production method provides a better measure of loss of utility of the disposal assets. In addition, a review of major competitors in the industrial waste business indicates that the unit-of-production method is a commonly used method of depreciation for surface disposal assets utilized in this industry.

The original useful life for the barite mills was developed based on maximum utilization rates which considered non-utilized time only for scheduled repair periods. The Company's actual utilization rates closely followed this pattern from inception of operations (1997) through July 1998. The significant declines in drilling activity since that time has resulted in a drastic reduction in utilization rates for the barite mills. The life of a barite grinding mill is affected primarily by the volume of barite material ground in the mill, not the passage of time. As a result, consistent with the waste disposal assets, the Company believes the unit-of-production method provides a better measure of diminution of utility of these assets.

In applying the unit-of-production method of providing depreciation, the Company makes estimates of certain factors which are involved in determining the expected productive units for its waste disposal assets and barite grinding mill assets. The capacity of the waste disposal assets was determined based primarily on seismic and geological studies, while the capacity for the barite grinding mill assets was based primarily on manufacturer's certifications and the capacity of similar assets. These factors also include consideration of obsolescence and periods of non-use.

The reported loss from operations for the six months ended June 30, 1999 was reduced by $1,471,000 (related per share amounts of $.02 basic and diluted) reflecting the cumulative effect (net of income taxes) on years prior to 1999 for the change in accounting for depreciation. In addition, the effect of the change in 1999 is to reduce the net loss from operations for the three and six months ended June 30, 1999 by $242,000 (related per share amounts of $.00 basic and diluted) and $453,000 (related per share amounts of $.01 basic and diluted), respectively. The effect on the first quarter of 1999 for this change in accounting is to increase the previously reported net income by $212,000 (related per share amounts of $.00 basic and diluted).

Consolidated net income that would have been reported for the three months and six months ended June 30, 1998 had the change been applied retroactively would be as follows:

(In thousands except per share data)	
Three months:	
Net income	$ 9,180
Income per common and common equivalent share:	
Basic	$ .14
Diluted	$ .14
Six months:	
Net income	$ 20,483
Income per common and common equivalent share:	
Basic	$ .31
Diluted	$ .30

NOTE 3 - PENDING MERGER WITH TUBOSCOPE, INC.

On June 24, 1999, the Company entered into a definitive agreement to merge with Tuboscope Inc. (Tuboscope). Under the terms of the agreement, which was approved by both boards of directors, Newpark common stockholders will receive 0.65 common shares of Tuboscope for each common share of Newpark, and the 150,000 outstanding shares of Newpark's Series A Cumulative Perpetual Preferred Stock would be converted into 965,347 shares of Tuboscope common stock. At that ratio, each stockholder group will own approximately 50% of the combined company following the proposed merger. The proposed merger is subject to stockholder approval and, in addition, provides for certain break-up fees, if the merger is terminated by either party. The applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired on August 6, 1999. The merger is expected to be accounted for as a purchase.

NOTE 4 - ACQUISITIONS

The accompanying unaudited consolidated financial statements include the effects of several acquisitions completed during 1998 that were accounted for as poolings of interests. These acquisitions included the following companies:

Company Name	Acquisition Date	Location	Shares
Southwestern Universal Corp	March 19, 1998	West Texas	450,000
Optimum Fluids, Inc.	May 28, 1999	Canada	281,000
Houston Prime Pipe & Supply	May 29, 1999	Gulf Coast	420,000
			1,151,000

Information for the three and six month periods ended June 30, 1998 have been restated to reflect the effects of these transactions and to reflect certain adjustments in the Fluids Sales & Engineering segment for expensing certain previously capitalized costs. Operating results prior to the combinations of the separate companies and the combined amounts presented in the unaudited consolidated financial statements for the six months ended June 30, 1998 are summarized below (in thousands):

Revenues:	
Newpark	$135,099
Southwestern	1,031
Optimum	943
Houston Prime	2,350
Combined	$139,423

Net Income:	
Newpark	$ 19,786
Southwestern	192
Optimum	40
Houston Prime	318
Combined	$ 20,336

The accompanying consolidated financial statements also include the results of operations of ten acquisitions that were accounted for by the purchase method. Names of the acquired companies and consideration given for each are summarized below. Goodwill of $34.1 million was recorded with the acquisition of these entities and is being amortized over 20 years on a straight line basis. The historical results of the operations related to these acquisitions were not considered significant in relation to the financial requirements of Newpark.

Date of Acquisition	Selling Entity	Consideration Shares	Cash
March 1998	Protec Mud Service, Ltd.	385,418	$4,163,000
April 1998	Qualitex, Inc.	21,816	$ 12,000
May 1998	Chem-Drill, Inc.	48,800	$ --
June 1998	Mid-Continent Completion Fluids, Inc.	345,000	$3,700,000
June 1998	Red Hill Disposal, Inc.	--	$ 600,000
June 1998	Cajun Oilfield Services, Inc.	85,600	$ 200,000
August 1998	Shamrock Drilling Fluids	673,773	$8,885,000
August 1998	ProActa Environmental, Services, Inc.	550,000	$1,278,000
October 1998	Sonnex, Inc.	--	$2,650,000
October 1998	OGS Laboratories, Inc.	236,364	$1,165,000

The following unaudited pro forma information presents a summary of consolidated results of operations of the Company and these ten acquired companies as if the acquisition had occurred January 1, 1998:

(In thousands except per share data)

	Three Months Ended June 30, 1998	Six Months Ended June 30, 1998
Revenues	$ 75,081	$ 161,775
Net income	9,361	21,572
Net income per common and common equivalent share		
Basic	$ .14	$ .32
Diluted	$ .13	$ .31

NOTE 5 - EARNINGS PER SHARE

Basic and diluted income (loss) per common and common equivalent share for the three and six months ended June 30, 1999 and basic income

per common and common equivalent share for the three and six months ended June 30, 1998, were calculated by dividing income or loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted income per common and common equivalent share for the three and six months ended June 30, 1998 was calculated by dividing income available to common shareholders by the weighted average number of common shares outstanding and the dilutive stock options granted to outside directors and certain employees, which totaled approximately 1,283,000 shares and 1,352,000 shares for the respective periods.

NOTE 6 - ACCOUNTS AND NOTES RECEIVABLE

Included in current accounts and notes receivable at June 30, 1999 and December 31, 1998 are:

(In thousands)	1999	1998
Trade receivables	$ 55,123	$ 68,960
Unbilled revenues	3,662	3,663
Gross trade receivables	58,785	72,623
Allowance for doubtful accounts	(10,602)	(11,008)
Net trade receivables	48,183	61,615
Notes and other receivables	4,646	4,060
Total	$ 52,829	$ 65,675

NOTE 7 - INVENTORY

The Company's inventory consisted of the following items at June 30, 1999 and December 31, 1998:

(In thousands)	1999	1998
Drilling fluids raw materials and components	$14,476	$11,385
Logs	2,394	4,835
Board road lumber	732	1,276
Supplies	1,391	1,285
Other	205	600
Total	$19,198	$19,381

NOTE 8 - CAPITALIZED INTEREST

Interest of $308,000 and $534,000 was capitalized during the three months ended June 30, 1999 and 1998, respectively. Interest of $808,000 and $830,000 was capitalized during the six months ended June 30, 1999 and 1998, respectively.

NOTE 9 - LONG-TERM DEBT

As of June 30, 1999, the Company had outstanding $125 million of unsecured senior subordinated notes (the "Notes") and maintained a $100.0 million bank credit facility (the "Credit Facility") in the form of a revolving line of credit commitment. The Credit Facility is unsecured, except for the pledge of certain capital stock of two foreign subsidiaries. It bears interest at either a specified prime rate (7.75% at June 30, 1999) or the LIBOR rate (5.37% at June 30, 1999) plus a spread which is determined quarterly based upon the ratio of the Company's funded debt to cash flow. The line of credit requires monthly interest payments and matures on June 30, 2001. At June 30, 1999, $17.6 million of letters of credit were issued and outstanding, leaving a net of $82.4 million available for cash advances under the line of credit, of which $68.3 million was borrowed.

The Credit Facility requires that the Company maintain certain specified financial ratios and comply with other usual and customary requirements. In 1999, the lenders amended the Credit Facility to provide for covenants that are consistent with the Company's financial condition and market outlook. At June 30, 1999, the Company was in compliance with all requirements of the respective agreements, as amended. In addition, the Notes and the Credit Facility contain covenants that significantly limit the payment of dividends on the common stock of the Company.

NOTE 10 - SEGMENT DATA

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

	1999		1998	
Three Months Ended June 30:				
Revenues by segment:				
E&P waste disposal	$ 9,933	24.5%	$15,467	23.1%
Fluids sales & engineering	18,795	46.4	24,929	37.2
Mat & integrated services	11,796	29.1	26,623	39.7
Total	$40,524	100.0%	$67,019	100.0%
Operating income (loss) by segment:				
E&P waste disposal	$ 2,507		$ 5,994	
Fluids sales & engineering	(7,610)		3,150	
Mat & integrated services	(1,591)		7,924	
Total	$(6,694)		$17,068	

	1999		1998	
Six Months Ended June 30:				
Revenues by segment:				
E&P waste disposal	$ 20,768	22.3%	$ 33,531	24.0%
Fluids sales & engineering	42,348	45.4	50,271	36.1
Mat & integrated services	30,187	32.3	55,621	39.9
Total	$ 93,303	100.0%	$ 139,423	100.0%
Operating income (loss) by segment:				
E&P waste disposal	$ 5,992		$ 13,450	
Fluids sales & engineering	(8,798)		7,643	
Mat & integrated services	1,148		16,002	
Total	$ (1,658)		$ 37,095	

The figures above are shown net of intersegment transfers.

NOTE 11 - PREFERRED STOCK

On April 16, 1999, the Company, issued 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 these instruments was $15.0 million, of which approximately $12.8 million was allocated to the Series A Preferred Stock and approximately $2.2 million to the Warrant. The difference between the carrying value and the redemption value for the Series A Preferred Stock is being amortized to retained earnings over a period of five years and affects the earnings per share of common stock. The net proceeds from the sale were used to repay indebtedness. No underwriting discounts, commissions or similar fees were paid in connection with the sale of the securities.

Cumulative dividends are payable on the Series A Preferred Stock quarterly in arrears at the initial dividend rate of 5% per annum, based on the stated value of $100 per share of Series A Preferred Stock. Dividends for the first three years are payable in Newpark Common Stock. The dividend rate is subject to adjustment three, five and seven years after the date of issuance. The agreement does not restrict common stock dividends or repurchases of common stock by the Company as long as all accumulated dividends on the Series A Preferred Stock have been paid in full.

NOTE 12 - LEGAL PROCEEDINGS

On August 3, 1999, a Newpark stockholder, Jason Golz, filed a purported class action complaint in United States District Court, Eastern

District of Louisiana, for breaches of fiduciary duty against Newpark and the Newpark Board of Directors. The complaint seeks an injunction against the proposed merger of Newpark and Tuboscope and the certification as a class of all public stockholders of Newpark other than the Newpark Board. The complaint alleges that the consideration to be received by Newpark stockholders in the merger is unfair and inadequate and that Newpark and its directors breached their fiduciary duties to Newpark's stockholders by, among other things, failing to exercise independent judgment in approving the merger and recommending the merger to the Newpark stockholders. The complaint also names Tuboscope and SCF-IV, L.P., the holder of Newpark's outstanding preferred stock, as defendants, alleging, among other things, that they wrongfully exerted undue pressure on the Newpark Board of Directors to enter into the merger.

Newpark believes that this complaint is without merit and will aggressively defend against the suit and pursue the Merger.

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is required to be adopted in fiscal years beginning after June 15, 2000. Given the Company's historically minimal use of these types of instruments, the Company does not expect a material impact on its statements from adoption of SFAS No. 133.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition, results of operations, liquidity and capital resources should be read in conjunction with the accompanying "Unaudited Consolidated Financial Statements" and "Notes to Unaudited Consolidated Financial Statements" as well as the Company's annual report on form 10-K for the year ended December 31, 1998.

On June 24, 1999, the Company entered into a definitive agreement to merge with Tuboscope Inc. (Tuboscope). Under the terms of the agreement, which was approved by both boards of directors, Newpark common stockholders will receive 0.65 common shares of Tuboscope for each common share of Newpark, and the 150,000 outstanding shares of Newpark's Series A Cumulative Perpetual Preferred Stock would be converted into 965,347 shares of Tuboscope common stock. At that ratio, each stockholder group will own approximately 50% of the combined company following the proposed merger. The proposed merger is subject to stockholder approval and, in addition, provides for certain break-up fees, if the merger is terminated by either party. The applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired on August 6, 1999. The merger is expected to be accounted for as a purchase.

RESULTS OF OPERATIONS

Weakness in oil and gas commodity prices in 1998 and the early part of 1999 produced a significant decline in market activity as measured by the rig count in the markets that Newpark serves. The recovery of drilling activity in the U.S. Gulf Coast, Newpark's primary market, has been slower than for the entire U.S. market. The operators responsible for most of the drilling activity in the U.S. Gulf Coast tend to be independent oil companies who generally do not own downstream refinery operations. The sustained weakness in commodity prices during 1998 significantly affected the cash flows of these operators, most of which tend to have less access to capital resources than the major fully-integrated oil and gas companies. Accordingly, the recovery in the Gulf Coast market to this point in the cycle has been slower than for other markets.

	1Q98	2Q98	3Q98	4Q98	1Q99	2Q99
U.S. Rig Count	968	864	796	690	551	521

During April 1999, the U.S. rig count declined to 488 rigs, the lowest count ever recorded in the history of the indicator. As of the week ended July 30, 1999, the U.S. rig count was 602.

- ------------
Source: Baker Hughes Incorporated

Natural gas production accounts for the majority of activity in the Gulf Coast region. Gas prices began to improve during March 1999 and have continued to recover. High depletion rates for gas wells are expected to provide support to commodity gas pricing. Beginning in 1998, lower oil prices slowed drilling in markets more oriented toward oil, such as the Austin Chauk region, West Texas and areas which produce primarily heavy oil, such as Canada and Venezuela. Oil prices have recovered as a result of voluntary production curtailment by OPEC member countries.

Operating results for the quarter and six months ended June 30, 1998 have been restated to give effect to several pooling of interests transactions that took place during 1998 and the reallocation of certain 1998 charges that affected these results. Summarized financial information concerning the Company's reportable segments for the three month and six month periods ended June 30, 1999 and 1998 is as follows:

	1999		1998	
Three Months Ended June 30:				
Revenues by segment:				
E&P waste disposal	$ 9,933	24.5%	$ 15,467	23.1%
Fluids sales & engineering	18,795	46.4	24,929	37.2
Mat & integrated services	11,796	29.1	26,623	39.7
Total	$ 40,524	100.0%	$ 67,019	100.0%
Operating income (loss) by segment:				
E&P waste disposal	$ 2,507		$ 5,994	
Fluids sales & engineering	(7,610)		3,150	
Mat & integrated services	(1,591)		7,924	
Total	$ (6,694)		$ 17,068	
Six Months Ended June 30:				
Revenues by segment:				
E&P waste disposal	$ 20,768	22.3%	$ 33,531	24.0%
Fluids sales & engineering	42,348	45.4	50,271	36.1
Mat & integrated services	30,187	32.3	55,621	39.9
Total	$ 93,303	100.0%	$ 139,423	100.0%
Operating income (loss) by segment:				
E&P waste disposal	$ 5,992		$ 13,450	
Fluids sales & engineering	(8,798)		7,643	
Mat & integrated services	1,148		16,002	
Total	$ (1,658)		$ 37,095	

The figures above are shown net of intersegment transfers.

THREE MONTH PERIOD ENDED JUNE 30, 1999 COMPARED TO THREE MONTH PERIOD ENDED JUNE 30, 1998

Revenues

Total revenues for the three months ended June 30, 1999 declined to $40.5 million, from $67.0 million in 1998, a decrease of $26.5 million, or 40%. The components of the decrease in revenues were a $5.6 million decrease in waste disposal revenues, a $6.1 million decrease in drilling fluids sales and engineering revenues and a $14.8 million decrease in mat and integrated services revenues.

The $5.6 million, or 36%, decrease in waste disposal revenue is attributable to the decline in waste volumes received as a result of lower drilling activity. During the second quarter of 1999, Newpark received approximately 800,000 barrels of E&P waste compared to approximately 1.2 million barrels in the comparable quarter of 1998, a 33% decline, while pricing remained stable during the comparable periods.

The $6.1 million, or 24%, decline in drilling fluids revenue is attributable to the decline in drilling activity noted above and commodity pricing, particularly for barite. Drilling fluids revenues were benefited during the quarter by several acquisitions in 1998 which, among other things, expanded operations into the Oklahoma Anadarko Basin and Western Canada. In addition, the drilling fluids segment continued to penetrate the markets that it serves and gain market share. While the mix of rig activity and commodity pricing has put downward pressure on both revenues and margins in this segment, the Company continues to be pleased with its customers' reception to its DeepDrill(TM) fluids system. As this system gains greater market acceptance, it is expected to enhance both revenues and margins for this segment.

The decrease of $14.8 million in mat and integrated services revenue reflects both low activity and competitive pressure. Record low rig activity and, in particular, a shift by customers away from transition zone and major wetlands projects, resulted in the lowest revenues in this segment in 10 years. In addition, the Company, and many of its competitors had increased their capacity during 1997 and the first half of 1998 in response to increasing industry activity. The sharp decline in drilling activity created significant overcapacity in this market. The resulting overcapacity contributed further to the pricing decline.

Roll-out of the new composite mats is continuing and the anticipated lower operating costs for the new mats is expected to help the Company to better compete in the current competitive pricing environment. The Company also continues to develop its mat service business in Canada and anticipates expansion of this market as its mat systems become more widely accepted.

Operating Income

The Company reported an operating loss of $7.4 million for the three months ended June 30, 1999, a decline of $24.2 million as compared to operating income of

$16.8 million in 1998. The majority of the decline in operating income is due to the decline in revenues noted above and reflects the high incremental margins of the operating segments of the Company. In addition, in the third quarter of 1998, the Company began to make significant changes in its infrastructure in order to address market shifts and the expected continuance of lower drilling activity. In the second quarter of 1999, $3.2 million of site closure, relocation, disposal and other costs associated with these changes were incurred. At the same time as the Company has been addressing these market shifts, it has continued its efforts to introduce new products and services. Introduction of these new products and services has required the Company to incur additional costs which have not been fully offset by revenue increases during the startup phase. In the second quarter of 1999 market entry costs of $1.0 million were charged to operations in connection with introduction of these products and services. The Company will continue to monitor its level of operating costs in relation to revenues, while ensuring that customer service is not impaired. While Newpark has recently made significant cost cuts, it has attempted to maintain a level of operating capacity which will allow it to meet demand as drilling activity increases.

The segment operating loss of $6.7 million for the second quarter of 1999 represents a decline of $23.8 from operating income of $17.1 million in 1998. The components of the decrease were a $3.5 million decrease in E&P waste disposal operating income, a $10.8 million decrease in fluids sales and engineering operating income and a $9.5 million decrease in mat and integrated services operating income.

The $3.5 million decrease in waste disposal operating income resulted from a 33% decline in volume, which reduced operating margins. When the sharp decline in market activity began in the second quarter of 1998, the Company began reducing the number of barges in its operations and the number of tugboats under charter, closing facilities and reducing staffing levels. The Company completed the cost reductions in this segment during the second quarter of 1999.

The $10.8 million decrease in fluids sales and engineering operating income is due partly to the decline in revenue of $6.1 million that resulted from the sharp rig count decline and commodity pricing. In addition, rapid expansion in this business segment through acquisitions and new distribution facilities during 1997 and 1998 significantly increased the Company's drilling fluids infrastructure and therefore its operating costs. Compared to the second quarter of 1998, the current quarter included additional infrastructure costs of approximately $3.1 million related to expansion into the Canadian and Oklahoma markets. The downturn in oil prices, and reduced drilling activity in the regions that this segment serviced, resulted in lower revenue opportunities and sharp declines in operating margins beginning in the latter half of 1998. In response, the Company has closed several of its facilities, primarily in the Austin Chauk of Louisiana and Texas, and downsized its operations. Included in operating costs for this segment in the quarter ended June 30, 1999 are site closure and related costs of approximately $2.6 million.

While the Company has made significant changes in the operations of its drilling fluids segment in response to market shifts and declines in drilling activity, it has continued to introduce its DeepDrill(TM) product and its Minimization

Management concept. During the quarter ended June 30, 1999 the Company has incurred approximately $700,000 in market entry costs associated with the introduction of these products and services during the startup phase.

The $9.5 million decrease in mat and integrated services operating income is attributable to the $14.8 million decline in revenues for this segment, declining margins related to lower average pricing and increased operating costs associated with the continued disposal of wooden mats and relocation of mats to other markets. Mat disposal costs of approximately $600,000 were charged during the current quarter. In addition, market entry costs of approximately $300,000 were incurred during the quarter ended June 30, 1999 in connection with the introduction of the new composite mat system and introduction of wooden mats into the Canadian market. It is anticipated that utilization of the composite mat will improve operating margins in this segment as the market recovers. This business segment has significantly cut costs in response to the decline in demand for its services by reducing staffing levels, closing facilities and disposing of excess assets. These cost reduction measures were completed in the second quarter of 1999.

Interest Income/Expense

Net interest expense was $3.8 million for the second quarter of 1999, an increase of $1.5 million, or 65% as compared to $2.3 million for the second quarter of 1998. The increase in net interest cost is due to an increase of $51.7 million in average outstanding borrowings. The increase in average outstanding borrowings under the Company's bank credit facility during 1998 was used to fund acquisitions, capital expenditures and working capital for operations growth experienced until the sharp decline in drilling activity in the third quarter of 1998. During the second quarter of 1999, the Company reduced total borrowings under its credit facility by $2.6 million.

Provision for Income Taxes

For the quarter ended June 30, 1999 the Company recorded an income tax benefit of $5.9 million, reflecting an income tax benefit rate of 53.1%. This effective rate results primarily from the effect of non-deductible goodwill and the low projected income from operations for the year ended December 31, 1999. For the quarter ended June 30, 1998, the Company recorded an income tax provision of $5.4 million, reflecting an income tax rate of 37.2%.

Preferred Stock Dividends and Accretion of Discount

Dividends paid on preferred stock and accretion of the discount on the preferred stock for the quarter ended June 30, 1999 were $156,000 and $94,000, respectively. These amounts reflect dividends and accretion for the period of April 16, 1999 (the issuance date of the preferred stock) through June 30, 1999.

SIX MONTH PERIOD ENDED JUNE 30, 1999 COMPARED TO SIX MONTH PERIOD ENDED JUNE 30, 1998

Revenues

Total revenues for the six months ended June 30, 1999 declined to $93.3 million, from $139.4 million in 1998, a decrease of $46.1 million, or 33%. The components of the decrease in revenues were a $12.7 million decrease in waste disposal revenues, an $8.0 million decrease in drilling fluids sales and engineering revenues and a $25.4 million decrease in mat and integrated services revenues.

The $12.7 million or 38% decrease in waste disposal revenue is attributable to the decline in waste volumes received as a result of lower drilling activity. During the first six months of 1999 Newpark received approximately 1.6 million barrels of E&P waste compared to approximately 2.7 million barrels in the comparable period of 1998, a 43% decline, while pricing remained stable during the comparable periods.

The $8.0 million, or 16%, decline in drilling fluids revenue is attributable to the decline in drilling activity and commodity pricing as noted above. Drilling fluids revenues were benefited during the first six months of 1999 by several acquisitions in 1998.

The decrease of $25.4 million in mat and integrated services revenue reflects both low activity and competitive pressure that reduced average pricing as noted above.

Operating Income

The Company reported an operating loss of $2.8 million for the six months ended June 30, 1999, a decline of $39.2 million as compared to operating income of $36.4 million in 1998. The majority of the decline in operating income is due to the decline in revenues and reflects the high incremental margins of the operating segments of the Company. As noted previously, in the third quarter of 1998, the Company began to make significant changes in its infrastructure in order to address market shifts and the expected continuance of lower drilling activity. During the six months ended June 30, 1999, $3.4 million of site closure, relocation, disposal and other costs associated with these changes were incurred. At the same time as the Company has been addressing these market shifts, it has continued its efforts to introduce new products and services to the markets it serves. Introduction of these new products and services has required the Company to incur additional costs which have not been fully offset by revenue increases during the startup phase. For the first six months of 1999, market entry costs of $1.6 million were charged to operations in connection with the introduction of these products and services.

The segment operating loss of $1.7 million for the six months ended June 30, 1999 represents a decline of $38.8 million from operating income of $37.1 million in 1998. The components of the decrease were a $7.5 million decrease in E&P waste disposal operating income, a $16.4 million decrease in fluids sales and engineering

operating income and a $14.9 million decrease in mat and integrated services operating income.

The $7.5 million decrease in waste disposal operating income resulted from a 43% decline in volume, which reduced operating margins. When the sharp decline in market activity began in the second quarter of 1998, the Company began reducing the number of barges in its operations and the number of tugboats under charter, closing facilities and reducing staffing levels. The Company completed these cost reductions in this segment during the second quarter of 1999.

The $16.4 million decrease in fluids sales and engineering operating income is due partly to the decline in revenue of $8.0 million that resulted from the rig count decline and commodity pricing. In addition, as noted previously, rapid expansion in this business segment through acquisitions and new distribution facilities during 1997 and 1998 significantly increased the Company's drilling fluids infrastructure. Compared to the first six months of 1998, the current six month period included additional infrastructure costs of approximately $6.5 million related to expansion into the Canadian and Oklahoma markets. The downturn in oil prices, and reduced drilling activity in the regions that this segment serviced, resulted in lower revenue opportunities and sharp declines in operating margins beginning in the latter half of 1998. In response, the Company has closed several of its facilities, primarily in the Austin Chauk of Louisiana and Texas, and downsized its operations. Included in operating costs for this segment in the six month period ended June 30, 1999 are site closure and related costs of approximately $2.6 million. In addition, $1.2 million of market entry costs were incurred in 1999 associated with the introduction of DeepDrill(TM) and Minimization Management.

The $14.9 million decrease in mat and integrated services operating income is attributable to the $25.4 million decline in revenues for this segment, declining margins from competitive pricing and increased operating costs associated with the continued disposal of wooden mats. Mat disposal costs of approximately $800,000 were charged during the six month period ended June 30, 1999. In addition, market entry costs of approximately $500,000 were incurred during the six month period ended June 30, 1999 in connection with the introduction of the new composite mat system and introduction of wooden mats into the Canadian market. As noted above, this business segment has significantly cut costs in response to the decline in demand for its services by reducing staffing levels, closing facilities and disposing of excess assets.

Interest Income/Expense

Net interest expense was $7.5 million for the six months ended June 30, 1999, an increase of $3.0 million, or 67%, as compared to $4.5 million for the second quarter of 1998. The increase in net interest cost is due to an increase of $56.5 million in average outstanding borrowings. The increase in average outstanding borrowings under the Company's bank credit facility during 1998 was used to fund acquisitions, capital expenditures and working capital for operations growth experienced until the sharp decline in drilling activity in the third quarter of 1998.

During the six months ended June 30, 1999, the Company reduced total borrowings under its credit facility by $13.5 million.

Provision for Income Taxes

For the six months ended June 30, 1999 the Company recorded an income tax benefit of $5.6 million, reflecting an income tax benefit rate of 54.6%. This effective rate results primarily from the effects of non-deductible goodwill and the low amount of projected income before operations for the year ended December 31, 1999. For the six months ended June 30, 1998, the Company recorded an income tax provision of $11.6 million, reflecting an income tax rate of 36.3%.

Cumulative Effect of Accounting Change

The unit-of-production method of providing for depreciation on certain assets used in the Company's barite grinding activity and in the E&P and NORM disposal business segment was adopted in the second quarter of 1999, effective January 1, 1999. Prior to this change, the Company had depreciated these assets using the straight-line method. The reported loss from operations for the six months ended June 30, 1999 was reduced by $1,471,000 (related per share amounts of $.02 basic and diluted) reflecting the cumulative effect (net of income taxes) on years prior to 1999 for the change in accounting for depreciation.

Preferred Stock Dividends and Accretion of Discount

Dividends paid on preferred stock and accretion of the discount on the preferred stock for the six months ended June 30, 1999 were $156,000 and $94,000, respectively. These amounts reflect dividends and accretion for the period of April 16, 1999 (the issuance date of the preferred stock) through June 30, 1999.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position decreased by $5.8 million during the six months ended June 30, 1999. Key working capital data is provided below:

	June 30, 1999	December 31, 1998
Working Capital (000's)	$ 70,108	$ 75,937
Current Ratio	3.29	2.75

The Company's long term capitalization was as follows:

	June 30, 1999	December 31, 1998
Long-term debt		
(including current maturities):		
Credit facility	$ 68,250	$ 80,900
Subordinated debt	125,000	125,000
Other	2,454	3,352
Total long-term debt	195,704	209,252
Stockholders' equity	255,176	242,497
Total capitalization	$450,880	$451,749

For the six months ended June 30, 1999, Newpark's working capital needs were met primarily from operating cash flow. Total net cash generated from operations and financing activities of $10.5 million and $10.8 million, respectively, helped provide for $21.7 million used in investing activities.

During the first six months of 1999, the Company entered into an operating lease transaction, under which it received $9.3 million in reimbursement of expenditures previously incurred by the Company for the purchase of a portion of the underlying equipment. Additionally the Company received income tax refunds totaling $13.3 million, during this same period.

Newpark's current bank credit facility provides for a $100.0 million revolving credit facility maturing on June 30, 2001, including up to $20.0 million in standby letters of credit. At June 30, 1999, $17.6 million in letters of credit were issued and outstanding under the credit facility, and $68.3 million was outstanding under the revolving facility. Advances under the credit facility bear interest at either (i) a specified prime rate or (ii) the LIBOR rate plus a spread which is determined quarterly based on the credit facility. The credit facility requires that Newpark maintain certain specified financial ratios and comply with other usual and customary requirements. In 1999, the Credit Facility was amended to provide for covenants which are consistent with the Company's current financial condition and anticipated market outlook. Newpark was in compliance with all other requirements of the credit facility, as amended, at June 30, 1999. Several of the financial ratios under the credit facility are at or near their respective limits. Any losses sustained by the Company in future quarters may cause Newpark to not be in compliance with certain financial covenants unless waivers can be obtained from the banks.

In April 1999 the Company sold to SCF-IV, L.P., a Delaware limited partnership managed by SCF Partners, 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.

For 1999, Newpark anticipates capital expenditures of approximately $37 million, including: (i) $4 million to develop non-hazardous industrial waste injection well sites, (ii) $6 million for expansion of drilling fluids operations, including the purchase of equipment associated with fluids processing and recycling and infrastructure expansions; (iii) $3 million to complete an enlarged joint operational offshore facility; (iv) $18 million for the purchase of synthetic mats and additional hardwood mats; and (v) $6 million for maintenance capital. Of these projected amounts, $23 million was expended during the six month period ended June 30, 1999.

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

YEAR 2000

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

The Company is substantially complete in assessing and addressing Year 2000 issues in its major computer systems. Most of the Company's major systems

have been updated in the normal course of business or replaced with applications that are Year 2000 compliant. No system replacements were made or accelerated to comply with Year 2000 issues, but rather were made to address other operating issues.

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

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

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

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

FORWARD-LOOKING STATEMENTS

The foregoing discussion contains `forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. Words such as "believes", "expects", "anticipates", "intends", "plans", "estimates", "should", "likely", or similar expressions indicate that the statement is a forward-looking statement. There are risks and uncertainties that could cause future events and results to differ materially from those anticipated by management in the forward-looking statements included in this report. Among these risks and uncertainties are (a) the level of exploration for and production of oil and gas and the industry's willingness to spend capital on environmental and oilfield services; (b) oil and gas prices, expectations about future prices, the cost of exploring for, producing and delivering

oil and gas, the discovery rate of new oil and gas reserves and the ability of oil and gas companies to raise capital; (c) domestic and international political, military, regulatory and economic conditions; (d) other risks and uncertainties generally applicable to the oil and gas exploration and production industry; (e) any rescission or relaxation of existing regulations affecting the disposal of E&P waste and NORM, failure of governmental authorities to enforce such regulations or the ability of industry participants to avoid or delay compliance with such regulations; (f) future technological change and innovation, which could result in a reduction in the amount of waste being generated or alternative methods of disposal being developed; (g) increased competition in the Company's product lines; (h) the Company's success in introducing new products and integrating potential future acquisitions; and (i) any disruptions in its operations as a result of failures in its own computer systems and those of its major vendors or customers resulting from Year 2000 issues.

PART II

ITEM 1. LEGAL PROCEEDINGS

On August 3, 1999, a Newpark stockholder, Jason Golz, filed a purported class action complaint in United States District Court, Eastern District of Louisiana, for breaches of fiduciary duty against Newpark and the Newpark Board of Directors. The complaint seeks an injunction against the proposed merger of Newpark and Tuboscope and the certification as a class of all public stockholders of Newpark other than the Newpark Board. The complaint alleges that the consideration to be received by Newpark stockholders in the merger is unfair and inadequate and that Newpark and its directors breached their fiduciary duties to Newpark's stockholders by, among other things, failing to exercise independent judgment in approving the merger and recommending the merger to the Newpark stockholders. The complaint also names Tuboscope and SCF-IV, L.P., the holder of Newpark's outstanding preferred stock, as defendants, alleging, among other things, that they wrongfully exerted undue pressure on the Newpark Board of Directors to enter into the merger.

Newpark believes that this complaint is without merit and will aggressively defend against the suit and pursue the Merger.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) Newpark Resources, Inc. held an Annual Meeting of Stockholders on May 26, 1999.

(b) The following seven directors were elected at that meeting to serve until the next Annual Stockholders' Meeting, with the following votes cast:

	For
Dibo Attar	59,008,410
William Thomas Ballantine	59,991,291
James D. Cole	58,989,831
W. W. Goodson	59,990,723
David P. Hunt	59,009,410
Alan Kaufman	59,007,896
James H. Stone	59,007,826

There were 311,487 votes withheld from voting on the directors.

(c) The stockholders approved the adoption of the 1999 Employee Stock Purchase Plan. There were 57,427,028 votes cast in favor of the adoption, and 1,767,810 votes cast against the adoption, with 106,480 votes abstaining from voting on the adoption.

ITEM 6. EXHIBIT AND REPORTS ON FORM 8-K

(a) Exhibits

18 Preferability Letter from Company's certifying accountants related to change in method of depreciation for certain long-lived assets.

27 Financial Data Schedule

99 Complaint filed on August 3, 1999 in United States District Court, Eastern District of Louisiana.

(b) Reports on Form 8-K

The registrant filed the following reports on Form 8-K during the quarter ended June 30, 1999.

(i) Form 8-K dated April 22, 1999, relating to the issuance of 150,000 shares of Series A Cumulative Perpetual Preferred Stock, $0.01 par value per share, and a warrant to purchase up to 2,400,000 shares of Common Stock of the Company to SCF-IV, L.P., a Delaware limited partnership for $15.0 million.

(ii) Form 8-K dated April 26, 1999, relating to the Company's change in certifying accountants.

(iii) Form 8-KA dated April 26, 1999, relating to the Company's change in certifying accountants.

(iv) Form 8-K dated May 10, 1999, relating to the Company's change in certifying accountants.

(v) Form 8-K dated June 24, 1999, relating to the proposed merger of the Company with and into Tuboscope.

NEWPARK RESOURCES, INC.

SIGNATURES

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

Date: August 12, 1999

NEWPARK RESOURCES, INC.

By: /s/ Matthew W. Hardey

Matthew W. Hardey, Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit No.	Description
18	Preferability Letter from Company's certifying accountants related to change in method of depreciation for certain long-lived assets.
27	Financial Data Schedule
99	Complaint filed on August 3, 1999 in United States District Court, Eastern District of Louisiana.

EXHIBIT 18

[ARTHUR ANDERSEN LETTERHEAD]

August 2, 1999

Newpark Resources, Inc.
3850 North Causeway Blvd., Suite 1770
Metairie, LA 70002-1752

Gentlemen:

This letter is written to meet the requirements of Regulation S-K calling for a letter from a registrant's independent accountants whenever there has been a change in accounting principle or practice.

We have been informed that, effective as of January 1, 1999, the Company changed from the straight-line method of providing depreciation for its waste disposal assets and its barite grinding mill assets to the unit-of-production method. It is the opinion of the Company's management that the unit-of-production method for the waste disposal assets and barite grinding mill assets, based on the factors described below, more accurately reflects results of operations.

In applying the straight-line method, the useful lives for the waste disposal assets were developed assuming a relatively constant annual volume of the expected waste streams. However, the actual volume of waste disposed by the Company has been more volatile than expected given the cyclical nature of oil and gas drilling in the markets which Newpark serves, and volatility in utilization rates are expected to continue. Because the utility of disposal assets is diminished by volume of waste disposed rather than time, the Company believes the unit-of-production method provides a better measure of loss of utility of the disposal assets. In addition, a review of major competitors in the industrial waste business indicates that the unit-of-production method is a common method of depreciation used for surface disposal assets utilized in this industry.

The original useful life for the barite grinding mills was developed based on maximum utilization rates which considered non-utilized time only for scheduled repair periods. The Company's actual utilization rates closely followed this pattern from inception of operations (1997) through July 1998. As with the disposal assets, the utilization rates have become more volatile than expected. The life of a barite grinding mill and equipment is affected primarily by the volume of barite material ground in the mill, not passage of time. As a result, consistent with the waste disposal assets, the Company believes the unit-of-production method provides a better measure of diminution of utility of these assets.

In applying the unit-of-production method of providing depreciation, the Company makes estimates of certain factors which are involved in determining the expected productive units for its waste disposal assets and barite grinding mill assets. The capacity of the waste disposal assets was determined based primarily on seismic and geological studies, and the barite grinding mill assets was based primarily on

manufacturer's certifications and the capacity of other similar assets. These factors also include consideration of obsolescence and periods of non-use.

A complete coordinated set of financial and reporting standards for determining the preferability of accounting principles among acceptable alternative principles has not been established by the accounting profession. Thus, we cannot make an objective determination of whether the change in accounting described in the preceding paragraph is to a preferable method. However, we have reviewed the pertinent factors, including those related to financial reporting, in this particular case on a subjective basis, and our opinion stated below is based on our determination made in this manner.

We are of the opinion that the Company's change in method of accounting is to an acceptable alternative method of accounting, which, based upon the reasons stated for the change and our discussions with you, is also preferable under the circumstances in this particular case. In arriving at this opinion, we have relied on the business judgment and business planning of your management.

We have not audited the application of this change to the financial statements of any period. Further, we have not examined and do not express any opinion with respect to your financial statements for any period including for the three months and six months ended June 30, 1999.

Very truly yours,

ARTHUR ANDERSEN LLP

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1,000

3-MOS	6-MOS
DEC-31-1999	DEC-31-1999
JAN-01-1999	JAN-01-1999
MAR-31-1999	JUN-30-1999
4,899	6,243
0	0
71,438	63,431
10,606	10,602
18,3815	19,198
106,745	100,685
272,632	288,494
58,470	63,814
488,240	487,560
37,206	30,577
0	0
0	0
0	12,597
688	688
244,644	241,891
488,240	487,560
52,779	93,303
52,779	93,303
33,713	63,456
47,743	94,961
0	0
0	0
3,977	8,019
867	(10,308)
309	(5,624)
558	(4,684)
0	0
0	0
1,471	1,471
2,029	(3,213)
0.03	(0.05)
0.03	(0.05)

EXHIBIT 99.1

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF LOUISIANA

JASON GOLZ, on behalf of himself and all others similarly situated,	*	CIVIL ACTION NO. 99-2331
Plaintiff	*	SECTION SECT BMAG 5
VERSUS	*	
	*	MAG. DIV. ( )
JAMES D. COLE, WILLIAM THOMAS BALLANTINE, DIBO ATTAR, WILLIAM W. GOODSON, DAVID P. HUNT, DR. ALAN KAUFMAN, JAMES H. STONE, L.E. SIMMONS, NEWPARK RESOURCES, INC., TUBOSCOPE, INC. and SCF-IV, L.P.,	*	
Defendants	*	

* *

CLASS ACTION COMPLAINT

Plaintiff, by and through his attorneys, alleges the following upon information and belief, except as to paragraph 8 which is alleged upon personal knowledge:

Nature Of The Action

1. This is a stockholder's class action on behalf of the public stockholders of Newpark Resources, Inc. ("Newpark" or the "Company"). The action is brought against Newpark and its Board of Directors, Tuboscope, Inc. ("Tuboscope"), SCF-IV, L.P. ("SCF"), a Delaware partnership and a major shareholder of Newpark controlled by defendant L.E. Simmons ("Simmons"), in connection with the proposed merger and acquisition ("merger and acquisition")

by Tuboscope of the publicly owned shares of Newpark common stock which SCF does not already own, at a negative premium to the closing price of Newpark common stock prior to the announcement of the merger and acquisition.

2. The action arises out of an announcement released by Tuboscope over the Business Wire on June 24, 1999 which stated:

> the companies have agreed to merge, creating a worldwide supplier of highly engineered products and services to the oil and gas industry with over $800 million in combined sales in 1998. Under the terms of a definitive merger agreement approved by both boards of directors and executed today, Newpark common shareholders would receive 0.65 common shares of Tuboscope for each common share of Newpark. At that ratio each shareholder group will own approximately 50% of the combined company. Tuboscope will be the surviving company with its name likely to be changed to reflect the integrated services to be provided.

The June 24, 1999 press release further announced that defendant James D. Cole ("Cole"), President, CEO and Chairman of Newpark will become Chairman of the combined company, thus giving Cole a motive to approve what is an inadequate and unfair transaction to plaintiff and the Class, as set forth herein. In addition, according to the Tuboscope Form 8-K filed with the Securities and Exchange Commission on or about June 29, 1999, defendant William Thomas Ballantine ("Ballantine") will assume a senior management position with continued responsibility for key Newpark operating companies, thus giving Ballantine, as well, a motive to approve this inadequate and unfair merger and acquisition. L.E. Simmons, current Chairman of Tuboscope, will chair an executive committee of the new board of directors which will be composed of directors from both companies.

3. The June 24, 1999 press release did not disclose the fact that L. E. Simmons & Associates, an entity controlled by defendant Simmons (who is currently Chairman of the Board of Tuboscope) recently purchased 150,000 shares of Newpark preferred stock at $10.00 per share and warrants to purchase an additional 2,400,000 shares of Newpark common stock at an exercise price of $8.50 per share, all in a private Purchase Agreement ("Private Purchase Agreement") between Newpark and SCF dated April 18, 1999. Accordingly, immediately prior to the June 24, 1999 press release, SCF owned 100% of the outstanding preferred shares of Newpark. According to the Agreement and Plan of Merger ("Merger Agreement") governing the merger and acquisition, SCF's preferred shares shall be converted into the right to receive 965,347 shares of Tuboscope common stock. This along with its ability to exercise the warrants to purchase an additional 2,400,000 shares of Newpark common stock, make it and Tuboscope and defendant Simmons even more influential in the affairs of Newpark and enable Tuboscope to wrongfully exert undue pressure on the Newpark Board of Directors to enter into the merger and acquisition. As set forth hereafter, Tuboscope, by way of the merger and acquisition seeks to purchase all of the public shareholders' outstanding shares of Newpark at an unfair and inadequate price.

4. The Merger Agreement contains the following further terms, all of which are designed to ensure that the merger and acquisition is consummated to the unfair advantage of Tuboscope and to the detriment of the class as defined below:

(a) Tuboscope and Newpark have agreed that neither will:

(i) solicit, initiate, or encourage any inquiries or proposals that constitute, or could reasonably be expected to lead to, a proposal or

offer for an Alternative Transaction... involving such party or any of its Subsidiaries...

(ii) engage in negotiations or discussions concerning, or provide any non-public information to any person or entity relating to any Acquisition Proposal, or

(iii) agree to or recommend any Acquisition Proposal.

Accordingly, the Newpark Board of Directors is in agreement to breach its fiduciary duties to actively seek the best possible price for Newpark's common shares, e.g. by a public action.

(b) In the event of a termination of the Merger Agreement, Newpark shall pay Tuboscope up to $5,000,000 as reimbursement for Tuboscope's expenses and $25,000,000 as a "Termination Fee." Accordingly, other bona fide bids have been discouraged and avoided.

5. Tuboscope, by encouraging the Newpark Board of Directors to recommend acceptance of the merger and acquisition agreement and by negotiating the unfair and inadequate price, is in breach of its fiduciary duties as a major shareholder to Newpark's public shareholders, in not taking all steps necessary to offer and/or to ensure a fair and adequate price for Newpark's shares (including an auction) and by improperly placing undue pressure on Newpark and its public shareholders to accept the proposal. Given the SCF, controlled by Simmons, the Tuboscope Chairman, already owns approximately 100% of Newpark's outstanding preferred stock which will be converted into common shares of Newpark and voted in favor of the merger and acquisition, and warrants to purchase an additional approximately 3% of Newpark common shares at just $8.50 per share. Tuboscope and Simmons owed and owes a fiduciary duty to Newpark's shareholders to deal

fairly with the shareholders and to ensure that the price offered to Newpark shareholders is fair and adequate.

6. The consideration that SCF has offered to members of the class (as defined below) in the proposed transaction is unfair and inadequate because, among other things, the intrinsic value of Newpark's common stock is materially in excess of the amount offered, giving due consideration to, among other things, the Company's growth and anticipated operating results, net asset value and profitability, the negative premium to the Company's shares' market price immediately prior to the announcement of the merger and acquisition and the wrongful and undue pressure brought to bear on the Company's Board of Directors by Tuboscope, Simmons and SCF.

7. As a result of the June 24, 1999 announcement of the proposed deal, the market price of Newpark crashed, falling $2.1875 to close at $8.5625 or a decline of approximately 20%. According to an article in The New Orleans Times Picayune on June 26, 1999, investors had anticipated a merger price of $13 to $14 per share. "People just sort of anticipated a 20 or 30 percent premium," said Peter Richiuti ("Richiuti"), director of research at Tulane's A.B. Freeman School of Business. Richiuti also said he was somewhat puzzled by Newpark's move, considering the Company was primed to benefit in the upcoming recovery. "Our feeling was that they were in pretty good shape," Richiuti said. "It seems like remaining independent would have been a fine place to be."

8. In addition, in light of the factors set forth herein, the Board of Directors of Newpark is incapable of negotiating an offer fair and adequate to the Newpark shareholders and/or

arriving at a genuinely independent decision regarding acceptance and recommendation of the proposal.

Jurisdiction and Venue

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. (S)1332(a)(2). The plaintiff is a citizen of the State of California. None of the Defendants are domiciled or reside in the state of California. The amount in controversy between plaintiffs and the defendants exceeds $75,000. This is not a collusive action brought to confer jurisdiction on this Court which it would not otherwise have.

10. Venue is proper in this district pursuant to 28 U.S.C. (S)1391(a). Many of the acts and transactions complained of herein, including meetings of Newpark's Board of Directors, occurred in part in this district. The principal executive offices of Newpark are located in this district. Many of the individual defendants, who are the officers and/or directors of Newpark live in, and/or conduct business in this district.

The Parties

11. Plaintiff is a citizen of the State of California and has been at all relevant times the owner of shares of the common stock of Newpark.

12. (a) Defendant James D. Cole ("Cole") is, and at all relevant times has been, Chairman of the Board, President and Chief Executive Officer of Newpark. As of April 21, 1999, Cole owned 1,242,624 shares or 1.80% of the common stock of Newpark. In addition, Cole will become Chairman of the Board of the surviving corporation, giving him a motive to approve this inadequate and unfair merger and acquisition.

(b) Defendant William Thomas Ballantine ("Ballantine") is, and at all relevant times has been, a member of the Board of Directors of Newpark and its Executive Vice President. As of April 21, 1999, Ballantine owned 120,666 shares of common stock of Newpark. In addition, Ballantine will take on a senior management position, giving him a motive to approve this inadequate and unfair merger and acquisition.

(c) Defendant Dibo Attar is, and at all relevant times has been, a member of the Newpark Board of Directors. As of April 21, 1999, Attar owned 184,676 shares of the common stock of Newpark.

(d) Defendant William W. Goodson ("Goodson") is, and at all relevant times has been, a member of the Board of Directors of Newpark.

(e) Defendant David P. Hunt ("Hunt") is, and at all relevant times has been, a member of the Board of Directors of Newpark. As of April 21, 1999, Hunt owned 59,468 shares of the common stock of Newpark.

(f) Defendant Dr. Alan Kaufman ("Kaufman") is and at all relevant times has been a member of the Board of Directors of Newpark. As of April 21, 1999, Kaufman owned 774,060 shares, or 1.12% of the common stock of Newpark.

(g) Defendant James H. Stone ("Stone") is, and at all relevant times has been, a member of the Board of Directors of Newpark. As of April 21, 1999, Stone owned 824,168 shares or 1.20% of the common stock of Newpark.

13. The defendants identified in the above paragraph are referred to collectively herein as the Newpark Director Defendants.

14. (a) Newpark is a Delaware corporation with its principal executive offices located at 3850 North Causeway, Suite 1700, Metairie, Louisiana 70002. Newpark describes itself as a leading provider of proprietary environmental services to the oil and gas exploration and production industry, primarily in the U.S. Gulf Coast market. Services provided by the Company, either individually or as part of a comprehensive package, include: (1) processing and disposal of oilfield exploration and production ("E&P") waste; (ii) drilling fluids and associated engineering and technical services; (iii) fluids processing and recycling services at the rig site; (iv) installation, rental and sale of temporary access roads and work sites ("mat rental") in oilfield and other construction applications; and, (v) other related on-site environmental and oilfield construction services. As of April 21, 1999, Newpark had over 68,000,000 shares of common stock issued and outstanding, trading on the New York Stock Exchange. Approximately 3% of Newpark common stock may be purchased by virtue of the warrants sold to SCF in the Private Purchase Agreement, making Tuboscope, through its affiliation with SCF, potentially one of the largest, if not the largest, common shareholder of Newpark.

(b) Tuboscope is a Delaware corporation with its principal executive offices at 2835 Holmes Road, Houston, Texas 77051. Tuboscope describes itself as the world's leading supplier of oilfield internal tubular coating and tubular inspection services; oilfield solids control equipment and services; and coiled tubing and pressure control equipment to the petroleum industry. Additionally, it provides in-service inspection of pipelines, manufactures high pressure fiberglass tubulars; sells and leases advanced in-line inspection equipment to makers of oil country tubular goods; and provides quality assurance and inspection services to a diverse range of industries.

15. Defendant SCF is a Delaware limited partnership of which, upon information and belief, the general partner is L.E. Simmons & Associates, Incorporated, of which defendant Simmons is the president and sole stockholder. Accordingly, Simmons controls the affairs of SCF.

16. Defendant Simmons, aside from his aforementioned position and role with SCF, also is Chairman of the Board of Tuboscope and will become chairman of an executive committee of the Board of Directors of the surviving company. As of March 25, 1999, Simmons was the largest holder of shares of common stock of Tuboscope, owning 11,621,516 or 32.1% of Tuboscope's outstanding common stock.

17. On or about April 8, 1999, Newpark and SCF entered into the Private Purchase Agreement whereby, SCF purchased 150,000 shares of preferred stock at a total price of $15,000,000 or $10 per preferred share. Pursuant to the terms of the Private Purchase Agreement:

(a) SCF was granted 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 Private Purchase Agreement;

(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;

(c) SCF obtained the right to seat its own nominee as a director on the Newpark Board of Directors;

(d) SCF 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; and

(e) SCF 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. Accordingly, it is clear that in order to effect the merger and acquisition, Tuboscope will cause, and Newpark and the Newpark Director Defendants will permit Tuboscope to cause, SCF to breach terms (d) and (e) above.

CLASS ACTION ALLEGATIONS

18. Plaintiff brings this action on behalf of himself and as a class action on behalf of all stockholders of Newpark, and their successors in interest, who are or will be threatened with injury arising from defendants' actions as more fully described herein (the "Class"). Excluded from the Class are defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any of the defendants.

19. This action is properly maintainable as a class action because:

(a) The Class is so numerous that joinder of all members is impracticable. There are over 68 million shares of Newpark common stock outstanding, held by hundreds, if not thousands, of record and beneficial stockholders.

(b) There are questions of law and fact which are common to the Class and which predominate over questions affecting any individual Class member. The common questions include, inter alia, the following:

(i) Whether defendants have engaged in and are continuing to engage in conduct which unfairly benefits any of the Newpark Director Defendants, Tuboscope, Simmons and/or SCF at the expense of the members of the Class;

(ii) Whether the Newpark Director Defendants, as officers and/or directors of the Company, are violating their fiduciary duties to plaintiff and the other members of the Class;

(iii) Whether plaintiff and the other members of the Class would be irreparably damaged were defendants not enjoined from the conduct described herein;

(iv) Whether Tuboscope has initiated and timed its buy-out of Newpark shares at a point in time when Newpark was suffering from a temporary cyclical downturn in the industry in order to unfairly benefit any of the Newpark Director Defendants, Tuboscope, Simmons and/or SCF at the expense of Newpark shareholders; and

(v) whether the Newpark Director Defendants are in breach of their fiduciary duties of full faith and candor to Newpark's shareholders.

(c) The claims of plaintiff are typical of the claims of the other members of the Class in that all members of the Class will be damaged alike from defendants' actions.

(d) Plaintiff is committed to the prosecution of this action and has retained competent counsel experienced in litigation of this nature. Accordingly, plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

SUBSTANTIVE ALLEGATIONS

20. Plaintiff repeats and realleges the allegations set forth above as though fully set forth hereinafter.

21. Defendants are taking wrongful advantage of a general downturn in the fortunes of oil and oil service companies and the world economy affecting Newpark in order to freeze out the public shareholders of Newpark. Until very recently, Newpark's outlook was strong. Indeed, as set forth below, its fundamentals are still strong. Prior to the downturn in the fortunes of the oil industry, the price of Newpark's common stock traded above $25 per share, substantially higher than the inadequate price to be paid now by Tuboscope pursuant to the merger and acquisition.

22. In addition, as a result of the interconnected nature of Newpark's and Tuboscope's corporate and capital structure, including an SCF nominee sitting on the Board of Directors of Newpark, the new positions offered to certain of the Individual Defendants with the surviving company, and other factors set forth below, any decision by the Board of Directors of Newpark to accept or recommend the acceptance of the proposal, cannot be an independent one.

23. Just three months ago on or about March 31, 1999, Newpark filed with the Securities and Exchange Commission its Form 10-K for the fiscal year ended December 31, 1998. Throughout this public filing, the defendants continuously made glowing remarks regarding the Company and explained that the downturn in its fortunes was merely temporary and cyclical in nature. The following is just a small portion of that glowing description:

> Demand for Newpark's services has historically been driven by several factors:
>
> (i) commodity pricing, (ii) oil and gas exploration and production expenditures and activity; (iii) the desire to drill in more environmentally difficult environments, such as the coastal marsh and inland waters near the coastline ("transition zone") of the Gulf Coast, (iv) use of more complex drilling techniques, which tend to generate more waste; and (v) increasing environmental regulation of E&P waste and NORM.
>
> The demand for most of Newpark's services is related to the level of oil and gas drilling activity as measured by the Baker-Hughes Rotary Rig Count. During the fourth quarter of 1997, the number of drilling rigs working in the U.S. Gulf Coast region reached its highest level since 1990, then began a decline that has continued into the first quarter of 1999. The rig count in the Company's principal market peaked in the first quarter of 1998 and had declined 36% by the end of the fourth quarter. That decline has continued during the first quarter of 1999, recently reaching the lowest level ever recorded in the history of the indicator, which began over 50 years ago.
>
> Newpark believes that technological advances that have reduced the risk and cost of finding oil and gas are an important factor in the economics faced by the industry. These advances include the use of three-dimensional seismic data and the computer-enhanced interpretation of that data, which increases the likelihood of drilling a successful well, and improved drilling tools and fluids, which facilitate faster drilling and reduce the overall cost. These advances also have increased the willingness of exploration companies to drill in coastal marshes and inland waters and to drill deeper wells. Such

projects rely heavily on services such as those provided by Newpark. Deeper wells require the construction of larger locations to accommodate larger drilling rigs and the equipment for handling drilling fluids and associated wastes. Such locations are generally in service for significantly longer periods, generating additional mat rental revenues. Deeper wells also require more complex drilling fluid programs, which generate wastes that are more difficult and costly to dispose of than those from simpler systems used in shallower wells.

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

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

The Clean Water Act is the primary legislation resulting in these regulations. Between 1990 and 1995, substantially all discharges of waste from drilling and production operations on land (the "onshore subcategory") and in the transition zone (the "coastal subcategory")

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

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

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

Injection of Waste. Since 1993, Newpark has developed and used proprietary technology to dispose of E&P waste by low-pressure injection into unique geologic structures deep underground. In December 1996, Newpark was issued patents covering its waste processing and injection operations. Newpark believes that its

injection technology is currently the most cost-effective method for the offsite disposal of oilfield wastes and that this technology is suitable for disposal of other types of waste, Newpark was recently granted a new permit to construct and operate a non-hazardous industrial waste injection disposal facility in Texas.

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

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

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

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

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

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

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

24. It is clear that Newpark's business and prospects are favorable and that the Company suffered from a general downturn in the oil and gas industry. This cycle is now improving and Tuboscope seeks to take advantage of this upturn in the oil and gas industry for a grossly inadequate, unfair, and negative premium to the Company's current market price. It is this temporary, cyclical downturn in the industry as a whole, which arose not out of any fundamental deficiency in the operations of Newpark but out of circumstances beyond its control, that Tuboscope now wrongfully seeks to exploit and take advantage of Newpark and its shareholders by purchasing the outstanding shares held by Newpark public shareholders at an unfair and bargain basement price. Indeed, on May 12, 1999, in an article appearing in AP Online, it was reported:

> Oil Industry Gets Good News
>
> Oil prices will likely rise now that oil ministry representatives from Saudi Arabia, Iran, Venezuela and Mexico have agreed to cut production. The cut is meant to bolster prices. The agreement is effective April 1, Saudi Oil Minister Ali Naimi said. The pact was reached after two days of meetings ahead of a March 23 meeting of OPEC oil ministers in Vienna, Austria.

25. This was the result of an announcement appearing that same day in BBC Summary of World Broadcasts:

> Within the framework of the continuous consultations between the Gulf Cooperation Council [GCC] member states on various oil issues, the oil and energy ministers of the Sultanate of Oman, Kuwait, Qatar and the Kingdom of Saudi Arabia met in the region of Shaybah, in the Empty Quarter, on Wednesday 22/11/1419 AH, corresponding to 10th March 1999, and after consultations between the ministers, the latter issued the following Shibah Declaration:
>
> 1. The current situation of the oil market, with falling prices and increasing reserves, will not be in the interest of producing countries.

or the oil industry in the short and long terms. Furthermore, this situation has negative repercussions on the world economy as oil investments are decreasing. This will lead to a fall in oil supplies in the future. This is unacceptable and should not be allowed to go on.

2. The countries present at the Shaybah meeting will endeavour, in close consultation with OPEC and non-OPEC oil producing countries, to take every measure, foremost cutting oil output by quantities which are deemed liable to take out the surplus reserve from the market which would in turn lead to a price rise.

3. As a result of the consultations which have been held so far, the countries present at the Shaybah meeting express their optimism about the possibility of reaching, in the next few weeks, an effective agreement which would restore stability to the [oil] market and help achieve a tangible improvement in prices.

26. In an analysis of the prospects for the oil industry, in general, in an article appearing in The Washington Post on March 2, 1999, it was stated:

Likely OPEC Cutback Helps Push Oil Prices Up

Oil prices are beginning to recover from low levels that produced inflation relief and record-low pump prices, and so are oil industry stock prices, which contributed to the run-up in the Dow Jones industrial average yesterday.

The rally, which has pushed crude oil prices up 33 percent from a 12-year low of $10.72 in December, resulted from different developments, according to oil industry experts. The prospect of further cuts in production when the Organization of Petroleum Exporting Companies meets on March 23, a reduction in inventories and heavy demand for heating oil in Germany in advance of an increase in tariffs have all fed the trend.

Yesterday the rally stalled and prices fell slightly, with April crude oil futures on the New York Mercantile Exchange dropping 38 cents to $14.31 a barrel. But many analysts continue to believe that the signs point to a production cutback by OPEC nations, which were meeting in preliminary sessions yesterday and today in Amsterdam.

In the past, many oil-producing nations doubted Saudi Arabia's commitment to reducing production, several analysts said. But meetings over the past 10 days between Saudi Arabia and Iran have begun to remove those doubts, said Roger Diwan, director of global oil markets for the D.C.-based Petroleum Finance Corp.

Diwan said OPEC might agree to cut about 2.3 million barrels a day from production.

But industry analyst Constantine Fliakos of Merrill Lynch & Co. said that Venezuela, which also is a member of OPEC, is under pressure from its unions to maintain production at current levels, which might threaten an agreement.

But he noted that the huge inventories that have kept prices low are beginning to be reduced. Oil inventories were high because of warmer than normal winters in the United States and Western Europe and because demand declined as Asia's economic crisis spread .

"Ultimately, inventories correct," Fliakos said.

Philip K. Verleger Jr., who runs an oil industry research firm in Boston, said that several anomalies also put upward pressure on prices. One is heavy demand for the oil used by industry and for home heating in Germany. Verleger

27. And in a similar review appearing in the Sun-Sentinel on that same day, it was stated:

OIL PRICE REBOUND BOOSTS GAS PRICES

The cheap gas prices that drivers have been enjoying for months are heading higher.

Crude oil prices have rallied in recent days on hopes that major producers such as Saudi Arabia and Iran will agree to cut output and ease the world's oil glut. The surge means a few more cents per gallon at the pump for drivers, but relief to beleaguered U.S. oil companies.

Crude oil futures slipped Thursday after three days of gains, down 38 cents to $14.31 per barrel. Despite that decline, crude is still at levels not seen since November and is up 33 percent from a 12-year low of $10.72 in December.

In addition to hopes for reduced output, oil prices have been aided by a harsh winter in some parts of the United States and increased industrial demand, said George Gaspar, an analyst with Robert W. Baird & Co.

The surge has carried over to Wall Street, where stocks in oil companies such as Exxon, Mobil, Chevron and BP Amoco have been rising in hopes that their slumping profits would be revived by a turnaround in oil prices.

And the results are already showing at the pump, where gasoline prices rose last week for the first time since September. The average price of self-serve regular gasoline was 94 cents per gallon, up a penny from two weeks earlier, according to the Lundberg Survey, which polls 10,000 gas stations nationwide.

"It seems the last couple of days all the major companies went up a penny or two," said Demitri Karavokiris, owner of a Shell service station on State Road 84 in Fort Lauderdale. Karavokiris said he raised prices 2 cents a gallon to 99 cents for regular grade gas and $1.19 for premium grade.

In Boca Raton, Mobil station owner Ron Pearson raised prices 2 cents on Wednesday to $1.08 for regular grade and $1.28 for premium.

Pearson said retailers usually don't share in the gain when prices rise or lose money when prices decline. "Whether it goes up or whether it goes down, we've got to make enough to pay the rent," Pearson said.

If oil production cuts are announced and sustained, analysts said, crude oil could rise to $17 or $18 per barrel in the next several months--adding another 10 to 20 cents per gallon to average gasoline prices.

Increased demand during the spring and summer travel season historically adds a few cents per gallon to pump prices as well.

28. Indeed, on July 6, 1999 crude oil rose to a 19-month high, to $19.78 a barrel, the highest price since November 1997. Oil has gained 66% this year. Accordingly, the oil industry already is in an upturn.

AS AND FOR A CAUSE OF ACTION
AGAINST ALL DEFENDANTS

29. As a result of the interconnected nature of Tuboscope's and Newpark's corporate structure, including a shared member of the Newpark Board of Directors, stock and warranty ownership between the two companies, the positions to be accepted by Cole and Ballantine, the existence of the Termination Fee, the agreement by SCF to vote its share in favor of the merger and acquisition, the non-solicitation clause preventing an auction and the failure of the Board to appoint an Independent Committee, any decision by the Board of Directors of Newpark to accept or recommend the acceptance of the merger and acquisition, cannot be an independent one.

30. Upon plaintiff's information and belief, no Independent Committee of the Newpark Board of Directors was ever appointed to evaluate the adequacy and fairness of the merger and acquisition.

31. Any transaction to acquire the Company at the price being considered does not represent the true value of the Company and is unfair and inadequate. Prior to the downturn in the fortunes of the oil industry, the Company's shares traded at values far exceeding the price offered in the merger and acquisition.

32. The price that Tuboscope has offered has been dictated by Tuboscope to serve its own interests, and is being forced upon Newpark and its public shareholders by Tuboscope to force Newpark's public shareholders to relinquish their Newpark shares at a grossly unfair price.

33. Tuboscope, for all the reasons set forth herein is in a position to ensure effectuation of the transaction without regard to its fairness Newpark's public shareholders.

34. Because Tuboscope is in possession of non-public corporate information concerning Newpark's future financial prospects, the degree of knowledge and economic power between Tuboscope and the class members is unequal, making it grossly and inherently unfair for Tuboscope to obtain the remaining Newpark shares at the unfair and inadequate price that it has proposed.

35. By offering a grossly inadequate price for Newpark's shares and by using its control as a means to force the consummation of the transaction, Tuboscope is violating its duties as a controlling shareholder.

36. Any purported review of the transaction by a special committee of "independent directors" would be a sham, given the connections with, and/or domination and control of, the Company in Tuboscope.

37. Any vote by Newpark's shareholders would be a sham, given Tuboscope's connections and/or domination and control of the Company.

38. Any buy-out of Newpark's public shareholders by Tuboscope on the terms offered, will deny class members their right to share proportionately and equitably in the true value

of Newpark's valuable and profitable business, and further growth in profits and earnings, at a time when the Company is fundamentally and financially strong and poised for greater progress.

39. For the reasons set forth herein above, no auction or market check can be effected to establish Newpark's worth through arm's-length bargaining. Thus, Tuboscope has the power and is exercising its power to acquire Newpark's shares and dictate terms which are in Tuboscope's best interest, without competing bids and regardless of the wishes or best interests of the class members or the intrinsic value of Newpark's stock.

40. By reason of the foregoing, defendants have breached and will continue to breach their fiduciary duties to the shareholders of Newpark and are engaging in improper, unfair dealing and wrongful and coercive conduct.

41. Plaintiff and the Class will suffer irreparable harm unless defendants are enjoined from breaching their fiduciary duties and from carrying out the aforesaid plan and scheme.

42. Plaintiff and the other class members are immediately threatened by the acts and transactions complained of herein, and lack an adequate remedy at law.

WHEREFORE, plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in their favor and in favor of the Class and against defendants as follows:

A. Declaring that this action is properly maintainable as a class action, and certifying plaintiff as class representative;

B. Enjoining the merger acquisition and, if the merger and acquisition are consummated, rescinding the transaction:

C. Awarding plaintiff and the Class compensatory damages and/or rescissory damages;

D. Awarding plaintiff the costs and disbursements of this action, including a reasonable allowance for plaintiff attorneys' and experts' fees; and

E. Granting such other, and further relief as this Court may deem to be just and proper.

Dated: July 30, 1999

Respectfully submitted,

/s/ Randall A. Smith

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