HELMERICH & PAYNE, INC.

FORM 10-Q
(Quarterly Report)

Filed 02/16/99 for the Period Ending 12/31/98

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

HELMERICH & PAYNE INC

FORM 10-Q
(Quarterly Report)

Filed 2/16/1999 For Period Ending 12/31/1998

Address	UTICA AT 21ST ST
	TULSA, Oklahoma 74114
Telephone	918-742-5531
CIK	0000046765
Industry	Oil Well Services & Equipment
Sector	Energy
Fiscal Year	09/30

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 30549

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

For quarterly period ended: DECEMBER 31, 1998

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

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CLASS	OUTSTANDING AT DECEMBER 31, 1998
Common Stock, .10 par value	49,416,682

INDEX

PART I. FINANCIAL INFORMATION

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

	(Unaudited) December 31 1998	September 30 1998
ASSETS		
Current Assets		
Cash and cash equivalents	$ 27,890	$ 24,476
Short-term investments	244	262
Accounts receivable, net	116,893	119,395
Inventories	26,982	25,401
Prepaid expenses and other	25,924	14,811
Total Current Assets	197,933	184,345
Investments	199,141	200,400
Property, Plant and Equipment, net	709,721	692,371
Other Assets	13,053	13,314
Total Assets	$ 1,119,848	$ 1,090,430
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 33,102	$ 41,851
Accrued liabilities	40,603	38,833
Notes payable	73,500	44,800
Total Current Liabilities	147,205	125,484
Noncurrent Liabilities		
Long-term notes payable	50,000	50,000
Deferred income taxes	103,218	103,469
Other	17,790	18,329
Total Noncurrent Liabilities	171,008	171,798
SHAREHOLDERS' EQUITY		
Common stock, par value $.10 per share	5,353	5,353
Preferred stock, no shares issued	--	--
Additional paid-in capital	59,250	59,004
Retained earnings	726,267	716,875
Unearned compensation	(5,549)	(5,605)
Accumulated other comprehensive income	53,178	54,689
	838,499	830,316
Less treasury stock, at cost	36,864	37,168
Total Shareholders' Equity	801,635	793,148
Total Liabilities and Shareholders' Equity	$ 1,119,848	$ 1,090,430

See accompanying notes to financial statements.

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

(in thousands except per share data)

	Three Months Ended 12/31/98	Three Months Ended 12/31/97
REVENUES:		
Sales and other operating revenues	$ 142,518	$ 144,112
Income from investments	1,346	7,711
	143,864	151,823
COST AND EXPENSES:		
Operating costs	86,614	76,490
Depreciation, depletion and amortization	23,999	18,651
Dry holes and abandonments	1,759	4,137
Taxes, other than income taxes	6,421	5,194
General and administrative	3,590	2,556
Interest	1,602	25
	123,985	107,053
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	19,879	44,770
INCOME TAX EXPENSE	7,862	16,822
EQUITY IN INCOME OF AFFILIATE, net of income taxes	794	1,217
NET INCOME	$ 12,811	$ 29,165
EARNINGS PER COMMON SHARE:		
Basic	$ 0.26	$ 0.58
Diluted	$ 0.26	$ 0.57
CASH DIVIDENDS (Note 2)	$ 0.07	$ 0.07
AVERAGE COMMON SHARES OUTSTANDING:		
Basic	49,182	50,006
Diluted	49,664	51,066

The accompanying notes are an integral part of these statements.

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

(in thousands)

	Three Months Ended 12/31/98	Three Months Ended 12/31/97
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 12,811	$ 29,165
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	23,999	18,651
Dry holes and abandonments	1,759	4,137
Equity in income of affiliate before income taxes	(1,281)	(1,963)
Amortization of deferred compensation	386	209
Gain on sale of securities	(116)	(6,015)
Gain on sale of property, plant & equipment	(4,957)	(526)
Other, net	287	348
Change in assets and liabilities-		
Accounts receivable	2,502	(13,782)
Inventories	(1,581)	(1,316)
Prepaid expenses and other	(10,852)	(6,639)
Accounts payable	(8,749)	(32)
Accrued liabilities	1,770	1,023
Deferred income taxes	675	7,508
Other noncurrent liabilities	(539)	1,416
Total adjustments	3,303	3,019
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,114	32,184
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, including dry hole costs	(44,418)	(48,633)
Proceeds from sales of property, plant and equipment	6,248	10,756
Purchase of investments	(3)	(103)
Proceeds from sale of investments	53	21,070
Proceeds from sale of short-term investments	18	32
NET CASH USED IN INVESTING ACTIVITIES	(38,102)	(16,878)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	58,000	33,000
Payments made on notes payable	(29,300)	(23,000)
Dividends paid	(3,458)	(3,524)
Proceeds from exercise of stock options	160	669
NET CASH PROVIDED BY FINANCING ACTIVITIES	25,402	7,145
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,414	22,451
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	24,476	27,963
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 27,890	$ 50,414

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

	Common Stock		Additional Paid-In	Unearned	Retained	Treasury Stock		Accumulated Other Comprehensive	
	Shares	Amount	Capital	Compensation	Earnings	Shares	Amount	Income	Total
Balance, September 30, 1998	53,529	$5,353	$59,004	$(5,605)	$716,875	4,146	$(37,168)	$ 54,689	$793,148
Comprehensive Income:									
Net Income					12,811				12,811
Other comprehensive income, net of tax									
Unrealized losses on available-for-sale securities								(1,511)	(1,511)
Comprehensive income									11,300
Cash dividends ($0.07 per share)					(3,460)				(3,460)
Exercise of Stock Options			109			(17)	152		261
Stock issued under Restricted Stock Award Plan			137	(289)		(17)	152		
Amortization of deferred compensation				345	41				386
Balance, December 31, 1998	53,529	$5,353	$59,250	$(5,549)	$726,267	4,112	$(36,864)	$53,178	$801.635

PART I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the results of the periods presented. The results of operations for the three months ended December 31, 1998, and December 31, 1997, are not necessarily indicative of the results to be expected for the full year.

2. The $.07 cash dividend declared in September, 1998, was paid December 1, 1998. On December 2, 1998, a cash dividend of $.07 per share was declared for shareholders of record on February 15, 1999, payable March 1, 1999.

3. Inventories consist of materials and supplies.

4. Income from investments includes $116,000 and $6,015,000 from gains on sales of available-for-sale securities during the first quarter of fiscal years 1999 and 1998, respectively.

5. The following is a summary of available-for-sale securities, which excludes those accounted for under the equity method of accounting. The recorded investment in securities accounted for under the equity method is $36,702,000.

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
Equity Securities 12/31/98	$76,668	$94,199	$8,428	162,439
Equity Securities 09/30/98	$76,770	$93,364	$5,156	164,978

6. As of October 1, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income" (SFAS 130). SFAS 130 establishes new rules for the reporting and display of comprehensive income and its components; however, the adoption of this statement had no impact on the Company's net income or shareholders' equity. SFAS 130 requires the Company's unrealized gains or losses on available-for-sale securities to be included in other comprehensive income. Prior to adoption this item was reported separately in shareholders' equity. Prior year financial statements have been reclassified to conform to the requirements of SFAS 130.

The components of comprehensive income, net of related tax, for the three month periods ended December 31, 1998, and 1997, are as follows:

	Fiscal 1998	Fiscal 1997
Net Income	$12,811	$29,165
Unrealized losses on securities	(1,511)	(6,064)
Comprehensive income	$11,300	$23,101

The only component of accumulated other comprehensive income is unrealized gains on available-for-sale securities.

7. At December 31, 1998, the Company had committed bank lines of credit totaling $130 million; $20 million may be borrowed through February 1999, $50 million may be borrowed through May 1999, $10 million may be borrowed through May 2000, and $50 million may be borrowed through October 2003. Additionally, the Company had uncommitted credit facilities totaling $63 million. Collectively, the Company had $123.5 million in outstanding borrowings and outstanding letters of credit totaling $8.2 million against these lines at December 31, 1998. The average rate on the borrowings at December 31, 1998, was 5.6 percent.

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

8. Earnings per Share - Basic earnings per share is based on the weighted-average number of common shares outstanding during the period. Diluted earnings per share includes 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	
(in thousands)	12-31-98	12-31-97
Basic weighted-average shares	49,182	50,006
Effect of dilutive shares:		
Stock options	472	984
Restricted stock	10	76
	482	1,060
Diluted weighted-average shares	49,664	51,066

Restricted stock of 180,000 shares at a weighted-average price of $37.73 and options to purchase 919,000 shares of common stock at a weighted-average price of $32.40 were outstanding at December 31, 1998, but were not included in the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive, as the exercise prices of the options exceed the average market price of the common shares.

9. New Accounting Pronouncements - The Financial Accounting Standards Board has issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). SFAS 133 is effective for fiscal years beginning after June 15, 1999. This standard requires that all derivatives be recognized as assets or liabilities in the balance sheet and that those instruments be measured at fair value. The Company has not yet determined what the effect of SFAS 133 will be on the earnings and the financial position of the Company.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information". This statement, which is effective for fiscal years beginning after December 15, 1997, expands or modifies disclosures and will have no impact on the Company's consolidated financial position, results of operations or cash flows.

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

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

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

(in thousands)

	Three Months Ended 12/31/98	Three Months Ended 12/31/97
SALES AND OTHER REVENUES:		
Contract Drilling-Domestic	$ 45,985	$ 41,736
Contract Drilling-Internat'l	54,685	51,994
Total Contract Drilling Division	100,670	93,730
Exploration and Production	26,428	32,171
Natural Gas Marketing	13,175	16,056
Total Oil & Gas Division	39,603	48,227
Real Estate Division	2,193	2,091
Investments and other	1,398	7,775
TOTAL REVENUES	$143,864	$151,823
OPERATING PROFIT:		
Contract Drilling-Domestic	$ 7,664	$ 9,371
Contract Drilling-Internat'l	9,941	14,055
Total Contract Drilling Division	17,605	23,426
Exploration and Production	4,505	14,859
Natural Gas Marketing	941	587
Total Oil & Gas Division	5,446	15,446
Real Estate Division	1,391	1,308
Total Operating Profit	24,442	40,180
OTHER	(4,563)	4,590
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	$ 19,879	$ 44,770

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

DECEMBER 31, 1998

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 natural gas and crude oil prices, expiration or termination of drilling contracts, currency exchange losses, changes in general economic conditions, rapid or unexpected changes in technologies and uncertain business conditions that affect the Company's businesses. Accordingly, past results and trends should not be used by investors to anticipate future results or trends.

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

RESULTS OF OPERATIONS

The Company reported net income of $12,811,000 ($0.26 per share on a diluted basis) from revenues of $143,864,000 for the first quarter ended December 31, 1998, compared with net income of $29,165,000 ($0.57 per share, diluted) from revenues of $151,823,000 for the first quarter of the prior fiscal year. Net income in the first quarter of fiscal 1998 included $3,675,000 ($0.07 per share, diluted) from the sale of investment securities.

The Company's Exploration and Production Division reported operating profit of $4,505,000 for the first quarter ended December 31, 1998, compared with operating profit of $14,859,000 for the same period in fiscal 1998. This significant decrease is the result of lower oil and gas revenues, increased exploration costs and increased depreciation and depletion, offset by decreased dry hole expense and a gain recorded from the sale of producing properties.

Oil and gas revenues decreased approximately 32% from the first quarter of fiscal 1998 to $21.6 million in the first quarter of fiscal 1999. Crude oil prices for the first quarter of fiscal 1999 averaged $10.95 per bbl, compared with $18.50 per bbl in the same period of 1998. Crude oil volumes were 1,951 bbls/d and 2,220 bbls/d for the first quarter of 1999 and 1998, respectively. Natural gas prices for the first quarter of fiscal 1999 averaged $1.79 per mcf, compared with $2.61 per mcf in the same period of 1998. Natural gas volumes for the first quarter of fiscal 1999 averaged 119.4 mmcf/d, compared with 117.1 mmcf/d in the same period of 1998. The first quarter of fiscal 1999 also included gains from the sale of producing properties of approximately $4.6 million.

Exploration costs, primarily geophysical charges, increased to $6.8 million in the first quarter of fiscal 1999, compared with $.9 million in the first quarter of fiscal 1998. Dry hole expense was $17,000 in first quarter of fiscal 1999, compared with $2,581,000 in the same period of fiscal 1998. Depreciation and depletion increased $1.3 million (21%) in the first quarter of fiscal 1999, compared with first quarter of fiscal 1998. A portion of the increase in depreciation and depletion was the recognition of an impairment charge of approximately $.7 million for proved exploration and production properties, which is included in depreciation, depletion and amortization expense.

Operating profit from the Company's domestic drilling operations for the first three months of fiscal 1999 and 1998 was $7,664,000 and $9,371,000, respectively. Domestic land rig activity averaged 85% for the first quarter of fiscal 1999, down from the 100% utilization experienced in the same period of fiscal 1998. Revenue days for land rigs were essentially the same as last year, while average dayrates were down approximately 7% from last year's first quarter. Continued softening of land dayrates and rig utilization are expected for the remainder of the fiscal year.

Domestic offshore platform rig activity was at 100% for the first quarter of both fiscal 1999 and 1998. Recent increases in offshore platform rig revenues and earnings from the Company's commencement of operations on Shell's Ursa Tension Leg Platform, together with fees earned from managing the construction of a large platform rig, should help offset declines in land rig revenues and earnings during the next three quarters.

Operating profit from the Company's international drilling operations for the first three months of fiscal 1999 and 1998 was $9,941,000 and $14,055,000, respectively. Revenues for the same periods were $54,685,000 and $51,994,000. Included in revenues and operating profit for the first quarter of fiscal 1999 were recently negotiated retroactive billings in Colombia and incentive payments in Venezuela, as well as revenues from Rig 91, which did not commence operations until late in the first quarter of fiscal 1998. During the second quarter, Rig 91 was moved from offshore Venezuela to the Company's domestic operations and will be working in the Gulf of Mexico for a major oil company.

Rig utilization in South America has fallen from 91% in the first quarter of fiscal 1998 to 65% in this year's first quarter. As volatility in dayrates and utilization continues, revenues and operating profit from international operations are expected to be lower in the next three quarters.

IMPACT OF YEAR 2000

Readers are cautioned that forward-looking statements contained in the following Year 2000 discussion should be read in conjunction with the Company's disclosures under the heading: "Risk Factors and Forward-Looking Statements". This discussion shall constitute the Company's "Year 2000 Readiness Disclosure" within the meaning of the Year 2000 Information and Readiness Act.

THE COMPANY'S STATE OF READINESS

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

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

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

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

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

IT		STATUS OF COMPLETION	TARGET FOR COMPLETION
o	Core accounting and operational (mainframe) systems	Phases 1,2 & 3 Complete; 4 in Progress	March 1999
o	Human Resources & Payroll Systems	Phases 1,2 & 3 Complete; 4 in Progress.	March 1999

IT		STATUS OF COMPLETION	TARGET FOR COMPLETION
o	Network	Completed	
o	Desktop Computer Hardware	Phases 1 & 2 Complete; 3 in Progress	March 1999
o	Standard Company Desktop Computer Software	Phases 1 & 2 Complete; 3 in Progress	March 1999
o	Business Unit User Software	Phase 1 in Progress	September 1999
Non-IT			
o	Systems and Equipment	Phases 1 & 2 in Progress	September 1999

As reflected in the above table, the Company is in the process of identifying embedded technology and determining the extent to which such technology is Y2K compliant. As part of this process, the Company has 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 is in the process of obtaining information from significant customers regarding the extent to which Y2K issues may affect the amount of business the Company currently conducts with such customers. As of February 1, 1999, the Company had received responses from approximately 57% of such vendors and service providers. Approximately 86% of such vendors and service providers have provided written assurances that they expect to address their significant Y2K issues on a timely basis. A follow-up mailing to significant vendors and services providers that did not initially respond, or whose responses were deemed unsatisfactory, has been completed. As a result of these activities, the Company expects discussions will be conducted with the vendors or manufacturers of such mission critical equipment to determine the most effective solutions to Y2K compliance issues.

THE COST TO ADDRESS Y2K ISSUES

The Company believes that the cost of its Y2K Project should not exceed $1,000,000, including costs of employees working on the Y2K Project. Costs incurred for new software and hardware purchases are being capitalized, and other costs are being expensed as incurred. The costs relating to the Company's Y2K Project are paid from the Company's general funds. To date, the Company has incurred Y2K Project costs of approximately $600,000. This expenditure mainly relates to repair, upgrading or replacement of existing software and hardware, and solicitation and evaluation of information received from significant vendors, service providers, or customers. The $1,000,000 figure does not include the costs of independent Y2K consultants. The Company has not determined whether it will engage independent Y2K consultants. The cost of such consultants would not be material to the Company.

THE COMPANY'S CONTINGENCY PLAN

The Company is in the process of developing its contingency plans on a business unit and departmental basis. These plans are projected to be complete by May 31, 1999. These contingency plans will include, but will not be limited to:
development of backup and recovery procedures for IT Systems; remediation of existing systems or equipment; installation of new systems or equipment; stockpiling of Y2K compliant goods and supplies; stockpiling old equipment which does not contain embedded technology; replacement of current services with temporary manual processes; finding non-technological alternatives or sources for information; or identification of alternative customers, suppliers or outsourcing subcontractors who stand ready to receive or provide critical goods, equipment and services. The Company has engaged a computer recovery services contractor as a potential source of alternative computer systems as part of its contingency plan.

THE RISKS OF THE COMPANY'S Y2K ISSUES

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

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

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $16,114,000 for the first quarter of fiscal 1999, compared with $32,184,000 for the same period in 1998. Capital expenditures were $44,418,000 and $48,633,000 for the first quarter of fiscal 1999 and 1998, respectively.

It is anticipated for fiscal 1999 that capital expenditures will approach $135 million, which is close to the Company's projected internally generated cash flows. The Company would, if necessary, borrow under its line of credit agreement to fund capital expenditures in excess of cash flows. The Company borrowed an additional $28,700,000 during the current quarter. The Company's indebtedness totaled $123,500,000 as of December 31, 1998, as described in Note 7 to the Consolidated Condensed Financial Statements.

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

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

Item 6(b) Reports on Form 8-K

There were no reports on Form 8-K for the three months ended December 31, 1998.

SIGNATURES

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

Date: FEBRUARY 16, 1999 *(/S/ DOUGLAS E. FEARS)*

Douglas E. Fears, Chief Financial Officer

Date: FEBRUARY 16, 1999 */S/ HANS C. HELMERICH*

Hans C. Helmerich, President

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
27	Financial Data Schedule

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	SEP 30 1999
PERIOD START	OCT 01 1998
PERIOD END	DEC 31 1998
CASH	27,890
SECURITIES	199,141
RECEIVABLES	120,301
ALLOWANCES	3,408
INVENTORY	26,982
CURRENT ASSETS	197,933
PP&E	1,399,884
DEPRECIATION	690,163
TOTAL ASSETS	1,119,848
CURRENT LIABILITIES	147,205
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	5,353
OTHER SE	796,282
TOTAL LIABILITY AND EQUITY	1,119,848
SALES	142,518
TOTAL REVENUES	143,864
CGS	110,765
TOTAL COSTS	110,765
OTHER EXPENSES	8,028
LOSS PROVISION	0
INTEREST EXPENSE	1,602
INCOME PRETAX	19,879
INCOME TAX	7,862
INCOME CONTINUING	12,811
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	12,811
EPS PRIMARY	.26
EPS DILUTED	.26

End of Filing