

SUPERIOR ENERGY SERVICES INC

Form 8-K

December 20, 2006

Item 1.01. Entry into a Material Definitive Agreement.*Approval of 2007 Long-Term Incentive Awards*

On December 14, 2006, the Compensation Committee of the Board of Directors of Superior Energy Services, Inc. (the Company) granted long-term incentive awards for 2007 to each of the Company's named executive officers (as that term is defined in Item 402(a)(3) of Regulation S-K) and other key employees of the Company under its stockholder approved 2005 Stock Incentive Plan (the Plan). These awards consisted of performance share units (Units), non-qualified stock options and shares of restricted stock.

The Units allow participants to earn from \$0 to \$200 per Unit, as determined by the Company's achievement of certain performance measures. The two performance measures applicable to all participants are the Company's return on invested capital and total shareholder return relative to those of the Company's pre-defined peer group. The performance period for the Units runs from January 1, 2007 through December 31, 2009. The Units provide for settlement in cash or up to 50% in equivalent value in Company common stock, if the participant has met specified continued service requirements. The form of Performance Share Unit Award Agreement with respect to the 2007 grants under the Plan is attached as Exhibit 10.1 to this report.

The non-qualified stock options grant the optionee the right to purchase a stated number of shares of the Company's common stock at an exercise price of \$35.69 per share, which represents the fair market value of the Company's common stock based on the closing price of the Company's common stock on December 14, 2006. These options will be exercisable in equal annual installments beginning on December 31, 2007 for three consecutive years, and will expire on the tenth anniversary of the date of grant. The form of Stock Option Agreement with respect to the 2007 grants under the Plan is attached as Exhibit 10.2 to this report.

The restricted stock entitles the holder to all rights of a shareholder of the Company with respect to the restricted stock, including the right to vote the shares and receive all dividends and other distributions declared thereon. The restrictions on the shares of restricted stock will lapse in equal annual installments beginning on January 1, 2008 for three consecutive years. The form of Restricted Stock Agreement with respect to the 2007 grants under the Plan is attached as Exhibit 10.3 to this report.

Awards of the Units, non-qualified stock options and shares of restricted stock to the Company's named executive officers were granted in the following amounts:

Recipient	Performance Share Units	Non-Qualified Stock	Shares of Restricted Stock
		Options	
Terence E. Hall	14,012.50	45,436	19,631
Kenneth Blanchard	6,475.00	20,995	9,071
Robert S. Taylor	4,500.00	14,591	6,304
Gregory L. Miller	2,760.00	8,949	3,867
A. Patrick Bernard	2,812.50	9,120	3,940

Item 8.01. Other Events.

On December 14, 2006, the Company's Board of Directors approved revisions to the charter for its Audit Committee. The restated Audit Committee Charter is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

10.1 Form of Performance Share Unit Award Agreement.

10.2 Form of Stock Option Agreement.

10.3 Form of Restricted Stock Agreement.

99.1 Audit Committee Charter, adopted December 14, 2006.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SUPERIOR ENERGY SERVICES, INC.

By: /s/ Robert S. Taylor
 Robert S. Taylor
 Chief Financial Officer

Dated: December 20, 2006

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Exhibit Index

Description of Exhibit

- 10.1 Form of Performance Share Unit Award Agreement.
- 10.2 Form of Stock Option Agreement.
- 10.3 Form of Restricted Stock Agreement.
- 99.1 Audit Committee Charter, adopted December 14, 2006.