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, 1996 Commission File No. 1-2960

Newpark Resources, Inc.
(Exact name of registrant as specified in its charter)

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

3850 N. Causeway, Suite 1770 Metairie, Louisiana	70002
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock, $.01 par value

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 3 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 of information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [3].

At March 24, 1997, the aggregate market value of the voting stock held by non-affiliates of the registrant is
$649,859,863. 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 24, 1997, a total of 15,175,438 shares of Common Stock, $.01 par value, were outstanding.

Documents Incorporated by Reference

Portions of the registrant's Proxy Statement for the upcoming 1997 Annual Meeting of Shareholders are incorporated by reference into Part III hereof.

Exhibit Index Appears on Page 66

NEWPARK RESOURCES, INC.
INDEX TO FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996

PART I

ITEM 1. Business

Introduction

Newpark Resources, Inc. ("Newpark" or the "Company") is a leading provider of integrated environmental services to the oil and gas exploration and production industry in the Gulf Coast area, principally in Louisiana and Texas. These services are concentrated in three key product lines: (i) processing and disposal of nonhazardous oilfield waste ("NOW"); (ii) processing and disposal of NOW which is contaminated with naturally occurring radioactive material ("NORM"); and (iii) mat rental services in which patented prefabricated wooden mats are used as temporary worksites in oilfield and other construction applications. In its waste disposal operations, the Company utilizes patented and proprietary technology.

Oilfield Waste and Other Environmental Services

Newpark collects, processes and disposes of oilfield waste, primarily NOW and NORM. Newpark also treats NOW at the well site, remediates waste pits and other contaminated sites, and provides general oilfield services in connection with these waste-related services. In its NOW processing and disposal business, Newpark processes the majority of the NOW received at its facilities for injection into environmentally secure geologic formations deep underground and creates from the remainder a product which is used as intermediate daily cover material or as cell liner and construction material at municipal waste landfills. In addition, the Company has initiated a process to recycle a portion of the NOW for use in the makeup of drilling fluids.

Since the fourth quarter of 1994, and until June, 1996, Newpark disposed of NOW waste that is contaminated with NORM by processing the waste into NOW and injected it into wells owned by the Company. On May 21, 1996, Newpark was issued a license by the Texas Railroad Commission authorizing the direct injection of NORM into disposal wells, subject to certain contamination limits, at Newpark's Big Hill, Texas facility. These operations began June 1, 1996. The direct injection of NORM permitted under the new license expands Newpark's NORM disposal capacity and significantly reduces the amount of pre-injection transportation processing and chemicals required, thereby reducing Newpark's cost of disposal.

Newpark received a process patent in December 1996 for its offsite NOW and NORM waste processing operations. This patent covers the process to prepare the waste into a slurry and inject it at low pressures into specific geological formations.

Newpark also provides industrial waste management, laboratory and consulting services for the customers of its NOW and NORM services.

Mat Rental

The Company uses a patented interlocking wooden mat system to provide temporary worksites in unstable soil conditions typically found along the Gulf Coast. Prior to 1994, mat rental services were provided primarily to the oil and gas exploration and production industry in Louisiana and Texas. In 1994, the Company began marketing these temporary worksites to other industries. Increasing environmental regulation affecting the construction of pipelines, electrical distribution systems and highways in and through wetlands environments has provided a substantial and growing new market for these services and has broadened the geographic market served by the Company to include the coastal areas of the Southeastern states, particularly Florida and Georgia, in addition to its traditional Gulf Coast market. In 1995, through a joint venture, the Company began marketing its mat rental services in Venezuela. In September 1996, Newpark purchased the minority interests of its partners in the venture. Late in 1996, the Company made an initial shipment of mats to Algeria, and plans to continue development of this market during 1997. Mat rental revenue has increased from $11 million in 1990 to $33 million in 1996. The Company owns a sawmill in Batson, Texas, and has expanded the capacity of the facility during the period 1994-1995 to help ensure an adequate supply of hardwoods for its mat rental business.

The recent trend toward more strict environmental regulation of both drilling and production operations conducted by the Company's customers has resulted in greater synergy between the Company's mat rental and oilfield general construction services and its other environmental services. The Company offers these services individually and as an integrated package and provides a comprehensive combination of onsite waste management and construction services for both the drilling of new sites and the remediation of existing sites.

The following table sets forth for the years ended December 31, 1996, 1995, and 1994, respectively, the amount of revenues for each class of similar products and services.

	Year ended December 31,		
	1996	1995	1994
	(Dollars in thousands)		
Revenues:			
Offsite waste processing	$44,905	$31,126	$20,738
Mat rental	32,757	30,775	23,048
Integrated services	42,520	34,481	34,246
Other	1,360	1,600	1,600
Total revenues	$121,542	$97,982	$79,632

Newpark was organized in 1932 as a Nevada corporation and in April 1991 changed its state of incorporation to Delaware. The Company's principal executive offices are located at 3850 North Causeway Boulevard, Suite 1770, Metairie, Louisiana 70002, and its telephone number is (504) 838-8222.

Development of the Business

Recent developments include:

- On August 12, 1996, Newpark completed the acquisition of substantially all of the marine-related NOW collection operations of Campbell Wells Ltd. ("Campbell Wells"), a wholly owned subsidiary of Sanifill, Inc. ("Sanifill"), for an aggregate purchase price of $70.5 million.

- The Company began implementation of two NOW waste recycling strategies which will reduce the volume of washwater to be disposed of and reclaim certain components of drilling fluid waste for use as a product in the make-up of new fluids.

- On May 21, 1996, the Company was awarded a license by the Texas Railroad Commission authorizing the direct injection of NORM into disposal wells at its Big Hill, Texas facility. Operations under this license commenced June 1, 1996.

- More stringent environmental regulations continue to impact the Company's NOW disposal business.

- The volume of NOW processed by Newpark grew 38% during 1996. The source of the growth was principally the effect of the acquisition of the oilfield waste collection operations of Campbell Wells during the year and, to a lesser extent, the increase in drilling activity in the market served by the Company late in the year as measured by the rig count.

- In September 1996, Newpark purchased the interests of its minority partners in a joint venture which was begun in March 1995 to provide mat rental services to the exploration and production industry in Venezuela.

- The Company entered a new mat rental service market in Algeria.

- The Company began a joint venture to manufacture a synthetic mat made from recycled products.

Campbell Wells Acquisition. On August 12, 1996, Newpark completed the acquisition (the "Acquisition") of substantially all of the marine-related NOW collection operations of Campbell Wells, for an aggregate purchase price of $70.5 million. The acquisition was completed pursuant to the terms of an Asset Purchase and Lease Agreement, dated June 5, 1996 (the "OAcquisition Agreement"), which provided for the purchase and lease of certain marine-related assets of Campbell Wells' NOW service business (the "Acquired Business"), excluding its landfarming facilities and associated equipment. In connection with the Acquisition, Newpark assumed obligations under a NOW Disposal Agreement (the "Disposal Agreement") with Sanifill and Campbell Wells, providing for the delivery by Newpark for a period of 25 years of an agreed annual quantity of NOW waste for disposal at certain of Campbell Wells' landfarming facilities. Subsequently, USA Waste acquired Sanifill, and Sanifill and Campbell Wells sold their landfarming facilities and associated equipment and assigned their rights under the Disposal Agreement and other agreements with Newpark that were executed upon consummation of the Acquisition to US Liquids, Inc., a newly formed corporation which assumed Sanifill's and Campbell Wells' obligations under such agreements. The acquisition by USA Waste and the assignment and assumption by U. S. Liquids, Inc. did not release or diminish any party's obligations to Newpark under such agreements.

The aggregate purchase price under the Acquisition Agreement was $70.5 million, paid at closing of the Acquisition from part of the proceeds of the sale of 3,450,000 shares of Newpark Common Stock, at $30.00 per share, in an underwritten public offering also completed on August 12, 1996. The remaining net proceeds from the public offering, approximately $25.8 million after payment of related transaction costs, were used to repay all amounts outstanding under the revolving line of credit portion of Newpark's bank credit agreement.

The Acquisition has significantly expanded Newpark's service capabilities and processing capacity. Newpark believes that the Acquisition has provided and will continue to provide economies of scale associated with handling a larger volume of waste through its facilities. Newpark is combining the service capabilities of the Acquired Business with its existing operations to speed the turnaround of barges and boats at its transfer stations, thus providing better customer service. Newpark believes that economic efficiencies will result from the reduction in the size of the combined barge fleet operated by Newpark to service its transfer stations and from the consolidation of operations at more efficient transfer stations, permitting Newpark to receive a substantially higher volume of waste without material additions to existing costs. Furthermore, Newpark expects that as a result of the Acquisition, access to Sanifill's disposal facilities under the Disposal Agreement will allow Newpark to reduce its barge transportation costs and make more efficient use of its barge fleet, further augmenting its processing capacity. Newpark believes that its current processing and disposal capacity, combined with access provided to the landfarm disposal facilities of Sanifill under the Disposal Agreement, will be adequate to provide for expected future demand for its oilfield waste disposal and other environmental services. Newpark will nevertheless continue its strategy of adding injection disposal capacity throughout the U.S. Gulf Coast region to more efficiently serve its customers.

NOW waste recycling. During 1996, the Company installed a washwater recycling plant at one of its transfer stations, and determined to make such installation at all of its facilities. Use of the process could materially reduce the volume of washwater created in its operations and thereby reduce disposal costs. The Company has developed the capacity to recycle certain components of drilling fluids collected in its NOW processing operations. On February 28, 1997 Newpark completed the acquisition of SBM Drilling Fluids Management, Inc. ("SBM") which provides technical services and sells and manages drilling fluids programs for oil and gas exploration activities. Newpark plans to provide SBM access to certain NOW for process and recycling in the make-up of drilling fluids for its customers, reducing SBM's cost of material and increasing its margins. It is anticipated that the recycling of NOW will reduce handling and disposal costs. It is anticipated that it will take twelve months to fully integrate recycling into the Company's operations.

NORM Direct Injection License. On May 21, 1996, Newpark was awarded a new license from the State of Texas permitting receipt and direct injection disposal of NORM waste at its Big Hill facility, which has become primarily a NORM disposal site. This license eliminates the requirement to process the waste until it attains NOW characteristics. The processing facility and the disposal wells are now located at the same site, minimizing transportation costs. Additionally, since the new license allows injection of more concentrated NORM into the wells, subject only to Newpark's facility contamination limits, the volume of material expanded in the prior process is reduced. This reduction in volume significantly expands the capacity and extends the useful life of the site. The new license has allowed Newpark to reduce prices to customers and encourage the use of the direct injection process for the disposal of large volumes of NORM. A recent contract with a major oil company for a large NORM disposal project was the first remediation project to take advantage of this new direct injection license.

Regulations. Continuing implementation of regulations required under the Clean Water Act have continued the trend toward more stringent regulation of NOW. During September 1996, the comment period was ended on proposed zero-discharge regulations for the territorial seas subcategory (corresponding to state territorial waters) of the Gulf of Mexico. Final regulations are expected to be promulgated late in 1997 or early 1998. Zero-discharge regulations affecting production waste in the coastal zone sub category (generally including inland waters and transition zone onshore areas) became effective January 1, 1997. While limited temporary exemptions have been granted to some oil companies by state regulators, these actions have been opposed by leading environmental groups. In addition, several lawsuits have been filed opposing these regulations, accordingly, the timing of the implementation of these regulations is not currently certain.

Developments related to NOW. The Company processed and disposed of 3,956,000 barrels of NOW in 1996, of which 3,588,000 barrels were generated from current drilling and production operations and 368,000 barrels were generated from the remediation of old pits and production facilities, compared with 2,905,000 barrels in 1995, of which 2,364,000 were from current drilling and production operations and 541,000 were from remediation activities. The increase resulted principally from the Campbell Wells acquisition in August 1996, and to a lesser extent, from increased drilling activity late in 1996 as measured by the rig count.

Newpark has expanded its NOW injection facility, located at Fannett, Texas, making it the primary facility for the disposal of NOW. The facility currently includes three injection wells and a processing plant which efficiently handles the large quantities of NOW. The processing plant is used to reduce and make uniform the size of the particles in the waste stream to maintain desired flow characteristics in the Company's injection wells. Since opening the facility in September 1995, the Company has completed a bulk barge unloading facility adjacent to the original Port Arthur processing plant. Together with additions to personnel and equipment at its receiving facilities, the Company has significantly increased its NOW processing capacity.

Venezuela joint venture. The Venezuelan government has enacted legislation designed to speed the opening of its petroleum sector to foreign investment, including international oil companies, in furtherance of a national objective of increasing that country's production of oil to 5 million barrels per day by the year 2005. Many of the international oil companies investing in Venezuela are Newpark's customers in the United States. During the first quarter of 1995, Newpark invested in a joint venture, in which it held a 38.8% interest, providing mat rental services in Venezuela in support of oil and gas exploration and production activities. In September 1996, Newpark purchased the interest of its joint venture partners in the Venezuela venture. As of December 31, 1996, there were approximately 21,000 mats in rental inventory in Venezuela. Newpark expects that activity in Venezuela will continue to increase as further exploration concessions are granted.

Algeria operations. During 1996, the Company shipped 4,000 interlocking mats to Algeria in an effort to develop a mat rental market in that country. The goal is to replace gypsum and concrete commonly used in constructing drilling sites in the desert, with a more cost effective solution.

Synthetic mat joint venture. During 1996, the Company entered into a joint venture to manufacture a synthetic mat system, raw materials for which will ultimately be derived primarily from recycled plastics. The Company believes that certain military and emergency-response type governmental sales may constitute the initial market for the synthetic mat system. The system will also enhance the current rental mat fleet for use in certain markets and will provide the ability for the Company to expand into new markets. It is anticipated that it will take twelve to eighteen months to build a facility to begin the manufacturing of these mats.

Regulatory Background

The oilfield market for environmental services has increased as regulations have increased. Louisiana, Texas, and other states have enacted comprehensive laws and regulations governing the proper handling of NOW and NORM. This has also heightened the awareness of both the generators of waste and landowners of the need for proper treatment and disposal of such waste in both the drilling of new wells and the remediation of production facilities.

For many years, prior to current regulation, industry practice was to allow NOW to remain in the environment. Onshore, surface pits were used for the disposal of NOW; offshore or in inland waters, NOW was discharged directly into the water. As a result of increasing public concern over the environment, NOW has in recent years become subject to public scrutiny and governmental regulation. Operators of exploration and production facilities, including major and independent oil companies, have found themselves subject to numerous laws and regulations issued by both state and federal agencies. These laws and regulations have imposed strict requirements for ongoing drilling and production activities in certain geographic areas, as well as for the remediation of sites contaminated by past disposal practices and, in many respects, have prohibited the prior disposal practices. In addition, operators have become increasingly concerned about possible long-term liability for remediation, and landowners have become more aggressive about 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.

Late in 1992, the Louisiana Department of Environmental Quality ("DEQ") began to promulgate and enforce new, stricter limits on the level of radium concentration above which NOW became categorized as NORM. NORM regulations require more stringent worker protection, handling and storage procedures than those required of NOW under Louisiana Statewide Executive Order 29-B. Early in 1994, DEQ published draft NORM regulations which, with minor modification, became effective January 20, 1995, as LAC 33:XV.1401-1420, Chapter 14. In Texas, the Railroad Commission adopted final rules ("Rule 94") effective February 1, 1995. Adoption of these regulations has resolved the regulatory uncertainty associated with NORM. Similar regulations have been promulgated in the states of Mississippi, New Mexico and Arkansas. Draft regulations are presently being reviewed in the state of Oklahoma.

The primary laws that have helped to create the market for Newpark's environmental services in the Gulf Coast region, and which apply to Newpark in the conduct of its business, are the Resource Conservation and Recovery Act of 1976, as amended in 1984 ("RCRA"), the Comprehensive Environmental Response, Compensation, and Liability Act, as amended in 1986 ("CERCLA"), the laws and regulations promulgated by the states of Louisiana, Texas and Alabama, the Federal Water Pollution Control Act, as amended (the "Clean Water Act"), and the Federal Oil Pollution Act of 1990 ("OPA"). These laws are discussed under "Environmental Regulation".

Description of Business

Offsite Waste Processing

NOW Waste Processing. Generally under state regulation, if NOW cannot be treated for discharge or disposed of on the location where it is generated, it must be transported to a licensed NOW disposal or treatment facility. Three primary alternatives for offsite disposal of NOW are available to generators in the Gulf Coast: (i) underground injection (See "Injection Wells"); (ii) land-farming, provided by the Company's competitors; and (iii) processing and conversion of the NOW into a reuse product. In addition, a portion of the NOW can be recycled into a drilling fluids product.

On August 12, 1996, the Company acquired substantially all of Campbell Well's non-landfarm assets and certain leases associated with the five transfer stations located along the Gulf Coast and three receiving docks at the landfarm facilities operated by Campbell. The Company is subject to an agreement with Campbell by which an agreed annual quantity of NOW must be delivered to the Campbell landfarms. A successor to Campbell, U. S. Liquids, continues to operate the landfarms.

Including the facilities acquired from Campbell Wells, Newpark operates ten receiving and transfer facilities located along the Gulf Coast from Venice, Louisiana, to Corpus Christi, Texas. Waste products are collected at the transfer facilities from three distinct markets: offshore exploration and production; land and inland waters exploration and production; and remediation of existing or inactive well sites and production facilities. These facilities are supported by a fleet of 51 double-skinned barges certified by the U. S. Coast Guard to transport NOW. Waste received is transported by barge through the Gulf Intracoastal Waterway to the Company's processing and transfer facility at Port Arthur, Texas, and trucked to injection disposal facilities at Fannett, Texas. Since the third quarter of 1995, the Fannett facility has served as Newpark's primary NOW injection facility.

Before 1994 a large portion, and in 1995 and later years, a small portion of the waste received by the Company has been converted into a commercial reuse product meeting the specifications applicable under federal and state regulations for reuse as a covering material or cell liner material at municipal sanitary landfills. Under these regulations, landfills must cover the solid waste deposited daily with earth or other inert material. The Company's reuse product is deposited at either the City of Port Arthur Municipal Landfill or the City of Beaumont Municipal Landfill for use as cover material pursuant to contracts with the respective cities. This reuse is conducted under authorization from the Texas Natural Resource Conservation Commission. Increased injection capacity and access to the Campbell landfarms has reduced the volume of waste delivered to these landfills as a reuse product. The Company has also 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 the treatment and disposal of NORM. These include both chemical and mechanical methods designed to achieve volume reduction, in-situ burial of encapsulated NORM within old well bores, and soil washing and other techniques of dissolving and suspending the radium in solution for onsite injection of NORM liquids. When the application of these techniques are not economically competitive with offsite disposal, or insufficient to bring the site into compliance with applicable regulations, the NORM must be transported to a licensed storage or disposal facility. One significant factor contributing to the growth in the NORM disposal market has been increased litigation on the part of landowners who contend that their property has been damaged by past practices of the oil and gas industry. In some cases, settlement of the litigation has mandated the remediation of sites by offsite disposal of the NORM waste. In addition, these lawsuits have caused other operators to dispose of

NORM waste offsite to avoid the threat of future litigation. While the increase in volume has been driven by litigation the project-oriented nature of the market has the effect of making the timing of revenues difficult to predict.

Newpark's initial NORM processing facility in Port Arthur, Texas was licensed in September 1994 and began operations October 21, 1994. On May 21, 1996, Newpark was awarded a new license permitting receipt of NORM waste and direct injection disposal of NORM at its Big Hill, Texas facility, eliminating the need to process the waste until it attains NOW characteristics, as was the case at the Port Arthur facility. Additionally, since the processing facility and the disposal wells are now located at the same site, transportation costs are minimized. The new license also allows injection of more concentrated NORM into the wells, subject only to Newpark's facility contamination limits. As a result, the capacity and useful life of the site has been extended and costs have been reduced. The new license has allowed Newpark to reduce prices to customers and encourage the use of the direct injection process for the disposal of large volumes of NORM. During 1996 and 1995, Newpark received 143,500 and 70,000 barrels, respectively, of NORM contaminated waste.

Injection Wells. In February 1993, upon receipt of a permit from the Texas Railroad Commission, the Company began development of a 50 acre injection well facility in the Big Hill Field in Jefferson County, Texas. Newpark's injection technology is distinguished from conventional methods in that it utilizes very low pressure, typically under 100 pounds per square inch, to move the waste into the injection zones. Conventional wells typically use pressures as high as 2,000 pounds per square inch. In the event of a formation failure or blockage of the face of the injection zone, such pressure can force waste material beyond the intended zone, posing a potential hazard to the environment. The low pressure used by Newpark is inadequate to drive the injected waste from its intended geological injection zone.

Three wells were initially installed at the Big Hill facility and three additional wells have since been successfully completed. Disposal operations began at this site in 1993. During 1995, the Company licensed and constructed a new injection well facility at a 400 acre site near Fannett, Texas, which was placed in service in September 1995. To date, three wells have been successfully drilled at this facility. Because of differences between the geology and physical size of the two sites, the Fannett site is expected to provide greater capacity than the Big Hill site. The injection wells at Fannett receive NOW waste from the Company's processing facilities at Port Arthur, as well as from customers in the surrounding area.

Newpark anticipates that it will open additional injection facilities for both NOW and NORM waste in Louisiana, Mississippi and Texas over the next two to three years. The Company has identified a number of sites in the Gulf Coast region as suitable for development of such disposal facilities, has received permits for one additional well in Texas, and plans to file for additional permit authority in Louisiana. The Company believes that its patented injection technology has application to other markets and waste streams, and has begun preliminary work and analysis to enter the nonhazardous industrial waste market in the future.

The Company also operates an analytical laboratory in Lafayette, Louisiana, which supports all phases of its environmental services and provides independent laboratory services to the oil and gas industry. These services include analytical laboratory and sampling services, permit application and maintenance services, and environmental site assessment and audit services.

Mat Rental

In 1988, the Company acquired the right to use, in Louisiana and Texas, a patented prefabricated interlocking mat system for the construction of drilling and work sites, which has displaced the use of individual hardwood boards. This system is quicker to install and remove, substantially reducing labor costs. It is also stronger, easier to repair and maintain, and generates less waste material during construction and removal than conventional board roads. In 1994, the Company acquired the exclusive right to use this system in the Continental U.S. and in 1996, the Company acquired the exclusive right to use this system worldwide for the life of the patent. The patent is currently granted through 2003. Modifications were made to the patent for which an application , if granted, will significantly extend the life. Newpark provides this service to two markets:

Oilfield market: Newpark provides this patented interlocking mat system 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. These sites are generally rented to the customer for an initial period of 60 days; after that time, additional rentals are earned on a monthly basis until the mats are released by the customer.

In much of the coastal marsh and inland waters, termed the "transition zone," the high cost associated with access to the site and lack of seismic data has been an obstacle to development, and as a result, the area has been less actively drilled compared to the offshore and land areas. High quality seismic data has become available only through recent improvements in technology. The increased use of advanced seismic data and the computer-enhanced interpretation of that data has enabled Newpark's customers to select exploratory drilling sites with greater likelihood of success, which is expected to provide improved project economics. This enables them to undertake more expensive projects, such as drilling in the transition zone along the Gulf Coast region.

Wetlands market: Beginning in 1994, the Company recognized the development of another market for its patented mat system in providing access roads and temporary work sites to the pipeline, electrical utility and highway construction industries. Demand for these services was spurred by Federal Energy Regulatory Commission orders requiring compliance with environmental protection rules under the Clean Water Act in the pipeline construction business.

Rerentals. Drilling and work sites are typically rented by the customer for an initial period of 60 days. Often, the customer extends the rental term for additional 30 day periods, resulting in additional revenues to the Company. These rerental revenues provide high margins because only minimal incremental depreciation and maintenance costs accrue to each rerental period. Factors which may increase rerental revenue include: (i) the trend toward increased activity in the "transition zone"; (ii) a trend toward deeper drilling, taking a longer time to reach the desired target; and, (iii) the increased frequency of commercial success, requiring logging, testing, and completion (hook-up), extending the period during which access to the site is required. In the opinion of industry analysts, application of advanced technologies, particularly the use of three-dimensional seismic data, has contributed to these trends.

Synthetic Mats. All of the established mat patents utilize hardwood to construct mats. Newpark has acquired the rights to a patented synthetic molded mat fabricated from recycled plastic, rubber, and resins. A limited number of pre-production samples of a prototype mat were delivered to Newpark for testing in April 1996. Pending successful results in the testing program and construction by the manufacturer of a production facility (in which Newpark is a minority partner) Newpark expects to begin taking delivery of commercial quantities of these new mats during 1998. No assurances can be given, however, that these mats will be successfully produced or become accepted in the mat rental market or other targeted markets.

Integrated Services

Promulgation and enforcement of increasingly stringent environmental regulations affecting drilling and production sites has increased the scope of services required by the oil companies. 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 and other site services on a fully integrated basis. The Company provides a comprehensive range of services necessary for its customers' oil and gas exploration and production activities. These services include:

Site Assessment: Site assessment work begins prior to installation of mats on a drilling site, and generally begins with a study of the proposed well site, which includes site photography, background soil sampling, laboratory analysis and investigation of 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 its Environmentally Managed Pit ("EMP") Program, the Company constructs waste pits at drilling sites and monitors 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, the Company disposes of waste onsite by land-farming, through chemical and mechanical treatment of liquid waste and by annular injection into a suitably permitted underground formation. Waste water treated onsite may be reused in the drilling process or, where permitted, discharged into adjacent surface waters.

Regulatory Compliance. Throughout the drilling process, the Company assists the operator in interfacing with the landowner and regulatory authorities. The Company also assists the operator in obtaining necessary permits and in complying with record maintenance and reporting requirements.

Site Remediation. The Company provides site remediation services in three distinct markets:

NOW (Drilling). At the completion of the drilling process, under applicable regulations, waste water 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 under permit into geologic formations to minimize the need for offsite disposal. Any waste that cannot, under regulations, remain onsite is manifested (in Louisiana) and transported to an authorized facility for processing and disposal at the direction of the generator or customer.

NOW (Production). The Company also provides services to remediate production pits and inactive waste pits including those from past oil and gas drilling and production operations. The Company provides the following remediation services: (i) analysis of the contaminants present in the pit and a determination of whether remediation is required by applicable state regulation; (ii) treatment of waste onsite, and where permitted, reintroduction of that material into the environment, (iii) removal, containerization and transportation of NOW waste to the Company's processing facility.

NORM. In January 1994, Newpark became a licensed NORM contractor, allowing the Company to perform site remediation work at NORM contaminated facilities in Louisiana and Texas. Because of the need for increased worker-protective equipment, extensive decontamination procedures and other regulatory compliance issues at NORM sites, the cost of providing such services are materially greater than at NOW facilities, and such services generate proportionately higher revenues and operating margins than similar services at a NOW facility.

Site Closure. Site closure services are designed to restore a site to its pre-drilling condition, reseeded with native vegetation. Closure also involves delivery of 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 Services. The Company performs general oilfield services throughout the Gulf Coast area between Corpus Christi, Texas and Pensacola, Florida. General oilfield services performed by the Company include preparation of work sites for installations of mats, connecting wells and placing them in production, laying flow lines and infield pipelines, building permanent roads, grading, lease maintenance (the maintenance and repair of 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. The Company purchased a sawmill in Batson, Texas, in October 1992 in order to ensure itself access to adequate quantities of hardwood lumber in support of its mat rental business. The mill's products include lumber, timber, and wood chips, as well as 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. During 1993, Newpark invested approximately $1.0 million in expansion of the sawmill to increase its capacity for producing wood chips. During 1995, the Company invested an additional $750,000 to install a log watering system to maintain the level of moisture in the wood chips produced, as desired by its customers, and for expanded and improved sawing capacity, which improved both production and efficiency. The Company believes that the capacity of the sawmill will be sufficient to meet its anticipated hardwood lumber needs for the foreseeable future.

International Expansion

During the first quarter of 1995, the Company initiated participation in a venture which provides mat rental services to the oil and gas industry in Venezuela. During 1996 the Company purchased its minority partners' interests in the Venezuelan operations. As of December 31, 1996, the Company had 21,000 mats in Venezuela. During 1996 the Company shipped 4,000 mats to Algeria in an effort to provide an alternative to the established method of site construction using gypsum and concrete. Depletion of native gypsum deposits near the central oil and gas producing fields have increased the cost of such locations, providing a competitive opportunity for the Company's mats. The Company is currently reviewing additional opportunities for mat rental services and mat sales in various other foreign markets.

Sources and Availability of Raw Materials and Equipment

Newpark believes that its sources of supply for any materials or equipment used in its businesses are adequate for its needs and that it is not dependent upon any one supplier. No serious shortages or delays have been encountered in obtaining any raw materials.

Patents and Licenses

Newpark seeks patents and licenses on new developments whenever feasible. On December 31, 1996, Newpark was granted U.S. patents on its NOW and NORM waste processing and injection disposal system. Newpark has the exclusive worldwide license for the life of the patent to use, sell and lease the prefabricated mats that it uses in connection with its site preparation business. The licensor has the right to sell mats in locations where Newpark is not engaged in business, but only after giving Newpark the opportunity to take advantage of the opportunity itself. The license is subject to a royalty which Newpark can satisfy by purchasing specified quantities of mats annually from the licensor.

The utilization of patented and proprietary technology and systems is an important aspect of the Company's business strategy. For example, the Company relies on a variety of unpatented proprietary technologies and know-how in the processing of NOW. Although the Company believes that this technology and know-how provide it with significant competitive advantages in the environmental services business, competitive products and services have been successfully developed and marketed by others. The Company believes that its reputation in its industry, the range of services offered, ongoing technical development and know-how, responsiveness to customers and understanding of regulatory requirements are of equal or greater competitive significance than its existing proprietary rights.

Dependence Upon Limited Number of Customers

The Company's customers are principally major and independent oil and gas exploration and production companies operating in the Gulf Coast area, with the vast majority of the Company's customers concentrated in Louisiana and Texas.

During the year ended December 31, 1996, approximately 30% of the Company's revenues were derived from eight major oil companies, and one other customer accounted for approximately 18% of consolidated revenues. Given current market conditions and the nature of the products involved, management does not believe that the loss of any single customer would have a material adverse effect upon the Company.

The Company performs services either pursuant to standard contracts or under longer term negotiated agreements. As most of the Company's agreements with its customers are cancelable upon limited notice, the Company's backlog is not significant.

Newpark does not derive a significant portion of its revenues from government contracts of any kind.

Competition

The Company operates in several niche markets where it is a leading provider of services. In certain of these key markets, the major competition is often the Company's major customers. Other segments are fragmented and highly competitive with many competitors providing similar services to the industry. The Company believes that the principal competitive factors in its businesses are price, reputation, technical proficiency, reliability, quality, breadth of services offered and managerial experience. The Company believes that it effectively competes on the basis of these factors, and that its competitive position benefits from its proprietary position with respect to the patented mat system used in its site preparation business, its proprietary treatment and disposal methods for both NOW and NORM waste streams and its ability to provide its customers with an integrated well site management program including environmental 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. The Company believes that its ability to provide a number of services as part of a comprehensive program enables the Company to price its services competitively.

The NOW disposal market is very large. Only a small portion of the total waste generated is taken to a commercial disposal facility and many other methods exist for dealing with the waste stream. In the areas served by the Company there are atEleast 250 permitted commercial facilities, including landfarms, landfills, and injection facilities authorized to dispose of NOW. There are also thousands of infield injection wells owned and operated by oil and gas producers.

Environmental Disclosures

Newpark has sought to comply with all applicable regulatory requirements concerning environmental quality. The Company has made, and expects to continue to make, the necessary capital expenditures for environmental protection at its facilities but, under current laws and regulations, does not expect that these will become material in the foreseeable future. No material capital expenditures for environmental compliance were made during 1996.

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

Employees

At February 28, 1997 Newpark employed approximately 600 full and part-time personnel, none of which are represented by unions. Newpark considers its relations with its employees to be satisfactory.

Environmental Regulation

The Company's 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 the Company's business. The Company, through the routine course of providing its services, handles and profiles hazardous regulated material for its customers. Newpark also handles, processes and disposes 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

Department of the Interior's Office of Surface Mining, 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 the Company's current operations. Although the Company intends to make capital expenditures to expand its environmental services capabilities, the Company believes that it is not presently required to make material capital expenditures to remain in compliance with federal, state and local provisions relating to the protection of 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 EPA-approved state hazardous waste management programs govern the handling of "hazardous wastes". Under RCRA, liability and stringent operating requirements are imposed on a person who is either a "generator" or "transporter" of hazardous waste or an "owner" or "operator" of a hazardous waste treatment, storage or disposal facility. The EPA and the states have issued regulations pursuant to RCRA for 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, continuing financial responsibility, manifesting of waste, record-keeping and reporting, as well as treatment standards for any hazardous waste intended for land disposal.

The Company's primary operations involve NOW, which is exempt from classification as a RCRA-regulated hazardous waste. However, extensive state regulatory programs govern the management of such waste. In addition, in performing other services for its customers, the Company is subject to both federal (RCRA) and state solid or hazardous waste management regulations as contractor to the generator of such waste.

Proposals have been made to rescind the exemption of NOW from regulation as hazardous waste under RCRA. Repeal or modification of this exemption by administrative, legislative or judicial process could require the Company to change significantly its method of doing business. There is no assurance that the Company would have the capital resources available to do so, or that it would be able to adapt its operations.

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 federal programs. The implementing regulations require that each owner or operator of an underground tank notify a designated state agency of the existence of such underground tank, specifying the age, size, type, location and use of each such 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.

The Company has a number of underground storage tanks that are subject to the requirements of 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. The Company is not aware of any instances in which it has incurred liability under RCRA. Cleanup costs or costs associated with changes in environmental laws or regulations could be substantial and could have a material adverse effect on the Company.

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 for 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 such facilities at the time the hazardous substances were released, persons who arranged for disposal or treatment of hazardous substances and waste transporters who selected such facilities for treatment or disposal of hazardous substances. CERCLA has been interpreted to create strict, joint and several liability 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 threatened to be released and that require investigation or cleanup. The NPL is constantly expanding. In addition, the states in which the Company conducts operations have enacted similar laws and keep similar lists of sites which may be in need of remediation.

Although Newpark primarily handles oilfield waste classified as NOW under relevant laws, this waste typically contains constituents designated by the EPA as hazardous substances under RCRA, despite the current exemption of NOW from hazardous substance classification. Where the Company's operations result in the release of hazardous substances, including releases at sites owned by other entities where the Company performs its services, the Company 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 the Company in the future. In particular, divisions and subsidiaries previously owned by the Company were involved in extensive mining operations at facilities in Utah and Nevada. In addition, divisions and subsidiaries previously owned by the Company were involved in waste generation and management activities in numerous 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 "Legal Proceedings - Environmental Proceedings" below, the Company is not aware of any instances in which it has incurred liability under CERCLA. Nonetheless, the identification of additional sites at which clean-up action is required could subject the Company to liabilities which could have a material adverse effect on the Company.

The Clean Water Act. The Clean Water Act regulates the discharge of pollutants, including NOW, into waters. The Clean Water Act establishes a system of standards, permits and enforcement procedures for the discharge of pollutants from industrial and municipal waste water sources. The law sets treatment standards for industries and waste water treatment plants and provides federal grants to assist municipalities in complying with the new standards. In addition to requiring permits for industrial and municipal discharges directly into waters of the United States, the Clean Water Act also 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 such oil or hazardous substances. The Clean Water Act also requires the adoption of the National Contingency Plan to cover removal of such materials. Under the Clean Water Act, the owner or operator of a vessel or facility may be liable for penalties and costs incurred by the federal government in responding to a discharge of oil or hazardous substances.

The Company treats and discharges waste waters at certain of its facilities. These activities are subject to the requirements of the Clean Water Act and federal and state enforcement of these regulations.

The EPA Region 6 Outer Continental Shelf ("OCS") permit covering oil and gas operations in federal waters in the Gulf (seaward of the Louisiana and Texas territorial seas) was reissued in November, 1992 and modified in December, 1993. The existing permit was combined with a new source permit on August 9, 1996. This permit includes stricter limits for oil and grease concentrations in produced waters to be discharged. These limits are based on the Best Available Treatment ("BAT") requirements contained in the Oil and Gas Offshore Subcategory national guidelines which were published March 3, 1993. Additional requirements include toxicity testing and bioaccumulation monitoring studies of proposed discharges.

EPA Region 6, which includes the Company's market, continues to issue new and amended National Pollution 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. These permits include:

1) Onshore subcategory permits for Texas, Louisiana, Oklahoma and New Mexico issued in February, 1991 (56 Fed. Reg. 7698). This permit completely prohibits the discharge of drilling fluids, drill cuttings, produced water or sand, and various other oilfield wastes generated by onshore operations into waters of the U.S. This provision has the effect of requiring that most oilfield wastes follow established state disposal programs.

2) Permits for produced water and produced sand discharges into coastal waters of Louisiana and Texas issued on January 9, 1995 (60

Fed. Reg. 2387). Coastal means "any water landward of the territorial seas... or any wetlands adjacent to such waters". Under these regulations all such discharges must cease by January 1, 1997.

3) The Outer Continental Shelf (OCS) permit for the western Gulf of Mexico, covering oil and gas operations in federal waters (seaward of the Louisiana and Texas territorial seas) was reissued in November 1992 and modified in December 1993. The existing permit was combined with a new source permit on August 9, 1996. The combined permits' expiration date is November 18, 1997.

4) A NPDES permit for the territorial seas of Louisiana was proposed on July 19, 1996. The proposed regulations prohibit the discharge of drilling fluids, drill cuttings, and the discharge of produced sand. Produced water discharges will be limited for oil and grease, toxic metals, organics, and chronic toxicity. The territorial seas part of the Offshore Subcategory begins at the line of ordinary low water along the part of the coast which is in direct contact with the open sea, and extends out three nautical miles. This permit will cover both existing sources and new sources. All discharges in state waters must comply with any more stringent requirements contained in Louisiana Water Quality Regulations, LAC 33.IX.7.708. A similar permit will also be proposed for the Texas territorial seas in the future.

The combined effect of all these regulations will closely approach a "zero discharge standard" affecting all waters except those of the OCS. The Company and many industry participants believe that these permits may ultimately lead to a total prohibition of overboard discharge in the Gulf of Mexico.

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 a permitted or authorized activity. 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 regulations. The Clean Air Act has very little impact on the Company's operations.

Oil Pollution Act of 1990. The Oil Pollution Act of 1990 contains liability provisions for cleanup costs, natural resource damages and property damages 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 the Company already meet this requirement.

State Regulation. In 1986, the Louisiana Department of Natural Resources promulgated Order 29-B. Order 29-B contains extensive rules governing pit closure and the generation, treatment, storage, transportation and disposal of NOW. Under Order 29-B, onsite disposal of NOW is limited and is subject to stringent guidelines. If these guidelines cannot be met, NOW 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 sufficient concentrations of NORM to become subject to regulation by the DEQ. Rule 8 of the Texas Railroad Commission also contains detailed requirements for the management and disposal of NOW and Rule 94 governs the management and disposal of NORM. In addition, the Texas Legislature recently enacted a law that 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 (New Mexico, Mississippi, Arkansas) where the Company operates have similar regulations. Oklahoma is presently in the process of drafting NORM oil and gas regulations. Newpark recently received the first specific license to do NORM remediation in Arkansas.

The Railroad Commission of Texas Rule 91 (16 TAC 3.91) became effective November 1, 1993. This rule regulates the cleanup of spills of crude oil and gas exploration and production activities including transportation by pipeline. In general, contaminated soils must be remediated to oil and grease content of less than 1%.

Many states maintain licensing and permitting procedures for the construction and operation of 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. The Company has obtained certain air permits and believes that it is exempt from obtaining other air permits at its facilities including its Port Arthur, Texas, NOW facility. The Company met with the TNRCC and filed for an exemption in the fall of 1991. A subsequent renewal letter was filed in 1995. Based upon its feedback from the TNRCC, the Company expects that it will continue to remain exempt. However, should it not remain exempt, the Company believes that any remedial actions that the TNRCC may require with regard to non-exempt air emissions would not have a material adverse effect on the financial position or operation of the Company.

Other Environmental Laws. Newpark may be subject to other federal and state environmental protection laws, including without limitation, the Toxic Substances Control Act, the Surface Mining Control and Reclamation Act ("SMCRA") and the Super Fund Amendments and Reauthorization Act, including the Emergency Planning and Community Right-To-Know-Act. In particular, SMCRA established a nationwide program to regulate surface mining and reclamation, and the surface effects of underground mining. It sets strict reclamation standards and a mandatory enforcement system. While the Company does not currently conduct mining activities, SMCRA reclamation responsibility and corresponding state regulatory programs could apply to any of the facilities in which the Company participated in mining activities in the past. In addition, the Company is 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 the Company and could subject to further scrutiny the Company's handling, manufacture, use or disposal of substances or pollutants. The Company cannot predict the extent to which its operations may be affected by future enforcement policies as applied to existing laws or by the enactment of new statutes and regulations.

Risk Management

The Company's business exposes it to substantial risks. For example, the Company's environmental services routinely involve the handling, storage and disposal of nonhazardous regulated materials and waste, and in some cases, handling of hazardous regulated materials and waste for its customers which are generators of such waste. The Company 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, the Company often is required to indemnify its customers or other third-parties against certain risks related to the services performed by the Company, including damages stemming from environmental contamination.

The Company has 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 maintenance of its insurance coverage.

The Company carries a broad range of insurance coverages that management considers adequate for the protection of its assets and operations. This coverage includes general liability, comprehensive property damage, workers' compensation and other coverage customary in its industries; however, this insurance is subject to coverage limits. The Company 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 the Company, that the possible types of liabilities that may be incurred by the Company will be covered by its insurance, that the Company's insurance carriers will meet their obligations or that the dollar amount of such liabilities will not exceed the Company's policy limits.

Forward-Looking Statements

The foregoing discussion contains Oforward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. There are risks and uncertainties that could cause future events and results to differ materially from those anticipated by management in the forward-looking statements included in this report. Among these risks and uncertainties are (a) the level of exploration for and production of oil and gas and the industry's willingness to spend capital on environmental and oilfield services; (b) oil and gas prices, expectations about future prices, the cost of exploring for, producing and delivering oil and gas, the discovery rate of new oil and gas reserves and the ability of oil and gas companies to raise capital; (c) domestic and international political, military, regulatory and economic conditions; (d) other risks and uncertainties generally applicable to the oil and gas exploration and production industry; and (e) any rescission or relaxation of existing regulations affecting the disposal of NOW and NORM, failure of governmental authorities to enforce such regulations or the ability of industry participants to avoid or delay compliance with such regulations. For further information regarding these and other factors, risks and uncertainties affecting the Company, reference is made to the section entitled "Risk Factors", on pages 9 and 10 of the Prospectus dated August 6, 1996, included in the Company's Registration Statement on Form S-3 (File No. 333-05805).

ITEM 2. Properties

Newpark's corporate offices in Metairie, Louisiana, are occupied at an annual rental of approximately $125,000 under a lease expiring in December 1997.

During 1996, the Company acquired an office building in Lafayette, Louisiana, to house the administrative offices of two of its subsidiaries.

The Company's Port Arthur, Texas, NOW and NORM facility is subject to annual rentals aggregating approximately $500,000 under three separate leases. A total of 6.0 acres are under lease with various expiration dates from June 1997 to September 2002, all with extended options to renew.

The Company owns two injection disposal sites in Jefferson County, Texas, one on 50 acres of land and the other on 400 acres. Eight wells are currently operational at these sites. On January 2, 1997 the Company completed the purchase of 120 acres located adjacent to one of the disposal sites. The Company plans to use this property as an industrial waste injection disposal facility.

The Company maintains a fleet of fifty-one barges of which nineteen are owned by the Company, eight are on daily rental agreements, ten are under 10-year lease terms, four are under 7-year terms and ten are under 5-year lease terms. 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 $1,900,000 during 1996.

Additional facilities are held under short-term leases with annual rentals aggregating approximately $725,000 during 1996. The Company believes that its facilities are suitable for their respective uses and adequate for current needs.

The Company also owns 80 acres occupied as a sawmill facility near Batson, Texas. The Company believes this facility is adequate for current production needs.

ITEM 3. Legal Proceedings

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 should not have a material effect on Newpark's consolidated financial statements.

Environmental Proceedings

In the ordinary course of conducting its business, the Company becomes 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 may involve liability for violation of environmental matters are described below. The Company believes 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 the Company's past or present operations.

The Company was identified by the EPA as a minor or "de minimus" contributor of waste to a disposal site requiring cleanup under CERCLA, as amended in 1986. That facility, the French Limited site, located in Southeast Texas, is currently undergoing a voluntary cleanup by those parties identified as waste contributors. Five related private party suits have been filed against the Company and the other potentially responsible parties at the French Limited site. The Company has settled its potential liability in four of those suits. Management does not anticipate that the outcome of the remaining suit will have a material adverse impact upon the Company, and anticipates either a nominal settlement or dismissal from the action.

The Company has been identified by the EPA as a potentially responsible party in a CERCLA action, based on its contribution of oilfield waste to three disposal sites. In the first case, the Company was the largest volume contributor of waste to the Disposal Services, Inc. Clay Point site, located in southern Mississippi. The Company has resolved its liability by its voluntary participation in a consent decree with the EPA, and payment of $158,900 in 1992 as its pro rata share of the removal costs. Two other facilities operated by the same company, the Lee Street and Woolmarket sites, are not subject to any enforcement action by a federal regulatory agency, and the EPA has specifically declined pursuing an action for remediation of these two facilities. However, the Mississippi Department of Environmental Quality is overseeing a continued, voluntary cleanup at the three sites.

The Company has been identified as one of 600 contributors of material to the MAR Services facility, a state voluntary cleanup site. Because the Company delivered only processed solid meeting the requirements of Louisiana Statewide Executive Order 29-B to the site, it does not believe it has material financial liability for the site cleanup cost. The Louisiana Department of Environmental Quality is overseeing voluntary cleanup at the site.

Recourse against its insurers under general liability insurance policies for reimbursement of cost and expense in the foregoing CERCLA actions 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 the Company's ultimate liability.

The Company believes that any liability incurred in the foregoing matters will not have a material adverse effect on the Company's consolidated financial statements. However, a material adverse outcome in any of the foregoing matters could have an adverse effect on the Company.

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

Newpark's common stock traded on The Nasdaq Stock Market under the symbol "NPRS" through December 5, 1995, and commenced trading on the New York Stock Exchange on December 6, 1995 under the symbol "NR".

The following table sets forth the range of the high and low sales prices for the periods indicated.

Period	High	Low
1995		
1st Quarter	$ 26.00	$14.75
2nd Quarter	$ 24.25	$20.25
3rd Quarter	$ 23.25	$17.00
4th Quarter	$ 22.86	$15.50
1996		
1st Quarter	$ 29.875	$19.625
2nd Quarter	$ 37.875	$28.75
3rd Quarter	$ 39.00	$31.00
4th Quarter	$ 38.25	$32.375

At December 31, 1996, the Company had 4,019 stockholders of record.

ITEM 6. Selected Financial Data

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial information with respect to Newpark for the five years ended December 31, 1996. The selected consolidated financial information for the five years ended December 31, 1996 is derived from the audited consolidated financial statements of Newpark. Information with respect to this item can also be found in "Management's Discussion and Analysis of Results of Operations and Financial Condition" and "Notes to Consolidated Financial Statements."

	Years Ended December 31,				
	1996	1995	1994	1993	1992
	(In thousands, except Per Share data)				
Consolidated Statements of Income Data:					
Revenues	$121,542	$ 97,982	$79,632	$56,330	$49,457
Cost of services provided	73,911	64,467	56,259	42,581	36,860
Operating costs	9,700	9,414	7,277	6,557	5,519
General and administrative expenses	2,920	2,658	3,231	2,129	1,963
Restructure expense	2,432	-	-	-	-
Provision for uncollectible accounts and notes receivable	739	463	974	671	154
Operating income from continuing operations	31,840	20,980	11,891	4,392	4,961
Interest income	(216)	(183)	(78)	-	(18)
Interest expense	3,808	3,740	2,660	1,274	847
Non-recurring expense	-	436	-	-	-
Income from continuing operations before provision for income taxes	28,248	16,987	9,309	3,118	4,132
Provision (benefit) for income taxes	9,795	4,751	(85)	(1,670)	51
Income from continuing operations extraordinary items	18,453	12,236	9,394	4,788	4,081
Income (loss) from discontinued operations	-	-	-	(2,366)	1,205
Net income	$18,453	$12,236	$9,394	$ 2,422	$5,286
Income (loss) per common and common equivalent shares:					
Primary					
Continued operations	$1.46	$ 1.13	$ .93	$ .49	$.43
Discontinued operations	-	-	-	(.24)	.12
Net income per common share	$ 1.46	$ 1.13	$ .93	$ .25	$.55
Fully Diluted					
Continued operations	$ 1.46	$ 1.13	$ .92	$ .49	$.43
Discontinued operations	-	-	-	(.24)	.12
Net income per common share	$ 1.46	$ 1.13	$ .92	$ .25	$.55
Weighted average common and common equivalent shares outstanding					
Primary	12,616	10,828	10,111	9,690	9,564

Filly Diluted	12,666	10,870	10,192	9,690	9,564

(In thousands)	December 31, 1996	1995	1994	1993	1992
Consolidated Balance Sheet Data:					
Working capital	$30,094	$32,108	$13,585	$ 5,361	$ 4,900
Total assets	282,518	152,747	110,756	90,316	75,478
Short-term debt	9,925	7,911	10,032	14,928	12,212
Long-term debt	34,612	46,724	28,892	12,446	10,432
Shareholders' equity	203,154	77,518	63,699	53,353	45,658

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Overview

Since 1990, Newpark has concentrated on expanding and further integrating its environmental service capabilities. The Company has made the following steps toward this goal:

- In 1991, the Company completed the current NOW processing plant at Port Arthur, Texas.

- In 1993, the Company placed in service its first injection well facility for underground disposal of NOW.

- In 1994, the Company obtained a permit to process NORM waste for disposal.

- In 1994, the Company began to offer temporary worksite installation and mat rental services utilizing its proprietary prefabricated mat system outside of the oil and gas industry in connection with pipeline construction, electrical power distribution and highway construction projects, in environmentally sensitive "wetlands" and other areas where unstable soil conditions exist.

- In 1995, the Company commenced offering mat rental services in foreign markets and in 1996 continued to expand and develop its presence in foreign markets.

- During 1996, the Company also entered into a joint venture to manufacture and market a synthetic mat for use in markets similar to those presently served as well as new markets.

- On May 22, 1996, the Company obtained a permit for the direct injection of NORM.

- On August 12, 1996, the Company purchased the marine-related NOW business of Campbell Wells, Ltd.

- On December 31, 1996, the Company obtained a patent on its injection process.

- Subsequent to December 31, 1996, the Company purchased SBM Drilling Fluids Management, Inc. through which the Company is recycling a portion of the material it receives as waste.

The Baker-Hughes Rotary Rig Count has historically been viewed as the most significant single indicator of oil and gas drilling activity in the domestic market. The U. S. rig count for the last three years is reflected in the table below. Newpark's key market area includes (i) South Louisiana Land, (ii) Texas Railroad Commission Districts 2 and 3, (iii) Louisiana and Texas Inland Waters and (iv) Offshore Gulf of Mexico rig count measurement areas. The rig count trend in the Company's primary market has tracked the national trend as set forth in the table below:

	1996	1995	1994	1Q96	2Q96	3Q96	4Q96
U.S. Rig Count	779	723	774	708	760	803	845
Newpark's key market	208	194	202	189	210	217	219
Newpark's key market to total	26.7%	26.8%	26.1%	26.7%	27.6%	27.0%	25.9%

The decline in the South Louisiana and Texas land rig count from 1994 through the first nine months of 1996 created downward price pressure on the site preparation and mat rerental businesses of the Company. Prices were also negatively impacted by a significant shift in land drilling activity toward the Austin Chalk area. The Austin Chalk is further inland and drilling locations less frequently require use of the Company's mat system. This downward price pressure did not begin to reverse until the fourth quarter of 1996 as shortages of equipment and supporting services in the land market began to appear as a result of increased land drilling activity. In addition, the Company was able to modify a portion of its mat fleet which allowed the Company to compete with native rock foundations typically used in the inland areas, such as the Austin Chalk.

Despite the decline in rig activity, the volume of waste received by Newpark increased primarily due to: (i) the recovery of the remediation market following implementation of NORM regulations; and, (ii) new, more stringent regulations governing the discharge of drilling and production waste in the coastal and inland waters and in the offshore Gulf of Mexico. The volume of waste processed by the Company in 1996 increased significantly over 1995 primarily as a result of the acquisition of the Campbell Wells marine-related business.

The Company's financial statements do not include any provision for possible contingent liabilities, such as liability for violation of environmental laws or other risks noted under "Business - Risk Management." To the best of the Company's knowledge, it has conducted its business in compliance with applicable laws and, except as noted under "Legal Proceedings," is not involved in any material litigation with respect to violations of such laws.

Results of Operations

The following table represents revenue by product line, for each of the three years ended December 31, 1996, 1995 and 1994. The product line data has been reclassified from prior years' presentation in order to more effectively distinguish the offsite waste processing and mat rental services, in which the Company maintains certain proprietary advantages, from its other service offerings.

	Years Ended December 31, (Dollars in thousands)					
	1996		1995		1994	
Revenues by product line:						
Offsite waste processing	$44,905	36.9%	$31,126	31.8%	$20,738	26.1%
Mat rental services	32,757	27.0	30,775	31.4	23,048	28.9
Integrated services	42,520	35.0	34,481	35.2	34,246	43.0
Other	1,360	1.1	1,600	1.6	1,600	2.0
Total revenues	$121,542	100.0%	$97,982	100.0%	$79,632	100.0%

Year Ended December 31, 1996 Compared to Year Ended December 31, 1995

Revenues

Total revenues increased to $121.5 million in 1996 from $98.0 million in 1995, an increase of $23.6 million or 24.0%. The components of the increase by product line are as follows: (i) offsite waste processing revenues increased $13.8 million, as NOW revenue increased $11.1 million and NORM revenue increased $2.7 million. The volume of NOW waste processing increased by 1,051,000 barrels or 36% to 3,956,000 barrels from 2,905,000 in 1995. In addition to the increased volume, the Company benefited from increased NOW prices. The volume of NORM waste processed grew to 143,500 barrels from 70,000 barrels in 1995 while pricing declined due to increased volume of lower priced remediation projects made possible by the new direct injection license; (ii) mat rental service revenue grew by $2.0 million or 6.4% due primarily to sales of mats for nonoilfield applications; (iii) integrated services increased $8.0 million due to increased onsite environmental management and other services incidental to site preparation activities coupled with increased wood product sales.

Operating Income

Operating income increased by $10.9 million or 51.8% to $31.8 million in 1996 compared to $21.0 million in 1995. Operating margin improved to 26.2% in 1996 as compared to 21.4% in 1995. The increase resulted primarily from offsite waste processing revenues.

General and administrative expenses decreased as a proportion of revenue to 2.4% in 1996 from 2.7% in 1995 and increased in absolute amount by $262,000.

During 1996, the Company recorded a restructure charge in the amount of $2.4 million. Approximately $1.8 million was related to the restructuring of certain of the Company's NOW processing operations and staffing changes to facilitate the integration of its operations with those recently acquired from Campbell Wells. The Company recognized an additional $.6 million of non-recurring costs associated with the termination of processing operations at its original NORM facility at Port Arthur, Texas and the partial closure of the site.

Interest Expense

Interest expense was substantially unchanged at $3.8 million in 1996 compared to $3.7 million in 1995.

Provision for Income Taxes

For 1996 and 1995, the Company recorded income tax provisions of $9.8 million and $4.8 million for effective rates of 34.7% and 28.0%, respectively. The 1995 provision reflects the benefit realized from federal tax carryforwards which were fully utilized in 1995.

Year Ended December 31, 1995 Compared to Year Ended December 31, 1994

Revenues

Total revenues increased to $98.0 million in 1995 from $79.6 million in 1994, an increase of $18.4 million or 23.0%. The components of the increase by product line are as follows: (i) offsite waste processing revenues increased $10.4 million, as NOW revenue increased $5.5 million, due almost exclusively to additional volume, and NORM processing revenue increased to $6.0 million on approximately 70,000 barrels in the full year 1995 from $1.2 million and 15,000 barrels in the two months of operations during 1994; (ii) mat rental revenue increased $7.7 million, or 34% due to two factors: (a) increased volume installed at similar pricing compared to the prior year, and, (b) an increase in revenues from extended rerentals of $3.6 million resulting from the longer use of sites, consistent with the trend toward deeper drilling. The size of the average location installed in 1995 grew 17% from the prior year, primarily the result of the trend toward deeper drilling in more remote locations, requiring larger sites to accommodate increased equipment and supplies on the site; (iii) integrated service revenue increased $.2 due to the increased level of site preparation work incident to the rental of mats in the oilfield segment of that business.

Operating Income from Continuing Operations

Operating income from continuing operations increased by $9.1 million or 76.4% to total $21.0 million in the 1995 period compared to $11.9 million in the prior year, representing an improvement in operating margin to 21.4% in 1995 compared to 14.9% in 1994.

Primary components of the increase included: (i) approximately $2.9 million related to the effect of volume increases in both NOW and NORM processing; (ii) $3.6 million from increased mat rerentals, and, (iii) $1.3 million resulting from the increase in the volume of mats rented at similar margins, and, (iv) an approximate $200,000 increase in operating profit on better gross margin mix from wood product sales.

The decline of $573,000 in general and administrative expenses reflects the effect of approximately $600,000 of prior year charges for legal costs incurred in an appeal of an expropriation matter. Additionally, the provision for uncollectible accounts was $511,000 less in the 1995 period as compared to the 1994 period.

Interest Expense

Interest expense increased to $3.7 million in 1995 from $2.7 million in 1994. The increase is a result of an increase in borrowings, proceeds of which were used to fund continued additions to productive capacity, including the Company's waste processing facilities, its prefabricated board road mats, and additions to inventory, primarily at the sawmill facility.

Non-recurring Expense

Results for 1995 include $436,000 of non-recurring cost associated with a proposed merger which was not completed.

Provision for Income Taxes

During 1995, the Company recorded an income tax provision of $4.8 million equal to 28% of pre-tax income. While the Company's net operating loss carryforwards remain to be used for income tax return purposes, for financial reporting purposes, substantially all of the remaining net operating loss and tax credit carryforwards applicable to federal taxes were recognized in the first half of the year, which reduced the effective tax rate for that portion of the year. During 1994, the Company recorded a tax benefit of $85,000 as a result of the availability of net operating loss carryforwards.

Liquidity and Capital Resources

The Company's working capital position remained relatively constant during the year ended December 31, 1996 as compared to 1995. Key working capital data is provided below:

	Year Ended December 31, 1996	Year Ended December 31, 1995
Working Capital (000's)	$30,094	$32,108
Current Ratio	1.94	2.3

During 1995, the Company's working capital needs were met primarily from operating cash flow.

On August 12, 1996, the Company completed the sale of 3,450,000 shares of its common stock, generating net proceeds of $98.1 million. A total of $70.5 million was used to complete the acquisition of the marine-related nonhazardous oilfield waste NOW collection operations of Campbell Wells. The remaining proceeds were used to repay $19.0 million of borrowings under the Company's credit facility and provide working capital of $8.6 million. The Company has no plans to sell additional equity securities at this time.

During 1996, the Company's operating activities generated $26.8 million of cash flow. Net proceeds of the recent equity offering in excess of Campbell Wells asset purchase amount, coupled with the $26.8 million generated by operations and net new borrowings (since the offering) of $11.8 million were used to fund the Company's investing activities. Exclusive of the Campbell acquisition the majority of the funds used in investing activities were utilized for the purchase of board road mats and the expansion of waste disposal facilities, which is reflected in the increase in property, plant and equipment. In addition, the Company purchased its joint venture partners' interest in international mat operations and purchased additional patent rights in the Company's proprietary business, which is reflected in the increase of other assets.

During the year ended December 31, 1996, the Company entered into two transactions which were primarily non-cash in nature for the acquisition of additional patent and other rights for use in the Company's proprietary business operations. The acquisition of these items is reflected in the increase in other assets and the increase in shareholders' equity coupled with the increase in deferred taxes payable.

The Company also sold the facility and certain equipment to the operator of the Company's former marine service business. These assets were being leased by the operator and were subject to debt obligations, which were assumed by the purchaser at closing. In addition to the extinguishment of these debt obligations, Newpark received $1.2 million in cash in the transaction.

On June 29, 1995, Newpark entered into a new credit agreement with a group of three banks, providing a total of up to $50 million of term financing consisting of a $25 million term loan to be amortized over five years and a $25 million revolving line of credit. At Newpark's option, these borrowings bear interest at either a specified prime rate or LIBOR rate, plus a spread which is determined quarterly based upon the ratio of Newpark's funded debt to cash flow. The credit agreement requires that Newpark maintain certain specified financial ratios and comply with other usual and customary requirements. Newpark was in compliance with all of the convenants in the credit agreement at December 31, 1996.

The term loan was used to refinance existing debt and is being amortized over a five year term. In March 1996, the term loan was increased to $35 million, and the $10 million increase was used initially to reduce borrowings on the revolving line of credit portion of the facility. In June 1996, the Company increased its borrowing through the credit agreement in the form of a 60-day term loan in the amount of $2.0 million which was repaid out of proceeds from the offering. The funds were used to acquire board road mats.

The revolving line of credit matures December 31, 1998. In November 1996, an amendment to the credit facility was approved which: (i) eliminated the requirement of periodic borrowing base calculations; (ii) eliminated monthly financial reporting requirements; (iii) relaxed certain restrictions on guarantees and outside indebtedness; and, (iv) increased availability of borrowings under the facility. This amendment had the affect of increasing the availability to the full $25 million. At December 31, 1996, $1.8 million of letters of credit were issued and outstanding under the line and an additional $11.8 million had been borrowed and was outstanding thereunder.

Subsequent to December 31, 1996, the banks providing the credit facility approved a $10 million increase in the facility. The $10 million increase involves a new term note for $5 million with twenty equal quarterly payments of principal plus interest commencing June 30, 1997 with an initial maturity date of December 31, 1998. The proceeds of this new loan will be used to reduce the outstanding balance on the revolving line of credit portion of the facility. In addition, the revolving line of credit will increase from $25 million to $30 million.

Potential sources of additional funds, if required by the Company, would include additional borrowings. The Company presently has no commitments for credit facilities beyond its existing bank lines of credit by which it could obtain additional funds for current operations; however, it regularly evaluates potential borrowing arrangements which may be utilized to fund future expansion plans.

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

Deferred Tax Asset

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." This standard requires, among other things, recognition of future tax benefits measured by enacted tax rates, attributable to deductible temporary differences between the financial statement and income tax basis of assets and liabilities and to tax net operating loss and credit carryforwards to the extent that realization of such benefits is more likely than not. Management believes that the recorded deferred tax assets ($12,889,000 at December 31, 1996) are realizable through reversals of existing taxable temporary differences.

ITEM 8. Financial Statements and Supplementary Data

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Newpark Resources, Inc.

We have audited the accompanying consolidated balance sheets of Newpark Resources, Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. Our audits also included the financial statement schedule for the years ended December 31, 1996, 1995 and 1994 listed in the Index at Item 14. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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, such consolidated financial statements present fairly, in all material respects, the financial position of Newpark Resources, Inc. and subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedule for the years ended December 31, 1996, 1995 and 1994, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

New Orleans, Louisiana
March 21, 1997

Newpark Resources, Inc.
Consolidated Balance Sheets
December 31

(In thousands, except share data)	1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,862	$ 1,018
Accounts and notes receivable, less allowance of $1,695 in 1996 and $768 in 1995	43,529	39,208
Inventories	6,144	11,996
Deferred tax asset	8,111	2,701
Other current assets	2,424	1,387
Total current assets	62,070	56,310
Property, plant and equipment, at cost, net of accumulated depreciation	113,891	85,461
Cost in excess of net assets of purchased businesses and identifiable intangibles, net of accumulated amortization	83,512	4,340
Other assets	23,045	6,636
	$282,518	$152,747
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 647	$ 169
Current maturities of long-term debt	9,278	7,742
Accounts payable	10,845	11,664
Accrued liabilities	9,741	3,462
Current taxes payable	1,465	1,165
Total current liabilities	31,976	24,202
Long-term debt	34,612	46,724
Other non-current liabilities	2,644	285
Deferred taxes payable	10,132	4,018
Commitments and contingencies (See Note J)	-	-
Shareholders' equity:		
Preferred Stock, $.01 par value, 1,000,000 shares authorized, no shares outstanding	-	-
Common Stock, $.01 par value, 20,000,000 shares authorized, 14,527,616 shares outstanding in 1996 and 10,634,177 in 1995	144	105
Paid-in capital	251,699	144,553
Retained earnings (deficit)	(48,689)	(67,140)
Total shareholders' equity	203,154	77,518
	$282,518	$ 152,747

See accompanying Notes to Consolidated Financial Statements.

Newpark Resources, Inc.
Consolidated Statements of Income
Years Ended December 31

(In thousands, except per share data)	1996	1995	1994
Revenues	$121,542	$ 97,982	$ 79,632
Operating costs and expenses:			
Cost of services provided	73,911	64,467	56,259
Operating costs	9,700	9,414	7,277
	83,611	73,881	63,536
General and administrative expenses	2,920	2,658	3,231
Restructure expense	2,432	-	-
Provision for uncollectible accounts and notes receivable	739	463	974
Operating income	31,840	20,980	11,891
Interest income	(216)	(183)	(78)
Interest expense	3,808	3,740	2,660
Non-recurring expense	-	436	-
Income before income taxes	28,248	16,987	9,309
Provision (benefit) for income taxes	9,795	4,751	(85)
Net income	$ 18,453	$ 12,236	$ 9,394
Weighted average common and common equivalent shares outstanding:			
Primary	12,616	10,828	10,111
Fully diluted	12,666	10,870	10,192
Net income per common and common equivalent share:			
Primary	$ 1.46	$ 1.13	$ .93
Fully diluted	$ 1.46	$ 1.13	$ .92

See accompanying Notes to Consolidated Financial Statements.

Newpark Resources, Inc.
Consolidated Statements of Shareholders' Equity
Years Ended December 31, 1994, 1995 and 1996

(In thousands)	Common Stock	Paid-In Capital	Retained Earnings (Deficit)	Total
Balance, January 1, 1994	$ 98	$ 133,301	$ (80,046)	$ 53,353
Employee stock options	1	950	-	951
Other	-	1	-	1
Net income	-	-	9,394	9,394
Balance, December 31, 1994	99	134,252	(70,652)	63,699
Employee stock options	1	1,582	-	1,583
Stock dividend	5	8,719	(8,724)	-
Net income	-	-	12,236	12,236
Balance, December 31, 1995	105	144,553	(67,140)	77,518
Employee stock options	3	4,953	(2)	4,954
Public offering	35	96,354	-	96,389
Acquisitions	1	5,839	-	5,840
Net income	-	-	18,453	18,453
Balance, December 31, 1996	$ 144	$ 251,699	$ (48,689)	$ 203,154

See accompanying Notes to Consolidated Financial Statements.

Newpark Resources, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31

(In thousands)	1996	1995	1994
Cash flows from operating activities:			
Net income	$ 18,453	$ 12,236	$ 9,394
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	17,148	9,967	7,370
Provision for doubtful accounts	739	463	974
Provision (benefit) from deferred income taxes	4,740	3,217	(200)
Loss (gain) on sales of assets	-	80	(9)
Change in assets and liabilities net of effects of acquisitions:			
Increase in accounts and notes receivable	(6,169)	(17,129)	(3,723)
Decrease (increase) in inventories	1,471	(4,897)	739
Decrease (increase) in other assets	184	(1,536)	(1,839)
(Decrease) increase in accounts payable	(2,289)	2,577	(677)
(Decrease) increase in accrued liabilities and other	(7,514)	2,096	(937)
Net cash provided by operating activities	26,763	7,074	11,092
Cash flows from investing activities:			
Capital expenditures	(43,734)	(23,989)	(23,149)
Disposal of property, plant and equipment	1,466	564	97
Investment in joint venture	(4,406)	(1,094)	-
Payments received on notes receivable	440	249	30
Advances on notes receivable	(112)	(227)	(1,000)
Purchase of Campbell Wells assets	(70,330)	-	-
Purchase of patents	(5,700)	-	-
Purchase of partners' joint venture interest	(1,131)	-	-
Proceeds from sale of net assets of discontinued operations	-	-	661
Net cash used in investing activities	(123,507)	(24,497)	(23,361)
Cash flows from financing activities:			
Net borrowings on lines of credit	3,399	20,796	492
Principal payments on notes payable, capital lease obligations and long-term debt	(12,189)	(20,170)	(10,109)
Proceeds from issuance of debt	3,359	14,828	21,167
Proceeds from conversion of stock options	4,953	1,266	897
Proceeds from issuance of stock, net of expenses	98,066	-	-
Other	-	317	55
Net cash provided by financing activities	97,588	17,037	12,502
Net increase (decrease) in cash and cash equivalents	844	(386)	233
Cash and cash equivalents at beginning of year	1,018	1,404	1,171
Cash and cash equivalents at end of year	$ 1,862	$ 1,018	$ 1,404

See accompanying Notes to Consolidated Financial Statements.

A. Summary of Significant Accounting Policies

Organization and Principles of Consolidation. Newpark Resources, Inc. ("Newpark" or the "Company") provides comprehensive environmental management and oilfield construction services to the oil and gas industry in the Gulf Coast region, principally Louisiana and Texas. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany transactions are eliminated in consolidation.

Use of Estimates. 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.

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. Statement of Financial Accounting Standards ("SFAS") No. 107, "Disclosures about Fair Value of Financial Instruments", requires the disclosure of the fair value of all significant financial instruments. 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, management believes the carrying values of the Company's significant financial instruments (consisting of cash and cash equivalents, receivables, payables and long-term debt) approximate fair values at December 31, 1996 and 1995.

Inventories. Inventories are stated at the lower of cost (principally average and first-in, first-out) or market. Such inventories consist of logs, supplies, and board road lumber. Board road lumber is amortized on the straight-line method over its estimated useful life of approximately one year.

Depreciation and Amortization. Depreciation of property, plant and equipment, including interlocking board road mats, is provided for financial reporting purposes on the straight-line method over the estimated useful lives of the individual assets which range from three to forty years. For income tax purposes, accelerated methods of depreciation are used.

The cost in excess of net assets of purchased businesses ("excess cost") is being amortized on a straight-line basis over twenty-five to forty years, except for $2,211,000 relating to acquisitions prior to 1971 that is not being amortized. Management of the Company periodically reviews the carrying value of the excess cost in relation to the current and expected operating results of the businesses which benefit therefrom in order to assess whether there has been a permanent impairment of the excess cost of the net purchased assets. Accumulated amortization on excess cost was $1,253,000 and $437,000 at December 31, 1996 and 1995, respectively.

Revenue Recognition. Revenues from certain contracts, which are typically of short duration, are reported as income on a percentage-of-completion method. Contract revenues are recognized in the proportion that costs incurred bear to the estimated total costs of the contract. When an ultimate loss is anticipated on a contract, the entire estimated loss is recorded. Included in accounts receivable are unbilled revenues in the amounts of $6,600,000 and $8,600,000 at December 31, 1996 and 1995, respectively, all of which are due within a one year period.

Income Taxes. Income taxes are provided using the liability method in accordance with SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred income taxes are recorded based upon differences between the financial reporting and income tax basis of assets and liabilities and are measured using the enacted income tax rates and laws that will be in effect when the differences are expected to reverse.

Non-recurring Expense. Results for the 1995 period include $436,000 of non-recurring cost associated with a proposed merger which was not completed.

Interest Capitalization. For the years ended December 31, 1996, 1995 and 1994 the Company incurred interest cost of $4,323,000, $4,198,000, and $2,805,000 of which $515,000, $458,000, and $145,000 was capitalized, respectively, on qualifying construction projects.

Income Per Share. Primary and fully diluted net income per share is based on the weighted average number of shares of common stock and common stock equivalents outstanding during the year. Common stock equivalents consist of stock options.

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. The Company 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. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. See Note H.

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

B. Acquisitions and Dispositions

On August 12, 1996, the Company acquired from Campbell Wells, Ltd. ("Campbell") substantially all of the non-landfarm assets and certain leases associated with five transfer stations located along the Gulf Coast and three receiving docks at the landfarm facilities operated by Campbell for cash consideration of $70.5 million. This acquisition has been accounted for under the purchase method and the results of the operations of the acquired business have been included in the consolidated financial statements since the date of acquisition. The purchase price was allocated based on estimated fair values at the date of acquisition. This resulted in an excess of purchase price over assets acquired of $77.2 million, of which $68.7 million is being amortized on a straight-line basis over 35 years, and $8.5 million is being amortized on a straight-line basis over 25 years.

The following unaudited pro forma information presents a summary of consolidated results of operations of the Company and Campbell as if the acquisition and the related equity offering had occurred January 1, 1995.

(In thousands except per share amounts)	1996	1995
Revenues	$138,321	$116,819
Net income	20,410	15,712
Net income per common and common equivalent share:	========	========
Primary	$ 1.62	$ 1.14
Fully diluted	1.61	1.13

These unaudited pro forma results have been prepared for comparative purposes only and include certain adjustments, such as additional amortization expense as a result of goodwill, the net effect on operating costs related to the combined operations, reduced interest expense as a result of debt reduction from the proceeds of the offering, and the net impact of the above adjustments on income tax expense. They do not purport to be indicative of the results of operations which actually would have resulted had the combination been in effect on January 1, 1995, or of future results of operations of the consolidated entities.

Concurrent with the Campbell acquisition, the Company entered into an agreement to provide a certain volume of waste over a future period to Campbell. See further discussion in Note J.

In conjunction with this acquisition and the acquisition of a new waste disposal license, the Company recorded a third quarter restructure charge of $2.4 million, $1.6 million after taxes, or $0.12 per common share. A total of approximately $1.8 million was related to the restructuring of certain of the Company's NOW processing operations and staffing changes to facilitate the integration of its operations with those recently acquired by Campbell. The Company recognized an additional $.6 million of non-recurring costs associated with the termination of processing operations at its original NORM facility at Port Arthur, Texas and the partial closure of the site.

On August 29, 1996, the Company sold the land, buildings and certain equipment comprising substantially all of the assets of its former marine repair operation to the operator of the facility and refinanced certain advances previously made to the operator. The assets sold had previously been subject to an operating lease to the same party, and the purchase was made under the terms of a purchase option granted in the original lease. The sales price of approximately $16.0 million represents the net book value of the assets sold and refinanced. The consideration received included $1.2 million in cash, $7.2 million in notes receivable, and $7.6 million in debt obligations, which were assumed by the operator. The notes receivable are included in other assets and have been recorded at their estimated fair value which approximates the amount at which they can be prepaid at the operator's option during the term of the notes. The notes receivalbe include two notes, and one of which is in the face amount of $8,534,000, bears interest at 5.0% per annum, with interest and principal payable at September 30, 2003. The second note is in the face amount of $600,000, bears interest at 8.0% per annum and is payable in monthly and annual installments of principal and interest through September 30, 2003. Both notes are secured by a second lien on the assets sold as well as certain guarantees of the operator. The Company has guaranteed certain of the debt obligations of the operator, which is limited to a maximum of $10 million and reduces proportionately with debt repayments made by the operator.

C. Property, Plant and Equipment

The Company's investment in property, plant and equipment at December 31, 1996 and 1995 is summarized as follows:

(In thousands)	1996	1995
Land	$2,411	$5,072
Buildings and improvements	17,258	30,172
Machinery and equipment	52,486	44,062
Board road mats	78,881	46,386
Other	2,422	2,537
	153,458	128,229
Less accumulated depreciation	(39,567)	(42,768)
	$113,891	$ 85,461

D. Credit Arrangements and Long-Term Debt

Credit arrangements and long-term debt consisted of the following at December 31, 1996 and 1995:

(In thousands)	1996	1995
Bank - line of credit	$11,778	$18,378
Bank - term note	27,223	25,000
Building loan	1,799	482
Acquisition financing due in 1999 with an interest rate of 7%	1,375	-
Assets subject to lease, financed through 2001 with an interest rate of 10.1%	-	8,075
Acquisition financing due in 1996 with an interest rate of 8%	-	327
Other, principally installment notes secured by machinery and equipment, payable through 2001 with interest at 3.3% to 13.5%	1,715	2,204
	43,890	54,466
Less: current maturities of long-term debt	(9,278)	(7,742)
Long-term portion	$34,612	$ 46,724

The Company maintains a $60.0 million bank credit facility with $25.0 million in the form of a revolving line of credit commitment and $35.0 million in a term note. The credit facility is secured by a pledge of substantially all of the Company's accounts receivable, inventory and property, plant, and equipment. It bears interest at either a specified prime rate (8.25% at December 31, 1996) or the LIBOR rate (5.563% at December 31, 1996) plus a spread which is determined quarterly based upon the ratio of the Company's funded debt to cash flow. The average interest rate for the year ended December 31, 1996 was 7.41%. The line of credit requires monthly interest payments and matures on December 31, 1998. At December 31, 1996, $1.8 million of letters of credit were issued and outstanding, leaving a net of $23.2 million available for cash advances under the line of credit, against which $11.8 million had been borrowed. The outstanding balance on the term note at December 31, 1996 was $27.2 million. The term loan was used to refinance existing debt and requires monthly interest installments and seventeen equal quarterly principal payments which commenced March 31, 1996. The term loan bears interest at the Company's option of either a specified prime rate or LIBOR rate, plus a spread which is determined quarterly based upon the ratio of the Company's funded debt to cash flow. The average interest rate for the year ended December 31, 1996 was 7.82%. The credit facility requires that the Company maintain certain specified financial ratios and comply with other usual and customary requirements. The Company was in compliance with the agreement at December 31, 1996.

In November 1996, an amendment to the credit facility was approved by the banks, which eliminated the monthly borrowing base determination, reduced certain of the restrictive and compliance covenants contained in the facility, and reduced the frequency of financial reporting.

Subsequent to December 31, 1996, the banks providing the credit facility approved a $10 million increase in the facility. The $10 million increase involves a new term note for $5 million with twenty equal quarterly payments of principal plus interest commencing June 30, 1997 with an initial maturity date of December 31, 1998. The proceeds of this new loan will be used to reduce the outstanding balance on the revolving line of credit portion of the facility. In addition, the revolving line of credit will increase from $25 million to $30 million.

Maturities of long-term debt are $9,278,000 in 1997, $20,793,000 in 1998, $8,466,000 in 1999, $4,105,000 in 2000, $180,000 in 2001 and $1,068,000 thereafter.

E. Income Taxes

The provision for income taxes charged to operations is principally U. S. Federal tax as follows:

	Year Ended December 31,		
(In thousands)	1996	1995	1994
Current tax expense	$3,626	$1,534	$ 115
Deferred tax expense (benefit)	6,169	3,217	(200)
Total provision (benefit)	$9,795	$ 4,751	$(85)

The deferred tax expense (benefit) includes a decrease in the valuation allowance for deferred tax assets of $236,000, $1,700,000, and $3,129,000 for 1996, 1995 and 1994, respectively.

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

	Year Ended December 31,		
	1996	1995	1994
Income tax expense at statutory rate	35.0%	34.0%	34.0%
Non-deductible portion of business expenses	.9	1.4	(2.5)
Tax benefit of NOL utilization	(.4)	(10.0)	(33.6)
Other	(.8)	2.6	1.2
Total income tax expense (benefit)	34.7%	28.0%	(0.9%)

For federal income tax purposes, the Company has net operating loss carryforwards ("NOLs") of approximately $10 million (net of amounts disallowed pursuant to IRC Section 382) that, if not used, will expire in 1999 through 2010. The Company also has approximately $4 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. These carryforwards have been recognized for financial reporting purposes.

Temporary differences and carryforwards which give rise to a significant portion of deferred tax assets and liabilities at December 31, 1996 and 1995 are as follows:

(In thousands)	1996	1995
Deferred tax assets:		
Net operating losses	$ 4,357	$ 8,696
Accruals not currently deductible	3,041	-
Alternative minimum tax credits	4,028	1,592
All other	1,463	398
Total deferred tax assets	12,889	10,686
Valuation allowance	-	(236)
Net deferred tax assets	$12,889	$ 10,450
Deferred tax liabilities:		
Depreciation	$ 10,991	$ 8,767
Amortization	726	1,823
All other	3,193	1,177
Total deferred tax liabilities	14,910	11,767
Total net deferred tax liabilities	$ (2,021)	$ (1,317)

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, 1995, the deferred tax liabilities of the consolidated group exceeded the deferred tax assets, therefore a deferred tax benefit was recorded for the full amount of the remaining federal NOLs. The valuation allowance at December 31, 1995, related to certain state NOLs that were not yet recognized in the financial statements. At December 31, 1996, the Company recognized a deferred tax benefit for these state NOLs for financial reporting purposes. The Company believes that its estimate of future earnings based on contracts in place, the overall improved gas market, and its prior earnings trend supports the recorded net state deferred tax asset.

F. Preferred Stock

The Company has been authorized to issue up to 1,000,000 shares of Preferred Stock, $.01 par value, none of which are issued or outstanding at December 31, 1996.

G. Common Stock

Changes in outstanding Common Stock for the years ended December 31, 1996, 1995, and 1994 were as follows:

(In thousands of shares)	1996	1995	1994
Outstanding, beginning of year	10,634	9,986	9,858
Dividend shares issued	-	505	-
Shares issued for pubic offering	3,450	-	-
Shares issued to settle royalty obligations	109	-	-
Shares issued to acquire mat patent rights	69	-	-
Shares issued upon exercise of options	266	143	128
Outstanding, end-of-year	14,528	10,634	9,986

H. Stock Option Plans

At December 31, 1996, the Company has four stock-based compensation plans, which are described below. The Company applies Accounting Principles Board Opinion 25 ("APB 25") and related Intrepretations 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 the Company'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, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		Year Ended December 31,	
(In thousands, except per share data)		1996	1995
Net income	As reported	$ 18,453	$12,236
	Pro forma	17,491	11,902
Primary earnings per share	As reported	1.46	1.13
	Pro forma	1.39	1.10
Fully diluted earnings per share	As reported	1.46	1.13
	Pro forma	1.38	1.10

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 for grants in 1996: no dividend yield; expected volatility of 40.8%; risk-free interest rate of 6.2%; and expected life of 4 years. The following assumptions were used for options granted in 1995: no dividend yield; expected volatility of 41.6%; risk-free interest rate of 6.0%; and expected life of 4 years.

A summary of the status of the Company's four stock option plans as of December 31, 1996, and 1995, and changes during the periods ending on those dates is presented below:

	Years Ended December 31,			
	1996		1995	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	995,008	$ 13.05	539,981	$ 10.14
Granted	316,000	32.64	581,750	15.38
Exercised	(266,692)	10.90	(137,167)	8.68
Dividend	-	-	32,610	13.14
Canceled	(16,783)	15.13	(22,166)	13.72
Outstanding at end of year	1,027,533	19.60	995,008	13.05
Weighted-average fair value of options granted during the year	$13.13		$6.20	

The following table summarizes information about stock options outstanding at December 31, 1996.

	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
$6.90 to $9.41	108,799	3.87	$8.03	90,967	$ 7.91
$13.10 to $19.75	608,734	5.48	14.89	233,249	14.64
$24.50 to $37.25	310,000	6.87	32.89	-	-
Total	1,027,533			324,216	

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 and restated by the Board of Directors and stockholders in 1992 to increase the number of shares of Common Stock issuable thereunder from 105,000 to 472,500; was further amended by the Board of Directors and stockholders in 1994 to increase the number of shares of Common Stock issuable thereunder from 472,500 to 682,500, and was further amended by the Board of Directors and stockholders in 1995 to increase the number of shares of Common Stock issuable thereunder from 682,500 to one million shares. An option may not be granted for an exercise price less than the fair market value on the date of grant and may have a term of up to ten years.

The 1992 Directors' Stock Option Plan (the "1992 Directors' Plan") was adopted on October 21, 1992 by the Compensation Committee and, thereafter, was approved by the stockholders in 1993.

The purpose of the 1992 Directors' Plan was to provide two directors ("Optionees") additional compensation for their services to Newpark and to promote an increased incentive and personal interest in the welfare of Newpark by such directors. The Optionees were each granted a stock option to purchase 52,500 shares of Common Stock at an exercise price of $8.33 per share, the fair market value of the Common Stock on the date of grant for a term of ten years. No additional options may be granted under the Directors' Plan. At December 31, 1996, all options had been exercised under this 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 shareholders in 1994. Non-employee directors are not eligible to participate in any other stock option or similar plan 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.

Upon the adoption of the 1993 Non-Employee Directors' Plan, the five non-employee directors were each granted a stock option to purchase 15,750 shares of Common Stock at an exercise price of $8.57 per share, the fair market value of the Common Stock on the date of grant. In addition, each new Non-Employee Director, on the date of his or her election to the Board of Directors automatically will be granted a stock option to purchase 15,750 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock on the date of grant. The determination of fair market value of the Common Stock is based on market quotations. On November 2, 1995, the Board of Directors adopted, and the shareholders approved on June 12, 1996, amendments to the Non-Employee Directors' Plan to increase the maximum number of shares issuable thereunder from 157,500 to 210,000 and to provide for the automatic grant at five year intervals of additional stock options to purchase 10,500 shares of Common Stock to each non-employee director who continues to serve on the Board. At December 31, 1996, 26,250 options had been exercised under the 1993 Non-Employee Directors' Plan.

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 525,000 shares of Common Stock may be issued under the 1995 Plan, with such maximum number increasing on the last business day of each fiscal year of Newpark, commencing with the last business day of the fiscal year ending December 31, 1996, 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, with a maximum number of shares of Common Stock that may be issued upon exercise of options granted under the 1995 Plan being limited to 1,312,500. At December 31, 1996 there were 396,000 options outstanding under the 1995 plan, 42,000 of which were exercisable.

I. Supplemental Cash Flow Information

During 1996, the Company's noncash transactions included the acquisition of certain patents and exclusivity rights in exchange for 177,182 shares of the Company's common stock and $5,700,000 in cash. In connection with the purchase of certain of these patents the Company recorded a deferred tax liability of $767,000. Transfers from inventory to fixed assets of $4,625,000 were also made during the period. As discussed in Note B, the Company sold and refinanced $16,000,000 of certain assets in exchange for $7,200,000 of notes receivable, $1,200,000 in cash and the assumption by the buyer of $7,600,000 in debt obligations.

During 1994, the Company's noncash transactions included the consummation of the sale of the operations of the Company's marine repair business for $661,000 in cash and a $400,000 note receivable.

Included in accounts payable and accrued liabilities at December 31, 1996, 1995 and 1994, were equipment purchases of $1,283,000, $4,141,000 and $774,000, respectively. Also included are notes payable for equipment purchases in the amount of $1,378,000 and $257,000 for 1996 and 1995, respectively.

Interest of $4,153,000, $4,235,000 and $2,713,000, was paid in 1996, 1995 and 1994, respectively. Income taxes of $2,998,000, $51,000 and $90,200 were paid in 1996, 1995 and 1994, respectively.

J. 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 closing of the Campbell acquisition, the Company acquired Disposeco, thereby assuming the obligations provided in the "NOW Disposal Agreement" between Disposeco and Campbell. The NOW Disposal Agreement provides that for each of the 25 years following the closing, Newpark will deliver to Campbell for disposal at its landfarms the lesser of one-third of the barrels from a defined market area or 1,850,000 barrels of NOW, subject to certain adjustments. The initial price per barrel to be paid by Newpark to Campbell is $5.50 per barrel and is subject to adjustment in future years. Prior to any adjustments, Newpark's obligation is $10,175,000 annually. In addition, the liability of Newpark under the agreement is reduced by certain prohibited revenues earned by Campbell or Sanifill.

During 1992, the State of Texas assessed additional sales taxes for the years 1988-1991. The Company has filed a petition for redetermination with the Comptroller of Public Accounts. The Company believes that the ultimate resolution of this matter will not have a material adverse effect on the consolidated financial statements.

In the normal course of business, in conjunction with its insurance programs, the Company has established letters of credit in favor of certain insurance companies in the amount of $1,750,000 and $2,825,000 at December 31, 1996 and 1995, respectively. At December 31, 1996 and 1995, the Company had outstanding guaranty obligations totaling $865,000 and $469,000, respectively, in connection with facility closure bonds issued by an insurance company.

Since May 1988, the Company has held the exclusive right to use a patented prefabricated mat system with respect to the oil and gas exploration and production industry within the State of Louisiana. On June 20, 1994, the Company 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 the company purchase a minimum of 20,000 mats annually through 2003. The Company 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. The Company's annual commitment to maintain the agreement in force is currently estimated to be $4,600,000.

On August 29, 1996, the Company sold the land, buildings and certain equipment comprising substantially all of the assets of its former marine repair operation to the operator of the facility. These assets had previously been subject to an operating lease to the same party, and the purchase was made under the terms of a purchase option granted in the original lease. The Company has guaranteed certain of the debt obligations of the operator, which is limited to a maximum of $10 million and reduces proportionately with debt repayments made by the operator.

At December 31, 1995, the Company had outstanding a letter of credit in the amount of $3,816,000 issued to a state regulatory agency to assure funding for future site closure obligations at its NORM processing facility.

The Company leases various manufacturing facilities, warehouses, office space, machinery and equipment and transportation equipment under operating leases with remaining terms ranging from one to ten 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 $5,177,000, $5,210,000, and $4,049,000, in 1996, 1995 and 1994, respectively.

Future minimum payments under noncancelable operating leases, with initial or remaining terms in excess of one year are: $2,972,000, in 1997, $2,460,000 in 1998, $2,298,000 in 1999, $2,183,000 in 2000, $1,547,000 in 2001, and $1,070,000 thereafter.

Capital lease commitments are not significant.

K. Business and Credit Concentration

During 1996 two customers each accounted for greater than 10% of revenues. One customer accounted for approximately 18% and 16%, $21,620,000 and $15,890,000, of total revenues for 1996 and 1995, respectively. The other customer accounted for 10.5%, or $12,836,000, of revenues for 1996. In 1994, the Company did not derive ten percent or more of its revenues from sales to any single customer.

Export sales are not significant.

L. Concentrations of Credit Risk

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

The Company maintains cash and cash equivalents with various financial institutions. These financial institutions are located throughout the Company's trade area and company policy is designed to limit exposure to any one institution. As part of the Company's investment strategy, the Company 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 limited due to the large number of entities comprising the Company's customer base, and for notes receivable, the required collateral. The Company maintains an allowance for losses based upon the expected collectibility of accounts and notes receivable.

M. Supplemental Selected Quarterly Financial Data (Unaudited)

(In thousands, except per share amounts)	Quarter Ended Mar 31	Jun 30	Sep 30	Dec 31
Fiscal Year 1996				
Revenues	$26,767	$26,179	$28,551	$40,045
Operating income	6,092	6,801	6,822	12,125
Net income	3,316	3,884	3,782	7,471
Net income per share				
Primary	0.30	0.34	0.28	0.50
Fully diluted	0.30	0.34	0.28	0.50
Fiscal Year 1995				
Revenues	$22,209	$22,454	$24,793	$28,526
Operating income	3,711	4,789	5,529	6,951
Net income	2,490	3,206	2,700	3,840
Net income per share				
Primary	0.23	0.29	0.25	0.35
Fully diluted	0.23	0.29	0.25	0.34

N. Subsequent Event

On February 28, 1997, the Company acquired SBM Drilling Fluids Management, Inc. ("SBM"). The Company issued 582,000 shares of its common stock as consideration for the acquisition which will be accounted for by the pooling of interest method.

Historical financial data in future reports will be restated to include SBM data. The following unaudited pro forma data summarizes the combined results of operations of the Company and SBM as though the merger had occurred at the beginning of fiscal 1994. This pro forma data does not purport to be indicative of what would have occurred had the acquisition actually been made as of such date or of results which may occur in the future.

(Unaudited pro forma)	Year Ended December 31,		
(In thousands, except per share data)	1996	1995	1994
Revenue	$135,974	$105,720	$86,625
Net income	18,503	12,542	9,716
Net income per common and common equivalent share:			
Primary	1.40	1.10	.91
Fully diluted	1.40	1.10	.90

SBM's fiscal year ends on October 31. For purposes of this pro forma presentation, SBM's year end was not adjusted to coincide with that of the Company's. The combination of the unlike year ends does not materially alter the pro forma results.

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 the Company's 1997 Annual Meeting of Shareholders.

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 the Company's 1997 Annual Meeting of Shareholders.

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 the Company's 1997 Annual Meeting of Shareholders.

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 the Company's 1997 Annual Meeting of Shareholders.

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, 1996 and 1995
Consolidated Statements of Income for the years ended December 31, 1996, 1995 and 1994
Consolidated Statements of Shareholders' Equity for the years ended December 31, 1996, 1995 and 1994
Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994
Notes to Consolidated Financial Statements

2. Financial Statement Schedules

The following financial statement schedule is included:
Schedule II - Valuation and Qualifying Accounts
All other 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 Certificate of Incorporation.
3.1.1 Certificate of Amendment to Certificate of Incorporation.
3.2 Bylaws.
10.1 Employment Agreement, dated as of October 23, 1990, between the registrant and James D. Cole.*
10.2 Lease Agreement, dated as of May 17, 1990, by and between Harold F. Bean Jr. and Newpark Environmental Services, Inc. ("NESI").
10.3 Building Lease Agreement, dated April 10, 1992, between the registrant and The Traveler's Insurance Company.
10.4 Building Lease Agreement, dated May 14, 1992, between State Farm Life Insurance Company, and SOLOCO, Inc.
10.5 Operating Agreement, dated June 30, 1993, between Goldrus Environmental Services, Inc. and NESI.
10.6 Agreement and Plan of Reorganization, dated April 8, 1996, among the registrant, JPI Acquisition Corp. ("JPI"), J. Pouyer Interests, Inc., Uni-Mat International, Inc. ("Uni-Mat"), and Joseph E. Pouyer, as amended.
10.7 1993 Non-Employee Directors' Stock Option Plan.*
10.7.1 Amendment to the 1993 Non-Employee Directors' Stock Option Plan.*
10.8 Amended and Restated 1988 Incentive Stock Option Plan.*
10.8.1 1995 Incentive Stock Option Plan.*

10.9 Exclusive License Agreement, dated June 20, 1994, between SOLOCO, Inc. and Quality Mat Company.

10.10 Lease Agreement, dated as of July 29, 1994, by and between Harold F. Bean Jr. and NESI.

10.11 Credit Agreement by and among Newpark Resources, Inc., SOLOCO, Inc., Newpark Environmental Services, Inc., SOLOCO, Texas, L. P., Batson-Mill, L. P., Newpark Environmental Water Services, Inc., Newpark Shipholding Texas, L.P., Mallard and Mallard of La., Inc., SOLOCO, L.L.C., Newpark Texas, L.L.C., Newpark Holdings, Inc., Hibernia National Bank, Bank One Texas, N. A., and Premier Bank, National Association.

10.12 Second Amendment and Supplement to the Credit Agreement, dated March 5, 1996 by and among Newpark Resources, Inc., SOLOCO, L.L.C., Newpark Environmental Services, L.L.C., Newpark Shipholding Texas, L.P., Soloco Texas, L.P., Batson-Mill, L.P., Newpark Environmental Services, L.P., Mallard and Mallard of La., Inc., Newpark Texas, L.L.C., Newpark Holdings, Inc., Hibernia National Bank, Bank One Texas, N. A., and Premier Bank, National Association.

10.13 Third Amendment and Supplement to the Credit Agreement, dated June 27, 1996 by and among Newpark Resources, Inc., SOLOCO, L.L.C., Newpark Environmental Services, L.L.C., Newpark Shipholding Texas, L.P., Soloco Texas, L.P., Batson-Mill, L.P., Newpark Environmental Services, L.P., Mallard and Mallard of La., Inc., Newpark Texas, L.L.C., Newpark Holdings, Inc., Hibernia National Bank, Bank One Texas, N.A., Bank One Louisiana, N. A., and Premier Bank, National Association.**

10.14 Fourth Amendment and Supplement to the Credit Agreement, dated December 23, 1996 by and among Newpark Resources, Inc., SOLOCO, L.L.C., Newpark Environmental Services, L.L.C., Newpark Shipholding Texas, L.P., Soloco Texas, L.P., Batson-Mill, L.P., Newpark Environmental Services, L.P., Mallard and Mallard of La., Inc., Newpark Texas, L.L.C., Newpark Holdings, Inc., Hibernia National Bank, Bank One Louisiana, N. A., and Premier Bank, National Association.**

10.15 Credit Agreement, dated December 1, 1995, between SOLOCO, Inc., and Hibernia National Bank.

10.16 Asset Purchase and Lease Agreement, dated June 5, 1996, among the registrant, Campbell Wells, Ltds and Sanifill, Inc.

10.17 Now Disposal Agreement, dated June 4, 1996, among Sanifill, Inc., Now Disposal Operating Co. and Campbell Wells, Ltd.

10.18 Guaranty dated August 29, 1996 by the registrant in favor of Heller Financial Leasing, Inc.

21.1 Subsidiaries of the Registrant **

23.1 Consent of Deloitte & Touche **

27.1 Financial Data Schedule**

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* Management Compensation Plan or Agreement.

** Filed herewith.

Previously filed in the exhibits to the registrant's Registration Statement on Form S-1 (File No. 33-40716) filed on June 21, 1991, and incorporated by reference herein.

Previously filed in the exhibits to the registrant's Registration Statement on Form S-8 (File No. 33-67284) filed on August 12, 1993, and incorporated by reference herein.

Previously filed in the exhibits to the registrant's Registration Statement on Form S-8 (File No. 33-83680) filed on August 12, 1993, and incorporated by reference herein.

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.

Previously filed in the exhibits to the registrant's Current Report on Form 8-K, dated July 18, 1995, and incorporated by reference herein.

Previously filed as Exhibit B to the registrant's Definitive Proxy Materials relating to its Annual Meeting of Shareholders held on June 28, 1995 and incorporated by reference herein.

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.

Previously filed in the exhibits to the registrant's Registration Statement on Form S-3 (File No. 333-05805), and incorporated by reference herein.

Previously filed in the exhibits to the registrant's Registration Statement on Form S-3 (File No. 333-20895) and incorporated by reference herein.

Previously filed in the exhibits to the registrant's Form 10-Q for the quarterly period ended September 30, 1996, and incorporated by reference herein.

(b) Reports on Form 8-K

The registrant did not file a report on Form 8-K during the fourth quarter of 1996.

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 28, 1997

NEWPARK RESOURCES, INC.

By: /s/ James D. Cole
James D. Cole, Chairman of the Board, President and Chief Executive Officer

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

Signatures	Title	Date
/s/ James D. Cole James D. Cole	Chairman of the Board, President and Chief Executive Officer	March 28, 1997
/s/ Matthew W. Hardey Matthew W. Hardey	Vice President of Finance and Chief Financial Officer	March 28, 1997
/s/ Kathleen D. Lacoste Kathleen D. Lacoste	Controller	March 28, 1997
/s/ Wm. Thomas Ballantine Wm. Thomas Ballantine	Executive Vice President and Director	March 28, 1997
/s/Dibo Attar Dibo Attar	Director	March 28, 1997
/s/ W. W. Goodson W. W. Goodson	Director	March 28, 1997
/s/ David P. Hunt David P. Hunt	Director	March 28, 1997
/s/ Dr. Alan Kaufman Dr. Alan Kaufman	Director	March 28, 1997
/s/ James H. Stone James H. Stone	Director	March 28, 1997

Newpark Resources, Inc. SCHEDULE II
Valuation and Qualifying Accounts
Years Ended December 31, 1996, 1995 and 1994
(In thousands of dollars)

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Other Additions	Other Deductions	Balance at End of Year
1996					
Allowance for doubtful accounts	$ 768	$ 739	$ 229 (a)	$ (41)(b)	$ 1,695
Valuation allowance for deferred tax assets	$ 236	-	$ - (d)	$ (236)(c)	$ -
1995					
Allowance for doubtful accounts	$ 455	$ 463	$ 13 (a)	$ (163)(b)	$ 768
Valuation allowance for deferred tax assets	$ 967	-	$ 969 (d)	$ (1,700)(c)	$ 236
1994					
Allowance for doubtful accounts	$ 354	$ 974	$ 44 (a)	$ (917)(b)	$ 455
Valuation allowance for deferred tax assets	$ 4,096	-	-	$ (3,129)(c)	$ 967

(a) Recovery of amounts previously written off and other adjustments.

(b) Write-offs.

(c) Change in valuation allowance reflecting the future benefit of net operating losses.

(d) Initial set-up of valuation allowance.

THIRD AMENDMENT AND SUPPLEMENT TO CREDIT AGREEMENT

This Third Amendment and Supplement to Credit Agreement (herein called the "Third Amendment") is dated and effective as of June 27, 1996, by and among NEWPARK RESOURCES, INC., a Delaware corporation (the "Borrower"), SOLOCO L.L.C., a Louisiana limited liability company and the successor by merger to SOLOCO, Inc. ("SOLOCO L.L.C."), NEWPARK SHIPHOLDING TEXAS, L.P., a Texas limited partnership ("Newpark Shipholding"), SOLOCO TEXAS, L.P., a Texas limited partnership ("SOLOCO Texas"), BATSON-MILL, L.P., a Texas limited partnership ("Batson"), MALLARD & MALLARD OF LA., INC., a Louisiana corporation ("Mallard"), NEWPARK TEXAS, L.L.C., a Louisiana limited liability company ("Newpark Texas"), NEWPARK HOLDINGS, INC., a Louisiana corporation ("Holdings"), NEWPARK ENVIRONMENTAL SERVICES, L.L.C., a Louisiana limited liability company and the successor by merger to Newpark Environmental Services, Inc. ("Environmental L.L.C."), and NEWPARK ENVIRONMENTAL SERVICES, L.P., a Texas limited partnership ("Environmental L.P."; SOLOCO L.L.C., Newpark Shipholding, SOLOCO Texas, Batson, Mallard, Newpark Texas, Holdings, Environmental L.L.C. and Environmental L.P. are herein collectively called the "Guarantors"), and HIBERNIA NATIONAL BANK ("Hibernia"), BANK ONE TEXAS, N.A. ("Bank One"), and BANK ONE, LOUISIANA, N.A. ("Bank One Louisiana") (f/k/a PREMIER BANK, NATIONAL ASSOCIATION) (Hibernia, Bank One, and Premier are hereinafter referred to individually as "Bank" and collectively as the "Banks"), and BANK ONE, LOUISIANA, N.A. (f/k/a PREMIER BANK, NATIONAL ASSOCIATION) as agent for the Banks (hereinafter in such capacity referred to as the "Agent").

RECITALS:

1. The Borrower, the Guarantors (except Environmental L.L.C. and Environmental L.P.), Newpark Environmental Services, Inc., Newpark Environmental Water Services, Inc., SOLOCO, Inc., the Banks, and the Agent are parties to that certain Credit Agreement dated as of June 29, 1995 (the "Credit Agreement"), as amended and modified by letter agreements thereto dated October 9, 1995 and January 8, 1996 (the said letter agreements are herein referred to as the "First Amendment"), and by Second Amendment and Supplement to Credit Agreement dated as of March 5, 1996 (the "Second Amendment"). The Credit Agreement, as amended by the First Amendment and the Second Amendment, is herein referred to as the Credit Agreement.

2. The Borrower and the Guarantors have requested that Bank One Louisiana extend a 60-day term loan to the Borrower in the principal amount of $2,000,000.00.

3. Bank One Louisiana, with the consent of Hibernia and Bank One, is willing , subject to the terms and conditions of this Third Amendment, to extend a 60-day term loan to the Borrower in the principal amount of $2,000,000.00.

4. All capitalized terms used herein are used as defined in the Credit Agreement, except as otherwise expressly provided in this Third Amendment.

NOW THEREFORE, in consideration of the premises, the parties hereto do hereby amend and supplement the Credit Agreement, and agree and obligate themselves as follows:

A. $2,000,000.00 TERM LOAN BY BANK ONE LOUISIANA TO THE BORROWER. Subject to the terms and conditions of this Third Amendment, Bank One Louisiana agrees to extend a 60-day term loan to the Borrower in the principal amount of $2,000,000.00. The said term loan shall be evidenced by the promissory note of the Borrower dated June 27, 1996 in the principal amount of $2,000,000.00, payable to the order of Bank One Louisiana with interest at the LIBOR Rate plus 2% (the "$2,000,000 Term Note"). The payment of all principal and interest under the $2,000,000 Term Note shall be as specified in the $2,000,000 Term Note. The proceeds of the $2,000,000 Term Note shall be used to acquire board road mats. All parties to this Third Amendment acknowledge their consent and understanding that the term loan provided for in this paragraph A, as evidenced by the $2,000,000 Term Note, will be funded one hundred percent (100%) by Bank One Louisiana.

B. REFERENCES. All references in the Credit Agreement to Premier shall henceforth be deemed a reference to Bank One, Louisiana, N.A. All references in the Credit Agreement to Notes, Term Notes, and Term Loans shall henceforth be deemed to include the term loan provided for in paragraph A above and the $2,000,000 Term Note; provided, however, it is understood and agreed that the $2,000,000 Term Note will be funded one hundred percent (100%) by Bank One Louisiana.

C. CROSS COLLATERALIZATION AND CROSS DEFAULT. The parties hereto agree that the term loan provided for in paragraph A above and the $2,000,000 Term Note shall be secured by the security interests, mortgages, agreements and guarantees described in, and executed pursuant to, the Credit Agreement. Similarly, the said term loan and $2,000,000 Term Note shall also be subject to the Events of Default specified in the Credit Agreement.

D. MISCELLANEOUS PROVISIONS.

1. The Borrower agrees that nothing contained in this Third Amendment shall constitute a novation.

2. In consideration of the Bank's execution of this Third Amendment, the Borrower and the Guarantors do hereby irrevocably waive any and all claims and/or defenses to payment on the indebtedness owed by any of them to the Banks that may exist as of the date of execution of this Third Amendment.

3. The Credit Agreement, as amended and supplemented by this Third Amendment, is hereby ratified and confirmed.

4. THE INTERNAL LAWS OF THE STATE OF LOUISIANA AND OF THE UNITED STATES OF AMERICA SHALL GOVERN THE RIGHTS AND DUTIES OF THE PARTIES HERETO AND THE VALIDITY, CONSTRUCTION, ENFORCEMENT, AND INTERPRETATION OF THE CREDIT AGREEMENT, THIS THIRD AMENDMENT, AND ALL LOAN PAPERS EXECUTED IN CONNECTION THEREWITH EXCEPT TO THE EXTENT OTHERWISE SPECIFIED IN THE CREDIT AGREEMENT, AS AMENDED BY THIS THIRD AMENDMENT, OR IN ANY OF THE RELATED LOAN PAPERS.

5. THE CREDIT AGREEMENT AND THIS THIRD AMENDMENT ARE CREDIT OR LOAN AGREEMENTS AS DESCRIBED IN LA. R.S. 6: 1121, ET. SEQ. THERE ARE NO ORAL AGREEMENTS BETWEEN THE BANKS AND THE BORROWER.

6. THE CREDIT AGREEMENT, AS AMENDED BY THIS THIRD AMENDMENT, SETS FORTH THE ENTIRE AGREEMENT OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ALL PRIOR WRITTEN AND ORAL UNDERSTANDINGS BETWEEN THE BORROWER AND THE GUARANTORS ON ONE HAND, AND THE BANKS AND/OR THE AGENT ON THE OTHER HAND, WITH RESPECT TO THE MATTERS HEREIN SET FORTH. THE CREDIT AGREEMENT, AS AMENDED BY THIS THIRD AMENDMENT, MAY NOT BE MODIFIED OR AMENDED EXCEPT BY A WRITING SIGNED AND DELIVERED BY THE BORROWER, THE GUARANTORS, THE BANKS, AND THE AGENT. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

7. IN THE EVENT IT IS NECESSARY FOR THE AGENT AND/OR THE BANK TO RESORT TO JUDICIAL ACTION TO ENFORCE ITS/THEIR RIGHTS HEREUNDER, THEN THE BORROWER AND GUARANTORS HEREBY AGREE THAT TO THE EXTENT PERMITTED BY APPLICABLE LAW ANY SUCH JUDICIAL ACTION, INCLUDING ANY OPPOSITION TO SUCH ACTION, RECONVENTIONAL DEMANDS, AND CROSS CLAIMS, SHALL BE TRIED BEFORE A JUDGE WITHOUT A JURY, ALL PARTIES HERETO HEREBY WAIVING THEIR RIGHT TO A JURY TRIAL.

BORROWER:

NEWPARK RESOURCES, INC.

BY:______________________________
MATTHEW W. HARDEY, VICE
PRESIDENT OF FINANCE AND CHIEF
FINANCIAL OFFICER

GUARANTORS:

NEWPARK ENVIRONMENTAL SERVICES,
L.L.C.

By:________________________________
MATTHEW W. HARDEY, TREASURER

NEWPARK SHIPHOLDING TEXAS, L.P.

By: Newpark Holdings, Inc., as
General Partner

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

SOLOCO TEXAS, L.P.
By: Newpark Holdings, Inc., as
General Partner

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

BATSON-MILL, L.P.
By: Newpark Holdings, Inc., as
General Partner

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

NEWPARK ENVIRONMENTAL SERVICES,
L.P.
By: Newpark Holdings, Inc., as
General Partner

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

MALLARD & MALLARD OF LA., INC.

By:______________________________
MATTHEW W. HARDEY, TREASURER

SOLOCO, L.L.C.

By:______________________________
MATTHEW W. HARDEY, TREASURER

NEWPARK TEXAS, L.L.C.

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

NEWPARK HOLDINGS, INC.

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

BANKS:

HIBERNIA NATIONAL BANK

By:___________________________

Title:________________________

BANK ONE TEXAS, N.A.

By:_____________________________

Title:__________________________

BANK ONE, LOUISIANA, N.A.

By:_____________________________
Title: Vice President

AGENT:

BANK ONE, LOUISIANA, N.A.

By:_____________________________
Title: Vice-President

FOURTH AMENDMENT AND SUPPLEMENT
TO CREDIT AGREEMENT

This Fourth Amendment and Supplement to Credit Agreement (herein called the "Fourth Amendment") is dated and effective as of December 23, 1996, by and among NEWPARK RESOURCES, INC., a Delaware corporation (the "Borrower"), SOLOCO L.L.C., a Louisiana limited liability company and the successor by merger to SOLOCO, Inc. ("SOLOCO L.L.C."), NEWPARK SHIPHOLDING TEXAS, L.P., a Texas limited partnership ("Newpark Shipholding"), SOLOCO TEXAS, L.P., a Texas limited partnership ("SOLOCO Texas"), BATSON-MILL, L.P., a Texas limited partnership ("Batson"), MALLARD & MALLARD OF LA., INC., a Louisiana corporation ("Mallard"), NEWPARK TEXAS, L.L.C., a Louisiana limited liability company ("Newpark Texas"), NEWPARK HOLDINGS, INC., a Louisiana corporation ("Holdings"), NEWPARK ENVIRONMENTAL SERVICES, L.L.C., a Louisiana limited liability company and the successor by merger to Newpark Environmental Services, Inc. ("Environmental L.L.C."), and NEWPARK ENVIRONMENTAL SERVICES, L.P., a Texas limited partnership ("Environmental L.P."; SOLOCO L.L.C., Newpark Shipholding, SOLOCO Texas, Batson, Mallard, Newpark Texas, Holdings, Environmental L.L.C. and Environmental L.P. are herein collectively called the "Guarantors"), and HIBERNIA NATIONAL BANK ("Hibernia"), and BANK ONE, LOUISIANA, N.A. ("Bank One Louisiana") (f/k/a PREMIER BANK, NATIONAL ASSOCIATION) (Hibernia and Bank One Louisiana are hereinafter referred to individually as "Bank" and collectively as the "Banks"), and BANK ONE, LOUISIANA, N.A. (f/k/a PREMIER BANK, NATIONAL ASSOCIATION) as agent for the Banks (hereinafter in such capacity referred to as the "Agent").

RECITALS:

1. The Borrower, the Guarantors (except Environmental L.L.C. and Environmental L.P.), Newpark Environmental Services, Inc., Newpark Environmental Water Services, Inc., SOLOCO, Inc., the Banks, Bank One Texas, N.A., and the Agent are parties to that certain Credit Agreement dated as of June 29, 1995 (the "Credit Agreement"), as amended and modified by letter agreements thereto dated October 9, 1995 and January 8, 1996 (the said letter agreements are herein referred to as the "First Amendment"), by Second Amendment and Supplement to Credit Agreement dated as of March 5, 1996 (the "Second Amendment"), and by Third Amendment and Supplement to Credit Agreement dated as of June 27, 1996 (the "Third Amendment"). The Credit Agreement, as amended by the First Amendment, the Second Amendment, and the Third Amendment, is herein referred to as the Credit Agreement.

2. Bank One Texas, N.A. is no longer a party to the Credit Agreement. Pursuant to assignments, Bank One Texas, N.A. has assigned its Revolving Note and Term Note to Bank One Louisiana.

3. The Borrower and the Guarantors have requested that the Banks (i) eliminate the Line of Credit Borrowing Base, (ii) accept quarterly financial reports instead of monthly financial reports, (iii) allow the Borrower and the Guarantors to incur on an annual basis not more than $5,000,000.00 in the aggregate of other indebtedness, (iv) approve the Borrower's guarantee of the indebtedness of Newpark Shipholding associated with the shipyard previously owned by Newpark Shipholding, said guarantee not to exceed $10,000,000.00, and (v) allow the Borrower and the Guarantors to guarantee indebtedness up to the total aggregate amount of $5,000,000.00 without obtaining the Banks' or the Agent's approval.

4. The Banks are willing to accommodate the aforesaid requests, subject to the following conditions: (i) the execution of this Fourth Amendment by the Borrower and the Guarantors; and (ii) delivery by the Borrower and the Guarantors to the Agent of certified resolutions authorizing the agreements contemplated by this Fourth Amendment.

5. All capitalized terms used herein are used as defined in the Credit Agreement, except as otherwise expressly provided in this Fourth Amendment.

NOW THEREFORE, in consideration of the premises, the parties hereto do hereby amend and supplement the Credit Agreement, and agree and obligate themselves as follows:

A. ELIMINATION OF LINE OF CREDIT BORROWING BASE. Section 1.03 of the Credit Agreement are hereby deleted. In addition, all other references in the Credit Agreement to the

Line of Credit Borrowing Base are hereby deleted.

B. FINANCIAL REPORTING REVISION. Section 7.01 of the Credit Agreement is hereby amended to delete the requirement that the Borrower furnish monthly consolidated interim financial statements, and supplemented to include the following:

> The Borrower shall furnish to the Agent and the Banks within forty-five (45) days after the close of each quarter, a consolidated interim financial statement (which may or may not conform to generally accepted accounting principles) consisting of a balance sheet and income statement).

C. NEGATIVE COVENANTS REVISION.

1. GUARANTEES. Section 9.01 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

> 9.01. Guarantees. Except for the (i) Continuing Guarantees contemplated under Subsection 4.01(b) above, (ii) guarantees by the Borrower required for the normal day-to-day operations of the Guarantors, (iii) guarantees by the Borrower or any of the Guarantors to third parties in an aggregate amount not to exceed $5,000,000.00, and (iv) guarantee not to exceed $10,000,000.00 by the Borrower of the indebtedness of Newpark Shipholding associated with the shipyard previously owned by Newpark Shipholding, the Borrower and the Guarantors shall not become a guarantor, surety, or otherwise liable for the debts or other obligations of any person, firm or corporation.

2. OTHER INDEBTEDNESS. Section 9.02 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

> 9.02. Other Indebtedness. Until the full and final payment of the Secured Notes the Borrower and each of the Guarantors shall not create or incur any direct indebtedness in excess of $5,000,000.00 in the aggregate on an annual basis, without first obtaining the prior written consent of the Agent. The aggregate annual limit of $5,000,000.00 was fixed by the Bank to allow the Borrower and Guarantors to take advantage of below market interest rates on construction equipment purchases or financing of equipment in connection with export to foreign markets.

D. CONFIRMATION OF CROSS COLLATERALIZATION AND CROSS DEFAULT. The parties hereto agree that the Notes and Secured Notes shall continue to be secured by the security interests, mortgages, agreements and guarantees described in, and executed pursuant to, the Credit Agreement. Similarly, the Notes and Secured Notes shall continue to be subject to the Events of Default specified in the Credit Agreement.

E. MISCELLANEOUS PROVISIONS.

1. The Borrower agrees that nothing contained in this Fourth Amendment shall constitute a novation.

2. In consideration of the Bank's execution of this Fourth Amendment, the Borrower and the Guarantors do hereby irrevocably waive any and all claims and/or defenses to payment on the indebtedness owed by any of them to the Banks that may exist as of the date of execution of this Fourth Amendment.

3. The Credit Agreement, as amended and supplemented by this Fourth Amendment, is hereby ratified and confirmed.

4. THE INTERNAL LAWS OF THE STATE OF LOUISIANA AND OF THE UNITED STATES OF AMERICA SHALL GOVERN THE RIGHTS AND DUTIES OF THE PARTIES HERETO AND THE VALIDITY, CONSTRUCTION, ENFORCEMENT, AND INTERPRETATION OF THE CREDIT AGREEMENT, THIS FOURTH AMENDMENT, AND ALL LOAN PAPERS EXECUTED IN CONNECTION THEREWITH EXCEPT TO THE EXTENT OTHERWISE SPECIFIED IN THE CREDIT AGREEMENT, AS AMENDED BY THIS FOURTH AMENDMENT, OR IN ANY OF THE RELATED LOAN PAPERS.

5. THE CREDIT AGREEMENT AND THIS FOURTH AMENDMENT ARE CREDIT OR LOAN AGREEMENTS AS DESCRIBED IN LA. R.S. 6: 1121, ET. SEQ. THERE ARE NO ORAL AGREEMENTS BETWEEN THE BANKS AND THE BORROWER.

6. THE CREDIT AGREEMENT, AS AMENDED BY THIS FOURTH AMENDMENT, SETS FORTH THE ENTIRE AGREEMENT OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ALL PRIOR WRITTEN AND ORAL UNDERSTANDINGS BETWEEN THE BORROWER AND THE GUARANTORS ON ONE HAND, AND THE BANKS AND/OR THE AGENT ON THE OTHER HAND, WITH RESPECT TO THE MATTERS HEREIN SET FORTH. THE CREDIT AGREEMENT, AS AMENDED BY THIS FOURTH AMENDMENT, MAY NOT BE MODIFIED OR AMENDED EXCEPT BY A WRITING SIGNED AND DELIVERED BY THE BORROWER, THE GUARANTORS, THE BANKS, AND THE AGENT. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

7. IN THE EVENT IT IS NECESSARY FOR THE AGENT AND/OR THE BANK TO RESORT TO JUDICIAL ACTION TO ENFORCE ITS/THEIR RIGHTS HEREUNDER, THEN THE BORROWER AND GUARANTORS HEREBY AGREE THAT TO THE EXTENT PERMITTED BY APPLICABLE LAW ANY SUCH JUDICIAL ACTION, INCLUDING ANY OPPOSITION TO SUCH ACTION, RECONVENTIONAL DEMANDS, AND CROSS CLAIMS, SHALL BE TRIED BEFORE A JUDGE WITHOUT A JURY, ALL PARTIES HERETO HEREBY WAIVING THEIR RIGHT TO A JURY TRIAL.

BORROWER:

NEWPARK RESOURCES, INC.

BY:______________________________
MATTHEW W. HARDEY, VICE
PRESIDENT OF FINANCE AND CHIEF
FINANCIAL OFFICER

GUARANTORS:

NEWPARK ENVIRONMENTAL SERVICES,
L.L.C.

By:______________________________
MATTHEW W. HARDEY, TREASURER

NEWPARK SHIPHOLDING TEXAS, L.P.
By: Newpark Holdings, Inc., as
General Partner

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

SOLOCO TEXAS, L.P.
By: Newpark Holdings, Inc., as
General Partner

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

BATSON-MILL, L.P.
By: Newpark Holdings, Inc., as
General Partner

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

NEWPARK ENVIRONMENTAL SERVICES, L.P.
By: Newpark Holdings, Inc., as General Partner

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

MALLARD & MALLARD OF LA., INC.

By:______________________________
MATTHEW W. HARDEY, TREASURER

SOLOCO, L.L.C.

By:______________________________
MATTHEW W. HARDEY, TREASURER

NEWPARK TEXAS, L.L.C.

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

NEWPARK HOLDINGS, INC.

By:______________________________
MATTHEW W. HARDEY,
VICE PRESIDENT

BANKS:

HIBERNIA NATIONAL BANK

By:______________________________

Title:___________________________

BANK ONE, LOUISIANA, N.A.

By:______________________________
Title: Vice President

AGENT:

BANK ONE, LOUISIANA, N.A.

By:____________________________
Title: Vice-President

NEWPARK CORPORATIONS, LIMITED LIABILITY COMPANIES
AND LIMITED PARTNERSHIPS
ADDRESS,ST INCORP., ID NO. ,NO. SHS. DIRS/PRES.

Entity	St.of Incorp	Sub. of	Emp. ID No.	No. Shs.	Dir.	Pres.
B.F.C. Oil Company 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002	Louisiana 12/15/78	Newpark Dormant	72-0868239	1,000	Cole Ballantine Hardey	James D. Cole
Chessher Construction, Inc. 3850 N. Causeway, Suite 1770 Metairie, LA 70002	Texas 1/4/95	Newpark	72-1286764	500	Cole Ballantine Hardey	James D. Cole
Consolidated Mayflower Mines, Inc. 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002	Utah 7/21/75	Newpark Dormant	87-0320149	55,000	Cole Ballantine Hardey	James D. Cole
Florida Mat Rental, Inc. 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002	Florida 8/24/94	SOLOCO Dormant	72-1277728	100	Cole Ballantine Latiolais	Ronald Latiolais
George R. Brown Services, Inc. 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002	Texas 1/4/95	Newpark	72-1286788	1,000	Cole Ballantine Hardey	James D. Cole
Iberia Barite, L.L.C. 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002	Louisiana 3/24/97	Newpark TX Newpark Hold.		99 1	Cole Ballantine Hardey	James D. Cole
INTERNATIONAL MAT, LTD. 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002	Cayman Islands	Newpark	N/A		Cole Latiolais Hardey	Ronald Latiolais
IML DE VENEZUELA, LLC 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002	Cayman Islands	Int. Mat., Ltd.	N/A		Cole Latiolais Hardey	Ronald Latiolais
JPI Acquisition Corp. 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002	Texas	Newpark	72-1320931	1,000	Cole Ballantine Hardey	James D. Cole
Mallard & Mallard, Inc. 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002	Texas 1/4/95	Newpark	72-1286782	500	Cole Ballantine Hardey	James D. Cole
Mallard & Mallard of LA, Inc. 3850 N. Causeway Blvd., Ste. 1770 Metairie, LA 70002 (Continued)	Louisiana 7/5/79	Newpark Dormant	74-2062791	3,000	Cole Ballantine Latiolais	Ronald Latiolais

Entity	St.of Incorp	Sub. of	Emp. ID No.	No. Shs.	Dir.	Pres.
Newpark Environmental Services L.L.C. P. O. Box 31480 Lafayette, LA 70593-1480	Louisiana 12/22/95	Newpark	72-0770718	10,000	Cole Ballantine Joubert	Charles Joubert
Newpark Holdings, Inc. 3850 N.Causeway Blvd., Suite 1770 Metairie, LA 70002	LA 12/22/94	Newpark	72-1286594	100	Cole Ballantine Hardey	James D. Cole
Newpark Texas, L.L.C. 3850 N.Causeway Blvd., Suite 1770 Metairie, LA 70002	LA 12/22/94	Newpark NP Holdings	72-1286789	99 1	Cole Ballantine Hardey	James D. Cole
NOW Disposal Operating Co.	DE	Newpark	72-1335837		Cole	James D. Cole

3850 N.Causeway Blvd., Suite 1770 Metairie, LA 70002	8/6/96					
Sampey Bilbo Meschi Drilling Fl Management, Inc. 15810 Park Ten Place, Suite 300 Houston, TX 77084	TX	Newpark	76-0284800		Cole Ballantine Hardey Sampey	James Sampey
SOLOCO, L.L.C. 3850 N.Causeway Blvd., Suite 1770 Metairie, LA 70002	LA 12/22/94	Newpark NP Holdings	72-1286785 72-0536201	99 1	Cole Ballantine Latiolais	James D. Cole
SOLOCO FSC, INC. 3850 N.Causeway Blvd., Suite 1770 Metairie, LA 70002	Barbados 1/22/97	SOLOCO TX, L.P.		 1,000	Cole Hardey Barnes	James D. Cole
LIMITED PARTNERSHIPS-TEXAS						
BATSON-MILL, L.P. 3850 N.Causeway Blvd., Suite 1770 Metairie, LA 70002	TEXAS	NP Holdings NP Texas LLC	72-1284721	1% 99%		Ed Doss Manager
NEWPARK ENVIRONMENTAL SERVICES, L.P.	 TEXAS	 NP Holdings NP Texas LLC	 72-1312748	 1% 99%		
NEWPARK SHIPHOLDING TEXAS, L.P. 3850 N.Causeway Blvd., Suite 1770 Metairie, LA 70002	TEXAS	NP Holdings NP Texas LLC	72-1286763	1% 99%		
NID, L.P. 3850 N.Causeway Blvd., Suite 1770 Metairie, LA 70002	TEXAS	NP Holdings NP Texas LLC	72-1347084	0 1		

(Continued)

Entity	St.of Incorp	Sub. of	Emp. ID No.	No. Shs.	Dir.	Pres.
SOLOCO TEXAS, L.P 3850 N.Causeway Blvd., Suite 1770 Metairie, LA 70002	TEXAS	NP Holdings NP Texas LLC	72-1284720	1% 99%		

JOINT VENTURES

Entity	St.of Incorp	Sub. of	Emp. ID No.	No. Shs.	Dir.	Pres.
THE LOMA COMPANY, L.L.C.	LA	Newpark Holdings OLS Consulting Serv.Inc		49% 51%	Cole & Latiolais\Hardey, Alter) Seaux, Paul & Ken\Luci, Alter)	

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-83680, 33-67284, 33-54060, 33-22291, 33-07225 and 33-62643 of Newpark Resources, Inc. on Form S-8 of our report dated March 21, 1997, appearing in this Annual Report on Form 10-K of Newpark Resources, Inc. for the year ended December 31, 1996.

DELOITTE & TOUCHE LLP

New Orleans, Louisiana
March 31, 1997

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1,000

12-MOS
DEC-31-1996
DEC-31-1996
1,862
0
45,224
(1,695)
6,144
62,070
153,458
(39,567)
282,518
(31,976)
0
(144)
0
0
(203,010)
(302,154)
121,542
121,542
83,611
83,611
2,920
739
3,808
28,248
9,795
18,453
0
0
0
18,453
1.46
1.46