HELMERICH & PAYNE, INC.

FORM 10-Q
(Quarterly Report)

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

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

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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

For quarterly period ended: MARCH 31, 2003

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.

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YES X   NO
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CLASS	OUTSTANDING AT MARCH 31, 2003
Common Stock, $0.10 par value	**50,032,200**

TOTAL NUMBER OF PAGES - 23

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PART I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.

Item 1. FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED BALANCE SHEETS

(in thousands)

	(Unaudited) March 31, 2003	September 30, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,248	$ 46,883
Accounts receivable, net	89,915	92,604
Inventories	22,111	22,511
Prepaid expenses and other	20,597	16,753
Total current assets	175,871	178,751
Investments	150,425	146,855
Property, plant and equipment, net	995,183	897,445
Other assets	20,603	4,262
Total assets	$ 1,342,082	$ 1,227,313
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 40,026	$ 41,045
Accrued liabilities	30,709	31,854
Total current liabilities	70,735	72,899
Noncurrent liabilities:		
Long-term notes payable	200,000	100,000
Deferred income taxes	148,997	131,401
Other	29,161	27,843
Total noncurrent liabilities	378,158	259,244
SHAREHOLDERS' EQUITY		
Common stock, par value $.10 per share	5,353	5,353
Preferred stock, no shares issued	--	--
Additional paid-in capital	82,450	82,489
Retained earnings	834,106	838,929
Unearned compensation	(38)	(190)
Accumulated other comprehensive income	18,618	16,180
	940,489	942,761
Less treasury stock, at cost	47,300	47,591
Total shareholders' equity	893,189	895,170
Total liabilities and shareholders' equity	$ 1,342,082	$ 1,227,313

The accompanying notes are an integral part of these statements.

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

(in thousands, except per share data)

	Three Months Ended March 31 2003	Three Months Ended March 31 2002	Six Months Ended March 31 2003	Six Months Ended March 31 2002
REVENUES				
Operating revenues	$ 125,291	$ 130,816	$ 237,814	$ 273,392
Income from investments	1,029	1,528	1,819	2,835
	126,320	132,344	239,633	276,227
COST AND EXPENSES				
Operating costs	91,314	97,477	177,164	193,649
Depreciation	19,943	15,046	38,179	28,879
General and administrative	7,575	6,117	13,761	10,600
Interest	3,032	338	5,802	730
	121,864	118,978	234,906	233,858
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATES	4,456	13,366	4,727	42,369
PROVISION FOR INCOME TAXES	1,915	6,007	2,032	17,975
EQUITY IN INCOME OF AFFILIATES NET OF INCOME TAXES	33	770	486	1,862
Income from continuing operations	2,574	8,129	3,181	26,256
Income from discontinued operations	--	2,743	--	220
NET INCOME	$ 2,574	$ 10,872	$ 3,181	$ 26,476
BASIC EARNINGS PER COMMON SHARE:				
Income from continuing operations	$ 0.05	$ 0.16	$ 0.06	$ 0.52
Income from discontinued operations	--	0.06	--	0.01
Net income	$ 0.05	$ 0.22	$ 0.06	$ 0.53
DILUTED EARNINGS PER COMMON SHARE:				
Income from continuing operations	$ 0.05	$ 0.16	$ 0.06	$ 0.52
Income from discontinued operations	--	0.06	--	0.01
Net income	$ 0.05	$ 0.22	$ 0.06	$ 0.53
CASH DIVIDENDS (NOTE 2)	$ 0.08	$ 0.075	$ 0.16	$ 0.15
AVERAGE COMMON SHARES OUTSTANDING:				
Basic	50,023	49,788	50,001	49,762
Diluted	50,539	50,265	50,503	50,171

The accompanying notes are an integral part of these statements.

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

(in thousands)

	Six Months Ended March 31, 2003	2002
OPERATING ACTIVITIES:		
Income from continuing operations	$ 3,181	$ 26,256
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:		
Depreciation	38,179	28,879
Equity in income of affiliates before income taxes	(781)	(3,004)
Amortization of deferred compensation	152	561
Gain on sale of securities	(297)	(539)
Gain on sale of property, plant & equipment	(530)	(319)
Other, net	335	506
Change in assets and liabilities-		
Accounts Receivables	2,689	11,360
Inventories	400	493
Prepaid expenses and other assets	(20,185)	11,422
Accounts payable	(1,019)	(22,505)
Accrued liabilities	(356)	87
Deferred income taxes	15,994	11,899
Other noncurrent liabilities	1,318	3,722
Net Cash Provided by Operating Activities	39,080	68,818
INVESTING ACTIVITIES:		
Capital expenditures	(137,803)	(138,469)
Proceeds from sales of property, plant and equipment	2,416	1,666
Proceeds from sale of securities	316	4,670
Net cash used in investing activities	(135,071)	(132,133)
FINANCING ACTIVITIES:		
Proceeds from notes payable	100,000	--
Dividends paid	(8,004)	(7,489)
Proceeds from exercise of stock options	360	838
Net cash provided by (used in) financing activities	92,356	(6,651)
DISCONTINUED OPERATIONS:		
Net cash provided by operating activities	--	18,095
Net cash used in investing activities	--	(26,192)
Net cash used in discontinued operations	--	(8,097)
Net decrease in cash and cash equivalents	(3,635)	(78,063)
Cash and cash equivalents, beginning of period	46,883	122,962
Cash and cash equivalents, end of period	$ 43,248	$ 44,899

The accompanying notes are an integral part of these statements.

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

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Unearned Compensation	Retained Earnings
Balance, September 30, 2002	53,529	$ 5,353	$ 82,489	$ (190)	$ 838,929
Comprehensive Income:					
Net Income					3,181
Other comprehensive income,					
Unrealized gains on available-for-sale securities, net					
Amortization of unrealized loss on derivative instruments, net					
Total other comprehensive income					
Comprehensive income					
Cash dividends ($0.16 per share)					(8,004)
Exercise of Stock Options			69		
Tax benefit of stock-based awards			(108)		
Amortization of deferred compensation				152	
Balance, March 31, 2003	53,529	$ 5,353	$ 82,450	$ (38)	$ 834,106

	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, September 30, 2002	3,518	$ (47,591)	$ 16,180	$ 895,170
Comprehensive Income:				
Net Income				3,181
Other comprehensive income,				
Unrealized gains on available-for-sale securities, net			1,949	1,949
Amortization of unrealized loss on derivative instruments, net			489	489
Total other comprehensive income				2,438
Comprehensive income				5,619
Cash dividends ($0.16 per share)				(8,004)
Exercise of Stock Options	(21)	291		360
Tax benefit of stock-based awards				(108)
Amortization of deferred compensation				152
Balance, March 31, 2003	3,497	$ (47,300)	$ 18,618	$ 893,189

HELMERICH & PAYNE, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation -

In the opinion of the Company, the accompanying unaudited consolidated condensed financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly the results of the periods presented. The results of operations for the three and six months ended March 31, 2003, and March 31, 2002, are not necessarily indicative of the results to be expected for the full year. These consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's 2002 Annual Report on Form 10-K and the Company's 2003 First Quarter Report on Form 10-Q.

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

2. The $.08 cash dividend declared in December, 2002, was paid March 3, 2003. On March 5, 2003, a cash dividend of $.08 per share was declared for shareholders of record on May 15, 2003, payable June 2, 2003.

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

4. Income from investments includes after-tax gains from sales of available-for-sale securities of $182,000 and $324,000 during the second quarter and first six months of fiscal 2003 and 2002, respectively.

5. The following is a summary of available-for-sale securities, which excludes those accounted for under the equity method of accounting. At March 31, 2003, the Company's investment in securities accounted for under the equity method is $61,241,000.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
		(in thousands)		
Equity Securities 03/31/03	$ 45,967	$ 47,052	$ 3,835	$ 89,184
Equity Securities 09/30/02	$ 46,325	$ 43,846	$ 3,772	$ 86,399

6. Comprehensive Income -

Comprehensive income, net of related tax, is as follows (in thousands):

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002
Net income	$ 2,574	$ 10,872	$ 3,181	$ 26,476
Other comprehensive income:				
Net unrealized gain (loss) on securities	(3,908)	3,224	1,949	20,479
Amortization of unrealized loss on derivative instruments	242	--	489	--
Net unrealized gain on derivative instrument	--	309	--	383
Other comprehensive income (loss)	(3,666)	3,533	2,438	20,862
Comprehensive income (loss)	$ (1,092)	$ 14,405	$ 5,619	$ 47,338

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

	March 31, 2003	September 30, 2002
Unrealized gain on securities, net	$ 26,795	$ 24,846
Unrealized loss on derivative instruments	(565)	(1,054)
Minimum pension liability	(7,612)	(7,612)
Accumulated other comprehensive income	$ 18,618	$ 16,180

7. Notes payable and long-term debt -

At March 31, 2003, the Company had $200 million in debt outstanding at fixed rates and maturities as summarized in the following table. Funding of the notes occurred on August 15, 2002 and October 15, 2002 in equal amounts of $100 million.

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

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

At March 31, 2003, the Company had a committed unsecured line of credit totaling $125 million. Letters of credit totaling $13.3 million were outstanding against the line, leaving $111.7 million available to borrow. Under terms of the line of credit, the Company must maintain certain financial ratios as defined including debt to total capitalization and debt to earnings before interest, taxes, depreciation, and amortization, and maintain certain levels of liquidity and tangible net worth.

At March 31, 2003, the Company held an unassociated interest rate swap tied to 30-day LIBOR in the amount of $50 million which matures on October 27, 2003. The swap instrument was originally designated as a hedge of a $50 million loan that was paid-off in September 2002. The swap liability was valued at approximately $1.1 million on March 31, 2003.

The interest rate swap liability was valued at approximately $1.7 million on the date the $50 million debt was paid off. The $1.7 million is being amortized over the remaining life of the swap as interest expense. In the first six months of fiscal 2003, $789,000 was amortized and included in interest expense. Changes to the value of the interest rate swap subsequent to the date the $50 million debt was paid will be recorded to income.

8. Discontinued Operations -

On September 30, 2002, the Company's distribution of 100 percent of the common stock of Cimarex Energy Co. and the subsequent merger of Key Production Company, Inc. with Cimarex was completed. In connection with the distribution, approximately 26.6 million shares of the Cimarex Energy Co. common stock on a diluted basis were distributed to shareholders of the Company of record on September 27, 2002. The Cimarex Energy Co. stock distribution was recorded as a dividend and resulted in a decrease to consolidated shareholders' equity of approximately $152.2 million. The Company does not own any common stock of Cimarex Energy Co.

Summarized results of discontinued operations are as follows:

	Three Months Ended March 31, 2002	Six Months Ended March 31, 2002
Revenues	$ 34,626	$ 73,781
Income from operations:		
Income before income taxes	4,233	340
Tax provision	1,490	120
Income from discontinued operations	$ 2,743	$ 220

9. Earnings per share -

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

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
Basic weighted-average shares	50,023	49,788	50,001	49,762
Effect of dilutive shares:				
Stock options	514	469	500	402
Restricted stock	2	8	2	7
	516	477	502	409
Diluted weighted-average shares	50,539	50,265	50,503	50,171

At March 31, 2003, options to purchase 1,058,836 shares of common stock at a weighted-average price of $27.84 were outstanding but were not included in the computation of diluted earnings per common share. Inclusion of these shares would be antidilutive.

10. Income Taxes -

The Company's effective tax rate was 43.0% in the first six months of fiscal 2003, compared to 42.4% in the first six months of fiscal 2002. The high effective tax rate is the result of the Company's international drilling operations and state taxes of 3% to 6%.

11. Stock Based Compensation -

The Company has option 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. The Company accounts for these plans under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB No. 25") and has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123"). Accordingly, no compensation cost for stock options granted has been recognized, as all options granted under these plans had an exercise price equal to the market value of the underlying common stock on the day of grant.

On December 31, 2002, the FASB issued Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure ("SFAS No. 148"). SFAS No. 148 amends SFAS No. 123 to provide alternative methods of transition to SFAS No. 123's fair value method of accounting for stock-based employee compensation.

The Company is considering adopting SFAS No. 123's fair value method of accounting for stock-based employee compensation in 2003, but has not yet made a final decision on adoption.

Had compensation cost for these plans been determined consistent with the provisions of SFAS No. 123, the Company's stock-based compensation expense, net income and income per share would have been adjusted to the following pro forma amounts (in thousands, except per share amounts):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
Stock-based compensation expense-as reported	$ 9	$ 174	$ 94	$ 348
Stock-based compensation expense-pro forma	1,091	787	2,206	1,414
Net income - as reported	2,574	10,872	3,181	26,476
Net income - pro forma	1,492	10,259	1,069	25,410
Income per share - as reported:				
Basic	0.05	0.22	0.06	0.53
Diluted	0.05	0.22	0.06	0.53
Income per share - pro forma				
Basic	0.03	0.21	0.02	0.51
Diluted	0.03	0.20	0.02	0.51

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The weighted average assumptions used for options granted in fiscal 2003 include a dividend yield of .75 percent, expected volatility of approximately 45 percent, a risk-free interest rate of approximately 3.1 percent and expected lives of 4.5 years. The weighted average assumptions used for options granted in fiscal 2002 include a dividend yield of .8 percent, expected volatility of approximately 48 percent, a risk-free interest rate of approximately 4.0 percent and expected lives of 4.5 years.

12. New Accounting Standards -

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

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" and amends Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions."

The Statement retains the basic framework of SFAS No. 121, resolves certain implementation issues of SFAS No. 121, extends applicability to discontinued operations, and broadens the presentation of discontinued operations to include a component of an entity. The Company adopted this Statement October 1, 2002. Since the Company's approach for impairment under SFAS No. 121 was consistent with the provisions under SFAS No. 144, adopting this statement had no impact on the Company's results of operations and financial position.

Included in the Company's operating revenues for the three months and six months ended March 31, 2003 are reimbursements for "out-of-pocket" expenses of $9.5 million and $15.5 million, respectively. Previously, the Company recognized reimbursements received as a reduction to the related costs. Emerging Issues Task Force (EITF) No. 01-14, "Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred" requires that reimbursements received for "out-of-pocket" expenses be included in operating revenues. The effect of EITF 01-14 resulted in a reclassification to the three months and six months ended March 31, 2002, that increased operating revenues and operating costs by $11.4 million and $20.3 million, respectively. These reclassifications had no impact on net income.

13. Commitments -

The Company, on a regular basis, makes commitments for the purchase of contract drilling equipment. At March 31, 2003, the Company had commitments outstanding of approximately $75 million for the purchase of drilling equipment.

14. Segment information -

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

Summarized financial information of the Company's reportable segments for the six months ended March 31, 2003, and 2002, is shown in the following tables:

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit
MARCH 31, 2003				
Contract Drilling				
Domestic	$ 180,240	$ --	$ 180,240	$ 20,893
International	52,975	--	52,975	656
	233,215	--	233,215	21,549
Real Estate	4,748	722	5,470	2,526
Other	1,670	--	1,670	--
Eliminations	--	(722)	(722)	--
Total	$ 239,633	$ --	$ 239,633	$ 24,075

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit
MARCH 31, 2002				
Contract Drilling				
Domestic	$ 183,386	$ 538	$ 183,924	$ 41,349
International	85,955	--	85,955	8,293
	269,341	538	269,879	49,642
Real Estate	4,460	760	5,220	2,733
Other	2,426	--	2,426	--
Eliminations	--	(1,298)	(1,298)	--
Total	$ 276,227	$ --	$ 276,227	$ 52,375

Summarized financial information of the Company's reportable segments for the quarters ended March 31, 2003, and 2002, is shown in the following tables:

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit
MARCH 31, 2003				
Contract Drilling				
Domestic	$ 93,491	$ --	$ 93,491	$ 12,267
International	29,451	--	29,451	1,248
	122,942	--	122,942	13,515
Real Estate	2,517	367	2,884	1,360
Other	861	--	861	--
Eliminations	--	(367)	(367)	--
Total	$ 126,320	$ --	$ 126,320	$ 14,875

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit
MARCH 31, 2002				
Contract Drilling				
Domestic	$ 85,728	$ 196	$ 85,924	$ 13,533
International	43,546	--	43,546	4,416
	129,274	196	129,470	17,949
Real Estate	1,965	381	2,346	1,336
Other	1,105	--	1,105	--
Eliminations	--	(577)	(577)	--
Total	$ 132,344	$ --	$ 132,344	$ 19,285

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

	Quarter Ended March 31, 2003	Quarter Ended March 31, 2002	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002
Segment operating profit	$ 14,875	$ 19,285	$ 24,075	$ 52,375
Unallocated amounts:				
Income from investments	1,029	1,528	1,819	2,835
General corporate expense	(7,575)	(6,117)	(13,761)	(10,600)
Interest expense	(3,032)	(338)	(5,802)	(730)
Corporate depreciation	(611)	(530)	(1,233)	(1,033)
Other corporate expense	(230)	(462)	(371)	(478)
Total unallocated amounts	(10,419)	(5,919)	(19,348)	(10,006)
Income before income taxes and equity in income of affiliates	$ 4,456	$ 13,366	$ 4,727	$ 42,369

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

	Quarter Ended March 31, 2003	Quarter Ended March 31, 2002	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002
Revenues:				
United States	$ 96,869	$ 88,798	$ 186,658	$ 190,272
Venezuela	9,516	15,898	13,198	32,126
Ecuador	12,572	11,590	26,362	23,498
Colombia	1,732	3,011	1,879	7,343
Other Foreign	5,631	13,047	11,536	22,988
Total	$ 126,320	$ 132,344	$ 239,633	$ 276,227

15. Equity Income -

Investments in companies owned from 20 to 50 percent are accounted for using the equity method with the Company recognizing its proportionate share of the income or loss of each investee. The Company owned approximately 22% of Atwood Oceanics, Inc. (Atwood) at both March 31, 2003 and 2002. Summarized financial information of Atwood is as follows:

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002
	(in thousands)			
Revenues	$ 35,073	$ 43,740	$ 64,914	$ 80,974
Operating Income	1,428	10,715	3,802	23,102
Net Income	587	6,830	1,537	14,988
H&P's equity in net income net of taxes	35	1,107	490	2,541

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

March 31, 2003

RISK FACTORS AND FORWARD-LOOKING STATEMENTS

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

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

SPIN-OFF AND MERGER TRANSACTIONS

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2003 VS THREE MONTHS ENDED MARCH 31, 2002

The Company reported net income of $2,574,000 ($0.05 per share) from revenues of $126,320,000 for the second quarter ended March 31, 2003, compared to net income of $10,872,000 ($0.22 per share) from revenues of $132,344,000 for the second quarter of the prior fiscal year. Net income in the second quarter of fiscal 2002 included income from discontinued operations of $2,743,000 ($0.06 per share).

DOMESTIC DRILLING

DOMESTIC DRILLING'S operating profit decreased $1.2 million to $12.3 million in the second quarter of fiscal 2003. Revenues were $93.5 million and $85.7 million in the second quarter of fiscal 2003 and 2002, respectively. The $1.2 million decrease in operating profit was mostly the result of lower margins on land rigs and increased depreciation. Average land rig revenue per day was $11,433 and $12,386 for the second quarter of fiscal 2003 and 2002, respectively. Average margin per day for the same periods was $3,162 and $3,545, respectively. Although there were some signs of increased demand for land rigs during the quarter, significant improvement will likely develop slowly. Land rig utilization was 80% and 76% for the second quarter of fiscal 2003 and 2002, respectively. Land rig revenue days for the second quarter of 2003 were 5,357, compared to 3,985 for the same period of 2002, with an average of 59.5 and 44.3 rigs working during the second quarter of fiscal 2003 and 2002, respectively.

Depreciation expense for Domestic Drilling increased to $13.7 million in the second quarter of fiscal 2003 from $9.0 million in the same period of 2002. The increase is the result of additional land rigs added in fiscal 2002 and in the first six months of fiscal 2003.

Offshore operations results for the second quarter of 2003 were flat with the same period of fiscal 2002, as higher average rig margin per day was offset by reduced revenue days. Revenue days for the second quarter of fiscal 2003 and 2002 were 540 and 804, respectively. Average margins per day for the same periods were $20,234 and $13,069. Currently, six platform rigs are working out of 12 available which is not expected to change substantially for the remainder of the fiscal year.

At March 31, 2003, the Company had 78 land rigs located primarily in Texas, Oklahoma and Wyoming and 12 platform rigs located in the Gulf of Mexico. Delivery of the Company's FlexRigs continue on schedule. An additional four FlexRigs are scheduled to be placed in service by June 30, 2003.

INTERNATIONAL DRILLING

INTERNATIONAL DRILLING'S operating profit for the second quarter of fiscal 2003 was $1.2 million, compared to a profit of $4.4 million in the same period of fiscal 2002. Revenues decreased $14.1 million to $29.5 million. Rig utilization for international operations averaged 40.6% and 57.7% for the second quarter of 2003 and 2002, respectively. Revenue days for the same periods were 1,205 and 1,663, respectively.

Operating profit in Venezuela in the second quarter was $1.3 million lower than the same quarter of 2002, as the result of reduced revenue days partially offset by a reduction in currency exchange losses. The Company had five rigs working during the current quarter. Two to three rigs are expected to go to work by the end of the fiscal year, assuming the political and economic uncertainty in the country diminishes.

Combined operating profit for Colombia, Argentina and Bolivia decreased $1.4 million in the second quarter of 2003, compared to the same period in fiscal 2002. The decrease was due to lower rig activity ($2.4 million), offset by a $1.0 million exchange gain recorded in Argentina during the current quarter related to favorable settlements regarding banking and currency issues that were provided for in the first quarter of fiscal 2002.

Operating profit in Ecuador for the second quarter of fiscal 2003 and 2002 was $1.7 million and $2.3 million, respectively. Utilization for the eight rigs in Ecuador was 87.5% for the second quarter of fiscal 2003, compared to 89.1% in the same period of fiscal 2002. The decrease in operating profit was the result of slightly lower margins and an increase in depreciation caused by an additional rig added in fiscal 2003. The Company expects continued high utilization in Ecuador.

OTHER

Investment income decreased approximately $0.5 million from last year, with $0.3 million due to reduced dividend income as the result of reduced equity holdings. In the second quarter of fiscal 2003, the Company had a gain from the sale of available-for-sale securities of $0.3 million ($0.2 million net of tax), compared to a gain of $0.5 million ($0.3 million net of tax) in the second quarter of fiscal 2002.

Corporate general and administrative expenses increased to $7.6 million in the second quarter of 2003 from $6.2 million in the same period of 2002. The $1.4 million increase is mainly related to higher pension expense from the Company's defined benefit pension plan.

Interest expense was $3.0 million in the second quarter of fiscal 2003, compared to $0.3 million in the same period of fiscal 2002. The increase is the result of the $200,000,000 privately placed term notes issued in August ($100,000,000) and October ($100,000,000) 2002. Capitalized interest for the second quarter of fiscal 2003 and 2002 was $0.5 million and $0.3 million, respectively.

SIX MONTHS ENDED MARCH 31, 2003 VS SIX MONTHS ENDED MARCH 31, 2002

The Company reported net income of $3,181,000 ($0.06 per share) from revenues of $239,633,000 for the six months ended March 31, 2003, compared to net income of $26,476,000 ($0.53 per share) from revenues of $276,227,000 for the first six months of the prior fiscal year. Net income in the first six months of fiscal 2002 included income from discontinued operations of $220,000 ($0.01 per share).

DOMESTIC DRILLING

DOMESTIC DRILLING'S operating profit decreased to $20.9 million from $41.3 million in the first six months of fiscal 2002. Average U.S. land rig revenue per day for the first six months of 2003 and 2002 was $11,376 and $13,311, respectively. Average margin per day for the same periods was $3,004 and $4,889, respectively. Rig utilization for U.S. land rigs was 79.6% for the first six months of fiscal 2003, compared to 82.5% in the same period of 2002. Land rig revenue days for the first six months of fiscal 2003 were 10,372 compared to 8,174 for the same period of fiscal 2002, with an average of 57.0 and 44.9 rigs working during the first six months of fiscal 2003 and 2002, respectively. The significant reduction in operating profit was the result of lower dayrates (15%), without a corresponding reduction in expenses, and higher depreciation. Although the timing and amount is difficult to predict, the Company expects average margins per day should improve in the last six months of fiscal 2003.

Depreciation expense was $25.8 million in the first six months of fiscal 2003 compared to $17.0 million in the same period of fiscal 2002. The $8.8 million increase is the result of new rig investment during fiscal 2002 and fiscal 2003.

Offshore operations results for the six months of fiscal 2003 were down 12.5% from the same period of fiscal 2002, as higher average rig margin per day was offset by reduced revenue days. Revenue days for the first six months of 2003 and 2002 were 1,112 and 1,724, respectively. Average margins per day for the same periods were $19,423 and $12,666. The increase in margins is the result of two new platform rigs added in May and August of 2002 at higher dayrates. Currently, six platform rigs are working out of 12 available which is not expected to change substantially for the remainder of the fiscal year.

INTERNATIONAL DRILLING

INTERNATIONAL DRILLING'S operating profit for the first six months of fiscal 2003 was $0.7 million, and was $8.3 million in the same period of fiscal 2002. Revenues were $53.0 million and $86.0 million for the six months ended March 31, 2003 and 2002, respectively. Rig utilization for international operations averaged 36.8% and 56.1% for the first six months of fiscal 2003 and 2002, respectively. Revenue days for the same periods were 2,196 and 3,251.

Operating profit in Venezuela was a loss of $0.8 million in the first six months of fiscal 2003, compared to a $3.4 million profit in the same period of fiscal 2002. Revenue days were down over 50% from fiscal 2002 to 623 days in the current period. Although there is still uncertainty in Venezuela, the Company expects additional rigs to be working by the end of the fiscal year, if the uncertainty diminishes.

Operating profit in Colombia decreased $2.4 million in the first six months of 2003 to a loss of $1.4 million as revenue days decreased from 191 to 49 for the six month periods ending March 31, 2002 and 2003. One rig is now working in Colombia.

Operating profit in Ecuador for the first six months of fiscal 2003 and 2002 was $4.2 million and $3.9 million, respectively. Utilization was at 93% for the first six months of fiscal 2003, compared to 92% in the same period of fiscal 2002.

Only one rig of six is currently working in Bolivia, and two rigs are idle in Argentina. The outlook for drilling in Bolivia is not favorable in 2003, but the Company expects additional contracts for rig utilization in Argentina late in fiscal 2003 or into 2004.

OTHER

Investment income decreased approximately $1.0 million from fiscal 2002, with $0.6 million due to reduced dividend income as the result of reduced equity holdings. For the six months ended March 31, 2003, the Company had a gain from the sale of available-for-sale securities of $0.3 million, compared to a gain of $0.5 million in the same period of fiscal 2002.

Interest expense for the first six months of fiscal 2003 was $5.8 million compared to $0.7 million for the same period in fiscal 2002. The increase is the result of the $200,000,000 privately placed term notes issued in August and October 2002 in $100,000,000 increments. Capitalized interest for the first six months of fiscal 2003 and 2002 was $1.3 million and $0.6 million, respectively.

Corporate general and administrative expense was $13.8 million in the first six months of fiscal 2003 compared to $10.6 million for the same period of 2002. The $3.2 million increase is related mainly to higher pension expense ($2.7 million) and professional services, offset by reduced bonuses in fiscal 2003.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $39.1 million for the first six months of fiscal 2003, compared to $68.8 for the same period in 2002. Capital expenditures were $137.8 and $138.5 for the first six months of fiscal 2003 and 2002, respectively.

The Company anticipates capital expenditures to be approximately $220 million for fiscal 2003. Internally generated cash flows are projected to be approximately $90 million for fiscal 2003 and cash balances were $43 million at March 31, 2003. The Company's indebtedness totaled $200,000,000 as of March 31, 2003, as described in note 7 to the Consolidated Condensed Financial Statements. It is anticipated that the Company will borrow against its existing line of credit in the fourth quarter or possibly sell a portion of its investment portfolio to fund projected capital expenditures.

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

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

Item 4. CONTROLS AND PROCEDURES

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

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

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

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

PART II. OTHER INFORMATION

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

The Annual Meeting of Stockholders of Helmerich & Payne, Inc. was held on March 5, 2003, 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 Board of Directors of Helmerich & Payne, Inc., and there was no solicitation in opposition to such solicitation. Each of the 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: W. H. Helmerich, III, 45,224,770 for and 730,880 shares withheld; Glenn A. Cox, 44,462,543 for and 1,493,107 shares withheld; and Edward B. Rust, Jr., 44,464,749 for and 1,490,901 shares withheld. There were no broker non-votes or other abstentions. The other Directors whose term of office as Director continued after the meeting are Hans Helmerich, George S. Dotson, Paula Marshall-Chapman, John D. Zeglis, William L. Armstrong and L. F. Rooney, III.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) Reports on Form 8-K

For the three months ended March 31, 2003, registrant furnished one Form 8-K dated January 22, 2003, reporting under Item 9, Regulation FD Disclosure, by attaching a press release announcing results of operations and certain supplemental information, including financial statements. Registrant also (i) filed one Form 8-K dated February 13, 2003, reporting events under Item 5 regarding the release of certain of registrant's rigs, and (ii) filed one Form 8-K dated March 5, 2003, reporting events under Item 5 regarding the retirement of one board member.

SIGNATURES

HELMERICH & PAYNE, INC.

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

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Date: May 14, 2003                   /S/ DOUGLAS E. FEARS
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                                  Douglas E. Fears, Chief Financial Officer


Date: May 14, 2003                   /S/ HANS C. HELMERICH
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                                  Hans C. Helmerich, President
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CERTIFICATION

I, Hans Helmerich, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 14, 2003

/s/ HANS HELMERICH

Hans Helmerich, Chief Executive Officer

CERTIFICATION

I, Douglas E. Fears, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 14, 2003

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

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

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Helmerich & Payne, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Hans Helmerich, as Chief Executive Officer of the Company, and Douglas E. Fears, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

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

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

/s/ HANS HELMERICH	*/s/ DOUGLAS E. FEARS*
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Hans Helmerich	*Douglas E. Fears*
Chief Executive Officer	*Chief Financial Officer*
May 14, 2003	*May 14, 2003*