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

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001 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 (Address of principal executive offices)	70002 (Zip Code)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No | |

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K |X|.

At March 8, 2002 the aggregate market value of the voting stock held by non-affiliates of the registrant was $453,960,611. The aggregate market value has been computed by reference to the closing sales price on such date, as reported by The New York Stock Exchange.

As of March 8, 2002, a total of 70,652,766 shares of Common Stock, $.01 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Pursuant to General Instruction G(3) to this form, the information required by Part III (Items 10, 11, 12 and 13 hereof) is incorporated by reference from the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders scheduled to be held on June 11, 2002.

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FOR THE YEAR ENDED DECEMBER 31, 2001

Note: The responses to Items 10, 11, 12 and 13 are included in the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders scheduled to be held June 11, 2002. The required information is incorporated into this Report by reference to such document and is not repeated here.

PART I

ITEM 1. BUSINESS

GENERAL

Newpark Resources, Inc. is a service company which provides drilling fluids, site access and environmental products and services to the oil and gas exploration and production industry. We operate in the U.S. Gulf Coast, west Texas, the U.S. Mid-continent, the U.S. Rockies and western Canada. We provide, either individually or as part of a comprehensive package, the following products and services:

- drilling fluids, associated engineering and technical services;
- installing, renting and selling patented hardwood and composite interlocking mats used for temporary access roads and work sites in oilfield and other construction applications;
- lumber, timber and wood by-products sales;
- processing and disposing oilfield exploration and production, or E&P, waste;
- on-site environmental and oilfield construction services; and
- processing and disposing non-hazardous industrial wastes for the refining, petrochemical and manufacturing industry in the U.S. Gulf Coast market.

We offer our drilling fluids, fluids processing, management and waste disposal services in an integrated package we call "Performance Services". This allows our customers to consolidate their outsourced services and reduce the number of vendors used. It can also accelerate the drilling process while reducing the amount of fluids consumed and the amount of waste created in the process. We believe our Performance Services program differentiates us from our competitors and increases the efficiency of our customers' drilling operations.

In our drilling fluids business, we offer unique solutions to highly technical drilling projects involving complex conditions. These projects require critical engineering support of the fluids system during the drilling process to ensure optimal performance at the lowest total well cost. We have developed and market several proprietary and patented drilling fluids products and systems that replace environmentally harmful substances, principally salts and oils, commonly used in drilling fluids. These elements are typically of the greatest environmental concern in the waste stream created by drilling fluids.

We have introduced and are continuing to develop the market for the DeepDrill(TM) system of high-performance, water-based drilling fluids and related specialty products. We have recently introduced an oil-based drilling fluid system that incorporates a product from the DeepDrill(TM) family that substitutes for salt, which we believe solves some of the environmental problems associated with oil-based fluids while improving drilling performance. We believe that these new products will make it easier for our customers to comply with increasingly strict environmental regulations affecting their drilling operations and improve the economics of the drilling process. (See discussion of Environmental Regulations below.)

In addition to the U.S. Gulf Coast market, in 1998, we expanded our drilling fluids operations into west Texas, the U.S. Mid-continent, the U.S. Rockies and western Canada by acquiring several drilling fluids companies. We have the service infrastructure necessary to participate in the drilling

fluids market in these regions. We also have our own barite grinding capacity to provide critical raw materials for our drilling fluids operations, primarily in the U.S. Gulf Coast market.

In our mat and integrated services business, we use both a patented interlocking wooden mat system and our composite mat system to provide temporary access roads and worksites in unstable soil conditions. These mats are used primarily to support oil and gas exploration operations along the U.S. Gulf Coast and are typically rented to the customer. Occasionally, however, we sell the mats to the customer for permanent access to a site or facility.

We use our Dura-Base(TM) composite plastic mat system primarily in our U.S. Gulf Coast rental market, and have begun selling the composite mats, both within and outside of the oilfield market. During 2001, the majority of our sales were for oilfield applications in the western Canadian market. We believe that, in time, the DuraBase(TM) mat will replace our traditional wooden mats in many applications and provide significant economic benefits because they are lighter, stronger, require fewer repairs and last longer than our wooden mats. We have dedicated significant time and resources to developing Dura-Base(TM) markets in industrial and construction applications, international oilfield markets and military and government applications. Our first delivery of composite mats to the U.S. military was made in the first quarter of 2001. Our first shipment of composite mats to the oilfield market outside of North America occurred in the fourth quarter of 2001.

We receive E&P waste generated by our customers that we then process and inject into environmentally secure geologic formations deep underground. Some waste is delivered to surface disposal facilities. We can also process E&P waste into a reuse product that is used as daily cover material or cell liner and construction material at two municipal waste landfills. This reuse product meets all EPA specifications for reuse. For the last several years, approximately 10% to 15% of the total waste that we received has been processed for reuse.

Since 1994, we have been licensed to process E&P waste contaminated with naturally occurring radioactive material (NORM). We currently operate under a license that authorizes us to directly inject NORM into disposal wells at our Big Hill, Texas facility. This is the only offsite facility in the U.S. Gulf Coast licensed for this purpose. Since July 1999, we also have been operating a facility to dispose non-hazardous industrial waste. This facility uses the same waste disposal technology as we use for E&P waste and NORM waste disposal.

We also provide other services for our customers' oil and gas exploration and production activities that are principally included within our "Mat and Integrated Services" segment. These services include:

- site assessment;
- waste pit design;
- construction and installation;
- regulatory compliance assistance;
- site remediation and closure; and
- oilfield construction services, including hook-up and connection of wells, installing production equipment and lease maintenance.

Newpark was originally organized in 1932 as a Nevada corporation. In April 1991, we changed our state of incorporation to Delaware. Our principal executive offices are located at 3850 North Causeway Boulevard, Suite 1770, Metairie, Louisiana 70002. Our telephone number is (504) 838-8222.

INDUSTRY FUNDAMENTALS

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

The demand for most of our services is related to the level, type, depth and complexity of oil and gas drilling. The most widely accepted measure of activity is 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 continued into the second quarter of 1999, when it reached the lowest level ever recorded in the history of the indicator, which began over 50 years ago. Shortly afterwards, the rig count in our principal market began to increase, and that trend continued through early July 2001, when it peaked at 1,293 rigs working. By year-end 2001, the rig count had dropped 31% to 887, and has continued to decline thus far in 2002.

As the shallower reserves available in the historic gas-producing basins of the U.S. mature, we believe that drilling will shift towards deeper geologic structures provided that anticipated commodity prices are sufficient to support the higher cost of these deeper projects. We believe that technological advances such as computer-enhanced interpretation of three-dimensional seismic data and improved rig capacity drilling tools and fluids, which facilitate faster drilling, have reduced the risk and cost of finding oil and gas and are important factors in the economics faced by the industry. These advances have increased the willingness of exploration companies to drill in coastal marshes and inland waters where access is expensive, and to drill deeper wells in many basins. These projects rely heavily on services such as those that we provide. Deeper wells require larger, more expensive locations to be constructed to accommodate larger drilling rigs and the equipment for handling drilling fluids and associated wastes. These locations are generally in service for significantly longer periods, generating additional mat rental revenues. Deeper wells also require more complex drilling fluid programs and generate larger waste volumes than those from simpler systems used in shallower wells. The total cost of a drilling fluids program for rigs in excess of 12,000 feet will often increase exponentially as rig depth increases.

The oilfield market for environmental services has grown due to increasingly stringent regulations restricting the discharge of exploration and production wastes into the environment. Most recently, the U. S. EPA has published new regulations significantly limiting discharges of drilling wastes contaminated with synthetic-based mud (SBM) into the Offshore Gulf of Mexico. These new regulations became effective on February 19, 2002, with a six month phase in period allowed. These new regulations are expected to have a material effect on the industry's disposal practices. 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 this waste in both drilling of new wells and remediating production facilities.

We receive non-hazardous industrial waste from generators in the Gulf Coast market. Those generators include refiners, manufacturers, service companies and municipalities that produce waste that is not characterized or listed as a regulated waste under The Resource Conservation and Recovery

Act. We believe we can effectively serve the market that extends from Baton Rouge, Louisiana to Houston, Texas from the current facility located near the Texas-Louisiana state line.

The non-hazardous industrial waste market includes many recurring waste streams that are continually created by customers in the normal course of their business operations. In addition, "event" driven waste streams may result from specific business activities that do not happen often, such as a refinery "turnaround" or facility remediation projects. These wastes include contaminated soils, wastewater treatment residues, tank bottoms, process wastewater, storm water runoff, equipment wash water and leachate water from municipal landfills.

BUSINESS STRENGTHS

Proprietary Products and Services. Over the past 15 years, we have acquired, developed, and improved our patented or proprietary technology and know-how, which has enabled us to provide innovative and unique solutions to oilfield construction and waste disposal problems. We have developed and expect to continue to introduce similarly innovative products in our drilling fluids business. We believe that increased customer acceptance of our proprietary products and services will enable us to take advantage of upturns in drilling and production activity.

Waste Injection. Since 1993, we have developed and used proprietary technology to dispose of E&P waste by low-pressure injection into unique geologic structures deep underground. In December 1996, we were issued patents covering our waste processing and injection operations. We believe that our injection technology is the most environmentally safe and the most cost-effective method for disposing oilfield wastes offsite and that this technology is suitable for disposing other types of waste. We completed and began operating a non-hazardous industrial waste injection disposal facility in July 1999.

Patented Mats. We own or license several patents that cover our wooden mats and subsequent improvements. To facilitate entry into new markets and reduce our dependence on hardwood supplies, we have obtained the exclusive license for a new patented composite mat manufactured from plastics and other materials. We own 49% of an entity that owns and operates the manufacturing facility for these mats. We began taking delivery of these mats in the fourth quarter of 1998. We expect that over the next several years we will convert the majority of our mat fleet to the new composite product. However, a portion of the fleet will always be made up of the wooden mats.

DeepDrill(TM). We own the patent rights to this high-performance, completely biodegradable, water-based drilling fluid system and related family of specialty products, which provides unique answers to both performance and environmental concerns in many drilling situations. Some of the performance areas that DeepDrill(TM) can address include hydrate suppression in deepwater drilling, torque and drag reduction, shale inhibition, minimized hole enlargement and enhanced ability to log results and utilize measurement tools. The DeepDrill(TM) system offers superior environmental attributes to the commonly used oil-based and synthetic-based fluid systems, which are often used in environmentally sensitive areas due to performance requirements.

Low Cost Infrastructure. We have assembled a low cost infrastructure to receive and process E&P waste in the U.S. Gulf Coast region that includes strategically located transfer stations for receiving waste, a large fleet of barges for the most cost-efficient transportation of waste and geologically-secure injection disposal sites.

Integration of Services. We believe we are one of the few companies in the U.S. Gulf Coast able to provide a package of integrated services and offer a "performance services" approach to solving customers' problems. Our mats provide the access roads and work sites for a majority of the land drilling in the Gulf Coast market. Our on-site and off-site waste management services are frequently sold in combination with our mat rental services. In addition, our entry into the drilling fluids business has created the opportunity for us 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, we believe that we are well positioned to take advantage of the industry trend towards outsourcing and vendor consolidation.

Experience in the Regulatory Environment. We believe that our operating history provides us with a competitive advantage in the highly regulated oilfield waste disposal business. As a result of working closely with regulatory officials and citizens' groups, we have gained acceptance for our proprietary injection technology and have received a series of permits for our disposal facilities, including a permit allowing the disposal of NORM at our Big Hill, Texas facility. These permits enable us to expand our business and operate cost-effectively. We believe that our proprietary injection method is superior to alternative methods of disposing 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. We further believe 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. Our executive and operating management team has built and augmented our capabilities over the past ten years, allowing us to develop a base of knowledge and a unique understanding of the oilfield construction and waste disposal markets. Our executive and operating management team has an average of 23 years of industry experience, and an average of 11 years with us. Several executives have been with us for 20 years or more. We have strengthened our management team by retaining key management personnel of the companies we have acquired and by attracting additional experienced personnel.

BUSINESS STRATEGY

Technical Drilling Fluids Products Leadership. Our strategy is to provide our customers innovative products that help solve their drilling problems. Our DeepDrill(TM) Fluids system was conceived as a high-performance drilling product in anticipation of increasing environmental regulation of the drilling process. We believe that our ability to provide a high-performance and environmentally safe product that can reduce the total cost of these products and services to the customer while increasing their operating efficiency will distinguish us from our competitors.

Implement Our Performance Services Concept. Our strategy is to provide our products and services in a manner that aligns our goals for the project with those of the customer. By integrating our drilling fluids and waste disposal services with other on-site services, we can provide a comprehensive high performance, integrated fluids management system that reduces the total volume of fluids used and the waste volumes created, while increasing the speed of drilling. This saves cost for the customer. The resulting reduction in rig time often provides an equal or larger cost savings to the customer.

Service and Product Extensions. We believe that we can apply the waste processing and injection technology we have pioneered and developed in the oil and gas exploration industry to other industrial waste markets. Initially, we have elected to focus on wastes generated in the petrochemical processing and refining industries, as many potential customers in these industries are located in the

markets we already serve. As we establish a position in that market, we will evaluate applying our injection disposal methods to other industrial waste streams. We have begun using a composite plastic mat system to enhance our current Gulf Coast mat rental fleet and expand into new markets. We believe that these composite mats have worldwide applications in oilfield, industrial, commercial, military and emergency response markets because the strength, durability, weight and shelf life of the composite mats have an advantage over traditional wooden mats and other alternate products.

Cost Reductions. Throughout 2001, we have pursued a program to reduce operating costs and expenses throughout the company, and particularly within the waste disposal segment, in order to reposition those operations for the current market conditions. We will continue to pursue cost reductions in our existing operations to increase margins.

DESCRIPTION OF BUSINESS

E & P WASTE DISPOSAL

E&P Waste Processing. In most jurisdictions, E&P waste, if not treated for discharge or disposed on the location where it is generated, must be transported to a licensed E&P waste disposal or treatment facility. Three primary alternatives for offsite disposal of E&P waste are available to generators in the U.S. Gulf Coast: (1) underground injection (see "Injection Wells"); (2) disposal on surface facilities; and (3) processing and conversion into a reuse product. In addition, a portion of the waste can be recycled into a drilling fluids product.

The volume of waste handled by us in 2001, 2000 and 1999 is summarized in the table below:

(barrels in thousands)	2001	2000	1999
Drilling and Production	3,966	3,994	3,334
Remediation Disposal	301	175	0
Total	4,267	4,169	3,334

We operate six receiving and transfer facilities located along the U.S. Gulf Coast, from Venice, Louisiana, to Corpus Christi, Texas. Waste products are collected at the transfer facilities from three distinct exploration and production markets: (1) offshore; (2) land and inland waters; and (3) remediation operations at well sites and production facilities. A fleet of 45 double-skinned barges certified by the U. S. Coast Guard to transport E&P waste supports these facilities. Waste received at the transfer facilities is moved by barge through the Gulf Intracoastal Waterway to our processing and transfer facility at Port Arthur, Texas, and trucked to injection disposal facilities at Fannett, Texas.

Improved processing equipment and techniques and increased injection capacity have substantially reduced waste volumes processed for reuse and delivered to local municipal landfills as a reuse product. For the last several years, only 10% to 15% of the total waste that we received has been processed into a reuse product. Landfills are required by regulations to cover the solid waste deposited each day in the facility with earth or other inert material. Our reuse product is deposited at either the City of Port Arthur Municipal Landfill or the City of Beaumont Municipal Landfill for use as cover or construction material pursuant to contracts with the respective cities. We also have developed alternative uses for the product as roadbase material or construction fill material.

NORM Processing and Disposal. Many alternatives are available to the generator for treating and disposing NORM. These include both chemical and mechanical methods designed to reduce volume, burying encapsulated NORM on-site within old well bores and soil washing and other

techniques to dissolve and suspend the radium in solution to inject NORM liquids on-site. When these techniques are not economically competitive with offsite disposal, or not sufficient to bring the site into compliance with applicable regulations, the NORM must be transported to a licensed storage or disposal facility. We have been licensed to operate a NORM disposal business since September 1994. Since May 21, 1996, we have disposed of NORM by injection disposal at our Big Hill, Texas facility.

Non-hazardous Industrial Waste. In September 1997, we applied for licensing authority to build and operate a facility that will process and dispose non-hazardous industrial waste. Permits were issued to us in February 1999, and operations began in the third quarter of 1999. Our market includes refiners, manufacturers, service companies and municipalities.

Injection Wells. Our injection technology is distinguished from conventional methods in that it utilizes very low pressure, typically less than 100 pounds per square inch ("psi"), to move the waste into the injection zone. Conventional injection wells typically use pressures of 2,000 psi or more. If there is a formation failure or the face of the injection zone is blocked, this pressure can force waste material beyond the intended zone, posing a potential hazard to the environment. The low pressure used by us is inadequate to drive the injected waste from its intended geologic injection zone.

We began using injection for E&P waste disposal in April 1993. Under a permit from the Texas Railroad Commission, we began developing a 50-acre injection well facility in the Big Hill Field in Jefferson County, Texas. During 1995, we licensed and built a new injection well facility at a 400 acre site near Fannett, Texas, which was placed in service in September 1995 and now serves as our primary facility for disposing E&P waste. We have subsequently acquired several additional injection disposal sites, and now hold an inventory of approximately 1,250 acres of injection disposal property in Texas and Louisiana. Recent geological studies of sites that we presently operate indicate a total volumetric capacity sufficient to inject approximately two billion barrels of slurry. We have injected a total of 37.4 million barrels of slurry into the formations at these sites since we began injection operations. Based on these studies, we have utilized less than 2% of the total injection capacity available at these sites.

We have identified a number of additional sites in the U.S. Gulf Coast region as suitable for disposal facilities. We have received permits for one additional site in Texas, and we plan to file for additional permit authority in Louisiana. We believe that our current processing and disposal capacity will be adequate to provide for expected future demand for our oilfield and other waste disposal services.

FLUIDS SALES AND ENGINEERING

We entered the drilling fluids market to provide environmentally safe high performance fluid systems and as a means of distributing recycled products recovered from our waste business. In response to weak pricing due to current market conditions, we have temporarily suspended our offsite recycling operations. We maintain the capability to produce these recycled products and are able to resume recycling operations when market conditions permit. The capacity to provide complete drilling fluids service to our customers was a key step towards implementing our Performance Services strategy. We focus on highly technical drilling projects involving complex conditions, such as horizontal drilling, geographically deep drilling or deep water drilling. These projects require constant monitoring and critical engineering support of the fluids system during the drilling process.

In February 1997, we acquired SBM Drilling Fluids, Inc. (now known as Newpark Drilling Fluids), a full-service provider of drilling fluids and associated engineering and technical services to

the onshore and offshore oil and gas exploration industry in the Gulf Coast market. We have subsequently expanded our drilling fluids operations by additional acquisitions to broaden our customer base and obtain the services of key employee-owners of the acquired companies. These acquisitions allowed us to expand our drilling fluids operations into west Texas, the U.S. Mid-continent, the U.S. Rockies and Canada, and strengthened our market position on the Gulf Coast.

In May 1998, we began to provide on-site solids control services to our customers. Solids control services uses specialized equipment to separate drilling fluids components from drill cuttings during drilling operations. The drilling fluids components can then be reused in the fluids system. These solids control services are part of our Performance Services product offering. In the third quarter of 1999, we decided to sell our own solids control services operations and began to outsource these services through an alliance with the drilling services division of Varco International, Inc., the industry leader in solids control services.

In addition to our drilling fluids operations, we provide environmental services to the drilling and production industry in Canada, including using composting technology. This technique bioremediates the drill cuttings and drilling waste on location. The customer-generated waste is mixed with wood chips and a proprietary recipe of water and nutrients and allowed to compost for a pre-determined period, during which the contaminants are naturally biodegraded below regulatory thresholds. Once remediation is completed, the remaining compost is returned to the customer for spreading or reseeding on their property. This technology is also being used in other markets including Wyoming, and further market penetration is being pursued there. Composting technology provides us with another product that compliments our drilling fluids to provide the customer a total performance package.

In May 1997, we acquired a specialty milling company that grinds barite and other industrial minerals at facilities in Houston, Texas and New Iberia, Louisiana. We subsequently added facilities in Morgan City, Louisiana, Corpus Christi, Texas and Dyersburg, Tennessee. Acquiring and then expanding that company's milling capacity has provided us access to critical raw materials for our drilling fluids operations. We have also entered into a contract grinding agreement in Brownsville, Texas under which a contract mill grinds raw barite supplied by us for a fixed fee.

MAT AND INTEGRATED SERVICES

Mat services and sales.

In 1988, we acquired the right to use, in Louisiana and Texas, a patented prefabricated interlocking wooden mat system for constructing drilling and work sites, which replaced using individual hardwood boards. In 1994, we began exploring other products that could substitute for wood in the mats. In 1997, we formed a joint venture to manufacture our new DuraBase(TM) composite mat designed to be lighter, stronger and more durable than the wooden mats currently in use. The manufacturing facility was completed in the third quarter of 1998 and immediately began producing the new composite mats. We have taken delivery of over 42,000 composite mats since production began. The facility's production rate increased to approximately 8,000 mats per quarter by the fourth quarter of 2000, and was sustained at this level in 2001. Production rates for 2002 have been lowered in keeping with current market conditions. However we retain the ability to increase production as market conditions dictate. While we will eventually replace a large portion of our wooden mats with composite mats, we will maintain some wooden mats in our fleet.

Markets. We provide mats to the oil and gas industry to ensure all-weather access to exploration and production sites in the unstable soil conditions common along the onshore Gulf of Mexico. We also provide access roads and temporary work sites for pipeline, electrical utility and highway construction projects where soil protection is required by environmental regulations or to assure productivity in unstable soil conditions. We have performed projects in Georgia, Florida, South Carolina, Texas and Louisiana. Revenue from this source tends to be seasonal. During 2001, we sold our rental mats located in Florida and Georgia to a private company that has continued to operate them as a rental business. The company is subject to a minimum annual purchase requirement in order to maintain its exclusivity in that market. The company has already purchased additional mats and has indicated that they desire to further expand their market along the East Coast.

Rerentals and Sales. Customers rent our mats at drilling and work sites for a typical initial period of 60 days. This initial rental charge compensates us for the cost of installation and the initial period of use. Often, the customer extends the initial term for additional 30-day periods, resulting in additional revenues. These "rerental revenues" provide higher margins than the initial installation revenues because only minimal incremental costs accrue to each rerental period. Factors which may increase rerental revenue include: (1) the trend toward increased activity in the "transition zone"; (2) a trend toward deeper drilling, taking a longer time to reach the desired target; and (3) increased commercial success, requiring logging, testing, and completion (hook-up), extending the period during which access to the site is required. Occasionally, the customer purchases the mats when a site is converted into a permanent worksite.

As noted above, we have recently begun selling our composite mats, initially to E&P companies in western Canada. We have also sold these mats to various industrial, commercial, and military markets, as well as oilfield customers outside of Canada, because the strength, durability, weight and shelf life of the composite mats have an advantage over traditional wooden mats and other alternate products. During the fourth quarter of 2001, we shipped our first order of mats for use in the oilfield in South America.

Canadian Market. We believe that Western Canada will be a key long-term supplier of natural gas to the U.S. In the parts of Canada where drilling activity is most prevalent, soil conditions are similar to the marsh regions of the U.S. Gulf Coast. Drilling has historically taken place when this ground is frozen. During the break-up season, beginning in March or April and continuing until the ground freezes late in the year, drilling decreases dramatically because of reduced access to drilling sites. Our mat system provides year-round work-site access in these areas and should help to reduce seasonal inactivity which has traditionally occurred during the break-up season. We believe that this market could develop into a second major market for our mat products. We began shipping wooden mats to Canada in the first quarter of 1998, and have expanded these operations since then to meet the growing demand. At present, our rental fleet consists of 18,000 wooden mats in Canada.

Other Integrated Services

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

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

Pit Design, Construction and Drilling Waste Management. Where permitted by regulations and landowners, under our Environmentally Managed Location ("EML") Program, we construct waste pits at drilling sites and monitor the waste stream produced in drilling operations and the contents and condition of the pits with the objective of minimizing the amount of waste generated on the site. Where possible, we dispose of waste onsite by landfarming, through chemically and mechanically treating liquid waste and by injection into an underground formation. Waste water treated onsite may be reused in the drilling process or, where lawful, discharged into adjacent surface waters.

Regulatory Compliance. Throughout the drilling process, we assist the operator in interfacing with the landowner and regulatory authorities. We also assist the operator in obtaining necessary permits and in record keeping and reporting.

Site Remediation.

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

o E&P Waste (Production). We receive waste streams which are created during the production phase of drilling operations. We also provide services to remediate production pits and inactive waste pits, including those from past oil and gas drilling and production operations. We provide the following remediation services: (1) analyzing contaminants present in the pit and determining whether remediation is required by applicable state regulation; (2) treating waste onsite and, where lawful, reintroducing that material into the environment; and (3) removing, containerizing and transporting E&P waste to our processing facility.

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

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

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

Wood Product Sales. We own a sawmill in Batson, Texas that provides access to hardwood lumber to support our wooden mat business. The mill's products include lumber, timber, and wood chips, bark and sawdust. Pulp and paper companies in the area supply a large proportion of the hardwood logs processed at the sawmill and, in turn, are the primary customers for wood chips created in the milling process. We believe that, as the composite mats are introduced into the market, our dependence on the sawmill lumber will diminish. Therefore, other markets for the wood products are being developed, including marine lumber, skid material, timbers for crane mats and support lumber for packaging.

SOURCES AND AVAILABILITY OF RAW MATERIALS AND EQUIPMENT

We believe that our sources of supply for materials and equipment used in our businesses are adequate for our needs and that we are not dependent upon any one supplier. Barite used in our drilling fluids business is primarily provided by our specialty milling company. In addition, barite is obtained from third party mills under contract grinding arrangements. The raw barite ore used by the mills is obtained under supply agreements from foreign sources, primarily China and India. Due to the lead times involved in obtaining barite, a 90 day or greater supply of barite is maintained at the grinding facilities at all times. Other materials used in the drilling fluids business are obtained from various third party suppliers. No serious shortages or delays have been encountered in obtaining any raw materials, and we do not currently anticipate any shortages or delays.

We obtain certain chemical compounds under long-term supply contracts with various chemical manufacturers, and we believe that we could arrange suitable supply agreements with other manufacturers if the current supplier is unable to provide the products in sufficient quantities.

The new composite mats are manufactured through a joint venture in which we have a 49% interest. The resins, chemicals and other materials used to manufacture the mats are widely available.

We acquire the majority of our hardwood needs in our mat business from our own sawmill. The hardwood logs are obtained from loggers who operate close to the mill. Logging generally is conducted during the drier weather months of May through November. During this period, inventory at the sawmill increases significantly for use throughout the remainder of the year.

PATENTS AND LICENSES

We seek patents and licenses on new developments whenever feasible. On December 31, 1996, we were granted a U.S. patent on our E&P waste and NORM waste processing and injection disposal system. We have the exclusive, worldwide license for the life of the patent to use, sell and lease the wooden and composite mats that we use in our site preparation business. The licensor of the wooden mats continues to fabricate the mats for us and has the right to sell mats in locations where we are not

engaged in business, but only after giving us the opportunity to take advantage of the opportunity. We have the exclusive right to use and resell the new composite mats. Both licenses are subject to a royalty, which we can satisfy by purchasing specified quantities of mats annually from the licensor. In our drilling fluids business, we have obtained a patent on our DeepDrill(TM) product and own the patent on the two primary components of this product.

Using proprietary technology and systems is an important aspect of our business strategy. For example, we rely on a variety of unpatented proprietary technologies and know-how to process E&P waste. Although we believe that this technology and know-how provide us with significant competitive advantages in the environmental services business, competitive products and services have been successfully developed and marketed by others. We believe that our reputation in our industry, the range of services we offer, ongoing technical development and know-how, responsiveness to customers and understanding of regulatory requirements are of equal or greater competitive significance than our existing proprietary rights.

CUSTOMERS

Our customers are principally major and independent oil and gas exploration and production companies operating in the markets that we serve, with the vast majority of these customers concentrated in Louisiana and Texas.

During the year ended December 31, 2001, approximately 28% of our revenues were derived from 20 major customers, including three major oil companies. No one customer accounted for more than 10% of our consolidated revenues. Given current market conditions and the nature of the products involved, we do not believe that the loss of any single customer would have a material adverse effect on our business.

We perform services either pursuant to standard contracts or under longer term negotiated agreements. As most agreements with our customers are cancelable upon limited notice, our backlog is not significant.

We do not derive a significant portion of our revenues from government contracts of any kind.

COMPETITION

We operate in several niche markets where we are a leading provider of services. In our disposal business, we often compete with our major customers, who continually evaluate the decision to use internal disposal methods or to utilize a third-party disposal company, such as Newpark. We also compete in this business with several small, independent companies who generally serve specific geographic markets. The markets for our mat and integrated services business are fragmented and competitive, with five or six small competitors providing various forms of wooden mat products and services. No competitors provide a product similar to our composite mat system. In the drilling fluids industry, we face competition from larger companies that may have broader geographic coverage.

We believe that the principal competitive factors in our businesses are price, reputation, technical proficiency, reliability, quality, breadth of services offered and managerial experience. We believe that we effectively compete on the basis of these factors. We also believe that our competitive position benefits from our proprietary, patented mat systems used in our site preparation business, our proprietary treatment and disposal methods for both E&P waste and NORM waste streams, our ability to provide our customers with drilling fluids services on a "performance services basis" and our ability

to provide integrated well site services, including environmental, drilling fluids and general oilfield services. It is often more efficient for the site operator to contract with a single company that can prepare the well site and provide the required onsite and offsite environmental services. We believe our ability to provide a number of services as part of a comprehensive program enables us to price our services competitively.

ENVIRONMENTAL DISCLOSURES

We have sought to comply with all applicable regulatory requirements concerning environmental quality. We have made, and expect to continue to make, the necessary expenditures for environmental protection and compliance at our facilities, but we do not expect that these will become material in the foreseeable future. No material expenditures for environmental protection or compliance were made during 2001 or 2000.

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

EMPLOYEES

At January 31, 2002, we employed 1,132 full and part-time personnel, none of which are represented by unions. We consider our relations with our employees to be satisfactory.

ENVIRONMENTAL REGULATION

We deal primarily with E&P waste and NORM in our waste disposal business. E&P waste and NORM are generally described as follows:

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

NORM. Naturally Occurring Radioactive Material, or NORM, is present throughout the earth's crust at very low levels. Among the radioactive elements, only Radium 226 and Radium 228 are slightly soluble in water. Because of their solubility, Radium 226 and Radium 228 can be dissolved in the salt water that is produced with the hydrocarbons. Radium can coprecipitate with scale out of the production stream as it is drawn to the surface and encounters a pressure or temperature change in the well tubing or production equipment, forming a rust-like scale. This scale contains radioactive elements that can become concentrated on tank bottoms or at water discharge points at production facilities. Thus, NORM waste is E&P waste that has become contaminated with these radioactive elements above concentration levels defined by state regulations.

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 disposing 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 remediating 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.

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. We immediately noticed an increase in waste volume received from this subcategory in our 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 these waste discharges are allowed. Recent EPA rulemaking efforts have been directed towards further restricting discharges into those waters. Final regulations establishing technology based effluent limitation guidelines and standards for the discharge of synthetic-based drilling fluids were published on January 22, 2001 in the Federal Register and became effective February 21, 2001. These requirements were incorporated into the National Pollutant Discharge Elimination System (NPDES) general permit for the Western Gulf of Mexico on December 18, 2001. The new permit became effective on February 19, 2002. This is another step in the stricter enforcement of the requirements of the Clean Water Act, which ultimately requires the elimination of discharges into the waters of the United States.

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

Our business is affected both directly and indirectly by governmental regulations relating to the oil and gas industry in general, as well as environmental, health and safety regulations that have specific application to our business. We routinely handle and profile hazardous regulated material for our customers. We also handle, process and dispose of nonhazardous regulated materials. This section discusses various federal and state pollution control and health and safety programs that are administered and enforced by regulatory agencies, including, without limitation, the U.S. Environmental Protection Agency ("EPA"), the U.S. Coast Guard, the U.S. Army Corps of Engineers, the Texas Natural Resource Conservation Commission, the Texas Department of Health, the Texas Railroad Commission, the Louisiana Department of Environmental Quality and the Louisiana Department of Natural Resources. These programs are applicable or potentially applicable to our current operations. Although we intend to make capital expenditures to expand our environmental services capabilities in response to customers' needs, we believe that we are not presently required to make material capital expenditures to remain in compliance with federal, state and local provisions relating to protecting the environment.

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

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

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

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

We have a number of underground storage tanks that are subject to RCRA and applicable state programs. Violators of any of the federal or state regulations may be subject to enforcement orders or significant penalties by the EPA or the applicable state agency. We are not aware of any existing conditions or circumstances that would cause us to incur liability under RCRA for failure to comply with regulations relating to underground storage tanks. However, cleanup costs associated with releases from these underground storage tanks or costs associated with changes in environmental laws or regulations could be substantial and could have a material adverse effect on our consolidated financial statements.

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

CERCLA has been interpreted to create strict, joint and several liabilities for the costs of removal and remediation, other necessary response costs and damages for injury to natural resources.

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

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

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

The Clean Water Act. The Clean Water Act regulates the discharge of pollutants, including E&P waste, into waters of the United States. The Clean Water Act establishes a system of standards, permits and enforcement procedures for discharging pollutants from industrial and municipal wastewater sources. The law sets treatment standards for industries and waste water treatment plants, requires permits for industrial and municipal discharges directly into waters of the United States and requires pretreatment of industrial waste water before discharge into municipal systems. The Clean Water Act gives the EPA the authority to set pretreatment limits for direct and indirect industrial discharges.

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

We treat and discharge sanitary waste waters at certain of our facilities. These activities are subject to the requirements of the Clean Water Act, and comparable state statutes, and federal and state enforcement of these regulations.

The Clean Water Act also imposes requirements that are applicable to our customers and are material to our business. EPA Region 6, which includes our market, continues to issue new and amended National Pollutant Discharge Elimination System ("NPDES") general permits further

limiting or restricting substantially all discharges of produced water from the Oil and Gas Extraction Point Source Category into waters of the United States.

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

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

State Regulation. In 1986, the Louisiana Department of Natural Resources ("DNR") promulgated Order 29-B. Order 29-B contains extensive rules governing pit closure and the generation, treatment, storage, transportation and disposal of E&P waste. Under Order 29-B, onsite disposal of E&P waste is limited and is subject to stringent guidelines. If these guidelines cannot be met, E&P waste must be transported and disposed of offsite in accordance with the provisions of Order 29-B. Moreover, under Order 29-B, most, if not all, active waste pits must be closed or modified to meet regulatory standards; those pits that continue to be allowed may be used only for a limited time. A material number of these pits may contain concentrations of radium that are sufficient to require the waste material to be categorized as NORM. A series of emergency rules were issued over the past year resulting in a study of oilfield waste disposed at commercial disposal facilities. The study is now complete and the DNR revised Order 29-B on November 20, 2001.

Rule 8 of the Texas Railroad Commission also contains detailed requirements for the management and disposal of E&P waste and Rule 94 governs the management and disposal of NORM. In addition, Rule 91 regulates the cleanup of spills of crude oil from oil and gas exploration and production activities, including transportation by pipeline. In general, contaminated soils must be remediated to total petroleum hydrocarbons content of less than 1%. The State of Texas also has established an Oilfield Cleanup Fund to be administered by the Texas Railroad Commission to plug abandoned wells if the Commission deems it necessary to prevent pollution, and to control or clean up certain oil and gas wastes that cause or are likely to cause pollution of surface or subsurface water. Other states where we operate have similar regulations.

Many states maintain licensing and permitting procedures for the constructing and operating facilities that emit pollutants into the air. In Texas, the Texas Natural Resource Conservation Commission (the "TNRCC") requires companies that emit pollutants into the air to apply for an air permit or to satisfy the conditions for an exemption. We have obtained certain air permits related to our barite grinding and transfer sites, and believe that we are exempt from obtaining other air permits at our Texas facilities, including our Port Arthur, Texas, E&P waste facility. We met with the TNRCC and filed for an air permit exemption for our Port Arthur facility in the fall of 1991, which exemption was granted by the TNRCC. A subsequent renewal letter was filed and granted in 1995. Based upon communications with the TNRCC, we expect that our operations at the Port Arthur facility will continue to remain exempt from air permitting requirements. However, should it not remain exempt,

we believe that compliance with the permitting requirements of the TNRCC would not have a material adverse effect on our consolidated financial statements.

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

RISK MANAGEMENT

Our business exposes us to substantial risks. For example, our environmental services business routinely handles, stores and disposes of nonhazardous regulated materials and waste, and in some cases, handles hazardous regulated materials and waste for our customers who generate this waste. We could be held liable for improper cleanup and disposal, which liability could be based upon statute, negligence, strict liability, contract or otherwise. As is common in the oil and gas industry, we often are required to indemnify our customers or other third-parties against certain risks related to the services we perform, including damages stemming from environmental contamination.

We have implemented various procedures designed to ensure compliance with applicable regulations and reduce the risk of damage or loss. These include specified handling procedures and guidelines for regulated waste, ongoing training and monitoring of employees and maintaining insurance coverage.

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

ITEM 2. PROPERTIES

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

We lease an office building in Lafayette, Louisiana, consisting of approximately 35,000 square feet. This building houses the administrative offices of our E&P waste disposal and mat and integrated services segments. This building was initially constructed for and owned by us, but was sold in 2000 under a sale-leaseback transaction. The lease of this facility calls for annual rental of approximately $368,000 and expires in November 2017.

We lease approximately 53,000 square feet of office space in Houston, Texas, which houses the administrative offices of our fluids sales and engineering segment. The lease has an annual rent of approximately $1.2 million and expires in October 2009.

We lease approximately 17,000 square feet of office space in Calgary, Alberta, which houses the administrative offices of our Canadian operations. The lease has an annual rent of approximately $185,000 and expires in September 2004.

We own approximately 11,000 square feet of office space in Oklahoma City, Oklahoma, which houses the administrative and sales offices of the Mid-continent operations of our fluids sales and engineering segment. We also own four warehouse facilities in Oklahoma which serve as distribution points for these operations.

Our Port Arthur, Texas, E&P waste facility, which is used in our E&P waste disposal segment, is subject to annual rentals totaling approximately $535,000 under three separate leases. A total of six acres are under lease with various expiration dates through 2002, all with extended options to renew.

We own two injection disposal sites, which are used in our E&P waste disposal segment. These disposal sites are both in Jefferson County, Texas, one on 50 acres of land and the other on 400 acres. Fifteen wells are currently operational at these sites. In January 1997, we purchased 120 acres adjacent to one of the disposal sites, on which we have constructed a non-hazardous industrial waste injection disposal facility. We also own an additional injection facility, which includes three active injection wells on 37 acres of land, adjacent to our Big Hill, Texas facility.

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

We lease a fleet of 45 double-skinned barges, which we use in our E&P waste disposal segment under leases with terms from five to ten years. The barges are used to transport waste to processing stations and are certified for this purpose by the U. S. Coast Guard. Annual rentals under the barge leases totaled approximately $4.3 million during 2001.

We operate five specialty product grinding facilities in our fluids sales and engineering segment. One is located on 6.6 acres of leased land in Channelview, Texas, with an annual rental rate of approximately $79,000, currently under a month to month leasing arrangement. The second is located on 13.7 acres of leased land in New Iberia, Louisiana, with an annual rental rate of approximately $113,000 under a lease expiring in 2006. The third plant is located in Morgan City, Louisiana on 13.82 acres of leased land pursuant to a lease purchase contract with annual rental payments of $132,000 that expires in 2002. The fourth plant is located in Corpus Christi, Texas on 6.0 acres of leased land with annual rental payments of approximately $36,000 under a lease expiring in 2006. The fifth plant, which has recently been placed in service is in Dyersburg, Tennessee, located on 13.2 acres of owned land.

In our E&P waste disposal segment, we use seven leased transfer facilities located along the Gulf Coast at an annual total rental of $1.3 million. These leases have various expiration dates through 2006. In our fluids sales and engineering segment, we serve customers from five leased bases located along the Gulf Coast at an annual total rental rate of approximately $1.6 million. These leases also have various expiration dates through 2009.

We own 80 acres occupied as a sawmill facility near Batson, Texas, which is used in our mat and integrated services segment.

ITEM 3. LEGAL PROCEEDINGS

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

ENVIRONMENTAL PROCEEDINGS

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

We continue to be involved in the voluntary cleanup associated with the DSI sites in southern Mississippi. This includes three facilities known as Clay Point, Lee Street and Woolmarket. The Mississippi Department of Environmental Quality is overseeing the cleanup. The DSI Technical Group that represents the potentially responsible parties, including Newpark, awarded us a contract to perform the remediation work at the three sites. The cleanup of Clay Point and Lee Street has been completed.

We have been identified as a contributor of material to the MAR Services facility, a state voluntary cleanup site located in Louisiana. Because we delivered only processed solids meeting the requirements of Louisiana Statewide Executive Order 29-B to the site, we do not believe we have material financial liability for the site cleanup cost. The Louisiana Department of Natural Resources is overseeing voluntary cleanup at the site. The oversight group awarded us the contract for the initial phase of cleanup at this site.

Recourse against our insurers under general liability insurance policies for reimbursement in the actions described above is uncertain as a result of conflicting court decisions in similar cases. In addition, certain insurance policies under which coverage may be afforded contain self-insurance levels that may exceed our ultimate liability.

We believe that any liability incurred in the matters described above will not have a material adverse effect on our consolidated financial statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

None.

PART II

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

Our common stock is traded on the New York Stock Exchange under the symbol "NR".

The following table sets forth the range of the high and low sales prices for our common stock for the periods indicated:

Period	High	Low
2001		
1st Quarter	$ 9.59	$7.00
2nd Quarter	$13.87	$7.76
3rd Quarter	$11.25	$5.50
4th Quarter	$ 8.55	$5.65
2000		
1st Quarter	$ 8.81	$5.06
2nd Quarter	$ 9.50	$7.38
3rd Quarter	$10.38	$7.88
4th Quarter	$ 9.56	$7.00

At December 31, 2001, we had 2,835 stockholders of record.

Our Board of Directors currently intends to retain earnings for use in our business, and we do not intend to pay any cash dividends in the foreseeable future, except for the dividends required under the terms of our outstanding series of Preferred Stock. In addition, our credit facility, the indenture relating to our outstanding Senior Subordinated Notes and the certificates of designations relating to our outstanding series of preferred stock contain covenants which significantly limit the payment of dividends on the common stock.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated historical financial data presented below for the five years ended December 31, 2001, are derived from our audited consolidated financial statements. This financial data has been restated to reflect: (i) several acquisitions made during 1997 and 1998 which were accounted for as poolings of interests; (ii) a two-for-one split of our common stock effective May 1997, and (iii) a 100% stock dividend issued by us in November 1997. The following data should be read in conjunction with our Consolidated Financial Statements and the Notes thereto, which are included elsewhere in this Form 10-K, and with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 below.

	YEARS ENDED DECEMBER 31,				
	2001	2000	1999	1998(1)	1997(1)
	(In thousands, except per share data)				
CONSOLIDATED STATEMENTS OF OPERATIONS:					
Revenues	$ 408,605	$ 266,593	$ 198,225	$ 256,808	$ 233,245
Cost of services provided	252,185	161,541	139,954	176,551	138,392
Operating costs	82,137	61,475	60,566	63,037	25,043
General and administrative expenses	5,170	3,042	2,589	4,305	3,185
Goodwill amortization	4,861	4,965	4,996	5,206	2,683
Provision for uncollectible accounts	--	--	2,853	9,180	--
Write-down of abandoned and disposed assets	--	--	44,870	52,266	--
Impairment of long-lived assets	--	--	23,363	--	--
Terminated merger expenses	--	--	2,957	--	--
Arbitration settlement	--	--	--	27,463	--
Equity in net loss of unconsolidated affiliates	--	--	--	1,293	--
Operating income (loss)	64,252	35,570	(83,923)	(82,493)	63,942
Foreign currency exchange loss	359	--	--	--	--
Interest income	(1,378)	(822)	(987)	(1,488)	(310)
Interest expense	15,438	19,077	16,651	11,554	4,265
Income (loss) before income taxes and cumulative effect of accounting changes	49,833	17,315	(99,587)	(92,559)	59,987
Provision (benefit) for income taxes	17,927	6,165	(29,461)	(30,270)	22,246
Income (loss) before cumulative effect of accounting changes	31,906	11,150	(70,126)	(62,289)	37,741
Cumulative effect of accounting changes (net of income tax effect)	--	--	1,471	(1,326)	--
Net income (loss)	$ 31,906	$ 11,150	$ (68,655)	$ (63,615)	$ 37,741
Less:					
Preferred stock dividends	3,452	5,068	532	--	--
Accretion of discount on preferred stock	448	448	318	--	--
Net income (loss) applicable to common and common equivalent shares	$ 28,006	$ 5,634	$ (69,505)	$ (63,615)	$ 37,741
Net income (loss) per common and common equivalent shares:					
Basic	$ 0.40	$ 0.08	$ (1.01)	$ (0.95)	$ 0.59
Diluted	$ 0.37	$ 0.08	$ (1.01)	$ (0.95)	$ 0.58

	DECEMBER 31,				
(IN THOUSANDS)	2001	2000	1999	1998(1)	1997(1)
CONSOLIDATED BALANCE SHEET DATA:					
Working capital	$103,359	$110,050	$ 48,244	$ 75,937	$ 88,882
Total assets	522,488	507,443	450,541	498,861	451,623
Short-term debt	3,355	329	1,618	1,267	1,774
Long-term debt	176,954	203,520	209,210	208,057	127,996
Stockholders' equity	293,954	260,055	186,339	236,879	269,442

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(1) 1998 includes the effects of eight acquisitions and 1997 includes the effects of seven acquisitions, primarily in the fluids sales and engineering segment. These were accounted for by the purchase method of accounting.

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

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

OPERATING ENVIRONMENT AND RECENT DEVELOPMENTS

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

	2001	2000	1999	1998	1997
U.S. Rig Count	1,156	918	625	831	943
Newpark's primary Gulf Coast market	295	252	189	243	252
Newpark's primary market to total	25.5%	27.4%	30.2%	29.2%	26.7%
Canadian Rig Count	342	345	246	261	375

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Source: Baker Hughes Incorporated

Our primary Gulf Coast market, which accounted for approximately 70% of 2001 revenues, includes: (1) South Louisiana Land; (2) Texas Railroad Commission Districts 2 and 3; (3) Louisiana and Texas Inland Waters; and (4) Offshore Gulf of Mexico. The Canadian market accounted for approximately 15% of 2001 revenues. Much of the terrain throughout the oil and gas-producing region of Canada presents soil stability and access problems similar to those encountered in the marsh areas of the U.S. Gulf Coast region. Much of the drilling activity in Canada has historically been conducted when winter temperatures freeze the soil and stabilize it, allowing safe access. Quarterly fluctuations in the Canadian rig count generally reflect the seasonal nature of drilling activity related to these access issues.

Natural gas production accounts for the majority of activity in the markets that we serve. Gas storage levels and demand for natural gas have a significant impact on gas pricing, which, in turn, affects drilling activity, as gas suppliers need to maintain adequate storage for peak demand levels and insure adequate supplies for anticipated future demand.

During 2000, gas storage levels reached their lowest point in over three years, and, with increasing demand for natural gas, commodity prices spiked dramatically, especially during the second half of 2000. The low storage levels and high commodity prices for natural gas resulted in a surge in natural gas drilling. Available industry data suggests that production, however, increased less than 1%. The rising commodity prices moderated the demand for natural gas beginning in the second half of 2000, as some commercial users switched to less costly alternate fuel sources when possible. This moderating demand, due to both high gas prices and declining economic activity, resulted in record high levels of gas storage during 2001 and contributed to a decline in commodity prices and exploration activity. Significant declines in exploration activity began in the fourth quarter of 2001, with the average U.S. rig count declining 19% to 1,004 in the fourth quarter, as compared to the peak of 1,242 for the third quarter of 2001. According to

Baker Hughes Incorporated, as of the week ended March 8, 2002, the U.S. rig count was 769, with 207 rigs, or 26.9%, within our primary Gulf Coast market.

The present weakness in commodity prices has also affected activity in the other markets that we serve. Canadian rig activity in the first quarter of 2002 to date is 25% below the comparable period in 2001. The traditional surge in Canadian activity during the winter season has not been as significant as in recent years. As of the week ended March 8, 2002, the Canadian rig count was 339.

We have begun to penetrate non-oilfield markets with our new Dura-Base(TM) composite mat system. The continued development of new markets for this product could also help mitigate expected declines for our traditional oilfield mat and integrated services market.

The Environmental Protection Agency has recently published final regulations imposing new limitations on the discharge into the Gulf of Mexico of cuttings from wells drilled using synthetic oil-based fluid systems. These regulations became effective February 19, 2002, with compliance phased in over a period of six months thereafter. We believe that the new regulations could result in an increase in waste disposal volume in this market and also could increase the demand for our DeepDrill(TM) family of products.

OTHER MARKET TRENDS

Current short-term industry forecasts suggest that the number of rigs active in our primary Gulf Coast market are likely to continue this decline over the next several quarters as producers attempt to balance the supply and demand issues noted above. While rig activity is expected to decline, we anticipate continued market penetration of critical, deep water wells with our DeepDrill(TM) family of products, which should help to lessen the effects of these expected declines.

Current long-term industry forecasts reflect a stable to growing demand for natural gas, predicated upon improving economic conditions. In addition, current productive gas reserves are being depleted at a rate faster than current replacement through drilling activities. Because many shallow fields in the Gulf Coast market have been heavily or fully exploited, and because of improved economics, producers are increasing drilling depth to reach the larger gas reserves. We expect gas-drilling activity to be increasingly associated with deeper, more costly wells. We view this trend as favorable with respect to demand for product offerings in all of our segments.

RESULTS OF OPERATIONS

See Note B to our Consolidated Financial Statements for a detailed discussion of charges made in 1999 in connection with changes in market conditions and the resulting reassessment of our operations, introduction of new products and services and an arbitration settlement. Summarized financial information concerning our reportable segments is shown below in the following table (dollars in thousands):

	Years Ended December 31,			2001 vs. 2000		2000 vs. 1999	
	2001	2000	1999	$	%	$	%
Revenues by segment:							
E&P waste disposal	$ 60,998	$ 56,176	$ 42,954	$ 4,822	9%	$ 13,222	31%
Fluids sales & engineering	216,923	134,101	100,377	82,822	62	33,724	34
Mat & integrated services	130,684	76,316	54,894	54,368	71	21,422	39
Total	$408,605	$266,593	$ 198,225	$ 142,012	53%	$ 68,368	34%
Operating income (loss) by segment:							
E&P waste disposal	$ 14,932	$ 17,254	$ 13,068	$ (2,322)	(13)%	$ 4,186	32%
Fluids sales & engineering	26,502	9,375	(14,237)	17,127	183	23,612	NM
Mat & integrated services	32,849	16,948	(1,126)	15,901	94	18,074	NM
Total by segment	74,283	43,577	(2,295)	30,706	70	45,872	NM
General and administrative expenses	5,170	3,042	2,589	2,128	70	453	17
Goodwill amortization	4,861	4,965	4,996	(104)	(2)	(31)	(1)
Provision for uncollectible accounts	--	--	2,853	--	--	(2,853)	(100)
Write-down of abandoned and disposed assets	--	--	44,870	--	--	(44,870)	(100)
Impairment of long-lived assets	--	--	23,363	--	--	(23,363)	(100)
Terminated merger expenses	--	--	2,957	--	--	(2,957)	(100)
Total operating income (loss)	$ 64,252	$ 35,570	$ (83,923)	$ 28,682	81%	$ 119,493	NM%

NM - Not meaningful

Figures shown above are net of intersegment transfers.

YEAR ENDED DECEMBER 31, 2001 COMPARED TO YEAR ENDED DECEMBER 31, 2000

Revenues

E&P Waste Disposal: The $4.8 million, or 9%, increase in waste disposal revenue, which occurred during the first three quarters of 2001, is associated with both an increase in waste volume in the E&P markets and increases in the average revenue per barrel. We received 4,267,000 barrels of waste in 2001, compared to 4,169,000 barrels in 2000, a 2% increase. The average revenue per barrel increased 6% to $12.14 per barrel in 2001, compared to $11.48 per barrel in 2000.

The small increase in barrels received as compared to a 17% increase in the average number of rigs in our primary Gulf Coast market during 2001 reflects the entrance of several competitors into the E&P waste disposal market. During 2001, our market share declined by 8% to a total of approximately 67% of the market. This market penetration from new competition appears to have subsided by the end of 2001.

Regulations limiting offshore discharges of synthetic fluids and drill cuttings containing synthetic fluids were finalized and became effective February 19, 2002, with a six month phase in period allowed. These regulations prohibit the discharge of synthetic fluids and reduce the allowable percentage of synthetic fluids contained in drill cuttings to 6.9% of total discharges by volume. We expect to experience some increase in waste volumes as a result of these new regulations once they become effective.

Nonhazardous industrial waste disposal revenues remained relatively unchanged at $1.8 million in 2001, as compared to $1.7 million in 2000. NORM revenues were approximately $5.0 million in 2001 as compared to $3.9 million in 2000, an increase of 28%.

Fluids Sales and Engineering: The fluids sales and engineering revenue increase of $82.8 million, or 62%, was principally the result of continued market share penetration. The average number of rigs we serviced increased by 25%, from 146 in 2000 to 183 in 2001. The average annual revenue per rig was approximately $1,184,000 in 2001, compared to $920,000 in 2000, an increase of 29%. This increase in average revenue per rig serviced reflects an increase in the number of deeper, more complicated drilling projects that we serviced. We have expanded our penetration of the deep water and onshore deep well markets primarily through the continued success of our DeepDrill(TM) family of products and our Performance Services product offerings.

The new synthetic based fluid regulations could impact favorably the acceptance of our DeepDrill(TM) family of products, since the discharge of these products would be exempt from these new regulations, thus reducing the disposal costs of our customers. These new regulations have helped us recently to open discussions about our drilling fluids products, services, and capabilities with many operators who are not currently drilling fluids customers.

Mat and Integrated Services: The $54.4 million, or 71%, increase in mat and integrated services revenues is due primarily to increased composite mat sales and secondarily to increased drilling activity along the U.S. onshore Gulf Coast, which favorably impacted pricing for our mat systems.

During 2001, we sold approximately 21,000 composite mats, generating $34.0 million in revenues, compared to composite mat sales of $2.4 million in 2000. Sales of composite mats into the Canadian oilfield market accounted for 55% of total 2001 composite mat sales. Composite mat sales for the first two quarters of 2002 are expected to be below amounts realized in the comparable periods of 2001, primarily due to the weak Canadian market expected for 2002. We are presently pursuing customer leads in several oil and gas markets, including South America. In addition, we continue to pursue leads in new markets outside of oil and gas. Several of these leads are expected to generate composite mat sales, principally in the second half of 2002. In anticipation of lower composite mat sales in 2002 we have reduced the production of composite mats in 2002 to 15,000 units.

Rental pricing in 2001 for mats in our Gulf Coast market improved to an average of $1.27 per square foot on 15.4 million square feet of mats installed, compared with $0.89 per square foot on 18.7 million square feet of mats installed in 2000. Mat installations in 2001 were more heavily concentrated in the Louisiana wetlands market, which receives premium pricing due to the size and complexity of the site installations in this market. During 2001, the trend towards deeper, more complex drilling in the onshore Gulf Coast market was evidenced by the increase in re-rental revenues (i.e. revenues which extend beyond the initial contractual period), the most profitable revenues for this segment. Re-rental revenue increased to $15.2 million during 2001 from $5.6 million for 2000, nearly a threefold increase. The increase in re-rental income is a result of increases in well depth.

Recent declines in drilling activity have resulted in some competitive pricing pressure outside of the Louisiana wetlands market as evidenced by the decline in average rental pricing for mat installations from $1.04 per square foot in the third quarter of 2001 to $.89 per square foot in the fourth quarter. Our strategy is to increase our market share to 1997 peak levels (approximately 65% of the number of sites) in this declining market. This strategy could result in a lower average price per square foot, as compared to the 2001 peak, during the next several quarters.

In the Western Canadian market we have traditionally experienced the lowest levels of revenues related to our wooden mat rentals in the fourth and first calendar quarters, as freezing temperatures provide natural access to drill sites. The long term outlook for this market may be enhanced by several recent acquisitions of Canadian E&P companies by U.S. interests, which may accelerate the trend towards services that would enable year round drilling. We have been successful in assisting several companies to accomplish this goal by using our patented wooden and composite mat systems.

Operating Income (Loss)

E&P Waste Disposal: The $2.3 million decrease in waste disposal operating income in spite of an increase in revenues is primarily due to increases in certain operating costs associated with accommodating some customer requests to segregate their waste streams at collection facilities. This has resulted in duplicate costs for transportation and handling. This segment also has experienced increases in certain operating costs, including barge rental costs, repairs and maintenance and trucking costs and has incurred additional costs in connection with the recent expansion of our facilities at the Port of Fourchon in preparation for anticipated increases in waste volumes resulting from new offshore discharge regulations for synthetic-based fluids.

We developed a plan to mitigate the recent cost increases and to resize our fixed cost structure in light of the increased competition experienced during 2001. We began to implement this plan in the third quarter of 2001. This plan was modified as a result of the decline in activity late in 2001. We expect to complete implementing this plan by the third quarter of 2002. This plan includes reducing transportation costs through improved efficiency in barge utilization and renegotiated trucking contracts. Some costs are expected to decline as a result of recent declines in fuel costs. In addition, we are working with our customers to eliminate requests for segregation of waste, which increases transportation and handling costs. The total annual savings associated with these cost reductions, once they are fully implemented, is expected to be between $6 million and $8 million.

We exercised our option to extend our right to dispose of specified volumes of E&P waste at an outside party's disposal facilities, for one year effective July 1, 2001. As part of this extension, we doubled the amount of waste volume that we can dispose of at these facilities and extended the outside party's agreement not to compete with us in the E&P disposal business until June 30, 2002. In consideration of the extension of the agreement, including extension of the non-competition agreement, our costs of disposal under this contract increased by approximately $2 per barrel beginning July 1, 2001. This increase in third party disposal costs was partially offset by reductions in other incremental disposal costs. We have not informed the operator that we will exercise our right to extend this arrangement beyond the July 2002 expiration date.

Fluids Sales and Engineering: The $17.1 million increase in fluids sales and engineering operating income is due primarily to an increase in revenue of $82.8 million and represents an incremental margin (defined as the change in operating income divided by the change in revenues) of 21%. Operating margins for this segment improved from 7% in 2000 to 13% in 2001. The operating margin of this segment is affected by the mix of products sold. There is a significant difference in the gross margins recognized on commodity products and those recognized for specialty products. We expect to recognize the benefits of our proprietary

products such as DeepDrill(TM) as these products gain wider customer acceptance. In addition, we expect to see margin improvement as we continue to penetrate the offshore Gulf of Mexico market, as sales in this market typically earn higher margins.

During 2001, we renegotiated the lease on our office space in Houston, Texas. The effects of this renegotiated lease, along with certain head count reductions and reductions in amortization of deferred compensation arrangements, is expected to reduce operating costs for this segment by approximately $2 million in 2002.

Mat and Integrated Services: Mat and integrated services operating income increased $15.9 million on a $54.4 million increase in revenues, representing an incremental margin of 29%. The high incremental margin reflects the increase in composite mat sales, which typically generate a gross margin of approximately 45%. In addition, this incremental margin reflects the increase in the amount of high margin re-rental business in 2001 as compared to 2000 resulting from the significant increase in transition zone projects in 2001.

Pricing for our mat rental business also began to soften in the fourth quarter of 2001 with the decline in rig activity. In addition, the amount of re-rental revenue, our most profitable revenue stream for this segment, has been reduced significantly as a result of the decline in activity.

As noted above, composite mat sales for the first two quarters of 2002 are expected to be lower than the comparable periods in 2001 due to the weakness in the Canadian market. The current margin recognized on composite mat sales is approximately 45%. The mix of composite mat sales to other revenue sources will affect future incremental margins for this segment.

In December 2001, we converted approximately $12.1 million of remaining obligations under operating leases for certain equipment to a capital lease. This conversion was made to reduce operating costs, reduce the interest rates charged and extend the payment terms. The impact of this conversion will be to reduce operating costs in 2002 by approximately $2 million.

General and Administrative Expenses

General and administrative expenses of $5.2 million for 2001 represented 1.3% of revenues. General and administrative expenses of $3.0 million for 2000 represented 1.1% of revenues. The increase in 2001 is associated with increased personnel costs, including bonus accruals, certain costs related to the renewal of our credit facility and increases in insurance costs.

Interest Income and Interest Expense

Net interest expense was $14.1 million for 2001, a decrease of $4.2 million, or 30%, as compared to $18.3 million for 2000. The decrease in net interest cost is primarily due to a decrease of $25.3 million in average outstanding borrowings and a decrease in the average effective interest rate from 9.78% in 2000 to 7.67% in 2001. Partially offsetting these benefits was a decrease in interest capitalization from $935,000 in 2000 to $656,000 in 2001. The decrease in average outstanding borrowings under our bank credit facility was principally due to applying proceeds received in late December 2000 from a $30 million preferred stock private placement.

As discussed below, in November 2001, we entered into an interest-rate swap arrangement, effectively converting our $125 million fixed-rate Senior Subordinated Notes to a floating rate for a two year period. This arrangement is expected to reduce the effective interest rate of the Notes in 2002.

During the fourth quarter of 2001, we paid down $19 million on our credit facility. With the reduction in planned capital expenditures for 2002, we plan to continue to reduce the outstanding balance of our credit facility in 2002, in spite of the reduction in rig activity.

Provision for Income Taxes

We recorded income tax expense of $17.9 million in 2001 and $6.2 million in 2000. This equates to 36.0% of pre-tax income in 2001 and 35.6% of pre-tax income in 2000.

YEAR ENDED DECEMBER 31, 2000 COMPARED TO YEAR ENDED DECEMBER 31, 1999

Revenues

E&P Waste Disposal: The $13.2 million, or 31%, increase in waste disposal revenue is primarily associated with an increase in waste volume in the E&P markets. We received 4,169,000 barrels of waste in 2000, compared to 3,335,000 barrels in 1999, a 25% increase. The average revenue per barrel increased 4% to $11.48 per barrel in 2000, compared to $11.11 per barrel in 1999. Increases in NORM revenues of $1.3 million and in revenues for our new industrial market of $1.3 million were responsible for the remainder of the change.

Fluids Sales and Engineering: The fluids sales and engineering revenue increase of $33.7 million, or 34%, was principally the result of an increased market share in a recovering market. The average number of rigs we serviced increased by 59%, from 92 in 1999 to 146 in 2000. The average annual revenue per rig was approximately $920,000 in 2000, compared to $1,090,000 in 1999. Included in this segment are revenues from solids control operations of approximately $7.4 million in 1999 and $883,000 in 2000. Solids control operations were discontinued in September 1999 (See Note C). Certain solids control contracts that remained in progress as of December 31, 1999 were completed during 2000. Excluding solids control revenues, the average annual revenue per rig was approximately $913,000 in 2000, compared to $1,012,000 in 1999.

Mat and Integrated Services: The $21.4 million, or 39%, increase in mat and integrated services revenue is the result of both higher unit pricing and volume. Pricing increased from $.65 per square foot in 1999 to $.90 per square foot in 2000, a 38% increase. Volume increased from 16.0 million square feet installed in 1999 to 19.9 million square feet installed in 2000, a 24% increase. In addition, in the fourth quarter of 2000, this segment recorded its first sales of composite mats.

Operating Income (Loss)

E&P Waste Disposal: The $4.2 million increase in waste disposal operating income represents a 32% increase from the prior year and an incremental margin of 32%. Increases in certain operating costs during 2000, including barge rentals, maintenance, personnel, fuel and utility costs, along with increased operating costs of an expanded Port Fourchon facility, which began operations in the fourth quarter of 2000, negatively impacted incremental margins for

this segment. These operating cost increases were not fully recovered through price increases in 2000.

Fluids Sales and Engineering: The $23.6 million increase in fluids sales and engineering operating income represents an incremental margin of 70%. Included in the operating loss for this segment in 1999 are losses from solids control operations of $5.6 million, including severance costs of approximately $723,000. Operating results for these operations were at break even in 2000. In addition to the solids control loss in 1999, $2.1 million of charges for inventory obsolescence and losses on contracts were recorded in this segment. Excluding the effects of solids control operations and these other charges, operating income increased $15.9 million, representing an incremental margin of 58%.

Mat and Integrated Services: The $18.1 million increase in mat and integrated services operating income represents an incremental margin of 84%. This high incremental margin indicates the operating leverage of the segment and the impact of improved pricing. In 1998 and 1999 we disposed of a significant portion of our domestic wooden mat fleet (see Note B). In addition, in 1999 we recorded an impairment charge for our remaining domestic wooden mat fleet, in response to both changing market conditions and our introducing the new composite mat. The significantly lower maintenance, transportation and other associated operating costs and substantially longer useful life of the composite mat system as compared to the wooden mat system raised 2000 operating margins.

Interest Income and Interest Expense

Net interest expense was $18.3 million in 2000, as compared to $15.7 million in 1999. The increase in net interest cost is primarily due to an increase of $4.2 million in average outstanding borrowings and an increase in the average effective interest rate from 9.09% in 1999 to 9.78% in 2000. In addition, the amount of interest capitalization decreased from $1.7 million in 1999 to $935,000 in 2000.

Provision for Income Taxes

We recorded income tax expense of $6.2 million in 2000 and income tax benefits of $29.5 million in 1999. This equates to 35.6% of pre-tax income in 2000 and 29.6% of pre-tax loss in 1999. In 2000, we reversed a valuation allowance of $1.5 million related to certain federal net operating loss carryforwards for which we determined it more likely than not that these carryforwards would be utilized prior to expiration based on current expected taxable income for those years. This valuation allowance, along with allowances for state net operating loss carryforwards, was originally recorded in 1999 due to the uncertainty of ultimately recovering these amounts.

Preferred Stock Dividends and Accretion of Discount

During 2000, we placed an aggregate of $60 million in preferred stock to bolster our capital structure. This follows a placement in April 1999 of $15 million of preferred stock. During 2000, dividends totaling $1.5 million were paid or accrued on preferred stock, compared to $532,000 of dividends for 1999. The accretion of the discount on the Series A Preferred Stock was $449,000 for 2000, compared to $318,000 for 1999. All dividends were paid in shares of our common stock.

As required by EITF 98-5 "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios", during 2000, we recorded a one-time adjustment of $3.5 million ($.05 per share) to our equity accounts to reflect the value assigned to the conversion feature of the Series B Preferred Stock at the date of issuance. This adjustment, which is included in preferred stock dividends for 2000, did not have any effect on our operating results or total equity, and we issued no additional shares or cash.

LIQUIDITY AND CAPITAL RESOURCES

In early 2001, we applied the proceeds from a $30 million preferred stock offering, completed in December 2000, to pay down bank borrowings. This offering also helped augment working capital in a rapidly recovering market during 2001. We invested $34 million in working capital in 2001, exclusive of changes in cash and deferred tax assets. This investment was principally associated with increases in accounts receivable, due to the expansion of revenues, and increases in drilling fluids and composite mat inventories. While accounts receivable increased during 2001 as a result of revenue growth, our days sales in accounts receivable decreased significantly and our losses on accounts receivable were very low. This reflects improvements in our collection efforts and the quality of customers we service.

We anticipate that our working capital requirements will be minimal in 2002 as a result of the current decline in rig activity. With the likelihood of reduced composite mat sales in 2002, especially in the first half of the year, we have reduced our planned orders of composite mats for delivery in 2002 to 15,000 mats. This reduced number of mat receipts, along with expected 2002 sales, should result in a reduction in our composite mat inventory by the end of 2002.

Capital expenditures in 2001 totaled $30 million, concentrated in mats ($14 million) and the Port Fourchon bases for Drilling Fluids and E&P Waste. We plan to significantly reduce capital expenditures in 2002 to approximately $12 million, half of which is associated with maintenance capital requirements.

During 2001, we converted approximately $15.6 million of operating leases to capital leases to reduce total operating costs, reduce the interest rates charged and extend the payment terms.

Effective January 31, 2002, we completed the resyndication of our $100 million bank credit facility, expanding the participants to six banks from four, and extending the term through February 2005. The compliance ratios were simplified, and minor technical changes were implemented to simplify the documentation. At December 31, 2001, $13.4 million in letters of credit were issued and outstanding under the facility and $39.8 million was outstanding under the revolving facility, leaving $46.8 million of availability under this facility at December 31, 2001. We anticipate that cash flow from operations will provide for all of our cash needs and allow for additional debt repayments during 2002.

The bank credit facility bears interest at either a specified prime rate (4.75% at December 31, 2001), plus a spread determined quarterly based on our funded debt to cash flow ratio, or the LIBOR rate (1.91% at December 31, 2001), plus a spread determined quarterly based on our funded debt to cash flow ratio. The weighted average interest rate on the outstanding balance under this facility was 7.67% in 2001, 9.78% in 2000 and 7.85% in 1999.

The Credit Facility contains certain financial covenants. As of December 31, 2001, Newpark was in compliance with the covenants contained in the Credit Facility, as amended and restated on January 31, 2002. Our Senior Subordinated Notes do not contain any financial covenants. However, if we do not meet the financial covenants of the bank credit facility and are unable to obtain an amendment from the banks, we would be in default of the credit facility which would cause the Notes to be in default and immediately due. The Notes, the bank credit facility and the certificates of designation relating to our preferred stock also contain covenants that significantly limit the payment of dividends on our Common Stock.

During the year ended December 31, 2001, our working capital position declined by $6.7 million, as compared to 2000, principally due to debt repayment in early 2001 as noted above. Key working capital data is provided below:

	Year Ended December 31,	
	2001	2000
Working Capital (000's)	$103,359	$110,050
Current Ratio	3.03	3.61

Our long term capitalization as of December 31, 2000, 1999 and 1998 was as follows:

	2001	2000	1999
Long-term debt (including current maturities):			
Credit facility	$ 39,715	$ 78,076	$ 83,250
Subordinated debt	125,000	125,000	125,000
Other	15,594	773	1,951
Total long-term debt	180,309	203,849	210,201
Stockholders' equity	293,954	260,055	186,339
Total capitalization	$474,263	$463,904	$396,540
Debt to total capitalization	38%	44%	53%

After including the additional debt payment of approximately $30 million made in early 2001, working capital as of December 31, 2000 on a proforma basis would have been $80 million, resulting in a current ratio of 2.90. In addition, total capitalization on a proforma basis would have been $434,000, resulting in a debt to capitalization ratio of 40%.

For the year ended December 31, 2001, our working capital needs were met primarily from operations. Total cash generated from operations of $40.9 million was supplemented by proceeds from the $30 million preferred stock offering in late December 2000 to principally fund 2001 capital expenditures of $29.7 million and to repay $38.4 million of debt.

During the fourth quarter of 2002, we generated approximately $15 million of additional cash by reducing non-cash working capital. This reduction in working capital needs was primarily related to a reduction in accounts receivable due to revenue declines and our efforts to reduce total days outstanding. The reduction in accounts receivable in the fourth quarter was partially offset by an increase in composite mat inventory as sales for these mats declined. As noted above we have reduced our planned commitment for the purchase of composite mats in 2002 to correspond to the expected reduction in demand for the first half of the year. Cash

generated from operations for the fourth quarter totaled $26.3 million and was used principally to fund capital expenditures of $7.5 million and to repay $18.9 million of debt. With the reduction in planned capital expenditures for 2002 noted above, we plan to continue to reduce the outstanding balance of our credit facility in 2002, in spite of the reduction in rig activity.

With respect to off balance sheet liabilities, by policy we lease most of our office and warehouse space, rolling stock, and certain pieces of operating equipment under operating leases. In addition, as discussed below, during 2001 we entered into a limited duration interest rate swap arrangement. Finally we have issued a guaranty of certain debt obligations of the manufacturer of our composite mats. This guaranty is backed by letters of credit. The underlying debt obligation of the manufacturer matures in approximately six years and current sales of composite mats are generating sufficient cash flows to support this debt, which is amortizing on schedule. The details of these various arrangements are more fully disclosed in the "Notes to the Financial Statements" included in this report.

Except as described in the preceding paragraphs, we are not aware of any material expenditures, significant balloon payments or other payments on long term obligations or any other demands or commitments, including off-balance sheet items to be incurred within the next 12 months. Inflation has not materially impacted our revenues or income.

NEW ACCOUNTING STANDARDS.

In July 2001, the FASB approved two new accounting Standards related to accounting for business combinations, and goodwill and other intangible assets. The Standards, which are numbered SFAS No. 141 and 142, among other requirements, (i) prohibit the use of pooling-of-interests method of accounting for business combinations, (ii) require that goodwill not be amortized in any circumstance, and (iii) require that goodwill be tested for impairment annually or when events or circumstances occur between annual tests indicating that goodwill for a reporting unit might be impaired. The Standards establish a new method for testing goodwill for impairment based on a fair value concept. Our current policy is to assess recoverability of remaining goodwill based on estimated undiscounted future cash flows. Upon adoption of the Standards on January 1, 2002, we ceased to amortize our remaining goodwill balance. Goodwill amortization was approximately $4.9 million for the year ended December 31, 2001 and $5.0 million for each of the years ended December 31, 2000 and 1999.

We have not completed an analysis of the potential impact from adoption of the impairment test of goodwill. However, while no assurances can be given at this time, based on the preliminary evaluation procedures performed, we do not believe that our existing goodwill balances will be impaired under the new standards. The initial transition evaluation is required to be and will be completed by June 30, 2002, which is within the six month transition period allowed by the new standard.

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which requires recording the fair value of a liability for an asset retirement obligation in the period incurred. The Standard is effective for fiscal years beginning after June 15, 2002, with earlier application permitted. Upon adoption of the Standard, we will be required to use a cumulative effect approach to recognize transition amounts for any existing retirement obligation liabilities, asset retirement costs and accumulated depreciation. We have not yet determined the transition amounts.

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." The new statement also supersedes certain aspects of APB 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," with regard to reporting the effects of a disposal of a segment of a business. The new statement will require expected future operating losses from operations to be reported as discontinued operations in the period incurred, rather than as of the measurement date as presently required by APB 30. Additionally, certain dispositions may now qualify for discontinued operations treatment. The provisions of the statement are required to be applied for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. We have not yet determined the effect this statement will have on our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks that are inherent in our financial instruments arising from transactions that are entered into in the normal course of business. Historically, we have not entered into derivative financial instrument transactions to manage or reduce market risk or for speculative purposes. However, in 2001, we did enter into an interest-rate swap arrangement. A discussion of our primary market risk exposure in financial instruments is presented below.

Long-term Debt

We are subject to interest rate risk on our long-term fixed interest rate senior subordinated notes. The bank credit facility has a variable interest rate and, accordingly, is not subject to interest rate risk. All other things being equal, the fair market value of debt with a fixed interest rate will increase as interest rates fall. Conversely, the fair market value of this debt will decrease as interest rates rise. Our policy has historically been to manage exposure to interest rate fluctuations by using a combination of fixed and variable-rate debt.

In November 2001, we entered into an interest-rate swap arrangement, effectively converting our $125 million fixed-rate Senior Subordinated Notes to a floating rate for a two year period. The swap arrangement expires in December 2003. We are accounting for this instrument under the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. We have designated this instrument as an ineffective fair value hedge. Accordingly, changes in the instrument's fair value are to be recognized currently in earnings. As of December 31, 2001, we recorded the fair value of the interest-rate swap instrument on the balance sheet as a component of accrued liabilities and a corresponding loss of $56,000 as a component of interest expense for the year ended December 31, 2001.

Under the terms of the swap instrument, we are to receive cash inflows equivalent to the semi-annual fixed rate interest payments due under the Notes (which accrue at a fixed rate of 8.625%) in exchange for the obligation to pay semi-annual variable-rate interest payments. The variable rate payments are based on the Libor rate in effect on the payment date, plus a spread of 4.67%. The variable rate payments are payable semi-annually to match the payment dates of

the fixed rate interest obligations under the Notes. The effective rate on the variable rate payments as of December 31, 2001, based on the expected Libor rate in effect on the next payment date, was 7.3%.

The Notes mature on December 15, 2007. There are no scheduled principal payments under the Notes prior to the maturity date. However, all or some of the Notes may be redeemed at a premium after December 15, 2002. We have no current plans to repay the Notes ahead of their scheduled maturity.

Foreign Currency

Our principal foreign operations are conducted in Canada. There is exposure to future earnings due to changes in foreign currency exchange rates when transactions are denominated in currencies other than our functional currencies. We primarily conduct our business in the functional currency of the jurisdictions in which we operate. Historically, we have not used off-balance sheet financial hedging instruments to manage foreign currency risks when we enter into a transaction denominated in a currency other than our local currencies because the dollar amount of such transactions has not warranted the use of hedging instruments.

FORWARD-LOOKING STATEMENTS

The foregoing discussion contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words "anticipates", "believes", "estimates", "expects", "plans", "intends" and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties and contingencies, including the risks identified below, could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, these statements, including the success or failure of our efforts to implement our business strategy.

We assume no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur.

Among the risks and uncertainties that could cause future events and results to differ materially from those anticipated by us in the forward-looking statements included in this report are the following:

- oil and gas exploration and production levels and the industry's willingness to spend capital on environmental and oilfield services;
- 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;
- domestic and international political, military, regulatory and economic conditions;
- other risks and uncertainties generally applicable to the oil and gas exploration and production industry;

- existing regulations affecting E&P and NORM waste disposal being rescinded or relaxed, governmental authorities failing to enforce these regulations or industry participants being able to avoid or delay compliance with these regulations;
- 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;
- increased competition in our product lines;
- our success in integrating acquisitions;
- our success in replacing our wooden mat fleet with our new composite mats;
- our ability to obtain the necessary permits to operate our non-hazardous waste disposal wells and our ability to successfully compete in this market;
- our 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 we have only recently entered the market;
- adverse weather conditions, which could disrupt drilling operations;
- our ability to successfully introduce our new products and services and the market acceptability of these products and services;
- any delays in implementing the new synthetic fluids disposal regulations or the failure of these regulations to materially impact waste disposal volumes or drilling fluids revenues; and
- any increases in interest rates under our credit facility either as a result of increases in the prime or LIBOR rates or as a result of changes in our funded debt to cash flow ratio.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Newpark Resources, Inc.

We have audited the accompanying consolidated balance sheets of Newpark Resources, Inc. (a Delaware Corporation) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Newpark Resources, Inc. and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

As explained in Note A to the financial statements, effective January 1, 1999, the Company changed its method of accounting for depreciation on certain of its waste disposal assets and its barite grinding mills from the straight-line method to the units-of-production method.

Arthur Andersen LLP

New Orleans, Louisiana
February 22, 2002

Newpark Resources, Inc.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	December 31, 2001	December 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,504	$ 31,245
Trade accounts receivable, less allowance of $2,159 in 2001 and $2,482 in 2000	86,702	71,794
Notes and other receivables	2,567	3,982
Inventories	44,144	24,998
Deferred tax asset	4,272	15,715
Other current assets	9,131	4,530
TOTAL CURRENT ASSETS	154,320	152,264
Property, plant and equipment, at cost, net of accumulated depreciation	208,476	184,755
Goodwill, net of accumulated amortization	105,767	111,487
Deferred tax asset	19,609	22,965
Other intangible assets, net of accumulated amortization	12,437	13,013
Other assets	21,879	22,959
	$ 522,488	$ 507,443
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 3,355	$ 329
Accounts payable	26,588	25,816
Accrued liabilities	21,018	13,621
Arbitration settlement payable	--	2,448
TOTAL CURRENT LIABILITIES	50,961	42,214
Long-term debt	176,954	203,520
Other non-current liabilities	619	1,654
Commitments and contingencies (See Note N)	--	--
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.01 par value, 1,000,000 shares authorized, 390,000 shares outstanding	73,970	73,521
Common Stock, $.01 par value, 100,000,000 shares authorized, 70,332,017 shares outstanding in 2001 and 69,587,725 in 2000	703	696
Paid-in capital	335,117	329,650
Unearned restricted stock compensation	(940)	(2,339)
Accumulated other comprehensive income	(2,032)	(607)
Retained deficit	(112,864)	(140,866)
TOTAL STOCKHOLDERS' EQUITY	293,954	260,055
	$ 522,488	$ 507,443

See Accompanying Notes to Consolidated Financial Statements.

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

(In thousands, except per share data)	2001	2000	1999
Revenues	$ 408,605	$ 266,593	$ 198,225
Operating costs and expenses:			
Cost of services provided	252,185	161,541	139,954
Operating costs	82,137	61,475	60,566
	334,322	223,016	200,520
General and administrative expenses	5,170	3,042	2,589
Goodwill amortization	4,861	4,965	4,996
Provision for uncollectible accounts	--	--	2,853
Write-down of abandoned and disposed assets	--	--	44,870
Impairment of long-lived assets	--	--	23,363
Terminated merger expenses	--	--	2,957
Operating income (loss)	64,252	35,570	(83,923)
Foreign currency exchange loss	359	--	--
Interest income	(1,378)	(822)	(987)
Interest expense	15,438	19,077	16,651
Income (loss) before income taxes and cumulative effect of accounting changes	49,833	17,315	(99,587)
Provision (benefit) for income taxes	17,927	6,165	(29,461)
Income (loss) before cumulative effect of accounting changes	31,906	11,150	(70,126)
Cumulative effect of accounting changes (net of income tax effect)	--	--	1,471
Net income (loss)	31,906	11,150	(68,655)
Less:			
Preferred stock dividends	3,452	5,068	532
Accretion of discount on preferred stock	448	448	318
Net income (loss) applicable to common and common equivalent shares	$ 28,006	$ 5,634	$ (69,505)
Income (loss) per common and common equivalent share:			
Basic:			
Income (loss) before cumulative effect of accounting changes	$ 0.40	$ 0.08	$ (1.03)
Cumulative effect of accounting changes	--	--	0.02
Net income (loss)	$ 0.40	$ 0.08	$ (1.01)
Diluted:			
Income (loss) before cumulative effect of accounting changes	$ 0.37	$ 0.08	$ (1.03)
Cumulative effect of accounting changes	--	--	0.02
Net income (loss)	$ 0.37	$ 0.08	$ (1.01)

See Accompanying Notes to Consolidated Financial Statements.

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

(In thousands)	2001	2000	1999
Net income (loss)	$ 31,906	$ 11,150	$(68,655)
Other comprehensive income (loss):			
Foreign currency translation adjustments	(1,425)	(857)	1,283
Comprehensive income (loss)	$ 30,481	$ 10,293	$(67,372)

See Accompanying Notes to Consolidated Financial Statements.

Newpark Resources, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 1999, 2000 and 2001

(In thousands)	Preferred Stock	Common Stock	Paid-In Capital	Unearned Restricted Stock Compensation	Accumulated Other Comprehensive Income	Retained Deficit	Total
BALANCE, DECEMBER 31, 1998	$ --	$688	$319,833	$(5,618)	$(1,033)	$ (76,991)	$ 236,879
Employee stock options	--	2	119	--	--	--	121
Issuance of restricted stock	--	--	181	(181)	--	--	--
Amortization of restricted stock	--	--	--	1,961	--	--	1,961
Foreign currency translation	--	--	--	--	1,283	--	1,283
Preferred stock and warrants issuance	12,597	--	2,153	--	--	--	14,750
Preferred stock dividends & accretion	412	--	438	--	--	(850)	--
Net loss	--	--	--	--	--	(68,655)	(68,655)
BALANCE, DECEMBER 31, 1999	13,009	690	322,724	(3,838)	250	(146,496)	186,339
Employee stock options and ESPP		3	1,590				1,593
Issuance of restricted stock		1	680	(681)			--
Amortization of restricted stock				2,180			2,180
Foreign currency translation					(857)		(857)
Preferred stock and warrants issuance	60,000		3,179			(3,529)	59,650
Preferred stock dividends & accretion	512	2	1,477			(1,991)	--
Net income						11,150	11,150
BALANCE, DECEMBER 31, 2000	73,521	696	329,650	(2,339)	(607)	(140,866)	260,055
Employee stock options and ESPP		4	2,798				2,802
Amortization of restricted stock				1,399			1,399
Foreign currency translation					(1,425)		(1,425)
Preferred stock dividends & accretion	449	3	2,669			(3,904)	(783)
Net income						31,906	31,906
BALANCE, DECEMBER 31, 2001	$73,970	$703	$335,117	$ (940)	$(2,032)	$(112,864)	$ 293,954

See Accompanying Notes to Consolidated Financial Statements.

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

(In thousands)	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 31,906	$ 11,150	$(68,655)
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	27,427	23,566	26,881
(Benefit) provision for deferred income taxes	15,348	5,655	(29,298)
Loss on sale of assets	(178)	(259)	(81)
Provision for doubtful accounts	--	--	2,853
Write-down of abandoned and disposed assets	--	--	44,870
Cumulative effect of accounting changes	--	--	(1,471)
Impairment of long-lived assets	--	--	23,363
Change in assets and liabilities, net of acquisitions:			
(Increase) decrease in accounts and notes receivable	(12,645)	(19,066)	2,405
Increase in inventories	(19,146)	(7,474)	(6,545)
(Increase) decrease in other assets	(5,957)	(934)	1,511
Increase (decrease) in accounts payable	925	(3,071)	2,704
Increase (decrease) in accrued liabilities and other	3,239	(6,327)	3,705
NET CASH PROVIDED BY OPERATIONS	40,919	3,240	2,242
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(29,673)	(35,251)	(40,497)
Proceeds from sale of property, plant and equipment	1,710	4,210	17,399
Payments received on notes receivable	916	600	2,173
NET CASH USED IN INVESTING ACTIVITIES	(27,047)	(30,441)	(20,925)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (payments) borrowings on line of credit	(38,361)	341	2,978
Principal payments on notes payable and long-term debt	(831)	(7,501)	(1,675)
Net proceeds from preferred stock issue	--	59,650	14,750
Preferred stock dividends paid in cash	(675)	--	--
Proceeds from exercise of stock options and Employee Stock Purchase Plan	2,254	1,439	536
NET CASH PROVIDED BY FINANCING ACTIVITIES	(37,613)	53,929	16,589
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,741)	26,728	(2,094)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	31,245	4,517	6,611
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 7,504	$ 31,245	$ 4,517

See Accompanying Notes to Consolidated Financial Statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PRINCIPLES OF CONSOLIDATION. Newpark Resources, Inc., a Delaware corporation, ("Newpark") provides integrated fluids management, environmental and oilfield services to the oil and gas exploration and production industry, principally in the Louisiana and Texas Gulf Coast region. In addition, Newpark provides some or all of its services to the U.S. Mid-continent region and Canada. The consolidated financial statements include the accounts of Newpark and its wholly-owned subsidiaries. Investments in which Newpark owns 20 percent to 50 percent and exercises significant influence over operating and financial policies are accounted for using the equity method. All material inter-company transactions are eliminated in consolidation.

USE OF ESTIMATES AND MARKET RISKS. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Newpark's operating results depend primarily on oil and gas drilling activity levels in the markets served, which reflect budgets set by the oil and gas exploration and production industry. These budgets, in turn, depend on oil and gas commodities pricing, inventory levels and product demand. Oil and gas prices and activity are volatile. This market volatility has a significant impact on Newpark's operating results.

CASH EQUIVALENTS. All highly liquid investments with a remaining maturity of three months or less at the date of acquisition are classified as cash equivalents.

FAIR VALUE DISCLOSURES. Newpark's significant financial instruments consist of cash and cash equivalents, receivables, payables and long-term debt. The estimated fair value amounts have been developed based on available market information and appropriate valuation methodologies. However, considerable judgment is required in developing the estimates of fair value. Therefore, such estimates are not necessarily indicative of the amounts that could be realized in a current market exchange. After such analysis, except as described below, management believes the carrying values of these instruments approximate fair values at December 31, 2001 and 2000.

The estimated fair value of Newpark's senior subordinated notes payable at December 31, 2001 and 2000, based upon available market information, was $114.5 million and $115.6 million, respectively, as compared to the carrying amount of $125.0 million on those dates.

INVENTORIES. Inventories are stated at the lower of cost (principally average and first-in, first-out) or market. As of December 31, 2001, Newpark has recorded a valuation allowance of approximately $1.1 million related to certain synthetic fluid inventories that would not be in compliance with new synthetic discharge regulations effective February 19, 2002. This allowance represents the estimated amount necessary to reduce the carrying value of these synthetic fluid inventories to net realizable value after consideration of disposal, reblending and other costs. There were no charges against this allowance during 2001.

PROPERTY, PLANT AND EQUIPMENT. Property, plant and equipment are recorded at cost. Additions and improvements are capitalized. Maintenance and repairs are charged to expense as incurred. The cost of property, plant and equipment sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any gain or loss is credited or charged to income.

For financial reporting purposes, except as described below, depreciation is provided by utilizing the straight-line method over the following estimated useful service lives:

Computers, autos and light trucks	2-5 years
Wooden mats	2-5 years
Composite mats	15 years
Tractors and trailers	10-15 years
Machinery and heavy equipment	10-15 years
Owned buildings	20-35 years
Leasehold improvements	lease term, including all renewal options

Newpark 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, Newpark 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, Newpark computed the provision for depreciation of these assets on a straight-line basis.

The reported loss from operations for the year ended December 31, 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 year ended December 31, 1999 by $717,000 (related per share amounts of $.01 basic and diluted).

GOODWILL AND OTHER INTANGIBLES. Goodwill represents the excess of the purchase price of acquisitions over the fair value of the net assets acquired. Newpark's practice has been to amortize goodwill on a straight-line basis over fifteen to thirty-five years, except for $2,211,000 relating to acquisitions prior to 1971 that have not been amortized. However, effective January 1, 2002, Newpark will cease to amortize goodwill pursuant to SFAS No. 142 issued in July 2001 (see New Accounting Standards below). Through December 31, 2001, Newpark's management has historically conducted impairment reviews of its goodwill and other identifiable intangible assets. The reviews of goodwill assessed the recoverability of the un-amortized balance based on expected future profitability, undiscounted future cash flows of the acquisitions and their contribution to Newpark's overall operation. An impairment loss would have been recognized for the amount identified in the review by which the goodwill balance exceeded the recoverable goodwill balance. Subsequent to December 31, 2001, Newpark will perform impairment reviews in accordance with SFAS No. 142 (see New Accounting Standards below).

Newpark also has recorded other identifiable intangible assets which were acquired in a business combination or in a separate transaction. These other identifiable intangible assets are primarily related to patents and similar exclusivity arrangements which are being amortized over their contractual life of 15 to 17 years on a straight-line basis. Amortization expense associated with

these intangibles was $1,073,000, $885,000 and $871,000 in 2001, 2000 and 1999, respectively. These intangible assets will continue to be amortized after adoption of SFAS No. 142.

FINANCIAL INSTRUMENTS, INTEREST RATE SWAP ARRANGEMENT. Historically, Newpark has not used off-balance sheet financial hedging instruments to manage foreign currency risks when it enters into a transaction denominated in a currency other than its local currency because the dollar amount of such transactions has not warranted the use of hedging instruments.

In November 2001, Newpark entered into an interest-rate swap arrangement, effectively converting its $125 million fixed-rate Senior Subordinated Notes to a floating rate for a two year period. The swap arrangement expires in December 2003. Newpark is accounting for this instrument under the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Newpark has designated this instrument as an ineffective fair value hedge. Accordingly, changes in the instrument's fair value are to be recognized currently in earnings. As of December 31, 2001, Newpark recorded the fair value of the interest-rate swap instrument on the balance sheet as a component of accrued liabilities and a corresponding loss of $56,000 as a component of interest expense for the year ended December 31, 2001.

REVENUE RECOGNITION. For the fluids sales and engineering segment, revenues are recognized for sales of drilling fluid materials upon shipment of the materials, less an allowance for product returns. Engineering and related services are provided to customers at agreed upon hourly or daily rates and are recognized when the services are performed.

For the E&P waste disposal segment, revenues are recognized when Newpark takes title to the waste ,which is upon its receipt by Newpark.

For the mat and integrated services segment, revenues are recognized on both fixed price and unit-priced contracts, which are short-term in duration, on the percentage of completion method as measured using specific units delivered or project milestones completed. This method is used because management believes it reflects the level of effort expended by Newpark in proportion to the total required to complete the contract. Revenues for services provided to customers at agreed upon hourly or daily rates are recognized when the services are performed. Revenues for sales of composite mats are recognized when title passes to the customer.

For Newpark's minimization management products, which incorporate two or more product offerings, Newpark recognizes revenues on the percentage of completion method as measured based upon the time and materials expended to date as a percentage of total estimated time and materials to be provided under the contract.

For revenues recognized on the percentage of completion basis, provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured. An amount equal to contract costs attributable to claims is included in revenues when realization is probable and the amount can be reliably estimated.

INCOME TAXES. Newpark provides for deferred taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires an asset and liability approach for measuring deferred tax assets and liabilities due to temporary differences existing at year end using currently enacted tax rates and laws that will be in effect when the differences are expected to reverse.

INVESTMENT IN UNCONSOLIDATED JOINT VENTURE. Newpark owns a 49% interest in the LOMA Company, LLC, the manufacturer of its composite mats. During the start up phase of operations for LOMA, Newpark recorded its 49% interest in the cumulative operating losses of the joint venture ($1,293,000) as a separate item in the Consolidated Statements of Operations. In 1999, full production began at the LOMA manufacturing facility. Given that all production from the facility is for Newpark and all of LOMA's operations are production of composite mats, Newpark began recording its 49% interest in the income/(loss) of LOMA as a reduction/(increase) to its cost of the composite mats included in property, plant and equipment or costs of goods sold, as applicable.

Newpark purchased composite mats from LOMA at a total cost of $ 30.4 million in 2001, $14.3 million in 2000 and $9.1 million in 1999. The purchase price of the mats is based on a contract with LOMA and is equal to the total of specified costs of producing the mats, as defined in the contract, plus a percentage markup on these costs.

Newpark has filed a petition for declaratory judgment and for monetary damages against LOMA in connection with a dispute related to the pricing of composite mats. In this dispute, Newpark contends that certain indirect and general and administrative expenses have been improperly included in the calculation of the sales price by LOMA. Management of Newpark believes that the results of any litigation regarding this dispute will not have a significant negative impact on Newpark's results of operations.

INTEREST CAPITALIZATION. For the years ended December 31, 2001, 2000 and 1999, Newpark incurred interest cost of $16,095,000, $20,012,000 and $18,381,000, respectively, of which $656,000, $935,000 and $1,730,000, respectively, was capitalized on qualifying construction projects.

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

FOREIGN CURRENCY TRANSACTIONS. The majority of Newpark's transactions are in U.S. dollars; however, Newpark's Canadian subsidiary maintains its accounting records in its local currency. This currency is converted to U.S. dollars with the effect of the foreign currency translation reflected in "accumulated other comprehensive income," a component of stockholders' equity, in accordance with SFAS No. 52 and SFAS No. 130, "Reporting Comprehensive Income." Foreign currency transaction gains (losses), if any, are credited or charged to income. Transaction losses totaling $359,000 and $8,000 were incurred in 2001 and 2000, respectively. There were no transaction gains or losses incurred in 1999. Cumulative foreign currency translation losses related to the Canadian subsidiary reflected in stockholders' equity amounted to $2,032,000 and $607,000 at December 31, 2001 and 2000, respectively. At December 31, 2001 and 2000,

Newpark's Canadian subsidiary had net assets of approximately $48.5 million and $46.6 million, respectively.

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

NEW ACCOUNTING STANDARDS In July 2001, the FASB approved two new accounting standards related to accounting for business combinations, and goodwill and other intangible assets. The Standards, which are numbered SFAS No. 141 and 142, among other requirements, (i) prohibit the use of pooling-of-interests method of accounting for business combinations, (ii) require that goodwill not be amortized in any circumstance, and (iii) require that goodwill be tested for impairment annually or when events or circumstances occur between annual tests indicating that goodwill for a reporting unit might be impaired. The Standards establish a new method for testing goodwill for impairment based on a fair value concept. Newpark's current policy is to assess recoverability of remaining goodwill based on estimated undiscounted future cash flows. Upon adoption of the Standards on January 1, 2002, Newpark will cease to amortize its remaining goodwill balance. Goodwill amortization was approximately $4.9 million for the year ended December 31, 2001 and $5.0 million for each of the years ended December 31, 2000 and 1999.

Newpark has not completed an analysis of the potential impact from adoption of the impairment test of goodwill. However, while no assurances can be given at this time, based on the preliminary evaluation procedures performed, Newpark does not believe that its existing goodwill balances will be impaired under the new standards. The initial transition evaluation is required to be and will be completed by June 30, 2002, which is within the six month transition period allowed by the new standard.

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which requires recording the fair value of a liability for an asset retirement obligation in the period incurred. The Standard is effective for fiscal years beginning after June 15, 2002, with earlier application permitted. Upon adoption of the Standard, Newpark will be required to use a cumulative effect approach to recognize transition amounts for any existing retirement obligation liabilities, asset retirement costs and accumulated depreciation. Newpark has not yet determined the transition amounts.

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." The new statement also supersedes certain aspects of APB 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," with regard to reporting the effects of a disposal of a segment of a business. The new statement will require expected future operating losses from operations to be reported in discontinued operations in the period incurred, rather than as of the measurement date as presently required by APB 30. Additionally, certain dispositions may now qualify for discontinued operations treatment. The provisions of the statement are required to be applied for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. While no assurances can be given at this time, based on the preliminary evaluation procedures performed, Newpark does not believe that implementation of SFAS No. 144 will have a material impact on its financial statements.

B. SIGNIFICANT 1999 CHARGES

During the mid 1990's through the first half of 1998, Newpark experienced significant growth through a series of strategic acquisitions and mergers, and increasing demand for its related products and services. Due to a significant decrease in the price of oil and gas and the resultant impact on drilling activity, Newpark experienced a sharp decline in the demand for its products and services during the third and fourth quarters of 1998, which continued in 1999. This decline in customer demand materialized quickly from the previous growth period and, coupled with the timing of Newpark's continued efforts to bring certain proprietary innovations to its customers, caused Newpark to reassess its overall operations. This change in Newpark's market and reassessment of operations, resulted in Newpark recording the following pretax charges during 1999 (in thousands):

Provision for uncollectible accounts	$ 2,853
Write-down of abandoned and disposed assets	44,870
Impairment of long-lived assets	23,363
Terminated merger expense	2,957
Total	$ 74,043

The provision for uncollectible accounts in 1999 is primarily related to a decrease in the expected recovery of pre-bankruptcy receivables for three customers as indicated in their approved or proposed plans of reorganization. Most of these bankruptcy proceedings were finalized in 2000. Newpark wrote-off approximately $8.4 million of previously reserved accounts during 2000 as a result.

The write-down of abandoned and disposed assets includes the following amounts for 1999 (in millions):

Mat and integrated services segment:	
Domestic wooden mats	$ 30.4
Venezuela operations	11.6
Other	.4
Total mat and integrated services segment	42.4
Fluids sales and engineering segment:	
Investment in Mexican joint venture	2.5
Total write-down for abandoned and disposed assets	$ 44.9

In late 1998, Newpark began converting a portion of its domestic rental fleet to the new composite mat. In the fourth quarter of 1999, after Newpark completed evaluating the composite mat and its advantages over the wooden mat system and further indication that the Gulf Coast mat market would likely stabilize below its peak in 1997, Newpark removed a significant amount of the remaining wooden mats from service and began destroying these mats, recording a charge of $30.4 million. Included in the write-down cost for wooden mats in 1999 are disposal costs of approximately $1.1 million. This accrual for disposal costs was fully utilized in 2000, with no significant differences from the original estimated amount being recorded in 2000. Also included in this amount is $3.0 million of charges for the write-down of Newpark's board road lumber inventory, since this loose lumber is generally not required in laying composite mats.

In addition to the disposals of the wooden mat fleet, in the fourth quarter of 1999, Newpark decided to close down its mat business in Venezuela, due to poor market conditions and continued political instability in that area, recording a charge of $11.6 million. The measurement of the recoverable amount for the Venezuelan operations was based on management's judgment of the most likely value to be received on the sale of assets, less costs to sell. These assets were sold in 2000 in exchange for a note receivable with a face amount of $2.6 million. The actual loss realized on the sale of these assets, after discounting of the note receivable, did not differ significantly from the 1999 estimate.

The other charge of $400,000 for write-down of assets in the mat and integrated services segment in 1999 represents the net book value of various equipment deemed obsolete that was subsequently sold or abandoned.

The $2.5 million write-down charge recorded in Newpark's fluids sales and engineering segment in 1999 relates to the decision to withdraw from its Mexican joint venture in order to focus management's attention on the U.S. and Canadian markets it serves. The measurement of the recoverable amount for the Mexican operations is based on management's judgment of the most likely value to be received from its joint venture partner. The actual amount realized from the joint venture partner in 2000 did not differ significantly from the estimated amount.

In addition to the charges for the write-down of assets to be disposed or abandoned, in the fourth quarter of 1999, Newpark recorded an impairment charge of $23.4 million in the mat and integrated services segment on the remaining domestic wooden mat fleet which Newpark will continue to use in the short-term. This charge reflects the reduced recoverability of these mats over their estimated service life, due to their planned replacement with composite mats over the next two to three years. This reduced the domestic wooden mat fleet to a total carrying value of $4.5 million as of the date of the impairment charge. This carrying value was determined based on an estimation of the net discounted cash flows expected to be received for the wooden mats remaining in service until their expected replacement by composite mats. In connection with this impairment, Newpark also adjusted the remaining depreciable life on the domestic wooden mats in anticipation of the planned displacement of such mats to an approximate average of two years.

On June 24, 1999, Newpark entered into a definitive agreement to merge with Tuboscope, Inc. (Tuboscope). On November 10, 1999, Newpark and Tuboscope announced that they had jointly elected to form operational alliances in key market areas rather than proceed with the proposed merger. The decision was made because market conditions in the oilfield services market and the resulting uncertainty in the capital markets at that time made it difficult to obtain the type of credit facility believed necessary for the combined companies. Each company agreed to pay its respective transaction expenses relating to the proposed merger, which for Newpark were approximately $3.0 million. Under the alliance agreement, Tuboscope will provide solids control services to Newpark's Minimization Management customers, while Newpark will provide E&P waste disposal services to Tuboscope.

C. SALE OF SOLIDS CONTROL OPERATIONS

In September, 1999, Newpark's management sold its solids control operations and simultaneously entered into an alliance agreement with the drilling services division of Varco International, Inc., formerly a division of Tuboscope, which is now providing these services to Newpark's customers. Newpark realized approximately $5.5 million of proceeds from the sale of

its interest in the assets used in these operations, which resulted in a net loss of approximately $50,000. The operating results for the solids control operations are included in the results for the fluids sales and engineering segment. Revenues from the solids control operations totaled approximately $900,000 in 2000 and $7.4 million in 1999. These operations were break even in 2000 and generated an operating loss of approximately $5.6 million in 1999. Included in the operating loss for 1999 are severance and related costs of approximately $723,000.

The results for the solids control operations had originally been reported as discontinued operations in Newpark's financial statements for its 1999 year end as originally filed in its Form 10-K for that year. The originally filed financial statements were restated to reflect the inclusion of the results for the solids control operations as part of continuing operations of the fluids sales and engineering segment. The restatement was included in a Form 10-K/A dated August 24, 2000.

D. INVENTORY

Newpark's inventory consisted of the following items at December 31, 2001 and 2000:

(In thousands)	2001	2000
Composite mats	$ 10,854	$ 263
Logs	5,081	4,884
Drilling fluids raw materials and components	27,243	18,465
Supplies	311	632
Other	655	754
Total	$ 44,144	$ 24,998

E. PROPERTY, PLANT AND EQUIPMENT

Newpark's investment in property, plant and equipment at December 31, 2001 and 2000 is summarized as follows:

(In thousands)	2001	2000
Land	$ 9,668	$ 9,177
Buildings and improvements	53,981	52,741
Machinery and equipment	145,440	136,714
Construction in progress	16,383	10,606
Mats	54,667	32,452
Other	5,069	5,456
	285,208	247,146
Less accumulated depreciation	(76,732)	(62,391)
	$ 208,476	$ 184,755

F. CREDIT ARRANGEMENTS, LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Credit arrangements, long-term debt and capital lease obligations consisted of the following at December 31, 2001 and 2000 (in thousands):

	2001	2000
Senior subordinated notes	$ 125,000	$ 125,000
Bank line of credit	39,715	78,076
Other, principally capital leases secured by composite mats, machinery and equipment, payable through 2006 with interest at 3.9% to 13.5%	15,594	773
	180,309	203,849
Less: current maturities of long-term debt	(3,355)	(329)
Long-term portion	$ 176,954	$ 203,520

On December 17, 1997 Newpark 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 by Newpark, in whole or in part, at a premium commencing after December 15, 2002. The Notes are subordinated to all senior indebtedness, as defined in the subordinated debt indenture, including Newpark's bank revolving credit facility.

The Notes are guaranteed by substantially all operating subsidiaries of Newpark (the "Subsidiary Guarantors"). The guarantee obligations of the Subsidiary Guarantors (which are all direct or indirect wholly owned subsidiaries of Newpark) 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 Newpark has determined that the additional information provided by separate financial statements of the Subsidiary Guarantors would not be of material value to investors.

In November 2001, Newpark entered into an interest-rate swap instrument, effectively converting the Notes to a floating rate for a two year period. The swap arrangement expires in December 2003. Under the terms of the swap instrument, Newpark is to receive cash inflows equivalent to the semi-annual fixed rate interest payments due under the Notes in exchange for the obligation to pay semi-annual variable-rate interest payments. The variable rate payments are based on the Libor rate in effect on the payment date, plus a spread of 4.67%. The variable rate payments are payable semi-annually to match the payment dates of the fixed rate interest obligations under the Notes. The effective rate on the variable rate payments as of December 31, 2001, based on the expected Libor rate in effect on the next payment date, was 7.3%.

As of December 31, 2001, Newpark maintained a $100.0 million bank credit facility (the "Credit Facility"), including up to $25.0 million in standby letters of credit, in the form of a revolving line of credit commitment, which originally expired January 31, 2003. The Credit Facility was amended and restated on January 31, 2002 for the purpose of modifying, extending and renewing the loans made pursuant to the Credit Facility, to admit additional banks and re-assign the roles of participating banks. The amended Credit Facility expires February 27, 2005. At December 31, 2001, $13.4 million in letters of credit were issued and outstanding under the Credit Facility and $39.8 million was outstanding under the revolving facility, leaving $46.8 million of availability under this facility at December 31, 2001.

The Credit Facility bears interest at either a specified prime rate (4.75% at December 31, 2001), plus a spread determined quarterly based on Newpark's funded debt to cash flow ratio, or

the LIBOR rate (1.91% at December 31, 2001), plus a spread determined quarterly based Newpark's funded debt to cash flow ratio. The weighted average interest rate on the outstanding balance under the Credit Facility in 2001, 2000 and 1999 was 7.67%, 9.78% and 7.85%, respectively.

The Credit Facility contains certain financial covenants. As of December 31, 2001, Newpark was in compliance with the covenants contained in the Credit Facility, as amended and restated on January 31, 2002. The Notes do not contain any financial covenants; however, if Newpark does not meet the financial covenants of the Credit Facility and is unable to obtain an amendment from the banks, Newpark would be in default of the Credit Facility which would cause the Notes to be in default and immediately due. The Notes, the Credit Facility and the certificate of designations relating to Newpark's preferred stock also contain covenants that significantly limit the payment of dividends on Newpark's common stock .

Maturities of long-term debt, exclusive of the Credit Facility which expires on February 27, 2005, are $3,357,000 in 2002, $2,968,000 in 2003, $3,201,000 in 2004, $3,310,000 in 2005, $2,696,000 in 2006 and $125,062,000 thereafter.

G. INCOME TAXES

The provision (benefit) for income taxes charged to operations is principally U. S. federal tax as follows:

	Year Ended December 31,		
(In thousands)	2001	2000	1999
Current tax expense	$ 2,579	$ 510	$ 611
Deferred tax expense (benefit)	15,348	5,655	(29,298)
Total provision (benefit)	$ 17,927	$ 6,165	$ (28,687)

The total provision (benefit) was allocated to the following components of income (loss):

	Year Ended December 31,		
(In thousands)	2001	2000	1999
Income (loss) from operations	$ 17,927	$ 6,165	$ (29,461)
Cumulative effect of accounting change	--	--	(774)
Total provision (benefit)	$ 17,927	$ 6,165	$ (28,687)

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

	Year Ended December 31,		
	2001	2000	1999
Income tax expense (benefit) at statutory rate	35.0%	35.0%	(35.0%)
Non-deductible expenses	3.3	8.8	1.5
Increase (decrease) in valuation allowance	(1.8)	(8.9)	2.2
Other	(.5)	.7	1.7
Total income tax expense (benefit)	36.0%	35.6%	(29.6%)

Temporary differences and carryforwards which give rise to a significant portion of deferred tax assets and liabilities at December 31, 2001 and 2000 are as follows (in thousands):

	2001	2000
Deferred tax assets:		
Net operating losses	$ 51,679	$ 65,070
Accruals not currently deductible	2,506	1,991
Bad debts	412	725
Deferred payments under settlement agreement	--	990
Alternative minimum tax credits	3,091	2,341
All other	2,332	1,108
Total deferred tax assets	60,020	72,225
Valuation allowance	(6,873)	(7,512)
Total deferred tax assets, net of allowances	$ 53,147	$ 64,713
Deferred tax liabilities:		
Accelerated depreciation and amortization	$ 28,481	$ 25,073
All other	785	960
Total deferred tax liabilities	29,266	26,033
Total net deferred tax assets	$ 23,881	$ 38,680

For federal income tax purposes, Newpark has net operating loss carryforwards ("NOLs") of approximately $120.3 million (net of amounts disallowed pursuant to IRC Section 382) that, if not used, will expire. These Federal NOL's expire in 2018 through 2020. Newpark also has approximately $3.1 million of alternative minimum tax credit carryforwards, which are not subject to expiration and are available to offset future regular income taxes subject to certain limitations. Additionally, for state income tax purposes, Newpark has NOLs of approximately $158 million available to reduce future state taxable income. These NOLs expire in varying amounts beginning in year 2002 through 2015.

Under SFAS No. 109, a valuation allowance must be established to offset a deferred tax asset if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. At December 31, 2001, Newpark has recorded a valuation allowance for all state NOLs that Newpark believes may not be fully utilized in the future. At December 31, 2001, Newpark has recognized a net deferred tax asset of $23.9 million, the realization of which is dependent on Newpark's ability to generate taxable income in future periods. Newpark believes that its estimate of future earnings based on contracts in place and its earnings trend from recent prior years supports recognition of this amount.

Deferred tax expense includes a decrease in the valuation allowance for deferred tax assets of $917,000 in 2001 and $1,548,000 in 2000. These decreases were associated with certain federal NOLs, for which a valuation allowance had been previously recorded, which Newpark believed were more likely than not to be utilized as a result of estimated future taxable income. Deferred tax expense includes an increase in the valuation allowance for deferred tax assets of $7,734,000 for 1999, principally associated with Newpark's state NOLs.

H. EQUITY SECURITIES

Newpark has been authorized to issue up to 1,000,000 shares of Preferred Stock, $.01 par

value, of which 390,000 shares were outstanding at December 31, 2001.

On December 28, 2000, Newpark completed the sale to Fletcher International Ltd, a Bermuda company affiliated with Fletcher Asset Management, Inc. of 120,000 shares of Series C Convertible Preferred Stock, $0.01 par value per share (the "Series C Preferred Stock"). There are no redemption features to the Series C Preferred Stock. The aggregate purchase price for this instrument was $30.0 million. The net proceeds from the sale were used to repay indebtedness in 2001. No underwriting discounts or commissions were paid in connection with the sale of the securities.

On June 1, 2000, Newpark completed the sale to Fletcher International Limited, a Cayman Islands company affiliated with Fletcher Asset Management, Inc., of 120,000 shares of Series B Convertible Preferred Stock, $0.01 par value per share (the "Series B Preferred Stock"), and a warrant (the "Warrant") to purchase up to 1,900,000 shares of the Common Stock of Newpark at an exercise price of $10.075 per share, subject to anti-dilution adjustments. The Warrant has a term of seven years, expiring June 1, 2007. There are no redemption features to the Series B Preferred Stock. The aggregate purchase price for these instruments was $30.0 million, of which approximately $26.5 million was allocated to the Series B Preferred Stock and approximately $3.5 million to the Warrant. The net proceeds from the sale were used to repay indebtedness. No underwriting discounts or commissions were paid in connection with the sale of the securities.

As required by EITF 98-5 "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios", in connection with the issuance of the Series B Preferred Stock, Newpark recorded a one-time adjustment of $3.5 million ($.05 per share) to Newpark's equity accounts to reflect the value assigned to the conversion feature of the Series B Preferred Stock at the date of issuance. This adjustment did not have any effect on Newpark's operating results or total equity. The affect of this adjustment is included in preferred stock dividends in the accompanying financial statements; however, Newpark issued no additional shares or cash.

Cumulative dividends are payable on the Series C and Series B Preferred Stock quarterly in arrears. The dividend rate is 4.5% per annum, based on the stated value of $250 per share of Series C and Series B Preferred Stock. Dividends payable on the Series C and Series B Preferred Stock may be paid at the option of Newpark either in cash or by issuing shares of Newpark's Common Stock that have been registered under the Securities Act of 1933, as amended (the "Act"). The number shares of Common Stock of Newpark to be issued as dividends is determined by dividing the cash amount of the dividend otherwise payable by the market value of the Common Stock determined in accordance with the provisions of the certificate relating to the Series C and Series B Preferred Stock. If Newpark fails to pay any dividends when due, these dividends will accumulate and accrue additional dividends at the then existing dividend rate. The dividend rights of the Series C and Series B Preferred Stock are junior to the dividend rights of the holders of the 150,000 shares of Newpark's Series A Cumulative Perpetual Preferred Stock.

So long as shares of the Series C and Series B Preferred Stock are outstanding, no dividends may be paid on the Common Stock or any other securities of Newpark ranking junior to the Series C or Series B Preferred Stock with respect to dividends and distributions on liquidation ("Junior Securities"), except for dividends payable solely in shares of Common Stock. Subject to certain exceptions, no shares of Junior Securities or securities of Newpark having a priority equal to the Series C and Series B Preferred Stock with respect to dividends and distributions on

liquidation may be purchased or otherwise redeemed by Newpark unless all accumulated dividends on the Series C and Series B Preferred Stock have been paid in full.

The holders of the Series C Preferred Stock have the right to convert all or any part of the Series C Preferred Stock into Common Stock at a conversion rate based on the then current market value of the Common Stock, or $11.2125 per share of Common Stock, whichever is less, but not less than $4.1325 per share. However, both the maximum and minimum conversion rates are subject to adjustment under certain circumstances. The holders of the Series B Preferred Stock have the right to convert all or any part of the Series B Preferred Stock into Common Stock at a conversion rate based on the then current market value of the Common Stock, or $10.075 per share of Common Stock, whichever is less. For purposes of any conversion, each share of Series C or Series B Preferred Stock will have a value equal to its stated value, plus any accrued and unpaid dividends.

The agreements pursuant to which the Series C and Series B Preferred Stock and the Warrant were issued (the "Agreements") require Newpark to use its best efforts to register under the Act all of the shares of Common Stock issuable upon exercise of the Warrant and 1.5 times the number of shares of Common Stock issuable as of the effective date of the registration statement upon conversion of the Series C and Series B Preferred Stock or as dividends on the Series C and Series B Preferred Stock. Newpark will be required to increase the number of shares registered under the registration statement if the total number of shares of Common Stock issued and issuable under the Warrant and with respect to the Series C and Series B Preferred Stock exceeds 80% of the number of shares then registered. The registration statements currently cover approximately 13.7 million shares of Common Stock.

On April 16, 1999, Newpark, 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 Newpark 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, based on the average closing price of Newpark's Common Stock for the five business days preceding the record date. 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 Newpark as long as all accumulated dividends on the Series A Preferred Stock have been paid in full.

Changes in outstanding Common Stock for the years ended December 31, 2001, 2000 and 1999 were as follows:

(In thousands of shares)	2001	2000	1999
Outstanding, beginning of year	69,588	69,079	68,840
Shares issued for deferred compensation plan	--	32	46
Shares issued under employee stock purchase plan	77	--	--
Shares issued for preferred stock dividends	296	169	71
Shares issued upon exercise of options	371	308	122
Outstanding, end-of-year	70,332	69,588	69,079

I. EARNINGS PER SHARE

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

	For the Years Ended December 31,		
	2001	2000	1999
Income (loss) applicable to common and common equivalent shares	$ 28,006	$ 5,634	$(69,505)
Add:			
Series B and Series C Preferred Stock dividends	2,025	--	--
Adjusted income (loss) applicable to common and common equivalent shares	$ 30,031	$ 5,634	$(69,505)
Weighted average number of common shares outstanding	70,023	69,265	68,949
Add:			
Shares assumed issued upon conversion of Series B and Series C Preferred Stock	9,509	--	--
Net effect of dilutive stock options and warrants	788	763	--
Adjusted weighted average number of common shares outstanding	80,320	70,028	68,949
Income (loss) applicable to common and common equivalent shares:			
Basic	$ 0.40	$ 0.08	$ (1.01)
Diluted	$ 0.37	$ 0.08	$ (1.01)

At December 31, 2001 and 2000 Newpark had dilutive stock options of 4,578,000 and 3,158,000, respectively, which were assumed exercised using the treasury stock method. The resulting net effect of stock options was used in calculating diluted income per share for the periods ended December 31, 2001 and 2000. Options and warrants to purchase a total of 5,938,000 shares of common stock, at exercise prices ranging from $8.40 to $21.00 per share, were outstanding at December 31, 2001 but were not included in the computation of diluted income per share because they were antidilutive. Options and warrants to purchase a total of 6,950,000 shares of common stock, at exercise prices ranging from $8.19 to $21.00 per share, were outstanding at December 31, 2000 but were not included in the computation of diluted income per share because they were antidilutive.

Options and warrants excluded from the computation of diluted EPS for the year ended December 31, 1999 that could potentially dilute basic EPS in the future totaled 7,426,455 shares. Since Newpark incurred a loss per share for 1999 these potentially dilutive options were excluded, as they would be antidilutive to basic EPS.

J. STOCK OPTION PLANS

At December 31, 2001, Newpark had three stock-based compensation plans, which are described below. Newpark applies Accounting Principles Board Opinion 25 ("APB 25") and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for its stock option plans as the exercise price of all stock options granted thereunder is equal to the fair value at the date of grant. Had compensation costs for Newpark's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of Financial Accounting Standards Board Statement No. 123, Newpark's net income (loss) and earnings (loss) per share would have been reduced to the pro forma amounts indicated below:

		Year Ended December 31,		
(In thousands, except per share data)		2001	2000	1999
Net income (loss)	As reported	$ 28,006	$ 5,634	$ (69,505)
	Pro forma	24,734	2,144	(73,863)
Earnings (loss) per share:				
Basic	As reported	0.40	0.08	(1.01)
	Pro forma	0.35	0.03	(1.07)
Diluted	As reported	0.37	0.08	(1.01)
	Pro forma	0.33	0.03	(1.07)

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

	Year Ended December 31,		
	2001	2000	1999
Risk free interest rate	4.5%	4.6%	6.5%
Expected years until exercise	4	4	4
Expected stock volatility	443.3%	69.0%	259.1%
Dividend yield	0%	0%	0%

A summary of the status of Newpark's stock option plans as of December 31, 2001, 2000 and 1999 and changes during the periods ending on those dates, is presented below:

	Years Ended December 31,					
	2001		2000		1999	
	Shares	W-A Exercise Price	Shares	W-A Exercise Price	Shares	W-A Exercise Price
Outstanding at beginning of year	5,676,919	$ 7.18	5,026,455	$ 7.46	4,435,664	$ 8.02
Granted	1,266,000	7.44	1,409,500	5.94	1,057,600	5.35
Exercised	(360,223)	5.34	(309,642)	3.64	(122,238)	4.43
Canceled	(415,359)	7.48	(449,394)	8.95	(344,571)	9.17
Outstanding at end of year	6,167.337	$ 7.33	5,676,919	$ 7.18	5,026,455	$ 7.46
Weighted-average fair value of options granted during the year		$ 7.44		$ 3.25		$ 5.23

The following table summarizes information about all stock options outstanding at December 31, 2001:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$3.63 to $4.94	1,307,316	2.52	$ 4.34	1,070,415	$ 4.21
$5.13 to $7.08	1,881,563	5.32	$ 6.07	445,329	$ 5.60
$7.19 to $8.31	1,313,986	3.14	$ 8.12	1,027,151	$ 8.22
$8.40 to $10.00	1,474,472	3.07	$ 9.88	1,378,541	$ 9.96
$12.11 to $21.00	190,000	5.73	$ 14.99	140,000	$ 16.02
	6,167,337	3.74	$ 7.33	4,061,436	$ 7.74

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

The 1993 Non-Employee Directors' Stock Option Plan (the "1993 Non-Employee Directors' Plan") was adopted on September 1, 1993 by the Board of Directors and, thereafter, was approved by the stockholders in 1994. Non-employee directors are not eligible to participate in any other stock option or similar plans currently maintained by Newpark. The purpose of the 1993 Non-Employee Directors' Plan is to promote an increased incentive and personal interest in the welfare of Newpark by those individuals who are primarily responsible for shaping the long-range plans of Newpark, to assist Newpark in attracting and retaining on the Board persons of exceptional competence and to provide additional incentives to serve as a director of Newpark.

Prior to January 29, 1998, the 1993 Non-Employee Directors' Stock Option Plan (the "Non-Employee Directors' Plan") provided that each non-employee director who was serving on the Board of Directors on September 1, 1993, and each new non-employee director who was first elected to the Board of Directors after September 1, 1993, would be granted a stock option to purchase, at an exercise price equal to the fair market value of the Common Stock on the date of

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

On November 2, 1995, the Board of Directors adopted, and on June 12, 1996 the stockholders approved, the Newpark Resources, Inc. 1995 Incentive Stock Option Plan (the "1995 Plan"), pursuant to which the Compensation Committee may grant incentive stock options and nonstatutory stock options to designated employees of Newpark. Initially, a maximum of 2,100,000 shares of Common Stock were issuable under the 1995 Plan. This maximum number is subject to increase on the last business day of each fiscal year by a number equal to 1.25% of the number of shares of Common Stock issued and outstanding on the close of business on such date, subject to a maximum limit of 8 million shares. This reflects an increase in the limit that was approved by Newpark stockholders in June 2000. As of December 31, 2001, a total of 6,264,000 options shares were available for grant under the 1995 Plan and 5,243,000 options were outstanding, leaving 1,021,000 options available for granting.

K. DEFERRED COMPENSATION PLAN

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

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

Each award under the Plan will consist of a grant of shares of stock or an amount of cash (to be paid on a deferred basis) subject to a restriction period (after which the restrictions shall lapse), which shall mean a period commencing on the date the award is granted and ending on such date as the committee shall determine (the "Restriction Period"). The committee may provide for the lapse of restrictions in installments, for acceleration of the lapse of restrictions upon the satisfaction of such performance or other criteria or upon the occurrence of such events as the

committee shall determine, and for the early expiration of the Restriction Period upon a participant's death, disability, retirement at or after normal retirement age or the termination of the participant's employment with Newpark by Newpark without cause.

The maximum number of shares of common stock of Newpark that may be issued pursuant to the Plan is 676,909, subject to adjustment pursuant to certain provisions of the Plan. The maximum amount of cash that may be awarded pursuant to the Plan is $1,500,000, and each such amount may be increased by the Board of Directors. If shares of stock or the right to receive cash awarded or issued under the Plan are reacquired by Newpark due to forfeiture or for any other reason, these shares or right to receive cash will be cancelled and thereafter will again be available for purposes of the Plan. At December 31, 2001, 676,909 shares of common stock had been issued under the Plan and $1,418,000 had been awarded.

L. SUPPLEMENTAL CASH FLOW INFORMATION

Included in accounts payable and accrued liabilities at December 31, 2001, 2000 and 1999, were equipment purchases of $867,000, $1,019,000 and $1,326,000, respectively.

During the year ended December 31, 2001, Newpark entered into capital leases for the acquisition of property, plant and equipment totaling $15,651,000.

Interest of $17,149,000, $19,759,000 and $18,063,000, was paid in 2001, 2000 and 1999, respectively. Income taxes of $1,465,000 and $79,000 were paid in 2001 and 2000, respectively. Income tax refunds, net of payments, totaled $11,191,000 for the year ended December 31, 1999.

M. COMMITMENTS AND CONTINGENCIES

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

In conjunction with the 1996 acquisition of Campbell Wells Ltd. ("Campbell"), Newpark became a party to a "NOW Disposal Agreement", pursuant to which Newpark was required, for a period of 25 years following the acquisition, to deliver to Campbell for disposal at its landfarm facilities an agreed annual quantity of E&P Waste, and Campbell executed a Noncompetition Agreement under which it agreed not to compete with Newpark in the marine-related E&P Waste disposal business for five years. The landfarms are now operated by U.S. Liquids, Inc. ("USL"), which also assumed Campbell's obligations under the Noncompetition Agreement. During 1998, a dispute arose between the parties concerning Newpark's obligations under the NOW Disposal Agreement. In September 1998, Newpark and USL settled their dispute by executing a Settlement Agreement and a "Payment Agreement" under which, among other things, Newpark's contractual commitment to deliver waste to USL's disposal facilities was terminated immediately, and Newpark agreed to pay USL $30 million, $6 million of which was paid in 1998, $11 million of which was paid in 1999, $9 million of which was paid in 2000 and $4.0 million of which was paid in 2001.

Under the Payment Agreement, Newpark had the right, but not the obligation, to deliver specified volumes of E&P Waste to USL's facilities until June 30, 2001 without additional cost, and subject to certain conditions, Newpark could extend this arrangement for two additional one-

year terms at an additional annual cost of $8 million, which was subject to increase based on increases in the Consumer Price Index. Newpark had extended the agreement to June 30, 2002, but has not informed USL that it will exercise its right to extend this arrangement beyond the current expiration date.

In the normal course of business, in conjunction with its insurance programs, Newpark has established letters of credit in favor of certain insurance companies in the amount of $1,250,000 at December 31, 2001 and 2000. At December 31, 2001 and 2000, Newpark had outstanding guaranty obligations totaling $3,510,000 and $3,457,000, respectively, in connection with facility closure bonds and other performance bonds issued by an insurance company.

Since May 1988, Newpark has held the exclusive right to use a patented prefabricated wooden mat system with respect to the oil and gas exploration and production industry within the State of Louisiana. On June 20, 1994, Newpark entered into a new license agreement by which it obtained the exclusive right to use the same patented prefabricated mat system, without industry restriction, throughout the continental United States. The license agreement requires, among other things, that Newpark purchase a minimum of 5,000 mats annually through 2003. Newpark has met this annual mat purchase requirement since the inception of the agreement. Any purchases in excess of that level may be applied to future annual requirements. Newpark's annual commitment to maintain the agreement in force, absent any reductions resulting from excess purchases, is currently estimated to be $3.7 million.

Since July 1995, Newpark has held the exclusive worldwide right to use a patented composite mat system. Production of these mats did not commence until 1998. The license agreement requires, among other things, that Newpark purchase a minimum of 5,000 mats annually. Any purchases in excess of that level may be applied to future annual requirements. Newpark's annual commitment to maintain the agreement in force is currently estimated to be $3.5 million.

Newpark has guaranteed certain debt obligations of LOMA through the issuance of a letter of credit in the amount of $11.6 million as of December 31, 2001.

Newpark leases various manufacturing facilities, warehouses, office space, machinery and equipment, including transportation equipment and composite mats, under operating leases with remaining terms ranging from one to 16 years, with various renewal options. Substantially all leases require payment of taxes, insurance and maintenance costs in addition to rental payments. Total rental expenses for all operating leases were $16,051,199, $13,963,000 and $9,173,000, in 2001, 2000 and 1999, respectively.

Future minimum payments under noncancellable operating leases, with initial or remaining terms in excess of one year are as follows (in thousands):

2002	$10,587
2003	9,485
2004	8,546
2005	7,935
2006	6,059
2007 and thereafter	11,046
	$53,658

Newpark is self-insured for health claims up to a certain policy limit. Claims in excess of $100,000 per incident and approximately $7.8 million in the aggregate per year are insured by third-party reinsurers. At December 31, 2001, Newpark had accrued a liability of $1.1 million for outstanding and incurred, but not reported, claims based on historical experience.

N. CONCENTRATIONS OF CREDIT RISK

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

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

Concentrations of credit risk with respect to trade accounts and notes receivable are generally limited due to the large number of entities comprising Newpark's customer base, and for notes receivable the required collateral. Newpark maintains an allowance for losses based upon the expected collectibility of accounts and notes receivable. Newpark does not believe it is dependent on any one customer. During the years ended December 31, 2001, 2000 and 1999 there were no sales to one customer in excess of 10%. Export sales are not significant.

As of December 31, 2001, Newpark holds a note receivable obtained in connection with the sale of its former marine repair operations. The note is included in other assets and is recorded at its estimated fair value of approximately $7.5 million, including $1.2 million of accrued interest, which approximates the amount at which it can be prepaid at the operator's option during the term of the note. The face amount of the note is $8,534,000, and the note bears simple interest at 5.0% per annum, with interest and principal payable at September 30, 2003. The note is secured by a first lien on the assets sold as well as certain guarantees of the operator.

In January 2001, the operator of these assets filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Laws. In June 2000, Newpark ceased to accrue interest on the outstanding balance of the note receivable because of the poor operating performance of the operator. In July 2001, Newpark resumed the accrual of interest after indications that the operator would emerge from Chapter 11 proceedings. The operator converted a significant portion of its debt to equity, excluding the note owed to Newpark. This debt to equity conversion has reduced the operator's current debt obligations and improved its financial position. Newpark believes that it will ultimately recover its recorded investment in the note, including accrued interest, based on its secured position and the estimated value of the collateral and the recent restructuring of the operator's balance sheet.

As of December 31, 2001 and 2000, Newpark had an investment in convertible, redeemable preferred stock of a company that owns patented thermal desorption technology. In addition, as of December 31, 2000, Newpark had investments in two notes receivable ("the Notes") of the same company. The Notes, including all accrued and unpaid interest, were paid in full in December 2001. The portion of the Notes that were unpaid and receivable beyond one year were included in other assets at December 31, 2000. The preferred stock investments were included in other assets at December 31, 2001 and 2000.

The Notes, which had a combined original face amount of $5.5 million, were due December 5, 2002, and were interest bearing at a stated rate of prime plus 1.5%, payable quarterly. The combined balances of the Notes at December 31, 2000 was $2.7 million, of which $1.6 million was included in other assets and $1.1 million was included in other current assets. The balance of accrued but unpaid interest on the Notes was $109,000 at December 31, 2000.

The preferred stock is convertible into common stock and is redeemable by the issuer. Dividends are payable quarterly on the preferred stock at the rate of prime plus 1.5%. The balance of the preferred stock was $2.9 million at December 31, 2001 and 2000. The balance of accrued but unpaid dividends was $188,000 and $106,000, at December 31, 2001 and 2000, respectively.

O. SUPPLEMENTAL SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter Ended			
(In thousands, except per share amounts)	Mar 31	Jun 30	Sep 30	Dec 31
FISCAL YEAR 2001				
Revenues	$ 99,397	$ 108,331	$ 108,889	$ 91,988
Operating income	16,957	19,664	18,519	9,112
Net income	7,014	9,223	8,553	3,216
Net income per share:				
Basic	0.10	0.13	0.12	0.05
Diluted	0.10	0.13	0.12	0.05
FISCAL YEAR 2000				
Revenues	$ 57,276	$ 60,202	$ 68,987	$ 80,128
Operating income	5,680	7,458	10,998	11,434
Net income (loss)	474	(2,180)	3,293	4,047
Net income (loss) per share:				
Basic	0.01	(0.03)	0.05	0.06
Diluted	0.01	(0.03)	0.05	0.06

P. SEGMENT AND RELATED INFORMATION

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

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

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

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

Summarized financial information concerning Newpark's reportable segments for the years ended December 31, 2001, 2000 and 1999 are as follows (in thousands):

	Years Ended December 31,		
	2001	2000	1999
REVENUES (1)			
E&P Waste Disposal	$ 60,998	$ 56,176	$ 42,954
Fluids Sales & Engineering	217,083	134,419	100,467
Mat & Integrated Services	131,757	78,661	60,560
Eliminations	(1,233)	(2,663)	(5,756)
Total Revenues	$ 408,605	$ 266,593	$ 198,225
(1) Segment revenues include the following intersegment transfers:			
E&P Waste Disposal	$ --	$ --	$ --
Fluids Sales & Engineering	160	318	89
Mat & Integrated Services	1,073	2,345	5,667
Total Intersegment Transfers	$ 1,233	$ 2,663	$ 5,756
EBITDA (a):			
E&P Waste Disposal	$ 18,285	$ 20,338	$ 16,292
Fluids Sales & Engineering	33,490	15,659	(9,463)
Mat & Integrated Services	45,006	26,181	12,761
Total Segment EBITDA	$ 96,781	$ 62,178	$ 19,590
DEPRECIATION AND AMORTIZATION, EXCLUDING GOODWILL AMORTIZATION:			
E&P Waste Disposal	$ 3,353	$ 3,084	$ 3,224
Fluids Sales & Engineering	6,988	6,284	4,774
Mat & Integrated Services	12,157	9,233	13,887
Total Segment Depreciation and Amortization	$ 22,498	$ 18,601	$ 21,885
OPERATING INCOME (LOSS):			
E&P Waste Disposal	$ 14,932	$ 17,254	$ 13,068
Fluids Sales & Engineering	26,502	9,375	(14,237)
Mat & Integrated Services	32,849	16,948	(1,126)
Total Segment Operating Income	$ 74,283	$ 43,577	$ (2,295)

	Years Ended December 31,		
	2001	2000	1999
General and administrative expenses	(5,170)	(3,042)	(2,589)
Goodwill amortization	(4,861)	(4,965)	(4,996)
Provision for uncollectible accounts	--	--	(2,853)
Write-down of abandoned and disposed assets	--	--	(44,870)
Impairment of long-lived assets	--	--	(23,363)
Terminated merger expense	--	--	(2,957)
Total Operating Income (Loss)	$ 64,252	$ 35,570	$ (83,923)
SEGMENT ASSETS			
E&P Waste Disposal	$ 157,269	$ 154,918	$ 154,097
Fluids Sales & Engineering	211,333	183,060	153,446
Mat & Integrated Services	125,351	94,515	77,292
Other	28,535	74,950	65,706
Total Assets	$ 522,488	$ 507,443	$ 450,541
CAPITAL EXPENDITURES			
E&P Waste Disposal	$ 5,105	$ 7,853	$ 14,241
Fluids Sales & Engineering	8,565	10,147	6,961
Mat & Integrated Services	15,443	17,251	19,295
Other	560	--	--
Total Capital Expenditures	$ 29,673	$ 35,251	$ 40,497

(a) Newpark evaluates performance and allocates resources based on EBITDA, which is calculated as operating income (loss) adding back depreciation and amortization, exclusive of goodwill amortization. Calculations of EBITDA should not be viewed as a substitute to calculations under Generally Accepted Accounting Principles, in particular cash flows from operations, operating income, income from continuing operations and net income. In addition, EBITDA calculations by one company may not be comparable to another company.

The following table sets forth information about Newpark's operations by geographic area (in thousands):

	Years Ended December 31,		
	2001	2000	1999
REVENUE			
Domestic	$347,857	$234,190	$ 176,033
International	60,748	32,403	22,192
Total Revenue	$408,605	$266,593	$ 198,225
OPERATING INCOME (LOSS)			
Domestic	$ 61,601	$ 35,253	$ (76,660)
International	2,651	317	(7,263)
Total Operating Income (Loss)	$ 64,252	$ 35,570	$ (83,923)
ASSETS			
Domestic	$474,780	$460,848	$ 416,280
International	47,708	46,595	34,261
Total Assets	$522,488	$507,443	$ 450,541

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

None.

PART III

ITEM 10. DIRECTORS AND OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated by reference to the registrant's Proxy Statement to be filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with Newpark's 2002 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the registrant's Proxy Statement to be filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with Newpark's 2002 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the registrant's Proxy Statement to be filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with Newpark's 2002 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the registrant's Proxy Statement to be filed pursuant to Regulation 14A under the Securities Act of 1934 in connection with Newpark's 2002 Annual Meeting of Stockholders.

PART IV

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

(a) 1. FINANCIAL STATEMENTS

Reports of Independent Auditors
Consolidated Balance Sheets as of December 31, 2001 and 2000
Consolidated Statements of Income for the years ended December 31, 2001, 2000 and 1999.
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2001, 2000 and 1999.
Consolidated Statement of Cash Flows for the years ended December 31, 2001, 2000 and 1999.
Consolidated Statements of Comprehensive Income for the years ended December 31, 2001, 2000 and 1999.
Notes to Consolidated Financial Statements

2. FINANCIAL STATEMENT SCHEDULES

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

3. EXHIBITS

3.1	Restated Certificate of Incorporation.(9)
3.2	Bylaws.(1)
4.1	Indenture, dated as of December 17, 1997, among the registrant, each of the Guarantors identified therein and State Street Bank and Trust Company, as Trustee.(2)
4.2	Form of the Newpark Resources, Inc. 8 5/8% Senior Subordinated Notes due 2007, Series B.(2)
4.3	Form of Guarantees of the Newpark Resources, Inc. 8 5/8 % Senior Subordinated Notes due 2007. (2)
10.1	Employment Agreement, dated as of October 23, 1990, between the registrant and James D. Cole.(1)*
10.2	Lease Agreement, dated as of May 17, 1990, by and between Harold F. Bean Jr. and Newpark Environmental Services, Inc. ("NESI").(1)
10.3	Lease Agreement, dated as of July 29, 1994, by and between Harold F. Bean Jr. and NESI.(3)
10.4	Building Lease Agreement, dated April 10, 1992, between the registrant and The Traveler's Insurance Company.(4)
10.5	Building Lease Agreement, dated May 14, 1992, between State Farm Life Insurance Company, and SOLOCO, Inc.(4)
10.6	Operating Agreement, dated June 30, 1993, between Goldrus Environmental Services, Inc. and NESI.(3)
10.7	Amended and Restated 1993 Non-Employee Directors' Stock Option Plan.(9)*
10.8	1995 Incentive Stock Option Plan.(5)*

10.9 Exclusive License Agreement, dated June 20, 1994, between SOLOCO, Inc. and Quality Mat Company.(3)
10.10 Amended and Restated Credit Agreement, dated January 31, 2002, among the registrant, as borrower, the subsidiaries of the registrant named therein, as guarantors, and Bank One, NA, Credit Lyonnaise, Royal Bank of Canada, Hibernia National Bank, Comerica Bank and Whitney National Bank as lenders (the "Lenders").+
10.11 Amended and Restated Guaranty, dated January 31, 2002, among the registrant's subsidiaries named therein, as guarantors, and the Lenders.+
10.12 Amended and Restated Security Agreement, dated January 31, 2002, among the registrant and the subsidiaries of the registrant named therein, as grantors, and the Lenders.+
10.13 Amended and Restated Stock Pledge Agreement, dated January 31, 2002, among the registrant, as borrower, and the Lenders.+
10.14 Settlement of Arbitration and Release, dated July 22, 1998, among the registrant and U.S. Liquids, Inc.(9)
10.15 Payment Agreement, dated December 31, 1998, among the registrant, Newpark Environmental Services, Inc. and U.S. Liquids, Inc.(9)
10.16 Option Agreement, dated December 31, 1998, among the registrant, Newpark Environmental Services, Inc. and U.S. Liquids, Inc.(9)
10.17 Noncompetition Agreement of September 16, 1998, among the registrant and U.S. Liquids, Inc.(9)
10.18 Operating Agreement of The Loma Company L.L.C.(9)
10.19 Alliance Agreement, dated as of February 3, 2000, among Tuboscope Inc., Tuboscope Vetco International, Inc., the registrant, Newpark Drilling Fluids, L.L.C., and Newpark Environmental Services, L.L.C.(10)
10.20 Newpark Resources, Inc. 1999 Employee Stock Purchase Plan.(10)*
10.21 Agreement, dated May 30, 2000, between the registrant and Fletcher International Ltd., a Bermuda company.(11)
10.22 Agreement, dated December 28, 2000, between the registrant and Fletcher International Limited, a Cayman Islands company. (12)
21.1 Subsidiaries of the Registrant+
23.1 Consent of Arthur Andersen LLP+
24.1 Powers of Attorney+

- ----------
+ Filed herewith.
* Management Compensation Plan or Agreement.
(1) Previously filed in the exhibits to the registrant's Registration Statement on Form S-1 (File No. 33-40716) and incorporated by reference herein.
(2) Previously filed in the exhibits to the registrant's Registration Statement on Form S-4 (File No. 333-45197) and incorporated by reference herein.
(3) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994, and incorporated by reference herein.
(4) Previously filed in the exhibits to the registrant's Registration Statement on Form S-8 (File No. 33-83680) and incorporated by reference herein.
(5) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1995, and incorporated by reference herein.

(6) Previously filed in the exhibits to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997.
(7) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1997, and incorporated by reference herein.
(8) Previously filed in the exhibits to the registrant's Registration Statement on Form S-3 (File No. 333-05805), and incorporated by reference herein.
(9) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998, and incorporated by reference herein.
(10) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1999, and incorporated by reference herein.
(11) Previously filed in the exhibits to the registrant's Current Report on Form 8-K dated June 1, 2000.
(12) Previously filed in the exhibits to the registrant's Current Report on Form 8-K dated December 28, 2000, which was filed on January 4, 2001.

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the last quarter of the period covered by this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 13, 2002

NEWPARK RESOURCES, INC.

By: /s/ James D. Cole

James D. Cole, Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ James D. Cole - --- James D. Cole	Chairman of the Board and Chief Executive Officer	March 13, 2002
/s/ Matthew W. Hardey - --- Matthew W. Hardey	Vice President of Finance and Chief Financial Officer	March 13, 2002
/s/ Eric M. Wingerter - --- Eric M. Wingerter	Vice President and Controller (Principal Accounting Officer)	March 13, 2002
/s/ Wm. Thomas Ballantine - --- Wm. Thomas Ballantine	President and Director	March 13, 2002
/s/ David Baldwin - --- David Baldwin*	Director	March 13, 2002
/s/ David P. Hunt - --- David P. Hunt*	Director	March 13, 2002
/s/ Dr. Alan Kaufman - --- Dr. Alan Kaufman*	Director	March 13, 2002
/s/ James H. Stone - --- James H. Stone*	Director	March 13, 2002
/s/ Roger C. Stull - --- Roger C. Stull*	Director	March 13, 2002

By /s/ James D. Cole
---
*James D. Cole
Attorney-in-Fact

EXHIBIT INDEX

Exhibit No.	Description
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10.2	Lease Agreement, dated as of May 17, 1990, by and between Harold F. Bean Jr. and Newpark Environmental Services, Inc. ("NESI").(1)
10.3	Lease Agreement, dated as of July 29, 1994, by and between Harold F. Bean Jr. and NESI.(3)
10.4	Building Lease Agreement, dated April 10, 1992, between the registrant and The Traveler's Insurance Company.(4)
10.5	Building Lease Agreement, dated May 14, 1992, between State Farm Life Insurance Company, and SOLOCO, Inc.(4)
10.6	Operating Agreement, dated June 30, 1993, between Goldrus Environmental Services, Inc. and NESI.(3)
10.7	Amended and Restated 1993 Non-Employee Directors' Stock Option Plan.(9)*
10.8	1995 Incentive Stock Option Plan.(5)*

Exhibit No.	Description
10.9	Exclusive License Agreement, dated June 20, 1994, between SOLOCO, Inc. and Quality Mat Company.(3)
10.10	Amended and Restated Credit Agreement, dated January 31, 2002, among the registrant, as borrower, the subsidiaries of the registrant named therein, as guarantors, and Bank One, NA, Credit Lyonnaise, Royal Bank of Canada, Hibernia National Bank, Comerica Bank and Whitney National Bank as lenders (the "Lenders").+
10.11	Amended and Restated Guaranty, dated January 31, 2002, among the registrant's subsidiaries named therein, as guarantors, and the Lenders.+
10.12	Amended and Restated Security Agreement, dated January 31, 2002, among the registrant and the subsidiaries of the registrant named therein, as grantors, and the Lenders.+
10.13	Amended and Restated Stock Pledge Agreement, dated January 31, 2002, among the registrant, as borrower, and the Lenders.+
10.14	Settlement of Arbitration and Release, dated July 22, 1998, among the registrant and U.S. Liquids, Inc.(9)
10.15	Payment Agreement, dated December 31, 1998, among the registrant, Newpark Environmental Services, Inc. and U.S. Liquids, Inc.(9)
10.16	Option Agreement, dated December 31, 1998, among the registrant, Newpark Environmental Services, Inc. and U.S. Liquids, Inc.(9)
10.17	Noncompetition Agreement of September 16, 1998, among the registrant and U.S. Liquids, Inc.(9)
10.18	Operating Agreement of The Loma Company L.L.C.(9)
10.19	Alliance Agreement, dated as of February 3, 2000, among Tuboscope Inc., Tuboscope Vetco International, Inc., the registrant, Newpark Drilling Fluids, L.L.C., and Newpark Environmental Services, L.L.C.(10)
10.20	Newpark Resources, Inc. 1999 Employee Stock Purchase Plan.(10)*
10.21	Agreement, dated May 30, 2000, between the registrant and Fletcher International Ltd., a Bermuda company.(11)
10.22	Agreement, dated December 28, 2000, between the registrant and Fletcher International Limited, a Cayman Islands company. (12)
21.1	Subsidiaries of the Registrant+
23.1	Consent of Arthur Andersen LLP+
24.1	Powers of Attorney+

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+ Filed herewith.

* Management Compensation Plan or Agreement.

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

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

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

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

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

(6) Previously filed in the exhibits to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997.
(7) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1997, and incorporated by reference herein.
(8) Previously filed in the exhibits to the registrant's Registration Statement on Form S-3 (File No. 333-05805), and incorporated by reference herein.
(9) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998, and incorporated by reference herein.
(10) Previously filed in the exhibits to the registrant's Annual Report on Form 10-K for the year ended December 31, 1999, and incorporated by reference herein.
(11) Previously filed in the exhibits to the registrant's Current Report on Form 8-K dated June 1, 2000.
(12) Previously filed in the exhibits to the registrant's Current Report on Form 8-K dated December 28, 2000, which was filed on January 4, 2001.

EXHIBIT 10.10

AMENDED AND RESTATED

CREDIT AGREEMENT

DATED AS OF JANUARY 31, 2002

AMONG

NEWPARK RESOURCES, INC

THE GUARANTORS,

THE LENDERS,

AND

BANK ONE, NA
AS ADMINISTRATIVE AGENT AND LC ISSUER

BANC ONE CAPITAL MARKETS, INC.
AS LEAD ARRANGER AND SOLE BOOK RUNNER

CREDIT LYONNAIS NEW YORK BRANCH,
AS SYNDICATION AGENT

AMENDED AND RESTATED
CREDIT AGREEMENT

This Amended and Restated Credit Agreement, dated as of January 31, 2002, is among Newpark Resources, Inc., a Delaware corporation, the Lenders, Bank One, NA, a national banking association with its main office in Chicago, Illinois, individually as a Lender, as Administrative Agent, and as LC Issuer, and the undersigned Guarantors.

WHEREAS, Newpark Resources, Inc., certain lenders, certain guarantors, and Bank One, N.A., as agent are parties to a certain Amended Restated Credit Agreement dated as of January 31, 2001, as amended "Original Credit Agreement"); and

WHEREAS, the parties to the Original Credit Agreement wish to modify, extend, and renew the loans made pursuant to the Original Credit Agreement, admit additional banks as Lenders, and make other changes and amendments;

NOW, THEREFORE, the parties hereto do hereby amend and completely restate the Original Credit Agreement, effective as of the Closing Date as defined below, on the terms and conditions hereof and do hereby agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement:

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Borrower or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires the securities of a corporation or ownership interests of a partnership or limited liability company.

"Administrative Agent" means Bank One in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, and any successor Administrative Agent appointed pursuant to Article X.

"Advance" means any Tranche A Advance or Tranche B Advance (unless otherwise expressly provided).

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 30% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Aggregate Commitment" means the Aggregate Tranche A Commitment and the Tranche B Commitment of all the Lenders, as reduced from time to time pursuant to the terms hereof.

"Aggregate Tranche A Commitment" means U.S. $94,500,000.00.

"Aggregate Outstanding Credit Exposure" means, at any time, the Aggregate Outstanding Tranche A Credit Exposure plus the Spot Dollar Amount, at such time, of the aggregate outstanding principal amount of all Tranche B Loans.

"Aggregate Outstanding Tranche A Credit Exposure" means, at anytime, the aggregate of the Outstanding Tranche A Credit Exposure of all Tranche A Lenders.

"Agreement" means this amended and restated credit agreement, as it may be amended, modified, renewed, extended, or restated and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4.

"Alternate Base Rate" means, for any day, a rate of interest per annum equal to the higher of (i) the US Prime Rate for such day and (ii) the sum of the Federal Funds Effective Rate most recently determined by the Administrative Agent for such day plus 1/2% per annum.

"Applicable Fee Rate" means, at any time, the percentage rate per annum at which Commitment Fees are accruing on the unused portion of the Aggregate Commitment at such time as set forth in the Pricing Schedule.

"Applicable Margin" means, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

"Arranger" means Banc One Capital Markets, Inc., a Delaware corporation, and its successors, in its capacity as Lead Arranger and Sole Book Runner.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Authorized Officer" means any of the Chairman, President, Chief Executive Officer, Chief Financial Officer, or Treasurer of the Borrower, acting singly.

"Available Aggregate Tranche A Commitment" means, at any time, the Aggregate Tranche A Commitments then in effect minus the Aggregate Outstanding Tranche A Credit Exposure at such time.

"Bank One" means Bank One, NA, a national banking association with its main office at Chicago, Illinois, in its individual capacity, and its successors.

"Borrower" means Newpark Resources, Inc., a Delaware corporation, and its successors and assigns.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 2.8.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances or Euro-Canadian Advances, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States Dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Canadian Dollars" or "C$" means lawful money of Canada.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles less any expenditure for a Permitted Acquisition.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalent Investments" means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A-1 or better by Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc. or P-1 or better by Moody's Investors Service, Inc. (or each of their respective successors), (iii) demand deposit accounts maintained in the ordinary course of business, and (iv) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of $100,000,000; provided in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

"Change in Control" means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and

Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of the Borrower

"Closing Date" means the date, as determined by Administrative Agent, on which all conditions precedent set forth in Sections 4.1 and 4.2 have been satisfied.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" means all present and future accounts, equipment, inventory, and general intangibles of Borrower and each Guarantor and all of Borrower's present and future stock and other equity interests in each Guarantor.

"Collateral Documents" means, collectively, security agreements, pledges, and financing statements executed by Borrower and each Guarantor in form and substance satisfactory to Administrative Agent, as they may be amended, modified, renewed, extended, or restated and in effect from time to time, complying with the provisions of Section 6.28.

"Commitment Fee" is defined in Section 2.5.1.

"Computation Date" is defined in Section 2.2.

"Computation Date Dollar Amount" means (i) with respect to each Tranche B Loan denominated in Canadian Dollars, the equivalent in U.S. Dollars of the Canadian Dollar amount of such Tranche B Loan calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for Canadian Dollars on the London market at 11:00 a.m., London time, on or as of the later of three Business Days prior to the Borrowing Date of such Tranche B Loan or, if applicable, three Business Days prior to the date on which such Tranche B Loan was most recently continued pursuant to Section 2.9.2, and (ii) with respect to each Tranche B Loan denominated in U.S. Dollars, the amount of such Tranche B Loan.

"Consolidated Capital Expenditures" means, with reference to any period, the Capital Expenditures of the Borrower and its Subsidiaries calculated on a consolidated basis for such period.

"Consolidated EBITDA" means Consolidated Net Income plus, to the extent deducted from revenues in determining Consolidated Net Income, (i) interest expense, (ii) expense for taxes paid or accrued, (iii) depreciation, (iv) amortization (v) extraordinary losses incurred other than in the ordinary course of business, (vi) expense for payments under Synthetic Leases, and (vii) any Unrealized Losses arising from Financial Contracts minus to the extent included in Consolidated Net Income, (x) extraordinary gains realized other than in the ordinary course of business, and (y) Unrealized Profits arising from Financial Contracts, all calculated for the Borrower and its Subsidiaries on a consolidated basis.

"Consolidated Funded Indebtedness" means at any time the aggregate dollar amount of Consolidated Indebtedness which has actually been funded and is outstanding at such time, whether or not such amount is due or payable at such time.

"Consolidated Indebtedness" means at any time the Indebtedness of the Borrower and its Subsidiaries calculated on a consolidated basis as of such time.

"Consolidated Interest Expense" means, with reference to any period, the sum, for the Borrower and its Subsidiaries determined on a consolidated basis without duplication in accordance with Agreement Accounting Principles), of the following: (a) all interest in respect of Indebtedness (including the interest component of any payments in respect of Capital Lease Obligations) accrued or capitalized during such period (whether or not actually paid during such period) plus (b) the net amount payable (or minus the net amount receivable) under all Interest Rate Protection Agreements during such period (whether or not actually paid or received during such period).

"Consolidated Net Income" means, with reference to any period, the net income (or loss) of the Borrower and its Subsidiaries calculated on a consolidated basis for such period.

"Consolidated Net Worth" means at any time the consolidated stockholders' equity of the Borrower and its Subsidiaries plus any Unrealized Losses arising from Financial Contracts minus any Unrealized Profits arising from Financial Contracts calculated on a consolidated basis as of such time.

"Consolidated Tangible Net Worth" means Consolidated Net Worth less all unamortized debt discount and expense, unamortized deferred charges (excluding deferred tax assets), goodwill, patents, trademarks, service marks, trade names, copyrights and organization expense.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement, including, without limitation, any comfort letter, operating agreement, or take-or-pay contract, by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, or the obligations of any such Person as general partner or joint venturer of a partnership or joint venture with respect to liabilities of the partnership or joint venture that meet the definition of "Indebtedness" less any obligation to purchase or pay (or take or pay) for supplies, materials, or other property, entered into in the ordinary course of business for quantities not in excess of those that are expected to be used in the current period.

"Conversion/Continuation Notice" is defined in Section 2.9.1.

"Controlled Group" means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Credit Extension" means the making of an Advance or the issuance of a Facility LC hereunder.

"Credit Extension Date" means the Borrowing Date for an Advance or the issuance date for a Facility LC.

"Default" means an event described in Article VII.

"Dollars" or "U.S. Dollars" or "U.S.$" means lawful money of the United States.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) the effect of the environment on human health, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Euro-Canadian Advance" means a Tranche B Advance which, except as otherwise provided in Section 2.11, bears interest at the applicable Euro-Canadian Rate.

"Euro-Canadian Base Rate" means, with respect to a Euro-Canadian Advance for the relevant Interest Period, the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. Dollars appearing on Reuters Screen LIBOR01 as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, provided that, (i) if Reuters Screen LIBOR01 is not available to the Administrative Agent for any reason, the applicable Euro-Canadian Base Rate for the relevant Interest Period shall instead be the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. Dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, and (ii) if no such British Bankers' Association Interest Settlement Rate is available to the Administrative Agent for any reason, the applicable Euro-Canadian Base Rate for the relevant Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which Bank One or one of its Affiliate banks offers to place deposits in U.S. Dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of the relevant Euro-Canadian Loan and having a maturity equal to such Interest Period.

"Euro-Canadian Loan" means a Tranche B Loan which, except as otherwise provided in Section 2.11, bears interest at the applicable Euro-Canadian Rate.

"Euro-Canadian Rate" means, with respect to a Euro-Canadian Advance for the relevant Interest Period, the sum of the Euro-Canadian Base Rate plus the Applicable Margin.

"Eurodollar Advance" means a Tranche A Advance which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. Dollars appearing on Reuters Screen FRBD as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, provided that, (i) if Reuters Screen FRBD is not available to the Administrative Agent for any reason, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the applicable British Bankers' Association Interest Settlement Rate for deposits in U.S. Dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, and (ii) if no such British Bankers' Association Interest Settlement Rate is available to the Administrative Agent for any reason, the applicable Eurodollar Base Rate for the relevant Interest Period shall instead be the rate determined by the Administrative Agent to be the rate at which Bank One or one of its Affiliate banks offers to place deposits in U.S. Dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of the relevant Eurodollar Loan and having a maturity equal to such Interest Period.

"Eurodollar Loan" means a Tranche A Loan which, except as otherwise provided in Section 2.11, bears interest at the applicable Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (ii) the Applicable Margin.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation and the Administrative Agent, taxes imposed on its overall net income, and franchise taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender or the Administrative Agent is incorporated or organized or (ii) the jurisdiction in which the Administrative Agent's or such Lender's principal executive office or such Lender's applicable Lending Installation is located.

"Exhibit" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"Existing Preferred Stock" means the Borrower's 120,000 shares of Series C Convertible Preferred Stock issued December 28, 2000, 120,000 shares of Series B Convertible Preferred

Stock issued June 1, 2000 and 150,000 shares of Series A Cumulative Perpetual Preferred Stock issued April 16, 1999.

"Facility LC" is defined in Section 2.21.1.

"Facility LC Application" is defined in Section 2.21.3.

"Facility LC Collateral Account" is defined in Section 2.21.11.

"Facility Termination Date" means the third anniversary of the Closing Date or any earlier date on which the Aggregate Commitment is reduced to zero or otherwise terminated pursuant to the terms hereof.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"Financial Contract" of a Person means (i) any exchange-traded or over-the-counter futures, forward, swap or option contract or other financial instrument with similar characteristics or (ii) any Rate Management Transaction.

"Floating Rate" means, for any day, a rate per annum equal to (i) the Alternate Base Rate for such day plus (ii) the Applicable Margin, in each case changing when and as the Alternate Base Rate changes.

"Floating Rate Advance" means a Tranche A Advance which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"Floating Rate Loan" means a Tranche A Loan which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate.

"Guarantor" means all Material Domestic Subsidiaries of Borrower from time to time.

"Guaranty" means that certain amended and restated guaranty dated as of even date herewith, executed by the Guarantor in favor of the Administrative Agent, for the ratable benefit of the Lenders, as it may be amended, modified, renewed, extended, or restated and in effect from time to time, including, but not limited to, amendments to add additional Subsidiaries as a Guarantor.

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts

payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) obligations of such Person to purchase accounts, notes receivable, securities, or other Property arising out of or in connection with the sale by Person or any of its Subsidiaries of the same or substantially similar accounts, notes receivable, securities, or Property, (vi) Capitalized Lease Obligations, (vii) Contingent Obligations, (viii) reimbursement obligations in respect of Letters of Credit, (ix) any Synthetic Lease Obligations under Synthetic Leases, and (x) any other obligation for borrowed money or other financial accommodation for borrowed money which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person.

"Interest Period" means, with respect to a Eurodollar Advance or a Euro-Canadian Advance, a period of one, two, three or six months commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day. No Interest Period may end after the Facility Termination Date.

"Interest Rate Protection Agreement" means, for any Person, an interest rate swap, cap or collar agreement or similar arrangement between such Person and one or more financial institutions providing for the transfer or mitigation of interest risks either generally or under specific contingencies.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificate of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

"LC Fee" is defined in Section 2.21.4.

"LC Issuer" means Bank One (or any subsidiary or affiliate of Bank One designated by Bank One) in its capacity as issuer of Facility LCs hereunder.

"LC Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

"LC Payment Date" is defined in Section 2.21.5.

"Lenders" means the Tranche A Lenders and the Tranche B Lender (unless otherwise expressly provided).

"Lending Installation" means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender or the Administrative Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.17.

"Letter of Credit" of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

"Leverage Ratio" means, as of any date of calculation, the ratio calculated pursuant to Section 6.24.2 hereof.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, or other security agreement, or any preference, priority or preferential arrangement of any kind or nature whatsoever intended to create a security interest, including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement.

"Loan" means, with respect to a Lender, such Lender's Loans made pursuant to Article II (or any conversion or continuation thereof), including, in the case of the Tranche B Lender, a Tranche B Loan, and "Loans" means all such Loans.

"Loan Documents" means this Agreement, the Facility LC Applications, any Notes issued pursuant to Section 2.13, the Collateral Documents, and the Guaranty.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, condition (financial or otherwise), results of operations, or prospects of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower or the Guarantor to perform its obligations under the Loan Documents to which it is a party, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent, the LC Issuer, or the Lenders thereunder.

"Material Indebtedness" is defined in Section 7.5.

"Material Domestic Subsidiary" means any Subsidiary of the Borrower that is incorporated under the laws of any state of the United States that, as of the relevant date of determination, would be a "significant subsidiary" as defined in Rule 1.02 (w) of Regulation S-X under the Securities Act as in effect on the Closing Date, assuming the Borrower is the "registrant" referred to in such definition.

"Material Foreign Subsidiary" means any Subsidiary of the Borrower that is incorporated under the laws of any country other than the United States that, as of the relevant date of determination, would be a "significant subsidiary" as defined in Rule 1.02 (w) of Regulation S-X under the Securities Act as in effect on the Closing Date, assuming the Borrower is the "registrant" referred to in such definition.

"Modify" and "Modification" are defined in Section 2.21.1.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which the Borrower or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"Net Mark-to-Market Exposure" of a Person means, as of any date of determination, the excess (if any) of all Unrealized Losses over all Unrealized Profits of such Person arising from Financial Contracts. "Unrealized Losses" means the fair market value of the cost to such Person of replacing such Financial Contract as of the date of determination (assuming the Financial Contract were to be terminated as of that date), and "Unrealized Profits" means the fair market value of the gain to such Person of replacing such Financial Contract as of the date of determination (assuming such Financial Contracts were to be terminated as of that date).

"Non-U.S. Lender" is defined in Section 3.5(iv).

"Notes" are defined in Section 2.13.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all Reimbursement Obligations, all accrued and unpaid Commitment Fees, LC Fee, and other fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders or to any Lender, the LC Issuer, the Administrative Agent, or any indemnified party arising under the Loan Documents.

"Off-Balance Sheet Liability" of a Person means (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any Sale and Leaseback Transaction which is not a Capitalized Lease, (iii) any liability under any Synthetic Lease, or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheets of such Person, but excluding from this clause (iv) Operating Leases.

"Operating Lease" of a Person means any lease of Property (other than a Capitalized Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

"Other Taxes" is defined in Section 3.5(ii).

"Outstanding Tranche A Credit Exposure" means, as to any Tranche A Lender at any time, the sum of (i) the aggregate principal amount of its Tranche A Loans outstanding at such

time, plus (ii) an amount equal to its Pro Rata Tranche A Share of the LC Obligations at such time.

"Outstanding Credit Exposure" means, as to any Lender at any time, the sum of its Outstanding Tranche A Credit Exposure and the Spot Dollar Amount at such time of the aggregate outstanding principal amount of its Tranche B Loans.

"Participants" is defined in Section 12.2.1.

"Payment Date" means the last Business Day of each March, June, September, and December, commencing on March 31, 2002 through the Facility Termination Date, and the Facility Termination Date.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Acquisitions" means Acquisitions meeting the tests of Section 6.29.

"Permitted Financial Contract" means a Financial Contract meeting the tests of Section 6.30.

"Person" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

"Pricing Schedule" means the Schedule attached hereto identified as such.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Tranche A Commitment and Tranche B Commitment and the denominator of which is the Aggregate Commitment.

"Pro Rata Tranche A Share" means, with respect to a Tranche A Lender, a portion equal to a fraction, the numerator of which is such Lender's Tranche A Commitment and the denominator of which is the Aggregate Tranche A Commitment.

"Purchasers" is defined in Section 12.3.1.

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Borrower and any Lender or Affiliate thereof which is a rate swap, basis swap, forward rate transaction, commodity swap,

commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Rate Management Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) without duplication of (i), any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Borrower then outstanding under Section 2.21 to reimburse the LC Issuer for amounts paid by the LC Issuer in respect of any one or more drawings under Facility LCs; provided, however, that any Reimbursement Obligation that is satisfied by a draw upon the Tranche A Commitments shall not be accounted for as a double obligation.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Reports" is defined in Section 9.6.

"Required Lenders" means Lenders in the aggregate having at least 66-2/3% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Lenders in the aggregate holding at least 66-2/3% of the Aggregate Outstanding Credit Exposure.

"Required Tranche A Lenders" means Tranche A Lenders in the aggregate having at least 66-2/3% of the Aggregate Tranche A Commitment or, if the Aggregate Tranche A Commitment has been terminated, Tranche A Lenders in the aggregate holding at least 66-2/3% of the Aggregate Outstanding Tranche A Credit Exposure.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Sale and Leaseback Transaction" means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

"Schedule" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Secured Obligations" means, collectively, (i) the Obligations and (ii) all Rate Management Obligations now or hereafter owing to any Lender or Affiliate thereof.

"Senior Indebtedness Leverage Ratio" means, as of any date of calculation, the ratio calculated pursuant to Section 6.24.3 hereof.

"Single Employer Plan" means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

"SOLOCO Agreements" means, collectively that certain Agreement effective as of January 1, 1997 by and between OLS Consulting Services, Inc. and Loma Company, L.L.C., that certain Exclusive License Agreement effective as of July 1, 1995 between OLS Consulting, Services Inc. and SOLOCO, Inc., as amended, that certain Operating Agreement of Loma Company, L.L.C. executed between Newpark Holdings, Inc. and OLS Consulting Services, Inc., dated December 11, 1996, as amended, and that certain Exclusive License Agreement dated as of June 20, 1994 between Quality Mat Company, Inc. and SOLOCO, Inc.

"Spot Dollar Amount" means (i) with respect to each Tranche B Loan denominated in Canadian Dollars, as of any date of determination, the equivalent in U.S. Dollars of the Canadian Dollar amount of such Tranche B Loan calculated on the basis of the rate of exchange at which, in accordance with normal banking procedures, the Tranche B Lender could purchase Canadian Dollars with U.S. Dollars at the Tranche B Lender's main office on such date, and (ii) with respect to each Tranche B Loan denominated in U.S. Dollars, the amount of such Tranche B Loan.

"Subordinated Debentures" means the $125,000,000 Senior Subordinated Securities of the Borrower issued pursuant to the Indenture among the Borrower, certain guarantors, and State Street Bank and Trust Company, as Trustee, dated December 17, 1997.

"Subordinated Indebtedness" of a Person means any Indebtedness of such Person the payment of which is subordinated to payment of the Obligations to the written satisfaction of the Required Lenders, including the Subordinated Debentures.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of the Borrower.

"Substantial Portion" means, with respect to the Property of the Borrower and its Subsidiaries, Property which (i) represents more than 10% of the consolidated assets of the Borrower and its Subsidiaries as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made, or (ii) is responsible for more than 10% of the consolidated net sales or of the consolidated net income of the Borrower and its Subsidiaries as reflected in the financial statements referred to in clause (i) above.

"Synthetic Lease" shall mean any transaction giving rise to Synthetic Lease Obligations.

"Synthetic Lease Obligations" shall mean the obligations of any Person under a lease arrangement treated as an operating lease for financial accounting purposes and a financing lease for tax purposes.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes and Other Taxes.

"Tranche A Advance" means a Tranche A borrowing hereunder, funded in United States Dollars, bearing interest at the applicable Eurodollar Rate or Floating Rate (i) made by some or all of the Tranche A Lenders on the same Borrowing Date, or (ii) converted or continued by some or all of the Tranche A Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Tranche A Loans of the same Type and, in the case of Eurodollar Loans, for the same Interest Period.

"Tranche A Commitment" means a commitment of the Tranche A Lenders to make an aggregate $94,500,000.00 United States Dollar Loans. The "Tranche A Commitment" of each Lender means the obligation of such Lender to make Tranche A Loans to, and participate in Facility LCs issued upon the application of, the Borrower in an aggregate amount not exceeding the amount set forth opposite its signature below, as it may be modified as a result of any assignment that has become effective pursuant to Section 12.3.2 or as otherwise modified from time to time pursuant to the terms hereof.

"Tranche A Lenders" means lending institutions listed on the signature pages of this Agreement as having a Tranche A Commitment, and their respective successors and assigns.

"Tranche A Loans" means a loan which is funded in United States Dollars which bears interest at the applicable Eurodollar Rate or the Floating Rate.

"Tranche A Note" is defined in Section 2.13.

"Tranche B Advance" means a Tranche B borrowing hereunder funded in Canadian Dollars which, except as provided in Section 2.11, bears interest at the applicable Euro-Canadian Rate, (i) made by the Tranche B Lender on the same Borrowing Date, or (ii) converted or continued by the Tranche B Lender on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and, in the case of Euro-Canadian Loans, for the same Interest Period.

"Tranche B Commitment" means a commitment of the Tranche B Lender to make Canadian Dollar Loans in an amount such that the Computation Date Dollar Amount of such Loans does not exceed U.S. $5,500,000.00.

"Tranche B Lender" means Royal Bank of Canada, or such other Lender which may succeed to its rights and obligations as Tranche B Lender pursuant to the terms of this Agreement.

"Tranche B Loans" means a loan which is funded in Canadian Dollars and which, except as otherwise provided in Section 2.11, bears interest at the Euro-Canadian Rate.

"Tranche B Note" is defined in Section 2.13.

"Transferee" is defined in Section 12.4.

"Type" means, with respect to any Tranche A Advance, its nature as a Floating Rate Advance or a Eurodollar Advance and with respect to any Tranche B Advance, its nature as a Euro-Canadian Advance in Canadian Dollars (subject to Section 2.11).

"Unfunded Liabilities" means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans using PBGC actuarial assumptions for single employer plan terminations.

"US Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

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

ARTICLE II

THE CREDITS

2.1. Commitments.

2.1.1 Tranche A Commitments. From and including the Closing Date and prior to the Facility Termination Date, each Tranche A Lender severally agrees, on the terms and conditions set forth in this Agreement, to (i) make Tranche A Loans to the Borrower and (ii) participate in Facility LCs issued upon the request of the Borrower, provided that, after giving effect to the making of each such Tranche A Loan and the issuance of each such Facility LC, such Tranche A Lender's Outstanding Tranche A Credit Exposure shall not exceed its Tranche A Commitment.

2.1.2 Tranche B Commitment. From and including the Closing Date and prior to the Facility Termination Date, Tranche B Lender agrees, on the terms and conditions set forth in this Agreement, to make Tranche B Loans to the Borrower, provided that after giving effect to the making of each such Tranche B Loan the aggregate Computation Date Dollar Amount of all outstanding Tranche B Loans (calculated by separately determining the Computation Date Dollar Amount of each Tranche B Loan and then aggregating such amounts) shall not exceed the Tranche B Commitment.

2.1.3 General Provisions. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow at any time from and after the Closing Date and prior to the Facility Termination Date. The Aggregate Commitments shall expire on the Facility Termination Date. The LC Issuer will issue Facility LCs hereunder on the terms and conditions set forth in Section 2.21.

2.2. Termination. The Aggregate Outstanding Tranche A Credit Exposure, all Tranche B Loans, and all other unpaid Obligations shall be paid in full by the Borrower on the Facility Termination Date.

2.3. Ratable Loans.

2.3.1 Tranche A Loans. Each Tranche A Advance hereunder shall consist of Tranche A Loans made from the several Tranche A Lenders ratably in proportion to their Pro Rata Tranche A Shares.

2.3.2 Tranche B Loans. Tranche B Advances shall be made solely by Tranche B Lender.

2.4. Types of Advances. Tranche A Advances may be Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.8 and 2.9 subject to the limitation of Section 2.21. Tranche B Advances shall be Euro-Canadian Advances, subject to Section 2.11 and to the limitation of Section 2.21.

2.5. Commitment Fee; Reductions in Aggregate Commitment; Increase in Aggregate Commitment

2.5.1 Commitment Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Lender according to its Pro Rata Share a commitment fee (a "Commitment Fee") at a per annum rate equal to the Applicable Fee Rate on an amount equal to the excess, if any, of (i) the average daily amount of the Aggregate Commitment over (ii) the sum of (A) the average daily amount of the Aggregate Outstanding Tranche A Credit Exposure, plus (B) the average daily amount of the aggregate Computation Date Dollar Amount of all outstanding Tranche B Loans (calculated by separately determining the Computation Date Dollar Amount of each Tranche B Loan and then aggregating such amounts). Such Commitment Fee shall accrue with respect to the period from the Closing Date to and including the Facility Termination Date and shall be payable within ten (10) days after each Payment Date hereafter and on the Facility Termination Date.

2.5.2. Reductions in and Termination of Aggregate Commitment. The Borrower may permanently reduce the Aggregate Tranche A Commitment in whole, or in part ratably among the Tranche A Lenders in integral multiples of $5,000,000.00, and may permanently terminate the Tranche B Commitment in whole, upon at least three Business Days' written notice to the Administrative Agent, which notice shall specify the amount of any such reduction in the case of the Tranche A Commitment, and shall specify the termination, in the case of the Tranche B Commitment; provided, however, that the Aggregate Tranche A Commitment may not be reduced below the Aggregate Outstanding Tranche A Credit Exposure and the Tranche B Commitment may not be terminated while any Tranche B Loans are outstanding. All accrued Commitment Fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Credit Extensions hereunder.

2.5.3. Increase in Aggregate Commitment. The Borrower shall have the option to request that the Tranche A Lenders increase their respective Tranche A Commitments such that the Aggregate Tranche Commitment shall be increased to an amount not in excess of $119,500,000.00, but no Tranche A Lender shall have any obligation

whatsoever to agree to any such requested increase, and each Tranche A Lender may in its sole and absolute discretion reject any such requested increase. If the Tranche A Lenders do not agree to increase their respective Tranche A Commitments by amounts sufficient to provide the entire amount of the requested increase in the Aggregate Tranche A Commitment, the Administrative Agent shall have the right to admit additional Tranche A Lenders, if any are agreeable, to increase the Aggregate Tranche A Commitment to the amount requested by the Borrower, up to the maximum amount of $119,500,000.00. In such event, the Pro Rata Tranche A Share of the existing Lenders automatically shall be adjusted. In the event of such increase, whether by increase in the respective Tranche A Commitments of existing Tranche A Lenders or by admission of additional Tranche A Lenders, the Pro Rata Share of the Lenders automatically shall be adjusted.

2.6. Minimum Amount of Each Advance. Each Eurodollar Advance shall be in the minimum amount of $5,000,000.00 and in multiples of $1,000,000.00 if in excess thereof, each Euro-Canadian Advance shall be in the minimum amount of Canadian $500,000.00 and in multiples of Canadian $500,000.00 if in excess thereof and each Floating Rate Advance shall be in the minimum amount of $1,000,000.00 and in multiples of $1,000,000.00 if in excess thereof; provided, however, that any Floating Rate Advance may be in the amount of the Available Aggregate Tranche A Commitment.

2.7. Optional and Mandatory Principal Payments.

2.7.1. Tranche A. The Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances or a portion of the outstanding Floating Rate Advances in a minimum aggregate amount of $1,000,000.00 or any integral multiple of $1,000,000.00 in excess thereof, upon one Business Day's prior notice to the Administrative Agent. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurodollar Advances or a portion of the outstanding Eurodollar Advances in a minimum aggregate amount of $5,000,000.00 or any integral multiple of $1,000,000.00 in excess thereof, upon three Business Days' prior notice to the Administrative Agent.

2.7.2. Tranche B. (i) The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Euro-Canadian Advances or a portion of the outstanding Euro-Canadian Advances in a minimum aggregate amount of Canadian $50,000.00 or any integral multiple of Canadian $50,000.00 in excess thereof upon three Business Days' prior notice to the Administrative Agent.

(ii) If at any time, as computed by the Tranche B Lender and advised to the Administrative Agent, the Spot Dollar Amount of the outstanding Euro-Canadian Advances is in excess of U.S. $5,500,000.00 for three days the Tranche B Lender shall have the right to require a mandatory prepayment of the Tranche B Loans in the amount of such excess. In such event the Borrower shall make a mandatory prepayment of such excess within one Business Day after notice from the Administrative Agent, together

with any funding indemnification amounts required by Section 3.4 but without penalty or premium.

2.7.3 General Provisions. The Borrower shall make mandatory prepayments of principal in accordance with Sections 2.2, 2.7.2, 6.13 and 6.26.

2.8. Method of Selecting Types and Interest Periods for New Advances; Method of Borrowing.

2.8.1 New Advances. The Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance and Euro-Canadian Advance, the Interest Period applicable thereto from time to time. The Borrower shall give the Administrative Agent irrevocable notice (a "Borrowing Notice") substantially in the form attached to Exhibit D, not later than 11:00 a.m. (Chicago time) at least one Business Day before the Borrowing Date of each Floating Rate Advance and three Business Days before the Borrowing Date for each Eurodollar Advance and Euro-Canadian Advance, specifying:

(i) the Borrowing Date, which shall be a Business Day, of such Advance,

(ii) the aggregate amount of such Advance,

(iii) the Type of Advance selected, and

(iv) in the case of each Eurodollar Advance and Euro-Canadian Advance, the Interest Period applicable thereto.

2.8.2 Method of Borrowing. Not later than noon (Chicago time) on each Borrowing Date, each Tranche A Lender shall make available its Tranche A Loan or Loans in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to Article XIII. Not later than noon (Chicago time) on each Borrowing Date, the Tranche B Lender shall make available the Tranche B Loan in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to Article XIII. Unless the Administrative Agent determines that any applicable condition specified in Article IV has not been satisfied, the Administrative Agent will make the funds so received from the Lenders available to the Borrower at the Administrative Agent's aforesaid address. Notwithstanding the foregoing provisions, to the extent that a Loan made by any Lender matures on the Borrowing Date of the requested Loan, such Lender shall apply the proceeds of the Loan it is then making to the repayment of the principal of the maturing Loan.

2.9. Conversion and Continuation of Outstanding Advances.

2.9.1. Tranche A Advances. Floating Rate Advances shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.9 or are repaid in accordance with Section 2.7. Each Eurodollar Advance shall continue as an Advance of that Type until the end of

the then applicable Interest Period therefor, at which time such Advance shall be automatically converted into a Floating Rate Advance unless (x) such Advance is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.6, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance into a Eurodollar Advance. The Borrower shall give the Administrative Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance substantially in the form attached to Exhibit D, not later than 11:00 a.m. (Chicago time) at least three Business Days prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Type of the Advance which is to be converted or continued, and

(iii) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

2.9.2. Tranche B Advances. Each Euro-Canadian Advance shall continue an Advance of that Type until the end of the then applicable Interest Period therefor, at which time such Euro-Canadian Advance shall automatically continue as a Euro-Canadian Advance with an Interest Period of one month unless (x) such Advance is or was repaid in accordance with Section 2.7 or (y) the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice requesting that, at the end of such Interest Period, such Advance continue as a Eurodollar-Canadian Advance for the same or another Interest Period. The Borrower shall give the Administrative Agent a Conversion/Continuation Notice of each Continuation of a Euro-Canadian Advance substantially in the form of Exhibit D not later than 11:00 a.m. (Chicago time) at least three Business Days prior to the date of the requested continuation, specifying:

(i) the requested date, which shall be a Business Day, of such continuation,

(ii) the aggregate amount of the Advance which is to be continued, and

(iii) the amount of such Advance which is to be continued as a Euro-Canadian Advance and the duration of the Interest Period applicable thereto.

2.10. Changes in Interest Rate, etc. Each Floating Rate Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.9.1, to but excluding the date it is paid or is converted into a Eurodollar

Advance pursuant to Section 2.9.1 hereof, at a rate per annum equal to the Floating Rate for such day. Changes in the rate of interest on that portion of any Tranche A Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance and Euro-Canadian Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Administrative Agent as applicable to such Eurodollar Advance or Euro-Canadian Advance, as the case may be, based upon the Borrower's selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Interest Period may end after the Facility Termination Date.

2.11. Rates Applicable After Default. Notwithstanding anything to the contrary contained in Section 2.8 or 2.9, during the continuance of a Default or Unmatured Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), (i) declare that no Advance may be made as, converted into or continued as a Eurodollar Advance or a Euro-Canadian Advance, and (ii) declare that all outstanding Euro-Canadian Advances shall immediately convert to U.S. Dollars at the Spot Dollar Amount (as of the date of such declaration) and shall bear interest at the Floating Rate. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (x) each Eurodollar Advance and Euro-Canadian Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable to such Interest Period plus 2% per annum, (y) each Floating Rate Advance (including any Euro-Canadian Advance converted as set forth in clause (ii) above) shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time plus 2% per annum, and (z) the LC Fee shall be increased by 2% per annum, provided that, during the continuance of a Default under Section 7.6 or 7.7, the conversion of Euro-Canadian Advances set forth in clause (ii) above, the interest rates set forth in clauses (x) and (y) above, and the increase in the LC Fee set forth in clause (z) above shall be applicable to all Credit Extensions without any election or action on the part of the Administrative Agent or any Lender.

2.12. Method of Payment. (i) Except as set forth in Section 2.11, each Euro-Canadian Advance shall be repaid and each payment of interest thereon shall be paid in Canadian Dollars. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by noon (local time) on the date when due and shall (except in the case of Reimbursement Obligations for which the LC Issuer has not been fully indemnified by the Lenders, or as otherwise specifically required hereunder) be applied ratably by the Administrative Agent among the Lenders. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. The

Administrative Agent is hereby authorized to charge the account of the Borrower maintained with Bank One for each payment of principal, interest, Reimbursement Obligations and Commitment Fees, LC Fees, and other fees as it becomes due hereunder. Each reference to the Administrative Agent in this Section 2.12 shall also be deemed to refer, and shall apply equally, to the LC Issuer, in the case of payments required to be made by the Borrower to the LC Issuer pursuant to Section 2.21.6. Prior to the occurrence of a Default or an Unmatured Default, payments designated as payments on Tranche A Loans shall be distributed to each Tranche A Lender in its Pro Rata Tranche A Share and payments designated as payments on Tranche B Loans shall be distributed to Tranche B Lender.

(ii) Notwithstanding the provisions of subpart (i) if, after the making of any Euro-Canadian Advance, currency control or exchange regulations are imposed in Canada with the result that Canadian Dollars no longer exist or the Borrower is not able to make payment to the Administrative Agent for the account of the Tranche B Lender in Canadian Dollars, then all payments to be made by the Borrower hereunder in Canadian Dollars shall instead be made when due in Dollars in an amount equal to the Spot Dollar Amount (as of the date of repayment) of such payment date, it being the intention of the parties hereto that the Borrower take all risks of the imposition of any such currency control or exchange regulations.

2.13. Noteless Agreement; Evidence of Indebtedness. (i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The Administrative Agent shall also maintain accounts in which it will record (a) the amount of each Loan made hereunder, the Type thereof and the Interest Period with respect thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, (c) the original stated amount of each Facility LC and the amount of LC Obligations outstanding at any time, and (d) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(iii) The entries maintained in the accounts maintained pursuant to paragraphs (i) and (ii) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(iv) Any Lender may request that its Loans be evidenced by a promissory note (a "Note"). In such event, the Borrower shall prepare, execute and deliver to any such Tranche A Lender a Note (a "Tranche A Note") and to any such Tranche B Lender a Note (a "Tranche B Note") payable to the order of such Lender in a form supplied by the Administrative Agent. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (including after any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 12.3, except to the

extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (i) and (ii) above.

2.14. Telephonic Notices. The Borrower hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

2.15. Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Floating Rate Advance shall be payable on the last Business Day of each month, commencing with the first such date to occur after the date hereof, on any date on which the Floating Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurodollar Advance on a day other than the last Business Day of any month shall be payable on the date of conversion.

Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period.

Interest accrued on each Euro-Canadian Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Euro-Canadian Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Euro-Canadian Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period.

Interest, Commitment Fees and LC Fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

2.16. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Commitment reduction notice, Borrowing Notice,

Conversion/Continuation Notice, and repayment notice received by it hereunder. Promptly after notice from the LC Issuer, the Administrative Agent will notify each Tranche A Lender of the contents of each request for issuance of a Facility LC hereunder. The Administrative Agent will notify each Tranche A Lender and the Borrower of the interest rate applicable to each Eurodollar Advance after determination of such interest rate and will notify the Tranche B Lender and the Borrower of the interest rate applicable to each Euro-Canadian Advance after determination of such interest rate, and will give each Tranche A Lender and the Borrower notice of each change in the Alternate Base Rate.

2.17. Lending Installations. Each Lender may book its Loans and its participation in any LC Obligations and the LC Issuer may book the Facility LCs at any Lending Installation selected by such Lender or the LC Issuer, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Facility LCs, participations in LC Obligations and any Notes issued hereunder shall be deemed held by each Lender or the LC Issuer, as the case may be, for the benefit of any such Lending Installation. Each Lender and the LC Issuer may, by written notice to the Administrative Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it or Facility LCs will be issued by it and for whose account Loan payments or payments with respect to Facility LCs are to be made.

2.18. Non-Receipt of Funds by the Administrative Agent. Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.19 Market Disruption. Notwithstanding the satisfaction of all conditions referred to in Article II and Article IV with respect to any Tranche B Advance in Canadian Dollars, if there shall occur on or prior to the date of such Tranche B Advance any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which would in the reasonable opinion of the Administrative Agent or the Tranche B Lender make it impracticable for the Euro-Canadian Loans comprising such Tranche B Advance to be denominated in Canadian Dollars then the Administrative Agent shall forthwith give notice thereto to the Borrower and the Lenders, and such Loans shall not be made.

2.20 Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from the Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's main Chicago office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of the Borrower in respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, the Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 12.2, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to the Borrower.

2.21. Facility LCs.

2.21.1. Issuance. The LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby and commercial letters of credit (each, a "Facility LC") and to renew, extend, increase, decrease or otherwise modify each Facility LC ("Modify," and each such action a "Modification"), from time to time from and including the date of this Agreement and prior to the Facility Termination Date upon the request of the Borrower; provided that immediately after each such Facility LC is issued or Modified, (i) the aggregate amount of the outstanding LC Obligations shall not exceed US $25,000,000.00 and (ii) the Aggregate Outstanding Tranche A Credit Exposure shall not exceed the Aggregate Tranche A Commitment. No Facility LC shall have an expiry date later than the earlier of (x) the fifth Business Day prior to the Facility Termination Date and (y) one year after its issuance; provided that a Facility LC may provide for consecutive one-year extensions with a final maturity no later than the Fifth Business Day prior to the Facility Termination Date.

2.21.2. Participations. Upon the issuance or Modification by the LC Issuer of a Facility LC in accordance with this Section 2.21, the LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Tranche A Lender, and each Tranche A Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the LC

Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Tranche A Share.

2.21.3. Notice. Subject to Section 2.21.1, the Borrower shall give the LC Issuer notice prior to 11:00 a.m. (Chicago time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the LC Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Tranche A Lender, of the contents thereof and of the amount of such Tranche A Lender's participation in such proposed Facility LC. The issuance or Modification by the LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which the LC Issuer shall have no duty to ascertain), be subject to the conditions precedent that such Facility LC shall be satisfactory to the LC Issuer and that the Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the LC Issuer shall have reasonably requested (each, a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

2.21.4. LC Fees. (i) The Borrower shall pay to the Administrative Agent, for the account of the Tranche A Lenders ratably in accordance with their respective Pro Rata Tranche A Shares with respect to each standby and commercial Facility LC, a quarterly letter of credit fee at a per annum rate calculated pursuant to the Pricing Schedule, on the face amount of such standby or commercial Facility LC, such fee to be payable in arrears within ten (10) days after each Payment Date.

(ii) The Borrower shall also pay to the LC Issuer for its own account a quarterly fronting fee for each standby and commercial Facility LC in the amount of .25% on the face amount of such standby or commercial Facility LC, such fee to be payable in arrears within ten (10) days after each Payment Date, and shall also pay documentary and processing charges in connection with the issuance or Modification of and draws under standby and commercial Facility LCs in accordance with the LC Issuer's standard schedule for such charges as in effect from time to time.

(iii) Each fee described in this Section 2.21.4. shall constitute an "LC Fee".

2.21.5. Administration; Reimbursement by Lenders. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Borrower and each other Tranche A Lender as to the amount to be paid by the LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuer to the Borrower and each Tranche A Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be

in conformity in all material respects with such Facility LC. The LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs as it does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the LC Issuer, each Tranche A Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse the LC Issuer on demand for (i) such Lender's Pro Rata Tranche A Share of the amount of each payment made by the LC Issuer under each Facility LC to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.21.6 below, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Chicago time) on such date, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Effective Rate for the first three days and, thereafter, at a rate of interest equal to the rate applicable to Floating Rate Advances.

2.21.6. Reimbursement by Borrower. The Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuer on or before the applicable LC Payment Date for any amounts to be paid by the LC Issuer upon any drawing under any Facility LC, without presentment, demand, protest or other formalities of any kind; provided that neither the Borrower nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrower or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC or (ii) the LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request complying in all material respects with the terms and conditions of such Facility LC. All such amounts paid by the LC Issuer and remaining unpaid by the Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to (x) the rate applicable to Floating Rate Advances for such day if such day falls on or before the applicable LC Payment Date and (y) the sum of 2% plus the rate applicable to Floating Rate Advances for such day if such day falls after such LC Payment Date. The LC Issuer will pay to each Tranche A Lender ratably in accordance with its Pro Rata Tranche A Share all amounts received by it from the Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by the LC Issuer, but only to the extent such Lender has made payment to the LC Issuer in respect of such Facility LC pursuant to Section 2.21.5. Subject to the terms and conditions of this Agreement (including without limitation the submission of a Borrowing Notice in compliance with Section 2.8 and the satisfaction of the applicable conditions precedent set forth in Article IV), the Borrower may request an Advance hereunder for the purpose of satisfying any Reimbursement Obligation.

2.21.7. Obligations Absolute. The Borrower's obligations under this Section 2.21 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against the LC Issuer, any Tranche A Lender or any beneficiary of a Facility LC.

The Borrower further agrees with the LC Issuer and the Tranche A Lenders that the LC Issuer and the Tranche A Lenders shall not be responsible for, and the Borrower's Reimbursement Obligation in respect of any Facility LC shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of the Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. The Borrower agrees that any action taken or omitted by the LC Issuer or any Tranche A Lender under or in connection with each Facility LC and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Borrower and shall not put the LC Issuer or any Tranche A Lender under any liability to the Borrower. Nothing in this Section 2.21.7 is intended to limit the right of the Borrower to make a claim against the LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.21.6.

2.21.8. Actions of LC Issuer. The LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the LC Issuer. The LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Tranche A Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.21, the LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holders of a participation in any Facility LC.

2.21.9. Indemnification. The Borrower hereby agrees to indemnify and hold harmless each Tranche A Lender, the LC Issuer and the Administrative Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, costs or expenses which such Tranche A Lender, the LC Issuer or the Administrative Agent may incur (or which may be claimed against such Tranche A Lender, the LC Issuer or the Administrative Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any claims, damages, losses, liabilities, costs or expenses which the LC Issuer may incur by reason of or in connection with (i) the

failure of any other Tranche A Lender to fulfill or comply with its obligations to the LC Issuer hereunder (but nothing herein contained shall affect any rights the Borrower may have against any defaulting Tranche A Lender) or (ii) by reason of or on account of the LC Issuer issuing any Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the LC Issuer, evidencing the appointment of such successor Beneficiary; provided that the Borrower shall not be required to indemnify any Tranche A Lender, the LC Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.21.9 is intended to limit the obligations of the Borrower under any other provision of this Agreement.

2.21.10. Lenders' Indemnification. Each Tranche A Lender shall, ratably in accordance with its Pro Rata Tranche A Share, indemnify the LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.21 or any action taken or omitted by such indemnitees hereunder.

2.21.11. Facility LC Collateral Account. The Borrower agrees that it will, upon the request of the Administrative Agent or the Required Lenders and until the final expiration date of any Facility LC and thereafter as long as any amount is payable to the LC Issuer or the Tranche A Lenders in respect of any Facility LC, maintain a special collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "Facility LC Collateral Account") at the Administrative Agent's office at the address specified pursuant to Article XIII, in the name of such Borrower but under the sole dominion and control of the Administrative Agent, for the benefit of the Lenders and in which such Borrower shall have no interest other than as set forth in Section 8.1. The Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders and the LC Issuer, a security interest in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the Facility LC Collateral Account to secure the prompt and complete payment and performance of the Obligations. The Administrative Agent will invest any funds on deposit from time to time in the Facility LC Collateral Account in certificates of deposit of Bank One having a maturity not exceeding 30 days. Nothing in this Section 2.21.11 shall either obligate the Administrative Agent to require the Borrower to deposit any funds in the Facility LC Collateral Account or limit the right of the Administrative

Agent to release any funds held in the Facility LC Collateral Account in each case other than as required by Section 8.1.

2.21.12. Rights as a Lender. In its capacity as a Tranche A Lender, the LC Issuer shall have the same rights and obligations as any other Tranche A Lender.

2.22. Replacement of Lender. If the Borrower is required pursuant to Section 3.1, 3.2 or 3.5 to make any additional payment to any Lender or if any Lender's obligation to make or continue, or to convert Floating Rate Advances into, Eurodollar Advances shall be suspended pursuant to Section 3.3 (any Lender so affected an "Affected Lender"), the Borrower may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement, provided that no Default or Unmatured Default shall have occurred and be continuing at the time of such replacement, and provided further that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Administrative Agent shall agree, as of such date, to purchase for cash the Advances and other Obligations due to the Affected Lender pursuant to an assignment substantially in the form of Exhibit C and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (ii) the Borrower shall pay to such Affected Lender in same day funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender.

2.23. Limitation on Number of Loans. No more than eight (8) Tranche A Loans and no more than eight (8) Tranche B Loans may be outstanding at any time or from time to time.

ARTICLE III

YIELD PROTECTION; TAXES

3.1. Yield Protection. If, on or after the date of this Agreement, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation or the LC Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) subjects any Lender or any applicable Lending Installation or the LC Issuer to any Taxes, or changes the basis of taxation of payments (other than with respect to

Excluded Taxes) to any Lender or the LC Issuer in respect of its Eurodollar Loans, Euro-Canadian Loans, Facility LCs or participations therein, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or the LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances or Euro-Canadian Advances), or

(iii) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation or the LC Issuer of making, funding or maintaining its Eurodollar Loans or Euro-Canadian Loans, or of issuing or participating in Facility LCs, or reduces any amount receivable by any Lender or any applicable Lending Installation or the LC Issuer in connection with its Eurodollar Loans, Euro-Canadian Loans, Facility LCs or participations therein, or requires any Lender or any applicable Lending Installation or the LC Issuer to make any payment calculated by reference to the amount of Eurodollar Loans, Euro-Canadian Loans, Facility LCs or participations therein held or interest or LC Fees received by it, by an amount deemed material by such Lender or the LC Issuer as the case may be,

and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation or the LC Issuer, as the case may be, of making or maintaining its Eurodollar Loans or Euro-Canadian Loans or Commitment or of issuing or participating in Facility LCs or to reduce the return received by such Lender or applicable Lending Installation or the LC Issuer, as the case may be, in connection with such Eurodollar Loans, Euro-Canadian Loans, Commitment, Facility LCs, or participations therein, then, within 15 days of demand by such Lender, or the LC Issuer, as the case may be, the Borrower shall pay such Lender or the LC Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or the LC Issuer, as the case may be, for such increased cost or reduction in amount received accrued through the date of the demand.

3.2. Changes in Capital Adequacy Regulations. If a Lender or the LC Issuer determines the amount of capital required or expected to be maintained by such Lender or the LC Issuer, any Lending Installation of such Lender or the LC Issuer, or any corporation controlling such Lender or the LC Issuer is increased as a result of a Change, then, within 15 days of demand by such Lender or the LC Issuer, the Borrower shall pay such Lender or the LC Issuer the amount necessary to compensate for any shortfall, accrued through the date of the demand, in the rate of return on the portion of such increased capital which such Lender or the LC Issuer determines is attributable to this Agreement, its Outstanding Tranche A Credit Exposure, its outstanding Tranche B Loans, or its Commitment to make Loans and issue or participate in Facility LCs, as the case may be, hereunder (after taking into account such Lender's or the LC Issuer's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or

directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or the LC Issuer or any Lending Installation or any corporation controlling any Lender or the LC Issuer. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

3.3. Availability of Types of Advances. If any Tranche A Lender determines that maintenance of its Eurodollar Loans or the Tranche B Lender determines that maintenance of its Euro-Canadian Loans, at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Tranche A Lenders determine that (i) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (ii) the interest rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, or if the Tranche B Lender determines that (i) deposits of a type and maturity appropriate to match fund Euro-Canadian Advances are not available or (ii) the interest rate applicable to Euro-Canadian Advances does not accurately reflect the cost of making or maintaining Euro-Canadian Advances, then the Administrative Agent shall suspend the availability of Eurodollar Advances or Euro-Canadian Advances, as the case may be, and require any affected Eurodollar Advances or Euro-Canadian Advances, as the case may be, to be repaid or, in the case of Eurodollar Advances, converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.4. Funding Indemnification. If any payment of a Eurodollar Advance or Euro-Canadian Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance or Euro-Canadian Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, or the Applicable Margin is reset during an Interest Period, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance or Euro-Canadian Advance.

3.5. Taxes. (i) All payments by the Borrower to or for the account of any Lender, the LC Issuer or the Administrative Agent hereunder or under any Note or Facility LC Application shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender, the LC Issuer or the Administrative Agent, (a) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.5) such Lender, the LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (b) the Borrower shall make such deductions, (c) the Borrower shall pay the full amount deducted to the relevant authority in accordance with applicable law and (d)

the Borrower shall furnish to the Administrative Agent the original copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(ii) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any Note or Facility LC Application or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note or Facility LC Application ("Other Taxes").

(iii) The Borrower hereby agrees to indemnify the Administrative Agent, the LC Issuer, and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.5) paid by the Administrative Agent, the LC Issuer, or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Administrative Agent, the LC Issuer, or such Lender makes demand therefor pursuant to Section 3.6.

(iv) Each Lender that is not incorporated under the laws of the United States of America or a state thereof (each a "Non-U.S. Lender") agrees that it will, not more than ten Business Days after the date of this Agreement, (i) deliver to each of the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, and (ii) deliver to each of the Borrower and the Administrative Agent a United States Internal Revenue Form W-8 or W-9, as the case may be, and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by the Borrower or the Administrative Agent. All forms or amendments described in the preceding sentence shall certify that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form or amendment with respect to it and such Lender advises the Borrower and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(v) For any period during which a Non-U.S. Lender has failed to provide the Borrower with an appropriate form pursuant to clause (iv), above (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Non-U.S. Lender shall not be entitled to indemnification under this Section 3.5 with respect to Taxes imposed by the United States; provided that, should a

Non-U.S. Lender which is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (iv), above, the Borrower shall take such steps as such Non-U.S. Lender shall reasonably request to assist such Non-U.S. Lender to recover such Taxes.

(vi) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(vii) If the U.S. Internal Revenue Service or any other governmental authority of the United States or any other country or any political subdivision thereof asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this subsection, together with all costs and expenses related thereto (including attorneys fees and time charges of attorneys for the Administrative Agent, which attorneys may be employees of the Administrative Agent). The obligations of the Lenders under this Section 3.5(vii) shall survive the payment of the Obligations and termination of this Agreement.

3.6. Lender Statements; Survival of Indemnity. To the extent reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrower to such Lender under Sections 3.1, 3.2 and 3.5 or to avoid the unavailability of Eurodollar Advances under Section 3.3, so long as such designation is not, in the judgment of such Lender, disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Administrative Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE IV

CONDITIONS PRECEDENT

4.1. Initial Credit Extension. The Lenders shall not be required to make the initial Credit Extension hereunder unless the Borrower has furnished to the Administrative Agent with sufficient copies for the Lenders:

(i) Copies of the articles or certificate of incorporation of the Borrower, together with all amendments, which may be dated more than ninety (90) days from the hereof, and a certificate of good standing, dated within ninety (90) days of the date hereof, each certified by the appropriate governmental officer in its jurisdiction of incorporation.

(ii) Copies, certified by the Secretary or Assistant Secretary of the Borrower, of its by-laws and of its Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which the Borrower is a party.

(iii) An incumbency certificate, executed by the Secretary or Assistant Secretary of the Borrower, which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of the Borrower authorized to sign the Loan Documents to which the Borrower is a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Borrower.

(iv) A certificate, signed by the chief financial officer of the Borrower, stating that on the initial Credit Extension Date no Default or Unmatured Default has occurred and is continuing.

(v) A written opinion of counsel to the Borrower and the Guarantor, addressed to the Lenders in substantially the form of Exhibit A, together with such other opinions regarding perfection of security interests as the Administrative Agent may have reasonably requested.

(vi) Any Notes requested by a Lender pursuant to Section 2.13 payable to the order of each such requesting Lender.

(vii) Written money transfer instructions, in substantially the form of Exhibit D, addressed to the Administrative Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested.

(viii) Copies of documentation provided in Items (i), (ii), and (iii) (modified in the event of entities other than corporations) for each Guarantor.

(viii) Executed copies of the Collateral Documents together with evidence of filing of any UCC financing statements or amendments as required by the Administrative Agent.

(ix) Executed Guaranty.

(x) If the initial Credit Extension will be the issuance of a Facility LC, a properly completed Facility LC Application.

(xi) Such other documents as any Lender or its counsel may have reasonably requested.

4.2. Each Credit Extension. The Lenders shall not be required to make any Credit Extension unless on the applicable Credit Extension Date:

(i) There exists no Default or Unmatured Default.

(ii) The representations and warranties contained in Article V are true and correct as of such Credit Extension Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

(iii) All legal matters incident to the making of such Credit Extension shall be satisfactory to the Lenders and their counsel.

(iv) All Commitment Fees, LC Fees, and other fees then due to the Administrative Agent, the LC Issuer, and the Lenders under the Prior Credit Agreement, this Agreement, and the fee letter referenced in Section 10.13, shall have been paid.

Each Borrowing Notice or request for issuance of a Facility LC with respect to each such Credit Extension shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2(i) and (ii) have been satisfied. Any Lender may require a duly completed compliance certificate in substantially the form of Exhibit B as a condition to making a Credit Extension.

4.3. Closing Date. The Administrative Agent shall notify the Borrower. the Guarantors, and the Lenders of the Closing Date for purposes of this Agreement, (including, but not limited to the determination of the Facility Termination Date), the Guaranty, and the Collateral Documents.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

5.1. Existence and Standing. Each of the Borrower and its Subsidiaries is a corporation, (in the case of Subsidiaries only) partnership or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

5.2. Authorization and Validity. Each of the Borrower and each Guarantor has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by the Borrower and each Guarantor of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents to which the Borrower is a party constitute legal, valid and binding obligations of the Borrower and each Guarantor enforceable against the Borrower and each Guarantor in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3. No Conflict; Government Consent. Neither the execution and delivery by the Borrower and each Guarantor of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or any of its Subsidiaries or (ii) the Borrower's or any Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which the Borrower or any of its Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower or a Subsidiary pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower or any of its Subsidiaries, is required to be obtained by the Borrower or any of its Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4. Financial Statements. The September 30, 2001 consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered to the Lenders were prepared in accordance with United States generally accepted accounting principles as applicable to quarterly financial statements in effect on the date such statements were prepared, and fairly present the consolidated financial condition and operations of the Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended.

5.5. Material Adverse Change. Since September 30, 2001 there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of the Borrower and its Subsidiaries which could reasonably be expected to have a Material Adverse Effect other than as reflected in the draft consolidated statements of operations for the year ending December 31, 2001 previously delivered to the Administrative Agent.

5.6. Taxes. The Borrower and its Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Borrower or any of its Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with Agreement Accounting Principles and as to which no Lien exists. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of any taxes or other governmental charges are adequate. Each of its Subsidiaries that is a limited liability company qualifies for partnership tax treatment under United States federal tax law or, if any limited liability company does not qualify for partnership tax treatment, no additional tax liability would result therefrom.

5.7. Litigation and Contingent Obligations. Except as set forth on Schedule 4, there is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Borrower or any of its Subsidiaries for which adequate insurance coverage does not exist which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Credit Extensions. Other than any liability incident to any litigation, arbitration or proceeding which (i) could not reasonably be expected to have a Material Adverse Effect or (ii) is set forth on Schedule 4, neither Borrower nor any of its Subsidiaries has any material contingent obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8. Subsidiaries. Schedule 1 contains an accurate list of all Subsidiaries of the Borrower as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9. ERISA. The Unfunded Liabilities of all Single Employer Plans do not in the aggregate exceed $1,000,000.00. Neither the Borrower nor any other member of the Controlled Group has incurred, or is reasonably expected to incur, any withdrawal liability to Multiemployer Plans in excess of $1,000,000.00 in the aggregate. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has occurred with respect to any Plan, neither the Borrower nor any other member of the Controlled Group has withdrawn from any Plan or initiated steps to do so, and no steps have been taken to reorganize or terminate any Plan.

5.10. Accuracy of Information. No information, exhibit or report furnished by the Borrower or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

5.11. Regulation U. Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder.

5.12. Material Agreements. Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Material Indebtedness.

5.13. Compliance With Laws. The Borrower and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.14. Ownership of Properties. Except as set forth on Schedule 2, on the date of this Agreement, the Borrower and its Subsidiaries will have good title, free of all Liens other than those permitted by Section 6.15, to all of the Property and assets reflected in the Borrower's most recent consolidated financial statements provided to the Administrative Agent as owned by the Borrower and its Subsidiaries. To the extent that any UCC search results reflect unterminated financing statements for which no secured obligations are outstanding, the Borrower represents that such statements are not listed on Schedule 2, but will be terminated promptly upon request from the Administrative Agent.

5.15. Plan Assets; Prohibited Transactions. The Borrower is not an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of Credit Extensions hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

5.16. Environmental Matters. In the ordinary course of its business, the officers of the Borrower consider the effect of Environmental Laws on the business of the Borrower and its Subsidiaries, in the course of which they identify and evaluate potential risks and liabilities accruing to the Borrower due to Environmental Laws. On the basis of this consideration, the Borrower has concluded that Environmental Laws cannot reasonably be expected to have a

Material Adverse Effect. Neither the Borrower nor any Subsidiary has received any notice to the effect that its operations are not in material compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

5.17. Investment Company Act. Neither the Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.18. Public Utility Holding Company Act. Neither the Borrower nor any Subsidiary is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19. Subordinated Indebtedness. The Obligations and the Guaranty (including any Rate Management Obligations now or hereafter arising and any increases contemplated by Section 2.5.3) constitute senior indebtedness which is entitled to the benefits of the subordination provisions of all outstanding Subordinated Indebtedness, including, but not limited to, the provisions of the Subordinated Debentures and the guaranties of the Subordinated Debentures executed by the Material Domestic Subsidiaries.

5.20. Post-Retirement Benefits. The present value of the expected cost of post-retirement medical and insurance benefits payable by the Borrower and its Subsidiaries to its employees and former employees, as estimated by the Borrower in accordance with procedures and assumptions deemed reasonable by the Required Lenders, does not exceed $500,000.00.

5.21. Insurance. The certificate issued by the broker(s) placing the property and casualty insurance for the Borrower and its Subsidiaries furnished to the Administrative Agent on or before the date hereof attests to the existence and adequacy of, and summarizes in all material respects, the property and casualty insurance program carried by the Borrower with respect to itself and its Subsidiaries, and is complete and accurate in all material respects.

5.22. Solvency. (i) Immediately after the consummation of the transactions to occur on the date hereof and immediately following the making of each Loan, if any, made on the date hereof and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries on a consolidated basis; (b) the present fair saleable value of the Property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such

debts and other liabilities become absolute and matured; (c) the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the date hereof.

(ii) The Borrower does not intend to, or to permit any of its Subsidiaries to, and does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

5.23. Take-or-Pay. The Borrower and its Subsidiaries have purchased sufficient quantities of mats under the SOLOCO Agreements as of the date hereof so that no "take or pay" obligation existed thereunder during calendar year 2001 or any prior year.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1. Financial Reporting. The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Lenders:

(i) Within 90 days after the close of each of its fiscal years, an unqualified audit report certified by independent certified public accountants acceptable to the Lenders, prepared in accordance with Agreement Accounting Principles on a consolidated basis for itself and its Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, accompanied by any management letter prepared by said accountants.

(ii) Within 45 days after the close of the first three quarterly periods of each of its fiscal years, for itself and its Subsidiaries, consolidated unaudited balance sheets as at the close of each such period and consolidated profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by an Authorized Officer.

(iii) Together with the financial statements required under Sections 6.1(i) and (ii), a compliance certificate in substantially the form of Exhibit B signed by an Authorized Officer showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.

(iv) Within 270 days after the close of each fiscal year, a statement of the Unfunded Liabilities of each Single Employer Plan, certified as correct by an actuary enrolled under ERISA, if applicable.

(v) As soon as possible and in any event within 10 days after the Borrower knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by an Authorized Officer of the Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto.

(vi) As soon as possible and in any event within 10 days after receipt by the Borrower, a copy of (a) any notice or claim to the effect that the Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by the Borrower, any of its Subsidiaries, or any other Person of any toxic or hazardous waste or substance into the environment, and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by the Borrower or any of its Subsidiaries which, in either case, could reasonably be expected to have a Material Adverse Effect.

(vii) Promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so furnished.

(viii) Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission.

(ix) Such other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

6.2. Use of Proceeds. The Borrower will, and will cause each Subsidiary to, use the proceeds of the Credit Extensions for general corporate purposes and Permitted Acquisitions. The Borrower will not, nor will it permit any Subsidiary to, use any of the proceeds of the Advances to purchase or carry any "margin stock" (as defined in Regulation U).

6.3. Notice of Default. The Borrower will, and will cause each Subsidiary to, give prompt notice in writing to the Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.4. Conduct of Business. The Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

6.5. Taxes. The Borrower will, and will cause each Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with Agreement Accounting Principles. Any Subsidiary that is organized as a limited liability company will qualify for partnership income tax treatment under United States federal tax law, provided, however, that state income tax treatment may vary based upon individual state laws.

6.6. Insurance. The Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts and covering such risks as is consistent with sound business practice, and the Borrower will furnish to any Lender upon request full information as to the insurance carried.

6.7. Compliance with Laws. The Borrower will, and will cause each Subsidiary to, comply in all material respects with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws.

6.8. Maintenance of Properties. The Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

6.9. Inspection. The Borrower will, and will cause each Subsidiary to, permit the Administrative Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of the Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate.

6.10. Dividends. The Borrower will not, nor will it permit any Subsidiary to, declare or pay any dividends or make any distributions on its capital stock (other than dividends payable in its own capital stock) or redeem, repurchase or otherwise acquire or retire any of its capital stock at any time outstanding, except:

(i) any Subsidiary may declare and pay dividends or make distributions to the Borrower or to a Wholly-Owned Subsidiary;

(ii) the Borrower may pay cash dividends on its Existing Preferred Stock; provided, however, that no cash dividends may be paid unless (x) the Leverage Ratio has been at or below 2.75 to 1.00 for two consecutive fiscal quarters and (y) there is no Default or Unmatured Default and none would result from such payment; and

(iii) the Borrower may repurchase or redeem its capital stock from time to time, not in excess of an aggregate of $10,000,000.00 from the Closing Date to the Facility Termination Date; provided, however, that no repurchase or redemption may be made unless (x) the Leverage Ratio has been at or below 2.75 to 1.00 for two consecutive fiscal quarters and (y) there is no Default or Unmatured Default and none would result from such repurchase or redemption.

6.11. Indebtedness. The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

(i) The Loans and the Reimbursement Obligations.

(ii) Indebtedness existing on the date hereof and described in Schedule 2, including the Contingent Obligations in amounts not in excess of that described in Schedule 3.

(iii) Indebtedness with respect to any currently existing Synthetic Leases.

(iv) Purchase money Indebtedness arising from the acquisition of Property for the Borrower or any Subsidiary, not in excess of $1,000,000.00 prior to the Facility Termination Date.

(v) Indebtedness arising in connection with Permitted Acquisitions.

(vi) Indebtedness arising after the date of this Agreement in a maximum principal amount of $5,000,000.00.

(vii) Indebtedness not in excess of a maximum principal amount of $7,000,000.00 in connection with the relocation of the Excalibar Minerals Inc. Houston, Texas facility, provided that the term of such Indebtedness is approximately ten years, and provided that the terms and conditions of such Indebtedness are no more restrictive than the terms of this Agreement.

6.12. Merger. The Borrower will not, nor will it permit any Subsidiary to, merge or consolidate with or into any other Person, except that a Subsidiary may merge into the Borrower or a Wholly-Owned Subsidiary of the Borrower.

6.13. Sale of Assets.

6.13.1. Limitations on Sales. The Borrower will not, nor will it permit any Subsidiary to, lease, sell or otherwise dispose of its Property to any other Person, except:

(i) Sales or leases of inventory in the ordinary course of business.

(ii) Leases, sales or other dispositions of its Property that, together with all other Property of the Borrower and its Subsidiaries previously leased, sold or disposed of (other than inventory in the ordinary course of business) as permitted by this Section during the twelve-month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Substantial Portion of the Property of the Borrower and its Subsidiaries.

6.13.2. Prepayment of Loans. Upon any lease, sale, or other disposition of Property by Borrower or any Subsidiary (other than sales or leases of inventory in the ordinary course of business) Borrower shall, within thirty days, prepay the Loans ratably in proportion to their respective Pro Rata Shares of the Aggregate Outstanding Credit Exposure in an amount equal to 100% of the net proceeds after deduction of taxes arising from the sale or lease and expenses related to the sale, provided:

(i) Borrower may reinvest the net proceeds in comparable Property within a reasonable period of time in lieu of prepaying the Loans.

(ii) Borrower may retain up to $150,000.00 of un-reinvested net proceeds in any calendar year.

(iii) In the event that the net proceeds from all leases, sales, or other dispositions of Property (other than sales or leases of inventory in the ordinary course of business) from the Closing Date through the Facility Termination Date are less than $1,500,000.00, Borrower shall prepay only the Tranche A Loans ratably in proportion to their respective Pro Rata Tranche A Shares of the Aggregate Tranche A Outstanding Credit Exposure.

6.14. Investments and Acquisitions. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except:

(i) Cash Equivalent Investments.

(ii) Existing Investments in Subsidiaries and other Investments in existence on the date hereof and described in Schedule 1.

(iii) Permitted Acquisitions.

(iv) Investments after the date hereof in entities that are or become Guarantors hereunder.

(v) Investments after the date hereof in Newpark Canada Inc. and any other Canadian Subsidiaries acquired after the date hereof, not in excess of the aggregate of $20,000,000.00 outstanding from time to time.

6.15. Liens. The Borrower will not, nor will it permit any Subsidiary to, create, incur, grant, assume, or suffer to exist any Lien in, of or on any of the present or future Property of the Borrower or any of its Subsidiaries, regardless of whether any of such present or future Property is or is required to be subjected to a Lien in favor of the Administrative Agent for the benefit of the Lenders, except:

(i) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books.

(ii) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on its books.

(iii) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

(iv) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Borrower or its Subsidiaries.

(v) Liens existing on the date hereof and described in Schedule 2.

(vii) Liens in favor of the Administrative Agent, for the benefit of any of the Lenders, granted pursuant to any Collateral Document.

(viii) Liens securing Indebtedness incurred under Section 6.11 (iii), (iv), (vi), and (vii) hereof and existing Liens affecting property of any Permitted Acquisition under Section 6.11 (v) hereof.

(ix) Liens on personal property leased by Borrower or a Subsidiary under an Operating Lease.

6.16. Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arms-length transaction.

6.17. Amendments to Agreements. The Borrower will not, and will not permit any Subsidiary to, (i) amend if the result would be to waive or release rights of the Borrower or any Subsidiary under, or (ii) terminate, the SOLOCO Agreements or any material licenses (whether the Borrower is the licensor or the licensee), permits, patents, trademark registrations, or copyright registrations.

6.18. Subordinated Indebtedness. The Borrower will not, and will not permit any Subsidiary to, make any amendment or modification to the indenture, note or other agreement evidencing or governing any Subordinated Indebtedness, or directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Subordinated Indebtedness. The Borrower shall not permit any Subsidiary to amend or otherwise change its guarantee in respect of the Subordinated Indebtedness or any agreements relating to the Subordinated Indebtedness, nor shall the Borrower make, or permit any Subsidiary to make, any payment consistent with an amendment thereof or change thereto, if the effect of such amendment or change is to increase the interest rate on such Subordinated Indebtedness, change any dates upon which payments of principal or interest are due thereon, change any of the covenants with respect thereto in a manner which is more restrictive to the Borrower or any of its Subsidiaries, change any event of default or condition to an event of default with respect thereto, change the redemption, prepayment or defeasance provisions thereof, change the subordination provisions thereof, or change any collateral therefor (other than to release such collateral) or if the effect of such amendment or change, together with all other amendments or changes made, is to increase the obligations of the Borrower thereunder or to confer any additional rights on the holders of such Subordinated Indebtedness (or a trustee or other representative on their behalf) which would be adverse to the Lenders. Anything in this Section 6.18 to the contrary notwithstanding, Borrower and its Subsidiaries shall have the right, without being in violation of this Section 6.18, (i) to obtain consents under the provisions of the Indenture to permit any actions or inactions that are otherwise permitted under this Agreement and (ii) to obtain waivers of any default or events of default under the Indenture. Without limitation of the foregoing, the Borrower shall not make (or give any notice in respect of) any voluntary or optional payment or prepayment or redemption or defeasance of or with respect to the Subordinated Indebtedness or any portion thereof without the consent of all of the Lenders.

6.19. Sale of Accounts. The Borrower will not, nor will it permit any Subsidiary to, sell or otherwise dispose of any notes receivable or accounts receivable, with or without recourse.

6.20. Sale and Leaseback Transactions and other Off-Balance Sheet Liabilities. The Borrower will not, nor will it permit any Subsidiary to, enter into or suffer to exist any (i) Sale and Leaseback Transaction, other than the sale and lease back of the Lafayette office building at

207 Town Center Parkway, Lafayette, Louisiana, or (ii) any other transaction pursuant to which it incurs or has incurred Off-Balance Sheet Liabilities.

6.21. Contingent Obligations. The Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except (i) by endorsement of instruments for deposit or collection in the ordinary course of business, (ii) the Reimbursement Obligations, (iii) the Guaranty, and (iv) those described on Schedule 3.

6.22. Letters of Credit. The Borrower will not, nor will it permit any Subsidiary to, apply for or become liable upon or in respect of any Letter of Credit other than Facility LCs.

6.23. Negative Pledge. Other than as set forth in Section 6.15 and other than as set forth in the existing Subordinated Indebtedness, the Borrower shall not enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement prohibiting or conditioning the creation or assumption of any Lien upon any of its property or assets.

6.24. Financial Covenants.

6.24.1. Fixed Charge Coverage Ratio. The Borrower will not permit the ratio, determined as of the end of each of its fiscal quarters, of (i) Consolidated EBITDA for the fiscal quarter then ended, minus (ii) $1,500,000.00 for maintenance capital expenditures for the fiscal quarter then ended, minus (iii) the average of stock repurchases and/or retirements permitted under Section 6.10 over the immediately preceding four fiscal quarters to (x) Consolidated Interest Expense for the fiscal quarter then ended, plus (y) scheduled principal payments on Consolidated Indebtedness for the fiscal quarter then ended, plus (z) cash dividends on Existing Preferred Stock paid during the fiscal quarter then ended, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be less than the following:

Quarters ending:	Ratio:
December 31, 2001	3.00 to 1.00
March 31, 2002	2.50 to 1.00
June 30, 2002	2.50 to 1.00
September 30, 2002	2.75 to 1.00
All quarters ending thereafter	3.00 to 1.00

6.24.2. Leverage Ratio. The Borrower will not permit the ratio, determined as of the end of each of its fiscal quarters, of (i) Consolidated Funded Indebtedness to (ii) Consolidated EBITDA at the end of each of its fiscal quarters, annualized, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be greater than the following:

Quarters ending:	Ratio:
December 31, 2001	3.00 to 1.00
March 31, 2002	3.50 to 1.00
June 30, 2002	3.50 to 1.00
September 30, 2002	3.25 to 1.00
December 31, 2002	3.00 to 1.00
All quarters ending thereafter	2.75 to 1.00

6.24.3. Senior Indebtedness Leverage Ratio. The Borrower will not permit the ratio, determined as of the end of each of its fiscal quarters, of (i) Consolidated Funded Indebtedness less Subordinated Indebtedness to (ii) Consolidated EBITDA at the end of each of its fiscal quarters, annualized, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be greater than 1.50 to 1.00.

6.24.4. Minimum Net Worth. The Borrower will at all times maintain Consolidated Tangible Net Worth of not less than $155,000,000.00 plus (a) 75% of Consolidated Net Income for each fiscal quarter beginning with the fiscal quarter ending on March 31, 2002, during which Consolidated Net Income is positive, but without reductions for any fiscal quarters during which Consolidated Net Income is negative, plus (b) 100% of the Net Cash Proceeds from the issuance of any capital stock, warrants or options to purchase capital stock or other equity interest on and after Closing, plus (c) without duplication of the preceding clause (b), 100% of any increase in Consolidated Net Worth from the conversion of any debt to equity, the issuance of any capital stock, warrants or options to purchase capital stock or other equity interest, and any other transaction the effect of which is to increase Consolidated Tangible Net Worth.

6.25. Material Domestic Subsidiary. Promptly upon acquiring a Material Domestic Subsidiary, or promptly upon any Subsidiary becoming a Material Domestic Subsidiary, Borrower shall cause such Material Domestic Subsidiary to execute the Guaranty and the Security Documents.

6.26. Equity Proceeds. Within thirty (30) days after the issuance of stock or securities of Borrower or any Subsidiary, other than pursuant to the exercise of employee stock options Borrower shall prepay the Loans ratably in proportion to their respective Pro Rata Shares of the Aggregate Outstanding Credit Exposure in an amount equal to 100% of the net proceeds thereof; provided, in the event that such net proceeds from the Closing Date through the Facility Termination Date are less than $1,500,000.00, Borrower shall prepay only the Tranche A Loans ratably in proportion to their respective Pro Rata Tranche A Shares of the Aggregate Tranche A Outstanding Credit Exposure.

6.27. Environmental Matters.

6.27.1. Environmental Compliance.

(i) The Borrower and each Guarantor will comply with and will use its best efforts to cause its agents, contractors and sub-contractors (while such Persons are acting within the scope of their contractual relationship with the Borrower and the Guarantors) to so comply with (A) all applicable environmental, health and safety laws, codes and ordinances, and all rules and regulations promulgated thereunder of all Governmental Authorities and (B) the terms and conditions of all applicable permits, licenses, certificates and approvals of all Governmental Authorities now or hereafter granted or obtained with respect to properties owned or operated by the Borrower or any Guarantor unless such compliance would violate the laws or regulations of the jurisdictions in which the assets are located.

(ii) The Borrower and each Guarantor will use its best efforts and safety practices to prevent the unauthorized release, discharge, disposal, escape or spill of Hazardous Substances on or about properties owned or operated by the Borrower or the Guarantors.

6.27.2. Environmental Notifications. The Borrower and each Guarantor shall notify the Administrative Agent within five (5) Business Days of any of the following events occurring after the date of this Agreement:

(i) Any written notification made by Borrower or any Guarantor to any federal, state or local environmental agency required under any federal, state or local environmental statute, regulation or ordinance relating to a spill or unauthorized discharge or release of any Hazardous Substance to the environment at, from, or as a result of any operations on, the properties and operations owned or operated by the Borrower and any Guarantor.

(ii) Knowledge by an officer of the Borrower or any Guarantor of receipt of service by Borrower or such Guarantor of any complaint, compliance order, compliance schedule, notice letter, notice of violation, citation or other similar notice or any judicial demand by any court, federal, state or local environmental agency, alleging (A) any spill, unauthorized discharge or release of any Hazardous Substance to the environment from, or as a result of the operations on, the properties owned or operated by the Borrower or such Guarantor or (B) violations of applicable laws, regulations or permits regarding the generation, storage, handling, treatment, transportation, recycling, release or disposal of Hazardous Substances on or as a result of operations on the properties and operations owned or operated by the Borrower or such Guarantor.

(iii) It is understood by the parties hereto that the aforementioned notices are solely for the Administrative Agent's and the Lender's information, may not otherwise be required by any federal, state or local environmental laws, regulations or ordinances, and are to be considered confidential information by the Lenders and the Administrative Agent.

(iv) The term "environmental agency" as used herein shall include, but not be limited to, the United States Environmental Protection Agency, the United States Coast Guard, the United States Mineral Management Service, the United States Department of Transportation (in its administration of the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1801, et seq.), the Louisiana Department of Natural Resources, the Railroad Commission of the State of Texas, the Texas Natural Resource Conservation Commission and other analogous or similar Governmental Authorities regulating or administering statutes, regulations or ordinances relating to or imposing liability or standards of conduct concerning the generation, storage, use, production, transportation, handling, treatment, recycling, release or disposal of any Hazardous Substance.

6.27.3. Environmental Indemnifications.

(i) The Borrower and the Guarantors hereby agree, jointly and severally, to indemnify and hold the Administrative Agent and each Lender harmless from and against any and all claims, losses, liability, damages and injuries of any kind whatsoever asserted against the Administrative Agent and the Lenders with respect to or as a direct result of the presence, escape, seepage, spillage, release, leaking, discharge or migration from any properties owned or operated by the Borrower or any Guarantor of any Hazardous Substance, including without limitation, any claims asserted or arising under any applicable environmental, health and safety laws, codes and ordinances, and all rules and regulations promulgated thereunder of all Governmental Authorities, regardless of whether or not caused by or within the control of the Borrower or any Guarantor.

(ii) It is the parties' understanding that the Administrative Agent and the Lenders do not now, have never and do not intend in the future to exercise any operational control or maintenance over the properties and operations owned or operated by the Borrower or any Guarantor, nor have they in the past, presently, or intend in the future to, maintain an ownership interest in the properties owned or operated by the Borrower or any Guarantor except as may arise upon enforcement of the rights under the Security Instruments.

6.28. Collateral; Guaranty. The Borrower shall, and shall cause each Material Domestic Subsidiary, including any Subsidiary that becomes a Material Domestic Subsidiary hereafter to, execute Collateral Documents in form and substance satisfactory to Administrative Agent, to provide a valid, perfected, first priority security interest in all present and future Collateral securing all Secured Obligations, pari passu. The Borrower and each Material Domestic Subsidiary shall execute such further and additional security agreements, financing statements, and amendments thereto as may be necessary to perfect or continue the perfection and validity of any Collateral Document, including any that may be necessary as a result of the effectiveness, in any jurisdiction, of revised article 9 of the Uniform Commercial Code. If requested by Administrative Agent at any time, the Borrower shall, and shall cause each Material Domestic Subsidiary, to deliver to Administrative Agent, all certificated securities and other property as may be necessary for the attachment or perfection of any security interest. The Borrower shall cause each Material Domestic Subsidiary, including any Subsidiary that becomes a Material

Domestic Subsidiary hereafter, to execute the Guaranty. Each such Subsidiary shall be permitted to execute a subordinated guaranty of the Subordinated Debentures at or after the time at which the Guaranty is executed, provided such guaranty shall be subordinate in all respect to the Guaranty.

6.29. Permitted Acquisitions. The Borrower will not, and will not permit any Subsidiary to, make Acquisitions if the cumulative aggregate cash consideration (defined as total net cash to be paid, plus Indebtedness and Contingent Obligations to be assumed in connection with any Acquisition, plus the Acquisition costs associated with such Acquisitions exceeds $15,000,000 through the Facility Termination Date. The Borrower will not, and will not permit any Subsidiary to, make other Acquisitions unless (i) the acquisition target is in the same or similar line of business as Borrower and its subsidiaries; (ii) the Borrower or a Domestic Subsidiary is the surviving entity holding one hundred percent (100%) of the capital stock or membership interests in the Acquisition target; (iii) no Default or Unmatured Default shall exist before or after any Acquisition; (iv) all Acquisitions shall be completed in accordance with applicable laws; (v) Administrative Agent shall be provided with satisfactory opinions with regard to any acquisition as it may request; (vi) the terms of Section 6.28 or 6.31 as the case may be, are satisfied, and (vii) the board of directors of the Acquisition target approves the Acquisition.

6.30. Permitted Financial Contracts. The Borrower will not, and will not permit any Subsidiary to, enter into any Financial Contracts other than Financial Contracts complying with the provisions of this Section 6.30. The Borrower may enter into Financial Contracts that constitute interest rate swaps provided (i) they do not exceed an aggregate notional amount of 100% of the Indebtedness that is projected to be incurred during the term of such Financial Contract and (ii) they are for a term of three (3) years or less. The Borrower may enter into Financial Contracts that constitute currency swap transactions of Canadian Dollars provided (y) they do not exceed an aggregate notional amount of 100% of all Canadian Dollar loans reasonably projected to be outstanding from Borrower to Newpark Canada, Inc. and any other Canadian Subsidiaries, together with all investments by Borrower in such entities permitted under Section 6.14(v) during the term of such Financial Contract minus the aggregate principal amount (stated in Canadian Dollars) of all Tranche B Loans reasonably projected to be outstanding during the term of such Financial Contract, and (z) they are for a term of three (3) years or less.

6.31. Material Foreign Subsidiary. Promptly upon acquiring a Material Foreign Subsidiary, or promptly upon any Subsidiary becoming a Material Foreign Subsidiary, Borrower shall, in the case of any Subsidiary that is a Canadian entity, pledge at least 65% but just less than 66-2/3% of the capital stock on such terms and conditions and with such priority as may be required by the Administrative Agent, and in the case of any Subsidiary formed under the laws of any other country, take such actions in order to pledge security and/or capital stock or equity interest of such Subsidiary as the Administrative Agent shall require.

6.32. SOLOCO Agreements. The Borrower shall comply with the material terms and conditions of the SOLOCO Agreements and shall purchase at least the minimum number of mats as may be required thereunder to maintain exclusive license under the SOLOCO Agreements.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1. Any representation or warranty made or deemed made by or on behalf of the Borrower or any of its Subsidiaries to the Lenders or the Administrative Agent under or in connection with this Agreement, any Credit Extension, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

7.2. Nonpayment of principal of any Loan when due, or nonpayment of any Reimbursement Obligation within one Business Day after the same becomes due, or nonpayment of interest upon any Loan or of any Commitment Fee, LC Fee, or other obligations under any of the Loan Documents within five days after the same becomes due.

7.3. The breach by the Borrower of any of the terms or provisions of Article VI.

7.4. The breach by the Borrower (other than a breach which constitutes a Default under another Section of this Article VII) of any of the terms or provisions of this Agreement which is not remedied within five days after written notice from the Administrative Agent or any Lender.

7.5. Failure of the Borrower or any of its Subsidiaries to pay when due any Indebtedness aggregating in excess of $1,000,000.00 ("Material Indebtedness"); or the default by the Borrower or any of its Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any agreement under which any such Material Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which default or event is to cause, or to permit the holder or holders of such Material Indebtedness to cause, such Material Indebtedness to become due prior to its stated maturity; or any Material Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any of its Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6. The Borrower or any of its Subsidiaries shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or

reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (vi) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7. Without the application, approval or consent of the Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.6(iv) shall be instituted against the Borrower or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days.

7.8. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Borrower and its Subsidiaries which, when taken together with all other Property of the Borrower and its Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

7.9. The Borrower or any of its Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge one or more (i) judgments or orders for the payment of money in excess of $1,000,000.00 (or the equivalent thereof in currencies other than U.S. Dollars) in the aggregate, or (ii) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith.

7.10. The Unfunded Liabilities of all Single Employer Plans shall exceed in the aggregate $1,000,000.00 or any Reportable Event shall occur in connection with any Plan.

7.11. The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower or any other member of the Controlled Group as withdrawal liability (determined as of the date of such notification), exceeds $500,000.00 or requires payments exceeding $1,000,000.00 per annum.

7.12. The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrower and the other members of the Controlled Group (taken as a whole) to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding $1,000,000.00.

7.13. The Borrower or any of its Subsidiaries shall (i) be the subject of any proceeding or investigation pertaining to the release by the Borrower, any of its Subsidiaries or any other Person of any toxic or hazardous waste or substance into the environment, or (ii) violate any Environmental Law, which, in the case of an event described in clause (i) or clause (ii), could reasonably be expected to have a Material Adverse Effect.

7.14. Any Change in Control shall occur.

7.15. The occurrence of any "default", as defined in any Loan Document (other than this Agreement) or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default or breach continues beyond any period of grace therein provided.

7.16. Nonpayment by the Borrower or any Subsidiary of any Rate Management Obligation or any obligation under any Financial Contract when due or the breach by the Borrower or any Subsidiary of any term, provision or condition contained in any Financial Contract.

7.17. Any Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of any Guaranty to which it is a party, or any Guarantor shall deny that it has any further liability under any Guaranty to which it is a party, or shall give notice to such effect.

7.18. Any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any collateral purported to be covered thereby, except as permitted by the terms of any Collateral Document, or any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document, or the Borrower shall fail to comply with any of the terms or provisions of any Collateral Document.

7.19. The representations and warranties set forth in Section 5.15 ("Plan Assets; Prohibited Transactions") shall at any time not be true and correct.

7.20. The Borrower or any Subsidiary shall fail to pay when due any Operating Lease Obligation, obligation with respect to a Letter of Credit, obligation under a Sale and Leaseback Transaction or Contingent Obligation.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1. Acceleration; Facility LC Collateral Account. (i) If any Default described in Section 7.6 or 7.7 occurs with respect to the Borrower, the obligations (i) of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs shall automatically terminate and the Obligations shall immediately become due and payable without

any election or action on the part of the Administrative Agent, the LC Issuer or any Lender and the Borrower will be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Administrative Agent an amount in immediately available funds, which funds shall be held in the Facility LC Collateral Account, equal to the difference of (x) the amount of LC Obligations at such time, less (y) the amount on deposit in the Facility LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations (such difference, the "Collateral Shortfall Amount"). If any other Default occurs, the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) may (a) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Facility LCs, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives, and (b) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(ii) If at any time while any Default is continuing, the Administrative Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Administrative Agent may make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(iii) The Administrative Agent may at any time or from time to time after funds are deposited in the Facility LC Collateral Account, apply such funds first, to the payment of the LC Obligations, and then to the payment of the other Obligations and any other amounts as shall from time to time have become due and payable by the Borrower to the Lenders or the LC Issuer under the Loan Documents.

(iv) At any time while any Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Facility LC Collateral Account. After all of the Obligations have been indefeasibly paid in full and the Aggregate Commitment has been terminated, any funds remaining in the Facility LC Collateral Account shall be returned by the Administrative Agent to the Borrower or paid to whomever may be legally entitled thereto at such time.

(v) If, within 30 days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans and the obligation and power of the LC Issuer to issue Facility LCs hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to the Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2. Amendments. Subject to the provisions of this Article VIII, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of all of the Lenders:

(i) Extend the final maturity of any Loan, or extend the expiry date of any Facility LC to a date after the Facility Termination Date or postpone any regularly scheduled payment of principal of any Loan or forgive all or any portion of the principal amount thereof or any Reimbursement Obligation related thereto, or reduce the rate or extend the time of payment of interest or fees thereon or Reimbursement Obligations related thereto.

(ii) Reduce the percentage specified in the definition of Required Lenders.

(iii) Extend the Facility Termination Date or reduce the amount or extend the payment date for, the mandatory payments required under Section 2.2, or increase the amount of the Aggregate Commitment or of the Commitment of any Lender hereunder or the commitment to issue Facility LCs, or permit the Borrower to assign its rights under this Agreement.

(iv) Amend this Section 8.2.

(v) Release any Guarantor from its obligations under the Guaranty; or, except as provided in the Collateral Documents, release, or agree to subordinate the Lenders' Liens with respect to, all or substantially all of the Collateral.

No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent, and no amendment of any provision relating to the LC Issuer shall be effective without the written consent of the LC Issuer. The Administrative Agent may waive payment of the fee required under Section 12.3.2 without obtaining the consent of any other party to this Agreement.

8.3. Preservation of Rights. No delay or omission of the Lenders, the LC Issuer or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Credit Extension notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the LC Issuer and the Lenders until the Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1. Survival of Representations. All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, neither the LC Issuer nor any Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4. Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent, the LC Issuer and the Lenders and supersede all prior agreements and understandings among the Borrower, the Administrative Agent, the LC Issuer and the Lenders relating to the subject matter thereof other than the fee letter described in Section 10.13.

9.5. Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, provided, however, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6. Expenses; Indemnification. (i) The Borrower shall reimburse the Administrative Agent and the Arranger for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Administrative Agent, which attorneys may be employees of the Administrative Agent) paid or incurred by the Administrative Agent or the Arranger in connection with the preparation, negotiation, execution, delivery, syndication, distribution (including, without limitation, via the internet), review, amendment, modification, and administration of the Loan Documents. The Borrower also agrees to reimburse the Administrative Agent, the Arranger and the Lenders for any costs, internal charges and out-of-pocket expenses (including attorneys' fees and time charges of attorneys for the Administrative Agent, the Arranger, the LC Issuer and the Lenders, which attorneys may be

employees of the Administrative Agent, the Arranger, the LC Issuer or the Lenders) paid or incurred by the Administrative Agent, the Arranger, the LC Issuer or any Lender in connection with the collection and enforcement of the Loan Documents. Expenses being reimbursed by the Borrower under this Section include, without limitation, costs and expenses incurred in connection with the Reports described in the following sentence. The Borrower acknowledges that from time to time Bank One may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "Reports") pertaining to the Borrower's assets for internal use by Bank One from information furnished to it by or on behalf of the Borrower, after Bank One has exercised its rights of inspection pursuant to this Agreement.

(ii) The Borrower hereby further agrees to indemnify the Administrative Agent, the Arranger, the LC Issuer each Lender, their respective affiliates, and each of their directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Administrative Agent, the Arranger, the LC Issuer or any Lender or any affiliate is a party thereto) which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of, or breach of the provisions of Section 9.11 of this Agreement by, the party seeking indemnification. The obligations of the Borrower under this Section 9.6 shall survive the termination of this Agreement.

9.7. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

9.8. Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles, except that any calculation or determination which is to be made on a consolidated basis shall be made for the Borrower and all its Subsidiaries, including those Subsidiaries, if any, which are unconsolidated on the Borrower's audited financial statements.

9.9. Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10. No liability of Lenders. The relationship between the Borrower on the one hand and the Lenders, the LC Issuer and the Administrative Agent on the other hand shall be solely that of borrower and lender. Neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Administrative

Agent, the Arranger, the LC Issuer nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Administrative Agent, the Arranger, the LC Issuer nor any Lender shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11. Confidentiality. Each Lender agrees to hold any confidential information which it may receive from the Borrower pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, (vii) permitted by Section 12.4, and (viii) to the extent such information has become public other than through a breach of this Agreement by any Lender.

9.12. Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Credit Extensions provided for herein.

9.13. Disclosure. The Borrower and each Lender hereby (i) acknowledge and agree that Bank One and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower and its Affiliates and (ii) waive any liability of Bank One or such Affiliate to the Borrower or any Lender, respectively, arising out of or resulting from such investments, loans or relationships other than liabilities arising out of the gross negligence or willful misconduct of Bank One or its Affiliates.

ARTICLE X

THE AGENT

10.1. Appointment; Nature of Relationship. Bank One, NA is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Administrative Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with

the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Administrative Agent," it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Administrative Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of Section 9-102 of the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

10.2. Powers. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Administrative Agent.

10.3. General Immunity. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

10.4. No Responsibility for Loans, Recitals, etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Borrower or any guarantor of any of the Obligations or of any of the Borrower's or any such guarantor's respective Subsidiaries. The Administrative Agent shall have no duty to disclose to the Lenders information that is not required to be furnished by the Borrower to the Administrative Agent at such time, but is voluntarily furnished

by the Borrower to the Administrative Agent (either in its capacity as Administrative Agent or in its individual capacity).

10.5. Action on Instructions of Lenders. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6. Employment of Agents and Counsel. The Administrative Agent may execute any of its duties as Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

10.7. Reliance on Documents; Counsel. The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent.

10.8. Administrative Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrower for which the Administrative Agent is entitled to reimbursement by the Borrower under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or

between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, provided that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required pursuant to Section 3.5(vii) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Administrative Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders.

10.10. Rights as a Lender. In the event the Administrative Agent is a Lender, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitment and its Loans as any Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, at any time when the Administrative Agent is a Lender, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Subsidiaries in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. The Administrative Agent, in its individual capacity, is not obligated to be remain a Lender.

10.11. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arranger or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

10.12. Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, forty-five days after the retiring Administrative Agent gives notice of its intention to resign. The Administrative Agent may be removed at any time with or without cause by written notice received by the Administrative Agent from the Required Lenders, such removal to be effective on the date specified by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint, on behalf of

the Borrower and the Lenders, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Administrative Agent's giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Borrower and the Lenders, a successor Administrative Agent. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of the Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Administrative Agent hereunder. If the Administrative Agent has resigned or been removed and no successor Administrative Agent has been appointed, the Lenders may perform all the duties of the Administrative Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least $100,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Administrative Agent. Upon the effectiveness of the resignation or removal of the Administrative Agent, the resigning or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation or removal of an Administrative Agent, the provisions of this Article X shall continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Administrative Agent by merger, or the Administrative Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term "Prime Rate" as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Administrative Agent.

10.13. Administrative Agent and Arranger Fees. The Borrower agrees to pay to the Administrative Agent and the Arranger, for their respective accounts, the fees agreed to by the Borrower, the Administrative Agent and the Arranger pursuant to that certain letter agreement dated February 5, 2002, or as otherwise agreed from time to time.

10.14. Delegation to Affiliates. The Borrower and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles IX and X.

10.15. Execution of Collateral Documents. The Lenders hereby empower and authorize the Administrative Agent to execute and deliver to the Borrower on their behalf the Collateral Documents and all related financing statements and any financing statements, agreements, documents or instruments as shall be necessary or appropriate to effect the purposes of the Collateral Documents.

10.16. Collateral Releases and Subordinations. The Lenders hereby empower and authorize the Administrative Agent to execute and deliver to the Borrower on their behalf any agreements, documents or instruments as shall be necessary or appropriate to effect any releases or subordinations of Liens on Collateral which shall be permitted by the terms hereof or of any other Loan Document or on any Collateral on which any Lien permitted under Section 6.15 is to be placed or which shall otherwise have been approved by the Required Lenders (or, if required by the terms of Section 8.2, all of the Lenders) in writing.

10.17. Co-Agents, Documentation Administrative Agent, Syndication Administrative Agent, etc. Neither any of the Lenders identified in this Agreement as a "co-agent" nor the Documentation Administrative Agent or the Syndication Administrative Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to such Lenders as it makes with respect to the Administrative Agent in Section 10.11.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1. Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Secured Obligations owing to such Lender, whether or not the Secured Obligations, or any part thereof, shall then be due.

11.2. Ratable Payments; Tranche A. Prior to the occurrence of any Default or Unmatured Default, if any Tranche A Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Tranche A Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4, or 3.5) in a greater proportion than that received by any other Tranche A Lender, such Tranche A Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Tranche A Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Tranche A Share of the Aggregate Tranche A Outstanding Credit Exposure. If any Tranche A Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Tranche A Shares of the Aggregate Tranche A Outstanding Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

11.3. Ratable Payments. Prior to the occurrence of any Default or Unmatured Default in the case of payments under Sections 6.13 and 6.26, and upon the occurrence of any Default or Unmatured Default in all other cases, if any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure (other than payments received pursuant to Section 3.1, 3.2, 3.4, 3.5, or 8.1 (iii)) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Aggregate Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Shares of the Aggregate Outstanding Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1. Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns, except that (i) the Borrower shall not have the right to assign its rights or obligations under the Loan Documents and (ii) any assignment by any Lender must be made in compliance with Section 12.3. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; provided, however, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; provided, however, that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2. Participations.

12.2.1. Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Outstanding Credit Exposure of such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Outstanding Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

12.2.2. Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Credit Extension or Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.2 or of any other Loan Document.

12.2.3. Benefit of Setoff. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 and 11.3 as if each Participant were a Lender.

12.3. Assignments.

12.3.1. Permitted Assignments. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of Exhibit C or in such other form as may be agreed to by the parties thereto. The consent of the Borrower and the Administrative Agent and the LC Issuer shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof; provided, however, that if a Default has occurred and is continuing, the consent of the Borrower shall not be required. Such consent shall not be unreasonably withheld or delayed. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate thereof shall (unless each of the Borrower and the Administrative Agent

otherwise consents) be in an amount not less than the lesser of (i) $5,000,000.00 or (ii) the remaining amount of the assigning Lender's Commitment (calculated as at the date of such assignment) or outstanding Loans (if the applicable Commitment has been terminated).

12.3.2. Effect; Effective Date. Upon (i) delivery to the Administrative Agent of an assignment, together with any consents required by Section 12.3.1, and (ii) payment of a $3,500 fee to the Administrative Agent for processing such assignment (unless such fee is waived by the Administrative Agent), such assignment shall become effective on the effective date specified in such assignment. The assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Outstanding Credit Exposure under the applicable assignment agreement constitutes "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by the Borrower, the Lenders or the Administrative Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Commitment and Outstanding Credit Exposure assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.2, the transferor Lender, the Administrative Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

12.4. Dissemination of Information. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of the Borrower and its Subsidiaries, including without limitation any information contained in any Reports; provided that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5. Tax Treatment. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(iv).

ARTICLE XIII

NOTICES

13.1. Notices. Except as otherwise permitted by Section 2.14 with respect to borrowing notices, all notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of the Borrower or the Administrative Agent, at its address or facsimile number set forth on the signature pages hereof, (y) in the case of any Lender, at its address or facsimile number set forth below its signature hereto or (z) in the case of any party, at such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Borrower in accordance with the provisions of this Section 13.1. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered (or, in the case of electronic transmission, received) at the address specified in this Section; provided that notices to the Administrative Agent under Article II shall not be effective until received.

13.2. Change of Address. The Borrower, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIV

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower, the Administrative Agent, the LC Issuer and the Lenders and each party has notified the Administrative Agent by facsimile transmission or telephone that it has taken such action.

ARTICLE XV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1. CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS LOUISIANA, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2. CONSENT TO JURISDICTION. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR LOUISIANA STATE COURT SITTING IN NEW ORLEANS, LOUISIANA IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, THE LC ISSUER OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE ADMINISTRATIVE AGENT, THE LC ISSUER OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT, THE LC ISSUER OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW ORLEANS, LOUISIANA.

15.3. WAIVER OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT, THE LC ISSUER, AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Borrower, the Guarantors, the Lenders, the LC Issuer and the Administrative Agent have executed this Agreement as of the date first above written.

BORROWER:

NEWPARK RESOURCES, INC.

By: _____
John R. Dardenne, Sr.

Title: _____

3850 North Causeway Blvd., Suite 1770
Metairie, Louisiana 70002-1752
Attention: Mr. John R. Dardenne, Sr., Treasurer
Telephone: (504) 838-8222
Fax: (504) 833-9506

GUARANTORS:

EXCALIBAR MINERALS INC.,
MALLARD & MALLARD OF LA., INC.,
NEWPARK HOLDINGS, INC.,
SUPREME CONTRACTORS, L.L.C.,
NEWPARK DRILLING FLUIDS, LLC,
NEWPARK ENVIRONMENTAL SERVICES, L.L.C.,
NEWPARK ENVIRONMENTAL MANAGEMENT
COMPANY, L.L.C.,
NEWPARK TEXAS, L.L.C.,
EXCALIBAR MINERALS OF LA., L.L.C., and
SOLOCO, L.L.C.

By:

John R. Dardenne, Sr., Treasurer

BATSON MILL, L.P.,
NEWPARK ENVIRONMENTAL SERVICES OF
TEXAS, L.P.,
NEWPARK SHIPHOLDING TEXAS, L.P.,
NID, L.P.,
SOLOCO TEXAS, L.P.,
NES PERMIAN BASIN, L.P. and
NEWPARK ENVIRONMENTAL SERVICES
MISSISSIPPI, L.P.

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

By:

John R. Dardenne, Sr., Treasurer

Tranche A Commitment

$30,000,000.00

BANK ONE, NA,
(Main Office, Chicago)
Individually as a Lender and as
Administrative Agent and as LC Issuer

By:

Title: Director, Capital Markets

29th Floor
201 St. Charles Avenue
New Orleans, LA 70170
Attention: J. Charles Freel
Telephone: (504) 623-1638
Fax: (504) 623-6555

Tranche A Commitment
$20,000,000.00

CREDIT LYONNAIS NEW YORK BRANCH

By:

Title:

1301 Travis Street
Suite 2100
Houston, TX 77002
Attention: Joseph Maxwell
Telephone: 713-753-8706
Fax: 713-751-0307

With a Copy to:

1301 Travis Street
Suite 2100
Houston, TX 77002
Attention: Ting-Wei Lee
Telephone: 713-890-8638
Fax: 713-890-8668

Tranche A Commitment
$9,500,000.00

ROYAL BANK OF CANADA

By:

Tranche B Commitment
$5,500,000.00

Title: Manager

Royal Bank of Canada
2800 Post Oak Blvd., Suite 5700
Houston, TX 77056
Attention: Mr. Jason York
Telephone: (713) 403-5679
Fax: (713) 403-5624

Tranche A Commitment
$15,000,000.00

HIBERNIA NATIONAL BANK

By: _____

Title: Assistant Vice President

313 Carondelet Street
New Orleans, Louisiana 70130
Attention: Mr. David Maheu
Telephone: (504) 533-5396
Fax: (504) 533-2060

Tranche A Commitment
$10,000,000.00

COMERICA BANK

By:

Title: Assistant Vice President

4100 Spring Valley Road
Suite 400
Dallas, TX 75244
Attention: T. Bancroft Mattei
Telephone: (972) 361-2652
Fax: (972) 361-2550

Tranche A Commitment
$10,000,000.00

WHITNEY NATIONAL BANK

By:

Title:
---

228 St. Charles Avenue
New Orleans, LA 70130
Attention: Jesse Shannon
Telephone: (504) 552-4691
Fax: (504) 599-3073

With a Copy to:

228 St. Charles Avenue
New Orleans, LA 70130
Attention: Josh Jones
Telephone: (504) 552-4691
Fax: (504) 599-3073

PRICING SCHEDULE

Attached

EXHIBIT A

FORM OF OPINION
Attached

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE
Attached

EXHIBIT C

ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment Agreement") between _____ (the "Assignor") and _____ (the "Assignee") is dated as of _____, 19__ . The parties hereto agree as follows:

1. PRELIMINARY STATEMENT. The Assignor is a party to a Credit Agreement (which, as it may be amended, modified, renewed or extended from time to time is herein called the "Credit Agreement") described in Item 1 of Schedule 1 attached hereto ("Schedule 1"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement.

2. ASSIGNMENT AND ASSUMPTION. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement and the other Loan Documents, such that after giving effect to such assignment the Assignee shall have purchased pursuant to this Assignment Agreement the percentage interest specified in Item 3 of Schedule 1 of all outstanding rights and obligations under the Credit Agreement and the other Loan Documents relating to the facilities listed in Item 3 of Schedule 1. The aggregate Commitment (or Outstanding Credit Exposure, if the applicable Commitment has been terminated) purchased by the Assignee hereunder is set forth in Item 4 of Schedule 1.

3. EFFECTIVE DATE. The effective date of this Assignment Agreement (the "Effective Date") shall be the later of the date specified in Item 5 of Schedule 1 or two Business Days (or such shorter period agreed to by the Administrative Agent) after this Assignment Agreement, together with any consents required under the Credit Agreement, are delivered to the Administrative Agent. In no event will the Effective Date occur if the payments required to be made by the Assignee to the Assignor on the Effective Date are not made on the proposed Effective Date.

4. PAYMENT OBLIGATIONS. In consideration for the sale and assignment of Outstanding Credit Exposure hereunder, the Assignee shall pay the Assignor, on the Effective Date, the amount agreed to by the Assignor and the Assignee. On and after the Effective Date, the Assignee shall be entitled to receive from the Administrative Agent all payments of principal, interest, Reimbursement Obligations and fees with respect to the interest assigned hereby. The Assignee will promptly remit to the Assignor any interest on Loans and fees received from the Administrative Agent which relate to the portion of the Commitment or Outstanding Credit Exposure assigned to the Assignee hereunder for periods prior to the Effective Date and not previously paid by the Assignee to the Assignor. In the event that either party hereto receives any payment to which the other party hereto is entitled under this Assignment Agreement, then the party receiving such amount shall promptly remit it to the other party hereto.

5. RECORDATION FEE. The Assignor and Assignee each agree to pay one-half of the recordation fee required to be paid to the Administrative Agent in connection with this Assignment Agreement unless otherwise specified in Item 6 of Schedule 1.

6. REPRESENTATIONS OF THE ASSIGNOR; LIMITATIONS ON THE ASSIGNOR'S LIABILITY. The Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder, (ii) such interest is free and clear of any adverse claim created by the Assignor and (iii) the execution and delivery of this Assignment Agreement by the Assignor is duly authorized. It is understood and agreed that the assignment and assumption hereunder are made without recourse to the Assignor and that the Assignor makes no other representation or warranty of any kind to the Assignee. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be responsible for (i) the due execution, legality, validity, enforceability, genuineness, sufficiency or collectibility of any Loan Document, including without limitation, documents granting the Assignor and the other Lenders a security interest in assets of the Borrower or any guarantor, (ii) any representation, warranty or statement made in or in connection with any of the Loan Documents, (iii) the financial condition or creditworthiness of the Borrower or any guarantor, (iv) the performance of or compliance with any of the terms or provisions of any of the Loan Documents, (v) inspecting any of the property, books or records of the Borrower, (vi) the validity, enforceability, perfection, priority, condition, value or sufficiency of any collateral securing or purporting to secure the Loans or (vii) any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans or the Loan Documents.

7. REPRESENTATIONS AND UNDERTAKINGS OF THE ASSIGNEE. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements requested by the Assignee and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement, (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Lender and based on such documents and information at it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, (iii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto, (iv) confirms that the execution and delivery of this Assignment Agreement by the Assignee is duly authorized, (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender, (vi) agrees that its payment instructions and notice instructions are as set forth in the attachment to Schedule 1, (vii) confirms that none of the funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are "plan assets" as defined under ERISA and that its rights, benefits and interests in and under the Loan Documents will not be "plan assets" under ERISA, (viii) agrees to indemnify and hold the Assignor harmless against all losses, costs and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee's non-performance of the obligations assumed under this Assignment Agreement, and (ix) if applicable, attaches the forms prescribed by the Internal Revenue Service of the United States certifying that the Assignee is

entitled to receive payments under the Loan Documents without deduction or withholding of any United States federal income taxes.

8. GOVERNING LAW. This Assignment Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Illinois.

9. NOTICES. Notices shall be given under this Assignment Agreement in the manner set forth in the Credit Agreement. For the purpose hereof, the addresses of the parties hereto (until notice of a change is delivered) shall be the address set forth in the attachment to Schedule 1.

10. COUNTERPARTS; DELIVERY BY FACSIMILE. This Assignment Agreement may be executed in counterparts. Transmission by facsimile of an executed counterpart of this Assignment Agreement shall be deemed to constitute due and sufficient delivery of such counterpart and such facsimile shall be deemed to be an original counterpart of this Assignment Agreement.

IN WITNESS WHEREOF, the duly authorized officers of the parties hereto have executed this Assignment Agreement by executing Schedule 1 hereto as of the date first above written.

SCHEDULE 1
to Assignment Agreement

1. Description and Date of Credit Agreement:

2. Date of Assignment Agreement: _____, 19

3. Amounts (As of Date of Item 2 above):

	Facility 1*	Facility 2*	Facility 3*	Facility 4*
a. Assignee's percentage of each Facility purchased under the Assignment Agreement**	____%	____%	____%	____%
b. Amount of each Facility purchased under the Assignment Agreement***	$____	$____	$____	$____
4. Assignee's Commitment (or Outstanding Credit Exposure with respect to terminated Commitments) purchased hereunder:	$_____			
5. Proposed Effective Date:	_____			
6. Non-standard Recordation Fee Arrangement	N/A*** [Assignor/Assignee to pay 100% of fee] [Fee waived by Administrative Agent]			

Accepted and Agreed:

[NAME OF ASSIGNOR]

By: _____

Title: _____

[NAME OF ASSIGNEE]

By: _____

Title: _____

ACCEPTED AND CONSENTED TO****
BY [NAME OF AGENT]

By:

Title:

ACCEPTED AND CONSENTED TO****
BY [NAME OF BORROWER]

By:

Title:
---

* Insert specific facility names per Credit Agreement
** Percentage taken to 10 decimal places
*** If fee is split 50-50, pick N/A as option
**** Delete if not required by Credit Agreement

Attachment to SCHEDULE 1 to ASSIGNMENT AGREEMENT

ADMINISTRATIVE INFORMATION SHEET

Attach Assignor's Administrative Information Sheet, which must include notice addresses for the Assignor and the Assignee (Sample form shown below)

ASSIGNOR INFORMATION

CONTACT:

Name: _____ Telephone No.: _____

Fax No.: _____ Telex No.: _____

Answerback: _____

PAYMENT INFORMATION:

Name & ABA # of Destination Bank: _____

_____

Account Name & Number for Wire Transfer: _____

_____

Other Instructions: _____

- ---

ADDRESS FOR NOTICES FOR ASSIGNOR: _____

_____

_____

ASSIGNEE INFORMATION

CREDIT CONTACT:

Name: _____ Telephone No.: _____

Fax No.: _____ Telex No.: _____

Answerback: _____

KEY OPERATIONS CONTACTS:

Booking Installation: _____ Booking Installation: _____

Name: _____ Name: _____

Telephone No.: _____ Telephone No.: _____

Fax No.: _____ Fax No.: _____

Telex No.: _____ Telex No.: _____

Answerback: _____ Answerback: _____

PAYMENT INFORMATION:

Name & ABA # of Destination Bank:

Account Name & Number for Wire Transfer:

Other Instructions:

- ---

ADDRESS FOR NOTICES FOR ASSIGNEE:

BANK ONE INFORMATION

Assignee will be called promptly upon receipt of the signed agreement.

INITIAL FUNDING CONTACT:	SUBSEQUENT OPERATIONS CONTACT:
Name:	Name:
Telephone No.: (312)	Telephone No.: (312)
Fax No.: (312)	Fax No.: (312)

Bank One Telex No.: 190201 (Answerback: FNBC UT)

INITIAL FUNDING STANDARDS:

Libor - Fund 2 days after rates are set.

BANK ONE WIRE INSTRUCTIONS: Bank One, NA, ABA # 071000013
LS2 Incoming Account # 481152860000
Ref:

ADDRESS FOR NOTICES FOR BANK ONE: 1 Bank One Plaza, Chicago, IL 60670
Attn: Agency Compliance Division,
Suite IL1-0353
Fax No. (312) 732-2038 or (312) 732-4339

EXHIBIT D
LOAN/CREDIT RELATED MONEY TRANSFER INSTRUCTION;
BORROWING NOTICE; CONVERSION/CONTINUATION NOTICE

To Bank One, NA,
as Administrative Agent (the "Administrative Agent") under the Credit Agreement Described Below.

Re: Credit Agreement, dated _____, _____ (as the same may be amended or modified, the "Credit Agreement"), among _____ (the "Borrower"), the Lenders named therein, the LC Issuer and the Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement.

The Administrative Agent is specifically authorized and directed to act upon the following standing money transfer instructions with respect to the proceeds of Advances or other extensions of credit from time to time until receipt by the Administrative Agent of a specific written revocation of such instructions by the Borrower, provided, however, that the Administrative Agent may otherwise transfer funds as hereafter directed in writing by the Borrower in accordance with Section 13.1 of the Credit Agreement or based on any telephonic notice made in accordance with Section 2.14 of the Credit Agreement.

Facility Identification Number(s) ----------

Customer/Account Name ----------

Transfer Funds To ----------

For Account No. ----------

Reference/Attention To ----------

Authorized Officer (Customer Representative) Date ----------

- ---------- ----------
(Please Print) Signature

Bank Officer Name Date ----------

- ---------- ----------
(Please Print) Signature

(Deliver Completed Form to Credit Support Staff For Immediate Processing)

BORROWING REQUEST

_____, 200_

Bank One, NA
Attention:

RE: NEWPARK RESOURCES, INC.

Gentlemen and Ladies:

This Borrowing Request is delivered to you pursuant to the Amended and Restated Credit Agreement, dated as of January 31, 2002 (together with all amendments, if any, from time to time made thereto, the "Credit Agreement"), among Newpark Resources, Inc. (the "Borrower"), the Guarantors, the Lenders, and Bank One, NA as Administrative Agent (the "Administrative Agent") and LC Issuer. Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Credit Agreement.

The Borrower hereby requests that a [Tranche A Loan] [Tranche B Loan] be made in the aggregate principal amount of [US][Canadian] $_____ on _____, 200_ as a [Eurodollar Advance having an Interest Period of _____ months] [Euro-Canadian Advance having an Interest Period of __ months] [Floating Rate Advance].

Please wire transfer the proceeds of the Borrowing to the account of the Borrower at the financial institution indicated:

Amount to be Transferred
Account Information

[US] [Canadian]
$ ---

Attention:

Following the funding of this Advance, the outstanding principal balance of all Advances will be $_____.

The Borrower has caused this Borrowing Request to be executed and delivered, and the certification and warranties contained herein to be made, by its duly Authorized Officer this ___ day of _____, _____.

NEWPARK RESOURCES, INC.

BY:

ITS:

CONTINUATION/CONVERSION NOTICE

_____, 200_

Bank One, NA
Attention:

RE: NEWPARK RESOURCES, INC.

Gentlemen and Ladies:

This Continuation/Conversion Notice is delivered to you pursuant to the Amended and Restated Credit Agreement, dated as of January 31, 2002 (together with all amendments, if any, from time to time made thereto, the "Credit Agreement"), among Newpark Resources, Inc. (the "Borrower"), the Guarantors, the Lenders, and Bank One, NA as Administrative Agent (the "Administrative Agent") and LC Issuer. Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Credit Agreement.

The Borrower hereby requests that on _____,

(1) [US][Canadian] $_____ of the presently outstanding principal amount of the [Tranche A Loans]/[Tranche B Loans] originally made on _____, [and [US][Canadian] $_____ of the presently outstanding principal amount of the [Tranche A Loans]/[Tranche B Loans] originally made on _____],

(2) and all presently being maintained as [Floating Rate Loans] [Eurodollar Rate Loans] [Euro-Canadian Loans],

(3) be [converted into] [continued as],

(4) [Eurodollar Rate Loans having an Interest Period of __ months] [Euro-Canadian Rate Loans having an Interest Period of ___ months] [Floating Rate Loans].

The Borrower has caused this Continuation/Conversion Notice to be executed and delivered, and the certification and warranties contained herein to be made, by its duly Authorized Officer this ___ day of _____, _____.

NEWPARK RESOURCES, INC.

BY:

ITS:

EXHIBIT E-1
TRANCHE A NOTE

January 31, 2002

Newpark Resources, Inc., a Delaware corporation (the "Borrower"), promises to pay to the order of _____ (the "Lender") the aggregate unpaid principal amount of all Tranche A Loans made by the Lender to the Borrower pursuant to Article II of the Agreement (as hereinafter defined), in immediately available funds at the main office of Bank One, NA in Chicago, Illinois, as Administrative Agent, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrower shall pay the principal of and accrued and unpaid interest on the Tranche A Loans in full on the Facility Termination Date.

The Lender shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and principal amount of each Tranche A Loan, the applicable Type and interest rate, the applicable Interest Period, and the date and amount of each principal payment hereunder.

This Tranche A Note is one of the Tranche A Notes issued pursuant to, and is entitled to the benefits of, the Amended and Restated Credit Agreement dated as of January 31, 2002 (which, as it may be amended or modified and in effect from time to time, is herein called the "Agreement"), among the Borrower, the Guarantors, the lenders party thereto, including the Lender, and Bank One, NA, as Administrative Agent and LC Issuer, to which Agreement reference is hereby made for a statement of the terms and conditions governing this Tranche A Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. This Tranche A Note is secured pursuant to the Collateral Documents and guaranteed pursuant to the Guaranty, all as more specifically described in the Agreement, and reference is made thereto for a statement of the terms and provisions thereof. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

NEWPARK RESOURCES, INC.

By: _____

Print Name: _____

Title: _____

SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO
TRANCHE A NOTE OF _____,
DATED _____,

Principal Amount of Interest	Type of Maturity of Principal	Date Loan	Rate Loan	Interest Period	Amount Paid	Unpaid Balance

EXHIBIT E-2
TRANCHE B NOTE

January 31, 2002

Newpark Resources, Inc., a Delaware corporation (the "Borrower"), promises to pay to the order of _____ (the "Lender") the aggregate unpaid principal amount of all Tranche B Loans made by the Lender to the Borrower pursuant to Article II of the Agreement (as hereinafter defined), in immediately available funds at the place specified pursuant to Article II of the Agreement, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrower shall pay the principal of and accrued and unpaid interest on the Tranche B Loans in full on the Facility Termination Date.

The Lender shall, and is hereby authorized to, record on the schedule attached hereto, or to otherwise record in accordance with its usual practice, the date and principal amount of each Tranche B Loan, the applicable Type and interest rate, the applicable Interest Period, and the date and amount of each principal payment hereunder.

This Tranche B Note is one of the Tranche B Notes issued pursuant to, and is entitled to the benefits of, the Amended and Restated Credit Agreement dated as of January 31, 2002 (which, as it may be amended or modified and in effect from time to time, is herein called the "Agreement"), among the Borrower, the Guarantors, the lenders party thereto, including the Lender, and Bank One, NA, as Administrative Agent and LC Issuer, to which Agreement reference is hereby made for a statement of the terms and conditions governing this Tranche B Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. This Tranche B Note is secured pursuant to the Collateral Documents and guaranteed pursuant to the Guaranty, all as more specifically described in the Agreement, and reference is made thereto for a statement of the terms and provisions thereof. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

NEWPARK RESOURCES, INC.

By:

Print Name:

Title:

SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL
TO
TRANCHE B NOTE OF _____,
DATED _____,

Principal Amount of Interest	Type of Maturity of Principal	Date Loan	Rate Loan	Interest Period	Amount Paid	Unpaid Balance

SCHEDULE 1

SUBSIDIARIES AND OTHER INVESTMENTS
(See Sections 5.8 and 6.14)
Attached

SCHEDULE 2

INDEBTEDNESS AND LIENS
(See Sections 5.14, 6.11 and 6.15)
Attached

SCHEDULE 3

CONTINGENT OBLIGATIONS
(See Section 6.11)
Attached

SCHEDULE 4

LITIGATION
(See Section 5.7)
None

EXHIBIT 10.11

AMENDED AND RESTATED GUARANTY

THIS AMENDED AND RESTATED GUARANTY (this "Guaranty"), dated as of January 31, 2002, is executed by EXCALIBAR MINERALS INC., MALLARD & MALLARD OF LA., INC., NEWPARK HOLDINGS, INC., SUPREME CONTRACTORS, L.L.C., NEWPARK DRILLING FLUIDS, LLC, NEWPARK ENVIRONMENTAL SERVICES, L.L.C., NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C., NEWPARK TEXAS, L.L.C., EXCALIBAR MINERALS OF LA., L.L.C., SOLOCO, L.L.C., BATSON MILL, L.P., NEWPARK ENVIRONMENTAL SERVICES OF TEXAS, L.P., NEWPARK SHIPHOLDING TEXAS, L.P., NID, L.P., SOLOCO TEXAS, L.P., NES PERMIAN BASIN, L.P., and NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P. (collectively, the "Subsidiary Guarantors") in favor of Bank One, NA, as Administrative Agent (the "Administrative Agent"), for the benefit of the Administrative Agent, the Lenders and their Affiliates and the LC Issuer pursuant to the Credit Agreement referred to below.

WITNESSETH:

A. Pursuant to that certain Amended and Restated Credit Agreement dated January 31, 2001 as amended (as so amended, the "Original Credit Agreement") by and among Newpark Resources, Inc. as Borrower, the Subsidiary Guarantors as Guarantors, Bank One, NA, as Administrative Agent and LC Issuer, and the Lenders party thereto, the Subsidiary Guarantors executed a certain Amended and Restated Guaranty dated as of January 31, 2001 (the "Original Guaranty").

B. The Borrower, the Subsidiary Guarantors as Guarantors, and Bank One, N.A. as Administrative Agent and the LC Issuer and the Lenders party thereto are amending and restating the Original Credit Agreement pursuant to that certain Amended and Restated Credit Agreement dated as of January 31, 2002 (as the same may be amended, modified or restated from time to time, the "Credit Agreement").

C. The Subsidiary Guarantors and the Administrative Agent desire to amend and restate the Original Guaranty.

D. In consideration of the financial and other support that the Borrower has provided, and such financial and other support as the Borrower may in the future provide, to the Subsidiary Guarantors, and in order to induce the Lenders and the LC Issuer and the Administrative Agent to enter into the Credit Agreement, and one or more of the Lenders and their Affiliates to enter into one or more Rate Management Transactions with the Borrower, and because each Subsidiary Guarantor has determined that executing this Guaranty is in its interest and to its financial benefit, each of the Subsidiary Guarantors is willing to guarantee the obligations of the

Borrower under the Credit Agreement, any Note, any Rate Management Transaction between the Borrower and any Lender or Affiliate thereof, and the other Loan Documents.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Subsidiary Guarantors do hereby amend and restate the Original Guaranty, effective as of the Closing Date, and hereto agree as follows:

SECTION l.1. Selected Terms Used Herein.

BORROWER. The term "Borrower" refers to Newpark Resources, Inc., and its successors and assigns.

GUARANTEED OBLIGATIONS. The term "Guaranteed Obligations" is defined in Section 3 below.

LC ISSUER. The term "LC Issuer" refers to Bank One, NA, as LC Issuer under the Credit Agreement and its successors and assigns.

LENDERS. The term "Lenders" refers individually and collectively to the Lenders now or hereafter party to the Credit Agreement, their successors and assigns, and any subsequent holder or holder of any portion of Secured Obligations.

OBLIGATIONS. The term "Obligations" means any and all existing and future indebtedness, obligation and liability of every kind, nature and character, direct or indirect, absolute or contingent (including all renewals, extensions and modifications thereof and all fees, costs and expenses incurred by the Administrative Agent or the Lenders or the LC Issuer in connection with the preparation, administration, collection or enforcement thereof), of the Borrower to the Administrative Agent or any Lender or the LC Issuer or any branch, subsidiary or affiliate thereof, arising under or pursuant to this Agreement, the Credit Agreement, any promissory note or notes now or hereafter issued under the Credit Agreement, and the other Loan Documents.

RATE MANAGEMENT TRANSACTION. The term "Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Borrower and any Lender or Affiliate thereof which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any

other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

RATE MANAGEMENT OBLIGATIONS. The term "Rate Management Obligations" means any and all obligations of the Borrower, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) without duplication of (i), any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

SECURED OBLIGATIONS. Secured Obligations means the Obligations and Rate Management Obligations entered into with one or more of the Lenders or their Affiliates.

SECURED PARTIES. The term "Secured Parties" shall mean the Administrative Agent, the Lenders and their Affiliates, the LC Issuer, and their respective successors and assigns, and any subsequent holder of any portion of the Guaranteed Obligations.

SECTION 1.2. Terms in Credit Agreement. Other capitalized terms used herein but not defined herein shall have the meaning set forth in the Credit Agreement.

SECTION 2.1. Representations and Warranties. Each of the Subsidiary Guarantors represents and warrants (which representations and warranties shall be deemed to have been renewed upon each Borrowing Date under the Credit Agreement) that:

(a) It is a corporation, partnership or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(b) It has the power and authority and legal right to execute and deliver this Guaranty and to perform its obligations hereunder. The execution and delivery by it of this Guaranty and the performance of its obligations hereunder have been duly authorized by proper corporate proceedings, and this Guaranty constitutes a legal, valid and binding obligation of such Subsidiary Guarantor enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(c) Neither the execution and delivery by it of this Guaranty, nor the consummation of the transactions herein contemplated, nor compliance with the provisions hereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on it or any of its subsidiaries or (ii) its articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which it or any of its subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of such Subsidiary Guarantor or a subsidiary thereof pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by it or any of its subsidiaries, is required to be obtained by it or any of its subsidiaries in connection with the execution and delivery of this Guaranty or the performance by it of its obligations hereunder or the legality, validity, binding effect or enforceability of this Guaranty.

SECTION 2.2. Covenants. Each of the Subsidiary Guarantors covenants that, so long as any Lender has any Commitment outstanding under the Credit Agreement, the LC Issuer has any Facility LCs outstanding, any Rate Management Transaction between Borrower and any Lender or Affiliate thereof remains in effect, or any of the Guaranteed Obligations shall remain unpaid, that it will, and, if necessary, will enable the Borrower to, fully comply with those covenants and agreements set forth in the Credit Agreement.

SECTION 3. The Guaranty. Subject to Section 9 hereof, each of the Subsidiary Guarantors hereby absolutely and unconditionally guarantees, as primary obligor and not as surety, the full and punctual payment (whether at stated maturity, upon acceleration or early termination or otherwise, and at all times thereafter) and performance of all Secured Obligations owing to any Secured Party, including without limitation any such Secured Obligations incurred or accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, whether or not allowed or allowable in such proceeding (collectively, subject to the provisions of Section 9 hereof, being referred to collectively as the "Guaranteed Obligations"). Upon failure by the Borrower to pay punctually any such amount, each of the Subsidiary Guarantors agrees that it shall forthwith on demand pay to the Administrative Agent for the benefit of the Secured Parties the amount not so paid at the place and in the manner specified in the Credit Agreement, any Note, any Rate Management Transaction or the relevant Loan Document, as the case may be. This Guaranty is a guaranty of payment and not of collection. Each of the Subsidiary Guarantors waives any right to require the Administrative Agent or any Secured Party to sue the Borrower, any other guarantor, or any other person obligated for all or any part of the Guaranteed Obligations, or otherwise to enforce its payment against any collateral securing all or any part of the Guaranteed Obligations.

SECTION 4. Guaranty Unconditional. Subject to Section 9 hereof, the obligations of each of the Subsidiary Guarantors hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, compromise, waiver or release in respect of any of the Guaranteed Obligations, by operation of law or otherwise, or any obligation of any other guarantor of any of the Guaranteed Obligations, or any default, failure or delay, willful or otherwise, in the payment or performance of the Guaranteed Obligations;

(ii) any modification or amendment of or supplement to the Credit Agreement, any Facility LC, any Note, any Rate Management Transaction or any other Loan Document;

(iii) any release, nonperfection or invalidity of any direct or indirect security for any obligation of the Borrower under the Credit Agreement, any Facility LC, any Note, the Collateral Documents, any Rate Management Transaction, any other Loan Document, or any obligations of any other guarantor of any of the Guaranteed Obligations, or any action or failure to act by the Administrative Agent or any Secured Party with respect to any collateral securing all or any part of the Guaranteed Obligations;

(iv) any change in the corporate existence, structure or ownership of the Borrower or any other guarantor of any of the Guaranteed Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower, or any other guarantor of the Guaranteed Obligations, or its assets or any resulting release or discharge of any obligation of the Borrower, or any other guarantor of any of the Guaranteed Obligations;

(v) the existence of any claim, setoff or other rights which the Subsidiary Guarantors may have at any time against the Borrower, any other guarantor of any of the Guaranteed Obligations, the Administrative Agent, any Secured Party, or any other Person, whether in connection herewith or any unrelated transactions;

(vi) any invalidity or unenforceability relating to or against the Borrower, or any other guarantor of any of the Guaranteed Obligations, for any reason related to the Credit Agreement, any Facility LC, any Note, any Rate Management Transaction, any other Loan Document, or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower, or any other guarantor of the Guaranteed Obligations, of the principal of or interest on any Note or any other amount payable by the Borrower under the Credit Agreement, any Note, any Facility LC, any Rate Management Transaction or any other Loan Document; or

(vii) any other act or omission to act or delay of any kind by the Borrower, any other guarantor of the Guaranteed Obligations, the Administrative Agent, any Secured Party, or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of any Subsidiary Guarantor's obligations hereunder.

SECTION 5. Discharge Only Upon Payment In Full: Reinstatement In Certain Circumstances. Each of the Subsidiary Guarantor's obligations hereunder shall remain in full force and effect until all Guaranteed Obligations shall have been indefeasibly paid in full, the Commitments under the Credit Agreement shall have terminated or expired, all Facility LCs have terminated or expired and all Rate Management Transactions have terminated or expired. If at any time any payment of the principal of or interest on any Note or any other amount payable by the Borrower or any other party under the Credit Agreement, any Facility LC, any Rate Management Transaction or any other Loan Document is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, each of the Subsidiary Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

SECTION 6. Waivers. Each of the Subsidiary Guarantors irrevocably waives acceptance hereof, presentment, demand, division, discussion, protest and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower, any other guarantor of any of the Guaranteed Obligations, or any other Person.

SECTION 7. Subrogation. Each of the Subsidiary Guarantors hereby agrees not to assert any right, claim or cause of action, including, without limitation, a claim for subrogation, reimbursement, indemnification or otherwise, against the Borrower arising out of or by reason of this Guaranty or the obligations hereunder, including, without limitation, the payment or securing or purchasing of any of the Guaranteed Obligations by any of the Subsidiary Guarantors unless and until the Guaranteed Obligations are indefeasibly paid in full, the Commitments under the Credit Agreement shall have terminated or expired, all Facility LCs have terminated or expired and all Rate Management Transactions have terminated or expired.

SECTION 8. Stay of Acceleration. If acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of the Borrower, all such amounts otherwise subject to acceleration under the terms of the Credit Agreement, any Facility LC, any Note, any Rate Management Transaction or any other Loan Document shall nonetheless be payable by each of the Subsidiary Guarantors hereunder forthwith on demand by the Administrative Agent made at the request of the Required Lenders.

SECTION 9. Limitation on Obligations. (a) The provisions of this Guaranty are severable, and in any action or proceeding involving any state corporate law, or any state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Subsidiary Guarantor under this Guaranty would otherwise be held or determined to be avoidable, invalid or unenforceable on account of the amount of such Subsidiary Guarantor's liability under this Guaranty, then, notwithstanding any other provision of this Guaranty to the contrary, the amount of such liability shall, without any further action by the

Subsidiary Guarantors, the Administrative Agent or any Secured Party, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding (such highest amount determined hereunder being the relevant Subsidiary Guarantor's "Maximum Liability"). This Section 9(a) with respect to the Maximum Liability of the Subsidiary Guarantors is intended solely to preserve the rights of the Administrative Agent and Secured Parties hereunder to the maximum extent not subject to avoidance under applicable law, and neither the Subsidiary Guarantor nor any other person or entity shall have any right or claim under this Section 9(a) with respect to the Maximum Liability, except to the extent necessary so that the obligations of the Subsidiary Guarantor hereunder shall not be rendered voidable under applicable law.

(b) Each of the Subsidiary Guarantors agrees that the Guaranteed Obligations may at any time and from time to time exceed the Maximum Liability of each Subsidiary Guarantor, and may exceed the aggregate Maximum Liability of all other Subsidiary Guarantors, without impairing this Guaranty or affecting the rights and remedies of the Administrative Agent or Secured Parties hereunder. Nothing in this Section 9(b) shall be construed to increase any Subsidiary Guarantor's obligations hereunder beyond its Maximum Liability.

(c) In the event any Subsidiary Guarantor (a "Paying Subsidiary Guarantor") shall make any payment or payments under this Guaranty or shall suffer any loss as a result of any realization upon any collateral granted by it to secure its obligations under this Guaranty, each other Subsidiary Guarantor (each a "Non-Paying Subsidiary Guarantor") shall contribute to such Paying Subsidiary Guarantor an amount equal to such Non-Paying Subsidiary Guarantor's "Pro Rata Share" of such payment or payments made, or losses suffered, by such Paying Subsidiary Guarantor. For the purposes hereof, each Non-Paying Subsidiary Guarantor's "Pro Rata Share" with respect to any such payment or loss by a Paying Subsidiary Guarantor shall be determined as of the date on which such payment or loss was made by reference to the ratio of (i) such Non-Paying Subsidiary Guarantor's Maximum Liability as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder) or, if such Non-Paying Subsidiary Guarantor's Maximum Liability has not been determined, the aggregate amount of all monies received by such Non-Paying Subsidiary Guarantor from the Borrower after the date hereof (whether by loan, capital infusion or by other means) to (ii) the aggregate Maximum Liability of all Subsidiary Guarantors hereunder (including such Paying Subsidiary Guarantor) as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder), or to the extent that a Maximum Liability has not been determined for any Subsidiary Guarantors, the aggregate amount of all monies received by such Subsidiary Guarantors from the Borrower after the date hereof (whether by loan, capital infusion or by other means). Nothing in this Section 9 (c) shall affect any Subsidiary Guarantor's several liability for the entire amount of the Guaranteed Obligations (up to such Subsidiary Guarantor's Maximum Liability). Each of the Subsidiary Guarantors covenants and agrees that its right to receive any contribution under this Guaranty from a Non-Paying Subsidiary Guarantor shall be subordinate and junior in right of payment to all the Guaranteed Obligations. The provisions of this Section 9(c) are for the benefit of both the Administrative Agent and the Subsidiary Guarantors and may be enforced by any one, or more, or all of them in accordance with the terms hereof.

SECTION 10. Application of Payments. All payments received by the Administrative Agent hereunder shall be applied by the Agent to payment of the Guaranteed Obligations in the following order unless a court of competent jurisdiction shall otherwise direct:

(a) FIRST, to payment of all costs and expenses of the Administrative Agent incurred in connection with the collection and enforcement of the Guaranteed Obligations or of any security interest granted to the Administrative Agent in connection with any collateral securing the Guaranteed Obligations;

(b) SECOND, to payment of that portion of the Guaranteed Obligations constituting accrued and unpaid interest and fees, pro rata among the Secured Parties in accordance with the amount of such accrued and unpaid interest and fees owing to each of them;

(c) THIRD, to payment of the principal of the Guaranteed Obligations and the net early termination payments and any other Rate Management Obligations then due and unpaid from the Borrower to any of the Secured Parties, pro rata among the Secured Parties in accordance with the amount of such principal and such net early termination payments and other Rate Management Obligations then due and unpaid owing to each of them; and

(d) FOURTH, to payment of any Guaranteed Obligations (other than those listed above) pro rata among those parties to whom such Guaranteed Obligations are due in accordance with the amounts owing to each of them.

SECTION 11. Notices. All notices, requests and other communications to any party hereunder shall be given or made by telecopier or other writing and telecopied, or mailed or delivered to the intended recipient at its address or telecopier number set forth on the signature pages hereof or such other address or telecopy number as such party may hereafter specify for such purpose by notice to the Administrative Agent in accordance with the provisions of Article XIII of the Credit Agreement. Except as otherwise provided in this Guaranty, all such communications shall be deemed to have been duly given when transmitted by telecopier, or personally delivered or, in the case of a mailed notice sent by certified mail return-receipt requested, on the date set forth on the receipt (provided, that any refusal to accept any such notice shall be deemed to be notice thereof as of the time of any such refusal), in each case given or addressed as aforesaid.

SECTION 12. No Waivers. No failure or delay by the Administrative Agent or any Lenders in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Guaranty, the Credit Agreement, any Note, any Rate Management Transaction and the other Loan Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 13. No Duty to Advise. Each of the Subsidiary Guarantors assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that each of the Subsidiary Guarantors assumes and incurs under this Guaranty, and agrees that neither the Administrative Agent nor any Secured Party has any duty to advise any of the Subsidiary Guarantors of information known to it regarding those circumstances or risks.

SECTION 14. Successors and Assigns. This Guaranty is for the benefit of the Administrative Agent and the Secured Parties. This Guaranty shall be binding upon each of the Subsidiary Guarantors and their respective successors and permitted assigns.

SECTION 15. Changes in Writing. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated orally, but only in writing signed by each of the Subsidiary Guarantors and the Administrative Agent with the consent of the Required Lenders.

SECTION 16. Costs of Enforcement. Each of the Subsidiary Guarantors agrees to pay all costs and expenses including, without limitation, all court costs and attorneys' fees and expenses paid or incurred by the Administrative Agent or any Secured Party in endeavoring to collect all or any part of the Guaranteed Obligations from, or in prosecuting any action against, the Borrower, the Subsidiary Guarantors or any other guarantor of all or any part of the Guaranteed Obligations.

SECTION 17. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF LOUISIANA. EACH OF THE SUBSIDIARY GUARANTORS HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA AND OF ANY LOUISIANA STATE COURT SITTING IN NEW ORLEANS, LOUISIANA AND FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS GUARANTY (INCLUDING, WITHOUT LIMITATION, ANY OF THE OTHER LOAN DOCUMENTS) OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH OF THE SUBSIDIARY GUARANTORS IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH ANY OF THEM MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH OF THE SUBSIDIARY GUARANTORS, AND THE ADMINISTRATIVE AGENT AND THE SECURED PARTIES ACCEPTING THIS GUARANTY, HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 18. Taxes. etc. All payments required to be made by any of the Subsidiary Guarantors hereunder shall be made without setoff or counterclaim and free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imposts, duties or other charges of whatsoever nature imposed by any government or any political or taxing authority thereof (but excluding Excluded Taxes), provided, however, that if any of the Subsidiary Guarantors is required by law to make such deduction or withholding, such Subsidiary Guarantor shall forthwith (i) pay to the Administrative Agent or the Secured Parties, as applicable, such additional amount as results in the net amount received by the Administrative Agent or the Secured Parties, as applicable, equaling the full amount which would have been received by the Administrative Agent or the Secured Parties, as applicable, had no such deduction or withholding been made, (ii) pay the full amount deducted to the relevant authority in accordance with applicable law, and (iii) furnish to the Administrative Agent or the Secured Parties, as applicable, certified copies of official receipts evidencing payment of such withholding taxes within 30 days after such payment is made.

SECTION 19. Setoff. Without limiting the rights of the Administrative Agent or the Secured Parties under applicable law, if all or any part of the Guaranteed Obligations is then due, whether pursuant to the occurrence of a Default or otherwise, then the Guarantor authorizes the Administrative Agent and the Secured Parties, to apply any sums standing to the credit of the Guarantor with the Administrative Agent or any Secured Party or any Lending Installation of the Administrative Agent or any Secured Party toward the payment of the Guaranteed Obligations.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the Subsidiary Guarantors has caused this Guaranty to be duly executed by its authorized officer as of the day and year first above written.

EXCALIBAR MINERALS INC.,
MALLARD & MALLARD OF LA., INC.,
NEWPARK HOLDINGS, INC.,
SUPREME CONTRACTORS, L.L.C.,
NEWPARK DRILLING FLUIDS, LLC,
NEWPARK ENVIRONMENTAL SERVICES, L.L.C.,
NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C.,
NEWPARK TEXAS, L.L.C.,
EXCALIBAR MINERALS OF LA., L.L.C., and
SOLOCO, L.L.C.

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

BATSON MILL, L.P.,
NEWPARK ENVIRONMENTAL SERVICES OF TEXAS, L.P.,
NEWPARK SHIPHOLDING TEXAS, L.P.,
NID, L.P.,
SOLOCO TEXAS, L.P.,
NES PERMIAN BASIN, L.P. and
NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P.
By: Newpark Holdings, Inc., the general partner of each

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

EXHIBIT 10.12

AMENDED AND RESTATED SECURITY AGREEMENT

This Amended and Restated Security Agreement (this "Agreement"), dated as of January 31, 2002, is executed by and among NEWPARK RESOURCES, INC., as Borrower, by EXCALIBAR MINERALS INC., MALLARD & MALLARD OF LA., INC., NEWPARK HOLDINGS, INC., SUPREME CONTRACTORS, L.L.C., NEWPARK DRILLING FLUIDS, LLC, NEWPARK ENVIRONMENTAL SERVICES, L.L.C., NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C., NEWPARK TEXAS, L.L.C., EXCALIBAR MINERALS OF LA., L.L.C., SOLOCO, L.L.C., BATSON MILL, L.P., NEWPARK ENVIRONMENTAL SERVICES OF TEXAS, L.P., NEWPARK SHIPHOLDING TEXAS, L.P., NID, L.P., SOLOCO TEXAS, L.P., NES PERMIAN BASIN, L.P., and NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P. (the Borrower and such other entities the "Grantors" and each a "Grantor") and BANK ONE, NA, as Administrative Agent for the benefit of the Administrative Agent, the Lenders and their Affiliates and the LC Issuer pursuant to the Credit Agreement referred to below.

RECITALS:

A. Pursuant to that certain Amended and Restated Credit Agreement dated January 31, 2001 as amended (as so amended, the "Original Credit Agreement") by and among Newpark Resources, Inc. as Borrower, the other Grantors as Guarantors, Bank One, NA, as Administrative Agent and LC Issuer, and the Lenders party thereto, the Grantors executed a certain Amended and Restated Security Agreement dated January 31, 2001 (the "Original Security Agreement").

B. The Borrower, the other Grantors as Guarantors, and Bank One, N.A. as Administrative Agent and the LC Issuer and the Lenders party thereto are amending and restating the Original Credit Agreement pursuant to that certain Amended and Restated Credit Agreement dated as of January 31, 2002 (as the same may be amended, modified or restated from time to time, the "Credit Agreement").

C. The Grantors and the Administrative Agent desire to amend and restate the Original Security Agreement.

D. In consideration of the financial and other support that the Borrower has provided, and such financial and other support as the Borrower may in the future provide, to the Grantors other than Borrower, and in order to induce the Lenders and the LC Issuer and the Administrative Agent to enter into the Credit Agreement, and one or more of the Lenders and their Affiliates to enter into one or more Rate Management Transactions with the Borrower, and because each Grantor other than Borrower has determined that executing this Agreement is in its interest and to its financial benefit, each of the Grantors other than Borrower is willing to grant security for the obligations of the Borrower under the Credit Agreement, any Note, any Rate Management

Transaction between the Borrower and any Lender or Affiliate thereof, and the other Loan Documents.

NOW THEREFORE, in consideration of the premises, the Grantors and the Administrative Agent do hereby amend and restate the Original Security Agreement, effective as of the Closing Date, and agree and obligate themselves as follows:

ARTICLE 1

DEFINITIONS

Any capitalized term defined in the Credit Agreement and not otherwise defined herein shall have the meaning given to such term in the Credit Agreement. In addition, the following terms shall have the following meanings when used in this Agreement:

1.1 AGREEMENT. The term "Agreement" refers to this Amended and Restated Security Agreement as this agreement may be modified, restated, or amended in writing from time to time, and to any exhibits or attachments to this Agreement.

1.2 BORROWER. The term "Borrower" refers to Newpark Resources, Inc., and its successors and assigns.

1.3 COLLATERAL. The term "Collateral" refers individually, collectively and interchangeably to the Collateral as more fully described in Section 2.2 of this Agreement.

1.4 GRANTOR. The term "Grantor" refers individually, collectively and interchangeably to the above named Grantors and their respective successors and assigns.

1.5 LC ISSUER. The term "LC Issuer" refers to Bank One, NA, as LC Issuer under the Credit Agreement and its successors and assigns.

1.6 LENDERS. The term "Lenders" refers individually and collectively to the Lenders now or hereafter party to the Credit Agreement, their successors and assigns, and any subsequent holder or holder of any portion of Secured Obligations.

1.8 OBLIGATIONS. The term "Obligations" means any and all existing and future indebtedness, obligation and liability of every kind, nature and character, direct or indirect, absolute or contingent (including all renewals, extensions and modifications thereof and all fees, costs and expenses incurred by the Administrative Agent or the Lenders or the LC Issuer in connection with the preparation, administration, collection or enforcement thereof), of the Borrower to

the Administrative Agent or any Lender or the LC Issuer or any branch, subsidiary or affiliate thereof, arising under or pursuant to this Agreement, the Credit Agreement, any promissory note or notes now or hereafter issued under the Credit Agreement, and the other Loan Documents, together with all obligations of Grantors other than Borrower under the Guaranty.

1.9 RATE MANAGEMENT TRANSACTION. The term "Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Borrower and any Lender or Affiliate thereof which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

1.10 RATE MANAGEMENT OBLIGATIONS. The term "Rate Management Obligations" means any and all obligations of the Borrower, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) without duplication of (i), any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

1.11 SECURED OBLIGATIONS. Secured Obligations means the Obligations and Rate Management Obligations entered into with one or more of the Lenders or their Affiliates.

1.12 SECURED PARTIES. The term "Secured Parties" shall mean the Administrative Agent, the Lenders and their Affiliates, the LC Issuer, and their respective successors and assigns, and any subsequent holder of any portion of the Secured Obligations.

1.13 UNIFORM COMMERCIAL CODE. The term "Uniform Commercial Code" means the Uniform Commercial Code, Commercial Laws-Secured Transactions (La. R.S. 10-9-101 et seq.) in the State of Louisiana, as amended and in effect from time to time, provided that if by reason of mandatory provisions of law, the perfection or effect of perfection or non-perfection of a security interest in the Collateral is governed by the Uniform Commercial Code as in effect from time to time in a jurisdiction other than the State of Louisiana, Uniform Commercial Code means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purpose of the provisions hereof related to such perfection or effect of perfection or non-perfection.

ARTICLE 2

GRANT OF SECURITY INTEREST; COLLATERAL DESCRIPTION

2.1 GRANT OF SECURITY INTEREST: In order to secure the prompt and punctual payment and satisfaction of the Secured Obligations, each Grantor does by these presents hereby grant a continuing security interest in favor of the Administrative Agent for the pro rata benefit of the Secured Parties affecting the right, title, and interest of each Grantor in and to the Collateral. The security interest granted in the Collateral in favor of the Administrative Agent for the pro rata benefit of the Secured Parties will continue until such time as all of the Secured Obligations is fully paid and satisfied, no Lender has an obligation to extend Loans to the Borrower, all Rate Management Transactions are terminated and all Rate Management Obligations have been paid, all Facility LCs have terminated or expired and all Reimbursement Obligations have been paid and this Agreement is cancelled or terminated by Administrative Agent under a written cancellation instrument. Administrative Agent agrees to execute any and all instruments necessary to release this security interest upon such termination.

2.2 COLLATERAL DESCRIPTION:

(a) GENERAL EQUIPMENT: Any and all of Grantors' now owned and hereafter acquired machinery, equipment, furniture, furnishings and fixtures, of every type and description, and all accessories, attachments, accessions, substitutions, replacements and additions thereto, whether added now or later, and all proceeds derived or to be derived therefrom, including without limitation, any equipment purchased with proceeds, and all insurance proceeds and refunds of insurance premiums, if any, and any sums that may be due from third parties who may cause damage to any of the foregoing, or from any insurer, whether due to judgment, settlement or other process, and any and all present and future accounts, chattel paper, instruments, notes and monies that may be derived from the sale, lease or other disposition of any of the foregoing, and any rights of each Grantor to collect or enforce payment thereof, as well as to enforce any guaranties of the foregoing and security therefor, and all present and future general intangibles of each Grantor in any way related or pertaining to the ownership, operation, or use of the foregoing, and all rights of each Grantor with regard thereto.

(b) GENERAL INVENTORY: Any and all of Grantors' present and future inventory (including consigned inventory), related equipment, goods, merchandise, and other items of personal property, no matter where located, of every type and description, including without limitation, any and all Grantors' present and future raw materials, components, work-in-process, finished items, packing and shipping materials, containers, items held for sale, items held for release, items for which any Grantor is lessor, goods to be furnished under contract for services, materials used or consumed in Grantors' business, whether held by any Grantor or by others, and all documents of title, warehouse receipts, bills of lading, and all other documents of every type covering all or any part of the foregoing, and any and all additions thereto and substitutions and replacements therefor, and all accessories, attachments, and accessions thereto, whether added now or later, and all products and proceeds derived or to be derived therefrom,

including without limitation, all insurance proceeds and refunds of insurance premiums, if any, and all sums that may be due from third parties who may cause damage to any of the foregoing, or from any insurer, whether due to judgment, settlement or other process, and any and all present and future accounts, contract rights, chattel paper, instruments, documents and notes that may be derived from the sale, lease or other disposition of any of the foregoing, and any rights of Grantors to collect or enforce payment thereof, as well as to enforce any guaranties of the foregoing and security therefor, and all of Grantors' present and future general intangibles in any way related or pertaining to ownership, operation, use or collection of any of the foregoing, including without limitation, Grantors' books, records, files, computer discs and software, and all rights that any Grantor may have with regard thereto. Inventory includes inventory temporarily out of Grantors' possession or custody and all returns on accounts.

(c) GENERAL ACCOUNTS, CHATTEL PAPER AND CONTRACT RIGHTS: Any and all of Grantors' present and future accounts, accounts receivable, other receivables, contract rights, chattel paper, instruments, documents, notes, and all other obligations and indebtedness that may now and in the future be owed to any Grantor from whatever source arising, and all monies and proceeds that are payable thereunder, and all of Grantors' rights and remedies to collect and enforce payment and performance thereof, as well as to enforce any guaranties of the foregoing and security therefor, and all of Grantors' present and future rights, title and interest in and with respect to the goods, services, or other property that may give rise to or that may secure any of the foregoing, and Grantors' insurance rights and with regard thereto, and all present and future general intangibles of any Grantor in any way related or pertaining to the foregoing, including without limitation, Grantors' account ledgers, books, records, files, computer discs and software, and all rights that Grantors may have with regard thereto.

(d) GENERAL INTANGIBLES: All chooses in action and causes of action and all other intangible personal property of Grantors of every nature and kind, now owned or hereafter acquired, including without limitation, corporate or other business records, inventions, designs, blueprints, plans, specifications, patent, patent applications, trademarks, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, tax refund claims, insurance proceeds, including without limitation, and any letter of credit, guaranty, claim, security interest or other security held or granted to any Grantor to secure payment of any indebtedness.

(e) INVESTMENTS: All stock, limited liability membership interests, interests in partnerships, joint ventures and other entities, and other equity interests (hereinafter, collectively "Equity Interests") now or hereafter owned by Borrower, directly or indirectly, in or of any other Grantor, together with any additional Equity Interests in or of any other Grantor issued hereafter as dividends, splits, reclassifications, or otherwise, or Equity Interests received as a result of any merger or consolidation of any other Grantor, all cash, liquidation and other dividends now or hereafter declared thereon, all redemption payments and all other monies due or to become due thereunder, all warrants, options, pre-emptive rights, rights of first refusal, and other rights to subscribe to, purchase or receive any shares of common stock or other securities or Equity Interests now or hereafter incident thereto or declared or granted in connection therewith, and all distributions (whether made in cash, instruments, income, or other property) made or to be made in connection therewith or incident thereto, and all proceeds of all or any of the foregoing, in whatever form, and all proceeds of such proceeds.

(f) EXCLUSION: Notwithstanding the foregoing, the "Collateral" shall not include the following property: (i) that certain promissory note dated August 29, 1996 in the original principal amount of $8,534,000 executed by Newpark Shipbuilding and Repair Inc. to Newpark Shipholding Texas, L.P., and (ii) all Series B Convertible Preferred and Series C Redeemable Preferred Stock of Environmental Safeguards, Inc. now or hereafter registered in the name of Borrower.

2.3 UNIFORM COMMERCIAL CODE. Notwithstanding the foregoing description of each item of Collateral, each Grantor acknowledges and agrees that Secured Parties' security interest in each item of Collateral shall cover such item as such items of Collateral are defined in the Uniform Commercial Code.

2.4 LOCATION OF COLLATERAL. Secured Parties' security interest will affect the Collateral wherever located.

2.5 DEPOSIT ACCOUNTS: As additional collateral security for repayment of the Secured Obligations, each Grantor hereby grants Secured Parties a continuing security interest in any and all present or future funds that Grantors may have on deposit with Lenders and in certificates of deposit and other deposit accounts as to which any Grantor is an account holder (with the exception of IRA, pension and other tax-deferred deposits). Upon the occurrence of a Default (as hereinafter defined), Secured Parties may apply any funds that Grantors may have on deposit with any Secured Party and in certificates of deposit and other deposit accounts as to which any Grantor is an account holder against the unpaid balance of the Secured Obligations.

2.6 PURCHASE MONEY SECURITY INTEREST: To the extent any of the Secured Obligations arising after the execution of this Agreement is used by any Grantor to purchase inventory and/or equipment, it is agreed that the security interest of Administrative Agent for the pro rata benefit of the Secured Parties shall constitute a purchase money security interest in such equipment and/or inventory.

ARTICLE 3

GRANTORS' REPRESENTATIONS AND WARRANTIES

3.1 REPRESENTATIONS AND WARRANTIES: Except as previously disclosed to Lender in writing, Grantors hereby represent and warrant to the Administrative Agent for the benefit of the Secured Parties that: (A) Grantors are and will continue to be the lawful owner of the Collateral, except for sales of inventory in the ordinary course of business; (B) Grantors have the right to grant a security interest in the Collateral in favor of the Administrative Agent for the benefit of the Secured Parties; (C) as of the time this Agreement is executed or at the time a financing statement is filed with regard to the Collateral, there are and will be no liens, encumbrances, or other security interests affecting the Collateral other than those permitted by the Credit Agreement; (D) the security rights and interests granted under this Agreement will at no time become subordinate or junior to any security rights, interest, liens or claims of any

person, firm, or corporation; and (E) this Agreement is binding upon Grantors as well as Grantors' successors, representatives and assigns, and is legally enforceable in accordance with its terms. The above representations and warranties and all other representations and warranties contained in this Agreement are and will be continuing in nature and will remain in full force and effect until such time as this Agreement is cancelled in the manner provided above.

3.2 PROHIBITIONS REGARDING THE COLLATERAL: So long as this Agreement remains in effect, and to the extent applicable, Grantors agree not to, without Administrative Agent's prior written consent: (A) sell, assign, transfer, convey, option, mortgage, or lease the Collateral, except as permitted in the Credit Agreement; (B) permit any lien, encumbrance, or other security interest to be placed on or attach to the Collateral except as permitted in the Credit Agreement; (C) permit any of the Collateral to be attached to real (immovable) property so as to become a "fixture" within the context of the Uniform Commercial Code; (D) do anything or permit anything to be done that may in any way impair the security interest and rights in and to the Collateral created by this Agreement; (E) except as permitted in this Agreement or the Credit Agreement, modify, adjust, compromise, settle, waive or forego any rights that Grantor may have with regard to the Collateral. Notwithstanding any other provision of this Agreement to the contrary, to the extent that the Collateral consists of Grantors' inventory, Grantors shall have the right to sell or lease individual items of inventory in the ordinary course of Grantors' business. Upon the occurrence of a Default any and all proceeds accruing from the sale, lease or other disposition of the inventory shall be fully, faithfully and promptly accounted for by Grantors, and shall be received by Grantors in trust for Administrative Agent for the benefit of the Secured Parties separate and apart from Grantors' other funds, and shall be promptly remitted to Administrative Agent to be applied against the Secured Obligations.

3.3 TYPE AND JURISDICTION OF ORGANIZATION. Each Grantor represents and warrants that it is a corporation, limited partnership, or limited liability company as set forth on Schedule A hereto. Each Grantor represents and warrants that it is a "registered organization" and that its state organization number is set forth on such Schedule A.

3.4 PRINCIPAL LOCATIONS. Each Grantor represents and warrants that its mailing address and the location of its place of business (if it only has one) or its chief executive office (if it has more than one place of business) are as follows:

3850 North Causeway Boulevard
Suite 1770
Metairie, LA 70002

3.5 NO OTHER NAMES. Each Grantor represents and warrants that, except as set forth on Schedule 1, it has not conducted business in the United States under any name in the last six (6) years except the name in which it has executed this Agreement, which is the exact name as it appears in the Grantor's organizational documents, as amended, as filed with the Grantor's jurisdiction of organization.

3.6 FEDERAL EMPLOYER IDENTIFICATION NUMBER.. Each Grantor represents and warrants that its Federal employer identification number is as set forth in the Exhibit A attached to this Agreement.

ARTICLE 4

AFFIRMATIVE COVENANTS

So long as this Agreement remains in effect, and to the extent applicable, Grantors agree as follows:

(a) To the extent that the Collateral consists of the Grantors' inventory, Grantors shall store and exhibit said inventory for the purpose of sale or lease in the ordinary course of business. Grantors will not, without having first obtained Administrative Agent's prior written consent, use any items of Grantors' inventory for Grantors' own purposes except in the ordinary course of business, or relinquish possession of any such inventory items to third parties, whether for demonstration purposes or otherwise, except in the ordinary course of business.

(b) Grantors will not, and will not permit others to, abandon, waste or destroy the Collateral. Grantors will observe and abide by and cause others to observe and abide by all laws, rules regulations and ordinances, as well as all policies of insurance, affecting the Collateral or its use.

(c) Grantors will maintain adequate insurance on the Collateral at Grantors' sole expense as required by the Credit Agreement.

(d) Grantors will promptly pay when due all taxes, local and special assessments and governmental charges of every type and description that may from time to time be imposed, assessed or levied against the Collateral (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with generally accepted accounting principles have been provided on the books of Grantors). Upon Administrative Agent's request, Grantors will additionally provide Administrative Agent and Lenders with evidence that such taxes, assessments and governmental charges have been paid in full and a timely manner.

(e) Grantors will not make or permit to be made any alterations to the Collateral that may unreasonably reduce or impair the Collateral's use or value. The Administrative Agent or its agents may periodically inspect the Collateral at all reasonable times and on reasonable prior notice and obtain appraisals of the Collateral from time to time while this Agreement remains in effect.

(f) Grantors will keep proper books and records with regard to Grantors' business activities and the Collateral subject to this Agreement. The Administrative Agent or its agents shall have the right to inspect and copy Grantors' books and records, and to discuss Grantors' affairs and finances with Grantor at reasonable times and on reasonable prior notice.

(g) Grantors will keep and maintain, and cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect, ordinary wear and tear excepted. Grantors will further pay when due all claims for work done, or services rendered, or materials furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral except as permitted in the Credit Agreement.

(h) Should any Grantor for any reason fail to maintain insurance on the Collateral as required by the Credit Agreement, or fail to pay taxes, assessments and other governmental charges when due, or should any Grantor fail to repair and maintain the Collateral as required under this Agreement, then Administrative Agent on behalf of Secured Parties shall have the right, at Administrative Agent's sole option and without responsibility to do so, to make advances to purchase such insurance on Grantors' behalf (including insurance protecting only the Secured Parties' interests in the Collateral), to pay governmental charges, and to make necessary repairs to Collateral. Further, Administrative Agent may from time to time make additional advances in order to obtain current appraisals of the Collateral. Should any Grantor default under any other loan or extension of credit secured by the Collateral, or should the Collateral become subject to or threatened with seizure and/or sale, then Administrative Agent shall have the additional right, again at Administrative Agent's sole option and discretion and without any responsibility or liability to do so, to cure such defaults or to cause such defaults to be cured, whether by making payments on Grantors' behalf or by taking such other actions as Administrative Agent may deem to be necessary and proper within its sole discretion. All such additional sums that Administrative Agent on behalf of Secured Parties or that any Secured Party may advance on Grantors' behalf, as well as Administrative Agent's or Secured Parties' additional expense as provided under this Agreement, shall be considered a part of the Secured Obligations secured by this Agreement, and shall be treated as an additional advance under the Credit Agreement. Grantors will reimburse Administrative Agent or Secured Parties immediately for all such additional advances, together with interest thereon as provided in the Credit Agreement.

ARTICLE 5

SPECIAL COVENANTS FOR ACCOUNTS, CHATTEL PAPER AND CONTRACT RIGHTS

Grantors further agree and covenant as follows:

(a) In addition to the representations and warranties set forth above, Grantors represent and warrant to Administrative Agent for the benefit of the Secured Parties with regard to Grantors' accounts, chattel paper and contract rights on which Lenders have been granted a security interest that: (A) such accounts, chattel paper and contract rights represent and/or will continue to represent bona fide obligations of the obligor and obligors thereunder, free of any offset, compensation, deduction and counterclaim, except as reflected on the books of Grantors;

and (B) such accounts, chattel paper, contracts and agreements are and will continue to be in full compliance with all applicable state and federal laws and regulations.

(b) Grantors shall faithfully perform any and all of its obligations under any contracts or agreements that may give rise to Grantors' accounts, chattel paper and/or contract rights on which Administrative Agent has been granted a security interest. Grantors agree not to do, neglect to do, or permit to be done, anything that might cause a modification or termination of any such contract or agreement or the obligations of any obligor or to other persons thereunder, which may diminish or impair the value of the Collateral or the pro rata security rights and interests of Administrative Agent for the benefit of the Secured Parties therein and hereunder.

(c) Upon reasonable request by Administrative Agent, upon the occurrence of a Default or Unmatured Default, Grantors agree to notify individual obligors under Grantors' accounts, chattel paper, contracts and other agreements on which Administrative Agent for the benefit of the Secured Parties has been granted a security interest, advising such obligors of the fact that their obligations have been collaterally assigned and pledged to Administrative Agent for the benefit of the Secured Parties. Should any Grantor fail to provide such notices for any reason upon request by Administrative Agent, Administrative Agent may forward appropriate notices to such obligors, either in Grantor's name or in Administrative Agent's name. Grantors further agree that Administrative Agent or Administrative Agent's representatives may periodically contact individual obligors to verify their respective obligations, to determine whether such obligors have any offsets or counterclaims against Grantors, and with regard to such other matters about which Administrative Agent may inquire.

(d) Administrative Agent shall have the right, upon the occurrence of a Default or Unmatured Default, to directly collect and receive all monies, proceeds and/or payments of Grantors' accounts, chattel paper, contracts and agreements subject hereto, as such amounts become due and payable. Upon the occurrence of a Default or Unmatured Default, Administrative Agent shall have the further right to notify individual obligors under such accounts, chattel paper, contracts or agreements to pay such proceeds and payments directly to Administrative Agent at an address to be designated by Administrative Agent, and to do any and all other things as Administrative Agent may deem to be necessary and proper, within its sole discretion. Administrative Agent shall have the additional right, when appropriate and within Administrative Agent's sole discretion, to file suit, either in its own name or in the name of Grantors, to collect any and all such sums that may be due and owing under such accounts, chattel paper, contracts or agreements, and to enforce any guaranties and security therefore. Administrative Agent may also take such other actions, either in Grantors' name or in the name of Administrative Agent, as Administrative Agent may deem appropriate within its reasonable judgment, with regard to collection and payment of the same, including without limitation, making any compromise or settlement, or releasing any parties or collateral security, without affecting the liability of Grantors under this Agreement or under the Secured Obligations secured hereby.

ARTICLE 6

DEFAULT REMEDIES

6.1 DEFAULT: Should a Default occur Administrative Agent shall have all the rights of a secured party under the Uniform Commercial Code. In addition and without limitation, Administrative Agent may exercise any one or more of the following rights and remedies:

ACCELERATE SECURED OBLIGATIONS. Administrative Agent may declare the entire Secured Obligations immediately due and payable, without notice.

ASSEMBLE COLLATERAL. Administrative Agent may require Grantors to deliver to Administrative Agent all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Administrative Agent may require Grantors to assemble the Collateral and make it available to Administrative Agent at a place to be designated by Administrative Agent. Administrative Agent also shall have full power to enter, provided it does so without a breach of the peace or a trespass, upon the property of Grantors to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantors agree Administrative Agent may take such other goods, provided that Administrative Agent makes reasonable efforts to return them to Grantors after repossession.

SELL THE COLLATERAL. Administrative Agent shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in its own name or that of Grantors. Administrative Agent or Lenders may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Administrative Agent will give Grantors reasonable notice of the time after which any private sale or any other intended disposition of the Collateral is to be made. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Secured Obligations secured by this Agreement and shall be payable on demand, with interest thereon until paid at the rate equal to the then highest rate of interest charged on the principal of any of the Secured Obligations plus two percent (2%).

APPOINT RECEIVER. To the extent permitted by applicable law, Administrative Agent shall have the following rights and remedies regarding the appointment of a receiver: (a) Administrative Agent may have a receiver appointed as a matter or right, (b) the receiver may be an employee of Administrative Agent may serve without bond, and (c) all fees of the receiver and his or her attorney shall become part of the Secured Obligations secured by this Agreement and shall be payable on demand, with interest thereon until paid at the rate equal to the then highest rate of interest charged on the principal of any of the Secured Obligations plus two percent (2%) annum from date of expenditure until repaid.

COLLECT REVENUES, APPLY ACCOUNTS. Administrative Agent, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Administrative Agent may at any time in its discretion transfer any Collateral into its own name or that of its nominee and receiver the payments, rents, income, and revenues therefrom and hold the same as security for the Secured Obligations or apply it to payment of the Secured Obligations in such order of preference as Administrative Agent may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Administrative Agent may demand, collect, receive for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Administrative Agent may determine, whether or not Secured Obligations or Collateral is then due. For these purposes, Administrative Agent may, on behalf of and in the name of Grantors, receive, open and dispose of mail addressed to Grantors, change any address to which mail and payments are to be sent, and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Administrative Agent may notify account debtors and obligors on any Collateral to make payments directly to Administrative Agent.

OBTAIN DEFICIENCY. If Administrative Agent choses to sell any or all of the Collateral, Administrative Agent may obtain a judgment against Grantors for any deficiency remaining on the Secured Obligations due to Administrative Agent after application of all amounts received from the exercise of the rights provided in this Agreement. Grantors shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

OTHER RIGHTS AND REMEDIES. Administrative Agent shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Administrative Agent shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

SPECIAL LOUISIANA PROVISIONS. For purposes of foreclosure under Louisiana executory process procedures, Grantors confess judgment and acknowledges to be indebted to Secured Parties up to the full amount of the Secured Obligations, in principal, interest, costs, expenses, attorney's fees and other fees and charges, and all other amounts secured by this Agreement. To the extent permitted under applicable Louisiana law, Grantors additionally waive: (A) the benefit of appraisal as provided under Articles 2332, 2336, 2723 and 2724 of the Louisiana Code of Civil Procedure, and all other laws with regard to the appraisal upon judicial sale; (B) the demand and three days' delay as provided under Articles 2639 and 2721 of the Louisiana Code of Civil Procedure; (C) the notice of seizure as provided under Articles 2293 and 2721 of the Louisiana Code of Civil Procedure; (D) for three (3) days' delay provided under Articles 2331 and 2722 of the Louisiana Code of Civil Procedure; and (E) all other benefits provided under Articles 2331, 2722 and 2723 of the Louisiana Code of Civil Procedure and all other Articles not specifically mentioned above. Grantors further agree that any declaration of fact made by authentic act before a Notary Public and two witnesses by a person declaring that such facts are within his or her knowledge shall constitute authentic evidence of such

facts for purposes of foreclosure under applicable Louisiana law. Grantors further agree that Administrative Agent may appoint a keeper of the Collateral in the event of foreclosure.

6.2 EXPENSES: All expenses relating to the sale or other disposition of the Collateral, including, without limitation, Administrative Agent's and Secured Parties' reasonable attorney's fees and expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Secured Obligations secured by this Agreement and shall be payable on demand, with interest thereon until paid at the rate equal to the then highest rate of interest charged on the principal of any of the Secured Obligations plus two percent (2%) from the date of expenditure until Administrative Agent or Secured Parties are repaid in full.

6.3 NO RESTRICTION OF REMEDIES: Grantors agree that all of the remedies provided herein are and shall be cumulative in nature and nothing under this Agreement shall limit or restrict the remedies available to Administrative Agent following any event of default.

6.4 APPLICATION OF PROCEEDS: All payments received by the Administrative Agent hereunder shall be applied by the Administrative Agent to payment of the Secured Obligations in the following order unless a court of competent jurisdiction shall otherwise direct:

(a) FIRST, to payment of all costs and expenses of the Administrative Agent incurred in connection with the collection and enforcement of the Secured Obligations or of any security interest granted to the Administrative Agent in connection with any collateral securing the Secured Obligations;

(b) SECOND, to payment of that portion of the Secured Obligations constituting accrued and unpaid interest and fees, pro rata among the Secured Parties in accordance with the amount of such accrued and unpaid interest and fees owing to each of them;

(c) THIRD, to payment of the principal of the Secured Obligations and the net early termination payments and any other Rate Management Obligations then due and unpaid from the Borrower to any of the Secured Parties, pro rata among the Secured Parties in accordance with the amount of such principal and such net early termination payments and other Rate Management Obligations then due and unpaid owing to each of them; and

(d) FOURTH, to payment of any Secured Obligations (other than those listed above) pro rata among those parties to whom such Secured Obligations are due in accordance with the amounts owing to each of them.

6.5 PROTECTION OF SECURITY INTEREST: Grantors agrees to be fully responsible for any losses that Administrative Agent or Secured Parties may suffer as a result of anyone other than Administrative Agent or Secured Parties asserting any rights or interest in the

Collateral. Grantors further agree to appear in and defend all actions and proceedings purporting to affect Secured Parties' security rights and interest. Should Grantors fail to do what is required of it under this agreement, or if any action or proceeding is commenced naming Administrative Agent or Secured Parties as a party, or affecting Secured Parties' security interest, or the rights and powers granted under this Agreement, then Administrative Agent or Secured Parties may, without releasing Grantors from any of its obligations, do whatever Administrative Agent or Secured Parties believes is necessary and proper within their reasonable discretion, including advancing additional sums on Grantors' behalf as provided herein, to protect Secured Parties' security rights and interests.

6.6 INDEMNIFICATION OF ADMINISTRATIVE AGENT AND SECURED PARTIES: Grantors further agree to indemnify, to defend and to hold Administrative Agent and Secured Parties harmless from any and all claims, suits, obligations, damages, loss, costs, and expenses (including the fees of Administrative Agent's or Secured Parties' attorney), demand, liability, penalties, fines and forfeitures of any nature and kind whatsoever, that may be asserted against or incurred by Administrative Agent or any Secured Party, arising out of or in any way occasioned by this Agreement or the rights and remedies granted to or in favor of Administrative Agent or Secured Parties hereunder, except to the extent such claims, suits, obligations, damages, loss, costs, and expenses (including the fees of Administrative Agent's or Secured Parties' attorney), demand, liability, penalties, fines and forfeitures of any nature and kind whatsoever arise out of or are in any way occasioned by the intentional misconduct or gross negligence of Administrative Agent or Secured Parties.

ARTICLE 7

DELAYED RIGHTS

If Grantors should ever make a payment on, or if any of Grantors' Collateral or other property is ever used to pay a loan or other obligation to any Secured Party of a company as to which any Grantor is or may at any time be an "insider" within the context of Section 101(3) of the Bankruptcy Code (11 U.S.C. Section 101(30)), Grantors agree that any rights that it may have to collect from or be reimbursed by such a company or by any other guarantor or surety, whether as a result of subrogation to Administrative Agent's or Secured Parties' rights or otherwise, will be delayed until the thirteen month anniversary date following full and final payment to Secured Parties.

ARTICLE 8

REVISED ARTICLE 9

Each Grantor hereby confirms that by signing this Agreement, that Grantor has authenticated this Agreement, within the meaning of revised Chapter 9 of the Louisiana Commercial Laws and Revised Article 9 of the Uniform Commercial Code as now or hereafter in effect in any jurisdiction ("Revised Article 9"). This Agreement shall constitute full authorization in favor of Administrative Agent to file appropriate financing statements, initial or

"in lieu" financing statements, continuation statements, and statements of amendment, with or without any Grantor's signature, as may be necessary or advisable to perfect and maintain the perfection and priority of the security interest granted to Administrative Agent in this Agreement, including any such filings containing such information required by Part 5 of Revised Article 9 for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether any Grantor is an organization, the type of organization and any organization number issued to the Grantor. Each Grantor shall furnish such information to Administrative Agent upon Administrative Agent's request. Any such financing statements, continuation statements or amendments may be signed by Administrative Agent on Grantors' behalf. Any such filings by an Administrative Agent may be by delivery of originals or photocopies, by electronic communication, or such other authorized form of communication as may be permitted under then applicable law.

ARTICLE 9

MISCELLANEOUS PROVISIONS

In entering into this Agreement, Grantors are, to the extent applicable, waiving any exemption from seizure with regard to the Collateral to which Grantors may be entitled under applicable law.

9.1 Each Grantor agrees to notify Administrative Agent in writing in advance should Grantors ever change its name, legal status, or change or obtain a new Federal employer identification number or entity organizational number. Grantors further agree to notify Administrative Agent in writing in advance of any change in Grantors' mailing address or the location of Grantors' principal office.

9.2 Grantors agree that any failure or delay on the part of Administrative Agent or Secured Parties to exercise any of the rights and remedies granted under this Agreement shall not constitute a waiver of such rights or remedies. Any waiver or forbearance on the part of the Administrative Agent or Secured Parties shall be effective against Grantors only if agreed to in writing.

9.3 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF LOUISIANA AND APPLICABLE FEDERAL LAWS, EXCEPT TO THE EXTENT PERFECTION AND THE EFFECT OR PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST GRANTED HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF LOUISIANA. If any provision of this Agreement is deemed to be invalid or unenforceable for any reason, such invalidity or unenforceability will not affect the

validity and enforceability of the remaining provisions of this Agreement. The caption headings of this Agreement are for convenient reference only and are not to be construed as a summary of each provision of this Agreement.

9.4 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF LOUISIANA. EACH OF THE GRANTORS HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA AND OF ANY LOUISIANA STATE COURT SITTING IN NEW ORLEANS, LOUISIANA AND FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING, WITHOUT LIMITATION, ANY OF THE OTHER LOAN DOCUMENTS) OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH OF THE GRANTORS IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH ANY OF THEM MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH OF THE GRANTORS, AND THE ADMINISTRATIVE AGENT AND THE SECURED PARTIES ACCEPTING THIS GUARANTY, HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9.5 Grantors agree that Administrative Agent may file a carbon, photographic, facsimile or other type of copy of this Agreement, or of a UCC financing statement, in lieu of filing an original containing the signature of Grantors or of Grantors' duly authorized representative. Grantors further agree to reimburse Administrative Agent for the costs of filing, amending, continuing, terminating and releasing Grantors' UCC financing statement(s), to the extent applicable, which costs shall be considered an additional Secured Obligations secured under this Agreement.

ARTICLE 10

THE ADMINISTRATIVE AGENT

Bank One, NA has been appointed Administrative Agent for the Lenders hereunder pursuant to Article X of the Credit Agreement. It is expressly understood and agreed by the parties to this Agreement that any authority conferred upon the Administrative Agent hereunder is subject to the terms of the delegation of authority made by the Secured Parties to the Administrative Agent pursuant to the Credit Agreement, and that the Administrative Agent has agreed to act (and any successor Administrative Agent shall act) as such hereunder only on the express conditions contained in such Article X. Any successor Administrative Agent appointed pursuant to Article X of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Administrative Agent hereunder.

[Remainder of page intentionally left blank]

This Agreement is executed by each Grantor and the Administrative Agent as of the date written above.

GRANTORS:
NEWPARK RESOURCES, INC.

By: _____
Name: John R. Dardenne, Sr.
Title: Treasurer

EXCALIBAR MINERALS INC.,
MALLARD & MALLARD OF LA., INC.,
NEWPARK HOLDINGS, INC.,
SUPREME CONTRACTORS, L.L.C.,
NEWPARK DRILLING FLUIDS, LLC,
NEWPARK ENVIRONMENTAL SERVICES, L.L.C.,
NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY,
L.L.C., NEWPARK TEXAS, L.L.C.,
EXCALIBAR MINERALS OF LA., L.L.C., and
SOLOCO, L.L.C.

By: _____
Name: John R. Dardenne, Sr.
Title: Treasurer

BATSON MILL, L.P.,
NEWPARK ENVIRONMENTAL SERVICES OF TEXAS, L.P.,
NEWPARK SHIPHOLDING TEXAS, L.P.,
NID, L.P.,
SOLOCO TEXAS, L.P.,
NES PERMIAN BASIN, L.P. and
NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P.
By: Newpark Holdings, Inc., the general partner of each

By: _____
Name: John R. Dardenne, Sr.
Title: Treasurer

ADMINISTRATIVE AGENT:
BANK ONE, NA
(MAIN OFFICE, CHICAGO, ILLINOIS)

By:

Name: J. Charles Freel
Title: Director, Capital Markets

EXHIBIT "A"

Organizational No.	Tax ID No.
NEWPARK RESOURCES, INC., a Delaware corporation	2162755 72-1123385
EXCALIBAR MINERALS INC., a Texas corporation	118846100 93-1055876
MALLARD & MALLARD OF LA., INC., a Louisiana corporation	32703240D 74-2062791
NEWPARK HOLDINGS, INC., a Louisiana corporation	34482682D 72-1286594
SUPREME CONTRACTORS, L.L.C., a Louisiana limited liability company	34725784K 72-1089713
NEWPARK DRILLING FLUIDS, LLC, a Texas limited liability company	706080122 76-0294800
NEWPARK ENVIRONMENTAL SERVICES, L.L.C., a Louisiana limited liability company	34871205K 72-1335837
NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C., a Louisiana limited liability company	34513965K 72-0770718
NEWPARK TEXAS, L.L.C., a Louisiana limited liability company	34481667K 72-1286789

EXCALIBAR MINERALS OF LA., L.L.C., a Louisiana limited liability company 34555250K 72-1363543

SOLOCO, L.L.C., a Louisiana limited liability company 34481693K 72-1286785

BATSON MILL, L.P., a Texas limited partnership 7869710 72-1284721

NEWPARK ENVIRONMENTAL SERVICES OF TEXAS, L.P., a Texas limited partnership 8598110 72-1312748

NEWPARK SHIPHOLDING TEXAS, L.P., a Texas limited partnership 7858610 72-1286763 NID, L.P., a Texas limited partnership 9570010 72-1347084

SOLOCO TEXAS, L.P., a Texas limited partnership 7858510 72-1284720 NES

PERMIAN BASIN, L.P., a Texas limited partnership 10163210 72-1397586

NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P., a Mississippi limited 642172 72-1373214 partnership

SCHEDULE 1

Advanced Chemical Technologies, Inc.
Anchor Drilling Fluids USA, Inc.
Batson Mill, Inc.
BFC Oil Company
Bulkfleet Marine, Inc.
Cajun Oilfield Services, Inc.
Chem-Drill, Inc.
Chessher Construction, Inc.
FMI Wholesale Drilling Fluids, USA, L.P.
F&S Marine Services, Inc.
Fiber Products, Inc.
Iberia Barite, L.L.C.
J. Pouyer Interest, Inc.
Legend Construction, Inc.
Mallard & Mallard, Inc.
Mid-Continent Completion Fluids, Inc.
Newpark Drilling Fluids, Inc.
Newpark Environmental Services, Inc.
Newpark Environmental Services, LLC
Newpark Environmental Water Services, Inc.
Newpark Mill, Inc.
Newpark Texas Drilling Fluids, Inc.
Newpark Wellhead Services, Inc. (LA)
NOW Disposal Operating Co.
Oak Valley Ltd. Partnership
Permian Brine Sales, Inc.
Perry Trucking, Inc.
Quality Sites for Oil Industries, Inc.
Red Hill Disposal, Inc.
Sampey Bilbo Meschi Drilling Fluids Management, Inc.
Shamrock Drilling Fluids, Inc.
Smithey, Inc.
SOLOCO, INC.
Southwestern Universal Corp.
Supreme Contractors, Inc.
Supreme Contractors International, Inc.
OGS Laboratory, Inc.
Darcom International, LP
Sonnex, Inc.
Consolidated Mayflower Mines, Inc.
Bockmon Construction Company of LA, Inc.
George R Brown Services, Inc.
Gulf South Environmental Consultants, Inc.

Hydra Fluids, Inc.
Houston Prime Pipe & Supply, Inc.
NOW Disposal Holding Co.
O'Brien - Goins - Simpson & Associates, Inc.
Qualitex, Inc.
SBM Acquisition Corporation
Newpark Support Services
Newpark Transportation
Chesser Construction Company, Inc.
Florida Mat Rentals, Inc.
Bockmon Construction Company, Inc.
Chemical Technologies, Inc.
JPI Acquisition Corp.
NDF Mexico, Inc.
Newpark Performance Services, Inc.

AMENDED AND RESTATED
STOCK PLEDGE AGREEMENT

THIS AMENDED AND RESTATED STOCK PLEDGE AGREEMENT (this "Agreement"), dated as of January 31, 2002, is executed by and between Newpark Resources, Inc., a Delaware corporation (the "Borrower"), and Bank One, NA, as Administrative Agent (the "Administrative Agent") for the benefit of the Administrative Agent, the Lenders and their Affiliates, and the LC Issuer pursuant to the Credit Agreement referred to below.

RECITALS

A. Pursuant to that certain Amended and Restated Credit Agreement dated January 31, 2001 as amended (as so amended, the "Original Credit Agreement") by and among Newpark Resources, Inc. as Borrower, certain Guarantors, Bank One, NA, as Administrative Agent and LC Issuer, and the Lenders party thereto, the Borrower executed a certain Amended and Restated Stock Pledge Agreement dated January 31, 2001 (the "Original Pledge Agreement").

B. The Borrower, certain Guarantors, Bank One, NA as Administrative Agent and the LC Issuer, and the Lenders party thereto are amending and restating the Original Credit Agreement pursuant to that certain Amended and Restated Credit Agreement dated as of January 31, 2002 (as the same may be amended, modified or restated from time to time, the "Credit Agreement").

C. The Borrower and the Administrative Agent desire to amend and restate the Original Pledge Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, the Borrower and the Administrative Agent do hereby amend and restate the Original Pledge Agreement effective as of the Closing Date and agree and obligate themselves as follows:

SECTION 1. DEFINITIONS. Any capitalized term defined in the Credit Agreement and not otherwise defined herein shall have the meaning given to such term in the Credit Agreement. In addition, the following terms shall have the following meanings when used in this Agreement:

AGREEMENT. The term "Agreement" refers to this Amended and Restated Stock Pledge Agreement as this agreement may be modified, restated, or amended in writing from time to time, and to any exhibits or attachments to this Agreement.

BORROWER. The term "Borrower" refers to Newpark Resources, Inc., a Delaware corporation, and its successors and assigns.

COLLATERAL. The term "Collateral" refers individually, collectively and interchangeably to the Collateral as more fully described in Section 2 (A) of this Agreement.

LC ISSUER. The term "LC Issuer" refers to Bank One, NA, as LC Issuer under the Credit Agreement and its successors and assigns.

LENDERS. The term "Lenders" refers individually and collectively to the Lenders now or hereafter party to the Credit Agreement, their successors and assigns, and any subsequent holder or holders of any portion of the Secured Obligations.

NEWPARK CANADA. The term "Newpark Canada" is as defined in Section 2 (A) of this Agreement.

OBLIGATIONS. The term "Obligations" means any and all existing and future indebtedness, obligation and liability of every kind, nature and character, direct or indirect, absolute or contingent (including all renewals, extensions and modifications thereof and all fees, costs and expenses incurred by the Administrative Agent or the Lenders or the LC Issuer in connection with the preparation, administration, collection or enforcement thereof), of the Borrower to the Administrative Agent or any Lender or the LC Issuer or any branch, subsidiary or affiliate thereof, arising under or pursuant to this Agreement, the Credit Agreement, any promissory note or notes now or hereafter issued under the Credit Agreement, and the other Loan Documents.

RATE MANAGEMENT TRANSACTION. The term "Rate Management Transaction" means any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Borrower and any Lender or Affiliate thereof which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

RATE MANAGEMENT OBLIGATIONS. The term "Rate Management Obligations" means any and all obligations of the Borrower, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) without

duplication of (i), any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

SECURED OBLIGATIONS. Secured Obligations means the Obligations and Rate Management Obligations entered into with one or more of the Lenders or their Affiliates.

SECURED PARTIES. The term "Secured Parties" shall mean the Administrative Agent, the Lenders and their Affiliates, the LC Issuer, and their respective successors and assigns, and any subsequent holder of any portion of the Secured Obligations.

UNIFORM COMMERCIAL CODE. The term "Uniform Commercial Code" means the Uniform Commercial Code, Commercial Laws-Secured Transactions (La. R.S. 10-9-101 et seq.) in the State of Louisiana, as amended and in effect from time to time, provided that if by reason of mandatory provisions of law, the perfection or effect of perfection or non-perfection of a security interest in the Collateral is governed by the Uniform Commercial Code as in effect from time to time in a jurisdiction other than the State of Louisiana, Uniform Commercial Code means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purpose of the provisions hereof related to such perfection or effect of perfection or non-perfection.

SECTION 2. SECURITY INTEREST. (A) To secure the full and punctual payment and performance of all present and future Secured Obligations to the Secured Parties or any successor or transferee thereof, the Borrower hereby pledges, pawns, transfers and grants to the Administrative Agent for the pro rata benefit of the Secured Parties a continuing security interest in and to all of the following property of the Borrower, whether now owned or existing or hereafter acquired or arising (collectively the "Collateral"):

8,004,067 shares of the capital stock of Newpark Canada Inc. ("Newpark Canada") represented by Certificate No. 2A, dated January 2, 1999, registered in the Borrower's name, together with any additional shares of Newpark Canada issued hereafter as stock dividends, stock splits or otherwise, or shares received as a result of any merger or consolidation of Newpark Canada, all cash, liquidation and other dividends now or hereafter declared thereon, all stock redemption payments and all other monies due or to become due thereunder, all stock warrants, options, pre-emptive rights, rights of first refusal, and other rights to subscribe to, purchase or receive any shares of common stock or other securities now or hereafter incident thereto or declared or granted in connection therewith, and all distributions (whether made in cash, instruments, income, or other property) made or to be made in connection therewith or incident

thereto, and all proceeds of all or any of the foregoing, in whatever form, and all proceeds of such proceeds.

(B) The security interest is granted as security only and shall not subject the Secured Parties to, or transfer or in any way affect or modify, any obligation or liability of the Borrower with respect to any of the Collateral or any transaction in connection therewith.

(C) The Borrower hereby acknowledges that the certificate evidencing the 8,004,067 shares of capital stock of Newpark Canada was delivered to Bank One, Louisiana, National Association, as agent, on or about January 2, 1999, and that the said certificate is now held by the Administrative Agent.

SECTION 3. DELIVERY OF COLLATERAL. The Administrative Agent hereby accepts the delivery of the Collateral on behalf of the Secured Parties and on behalf of any future transferee of the Secured Obligations. The Borrower will execute and deliver to the Administrative Agent all assignments, endorsements, powers and other documents requested at any time and from time to time by the Administrative Agent with respect to the Collateral and the rights and powers granted to the Administrative Agent hereunder, and will deliver to the Administrative Agent any stock certificates representing stock dividends on, or stock splits of, any of the Collateral, together with a stock power fully executed in blank.

SECTION 4. REPRESENTATIONS. The Borrower has not performed any acts or signed any agreements which might prevent the Secured Parties from enforcing any of the terms of this Agreement or which would limit any of them in any such enforcement. No security agreement or similar or equivalent document or instrument covering all or any part of the Collateral has been executed by the Borrower and remains in effect, except in favor of the Administrative Agent for the benefit of the Secured Parties. No Collateral is in the possession of any Person (other than the Borrower) asserting any claim thereto or security interest therein, except that the Administrative Agent or its designee may have possession of Collateral as contemplated hereby. The Borrower further represents and warrants as follows:

(a) There are no outstanding options, warrants or similar rights with respect to the Collateral;

(b) The Borrower has the full power and authority to grant to the Administrative Agent for the benefit of the Secured Parties a valid and enforceable perfected and continuing lien on and security interest in the Collateral pursuant to this Agreement;

(c) The Collateral delivered to the Administrative Agent is fully paid and non-assessable, duly and validly authorized and issued and, upon execution hereof, will be duly and validly pledged to the Administrative Agent in accordance with all provisions of applicable law;

(d) The Borrower has good and marketable title to, and is the legal and registered owner of, the Collateral, free and clear of all liens, except for the lien created pursuant to this Agreement;

(e) Upon the execution and delivery of this Agreement and the delivery to the Administrative Agent of the Collateral, the Secured Parties shall have a valid and enforceable lien on and security interest in and to the Collateral; such lien and security interest shall constitute a perfected security interest in such Collateral, superior to the rights and equitable interests of all other persons in the Collateral;

(f) The execution, delivery and performance of this Agreement by the Borrower and the granting of a valid and enforceable lien and security interest in the Collateral will not (i) violate any provision of any law, any judgment, order, rule or regulation of any court, arbitration panel, or other governmental authority, domestic or foreign, or other person, (ii) violate any provision of any indenture, agreement, mortgage, contract or other instrument to which the Borrower is a party or by which any of its properties, assets or revenues are bound, or be in conflict with, result in an acceleration of any obligation or a breach of or constitute (with notice or lapse of time or both) a default under, any such indenture, agreement, mortgage, contract or other instrument, or (iii) result in the creation or imposition of any lien on any of the properties, assets or revenues of the Borrower, except those in favor of the Administrative Agent for the benefit of the Secured Parties as provided herein.

(g) This Agreement has been duly executed and delivered by the Borrower and constitutes the legal, valid and binding obligation of the Borrower enforceable against him in accordance with its terms;

(h) No registration with or consent or approval of, or other action by, any governmental authority, domestic or foreign, or other person is required (other than such approvals or consents which may have been obtained) in connection with the execution, delivery and performance of this Agreement and the granting of the valid and enforceable lien and security interest in the Collateral in favor of the Administrative Agent for the benefit of the Secured Parties;

(i) The Collateral constitutes not less than 66% of the issued and outstanding stock of Newpark Canada;

(j) Until the Secured Parties' security interest in the Collateral is terminated by the Administrative Agent, that the Collateral shall at all times constitute not less than 66% of the issued and outstanding stock of Newpark Canada. To the extent necessary, the Borrower agrees that it shall not approve or authorize any issuance of capital stock by Newpark Canada if such issuance would reduce the Collateral below the 66% calculation mentioned in the preceding sentence; and

(k) The Borrower is a corporation organized under the laws of the State of Delaware. Borrower's mailing address and the location of is its principal place of business (if it only has one) or its chief executive office (if it has more than one place of business) is at 3850 North Causeway Boulevard, Suite 1770, Metairie, LA 70002. Borrower also represents and warrants that it has not conducted business under any name except the name in which it has executed this Agreement, which is the exact name as it appears in the Borrower's organizational documents, as amended, as filed with the Borrower's jurisdiction of organization. Borrower represents and warrants that its Federal employer identification number is 72-1123385 and its Delaware entity

organization number is 2162755. Borrower agrees that it will notify Administrative Agent in writing should Borrower ever change its name, legal status, or change or obtain a new Federal employer identification number or a different Delaware organization number, or should it ever change its jurisdiction of organization. Borrower further agrees to notify Administrative Agent in writing of any change in Borrower's mailing address or the location of Borrower's principal office.

(l) Neither the Borrower nor Newpark Canada maintains or will maintain any transfer agents in Canada other than in the province of Alberta.

SECTION 5. VOTING RIGHTS. (A) So long as no Default or Unmatured Default shall have occurred, the Borrower shall have the right, from time to time, to exercise voting and other consensual rights to give approvals, ratifications and waivers pertaining to the Collateral, and the Administrative Agent upon receiving a written request from the Borrower accompanied by a certificate stating that no Default or Unmatured Default has occurred will deliver to the Borrower (or as specified in such request) such proxies, approvals, ratifications, waivers and other instruments pertaining to the Collateral as may be specified in such request and be in form and substance satisfactory to the Administrative Agent.

(B) Upon the occurrence of a Default or Unmatured Default, the Administrative Agent shall have the right, at the Administrative Agent's option, to exercise the voting and other consensual rights to give approvals, ratifications and waivers and to take any other action with respect to all the Collateral with the same force and effect as if the Administrative Agent were the absolute and sole owner thereof, and the Borrower's right to exercise such voting and other consensual rights shall, at the Administrative Agent's option, cease and become vested in the Administrative Agent.

SECTION 6. REMEDIES UPON DEFAULT. (A) Upon the occurrence of a Default (as defined in the Credit Agreement) the Administrative Agent may exercise all rights of a secured party under the Louisiana Commercial Laws-Secured Transactions and other applicable law (including the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction) and, in addition, the Administrative Agent may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, (i) transfer the whole or any part of the Collateral into the name of any Secured Party or its/their nominee(s); (ii) sell the Collateral or any part thereof at a broker's board or on a securities exchange; or (iii) sell the Collateral or any part thereof at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Administrative Agent may deem satisfactory. Any Secured Party may be the purchaser of any or all of the Collateral so sold at any public sale (or, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale). The Borrower will execute and deliver such documents and take such other action as the Administrative Agent deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale the Administrative Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of the Borrower which may be waived, and the Borrower, to the extent permitted by law, hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter

adopted. The Borrower agrees that ten (10) days' prior written notice of the time and place of any sale or other intended disposition of any of the Collateral constitutes "reasonable notification" within the meaning of Sections 9-610, 611, 624, or similar provisions of the Uniform Commercial Code (or any successor provision from time to time in effect) except that shorter or no notice shall be reasonable as to any Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market. The notice (if any) of such sale shall (1) in case of a public sale, state the time and place fixed for such sale, and (2) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Administrative Agent may fix in the notice of such sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels, as the Administrative Agent may determine. The Administrative Agent shall not be obligated to make any such sale pursuant to any such notice. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Administrative Agent until the selling price is paid by the purchaser thereof, but the Administrative Agent shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice.

(B) The Administrative Agent, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the security interests and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction. For the purposes of Louisiana executory process procedures, the Borrower does hereby confess judgment in favor of the Administrative Agent for the benefit of the Secured Parties for the full amount of the Secured Obligations. The Borrower does by these presents consent, agree and stipulate that upon the occurrence of a Default it shall be lawful for the Administrative Agent, and the Borrower does hereby authorize the Administrative Agent, to cause all and singular the Collateral to be seized and sold under executory or ordinary process, at the Administrative Agent's sole option, without appraisement, appraisement being hereby expressly waived, as an entirety or in parcels as the Administrative Agent may determine, to the highest bidder, and otherwise exercise the rights, powers and remedies afforded herein and under applicable Louisiana law. Any and all declarations of fact made by authentic act before a Notary Public in the presence of two witnesses by a person declaring that such facts lie within his knowledge shall constitute authentic evidence of such facts for the purpose of executory process. The Borrower hereby waives in favor of the Administrative Agent for the benefit of the Secured Parties: (a) the benefit of appraisement as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2723 and 2724, and all other laws conferring the same; (b) the demand and three days' delay accorded by Louisiana Code of Civil Procedure Articles 2639 and 2721; (c) the notice of seizure required by Louisiana Code of Civil Procedure Articles 2293 and 2721; (d) the three days' delay provided by Louisiana Code of Civil Procedure Articles 2331 and 2722; and (e) the benefit of the other provisions of Louisiana Code of Civil Procedure Articles 2331, 2722 and 2723, not specifically mentioned above.

(C) The Borrower recognizes that the Administrative Agent may be unable to effect a public sale of all or part of the Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obligated to agree, among other things, to acquire all or a part of the Collateral for their own account, for investment, and not with a view to the distribution or resale thereof. If the Administrative Agent deems it advisable to do so for the foregoing or for other reasons, the Administrative Agent is authorized to limit the prospective bidders on or purchasers of any of the Collateral to such a restricted group of purchasers and may cause to be placed on certificates for any or all of the Collateral a legend to the effect that such security has not been registered under the Securities Act of 1933, as amended, and may not be disposed of in violation of the provision of said act, and to impose such other limitations or conditions in connection with any such sale as the Administrative Agent deems necessary or advisable in order to comply with said act or any other securities or other laws. The Borrower acknowledges and agrees that any private sale so made may be at prices and on other terms less favorable to the seller than if such Collateral were sold at public sale and that the Administrative Agent has no obligation to delay the sale of such Collateral for the period of time necessary to permit the registration of such Collateral for public sale under any securities laws. The Borrower agrees that a private sale or sales made under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner. If any consent, approval, or authorization of any federal, state, municipal or other governmental department, agency or authority should be necessary to effectuate any sale or other disposition of the Collateral, or any partial sale or other disposition of the Collateral, the Borrower will execute all applications and other instruments as may be required in connection with securing any such consent, approval or authorization and will otherwise use its best efforts to secure same. In addition, if the Collateral is disposed of pursuant to Rule 144, the Borrower agrees to complete and execute a Form 144, or comparable successor form, at the Administrative Agent's request; and the Borrower agrees to provide any material adverse information in regard to the current and prospective operations of any corporation whose stock constitutes all or a portion of the Collateral of which the Borrower has knowledge and which has not been publicly disclosed, and the Borrower hereby acknowledges that the Borrower's failure to provide such information may result in criminal and/or civil liability.

(D) In addition, to the extent permitted by applicable law, the Borrower hereby unconditionally and irrevocably authorizes and instructs Newpark Canada, upon the occurrence and continuance of a Default, to transfer record ownership of the Collateral to the Administrative Agent. Notice of said occurrence and continuance of a Default to Newpark Canada shall be the issuance of a written notification thereof by the Administrative Agent to Newpark Canada.

(E) Application of Proceeds. All payments received by the Administrative Agent hereunder shall be applied by the Administrative Agent to payment of the Secured Obligations in the following order unless a court of competent jurisdiction shall otherwise direct:

(i) FIRST, to payment of all costs and expenses of the Administrative Agent incurred in connection with the collection and enforcement of the Secured Obligations or of any security interest granted to the Administrative Agent in connection with any collateral securing the Secured Obligations;

(ii) SECOND, to payment of that portion of the Secured Obligations constituting accrued and unpaid interest and fees, pro rata among the Secured Parties in accordance with the amount of such accrued and unpaid interest and fees owing to each of them;

(iii) THIRD, to payment of the principal of the Secured Obligations and the net early termination payments and any other Rate Management Obligations then due and unpaid from the Borrower to any of the Secured Parties, pro rata among the Secured Parties in accordance with the amount of such principal and such net early termination payments and other Rate Management Obligations then due and unpaid owing to each of them; and

(iv) FOURTH, to payment of any Secured Obligations (other than those listed above) pro rata among those parties to whom such Secured Obligations are due in accordance with the amounts owing to each of them.

SECTION 7. LIMITATION ON DUTY. Beyond the exercise of reasonable care in the custody thereof, the Administrative Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any Administrative Agent or bailee or any income thereon. The Administrative Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any broker or other Administrative Agent or bailee selected by the Administrative Agent in good faith. The Administrative Agent shall be deemed to have exercised reasonable care with respect to any of the Collateral in its possession if the Administrative Agent takes such action for that purpose as the Borrower shall reasonably request in writing; but no failure to comply with any such request shall, of itself, be deemed a failure to exercise reasonable care.

SECTION 8. APPOINTMENT OF AGENT. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Administrative Agent may appoint a bank or trust company or one or more other Persons with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment.

SECTION 9. REVISED ARTICLE 9. Borrower hereby confirms that by signing this Agreement, that Borrower has authenticated this Agreement, within the meaning of revised Chapter 9 of the Louisiana Commercial Laws and Revised Article 9 of the Uniform Commercial Code as now or hereafter in effect in any jurisdiction ("Revised Article 9"). This Agreement shall constitute full authorization in favor of Administrative Agent to file appropriate financing statements, initial or "in lieu" financing statements, continuation statements, and statements of amendment, with or without Borrower's signature, as may be necessary or advisable to perfect and maintain the perfection and priority of the security interest granted to the Secured Parties in this Agreement, including any such filings containing such information required by Part 5 of Revised Article 9 for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Borrower is an organization, the type of organization and any organization number issued to the Borrower. Borrower shall furnish such information to

Administrative Agent upon Administrative Agent's request. Any such financing statements, continuation statements or amendments may be signed by Administrative Agent on Borrower's behalf. Any such filings by an Administrative Agent may be by delivery of originals or photocopies, by electronic communication, or such other authorized form of communication as may be permitted under then applicable law.

SECTION 10. EXPENSES. In the event that the Borrower fails to comply with any provisions of the Credit Agreement or this Agreement, such that the value of any Collateral or the validity, perfection, rank or value of any security interest hereunder is thereby diminished or potentially diminished or put at risk, the Administrative Agent may, but shall not be required to, effect such compliance on behalf of the Borrower, and the Borrower shall reimburse the Administrative Agent for the costs thereof on demand. All insurance expenses and all expenses of protecting, storing, appraising, preparing for sale, handling, maintaining and shipping the Collateral, any and all excise, property, sales, and use taxes imposed by any federal, state or local authority on any of the Collateral, all expenses in respect of periodic appraisals and inspections of the Collateral to the extent the same maybe requested from time to time, and all expenses in respect of the sale or other disposition thereof shall be borne and paid by the Borrower, and if the Borrower fails to promptly pay any portion thereof when due, the Administrative Agent may, at its option, but shall not be required to, pay the same and charge the Borrower's account therefor, and the Borrower agrees to reimburse the Administrative Agent therefor on demand. All sums so paid or incurred by the Administrative Agent for any of the foregoing and any and all other sums for which the Borrower may become liable hereunder and all costs and expenses (including reasonable attorneys' fees, legal expenses and court costs) incurred by the Administrative Agent and/or the Secured Parties in enforcing or protecting any of the rights or remedies under this Agreement, together with interest thereon until paid at the rate equal the then highest rate of interest charged on the principal of any of the Secured Obligations plus two percent (2%), shall be additional Secured Obligations hereunder and the Borrower agrees to pay all of the foregoing sums promptly on demand.

SECTION 11. ADMINISTRATIVE AGENT. Bank One, NA has been appointed Administrative Agent for the Secured Parties hereunder pursuant to Article X of the Credit Agreement. It is expressly understood and agreed by the parties to this Agreement that any authority conferred upon the Administrative Agent hereunder is subject to the terms of the delegation of authority made by the Secured Parties to the Administrative Agent pursuant to the Credit Agreement, and that the Administrative Agent has agreed to act (and any successor Administrative Agent shall act) as such hereunder only on the express conditions contained in such Article X. Any successor Administrative Agent appointed pursuant to Article X of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Administrative Agent hereunder.

SECTION 12. TERMINATION. Upon the payment in full of the Secured Obligations, the termination of the Credit Agreement (and all obligations of the Administrative Agent and the Lenders thereunder), the termination of all Lenders' obligations to extend Loans to the Borrower, the termination of all Rate Management Transactions and the payment of all Rate Management Obligations, and the termination or expiration of all Facility LCs and the payment of all

Reimbursement Obligations, this Agreement shall terminate. Upon request of the Borrower, the Administrative Agent shall deliver the remaining Collateral (if any) to the Borrower.

SECTION 13. NOTICES. Any notice or demand which, by provision of this Agreement, is required or permitted to be given or served to the Borrower, the Administrative Agent, and the Secured Parties shall be deemed to have been sufficiently given and served for all purposes if made in accordance with the Credit Agreement.

SECTION 14. AMENDMENT. Neither this Agreement nor any provisions hereof may be changed, waived, discharged or terminated orally or in any manner other than by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

SECTION 15. WAIVERS. No course of dealing on the part of the Administrative Agent or the Secured Parties, its/their officers, employees, consultants or agent, nor any failure or delay by the Administrative Agent or the Secured Parties with respect to exercising any of its/their rights, powers or privileges under this Agreement shall operate as a waiver thereof.

SECTION 16. CUMULATIVE RIGHTS. The rights and remedies of the Administrative Agent and the Secured Parties under this Agreement shall be cumulative and the exercise or partial exercise of any such right or remedy shall not preclude the exercise of any other right or remedy.

SECTION 17. TITLES OF SECTIONS. All titles or headings to sections of this Agreement are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such sections, such other content being controlling as to the agreement between the parties hereto.

SECTION 18. GOVERNING LAW. This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Louisiana.

SECTION 19. SUCCESSORS AND ASSIGNS. All covenants and agreements made by or on behalf of the Borrower in this Agreement shall bind Borrower's successors and assigns and shall inure to the benefit of the Administrative Agent, the Secured Parties, and their successors and assigns. This Agreement is for the benefit of the Administrative Agent, the Secured Parties, and for such other Person or Persons as may from time to time become or be the holders of any of the Secured Obligations, and this Agreement shall be transferable with the same force and effect and to the same extent as the Secured Obligations may be transferable, it being understood that, upon the transfer or assignment by the Secured Parties of any of the Secured Obligations, the legal holder of such

Secured Obligations shall have all of the rights granted to the Administrative Agent (and the Secured Parties) under this Agreement. Borrower specifically agrees that upon any transfer of the Secured Obligations, the Administrative Agent may transfer and deliver the Collateral to the transferee of such Secured Obligations and the Collateral shall secure any and all of the Secured Obligations in favor of such a transferee, that such transfer of the Collateral shall not affect the priority and ranking thereof, and that the Collateral shall secure with retroactive rank the then existing Secured Obligations of the Borrower to the transferee and any and all Secured Obligations thereafter arising. After any such transfer has taken place, the Administrative Agent and the Secured Parties shall be fully discharged from any and all future liability and responsibility to the Borrower with respect to the Collateral and the transferee thereafter shall be vested with all the powers, rights and duties with respect to the Collateral.

SECTION 20. COUNTERPARTS. This Agreement may be executed in two or more counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof, each counterpart shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.

SECTION 21. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF LOUISIANA. THE BORROWER HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA AND OF ANY LOUISIANA STATE COURT SITTING IN NEW ORLEANS, LOUISIANA AND FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING, WITHOUT LIMITATION, ANY OF THE OTHER LOAN DOCUMENTS) OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE BORROWER AND THE ADMINISTRATIVE AGENT AND THE SECURED PARTIES ACCEPTING THIS AGREEMENT, HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(The remainder of this page has been intentionally left blank)

IN WITNESS WHEREOF, the Borrower and the Administrative Agent have caused this Agreement to be duly executed as of the date first above written.

BORROWER:

NEWPARK RESOURCES, INC.

By: ---

Name: John R. Dardenne, Sr.
Title: Treasurer

ADMINISTRATIVE AGENT:

BANK ONE, NA
(MAIN OFFICE, CHICAGO ILLINOIS)

By:

Name: J. Charles Freel, Jr.
Title: Director, Capital Markets

STATE OF LOUISIANA

PARISH OF JEFFERSON

Be it known that on this 26th day of February, 2002, before me, the undersigned Notary Public, personally came and appeared John R. Dardenne, Sr., the Treasurer of Newpark Resources, Inc., a Delaware corporation, who acknowledged that he executed the foregoing Amended and Restated Stock Pledge Agreement on behalf of the said corporation pursuant to resolutions authorizing said execution by the corporation's Board of Directors.

Notary Public

STATE OF LOUISIANA

PARISH OF ORLEANS

Be it known that on this __th day of February, 2002, before me, the undersigned Notary Public, personally came and appeared J. Charles Freel, Jr., Director, Capital Markets of Bank One, NA, as Administrative Agent, who acknowledged that he executed the foregoing Amended and Restated Stock Pledge Agreement on behalf of the said bank pursuant to resolutions authorizing said execution by the bank's Board of Directors.

Notary Public

EXHIBIT 21.1

SUBSIDIARIES
OF
NEWPARK RESOURCES, INC.

1. BATSON MILL, L.P.
2. CHESSHER CONSTRUCTION, INC.
3. CONSOLIDATED MAYFLOWER MINES, INC.
4. DARCOM INTERNATIONAL, L.P.
5. EXCALIBAR MINERALS, INC.
6. EXCALIBAR MINERALS OF LA, L.L.C.
7. FLORIDA MAT RENTAL, INC.
8. HYDRA FLUIDS INTERNATIONAL, LTD.
9. INTERNATIONAL MAT, LTD.
10. IML DE VENEZUELA, LLC
11. MALLARD & MALLARD OF LA., INC.
12. NES PERMIAN BASIN, L.P.
13. NEWPARK CANADA, INC.
14. NEWPARK DRILLING FLUIDS, LLC
15. NEWPARK ENVIRONMENTAL SERVICES, L.L.C.
16. NEWPARK ENVIRONMENTAL MANAGEMENT COMPANY, L.L.C.
17. NEWPARK ENVIRONMENTAL SERVICES MISSISSIPPI, L.P.
18. NEWPARK ENVIRONMENTAL SERVICES OF TEXAS, L.P.

19. NEWPARK HOLDINGS, INC.

20. NEWPARK SHIPHOLDING TEXAS, L.P.

21. NEWPARK TEXAS L.L.C.

22. NID, L.P.

23. OGS LABORATORY, INC.

24. SHAMROCK DRILLING FLUIDS, INC.

25. SOLOCO FSC, INC.

26. SOLOCO, L.L.C.

27. SOLOCO TEXAS, L.P.

28. SUPREME CONTRACTORS, L.L.C.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 33-22291, 33-54060, 33-62643, 33-83680, 333-07225, 333-33624, 333-39948, 333-39978 and 333-53824.

ARTHUR ANDERSEN LLP

New Orleans, Louisiana
March 13, 2002

EXHIBIT 24.1

POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a Director of NEWPARK RESOURCES, INC., does hereby constitute and appoint JAMES D. COLE AND/OR MATTHEW W. HARDEY, his true and lawful attorney and agent to do any and all acts and things and execute, in the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting the seal of Newpark Resources, Inc., or otherwise), any and all instruments which said attorney and agent may deem necessary or advisable in order to enable Newpark Resources, Inc. to comply with the Securities Exchange Act of 1934 and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 2001, including specifically but without limitation thereto, power and authority to sign the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting to the seal of Newpark Resources, Inc., or otherwise) to the Annual Report on Form 10-K to be filed with the Securities and Exchange Commission, or any of the exhibits filed therewith, or any amendment or application for amendment of the Annual Report on Form 10-K, or any of the exhibits filed therewith, and to attest the seal of Newpark Resources, Inc. thereon and to file the same with the Securities and Exchange Commission; and the undersigned does hereby ratify and confirm all that said attorneys and agents, each of them, shall do or cause to be done by virtue hereof. Any one of said attorneys and agents shall have, and may exercise, all the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: MARCH 13, 2002 /S/ DAVID P. HUNT

DAVID P. HUNT, DIRECTOR

WITNESSES:

/S/ EDAH KEATING
Edah Keating

/S/ SANDRA ROBERT
Sandra Robert

POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a Director of NEWPARK RESOURCES, INC., does hereby constitute and appoint JAMES D. COLE AND/OR MATTHEW W. HARDEY, his true and lawful attorney and agent to do any and all acts and things and execute, in the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting the seal of Newpark Resources, Inc., or otherwise), any and all instruments which said attorney and agent may deem necessary or advisable in order to enable Newpark Resources, Inc. to comply with the Securities Exchange Act of 1934 and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 2001, including specifically but without limitation thereto, power and authority to sign the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting to the seal of Newpark Resources, Inc., or otherwise) to the Annual Report on Form 10-K to be filed with the Securities and Exchange Commission, or any of the exhibits filed therewith, or any amendment or application for amendment of the Annual Report on Form 10-K, or any of the exhibits filed therewith, and to attest the seal of Newpark Resources, Inc. thereon and to file the same with the Securities and Exchange Commission; and the undersigned does hereby ratify and confirm all that said attorneys and agents, each of them, shall do or cause to be done by virtue hereof. Any one of said attorneys and agents shall have, and may exercise, all the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: MARCH 13, 2002 /S/ ALAN J. KAUFMAN

ALAN J. KAUFMAN, DIRECTOR

WITNESSES:

/S/ EDAH KEATING
Edah Keating

/S/ SANDRA ROBERT
Sandra Robert

POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a Director of NEWPARK RESOURCES, INC., does hereby constitute and appoint JAMES D. COLE AND/OR MATTHEW W. HARDEY, his true and lawful attorney and agent to do any and all acts and things and execute, in the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting the seal of Newpark Resources, Inc., or otherwise), any and all instruments which said attorney and agent may deem necessary or advisable in order to enable Newpark Resources, Inc. to comply with the Securities Exchange Act of 1934 and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 2001, including specifically but without limitation thereto, power and authority to sign the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting to the seal of Newpark Resources, Inc., or otherwise) to the Annual Report on Form 10-K to be filed with the Securities and Exchange Commission, or any of the exhibits filed therewith, or any amendment or application for amendment of the Annual Report on Form 10-K, or any of the exhibits filed therewith, and to attest the seal of Newpark Resources, Inc. thereon and to file the same with the Securities and Exchange Commission; and the undersigned does hereby ratify and confirm all that said attorneys and agents, each of them, shall do or cause to be done by virtue hereof. Any one of said attorneys and agents shall have, and may exercise, all the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: MARCH 13, 2002 /S/ JAMES H. STONE

JAMES H. STONE, DIRECTOR

WITNESSES:

/S/ EDAH KEATING
Edah Keating

/S/ SANDRA ROBERT
Sandra Robert

POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a Director of NEWPARK RESOURCES, INC., does hereby constitute and appoint JAMES D. COLE AND/OR MATTHEW W. HARDEY, his true and lawful attorney and agent to do any and all acts and things and execute, in the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting the seal of Newpark Resources, Inc., or otherwise), any and all instruments which said attorney and agent may deem necessary or advisable in order to enable Newpark Resources, Inc. to comply with the Securities Exchange Act of 1934 and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 2001, including specifically but without limitation thereto, power and authority to sign the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting to the seal of Newpark Resources, Inc., or otherwise) to the Annual Report on Form 10-K to be filed with the Securities and Exchange Commission, or any of the exhibits filed therewith, or any amendment or application for amendment of the Annual Report on Form 10-K, or any of the exhibits filed therewith, and to attest the seal of Newpark Resources, Inc. thereon and to file the same with the Securities and Exchange Commission; and the undersigned does hereby ratify and confirm all that said attorneys and agents, each of them, shall do or cause to be done by virtue hereof. Any one of said attorneys and agents shall have, and may exercise, all the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: MARCH 13, 2002 /S/ ROGER C. STULL

ROGER C. STULL, DIRECTOR

WITNESSES:

/S/ EDAH KEATING
Edah Keating

/S/ SANDRA ROBERT
Sandra Robert

POWER OF ATTORNEY
WITH RESPECT TO THE ANNUAL REPORT ON FORM 10-K
OF NEWPARK RESOURCES, INC.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a Director of NEWPARK RESOURCES, INC., does hereby constitute and appoint JAMES D. COLE AND/OR MATTHEW W. HARDEY, his true and lawful attorney and agent to do any and all acts and things and execute, in the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting the seal of Newpark Resources, Inc., or otherwise), any and all instruments which said attorney and agent may deem necessary or advisable in order to enable Newpark Resources, Inc. to comply with the Securities Exchange Act of 1934 and any requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing of the Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 2001, including specifically but without limitation thereto, power and authority to sign the name of the undersigned (whether on behalf of Newpark Resources, Inc., or as a Director of Newpark Resources, Inc., or by attesting to the seal of Newpark Resources, Inc., or otherwise) to the Annual Report on Form 10-K to be filed with the Securities and Exchange Commission, or any of the exhibits filed therewith, or any amendment or application for amendment of the Annual Report on Form 10-K, or any of the exhibits filed therewith, and to attest the seal of Newpark Resources, Inc. thereon and to file the same with the Securities and Exchange Commission; and the undersigned does hereby ratify and confirm all that said attorneys and agents, each of them, shall do or cause to be done by virtue hereof. Any one of said attorneys and agents shall have, and may exercise, all the powers hereby conferred.

IN WITNESS WHEREOF, the undersigned has signed his name hereto on the date set forth opposite his name.

DATED: MARCH 13, 2002 /S/ DAVID BALDWIN
DAVID BALDWIN, DIRECTOR

WITNESSES:

/S/ EDAH KEATING
Edah Keating

/S/ SANDRA ROBERT
Sandra Robert