



ENTERED
12/08/2020

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

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In re: : Chapter 11
: :
SUPERIOR ENERGY SERVICES, INC., *et al.*,¹ : Case No. 20-35812 (DRJ)
: :
Debtors. : (Jointly Administered)
: :
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**ORDER (I) AUTHORIZING (A) PAYMENT OF PREPETITION
WORKFORCE OBLIGATIONS AND (B) CONTINUATION OF
WORKFORCE PROGRAMS ON A POSTPETITION BASIS, (II)
AUTHORIZING PAYMENT OF PAYROLL TAXES, (III) CONFIRMING
THE DEBTORS’ AUTHORITY TO TRANSMIT PAYROLL DEDUCTIONS,
(IV) AUTHORIZING PAYMENT OF PREPETITION CLAIMS OWING TO
ADMINISTRATORS, AND (V) DIRECTING BANKS TO HONOR PREPETITION
CHECKS AND FUND TRANSFERS FOR AUTHORIZED PAYMENTS**

[Relates to Motion at Docket No. 16]

Upon the emergency motion (the “**Motion**”)² of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) for entry of an order (this “**Order**”) (i) authorizing the Debtors to (a) pay certain prepetition amounts for compensation, benefits, and reimbursable expenses owing to or for the benefit of the Debtors’ Workforce and (b) continue, postpetition, the Workforce Programs in the ordinary course of business, as such programs were in effect immediately prior to the filing of the Chapter 11 Cases; (ii) confirming that the Debtors are authorized to pay any and all local, state and federal withholding and payroll-related or similar

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Superior Energy Services, Inc. (9388), SESI, L.L.C. (4124), Superior Energy Services-North America Services, Inc. (5131), Complete Energy Services, Inc. (9295), Warrior Energy Services Corporation (9424), SPN Well Services, Inc. (2682), Pumpco Energy Services, Inc. (7310), 1105 Peters Road, L.L.C. (4198), Connection Technology, L.L.C. (4128), CSI Technologies, LLC (6936), H.B. Rentals, L.C. (7291), International Snubbing Services, L.L.C. (4134), Stabil Drill Specialties, L.L.C. (4138), Superior Energy Services, L.L.C. (4196), Superior Inspection Services, L.L.C. (4991), Wild Well Control, Inc. (3477), and Workstrings International, L.L.C. (0390). The Debtors’ address is 1001 Louisiana Street, Suite 2900, Houston, Texas 77002.

² Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Motion.



taxes relating to prepetition periods; (iii) confirming that the Debtors are permitted, but not required, to continue to deduct and to transmit deductions from payroll checks as authorized by Employees, as required by any Workforce-related plan, program or policy, or as required by law; (iv) authorizing the Debtors to pay any prepetition claims owing to the Administrators; and (v) authorizing and directing all banks to receive, process, honor, and pay all of the Debtors' prepetition checks and fund transfers on account of any obligations authorized to be paid pursuant thereto; all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given under the circumstances and that no other or further notice is necessary; and all objections, if any, to entry of this Order having been withdrawn, resolved, or overruled; and upon the record herein; and after due deliberation thereon; and the Court having determined that there is good and sufficient cause for the relief granted in the Order, it is hereby

ORDERED THAT:

1. Subject to paragraph 2 of this Order, the Debtors are authorized, but not directed, to pay or otherwise honor all prepetition Workforce Obligations to, or for the benefit of, the Workforce, including but not limited to, all prepetition amounts owed in connection with (a) the Workforce Compensation Obligations, (b) the Employee Expense Obligations, and (c) the Employee Benefits Obligations, each as described in the Motion. Notwithstanding any other provision of this Order (except from the following proviso), such payments shall not exceed

\$9,525,000 in the aggregate without further order of the Court; *provided, however*, that such payments may exceed \$9,525,000 in the event such excess payment is on account of prepetition liabilities arising under the Workers' Compensation Policies in the ordinary course for which no claim has been submitted as of the Petition Date. Such Workforce Obligations are summarized in further detail in the chart below.

Workforce Obligations	Approximate Outstanding Prepetition Amount
<i>Workforce Compensation Programs</i>	
vi. Employee payroll obligations (net of Deductions)	\$1,830,000
vii. Independent Contractors' compensation	\$95,000
viii. Deductions (payroll, Employee-funded benefits and insurance, etc.)	\$1,020,000
ix. PTO	\$4,420,000
x. Bonus Programs	\$0
TOTAL	\$7,365,000
<i>Employee-Related Expenses</i>	
vii. Business Expenses	\$110,000
viii. Per-Diem and Job Bonus Programs	\$370,000
ix. Mobile Expenses	\$5,000
x. Tuition Expenses	\$0
xi. Vehicle Allowance	\$45,000
xii. Director Fees and Expenses	\$0
TOTAL	\$530,000
<i>Employee Benefits Programs (Employer Costs)</i>	
vii. Medical Benefits, Dental Benefits, and Vision Plan	\$1,005,000
viii. FSAs & HSAs	\$290,000
ix. Income Protection Plans	\$170,000
x. 401(k) Plan	\$160,000
xi. Employee Assistance Program	\$5,000
xii. Workers Compensation Policies	N/A

Workforce Obligations	Approximate Outstanding Prepetition Amount
TOTAL	\$1,630,000
GRAND TOTAL	\$9,525,000

2. The Debtors shall provide five (5) days' advance notice to the U.S. Trustee, the Ad Hoc Noteholder Group, and any statutory committee appointed in the Chapter 11 Cases if any individual in the Workforce is anticipated to receive prepetition payments under this Order in excess of the priority caps set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code; *provided*, that if the U.S. Trustee, the Ad Hoc Noteholder Group, or any statutory committee appointed in the Chapter 11 Cases objects to such payment, the Debtors shall not make such payment in excess of the priority caps set forth in sections 507(a)(4) and 507(a)(5) without further order of the Court or written consent from the U.S. Trustee, the Ad Hoc Noteholder Group, or any statutory committee appointed in the Chapter 11 Cases, as applicable. For the avoidance of doubt, the Debtors shall not make any cash payments to Insiders of the Debtors, as that term is defined in section 101(31) of the Bankruptcy Code, under any bonus, incentive, or retention plan, or any severance obligation without first seeking authority from the Court.

3. Except as otherwise expressly set forth in this Order, the Debtors are authorized to (a) continue each of the Workforce Programs, including but not limited to, the Workforce Compensation Programs, the Employee-Related Expenses, and the Employee Benefits Programs, each as described in the Motion, in the ordinary course of business during the pendency of the Chapter 11 Cases in the manner and to the extent that such Workforce Programs were in effect immediately prior to the filing of the Chapter 11 Cases, and (b) continue to fund and to make payments in connection with the costs of and the expenses incurred in the administration of any Workforce Program, including but not limited to, the Workforce Compensation Programs, the

Employee-Related Expenses, and the Employee Benefits Programs, as described in the Motion, in the ordinary course of business.

4. The Debtors are authorized to reimburse the Employees for all Employee Expense Obligations incurred prior to the Petition Date consistent with historical practices. In addition, the Debtors are authorized to make direct payments to third parties on account of amounts owed in connection with the Employee Expense Obligations consistent with historical practices.

5. Before making any payments or transfers due under the Bonus Programs in excess of \$25,000 to any Insider, the Debtors shall provide two (2) days' advance notice to the U.S. Trustee, counsel to the Ad Hoc Noteholder Group, and any statutory committee appointed in the Chapter 11 Cases of (a) the title of the Claimant, (b) the amount of the proposed payment or transfer to such Claimant, and (c) the proposed payment date. The Debtors shall maintain a schedule of amounts directly or indirectly paid pursuant to the Bonus Programs, subject to the terms and conditions of this Order, including the following information: (a) the name and title of the payee; (b) the date and amount of the payment; (c) the category or type of payment, as further described and classified in the Motion; and (d) the Debtor or Debtors that made the payment. The Debtor shall provide a copy of such schedule to the U.S. Trustee, counsel to the Ad Hoc Noteholder Group, and any statutory committee appointed in the Chapter 11 Cases within four business days following every month-end during the pendency of these Chapter 11 Cases. Each such payment schedule shall cover payments made during the previous month, as well as payments made since entry of this Order.

6. The Debtors are authorized to continue their Workers' Compensation Policy and to pay any outstanding prepetition claims, taxes, charges, assessments, premiums, and third party administrator fees arising under the Workers' Compensation Policy and or programs in which they

participate. In addition, the automatic stay of section 362(d) of the Bankruptcy Code is hereby lifted to allow the Debtors' Employees to proceed with any Workers' Compensation Claims they may have under the Workers' Compensation Policy and to allow the Debtors' insurance providers and/or third party administrators to negotiate, settle, and/or litigate such claims, and pay resulting amounts, whether such claims arose before or after the Petition Date.

7. The Debtors are authorized to withhold, pay and/or transmit any and all amounts attributable to the Deductions, including but not limited to, paying withholding and payroll-related taxes and fees related to the Workforce Obligations, social security taxes, and Medicare taxes, as required by any Workforce-related plan, program or policy, or as required by law, whether such amounts relate to the period before or after the Petition Date.

8. The Debtors are authorized to pay amounts owed in connection with claims of the Administrators in connection with administering and delivering payments or providing other services and benefits to the Workforce for prepetition services rendered and claims for reimbursement based on prepetition disbursements made by the Administrators.

9. The Debtors are authorized to continue to pay any amounts owed to the Directors on a postpetition basis in the ordinary course of business consistent with past practice.

10. Authorization to pay, and the payment of, any amounts on account of prepetition Workforce Obligations, including any amounts on account of the Workforce Compensation Obligations, the Employee Expense Obligations, and/or the Employee Benefits Obligations, shall not affect the Debtors' right to contest the amount or validity of any prepetition Workforce Obligation, including without limitation, any amounts that may be due to any taxing authority.

11. Neither the provisions of this Order, nor any payments made or not made by the Debtors pursuant to this Order, shall be deemed an assumption or rejection of any Workforce

Program, agreement or contract, or otherwise affect the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract between the Debtors and any member of the Workforce, or other person.

12. Notwithstanding anything to the contrary in this Order, the Debtors retain their right, with the prior written consent of the advisors to the Ad Hoc Noteholder Group and the advisors to the Prepetition ABL Agent (which consent may not be unreasonably withheld, conditioned, or delayed), to enter into any new Workforce Program or Workforce Obligations to modify or terminate any existing Workforce Program or Workforce Obligations to the extent that such right exists under the terms of the Workforce Program or Workforce Obligations or as may be required by applicable law. The Debtors will provide reasonable notice to the U.S. Trustee and any statutory committee appointed in the Chapter 11 Cases of any material changes to the Workforce Programs or Workforce Obligations or of any new programs, policies, and benefits.

13. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in this Order shall create any rights in favor of, or enhance, limit or change the status of any claim held by, any member of the Workforce, or other person.

14. The Debtors' banks and financial institutions shall be, and hereby are, authorized, when requested by the Debtors in their sole discretion, to process, honor, and pay any and all checks or electronic fund transfers drawn on the Debtors' bank accounts to pay all prepetition amounts owed to any party in connection with the Prepetition Workforce Obligations, whether those checks were presented prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments. Further, the Debtors are authorized to issue new postpetition checks and initiate new postpetition electronic fund transfers to replace any checks or electronic fund transfers that may be dishonored and to reimburse any related expenses

that may be incurred as a result of any bank's failure to honor a prepetition check or electronic fund transfer.

15. Notwithstanding anything to the contrary contained herein, (a) any payment made or authorization contained hereunder shall be subject to the requirements imposed on the Debtors under any orders approving a postpetition financing facility or any order regarding the use of cash collateral approved by this Court in these Chapter 11 Cases (collectively, the "**DIP Order**"), and (b) to the extent there is any inconsistency between the terms of the DIP Order and any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control. For the avoidance of doubt, the Debtors are not authorized to make any payments pursuant to this Order except as permitted by the Budget (as defined in the DIP Order).

16. The Debtors' banks and financial institutions may rely on the representations of the Debtors with respect to whether any check or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this Order, and any such bank or financial institution shall not have any liability to any party for relying on such representations by the Debtors as provided for in this Order.

17. Nothing in the Motion or this Order, or the Debtors' payment of any claims pursuant to this Order, shall be construed as: (a) an admission as to the validity of any claim against any Debtor or the existence of any lien against the Debtors' properties; (b) a waiver of the Debtors' or any other party in interest's rights to dispute any claim or lien on any grounds; (c) a promise to pay any claim; (d) an implication or admission that any particular claim would constitute an allowed claim; (e) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; (f) a limitation on the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party

subject to this Order; or (g) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law. Nothing contained in this Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

18. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Order shall be effective and enforceable immediately upon entry hereof.

19. The contents of the Motion satisfy the requirements of Bankruptcy Rules 6003(b) and 6004(a).

20. The Debtors are hereby authorized to take such reasonable actions and to execute such documents as may be necessary to implement the relief granted by this Order.

21. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Signed: December 08, 2020.



DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE