

SUPERIOR ENERGY SERVICES INC  
Form 10-Q  
November 08, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2012

or

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

For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-34037

**SUPERIOR ENERGY SERVICES, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**11000 Equity Drive, Suite 300**  
**Houston, TX**  
(Address of principal executive offices)  
**75-2379388**  
(I.R.S. Employer  
Identification No.)  
**77041**  
(Zip Code)  
**Registrant's telephone number, including area code: (281) 999-0047**

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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (do not check if smaller reporting company) Smaller reporting company   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the registrant's common stock outstanding on November 2, 2012 was 157,696,044.

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**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**

Quarterly Report on Form 10-Q for  
the Quarterly Period Ended September 30, 2012

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**

## Consolidated Balance Sheets

September 30, 2012 and December 31, 2011

(in thousands, except share data)

	9/30/2012 (Unaudited)	12/31/2011 (Audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 79,086	\$ 80,274
Accounts receivable, net of allowance for doubtful accounts of \$23,456 and \$17,484 at September 30, 2012 and December 31, 2011, respectively	1,129,714	540,602
Deferred income taxes	31,306	
Prepaid expenses	102,206	34,037
Inventory and other current assets	180,197	228,309
Available-for-sale securities	20,321	
<b>Total current assets</b>	<b>1,542,830</b>	<b>883,222</b>
Property, plant and equipment, net of accumulated depreciation and depletion of \$1,220,148 and \$970,137 at September 30, 2012 and December 31, 2011, respectively	3,163,273	1,507,368
Goodwill	2,528,312	581,379
Notes receivable	44,129	73,568
Equity-method investments		72,472
Intangible and other long-term assets, net of accumulated amortization of \$43,994 and \$20,123 at September 30, 2012 and December 31, 2011, respectively	511,074	930,136
<b>Total assets</b>	<b>\$ 7,789,618</b>	<b>\$ 4,048,145</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 268,812	\$ 178,645
Accrued expenses	360,647	197,574
Income taxes payable	148,857	717
Current maturities of long-term debt	20,000	810
Deferred income taxes		831
Current portion of decommissioning liabilities		14,956
<b>Total current liabilities</b>	<b>798,316</b>	<b>393,533</b>
Deferred income taxes	727,034	297,458
Decommissioning liabilities	91,012	108,220
Long-term debt, net	1,909,416	1,685,087
Other long-term liabilities	114,771	110,248
Stockholders' equity:		
Preferred stock of \$0.01 par value. Authorized, 5,000,000 shares; none issued		
Common stock of \$0.001 par value		
Authorized 250,000,000, Issued 157,190,721, Outstanding 157,702,507 at September 30, 2012		

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Authorized 125,000,000, Issued and Outstanding, 80,425,443 at December 31, 2011	157	80
Additional paid in capital	2,846,236	447,007
Accumulated other comprehensive loss, net	(20,432)	(26,936)
Retained earnings	1,323,108	1,033,448
<b>Total stockholders' equity</b>	<b>4,149,069</b>	<b>1,453,599</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 7,789,618</b>	<b>\$ 4,048,145</b>

See accompanying notes to consolidated financial statements.

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Condensed Consolidated Statements of Operations

Three and Nine Months Ended September 30, 2012 and 2011

(in thousands, except per share data) (unaudited)

	Three Months		Nine Months	
	2012	2011 *	2012	2011 *
Revenues	\$ 1,179,665	\$ 537,042	\$ 3,389,821	\$ 1,401,932
Costs and expenses:				
Cost of services (exclusive of items shown separately below)	708,608	285,124	1,966,659	752,813
Depreciation, depletion, amortization and accretion	128,160	61,807	366,272	177,651
General and administrative expenses	163,458	93,813	496,998	272,243
Income from operations	179,439	96,298	559,892	199,225
Other income (expense):				
Interest expense, net	(28,118)	(18,894)	(88,101)	(47,309)
Loss on early extinguishment of debt	(2,294)		(2,294)	
Earnings (losses) from equity-method investments, net		8,198	(287)	13,724
Gain on sale of equity-method investments			17,880	
Income from continuing operations before income taxes	149,027	85,602	487,090	165,640
Income taxes	55,140	30,803	180,223	59,589
Net income from continuing operations	93,887	54,799	306,867	106,051
Income (loss) from discontinued operations, net of income tax		4,781	(17,207)	17,141
Net income	\$ 93,887	\$ 59,580	\$ 289,660	\$ 123,192
Earnings (loss) per share information:				
Continuing operations	\$ 0.60	\$ 0.69	\$ 2.09	\$ 1.33
Discontinued operations		0.06	(0.11)	0.22
Basic earnings per share	\$ 0.60	\$ 0.75	\$ 1.98	\$ 1.55
Continuing operations	\$ 0.59	\$ 0.67	\$ 2.07	\$ 1.31
Discontinued operations		0.06	(0.12)	0.21
Diluted earnings per share	\$ 0.59	\$ 0.73	\$ 1.95	\$ 1.52
Weighted average common shares used in computing earnings per share:				
Basic	157,153	79,836	146,611	79,537
Incremental common shares from stock based compensation	1,423	1,418	1,758	1,588
Diluted	158,576	81,254	148,369	81,125

**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**

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## Consolidated Statements of Comprehensive Income

Three and Nine Months Ended September 30, 2012 and 2011

(in thousands) (unaudited)

	Three Months		Nine Months	
	2012	2011 *	2012	2011 *
Net income	\$ 93,887	\$ 59,580	\$ 289,660	\$ 123,192
Unrealized net gain (loss) on investment securities, net of tax (expense) benefit of (\$1,291) and \$377 for the three and nine months ended September 30, 2012, respectively	2,198		(642)	
Change in cumulative translation adjustment	7,216	(6,027)	7,146	2,539
Comprehensive income	\$ 103,301	\$ 53,553	\$ 296,164	\$ 125,731

See accompanying notes to consolidated financial statements.

\* As adjusted for discontinued operations

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## Consolidated Statements of Cash Flows

Nine Months Ended September 30, 2012 and 2011

(in thousands)

(unaudited)

	2012	2011
Cash flows from operating activities:		
Net income	\$ 289,660	\$ 123,192
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion	367,518	187,552
Deferred income taxes	(14,745)	38,900
Excess tax benefit from stock-based compensation	(1,537)	(10,262)
Gain on sale of equity-method investment	(17,880)	
Stock based and performance share unit compensation expense	27,845	10,273
Retirement and deferred compensation plan expense	1,455	1,994
(Earnings) losses from equity-method investments, net of cash received	3,340	(12,187)
Amortization of debt acquisition costs and note discount	7,439	19,333
(Gain) loss sale of businesses	6,649	(8,558)
Writeoff of debt acquisition costs and note discount	3,460	
Other reconciling items, net	1,582	(4,659)
Changes in operating assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	(144,316)	(28,599)
Inventory and other current assets	85,119	11,415
Accounts payable	(757)	3,064
Accrued expenses	(29,835)	27,207
Decommissioning liabilities	(4,624)	
Income taxes	141,916	777
Other, net	(25,701)	2,683
<b>Net cash provided by operating activities</b>	<b>696,588</b>	<b>362,125</b>
Cash flows from investing activities:		
Payments for capital expenditures	(918,193)	(329,229)
Purchases of short-term investments, net		(223,491)
Sale of available-for-sale securities	31,150	
Change in restricted cash held for acquisition of business	785,280	
Acquisitions of businesses, net of cash acquired	(1,072,532)	(748)
Cash proceeds from sale of businesses	183,094	22,349
Cash proceeds from sale of equity-method investment	34,087	
Other	28,438	(720)
<b>Net cash used in investing activities</b>	<b>(928,676)</b>	<b>(531,839)</b>
Cash flows from financing activities:		
Net payments on revolving line of credit	15,000	(175,000)
Proceeds from issuance of long-term debt	400,000	500,000
Principal payments on long-term debt	(172,546)	(405)
Payment of debt acquisition costs	(25,266)	(9,558)
Proceeds from exercise of stock options	13,915	10,211
Excess tax benefit from stock-based compensation	1,537	10,262



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Proceeds from issuance of stock through employee benefit plans	2,193	1,702
Other	(5,843)	(8,453)
Net cash provided by financing activities	228,990	328,759
Effect of exchange rate changes on cash	1,910	409
Net increase (decrease) in cash and cash equivalents	(1,188)	159,454
Cash and cash equivalents at beginning of period	80,274	50,727
Cash and cash equivalents at end of period	\$ 79,086	\$ 210,181

See accompanying notes to consolidated financial statements.

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**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**

Notes to Unaudited Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2012

(1) Basis of Presentation

Certain information and footnote disclosures normally in financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission; however, management believes the disclosures that are made are adequate to make the information presented not misleading. These financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in Superior Energy Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011, except the portions updated by the Current Report on Form 8-K filed with the Securities and Exchange Commission on June 15, 2012, and Management's Discussion and Analysis of Financial Condition and Results of Operations herein.

The financial information of Superior Energy Services, Inc. and subsidiaries (the Company) for the three and nine months ended September 30, 2012 and 2011 has not been audited. However, in the opinion of management, all adjustments necessary to present fairly the results of operations for the periods presented have been included therein. The results of operations for the first nine months of the year are not necessarily indicative of the results of operations that might be expected for the entire year. Certain previously reported amounts have been reclassified to conform to the 2012 presentation.

(2) Acquisitions

Complete Production Services

On February 7, 2012, the Company acquired Complete Production Services, Inc. (Complete) in a cash and stock merger transaction valued at approximately \$2,914.8 million. Complete focuses on providing specialized completion and production services and products that help oil and gas companies develop hydrocarbon reserves, reduce costs and enhance production. Complete's operations are located throughout the U.S. and Mexico. The acquisition of Complete substantially expanded the size and scope of services of the Company. Management believes that this acquisition positions the combined company to be better equipped to compete with the larger oilfield service companies and to expand internationally. All of Complete's operations have been reported in the subsea and well enhancement segment.

Pursuant to the merger agreement, Complete stockholders received 0.945 of a share of the Company's common stock and \$7.00 cash for each share of Complete's common stock outstanding at the time of the acquisition. In total, the Company paid approximately \$553.3 million in cash and issued approximately 74.7 million shares valued at approximately \$2,308.2 million (based on the closing price of the Company's common stock on the acquisition date of \$30.90). Additionally, the Company paid \$676.0 million, inclusive of a \$26.0 million prepayment premium, to redeem \$650 million of Complete's 8.0% senior notes. The Company also assumed all outstanding stock options and shares of non-vested and unissued restricted stock held by Complete's employees and directors at the time of acquisition.

Complete's stock options and shares of restricted stock outstanding at closing were converted into the Company's options and restricted stock using a conversion ratio of 1.1999. The estimated fair value associated with the Company's options issued in exchange for Complete's options was approximately \$58.1 million based on a Black-Scholes valuation model. \$56.6 million of this value was attributable to service rendered prior to the date of acquisition, of which \$52.7 million was recorded as part of the consideration transferred and \$3.9 million was recorded as an expense. The remaining \$1.5 million will be expensed over the remaining service term of the replacement stock option awards. In addition, \$0.6 million of replacement restricted stock awards was attributable to service rendered prior to the date of acquisition and recorded as part of the consideration transferred. An additional \$18.2 million will be expensed over the remaining service term of the replacement restricted stock awards.

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The transaction has been accounted for using the acquisition method of accounting which requires that, among other things, assets acquired and liabilities assumed be recorded at their fair values as of the acquisition date. The Company has not finalized the determination of the fair values of the assets acquired and liabilities assumed and, therefore, the fair values set forth are subject to adjustment as the valuations are completed. Under U.S. GAAP, companies have up to one year following an acquisition to finalize acquisition accounting. The following table summarizes the consideration paid and the provisional fair value of the assets acquired and liabilities assumed as of the acquisition date (in thousands):

Assets:	
Current assets	\$ 751,706
Property, plant and equipment	1,223,448
Goodwill	1,922,277
Intangible and other long-term assets	370,377
Liabilities:	
Current liabilities	236,986
Deferred income taxes	435,904
Other long-term liabilities	4,125
Net assets acquired	\$ 3,590,793

Included in current assets acquired is approximately \$214.6 million of cash, and accounts receivable, including unbilled receivables, with a fair value of approximately \$443.7 million. The gross amount due from customers is approximately \$449.0 million, of which approximately \$5.3 million is deemed to be doubtful.

**Property, Plant and Equipment**

A step-up adjustment of approximately \$45.8 million was recorded to present property, plant and equipment acquired at its estimated fair value. The preliminary weighted average useful life used to calculate depreciation of the step-up related to property, plant and equipment is approximately 5 years.

**Goodwill**

Goodwill of approximately \$1,922.3 million was recognized as a result of this acquisition and was calculated as the excess of the consideration paid over the net assets recognized and represents estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. It includes access to new product and service offerings, an experienced management team and workforce, and other benefits that the Company believes will result from the combination of the operations, and any other intangible assets that do not qualify for separate recognition. None of the goodwill related to this acquisition will be deductible for tax purposes. All of the goodwill has been assigned to the subsea and well enhancement segment.

**Intangible Assets**

The Company identified intangible assets related to trade names and customer relationships. The following table summarizes the fair value estimates recorded for the identifiable intangible assets (in thousands) and their estimated useful lives:

	Estimated Fair Value	Estimated Useful Life
Customer relationships	\$ 315,000	17 years
Trade names	35,000	10 years
Total identifiable intangible assets	\$ 350,000	

**Deferred Income Taxes**

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The Company provided deferred income taxes and other tax liabilities as part of the acquisition accounting related to the estimated fair value of acquired intangible assets and property, plant and equipment, as well as for uncertain tax positions taken in prior year tax returns. An adjustment of approximately \$132.0 million was recorded to present the deferred tax assets and liabilities and other tax liabilities at fair value. The Company is still assessing the factors that impact deferred tax assets and liabilities related to this acquisition. These assets and liabilities will be revised when the assessment is finalized.

**Table of Contents****Acquisition Related Expenses**

Acquisition related expenses totaled approximately \$33.5 million, of which approximately \$29.0 million was recorded in the nine months ended September 30, 2012. The remainder was recorded in the three months ended December 31, 2011. These acquisition related costs include expenses directly related to acquiring Complete and have been recorded in general and administrative expenses.

**Other Acquisitions**

In August 2012, the Company acquired 100% of the equity interest in a company that provides mechanical wireline, electric line and well testing services to the oil and gas exploration and production industry in Argentina. This acquisition provides the Company with a platform for the continued expansion in the South American market area. The Company paid \$25.5 million at closing with an additional \$5.6 million payable based upon the finalized shareholders' equity as of the closing date. The Company has also recorded a current liability of approximately \$4.5 million for contingent consideration based upon certain performance metrics. Additionally, the Company deposited \$8.0 million in an escrow account on behalf of the sellers for the settlement of certain liabilities. Goodwill of approximately \$22.6 million was recognized as a result of this acquisition and was calculated as the excess of the consideration paid over the net assets recognized and represents estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. None of the goodwill related to this acquisition will be deductible for tax purposes. All of the goodwill has been assigned to the subsea and well enhancement segment.

**Current Earnings and Pro Forma Impact of Acquisitions**

The revenue and earnings related to Complete and certain other acquisitions included in the Company's condensed consolidated statement of operations for the three and nine months ended September 30, 2012, and the revenue and earnings of the Company on a consolidated basis as if these acquisitions had occurred on January 1, 2011, are as follows. The earnings related to Complete and certain other acquisitions included in the Company's condensed consolidated statement of operations for the nine months ended September 30, 2012 do not include interest expense or other corporate costs. The pro forma results include (i) the amortization associated with the acquired intangible assets, (ii) additional depreciation expense related to adjustments to property, plant and equipment, (iii) additional interest expense associated with debt used to fund a portion of the acquisitions, (iv) a reduction to interest expense associated with repayment of the acquiree's debt, and (v) operating results of certain acquisitions of Complete prior to February 7, 2012, including costs directly related to these acquisitions. For the nine months ended September 30, 2012, these pro forma results exclude approximately \$79.0 million of non-recurring expenses, of which \$48.4 million was recorded by Complete prior to February 7, 2012. These nonrecurring expenses include banking, legal, consulting and accounting fees, and change of control and other acquisition related expenses. The pro forma results do not include any potential synergies, cost savings or other expected benefits of the acquisition. Accordingly, the pro forma results should not be considered indicative of the results that would have occurred if the acquisition and related borrowings had been consummated as of January 1, 2011, nor are they indicative of future results. The following amounts are presented in thousands, except per share amounts:

	Revenue	Net income from continuing operations	Basic earnings per share	Diluted earnings per share
Actual results of acquisitions from date of acquisitions through September 30, 2012	\$ 1,644,736	\$ 195,924	\$ 1.34	\$ 1.32
Supplemental pro forma for the Company:				
Three months ended September 30, 2012	\$ 1,186,161	\$ 95,184	\$ 0.61	\$ 0.60
Nine months ended September 30, 2012	\$ 3,678,070	\$ 350,297	\$ 2.24	\$ 2.21
Three months ended September 30, 2011	\$ 1,114,552	\$ 111,083	\$ 0.72	\$ 0.71
Nine months ended September 30, 2011	\$ 3,003,020	\$ 249,724	\$ 1.62	\$ 1.60

The Company has no off-balance sheet financing arrangements other than potential additional consideration that may be payable as a result of the future operating performance of certain acquired businesses. At September 30, 2012, the maximum additional consideration payable was approximately \$14.0 million, of which \$3.0 million is attributable to an acquisition that occurred before the Company adopted the revised authoritative guidance for business combinations. Therefore, this \$3.0 million is not classified as a liability and is not reflected in the Company's condensed consolidated financial statements until this amount is fixed and determinable. When this amount is determined, it will be capitalized as part of the purchase price of the related acquisition.



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On February 15, 2012, the Company sold one of its derrick barges and received proceeds of approximately \$44.5 million, inclusive of selling costs. The Company recorded a pre-tax loss of approximately \$3.1 million, inclusive of approximately \$9.7 million of goodwill, during the nine months ended September 30, 2012 in connection with this sale. This business was previously reported in the subsea and well enhancement segment. The operations and loss on the sale of this disposal group have been reported within income (loss) from discontinued operations in the condensed consolidated statement of operations for all periods presented.

On March 30, 2012, the Company sold 18 liftboats and related assets comprising its marine segment. The Company received cash proceeds of approximately \$138.6 million, inclusive of working capital and selling costs. In connection with the sale, the Company repaid approximately \$12.5 million in U.S. Government guaranteed long-term financing (see note 9). Additionally, the Company paid approximately \$4.0 million of make-whole premiums and wrote off approximately \$0.7 million of unamortized loan costs as a result of this repayment. The Company's total pre-tax loss on the disposal of this segment was approximately \$56.1 million, which includes a \$46.1 million write off of long-lived assets and goodwill that was recorded in the fourth quarter of 2011 in order to approximate the segment's indicated fair value and an additional loss of \$10.0 million recorded in the first quarter of 2012, comprised of an approximate \$3.6 million loss on sale of assets and approximately \$6.4 million of additional costs related to the disposition. During the nine months ended September 30, 2011, the Company sold seven liftboats from the marine segment for approximately \$22.3 million, net of sales commissions, and recorded a pre-tax gain of approximately \$8.6 million. The operations and loss on the sale of this disposal group have been reported within income (loss) from discontinued operations in the condensed consolidated statement of operations for all periods presented.

The following table summarizes the components of income (loss) from discontinued operations, net of tax for the three months ended September 30, 2011 and nine months ended September 30, 2012 and 2011 (in thousands):

	Three Months 2011	Nine Months 2012      2011	
Revenues	\$ 28,300	\$ 16,231	\$ 88,198
Income (loss) from discontinued operations before income tax	7,492	(8,249)	18,291
Income tax expense (benefit)	2,711	(1,771)	6,605
Gain (loss) on disposition, net of tax (benefit) expense of (\$2,391) for the nine months ended September 30, 2012, and \$3,103 for the nine months ended September 30, 2011, respectively		(10,729)	5,455
Income (loss) from discontinued operations, net of tax	\$ 4,781	\$ (17,207)	\$ 17,141

The following table presents the assets and liabilities of these disposal groups at December 31, 2011 (in thousands):

Accounts receivable, net	\$ 16,342
Prepaid expenses	1,900
Inventory and other current assets	2,371
Current assets of discontinued operations	\$ 20,613
Property, plant and equipment, net	170,222
Goodwill	9,740
Intangible and other long-term assets, net	3,875
Long-term assets of discontinued operations	\$ 183,837
Accounts payable	\$ 1,231
Accrued expenses	13,421

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Current maturities of long-term debt	810
Current liabilities of discontinued operations	\$ 15,462
Long-term debt	\$ 11,736



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### **(4) Stock-Based Compensation and Retirement Plans**

The Company maintains various stock incentive plans that provide long-term incentives to the Company's key employees, including officers, directors, consultants and advisors (Eligible Participants). Under the incentive plans, the Company may grant incentive stock options, non-qualified stock options, restricted stock, restricted stock units, stock appreciation rights, other stock-based awards or any combination thereof to Eligible Participants.

#### **Stock Options**

The Company has issued non-qualified stock options under its stock incentive plans. The options generally vest in equal installments over three years and expire in ten years. Non-vested options are generally forfeited upon termination of employment. The Company's compensation expense related to stock options for the nine months ended September 30, 2012 and 2011 was approximately \$3.8 million and \$2.5 million, respectively, which is reflected in general and administrative expenses.

#### **Restricted Stock**

The Company has issued shares of restricted stock under its stock incentive plans. Shares of restricted stock generally vest in equal annual installments over three years. Non-vested shares are generally forfeited upon the termination of employment. With the exception of the non-vested shares of restricted stock issued as a result of the Complete acquisition, holders of shares of restricted stock are entitled to all rights of a stockholder of the Company with respect to the restricted stock, including the right to vote the shares and receive any dividends or other distributions. The Company's compensation expense related to restricted stock for the nine months ended September 30, 2012 and 2011 was approximately \$13.1 million and \$4.3 million, respectively, which is reflected in general and administrative expenses and cost of services.

#### **Restricted Stock Units**

The Company has issued restricted stock units (RSUs) to its non-employee directors under its stock incentive plans. Annually, each non-employee director is issued a number of RSUs having an aggregate dollar value determined by the Company's Board of Directors. An RSU represents the right to receive from the Company, within 30 days of the date the director ceases to serve on the Board, one share of the Company's common stock. The Company's expense related to RSUs for the nine months ended September 30, 2012 and 2011 was approximately \$1.9 million and \$0.9 million, respectively, which is reflected in general and administrative expenses.

#### **Performance Share Units**

The Company has issued performance share units (PSUs) to its employees as part of the Company's long-term incentive program. There is a three-year performance period associated with each PSU grant. The two performance measures applicable to all participants are the Company's return on invested capital and total stockholder return relative to those of the Company's pre-defined peer group. If the participant has met specified continued service requirements, the PSUs will settle in cash or a combination of cash and up to 50% of equivalent value in the Company's common stock, at the discretion of the compensation committee. The Company's compensation expense related to all outstanding PSUs for the nine months ended September 30, 2012 and 2011 was approximately \$8.6 million and \$2.3 million, respectively, which is reflected in general and administrative expenses. The Company has recorded both current and long-term liabilities for this liability-based compensation award. During the nine month period ended September 30, 2012, the Company issued approximately 43,300 shares of its common stock and paid approximately \$2.7 million in cash to its employees to settle PSUs for the three year performance period ended December 31, 2011. During the nine month period ended September 30, 2011, the Company issued approximately 67,300 shares of its common stock and paid approximately \$2.8 million in cash to its employees to settle PSUs for the three year performance period ended December 31, 2010.

#### **Employee Stock Purchase Plan**

The Company has an employee stock purchase plan under which an aggregate of 1,000,000 shares of common stock were reserved for issuance. Under this stock purchase plan, eligible employees can purchase shares of the Company's common stock at a discount. The Company received approximately \$2.2 million and \$1.7 million related to shares issued under this plan for the nine months ended September 30, 2012 and 2011, respectively. For the nine month periods ended September 30, 2012 and 2011, the Company recorded compensation expense of approximately \$0.4 million and \$0.3 million, respectively, which is reflected in general and administrative expenses. Additionally, the Company issued approximately 109,000 shares and 57,000 shares in the nine months ended September 30, 2012 and 2011, respectively, related to this stock purchase plan.



**Table of Contents****Deferred Compensation Plans**

The Company has a non-qualified deferred compensation plan which allows certain highly compensated employees to defer up to 75% of their base salary, up to 100% of their bonus, and up to 100% of the cash portion of their PSU compensation to the plan. The Company also has a non-qualified deferred compensation plan for its non-employee directors which allows each director to defer up to 100% of their cash compensation paid by the Company to the plan. Additionally, participating directors may defer up to 100% of the shares of common stock they are entitled to receive in connection with the payout of RSUs. Under each plan, payments are made to participants based on their annual enrollment elections and plan balance. Participants earn a return on their deferred compensation that is based on hypothetical investments in certain mutual funds. Changes in market value of these hypothetical participant investments are reflected as an adjustment to the deferred compensation liability of the Company with an offset to compensation expense (see note 15).

**Supplemental Executive Retirement Plan**

The Company has a supplemental executive retirement plan (SERP). The SERP provides retirement benefits to the Company's executive officers and certain other designated key employees. The SERP is an unfunded, non-qualified defined contribution retirement plan, and all contributions under the plan are unfunded credits to a notional account maintained for each participant. Under the SERP, the Company will generally make annual contributions to a retirement account based on age and years of service. The Company may also make discretionary contributions to a participant's account. The Company recorded compensation expense of approximately \$2.1 million and \$1.4 million in general and administrative expenses for the nine months ended September 30, 2012 and 2011, respectively.

**(5) Inventory and Other Current Assets**

Inventory and other current assets includes approximately \$132.1 million and \$83.1 million of inventory at September 30, 2012 and December 31, 2011, respectively. The Company's inventory balance at September 30, 2012 consisted of approximately \$51.0 million of finished goods, \$5.3 million of work-in-process, \$4.7 million of raw materials and \$71.1 million of supplies and consumables. The Company's inventory balance at December 31, 2011 consisted of approximately \$39.0 million of finished goods, \$2.3 million of work-in-process, \$5.4 million of raw materials and \$36.4 million of supplies and consumables. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out or weighted-average cost methods for finished goods and work-in-process. Supplies and consumables consist principally of products used in our services provided to customers.

Additionally, inventory and other current assets include approximately \$10.7 million and \$133.4 million of costs incurred and estimated earnings in excess of billings on uncompleted contracts at September 30, 2012 and December 31, 2011, respectively. The Company follows the percentage-of-completion method of accounting for applicable contracts.

**(6) Available-for-Sale Securities**

On April 17, 2012, SandRidge Energy Inc. (NYSE: SD) (SandRidge) completed its acquisition of Dynamic Offshore, at which time the Company received approximately \$34.1 million in cash and approximately \$51.6 million in shares of SandRidge stock (approximately 7.0 million shares valued at \$7.33 per share) in consideration for its 10% interest in Dynamic Offshore. In accordance with authoritative guidance related to equity securities, the Company is accounting for the shares received through this transaction as available-for-sale securities. The changes in fair values, net of applicable taxes, on available-for-sale securities are recorded as unrealized holding gains (losses) on securities as a component of accumulated other comprehensive loss in shareholders' equity. During the three months ended September 30, 2012, the Company sold approximately 4.1 million shares for approximately \$31.1 million, resulting in a realized gain of approximately \$0.9 million. In connection with these sales, the Company reversed approximately \$3.1 million of previously recorded unrealized losses, of which approximately \$2.0 million was reclassified out of accumulated other comprehensive loss.

The fair value of the remaining 2.9 million shares at September 30, 2012 was approximately \$20.3 million. During the three months ended September 30, 2012, the Company recorded an unrealized gain related to the fair value of these securities of \$3.5 million, of which \$2.2 million was reported within accumulated other comprehensive loss, net of tax expense of \$1.3 million. During the nine months ended September 30, 2012, the Company recorded an unrealized loss on these securities of approximately \$1.0 million, of which approximately \$0.6 million was reported within accumulated other comprehensive loss, net of tax benefit of approximately \$0.4 million. The Company evaluates whether unrealized losses on investments in securities are other-than-temporary, and if it is believed the unrealized losses are other-than-temporary, an impairment charge is recorded. There were no other-than-temporary impairment losses recognized during the nine months ended September 30, 2012.



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### **(7) Equity-Method Investments**

Investments in entities that are not controlled by the Company, but where the Company has the ability to exercise influence over the operations, are accounted for using the equity-method. The Company's share of the income or losses of these entities is reflected as earnings (losses) from equity-method investments on its condensed consolidated statements of operations.

Prior to March 2011, the Company had separate equity-method investments in SPN Resources, LLC (SPN Resources) and DBH, LLC (DBH). In March 2011, the Company contributed all of its equity interests in SPN Resources and DBH to Dynamic Offshore, the majority owner of both SPN Resources and DBH, in exchange for a 10% interest in Dynamic Offshore. In April 2012, SandRidge acquired Dynamic Offshore (see note 6). The Company recorded a gain in the second quarter of 2012 of approximately \$17.9 million as a result of this transaction.

The Company's equity interest in Dynamic Offshore was accounted for as an equity-method investment with a balance of approximately \$70.6 million at December 31, 2011. The Company recorded losses from its equity-method investment in Dynamic Offshore of approximately \$0.3 million and income of approximately \$12.4 million for the nine and seven months ended September 30, 2012 and 2011, respectively.

The Company, where possible and at competitive rates, provides its products and services to assist Dynamic Offshore in producing and developing its oil and gas properties. The Company had a receivable from Dynamic Offshore of approximately \$9.8 million at December 31, 2011. The Company also recorded revenue from Dynamic Offshore of approximately \$15.5 million and \$31.4 million for the nine and seven months ended September 30, 2012 and 2011, respectively. Additionally, the Company had a receivable from Dynamic Offshore of approximately \$14.0 million as of December 31, 2011 related to its share of oil and natural gas commodity sales and production handling arrangement fees.

The Company recorded earnings from its equity-method investment in SPN Resources of approximately \$0.2 million and recorded earnings from its equity-method investment in DBH of approximately \$0.9 million for the two months ended February 28, 2011. The Company also recorded revenue from SPN Resources of approximately \$0.3 million and from DBH of approximately \$0.9 million for the two months ended February 28, 2011.

### **(8) Long-Term Contracts**

In 2010, the Company's wholly owned subsidiary, Wild Well Control, Inc. (Wild Well), acquired 100% ownership of Shell Offshore, Inc.'s Gulf of Mexico Bullwinkle platform and its related assets, and assumed the related decommissioning obligations. In accordance with the asset purchase agreement with Shell Offshore, Inc., Wild Well obtained a \$50.0 million performance bond and funded \$50.0 million into an escrow account. Included in intangible and other long-term assets, net is escrowed cash of \$50.4 million and \$50.2 million at September 30, 2012 and December 31, 2011, respectively.

In December 2007, Wild Well entered into contractual arrangements pursuant to which it decommissioned seven downed oil and gas platforms and related well facilities located in the Gulf of Mexico for a fixed sum of \$750 million. The contract contained certain covenants primarily related to Wild Well's performance of the work. As of September 30, 2012, the work on this project was complete, and all amounts to be collected are included in accounts receivable in the consolidated balance sheet. At December 31, 2011, there were approximately \$129.7 million of costs and estimated earnings in excess of billings related to this contract included in other current assets.

### **(9) Debt**

On February 7, 2012, in connection with the Complete acquisition, the Company amended its bank credit facility to increase the revolving borrowing capacity to \$600.0 million from \$400.0 million, and to include a \$400.0 million term loan. The principal balance of the term loan is payable in installments of \$5.0 million on the last day of each fiscal quarter, which began on June 30, 2012. Any amounts outstanding on the revolving credit facility and the term loan are due on February 7, 2017. Costs associated with the bank credit facility totaled approximately \$24.7 million. These costs have been capitalized and will be amortized over the term of the credit facility.

At September 30, 2012, the Company had approximately \$90.0 million outstanding under the revolving credit facility. The Company also had approximately \$49.3 million of letters of credit outstanding, which reduce the Company's borrowing availability under this portion of the credit facility. Amounts borrowed under the credit facility bear interest at LIBOR plus margins that depend on the Company's leverage ratio. Indebtedness under the credit facility is secured by substantially all of the Company's assets, including the pledge of the stock of the Company's principal domestic subsidiaries. The credit facility contains customary events of default and requires that the Company satisfy various financial covenants. It also limits the Company's ability to pay dividends or make other distributions, make acquisitions, make changes to the Company's capital structure, create liens or incur additional indebtedness. At September 30, 2012, the Company was in compliance with all such covenants.



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In August 2012, the Company redeemed \$150 million, or 50%, of the principal amount of its \$300 million 6 7/8% unsecured senior notes due 2014 at 100% of face value. This redemption resulted in a loss on early extinguishment of debt of approximately \$2.3 million related to the writeoff of debt acquisition costs and note discount. The indenture governing the remaining \$150 million 6 7/8% senior notes outstanding requires semi-annual interest payments on June 1<sup>st</sup> and December 1<sup>st</sup> of each year through the maturity date of June 1, 2014. The indenture contains certain covenants that, among other things, limit the Company from incurring additional debt, repurchasing capital stock, paying dividends or making other distributions, incurring liens, selling assets or entering into certain mergers or acquisitions. At September 30, 2012, the Company was in compliance with all such covenants.

The Company has outstanding \$500 million of 6 3/8% unsecured senior notes due 2019. The indenture governing the 6 3/8% senior notes requires semi-annual interest payments on May 1<sup>st</sup> and November 1<sup>st</sup> of each year through the maturity date of May 1, 2019. The indenture contains certain covenants that, among other things, limit the Company from incurring additional debt, repurchasing capital stock, paying dividends or making other distributions, incurring liens, selling assets or entering into certain mergers or acquisitions. At September 30, 2012, the Company was in compliance with all such covenants.

The Company also has outstanding \$800 million of 7 1/8% unsecured senior notes due 2021. The indenture governing the 7 1/8% senior notes requires semi-annual interest payments on June 15<sup>th</sup> and December 15<sup>th</sup> of each year through the maturity date of December 15, 2021. The indenture contains certain covenants that, among other things, limit the Company from incurring additional debt, repurchasing capital stock, paying dividends or making other distributions, incurring liens, selling assets or entering into certain mergers or acquisitions. At September 30, 2012, the Company was in compliance with all such covenants.

In connection with the sale of the marine segment in March 2012, the Company repaid \$12.5 million of U.S. Government guaranteed long-term financing (see note 3). The Company also paid approximately \$4.0 million of make-whole premiums and wrote off approximately \$0.7 million of unamortized loan costs as a result of this repayment. These expenses have been reported in discontinued operations, net of income tax in the condensed consolidated statement of operations.

### **(10) Earnings per Share**

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding excludes the shares of non-vested restricted stock that were assumed by the Company as a result of the Complete acquisition. Diluted earnings per share is computed in the same manner as basic earnings per share except that the denominator is increased to include the number of additional common shares that could have been outstanding assuming the exercise of stock options, conversion of restricted stock units and the vesting of outstanding restricted stock issued in the acquisition of Complete.

Stock options for approximately 2,600,000 shares and 470,000 shares for the three months ended September 30, 2012 and 2011, respectively, and approximately 1,800,000 shares and 190,000 shares for the nine months ended September 30, 2012 and 2011, respectively, were excluded in the computation of diluted earnings per share for the three and nine months ended September 30, 2012 and 2011, as the effect would have been anti-dilutive.

### **(11) Decommissioning Liabilities**

The Company records estimated future decommissioning liabilities in accordance with the authoritative guidance related to asset retirement obligations (decommissioning liabilities), which requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred, with a corresponding increase in the carrying amount of the related long-lived asset. Subsequent to initial measurement, the decommissioning liability is required to be accreted each period to present value.

The Company's decommissioning liabilities associated with the Bullwinkle platform and its related assets consist of costs related to the plugging of wells, the removal of the related facilities and equipment, and site restoration. Whenever practical, the Company utilizes its own equipment and labor services to perform well abandonment and decommissioning work. When the Company performs these services, all recorded intercompany revenues and related costs of services are eliminated in the condensed consolidated financial statements. The recorded decommissioning liability associated with a specific property is fully extinguished when the property is abandoned. The recorded liability is first reduced by all cash expenses incurred to abandon and decommission the property. If the recorded liability exceeds (or is less than) the Company's total costs, then the difference is reported as income (or loss) within revenue during the period in which the work is performed.

The Company reviews the adequacy of its decommissioning liabilities whenever indicators suggest that the estimated cash flows needed to satisfy the liability have changed materially. The Company reviews its estimates for the timing of these expenditures on a quarterly basis. As a

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result of continuing development activities, the Company revised its estimates during the second quarter of 2012 relating to the timing of decommissioning work on its Bullwinkle assets, including a 10 year postponement of the platform decommissioning. This change in estimate resulted in a significant reduction in the present value of decommissioning liabilities.



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In connection with the acquisition of Complete in February 2012, the Company assumed approximately \$3.6 million of estimated decommissioning liabilities associated with costs to plug and abandon disposal wells at the end of the service lives of the assets.

The following table summarizes the activity for the Company's decommissioning liabilities for the nine month periods ended September 30, 2012 and 2011 (in thousands):

	Nine Months Ended September 30,	
	2012	2011
Decommissioning liabilities, December 31, 2011 and 2010, respectively	\$ 123,176	\$ 117,716
Liabilities acquired and incurred	3,573	
Liabilities settled	(4,624)	
Accretion	3,260	5,038
Revision in estimated liabilities	(34,373)	(292)
Total decommissioning liabilities, September 30, 2012 and 2011, respectively	91,012	122,462
Less: current portion of decommissioning liabilities at September 30, 2012 and 2011, respectively		17,090
Long-term decommissioning liabilities, September 30, 2012 and 2011, respectively	\$ 91,012	\$ 105,372

**(12) Notes Receivable**

Notes receivable consist of a commitment from the seller of oil and gas properties towards the abandonment of the acquired property. Pursuant to an agreement with the seller, the Company will invoice the seller an agreed upon amount at the completion of certain decommissioning activities. The gross amount of this obligation totaled \$115.0 million and is recorded at present value using an effective interest rate of 6.58%. The related discount is amortized to interest income based on the expected timing of the platform's removal. During the second quarter of 2012, the Company revised its timing estimate for the Bullwinkle platform removal, resulting in a significant reduction of the present value of the notes receivable (see note 11). The Company recorded interest income related to notes receivable of \$2.1 million and \$3.4 million for nine months ended September 30, 2012 and 2011, respectively.

**(13) Segment Information****Business Segments**

On March 30, 2012, the Company sold 18 liftboats and related assets that comprised its marine segment. Additionally, on February 15, 2012 the Company sold a derrick barge that was formerly reported within the subsea and well enhancement segment. The operating results from these businesses have been included in discontinued operations on the condensed consolidated statement of operations. The prior year segment presentation has been revised to reflect these changes. The Company's reportable segments are now as follows: (1) subsea and well enhancement and (2) drilling products and services. The subsea and well enhancement segment provides completion and production-related services used to enhance, extend and maintain oil and gas production, which include horizontal well fracturing, fluids management, well service rigs, integrated subsea services and engineering services, mechanical wireline, hydraulic workover and snubbing, well control, coiled tubing, electric line, pumping and stimulation and wellbore evaluation services; well plug and abandonment services; stimulation and sand control equipment and services; and other oilfield services used to support drilling and production operations. The subsea and well enhancement segment also includes production handling arrangements, as well as the production and sale of oil and gas. The drilling products and services segment rents and sells stabilizers, drill pipe, tubulars and specialized equipment for use with onshore and offshore oil and gas well drilling, completion, production and workover activities. It also provides on-site accommodations and bolting and machining services.

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Certain previously reported segment information has been adjusted due to the disposal of the marine segment and the derrick barge from the subsea and well enhancement segment. Summarized financial information for the Company's segments for the three and nine months ended September 30, 2012 and 2011 is shown in the following tables (in thousands):

**Three Months Ended September 30, 2012**

	Subsea and Well Enhancement	Drilling Products and Services	Unallocated	Consolidated Total
Revenues	\$ 984,783	\$ 194,882	\$	\$ 1,179,665
Cost of services (exclusive of items shown separately below)	646,649	61,959		708,608
Depreciation, depletion, amortization and accretion	90,376	37,784		128,160
General and administrative expenses	131,078	32,380		163,458
Income from operations	116,680	62,759		179,439
Interest income (expense), net	697		(28,815)	(28,118)
Loss on early extinguishment of debt			(2,294)	(2,294)
Income (loss) from continuing operations before income taxes	\$ 117,377	\$ 62,759	\$ (31,109)	\$ 149,027

**Three Months Ended September 30, 2011**

	Subsea and Well Enhancement	Drilling Products and Services	Unallocated	Consolidated Total
Revenues	\$ 373,586	\$ 163,456	\$	\$ 537,042
Cost of services (exclusive of items shown separately below)	226,586	58,538		285,124
Depreciation, depletion, amortization and accretion	28,592	33,215		61,807
General and administrative expenses	64,950	28,863		93,813
Income from operations	53,458	42,840		96,298
Interest income (expense), net	1,248		(20,142)	(18,894)
Earnings from equity-method investments, net			8,198	8,198
Income (loss) from continuing operations before income taxes	\$ 54,706	\$ 42,840	\$ (11,944)	\$ 85,602

**Nine Months Ended September 30, 2012**

	Subsea and Well Enhancement	Drilling Products and Services	Unallocated	Consolidated Total
Revenues	\$ 2,807,432	\$ 582,389	\$	\$ 3,389,821
Cost of services (exclusive of items shown separately below)	1,775,649	191,010		1,966,659
Depreciation, depletion, amortization and accretion	255,072	111,200		366,272
General and administrative expenses	396,123	100,875		496,998
Income from operations	380,588	179,304		559,892
Interest income (expense), net	2,106		(90,207)	(88,101)
Loss on early extinguishment of debt			(2,294)	(2,294)

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Losses from equity-method investments, net			(287)	(287)
Gain on sale of equity-method investment			17,880	17,880
Income (loss) from continuing operations before income taxes	\$ 382,694	\$ 179,304	\$ (74,908)	\$ 487,090

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Nine Months Ended September 30, 2011

	Subsea and Well Enhancement	Drilling Products and Services	Unallocated	Consolidated Total
Revenues	\$ 961,039	\$ 440,893	\$	\$ 1,401,932
Cost of services (exclusive of items shown separately below)	590,951	161,862		752,813
Depreciation, depletion, amortization and accretion	81,424	96,227		177,651
General and administrative expenses	183,040	89,203		272,243
<b>Income from operations</b>	<b>105,624</b>	<b>93,601</b>		<b>199,225</b>
Interest income (expense), net	3,483		(50,792)	(47,309)
Earnings from equity-method investments, net			13,724	13,724
 Income (loss) from continuing operations before income taxes	 \$ 109,107	 \$ 93,601	 \$ (37,068)	 \$ 165,640

Identifiable Assets

	Subsea and Well Enhancement	Drilling Products and Services	Marine	Unallocated	Consolidated Total
September 30, 2012	\$ 6,718,059	\$ 1,051,235	\$	\$ 20,324	\$ 7,789,618
December 31, 2011	\$ 2,863,550	\$ 947,679	\$ 164,444	\$ 72,472	\$ 4,048,145

Geographic Segments

The Company attributes revenue to various countries based on the location where services are performed or the destination of the drilling products or equipment sold or leased. Long-lived assets consist primarily of property, plant and equipment and are attributed to various countries based on the physical location of the asset at the end of a period. The Company's information by geographic area is as follows (in thousands):

Revenues:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
United States	\$ 976,984	\$ 397,718	\$ 2,826,544	\$ 1,035,759
Other Countries	202,681	139,324	563,277	366,173
<b>Total</b>	<b>\$ 1,179,665</b>	<b>\$ 537,042</b>	<b>\$ 3,389,821</b>	<b>\$ 1,401,932</b>

Long-Lived Assets:

	September 30, 2012	December 31, 2011
United States	\$ 2,623,401	\$ 1,060,483
Other Countries	539,872	446,885

Total, net	\$ 3,163,273	\$ 1,507,368
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**Table of Contents**(14) Guarantee

In accordance with authoritative guidance related to guarantees, the Company has assigned an estimated value of \$2.6 million at September 30, 2012 and December 31, 2011, which is reflected in other long-term liabilities, related to decommissioning activities in connection with oil and gas properties acquired by SPN Resources prior to its sale to Dynamic Offshore. The Company believes that the likelihood of being required to perform these guarantees is remote. In the unlikely event of default on any remaining decommissioning liabilities, the total maximum potential obligation under these guarantees is estimated to be approximately \$115.9 million, net of the contractual right to receive payments from third parties, which is approximately \$24.6 million, as of September 30, 2012. The total maximum potential obligation will decrease over time as the underlying obligations are fulfilled.

(15) Fair Value Measurements

The Company follows the authoritative guidance for fair value measurements relating to financial and nonfinancial assets and liabilities, including presentation of required disclosures herein. This guidance establishes a fair value framework requiring the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets and liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

*Level 1:* Unadjusted quoted prices in active markets for identical assets and liabilities.

*Level 2:* Observable inputs other than those included in Level 1 such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or model-derived valuations or other inputs that can be corroborated by observable market data.

*Level 3:* Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The following tables provide a summary of the financial assets and liabilities measured at fair value on a recurring basis at September 30, 2012 and December 31, 2011 (in thousands):

	September 30, 2012	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Available-for-sale securities	\$ 20,321	\$ 20,321		
Intangible and other long-term assets				
Non-qualified deferred compensation assets	\$ 11,265	\$ 825	\$ 10,440	
Interest rate swap	\$ 1,039		\$ 1,039	
Accounts payable				
Non-qualified deferred compensation liabilities	\$ 2,425		\$ 2,425	
Contingent consideration	&nbsp;			