

OIL STATES INTERNATIONAL INC

Form S-3/A

November 03, 2005

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As filed with the Securities and Exchange Commission on November 3, 2005

Registration No. 333-126485

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Pre-Effective Amendment No. 3
to
Form S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Oil States International, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction
of incorporation or organization)*

76-0476605

*(I.R.S. Employer
Identification No.)*

**Three Allen Center
333 Clay Street, Suite 4620
Houston, Texas 77002
(713) 652-0582**

*(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)*

**Cindy B. Taylor
Three Allen Center
333 Clay Street, Suite 4620
Houston, Texas 77002
(713) 652-0582**

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copy to:

**C. Michael Harrington
Vinson & Elkins L.L.P.
First City Tower
1001 Fannin Street, Suite 2300
Houston, Texas 77002-6760
(713) 758-2148**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement as determined by market conditions and other factors.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. The Selling Security Holders may not sell these Securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these Securities and it is not soliciting an offer to buy these Securities in any state where the offer or sale is not Permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 3, 2005

PROSPECTUS

\$175,000,000

Oil States International, Inc.

2³/₈% Contingent Convertible Senior Notes due 2025

and Up to 5,511,811 shares of Common Stock Issuable Upon Conversion of the Notes

The securities to be offered and sold using this prospectus are our 2³/₈% Contingent Convertible Senior Notes due 2025, which we issued in private placements in June 2005 and July 2005, and shares of our common stock issuable upon conversion of the notes. These securities will be offered and sold by the selling security holders named in this prospectus or in any supplement to this prospectus. See **Selling Security Holders** beginning on page 16.

The notes bear interest at the rate of 2³/₈% per year, accruing from June 21, 2005. We will pay interest on the notes on January 1 and July 1 of each year, beginning January 1, 2006. The notes will mature on July 1, 2025.

You may convert your notes prior to the maturity date into cash and, if applicable, shares of our common stock in the following circumstances:

prior to July 1, 2023, during any fiscal quarter commencing after the date of original issuance of the notes, if the closing sale price of our common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the fiscal quarter preceding the quarter in which the conversion occurs is more than 120% of the Conversion Price of the notes in effect on that 30th trading day;

on or after July 1, 2023, at all times on or after any date on which the common stock price is more than 120% of the then current conversion price;

if we have called the particular notes for redemption and the redemption has not yet occurred;

during the five consecutive business-day period following any five consecutive trading-day period in which the average of the trading prices for the notes for such five trading-day period was less than 95% of the average of the sale price of our common stock during such five trading-day period multiplied by the then current Conversion Rate; or

upon the occurrence of specified corporate transactions.

You may convert your notes into cash and, if applicable, shares of our common stock at an initial Conversion Price per share of \$31.75 (**Conversion Price**), which represents a Conversion Rate of approximately 31.496 shares of common stock per \$1,000 principal amount of notes (the **Conversion Rate**). Upon conversion of your notes the value (the **Conversion Value**) of the cash and shares of our common stock, if any, you will receive for converting each \$1,000 principal amount of notes will be determined by multiplying the Conversion Rate by the Ten Day Average Stock Price. We will deliver the Conversion Value to you as follows:

an amount in cash (the **Principal Return**) equal to the lesser of (a) the aggregate Conversion Value of the notes to be converted or (b) the aggregate principal amount of the notes to be converted,

if the aggregate Conversion Value of the notes to be converted is greater than the Principal Return, an amount in whole shares (the **Net Shares**), determined as set forth below, equal to such aggregate Conversion Value less the Principal Return (the **Net Share Amount**), and

an amount in cash in lieu of fractional shares of common stock.

The number of Net Shares to be paid will be determined by dividing the Net Share Amount by the Ten Day Average Stock Price, rounded down to the nearest whole share. Our common stock is listed on the New York Stock Exchange under the symbol OIS. The last reported closing price of our common stock on November 2, 2005 was \$33.85 per share.

We may redeem all or a portion of your notes for cash on or after July 6, 2012, at a redemption price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the redemption date. You may require us to repurchase all or a portion of your notes for cash on July 1, 2012, 2015 and 2020 for a repurchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the repurchase date. You may require us to purchase all or a portion of your notes for cash upon the occurrence of a fundamental change at a purchase price equal to 100% of the principal amount of notes, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the repurchase date.

The notes are our general, unsecured obligations and rank equally in right of payment with all our future unsecured, unsubordinated debt and senior in right of payment to any future subordinated indebtedness that we may incur. The notes are effectively subordinated to all of our secured indebtedness and structurally subordinated to any liabilities and other indebtedness of our non-guarantor subsidiaries.

We have entered into a registration rights agreement with the initial purchaser, pursuant to which we agreed to file a shelf registration statement, of which this prospectus is part, with the U.S. Securities and Exchange Commission covering resales of the notes and the common stock issuable upon conversion of the notes. If we fail to comply with certain of our obligations under the registration rights agreement, additional interest will be payable on the notes and the common stock issuable upon conversion of the notes.

There is no established market for the notes. The selling security holders may sell the securities offered by this prospectus from time to time on any exchange on which the securities are listed on terms to be negotiated with buyers. They may also sell the securities in private sales or through dealers or agents. The selling security holders may sell the securities at prevailing market prices or at prices negotiated with buyers. The selling security holders will be responsible for any commissions due to brokers, dealers or agents. We will be responsible for all other offering expenses. We will not receive any of the proceeds from the sale by the selling security holders of the securities offered by this prospectus.

Investing in our securities involves risks. See Risk Factors beginning on page 8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2005.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. This means the securities described in this prospectus may be offered and sold using this prospectus from time to time as described in the Plan of Distribution. You should carefully read this prospectus and the information described under the heading Where You Can Find More Information and Incorporation by Reference. Under no circumstances should the delivery to you of this prospectus or any offering or sales made pursuant to this prospectus create any implication that the information contained in this prospectus is correct as of any time after the date of this prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We include the following cautionary statement to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statement made by us in this prospectus or in the documents incorporated by reference in this prospectus. The factors identified in this cautionary statement are important factors (but not necessarily all of the important factors) that could cause actual results to differ materially from those expressed in any forward-looking statement made by us, or on our behalf. You can typically identify forward-looking statements by the use of forward-looking words such as may, will, could, project, believe, and expect, estimate, potential, plan, forecast, and other similar words. All statements other than statements of historical facts contained in this offering memorandum, including statements regarding our future financial position, budgets, capital expenditures, projected costs, plans and objectives of management for future operations and possible future acquisitions, are forward-looking statements. Where any such forward-looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, we caution that, while we believe such assumptions or bases to be reasonable and make them in good faith, assumed facts or bases almost always vary from actual results. The differences between assumed facts or bases and actual results can be material, depending upon the circumstances.

Where, in any forward-looking statement, we, or our management, express an expectation or belief as to the future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

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However, there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished. Taking this into account, the following are identified as important factors that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, our company:

the level of demand for and supply of oil and gas;

fluctuations in the prices of oil and gas;

the level of drilling activity;

the level of offshore oil and gas developmental activities;

general economic conditions;

our ability to find and retain skilled personnel;

the availability of capital; and

the other factors identified under the captions **Risks Related to Our Business** and **Risks Related to Our Operations** that follow.

You should not unduly rely on these forward-looking statements, which speak only as of the date of this prospectus. We undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this prospectus or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks we describe in the reports we file from time to time with the SEC after the date of this prospectus.

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SUMMARY

The following summary may not contain all the information that may be important to you and is qualified in its entirety by the more detailed information appearing elsewhere or incorporated by reference in this prospectus. You should read the entire prospectus, especially the risks set forth under the heading Risk Factors, as well as the information to which we refer you and the information incorporated by reference, before making an investment decision.

When used in this prospectus, the terms Oil States, we, our and us refer to Oil States International, Inc. and our consolidated subsidiaries, unless otherwise specified.

Oil States International, Inc.

We are a leading provider of specialty products and services to oil and gas drilling and production companies throughout the world. We operate in a substantial number of the world's active oil and gas producing regions, including the Gulf of Mexico, U.S. onshore, Canada, West Africa, the Middle East, South America and Southeast Asia. Our customers include many of the major and independent oil and gas companies and other oilfield service companies. We operate in three business segments: offshore products, tubular services and well site services, and have established a leadership position in each.

Offshore Products

Through our offshore products segment, we design and manufacture a number of cost-effective, technologically advanced products for the offshore energy industry. In addition, we have other lower margin products and services such as fabrication, inspection and repair services.

We design, manufacture, fabricate, inspect, assemble, repair, test and market subsea equipment and offshore vessel and rig equipment. Our products are components of equipment used in both shallow and deepwater producing regions for the drilling and production of oil and gas wells on offshore fixed platforms, offshore mobile production units including floating platforms, floating production, storage and offloading vessels, and other marine vessels floating rigs and jack-up rigs. We believe that sales of our equipment for offshore infrastructure development and new rig construction will be important sources of future revenues. Our products and services include:

flexible bearings and connector products;

subsea pipeline products;

marine winches, mooring and lifting systems and rig equipment;

blowout preventor stack assembly, integration, testing and repair services; and

other products and services.

We have facilities in Arlington, Houston and Lampasas, Texas; Houma, Louisiana; Tulsa, Oklahoma; Scotland; Brazil; England; Singapore; and Thailand that support our offshore products segment.

Tubular Services

Through our tubular services segment, we distribute oil country tubular goods (OCTG) and provide associated OCTG finishing and logistics services to the oil and gas industry. Oil country tubular goods consist of casing and production tubing. Through our tubular services segment, we:

distribute a broad range of casing and tubing;

provide threading, remediation, logistical and inventory services; and

offer e-commerce pricing, ordering, tracking and financial reporting capabilities.

We serve a customer base ranging from major oil companies to small independents. Through our key relationships with more than 20 domestic and foreign manufacturers and related service providers and suppliers of OCTG, we deliver tubular products and ancillary services to oil and gas companies, drilling

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contractors and consultants predominantly in the United States. We do not manufacture any of the tubular goods that we distribute. We operate our tubular services segment from a total of nine domestic offices and facilities located near areas of oil and gas exploration and development activity.

A-Z Terminal. Our A-Z Terminal pipe maintenance and storage facility in Crosby, Texas is equipped to provide a full range of tubular services, giving us strong customer service capabilities. Our A-Z Terminal is on 109 acres, is an ISO 9001-certified facility and has more than 1,400 pipe racks and two double-ended thread lines. We have exclusive use of a permanent third-party inspection center within the facility. The facility also includes indoor chrome storage capability and patented pipe cleaning machines.

We offer services at our A-Z Terminal facility typically outsourced by other distributors, including the following: threading, inspection, cleaning, cutting, logistics, rig returns, installation of float equipment and non-destructive testing.

Well Site Services

Our well site services segment provides a broad range of products and services that are used to establish and maintain the flow of oil and gas from a well throughout its lifecycle. Our services include workover services, drilling services, rental equipment, workforce accommodations, catering and logistics services and modular building construction services. We use our fleet of workover and drilling rigs, rental equipment, workforce accommodation facilities and related equipment to service well sites for oil and natural gas companies. Our products and services are used in both onshore and offshore applications through the exploration, development, production and abandonment phases of a well's life. Additionally, our workforce accommodations, catering and logistics services are employed in a variety of mining and related resource applications as well as forest fire fighting.

Workover Services. We provide our workover products and services primarily to customers in the U.S., Venezuela, the Middle East and West Africa, for both onshore and offshore applications. Our workover products and services are used in operations on a producing well to restore or increase production. Workover services are typically used during the development, production and abandonment stages of the well. Our hydraulic workover units are used for workover operations and snubbing operations in pressure situations.

Drilling Services. Our drilling services business is located in Texas, Ohio, Wyoming and Montana and provides drilling services for shallow to medium depths ranging from 2,000 to 10,000 feet. Drilling services are typically used during the exploration and development stages of a field. We have a total of 27 semi-automatic drilling rigs with hydraulic pipe handling booms and lift capacities ranging from 200,000 to 300,000 pounds.

Rental Equipment. Our rental equipment business provides a wide range of products for use in the offshore and onshore oil and gas industry, including:

wireline and coiled tubing pressure control equipment;

wellhead isolation equipment and services;

pipe recovery systems;

gravel pack operations on well bores; and

surface control equipment and down-hole tools utilized by coiled tubing operators.

As of October 28, 2005, we provided rental equipment at 53 distribution points in Texas, Louisiana, Oklahoma, Mississippi, New Mexico, Wyoming, North Dakota, Utah, California, Colorado and Alberta, Canada.

Workforce Accommodations, Catering and Logistics. We are a leading provider of integrated products and services to support workers in remote locations, including workforce accommodations, food services, remote site management services and modular building construction. We provide complete design, manufacture, installation, operation and redeployment logistics services for oil and gas drilling, oil sands mining in the Fort McMurray region of Northern Canada, diamond mining in Northern Canada and other mining ventures, pipeline construction, forestry, offshore construction, disaster relief services and support services for military operations. Our workforce products and services operations are primarily focused in Canada and the Gulf of

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Mexico although we also have catering and facilities management activities in other international areas. During the peak of our operating season, we typically provide these services in over 200 separate locations throughout the world with separate location populations ranging from 20 to 2,000 persons.

Oil States was originally incorporated in Delaware in 1995 as CE Holdings, Inc. Our principal executive offices are located at Three Allen Center, 333 Clay Street, Suite 4620, Houston, Texas 77002, and our telephone number is (713) 652-0582. We maintain a website located at www.oilstatesintl.com. Information contained or referenced on our website is not incorporated by reference into and does not form a part of this prospectus.

The Offering

This prospectus covers the resale of up to \$175,000,000 aggregate principal amount of the notes and the shares of our common stock issuable upon conversion of the notes. We issued and sold a total of \$125,000,000 aggregate principal amount of the notes on June 21, 2005 in a private placement to RBC Capital Markets Corporation, which we refer to as the initial purchaser, and we issued and sold to the initial purchaser an additional \$50,000,000 aggregate principal amount of the notes on July 11, 2005, upon the initial purchaser's exercise of its option to purchase such notes. The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus contains a more detailed description of the terms of the notes.

Issuer	Oil States International, Inc., a Delaware corporation.
Selling Security Holders	The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders named in this prospectus or in any supplement to this prospectus. See the section entitled Selling Security Holders for more information.
Notes Offered	\$175,000,000 aggregate principal amount of 2 ³ / ₈ % Contingent Convertible Senior Notes due 2025.
Common Stock Offered	Shares of our common stock, par value \$0.01 per share, issuable upon conversion of the notes.
Maturity Date	July 1, 2025, unless earlier converted, redeemed or repurchased.
Interest	The notes bear interest at an annual rate of 2 ³ / ₈ %, accruing from June 21, 2005.
Interest Payment Dates	Interest is payable on January 1 and July 1 of each year, beginning January 1, 2006.
Conversion Rights	Under the circumstances discussed below, you may surrender your notes for conversion, in whole or in part, into cash and, if applicable, shares of our common stock at any time before the close of business on the maturity date, unless your notes have been previously redeemed or repurchased. You may convert your notes only in the following circumstances:

prior to July 1, 2023, during any fiscal quarter commencing after the date of original issuance of the notes, if the common stock price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the fiscal quarter preceding the quarter in which the conversion occurs is more than 120% of the Conversion Price in effect on that 30th trading day;

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on or after July 1, 2023, at all times on or after any date on which the common stock price is more than 120% of the conversion price of the notes;

if we have called the particular notes for redemption and the redemption has not yet occurred;

during the five consecutive business-day period following any five consecutive trading-day period in which the average of the trading prices for the notes for such five trading-day period was less than 95% of the average of the sale price of our common stock during such five trading-day period multiplied by the then current Conversion Rate; or

upon the occurrence of specified corporate transactions described under Description of Notes Conversion Rights Conversion Upon Specified Corporate Transactions.

Upon the occurrence of any of the circumstances described above, you may convert your notes into cash and, if applicable, shares of our common stock at an initial Conversion Price per share of \$31.75, which represents a Conversion Rate of approximately 31.496 shares of common stock per \$1,000 principal amount of notes.

Once notes are tendered for conversion, the value (the Conversion Value) of the cash and shares of our common stock, if any, you will receive for converting each \$1,000 principal amount of notes will be determined by multiplying the Conversion Rate by the Ten Day Average Stock Price (as defined below). We will deliver the Conversion Value to you as follows: (1) an amount in cash (the Principal Return) equal to the lesser of (a) the aggregate Conversion Value of the notes to be converted or (b) the aggregate principal amount of the notes to be converted, (2) if the aggregate Conversion Value of the notes to be converted is greater than the Principal Return, an amount in whole shares (the Net Shares), determined as set forth below, equal to such aggregate Conversion Value less the Principal Return (the Net Share Amount), and (3) an amount in cash in lieu of any fractional shares of common stock. We will pay the Principal Return and cash in lieu of fractional shares and deliver the Net Shares, if any, as promptly as practicable after determination of the Net Share Amount. The number of Net Shares to be paid will be determined by dividing the Net Share Amount by the Ten Day Average Stock Price, rounded down to the nearest whole share. The Ten Day Average Stock Price will be the average of the daily volume-weighted average price per share of our common stock on the New York Stock Exchange for each of the ten consecutive trading days beginning on the second trading day following the day the notes are tendered for conversion.

The Conversion Price is subject to adjustment in certain circumstances. See Description of Notes Conversion Rights Conversion Price Adjustments.

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If you elect to convert your notes in connection with certain corporate transactions that occur on or prior to July 1, 2012 that constitute a fundamental change, other than a fundamental change relating to the composition of our board of directors, we will decrease the Conversion Price to increase the Conversion Rate by a number of shares of common stock. See Description of Notes Conversion Rights Conversion Upon Specified Corporate Transactions, Adjustment to Conversion Price Upon Certain Fundamental Changes and Conversion After a Public Acquirer Fundamental Change.

See the section entitled Description of Notes Conversion Rights for more information.

Ranking

The notes:

are our senior unsecured obligations;

rank equally in right of payment with all of our existing and future unsubordinated indebtedness; and

will rank senior to any of our future indebtedness that expressly provides that it is subordinated to the notes.

The notes are also effectively subordinated in right of payment to our existing and future secured indebtedness to the extent of such security, and structurally subordinated to any liabilities and other indebtedness of our non-guarantor subsidiaries. The indenture under which the notes are issued generally does not restrict the incurrence of debt by us or any of our subsidiaries.

Covenant Regarding Subsidiary Guarantees

Initially, there were no subsidiary guarantors of the notes. If prior to January 1, 2013 any of our subsidiaries guarantees or issues certain types of debt securities (excluding debt securities under credit facilities) as described under Description of Notes Contingent Subsidiary Guarantees of the Notes, the subsidiary will be required to guarantee the notes on a basis such that the subsidiary's guarantee of the notes stands in substantially the same relative ranking in right of payment to its obligations with respect to such debt securities. Any subsidiary guarantee is subject to release in certain circumstances described under Description of Notes Contingent Subsidiary Guarantees of the Notes and in no event would continue beyond January 1, 2013.

Optional Redemption

We may redeem all or a portion of your notes for cash on or after July 6, 2012, at a redemption price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the redemption date. See the section entitled Description of Notes Optional Redemption of the Notes for more information.

Repurchase of Notes at the Option of the Holder

You may require us to repurchase all or a portion of your notes for cash on July 1, 2012, 2015 and 2020 for a repurchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the

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repurchase date. See the section entitled **Description of Notes** **Repurchase of Notes at the Option of the Holder** for more information.

Repurchase at Option of Holders Upon a Fundamental Change Upon a fundamental change, as defined in **Description of Notes** **Repurchase at Option of Holders Upon a Fundamental Change**, you may require us to repurchase your notes for cash at a repurchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the repurchase date. See the section entitled **Description of Notes** **Repurchase at Option of Holders Upon a Fundamental Change** for more information.

Sinking Fund None.

No Proceeds We will not receive any proceeds from the sale by any selling security holder of the notes or our common stock issuable upon conversion of the notes.

Events of Default The following are events of default under the indenture for the notes:

- we fail to pay principal of any note, when it becomes due and payable, at the stated maturity, upon acceleration, upon redemption or otherwise;
- we fail to pay any interest, including any additional interest, if any, on any note when due, which failure continues for 30 days;
- we fail to provide timely notice of a fundamental change;
- we fail to perform any other covenant in the indenture, which failure continues for 60 days following notice as provided in the indenture;
- any indebtedness under any bonds, debentures, notes or other evidences of indebtedness for money borrowed, or any guarantee thereof, by us or any of our subsidiaries, in an aggregate principal amount in excess of \$10 million is not paid when due either at its stated maturity or upon acceleration thereof, and such indebtedness is not discharged, or such acceleration is not rescinded or annulled, within a period of 30 days after notice as provided in the indenture; and
- certain events of bankruptcy, insolvency or reorganization involving us or any of our significant subsidiaries.

See the section entitled **Description of Notes** **Events of Default** for more information.

Registration Rights Under a registration rights agreement that we entered into with the initial purchaser in connection with the initial placement of the notes, we have filed a shelf registration statement, of which this prospectus is a part, with the SEC. If we fail to comply with certain of our obligations under the registration rights agreement, additional interest will be payable on the notes and the common stock issuable upon conversion of the notes. See the section entitled **Description of Notes** **Registration Rights** for more information.

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U.S. Federal Income Tax Considerations	<p>A U.S. holder generally will recognize capital gain or loss if the holder disposes of a note in a sale, exchange, redemption or other disposition (other than conversion of a note into cash and shares of our common stock). The U.S. holder's gain or loss will equal the difference between the proceeds received by the holder (other than amounts attributable to accrued but unpaid interest) and the holder's adjusted tax basis in the note. The proceeds received by the U.S. holder will include the amount of any cash and the fair market value of any other property received for the note. The U.S. holder's tax basis in the note will generally equal the amount the holder paid for the note.</p> <p>Upon conversion of a note into cash and shares of our common stock, a U.S. holder generally will not be permitted to recognize loss, but will be required to recognize capital gain in an amount equal to the lesser of the gain realized and the cash received (other than cash in lieu of a fractional share of common stock and any cash attributable to accrued interest), subject to the discussion under Material U.S. Federal Income Tax Considerations - U.S. Holders - Constructive Distributions regarding the possibility that the adjustment to the Conversion Rate of a note converted in connection with a fundamental change may be treated as a taxable stock distribution.</p> <p>See the section entitled Material U.S. Federal Income Tax Considerations for more information.</p>
Trustee, Paying Agent and Conversion Agent	Wells Fargo Bank, National Association.
Book-Entry Form	The notes were issued in book-entry form and are represented by a global certificate deposited on behalf of The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Any notes sold pursuant to this prospectus will be represented by another such global certificate. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities except in limited circumstances.
Trading Symbol for Our Common Stock	Our common stock is listed on the New York Stock Exchange under the trading symbol OIS . The notes will not be listed on any securities exchange or included in any automated quotation system.
Governing Law	The indenture, the notes and the registration rights agreement are governed by the laws of the State of New York.
Risk Factors	You should carefully consider the information set forth in the section of this prospectus entitled Risk Factors as well as the other information included in or incorporated by reference into this prospectus before deciding whether to invest in the notes or the underlying common stock.

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RISK FACTORS

An investment in the notes or underlying common stock involves a high degree of risk. You should carefully consider the risks described below, together with the other information contained or incorporated by reference in this prospectus, when making a decision to invest in these securities.

Risks Related to our Business

Decreased oil and gas industry expenditure levels will adversely affect our results of operations.

We depend upon the oil and gas industry and its ability and willingness to make expenditures to explore for, develop and produce oil and gas. If these expenditures decline, our business will suffer. The industry's willingness to explore, develop and produce depends largely upon the availability of attractive drilling prospects and the prevailing view of future product prices. Many factors affect the supply and demand for oil and gas and therefore influence product prices, including:

the level of production;

the levels of oil and gas inventories;

the expected cost of developing new reserves;

the actual cost of finding and producing oil and gas;

the availability of attractive oil and gas field prospects which may be affected by governmental actions or environmental activists which may restrict drilling;

the availability of transportation infrastructure and refining capacity;

depletion rates;

the level of drilling activity;

worldwide economic activity including growth in underdeveloped countries;

national government political requirements, including the ability of the Organization of Petroleum Exporting Companies (OPEC) to set and maintain production levels and prices for oil;

the impact of armed hostilities involving one or more oil producing nations;

the cost of developing alternate energy sources;

environmental regulation; and

tax policies.

Extended periods of low oil prices or unsuccessful exploration results may decrease deepwater exploration and production activity and adversely affect our business.

Our offshore products segment depends on exploration and production expenditures in deepwater areas. Because deepwater projects are more capital intensive and take longer to generate first production than shallow water and onshore projects, the economic analyses conducted by exploration and production companies typically assume lower prices for production from such projects to determine economic viability over the long term. If oil prices fall to or below those levels used to determine economic viability for an extended period of time, deepwater activity and our business will be adversely affected.

Because the oil and gas industry is cyclical, our operating results may fluctuate.

Oil prices have been and are expected to remain volatile. This volatility causes oil and gas companies and drilling contractors to change their strategies and expenditure levels. We have experienced in the past, and we may experience in the future, significant fluctuations in operating results based on these changes.

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Disruptions in the political and economic conditions of the foreign countries in which we operate could adversely affect our business.

We have operations in various international areas, including parts of Africa, South America and the Middle East, including Afghanistan. Our operations in these areas increase our exposure to risks of war, terrorist attacks, local economic conditions, political disruption, civil disturbance and governmental policies that may:

disrupt our operations;

restrict the movement of funds or limit repatriation of profits;

lead to U.S. government or international sanctions; and

limit access to markets for periods of time.

We might be unable to employ a sufficient number of technical personnel.

Many of the products that we sell, especially in our offshore products segment, are complex and highly engineered and often must perform in harsh conditions. We believe that our success depends upon our ability to employ and retain technical personnel with the ability to design, utilize and enhance these products. In addition, our ability to expand our operations depends in part on our ability to increase our skilled labor force. The demand for skilled workers is high, and the supply is limited. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay or both. If either of these events were to occur, our cost structure could increase and our growth potential could be impaired.

The level and pricing of tubular goods imported into the United States could decrease demand for our tubular goods inventory and adversely impact our results of operations. Also, if steel mills were to sell a substantial amount of goods directly to customers in the United States, our results of operations could be adversely impacted.

U.S. law currently restricts imports of low-cost tubular goods from a number of foreign countries into the U.S. tubular goods market, resulting in higher prices for tubular goods. If these restrictions were to be lifted or if the level of imported low-cost tubular goods were to otherwise increase, our tubular services segment could be adversely affected to the extent that we then have higher-cost tubular goods in inventory. If prices were to decrease significantly, we might not be able to profitably sell our inventory of tubular goods. In addition, significant price decreases could result in a longer holding period for some of our inventory, which could also have a material adverse effect on our tubular services segment.

We do not manufacture any of the tubular goods that we distribute. Historically, users of tubular goods in the United States, in contrast to outside the United States, have purchased tubular goods from a distributor. If customers were to purchase tubular goods directly from steel mills, our results of operations could be adversely impacted.

We are subject to extensive and costly environmental laws and regulations that may require us to take actions that will adversely affect our results of operations.

Our hydraulic well control and drilling operations and our offshore products business are significantly affected by stringent and complex foreign, federal, state and local laws and regulations governing the discharge of substances into the environment or otherwise relating to environmental protection. We could be exposed to liability for cleanup costs, natural resource damages and other damages as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Environmental laws and regulations have changed in the past, and they are likely to change in the future. If existing regulatory requirements or enforcement policies change, we may be required to make significant unanticipated capital and operating expenditures.

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Any failure by us to comply with applicable environmental laws and regulations may result in governmental authorities taking actions against our business that could adversely impact our operations and financial condition, including the:

issuance of administrative, civil and criminal penalties;

denial or revocation of permits or other authorizations;

reduction or cessation in operations; and

performance of site investigatory, remedial or other corrective actions.

We may not have adequate insurance for potential liabilities.

Our operations are subject to many hazards. We face the following risks under our insurance coverage: we may not be able to continue to obtain insurance on commercially reasonable terms;

we may be faced with types of liabilities that will not be covered by our insurance, such as damages from environmental contamination or terrorist attacks;

the dollar amount of any liabilities may exceed our policy limits; and

we may incur losses from interruption of our business that exceed our insurance coverage.

Even a partially uninsured claim, if successful and of significant size, could have a material adverse effect on our results of operations or consolidated financial position.

We are subject to litigation risks that may not be covered by insurance.

In the ordinary course of business, we become the subject of various claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including occasional claims by individuals alleging exposure to hazardous materials as a result of our products or operations. Some of these claims relate to the activities of businesses that we have sold, and some relate to the activities of businesses that we have acquired, even though these activities may have occurred prior to our acquisition of such businesses. We maintain insurance to cover many of our potential losses, and we are subject to various self-retentions and deductibles under our insurance. It is possible, however, that a judgment could be rendered against us in cases in which we could be uninsured and beyond the amounts that we currently have reserved or anticipate incurring for such matters.

We might be unable to compete successfully with other companies in our industry.

We sell our products and services in competitive markets. In some of our business segments, we compete with the oil and gas industry's largest oilfield services providers. These companies have greater financial resources than we do. In addition, our business, particularly our tubular services business, may face competition from business-to-business internet auction activities. Our business will be adversely affected to the extent that these providers are successful in reducing purchases of our products and services.

Risks Related to Our Operations

We are susceptible to seasonal earnings volatility due to adverse weather conditions in our regions of operations.

Our operations are directly affected by seasonal differences in weather in the areas in which we operate, most notably in Canada and the Gulf of Mexico. Our Canadian work force accommodations, catering and logistics operations are significantly focused on the winter months when the winter freeze in remote regions permits exploration and production activity to occur. The spring thaw in these frontier regions restricts operations in the spring months and, as a result, adversely affects our operations and sales of products and services in the second and third quarters. Our operations in the Gulf of Mexico are also affected by weather patterns. Weather conditions in the Gulf Coast region generally result in higher drilling activity in the spring,

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summer and fall months with the lowest activity in the winter months. In addition, summer and fall drilling activity can be restricted due to hurricanes and other storms prevalent in the Gulf of Mexico and along the Gulf Coast. As a result, full year results are not likely to be a direct multiple of any particular quarter or combination of quarters.

We might be unable to protect our intellectual property rights.

We rely on a variety of intellectual property rights that we use in our offshore products and well site services segments, particularly our patents relating to our FlexJoint® technology. We may not be able to successfully preserve these intellectual property rights in the future and these rights could be invalidated, circumvented or challenged. In addition, the laws of some foreign countries in which our products and services may be sold do not protect intellectual property rights to the same extent as the laws of the United States. The failure of our company to protect our proprietary information and any successful intellectual property challenges or infringement proceedings against us could adversely affect our competitive position.

If we do not develop new competitive technologies and products, our business and revenues may be adversely affected.

The market for our offshore products is characterized by continual technological developments to provide better performance in increasingly greater depths and harsher conditions. If we are not able to design, develop and produce commercially competitive products in a timely manner in response to changes in technology, our business and revenues will be adversely affected.

If we have to write off a significant amount of goodwill, our earnings will be negatively affected.

As of September 30, 2005, goodwill represented approximately 26.9% of our total assets. We have recorded goodwill because we paid more for some of our businesses than the fair market value of the tangible and separately measurable intangible net assets of those businesses. See Note 5 to our Unaudited Condensed Consolidated Financial Statements included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, which is incorporated by reference in this prospectus.

If we were to lose a significant supplier of our tubular goods, we could be adversely affected.

During 2004, we purchased from a single supplier approximately 50% of the tubular goods we distributed and from three suppliers approximately 69% of such tubular goods. We do not have contracts with any of these suppliers. If we were to lose any of these suppliers or if production at one or more of the suppliers were interrupted, our tubular services segment and our overall business, financial condition and results of operations could be adversely affected. If the extent of the loss or interruption were sufficiently large, the impact on us would be material.

Risks Related to our Relationship with SCF

L.E. Simmons, through SCF, exerts significant influence on the outcome of stockholder voting and may exercise this voting power in a manner adverse to our stockholders.

SCF-III, L.P. and SCF-IV, L.P., private equity funds that focus on investments in the energy industry (collectively, SCF), together held approximately 8.6% of the outstanding common stock of our company as of September 30, 2005. L.E. Simmons, the chairman of our board of directors, is the sole owner of L.E. Simmons & Associates, Incorporated, the ultimate general partner of SCF. Accordingly, Mr. Simmons, through his ownership of the ultimate general partner of SCF, is in a position to exert significant influence on the outcome of matters requiring a stockholder vote, including the election of directors, adoption of amendments to our certificate of incorporation or bylaws or approval of transactions involving a change of control. The interests of Mr. Simmons may differ from those of our stockholders, and SCF may vote its common stock in a manner that may adversely affect our stockholders.

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SCF's ownership interest and provisions contained in our certificate of incorporation and bylaws could discourage a takeover attempt, which may reduce or eliminate the likelihood of a change of control transaction and, therefore, the ability of our stockholders to sell their shares for a premium.

In addition to SCF's position of significant influence, provisions contained in our certificate of incorporation and bylaws, such as a classified board, limitations on the removal of directors, on stockholder proposals at meetings of stockholders and on stockholder action by written consent and the inability of stockholders to call special meetings, could make it more difficult for a third party to acquire control of our company. Our certificate of incorporation also authorizes our board of directors to issue preferred stock without stockholder approval. If our board of directors elects to issue preferred stock, it could increase the difficulty for a third party to acquire us, which may reduce or eliminate our stockholders' ability to sell their shares of common stock at a premium.

Two of our directors may have conflicts of interest because they are also directors or officers of SCF. The resolution of these conflicts of interest may not be in our or our stockholders' best interests.

Two of our directors, L.E. Simmons and Andrew L. Waite, are also current directors or officers of L.E. Simmons & Associates, Incorporated, the ultimate general partner of SCF. This may create conflicts of interest because these directors have responsibilities to SCF and its owners. Their duties as directors or officers of L.E. Simmons & Associates, Incorporated may conflict with their duties as directors of our company regarding business dealings between SCF and us and other matters. The resolution of these conflicts may not always be in our or our stockholders' best interest.

The availability of shares of our common stock for future sale could depress our stock price.

Sales by SCF and other stockholders of a substantial number of shares of our common stock in the public markets, or the perception that such sales might occur, could have a material adverse effect on the price of our common stock or could impair our ability to obtain capital through an offering of equity securities. SCF has sold shares recently and made stock distributions to its partners and may continue to do so in the future. SCF's ownership percentage has decreased from 40% at February 27, 2004 to approximately 8.6% at September 30, 2005.

Risks Related to the Notes

The notes are effectively subordinated to any existing and future secured indebtedness.

The notes are our senior, unsecured obligations and are effectively subordinated to any existing and future secured indebtedness we may have. These liabilities may include indebtedness, trade payables, guarantees, lease obligations, and letter of credit obligations. The notes do not restrict us from incurring senior secured debt in the future or having our subsidiaries guarantee our indebtedness, nor do they limit the amount of indebtedness we can issue that is equal in right of payment.

Federal and state statutes allow courts, under specific circumstances, to void subsidiary guarantees.

The indenture governing the notes does not require any subsidiary to guarantee the notes unless, prior to January 1, 2013, that subsidiary guarantees or issues debt securities (excluding debt securities under credit facilities) as described under "Description of Notes - Contingent Subsidiary Guarantees of the Notes." Initially, there were no subsidiary guarantors. Various fraudulent conveyance laws have been enacted for the protection of creditors, and a court may use these laws to subordinate or avoid any subsidiary guarantee that may be delivered in the future. A court could avoid or subordinate a subsidiary guarantee in favor of that subsidiary guarantor's other creditors if the court found that either:

the guarantee was incurred with the intent to hinder, delay or defraud any present or future creditor or the subsidiary guarantor contemplated insolvency with a design to favor one or more creditors to the exclusion in whole or in part of others; or

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the subsidiary guarantor did not receive fair consideration or reasonably equivalent value for issuing its subsidiary guarantee;

and, in either case, the subsidiary guarantor, at the time it issued the subsidiary guarantee:

was insolvent or rendered insolvent by reason of the issuance of the subsidiary guarantee;

was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

Among other things, a legal challenge of the subsidiary guarantee on fraudulent conveyance grounds may focus on the benefits, if any, realized by the subsidiary guarantor as a result of our issuance of the notes or the delivery of the subsidiary guarantee. To the extent the subsidiary guarantee was avoided as a fraudulent conveyance or held unenforceable for any other reason, the holders of the notes would cease to have any claim against that subsidiary guarantor and would be solely creditors of the parent company and of any subsidiary guarantors whose subsidiary guarantees were not voided or held unenforceable. In that event, the claims of the holders of the notes against the issuer of an invalid subsidiary guarantee would be subject to the prior payment of all liabilities of that subsidiary guarantor.

Our holding company structure results in substantial structural subordination and may affect our ability to make payments on the notes.

The notes are obligations exclusively of Oil States. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt obligations, including our obligations under the notes, are dependent upon the earnings of our subsidiaries. In addition, we are dependent on the distribution of earnings, loans or other payments by our subsidiaries to us.

Our subsidiaries are separate and distinct legal entities. Unless they guarantee the notes in the future, our subsidiaries have no obligation to pay any amounts due under the notes or to make any funds available for that purpose, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

We may incur additional indebtedness; if we incur substantial additional debt, these higher levels of debt may affect our ability to pay principal and interest on the notes.

The indenture governing the notes does not restrict our ability to incur additional indebtedness or require us to maintain financial ratios or specified levels of net worth or liquidity. If we incur substantial additional indebtedness in the future, these higher levels of indebtedness may affect our ability to pay principal and interest on the notes and our creditworthiness generally.

Upon conversion of the notes, you may receive less proceeds than expected because the value of our common stock may decline between the day that you exercise your conversion right and the day the value of your shares is determined.

The conversion value that you will receive upon conversion of your notes is in part determined by the average of the daily volume-weighted average price per share of our common stock on the New York Stock

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Exchange for the ten consecutive trading days beginning on the second trading day immediately following the day the notes are tendered for conversion. Accordingly, if the price of our common stock decreases after you tender your notes for conversion, the conversion value you receive may be adversely affected.

Your right to convert the notes is conditional, which could impair the value of the notes.

The notes are convertible only if specified conditions are met. If the specified conditions for conversion are not met, you will not be able to convert your notes, and you may not be able to receive the value of the cash and shares into which the shares would otherwise be convertible. In addition, upon conversion of the notes we will not be required to deliver cash or issue shares to satisfy our conversion obligation until at least 15 business days after the conversion date. As a result, the value of your notes surrendered for conversion will be subject to market risk pending settlement.

We may be unable to repurchase your notes as required under the indenture upon a fundamental change or on the specified dates at the option of the holder or pay you cash upon conversion of your notes.

Upon a fundamental change, as defined in the indenture, and on July 1, 2012, 2015 and 2020, you will have the right to require us to repurchase your notes for cash. In addition, upon conversion of the notes, you will have the right to receive a cash payment. If we do not have sufficient funds to pay the repurchase price for all of the notes you tender upon a fundamental change, the cash due upon repurchases of the notes on July 1, 2012, 2015 and 2020 or the cash due upon conversion, an event of default under the indenture governing the notes would occur as a result of such failure. In addition, cash payments in respect of notes that you tender for repurchase or that you convert may be subject to limits and might be prohibited, or create an event of default, under our bank credit facility or other agreements relating to borrowings that we may enter into from time to time. Our failure to make cash payments in respect of the notes could result in an event of default under such agreements. Such other borrowings may be secured indebtedness and may prevent us from making cash payments in respect of the notes under certain circumstances. Our inability to pay for your notes that are tendered for repurchase or conversion could result in your receiving substantially less than the principal amount of the notes. See Description of Notes Repurchase of Notes at the Option of the Holder and Repurchase at Option of Holders Upon a Fundamental Change.

Upon an occurrence of a fundamental change, we may be required to offer to repay the notes and may be required to repay any other debt then outstanding. If a fundamental change were to occur subsequent to this offering, we may not have the financial resources available to repurchase all the notes for cash.

You may have to pay taxes with respect to distributions on our common stock that you do not receive.

The price at which the notes are convertible into shares of common stock is subject to adjustment under certain circumstances such as stock splits and combinations, stock dividends, certain cash dividends and certain other actions by us that modify our capital structure. See Description of Notes Conversion Rights Conversion Price Adjustments. If the Conversion Price is adjusted as a result of a distribution that is taxable to our common stockholders, such as a cash dividend, as a holder of the notes you would be required to include an amount in income for U.S. federal income tax purposes, notwithstanding the fact that you do not receive such distribution. In addition, non-U.S. holders (as defined in Material U.S. Federal Income Tax Considerations) of the notes may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding tax requirements, which we may set off against cash payments of interest payable on the notes. The adjustment to the Conversion Rate of notes converted in connection with certain fundamental changes, as described under Description of Notes Conversion Rights Adjustment to Conversion Price Upon Certain Fundamental Changes below, also may be treated as a taxable distribution. Please read Material U.S. Federal Income Tax Considerations.

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The adjustment to the Conversion Rate for notes converted in connection with certain fundamental changes may not adequately compensate holders for the lost option time value of their notes as a result of such fundamental change and may not be enforceable.

If certain fundamental changes occur on or prior to July 1, 2012, we will increase the Conversion Rate as to the notes converted in connection with the fundamental changes. The increase in the Conversion Rate will be determined based on the date on which the fundamental change becomes effective and the price paid per share of common stock in the fundamental change as described under Description of Notes Conversion Rights Adjustment to Conversion Rate Upon Certain Fundamental Changes. While this adjustment is designed to compensate you for the lost option time value of your notes as a result of certain fundamental changes, the adjustment is only an approximation of such lost value and may not adequately compensate you for such loss. In addition, if the price paid per share of our common stock in the fundamental change is less than \$25.40 or more than \$175.00 (subject to adjustment), or if we exercise our right to cause the conversion obligation to be assumed by a public acquirer as described in Description of Notes Conversion Rights Conversion After a Public Acquirer Fundamental Change, there will be no such adjustment. Furthermore, our obligation to make the adjustment could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

Provisions of the notes could discourage an acquisition of us by a third party.

Certain provisions of the notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of the notes will have the right, at their option, to require us to repurchase all of their notes or any portion of the principal amount of such notes in integral multiples of \$1,000 in cash at a price equal to 100% of the principal amount of notes to be repurchased, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the repurchase date. In addition, pursuant to the terms of the notes, we may not enter into certain mergers or acquisitions unless, among other things, the surviving person or entity assumes the payment of the principal of and interest (including additional interest, if any), including the delivery of the Conversion Value and any adjustment thereto resulting from such merger or acquisition.

There is no established trading market for the notes.

There is no established trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or to arrange for quotation on any automated dealer quotation system. As a result, an active trading market for the notes may not develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. In that case, you may not be able to sell your notes at a particular time or you may not be able to sell your notes at a favorable price. Future trading prices of the notes will depend on many factors, including:

our operating performance and financial condition;

our ability to have a resale registration statement covering the notes and the common stock issuable upon conversion of the notes declared effective by the Securities and Exchange Commission;

the interest of securities dealers in making a market; and

the market for similar securities.

Historically, the markets for non-investment grade debt securities have been subject to disruptions that have caused volatility in prices. It is possible that the markets for the notes will be subject to disruptions. Any such disruptions may have a negative effect on a holder of the notes, regardless of our prospects and financial performance.

Conversion of the notes could dilute the ownership of existing stockholders.

The conversion of some or all of the notes could dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect

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prevailing market prices of our common stock. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could depress the price of our common stock.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows our historical ratio of earnings to fixed charges for each of the five most recent fiscal years, and the nine months ended September 30, 2005.

2000	2001	2002	2003	2004	Nine Months Ended September 30, 2005
1.9x	4.9x	9.1x	7.1x	10.7x	13.0x

For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income before income tax plus fixed charges (excluding capitalized interest) and minority interest. Fixed charges consist of interest expense (whether expensed or capitalized), amortization of debt expenses, discount or premium, preferred dividends and a portion of rental expense estimated to be attributable to interest.

DIVIDEND POLICY

We have not declared or paid cash dividends on our capital stock since our initial public offering and do not anticipate paying any cash dividends in the foreseeable future. Furthermore, our existing credit facilities restrict the payment of cash dividends. Any future determination as to the declaration and payment of cash dividends will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that our board of directors considers relevant.

NO PROCEEDS

The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders named in this prospectus or in any supplement to this prospectus. We will not receive any proceeds from the sale of the securities or conversion of the notes. The shares of our common stock offered by this prospectus are issuable upon conversion of the notes.

SELLING SECURITY HOLDERS

On June 21, 2005, we issued and sold a total of \$125,000,000 aggregate principal amount of the notes in a private placement to RBC Capital Markets Corporation (which we sometimes refer to as the initial purchaser in this prospectus), and on July 11, 2005 we issued and sold to the initial purchaser an additional \$50,000,000 aggregate principal amount of the notes upon its exercise of its option to purchase such notes. The initial purchaser has advised us that it resold all of these notes in transactions exempt from the registration requirements of the Securities Act of 1933, as amended, to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A. The selling security holders, which term includes their transferees, pledgees, donees and successors, may from time to time offer and sell pursuant to this prospectus any and all of the notes and the shares of our common stock issuable upon conversion of the notes.

The notes and our shares of common stock to be issued upon conversion of the notes are being registered pursuant to a registration rights agreement between us and the initial purchaser. In that agreement, we undertook to file a registration statement with regard to the notes and our shares of common stock issuable upon conversion of the notes and, subject to certain exceptions, to keep that registration statement effective for up to two years. The registration statement to which this prospectus relates is intended to satisfy our obligations under that agreement.

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The selling security holders named below have advised us that they currently intend to sell the notes and our shares of common stock set forth below pursuant to this prospectus. Additional selling security holders may choose to sell notes and our shares of common stock from time to time upon notice to us. Unless set forth below, to our knowledge none of the selling security holders named below has, within the past three years, held any position, office or other material relationship with us or any of our predecessors or affiliates.

Unless the securities were purchased pursuant to this registration statement, before a security holder not named below may use this prospectus in connection with an offering of securities, this prospectus will be amended to include the name and amount of notes and common stock beneficially owned by the selling security holder and the amount of notes and common stock to be offered. Any amended prospectus will also disclose whether any selling security holder selling in connection with that amended prospectus has held any position, office or other material relationship with us or any of our predecessors or affiliates during the three years prior to the date of the amended prospectus.

The following table is based solely on information provided by the selling security holders. This information represents the most current information provided to us by selling security holders.

	Amount of Notes Beneficially Owned (\$)	Percentage of Notes Beneficially Owned	Amount of Notes to be Sold (\$)(1)	Number of Shares of Common Stock Beneficially Owned(2)(3)	Number of Shares of Common Stock that may be Sold(1)(2)(3)	Number of Shares of Common Stock Upon Completion of Offering(1)
Alexander Global Master Fund Ltd.(7)	\$ 8,000,000	4.6%	\$ 8,000,000	251,968	251,968	0
Aristeia International Limited(8)	10,250,000	5.9%	10,250,000	322,834	322,834	0
Aristeia Trading LLC(5)(9)	2,500,000	1.4%	2,500,000	78,740	78,740	0
Arkansas PERS(10)	615,000	*	615,000	19,370	19,370	0
AstraZeneca Holdings Pension(10)	185,000	*	185,000	5,826	5,826	0
Bancroft Convertible Fund, Inc.	1,750,000	*	1,750,000	55,118	55,118	0
BNP Paribas Equity Strategies, SNC(4)(11)	653,000	*	653,000	28,749	20,566	8,183
Boilermakers Blacksmith Pension Trust(10)	800,000	*	800,000	25,196	25,196	0
Citadel Equity Fund Ltd.(12)	19,000,000	10.9%	19,000,000	598,424	598,424	0
CooperNeff Convertible Strategies (Cayman) Master Fund, LP(11)	140,000	*	140,000	4,409	4,409	0
Credit Suisse First Boston LLC(5)(13)	2,500,000	1.4%	2,500,000	78,740	78,740	0

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Daimler Chrysler Corp. Emp. #1 Pension Plan, DTD(14)	3,685,000	2.1%	3,685,000	116,062	116,062	0
dbx Convertible Arbitrage 9 Fund(7)	1,000,000	*	1,000,000	31,496	31,496	0
Delaware PERS(10)	350,000	*	350,000	11,023	11,023	0
Delta Airlines Master Trust(10)	170,000	*	170,000	5,354	5,354	0
Descartes Offshore Ltd.(15)	500,000	*	500,000	15,748	15,748	0
Descartes Partners L.P.(15)	2,800,000	1.6%	2,800,000	88,188	88,188	0
Duke Endowment(10)	160,000	*	160,000	5,039	5,039	0
Ellsworth Convertible Growth and Income Fund, Inc.	1,750,000	*	1,500,000	55,118	55,118	0
Fidelity Financial Trust: Fidelity Convertible Securities Fund(4)(16)	4,500,000	2.6%	4,500,000	3,181,732	141,732	3,040,000

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	Amount of Notes Beneficially Owned (\$)	Percentage of Notes Beneficially Owned	Amount of Notes to be Sold (\$)(1)	Number of Shares of Common Stock Beneficially Owned(2)(3)	Number of Shares of Common Stock that may be Sold(1)(2)(3)	Number of Shares of Common Stock Upon Completion of Offering(1)
FPL Group Employee Pension Plan(14)	545,000	*	545,000	17,165	17,165	0
Forest Fulcrum Fund LP(5)(26)	863,000	*	863,000	49,964	49,964(27)	0
Forest Multi-Strategy/Master Fund SPC(26)	464,000	*	464,000	26,791	26,791(28)	0
Forest Global Convertible Fund, Ltd., Class A-5(26)	1,234,000	*	1,234,000	71,444	71,444(29)	0
Franklin and Marshall College(14)	175,000	*	175,000	5,511	5,511	0
Froley Revy Convertible Arbitrage Offshore(10)	250,000	*	250,000	7,874	7,874	0
Frontpoint Convertible Arbitrage Fund, L.P.	2,000,000	1.1%	2,000,000	62,992	62,992	0
Grace Brothers, Ltd.(17)	1,000,000	*	1,000,000	31,496	31,496	0
Grace Convertible Arbitrage Fund Ltd.(17)	3,500,000	2.0%	3,500,000	110,236	110,236	0
HFR CA Global Opportunity Master Trust(26)	1,321,000	*	1,321,000	76,553	76,553(31)	0
HFR RVA Select Performance Master Trust(26)	116,000	*	116,000	6,715	6,715(32)	0
ICI American Holdings Trust(10)	135,000	*	135,000	4,251	4,251	0
Institutional Benchmark Master Fund c/o Quattro Fund(18)	800,000	*	800,000	25,196	25,196	0
Institutional Benchmarks Master Fund, Ltd.(7)	1,000,000	*	1,000,000	31,496	31,496	0
Institutional Benchmarks Master Fund Ltd.(26)	1,352,000	*	1,352,000	78,275	78,275(34)	0
J.P.Morgan Securities Inc.(5)(19)	3,000,000	1.7%	3,000,000	94,488	94,488	0

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KBC Financial Products USA, Inc.(5)(20)	3,500,000	*	3,500,000	110,236	110,236	0
LLT Limited(26)	433,000	*	433,000	24,486	24,486(35)	0
Lyxor/ Convertible Arbitrage Fund Limited(11)	78,000	*	78,000	2,456	2,456	0
Lyxor/Forest Fund Limited(26)	2,844,000	1.6%	2,844,000	164,656	164,656(30)	0
Lyxor/ Quest Fund Ltd.(21)	1,200,000	*	1,200,000	37,795	37,795	0
Nuveen Preferred & Convertible Fund JQC(10)	3,185,000	1.8%	3,185,000	100,282	100,282	0
Nuveen Preferred & Convertible Income Fund JPC(10)	2,325,000	1.3%	2,325,000	73,228	73,228	0
Partners Group Alternative Strategies PCC Limited, Red Delta Cell c/o Quattro Fund(22)	440,000	*	440,000	13,858	13,858	0
Quattro Fund Ltd.(23)	13,960,000	8.0%	13,960,000	439,684	439,684	0
Quattro Multistrategy Masterfund LP(23)	800,000	*	800,000	25,196	25,196	0
Quest Global Convertible Master Ltd.(21)	800,000	*	800,000	25,196	25,196	0
Rampart Enhanced Convertible Investors, LLC(14)	595,000	*	595,000	18,740	18,740	0
RBC Capital Markets(5)(6)	16,000,000	9.1%	16,000,000	503,936	503,936	0

(table continues on next page)

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	Amount of Notes Beneficially Owned (\$)	Percentage of Notes Beneficially Owned	Amount of Notes to be Sold (\$)(1)	Number of Shares of Common Stock Beneficially Owned(2)(3)	Number of Shares of Common Stock that may be Sold(1)(2)(3)	Number of Shares of Common Stock Upon Completion of Offering(1)
Security Benefit Life(4)	700,000	*	700,000	22,047	22,047	0
Security Income High Yield Series(4)	300,000	*	300,000	9,448	9,448	0
Singlehedge US Convertible Arbitrage Fund(11)	57,000	*	57,000	1,795	1,795	0
Sphinx Convertible Arbitrage SPC(26)	1,228,000	*	1,228,000	71,086	71,086(33)	0
State of Oregon Equity(10)	1,750,000	1.0%	1,750,000	55,118	55,118	0
Sturgeon Limited(11)	72,000	*	72,000	2,267	2,267	0
Syngenta AG(10)	75,000	*	75,000	2,362	2,362	0
Tempo Master Fund, LP(4)	20,000,000	11.4%	20,000,000	629,920	629,920	0
Vicis Capital Master Fund(24)	8,000,000	4.6%	8,000,000	251,968	251,968	0
Wachovia Securities International Ltd.(4)(5)(25)	13,500,000	7.7%	13,500,000	425,196	425,196	0
Unidentified Selling Security Holders	3,095,000	1.8%	3,095,000	97,480	97,480	0
Total	\$ 175,000,000	100.0%	\$ 175,000,000	8,909,486	5,861,303	3,048,183

* Less than 1%.

- (1) Because a selling security holder may sell all or a portion of the notes and common stock issuable upon conversion of the notes pursuant to this prospectus, an estimate cannot be given as to the number or percentage of notes and common stock that the selling security holder will hold upon termination of any sales. The

information presented assumes that all of the selling security holders will fully convert the notes for cash and shares of our common stock and that the selling security holders will sell all shares of our common stock that they received pursuant to such conversion.

- (2) Includes shares of common stock issuable upon conversion of the notes and open short positions in Oil States common stock.
- (3) Represents the theoretical maximum number of shares of common stock which may be issued upon the conversion of the full amount of notes held by such holder at the initial conversion price of \$31.75, which equals a conversion rate of the initial conversion rate of 31.496 shares per \$1,000 principal amount of the notes. This conversion price is subject to adjustment as described under [Description of Notes](#) [Conversion Price Adjustments](#). Accordingly, the number of shares of our common stock to be sold may increase or decrease from time to time. Fractional shares will not be issued upon conversion of the notes. Cash will be paid instead of fractional shares, if any.
- (4) This selling security holder has identified itself as an affiliate of a registered broker-dealer and has represented to us that such selling security holder acquired its notes or underlying common stock in the ordinary course of business and, at the time of the purchase of the notes or the underlying common stock, such selling security holder had no agreements or understandings, directly or indirectly, with any person to distribute the notes or underlying common stock. To the extent that we become aware that such selling security holder did not acquire its notes or underlying common stock in the ordinary course of business or did have such an agreement or understanding, we will file a post-effective amendment to the registration statement of which this prospectus forms a part to designate such affiliate as an [underwriter](#) within the meaning of the Securities Act of 1933.
- (5) This selling security holder has identified itself as a registered broker-dealer and, accordingly, it is, under the interpretations of the Securities and Exchange Commission, an [underwriter](#) within the meaning of the Securities Act of 1933. Please see [Plan of Distribution](#) for required disclosure regarding these selling security holders.
- (6) RBC Capital Markets was the initial purchaser in the private offering of all \$175,000,000 aggregate principal amount of the notes.

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- (7) Mikhail A. Filimonov and Dimitri Sogoloff are the natural persons who have voting and investment control of the securities being offered.
- (8) Aristeia Capital LLC is the investment manager for the selling security holder, Aristeia Capital LLC is jointly owned by Kevin Toner, Anthony Frascella and Robert H. Lynch and as such these are the natural persons who have voting and investment control of the securities being offered.
- (9) Aristeia Advisors LLC is the investment manager for the selling security holder, Aristeia Advisors LLC is jointly owned by Kevin Toner, Anthony Frascella and Robert H. Lynch and as such these are the natural persons who have voting and investment control of the securities being offered.
- (10) Ann Houlihan is the natural person who has voting and investment control of the securities being offered.
- (11) Christian Menestrier is the natural person who has voting and investment control of the securities being offered.
- (12) Citadel Limited Partnership (Citadel) is the trading manager of the selling security holder. Mr. Kenneth C. Griffin indirectly owns Citadel. As such, Kenneth C. Griffin is the natural person who has voting and investment control of the securities being offered.
- (13) Jeffrey Andrewship is the natural person who has voting and investment control of the securities being offered.
- (14) Jack Feiler is the natural person who has voting and investment control of the securities being offered.
- (15) Deepak Guilrajani is the natural person who has voting and investment control of the securities being offered.
- (16) Edward C. Johnson 3d is the natural person who has investment control of the securities being offered. Mr. Johnson does not have the power to vote the securities being offered. Such power resides in the Board of Trustees of the selling security holder.
- (17) Bradford Whitmore and Michael Brailov are the natural persons who have voting and investment control of the securities being offered.
- (18) Gary Krowdek is the natural person who has voting and investment control of the securities being offered.
- (19) Yibling Cui is the natural person who has voting and investment control of the securities being offered.
- (20) KBC Financial Products USA Inc. is an indirect wholly-owned subsidiary of KBC Bank N.V., which in turn is a direct wholly-owned subsidiary of KBC Bank & Insurance Holding Company N.V., a publicly traded entity.
- (21) Frank Campana and James Doolin are the natural persons who have voting and investment control of the securities offered.
- (22) Mark Rowe, Felix Hardner, Michael Fichet and Denis O Malley are the natural persons who have voting and investment control of the securities being offered.
- (23) Andrew Kapian, Brian Swain and Louis Napoli are the natural persons who have voting and investment control of the securities being offered.
- (24) John Succo, Sky Lucas and Shad Stastney are the natural persons who have voting and investment control of the securities being offered.

- (25) Steve Jones is the natural person who has voting and investment control of the securities being offered.
- (26) Michael A. Boyd is the natural person who has voting and investment control of the securities offered.
- (27) Includes 22,783 open short positions in Oil States common stock.
- (28) Includes 12,177 open short positions in Oil States common stock.
- (29) Includes 32,578 open short positions in Oil States common stock.
- (30) Includes 75,082 open short positions in Oil States common stock.
- (31) Includes 34,947 open short positions in Oil States common stock.

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- (32) Includes 3,062 open short positions in Oil States common stock.
- (33) Includes 32,419 open short positions in Oil States common stock.
- (34) Includes 35,693 open short positions in Oil States common stock.
- (35) Includes 10,848 open short positions in Oil States common stock.

Selling security holders who are registered broker-dealers are underwriters within the meaning of the Securities Act of 1933. In addition, selling security holders who are affiliates of registered broker-dealers are underwriters within the meaning of the Securities Act of 1933 unless such selling security holder (a) acquired its notes or underlying common stock in the ordinary course of business or (b) did not have any agreement or understanding, directly or indirectly, with any person to distribute the notes or underlying common stock. To our knowledge, no selling security holder who is a registered broker-dealer or an affiliate of a registered broker-dealer received any securities as underwriting compensation.

DESCRIPTION OF NOTES

We issued the notes under an indenture, dated as of June 21, 2005, between us and Wells Fargo Bank, National Association, as trustee. The notes and the shares of common stock issuable upon conversion of the notes, if any, are covered by a registration rights agreement. The following summary contains a description of the material provisions of the notes, the registration rights agreement and the indenture. The summary is not complete, and is subject to, and qualified by reference to, the detailed provisions of the form of notes, the registration rights agreement and the indenture, including the definitions of certain terms used in the indenture. You should carefully review these documents because they, and not this description, define your rights as holders of the notes. These documents are filed as exhibits to the registration statement of which this prospectus is a part. For purposes of this section, references to we, us, our and Oil States include only Oil States International, Inc. and not its subsidiaries.

Brief Description of the Notes

The notes are limited to \$175,000,000 aggregate principal amount. The notes were issued only in denominations of \$1,000 or in multiples of \$1,000. The notes will mature on July 1, 2025, unless earlier redeemed at our option as described under **Optional Redemption of the Notes**, repurchased by us at a holder's option on certain dates as described under **Repurchase of Notes at the Option of the Holder**, or repurchased by us at a holder's option upon a fundamental change of Oil States as described under **Repurchase at Option of Holders Upon a Fundamental Change** or converted at a holder's option as described under **Conversion Rights**.

The notes bear interest at the annual rate of 2³/₈% per year, accruing from June 21, 2005. We will pay interest on January 1 and July 1 of each year, commencing on January 1, 2006, subject to certain exceptions if the notes are converted, redeemed or repurchased prior to the interest payment date.

The notes are our general, unsecured obligations, ranking equally in right of payment with all of our existing and future unsubordinated indebtedness and senior in right of payment to any future subordinated indebtedness, but the notes are effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the related security, and structurally subordinated to all existing and future liabilities and other indebtedness of our subsidiaries.

We will maintain an office in The City of New York where the notes may be presented for registration, transfer, exchange, payment or conversion. This office will initially be an office or agency of the trustee. Except under limited circumstances described below, the notes are issuable only in fully registered book-entry form, without coupons, and are represented by one or more global notes. There will be no service charge for any registration of transfer or exchange of notes. We may, however, require holders to pay a sum sufficient to cover any tax or other governmental charge payable in connection with certain transfers or exchanges.

The registered holder of a note will be treated as the owner of it for all purposes, and all references in this Description of Notes to holders mean holders of record, unless otherwise indicated.

Table of Contents**Conversion Rights**

Subject to the restrictions described in this Description of Notes, a holder may convert any outstanding notes into cash and, if applicable, shares of our common stock at an initial Conversion Price per share of \$31.75 in accordance with the conversion mechanism described below, which represents an initial Conversion Rate of approximately 31.496 shares of our common stock per \$1,000 principal amount of the notes. The Conversion Price and resulting Conversion Rate are, however, subject to adjustment as described below under Conversion Price Adjustments and with respect to certain conversions occurring in connection with certain specified corporate transactions constituting a change of control as described below under Conversion Upon Specified Corporate Transactions. A holder may convert notes only in denominations of \$1,000 and integral multiples of \$1,000.

General

Under the circumstances discussed below, holders may surrender notes, in whole or in part, for conversion into cash and, if applicable, shares of our common stock at any time before the close of business on the maturity date, unless their notes have been previously redeemed or repurchased. A holder's right to convert a note called for redemption or delivered for repurchase will terminate at the close of business on the business day immediately preceding the redemption date or repurchase date for that note, unless we default in making the payment due upon redemption or repurchase. In addition, if a holder has exercised its right to require us to repurchase its notes, such holder may convert its notes into shares of our common stock only if it withdraws its notice and converts its notes before the close of business on the business day immediately preceding such repurchase date. Holders may convert their notes only in the following circumstances:

prior to July 1, 2023, during any fiscal quarter commencing after the date of original issuance of the notes, if the common stock price (as defined below) for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the fiscal quarter preceding the quarter in which the conversion occurs is more than 120% of the Conversion Price on that 30th trading day;

on or after July 1, 2023, at all times on or after any date on which the common stock price is more than 120% of the Conversion Price of the notes;

if we have called the particular notes for redemption and the redemption has not yet occurred;

during the five consecutive business-day period following any five consecutive trading-day period in which the average of the trading prices for the notes for such five trading-day period was less than 95% of the average of the common stock price during such five trading-day period multiplied by the then current Conversion Rate; or

upon the occurrence of specified corporate transactions.

Once notes are tendered for conversion, holders tendering the notes will be entitled to receive, per \$1,000 principal amount of notes, cash and shares of our common stock, the aggregate value of which (the Conversion Value) will be equal to the product of:

(1) the Conversion Rate then in effect, as such rate may be adjusted in accordance with the terms of the indenture; and

(2) the average of the daily volume-weighted average price per share of our common stock for each of the ten consecutive trading days (appropriately adjusted to take into account the occurrence during such period of stock splits, stock dividends and similar events) beginning on the second trading day immediately following the day the notes are tendered for conversion (the Ten Day Average Stock Price).

The volume-weighted average price on any trading day means the volume-weighted average price per share on such date for our common stock as reported in composite transactions on the New York Stock Exchange or the principal United States national securities exchange on which our common stock is then traded or, if our common stock is not traded on the New York Stock Exchange or listed on a United States

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national securities exchange, as reported by The Nasdaq System or as otherwise provided in the indenture, in all cases, from 9:30 a.m. to 4:00 p.m., New York City time, on that trading day, as displayed by Bloomberg or such other comparable service that has replaced Bloomberg. If such volume-weighted average price is not available, then our board of directors will in good faith determine the amount to be used as the volume-weighted average price.

A trading day means any regular or abbreviated trading day of the New York Stock Exchange or, if the common stock is not traded on the New York Stock Exchange, the principal United States national securities exchange on which our common stock is traded, or if our common stock is not traded on the New York Stock Exchange or listed on a United States national securities exchange, as reported by The Nasdaq System.

You may surrender notes for conversion on or prior to the stated maturity only under the following circumstances:

Conversion Upon Satisfaction of Common Stock Price Condition

Prior to July 1, 2023, a holder may surrender any of its notes for conversion during any fiscal quarter commencing after the date of original issuance of the notes, if the common stock price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the fiscal quarter preceding the quarter in which the conversion occurs is more than 120% of the Conversion Price on that 30th trading day.

On or after July 1, 2023, a holder may surrender any of its notes for conversion at all times on or after any date on which the common stock price is more than 120% of the Conversion Price of the notes.

The common stock price on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date for our common stock as reported in composite transactions on the New York Stock Exchange or the principal United States national securities exchange on which our common stock is traded or, if our common stock is not traded on the New York Stock Exchange or listed on a United States national securities exchange, as reported by The Nasdaq System or as otherwise provided in the indenture.

Conversion Upon Satisfaction of Trading Price Condition

A holder may surrender any of its notes for conversion prior to maturity during the five business-day period following any five consecutive trading-day period in which the average of the trading prices per \$1,000 principal amount of notes, as determined following a request by a holder of notes in accordance with the procedures described below, for such five-day trading period was less than 95% of the product of the sale price of the common stock for such five-day trading period and the then-current Conversion Rate.

The trading price of the notes on any date of determination means the average of the secondary market bid quotations per note obtained by the trustee for \$5,000,000 principal amount of the notes at approximately 3:30 p.m., New York City time, on such determination date from two independent nationally recognized securities dealers we select, which may include the initial purchaser of the notes; *provided* that if at least two such bids cannot reasonably be obtained by the trustee, but one such bid can reasonably be obtained by the trustee, this one bid will be used. If the trustee cannot reasonably obtain at least one bid for \$5,000,000 principal amount of the notes from a nationally recognized securities dealer or, in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the notes, then the trading price of the notes will be deemed to be less than 95% of the applicable Conversion Rate of the notes multiplied by the common stock price on such determination date.

The trustee will determine the trading price of the notes upon our request. We will have no obligation to make that request unless a holder of notes requests that we do so. If a holder provides such request, we will instruct the trustee to determine the trading price of the notes for the applicable period.

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Conversion Upon Notice of Redemption

A holder may surrender for conversion any note called for redemption at any time prior to the close of business on the day that is two business days prior to the redemption date, even if the notes are not otherwise convertible at such time.

Conversion Upon Specified Corporate Transactions

If we elect to:

distribute to all or substantially all holders of our common stock rights, warrants or options entitling them to subscribe for or purchase, for a period expiring not more than 60 days after the date of distribution, shares of our common stock at less than the average common stock price for the ten trading days immediately preceding the date that such distribution was first publicly announced; or

distribute to all or substantially all holders of our common stock cash, other assets, debt securities or certain rights or warrants to purchase our securities, which distribution has a per share value exceeding 10% of the common stock price on the trading day immediately preceding the date that such distribution was first publicly announced,

we must notify the holders of notes at least 20 days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their notes for conversion until the earlier of the close of business on the business day prior to the ex-dividend date or our announcement that such distribution will not take place. This provision shall not apply if the holder of a note otherwise participates in the distribution on an as-converted basis (solely into shares of our common stock at the then applicable Conversion Price) without conversion of such holder's notes.

In addition, if we are a party to a fundamental change or a consolidation, merger, share exchange, sale of all or substantially all of our properties and assets or other similar transaction, in each case pursuant to which the shares of our common stock would be converted into cash, securities or other property, a holder may surrender its notes for conversion at any time from and after the effective date of such transaction until and including the date that is 30 days after the effective date of such transaction.

Adjustment to Conversion Price Upon Certain Fundamental Changes

If you elect to convert your notes in connection with a corporate transaction that occurs on or prior to July 1, 2012 that constitutes a fundamental change as defined under Repurchase at Option of Holders Upon a Fundamental Change (other than a fundamental change relating to the composition of our board of directors), and 10% or more of the fair market value of the consideration for the common stock in the corporate transaction consists of (i) cash (not including cash payments for fractional shares and cash payments pursuant to dissenters' appraisal rights), (ii) other property or (iii) securities that are not traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or the Nasdaq National Market, which we refer to as a non-stock fundamental change, we will decrease the Conversion Price for the notes surrendered for conversion, which will increase the Conversion Rate by a number of shares (the additional shares) as described below, unless we make the election described in Conversion After a Public Acquirer Fundamental Change below.

The increase in the Conversion Rate will be expressed as a number of additional shares per \$1,000 principal amount of notes and will be determined by reference to the table below, based on the date on which the corporate transaction becomes effective (the effective date) and the share price (the share price) paid per share of common stock in the corporate transaction. If holders of shares of our common stock receive only cash in the corporate transaction, the share price shall be the cash amount paid per share. Otherwise, the share price shall be the average of the common stock price on the five trading days prior to but not including the effective date of the non-stock fundamental change.

The share prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the Conversion Price of the notes is adjusted, as described below under Conversion

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Price Adjustments. The adjusted share prices will equal the share prices applicable immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the Conversion Price immediately prior to the adjustment giving rise to the share price adjustment and the denominator of which is the Conversion Price as so adjusted. The number of additional shares will be adjusted in the same manner as the Conversion Price as set forth under **Conversion Price Adjustments** below.

The following table sets forth the increase in the Conversion Rate, expressed as a number of additional shares to be received per \$1,000 principal amount of notes.

Share Price

Effective Date	\$25.40	\$27.10	\$28.90	\$30.60	\$32.40	\$34.10	\$35.90	\$71.70	\$175.00
June 21, 2005	0.00	7.45	6.61	5.82	5.22	4.64	4.21	0.84	0.00
July 1, 2006	0.00	7.41	6.52	5.70	5.08	4.48	4.05	0.75	0.00
July 1, 2007	0.00	7.32	6.39	5.53	4.89	4.27	3.81	0.65	0.00
July 1, 2008	0.00	7.14	6.19	5.25	4.62	3.98	3.51	0.53	0.00
July 1, 2009	0.00	6.96	5.94	4.95	4.28	3.62	3.14	0.41	0.00
July 1, 2010	0.00	6.64	5.42	4.45	3.68	3.05	2.57	0.27	0.00
July 1, 2011	0.00	6.13	4.71	3.61	2.77	2.10	1.65	0.12	0.00
July 1, 2012	0.00	5.61	3.42	1.43	0.00	0.00	0.00	0.00	0.00

The share prices and additional share amounts set forth above are based upon a common share price of \$25.35 on June 15, 2005 and an initial Conversion Price of \$31.75.

The maximum amount of additional shares payable is 7.45 per \$1,000 principal amount of notes. Notwithstanding the foregoing, in no event will the Conversion Rate exceed 39.447 per \$1,000 principal amount of notes, subject to adjustments in the same manner as the Conversion Price as set forth under **Conversion Price Adjustments** below.

The exact share prices and effective dates may not be set forth in the table above, in which case if the share price is:

between two share price amounts in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower share price amounts and the two dates, as applicable, based on a 365-day year;

in excess of \$175.00 per share (subject to adjustment), no increase in the Conversion Rate will be made; and

less than \$25.40 per share (subject to adjustment), no increase in the Conversion Rate will be made.

Our obligations to deliver the additional shares could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

Conversion After a Public Acquirer Fundamental Change

Notwithstanding the preceding, and in lieu of adjusting the Conversion Rate as set forth above, in the case of a non-stock fundamental change constituting a public acquirer fundamental change (as defined below) we may elect that, from and after the effective date of such public acquirer fundamental change, the right to convert a note will be changed into a right to convert a note into a number of shares of acquirer common stock (as defined below) at the Conversion Rate specified below. At any time prior to the twentieth day immediately preceding the proposed effective date of the public acquirer fundamental change, we may irrevocably elect to deliver cash and shares of acquirer common stock, if any, in the same manner described below under **Payment Upon Conversion**. The Conversion Rate on and following the effective date of such transaction will be a number of shares of acquirer common stock equal to the product of:

the Conversion Rate in effect immediately prior to the effective date of such fundamental change, times

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the average of the quotients obtained, for each trading day in the 10 consecutive trading day period commencing on the trading day next succeeding the effective date of such public acquirer fundamental change (the valuation period), of:

(i) the acquisition value of our common stock on each such trading day in the valuation period, divided by

(ii) the closing sale price of the acquirer common stock on each such trading day in the valuation period.

The acquisition value of our common stock means, for each trading day in the valuation period, the value of the consideration paid per share of our common stock in connection with such public acquirer fundamental change, as follows:

for any cash, 100% of the face amount of such cash;

for any acquirer common stock, 100% of the closing sale price of such acquirer common stock on each such trading day; and

for any other securities, assets or property, 102% of the fair market value of such security, asset or property on each such trading day, as determined by two independent nationally recognized investment banks selected by the trustee for this purpose.

After the adjustment of the Conversion Rate in connection with a public acquirer fundamental change, the Conversion Rate will be subject to further similar adjustments in the event that any of the events described above occur thereafter.

A public acquirer fundamental change is any transaction described in the second or third bullet point of the definition of fundamental change below where the acquirer, or any entity that it is a direct or indirect beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the aggregate ordinary voting power of all shares of such acquirer's capital stock that are entitled to vote generally in the election of directors, but in each case other than us, has a class of common stock traded on a United States national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with such fundamental change. We refer to such acquirer's or other entity's class of common stock traded on a United States national securities exchange or quoted on the Nasdaq National Market or which will be so traded or quoted when issued or exchanged in connection with such fundamental change as the acquirer common stock.

Payment Upon Conversion

We will deliver the Conversion Value of the notes surrendered for conversion to converting holders as follows:

(1) an amount in cash (the Principal Return) equal to the lesser of (a) the aggregate Conversion Value of the notes to be converted and (b) the aggregate principal amount of the notes to be converted;

(2) if the aggregate Conversion Value of the notes to be converted is greater than the Principal Return, an amount in whole shares (the Net Shares), determined as set forth below, equal to such aggregate Conversion Value less the Principal Return (the Net Share Amount); and

(3) an amount in cash in lieu of any fractional shares of common stock.

The number of Net Shares to be paid will be determined by dividing the Net Share Amount by the Ten Day Average Stock Price, and rounding the quotient down to the nearest whole share. The cash payment for fractional shares also will be based on the Ten Day Average Stock Price.

The Conversion Value, Principal Return, Net Share Amount, the number of Net Shares and the cash payment for fractional shares will be determined by us on the first business day (the Determination Date) following the ten consecutive trading day period beginning on the second trading day immediately following the day the notes are tendered for conversion.

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We will pay the Principal Return and cash in lieu of fractional shares and deliver the Net Shares, if any, as promptly as practicable after the Determination Date, but in no event later than three business days thereafter. We may not have the financial resource, and we may not be able to arrange for financing, to pay the principal return for all notes tendered for conversion. See Risk Factors Risks Related to the Notes We may be unable to repurchase your notes as required under the indenture upon a fundamental change or on the specified dates at the option of the holder or pay you cash upon conversion of your notes.

Delivery of the Principal Return, Net Shares and cash in lieu of fractional shares will be deemed to satisfy our obligation to pay the principal amount of the notes and accrued interest (including additional interest, if any) payable on the notes, except as described below. Accrued interest (including additional interest, if any) will be deemed paid in full rather than canceled, extinguished or forfeited. We will not adjust the Conversion Price to account for accrued and unpaid interest (including additional interest, if any).

Except as described in this paragraph, no holder of notes will be entitled, upon conversion of the notes, to any actual payment or adjustment on account of accrued and unpaid interest (including additional interest, if any) on a converted note, or on account of dividends or distributions on shares of our common stock issued in connection with the conversion. If notes are converted after a regular record date and prior to the opening of business on the next interest payment date, including the date of maturity, holders of such notes at the close of business on the regular record date will receive the interest (including additional interest, if any) payable on such notes on the corresponding interest payment date notwithstanding the conversion. In such event, when the holder surrenders the note for conversion, the holder must deliver payment to us of an amount equal to the interest payable on the interest payment date (including additional interest, if any) on the principal amount to be converted. The foregoing sentence shall not apply to notes called for redemption on a redemption date within the period between the close of business on the record date and the opening of business on the interest payment date, or to notes surrendered for conversion on the interest payment date.

Conversion Procedures

If you wish to exercise your conversion right, you must deliver an irrevocable conversion notice in accordance with the provisions of the indenture, together, if the notes are in certificated form, with the certificated security, to the trustee who will, on your behalf, convert the notes into cash and shares of our common stock. You may obtain copies of the required form of the conversion notice from the trustee. If a holder of a note has delivered notice of its election to have such note repurchased at the option of such holder on July 1, 2012, 2015 and 2020 or as a result of a fundamental change, such note may be converted only if the notice of election is withdrawn as described under

Repurchase of the Notes at the Option of the Holder or Repurchase at Option of Holders Upon a Fundamental Change.

Conversion Price Adjustments

We will adjust the Conversion Price if (without duplication):

(1) we issue shares of our common stock to all or substantially all holders of shares of our common stock as a dividend or distribution on our common stock;

(2) we subdivide or combine our outstanding common stock;

(3) we issue to all or substantially all holders of our common stock rights, warrants or options entitling them to subscribe for or purchase, for a period expiring not more than 60 days after the date of distribution, shares of our common stock at less than the average common stock price for the ten trading days immediately preceding the date that such distribution was first publicly announced; *provided* that no adjustment will be made if holders of the notes are entitled to participate in the distribution on substantially the same terms as holders of our common stock as if such noteholders had converted their notes solely into common stock immediately prior to such distribution at the then applicable Conversion Price;

(4) we distribute to all or substantially all holders of our common stock evidences of our indebtedness, shares of our capital stock (other than shares of our common stock), other securities or

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other assets, or rights, warrants or options, excluding: (a) those rights, warrants or options referred to in clause (3) above; (b) any dividend or distribution paid in cash referred to in clause (5) below; and (c) those dividends and distributions referred to in clause (1) above; *provided* that no adjustment will be made if holders of the notes are entitled to participate in the distribution on substantially the same terms as holders of our common stock as if such noteholders had converted their notes solely into common stock immediately prior to such distribution at the then applicable Conversion Price;

(5) we declare a cash dividend or cash distribution to all or substantially all of the holders of our common stock. If we declare such a cash dividend or cash distribution, the Conversion Price shall be decreased to equal the price determined by multiplying the Conversion Price in effect immediately prior to the record date for such dividend or distribution by the following fraction:

$$\frac{\text{(Pre-Dividend Sale Price - Dividend Adjustment Amount)}}{\text{(Pre-Dividend Sale Price)}}$$

provided that if the numerator of the foregoing fraction is less than \$1.00 (including a negative amount), then in lieu of any adjustment under this clause (5), we shall make adequate provision so that each holder of notes shall have the right to receive upon conversion, in addition to the cash and shares of common stock issuable upon such conversion, the amount of cash such holder would have received had such holder converted its notes solely into shares of our common stock at the then applicable Conversion Price immediately prior to the record date for such cash dividend or cash distribution;

(6) we or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer for our common stock where the cash and value of any other consideration included in the payment per share exceeds the common stock price on the last day on which tenders or exchanges may be made pursuant to the tender or exchange offer; or

(7) someone other than Oil States or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer and, as of the closing of the offer, our board of directors is not recommending rejection of the offer. The adjustment referred to in this clause (7) will only be made if: (a) the tender offer or exchange offer is for an amount that increases the offeror's ownership of our common stock to more than 25% of the total shares of our outstanding common stock, and (b) the cash and value of any other consideration included in the payment per share of common stock has a fair market value that exceeds the common stock price on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to the tender or exchange offer. However, the adjustment referred to in this clause will not be made if, as of the closing of the offer, the offering documents with respect to such offer disclose a plan or an intention to cause us to engage in a consolidation or merger or a sale of all or substantially all of our properties and assets.

Pre-Dividend Sale Price means the average common stock price for the three consecutive trading days ending on the trading day immediately preceding the record date for such dividend or distribution.

Dividend Adjustment Amount means the full amount of the dividend or distribution to the extent payable in cash applicable to one share of our common stock.

If we distribute capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, then the Conversion Price will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average closing share price of those securities (where such closing sale prices are available) for the 10 trading days commencing on and including the fifth trading day after the ex-dividend date for such distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are listed or quoted.

If we reclassify our common stock or we are a party to a consolidation, merger, share exchange, sale of all or substantially all of our properties and assets or other similar transaction, in each case pursuant to which the shares of our common stock are converted into cash, securities, or other property, then at the effective time of the transaction, a holder's right to convert its notes into cash and shares of our common stock will be changed into a right to convert such notes into the kind and amount of cash, securities and other property that such

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holder would have received if such holder had converted such notes solely into shares of our common stock at the then applicable Conversion Price immediately prior to the effective date of such transaction, subject to the conditions described above under Conversion After a Public Acquirer Fundamental Change. Upon conversion of a note a holder will receive cash in an amount equal to the lesser of \$1,000 and the Conversion Value and, if the Conversion Value is greater than \$1,000, payment of the excess value in the form of such shares, other securities, other property or assets as described above.

To the extent that any rights plan adopted by us is in effect upon conversion of the notes into cash or shares of common stock, you will receive, in addition to such cash or shares of our common stock, the rights under the rights plan, unless the rights have separated from our common stock at the time of conversion and, as a result, upon conversion of the notes into shares of our common stock, you would not be entitled to receive the rights, then in such case the Conversion Price will be adjusted as if we distributed shares of our common stock, evidences of indebtedness or assets to all holders of our common stock as described above.

The Conversion Price will not be adjusted for the issuance of our common stock (or securities convertible into or exchangeable for our common stock), except as described above. For example, the Conversion Price will not be adjusted upon the issuance of shares of our common stock:

under any present or future employee benefit plan or program of ours; or

pursuant to the exercise of any option, warrant or right to purchase our common stock, the exchange of any exchangeable security for our common stock or the conversion of any convertible security into our common stock, in each case so long as such option, warrant, right to purchase, exchangeable security or convertible security is outstanding as of the date the notes are first issued.

We will not issue fractional shares of common stock to a holder who converts a note. In lieu of issuing fractional shares, we will pay cash based on the Ten Day Average Stock Price.

If we make a distribution of property to our shareholders that would be taxable to them as a dividend for U.S. federal income tax purposes and the Conversion Price is decreased, this decrease will generally be deemed to be the receipt of taxable income by U.S. holders (as defined in Material U.S. Federal Income Tax Considerations) of the notes and would generally result in withholding taxes for non-U.S. holders (as defined in Material U.S. Federal Income Tax Considerations). See Material U.S. Federal Income Tax Considerations U.S. Holders Constructive Distributions.

We may from time to time reduce the Conversion Price if our board of directors determines that this reduction would be in the best interests of Oil States. Any such determination by our board of directors will be conclusive. Any such reduction in the Conversion Price must remain in effect for at least 20 trading days or such longer period as may be required by law. In addition, we may from time to time reduce the Conversion Price if our board of directors deems it advisable to avoid or diminish any income tax to holders of our common stock resulting from any stock or rights distribution on our common stock.

We will not be required to make an adjustment in the Conversion Price unless the adjustment would require a change of at least 1% in the Conversion Price. However, any adjustments that are less than 1% of the Conversion Price will be taken into account in any subsequent adjustment.

Ranking

The notes:

are our senior unsecured obligations;

rank equally in right of payment with all of our existing and future unsubordinated, unsecured indebtedness; and

will rank senior to any of our future indebtedness that expressly provides that it is subordinated to the notes.

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The notes are also effectively subordinated in right of payment to our existing and future secured indebtedness to the extent of such security.

The indenture generally does not restrict our ability to incur debt or our ability or the ability of our subsidiaries to incur any other indebtedness.

The notes are our exclusive obligation. Our cash flow and our ability to service our indebtedness, including the notes, is dependent upon the earnings of our subsidiaries. In addition, we are dependent on the distribution of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities. Except in the circumstances described below under Contingent Subsidiary Guarantees of the Notes, our subsidiaries will not guarantee the notes or have any obligation to pay any amounts due on the notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations. Our right to receive any assets of any subsidiary upon its liquidation or reorganization, and, therefore, our right to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. As of March 31, 2005, our subsidiaries had approximately \$196.4 million of liabilities and other indebtedness in the aggregate (excluding intercompany liabilities, guarantees of our credit facility and deferred taxes). Deferred taxes totaled approximately \$32.3 million as of March 31, 2005.

Contingent Subsidiary Guarantees of the Notes

We will not permit any of our subsidiaries that is not already a guarantor of the notes to Incur any Debt Securities, unless, prior to or concurrently therewith, such subsidiary executes and delivers a supplement to the indenture providing for a full and unconditional guarantee of the notes by that subsidiary on a basis such that the subsidiary's guarantee of the notes shall stand in substantially the same relative ranking in right of payment to its obligations with respect to such Debt Securities; provided, however, that this restriction shall not apply to any of our subsidiaries that is less than 90%-owned by us, directly or indirectly, with respect to Debt Securities that it Incurs as the issuer thereof or the primary obligor thereon. If no default has occurred and is continuing under the indenture, the covenant described above will terminate at such time as our general, senior, unsecured indebtedness (with respect to which no entity other than Oil States is directly or contingently liable for payment) is first rated Investment Grade or, if later, on January 1, 2013.

For purposes of this covenant, the term Investment Grade means a rating of Baa3 or above by Moody's Investors Services, Inc. and BBB- or above by Standard & Poor's Ratings Services; the term Debt Securities means all liabilities and obligations, contingent or otherwise, evidenced by bonds, notes, debentures or similar instruments (other than any such obligations under a Credit Facility) which are registered under the Securities Act or distributed without registration under the Securities Act in reliance on Rule 144A or Regulation S (or any successor thereto or similar exemption); the term Incur means to issue, assume, incur, guarantee, become liable with respect to, or otherwise become responsible for, contingently or otherwise; and the term Credit Facilities means one or more debt facilities or commercial paper facilities (including our current bank credit facility), in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing or letters of credit or letter of credit guarantees.

The obligations of the subsidiary guarantors under their guarantees of the notes will be joint and several, and full and unconditional; however, they will be limited to the maximum amount that will not result in the

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obligations of any subsidiary guarantor under its guarantee constituting a fraudulent conveyance or fraudulent transfer under federal or state law, after giving effect to:

all other contingent and fixed liabilities of the subsidiary guarantor; and

any collections from or payments made by or on behalf of any other subsidiary guarantors in respect of the obligations of the subsidiary guarantor under its guarantee.

The guarantee of any subsidiary guarantor will be released under certain circumstances. If no default has occurred and is continuing under the indenture, a subsidiary guarantor will be unconditionally released and discharged from its guarantee:

upon any sale, exchange or transfer to any person that is not our affiliate of all of our direct or indirect equity interests in the subsidiary guarantor;

upon the merger of the subsidiary guarantor into us or any other subsidiary guarantor or the liquidation and dissolution of the subsidiary guarantor;

upon the release, repayment or other retirement of all Debt Securities Incurred by the subsidiary guarantor, except its guarantee of the notes and, in the case of any subsidiary that is less than 90%-owned by us, directly or indirectly, except for any Debt Securities that it has Incurred as the issuer thereof or the primary obligor thereon; or

at such earlier time as the covenant may terminate as described in the first paragraph of this section.

Optional Redemption of the Notes

Beginning on July 6, 2012, we may redeem the notes, in whole at any time, or in part from time to time, for cash at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest and additional interest, if any, to, but excluding, the redemption date. We will give not less than 30 days nor more than 60 days notice of redemption by mail to holders of the notes.

If we choose to redeem less than all of the notes at any time, the trustee will select or cause to be selected the notes to be redeemed by any method that it deems fair and appropriate. In the event of a partial redemption, the trustee may select for redemption portions of the principal amount of any note in principal amounts of \$1,000 and integral multiples thereof.

For a discussion of the tax treatment to a holder of the notes upon optional redemption by us, see *Material U.S. Federal Income Tax Considerations U.S. Holders Sale, Exchange, Redemption or Other Disposition of Notes* and *Non-U.S. Holders Sale, Exchange, Redemption, Conversion or Other Disposition of Notes*.

Repurchase of Notes at the Option of the Holder

A holder has the right to require us to repurchase all or a portion of its notes on July 1, 2012, 2015 and 2020. We will repurchase the notes as to which these repurchase rights are exercised for cash in an amount equal to 100% of the principal amount of the notes, plus accrued and unpaid interest and additional interest, if any, to, but excluding the repurchase date.

We will be required to give notice on a date not less than 30 business days prior to each date of repurchase to the trustee and all holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things, the procedures that holders must follow to require us to repurchase their notes.

For a discussion of the tax treatment of a holder exercising the right to require us to repurchase notes, see *Material U.S. Federal Income Tax Considerations U.S. Holders Sale, Exchange, Redemption or Other Disposition of Notes* and *Non-U.S. Holders Sale, Exchange, Redemption, Conversion or Other Disposition of Notes*.

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The repurchase notice given by a holder electing to require us to repurchase its notes may be withdrawn by the holder by a written notice of withdrawal delivered to the paying agent prior to the close of business on the date of repurchase.

Payment of the repurchase price for the notes will be made promptly following the later of the date of repurchase and the time of delivery of the notes.

If the paying agent holds money sufficient to pay the repurchase price of the note on the business day following the date of repurchase in accordance with the terms of the indenture, then, immediately after the date of repurchase, the note will cease to be outstanding, whether or not the note is delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the repurchase price upon delivery of the note.

Our ability to repurchase notes may be limited by the terms of our then existing indebtedness or financing agreements. If we are obligated to repurchase the notes, we cannot assure you that we will be able to obtain all required consents under our then existing indebtedness or have available funds sufficient to repay indebtedness, if any, that restricts the repurchase of the notes and to pay the repurchase price for all the notes we may be required to repurchase. Our ability to pay cash to holders electing to require us to repurchase the notes also may be limited by our then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases. We would need to seek third-party financing to the extent we do not have available funds to meet our repurchase obligations. However, there can be no assurance that we would be able to obtain any such financing on acceptable terms or at all. See Risk Factors Risks Related to the Notes.

No notes may be repurchased at the option of holders if there has occurred and is continuing an event of default with respect to the notes, other than a default in the payment of the repurchase price with respect to such notes.

Repurchase at Option of Holders Upon a Fundamental Change

If a fundamental change as defined below occurs, you will have the right, at your option, to require us to repurchase all of your notes not previously converted or called for redemption, or any portion of the principal amount thereof, that is equal to \$1,000 or an integral multiple of \$1,000. The price we are required to pay is 100% of the principal amount of the notes, plus accrued and unpaid interest and additional interest, if any, to, but excluding, the repurchase date. If the repurchase date falls after a regular record date and before the corresponding interest payment date, interest (including additional interest, if any) will be paid to the record holder of the notes.

Within 30 calendar days after the occurrence of a fundamental change, we are obligated to give to you notice of the fundamental change and of the repurchase right arising as a result of the fundamental change. We must also deliver a copy of this notice to the trustee. To exercise the repurchase right, you must deliver on or before the close of business on the business day prior to the repurchase date written notice to the trustee of your exercise of your repurchase right, together with the notes with respect to which the right is being exercised. We are required to repurchase the notes on the date that is 30 business days after the date of our notice.

A fundamental change will be deemed to have occurred, at any time after the notes are originally issued if any of the following occurs:

during any period of two consecutive years, individuals who at the beginning of such period constituted the board of directors of Oil States (together with any new directors whose election to the board of directors, or whose nomination for election by the stockholders of Oil States, was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors then in office; or

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any person acquires beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of transactions, of shares of our capital stock entitling the person to exercise 50% or more of the total voting power of all shares of our capital stock entitled to vote generally in elections of directors, other than an acquisition by us, any of our subsidiaries or any of our employee benefit plans; or

we merge or consolidate with or into any other person, any merger of another person into us or we convey, sell, transfer, lease or otherwise dispose of all or substantially all of our properties and assets to another person, other than:

(i) any transaction involving a merger or consolidation that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of our capital stock (other than solely for shares of publicly traded common stock listed on the New York Stock Exchange or on an established national securities exchange or automated over-the-counter trading market in the United States, but disregarding any cash payments for fractional shares or pursuant to dissenters' appraisal rights) and pursuant to which the holders of 50% or more of the total voting power of all shares of our capital stock entitled to vote generally in elections of directors immediately prior to such transaction have the entitlement to exercise, directly or indirectly, 50% or more of the total voting power of all shares of capital stock entitled to vote generally in the election of directors of the continuing or surviving corporation immediately after the transaction; or

(ii) any transaction effected solely to change our jurisdiction of incorporation and results in a reclassification, conversion or exchange of outstanding shares of our common stock into solely shares of common stock;

the common stock into which the notes are convertible ceases to be listed on the New York Stock Exchange and is not listed on an established national securities exchange or automated over-the-counter trading market in the United States; or

our stockholders pass a resolution approving a plan of liquidation, dissolution or winding up.

For purposes of these provisions:

whether a person is a beneficial owner will be determined in accordance with Rule 13d-3 under the Exchange Act; and

person includes any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

The rules and regulations promulgated under the Exchange Act require the dissemination of prescribed information to security holders in the event of an issuer tender offer and may apply in the event that the repurchase option becomes available to you. We will comply with this rule to the extent it applies at that time.

The definition of fundamental change includes the conveyance, transfer, sale, lease or other disposition of all or substantially all of our properties and assets. There is no precise, established legal definition of the phrase substantially all. The phrase will likely be interpreted under applicable state law and will depend on particular facts and circumstances. As a result of the uncertainty as to the definition of the phrase substantially all, we cannot assure you how a court would interpret this phrase if you elect to exercise your rights following the occurrence of a transaction that you believe constitutes a transfer of substantially all of our properties and assets. Accordingly, your ability to require us to repurchase your notes as a result of the conveyance, transfer, sale, lease or other disposition of less than all of our properties and assets may be uncertain.

The foregoing provisions would not necessarily provide you with protection if we are involved in a highly leveraged or other transaction that may adversely affect you.

This fundamental change repurchase feature may make more difficult or discourage a takeover of us and the removal of incumbent management. We are not, however, aware of any specific effort to accumulate shares of our common stock or to obtain control of us by means of a merger, tender offer, solicitation or

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otherwise. In addition, the fundamental change repurchase feature is not part of a plan by management to adopt a series of anti-takeover provisions. Instead, the fundamental change repurchase feature is a result of negotiations between us and the initial purchaser.

If holders elect to have us repurchase notes upon a fundamental change, we may not have the financial resources, or be able to arrange financing, to pay the repurchase price in cash for all the notes that might be delivered by holders of notes seeking to exercise the repurchase right. If we were to fail to repurchase the notes when required following a fundamental change, an event of default under the indenture would occur.

Mergers and Sales of Assets by Oil States

We may not consolidate with or merge into any other entity or convey, transfer, sell or lease our properties and assets substantially as an entirety to any entity, and we may not permit any entity to consolidate with or merge into us unless:

the entity formed by such consolidation or into or with which we are merged or the entity to which our properties and assets are so conveyed, transferred, sold or leased shall be a corporation organized and existing under the laws of the United States, any state within the United States or the District of Columbia and, if we are not the surviving entity, the surviving entity assumes the payment of the principal of, and interest (including additional interest, if any) on, the notes and the performance of our other covenants under the indenture; and

immediately after giving effect to the transaction, no event of default, and no event that, after notice or lapse of time or both, would become an event of default, will have occurred and be continuing; and

other conditions specified in the indenture are met.

When such an entity assumes our obligations in such circumstances, subject to certain exceptions, we shall be discharged from all obligations under the notes and the indenture.

Events of Default

The following will be events of default under the indenture:

we fail to pay the principal of any note, when it becomes due and payable, at the stated maturity, upon acceleration, upon redemption or otherwise (including the failure to make cash payments due upon conversion, or make a payment to repurchase notes tendered pursuant to a fundamental change offer or the failure to repurchase notes at your option on July 1, 2012, 2015 or 2020);

we fail to pay any interest, including any additional interest, if any, on any note when due, which failure continues for 30 days;

we fail to provide timely notice of a fundamental change;

we fail to perform any other covenant in the indenture, which failure continues for 60 days following notice as provided in the indenture;

any indebtedness under any bonds, debentures, notes or other evidences of indebtedness for money borrowed, or any guarantee thereof, by us or any of our significant subsidiaries, in an aggregate principal amount in excess of \$10 million is not paid when due either at its stated maturity or upon acceleration thereof, and such indebtedness is not discharged, or such acceleration is not rescinded or annulled, within a period of 30 days after notice as provided in the indenture;

if any of our subsidiaries guarantees the notes, its guarantee ceases to be in full force and effect (except as permitted by the indenture); and

certain events of bankruptcy, insolvency or reorganization involving us or any of our significant subsidiaries.

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The term **significant subsidiary** means a subsidiary that would constitute a **significant subsidiary** as such term is defined under Rule 1-02 of Regulation S-X under the Securities Act and the Exchange Act.

Subject to the provisions of the indenture relating to the duties of the trustee in case an event of default shall occur and be continuing, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any holder, unless the holder shall have offered reasonable indemnity to the trustee. Subject to providing indemnification of the trustee, the holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

If an event of default, other than an event of default arising from events of insolvency, bankruptcy or reorganization, occurs and is continuing, either the trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes may accelerate the maturity of all notes. After such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of outstanding notes may, however, under certain circumstances, rescind and annul the acceleration if all events of default, other than the non-payment of principal of the notes that have become due solely by such declaration of acceleration, have been cured or waived as provided in the indenture. If an event of default arising from events of insolvency, bankruptcy or reorganization occurs, then the principal of, and accrued interest (including additional interest, if any) on, all the notes will automatically become immediately due and payable without any declaration or other act on the part of the holders of the notes or the trustee. For information as to waiver of defaults, see **Meetings, Modification and Waiver** below.

You will not have any right to institute any proceeding with respect to the indenture, or for any remedy under the indenture, unless:

you give the trustee written notice of a continuing event of default;

the holders of at least 25% in aggregate principal amount of the outstanding notes have made written request and offered reasonable indemnity to the trustee to institute proceedings;

the trustee has not received from the holders of a majority in aggregate principal amount of the outstanding notes a direction inconsistent with the written request; and

the trustee shall have failed to institute such proceeding within 60 days of the written request.

These limitations do not, however, apply to a suit instituted by you for the enforcement of payment of the principal of or interest, including additional interest, on your notes on or after the respective due dates expressed in your notes or your right to convert your notes in accordance with the indenture.

We will be required to furnish to the trustee annually a statement as to the performance of certain of our obligations under the indenture and as to any default in such performance.

Meetings, Modification and Waiver

The indenture contains provisions for convening meetings of the holders of notes to consider matters affecting their interests.

Certain limited modifications and amendments of the indenture may be made without the necessity of obtaining the consent of the holders of the notes. Other modifications and amendments of the indenture may be made, compliance by us with certain restrictive provisions of the indenture may be waived and any past defaults by us under the indenture (except a default in the payment of principal or interest, including additional interest, if any) may be waived, either:

with the written consent of the holders of not less than a majority in aggregate principal amount of the notes at the time outstanding; or

by the adoption of a resolution, at a meeting of holders of the notes at which a quorum is present, by the holders of at least 66²/₃% in aggregate principal amount of the notes represented at such meeting.

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The quorum at any meeting called to adopt a resolution will consist of persons holding or representing a majority in aggregate principal amount of the notes at the time outstanding and, at any reconvened meeting adjourned for lack of a quorum, 25% of such aggregate principal amount.

A modification or amendment, however, requires the consent of the holder of each outstanding note affected by such modification or amendment if it would:

- change the stated maturity of the principal of, or interest on, a note;
- reduce the principal amount of, or interest on, if applicable, any note;
- reduce the amount payable upon a redemption or repurchase at the option of a holder upon specified dates or upon a fundamental change;
- reduce the amount of principal payable upon acceleration of the maturity of the note;
- modify the provisions with respect to the repurchase rights of holders of notes in a manner adverse to the holders;
- modify our right to redeem the notes in a manner adverse to the holders;
- modify the provisions of the indenture relating to our requirement to repurchase notes (i) upon a fundamental change after the occurrence thereof or (ii) on July 1, 2012, 2015 and 2020;
- change the place or currency of payment on a note;
- impair the right to institute suit for the enforcement of any payment on any note;
- modify our obligation to maintain an office or agency in The City of New York;
- adversely affect the right to convert the notes other than a modification or amendment required by the terms of the indenture;
- modify our obligation to deliver information required under Rule 144A of the Securities Act to permit resales of the notes and common stock issued upon conversion of the notes if we cease to be subject to the reporting requirements under the Exchange Act;
- release any subsidiary guarantee other than as permitted by the indenture;
- reduce the above-stated percentage of the principal amount of the holders whose consent is needed to modify or amend the indenture;
- reduce the percentage of the principal amount of the holders whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults; or
- reduce the percentage required for the adoption of a resolution or the quorum required at any meeting of holders of notes at which a resolution is adopted.

Payment

We will make all payments of principal and interest on the notes by dollar check drawn on an account maintained at a bank in The City of New York. If you hold registered notes with a face value greater than \$2,000,000, at your request we will make payments of principal or interest to you by wire transfer to an account maintained by you at a

bank in The City of New York. Payment of any interest on the notes will be made to the entity in whose name the note, or any predecessor note, is registered at the close of business on June 15 or December 15, whether or not a business day, immediately preceding the relevant interest payment date (a regular record date). If you hold registered notes with a face value in excess of \$2,000,000 and you would like to receive payments by wire transfer, you will be required to provide the trustee with wire transfer instructions at least 15 days prior to the relevant payment date. Payments made to DTC as holder of one or more global notes will be made by wire transfer.

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Payments on any global note registered in the name of DTC or its nominee will be payable by the trustee to DTC or its nominee in its capacity as the registered holder under the indenture. Under the terms of the indenture, we and the trustee will treat the persons in whose names the notes, including any global note, are registered as the owners for the purpose of receiving payments and for all other purposes. Consequently, neither we, the trustee nor any of our agents or the trustee's agents has or will have any responsibility or liability for:

any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interests in a global note, or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in a global note; or

any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

We will not be required to make any payment on the notes due on any day that is not a business day until the next succeeding business day. The payment made on the next succeeding business day will be treated as though it were paid on the original due date and no interest will accrue on the payment for the additional period of time.

We have initially appointed the trustee as paying agent and conversion agent. We may terminate the appointment of any paying agent or conversion agent and appoint additional or other paying agents and conversion agents. Until, however, the notes have been delivered to the trustee for cancellation, or moneys sufficient to pay the principal of and interest (including additional interest, if any) on the notes have been made available for payment and either paid or returned to us as provided in the indenture, we will maintain an office or agency in The City of New York for surrender of notes for conversion. Notice of any termination or appointment and of any change in the office through which any paying agent or conversion agent will act will be given in accordance with Notices below.

All moneys deposited with the trustee or any paying agent, or then held by us, in trust for the payment of principal of or interest (including additional interest, if any) on any notes that remain unclaimed at the end of two years after the payment has become due and payable will be repaid to us, and you will then look only to us for payment.