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 September 30, 1998   Commission File No. 1-2960

NEWPARK RESOURCES, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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: 68,579,239 shares at November 11, 1998.

NEWPARK RESOURCES, INC.
INDEX TO FORM 10-Q
FOR THE NINE MONTH PERIOD ENDED
September 30, 1998

Newpark Resources, Inc.
CONSOLIDATED BALANCE SHEETS
As of September 30, 1998 and December 31, 1997
(Unaudited)

(In thousands, except share data)	September 30, 1998	December 31, 1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 10,114	$ 20,715
Accounts and notes receivable, less allowance of $7,397 in 1998 and $2,171 in 1997	75,996	73,385
Inventories	22,574	21,147
Current taxes receivable	1,325	--
Deferred tax asset	5,495	3,974
Other current assets	3,601	1,685
TOTAL CURRENT ASSETS	119,105	120,906
Property, plant and equipment, at cost, net of accumulated depreciation	247,906	188,752
Cost in excess of net assets of purchased businesses and identifiable intangibles, net of accumulated amortization	124,755	97,542
Other assets	35,966	39,380
	$ 527,732	$ 446,580
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$ 54	$ 145
Current maturities of long-term debt	1,176	1,200
Accounts payable	21,271	17,376
Accrued liabilities	17,485	10,074
Current taxes payable	--	1,899
TOTAL CURRENT LIABILITIES	39,986	30,694
Long-term debt	184,435	127,235
Other non-current liabilities	2,261	1,314
Deferred taxes payable	10,168	17,568
Commitments and contingencies (See Note 9)	--	--
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.01 par value, 1,000,000 shares authorized, no shares outstanding	--	--
Common Stock, $.01 par value, 100,000,000 shares authorized, 68,395,564 shares outstanding in 1998 and 64,061,289 in 1997	682	640
Paid-in capital	317,817	283,281
Retained earnings (deficit)	(27,617)	(14,152)
TOTAL STOCKHOLDERS' EQUITY	290,882	269,769
	$ 527,732	$ 446,580

See accompanying Notes to Unaudited Consolidated Financial Statements.

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF INCOME
For the Three and Nine Month Periods Ended September 30,
(Unaudited)

(In thousands, except per share data)	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
Revenues	$ 64,899	$ 57,908	$ 204,322	$ 148,782
Operating costs and expenses:				
Cost of services provided	45,778	34,661	123,100	89,769
Operating costs	26,738	5,491	46,832	13,763
	72,516	40,152	169,932	103,532
General and administrative expenses	2,081	883	3,968	2,465
Provision for uncollectible accounts	4,000	--	4,000	--
Impairment of long-lived assets	20,420	--	20,420	--
Arbitration settlement	9,050	--	9,050	--
Equity in net (earnings) loss of unconsolidated affiliates	768	--	(402)	--
Operating income (loss)	(43,936)	16,873	(2,646)	42,785
Interest income	(348)	(59)	(1,157)	(154)
Interest expense	2,797	858	8,059	2,703
Income (loss) before income taxes	(46,385)	16,074	(9,548)	40,236
Provision for income taxes (benefit)	(14,316)	5,945	(959)	14,723
Income (loss) before cumulative effect of accounting change	(32,069)	10,129	(8,589)	25,513
Cumulative effect of accounting change (net of income tax effect)	(1,326)	--	(1,326)	--
Net income (loss)	$ (33,395)	$ 10,129	$ (9,915)	$ 25,513
Weighted average common and common equivalent shares outstanding:				
Basic	67,605	63,588	66,479	62,272
Diluted	68,071	65,122	67,535	63,700
Net income per common and common equivalent share:				
Basic	$ (0.49)	$ 0.16	$ (0.15)	$ 0.41
Diluted	$ (0.49)	$ 0.16	$ (0.15)	$ 0.40

See accompanying Notes to Unaudited Consolidated Financial Statements.

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30,
(Unaudited)

(In thousands)	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (9,915)	$ 25,513
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	27,083	18,514
(Benefit) provision for deferred income taxes	(8,159)	10,460
Net earnings of unconsolidated affiliates	(402)	--
Provision for bad debt reserve	4,000	--
Impairment of long-lived assets	20,420	--
Write-down of assets, including intangibles	9,563	--
Other	463	169
Change in assets and liabilities, net of effects of acquisitions:		
Decrease (increase) in accounts and notes receivable	8,955	(5,289)
Decrease (increase) in inventories	915	(10,667)
Increase in other assets	(1,563)	(1,141)
Decrease in accounts payable	(6,805)	(2,497)
Increase (decrease) in accrued liabilities and other	2,105	(6,786)
NET CASH PROVIDED BY OPERATING ACTIVITIES	46,660	28,276
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(95,751)	(58,413)
Proceeds from disposal of property, plant and equipment	196	95
Payments received on notes receivable	2,853	--
Advances on notes receivable	(2,139)	--
Acquisitions, net of cash acquired	(13,644)	2,411
Investment in joint venture	--	(376)
NET CASH USED IN INVESTING ACTIVITIES	(108,485)	(56,283)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings on lines of credit	57,150	40,103
Principal payments on notes payable and long-term debt	(9,458)	(11,694)
Proceeds from exercise of stock options	3,532	3,832
NET CASH PROVIDED BY FINANCING ACTIVITIES	51,224	32,241
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10,601)	4,234
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,715	1,945
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 10,114	$ 6,179

Included in accounts payable and accrued liabilities at September 30, 1998 and 1997 were equipment purchases of $2.3 million and $3.5 million, respectively. Also included are notes payable for equipment purchases in the amount of $434,000 and $83,000 at September 30, 1998 and 1997, respectively.

Interest of $6.0 million and $3.3 million was paid during the nine months ending September 30, 1998 and 1997, respectively. Income taxes of $9.6 million and $4.2 million were paid during the nine months ending September 30, 1998 and 1997, respectively.

During the nine month period ended September 30, 1997, 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 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 September 30, 1998, the results of its operations for the three and nine month periods ended September 30, 1998 and 1997 and its cash flows for the nine month periods ended September 30, 1998 and 1997. All such adjustments are of a normal recurring nature. These interim financial statements should be read in conjunction with the December 31, 1997 audited financial statements and related notes filed on Form 10-K.

Note 2 The consolidated financial statements include the accounts of Newpark and its wholly-owned subsidiaries. All material intercompany transactions are eliminated in consolidation.

The accompanying unaudited consolidated financial statements for the period ended September 30, 1998 include the effects of three acquisitions that were accounted for as poolings of interests. The Southwestern Universal Corp. combination was completed on March 19, 1998, in exchange for 450,000 shares of Newpark common stock. The Optimum Fluids, Inc. and Optimum Fluids (Sask.), Inc. combinations were completed on May 28, 1998 in exchange for 281,000 shares of Newpark common stock. The Houston Prime Pipe & Supply, Inc. transaction was completed on May 29, 1998, in exchange for 420,000 shares of Newpark common stock. Prior year financial statements have not been restated because the financial information related to these entities were not considered significant in relation to the financial reporting requirements of Newpark.

Operating results prior to the combination of the separate companies and the combined amounts presented in the unaudited consolidated financial statements for the nine months ended September 30, 1998 are summarized below:

	(In thousands)
Revenues:	
Newpark	$ 199,998
Southwestern Universal Corp.	1,031
Optimum Fluids, Inc. and Optimum Fluids (Sask.), Inc.	943
Houston Prime Pipe & Supply, Inc.	2,350
Combined	$ 204,322
Net Earnings (Loss):	
Newpark	$ (10,465)
Southwestern Universal Corp.	192
Optimum Fluids, Inc. and Optimum Fluids (Sask.), Inc.	40
Houston Prime Pipe & Supply, Inc.	318
Combined	$ (9,915)

The accompanying unaudited consolidated financial statements also include the results of operations of eight acquisitions that were accounted for by the purchase method. Names of companies and consideration given for each are summarized below. Goodwill of $36.6 million was recorded with the acquisition of these entities and will be amortized over 25 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 reporting requirements of Newpark.

Date of Acquisition	Selling Entity	Consideration Shares	Consideration Cash
March 1998	Protec Mud Service, Ltd.	385,418	$ 4,200,000
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, Inc.	673,773	$ 8,900,000
August 1998	ProActa Environmental Services, Inc.	550,000	$ 1,300,000

The following unaudited pro forma information presents a summary of consolidated results of operations of the Company and these eight acquired companies as if the acquisition had occurred January 1, 1997:

(In thousands except per share data)	Three Months Ended September 30 1998	Three Months Ended September 30 1997	Nine Months Ended September 30 1998	Nine Months Ended September 30 1997
Revenues	$ 66,409	$ 70,140	$227,010	$181,548
Net income (loss)	(33,464)	10,791	(8,347)	29,077
Net income per common and common equivalent share				
Basic	$ (.49)	$ .16	$ (.12)	$ .45
Diluted	(.49)	.16	(.12)	.44

Certain reclassifications of prior period amounts have been made to conform to the current period presentation.

Note 3 The results of operations for the three and nine month periods ended September 30, 1998 are not necessarily indicative of the results to be expected for the entire year.

Note 4 In accordance with Statement of Financial Accounting Standards Number 128, "Earnings Per Share", the Company changed its method of calculating earnings per share ("EPS") during 1997. The differences between "basic" and "diluted" weighted average shares outstanding of

466,000 and 1,534,000 for the three months ended September 30, 1998 and 1997 respectively, and 1,056,000 and 1,428,000 for the nine months ended September, 1998 and 1997, respectively, relate to stock options.

Note 5 Included in accounts and notes receivable at September 30, 1998 and December 31, 1997 (in thousands) are:

	1998	1997
Trade receivables	$ 75,991	$ 66,161
Unbilled revenues	4,268	7,509
Gross trade receivables	80,259	73,670
Allowance for doubtful accounts	(7,397)	(2,171)
Net trade receivables	72,862	71,499
Notes and other receivables	3,134	1,886
Total	$ 75,996	$ 73,385

Note 6 The Company's inventories consisted of the following items at September 30, 1998 and December 31, 1997:

(In thousands)	1998	1997
Drilling fluids raw materials and components	$ 12,036	$ 5,956
Logs	6,227	8,546
Board road lumber	1,248	5,017
Supplies	1,391	686
Other	1,672	942
Total	$ 22,574	$ 21,147

Note 7 The Company recorded impairments on certain of its capital assets during the quarter of $20.4 million. These impairments were caused primarily by two factors which occurred in the quarter. The first factor was the introduction of new technology by the Company in several areas, which obsoleted assets in service. The second factor was a change in market conditions which was driven by a reduction in oil prices. It is anticipated that an additional $27 million of impairments will be recorded in a subsequent quarter on the same assets as additional new assets are fully placed into service.

Note 8 Interest of $893,000 and $496,000 was capitalized during the three months ended September 30, 1998 and 1997, respectively. For the nine months ended September 30, 1998 and 1997, interest of $1,723,000 and $758,000 was capitalized, respectively.

Note 9 On December 17, 1997, the Company issued $125 million of unsecured senior subordinated notes (the "Notes"), which mature on December 15, 2007. Interest on the Notes accrues at the rate of 8-5/8% per annum and is payable semi-annually on each June 15 and December 15, commencing June 15, 1998. The Notes may be redeemed, in whole or in part, at a premium commencing after December 15, 2002. Up to 35% of the Notes may be redeemed from proceeds of an equity offering at a premium at any time up to and including December 1, 2000. The Notes are subordinated to all senior indebtedness, as defined in the subordinated debt indenture, including the Company's bank revolving credit facility.

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

As of September 30, 1998, the Company maintained a $100.0 million bank facility in the form of a revolving line of credit commitment. The facility is unsecured. It bears interest at either a specified prime rate or the LIBOR rate 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 September 30, 1998, $17.0 million of letters of credit were issued and outstanding and $57.2 million was advanced under the facility, leaving a net of $25.8 million available for cash advances under the line of credit.

The Credit Facility requires that the Company maintain certain specified financial ratios and comply with other usual and customary requirements. The Company was in compliance at September 30, 1998.

Note 10 Newpark and its subsidiaries are involved in litigation and other claims or assessments on matters arising in the normal course of business. In the opinion of management, any recovery or liability in these matters will not have a material adverse effect on Newpark's consolidated financial statements.

In the normal course of business, in conjunction with its insurance programs, the Company has established letters of credit in favor of certain insurance companies in the amount of $1.0 million at September 30, 1998. At September 30, 1998 the Company had outstanding guaranty obligations totaling $1.5 million in connection with facility closure obligations.

In conjunction with the acquisition of the marine related E&P collection operations of Campbell Wells ("Campbell"), the Company acquired Disposeco, thereby assuming the obligations provided in the "NOW Disposal Agreement" between Disposeco and Campbell. This agreement was recently amended such that the Company is not contractually committed to deliver waste to the U. S. Liquids (owner of Campbell) disposal facilities. Under terms of the settlement, Newpark will pay U.S. Liquids $30 million over the next three years, an amount slightly less than it might have paid for a similar period under the original agreement. Additionally, the final 20 years of the original contract have been eliminated. During the settlement term, Newpark will have the right, but not the obligation, to deliver specified volumes of waste to the facilities without additional cost. In addition, Newpark has the option, subject to certain provisions, to extend the arrangement for two additional one-year terms at an additional cost of approximately $8 million per year. U.S. Liquids has agreed not to compete in the marine-related waste disposal business with Newpark for the three-year period. During the quarter ended September 30, 1998 the Company recorded $9.1 million of charges relating to the settlement. This $9.1 represents $3 million paid to date for the settlement and $6.1 million of reduction in the value of the non-compete with U. S. Liquids.

Note 11 The Company has adopted Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income" ("SFAS 130") which provides guidance for the presentation and display of comprehensive income. Management believes this statement did not have a significant effect on the Company's financial statement presentation.

During 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 establishes standards for disclosure of operating segments, products, services, geographic areas and major customers. The Company is required to adopt this standard for its fiscal year ended December 31, 1998. Management believes that the implementation of SFAS 131 will not have a material impact on the presentation of the Company's financial statements, but may require additional disclosure.

In February 1998, the FASB issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" ("SFAS 132"). SFAS 132 revises the standards for disclosure of pension and other postretirement benefit plans by standardizing the disclosure requirements, requiring additional information on changes in the benefit obligations and fair values of plan assets, and eliminating certain disclosure requirements no longer considered to be useful. These new disclosure requirements are designed to improve the understandability of benefit disclosures for financial analysis. The Company is required to adopt this standard for fiscal 1999. Management believes that the implementation of SFAS 132 will not have a material impact on the Company's financial statements and disclosures.

Effective July 1, 1998 the Company elected early adoption of SOP 98-5 "Reporting on Costs of Start-Up Activities." The cumulative affect of this change in accounting, net of income taxes, was $1.3 million. Start-up costs incurred since adoption of 98-5 were not significant.

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 Statement" as well as the Company's annual report on Form 10-K for the year ended December 31, 1997.

RECENT DEVELOPMENTS

Continued weakness in oil prices has produced a continuing decline in market activity as measured by the rig count in the markets which Newpark serves. In addition, Newpark has experienced a geographical shift of activity away from the Austin Chalk area of Western Louisiana and Eastern Texas, as a result of weak oil prices and disappointing drilling results in this area. The table below, based on the Baker-Hughes Rotary Rig Count, indicates the recent downward trend in Newpark's primary market areas, including (i) South Louisiana Land; (ii) Texas Railroad Commission Districts 2 and 3; (iii) Louisiana and Texas Inland Waters; and (iv) Offshore Gulf of Mexico:

	1Q97	2Q97	3Q97	4Q97	1Q98	2Q98	3Q98
U.S. Rig Count	853	933	989	997	968	864	796
Newpark's market	229	251	258	273	283	266	219
Newpark's market to total	26.8%	26.9%	26.1%	27.4%	29.2%	30.8%	27.5%

As of the week ended November 6, 1998, the U.S. rig count was 696, with 208 rigs, or 29.9 %, within Newpark's primary market. Rig counts are down from a first quarter average of 283, with a peak of 297 achieved during the week ended February 20, 1998.

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Source: Baker Hughes Incorporated

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

The percentage of rigs in Newpark's primary market, as compared to the total domestic rig count, reflects the importance of natural gas drilling relative to oil in that market. Natural gas production accounts for the majority of activity in the Gulf Coast region. However, low oil prices reduce the cash flow available for all exploration and production activity. Lower oil prices in the first and second quarters of 1998 slowed drilling in markets more oriented toward oil, such as the Austin Chalk region, West Texas and areas which produce primarily heavy oil, such as Canada and Venezuela.

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

- o Composite mats
- o Proprietary environmentally friendly drilling fluids
- o Drilling fluids processing and recycling
- o Minimization Management

As a result of these innovations, which were partially or fully implemented in the third quarter of 1998, Newpark has displaced, and will continue to displace some of its current operations and operating assets. The most significant displacement is associated with the introduction of Newpark's composite mat, which is expected to substantially replace the wooden mat fleet over the next three years.

Because of the continued weakness in the markets it serves and the displacement of products and services, Newpark determined that valuation and asset impairment adjustments of $20.4 million were necessary to reflect the proper carrying value of its assets. In a subsequent quarter, pretax charges totaling approximately $27 million are anticipated in connection with the expected further impairment of Newpark's wooden mats. In the third quarter, the Company also recorded a $4 million pretax increase in the Company's allowance for doubtful accounts.

In the third quarter, the Company also settled its arbitration related to the NOW Disposal Agreement with U.S. Liquids, Inc. Total pretax charges associated with the settlement recorded in the third quarter were $9.1 million. This $9.1 million represents $3 million paid to date for the settlement and $6.1 million of reduction of the value of the non-compete with U. S. Liquids. Pretax charges related to the settlement totaling approximately $21 million are anticipated in the fourth quarter of 1998.

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

During the third quarter of 1998, two tropical storms and two hurricanes significantly disrupted drilling activities in the Gulf of Mexico and surrounding areas. When severe weather enters the Gulf, drilling operations are stopped and rigs are evacuated. These evacuation proceedings usually take place several days in advance of the storm. The rigs are then shut-in for the duration of the storm and drilling activities do not resume for several days following the storm. As a result, operations in the Gulf area were disrupted during the quarter for more than 20 days.

RECENT ACQUISITIONS

During the nine months ended September 30, 1998, the Company completed eight separate acquisitions in the drilling fluids industry and three acquisitions in the solids control, processing and disposal industry. The consideration paid for these acquisitions aggregated 3,261,407 shares of Newpark common stock and $18.8

million in cash. Eight transactions were accounted for as purchases. The other three acquisitions were accounted for as poolings of interests effective as of January 1, 1998. Prior year financial statements have not been restated because the financial information related to these entities was not significant in relation to the financial reporting requirements of the Company. These acquisitions provided the Company entry into the drilling fluids markets in the Canadian provinces of Alberta and Saskatchewan, the Permian Basin of West Texas and New Mexico, and the Anadarko Basin in Western Oklahoma. The acquisitions also provided the Company entry into the onsite fluids processing market, which is a key additional component of the Company's "Minimization Management" ("MM") strategy. The Company has no current plans to make additional acquisitions.

BUSINESS DEVELOPMENT

The majority of the growth in revenue in 1998 as compared to 1997 resulted from the continuing rapid development of the Company's drilling fluids business. With the Company's increased participation in the drilling fluids market, the Company began to introduce its MM approach to meeting the needs of its customers. MM refers to the integration of drilling fluids sales and engineering, on-site services (processing, solids control, and recycling), and off-site recycling and disposal.

The objective of MM is to improve the productivity of the drilling process and minimize the cost to the operator. MM draws upon the proprietary services historically offered by the Company and combines them with new capabilities developed in conjunction with its drilling fluids and processing unit to achieve this goal. The engineering, selection and application of drilling fluids to a particular geologic formation, the onsite processing and recycling of those fluids, application of solids control methods to segregate waste from the drilling fluids, and the availability and use of disposal methods both onsite and offsite are key elements of MM. Newpark has the internal capability to provide these services as a coordinated product offering that can reduce the customer's cost of drilling. Factors that would encourage the use of MM by a customer include the opportunity of improved drilling economics, increasing regulatory and compliance issues, and the continuing trend toward downsizing corporate staffs, which encourages the outsourcing of many services.

The Company is currently working on the following projects, which are all complimentary to its core business activities:

- The Company has recently obtained exclusive rights to equipment to recycle products from spent drilling fluids, which were previously treated as part of the E&P waste stream. Such recycling will reduce the volume of fluids required to drill the well and the volume of E&P waste generated on a drill site. This equipment will give the Company access to new markets and is an important link in its MM process and onsite fluids processing.

- Newpark has developed new and proprietary drilling fluids designed to avoid two major sources of environmental contamination typically created by conventional drilling fluids. Conventional drilling fluids may contain high concentrations of salt and oil, which have been identified as harmful to the environment. The Company is currently marketing two patented, proprietary products that avoid the use of these materials, thereby reducing the potential for damage to the environment.

- Through a 49% owned joint venture, the Company has begun production of a new composite molded mat. It is anticipated that these new mats will reduce trucking and handling cost, substantially eliminate mat repair cost, improve margins in the Company's mat rental business and open new markets for sale of mats.

- Permits to operate non-hazardous industrial waste disposal wells on properties recently acquired for that purpose are in process in Louisiana and Texas. The initial Texas permit has been received and the initial Louisiana permit is expected to follow in the next few weeks. Public notices and hearings on these licenses will be scheduled soon. It is anticipated that this process will be completed during the fourth quarter or early in the first quarter of 1999. Newpark expects to enter this new market during 1999.

- The Company has implemented a washwater recycling system to reduce the amount of waste created at its facilities in the cleaning of customers' vessels and containers, thereby reducing the customer's long term liability exposure. This will reduce the volume of waste transferred to the Company's injection facilities for disposal by up to 33% and reduce its operating costs.

RESULTS OF OPERATIONS

The following table represents revenue by product line, for the three month and nine month periods ended September 30, 1998 and 1997:

	Three Month Periods ended September 30, (Dollars in thousands)			
	1998		1997	
Revenues by product line:				
Fluids management services:				
E&P waste and NORM disposal	$12,330	19.0	$16,208	28.0%
Fluids sales & engineering	29,741	45.8	16,021	27.7
Fluids management services	42,071	64.8	32,229	55.7
Mat services	10,121	15.6	13,690	23.6
Support services	12,707	19.6	11,989	20.7
Total revenues	$64,899	100.0%	$57,908	100.0%

	Nine Month Periods ended September 30, (Dollars in thousands) 1998		1997	
Revenues by product line:				
Fluids management services:				
E&P waste and NORM disposal	$ 45,862	22.4%	$ 45,328	30.5%
Fluids sales & engineering	80,011	39.2	34,641	23.3
Fluids management services	125,873	61.6	79,969	53.8
Mat services	40,056	19.6	37,588	25.2
Support services	38,393	18.8	31,225	21.0
Total revenues	$204,322	100.0%	$148,782	100.0%

THREE MONTH PERIOD ENDED SEPTEMBER 30, 1998 COMPARED TO THREE MONTH PERIOD ENDED SEPTEMBER 30, 1997

Revenues

Total revenues increased to $64.9 million in 1998, from $57.9 million in 1997, an increase of $7.0 million, or 12.1%. The components of the increase in revenues were a $13.7 million increase in drilling fluids sales and a $.7 million increase in support services, partially offset by a $3.9 million decrease in waste disposal and a $3.6 million decrease in mat services.

Drilling fluids sales increased $13.7 million, or 85.6%, as a result of a series of purchase acquisitions made during 1997 and 1998, and the expansion of the businesses acquired. The decline in drilling activity has reduced the size of the market for drilling fluids; however, the Company has increased its sales of drilling fluids by obtaining a larger share of the market.

Support services revenue grew from $12.0 million in 1997 to $12.7 million in 1998. This increase in revenues is attributable to an increase in site maintenance work and environmental cleanup and site restoration work.

E&P waste accounted for 93% and 91% of disposal revenue in 1998 and 1997, respectively. During 1998, the Company received 1.1 million barrels of E&P waste for disposal, generating revenue of $11.5 million at an average price of $10.51 per barrel. This compares to volume of 1.4 million barrels in the 1997 period, and average pricing of $10.34 per barrel, which generated revenue of $14.8 million. Volume has declined due to lower drilling activity and as a result of the Company's waste minimization efforts to reduce the volume of wash water created at transfer facilities in the vessel and container cleaning process. In addition, volumes were lower due to the effect of unusual weather conditions encountered in the quarter.

The decrease of $3.6 million in mat rental revenue reflects the general decline in drilling activity, as well as the effect of unusual weather conditions on drilling activity in the area surrounding the Gulf of Mexico. Mat rental revenues include revenues earned on the initial mat installation, which typically includes the first 60 days of rental, and rerentals earned beyond the initial installation term. In 1998, the initial rentals accounted for approximately 65.8% of mat service revenues with rerentals accounting for approximately 34.2%. In 1997, initial rentals accounted for 71.7% of the total mat service revenues and rerentals accounted for approximately 28.3%.

Operating Costs and Expenses

Costs of services provided increased to $45.8 million in 1998 as compared to $34.7 million in 1997, and operating costs increased to $26.7 million in 1998 as compared to $5.5 million in 1997. The increase in costs during the quarter can be attributed primarily to the protracted downward trend in market conditions and a geographical shift in drilling activity in the markets Newpark serves. These events caused Newpark to incur additional charges for displacement of operations, obsolescence of inventories and write-off of other prepaid services. Operating costs and expenses on a comparable basis were higher due to an increase in business activities and due to the introduction of new products and services during the quarter. The Company also accrued personnel costs in the quarter in anticipation of performance bonuses and severance costs relating to displacement of workers caused by market shifts.

General and Administrative Expenses

General and administrative expenses during 1998 were $2.1 million as compared to $.9 million in 1997. The increase is attributable to the accrual of anticipated performance bonuses and an increase in costs attributable to current market conditions.

Provision for Uncollectible Accounts

The Company recorded $4.0 million in bad debt reserves during the quarter due to the continued downward pressure on oil prices. This downturn in oil prices has caused a strain on customers' cash flow, which has in turn affected the collectibility of certain receivables from customers. The Company has identified two specific customer balances where the risk of such financial concern merits this additional reserve.

Impairment of Long Lived Assets

The Company recorded impairments on certain of its capital assets during the quarter in the amount of $20.4 million. These impairments were caused primarily by two factors which arose in the quarter. The first factor was the introduction of new technology by the Company in several areas, which rendered obsolete certain assets in service. The largest new technology driven item is the change to composite mats from wooden mats and management's decision to discontinue maintenance of its older wooden mats and to take them out of service. The second factor was a change in market conditions which was driven by a reduction in oil prices. It is anticipated that approximately $27 million of additional impairment cost will be recorded in a subsequent quarter on the same assets as this new class of assets replaces the current technology.

Arbitration Settlement

During the third quarter of 1998, the Company settled a contract dispute with U. S. Liquids, which resulted in a charge against earnings in the current quarter of $9.1 million. It is anticipated that an additional charge of up to $21 million will be recorded in the fourth quarter relating to this settlement. The full charge was not recorded in the third quarter due to certain contractual requirements.

Equity Earnings of Unconsolidated Affiliate

Included in the loss from unconsolidated affiliates are charges of $1.8 million that include recognition of joint venture losses related to the start-up period of the mat manufacturing facility and a reserve for accounts receivable at the Mexican joint venture.

Interest Income and Interest Expense

Net interest expense was $2.4 million in 1998 as compared to $799,000 in 1997. The increase in net interest cost is due to an increase of $102.3 million in average outstanding borrowings and an increase in average effective interest rates from 7.56% in 1997 to 8.49% in 1998. The increase in average outstanding borrowings and average effective interest rates is due to the issuance of $125 million of ten year, 8-5/8% senior subordinated notes in December 1997 and additional borrowings under the Credit Facility. The proceeds from the senior subordinated notes and the Credit Facility were used to fund acquisitions, capital expenditures and working capital for growth.

Provision for Income Taxes

For the 1998 and 1997 periods, Newpark recorded income tax (benefits) provisions of ($14.3) million and $5.9 million, equal to 30.9% and 37.0% of pre-tax (loss) income, respectively.

Cumulative Effect of Accounting Charge

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

NINE MONTH PERIOD ENDED SEPTEMBER 30, 1998 COMPARED TO NINE MONTH PERIOD ENDED SEPTEMBER 30, 1997

Revenues

Total revenues increased to $204.3 million in 1998, from $148.8 million in 1997, an increase of $55.5 million, or 37.3%. The components of the increase in revenue were a $.5 million increase in waste disposal revenues, a $45.4 million increase in drilling fluids sales, a $2.5 million increase in mat services, and a $7.2 million increase in support services.

The increase in waste disposal revenues resulted from higher pricing, partially offset by lower volumes of waste. The average price per barrel increased to $11.07 from $9.91. The volume of waste was lower in 1998 due to reduced drilling activity, waste minimization efforts to reduce washwater through recycling and severe weather conditions in the Gulf of Mexico in the third quarter. E&P waste revenues, which constitute 96% of 1998 waste disposal revenues and 93% of 1997 waste disposal revenues, increased to $43.9 million in 1998, compared to $42.2 million in 1997. The volume of E&P waste received was approximately 3.8 million barrels in 1998 compared to 4.1 million barrels in 1997.

Drilling fluids sales increased $45.4 million, or 131.0%, as a result of a series of acquisitions made during 1997 and 1998, and the rapid expansion of the businesses acquired. The overall market for drilling fluids has declined due to lower drilling activity. However, Newpark has increased its total sales during this period through an increase in market share.

Mat rental revenue increased $2.5 million from 1997 to 1998 due primarily to stronger drilling activity in the first six months of 1998. In 1998, initial rentals accounted for approximately 59.5% of mat service revenues with rerentals accounting for approximately 49.5%. In 1997, initial rentals accounted for 60.8% of the total mat service revenues and rerentals accounted for approximately 39.2%.

Support services revenue grew from $31.2 million in 1997 to $38.4 million in 1998, which represents an increase of $7.2 million, or 23.0%. This increase in revenues is attributable to increased installation of production equipment and facilities as well as end-of-drilling cleanup and site restoration at drilling locations, coupled with increased lease maintenance activities.

Operating Costs and Expenses

Costs of services provided increased to $123.1 million in 1998 as compared to $89.8 million in 1997, and operating costs increased to $46.8 million in 1998 as compared to $13.8 million in 1997. The increase in costs can be attributed primarily to the protracted downward trend in market conditions and a geographical shift in drilling activity in the markets Newpark serves. These events caused Newpark to incur additional charges during the third quarter for displacement of operations, obsolescence of inventories and write-off of other prepaid services. Operating costs and expenses on a comparable basis were higher due to an increase in business activities and due to the introduction of new products and services during the third quarter. The Company also accrued personnel costs in the third quarter in anticipation of performance bonuses and severance costs relating to displacement of workers caused by market shifts.

General and Administrative Expenses

General and administrative expenses during 1998 were $4.0 million as compared to $2.5 million in 1997. The increase is attributable to the accrual of anticipated performance bonuses and an increase in costs attributable to current market conditions.

Interest Income and Interest Expense

Net interest expense was $6.9 million in 1998 as compared to $ 2.5 million in 1997. The increase in net interest cost is due to an increase in average outstanding borrowings of $94.5 million and an increase in average effective interest rates from 7.36% in 1997 to 8.30% in 1998. The increase in average outstanding borrowings and average effective interest rates is due to the issuance of $125 million of ten year, 8-5/8% senior subordinated notes in December 1997 and additional borrowings under the Credit Facility. The proceeds from the senior subordinated notes and the Credit Facility were used to fund acquisitions, capital expenditures and working capital for growth.

Provision for Income Taxes

For the 1998 and 1997 periods, Newpark recorded income tax (benefits) provisions of ($1.0) million and $14.7 million, respectively, equal to 10.0% and 36.6% of pretax (loss) income in each period.

NEW ACCOUNTING PRONOUNCEMENTS

The Company has adopted Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income" ("SFAS 130") which provides guidance for the presentation and display of comprehensive income. Management believes this statement did not have a significant effect on the financial statement presentation.

During 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 establishes standards for disclosure of operating segments, products, services, geographic areas and major customers. The Company is required to adopt this standard for its fiscal year ended December 31, 1998. Management believes that the implementation of SFAS 131 will not have a material impact on the presentation of the Company's financial statements, but may require additional disclosure.

The Company has elected early adoption of SOP 98-5 "Reporting Costs of Start-Up Activities" which provides standards for recording costs related to start-up activities. The cumulative effect of this charge, net of income taxes, was $1.3 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position decreased by $11.1 million during the nine months ended September 30, 1998. Key working capital data is provided below:

	September 30, 1998	December 31, 1997
Working Capital (000's)	$ 79,119	$ 90,212
Current Ratio	2.97	3.94

The decrease in working capital was used primarily to fund long term assets acquired during the period.

For the nine months ended September 30, 1998, Newpark's working capital needs were met primarily from operating cash flow, cash on hand and borrowings under the Company's Credit Facility. Cash on hand, along with cash generated from operations of $46.7 million, was supplemented by $51.2 million from financing activities to provide for a total of $108.5 million used in investing activities, including the purchase of drilling fluids and barite grinding assets, the purchase of mats and supporting equipment, the expansion of waste disposal facilities and the development of future waste disposal sites and facilities.

Newpark maintains a $100.0 million revolving bank Credit Facility, which matures on June 30, 2001, including up to $20.0 million in standby letters of credit. At September 30, 1998, $17.0 million in letters of credit were issued and outstanding under the Credit Facility, and $57.2 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 terms of the Credit Facility. The Credit Facility requires that Newpark maintain certain specified financial ratios and comply with other usual and customary requirements. Newpark was in compliance with all requirements of the Credit Facility at September 30, 1998.

For the remainder of 1998, Newpark anticipates capital expenditures of approximately $8 to $10 million, including: (i) funds to acquire and develop additional injection well sites; (ii) funds to expand drilling fluids operations, including the purchase of equipment associated with fluids processing and recycling and infrastructure expansions; (iii) funds to expand barite milling capacity; (iv) funds for the purchase of new composite mats: (v) funds for the upgrade and purchase of equipment; and (vi) funds for expansion into industrial waste disposal markets.

Potential sources of additional funds, if required by the Company, would include additional borrowings 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 source 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. 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 beyond the next 12 months.

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

YEAR 2000

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

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

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

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

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

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

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

PART II

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

On August 21, 1998, Newpark acquired Shamrock Drilling Fluids, Inc., an Oklahoma corporation, Perry Trucking, Inc., an Oklahoma corporation, and Fiber Products, Inc., an Oklahoma corporation (collectively, the "Shamrock Companies"), from their stockholders, John M. Ireland and Michele L. Ireland, as trustees and beneficial owners under their respective family trusts. In the acquisition, all of the issued and outstanding shares of capital stock of the Shamrock Companies were exchanged for $4,685,000 in cash and an aggregate of 673,773 shares of Newpark Common Stock, and the Shamrock Companies were merged into a wholly owned subsidiary of Newpark.

The shares of Newpark Common Stock issued in connection with the acquisition of the Shamrock Companies were not registered under the Securities Act of 1933, as amended (the "Act"), in reliance on the exemption provided by Rule 506 of Regulation D under the Act. The acquisition of the Shamrock Companies was accomplished without any form of general solicitation or general advertisement, and Newpark provided each acquiring party with the information required by Rule 502(b) of Regulation D. Each acquiring party also agreed that the shares of Common Stock acquired will be held for investment purposes and that the representative certificates may bear restrictive legends indicating that the securities may not be freely transferred. In each transaction, Newpark had reasonable grounds to believe that each purchaser was capable of evaluating the merits and risks of the investment and acquired the Common Stock for investment purposes only. Accordingly, Newpark believes that the foregoing transaction was exempt from the registration provisions of the Act pursuant to the exemption provided by Rule 506 of Regulation D, by reason of such transaction being by an issuer and not involving any public offering within the meaning of Section 4(2) of the Act.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27. 1 Financial Data Schedule

(b) Reports on Form 8-K

The registrant filed a report on Form 8-K on August 28, 1998 relating to the private placement under Regulation S of 550,000 shares of Newpark common stock issued in connection with the acquisition of ProActa Environmental Services, Inc. The registrant filed one other report on Form 8-K on September 22, 1998 to announce that it had settled a previously disclosed dispute concerning obligations under a disposal agreement.

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: November 11, 1998

NEWPARK RESOURCES, INC.

By: /s/Matthew W. Hardey

Matthew W. Hardey, Vice President
and Chief Financial Officer

Exhibit Index

Exhibit Number	Description
27.1	Financial Data Schedule

5
1,000

9-MOS
DEC-31-1998
JAN-01-1998
SEP-30-1998
10,114
0
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(527,732)
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(8,589)
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(9,915)
(0.15)
(0.15)