

HELMERICH & PAYNE, INC.

FORM 10-Q (Quarterly Report)

Filed 05/15/95 for the Period Ending 03/31/95

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 5/15/1995 For Period Ending 3/31/1995

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

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

For quarterly period ended: MARCH 31, 1995

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

NONE
(Former name, former address and former fiscal year, if changed since last report)

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

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CLASS	OUTSTANDING AT MARCH 31, 1995
-----	-----
Common Stock, .10 par value	24,718,020
	AUTHORIZED AT MARCH 31, 1995

	26,764,476

Total Number of Pages 10

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

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

	March 31 1995	September 30 1994
	-----	-----
ASSETS		

Current Assets		
Cash and cash equivalents	\$ 16,621	\$ 29,447
Short-term investments	8,996	8,997
Accounts receivable, net	51,872	59,897
Inventories	21,515	20,995
Prepaid expenses and other	4,580	3,603
	-----	-----
Total Current Assets	103,584	122,939
Investments	150,159	87,414
Property, Plant and Equipment, Net	422,760	400,651
Other Assets	13,790	13,823
	-----	-----
Total Assets	\$ 690,293	\$ 624,827
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		

Current Liabilities		
Accounts payable	\$ 27,799	\$ 22,645
Accrued liabilities	17,539	24,056
	-----	-----
Total Current Liabilities	45,338	46,701
	-----	-----
Noncurrent Liabilities		
Deferred income taxes	67,893	44,462
Other	11,773	9,330
	-----	-----
Total Noncurrent Liabilities	79,666	53,792
	-----	-----
Shareholders' Equity		
Common stock, par value \$.10 per share	2,677	2,677
Preferred stock, no shares issued	-	-
Additional paid-in capital	48,003	48,196
Net unrealized holding gains	35,836	-
Retained earnings	501,507	496,280
	-----	-----
Less treasury stock, at cost	588,023	547,153
	22,734	22,819
	-----	-----
Total Shareholders' Equity	565,289	524,334
	-----	-----
	\$ 690,293	\$ 624,827
	=====	=====

See accompanying notes to financial statements.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)

(in thousands, except per share data)

	Quarter Ended		Six Months Ended	
	3/31/95	3/31/94	3/31/95	3/31/94
	-----		-----	
REVENUES				
Sales and other operating revenues	\$ 76,109	\$ 86,359	\$154,664	\$167,003
Income from investments	3,192	1,524	4,581	3,066
	-----	-----	-----	-----
	79,301	87,883	159,245	170,069
	-----	-----	-----	-----
COSTS AND EXPENSES				
Operating costs	48,092	56,439	99,340	106,950
Depreciation, depletion and amortization	13,184	13,444	26,814	25,262
Dry holes and abandonments	2,316	1,306	4,495	2,616
Taxes, other than income taxes	4,159	3,843	8,137	8,133
General and administrative	2,691	2,241	4,785	4,923
Interest	44	41	143	223
	-----	-----	-----	-----
	70,486	77,314	143,714	148,107
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME OF AFFILIATE AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	8,815	10,569	15,531	21,962
INCOME TAX EXPENSE	3,340	4,610	5,821	8,901
EQUITY IN INCOME OF AFFILIATE, net of income taxes	345	196	526	347
	-----	-----	-----	-----
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	5,820	6,155	10,236	13,408
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	-	-	4,000
	-----	-----	-----	-----
NET INCOME	\$ 5,820	\$ 6,155	\$ 10,236	\$ 17,408
	=====	=====	=====	=====
PER COMMON SHARE:				
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$0.24	\$0.25	\$0.42	\$0.55
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$ -	\$ -	\$ -	\$0.16
	-----	-----	-----	-----
NET INCOME	\$0.24	\$0.25	\$0.42	\$0.71
	=====	=====	=====	=====
CASH DIVIDENDS (Note 2)	\$0.125	\$0.12	\$0.25	\$0.24
AVERAGE COMMON SHARES OUTSTANDING	24,497	24,408	24,488	24,377

See accompanying notes to financial statements.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)

	Six Months Ended March 31	
	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Net Income	\$ 10,236	\$ 17,408
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation, depletion and amortization	26,814	25,262
Dry holes and abandonments	4,495	2,180
Cumulative effect of change in accounting principle	(4,000)	
Equity in income of affiliate before income taxes	(849)	(559)
Amortization of deferred compensation	612	897
Gain on sale of securities	(1,828)	-
Other, net	(603)	(548)
Change in assets and liabilities-		
(Increase)decrease in accounts receivable	8,025	(2,802)
Increase in inventories	(521)	(1,108)
Increase in prepaid expenses and other	(943)	(3,056)
Increase in accounts payable	5,154	1,442
Increase(decrease) in accrued liabilities	(3,517)	5,641
Increase in deferred income taxes	1,467	1,550
Increase in other noncurrent liabilities	2,443	408
	40,749	25,307
Total Adjustments		
Net cash provided by operating activities	50,985	42,715
<hr style="border-top: 1px dashed black;"/>		
CASH FLOWS FROM INVESTING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Capital expenditures, including dry hole costs	(56,958)	(28,505)
Proceeds from sales of property, plant and equipment	2,265	
Purchase of investments	(6,844)	(1,500)
Proceeds from sale of investments	4,588	-
Purchase of short-term investments	-	(12)
Proceeds from sale of short-term investments	-	124
	(58,091)	(27,628)
Net cash used in investing activities		
<hr style="border-top: 1px dashed black;"/>		
CASH FLOWS FROM FINANCING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Payments made on long-term debt	-	(3,151)
Dividends paid	(6,172)	(5,916)
Proceeds from exercise of stock options	452	-
	(5,720)	(9,067)
Net cash used in financing activities		
<hr style="border-top: 1px dashed black;"/>		
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(12,826)	6,020
CASH AND CASH EQUIVALENTS, beginning of period	29,447	61,656
	\$ 16,621	\$ 67,676
CASH AND CASH EQUIVALENTS, end of period	=====	=====

See accompanying notes to financial statements.

Certain reclassifications have been made in the 1994 statement to conform to the 1995 presentation.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 1995, and September 30, 1994, and the results of operations for the six months ended March 31, 1995, and 1994, and the statements of cash flows for the six months then ended. The results of operations for the six months ended March 31, 1995, and March 31, 1994, are not necessarily indicative of the results to be expected for the full year.

2. The \$.125 cash dividend declared in December, 1994, was paid March 1, 1995. On March 1, 1995, a cash dividend of \$.125 per share was declared for shareholders of record on May 15, 1995, payable June 1, 1995.

3. Inventories consisted of the following (in thousands of dollars):

	03-31-95	09-30-94
	-----	-----
Raw Materials	\$ 61	\$ 75
Works in Progress	348	361
Finished Goods	1,062	1,027
Materials & Supplies	20,044	19,532
	-----	-----
	\$ 21,515	\$ 20,995
	=====	=====

4. Income from investments include \$1,838,000 gains on sales of securities during the first six months of 1995, and no gains on sales of securities during the first six months of 1994.

5. Effective October 1, 1993, the Company adopted Financial Accounting Standards Board Statement No. 109, Accounting for Income Taxes (SFAS 109). The cumulative effect on prior years of adopting the change was recorded in the quarter ended December 31, 1993, and increased net income for the quarter by \$4.0 million.

6. In May, 1993 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Company adopted the provisions of the new standard for investments held as of or acquired after October 1, 1994. In accordance with the Statement, prior period financial statements have not been restated to reflect the change in accounting principle. The change had no effect on net income. The opening balance of shareholders' equity was increased by \$34,435,000 (net of \$21,106,000 in deferred income taxes) to reflect the net unrealized holding gains on securities classified as available-for-sale previously carried at lower of cost or market.

During the quarter ended March 31, 1995, the net unrealized holding gains of the Company's securities classified as available-for-sale increased \$5,136,000 (net of \$3,147,000 in deferred income taxes).

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
REVENUES AND INCOME BY BUSINESS SEGMENTS
(in thousands)

	FISCAL YEAR 1995			FY 1994
	1st Qtr	2nd Qtr	Six Mos.	Six Mos.
	-----	-----	-----	-----
SALES AND OTHER REVENUES:				
Contract Drilling-Domestic	\$25,488	\$23,553	\$ 49,041	\$ 41,066
Contract Drilling-International	22,150	24,609	46,759	45,447
	-----	-----	-----	-----
Total Contract Drilling Division	47,638	48,162	95,800	\$ 86,513
	-----	-----	-----	-----
Exploration and Production	13,471	11,037	24,508	34,420
Natural Gas Marketing	9,479	8,948	18,427	30,427
	-----	-----	-----	-----
Total Oil & Gas Division	22,950	19,985	42,935	64,847
	-----	-----	-----	-----
Chemical Division	5,951	5,951	11,902	11,175
Real Estate Division	1,846	1,892	3,738	4,138
Investment and Other	1,559	3,311	4,870	3,396
	-----	-----	-----	-----
Total Revenues	\$79,944	\$79,301	\$159,245	\$170,069
	=====	=====	=====	=====
OPERATING PROFIT:				
Contract Drilling-Domestic	\$ 1,125	\$ 1,359	\$ 2,484	\$ 2,177
Contract Drilling-International	3,355	4,754	8,109	5,799
	-----	-----	-----	-----
Total Contract Drilling Division	4,480	6,113	10,593	7,976
	-----	-----	-----	-----
Exploration and Production	(538)	(1,691)	(2,229)	9,445
Natural Gas Marketing	287	711	998	743
	-----	-----	-----	-----
Total Oil & Gas Division	(251)	(980)	(1,231)	10,188
	-----	-----	-----	-----
Chemical Division	2,636	2,732	5,368	4,594
Real Estate Division	1,121	1,026	2,147	2,438
	-----	-----	-----	-----
Total Operating Profit	7,986	8,891	16,877	25,196
	-----	-----	-----	-----
OTHER	(1,270)	(76)	(1,346)	(3,234)
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME OF AFFILIATE AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING	-----	-----	-----	-----
PRINCIPLE	\$ 6,716	\$ 8,815	\$ 15,531	\$ 21,962
	=====	=====	=====	=====

See accompanying notes to financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1995**

The Company reported net income of \$5,820,000 (\$0.24 per share) on revenues of \$79,301,000 for the second quarter of fiscal year 1995, compared with net income of \$6,155,000 (\$0.25 per share) on revenues of \$87,883,000 during the second quarter of fiscal 1994. Net income for the first six months totaled \$10,236,000 (\$0.42 per share), compared with \$17,408,000 (\$0.71 per share) last year. Last year's first six months' net income includes the cumulative effect on prior years' income (\$0.16 per share) caused by the change in accounting method for deferred taxes as required by FASB Statement 109.

Net income for the six months ended March 31, 1995 includes \$1,117,000 (\$0.05 per share) after-tax gains from the sale of securities compared with no after-tax gains for the same period in 1994.

The Exploration and Production Division reported operating losses of \$1,691,000 and \$2,229,000 for the second quarter and first six months of fiscal 1995, respectively. Operating profits of \$4,333,000 and \$9,445,000, were reported for the same periods in fiscal 1994. The significant drop in operating profits from 1994 to 1995 is the result of lower natural gas prices, reduced natural gas production volumes and increased dry hole costs.

Natural gas prices for the second quarter and first six months of 1995 averaged \$1.27 per mcf and \$1.33 per mcf, respectively, compared with \$1.86 per mcf and \$1.85 per mcf in the same periods of 1994. Natural gas volumes for the first six months of 1995 were 71.9 mmcf/day compared with 85.3 mmcf/day for the first six months of 1994. Dry hole expense for the first six months of 1995 was \$2,845,000 compared with \$436,000 for the same period in 1994.

The Contract Drilling Division reported an operating profit of \$10,593,000 for the first six months of 1995, compared with \$7,976,000 for the same period of fiscal 1994. The 32.8% increase in operating profit was mainly from international operations, including both Venezuela and Colombia where profitability increased significantly as compared with 1994. Five additional rigs were placed in service in Venezuela during the first six months of fiscal 1995. The increase in profit from operations in Colombia has been due to increased revenues and better operating margins as compared with the first six months of fiscal 1994. Three additional rigs in Colombia and one rig in Bolivia are expected to commence operations during the third and fourth quarters of 1995.

The Chemical Division reported another strong quarter. An operating profit of \$5,368,000 was reported for the first six months of 1995 compared with \$4,594,000 for the same period in 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 sell additional portions of its investment portfolio and incur debt in order to help fund planned capital expenditures for the remainder of 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 Oceanics, Inc. The joint venture will construct a new generation offshore platform rig for work offshore Australia.

During the first quarter of fiscal 1995, effective 10-1-94, the Company adopted FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The effect of adopting this Statement on the March 31, 1995, balance sheet was to increase investments by \$57,800,000, increase deferred tax liabilities by \$21,964,000 and increase shareholders' equity by \$35,836,000.

There were no other significant changes to the Company's financial position since September 30, 1994.

PART II. OTHER INFORMATION HELMERICH & PAYNE, INC. AND SUBSIDIARIES

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of Helmerich & Payne, Inc. was held on March 1, 1995, for the purpose of electing three members of the Board of Directors. No other matters were submitted for vote to the stockholders. Proxies for the meeting were solicited by and on behalf of the management of Helmerich & Payne, Inc., and there was no solicitation in opposition to management's solicitation. Each of management's incumbent nominees for directorship were elected by the affirmative vote of a plurality of the shares of voted common stock. The number of votes for and withheld from each Director, respectively, were as follows: Hans Helmerich, 21,799,937 for, and 71,082 withheld; George S. Dotson, 21,801,678 for, and 69,341 withheld; and George A. Schaefer, 21,796,676 for, and 74,343 withheld. There were no broker non-votes nor other abstentions. The other Directors whose term of office as Director continued after the meeting are W. H. Helmerich, III, William L. Armstrong, Glenn A. Cox, C. W. Flint, Jr., H. W. Todd and John D. Zeglis.

Item 6(b) Reports on Form 8-K

There were no reports on Form 8-K for the three months ended March 31, 1995.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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.

HELMERICH & PAYNE, INC.

Date: MAY 11, 1995

/S/ DOUGLAS E. FEARS

Douglas E. Fears, Chief Financial Officer

Date: MAY 11, 1995

/S/ HANS C. HELMERICH

Hans C. Helmerich, President

EXHIBIT INDEX

Exhibit -----	Description -----
27	Financial Data Schedule

ARTICLE 5

PERIOD TYPE	6 MOS
FISCAL YEAR END	SEP 30 1995
PERIOD START	OCT 01 1994
PERIOD END	MAR 31 1995
CASH	16,621
SECURITIES	150,159
RECEIVABLES	52,902
ALLOWANCES	1,030
INVENTORY	21,515
CURRENT ASSETS	103,584
PP&E	988,530
DEPRECIATION	565,770
TOTAL ASSETS	690,293
CURRENT LIABILITIES	45,338
BONDS	0
COMMON	2,677
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	562,612
TOTAL LIABILITY AND EQUITY	690,293
SALES	154,664
TOTAL REVENUES	159,245
CGS	138,786
TOTAL COSTS	138,786
OTHER EXPENSES	4,785
LOSS PROVISION	0
INTEREST EXPENSE	143
INCOME PRETAX	15,531
INCOME TAX	5,821
INCOME CONTINUING	10,236
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	10,236
EPS PRIMARY	.42
EPS DILUTED	.42

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