



2001 Annual Report

A Superior Year in Review

193%

Superior's net income increased 193% over the previous year as the company capitalized on its growth strategy.

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SPN On May 15, 2001, Superior Energy Services, Inc. began trading on the New York
NYSE Stock Exchange under the ticker symbol SPN. Superior made the move to provide its common stock greater visibility and additional liquidity, and to enhance shareholder value through more efficient trade executions. In conjunction with the move, Superior's management team rang the Opening Bell on the Company's first day of trading.



About the Cover: Superior's 250-foot class Dixie Legacy was the largest liftboat operating in the Gulf of Mexico at year end 2001. With 10,000 square feet of usable deck space and a tandem crane lifting capacity of 350 tons, the Dixie Legacy is a unique and versatile asset that had a meaningful impact on Superior's performance in 2001.



A Superior Profile. Superior Energy Services, Inc. is a highly diversified provider of primarily production-related services, rentals and liftboats whose geographic focus has historically been the Gulf of Mexico. Over the past few years Superior has significantly increased its exposure to the well through both internal growth and strategic acquisitions and has expanded the company's geographic focus to select international market areas. Today, Superior employs approximately 3,400 people and operates 50 facilities located throughout the Gulf Coast and in Canada, Venezuela, Trinidad, Australia and Western Europe.

3,400

Superior Energy Services employs approximately 3,400 people worldwide.

Dear Fellow Shareholders:

Our Company continued to grow dramatically during 2001 as we benefited from the Cardinal transaction of 1999, internal growth within our rental and service segments, accretive acquisitions and the execution of a strategy that takes into account the cyclical nature of our business.

Comparing 2001 to 2000, the results are as follows:

- Revenue was up 74% to \$449.0 million,
- Earnings before interest, taxes, depreciation and amortization (EBITDA) were up 111% to \$138.4 million,
- Net income was up 157% to \$51.2 million,
- Earnings per share were up 143% to \$0.73.

Accomplishing the Strategy. Last year we laid out three primary objectives for 2001:

- To become the dominant Gulf of Mexico provider of traditional production-related services;
- To enhance our ability to deliver bundled services; and,
- To export our business model to international markets

We are accomplishing the first objective through internal growth and acquisitions. For example, we acquired Wild Well Control, Inc. and Blowout Tools, Inc. giving us significant market share in a new and critical service and rental line. Through the acquisition of Power Offshore Services, LLC and its affiliated company Reeled Tubing, we extended our dominance in the liftboat market and became the largest provider of coiled tubing services in the Gulf of Mexico. We continue to hold leading Gulf of Mexico market positions in mechanical wireline and plug and abandonment and a secondary market position in rental tools.

In addition to the eight liftboats acquired in the Power Offshore transaction, we took delivery of the 230-ft. class Superior Champion, our second “super sized” liftboat which will be joined later this year by three more vessels: Two 245-ft. class liftboats and one 250-ft. class liftboat. Operating results for this emerging fleet are very promising as these vessels are uniquely well suited for our bundled strategy in either a domestic or international venue.

With regard to international expansion, more progress has been made in the rental segment than the service segment. The acquisition of Workstrings, LLC strengthened our presence in the eastern Canadian deepwater rental market. Stabil Drill expanded in Canada, South America and Europe. HB Rentals gained entry into Trinidad. Wild Well Control participated in projects in Indonesia and Oman, and International Snubbing Services renewed long-standing contracts in Australia and took projects in Argentina, Trinidad and Venezuela. Despite these successes more work remains to be done on the international front and we will continue to position the Company to access those markets.



Going Forward. In 2002 and beyond we will continue to grow and technically enhance our core rigless service offerings. We began as a provider of rigless plug and abandonment services. Today we have expanded the rigless application to include recompletions, workovers and even sidetrack drilling with our hydraulic workover units. Tomorrow we will take on even more complex and challenging production-related projects as we further develop our expertise and reputation for delivering cost-effective solutions.

Internationally, we will seek to expand on the successes of our rental companies by delivering rigless packages of production-related services on new generation liftboats to mature basins with characteristics similar to the Gulf of Mexico shelf.

Bundled services will continue to be an important marketing tool. We have in-house every tool, service, discipline or expertise commonly required by an operator during the production life of a property. For shelf applications we also have the delivery system, (i.e., the liftboat). This combination of assets and competencies is unique to the industry and is extremely well suited for a bundled offering.

Finally, we will continue to invest in our most valued asset – our people. From significant investments in training facilities to a management commitment to provide cross training, opportunity for advancement and job security through down cycles, your Company will continue to be innovative in its approach to attracting and retaining individuals that give best in class service.

Respectfully,

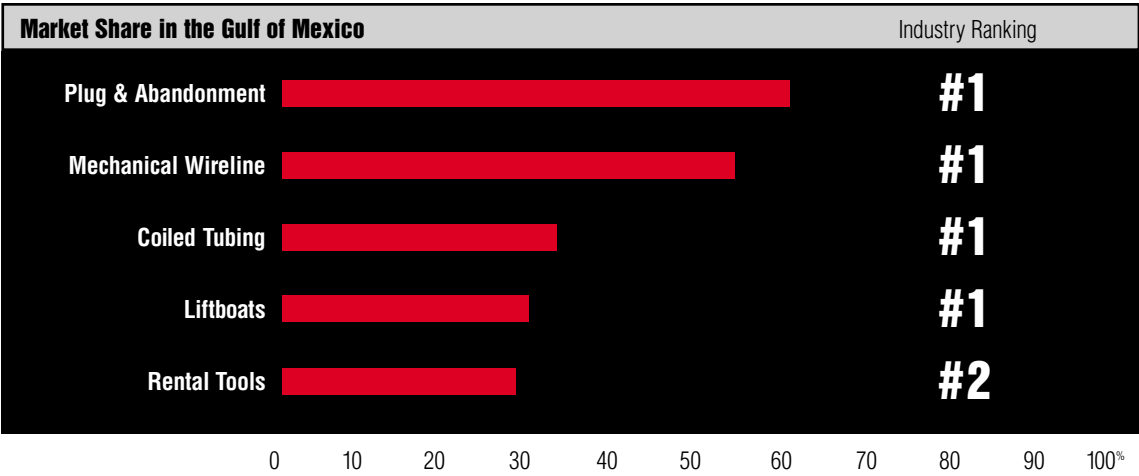
Terence Hall
Chairman of the Board,
President and Chief Executive Officer

74%

We experienced a 74% increase in revenue over year 2000.

At-a-Glance

Well Intervention Group	The group provides traditional production-related services required from the time a wellhead is set through the time it is plugged and abandoned. These services include cased-hole logging (electric line), coiled tubing, hydraulic drilling, mechanical wireline, pumping and stimulation, rigless workover, well control, well performance, testing and evaluation, and rigless plug and abandonment.
Marine Services	Superior owns and operates the largest and most diverse fleet of liftboats in the world. Of the Company's 58 liftboats, 40 are available to support Superior's well intervention group or service third-party offshore projects such as construction support, heavy lifts and pipeline tie-ins.
Rental Tools	Superior is a leading supplier of rental tools used to support drilling and production-related projects. Superior owns an expansive range of specialized tools that are rented, manufactured, or sold based on project needs. These tools include connecting iron, drill pipe, handling tools, on-site accommodations, pressure control equipment, specialty tubular goods, and stabilizers and hole openers.
Environmental & Other Services	Superior provides dockside and offshore environmental cleaning services, waste management services, and sells oil spill containment products and specialized drilling equipment.
Field Management	Superior provides a broad range of platform, field management and construction services for the offshore and onshore oil and gas industry, including property management, engineering services, operating labor, transportation, tools and supplies, technical supervision, maintenance, supplemental personnel and logistics services.



CASE STUDY: Re-completion in Upper Producing Zone

Situation:
An operator anticipated adding production from a re-completion program in the upper zone of a well. The re-completion was delayed due to a leaking plug in the well's lower zone. The leak had to be resolved prior to re-completing the well.

Superior Solution:
Superior's engineers developed an innovative rigless procedure that would provide the operator production increases by properly abandoning the well's lower zone through the existing leaking plug and re-completing the upper zone. Superior's bundled services package involved coiled tubing, electric line, mechanical wireline, rental tools and well services personnel supported by one of Superior's 160-ft. class liftboats.

Advantages:
Superior's bundled services approach achieved the operator's production objectives while saving the operator time and money. The savings were attributable to the utilization of a smaller liftboat, fewer personnel and more efficient equipment spreads than the competitive alternative. In addition, the operator received Superior's multi-disciplined engineering support.

Results:
Production was added to the well while the operator saved 45% versus a solution requiring multiple service providers.

Well Intervention Group

In 2001, the Well Intervention Group recorded revenue of \$171.2 million and EBITDA of \$46.2 million, increases of 90% and 169%, respectively, over fiscal year 2000 results. Performance was positively impacted by strong internal growth and contributions from the acquisitions of Reeled Tubing in May and Wild Well Control in June.

The acquisition of Reeled Tubing increased Superior's coiled tubing units to 36, more than any other Gulf of Mexico provider. The acquisition of Wild Well Control positioned Superior as a leader in the well control field. By adding well control to its service offerings, Superior can pull-through several products and services in well control situations, such as rental tools, electric line, coiled tubing and hydraulic workover and snubbing equipment.

Delivering Value through Bundled, Rigless Services. The Well Intervention Group continued to establish itself as a leader in providing multiple services – or bundled services – efficiently for customers seeking a single source for their production-related needs. The group completed more than 50 bundled service projects during the year. In January 2002, the group secured its first long-term project, packaging a 230-ft. class liftboat – the Superior Champion – with well service equipment and personnel for a year-long multi-well project in the Gulf of Mexico.

Superior's value proposition to its customers stems from its ability to deliver rigless production-related services from either platforms or liftboats.

In applications such as hydraulic workovers and re-completions the rigless approach is cost-effective because Superior's package – comprised of an equipment spread and support personnel on a Superior liftboat (when necessary) – is typically up to 50% less expensive than traditional methods involving drilling rigs coupled with equipment spreads from various service providers.

In 2002, the Well Intervention Group will continue to pursue workover, re-completion and sidetrack drilling opportunities while seeking to grow individual services such as coiled tubing, electric line and pumping and stimulation.

The Well Intervention Group experienced a growth in revenue of

90%

Marine Services

Superior’s Marine Services segment increased revenue in 2001 by 108% to \$71.4 million and increased EBITDA by 159% to \$30.8 million as compared to 2000. The group benefited from increased demand for Superior’s well intervention services and from eight liftboats added to the fleet from the Power Offshore acquisition.

In addition to the Dixie Legacy acquired in the Power Offshore transaction, Superior added another large liftboat – the 230-ft. class Superior Champion – in November. The Dixie Legacy recorded an average dayrate of approximately \$23,900 and utilization of 81% during its seven-plus months of service in 2001.

Trending Toward Large Liftboats. By year-end 2002, Superior anticipates having five large, special purpose liftboats in its fleet – the Dixie Legacy, Superior Champion, two 245-ft. class liftboats and the 250-ft. class Dixie Endeavor.

Large liftboats – particularly those with leg lengths of 230 feet and greater – are appealing to the market because they have larger deck space, heavier lifting capacity, additional living quarters, helipads (some) and workable water depths of 180 feet. In addition to supporting Superior’s well intervention and bundled services projects, these liftboats are capable of performing heavy lift projects, supporting pipeline tie-ins and other heavy construction-related projects, and are suitable for international work. By year end, Superior will be the only service provider with at least five liftboats with leg lengths of 230 feet and greater.

Superior’s Large Liftboat Fleet

Name	Status	Specifications	Benefits	Opportunities
Superior Champion	In fleet	200-ton capacity crane Deck load is capable of holding more than 1 million pounds U.S. Coast Guard and ABS classed	Can hold multiple spreads of equipment Can work in water depths of up to 180'	Bundled services Heavy lift Construction support Platform removal
Superior Storm	2Q 02	Helipad capable Will have largest single crane capacity (250 tons) of any liftboat in the world U.S. Coast Guard and ABS classed	Capable of handling equipment packages of more than 45' in width and length Additional change rooms and personal locker space	Bundled services Heavy lift Pipeline support Construction support Platform removal
Superior Gale	4Q 02	Helipad capable Will have largest single crane capacity (250 tons) of any liftboat in the world Deck load can hold more than 1 million pounds U.S. Coast Guard, ABS and SOLAS classed	Capable of handling equipment packages of more than 45' in width and length Air purification system eliminates all airborne contaminants in living space	Bundled services Heavy lift Pipeline support Construction support Platform removal
Dixie Legacy	In fleet	Helipad 350-ton tandem crane capacity 10,000 sq. ft. of deck space U.S. Coast Guard, ABS and SOLAS classed	Can hold multiple spreads of equipment Can house 52 people	Bundled services Heavy lift Pipeline support Construction support Platform removal
Dixie Endeavor	2Q 02	Helipad 350-ton tandem crane capacity 11,000 sq. ft. of deck space U.S. Coast Guard, ABS and SOLAS classed	Can hold multiple spreads of equipment Can house 52 people	Bundled services Heavy lift Pipeline support Construction support Platform removal

230'
245'
250'



The Dixie Legacy can perform a variety of services, including heavy lifts, construction and pipeline installation support. In addition, the Dixie Legacy can serve as a work platform and staging area for Superior's well intervention services, as it is doing in the above photo.

Superior owns and operates a 250-ft. class liftboat, the largest operating in the Gulf of Mexico.

250ft.

Rental Tools



The Rental Tools segment posted revenue of \$121.7 million and EBITDA of \$53.9 million in 2001, an increase of 61% and 60%, respectively, as compared to 2000 results. Demand was strong through the first half of the year for drilling-related tools such as stabilizers, hole openers and on-site accommodations. During the last half of the year, demand was negatively impacted in the shallow water Gulf of Mexico and land markets as the number of drilling rigs working in these areas decreased.

Conversely, Superior's deepwater drilling rentals remained strong throughout the year. Rentals of drill pipe and accessories, gravel packs and high-pressure connecting iron to customers in the deepwater Gulf of Mexico were key drivers in 2001. The segment also benefited from additional rentals related to the third quarter acquisition of Workstrings, LLC, which provides drill pipe and landing strings to customers in the eastern deepwater Canadian drilling market and the Gulf of Mexico.

Focusing on New Products, New Markets. Rental tools are an integral part of Superior's business portfolio, oftentimes providing stable financial performance when market conditions limit activity levels for service and labor-intensive businesses. Rental tool businesses generally have low fixed costs and provide rapid payback on capital. As a result, a significant portion of Superior's capital expenditures are allocated to this segment.

Several of Superior's rental tool subsidiaries enjoy strong Gulf of Mexico market positions. Sub Surface Tools and Workstrings are leading providers of drill pipe in the deepwater Gulf, while Stabil Drill holds a significant portion of the stabilizer and hole opener market off the Continental Shelf.

Growth in this segment must come from new product development and expansion into new markets. Last year, several of Superior's subsidiaries took steps to accomplish these goals.

Stabil Drill introduced HydroClean, a tool used for reducing or eliminating cuttings problems in directional and extended-reach wells. In addition to preventing differential sticking, reducing torque and improving hydraulic performance, HydroClean also provides the same hole cleaning efficiency as a conventional string at 20-30% lower flow rates, saving the operator both time and money. Also, Stabil Drill opened a facility in Newfoundland to service the eastern deepwater Canadian drilling market.

Concentric Pipe and Tool Rentals expanded its presence in the deepwater Gulf of Mexico with its complete line of gravel-pack and frac-pack operations, high pressure and high volume in-hole tubulars, hydraulic manifolds and well control equipment.

Also, Superior rapidly established market share in eastern Canada as Workstrings has been a provider of drill pipe for the Hibernia project and provides rental tubulars and associated equipment for exploration programs off of Newfoundland and Nova Scotia.

The Rental Tools segment posted a revenue increase of

61%



CASE STUDY: Installation of Electric Submersible Pump

Situation:

An operator's well experienced significant production decreases due to low bottom-hole pressure in the producing zone, making the well incapable of lifting oil to the surface. In normal applications, a gas lift installation would be placed into the well, but since supply gas was unavailable on this particular platform, the next solution was the installation of an electric submersible pump (ESP). Utilizing a rig-based solution to install the ESP was too costly because every well on the operator's platform would have been shut-in, stopping production.

Superior Solution:

Through its bundled services package and rigless method, Superior recommended installing the ESP with one of its hydraulic workover units. Superior's bundled services package included a hydraulic workover unit, rental tools and well service personnel.

Advantages:

Superior's approach yielded significant time and cost savings as a result of minimal mobilization and demobilization costs and the hydraulic workover unit's small footprint. Also, Superior's approach did not shut-in the operator's other wells.

Results:

In addition to a successful ESP installation, the customer saved 50% versus a rig-based solution, generated revenue during the installation because the platform was not shut-in and restored well production to 2,000 barrels per day.



CASE STUDY: Eliminating Sand Production and Casing Pressure

Situation:

An operator's well stopped producing due to sand production and sustained casing pressure. Prior well intervention solutions failed. As a result, the operator turned to Superior for assistance in returning the well to production.

Superior Solution:

The operator, in conjunction with Superior's engineering team, developed a procedure to place a cement packer in the well to eliminate casing pressure, to clean out the well using Superior's coiled tubing services and to install a sand control device with mechanical wireline. Superior mobilized a bundled services package consisting of coiled tubing, mechanical wireline, tubing conveyed perforating, pumping and stimulation, rental tools and well service personnel supported by one of Superior's 145-ft. class liftboats.

Advantages:

Superior's bundled services approach was cost-effective because Superior's services shared labor and ancillary equipment. This reduced the number of people, equipment spreads and liftboat size necessary to complete the project.

Results:

Production was quickly restored, and the Superior bundled services package saved the operator 25% as compared to the use of multiple service providers.

Environmental and Other Services

In 2001, revenue in this segment was \$23.4 million, an increase of 12%, and EBITDA was \$5.7 million, an increase of 80% as compared to 2000. The environmental group saw demand increase for its production tank and vessel cleaning services and dockside boat and barge tank cleaning services.

Environmental services tend to fluctuate as the rig count changes. As a result, activity in these service lines decreased toward the end of the year. This decrease was offset by strong demand for the group's waste management and platform decommissioning services. Also, sales from manufactured products, in particular the Company's computerized systems used for non-destructive testing of tubular goods, increased in 2001.

Efficiency through Process Improvement. Customer value in the environmental business is delivered through efficiency gains that are often associated with process improvements. To that end, Superior's environmental segment has developed a patented on-line cleaning system called VICTA®, which provides energy producers with innovative technology that can prevent production from going offline during cleaning. Although conventional tank and vessel cleaning remains a core service, VICTA® can lower production costs and optimize production flow. In 2002, the Company intends to market the system in new platform and vessel designs.



EBITDA was \$5.7 million, an increase of 80% as compared to 2000.

80%

Field Management



Superior's Field Management segment experienced increased demand for contract operations, including supplemental labor and property management, and for construction services projects such as offsite coatings, installations and fabrications of production and process facilities.

The group's contract operations increased manhours worked by 98%, to 1,917,608 last year. Construction services increased manhours by 61%, to 1,243,249 in 2001. This growth was accomplished while the segment's OSHA Recordable Incident Rate decreased 18%.

Focused on Gulf of Mexico Expansion. Growing market share is a key focus for the Field Management segment in 2002. Property management and maintenance opportunities are expected to increase as operators continue to outsource these functions. In addition, the group looks to grow by packaging its supplemental labor and property management services with Superior's production-related services to form a bundled package.

In construction, the group intends to garner a larger market share of the western Gulf of Mexico through additional fabrication support operations in southwest Louisiana and additional sales and marketing focus in Texas.

Corporate Information

Management

Terence E. Hall
Chairman of the Board, President
and Chief Executive Officer

Kenneth L. Blanchard
Chief Operating Officer

Robert S. Taylor
Chief Financial Officer

James A. Holleman
Vice President

Directors

Terence E. Hall
Chairman of the Board, President and
Chief Executive Officer, Superior Energy
Services, Inc.

Ben A. Guill
President, First Reserve Corporation

Robert E. Rose
Chairman, GlobalSantaFe Corporation

Richard A. Bachmann
Chairman, President and
Chief Executive Officer,
Energy Partners, Ltd.

Justin L. Sullivan
Director

Joseph R. Edwards
Vice President, First Reserve Corporation

Shareholder Information

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New Orleans, LA

Independent Accountants
KPMG LLP
New Orleans, LA

Form 10-K

This Annual Report contains Superior Energy Services, Inc.'s 2001 printed form 10-K as electronically filed with the Securities and Exchange Commission, except for exhibits. Stockholder inquiries should be addressed to Greg Rosenstein, Vice President of Investor Relations and Corporate Secretary.



In response to the catastrophic events of September 11, 2001, Superior Energy Services and its employees donated over \$450,000 to those directly affected by the tragedy. 100% of Superior's approximately 3,400 employees donated.

Forward Looking Statements

In addition to historical information, the letter to stockholders, management's discussion and analysis and other portions of this report include certain forward-looking statements about the Company's future performance, growth opportunities, outlook, plans, alternatives, strategies, expectations and objectives. These statements are based on certain assumptions and analyses made by the Company's management in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Such forward-looking statements are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. Such uncertainties include but are not limited to: the volatility of the oil and gas industry, including the level of offshore exploration, production and development activity; risks of the Company's growth strategy, including the risks of rapid growth and the risks inherent in acquiring businesses; changes in competitive factors affecting the Company's operations; operating hazards, including the significant possibility of accidents resulting in personal injury, property damage or environmental damage; the effect on the Company's performance of regulatory programs and environmental matters; seasonality of the offshore industry in the Gulf of Mexico; the Company's dependence on certain customers; and the potential shortage of skilled workers. These and other uncertainties related to the business are described in detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update any of its forward-looking statements for any reason.



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