

HELMERICH & PAYNE, INC.

FORM 10-K (Annual Report)

Filed 12/28/99 for the Period Ending 09/30/99

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

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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

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-4221

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)
UTICA AT TWENTY-FIRST STREET, TULSA, OKLAHOMA
(Address of principal executive offices)

73-0679879
(I.R.S. employer
identification no.)
74114
(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 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.

At December 15, 1999, the aggregate market value of the voting stock held by non-affiliates was \$964,657,219.

Number of shares of common stock outstanding at December 15, 1999:
49,642,750.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Annual Report to Shareholders for the fiscal year ended September 30, 1999 -- Parts I, II, and IV.

(2) Proxy Statement for Annual Meeting of Security Holders to be held March 1, 2000 -- 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 MANAGEMENT'S DISCUSSION & ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION ON PAGES 10 THROUGH 17 IN REGISTRANT'S ANNUAL REPORT TO THE SHAREHOLDERS FOR FISCAL 1999 AND IN THE REMAINDER OF THIS REPORT. 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 THE 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.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Fiscal Year Ended September 30, 1999

PART I

Item 1. BUSINESS

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

The Registrant is organized into three separate autonomous operating divisions being contract drilling; oil & gas operations; and real estate. While there is a limited amount of intercompany activity, each division operates essentially independently of the others. Each of the divisions, except exploration and production, conducts their respective business 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.

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

The Registrant's domestic contract drilling is conducted primarily in Oklahoma, Texas, and Louisiana, and offshore from platforms in the Gulf of Mexico and offshore California. The Registrant has also operated during fiscal 1999 in six international locations: Venezuela, Ecuador, Colombia, Peru, Argentina and Bolivia. In the second quarter of fiscal 2000, the Registrant expects to operate a customer-owned offshore platform rig in Equatorial Guinea.

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

CONTRACT DRILLING

The Registrant believes that it is one of the major land and offshore platform drilling contractors in the western hemisphere. Operating principally in North and South America, the Registrant specializes 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 Registrant operates certain rigs which are transportable by helicopter. In the United States, the Registrant draws its customers primarily from the major oil companies and the larger independents. The Registrant also drills for its own oil and gas division. In South America, the Registrant's current customers

include the Venezuelan state petroleum company and major international oil companies.

In fiscal 1999, Registrant received approximately 57% of its consolidated revenues from the Registrant's ten largest contract drilling customers. BP Amoco and Shell Oil Co., including their affiliates, (respectively, "BPA" and "Shell") are the Registrant's two largest contract drilling customers. The Registrant performs drilling services for BPA and Shell on a world-wide basis. Revenues from drilling services performed for BPA and Shell in fiscal 1999 accounted for approximately 18% and 12%, respectively, of the Registrant's consolidated revenues for the same period. While the Registrant believes that its relationship with all of these customers is good, the loss of BPA or Shell or a simultaneous loss of several of its larger customers would have a material adverse effect on the drilling subsidiary and the Registrant.

The Registrant provides drilling rigs, equipment, personnel, and camps on a contract basis. These services are provided so that Registrant's customers may explore for and develop oil and gas from onshore areas and from fixed platforms 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. 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, Registrant operates self-moving minimum space platform drilling rigs and drilling rigs to be used on tension leg platforms. The minimum space rig is designed to be moved without the use of expensive derrick barges. The tension leg platform rig allows drilling operations to be conducted in much deeper water than traditional fixed platforms. 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.

The Registrant'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.

The Registrant'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 Registrant charges a fixed rate per day, with the price determined by the location, depth, and complexity of the well to be drilled, operating conditions, the duration of the contract, and the competitive forces of the market. The Registrant has previously performed contracts on a combination "footage" and "daywork" basis, under which the Registrant 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

Registrant has previously accepted "turnkey" contracts under which the Registrant charges a fixed sum to deliver a hole to a stated depth and agrees to furnish services such as testing, coring, and casing the hole which are not normally done on a "footage" basis. "Turnkey" contracts entail varying degrees of risk greater than the usual "footage" contract. Registrant has not accepted a "footage" or "turnkey" contract during fiscal 1999. The Registrant believes that under current market conditions "footage" and "turnkey" contract rates do not adequately compensate contractors for the added risks. The duration of the Registrant'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 three 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 Registrant 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 and Hazards, page I-8.

Domestic Drilling

The Registrant believes it is a major land and offshore platform drilling contractor in the domestic market. At the end of September, 1999, the Registrant had 50 (40 land rigs and 10 platform rigs) of its rigs operating in the United States and had management contracts for two customer-owned rigs.

During fiscal 1999, four land rigs and one platform rig were relocated from the Registrant's operations in Venezuela to the Registrant's domestic operations. In November of 1999, Registrant returned one of such land rigs to Venezuela. In addition, one of the Registrant's older platform rigs was sold.

International Drilling

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

Venezuelan operations continue to be a significant part of the Registrant's operations. At the end of fiscal 1999, the Registrant owned and operated 18 land drilling rigs in Venezuela with a utilization rate of 36% for such fiscal year. The Registrant worked for the Venezuelan State Petroleum Company during fiscal 1999, and revenues from this work accounted for approximately 6% of the Registrant's consolidated revenues during the fiscal year.

Registrant's rig utilization rate in Venezuela has decreased from approximately 92% during the 1998 fiscal year to approximately 36% in fiscal 1999. This reduction in utilization is primarily due to curtailed production and development activities resulting from a reduction in worldwide oil prices. At this time, the Registrant is unable to predict future fluctuations in its utilization rates during fiscal 2000.

The Venezuelan government, in early 1996, permitted foreign exploration and production companies to acquire rights to explore for and produce oil and gas in Venezuela. Registrant has performed contract drilling services in Venezuela for six independent oil companies during fiscal 1999.

At the end of fiscal 1999, the Registrant owned and operated ten drilling rigs in Colombia. The Registrant's utilization rate was 71% during fiscal 1999. During fiscal 1999 the revenue generated by Colombian drilling operations contributed approximately 10.8% of the Registrant's consolidated revenues.

In addition to its operations in Venezuela and Colombia, the Registrant in fiscal 1999 owned and operated four rigs in Ecuador, five rigs in Bolivia, and two rigs in Argentina. In Ecuador, Bolivia and Argentina, the contracts are with large international oil companies.

Drilling operations ended during 1999 on a joint venture platform rig in Australia. The rig is owned 50% by the Registrant and 50% by Registrant's equity affiliate, Atwood Oceanics, Inc.

Competition

The contract drilling business is highly competitive. Competition in contract drilling involves such factors as price, rig availability, efficiency, condition of equipment, reputation, and customer relations. Competition is

primarily on a regional basis and may vary significantly by region at any particular time. 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 Registrant has been successful in establishing long-term relationships with certain customers which have allowed the Registrant to secure drilling work even though the Registrant may not have been the lowest bidder for such work. The Registrant has continued to attempt to differentiate its services based upon its engineering design expertise, operational efficiency, safety and environmental awareness.

Regulations and Hazards

The drilling operations of the Registrant are subject to the many hazards inherent in the business, including 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 Registrant believes that it has adequate insurance coverage for comprehensive general liability, public liability, property damage (including insurance against loss by fire and storm, blowout, and cratering risks), workers compensation and employer's liability. No insurance is carried against loss of earnings or business interruption. The Registrant is unable to obtain significant amounts of insurance to cover risks of underground reservoir damage; however, the Registrant is generally indemnified under its drilling contracts from this risk. The Registrant's present insurance coverage has been secured

through fiscal 2000. However, in view of conditions generally in the liability insurance industry, no assurance can be given that the Registrant's present coverage will not be cancelled during fiscal 2000 nor that insurance coverage will continue to be available at rates considered reasonable.

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

impact of such risks by operating in more than one geographical area and by attempting to obtain indemnification from operators against expropriation, nationalization, and deprivation.

During fiscal 1999, approximately 32% of the Registrant's consolidated revenues were generated from the international contract drilling business. Over 95% of the international revenues were from Venezuela, Colombia, Bolivia, Ecuador and Argentina. Exposure to potential losses from currency devaluation is minimal in the above-mentioned countries except for Venezuela. 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 Venezuela, approximately 60% of the Registrant's invoice billings are in U.S. dollars and the other 40% are in the local currency, the bolivar. The Registrant is exposed to risks of currency devaluation in Venezuela as a result of bolivar receivable balances and necessary bolivar cash balances. In 1994, the Venezuelan government established a fixed exchange rate in hopes of stemming economic problems caused by a high rate of inflation. During the first week of December, 1995, the government established a new exchange rate, resulting in further devaluation of the bolivar. In April of 1996, the bolivar was again devalued when the government decided to abolish its fixed rate policy and to allow a floating market exchange rate. During fiscal 1998, the Registrant experienced losses of approximately US\$2,204,000 and in fiscal 1999 it experienced losses of US\$712,000 as a result of the devaluation of the bolivar. Registrant is unable to predict future devaluation in Venezuela. In the event a 25% to 50% devaluation would occur, the Registrant could experience potential currency valuation losses ranging from approximately US\$350,000 to US\$600,000.

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 Registrant's loss of all or a portion of its assets and business in Venezuela.

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

OIL & GAS OPERATIONS

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

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

The Registrant's exploration and production division includes seven geographical exploitation teams comprised of geological, engineering, and land personnel. These personnel primarily develop in-house oil and gas prospects as well as review outside prospects and acquisitions for their respective geographical areas. The Registrant believes that this structure allows each team to gain greater expertise in its respective geographical area and reduces risk in the development of prospects.

The Registrant continued its involvement in the Mountain Front play during 1999, spending \$10.2 million drilling and completing extensional and development wells in both its Rocky and Kiowa Flats fields. In 1999, Registrant drilled 13 wells, of which seven were completed as producing wells. Current producing rates from the two fields are 63 MMCFD gross and 40 MMCFD net. The Mountain Front area is located in Kiowa and Washita Counties, Oklahoma.

During fiscal 1998 and 1999, the Registrant has focused on developing prospects using 3D seismic technology. Currently, the Registrant is involved in 3D surveys covering more than 850 square miles. Approximately 700 square miles of land covered by such surveys is located near the Texas and Louisiana onshore Gulf Coast. This is Registrant's first major exploration effort in the Gulf Coast area. The following summarizes the Registrant's activities, during fiscal 1999, on the lands covered by these 3D surveys.

During fiscal 1999, the Registrant participated in or purchased three 3D seismic surveys covering approximately 185 square miles of lands in Jefferson County, Texas. After successfully drilling four consecutive producing wells, the Company extended these seismic surveys by approximately 42 square miles. Registrant's working interests in the lands covered by this survey range from 54% to 66%. In addition, one well is currently being drilled in West Texas on lands covered by a 65 square mile 3D survey.

Four wells have been drilled in Galveston County, Texas, based upon a 94 square mile 3D survey. Two of the wells were completed as producers. This 3D survey was extended by 27 square miles during the 1999 fiscal year. Registrant's working interests in this area range from 25% to 87%.

The Registrant recently completed the purchase of a 42% working interest in a 50 square mile 3D survey in Calcasieu Parish, Louisiana. A wildcat well is in the process of being completed. The purchase of a 35% working interest in a 200 square mile 3D shoot in South Texas has also been finalized. One wildcat well is currently being drilled on these lands.

The Registrant's exploration and development program has covered a range of prospects, from shallow "bread and butter" programs to deep expensive, high

risk/high return wells. During fiscal 1999, the Registrant participated in 49 development and/or wildcat wells, which resulted in new discoveries of approximately 22.5 BCF of gas and 151,829 barrels of oil and condensate. The Registrant participated in five additional development wells, which resulted in the development of approximately 1.2 BCF of gas which was previously classified as proved undeveloped or proved developed nonproducing reserves. A total of \$36,613,104 was spent in the Registrant's exploration and development program during fiscal 1999. This figure includes \$8,216,501 of geophysical expense, but is exclusive of expenditures for acreage and acquisition of proved oil and gas reserves. The Registrant's total company-wide acquisition cost for acreage in fiscal 1999 was approximately \$14.4 million.

The Registrant spent \$88,997 for the acquisition of proved oil and gas reserves during fiscal 1999. The reserves associated with these acquisitions were 77,826 MCF.

The Registrant's fiscal 2000 exploration and production budget of approximately \$80 million is 70% greater than its actual exploration and production expenditures in fiscal 1999. This increase is necessary to exploit the additional amounts of acreage acquired in fiscal years 1998 and 1999.

Market for Oil and Gas

The Registrant does not refine any of its production. The availability of a ready market for such production depends upon a number of factors, including the availability of other domestic production, price, crude oil imports, the proximity and capacity of oil and gas pipelines, and general fluctuations in supply and demand. The Registrant does not anticipate any unusual difficulty in contracting to sell its

production of crude oil and natural gas to purchasers and end-users at prevailing market prices and under arrangements that are usual and customary in the industry. The Registrant and its subsidiary, Helmerich & Payne Energy Services, Inc., have successfully developed markets with end-users, local distribution companies, and natural gas brokers for gas produced from successful wildcat wells and development wells. The Registrant is of the opinion that the natural gas market will continue to experience high volatility. This high volatility (as evidenced by the mid-summer increase in natural gas prices, and the subsequent price reductions during early November, 1999) is a result of ever changing perceptions throughout the industry centered around supply and demand. Pricing perceptions constantly change as members of the natural gas industry weigh the impacts of decline in deliverability of domestic supply; increased use of natural gas for electrical generation; continued U.S. economic growth; increased usage and better management of natural gas storage; seasonal usage; fuel switching; usage of gas as a feed stock; and importation of gas from Canada and Mexico. Registrant presently believes that natural gas price volatility will continue for the next three to five years as the natural gas industry reacts to these factors. Long term pricing will obviously react to these short term factors, as well as other considerations affecting supply/demand.

Historically, the Registrant has had no long-term sales contracts for its crude oil and condensate production. The Registrant continues its practice of contracting for the sale of its Kansas and Oklahoma and portions of its west Texas crude oil for terms of six to twelve months in an attempt to assure itself of the best price in the area for crude oil production. During fiscal 1999, the price that Registrant received

for the sale of its crude oil has steadily increased. Registrant's average per barrel crude oil sales price in fiscal 1999 for each of the first through fourth quarters was \$11.26, \$11.21, \$15.77 and \$19.67, respectively.

Competition

The Registrant competes with numerous other companies and individuals in the acquisition of oil and gas properties and the marketing of oil and gas. The Registrant believes that it should continue to prepare for increased exploration activity without committing to a definite drilling timetable. The Registrant also believes that competition for the acquisition of gas producing properties will continue. Considering the Registrant's conservative acquisition strategy, the Registrant believes that it may be unable to acquire significant proved developed producing reserves from third parties. The Registrant intends to continue its review of properties in areas where the Registrant has expertise. The Registrant's competitors include major oil companies, other independent oil companies, and individuals. Many of these competitors have financial resources, staffs, and facilities substantially larger than those of the Registrant. The effect of these competitive factors on the Registrant cannot be predicted.

Title to Oil and Gas Properties

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

Oil and gas properties in general are subject to customary royalty interests contracted for in connection with the acquisitions of title,

liens incident to operating agreements, liens for current taxes, and other burdens and minor encumbrances, easements, and restrictions. The Registrant believes that the existence of such burdens will not materially detract from the general value of its leasehold interests.

Governmental Regulation in the Oil and Gas Industry

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

have a material adverse effect upon its capital expenditures, earnings or competitive position.

Regulatory Controls

Historically, the transportation and sale for resale of natural gas in interstate commerce have been regulated under the Natural Gas Act ("NGA") and the Natural Gas Policy Act of 1978 ("NGPA") and the regulations promulgated thereunder.

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

Commencing in April, 1992, the Federal Energy Regulatory Commission ("FERC") issued Order 636, Order 636-A, and Order 636-B (collectively, "Order 636") which requires interstate pipelines to provide transportation unbundled from their sales of gas. Also, such pipelines must provide open-access transportation on a basis that is equal for all gas supplies. Although Order 636 has provided the Registrant with additional market access and more fairly applied transportation service rates, it has also subjected the Registrant to more restrictive pipeline imbalance tolerances and greater penalties for violation of those tolerances. Order 636 and numerous related orders pertaining to individual pipelines have been largely upheld by the Courts. However, certain appeals remain pending, and the FERC continues to review and modify open access regulations.

In particular, the FERC recently issued new rules and policies pertaining to interstate pipeline certificates which require notification

of landowners affected by proposed pipeline construction, and which presume incremental pricing is appropriate for new construction. The FERC also has proposed rules governing short term transportation which, among other matters, would eliminate cost-based regulation for such transportation, allow pipelines to negotiate rates and terms of service, and require the allocation of all short term pipeline capacity through a competitive auction process. In addition, the FERC has requested comments on certain issues related to its regulation of long term transportation. While any resulting FERC action would affect the Registrant only indirectly, these inquiries are intended to further enhance competition in the natural gas markets.

Under the NGA, natural gas gathering facilities are exempt from FERC jurisdiction. The Registrant believes that its gathering systems meet the traditional tests that the FERC has used to establish a pipeline's status as a gatherer. In recent years, the FERC has slightly narrowed its statutory tests for establishing gathering status. A number of states have either enacted new laws or are considering the adequacy of existing laws affecting gathering rates and/or services. For example, in May, 1997, Kansas enacted new gathering oversight legislation that, among other matters, requires reporting of gathering prices and authorizes the Kansas Corporation Commission ("KCC") to oversee open access on gathering systems to assure it is just, reasonable, and non-discriminatory. Thus, natural gas gathering may receive greater regulatory scrutiny by state agencies. In addition, the FERC has approved several transfers by interstate pipelines of gathering facilities to unregulated gathering companies, including affiliates. This could allow such companies to compete more effectively with

independent gatherers. It is not possible at this time to predict the ultimate effect of the policy, although it could affect access to and rates charged for interstate gathering services. However, the Registrant does not presently believe the status of its facilities would be materially affected by modification to the statutory criteria.

In February, 1994, the KCC issued an order which modified allowables applicable to wells within the Hugoton Gas Field so that those proration units upon which infill wells had been drilled would be assigned a larger allowable than those units without infill wells. As a consequence of this order, the Registrant has drilled 137 infill wells and believes that it will be necessary in fiscal 2000 to drill an additional 3 infill wells at a total estimated cost of \$360,000.

In September, 1997, the FERC ruled that ad valorem tax levied by the State of Kansas was not a severance tax within the meaning of Section 110 of the NGPA. Therefore, to the extent that first sellers collected revenues in excess of the maximum lawful price as a result of reimbursement of Kansas ad valorem taxes, then first sellers would be required to make refunds with interest for such excess revenues on tax bills rendered during the period October 4, 1983 through June 28, 1988. Based upon schedules provided to Registrant by certain interstate pipelines, the total reimbursement obligation of all working interest owners in Registrant-operated wells approximated \$13 million as of November, 1997. During this period, Registrant estimated that its reimbursement obligation totaled approximately \$6.7 million, being approximately \$2.7 million of principal and \$4.0 million of interest. Approximately 12.5% of such amount would be owed by Registrant's royalty owners.

Neither the FERC nor Congress has provided the first sellers with any generic relief on this issue. However, the FERC has permitted the filing of individual adjustment proceedings by each first seller. Registrant has filed such adjustment proceedings requesting that its ad valorem tax refund obligation be reduced. The FERC has not ruled in any of Registrant's adjustment proceedings.

During the period February through July, 1998, Registrant paid, under protest, approximately \$1,379,000 to four interstate pipelines as partial ad valorem tax reimbursement and escrowed approximately \$6,370,000 pending the FERC's decision in Registrant's adjustment proceedings. The escrowed amount includes Registrant's share of the amount of reimbursement obligation allegedly owed by Registrant's royalty owners. The final outcome of this matter cannot be predicted at this time.

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

Federal Income Taxation

The Registrant's oil and gas operations, and the petroleum industry in general, are affected by certain federal income tax laws. The

Registrant has considered the effects of such federal income tax laws on its operations and does not anticipate that there will be any material impact on the capital expenditures, earnings or competitive position of the Registrant.

Environmental Laws

The Registrant's activities are subject to existing federal and state laws and regulations governing environmental quality and pollution control. Such laws and regulations may substantially increase the costs of exploring, developing, or producing oil and gas and may prevent or delay the commencement or continuation of a given operation. In the opinion of the Registrant's management, its operations substantially comply with applicable environmental legislation and regulations. The Registrant believes that compliance with existing federal, state, and local laws, rules, and regulations regulating the discharge of materials into the environment or otherwise relating to the protection of the environment will not have any material effect upon the capital expenditures, earnings, or competitive position of the Registrant.

Natural Gas Marketing

Helmerich & Payne Energy Services, Inc., ("HPESI") continues into its tenth year of business with emphasis on the purchase and marketing of the Registrant's natural gas production. In addition, HPESI purchases third-party gas for resale and provides compression, gathering services and processing for a fee. During fiscal year 1999, HPESI's sales of third-party gas constituted approximately 10% of the Registrant's consolidated revenues.

HPESI sells natural gas to markets in the Midwest and Rocky Mountain areas. Term gas sales contracts are for varied periods ranging from

three months to seven years. However, recent contracts have tended toward shorter terms. The remainder of the Registrant's gas is sold under spot market contracts having a duration of 30 days or less. For fiscal 2000, HPESI's term gas sales contracts provide for the sale of approximately 16 BCF of gas at prices which are indexed to market prices. HPESI presently intends to fulfill such term sales contracts with a portion of the gas reserves purchased from the Registrant as well as from its purchases of third-party gas. See pages I-14 through I-22 regarding the market, competition, and regulation of natural gas.

REAL ESTATE OPERATIONS

The Registrant's real estate operations are conducted exclusively within the metropolitan area of Tulsa, Oklahoma. Its major holding is Utica Square Shopping Center, consisting of fifteen separate buildings, with parking and other common facilities covering an area of approximately 30 acres. Fourteen of these buildings provide approximately 405,709 square feet of net leasable retail sales and storage space (93% 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 Registrant's real estate operations. The fifteenth building is an eight-story medical office building which provides approximately 76,379 square feet of net leasable medical office space (64% of which is currently leased). The Registrant has a two-level parking garage located in the southwest corner of Utica Square that can accommodate approximately 250 cars.

Registrant has completed two phases of a three-phase renovation for major existing tenants in Utica Square Shopping Center. This renovation

has resulted in a temporary occupancy reduction of approximately 4%. During fiscal 2000, occupancy is expected to reach approximately 97%.

At the end of the 1999 fiscal year the Registrant owned 12 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 condominium units were sold during fiscal 1999. Twelve of the Registrant's units are currently leased.

The Registrant owns an eight-story office building located diagonally across the street from Utica Square Shopping Center, containing approximately 87,000 square feet of net leasable general office and retail space. This building houses the Registrant's principal executive offices. Approximately 11% of this building was leased to third parties during fiscal 1999. Registrant has leased approximately 29,000 square feet of office space in Tulsa and relocated Registrant's oil and gas division from Registrant's office building to such leased office space. The vacated space within Registrant's office building has been used to accommodate the growth of the remaining segments of its businesses.

The Registrant is also engaged in the business of leasing multi-tenant warehouse space. Three warehouses known as Space Center, each containing approximately 165,000 square feet of net leasable space, are situated in the southeast part of Tulsa at the intersection of two major limited-access highways. Present occupancy is 100%. The Registrant also owns approximately 1.5 acres of undeveloped land lying adjacent to such warehouses.

Registrant owns approximately 253.5 acres in Southpark consisting of approximately 240.5 acres of undeveloped real estate and approximately 13 acres of multi-tenant warehouse area. The warehouse area is known as Space Center East and consists of two warehouses, one containing approximately 90,000 square feet and the other containing approximately 112,500 square feet. Occupancy has decreased from 100% to 96% due to the loss of one tenant. The Registrant 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.

The Registrant also owns a five-building complex called Tandem Business Park. The project is located adjacent to and east of the Space Center East facility and contains approximately six acres, with approximately 88,084 square feet of office/warehouse space. Occupancy has decreased from 96% to 93% during fiscal 1999 due primarily to the loss of one tenant. The Registrant also owns a twelve-building complex, consisting of approximately 204,600 square feet of office/warehouse space, called Tulsa Business Park. The project is located south of the Space Center facility, separated by a city street, and contains approximately 12 acres. During fiscal 1999, occupancy has remained at 96%.

The Registrant also owns two service center properties located adjacent to arterial streets in south central Tulsa. The first, called Maxim Center, consists of one office/warehouse building containing approximately 40,800 square feet and located on approximately 2.5 acres. During fiscal 1999, occupancy has remained at 100%. 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 1999, occupancy has remained at 100%.

Registrant believes that the recent increase in demand for multi-tenant warehouse space in the Tulsa market will continue. Registrant is unable to determine how long this increase in demand will continue.

Competition.

The Registrant 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. Registrant'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 Registrant and have more contemporary facilities.

FINANCIAL

Information relating to Revenue and Operating Profit by Business Segments may be found on pages 9 and 30 through 31 of the Registrant's Annual Report to Shareholders for fiscal 1999, which is incorporated herein by reference.

EMPLOYEES

The Registrant had 2,162 employees within the United States (16 of which were part-time employees) and 1,278 employees in international operations as of September 30, 1999.

Item 2. PROPERTIES

CONTRACT DRILLING

The following table sets forth certain information concerning the Registrant's domestic drilling rigs as of September 30, 1999:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
140	Medium Depth	10,000	Texas
158	Medium Depth	10,000	Texas
110	Medium Depth	12,000	Texas
156	Medium Depth	12,000	Texas
159	Medium Depth	12,000	Texas
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
95	Medium Depth	16,000	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
147	Medium Depth	16,000	Texas
154	Medium Depth	16,000	Texas
162	Medium Depth	16,000	Texas
164	Medium Depth	16,000	Texas
165	Medium Depth	16,000	Texas
166	Medium Depth	16,000	Texas
167	Medium Depth	16,000	Texas
168	Medium Depth	16,000	Texas
169	Medium Depth	16,000	Texas
108	Medium Depth	18,000	Gulf of Mexico
79	Deep	20,000	Louisiana
80	Deep	20,000	Texas
89	Deep	20,000	Texas
91	Deep	20,000	Gulf of Mexico
92	Deep	20,000	Oklahoma
94	Deep	20,000	Texas
98	Deep	20,000	Oklahoma
122	Deep	20,000	Louisiana
203	Deep	20,000	Gulf of Mexico
97	Deep	26,000	Texas
99	Deep	26,000	Texas
137	Deep	26,000	Texas
149	Deep	26,000	Texas
72	Very Deep	30,000	Alabama
73	Very Deep	30,000	Texas
100	Very Deep	30,000	Gulf of Mexico
105	Very Deep	30,000	Gulf of Mexico
106	Very Deep	30,000	Gulf of Mexico
107	Very Deep	30,000	Gulf of Mexico
157	Very Deep	30,000	Texas
161	Very Deep	30,000	Texas
163	Very Deep	30,000	Louisiana
201	Very Deep	30,000	Gulf of Mexico
202	Very Deep	30,000	Gulf of Mexico
204	Very Deep	30,000	Gulf of Mexico

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

	Years ended September 30,				
	1995	1996	1997	1998	1999
Number of rigs owned at end of period	41	41	38	46	50
Average rig utilization rate during period (1)	71%	82%	88%	95%	75%

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

The following table sets forth certain information concerning the Registrant's international drilling rigs as of September 30, 1999:

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
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	Colombia
132	Medium Depth	18,000	Ecuador
176	Medium Depth	18,000	Ecuador
121	Deep	20,000	Venezuela
173	Deep	20,000	Bolivia
45	Deep	26,000	Venezuela
82	Deep	26,000	Venezuela
83	Deep	26,000	Venezuela
117	Deep	26,000	Venezuela
123	Deep	26,000	Bolivia
138	Deep	26,000	Ecuador
148	Deep	26,000	Venezuela
160	Deep	26,000	Venezuela
170	Deep (Heli Rig)	26,000	Venezuela
113	Very Deep	30,000	Venezuela
115	Very Deep	30,000	Venezuela
116	Very Deep	30,000	Venezuela
125	Very Deep	30,000	Colombia
127	Very Deep	30,000	Venezuela
128	Very Deep	30,000	Venezuela
129	Very Deep	30,000	Venezuela
133	Very Deep	30,000	Colombia
134	Very Deep	30,000	Colombia
135	Very Deep	30,000	Colombia
136	Very Deep	30,000	Colombia
150	Very Deep	30,000	Venezuela

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
151	Very Deep	30,000	Colombia
152	Very Deep	30,000	Colombia
153	Very Deep	30,000	Colombia
174	Very Deep	30,000	Argentina
175	Very Deep	30,000	Bolivia
177	Very Deep	30,000	Argentina
139	Super Deep	30,000+	Colombia

Joint Venture Rig:

200	Deep	20,000	JV w/Atwood Australia
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The following table sets forth information with respect to the utilization of the Registrant's international drilling rigs for the periods indicated:

	Years ended September 30,				
	1995	1996	1997	1998	1999
Number of rigs owned at end of period	35	36	39	44	39
Average rig utilization rate during period (1)	84%	85%	91%	88%	53%

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

OIL AND GAS DIVISION

All of the Registrant's oil and gas operations and holdings are located within the continental United States.

Crude Oil Sales

The Registrant's net sales of crude oil and condensate for the fiscal years 1997 through 1999 are shown below:

Year	Net Barrels	Average Sales Price per Barrel	Average Lifting Cost per Barrel
1997	985,633	\$20.77	\$6.98
1998	701,180	\$14.74	\$7.40
1999	649,370	\$14.60	\$7.02

Natural Gas Sales

The Registrant's net sales of natural and casinghead gas for the three fiscal years 1997 through 1999 are as follows:

Year -----	Net MCF -----	Average Sales Price per MCF -----	Average Lifting Cost per MCF -----
1997	40,463,374	\$2.23	\$0.3213
1998	42,862,300	\$2.04	\$0.3110
1999	44,240,332	\$1.83	\$0.3300

Following is a summary of the net wells drilled by the Registrant for the fiscal years ended September 30, 1997, 1998, and 1999:

	Exploratory Wells -----			Development Wells -----		
	1997 -----	1998 -----	1999 -----	1997 -----	1998 -----	1999 -----
Productive	0.500	1.910	2.917	39.239	29.614	13.846
Dry	8.459	2.900	2.615	1.136	1.310	4.502

On September 30, 1999, the Registrant was in the process of drilling or completing three gross or 2.868 net wells.

Acreage Holdings

The Registrant's holdings of acreage under oil and gas leases, as of September 30, 1999, were as follows:

	Developed Acreage		Undeveloped Acreage	
	Gross	Net	Gross	Net
Arkansas	3,068.23	1,725.11	-0-	-0-
Colorado	-0-	-0-	320.00	160.00
Kansas	121,983.07	85,662.60	16,603.87	14,422.30
Louisiana	1,584.77	910.66	7,099.56	2,275.77
Michigan	-0-	-0-	13,684.68	13,281.84
Montana	2,037.19	423.37	3,428.95	984.37
Nebraska	480.00	168.00	-0-	-0-
Nevada	-0-	-0-	5,264.04	5,064.04
New Mexico	1,002.91	99.54	121.88	40.22
North Dakota	200.00	11.52	-0-	-0-
Oklahoma	129,722.88	50,880.80	13,207.79	8,211.65
Texas	94,184.45	42,833.35	284,001.91	69,756.18
Wyoming	-0-	-0-	440.00	105.59
Total	354,263.50	182,714.95	344,172.68	114,301.96

Acreage is held under leases which expire in the absence of production at the end of a prescribed primary term, and is, therefore, subject to fluctuation from year to year as new leases are acquired, old leases expire, and other leases are allowed to terminate by failure to pay annual delay rentals. As shown in the above table, the Registrant has a significant portion of its undeveloped acreage in Texas, with five major prospects accounting for 39,700 net acres. The average minimum remaining term of leases in these five prospects is approximately 30 months.

Productive Wells

The Registrant's total gross and net productive wells as of September 30, 1999, were as follows:

Oil Wells		Gas Wells	
Gross	Net	Gross	Net
3,577	178	962	439

Additional information required by this item with respect to the Registrant's oil and gas operations may be found on pages I-12 through I-23 of Item 1. BUSINESS, and pages 23 through 34 of the Registrant's Annual Report to Shareholders for fiscal 1999, "Notes to Consolidated Financial Statements" and "Note 14 Supplementary Financial Information for Oil and Gas Producing Activities."

Estimates of oil and gas reserves, future net revenues, and present value of future net revenues were audited by Lee Keeling and Associates, Inc., 15 East 5th Street, Suite 3500, Tulsa, Oklahoma 74103. Total oil and gas reserve estimates do not differ by more than 5% from the total reserve estimates filed with any other federal authority or agency.

REAL ESTATE OPERATIONS

See Item 1. BUSINESS, pages I-23 through I-26.

STOCK

As of December 15, 1999:

The Registrant owned 312,546 shares of the common stock of SUNOCO, Inc. and 184,500 shares of Kerr McGee Corporation which the Registrant received in a stock merger for Registrant's 500,000 shares of Oryx Energy Company, Inc.

The Registrant owned 3,000,000 shares of the common stock of Atwood Oceanics, Inc., a Houston, Texas based company engaged in offshore contract drilling. The Registrant owns approximately 22% of Atwood.

The Registrant owned 1,480,000 shares of the common stock of Schlumberger, Ltd.

The Registrant owned 240,000 shares of the common stock of Phillips Petroleum Company, Inc.

The Registrant owned 1,000,000 shares of the common stock of Occidental Petroleum Corporation, Inc.

The Registrant owned 175,000 shares of the common stock of Banc One Corporation.

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

The Registrant owned 150,000 shares of the common stock of Citrix Systems, Inc.

The Registrant owned 190,000 shares of the common stock of Legato Systems, Inc.

The Registrant also owned lesser holdings in several other publicly traded corporations.

Item 3. LEGAL PROCEEDINGS

There are no material legal proceedings pending against the Registrant.

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

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

W. H. Helmerich, III, 76
Chairman of the Board

Director since 1949; Chairman of the Board
since 1960

Hans Helmerich, 41
President

Director since 1987; President and Chief
Executive Officer since 1989

George S. Dotson, 58
Vice President

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

Douglas E. Fears, 50
Vice President

Vice President, Finance, since 1988

Steven R. Mackey, 48
Vice President and
Secretary

Secretary since 1990; Vice President and
General Counsel since 1988

Steven R. Shaw, 48
Vice President

Vice President, Production, since 1985;
Vice President, Exploration and Production
since 1996

Gordon K. Helm, 46
Controller

Chief Accounting Officer of the Registrant;
Controller since December 10, 1993

PART II

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

STOCKHOLDER MATTERS

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

Quarter	1998		1999	
	High	Low	High	Low
First	44.97	31.06	24.50	16.75
Second	33.19	24.56	23.94	16.06
Third	33.25	21.56	26.75	20.38
Fourth	24.38	16.25	30.19	23.00

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

Quarter	Paid per Share		Total Payment	
	Fiscal		Fiscal	
	1998	1999	1998	1999
First	\$0.065	\$0.070	\$3,256,874	\$3,457,626
Second	0.070	0.070	3,519,195	3,459,168
Third	0.070	0.070	3,521,332	3,464,109
Fourth	0.070	0.070	3,504,269	3,468,377

The Registrant paid a cash dividend of \$0.07 per share on December 1, 1999, to shareholders of record on November 15, 1999. Payment of future dividends will depend on earnings and other factors.

As of December 15, 1999, there were 1,306 record holders of the Registrant's common stock as listed by the transfer agent's records.

Item 6. SELECTED FINANCIAL DATA

The Five-year Summary of Selected Financial Data described below excludes results of Natural Gas Odorizing, Inc. ("NGO") operations. Registrant, on August 30, 1996, sold its wholly-owned subsidiary, NGO, to Occidental Petroleum Corporation.

	Five-year Summary of Selected Financial Data				
	1995	1996	1997	1998	1999
	-----	-----	-----	-----	-----
	(in thousands)				
Sales, operating, and other revenues	\$306,721	\$393,255	\$517,859	\$636,640	\$564,319
Income from con- tinuing operations	5,788	45,426	84,186	101,154	42,788
Income from con- tinuing operations per common share:					
Basic	0.12	0.92	1.69	2.03	0.87
Diluted	0.12	0.91	1.67	2.00	0.86
Total assets	707,061	821,914	1,033,595	1,090,430	1,109,699
Long-term debt	-0-	-0-	-0-	50,000	50,000
Cash dividends declared per common share	0.25	0.255	0.26	0.275	0.28

The following Five-year Summary of Selected Financial Data includes only the results of NGO operations.

	Five-year Summary of Selected Financial Data for NGO				
	1995	1996	1997	1998	1999
	-----	-----	-----	-----	-----
	(in thousands)				
Sales, operating, and other revenues	\$19,055	\$19,540	\$ -0-	\$ -0-	\$ -0-
Income from discon- tinued operations	3,963	3,090	-0-	-0-	-0-
Income from discon- tinued operations per common share:					
Basic	0.08	0.06	-0-	-0-	-0-
Diluted	0.08	0.06	-0-	-0-	-0-

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

Information required by this item may be found on pages 10 through 17, Management's Discussion & Analysis of Results of Operations and Financial Condition, in the Registrant's Annual Report to Shareholders for fiscal 1999, which is incorporated herein by reference.

Item 7(a). QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item may be found on the following pages of Management's Discussion & Analysis of Results of Operations and Financial Condition, in the Registrant's Annual Report to Shareholders for fiscal 1999, which is incorporated herein by reference:

Market Risk		Page
-----		----
o	Foreign Currency Exchange Rate Risk	12
o	Commodity Price Risk	12-14
o	Interest Rate Risk	17
o	Equity Price Risk	17

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item may be found on pages 18 through 34 in the Registrant's Annual Report to Shareholders for fiscal 1999, which is incorporated herein by reference.

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

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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 Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 1, 2000, to be filed with the Commission not later than 120 days after September 30, 1999. See pages I-33 and I-34 for information covering the Registrant's Executive Officers.

Item 11. EXECUTIVE COMPENSATION

This information is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 1, 2000, to be filed with the Commission not later than 120 days after September 30, 1999.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 1, 2000, to be filed with the Commission not later than 120 days after September 30, 1999.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 1, 2000, to be filed with the Commission not later than 120 days after September 30, 1999.

PART IV

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

(a) Document List

1. The financial statements called for by Item 8 are incorporated herein by reference from the Registrant's Annual Report to Shareholders for fiscal 1999.

2. Exhibits required by Item 601 of Regulation S-K:

Exhibit Number:

3.1 Restated Certificate of Incorporation and Amendment to Restated Certificate of Incorporation of the Registrant are incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.

3.2 By-Laws of the Registrant are incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.

4.1 Rights Agreement dated as of January 8, 1996, between the Registrant and The Liberty National Bank and Trust Company of Oklahoma City, N.A. is incorporated herein by reference to the Registrant's Form 8- A, dated January 17, 1996.

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

* 10.2 Form of Incentive Stock Option Plan Stock Option Contract for the Incentive Stock Option Plan is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.

* 10.3 Consulting Services Agreement between W. H. Helmerich, III, and the Registrant effective January 1, 1990, as amended is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.

* Compensatory Plan or Arrangement.

- * 10.4 Restricted Stock Plan for Senior Executives of Helmerich & Payne, Inc. is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
 - * 10.5 Form of Restricted Stock Award Agreement for the Restricted Stock Plan for Senior Executives of Helmerich & Payne, Inc., together with all amendments thereto is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
 - * 10.6 Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc. is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
 - * 10.7 Helmerich & Payne, Inc. 1990 Stock Option Plan is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
 - * 10.8 Form of Nonqualified Stock Option Agreement for the 1990 Stock Option Plan is incorporated by reference to Exhibit 99.2 to the Registrant's Registration Statement No. 33-55239 on Form S-8, dated August 24, 1994.
 - * 10.9 Supplemental Savings Plan for Salaried Employees of Helmerich and Payne, Inc.
 - * 10.10 Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated herein by reference to Registrant's Registration Statement No. 333-34939 on Form S-8 dated September 4, 1997.
 - * 10.11 Form of Nonqualified Stock Option Agreement for Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference to Exhibit 99.2 to Registrant's Registration Statement on Form S-8 dated September 4, 1997.
 - * 10.12 Form of Restricted Stock Agreement for Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference from Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1997.
-

* Compensatory Plan or Arrangement.

* 10.13 Helmerich & Payne, Inc. Non-Employee Directors Stock Compensation Plan is hereby incorporated by reference to Exhibit "B" of Registrant's Proxy Statement dated January 27, 1997.

13. The Registrant's Annual Report to Shareholders for fiscal 1999.

22. Subsidiaries of the Registrant.

23.1 Consent of Independent Auditors.

27. Financial Data Schedule.

(b) Report on Form 8-K

None.

* Compensatory Plan or Arrangement.

SIGNATURES

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

HELMERICH & PAYNE, INC.

By /s/ Hans Helmerich

Hans Helmerich, President
(Chief Executive Officer)
Date: December 17, 1999

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 Registrant and in the capacities and on the dates indicated:

By /s/ William L. Armstrong

William L. Armstrong, Director
Date: December 17, 1999

By /s/ Glenn A. Cox

Glenn A. Cox, Director
Date: December 17, 1999

By /s/ George S. Dotson

George S. Dotson, Director
Date: December 17, 1999

By /s/ Hans Helmerich

Hans Helmerich, Director and CEO
Date: December 17, 1999

By /s/ W. H. Helmerich, III

W. H. Helmerich, III, Director
Date: December 17, 1999

By /s/ L. F. Rooney, III

L. F. Rooney, III, Director
Date: December 17, 1999

By /s/ Edward B. Rust, Jr.

Edward B. Rust, Jr., Director
Date: December 17, 1999

By /s/ George A. Schaefer

George A. Schaefer, Director
Date: December 17, 1999

By /s/ John D. Zeglis

John D. Zeglis, Director
Date: December 17, 1999

By /s/ Douglas E. Fears

Douglas E. Fears
(Principal Financial Officer)
Date: December 17, 1999

By /s/ Gordon K. Helm

Gordon K. Helm, Controller
(Principal Accounting Officer)
Date: December 17, 1999

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
3.1	Restated Certificate of Incorporation and Amendment to Restated Certificate of Incorporation of the Registrant are incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
3.2	By-Laws of the Registrant are incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
4.1	Rights Agreement dated as of January 8, 1996, between the Registrant and The Liberty National Bank and Trust Company of Oklahoma City, N.A. is incorporated herein by reference to the Registrant's Form 8- A, dated January 17, 1996.
* 10.1	Incentive Stock Option Plan is incorporated herein by reference to Exhibit 4.2 to the Registrant's Registration Statement No. 33-16771 on Form S-8.
* 10.2	Form of Incentive Stock Option Plan Stock Option Contract for the Incentive Stock Option Plan is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
* 10.3	Consulting Services Agreement between W. H. Helmerich, III, and the Registrant effective January 1, 1990, as amended is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.

* Compensatory Plan or Arrangement.

- * 10.4 Restricted Stock Plan for Senior Executives of Helmerich & Payne, Inc. is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
- * 10.5 Form of Restricted Stock Award Agreement for the Restricted Stock Plan for Senior Executives of Helmerich & Payne, Inc., together with all amendments thereto is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
- * 10.6 Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc. is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
- * 10.7 Helmerich & Payne, Inc. 1990 Stock Option Plan is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996.
- * 10.8 Form of Nonqualified Stock Option Agreement for the 1990 Stock Option Plan is incorporated by reference to Exhibit 99.2 to the Registrant's Registration Statement No. 33-55239 on Form S-8, dated August 24, 1994.
- * 10.9 Supplemental Savings Plan for Salaried Employees of Helmerich and Payne, Inc.
- * 10.10 Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated herein by reference to Registrant's Registration Statement No. 333-34939 on Form S-8 dated September 4, 1997.
- * 10.11 Form of Nonqualified Stock Option Agreement for Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference to Exhibit 99.2 to Registrant's Registration Statement on Form S-8 dated September 4, 1997.
- * 10.12 Form of Restricted Stock Agreement for Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference from Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1997.

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 - 13. The Registrant's Annual Report to Shareholders for fiscal 1999.
 - 22. Subsidiaries of the Registrant.
 - 23.1 Consent of Independent Auditors.
 - 27. Financial Data Schedule.
-

* Compensatory Plan or Arrangement.

EXHIBIT 10.9

**SUPPLEMENTAL SAVINGS PLAN
FOR SALARIED EMPLOYEES OF
HELMERICH & PAYNE, INC.**

THIS SUPPLEMENTAL SAVINGS PLAN FOR EMPLOYEES OF HELMERICH & PAYNE, INC.

is hereby adopted under the following terms and conditions.

ARTICLE I

NAME AND PURPOSE OF PLAN

1.1 Name of Plan. This Plan shall be hereafter known as the SUPPLEMENTAL SAVINGS PLAN FOR EMPLOYEES OF HELMERICH & PAYNE, INC.

1.2 Purpose. The Plan is established and maintained by Helmerich & Payne, Inc. and certain of its subsidiaries for the purpose, in part, of providing benefits for certain key management salaried employees of the Company or any Subsidiary. This Plan shall be binding on the Company and any Subsidiary whose employees are selected for participation in the Plan. It is intended that this Plan be unfunded for federal income tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974.

ARTICLE II

DEFINITIONS

2.1 Definitions. Where the following capitalized words and phrases appear in this instrument, they shall have the respective meanings set forth below unless a different context is clearly expressed herein.

(a) "Accounts" means the Supplemental Deferrals of Compensation Account and the Supplemental Employer Matching Contribution Account.

(b) "Beneficiary" means the person or persons (including, without limitation, the trustees of any testamentary or inter vivos trust) designated from time to time in writing by the Participant to receive payments under the Plan after the death of the Participant, or, in the absence of any such designation, or, in the event that such designated person or persons shall predecease the Participant or shall not be in existence or shall otherwise be unable to receive such payments, the person or persons designated under such Participant's last will and testament, or, in absence of such designation, to his estate. A Beneficiary Designation Form is attached hereto as Exhibit "A."

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any regulations relating thereto.

(e) "Committee" means the committee appointed by the Company pursuant to Article VII hereof to administer the Plan.

(f) "Company" means Helmerich & Payne, Inc., a corporation, or, to the extent provided in Section 9.6 below, any successor corporation or other entity resulting from a merger or consolidation into or with the Company or a transfer or sale of substantially all of the assets of the Company.

(g) "Compensation" means the total regular base wages and salary (prior to reduction for Supplemental Deferrals of Compensation under this Plan) which would be paid to a Participant during a Plan Year and reported by the Employer to the Internal Revenue Service on Form W-2 including (i) bonuses and overtime, (ii) vacation pay, (iii) sick pay, (iv) compensation paid for boat time travelling to drilling rigs, (v) shift differential; and (vi) any amount deferred by a Participant pursuant to Section 401(k) of the Code with respect to an employee benefit plan sponsored by the Employer or Section 125 of the Code with respect to a "cafeteria plan" sponsored by the Employer, but excluding (i) any amount recognized on the exercise of a stock option, upon becoming vested in any stock award or grant or upon the premature disposition of stock acquired under an inactive stock option, (ii) dividends received as compensation under any stock award plan, (iii) relocation allowances, (iv) deferred compensation except in the year included in income and except as provided under this Plan, and (v) all allowances, reimbursements and other extraordinary sums paid for travel, expenses or special payments for extraordinary services, (vi) coverall and uniform allowances, (vii) phantom overrides, (viii) overseas housing allowances, (ix) income attributable to group life insurance over \$50,000, (x) disability income paid under the Employer's long term disability plan, (xi) bonuses or payments mandated by foreign laws, (xii) safety awards, (xiii) expatriate foreign service premiums, (xiv) expatriate foreign service allowances, and (xv) other fringe or welfare benefits of the Employer which are includable in the income of the Participant such as executive medical reimbursements, premium payments and tax reimbursement.

(h) "Disability" shall mean the inability of any Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The permanence and degree of such impairment shall be supported by medical evidence. In the event of a dispute, such shall be settled by a majority decision of three physicians, one to be appointed by the Committee, one by the Participant and the third by the two physicians previously appointed.

(i) "Early Retirement Date" shall mean the date that a Participant may elect to terminate employment on or after attaining the age of at least 55 years and commence receipt of his benefit.

(j) "Employer" means the Company, its parent, or any Subsidiary who is the employer of the Participant.

(k) "Investment Guidelines" means any of those investment options which are described in Section 5.2 hereof.

(l) "Limitations on Benefits" means the limitations imposed by Sections 401(k), 401(m), 402(g), 401(a) s(17) and 415 of the Code on the accrual of benefits under the Qualified Plan.

(m) "Normal Retirement Date" shall mean the date on which a Participant attains the age of 65 years.

(n) "Participant" means a key management salaried employee of the Company, its parent or any Subsidiary who (i) is a participant under the Qualified Plan (or any successor or replacement retirement plan qualified under Section 401(a) and 501(a) of the Code) and to whom or with respect to whom a benefit is payable under the Qualified Plan, and (ii) has been selected by the Committee to participate in the Plan. The initial participants are listed on Exhibit "B" attached hereto.

(o) "Plan" means this "Supplemental Savings Plan for Salaried Employees of Helmerich & Payne, Inc."

(p) "Plan Year" means the annual period commencing January 1 through December 31.

(q) "Qualified Plan" means the "Helmerich & Payne, Inc. Employees' 401(k)/Thrift Plan" amended and restated effective January 1, 1987, and each predecessor, successor or replacement employees retirement plan qualified under Section 401(a) and 501(a) of the Code.

(r) "Qualified Plan Employer Matching Contribution" means the total of all matching contributions made by the Employer for the benefit of a Participant under and in accordance with the terms of the Qualified Plan in any Plan Year.

(s) "Qualified Plan Employee Section 401(k) Contributions" means the Section 401(k) Contributions deferred from the Participant's Compensation as made by the Employer for the benefit of a Participant under and in accordance with the terms of the Qualified Plan in any Plan Year.

(t) "Qualified Plan Employee Section 401(k) Contribution Account" means the account established for a Participant under the Qualified Plan and known as the Employee Section 401(k) Contribution Account.

(u) "Qualified Plan Employer Matching Contribution Account" means the account established for a Participant under the Qualified Plan and known as the Employer Matching Contribution Account.

(v) "Salary Reduction Agreement" means the written salary reduction agreement entered into by a Participant with the Employer pursuant to the Qualified Plan.

(w) "Subsidiary" means any corporation with 80% or more of its voting common stock being owned by the Company.

(x) "Supplemental Deferrals of Compensation" means the amount of the salary reduction credit made by the Employer to the Participant's Supplemental Deferrals of Compensation Account under and in accordance with the terms of this Plan in any Plan Year.

(y) "Supplemental Deferrals of Compensation Account" means the bookkeeping account maintained by the Employer under the Plan for a Participant that is credited with amounts contributed under Section 4.1 of the Plan.

(z) "Supplemental Employer Matching Contribution" means the amount of the matching credit made by the Employer to the Participant's Supplemental Employer Matching Contribution Account under and in accordance with the terms of the Plan in any Plan Year.

(aa) "Supplemental Employer Matching Contribution Account" means the bookkeeping account maintained by the Employer under the Plan for a Participant that is credited with amounts contributed under Section 4.3 of the Plan.

(bb) "Supplemental Salary Reduction Agreement" means the written salary reduction agreement entered into by a Participant and the Company pursuant to this Plan. A form of Supplemental Salary Reduction Agreement is attached as Exhibit "B."

(cc) "Trust" means the Helmerich & Payne, Inc. Supplemental Benefits Trust which has been established and may be used by the Company, its parent or any Subsidiary as the device for assisting the Company, its parent or any Subsidiary in meeting their respective obligations under the Plan. The Trust will hold Supplemental Deferrals of Compensation and Supplemental Employer Matching Contributions and earnings on such amounts. The Trust and any assets held by the Trust will conform to the terms of the model trust as described in Revenue Procedure 92-64, as modified by the Internal Revenue Service.

(dd) "Trustee" or "Trustees" means the entity who has been designated by the Company to serve as Trustee of the Trust.

2.2 Construction. The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, unless the context clearly indicates to the contrary. Any word appearing herein in the plural shall include the singular, where appropriate, and likewise the singular shall include the plural, unless the context clearly indicates to the contrary.

ARTICLE III

ELIGIBILITY

A Participant who (i) is eligible to receive a Qualified Plan Employee Section 401(k) Contribution and Qualified Plan Employer Matching Contribution, but the amount of such benefits are reduced by reason of the application of the Limitations on Benefits, as in effect on the date of commencement of the Qualified Plan Employee Section 401(k) Contributions and Qualified Plan Employer Matching Contributions, or as in effect at any time thereafter, shall be eligible to participate in the Plan and (ii) is among a group of key management employees and who are included in a classification to coverage under this Plan has been extended. A Participant shall only be able to participate in the Plan for any Plan Year with respect to Supplemental

Deferrals of Compensation and Supplemental Employer Matching Contributions only if such Participant has made the maximum elective deferrals under Section 402(g) of the Code or the maximum elective contributions permitted under the terms of the Qualified Plan determined as of the first day of the applicable Plan Year.

ARTICLE IV

SUPPLEMENTAL CONTRIBUTIONS

4.1 Supplemental Deferrals of Compensation. The Supplemental Deferrals of Compensation to be made by the Employer under this Plan for the benefit of a Participant for any Plan Year shall be in an amount equal to the difference between (a) "minus" (b) below where:

(a) is the Qualified Plan Employee Section 401(k) Contributions which would have been allocated to the Qualified Plan Employee Section 401(k) Contribution Account of the Participant for the Plan Year, as determined by the Salary Reduction Agreement between the Participant and the Company in effect for such Plan Year pursuant to the terms of the Qualified Plan based on the assumption that the Participant elected to defer 15% of Compensation (or a lesser percentage which has been designated by the Participant under the Supplemental Salary Reduction Agreement) into the Qualified Plan Employee Section 401(k) Contribution Account, without giving effect to the Limitations on Benefits applicable to the Qualified Plan; and

(b) is the amount of the Qualified Plan Employee Section 401(k) Contributions actually elected by the Participant to the Qualified Plan Employee Section 401(k) Contribution Account of the Participant for the Plan Year determined as of the first day of the plan year applicable to the Qualified Plan.

Provided, in order to be eligible to make Supplemental Deferrals of Compensation into this Plan for any Plan Year, the Participant must have elected to make the maximum Qualified Plan Employee Section 401(k) Contributions to the Qualified Plan as provided under either Sections 401(k)(3) or 402(g) of the Code, or as otherwise limited by the terms of the Qualified Plan. Provided further, the calculation of whether the Participant has made the required maximum contribution to the Qualified Plan will be made as of the beginning of the applicable Plan Year to which such Supplemental Deferrals of Compensation shall be applicable, and once such determination has been made for such Plan Year, then, the Participant may make Supplemental Deferrals of Compensation into this Plan. Provided further, in no event will any Qualified Plan Employee Section 401(k) Contributions or any Qualified Plan Employer Matching Contributions attributable to any Participant be deferred or contributed into this Plan or the Trust from the Qualified Plan.

4.2 Supplemental Salary Reduction Agreement. As a condition to the Company's obligation to make Supplemental Deferrals of Compensation for the benefit of a Participant pursuant to Section 4.1 above, the Participant must execute a Supplemental Salary Reduction Agreement in the form attached hereto as Exhibit "C." The Supplemental Salary Reduction Agreement for any Plan Year shall be made before the beginning of that Plan Year and shall remain in full force and effect for subsequent Plan Years unless revoked by a Participant by written instrument delivered to the Company prior to the beginning of the Plan Year in which

such revocation is to be effective. Provided, for the Plan Year commencing January 1, 1993, this election may be made prior to December 1, 1993 and such election shall be effective as of December 1, 1993 with respect to Supplemental Deferrals of Compensation and Supplemental Employer Matching Contributions made after December 1, 1993 through December 31, 1993 but based on compensation paid during calendar year 1993. Also, the Participant may elect to terminate Supplemental Deferrals of Compensation at any time during the Plan Year, and if such election is made, the Participant may not reenter the Plan until the beginning of the next Plan Year.

4.3 Supplemental Employer Matching Contributions. The Supplemental Employer Matching Contribution to be made by the Company or any Subsidiary for the benefit of a Participant for any Plan Year shall be in an amount equal to the difference between (a) "minus" (b) below where:

(a) is the Qualified Plan Employer Matching Contribution which would have been allocated to the Qualified Plan Employer Matching Contribution Account of the Participant for the Plan Year based on the assumption that the Participant elected to defer 5% of Compensation into the Qualified Plan Employee Section 401(k) Contribution Account without giving effect to any reduction in the Qualified Plan Employer Matching Contribution required by the Limitations on Benefits applicable to the Qualified Plan; and

(b) is the amount of the Qualified Plan Employer Matching Contribution which would be actually allocated to the Qualified Plan Employer Matching Contribution Account of the Participant for the Plan Year.

4.4 Source of Contributions. For the purpose of this Plan, all Supplemental Deferrals of Compensation will be a reduction of the Participant's Compensation prior to the time such amounts would otherwise be actually deferred into the Qualified Plan as an Employee Section 401(k) Contribution; and, all Supplemental Employer Matching Contributions will be made by the Employer without application of any amounts otherwise contributed by the Employer to the Qualified Plan.

4.5 Establishment of Accounts. Supplemental Deferrals of Compensation made for the benefit of a Participant for any Plan Year shall be credited to a Supplemental Employee Contribution Account maintained under the Plan in the name of such Participant within 30 days after the last day of such Plan Year. Supplemental Employer Matching Contributions made for the benefit of a Participant for any Plan Year shall be credited to a Supplemental Employer Matching Contribution Account maintained under the Plan in the name of such Participant at regular intervals during the Plan Year but no later than 30 days after the last day of such Plan Year.

4.6 Form of Benefit. The Supplemental Retirement Benefit payable to a Participant shall be paid in the form of a single lump sum payment. The Participant's election under the Qualified Plan of any optional form of payment of his Qualified Plan Retirement Benefit shall in no manner whatsoever be applicable to or effect the payment of his Supplemental Retirement Benefit under this Plan.

4.7 Commencement of Benefit. Payment of the Supplemental Retirement Benefit to a Participant shall commence on the same date as payment of the Qualified Plan Retirement Benefit to the Participant commences but in no event will payment commence later than 30 days following the Participant's termination of employment or date of death, as the case may be.

4.8 Cost of Benefits. The cost of all benefits under this Plan shall be paid by the Company; however, the Company may require reimbursement for the cost of such benefits from either its parent or any Subsidiary whose employees have been selected to participate in this Plan.

ARTICLE V

INVESTMENT OF SUPPLEMENTAL CONTRIBUTIONS

5.1 Form of Investment. All amounts equal to Supplemental Deferrals of Compensation and Supplemental Employer Matching Contributions will be held by the Trustee of the Trust to be administered in accordance with the terms and provisions of the Trust. Amounts equivalent to Supplemental Deferrals of Compensation will be contributed to the Trust within a reasonable period of time following the deferral of such amounts by the Participant. Amounts equivalent to Supplemental Employer Matching Contributions will be contributed at such time as the Company elects but in no event will such amount be contributed later than 30 days following the end of the Plan Year. Amounts contributed to the Trust shall be invested in accordance with the terms of the Trust; provided, however, in no event shall the assets held in the Trust be invested in any securities issued by the Company, its Subsidiaries or its parent. The Trustee will establish an Account for each Participant which will be used only for recordkeeping purposes, and no Participant shall have any ownership or other rights in such Accounts. The Participants may elect to request the manner of deemed investment of their Plan Accounts represented by Supplemental Deferrals of Compensation (but not Supplemental Employer Matching Contributions) pursuant to such Investment Guidelines as are provided by the Company as provided in Section 5.2 below. The Company will establish methods for accounting for gains and losses with respect to the Accounts in the Trust on a uniform and nondiscriminatory basis. Supplemental Employer Matching Contributions will be credited to the Participant's Supplemental Employer Matching Contribution Account.

5.2 Investment Guidelines. From time to time during the Plan Year the Company will provide "investment guidelines" ("Investment Guidelines") to each Participant and the Company will request each Participant to provide each such Participant's request as to the manner in which each Participant's Supplemental Deferrals of Compensation Account may be deemed to be invested during the following Plan Year. After receipt of each Participants' request as to the appropriate Investment Guidelines, the Company will develop an investment policy (the "Policy") which may or may not be based on such Investment Guidelines, and the Company will forward this Policy to the Trustee of the Trust who has the responsibility to make all investment decisions with regard to the Trust assets in accordance with the terms of the Policy.

ARTICLE VI

DISTRIBUTIONS

6.1 Time and Form of Distributions. Except as provided under Section 6.3 below, all amounts credited to a Participant's Supplemental Employee Contribution Account and Supplemental Employer Matching Contribution Account, including gains and losses credited in accordance with Section 5.1 of the Plan shall be distributed to or with respect to a Participant only upon termination of the Participant's employment with the Employer for any reason including death. All amounts distributable under the Plan shall be distributed in a single lump sum payment within 30 days following the Participant's termination of employment. Distributions may be made in cash or in kind, in the Company's sole discretion.

6.2 Death of Participant. If a Participant should die before distribution of the full amount of Supplemental Employee Contribution Account and Supplemental Employer Matching Contribution Account has been made to him, any remaining amounts shall be distributed to his Beneficiary.

6.3 Beneficiary Designation. The Company will provide a Beneficiary Designation Form on which the Participant shall designate to whom payments should be made in the event of his death. If there is no surviving Beneficiary, then, the Company may make payment to the Participant's estate, his surviving spouse or his surviving children as determined by the Company.

6.4 Termination of Employment - Vesting of Accounts.

(a) General. Unless sooner vested under this Plan, when a Participant ceases to be an Employee, his benefit represented by Supplemental Employer Matching Contribution Accounts shall be determined in accordance with the following Subsection.

(b) Vesting. A Participant shall have vested and nonforfeitable rights in all or part of his benefit represented by his Supplemental Employer Matching Contribution Account, as set forth by the percentages in the applicable table hereafter set forth:

Years of Credited Service	Percent of Supplemental Employer Matching Contribution Account Vested
Less than: 3	0%
At least: 3	20%
4	40%
5	60%
6	80%
7	100%

With respect to a Participant who has any unvested portion of his Supplemental Employer Matching Contribution Account, such Account shall be forfeited and be returned to the Company.

ARTICLE VII

ADMINISTRATION OF THE PLAN

7.1 Administration by the Company. The Company shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof.

7.2 Allocation of Responsibility to the Committee for Plan Administration. The Committee shall have only those specific powers, duties, responsibilities and obligations as are specifically given them under the Plan or the Trust. In general, the Company shall have the sole responsibility for appointing and removing Committee members, as provided in Section 7.3 herein. The Committee shall have the sole responsibility for the administration of this Plan, which responsibility is specifically described in this Plan.

7.3 Appointment of Committee. The Plan shall be administered by a Human Resources Committee consisting of at least three members of the Board who shall be appointed by and serve at the pleasure of the Board. No member of the Human Resources Committee shall be eligible to participate in the Plan.

7.4 Rules and Decisions. The Committee may adopt such rules as it deems necessary, desirable, or appropriate to administer the Plan.

7.5 Authorization of Benefit Payments". The Committee shall issue directions to the Trustees concerning all Benefits which are to be paid from the Plan.

ARTICLE VIII

AMENDMENT OR TERMINATION

8.1 Amendment or Termination. The Company intends the Plan to be permanent but reserves the right to amend or terminate the Plan when, in the sole opinion of the Company, such amendment or termination is advisable. Any such amendment or termination shall be made pursuant to a resolution of the Board and shall be effective as of the date of such resolution.

8.2 Effect of Amendment or Termination No amendment to or termination of the Plan shall directly or indirectly deprive any current or former Participant of all or any portion of any Supplemental Deferrals of Compensation or Supplemental Employer Matching Contribution payment of which has accrued prior to the effective date of such amendment or termination or which would be payable if the Participant terminated employment for any reason, including death, on such effective date of amendment or termination. Further in the event of the termination of this Plan by the Company, each Participant shall be 100% vested and nonforfeitable in all of his benefit accrued as of such date of termination.

ARTICLE IX

GENERAL PROVISIONS

9.1 Funding. The Plan at all times shall be entirely unfunded and no provision shall at any time be made with respect to segregating any assets of the Employer for payment of any benefits hereunder. No Participant or any other person shall have any interest in any particular assets of the Company by reason of the right to receive a benefit under the Plan and any such Participant or other person shall have only the rights of a general unsecured creditor of the Employer with respect to any rights under the Plan. No right or benefit under this Plan shall in any manner be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of any Participant or Beneficiary, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit. If any Participant under this Plan should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge any right to a benefit hereunder or under the Plan, then such right or benefit shall, in the discretion of the Employer, cease and determine, and, in such event, the Employer may hold or apply the same or any part thereof for the benefit of such Participant, his or her spouse, children, or other dependents, or any of them, in such manner and in such portion as the Employer, in its sole and absolute discretion, may deem proper.

9.2 No Guaranty of Benefits. Nothing contained in the Plan shall constitute a guaranty by the Employer or any other entity or person that the assets of the Employer will be sufficient to pay any benefit hereunder.

9.3 No Enlargement of Employee Rights. No Participant shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. The establishment of the Plan shall not be construed to give any Participant the right to be retained in the employment service of the Employer.

9.4 Spendthrift Provision. No action under this Plan by the Employer or its Board shall be construed as creating a trust, escrow or other secured or segregated fund in favor of the Participant or any other persons otherwise entitled to his Supplemental Employee Contribution Account or Supplemental Employer Matching Contribution Account which is not otherwise subject to the claims of unsecured creditors of the Company. The Plan constitutes a mere promise by the Company to make benefit payments in the future. The status of the Participant with respect to any liabilities assumed by the Employer hereunder shall be solely those of unsecured creditors of the Employer and its Subsidiaries who employ such Participant. Any asset acquired or held by the Employer in connection with liabilities assumed by it hereunder, shall not be deemed to be held under any trust (other than the Helmerich & Payne, Inc. Supplemental Benefits Trust), escrow or other secured or segregated fund for the benefit of the Participant or to be security for the performance of the obligations of the Employer, but shall be, and remain a general, unpledged, unrestricted asset of the Employer at all times subject to the claims of general creditors of the Employer. The Company has created the Trust which relates to the Plan. The assets in the Trust will at all times be subject to the unsecured creditors of the Company.

9.5 Incapacity of Recipient. If any person entitled to a benefit payment under the Plan is deemed by the Company to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until claim therefor shall have been made by a duly appointed guardian or other legal representative of such person, the Company may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Company and the Plan therefor.

9.6 Corporate Successors. The Plan shall not be automatically terminated by a transfer or sale of assets of the Company or by the merger or consolidation of the Company into or with any other corporation or other entity, but the Plan shall be continued after such sale, merger or consolidation only if and to the extent that the transferee, purchaser or successor entity agrees to continue the Plan. In the event that the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate subject to the provisions of Section 8.2.

9.7 Unclaimed Benefit. Each Participant shall keep the Company informed of his current address and the current address of his Beneficiary. The Company shall not be obligated to search for the whereabouts of any person. If the location of a Participant is not made known to the Company within three years after the date on which payment of the Participant's Supplemental Employee Contribution Account and Supplemental Employer Matching Contribution Account may first be made, payment may be made as though the Participant had died at the end of the three-year period. If, within one additional year after such three-year period has elapsed, or, within three years after the actual death of a Participant, the Company is unable to locate any designated Beneficiary of the Participant, then, the Company shall have no further obligation to pay any benefit hereunder to such Participant or designated Beneficiary or any other person and such benefit shall be irrevocably forfeited.

9.8 Limitations on Liability. Notwithstanding any of the preceding provisions of the Plan, neither the Employer nor any individual acting as an employee or agent of the Employer shall be liable to any Participant, former Participant, or any other person for any claim, loss, liability or expense incurred in connection with the Plan unless such claim, loss, liability or expense is due to the gross negligence or willful misconduct of the Employer.

9.9 Withholding and Other Employment Taxes. The Employer shall comply with all federal and state laws and regulations respecting the withholding, deposit and payment of any income or other taxes relating to any payments made under this Plan.

9.10 Claims Procedure.

(a) The Company shall make all determinations as to the right of any person to benefits under this Plan. If any request for benefits is wholly or partially denied, the Company shall notify the person requesting such benefits, in writing, of such denial, including in such notification the following information:

(i) the specific reason or reasons for such denial;

(ii) the specific references to the pertinent Plan provisions upon which the denial is based;

(iii) a description of any additional material and information which may be needed to clarify the request, including an explanation of why such information is required; and

(iv) an explanation of the Plan's review procedure with respect to denial of such benefits.

Provided, that any such notice to be delivered to any Participant or beneficiary must be personally delivered to such Participant by obtaining a signed receipt therefor or must be mailed by certified or registered mail to such Participant.

(b) Any Participant or beneficiary, whose claim has been denied, may appeal to the Company for review of such denial by making a written request therefor within 60 days after receipt of the notification of such denial. Such Participant or beneficiary may examine documents pertinent to the review and may submit to the Company written issues and comments. Within 60 days after receipt of the request for review, the Company shall communicate to the claimant, in writing, its decision, and the communication shall set forth the reason for the decision and specific reference to those Plan provisions upon which the decision is based.

9.11 Applicable Law. The Plan shall be construed and administered under the laws of the State of Oklahoma.

9.12 Binding Effect. To the extent provided in this Plan, the Plan shall be binding upon the Company and its successors and assigns.

9.13 Effective Date. The effective date of this Plan shall be November 1, 1993.

HELMERICH & PAYNE, INC., a Delaware corporation

ATTEST:

Steven R. Mackey

Secretary
[SEAL]

By Hans C. Helmerich

President

EXHIBIT "A"
TO
SUPPLEMENTAL SAVINGS PLAN
FOR EMPLOYEES OF
HELMERICH & PAYNE, INC.

1. Hans C. Helmerich
2. Allen S. Braumiller
3. George S. Dotson
4. Douglas E. Fears
5. Jerome T. Johnson
6. Steven R. Mackey
7. Merrill A. Miller, Jr.
8. James L. Payne
9. Steven Shaw
10. Todd F. Sprague
11. Clint K. Whisenhunt

EXHIBIT "B"
TO
SUPPLEMENTAL SAVINGS PLAN FOR
SALARIED EMPLOYEES OF HELMERICH & PAYNE, INC.
BENEFICIARY DESIGNATION FORM

The undersigned Participant hereby designates the following primary and contingent beneficiaries to receive all benefits payable to him under the Supplemental Savings Plan for Salaried Employees of Helmerich & Payne, Inc. (the "Plan") in the event of his death:

	Primary -----	
Name ----	Address -----	Relationship -----
	Contingent -----	
Name ----	Address -----	Relationship -----

The undersigned Participant understands that during his lifetime, he shall have the right at any time to select and change selection of the beneficiary or beneficiaries by delivering to Helmerich & Payne, Inc. a request for a change of beneficiaries. Upon receipt and acceptance by the Company, all previous beneficiary designations shall be null and void.

Participant's Signature

Date:

ACCEPTED THIS _____ DAY OF _____, 19__ BY _____ ON BEHALF OF HELMERICH & PAYNE, INC.

HELMERICH & PAYNE, INC., a
Delaware corporation

ATTEST:

By

Secretary President

EXHIBIT "C"
TO
SUPPLEMENTAL SAVINGS PLAN
FOR SALARIED EMPLOYEES OF
HELMERICH & PAYNE, INC.

SUPPLEMENTAL SALARY REDUCTION AGREEMENT

As a condition to receiving Supplemental Deferrals of Compensation under the Supplemental Savings Plan for Salaried Employees of Helmerich & Payne, Inc., I hereby agree that:

1. The Compensation otherwise payable to me by the Employer for the period commencing _____, 19__ and ending _____, 19__, shall be reduced by an amount of Supplemental Deferrals of Compensation determined by electing one of the following:

__ **15% of Compensation**

__ _____ **(Enter 1% - 14%) of Compensation**

2. I have received a copy of the Plan and agree to be bound by the terms and provisions thereof.

Dated:

Participant

"PARTICIPANT"

Dated: _____

HELMERICH & PAYNE, INC., a
Delaware corporation

By: _____
President

"COMPANY"

HELMERICH & PAYNE, INC. ANNUAL REPORT FOR 1999

Revenue Breakdown for 1999

[CHART]

FINANCIAL HIGHLIGHTS

Years Ended September 30,	1999	1998
Revenues	\$ 564,319,000	\$ 636,640,000
Net Income	\$ 42,788,000	\$ 101,154,000
Diluted Earnings Per Share	\$.86	\$ 2.00
Dividends Paid Per Share	\$.28	\$.275
Capital Expenditures	\$ 122,951,000	\$ 266,299,000
Total Assets	\$ 1,109,699,000	\$ 1,090,430,000

PRESIDENT'S LETTER

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

At the closing of this century, dubbed by some "The Century of Oil," energy continues to play a fascinating role on the world stage. Wars have been waged over its control and strategic advantage. Great machines of commerce, defense, and development have been fueled by its availability and abundance. It is hard to imagine turning through the pages of history for the last hundred years without the oil patch occupying a prominent place.

Your Company has been privileged to play a part of that story for eighty years. Perhaps by now, we should be able to figure out where things are going. But true to character, predicting the future of the energy business remains elusive. Earlier this year, prices plunged to a fifty-year, inflation-adjusted low, prompting seasoned observers, notably *The Economist*, to predict the specter of prolonged pricing pain in a range of \$5 per barrel. Within mere months, oil prices threatened to reach a \$30 threshold on the strength of OPEC solidarity and recovering worldwide demand. These dramatic price swings reflect the unprecedented shifts occurring in the industry at the change of the century.

What can be said as we move into the new millennium?

While no one is suggesting "The Century of Oil, Part Two," future worldwide energy needs will continue to grow, even in a world of less steel and more E-commerce.

The global economy's appetite for more energy will be met primarily from OPEC's low cost supplies. While OPEC's market share will certainly grow, the non-OPEC countries must still provide around half of the demand, and their major fields continue to mature and deplete. New production will be supplied from expensive frontier and deepwater exploration efforts.

The need for new drilling is even more profound for declining natural gas production. Over the next ten years, the United States is expected to burn half again our current domestic reserves. Going forward, an emerging cycle of strong supply and demand fundamentals is taking shape. Like always before, there will be ups and downs and unforeseen surprises.

Predictably, financial strength and flexibility will be needed to cope with the industry's cyclicality and constant change. Technology will continue to be a key driver in delivering added value and reducing costs. Yet the challenge that will determine the clearest strategic advantage is on the people side of the business.

From the beginning, our Company has succeeded on the skill, experience, and creative contributions of its people. At the same time, we operate in an industry that has lost over half of its workforce during the last twenty years and continues to suffer from an immeasurable drain of institutional knowledge. Thankfully, that is not the case at Helmerich & Payne, Inc. We are stronger and more talented throughout the organization than ever before. No annual report can capture the enterprise value found in the culture, shared values, and loyalty of its people. Perhaps that story is best told by customers, partners, suppliers, and competitors who know us best and with whom we earn our reputation everyday. As the calendar turns to the year 2000, your Company is confident and excited about the future.

Sincerely,

/s/ HANS HELMERICH

*Hans Helmerich
President*

December 15, 1999

DRILLING HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

SUMMARY Helmerich & Payne International Drilling Co. is a leading drilling contractor with a fleet of 89 drilling rigs worldwide. The Company owns 79 land rigs, 40 of which were located in the United States at year-end, and 39 located in the countries of Venezuela (18), Colombia (10), Bolivia (5), Ecuador (4), and Argentina (2). Additionally, the Company owns 10 offshore platform rigs in the Gulf of Mexico and jointly owns, with Atwood Oceanics, Inc., an offshore platform rig located in Australia. Helmerich & Payne International Drilling Co. also provides management services for two Exxon-owned platform rigs operating offshore California.

Low oil prices had a considerable negative impact on the financial performance of the Company, as well as on the contract drilling industry worldwide. Total contract drilling revenues slipped eight percent in 1999, interrupting a string of consecutive increases which began over a decade ago in 1987. Earnings before interest, taxes, depreciation, and amortization (EBITDA) fell ten percent to \$127.3 million, and pre-tax operating profit fell to \$60 million, from \$86.7 million in 1998.

INTERNATIONAL OPERATIONS Rig utilization fell to an average of 53 percent in 1999, compared to 88 percent in 1998. The Company's Venezuelan operation was the hardest hit during the year as rig activity fell to less than half of the previous year's level, resulting in revenue and EBITDA declines of 55 percent and 65 percent, respectively, in that country. As a leading member of OPEC, Venezuela sharply curtailed production and development activities in its effort to adhere to the revised quota arrangement set forth by the cartel. During 1999, the Company transferred four land rigs and one offshore platform rig from Venezuela to the United

States. One of the land rigs and the platform rig began working in the U.S. market during 1999, and another land rig is committed to stay in the U.S. Out of the two remaining land rigs, one was returned to Venezuela in November after refurbishment, and the other will return to the international market at the earliest opportunity.

The Company's operations in Colombia also slowed, with revenues and EBITDA there decreasing 23 percent and 18 percent, respectively. Improvements in the Venezuelan and Colombian drilling markets will likely correlate highly with the health of the world oil market. Additionally, both of these countries grapple with considerable socioeconomic and political challenges, which could also have a significant impact on the speed at which oil exploration and development activities resume to levels the Company has experienced in years past.

Increased activity in Argentina and Bolivia helped offset part of the decline experienced internationally in 1999. A significant portion of the drilling in Argentina and Bolivia is aimed at developing natural gas supplies for growing markets in the southern cone region of South America.

The Company completed the rig construction phase of Mobil's Jade project, which made a significant contribution to revenues and EBITDA during 1999. Separately, Helmerich & Payne International Drilling Co. was awarded a management contract for the Jade offshore platform, which is scheduled to begin early in calendar year 2000 in Equatorial Guinea, West Africa.

UNITED STATES OPERATIONS The weak crude oil market also factored into the U.S. drilling market during

1999, resulting in lower activity levels and dayrates. Utilization averaged 75 percent in 1999, compared with 95 percent in 1998. Lower activity, coupled with decreased dayrates, caused domestic land drilling revenues and EBITDA to decline by 26 percent and 64 percent, respectively. The U.S. land drilling market is becoming increasingly skewed toward natural gas, so future activity levels are likely to become more dependent on the price of this commodity and less on the price of crude oil. During 1999, the Company's active rigs drilled almost exclusively for natural gas.

The Company's ten offshore platform rigs remained highly active through most of the year, averaging a utilization rate of 95 percent. Domestic offshore revenues and EBITDA increased 24 percent and 39 percent, respectively, over the 1998 level.

OUTLOOK Two important factors drive the Company's operating strategy going forward. First, financial strength and flexibility are important in an industry where cycles are as severe as the one recently experienced. Second, customers will increasingly demand better rig equipment and technology, and higher standards for safety and operating performance in their drilling programs. Even under depressed industry conditions, when the dayrate seems to reign as the paramount component in a bid, the Company has quantified the significant impact that quality performance can have on the ultimate cost of a well. Safety and training programs, high standards for rig maintenance, and design, engineering, and construction experience are in and of themselves sound investments. The return on these investments comes in new projects, solid, long-term customer relationships, a well-recognized reputation for quality performance, and the highest rig utilization among our peers in key drilling markets.

EXPLORATION & PRODUCTION HELMERICH & PAYNE, INC.

SUMMARY Helmerich & Payne, Inc. explores for and produces crude oil and natural gas primarily in the states of Kansas, Louisiana, Oklahoma, and Texas. Additionally, the Company provides natural gas marketing services through its wholly-owned subsidiary, Helmerich & Payne Energy Services, Inc.

Helmerich & Payne, Inc. produced an average of 1,779 barrels of oil per day in 1999, compared with 1,921 barrels per day in 1998. Although oil prices fell in 1999 to their lowest point in many years, the average price the Company received declined only slightly to \$14.60 per barrel, from \$14.74 per barrel in 1998. Natural gas production increased to 121,206 thousand cubic feet (Mcf) per day, from 117,431 Mcf per day. The average price received for natural gas fell ten percent to \$1.83 per Mcf, from \$2.04 per Mcf in 1998. Reductions in both oil production and natural gas prices pushed revenues down three percent, to \$96 million. Additionally, higher depreciation, geophysical, and lease abandonment expenses reduced operating profit to \$11.2 million in 1999, compared with \$28.1 million in 1998.

NATURAL GAS MARKETING Helmerich & Payne Energy Services, Inc. realized a three percent increase in revenues and an 83 percent increase in operating profit in 1999. The dramatic increase in operating profit resulted from favorable forward prices contracted on a small portion of marketed production prior to last year's mild winter.

EXPLORATION ACTIVITIES Helmerich & Payne, Inc. participated in the drilling of 49 (23.9 net) wells in 1999, of which 33 (15.5 net) were completed as natural gas wells, two (1.3 net) as oil wells, and 14 (7.1 net) as dry holes. A total of 15 (5.5 net) wells were exploratory and the remaining 34 (18.4 net) were development wells. Proved reserves at year-end were 4.8 million barrels of oil and 239.6 billion cubic feet (Bcf) of natural gas.

Over the past two years, the Company has focused on prospect development utilizing 3D seismic technology. The Company is presently involved in a number of 3D seismic surveys covering over 850 square miles in Texas and Louisiana. Three of these surveys encompassed 185 square miles in Jefferson County, Texas, where the Company has an acreage position with working interests ranging from 54 percent to 66 percent. Four successful wells were drilled in this area during 1999. The Company also participated in 65 square miles of 3D seismic in West Texas and a 94 square mile survey in Galveston County, Texas. Five wells were drilled on these prospects in 1999; two of four Galveston County wells were successful and the West Texas well was in progress at year-end. The Company also participated in a 200 square mile, 3D seismic survey on another south Texas prospect where a wildcat well was drilling at year-end. The Company could potentially participate in more than 20 wells in its Texas prospect areas alone during the first half of fiscal 2000.

In Louisiana, the Company purchased a 42 percent working interest in a prospect in Calcasieu Parish, as well as 50 square miles of 3D seismic in the area. At calendar year-end, the first wildcat well was nearing completion and a second well was about to spud.

OUTLOOK Due to the nature of the exploration business, many projects can take years to come to fruition. This makes it challenging to gauge the overall success of an effort, particularly when looking at annual reserve replacement and finding cost data. Over the past two years, the Company has invested almost \$35 million in acreage and seismic to develop a larger and more technologically-focused portfolio of promising prospects. With this significant amount of spadework completed, the Company is poised to participate in more exploratory drilling in fiscal 2000 than it has in several years.

Revenues and Operating Profit by Business Segments HELMERICH & PAYNE, INC.

Years Ended September 30,	1999	1998	1997
	-----	-----	-----
	(in thousands)		
SALES AND OTHER REVENUES:			
Contract Drilling - Domestic	\$ 213,647	\$ 177,059	\$ 140,294
Contract Drilling - International	182,987	253,072	176,651
	-----	-----	-----
Total Contract Drilling	396,634	430,131	316,945
	-----	-----	-----
Exploration and Production	95,953	98,696	111,512
Natural Gas Marketing	55,259	53,499	69,015
	-----	-----	-----
Total Oil and Gas Operations	151,212	152,195	180,527
	-----	-----	-----
Real Estate	8,671	8,922	8,641
Other	7,802	45,392	11,746
	-----	-----	-----
Total Revenues	\$ 564,319	\$ 636,640	\$ 517,859
	=====	=====	=====
OPERATING PROFIT:			
Contract Drilling - Domestic	\$ 30,154	\$ 35,817	\$ 24,437
Contract Drilling - International	29,845	50,834	43,118
	-----	-----	-----
Total Contract Drilling	59,999	86,651	67,555
	-----	-----	-----
Exploration and Production	11,245	28,088	55,191
Natural Gas Marketing	4,418	2,418	3,363
	-----	-----	-----
Total Oil and Gas Operations	15,663	30,506	58,554
	-----	-----	-----
Real Estate	5,338	5,371	5,615
	-----	-----	-----
Total Operating Profit	81,000	122,528	131,724
	-----	-----	-----
OTHER:			
Income from investments	7,757	44,603	11,437
General and administrative expense	(14,198)	(11,762)	(9,346)
Interest expense	(6,481)	(942)	(4,212)
Corporate depreciation	(1,565)	(1,280)	(919)
Other corporate expense	(1,575)	(927)	(1,269)
	-----	-----	-----
Total Other	(16,062)	29,692	(4,309)
	-----	-----	-----
INCOME BEFORE INCOME TAXES AND			
EQUITY IN INCOME OF AFFILIATE	\$ 64,938	\$ 152,220	\$ 127,415
	=====	=====	=====

Note: See Note 13 (pages 31 and 32) for complete segment disclosure.

HELMERICH & PAYNE, INC.

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, 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.

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 1999 was \$42,788,000 (\$0.86 per share), compared with net income of \$101,154,000 (\$2.00 per share) in 1998, and \$84,186,000 (\$1.67 per share) in 1997. Included in the Company's net income, but not related to its operations, were after-tax gains from the sale of investment securities of \$1,562,000 (\$0.03 per share) in 1999, \$23,417,000 (\$0.46 per share) in 1998, and \$2,870,000 (\$0.06 per share) in 1997. Also included is the Company's portion of income from its equity affiliate, Atwood Oceanics, Inc., which was \$0.07 per share in 1999, \$0.11 per share in 1998, and \$0.05 per share in 1997. Net income also included non-cash charges of \$6,237,000 (\$0.13 per share) in 1999 and \$3,356,000 (\$0.07 per share) in 1998 related to the write-down of producing properties 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.

Consolidated revenues were \$564,319,000 in 1999, \$636,640,000 in 1998, and \$517,859,000 in 1997. The 11 percent decline from 1998 to 1999 was primarily due to the \$70,085,000 reduction in international contract drilling revenues. An increase in domestic contract drilling revenues of \$36,588,000 was offset by a decline in investment revenues of \$36,846,000. The 23 percent increase from 1997 to 1998 was due to higher dayrates and utilization in the contract drilling division and higher capital gains from the sales of equity securities. Significant increases in these areas helped offset lower revenues from the Exploration and Production Division due to lower crude oil and natural gas prices.

Revenues from investments were \$7,757,000 in 1999, \$44,603,000 in 1998, and \$11,437,000 in 1997. Included in revenues from investments were pre-tax gains from the sale of investment securities of \$2,547,000 in 1999, \$38,421,000 in 1998, and \$4,697,000 in 1997. Interest income was stable during 1999, 1998, and 1997, but dividend income declined slightly as the Company sold shares of dividend paying stocks during the last two years.

Costs and expenses in 1999 were \$499,381,000, 88 percent of revenues, compared with 76 percent in 1998, and 75 percent in 1997. Operating costs, as a percentage of operating revenues, were 60 percent in 1999, 58 percent in 1998, and 55 percent in 1997.

Depreciation, depletion, and amortization (DD&A) expense increased by approximately 24 percent in each of the last two years, due primarily to increases in capital investment made by the Company during the last several years. Also included in DD&A are SFAS 121 impairment charges of \$10,059,000 in 1999 and \$5,413,000 in 1998. There were no such charges in 1997.

General and administrative expenses increased by 21 percent to \$14,198,000 in 1999, compared with \$11,762,000 in 1998, and \$9,346,000 in 1997. Higher overall payroll costs and additional information technology staffing were primary reasons for the increases the last two years. Because of the impact of foreign taxes, income tax expense rose to 40 percent of pre-tax income in 1999, from 37 percent in 1998, and 36 percent in 1997.

Interest expense rose to \$6,481,000 in 1999, from \$942,000 in 1998, and \$4,212,000 in 1997. Outstanding bank loans rose at the end of 1998 and into the first half of 1999 as the Company completed a substantial capital expenditure program and, in 1998, repurchased some of its stock.

CONTRACT DRILLING DIVISION revenues, which include both domestic and international segment revenues, declined eight percent to \$396,634,000 during 1999, from \$430,131,000 in 1998. Revenues for 1998 were up 36 percent over the previous year. Division operating profit declined 31 percent to \$59,999,000 during 1999, compared with a 28 percent increase from 1997 to 1998.

Domestic segment revenues were \$213,647,000 in 1999, \$177,059,000 in 1998, and \$140,294,000 in 1997. Domestic segment operating profit was \$30,154,000 in 1999, \$35,817,000 in 1998, and \$24,437,000 in 1997. Domestic segment revenues were up for 1999 mainly due to \$40,790,000 of revenues from the Mobil Jade rig construction project and increased offshore platform rig revenues. Domestic operating profit was down because of lower land rig utilization and dayrates. However, operating profit for 1999 was bolstered by several non-recurring items such as income from the Jade construction project and from several capital reimbursements from operators for new rig equipment on existing rigs. Approximately \$7.5 million of operating profit from these sources will likely not occur in fiscal 2000. Domestic segment revenues and operating profit for 1998 increased over 1997 because of improved dayrates from both U.S. land and offshore rig operations and higher utilization of the Company's offshore platform rigs. Rig utilization for the U.S. land fleet was 69 percent in 1999, 94 percent in 1998, and 99 percent in 1997. Domestic platform rig utilization was 95 percent in 1999, 99 percent in 1998, and 63 percent in 1997. Revenues and operating profit for domestic operations could be lower in 2000 if rig demand remains soft.

International segment revenues fell 28 percent to \$182,987,000 during 1999, from \$253,072,000 in 1998. Revenues were \$176,651,000 in 1997. Operating profit for the international segment declined to \$29,845,000 in 1999, from \$50,834,000 in 1998, and \$43,118,000 in 1997. International rig utilization averaged 53 percent during 1999, 88 percent in 1998, and 91 percent in 1997. Revenues and operating profit increased significantly from 1997 to 1998 due to additional rigs and increased dayrates in Venezuela, Ecuador, Peru, and Bolivia. However, as crude oil prices declined, rig activity and profitability declined rapidly during the last half of 1999, particularly in Venezuela. It is anticipated that during 2000, international revenues and operating profit will be down substantially compared with 1999, because of low rig utilization, dayrates and profit margins, particularly in Venezuela and Colombia.

The Company has international operations in several South American countries. With the exception of Venezuela, the Company's exposure to currency valuation losses is immaterial due to the fact that virtually all billings and payments are in U.S. dollars. 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 1999, the Company experienced a loss of \$711,566 due to devaluation of the bolivar, compared with a \$2,204,000 loss in 1998, and a \$579,000 loss in 1997. The Company anticipates additional devaluation losses in Venezuela during 2000, but it is unable to predict the extent of either the devaluation, or its financial impact. Should Venezuela experience a 25 to 50 percent devaluation, Company losses could range from approximately \$350,000 to \$600,000. Using the same assumptions in 1998 resulted in the Company estimating foreign currency losses in Venezuela for 1999 ranging from \$1,500,000 to \$2,700,000.

OIL AND GAS DIVISION includes operating results from its Exploration and Production segment, as depicted in the following table, and its Natural Gas Marketing segment.

Exploration & Production	1999	1998	1997
	-----	-----	-----
Revenues (in 000's)	\$ 95,953	\$ 98,696	\$ 111,512
Operating Profit (in 000's)	\$ 11,245	\$ 28,088	\$ 55,191
Natural Gas Production (mmcf per day)	121.2	117.4	110.9
Average Natural Gas Price (per mcf)	\$ 1.83	\$ 2.04	\$ 2.23
Crude Oil Production (barrels per day)	1,779	1,921	2,700
Average Crude Oil Price (per barrel)	\$ 14.60	\$ 14.74	20.77

Exploration and Production segment revenues and operating profit have declined the past two years as both crude oil and natural gas prices have fallen. Natural gas production increased slightly over the last two years, while oil production has decreased substantially. Much of the decline in oil production was due to the sale of the Company's, Austin Chalk production in the first quarter of 1998.

Operating profit has been impacted the last three years by the Company's efforts to increase the quantity and quality of its exploration projects. Accordingly, geophysical expense and reserve for capitalized costs of undeveloped leases have increased. Also, the Company incurred pre-tax impairment charges as required by SFAS 121 of \$10,059,000 in 1999 and \$5,413,000 in 1998. No impairment charges were incurred in 1997.

During 2000, the Company intends to increase its capital spending over the previous year in order to participate in more exploratory opportunities. Therefore, operating profit for the coming year will be impacted by the results of those efforts. Geophysical expense, reserve for capitalized costs of undeveloped leases, and dry hole expense could be higher as a result of more exploration activity. Also, it is difficult to predict the movement of crude oil and natural gas prices and their impact on operating profit.

The Company's Natural Gas Marketing segment, Helmerich & Payne Energy Services, Inc., (HPESI) derives most of its revenues from selling natural gas produced by other unaffiliated companies. Total Natural Gas Marketing segment revenues were \$55,259,000 in 1999, \$53,499,000 in 1998, and \$69,015,000 in 1997. Operating profit was \$4,418,000 in 1999, \$2,418,000 in 1998, and \$3,363,000 in 1997. Most of the natural gas owned and produced by the Exploration and Production segment is sold through HPESI to third parties at variable prices based on industry pricing publications or exchange quotations. Revenues for the Company's own natural gas production are reported by the Exploration and Production segment with the Natural Gas Marketing segment retaining a market-based fee from the sale of such production. HPESI sells most of its natural gas with monthly or daily contracts tied to industry market indices, such as Inside FERC Gas Market Report. The Company, through HPESI, has natural gas delivery commitments for periods of less than a year for approximately 35 percent of its total natural gas production. At times, HPESI may enter into fixed price natural gas sales contracts on a small portion (less than ten percent) of its natural gas sales for periods of less than twelve months to guarantee a certain price. In 1999, HPESI had approximately 2.3 percent of its natural gas sales portfolio dedicated to such fixed price contracts. As of September 30, 1999, HPESI had fixed price contracts for approximately 10 percent of its projected monthly sales

for the months of November, 1999 through March, 2000, and fixed price contracts for less than four percent of its projected sales for the remainder of fiscal year 2000. There were no fixed price contracts in effect at September 30, 1998.

REAL ESTATE DIVISION revenues totaled \$8,671,000 for 1999, \$8,922,000 for 1998, and \$8,641,000 for 1997. Operating profit was \$5,338,000 in 1999, \$5,371,000 in 1998, and \$5,615,000 in 1997. The general economy in Tulsa continued to grow during the year resulting in occupancy rates, revenues, and operating profit remaining strong. Revenues and operating profit for 1997 also reflected the sale of a small parcel of land for a gain of \$400,000. No material changes are anticipated in the Real Estate Division in 2000.

YEAR 2000 COMPLIANCE

The Company's State of Readiness

THE FOLLOWING INFORMATION SHALL CONSTITUTE THE COMPANY'S "YEAR 2000 READINESS DISCLOSURE" WITHIN THE MEANING OF THE YEAR 2000 INFORMATION READINESS ACT.

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

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

- Phase 1: Identification - Identify and inventory mission critical components of Company operations and systems that may be affected.
- Phase 2: Assessment - Determine which hardware, software and equipment must be modified, upgraded or replaced.
- Phase 3: Remediation - Modify, upgrade or replace non-compliant hardware, software and equipment.
- Phase 4: Testing - Fully test all IT systems which are material to the Company's operations. Selectively test those Non-IT systems and equipment which are material to the Company's operations.

For the purposes of the Y2K Project material items are those items the Company believes to have a risk involving safety of individuals, damage to the environment, material effect on revenues or material damage to property.

The following represents the status of the Company's IT and Non-IT Y2K Compliance:

	STATUS OF COMPLETION
IT	
o Core accounting and operational (mainframe) systems	Phases 1, 2, 3 & 4 Completed
o Human Resources & Payroll Systems	Phases 1, 2, 3 & 4 Completed
o Network	Phases 1, 2, 3 & 4 Completed
o Desktop Computer Hardware	Phases 1, 2, 3 & 4 Completed
o Standard Company Desktop Computer Software	Phases 1, 2, 3 & 4 Completed
o Business Unit User Software	Phases 1, 2, 3 & 4 Completed
NON-IT	
o Systems and Equipment	Phases 1, 2, 3 & 4 Completed

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

The Cost to Address Y2K Issues

The cost of the Company's Y2K compliance Project was approximately \$800,000 which was well below the \$1,000,000 budgeted for this purpose. This cost included costs of employees working on the Y2K Project. Costs for new hardware and equipment are being capitalized, and other costs were expensed as incurred. The costs relating to the Company's Y2K Project were paid from the Company's general funds. This expenditure mainly relates to repair, upgrading or replacement of existing software and hardware, and solicitation and evaluation of information received from significant vendors, service providers, or customers. The total cost included the costs of independent consultants engaged to review selected Y2K issues.

The Company's Contingency Plan

The Company has refined its contingency plans on a business unit and departmental basis. These contingency plans include, but are not limited to: backup and recovery procedures for IT Systems; remediation of existing systems or equipment; installation

of new systems or equipment; stockpiling of Y2K compliant goods and supplies; stockpiling old equipment which does not contain embedded technology; replacement of current services with temporary manual processes; finding non-technological alternatives or sources for information; or identification of alternative customers, suppliers or outsourcing subcontractors who stand ready to receive or provide critical goods, equipment and services. The Company has engaged a computer recovery services contractor as a source of alternative computer systems as part of its contingency plan.

The Risks of The Company's Y2K Issues

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

The preceding Y2K disclosure is based upon certain forward-looking information. This forward-looking information is based on Management's good faith estimates. These estimates were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third-party plans and other factors. Due to the general uncertainty inherent in Y2K issues, including the uncertainty of third party Y2K compliance, the Company cannot ensure its ability to timely and cost-effectively resolve problems associated with Y2K issues that may affect its operations and business, or expose it to third party liability.

LIQUIDITY AND CAPITAL RESOURCES

The Company's capital spending for 1999 was \$122,951,000, less than half of 1998 capital expenditures of \$266,299,000, and 24 percent less than the \$161,177,000 spent in 1997. Net cash provided from operating activities for those same time periods were \$158,694,000 in 1999, \$113,533,000 in 1998, and \$165,568,000 in 1997. In addition to the net cash provided by operating activities, the Company also generated net proceeds from the sale of portfolio securities of \$2,803,000 in 1999, \$73,949,000 in 1998, and \$8,557,000 in 1997. In June 1998, the board of directors authorized the Company to repurchase up to 2,000,000 shares of its own stock during a period of one year. A total of 999,100 shares were repurchased in 1998 at a total cost of \$19,112,000. The Company plans to increase capital spending during 2000 in its Exploration and Production segment. The increase will likely be offset by a decrease in capital spending in the Company's Contract Drilling Division. The potential for new contract drilling projects requiring large amounts of capital is difficult to predict at this time.

Due to the need for additional funds during 1998 resulting from a reduction in operating cash flow, a significant increase in capital expenditures, and the stock buyback program, the Company increased its available short-term lines of credit and obtained long-term financing. On September 30, 1999, the Company had \$5 million in short-term debt borrowings, which had a weighted average maturity of 19 days and a weighted average interest rate of approximately 5.73 percent. As further described in Note 2 of Notes to Consolidated Financial Statements, in October 1998, the Company obtained an additional \$50 million in long-term debt proceeds which was used to pay off a portion of its short-term borrowings. The \$50 million of long-term debt matures in October 2003. The interest rate on this debt fluctuates based on 30-day London Interbank Offered Rate (LIBOR), however, simultaneous to receiving the \$50 million in long-term debt proceeds, the Company entered into a \$50 million interest rate swap agreement with a major national bank. The swap effectively fixes the interest rate on this facility at 5.38 percent for the entire 5-year term of the note. The estimated fair value of the interest rate swap is \$2,574,000 at September 30, 1999. The Company's interest rate risk exposure is limited to its short-term borrowings and results predominately from fluctuations in short-term interest rates as measured by 30-day LIBOR. The Company generally borrows for 30-day time periods, and can fix its interest rate for 30-day increments at spreads ranging from 35 to 50 basis points over LIBOR.

The strength of the Company's balance sheet is substantial, with current ratios for 1999 and 1998 at 2.2 and 1.5, respectively, and with total bank borrowings only 5 percent of total assets at September 30, 1999. Additionally, the Company manages a large portfolio of marketable securities that, at the close of 1999, had a market value of \$289,005,000, with a cost basis of \$117,214,000. The portfolio, heavily weighted in energy stocks, is subject to fluctuation in the market and may vary considerably over time. The portfolio is marked to market on the Company's balance sheet for each reporting period. During 1999, the Company paid a dividend of \$0.28 per share, or a total of \$13,849,000, representing the 28th consecutive year of dividend increases.

----- Stock Portfolio Held by the Company -----			
September 30, 1999	Number of Shares	Book Value	Market Value
-----	-----	-----	-----
	(in thousands, except share amounts)		
Occidental Petroleum Corporation	1,000,000	\$ 23,775	\$ 23,125
Atwood Oceanics, Inc.	3,000,000	41,157	91,687
Schlumberger, Ltd.	1,480,000	23,511	92,223
Sunoco, Inc.	312,546	3,192	8,556
Phillips Petroleum Company	240,000	5,976	11,700
Bank One Corporation	175,000	1,969	6,092
Kerr-McGee Corporation	184,500	4,899	10,159
ONEOK, Inc.	225,000	2,751	6,820
Other		9,984	38,643
		-----	-----
Total		\$ 117,214	\$ 289,005
		=====	=====

CONSOLIDATED BALANCE SHEETS
HELMERICH & PAYNE, INC.

ASSETS

	September 30,	1999	1998
		(in thousands)	

CURRENT ASSETS:			
Cash and cash equivalents		\$ 21,758	\$ 24,476
Accounts receivable, less reserve of \$2,908 and \$1,908		99,598	119,395
Inventories		25,187	25,401
Prepaid expenses and other		14,081	15,073
Total current assets		----- 160,624	----- 184,345
INVESTMENTS		----- 238,475	----- 200,400
PROPERTY, PLANT AND EQUIPMENT, at cost:			
Contract drilling equipment		881,269	829,217
Oil and gas properties		446,889	435,747
Real estate properties		49,065	48,451
Other		71,139	65,120
Less--Accumulated depreciation, depletion and amortization		----- 1,448,362	----- 1,378,535
Net property, plant and equipment		757,147	686,164
OTHER ASSETS		----- 19,385	----- 13,314
TOTAL ASSETS		----- \$1,109,699	----- \$1,090,430

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30,	1999	1998
		-----	-----
		(in thousands, except share data)	
CURRENT LIABILITIES:			
Accounts payable		\$ 25,704	\$ 41,851
Accrued liabilities		41,200	38,833
Notes payable		5,000	44,800
		-----	-----
Total current liabilities		71,904	125,484
		-----	-----
NONCURRENT LIABILITIES:			
Long-term notes payable		50,000	50,000
Deferred income taxes		116,588	103,469
Other		23,098	18,329
		-----	-----
Total noncurrent liabilities		189,686	171,798
		-----	-----
SHAREHOLDERS' 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		61,411	59,004
Retained earnings		745,956	716,875
Unearned compensation		(4,487)	(5,605)
Accumulated other comprehensive income		75,182	54,689
		-----	-----
Less treasury stock, 3,903,286 shares in 1999 and 4,146,120 shares in 1998, at cost		883,415	830,316
		35,306	37,168
		-----	-----
Total shareholders' equity		848,109	793,148
		-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,109,699	\$ 1,090,430
		=====	=====

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

HELMERICH & PAYNE, INC.

	Years Ended September 30,	1999	1998	1997
	-----	-----	-----	-----
	(in thousands, except per share amounts)			
REVENUES:				
Sales and other operating revenues		\$556,562	\$592,037	\$506,422
Income from investments		7,757	44,603	11,437
		-----	-----	-----
		564,319	636,640	517,859
		-----	-----	-----
COSTS AND EXPENSES:				
Operating costs		332,330	346,066	276,094
Depreciation, depletion and amortization		109,167	88,350	71,691
Dry holes and abandonments		11,727	11,572	7,783
Taxes, other than income taxes		25,478	25,728	21,318
General and administrative		14,198	11,762	9,346
Interest		6,481	942	4,212
		-----	-----	-----
		499,381	484,420	390,444
		-----	-----	-----
INCOME BEFORE INCOME TAXES AND				
EQUITY IN INCOME OF AFFILIATE		64,938	152,220	127,415
INCOME TAX EXPENSE		25,706	56,677	45,511
EQUITY IN INCOME OF AFFILIATE				
net of income taxes		3,556	5,611	2,282
		-----	-----	-----
NET INCOME		\$ 42,788	\$101,154	\$ 84,186
		=====	=====	=====
EARNINGS PER COMMON SHARE:				
BASIC		\$ 0.87	\$ 2.03	\$ 1.69
DILUTED		\$ 0.86	\$ 2.00	\$ 1.67
AVERAGE COMMON SHARES OUTSTANDING:				
BASIC		49,243	49,948	49,779
DILUTED		49,817	50,565	50,561

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

HELMERICH & PAYNE, INC.

	Common Stock		Additional Paid-in Capital	Unearned Compensation	Retained Earnings
	Shares	Amount			
Balance, Sept. 30, 1996	53,529	\$ 5,353	\$ 47,734	\$	\$ 557,543
Comprehensive Income:					
Net Income	--	--	--	--	84,186
Other comprehensive income, net of tax unrealized gains on available-for-sale securities	--	--	--	--	--
Comprehensive income	--	--	--	--	--
Cash dividends (\$.26 per share)	--	--	--	--	(12,987)
Exercise of Stock Options	--	--	3,306	--	--
Lapse of restrictions on Restricted Stock Awards	--	--	276	--	--
Amortization of deferred Compensation	--	--	--	--	820
Balance, Sept. 30, 1997	53,529	5,353	51,316	--	629,562
Comprehensive Income:					
Net Income	--	--	--	--	101,154
Other comprehensive loss, net of tax--unrealized losses on available-for-sale securities	--	--	--	--	--
Comprehensive income	--	--	--	--	--
Cash dividends (\$.275 per share)	--	--	--	--	(14,007)
Exercise of Stock Options	--	--	1,833	--	--
Purchase of stock for treasury	--	--	--	--	--
Lapse of restrictions on Restricted Stock Awards	--	--	98	--	--
Stock issued under Restricted Stock Award Plan	--	--	5,757	(6,791)	--
Amortization of deferred Compensation	--	--	--	1,186	166
Balance, Sept. 30, 1998	53,529	5,353	59,004	(5,605)	716,875
Comprehensive Income:					
Net Income	--	--	--	--	42,788
Other comprehensive income, net of tax unrealized gains on available-for-sale securities	--	--	--	--	--
Comprehensive income	--	--	--	--	--
Cash dividends (\$.28 per share)	--	--	--	--	(13,866)
Exercise of Stock Options	--	--	2,201	--	--
Lapse of restrictions on Restricted Stock Awards	--	--	69	--	--
Stock issued under Restricted Stock Award Plan	--	--	137	(289)	--
Amortization of deferred Compensation	--	--	--	1,407	159
Balance, Sept. 30, 1999	53,529	\$ 5,353	\$ 61,411	\$ (4,487)	\$ 745,956

	Treasury Stock		Accumulated Other Comprehensive Income (Loss)		Total
	Shares	Amount			
(in thousands, except per share amounts)					
Balance, Sept. 30, 1996	3,758	\$ (21,210)	\$ 56,550	\$	\$ 645,970
Comprehensive Income:					
Net Income	--	--	--	--	84,186
Other comprehensive income, net of tax unrealized gains on available-for-sale securities	--	--	57,904	--	57,904
Comprehensive income	--	--	--	--	142,090
Cash dividends (\$.26 per share)	--	--	--	--	(12,987)

Exercise of Stock Options	(257)	1,105	--	4,411
Lapse of restrictions on Restricted Stock Awards	--	--	--	276
Amortization of deferred Compensation	--	--	--	820
Balance, Sept. 30, 1997	3,501	(20,105)	114,454	780,580
Comprehensive Income:				
Net Income	--	--	--	101,154
Other comprehensive loss, net of tax--unrealized losses on available-for-sale securities	--	--	(59,765)	(59,765)
Comprehensive income	--	--	--	41,389
Cash dividends (\$.275 per share)	--	--	--	(14,007)
Exercise of Stock Options	(174)	1,015	--	2,848
Purchase of stock for treasury	999	(19,112)	--	(19,112)
Lapse of restrictions on Restricted Stock Awards	--	--	--	98
Stock issued under Restricted Stock Award Plan	(180)	1,034	--	--
Amortization of deferred Compensation	--	--	--	1,352
Balance, Sept. 30, 1998	4,146	(37,168)	54,689	793,148
Comprehensive Income:				
Net Income	--	--	--	42,788
Other comprehensive income, net of tax unrealized gains on available-for-sale securities	--	--	20,493	20,493
Comprehensive income	--	--	--	63,281
Cash dividends (\$.28 per share)	--	--	--	(13,866)
Exercise of Stock Options	(226)	1,710	--	3,911
Lapse of restrictions on Restricted Stock Awards	--	--	--	69
Stock issued under Restricted Stock Award Plan	(17)	152	--	--
Amortization of deferred Compensation	--	--	--	1,566
Balance, Sept. 30, 1999	3,903	\$ (35,306)	\$ 75,182	\$ 848,109
	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

HELMERICH & PAYNE, INC.

	Years Ended September 30,		
	1999	1998	1997
	-----	-----	-----
	(in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 42,788	\$ 101,154	\$ 84,186
	-----	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	109,167	88,350	71,691
Dry holes and abandonments	11,727	11,572	7,783
Equity in income of affiliate before income taxes	(5,735)	(9,050)	(3,680)
Amortization of deferred compensation	1,566	1,352	820
Gain on sale of securities	(2,547)	(38,421)	(4,697)
Gain on sale of property, plant and equipment	(6,900)	(2,951)	(4,545)
Other - net	2,148	974	1,897
Change in assets and liabilities:			
Accounts receivable	19,797	(20,698)	(23,323)
Inventories	214	(5,762)	(2,724)
Prepaid expenses and other	(5,079)	(4,682)	(5,020)
Accounts payable	(16,147)	(194)	18,619
Accrued liabilities	2,367	(8,692)	15,582
Deferred income taxes	559	(1,231)	7,506
Other noncurrent liabilities	4,769	1,812	1,473
	-----	-----	-----
Net cash provided by operating activities	115,906	12,379	81,382
	-----	-----	-----
Net cash provided by operating activities	158,694	113,533	165,568
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures, including dry hole costs	(122,951)	(266,299)	(161,177)
Proceeds from sale of property, plant and equipment	9,990	15,414	9,432
Purchase of investments	(537)	1,056	(1,404)
Proceeds from sale of securities	2,803	73,949	8,557
	-----	-----	-----
Net cash used in investing activities	(110,695)	(175,880)	(144,592)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable	102,000	169,800	34,000
Payments made on notes payable	(141,800)	(80,000)	(34,000)
Dividends paid	(13,849)	(13,802)	(12,970)
Purchases of stock for treasury	--	(19,112)	--
Proceeds from exercise of stock options	2,932	1,974	3,065
	-----	-----	-----
Net cash provided by (used in) financing activities	(50,717)	58,860	(9,905)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,718)	(3,487)	11,071
CASH AND CASH EQUIVALENTS, beginning of period	24,476	27,963	16,892
	-----	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$ 21,758	\$ 24,476	\$ 27,963
	=====	=====	=====

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

HELMERICH & PAYNE, INC. September 30, 1999, 1998 and 1997

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

CONSOLIDATION -

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

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 1999, 1998 and 1997 was \$21,000, \$1,953,000 and \$452,000, 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 -

The Company follows the successful efforts method of accounting for oil and gas properties. Under this method, the Company capitalizes all costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells which find proved reserves and to drill and equip development wells. Geological and geophysical costs, delay rentals and costs to drill exploratory wells which do not find proved reserves are expensed. Capitalized costs of producing oil and gas properties are depreciated and depleted by the unit-of-production method based on proved developed oil and gas reserves determined by the Company and reviewed by independent engineers. Reserves are recorded for capitalized costs of undeveloped leases based on management's estimate of recoverability. Costs of surrendered leases are charged to the reserve.

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 are not sufficient to recover the carrying amount of the asset. In 1999, the Company recognized an impairment charge of approximately \$10.1 million for proved Exploration and Production properties which is included in depreciation, depletion and amortization expense. After-tax, the impairment charge reduced 1999 net income by approximately \$6.2 million, \$0.13 per share on a diluted basis. In 1998, the Company recognized an impairment charge of approximately \$5.4 million for proved Exploration and Production properties which is included in depreciation, depletion and amortization expense. After-tax, the impairment charge reduced 1998 net income by approximately \$3.4 million, \$0.07 per share on a diluted basis. The Company evaluates impairment of exploration and production assets on a field by field basis. 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 other than oil and gas properties is depreciated using the straight-line method based on the following estimated useful lives:

	YEARS

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

CASH AND CASH EQUIVALENTS -

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

INVENTORIES -

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

DRILLING REVENUE -

Contract drilling revenues are comprised primarily of daywork drilling contracts for which the related revenues and expenses are recognized as work progresses. Fiscal 1999 contract drilling revenues also include revenues of \$40,790,000 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 rig construction contract was complete by September 30, 1999.

GAS IMBALANCES -

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

INVESTMENTS -

The cost of securities used in determining realized gains and losses is based on average cost of the security sold.

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 percent of Atwood Oceanics, Inc. (Atwood) at both September 30, 1999 and 1998. The quoted market value of the Company's investment was \$91,687,500 and \$62,437,500 at September 30, 1999 and 1998, respectively. Retained earnings at September 30, 1999 includes approximately \$18,697,000 of undistributed earnings of Atwood.

Summarized financial information of Atwood is as follows:

	1999	1998	1997
	-----	-----	-----
	(in thousands)		
Gross revenues	\$150,009	\$151,809	\$ 89,082
Costs and expenses	122,289	112,445	73,463
	-----	-----	-----
Net income	\$ 27,720	\$ 39,364	\$ 15,619
	=====	=====	=====
Helmerich & Payne, Inc.'s equity in net income, net of income taxes	\$ 3,556	\$ 5,611	\$ 2,282
	=====	=====	=====
Current assets	\$ 50,532	\$ 51,587	\$ 47,961
Noncurrent assets	243,072	230,150	168,279
Current liabilities	19,013	26,723	19,621
Noncurrent liabilities	82,362	91,248	73,930
Shareholders' equity	192,229	163,766	122,689
	=====	=====	=====
Helmerich & Payne, Inc.'s investment	\$ 41,157	\$ 35,422	\$ 28,895
	=====	=====	=====

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.

DERIVATIVES -

As described in Note 2, the Company entered into an interest rate swap agreement in fiscal 1999. This agreement involves the exchange of an amount based on a fixed interest rate for an amount based on a variable interest rate without an exchange of the notional amount upon which the payments are based. The difference to be paid or received is accrued and recognized as an adjustment of interest expense. 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.

NOTE 2 NOTES PAYABLE AND LONG-TERM DEBT

At September 30, 1999, the Company had committed bank lines totaling \$120 million; \$50 million expires October 2003 and \$70 million expires May 2000. Additionally, the Company had uncommitted credit facilities totaling \$60 million. Collectively, the Company had \$55 million in outstanding borrowings and outstanding letters of credit totaling \$8.4 million against these lines at September 30, 1999. Concurrent with the \$50 million borrowing under the facility that expires October 2003, the Company entered into an interest rate swap with a notional value of \$50 million. The swap effectively converts this \$50 million facility from a floating rate to a fixed effective rate of 5.38 percent. The

interest rate swap closely correlates with the terms and maturity of the \$50 million facility. Excluding the impact of the interest rate swap, the average interest rate for the borrowings at September 30, 1999, was approximately 5.9 percent. The interest rate swap reduces the average rate to approximately 5.4 percent on year-end borrowings.

Under the various credit agreements, the Company must meet certain requirements regarding levels of debt, net worth and earnings.

NOTE 3 INCOME TAXES

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

	Years Ended September 30, -----	1999	1998	1997
			-----	-----
			(in thousands)	
CURRENT:				
Federal		\$ 9,684	\$ 36,705	\$ 18,582
Foreign		15,963	18,728	17,214
State		1,744	4,751	2,190
		-----	-----	-----
		27,391	60,184	37,986
		-----	-----	-----
DEFERRED:				
Federal		(842)	(4,108)	6,349
Foreign		(771)	927	603
State		(72)	(326)	573
		-----	-----	-----
		(1,685)	(3,507)	7,525
		-----	-----	-----
TOTAL PROVISION:		\$25,706	\$ 56,677	\$ 45,511
		=====	=====	=====

The amounts of domestic and foreign income are as follows:

	Years Ended September 30, -----	1999	1998	1997
			-----	-----
			(in thousands)	
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE:				
Domestic		\$41,693	\$106,228	\$ 84,723
Foreign		23,245	45,992	42,692
		-----	-----	-----
		\$64,938	\$152,220	\$127,415
		=====	=====	=====

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

	Years Ended September 30, -----	1999	1998	1997
			-----	-----
U.S. Federal income tax rate		35%	35%	35%
Dividends received deduction		(1)	-	(1)
Effect of higher foreign tax rates		5	2	1
Non-conventional fuel source credits utilized		(1)	-	-
Other, net		2	-	1
		--	--	--
Effective income tax rate		40%	37%	36%
		==	==	==

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

	September 30, -----	1999	1998	

			(in thousands)	
DEFERRED TAX LIABILITIES:				
Property, plant and equipment		\$ 59,695	\$ 59,413	
Available-for-sale securities		53,651	41,154	
Pension provision		3,951	4,602	
Equity investment		10,759	9,006	
Other		923	--	
		-----	-----	
Total deferred tax liabilities		128,979	114,175	
		-----	-----	
DEFERRED TAX ASSETS:				
Financial accruals		8,832	8,853	
Other		3,559	1,853	
		-----	-----	
Total deferred tax assets		12,391	10,706	
		-----	-----	
NET DEFERRED TAX LIABILITIES		\$116,588	\$103,469	
		=====	=====	

NOTE 4 SHAREHOLDERS' EQUITY

In June 1998, the board of directors authorized the repurchase of up to 2,000,000 shares of its common stock in 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 1998, the Company purchased 999,100 shares at a total cost of approximately \$19 million. The Company did not purchase any shares in fiscal 1999.

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 the market price of the underlying stock on the date of grant. Stock options expire 10 years after grant.

The Company has reserved 1,307,638 shares of its treasury stock to satisfy the exercise of stock options issued under the 1982 and 1990 Stock Option Plans. Effective December 4, 1996, additional options are no longer granted under these plans. Options granted under the 1982 plan vest over a period of nine years while options granted under the 1990 plan generally vest over a seven year period. Options granted under both plans become exercisable in increments as outlined in the plans.

In March 1997, the Company adopted the 1996 Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan was effective December 4, 1996, and will terminate December 3, 2006. Under this plan the Company is authorized to grant options for up to 4,000,000 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 600,000 shares of the total authorized may be granted to participants as restricted stock awards. Options granted under the 1996 plan vest over a four-year period. On September 30, 1999, 2,537,000 shares were available for grant under the Stock Incentive Plan.

On September 30, 1999, 403,000 shares were available for grant under the Stock Incentive Plan as restricted stock awards. In fiscal 1999 and 1998, 17,000 and 180,000 shares of restricted stock, respectively, were granted at a weighted-average price of \$17.00 and \$37.73, respectively, which approximated fair market value at the date of grant. Unearned compensation of \$289,000 and \$6,791,000 for fiscal 1999 and 1998, respectively, is being amortized over a five-year vesting period as compensation expense.

The following summary reflects the stock option activity and related information (shares in thousands):

	1999		1998		1997	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at October 1,	2,090	\$22.09	1,745	\$16.44	1,708	\$13.63
Granted	726	16.81	544	36.84	393	26.07
Exercised	(238)	14.28	(175)	12.15	(270)	13.03
Forfeited/Expired	(4)	13.51	(24)	17.54	(86)	14.89
Outstanding on September 30,	2,574	\$21.34	2,090	\$22.09	1,745	\$16.44
Exercisable on September 30,	782	\$20.13	453	\$15.63	135	\$12.22
Shares available on September 30, for options that may be granted	2,537		3,280		4,000	

The following table summarizes information about stock options at September 30, 1999 (shares in thousands):

Range of Exercise Prices	Options	Outstanding Stock Options		Exercisable Stock Options	
		Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
\$12.00 to \$14.00	812	5.1 years	\$13.59	431	\$13.42
\$14.01 to \$16.50	117	0.9 years	\$16.34	66	\$16.34
\$16.51 to \$26.50	1,105	8.5 years	\$19.99	150	\$26.06
\$26.51 to \$37.00	540	8.2 years	\$36.84	135	\$36.84
=====	=====	=====	=====	===	=====
\$12.00 to \$37.00	2,574	7.0 years	\$21.34	782	\$20.13
=====	=====	=====	=====	===	=====

The following table reflects pro forma net income and earnings per share had the Company applied 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,	1999	1998	1997
-----	----	----	----
	(in thousands, except per share data)		
Net Income:			
As reported	\$42,788	\$101,154	\$84,186
Pro forma	40,268	99,437	83,531
Basic earnings per share:			
As reported .....	.87	2.03	1.69
Pro forma .....	.82	1.99	1.68
Diluted earnings per share:			
As reported .....	.86	2.00	1.67
Pro forma .....	.81	1.97	1.65

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 1999, 1998 and 1997 were \$6.81, \$14.63, and \$9.50, 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:

	1999	1998	1997
	----	----	----
Expected years until exercise	5.5	7.0	6.7
Expected stock volatility	38%	34%	27%
Dividend yield	1.2%	1.6%	1.0%
Risk-free interest rate	6.0%	5.9%	6.1%

On September 30, 1999, the Company had 49,625,666 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 10 business days after a person acquires 15% or more of the outstanding common stock or 10 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 \$.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 5 EARNINGS PER SHARE

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

(in thousands)	1999	1998	1997
-----	----	----	----
Basic weighted-average shares	49,243	49,948	49,779
Effect of dilutive shares:			
Stock options	561	595	747
Restricted stock	13	22	35
	-----	-----	-----
	574	617	782
	-----	-----	-----
Diluted weighted-average shares	49,817	50,565	50,561
	=====	=====	=====

Restricted stock of 180,000 shares at a weighted-average price of \$37.73 and options to purchase 540,000 shares of common stock at a price of \$36.84 were outstanding at September 30, 1999, but were not included in the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive, as the exercise prices of the options exceed the average market price of the common shares.

NOTE 6 FINANCIAL INSTRUMENTS

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 \$2,574,000 at September 30, 1999, 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
	----	-----	-----	-----
Equity Securities:				
September 30, 1999	\$76,057	\$122,369	\$1,108	\$197,318
September 30, 1998	\$76,770	\$ 93,364	\$5,156	\$164,978

During the years ended September 30, 1999, 1998, and 1997, marketable equity available-for-sale securities with a fair value at the date of sale of \$2,803,000, \$62,792,000 and \$8,557,000, respectively, were sold. The gross realized gains on such sales of available-for-sale securities totaled \$2,547,000, \$30,820,000 and \$4,697,000, respectively, and the gross realized losses totaled \$0, \$1,034,000 and \$0 respectively.

NOTE 7 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

	Years Ended September 30, ----- 1999	1998 -----	1997 -----
		(in thousands)	
Balance, beginning of period	\$ 54,689	\$114,454	\$ 56,550
Unrealized gains (losses) on available-for-sale securities	35,600	(66,610)	98,091
Less: Reclassification adjustment for net gains realized in net income	(2,547)	(29,786)	(4,697)
	-----	-----	-----
Net unrealized gains (losses)	33,053	(96,396)	93,394
Tax benefit (expense)	(12,560)	36,631	(35,490)
	-----	-----	-----
Net-of-tax amount	20,493	(59,765)	57,904
	-----	-----	-----
Balance, end of period	\$ 75,182	\$ 54,689	\$114,454
	=====	=====	=====

NOTE 8 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, ----- 1999	1998 -----	
		(in thousands)	
Benefit obligation at beginning of year	\$ 36,954	\$ 33,913	
Service cost	3,700	2,836	
Interest cost	2,468	2,430	
Actuarial (gain) loss	(4,468)	231	
Benefits paid	(1,659)	(2,456)	
	-----	-----	
Benefit obligation at end of year	\$ 36,995	\$ 36,954	
	=====	=====	

CHANGE IN PLAN ASSETS:

	Years Ended September 30, ----- 1999	1998 -----	
		(in thousands)	
Fair value of plan assets at beginning of year ..	\$ 51,572	\$ 53,834	
Actual return on plan assets	8,604	194	
Benefits paid	(1,659)	(2,456)	
	-----	-----	
Fair value of plan assets at end of year	\$ 58,517	\$ 51,572	
	=====	=====	
Funded status of the plan	\$ 21,522	\$ 14,618	
Unrecognized net actuarial gain	(10,127)	(1,647)	
Unrecognized prior service cost	1,025	1,263	
Unrecognized net transition asset	(1,619)	(2,159)	
	-----	-----	
Prepaid benefit cost	\$ 10,801	\$ 12,075	
	=====	=====	

WEIGHTED-AVERAGE ASSUMPTIONS:

	Years Ended September 30, ----- 1999	1998 -----	1997 -----
Discount rate	7.50%	6.75%	7.25%
Expected return on plan	9.00%	8.50%	9.00%
Rate of compensation increase	5.00%	5.00%	5.50%

COMPONENTS OF NET PERIODIC (BENEFIT) COST:

Years Ended September 30, -----	1999 ----	1998 ----	1997 ----
	(in thousands)		
Service cost	\$ 3,700	\$ 2,836	\$ 2,114
Interest cost	2,468	2,430	1,797
Expected return on plan assets	(4,606)	(4,542)	(3,592)
Amortization of prior service cost	238	238	239
Amortization of transition asset	(540)	(540)	(540)
Recognized net actuarial gain	14	(65)	(66)
	-----	-----	-----
Net pension expense (credit)	\$ 1,274	\$ 357	\$ (48)
	=====	=====	=====

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 \$3,315,000, \$3,009,000 and \$2,255,000 in 1999, 1998 and 1997, respectively.

NOTE 9 ACCRUED LIABILITIES

Accrued liabilities consist of the following:

September 30, -----	1999 ----	1998 ----
	(in thousands)	
Royalties payable	\$ 9,625	\$ 6,997
Taxes payable - operations	6,990	6,502
Ad valorem tax	7,177	5,907
Income taxes payable	3,278	4,487
Workers compensation claims	3,122	3,000
Payroll and employee benefits	3,970	5,576
Other	7,038	6,364
	-----	-----
	\$ 41,200	\$ 38,833
	=====	=====

NOTE 10 SUPPLEMENTAL CASH FLOW INFORMATION

Years Ended September 30, -----	1999 ----	1998 ----	1997 ----
	(in thousands)		
Cash payments:			
Interest paid	\$ 5,705	\$ 1,721	\$ 357
Income taxes paid	\$ 27,843	\$ 61,056	\$ 36,347

NOTE 11 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 its temporary cash investments with high quality financial institutions and limits the amount of credit exposure to any one financial institution. The Company's trade receivables are primarily with companies in the oil and gas industry. The Company normally does not require collateral except for certain receivables of customers in its natural gas marketing operations.

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.

During fiscal 1999, the Company's rig utilization rate decreased compared to the previous two years primarily as a result of reduced demand caused by a decline in the price of oil. 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.

OIL AND GAS OPERATIONS -

In estimating future cash flows attributable to the Company's exploration and production assets, certain assumptions are made with regard to commodity prices received and costs incurred. Due to the volatility of commodity prices, it is possible that the Company's assumptions used in estimating future cash flows for exploration and production assets may change in the near term.

NOTE 12 NEW ACCOUNTING STANDARDS

In 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", (SFAS 133). This statement is effective for fiscal years beginning after June 15, 2000 and requires that all derivatives be recognized as assets or liabilities in the balance sheet and that these instruments be measured at fair value. The Company has not completed the process of evaluating the impact of adopting SFAS 133.

The American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities", effective for fiscal years beginning after December 15, 1998. The SOP requires that all start-up costs be expensed and that the effect of adopting the SOP be reported as the cumulative effect of a change in accounting principle. The Company will adopt this SOP effective October 1, 1999. The effect of this SOP on the Company's results of operations and financial position will not be material.

NOTE 13 SEGMENT INFORMATION

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures About Segments of an Enterprise and Related Information", during the fourth quarter of fiscal 1999. SFAS No. 131 establishes standards for reporting information about segments and related disclosures about products and services, geographical areas, and major customers. Prior year financial statements and notes have been reclassified to conform to the requirements of SFAS No. 131.

The Company operates principally in the contract drilling industry, which includes a Domestic segment and an International segment, and in the oil and gas industry, which includes an Exploration and Production segment and a Natural Gas Marketing 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. Oil and gas activities include the exploration for and development of productive oil and gas properties located primarily in Oklahoma, Texas, Kansas and Louisiana, as well as, the marketing of natural gas for third parties. The Natural Gas Marketing segment also markets most of the natural gas produced by the Exploration and Production segment retaining a market based fee from the sale of such production. 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, equity owned investments, as well as corporate operations.

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; depreciation, depletion and amortization; dry holes and abandonments and taxes other than income taxes. 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 each of the years ended September 30, 1999, 1998, and 1997 is shown in the following table:

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit (Loss)	Depreciation Depletion & Amortization	Total Assets	Additions to Long-Live Assets
1999:							
CONTRACT DRILLING							
Domestic	\$ 213,647	\$ 2,457	\$ 216,104	\$ 30,154	\$ 31,164	\$ 371,766	\$ 57,975
International	182,987	--	182,987	29,845	36,178	271,746	17,293
	396,634	2,457	399,091	59,999	67,342	643,512	75,268
OIL & GAS OPERATIONS							
Exploration and Production	95,953	--	95,953	11,245	38,658	151,898	44,333
Natural Gas Marketing	55,259	--	55,259	4,418	174	15,156	261
	151,212	--	151,212	15,663	38,832	167,054	44,594
REAL ESTATE	8,671	1,531	10,202	5,338	1,427	22,816	1,445
OTHER	7,802	--	7,802	--	1,566	276,317	1,644
ELIMINATIONS	--	(3,988)	(3,988)	--	--	--	--
TOTAL	\$ 564,319	\$ --	\$ 564,319	\$ 81,000	\$ 109,167	\$1,109,699	\$ 122,951

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit (Loss)	Depreciation Depletion & Amortization	Total Assets	Additions to Long-Live Assets
1998:							
CONTRACT DRILLING							
Domestic	\$ 177,059	\$ 4,084	\$ 181,143	\$ 35,817	\$ 23,771	\$ 351,193	\$ 130,237
International	253,072	--	253,072	50,834	31,689	303,907	83,843
	430,131	4,084	434,215	86,651	55,460	655,100	214,080
OIL & GAS OPERATIONS							
Exploration and Production	98,696	--	98,696	28,088	29,817	156,582	48,066
Natural Gas Marketing	53,499	--	53,499	2,418	292	15,069	636
	152,195	--	152,195	30,506	30,109	171,651	48,702
REAL ESTATE	8,922	1,526	10,448	5,371	1,501	22,937	875
OTHER	45,392	--	45,392	--	1,280	240,742	2,642
ELIMINATIONS	--	(5,610)	(5,610)	--	--	--	--
TOTAL	\$ 636,640	\$ --	\$ 636,640	\$ 122,528	\$ 88,350	\$1,090,430	\$ 266,299
1997:							
CONTRACT DRILLING							
Domestic	\$ 140,294	\$ 2,218	\$ 142,512	\$ 24,437	\$ 17,916	\$ 257,505	\$ 95,277
International	176,651	--	176,651	43,118	26,458	210,976	16,900
	316,945	2,218	319,163	67,555	44,374	468,481	112,177
OIL & GAS OPERATIONS							
Exploration and Production	111,512	--	111,512	55,191	24,627	152,892	43,381
Natural Gas Marketing	69,015	--	69,015	3,363	258	18,884	3,170
	180,527	--	180,527	58,554	24,885	171,776	46,551
REAL ESTATE	8,641	1,498	10,139	5,615	1,412	23,310	1,161
OTHER	11,746	--	11,746	--	1,020	370,028	1,288
ELIMINATIONS	--	(3,716)	(3,716)	--	--	--	--
TOTAL	\$ 517,859	\$ --	\$ 517,859	\$ 131,724	\$ 71,691	\$1,033,595	\$ 161,177

The following table reconciles segment operating profit (loss) per the table on page 31 and 32 to income before taxes and equity in income of affiliate as reported on the Consolidated Statements of Income (in thousands).

Years Ended September 30,	1999	1998	1997
Segment operating profit	\$ 81,000	\$ 122,528	\$ 131,724
Unallocated amounts:			
Income from investments	7,757	44,603	11,437
General corporate expense	(14,198)	(11,762)	(9,346)
Interest expense	(6,481)	(942)	(4,212)
Corporate depreciation	(1,565)	(1,280)	(919)
Other corporate expense	(1,575)	(927)	(1,269)
Total unallocated amounts	(16,062)	29,692	(4,309)
Income before income taxes and equity in Income of affiliate	\$ 64,938	\$ 152,220	\$ 127,415

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,	1999	1998	1997
Revenues			
United States	\$ 381,332	\$ 383,568	\$ 341,208
Venezuela	59,481	131,137	77,858
Colombia	60,838	79,675	78,370
Other Foreign	62,668	42,260	20,423
Total	\$ 564,319	\$ 636,640	\$ 517,859
Long-Lived Assets			
United States	\$ 479,753	\$ 475,832	\$ 384,861
Venezuela	62,931	85,703	50,336
Colombia	46,621	59,848	69,340
Other Foreign	101,910	70,988	34,488

Total	\$ 691,215	\$ 692,371	\$ 539,025
	=====	=====	=====

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

Revenues from one company doing business with the contract drilling segment accounted for approximately 17.5 percent, 14.5 percent and 17 percent of the total consolidated revenues during the years ended September 30, 1999, 1998 and 1997, respectively. Revenues from another company doing business with the contract drilling segment accounted for approximately 12 percent and 10 percent of total consolidated revenues in the years ended September 30, 1999 and 1998. Collectively, revenues from companies controlled by the Venezuelan government accounted for approximately 5.6 percent, 16 percent and 12 percent of total consolidated revenues for the years ended September 30, 1999, 1998 and 1997, respectively. Collectively, the receivables from these customers were approximately \$35.6 million and \$60.6 million at September 30, 1999 and 1998, respectively.

NOTE 14 SUPPLEMENTARY FINANCIAL INFORMATION FOR OIL AND GAS PRODUCING ACTIVITIES

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

Results of Operations from Oil and Gas Producing Activities -

Years Ended September 30,	1999	1998	1997
	-----	-----	-----
		(in thousands)	
Revenues	\$ 95,953	\$ 98,696	\$ 111,512
	-----	-----	-----
Production costs	23,058	21,786	21,750
Exploration expense and valuation provisions	22,992	19,005	9,943
Depreciation, depletion and amortization	38,658	29,817	24,628
Income tax expense	3,437	9,415	19,327
	-----	-----	-----
Total cost and expenses	88,145	80,023	75,648
	-----	-----	-----
Results of operations (excluding corporate overhead and interest costs)	\$ 7,808	\$ 18,673	\$ 35,864
	=====	=====	=====

Capitalized Costs -

September 30,	1999	1998
	-----	-----
(in thousands)		
Proved properties	\$ 421,552	\$ 414,770
Unproved properties	25,337	20,977
	-----	-----
Total costs	446,889	435,747
Less - Accumulated depreciation, depletion and amortization	312,644	295,045
	-----	-----
Net	\$ 134,245	\$ 140,702
	=====	=====

Costs Incurred Relating to Oil and Gas Producing Activities -

Years Ended September 30,	1999	1998	1997
	-----	-----	-----
		(in thousands)	
Property acquisition:			
Proved	\$ 89	\$ 107	\$ 47
Unproved	14,385	9,096	8,358
Exploration	22,292	18,107	9,656
Development	19,167	28,259	27,808
	-----	-----	-----
Total	\$ 55,933	\$ 55,569	\$ 45,869
	=====	=====	=====

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

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

	OIL (Bbls)	GAS (Mmcf)
	-----	-----
Proved reserves at September 30, 1996	6,468,116	272,301
Revisions of previous estimates	92,863	6,178
Extensions, discoveries and other additions	419,795	25,762
Production	(985,633)	(40,463)
Purchases of reserves-in-place	120	6
Sales of reserves-in-place	(189,875)	(548)
	-----	-----
Proved reserves at September 30, 1997	5,805,386	263,236
Revisions of previous estimates	(331,280)	10,877
Extensions, discoveries and other additions	175,265	20,819
Production	(701,180)	(42,862)
Purchases of reserves-in-place	2,890	188
Sales of reserves-in-place	(189,768)	(632)
	-----	-----
Proved reserves at September 30, 1998	4,761,313	251,626
Revisions of previous estimates	570,126	11,771
Extensions, discoveries and other additions	151,829	22,491
Production	(649,370)	(44,240)
Purchases of reserves-in-place	--	77
Sales of reserves-in-place	--	(2,105)
	-----	-----
Proved reserves at September 30, 1999	4,833,898	239,620
	=====	=====
Proved developed reserves at		
September 30, 1997	5,787,116	256,443
	=====	=====
September 30, 1998	4,754,319	249,376
	=====	=====
September 30, 1999	4,828,071	229,765
	=====	=====

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

The "Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves" (Standardized Measure) is a disclosure requirement under Financial Accounting Standards Board Statement No. 69 "Disclosures About Oil and Gas Producing Activities". The Standardized Measure does not purport to present the fair market value of a company's proved oil and gas reserves. This would require consideration of expected future economic and operating conditions, which are not taken into account in calculating the Standardized Measure.

Under the Standardized Measure, future cash inflows were estimated by applying year-end prices to the estimated future production of year-end proved reserves. Future cash inflows were reduced by estimated future production and development costs based on year-end costs to determine pre-tax cash inflows. Future income taxes were computed by applying the statutory tax rate to the excess of pre-tax cash inflows over the Company's tax basis in the associated proved oil and gas properties. Tax credits and permanent differences were also considered in the future income tax calculation. Future net cash inflows after income taxes were discounted using a ten percent annual discount rate to arrive at the Standardized Measure.

	At September 30,	1999	1998
		-----	-----
		(in thousands)	
Future cash inflows	\$	688,766	\$ 404,549
Future costs -			
Future production and development costs		(188,579)	(137,068)
Future income tax expense		(135,763)	(70,890)
		-----	-----
Future net cash flows		364,424	196,591
10% annual discount for estimated timing of cash flows		(131,806)	(70,664)
		-----	-----
Standardized Measure of discounted future net cash flows ...	\$	232,618	\$ 125,927
		=====	=====

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

	Years Ended September 30,		
	1999	1998	1997
		(in thousands)	
Standardized Measure - Beginning of year	\$ 125,927	\$ 205,035	\$ 153,864
Increases (decreases) -			
Sales, net of production costs	(72,895)	(76,910)	(89,762)
Net change in sales prices, net of production costs	142,970	(97,938)	77,789
Discoveries and extensions, net of related future			
Development and production costs	38,164	21,922	42,741
Changes in estimated future development costs	(11,095)	(14,142)	(16,570)
Development costs incurred	16,558	25,149	27,509
Revisions of previous quantity estimates	17,713	5,089	6,146
Accretion of discount	16,700	28,012	20,691
Net change in income taxes	(40,671)	30,436	(29,397)
Purchases of reserves-in-place	96	65	2
Sales of reserves-in-place	(1,390)	(2,875)	(1,551)
Other	541	2,084	13,573
Standardized Measure - End of year	\$ 232,618	\$ 125,927	\$ 205,035

NOTE 15 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(in thousands, except per share amounts)

1999	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$ 143,864	\$ 155,374	\$ 131,799	\$ 133,282
Gross profit	25,071	16,924	23,532	20,090
Net income	12,811	7,352	12,196	10,429
Basic net income per share .....	.26	.15	.25	.21
Diluted net income per share .....	.26	.15	.24	.21

1998	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$ 151,823	\$ 142,389	\$ 177,136	\$ 165,292
Gross profit	47,351	32,869	55,098	29,606
Net income	29,165	19,337	33,861	18,791
Basic net income per share .....	.58	.39	.68	.38
Diluted net income per share .....	.57	.38	.67	.38

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

Net income in the fourth quarter of 1998 includes an after-tax charge of \$3.1 million (\$0.06 per share, on a diluted basis) related to the write-down of producing properties in accordance with SFAS No. 121.

Net income in the second quarter of 1999 includes an after-tax charge of \$5.5 million (\$0.11 per share, on a diluted basis) in connection with the drilling and completion of a pinnacle reef well with reserve values significantly below its carrying cost.

REPORT OF INDEPENDENT AUDITORS

HELMERICH & PAYNE, INC.

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, 1999 and 1998, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 1999, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

*Tulsa, Oklahoma
November 19, 1999*

STOCKHOLDERS' MEETING

The annual meeting of stockholders will be held on March 1, 2000. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to shareholders on or about January 27, 2000.

STOCK EXCHANGE LISTING

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

STOCK TRANSFER AGENT AND REGISTRAR

As of December 15, 1999, there were 1,306 record holders of Helmerich & Payne, Inc. common stock as listed by the transfer agent's records.

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

UMB Bank
Security Transfer Division
928 Grand Blvd., 13th Floor
Kansas City, MO 64106
Telephone: (800) 884-4225
(816) 860-5000

FORM 10-K

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

DIRECT INQUIRIES TO:

President
Helmerich & Payne, Inc.
Utica at Twenty-First
Tulsa, Oklahoma 74114

Telephone: (918) 742-5531

Internet Address: <http://www.hpinc.com>

STOCK PRICE INFORMATION

QUARTERS	Closing Market Price Per Share			
	1999		1998	
	HIGH	LOW	HIGH	LOW
First	\$24.50	\$16.75	\$44.97	\$31.06
Second	23.94	16.06	33.19	24.56
Third	26.75	20.38	33.25	21.56
Fourth	30.19	23.00	24.38	16.25

DIVIDEND INFORMATION

QUARTERS	Paid Per Share		Total Payment	
	1999	1998	1999	1998
	First	\$.070	\$.065	\$ 3,457,626	$ 3,256,874
Second .....	.070	.070	3,459,168	3,519,195
Third .....	.070	.070	3,464,109	3,521,332
Fourth .....	.070	.070	3,468,377	3,504,269

ELEVEN-YEAR FINANCIAL REVIEW

HELMERICH & PAYNE, INC.

Years Ended September 30,	1999	1998	1997
REVENUES AND INCOME*(2)			
Contract Drilling Revenues	394,715	427,713	315,327
Crude Oil Sales	9,479	10,333	20,475
Natural Gas Sales	81,533	87,646	87,737
Gas Marketing Revenues	54,263	52,469	66,306
Real Estate Revenues	8,663	8,587	8,224
Dividend Income	3,569	4,117	5,268
Other Revenues	12,097	45,775	14,522
Total Revenues++	564,319	636,640	517,859
Net Cash Provided by Continuing Operations++	158,694	113,533	165,568
Income from Continuing Operations	42,788	101,154	84,186
Net Income	42,788	101,154	84,186
PER SHARE DATA			
Income from Continuing Operations(1):			
Basic .....	.87	2.03	1.69
Diluted .....	.86	2.00	1.67
Net Income(1):			
Basic .....	.87	2.03	1.69
Diluted .....	.86	2.00	1.67
Cash Dividends .....	.28	.275	.26
Shares Outstanding*	49,626	49,383	50,028
FINANCIAL POSITION			
Net Working Capital*	88,720	58,861	62,837
Ratio of Current Assets to Current Liabilities ..	2.23	1.47	1.66
Investments*	238,475	200,400	323,510
Total Assets*	1,109,699	1,090,430	1,033,595
Long-Term Debt*	50,000	50,000	--
Shareholders' Equity*	848,109	793,148	780,580
CAPITAL EXPENDITURES*			
Contract Drilling Equipment	68,639	206,794	109,036
Wells and Equipment	29,947	38,970	35,024
Real Estate	1,435	854	1,095
Other Assets (includes undeveloped leases)	22,930	19,681	16,022
Discontinued Operations	--	--	--
Total Capital Outlays	122,951	266,299	161,177
PROPERTY, PLANT AND EQUIPMENT AT COST*			
Contract Drilling Equipment	881,269	829,217	643,619
Producing Properties	421,552	414,770	395,812
Undeveloped Leases	25,337	20,977	14,109
Real Estate	49,065	48,451	47,682
Other	71,139	65,120	59,659
Discontinued Operations	--	--	--
Total Property, Plant and Equipment	1,448,362	1,378,535	1,160,881

* 000's omitted.

++ Chemical operations were sold August 30, 1996. Prior year amounts have been restated to exclude discontinued operations.

(1) Includes \$13.6 million (\$.28 per share, on a diluted basis) effect of impairment charge for adoption of SFAS No. 121 in 1995 and cumulative effect of change in accounting for income taxes of \$4,000,000 (\$.08 per share, on a diluted basis) in 1994.

(2) See Note 13 for segment presentation of revenues.

1996	1995	1994	1993	1992	1991	1990	1989
244,338	203,325	182,781	149,661	112,833	105,364	90,974	78,315
15,378	13,227	13,161	15,392	16,369	17,374	16,058	14,821
60,500	33,851	45,261	52,446	38,370	35,628	37,697	33,013
57,817	34,729	51,874	63,786	40,410	10,055	10,566	--
8,076	7,560	7,396	7,620	7,541	7,542	7,636	7,778
3,650	3,389	3,621	3,535	4,050	5,285	7,402	9,127
3,496	10,640	6,058	8,283	6,646	20,020	56,131	17,371
393,255	306,721	310,152	300,723	226,219	201,268	226,464	160,425
121,420	84,010	74,463	72,493	60,414	50,006	53,288	65,474
45,426	5,788	17,108	22,158	8,973	19,608	45,489	20,715
72,566	9,751	24,971	24,550	10,849	21,241	47,562	22,700
.92	.12	.35	.46	.19	.41	.94	.43
.91	.12	.35	.45	.19	.41	.93	.43
1.47	.20	.51	.51	.22	.44	.98	.47
1.46	.20	.51	.50	.22	.44	.98	.47
.2525	.25	.2425	.24	.2325	.23	.22	.21
49,771	49,529	49,420	49,275	49,152	48,976	48,971	48,346
51,803	50,038	76,238	104,085	82,800	108,212	146,741	114,357
1.83	1.74	2.63	3.24	3.31	4.19	3.72	3.12
229,809	156,908	87,414	84,945	87,780	96,471	99,574	130,443
821,914	707,061	621,689	610,504	585,504	575,168	582,927	591,229
--	--	--	3,600	8,339	5,693	5,648	49,087
645,970	562,435	524,334	508,927	493,286	491,133	479,485	443,396
79,269	80,943	53,752	24,101	43,049	56,297	18,303	17,901
21,142	19,384	40,916	23,142	21,617	34,741	16,489	30,673
752	873	902	436	690	2,104	1,467	878
7,003	9,717	9,695	5,901	16,984	6,793	5,448	6,717
1,581	859	618	629	158	2,594	1,153	815
109,747	111,776	105,883	54,209	82,498	102,529	42,860	56,984
568,110	501,682	444,432	418,004	404,155	370,494	324,293	323,313
392,562	384,755	377,371	340,176	329,264	312,438	287,248	279,768
9,242	8,051	11,729	10,010	12,973	5,552	5,507	5,441
46,970	46,642	47,827	47,502	47,286	46,671	44,928	48,016
53,547	55,655	48,612	45,085	43,153	36,423	32,135	29,716
--	13,937	13,131	12,545	11,962	11,838	9,270	8,156
1,070,431	1,010,722	943,102	873,322	848,793	783,416	703,381	694,410

ELEVEN-YEAR OPERATING REVIEW

HELMERICH & PAYNE, INC.

Years Ended September 30,	1999	1998	1997
CONTRACT DRILLING			
Drilling Rigs, United States	50	46	38
Drilling Rigs, International	39	44	39
Contract Wells Drilled, United States	273	242	246
Total Footage Drilled, United States*	3,078	2,938	2,753
Average Depth per Well, United States	11,275	12,142	11,192
Percentage Rig Utilization, United States	75	95	88
Percentage Rig Utilization, International	53	88	91
PETROLEUM EXPLORATION AND DEVELOPMENT			
Gross Wells Completed	49	62	100
Net Wells Completed	23.9	35.7	49.3
Net Dry Holes	7.1	4.2	9.6
PETROLEUM PRODUCTION			
Net Crude Oil and Natural Gas Liquids			
Produced (barrels daily)	1,779	1,921	2,700
Net Oil Wells Owned N Primary Recovery	124	124	133
Net Oil Wells Owned N Secondary Recovery	54	53	49
Secondary Oil Recovery Projects	5	5	5
Net Natural Gas Produced			
(thousands of cubic feet daily)	121,206	117,431	110,859
Net Gas Wells Owned	439	436	410
REAL ESTATE MANAGEMENT			
Gross Leasable Area (square feet)*	1,652	1,652	1,652
Percentage Occupancy	95	97	95
TOTAL NUMBER OF EMPLOYEES			
Helmerich & Payne, Inc. and Subsidiaries	3,440	3,340	3,627

* 000's omitted.

+ 1988-1989 include U.S. employees only

1996	1995	1994	1993	1992	1991	1990	1989
41	41	47	42	39	46	49	49
36	35	29	29	30	25	20	20
233	212	162	128	100	106	119	108
2,499	1,933	1,842	1,504	1,085	1,301	1,316	1,350
10,724	9,119	11,367	11,746	10,853	12,274	11,059	12,500
82	71	69	53	42	47	50	44
85	84	88	68	69	69	45	46
63	59	44	42	54	45	36	45
35.3	27.4	15	15.9	17.8	20.2	15.3	15.2
7.3	5.9	1.7	4.3	4.3	4.3	3.4	2.8
2,212	2,214	2,431	2,399	2,334	2,152	2,265	2,486
176.9	186	202	202	220	227	223	201
63.8	64	71	71	74	55	46	214
12	12	14	14	14	12	12	17
94,358	72,387	72,953	78,023	75,470	66,617	65,147	57,490
378	354	341	307	289	278	194	205
1,654	1,652	1,652	1,656	1,656	1,664	1,664	1,669
94	87	83	86	87	86	85	90
3,309	3,245	2,787	2,389	1,928	1,758	1,864	1,100

DIRECTORS

OFFICERS

=====

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

W. H. HELMERICH, III
 Chairman of the Board

HANS HELMERICH
 President and Chief Executive Officer
 Tulsa, Oklahoma

HANS HELMERICH
 President and Chief Executive Officer

WILLIAM L. ARMSTRONG**
 Chairman
 Transland Financial Services, Inc.
 Denver, Colorado

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

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

DOUGLAS E. FEARS
 Vice President and
 Chief Financial Officer

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

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

L.F. ROONEY, III*
 Chief Executive Officer
 Manhattan Construction Company
 Tulsa, Oklahoma

STEVEN R. SHAW
 Vice President,
 Exploration & Production

EDWARD B. RUST, JR.
 Chairman and Chief Executive Officer
 State Farm Insurance Companies
 Bloomington, Illinois

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

JOHN D. ZEGLIS**
 President
 AT&T
 Basking Ridge, New Jersey

* Member, Audit Committee ** Member, Human Resources Committee

EXHIBIT 22

SUBSIDIARIES OF THE REGISTRANT

Helmerich & Payne, Inc.

Subsidiaries of Helmerich & Payne, Inc.

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

Subsidiaries of Helmerich & Payne International Drilling Co.

Helmerich & Payne (Africa) Drilling Co. (Incorporated in Cayman Islands, British West Indies) Helmerich & Payne Drilling (Bolivia) S.A.

(Incorporated in Bolivia)

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, 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.

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

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 19, 1999, included in the 1999 Annual Report to Shareholders of Helmerich & Payne, Inc.

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-16771, 33-55239, 333-24211, and 333-34939) pertaining, respectively, to the Helmerich & Payne, Inc. Incentive Stock Option Plan, 1990 Stock Option Plan, Non-Employee Directors' Stock Compensation Plan, and 1996 Stock Incentive Plan of our report dated November 19, 1999, 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, 1999.

ERNST & YOUNG LLP

Tulsa, Oklahoma
December 27, 1999

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	SEP 30 1999
PERIOD START	OCT 01 1998
PERIOD END	SEP 30 1999
CASH	21,758
SECURITIES	238,475
RECEIVABLES	102,506
ALLOWANCES	2,908
INVENTORY	25,187
CURRENT ASSETS	160,624
PP&E	1,448,362
DEPRECIATION	757,147
TOTAL ASSETS	1,109,699
CURRENT LIABILITIES	71,904
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	5,353
OTHER SE	842,756
TOTAL LIABILITY AND EQUITY	1,109,699
SALES	556,562
TOTAL REVENUES	564,319
CGS	485,536
TOTAL COSTS	485,536
OTHER EXPENSES	7,364
LOSS PROVISION	0
INTEREST EXPENSE	6,481
INCOME PRETAX	64,938
INCOME TAX	25,706
INCOME CONTINUING	42,788
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	42,788
EPS BASIC	.87
EPS DILUTED	.86

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