

HELMERICH & PAYNE, INC.

FORM 10-K405 (Annual Report (Regulation S-K, item 405))

Filed 12/28/00 for the Period Ending 09/30/00

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

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(Annual Report (Regulation S-K, item 405))

Filed 12/28/2000 For Period Ending 9/30/2000

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2000

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-4221

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

73-0679879
(I.R.S. employer
identification no.)

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

74114
(Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS -----	NAME OF EXCHANGE ON WHICH REGISTERED -----
Common Stock (\$0.10 par value)	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

At December 15, 2000, the aggregate market value of the voting stock held by non-affiliates was \$1,698,216,449.

Number of shares of common stock outstanding at December 15, 2000: 50,087,254.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Annual Report to Shareholders for the fiscal year ended September 30, 2000 -- Parts I, II, and IV.

(2) Proxy Statement for Annual Meeting of Security Holders to be held March 7, 2001 -- Part III.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

THIS REPORT INCLUDES "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE SECURITIES ACT OF 1933, AS AMENDED, AND THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDED IN THIS REPORT, INCLUDING, WITHOUT LIMITATION, STATEMENTS REGARDING THE REGISTRANT'S FUTURE FINANCIAL POSITION, BUSINESS STRATEGY, BUDGETS, PROJECTED COSTS AND PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, ARE FORWARD-LOOKING STATEMENTS. IN ADDITION, FORWARD-LOOKING STATEMENTS GENERALLY CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY", "WILL", "EXPECT", "INTEND", "ESTIMATE", "ANTICIPATE", "BELIEVE", OR "CONTINUE" OR THE NEGATIVE THEREOF OR SIMILAR TERMINOLOGY. ALTHOUGH THE REGISTRANT BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE, IT CAN GIVE NO ASSURANCE THAT SUCH EXPECTATIONS WILL PROVE TO BE CORRECT. IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE REGISTRANT'S EXPECTATIONS ARE DISCLOSED IN MANAGEMENT'S DISCUSSION & ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION ON PAGES 10 THROUGH 17 IN REGISTRANT'S ANNUAL REPORT TO THE SHAREHOLDERS FOR FISCAL 2000 AND IN THE REMAINDER OF THIS REPORT. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE REGISTRANT, OR PERSONS ACTING ON ITS BEHALF, ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS. THE REGISTRANT ASSUMES NO DUTY TO UPDATE OR REVISE ITS FORWARD-LOOKING STATEMENTS BASED ON CHANGES IN INTERNAL ESTIMATES OR EXPECTATIONS OR OTHERWISE.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Fiscal Year Ended September 30, 2000

PART I

Item 1. BUSINESS

Helmerich & Payne, Inc. (the "Registrant"), was incorporated under the laws of the State of Delaware on February 3, 1940, and is successor to a business originally organized in 1920. Registrant is primarily engaged in the exploration, production, and sale of crude oil and natural gas and in contract drilling of oil and gas wells for others. These activities account for the major portion of its operating revenues. The Registrant is also engaged in the ownership, development, and operation of commercial real estate.

The Registrant is organized into three separate autonomous operating divisions being contract drilling; oil & gas exploration and production operations; and real estate. While there is a limited amount of intercompany activity, each division operates essentially independently of the others. Each of the divisions, except exploration and production, conducts their respective business through wholly owned subsidiaries. Operating decentralization is balanced by a centralized finance division, which handles all accounting, data processing, budgeting, insurance, cash management, and related activities.

Most of the Registrant's current exploration efforts are concentrated in Louisiana, Oklahoma, Texas, and the Hugoton Field of western Kansas. The Registrant also explores from time to time in the Rocky Mountain area, New Mexico, Alabama, Michigan, and Mississippi. Substantially all of the Registrant's gas production is sold to and resold by its marketing subsidiary. This subsidiary also purchases gas from unaffiliated third parties for resale.

The Registrant's domestic contract drilling is conducted primarily in Oklahoma, Texas, and Louisiana, and offshore from platforms in the Gulf of Mexico and offshore California. The Registrant has also operated during fiscal 2000 in six international locations: Venezuela, Ecuador, Colombia, Argentina, Bolivia and Equatorial Guinea.

The Registrant's real estate investments are located in Tulsa, Oklahoma, where the Registrant has its executive offices.

CONTRACT DRILLING

The Registrant believes that it is one of the major land and offshore platform drilling contractors in the western hemisphere. Operating principally in North and South America, the Registrant specializes primarily in deep drilling in major gas producing basins of the United States and in drilling for oil and gas in remote international areas. For its international operations, the Registrant operates certain rigs which are transportable by helicopter. In the United States, the Registrant draws its customers primarily from the major oil companies and the larger independents. The Registrant also drills for its own oil and gas division. In South America, the Registrant's current customers include the Venezuelan state petroleum company and major international oil companies.

In fiscal 2000, Registrant received approximately 43% of its consolidated revenues from the Registrant's ten largest contract drilling customers. BP and Shell Oil Co., including their affiliates, (respectively, "BP" and "Shell") are the Registrant's two largest contract drilling customers. The

Registrant performs drilling services for BP and Shell on a world-wide basis. Revenues from drilling services performed for BP and Shell in fiscal 2000 accounted for approximately 15% and 7%, respectively, of the Registrant's consolidated revenues for the same period. While the Registrant believes that its relationship with all of these customers is good, the loss of BP or Shell or a simultaneous loss of several of its larger customers would have a material adverse effect on the drilling subsidiary and the Registrant.

The Registrant provides drilling rigs, equipment, personnel, and camps on a contract basis. These services are provided so that Registrant's customers may explore for and develop oil and gas from onshore areas and from fixed and tension leg platforms in offshore areas. Each of the drilling rigs consists of engines, drawworks, a mast, pumps, blowout preventers, a drillstring, and related equipment. The intended well depth and the drilling site conditions are the principal factors that determine the size and type of rig most suitable for a particular drilling job. A land drilling rig may be moved from location to location without modification to the rig. Conversely, a platform rig is specifically designed to perform drilling operations upon a particular platform. While a platform rig may be moved from its original platform, significant expense is incurred to modify a platform rig for operation on each subsequent platform. In addition to traditional platform rigs, Registrant operates self-moving minimum space platform drilling rigs and drilling rigs to be used on tension leg platforms. The minimum space rig is designed to be moved without the use of expensive derrick barges. The tension leg platform rig allows drilling operations to be conducted in much deeper water than traditional fixed platforms. A helicopter rig is one that can be disassembled into component part loads of approximately 4,000-20,000 pounds and transported to remote locations by helicopter, cargo plane, or other means.

The Registrant's workover rigs are equipped with engines, drawworks, a mast, pumps, and blowout preventers. A workover rig is used to complete a new well after the hole has been drilled by a drilling rig, and to remedy various downhole problems that occur in producing wells.

During fiscal 1998, Registrant put to work a new generation of six highly mobile/depth flexible new rigs (individually the "FlexRig(TM)"). The FlexRig(TM) may reduce rig move times by at least 50%. In addition, the FlexRig(TM) allows a greater depth flexibility of between 8,000 to 18,000 feet and provides greater operating efficiency. During fiscal 2000, the Registrant ordered 12 new FlexRigs(TM) at an approximate cost of between \$7.5 million and \$8.25 million each. The Registrant expects to take delivery of 11 of the new FlexRigs(TM) in calendar 2001 with the final FlexRig(TM) to be delivered in the first calendar quarter of 2002. The FlexRigs(TM) will be available for work in the Registrant's domestic and international drilling operations.

The Registrant's drilling contracts are obtained through competitive bidding or as a result of negotiations with customers, and sometimes cover multi-well and multi-year projects. Each drilling rig operates under a separate drilling contract. Most of the contracts are performed on a "daywork" basis, under which the Registrant charges a fixed rate per day, with the price determined by the location, depth, and complexity of the well to be drilled, operating conditions, the duration of the contract, and the competitive forces of the market. The Registrant has previously performed contracts on a combination "footage" and "daywork" basis, under which the Registrant charged a fixed rate per foot of hole drilled to a stated depth, usually no deeper than 15,000 feet, and a fixed rate per day for the remainder of the hole. Contracts performed on a "footage" basis involve a greater element of risk to the contractor than do contracts performed on a "daywork" basis. Also, the Registrant has previously accepted "turnkey" contracts under which the Registrant charges a fixed sum to deliver a hole to a stated depth and agrees to furnish services such as testing, coring, and casing the hole which are not

normally done on a "footage" basis. "Turnkey" contracts entail varying degrees of risk greater than the usual "footage" contract. Registrant has not accepted a "footage" or "turnkey" contract during fiscal 2000. The Registrant believes that under current market conditions "footage" and "turnkey" contract rates do not adequately compensate contractors for the added risks. The duration of the Registrant's drilling contracts are "well-to-well" or for a fixed term. "Well-to-well" contracts are cancelable at the option of either party upon the completion of drilling at any one site. Fixed-term contracts customarily provide for termination at the election of the customer, with an "early termination payment" to be paid to the contractor if a contract is terminated prior to the expiration of the fixed term.

While current fixed term contracts are for one to three year periods, some fixed term and well-to-well contracts are expected to be continued for longer periods than the original terms. However, the contracting parties have no legal obligation to extend the contracts. Contracts generally contain renewal or extension provisions exercisable at the option of the customer at prices mutually agreeable to the Registrant and the customer. In most instances contracts provide for additional payments for mobilization and demobilization. Contracts for work in foreign countries generally provide for payment in United States dollars, except for amounts required to meet local expenses. However, government owned petroleum companies are more frequently requesting that a greater proportion of these payments be made in local currencies. See Regulations and Hazards, page I-8.

Domestic Drilling

The Registrant believes it is a major land and offshore platform drilling contractor in the domestic market. At the end of September, 2000, the Registrant had 47 (37 land rigs and 10 platform rigs) of its rigs operating in the United States and had management contracts for three customer-owned rigs.

During fiscal 2000, one land rig was relocated from the Registrant's domestic operations to the Registrant's operations in Venezuela. In addition, one of the Registrant's older land rigs was sold.

In December of 2000, Registrant signed three-year term contracts for five (5) of Registrant's rigs to provide drilling services in Wyoming for a major oil company. Registrant expects that all five rigs will commence drilling operations during calendar 2001.

International Drilling

The Registrant's international drilling operations began in 1958 with the acquisition of the Sinclair Oil Company's drilling rigs in Venezuela. Helmerich & Payne de Venezuela, C.A., a wholly owned subsidiary of the Registrant, is one of the leading drilling contractors in Venezuela. Beginning in 1972, with the introduction of its first helicopter rig, the Registrant expanded into other Latin American countries.

Venezuelan operations continue to be a significant part of the Registrant's operations. At the end of fiscal 2000, the Registrant owned and operated 18 land drilling rigs in Venezuela with a utilization rate of 32% for such fiscal year. The Registrant worked for the Venezuelan state petroleum company during fiscal 2000, and revenues from this work accounted for approximately 3.6% of the Registrant's consolidated revenues during the fiscal year.

Registrant's rig utilization rate in Venezuela has decreased from approximately 36% during the 1999 fiscal year to approximately 32% in fiscal 2000. This reduction in utilization is primarily due to curtailed production and development activities resulting from prior reductions in worldwide oil prices. While worldwide oil prices have improved, the Venezuelan state petroleum company production and development activities continue to lag behind the improvement in oil prices. Even though the Registrant is, at this time, unable to predict future fluctuations in its utilization rates during

fiscal 2001, the Registrant believes that the prospects are good for returning at least three idle rigs back to work during fiscal 2001.

The Venezuelan government, in early 1996, permitted foreign exploration and production companies to acquire rights to explore for and produce oil and gas in Venezuela. Registrant has performed contract drilling services in Venezuela for three independent oil companies during fiscal 2000.

At the end of fiscal 2000, the Registrant owned and operated seven drilling rigs in Colombia. The Registrant's utilization rate in Colombia was 62% during fiscal 2000. During fiscal 2000 the revenues generated by Colombian drilling operations contributed approximately 6.7% of the Registrant's consolidated revenues. During the first and second quarters of fiscal 2001, the Registrant expects to move three (3) rigs from Colombia to Houston, Texas. The Registrant expects continued reduction in activity and revenues from Colombia.

In addition to its operations in Venezuela and Colombia, the Registrant in fiscal 2000 owned and operated six rigs in Ecuador, six rigs in Bolivia, and three rigs in Argentina. In Ecuador, Bolivia and Argentina, the contracts are with large international oil companies. During fiscal 2000, the Registrant commenced operations under a management contract for a customer-owned platform rig located in offshore Equatorial Guinea.

Competition

The contract drilling business is highly competitive. Competition in contract drilling involves such factors as price, rig availability, efficiency, condition of equipment, reputation, and customer relations. Competition is primarily on a regional basis and may vary significantly by region at any particular time. Land drilling rigs can be readily moved from one region to another in response to changes in levels of activity, and an oversupply of rigs in any region may result.

Although many contracts for drilling services are awarded based solely on price, the Registrant has been successful in establishing long-term relationships with certain customers which have allowed the Registrant to secure drilling work even though the Registrant may not have been the lowest bidder for such work. The Registrant has continued to attempt to differentiate its services based upon its engineering design expertise, operational efficiency, safety and environmental awareness.

Regulations and Hazards

The drilling operations of the Registrant are subject to the many hazards inherent in the business, including blowouts and well fires. These hazards could cause personal injury, suspend drilling operations, seriously damage or destroy the equipment involved, and cause substantial damage to producing formations and the surrounding areas.

The Registrant believes that it has adequate insurance coverage for comprehensive general liability, public liability, property damage (including insurance against loss by fire and storm, blowout, and cratering risks), workers compensation and employer's liability. No insurance is carried against loss of earnings or business interruption. The Registrant is unable to obtain significant amounts of insurance to cover risks of underground reservoir damage; however, the Registrant is generally indemnified under its drilling contracts from this risk. The Registrant's present insurance coverage has been secured through fiscal 2001. However, in view of conditions generally in the liability insurance industry, no assurance can be given that the Registrant's present coverage will not be cancelled during fiscal 2001 nor that insurance coverage will continue to be available at rates considered reasonable.

International operations are subject to certain political, economic, and other uncertainties not encountered in domestic operations, including risks of terrorism, expropriation of equipment as well as expropriation of a particular oil company operator's property and drilling rights, taxation policies, foreign exchange restrictions, currency rate fluctuations, and general hazards associated with foreign

sovereignty over certain areas in which operations are conducted. There can be no assurance that there will not be changes in local laws, regulations, and administrative requirements or the interpretation thereof which could have a material adverse effect on the profitability of the Registrant's operations or on the ability of the Registrant to continue operations in certain areas. Because of the impact of local laws, the Registrant's future operations in certain areas may be conducted through entities in which local citizens own interests and through entities (including joint ventures) in which the Registrant holds only a minority interest, or pursuant to arrangements under which the Registrant conducts operations under contract to local entities. While the Registrant believes that neither operating through such entities nor pursuant to such arrangements would have a material adverse effect on the Registrant's operations or revenues, there can be no assurance that the Registrant will in all cases be able to structure or restructure its operations to conform to local law (or the administration thereof) on terms acceptable to the Registrant. The Registrant further attempts to minimize the potential impact of such risks by operating in more than one geographical area and by attempting to obtain indemnification from operators against expropriation, nationalization, and deprivation.

During fiscal 2000, approximately 22% of the Registrant's consolidated revenues were generated from the international contract drilling business. Over 95% of the international revenues were from operations in South America and 59% of South American revenues were from Venezuela and Colombia. Exposure to potential losses from currency devaluation is minimal in the above-mentioned countries except for Venezuela. In those countries, all receivables and payments are currently in U.S. dollars. Cash balances are kept at a minimum which assists in reducing exposure.

In Venezuela, approximately 60% of the Registrant's invoice billings are in U.S. dollars and the other 40% are in the local currency, the bolivar. The Registrant is exposed to risks of currency devaluation in Venezuela as a result of bolivar receivable balances and necessary bolivar cash balances.

In 1994, the Venezuelan government established a fixed exchange rate in hopes of stemming economic problems caused by a high rate of inflation. During the first week of December, 1995, the government established a new exchange rate, resulting in further devaluation of the bolivar. In April of 1996, the bolivar was again devalued when the government decided to abolish its fixed rate policy and to allow a floating market exchange rate. During fiscal 1999, the Registrant experienced losses of approximately US\$712,000 and in fiscal 2000 it experienced losses of US\$687,000 as a result of the devaluation of the bolivar. Registrant is unable to predict future devaluation in Venezuela. In the event that fiscal 2001 activity levels are similar to fiscal 2000 and if a 25% to 50% devaluation would occur, the Registrant could experience potential currency valuation losses ranging from approximately US\$600,000 to US\$1,000,000.

During the mid-1970s, the Venezuelan government nationalized the exploration and production business. At the present time it appears the Venezuelan government will not nationalize the contract drilling business. Any such nationalization could result in Registrant's loss of all or a portion of its assets and business in Venezuela.

Many aspects of the Registrant's operations are subject to government regulation, including those relating to drilling practices and methods and the level of taxation. In addition, various countries (including the United States) have environmental regulations which affect drilling operations. Drilling contractors may be liable for damages resulting from pollution. Under United States regulations, drilling contractors must establish financial responsibility to cover potential liability for pollution of offshore waters. Generally, the Registrant is indemnified under drilling contracts from liability arising from pollution, except in certain cases of surface pollution. However, the enforceability of indemnification provisions in foreign countries may be questionable.

The Registrant believes that it is in substantial compliance with all legislation and regulations affecting its operations in the drilling of oil and gas wells and in controlling the discharge of wastes. To date, compliance has not materially affected the capital expenditures, earnings, or competitive position of the Registrant, although these measures may add to the costs of operating drilling equipment in some instances. Additional legislation or regulation may reasonably be anticipated, and the effect thereof on operations cannot be predicted.

OIL & GAS EXPLORATION AND PRODUCTION OPERATIONS

The Registrant engages in the origination of prospects; the identification, acquisition, exploration, and development of prospective and proved oil and gas properties; the production and sale of crude oil, condensate, and natural gas; and the marketing of natural gas. The Registrant considers itself a medium-sized independent producer. All of the Registrant's oil and gas operations are conducted in the United States.

Most of the Registrant's current exploration and drilling effort is concentrated in Oklahoma, Kansas, Texas, and Louisiana. The Registrant also explores from time to time in New Mexico, Alabama, Michigan, Mississippi, and the Rocky Mountain area.

The Registrant's exploration and production division includes six geographical exploitation teams comprised of geological, engineering, and land personnel. These personnel primarily develop in-house oil and gas prospects as well as review outside prospects and acquisitions for their respective geographical areas. The Registrant believes that this structure allows each team to gain greater expertise in its respective geographical area and reduces risk in the development of prospects.

Since fiscal 1998, the Registrant has focused on developing prospects using 3D seismic technology. Currently, the Registrant is involved in 3D surveys covering more than 1,050 square

miles, of which approximately 750 square miles are proprietary. Approximately 900 square miles of land covered by such surveys is located near the Texas and Louisiana onshore Gulf Coast.

During fiscal 2000, the Registrant drilled 17 wells with a 60% success rate in Jefferson County, Texas. These are primarily one well fields identified from the 3-D seismic. Since the beginning of Registrant's activity in Jefferson County, Registrant has participated in 21 wells with six dry holes, or a 71% success rate. Registrant's working interest in this area ranges from 33% to 66%, however Registrant has taken less interest in some prospects and greater interest in other prospects.

Three wells have been drilled in the West Texas Dixieland area during fiscal 2000. Two of the wells have been successfully completed, and an uphole completion will be attempted in the third well. A fourth well is currently being completed. Registrant will evaluate the results of the fourth well in order to determine the possibility for a fifth well in the area.

Registrant's major increases in new oil reserves came primarily from the Kansas Hugoton Field area and from condensate production associated with successful gas wells along the Gulf Coast.

Commodity prices have allowed several low risk infill drilling projects to become economically viable. These include additional drilling at the edge of Hugoton field as well as additional drilling for tight gas in Oklahoma.

The Registrant's exploration and development program has covered a range of prospects, from shallow "bread and butter" programs to deep expensive, high risk/high return wells. During fiscal 2000, the Registrant participated in 68 development and/or wildcat wells, which resulted in new discoveries of approximately 22.3 BCF of gas and 935,013 barrels of oil and condensate. The Registrant participated in 13 additional development wells, which resulted in the development of approximately 13.4 BCF of gas and 2,676 barrels of oil which was previously classified as proved undeveloped or proved developed nonproducing reserves. In addition, 30.5 BCF of gas and 191,206

barrels of oil was booked as additional proved undeveloped reserves in 96 locations, primarily in infill locations in Oklahoma and Kansas. This reserve increase primarily resulted from higher oil and gas prices and development drilling success. A total of \$57,970,195 was spent in the Registrant's exploration and development program during fiscal 2000. This figure includes \$4,452,626 of geophysical expense, but is exclusive of expenditures for acreage and acquisition of proved oil and gas reserves. The Registrant's total company-wide acquisition cost for acreage in fiscal 2000 was approximately \$11 million.

The Registrant spent \$105,166 for the acquisition of proved oil and gas reserves during fiscal 2000. The reserves associated with these acquisitions were 242,149 MCF of gas and 1,502 barrels of oil.

The Registrant's fiscal 2001 exploration and production budget of approximately \$83 million is 26% greater than its actual exploration and production expenditures in fiscal 2000.

The Registrant, during fiscal 2000, hired the investment banking firm of Petrie Parkman & Co. to advise the Company regarding strategic alternatives with regard to the Registrant's oil and gas division. It is contemplated that a successful transaction could lead, among other things, to the Company's exploration and production division being established as a separate public entity. The Registrant is unable to predict if and when such a transaction may occur.

Market for Oil and Gas

The Registrant does not refine any of its production. The availability of a ready market for such production depends upon a number of factors, including the availability of other domestic production, price, crude oil imports, the proximity and capacity of oil and gas pipelines, and general fluctuations in supply and demand. The Registrant does not anticipate any unusual difficulty in contracting to sell its production of crude oil and natural gas to purchasers and end-users at prevailing market prices and

under arrangements that are usual and customary in the industry. The Registrant and its subsidiary, Helmerich & Payne Energy Services, Inc., have successfully developed markets with end-users, local distribution companies, and natural gas brokers for gas produced from successful wildcat wells and development wells. Substantially all of Registrant's gas production is sold to and resold by Helmerich & Payne Energy Services, Inc. During fiscal 2000, the price that Registrant received for the sale of its natural gas has increased. Registrant's average per MCF natural gas sales price in fiscal 2000 for each of the first through fourth quarters was \$2.28, \$2.28, \$2.97 and \$3.65, respectively.

The Registrant is of the opinion that the natural gas market will continue to be characterized by high volatility and relatively high prices for the next 12 to 18 months. The record natural gas prices and high volatility as evidenced by the dramatic early summer increase in natural gas prices is a result of ever changing perceptions throughout the industry centered around supply and demand. Pricing perceptions constantly change as members of the industry weigh the impacts of decline in deliverability of domestic supply, increased use of natural gas for electrical generation, continued U.S. economic growth, the increased usage and better management of natural gas storage, seasonal usage, fuel switching, usage of gas as a feed stock, and importation of gas from Canada and Mexico.

The tight supply/demand balance will likely continue until increased gas drilling activity results in the increased productive capacity. Registrant presently believes that the natural gas price volatility will continue for the next three to five years as the natural gas industry reacts to the supply/demand balance. Long term pricing will obviously react to these short term factors, as well as other considerations affecting supply/demand.

Historically, the Registrant has had no long-term sales contracts for its crude oil and condensate production. The Registrant continues its practice of contracting for the sale of its Kansas and Oklahoma and portions of its west Texas crude oil for terms of six to twelve months in an attempt to

assure itself of the best price in the area for crude oil production. During fiscal 2000, the price that Registrant received for the sale of its crude oil has steadily increased. Registrant's average per barrel crude oil sales price in fiscal 2000 for each of the first through fourth quarters was \$23.52, \$27.80, \$27.98 and \$31.02, respectively.

Competition

The Registrant competes with numerous other companies and individuals in the acquisition of oil and gas properties and the marketing of oil and gas. The Registrant believes that it should continue to prepare for increased exploration activity without committing to a definite drilling timetable. The Registrant also believes that competition for the acquisition of gas producing properties will continue. Considering the Registrant's conservative acquisition strategy, the Registrant believes that it may be unable to acquire significant proved developed producing reserves from third parties. The Registrant intends to continue its review of properties in areas where the Registrant has expertise. The Registrant's competitors include major oil companies, other independent oil companies, and individuals. Many of these competitors have financial resources, staffs, and facilities substantially larger than those of the Registrant. The effect of these competitive factors on the Registrant cannot be predicted.

Title to Oil and Gas Properties

The Registrant undertakes title examination and performs curative work at the time properties are acquired. The Registrant believes that title to its oil and gas properties is generally good and defensible in accordance with standards acceptable in the industry.

Oil and gas properties in general are subject to customary royalty interests contracted for in connection with the acquisitions of title, liens incident to operating agreements, liens for current taxes, and other burdens and minor encumbrances, easements, and restrictions. The Registrant believes that

the existence of such burdens will not materially detract from the general value of its leasehold interests.

Governmental Regulation in the Oil and Gas Industry

The Registrant's domestic operations are affected from time to time in varying degrees by political developments and federal and state laws and regulations. In particular, oil and gas production operations and economics are affected by price control, tax, and other laws relating to the petroleum industry; by changes in such laws; and by constantly changing administrative regulations. Most states in which the Registrant conducts or may conduct oil and gas activities regulate the production and sale of oil and natural gas, including regulation of the size of drilling and spacing units or proration units, the density of wells which may be drilled, and the unitization or pooling of oil and gas properties. In addition, state conservation laws establish maximum rates of production from oil and natural gas wells, generally prohibit the venting or flaring of natural gas, and impose certain requirements regarding the ratability of production. The effect of these regulations is to limit the amounts of oil and natural gas the Registrant can produce from its wells, and to limit the number of wells or locations at which the Registrant can drill. In addition, legislation affecting the natural gas and oil industry is under constant review. Inasmuch as such laws and regulations are frequently expanded, amended, or reinterpreted, the Registrant is unable to predict the future cost or impact of complying with such regulations. The Registrant believes that compliance with existing federal, state and local laws, rules and regulations will not have a material adverse effect upon its capital expenditures, earnings or competitive position.

Regulatory Controls

Historically, the transportation and sale for resale of natural gas in interstate commerce have been regulated under the Natural Gas Act ("NGA") and the Natural Gas Policy Act of 1978 ("NGPA") and the regulations promulgated thereunder.

The Natural Gas Wellhead Decontrol Act of 1989 amended both the price and non-price decontrol provisions of the NGPA for the purpose of providing complete decontrol of first sales of natural gas by January 1, 1993. The Registrant believes that substantially all of its gas is decontrolled.

Commencing in April, 1992, the Federal Energy Regulatory Commission ("FERC") issued Order 636, Order 636-A, and Order 636-B (collectively, "Order 636") which requires interstate pipelines to provide transportation unbundled from their sales of gas. Also, such pipelines must provide open-access transportation on a basis that is equal for all gas supplies. Although Order 636 has provided the Registrant with additional market access and more fairly applied transportation service rates, it has also subjected the Registrant to more restrictive pipeline imbalance tolerances and greater penalties for violation of those tolerances. Order 636 and numerous related orders pertaining to individual pipelines have been upheld by the Courts. However, the FERC continues to review and modify open access regulations.

In particular, the FERC recently issued new rules and policies pertaining to interstate pipeline certificates which require notification of landowners affected by proposed pipeline construction, and which presume incremental pricing is appropriate for new construction. The FERC also issued new rules governing transportation which, among other matters, eliminated cost-based regulation for certain short term transportation, and require pipelines to design services that facilitate open access operations and decrease the use by pipelines of emergency operational orders. In addition, the FERC has requested comments on certain issues related to its regulation of long term transportation. Implementation of many details of these rules has been left to individual pipeline proceedings. In addition, court appeals of the new rules are pending. While this FERC action affects the Registrant only indirectly, these rules are intended to further enhance competition in the natural gas markets. They may also increase the cost of transportation.

Under the NGA, natural gas gathering facilities are exempt from FERC jurisdiction. The Registrant believes that its gathering systems meet the traditional tests that the FERC has used to establish a pipeline's status as a gatherer. In recent years, the FERC has slightly narrowed its statutory tests for establishing gathering status. A number of states have either enacted new laws or are considering the adequacy of existing laws affecting gathering rates and/or services. For example, in May, 1997, Kansas enacted new gathering oversight legislation that, among other matters, requires reporting of gathering prices and authorizes the Kansas Corporation Commission ("KCC") to oversee open access on gathering systems to assure it is just, reasonable, and non-discriminatory. Thus, natural gas gathering may receive greater regulatory scrutiny by state agencies. In addition, the FERC has approved several transfers by interstate pipelines of gathering facilities to unregulated gathering companies, including affiliates. This could allow such companies to compete more effectively with independent gatherers. It is not possible at this time to predict the ultimate effect of the policy, although it could affect access to and rates charged for interstate gathering services. However, the Registrant does not presently believe the status of its facilities would be materially affected by modification to the statutory criteria.

In February, 1994, the KCC issued an order which modified allowables applicable to wells within the Hugoton Gas Field so that those proration units upon which infill wells had been drilled would be assigned a larger allowable than those units without infill wells. As a consequence of this order, the Registrant has participated in the drilling of 140 infill wells. If current gas prices continue, Registrant could participate in the drilling of up to 30 additional infill wells along the edge of the Hugoton field.

In September, 1997, the FERC ruled that ad valorem tax levied by the State of Kansas was not a severance tax within the meaning of Section 110 of the NGPA. Therefore, to the extent that first sellers collected revenues in excess of the maximum lawful price as a result of reimbursement of Kansas ad valorem taxes, then first

sellers would be required to make refunds with interest for such excess revenues on tax bills rendered during the period October 4, 1983 through June 28, 1988. Based upon schedules provided to Registrant by certain interstate pipelines, the total reimbursement obligation of all working interest owners in Registrant-operated wells approximated \$13 million as of November, 1997. During this period, Registrant estimated that its reimbursement obligation totaled approximately \$6.7 million, being approximately \$2.7 million of principal and \$4.0 million of interest. Approximately 12.5% of such amount would be owed by Registrant's royalty owners.

Neither the FERC nor Congress has provided the first sellers with any generic relief on this issue. However, the FERC has permitted the filing of individual adjustment proceedings by each first seller. Registrant has filed such adjustment proceedings requesting that its ad valorem tax refund obligation be reduced. The FERC has not ruled in any of Registrant's adjustment proceedings.

During the period February through July, 1998, Registrant paid, under protest, approximately \$1,379,000 to four interstate pipelines as partial ad valorem tax reimbursement and escrowed approximately \$6,370,000 pending the FERC's decision in Registrant's adjustment proceedings. The escrowed amount includes Registrant's share of the amount of reimbursement obligation allegedly owed by Registrant's royalty owners. During calendar 2000, settlement negotiations have occurred among the pipelines, first sellers and other interested parties. Any settlement among such parties must be approved by the FERC. A settlement agreement in the Colorado Interstate Gas proceeding has recently been approved by the FERC. Registrant's settlement amount is less than the amount that Registrant had escrowed in the Colorado Interstate Gas proceeding. The final outcome of the other settlement negotiations and the final resolution of these proceedings cannot be predicted at this time.

However, the Registrant believes that Registrant's aggregate refund liability in all pipeline proceedings will not exceed the amount that Registrant has escrowed for such liability.

Additional proposals and proceedings that might affect the oil and gas industry are pending before the Congress, the FERC, and the courts. The Registrant cannot predict when or whether any such proposals may become effective. In the past, the natural gas industry has been very heavily regulated. There is no assurance that the current regulatory approach pursued by the FERC will continue. Notwithstanding the foregoing, it is anticipated that compliance with existing federal, state and local laws, rules and regulations will not have a material adverse effect upon the capital expenditures, earnings or competitive position of the Registrant.

Federal Income Taxation

The Registrant's oil and gas operations, and the petroleum industry in general, are affected by certain federal income tax laws. The Registrant has considered the effects of such federal income tax laws on its operations and does not anticipate that there will be any material impact on the capital expenditures, earnings or competitive position of the Registrant.

Environmental Laws

The Registrant's activities are subject to existing federal and state laws and regulations governing environmental quality and pollution control. Such laws and regulations may substantially increase the costs of exploring, developing, or producing oil and gas and may prevent or delay the commencement or continuation of a given operation. In the opinion of the Registrant's management, its operations substantially comply with applicable environmental legislation and regulations. The Registrant believes that compliance with existing federal, state, and local laws, rules, and regulations regulating the discharge of materials into the environment or otherwise relating to the protection of the environment

will not have any material effect upon the capital expenditures, earnings, or competitive position of the Registrant.

Natural Gas Marketing

Helmerich & Payne Energy Services, Inc., ("HPESI") continues its emphasis on the purchase of the Registrant's natural gas production. In addition, HPESI purchases third-party gas for resale and provides compression, gathering services and processing for a fee. During fiscal year 2000, HPESI's sales of third-party gas constituted approximately 13% of the Registrant's consolidated revenues.

HPESI sells natural gas to markets in the Midwest and Rocky Mountain areas. HPESI's term gas sales contracts are for varied periods ranging from three months to seven years. However, recent contracts have tended toward shorter terms. The remainder of HPESI's gas is sold under spot market contracts having a duration of 30 days or less. For fiscal 2000, HPESI's term gas sales contracts provided for the sale of approximately 27 BCF of gas at prices which were indexed to market prices. For fiscal 2001, HPESI currently has approximately 15 BCF contracted at prices which are indexed to market prices. The balance of HPESI's gas is selling at spot prices or is not yet contracted. HPESI presently intends to fulfill such term sales contracts with a portion of the gas reserves purchased from the Registrant as well as from its purchases of third-party gas. See pages I-13 through I-20 regarding the market, competition, and regulation of natural gas.

REAL ESTATE OPERATIONS

The Registrant's real estate operations are conducted exclusively within the metropolitan area of Tulsa, Oklahoma. Its major holding is Utica Square Shopping Center, consisting of fifteen separate buildings, with parking and other common facilities covering an area of approximately 30 acres. Fourteen of these buildings provide approximately 405,709 square feet of net leasable retail sales and storage space (98% of which is currently leased) and approximately 18,590 square feet of net

leasable general office space (99% of which is currently leased). Approximately 24% of the general office space is occupied by the Registrant's real estate operations. The fifteenth building is an eight-story medical office building which provides approximately 76,379 square feet of net leasable medical office space (50% of which is currently leased). Due to increased operating costs and related business considerations, the Registrant intends to close the Medical Building in January 2002. All tenant leases in the Medical Building shall have expired prior to such date. The Registrant has not decided as to the future use of the area upon which the Medical Building is located. The Registrant has a two-level parking garage located in the southwest corner of Utica Square that can accommodate approximately 250 cars.

Registrant has completed a three-phase renovation for three major existing tenants in Utica Square Shopping Center.

At the end of the 2000 fiscal year the Registrant owned 11 of a total of 73 units in The Yorktown, a 16-story luxury residential condominium with approximately 150,940 square feet of living area located on a six-acre tract adjacent to Utica Square Shopping Center. One condominium unit was sold during fiscal 2000. Ten of the Registrant's units are currently leased.

The Registrant owns an eight-story office building located diagonally across the street from Utica Square Shopping Center, containing approximately 87,000 square feet of net leasable general office and retail space. This building houses the Registrant's principal executive offices. Approximately 11% of this building was leased to third parties during fiscal 2000. Registrant leases approximately 29,000 square feet of office space in Tulsa for Registrant's oil and gas division.

The Registrant is also engaged in the business of leasing multi-tenant warehouse space. Three warehouses known as Space Center, each containing approximately 165,000 square feet of net leasable space, are situated in the southeast part of Tulsa at the intersection of two major limited-access

highways. Present occupancy is 100%. The Registrant also owns approximately 1.5 acres of undeveloped land lying adjacent to such warehouses.

Registrant owns approximately 253.5 acres in Southpark consisting of approximately 240.5 acres of undeveloped real estate and approximately 13 acres of multi-tenant warehouse area. The warehouse area is known as Space Center East and consists of two warehouses, one containing approximately 90,000 square feet and the other containing approximately 112,500 square feet. Occupancy has increased from 96% to 100%. The Registrant believes that a high quality office park, with peripheral commercial, office/warehouse, and hotel sites, is the best development use for the remaining land. However, no development plans are currently pending.

Registrant is a party to a condemnation proceeding initiated during fiscal 2000 by the Oklahoma Department of Transportation which seeks to purchase approximately 15.14 acres of undeveloped real property adjacent to a major expressway in Southpark. The parties are presently litigating the fair market value of such tract. It is expected that this matter will be concluded during calendar 2001.

The Registrant also owns a five-building complex called Tandem Business Park. The project is located adjacent to and east of the Space Center East facility and contains approximately six acres, with approximately 88,084 square feet of office/warehouse space. Occupancy has increased from 96% to 100% during fiscal 2000. The Registrant also owns a twelve-building complex, consisting of approximately 204,600 square feet of office/warehouse space, called Tulsa Business Park. The project is located south of the Space Center facility, separated by a city street, and contains approximately 12 acres. During fiscal 2000, occupancy has decreased from 96% to 93%. However, on November 1, 2000, Registrant added a new tenant and increased total occupancy to 94%.

The Registrant also owns two service center properties located adjacent to arterial streets in south central Tulsa. The first, called Maxim Center, consists of one office/warehouse building containing approximately 40,800 square feet and located on approximately 2.5 acres. During fiscal 2000, occupancy has decreased from 100% to 94%. The second, called Maxim Place, consists of one office/warehouse building containing approximately 33,750 square feet and located on approximately 2.25 acres. During fiscal 2000, occupancy has remained at 100%.

Registrant believes that the recent increase in demand for multi-tenant warehouse space in the Tulsa market will continue. Registrant is unable to determine how long this increase in demand will continue.

Competition

The Registrant has numerous competitors in the multi-tenant leasing business. The size and financial capacity of these competitors range from one property sole proprietors to large international corporations. The primary competitive factors include price, location and configuration of space. Registrant's competitive position is enhanced by the location of its properties, its financial capability and the long-term ownership of its properties. However, many competitors have financial resources greater than Registrant and have more contemporary facilities.

FINANCIAL

Information relating to Revenue and Operating Profit by Business Segments may be found on pages 9 and 31 through 32 of the Registrant's Annual Report to Shareholders for fiscal 2000, which is incorporated herein by reference.

EMPLOYEES

The Registrant had 2,312 employees within the United States (9 of which were part-time employees) and 1,294 employees in international operations as of September 30, 2000.

Item 2. PROPERTIES**CONTRACT DRILLING**

The following table sets forth certain information concerning the Registrant's domestic drilling rigs as of September 30, 2000:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
-----	-----	-----	-----
158	Medium Depth	10,000	Texas
110	Medium Depth	12,000	Texas
156	Medium Depth	12,000	Texas
159	Medium Depth	12,000	Texas
141	Medium Depth	14,000	Texas
142	Medium Depth	14,000	Texas
143	Medium Depth	14,000	Texas
145	Medium Depth	14,000	Texas
155	Medium Depth	14,000	Texas
96	Medium Depth	16,000	Oklahoma
118	Medium Depth	16,000	Texas
119	Medium Depth	16,000	Texas
120	Medium Depth	16,000	Texas
147	Medium Depth	16,000	Texas
154	Medium Depth	16,000	Texas
162	Medium Depth	16,000	Texas
164	Medium Depth	16,000	Texas
165	Medium Depth	16,000	Texas
166	Medium Depth	16,000	Texas
167	Medium Depth	16,000	Texas
168	Medium Depth	16,000	Texas
169	Medium Depth	16,000	Texas
108	Medium Depth	18,000	Gulf of Mexico
79	Deep	20,000	Louisiana
80	Deep	20,000	Texas
89	Deep	20,000	Texas
91	Deep	20,000	Gulf of Mexico
92	Deep	20,000	Oklahoma
94	Deep	20,000	Texas
98	Deep	20,000	Oklahoma
122	Deep	20,000	Louisiana
203	Deep	20,000	Gulf of Mexico
97	Deep	26,000	Texas
99	Deep	26,000	Texas

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
137	Deep	26,000	Texas
149	Deep	26,000	Texas
72	Very Deep	30,000	Alabama
73	Very Deep	30,000	Texas
100	Very Deep	30,000	Gulf of Mexico
105	Very Deep	30,000	Gulf of Mexico
106	Very Deep	30,000	Gulf of Mexico
107	Very Deep	30,000	Gulf of Mexico
157	Very Deep	30,000	Texas
161	Very Deep	30,000	Texas
163	Very Deep	30,000	Louisiana
201	Very Deep	30,000	Gulf of Mexico
202	Very Deep	30,000	Gulf of Mexico
204	Very Deep	30,000	Gulf of Mexico

The following table sets forth information with respect to the utilization of the Registrant's domestic drilling rigs for the periods indicated:

	Years ended September 30,				
	1996	1997	1998	1999	2000
Number of rigs owned at end of period	41	38	46	50	48
Average rig utilization rate during period (1)	82%	88%	95%	75%	87%

(1) A rig is considered to be utilized when it is operated or being moved, assembled, or dismantled under contract.

The following table sets forth certain information concerning the Registrant's international drilling rigs as of September 30, 2000:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
14	Workover/drilling	6,000	Venezuela
19	Workover/drilling	6,000	Venezuela
20	Workover/drilling	6,000	Venezuela
140	Medium Depth	10,000	Venezuela
171	Medium Depth	16,000	Bolivia
172	Medium Depth	16,000	Bolivia
22	Medium Depth (Heli Rig)	18,000	Ecuador

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
23	Medium Depth (Heli Rig)	18,000	Ecuador
132	Medium Depth	18,000	Ecuador
176	Medium Depth	18,000	Ecuador
121	Deep	20,000	Ecuador
173	Deep	20,000	Bolivia
45	Deep	26,000	Venezuela
82	Deep	26,000	Venezuela
83	Deep	26,000	Venezuela
117	Deep	26,000	Venezuela
123	Deep	26,000	Bolivia
138	Deep	26,000	Ecuador
148	Deep	26,000	Venezuela
160	Deep	26,000	Venezuela
170	Deep (Heli Rig)	26,000	Texas
113	Very Deep	30,000	Venezuela
115	Very Deep	30,000	Venezuela
116	Very Deep	30,000	Venezuela
125	Very Deep	30,000	Colombia
127	Very Deep	30,000	Venezuela
128	Very Deep	30,000	Venezuela
129	Very Deep	30,000	Venezuela
133	Very Deep	30,000	Colombia
134	Very Deep	30,000	Colombia
135	Very Deep	30,000	Colombia
136	Very Deep	30,000	Colombia
150	Very Deep	30,000	Venezuela
151	Very Deep	30,000	Bolivia
152	Very Deep	30,000	Colombia
153	Very Deep	30,000	Argentina
174	Very Deep	30,000	Argentina
175	Very Deep	30,000	Bolivia
177	Very Deep	30,000	Argentina
139	Super Deep	30,000+	Colombia

The following table sets forth information with respect to the utilization of the Registrant's international drilling rigs for the periods indicated:

	Years ended September 30,				
	1996	1997	1998	1999	2000
Number of rigs owned at end of period	36	39	44	39	40
Average rig utilization rate during period (1)	85%	91%	88%	53%	47%

(1) A rig is considered to be utilized when it is operated or being moved, assembled, or dismantled under contract.

OIL AND GAS DIVISION

All of the Registrant's oil and gas operations and holdings are located within the continental United States.

Crude Oil Sales

The Registrant's net sales of crude oil and condensate for the fiscal years 1998 through 2000 are shown below:

Year	Net Barrels	Average Sales Price per Barrel	Average Lifting Cost per Barrel
1998	701,180	\$14.74	\$7.40
1999	649,370	\$14.60	\$7.02
2000	880,304	\$27.95	\$6.06

Natural Gas Sales

The Registrant's net sales of natural and casinghead gas for the three fiscal years 1998 through 2000 are as follows:

Year	Net MCF	Average Sales Price per MCF	Average Lifting Cost per MCF
1998	42,862,300	\$2.04	\$0.3110
1999	44,240,332	\$1.83	\$0.3300
2000	46,922,752	\$2.79	\$0.3704

Following is a summary of the net wells drilled by the Registrant for the fiscal years ended September 30, 1998, 1999, and 2000:

	Exploratory Wells			Development Wells		
	1998	1999	2000	1998	1999	2000
Productive	1.910	2.917	9.735	29.614	13.846	23.862
Dry	2.900	2.615	5.7017	1.310	4.502	3.403

On September 30, 2000, the Registrant was in the process of drilling or completing nine gross or 6.237 net wells.

Acreage Holdings

The Registrant's holdings of acreage under oil and gas leases, as of September 30, 2000, were as follows:

	Developed Acreage		Undeveloped Acreage	
	Gross	Net	Gross	Net
Arkansas	3,068.23	1,725.11	-0-	-0-
Colorado	-0-	-0-	320.00	160.00
Kansas	125,599.29	86,931.89	11,497.94	9,936.14
Louisiana	3,414.79	1,525.59	12,560.16	4,966.79
Michigan	-0-	-0-	13,518.76	13,135.42
Montana	1,997.19	392.99	2,708.95	969.73
Nebraska	480.00	168.00	-0-	-0-
Nevada	-0-	-0-	4,864.04	4,864.04
New Mexico	760.00	96.63	121.88	40.22
North Dakota	200.00	11.52	-0-	-0-
Oklahoma	125,158.99	50,675.44	8,178.63	4,804.15
Texas	89,290.15	42,949.27	184,108.75	76,230.86
Wyoming	-0-	-0-	40.00	105.59
Total	349,968.64	184,476.44	238,319.11	115,212.94

Acreage is held under leases which expire in the absence of production at the end of a prescribed primary term, and is, therefore, subject to fluctuation from year to year as new leases are acquired, old leases expire, and other leases are allowed to terminate by failure to pay annual delay

rentals. As shown in the above table, the Registrant has a significant portion of its undeveloped acreage in Texas, with eight major prospects accounting for 63,191 net acres. The average minimum remaining term of leases in these eight prospects is approximately 23 months.

Productive Wells

The Registrant's total gross and net productive wells as of September 30, 2000, were as follows:

Oil Wells		Gas Wells	
Gross	Net	Gross	Net
3,415	163	956	453

Additional information required by this item with respect to the Registrant's oil and gas operations may be found on pages I-11 through I-21 of Item 1. BUSINESS, and pages 23 through 34 of the Registrant's Annual Report to Shareholders for fiscal 2000, "Notes to Consolidated Financial Statements" and "Note 14 Supplementary Financial Information for Oil and Gas Producing Activities."

Estimates of oil and gas reserves, future net revenues, and present value of future net revenues were prepared by Netherland, Sewell & Associates, Inc., 4950 Three Allen Center, 333 Clay Street, Houston, Texas 77002. Total oil and gas reserve estimates do not differ by more than 5% from the total reserve estimates filed with any other federal authority or agency.

REAL ESTATE OPERATIONS

See Item 1. BUSINESS, pages I-21 through I-24.

STOCK

As of December 15, 2000:

The Registrant owned 312,546 shares of the common stock of SUNOCO, Inc. and 184,500 shares of Kerr McGee Corporation which the Registrant received in a stock merger for Registrant's 500,000 shares of Oryx Energy Company, Inc.

The Registrant owned 3,000,000 shares of the common stock of Atwood Oceanics, Inc., a Houston, Texas based company engaged in offshore contract drilling. The Registrant owns approximately 22% of Atwood.

The Registrant owned 1,480,000 shares of the common stock of Schlumberger, Ltd.

The Registrant owned 240,000 shares of the common stock of Phillips Petroleum Company, Inc.

The Registrant owned 1,000,000 shares of the common stock of Occidental Petroleum Corporation, Inc.

The Registrant owned 175,000 shares of the common stock of Banc One Corporation.

The Registrant owned 225,000 shares of the common stock of ONEOK Inc.

The Registrant owned 286,528 shares of the common stock of Transocean Sedco Forex, Inc., which it received in a merger between Transocean Offshore and the contract drilling division of Schlumberger.

The Registrant owned 84,175 shares of the common stock of Protein Design Labs, Inc.

The Registrant also owned lesser holdings in several other publicly traded corporations.

Item 3. LEGAL PROCEEDINGS

There are no material legal proceedings pending against the Registrant.

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

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the names and ages of the Registrant's executive officers, together with all positions and offices held with the Registrant by such executive officers. Officers are elected to serve until the meeting of the Board of Directors following the next Annual Meeting of Stockholders and until their successors have been elected and have qualified or until their earlier resignation or removal.

W. H. Helmerich, III, 77 Chairman of the Board	Director since 1949; Chairman of the Board since 1960
Hans Helmerich, 42 President	Director since 1987; President and Chief Executive Officer since 1989
George S. Dotson, 59 Vice President	Director since 1990; Vice President, Drilling since 1977 and President and Chief Operating Officer of Helmerich & Payne International Drilling Co. since 1977
Douglas E. Fears, 51 Vice President	Vice President, Finance, since 1988
Steven R. Mackey, 49 Vice President and Secretary	Secretary since 1990; Vice President and General Counsel since 1988
Steven R. Shaw, 49 Vice President	Vice President, Production, since 1985; Vice President, Exploration and Production since 1996
Gordon K. Helm, 47 Controller	Chief Accounting Officer of the Registrant; Controller since December 10, 1993

PART II

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

STOCKHOLDER MATTERS

The principal market on which the Registrant's common stock is traded is the New York Stock Exchange. The high and low sale prices per share for the common stock for each quarterly period during the past two fiscal years as reported in the NYSE - Composite Transaction quotations follow:

Quarter	1999		2000	
	High	Low	High	Low
First	24.50	16.75	27.44	19.13
Second	23.94	16.06	31.00	20.00
Third	26.75	20.38	37.75	29.06
Fourth	30.19	23.00	38.31	30.06

The Registrant paid quarterly cash dividends during the past two years as shown in the following table:

Quarter	Paid per Share		Total Payment	
	Fiscal		Fiscal	
	1999	2000	1999	2000
First	\$0.070	\$0.070	\$3,457,626	\$3,474,612
Second	0.070	0.070	3,459,168	3,475,623
Third	0.070	0.070	3,464,109	3,484,189
Fourth	0.070	0.075	3,468,377	3,740,863

The Registrant paid a cash dividend of \$0.075 per share on December 1, 2000, to shareholders of record on November 15, 2000. Payment of future dividends will depend on earnings and other factors.

As of December 15, 2000, there were 1,170 record holders of the Registrant's common stock as listed by the transfer agent's records.

Item 6. SELECTED FINANCIAL DATA

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

Five-year Summary of Selected Financial Data

	1996	1997	1998	1999	2000
			(in thousands)		
Sales, operating, and other revenues	\$ 393,255	\$ 517,859	\$ 636,640	\$ 564,319	\$ 631,095
Income from con- tinuing operations	45,426	84,186	101,154	42,788	82,300
Income from continuing operations per common share:					
Basic	0.92	1.69	2.03	0.87	1.66
Diluted	0.91	1.67	2.00	0.86	1.64
Total assets	821,914	1,033,595	1,090,430	1,109,699	1,259,492
Long-term debt	-0-	-0-	50,000	50,000	50,000
Cash dividends declared per common share	0.255	0.26	0.275	0.28	0.285

The following Five-year Summary of Selected Financial Data includes only the results of NGO operations.

Five-year Summary of Selected Financial Data for NGO

	1996	1997	1998	1999	2000
	-----	----	----	----	----
			(in thousands)		
Sales, operating, and other revenues	\$ 19,540	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Income from discontinued operations	3,090	-0-	-0-	-0-	-0-
Income from discontinued operations per common share:					
Basic	0.06	-0-	-0-	-0-	-0-
Diluted	0.06	-0-	-0-	-0-	-0-

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

Information required by this item may be found on pages 10 through 17, Management's Discussion & Analysis of Results of Operations and Financial Condition, in the Registrant's Annual Report to Shareholders for fiscal 2000, which is incorporated herein by reference.

Item 7(a). QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item may be found on the following pages of Management's Discussion & Analysis of Results of Operations and Financial Condition, in the Registrant's Annual Report to Shareholders for fiscal 2000, which is incorporated herein by reference:

Market Risk	Page
-----	----
o Foreign Currency Exchange Rate Risk	13, 23
o Commodity Price Risk	14-15, 30
o Interest Rate Risk	16-17, 24
o Equity Price Risk	17, 23

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item may be found on pages 18 through 34 in the Registrant's Annual Report to Shareholders for fiscal 2000, which is incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required under this item with respect to Directors and with respect to any delinquent filers pursuant to Item 405 of Regulation S-K is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 7, 2001, to be filed with the Commission not later than 120 days after September 30, 2000. See page I-32 for information covering the Registrant's Executive Officers.

Item 11. EXECUTIVE COMPENSATION

This information is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 7, 2001, to be filed with the Commission not later than 120 days after September 30, 2000.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 7, 2001, to be filed with the Commission not later than 120 days after September 30, 2000.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is incorporated by reference from the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 7, 2001, to be filed with the Commission not later than 120 days after September 30, 2000.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Document List

1. The financial statements called for by Item 8 are incorporated herein by reference from the Registrant's Annual Report to Shareholders for fiscal 2000.

2. Exhibits required by Item 601 of Regulation S-K:

Exhibit Number:

- | | |
|--------|--|
| 3.1 | Restated Certificate of Incorporation and Amendment to Restated Certificate of Incorporation of the Registrant are incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996. |
| 3.2 | By-Laws of the Registrant are incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996. |
| 4.1 | Rights Agreement dated as of January 8, 1996, between the Registrant and The Liberty National Bank and Trust Company of Oklahoma City, N.A. is incorporated herein by reference to the Registrant's Form 8-A, dated January 17, 1996. |
| * 10.1 | Consulting Services Agreement between W. H. Helmerich, III, and the Registrant effective January 1, 1990, as amended is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996. |
| * 10.2 | Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc. is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996. |
| * 10.3 | Helmerich & Payne, Inc. 1990 Stock Option Plan is incorporated herein by reference to Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1996. |

* Compensatory Plan or Arrangement.

- * 10.4 Form of Nonqualified Stock Option Agreement for the 1990 Stock Option Plan is incorporated by reference to Exhibit 99.2 to the Registrant's Registration Statement No. 33-55239 on Form S-8, dated August 24, 1994.
- * 10.5 Supplemental Savings Plan for Salaried Employees of Helmerich and Payne, Inc. is incorporated herein by reference from Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1999.
- * 10.6 Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated herein by reference to Registrant's Registration Statement No. 333-34939 on Form S-8 dated September 4, 1997.
- * 10.7 Form of Nonqualified Stock Option Agreement for Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference to Exhibit 99.2 to Registrant's Registration Statement on Form S-8 dated September 4, 1997.
- * 10.8 Form of Restricted Stock Agreement for Helmerich & Payne, Inc. 1996 Stock Incentive Plan is incorporated by reference from Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1997.
- * 10.9 Helmerich & Payne, Inc. Non-Employee Directors Stock Compensation Plan is hereby incorporated by reference to Exhibit "B" of Registrant's Proxy Statement dated January 27, 1997.
- 13. The Registrant's Annual Report to Shareholders for fiscal 2000.
- 22. Subsidiaries of the Registrant.
- 23.1 Consent of Independent Auditors.
- 27. Financial Data Schedule.

(b) Report on Form 8-K

None.

* Compensatory Plan or Arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized:

HELMERICH & PAYNE, INC.

By /s/ HANS HELMERICH

Hans Helmerich, President
(Chief Executive Officer)
Date: December 28, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

By /s/ WILLIAM L. ARMSTRONG

William L. Armstrong, Director
Date: December 28, 2000

By /s/ GLENN A. COX

Glenn A. Cox, Director
Date: December 28, 2000

By /s/ GEORGE S. DOTSON

George S. Dotson, Director
Date: December 28, 2000

By /s/ HANS HELMERICH

Hans Helmerich, Director and CEO
Date: December 28, 2000

By /s/ W. H. HELMERICH, III

W. H. Helmerich, III, Director
Date: December 28, 2000

By /s/ L. F. ROONEY, III

L. F. Rooney, III, Director
Date: December 28, 2000

By /s/ EDWARD B. RUST, JR.

Edward B. Rust, Jr., Director
Date: December 28, 2000

By /s/ GEORGE A. SCHAEFER

George A. Schaefer, Director
Date: December 28, 2000

By /s/ JOHN D. ZEGLIS

John D. Zeglis, Director
Date: December 28, 2000

By /s/ DOUGLAS E. FEARS

Douglas E. Fears
(Principal Financial Officer)
Date: December 28, 2000

By /s/ GORDON K. HELM

Gordon K. Helm, Controller
(Principal Accounting Officer)
Date: December 28, 2000

EXHIBIT INDEX

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EXHIBIT 13

HELMERICH & PAYNE, INC. ANNUAL REPORT FOR 2000

REVENUE BREAKDOWN FOR 2000

[PIE CHART]

CONTRACT DRILLING	
International	22%
Domestic	34%
OIL AND GAS	
Exploration & Production	25%
Natural Gas Marketing	13%
Real Estate	1%
Investments and Other Income	5%

FINANCIAL HIGHLIGHTS

Years Ended September 30,	2000	1999
	-----	-----
Revenues	\$ 631,095,000	\$ 564,319,000
Net Income	\$ 82,300,000	\$ 42,788,000
Diluted Earnings Per Share	\$ 1.64	\$.86
Dividends Paid Per Share	\$.285	\$.28
Capital Expenditures	\$ 131,932,000	\$ 122,951,000
Total Assets	\$ 1,259,492,000	\$ 1,109,699,000

PRESIDENT'S LETTER

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

Listening to Al Gore's concession speech tonight, after a remarkable thirty-six days of post election rancor, left mixed emotions. On the positive side, tanks in the streets were never even a consideration. As Vice President Gore eloquently stated, "Ours is a nation not under man, but under God and law." Our great democracy was tested and prevailed once again.

At the same time, it is discouraging to see the level of political discourse deteriorate to such lows. Congressman Tom DeLay's charge of Al Gore trying to "steal the election" or Jesse Jackson's claim that George W. Bush had won using "Nazi tactics" is why both the victor and the vanquished called for a spirit of reconciliation.

What are the prospects for progress on important policy matters? Sizing up the challenges facing the new President, one political analyst predicted he would spend the next four years appeasing his enemies and betraying his friends.

Let's hope not. Constructive debate is one thing and following a zero-sum approach that in the end hurts every American is something altogether different. Stalemate is not a luxury available to us. Take energy policy as an example.

The new administration inherits an energy quagmire: Oil and gas prices setting ten year highs, the reemergence of a stronger, more cohesive OPEC, and a precarious balance between tight supplies and increasing demand. This situation underscores the absence of any thought-out national energy policy. We are left with political jockeying and farce, illustrated by a year of pitiful pleading with OPEC for more

production and the pre-election "emergency" release of thirty million barrels of oil from the strategic oil reserve.

For years, the industry has faced a punitive regulatory and tax structure, been blocked from constructing new refinery capacity, and had the most promising domestic exploratory areas for new supply locked away. Progress should be met by the highest standards of environmental sensitivity and worker safety. It should not be sacrificed on the altar of partisan politics.

George W. Bush set the right tone tonight from the Texas Capitol, "I know America wants reconciliation and unity. I know Americans want progress. And we must seize this moment and deliver. Together, guided by a spirit of common sense, common courtesy and common goals, we can unite and inspire the American citizens."

We should all wish him Godspeed.

This year marks the fiftieth year of my father's service as a Director to the Company. His wisdom, energy, and intuitive understanding of the industry will continue to serve our Co-owners well in the years ahead. I consider it an honor to have worked with him for twenty years.

Sincerely,

December 13, 2000

*/s/ HANS HELMERICH
Hans Helmerich
President*

DRILLING HELMERICH & PAYNE INTERNATIONAL DRILLING CO.

SUMMARY Helmerich & Payne International Drilling Co. owns 38 land rigs and ten offshore platform rigs in the United States, and 40 land rigs located in the countries of Venezuela (18), Colombia (7), Ecuador (6), Bolivia (6), and Argentina (3). The Company also has four management contracts, three for platform rigs operating offshore California and one for a platform rig operating offshore Equatorial Guinea, West Africa. Additionally, the Company owns a 50 percent interest in an offshore platform rig that is currently stacked in Australia.

Significant increases in the prices of crude oil and natural gas produced a positive, but measured, response in terms of drilling activity during the year. Led by activity increases in the U.S., the industry worldwide rig count rose by one-third over the prior year. In contrast, the Company's key South American markets did not respond to the improved commodity prices. Total contract drilling revenues and operating profit declined in 2000 by 11 and 24 percent, respectively, primarily due to continued weakness in international markets.

FIVE-YEAR OPERATING SUMMARY

	2000	1999	1998	1997	1996
	-----	-----	-----	-----	-----
UNITED STATES					
Revenues	\$ 214,531	\$ 213,647	\$ 177,059	\$ 140,294	\$ 108,336
EBITDA	\$ 71,163	\$ 61,498	\$ 60,053	\$ 44,066	\$ 24,409
Operating Profit	\$ 35,808	\$ 30,154	\$ 35,817	\$ 24,437	\$ 10,066
Activity Days	15,083	12,509	14,237	12,872	11,660
Rig Utilization	87%	75%	95%	88%	82%
INTERNATIONAL					
Revenues	\$ 136,549	\$ 182,987	\$ 253,072	\$ 176,651	\$ 135,695
EBITDA	\$ 47,853	\$ 66,075	\$ 82,650	\$ 69,621	\$ 53,603
Operating Profit	\$ 9,753	\$ 29,845	\$ 50,834	\$ 43,118	\$ 31,176
Activity Days	7,067	8,442	12,832	12,253	11,215
Rig Utilization	47%	53%	88%	91%	85%

INTERNATIONAL OPERATIONS Revenues and earnings before interest, taxes, depreciation, and amortization (EBITDA) fell 25 and 28 percent, respectively, in 2000 and rig utilization declined to an average of 47 percent, compared with 53 percent in 1999. The majority of these declines came in the Company's largest international markets of Venezuela and Colombia. At year-end only seven rigs were under contract in Venezuela, but there are encouraging signs that more activity is on the horizon in 2001. In anticipation of this, the Company is adding three new top drive systems to the four already working in Venezuela. Operations in Colombia also experienced a decline in activity in 2000, and at year-end, four out of seven rigs were working in that country. The Company moved three rigs from Colombia for new contracts in Argentina, Bolivia, and Ecuador during 2000, and after the close of the year, a fourth rig returned for work in the U.S. market. Operations in Ecuador increased from four to six rigs in 2000, and after the close of the year the Company was moving an additional rig to Ecuador from Venezuela. The Company also began work during the second quarter of 2000 under a management contract on Exxon-Mobil's Jade platform located offshore Equatorial Guinea, West Africa.

UNITED STATES OPERATIONS Land rig utilization averaged 85 percent in 2000, compared with 69 percent in 1999. The Company kept an average of 32 land rigs working throughout 2000, seven more than in 1999. Gross daywork revenues and EBITDA increased 45 and 113 percent, respectively, over the prior year. In March, the Company announced that it had placed a firm order for 12 highly mobile land rigs utilizing the same FlexRig(TM) design as the six rigs

(TM)FlexRig is a trademark of Helmerich & Payne International Drilling Co.

constructed by the Company in 1998. The FlexRig's depth versatility of 8,000 to 18,000 feet, faster mobilization times, and state of the art technology, all combine to increase drilling efficiency. The first rig out of the new order should be ready by January 2001, with the remaining 11 scheduled two per quarter thereafter. Two of the new FlexRigs will be working as part of a three-year, five-rig contract in Wyoming that is scheduled to begin early in 2001.

Offshore platform rig utilization remained high throughout the year, averaging 94 percent, compared with 95 percent in 1999. Domestic offshore platform revenues and EBITDA increased six and eight percent, respectively, in 2000 over the prior year. The Company began an upgrade of rig 107 late in the year, which should enable that rig to return to the market by the second quarter of 2001. Additionally, tension-leg platform (TLP) rig 202 is earning a standby rate until April 2001, when it is scheduled to begin working on Shell's new TLP, Brutus.

OUTLOOK Consolidations among active drilling customers, as well as the collective memory of the volatile downturn experienced by the industry two years ago, tempered the significant new exploration investment expected at the recent higher commodity price levels. Yet demand is growing and, once again, the Company and the industry are faced with the challenge of attracting, training, and retaining qualified employees. Helmerich & Payne International Drilling Co. has been successful in maintaining very low turnover among its skilled positions and this experience at the rig level will enhance the Company's objective of delivering reliable, incident-free operations in the field. In addition to experienced and competent personnel, the Company is a leader in designing, engineering, and constructing the newest and most modern rigs available in the market.

EXPLORATION & PRODUCTION HELMERICH & PAYNE, INC.

SUMMARY Helmerich & Payne, Inc. explores for and produces oil and natural gas primarily in the states of Oklahoma, Kansas, Texas, and Louisiana. The Company also markets natural gas through its wholly-owned subsidiary, Helmerich & Payne Energy Services, Inc. In 2000, the Company produced approximately 880,000 barrels of oil and 47 billion cubic feet (Bcf) of natural gas, increases of 36 and six percent, respectively, over the previous year. The Company finished the year with proved reserves of 6.3 million barrels of oil and 262 Bcf of natural gas, compared with 4.8 million barrels and 240 Bcf in 1999.

The Company received an average price of \$27.95 per barrel for oil and \$2.79 per thousand cubic feet (Mcf) for natural gas in 2000, compared with \$14.60 and \$1.83 in 1999. Higher production and commodity prices propelled a 64 percent increase in exploration and production revenues in 2000, and a record \$66.6 million in operating profit. Helmerich and Payne Energy Services, Inc. also reported record results in 2000, with revenues and operating profit increases of 46 and 19 percent, respectively.

EXPLORATION ACTIVITIES In 2000, the Company participated in 81(42.7 net) wells, of which 65 (33.6 net) were productive and 16 (9.1 net) were dry holes. Over one-third of the Company's net wells were exploration risks in 2000, more than double the annual average number of net exploratory wells drilled over the previous five-year period. A focal area this year was Jefferson County, Texas, where the Company has experienced an overall 71 percent success rate utilizing 3D seismic. There remain several additional exploration opportunities in this area, which should be drilled during 2001.

The Company also succeeded in two out of three wells drilled in Reeves County, Texas, during the year, which were producing at a combined gross rate of 9,000 Mcf per day at year-end.

FIVE-YEAR OPERATING SUMMARY

	2000	1999	1998	1997	1996
	-----	-----	-----	-----	-----
Revenues	\$ 157,583	\$ 95,953	\$ 98,696	\$ 111,512	\$ 76,643
Operating Profit	\$ 66,604	\$ 11,245	\$ 28,088	\$ 55,191	\$ 26,333
Average Oil Price per barrel	\$ 27.95	\$ 14.60	\$ 14.74	\$ 20.77	\$ 19.00
Oil Production (barrels)	880,304	649,370	701,180	985,633	809,571
Proved Oil Reserves (barrels)	6,305,137	4,833,898	4,761,313	5,805,386	6,468,116
Average Natural Gas Prices per Mcf ..	\$ 2.79	\$ 1.83	\$ 2.04	\$ 2.24	\$ 1.75
Natural Gas Production (Mcf)	46,922,752	44,240,332	42,862,300	40,463,374	34,535,184
Proved Natural Gas Reserves (Bcf) ...	262.5	239.6	251.6	263.2	272.3
Gross Wells Completed	81.0	49.0	62.0	100.0	63.0
Net Wells Completed	42.7	23.9	35.7	49.3	35.3
Net Dry Holes	9.1	7.1	4.2	9.6	7.3

OUTLOOK Five years ago, the Company embarked on a plan to improve exploration success by increasing both the quantity and quality of its exploration professionals and by organizing in geographically-focused teams. In 2000, the Company recorded an \$.87 per Mcf equivalent finding cost, as well as a 12 percent growth in proved reserves. With this improved performance, the Company is poised to grow internally with a number of quality exploration prospects, and has also begun to review other means of enhancing growth. Toward that end, the Company retained the investment banking firm of Petrie Parkman & Co. this year to assist in identifying and developing strategic alternatives for the Oil and Gas Division.

**REVENUES AND OPERATING PROFIT BY BUSINESS SEGMENTS
HELMERICH & PAYNE, INC.**

Years Ended September 30,	2000	1999	1998
	-----	-----	-----
		(in thousands)	
SALES AND OTHER REVENUES:			
Contract Drilling - Domestic	\$ 214,531	\$ 213,647	\$ 177,059
Contract Drilling - International	136,549	182,987	253,072
	-----	-----	-----
Total Contract Drilling	351,080	396,634	430,131
	-----	-----	-----
Exploration and Production	157,583	95,953	98,696
Natural Gas Marketing	80,907	55,259	53,499
	-----	-----	-----
Total Oil and Gas Operations	238,490	151,212	152,195
	-----	-----	-----
Real Estate	8,999	8,671	8,922
Other	32,526	7,802	45,392
	-----	-----	-----
Total Revenues	\$ 631,095	\$ 564,319	\$ 636,640
	=====	=====	=====
OPERATING PROFIT:			
Contract Drilling - Domestic	\$ 35,808	\$ 30,154	\$ 35,817
Contract Drilling - International	9,753	29,845	50,834
	-----	-----	-----
Total Contract Drilling	45,561	59,999	86,651
	-----	-----	-----
Exploration and Production	66,604	11,245	28,088
Natural Gas Marketing	5,271	4,418	2,418
	-----	-----	-----
Total Oil and Gas Operations	71,875	15,663	30,506
	-----	-----	-----
Real Estate	5,346	5,338	5,371
	-----	-----	-----
Total Operating Profit	122,782	81,000	122,528
	-----	-----	-----
OTHER:			
Income from investments	31,973	7,757	44,603
General and administrative expense ...	(11,578)	(14,198)	(11,762)
Interest expense	(3,076)	(6,481)	(942)
Corporate depreciation	(2,152)	(1,565)	(1,280)
Other corporate expense	(1,186)	(1,575)	(927)
	-----	-----	-----
Total Other	13,981	(16,062)	29,692
	-----	-----	-----
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE			
	\$ 136,763	\$ 64,938	\$ 152,220
	=====	=====	=====

Note: See Note 13 (pages 30, 31 and 32) for complete segment disclosure.

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

RISK FACTORS AND FORWARD-LOOKING STATEMENTS

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

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

RESULTS OF OPERATIONS

All per share amounts included in the Results of Operations discussion are stated on a diluted basis. Helmerich & Payne, Inc.'s net income for 2000 was \$82,300,000 (\$1.64 per share), compared with net income of \$42,788,000 (\$0.86 per share) in 1999, and \$101,154,000 (\$2.00 per share) in 1998. Included in the Company's net income, but not related to its operations, were after-tax gains from the sale of investment securities of \$8,152,000 (\$0.16 per share) in 2000, \$1,562,000 (\$0.03 per share) in 1999, and \$23,417,000 (\$0.46 per share) in 1998. In addition to income from security sales, the Company also recorded net income during 2000 of \$6,637,000 (\$0.13 per share) from gains relating to non-monetary dividends received. Also

included is the Company's portion of income from its equity affiliate, Atwood Oceanics, Inc., which was \$0.06 per share in 2000, \$0.07 per share in 1999, and \$0.11 per share in 1998. Net income also included non-cash charges of \$2,502,000 (\$0.05 per share) in 2000, \$6,237,000 (\$0.13 per share) in 1999, and \$3,356,000 (\$0.07 per share) in 1998 related to write-downs of producing properties as described in Note 1 of Notes to Consolidated Financial Statements.

Consolidated revenues were \$631,095,000 in 2000, \$564,319,000 in 1999, and \$636,640,000 in 1998. The 12 percent increase from 1999 to 2000 was due to higher oil and natural gas prices resulting in an increase of \$87,278,000 in Oil and Gas Division revenues and increased investment revenues of \$24,216,000. Partially offsetting these increases was a reduction of international contract drilling revenues of \$46,438,000. The 11 percent decline from 1998 to 1999 was primarily due to the \$70,085,000 reduction in international contract drilling revenues. An increase in domestic contract drilling revenues of \$36,588,000 was offset by a decline in investment revenues of \$36,846,000 during 1999.

Revenues from investments were \$31,973,000 in 2000, \$7,757,000 in 1999, and \$44,603,000 in 1998. Included in revenues from investments were pre-tax gains from the sale of investment securities of \$13,295,000 in 2000, \$2,547,000 in 1999, and \$38,421,000 in 1998. Interest income from short-term investments increased in 2000 because the cash/cash equivalents were substantially higher in 2000 than in 1999 and 1998. Dividend income increased in 2000 due to \$10,706,000 in non-monetary dividends received when three Company investees spun-off subsidiaries to their shareholders.

Costs and expenses in 2000 were \$494,332,000, 78 percent of revenues, compared with 88 percent in 1999, and 76 percent in 1998. Operating costs, as a percentage of operating revenues, were 53 percent in 2000, 60 percent in 1999, and 58 percent in 1998. Operating costs, as a percentage of operating revenues, declined from 1999 to 2000 primarily due to proportionately higher oil and gas revenues.

Depreciation, depletion, and amortization (DD&A) expense increased by only 1.5 percent in 2000, but increased by approximately 24 percent from 1998 to 1999. The increases were affected by write-downs of producing properties of \$4,036,000 in 2000, \$10,059,000 in 1999, and \$5,413,000 in 1998, which are included in DD&A.

General and administrative expenses decreased by 18 percent to \$11,578,000 in 2000, compared with \$14,198,000 in 1999, and \$11,762,000 in 1998. Expenses were higher than normal in 1999 due to reduced allocations of charges to operations and to unusually high expenses relating to corporate aircraft maintenance. The Company completed all Year 2000 readiness and subsequently, experienced no significant problems or related expenses. Because of the impact of foreign taxes, income tax expense rose to 42 percent of pre-tax income in 2000, from 40 percent in 1999, and 37 percent in 1998.

Interest expense decreased to \$3,076,000 in 2000, from \$6,481,000 in 1999. In 1998, interest expense was \$942,000. Interest expense was a function of outstanding bank loans arising at the end of 1998 and into the first half of 1999 as the Company completed a substantial capital expenditure program and repurchased some of its stock during 1998. Debt reductions occurred in the last half of 1999 and early 2000.

CONTRACT DRILLING DIVISION revenues, which include both domestic and international segment revenues, declined 11 percent to \$351,080,000 during 2000, from \$396,634,000 in 1999. Revenues for 1999 were down eight percent over the previous year. Division operating profit declined 24 percent to \$45,561,000 during 2000, compared with a 31 percent decrease from 1998 to 1999.

Domestic segment revenues were \$214,531,000 in 2000, \$213,647,000 in 1999, and \$177,059,000 in 1998. Domestic segment operating profit was \$35,808,000 in 2000, \$30,154,000 in 1999, and \$35,817,000 in 1998. Rig utilization for the U.S. land fleet was 85 percent in 2000, 69 percent in 1999, and 94 percent in 1998. Domestic platform rig utilization was 94 percent in 2000, 95 percent in 1999, and 99 percent in 1998.

An increase in revenues from U.S. land operations in 2000 helped offset the reduction in Jade construction revenues recorded in 1999 (as described below), while offshore platform revenues were up slightly from the previous year. Higher revenues and profit margins from the U.S. land rig operation were the main reason for improved domestic operating profit for 2000. Domestic segment revenues increased from 1998 to 1999, primarily due to \$40,790,000 of revenues from the Mobil Jade rig construction project and increased offshore platform rig revenues. Domestic operating profit in 1999

was down from 1998 because of lower land rig utilization and dayrates. However, operating profit for 1999 was bolstered by several non-recurring items such as income from the Jade construction project and from several capital reimbursements from operators for new rig equipment on existing rigs.

International segment revenues fell 25 percent to \$136,549,000 during 2000, from \$182,987,000 in 1999. Revenues were \$253,072,000 in 1998. Operating profit for the international segment declined to \$9,753,000 in 2000, from \$29,845,000 in 1999, and \$50,834,000 in 1998. International rig utilization averaged 47 percent during 2000, 53 percent in 1999, and 88 percent in 1998.

As crude oil prices declined during 1998, international activity and profitability began to decline during the second half of that year and into 1999. Activity continued to wane in 2000, particularly in Venezuela and Colombia. The Company expects activity to improve in Venezuela during 2001, but the timing and extent of improvements are uncertain. Activity in Colombia is not expected to improve during 2001. Therefore, the Company has redeployed to other locations four of the ten rigs previously located there.

The Company has international operations in several South American countries. With the exception of Venezuela, the Company's exposure to currency valuation losses is immaterial due to the fact that virtually all billings and payments are in U.S. dollars. In Venezuela, approximately 60 percent of the Company's billings are in U.S. dollars and 40 percent are in bolivars, the local currency.

As a result, the Company is exposed to risks of currency devaluation in Venezuela because of the bolivar denominated receivables. During 2000, the Company experienced a loss of \$687,000 due to devaluation of the bolivar, compared with a \$712,000 loss in 1999, and a \$2,204,000 loss in 1998. The Company anticipates additional devaluation losses in Venezuela during 2001, but it is unable to predict the extent of either the devaluation, or its financial impact. Should Venezuela experience a 25 to 50 percent devaluation, Company losses could range from approximately \$600,000 to \$1,000,000. Using the same assumptions in 1999 resulted in the Company estimating foreign currency losses in Venezuela for 2000 ranging from \$350,000 to \$600,000.

During the latter part of calendar 2000, the Company commenced an economic evaluation of the useful lives of its drilling rigs. The evaluation is not yet complete, but if results indicate that the useful lives are longer than currently estimated, the Company's annual rig depreciation expense may be reduced beginning in fiscal 2001.

OIL AND GAS DIVISION operating results include those from its Exploration and Production segment, as depicted in the following table. The Natural Gas Marketing segment will be discussed separately.

Exploration & Production -----	2000 -----	1999 -----	1998 -----
Revenues (in 000's)	\$ 157,583	\$ 95,953	\$ 98,696
Operating Profit (in 000's)	\$ 66,604	\$ 11,245	\$ 28,088
Natural Gas Production (Mmcf per day)	128.2	121.2	117.4
Average Natural Gas Price (per Mcf)	\$ 2.79	\$ 1.83	\$ 2.04
Crude Oil Production (barrels per day) ...	2,405	1,779	1,921
Average Crude Oil Price (per barrel)	\$ 27.95	\$ 14.60	\$ 14.74

Exploration and Production segment revenues and operating profit increased significantly this year as average prices received for the Company's production rose dramatically. Average prices received for natural gas increased by 52 percent and average crude oil prices increased by 91 percent. Crude oil and natural gas production for the Company increased by 36 percent and six percent, respectively. Increased exploration drilling caused dry hole and abandonment charges to rise to \$22.6 million in 2000, compared with \$11.4 million in 1999, and \$10.9 million in 1998. Revenues and operating profit for 1999 declined from the previous year due to a ten percent reduction in natural gas prices and a seven percent reduction in oil production. Additionally, geophysical expense rose during that period from \$4.5 million in 1998, to \$8.2 million in 1999. Also negatively impacting 1999 results was a \$10.1 million impairment charge. That charge compares with \$5.4 million in 1998, and \$4.0 million in 2000.

During 2001, the Company intends to increase its capital spending over the previous year in order to participate in more exploration opportunities. Therefore, operating profit for the coming year could be impacted by possible increases in geophysical, dry hole, and abandonment expenses. Although natural gas prices were higher during the early part of fiscal 2001, it is difficult to predict the level of crude oil and natural gas prices for the remainder of the year and the impact on operating profit.

The Company has retained the investment banking firm of Petrie Parkman & Co. to analyze, develop, and facilitate possible strategic options for the Oil and Gas segment. It is uncertain whether such a transaction will occur or, if so, when it might occur.

The Company's Natural Gas Marketing segment, Helmerich & Payne Energy Services, Inc., (HPESI) derives most of its revenues from selling natural gas produced by other unaffiliated companies. Total Natural Gas Marketing segment revenues were \$80,907,000 in 2000, \$55,259,000 in 1999, and \$53,499,000 in 1998. Operating profit was \$5,271,000 in 2000, \$4,418,000 in 1999, and \$2,418,000 in 1998. Most of the natural gas owned and produced by the Exploration and Production segment is sold through HPESI to third parties at variable prices based on industry pricing publications or exchange quotations. Revenues for the Company's own natural gas production are reported by the Exploration and Production segment with the Natural Gas Marketing segment retaining a market-based fee from the sale of such production. HPESI sells most of its natural gas with monthly or daily contracts tied to industry market indices, such as Inside FERC Gas Market Report. The Company, through HPESI, has natural gas delivery commitments for periods of less than a year for approximately 59 percent of its total natural gas production. At times, the Exploration and Production segment may direct HPESI to enter into fixed price natural gas sales contracts on its behalf for a small portion (normally less than 20 percent) of its natural gas sales for periods of less than 12 months to guarantee a certain price. In 2000, HPESI had approximately 13.6 percent of its natural gas sales portfolio dedicated to such fixed price sales contracts compared to 2.3 percent in 1999. As of September 30, 2000, HPESI had fixed price contracts for less than four percent of its projected monthly sales for the months of November, 2000 through March, 2001, and no fixed price contracts thereafter.

Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138, is effective for fiscal years beginning after June 15, 2000, and requires that all derivatives be recognized as assets or liabilities in the balance sheet and that these instruments be measured at fair value. The effect of SFAS No. 133 on the Company's results of operations and financial position for fiscal year 2001 is not expected to be material.

REAL ESTATE DIVISION revenues totaled \$8,999,000 for 2000, \$8,671,000 for 1999, and \$8,922,000 for 1998. Operating profit was \$5,346,000 in 2000, \$5,338,000 in 1999, and \$5,371,000 in 1998. Occupancy rates, revenues, and operating profit remained solid in 2000 due to the continued strength of the Tulsa economy. No material changes are anticipated in the Real Estate Division in 2001.

LIQUIDITY AND CAPITAL RESOURCES

The Company's capital spending was \$131,932,000 in 2000, \$122,951,000 in 1999, and \$266,299,000 in 1998. Net cash provided from operating activities for those same time periods were \$201,836,000 in 2000, \$158,694,000 in 1999, and \$113,533,000 in 1998. In addition to the net cash provided by operating activities, the Company also generated net proceeds from the sale of portfolio securities of \$12,569,000 in 2000, \$2,803,000 in 1999, and \$73,949,000 in 1998. In June 1998, the board of directors authorized the Company to repurchase up to 2,000,000 shares of its own stock. A total of 999,100 shares were repurchased in 1998 at a total cost of \$19,112,000 and 20,600 shares were repurchased in 2000 at a total cost of \$450,000. The Company plans to increase capital spending during 2001 in its Exploration and Production segment and its Contract Drilling Division. During fiscal 2000, the Company ordered 12 new rigs at an approximate cost of between \$7.5 million and \$8.25 million each and expects to take delivery of 11 of the new rigs in calendar 2001. The potential for new contract drilling projects requiring large amounts of capital is difficult to predict at this time. Total capital spending for the Company will likely exceed \$200 million for 2001 and could be greater if additional attractive opportunities become available. Funding will come from internally generated cash, proceeds from security sales, and/or additional borrowings.

Due to the need for additional funds during 1998 resulting from a reduction in operating cash flow, a significant increase in capital expenditures, and the purchase of Company stock, the Company increased its available short-term lines of credit and obtained long-term financing. As described in Note 2 of Notes to Consolidated Financial Statements, in October 1998, the Company obtained \$50 million in long-term debt proceeds, which was used to pay off short-term borrowings. The \$50 million of long-term debt matures in October 2003. The interest rate on this debt fluctuates based on the 30-day London Interbank Offered Rate (LIBOR). However, simultaneous to receiving

the \$50 million in long-term debt proceeds, the Company entered into a \$50 million interest rate swap agreement with a major national bank. The swap effectively fixes the interest rate on this facility at 5.38 percent for the entire five-year term of the note. The estimated fair value of the interest rate swap was \$2,329,000 at September 30, 2000. The Company's interest rate risk exposure is limited to its potential short-term borrowings and results predominately from fluctuations in short-term interest rates as measured by 30-day LIBOR.

The strength of the Company's balance sheet is substantial, with current ratios for 2000 and 1999 at 3.4 and 2.2, respectively, and with total bank borrowings of only four percent of total assets at September 30, 2000. Additionally, the Company manages a large portfolio of marketable securities that, at the close of 2000, had a market value of \$383,036,000, with a cost basis of \$133,254,000. The portfolio, heavily weighted in energy stocks, is subject to fluctuation in the market and may vary considerably over time. Excluding the Company's investment in Atwood Oceanics, Inc., which is accounted for as an equity-method investment, the portfolio is marked to market on the Company's balance sheet for each reporting period. During 2000, the Company paid a dividend of \$0.285 per share, or a total of \$14,175,000, representing the 29th consecutive year of dividend increases.

STOCK PORTFOLIO HELD BY THE COMPANY

September 30, 2000	Number of Shares	Cost Basis	Market Value
	-----	-----	-----
	(in thousands, except share amounts)		
Occidental Petroleum Corporation ...	1,000,000	\$ 23,775	\$ 21,812
Atwood Oceanics, Inc.	3,000,000	46,353	125,063
Schlumberger, Ltd.	1,480,000	23,511	121,823
Transocean Sedco Forex, Inc.	286,528	9,509	16,798
SUNOCO, Inc.	312,546	2,873	8,419
Phillips Petroleum Company	240,000	5,976	15,060
BANK ONE CORPORATION	175,000	1,969	6,661
Kerr-McGee Corporation	184,500	4,899	12,223
ONEOK, Inc.	225,000	2,751	8,947
Other		11,638	46,230
		-----	-----
Total		\$ 133,254	\$ 383,036
		=====	=====

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

ASSETS

	September 30,	2000	1999
		-----	-----
		(in thousands)	
CURRENT ASSETS:			
Cash and cash equivalents		\$ 108,087	\$ 21,758
Accounts receivable, less reserve of \$2,003 and \$2,908 ...		106,630	99,598
Inventories		25,598	25,187
Prepaid expenses and other		24,829	14,081
		-----	-----
Total current assets		265,144	160,624
		-----	-----
INVESTMENTS		304,326	238,475
		-----	-----
PROPERTY, PLANT AND EQUIPMENT, at cost:			
Contract drilling equipment		891,749	881,269
Oil and gas properties		457,724	446,889
Real estate properties		50,649	49,065
Other		80,268	71,139
		-----	-----
		1,480,390	1,448,362
Less--Accumulated depreciation, depletion and amortization ...		806,785	757,147
		-----	-----
Net property, plant and equipment		673,605	691,215
		-----	-----
OTHER ASSETS		16,417	19,385
		-----	-----
TOTAL ASSETS		\$ 1,259,492	\$ 1,109,699
		=====	=====

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

September 30,	2000	1999
	(in thousands, except share data)	
CURRENT LIABILITIES:		
Accounts payable	\$ 32,279	\$ 25,704
Accrued liabilities	46,615	41,200
Notes payable	--	5,000
Total current liabilities	78,894	71,904
NONCURRENT LIABILITIES:		
Long-term notes payable	50,000	50,000
Deferred income taxes	156,650	116,588
Other	18,245	23,098
Total noncurrent liabilities	224,895	189,686
SHAREHOLDERS' EQUITY:		
Common stock, \$.10 par value, 80,000,000 shares authorized, 53,528,952 shares issued	5,353	5,353
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	--	--
Additional paid-in capital	66,090	61,411
Retained earnings	813,885	745,956
Unearned compensation	(3,277)	(4,487)
Accumulated other comprehensive income	106,064	75,182
Less treasury stock, 3,548,480 shares in 2000 and 3,903,285 shares in 1999, at cost ..	988,115	883,415
Total shareholders' equity	32,412	35,306
Total shareholders' equity	955,703	848,109
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$1,259,492	\$1,109,699

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME
HELMERICH & PAYNE, INC.

Years Ended September 30,	2000	1999	1998
	-----	-----	-----
	(in thousands, except per share amounts)		
REVENUES:			
Sales and other operating revenues	\$ 599,122	\$ 556,562	\$ 592,037
Income from investments	31,973	7,757	44,603
	-----	-----	-----
	631,095	564,319	636,640
	-----	-----	-----
COSTS AND EXPENSES:			
Operating costs	316,933	332,330	346,066
Depreciation, depletion and amortization ...	110,851	109,167	88,350
Dry holes and abandonments	22,692	11,727	11,572
Taxes, other than income taxes	29,202	25,478	25,728
General and administrative	11,578	14,198	11,762
Interest	3,076	6,481	942
	-----	-----	-----
	494,332	499,381	484,420
	-----	-----	-----
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	136,763	64,938	152,220
INCOME TAX EXPENSE	57,684	25,706	56,677
EQUITY IN INCOME OF AFFILIATE net of income taxes	3,221	3,556	5,611
	-----	-----	-----
NET INCOME	\$ 82,300	\$ 42,788	\$ 101,154
	=====	=====	=====
EARNINGS PER COMMON SHARE:			
BASIC	\$ 1.66	\$ 0.87	\$ 2.03
DILUTED	\$ 1.64	\$ 0.86	\$ 2.00
AVERAGE COMMON SHARES OUTSTANDING:			
BASIC	49,534	49,243	49,948
DILUTED	50,035	49,817	50,565

The accompanying notes are an integral part of these statements.

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
HELMERICH & PAYNE, INC.**

	Common Stock		Additional Paid-in Capital	Unearned Compensation	Retained Earnings
	Shares	Amount			
(in thousands, except per share amounts)					
Balance, Sept. 30, 1997	53,529	\$ 5,353	\$ 51,316	\$ --	\$ 629,562
Comprehensive Income:					
Net Income	--	--	--	--	101,154
Other comprehensive loss, net of tax--unrealized losses on available-for-sale securities	--	--	--	--	--
Comprehensive income	--	--	--	--	--
Cash dividends (\$.275 per share)	--	--	--	--	(14,007)
Exercise of Stock Options	--	--	1,833	--	--
Purchase of stock for treasury	--	--	--	--	--
Lapse of restrictions on Restricted Stock Awards	--	--	98	--	--
Stock issued under Restricted Stock Award Plan	--	--	5,757	(6,791)	--
Amortization of deferred Compensation	--	--	--	1,186	166
Balance, Sept. 30, 1998	53,529	5,353	59,004	(5,605)	716,875
Comprehensive Income:					
Net Income	--	--	--	--	42,788
Other comprehensive income, net of tax--unrealized gains on available-for-sale securities	--	--	--	--	--
Comprehensive income	--	--	--	--	--
Cash dividends (\$.28 per share)	--	--	--	--	(13,866)
Exercise of Stock Options	--	--	2,201	--	--
Lapse of restrictions on Restricted Stock Awards	--	--	69	--	--
Stock issued under Restricted Stock Award Plan	--	--	137	(289)	--
Amortization of deferred Compensation	--	--	--	1,407	159
Balance, Sept. 30, 1999	53,529	5,353	61,411	(4,487)	745,956
Comprehensive Income:					
Net Income	--	--	--	--	82,300
Other comprehensive income, net of tax--unrealized gains on available-for-sale securities	--	--	--	--	--
Comprehensive income	--	--	--	--	--
Cash dividends (\$.285 per share)	--	--	--	--	(14,448)
Exercise of Stock Options	--	--	4,491	--	--
Purchase of stock for treasury	--	--	--	--	--
Lapse of restrictions on Restricted Stock Awards	--	--	31	--	--
Stock issued under Restricted Stock Award Plan	--	--	157	(248)	--
Amortization of deferred Compensation	--	--	--	1,458	77
Balance, Sept. 30, 2000	53,529	\$ 5,353	\$ 66,090	\$ (3,277)	\$ 813,885

	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount		
(in thousands, except per share amounts)				
Balance, Sept. 30, 1997	3,501	\$ (20,105)	\$ 114,454	\$ 780,580
Comprehensive Income:				
Net Income	--	--	--	101,154

Other comprehensive loss, net of tax--unrealized losses on available-for-sale securities	--	--	(59,765)	(59,765)
Comprehensive income	--	--	--	41,389
Cash dividends (\$.275 per share)	--	--	--	(14,007)
Exercise of Stock Options	(174)	1,015	--	2,848
Purchase of stock for treasury	999	(19,112)	--	(19,112)
Lapse of restrictions on Restricted Stock Awards	--	--	--	98
Stock issued under Restricted Stock Award Plan	(180)	1,034	--	--
Amortization of deferred Compensation	--	--	--	1,352
Balance, Sept. 30, 1998	4,146	(37,168)	54,689	793,148
Comprehensive Income:				
Net Income	--	--	--	42,788
Other comprehensive income, net of tax--unrealized gains on available-for-sale securities	--	--	20,493	20,493
Comprehensive income	--	--	--	63,281
Cash dividends (\$.28 per share)	--	--	--	(13,866)
Exercise of Stock Options	(226)	1,710	--	3,911
Lapse of restrictions on Restricted Stock Awards	--	--	--	69
Stock issued under Restricted Stock Award Plan	(17)	152	--	--
Amortization of deferred Compensation	--	--	--	1,566
Balance, Sept. 30, 1999	3,903	(35,306)	75,182	848,109
Comprehensive Income:				
Net Income	--	--	--	82,300
Other comprehensive income, net of tax--unrealized gains on available-for-sale securities	--	--	30,882	30,882
Comprehensive income	--	--	--	113,182
Cash dividends (\$.285 per share)	--	--	--	(14,448)
Exercise of Stock Options	(366)	3,253	--	7,744
Purchase of stock for treasury	21	(450)	--	(450)
Lapse of restrictions on Restricted Stock Awards	--	--	--	31
Stock issued under Restricted Stock Award Plan	(10)	91	--	--
Amortization of deferred Compensation	--	--	--	1,535
Balance, Sept. 30, 2000	3,548	\$ (32,412)	\$ 106,064	\$ 955,703

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
HELMERICH & PAYNE, INC.

	Years Ended September 30,	2000	1999	1998
	-----	-----	-----	-----
		(in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income		\$ 82,300	\$ 42,788	\$ 101,154
		-----	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization		110,851	109,167	88,350
Dry holes and abandonments		22,692	11,727	11,572
Equity in income of affiliate before income taxes		(5,196)	(5,735)	(9,050)
Amortization of deferred compensation		1,535	1,566	1,352
Gain on sale of securities and non-monetary investment income		(24,000)	(2,547)	(38,421)
Gain on sale of property, plant and equipment		(2,479)	(6,900)	(2,951)
Other - net		944	2,148	974
Change in assets and liabilities:				
Accounts receivable		(7,032)	19,797	(20,698)
Inventories		(411)	214	(5,762)
Prepaid expenses and other		(7,780)	(5,079)	(4,682)
Accounts payable		6,575	(16,147)	(194)
Accrued liabilities		7,557	2,367	(8,692)
Deferred income taxes		21,133	559	(1,231)
Other noncurrent liabilities		(4,853)	4,769	1,812
		-----	-----	-----
Net cash provided by operating activities		201,836	158,694	113,533
		-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures, including dry hole costs		(131,932)	(122,951)	(266,299)
Proceeds from sale of property, plant and equipment		18,044	9,990	15,414
Purchase of investments		--	(537)	1,056
Proceeds from sale of securities		12,569	2,803	73,949
		-----	-----	-----
Net cash used in investing activities		(101,319)	(110,695)	(175,880)
		-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from notes payable		--	102,000	169,800
Payments made on notes payable		(5,000)	(141,800)	(80,000)
Dividends paid		(14,175)	(13,849)	(13,802)
Purchases of stock for treasury		(450)	--	(19,112)
Proceeds from exercise of stock options		5,437	2,932	1,974
		-----	-----	-----
Net cash provided by (used in) financing activities		(14,188)	(50,717)	58,860
		-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		86,329	(2,718)	(3,487)
CASH AND CASH EQUIVALENTS, beginning of period		21,758	24,476	27,963
		-----	-----	-----
CASH AND CASH EQUIVALENTS, end of period		\$ 108,087	\$ 21,758	\$ 24,476
		=====	=====	=====

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
HELMERICH & PAYNE, INC. September 30, 2000, 1999 and 1998

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

CONSOLIDATION -

The consolidated financial statements include the accounts of Helmerich & Payne, Inc. (the Company), and all of its wholly-owned subsidiaries. Fiscal years of the Company's foreign consolidated operations end on August 31 to facilitate reporting of consolidated results.

TRANSLATION OF FOREIGN CURRENCIES -

The Company has determined that the functional currency for its foreign subsidiaries is the U.S. dollar. The foreign currency transaction loss for 2000, 1999, and 1998 was \$664,000, \$21,000, and \$1,953,000, respectively.

USE OF ESTIMATES -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

PROPERTY, PLANT AND EQUIPMENT -

The Company follows the successful efforts method of accounting for oil and gas properties. Under this method, the Company capitalizes all costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells which find proved reserves and to drill and equip development wells. Geological and geophysical costs, delay rentals and costs to drill exploratory wells which do not find proved reserves are expensed. Capitalized costs of producing oil and gas properties are depreciated and depleted by the unit-of-production method based on proved oil and gas reserves as determined by the Company and its independent engineers. Reserves are recorded for capitalized costs of undeveloped leases based on management's estimate of recoverability. Costs of surrendered leases are charged to the reserve.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", the Company recognizes impairment losses for long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows are not sufficient to recover the carrying amount of the asset. In 2000, the Company recognized an impairment charge of approximately \$4.0 million for proved Exploration and Production properties which is included in depreciation, depletion and amortization expense. After-tax, the impairment charge reduced 2000 net income by approximately \$2.5 million, \$0.05 per share on a diluted basis. In 1999, the Company recognized an impairment charge of approximately \$10.1 million for proved Exploration and Production properties which is included in depreciation, depletion and amortization expense. After-tax, the impairment charge reduced 1999 net income by approximately \$6.2 million, \$0.13 per share on a diluted basis. In 1998, the Company recognized an impairment charge of approximately \$5.4 million for proved Exploration and Production properties which is included in depreciation, depletion and amortization expense. After-tax, the impairment charge reduced net income by approximately \$3.4 million, \$0.07 per share on a diluted basis. The Company evaluates impairment of exploration and production assets on a field by field basis. Fair value on all long-lived assets are based on discounted future cash flows or information provided by sales and purchases of similar assets.

Substantially all property, plant and equipment other than oil and gas properties is depreciated using the straight-line method based on the following estimated useful lives:

	YEARS

Contract drilling equipment.....	4-10
Real estate buildings and equipment.....	10-50
Other.....	3-33

CASH AND CASH EQUIVALENTS -

Cash and cash equivalents consist of cash in banks and investments readily convertible into cash which mature within three months from the date of purchase.

INVENTORIES -

Inventories, primarily materials and supplies, are valued at the lower of cost (moving average or actual) or market.

DRILLING REVENUE -

Contract drilling revenues are comprised primarily of daywork drilling contracts for which the related revenues and expenses are recognized as work progresses. Fiscal 2000 and 1999 contract drilling revenues also include revenues of \$4,109,000 and \$40,790,000, respectively, from a rig construction contract for which revenues were recognized based on the percentage-of-completion method, measured by the percentage that incurred costs to date bear to total estimated costs. The Company does not currently have any third party rig construction contracts.

GAS IMBALANCES -

The Company recognizes revenues from gas wells on the sales method, and a liability is recorded for permanent imbalances resulting from gas wells in which the Company has sold more production than it is entitled.

INVESTMENTS -

The cost of securities used in determining realized gains and losses is based on average cost of the security sold. Net income in 2000 includes approximately \$6,637,000, \$0.13 per share on a diluted basis, on gains related to non-monetary transactions within the Company's available-for-sale security investment portfolio which were accounted for at fair value.

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 percent of Atwood Oceanics, Inc. (Atwood) at both September 30, 2000 and 1999. The quoted market value of the Company's investment was \$125,063,000 and \$91,687,500 at September 30, 2000 and 1999, respectively. Retained earnings at September 30, 2000 includes approximately \$21,918,000 of undistributed earnings of Atwood.

Summarized financial information of Atwood is as follows:

	2000	1999	1998
	-----	-----	-----
	(in thousands)		
Gross revenues	\$ 134,514	\$ 150,009	\$ 151,809
Costs and expenses	111,366	122,289	112,445
	-----	-----	-----
Net income	\$ 23,148	\$ 27,720	\$ 39,364
	=====	=====	=====
Helmerich & Payne, Inc.'s equity in net income, net of income taxes	\$ 3,221	\$ 3,556	\$ 5,611
	=====	=====	=====
Current assets	\$ 63,951	\$ 50,532	\$ 51,587
Noncurrent assets	248,334	243,072	230,150
Current liabilities	17,484	19,013	26,723
Noncurrent liabilities	77,332	82,362	91,248
Shareholders' equity	217,469	192,229	163,766
	=====	=====	=====
Helmerich & Payne, Inc.'s investment	\$ 46,353	\$ 41,157	\$ 35,422
	=====	=====	=====

INCOME TAXES -

Deferred income taxes are computed using the liability method and are provided on all temporary differences between the financial basis and the tax basis of the Company's assets and liabilities.

OTHER POST EMPLOYMENT BENEFITS -

The Company sponsors a health care plan that provides post retirement medical benefits to retired employees. Employees who retire after November 1, 1992 and elect to participate in the plan pay the entire estimated cost of such benefits.

The Company has accrued a liability for estimated workers compensation claims incurred. The liability for other benefits to former or inactive employees after employment but before retirement is not material.

EARNINGS PER SHARE -

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

EMPLOYEE STOCK-BASED AWARDS -

Employee stock-based awards are accounted for under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related information. Fixed plan common stock options do not result in compensation expense, because the exercise price of the stock equals the market price of the underlying stock on the date of grant.

TREASURY STOCK -

Treasury stock purchases are accounted for under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. Gains and losses on the subsequent reissuance of shares are credited or charged to additional paid-in-capital using the average-cost method.

DERIVATIVES -

As described in Note 2, the Company entered into an interest rate swap agreement in October 1998. This agreement involves the exchange of an amount based on a fixed interest rate for an amount based on a variable interest rate without an exchange of the notional amount upon which the payments are based. The difference to be paid or received is accrued and recognized as an adjustment of interest expense. Gains and losses from termination of interest rate swap agreements are deferred and amortized as an adjustment to interest expense over the original term of the terminated swap agreement.

NOTE 2 NOTES PAYABLE AND LONG-TERM DEBT

At September 30, 2000, the Company had committed bank lines totaling \$85 million; \$50 million expires October 2003 and \$35 million expires May 2001. Additionally, the Company had uncommitted credit facilities totaling \$10 million. Collectively, the Company had \$50 million in outstanding borrowings and outstanding letters of credit totaling \$8.2 million against these lines at September 30, 2000. Concurrent with a \$50 million borrowing under the facility that expires October 2003, the Company entered into an interest rate swap with a notional value of \$50 million. The swap effectively converts this \$50 million facility from a floating rate to a fixed effective rate of 5.38 percent. The interest rate swap closely correlates with the terms and maturity of the \$50 million facility. Excluding the impact of the interest rate swap, the average

interest rate for the borrowings at September 30, 2000, was approximately 6.61 percent on a 360 day basis.

Under the various credit agreements, the Company must meet certain requirements regarding levels of debt, net worth and earnings.

NOTE 3 INCOME TAXES

The components of the provision (benefit) for income taxes are as follows:

Years Ended September 30,	2000	1999	1998
	-----	-----	-----
	(in thousands)		
CURRENT:			
Federal	\$ 25,736	\$ 9,684	\$ 36,705
Foreign	8,766	15,963	18,728
State	3,366	1,744	4,751
	-----	-----	-----
	37,868	27,391	60,184
	-----	-----	-----
DEFERRED:			
Federal	12,318	(842)	(4,108)
Foreign	6,146	(771)	927
State	1,352	(72)	(326)
	-----	-----	-----
	19,816	(1,685)	(3,507)
	-----	-----	-----
TOTAL PROVISION:	\$ 57,684	\$ 25,706	\$ 56,677
	=====	=====	=====

The amounts of domestic and foreign income are as follows:

Years Ended September 30,	2000	1999	1998
	-----	-----	-----
	(in thousands)		
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE:			
Domestic.....	\$129,373	\$ 41,693	\$106,228
Foreign.....	7,390	23,245	45,992
	-----	-----	-----
.....	\$136,763	\$ 64,938	\$152,220
	=====	=====	=====

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

Years Ended September 30,	2000	1999	1998
	----	----	----
U.S. Federal income tax rate	35%	35%	35%
Dividends received deduction	--	(1)	--
Effect of foreign taxes	5	5	2
Non-conventional fuel source credits utilized ...	--	(1)	--
Other, net	2	2	--
	----	----	----
Effective income tax rate	42%	40%	37%
	====	====	====

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

September 30,	2000	1999
	-----	-----
	(in thousands)	
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	\$ 75,653	\$ 59,695
Available-for-sale securities	72,583	53,651
Pension provision	4,075	3,951
Equity investment	12,734	10,759
Other	1,217	923
	-----	-----
Total deferred tax liabilities	166,262	128,979
	-----	-----
DEFERRED TAX ASSETS:		
Financial accruals	9,612	8,832
Other	--	3,559
	-----	-----
Total deferred tax assets	9,612	12,391
	-----	-----
NET DEFERRED TAX LIABILITIES	\$ 156,650	\$ 116,588

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NOTE 4 SHAREHOLDERS' EQUITY

In June 1998, the board of directors authorized the repurchase of up to 2,000,000 shares of its common stock in open market or private transactions. The repurchased shares will be held in treasury and used for general corporate purposes including use in the Company's benefit plans. During fiscal 1998, the Company purchased 999,100 shares at a total cost of approximately \$19 million and in fiscal 2000 purchased 20,600 shares at a cost of approximately \$450,000. The Company did not purchase any shares in fiscal 1999. As of September 30, 2000, the Company is authorized to repurchase up to 979,400 additional shares.

The Company has several plans providing for common stock-based awards to employees and to non-employee directors. The plans permit the granting of various types of awards including stock options and restricted stock. Awards may be granted for no consideration other than prior and future services. The purchase price per share for stock options may not be less than the market price of the underlying stock on the date of grant. Stock options expire 10 years after grant.

The Company has reserved 983,776 shares of its treasury stock to satisfy the exercise of stock options issued under the 1990 Stock Option Plan. Effective December 4, 1996, additional options are no longer granted under this plan. Options granted under the 1990 plan generally vest over a seven year period. Options granted under the plan become exercisable in increments as outlined in the plan.

In March 1997, the Company adopted the 1996 Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan was effective December 4, 1996, and will terminate December 3, 2006. Under this plan the Company is authorized to grant options for up to 4,000,000 shares of the Company's common stock at an exercise price not less than the fair market value of the common stock on the date of grant. Up to 600,000 shares of the total authorized may be granted to participants as restricted stock awards. Options granted under the 1996 plan vest over a four-year period. On September 30, 2000, 1,776,900 shares were available for grant under the Stock Incentive Plan.

On September 30, 2000, 393,000 shares were available for grant under the Stock Incentive Plan as restricted stock awards. In fiscal 2000, 1999 and 1998, 10,000, 17,000 and 180,000 shares of restricted stock, respectively, were granted at a weighted-average price of \$24.75, \$17.00 and \$37.73, respectively, which approximated fair market value at the date of grant. Unearned compensation of \$248,000, \$289,000 and \$6,791,000 for fiscal 2000, 1999 and 1998, respectively, is being amortized over a five-year period as compensation expense.

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

	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at October 1, Granted	2,574 767	\$ 21.34 24.75	2,090 726	\$ 22.09 16.81	1,745 544	\$ 16.44 36.84
Exercised	(364)	15.44	(238)	14.28	(175)	12.15
Forfeited/Expired	(22)	23.00	(4)	13.51	(24)	17.54
Outstanding on September 30,	2,955	\$ 22.94	2,574	\$ 21.34	2,090	\$ 22.09
Exercisable on September 30,	1,046	\$ 22.40	782	\$ 20.13	453	\$ 15.63
Shares available on September 30, for options that may be granted	1,777		2,537		3,280	

The following table summarizes information about stock options at September 30, 000 (shares in thousands):

Range of Exercise Prices	Outstanding Stock Options			Exercisable Stock Options	
	Options	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
\$12.00 to \$16.50	625	4.2 years	\$13.64	437	\$13.60
\$16.51 to \$26.50	1,797	8.2 years	\$22.05	342	\$22.40
\$26.51 to \$37.00	533	7.2 years	\$36.84	267	\$36.84
\$12.00 to \$37.00	2,955	7.2 years	\$22.94	1,046	\$22.40

The following table reflects pro forma net income and earnings per share had the Company elected to adopt the fair value method of SFAS No. 123, "Accounting for Stock-Based Compensation", in measuring compensation cost beginning with 1997 employee stock-based awards.

Years Ended September 30,	2000	1999	1998
	(in thousands, except per share data)		
Net Income:			
As reported	\$ 82,300	\$ 42,788	\$ 101,154
Pro forma	\$ 78,788	\$ 40,268	\$ 99,437
Basic earnings per share:			
As reported	\$ 1.66	\$.87	\$ 2.03
Pro forma	\$ 1.59	\$.82	\$ 1.99
Diluted earnings per share:			
As reported	\$ 1.64	\$.86	\$ 2.00
Pro forma	\$ 1.57	\$.81	\$ 1.97

These pro forma amounts may not be representative of future disclosures since the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years.

The weighted-average fair values of options at their grant date during 2000, 1999 and 1998 were \$10.80, \$6.81, and \$14.63, respectively. The estimated fair value of each option granted is calculated using the Black-Scholes option-pricing model. The following summarizes the weighted-average assumptions used in the model:

	2000	1999	1998
Expected years until exercise.....	5.5	5.5	7.0
Expected stock volatility.....	41%	38%	34%
Dividend yield.....	.8%	1.2%	1.6%
Risk-free interest rate.....	6.0%	6.0%	5.9%

On September 30, 2000, the Company had 49,980,472 outstanding common stock purchase rights ("Rights") pursuant to terms of the Rights Agreement dated January 8, 1996. Under the terms of the Rights Agreement each Right entitled the holder thereof to purchase from the Company one half of one unit consisting of one one-thousandth of a share of Series A Junior Participating Preferred Stock ("Preferred Stock"), without par value, at a price of \$90 per unit. The exercise price and the number of units of Preferred Stock issuable on exercise of the Rights are subject to adjustment in certain cases to prevent dilution. The Rights will be attached to the common stock certificates and are not exercisable or transferrable apart from the common stock, until 10 business days after a person acquires 15% or more of the outstanding common stock or 10 business days following the commencement of a tender offer or exchange offer that would result in a person owning 15% or more of the outstanding common stock. In the event the Company is acquired in a merger or certain other business combination transactions (including one in which the Company is the surviving corporation), or more than 50% of the Company's assets or earning power is sold or transferred, each holder of a Right shall have the right to receive, upon exercise of the Right, common stock of the acquiring company having a value equal to two times the exercise price of the Right. The Rights are redeemable under certain circumstances at \$0.01 per Right and will expire, unless earlier redeemed, on January 31, 2006. As long as the Rights are not separately transferrable, the Company will issue one half of one Right with each new share of common stock issued.

NOTE 5 EARNINGS PER SHARE

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

(in thousands)	2000	1999	1998
Basic weighted-average shares.....	49,534	49,243	49,948
Effect of dilutive shares:			
Stock options.....	492	561	595
Restricted stock.....	9	13	22
	501	574	617
Diluted weighted-average shares.....	50,035	49,817	50,565

Restricted stock of 180,000 shares at a weighted-average price of \$37.73 and options to purchase 533,000 shares of common stock at a price of \$36.84 were outstanding at September 30, 2000, but were not included in the computation of diluted earnings per common share.

At September 30, 1999, restricted stock of 180,000 shares at a weighted-average price of \$37.73 and options to purchase 540,000 shares of common stock at a price of \$36.84 were outstanding, but were not included in the computation of diluted earnings per common share.

At September 30, 1998, restricted stock of 180,000 shares at a weighted-average price of \$37.73 and options to purchase 919,000 shares of common stock at a price of \$32.40 were outstanding, but were not included in the computation of diluted earnings per common share.

Inclusion of these shares would be antidilutive, as the exercise prices of the options exceed the average market price of the common shares.

NOTE 6 FINANCIAL INSTRUMENTS

Notes payable bear interest at market rates and are carried at cost which approximates fair value. The estimated fair value of the Company's interest rate swap is \$2,329,000 at September 30, 2000, based on forward-interest rates derived from the year-end yield curve as calculated by the financial institution that is a counterparty to the swap. The estimated fair value of the Company's available-for-sale securities is primarily based on market quotes.

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

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	-----	-----	-----	-----
	(in thousands)			
Equity Securities:				
September 30, 2000	\$ 86,901	\$173,137	\$ 2,065	\$257,973
September 30, 1999	\$ 76,057	\$122,369	\$ 1,108	\$197,318

During the years ended September 30, 2000, 1999, and 1998, marketable equity available-for-sale securities with a fair value at the date of sale of \$12,640,000, \$2,803,000, and \$62,792,000, respectively, were sold. The gross realized gains on such sales of available-for-sale securities totaled \$12,576,000, \$2,547,000, and \$30,820,000, respectively, and the gross realized losses totaled \$0, \$0, and \$1,034,000 respectively.

NOTE 7 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The table below presents changes in the components of accumulated other comprehensive income (loss).

Years Ended September 30,	2000	1999	1998
	-----	-----	-----
	(in thousands)		
Balance, beginning of period	\$ 75,182	\$ 54,689	\$ 114,454
Unrealized gains (losses) on available-for-sale securities	73,810	35,600	(66,610)
Less: Reclassification adjustment for net gains realized in net income ...	(24,000)	(2,547)	(29,786)
Net unrealized gains (losses)	49,810	33,053	(96,396)
Tax benefit (expense)	(18,928)	(12,560)	36,631
Net-of-tax amount	30,882	20,493	(59,765)
Balance, end of period	\$ 106,064	\$ 75,182	\$ 54,689
	=====	=====	=====

NOTE 8 EMPLOYEE BENEFIT PLANS

The following tables set forth the Company's disclosures required by SFAS No. 132, "Employers' Disclosures About Pensions and Other Postretirement Benefits".

Change in benefit obligation:

Years ended September 30,	2000	1999
	-----	-----
	(in thousands)	
Benefit obligation at beginning of year	\$ 36,995	\$ 36,954
Service cost	3,427	3,700
Interest cost	2,741	2,468
Actuarial (gain) loss	3,059	(4,468)
Benefits paid	(1,384)	(1,659)
Benefit obligation at end of year	\$ 44,838	\$ 36,995
	=====	=====

Change in plan assets:

Years Ended September 30,	2000	1999
---------------------------	------	------

	-----	-----
	(in thousands)	
Fair value of plan assets at beginning		
of year	\$ 58,517	\$ 51,572
Actual return on plan assets	3,478	8,604
Benefits paid	(1,384)	(1,659)
	-----	-----
Fair value of plan assets at end of year	\$ 60,611	\$ 58,517
	=====	=====
Funded status of the plan	\$ 15,773	\$ 21,522
Unrecognized net actuarial gain	(5,016)	(10,127)
Unrecognized prior service cost	786	1,025
Unrecognized net transition asset	(1,079)	(1,619)
	-----	-----
Prepaid benefit cost	\$ 10,464	\$ 10,801
	=====	=====

WEIGHTED-AVERAGE ASSUMPTIONS:

Years Ended September 30,	2000	1999	1998
	----	----	----
Discount rate	7.50%	7.50%	6.75%
Expected return on plan	9.00%	9.00%	8.50%
Rate of compensation increase	5.00%	5.00%	5.00%

Components of net periodic cost:

Years Ended September 30,	2000	1999	1998
	-----	-----	-----
		(in thousands)	
Service cost	\$ 3,427	\$ 3,700	\$ 2,836
Interest cost	2,741	2,468	2,430
Expected return on plan assets	(5,226)	(4,606)	(4,542)
Amortization of prior service cost	238	238	238
Amortization of transition asset	(540)	(540)	(540)
Recognized net actuarial gain	(303)	14	(65)
	-----	-----	-----
Net pension expense	\$ 337	\$ 1,274	\$ 357
	=====	=====	=====

DEFINED CONTRIBUTION PLAN:

Substantially all employees on the United States payroll of the Company may elect to participate in the Company sponsored Thrift/401(k) Plan by contributing a portion of their earnings. The Company contributes amounts equal to 100 percent of the first five percent of the participant's compensation subject to certain limitations. Expensed Company contributions were \$3,545,000, \$3,315,000, and \$3,009,000 in 2000, 1999, and 1998, respectively.

NOTE 9 ACCRUED LIABILITIES

Accrued liabilities consist of the following:

September 30,	2000	1999
	-----	-----
	(in thousands)	
Royalties payable	\$ 18,918	\$ 9,625
Taxes payable - operations	6,861	6,990
Ad valorem tax	7,783	7,177
Income taxes payable	--	3,278
Workers compensation claims	2,840	3,122
Payroll and employee benefits	4,055	3,970
Other	6,158	7,038
	-----	-----
	\$ 46,615	\$ 41,200
	=====	=====

NOTE 10 SUPPLEMENTAL CASH FLOW INFORMATION

Years Ended September 30,	2000	1999	1998
	-----	-----	-----
	(in thousands)		
CASH PAYMENTS:			
Interest paid	\$ 2,491	\$ 5,705	\$ 1,721
Income taxes paid	\$ 39,673	\$ 27,843	\$ 61,056

NOTE 11 RISK FACTORS**CONCENTRATION OF CREDIT -**

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of temporary cash investments and trade receivables. The Company places temporary cash investments with established financial institutions and invests in a diversified portfolio of highly rated, short-term money market instruments. The Company's trade receivables are primarily with companies in the oil and gas industry. The Company normally does not require collateral except for certain receivables of customers in its natural gas marketing operations.

CONTRACT DRILLING OPERATIONS -

International drilling operations are significant contributors to the Company's revenues and net profit. It is possible that operating results could be affected by the risks of such activities, including economic conditions in the international markets in which the Company operates, political and economic instability, fluctuations in currency exchange rates, changes in international regulatory requirements, international employment issues, and the burden of complying with foreign laws. These risks may adversely affect the Company's future operating results and financial position.

The Company's decreased rig utilization rates during fiscal 1999 continued in fiscal 2000. Depressed oil prices, the primary cause of the decrease, have since recovered, with utilization recovery lagging behind. The Company believes that its rig fleet is not currently impaired based on an assessment of future cash flows of the assets in question. However, it is possible that the Company's assessment that it will recover the carrying amount of its rig fleet from future operations may change in the near term.

OIL AND GAS OPERATIONS -

In estimating future cash flows attributable to the Company's exploration and production assets, certain assumptions are made with regard to commodity prices received and costs incurred. Due to the volatility of commodity prices, it is possible that the Company's assumptions used in estimating future cash flows for exploration and production assets may change in the near term.

NOTE 12 NEW ACCOUNTING STANDARDS

Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 137 and SFAS No. 138, is effective for fiscal years beginning after June 15, 2000 and requires that all derivatives be recognized as assets or liabilities in the balance sheet and that these instruments be measured at fair value. The Company will adopt the provisions of SFAS No. 133, as amended, effective October 1, 2000. The impact of the Company's adoption of SFAS No. 133, as amended, on the Company's results of operations and financial position is not expected to be material.

NOTE 13 SEGMENT INFORMATION

The Company operates principally in the contract drilling industry, which includes a Domestic segment and an International segment, and in the oil and gas industry, which includes an Exploration and Production segment and a Natural Gas Marketing 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. Oil and gas activities include the exploration for and development of productive oil and gas properties located primarily in Oklahoma, Texas, Kansas, and Louisiana, as well as, the marketing of natural gas for third parties. The Natural Gas Marketing segment also markets most of the natural gas produced by the Exploration and Production segment retaining a market based fee from the sale of such production. 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 "other" component of Total Assets also includes the Company's investment in equity-owned investments.

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; depreciation, depletion and amortization; dry holes and abandonments and taxes other than income taxes. The accounting policies of the segments are the same as those described in Note 1, Summary of Accounting Policies. Intersegment sales are accounted for in the same manner as sales to unaffiliated customers.

Summarized financial information of the Company's reportable segments for each of the years ended September 30, 2000, 1999, and 1998 is shown in the following table:

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit	Depreciation Depletion & Amortization	Total Assets	Additions to Long-Lived Assets
2000:							
CONTRACT DRILLING							
Domestic	\$ 214,531	\$ 3,048	\$ 217,579	\$ 35,808	\$ 35,310	\$ 342,278	\$ 40,722
International	136,549	--	136,549	9,753	38,096	259,892	13,825
	351,080	3,048	354,128	45,561	73,406	602,170	54,547
OIL & GAS OPERATIONS							
Exploration and Production	157,583	--	157,583	66,604	33,462	174,466	65,804
Natural Gas Marketing	80,907	--	80,907	5,271	164	21,897	175
	238,490		238,490	71,875	33,626	196,363	65,979
REAL ESTATE	8,999	1,545	10,544	5,346	1,598	24,235	2,909
OTHER	32,526	--	32,526	--	2,221	436,724	8,497
ELIMINATIONS	--	(4,593)	(4,593)	--	--	--	--
TOTAL	\$ 631,095	--	\$ 631,095	\$ 122,782	\$ 110,851	\$1,259,492	\$ 131,932

(in thousands)	External Sales	Inter-Segment	Total Sales	Operating Profit	Depreciation Depletion & Amortization	Total Assets	Additions to Long-Lived Assets
1999:							
CONTRACT DRILLING							
Domestic.....	\$213,647	\$ 2,457	\$216,104	\$ 30,154	\$ 31,164	\$ 371,766	\$ 57,975
International.....	182,987	--	182,987	29,845	36,178	271,746	17,293
	396,634	2,457	399,091	59,999	67,342	643,512	75,268
OIL & GAS OPERATIONS							
Exploration and Production.....	95,953	--	95,953	11,245	38,658	151,898	44,333
Natural Gas Marketing.....	55,259	--	55,259	4,418	174	15,156	261
	151,212	--	151,212	15,663	38,832	167,054	44,594
REAL ESTATE.....	8,671	1,531	10,202	5,338	1,427	22,816	1,445
OTHER.....	7,802	--	7,802	--	1,566	276,317	1,644
ELIMINATIONS.....	--	(3,988)	(3,988)	--	--	--	--
TOTAL.....	\$564,319	\$ --	\$564,319	\$ 81,000	\$109,167	\$1,109,699	\$122,951
1998:							
CONTRACT DRILLING							
Domestic.....	\$177,059	\$ 4,084	\$181,143	\$ 35,817	\$ 23,771	\$ 351,193	\$130,237
International.....	253,072	--	253,072	50,834	31,689	303,907	83,843
	430,131	4,084	434,215	86,651	55,460	655,100	214,080
OIL & GAS OPERATIONS							
Exploration and Production.....	98,696	--	98,696	28,088	29,817	156,582	48,066
Natural Gas Marketing.....	53,499	--	53,499	2,418	292	15,069	636
	152,195	--	152,195	30,506	30,109	171,651	48,702
REAL ESTATE.....	8,922	1,526	10,448	5,371	1,501	22,937	875
OTHER.....	45,392	--	45,392	--	1,280	240,742	2,642
ELIMINATIONS.....	--	(5,610)	(5,610)	--	--	--	--
TOTAL.....	\$636,640	\$ --	\$636,640	\$122,528	\$ 88,350	\$1,090,430	\$266,299

The following table reconciles segment operating profit per the table on pages 30 and 31 to income before taxes and equity in income of affiliate as reported on the Consolidated Statements of Income (in thousands).

Years Ended September 30,	2000	1999	1998
Segment operating profit	\$ 122,782	\$ 81,000	\$ 122,528
Unallocated amounts:			
Income from investments	31,973	7,757	44,603
General and administrative expense	(11,578)	(14,198)	(11,762)
Interest expense	(3,076)	(6,481)	(942)
Corporate depreciation	(2,152)	(1,565)	(1,280)
Other corporate expense	(1,186)	(1,575)	(927)
Total unallocated amounts	13,981	(16,062)	29,692
Income before income taxes and equity in Income of affiliate	\$ 136,763	\$ 64,938	\$ 152,220

The following tables present revenues from external customers and long-lived assets by country based on the location of service provided (in thousands).

Years Ended September 30,	2000	1999	1998
Revenues			
United States	\$494,546	\$381,332	\$383,568
Venezuela	34,922	59,481	131,137
Colombia	42,509	60,838	79,675
Other Foreign	59,118	62,668	42,260
Total	\$631,095	\$564,319	\$636,640
Long-Lived Assets			
United States	\$477,593	\$479,753	\$475,832

Venezuela	37,001	62,931	85,703
Colombia	26,361	46,621	59,848
Other Foreign	132,650	101,910	70,988
	-----	-----	-----
Total	\$673,605	\$691,215	\$692,371
	=====	=====	=====

Long-lived assets are comprised of property, plant and equipment.

Revenues from one company doing business with the contract drilling segment accounted for approximately 15.2 percent, 17.5 percent and 14.5 percent of the total consolidated revenues during the years ended September 30, 2000, 1999, and 1998, respectively. Revenues from another company doing business with the contract drilling segment accounted for approximately 7.4 percent, 12 percent, and 10 percent of total consolidated revenues in the years ended September 30, 2000, 1999, and 1998, respectively. Collectively, revenues from companies controlled by the Venezuelan government accounted for approximately 3.6 percent, 5.6 percent and 16 percent of total consolidated revenues for the years ended September 30, 2000, 1999, and 1998, respectively. Collectively, the receivables from these customers were approximately \$24.0 million and \$35.6 million at September 30, 2000 and 1999, respectively.

NOTE 14 SUPPLEMENTARY FINANCIAL INFORMATION FOR OIL AND GAS PRODUCING ACTIVITIES

All of the Company's oil and gas producing activities are located in the United States.

Results of Operations from Oil and Gas Producing Activities -

Years Ended September 30,	2000	1999	1998
	(in thousands)		
Revenues	\$ 157,583	\$ 95,953	\$ 98,696
Production costs	26,685	23,058	21,786
Exploration expense and valuation provisions.....	30,832	22,992	19,005
Depreciation, depletion and amortization.....	33,462	38,658	29,817
Income tax expense	23,447	3,437	9,415
Total cost and expenses	114,426	88,145	80,023
Results of operations (excluding corporate overhead and interest costs)	\$ 43,157	\$ 7,808	\$ 18,673

Capitalized Costs -

September 30,	2000	1999
	(in thousands)	
Proved properties	\$ 430,675	\$ 421,552
Unproved properties	27,050	25,337
Total costs	457,725	446,889
Less - Accumulated depreciation, depletion and amortization ..	314,091	312,644
Net	\$ 143,634	\$ 134,245

Costs Incurred Relating to Oil and Gas Producing Activities -

Years Ended September 30,	2000	1999	1998
	(in thousands)		
Property acquisition:			
Proved	\$ 105	\$ 89	\$ 107
Unproved	11,040	14,385	9,096
Exploration	43,833	22,292	18,107
Development	18,843	19,167	28,259
Total	\$ 73,821	\$ 55,933	\$ 55,569

Estimated Quantities of Proved Oil and Gas Reserves (Unaudited) -

Proved reserves are estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are those which are expected to be recovered through existing wells with existing equipment and operating methods. The following is an analysis of proved oil and gas reserves as estimated by Netherland, Sewell & Associates, Inc. at September 30, 2000. All prior years were estimated by the Company and reviewed by independent engineers.

	OIL (Bbls)	GAS (Mmcf)
	-----	-----
Proved reserves at September 30, 1997	5,805,386	263,236
Revisions of previous estimates	(331,280)	10,877
Extensions, discoveries and other additions ...	175,265	20,819
Production	(701,180)	(42,862)
Purchases of reserves-in-place	2,890	188
Sales of reserves-in-place	(189,768)	(632)
	-----	-----
Proved reserves at September 30, 1998	4,761,313	251,626
Revisions of previous estimates	570,126	11,771
Extensions, discoveries and other additions ...	151,829	22,491
Production	(649,370)	(44,240)
Purchases of reserves-in-place	--	77
Sales of reserves-in-place	--	(2,105)
	-----	-----
Proved reserves at September 30, 1999	4,833,898	239,620
Revisions of previous estimates	1,316,714	17,363
Extensions, discoveries and other additions ...	1,119,314	52,569
Production	(880,304)	(46,923)
Purchases of reserves-in-place	1,502	242
Sales of reserves-in-place	(85,987)	(373)
	-----	-----
Proved reserves at September 30, 2000	6,305,137	262,498
	=====	=====
Proved developed reserves at		
September 30, 1998	4,754,319	249,376
	=====	=====
September 30, 1999	4,828,071	229,765
	=====	=====
September 30, 2000	5,847,217	217,334
	=====	=====

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves (Unaudited) -

The "Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves" (Standardized Measure) is a disclosure requirement under Financial Accounting Standards Board Statement No. 69 "Disclosures About Oil and Gas Producing Activities". The Standardized Measure does not purport to present the fair market value of a company's proved oil and gas reserves. This would require consideration of expected future economic and operating conditions, which are not taken into account in calculating the Standardized Measure.

Under the Standardized Measure, future cash inflows were estimated by applying year-end prices to the estimated future production of year-end proved reserves. Future cash inflows were reduced by estimated future production and development costs based on year-end costs to determine pre-tax cash inflows. Future income taxes were computed by applying the statutory tax rate to the excess of pre-tax cash inflows over the Company's tax basis in the associated proved oil and gas properties. Tax credits and permanent differences were also considered in the future income tax calculation. Future net cash inflows after income taxes were discounted using a ten percent annual discount rate to arrive at the Standardized Measure.

At September 30,	2000	1999
	-----	-----
	(in thousands)	
Future cash inflows	\$ 1,377,922	\$ (688,766)
Future costs -		
Future production and development costs	(317,898)	(188,579)
Future income tax expense	(331,672)	(135,763)
	-----	-----
Future net cash flows	728,352	364,424
10% annual discount for estimated timing of cash flows	(240,281)	(131,806)
	-----	-----
Standardized Measure of discounted future net cash flows ...	\$ 488,071	\$ 232,618
	=====	=====

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

Years Ended September 30,	2000	1999	1998
		(in thousands)	
Standardized Measure - Beginning of year	\$ 232,618	\$ 125,927	\$ 205,035
Increases (decreases) -			
Sales, net of production costs	(130,898)	(72,895)	(76,910)
Net change in sales prices, net of production costs	261,926	142,970	(97,938)
Discoveries and extensions, net of related future development and production costs	156,840	38,164	21,922
Changes in estimated future development costs	(36,994)	(11,095)	(14,142)
Development costs incurred	13,587	16,558	25,149
Revisions of previous quantity estimates	57,730	17,713	5,089
Accretion of discount	30,951	16,700	28,012
Net change in income taxes	(114,762)	(40,671)	30,436
Purchases of reserves-in-place	542	96	65
Sales of reserves-in-place	(700)	(1,390)	(2,875)
Other	17,231	541	2,084
Standardized Measure - End of year	\$ 488,071	\$ 232,618	\$ 125,927

NOTE 15 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(in thousands, except per share amounts)

2000	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$ 149,581	\$ 151,848	\$ 151,968	\$ 177,698
Gross profit	37,852	36,256	32,605	44,704
Net income	20,461	19,273	18,557	24,009
Basic net income per share .....	.41	.39	.37	.48
Diluted net income per share .....	.41	.39	.37	.48

1999	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	\$ 143,864	\$ 155,374	\$ 131,799	\$ 133,282
Gross profit	25,071	16,924	23,532	20,090
Net income	12,811	7,352	12,196	10,429
Basic net income per share .....	.26	.15	.25	.21
Diluted net income per share .....	.26	.15	.24	.21

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

The sum of earnings per share for the four quarters may not equal the total earnings per share for the year due to changes in the average number of common shares outstanding.

Net income in the first quarter of 2000 includes approximately \$6.3 million (\$0.13 per share, on a diluted basis) on gains related to a non-monetary dividend received and a gain on the conversion of shares of common stock of a Company investee pursuant to that investee being acquired.

Net income in the fourth quarter of 2000 includes an after-tax charge of \$2.5 million (\$0.05 per share, on a diluted basis) related to the write-down of producing properties in accordance with SFAS No. 121.

Net income in the second quarter of 1999 includes an after-tax charge of \$5.5 million (\$0.11 per share, on a diluted basis) in connection with the drilling and completion of a pinnacle reef well with reserve values significantly below its carrying cost.

REPORT OF INDEPENDENT AUDITORS

HELMERICH & PAYNE, INC.

The Board of Directors and Shareholders
Helmerich & Payne, Inc.

We have audited the accompanying consolidated balance sheets of Helmerich & Payne, Inc. as of September 30, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Helmerich & Payne, Inc. at September 30, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Tulsa, Oklahoma
November 17, 2000

STOCK PRICE INFORMATION

QUARTERS	Closing Market Price Per Share			
	2000		1999	
	HIGH	LOW	HIGH	LOW
First.....	\$ 27.44	\$ 19.13	\$ 24.50	\$ 16.75
Second.....	31.00	20.00	23.94	16.06
Third.....	37.75	29.06	26.75	20.38
Fourth.....	38.31	30.06	30.19	23.00

DIVIDEND INFORMATION

QUARTERS	Paid Per Share		Total Payment	
	2000	1999	2000	1999
First.....	\$.070	\$.070	\$3,474,612	\$3,457,626
Second.....	.070	.070	3,475,623	3,459,168
Third.....	.070	.070	3,484,189	3,464,109
Fourth.....	.075	.070	3,740,863	3,468,377

STOCKHOLDERS' MEETING

The annual meeting of stockholders will be held on March 7, 2001. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to shareholders on or about January 26, 2001.

STOCK EXCHANGE LISTING

Helmerich & Payne, Inc. Common Stock is traded on the New York Stock Exchange with the ticker symbol "HP." The newspaper abbreviation most commonly used for financial reporting is "HelmP." Options on the Company's stock are also traded on the New York Stock Exchange.

STOCK TRANSFER AGENT AND REGISTRAR

As of December 15, 2000, there were 1,170 record holders of Helmerich & Payne, Inc. common stock as listed by the transfer agent's records.

Our Transfer Agent is responsible for our shareholder records, issuance of stock certificates, and distribution of our dividends and the IRS Form 1099. Your requests, as shareholders, concerning these matters are most efficiently answered by corresponding directly with The Transfer Agent at the following address:

UMB Bank
Security Transfer Division
928 Grand Blvd., 13th Floor
Kansas City, MO 64106
Telephone: (800) 884-4225
(816) 860-5000

FORM 10-K

The Company's Annual Report on Form 10-K, which has been submitted to the Securities and Exchange Commission, is available free of charge upon written request.

DIRECT INQUIRIES TO:

President
Helmerich & Payne, Inc.
Utica at Twenty-First
Tulsa, Oklahoma 74114
Telephone: (918) 742-5531

Internet Address: <http://www.hpinc.com>

ELEVEN-YEAR FINANCIAL REVIEW

HELMERICH & PAYNE, INC.

	Years Ended September 30,		
	2000	1999	1998
REVENUES AND INCOME*(2)			
Contract Drilling Revenues	349,992	394,715	427,713
Crude Oil Sales	24,601	9,479	10,333
Natural Gas Sales	131,056	81,533	87,646
Gas Marketing Revenues	78,921	54,263	52,469
Real Estate Revenues	8,991	8,663	8,587
Dividend Income	14,482	3,569	4,117
Other Revenues	23,052	12,097	45,775
Total Revenues+	631,095	564,319	636,640
Net Cash Provided by Continuing Operations+	201,836	158,694	113,533
Income from Continuing Operations	82,300	42,788	101,154
Net Income	82,300	42,788	101,154
PER SHARE DATA			
Income from Continuing Operations(1):			
Basic	1.66	.87	2.03
Diluted	1.64	.86	2.00
Net Income(1):			
Basic	1.66	.87	2.03
Diluted	1.64	.86	2.00
Cash Dividends .....	.285	.28	.275
Shares Outstanding*	49,980	49,626	49,383
FINANCIAL POSITION			
Net Working Capital*	186,250	88,720	58,861
Ratio of Current Assets to Current Liabilities ...	3.36	2.23	1.47
Investments*	304,326	238,475	200,400
Total Assets*	1,259,492	1,109,699	1,090,430
Long-Term Debt*	50,000	50,000	50,000
Shareholders' Equity*	955,703	848,109	793,148
CAPITAL EXPENDITURES*			
Contract Drilling Equipment	49,774	68,639	206,794
Wells and Equipment	54,764	29,947	38,970
Real Estate	2,880	1,435	854
Other Assets (includes undeveloped leases)	24,514	22,930	19,681
Discontinued Operations	--	--	--
Total Capital Outlays	131,932	122,951	266,299
PROPERTY, PLANT AND EQUIPMENT AT COST*			
Contract Drilling Equipment	891,749	881,269	829,217
Producing Properties	430,674	421,552	414,770
Undeveloped Leases	27,050	25,337	20,977
Real Estate	50,649	49,065	48,451
Other	80,268	71,139	65,120
Discontinued Operations	--	--	--
Total Property, Plant and Equipment	1,480,390	1,448,362	1,378,535

* 000's omitted.

+ Chemical operations were sold August 30, 1996. Prior year amounts have been restated to exclude discontinued operations.

(1) Includes \$13.6 million (\$.28 per share, on a diluted basis) effect of impairment charge for adoption of SFAS No. 121 in 1995 and cumulative effect of change in accounting for income taxes of \$4,000,000 (\$.08 per share, on a diluted basis) in 1994.

(2) See Note 13 for segment presentation of revenues.

	Years Ended September 30,			
	1997	1996	1995	1994
REVENUES AND INCOME*(2)				
Contract Drilling Revenues	315,327	244,338	203,325	182,781
Crude Oil Sales	20,475	15,378	13,227	13,161
Natural Gas Sales	87,737	60,500	33,851	45,261
Gas Marketing Revenues	66,306	57,817	34,729	51,874
Real Estate Revenues	8,224	8,076	7,560	7,396
Dividend Income	5,268	3,650	3,389	3,621
Other Revenues	14,522	3,496	10,640	6,058
Total Revenues+	517,859	393,255	306,721	310,152
Net Cash Provided by Continuing Operations+	165,568	121,420	84,010	74,463
Income from Continuing Operations	84,186	45,426	5,788	17,108
Net Income	84,186	72,566	9,751	24,971
PER SHARE DATA				
Income from Continuing Operations(1):				
Basic	1.69	.92	.12	.35
Diluted	1.67	.91	.12	.35
Net Income(1):				
Basic	1.69	1.47	.20	.51
Diluted	1.67	1.46	.20	.51
Cash Dividends .....	.26	.2525	.25	.2425
Shares Outstanding*	50,028	49,771	49,529	49,420
FINANCIAL POSITION				
Net Working Capital*	62,837	51,803	50,038	76,238
Ratio of Current Assets to Current Liabilities ...	1.66	1.83	1.74	2.63
Investments*	323,510	229,809	156,908	87,414
Total Assets*	1,033,595	821,914	707,061	621,689
Long-Term Debt*	--	--	--	--
Shareholders' Equity*	780,580	645,970	562,435	524,334
CAPITAL EXPENDITURES*				
Contract Drilling Equipment	109,036	79,269	80,943	53,752
Wells and Equipment	35,024	21,142	19,384	40,916
Real Estate	1,095	752	873	902
Other Assets (includes undeveloped leases)	16,022	7,003	9,717	9,695
Discontinued Operations	--	1,581	859	618
Total Capital Outlays	161,177	109,747	111,776	105,883
PROPERTY, PLANT AND EQUIPMENT AT COST*				
Contract Drilling Equipment	643,619	568,110	501,682	444,432
Producing Properties	395,812	392,562	384,755	377,371
Undeveloped Leases	14,109	9,242	8,051	11,729
Real Estate	47,682	46,970	46,642	47,827
Other	59,659	53,547	55,655	48,612
Discontinued Operations	--	--	13,937	13,131
Total Property, Plant and Equipment	1,160,881	1,070,431	1,010,722	943,102

	Years Ended September 30,			
	1993	1992	1991	1990
REVENUES AND INCOME*(2)				
Contract Drilling Revenues	149,661	112,833	105,364	90,974
Crude Oil Sales	15,392	16,369	17,374	16,058
Natural Gas Sales	52,446	38,370	35,628	37,697
Gas Marketing Revenues	63,786	40,410	10,055	10,566
Real Estate Revenues	7,620	7,541	7,542	7,636
Dividend Income	3,535	4,050	5,285	7,402
Other Revenues	8,283	6,646	20,020	56,131
Total Revenues+	300,723	226,219	201,268	226,464
Net Cash Provided by Continuing Operations+	72,493	60,414	50,006	53,288
Income from Continuing Operations	22,158	8,973	19,608	45,489
Net Income	24,550	10,849	21,241	47,562
PER SHARE DATA				
Income from Continuing Operations(1):				
Basic .....	.46	.19	.41	.94
Diluted .....	.45	.19	.41	.93
Net Income(1):				
Basic .....	.51	.22	.44	.98
Diluted .....	.50	.22	.44	.98
Cash Dividends .....	.24	.2325	.23	.22
Shares Outstanding*	49,275	49,152	48,976	48,971
FINANCIAL POSITION				
Net Working Capital*	104,085	82,800	108,212	146,741
Ratio of Current Assets to Current Liabilities ...	3.24	3.31	4.19	3.72
Investments*	84,945	87,780	96,471	99,574
Total Assets*	610,504	585,504	575,168	582,927
Long-Term Debt*	3,600	8,339	5,693	5,648

Shareholders' Equity*	508,927	493,286	491,133	479,485
CAPITAL EXPENDITURES*				
Contract Drilling Equipment	24,101	43,049	56,297	18,303
Wells and Equipment	23,142	21,617	34,741	16,489
Real Estate	436	690	2,104	1,467
Other Assets (includes undeveloped leases)	5,901	16,984	6,793	5,448
Discontinued Operations	629	158	2,594	1,153
Total Capital Outlays	54,209	82,498	102,529	42,860
PROPERTY, PLANT AND EQUIPMENT AT COST*				
Contract Drilling Equipment	418,004	404,155	370,494	324,293
Producing Properties	340,176	329,264	312,438	287,248
Undeveloped Leases	10,010	12,973	5,552	5,507
Real Estate	47,502	47,286	46,671	44,928
Other	45,085	43,153	36,423	32,135
Discontinued Operations	12,545	11,962	11,838	9,270
Total Property, Plant and Equipment	873,322	848,793	783,416	703,381

ELEVEN-YEAR OPERATING REVIEW
HELMERICH & PAYNE, INC.

	Years Ended September 30,	2000	1999	1998
		-----	-----	-----
CONTRACT DRILLING				
Drilling Rigs, United States.....		48	46	46
Drilling Rigs, International.....		40	44	44
Contract Wells Drilled, United States.....		335	242	242
Total Footage Drilled, United States*.....		4,058	2,938	2,938
Average Depth per Well, United States.....		12,115	12,142	12,142
Percentage Rig Utilization, United States....		87	75	95
Percentage Rig Utilization, International....		47	53	88
PETROLEUM EXPLORATION AND DEVELOPMENT				
Gross Wells Completed.....		81	49	62
Net Wells Completed.....		42.7	23.9	35.7
Net Dry Holes.....		9.1	7.1	4.2
PETROLEUM PRODUCTION				
Net Crude Oil and Natural Gas Liquids				
Produced (barrels daily).....		2,405	1,779	1,921
Net Oil Wells Owned -- Primary Recovery.....		107.1	124	124
Net Oil Wells Owned -- Secondary Recovery....		55.5	54	53
Secondary Oil Recovery Projects.....		3	5	5
Net Natural Gas Produced				
(thousands of cubic feet daily).....		128,204	121,206	117,431
Net Gas Wells Owned.....		453	439	436
REAL ESTATE MANAGEMENT				
Gross Leasable Area (square feet)*.....		1,652	1,652	1,652
Percentage Occupancy.....		91	95	97
TOTAL NUMBER OF EMPLOYEES				
Helmerich & Payne, Inc. and Subsidiaries.....		3,606	3,440	3,340

* 000's omitted.

Years Ended September 30,	1997	1996	1995	1994	1993	1992	1991	1990
	-----	-----	-----	-----	-----	-----	-----	-----
CONTRACT DRILLING								
Drilling Rigs, United States.....	38	41	41	47	42	39	46	49
Drilling Rigs, International.....	39	36	35	29	29	30	25	20
Contract Wells Drilled, United States.....	246	233	212	162	128	100	106	119
Total Footage Drilled, United States*.....	2,753	2,499	1,933	1,842	1,504	1,085	1,301	1,316
Average Depth per Well, United States.....	11,192	10,724	9,119	11,367	11,746	10,853	12,274	11,059
Percentage Rig Utilization, United States....	88	82	71	69	53	42	47	50
Percentage Rig Utilization, International....	91	85	84	88	68	69	69	45
PETROLEUM EXPLORATION AND DEVELOPMENT								
Gross Wells Completed.....	100	63	59	44	42	54	45	36
Net Wells Completed.....	49.3	35.3	27.4	15	15.9	17.8	20.2	15.3
Net Dry Holes.....	9.6	7.3	5.9	1.7	4.3	4.3	4.3	3.4
PETROLEUM PRODUCTION								
Net Crude Oil and Natural Gas Liquids								
Produced (barrels daily).....	2,700	2,212	2,214	2,431	2,399	2,334	2,152	2,265
Net Oil Wells Owned -- Primary Recovery.....	133	176.9	186	202	202	220	227	223
Net Oil Wells Owned -- Secondary Recovery....	49	63.8	64	71	71	74	55	46
Secondary Oil Recovery Projects.....	5	12	12	14	14	14	12	12
Net Natural Gas Produced								
(thousands of cubic feet daily).....	110,859	94,358	72,387	72,953	78,023	75,470	66,617	65,147
Net Gas Wells Owned.....	410	378	354	341	307	289	278	194
REAL ESTATE MANAGEMENT								
Gross Leasable Area (square feet)*.....	1,652	1,654	1,652	1,652	1,656	1,656	1,664	1,664
Percentage Occupancy.....	95	94	87	83	86	87	86	85
TOTAL NUMBER OF EMPLOYEES								
Helmerich & Payne, Inc. and Subsidiaries.....	3,627	3,309	3,245	2,787	2,389	1,928	1,758	1,864

DIRECTORS

W. H. HELMERICH, III
Chairman of the Board
Tulsa, Oklahoma

HANS HELMERICH
President and Chief Executive Officer
Tulsa, Oklahoma

WILLIAM L. ARMSTRONG**
Chairman
Transland Financial Services, Inc.
Denver, Colorado

GLENN A. COX*
President and Chief Operating Officer, Retired
Phillips Petroleum Company
Bartlesville, Oklahoma

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

L. F. ROONEY, III*
Chief Executive Officer
Manhattan Construction Company
Tulsa, Oklahoma

EDWARD B. RUST, JR.
Chairman and Chief Executive Officer
State Farm Insurance Companies
Bloomington, Illinois

GEORGE A. SCHAEFER**
Chairman and Chief Executive Officer, Retired
Caterpillar Inc.
Peoria, Illinois

JOHN D. ZEGLIS**
President
AT&T
Basking Ridge, New Jersey

OFFICERS

W. H. HELMERICH, III
Chairman of the Board

HANS HELMERICH
President and Chief Executive Officer

GEORGE S. DOTSON
Vice President,
President of Helmerich & Payne
International Drilling Co.

DOUGLAS E. FEARS
Vice President and
Chief Financial Officer

STEVEN R. MACKEY
Vice President, Secretary,
and General Counsel

STEVEN R. SHAW
Vice President,
Exploration & Production

* Member, Audit Committee ** Member, Human Resources Committee

EXHIBIT 22

SUBSIDIARIES OF THE REGISTRANT

Helmerich & Payne, Inc.

Subsidiaries of Helmerich & Payne, Inc.

Helmerich & Payne Properties, Inc. (Incorporated in Oklahoma) Utica Square Shopping Center, Inc. (Incorporated in Oklahoma) The Hardware Store of Utica Square, Inc. (Incorporated in Oklahoma) The Space Center, Inc. (Incorporated in Oklahoma) H&P DISC, Inc. (Incorporated in Oklahoma) Helmerich & Payne Coal Co. (Incorporated in Oklahoma) Helmerich & Payne Energy Services, Inc. (Incorporated in Oklahoma) Helmerich & Payne International Drilling Co. (Incorporated in Delaware)

Subsidiaries of Helmerich & Payne International Drilling Co.

Helmerich & Payne (Africa) Drilling Co. (Incorporated in Cayman Islands, British West Indies) Helmerich & Payne Drilling (Bolivia) S.A.

(Incorporated in Bolivia)

Helmerich & Payne (Colombia) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Gabon) Drilling Co. (Incorporated in Cayman Islands, British West Indies) Helmerich & Payne (Argentina) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Peru) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Peru) Drilling Co., Sucursal del Peru, Lima (Lima Branch - Incorporated in Peru) Helmerich & Payne (Peru) Drilling Co., Sucursal del Peru

(Iquitos Branch - Incorporated in Peru)

Helmerich & Payne (Australia) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne del Ecuador, Inc. (Incorporated in Oklahoma)
Helmerich & Payne de Venezuela, C.A. (Incorporated in Venezuela)
Helmerich & Payne, C.A. (Incorporated in Venezuela) Helmerich & Payne Rasco, Inc. (Incorporated in Oklahoma) H&P Finco (Incorporated in Cayman Islands, British West Indies)
H&P Invest Ltd. (Incorporated in Cayman Islands), British West Indies, doing business as H&P (Yemen) Drilling Co.

Subsidiary of H&P Invest Ltd.

Turum Pty. Ltd. (Incorporated in Papua, New Guinea)

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Helmerich & Payne, Inc. of our report dated November 17, 2000, included in the 2000 Annual Report to Shareholders of Helmerich & Payne, Inc.

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-55239, 333-24211, and 333-34939) pertaining, respectively, to the 1990 Stock Option Plan, Non-Employee Directors' Stock Compensation Plan, and 1996 Stock Incentive Plan of our report dated November 17, 2000, with respect to the consolidated financial statements of Helmerich & Payne, Inc. incorporated by reference in the Annual Report (Form 10-K) for the year ended September 30, 2000.

ERNST & YOUNG LLP

Tulsa, Oklahoma

December 27, 2000

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	SEP 30 2000
PERIOD START	OCT 01 1999
PERIOD END	SEP 30 2000
CASH	108,087
SECURITIES	304,326
RECEIVABLES	108,633
ALLOWANCES	2,003
INVENTORY	25,598
CURRENT ASSETS	265,144
PP&E	1,480,390
DEPRECIATION	806,785
TOTAL ASSETS	1,259,492
CURRENT LIABILITIES	78,894
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	5,353
OTHER SE	950,350
TOTAL LIABILITY AND EQUITY	1,259,492
SALES	599,122
TOTAL REVENUES	631,095
CGS	482,873
TOTAL COSTS	482,873
OTHER EXPENSES	9,183
LOSS PROVISION	(800)
INTEREST EXPENSE	3,076
INCOME PRETAX	136,763
INCOME TAX	57,684
INCOME CONTINUING	82,300
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	82,300
EPS BASIC	1.66
EPS DILUTED	1.64

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