

HELMERICH & PAYNE, INC.

FORM 10-Q (Quarterly Report)

Filed 05/14/98 for the Period Ending 03/31/98

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

HELMERICH & PAYNE INC

FORM 10-Q (Quarterly Report)

Filed 5/14/1998 For Period Ending 3/31/1998

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

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 30549

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

For quarterly period ended: MARCH 31, 1998

OR

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

For the transition period from _____ to _____

Commission File Number: 1-4221

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

73-0679879

(I.R.S. Employer I.D. Number)

UTICA AT TWENTY-FIRST STREET, TULSA, OKLAHOMA 74114

(Address of principal executive office) (zip code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Common Stock, CLASS
.10 par value

OUTSTANDING AT MARCH 31, 1998
50,294,714

AUTHORIZED AT MARCH 31, 1998
53,528,952

Total Number of Pages 15

HELMERICH & PAYNE, INC.

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PART I. FINANCIAL INFORMATION

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

	(Unaudited) March 31 1998	September 30 1997
	-----	-----
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 35,639	\$ 27,963
Short-term investments	1,278	1,318
Accounts receivable, net	120,687	98,697
Inventories	22,155	19,639
Prepaid expenses and other	14,344	10,387
	-----	-----
Total Current Assets	194,103	158,004
	-----	-----
Investments	304,644	323,510
Property, Plant and Equipment, Net	583,561	539,025
Other Assets	13,599	13,056
	-----	-----
Total Assets	\$1,095,907	\$1,033,595
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 40,530	\$ 42,642
Accrued liabilities	39,458	47,525
Notes payable	28,000	5,000
	-----	-----
Total Current Liabilities	107,988	95,167
	-----	-----
Noncurrent Liabilities		
Deferred income taxes	141,458	141,331
Other	27,935	16,517
	-----	-----
Total Noncurrent Liabilities.....	169,393	157,848
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock, \$0.10 par value, 80,000,000 shares authorized, 53,528,952 shares issued	5,353	5,353
Preferred stock, no shares issued	--	--
Additional paid-in capital	57,771	51,316
Retained earnings	671,102	629,562
Unearned compensation	(6,284)	--
Net unrealized holding gains	109,206	114,454
	-----	-----
Treasury stock - 3,234,238 and 3,500,698 shares, respectively, at cost	(18,622)	(20,105)
	-----	-----
Total Shareholders' Equity	818,526	780,580
	-----	-----
Total Liabilities and Shareholders' Equity	\$1,095,907	\$1,033,595
	=====	=====

See accompanying notes to financial statements.

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

(in thousands except per share data)

	Quarter Ended March 31		Six Months Ended March 31	
	1998	1997	1998	1997
REVENUES:				
Sales and other operating revenues	\$ 140,822	\$ 130,773	\$ 284,934	\$ 247,499
Income from investments	1,567	1,706	9,278	3,242
	-----	-----	-----	-----
	142,389	132,479	294,212	250,741
COST AND EXPENSES:				
Operating costs	81,382	70,407	157,872	134,307
Depreciation, depletion and amortization	19,186	17,379	37,837	32,851
Dry holes and abandonments	3,169	2,412	7,306	2,972
Taxes, other than income taxes	5,783	5,418	10,977	10,105
General and administrative	3,839	2,945	6,395	5,204
Interest	34	(3)	59	--
	-----	-----	-----	-----
	113,393	98,558	220,446	185,439
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	28,996	33,921	73,766	65,302
INCOME TAX EXPENSE	11,218	12,094	28,040	23,850
EQUITY IN INCOME OF AFFILIATE, net of income taxes	1,559	591	2,776	1,091
	-----	-----	-----	-----
NET INCOME	\$ 19,337	\$ 22,418	\$ 48,502	\$ 42,543
	=====	=====	=====	=====
EARNINGS PER COMMON SHARE:				
Basic	\$ 0.39	\$ 0.45	\$ 0.97	\$ 0.86
Diluted	\$ 0.38	\$ 0.44	\$ 0.95	\$ 0.84
CASH DIVIDENDS (Note 2)	\$ 0.07	\$ 0.065	\$ 0.14	\$ 0.13
AVERAGE COMMON SHARES OUTSTANDING:				
Basic	50,052	49,714	50,029	49,682
Diluted	50,609	50,379	50,837	50,431

Certain amounts have been restated to reflect the effect of the two-for-one common stock split and distribution as discussed in Note 7. The accompanying notes are an integral part of these statements.

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

(in thousands)

	Six Months Ended March 31	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 48,502	\$ 42,543
Adjustments to reconcile net income to net cash provided by operating activities--		
Depreciation, depletion, and amortization	37,837	32,851
Dry holes and abandonments	7,306	2,972
Equity in income of affiliate before income taxes	(4,477)	(1,760)
Amortization of deferred compensation	591	737
Gain on sale of securities	(6,012)	(59)
Gain on sale of property, plant & equipment	(1,446)	(1,677)
Other - net	268	119
Change in assets and liabilities--		
Accounts receivable	(21,990)	(11,334)
Inventories	(2,516)	(979)
Prepaid expenses and other	(4,500)	(6,272)
Accounts payable	(1,515)	3,292
Accrued liabilities	(8,067)	4,917
Deferred income taxes	3,345	918
Other noncurrent liabilities	11,418	3,610
Total adjustments	10,242	27,335
NET CASH PROVIDED BY OPERATING ACTIVITIES	58,744	69,878
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, including dry hole costs	(101,387)	(63,337)
Proceeds from sales of property, plant, and equipment	11,999	4,033
Purchase of investments	(52)	(770)
Proceeds from sale of investments	21,070	103
Proceeds from sale of short-term investments	40	--
NET CASH USED IN INVESTING ACTIVITIES	(68,330)	(59,971)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	71,000	25,000
Payments made on notes payable	(48,000)	(27,000)
Dividends paid	(6,776)	(6,485)
Proceeds from exercise of stock options	1,038	1,163
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	17,262	(7,322)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,676	2,585
CASH AND CASH EQUIVALENTS, beginning of period	27,963	16,892
CASH AND CASH EQUIVALENTS, end of period	\$ 35,639	\$ 19,477

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

	Common Shares	Stock Amount	Paid-In Capital	Net Unrealized Holding Gains	Unearned Compensation	Retained Earnings	Treasury Shares	Stock Amount
	-----	-----	-----	-----	-----	-----	-----	-----
Balance, September 30, 1997	53,529	\$5,353	\$51,316	\$ 114,454	\$ --	\$629,562	3,501	\$(20,105)
Change in net unrealized holding gains, net of income taxes of (\$3,218)	--	--	--	(5,248)	--	--	--	--
Cash dividends (\$0.14 per share)	--	--	--	--	--	(7,046)	--	--
Exercise of stock options	--	--	698	--	--	--	(87)	449
Stock, issued under Restricted Stock Award Plan	--	--	5,757	--	(6,791)	--	(180)	1,034
Amortization of deferred compensation	--	--	--	--	507	84	--	--
Net income	--	--	--	--	--	48,502	--	--

Balance, March 31, 1998	53,529	\$5,353	\$57,771	\$ 109,206	\$ (6,284)	\$671,102	3,234	\$(18,622)
	=====							

See accompanying notes to financial statements.

**I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.**

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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

2. The \$.07 cash dividend declared in December, 1997, was paid March 2, 1998. On March 4, 1998, a cash dividend of \$.07 per share was declared for shareholders of record on May 15, 1998, payable June 1, 1998.

3. Inventories consist of materials and supplies.

4. Income from investments includes \$6,012,000 and \$59,000 from gains on sales of available-for-sale securities during the first six months of 1998 and 1997, respectively.

5. The following is a summary of available-for-sale securities, which excludes those accounted for under the equity method of accounting. The recorded investment in securities accounted for under the equity method is \$33,372,000.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
	(in thousands)			
Equity Securities 03/31/98	\$ 95,134	\$178,091	\$1,953	\$271,272
Equity Securities 09/30/97	\$110,011	\$184,708	\$ 104	\$294,615

6. 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 March 31, 1998, the Company had borrowed \$28,000,000 at a rate of 6.04% and had letters of credit outstanding in the amount of \$8,171,000, leaving \$3,829,000 available. The Company anticipates renewing a similar line of credit agreement with certain banks in May 1998. 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 March 31, 1998, the Company had letters of credit outstanding in the amount of \$1,347,222 leaving \$13,152,778 available.

PART I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Continued)

7. Stock Split and Earnings per Share - 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 were 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 and per share amounts reflect the impact of the split.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share", effective for financial statement reporting periods ending after December 15, 1997. This statement establishes standards for computing and presenting earnings per share (EPS). It replaces the presentation of primary and fully diluted EPS with a presentation of basic and diluted EPS. The Company's primary EPS, as reported in prior periods, did not change after applying the method required in computing the new basic EPS.

Basic earnings per common share is calculated based on the weighted average shares outstanding during the period. Diluted earnings per common share includes, in average common shares outstanding, employee stock options which are dilutive (557,011 shares and 770,600 shares for the second quarter and first six months of fiscal 1998, respectively, and 645,737 shares and 704,014 shares for the same periods of fiscal 1997) and non-vested restricted stock (zero shares and 37,759 shares for the second quarter and first six months of fiscal 1998, respectively, and 19,757 shares and 45,142 shares for the same periods of fiscal 1997).

8. New Accounting Pronouncements - 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.

PART I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Continued)

9. Restricted Stock Awards - In the first quarter of fiscal year 1998, the Company issued to certain employees 180,000 shares of treasury stock as restricted stock awards under the 1996 Stock Incentive Plan. The Company recognized unearned compensation of \$6,791,000, which was the fair market value of the stock at the time of issuance. Treasury stock was reduced by the book value of the shares issued (\$1,034,000) with the difference recognized as an increase in paid-in-capital. The unearned compensation is being amortized over a five-year period as compensation expense.

I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
REVENUES AND INCOME BY BUSINESS SEGMENTS
(in thousands)

	Fiscal Year 1998			FY 1997
	1st Qtr	2nd Qtr	Six Mos.	Six Mos.
SALES AND OTHER REVENUES:				
Contract Drilling-Domestic	\$ 41,736	\$ 42,604	\$ 84,340	\$ 61,155
Contract Drilling-International	51,994	61,677	113,671	78,317
Total Contract Drilling Div	93,730	104,281	198,011	139,472
Exploration and Production	32,171	22,230	54,401	64,014
Natural Gas Marketing	16,056	12,099	28,155	39,357
Total Oil & Gas Division	48,227	34,329	82,556	103,371
Real Estate Division	2,091	2,141	4,232	4,494
Investment and Other	7,775	1,638	9,413	3,404
Total Revenues	\$ 151,823	\$ 142,389	\$ 294,212	\$ 250,741
OPERATING PROFIT:				
Contract Drilling-Domestic	\$ 9,371	\$ 8,275	\$ 17,646	\$ 9,165
Contract Drilling-International	14,055	14,803	28,858	15,825
Total Contract Drilling Div	23,426	23,078	46,504	24,990
Exploration and Production	14,859	6,636	21,495	38,470
Natural Gas Marketing	587	448	1,035	1,895
Total Oil & Gas Division	15,446	7,084	22,530	40,365
Real Estate Division	1,308	1,412	2,720	3,069
Total Operating Profit	40,180	31,574	71,754	68,424
OTHER	4,590	(2,578)	2,012	(3,122)
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	\$ 44,770	\$ 28,996	\$ 73,766	\$ 65,302

See accompanying notes to financial statements.

I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1998

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 natural gas and crude oil prices, expiration or termination of drilling contracts, 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" 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

The Company reported net income of \$19,337,000 (\$0.38 per share, on a diluted basis) from revenues of \$142,389,000 for the second quarter ended March 31, 1998, compared with net income of \$22,418,000 (\$0.44 per share, diluted) from revenues of \$132,479,000 for the second quarter of the prior fiscal year. Net income for the first six months of fiscal 1998 totaled \$48,502,000 (\$0.95 per share, diluted) from revenues of \$294,212,000, compared with net income of \$42,543,000 (\$0.84 per share, diluted) from revenues of \$250,741,000 recorded for the same period last year.

The Company's Exploration and Production Division reported operating profit of \$6,636,000 and \$21,495,000 for the second quarter and six months ended March 31, 1998, respectively, compared with operating profit of \$20,196,000 and \$38,470,000 for the same periods in fiscal 1997.

The sharp decrease in the second quarter of 1998 compared with the second quarter of 1997 was primarily due to a 29% decrease in natural gas prices (\$1.89 versus \$2.65 per mcf) and a 35% decrease in crude oil prices (\$14.43 versus \$22.04 per bbl). The Company also recorded a 34% reduction in oil production during the second quarter of 1998, primarily due to the sale of its Louisiana

I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1998
(Continued)

Austin Chalk production in November 1997. Average second quarter natural gas production volumes rose to 115 mmcf/d, from approximately 111 mmcf/d during the second quarter of last year. Dry hole, abandonment and geophysical expenses were up significantly during the second quarter and first half of fiscal 1998 because of the Company's more aggressive exploration program.

During the second quarter, the Company completed two exploratory wells, one in east Texas and one in south Louisiana. In east Texas, the Company completed its first Cotton Valley Lime Pinnacle reef discovery in southeast Limestone County with a 25% working interest. The Marathon #1 Willis is producing at approximately 20 million cubic feet of gas per day and had first sales April 9, 1998. In Vermilion Parish in south Louisiana, the Company tested its #1 Anna Lou Cormier at a rate of 467 barrels of oil per day and 0.9 million cubic feet of gas per day in the Marg Howe formation. This was a secondary objective after drilling to the Bol Mex formation and finding it non-productive. In the second quarter of fiscal 1998, \$1.7 million dry hole expense was recorded associated with the non-productive Bol Mex test. The Company operates the Anna Lou with a 75% working interest.

Operating profit from the Company's Contract Drilling Division for both the second quarter and six month periods was up dramatically compared with last year, due to an increase in rig activity and a sharp increase in dayrates in both domestic and international operations. In the Company's U.S. offshore market, there has been a sharp increase in total active rig days compared with last year's first six months. The major reason for the increase is the addition of Company rigs on Shell's Ram/Powell Tension Leg Platform and Shell's Enchilada Platform, both of which began operations in the second half of last year. Total domestic drilling operating profit for the second quarter rose to \$8,275,000, up 67% from last year's second quarter.

International rig utilization increased to an average of 95% for the second quarter of this year, from 90% for the second quarter of last year. Operating profit from international operations increased to \$14,803,000, up 66% from last year's second quarter.

Although the Company's rig utilization and dayrate structure remained relatively stable during the second quarter, there has been a recent softening in both the domestic and international drilling markets. It is anticipated that operating profit from the Company's drilling division in the last six (6) months of fiscal 1998 could be 10% to 15% lower than the first six (6) months of this fiscal year due to lower rig utilization and downward pressure on dayrates. Any further reduction in oil prices or continued softening of dayrates could have a material affect on operating profit.

I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1998
(Continued)

Impact of Year 2000 -

Some of the Company's older computer programs were written using two digits rather than four to define the applicable year. As a result, those computer programs have time-sensitive software that recognize a date using "00" as the year 1900 rather than the year 2000.

The Company has completed a Year 2000 assessment and is in the process of modifying or replacing portions of its software so that its computer systems will function properly with respect to dates in the Year 2000 and thereafter. To date, the Year 2000 Project cost has been less than \$400,000 and the Company estimates that the total cost associated with the Year 2000 Project will be less than \$500,000.

The project is estimated to be completed no later than December 31, 1998, which is prior to any anticipated impact on its operating systems. The Company believes that with modifications to existing software and conversions to new software, the Year 2000 Issue will not pose significant operational problems for its computer systems. However, if such modifications and conversions are not made, or are not completed timely, the Year 2000 Issue could have a material impact on the operations of the Company.

The costs of the project and the date on which the Company believes it will complete the Year 2000 modifications are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources and other factors. However, there can be no guarantee that these estimates will be achieved and actual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, and similar uncertainties.

Liquidity and Capital Resources

Net cash provided by operating activities was \$58,744,000 for the first six months of fiscal 1998, compared with \$69,878,000 for the same period in 1997. Capital expenditures were \$101,387,000 and \$63,337,000 for the first six months of fiscal 1998 and 1997, respectively.

I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1998
(Continued)

It is anticipated for fiscal 1998 that capital expenditures will approach \$240 million, exceeding internally generated cash flows, and that the Company will borrow under its line of credit agreement or sell a portion of its investment portfolio to fund capital expenditures.

In April and May of 1998, the Company sold a portion of its investment portfolio to fund expected capital expenditures in the current year. The Company sold 200,000 shares of Atwood Oceanics, 300,000 shares of Sun Company and 400,000 shares of Occidental Petroleum. The total gain on the sales was approximately \$12 million, net of tax (\$0.24 per share, diluted).

There were no other significant changes in the Company's financial position since September 30, 1997.

PART II. OTHER INFORMATION
HELMERICH & PAYNE, INC.

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of Helmerich & Payne, Inc. was held on March 4, 1998, for the purpose of electing three members of the Board of Directors. No other matters were submitted for vote to the stockholders. Proxies for the meeting were solicited by and on behalf of the management of Helmerich & Payne, Inc., and there was no solicitation in opposition to management's solicitation. Each of management's incumbent nominees for directorship were elected by the affirmative vote of a plurality of the shares of voted common stock. The number of votes for and withheld from each Director, respectively, were as follows: Hans Helmerich, 45,588,946 for, and 221,319 withheld; George S. Dotson, 45,599,769 for, and 210,496 withheld; and George A. Schaefer, 45,595,306 for, and 214,959 withheld. There were no broker non-votes nor other abstentions. The other Directors whose term of office as Director continued after the meeting are W. H. Helmerich, III, Glenn A. Cox, Edward B. Rust, Jr., John D. Zeglis, William L. Armstrong, and L. F. Rooney, III.

Item 6(b) Reports on Form 8-K

For the three months ended March 31, 1998, there was one Form 8-K filed on January 8, 1998.

INDEX TO EXHIBITS

Exhibit -----	Description -----
27	Financial Data Schedule

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	SEP 30 1998
PERIOD START	OCT 01 1997
PERIOD END	MAR 31 1998
CASH	35,639
SECURITIES	304,644
RECEIVABLES	121,995
ALLOWANCES	1,308
INVENTORY	22,155
CURRENT ASSETS	194,103
PP&E	1,222,788
DEPRECIATION	639,227
TOTAL ASSETS	1,095,907
CURRENT LIABILITIES	107,988
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	5,353
OTHER SE	813,173
TOTAL LIABILITY AND EQUITY	1,095,907
SALES	284,934
TOTAL REVENUES	294,212
CGS	211,231
TOTAL COSTS	211,231
OTHER EXPENSES	2,761
LOSS PROVISION	0
INTEREST EXPENSE	59
INCOME PRETAX	73,766
INCOME TAX	28,040
INCOME CONTINUING	48,502
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	48,502
EPS PRIMARY	.97
EPS DILUTED	.95

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