HELMERICH & PAYNE, INC.

FORM 10-Q
(Quarterly Report)

Filed 02/14/03 for the Period Ending 12/31/02

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

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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

For quarterly period ended: DECEMBER 31, 2002

OR

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

For the transition period from _____________ to ______________

Commission File Number: 1-4221

HELMERICH & PAYNE, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

CLASS	OUTSTANDING AT DECEMBER 31, 2002
Common Stock, $0.10 par value	50,022,081

TOTAL NUMBER OF PAGES - 20

HELMERICH & PAYNE, INC.

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PART I.FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.

Item 1. FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED BALANCE SHEETS

(in thousands)

	Unaudited December 31, 2002	September 30, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 101,231	$ 46,883
Accounts receivable, net	83,844	92,604
Inventories	22,014	22,511
Prepaid expenses and other	31,131	16,753
Total current assets	238,220	178,751
Investments	156,887	146,855
Property, plant and equipment, net	948,133	897,445
Other assets	4,061	4,262
Total assets	$ 1,347,301	$ 1,227,313
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 44,094	$ 41,045
Accrued liabilities	32,332	31,854
Total current liabilities	76,426	72,899
Noncurrent liabilities:		
Long-term notes payable	200,000	100,000
Deferred income taxes	143,613	131,401
Other	29,168	27,843
Total noncurrent liabilities	372,781	259,244
SHAREHOLDERS' EQUITY		
Common stock, par value $.10 per share	5,353	5,353
Preferred stock, no shares issued	--	--
Additional paid-in capital	82,413	82,489
Retained earnings	835,534	838,929
Unearned compensation	(53)	(190)
Accumulated other comprehensive income	22,284	16,180
	945,531	942,761
Less treasury stock, at cost	47,437	47,591
Total shareholders' equity	898,094	895,170
Total liabilities and shareholders' equity	$ 1,347,301	$ 1,227,313

The accompanying notes are an integral part of these statements.

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

(in thousands, except per share data)

	Three Months Ended December 31, 2002	Three Months Ended December 31, 2001
REVENUES		
Operating revenues	$ 112,523	$ 142,576
Income from investments	790	1,307
	113,313	143,883
COST AND EXPENSES		
Operating costs	85,850	96,172
Depreciation	18,236	13,833
General and Administrative	6,186	4,483
Interest	2,770	392
	113,042	114,880
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATES	271	29,003
PROVISION FOR INCOME TAXES	117	11,968
EQUITY IN INCOME OF AFFILIATES NET OF INCOME TAXES	453	1,092
Income from continuing operations	607	18,127
Loss from discontinued operations	--	(2,523)
NET INCOME	$ 607	$ 15,604
BASIC EARNINGS PER COMMON SHARE:		
Income from continuing operations	$ 0.01	$ 0.36
Loss from discontinued operations	--	(0.05)
Net income	$ 0.01	$ 0.31
DILUTED EARNINGS PER COMMON SHARE:		
Income from continuing operations	$ 0.01	$ 0.36
Loss from discontinued operations	--	(0.05)
Net income	$ 0.01	$ 0.31
CASH DIVIDENDS (NOTE 2)	$ 0.08	$ 0.075
AVERAGE COMMON SHARES OUTSTANDING:		
Basic	49,979	49,736
Diluted	50,467	50,078

The accompanying notes are an integral part of these statements.

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

(in thousands)

	Three Months Ended December 31, 2002	Three Months Ended December 31, 2001
OPERATING ACTIVITIES:		
Income from continuing operations	$ 607	$ 18,127
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:		
Depreciation	18,236	13,833
Equity in income of affiliates before income taxes	(731)	(1,762)
Amortization of deferred compensation	137	280
Gain on sale of property, plant & equipment	(20)	(358)
Other, net	--	(299)
Change in assets and liabilities-		
Accounts Receivables	8,760	4,508
Inventories	497	3,649
Prepaid expenses and other	(14,177)	3,300
Accounts payable	3,049	(21,947)
Accrued liabilities	877	953
Deferred income taxes	8,471	6,915
Other noncurrent liabilities	1,325	1,363
Net Cash Provided by Operating Activities	27,031	28,562
INVESTING ACTIVITIES:		
Capital expenditures	(69,255)	(62,992)
Proceeds from sales of property, plant and equipment	351	928
Net cash used in investing activities	(68,904)	(62,064)
FINANCING ACTIVITIES:		
Proceeds from notes payable	100,000	--
Dividends paid	(4,002)	(3,747)
Proceeds from exercise of stock options	223	120
Net cash provided by (used in)financing activities	96,221	(3,627)
DISCONTINUED OPERATIONS:		
Net cash provided by operating activities	--	8,060
Net cash used in investing activities	--	(16,169)
Net cash provided by discontinued operations	--	(8,109)
Net increase (decrease) in cash and cash equivalents	54,348	(45,238)
Cash and cash equivalents, beginning of period	46,883	122,962
Cash and cash equivalents, end of period	$ 101,231	$ 77,724

The accompanying notes are an integral part of these statements.

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

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Unearned Compensation	Retained Earnings
Balance, September 30, 2002	53,529	$ 5,353	$ 82,489	$ (190)	$ 838,929
Comprehensive Income:					
Net Income					607
Other comprehensive income, Unrealized gains on available-for-sale securities, net					
Derivatives instruments gains, net					
Total other comprehensive income					
Comprehensive income					
Cash dividends ($0.08 per share)					(4,002)
Exercise of Stock Options			69		
Tax benefit of stock-based awards			(145)		
Amortization of deferred compensation				137	
Balance, December 31, 2002	53,529	$ 5,353	$ 82,413	$ (53)	$ 835,534

	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, September 30, 2002	3,518	$ (47,591)	$ 16,180	$ 895,170
Comprehensive Income:				
Net Income				607
Other comprehensive income, Unrealized gains on available-for-sale securities, net			5,857	5,857
Derivatives instruments gains, net			247	247
Total other comprehensive income				6,104
Comprehensive income				6,711
Cash dividends ($0.08 per share)				(4,002)
Exercise of Stock Options	(11)	154		223
Tax benefit of stock-based awards				(145)
Amortization of deferred compensation				137
Balance, December 31, 2002	3,507	$ (47,437)	$ 22,284	$ 898,094

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation -

In the opinion of the Company, the accompanying unaudited consolidated condensed financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly the results of the periods presented. The results of operations for the three months ended December 31, 2002, and December 31, 2001, are not necessarily indicative of the results to be expected for the full year. These consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's 2002 Annual Report on Form 10K.

On September 30, 2002, the Company distributed 100 percent of the common stock of Cimarex Energy Co. to the Company's shareholders. Cimarex Energy Co. held the Company's exploration and production business and has been accounted for as discontinued operations in the accompanying consolidated financial statements. Unless indicated otherwise, the information in the notes to consolidated financial statements relates to the continuing operations of the Company (see Note 8).

2. The $.08 cash dividend declared in September, 2002, was paid December 2, 2002. On December 4, 2002, a cash dividend of $.08 per share was declared for shareholders of record on February 14, 2003, payable March 3, 2003.

3. Inventories consist primarily of replacement parts and supplies held for use in the Company's drilling operations.

4. There were no gains from sales of available-for-sale securities during the first quarter of fiscal years 2003 and 2002.

5. The following is a summary of available-for-sale securities, which excludes those accounted for under the equity method of accounting. The recorded amount for investments accounted for under the equity method is $61.2 million.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
		(in thousands)		
Equity Securities 12/31/02	$ 46,180	$ 52,594	$ 3,075	$ 95,699
Equity Securities 09/30/02	$ 46,325	$ 43,846	$ 3,772	$ 86,399

6. Comprehensive Income - Comprehensive income, net of related tax, is as follows (in thousands):

	Three Months Ended December 31, 2002	2001
Net Income	$ 607	$ 15,604
Other comprehensive income:		
Net unrealized gain on securities	5,857	17,255
Amortization of unrealized loss on derivative instruments	247	--
Net unrealized gain on derivative instruments	--	74
Other comprehensive income	6,104	17,329
Comprehensive income	$ 6,711	$ 32,933

The components of accumulated other comprehensive income, net of related taxes, are as follows (in thousands):

	December 31, 2002	September 30, 2002
Unrealized gain on securities, net	$ 30,703	$ 24,846
Unrealized loss on derivative instruments	(807)	(1,054)
Minimum pension liability	(7,612)	(7,612)
Accumulated other comprehensive income	$ 22,284	$ 16,180

7. Notes payable and long-term debt -

At December 31, 2002, the Company had $200 million in debt outstanding at fixed rates and maturities as summarized in the following table. Funding of the notes occurred on August 15, 2002 and October 15, 2002 in equal amounts of $100 million.

Issue Amount	Maturity Date	Interest Rate
$25,000,000	August 15, 2007	5.51%
$25,000,000	August 15, 2009	5.91%
$75,000,000	August 15, 2012	6.46%
$75,000,000	August 15, 2014	6.56%

The terms of the debt obligations require the Company to maintain a minimum ratio of debt to total capitalization. The $100 million proceeds received on October 15, 2002 were used to pay outstanding balances in accounts payable related to the Company's rig construction program and for other general corporate purposes.

At December 31, 2002, the Company had a committed unsecured line of credit totaling $125 million. Letters of credit totaling $12.1 million were outstanding against the line, leaving $112.9 million available to borrow. Under terms of the line of credit, the Company must maintain certain financial ratios as defined including debt to total capitalization and debt to earnings before interest, taxes, depreciation, and amortization, and maintain certain levels of liquidity and tangible net worth.

At December 31, 2002, the Company held an unassociated interest rate swap tied to 30-day LIBOR in the amount of $50 million which matures on October 27, 2003. The swap instrument was originally designated as a hedge of a $50 million loan that was paid-off in September 2002. The swap liability was valued at approximately $1.5 million on December 31, 2002.

The interest rate swap liability was valued at approximately $1.7 million on the date the $50 million debt was paid off. The $1.7 million will be amortized over the remaining life of the swap as interest expense. In the first quarter of fiscal 2003, $399,000 was amortized and included in interest expense. Changes to the value of the interest rate swap subsequent to the date the $50 million debt was paid will be recorded to income.

8. Discontinued Operations -

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

Summarized results of discontinued operations for the three months ended December 31, 2001 are as follows:

Revenues	$ 39,155
Loss from operations:	
Loss before income taxes	(3,893)
Tax benefit	(1,370)
Loss from discontinued operations	$ (2,523)

9. Earnings per share -

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

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

	Three Months Ended December 31, 2002	Three Months Ended December 31, 2001
	(in thousands)	
Basic weighted-average shares	49,979	49,736
Effect of dilutive shares:		
Stock options	486	335
Restricted stock	2	7
	488	342
Diluted weighted-average shares	50,467	50,078

Options to purchase 1,036,762 shares of common stock at a weighted-average price of $27.86 were outstanding at December 31, 2002, but were not included in the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive.

10. Income Taxes -

The Company's effective tax rate was 43.0% in the first quarter of fiscal 2003, compared to 42.2% in the first quarter of fiscal 2002.

11. New Accounting Standards -

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs and amends FASB Statement No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies." The Statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which is it incurred if a reasonable estimate of fair value can be made, and that the associated asset retirement costs be capitalized as part of the carrying amount of the long-lived asset. There was no impact on the Company's results of operations and financial position upon adoption of SFAS No. 143 at October 1, 2002.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" and amends Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." The Statement retains the basic framework of SFAS No. 121, resolves certain implementation issues of SFAS No. 121, extends applicability to discontinued operations, and broadens the presentation of discontinued operations to include a component of an entity. The Company adopted this statement October 1, 2002. Since the Company's approach for impairment under SFAS No. 121 was consistent with the provisions under SFAS No. 144, adopting this statement had no impact on the Company's results of operations and financial position.

Included in the Company's operating revenues for the three months ended December 31, 2002 are reimbursements for "out-of-pocket" expenses of $6.0 million. Previously, the Company recognized reimbursements received as a reduction to the related costs. Emerging Issues Task Force (EITF) No. 01-14, "Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred" requires that reimbursements received for "out-of-pocket" expenses be included in operating revenues. The effect of EITF 01-14 resulted in a reclassification to the three months ended December 31, 2001, that increased operating revenues and operating costs by $8.9 million. These reclassifications had no impact on net income.

12. Commitments -

The Company, on a regular basis, makes commitments for the purchase of contract drilling equipment. At December 31, 2002, the Company had commitments outstanding of approximately $100 million for the purchase of drilling equipment.

13. Segment information -

The Company operates principally in the contract drilling industry, which includes a Domestic segment and an International segment. The contract drilling operations consist of contracting Company-owned drilling equipment primarily to major oil and gas exploration companies. The Company's primary international areas of operation include Venezuela, Colombia, Ecuador, Argentina and Bolivia. The Company also has a Real Estate segment whose operations are conducted exclusively in the metropolitan area of Tulsa, Oklahoma. The primary areas of operations include a major shopping center and several multi-tenant warehouses. Each reportable segment is a strategic business unit, which is managed separately as an autonomous business. Other includes investments in available-for-sale securities and corporate operations. The "other" component of Total Assets also includes the Company's investment in equity-owned investments. The Company evaluates performance of its segments based upon operating profit or loss from operations before income taxes which includes revenues from external and internal customers, operating costs, and depreciation but excludes general and administrative expense, interest expense and corporate depreciation and other income (expense).

Summarized financial information of the Company's reportable segments for the quarter ended December 31, 2002, and 2001, is shown in the following tables:

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit
DECEMBER 31, 2002				
Contract Drilling				
Domestic	$ 86,749	$ --	$ 86,749	$ 8,626
International	23,524	--	23,524	(592)
	110,273	--	110,273	8,034
Real Estate	2,231	355	2,586	1,166
Other	809	--	809	--
Eliminations	--	(355)	(355)	--
Total	$ 113,313	$ --	$ 113,313	$ 9,200

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit
DECEMBER 31, 2001				
Contract Drilling				
Domestic	$ 97,658	$ 342	$ 98,000	$ 27,816
International	42,409	--	42,409	3,877
	140,067	342	140,409	31,693
Real Estate	2,495	379	2,874	1,397
Other	1,321	--	1,321	--
Eliminations	--	(721)	(721)	--
Total	$ 143,883	$ --	$ 143,883	$ 33,090

The following table reconciles segment operating profit per the table above to income before income taxes and equity in income of affiliates as reported on the Consolidated Condensed Statements of Income.

	Three Months Ended December 31, 2002	Three Months Ended December 31, 2001
	(in thousands)	
Segment operating profit	$ 9,200	$ 33,090
Unallocated amounts:		
Income from investments	790	1,307
General corporate expense	(6,186)	(4,483)
Interest expense	(2,770)	(392)
Corporate depreciation	(606)	(503)
Other corporate expense	(157)	(16)
Total unallocated amounts	(8,929)	(4,087)
Income before income taxes and equity in income of affiliates	$ 271	$ 29,003

The following table presents revenues from external customers by country based on the location of service provided.

	Three Months Ended December 31, 2002	Three Months Ended December 31, 2001
	(in thousands)	
Revenues		
United States	$ 89,789	$ 101,474
Venezuela	3,682	16,228
Ecuador	13,790	11,908
Other Foreign	6,052	14,273
Total	$ 113,313	$ 143,883

14. Equity Income -

Investments in companies owned from 20 to 50 percent are accounted for using the equity method with the Company recognizing its proportionate share of the income or loss of each investee. The Company owned approximately 22% of Atwood Oceanics, Inc. (Atwood) at both December 31, 2002 and 2001. Summarized financial information of Atwood is as follow:

	Three Months Ended December 31, 2002	Three Months Ended December 31, 2001
	(in thousands)	
Revenues	$ 28,841	$ 37,234
Operating Income	2,424	12,527
Net Income	950	8,158
H&P's equity in net income net of taxes	455	1,432

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

DECEMBER 31, 2002

RISK FACTORS AND FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the consolidated condensed financial statements and related notes included elsewhere herein and the consolidated financial statements and notes thereto included in the Company's 2002 Annual Report on Form 10-K. The Company's future operating results may be affected by various trends and factors, which are beyond the Company's control. These include, among other factors, fluctuations in natural gas and crude oil prices, expiration or termination of drilling contracts, currency exchange losses, changes in general economic and political conditions, rapid or unexpected changes in technologies and uncertain business conditions that affect the Company's businesses. Accordingly, past results and trends should not be used by investors to anticipate future results or trends.

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

SPIN-OFF AND MERGER TRANSACTIONS

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

RESULTS OF OPERATIONS

FIRST QUARTER 2003 VS FIRST QUARTER 2002

The Company reported net income of $607,000 ($0.01 per share) from revenues of $113,313,000 for the first quarter ended December 31, 2002, compared with net income of $15,604,000 ($0.31 per share) from revenues of $143,883,000 for the same period of fiscal 2002. Included in net income for the quarters ended December 31, 2002 and 2001 is loss from discontinued operations of $0 and $2,523,000, respectively.

DOMESTIC DRILLING

DOMESTIC DRILLING'S operating profit decreased $19.2 million to $8.6 million in the first quarter of fiscal 2003, compared with $27.8 million in last year's first quarter. Revenues were $86.7 million and $98.0 million in the first quarter of fiscal 2003 and 2002, respectively.

Domestic land operations results in the first quarter of fiscal 2003 were significantly lower than in the same period in fiscal 2002 as rig activity and profit margins declined. Average land rig margin per day for the first quarter of fiscal 2003 was $2,835 compared with $6,168 for last year's first quarter. Direct land rig costs in 2003 were impacted by an above average number of rig days lost to weather and other delays. There were 117 days lost in the quarter, without revenues, compared to 7 days in the first quarter of fiscal 2002. Indirect costs were also higher because of $1.7 million in training and other costs related to our FlexRig3 program. Land rig utilization was 79% and 89% for the first quarter of fiscal 2003 and 2002, respectively, as rig demand softened in the current quarter. Revenue days for the first quarter of 2003 were 5,015, compared to 4,189 for the same period of 2002, with an average of 54.5 and 45.5 rigs working during the first quarter of 2003 and 2002, respectively.

Offshore operations results were lower in the first quarter of fiscal 2003 compared to the same period in 2002. The Company operated 10 rigs at 100% activity in the first quarter of fiscal 2002, compared to 12 rigs in the first quarter of fiscal 2003 with a rig utilization of 52%. Two new platform rigs were added in May and August of 2002. Currently six platform rigs are idle and the outlook is not favorable for putting the six rigs to work in fiscal 2003.

Depreciation expense for Domestic Drilling in the first quarter of fiscal 2003 was $12.1 million, compared with $8.0 million in the same period of fiscal 2002. The $4.1 million increase is the result of the additional rigs that have been added in fiscal 2002 and in the first quarter of fiscal 2003.

Currently, the Company has 72 U.S. land rigs and 12 U.S. platform rigs located in the Gulf of Mexico. Delivery of our new FlexRig3s continues on schedule. The Company delivered six new rigs in the current quarter, and is producing two new rigs per month. The Company will deliver the remaining 11 new FlexRig3s by July 2003.

INTERNATIONAL DRILLING

INTERNATIONAL DRILLING'S operating profit for the first quarter of fiscal 2003 was a loss of $.6 million, compared to a profit of $3.9 million in the same period of 2002. Rig utilization for international operations averaged 33% for this year's first quarter, compared with 54.5% for the first quarter of fiscal 2002. An average of 10.8 rigs worked during the current quarter, compared to 17.5 rigs in the first quarter of fiscal 2002.

Operating profit in Venezuela decreased $2.9 million in the first quarter of fiscal 2003 to a loss of $.9 million as civil unrest caused uncertainty and lower rig activity. Venezuela had 637 operating days in the first quarter of fiscal 2002, compared to only 187 operating days in the same quarter of 2003. While there is still uncertainty in Venezuela, three deep rigs resumed work in December and two additional deep rigs were contracted and scheduled to resume work. The two additional deep rigs have been delayed by PDVSA, the national oil company. These rigs are forecast to go to work late in the second quarter or early in the third quarter of the fiscal year.

Operating profit in Colombia decreased $1.9 million in the first quarter of fiscal 2003 to a loss of $1.1 million as none of the three rigs in Colombia worked during the first quarter of fiscal 2003. Currently one rig is under contract and mobilizing to a deep exploratory well. There is potential for additional activity in fiscal 2003.

Operating profit in Ecuador increased $.8 million in the first quarter of fiscal 2003 to $2.5 million with eight rigs contracted at 98% activity for the quarter, compared to 95% activity in the first quarter of fiscal 2002. The Company expects continued high activity in Ecuador.

Only one rig of six is currently working in Bolivia, and two rigs are idle in Argentina. The outlook for drilling in Argentina and Bolivia is not favorable.

OTHER

Real Estate and other revenues decreased approximately $0.8 million from last year. Interest income was $0.4 million in the first quarter of fiscal 2003, compared with $0.6 million in the same period of 2002, as both interest rates and cash balances were lower. Dividend income decreased $0.3 million in the first quarter of 2003, compared with first quarter of 2002 as the result of security sales in the third quarter of fiscal 2002.

Corporate general and administrative expenses increased from $4.5 million in the first quarter fiscal 2002 to $6.2 million in the first quarter of fiscal 2003. The increase is primarily related to increased pension expense. The value of the Company's pension assets declined last year, as with most companies with defined benefit pension plans. The result of the asset decline was a substantial increase in our non-cash expense accrual in fiscal 2003. The total pension accrual for fiscal 2003 is estimated to be $8.4 million, which is approximately $5.1 million higher than in fiscal 2002. Also for the quarter, hospitalization expense increased and professional services were higher.

Interest expense was $2.8 million in the first quarter of fiscal 2003, compared to $0.4 million in the same period of fiscal 2002. The increase is the result of the $200,000,000 privately-placed term notes issued in August ($100,000,000) and October ($100,000,000) 2002.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $27,031,000 for the first quarter of fiscal 2003, compared with $28,562,000 for the same period in 2002. Capital expenditures were $69,255,000 and $62,992,000 for the first quarter of fiscal 2003 and 2002, respectively.

The Company anticipates capital expenditures to be approximately $195 million for fiscal 2003. Included in the $195 million is approximately $120,000,000 to complete the FlexRig3 new build program. A total of 17 new rigs will be completed by July 2003. In the first quarter of fiscal 2003, six rigs were put into service. Internally generated cash flows are projected to be approximately $87 million for fiscal 2003 and cash balances were $101 million at December 31, 2002. The Company's indebtedness totaled $200 million at December 31, 2002, as described in note 7 to the Consolidated Condensed Financial Statements. If necessary, the Company anticipates additional borrowing in fiscal 2003, or possibly selling a portion of its investment portfolio to fund projected capital expenditures.

There were no other significant changes in the Company's financial position since September 30, 2002.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

For a description of the Company's market risks, see "Item 7 (a). Quantitative and Qualitative Disclosures About Market Risk" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2002, and Note 7 to the Consolidated Condensed Financial Statements contained in Part I hereof.

Item 4. CONTROLS AND PROCEDURES

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

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

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

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

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) Reports on Form 8-K

For the three months ended December 31, 2002, registrant (i) filed one Form 8-K dated September 30, 2002, disclosing under Item 2 the spin-off distribution of Cimarex Energy Co. common stock to the registrant's stockholders, along with certain pro forma financial information under Item 7, (ii) filed one Form 8-K dated October 16, 2002, reporting events under Item 5 regarding the second closing of the registrant's intermediate term debt facility, and (iii) filed one Form 8-K dated December 6, 2002, reporting events under Item 5 regarding the election of a new director. In addition, registrant furnished one form 8-K dated November 13, 2002, reporting under Item 9, Regulation for Disclosure, attaching a press release announcing results of operations and certain supplemental information, including financial statements.

SIGNATURES

HELMERICH & PAYNE, INC.

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

Date: February 14, 2003	*/s/ DOUGLAS E. FEARS*
	Douglas E. Fears, Chief Financial Officer
Date: February 14, 2003	*/s/ HANS C. HELMERICH*
	Hans C. Helmerich, President

CERTIFICATION

I, Hans Helmerich, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ HANS HELMERICH

Date: February 14, 2003 --

Hans Helmerich, Chief Executive Officer

CERTIFICATION

I, Douglas E. Fears, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: February 14, 2003

/s/ DOUGLAS E. FEARS
Douglas E. Fears, Chief Financial Officer

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Helmerich & Payne, Inc. (the "Company") on Form 10-Q for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Hans Helmerich, as Chief Executive Officer of the Company, and Douglas E. Fears, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

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

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

/s/ HANS HELMERICH

Hans Helmerich
Chief Executive Officer
February 14, 2003

/s/ DOUGLAS E. FEARS

Douglas E. Fears
Chief Financial Officer
February 14, 2003