HELMERICH & PAYNE, INC.

FORM 10-K
(Annual Report)

Filed 12/22/94 for the Period Ending 09/30/94

Address	1437 S. BOULDER AVE. SUITE 1400
	TULSA, OK, 74119
Telephone	918-742-5531
CIK	0000046765
Symbol	HP
SIC Code	1381 - Drilling Oil and Gas Wells
Industry	Oil & Gas Drilling
Sector	Energy
Fiscal Year	09/30

HELMERICH & PAYNE INC

FORM 10-K
(Annual Report)

Filed 12/22/1994 For Period Ending 9/30/1994

Address	UTICA AT 21ST ST
	TULSA, Oklahoma 74114
Telephone	918-742-5531
CIK	0000046765
Industry	Oil Well Services & Equipment
Sector	Energy
Fiscal Year	09/30

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
- ----- SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 1994

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

- ----- SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to ________________

Commission file number 1-4221

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

Delaware	73-0679879
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

Utica at Twenty-first Street, Tulsa, Oklahoma 74114
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code (918) 742-5531

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock ($0.10 par value)	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

(Continued)

At December 16, 1994, the aggregate market value of the voting stock held by non-affiliates was $583,364,215.

Number of shares of common stock outstanding at December 16, 1994:
24,718,660.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Annual Report to Security Holders for the fiscal year ended September 30, 1994 -- Parts I, II, and IV.

(2) Proxy Statement for Annual Meeting of Security Holders to be held March 1, 1995 -- Part III.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Fiscal Year Ended September 30, 1994

PART I

Item 1. BUSINESS

Helmerich & Payne, Inc., incorporated under the laws of the State of Delaware on February 3, 1940, and successor to a business originally organized in 1920, is engaged primarily in the exploration, production, and sale of crude oil and natural gas and in contract drilling of oil and gas wells for others.

These activities account for the major portion of its operating revenues. The Registrant is also engaged in the manufacture and distribution of odorants for use in the gas transmission and distribution industry, and in the ownership, development, and operation of commercial real estate.

The Registrant is organized into four separate autonomous operating divisions being contract drilling; oil and gas exploration, production and natural gas marketing; chemicals; and real estate. While there is a limited amount of intercompany activity, each division operates essentially independently of the others. Operating decentralization is balanced by a centralized finance division, which handles all accounting, data processing, budgeting, insurance, cash management, and related activities.

Most of the Registrant's current exploration effort is concentrated in Louisiana, Oklahoma, Texas, Wyoming, and the Hugoton Field of western Kansas. The Registrant also explores from time to time in the Rocky Mountain area, New Mexico, Alabama, Florida, and Mississippi. The Registrant's gas production is sold to and resold by a marketing subsidiary. This subsidiary also purchases gas from unaffiliated third parties for resale.

The Registrant's contract drilling is primarily conducted domestically in Alabama, Oklahoma, Texas, Mississippi, and Louisiana, and offshore from platforms in the Gulf of Mexico and offshore California. The Registrant has also operated during fiscal 1994 in five international locations: Venezuela, Ecuador, Colombia, Trinidad, and Yemen.

The Registrant's odorants are manufactured in its plant in Baytown, Texas, and the Registrant's real estate investments are located in Tulsa, Oklahoma, where the Registrant has its executive offices.

CONTRACT DRILLING

The Registrant believes that it is one of the major land and offshore platform drilling contractors in the western hemisphere. Operating in North and South America and the Middle East, the Registrant specializes in deep drilling in major gas producing basins of the United States and in drilling for oil and gas in remote areas of the world. For its international operations, the Registrant also constructs and operates rigs which are transportable by helicopter. In the United States, the Registrant draws its customers primarily from the major oil companies and the larger independents, which are the companies generally engaged in deep drilling. The Registrant also drills for its own oil and gas division. In South America and the Middle East, the Registrant's current customers include, respectively, the Venezuelan state petroleum company and major international oil companies. BP EXPLORATION INC. (including its affiliates) is the Registrant's largest single customer. Revenues from drilling services performed for BP EXPLORATION INC. in fiscal 1994 totaled approximately 14% of the Registrant's consolidated revenues.

The Registrant provides drilling equipment, personnel, and camps for others on a contract basis for exploration and development of onshore areas and for development from fixed platforms in offshore areas. Each of the drilling rigs consists of engines, drawworks, a mast, pumps to circulate the drilling fluid, blowout preventers, a drillstring, and related equipment. The intended well depth and the drilling site conditions are the principal factors that determine the size and type of rig most suitable for a particular drilling job. A helicopter rig is one that can be disassembled into component part loads of 4,000 to 7,000 pounds and transported to remote locations by helicopter, cargo plane, or other means.

The Registrant's workover rigs are equipped with engines, drawworks, a mast, pumps, and blowout preventers (on a smaller scale than the drilling rigs). A workover rig is used to complete a new well after the hole has been drilled by a drilling rig, and to remedy various downhole problems that occur in older producing wells.

The Registrant's contracts for drilling are obtained through competitive bidding or as a result of negotiations with customers, and sometimes cover multi-well and multi-year projects. Most of the contracts are performed on a "daywork" basis, under which the Registrant charges a fixed rate per day, with the price determined by the location, depth, and complexity of the well to be drilled, operating conditions, the duration of the contract, and the competitive forces of the market. Current market conditions involve an oversupply of drilling rigs for the work available. As a consequence, the Registrant is and will be performing and bidding for contracts on a combination "footage" and "daywork" basis, under which the Registrant charges a fixed rate per foot of hole drilled to a stated depth, usually no deeper than 15,000 feet, and a fixed rate per day for the remainder of the hole. Contracts performed on a "footage" basis involve a greater element of risk to the contractor than do contracts performed on a "daywork" basis. Market conditions have also led the Registrant to accept "turnkey" contracts under which the Registrant charges a fixed sum to deliver a hole to a stated depth and agrees to furnish services such as testing, coring, and casing the hole which are not normally done on a "footage" basis. "Turnkey" contracts entail varying degrees of risk greater than the usual "footage" contract. The Registrant believes that under current market conditions "daywork" basis contract rates are too low to adequately compensate contractors and that "footage" and "turnkey" basis contract rates do not adequately compensate contractors for the added risks. However, the Registrant intends to remain in the drilling contracting business in anticipation of a return to more favorable market conditions. Contracts for use of the Registrant's drilling equipment are "well-to-well" or for a fixed term. "Well-to-well" contracts are cancelable at the option of either party upon the completion of drilling at any one site, and fixed-term contracts customarily provide for termination at the election of the customer, with an "early termination payment" to be paid to the contractor if a contract is terminated prior to the expiration of the fixed term.

While current fixed term contracts are for one to three year periods, some fixed term and well-to-well contracts are expected to be continued for longer periods than the original terms, although the contracting parties have no legal obligation to do so. Contracts generally contain renewal or extension provisions exercisable at the option of the customer at prices mutually agreeable to the Registrant and the customer, and in most instances provide for additional payments for mobilization and demobilization. Contracts for work in foreign countries generally provide for payment in United States dollars, except for amounts required to meet local expenses; however, increasingly there is a trend toward state petroleum companies insisting on total payment in local currencies.

Domestic Drilling

The Registrant believes it is a major land and offshore platform drilling contractor in the domestic market. At the end of September, 1994, the Registrant had 47 rigs available for operations in the United States and had management contracts for two operator owned rigs in offshore California.

The Registrant is competitively strongest in deep drilling rigs. Twenty-six of its existing rigs are capable of drilling to depths in excess of 20,000 feet.

On June 30, 1994, the Registrant in a single transaction purchased 12 land drilling rigs and related equipment, together with a 14 acre equipment yard facility located in the state of Texas. The total purchase price was approximately $15.5 million consisting of cash, a promissory note, and certain contingent payment obligations. Since seven of such rigs are considered medium depth rigs (optimum working depth of 12,000 to 15,000 feet), Registrant believes that this acquisition should allow it to expand its business into the shallow to medium depth drilling markets.

International Drilling

The Registrant's international drilling operations began in 1958 with the acquisition of the Sinclair Oil Company's drilling rigs in Venezuela. Helmerich & Payne de Venezuela, C.A., a wholly owned subsidiary of the Registrant, is a leading drilling contractor in Venezuela. Beginning in 1972, with the introduction of its first helicopter rig, the Registrant expanded into other Latin American countries.

Venezuelan operations continue to be a significant part of Registrant's operations. The Registrant presently owns and operates 15 drilling rigs in Venezuela and has labor contracts to operate two government-owned drilling rigs in Venezuela. The Registrant has a utilization rate of 90% for these rigs. During the fiscal year ended September 30, 1994, the Venezuelan operations contributed 17% of the revenue generated by the Registrant's international and domestic contract drilling activities. The Registrant worked for all three Venezuelan producing companies during the fiscal year ended September 30, 1994. Collectively, revenues from the three producing companies amounted to approximately 9% of the Registrant's consolidated revenues. The Registrant believes its relations with such producing companies are good.

During the mid-1970s, the Venezuelan government nationalized the exploration and production business. At the present time it appears the Venezuelan government will not nationalize the contract drilling business.

The Registrant in fiscal 1994 experienced unusual currency losses in Venezuela totaling approximately $2.7 million. These losses were primarily attributable to significant increases in the devaluation of the Venezuelan currency and governmental restrictions in the conversion of Venezuelan currency to United States dollars. See "Regulations and Hazards" pages I-9 through I-11.

The Registrant's operations in Colombia continue to increase. The Registrant presently owns and operates eight drilling rigs in Colombia. The Registrant's utilization rate for such rigs was 88% as of the end of fiscal 1994. Four of such rigs are working in the last year of a three-year term contract with a major international exploration and production company. During fiscal 1994 the revenue generated by these four rigs contributed approximately 17% of the revenue generated by the Registrant's international and domestic drilling activities.

In addition to its operations in Venezuela and Colombia, the Registrant in fiscal 1994 owned and operated four rigs in Ecuador, one rig in Trinidad, and one rig in Yemen. In Ecuador and Yemen, the contracts are with large international oil companies.

In August of 1994, a newly formed venture owned 50% by Registrant and 50% by its affiliate, Atwood Oceanics, Inc., was awarded a term contract in Australia for the design, construction and operation of a new generation platform rig. The rig will incorporate some of the latest technology in instrumentation and remote control mechanization of drilling equipment. It is presently anticipated that rig construction will be completed in late 1995 with initial mobilization and related operations to commence in early 1996.

During the first and second quarters of fiscal 1995, three rigs each will be moved to Venezuela and Colombia from the United States and will be operated under term contracts. In the first quarter of fiscal 1995, the rig in Yemen will be moved to and stacked in Houston, Texas.

Competition

The contract drilling business is highly competitive. Competition in contract drilling involves such factors as price, rig availability, efficiency, condition of equipment, reputation, and customer relations. Competition is primarily on a regional basis and may vary significantly by region at any particular time. Drilling rigs can be readily moved from one region to another in response to changes in levels of activity, and an oversupply of rigs in any region may result.

The Registrant made a commitment to deep drilling in the early 1970's. During the past several years there has been what appears to the Registrant to be an oversupply of unregulated natural gas. As a result, the demand for deep drilling for gas has decreased. The expectation in the industry is that the long term trend in domestic exploration will be toward more and deeper wells.

Regulations and Hazards

The drilling operations of the Registrant are subject to the many hazards inherent in the business, including blowouts and well fires, which could cause personal injury, suspend drilling operations, seriously damage or destroy the equipment involved, and cause substantial damage to producing formations and the surrounding areas.

The Registrant believes that it is adequately insured, with coverage for comprehensive general liability, public liability, property damage (including insurance against loss by fire and storm, blowout, and cratering risks), and employer's liability. No insurance is carried against loss of earnings. The Registrant's present coverage has been contracted through fiscal 1995. However, in view of conditions generally in the liability insurance industry, no assurance can be given that Registrant's present coverage will not be cancelled during fiscal 1995 nor that insurance coverage will continue to be available at rates considered reasonable.

International operations are subject to certain political, economic, and other uncertainties not encountered in domestic operations, including risks of expropriation of equipment as well as expropriation of a particular oil company operator's property and drilling rights, taxation policies, foreign exchange restrictions, currency rate fluctuations, and general hazards associated with foreign sovereignty over certain areas in which operations are conducted. There can be no assurance that there will not be changes in local laws, regulations, and administrative requirements or the interpretation thereof, any of which changes could have a material adverse effect on the profitability of the Registrant's operations or on the ability of the Registrant to continue operations in certain areas. Because of the impact of local laws, in certain areas the Registrant's operations may, in the future, be conducted through entities in which local citizens own interests and through entities (including joint ventures) in which the Registrant holds only a minority interest, or pursuant to arrangements under which the Registrant conducts operations under contract to local entities. While the Registrant believes that neither operating through such entities or pursuant to such arrangements nor the restructuring of existing operations along such lines would have a material adverse effect on the Registrant's operations or revenues, there can be no assurance that the Registrant will in all cases be able to structure or restructure its operations to conform to local law (or the administration thereof) on terms acceptable to the Registrant. The Registrant further attempts to minimize the potential impact of such risks by operating in more than one geographical area and by attempting to obtain indemnification from operators against expropriation, nationalization, and deprivation.

Many aspects of the operations of the Registrant are subject to government regulation, including those relating to drilling practices and methods and the level of taxation. In addition, various countries (including the United States) have environmental regulations which affect drilling operations. Drilling contractors may be liable for damages resulting from pollution. Under United States regulations, drilling contractors must establish financial responsibility to cover potential liability for pollution of offshore waters. Generally, the Registrant is indemnified under drilling contracts from environmental damages, except in certain cases of surface pollution, but the enforceability of indemnification provisions in foreign countries may be questionable.

The Registrant believes that it is in substantial compliance with all legislation and regulations affecting its operations in the drilling of oil and gas wells and in controlling the discharge of wastes. To date, compliance has not materially affected the capital expenditures, earnings, or competitive position of the Registrant, although these measures may add to the costs of operating drilling equipment in some instances. Further legislation or regulation may reasonably be anticipated, and the effect thereof on operations cannot be predicted.

OIL AND GAS DIVISION

The Registrant engages in the origination of prospects; the identification, acquisition, exploration, and development of prospective and proved oil and gas properties; the production and sale of crude oil, condensate, and natural gas; and the marketing of natural gas. The Registrant considers itself a medium-sized independent producer. All of the Registrant's oil and gas operations are conducted in the United States.

Most of the Registrant's current exploration and drilling effort is concentrated in Louisiana, Oklahoma, Texas, Wyoming and the Hugoton Field of western Kansas. The Registrant also explores from time to time in the Rocky Mountain area, New Mexico, Alabama, Florida and Mississippi.

The Registrant has commenced a 3-D seismic program in which 3-D seismic surveys will be obtained in Kansas, Texas, Wyoming, Louisiana and Oklahoma. The Registrant believes that these surveys will be of significant assistance in identifying potentially productive oil and gas formations.

During the past fiscal year, the Registrant has reduced its expenditures for exploration of fractured Austin Chalk reservoirs in south central Louisiana. The Registrant in fiscal years 1993 and 1994, has participated in the horizontal drilling and completion of four Austin Chalk wells. Upon evaluation of the results of such wells, the Registrant has elected to allow certain oil and gas leases covering approximately 14,763 acres to expire during fiscal 1994. The Registrant's present efforts are concentrated in the western portion of the original exploration area where it holds acreage offsetting an Austin Chalk well which has recently been completed by Oxy USA. Although this well has been initially productive of oil and gas, it is premature to determine its commercial potential. The Registrant will monitor production from this well to assist in the determination of the amount of its participation, if any, in the additional drilling in the area and the extent of its continued payment of annual rentals.

The Registrant's exploration and development program has covered a range of prospects, from shallow "bread and butter" programs to deep, expensive, high risk/high return wells. During fiscal 1994 the Registrant participated in 38 development and/or wildcat wells, which resulted in new discoveries of 8.4 bcf of gas and 208,361 barrels of oil and condensate. The Registrant participated in six additional development wells, which resulted in the development of 1.3 bcf of gas and 104,900 barrels of oil and condensate which was previously classified as proved undeveloped reserves. A total of $25,306,000 was spent in the

Registrant's exploration and development program during fiscal 1994. This figure is exclusive of expenditures for acreage. The Registrant's total company-wide acquisition cost for acreage in fiscal 1994 was $4,893,094.

The Registrant spent $23,115,110 for the acquisition of proved oil and gas reserves during fiscal 1994. As of September 30, 1994, remaining reserves from such acquisitions totaled 19.5 bcf of natural gas and 157,484 barrels of crude oil and condensate. Approximately 66% of such reserves are located in western Oklahoma with the remainder being located in western Texas and southern Louisiana. Many of these acquired properties have additional development potential.

Market for Oil and Gas

The Registrant does not refine any of its production. The availability of a ready market for such production depends upon a number of factors, including the availability of other domestic production, crude oil imports, the proximity and capacity of oil and gas pipelines, and general fluctuations in supply and demand. The Registrant does not anticipate any unusual difficulty in contracting to sell its production of crude oil and natural gas to purchasers and end-users at prevailing market prices and under arrangements that are usual and customary in the industry. However, the market for natural gas has been in a state of oversupply for several years, and the Registrant and its wholly owned subsidiary, Helmerich & Payne Energy Services, Inc., have successfully developed markets with end-users, local distribution companies, and natural gas brokers for gas produced from successful wildcat wells or development wells. The Registrant is of the opinion that the supply/demand for natural gas is moving towards a state of equilibrium. Winter demand and its effect on gas storage has a significant effect on natural gas pricing. The stability of short-term prices for natural gas will largely depend upon the demand during the heating season and the reduction of storage throughout the United States. Other causes affecting supply/demand imbalances may be federal regulation of the market; large quantities of developed gas reserves in Canada and Mexico available for export by pipelines to the United States; fuel switching between fuel oil and natural gas; development of coalbed methane; and large quantities of liquefied natural gas in the Middle East, Africa, and the Far East available for export to the United States. Historically, the Registrant has had no long-term sales contracts for its crude oil and condensate production. The Registrant continues its recent practice of contracting for the sale of its Kansas and Oklahoma and portions of its west Texas crude oil for terms of six to twelve months in an attempt to assure itself of higher than posted prices for such crude oil production.

The Registrant, pursuant to various settlement agreements, has previously terminated almost all its long-term gas sales contracts with interstate pipelines. These actions previously resulted in an increase in gas sales.

Competition

The Registrant competes with numerous other companies and individuals in the acquisition of oil and gas properties and the marketing of oil and gas. The Registrant continues to believe that it should prepare for increased exploration activity without committing to a definite drilling timetable involving large expenditures. The

Registrant also believes that the intense competition for the acquisition of gas producing properties will continue. Through its acquisition experience, the Registrant believes it can still remain competitive and intends to continue purchasing quality long-life oil and gas reserves. The Registrant's competitors include major oil companies, other independent oil companies, and individuals, many of whom have financial resources, staffs, and facilities substantially greater than those of the Registrant. Many major oil companies have committed much of their resources to offshore and international acquisitions and exploration. Although the effect of these competitive factors on the Registrant cannot be predicted with certainty, it would appear that the withdrawal of major oil companies from domestic exploration and production will provide increased domestic opportunities for the Registrant.

The Registrant has increased its exploration and development budget for the fiscal year ending September 30, 1995. The Registrant intends to continue to pursue the purchase of proven producing properties and to avail itself of the opportunities for drilling and development.

Title to Oil and Gas Properties

The Registrant undertakes title examination and performs curative work at the time properties are acquired. The Registrant believes that title to its oil and gas properties is generally good and defensible in accordance with standards acceptable in the industry.

Oil and gas properties in general are subject to customary royalty interests contracted for in connection with the acquisitions of title, liens incident to operating agreements, liens for current taxes, and other burdens and minor encumbrances, easements, and restrictions. The

Registrant believes that the existence of such burdens will not materially detract from the general value of its leasehold interests.

Governmental Regulation in the Oil and Gas Industry

The Registrant's domestic operations are affected from time to time in varying degrees by political developments and federal and state laws and regulations. In particular, oil and gas production operations and economics are affected by price control, tax, and other laws relating to the petroleum industry; by changes in such laws; and by constantly changing administrative regulations. Most states in which the Registrant conducts or may conduct oil and gas activities regulate the production and sale of oil and natural gas, including regulation of the size of drilling and spacing units or proration units, the density of wells which may be drilled, and the unitization or pooling of oil and gas properties. In addition, state conservation laws establish maximum rates of production from oil and natural gas wells, generally prohibit the venting or flaring of natural gas, and impose certain requirements regarding the ratability of production. The effect of these regulations is to limit the amounts of oil and natural gas the Registrant can produce from its wells, and to limit the number of wells or locations at which the Registrant can drill. In addition, legislation affecting the natural gas and oil industry is under constant review. Inasmuch as such laws and regulations are frequently expanded, amended, or reinterpreted, the Registrant is unable to predict the future cost or impact of complying with such regulations. The Registrant believes that its oil and gas operations currently are not materially affected by such laws.

The domestic production and sale of oil and gas are also subject to regulation by United States federal authorities including the Federal Energy Regulatory Commission ("FERC").

Regulatory Controls

The Registrant is subject to regulation by the FERC with respect to various aspects of its domestic natural gas operations under the Natural Gas Act ("NGA") and the Natural Gas Policy Act of 1978.

The Natural Gas Wellhead Decontrol Act of 1989 amended both the price and non-price decontrol provisions of the Natural Gas Policy Act of 1978 for the purpose of providing complete decontrol of first sales of natural gas by January 1, 1993. The Registrant believes that substantially all of its gas is decontrolled.

On April 8, 1992; August 3, 1992; and November 27, 1992, the FERC issued Order 636, Order 636-A, and Order 636-B (collectively, "Order 636"), respectively, which requires interstate pipelines to provide transportation unbundled from their sales of gas. Also, such pipelines must provide open-access transportation on a basis that is equal for all gas supplies. Order 636 has been implemented through individual interstate pipeline restructuring proceedings. Although Order 636 should provide the Registrant with additional market access and more fairly applied transportation service rates, it will also subject the Registrant to more restrictive pipeline imbalance tolerances and greater penalties for violation of those tolerances. Appeals of Order 636 are currently pending, and the Registrant cannot predict the ultimate outcome of court review. Order 636 may be reversed in whole or in part on review. Individual restructuring orders may also be reversed in whole or in part, whether or not Order 636 is upheld. Assuming Order 636 is upheld in its entirety, it initially appears that the Registrant will benefit from the provisions of such Order.

The FERC has recently announced its intention to reexamine certain of its transportation-related policies, including the appropriate manner for setting rates for new interstate pipeline construction and the manner in which interstate pipelines release transportation capacity under Order 636. While any resulting FERC action would affect the Registrant only indirectly, these inquiries are intended to further enhance competition in natural gas markets.

Under the NGA, natural gas gathering facilities are exempt from FERC jurisdiction. The Registrant believes that its gathering systems meet the traditional tests that the FERC has used to establish a pipeline's status as a gatherer. Commencing in May 1994, the FERC has issued a series of orders in individual cases that delineate its gathering policy. Among other matters, the FERC slightly narrowed its statutory tests for establishing gathering status and reaffirmed that it does not have jurisdiction over natural gas gathering facilities and services and that such facilities and services are properly regulated by state authorities. As a result, natural gas gathering may receive greater regulatory scrutiny by state agencies. In addition, the FERC has approved several transfers by interstate pipelines of gathering facilities to unregulated gathering companies, including affiliates. This could allow such companies to compete more effectively with independent gatherers. The FERC's orders delineating its new gathering policy are subject to possible court appeals. It is not possible at this time to predict the

the ultimate effect of the new policy, although it could affect access to and rates of interstate gathering service. However, the Registrant does not presently believe the status of its facilities are affected by the FERC's slight modification to its statutory criteria.

The Registrant's natural gas gathering operations may become subject to additional safety and operational regulations relating to the design, installation, testing, construction, operation, replacement, and management of facilities. Pipeline safety issues have recently become the subject of increasing focus in various political and administrative arenas at both the state and federal levels. For example, federal legislation addressing pipeline safety issues was considered in the most recent Congressional session, which, if enacted, would have included a federal "one call" notification system and certain new construction specifications. Similar or additional legislation is likely to be proposed in the next federal legislative session. The Registrant believes that the adoption of additional pipeline safety legislation will not materially affect Registrant in light of its relatively minor gathering operations.

On February 2, 1994, the Kansas Corporation Commission ("KCC") issued an order which modified allowables applicable to wells within the Hugoton Gas Field so that those proration units upon which infill wells had been drilled would be assigned a larger allowable than those units without infill wells. Such order was affirmed on appeal by the Kansas District Court on September 15, 1994. As a consequence of this decision, the Registrant believes that it will be necessary in the near future to drill an additional 75 to 90 wells with the total costs to Registrant ranging from $7.5 to $9 million. The KCC's order has been appealed by several major producing companies. The order has not been stayed pending this appeal.

Additional proposals and proceedings that might affect the oil and gas industry are pending before the Congress, the FERC, and the courts. The Registrant cannot predict when or whether any such proposals may become effective. In the past, the natural gas industry has been very heavily regulated. There is no assurance that the current regulatory approach pursued by the FERC will continue indefinitely. Notwithstanding the foregoing, it is anticipated that compliance with existing federal, state and local laws, rules and regulations will not have a material adverse effect upon the capital expenditures, earnings or competitive position of the Registrant.

Federal Income Taxation

The Registrant's oil and gas operations, and the petroleum industry in general, are affected by certain federal income tax laws, in particular the Tax Reform Act of 1986, which was amended by the Energy Policy Act of 1992 and the Revenue Reconciliation Act of 1993. The Registrant has considered the effects of such federal income tax laws on its operations and has concluded that there will be no material impact on its liquidity, capital expenditures, or international operations.

Environmental Laws

The Registrant's activities are subject to existing federal and state laws and regulations governing environmental quality and pollution control. Such laws and regulations may substantially increase the costs of exploring, developing, or producing oil and gas and may prevent or delay the commencement or continuation of a given operation. In the opinion of the Registrant's management, its operations substantially comply with applicable environmental legislation and regulations. The existence of such legislation and regulations have had no material effect on the Registrant's operations, and the cost of compliance therewith has not been material to date.

The Registrant believes that compliance with existing federal, state, and local laws, rules, and regulations regulating the discharge of materials into the environment or otherwise relating to the protection of the environment will not have any material effect upon the capital expenditures, earnings, or competitive position of the Registrant.

Natural Gas Marketing

Helmerich & Payne Energy Services, Inc., ("HPESI") continues into its sixth year of business with emphasis on the purchase and marketing of the Registrant's natural gas production. In addition, HPESI purchases third-party gas for resale and provides compression and gathering services for a fee. During fiscal year 1994, HPESI's sales of third-party gas constituted approximately 16% of the Registrant's consolidated revenues.

HPESI sells natural gas to markets in the Midwest and Rocky Mountains. Gas sales contracts are for varied periods ranging from six months to seven years. However, recent contracts have tended toward shorter terms. For fiscal 1995, HPESI's term gas sales contracts provide for the sale of approximately 12 bcf of gas. HPESI presently intends to fulfill such term sales contracts with a portion of the gas reserves purchased from the Registrant as well as from its purchases of third-party gas. See pages I-13 through I-22 regarding the market, competition, and regulation of natural gas.

CHEMICAL OPERATIONS

The Registrant owns a chemical plant at Baytown, Texas, where it manufactures mercaptans and sulfides which are blended for use as warning agents in natural and liquefied petroleum gases. The Registrant believes that it is the largest single supplier of gas odorants in North America. Its odorants are also sold in Korea, Latin America, Australia, and Japan. These products are marketed by the Registrant using the trade names of "Natural Gas Odorizing" and "Captan." In addition, the Registrant makes bulk sales of mercaptans for use as sulfiding agents.

The Registrant is one of only two companies which sell odorants for liquefied petroleum gases and is one of only three companies which sell odorants for natural gas within the United States. The Registrant believes that its market share approximates 50% of all domestic odorant sales. Competition for liquefied petroleum odorant sales is primarily based upon service considerations, while natural gas odorant manufacturers compete for sales based on price and service considerations.

The manufacturing facility is adjacent to a major refinery and chemical plant complex of Exxon Corporation, from which the Registrant obtains most of its principal raw materials. The Registrant's chemical plant and related operations are subject to numerous local, state, and federal environmental laws and regulations. The Registrant believes it is currently in substantial compliance with all such laws and that compliance with the same will not have any material effect upon the capital expenditures, earnings or competitive position of Registrant.

REAL ESTATE OPERATIONS

The Registrant's real estate operations are conducted exclusively within the area of Tulsa, Oklahoma. Its major holding is Utica Square Shopping Center, consisting of fifteen separate buildings, with parking and other common facilities covering an area of approximately 30 acres. Fourteen of these buildings provide approximately 405,709 square feet of net leasable retail sales and storage space (99.8% of which is currently leased) and approximately 18,590 square feet of net leasable general office space (99.1% of which is currently leased). Approximately 24% of the general office space is occupied by the Registrant's real estate operations. The fifteenth building is an eight-story medical office building which provides approximately 76,379 square feet of net leasable medical office space (82% of which is currently leased). The Registrant has a two-level parking garage located in the southwest corner of Utica Square that can accommodate approximately 250 cars.

At the end of the 1994 fiscal year the Registrant owned 19 of a total of 73 units in The Yorktown, a 16-story luxury residential condominium with approximately 150,940 square feet of living area located on a six-acre tract adjacent to Utica Square Shopping Center. Thirteen of Registrant's units are currently leased.

The Registrant owns an eight-story office building located diagonally across the street from Utica Square Shopping Center, containing approximately 87,000 square feet of net leasable general office and retail space. This building houses the Registrant's principal executive offices. Approximately 11% of this building is leased to third parties.

The Registrant is also engaged in the business of leasing multi-tenant warehouse space. Three warehouses known as Space Center, each containing approximately 165,000 square feet of net leasable space, are situated in the southeast part of Tulsa at the intersection of two major limited-access highways. Present occupancy is 84%. The Registrant also owns approximately 1-1/2 acres of undeveloped land lying adjacent to such warehouses.

The Registrant also owns a 270 acre tract known as Southpark located in the high-growth area of southeast Tulsa and consisting of approximately 257 acres of undeveloped real estate and approximately 13 acres of multi-tenant warehouse area. The warehouse area is known as Space Center East and consists of two warehouses, one containing approximately 90,000 square feet and the other containing approximately 112,500 square feet. Occupancy is 74%. Preliminary planning has been accomplished to determine the best development uses for the remaining land. A high quality office park, with peripheral commercial, office/warehouse, and hotel sites, has been contemplated. Registrant in January of 1994, sold a one acre tract within Southpark located at the intersection of two major arterial streets.

The Registrant also owns a five-building complex called Tandem Business Park. The project is located adjacent to and east of the Space Center East facility and contains approximately six acres, with approximately 88,084 square feet of office/warehouse space and a 49% occupancy rate. The Registrant also owns a twelve-building complex, consisting of approximately 204,600 square feet of office/warehouse space, called Tulsa Business Park. The project is located south of the Space Center facility, separated by a city street, and contains approximately 12 acres. Occupancy is 84%.

The Registrant also owns two service center properties located adjacent to arterial streets in south central Tulsa. The first, called Maxim Center, consists of one office/warehouse building containing approximately 40,800 square feet and located on approximately 2.5 acres. During fiscal 1994 occupancy decreased from 68% to 50% primarily due to the loss of one existing tenant. The second, called Maxim Place, consists of one office/warehouse building containing approximately 33,750 square feet and located on approximately 2.25 acres. Occupancy is 63%.

FINANCIAL

Information relating to Revenue and Income by Business Segments may be found on page 11 of the Registrant's Annual Report to Shareholders for fiscal 1994, which is incorporated herein by reference.

EMPLOYEES

The Registrant had 1,606 employees within the United States (15 of which were part-time employees) and 1,181 employees employed in international operations as of September 30, 1994.

Item 2. PROPERTIES

CONTRACT DRILLING

The following table sets forth certain information concerning the

Registrant's existing domestic drilling rigs:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
140	Shallow Depth	10,000	Texas
110	Medium Depth	12,000	Texas
141	Medium Depth	14,000	Texas
142	Medium Depth	14,000	Texas
143	Medium Depth	14,000	Texas
144	Medium Depth	14,000	Texas
145	Medium Depth	14,000	Texas
146	Medium Depth	14,000	Texas
147	Medium Depth	16,000	Texas
84	Medium Depth	16,000	Louisiana
93	Medium Depth	16,000	Alabama
95	Medium Depth	16,000	Texas
96	Medium Depth	16,000	Oklahoma
77	Medium Depth	16,000	Alabama
111	Medium Depth	16,000	Louisiana
118	Medium Depth	16,000	Texas
119	Medium Depth	16,000	Texas
120	Medium Depth	16,000	Texas
78	Deep	20,000	Texas
79	Deep	20,000	Illinois
80	Deep	20,000	Oklahoma
89	Deep	20,000	Louisiana
92	Deep	20,000	Oklahoma
94	Deep	20,000	Louisiana
98	Deep	20,000	Oklahoma
122	Deep	26,000	Oklahoma
137	Deep	26,000	Texas
97	Deep	26,000	Texas
99	Deep	26,000	Texas
123	Deep	26,000	Oklahoma
149	Deep	26,000	Texas
72	Very Deep	30,000	Louisiana
73	Very Deep	30,000	Louisiana
127	Very Deep	30,000	Oklahoma
130	Super Deep	30,000+	Texas
131	Super Deep	30,000+	Wyoming
101	Medium Depth	16,000	* Gulf of Mexico
104	Medium Depth	16,000	* Offshore California
108	Medium Depth	16,000	* Gulf of Mexico
91	Deep	20,000	* Gulf of Mexico
105	Deep	20,000	* Gulf of Mexico
109	Deep	20,000	* Gulf of Mexico
100	Deep	26,000	* Gulf of Mexico
106	Deep	26,000	* Gulf of Mexico

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
107	Deep	26,000	* Gulf of Mexico
102	Deep	20,000	* Offshore California
103	Deep	20,000	* Offshore California

* Offshore platform rig

The following table sets forth information with respect to the utilization of the Registrant's domestic drilling rigs for the periods indicated:

	Years ended September 30,				
	1990	1991	1992	1993	1994
Number of rigs owned at end of period	49	46	39	42	47
Average rig utilization rate during period (1)	50%	47%	42%	53%	69%

(1) A rig is considered to be utilized when it is operated or being moved, assembled, or dismantled under contract.

The following table sets forth certain information concerning the Registrant's international drilling rigs:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
3	Workover/drilling	6,000	Venezuela
14	Workover/drilling	6,000	Venezuela
19	Workover/drilling	6,000	Venezuela
20	Workover/drilling	6,000	Venezuela
21	Workover/drilling	6,000	Venezuela
132	Medium Depth	16,000	Ecuador
23	Deep (helicopter rig)	18,000	Ecuador
10	Deep (helicopter rig)	18,000	Colombia
22	Deep (helicopter rig)	18,000	Yemen
12	Deep (helicopter rig)	18,000	Ecuador
45	Deep	26,000	Venezuela
82	Deep	26,000	Venezuela
83	Deep	26,000	Venezuela
138	Deep	26,000	Ecuador
148	Deep	26,000	Venezuela
117	Deep	26,000	Trinidad
121	Deep	26,000	Colombia
125	Very Deep	30,000	Colombia

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
115	Very Deep	30,000	Venezuela
116	Very Deep	30,000	Venezuela
113	Very Deep	30,000	Venezuela
128	Very Deep	30,000	Venezuela
129	Very Deep	30,000	Venezuela
133	Very Deep	30,000	Colombia
134	Very Deep	30,000	Colombia
135	Very Deep	30,000	Colombia
136	Very Deep	30,000	Colombia
150	Very Deep	30,000	Venezuela
139	Super Deep	30,000+	Colombia

The following table sets forth information with respect to the utilization of the Registrant's international drilling rigs for the periods indicated:

	Years ended September 30,				
	1990	1991	1992	1993	1994
Number of rigs owned at end of period	20	25	30	29	29
Average rig utilization rate during period (1)	45%	69%	69%	68%	88%

(1) A rig is considered to be utilized when it is operated or being moved, assembled, or dismantled under contract.

OIL AND GAS DIVISION

All of the Registrant's oil and gas operations and holdings are domestic.

Crude Oil Sales

The Registrant's net sales of crude oil and condensate for the three fiscal years 1992 through 1994 are shown below:

Year	Net Barrels	Average Sales Price per barrel	Average Lifting Cost per Barrel
1992	854,124	$19.16	$8.98
1993	875,713	$17.58	$8.63
1994	887,455	$14.83	$7.74

Natural Gas Sales

The Registrant's net sales of natural and casinghead gas for the three fiscal years 1992 through 1994 are as follows:

Year	Net Mcf	Average Sales Price per Mcf	Average Lifting Cost per Mcf
1992	27,622,018	$1.39	$0.3115
1993	28,478,530	$1.84	$0.3460
1994	26,627,776	$1.72	$0.3760

Following is a summary of the net wells drilled by the Registrant for the fiscal years ended September 30, 1992, 1993, and 1994:

	Exploratory Wells			Development Wells		
	1992	1993	1994	1992	1993	1994
Productive	2.605	2.866	1.021	10.869	8.760	12.334
Dry	3.363	1.393	1.436	0.969	2.858	0.233

On September 30, 1994, the Registrant was in the process of drilling or completing six gross or 1.704 net wells.

Acreage Holdings

The Registrant's holdings of acreage under oil and gas leases, as of September 30, 1994, were as follows:

	Developed Acreage		Undeveloped Acreage	
	Gross	Net	Gross	Net
Alabama	480.00	112.21	146.00	18.12
Arkansas	4,636.73	2,295.02	-0-	-0-
Colorado	-0-	-0-	7,676.35	4,259.24
Kansas	123,263.46	85,726.92	6,340.61	4,629.13
Louisiana	8,087.88	1,471.11	329,906.02	145,746.79
Mississippi	168.17	55.17	839.00	439.59
Montana	2,117.19	387.30	4,668.95	1,530.15
Nebraska	480.00	168.00	-0-	-0-
Nevada	-0-	-0-	40,265.87	31,587.71
New Mexico	960.00	54.86	161.88	38.85
North Dakota	-0-	-0-	8,050.30	1,176.93
Oklahoma	141,638.45	43,391.37	43,013.35	17,667.40
Texas	90,298.39	41,721.09	12,638.65	6,234.27
Wyoming	-0-	-0-	3,800.00	860.10
Total	372,130.27	175,383.65	457,506.98	214,188.28

Acreage is held under leases which expire in the absence of production at the end of a prescribed primary term, and is, therefore, subject to fluctuation from year to year as new leases are acquired, old leases expire, and other leases are allowed to terminate by failure to pay annual delay rentals.

Productive Wells

The Registrant's total gross and net productive wells as of September 30, 1994, were as follows:

Oil Wells		Gas Wells	
Gross	Net	Gross	Net
3,419	273	853	341

Additional information required by this item with respect to the Registrant's oil and gas operations may be found on pages I-11 through I-22 of Item 1. BUSINESS, and pages 28 through 30 of the Registrant's Annual Report to Shareholders for fiscal 1994, "Notes to Consolidated Financial Statements" and "Note 11 Supplementary Financial Information for Oil and Gas Producing Activities."

Estimates of oil and gas reserves, future net revenues, and present value of future net revenues were audited by Southmayd & Associates, Inc., independent consultants, 6450 South Lewis Avenue, Suite 220, Tulsa, Oklahoma, 74136. Total oil and gas reserve estimates do not differ by more than 5% from the total reserve estimates filed with any other federal authority or agency.

CHEMICAL OPERATIONS

The Registrant owns at Baytown, Texas, a chemical plant which manufactures mercaptans and sulfides for use primarily as warning odorants in natural and liquefied petroleum gases. The plant occupies approximately ten acres of a 30-acre tract which the Registrant owns. It is estimated that the plant has an annual optimum design production capacity of 20,000,000 pounds of odorants and other mercaptans; however, current operating permits limit production to 10,000,000 to 12,000,000 pounds per year.

REAL ESTATE OPERATIONS

See Item 1. BUSINESS, pages I-22 through I-25.

STOCK

At the end of fiscal 1994:

The Registrant owned 907,164 shares of the common stock of Sun Company, Inc., and 675,000 shares of the common stock of Oryx Energy Co., Inc.

The Registrant owned 1,600,000 shares of the common stock of Atwood Oceanics, Inc., a Houston, Texas based company engaged in offshore contract drilling. The Registrant's ownership of Atwood is approximately 24%.

The Registrant owned 740,000 shares of the common stock of Schlumberger, Ltd.

The Registrant owned 300,000 shares of the common stock of Phillips Petroleum Company, Inc.

The Registrant owned 225,000 shares of the common stock of ONEOK.

The Registrant owned 500,000 shares of the common stock of Liberty Bancorp, Inc., formerly Banks of Mid-America, Inc. Liberty Bancorp, Inc., is a bank holding company which owns Liberty Bank and Trust Company of Tulsa, N.A., and Liberty Bank and Trust Company of Oklahoma City, N.A. The Registrant's ownership of Liberty Bancorp, Inc., is approximately 5%.

The Registrant also owned lesser amounts of shares of several other publicly traded corporations.

Item 3. LEGAL PROCEEDINGS

On or about January 18, 1994, the District Court dismissed without prejudice the lawsuit styled Theresa Arceneaux, et al. v. Natural Gas Odorizing, Inc., Case Number 93-568602, District Court Harris County, Texas, 165th Judicial District. The Court on October 27, 1994, entered an agreed judgment ordering plaintiff's lead counsel, Mr. Thomas J. Pearson, to pay Natural Gas Odorizing, Inc., $60,000 as sanctions for attorney's fees and ordered Mr. Pearson to cooperate in providing certain information to the Grievance Committee of the State Bar of Texas. Natural Gas Odorizing, Inc., has recently filed its grievance against Mr. Pearson with the State Bar of Texas.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the names and ages of the Registrant's executive officers, together with all positions and offices held with the Registrant by such executive officers. Officers are elected to serve until the meeting of the Board of Directors following the next Annual Meeting of Stockholders and until their successors have been elected and have qualified or until their earlier resignation or removal.

W. H. Helmerich, III, 71 Chairman of the Board	Director since 1949; Chairman of the Board since December 1, 1960; Chief Executive Officer from December 1, 1960, to December 6, 1989; and President from December 1, 1960, to December 11, 1987

Hans Helmerich, 36 President and C.E.O.	Director since March 4, 1987; appointed Chief Executive Officer on December 6, 1989; President and Chief Operating Officer from December 11, 1987; Executive Vice President from March 13, 1987; Vice President from June 15, 1985; son of W. H. Helmerich, III, Chairman
Allen S. Braumiller, 60 Vice President	Appointed Vice President, Exploration, in 1977
George S. Dotson, 53 Vice President	Director since March 7, 1990; appointed Vice President, Drilling, in 1977 and appointed President and Chief Operating Officer of Helmerich & Payne International Drilling Co. on February 14, 1977
Douglas E. Fears, 45 Vice President	Appointed Vice President, Finance, on March 11, 1988, prior to which he was Internal Auditor from June 30, 1986
Steven R. Mackey, 43 Vice President and Secretary	Appointed Secretary on March 7, 1990; Vice President on March 11, 1988; and General Counsel on January 1, 1988, prior to which he was Associate General Counsel from January 1, 1986
James L. Payne, 55 Vice President	Appointed Vice President, Real Estate, on September 4, 1991; prior to that date he was Vice President and General Manager of Helmerich & Payne Properties, Inc., from May 9, 1985
Steven R. Shaw, 43 Vice President	Appointed Vice President, Production, on July 8, 1985; prior to that date he was Regional Operations Manager of Santa Fe Minerals, Inc., from 1984 to July 8, 1985
Gordon K. Helm, 41 Controller	Chief Accounting Officer of the Registrant; appointed Controller effective December 10, 1993; Manager of Internal Audit from September 13, 1991; Regional Controller for Memorex Telex Corporation from 1989; and Manager of Planning for Memorex Telex Corporation from 1988

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED

STOCKHOLDER MATTERS

The principal market on which the Registrant's common stock is traded is the New York Stock Exchange. The high and low sale prices per share for the common stock for each quarterly period during the past two fiscal years as reported in the NYSE - Composite Transaction quotations follow:

	1993		1994	
Quarter	High	Low	High	Low
First	26 3/4	22 1/4	34 1/2	26 1/2
Second	29 3/4	22 3/8	30	26
Third	37 1/8	29 1/4	27 1/8	25 1/8
Fourth	36 1/8	31 1/2	28 1/8	25 5/8

The Registrant paid quarterly cash dividends during the past two years as shown in the following table:

	Paid per Share		Total Payment	
	Fiscal		Fiscal	
Quarter	1993	1994	1993	1994
First	$0.120	$0.120	$2,949,291	$2,956,498
Second	0.120	0.120	2,949,291	2,960,098
Third	0.120	0.120	2,953,006	2,960,314
Fourth	0.120	0.125	2,956,378	3,087,902

The Registrant paid a cash dividend of $0.125 per share on December 1, 1994, to shareholders of record on November 15, 1994. Payment of future dividends will depend on earnings and other factors.

As of December 16, 1994, there were 1,814 record holders of the Registrant's common stock as listed by the transfer agent's records.

Item 6. SELECTED FINANCIAL DATA

Five-year Summary of Selected Financial Data

	1990	1991	1992	1993	1994
Sales, operating, and other revenues	$238,544	$213,946	$239,700	$315,097	$329,001
Income from continuing operations	47,562	21,241	10,849	24,550	20,971
Income from continuing operations per common share	1.97	0.88	0.45	1.01	0.86
Total assets	582,927	575,168	585,504	610,935	624,827
Long-term debt	5,648	5,693	8,339	3,600	-0-
Cash dividends declared per common share	0.44	0.46	0.47	0.48	0.49

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required by this item may be found on pages 12 through 16, Management's Discussion & Analysis of Results of Operations and Financial Condition, in the Registrant's Annual Report to Shareholders for fiscal 1994, which is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item may be found on pages 17 through 30 in the Registrant's Annual Report to Shareholders for fiscal 1994, which is incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The required information regarding the change in Registrant's certifying accountant was previously reported in a Current Report on Form 8-K filed with the Securities and Exchange Commission on April 7, 1994.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required under this item with respect to Directors is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 1, 1995, to be filed with the Commission not later than 120 days after September 30, 1994. See pages I-32 and I-33 for information covering the Registrant's Executive Officers.

Item 11. EXECUTIVE COMPENSATION

This information is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 1, 1995, to be filed with the Commission not later than 120 days after September 30, 1994.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 1, 1995, to be filed with the Commission not later than 120 days after September 30, 1994.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 1, 1995, to be filed with the Commission not later than 120 days after September 30, 1994.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Document List

1. The financial statements called for by Item 8 are incorporated herein by reference from the Registrant's Annual Report to Shareholders for fiscal 1994.

2. The following financial statement schedules are filed as a part of this Form:

(i) Report of Independent Public Accountants on Financial Statements and Financial Statement Schedules for the fiscal years ended September 30, 1993 and September 30, 1992.

(ii) Schedule I - Pages IV-5 and IV-6.

(iii) Schedule V - Pages IV-7 through IV-9.

(iv) Schedule VI - Pages IV-10 through IV-12.

(v) Schedule X - Page IV-13.

3. Exhibits required by item 601 of Regulation S-K:

Exhibit Number:

3.1 Restated Certificate of Incorporation and Amendment to Restated Certificate of Incorporation of the Registrant are incorporated herein by reference from the Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1987.

3.2 By-Laws of the Registrant are incorporated herein by reference from the Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1990.

4.1 Rights Agreement dated as of January 21, 1986, between the Registrant and The First National Bank of Boston is incorporated herein by reference to the Registrant's Form 8-A dated January 30, 1986.

4.2 Amendment to Rights Agreement dated as of December 5, 1990, between the Registrant and The Liberty National Bank and Trust Company of Oklahoma City is incorporated herein by reference to the Registrant's Form 8, Amendment No. 1 to Form 8-A, dated December 11, 1990.

*10.1 Incentive Stock Option Plan is incorporated herein by reference to Exhibit 4.2 to the Registrant's Registration Statement No. 33-16771 on Form S-8.

*10.2 Consulting Services Agreement between W. H.
Helmerich, III, and the Registrant effective January 1, 1990, as amended, is incorporated herein by reference from the Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1990.

*10.3 Restricted Stock Plan for Senior Executives of Helmerich & Payne, Inc., is incorporated herein by reference to Exhibit "A" to the Registrant's Proxy Statement dated January 26, 1990.

*10.4 Form of Restricted Stock Award Agreement for the Restricted Stock Plan for Senior Executives of Helmerich & Payne, Inc., together with all amendments thereto, is incorporated herein by reference from the Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1990.

*10.5 Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc., is incorporated herein by reference from the Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1990.

*10.6 Helmerich & Payne, Inc. 1990 Stock Option Plan is incorporated herein by reference to Exhibit "A" to Registrant's Proxy Statement dated January 25, 1991.

*10.7 Supplemental Savings Plan for Salaried Employees of Helmerich and Payne, Inc., is incorporated herein by reference from Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1993.

13. The Registrant's Annual Report to Shareholders for fiscal 1994.

22. Subsidiaries of the Registrant.

23.1 Consent of Independent Public Accountants.

23.2 Consent of Independent Auditors.

27. Financial Data Schedule.

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* Compensatory Plan or Arrangement.

(b) Report on Form 8-K:

No reports on Form 8-K were filed during the fourth quarter of the fiscal year ended September 30, 1994.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON

FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

FOR THE FISCAL YEARS ENDED

SEPTEMBER 30, 1993 AND SEPTEMBER 30, 1992

To the Shareholders and Board of Directors of Helmerich & Payne, Inc.:

We have audited the accompanying consolidated balance sheet of Helmerich & Payne, Inc. (a Delaware corporation) and subsidiaries as of September 30, 1993, and the related consolidated statements of income, shareholders' equity and cash flows for each of the two years in the period ended September 30, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in Item 14 (a) are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. The information in these schedules as of September 30, 1993, and for each of the two years in the period ended September 30, 1993, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helmerich & Payne, Inc. and subsidiaries as of September 30, 1993, and the results of their operations and their cash flows for each of the two years in the period ended September 30, 1993, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Tulsa, Oklahoma
November 16, 1993

HELMERICH & PAYNE, INC.

SCHEDULE I - MARKETABLE SECURITIES

AS OF SEPTEMBER 30, 1994

Column A	Column B	Column C	Column D
Name of Issuer and Title of Issue	Number of Shares	Amount at Which Carried in Balance Sheet (1)	Value Based on Current Market Quotations at Balance Sheet Date
		(000's)	(000's)
SCHLUMBERGER, LTD. Common stock	740,000	$ 23,511	$ 40,238
ATWOOD OCEANICS, INC. Common stock	1,600,000	20,743	22,800
SUN COMPANY, INC. Common stock	907,164	10,637	26,081
PHILLIPS PETROLEUM COMPANY Common stock	300,000	7,470	10,275
LIBERTY BANCORP. (2) Common stock	500,000	7,270	16,750
ORYX ENERGY COMPANY Common stock	675,000	6,433	9,366
ONEOK Common stock	225,000	2,751	3,796
OTHER Common stock, debentures and other		8,599	15,706
Total consolidated		$ 87,414	$145,012

NOTE:
(1) Investments are carried in the balance sheet at cost, except the investment in Atwood which is carried on the equity method. Equity income for 1994 from Atwood was $1,458,000. No dividends were received from Atwood.

(2) Formerly Banks of Mid America.

HELMERICH & PAYNE, INC.

SCHEDULE I - MARKETABLE SECURITIES

AS OF SEPTEMBER 30, 1993

Column A	Column B	Column C	Column D
Name of Issuer and Title of Issue	Number of Shares	Amount at Which Carried in Balance Sheet (1)	Value Based on Current Market Quotations at Balance Sheet Date
		(000's)	(000's)
SCHLUMBERGER, LTD. Common stock	740,000	$ 23,511	$ 49,303
ATWOOD OCEANICS, INC. Common stock	1,600,000	19,285	17,200
SUN COMPANY, INC. Common stock	907,164	10,637	25,854
PHILLIPS PETROLEUM COMPANY Common stock	300,000	7,470	10,125
LIBERTY BANCORP. (2) Common stock	500,000	7,270	17,000
ORYX ENERGY COMPANY Common stock	700,000	6,683	17,150
ONEOK Common stock	225,000	2,751	5,006
OTHER Common stock, debentures and other		7,338	10,737
Total consolidated		$ 84,945	$152,375

NOTE:
(1) Investments are carried in the balance sheet at cost, except the investment in Atwood which is carried on the equity method. Equity loss for 1993 from Atwood was $435,000. No dividends were received from Atwood.

(2) Formerly Banks of Mid America.

HELMERICH & PAYNE, INC.

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED SEPTEMBER 30, 1994
(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
				Other Changes Debit (Credit)	
CLASSIFICATION	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Transfers	Balance at End of Period
CONTRACT DRILLING EQUIPMENT	$418,004	$ 53,752	$ 27,213	$ (111)	$444,432
PRODUCING OIL AND GAS PROPERTIES	340,176	40,916	3,872	151	377,371
UNDEVELOPED LEASES AND ROYALTIES	10,010	4,893	3,023	(151)	11,729
REAL ESTATE PROPERTIES	47,502	902	577	-	47,827
CHEMICAL PLANT AND EQUIPMENT	11,844	573	-	-	12,417
OTHER	45,786	4,847	1,418	111	49,326
	$873,322	$ 105,883	$ 36,103	$ -	$943,102

HELMERICH & PAYNE, INC.

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
CLASSIFICATION	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes Debit (Credit) Transfers	Balance at End of Period
CONTRACT DRILLING EQUIPMENT	$404,155	$ 24,100	$ 10,451	$ 200	$418,004
PRODUCING OIL AND GAS PROPERTIES	329,264	23,142	12,462	232	340,176
UNDEVELOPED LEASES AND ROYALTIES	12,973	2,410	5,141	(232)	10,010
REAL ESTATE PROPERTIES	47,286	437	221	-	47,502
CHEMICAL PLANT AND EQUIPMENT	11,304	540	-	-	11,844
OTHER	43,811	3,580	1,405	(200)	45,786
	$848,793	$ 54,209	$ 29,680	$ -	$873,322

HELMERICH & PAYNE, INC.

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED SEPTEMBER 30, 1992

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
CLASSIFICATION	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes Debit (Credit) Transfers	Balance at End of Period
CONTRACT DRILLING EQUIPMENT	$370,494	$43,049	$ 9,378	$ (10)	$404,155
PRODUCING OIL AND GAS PROPERTIES	312,439	21,617	5,044	252	329,264
UNDEVELOPED LEASES AND ROYALTIES	5,552	9,140	1,467	(252)	12,973
REAL ESTATE PROPERTIES	46,670	690	74	-	47,286
CHEMICAL PLANT AND EQUIPMENT	11,202	104	2	-	11,304
OTHER	37,059	7,898	1,156	10	43,811
	$783,416	$82,498	$17,121	$ -	$848,793

HELMERICH & PAYNE, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY,

PLANT AND EQUIPMENT

FOR THE YEAR ENDED SEPTEMBER 30, 1994
(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
CLASSIFICATION	Balance at Beginning of Period	Additions Charged to Costs & Expenses (Note 1)	Retirements or Sales	Other Changes Debit (Credit) Transfers	Balance at End of Period
CONTRACT DRILLING EQUIPMENT	$ 258,690	$ 24,183	$ 23,440	$ (10)	$ 259,423
PRODUCING OIL AND GAS PROPERTIES	199,408	19,517	173	-	218,752
UNDEVELOPED LEASES AND ROYALTIES	4,500	2,650	-	-	7,150
REAL ESTATE PROPERTIES	20,496	1,600	334	-	21,762
CHEMICAL PLANT AND EQUIPMENT	6,726	596	-	-	7,322
OTHER	24,704	4,269	941	10	28,042
	$ 514,524	$ 52,815	$ 24,888	$ -	$ 542,451

NOTE:
(1) See Note 1 to the consolidated financial statements for the Company's policies regarding provisions for depreciation, depletion and amortization.

HELMERICH & PAYNE, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY,

PLANT AND EQUIPMENT

FOR THE YEAR ENDED SEPTEMBER 30, 1993

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
CLASSIFICATION	Balance at Beginning of Period	Additions Charged to Costs & Expenses (Note 1)	Retirements or Sales	Other Changes Debit (Credit) Transfers	Balance at End of Period
CONTRACT DRILLING EQUIPMENT	$242,987	$ 24,788	$ 9,095	$ 10	$258,690
PRODUCING OIL AND GAS PROPERTIES	189,327	18,272	7,060	(1,131)	199,408
UNDEVELOPED LEASES AND ROYALTIES	4,004	496	-	-	4,500
REAL ESTATE PROPERTIES	19,061	1,655	220	-	20,496
CHEMICAL PLANT AND EQUIPMENT	6,170	556	-	-	6,726
OTHER	22,648	3,510	1,444	(10)	24,704
	$484,197	$ 49,277	$ 17,819	$ (1,131)	$514,524

NOTE:
(1) See Note 1 to the consolidated financial statements for the Company's policies regarding provisions for depreciation, depletion and amortization.

HELMERICH & PAYNE, INC.

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY,

PLANT AND EQUIPMENT

FOR THE YEAR ENDED SEPTEMBER 30, 1992

(In Thousands)

Column A	Column B	Column C	Column D	Column E	Column F
CLASSIFICATION	Balance at Beginning of Period	Additions Charged to Costs & Expenses (Note 1)	Retirements or Sales	Other Changes Debit (Credit) Transfers	Balance at End of Period
CONTRACT DRILLING EQUIPMENT	$227,276	$23,526	$ 7,914	$ 99	$242,987
PRODUCING OIL AND GAS PROPERTIES	172,245	18,794	2,843	1,131	189,327
UNDEVELOPED LEASES AND ROYALTIES	4,203	(199)	-	-	4,004
REAL ESTATE PROPERTIES	17,475	1,660	74	-	19,061
CHEMICAL PLANT AND EQUIPMENT	5,653	503	-	14	6,170
OTHER	20,042	3,255	658	9	22,648
	$446,894	$47,539	$11,489	$1,253	$484,197

NOTE:
(1) See Note 1 to the consolidated financial statements for the Company's policies regarding provisions for depreciation, depletion and amortization.

HELMERICH & PAYNE, INC.

SCHEDULE X - SUPPLEMENTARY CONSOLIDATED INCOME STATEMENT

INFORMATION FOR THE YEARS ENDED

SEPTEMBER 30, 1994, 1993 AND 1992

COLUMN A	COLUMN B Charged to Costs and Expenses		
	1994	1993	1992
	(Amounts in thousands)		
Maintenance and repairs	$31,200	$23,145	$19,112
Taxes other than payroll and income taxes -			
Production	$ 3,661	$ 4,658	$ 3,567
Ad valorem	3,616	2,907	3,110
Other	3,006	2,765	2,098
	$10,283	$10,330	$ 8,775

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized:

HELMERICH & PAYNE, INC.

By Hans Helmerich

Hans Helmerich, President
(Chief Executive Officer)

Date: December 16, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

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By William L. Armstrong                  By Glenn A. Cox
   --------------------------------         --------------------------------
   William L. Armstrong, Director           Glenn A. Cox, Director
   Date:  December 16, 1994                 Date:  December 16, 1994

By George S. Dotson                      By C. W. Flint, Jr.
   --------------------------------         --------------------------------
   George S. Dotson, Director               C. W. Flint, Jr., Director
   Date:  December 16, 1994                 Date:  December 16, 1994

By Hans Helmerich                        By W. H. Helmerich, III
   --------------------------------         --------------------------------
   Hans Helmerich, Director and CEO         W. H. Helmerich, III, Director
   Date:  December 16, 1994                 Date:  December 16, 1994

By George A. Schaefer                    By H. W. Todd
   --------------------------------         --------------------------------
   George A. Schaefer, Director             H. W. Todd, Director
   Date:  December 16, 1994                 Date:  December 16, 1994

By John D. Zeglis                        By Douglas E. Fears
   --------------------------------         --------------------------------
   John D. Zeglis, Director                 Douglas E. Fears
   Date:  December 16, 1994                 (Principal Financial Officer)
                                            Date:  December 16, 1994

By Gordon K. Helm
   --------------------------------
   Gordon K. Helm, Controller
   (Principal Accounting Officer)
   Date:  December 16, 1994
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HELMERICH & PAYNE, INC.

Index to Exhibits Not Incorporated by Reference

EXHIBIT 13

HELMERICH & PAYNE, INC. ANNUAL REPORT FOR 1994

HIGHLIGHTS

Years Ended September 30,	1994	1993
Revenues	$ 329,001,000	$ 315,097,000
Net Income	$ 24,971,000	$ 24,550,000
Earnings Per Share	$ 1.02	$ 1.01
Dividends Paid Per Share	$ .485	$ .48
Capital Expenditures	$ 105,883,000	$ 54,209,000
Total Assets	$ 624,827,000	$ 610,935,000

HELMERICH & PAYNE, INC. IS A DIVERSIFIED, ENERGY-ORIENTED COMPANY ENGAGED IN CONTRACT DRILLING, OIL AND GAS EXPLORATION AND PRODUCTION, CHEMICALS MANUFACTURING, AND REAL ESTATE DEVELOPMENT AND MANAGEMENT. THE COMPANY ALSO HOLDS SUBSTANTIAL EQUITY INVESTMENTS IN SEVERAL OTHER PUBLICLY OWNED CORPORATIONS.

PRESIDENT'S LETTER

To the Co-owners of Helmerich & Payne, Inc.

As never before in my lifetime, the American people sent shock waves through the halls of Congress. Now the new Republican-controlled House and Senate have a chance not only to reduce spending and allow workers to keep more of their earnings, but to address a more imposing challenge. By a margin of nearly two-to-one, voters said the problems facing this country were not primarily economic in nature, but were rooted in a dramatic social and moral decline. In part, Washington, D.C. was held accountable for the role it has played in contributing to this decline. George Will observed that the voters simply said "Something is amiss when a government that does not adequately deliver the mail delivers condoms to children."

Years of irresponsibility have recklessly damaged the reputation of Congress, leaving only nineteen percent of the people confident that their elected representatives will do the right thing. The first order of business for this Congress will be to earn back the trust of ordinary Americans.

Whether the relationship is between representative government and the voters, between a business enterprise and its customers, or within our own families, the importance of trustworthiness and a good name is paramount to success. While a renewed commitment to these old-fashioned values would well serve the 104th Congress, it is also timely for us to reflect upon these values since 1995 marks the 75th anniversary of Helmerich & Payne, Inc.

My grandfather landed in the oil business by accident. After spending World War I as a young officer and instructor pilot, he left the service to manage an aerial circus until his small fleet of bi-planes were all but lost in a West Texas thunderstorm. What little survived, he traded for three cable-tool rigs in South Bend, Texas, where he and his partner would drill a discovery well in 1920.

Growing up, I loved hearing stories of the rough and tumble oil patch where the Company's history paralleled the early success of the industry in Oklahoma's Osage, Tonkawa, and Oklahoma City fields; down into East Texas; and over to the first efforts of New Mexico's Four Corners.

Deals were done over a handshake and a man's personal integrity was inseparable from the business enterprise itself. Even as the Company grew and prospered, keeping your word, working hard, doing the right thing, and caring about your people and the customer never went out of fashion. I have heard Dad say a thousand times that a good name is built over a lifetime, but lost in an instant.

Today on drilling rigs all over the world, in operating and marketing hundreds of oil and gas wells in the United States, and in supporting chemical and real estate operations, there is a deep appreciation and sense of responsibility that is shared by all of us who carry a trusted name and a hard-earned reputation into our daily operations.

Our pledge is to approach the next seventy-five years with these time-tested values etched clearly in our minds, remaining forever indebted to the thousands of loyal Helmerich & Payne, Inc. co-workers that have gone before us and kept the faith.

Sincerely,

Hans Helmerich December 15, 1994 President

DRILLING HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

SUMMARY At the close of 1994, Helmerich & Payne International Drilling Co. owned 65 land rigs and 11 offshore platform rigs which had an average utilization of 77 percent, compared with 69 percent the previous year. Higher domestic activity is credited for revenue and pre-tax income gains of 23 and 33 percent, respectively, in 1994. Pre-tax cash flow rose by 14 percent to $48.4 million, compared with $42.4 million in 1993.

DOMESTIC OPERATIONS Domestic land rig utilization averaged 66 percent for the year, compared with 48 percent in 1993. An average of 19 domestic land rigs were fully utilized during 1994, compared with 15 land rigs in 1993. In the third quarter, the Company acquired substantially all of the equipment and property of Energy Service Co.'s domestic land drilling operation based in Alice, Texas. The purchase included 12 land rigs which helped increase the Company's domestic land fleet to 36 rigs by year-end.

Offshore operations consist of eight platform rigs in the Gulf of Mexico, and three platform rigs plus two management contracts for Exxon-owned platform rigs offshore California. Utilization averaged 79 percent this year for the Company's 11 platform rigs, compared with 70 percent for nine rigs in 1993. A full year of activity for two additional rigs in the Gulf of Mexico and the Exxon management contracts contributed significantly to the improved financial performance in 1994.

INTERNATIONAL OPERATIONS At year-end, the Company owned 29 land rigs in the countries of Venezuela (15), Colombia (8), Ecuador (4), Trinidad (1), and Yemen
(1). Utilization averaged 88 percent in 1994,

compared with 68 percent in 1993. Although revenue increased nine percent to $98.1 million, pre-tax earnings declined by four percent due to higher operating costs in Colombia and foreign exchange losses suffered in Venezuela.

In 1994, the Company moved one rig to Colombia which joined the work on BP Exploration's Cusiana/Cupiagua development, one rig was added in Ecuador for Maxus, and two rigs were sent to Venezuela for Corpoven. For 1995, the Company received letters of intent for three-year contracts on three additional land rigs from BP Exploration in Colombia and one-year term contracts for three land rigs from Corpoven in Venezuela. The Company will utilize three existing domestic rigs as well as other equipment purchases for these projects.

The Company recently began work on a joint venture with Atwood Oceanics, Inc., a 24 percent owned affiliate, to build a new generation offshore platform rig incorporating the latest technology in instrumentation and remote control mechanization of drilling equipment. The Company will manage the design, construction, testing, and mobilization phases of the project. Rig operations are scheduled to begin in 1996, and will be managed by Atwood Oceanics, Inc., which has operated in Australia for a number of years.

The Company is well positioned to perform in a depressed and competitive environment. Whether the work is of a conventional nature or entails complex design and logistics, the Company will continue to focus on delivering value to our customers.

EXPLORATION & PRODUCTION HELMERICH & PAYNE, INC.

SUMMARY Helmerich & Payne, Inc. engages in the exploration, production, and acquisition of oil and natural gas reserves primarily in the states of Oklahoma, Kansas, Texas, and Louisiana. At the close of 1994, the Company had proved oil and natural gas reserves of 6.7 million barrels and 290.7 billion cubic feet (Bcf), respectively. This compares with reserves of 6.9 million barrels of oil and 289.4 Bcf of natural gas in 1993.

PRODUCTION OVERVIEW In response to lower prices, the Company reduced its natural gas production to an average annual rate of 72,953 thousand cubic feet (Mcf) per day, from 78,023 Mcf per day in 1993. The average price received for natural gas fell to $1.72 per Mcf compared with $1.84 the prior year. Oil production increased slightly this year to 2,431 barrels per day from 2,399 barrels per day in 1993. However, the average price received for oil declined by over 15 percent to $14.83 per barrel in 1994. Lower commodity prices and natural gas production, coupled with higher exploration expenses, contributed to a significant decline in revenue and pre-tax income this year.

ACQUISITIONS The Company invested $23.1 million in 1994 to purchase producing properties which had estimated reserves of 19.9 Bcf of natural gas and 159,580 barrels of oil. Tight sands tax credits, high BTU content natural gas, and several development opportunities are also associated with these properties.

DRILLING AND EXPLORATION Of the 44 (15 net) wells which the Company participated in during the year, 37 (12.6 net) were classified as development and seven (2.4 net) wells were classified as exploratory risks. Ten (4.7 net) wells were completed as oil wells, 29 (8.7 net) wells were completed as natural gas wells, and five (1.7 net) wells were dry holes. Exploration budget reductions by major oil companies in the lower 48 states have opened a number of attractive exploration opportunities in regions where technological advances like 3-D seismic have not been fully utilized. This is particularly true for some coastal regions in Louisiana where the Company has five new prospects. The Company added a total of six wildcat prospects in 1994 and participated in seven separate 3-D seismic programs. The actual drilling on many of these prospects will not begin until 1995.

A dual-leg horizontal well was completed during the year in the Company's Austin Chalk prospect in central Louisiana and it is apparent that the well is marginal. The Company is limiting its efforts to the western portion of this prospect where Occidental Petroleum Corporation has drilled a well which has produced significant hydrocarbons in the early stages. The Company intends to participate in an offset well in 1995 if the economic viability of Occidental's discovery well becomes more certain.

The strategy going forward remains focused on domestic onshore acquisition, development, and exploration opportunities, particularly in areas where the Company can employ new drilling and seismic technologies.

REAL ESTATE HELMERICH & PAYNE PROPERTIES, INC.

SUMMARY Helmerich & Payne Properties, Inc. is engaged in the leasing, acquisition, and development of commercial real estate exclusively in the metropolitan area of Tulsa, Oklahoma. At the close of 1994, the Company's property holdings consisted of approximately 1,652,311 leasable square feet which had an occupancy of 85 percent.

FINANCIAL HIGHLIGHTS

Years Ended September 30,	1994	1993	1992
		(in thousands)	
Gross Revenues	$ 7,803	$ 7,630	$ 7,550
Pre-Tax Income	4,460	4,149	4,263
Depreciation Expense	1,624	1,679	1,685
Capital Expenditures	916	458	697
Year-End Book Value	26,065	27,006	28,224
Average Occupancy	83%	86%	87%

UTICA SQUARE SHOPPING CENTER Consisting of 15 separate buildings including an eight-story medical complex, Utica Square Shopping Center covers 30 landscaped acres located approximately five minutes from downtown Tulsa. Nearly 70 distinguished shops and restaurants make up Utica Square's tenant roster, including Ann Taylor, The Gap, Laura Ashley, Miss Jackson's, The Olive Garden, Saks Fifth Avenue, and Williams-Sonoma.

A unique outdoor design allows Utica Square to host a number of seasonal events each year, some of which have become traditions in the Tulsa area. These attributes help make Utica Square a distinctive shopping environment and the cornerstone of the Company's real estate portfolio.

INDUSTRIAL PROPERTIES The Company's industrial properties and undeveloped land holdings are located in the southeastern part of Tulsa close to major transportation arteries and key growth areas. Two of the properties are classified as bulk warehouse developments and the remaining four are combination office/warehouse properties. Sluggish economic growth and an oversupply of industrial space continues to hamper the occupancy and the rate structure in this market segment. Occupancy for these properties slipped to an average of 76 percent in 1994 from 80 percent the prior year.

The quality and location of the properties and land holdings place the Company in a unique position to benefit from growth in the Tulsa economy.

SUMMARY OF PROPERTY OWNED

Property Name	Description	Square Feet
Utica Square Shopping Center	Upscale Retail	405,709
Utica Square Offices and Medical Center	Professional Offices	94,969
Plaza Office Building	Corporate Offices	86,899
Space Center	Industrial Warehouses	495,000
Space Center East	Industrial Warehouses	202,500
Tandem Business Park	Office/Warehouse Complex	88,084
Tulsa Business Park	Office/Warehouse Complex	204,600
Maxim Center	Office/Warehouse Complex	40,800
Maxim Place	Office/Warehouse Complex	33,750
Southpark	Undeveloped 257 Acres	--
	Total Square Feet	1,652,311

CHEMICALS NATURAL GAS ODORIZING, INC.

SUMMARY Natural Gas Odorizing, Inc. (NGO), a wholly-owned subsidiary of Helmerich & Payne, Inc., is a leading producer and marketer of mercaptan-based products used primarily as warning odorants in natural and liquified petroleum gas (LPG). The Company also produces similarly composed products used as feedstocks and sulfiding agents in other segments of the chemical industry.

The Company's Baytown, Texas, facility obtains its primary raw materials, hydrogen sulfide and olefins, from a neighboring refinery. Raw materials are reacted and fractionated, and then blended with other ingredients to yield the final products. NGO's primary customers are LPG distributors and natural gas utility companies. Depending on the customer's needs, products are delivered in Company-operated tank trucks or shipped in non-returnable containers or reusable cylinders. Approximately eight percent of the Company's sales were made outside of North America in 1994, compared with 11 percent in 1993.

Price increases on LPG odorants helped the Company achieve record financial results for the second consecutive year in 1994. Although revenue and pre-tax income increased over 1993 levels by 31 and 64 percent, respectively, LPG odorant prices are expected to stabilize in the coming year.

FINANCIAL HIGHLIGHTS

Years Ended September 30,	1994	1993	1992
		(in thousands)	
Gross Revenues	$ 18,849	$ 14,374	$ 13,461
Pre-Tax Income	5,994	3,665	2,831
Depreciation Expense	654	594	560
Capital Expenditures	619	630	158
Pounds of Product Sold	8,071	7,930	8,452

REVENUES AND INCOME BY BUSINESS SEGMENTS
HELMERICH & PAYNE, INC.

Years Ended September 30,	1994	1993	1992
		(in thousands)	
SALES AND OTHER REVENUES:			
Contract Drilling - Domestic	$ 86,521	$ 60,328	$ 41,171
Contract Drilling - International	98,111	89,618	72,250
Total Contract Drilling Division	184,632	149,946	113,421
Exploration and Production	58,884	69,795	54,525
Natural Gas Marketing	51,889	63,858	40,535
Total Oil and Gas Division	110,773	133,653	95,060
Chemical Division	18,849	14,374	13,461
Real Estate Division	7,803	7,630	7,550
Investments and Other Income	6,944	9,494	10,208
Total Revenues	$329,001	$315,097	$239,700
OPERATING PROFIT:			
Contract Drilling - Domestic	$ 5,874	$ 122	$ (5,358)
Contract Drilling - International	14,645	15,281	10,929
Total Contract Drilling Division	20,519	15,403	5,571
Exploration and Production	3,245	19,495	9,764
Natural Gas Marketing	1,525	667	1,864
Total Oil and Gas Division	4,770	20,162	11,628
Chemical Division	5,994	3,665	2,831
Real Estate Division	4,460	4,149	4,263
Total Operating Profit	35,743	43,379	24,293
OTHER:			
Miscellaneous operating	(1,292)	(687)	(711)
Income from investments	6,303	9,050	9,202
General corporate expense	(8,908)	(6,820)	(6,801)
Interest expense	(385)	(925)	(632)
Corporate depreciation	(1,162)	(766)	(725)
Total Other	(5,444)	(148)	333
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME (LOSS) OF AFFILIATE, AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:	$ 30,299	$ 43,231	$ 24,626

Note: This schedule is an integral part of Note 10 (page 27) of the financial statements that follow.

MANAGEMENT'S DISCUSSION & ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION HELMERICH & PAYNE, INC.

RESULTS OF OPERATIONS

Helmerich & Payne, Inc.'s net income for 1994 was $24,971,000 ($1.02 per share), compared with net income of $24,550,000 ($1.01 per share) in 1993, and $10,849,000 ($0.45 per share) in 1992. Net income in 1994 included a $4 million ($0.16 per share) one-time reduction in the Company's deferred income taxes from the cumulative effect of adopting Statement of Financial Accounting Standards No. 109. Included in the Company's net income, but not related to its operations, was net income from the sale of investment securities which was nominal in 1994, but totaled $1,780,000 ($0.07 per share) in 1993, and $1,193,000 ($0.05 per share) in 1992. Also included was the Company's portion of income or losses of its equity affiliate, Atwood Oceanics, Inc., ("Atwood") which were $0.04 per share of income in 1994, and per share losses of $0.02 in 1993, and $0.19 in 1992.

Company revenues increased to $329,001,000 in 1994, from $315,097,000 in 1993, and $239,700,000 in 1992. The 31 percent increase in total revenues from 1992 to 1993 resulted from increased revenues in every operating segment of the Company. The greatest revenue increases during 1993 were from domestic drilling (47 percent), international drilling (24 percent), exploration and production (28 percent) and natural gas marketing (58 percent). Total revenue increased by 4 percent from 1993 to 1994, primarily as a result of increases in domestic drilling (43 percent), international drilling (9 percent), and chemical (31 percent) segments.

Revenues from exploration and production (16 percent decrease) and natural gas marketing (19 percent decrease) fell appreciably in 1994 as oil and natural gas prices and natural gas production volume declined.

Income from investments declined to $6,303,000 in 1994, from $9,050,000 in 1993, and $9,202,000 in 1992. From 1993 to 1994, dividend and interest income was stable, but income from the sale of investment securities dropped from $2,914,000 to $124,000 during that time. Interest and dividend income in 1994 was helped by higher market interest rates, even though cash balances during the year were lower than the previous two years. From 1992 to 1993, dividend and interest income declined by $1,143,000 while income from investment securities rose by $991,000.

Costs and expenses in 1994 were $298,702,000, 93 percent of total operating revenues, compared with 89 percent in 1993 and 93 percent in 1992. Operating costs as a percentage of operating revenues rose slightly to 66 percent in 1994, compared with 64 percent in 1993 and 63 percent in 1992. The increase from 1992 to 1993 was mainly due to Natural Gas Marketing revenues rising by $23,323,000, while cost percentages for that division remained very high. Other divisions' operating cost percentages remained stable or improved. The operating cost percentages rose slightly in 1994 because of greater activity in the lower margin domestic land drilling business and an increase in operating expenses in the international contract drilling business.

General and administrative expenses increased to $8,908,000 in 1994, from $6,820,000 in 1993. There was little change from 1992 to 1993. The increase in 1994 was due primarily to increased costs of employee healthcare benefits and, to a lesser degree, a net increase in pension expense.

Income tax expense, as a percentage of pre-tax income, fell to 34 percent in 1994, from 42 percent in 1993, and 37 percent in 1992. The increase from 1992 to 1993 was the result of an increase in the corporate tax rate from 34 percent to 35 percent, a higher percentage of international income which is taxed at higher rates, and a decline in the deduction related to dividends received from domestic corporations. The effective tax rate for 1994 was substantially lower because of the usage of foreign tax credit carryforwards, tight sands tax credits, and a reduction in Venezuelan taxes as a result of monetary correction tax laws enacted there.

CONTRACT DRILLING DIVISION revenues increased by 23 percent from 1993 to 1994, and by 32 percent from 1992 to 1993. Domestic drilling pre-tax income increased to $5,874,000 in 1994, from a $5,358,000 pre-tax loss in 1992. During that period of time the U.S. offshore platform rig business has shown substantial improvement. The Company's performance in its domestic land rig operations has also improved. It is anticipated that domestic operations will continue to improve as rig demand remains firm in both the offshore platform and the land rig markets.

International revenues climbed to $98,111,000 in 1994, from $89,618,000 in 1993, and $72,250,000 in 1992. Pre-tax income for the international contract drilling sector declined slightly to $14,645,000 in 1994, after increasing to $15,281,000 in 1993, from $10,929,000 in 1992. This year's decline was due to increased operating expenses in the Company's Colombian operations, and a significant foreign currency loss recorded in Venezuela. The Company anticipates its pre-tax income from international operations will improve for the coming year based on higher activity levels in both Colombia and Venezuela. After the close of the year, the Company announced it was awarded letters of intent for three additional deep land rigs to work in Colombia on three-year term contracts and an additional three rigs for one-year term contracts in Venezuela. With these additions, rig counts in Colombia and Venezuela will increase to 11 and 18, respectively.

OIL AND GAS DIVISION revenue and operating income declined significantly in 1994, after increasing substantially from 1992 to 1993. Exploration and production revenues increased 28 percent to $69,795,000 in 1993, from $54,525,000 in 1992, and pre-tax income increased to $19,495,000 from $9,764,000. The variation mirrored natural gas prices and production volumes for the respective years. From 1992 to 1993, natural gas prices increased from $1.39 per Mcf to $1.84 per Mcf, while production increased from 75.5 million cubic feet per day (MMcf/d) to 78.0 MMcf/d. From 1993 to 1994, natural gas prices fell to $1.72 per Mcf and production volumes declined to approximately 73.0 MMcf/d. Crude oil production increased 4 percent from 1992 to 1994, while the average price per barrel fell from $19.16 in 1992, to $17.58 in 1993, and to $14.83 in 1994.

Consequently, exploration and production revenues decreased to $58,884,000 for 1994. Pre-tax income for 1994, which fell to $3,245,000, was also affected by higher geophysical expenses and an increase in leasehold abandonments, resulting primarily from a reduction in the carrying value of the Company's leasehold position in its Austin Chalk prospect in south central Louisiana. It is anticipated that higher geophysical charges will continue for the coming year. Additionally, the Company intends to drill a higher percentage of exploratory wells during 1995 and could incur higher dry hole charges.

Natural gas marketing revenues, which are primarily derived from selling natural gas produced by other companies (third party), declined to $51,889,000 in 1994, from $63,858,000 in 1993. Revenues were $40,535,000 in 1992. Pre-tax income was $1,525,000 in 1994, $667,000 for 1993, and $1,864,000 for 1992. During 1993, the natural gas marketing industry consolidated, causing dramatic downward pressure on income derived from third party natural gas sales. Industry conditions improved slightly in 1994. The Company's approach has been to use the existing capacity of its personnel and facilities to derive additional profit from matching its customers with third party producers when the marketing situation is not conducive for the sale of the Company's own natural gas. It is expected that competition will continue to limit fees and premiums for third party natural gas sales. Therefore, the Company does not anticipate significant growth in income from third party sales in the coming year.

CHEMICAL DIVISION revenues increased by 31 percent from 1993 to 1994, and by 7 percent from 1992 to 1993. Pre-tax income increased by 64 percent from 1993 to 1994, and by 29 percent from 1992 to 1993. Product price increases and improved margins account for the significant rise in revenues and income over the two years. It is anticipated that revenues and income will continue to improve during the coming year, but not as rapidly as this past year.

REAL ESTATE DIVISION revenues and income for 1994 were up slightly due to the sale of a small parcel of land which resulted in a $450,000 gain. Revenues and income from operations were flat for the years 1993 and 1992. Occupancy and rental rates have been stable to soft over the past two years with no major changes expected for 1995.

FINANCIAL CONDITION

The Company has maintained a very strong balance sheet for many years. Current ratios for the last three years have exceeded 2.5, while long-term debt as a percentage of total capitalization has remained below 2 percent. During the first quarter of 1994, the Company paid off all of its remaining long-term debt. The only long-term liabilities that remain on the balance sheet are associated with workers compensation and general liability accruals, deferred income taxes, and other miscellaneous long-term payables and deferred items.

Net cash provided by operating activities was $79,909,000 in 1994, $74,619,000 in 1993, and $63,331,000 in 1992. Capital expenditures were $102,883,000 in 1994, $54,209,000 in 1993, and $82,498,000 in 1992. It is anticipated that capital expenditures in 1995 will exceed those of 1994. The Company has funded capital expenditures in excess of its cash flow internally over the past several years. However, the Company anticipates that it will either sell a portion of its investment portfolio or incur debt in order to fund planned capital expenditures for 1995. Capital expenditures budgeted for 1995 include expanded exploration activities, rig purchases and construction for Colombian and Venezuelan operations, as well as the Company's investment in a joint venture with its equity affiliate, Atwood. The joint venture will construct a new generation offshore platform rig for work offshore Australia.

The Company manages a large portfolio of marketable securities which had a book value of $87,414,000 at September 30, 1994, and a total market value at that time of $145,012,000, including its investment in Atwood. During 1994, the Company paid a dividend of $.485 per share which represented its 23rd consecutive year of dividend increases.

Stock Portfolio Held by the Company

September 30, 1994	Number of Shares	Book Value	Market Value
	(in thousands, except share amounts)		
Schlumberger, Ltd.	740,000	$ 23,511	$ 40,238
Atwood Oceanics, Inc.	1,600,000	20,743	22,800
Sun Company, Inc.	907,164	10,637	26,081
Phillips Petroleum Company	300,000	7,470	10,275
Liberty Bancorp.	500,000	7,270	16,750
Oryx Energy Company	675,000	6,433	9,366
Oneok	225,000	2,751	3,796
Other		8,599	15,706
Total		$ 87,414	$145,012

CONSOLIDATED STATEMENTS OF INCOME
HELMERICH & PAYNE, INC.

Years Ended September 30,	1994	1993	1992
	(in thousands, except per share amounts)		
REVENUES:			
Sales and other operating revenues	$322,698	$306,047	$230,498
Income from investments	6,303	9,050	9,202
	329,001	315,097	239,700
COSTS AND EXPENSES:			
Operating costs	213,427	194,856	145,778
Depreciation, depletion and amortization	50,068	48,609	47,738
Dry holes and abandonments	10,369	6,893	3,214
Taxes, other than income taxes	15,545	13,763	10,911
General and administrative	8,908	6,820	6,801
Interest	385	925	632
	298,702	271,866	215,074
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME (LOSS) OF AFFILIATE AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	30,299	43,231	24,626
INCOME TAX EXPENSE	10,232	18,279	9,192
EQUITY IN INCOME (LOSS) OF AFFILIATE, net of income taxes	904	(402)	(4,585)
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	20,971	24,550	10,849
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	4,000	--	--
NET INCOME	$ 24,971	$ 24,550	$ 10,849
PER COMMON SHARE:			
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	$ .86	$ 1.01	$ .45
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	.16	--	--
NET INCOME	$ 1.02	$ 1.01	$ .45
AVERAGE COMMON SHARES OUTSTANDING	24,416	24,307	24,210

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS
HELMERICH & PAYNE, INC.

ASSETS

September 30,	1994	1993
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 29,447	$ 61,656
Short-term investments	8,997	9,109
Accounts receivable, less reserve of $1,480 and $608	59,897	56,305
Inventories	20,995	17,646
Prepaid expenses and other	3,603	5,783
Total current assets	122,939	150,499
INVESTMENTS	87,414	84,945
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Contract drilling equipment	444,432	418,004
Oil and gas properties	389,100	350,186
Real estate properties	47,827	47,502
Other	61,743	57,630
	943,102	873,322
Less--Accumulated depreciation, depletion and amortization	542,451	514,524
Net property, plant and equipment	400,651	358,798
OTHER ASSETS	13,823	16,693
TOTAL ASSETS	$ 624,827	$ 610,935

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

September 30,	1994	1993
	(in thousands)	
CURRENT LIABILITIES:		
Accounts payable	$ 22,645	$ 23,836
Accrued liabilities	24,056	16,899
Current maturities of long-term debt	--	5,679
Total current liabilities	46,701	46,414
NONCURRENT LIABILITIES:		
Long-term debt, less current maturities	--	3,600
Deferred income taxes	44,462	44,723
Other	9,330	7,271
Total noncurrent liabilities	53,792	55,594
SHAREHOLDERS' EQUITY:		
Common stock, $.10 par value, 80,000,000 shares authorized, 26,764,476 shares issued.	2,677	2,677
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	--	--
Additional paid-in capital	48,196	47,412
Retained earnings	496,280	482,405
	547,153	532,494
Less treasury stock, 2,054,364 shares in 1994 and 2,126,994 shares in 1993, at cost	22,819	23,567
Total shareholders' equity	524,334	508,927
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$624,827	$610,935

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
HELMERICH & PAYNE, INC.

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount
	(in thousands)					
Balance, September 30, 1991	26,764	$2,677	$45,894	$467,621	2,277	$(25,059)
Cash dividends ($.47 per share)	--	--	--	(11,533)	--	--
Exercise of stock options	--	--	527	--	(64)	675
Stock issued under Restricted Stock Award Plan	--	--	343	(619)	(25)	275
Amortization of deferred compensation	--	--	--	1,636	--	--
Net income	--	--	--	10,849	--	--
Balance, September 30, 1992	26,764	2,677	46,764	467,954	2,188	(24,109)
Cash dividends ($.48 per share)	--	--	--	(11,815)	--	--
Exercise of stock options	--	--	888	--	(61)	542
Lapse of restrictions on Restricted Stock Awards	--	--	(240)	--	--	--
Amortization of deferred compensation . .	--	--	--	1,716	--	--
Net income	--	--	--	24,550	--	--
Balance, September 30, 1993	26,764	2,677	47,412	482,405	2,127	23,567)
Cash dividends ($.49 per share)	--	--	--	(12,097)	--	--
Exercise of stock options	--	--	549	--	(43)	415
Lapse of restrictions on Restricted Stock Awards	--	--	(246)	--	--	--
Stock issued under Restricted Stock Award Plan	--	--	481	(814)	(30)	333
Amortization of deferred compensation . .	--	--	--	1,815	--	--
Net income	--	--	--	24,971	--	--
Balance, September 30, 1994	26,764	$2,677	$48,196	$496,280	2,054	$(22,819)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
HELMERICH & PAYNE, INC.

Years Ended September 30,	1994	1993	1992
		(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 24,971	$ 24,550	$ 10,849
Adjustments to reconcile net income to net cash provided by operating activities-			
Depreciation, depletion and amortization	50,068	48,609	47,738
Dry holes and abandonments	10,369	6,893	3,214
Cumulative effect of change in accounting principle	(4,000)	--	--
Equity in (income) loss of affiliate before income taxes	(1,458)	435	4,956
Amortization of deferred compensation	1,815	1,716	1,636
Gain on sale of securities	(124)	(2,914)	(1,923)
(Gain) loss on sale of fixed assets, other	(2,465)	(557)	774
Change in assets and liabilities-			
Increase in accounts receivable	(3,592)	(13,486)	(5,287)
Increase in inventories	(3,349)	(35)	(914)
(Increase) decrease in prepaid expenses and other	5,050	(492)	(4,092)
Increase (decrease) in accounts payable	(1,191)	7,523	2,350
Increase (decrease) in accrued liabilities	1,617	(1,619)	411
Increase (decrease) in deferred income taxes	3,739	5,600	(2,900)
Increase (decrease) in other noncurrent liabilities	(1,541)	(1,604)	6,519
Total adjustments	54,938	50,069	52,482
Net cash provided by operating activities	79,909	74,619	63,331
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures, including dry hole costs	(102,883)	(54,209)	(82,498)
Proceeds from sale of property, plant and equipment	5,971	4,801	2,701
Purchase of investments	(1,500)	(2,400)	(761)
Proceeds from sale of investments	373	7,904	6,283
Purchase of short-term investments	(12)	(3,036)	(5,204)
Proceeds from sale of short-term investments	124	7,055	20,603
Net cash used in investing activities	(97,927)	(39,885)	(58,876)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	--	2,070	3,460
Payments made on long-term debt	(3,139)	(2,180)	(1,657)
Dividends paid	(11,965)	(11,808)	(11,400)
Proceeds from exercise of stock options	913	1,254	1,201
Net cash used in financing activities	(14,191)	(10,664)	(8,396)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,209)	24,070	(3,941)
CASH AND CASH EQUIVALENTS, beginning of period	61,656	37,586	41,527
CASH AND CASH EQUIVALENTS, end of period	$ 29,447	$ 61,656	$ 37,586

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
HELMERICH & PAYNE, INC. September 30, 1994, 1993, and 1992

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

CONSOLIDATION -
The consolidated financial statements include the accounts of Helmerich & Payne, Inc. (the Company), and all of its wholly-owned subsidiaries. Fiscal years of the Company's foreign consolidated operations are August 31 to facilitate reporting of consolidated accounts.

TRANSLATION OF FOREIGN CURRENCIES -
The Company has determined that the functional currency for its foreign subsidiaries is the U.S. dollar. Foreign currency transaction losses for the years 1994, 1993 and 1992 were $2,764,000, $493,000 and $392,000, respectively.

PROPERTY, PLANT AND EQUIPMENT -
The Company follows the successful efforts method of accounting for oil and gas properties. Under this method, the Company capitalizes all costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells which find proved reserves and to drill and equip development wells. Geological and geophysical costs, delay rentals and costs to drill exploratory wells which do not find proved reserves are expensed. Capitalized costs of producing oil and gas properties are depreciated and depleted by the unit-of-production method based on proved developed oil and gas reserves determined by the Company and reviewed by independent engineers.

The Company reserves for impairment of its oil and gas properties whenever the net capitalized costs of total oil and gas properties exceed the estimated undiscounted future net revenues from proved reserves. Additionally, the estimated undiscounted future revenues of high-cost proved properties, based on prices at the time of the estimate, are evaluated prior to start-up of commercial production and any significant impairment is recognized currently. Undeveloped leases are amortized based on management's estimate of recoverability. Costs of surrendered leases are charged to the amortization reserve.

Substantially all other property, plant and equipment is depreciated using the straight-line method based on the following estimated useful lives:

	YEARS
Contract drilling equipment	4-10
Chemical plant and equipment	10-25
Real estate buildings and equipment	10-50
Other	3-33

CASH AND CASH EQUIVALENTS -
Cash and cash equivalents consist of cash in banks and investments readily convertible into cash which mature within three months from the date of purchase.

INVENTORIES -
Inventories, primarily materials and supplies, are valued at the lower of cost (moving average or actual) or market.

DRILLING REVENUE -
Substantially all drilling contracts are daywork contracts and drilling revenues and expenses are recognized as work progresses.

GAS IMBALANCES -
The Company recognizes revenues from gas wells on the sales method, and a liability is recorded for permanent imbalances.

INVESTMENTS -
Investments in companies owned less than 20 percent are carried at cost with income recognized as dividends are received. Investments in companies owned from 20 to 50 percent are accounted for using the equity method with the Company recognizing its proportionate share of the income or loss of each investee.

The Company owned 24.3 percent of Atwood Oceanics, Inc. (Atwood) at September 30, 1994 and 1993. The quoted market value of the Company's investment was $22,800,000 and $17,200,000 at September 30, 1994 and 1993, respectively. Retained earnings at September 30, 1994, include approximately $8,563,000 of undistributed earnings of Atwood. Atwood is the only 20 to 50 percent owned affiliate at September 30, 1994 and 1993.

Summarized financial information of the affiliated company accounted for on the equity method is as follows:

	1994	1993	1992
	(in thousands)		
Gross revenues	$ 68,045	$ 54,219	$ 47,525
Costs and expenses	(62,045)	(56,010)	(68,593)
Net income (loss)	$ 6,000	$ (1,791)	$(21,068)
Helmerich & Payne, Inc.'s equity in net income (loss) of affiliates, net of income taxes	$ 904	$ (402)	$ (4,585)
Current assets	$ 37,965	$ 27,903	$ 29,876
Noncurrent assets	115,065	122,356	135,566
Current liabilities	13,752	11,900	12,087
Noncurrent liabilities	53,000	58,609	71,269
Shareholders' equity	86,278	79,750	82,086
Helmerich & Payne, Inc.'s investment	$ 20,743	$ 19,285	$ 19,720

INCOME TAXES -
Effective October 1, 1993, the Company adopted FASB Statement No. 109, "Accounting for Income Taxes." Under Statement No. 109, deferred income taxes are computed using the liability method and are provided on all temporary differences between the financial basis and the tax basis of assets and liabilities. For the years ended September 30, 1993 and 1992, deferred income taxes are computed using the deferred method and are provided on timing differences between financial and taxable income.

OTHER POST EMPLOYMENT BENEFITS -
The Company provides medical benefits to employees who retired before November 1, 1992. The Company does not provide any other benefits to these retirees and will not provide any post retirement benefits to any person retiring after that date. The liability for the benefits provided is not material.

The Company has accrued a liability for estimated workers compensation claims incurred. The liability for other benefits to former or inactive employees after employment but before retirement is not material.

EARNINGS PER SHARE -
Earnings per share are based on the weighted average number of shares of common stock outstanding during the year. Common stock equivalents are insignificant, and therefore, have not been considered in the earnings per share computation.

RECLASSIFICATIONS -
Certain reclassifications have been made in the 1993 and 1992 financial statements to conform to the 1994 presentation.

NOTE 2 LONG-TERM DEBT
Notes payable and long term debt consist of the following:

At September 30,	1994	1993
	(in thousands)	
Mortgage notes payable (at interest rates ranging from 9.25% to 10%)	$ --	$ 3,139
Other long-term debt (at interest rates ranging from 6% to 7%)	--	6,140
	--	9,279
Less - Current maturities of long-term debt	--	5,679
	$ --	$ 3,600

The Company has available a $20,000,000 bank line of credit under an agreement that expires March 15, 1995.

NOTE 3 FEDERAL INCOME TAXES

Effective October 1, 1993, the Company changed its method of accounting for income taxes from the deferred method to the liability method required by FASB Statement No. 109, "Accounting for Income Taxes." The cumulative effect of adopting Statement No. 109 as of October 1, 1993 was to increase net income by $4,000,000. As permitted under the new rules, prior years financial statements have not been restated.

The components of the provision for income taxes are as follows:

Years Ended September 30, (in thousands)	1994	1993	1992
CURRENT:			
Federal	$ 3,645	$ 6,190	$ 4,690
Foreign	2,763	5,106	6,985
State	777	911	551
	7,185	12,207	12,226
DEFERRED:			
Federal	(292)	3,174	(1,157)
Foreign	3,430	2,616	(1,834)
State	(91)	282	(43)
	3,047	6,072	(3,034)
TOTAL PROVISION:	$10,232	$18,279	$9,192

The amounts of domestic and foreign income are as follows:

Years Ended September 30,	1994	1993	1992
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME (LOSS) OF AFFILIATE, AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:			
Domestic	$17,513	$29,051	$12,993
Foreign	12,786	14,180	11,633
	$30,299	$43,231	$24,626

Effective income tax rates as compared to the U.S. Federal income tax rate are as follows:

Years Ended September 30,	1994	1993	1992
U.S. Federal income tax rate	35%	35%	34%
Dividends received deduction	(2)	(1)	(4)
Excess statutory depletion	(1)	(1)	--
Effect of higher foreign tax rates	3	7	5
Other, net	(1)	2	2
Effective income tax rate	34%	42%	37%

The components of the Company's net deferred tax liabilities are as follows:

	September 30, 1994
DEFERRED TAX LIABILITIES:	
Property, plant and equipment	$ 42,406
Pension provision	4,632
Other	3,998
Total deferred tax liabilities	51,036
DEFERRED TAX ASSETS:	
Financial accruals	4,419
Other	2,155
Total deferred tax assets	6,574

Valuation allowance	--
Net deferred tax assets	6,574
NET DEFERRED TAX LIABILITIES	$ 44,462

The deferred income tax provision (benefit) for 1993 and 1992 results from timing differences in the recognition of revenue and expense for income tax and financial reporting purposes. The sources of these differences and the related income tax effect of each, are as follows:

Years Ended September 30,	1993	1992
	(in thousands)	
Effect of intangible development costs expensed for income tax purposes over (under) costs amortized for financial reporting purposes	$1,302	$(1,085)
Financial under income tax depreciation	2,134	857
Pension income	128	246
Geophysical expense	(51)	(532)
Insurance expense	(36)	376
Amortization of deferred compensation	(652)	(605)
Restricted stock options vesting	609	--
Deferred mobilization revenues	566	(1,745)
Sales of long-term investments	484	(76)
Excess depletion	589	519
Oil and gas revenue recognition timing differences	262	184
Other	737	(1,173)
	$6,072	$(3,034)

NOTE 4 STOCK OPTIONS, AWARD PLAN AND RIGHTS

The Company has reserved 1,461,645 shares of its treasury stock to satisfy the exercise of stock options issued under the 1982 and 1990 Stock Option Plans. Options awarded under these plans are granted at prices equal to at least market price on the date of grant. Options granted under the 1982 plan have a term of nine years while options granted under the 1990 plan have a term of seven years. Options granted under both plans become exercisable in increments as outlined in the plans.

Activity for the incentive stock option plans, was as follows:

Years Ended September 30,	1994	1993	1992
		(in thousands)	
Outstanding at October 1,	780,079	860,713	783,189
Granted	110,250	--	142,842
Exercised	(46,510)	(67,112)	(65,318)
Cancelled	(7,940)	(13,522)	--
Outstanding at September 30,	835,879	780,079	860,713
Exercisable at September 30,	70,889	19,782	40,776
Weighted average exercise price of options outstanding	$25.65	$25.20	$24.93
Weighted average exercise price of options exercised	$21.77	$21.53	$17.64

As of September 30, 1994, the Company has issued 360,000 shares of treasury stock under a Restricted Stock Award Plan (the "Plan") including 30,000 shares during 1994. The Company recognized deferred compensation totalling $12,832,000, which was the fair market value of the stock at the time of issuance, as a reduction of retained earnings. Treasury stock was reduced by the book value of the shares issued, $4,058,000. The difference was recognized as an increase in paid-in capital. The deferred compensation is being amortized over a seven-year period as compensation expense. In both 1994 and 1993, restrictions lapsed with respect to 61,000 shares, and the shares were released to Plan participants.

On September 30, 1994, the Company had 24,710,112 outstanding common stock purchase rights ("Rights"). Each Right entitles the holder thereof, until January 8, 1996, to buy one share of common stock at an exercise price of $60.00. The exercise price and the number of shares of common stock issuable upon the exercise of the Rights are subject to adjustment in certain cases to prevent dilution. The Rights are evidenced by the common stock certificates and are not exercisable or transferable apart from the common stock, until 15 days after a person acquires 15 percent or more of the common stock. In the event the Company is acquired in a merger or other business combination transaction (including one in which the Company is the surviving corporation), it is provided that each Right will entitle its holder to purchase, at the then current exercise price of the Right, that number of shares of common stock of the surviving company, which at the time of such transaction, would have a market value of two times the exercise price of the Right. The Rights do not have any voting rights and are redeemable, at the option of the Company, at a price of $.05 per Right prior to any person or entity acquiring beneficial ownership of at least 15 percent of the common stock. The Rights expire on January 8, 1996. As long as the Rights are not separately transferable, the Company will issue one Right with each new share of common stock issued.

NOTE 5 INVESTMENTS

Short-term investments consist mainly of treasury notes carried at cost, which approximates fair value, and are pledged as collateral for a renewable letter of credit. The aggregate quoted market value of the marketable equity securities, excluding Atwood, was approximately $122,212,000 and $135,175,000 at September 30, 1994 and 1993, respectively. Aggregate cost, which is also carrying value, was $66,671,000 and $65,660,000 at September 30, 1994 and 1993, respectively.

At September 30, 1994, gross unrealized gains and unrealized losses applicable to the marketable equity securities were approximately $55,653,000 and $112,000, respectively. In 1994, 1993 and 1992, the Company realized gains from the sale of marketable equity securities of approximately $124,000, $2,914,000 and $1,920,000, respectively.

Effective October 1, 1994, the Company will be required to adopt FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities." If the Company had adopted the new accounting standard effective September 30, 1994, investments would have increased $55,541,000, deferred tax liabilities would have increased $21,106,000 and shareholders' equity would have increased $34,435,000.

NOTE 6 RETIREMENT PLANS

DEFINED BENEFIT PLANS:

The Company has noncontributory pension plans covering substantially all of its employees, including certain employees in foreign countries. The Company makes annual contributions to the plans equal to the maximum amount allowable for tax reporting purposes. Future service benefits are determined using a 1.5 percent career average formula.

The net periodic pension credit included the following components:

Years Ended September 30,	1994	1993	1992
	(in thousands)		
Service cost-benefits earned during the year	$ 1,557	$ 1,304	$ 1,172
Interest cost on projected benefit obligations	1,191	1,105	896
Return on plan assets	(2,639)	(522)	(3,517)
Net amortization and deferral	(302)	(2,477)	726
Net pension credit	$ (193)	$ (590)	$ (723)

The discount rate used in determining the actuarial value of the projected benefit obligation for 1994, 1993 and 1992 was 7.5%, 7.0% and 7.5%, respectively. The average expected rate of return on plan assets was 8.5% for 1994, 1993 and 1992. The assumed rate of increase in compensation was 5.0% for 1994 and 5.5% for 1993 and 1992.

The following table sets forth the plans' funded status and amounts recognized in the balance sheet:

Years Ended September 30,	1994	1993
	(in thousands)	
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ 13,323	$ 13,493
Accumulated benefit obligation	$ 15,758	$ 15,649
Projected benefit obligation	$ 17,755	$ 17,392
Plan assets at fair value, primarily listed stocks, U.S. Government securities and guaranteed insurance contracts	$ 33,317	$ 31,427
Projected benefit obligation less than plan assets	$ 15,562	$ 14,035
Unrecognized net gain, including unrecognized net assets existing at October 1, 1987	(5,589)	(4,493)
Unrecognized prior service cost	2,216	2,455
Prepaid pension cost	$ 12,189	$ 11,997

DEFINED CONTRIBUTION PLAN:

Substantially all employees on the United States payroll of the Company may elect to participate in the Company sponsored Thrift/401(K) Plan by contributing a portion of their earnings. The Company contributes amounts equal to 100 percent of the first five percent of the participant's compensation subject to certain limitations. Expensed Company contributions were $1,588,000, $1,304,000 and $1,216,000 in 1994, 1993 and 1992, respectively.

NOTE 7 ACCRUED LIABILITIES

Accrued liabilities consist of the following:

Years Ended September 30,	1994	1993
	(in thousands)	
Accrued royalties payable	$ 6,293	$ 8,179
Accrued taxes payable	4,669	3,004

Accrued workers compensation claims	2,364	1,100
Accrued equipment cost	3,000	--
Other accrued liabilities	7,730	4,616
	$ 24,056	$ 16,899

NOTE 8 SUPPLEMENTAL CASH FLOW INFORMATION

Years Ended September 30,	1994	1993	1992
		(in thousands)	
Cash payments:			
Interest paid	$ 371	$ 370	$ 566
Income taxes paid	9,516	15,924	12,504
Noncash investing activity:			
Accrued equipment cost	$3,000	$ --	$ --

NOTE 9 CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of temporary cash investments and trade receivables. The Company places its temporary cash investments with high credit financial institutions and limits the amount of credit exposure to any one financial institution. The Company's trade receivables are primarily with a variety of companies in the oil and gas industry. Management requires collateral for certain receivables of customers in its natural gas marketing operations.

NOTE 10 SEGMENT INFORMATION

The Company operates principally in the contract drilling and oil and gas industries. The contract drilling operations consist of contracting Company-owned drilling equipment primarily to major oil and gas exploration companies. Oil and gas activities consist of ownership of mineral interests in productive oil and gas leases and undeveloped leases located primarily in Oklahoma, Texas, Kansas and Louisiana. Intersegment sales, which are accounted for in the same manner as sales to unaffiliated customers, are not material. Operating profit is total revenue less operating expenses. In computing operating profit, the following items have not been considered: equity in earnings of Atwood Oceanics, Inc.; income from investments; general corporate expenses; interest expense; and domestic and foreign income taxes. Identifiable assets by segment are those assets that are used in the Company's operations in each segment. Corporate assets are principally cash and cash equivalents, short-term investments and investments in marketable securities.

Revenues from one company doing business with the contract drilling segment accounted for approximately 14 percent and 11.8 percent of the total consolidated revenues during the years ended September 30, 1994 and 1993, respectively. Collectively, revenues from three companies controlled by the Venezuelan government accounted for approximately 12.5 percent of total consolidated revenues for the year ended September 30, 1992.

Summarized revenues and operating profit by industry segment for the years ended September 30, 1994, 1993 and 1992 are located on page 11. Additional financial information by industry segment is as follows:

Years Ended September 30,	1994	1993	1992
		(in thousands)	
Identifiable assets:			
Contract drilling - Domestic	$132,804	$112,435	$109,150
Contract drilling - International	131,767	113,844	109,920
Exploration and Production	175,003	162,618	163,123
Natural Gas Marketing	8,846	13,289	15,235
Chemical division	9,532	9,753	8,488
Real Estate division	26,958	27,845	29,017
Corporate and other	139,917	171,151	150,571
	$624,827	$610,935	$585,504
Depreciation, depletion and amortization:			
Contract drilling - Domestic	$ 11,085	$ 10,126	$ 10,076
Contract drilling - International	15,722	16,929	15,399
Exploration and Production	19,523	18,294	19,044
Natural Gas Marketing	290	279	268
Chemical division	654	594	560
Real Estate division	1,624	1,679	1,685
Corporate and other	1,265	864	817
Intersegment elimination	(95)	(156)	(111)
	$ 50,068	$ 48,609	$ 47,738
Capital expenditures:			
Contract drilling - Domestic	$ 31,692	$ 16,261	$ 14,956
Contract drilling - International	25,723	10,375	34,971
Exploration and Production	45,809	25,551	30,757
Natural Gas Marketing	76	205	58

Chemical division	619	630	158
Real Estate division	916	458	697
Corporate and other	1,048	729	901
	$105,883	$ 54,209	$ 82,498

NOTE 11 SUPPLEMENTARY FINANCIAL INFORMATION FOR OIL AND GAS PRODUCING ACTIVITIES

All of the Company's oil and gas producing activities are located in the United States.

Results of Operations from Oil and Gas Producing Activities -

Years Ended September 30,	1994	1993	1992
		(in thousands)	
Revenues	$58,884	$69,795	$ 54,525
Production costs	18,854	19,378	18,492
Exploration expense and valuation provisions	17,262	12,628	7,225
Depreciation, depletion and amortization	19,523	18,294	19,044
Income tax expense	890	6,481	3,173
Total cost and expenses	56,529	56,781	47,934
Results of operations (excluding corporate overhead and interest costs)	$ 2,355	$13,014	$ 6,591

Capitalized Costs -

At September 30,	1994	1993
	(in thousands)	
Properties being amortized:		
Proved properties	$377,371	$340,176
Unproved properties	11,729	10,010
Total costs being amortized	389,100	350,186
Less-Accumulated depreciation, depletion and amortization	225,902	203,908
Net	$163,198	$146,278

Costs Incurred Relating to Oil and Gas Producing Activities -

Years Ended September 30,	1994	1993	1992
		(in thousands)	
Property acquisition:			
Proved	$ 23,115	$ 3,100	$11,441
Unproved	4,893	2,409	9,140
Exploration	12,418	11,769	10,138
Development	12,888	13,964	4,656
Total	$53,314	$31,242	$35,375

Estimated Quantities of Proved Oil and Gas Reserves (Unaudited) -

Proved reserves are estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are those which are expected to be recovered through existing wells with existing equipment and operating methods. The following is an analysis of proved oil and gas reserves as estimated by the Company and reviewed by independent engineers.

	OIL (Bbls.)	GAS (Mmcf)
Proved reserves at September 30, 1991	7,074,405	296,229
Revisions of previous estimates	560,703	(211)
Extensions, discoveries and other additions	697,006	4,565
Production	(854,124)	(27,622)
Purchases of reserves-in-place	40,389	21,643
Sales of reserves-in-place	(10,793)	(8)
Proved reserves at September 30, 1992	7,507,586	294,596
Revisions of previous estimates	(15,550)	9,568
Extensions, discoveries and other additions	168,051	10,083
Production	(875,713)	(28,479)
Purchases of reserves-in-place	140,411	4,196
Sales of reserves-in-place	(41,586)	(519)
Proved reserves at September 30, 1993	6,883,199	289,445
Revisions of previous estimates	302,200	(819)
Extensions, discoveries and other additions	261,114	8,818
Production	(887,455)	(26,628)
Purchases of reserves-in-place	159,580	19,900
Sales of reserves-in-place	(8,427)	(64)
Proved reserves at September 30, 1994	6,710,211	290,652
Proved developed reserves at		
September 30, 1992	6,477,661	277,169
September 30, 1993	6,882,783	282,033
September 30, 1994	6,649,672	267,688

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves (Unaudited) -

The "Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves" (Standardized Measure) is a disclosure requirement under Financial Accounting Standards Board Statement No. 69. The Standardized Measure does not purport to present the fair market value of a company's proved oil and gas reserves. This would require consideration of expected future economic and operating conditions, which are not taken into account in calculating the Standardized Measure. Under the Standardized Measure, future cash inflows were estimated by applying year-end prices to the estimated future production of year-end proved reserves. Future cash inflows were reduced by estimated future production and development costs based on year-end costs to determine pre-tax cash inflows. Future income taxes were computed by applying the statutory tax rate to the excess of pre-tax cash inflows over the Company's tax basis in the associated proved oil and gas properties. Tax credits and permanent differences were also considered in the future income tax calculation. Future net cash inflows after income taxes were discounted using a ten percent annual discount rate to arrive at the Standardized Measure.

At September 30,	1994	1993
	(in thousands)	
Future cash inflows	$ 478,426	$ 651,369
Future costs -		
Future production and development costs	(191,464)	(207,633)
Future income tax expense	(71,320)	(119,070)
Future net cash flows	215,642	324,666
10% annual discount for estimated timing of cash flows	(91,019)	(145,909)
Standardized Measure of discounted future net cash flows	$ 124,623	$ 178,757

Changes in Standardized Measure relating to Proved Oil and Gas Reserves (Unaudited) -

Years Ended September 30,	1994	1993	1992
	(in thousands)		
Standardized Measure - Beginning of year	$178,757	$173,644	$124,776
Increases (decreases) -			
Sales, net of production costs	(40,030)	(50,417)	(36,033)
Net change in sales prices, net of production costs	(80,347)	16,292	61,468
Discoveries and extensions, net of related future development and production costs	9,653	12,439	12,688
Changes in estimated future development costs	(14,571)	(7,624)	(2,252)
Development costs incurred	12,888	13,964	4,656
Revisions of previous quantity estimates	483	6,820	2,125
Accretion of discount	23,678	22,619	15,936
Net change in income taxes	20,942	(12,656)	(17,964)
Purchases of reserves-in-place	11,219	3,820	15,734
Sales of reserves-in-place	(62)	(652)	(57)
Timing and other	2,013	508	(7,433)
Standardized Measure - End of year	$124,623	$178,757	$173,644

NOTE 12 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter Ended			
	Dec. 31, 1993	March 31, 1994	June 30, 1994	Sept. 30, 1994
	(in thousands, except per share amounts)			
Revenues	$82,186	$87,883	$78,698	$80,234
Gross profit	14,149	12,701	8,688	4,054
Income before cumulative effect of change in accouting principle	7,253	6,155	4,660	2,903
Net income	11,253	6,155	4,660	2,903
Earnings per common share before cumulative effect of change in accounting principle	.30	.25	.19	.12
Earnings per share	.46	.25	.19	.12

	Quarter Ended			
	Dec. 31, 1992	March 31, 1993	June 30, 1993	Sept. 30, 1993
	(in thousands, except per share amounts)			
Revenues	$82,998	$83,351	$73,607	$75,141
Gross profit	14,843	14,681	10,525	10,927
Net income	7,219	7,268	4,931	5,132
Earnings per share	.30	.30	.20	.21

Gross profit represents total revenues less operating costs, depreciation, depletion and amortization, dry holes and abandonments, and taxes, other than income taxes.

Report of Independent Auditors
HELMERICH & PAYNE, INC.

The Board of Directors and Shareholders
Helmerich & Payne, Inc.

We have audited the accompanying consolidated balance sheet of Helmerich & Payne, Inc. as of September 30, 1994, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated balance sheet as of September 30, 1993 and the consolidated statements of income, shareholder's equity, and cash flows for each of the two years in the period ended September 30, 1993, were audited by other auditors whose report dated November 16, 1993, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 1994 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Helmerich & Payne, Inc. at September 30, 1994, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 3 to the financial statements, effective October 1, 1993 the Company adopted Statement of Financial Accounting Standards No.109, "Accounting for Income Taxes."

ERNST & YOUNG LLP

Tulsa, Oklahoma
November 22, 1994

Stock Price Information

	Closing Market Price Per Share			
	1994		1993	
QUARTERS	HIGH	LOW	HIGH	LOW
First	$ 34 1/2	$ 26 1/2	$ 26 3/4	$22 1/4
Second	30	26		22 3/8
Third	27 1/8	25 1/8	37 1/8	29 1/4
Fourth	28 1/8	25 5/8	36 1/8	31 1/2

Dividend Information

	Paid Per Share		Total Payment	
	1994	1993	1994	1993
QUARTERS				
First	$.120	$.120	$2,956,498	$2,949,291
Second	.120	.120	2,960,098	2,949,291
Third	.120	.120	2,960,314	2,953,006
Fourth	.125	.120	3,087,902	2,956,378

STOCKHOLDERS' MEETING

The annual meeting of stockholders will be held on March 1, 1995. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to shareholders about January 26, 1995.

STOCK EXCHANGE LISTING

Helmerich & Payne, Inc. Common Stock is traded on the New York Stock Exchange with the ticker symbol "HP." The newspaper abbreviation most commonly used for financial reporting is "HelmP." Options on the Company's stock are also traded on the New York Stock Exchange.

STOCK TRANSFER AGENT AND REGISTRAR

Our Transfer Agent is responsible for our shareholder records, issuance of stock certificates, and distribution of our dividends and the IRSForm 1099. Your requests, as shareholders, concerning these matters are most efficiently answered by corresponding directly with The Liberty Bank of Oklahoma City at the following address:

The Liberty National Bank and Trust Company of Oklahoma City Stock Transfer Department
P.O. Box 25848
Oklahoma City, Oklahoma 73125-0848
Telephone: (405) 231-6325

FORM 10-K

The Company's Annual Report on Form 10-K, which has been submitted to the Securities and Exchange Commission, is available free of charge upon written request.

DIRECT INQUIRIES TO:
President
Helmerich & Payne, Inc.
Utica at Twenty-First
Tulsa, Oklahoma 74114
Telephone: (918) 742-5531

ELEVEN-YEAR FINANCIAL REVIEW
HELMERICH & PAYNE, INC.

Years Ended September 30,	1994	1993	1992	1991	1990	1989
REVENUES AND INCOME*						
Contract Drilling Revenues	182,781	149,661	112,833	105,364	90,974	78,315
Crude Oil Sales	13,161	15,392	16,369	17,374	16,058	14,821
Natural Gas Sales	45,261	52,446	38,370	35,628	37,697	33,013
Gas Marketing Revenues**	51,874	63,786	40,410	10,055	10,566	--
Chemical Sales	18,746	14,286	13,411	12,674	12,067	10,754
Real Estate Revenues	7,396	7,620	7,541	7,542	7,636	7,778
Dividend Income	3,621	3,535	4,050	5,285	7,402	9,127
Other Revenues	6,161	8,371	6,716	20,024	56,144	17,361
Total Revenues	329,001	315,097	239,700	213,946	238,544	171,169
Net Cash Provided by Operating Activities++	79,909	74,619	63,331	52,110	55,422	67,099
Net Income+	24,971	24,550	10,849	21,241	47,562	22,700
PER SHARE DATA						
Net Income+	1.02	1.01	.45	.88	1.97	.94
Cash Dividends	.485	.48	.465	.46	.44	.42
Shares Outstanding***	24,710	24,637	24,576	24,488	24,485	24,173
FINANCIAL POSITION						
Net Working Capital*	76,238	104,085	82,800	108,212	146,741	114,357
Ratio of Current Assets to Current Liabilities	2.63	3.24	3.31	4.19	3.72	3.12
Investments*	87,414	84,945	87,780	96,471	99,574	130,443
Total Assets*	624,827	610,935	585,504	575,168	582,927	591,229
Long-Term Debt*	--	3,600	8,339	5,693	5,648	49,087
Shareholders' Equity*	524,334	508,927	493,286	491,133	479,485	443,396
CAPITAL EXPENDITURES*						
Contract Drilling Equipment	53,752	24,101	43,049	56,297	18,303	17,901
Wells and Equipment	40,916	23,142	21,617	34,741	16,489	30,673
Chemical Plant and Equipment	572	540	104	2,478	1,089	745
Real Estate	902	436	690	2,104	1,467	878
Other Assets (includes undeveloped leases)	9,741	5,990	17,038	6,909	5,512	6,787
Total Capital Outlays	105,883	54,209	82,498	102,529	42,860	56,984
PROPERTY, PLANT AND EQUIPMENT AT COST*						
Contract Drilling Equipment	444,432	418,004	404,155	370,494	324,293	323,313
Producing Properties	377,371	340,176	329,264	312,438	287,248	279,768
Undeveloped Leases	11,729	10,010	12,973	5,552	5,507	5,441
Chemical Plant and Equipment	12,417	11,845	11,305	11,202	8,723	7,635
Real Estate	47,827	47,502	47,286	46,671	44,928	48,016
Other	49,326	45,785	43,810	37,059	32,682	30,237
Total Property, Plant and Equipment	943,102	873,322	848,793	783,416	703,381	694,410

Years Ended September 30,	1988	1987	1986	1985	1984
REVENUES AND INCOME*					
Contract Drilling Revenues	75,985	64,718	68,220	90,647	91,970
Crude Oil Sales	14,001	15,223	20,020	32,447	31,367
Natural Gas Sales	26,154	17,251	21,308	28,335	32,780
Gas Marketing Revenues**	--	--	--	--	--
Chemical Sales	11,265	9,603	8,471	8,778	8,473
Real Estate Revenues	7,878	7,561	6,839	5,658	5,282
Dividend Income	10,069	9,757	11,033	10,878	11,008
Other Revenues	15,213	34,766	29,244	18,054	10,727
Total Revenues	160,565	158,879	165,135	194,797	191,607
Net Cash Provided by Operating Activities++	57,967	38,337	54,756	72,552	66,927
Net Income+	20,150	22,016	7,025	18,498	21,439
PER SHARE DATA					
Net Income+	.83	.91	.28	.74	.85
Cash Dividends	.40	.38	.36	.35	.34
Shares Outstanding***	24,166	24,187	24,187	25,146	25,146
FINANCIAL POSITION					
Net Working Capital*	135,275	135,139	108,331	118,340	84,880
Ratio of Current Assets to Current Liabilities	6.10	6.68	5.61	4.58	3.27
Investments*	133,726	140,431	158,311	163,045	182,174
Total Assets*	576,473	571,348	563,236	616,034	610,011
Long-Term Debt*	70,715	74,732	79,340	85,532	87,114
Shareholders' Equity*	430,804	420,833	408,185	427,860	418,163

CAPITAL EXPENDITURES*					
Contract Drilling Equipment	19,110	13,993	23,673	27,777	8,682
Wells and Equipment	25,936	27,402	11,767	9,527	41,657
Chemical Plant and Equipment	688	307	232	175	108
Real Estate	3,095	6,128	1,409	9,782	1,190
Other Assets (includes undeveloped leases) . .	2,623	2,041	2,075	5,397	4,969
Total Capital Outlays	51,452	49,871	39,156	52,658	56,606
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PROPERTY, PLANT AND EQUIPMENT AT COST*					
Contract Drilling Equipment	313,289	309,865	307,199	287,641	264,801
Producing Properties	251,445	228,214	215,488	218,102	212,475
Undeveloped Leases	3,305	4,197	7,294	10,403	15,477
Chemical Plant and Equipment	6,889	6,201	5,894	5,662	5,507
Real Estate	47,165	44,070	38,131	36,538	26,930
Other	28,279	28,675	28,846	28,345	28,378
Total Property, Plant and Equipment	650,372	621,222	602,852	586,691	553,568
	-------	-------	-------	-------	-------

* Thousand of dollars ** Gas Marketing activities began in 1990 *** 000's omitted
++ Funds generated by operations for 1984-1985
+ Includes cumulative effect of change in accounting for income taxes of $4,000,000 ($.16 per share) for 1994

ELEVEN-YEAR OPERATING REVIEW
HELMERICH & PAYNE, INC.

Years Ended September 30,	1994	1993	1992	1991	1990	1989
CONTRACT DRILLING						
Drilling Rigs, United States	47	42	39	46	49	49
Drilling Rigs, International	29	29	30	25	20	20
Contract Wells Drilled, United States	162	128	100	106	119	108
Total Footage Drilled, United States*	1,842	1,504	1,085	1,301	1,316	1,350
Average Depth per Well, United States	11,367	11,746	10,853	12,274	11,059	12,500
Percentage Rig Utilization, United States	69	53	42	47	50	44
Percentage Rig Utilization, International	88	68	69	45	46	30
PETROLEUM EXPLORATION AND DEVELOPMENT						
Gross Wells Completed	44	42	54	45	36	45
Net Wells Completed	15	15.9	17.8	20.2	15.3	15.2
Net Dry Holes	1.7	4.3	4.3	4.3	3.4	2.8
PETROLEUM PRODUCTION						
Net Crude Oil and Natural Gas Liquids Produced (barrels daily)	2,431	2,399	2,334	2,152	2,265	2,486
Net Oil Wells Owned -- Primary Recovery	202	202	220	227	223	201
Net Oil Wells Owned -- Secondary Recovery	71	71	74	55	46	214
Secondary Oil Recovery Projects	14	14	14	12	12	17
Net Natural Gas Produced (thousands of cubic feet daily)	72,953	78,023	75,470	66,617	65,147	57,490
Net Gas Wells Owned	341	307	289	278	194	205
NATURAL GAS ODORANTS AND OTHER CHEMICALS						
Chemicals Sold (pounds)*	8,071	7,930	8,452	8,155	8,255	7,702
REAL ESTATE MANAGEMENT						
Gross Leasable Area (square feet)*	1,652	1,656	1,656	1,664	1,664	1,669
Percentage Occupancy	83	86	87	86	85	90
TOTAL NUMBER OF EMPLOYEES						
Helmerich & Payne, Inc. and Subsidiaries+	2,787	2,389	1,928	1,758	1,864	1,100

Years Ended September 30,	1988	1987	1986	1985	1984
CONTRACT DRILLING					
Drilling Rigs, United States	48	50	48	47	44
Drilling Rigs, International	18	19	19	19	19
Contract Wells Drilled, United States	115	110	110	111	132
Total Footage Drilled, United States*	1,284	1,182	1,384	1,477	1,529
Average Depth per Well, United States	11,165	10,745	12,582	13,306	11,583
Percentage Rig Utilization, United States	45	39	44	65	60
Percentage Rig Utilization, International	16	30	47	41	
PETROLEUM EXPLORATION AND DEVELOPMENT					
Gross Wells Completed	45	18	27	42	41
Net Wells Completed	14.6	5.2	10.3	19.5	17.1
Net Dry Holes	1.6	.5	3.6	9.7	8.0
PETROLEUM PRODUCTION					
Net Crude Oil and Natural Gas Liquids Produced (barrels daily)	2,463	2,578	3,077	3,388	3,033
Net Oil Wells Owned -- Primary Recovery	202	199	234	234	233
Net Oil Wells Owned -- Secondary Recovery	222	237	235	259	126
Secondary Oil Recovery Projects	21	20	18	19	18
Net Natural Gas Produced (thousands of cubic feet daily)	45,480	31,752	32,392	35,288	37,316
Net Gas Wells Owned	197	180	180	174	173
NATURAL GAS ODORANTS AND OTHER CHEMICALS					
Chemicals Sold (pounds)*	8,507	8,165	7,554	9,123	9,288
REAL ESTATE MANAGEMENT					
Gross Leasable Area (square feet)*	1,670	1,595	1,433	1,333	1,238
Percentage Occupancy	90	94	95	93	91

TOTAL NUMBER OF EMPLOYEES					
Helmerich & Payne, Inc. and Subsidiaries+ . . .	1,156	1,026	844	1,126	1,242

* 000's omitted.
+ 1984-1989 include U.S. employees only

DIRECTORS

W. H. HELMERICH, III
Chairman of the Board,
Tulsa, Oklahoma

HANS HELMERICH
President and Chief Executive Officer,
Tulsa, Oklahoma

WILLIAM L. ARMSTRONG
Chairman, Ambassador Media Corporation,
Denver, Colorado

GLENN A. COX*
President and Chief Operating Officer, Retired,
Phillips Petroleum Co.,
Bartlesville, Oklahoma

GEORGE S. DOTSON
Vice President,
President of Helmerich & Payne
International Drilling Co.,
Tulsa, Oklahoma

C. W. FLINT, JR.*
Chairman,
Flint Industries, Inc.,
Tulsa, Oklahoma

GEORGE A. SCHAEFER
Chairman and Chief Executive Officer, Retired,
Caterpillar Inc.,
Peoria, Illinois

HARRY W. TODD
Chairman, CEO, and President, Retired,
Rohr Industries, Inc.,
Chula Vista, California

JOHN D. ZEGLIS
Senior Vice President and General Counsel,
American Telephone & Telegraph Co.,
Basking Ridge, New Jersey

OFFICERS

W. H. HELMERICH, III
Chairman of the Board

HANS HELMERICH
President and Chief Executive Officer

ALLEN S. BRAUMILLER
Vice President,
Exploration

GEORGE S. DOTSON
Vice President,
President of Helmerich & Payne
International Drilling Co.

DOUGLAS E. FEARS
Vice President,
Finance

STEVEN R. MACKEY
Vice President, Secretary,
and General Counsel

JAMES L. PAYNE
Vice President,
Real Estate

STEVEN R. SHAW
Vice President,
Production

***Member, Audit Committee**

Exhibit 22

SUBSIDIARIES OF THE REGISTRANT

Helmerich & Payne, Inc.

Subsidiaries of Helmerich & Payne, Inc.

Helmerich & Payne Properties, Inc. (Incorporated in Oklahoma) Utica Square Shopping Center, Inc. (Incorporated in Oklahoma) The Hardware Store of Utica Square, Inc. (Incorporated in Oklahoma) The Tearoom in Utica Square, Inc. (Incorporated in Oklahoma), doing business as The Garden Restaurant The Space Center, Inc. (Incorporated in Oklahoma) H&P DISC, Inc. (Incorporated in Oklahoma) Helmerich & Payne Coal Co. (Incorporated in Oklahoma) Natural Gas Odorizing, Inc. (Incorporated in Oklahoma) Helmerich & Payne Energy Services, Inc. (Incorporated in Oklahoma) Helmerich & Payne International Drilling Co. (Incorporated in Delaware)

Subsidiaries of Helmerich & Payne International Drilling Co.

Helmerich & Payne (Africa) Drilling Co. (Incorporated in Cayman Islands, British West Indies) Helmerich & Payne (Colombia) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Gabon) Drilling Co. (Incorporated in Cayman Islands, British West Indies) Helmerich & Payne (Guatemala) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Peru) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Australia) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne del Ecuador, Inc. (Incorporated in Oklahoma)
Helmerich & Payne de Venezuela, C.A. (Incorporated in Venezuela)
Helmerich & Payne, C.A. (Incorporated in Venezuela) Helmerich & Payne Rasco, Inc. (Incorporated in Oklahoma) H&P Finco (Incorporated in Cayman Islands, British West Indies)
H&P Invest Ltd. (Incorporated in Cayman Islands), British West Indies, doing business as H&P (Yemen) Drilling Co.

Subsidiary of H&P Invest Ltd.

Turrum Pty. Ltd. (Incorporated in Papua, New Guinea)

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated November 16, 1993, included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 33-16771 and 33-55239 on Forms S-8.

ARTHUR ANDERSEN LLP

Tulsa, Oklahoma
December 21, 1994

Exhibit 23.2

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Helmerich & Payne, Inc. of our report dated November 22, 1994, included in the 1994 Annual Report to Shareholders of Helmerich & Payne, Inc.

Our audit also included the 1994 financial statement schedules of Helmerich & Payne, Inc. listed in Item 14(a). These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit. In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statements (Forms S-8 Nos. 33-16771 and 33-55239) pertaining respectively to the Helmerich & Payne, Inc. Incentive Stock Option Plan and 1990 Stock Option Plan of our report dated November 22, 1994, with respect to the consolidated financial statements for 1994 incorporated herein by reference, and our report included in the preceding paragraph with respect to the 1994 financial statement schedules included in this Annual Report (Form 10-K) of Helmerich & Payne, Inc.

ERNST & YOUNG LLP

Tulsa, Oklahoma
December 21, 1994

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	SEP 30 1994
PERIOD START	OCT 01 1993
PERIOD END	SEP 30 1994
CASH	29,447
SECURITIES	87,414
RECEIVABLES	61,377
ALLOWANCES	1,480
INVENTORY	20,995
CURRENT ASSETS	122,939
PP&E	943,102
DEPRECIATION	542,451
TOTAL ASSETS	624,827
CURRENT LIABILITIES	46,701
BONDS	0
COMMON	2,677
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	521,657
TOTAL LIABILITY AND EQUITY	624,827
SALES	322,698
TOTAL REVENUES	329,001
CGS	288,581
TOTAL COSTS	288,581
OTHER EXPENSES	8,908
LOSS PROVISION	828
INTEREST EXPENSE	385
INCOME PRETAX	30,299
INCOME TAX	10,232
INCOME CONTINUING	20,971
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	4,000
NET INCOME	24,971
EPS PRIMARY	1.02
EPS DILUTED	1.02

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