HELMERICH & PAYNE, INC.

FORM 10-Q
(Quarterly Report)

Filed 08/13/99 for the Period Ending 06/30/99

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-Q
(Quarterly Report)

Filed 8/13/1999 For Period Ending 6/30/1999

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

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 30549

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

For quarterly period ended: JUNE 30, 1999

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
(State or other jurisdiction of incorporation or organization)

73-0679879
(I.R.S. Employer I.D. Number)

UTICA AT TWENTY-FIRST STREET, TULSA, OKLAHOMA 74114
(Address of principal executive office) (Zip Code)

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

Former name, former address and former fiscal year, if changed
since last report:
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 [ ]

CLASS	OUTSTANDING AT JUNE 30, 1999
Common Stock, .10 par value	49,497,299

TOTAL NUMBER OF PAGES 18

HELMERICH & PAYNE, INC.

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PART I. FINANCIAL INFORMATION

PART I FINANCIAL INFORMATION

HELMERICH & PAYNE, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

	(Unaudited) June 30 1999	September 30 1998
ASSETS		
Current Assets		
Cash and cash equivalents	$ 27,055	$ 24,476
Short-term investments	303	262
Accounts receivable, net	98,338	119,395
Inventories	26,463	25,401
Prepaid expenses and other	22,382	14,811
Total Current Assets	174,541	184,345
Investments	237,728	200,400
Property, Plant and Equipment, net	693,556	692,371
Other Assets	12,569	13,314
Total Assets	$ 1,118,394	$ 1,090,430
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 24,505	$ 41,851
Accrued liabilities	35,057	38,833
Notes payable	36,000	44,800
Total Current Liabilities	95,562	125,484
Noncurrent Liabilities		
Long-term notes payable	50,000	50,000
Deferred income taxes	118,513	103,469
Other	16,226	18,329
Total Noncurrent Liabilities	184,739	171,798
SHAREHOLDERS' EQUITY		
Common stock, par value, $.10 per share	5,353	5,353
Preferred stock, no shares issued	--	--
Additional paid-in capital	59,653	59,004
Retained earnings	738,969	716,875
Unearned compensation	(4,841)	(5,605)
Accumulated other comprehensive income	75,138	54,689
	874,272	830,316
Less treasury stock, at cost	36,179	37,168
Total Shareholders' Equity	838,093	793,148
Total Liabilities and Shareholders' Equity	$ 1,118,394	$ 1,090,430

The accompanying notes are an integral part of these statements.

PART I FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)

(in thousands except per share data)

	Quarter Ended June 30 1999	Quarter Ended June 30 1998	Nine Months Ended June 30 1999	Nine Months Ended June 30 1998
REVENUES:				
Sales and other operating revenues	$129,284	$153,902	$425,844	$438,836
Income from investments	2,515	23,234	5,193	32,512
	131,799	177,136	431,037	471,348
COST AND EXPENSES:				
Operating costs	73,888	91,976	256,793	249,848
Depreciation, depletion and amortization	25,341	21,195	82,711	59,032
Dry holes and abandonments	3,063	1,967	6,956	9,273
Taxes, other than income taxes	5,975	6,900	19,050	17,877
General and administrative	3,296	2,406	11,413	8,801
Interest	1,928	572	5,407	631
	113,491	125,016	382,330	345,462
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	18,308	52,120	48,707	125,886
INCOME TAX EXPENSE	7,293	19,836	19,190	47,876
EQUITY IN INCOME OF AFFILIATE, net of income taxes	1,181	1,577	2,842	4,353
NET INCOME	$ 12,196	$ 33,861	$ 32,359	$ 82,363
EARNINGS PER COMMON SHARE:				
Basic	$ 0.25	$ 0.68	$ 0.66	$ 1.65
Diluted	$ 0.24	$ 0.67	$ 0.65	$ 1.62
CASH DIVIDENDS (Note 2)	$ 0.07	$ 0.07	$ 0.21	$ 0.21
AVERAGE COMMON SHARES OUTSTANDING:				
Basic	49,252	50,078	49,211	50,045
Diluted	49,933	50,540	49,730	50,738

The accompanying notes are an integral part of these statements.

PART I FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(Unaudited)

(in thousands)

	Nine Months Ended 06/30/99	Nine Months Ended 06/30/98
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 32,359	$ 82,363
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	82,711	59,032
Dry holes and abandonments	6,956	9,273
Equity in income of affiliate before income taxes	(4,583)	(7,021)
Amortization of deferred compensation	1,177	972
Gain on sale of securities	(1,310)	(27,650)
Gain on sale of property, plant & equipment	(6,984)	(2,886)
Other, net	923	178
Change in assets and liabilities-		
Accounts receivable	21,057	(21,905)
Inventories	(1,062)	(3,609)
Prepaid expenses and other	(6,826)	(5,400)
Account payable	(17,346)	(1,028)
Accrued liabilities	(3,776)	(572)
Deferred income taxes	2,511	1,078
Other noncurrent liabilities	(2,103)	9,326
Total adjustments	71,345	9,788
NET CASH PROVIDED BY OPERATING ACTIVITIES	103,704	92,151
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, including dry hole costs,	(93,150)	(177,239)
Proceeds from sales of property, plant and equipment	9,405	14,452
Purchase of investments	(684)	(52)
Proceeds from sale of investments	1,285	58,703
Purchase of short-term investments	(63)	--
Proceeds from sale of short-term investments	22	50
NET CASH USED IN INVESTING ACTIVITIES	(83,185)	(104,086)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	99,000	102,000
Payments made on notes payable	(107,800)	(78,000)
Dividends paid	(10,389)	(10,297)
Purchases of stock for treasury	--	(273)
Proceeds from exercise of stock options	1,249	1,245
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(17,940)	14,675
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,579	2,740
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	24,476	27,963
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 27,055	$ 30,703

PART I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands - except per share data)

	Common Stock		Additional			Treasury Stock		Accumulated Other	
	Shares	Amount	Paid-In Capital	Unearned Compensation	Retained Earnings	Shares	Amount	Comprehensive Income	Total
Balance, September 30, 1998	53,529	$5,353	$59,004	$(5,605)	$716,875	4,146	$(37,168)	$54,689	$793,148
Comprehensive Income:									
Net Income					32,359				32,359
Other comprehensive income, net of tax - unrealized gains on available-for sale securities								20,449	20,449
Comprehensive income									52,808
Cash dividends ($0.21 per share)					(10,389)				(10,389)
Exercise of Stock Options			512			(97)	837		1,349
Stock issued under Restricted Stock Award Plan			137	(289)		(17)	152		
Amortization of deferred compensation				1,053	124				1,177
Balance, June 30, 1999	53,529	$5,353	$59,653	$(4,841)	$738,969	4,032	$(36,179)	$75,138	$838,093

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the results of the periods presented. The results of operations for the three and nine months ended June 30, 1999, and June 30, 1998, are not necessarily indicative of the results to be expected for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's 1998 Annual Report on Form 10-K and the Company's 1999 First and Second Quarter Reports on Form 10-Q.

2. The $.07 cash dividend declared in March, 1999, was paid June 1, 1999. On June 2, 1999, a cash dividend of $.07 per share was declared for shareholders of record on August 13, 1999, payable September 1, 1999.

3. Inventories consist of materials and supplies.

4. Income from investments includes $1,310,000 and $27,650,000 from gains on sales of available-for-sale securities during the first nine months of 1999 and 1998, respectively.

Depreciation and depletion for the nine months ended June 30, 1999 includes an impairment charge of $8.9 million in connection with the drilling and completion of a pinnacle reef well with reserve values significantly below its carrying cost.

5. The following is a summary of available-for-sale securities, which excludes those accounted for under the equity method of accounting. The recorded investment in securities accounted for under the equity method is $40,006,000.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
	(in thousands)			
Equity Securities 06/30/99	$76,532	$124,284	$ 3,094	$197,722
Equity Securities 09/30/98	$76,770	$ 93,364	$ 5,156	$164,978

6. Comprehensive Income - Comprehensive income, net of related tax, is as follows:

	Three Months Ended June 30		Nine Months Ended June 30	
	1999	1998	1999	1998
Net Income	$12,196	$33,861	$32,359	$ 82,363
Unrealized gains(losses) on available-for-sale securities	11,214	(20,782)	20,449	(26,030)
Comprehensive Income	$23,410	$ 13,079	$52,808	$ 56,333

7. Notes payable and Long-term Debt -

At June 30, 1999, the Company had committed bank lines of credit totaling $120 million; $70 million may be borrowed through May 2000, and $50 million may be borrowed through October 2003. Additionally, the Company had uncommitted credit facilities totaling $60 million. Collectively, the Company had $86 million in outstanding borrowings and outstanding letters of credit totaling $8.3 million at June 30, 1999. The average rate on the borrowings at June 30, 1999, was 5.4 percent, including the estimated effect of an interest rate swap described below.

Concurrent with a $50 million borrowing under one of its committed facilities, the Company has entered into a 5-year, $50 million interest rate swap, which closely correlates with the terms and maturity of the facility. The swap effectively fixes the interest rate on this facility at 5.38% for the entire 5 year term of the note.

8. Earnings per Share -

Basic earnings per share is based on the weighted-average number of common shares outstanding during the period. Diluted earnings per share include the dilutive effect of stock options and restricted stock.

A reconciliation of the weighted-average common shares outstanding on a basic and diluted basis is as follows:

	Three Months Ended June 30		Nine Months Ended June 30	
(in thousands)	1999	1998	1999	1998
Basic weighted-average shares	49,252	50,078	49,211	50,045
Effect of dilutive shares:				
Stock options	666	462	506	668
Restricted stock	15	--	13	25
	681	462	519	693
Diluted weighted-average shares	49,933	50,540	49,730	50,738

Restricted stock of 180,000 shares at a weighted-average price of $37.73 and options to purchase 919,000 shares of common stock at a weighted-average price of $32.40 were outstanding at June 30, 1999, but were not included in the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive, as the exercise prices of the options exceed the average market price of the common shares.

9. New Accounting Pronouncements -

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information". This statement, which the Company has not adopted, is effective for fiscal years beginning after December 15, 1997, expands or modifies disclosures and will have no impact on the Company's consolidated financial position, results of operations or cash flows.

The American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP)98-5, "Reporting on the Costs of Start-Up Activities", effective for fiscal years beginning after December 15, 1998. The SOP requires that all start-up costs be expensed and that the effect of adopting the SOP be reported as the cumulative effect of a change in accounting principle. The effect of this SOP on the Company's results of operations and financial position is not expected to be material.

The Financial Accounting Standards Board has issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", (SFAS 133) which, as amended, is effective for fiscal years beginning after June 15, 2000. This standard requires that all derivatives be recognized as assets or liabilities in the balance sheet and that those instruments be measured at fair value. The Company has not yet determined what the effect of SFAS 133 will be on the results of operations and the financial position of the Company.

10. Restricted Stock Awards -

In the first quarter of fiscal year 1999, the Company issued to certain employees 17,000 shares of treasury stock as restricted stock awards under the 1996 Stock Incentive Plan. The Company recognized unearned compensation of $289,000, which was the fair market value of the stock at the time of issuance. Treasury stock was reduced by the book value of the shares issued ($152,396) with the difference recognized as an increase in paid-in-capital. The unearned compensation is being amortized over a five-year period as compensation expense.

PART I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
REVENUES AND INCOME BY BUSINESS SEGMENTS
(UNAUDITED)

(in thousands)

	FISCAL YEAR 1999 1st Qtr	2nd Qtr	3rd Qtr	Nine Mos. 06/30/99	Nine Mos. 06/30/98
SALES AND OTHER REVENUES:					
Contract Drilling-Domestic	$ 45,985	$ 72,150	$ 47,848	$ 165,983	$ 131,121
Contract Drilling-Internat'l	54,685	49,853	42,528	147,066	182,873
Total Contract Drilling Division	100,670	122,003	90,376	313,049	313,994
Exploration and Production	26,428	18,849	22,364	67,641	76,697
Natural Gas Marketing	13,175	11,481	13,993	38,649	41,045
Total Oil & Gas Division	39,603	30,330	36,357	106,290	117,742
Real Estate Division	2,193	2,095	2,188	6,476	6,773
Investments and other	1,398	946	2,878	5,222	32,839
Total Revenues	$ 143,864	$ 155,374	$ 131,799	$ 431,037	$ 471,348
OPERATING PROFIT(LOSS):					
Contract Drilling-Domestic	$ 7,664	$ 11,704	$ 6,332	$ 25,700	$ 27,009
Contract Drilling-Internat'l	9,941	9,082	7,307	26,330	42,272
Total Contract Drilling Division	17,605	20,786	13,639	52,030	69,281
Exploration and Production	4,505	(6,270)	5,445	3,680	28,794
Natural Gas Marketing	941	1,039	1,023	3,003	1,686
Total Oil & Gas Division	5,446	(5,231)	6,468	6,683	30,480
Real Estate Division	1,391	1,270	1,333	3,994	4,443
Total Operating Profit	24,442	16,825	21,440	62,707	104,204
OTHER	(4,563)	(6,305)	(3,132)	(14,000)	21,682
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	$ 19,879	$ 10,520	$ 18,308	$ 48,707	$ 125,886

See accompanying notes to financial statements.

PART I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION
JUNE 30, 1999

RISK FACTORS AND FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the consolidated financial statements, notes and management's narrative analysis contained in the Company's 1998 Annual Report on Form 10-K and the Company's 1999 First and Second Quarter Reports on Form 10-Q and the condensed consolidated financial statements and related notes included elsewhere herein. The Company's future operating results may be affected by various trends and factors, which are beyond the Company's control. These include, among other factors, fluctuations in natural gas and crude oil prices, expiration or termination of drilling contracts, currency exchange losses, changes in general economic conditions, rapid or unexpected changes in technologies and uncertain business conditions that affect the Company's businesses. Accordingly, past results and trends should not be used by investors to anticipate future results or trends.

With the exception of historical information, the matters discussed in Management's Discussion & Analysis of Results of Operations and Financial Condition includes forward-looking statements. These forward-looking statements are based on various assumptions. The Company cautions that, while it believes such assumptions to be reasonable and makes them in good faith, assumed facts almost always vary from actual results. The differences between assumed facts and actual results can be material. The Company is including this cautionary statement to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Company. The factors identified in this cautionary statement are important factors (but not necessarily all important factors) that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company.

RESULTS OF OPERATIONS

The Company reported net income of $12,196,000 ($0.24 per share)from revenues of $131,799,000 for the third quarter ended June 30, 1999, compared with net income of $33,861,000 ($0.67 per share) from revenues of $177,136,000 for the third quarter of the prior fiscal year. Net income for the first nine months of this fiscal year totaled $32,359,000 ($0.65 per share) from revenues of $431,037,000, compared with net income of $82,363,000 ($1.62 per share) from revenues of $471,348,000 recorded for the same period last year.

Included in the third quarter net income were gains from the sale of available-for-sale securities of $0.01 per share, compared with $0.26 per share during last year's third quarter. Net income from security sales for the nine months ended June 30, 1999, was $0.02 per share and $0.33 per share for same period of fiscal 1998.

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 1999 AND 1998

Operating profit from the Company's domestic drilling operations for the third quarter of fiscal 1999 and 1998 was $6,332,000 and $9,363,000, respectively. Fundamentals in the domestic drilling land sector continued to deteriorate in the current quarter, because of reductions in capital spending by most of the Company's customers. Land rig utilization during the quarter was 53%, compared with 95% during the third quarter of fiscal 1998, and 74% in the second quarter of fiscal 1999. Average U.S. land rig dayrates were down by approximately 19% from last year's third quarter and down 5% from the second quarter of fiscal 1999. Offshore rig utilization during the third quarter of fiscal 1999 was 83%, compared with 98% during last year's third quarter. Although rig utilization was down from last year, third quarter results from domestic offshore operations were higher than last year, helped by a full quarter of income from Rig 204 and the income from Rig 91, which was transferred from offshore Venezuela to U.S. operations in December, 1998. Also included in this quarter's domestic operating results was $10.4 million of revenues and $2.3 million of operating profit from the Company's JADE construction project. This project neared completion during the third quarter, and could produce as much as a half million dollars of operating profit in the fourth quarter.

Operating profit from the Company's international drilling operations for the third quarter of fiscal 1999 and 1998 was $7,307,000 and $13,414,000, respectively. Revenues for the same periods were $42,528,000 and $69,202,000, respectively. International rig utilization fell to 49% for this year's third quarter, compared with 91% during third quarter of fiscal 1998. The most significant declines in rig utilization and operating profit occurred in the Company's largest international operations in Venezuela and Colombia. Also during the current quarter, Rig 200, the offshore platform rig located in Australia owned in a 50-50 partnership with Atwood Oceanics, ceased operations and is now stacked.

The Company's Exploration and Production Division reported an operating profit of $5,445,000 and $7,299,000 for the third quarter of fiscal 1999 and 1998, respectively. Oil and gas revenues for the same periods were $22,364,000 and $22,296,000, respectively. The decrease in operating profit in the third quarter of fiscal 1999, compared with the same quarter of 1998, is primarily the result of higher depreciation and depletion expense and dry hole costs. Crude oil prices for the third quarter of fiscal 1999 and 1998 averaged $15.66 per bbl and $12.89 per bbl, respectively, while crude oil volumes for the same periods averaged 1,718 bbls/d and 1,886 bbls/d, respectively. Natural gas prices for the third quarter of fiscal 1999 and 1998 averaged $1.80 per mcf and $1.94 per mcf, respectively. Natural gas volumes for the third quarter of fiscal 1999 and 1998 averaged 122.0 mcf/d and 112.5 mcf/d, respectively.

COMPARISON OF THE NINE MONTHS ENDED JUNE 30, 1999 AND 1998

Operating profit from the Company's domestic drilling operations for the nine months ended June 30, 1999 and 1998 was $25,700,000 and $27,009,000, respectively. Land rig utilization during the first nine months of fiscal 1999 was 71%, compared with 97% for the same period of fiscal 1998. Average U.S. land rig dayrates were down approximately 14% for the same periods. Offshore rig utilization for the nine months ended June 30, 1999, was 94% compared with 99% for the same period of fiscal 1998. The Company experienced substantial increases in operating results from offshore rigs for the nine months ended June 30, 1999, compared with the first nine months of fiscal 1998. This was the result of increased operating days of Rig 204 (273 days vs. 77 days) and the transfer of Rig 91 from offshore Venezuela to U.S. offshore operations in December 1998. Also included in the nine months operating results for domestic operations was $36.4 million of revenues and $4.9 million of operating profit from the Company's JADE construction project. Even with some improvements in offshore operations, operating profit for the domestic drilling operations are expected to decline during the fourth quarter.

Operating profit from the Company's international drilling operations for the nine months ended June 30, 1999 and 1998 was $26,330,000 and $42,272,000, respectively. Revenues for the same periods were $147,066,000 and $182,873,000, respectively. International rig utilization was 56% for the first nine months of fiscal 1999, compared with 92% for the same period of fiscal 1998. Significant declines in rig utilization in both Venezuela and Colombia, as well as reduced dayrates in both countries, were the major reasons for the overall decline in international operating results. The Company expects to record lower international earnings during the fourth quarter primarily because Rig 200 in Australia will be stacked and continued low rig utilization in South America.

The Company's Exploration and Production Division reported an operating profit of $3,680,000 and $28,794,000 for the nine months ended June 30, 1999, and 1998, respectively. The significant decrease in operating profit is the result of lower oil and gas revenues, increased exploration costs and increased depreciation and depletion expense, offset by decreased dry hole expense and gains recorded from the sale of producing properties.

Oil and gas revenues for the nine months ended June 30, 1999 and 1998 were $67,641,000 and $76,697,000, respectively. For the nine months ended June 30, 1999 and 1998, crude oil prices averaged $12.69 per bbl and $15.52 per bbl, respectively, while crude oil volumes for the same periods averaged 1,743 bbls/d and 1,962 bbls/d, respectively. Natural gas prices for the nine months ended June 30, 1999 and 1998 averaged $1.69 per mcf and $2.15 per mcf, respectively. Natural gas volumes for the same periods averaged 122.4 mcf/d and 115.1 mcf/d, respectively. Also included in revenues for the nine months ended June 30, 1999, were gains from the sale of producing properties of approximately $4.7 million.

Exploration costs, primarily geophysical charges, increased to $9.4 million for the nine months ending June 30, 1999, compared with $4.6 million for the same period of fiscal 1998. Division depreciation and depletion expense was $30.7 million for the first nine months of fiscal 1999, compared with $18.2 million during the first nine months of fiscal 1998. This year's total included an impairment charge of $8.9 million in connection with the drilling and completion of a pinnacle reef well with reserve values significantly below its carrying cost. Dry hole expense for the first nine months of fiscal 1999, and 1998, were $978,000 and $4,505,000, respectively.

During the fourth quarter, the Company will be drilling a significant development well in its Dixieland prospect in Texas, and will continue its drilling in Jefferson County, Texas, where four successful exploratory wells, in which the Company owns approximately 33%, are at various stages of completion.

For the nine months ended June 30, 1999 and 1998, the other line item, included in the Statement of Revenues and Income by Business Segments on page 10, was a loss of $14,000,000 and a profit of $21,682,000, respectively. The significant decrease in other operating profit is the result of lower gains on the sale of available-for-sale securities in fiscal 1999 compared with fiscal 1998 (see Note 4), increased interest expense in fiscal 1999, and increased corporate general and administrative expense in fiscal 1999. Interest expense increased to $5,407,000 in fiscal 1999, compared with $631,000 in fiscal 1998 because of increased notes payable balances. General and administrative expense increased to $11,413,000 in fiscal 1999, compared with $8,801,000 in fiscal 1998 as the result of higher employee benefit expenses and expenses associated with staff increases in the information technology area.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $103,704,000 for the first nine months of fiscal 1999, compared with $92,151,000 for the same period in 1998. Capital expenditures were $93,150,000 and $177,329,000 for the first nine months of fiscal 1999 and 1998, respectively.

It is anticipated for fiscal 1999 that capital expenditures will approach $135 million, which is less than the Company's projected internally generated cash flow. The Company would, if necessary, borrow under its line of credit agreement to fund capital expenditures in excess of cash flows. The Company reduced borrowings by $23,500,000 during the current quarter. The Company's indebtedness totaled $86,000,000 as of June 30, 1999, as described in Note 7 to the Consolidated Condensed Financial Statements.

There were no other significant changes in the Company's financial position since September 30, 1998.

YEAR 2000 COMPLIANCE

THE COMPANY'S STATE OF READINESS

The following information shall constitute the Company's "Year 2000 Readiness Disclosure" within the meaning of the Year 2000 Information Readiness Act.

The Company has undertaken various initiatives in an attempt to ensure that its hardware, software and equipment will function properly with respect to dates before and after January 1, 2000. For this purpose, the phrase "hardware, software and equipment" includes systems that are commonly thought of as Information Technology ("IT") systems, as well as those Non-Information Technology ("Non-IT") systems and equipment, which include embedded technology. IT systems include computer hardware and software, and other related systems. Non-IT systems include certain oil and gas drilling and production equipment, security systems and other miscellaneous systems. The Non-IT systems present the greatest compliance challenge since identification of embedded technology is difficult and because the Company is, to a great extent, reliant on third parties for Non-IT compliance.

The Company has formed a Year 2000 ("Y2K") Project team, which is chaired by the Director of IT. The team includes IT staff, corporate staff and representatives from the Company's business units. The Company has organized its compliance efforts into a four-phase approach as follows:

Phase 1: Identification - Identify and inventory mission critical components of Company operations and systems, which may be affected.

Phase 2: Assessment - Determine which hardware, software and equipment must be modified, upgraded or replaced.

Phase 3: Remediation - Modify, upgrade or replace non-compliant hardware, software and equipment.

Phase 4: Testing - Fully test all IT systems which are material to the Company's operations. Selectively test those Non-IT systems and equipment which are material to the Company's operations.

For the purposes of the Y2K Project material items are those items the Company believes to have a risk involving safety of individuals, damage to the environment, material effect on revenues or material damage to property. The project is proceeding on schedule to date. The following represents the status of the Company's IT and Non-IT Compliance Project:

	STATUS OF COMPLETION	TARGET FOR COMPLETION
IT		
o Core accounting and operational (mainframe) systems	Phases 1,2,3 & 4 completed	Completed
o Human Resources & Payroll Systems	Phases 1,2,3 & 4 completed	Completed
o Network	Phases 1,2,3 & 4 completed	Completed
o Desktop Computer Hardware	Phases 1,2,3 & 4 completed	Completed
o Standard Company Desktop Computer Software	Phases 1,2,3 & 4 completed	Completed
o Business Unit User Software	Phase 1 & 2 completed; Phases 3 & 4 in progress	September 30, 1999
Non-IT		
o Systems and Equipment	Phase 1 & 2 completed; Phases 3 & 4 in progress	September 30, 1999

As reflected in the above table, the Company has exercised diligence in the process of identifying embedded technology and determining the extent to which such technology is Y2K compliant. As part of this process, the Company mailed letters to its significant vendors and service providers to confirm that the products and services purchased from or by such entities are Y2K compliant. Also, the Company obtained information from significant customers regarding the extent to which Y2K issues may affect the amount of business the Company currently conducts with such customers. As of June 30, 1999, this phase of the Y2K project was essentially complete. As a result of these activities, the Company is conducting discussions with the vendors or manufacturers of such mission critical equipment to determine the most effective solutions to Y2K compliance issues.

THE COST TO ADDRESS Y2K ISSUES

The Company believes that the cost of its Y2K Compliance Project should not exceed $1,000,000, including costs of employees working on the Y2K Project. Costs for the new hardware and equipment are being capitalized, and other costs are being expensed as incurred. The costs relating to the Company's Y2K project are paid from the Company's general funds. To date, the Company has incurred Y2K Project costs of approximately $800,000. This expenditure mainly relates to repair, upgrading or replacement of existing software and hardware, and solicitation and evaluation of information received from significant vendors, service providers, or customers. The $1,000,000 figure includes the costs of independent consultants engaged to review selected Y2K issues.

THE COMPANY'S CONTINGENCY PLAN

The Company has developed its contingency plans on a business unit and departmental basis. These contingency plans include, but are not limited to:
development of backup and recovery procedures for IT Systems; remediation of existing systems or equipment; installation of new systems or equipment; stockpiling of Y2K compliant goods and supplies; stockpiling old equipment which does not contain embedded technology; replacement of current services with temporary manual processes; finding non-technological alternatives or sources for information; or identification of alternative customers, suppliers or outsourcing subcontractors who stand ready to receive or provide critical goods, equipment and services. The Company has engaged a computer recovery services contractor as a potential source of alternative computer systems for its core accounting systems as part of its contingency plan.

THE RISKS OF THE COMPANY'S Y2K ISSUES

The Company is in the process of completing an analysis of the operational problems and costs (including loss of revenues) that would be reasonably likely to result from the failure by the Company and certain third parties to complete efforts necessary to achieve Y2K compliance on a timely basis. The Company presently believes that the Y2K issue will not pose significant operational problems for the Company. However, if all significant Y2K issues are not properly identified, or assessment, remediation and testing are not effected timely, there can be no assurance that the Y2K issue will not materially and adversely impact the Company's results of operations, liquidity and financial condition or materially and adversely affect the Company's relationships with customers, vendors, or others. Additionally, there can be no assurance that the lack of Y2K compliance by other entities will not have a material and adverse impact on the Company's operations or financial condition.

The preceding Y2K disclosure is based upon certain forward-looking information including, but not limited to, the dates on which the Company believes that various phases of the Y2K Project will be completed. This forward-looking information is based on Management's good faith estimates. These estimates were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third-party plans and other factors. However, there can be no guarantee that these estimates will be achieved, or that there will not be a delay in, or increased costs associated with, the implementation of the Y2K Project. Specific factors that might cause differences between the estimates and actual results include, but are not limited to, the availability and cost of personnel trained in these areas, the ability to locate and correct all relevant computer code, timely responses to and corrections by third-parties and suppliers, the ability to implement interfaces between the new systems and the systems not being replaced, and similar uncertainties. Due to the general uncertainty inherent in Y2K issues, including the uncertainty of third party Y2K compliance, the Company cannot ensure its ability to timely and cost-effectively resolve problems associated with Y2K issues that may affect its operations and business, or expose it to third party liability.

PART II. OTHER INFORMATION
HELMERICH & PAYNE, INC.

Item 6(b) Reports on Form 8-K

There were no reports on Form 8-K for the three months ended June 30, 1999.

SIGNATURES

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

Date: AUGUST 13, 1999	*/s/ DOUGLAS E. FEARS*
	Douglas E. Fears, Chief Financial Officer
Date: AUGUST 13, 1999	*/s/ HANS C. HELMERICH*
	Hans C. Helmerich, President

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
27	Financial Data Schedule

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	SEP 30 1999
PERIOD START	OCT 01 1998
PERIOD END	JUN 30 1999
CASH	27,055
SECURITIES	237,728
RECEIVABLES	101,746
ALLOWANCES	3,408
INVENTORY	26,463
CURRENT ASSETS	174,541
PP&E	1,430,563
DEPRECIATION	737,007
TOTAL ASSETS	1,118,394
CURRENT LIABILITIES	95,562
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	5,353
OTHER SE	832,740
TOTAL LIABILITY AND EQUITY	1,118,394
SALES	425,844
TOTAL REVENUES	431,037
CGS	354,722
TOTAL COSTS	354,722
OTHER EXPENSES	10,788
LOSS PROVISION	0
INTEREST EXPENSE	5,407
INCOME PRETAX	48,707
INCOME TAX	19,190
INCOME CONTINUING	32,359
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	32,359
EPS BASIC	.66
EPS DILUTED	.65

End of Filing