

HELMERICH & PAYNE, INC.

FORM 10-K (Annual Report)

Filed 12/23/97 for the Period Ending 09/30/97

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

HELMERICH & PAYNE INC

FORM 10-K (Annual Report)

Filed 12/23/1997 For Period Ending 9/30/1997

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, 1997
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
identification no.)

UTICA AT TWENTY-FIRST STREET,
TULSA, OKLAHOMA
(Address of principal executive offices)

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 X NO

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF THE REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. []

At December 15, 1997, the aggregate market value of the voting stock held by non-affiliates was \$1,517,678,164.

Number of shares of common stock outstanding at December 15, 1997:
50,264,394.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Annual Report to Shareholders for the fiscal year ended September 30, 1997 -- Parts I, II, and IV.

(2) Proxy Statement for Annual Meeting of Security Holders to be held March 4, 1998 -- Part III.

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, 1997

PART I

Item 1. BUSINESS

Helmerich & Payne, Inc. (the "Registrant"), incorporated under the laws of the State of Delaware on February 3, 1940, and successor to a business originally organized in 1920, is engaged primarily 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 and gas exploration, production and natural gas marketing; 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, Florida, 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 1997 in five international locations: Venezuela, Ecuador, Colombia, Peru, and Bolivia.

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 also constructs and operates 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 companies and major international oil companies.

British Petroleum Company, P.L.C., including its affiliates, ("BP") is the Registrant's largest single customer. The Registrant performs drilling services for BP, both domestically and internationally. Each drilling rig operates under a separate contract. The Registrant believes that its relationship with BP is good. Revenues from drilling services performed for BP in fiscal 1997 accounted for approximately 17% of the Registrant's consolidated revenues for the same period.

The Registrant provides drilling equipment, personnel, and camps for others on a contract basis for exploration and development of onshore areas and for development 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. A helicopter rig is one that can be disassembled into component part loads of approximately 4,000 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. 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 1997. 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, although 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, and in most instances 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, 1997, the Registrant had all 38 (29 land rigs and 9 platform rigs) of its rigs operating in the United States and had management contracts for three operator owned rigs in offshore California.

During 1997, major modifications and upgrades were undertaken on three land drilling rigs and construction started on six mobile land drilling rigs. Offshore, one new tension leg platform rig (TLP) and one new self-moving minimum space rig began operations for a major oil company in the Gulf of Mexico. The

same major oil company awarded a three-year term drilling contract to Registrant for another TLP rig that is scheduled to commence drilling in fall of 1998. The TLP rig allows drilling operations to be conducted in much deeper water than traditional fixed platforms. The self-moving minimum space rig is designed to be moved without the use of expensive derrick barges.

During fiscal 1997, one platform rig was transferred from domestic operations to Venezuela. The Registrant retired three platform rigs, one in the Gulf of Mexico and two offshore California.

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. The Registrant presently owns and operates 21 drilling rigs in Venezuela. The Registrant had a utilization rate of 93% for these rigs during fiscal 1997. The Registrant worked for all three government owned producing companies in Venezuela (Corpoven, Maraven and Lagoven) during the fiscal year ended September 30, 1997. Collectively, revenues from these three producing companies accounted for approximately 12% of the Registrant's consolidated revenues during fiscal 1997. Although the Registrant believes its relationship with such producing companies is good, the loss of this business could have an adverse effect on Registrant.

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 four independent oil companies during fiscal 1997.

The Registrant presently owns and operates ten drilling rigs in Colombia. The Registrant's utilization rate for such rigs was 99% during fiscal 1997. During fiscal 1997 the revenue generated by Colombian drilling operations contributed approximately 15% of the Registrant's consolidated revenues.

In addition to its operations in Venezuela and Colombia, the Registrant in fiscal 1997 owned and operated three rigs in Ecuador, one rig in Peru, and one rig in Bolivia. In Ecuador, Peru, and Bolivia, the contracts are with large international oil companies.

During 1997, one land/helicopter rig was moved from Bolivia to Peru for work with a major oil company. Also, Registrant purchased three land rigs from a Bolivian drilling company. The three rigs are currently located in southern Bolivia. One small workover/drilling rig was retired in Venezuela during fiscal 1997.

One platform rig was transferred from domestic operations to Venezuela for a major international oil company. In October of 1997, the same oil company awarded the Registrant a contract for a 3,000-horsepower helicopter rig to begin operations in May of 1998.

Drilling operations commenced during 1997 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, which 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 contracted through fiscal 1998. 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 1998 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, any of which changes 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, in certain areas the Registrant's operations may, in the future, 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 or pursuant to such arrangements nor the

restructuring of existing operations along such lines 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 1997, approximately 34% of the Registrant's consolidated revenues were generated from international contract drilling operations. Over 94% of the international revenues were from Venezuela, Colombia, and Ecuador. Exposure to potential losses from currency devaluation is minimal in the countries of Colombia and Ecuador. 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 50% of the Registrant's invoice billings are in U.S. dollars and the other 50% 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 1997, the Registrant

experienced losses of approximately US\$579,000 as a result of the devaluation of the bolivar; however, the Registrant is unable to predict future devaluation.

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 environmental damages, except in certain cases of surface pollution, but 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. Further legislation or regulation may reasonably be anticipated, and the effect thereof on operations cannot be predicted.

OIL AND GAS DIVISION

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, Florida, Michigan, Mississippi, and the Rocky Mountain area.

The Registrant's exploration and production division includes geographical exploitation teams comprised of geological, engineering, and land personnel who primarily develop in-house oil and gas prospects as well as review a limited number of 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's Mountain Front area in western Oklahoma contained the most significant discoveries in both 1996 and 1997. The Rocky East Prospect, since its discovery in May of 1996, has produced 10.3 BCF and is currently producing approximately 15,000 mcf of gas per day. Twelve miles east of the Rocky East Prospect, the Registrant was involved, during fiscal 1997, in the discovery of the Kiowa Flats Field with current participation in nine gross wells. Working interests in the Kiowa Flats Field have ranged from 11% to 100%

in all wells drilled, and current daily gas production is 19,000 mcf. The Registrant owns 7,271 net acres in 13,760 gross acres in the Mountain Front area, of which 3,520 net acres have been developed.

During fiscal 1997, the Registrant participated in several wells drilled in the Masters Creek and Artillery Range area of the Austin Chalk in Louisiana. Total expenditures for drilling and completion costs in this area for fiscal 1997 were \$5,702,162, and total revenues were \$6,605,175. Individual well results have been mixed with estimated recoverable oil reserves ranging from minimal to over 1 million barrels. The Registrant is continuing its analysis of each well proposal in the area, with potential expenditures for the area of \$5,000,000 to \$10,000,000 during fiscal 1998. During 1997, the Registrant was a working interest owner in two wells in the Austin Chalk which suffered blowouts. Almost all of Registrant's share of the costs of well control and site clean-up was covered by its insurance. In addition, Helmerich & Payne Energy Services, Inc., a wholly owned subsidiary of Registrant, has participated with a five percent (5%) working interest in the joint venture gathering system and processing plant for the area. Total expenditures, for fiscal 1997, for Helmerich & Payne Energy Services, Inc. in this area was \$2,642,356.

The Registrant, in December of 1997, signed a non-binding letter of intent with a large independent oil company to sell all of Registrant's oil and gas interests in the Austin Chalk in Louisiana. This sale is subject to the negotiation and execution of a mutually acceptable purchase and sale agreement.

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 1997, the Registrant participated in 78

development and/or wildcat wells, which resulted in new discoveries of approximately 25.8 bcf of gas and 419,795 barrels of oil and condensate. The Registrant participated in 22 additional development wells, which resulted in the development of approximately 5.4 bcf of gas and 19,700 barrels of oil and condensate which was previously classified as proved undeveloped or proved developed nonproducing reserves. A total of \$37,464,000 was spent in the Registrant's exploration and development program during fiscal 1997. This figure includes \$1,194,447 of geophysical expense, but is exclusive of expenditures for acreage and acquisitions of proved oil and gas reserves. The Registrant's total company-wide acquisition cost for acreage in fiscal 1997 was approximately \$8,358,000.

The Registrant spent \$47,272 for the acquisition of proved oil and gas reserves during fiscal 1997. In addition, the Registrant sold 63 properties for \$3,051,306. The reserves associated with these sales were approximately 548,000 mcf of natural gas and 189,875 barrels of crude oil.

The Registrant's fiscal 1998 exploration and production budget of approximately \$48,165,000 is 15% greater than its actual exploration and production expenditures in fiscal 1997.

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 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 or development wells. The Registrant is of the opinion that the supply/demand for natural gas is reaching a state of equilibrium, thereby increasing the overall natural gas prices to higher floor levels. In addition, this new equilibrium appears to have increased price volatility. Short-term pricing will continue to depend on the stability of the supply/demand balance. This balance will continue to be affected by seasonal demands (both heating and cooling loads), and the utilization of storage throughout the United States. Long term pricing will obviously react to short term factors as discussed above, as well as other causes affecting supply/demand. Other causes affecting supply/demand imbalances may be federal regulation of the market; large quantities of developed gas reserves in Canada (and subsequent pipeline expansions) and Mexico available for export by pipelines to the United States; fuel switching between fuel oil and natural gas; development of coalbed methane; and development of large quantities of liquefied natural gas in Trinidad and Tobago and Africa available for export to the United States.

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 higher than posted prices for such crude oil production.

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 involving large expenditures. The Registrant also believes that the competition for the acquisition of gas producing properties will continue. Due to the recent increase in oil and gas prices and considering the Registrant's conservative acquisition strategy, the Registrant believes that it may be unable to acquire significant proved developed producing reserves. However, 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 whom 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 with certainty.

The Registrant intends to continue to pursue the purchase of proven producing properties and to avail itself of the opportunities for drilling and development.

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 certain related proceedings were the subject of an appeal to the United States Court of Appeals for the District of Columbia Circuit. Last year, that court largely upheld the order. Because further review of certain of these orders is still possible and other appeals

in individual pipeline proceedings and related dockets remain pending, it is difficult for the Registrant to predict what effect, if any, the ultimate outcome of these regulatory and judicial review proceedings will have on the FERC's open-access regulations or the Registrant's operations. Assuming that Order 636 is largely upheld, the Registrant believes that it will benefit from the provisions of such Order.

The FERC has announced its intention to re-examine certain of its transportation-related policies, including a statement of policy and request for comments concerning alternatives to cost-based rates for interstate gas transportation. Several interstate pipelines have obtained authorization from FERC to charge negotiated rates as one such alternative. In addition, in February, 1997, the FERC announced a broad inquiry into issues facing the natural gas industry to assist the FERC in establishing regulatory goals and priorities in the post-Order 636 environment. 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.

On February 2, 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 106 infill wells and believes that it will be necessary in fiscal 1998 to drill an additional 23 infill wells at a total estimated cost of \$2,200,000.

The FERC, in September of 1997, ordered that ad valorem tax levied by the State of Kansas is 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 Kansas ad valorem tax reimbursement, then first sellers would be required to make refunds to the pipeline which purchased the gas, with interest at the FERC-prescribed rate for excess revenues received, based on tax bills rendered during the period October 4, 1983 through June 28, 1988. The refunds are to be paid within 180 days after September 10,

1997. Based upon statements received from interstate pipelines, Registrant presently estimates its refund obligation to approximate \$6.7 million, comprised of approximately \$2.7 million of ad valorem tax reimbursement and approximately \$4 million of interest. While Registrant does not expect the tax reimbursement amount to increase, it intends to continue to review the pipeline statements for accuracy and seek reduction of such refund amount, if possible. The FERC, on November 10, 1997, granted rehearing of its September 1997 order for the purpose of further consideration of this matter. The final FERC order could be subject to appeal to the United States Court of Appeals. In addition, Senate Bill 1388 has been introduced in the United States Senate to prevent penalties or interest from being assessed on any Kansas ad valorem tax refund under the September 1997 order. 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 ninth 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 1997, HPESI's sales of third-party gas constituted approximately 13.4% 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 1998, HPESI's term gas sales contracts provide for the sale of approximately 6 bcf of gas. 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-23 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 (96% 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 (76% 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.

At the end of the 1997 fiscal year the Registrant owned 18 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. Sixteen 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 1997. During the second quarter of fiscal 1998, Registrant intends to lease approximately 29,000 square feet of office space in Tulsa. The Registrant's oil and gas division will be relocated to such offices. The vacated space will be used to accommodate the growth of the remaining segments of Registrant's 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 98%. The Registrant also owns approximately 1 1/2 acres of undeveloped land lying adjacent to such warehouses.

The Registrant received approximately \$530,000 for its sale of an unimproved 15-acre tract of land to the City of Tulsa. This tract is located in a high-growth area of southeast Tulsa known as Southpark. After the sale, Registrant owned approximately 255 acres in Southpark consisting of approximately 242 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 remained at 100%. 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.

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 increased from 79% to 93% during fiscal 1997 due primarily to the addition of several new tenants. 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. Occupancy is currently at 88%.

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. Occupancy is currently 86%. 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 1997, occupancy remained at 81%.

FINANCIAL

Information relating to Revenue and Income by Business Segments may be found on page 9 of the Registrant's Annual Report to Shareholders for fiscal 1997, which is incorporated herein by reference.

EMPLOYEES

The Registrant had 1,838 employees within the United States (14 of which were part-time employees) and 1,789 employees in international operations as of September 30, 1997.

Item 2. PROPERTIES

CONTRACT DRILLING

The following table sets forth certain information concerning the Registrant's domestic drilling rigs as of September 30, 1997:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
110	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
157	Deep	26,000	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
155	Medium Depth	14,000	Texas
79	Deep	20,000	Louisiana
80	Deep	20,000	Oklahoma
89	Deep	20,000	Texas
92	Deep	20,000	Oklahoma
94	Deep	20,000	Texas
98	Deep	20,000	Oklahoma
122	Deep	26,000	Texas
97	Deep	26,000	Texas
99	Deep	26,000	Texas
137	Deep	26,000	Texas
149	Deep	26,000	Louisiana
162	Deep	20,000	Texas
72	Very Deep	30,000	Louisiana
73	Very Deep	30,000	Louisiana
161	Very Deep	30,000	Louisiana
104	Medium Depth	16,000	* Offshore California
108	Medium Depth	16,000	* Gulf of Mexico
105	Deep	20,000	* Gulf of Mexico
202	Deep	20,000	* Gulf of Mexico
203	Deep	20,000	* Gulf of Mexico
100	Deep	26,000	* Gulf of Mexico
106	Deep	26,000	* Gulf of Mexico
107	Deep	26,000	* Gulf of Mexico
201	Deep	26,000	* Gulf of Mexico

* Offshore platform rig

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,				
	1993	1994	1995	1996	1997
Number of rigs owned at end of period	42	47	41	41	38
Average rig utilization rate during period (1)	53%	69%	71%	82%	88%

(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, 1997:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
14	Workover/drilling	6,000	Venezuela
19	Workover/drilling	6,000	Venezuela
20	Workover/drilling	6,000	Venezuela
140	Medium Depth	10,000	Venezuela
158	Medium Depth	10,000	Venezuela
159	Medium Depth	12,000	Venezuela
132	Medium Depth	16,000	Ecuador
171	Medium Depth	16,000	Bolivia
172	Medium Depth	16,000	Bolivia
156	Medium Depth	14,000	Venezuela
22	Deep (helicopter rig)	18,000	Peru
23	Deep (helicopter rig)	18,000	Ecuador
91	Deep	20,000	Venezuela (Offshore)
121	Deep	20,000	Colombia
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
115	Very Deep	30,000	Venezuela
116	Very Deep	30,000	Venezuela
125	Very Deep	30,000	Colombia
113	Very Deep	30,000	Venezuela
128	Very Deep	30,000	Venezuela

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
129	Very Deep	30,000	Venezuela
133	Very Deep	30,000	Colombia
134	Very Deep	30,000	Colombia
127	Very Deep	30,000	Venezuela
135	Very Deep	30,000	Colombia
136	Very Deep	30,000	Colombia
150	Very Deep	30,000	Venezuela
151	Very Deep	30,000	Colombia
152	Super Deep	30,000+	Colombia
153	Super Deep	30,000+	Colombia
139	Super Deep	30,000+	Colombia

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,				
	1993	1994	1995	1996	1997
Number of rigs owned at end of period	29	29	35	36	39
Average rig utilization rate during period (1)	68%	88%	84%	85%	91%

(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 domestic.

Crude Oil Sales

The Registrant's net sales of crude oil and condensate for the fiscal years 1995 through 1997 are shown below:

Year	Net Barrels	Average Sales Price per Barrel	Average Lifting Cost per Barrel
1995	808,058	\$16.37	\$7.86
1996	809,571	\$19.00	\$7.90
1997	985,633	\$20.77	\$6.98

Natural Gas Sales

The Registrant's net sales of natural and casinghead gas for the three fiscal years 1995 through 1997 are as follows:

Year ----	Net Mcf -----	Average Sales Price per Mcf -----	Average Lifting Cost per Mcf -----
1995	26,421,434	\$1.27	\$0.3640
1996	34,535,184	\$1.75	\$0.3292
1997	40,463,374	\$2.23	\$0.3213

Following is a summary of the net wells drilled by the Registrant for the fiscal years ended September 30, 1995, 1996, and 1997:

	Exploratory Wells -----			Development Wells -----		
	1995 ----	1996 ----	1997 ----	1995 ----	1996 ----	1997 ----
Productive	0.7	4.448	0.5	20.7695	23.625	39.2391
Dry	2.596	5.250	8.4588	3.2867	2.000	1.1362

On September 30, 1997, the Registrant was in the process of drilling or completing eight gross or 0.979 net wells.

Acreage Holdings

The Registrant's holdings of acreage under oil and gas leases, as of September 30, 1997, 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	119,663.07	83,643.73	31,179.49	27,587.51
Louisiana	14,273.31	3,937.01	115,028.09	31,674.31
Michigan	-0-	-0-	15,206.16	15,130.88
Mississippi	-0-	-0-	0.83	0.10
Montana	2,037.19	381.54	3,508.95	751.17
Nebraska	480.00	168.00	-0-	-0-
Nevada	-0-	-0-	36,312.67	27,634.51
New Mexico	960.00	54.86	161.88	38.85
North Dakota	200.00	11.52	-0-	-0-
Oklahoma	134,088.88	50,758.54	32,803.77	19,953.74
Texas	84,637.01	41,343.60	19,041.00	12,325.96
Wyoming	-0-	-0-	1,075.00	185.92
	-----	-----	-----	-----
Total	359,407.69	182,023.91	254,637.84	135,442.95

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.

Productive Wells

The Registrant's total gross and net productive wells as of September 30, 1997, were as follows:

Oil Wells		Gas Wells	
-----		-----	
Gross	Net	Gross	Net
-----	---	-----	---
3,142	182	912	410

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 21 through 30 of the Registrant's Annual Report to Shareholders for fiscal 1997, "Notes to Consolidated Financial Statements" and "Note 12 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-25.

STOCK

As of December 15, 1997:

The Registrant owned 300,000 shares of the common stock of Sun Company, Inc., and 329,053 shares of the Sun Company, Inc. preferred series "A". The Registrant owned 500,000 shares of Oryx Energy Company, Inc.

The Registrant owned 3,200,000 shares of the common stock of Atwood Oceanics, Inc., a Houston, Texas based company engaged in offshore contract drilling. The Registrant's ownership of Atwood is approximately 24%.

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 1,400,000 shares of the common stock of Occidental Petroleum Corporation, Inc.

The Registrant owned 400,000 shares of the common stock of Banc One Corporation, which purchased Liberty Bancorp, Inc. during fiscal 1997.

The Registrant owned 225,000 shares of the common stock of ONEOK 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, 74 Chairman of the Board	Director since 1949; Chairman of the Board since 1960
Hans Helmerich, 39 President	Director since 1987; President and Chief Executive Officer since 1989
George S. Dotson, 56 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, 48 Vice President	Vice President, Finance, since 1988
Steven R. Mackey, 46 Vice President and Secretary	Secretary since 1990; Vice President and General Counsel since 1988
Steven R. Shaw, 46 Vice President	Vice President, Production, since 1985; Vice President, Exploration and Production, since 1996
Gordon K. Helm, 44 Controller	Chief Accounting Officer of the Registrant; Controller since December 10, 1993; and Manager of Internal Audit from September 13, 1991 to December 9, 1993

PART II

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

STOCKHOLDER MATTERS

The information provided in this Item 5 has been restated to reflect the Registrant's December 15, 1997 2-for-1 common stock split.

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 -----	1996 -----		1997 -----	
	High -----	Low ---	High -----	Low ---
First	15.06	12.25	27.56	21.94
Second	17.25	13.50	27.44	21.00
Third	19.13	16.50	29.63	21.81
Fourth	21.81	17.38	40.00	29.47

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 -----	
	1996 -----	1997 -----	1996 -----	1997 -----
First	\$0.0625	\$0.065	\$3,095,578	\$3,239,007
Second	0.0625	0.065	3,100,568	3,239,892
Third	0.0625	0.065	3,104,724	3,242,952
Fourth	0.0650	0.065	3,229,596	3,248,275

The Registrant paid a cash dividend of \$0.065 per share on December 1, 1997, to shareholders of record on November 14, 1997. Payment of future dividends will depend on earnings and other factors.

As of December 15, 1997, there were 1,467 record holders of the Registrant's common stock as listed by the transfer agent's records.

Item 6. SELECTED FINANCIAL DATA

The information provided in this Item 6 has been restated to reflect the Registrant's December 15, 1997 2-for-1 common stock split.

Five-year Summary of Selected Financial Data

	1993 ----	1994 ----	1995 ----	1996 ----	1997 ----
Sales, operating, and other revenues	\$ 300,723	\$ 310,152	\$ 306,721	\$ 393,255	\$ 517,859
Income from con- tinuing operations	22,158	17,108	5,788	45,426	84,186
Income from con- tinuing operations per common share	0.46	0.35	0.12	0.92	1.69
Total assets	610,935	621,689	707,061	821,914	1,033,595
Long-term debt	3,600	-0-	-0-	-0-	-0-
Cash dividends declared per common share	0.24	0.245	0.25	0.255	0.26

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

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

	1993	1994	1995	1996	1997
	----	----	----	----	----
Sales, operating, and other revenues	\$14,374	\$18,849	\$19,055	\$19,540	\$ -0-
Income from discon- tinued operations	2,392	3,863	3,963	3,090	-0-
Income from discon- tinued operations per common share	0.05	0.08	0.08	0.06	-0-

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

Information required by this item may be found on pages 10 through 15, Management's Discussion & Analysis of Results of Operations and Financial Condition, in the Registrant's Annual Report to Shareholders for fiscal 1997, which is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item may be found on pages 16 through 30 in the Registrant's Annual Report to Shareholders for fiscal 1997, 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 4, 1998, to be filed with the Commission not later than 120 days after September 30, 1997. See pages I-33 through 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 4, 1998, to be filed with the Commission not later than 120 days after September 30, 1997.

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 4, 1998, to be filed with the Commission not later than 120 days after September 30, 1997.

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 4, 1998, to be filed with the Commission not later than 120 days after September 30, 1997.

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 1997.

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., is incorporated herein by reference from Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1993.
 - * 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.
-

* 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 1997.
- 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 19, 1997

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 19, 1997

By /s/ Glenn A. Cox

Glenn A. Cox, Director
Date: December 19, 1997

By /s/ George S. Dotson

George S. Dotson, Director
Date: December 19, 1997

By /s/ Hans Helmerich

Hans Helmerich, Director and CEO
Date: December 19, 1997

By /s/ W. H. Helmerich, III

W. H. Helmerich, III, Director
Date: December 19, 1997

By /s/ L. F. Rooney, III

L. F. Rooney, III, Director
Date: December 19, 1997

By /s/ Edward B. Rust, Jr.

Edward B. Rust, Jr., Director
Date: December 19, 1997

By /s/ George A. Schaefer

George A. Schaefer, Director
Date: December 19, 1997

By /s/ John D. Zeglis

John D. Zeglis, Director
Date: December 19, 1997

By /s/ Douglas E. Fears

Douglas E. Fears
(Principal Financial Officer)
Date: December 19, 1997

By /s/ Gordon K. Helm

Gordon K. Helm, Controller
(Principal Accounting Officer)
Date: December 19, 1997

Index to Exhibits

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., is incorporated herein by reference from Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1993.
- * 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.

* 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 1997.
- 22. Subsidiaries of the Registrant.
- 23.1 Consent of Independent Auditors.
- 27. Financial Data Schedule.

Exhibit 10.12

**RESTRICTED STOCK AWARD AGREEMENT
HELMERICH & PAYNE, INC. 1996 STOCK
INCENTIVE PLAN**

THIS RESTRICTED STOCK AWARD AGREEMENT (the "Agreement") entered into as of the ____ day of _____, 19__, by and between Helmerich & Payne, Inc. (the "Company"), and _____, an individual (the "Participant");

W I T N E S S E T H:

WHEREAS, the Participant is a key employee employed by the Company; and

WHEREAS, the Company desires to encourage the Participant to remain in the employ of the Company in the future; and

WHEREAS, in consideration of future services to be rendered by the Participant to the Company, the Company desires to provide the Participant the opportunity to acquire additional shares of Common Stock of the Company in exchange for the Participant performing future services for the Company.

NOW, THEREFORE, BE IT RESOLVED, the Participant and the Company agree as follows:

1. The Plan. A copy of the Helmerich & Payne, Inc. 1996 Stock Incentive Plan (the "Plan") is attached hereto as Exhibit "A", and such Plan is hereby incorporated herein by reference and made a part hereof for all purposes, and when taken with this Agreement shall govern the rights of the Participant and the Company with respect to the Award. All capitalized terms shall have the same meaning as contained in the Plan unless stated to the contrary herein.

2. Grant of Award. The Company hereby grants to the Participant a Restricted Stock Award (the "Award") of _____ (_____) shares of Company Common Stock (the "Restricted Shares") on the terms and conditions set forth herein and in the Plan.

3. Terms of Award.

(a) Vesting and Release of Restricted Shares. Certificates representing the Restricted Shares subject to the Award will be issued in the name of the Participant and will be delivered to the Secretary of the Company as escrow agent (the "Agent"). Subject to the terms of this Agreement, the Plan and any agreement entered into with the Agent, the Participant shall be deemed vested and entitled to receive the following number of the Restricted Shares within the Award within a reasonable length of time after the expiration of the following vesting dates (the "Vesting Dates") described in Subsection (b) below.

(b) Vesting Dates. If the Participant shall have been continuously in the employment of the Company or one of its Subsidiaries for a period of three years from the date of grant of the Award, the Company shall deliver to the Participant on or about the third anniversary thereof a certificate, registered in the name of the Participant and free of Restrictions hereunder, representing one-third (1/3) of the total number of Restricted Shares granted to the Participant pursuant to this Agreement. Similarly, if the Participant shall be so continuously employed on each of the fourth and fifth anniversaries thereof, the Company, on or about each such anniversary shall deliver additional certificates representing one-third (1/3) of the total number of such Restricted Shares.

The following sets forth the vesting schedule described hereinabove:

Vesting Date	Number of Shares of Stock Within an Award To Be Distributed
-----	-----
-----	-----
-----	-----
-----	-----
Total	=====

No payment shall be required from the Participant in connection with any delivery to the Participant of Restricted Shares hereunder other than the payment of income tax withholding and other employment taxes that may be due with respect to the issuance or delivery of such shares.

(c) Voting and Dividends. Participant shall have the right to vote and receive dividends upon the unvested Restricted Shares held by the Agent. If dividends or other distributions are paid in shares of Common Stock, all such shares shall be subject to the same restrictions on transferability as the Restricted Shares. Participant shall forfeit the right to vote and receive dividends upon any of the Restricted Shares at the time such shares are forfeited under the Plan.

(d) Delivery of Restricted or Forfeited Shares. As promptly as is reasonable following such time as the Restrictions shall expire, the Company will deliver to the Participant (including a beneficiary, estate or designated representative, if appropriate) a certificate or certificates for the Restricted Shares for which the Restrictions have expired; and, such Restricted Shares delivered to the Participant (or beneficiary, estate or designated representative) shall no longer be subject to any restrictions and he shall enjoy all rights and privileges of a stockholder as to such shares. At such time as the Restricted Shares shall be forfeited, the forfeited shares shall be returned to the Company to be held as treasury shares or to be canceled as the Company shall at any time determine. The Participant shall have no rights and privileges as a stockholder or otherwise as to the forfeited shares.

4. Delivery by the Agent. As promptly as is practicable after the expiration of the appropriate Vesting Dates specified in Subsection 3(b) above, the Agent will deliver to the Participant a certificate evidencing the number of Restricted Shares to which he is entitled. Such certificate shall be issued in the Participant's name.

5. Nontransferability of Award. With respect to unvested Restricted Shares held by the Agent, the Participant, for whose benefit such shares are held, shall not have the right to sell, assign, transfer, convey, dispose, pledge, hypothecate, burden, encumber or charge such unvested Restricted Shares or any interest therein in any manner whatsoever.

6. Notices. All notices or other communications relating to the Plan and this Agreement as it relates to the Participant shall be in writing and shall be mailed (U.S. Mail) by the Company to the Participant at the following address:

or such other address as the Participant may advise the Company in writing.

7. Restrictive Legend. The Participant acknowledges that the certificate representing the Restricted Shares shall bear the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE RESTRICTED STOCK, HAVE BEEN ISSUED PURSUANT TO THE HELMERICH & PAYNE, INC. 1996 STOCK INCENTIVE PLAN (THE 'PLAN'), ARE SUBJECT TO THE TERMS AND PROVISIONS OF THE PLAN, AND BEAR THE RESTRICTIONS ON ALIENATION SET FORTH IN THE PLAN, AND ARE FURTHER SUBJECT TO THE TERMS AND PROVISIONS OF THE APPLICABLE RESTRICTED STOCK AWARD AGREEMENT BETWEEN HELMERICH & PAYNE, INC. AND THE PARTICIPANT. COPIES OF THE PLAN MAY BE OBTAINED FROM THE OFFICE OF THE SECRETARY OF THE COMPANY."

The Participant acknowledges and agrees that violation of the foregoing restrictive legend shall result in immediate forfeiture of all Restricted Shares.

8. Other Restrictions on Transferability. The Participant acknowledges that the holding and transfer of all Restricted Shares received by the Participant will be subject to all applicable state and federal securities laws.

9. Stock Powers and the Beneficiary. The Participant hereby agrees to execute and deliver to the Secretary of the Company a stock power (endorsed in blank) covering his Award and authorizes the Secretary of the Company to deliver to the Company any and all Restricted Shares that are forfeited under the provisions of the

Plan. The Participant designates his spouse as the beneficiary under this Agreement, and if the Participant has no spouse, then, the Participant's estate shall be the designated beneficiary of the Participant.

10. Change of Control. Upon the occurrence of a Change of Control Event as defined in the Plan, all restrictions upon the Restricted Shares subject to this Agreement shall be immediately and automatically vested without further action of the Company or the Participant.

11. Further Assurances. The Participant hereby agrees to execute and deliver all such instruments and take all such action as the Company may from time to time reasonably request, including, but not limited to, acknowledging the forfeiture of the Restricted Shares in accordance with the Plan, in order to fully effectuate the purposes of this Agreement.

12. Binding Effect and Governing Law. This Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns except as may be limited by the Plan and (ii) governed and construed under the laws of the State of Oklahoma.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

"COMPANY "

HELMERICH & PAYNE, INC., a
Delaware corporation

By

Hans Helmerich
President

"PARTICIPANT"

EXHIBIT 13

Helmerich & Payne, Inc. Annual Report for 1997

Revenue Breakdown for 1997

[PIE CHART]

	CONTRACT DRILLING
Domestic	27%
Exploration and Production	22%
Natural Gas Marketing	13%
International	34%
Real Estate	2%
Investments and Other Income	2%

FINANCIAL HIGHLIGHTS

Years Ended September 30,	1997	1996
Revenues	\$ 517,859,000	\$393,255,000
Income from Continuing Operations	\$ 84,186,000	\$ 45,426,000
Income per Share from		
Continuing Operations	\$ 1.69	\$.92
Net Income	\$ 84,186,000	\$ 72,566,000
Net Income Per Share	\$ 1.69	\$ 1.47
Dividends Paid Per Share	\$.26	\$.2525
Capital Expenditures	\$ 159,578,000	\$109,747,000
Total Assets	\$1,033,595,000	\$821,914,000

PRESIDENT'S LETTER

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

During 1997, Americans achieved the dubious distinction of bearing the heaviest tax burden in our country's history. Compounding the confiscatory levels of taxation is the complexity and confusion a taxpayer faces in figuring out some seven million words of tax law. Again this year, we will spend over five billion hours and 225 billion dollars simply preparing our tax returns. Senator Don Nickles commented, "The present tax code is about 10 times longer than the Bible, a lot more complicated and, unlike the Bible, contains no good news."

In fact, it is bad news when the average American family shells out more for taxes than for food, clothing, shelter, and transportation combined. It is bad news when that same family's savings and stock market holdings are punished through double and triple taxation; first from a layer of corporate taxes with rates up to 35 percent, then again the same dollar is taxed as high as 39.6 percent when received as a dividend. Finally, as those investments share in asset value growth, they are subjected to another bite through a capital gains tax.

It is more bad news when the American family is betrayed by their elected representatives and the tax code becomes an exclusive feeding trough of special-interest politics. Business and union campaign contributions are too often rewarded by loopholes and favored tax treatment.

We have arrived at the place where injury has been inflicted beyond the sizable pocketbook damage. Harm has also fallen upon the great American spirit of enterprise. This great engine of creativity, innovation, entrepreneurial risk taking,

and diligence has produced an unprecedented record of accomplishment, but is forced to labor under heavy disincentives.

What repair can be made to a tax system that holds fundamental property rights in such low esteem and disregards the basic liberty to keep and dispose of the fruit of one's labor and intellect?

The New York Times expressed early concerns with the new income tax all the way back in 1909, predicting, "When men get in the habit of helping themselves to the property of others, they cannot easily be cured of it." The time is right to take a step toward that cure by replacing what is clearly broken with the simplicity and fairness of a flat tax.

Sincerely,

Hans Helmerich December 15, 1997 President

DRILLING HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

SUMMARY Increased U.S. land activity, the activation of two new offshore platform rigs, and continued high utilization in international markets resulted in a 30 percent increase in revenues in 1997. Earnings before interest, taxes, depreciation, and amortization (EBITDA) increased 45 percent to \$111.9 million, and pre-tax operating profit rose 64 percent to \$67.6 million. For the second consecutive year, revenues were at an all-time high for Helmerich & Payne International Drilling Co. and the overall pre-tax operating profit margin of 21 percent was at its highest level since 1983.

FIVE YEAR FINANCIAL SUMMARY					

	1997	1996	1995	1994	1993

	(in thousands)				
REVENUE					
Domestic	\$140,294	\$108,336	\$ 93,890	\$ 86,521	\$ 60,328
International	176,651	135,695	110,695	98,111	89,618
TOTAL REVENUE	316,945	244,031	204,585	184,632	149,946
PRE-TAX OPERATING PROFIT					
Domestic	24,437	10,066	7,127	5,874	122
International	43,118	31,176	21,110	14,645	15,281
Total Pre-tax Operating Profit	67,555	41,242	28,237	20,519	15,403
Capital Expenditures	\$112,177	\$ 81,805	\$ 87,547	\$ 57,415	\$ 26,636

At the close of 1997, the Company's domestic rig fleet consisted of 29 land rigs and nine offshore platform rigs. Internationally, the Company has a total of 38 land rigs in the countries of Venezuela (20), Colombia (10), Bolivia (4), Ecuador (3), and Peru (1). The Company also has one platform rig offshore Venezuela and owns a one-half interest in a platform rig offshore Australia. Total fleet utilization averaged 89 percent in 1997, compared with 84 percent in 1996.

UNITED STATES LAND OPERATIONS According to statistics collected by Baker Hughes, total rig activity in the United States increased 24 percent during the Company's

fiscal year. Almost 60 percent of these gains resulted from increased activity in the states of Texas and Louisiana, the Company's primary domestic land drilling markets. The Company's land rig utilization remained at 100 percent for most of the year, with an average of 28 rigs working continuously compared with 24 in 1996.

During the year, the Company announced plans to refurbish two 3,000 horsepower rigs and to further expand the fleet with an order for six new 1,500 horsepower rigs. The new rigs will be capable of drilling to depths of 18,000 feet and are configured to minimize space and mobilization time. Designed by Helmerich & Payne International Drilling Co. with the latest technological, environmental, and safety advances in mind, the rigs will be marketed to both domestic and international customers.

UNITED STATES OFFSHORE OPERATIONS At the close of the year, the Company had eight offshore platform rigs in the Gulf of Mexico, one platform rig offshore California, and labor contracts on three Exxon-owned platform rigs offshore California. During 1997, rigs 202 and 203 began operations for Shell Offshore, Inc. (SOI) in the Gulf of Mexico. Rig 202 is on the Ram/Powell tension leg platform (TLP) and represents the second of three rigs built by Helmerich & Payne International Drilling Co. for SOI deepwater developments. The third, rig 204, is nearing completion and is scheduled to begin operations on Shell's Ursa TLP in 1998. Rig 203, a minimum-area, self-moving platform rig was installed on SOI's Enchilada platform during the year. The Company retired three offshore platform rigs in 1997, one of which worked almost continually since being constructed in 1983.

INTERNATIONAL OPERATIONS International drilling revenues increased 30 percent over last year due largely to higher dayrates.

Venezuela continues to be a very active area for the Company with two expansion opportunities announced during the year. BP Exploration de Venezuela, S.A. awarded the Company a two-year contract for offshore platform rig 91. Approximately \$15 million was spent to upgrade the rig for operations which began in December of 1997. The Company also received a letter of intent for a multi-well contract from Agencia Operadora Guarapiche S.A., on behalf of BP Exploration Orinoco Limited, Amoco Venezuela Energy Company B.V. and Maxus Guarapiche Ltd. A new 3,000 horsepower, helicopter- transportable rig is being built for the endeavor at an approximate cost of \$20 million. Drilling operations are scheduled to begin in May of 1998. In the fourth quarter of the year, the Company purchased three land rigs and related drilling assets from Serpetbol Perforaciones, S.A. in Bolivia. Recent legislative changes have increased Bolivia's potential as a very active drilling market, and this purchase increases the Company's presence in the country from one rig to four.

OUTLOOK The industry's response to increasing U.S. demand confronts shortages in experienced or skilled personnel in several sectors critical to building, operating, and maintaining the industry's rig fleet. Attracting, training, and retaining new employees in an already competitive labor market is perhaps the most significant challenge going forward. This year, the Company placed the first significant new land rig order since the early 1980s. The decision to build new rigs rather than to buy used is in keeping with the strategy of having the most technologically advanced fleet, which can add significant value to a customer's drilling project. As important as good equipment is to a quality operation, ultimately H&P personnel make the difference in achieving project success.

SUMMARY Helmerich & Payne, Inc. explores for, develops, and produces oil and natural gas primarily in the states of Kansas, Louisiana, Oklahoma, and Texas. Through its wholly-owned subsidiary, Helmerich & Payne Energy Services, Inc., the Company also provides natural gas marketing services for itself and third party customers. At the close of 1997, the Company had proved natural gas reserves of 263 billion cubic feet (Bcf) and proved oil reserves of 5.8 million barrels. Revenues and operating profit from exploration and production activities were up sharply in 1997, the result of higher prices and increased production volumes for both natural gas and oil.

The average price received this year for natural gas was \$2.23 per thousand cubic feet (Mcf), compared with \$1.75 per Mcf in 1996. This 27 percent increase in price was augmented by a 17 percent increase in producing volumes, which averaged 110,859 Mcf per day in 1997. Oil prices also increased to an average of \$20.77 per barrel, compared with \$19 per barrel in 1996. Oil production averaged 2,700 barrels per day in 1997, compared with 2,212 barrels in 1996. Revenues from exploration and production activities increased 45 percent for the year and pre-tax operating profit more than doubled to \$55.2 million.

EXPLORATION ACTIVITIES The Company participated in 100 (49.3 net) wells during the year, 84 (39.2 net) of which were completed as natural gas wells, two (.5 net) were oil wells, and 14 (9.6 net) were dry holes. Approximately 20 percent more reserves were added through drilling efforts in 1997, than in the previous year. These efforts fell short of replacing reserves, but that objective was significantly larger this year given that natural gas production was at a record level and oil production was at its highest level in 10 years.

The most significant reserve additions this year came from the Company's Mountain Front prospect area in western Oklahoma,

which was discovered in 1996. The Rocky East field, discovered in 1996, is currently producing an average of 15,000 Mcf per day, and has produced over 10 Bcf of natural gas since the first well was completed. Southeast of the Rocky East field the Company has a significant interest in the Kiowa Flats field, which was discovered during the year in Kiowa County, Oklahoma. The Company has participated in nine wells in the prospect, with working interests ranging from 11 to 100 percent. Current production from the field is averaging 19,000 Mcf per day. The Company has approximately 7,200 net acres under lease in the prospect, half of which have been developed with the remainder to be drilled as success warrants in the coming year. The Company participated in a number of wells drilled and completed in the Louisiana Austin Chalk during the year and most of them have been disappointments. The Company is considering a sharp reduction in its involvement in this area during 1998.

Considerable progress was made during the year to put together future exploration prospects. Wildcat drilling began in four prospect areas shortly after the close of the fiscal year. Two of the wells are in east Texas; one a Cotton Valley Lime prospect and the second a Pinnacle Reef prospect. The remaining two wildcats are being drilled in Louisiana and Oklahoma.

OUTLOOK Record natural gas production and higher natural gas prices combined to make 1997 an excellent year financially; however, the measurements of long-term success remain centered on reserve growth and finding cost reduction. The Company seeks to generate the majority of its prospects internally using geographically focused exploration teams to develop an expertise in key areas. To that end, considerable progress was made in the Rocky East and Kiowa Flats fields, as well as in the development of future prospects resulting in increased exploration drilling for the coming year.

REVENUES AND INCOME BY BUSINESS SEGMENTS

HELMERICH & PAYNE, INC.

	Years Ended September 30,	1997	1996	1995
			(in thousands)	
SALES AND OTHER REVENUES:				
Contract Drilling - Domestic		\$ 140,294	\$ 108,336	\$ 93,890
Contract Drilling - International		176,651	135,695	110,695
		-----	-----	-----
Total Contract Drilling Division		316,945	244,031	204,585
		-----	-----	-----
Exploration and Production		111,512	76,643	47,986
Natural Gas Marketing		69,015	58,507	35,301
		-----	-----	-----
Total Oil and Gas Division		180,527	135,150	83,287
		-----	-----	-----
Real Estate Division		8,641	8,082	7,570
Investments and Other Income		11,746	5,992	11,279
		-----	-----	-----
Total Revenues		\$ 517,859	\$ 393,255	\$ 306,721
		=====	=====	=====
OPERATING PROFIT (LOSS):				
Contract Drilling - Domestic		\$ 24,437	\$ 10,066	\$ 7,127
Contract Drilling - International		43,118	31,176	21,110
		-----	-----	-----
Total Contract Drilling Division		67,555	41,242	28,237
		-----	-----	-----
Exploration and Production		55,191	26,333	(23,961)
Natural Gas Marketing		3,363	3,415	1,892
		-----	-----	-----
Total Oil and Gas Division		58,554	29,748	(22,069)
		-----	-----	-----
Real Estate Division		5,615	5,055	2,157
		-----	-----	-----
Total Operating Profit		131,724	76,045	8,325
		-----	-----	-----
OTHER:				
Miscellaneous operating		(1,269)	(1,663)	(1,624)
Income from investments		11,437	5,782	10,846
General corporate expense		(9,346)	(9,083)	(8,801)
Interest expense		(4,212)	(678)	(407)
Corporate depreciation		(919)	(860)	(851)
		-----	-----	-----
Total Other		(4,309)	(6,502)	(837)
		-----	-----	-----
INCOME FROM CONTINUING OPERATIONS				
BEFORE INCOME TAXES AND EQUITY				
IN INCOME OF AFFILIATE		\$ 127,415	\$ 69,543	\$ 7,488
		=====	=====	=====

Note: This schedule is an integral part of Note 12 (page 27) of the financial statements that follow.

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

HELMERICH & PAYNE, INC.

BUSINESS ENVIRONMENT AND RISK FACTORS

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 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 below under the headings "Results of Operations" and "Liquidity and Capital Resources" may include forward-looking statements that involve risks and uncertainties. The Company wishes to caution readers that a number of important factors discussed in this report and in the Company's other reports filed with the Securities and Exchange Commission could affect the Company's actual results and cause actual results to differ materially from those in the forward-looking statements.

RESULTS OF OPERATIONS

On December 3, 1997, the Board of Directors declared a two-for-one common stock split, effective December 15, 1997 (the "Record Date"). All references to share and per share amounts have been restated to reflect the two-for-one stock split and distribution.

Helmerich & Payne, Inc.'s net income for 1997 was \$84,186,000 (\$1.69 per share), compared with net income of \$72,566,000 (\$1.47 per share) in 1996, and \$9,751,000 (\$0.20 per share) in 1995. Included in 1996 income is a \$24,050,000 (\$0.49 per share) gain from the sale of the Company's chemical subsidiary, Natural Gas Odorizing, Inc. (NGO). Net income in 1995 included a non-cash, non-recurring charge of \$13,600,000 (\$0.28 per share) as a result of the Company's adoption of 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.

Included in the Company's net income, but not related to its operations, were after-tax gains from the sale of investment securities of \$2,870,000 (\$0.06 per share) in 1997, \$346,000 (\$0.01 per share) in 1996, and \$3,481,000 (\$0.07 per share) in 1995. Also included was the Company's portion of income of its equity affiliate, Atwood Oceanics, Inc., which was \$0.05 per share in 1997, \$0.03 per share in 1996, and \$0.02 per share in 1995.

Consolidated revenues increased to \$517,859,000 in 1997, from \$393,255,000 in 1996, and \$306,721,000 in 1995. The 32 percent increase from 1996 to 1997 was a result of increased dayrates for contract drilling services and a significant increase in oil and gas revenues due to higher commodity prices and production volumes. Consolidated revenues increased by 28 percent from 1995 to 1996 as a result of revenue increases in the exploration and production, natural gas marketing, international drilling, and domestic drilling segments.

Revenues from investments were \$11,437,000 in 1997, up from \$5,782,000 in 1996, and \$10,846,000 in 1995. Included in revenues from investments were pre-tax gains from the sale of investment securities of \$4,697,000 in 1997, \$566,000 in 1996, and \$5,697,000 in 1995. Interest income was stable during 1997, 1996, and 1995, but dividend revenue increased in 1997 due to the addition of 2,018,928 shares of Occidental Petroleum Corporation common stock to the investment portfolio. During the first quarter of fiscal 1998, the Company sold 600,000 shares of Occidental Petroleum Corporation stock.

Costs and expenses in 1997 were \$390,444,000, 75 percent of total revenues, compared with 82 percent in 1996, and 98 percent in 1995. Total costs for 1995 were abnormally high due to the adoption of SFAS No. 121 which resulted in a total pre-tax impairment charge of \$22,000,000 recorded as additional depreciation, depletion, and amortization. Operating costs as a percentage of operating revenues declined to 55 percent in 1997, compared with 59 percent in 1996, and 64 percent in 1995.

General and administrative expenses increased by three percent to \$9,346,000 in 1997, from \$9,083,000 in 1996, and \$8,801,000

in 1995. Income tax expense, as a percentage of pre-tax income was 36 percent in 1997, and 37 percent for 1996 and 1995.

CONTRACT DRILLING DIVISION revenues increased by 30 percent from 1996 to 1997, and by 19 percent from 1995 to 1996. Total operating profit rose by 64 percent over last year to \$67,555,000 in 1997, from \$41,242,000 in 1996, and \$28,237,000 in 1995. Domestic drilling operating profit increased to \$24,437,000 in 1997, from \$10,066,000 in 1996, and from \$7,127,000 in 1995. Domestic contract drilling revenues and operating profit for both 1997 and 1996 increased, primarily due to significant improvements in revenues and margins from U.S. land rig operations, the addition of offshore platform rigs for Shell's tension leg platforms, and increased revenues and earnings from the Company's three offshore labor contracts. Rig utilization for the U.S. land fleet was 99 percent in 1997, 88 percent in 1996, and 73 percent in 1995. Domestic platform rig utilization was 63 percent in 1997, 70 percent in 1996, and 66 percent in 1995.

International revenues climbed to \$176,651,000 in 1997, from \$135,695,000 in 1996, and \$110,695,000 in 1995. Operating profit for the international contract drilling sector improved by 38 percent over last year to \$43,118,000 in 1997, compared with \$31,176,000 in 1996, and \$21,110,000 for 1995. Increases during 1997 were primarily due to a full year of activity for three additional rigs sent to Venezuela in 1996, increased dayrates in Venezuela and Colombia, and increased activity in Ecuador. During the fourth quarter of fiscal 1997, three additional rigs were purchased in Bolivia, bringing total rigs located there to four and the total international rig count to 39. During 1995, six additional rigs were shipped to Venezuela and three to Colombia, which helped boost revenues and earnings significantly in 1996.

In Venezuela, approximately 50 percent of the Company's billings are in U.S. dollars and the other 50 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 receivables created by billings in that currency. Over the past three years, total net devaluation losses in Venezuela have not been material. Although devaluation losses may occur again in 1998, the Company does not presently believe that such losses

will have a material impact on the Company. However, if the country experiences extreme economic difficulty, accompanied by severe devaluation and/or inflation, the Company could experience material losses.

OIL AND GAS DIVISION revenues and operating profit increased dramatically this year as average prices received for the Company's production rose to \$20.77 per barrel of oil and \$2.23 per Mcf of natural gas from \$19.00 per barrel and \$1.75 per Mcf last year. In 1995, average prices were \$16.37 per barrel and \$1.27 per Mcf. Average natural gas production increased by 17 percent over last year to 110.9 million cubic feet per day (Mmcf/d) during 1997, compared with 94.4 Mmcf/d in 1996, and 72.4 Mmcf/d in 1995. Oil production rose to an average of 2,700 barrels per day in 1997 from approximately 2,200 barrels per day in both 1996 and 1995. The Company's natural gas production has grown over the past two years as a result of allowing more of its existing reserves to be delivered to the market and by virtue of discoveries and production of new natural gas reserves. Due to the significant increases in product prices and production volumes, exploration and production revenues increased by 45 percent over last year to \$111,512,000 in 1997, from \$76,643,000 in 1996, and \$47,986,000 in 1995. Exploration and production operating profit increased by 110 percent over last year to \$55,191,000 in 1997, from \$26,333,000 in 1996, compared with a loss of \$23,961,000 in 1995.

In 1997, the Company recorded a one-time net income reduction as a result of a recent Federal Energy Regulatory Commission (FERC) order which requires certain Kansas producers of natural gas to make certain refunds of ad valorem tax reimbursement, with interest, for tax bills rendered between October 4, 1983 and June 28, 1988. The Company's total pre-tax adjustment of \$6,700,000 includes a reduction of exploration and production revenues of \$2,700,000 and \$4,000,000 of interest charges.

Earnings for 1996 were aided by lower dry hole and abandonment charges, lower geophysical expense and reduced depletion per production unit than in the previous year. During the past three years, the Company has not hedged any of its oil or natural gas production and does not intend to do so during 1998.

Therefore, increases or decreases in its product prices will affect its ongoing results accordingly. In 1995, the Company elected to adopt SFAS No. 121, resulting in a pre-tax, non-cash charge of \$19,982,000 to the Oil and Gas Division.

Natural gas marketing revenues, which are primarily derived from selling natural gas produced by other unaffiliated companies, increased to \$69,015,000 in 1997, from \$58,507,000 in 1996, and \$35,301,000 in 1995. Operating profit was \$3,363,000 in 1997, \$3,415,000 in 1996, and \$1,892,000 in 1995. The Company's approach has been to derive additional profit from matching its customers with third party producers when the marketing situation is not conducive to the sale of the Company's own natural gas. Although revenues are likely to increase during periods of rising natural gas prices, it is expected that competition will continue to limit fees and premiums for third party natural gas sales.

REAL ESTATE DIVISION revenues totaled \$8,641,000 for 1997, \$8,082,000 for 1996, and \$7,570,000 for 1995. Revenues and operating profit were up in 1997, primarily due to the sale of a small parcel of land for a gain of \$400,000. Operating profits for 1995 were down from normal levels due to a \$2,000,000 charge to two properties in connection with the adoption of SFAS No. 121. No major changes are anticipated in the Real Estate Division for 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company has maintained a very strong balance sheet for many years, with current ratios above 1.6 for the last three years. During the past three years, the Company has maintained a line of credit with its bank group that has ranged from \$40 to \$75 million in order to fund short-term cash needs. The Company had borrowings under its line of credit totaling \$5,000,000 at the end of both fiscal 1997 and 1996, and line of credit borrowings totaling \$21,700,000 at the end of fiscal 1995.

Capital expenditures for each of the last three years were over \$100 million and exceeded the funds generated internally during 1995. Cash provided by operating activities totaled \$165,568,000 for 1997, \$124,923,000 for 1996, and \$88,572,000 for 1995. It is anticipated that during 1998, capital expenditures will be approximately \$200 million. Capital expenditures budgeted for

1998 include exploration and development drilling and major offshore platform rig construction projects for Gulf of Mexico operations. Capital expenditure totals could be significantly increased by additional projects now being considered. Additional borrowings and/or portfolio liquidations would be used to fund capital expenditures exceeding internally generated capital.

The Company manages a large portfolio of marketable securities which had a cost basis of \$138,906,000 at September 30, 1997, and a total market value at that time of \$474,815,000 including its investment in Atwood Oceanics, Inc. During 1995, the Company adopted SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, which resulted in a balance sheet adjustment to market values for investments in companies of which the Company owned less than 20 percent. Accordingly, at the end of each reporting period, a deferred tax estimate is calculated from pre-tax unrealized changes in the portfolio market value and posted to deferred taxes under the liability section of the balance sheet. Net unrealized holding gains are reflected in the shareholders' equity section of the balance sheet and not in the statement of income. Those unrealized gains were \$114,454,000, \$56,550,000, and \$38,004,000 at the end of fiscal years 1997, 1996, and 1995, respectively. During 1997, the Company paid a dividend of \$0.26 per share which represented the 26th consecutive year of dividend increases.

 STOCK PORTFOLIO HELD BY THE COMPANY.

	Number of September 30, 1997	Shares	Book Value	Market Value

(in thousands, except share amounts)				
Occidental Petroleum Corporation		2,000,000	\$ 47,550	\$ 51,875
Atwood Oceanics, Inc.		1,600,000	28,895	180,200
Schlumberger, Ltd.		1,480,000	23,511	124,597
Sun Company, Inc.		300,000	3,512	13,144
Sun Company PFD A		329,053	3,192	11,928
Phillips Petroleum Company		240,000	5,976	12,390
BANC ONE CORPORATION		464,125	5,743	25,991
Oryx Energy Company		500,000	4,899	12,719
ONEOK INC		225,000	2,751	7,341
Other			12,877	34,630
			-----	-----
Total			\$138,906	\$474,815
			=====	=====

CONSOLIDATED BALANCE SHEETS**HELMERICH & PAYNE, INC.**

ASSETS

	September 30,	1997	1996
			(in thousands)
CURRENT ASSETS:			
Cash and cash equivalents	\$ 27,963	\$ 16,892	
Short-term investments	1,318	1,005	
Accounts receivable, less reserve of \$1,308 and \$712	98,697	75,374	
Inventories	19,639	16,915	
Prepaid expenses and other	10,387	4,182	
	-----	-----	
Total current assets	158,004	114,368	
	-----	-----	
INVESTMENTS	323,510	229,809	
	-----	-----	
PROPERTY, PLANT AND EQUIPMENT, at cost:			
Contract drilling equipment	643,619	568,110	
Oil and gas properties	409,921	401,804	
Real estate properties	47,682	46,970	
Other	59,659	53,547	
	-----	-----	
	1,160,881	1,070,431	
	-----	-----	
Less--Accumulated depreciation, depletion and amortization	621,856	606,935	
	-----	-----	
Net property, plant and equipment	539,025	463,496	
	-----	-----	
OTHER ASSETS	13,056	14,241	
	-----	-----	
TOTAL ASSETS	\$1,033,595	\$ 821,914	
	=====	=====	

The accompanying notes are an integral part of these statements.

Liabilities and Shareholders' Equity

	September 30,	1997	1996
			(in thousands)
CURRENT LIABILITIES:			
Accounts payable	\$	42,642	\$ 25,622
Accrued liabilities		47,525	31,943
Notes payable		5,000	5,000
Total current liabilities		95,167	62,565
NONCURRENT LIABILITIES:			
Deferred income taxes		141,331	98,335
Other		16,517	15,044
Total noncurrent liabilities		157,848	113,379
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		51,316	47,734
Net unrealized holding gains		114,454	56,550
Retained earnings		629,562	557,543
Less treasury stock, 3,500,698 shares in 1997 and 3,757,680 shares in 1996, at cost ..		800,685	667,180
Total shareholders' equity		20,105	21,210
		780,580	645,970
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	1,033,595	\$ 821,914
	=====		=====

Note: Certain amounts have been restated to reflect the effect of the two-for-one common stock split and distribution as discussed in Note 4. The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

HELMERICH & PAYNE, INC.

	Years Ended September 30,	1997	1996	1995
		(in thousands, except per share amounts)		
REVENUES:				
Sales and other operating revenues		\$506,422	\$387,473	\$295,875
Income from investments		11,437	5,782	10,846
		-----	-----	-----
		517,859	393,255	306,721
		-----	-----	-----
COSTS AND EXPENSES:				
Operating costs		276,094	229,584	188,497
Depreciation, depletion and amortization ..		71,691	59,442	76,443
Dry holes and abandonments		7,783	7,986	10,095
Taxes, other than income taxes		21,318	16,939	14,990
General and administrative		9,346	9,083	8,801
Interest		4,212	678	407
		-----	-----	-----
		390,444	323,712	299,233
		-----	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE ...		127,415	69,543	7,488
INCOME TAX EXPENSE		45,511	25,803	2,786
EQUITY IN INCOME OF AFFILIATE net of income taxes		2,282	1,686	1,086
		-----	-----	-----
INCOME FROM CONTINUING OPERATIONS		84,186	45,426	5,788
INCOME FROM DISCONTINUED OPERATIONS		--	3,090	3,963
GAIN ON SALE OF DISCONTINUED OPERATIONS		--	24,050	--
		-----	-----	-----
NET INCOME		\$ 84,186	\$ 72,566	\$ 9,751
		=====	=====	=====
PER COMMON SHARE:				
INCOME FROM CONTINUING OPERATIONS		\$ 1.69	\$.92	\$.12
INCOME FROM DISCONTINUED OPERATIONS		--	\$.06	\$.08
GAIN ON SALE OF DISCONTINUED OPERATIONS		--	.49	--
		-----	-----	-----
NET INCOME		\$ 1.69	\$ 1.47	\$.20
		=====	=====	=====
AVERAGE COMMON SHARES OUTSTANDING		49,779	49,380	49,072

Note: Certain amounts have been restated to reflect the effect of the two-for-one common stock split and distribution as discussed in Note 4. The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

HELMERICH & PAYNE, INC.

	Common Shares	Stock Amount	Additional Paid-In Capital	Net Unrealized Holding Gains	Retained Earnings	Treasury Shares	Stock Amount
(in thousands except per share data)							
Balance, September 30, 1994	53,529	\$ 5,353	\$ 45,520	\$ --	\$496,280	4,109	\$(22,819)
Adjustment to beginning balance for change in accounting method, net of income taxes of \$21,106	--	--	--	34,435	--	--	--
Change in net unrealized holding gains, net of income taxes of \$2,187	--	--	--	3,569	--	--	--
Cash dividends (\$.25 per share)	--	--	--	--	(12,372)	--	--
Exercise of stock options	--	--	859	--	--	(139)	615
Lapse of restrictions on Restricted Stock Awards	--	--	(229)	--	--	--	--
Forfeiture of Restricted Stock Award	--	--	(390)	--	560	30	(170)
Amortization of deferred compensation	--	--	--	--	1,473	--	--
Net income	--	--	--	--	9,751	--	--
Balance, September 30, 1995	53,529	5,353	45,760	38,004	495,692	4,000	(22,374)
Change in net unrealized holding gains, net of income taxes of \$11,367	--	--	--	18,546	--	--	--
Cash dividends (\$.255 per share) ..	--	--	--	--	(12,670)	--	--
Exercise of stock options	--	--	2,197	--	--	(262)	1,274
Lapse of restrictions on Restricted Stock Awards	--	--	(61)	--	--	--	--
Forfeiture of Restricted Stock Award	--	--	(162)	--	272	20	(110)
Amortization of deferred compensation	--	--	--	--	1,683	--	--
Net income	--	--	--	--	72,566	--	--
Balance, September 30, 1996	53,529	5,353	47,734	56,550	557,543	3,758	(21,210)
Change in net unrealized holding gains, net of income taxes of \$35,490	--	--	--	57,904	--	--	--
Cash dividends (\$.26 per share)	--	--	--	--	(12,987)	--	--
Exercise of stock options	--	--	3,306	--	--	(257)	1,105
Lapse of restrictions on Restricted Stock Awards	--	--	276	--	--	--	--
Amortization of deferred compensation	--	--	--	--	820	--	--
Net income	--	--	--	--	84,186	--	--
Balance, September 30, 1997	53,529	\$ 5,353	\$ 51,316	\$114,454	\$629,562	3,501	\$(20,105)
	=====	=====	=====	=====	=====	=====	=====

Note: Certain amounts have been restated to reflect the effect of the two-for-one common stock split and distribution as discussed in Note 4. The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

HELMERICH & PAYNE, INC.

	Years Ended September 30,	1997	1996	1995
(in thousands)				
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income		\$ 84,186	\$ 72,566	\$ 9,751
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization		71,691	59,442	76,443
Dry holes and abandonments		7,783	7,986	10,095
Equity in income of affiliate before income taxes		(3,680)	(2,720)	(1,752)
Amortization of deferred compensation		820	1,683	1,473
Gain on sale of investments		(4,697)	(566)	(5,697)
Loss (gain) on sale of property, plant and equipment ...		(4,545)	303	(1,205)
Discontinued operations		--	(27,140)	(3,963)
Other		1,897	473	10
Change in assets and liabilities:				
Accounts receivable		(23,323)	(18,340)	275
Inventories		(2,724)	2,435	86
Prepaid expenses and other		(5,020)	1,706	(2,768)
Accounts payable		18,619	(1,115)	3,030
Accrued liabilities		15,582	14,237	(2,701)
Deferred income taxes		7,506	6,668	(1,630)
Other noncurrent liabilities		1,473	3,802	2,563
Total adjustments		81,382	48,854	74,259
Net cash provided by continuing operations		165,568	121,420	84,010
Net cash provided by discontinued operations		--	3,503	4,562
Net cash provided by operating activities		165,568	124,923	88,572
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures, including dry hole costs		(161,177)	(109,985)	(109,901)
Proceeds from sale of property, plant and equipment		9,432	3,987	2,923
Purchase of investments		(1,091)	(1,196)	(12,858)
Proceeds from sale of investments		8,557	619	11,713
Discontinued operations		--	(2,746)	(977)
Purchase of short-term investments		(313)	--	--
Proceeds from sale of short-term investments		--	7,984	7
Net cash used in investing activities		(144,592)	(101,337)	(109,093)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from notes payable		34,000	35,000	37,100
Payments made on notes payable		(34,000)	(51,700)	(15,400)
Dividends paid		(12,970)	(12,530)	(12,365)
Proceeds from exercise of stock options		3,065	2,993	1,282
Net cash provided by (used in) financing activities		(9,905)	(26,237)	10,617
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS, beginning of period		16,892	19,543	29,447
CASH AND CASH EQUIVALENTS, end of period		\$ 27,963	\$ 16,892	\$ 19,543

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

HELMERICH & PAYNE, INC. September 30, 1997, 1996 and 1995

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 1997 was \$452,000, with a gain for 1996 and 1995 of \$764,000 and \$1,845,000, 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.

Effective July 1, 1995, the Company adopted 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", which requires impairment losses to be recognized 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. Adoption of SFAS No. 121 resulted in a before-tax impairment charge of \$22 million which is included in depreciation, depletion and amortization expense. After-tax, the impairment charge reduced 1995 net income by \$13.6 million, \$.28 per share. The before-tax impairment charges included \$20 million for proved Exploration and Production properties and \$2 million for Real Estate properties. The Company evaluates impairment of exploration and production assets on a field by field basis. Fair values 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 -

Substantially all drilling contracts are daywork contracts and drilling revenues and expenses are recognized as work progresses.

GAS IMBALANCES -

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

INVESTMENTS -

The Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", effective October 1, 1994. SFAS No. 115 requires that available-for-sale securities be carried at their fair value determined based on quoted market prices. Upon adoption of

SFAS No. 115, the Company recorded an increase to shareholders' equity of \$34 million, which was net of income taxes of \$21 million.

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 23.6 percent and 23.9 percent of Atwood Oceanics, Inc. (Atwood) at September 30, 1997 and 1996, respectively. The quoted market value of the Company's investment was \$180,200,000 and \$70,400,000 at September 30, 1997 and 1996, respectively. Retained earnings at September 30, 1997 include approximately \$16,715,000 of undistributed earnings of Atwood.

Summarized financial information of Atwood is as follows:

	1997	1996	1995
	(in thousands)		
Gross revenues	\$ 89,082	\$ 84,760	\$ 77,315
Costs and expenses	73,463	73,392	70,255
Net income	\$ 15,619	\$ 11,368	\$ 7,060
Helmerich & Payne, Inc.'s equity in net income, net of income taxes	\$ 2,282	\$ 1,686	\$ 1,086
Current assets	\$ 47,961	\$ 44,170	\$ 34,266
Noncurrent assets	168,279	115,139	118,587
Current liabilities	19,621	18,019	20,505
Noncurrent liabilities	73,930	35,736	37,456
Shareholders' equity	122,689	105,554	94,892
Helmerich & Payne, Inc.'s investment	\$ 28,895	\$ 25,215	\$ 22,495

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.

NET INCOME PER SHARE -

Net income per share is computed using the weighted average number of common shares outstanding during the period. The number of shares for 1996 and 1995 have been restated to reflect the effect of a two-for-one stock split and distribution (see Note 4). Common stock equivalents are insignificant, and therefore, have not been considered in the net income per share computation.

DERIVATIVES -

The Company does not utilize financial or commodity derivative instruments to hedge its market risks.

NOTE 2 SHORT-TERM BORROWINGS AND CREDIT ARRANGEMENTS

The Company maintains a line of credit agreement with certain banks which provides for maximum borrowing of \$40,000,000 at adjustable interest rates. Under the agreement, \$40,000,000 may be borrowed through May 1998, and \$10,000,000 may be borrowed through May 1999. As of September 30, 1997, the Company had borrowed \$5,000,000 at a rate of 6.0375% and had letters of credit outstanding in the amount of \$7,671,000, leaving \$27,329,000 available. Under the line of credit agreement the Company must meet certain requirements regarding levels of debt, net worth and earnings.

The Company has an additional \$14.5 million line of credit with a bank to be used primarily for letters of credit. As of September 30, 1997, the Company had letters of credit outstanding in the amount of \$1,347,222 leaving, \$13,152,778 available.

NOTE 3 INCOME TAXES

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

Years Ended September 30,	1997	1996	1995
(in thousands)			
CURRENT:			
Federal	\$18,582	\$ 8,909	\$ (802)
Foreign	17,214	11,037	6,104
State	2,190	1,050	276
	37,986	20,996	5,578
DEFERRED:			
Federal	6,349	3,757	(3,083)
Foreign	603	725	534
State	573	325	(243)
	7,525	4,807	(2,792)
TOTAL PROVISION:	\$45,511	\$ 25,803	\$ 2,786

The amounts of domestic and foreign income are as follows:

Years Ended September 30,	1997	1996	1995
(in thousands)			
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE:			
Domestic ..	\$ 84,723	\$ 41,299	\$(11,399)
Foreign ...	42,692	28,244	18,887
	\$127,415	\$ 69,543	\$ 7,488

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

Years Ended September 30,	1997	1996	1995
U.S. Federal income tax rate	35%	35%	35%
Dividends received deduction	(1)	(1)	(8)
Excess statutory depletion	--	--	(3)
Effect of higher foreign tax rates	1	2	19
Non-conventional fuel source credits utilized ..	--	(1)	(8)
Other, net	1	2	2
Effective income tax rate	36%	37%	37%

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

September 30,	1997	1996
(in thousands)		
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	\$ 56,328	\$ 46,706
Available-for-sale securities	85,378	49,889
Pension provision	4,738	4,720
Equity investment	6,238	4,840
Other	308	709
Total deferred tax liabilities	\$152,990	\$106,864
DEFERRED TAX ASSETS:		
Financial accruals	8,929	5,213
Other	2,730	3,316

Total deferred tax assets	----- 11,659 -----	----- 8,529 -----
NET DEFERRED TAX LIABILITIES	\$141,331 =====	\$ 98,335 =====

NOTE 4 SHAREHOLDERS' EQUITY

On December 3, 1997, the Board of Directors of the Company declared a two-for-one stock split and distribution; approximately 26.8 million shares will be issued on December 31, 1997 to stockholders of record on December 15, 1997. All references in the financial statements and notes to the number of common shares outstanding, options and per share amounts reflect the impact of the split.

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 1,745,502 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. There was no activity under this plan during fiscal 1997.

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

	1997		1996		1995	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding on October 1,	1,708	\$ 13.63	1,682	\$ 13.20	1,672	\$ 12.83
Granted	393	26.07	494	14.00	216	13.44
Exercised	(270)	13.03	(280)	11.76	(156)	9.84
Forfeited/Expired	(86)	14.89	(188)	13.53	(50)	12.41
Outstanding on September 30,	1,745	\$ 16.44	1,708	\$ 13.63	1,682	\$ 13.20
Exercisable on September 30,	135	\$ 12.22	148	\$ 13.07	221	\$ 12.05
Shares available on September 30, for options that may be granted	4,000		652		1,040	

The following table summarizes information about stock options at September 30, 1997 (shares in thousands):

Range of Exercise Prices	Shares	Outstanding Stock Options			Exercisable Stock Options	
		Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	
\$10.00 to \$12.00	94	.9 years	\$10.88	34	\$10.88	
\$12.01 to \$14.00	1,017	6.9 years	\$13.50	97	\$12.53	
\$14.01 to \$16.50	252	2.4 years	\$15.75	4	\$16.35	
\$16.51 to \$26.50	382	9.2 years	\$26.07			
\$10.00 to \$26.50	1,745	6.4 years	\$16.44	135	\$12.22	

In 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). As permitted by SFAS 123, the Company continues to apply the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). As stock options issued by the Company are equal to at least market price on the date of grant, no compensation expense is recognized under APB 25. The differences between the recognition and measurement provisions of SFAS 123 and APB 25 are not significant to net income or per common share amounts.

On September 30, 1997, the Company had 50,028,254 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 transferable, the Company will issue one half of one Right with each new share of common stock issued.

NOTE 5 FINANCIAL INSTRUMENTS

Short-term investments consist mainly of U.S. treasury notes carried at cost, which approximates fair value. Notes payable bear interest at market rates and are carried at cost, which approximates fair value.

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

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
(in thousands)				
Equity Securities:				
September 30, 1997	\$110,011	\$184,708	\$104	\$294,615
September 30, 1996	\$113,384	\$ 92,081	\$871	\$204,594

During the years ended September 30, 1997, 1996, and 1995, marketable equity available-for-sale securities with a fair value at the date of sale of \$8,557,000, \$619,000, and \$11,713,000, respectively, were sold. The gross realized gains on such sales of available-for-sale securities totaled \$4,697,000, \$596,000, and \$5,734,000, respectively, and the gross realized losses totaled \$0, \$30,000, and \$37,000, respectively.

NOTE 6 DISCONTINUED OPERATIONS

Effective August 30, 1996, the Company exchanged all of the common stock of its wholly-owned subsidiary, Natural Gas Odorizing, Inc. (NGO), to Occidental Petroleum Corporation (OPC) for 2,018,928 shares of OPC common stock with a fair market value of approximately \$48 million. The sale yielded a gain of \$24.1 million (net of deferred income taxes of approximately \$14.8 million) which is reported as gain on sale of discontinued operations. NGO comprised the Company's chemical operations. Prior period operating results for such operations are reported as discontinued operations. Income from discontinued operations has been reduced for income taxes by \$2,566,000 and \$2,258,000 for 1996 and 1995, respectively.

NOTE 7 EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PLANS:

The Company has noncontributory pension plans covering substantially all of its employees, including certain employees in foreign countries. The Company makes annual contributions to the plans equal to the maximum amount allowable, subject to regulatory funding limitations. Future service benefits are determined using a 1.5 percent career average formula. The net pension expense (credit) included the following components:

Years Ended September 30,	1997	1996	1995
(in thousands)			
Service cost-benefits earned during the year	\$ 2,114	\$ 1,979	\$ 1,589
Interest cost on projected benefit obligations	1,797	1,553	1,301
Return on plan assets	(3,592)	(3,214)	(2,798)
Net amortization and deferral	(367)	(304)	(301)
Net pension expense (credit)	\$ (48)	\$ 14	\$ (209)

The discount rate used in determining the actuarial value of the projected benefit obligation for 1997 and 1996 was 7.25% and 7.75%, respectively. The average expected rate of return on plan assets was 9.0%, 8.5% and 8.5% for 1997, 1996 and 1995, respectively. The assumed rate of increase in compensation was 5.5% for 1997 and 5.0% for 1996. The following table sets forth the plans' funded status and amounts recognized in the balance sheet:

September 30,	1997	1996
(in thousands)		
Actuarial present value of benefit obligations:		
Vested benefit obligation	\$ 23,392	\$ 17,376

Accumulated benefit obligation	\$ 27,988	\$ 20,675
	=====	=====
Projected benefit obligation	\$ 33,913	\$ 23,534
	=====	=====
Plan assets at fair value, primarily listed stocks, U.S. Government securities and guaranteed insurance contracts	\$ 53,834	\$ 42,609
	=====	=====
Plan assets in excess of projected benefit obligation	\$ 19,921	\$ 19,075
Unrecognized net gain, including unrecognized net assets existing at October 1, 1987	(8,989)	(8,430)
Unrecognized prior service cost	1,501	1,740
	-----	-----
Prepaid pension cost	\$ 12,433	\$ 12,385
	=====	=====

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 \$2,255,000, \$1,908,000 and \$1,735,000 in 1997, 1996 and 1995, respectively.

NOTE 8 ACCRUED LIABILITIES

Accrued liabilities consist of the following:

September 30,	1997	1996

(in thousands)		
Accrued royalties payable	\$ 8,687	\$ 7,709
Accrued taxes payable - operations ...	9,240	4,645
Accrued income taxes payable	9,371	4,915
Accrued interest payable	4,056	200
Accrued workers compensation claims ..	3,087	2,561
Accrued equipment cost	598	2,197
Other	12,486	9,716
	-----	-----
	\$47,525	\$ 31,943
	=====	=====

NOTE 9 SUPPLEMENTAL CASH FLOW INFORMATION

Years Ended September 30,	1997	1996	1995

(in thousands)			
Cash payments:			
Interest paid	\$ 357	\$ 798	\$ 408
Income taxes paid:			
Continuing operations ...	36,347	15,491	2,102
Discontinued operations .	--	2,563	2,522
Noncash investing activity:			
Accrued equipment cost ..	\$ 598	\$ 2,197	\$ 4,016
	-----	-----	-----

NOTE 10 RISK FACTORS

CONCENTRATIONS 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 a variety of companies in the oil and gas industry. Management requires collateral for certain receivables of customers in its natural gas marketing operations.

INTERNATIONAL 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.

NOTE 11 NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board has issued SFAS No. 128 "Earnings per Share", effective for financial statement reporting periods ending after December 15, 1997. Management does not believe that earnings per share calculated under this standard would differ significantly from amounts reported in the Consolidated Statements of Income.

The Financial Accounting Standards Board has issued two new accounting standards, SFAS No. 130, "Reporting Comprehensive Income", (SFAS 130) and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", (SFAS 131) both effective for fiscal years beginning after December 15, 1997. SFAS 130 establishes standards for the reporting and display of comprehensive income. While the Company does have certain comprehensive income items, management does not believe that adopting SFAS 130 will materially change the Company's financial reporting and disclosures. SFAS 131 establishes standards for reporting financial and descriptive information about a company's operating segments. Management is currently analyzing the impact of SFAS 131, but does not expect the standard to materially change its current segment reporting disclosures.

NOTE 12 SEGMENT INFORMATION

The Company operates principally in the contract drilling and oil and gas industries. 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 and Ecuador. Oil and gas activities consist of ownership of mineral interests in productive oil and gas leases and undeveloped leases located primarily in Oklahoma, Texas, Kansas and Louisiana. Intersegment sales, which are accounted for in the same manner as sales to unaffiliated customers, are not material. Operating profit is total revenue less operating expenses. In computing operating profit, the following items have not been considered: equity in income of affiliate; income from investments; general corporate expenses; interest expense; and domestic and foreign income taxes. Identifiable assets by segment are those assets that are used in the Company's operations in each segment. Corporate assets are principally cash and cash equivalents, short-term investments and investments in marketable securities.

Revenues from one company doing business with the contract drilling segment accounted for approximately 17 percent, 19 percent, and 18 percent of the total consolidated revenues during the years ended September 30, 1997, 1996 and 1995, respectively. Collectively, revenues from three companies controlled by the Venezuelan government accounted for approximately 12 percent, 12.8 percent and 13.4 percent of total consolidated revenues for the years ended September 30, 1997, 1996, and 1995, respectively.

Summarized revenues and operating profit by industry segment for the years ended September 30, 1997, 1996 and 1995 are located on page 9. Additional financial information by industry segment is as follows:

	Years Ended September 30,	1997	1996	1995
(in thousands)				
Net Income (loss):				
Contract Drilling - Domestic.....	\$	15,508	\$ 6,796	\$ 4,506
Contract Drilling - International.....		26,848	17,693	12,106
Exploration and Production.....		35,719	17,335	(13,906)
Natural Gas Marketing.....		2,172	2,247	1,230
Real Estate Division.....		3,448	3,121	1,324
Other.....		(1,791)	(3,452)	(558)
Equity in income of affiliate.....		2,282	1,686	1,086
		-----	-----	-----
Income from Continuing Operations.....		84,186	45,426	5,788
Discontinued operations.....		--	27,140	3,963
		-----	-----	-----
Net Income.....	\$	84,186	\$ 72,566	\$ 9,751
		=====	=====	=====
Identifiable assets:				
Contract drilling - Domestic.....	\$	257,505	\$169,363	\$138,359
Contract drilling - International.....		210,976	213,171	188,587
Exploration and Production.....		152,892	141,058	142,474
Natural Gas Marketing.....		18,884	15,602	10,192
Real Estate Division.....		23,310	23,628	24,380
Corporate and other.....		370,028	259,092	196,233
Discontinued operations.....		--	--	6,836
		-----	-----	-----
	\$	1,033,595	\$ 821,914	\$ 707,061
		=====	=====	=====
Depreciation, depletion and amortization:				
Contract drilling - Domestic.....	\$	17,916	\$ 13,879	\$ 12,111
Contract drilling - International.....		26,458	22,120	19,557
Exploration and Production.....		24,627	20,299	39,895
Natural Gas Marketing.....		258	725	298
Real Estate Division.....		1,412	1,455	3,623
Corporate and other.....		1,020	964	959
		-----	-----	-----
Continuing operations.....		71,691	59,442	76,443
Discontinued operations.....		--	754	672
		-----	-----	-----
	\$	71,691	\$ 60,196	\$ 77,115
		=====	=====	=====
Capital expenditures:				
Contract drilling - Domestic.....	\$	95,277	\$ 57,004	\$ 32,503
Contract drilling - International.....		16,900	24,801	55,044
Exploration and Production.....		41,782	24,320	20,956
Natural Gas Marketing.....		3,170	435	252
Real Estate Division.....		1,161	776	907
Corporate and other.....		1,288	830	1,255
		-----	-----	-----
Continuing operations.....		159,578	108,166	110,917
Discontinued operations.....		--	1,581	859
		-----	-----	-----
	\$	159,578	\$ 109,747	\$ 111,776
		=====	=====	=====

NOTE 13 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,	1997	1996	1995

(in thousands)			
Revenues	\$111,512	\$ 76,643	\$ 47,986
Production costs	21,750	20,080	18,035
Exploration expense and valuation provisions	9,943	9,931	14,017
Depreciation, depletion and amortization	24,628	20,299	39,895
Income tax expense (benefit)	19,327	9,187	(7,243)
Total cost and expenses	75,648	59,497	64,704
Results of operations (excluding corporate overhead and interest costs)	\$ 35,864	\$ 17,146	\$(16,718)
	=====	=====	=====

Capitalized Costs -

September 30,	1997	1996

(in thousands)		
Properties being amortized:		
Proved properties	\$395,812	\$392,562
Unproved properties	14,109	9,242
Total costs being amortized	409,921	401,804
Less - Accumulated depreciation, depletion and amortization ...	268,572	269,994
Net	\$141,349	\$131,810
	=====	=====

Costs Incurred Relating to Oil and Gas Producing Activities -

Years Ended September 30,	1997	1996	1995

(in thousands)			
Property acquisition:			
Proved	\$ 47	\$ 256	\$ 1,228
Unproved	8,358	3,178	1,565
Exploration	9,656	9,874	13,497
Development	27,808	14,131	9,703
Total	\$45,869	\$27,439	\$25,993
	=====	=====	=====

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, 1994	6,710,211	290,652
Revisions of previous estimates	124,361	5,222
Extensions, discoveries and other additions ...	328,539	8,775
Production	(808,058)	(26,421)
Purchases of reserves-in-place	310	1,934
Sales of reserves-in-place	(26,251)	(116)
Proved reserves at September 30, 1995	6,329,112	280,046
Revisions of previous estimates	629,154	5,098
Extensions, discoveries and other additions ...	298,986	21,311

Production	(809,571)	(34,535)
Purchases of reserves-in-place	21,912	647
Sales of reserves-in-place	(1,477)	(266)
	-----	-----

<Caption

	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
Proved developed reserves at		
September 30, 1995	6,270,216	262,319
September 30, 1996	6,441,803	261,519
September 30, 1997	5,787,116	256,443

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. 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.

	September 30,	1997	1996
			(in thousands)
Future cash inflows		\$ 656,698	\$ 549,033
Future costs -			
Future production and development costs		(187,672)	(193,047)
Future income tax expense		(134,892)	(98,158)
Future net cash flows		334,134	257,828
10% annual discount for estimated timing of cash flows		(129,099)	(103,964)
Standardized Measure of discounted future net cash flows ...		\$ 205,035	\$ 153,864

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

	Years Ended September 30,	1997	1996	1995
				(in thousands)
Standardized Measure - Beginning of year		\$ 153,864	\$ 110,934	\$ 124,623
Increases (decreases) -				
Sales, net of production costs		(89,762)	(56,563)	(29,951)
Net change in sales prices, net of production costs		77,789	59,479	(12,917)
Discoveries and extensions, net of related future				
development and production costs		42,741	29,189	8,179
Changes in estimated future development costs		(16,570)	(6,651)	(4,672)
Development costs incurred		27,509	14,050	9,703
Revisions of previous quantity estimates		6,146	5,731	2,825
Accretion of discount		20,691	14,362	16,171
Net change in income taxes		(29,397)	(31,158)	(7,538)
Purchases of reserves-in-place		2	643	1,202
Sales of reserves-in-place		(1,551)	(124)	(51)
Other		13,573	13,972	3,360

Standardized Measure - End of Year

\$ 205,035
=====

\$ 153,864
=====

\$ 110,934
=====

NOTE 14 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(in thousands, except per share amounts)

1997	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$118,262	\$132,479	\$129,812	\$137,306
Gross profit	33,643	36,863	37,513	32,954
Net income	20,125	22,418	23,648	17,995
Earnings per share .....	.41	.45	.47	.36

1996	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$ 88,427	\$ 95,213	\$ 101,358	\$ 108,257
Gross profit	16,971	17,897	23,256	21,180
Income from continuing operations	9,468	9,802	12,650	13,506
Income (loss) from discontinued operations	1,625	1,225	508	(268)
Gain on sale of discontinued operations				24,050
Net income	11,093	11,027	13,158	37,288
Earnings (loss) per share:				
Continuing operations .....	.19	.20	.26	.27
Discontinued operations .....	.04	.02	.01	(.01)
Gain on sale of discontinued operations ...				.49
Net income .....	.23	.22	.27	.75

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

Per share amounts have been restated to reflect the effect of the two-for-one common stock split and distribution (see Note 4).

Net income in the fourth quarter of 1997 includes a provision of \$6.7 million (\$.08 per share after income taxes) for a Federal Energy Regulatory Commission ordered repayment of ad valorem taxes reimbursed to the Company during the period 1983-1988. The provision includes \$2.7 million for ad valorem taxes (reduced revenues) and \$4.0 million for interest.

Net income in the fourth quarter of 1996 includes the gain from sale of discontinued operations (see Note 6).

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, 1997 and 1996, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 1997. 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, 1997 and 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 1997, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, effective July 1, 1995, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets to be Disposed Of".

/s/ ERNST & YOUNG LLP

*Tulsa, Oklahoma
December 4, 1997*

STOCKHOLDERS' MEETING

The annual meeting of stockholders will be held on March 4, 1998. 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, 1998.

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, 1997, there were 1,467 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:

Bank One Trust Company, N.A.
Stock Transfer Department
P.O. Box 25848, OK1-1096
Oklahoma City, Oklahoma 73125-0848
Telephone: (405) 231-6325
800-395-2662, Extension 6598

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

STOCK PRICE INFORMATION*

QUARTERS	Closing Market Price Per Share			
	1997		1996	
	HIGH	LOW	HIGH	LOW
First.....	\$27.56	\$21.94	\$15.06	\$12.25
Second.....	27.44	21.00	17.25	13.50
Third.....	29.63	21.81	19.13	16.50
Fourth.....	40.00	29.47	21.81	17.38

Dividend Information*

QUARTERS	Paid Per Share		Total Payment	
	1997	1996	1997	1996
First.....	\$.065	\$.0625	\$3,239,007	\$3,095,578
Second.....	.065	.0625	3,239,892	3,100,568
Third.....	.065	.0625	3,242,952	3,104,724
Fourth.....	.065	.065	3,248,275	3,229,596

*Restated to reflect the effect of the two-for-one common stock split and distribution (see Note 4).

ELEVEN-YEAR FINANCIAL REVIEW

HELMERICH & PAYNE, INC.

	Years Ended September 30,	1997	1996	1995
REVENUES AND INCOME*				
Contract Drilling Revenues		315,327	244,338	203,325
Crude Oil Sales		20,475	15,378	13,227
Natural Gas Sales		87,737	60,500	33,851
Gas Marketing Revenues		66,306	57,817	34,729
Real Estate Revenues		8,224	8,076	7,560
Dividend Income		5,268	3,650	3,389
Other Revenues		14,522	3,496	10,640
Total Revenues++		517,859	393,255	306,721
Net Cash Provided by Continuing Operations++		165,568	121,420	84,010
Income from Continuing Operations		84,186	45,426	5,788
Net Income (3)		84,186	72,566	9,751
PER SHARE DATA**				
Income from Continuing Operations		1.69	.92	.12
Net Income (3)		1.69	1.47	.20
Cash Dividends .....		.26	.2525	.25
Shares Outstanding*		50,028	49,771	49,529
FINANCIAL POSITION				
Net Working Capital*		62,837	51,803	50,038
Ratio of Current Assets to Current Liabilities		1.66	1.83	1.74
Investments*		323,510	229,809	156,908
Total Assets*		1,033,595	821,914	707,061
Long-Term Debt*		--	--	--
Shareholders' Equity*		780,580	645,970	562,435
CAPITAL EXPENDITURES*				
Contract Drilling Equipment		109,036	79,269	80,943
Wells and Equipment		33,425	21,142	19,384
Real Estate		1,095	752	873
Other Assets (includes undeveloped leases)		16,022	7,003	9,717
Discontinued Operations		--	1,581	859
Total Capital Outlays		159,578	109,747	111,776
PROPERTY, PLANT AND EQUIPMENT AT COST*				
Contract Drilling Equipment		643,619	568,110	501,682
Producing Properties		395,812	392,562	384,755
Undeveloped Leases		14,109	9,242	8,051
Real Estate		47,682	46,970	46,642
Other		59,659	53,547	55,655
Discontinued Operations		--	--	13,937
Total Property, Plant and Equipment		1,160,881	1,070,431	1,010,722

* 000's omitted ** Per share data and shares outstanding are restated to reflect the effect of a two-for-one stock split and distribution as discussed in Note 4.

++ Chemical operations were sold August 30, 1996 (see note 6). Prior year amounts have been restated to exclude discontinued operations. 3 Includes \$13.6 million (\$.28 per share) 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) in 1994.

1994	1993	1992	1991	1990	1989	1988	1987
182,781	149,661	112,833	105,364	90,974	78,315	75,985	64,718
13,161	15,392	16,369	17,374	16,058	14,821	14,001	15,223
45,261	52,446	38,370	35,628	37,697	33,013	26,154	17,251
51,874	63,786	40,410	10,055	10,566	--	--	--
7,396	7,620	7,541	7,542	7,636	7,778	7,878	7,561
3,621	3,535	4,050	5,285	7,402	9,127	10,069	9,757
6,058	8,283	6,646	20,020	56,131	17,371	15,206	34,757
310,152	300,723	226,219	201,268	226,464	160,425	149,293	149,267
74,463	72,493	60,414	50,006	53,288	65,474	54,959	36,999
17,108	22,158	8,973	19,608	45,489	20,715	17,746	20,575
24,971	24,550	10,849	21,241	47,562	22,700	20,150	22,016

.35	.46	.19	.41	.94	.43	.37	.43
.51	.51	.22	.44	.98	.47	.42	.46
.2425	.24	.2325	.23	.22	.21	.20	.19
49,420	49,275	49,152	48,976	48,971	48,346	48,331	48,374

76,238	104,085	82,800	108,212	146,741	114,357	135,275	135,139
2.63	3.24	3.31	4.19	3.72	3.12	6.10	6.68
87,414	84,945	87,780	96,471	99,574	130,443	133,726	140,431
621,689	610,935	585,504	575,168	582,927	591,229	576,473	571,348
--	3,600	8,339	5,693	5,648	49,087	70,715	74,732
524,334	508,927	493,286	491,133	479,485	443,396	430,804	420,833

53,752	24,101	43,049	56,297	18,303	17,901	19,110	13,993
40,916	23,142	21,617	34,741	16,489	30,673	25,936	27,402
902	436	690	2,104	1,467	878	3,095	6,128
9,695	5,901	16,984	6,793	5,448	6,717	2,496	2,012
618	629	158	2,594	1,153	815	815	336
105,883	54,209	82,498	102,529	42,860	56,984	51,452	49,871

444,432	418,004	404,155	370,494	324,293	323,313	313,289	309,865
377,371	340,176	329,264	312,438	287,248	279,768	251,445	228,214
11,729	10,010	12,973	5,552	5,507	5,441	3,305	4,197
47,827	47,502	47,286	46,671	44,928	48,016	47,165	44,070
48,612	45,085	43,153	36,423	32,135	29,716	27,798	28,274
13,131	12,545	11,962	11,838	9,270	8,156	7,370	6,602
943,102	873,322	848,793	783,416	703,381	694,410	650,372	621,222

ELEVEN-YEAR OPERATING REVIEW

HELMERICH & PAYNE, INC.

Years Ended September 30,	1997	1996	1995	1994	1993
CONTRACT DRILLING					
Drilling Rigs, United States	38	41	41	47	42
Drilling Rigs, International	39	36	35	29	29
Contract Wells Drilled, United States ...	246	233	212	162	128
Total Footage Drilled, United States* ...	2,753	2,499	1,933	1,842	1,504
Average Depth per Well, United States ...	11,192	10,724	9,119	11,367	11,746
Percentage Rig Utilization, United States	88	82	71	69	53
Percentage Rig Utilization, International	91	85	84	88	68
PETROLEUM EXPLORATION AND DEVELOPMENT					
Gross Wells Completed	100	63	59	44	42
Net Wells Completed	49.3	35.3	27.4	15	15.9
Net Dry Holes	9.6	7.3	5.9	1.7	4.3
PETROLEUM PRODUCTION					
Net Crude Oil and Natural Gas Liquids					
Produced (barrels daily)	2,700	2,212	2,214	2,431	2,399
Net Oil Wells Owned-- Primary Recovery ..	133	176.9	186	202	202
Net Oil Wells Owned-- Secondary Recovery	49	63.8	64	71	71
Secondary Oil Recovery Projects	5	12	12	14	14
Net Natural Gas Produced					
(thousands of cubic feet daily)	110,859	94,358	72,387	72,953	78,023
Net Gas Wells Owned	410	378	354	341	307
NATURAL GAS ODORANTS AND OTHER CHEMICALS++					
Chemicals Sold (pounds)*	--	9,823	7,670	8,071	7,930
REAL ESTATE MANAGEMENT					
Gross Leasable Area (square feet)*	1,652	1,654	1,652	1,652	1,656
Percentage Occupancy	95	94	87	83	86
TOTAL NUMBER OF EMPLOYEES					
Helmerich & Payne, Inc. and Subsidiaries+	3,627	3,309	3,245	2,787	2,389

Years Ended September 30,	1992	1991	1990	1989	1988	1987
CONTRACT DRILLING						
Drilling Rigs, United States	39	46	49	49	48	50
Drilling Rigs, International	30	25	20	20	18	19
Contract Wells Drilled, United States ...	100	106	119	108	115	110
Total Footage Drilled, United States* ...	1,085	1,301	1,316	1,350	1,284	1,182
Average Depth per Well, United States ...	10,853	12,274	11,059	12,500	11,165	10,745
Percentage Rig Utilization, United States	42	47	50	44	45	39
Percentage Rig Utilization, International	69	69	45	46	30	16
PETROLEUM EXPLORATION AND DEVELOPMENT						
Gross Wells Completed	54	45	36	45	45	18
Net Wells Completed	17.8	20.2	15.3	15.2	14.6	5.2
Net Dry Holes	4.3	4.3	3.4	2.8	1.6	.5
PETROLEUM PRODUCTION						
Net Crude Oil and Natural Gas Liquids						
Produced (barrels daily)	2,334	2,152	2,265	2,486	2,463	2,578
Net Oil Wells Owned-- Primary Recovery ..	220	227	223	201	202	199
Net Oil Wells Owned-- Secondary Recovery	74	55	46	214	222	237
Secondary Oil Recovery Projects	14	12	12	17	21	20
Net Natural Gas Produced						
(thousands of cubic feet daily)	75,470	66,617	65,147	57,490	45,480	31,752
Net Gas Wells Owned	289	278	194	205	197	180
NATURAL GAS ODORANTS AND OTHER CHEMICALS++						
Chemicals Sold (pounds)*	8,452	8,155	8,255	7,702	8,507	8,165
REAL ESTATE MANAGEMENT						
Gross Leasable Area (square feet)*	1,656	1,664	1,664	1,669	1,670	1,595
Percentage Occupancy	87	86	85	90	90	94
TOTAL NUMBER OF EMPLOYEES						
Helmerich & Payne, Inc. and Subsidiaries+	1,928	1,758	1,864	1,100	1,156	1,026

* 000's omitted.

+ 1987-1989 include U.S. employees only

++ Chemical operations were sold August 30, 1996 (see note 6). Treated as discontinued operations in Financial Statements for all years presented.

DIRECTORS OFFICERS

W. H. HELMERICH, III

Chairman of the Board
Tulsa, Oklahoma

HANS HELMERICH

President and Chief Executive Officer
Tulsa, Oklahoma

WILLIAM L. ARMSTRONG

Chairman
Ambassador Media Corporation
Denver, Colorado

GLENN A. COX*

President and Chief Operating Officer, Retired Phillips Petroleum Company
Bartlesville, Oklahoma

GEORGE S. DOTSON

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

L. F. ROONEY, III*

Chief Executive Officer
Manhattan Construction Company
Tulsa, Oklahoma

EDWARD B. RUST, JR.

President 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

W. H. HELMERICH, III

Chairman of the Board

HANS HELMERICH

President and Chief Executive Officer

GEORGE S. DOTSON

Vice President,
President of Helmerich & Payne
International Drilling Co.

DOUGLAS E. FEARS

Vice President and
Chief Financial Officer

STEVEN R. MACKEY

Vice President, Secretary
and General Counsel

STEVEN R. SHAW
Vice President
Exploration & Production

***Member, Audit Committee**

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 (Guatemala) 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.

Turrum 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 December 4, 1997, included in the 1997 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 and 333-34939) pertaining, respectively, to the Helmerich & Payne, Inc. Incentive Stock Option Plan, 1990 Stock Option Plan, and 1996 Stock Incentive Plan of our report dated December 4, 1997, 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, 1997.

ERNST & YOUNG LLP

Tulsa, Oklahoma

December 23, 1997

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	SEP 30 1997
PERIOD START	OCT 01 1996
PERIOD END	SEP 30 1997
CASH	27,963
SECURITIES	323,510
RECEIVABLES	100,005
ALLOWANCES	1,308
INVENTORY	19,639
CURRENT ASSETS	158,004
PP&E	1,160,881
DEPRECIATION	621,856
TOTAL ASSETS	1,033,595
CURRENT LIABILITIES	95,167
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	2,677
OTHER SE	777,903
TOTAL LIABILITY AND EQUITY	1,033,595
SALES	506,422
TOTAL REVENUES	517,859
CGS	376,886
TOTAL COSTS	376,886
OTHER EXPENSES	9,346
LOSS PROVISION	0
INTEREST EXPENSE	4,212
INCOME PRETAX	127,415
INCOME TAX	45,511
INCOME CONTINUING	84,186
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	84,186
EPS PRIMARY	1.69
EPS DILUTED	1.69

End of Filing

Powered By **EDGAR**
Online

© 2005 | EDGAR Online, Inc.