HELMERICH & PAYNE, INC.

FORM 10-K
(Annual Report)

Filed 12/23/02 for the Period Ending 09/30/02

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 12/23/2002 For Period Ending 9/30/2002

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, 2002 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]

At December 13, 2002, the aggregate market value of the voting stock held by non-affiliates was $1,412,972,260.

Number of shares of common stock outstanding at December 13, 2002: 50,013,769.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the following documents have been incorporated by reference into this Form 10-K as indicated:

Documents	10-K Parts
(1) Annual Report to Stockholders for the fiscal year ended September 30, 2002	Parts I, II, and IV
(2) Proxy Statement for Annual Meeting of Stockholders to be held March 5, 2003	Part III

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

THIS REPORT INCLUDES "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE SECURITIES ACT OF 1933, AS AMENDED, AND THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDED IN THIS REPORT, INCLUDING, WITHOUT LIMITATION, STATEMENTS REGARDING THE REGISTRANT'S FUTURE FINANCIAL POSITION, BUSINESS STRATEGY, BUDGETS, PROJECTED COSTS AND PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, ARE FORWARD-LOOKING STATEMENTS. IN ADDITION, FORWARD-LOOKING STATEMENTS GENERALLY CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY", "WILL", "EXPECT", "INTEND", "ESTIMATE", "ANTICIPATE", "BELIEVE", OR "CONTINUE" OR THE NEGATIVE THEREOF OR SIMILAR TERMINOLOGY. ALTHOUGH THE REGISTRANT BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE, IT CAN GIVE NO ASSURANCE THAT SUCH EXPECTATIONS WILL PROVE TO BE CORRECT. IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE REGISTRANT'S EXPECTATIONS ARE DISCLOSED IN THIS REPORT INCLUDING ITEM 1 OF PART 1. BUSINESS "REGULATIONS, HAZARDS AND RISKS", AS WELL AS IN MANAGEMENT'S DISCUSSION & ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION ON PAGES 23 THROUGH 39 OF THE COMPANY'S ANNUAL REPORT TO THE STOCKHOLDERS FOR FISCAL 2002. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE REGISTRANT, OR PERSONS ACTING ON ITS BEHALF, ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY SUCH CAUTIONARY STATEMENTS. THE REGISTRANT ASSUMES NO DUTY TO UPDATE OR REVISE ITS FORWARD-LOOKING STATEMENTS BASED ON CHANGES IN INTERNAL ESTIMATES OR EXPECTATIONS OR OTHERWISE.

PART I

ITEM 1. BUSINESS

Helmerich & Payne, Inc. (the "Company"), was incorporated under the laws of the State of Delaware on February 3, 1940, and is successor to a business originally organized in 1920. The Company is primarily engaged in contract drilling of oil and gas wells for others. The contract drilling business accounts for the major portion of its operating revenues. The Company is also engaged in the ownership, development, and operation of commercial real estate.

The Company is organized into two separate autonomous operating entities being contract drilling and real estate. Both businesses operate independently of the other. Both the contract drilling and real estate businesses are conducted through wholly-owned subsidiaries. Operating decentralization is balanced by a centralized finance division, which handles all accounting, data processing, budgeting, insurance, cash management, and related activities.

The Company's domestic contract drilling is conducted primarily in Oklahoma, Texas, Wyoming, and Louisiana, and offshore from platforms in the Gulf of Mexico and offshore California. The Company has also operated during fiscal 2002 in six international locations: Venezuela, Ecuador, Colombia, Argentina, Bolivia and Equatorial Guinea.

The Company's real estate investments are located in Tulsa, Oklahoma, where the Company has its executive offices.

Prior to October 1, 2002, the Company was engaged in the exploration, production and sale of crude oil and natural gas business ("exploration and production business"). During fiscal 2002, the Company transferred assets and liabilities of the exploration and production business to its wholly-owned subsidiary, Cimarex Energy Co. On September 30, 2002, the Company distributed the common stock of Cimarex Energy Co. to the Company's stockholders and completed a merger of Key Production Company, Inc. with a subsidiary of Cimarex Energy Co. See pages 5 through 6 of this report for a more detailed discussion of the spin-off and merger.

CONTRACT DRILLING

The Company believes that it is one of the major land and offshore platform drilling contractors in the western hemisphere. Operating principally in North and South America, the Company specializes primarily in deep drilling in major gas producing basins of the United States and in drilling for oil and gas in remote international areas. For its international operations, the Company operates certain rigs which are transportable by helicopter. In the United States, the Company draws its customers primarily from the major oil companies and the larger independents. In South America, the Company's current customers include the Venezuelan state petroleum company and major international oil companies.

In fiscal 2002, the Company received approximately 70% of its consolidated revenues from the Company's ten largest contract drilling customers. BP plc, Shell Oil Company and ExxonMobil Corporation, including their affiliates, are the Company's three largest contract drilling customers. The Company performs drilling services for BP plc, Shell Oil Company and ExxonMobil Corporation on a world-wide basis. Revenues from drilling services performed for BP plc, Shell Oil Company and ExxonMobil Corporation in fiscal 2002 accounted for approximately 16%, 15% and 12%, respectively, of the Company's consolidated revenues from continuing operations for the same period. While the Company believes that its relationship with all of these customers is good, the loss of BP plc, Shell Oil Company and ExxonMobil Corporation or a loss of one or more of its larger customers would have a material adverse effect on the drilling subsidiary and the Company.

The Company provides drilling rigs, equipment, personnel, and camps on a contract basis. These services are provided so that the Company's customers may explore for and develop oil and gas from onshore areas and from fixed platforms, tension leg platforms and spars in offshore areas. Each of the drilling rigs consists of engines, drawworks, a mast, pumps, 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 land drilling rig may be moved from location to location without modification to the rig. A helicopter rig is one that can be disassembled into component part loads of approximately 4,000-20,000 pounds and transported to remote locations by helicopter, cargo plane, or other means. Conversely, a platform rig is specifically designed to perform drilling operations upon a particular platform. While a platform rig may be moved from its original platform, significant expense is incurred to modify a platform rig for operation on each subsequent platform. In addition to traditional platform rigs, the Company operates self-moving minimum space platform drilling rigs and drilling rigs to be used on tension leg platforms and spars. The minimum space rig is designed to be moved without the use of expensive derrick barges. The tension leg platforms and spars allow drilling operations to be conducted in much deeper water than traditional fixed platforms.

The Company's workover rigs are equipped with engines, drawworks, a mast, pumps, and blowout preventers. 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 producing wells.

During fiscal 1998, the Company put to work a new generation of six highly mobile/depth flexible rigs (individually the "FlexRig"(TM)). The FlexRig has been able to significantly reduce average rig move times compared to similar depth rated traditional land rigs. In addition, the FlexRig allows a greater depth flexibility of between 8,000 to 18,000 feet and provides greater operating efficiency. During fiscal 2000, the Company ordered 12 new FlexRigs at an approximate cost of between $7,500,000 and $8,250,000 each. The Company took delivery of 10 new FlexRigs through calendar 2001. During fiscal 2001, the Company ordered an additional 25 new FlexRigs at an approximate cost of $11,000,000 each. These new rigs, known as "FlexRig3", are the next generation of FlexRigs which incorporate new drilling technology and new environmental and safety design. This new design includes integrated top drive, AC electric drive, hydraulic BOP handling system, hydraulic tubular make-up and break-out system, split crown and traveling blocks and an enlarged drill floor for the enabling of simultaneous crew activities. The Company took delivery of eight FlexRig3 rigs as of the end of September, 2002. The remaining FlexRig3 rigs are expected to be delivered by the end of fiscal 2003. The FlexRig3's will be available for work in the Company's domestic and international drilling operations.

The Company's drilling contracts are obtained through competitive bidding or as a result of negotiations with customers, and sometimes cover multi-well and multi-year projects. Each drilling rig operates under a separate drilling contract. Most of the contracts are performed on a "daywork" basis, under which the Company 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. The Company has previously performed contracts on a combination "footage" and "daywork" basis, under which the Company charged 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. Also, the Company has previously accepted "turnkey" contracts under which the Company 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 Company did not accept any "footage" or "turnkey" contracts during fiscal 2002. The Company believes that under current market conditions "footage" and "turnkey" contract rates do not adequately compensate contractors for the added risks. The duration of the Company's drilling contracts 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. 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 five year periods, some fixed term and well-to-well contracts are expected to be continued for longer periods than the original terms. However, the contracting parties have no legal obligation to extend the contracts. Contracts generally contain renewal or extension provisions exercisable at the option of the customer at prices mutually agreeable to the Company and the customer. In most instances contracts 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, government owned petroleum companies are more frequently requesting that a greater proportion of these payments be made in local currencies. See Regulations, Hazards and Risks on page 4 of this report.

DOMESTIC DRILLING

The Company believes it is a major land and offshore platform drilling contractor in the domestic market. At the end of September, 2002, the Company had 78 of its rigs (66 land rigs and 12 platform rigs) available for work in the United States and had management contracts for three customer-owned rigs. The 19 rig increase from fiscal 2001 to 2002 is due to the delivery of 13 new FlexRigs, transfer of four rigs from the Company's international operations, and the construction of two self-moving platform rigs.

While the Company commenced drilling operations in the Gulf of Mexico with two new self-moving platform rigs, the Company stacked five platform rigs during fiscal 2002.

INTERNATIONAL DRILLING

The Company'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 Company, is one of the leading drilling contractors in Venezuela. Beginning in 1972, with the introduction of its first helicopter rig, the Company expanded into other Latin American countries.

Venezuelan operations continue to be a significant part of the Company's operations. At the end of fiscal 2002, the Company owned and operated 14 land drilling rigs in Venezuela with a utilization rate of approximately 41% for the fiscal year. The Company worked for the Venezuelan state petroleum company during fiscal 2002, and revenues from this work accounted for approximately 4.6% of the Company's consolidated revenues from continuing operations during the fiscal year. In addition, the Company has performed contract drilling services in Venezuela for two independent oil companies during fiscal 2002.

The Company's rig utilization rate in Venezuela has increased from approximately 37% during fiscal 2001 to approximately 41% in fiscal 2002. Even though the Company is, at this time, unable to predict future fluctuations in its utilization rates during fiscal 2003, the Company believes that the prospects are good for returning at least five of its idle rigs back to work in Venezuela during fiscal 2003.

During fiscal 2002, one rig was moved into Ecuador from the United States. At the end of fiscal 2002, the Company owned and operated eight rigs in Ecuador. The Company's utilization rate was approximately 93% during fiscal 2002. Revenues generated by Ecuadorian drilling operations contributed approximately 8.89% of the Company's consolidated revenues from continuing operations. The contracts are with large international oil companies.

During fiscal 2002, the Company owned and operated three drilling rigs in Colombia. The Company's utilization rate in Colombia was approximately 31% during fiscal 2002. The revenues generated by Colombian drilling operations contributed approximately 1.87% of the Company's consolidated revenues in fiscal 2002 from continuing operations. The Company is not presently operating any rigs in Colombia, but expects to resume drilling operations with one rig in January, 2003.

In addition to its operations in Venezuela, Ecuador and Colombia, the Company in fiscal 2002 owned and operated six rigs in Bolivia and two rigs in Argentina. However, at the end of fiscal 2002, only one rig was operating in Bolivia and no rigs were operating in Argentina. During fiscal 2002, the Company continued operations under a management contract for a customer-owned platform rig located offshore Equatorial Guinea.

COMPETITION

The contract drilling business is highly competitive. Competition in contract drilling involves such factors as price, rig availability, efficiency, condition of equipment, reputation, operating safety and customer relations. Competition is primarily on a regional basis and may vary significantly by region at any particular time. Land 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.

Although many contracts for drilling services are awarded based solely on price, the Company has been successful in establishing long-term relationships with certain customers which have allowed the Company to secure drilling work even though the Company may not have been the lowest bidder for such work. The Company has continued to attempt to differentiate its services based upon its engineering design expertise, operational efficiency, safety and environmental awareness. This strategy is less effective when lower demand for drilling services intensifies price competition and makes it more difficult or impossible to compete on any other basis than price.

REGULATIONS, HAZARDS AND RISKS

The drilling operations of the Company are subject to the many hazards inherent in the business, including inclement weather, blowouts and well fires. These hazards 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 Company's offshore platform drilling operations are also subject to potentially greater environmental liability, adverse sea conditions and platform damage or destruction due to collision with aircraft or marine vessels.

The Company believes that it has adequate insurance coverage for comprehensive general liability, public liability, property damage, workers compensation and employer's liability. No insurance is carried against loss of earnings or business interruption. The Company is unable to obtain significant amounts of insurance to cover risks of underground reservoir damage; however, the Company is generally indemnified under its drilling contracts from this risk. The majority of the Company's insurance coverage has been purchased through fiscal 2003; however, rates and deductibles increased substantially for a number of coverages due to general hardening in the energy insurance market. In view of these present conditions, no assurance can be given that all or a portion of the Company's coverage will not be cancelled during fiscal 2003 or that insurance coverage will continue to be available at rates considered reasonable.

The Company's operations can be materially affected by low oil and gas prices. The Company believes that any significant reduction in oil and gas prices could result in a corresponding decline in demand for the Company's services. Any prolonged reduction in demand for the Company's services could have a material and adverse effect on the Company.

International operations are subject to certain political, economic, and other uncertainties not encountered in domestic operations, including increased risks of terrorism, kidnapping of employees, 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 which could have a material adverse effect on the profitability of the Company's operations or on the ability of the Company to continue operations in certain areas. Because of the impact of local laws, the Company's future operations in certain areas may be conducted through entities in which local citizens own interests and through entities (including joint ventures) in which the Company holds only a minority interest, or pursuant to arrangements under which the Company conducts operations under contract to local entities. While the Company believes that neither operating through such entities nor pursuant to such arrangements would have a material adverse effect on the Company's operations or revenues, there can be no assurance that the Company 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 Company. The Company further attempts to minimize the potential impact of such risks by operating in more than one geographical area.

During fiscal 2002, approximately 27% of the Company's consolidated revenues from continuing operations were generated from the international contract drilling business. Approximately 91% of the international revenues were from operations in South America and approximately 67% of South American revenues were from Venezuela and Ecuador. Based upon current information, the Company believes that exposure to potential losses from currency devaluation is minimal in Colombia, Ecuador and Bolivia. In those countries, all receivables and payments are currently in U.S. dollars. Cash balances are kept at a minimum which assists in reducing exposure.

In January, 2002, Argentina suffered a 60% devaluation of the peso. The Argentine government required that all payments under all contracts were to be immediately converted to Argentine pesos and that contracting parties would share in the currency losses. The Company recorded a currency loss of US$1,200,000 in the first quarter of the fiscal year 2002 to recognize the loss of value in its accounts receivable. The Company has completed negotiations with its customers and has secured agreements that limit the portion of the accounts receivable that will be paid in pesos with the balance of such accounts receivable to be paid in U.S. dollars. Based upon such agreements, the Company does not expect significant Argentine currency losses in fiscal 2003.

In Venezuela, approximately 60% of the Company's invoice billings are in U.S. dollars and 40% are in the local currency, the bolivar. The Company is exposed to risks of currency devaluation in Venezuela as a result of bolivar receivable balances and necessary bolivar cash balances. From August of 2001 to August of 2002, there was a 92% devaluation of the bolivar. As a result, the Company experienced a US$4,393,000 devaluation loss. The Company is unable to predict future devaluation in Venezuela. In the event that fiscal 2003 activity levels are similar to fiscal 2002 and if a 25% to 100% devaluation would occur, the Company could experience potential currency devaluation losses ranging from approximately US$1,700,000 to US$4,200,000.

Recent events in Venezuela have created greater governmental instability. In the event that labor strikes continue or turmoil increases, the Company could experience shortages in material and supplies necessary to operate some or all of its Venezuelan drilling rigs.

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. Any such nationalization could result in the Company's loss of all or a portion of its assets and business in Venezuela.

Many aspects of the Company's operations 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 Company is indemnified under drilling contracts from liability arising from pollution, except in certain cases of surface pollution. However, the enforceability of indemnification provisions in foreign countries may be questionable.

The Company 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 Company, although these measures may add to the costs of operating drilling equipment in some instances. Additional legislation or regulation may reasonably be anticipated, and the effect thereof on operations cannot be predicted.

EXPLORATION AND PRODUCTION

On February 23, 2002, the Company and Key Production Company, Inc. entered into an Agreement and Plan of Merger and related agreements, including a Distribution Agreement between the Company and Cimarex Energy Co. The agreements provided for the consolidation of the Company's exploration and production business under

Cimarex Energy Co.; the distribution of Cimarex Energy Co. common stock to the Company's stockholders; and the merger of Key Production Company, Inc. with a subsidiary of Cimarex Energy Co.

As a part of this transaction, Cimarex Energy Co. agreed to defend and indemnify the Company against all losses or liabilities arising out of or related to the exploration and production business that was transferred by the Company to Cimarex Energy Co. In July of 2002, the Company obtained a Private Letter Ruling from the Internal Revenue Service to the effect that the contribution and transfer of the assets and liabilities of the Company's exploration and production business to Cimarex Energy Co. and the distribution by the Company of all the shares of Cimarex Energy Co. common stock to the holders of the Company's common stock would generally be treated as a tax-free transaction for U.S. federal income tax purposes.

On September 30, 2002, the Company's distribution of Cimarex Energy Co. common stock and the subsequent merger of Key Production Company, Inc. was completed. Upon completion of the merger, approximately 65.25% of the Cimarex Energy Co. common stock on a diluted basis was held by former stockholders of the Company. Subsequent to this transaction, the Company and its subsidiaries will continue to own and operate the contract drilling and real estate businesses, and Cimarex Energy Co. will be a separate, publicly-traded company that will own and operate the exploration and production business. The Company does not own any common stock of Cimarex Energy Co.

REAL ESTATE OPERATIONS

The Company's real estate operations are conducted exclusively within the metropolitan area of Tulsa, Oklahoma. Its major holding is Utica Square Shopping Center, consisting of fourteen separate buildings, with parking and other common facilities covering an area of approximately 30 acres. These buildings provide approximately 405,709 square feet of net leasable retail sales and storage space (80% of which is currently leased) and approximately 18,590 square feet of net leasable general office space (99% of which is currently leased). Approximately 24% of the general office space is occupied by the Company's real estate operations. Occupancy in the Shopping Center has decreased from 97% in fiscal 2001 to 80% in fiscal 2002 due to the closing of a large department store. In calendar 2003, the Company intends to renovate the vacated department store space containing approximately 75,000 square feet and convert such space to multi-tenant specialty store use. In March of 2002, an eight-story medical office building containing approximately 76,000 square feet of net leasable space and located in Utica Square was demolished. The Company is currently redeveloping the site. The new development is expected to include two new upscale restaurants and additional customer parking.

At the end of the 2002 fiscal year, the Company owned 11 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. Three of the Company's units are currently leased.

The Company 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 space. This building houses the Company's principal executive offices.

The Company also owns and leases to third-parties 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 100%. The Company also owns approximately 1.5 acres of undeveloped land lying adjacent to such warehouses.

At the end of fiscal 2002, the Company owned approximately 235.2 acres in Southpark consisting of approximately 225.1 acres of undeveloped real estate (net of the 2.87 acre sale and condemnation proceeding described below) 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. Present occupancy is 93%. The Company believes that a high quality office park, with peripheral commercial, office/warehouse, and hotel sites, is the best development use for the remaining land. However, no development plans are currently pending.

In April of 2002, the Company sold approximately 2.87 acres of undeveloped land in Southpark for $437,325.

The Company is a party to a condemnation proceeding initiated during fiscal 2000 by the Oklahoma Department of Transportation ("ODOT") which seeks to acquire approximately 15.14 acres of undeveloped real property adjacent to a major expressway in Southpark. This matter was settled in fiscal 2002 subject to the execution of a mutually acceptable journal entry of judgment. As a result of the settlement, the Company will be required to reimburse $275,000 of the $2,800,000 purchase price previously paid by ODOT.

The Company 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. Occupancy has decreased from 94% to 80% during fiscal 2002. The Company 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. During fiscal 2002, occupancy has increased from 93% to 96%.

The Company 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 2002, occupancy has remained at 94%. The second, called Maxim Place, consists of one office/warehouse building containing approximately 33,750 square feet and located on approximately 2.25 acres. During fiscal 2002, occupancy has remained at 17%.

COMPETITION

The Company has numerous competitors in the multi-tenant leasing business. The size and financial capacity of these competitors range from one property sole proprietors to large international corporations. The primary competitive factors include price, location and configuration of space. The Company's competitive position is enhanced by the location of its properties, its financial capability and the long-term ownership of its properties. However, many competitors have financial resources greater than the Company and have more contemporary facilities.

FINANCIAL

Information relating to Revenue and Operating Profit by Business Segments may be found on pages 64 through 66 of the Company's Annual Report to the Stockholders for fiscal 2002 under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition" which is incorporated herein by reference.

EMPLOYEES

The Company had 2,872 employees within the United States (13 of which were part-time employees) and 803 employees in international operations as of September 30, 2002.

Item 2. PROPERTIES

CONTRACT DRILLING

The following table sets forth certain information concerning the Company's domestic drilling rigs as of September 30, 2002:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
158	Medium Depth	10,000	Oklahoma
110	Medium Depth	12,000	Texas
156	Medium Depth	12,000	Texas
159	Medium Depth	12,000	Wyoming
141	Medium Depth	14,000	Texas
142	Medium Depth	14,000	Texas
143	Medium Depth	14,000	Texas
145	Medium Depth	14,000	Texas
155	Medium Depth	14,000	Texas
96	Medium Depth	16,000	Oklahoma
118	Medium Depth	16,000	Texas
119	Medium Depth	16,000	Texas
120	Medium Depth	16,000	Texas
146	Medium Depth	16,000	Texas
147	Medium Depth	16,000	Texas
154	Medium Depth	16,000	Wyoming
162	Medium Depth	18,000	Texas
164	Medium Depth (FlexRig 1)	18,000	Texas
165	Medium Depth (FlexRig 1)	18,000	Texas
166	Medium Depth (FlexRig 1)	18,000	Texas
167	Medium Depth (FlexRig 1)	18,000	Oklahoma
168	Medium Depth (FlexRig 1)	18,000	Texas
169	Medium Depth (FlexRig 1)	18,000	Texas
108	Medium Depth (platform)	18,000	Texas
178	Medium Depth (FlexRig 2)	18,000	Texas
179	Medium Depth (FlexRig 2)	18,000	Wyoming
180	Medium Depth (FlexRig 2)	18,000	Utah
181	Medium Depth (FlexRig 2)	18,000	Texas
182	Medium Depth (FlexRig 2)	18,000	Texas
183	Medium Depth (FlexRig 2)	18,000	Texas
184	Medium Depth (FlexRig 2)	18,000	Texas
185	Medium Depth (FlexRig 2)	18,000	Texas
186	Medium Depth (FlexRig 2)	18,000	Texas
187	Medium Depth (FlexRig 2)	18,000	Texas
188	Medium Depth (FlexRig 2)	18,000	Texas
189	Medium Depth (FlexRig 2)	18,000	Oklahoma
210	Medium Depth (FlexRig 3)	18,000	Texas
211	Medium Depth (FlexRig 3)	18,000	Texas
212	Medium Depth (FlexRig 3)	18,000	Texas
213	Medium Depth (FlexRig 3)	18,000	Texas

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
214	Medium Depth (FlexRig 3)	18,000	Texas
215	Medium Depth (FlexRig 3)	18,000	Texas
216	Medium Depth (FlexRig 3)	18,000	Texas
217	Medium Depth (FlexRig 3)	18,000	Texas
79	Deep	20,000	Louisiana
80	Deep	20,000	Oklahoma
89	Deep	20,000	Texas
91	Deep (platform)	20,000	Louisiana
92	Deep	20,000	Oklahoma
94	Deep	20,000	Texas
98	Deep	20,000	Oklahoma
122	Deep	20,000	Louisiana
203	Deep (platform)	20,000	Offshore Louisiana
205	Deep (platform)	20,000	Offshore Louisiana
206	Deep (platform)	20,000	Offshore Louisiana
97	Deep	26,000	Texas
99	Deep	26,000	Texas
137	Deep	26,000	Texas
149	Deep	26,000	Texas
170	Deep (Heli Rig)	26,000	Texas
191	Deep	26,000	Texas
192	Deep	26,000	Texas
72	Very Deep	30,000	Louisiana
73	Very Deep	30,000	Texas
100	Very Deep (platform)	30,000	Offshore Louisiana
105	Very Deep (platform)	30,000	Louisiana
106	Very Deep (platform)	30,000	Louisiana
107	Very Deep (platform)	30,000	Louisiana
125	Very Deep	30,000	Texas
134	Very Deep	30,000	Texas
136	Very Deep	30,000	Louisiana
157	Very Deep	30,000	Texas
161	Very Deep	30,000	Louisiana
163	Very Deep	30,000	Louisiana
201	Very Deep (platform)	30,000	Offshore Louisiana
202	Very Deep (platform)	30,000	Offshore Louisiana
204	Very Deep (platform)	30,000	Offshore Louisiana
139	Super Deep	30,000+	Texas

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

YEARS ENDED SEPTEMBER 30,	1998	1999	2000	2001	2002
Number of rigs owned at end of period	46	50	48	59	78
Average rig utilization rate during period*	95%	75%	87%	97%	83%

*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 Company's international drilling rigs as of September 30, 2002:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
14	Workover/drilling	6,000	Venezuela
19	Workover/drilling	6,000	Venezuela
20	Workover/drilling	6,000	Venezuela
140	Medium Depth	10,000	Venezuela
171	Medium Depth	16,000	Bolivia
172	Medium Depth	16,000	Bolivia
22	Medium Depth (Heli Rig)	18,000	Ecuador
23	Medium Depth (Heli Rig)	18,000	Ecuador
132	Medium Depth	18,000	Ecuador
176	Medium Depth	18,000	Ecuador
121	Deep	20,000	Ecuador
173	Deep	20,000	Bolivia
117	Deep	26,000	Ecuador
123	Deep	26,000	Bolivia
138	Deep	26,000	Ecuador
148	Deep	26,000	Venezuela
160	Deep	26,000	Venezuela
190	Deep	26,000	Ecuador
113	Very Deep	30,000	Venezuela
115	Very Deep	30,000	Venezuela
116	Very Deep	30,000	Venezuela
127	Very Deep	30,000	Venezuela
128	Very Deep	30,000	Venezuela
129	Very Deep	30,000	Venezuela
133	Very Deep	30,000	Colombia
135	Very Deep	30,000	Colombia
150	Very Deep	30,000	Venezuela
151	Very Deep	30,000	Bolivia
152	Super Deep	30,000+	Colombia
153	Super Deep	30,000+	Venezuela
174	Very Deep	30,000	Argentina
175	Very Deep	30,000	Bolivia
177	Very Deep	30,000	Argentina

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

YEARS ENDED SEPTEMBER 30,	1998	1999	2000	2001	2002
Number of rigs owned at end of period	44	39	40	37	33
Average rig utilization rate during period*+	88%	53%	47%	56%	51%

* A rig is considered to be utilized when it is operated or being moved, assembled, or dismantled under contract.
\+ Does not include rigs returned to United States for major modifications and upgrades.

REAL ESTATE OPERATIONS

See Item 1. BUSINESS, pages 6 through 7 of this report.

STOCK PORTFOLIO

Information required by this item regarding the stock portfolio held by the Company may be found on page 36 of the Company's Annual Report to the Stockholders for fiscal 2002 under the caption, "Management's Discussion and Analysis of Results of Operations and Financial Condition" which is incorporated herein by reference.

Item 3. LEGAL PROCEEDINGS

The Company is subject to various claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position, results of operations, or liquidity of the Company. The Company is not a party to, and none of its property is subject to, any material pending legal proceedings.

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

None.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth the names and ages of the Company's executive officers, together with all positions and offices held with the Company 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, 79
Chairman of the Board
Director since 1949; Chairman of the Board since 1960

HANS HELMERICH, 44
President and Chief Executive Officer
Director since 1987; President and Chief Executive Officer since 1989

GEORGE S. DOTSON, 61
Vice President
Director since 1990; Vice President since 1977 and President and Chief Operating Officer of Helmerich & Payne International Drilling Co. since 1977

DOUGLAS E. FEARS, 53
Vice President and Chief Financial Officer since 1988

STEVEN R. MACKEY, 51
Vice President, Secretary and General Counsel
Secretary since 1990; Vice President and General Counsel since 1988

GORDON K. HELM, 49
Controller
Chief Accounting Officer of the Company; Controller since December 10, 1993

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The principal market on which the Company'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:

	2001		2002	
Quarter	High	Low	High	Low
First	$ 44.19	$ 28.94	$ 33.69	$ 25.13
Second	58.51	39.63	41.31	28.05
Third	51.23	30.82	42.91	34.15
Fourth	32.77	23.74	37.82	29.83

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

QUARTER	Paid per Share Fiscal 2001	Paid per Share Fiscal 2002	Total Payment Fiscal 2001	Total Payment Fiscal 2002
First	$0.075	$0.075	$3,748,896	$3,738,220
Second	0.075	0.075	3,776,612	3,739,680
Third	0.075	0.075	3,796,489	3,743,587
Fourth	0.075	0.080	3,765,488	3,999,597

The Company paid a cash dividend of $.080 per share on December 2, 2002, to stockholders of record on November 15, 2002. Payment of future dividends will depend on earnings and other factors.

As of December 13, 2002, there were 1,001 record holders of the Company's common stock as listed by the transfer agent's records.

ITEM 6. SELECTED FINANCIAL DATA

The following table summarizes selected financial information and should be read in conjunction with the Consolidated Financial Statements and the Notes thereto and the related Management's Discussion and Analysis of Financial Condition and Results of Operations contained at pages 23 through 39 of the Company's Annual Report to the Stockholders for fiscal 2002 which is incorporated herein by reference. On September 30, 2002, the Company spun off Cimarex Energy Co., as described on pages 5 and 6 of this report. The historical financial data for the business conducted by Cimarex Energy Co. for 2002 has been reported as discontinued operations.

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

	1998	1999	2000	2001	2002
			(in thousands)		
Sales, operating, and other revenues	$ 484,205	$ 412,727	$ 392,142	$ 509,274	$ 510,928
Income from continuing operations	80,790	32,115	36,470	80,467	53,706
Income from continuing operations per common share:					
Basic	1.62	0.65	0.74	1.61	1.08
Diluted	1.60	0.65	0.73	1.58	1.07
Total assets	1,053,200	1,073,465	1,200,854	1,300,121	1,227,313
Long-term debt	50,000	50,000	50,000	50,000	100,000
Cash dividends declared per common share	0.275	0.28	0.285	0.30	0.31

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

Information required by this item may be found on pages 23 through 39 of the Company's Annual Report to the Stockholders for fiscal 2002 under the caption "Management's Discussion & Analysis of Results of Operations and Financial Condition" which is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item may be found on the following pages of the Company's Annual Report to the Stockholders for fiscal 2002 under "Management's Discussion & Analysis of Results of Operations and Financial Condition", and in "Notes to Consolidated Financial Statements", all of which is incorporated by reference:

MARKET RISK	PAGE
o Foreign Currency Exchange Rate Risk	37
o Commodity Price Risk	38
o Interest Rate Risk	38-39
o Equity Price Risk	39

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item may be found on pages 40 through 67 of the Company's Annual Report to the Stockholders for fiscal 2002 which is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Information required under this item with respect to Directors and with respect to delinquent filers pursuant to Item 405 of Regulation S-K is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 5, 2003, to be filed with the Commission not later than 120 days after September 30, 2002.

ITEM 11. EXECUTIVE COMPENSATION

This information is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 5, 2003, to be filed with the Commission not later than 120 days after September 30, 2002.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 5, 2003, to be filed with the Commission not later than 120 days after September 30, 2002.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 5, 2003, to be filed with the Commission not later than 120 days after September 30, 2002.

ITEM 14. CONTROLS AND PROCEDURES

a) Evaluation of disclosure controls and procedures. Within the 90 day period prior to the filing date of this Annual Report on Form 10-K, the Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer believe that:

o the Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and

o the Company's disclosure controls and procedures operate such that important information flows to appropriate collection and disclosure points in a timely manner and are effective to ensure that such information is accumulated and communicated to the Company's management, and made known to the Company's Chief Executive Officer and Chief Financial Officer, particularly during the period when this Annual Report on Form 10-K was prepared, as appropriate to allow timely decision regarding the required disclosure.

b) Changes in internal controls. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's internal controls subsequent to their evaluation, nor have there been any corrective actions with regard to significant deficiencies or material weaknesses.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

a) 1. Financial Statements: The following appear in the Company's Annual Report to the Stockholders for fiscal 2002 at the pages indicated below and are incorporated herein by reference.

2. Financial Statement Schedules: All schedules are omitted as inapplicable or because the required information is contained in the financial statements or included in the notes thereto.

3. Exhibits. The following documents are included as exhibits to this Form 10-K. Exhibits incorporated by reference herein are duly noted as such. Unless so noted, each exhibit is filed herewith.

2.1 Agreement and Plan of Merger, dated as of February 23, 2002, by and among Helmerich & Payne, Inc., Cimarex Energy Co., Mountain Acquisition Co. and Key Production Company, Inc. is incorporated herein by reference to Exhibit 2.1 to the Cimarex Energy Co. Registration Statement No. 333-87948 on Form S-4 filed May 9, 2002.

3.1 Restated Certificate of Incorporation and Amendment to Restated Certificate of Incorporation of the Company are incorporated herein by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996, SEC File No. 001-04221.

3.2 Amended and Restated By-Laws of the Company are incorporated herein by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended March 31, 2002, SEC File No. 001-04221.

4.1 Rights Agreement dated as of January 8, 1996, between the Company and The Liberty National Bank and Trust Company of Oklahoma City, N.A. is incorporated herein by reference to the Company's Form 8-A, dated January 18, 1996, SEC File No. 001-04221.

*10.1 Consulting Services Agreement between W. H. Helmerich, III, and the Company effective January 1, 1990, as amended is incorporated herein by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996, SEC File No. 001-04221.

*10.2 Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc. is incorporated herein by reference to Exhibit 10.6 of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996, SEC File No. 001-04221.

*10.3 Helmerich & Payne, Inc. 1990 Stock Option Plan is incorporated herein by reference to Exhibit 10.7 of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996, SEC File No. 001-04221.

*10.4 Form of Nonqualified Stock Option Agreement for the 1990 Stock Option Plan is incorporated by reference to Exhibit 99.2 to the Company's Registration Statement No. 33-55239 on Form S-8, dated August 26, 1994.

*10.5 Supplemental Savings Plan for Salaried Employees of Helmerich and Payne, Inc. is incorporated herein by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1999, SEC File No. 001-04221.

*10.6 Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated herein by reference to Exhibit 99.1 to the Company's Registration Statement No. 333-34939 on Form S-8 dated September 4, 1997.

*10.7 Form of Nonqualified Stock Option Agreement for the Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference to Exhibit 99.2 to the Company's Registration Statement No. 333-34939 on Form S-8 dated September 4, 1997.

*10.8 Form of Restricted Stock Agreement for the Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1997, SEC File No. 001-04221.

*10.9 Helmerich & Payne, Inc. 2000 Stock Incentive Plan is incorporated herein by reference to Exhibit 99.1 to the Company's Registration Statement No. 333-63124 on Form S-8 dated June 15, 2001.

*10.10 Form of Agreements for the Helmerich & Payne, Inc. 2000 Stock Incentive Plan being (i) Restricted Stock Award Agreement, (ii) Incentive Stock Option Agreement and (iii) Nonqualified Stock Option Agreement are incorporated by reference to Exhibit 99.2 to the Company's Registration Statement No. 333-63124 on Form S-8 dated June 15, 2001.

10.11 Distribution Agreement dated as of February 23, 2002, by and between Helmerich & Payne, Inc. and Cimarex Energy Co. is incorporated herein by reference to Exhibit 10.1 to the Cimarex Energy Co. Registration Statement No. 333-87948 on Form S-4 filed May 9, 2002.

10.12 Tax Sharing Agreement dated as of February 23, 2002, by and between Helmerich & Payne, Inc. and Cimarex Energy Co. is incorporated herein by reference to Exhibit 10.2 to the Cimarex Energy Co. Registration Statement No. 333-87948 on Form S-4 filed May 9, 2002.

10.13 Employee Benefits Agreement, dated as of February 23, 2002, by and between Helmerich & Payne, Inc. and Cimarex Energy Co. is incorporated herein by reference to Exhibit 10.3 to the Cimarex Energy Co. Registration Statement No. 333-87948 on Form S-4 filed May 9, 2002.

*10.14 Form of Director Nonqualified Stock Option Agreement for the 2000 Helmerich & Payne, Inc. Stock Incentive Plan is incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.

*10.15 Form of Change of Control Agreement for Helmerich & Payne, Inc. (E&P) is incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.

*10.16 Form of Change of Control Agreement for Helmerich & Payne, Inc. (Non-E&P) is incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.

***10.17 Helmerich & Payne, Inc. E&P Severance Plan dated August 26, 2002.**

10.18 Second Amendment to Credit Agreement, dated as of July 16, 2002, by and among Helmerich & Payne International Drilling Co., Helmerich & Payne, Inc. and Bank One, Oklahoma, N.A. is incorporated herein by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.

10.19 Credit Agreement, dated as of July 16, 2002, among Helmerich & Payne International Drilling Co., Helmerich & Payne, Inc., the several lenders from time to time party thereto, and Bank of Oklahoma, National Association is incorporated herein by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.

10.20 Note Purchase Agreement dated as of August 15, 2002, among Helmerich & Payne International Drilling Co., Helmerich & Payne, Inc. and various insurance companies.

13. The Company's Annual Report to Stockholders for fiscal 2002.

21. List of Subsidiaries of the Company.

23.1 Consent of Independent Auditors.

***Compensatory Plan or Arrangement.**

(b) Report on Form 8-K

The Company filed five reports on Form 8-K during the last quarter of fiscal 2002 as follows:

o Form 8-K dated July 24, 2002, and containing a Press Release with attached Unaudited Consolidated Condensed Balance Sheets, Consolidated Statements of Income and Financial Results - Lines of Business, announcing the Company's third quarter 2002 earnings.

o Form 8-K dated August 16, 2002, disclosing the first closing of the Company's intermediate term debt facility.

o Form 8-K dated September 5, 2002, containing a Press Release announcing the Registration Statement of Cimarex Energy Co. declared effective by the Securities and Exchange Commission and fiscal 2003 earnings guidance.

o Form 8-K dated September 20, 2002, containing a Press Release announcing that September 27, 2002 was established as the record date of the Company's common stock entitled to receive the spin-off distribution of Cimarex Energy Co. common stock, and that September 30, 2002 was established as the payment date for the spin-off distribution.

o Form 8-K dated September 30, 2002, containing a Press Release announcing completion of the spin-off of Cimarex Energy Co. and the subsequent merger of Key Production Company, Inc. and a subsidiary of Cimarex Energy Co.

SIGNATURES

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

HELMERICH & PAYNE, INC.

By /s/ HANS HELMERICH

Hans Helmerich, President and Chief Executive Officer
Date: December 23, 2002

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

By /s/ William L. Armstrong
William L. Armstrong, Director
Date: December 23, 2002

By /s/ GLENN A. COX
Glenn A. Cox, Director
Date: December 23, 2002

By /s/ George S. Dotson
George S. Dotson, Director
Date: December 23, 2002

By /s/ HANS HELMERICH
Hans Helmerich, Director and CEO
Date: December 23, 2002

By /s/ W. H. HELMERICH, III
W. H. Helmerich, III, Director
Date: December 23, 2002

By /s/ L. F. ROONEY, III
L. F. Rooney, III, Director
Date: December 23, 2002

By /s/ EDWARD B. RUST, JR.
Edward B. Rust, Jr., Director
Date: December 23, 2002

By /s/ GEORGE A. SCHAEFER
George A. Schaefer, Director
Date: December 23, 2002

By /s/ JOHN D. ZEGLIS
John D. Zeglis, Director
Date: December 23, 2002

By /s/ DOUGLAS E. FEARS
Douglas E. Fears,
(Principal Financial Officer)
Date: December 23, 2002

By /s/ GORDON K. HELM
Gordon K. Helm, Controller
(Principal Accounting Officer)
Date: December 23, 2002

CERTIFICATION

I, Hans Helmerich, certify that:

1. I have reviewed this annual report on Form 10-K of Helmerich & Payne, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

6. The Company's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ HANS HELMERICH

Hans Helmerich, Chief Executive Officer
December 23, 2002

CERTIFICATION

I, Douglas E. Fears, certify that:

1. I have reviewed this annual report on Form 10-K of Helmerich & Payne, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report;

4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

6. The Company's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ DOUGLAS E. FEARS

Douglas E. Fears, Chief Financial Officer
December 23, 2002

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Helmerich & Payne, Inc. (the "Company") on Form 10-K for the period ending September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Hans Helmerich, as Chief Executive Officer of the Company, and Douglas E. Fears, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Hans Helmerich	*/s/ Douglas E. Fears*
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Hans Helmerich	*Douglas E. Fears*
Chief Executive Officer	*Chief Executive Officer*
December 23, 2002	*December 23, 2002*

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of February 23, 2002, by and among Helmerich & Payne, Inc., Cimarex Energy Co., Mountain Acquisition Co. and Key Production Company, Inc. is incorporated herein by reference to Exhibit 2.1 to the Cimarex Energy Co. Registration Statement No. 333-87948 on Form S-4 filed May 9, 2002.
3.1	Restated Certificate of Incorporation and Amendment to Restated Certificate of Incorporation of the Company are incorporated herein by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996, SEC File No. 001-04221.
3.2	Amended and Restated By-Laws of the Company are incorporated herein by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended March 31, 2002, SEC File No. 001-04221.
4.1	Rights Agreement dated as of January 8, 1996, between the Company and The Liberty National Bank and Trust Company of Oklahoma City, N.A. is incorporated herein by reference to the Company's Form 8-A, dated January 18, 1996, SEC File No. 001-04221.
*10.1	Consulting Services Agreement between W. H. Helmerich, III, and the Company effective January 1, 1990, as amended is incorporated herein by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996, SEC File No. 001-04221.
*10.2	Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc. is incorporated herein by reference to Exhibit 10.6 of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996, SEC File No. 001-04221.
*10.3	Helmerich & Payne, Inc. 1990 Stock Option Plan is incorporated herein by reference to Exhibit 10.7 of the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996, SEC File No. 001-04221.
*10.4	Form of Nonqualified Stock Option Agreement for the 1990 Stock Option Plan is incorporated by reference to Exhibit 99.2 to the Company's Registration Statement No. 33-55239 on Form S-8, dated August 26, 1994.
*10.5	Supplemental Savings Plan for Salaried Employees of Helmerich and Payne, Inc. is incorporated herein by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1999, SEC File No. 001-04221.
*10.6	Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated herein by reference to Exhibit 99.1 to the Company's Registration Statement No. 333-34939 on Form S-8 dated September 4, 1997.
*10.7	Form of Nonqualified Stock Option Agreement for the Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference to Exhibit 99.2 to the Company's Registration Statement No. 333-34939 on Form S-8 dated September 4, 1997.
*10.8	Form of Restricted Stock Agreement for the Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1997, SEC File No. 001-04221.
*10.9	Helmerich & Payne, Inc. 2000 Stock Incentive Plan is incorporated herein by reference to Exhibit 99.1 to the Company's Registration Statement No. 333-63124 on Form S-8 dated June 15, 2001.
*10.10	Form of Agreements for the Helmerich & Payne, Inc. 2000 Stock Incentive Plan being (i) Restricted Stock Award Agreement, (ii) Incentive Stock Option Agreement and (iii) Nonqualified Stock Option Agreement are incorporated by reference to Exhibit 99.2 to the Company's Registration Statement No. 333-63124 on Form S-8 dated June 15, 2001.

EXHIBIT NUMBER	DESCRIPTION
10.11	Distribution Agreement dated as of February 23, 2002, by and between Helmerich & Payne, Inc. and Cimarex Energy Co. is incorporated herein by reference to Exhibit 10.1 to the Cimarex Energy Co. Registration Statement No. 333-87948 on Form S-4 filed May 9, 2002.
10.12	Tax Sharing Agreement dated as of February 23, 2002, by and between Helmerich & Payne, Inc. and Cimarex Energy Co. is incorporated herein by reference to Exhibit 10.2 to the Cimarex Energy Co. Registration Statement No. 333-87948 on Form S-4 filed May 9, 2002.
10.13	Employee Benefits Agreement, dated as of February 23, 2002, by and between Helmerich & Payne, Inc. and Cimarex Energy Co. is incorporated herein by reference to Exhibit 10.3 to the Cimarex Energy Co. Registration Statement No. 333-87948 on Form S-4 filed May 9, 2002.
*10.14	Form of Director Nonqualified Stock Option Agreement for the 2000 Helmerich & Payne, Inc. Stock Incentive Plan is incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.
*10.15	Form of Change of Control Agreement for Helmerich & Payne, Inc. (E&P) is incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.
*10.16	Form of Change of Control Agreement for Helmerich & Payne, Inc. (Non-E&P) is incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.
*10.17	Helmerich & Payne, Inc. E&P Severance Plan dated August 26, 2002.
10.18	Second Amendment to Credit Agreement, dated as of July 16, 2002, by and among Helmerich & Payne International Drilling Co., Helmerich & Payne, Inc. and Bank One, Oklahoma, N.A. is incorporated herein by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.
10.19	Credit Agreement, dated as of July 16, 2002, among Helmerich & Payne International Drilling Co., Helmerich & Payne, Inc., the several lenders from time to time party thereto, and Bank of Oklahoma, National Association is incorporated herein by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended June 30, 2002, SEC File No. 001-04221.
10.20	Note Purchase Agreement dated as of August 15, 2002, among Helmerich & Payne International Drilling Co., Helmerich & Payne, Inc. and various insurance companies.
13.	The Company's Annual Report to Stockholders for fiscal 2002.
21.	List of Subsidiaries of the Company.
23.1	Consent of Independent Auditors.

* Compensatory Plan or Arrangement.

EXHIBIT 10.17

HELMERICH & PAYNE, INC.

E&P SEVERANCE PLAN

(Effective August 26, 2002)

HELMERICH & PAYNE, INC.
E&P SEVERANCE PLAN

1. PURPOSE OF THE PLAN. The Board of Directors of Helmerich & Payne, Inc., a Delaware corporation, recognizes that there exists the possibility of employees being adversely affected by a future Change of Control. The Board recognizes that severance arrangements, in general, provide intangible benefits to and enhance the best interests of the Company. In order to fulfill the above purposes, the Company has adopted the "Helmerich & Payne, Inc. E&P Severance Plan" which is to provide certain benefits to Eligible Employees whose employment with the Company is terminated under the circumstances described in this Plan. This Plan is for the benefit of the Eligible Employees.

2. DEFINITIONS:

a. ADMINISTRATOR means the Committee.

b. BASE SALARY means an Eligible Employee's regular salary or wage before reduction for contributions by the Eligible Employee to any employee benefit plan or program sponsored by the Company or any Subsidiary, and which is exclusive of any bonuses, incentive pay, overtime or other payments, computed on a weekly basis. To calculate Separation Benefits, Base Salary shall be the Eligible Employee's highest rate of regular salary or wage during the twenty-four (24) month period prior to his/her effective date of termination of employment.

c. CHANGE OF CONTROL means and shall be deemed to have occurred the date on which one of the following events occurs with respect to the Company (for the purpose of this Subsection
(c), the term "Company" means only Helmerich & Payne, Inc., a Delaware corporation, or its successor):

(i) The acquisition by any individual, entity or group
(within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 15% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, or (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; or

(ii) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, appointment or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for purposes of this definition, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Approval by the shareholders of the Company of a reorganization, share exchange, merger or consolidation or acquisition of assets of another corporation (a "Business Combination"), in each case, unless, following such Business Combination, (x) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination will beneficially own, directly or indirectly, more than 70% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction will own the Company through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (y) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) will beneficially own, directly or indirectly, 15% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (z) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination or were elected, appointed or nominated by the Board; or

(iv) Approval by the shareholders of the Company of (x) a complete liquidation or dissolution of the Company or, (y) the sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation, with respect to which following such sale or other disposition, (A) more than 70% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors were beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; (B) less than 15% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors will be beneficially owned, directly or indirectly, by any Person (excluding any employee benefit plan (or related trust) of the Company or such corporation), except to the extent that such Person owned 15% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities prior to the sale or disposition; and (C) at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such sale or other disposition of assets of the Company or were elected, appointed or nominated by the Board.

(v) The foregoing Sections (i)-(iv) notwithstanding, a Change of Control shall also be deemed to have occurred upon the occurrence of a business transaction (or a series of transactions) involving the direct or indirect transfer or disposition (whether by sale, merger, reorganization, spin-off, stock dividend, stock split or otherwise) to the E&P Successor of more than 50% of the operating assets of the E&P Division, if after such transaction, the E&P Successor holds more than 50% of the operating assets of the E&P Division, and the Company or a Subsidiary (as determined immediately prior to such transaction) owns less than 70% of the outstanding shares of the voting securities of the E&P Successor (if a corporation) or less than a 70% interest in the profits or assets of the E&P Successor (if other than a corporation).

d. COBRA means the Consolidated Omnibus Budget Reconciliation Act of 1985.

e. CODE means the Internal Revenue Code of 1986, as amended.

f. COMMITTEE means the Helmerich & Payne, Inc. Human Resources Committee of the board of directors of Helmerich & Payne, Inc. or such Committee's designee. If a Change of Control occurs and the successor company assumes the Plan, Committee shall mean that committee appointed by the successor to administer this Plan.

g. COMPANY means Helmerich & Payne, Inc., a Delaware corporation, and/or any of its Subsidiaries or any successor company.

h. E&P DIVISION means the Company's oil and gas exploration and production division.

i. E&P SUCCESSOR means the successor(s) to more than 50% of the operating assets of the E&P Division.

j. EFFECTIVE DATE means August 26, 2002.

k. ELIGIBLE EMPLOYEES means individuals who (i) are classified by the Company as regular full-time employees working in locations in the United States, (ii) work for the E&P Division as of the Effective Date or are designated as such by the Committee, and (iii) paid in U.S. dollars as of the Effective Date or after and who are not (x) covered by a collective bargaining agreement (unless the collective bargaining agreement covering such employees provides for participation of such employees in this Plan) or (y) covered by another severance or separation policy, plan, program or individual written agreement which provides for severance payments established or assumed by the Company (unless the Eligible Employee has specifically waived any rights to benefits under such severance policy, plan, program or agreement). The determination of whether an employee is a "regular full-time employee" shall be made in the sole discretion of the Committee. Eligible Employees do not include third country nationals (TCNs) or nonresident aliens. Employees who terminate employment due to the incurrence of a disability (as defined under the Company's Long-Term Disability Plan) shall not be an Eligible Employee.

l. ERISA means the Employee Retirement Income Security Act of 1974, as amended.

m. FIDUCIARY/NAMED FIDUCIARY means the Committee.

n. GENERAL RELEASE AND AGREEMENT means the notice of rights, general release and agreement in substantially the form attached hereto as Exhibit "A." The form of the release may be modified as needed to reflect changes in the applicable law or regulations that are needed to provide a legally enforceable and binding release to the Company at the time of execution.

o. PLAN means the Helmerich & Payne, Inc. E&P Severance Plan.

p. SEPARATION BENEFITS means the Severance Payments and benefits to be received by an Eligible Employee in accordance with Section 4.2.

q. SUBSIDIARY means any corporation, partnership, limited liability company or other business entity contained in the Company's list of Subsidiaries, as approved and amended from time to time by the Committee. A copy of the list of Subsidiaries may be obtained from the Administrator, and is available for examination by Eligible Employees.

r. SUBSTANTIAL DOWNTURN means a downturn in the oil and gas industry which shall be measured by the following objective criteria: (i) the West Texas Intermediate Price for crude oil remains at or below $10/barrel for sixty (60) consecutive business days or (ii) the price for each MMBtu of natural gas as quoted for the Henry Hub listing in "Gas Daily" remains at or below $1.25 for sixty (60) consecutive business days.

s. YEARS OF SERVICE. For purposes of calculating length of service under the Plan, Years of Service are determined by subtracting the Eligible Employee's calendar year in which his/her most recent date of hire occurred from the current calendar year. For example, if an Eligible Employee was hired in 1998 and was involuntarily terminated in 2001, then, the Eligible Employee will be credited with three (3) Years of Service for purposes of determining the amount of Separation Benefits. Separation Benefits under the Plan will only be granted on the basis of the Years of Service of continuous employment, which will include periods of service of an Eligible Employee with the Company and with an employer that has previously been acquired by or merged into the Company, and will include periods of service for an Eligible Employee with an employer that is acquired by or merged into the Company in the future. Prior periods of employment in which there has been a break in service (except for authorized leaves of absence or for other reasons approved by the Company) will not be used to calculate Years of Service for Separation Benefits.

3. ELIGIBILITY.

3.1 PARTICIPATION. Each Eligible Employee shall be eligible to participate in the Plan as of the Effective Date.

3.2 DURATION OF PARTICIPATION. An Eligible Employee shall only cease to be eligible to be a participant in the Plan as a result of an amendment or termination of the Plan complying with Section 12 or when he/she ceases to be an Eligible Employee of the Company, unless such Eligible Employee is then entitled to receive Separation Benefits under the Plan. An Eligible Employee entitled to payment of Separation Benefits shall remain an Eligible Employee under the Plan until his/her full Separation Benefits have been received by the Eligible Employee.

3.3 RIGHT TO SEPARATION BENEFITS. An Eligible Employee shall be entitled to receive the Separation Benefits under the circumstances described in Section 4.1 and as provided in
Section 4.2 if the Eligible Employee's employment by the Company terminates as specified in the applicable Section, provided that: (a) the Eligible Employee timely signs and delivers to the Company a General Release and Agreement and does not thereafter revoke or attempt to revoke the General Release and Agreement; (b) the Eligible Employee returns any Company property

within his/her possession or control and continues to cooperate in providing information necessary for transition and maintenance of the Company's ongoing business; and (c) the Eligible Employee complies with all terms of the General Release and Agreement, including those pertaining to confidentiality of information. The Eligible Employee must work through his/her effective date of termination as established by the Company, or such earlier date as is mutually agreed to by the Company and the Eligible Employee. If the Eligible Employee's termination is the result of a Constructive Termination, as defined in Section 4.1(a), his/her effective date of termination shall be deemed to be thirty (30) days after he/she provides notice, in writing, of the Constructive Termination to the Company, unless an earlier effective date of termination is established by the Company or a later date is mutually agreed to by the Company and the Eligible Employee. Failure of an Eligible Employee to work through his/her effective date of termination or other applicable date as described in this Section will result in forfeiture of rights to any Separation Benefits under this Plan. Eligible Employees who transfer employment between the Company and/or its Subsidiaries to another Eligible Employee position with any of such entities (or any successor) shall maintain all rights under the Plan as though employment had been uninterrupted and no transfer had been made, and, for the purpose of this Plan, the transfer of an Eligible Employee from the Company and/or its Subsidiaries to the E&P Successor shall not be deemed to be a termination of employment that entitles such Eligible Employee to Separation Benefits.

4. TERMINATION OF EMPLOYMENT AND SEPARATION BENEFITS.

4.1 TERMINATION OF EMPLOYMENT.

(a) TERMINATIONS IN CONNECTION WITH A CHANGE OF CONTROL THAT GIVE RISE TO SEPARATION BENEFITS. An Eligible Employee shall be entitled to Separation Benefits in accordance with Section 3.3 above and the remainder of this Section 4 in connection with any involuntary separation of employment affected by the Company or any Constructive Termination in conjunction with or within twelve (12) months after a Change of Control, except as set forth in Subsection (b) below. As used herein, Constructive Termination means the actual termination or resignation of an Eligible Employee from the Company occurring in conjunction with or within twelve (12) months after a Change of Control, whichever is applicable, due to any of the following events:

(i) An aggregate reduction of ten percent (10%) or more in the Eligible Employee's Base Salary;

(ii) The discharge of the Eligible Employee for failure to relocate to a location outside a twenty-five (25) mile radius of the location of his/her office or principal base of operation immediately prior to the Change of Control; or

(iii) The failure to pay to the Eligible Employee any portion of current compensation within fourteen (14) days of the date such compensation is due if, after being notified of such failure, the Company does not cure within thirty (30) days of notice; or

(iv) The failure to obtain a satisfactory agreement from the E&P Successor or any other successor to the Company to assume and agree to continue this Plan in accordance with the provisions of Section 15.

An Eligible Employee shall provide the Company written notice within ninety (90) days of an event that constitutes a Constructive Termination, of his/her intent to resign for such reason. The failure of an Eligible Employee to provide written notice within such 90-day period shall cause a forfeiture of the Eligible Employee's right to receive Separation Benefits with regard to such Constructive Termination. The failure of an Eligible Employee to exercise his/her right to resign due to one event which qualifies as a Constructive Termination shall not waive his/her rights within ninety (90) days of another, subsequent event that also qualifies as a Constructive Termination in conjunction with or within the twelve (12) months following a Change of Control.

(b) TERMINATIONS IN CONNECTION WITH A CHANGE OF CONTROL THAT DO NOT GIVE RISE TO SEPARATION BENEFITS. An Eligible Employee shall not be entitled to Separation Benefits in connection with or following a Change of Control if the Eligible Employee (i) terminates his/her employment through voluntary separation or death, (ii) is involuntarily terminated by the Company after the occurrence of Substantial Downturn,
(iii) is involuntarily terminated by the Company on the basis of Disability (as described below) or (iv) is involuntarily terminated by the Company for Cause. The Eligible Employee's termination of employment with Helmerich & Payne, Inc. resulting from the transfer of employment from Helmerich & Payne, Inc. to the E&P Successor necessitated by the creation and/or spin-off of the E&P Successor (including the subsequent merger of the E&P Successor with another entity) shall not constitute a termination of employment that gives rise to Separation Benefits under this Plan.

If the Company determines in good faith that the Disability of an Eligible Employee has occurred (pursuant to the definition of "Disability" set forth below), it may give to the Eligible Employee written notice of its intention to terminate the Eligible Employee's employment. In such event, the Eligible Employee's employment with the Company shall terminate effective on the 30th day after the date of such notice (the "Disability Effective Date") provided that within such time period the Eligible Employee shall not have returned to full-time performance of his duties. For the purposes of this Severance Plan "Disability" means disability (either physical or mental) which, at least 26 weeks after its commencement, is determined by a physician selected by the Company or its insurers to be total and permanent.

As used herein, termination for Cause means termination of employment due to the following:

(i) the willful and continued failure by the Eligible Employee to substantially perform his/her duties with the Company (other than any such failure resulting from his/her incapacity due to physical or mental illness);

(ii) the willful engaging by the Eligible Employee in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise;

(iii) the conviction of the Eligible Employee of a felony by a federal or state court of competent jurisdiction;

(iv) an act or acts of dishonesty taken by the Eligible Employee and intended to result in substantial personal enrichment of the Eligible Employee at the expense of the Company; or

(v) the Eligible Employee's "willful" failure to follow a direct, reasonable and lawful written order from his supervisor within the reasonable scope of the Eligible Employee's duties, which failure is not cured within thirty (30) days.

For purposes of this definition, no act, or failure to act, shall be deemed willful unless done, or omitted to be done, by the Eligible Employee not in good faith and without reasonable belief that his/her action or omission was in the best interest of the Company.

4.2 SEPARATION BENEFITS IN CONNECTION WITH A CHANGE OF CONTROL.

(a) CASH PAYMENTS. Subject to the remainder of this
Section 4, if an Eligible Employee's employment is terminated under circumstances entitling him/her to Separation Benefits under Subsection 4.1(a), the Company shall pay such Eligible Employee a severance payment ("Severance Payment") based on the Eligible Employee's Years of Service and Base Salary.

(i) Severance Payment.

The Severance Payment will be equal to 2 1/2 weeks Base Salary for each Year of Service.

The minimum Severance Payment to which an Eligible Employee will be entitled under this Subsection (a)(i) will be equal to twelve (12) weeks of Base Salary and the maximum will be sixty-five (65) weeks of Base Salary.

(ii) Example of Cash Payment in Connection with a Change of Control

Base Salary (weekly)	$ 975.00
Annualized Base Salary	50,700.00
Years of Service	27
2 1/2 weeks x $975.00 x 27	$ 65,812.50
Amount in Excess of 65-Week Maximum	(2,437.50)
Total Severance Payment	$ 63,375.00

(iii) Timing and Manner of Payment. The Severance Payment will be paid in a single lump sum on the Company's first regular payday after the Eligible Employee returns the signed General Release and Agreement and any Company property in his/her possession or control, or seven (7) days following that return date, whichever is later (but in no event prior to the Eligible Employee's effective date of termination).

(b) CONTINUATION OF BENEFITS. If an Eligible Employee's employment is terminated under circumstances entitling him/her to Separation Benefits under Subsection 4.1(a), all employee benefits provided by the Company to the Eligible Employee and the Eligible Employee's dependents will cease except as otherwise required by law.

(c) STOCK OPTIONS/RESTRICTED STOCK. If an Eligible Employee's employment is terminated under circumstances entitling him/her to Separation Benefits under Subsection 4.1(a), any options to purchase stock or rights to receive restricted stock granted pursuant to a plan adopted by the E&P Successor held by the Eligible Employee shall be immediately and automatically vested, fully earned and exercisable upon the Eligible Employee's effective date of termination unless previously exercised or forfeited pursuant to the terms of such plan.

4.3 WARN BENEFITS. Under certain circumstances, the Company may, in its discretion, make voluntary and unconditional payments related to salary or wages to an Eligible Employee when he/she suffers an employment loss as a result of a "plant closing" or "mass layoff" covered by the federal Worker Adjustment and Retraining Notification Act (the "WARN Benefits"). If an Eligible Employee receives WARN Benefits, the weeks of Base Salary he/she may be entitled to receive under Subsection 4.2(a) shall be reduced by the number of weeks of WARN Benefits the Eligible Employee receives.

4.4 FUNDING. The Separation Benefits under this Plan shall be paid from the general assets of Helmerich & Payne, Inc. unless this Plan and its obligations are assumed by a successor entity pursuant to Section 15 herein.

5. WITHHOLDING. All amounts payable pursuant to the terms of this Plan shall be subject to reduction for any and all applicable federal, state or local income and employment taxes and any other withholdings required to be made therefrom at law.

6. RIGHT OF RECOVERY. The Company shall have the right to recover any payment made to an Eligible Employee in excess of the amount to which the Eligible Employee is entitled under the terms of this Plan. Such recovery may be from the Eligible Employee or his/her beneficiary thereby enriched.

7. NON-ASSIGNMENT. No benefits or beneficial interests provided for hereunder prior to payment shall be subject in any manner to garnishment, attachment, anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, levy, execution or the claims of creditors, either voluntarily or involuntarily, and any attempt to so garnish, attach, anticipate, alienate, sell, transfer, assign, pledge, encumber, levy or execute on the same shall be null and void, and neither shall such benefits or beneficial interests be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person to whom such benefits or funds are payable, provided that Severance Payments shall be subject to any set-off, counterclaim, recoupment, repayment, reimbursement or other right which the Company may have against an Eligible Employee.

8. PLAN SPONSOR. The Plan sponsor is the Company, EIN: 73-0679879; Address: Utica at Twenty-First, Tulsa, OK 74114.

9. ADMINISTRATOR AND NAMED FIDUCIARY. The Administrator has the authority to interpret the Plan, manage its operation and determine all questions arising in the administration, interpretation and application of the Plan. Helmerich & Payne, Inc. is designated the "Named Fiduciary." The Administrator shall be contacted c/o Director, Human Resources, Utica at Twenty-First, Tulsa, OK 74114, telephone (918) 742-5531.

10. AGENT FOR SERVICE OF PROCESS. The agent for service of legal process is Steven R. Mackey, General Counsel, Helmerich & Payne, Inc., Utica at Twenty-First, Tulsa, OK 74114.

11. PLAN YEAR. The Plan Year for purposes of maintaining the Plan's fiscal records shall be the calendar year.

12. PLAN IMPLEMENTATION, AMENDMENT AND TERMINATION. Subject to amendment of the Plan as provided below, this Plan shall continue in effect for a period of not less than twelve (12) months beyond the month in which a Change of Control occurs, during which time the Company is contractually bound to maintain the Plan. If another Change of Control occurs during such twelve (12) month period, then, the Company shall only be contractually bound to maintain this Plan until the end of such twelve (12) month period following the initial Change of Control. Subject to the foregoing, the Company shall have the right to amend, modify, or terminate the Plan or any benefit provided under this Plan at any time and from time to time to any extent that it may deem advisable; provided, however, no such amendment (or any part of an amendment, as the case may be) made either (a) within six (6) months prior to the public announcement of a

transaction that would constitute a Change of Control or (b) on or within twelve (12) months after a Change of Control shall be effective with respect to any Eligible Employee to the extent such amendment (or part thereof) would reduce the Separation Benefits such Eligible Employee would have received under the Plan but for such amendment. Further, no amendment may reduce or adversely affect any benefits already in pay status under the Plan at the date of such amendment. Any amendment or modification to the Plan shall be set out in writing executed by either the Chief Executive Officer of the Company or the Chairman of the Committee and filed with the Administrator. Upon filing with the Administrator, such amendment or modification to the Plan shall be deemed to have been amended or modified in the manner and to the extent and effective as of the date therein set forth, and thereupon any and all Eligible Employees, whether they shall have become such prior to the amendment or modification, shall be bound thereby. Notwithstanding anything herein to the contrary, the Plan may be amended in such manner as may be required at any time to make it conform to the requirements of the Code, or of ERISA, or of any amendment thereto, or of any regulations or rulings issued pursuant thereto. This Plan shall also be considered as the Summary Plan Description for the Plan as required by ERISA.

13. CLAIMS PROCEDURE.

13.1 HOW TO SUBMIT A CLAIM. In order to claim benefits under this Plan, the claimant must be an Eligible Employee. A written claim must be filed with the Committee within ninety (90) days of the date upon which the claimant first knew (or should have known) of the facts upon which the claim is based, unless the Committee in writing consents otherwise. The procedures in this Section shall apply to all claims that any person has with respect to the Plan, including claims against fiduciaries and former fiduciaries, except to the extent the Committee determines, in its sole discretion, that it does not have the power to grant, in substance, all relief reasonably being sought by the claimant.

13.2 DENIAL OF CLAIMS. If a person has made a claim for benefits under this Plan and any portion of the claim is denied, the Committee or its designee will furnish the claimant with a written notice stating the specific reasons for the denial, including specific reference to any pertinent Plan provisions upon which the denial was based, a description of any additional information or material necessary to perfect the claim and an explanation of why such information or material is necessary, and appropriate information concerning steps to take if the claimant wishes to submit the claim for review.

The Committee, directly or through its designee, must approve or deny the claim in writing within sixty (60) days after receipt of the claim, plus any extension of time for processing the claim, not to exceed one hundred twenty (120) additional days, as special circumstances require. The Committee or its designee will advise the claimant in writing if an extension is necessary, stating the circumstances requiring the extension and the date by which the claimant can expect the Committees decision regarding the claim.

13.3 REVIEW PROCEDURES. Within sixty (60) days after the date of written notice denying any claim, a claimant or an authorized representative may write to the Committee or its designee requesting a review of that decision.

The request for review may contain such issues and comments as the claimant or an authorized representative may wish considered in the review. The claimant or an authorized representative may also review pertinent documents in the Committees possession. The Committee will make a final determination with respect to the claim within sixty (60) days after a review is requested. The Committee or its designee will advise the claimant in writing of the determination and will set forth the specific reasons for the determination and the specific references to any pertinent Plan provisions upon which the determination is based. The decision rendered upon reconsideration of the claim will be final and binding on all interested parties.

13.4 RULES AND DECISIONS. The Committee may adopt such rules as it deems necessary, desirable, or appropriate. All decisions of the Committee shall be final and conclusive and may be made in the Committee's sole and absolute discretion. When making a determination or calculation, the Committee shall be entitled to rely upon information furnished by an Eligible Employee, the Company or the legal counsel of the Company.

13.5 COMMITTEE PROCEDURES. The Committee may act at a meeting or in writing without a meeting. The Committee shall elect one of its members as chairman, appoint a secretary, who may or may not be a Committee member, and advise the Named Fiduciary of such actions in writing. The secretary shall keep a record of all meetings in a permanent Committee minute book and forward all necessary communications to the Company. The Committee may adopt such bylaws and regulations as it deems desirable for the conduct of its affairs. All decisions of the Committee shall be made by the vote of the majority, including actions in writing taken without a meeting. A dissenting Committee member who, within a reasonable time after he has knowledge of any action or failure to act by the majority, registers his dissent in writing delivered to the other Committee members, to the extent permitted by law, shall not be responsible for any such action or failure to act.

13.6 OTHER COMMITTEE POWERS AND DUTIES. The Committee shall have such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the following:

(i) to construe and interpret the Plan and resolve any ambiguities with respect to any of the terms and provisions thereof as written and as applied to the operation of the Plan; and

(ii) to decide all questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder.

(iii) All decisions by the Committee under this Plan shall be made in its sole and absolute discretion.

14. VALIDITY AND SEVERABILITY. The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15. SUCCESSORS. The Company will require (i) the E&P Successor or (ii) any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or a portion of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it as if no such succession had taken place. In the event(s) of assumption of this Agreement by the E&P Successor or other successor, the term "Company" as used in this Agreement, shall mean the "E&P Successor" or other successor, as applicable.

16. SECTION TITLES AND HEADINGS. The titles and headings at the beginning of each Section shall not be considered in construing the meaning of any provision in this Plan.

17. CONTROLLING LAW. The Plan shall be interpreted under the laws of the State of Oklahoma, except to the extent that federal law preempts state law.

18. SEVERANCE PLAN NOT AN EMPLOYMENT CONTRACT. This Severance Plan does not create a contract of employment between the Company and any Eligible Employee. Further, this Severance Plan does not alter the "at will" employment status of any Eligible Employee. Apart from the obligation of the Company to provide additional compensation as provided in this Severance Plan, the Company shall at all times retain the right to terminate the employment of any Eligible Employee for any reason whatsoever.

19. THE PLAN DOCUMENT. This document constitutes the Plan document, copies of which are available upon request from the Committee. In the event of any inconsistency between any communication regarding the Plan and the Plan document itself, the Plan document controls.

Executed and effective this 26th day of August, 2002.

HELMERICH & PAYNE, INC., a Delaware corporation

ATTEST:

	By
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Steven R. Mackey, Secretary	Hans Helmerich, President and Chief Executive Officer

ERISA RIGHTS INFORMATION

Employee Retirement Income Security Act of 1974, as amended (ERISA) Rights

Participants in the Helmerich & Payne, Inc. E&P Severance Plan have certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA provides that all Plan participants shall be entitled to:

1. Examine without charge at the Administrators office and at other specified locations, all Plan documents, including insurance contracts and copies of all documents filed by the Plan with the U.S. Department of Labor, such as annual reports and Plan descriptions.

2. Obtain copies of all Plan documents and other Plan information upon written request to the Administrator. The Administrator may make a reasonable charge for the copies.

3. Receive a summary of the Plans annual financial report. The Administrator is required by law to furnish each participant with a copy of this summary annual report.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of an employee benefit plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied, in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the claim reviewed and reconsidered.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and pay you up to $100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the Plans money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about your Plan, you should contact the Administrator in Tulsa. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor.

The Plan is an employee welfare benefit plan within the meaning of ERISA.

EXHIBIT A

NOTICE

VARIOUS LAWS, INCLUDING TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1866, THE PREGNANCY DISCRIMINATION ACT OF 1978, THE EQUAL PAY ACT, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT, THE REHABILITATION ACT OF 1973, THE AMERICANS WITH DISABILITIES ACT, THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 AND THE VETERANS REEMPLOYMENT RIGHTS ACT (ALL AS AMENDED FROM TIME TO TIME), PROHIBIT EMPLOYMENT DISCRIMINATION BASED ON SEX, RACE, COLOR, NATIONAL ORIGIN, RELIGION, AGE, DISABILITY, ELIGIBILITY FOR COVERED EMPLOYEE BENEFITS AND VETERAN STATUS. YOU MAY ALSO HAVE RIGHTS UNDER LAWS SUCH AS THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE WORKER ADJUSTMENT AND RETRAINING ACT OF 1988, THE FAIR LABOR STANDARDS ACT, THE FAMILY AND MEDICAL LEAVE ACT, THE OCCUPATIONAL HEALTH AND SAFETY ACT AND OTHER FEDERAL, STATE AND/OR MUNICIPAL STATUTES, ORDERS OR REGULATIONS PERTAINING TO LABOR, EMPLOYMENT AND/OR EMPLOYEE BENEFITS. THESE LAWS ARE ENFORCED THROUGH THE UNITED STATES DEPARTMENT OF LABOR, THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC) AND VARIOUS OTHER FEDERAL, STATE AND MUNICIPAL LABOR DEPARTMENTS, FAIR EMPLOYMENT BOARDS, HUMAN RIGHTS COMMISSIONS AND SIMILAR AGENCIES.

THIS GENERAL RELEASE IS BEING PROVIDED TO YOU IN CONNECTION WITH THE HELMERICH & PAYNE, INC. E&P SEVERANCE PLAN (EFFECTIVE DATE AUGUST 26, 2002). ALONG WITH THIS GENERAL RELEASE, YOU HAVE ALSO BEEN GIVEN A COPY OF THE PLAN. IN ADDITION, IF YOUR TERMINATION WAS NOT DUE TO A CONSTRUCTIVE TERMINATION, YOU HAVE BEEN GIVEN INFORMATION SHOWING THE JOB POSITIONS AND DATES OF BIRTH OF THE EMPLOYEES IN CONNECTION WITH A CHANGE OF CONTROL WHO ARE ELIGIBLE AND WHO ARE NOT ELIGIBLE FOR THE PLAN IN COMPLIANCE WITH THE FEDERAL OLDER WORKERS BENEFIT PROTECTION ACT (THE "OWBPA MATERIALS"). ALL THOSE DOCUMENTS AND INFORMATION ARE REFERRED TO IN THIS GENERAL RELEASE AS THE "SEVERANCE PACKET."

YOU HAVE FORTY-FIVE (45) DAYS FROM THE DATE YOU RECEIVED THE SEVERANCE PACKET TO MAKE A DECISION TO ACCEPT OR REJECT THE SEPARATION BENEFITS YOU ARE ELIGIBLE TO RECEIVE UNDER THE PLAN IN EXCHANGE FOR SIGNING THIS GENERAL RELEASE. YOU MAY EXECUTE THE GENERAL RELEASE PRIOR TO THE END OF THIS FORTY-FIVE DAY ELECTION PERIOD. YOU MAY NOT, HOWEVER, EXECUTE THE GENERAL RELEASE PRIOR TO YOUR LAST DATE OF EMPLOYMENT WITH HELMERICH & PAYNE, INC.

BEFORE EXECUTING THIS GENERAL RELEASE, YOU SHOULD REVIEW ALL THE DOCUMENTS AND THE INFORMATION IN THE SEVERANCE PACKET CAREFULLY AND CONSULT WITH YOUR LAWYER.

YOU MAY REVOKE THIS GENERAL RELEASE WITHIN SEVEN (7) DAYS AFTER YOU SIGN IT, AND THE GENERAL RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THAT REVOCATION PERIOD HAS EXPIRED. IF YOU DO NOT SIGN AND RETURN THIS GENERAL RELEASE WITHIN FORTY-FIVE (45) DAYS OR IF YOU EXERCISE YOUR RIGHT TO REVOKE THE GENERAL RELEASE, YOU WILL NOT BE ELIGIBLE FOR SEPARATION BENEFITS UNDER THE PLAN. ANY REVOCATION MUST BE IN WRITING AND MUST BE RECEIVED WITHIN THE SEVEN-DAY PERIOD FOLLOWING EXECUTION OF THIS GENERAL RELEASE (OR THE NEXT REGULAR BUSINESS DAY THEREAFTER) BY THE DIRECTOR, HUMAN RESOURCES, HELMERICH & PAYNE, INC., UTICA AT TWENTY-FIRST, TULSA, OK 74114.

EXHIBIT A

GENERAL RELEASE AND AGREEMENT

In consideration of the Separation Benefits offered to me by Helmerich & Payne, Inc. under the Helmerich & Payne, Inc. E&P Severance Plan (the "Plan"), I hereby release and discharge Helmerich & Payne, Inc. and its predecessors, successors, affiliates, parent, Subsidiaries and partners and each of those entities employees, officers, directors and agents (hereafter collectively referred to as the "Company") from all claims, liabilities, demands, and causes of action, known or unknown, fixed or contingent, which I may have or claim to have against the Company either as a result of my past employment with the Company and/or the severance of that relationship and/or otherwise, and hereby waive any and all rights I may have with respect to any such claims.

This General Release includes, but is not limited to, claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, the Pregnancy Discrimination Act of 1978, the Equal Pay Act, the Civil Rights Act of 1991, the Age Discrimination in Employment Act, the Rehabilitation Act of 1973, the Americans With Disabilities Act, the Employee Retirement Income Security Act of 1974 and the Veterans Reemployment Rights Act (all as amended from time to time). This General Release also includes, but is not limited to, any rights I may have under the Older Workers Benefit Protection Act of 1990, the Worker Adjustment and Retraining Act of 1988, the Fair Labor Standards Act, the Family and Medical Leave Act, the Occupational Health and Safety Act and any other federal, state and/or municipal statutes, orders or regulations pertaining to labor, employment and/or employee benefits. This General Release also applies to any claims or rights I may have growing out of any legal or equitable restrictions on the Company's rights not to continue an employment relationship with its employees, including any express or implied employment contracts, and to any claims I may have against the Company for fraudulent inducement or misrepresentation, defamation, wrongful termination or other retaliation claims in connection with workers' compensation or alleged "whistleblower" status or on any other basis whatsoever.

IT IS SPECIFICALLY AGREED, HOWEVER, THAT THIS GENERAL RELEASE DOES NOT HAVE ANY EFFECT ON ANY RIGHTS OR CLAIMS I MAY HAVE AGAINST THE COMPANY WHICH ARISE AFTER THE DATE I EXECUTE THIS GENERAL RELEASE OR ON ANY VESTED RIGHTS I MAY HAVE UNDER ANY OF THE COMPANY'S QUALIFIED OR NON-QUALIFIED RETIREMENT PLANS AS OF OR AFTER MY LAST DAY OF EMPLOYMENT WITH THE COMPANY, ON ANY OF THE COMPANY'S OBLIGATIONS UNDER THE PLAN OR AS OTHERWISE REQUIRED UNDER THE CONSOLIDATED OMNIBUS BUDGET AND RECONCILIATION ACT OF 1985 (COBRA).

If my separation was not due to a Constructive Termination, I acknowledge that I have received information from the Company describing the dates of birth and job titles of employees who are eligible for participation in the Plan and the dates of birth and job titles of employees who are not eligible for participation, in compliance with the federal Older Workers Benefit Protection Act (the "OWBPA Materials").

I have carefully reviewed and fully understand the Severance Packet, which includes the Plan, the General Release and foregoing Notice and the OWBPA Materials. I have not relied on any representation or statement, oral or written, by the Company or any of its representatives, which is not set forth in the Severance Packet.

I understand that my receipt and retention of the Separation Benefits under the Plan is dependent on my execution of this General Release, upon my return to the Company of any Company property within my possession or control and upon my continued cooperation in providing information necessary for transition and maintenance of the Company's ongoing business. I also understand that my receipt and retention of the Separation Benefits are also contingent on my continued nondisclosure of the Company's secret or confidential information, knowledge or data relating to the Company or any of its subsidiaries and their respective businesses which I have obtained during my employment with the Company and which shall not be or become public knowledge (other than by acts by me or my representatives in violation of this General Release), and that prohibited disclosure of such information, knowledge or data to anyone other than the Company and those designated by it or any future defamation, disparaging remarks or statements by me to any third parties, other employees or the media which could embarrass or cause harm to the Company's name and reputation or to the name and reputation of its officers, directors or representatives shall entitle the Company to reimbursement or retention of any Separation Benefits I have received or may receive. I also understand and agree that the Company has the right to any set-off counterclaim, recoupment, repayment, reimbursement or other right which the Company may have against me.

The Plan and this General Release, including the foregoing Notice, set forth the entire agreement between the Company and me with respect to this subject. I acknowledge that the Company gave me forty-five (45) days to consider whether I wish to accept or reject the Separation Benefits I am eligible to receive under the Plan in exchange for this General Release. I also acknowledge that the Company advised me to seek independent legal advice as to these matters, if I chose to do so. I hereby represent and state that I have taken such actions and obtained such information and independent legal or other advice, if any, that I believed were necessary for me to fully understand the effects and consequences of this General Release prior to signing it.

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Dated this     day of              ,      .
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PARTICIPANTS SIGNATURE

PRINT PARTICIPANTS NAME

EXHIBIT 10.20

HELMERICH & PAYNE, INC.
HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

$200,000,000
Aggregate Principal Amount
Senior Notes

$25,000,000
5.51% Senior Notes, Series A
Due August 15, 2007

$25,000,000
5.91% Senior Notes, Series B
Due August 15, 2009

$75,000,000
6.46% Senior Notes, Series C
Due August 15, 2012

$75,000,000
6.56% Senior Notes, Series D
Due August 15, 2014

NOTE PURCHASE AGREEMENT

Dated as of August 15, 2002

Series A PPN: 42346# AA 9 Series B PPN: 42346# AB 7 Series C PPN: 42346# AC 5 Series D PPN: 42346# AD 3

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HELMERICH & PAYNE, INC.
HELMERICH & PAYNE INTERNATIONAL DRILLING CO.
Utica at Twenty-First Street
Tulsa, OK 74114
(918) 742-5531
Fax: (918) 742-0237

$200,000,000
Aggregate Principal Amount
Senior Notes

$25,000,000 5.51% Senior Notes, Series A, due August 15, 2007 $25,000,000 5.91% Senior Notes, Series B, due August 15, 2009 $75,000,000 6.46% Senior Notes, Series C, due August 15, 2012 $75,000,000 6.56% Senior Notes, Series D, due August 15, 2014

Dated as of August 15, 2002

TO EACH OF THE PURCHASERS LISTED IN
THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

HELMERICH & PAYNE INTERNATIONAL DRILLING CO., a Delaware corporation (the "Company"), and HELMERICH & PAYNE, INC., a Delaware corporation (the "Parent") agree with you as follows:

1. AUTHORIZATION OF NOTES.

The Company has authorized the issue and sale of $200,000,000 of Senior Notes, consisting of $25,000,000 aggregate principal amount of its 5.51% Senior Notes, Series A, due August 15, 2007 (the "Series A Notes"), $25,000,000 aggregate principal amount of its 5.91% Senior Notes, Series B, due August 15, 2009 (the "Series B Notes"), $75,000,000 aggregate principal amount of its 6.46% Senior Notes, Series C, due August 15, 2012 (the "Series C Notes"), and $75,000,000 aggregate principal amount of its 6.56% Senior Notes, Series D, due August 15, 2014 (the "Series D Notes" and collectively with the Series A Notes, Series B Notes and Series C Notes, the "Notes", such term to include any such Notes issued in substitution therefor pursuant to Section 13 of this Agreement). The Notes shall be substantially in the form set out in Exhibits 1(a), 1(b), 1(c) or 1(d), as appropriate, with such changes therefrom, if any, as may be approved by you, the Other Purchasers and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement. The Notes will be guaranteed (i) by the Parent pursuant to a guaranty in substantially the form of Exhibit 1(e) (the "Parent Guaranty") and (ii) subject to Section 22, by each Subsidiary that is now or in the future becomes a guarantor of, or otherwise is or becomes obligated in respect of, any Indebtedness to banks under the Credit Agreements (individually, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors") pursuant to a guaranty in substantially the form of Exhibit 1(f) (the "Subsidiary Guaranty," and, together with the Parent Guaranty, the "Guaranties"). The Notes will be unsecured and will rank pari passu with the Company's Indebtedness to banks under the Credit Agreements and with all other senior unsecured Indebtedness of the Company.

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and each of the other purchasers named in Schedule A (the "Other Purchasers"), and you and the Other Purchasers will purchase from the Company, at the Closing provided for in Section 3, Notes in the principal amount and series specified opposite your names in Schedule A at the purchase price of 100% of the principal amount thereof. Your obligation hereunder and the obligations of the Other Purchasers are several and not joint obligations and you shall have no liability to any Person for the performance or non-performance by any Other Purchaser hereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Gardner, Carton & Douglas, Quaker Tower, Suite 3400, 321 North Clark Street, Chicago, Illinois 60610 at 9:00 a.m., Chicago time, at closings on August 15, 2002 (the "First Closing") and on October 15, 2002 (the "Second Closing," and, together with the First Closing, the "Closings") or on such other Business Day thereafter, not later than August 31, 2002 in the case of the First Closing and October 31, 2002 in the case of the Second Closing, as may be agreed upon by the Company and the purchasers that are scheduled to purchase Notes at such Closing. At the Closing applicable to your purchase, the Company will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least $100,000 as you may request) dated the date of such Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 208325308 at Bank of Oklahoma, N.A., Tulsa, Oklahoma, ABA No. 103900036. If at such Closing the Company fails to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSINGS.

Your obligation to purchase and pay for the Notes to be sold to you at the First Closing and the Second Closing is subject to the fulfillment to your satisfaction, prior to or at such Closing, of the following conditions:

4.1. REPRESENTATIONS AND WARRANTIES.

The representations and warranties of the Parent and the Company in this Agreement shall be correct when made and at the time of such Closing.

4.2. PERFORMANCE; NO DEFAULT.

The Parent and the Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at such Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Schedule 5.14) no Default or Event of Default shall have occurred and be continuing.

4.3. COMPLIANCE CERTIFICATES.

(a) Officer's Certificate. The Parent and the Company shall have delivered to you an Officer's Certificate, dated the date of such Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificate. The Parent and the Company shall have delivered to you a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and the Agreement.

4.4. OPINIONS OF COUNSEL.

You shall have received opinions in form and substance satisfactory to you, dated the date of such Closing (a) from McAfee & Taft A Professional Corporation and Steven R. Mackey, special counsel for, and General Counsel of, the Parent and the Company, respectively, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request
(and the Company instructs its counsel to deliver such opinion to you) and (b)
from Gardner, Carton & Douglas, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request.

4.5. PURCHASE PERMITTED BY APPLICABLE LAW, ETC.

On the date of such Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including Regulation U, T or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6. SALE OF OTHER NOTES.

Contemporaneously with such Closing the Company shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at such Closing as specified in Schedule A.

4.7. PAYMENT OF SPECIAL COUNSEL FEES.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before such Closing the fees, charges and disbursements of your special counsel referred to in Section 4.4, to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

4.8. PRIVATE PLACEMENT NUMBER.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained by Gardner, Carton & Douglas for each series of the Notes.

4.9. CHANGES IN CORPORATE STRUCTURE.

Except as specified in Schedule 4.9, neither the Parent nor the Company shall have changed its jurisdiction of incorporation or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

4.10. GUARANTIES.

The Parent shall have executed and delivered the Parent Guaranty and each Subsidiary Guarantor shall have executed and delivered the Subsidiary Guaranty.

4.11. CREDIT AGREEMENTS.

You and your special counsel shall have been provided with a copy of the Credit Agreements as currently in effect.

4.12. PROCEEDINGS AND DOCUMENTS.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

Each of the Company and the Parent represents and warrants to you that:

5.1. ORGANIZATION; POWER AND AUTHORITY.

Each of the Company and the Parent is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each of the Company and the Parent has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the Parent Guaranty (in the case of the Parent) and the Notes (in the case of the Company) and to perform the provisions hereof and thereof.

5.2. AUTHORIZATION, ETC.

This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and
(ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The Guaranties have been duly authorized by all necessary corporate action on the part of the Parent or each Subsidiary Guarantor, as the case may be, and upon execution and delivery thereof will constitute the legal, valid and binding obligation of the Parent and each Subsidiary Guarantor, enforceable against the Parent or each Subsidiary Guarantor, as the case may be, in accordance with their respective terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and
(ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. DISCLOSURE.

The Parent and the Company, through their agent, Banc One Capital Markets, Inc., has delivered to you and each Other Purchaser a copy of a Private Placement Memorandum, dated June 2002 (the "Memorandum"), relating to the transactions contemplated hereby. Except as disclosed in Schedule 5.3, this Agreement, the Memorandum, the documents, certificates or other writings identified in Schedule 5.3 and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Memorandum or as expressly described in Schedule 5.3, or in one of the documents, certificates or other writings identified therein, or in the financial statements listed in Schedule 5.5, since September 30, 2001, there has been no change in the financial condition, operations, business or properties of the Parent or any Subsidiary, including the Company, except changes that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect.

5.4. ORGANIZATION AND OWNERSHIP OF SHARES OF SUBSIDIARIES.

(a) Schedule 5.4 is (except as noted therein) a complete and correct list of the Parent's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Parent and each other Subsidiary, including the Company.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Parent and its Subsidiaries, including the Company, have been validly issued, are fully paid and nonassessable and are owned by the Parent or another Subsidiary, including the Company, free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

5.5. FINANCIAL STATEMENTS.

The Parent has delivered to you and each Other Purchaser copies of the consolidated financial statements of the Parent and its Subsidiaries, including the Company, listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Parent and its Subsidiaries, including the Company, as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

5.6. COMPLIANCE WITH LAWS, OTHER INSTRUMENTS, ETC.

The execution, delivery and performance by the Company and the Parent of this Agreement and by the Company of the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Parent or any Subsidiary, including the Company, under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other Material agreement or instrument to which the Parent or any Subsidiary, including the Company, is bound or by which any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Parent or any Subsidiary, including the Company, or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Parent or any Subsidiary, including the Company.

The execution, delivery and performance by each of the Parent and each Subsidiary Guarantor of the Guaranty to which it is a party will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Parent or such Subsidiary Guarantor under, any agreement, or corporate charter or by-laws, to which the Parent or such Subsidiary Guarantor is bound or by which the Parent or such Subsidiary Guarantor or any of their properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any Material order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Parent or such Subsidiary Guarantor or (iii) violate any provision of any Material statute or other rule or regulation of any Governmental Authority applicable to the Parent or such Subsidiary Guarantor.

5.7. GOVERNMENTAL AUTHORIZATIONS, ETC.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes or the execution, delivery or performance by the Parent of this Agreement or the Parent Guaranty or by each Subsidiary Guarantor of the Subsidiary Guaranty.

5.8. LITIGATION; OBSERVANCE OF STATUTES AND ORDERS.

(a) Except as disclosed in Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of the Parent or the Company, threatened against or affecting the Parent or any Subsidiary, including the Company, or any property of the Parent or any Subsidiary, including the Company, in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) Neither the Parent nor any Subsidiary, including the Company, is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(c) The Parent and its Subsidiaries, including the Company, are in compliance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001.

5.9. TAXES.

The Company and its Subsidiaries have filed all income tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Parent or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The federal income tax liabilities of the Parent and its Subsidiaries, including the Company, have been determined by the Internal Revenue Service and paid for all fiscal years up to and including the fiscal year ended September 30, 1996.

5.10. TITLE TO PROPERTY; LEASES.

The Parent and its Subsidiaries, including the Company, have good and sufficient title to their respective Material properties, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business and except that no representation is made as to the Oil and Gas Properties), in each case free and clear of Liens prohibited by this Agreement, except for those defects in title and Liens that, individually or in the aggregate, would not have a Material Adverse Effect. All Material leases are valid and subsisting and are in full force and effect in all material respects.

5.11. LICENSES, PERMITS, ETC.

Except as disclosed in Schedule 5.11, the Parent and its Subsidiaries, including the Company, own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that are Material, without known conflict with the rights of others, except for those conflicts that, individually or in the aggregate, would not have a Material Adverse Effect.

5.12. COMPLIANCE WITH ERISA.

(a) The Parent and each ERISA Affiliate, including the Company, have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Parent nor any ERISA Affiliate, including the Company, has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that would reasonably be expected to result in the incurrence of any such liability by the Parent or any ERISA Affiliate, including the Company, or in the imposition of any Lien on any of the rights, properties or assets of the Parent or any ERISA Affiliate, including the Company, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to Section 401 (a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Parent and its ERISA Affiliates, including the Company, have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Parent's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Parent and its ERISA Affiliates, including the Company, is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Parent and the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

5.13. PRIVATE OFFERING BY THE COMPANY.

None of the Parent, the Company or anyone acting on their behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than you, the Other Purchasers and not more than 37 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. None of the Parent, the Company or anyone acting on their behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of section 5 of the Securities Act.

5.14. USE OF PROCEEDS; MARGIN REGULATIONS.

The Company will apply the proceeds of the sale of the Notes for general corporate purposes, to repay Indebtedness and to fund capital expenditures as set forth in Schedule 5.14. No part of the proceeds from the sale of the Notes will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 20% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 25% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

5.15. EXISTING INDEBTEDNESS.

Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Parent and its Subsidiaries, including the Company, as of June 30, 2002, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries. Neither the Parent nor any Subsidiary, including the Company, is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Parent or such Subsidiary, including the Company, and no event or condition exists with respect to any Indebtedness of the Parent or any Subsidiary, including the Company, that is outstanding in an aggregate principal amount in excess of $5,000,000 and that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

5.16. FOREIGN ASSETS CONTROL REGULATIONS, ETC.

Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

5.17. STATUS UNDER CERTAIN STATUTES.

Neither the Parent nor any Subsidiary, including the Company, is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the Interstate Commerce Act, as amended by the ICC Termination Act, as amended, or the Federal Power Act, as amended.

5.18. ENVIRONMENTAL MATTERS.

Neither the Parent nor any Subsidiary, including the Company, has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against the Parent or any of its Subsidiaries, including the Company, or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither the Parent nor any Subsidiary, including the Company, has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Parent nor any Subsidiary, including the Company, has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that would reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Parent or any of its Subsidiaries, including the Company, are in compliance with applicable Environmental Laws, except where failure to comply would not reasonably be expected to result in a Material Adverse Effect.

5.19. SOLVENCY OF SUBSIDIARY GUARANTORS.

After giving effect to the transactions contemplated herein and after giving due consideration to any rights of contribution (i) each Subsidiary Guarantor has received fair consideration and reasonably equivalent value for the incurrence of its obligations under the Subsidiary Guaranty, (ii) the fair value of the assets of each Subsidiary Guarantor (both at fair valuation and at present fair saleable value) exceeds its liabilities, (ii) each Subsidiary Guarantor is able to and expects to be able to pay its debts as they mature, and (iii) each Subsidiary Guarantor has capital sufficient to carry on its business as conducted and as proposed to be conducted.

6. REPRESENTATIONS OF THE PURCHASERS.

6.1. PURCHASE FOR INVESTMENT.

You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes. You represent that you are an "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 of Regulation D under the Securities Act.

6.2. SOURCE OF FUNDS.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an "insurance company general account" as such term is defined in the Department of Labor Prohibited Transaction Exemption ("PTE") 95-60 (issued August 12, 1995) ("PTE 95-60") and as of the date of this Agreement there is no "employee benefit plan" with respect to which the aggregate amount of such general account's reserves and liabilities for the contracts held by or on behalf of such employee benefit plan and all other employee benefit plans maintained by the same employer (and affiliates thereof as defined in section V(a)(1) of PTE 95-60) or by the same employee organization (in each case determined in accordance with the provisions of PTE 95-60) exceeds 10% of the total reserves and liabilities of such general account (as determined under PTE 95-60) (exclusive of separate account liabilities) plus surplus as set forth in the National Association of Insurance Commissioners Annual Statement filed with your state of domicile; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued February 29, 1990), or (ii) a bank collective investment fund, within the meaning of PTE 91-38 (issued August 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (b), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c); or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (e); or

(f) the Source is the assets of one or more employee benefit plans that are managed by an "in-house asset manager," as that term is defined in PTE 96-23 and such purchase and holding of the Notes is exempt under PTE 96-23; or

(g) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan", "governmental plan" and "separate account" shall have the respective meanings assigned to such terms in section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1. FINANCIAL AND BUSINESS INFORMATION

The Parent will deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 60 days (or such other shorter period within which Quarterly Reports on Form 10-Q are required to be timely filed with the Securities and Exchange Commission, including any extension permitted by Rule 12b-25 of the Exchange Act) after the end of each quarterly fiscal period in each fiscal year of the

Parent (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Parent and its Subsidiaries, including the Company, as at the end of such quarter, and

(ii) consolidated statements of income, shareholders' equity and cash flows of the Parent and its Subsidiaries, including the Company, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, provided that delivery within the time period specified above of copies of the Parent's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements -- within 120 days (or such other shorter period within which Annual Reports on Form 10-K are required to be timely filed with the Securities and Exchange Commission, including any extension permitted by Rule 12b-25 of the Exchange Act) after the end of each fiscal year of the Parent, duplicate copies of,

(i) a consolidated balance sheet of the Parent and its Subsidiaries, including the Company, as at the end of such year, and

(ii) consolidated statements of income, shareholders' equity and cash flows of the Parent and its Subsidiaries, including the Company, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent certified public accountants of recognized regional or national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances; provided that the delivery within the time period specified above of the Parent's Annual Report on Form 10-K for such fiscal year (together with the Parent's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section (b);

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Parent or any Subsidiary, including the Company, to public securities holders generally, and (ii) each regular or periodic report, each registration statement that shall have become effective (without exhibits except as expressly requested by such holder), and each final prospectus and all amendments thereto filed by the Parent or any Subsidiary, including the Company, with the Securities and Exchange Commission;

(d) Notice of Default or Event of Default -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Parent or the Company is taking or proposes to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Parent or an ERISA Affiliate, including the Company, proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Parent or an ERISA Affiliate, including the Company, pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Parent or an ERISA Affiliate, including the Company, pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would reasonably be expected to have a Material Adverse Effect; and

(f) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Parent or any of its Subsidiaries, including the Company or relating to the ability of the Parent or the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

7.2. OFFICER'S CERTIFICATE.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations) required in order to establish whether the Parent was in compliance with the requirements of Section 10.1 through Section 10.9, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Parent and its Subsidiaries, including the Company, from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including any such event or condition resulting from the failure of the Parent or any Subsidiary, including the Company, to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3. INSPECTION.

The Parent and the Company will permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Parent or the Company, to visit the principal executive office of the Parent or the Company, to discuss the affairs, finances and accounts of the Parent and its Subsidiaries, including the Company, with the Parent's and the Company's officers, and, with the consent of the Parent and the Company (which consent will not be unreasonably withheld), to visit the other offices and properties of the Parent and each Subsidiary, including the Company, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Parent or any Subsidiary, including the Company, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances, and accounts with their respective officers and independent public accountants (and by this provision the Parent and the Company authorize said accountants to discuss the affairs, finances and accounts of the Parent and its Subsidiaries, including the Company), all at such times and as often as may be requested.

Each holder agrees to treat any information obtained in connection with any inspection pursuant to this Section 7 as Confidential Information subject to
Section 20 so as to avoid any disclosure obligation on the Company under Regulation FD under the Exchange Act.

8. PREPAYMENT OF THE NOTES.

8.1. NO SCHEDULED PREPAYMENTS.

No regularly scheduled prepayments are due on the Notes prior to their stated maturity.

8.2. OPTIONAL PREPAYMENTS WITH MAKE-WHOLE AMOUNT.

The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes of any series in an amount not less than $5,000,000 in the aggregate in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of Notes of the series to be prepaid written notice of each optional prepayment under this Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of the Notes of such series to be prepaid on such date, the principal amount of each Note of such series held by such holder to be prepaid (determined in accordance with Section 8.3), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes of the series to be prepaid a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

8.3. ALLOCATION OF PARTIAL PREPAYMENTS.

In the case of each partial prepayment of the Notes of a series, the principal amount of the Notes of such series to be prepaid shall be allocated among all of the Notes of such series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

8.4. MATURITY; SURRENDER, ETC.

In the case of each prepayment of Notes pursuant to this
Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed

for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and canceled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.5. PURCHASE OF NOTES.

The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes of any series except (a) upon the payment or prepayment of the Notes of a series in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes of a series at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 30 Business Days. If the holders of more than 25% of the principal amount of the Notes of a series then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such series of such offer shall be extended by the number of days necessary to give each such remaining holder at least ten Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.6. MAKE-WHOLE AMOUNT.

The term "MAKE-WHOLE AMOUNT" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"CALLED PRINCIPAL" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to
Section 12.1, as the context requires.

"DISCOUNTED VALUE" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" means, with respect to the Called Principal of any Note, .50% over the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New

York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as the "PX1 Screen" on the Bloomberg Financial Market Service (or such other display as may replace the PX1 Screen on Bloomberg Financial Market Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"REMAINING AVERAGE LIFE" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or 12.1.

"SETTLEMENT DATE" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

9. AFFIRMATIVE COVENANTS.

Each of the Parent and the Company covenants that so long as any of the Notes are outstanding:

9.1. COMPLIANCE WITH LAW.

The Parent and the Company will, and will cause each other Subsidiary to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a materially adverse effect on the business, operations, affairs, financial condition, properties or assets of the Parent and its Subsidiaries, including the Company, taken as a whole.

9.2. INSURANCE.

The Parent and the Company will, and will cause each other Subsidiary to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3. MAINTENANCE OF PROPERTIES.

The Parent and the Company will, and will cause each other Subsidiary to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent the Parent or any Subsidiary, including the Company, from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Parent has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a materially adverse effect on the business, operations, affairs, financial condition, properties or assets of the Company and its Subsidiaries taken as a whole.

9.4. PAYMENT OF TAXES.

The Parent and the Company will, and will cause each other Subsidiary to, file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies payable by any of them, to the extent such taxes and assessments have become due and payable and before they have become delinquent, provided that neither the Parent nor any Subsidiary, including the Company, need pay any such tax or assessment if (i) the amount, applicability or validity thereof is contested by the Parent or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Parent or a Subsidiary, including the Company, has established adequate reserves therefor in accordance with GAAP on the books of the Parent or such Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate would not reasonably be expected to have a materially adverse effect on the business, operations, affairs, financial condition, properties or assets of the Company and its Subsidiaries, taken as a whole, or the Parent and its Subsidiaries, including the Company, taken as a whole.

9.5. CORPORATE EXISTENCE, ETC.

Each of the Parent and the Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.5 and 10.6, the Parent and the Company will at all times preserve and keep in full force and effect the corporate existence of each other Subsidiary (unless merged into the Parent or a Wholly Owned Subsidiary, including the Company) and all rights and franchises of the Parent and its Subsidiaries, including the Company, unless, in the good faith judgment of the Parent, the termination of or failure to preserve and keep in full force and effect a particular corporate existence, right or franchise would not, individually or in the aggregate, have a materially adverse effect on the business, operations, affairs, financial condition, properties or assets of the Parent and its Subsidiaries, including the Company, taken as a whole.

10. NEGATIVE COVENANTS.

Each of the Parent and the Company covenants that so long as any of the Notes are outstanding:

10.1. CONSOLIDATED DEBT.

The Parent will not incur, and will not permit any Subsidiary, including the Company, to incur, any Indebtedness if, after giving effect thereto and to the application of the proceeds therefrom, Consolidated Debt would exceed 55% of Consolidated Total Capitalization.

10.2. PRIORITY DEBT.

The Parent and the Company will not at any time permit Priority Debt to exceed 20% of Consolidated Net Worth (determined as of the end of the Parent's most recently completed fiscal quarter).

10.3. INDEBTEDNESS OF SUBSIDIARIES.

The Parent will not at any time permit any Subsidiary, including the Company, directly or indirectly, to create, incur, assume, guarantee, have outstanding, or otherwise become or remain directly or indirectly liable for, any Indebtedness other than:

(a) the Notes and Indebtedness incurred from time to time under the Credit Agreements;

(b) Indebtedness outstanding on the date hereof and listed on Schedule 5.15 and any extension, renewal, refunding or refinancing thereof, provided that the principal amount outstanding at the time of such extension, renewal, refunding or refinancing is not increased;

(c) Indebtedness owed to the Parent or a Wholly Owned Subsidiary, including the Company;

(d) Guaranties by a Subsidiary of Indebtedness of another Subsidiary or by a Subsidiary Guarantor of Indebtedness of the Company or the Parent;

(e) Indebtedness of a Subsidiary outstanding at the time of its acquisition by the Company or the Parent, provided that (i) such Indebtedness was not incurred in contemplation of becoming a Subsidiary and (ii) at the time of such acquisition and after giving effect thereto, no Default or Event of Default exists or would exist; and

(f) Indebtedness not otherwise permitted by the preceding clauses (a) through (e), provided that immediately before and after giving effect thereto and to the application of the proceeds thereof,

(i) no Default or Event of Default exists, and

(ii) Priority Debt does not exceed 20% of Consolidated Net Worth.

10.4. LIENS.

The Parent and the Company will not, and will not permit any other Subsidiary to, permit to exist, create, assume or incur, directly or indirectly, any Lien on its properties or assets, whether now owned or hereafter acquired, except:

(a) Liens existing on property or assets of the Parent or any Subsidiary, including the Company, as of the date of this Agreement that are described in Schedule 10.4;

(b) Liens for taxes, assessments or governmental charges not then due and delinquent or the nonpayment of which is permitted by Section 9.4;

(c) Liens incidental to the conduct of business or the ownership of properties and assets (including landlords', lessors', carriers', operators', warehousemen's, mechanics', materialmen's and other similar Liens) and Liens to secure the performance of bids, tenders, leases or trade contracts, or to secure statutory obligations (including obligations under workers compensation, unemployment insurance and other social security legislation), surety or appeal bonds or other Liens of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money;

(d) encumbrances in the nature of leases, subleases, zoning restrictions, easements, rights of way and other rights and restrictions of record on the use of real property and defects in title arising or incurred in the ordinary course of business, which, individually and in the aggregate, do not materially impair the use or value of the property or assets subject thereto or which relate only to assets that in the aggregate are not material;

(e) any attachment or judgment Lien, unless the judgment it secures has not, within 60 days after the entry thereof, been discharged or execution thereof stayed pending appeal, or has not been discharged within 60 days after the expiration of any such stay;

(f) Liens securing Indebtedness of a Subsidiary to the Parent or to another Wholly Owned Subsidiary, including the Company;

(g) Liens (i) existing on property at the time of its acquisition by the Parent or a Subsidiary, including the Company, and not created in contemplation thereof, whether or not the Indebtedness secured by such Lien is assumed by the Parent or a Subsidiary; including the Company, or (ii) on property created contemporaneously with its acquisition or within 180 days of the acquisition or completion of construction or development thereof to secure or provide for all or a portion of the purchase price or cost of the acquisition, construction or development of such property after the date of Closing; or (iii) existing on property of a Person at the time such Person is merged or consolidated with, or becomes a Subsidiary of, or substantially all of its assets are acquired by, the Parent or a Subsidiary, including the Company, and not created in contemplation thereof; provided that in the case of clauses (i), (ii) and (iii) such Liens do not extend to additional property of the Parent or any Subsidiary, including the Company, (other than property that is an improvement to or is acquired for specific use in connection with the subject property) and that the aggregate principal amount of Indebtedness secured by each such Lien does not exceed the fair market value (determined in good faith by one or more officers of the Parent to whom authority to enter into such transaction has been delegated by the board of directors of the Parent) of the property subject thereto;

(h) Liens resulting from extensions, renewals or replacements of Liens permitted by paragraphs (a) and (g), provided that (i) there is no increase in the principal amount or decrease in maturity of the Indebtedness secured thereby at the time of such extension, renewal or replacement, (ii) any new Lien attaches only to the same property theretofore subject to such earlier Lien and (iii) immediately after such extension, renewal or replacement no Default or Event of Default would exist; and

(i) Liens securing Indebtedness not otherwise permitted by paragraphs (a) through (h) of this Section 10.4, provided that, at the time of creation, assumption or incurrence thereof and immediately after giving effect thereto and to the application of the proceeds therefrom, Priority Debt does not exceed 20% of Consolidated Net Worth.

10.5. MERGERS, CONSOLIDATIONS, ETC.

The Parent and the Company will not, and will not permit any other Subsidiary to, consolidate with or merge with any other Person or convey, transfer, sell or lease all or substantially all of its assets in a single transaction or series of transactions to any Person except that:

(a) the Company may consolidate or merge with any other Person or convey, transfer, sell or lease all or substantially all of its assets in a single transaction or series of transactions to any Person, provided that:

(i) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer, sale or lease all or substantially all of the assets of the Company as an entirety, as the case may be, is a solvent corporation, general partnership, limited partnership or limited liability company organized and existing under the laws of the United States or any state thereof (including the District of Columbia), and, if the Company is not such survivor or Person, survivor or Person shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes;

(ii) after giving effect to such transaction, no Default or Event of Default shall exist; and

(iii) after giving effect to such transaction, the Company or such successor, survivor or Person could incur at least $1.00 of additional Indebtedness; and

(b) the Parent may consolidate or merge with any other Person or convey, transfer, sell or lease all or substantially all of its assets in a single transaction or series of transactions to any Person, provided that:

(i) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer, sale or lease of all or substantially all of the assets of the Parent as an entirety, as the case may be, shall be a solvent corporation organized and existing under the laws of the United States or any state thereof (including the District of Columbia), and, if the Parent is not such corporation, such corporation shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Parent Guaranty; and

(ii) after giving effect to such transaction, no Default or Event of Default shall exist; and

(iii) after giving effect to such transaction, the Parent or such successor, survivor or Person could incur at least $1.00 of additional Indebtedness; and

(c) any Subsidiary other than the Company may (x) merge into the Parent or the Company (provided that the Parent or the Company is the surviving corporation) or another Wholly Owned Subsidiary or (y) sell, transfer or lease all or any part of its assets to the Parent or the Company or another Wholly Owned Subsidiary, or (z) merge or consolidate with, or sell, transfer or lease all or substantially all of its assets to, any Person in a transaction that is permitted by Section 10.6 or, as a result of which, such Person becomes a Subsidiary; provided in each instance set forth in clauses (x) through (z) that, immediately after giving effect thereto, there shall exist no Default or Event of Default;

No such conveyance, transfer, sale or lease of all or substantially all of the assets of the Parent or the Company shall have the effect of releasing the Parent or the Company or any successor corporation that shall theretofore have become such in the manner prescribed in this Section 10.5 from its liability under this Agreement or the Notes.

10.6. SALE OF ASSETS.

Except as permitted by Section 10.5, the Parent and the Company will not, and will not permit any other Subsidiary to, sell, lease, transfer or otherwise dispose of, including by way of merger (collectively a "Disposition"), any assets, including capital stock of Subsidiaries, in one or a series of transactions, to any Person, other than:

(a) Dispositions in the ordinary course of business;

(b) Dispositions by a Subsidiary, including the Company, to the Parent or another Wholly Owned Subsidiary, including the Company, or by the Parent or the Company to a Wholly Owned Subsidiary that is a Subsidiary Guarantor;

(c) the Spin-Off or other Disposition by the Parent or a Subsidiary of the Oil and Gas Properties; or

(d) Dispositions not otherwise permitted by clauses (a), (b) or (c) of this Section 10.6, provided that the aggregate net book value of all assets so disposed of in any fiscal year pursuant to this Section 10.6(d) does not exceed 15% of Consolidated Total Assets as of the end of the immediately preceding fiscal year.

Notwithstanding the foregoing, the Parent or the Company may, or may permit any other Subsidiary to, make a Disposition and the assets subject to such Disposition shall not be subject to or included in the foregoing limitation and computation contained in clause (d) of the preceding sentence to the extent that the net proceeds from such Disposition are within 365 days of such Disposition (A) reinvested in tangible assets to be used in the existing business of the Parent or a Subsidiary, including the Company, or (B) applied to the payment or prepayment of the Notes or any other outstanding Indebtedness of the Parent or any Subsidiary, including the

Company, ranking pari passu with or senior to the Notes (other than Indebtedness owing to the Parent, any of its Subsidiaries, including the Company, or any Affiliate or in respect of any revolving credit or similar credit facility providing the Parent or any of its Subsidiaries, including the Company, with the right to obtain loans or other extensions of credit from time to time, except to the extent that in connection with such payment of Indebtedness the availability of credit under such credit facility is permanently reduced by an amount not less than the amount of such proceeds applied to the payment of such Indebtedness). Any prepayment of Notes pursuant to this Section 10.6 shall be in accordance with Sections 8.2 and 8.3, without regard to the minimum prepayment requirements of Section 8.2.

10.7. SUBSIDIARY GUARANTY.

The Parent and the Company will not permit any other Subsidiary to become a borrower or a guarantor of Indebtedness owed to banks under the Credit Agreements unless such Subsidiary is, or concurrently therewith becomes, a party to the Subsidiary Guaranty.

10.8. NATURE OF BUSINESS.

The Parent and the Company will not, and will not permit any other Subsidiary to, engage in any business if, as a result, the general nature of the business in which the Parent and its Subsidiaries, including the Company, taken as a whole, would then be engaged would be substantially changed from the general nature of the business of the Parent and its Subsidiaries, including the Company, taken as a whole, as described in the Memorandum.

10.9. TRANSACTIONS WITH AFFILIATES.

The Parent and the Company will not, and will not permit any other Subsidiary to, enter into directly or indirectly any Material transaction or Material group of related transactions (including the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Parent, the Company or another Subsidiary), except upon fair and reasonable terms no less favorable to the Parent or such Subsidiary, including the Company, than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

11. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Parent or the Company defaults in the performance of or compliance with any term contained in Section 7.1(d) or Sections 10.1, 10.2, 10.3, 10.5, 10.6 or 10.7; or

(d) the Parent or the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days or, in the case of Section 10.4 only, 5 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Parent or the Company receiving written notice of such default from any holder of a Note; or

(e) any representation or warranty made in writing by or on behalf of the Parent, the Company or any Subsidiary Guarantor or by any officer of the Parent, the Company or any Subsidiary Guarantor in this Agreement, the Parent Guaranty, the Subsidiary Guaranty or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made and the fact that such representation or warranty was false or incorrect could reasonably be expected to have a Material Adverse Effect; or

(f) (i) the Parent, the Company or any Significant Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount in excess of $25,000,000 beyond any period of grace provided with respect thereto, or (ii) the Parent, the Company or any Significant Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness that is outstanding in an aggregate principal amount in excess of $25,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment; or

(g) the Parent, the Company or any Significant Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction,
(iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Parent, the Company or any Significant Subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Parent, the Company or any Significant Subsidiary, or any such petition shall be filed against the Parent, the Company or any Significant Subsidiary and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of $25,000,000 are rendered against one or more of the Parent, the Company and any Significant Subsidiaries, which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Parent, the Company or any other ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans determined in accordance with Title IV of ERISA, shall exceed $25,000,000, (iv) the Parent, the Company or any other ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans,
(v) the Parent, the Company or any other ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Parent or any Subsidiary, including the Company, establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Parent or any Subsidiary, including the Company, thereunder; and any such event or events described in clauses
(i) through (vi) above, either individually or together with any other such event or events, would reasonably be expected to have a Material Adverse Effect; or

(k) the Parent or any Subsidiary Guarantor defaults in the performance of or compliance with any term contained in the Parent Guaranty or the Subsidiary Guaranty or either of the Guaranties ceases to be in full force and effect, except as provided in Section 22 (as to the Subsidiary Guaranty), or is declared to be null and void in whole or in material part by a court or other governmental or regulatory authority having jurisdiction or the validity or enforceability thereof shall be contested by any of the Parent, the Company or any Subsidiary Guarantor or any of them renounces any of the same or denies that it has any or further liability thereunder.

As used in Section 11(j), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1. ACCELERATION.

(a) If an Event of Default with respect to the Parent or the Company described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of 51% or more in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (x) all accrued and unpaid interest thereon and (y) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. OTHER REMEDIES.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3. RESCISSION.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of not less than 51% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4. NO WAIVERS OR ELECTION OF REMEDIES, EXPENSES, ETC.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1. REGISTRATION OF NOTES.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor, promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2. TRANSFER AND EXCHANGE OF NOTES.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) of the same series in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1(a), 1(b), 1(c) or 1(d), as appropriate. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

13.3. REPLACEMENT OF NOTES.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another Institutional Investor holder of a Note with a minimum net worth of at least $250,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company at its own expense shall execute and deliver, in lieu thereof, a new Note of the same series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1. PLACE OF PAYMENT.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in Chicago, Illinois at the principal office of Bank One, NA in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2. HOME OFFICE PAYMENT.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

15. EXPENSES, ETC.

15.1. TRANSACTION EXPENSES.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

15.2. SURVIVAL.

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Parent or the Company pursuant to this Agreement shall be deemed representations and warranties of the Parent and the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1. REQUIREMENTS.

This Agreement, the Notes, the Parent Guaranty and the Subsidiary Guaranty may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that
(a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or
(iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2. SOLICITATION OF HOLDERS OF NOTES.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes or any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

17.3. BINDING EFFECT, ETC.

Any amendment or waiver consented to as provided in this
Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" or "the Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4. NOTES HELD BY COMPANY, ETC.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, the Parent or any Subsidiary Guarantor, to the Company at its address set forth at the beginning hereof to the attention of the Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including
(a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary or confidential in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of the Company or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure,
(b) subsequently becomes publicly known through no act or omission by you or any Person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary, or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and Affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any

other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

22. RELEASE OF SUBSIDIARY GUARANTOR.

You and each subsequent holder of a Note agree to release any Subsidiary Guarantor from the Subsidiary Guaranty (i) if such Subsidiary Guarantor ceases to be such as a result of a disposition permitted by Sections 10.5 or 10.6 or (ii) at such time as the banks party to the Credit Agreements release such Subsidiary from its guaranty of Indebtedness under the Credit Agreements; provided, however, that you and each subsequent holder will not be required to release a Subsidiary Guarantor from the Subsidiary Guaranty under the circumstances contemplated by clause (ii), if (A) a Default or Event of Default has occurred and is continuing,

(B) such Subsidiary Guarantor is to become a borrower under either Credit Agreement or (C) such release is part of a plan of financing that contemplates such Subsidiary Guarantor guaranteeing any other Indebtedness of the Company to banks. Your obligation to release a Subsidiary Guarantor from the Subsidiary Guaranty is conditioned upon your prior receipt of a certificate from a Senior Financial Officer of the Company stating that none of the circumstances described in clauses (A), (B) and (C) above are true.

23. MISCELLANEOUS.

23.1. SUCCESSORS AND ASSIGNS.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including any subsequent holder of a Note) whether so expressed or not.

23.2. PAYMENTS DUE ON NON-BUSINESS DAYS.

Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

23.3. SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

23.4. CONSTRUCTION.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

23.5. COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

23.6. GOVERNING LAW.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Illinois excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

23.7. SPIN-OFF.

Anything in this Agreement to the contrary notwithstanding, nothing in this Agreement shall prohibit the consummation by the Parent of the Spin-Off, or of any transaction contemplated by the (i) the Agreement and Plan of Merger dated as of February 3, 2002 by and among the Parent, Cimarex Energy (formerly known as Helmerich & Payne Exploration and Production Co.), Mountain Acquisition Co. and Key Production Company, Inc., (ii) the Distribution Agreement by and between the Company and Cimarex Energy Co., (iii) any agreement referenced in the agreements referred to in clauses (i) and (ii), or (iv) any other Disposition of the Oil and Gas Properties or the stock of Cimarex Energy Co. if the Spin-Off is not consummated.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

By: /s/ Steven R. Mackey

Name: Steven R. Mackey

Title: Vice President

HELMERICH & PAYNE, INC.

By: /s/ Steven R. Mackey

Name: Steven R. Mackey

Title: Vice President

The foregoing is agreed to as of the date thereof.

JACKSON NATIONAL LIFE INSURANCE COMPANY

By: PPM America, Inc., as attorney in fact on behalf of Jackson National Life Insurance Company

By: *'/s/ Chris Raub*
Name: *Chris Raub*
Title: *Senior Managing Director*

JACKSON NATIONAL LIFE INSURANCE COMPANY
OF NEW YORK

By: PPM America, Inc., as attorney in fact on behalf of Jackson National Life Insurance Company of New York

By: */s/ Chris Raub*
Name: *Chris Raub*
Title: *Senior Managing Director*

THE PRUDENTIAL ASSURANCE COMPANY
LIMITED

By: PPM America, Inc., as attorney in fact on behalf of The Prudential Assurance Company Limited

By: */s/ Chris Raub*
Name: *Chris Raub*
Title: *Senior Managing Director*

METROPOLITAN LIFE INSURANCE COMPANY

By: */s/ C. Scott Inslis*

Name: *C. Scott Inslis*

Title: *Managing Director*

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ David A. Barras

Name: David A. Barras

Title: Its Authorized Representative

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

for its Group Annuity Separate Account

By: /s/ David A. Barras

Name: David A. Barras

Title: Its Authorized Representative

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By: */s/ Lisa M. Ferraro*

Name: *Lisa M. Ferraro*

Title: *Director*

NATIONWIDE LIFE INSURANCE COMPANY

By: */s/ Mark W. Poeppelman*

Name: *Mark W. Poeppelman*

Title: *Associate Vice President*

NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY

By: */s/ Mark W. Poeppelman*

Name: *Mark W. Poeppelman*

Title: *Associate Vice President*

NATIONWIDE MUTUAL INSURANCE COMPANY

By: */s/ Mark W. Poeppelman*

Name: *Mark W. Poeppelman*

Title: *Associate Vice President*

NATIONWIDE MUTUAL FIRE INSURANCE COMPANY

By: */s/ Mark W. Poeppelman*

Name: *Mark W. Poeppelman*

Title: *Associate Vice President*

AMCO INSURANCE COMPANY

By: */s/ Mark W. Poeppelman*

Name: *Mark W. Poeppelman*

Title: *Associate Vice President*

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

By: */s/ James G. Lowery*

Name: *James G. Lowery*

Title: *Assistant Vice President*

Investments

By: */s/ Tad Anderson*

Name: *Tad Anderson*

Title: *Manager*

Investments

LONDON LIFE INSURANCE COMPANY

By: */s/ Brian Allison*

Name: *Brian Allison*

Title: *Authorized Signatory*

By: */s/ W.J. Sharman*

Name: *W.J. Sharman*

Title: *Authorized Signatory*

JEFFERSON-PILOT LIFE INSURANCE COMPANY

By: */s/ Robert E. Whalen, II*

Name: *Robert E. Whalen, II*

Title: *Vice President*

JEFFERSON PILOT FINANCIAL INSURANCE COMPANY

By: */s/ Robert E. Whalen, II*

Name: *Robert E. Whalen, II*

Title: *Vice President*

NEW YORK LIFE INSURANCE COMPANY

By: /s/ Lisa A. Scuderi

Name: Lisa A. Scuderi

Title: Investment Vice President

NEW YORK LIFE INSURANCE AND
ANNUITY CORPORATION
By: New York Life Investment Management LLC, Its Investment Manager

By: /s/ Lisa A. Scuderi

Name: Lisa A. Scuderi

Title: Director

STATE FARM LIFE INSURANCE COMPANY

By: /s/ Lyle Triebwasser

Name: Lyle Triebwasser

Title: Senior Investment Officer

By: /s/ Larry Rottunda

Name: Larry Rottunda

Title: Assistant Secretary

STATE FARM LIFE AND ACCIDENT ASSURANCE COMPANY

By: /s/ Lyle Triebwasser

Name: Lyle Triebwasser

Title: Senior Investment Officer

By: /s/ Larry Rottunda

Name: Larry Rottunda

Title: Assistant Secretary

AMERICAN UNITED LIFE INSURANCE COMPANY

By: /s/ Kent R. Adams

Name: Kent R. Adams

Title: Vice President, Fixed Income Securities

PIONEER MUTUAL LIFE INSURANCE COMPANY

By: /s/ Kent R. Adams

Name: Kent R. Adams

Title: Vice President, Fixed Income Securities

THE STATE LIFE INSURANCE COMPANY

By: /s/ Kent R. Adams

Name: Kent R. Adams

Title: Vice President, Fixed Income Securities

PHOENIX LIFE INSURANCE COMPANY

By: */s/ John H. Beers*

Name: *John H. Beers*

Title: *Vice President*

EXHIBIT 13

HELMERICH & PAYNE, INC. ANNUAL REPORT FOR 2002

RISK FACTORS AND FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the 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 oil and natural gas prices, expiration or termination of drilling contracts, currency exchange gains and losses, changes in general economic conditions, rapid or unexpected changes in technologies, risks of foreign operations, uninsured risks, 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 include 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.

SPIN-OFF AND MERGER TRANSACTIONS

On September 30, 2002, Helmerich & Payne, Inc. completed its distribution of 100 percent of the common stock of Cimarex Energy Co. to the Company's shareholders and the subsequent merger of Key Production Company, Inc. into a subsidiary of Cimarex making Key a wholly-owned subsidiary of Cimarex. The Cimarex Energy Co. stock distribution was recorded as a dividend and resulted in a decrease to consolidated stockholders' equity of approximately $152.2 million. As a result of this transaction, the Company and its subsidiaries will continue to own and operate the contract drilling and real estate business, and Cimarex Energy Co. will be a separate, publicly-traded company that will own and operate the exploration and production business. The Company does not own any common stock of Cimarex Energy Co. (See Note 2 of the Financial Statements for complete description of the transaction.) As a result of the transaction, the Company is reporting the results of its former Exploration and Production Division (Cimarex Energy Co.) as discontinued operations.

RESULTS OF OPERATIONS

All per share amounts included in the Results of Operations discussion are stated on a diluted basis. Helmerich & Payne, Inc.'s net income for 2002 was $63,517,000 ($1.26 per share) compared with net income of $144,254,000 ($2.84 per share), in 2001, and $82,300,000 ($1.64 per share) in 2000. Included in net income for each year reported was income from discontinued operations of $9,811,000 ($0.19 per share) for 2002, $63,787,000 ($1.26 per share) for 2001, and $45,830,000 ($0.91 per share) for 2000. Also included in the Company's net income, but not related to its operations, were after-tax gains from the sale of investment securities of $15,206,000 ($0.30 per share) in 2002, $691,000 ($0.01 per share) in 2001, and $8,152,000 ($0.16 per share) in 2000. In addition to income from security sales, the Company also recorded net income during 2000 of $6,637,000 ($0.13 per share) from gains relating to non-monetary dividends received. Also included in net income is the Company's portion of income from its equity affiliates, which totaled $0.06 per share in 2002, $0.04 per share in 2001, and $0.06 in 2000. The Company's equity affiliates are Atwood Oceanics, Inc. and a 50-50 joint venture with Atwood called Atwood Oceanics West Tuna Pty. Ltd., which owns an offshore platform rig.

Consolidated revenues were $510,928,000 in 2002, $509,274,000 in 2001, and $392,142,000 in 2000. Revenues increased by less than 1 percent from 2001 to 2002. Revenues from domestic operations rose by approximately 1 percent, due to the increase in U.S. land rig revenue days recorded in 2002, as the Company continued to complete the construction of new rigs during the year. Total H&P U.S. land rigs available were 66 at the end of 2002, and 49 at the end of 2001. Land rig utilization was 84 percent during 2002 and 97 percent in 2001. Increased U.S. land rig revenues were partially offset by declines in U.S. platform rig revenues. Total platform rig revenue days fell 8 percent from 2001 to 2002 as rig utilization fell to 83 percent in 2002, compared with 98 percent in 2001. Revenues from international drilling operations declined by 11 percent as the Company's rig utilization in South America fell from 56 percent in 2001 to 51 percent in 2002.

The 30 percent increase in revenues from 2000 to 2001 was due to a 55 percent increase in domestic revenues and a 13 percent increase in international revenues. Demand for drilling services increased dramatically in the U.S. during 2001, causing average revenue per day to improve by 58 percent from 2000 to 2001. During 2000, U.S. land rig utilization was 85 percent and U.S. platform rig utilization was 94 percent. International rig utilizations improved to 56 percent during 2001, compared with 47 percent during 2000.

Revenues from investments were $28,444,000 in 2002, $10,317,000 in 2001, and $31,510,000 in 2000. Included in revenues were pre-tax gains from the sale of investment securities of $24,820,000 in 2002, $1,189,000 in 2001, and $13,295,000 in 2000. Interest income from short-term investments was $1,432,000 in 2002, $5,219,000 in 2001 and $3,733,000 in 2000. Interest income from short-term investments was higher in 2001 and 2000 because the Company's cash and cash equivalent balances increased in each of these years and because of higher prevailing market short-term interest rates. Dividend income was $2,192,000 in 2002, $3,909,000 in 2001 and $14,482,000 in 2000. Dividend income was unusually high in 2000 because the Company recognized $10,706,000 of non-monetary dividends when three Company investees spun-off subsidiaries to their shareholders.

Operating costs in 2002 were $336,890,000 or 70 percent of operating revenue, compared with $308,437,000 or 62 percent of operating income in 2001, and $234,132,000 or 65 percent of operating income in 2000. The operating cost percentage rose in 2002 due to lower revenue per rig day, higher direct rig operating cost, and additional costs associated with the addition of 16 rigs to the U.S. land fleet during the year. The lower operating cost percentage in 2001, compared to 2000 was the result of higher revenue per rig day during 2001.

Depreciation expense was $61,447,000 in 2002, $49,532,000 in 2001, and $77,317,000 in 2000. Effective October 1, 2000, the Company changed the estimated useful life of its drilling equipment from 10 years to 15 years, resulting in lower annual depreciation expense of approximately $30 million in 2001. Depreciation expense rose significantly during 2002, due to the addition of 3 rigs in 2001 and 20 rigs in 2002. The Company anticipates depreciation expense to increase again next year as a full year of depreciation is incurred on rigs placed in service in 2002 and as new rigs are constructed and employed in the field.

General and administrative expenses increased by approximately 22 percent from 2001 to 2002, and by 22 percent from 2000 to 2001. The most significant portion of the increases for both 2001 and 2002 were from employee benefits relating to medical insurance, 401(k) matching, and pension expenses. Employee salaries and bonuses also contributed to the increases, along with increases in property and casualty insurance. It is anticipated that general and administrative expenses for 2003 will be higher than in 2002, due mainly to higher pension expense. The value of pension plan assets has declined as a result of the recent decline in the stock market. The Company lowered the expected return and discount rate assumptions for calculation of accrued pension benefit costs. Additionally, the Company may consider reclassifying to general and administrative expense some costs that have been included in operating costs in prior years. Interest expense was $980,000 in 2002, $1,701,000 in 2001, and $2,730,000 in

2000. Although actual cash interest expense varied only slightly during the past three years, the variance in construction project activity during those periods resulted in more interest being capitalized during 2001 and 2002, thereby lowering the amount expensed. As mentioned later in this section, the increase in the total debt of the Company through the issuance of $200,000,000 of intermediate-term debt will result in a significant increase in interest expense during 2003.

The provision for income taxes totaled $40,573,000 in 2002, $54,689,000 in 2001, and $31,102,000 in 2000. Effective income tax rates on income from continuing operations were 44 percent in 2002, 41 percent in 2001, and 48 percent in 2000. The increase in effective tax rate from 2001 to 2002 was a result of currency fluctuations, primarily in Venezuela, resulting in additional taxes for inflationary gains and monetary corrections in 2002. The significant reduction in effective rates from 2000 to 2001 was a result of lower taxes in Venezuela, as a result of monetary correction losses and a larger proportion of income in the Company's U.S. operations where tax rates are lower than the average tax rates in the Company's international operations.

CONTRACT DRILLING OPERATING PROFIT

Demand for contract drilling services increased significantly during 2001, after experiencing a lull in activity from 1998 to 2000. The significant improvement was particularly experienced in U.S. land rig drilling where high natural gas prices prevailed during 2001, thereby spurring the significant increase in rig activity, dayrates, and costs. During 2002 demand for drilling services declined, causing dayrates to soften. U.S. land rig utilizations fell to 84 percent in 2002, compared to 97 percent for 2001, while the Company's U.S. offshore platform rig business realized utilizations averaging 94 percent in 2000, and 98 percent in 2001. During 2002, the Company completed construction on 2 new platform rigs that commenced operations during the Company's third quarter, moving its total platform fleet to 12. However, demand for platform rig services waned during the year moving the average utilization in that sector to 83 percent and decreasing rig revenue days by 8 percent. Therefore, with demand for drilling services declining in the U.S. during 2002, without a similar drop in costs, the Company's operating profit in its domestic operations fell to $69,181,000 in 2002, compared to $107,691,000 in 2001. Operating profit during 2000 for the U.S. sector was $35,808,000. Currently, 6 of the Company's 12 platform rigs are active, and land rig dayrates are approximately the same as those achieved during the fourth quarter of 2002. Should these conditions continue during 2003, operating profit for U.S. operations will be lower than in 2002.

After a significant improvement in activity and profitability during the late '90s, demand for drilling services in the Company's international sector has declined significantly, with about half of the rigs working in South America over the last two years compared with the number of rigs employed during the 1996 to 1999 time frame. As a result, operating profits for international operations have declined to $13,128,000 in 2002 from $28,475,000 in 2001. Operating profit was $9,753,000 in 2000. Utilizations were 51 percent in 2002, 56 percent in 2001, and 47 percent in 2000.

International operating profit declined from 2001 to 2002 due to lower rig utilization and higher devaluation losses. International operating profits improved during 2001 compared to 2000 mainly due to lower depreciation expenses resulting from a change in the estimated useful life in the Company's drilling equipment as discussed below. The impact of the change added approximately $15 million to international operating profit in 2001, compared with 2000. Over the past three years, rig activity levels have generally improved in Ecuador where the Company has grown from 3 rigs in 1999 to 8 rigs by the end of 2002. Overall utilization in that country averaged 93 percent during 2002. Conversely, the rig count and utilization have declined dramatically in Colombia where the Company operated 10 rigs in 1999, but declined to 3 rigs by 2002. Overall utilization for 2002 in Colombia was 31 percent. In one of the Company's main international operations, Venezuela, the total number of Company rigs has declined from 22 in 1999 to 14 in 2002. Average utilization during 2002 in Venezuela was 41 percent. The remainder of the Company's rigs located in South America are in Bolivia (6 rigs), where utilization during 2002 was 30 percent, and Argentina (2 rigs), where average utilization was 59 percent. Although activity is expected to improve slightly in Venezuela during 2003, the Company does not expect international operating profit to improve substantially during the year.

During 2002, the Company experienced devaluation losses totaling $1,200,000 in Argentina and $4,393,000 in Venezuela. Previous to this year devaluation losses in Venezuela totaled $796,000 in 2001 and $687,000 in 2000. During 2002, Argentina experienced a dramatic economic collapse. As a result, the government stopped the outflow of dollars from the country and required that former dollar obligations be paid in Argentina pesos. The $1,200,000 loss recorded by the Company as of September 30, 2002 is an estimation of the losses it will experience after all current receivables are collected. The Company has completed negotiations with customers and has secured agreements that limit the portion of the accounts receivable that will be paid in pesos, with the balance of such accounts receivable to be paid in U.S. dollars. Based upon such agreements, the Company does not expect significant Argentine currency losses in fiscal 2003. In Venezuela, approximately 60 percent of the Company's billings are in U.S. dollars and 40 percent are in bolivars, the local currency. As a result, the Company is exposed to risk of currency devaluation in Venezuela because of bolivar denominated receivables. The Company anticipates additional devaluation losses in Venezuela during 2003, but it is unable to predict the extent of the devaluation. If 2003 rig activity levels are similar to 2002, and if a 25 percent to 100 percent devaluation would occur, the Company could experience potential devaluation losses ranging from approximately $1,700,000 to $4,200,000.

REAL ESTATE SEGMENT

Revenues totaled $8,525,000 for 2002, $11,018,000 for 2001, and $8,999,000 for 2000. Operating profit was $5,064,000 for 2002, $6,315,000 for 2001, and $5,346,000 in 2000. The increase in revenues and operating profit in 2001 was due to the sale of a small parcel of raw land. Revenues and operating profit for 2002 were down due to slight reductions in occupancy rates for both retail and industrial properties. No material changes are anticipated in the Real Estate Division in 2003.

CRITICAL ACCOUNTING POLICIES

The Company's consolidated financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. The following is a discussion of the critical accounting policies related to property, plant and equipment, impairments, self-insurance accruals, and revenue recognition. Other significant accounting policies are summarized in Note 1 in the notes to the consolidated financial statements.

Property, plant and equipment, including renewals and betterments, are stated at cost, while maintenance and repairs are expensed currently. Interest costs applicable to the construction of qualifying assets are capitalized as a component of the cost of such assets. We provide for the depreciation of property, plant and equipment using the straight-line method over the estimated useful lives of the assets. Upon retirement or other disposal of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts, and any gains or losses are recorded in our results of operations.

We review our long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss exists when estimated undiscounted cash flows, expected to result from the use of the asset and its eventual disposition, are less than its carrying amount. Any impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value, which is determined based on the present value of estimated cash flows from the asset, appraisals or sales prices of comparable assets. There were no long-lived asset impairment losses in the Company's continuing operations during the years ended September 30, 2002, 2001, and 2000. However, should industry market conditions deteriorate from those existing currently, impairment losses could be recorded. All of our drilling rigs are transportable and are therefore not limited to one area or country. Drilling rigs can be moved from countries where demand is low to countries experiencing high demand for drilling services. When making determinations of location for drilling rigs, the Company considers both long and short-term views of demand and other reasonable business considerations.

The Company is self-insured or maintains high deductibles for certain losses relating to worker's compensation, general, product, and auto liabilities. Generally, deductibles are $2 million per occurrence on claims that fall under these coverages. Insurance is also purchased on rig properties, and generally, deductibles are $1 million per occurrence. Excess insurance is purchased over these coverages to limit the Company's exposure to catastrophic claims, but there can be no assurance that such coverage will respond or be adequate in all circumstances. Retained losses are estimated and accrued based upon our estimates of the aggregate liability for claims incurred, and using the Company's historical loss experience and estimation methods that are believed to be reliable and acceptable in the insurance industry.

Revenues and costs on daywork contracts are recognized daily as the work progresses. For certain contracts, we receive lump-sum payments for the mobilization of rigs and other drilling equipment. Revenues earned, net of direct costs incurred for the mobilization, are deferred and recognized over the term of the related drilling contract. Other lump-sum payments received from customers relating to specific contracts are deferred and amortized to income as services are performed. Costs incurred to relocate rigs and other drilling equipment to areas in which a contract has not been secured are expensed as incurred.

LIQUIDITY AND CAPITAL RESOURCES

The Company's capital spending for continuing operations was $312,064,000 in 2002, $184,668,000 in 2001, and $65,820,000 in 2000. Net cash provided from operating activities for those same time periods were $151,774,000 in 2002, $127,435,000 in 2001, and $97,894,000 in 2000. In addition to the net cash provided by operating activities, the Company also generated net proceeds from the sale of portfolio securities of $47,146,000 in 2002, $24,438,000 in 2001, and $12,569,000 in 2000.

During 2000, the Company announced a program (FlexRig2 program) under which it would construct 12 new FlexRigs at an approximate cost of between $7.5 and $8.25 million each. During 2001, the Company completed construction on 7 of those 12 rigs. Additionally, the Company announced in 2001 that it would embark on another construction project (FlexRig3 program) to build an additional 25 FlexRigs at an approximate cost of $11.0 million each. During 2002, the Company completed the remaining 5 rigs in the FlexRig2 program and the first 8 rigs in the FlexRig3 program. The Company intends to complete the remaining 17 rigs of that program by July 2003.

The Company expects to fund its 2003 capital spending of approximately $195,000,000 with internally generated cash flow and recently arranged debt financing. In August 2002, the Company entered into a $200 million intermediate-term unsecured debt obligation with staged maturities from 5 to 12 years and a weighted average interest rate of 6.31 percent. Funding of the notes occurred on August 15, 2002 and October 15, 2002 in equal amounts of $100 million. The terms of the debt obligations require the Company to maintain a minimum ratio of debt to total capitalization. Proceeds from the intermediate-term debt were used to repay the balance of the Company's outstanding debt of $50 million in September 2002, pay outstanding balances in accounts payable related to the Company's rig construction program, and for other general corporate purposes.

At September 30, 2002, the Company had a committed unsecured line of credit totaling $125 million. Letters of credit totaling $10,587,260 were outstanding against the line, leaving $114,412,740 available to borrow. The line of credit matures in July 2003 and bears interest of LIBOR + .875 percent to 1.125 percent depending on certain financial ratios of the Company. The Company must maintain certain financial ratios as defined including debt to total capitalization and debt to earnings before interest, taxes, depreciation, and amortization, and maintain certain levels of liquidity and tangible net worth.

At September 30, 2002, the company held an unassociated interest rate swap tied to 30-day LIBOR in the amount of $50 million, which matures on October 27, 2003. The interest rate swap instrument originally was designated as a hedge of a $50 million loan that was paid off in September 2002. The interest rate swap was valued as a liability of approximately $1.7 million on the date the $50 million debt was paid off. The $1.7 million will be amortized over the remaining life of the interest rate swap as interest expense. In 2002, $17,000 of this amortization was included in interest expense. Changes to the value of the interest rate swap subsequent to the date the $50 million debt was paid will be recorded to income.

The strength of the Company's balance sheet is substantial, with current ratios for September 30, 2002 and 2001 at 2.5 and 3.9, respectively, and with debt to total capitalization of 10 percent and 4.6 percent, respectively. Additionally, the Company manages a large portfolio of marketable securities that, at the close of 2002, had a market value of $175,668,000. The Company's investments in Atwood Oceanics, Inc., Schlumberger, Ltd., Transocean, and ConocoPhillips make up over 90 percent of the portfolio's market value. The portfolio is subject to fluctuation in the market and may vary considerably over time. Excluding the Company's equity-method investments, the portfolio is recorded at fair value on the Company's balance sheet for each reporting period. During 2002, the Company paid a dividend of $0.305 per share, or a total of $15,221,084, representing the 31st consecutive year of dividend increases.

STOCK PORTFOLIO HELD BY THE COMPANY

SEPTEMBER 30, 2002	NUMBER OF SHARES	BOOK VALUE COST	MARKET VALUE
	(in thousands, except share amounts)		
Atwood Oceanics, Inc.	3,000,000	$ 58,937	$ 87,750
Schlumberger, Ltd.	1,480,000	23,511	56,921
Transocean Sedco Forex, Inc.	286,528	9,509	5,960
ConocoPhillips	240,000	5,976	11,098
Other		8,849	13,939
Total		$ 106,782	$ 175,668

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN CURRENCY EXCHANGE RATE RISK

The Company has international operations in several South American countries and a labor contract for work off the coast of Equatorial Guinea. With the exception of Venezuela, the Company's exposure to currency valuation losses is usually minimal, due to the fact that virtually all billings and payments in other countries are in U.S. dollars. Even though the Company's contract with its customers in Argentina were in U.S. dollars, Argentina experienced a dramatic economic collapse. As a result, the government stopped the outflow of dollars from the country and required that former dollar obligations be paid in Argentina pesos, resulting in the Company recording a $1,200,000 loss for 2002. At the present time, the Company is not engaged in performing contract drilling services in Argentina, even though 2 rigs remain in that country.

In Venezuela, approximately 60 percent of the Company's billings are in U.S. dollars and 40 percent are in bolivars, the local currency. As a result, the Company is exposed to risks of currency devaluation in Venezuela because of the bolivar denominated receivables. During 2002, the Company experienced devaluation losses in Venezuela of $4,393,000, and losses of $796,000 in 2001, and $687,000 in 2000. The Company anticipates additional devaluation losses in Venezuela in 2003, but it is unable to predict the extent of the devaluation or its financial impact. Should Venezuela experience a 25 to 100 percent devaluation, Company losses could range from approximately $1,700,000 to $4,200,000.

COMMODITY PRICE RISK

The demand for contract drilling services is a result of exploration and production companies spending money to explore and develop drilling prospects in search for crude oil and natural gas. Their appetite for such spending is driven by their cash flow and financial strength, which is very dependent, among other things, on crude oil and natural gas commodity prices. Crude oil prices are determined by a number of factors including supply and demand, worldwide economic conditions, and geopolitical factors. Crude oil and natural gas prices have been volatile, and very difficult to predict. This difficulty has led many exploration and production companies to base their capital spending on much more conservative estimates of commodity prices. As a result, demand for contract drilling services are not always purely a function of the movement of commodity prices.

INTEREST RATE RISK

As mentioned earlier, the Company has entered into a $200,000,000 intermediate term unsecured debt obligation with stage maturities from 5 to 12 years, with varying fixed interest rates for each maturity series. $100 million was outstanding at September 30, 2002, of which $12.5 million is due on August 15, 2007 and the remaining $87.5 million is due 2009 through 2014. The average interest rate during the next five years on this debt is 6.3 percent, after which it increases to 6.4 percent. The fair value of this debt at September 30, 2002 was approximately $109.7 million.

At September 30, 2002, the Company held an interest rate swap on $50 million face value of debt to receive variable interest payments based on 30-day LIBOR rates and pay fixed interest payments of 5.4 percent through October 27, 2003. The swap instrument originally was designated as a hedge of a $50 million variable rate loan that was paid off in September 2002. The swap will result in monthly payments (receipts) to the extent 30-day LIBOR rates are less (greater) than 5.4 percent. At September 30, 2002, the fair value of the swap was a $1.7 million liability.

At September 30, 2002, the Company had in place a committed unsecured line of credit totaling $125,000,000. Although there were letters of credit outstanding against the line, there had been no cash borrowings against the line of credit as of September 30, 2002. The Company's line of credit interest rate is based on LIBOR plus .875 to 1.125 percent based on the Company's EBITDA to net debt ratio. Should the Company need to draw on this line of credit, the Company would be subject to the interest rates prevailing during the term at which the Company had outstanding borrowings. Although market interest rates were at historical lows during fiscal year 2002, interest rates could rise for a number of various reasons in the future, and increase the Company's total interest expense.

EQUITY PRICE RISK

At September 30, 2002, the Company owned stocks in other publicly held companies, with a total market value of $175,668,000. These securities are subject to a wide variety and number of market-related risks that could substantially reduce or increase the market value of the Company's holdings. Except for the Company's holdings in its equity affiliate, Atwood Oceanics, Inc., and its 50-50 joint venture investment with Atwood, the portfolio is recorded at fair value on its balance sheet, with changes in unrealized after-tax value reflected in the equity section of its balance sheet. Any reduction in market value would have an impact on the Company's debt ratio and financial strength.

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated balance sheets of Helmerich & Payne, Inc. as of September 30, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2002. 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 auditing standards generally accepted in the United States. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Helmerich & Payne, Inc. at September 30, 2002 and 2001, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2002, in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

Tulsa, Oklahoma
November 22, 2002

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
	(in thousands, except per share amount)		
REVENUES			
Operating revenues	$482,484	$498,957	$360,632
Income from investments	28,444	10,317	31,510
	510,928	509,274	392,142
COSTS AND EXPENSES			
Operating costs	336,890	308,437	234,132
Depreciation	61,447	49,532	77,317
General and administrative	20,391	16,627	13,612
Interest	980	1,701	2,730
	419,708	376,297	327,791
Income from continuing operations before income taxes and equity in income of affiliates	91,220	132,977	64,351
Provision for income taxes	40,573	54,689	31,102
Equity in income of affiliates net of income taxes	3,059	2,179	3,221
Income from continuing operations	53,706	80,467	36,470
Income from discontinued operations	9,811	63,787	45,830
NET INCOME	$ 63,517	$144,254	$ 82,300
Basic earnings per common share:			
Income from continuing operations	$ 1.08	$ 1.61	$ 0.74
Income from discontinued operations	0.19	1.27	0.92
Net income	$ 1.27	$ 2.88	$ 1.66
Diluted earnings per common share:			
Income from continuing operations	$ 1.07	$ 1.58	$ 0.73
Income from discontinued operations	0.19	1.26	0.91
Net income	$ 1.26	$ 2.84	$ 1.64
Average common shares outstanding			
Basic	49,825	50,096	49,534
Diluted	50,345	50,772	50,035

The accompanying notes are an integral part of these statements.

ASSETS

SEPTEMBER 30,	2002	2001
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 46,883	$ 128,826
Accounts receivable, less reserve of $1,337 in 2002 and $1,327 in 2001	92,604	116,752
Inventories	22,511	23,553
Prepaid expenses and other	16,753	31,269
Total current assets	178,751	300,400
Net assets of discontinued operations	--	135,257
INVESTMENTS	146,855	200,286
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Contract drilling equipment	1,235,784	997,177
Construction in progress	72,303	30,838
Real estate properties	48,925	50,579
Other	82,310	78,420
	1,439,322	1,157,014
Less-accumulated depreciation and amortization	541,877	506,963
Net property, plant and equipment	897,445	650,051
OTHER ASSETS	4,262	14,127
TOTAL ASSETS	$1,227,313	$1,300,121

The accompanying notes are an integral part of these statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

SEPTEMBER 30,	2002	2001
	(in thousands, except share data)	
CURRENT LIABILITIES:		
Accounts payable	$ 41,045	$ 44,814
Accrued liabilities	31,854	31,606
Total current liabilities	72,899	76,420
NONCURRENT LIABILITIES:		
Long-term notes payable	100,000	50,000
Deferred income taxes	131,401	126,338
Other	27,843	20,886
Total noncurrent liabilities	259,244	197,224
STOCKHOLDERS' EQUITY:		
Common stock, $.10 par value, 80,000,000 shares authorized, 53,528,952 shares issued	5,353	5,353
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	--	--
Additional paid-in capital	82,489	80,324
Retained earnings	838,929	943,105
Unearned compensation	(190)	(1,812)
Accumulated other comprehensive income	16,180	49,309
	942,761	1,076,279
Less treasury stock, 3,518,282 shares in 2002 and 3,676,155 shares in 2001, at cost	47,591	49,802
Total stockholders' equity	895,170	1,026,477
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,227,313	$ 1,300,121

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Unearned Compensation	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount
			(in thousands, except per share amounts)				
Balance, September 30, 1999	53,529	$ 5,353	$ 61,411	$ (4,487)	$745,956	3,903	$(35,306)
Comprehensive Income:							
Net Income					82,300		
Other comprehensive income:							
Unrealized gains on available-for sale securities, net							
Comprehensive income							
Cash dividends ($.285 per share)					(14,448)		
Exercise of Stock Options			4,491			(366)	3,253
Purchase of stock for treasury						21	(450)
Tax benefit of stock-based Awards			31				
Stock issued under Restricted Stock Award Plan			157	(248)		(10)	91
Amortization of deferred Compensation				1,458	77		
Balance, September 30, 2000	53,529	5,353	66,090	(3,277)	813,885	3,548	(32,412)
Comprehensive Income:							
Net Income					144,254		
Other comprehensive income:							
Unrealized losses on available-for sale securities, net							
Derivatives instruments losses, net							
Total other comprehensive loss							
Comprehensive income							
Cash dividends ($.30 per share)					(15,047)		
Exercise of Stock Options			7,965			(646)	5,808
Purchase of stock for treasury						774	(23,198)
Tax benefit of stock-based Awards			6,269				
Amortization of deferred Compensation				1,465	13		
Balance, September 30, 2001	53,529	5,353	80,324	(1,812)	943,105	3,676	(49,802)
Comprehensive Income:							
Net Income					63,517		
Other comprehensive income:							
Unrealized losses on available-for sale securities, net							
Derivatives instruments losses, net							
Minimum pension liability adjustment, net							
Total other comprehensive loss							
Comprehensive income							
Distribution of Cimarex Energy Co. Stock					(152,201)		
Cash dividends ($.31 per share)					(15,492)		
Exercise of Stock Options			1,099			(181)	2,455
Forfeiture of Restricted Stock Award			88	156		23	(244)
Tax benefit of stock-based awards			978				
Amortization of deferred Compensation				1,466			
Balance, September 30, 2002	53,529	$ 5,353	$ 82,489	$ (190)	$838,929	3,518	$(47,591)

	Accumulated Other Comprehensive Income (Loss)	Total
Balance, September 30, 1999	$ 75,182	$ 848,109
Comprehensive Income:		
Net Income		82,300
Other comprehensive income:		
Unrealized gains on available-for sale securities, net	30,882	30,882
Comprehensive income		113,182
Cash dividends ($.285 per share)		(14,448)
Exercise of Stock Options		7,744
Purchase of stock for treasury		(450)
Tax benefit of stock-based Awards		31

Stock issued under Restricted Stock Award Plan		--
Amortization of deferred Compensation		1,535
Balance, September 30, 2000	106,064	955,703
Comprehensive Income:		
Net Income		144,254
Other comprehensive income:		
Unrealized losses on available-for sale securities, net	(55,769)	(55,769)
Derivatives instruments losses, net	(986)	(986)
Total other comprehensive loss		(56,755)
Comprehensive income		87,499
Cash dividends ($.30 per share)		(15,047)
Exercise of Stock Options		13,773
Purchase of stock for treasury		(23,198)
Tax benefit of stock-based Awards		6,269
Amortization of deferred Compensation		1,478
Balance, September 30, 2001	49,309	1,026,477
Comprehensive Income:		
Net Income		63,517
Other comprehensive income:		
Unrealized losses on available-for sale securities, net	(25,449)	(25,449)
Derivatives instruments losses, net	(68)	(68)
Minimum pension liability adjustment, net	(7,612)	(7,612)
Total other comprehensive loss		(33,129)
Comprehensive income		30,388
Distribution of Cimarex Energy Co. Stock		(152,201)
Cash dividends ($.31 per share)		(15,492)
Exercise of Stock Options		3,554
Forfeiture of Restricted Stock Award		--
Tax benefit of stock-based awards		978
Amortization of deferred Compensation		1,466
Balance, September 30, 2002	$ 16,180	$ 895,170

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
		(in thousands)	
OPERATING ACTIVITIES:			
Income from continuing operations	$ 53,706	$ 80,467	$ 36,470
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation	61,447	49,532	77,317
Equity in income of affiliates before income taxes	(5,014)	(3,593)	(5,196)
Amortization of deferred compensation	1,122	1,135	1,200
Gain on sales of securities and non-monetary investment loss	(24,347)	(1,189)	(24,000)
Gain on sale of property, plant and equipment	(1,392)	(4,201)	(959)
Other - net	791	876	629
Change in assets and liabilities:			
Accounts receivable	24,148	(49,405)	11,932
Inventories	1,042	(68)	(40)
Prepaid expenses and other	24,381	(11,411)	(7,466)
Accounts payable	(3,769)	29,290	(2,301)
Accrued liabilities	955	18,435	(2,533)
Deferred income taxes	24,133	15,291	17,623
Other noncurrent liabilities	(5,429)	2,276	(4,782)
	98,068	46,968	61,424
Net cash provided by operating activities	151,774	127,435	97,894
INVESTING ACTIVITIES:			
Capital expenditures	(312,064)	(184,668)	(65,820)
Acquisition of business, net of cash acquired	--	(2,279)	--
Proceeds from sale of property, plant and equipment	4,135	11,984	16,013
Purchase of investments	(5,656)	--	--
Proceeds from sale of securities	47,146	24,438	12,569
Net cash used in investing activities	(266,439)	(150,525)	(37,238)
FINANCING ACTIVITIES:			
Proceeds from notes payable	100,000	--	--
Payments on notes payable	(50,000)	--	(5,000)
Dividends paid	(15,221)	(15,047)	(14,175)
Purchases of stock for treasury	--	(23,198)	(450)
Proceeds from exercise of stock options	3,554	13,601	5,437
Net cash provided by (used in) financing activities	38,333	(24,644)	(14,188)
DISCONTINUED OPERATIONS:			
Net cash provided by operating activities	62,792	157,286	103,942
Net cash (used in) investing activities	(55,232)	(88,813)	(64,081)
Cash of discontinued operations at spinoff	(13,171)	--	--
Net cash provided by (used in) discontinued operations	(5,611)	68,473	39,861
Net increase (decrease) in cash and cash equivalents	(81,943)	20,739	86,329
Cash and cash equivalents, beginning of period	128,826	108,087	21,758
Cash and cash equivalents, end of period	$ 46,883	$ 128,826	$ 108,087

The accompanying notes are an integral part of these statements.

September 30, 2002, 2001 and 2000

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF 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 end on August 31 to facilitate reporting of consolidated results.

BASIS OF PRESENTATION

On September 30, 2002, the Company distributed 100 percent of the common stock of Cimarex Energy Co. to the Company's stockholders. Cimarex Energy Co. held the Company's exploration and production business and has been accounted for as discontinued operations in the accompanying consolidated financial statements. Unless indicated otherwise, the information in the notes to consolidated financial statements relates to the continuing operations of the Company (see Note 2).

TRANSLATION OF FOREIGN CURRENCIES

The Company has determined that the functional currency for its foreign subsidiaries is the U.S. dollar. The foreign currency transaction loss for 2002, 2001 and 2000 was $5,473,000, $494,000, and $664,000, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

PROPERTY, PLANT AND EQUIPMENT

In accordance with Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", the Company recognizes impairment losses for long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows expected to be generated by the asset are not sufficient to recover the carrying amount of the asset. The impairment loss is calculated as the difference between fair value and carrying amount of the long-lived asset. Fair value on all long-lived assets are based on discounted future cash flows or information provided by sales and purchases of similar assets.

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

	YEARS
Contract drilling equipment	4-15
Real estate buildings and equipment	10-50
Other	3-33

As the result of an economic evaluation of useful lives of its drilling equipment, the Company extended the depreciable life of its rig equipment from 10 to 15 years. This change provides a better matching of revenues and depreciation expense over the useful life of the equipment. This change, effective October 1, 2000, reduced depreciation expense for 2002 and 2001 by approximately $30.0 million each year.

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 AND SUPPLIES

Inventory and supplies are primarily replacement parts and supplies held for use in our drilling operations. Inventory and supplies are valued at the lower of cost (moving average or actual) or market value.

DRILLING REVENUES

Contract drilling revenues are comprised primarily of daywork drilling contracts for which the related revenues and expenses are recognized as work progresses. Fiscal 2000 contract drilling revenues also include revenues of $4,109,000 from a rig construction contract for which revenues were recognized based on the percentage-of-completion method, measured by the percentage that incurred costs to date bear to total estimated costs. The Company does not currently have any third party rig construction contracts. For certain contracts, the Company receives lump-sum payments for the mobilization of rigs and other drilling equipment. Revenues earned, net of direct costs incurred for the mobilization, are deferred and recognized over the term of the related drilling contract. Costs incurred to relocate rigs and other drilling equipment to areas in which a contract has not been secured are expensed as incurred.

INVESTMENTS

The cost of securities used in determining realized gains and losses is based on the average cost basis of the security sold. Net income in 2002 and 2001 includes a loss of approximately $0.5 million, $0.01 per share on a diluted basis, and $1.4 million, $0.03 per share on a diluted basis, respectively, resulting from the Company's assessment that the decline in market value of certain available-for-sale securities below their financial cost basis was other than temporary. There were no similar losses incurred in 2000.

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 approximately 22% of Atwood Oceanics, Inc. (Atwood) at both September 30, 2002 and 2001. The quoted market value of the Company's investment was $87,750,000 and $78,000,000 at September 30, 2002 and 2001, respectively. Retained earnings at September 30, 2002 includes approximately $29,720,000 of undistributed earnings of Atwood.

Summarized financial information of Atwood is as follows:

SEPTEMBER 30,	2002	2001	2000
		(in thousands)	
Gross revenues	$ 149,157	$ 147,541	$ 134,514
Costs and expenses	120,872	120,195	111,366
Net income	$ 28,285	$ 27,346	$ 23,148
Helmerich & Payne, Inc.'s equity in net income, net of income taxes	$ 4,206	$ 3,596	$ 3,221
Current assets	$ 71,771	$ 45,891	$ 64,917
Noncurrent assets	372,715	304,857	248,334
Current liabilities	24,417	19,144	17,484
Noncurrent liabilities	143,967	85,948	77,562
Shareholders' equity	276,102	245,656	218,205
Helmerich & Payne, Inc.'s investment	$ 58,937	$ 52,153	$ 46,353

INCOME TAXES

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 the Company's assets and liabilities.

OTHER POST EMPLOYMENT BENEFITS

The Company sponsors a health care plan that provides post retirement medical benefits to retired employees. Employees who retire after November 1, 1992 and elect to participate in the plan pay the entire estimated cost of such benefits.

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

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

EMPLOYEE STOCK-BASED AWARDS

Employee stock-based awards are accounted for under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related information. Fixed plan common stock options do not result in compensation expense, because the exercise price of the stock equals the market price of the underlying stock on the date of grant.

TREASURY STOCK

Treasury stock purchases are accounted for under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Gains and losses on the subsequent reissuance of shares are credited or charged to additional paid-in-capital using the average-cost method.

CAPITALIZATION OF INTEREST

The Company capitalizes interest on major projects during construction. Interest is capitalized on borrowed funds, with the rate based on the average interest rate on related debt. Capitalized interest for 2002, 2001 and 2000 was $2.5 million, $1.3 million and $0.1 million, respectively.

INTEREST RATE RISK MANAGEMENT

The Company uses derivatives as part of an overall operating strategy to moderate certain financial market risks and is exposed to interest rate risk from long-term debt. To manage this risk, in October 1998, the Company entered into an interest rate swap to exchange floating rate for fixed rate interest payments through October 2003, the remaining life of the debt. The difference to be paid or received is accrued and recognized as an adjustment of interest expense. As of September 30, 2002, the Company's interest rate swap had a notional principal amount of $50 million.

The Company's accounting policy for these instruments is based on its designation of such instruments as hedging transactions. An instrument is designated as a hedge based in part on its effectiveness in risk reduction and one-to-one matching of derivative instruments to underlying transactions. The Company records all derivatives on the balance sheet at fair value.

For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure of variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income in stockholders' equity and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The change in value of the derivative instrument in excess of the cumulative change in the present value of the future cash flows of the risk being hedged, if any, is recognized in the current earnings during the period of change.

Gains and losses from termination of interest rate swap agreements are deferred and amortized as an adjustment to interest expense over the original term of the terminated swap agreement.

The company has one derivative, an interest rate swap, that is discussed further in Note 3.

NOTE 2 DISCONTINUED OPERATIONS

On February 22, 2002, the Company's board of directors approved and on February 23, 2002, the Company entered into an Agreement and Plan of Merger and related agreements with Key Production Company, Inc., including a Distribution Agreement between the Company and Cimarex Energy Co. The agreements provided for the consolidation of the Company's exploration and production business under Cimarex Energy Co.; the distribution of 100 percent of the Cimarex Energy Co. common stock to the Company's stockholders; and the merger of Key Production Company, Inc. with a subsidiary of Cimarex Energy Co.

In July of 2002, the Company obtained a Private Letter Ruling from the Internal Revenue Service to the effect that the contribution and transfer of the assets and liabilities of the Company's exploration and production business to Cimarex Energy Co. and the distribution by the Company of all shares of Cimarex Energy Co. common stock to the holders of the Company's common stock would generally be treated as a tax-free transaction for U.S. federal income tax purposes. Although private letter rulings are generally binding on the IRS, the Company will not be able to rely on this ruling if any of the factual representations or assumptions that were made to obtain the ruling are, or become, incorrect or untrue in any material respect. However, the Company is not aware of any facts or circumstances that would cause any of the representations or assumptions to be incorrect or untrue in any material respect. The distribution could also become taxable to the Company, but not the Company's stockholders, under the Internal Revenue Code (IRC) in the event the Company's subsequent business combinations were deemed to be part of a plan contemplated at the time of distribution and would constitute a total cumulative change of more than 50 percent of the equity interest in either company.

On September 30, 2002, the Company's distribution of 100 percent of the common stock of Cimarex Energy Co. and the subsequent merger of Key Production Company, Inc. was completed. Upon completion of the merger, approximately 26.6 million shares of the Cimarex Energy Co. common stock on a diluted basis was distributed to stockholders of the Company of record on September 27, 2002. The Cimarex Energy Co. stock distribution was recorded as a dividend and resulted in a decrease to consolidated stockholders' equity of approximately $152.2 million. Following this transaction, the Company and its subsidiaries will continue to own and operate the contract drilling and real estate businesses, and Cimarex Energy Co. will be a separate, publicly-traded company that will own and operate the exploration and production business. The company does not own any common stock of Cimarex Energy Co.

Under terms of a tax sharing agreement, each party has agreed to indemnify the other in respect of all taxes for which it is responsible under the tax sharing agreement. Cimarex is responsible for all taxes related to the exploration and production business for all of past and future periods, including all taxes arising from the Cimarex business prior to the time that Cimarex was formed, and agrees to hold the Company harmless in respect of those taxes. Cimarex is entitled to receive all refunds and credits of taxes previously paid with respect to the exploration and production business. Cimarex will not receive the benefit of any loss or similar tax attribute arising during the time that losses from the Cimarex business are included in the Company's consolidated federal income tax return. The Company remains responsible for all taxes related to the business of the Company other than the exploration and production business and has agreed to indemnify Cimarex in respect of any liability for any such taxes.

Summarized results of discontinued operations for the years ended September 30, 2002, 2001 and 2000, are as follows:

	2002	2001	2000
		(in thousands)	
Revenues	$172,827	$317,580	$238,953
Income from operations:			
Income before income taxes	15,138	102,125	72,412
Tax provision	5,327	38,338	26,582
Income from discontinued operations	$ 9,811	$ 63,787	$ 45,830

Net assets of discontinued operations as of September 30, 2001 are as follows:

	2001
	(in thousands)
Current assets	$ 31,012
Property, plant and equipment - net	168,353
Other assets	278
Total assets	199,643
Current liabilities	44,801
Deferred income taxes	18,101
Other liabilities and deferred income	1,484
Total liabilities	64,386
Net assets of discontinued operations	$ 135,257

NOTE 3 NOTES PAYABLE AND LONG-TERM DEBT

In August 2002, the Company entered into a $200 million intermediate-term unsecured debt obligation with staged maturities from 5 to 12 years. At September 30, 2002, the Company had $100 million in debt outstanding at fixed rates and maturities as summarized in the following table.

ISSUE AMOUNT	MATURITY DATE	INTEREST RATE
$12,500,000	August 15, 2007	5.51%
$12,500,000	August 15, 2009	5.91%
$37,500,000	August 15, 2012	6.46%
$37,500,000	August 15, 2014	6.56%

On October 15, 2002, the Company received an additional $100 million in long-term debt proceeds under the same debt agreements and with identical issue amounts, maturity dates, and interest rates as listed above. The terms of the debt obligations require the Company to maintain a minimum ratio of debt to total capitalization.

Proceeds from the intermediate-term debt was used to repay the balance of the Company's outstanding debt of $50 million in September 2002, pay outstanding balances in accounts payable related to the Company's rig construction program and for other general corporate purposes.

At September 30, 2002, the Company had a committed unsecured line of credit totaling $125 million. Letters of credit totaling $10.6 million were outstanding against the line, leaving $114.4 million available to borrow. Under terms of the line of credit, the Company must maintain certain financial ratios as defined including debt to total capitalization and debt to earnings before interest, taxes, depreciation, and amortization, and maintain certain levels of liquidity and tangible net worth. Commitment fees of $175,000 were paid on the facility in July 2002. A non-use fee of 0.15 percent per annum is calculated on the average daily unused amount, payable quarterly. The interest rate varies based on LIBOR plus .875 to 1.125 depending on ratios described above. The line of credit matures in July, 2003.

At September 30, 2002, the Company held an unassociated interest rate swap tied to 30-day LIBOR in the amount of $50 million which matures on October 27, 2003. The swap instrument was originally designated as a hedge of a $50 million loan that was paid-off in September 2002. The swap liability was valued at $1.7 million on September 30, 2002.

The interest rate swap liability was valued at approximately $1.7 million on the date the $50 million debt was paid-off. The $1.7 million will be amortized over the remaining life of the swap as interest expense. In 2002, $17,000 of this amortization was included in interest expense. Changes to the value of the interest rate swap subsequent to the date the $50 million debt was paid will be recorded to income.

NOTE 4 INCOME TAXES

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

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
		(In thousands)	
CURRENT:			
Federal	$ 13,324	$ 28,911	$ 5,316
Foreign	5,080	8,870	8,766
State	1,022	2,651	714
	19,426	40,432	14,796
DEFERRED:			
Federal	16,019	8,850	9,085
Foreign	3,732	4,701	6,146
State	1,396	706	1,075
	21,147	14,257	16,306
TOTAL PROVISION:	$ 40,573	$ 54,689	$ 31,102

The amounts of domestic and foreign income from continuing operations are as follows:

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
		(In thousands)	
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATES:			
Domestic	$ 82,012	$106,163	$ 56,961
Foreign	9,208	26,814	7,390
	$ 91,220	$132,977	$ 64,351

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

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
		(In thousands)	
U.S. Federal income tax rate	35%	35%	35%
Effect of foreign taxes	7	4	12
Other, net	2	2	1
Effective income tax rate	44%	41%	48%

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

SEPTEMBER 30,	2002	2001
	(In thousands)	
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	$ 111,822	$ 81,677
Available-for-sale securities	25,221	33,937
Equity investments	11,165	15,637
Other	--	505
Total deferred tax liabilities	148,208	131,756
DEFERRED TAX ASSETS:		
Financial accruals	9,998	3,031
Other	6,809	2,387
Total deferred tax assets	16,807	5,418
NET DEFERRED TAX LIABILITIES	$ 131,401	$126,338

NOTE 5 STOCKHOLDERS' EQUITY

In December 2001, the board of directors authorized the repurchase of up to 2,000,000 shares per calendar year of the Company's common stock in the open market or private transactions. The repurchased shares will be held in treasury and used for general corporate purposes including use in the Company's benefit plans. During fiscal 2001 the Company purchased 773,800 shares at a cost of approximately $23,198,000, and in fiscal 2000 the Company purchased 20,600 shares at a cost of approximately $450,000. The Company did not purchase any shares in fiscal 2002.

The Company has several plans providing for common-stock based awards to employees and to non-employee directors. The plans permit the granting of various types of awards including stock options and restricted stock. Awards may be granted for no consideration other than prior and future services. The purchase price per share for stock options may not be less than market price of the underlying stock on the date of grant. Stock options expire ten years after grant.

In March 2001, the Company adopted the 2000 Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan was effective December 6, 2000 and will terminate December 6, 2010. Under this plan, the Company is authorized to grant options for up to 3,000,000 shares of the Company's common stock at an exercise price not less than the fair market value of the common stock on the date of grant. Up to 450,000 shares of the total authorized may be granted to participants as restricted stock awards. In fiscal 2002, 819,800 options were granted under the 2000 plan. There were no restricted stock grants in fiscal 2002.

On September 30, 2002, the Company distributed 100 percent of the common stock of Cimarex Energy Co. to the Company's stockholders. The distribution was recorded as a dividend and resulted in a decrease to consolidated stockholders' equity of approximately $152.2 million. Any options held by Cimarex employees at the distribution date were automatically forfeited per the terms of the Company's stock incentive plans. Both vested and unvested options held by remaining participants at September 30, 2002 were adjusted (the number of options and exercise price) to reflect the change in the value of Company stock as the result of the spin-off of Cimarex. The adjustment was made in such a way that aggregate intrinsic value of the options and the ratio of the exercise price per share to the market value per share remained the same.

The following summary reflects the stock option activity for the Company's common stock and related information for 2002, 2001, and 2000 (shares in thousands):

	2002		2001		2000	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at October 1,	3,136	$25.78	2,955	$22.94	2,574	$21.34
Granted	820	29.89	844	32.36	767	24.75
Exercised	(181)	19.61	(644)	21.34	(364)	15.44
Adjustment for Cimarex spinoff	926	--	--	--	--	--
Forfeited/Expired	(826)	28.15	(19)	25.57	(22)	23.00
Outstanding on September 30,	3,875	$20.28	3,136	$25.78	2,955	$22.94
Exercisable on September 30,	1,935	$19.07	1,078	$23.82	1,046	$22.40
Shares available to grant	2,195		3,000		1,077	

The following table summarizes information about stock options at September 30, 2002 (shares in thousands):

	Outstanding Stock Options			Exercisable Stock Options	
Range of Exercise Prices	Options	Weighted-Average Remaining Life	Weighted-Average Exercise Prices	Options	Weighted-Average Remaining Life
$10.22 to $12.78	397	2.9	$10.58	363	$10.58
$12.79 to $19.84	1,460	6.2	$16.94	927	$16.91
$19.85 to $28.04	2,018	7.9	$24.60	645	$26.96
$10.22 to $28.04	3,875	6.8	$20.28	1,935	$19.07

The following table reflects pro forma net income and earnings per share had the Company elected to adopt the fair value method of SFAS No. 123, "Accounting for Stock-Based Compensation", in measuring compensation cost beginning with 1997 employee stock-based awards.

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
	(in thousands, except per share data)		
Net income:			
As reported	$ 63,517	$144,254	$ 82,300
Pro forma	$ 61,072	$139,211	$ 78,788
Basic earnings per share:			
As reported	$ 1.27	$ 2.88	$ 1.66
Pro forma	$ 1.23	$ 2.78	$ 1.59
Diluted earnings per share:			
As reported	$ 1.26	$ 2.84	$ 1.64
Pro forma	$ 1.21	$ 2.74	$ 1.57

These pro forma amounts may not be representative of future disclosures since the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years.

The weighted-average fair values of options at their grant date during 2002, 2001 and 2000 were $12.47, $13.01, and $10.80, respectively. The estimated fair value of each option granted is calculated using the Black-Scholes option-pricing model. The following summarizes the weighted-average assumptions used in the model:

	2002	2001	2000
Expected years until exercise	4.5	4.5	5.5
Expected stock volatility	48%	43%	41%
Dividend yield	.8%	.8%	.8%
Risk-free interest rate	4.0%	5.2%	6.0%

On September 30, 2002, the Company had 50,010,670 outstanding common stock purchase rights ("Rights") pursuant to terms of the Rights Agreement dated January 8, 1996. Under the terms of the Rights Agreement each Right entitled the holder thereof to purchase from the Company one half of one unit consisting of one one-thousandth of a share of Series A Junior Participating Preferred Stock ("Preferred Stock"), without par value, at a price of $90 per unit. The exercise price and the number of units of Preferred Stock issuable on exercise of the Rights are subject to adjustment in certain cases to prevent dilution. The Rights will be attached to the common stock certificates and are not exercisable or transferrable apart from the common stock, until ten business days after a person acquires 15% or more of the outstanding common stock or ten business days following the commencement of a tender offer or exchange offer that would result in a person owning 15% or more of the outstanding common stock. In the event the Company is acquired in a merger or certain other business combination transactions (including one in which the Company is the surviving corporation), or more than 50% of the Company's assets or earning power is sold or transferred, each holder of a Right shall have the right to receive, upon exercise of the Right, common stock of the acquiring company having a value equal to two times the exercise price of the Right. The Rights are redeemable under certain circumstances at $0.01 per Right and will expire, unless earlier redeemed, on January 31, 2006. As long as the Rights are not separately transferrable, the Company will issue one half of one Right with each new share of common stock issued.

NOTE 6 EARNINGS PER SHARE

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

	2002	2001	2000
		(in thousands)	
Basic weighted-average shares	49,825	50,096	49,534
Effect of dilutive shares:			
Stock options	508	644	492
Restricted stock	12	32	9
	520	676	501
Diluted weighted-average shares	50,345	50,772	50,035

Restricted stock of 44,675 shares at a weighted-average price of $30.38 and options to purchase 451,421 shares of common stock at a weighted-average price of $27.98 were outstanding at September 30, 2002 but were not included in the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive.

At September 30, 2001, restricted stock of 120,018 shares at a weighted-average price of $37.73 and options to purchase 1,250,750 shares of common stock at a price of $33.84 were outstanding but were not included in the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive.

At September 30, 2000, restricted stock of 180,000 shares at a weighted-average price of $37.73 and options to purchase 533,000 shares of common stock at a price of $36.84 were outstanding but were not included in the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive.

NOTE 7 FINANCIAL INSTRUMENTS

The Company had $100 million of intermediate-term debt outstanding at September 30, 2002, which had an estimated fair value of $109.7 million. The debt was valued based on the prices of similar securities with similar terms and credit ratings. The Company used the expertise of an outside investment banking firm to assist with the estimate of the fair value of the intermediate-term debt. The Company's line of credit and notes payable bear interest at market rates and are carried at cost which approximates fair value. The estimated fair value of the Company's interest rate swap is a liability of $1.7 million at September 30, 2002, based on forward-interest rates derived from the year-end yield curve as calculated by the financial institution that is a counterparty to the swap. The estimated fair value of the Company's available-for-sale securities is primarily based on market quotes.

The following is a summary of available-for-sale securities, which excludes those accounted for under the equity method of accounting (see Note 1):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
		(in thousands)		
Equity Securities:				
September 30, 2002	$ 46,325	$ 43,846	$ 3,772	$ 86,399
September 30, 2001	$ 63,778	$ 84,257	$ 3,136	$ 144,899

During the years ended September 30, 2002, 2001, and 2000, marketable equity available-for-sale securities with a fair value at the date of sale of $46,692,000, $24,439,000, and $12,640,000, respectively, were sold. The gross realized gains on such sales of available-for-sale securities totaled $25,661,000, $3,314,000, and $12,576,000, respectively.

NOTE 8 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The table below presents changes in the components of accumulated other comprehensive income (loss).

	Unrealized Appreciation (Depreciation) on Securities	Interest Rate Swap	Minimum Pension Liability	Total
	(in thousands)			
Balance at September 30, 1999	$ 75,182	$ --	$ --	$ 75,182
2000 Change:				
Pre-income tax amount	73,810	--	--	73,810
Income tax provision	(28,048)	--	--	(28,048)
Realized gains in net income (net of $9,120 income tax)	(14,880)	--	--	(14,880)
	30,882	--	--	30,882
Balance at September 30, 2000	106,064	--	--	106,064
2001 Change:				
Pre-income tax amount	(88,762)	(1,590)	--	(90,352)
Income tax provision	33,730	604	--	34,334
Realized gains in net income (net of $452 income tax)	(737)	--	--	(737)
	(55,769)	(986)	--	(56,755)
Balance at September 30, 2001	50,295	(986)	--	49,309
2002 Change:				
Pre-income tax amount	(16,228)	(127)	(12,277)	(28,632)
Income tax provision	6,167	48	4,665	10,880
Amortization of swap (net of $7 income tax benefit)	--	11	--	11
Realized gains in net income (net of $9,431 income tax)	(15,388)	--	--	(15,388)
	(25,449)	(68)	(7,612)	(33,129)
Balance at September 30, 2002	$ 24,846	$ (1,054)	$ (7,612)	$ 16,180

NOTE 9 EMPLOYEE BENEFIT PLANS

The following tables set forth the Company's disclosures required by SFAS No. 132, "Employers' Disclosures About Pensions and Other Postretirement Benefits".

CHANGE IN BENEFIT OBLIGATION:

YEARS ENDED SEPTEMBER 30,	2002	2001
	(in thousands)	
Benefit obligation at beginning of year	$ 51,733	$ 44,838
Service cost	4,769	3,851
Interest cost	3,835	3,330
Curtailment	(1,232)	--
Actuarial loss	11,036	903
Benefits paid	(2,007)	(1,189)
Benefit obligation at end of year	$ 68,134	$ 51,733

CHANGE IN PLAN ASSETS:

YEARS ENDED SEPTEMBER 30,	2002	2001
	(in thousands)	
Fair value of plan assets at beginning of year	$ 53,987	$ 60,611
Actual loss on plan assets	(3,694)	(5,435)
Benefits paid	(2,007)	(1,189)
Fair value of plan assets at end of year	$ 48,286	$ 53,987
Funded status of the plan	$(19,848)	$ 2,254
Unrecognized net actuarial (gain) loss	24,929	6,720
Unrecognized prior service cost	284	548
Unrecognized net transition asset	--	(540)
Accumulated other comprehensive income (before tax)	(12,277)	--
Prepaid (accrued) benefit cost	$ (6,912)	$ 8,982

WEIGHTED-AVERAGE ASSUMPTIONS:

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
Discount rate	6.75%	7.50%	7.50%
Expected return on plan	8.00%	9.00%	9.00%
Rate of compensation increase	5.00%	5.00%	5.00%

COMPONENTS OF NET PERIODIC PENSION EXPENSE:

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
		(in thousands)	
Service cost	$ 4,769	$ 3,851	$ 3,427
Interest cost	3,835	3,330	2,741
Expected return on plan assets	(4,804)	(5,415)	(5,226)
Amortization of prior service cost	238	238	238
Amortization of transition asset	(540)	(540)	(540)
Recognized net actuarial (gain) loss	120	17	(303)
Net pension expense	$ 3,618	$ 1,481	$ 337

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 $5,226,000, $4,499,000, and $3,188,000 in 2002, 2001, and 2000, respectively.

NOTE 10 OTHER CURRENT ASSETS AND ACCRUED LIABILITIES

Prepaid expenses and other consist of the following:

SEPTEMBER 30,	2002	2001
	(In thousands)	
Time deposits	$ 337	$ 5,253
Prepaid income tax	9,304	11,218
Prepaid - other	7,112	14,798
	$ 16,753	$ 31,269

Accrued liabilities consist of the following:

SEPTEMBER 30,	2002	2001
	(In thousands)	
Taxes payable - operations	$ 7,660	$ 5,123
Income taxes payable	--	739
Workers compensation claims	2,506	2,585
Payroll and employee benefits	7,032	5,676
Loss contingency (see note 14)	--	10,000
Deferred income	6,016	--
Other	8,640	7,483
	$ 31,854	$ 31,606

NOTE 11 SUPPLEMENTAL CASH FLOW INFORMATION

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
		(in thousands)	
Interest paid	$ 2,929	$ 2,668	$ 2,851
Income taxes paid	$ 9,779	$ 42,523	$ 34,295

NOTE 12 RISK FACTORS

CONCENTRATION OF CREDIT

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of temporary cash investments and trade receivables. The Company places temporary cash investments with established financial institutions and invests in a diversified portfolio of highly rated, short-term money market instruments. The Company's trade receivables are primarily with companies in the oil and gas industry.

CONTRACT DRILLING OPERATIONS

International drilling operations are significant contributors to the Company's revenues and net profit. It is possible that operating results could be affected by the risks of such activities, including economic conditions in the international markets in which the Company operates, political and economic instability, fluctuations in currency exchange rates, changes in international regulatory requirements, international employment issues, and the burden of complying with foreign laws. These risks may adversely affect the Company's future operating results and financial position.

The Company believes that its rig fleet is not currently impaired based on an assessment of future cash flows of the assets in question. However, it is possible that the Company's assessment that it will recover the carrying amount of its rig fleet from future operations may change in the near term.

NOTE 13 NEW ACCOUNTING STANDARDS

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs and amends FASB Statement No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies." The Statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made, and that the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. The Statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company anticipates no impact on the Company's results of operations and financial position upon adopting SFAS No. 143.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" and amends Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." The Statement retains the basic framework of SFAS No. 121, resolves certain implementation issues of SFAS No. 121, extends applicability to discontinued operations, and broadens the presentation of discontinued operations to include a component of an entity.

The Statement will be applied prospectively and is effective for financial statements issued for fiscal years beginning after December 15, 2001. The Company's approach for impairment under SFAS No. 121 is consistent with the provisions under SFAS No. 144. Accordingly, adopting this statement on the Company's results of operations and financial position will not be different than if the Company continued to use SFAS No. 121.

NOTE 14 CONTINGENT LIABILITIES AND COMMITMENTS

LITIGATION SETTLEMENT

The Company was a defendant in Verdin v. R&B Falcon Drilling USA, Inc., et al., a civil action in the United States District Court, Galveston, Texas. In May 2001, the Company reached an agreement in principle with Plaintiff's counsel to settle all claims pending court approval of the settlement. In the third quarter of fiscal 2001, the Company incurred a net charge of $3.25 million to contract drilling expense based on the pending settlement. The Court approved the settlement on April 25, 2002. In June, 2002, the Company paid $10 million to settle all claims in this litigation. The Company was reimbursed $6.75 million in June, 2002 by the Company's insurer.

COMMITMENTS

The Company, on a regular basis, makes commitments for the purchase of contract drilling equipment. At September 30, 2002, the Company has commitments of approximately $150 million for the purchase of drilling equipment.

NOTE 15 SEGMENT INFORMATION

The Company operates principally in the contract drilling industry, which includes a Domestic segment and an International segment. The contract drilling operations consist of contracting Company-owned drilling equipment primarily to major oil and gas exploration companies. The Company's primary international areas of operation include Venezuela, Colombia, Ecuador, Argentina and Bolivia. The Company also has a Real Estate segment whose operations are conducted exclusively in the metropolitan area of Tulsa, Oklahoma. The primary areas of operations include a major shopping center and several multi-tenant warehouses. Each reportable segment is a strategic business unit which is managed separately as an autonomous business. Other includes investments in available-for-sale securities and corporate operations. The "other" component of Total Assets also includes the Company's investment in equity-owned investments. As described in Note 2 the Company's oil and gas operations were distributed to Company stockholders on September 20, 2002. Such operations have been treated as discontinued operations and have been excluded from these segment disclosures.

The Company evaluates performance of its segments based upon operating profit or loss from operations before income taxes which includes revenues from external and internal customers, operating costs, and depreciation but excludes general and administrative expense, interest expense and corporate depreciation and other income (expense). The accounting policies of the segments are the same as those described in Note 1, Summary of Accounting Policies. Intersegment sales are accounted for in the same manner as sales to unaffiliated customers.

Summarized financial information of the Company's reportable segments for continuing operations for each of the years ended September 30, 2002, 2001, and 2000 is shown in the following table:

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit	Depreciation	Total Assets	Additions to Long-Lived Assets
2002:							
Contract Drilling							
Domestic	$ 335,704	$ 809	$ 336,513	$ 69,181	$ 37,120	$ 728,611	$ 284,527
International Services	138,623	--	138,623	13,128	20,336	254,940	23,157
	474,327	809	475,136	82,309	57,456	983,551	307,684
Real Estate	8,525	1,491	10,016	5,064	1,844	26,562	3,181
Other	28,076	--	28,076	--	2,147	217,200	1,199
Eliminations	--	(2,300)	(2,300)	--	--	--	--
Total	$ 510,928	$ --	$ 510,928	$ 87,373	$ 61,447	$1,227,313	$ 312,064
2001:							
Contract Drilling							
Domestic	$ 332,399	$ 4,487	$ 336,886	$ 107,691	$ 26,277	$ 506,173	$ 144,063
International Services	154,890	--	154,890	28,475	18,838	268,947	38,022
	487,289	4,487	491,776	136,166	45,115	775,120	182,085
Real Estate	11,018	1,545	12,563	6,315	2,284	22,621	1,190
Other	10,967	--	10,967	--	2,133	367,123	1,393
Eliminations	--	(6,032)	(6,032)	--	--	--	--
Total	$ 509,274	$ --	$ 509,274	$ 142,481	$ 49,532	$1,164,864	$ 184,668
2000:							
Contract Drilling							
Domestic	$ 214,531	$ 3,048	$ 217,579	$ 35,808	$ 35,355	$ 342,278	$ 40,722
International Services	136,549	--	136,549	9,753	38,101	259,892	13,825
	351,080	3,048	354,128	45,561	73,456	602,170	54,547
Real Estate	8,999	1,545	10,544	5,346	1,611	24,235	2,909
Other	32,063	--	32,063	--	2,250	436,269	8,364
Eliminations	--	(4,593)	(4,593)	--	--	--	--
Total	$ 392,142	$ --	$ 392,142	$ 50,907	$ 77,317	$1,062,674	$ 65,820

The following table reconciles segment operating profit per the table on page 65 to income before taxes and equity in income of affiliates as reported on the Consolidated Statements of Income (in thousands).

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
Segment operating profit	$ 87,373	$ 142,481	$ 50,907
Unallocated amounts:			
Income from investments	28,444	10,317	31,510
General and administrative expense	(20,391)	(16,627)	(13,612)
Interest expense	(980)	(1,701)	(2,730)
Corporate depreciation	(2,147)	(2,133)	(2,250)
Other corporate income (expense)	(1,079)	640	526
Total unallocated amounts	3,847	(9,504)	13,444
Income before income taxes and equity in income of affiliates	$ 91,220	$ 132,977	$ 64,351

The following tables present revenues from external customers and long-lived assets by country based on the location of service provided (in thousands).

YEARS ENDED SEPTEMBER 30,	2002	2001	2000
Revenues			
United States	$ 372,305	$ 354,384	$ 255,593
Venezuela	47,118	43,409	34,922
Ecuador	45,433	35,793	20,422
Colombia	9,559	27,045	42,509
Other Foreign	36,513	48,643	38,696
Total	$ 510,928	$ 509,274	$ 392,142
Long-Lived Assets			
United States	$ 698,316	$ 448,119	$ 330,711
Venezuela	72,630	84,856	37,001
Ecuador	49,353	33,520	30,636
Colombia	14,339	16,195	26,361
Other Foreign	62,807	67,361	102,014
Total	$ 897,445	$ 650,051	$ 526,723

Long-lived assets are comprised of property, plant and equipment.

Revenues from one company doing business with the contract drilling segment accounted for approximately 15.7 percent, 24.2 percent, and 24.4 percent of the total consolidated revenues during the years ended September 30, 2002, 2001 and 2000, respectively. Revenues from another company doing business with the contract drilling segment accounted for approximately 14.6 percent, 12.9 percent, and 11.9 percent of total consolidated revenues in the years ended September 30, 2002, 2001 and 2000, respectively. Revenues from another company doing business with the contract drilling segment accounted for approximately 12.0 percent, 8.3 percent, and 7.3 percent of total consolidated revenues in the years ended September 30, 2002, 2001 and 2000, respectively. Collectively, the receivables from these customers were approximately $35.0 million and $40.5 million at September 30, 2002 and 2001, respectively.

NOTE 16 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(in thousands, except per share amounts)

2002	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Revenues	$134,992	$120,950	$139,709	$115,277
Gross profit	33,878	19,821	44,200	14,692
Income from continuing operations	18,127	8,129	22,551	4,899
Net income	15,604	10,872	28,218	8,823
Basic earnings per common share:				
Income from continuing operations	.36	.16	.46	.10
Net income	.31	.22	.57	.18
Diluted earnings per common share:				
Income from continuing operations	.36	.16	.45	.10
Net income	.31	.22	.56	.17

2001	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Revenues	$106,009	$115,186	$141,336	$146,743
Gross profit	28,086	29,520	44,011	49,688
Income from continuing operations	13,956	14,105	24,154	28,252
Net income	33,840	41,749	40,437	28,228
Basic earnings per common share:				
Income from continuing operations	.28	.28	.48	.57
Net income	.68	.83	.80	.57
Diluted earnings per common share:				
Income from continuing operations	.27	.28	.47	.56
Net income	.67	.82	.79	.56

Gross profit represents total revenues less operating costs and depreciation.

The sum of earnings per share for the four quarters may not equal the total earnings per share for the year due to changes in the average number of common shares outstanding.

Net income in the third quarter of 2002 includes after-tax gains on sale of available-for-sale securities of $15.2 million, $0.30 per share, on a diluted basis.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Helmerich & Payne, Inc.

Subsidiaries of Helmerich & Payne, Inc.
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 (Argentina) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Peru) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Peru) Drilling Co., Sucursal del Peru, Lima (Lima Branch - Incorporated in Peru) Helmerich & Payne (Peru) Drilling Co., Sucursal del Peru

(Iquitos Branch - Incorporated in Peru)

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 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)

The Hardware Store of Utica Square, Inc. (Incorporated in Oklahoma) The Space Center, Inc. (Incorporated in Oklahoma) H&P DISC, Inc. (Incorporated in Oklahoma) Helmerich & Payne Coal Co. (Incorporated in Oklahoma) Helmerich & Payne Properties, Inc. (Incorporated in Oklahoma) Utica Square Shopping Center, Inc. (Incorporated in Oklahoma)

Subsidiaries of Utica Square Shopping Center, Inc. Fishercorp, Inc. (Incorporated in Oklahoma)

EXHIBIT 23.1

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, 2002, included in the 2002 Annual Report to Shareholders of Helmerich & Payne, Inc.

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-55239, 333-34939 and 333-63124) pertaining, respectively, to the Helmerich & Payne, Inc. 1990 Stock Option Plan, 1996 Stock Incentive Plan and 2000 Stock Incentive Plan of our report dated November 22, 2002, with respect to the consolidated financial statements of Helmerich & Payne, Inc. incorporated by reference in the Annual Report (Form 10-K) for the year ended September 30, 2002.

/s/ ERNST & YOUNG LLP

Tulsa, Oklahoma
December 20, 2002