

# HELMERICH & PAYNE, INC.

## **FORM 10-Q/A** (Amended Quarterly Report)

Filed 12/19/00 for the Period Ending 03/31/00

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

## FORM 10-Q/A (Amended Quarterly Report)

Filed 12/19/2000 For Period Ending 3/31/2000

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

# FORM 10-Q/A

## SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 30549

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

For quarterly period ended: MARCH 31, 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 I.D. Number)

**UTICA AT TWENTY-FIRST STREET, TULSA, OKLAHOMA 74114**

(Address of principal executive office) (Zip Code)

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

Former name, former address and former fiscal year, if changed since last report:

NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

**YES X NO**

CLASS  
Common Stock, .10 par value

OUTSTANDING AT MARCH 31, 2000  
49,718,694

TOTAL NUMBER OF PAGES 20  
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**HELMERICH & PAYNE, INC.**

**INDEX**

**EXPLANATORY NOTE**

Helmerich & Payne, Inc. is filing this Amendment No. 1 on Form 10-Q/A to its Quarterly Report of Form 10-Q for the quarter ended March 31, 2000 to reflect the restatement of its unaudited interim Consolidated Condensed Financial Statements for the six months ended March 31, 2000. See the Financial Information and Note 12 thereto included elsewhere herein.

**PART I. FINANCIAL INFORMATION**

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**PART I. FINANCIAL INFORMATION**  
**HELMERICH & PAYNE, INC.**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
(in thousands)

	March 31, 2000 (Restated- See Note 12) (Unaudited)	September 30 1999
	-----	-----
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 68,972	\$ 21,758
Accounts receivable, net	90,867	99,598
Inventories	24,655	25,187
Prepaid expenses and other	17,830	14,081
	-----	-----
Total Current Assets	202,324	160,624
	-----	-----
Investments	291,610	238,475
Property, Plant and Equipment, net	677,247	691,215
Other Assets	19,048	19,385
	-----	-----
Total Assets	\$ 1,190,229	\$ 1,109,699
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$ 26,173	\$ 25,704
Accrued liabilities	40,058	41,200
Notes payable	--	5,000
	-----	-----
Total Current Liabilities	66,231	71,904
	-----	-----
Noncurrent Liabilities		
Long-term notes payable	50,000	50,000
Deferred income taxes	144,321	116,588
Other	21,950	23,098
	-----	-----
Total Noncurrent Liabilities	216,271	189,686
	-----	-----
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, par value \$.10 per share	5,353	5,353
Preferred stock, no shares issued	--	--
Additional paid-in capital	62,206	61,411
Retained earnings	778,773	745,956
Unearned compensation	(4,010)	(4,487)
Accumulated other comprehensive income	100,129	75,182
	-----	-----
Total Shareholders' Equity	942,451	883,415
Less treasury stock, at cost	34,724	35,306
	-----	-----
Total Shareholders' Equity	907,727	848,109
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 1,190,229	\$ 1,109,699
	=====	=====

See accompanying notes to financial statements.

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

(in thousands except per share data)

	Quarter Ended		Six Months Ended	
	March 31		March 31	
	2000	1999	(Restated- See Note 12)	
	2000	1999	2000	1999
REVENUES:				
Sales and other operating revenues	\$140,241	\$154,042	\$275,435	\$296,560
Income from investments	11,607	1,332	25,994	2,678
	-----	-----	-----	-----
	151,848	155,374	301,429	299,238
	-----	-----	-----	-----
COST AND EXPENSES:				
Operating costs	75,715	96,291	152,412	182,905
Depreciation, depletion and amortization	27,702	33,371	53,840	57,370
Dry holes and abandonments	4,445	2,134	6,827	3,893
Taxes, other than income taxes	7,730	6,654	14,242	13,075
General and administrative	3,334	4,527	6,155	8,117
Interest	801	1,877	1,622	3,479
	-----	-----	-----	-----
	119,727	144,854	235,098	268,839
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	32,121	10,520	66,331	30,399
INCOME TAX EXPENSE	13,883	4,035	28,142	11,897
EQUITY IN INCOME OF AFFILIATE, net of income taxes	1,035	867	1,545	1,661
	-----	-----	-----	-----
NET INCOME	\$ 19,273	\$ 7,352	\$ 39,734	\$ 20,163
	=====	=====	=====	=====
EARNINGS PER COMMON SHARE:				
Basic	\$ 0.39	\$ 0.15	\$ 0.80	\$ 0.41
Diluted	0.39	\$ 0.15	\$ 0.80	\$ 0.41
CASH DIVIDENDS (Note 2)	\$ 0.07	\$ 0.07	\$ 0.14	\$ 0.14
AVERAGE COMMON SHARES OUTSTANDING:				
Basic	49,442	49,198	49,434	49,190
Diluted	49,828	49,594	49,796	49,629

The accompanying notes are an integral part of these statements.

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

(in thousands)

	Six Months Ended	
	(Restated- See Note 12) 03/31/00	03/31/99
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 39,734	\$ 20,163
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	53,840	57,370
Dry holes and abandonments	6,827	3,893
Equity in income of affiliate before income taxes	(2,494)	(2,679)
Amortization of deferred compensation	763	781
Gain on sale of securities and non-monetary investment income	(22,804)	(116)
Gain on sale of property, plant & equipment	(784)	(5,735)
Other, net	242	974
Change in assets and liabilities-		
Accounts receivable	8,731	6,953
Inventories	751	(1,088)
Prepaid expenses and other	(3,630)	(6,896)
Accounts payable	469	(15,216)
Accrued liabilities	(1,142)	(601)
Deferred income taxes	12,444	(954)
Other noncurrent liabilities	(1,148)	(2,039)
Total adjustments	52,065	34,647
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>91,799</b>	<b>54,810</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures, including dry hole costs	(47,411)	(74,002)
Proceeds from sales of property, plant and equipment	1,270	7,195
Purchase of investments	--	19
Proceeds from sale of investments	12,569	53
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(33,572)</b>	<b>(66,735)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	--	69,000
Payments made on notes payable	(5,000)	(54,300)
Dividends paid	(6,945)	(6,920)
Purchase of stock for treasury	(450)	--
Proceeds from exercise of stock options	1,382	375
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(11,013)</b>	<b>8,155</b>
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>47,214</b>	<b>(3,770)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>21,758</b>	<b>24,476</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 68,972</b>	<b>\$ 20,706</b>

**PART I. FINANCIAL INFORMATION**  
**HELMERICH & PAYNE, INC.**  
**CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY**  
(Restated-See Note 12)

(in thousands - except per share data)

	Common Stock		Paid-In Capital	Unearned Compensation	Retained Earnings	Treasury Stock		Accumulated Additional Other Comprehensive Income	Total
	Shares	Amount				Shares	Amount		
Balance, September 30, 1999	53,529	\$5,353	\$61,411	\$ (4,487)	\$745,956	3,903	\$ (35,306)	\$ 75,182	\$848,109
Comprehensive Income:									
Net Income					39,734				39,734
Other comprehensive income, net of tax - Unrealized gains on available-for-sale securities								24,947	24,947
Comprehensive income									64,681
Comprehensive income									763
Cash dividends (\$0.14 per share)					(6,955)				(6,955)
Exercise of Stock Options			638			(104)	941		1,579
Purchase of stock for treasury						21	(450)		(450)
Stock issued under Restricted Stock Award Plan			157	(248)		(10)	91		
Amortization of deferred compensation				725	38				763
Balance, March 31, 2000	53,529	\$5,353	\$62,206	\$ (4,010)	\$778,773	3,810	\$ (34,724)	\$100,129	\$907,727



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

**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**

1. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments, which other than the restatement adjustments described in Note 12, consist only of those of a normal recurring nature, necessary to present fairly the results of the periods presented. The results of operations for the three and six months ended March 31, 2000, and March 31, 1999, are not necessarily indicative of the results to be expected for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's 1999 Annual Report on Form 10-K and the Company's 2000 First Quarter Report on Form 10-Q.

2. The \$.07 cash dividend declared in December, 1999, was paid March 1, 2000. On March 1, 2000, a cash dividend of \$.07 per share was declared for shareholders of record on May 15, 2000, payable June 1, 2000.

3. Inventories consist of materials and supplies.

4. Income from investments includes \$5,996,000 and \$7,750,000 after-tax gains from sales of available-for-sale securities during the second quarter and first six months of fiscal 2000, respectively. After-tax gains from security sales were \$71,000 and \$-0- for the same periods in fiscal 1999. Also included in income from investments for the first six months of fiscal 2000 were gains related to a non-monetary dividend (\$9,509,000) and a non-monetary gain (\$719,000) on the conversion of shares of common stock of a Company investee pursuant to that investee being acquired. Net income from these two transactions was approximately \$6.3 million (\$0.13 per diluted share).

5. The following is a summary of available-for-sale securities, which excludes those accounted for under the equity method of accounting. The Company's investment in securities accounted for under the equity method is \$43,651,000.

	Cost	(Restated-See Note 12) Unrealized Gains	Unrealized Losses	Fair Value
	-----	-----	-----	-----
	(in thousands)			
Equity Securities 03/31/00	\$ 86,462	\$164,617	\$ 3,120	\$247,959
Equity Securities 09/30/99	\$ 76,057	\$122,369	\$ 1,108	\$197,318

**6. Comprehensive Income -**

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

	Three Months Ended March 31		Six Months Ended March 31	
	2000	1999	(Restated- See Note 12) 2000	1999
	-----	-----	-----	-----
Net Income	\$19,273	\$ 7,352	\$39,734	\$20,163
Unrealized gain on available-for-sale securities	21,133	10,746	24,947	9,235
Comprehensive Income	\$40,406	\$18,098	\$64,681	\$29,398
	=====	=====	=====	=====

The only component of accumulated comprehensive income is unrealized gains on available-for-sale securities.

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

7. Notes Payable and Long-term Debt -

At March 31, 2000, the Company had committed bank lines of credit totaling \$110 million; \$60 million may be borrowed through May 2000, and \$50 million may be borrowed through October 2003. The Company anticipates that it will renew \$35 million out of the \$60 million in credit lines set to expire in May 2000. Collectively, the Company had \$50 million in outstanding borrowings and outstanding letters of credit totaling \$7.5 million at March 31, 2000. The average rate on the borrowings at March 31, 2000, was 5.38 percent, including the estimated effect of an interest rate swap described below.

Concurrent with a \$50 million borrowing under one of its committed facilities, the Company has entered into a 5-year, \$50 million interest rate swap, which closely correlates with the terms and maturity of the facility. The swap effectively fixes the interest rate on this facility at 5.38% for the entire 5 year term of the note.

8. Earnings per Share -

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

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

(in thousands) -----	Three Months Ended		Six Months Ended	
	March 31		March 31	
	2000	1999	2000	1999
-----	-----	-----	-----	-----
Basic weighted-average shares	49,442	49,198	49,434	49,190
Effect of dilutive shares:				
Stock options	377	382	356	427
Restricted stock	9	14	6	12
	-----	-----	-----	-----
	386	396	362	439
	-----	-----	-----	-----
Diluted weighted-average shares	49,828	49,594	49,796	49,629
	=====	=====	=====	=====

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 weighted-average price of \$32.40 were outstanding at March 31, 2000, 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.

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

9. New Accounting Pronouncements -

The Financial Accounting Standards Board has issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", (SFAS 133). SFAS 133 is effective for fiscal years beginning after June 15, 2000. This standard requires that all derivatives be recognized as assets or liabilities in the balance sheet and that those instruments be measured at fair value. The Company has not yet determined what the effect of SFAS 133 will be on the earnings and the financial position of the Company.

10. Restricted Stock Awards -

In the first quarter of fiscal year 2000, the Company issued to certain employees 10,000 shares of treasury stock as restricted stock awards under the 1996 Stock Incentive Plan. The Company recognized unearned compensation of \$248,000, which was the fair market value of the stock at the time of issuance. Treasury stock was reduced by the book value of the shares issued (\$90,451) with the difference recognized as an increase in paid-in-capital. The unearned compensation is being amortized over a five-year period as compensation expense.

11. Segment Information -

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. Intersegment sales are accounted for in the same manner as sales to unaffiliated customers. Other includes investments in available-for-sale securities, equity owned investments, as well as corporate operations.

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

Summarized financial information of the Company's reportable segments for the six months ended March 31, 2000, and 1999, is shown in the following table:

(Restated-See Note 12) (in thousands)	External Sales	Inter- Segment	Total Sales	Operating Profit
-----				
March 31, 2000				
CONTRACT DRILLING				
Domestic	\$ 103,636	\$ 1,201	\$ 104,837	\$ 14,672
International	66,368	--	66,368	3,813
	-----	-----	-----	-----
	170,004	1,201	171,205	18,485
	-----	-----	-----	-----
OIL & GAS OPERATIONS				
Exploration & Prod.	64,258	--	64,258	25,139
Natural Gas Mktg.	36,149	--	36,149	2,784
	-----	-----	-----	-----
	100,407	--	100,407	27,923
	-----	-----	-----	-----
REAL ESTATE	4,480	775	5,255	2,728
OTHER	26,538	--	26,538	--
ELIMINATIONS	--	(1,976)	(1,976)	--
	-----	-----	-----	-----
TOTAL	\$ 301,429	\$ --	\$ 301,429	\$ 49,136
	=====	=====	=====	=====
(in thousands)	External Sales	Inter- Segment	Total Sales	Operating Profit (Loss)
-----				
March 31, 1999				
CONTRACT DRILLING				
Domestic	\$ 118,135	\$ 1,946	\$ 120,081	\$ 19,368
International	104,538	--	104,538	19,023
	-----	-----	-----	-----
	222,673	1,946	224,619	38,391
	-----	-----	-----	-----
OIL & GAS OPERATIONS				
Exploration & Prod.	45,277	--	45,277	(1,765)
Natural Gas Mktg.	24,656	--	24,656	1,980
	-----	-----	-----	-----
	69,933	--	69,933	215
	-----	-----	-----	-----
REAL ESTATE	4,288	762	5,050	2,661
OTHER	2,344	--	2,344	--
ELIMINATIONS	--	(2,708)	(2,708)	--
	-----	-----	-----	-----
TOTAL	\$ 299,238	\$ --	\$ 299,238	\$ 41,267
	=====	=====	=====	=====

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

Summarized financial information of the Company's reportable segments for the quarters ended March 31, 2000, and 1999, is shown in the following table:

(in thousands)	External Sales	Inter- Segment	Total Sales	Operating Profit
-----	-----	-----	-----	-----
March 31, 2000				
CONTRACT DRILLING				
Domestic	\$ 53,417	\$ 692	\$ 54,109	\$ 8,161
International	32,167	--	32,167	1,303
	-----	-----	-----	-----
	85,584	692	86,276	9,464
	-----	-----	-----	-----
OIL & GAS OPERATIONS				
Exploration & Prod.	34,140	--	34,140	12,445
Natural Gas Mktg.	17,834	--	17,834	1,834
	-----	-----	-----	-----
	51,974	--	51,974	14,279
	-----	-----	-----	-----
REAL ESTATE	2,238	387	2,625	1,343
OTHER	12,052	--	12,052	--
ELIMINATIONS	--	(1,079)	(1,079)	--
	-----	-----	-----	-----
TOTAL	\$ 151,848	\$ --	\$ 151,848	\$ 25,086
	=====	=====	=====	=====
(in thousands)	External Sales	Inter- Segment	Total Sales	Operating Profit (Loss)
-----	-----	-----	-----	-----
March 31, 1999				
CONTRACT DRILLING				
Domestic	\$ 72,150	\$ 554	\$ 72,704	\$ 11,704
International	49,853	--	49,853	9,082
	-----	-----	-----	-----
	122,003	554	122,557	20,786
	-----	-----	-----	-----
OIL & GAS OPERATIONS				
Exploration & Prod.	18,849	--	18,849	(6,270)
Natural Gas Mktg.	11,481	--	11,481	1,039
	-----	-----	-----	-----
	30,330	--	30,330	(5,231)
	-----	-----	-----	-----
REAL ESTATE	2,095	377	2,472	1,270
OTHER	946	--	946	--
ELIMINATIONS	--	(931)	(931)	--
	-----	-----	-----	-----
TOTAL	\$ 155,374	\$ --	\$ 155,374	\$ 16,825
	=====	=====	=====	=====

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

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

	Quarter Ended		Six Months Ended (Restated- See Note 12)	
	03/31/00 -----	03/31/99 -----	03/31/00 -----	03/31/99 -----
Segment operating profit	\$ 25,086	\$ 16,825	\$ 49,136	\$ 41,267
Unallocated amounts:				
Income from investments	11,607	1,332	25,994	2,678
General corporate expense	(3,334)	(4,527)	(6,155)	(8,117)
Interest expense	(801)	(1,877)	(1,622)	(3,479)
Corporate depreciation	(417)	(332)	(804)	(693)
Other corporate expense	(20)	(901)	(218)	(1,257)
	-----	-----	-----	-----
Total unallocated amounts	7,035	(6,305)	17,195	(10,868)
	-----	-----	-----	-----
Income before income taxes and equity in income of affiliate	\$ 32,121 =====	\$ 10,520 =====	\$ 66,331 =====	\$ 30,399 =====

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

	Quarter Ended		Six Months Ended (Restated- See Note 12)	
	03/31/00 -----	03/31/99 -----	03/31/00 -----	03/31/99 -----
Revenues				
United States	\$119,681	\$105,521	\$235,061	\$194,700
Venezuela	8,835	15,600	17,882	37,918
Colombia	11,204	17,515	23,448	34,646
Other Foreign	12,128	16,738	25,038	31,974
	-----	-----	-----	-----
Total	\$151,848 =====	\$155,374 =====	\$301,429 =====	\$299,238 =====

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

12. Restatement of Amounts Previously Reported -

Subsequent to the issuance of the Company's financial statements as of and for the three and nine month periods ended June 30, 2000, the Company determined that the results of operations for the quarterly period ended December 31, 1999 and the year-to-date results of operations and financial position as of and for December 31, 1999, March 31, 2000, and June 30, 2000, required restatement. The restatements are the result of treating certain non-monetary investment transactions which occurred in the first quarter of fiscal 2000 as unrealized gains in other comprehensive income, when they should have been treated as realized gains in the Consolidated Condensed Statements of Income. The impact of the restatement was to increase first quarter and year-to-date income from investments by \$10,228,000 and net income by \$6,341,000 (\$0.13 per diluted share) with a corresponding reduction to other comprehensive income. All related amounts and disclosures herein reflect the results of this restatement. See Note 4 for additional discussion.

**PART I. FINANCIAL INFORMATION**  
**HELMERICH & PAYNE, INC.**  
**REVENUES AND INCOME BY BUSINESS SEGMENTS**  
**(UNAUDITED)**

(in thousands)

	Fiscal Year 2000		FY 1999	
	(Restated- See Note 12)		(Restated- See Note 12)	
	1st Qtr	2nd Qtr	Six Mos.	Six Mos.
	-----	-----	-----	-----
<b>SALES AND OTHER REVENUES:</b>				
Contract Drilling-Domestic	\$ 50,219	\$ 53,417	\$ 103,636	\$ 118,135
Contract Drilling-International	34,201	32,167	66,368	104,538
	-----	-----	-----	-----
Total Contract Drilling	84,420	85,584	170,004	222,673
	-----	-----	-----	-----
Exploration and Production	30,118	34,140	64,258	45,277
Natural Gas Marketing	18,315	17,834	36,149	24,656
	-----	-----	-----	-----
Total Oil & Gas Operations	48,433	51,974	100,407	69,933
	-----	-----	-----	-----
Real Estate	2,242	2,238	4,480	4,288
Other	14,486	12,052	26,538	2,344
	-----	-----	-----	-----
<b>TOTAL REVENUES</b>	<b>\$ 149,581</b>	<b>\$ 151,848</b>	<b>\$ 301,429</b>	<b>\$ 299,238</b>
	=====	=====	=====	=====
<b>OPERATING PROFIT (LOSS):</b>				
Contract Drilling-Domestic	\$ 6,511	\$ 8,161	\$ 14,672	\$ 19,368
Contract Drilling-International	2,510	1,303	3,813	19,023
	-----	-----	-----	-----
Total Contract Drilling	9,021	9,464	18,485	38,391
	-----	-----	-----	-----
Exploration and Production	12,694	12,445	25,139	(1,765)
Natural Gas Marketing	950	1,834	2,784	1,980
	-----	-----	-----	-----
Total Oil & Gas	13,644	14,279	27,923	215
	-----	-----	-----	-----
Real Estate	1,385	1,343	2,728	2,661
	-----	-----	-----	-----
Total Operating Profit	24,050	25,086	49,136	41,267
	-----	-----	-----	-----
<b>OTHER</b>	<b>10,160</b>	<b>7,035</b>	<b>17,195</b>	<b>(10,868)</b>
	-----	-----	-----	-----
<b>INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE</b>	<b>\$ 34,210</b>	<b>\$ 32,121</b>	<b>\$ 66,331</b>	<b>\$ 30,399</b>
	=====	=====	=====	=====

See accompanying notes to financial statements.



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**HELMERICH & PAYNE, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS**  
**OF OPERATIONS AND FINANCIAL CONDITION**  
MARCH 31, 2000

**RISK FACTORS AND FORWARD-LOOKING STATEMENTS**

The following discussion should be read in conjunction with the consolidated financial statements, notes and management's narrative analysis contained in the Company's 1999 Annual Report on Form 10-K and the Company's 2000 First Quarter Report on Form 10-Q and the condensed consolidated financial statements and related notes included elsewhere herein. See Note 12 of the Notes to Consolidated Condensed Financial Statements for a discussion of the effects of the restatement of the financial statements as of and for the six month period ended March 31, 2000. The Company's future operating results may be affected by various trends and factors, which are beyond the Company's control. These include, among other factors, fluctuations in natural gas and crude oil prices, expiration or termination of drilling contracts, currency exchange losses, changes in general economic conditions, rapid or unexpected changes in technologies and uncertain business conditions that affect the Company's businesses. Accordingly, past results and trends should not be used by investors to anticipate future results or trends.

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

**RESULTS OF OPERATIONS**

**SECOND QUARTER 2000 VS SECOND QUARTER 1999**

The Company reported net income of \$19,273,000 (\$0.39 per share) from revenues of \$151,848,000 for the second quarter ended March 31, 2000, compared with net income of \$7,352,000 (\$0.15 per share) from revenues of \$155,374,000 for the second quarter of the prior fiscal year. Net income in the second quarter of fiscal 2000 included \$5,996,000 (\$0.12 per share) from the sale of investment securities. There were no sales of investment securities in the second quarter of fiscal 1999.

**EXPLORATION & PRODUCTION**

Exploration and Production reported operating profit of \$12,445,000 for the second quarter compared with a loss of \$6,270,000 for the same period of fiscal 1999. Oil and gas revenues increased to \$34.1 million from \$18.8 million.

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Natural gas revenues increased \$10.7 million, or 62 percent, due primarily to higher gas prices (50 percent) and natural gas volumes (9 percent). Oil revenues increased \$4.6 million, or 286 percent, as oil prices more than doubled from the second quarter of fiscal 1999. Natural gas prices averaged \$2.25 per mcf and \$1.50 per mcf for the second quarter of fiscal 2000 and 1999, respectively. Natural gas volumes averaged 136.6 mmcf/d and 125.2 mmcf/d, respectively. Crude oil prices averaged \$27.33 per bbl and \$11.21 per bbl for the second quarter of fiscal 2000 and 1999, respectively. Crude oil volumes averaged 2,383 bbls/d and 1,687 bbls/d, respectively.

Exploration expenses increased in the quarter as the result of an increased exploration budget. Dry hole costs increased \$1.7 million, depreciation and depletion increased \$1.4 million and geophysical expense increased \$0.7 million. Last year's second quarter was negatively impacted by an \$8.9 million FAS 121 impairment charge.

The Company participated in an additional 12 wells during the second quarter, bringing the total wells drilled during the fiscal year to 41.

#### **DOMESTIC DRILLING**

Domestic Drilling's operating profit decreased \$3.5 million, due primarily to lower margins in land operations, decrease in rig utilization in offshore operations (92 percent vs 98 percent), and a \$0.7 million increase (9 percent) in depreciation. Also included in the second quarter operating profit was final earnings of \$1.1 million from the Company's Jade construction project, compared with \$1.9 million in the second quarter of 1999. Land rig utilization was 82 percent for the quarter compared with 74 percent in the second quarter of fiscal 1999.

The Company recently announced plans to add four new highly-mobile, medium-depth rigs to its domestic fleet in an improving domestic land rig market. These rigs should be available in fiscal 2001.

#### **INTERNATIONAL DRILLING**

International Drilling's operating profit decreased to \$1.3 million from \$9.1 million. Revenues decreased to \$32.2 million from \$49.9 million. The decrease in operating profit is due primarily to lower rig utilization in Venezuela, Colombia and Australia and lower dayrates in Venezuela and Colombia. International rig utilization averaged 45 percent during the second quarter and 56 percent during last year's second quarter.

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**OTHER**

Other revenues increased approximately \$11 million over last year, with \$9.7 million due to gains from the sale of available-for-sale securities and \$0.5 million due to an increase in interest income. Interest expense decreased to \$0.8 million from \$1.9 million because of a substantial reduction in short-term debt. Corporate general and administrative costs decreased to \$3.3 million from \$4.5 million, due primarily to significantly reduced aircraft maintenance expense and increased allocation to drilling operations as the result of increased rig activity.

The Company's effective income tax rate increased to 43 percent for the quarter compared to 38.5 percent for the second quarter of last year. The increase is due primarily to a larger proportion of income earned in higher tax rate jurisdictions in the Company's international drilling operations. The effective tax rate of 43 percent for fiscal 2000 could increase slightly if projected operating results are not achieved.

**SIX MONTHS ENDED MARCH 31, 2000 VS SIX MONTHS ENDED MARCH 31, 1999**

The Company reported net income of \$39,734,000 (\$0.80 per share) from revenues of \$301,429,000 for the six months ended March 31, 2000, compared with net income of \$20,163,000 (\$0.41 per share) from revenues of \$299,238,000 for the first six months of the prior fiscal year. Net income in the first six months of fiscal 2000 included \$8,152,000 (\$0.16 per share) from the sale of investment securities versus \$71,000 in the same period of last year.

**EXPLORATION AND PRODUCTION**

Exploration and Production reported an operating profit of \$25,139,000 for the first six months compared with an operating loss of \$1,765,000 for the same period of fiscal 1999. Oil and gas revenues increased to \$64.3 million from \$45.3 million.

Natural gas revenues increased \$17.2 million, or 47 percent, due primarily to higher gas prices (38 percent) and natural gas volumes (6 percent). Oil revenues increased \$6.5 million, or 181 percent, as oil prices more than doubled from the first six months of fiscal 1999. Natural gas prices averaged \$2.27 per mcf and \$1.64 per mcf for the first six months of fiscal 2000 and 1999, respectively. Natural gas volumes averaged 130.1 mmcf/d and 122.5 mmcf/d, respectively. Crude oil prices averaged \$25.64 per bbl and \$11.23 per bbl for the first six months of fiscal 2000 and 1999, respectively. Crude oil volumes averaged 2,134 bbls/d and 1,755 bbls/d, respectively.

Included in revenues for the first six months of fiscal 1999 were gains from the sale of producing properties of approximately \$4.6 million. Fiscal 1999 also included a \$9.6 million FAS 121 impairment charge, which is included in depreciation and depletion. Fiscal 2000 exploration expenses were higher, including increases in dry hole costs (\$2.1 million), impairment of undeveloped leases (\$1.0 million) and depreciation and depletion (\$2.2 million). Geophysical expense decreased to \$2.4 million from \$6.6 million in fiscal 1999.

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As previously announced, the Company has completed, or was in the process of completing during the first six months, 37 out of 41 wells in which the Company has participated. Four have been deemed dry holes. Current net producing rates from 29 of the 37 successful wells are 27 mmcf/d and 518 barrels of oil per day. Eight additional wells are in the process of being completed or are waiting on pipeline connection.

**DOMESTIC DRILLING**

Domestic Drilling's operating profit decreased \$4.7 million, due primarily to lower margins in land operations, a \$2.2 million increase in depreciation, or 15 percent, and lower earnings from the Company's Jade construction project (\$1.1 million in fiscal 2000 vs \$2.6 million in 1999). Land rig utilization for the first six months of fiscal 2000 was 79 percent, compared with 80 percent in 1999. Offshore rig utilization for the same periods was 96 percent and 99 percent, respectively.

**INTERNATIONAL DRILLING**

International Drilling's operating profit decreased to \$3.8 million from \$19 million. Revenues decreased to \$66.4 million from \$104.5 million. The decrease in operating profit is due primarily to lower rig utilization in Venezuela, Colombia and Australia and lower dayrates in Venezuela and Colombia. International rig utilization averaged 46 percent during the first six months, and 60 percent during last year's first six months.

**OTHER**

Other revenues increased approximately \$24 million over last year, with \$12.5 million due to gains from the sale of available-for-sale securities and \$0.5 million due to an increase in interest income. The increase also includes gains related to a non-monetary dividend (\$9.5 million) and a non-monetary gain (\$.7 million) on the conversion of shares of common stock of a Company investee pursuant to that investee being acquired. Net income from these two transactions was approximately \$6.3 million (\$0.13 per diluted share). See Note 12 regarding restated financials related to these transactions. Interest expense decreased to \$1.6 million from \$3.5 million because of a substantial reduction in short-term debt. Corporate general and administrative costs decreased to \$6.2 million from \$8.1 million, due primarily to significantly reduced aircraft maintenance expense and increased allocation to drilling operations as the result of increased rig activity.

The Company's effective income tax rate increased to 43 percent compared to 39 percent for the first six months of 1999. The increase is due primarily to a larger proportion of income earned in higher tax rate jurisdictions in the Company's international drilling operations. The effective tax rate of 43 percent for fiscal 2000 could increase slightly if projected operating results are not achieved.

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**LIQUIDITY AND CAPITAL RESOURCES**

Net cash provided by operating activities was \$91,799,000 for the first six months of fiscal 2000, compared with \$54,810,000 for the same period in 1999. Capital expenditures were \$47,411,000 and \$74,002,000 for the first six months of fiscal 2000 and 1999, respectively.

The Company anticipates capital expenditures to be approximately \$150 million for fiscal 2000, which is less than projected for internally generated cash flows. The Company's indebtedness totaled \$50,000,000 as of March 31, 2000, as described in note 7 to the Consolidated Condensed Financial Statements.

During the second quarter, the Company purchased 20,600 shares of the Company's common stock under the previously approved stock repurchase program that authorizes the purchase of up to an additional 1,000,000 shares of the Company's common stock.

There were no other significant changes in the Company's financial position since September 30, 1999.

**YEAR 2000 COMPLIANCE**

During the past year the Company implemented various initiatives in an attempt to ensure that its hardware, software and equipment function properly with respect to dates before and after January 1, 2000 (the "Y2K Project"). The Company implemented the Y2K Project in four phases: identification, assessment, remediation and testing. The Company completed identification and assessment of all major systems that it believed could be affected by the Year 2000 issue. In response to the identification and assessment, the Company completed the remediation phase for all major Information Technology and Non-Information Technology systems. The Company completed system testing and implementation of all Y2K Project initiatives before the end of 1999.

Additionally, the Company canvassed important raw material and service suppliers for Year 2000 compliance. The search did not reveal any irreplaceable suppliers that would materially impact our results of operations, liquidity or capital resources.

The total cost of our Year 2000 project was approximately \$800,000, which was funded through the Company's general funds.

To date, the Company has not experienced any significant Year 2000 related system failures nor, to our knowledge, have any of our irreplaceable suppliers. The Company intends to continue to monitor and test its systems for ongoing Year 2000 compliance; however, we cannot guarantee that our computer system or the systems of other companies upon which our operations rely will not be adversely affected by problems associated with the Year 2000 issue.

**PART II. OTHER INFORMATION**  
**HELMERICH & PAYNE, INC.**

March 31, 2000

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

The Annual Meeting of Stockholders of Helmerich & Payne, Inc. was held on March 1, 2000, for the purpose of electing three members of the Board of Directors. No other matters were submitted for vote to the stockholders. Proxies for the meeting were solicited by and on behalf of the management of Helmerich & Payne, Inc., and there was no solicitation in opposition to management's solicitation. Each of management's incumbent nominees for directorship were elected by the affirmative vote of a plurality of the shares of voted common stock. The number of votes for and withheld from each Director, respectively, were as follows: W. H. Helmerich, III, 41,300,294 for and 600,723 withheld; Glenn A. Cox, 41,318,945 for and 582,072 withheld; and Edward B. Rust, Jr., 41,324,974 for and 576,045 withheld. There were no broker non-votes or other abstentions. The other Directors whose term of office as Director continued after the meeting are Hans Helmerich, George S. Dotson, George A. Schaefer, William L. Armstrong, L. F. Rooney, III, and John D. Zeglis.

**Item 6(b) Reports on Form 8-K**

There were no reports on Form 8-K for the three months ended March 31, 2000.

**SIGNATURES**

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

*Date: DECEMBER 19, 2000*

*/s/ DOUGLAS E. FEARS*

-----  
*Douglas E. Fears, Chief Financial Officer*

*Date: DECEMBER 19, 2000*

*/s/ HANS C. HELMERICH*

-----  
*Hans C. Helmerich, President*

## EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
27	Financial Data Schedule

**ARTICLE 5**

RESTATED - SEE NOTE 12 TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	SEP 30 2000
PERIOD START	OCT 01 1999
PERIOD END	MAR 31 2000
CASH	68,972
SECURITIES	291,610
RECEIVABLES	93,373
ALLOWANCES	2,506
INVENTORY	24,655
CURRENT ASSETS	202,324
PP&E	1,483,037
DEPRECIATION	805,790
TOTAL ASSETS	1,190,229
CURRENT LIABILITIES	66,231
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	5,353
OTHER SE	902,374
TOTAL LIABILITY AND EQUITY	1,190,229
SALES	275,435
TOTAL REVENUES	301,429
CGS	223,569
TOTAL COSTS	223,569
OTHER EXPENSES	4,052
LOSS PROVISION	(300)
INTEREST EXPENSE	1,622
INCOME PRETAX	66,331
INCOME TAX	28,142
INCOME CONTINUING	39,734
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	39,734
EPS BASIC	.80
EPS DILUTED	.80

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