

HELMERICH & PAYNE, INC.

FORM 10-Q (Quarterly Report)

Filed 08/13/97 for the Period Ending 06/30/97

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-Q (Quarterly Report)

Filed 8/13/1997 For Period Ending 6/30/1997

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

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: JUNE 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 I.D. Number)

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

74114
(Zip Code)

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

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

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

CLASS

Common Stock, .10 par value

OUTSTANDING AT JUNE 30, 1997

24,973,359

AUTHORIZED AT JUNE 30, 1997

26,764,476

Total Number of Pages 12

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

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

	(Unaudited)	
	June 30	September 30
	1997	1996
	-----	-----
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 30,236	\$ 16,892
Short-term investments	1,005	1,005
Accounts receivable, net	87,872	75,374
Inventories	18,597	16,915
Prepaid expenses and other	9,315	4,182
	-----	-----
Total Current Assets	147,025	114,368
	-----	-----
Investments	271,249	229,809
Property, Plant and Equipment, net	504,395	463,496
Other Assets	13,278	14,241
	-----	-----
Total Assets	\$935,947	\$821,914
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 28,393	\$ 25,622
Accrued liabilities	33,146	31,943
Notes payable	4,000	5,000
	-----	-----
Total Current Liabilities	65,539	62,565
	-----	-----
Noncurrent Liabilities		
Deferred income taxes	119,786	98,335
Other	19,243	15,044
	-----	-----
Total Noncurrent Liabilities	139,029	113,379
	-----	-----
Shareholders' Equity		
Common stock, par value \$.10 per share	2,677	2,677
Preferred stock, no shares issued	--	--
Additional paid-in capital	51,930	50,410
Net unrealized holding gains	82,533	56,550
Retained earnings	614,779	557,543
	-----	-----
751,919	667,180	
Less treasury stock, at cost	20,540	21,210
	-----	-----
Total Shareholders' Equity	731,379	645,970
	-----	-----
	\$935,947	\$821,914
	=====	=====

See accompanying notes to financial statements.

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

(in thousands except per share data)

	Quarter 6/30/97	Ended 6/30/96	Nine Months 6/30/97	Ended 6/30/96
REVENUES:				
Sales and other operating revenues	\$123,363	\$ 99,702	\$370,862	\$280,873
Income from investments	6,449	1,656	9,691	4,125
	-----	-----	-----	-----
	129,812	101,358	380,553	284,998
	-----	-----	-----	-----
COST AND EXPENSES:				
Operating costs	67,265	56,834	201,572	164,978
Depreciation, depletion and amortization	18,740	14,123	51,591	42,128
Dry holes and abandonments	1,102	2,397	4,074	6,555
Taxes, other than income taxes	5,192	4,748	15,297	13,213
General and administrative	1,946	1,918	7,150	6,970
Interest	143	63	143	390
	-----	-----	-----	-----
	94,388	80,083	279,827	234,234
	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	35,424	21,275	100,726	50,764
INCOME TAX EXPENSE	12,216	8,783	36,066	19,537
EQUITY IN INCOME OF AFFILIATE, net of income taxes	440	158	1,531	693
	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS	23,648	12,650	66,191	31,920
INCOME FROM DISCONTINUED OPERATIONS	--	508	--	3,358
	-----	-----	-----	-----
NET INCOME	\$ 23,648	\$ 13,158	\$ 66,191	\$ 35,278
	=====	=====	=====	=====
PER COMMON SHARE:				
Income from continuing operations	\$ 0.95	\$ 0.51	\$ 2.66	\$ 1.29
Income from discontinued operations	--	0.02	--	.14
	-----	-----	-----	-----
NET INCOME	\$ 0.95	\$ 0.53	\$ 2.66	\$ 1.43
	=====	=====	=====	=====
CASH DIVIDENDS (Note 2)	\$ 0.13	\$ 0.125	\$ 0.39	\$ 0.375
AVERAGE COMMON SHARES OUTSTANDING	24,917	24,743	24,866	24,666

See accompanying notes to financial statements.

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

(in thousands)

	Nine Months Ended	
	6/30/97	06/30/96
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 66,191	35,278
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations	--	(3,358)
Depreciation, depletion and amortization	51,591	42,128
Dry holes and abandonments	4,074	6,555
Equity in income of affiliate before income taxes	(2,470)	(1,118)
Amortization of deferred compensation	871	1,255
Gain on sale of securities	(4,631)	(566)
Other, net	(2,659)	36
Change in assets and liabilities-		
Accounts receivable	(12,498)	(15,643)
Inventories	(1,682)	497
Prepaid expenses and other	(4,170)	762
Account payable	4,968	961
Accrued liabilities	1,203	15,918
Deferred income taxes	5,527	3,394
Other noncurrent liabilities	4,199	3,366
Total adjustments	44,323	54,187
Net cash provided by continuing operations	110,514	89,465
Net cash provided by discontinued operations	--	3,792
Net cash provided by operating activities	110,514	93,257
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, including dry hole costs, from continuing operations	(101,445)	(82,734)
Proceeds from sales of property, plant and equipment	5,774	2,078
Purchase of investments	(901)	24
Proceeds from sale of investments	8,038	619
Discontinued operations	--	(1,974)
Proceeds from sale of short-term investments	--	7,984
Net cash used in investing activities	(88,534)	(74,003)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	29,000	30,000
Payments made on notes payable	(30,000)	(45,700)
Dividends paid	(9,733)	(9,310)
Proceeds from exercise of stock options	2,097	1,772
Net cash used in financing activities	(8,636)	(23,238)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,344	(3,984)
CASH AND CASH EQUIVALENTS, beginning of period	16,892	19,543
CASH AND CASH EQUIVALENTS, end of period	\$ 30,236	\$ 15,559

See accompanying notes to financial statements.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock		Paid-In Capital	Net	Retained Earnings	Treasury Stock	
	Shares	Amount		Unrealized Holding Gains		Shares	Amount
Balance, September 30, 1996	26,764	\$ 2,677	\$50,410	\$ 56,550	\$ 557,543	1,879	\$(21,210)
Change in net unrealized holding gains, net of income taxes of \$15,924	-	-	-	25,983	-	-	-
Cash dividends (\$0.39 per share)	-	-	-	-	(9,733)	-	-
Exercise of stock options	-	-	1,450	-	-	(86)	647
Distribution under incentive compensation plans	-	-	70	-	-	(2)	23
Amortization of deferred compensation	-	-	-	-	778	-	-
Net income	-	-	-	-	66,191	-	-
Balance, June 30, 1997	26,764	\$ 2,677	\$51,930	\$ 82,533	\$ 614,779	1,791	\$(20,540)

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited 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 nine months ended June 30, 1997, and June 30, 1996, are not necessarily indicative of the results to be expected for the full year.
2. The \$.13 cash dividend declared in March was paid June 2, 1997. On June 4, 1997, a cash dividend of \$.13 per share was declared for shareholders of record on August 15, 1997, payable September 2, 1997.
3. Inventories consist of materials and supplies.
4. Income from investments includes \$4,631,000 from gains on sales of securities during the first nine months of 1997, versus \$566,000 on sales of securities during the first nine months of 1996.
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 \$27,684,527.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
	(in thousands)			
Equity Securities 06/30/97	\$110,446	\$133,158	\$ 40	\$243,564
Equity Securities 09/30/96	\$113,384	\$ 92,081	\$871	\$204,594

During the nine months ended June 30, 1997, marketable equity available-for-sale securities with a fair value at the date of sale of \$8,038,000 were sold. The gross realized gains on such sales of available-for-sale-securities totaled \$4,631,000.

6. In May 1997 the Company renewed its line of credit agreement with certain banks. The new agreement provides for maximum borrowing of \$40,000,000 at adjustable interest rates based on London Interbank Offered Rates (LIBOR). The borrowings will mature either in May of 1998 or May of 1999. A \$30,000,000 portion of the line is for a 364 day term and a \$10,000,000 portion is for a two year term. As of June 30, 1997, the Company had borrowed \$4,000,000 against the line of credit, at a weighted average interest rate of 6.06875%, and had letters of credit outstanding in the amount of \$7,921,000, leaving an unused portion of \$28,079,000. Under the line of credit agreement, the Company must meet certain requirements regarding levels of debt, net worth and earnings.

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

7. 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 at closing of approximately \$48 million. NGO comprised all of the Company's chemical operations. Prior period operating results for such operations are reported as discontinued operations. Summary operating results of discontinued operations for the nine months ending June 30, 1996 are as follows (in thousands):

Revenues	\$16,535
Operating Profit	\$ 5,493
Income Taxes	\$ 2,135
Net Income	\$ 3,358

8. In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings per Share, which is required to be adopted for periods ending after December 15, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. There will be no impact to primary earnings per share for the third quarter and nine months ended June 30, 1997 and June 30, 1996, respectively. The impact of Statement 128 on the calculation of fully diluted earnings per share for these periods is not expected to be material.

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

(in thousands)

	1st Qtr	FISCAL YEAR 1997 2nd Qtr	3rd Qtr	Nine Mos. 06/30/97	Nine Mos. 06/30/96
Sales and Other Revenues:					
Contract Drilling-Domestic	\$ 29,596	\$ 31,559	\$ 36,773	\$ 97,928	\$ 79,089
Contract Drilling-Internat'l	35,630	42,687	47,204	125,521	99,054
	-----	-----	-----	-----	-----
Total Contract Drilling Division	65,226	74,246	83,977	223,449	178,143
	-----	-----	-----	-----	-----
Exploration and Production	30,014	34,000	23,627	87,641	54,271
Natural Gas Marketing	18,991	20,366	13,645	53,002	42,300
	-----	-----	-----	-----	-----
Total Oil & Gas Division	49,005	54,366	37,272	140,643	96,571
	-----	-----	-----	-----	-----
Real Estate Division	2,412	2,082	2,048	6,542	6,058
Investments and other	1,619	1,785	6,515	9,919	4,226
	-----	-----	-----	-----	-----
Total Revenues	\$ 118,262	\$ 132,479	\$129,812	\$380,553	\$ 284,998
	=====	=====	=====	=====	=====
OPERATING PROFIT(LOSS):					
Contract Drilling-Domestic	\$ 4,210	\$ 4,955	\$ 6,802	\$ 15,967	\$ 8,366
Contract Drilling-Internat'l	6,907	8,918	12,551	28,376	24,041
	-----	-----	-----	-----	-----
Total Contract Drilling Division	11,117	13,873	19,353	44,343	32,407
	-----	-----	-----	-----	-----
Exploration and Production	18,274	20,196	10,392	48,862	17,370
Natural Gas Marketing	1,381	514	532	2,427	2,341
	-----	-----	-----	-----	-----
Total Oil & Gas Division	19,655	20,710	10,924	51,289	19,711
	-----	-----	-----	-----	-----
Real Estate Division	1,779	1,290	1,340	4,409	3,845
	-----	-----	-----	-----	-----
Total Operating Profit	32,551	35,873	31,617	100,041	55,963
	-----	-----	-----	-----	-----
OTHER	(1,170)	(1,952)	3,807	685	(5,199)
	-----	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	\$ 31,381	\$ 33,921	\$ 35,424	\$100,726	\$ 50,764
	=====	=====	=====	=====	=====

See accompanying notes to financial statements.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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

JUNE 30, 1997

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 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 \$23,648,000 (\$0.95 per share) from revenues of \$129,812,000 for the third quarter of fiscal 1997, compared with net income of \$13,158,000 (\$0.53 per share) from revenues of \$101,358,000 for the third quarter of fiscal 1996. Net income for the first nine months totaled \$66,191,000 (\$2.66 per share) from revenues of \$380,553,000, compared with \$35,278,000 (\$1.43 per share) from revenues of \$284,998,000 last year.

Net income for the nine months ended June 30, 1997, included \$2,829,000 after-tax gains from the sale of securities, compared with \$346,000 after-tax gains from the sale of securities for the same period in 1996.

The Company's Exploration and Production Division reported operating profit of \$10,392,000 and \$48,862,000 for the third quarter and nine months ended June 30, 1997, respectively, compared with operating profit of \$8,605,000 and \$17,370,000 for the same periods in fiscal 1996.

Natural gas prices for the third quarter and first nine months of fiscal 1997 averaged \$1.78 per mcf and \$2.30 per mcf, respectively, compared with \$1.89 per mcf and \$1.71 per mcf in the same periods of 1996. Natural gas volumes for the first nine months of 1997 were 110.3 mmcf/d, compared with 91.1 mmcf/d for the first nine months of 1996. Oil prices for the third quarter and first nine months of 1997 averaged \$18.89 and \$21.45, respectively, compared with \$20.26 and \$18.33, respectively, in the same periods of 1996. Average oil production increased to 2,803 barrels per day for the first nine months of fiscal 1997, compared with 2,229 barrels per day in the same period of 1996. Dryhole expense for the first nine months of 1997 was \$2,140,000, compared with \$3,779,000 for the first nine months of 1996.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

JUNE 30, 1997

(Continued)

The Contract Drilling Division reported an operating profit of \$44,343,000 for the first nine months of fiscal year 1997, compared with \$32,407,000 in the same period of 1996. Operating profit from the domestic drilling operations increased to \$15,967,000 for the first nine months of fiscal 1997, compared with \$8,366,000 for the first nine months of fiscal 1996. Increased utilization of land rigs and increased dayrates for land rigs contributed to the increased operating profit. Total revenue days for land rigs increased 20% for the first nine months of 1997 compared with the same period in 1996. Land rig utilization averaged 95% and 84% for the first nine months of fiscal 1997 and 1996, respectively. Also during the third quarter, H&P rigs on Shell's Ram Powell Tension Leg Platform and Shell's Enchilada Platform began work.

The Company also recently announced plans to increase its land rig fleet to 36 rigs. Two 3,000 horsepower deep land rigs will be built at the Company's facilities, with the first one already operating in South Texas for Exxon Company USA. The second deep rig should be available in October of this year. Six additional 1,500 horsepower rigs have been ordered from IRI International Corporation with the first two rigs scheduled to be delivered in October 1997 and the remaining rigs to be delivered at various times during the first six months of calendar 1998.

Operating profit from the Company's international drilling operations increased to \$28,376,000 in the first nine months of fiscal 1997 from \$24,041,000 in the same period last year. Operating results for the Company's two main South American operations of Venezuela and Colombia showed significant improvement in the third quarter of fiscal 1997. Utilization of the 39 international rigs was 94% and 90% during the third quarter and first nine months of 1997, respectively, compared with 81% and 86% during the same periods of 1996.

The Company increased its presence in Bolivia by purchasing three land rigs in late June from Serpetbol Perforaciones, S.A., a Bolivian contractor. The Company will now own and operate four medium to deep capacity rigs in Bolivia.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was \$110,514,000 for the nine months ended June 30, 1997, compared with \$93,257,000 for the same period in 1996. Capital expenditures for the first nine months of 1997 were \$101,445,000, compared with \$82,734,000 for the first nine months of 1996.

During the third quarter, the Company renewed its line of credit agreement as described in Note 6 to the financial statements. Additional borrowing may be necessary to meet capital expenditure requirements for the remainder of fiscal 1997.

There were no other significant changes in the Company's financial position since September 30, 1996.

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

Item 6(b) Reports on Form 8-K

There were no reports on Form 8-K for the three months ended June 30, 1997.

SIGNATURES

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

Date: August 13, 1997

/s/ DOUGLAS E. FEARS

Douglas E. Fears, Chief Financial Officer

Date: August 13, 1997

/s/ HANS C. HELMRERICH

Hans C. Helmerich, President

INDEX TO EXHIBITS

Exhibit
Number

Exhibit 27

Exhibit

Financial Data Schedule

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	SEP 30 1997
PERIOD START	OCT 01 1996
PERIOD END	JUN 30 1997
CASH	30,236
SECURITIES	271,249
RECEIVABLES	89,949
ALLOWANCES	2,077
INVENTORY	18,597
CURRENT ASSETS	147,025
PP&E	1,141,339
DEPRECIATION	636,944
TOTAL ASSETS	935,947
CURRENT LIABILITIES	65,539
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	2,677
OTHER SE	728,702
TOTAL LIABILITY AND EQUITY	935,947
SALES	370,862
TOTAL REVENUES	380,553
CGS	272,534
TOTAL COSTS	272,534
OTHER EXPENSES	7,150
LOSS PROVISION	0
INTEREST EXPENSE	143
INCOME PRETAX	100,726
INCOME TAX	36,066
INCOME CONTINUING	66,191
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	66,191
EPS PRIMARY	2.66
EPS DILUTED	2.66

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