HELMERICH & PAYNE, INC.

FORM 10-K
(Annual Report)

Filed 12/22/95 for the Period Ending 09/30/95

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-K
(Annual Report)

Filed 12/22/1995 For Period Ending 9/30/1995

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

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1995

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 X 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, 1995, the aggregate market value of the voting stock held by non-affiliates was $674,214,412.

Number of shares of common stock outstanding at December 15, 1995:
24,764,620.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Annual Report to Shareholders for the fiscal year ended September 30, 1995 -- Parts I, II, and IV.

(2) Proxy Statement for Annual Meeting of Security Holders to be held March 6, 1996 -- Part III.

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, 1995

PART I

Item 1. BUSINESS

Helmerich & Payne, Inc., incorporated under the laws of the State of Delaware on February 3, 1940, and successor to a business originally organized in 1920, is engaged primarily 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 manufacture and distribution of odorants for use in the gas transmission and distribution industry, and in the ownership, development, and operation of commercial real estate.

The Registrant is organized into four separate autonomous operating divisions being contract drilling; oil and gas exploration, production and natural gas marketing; chemicals; 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, conduct 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 effort is 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, Florida, and Mississippi. Substantially all of the Registrant's gas production is sold to and resold by a marketing subsidiary. This subsidiary also purchases gas from unaffiliated third parties for resale.

The Registrant's contract drilling is primarily conducted domestically in Alabama, Oklahoma, Texas, Mississippi, and Louisiana, and offshore from platforms in the Gulf of Mexico and offshore California. The Registrant has also operated during fiscal 1995 in six international locations: Venezuela, Ecuador, Colombia, Trinidad and Tobago, Yemen, and Bolivia.

The Registrant's odorants are manufactured in its plant in Baytown, Texas, and 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 in deep drilling in major gas producing basins of the United States and in drilling for oil and gas in remote areas of the world. For its international operations, the Registrant also constructs and operates 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, which are the companies generally engaged in deep drilling. The Registrant also drills for its own oil and gas division. In South America, the Registrant's current customers include the Venezuelan state petroleum companies and major international oil companies.

British Petroleum Company, P.L.C., including its affiliates, ("BP") is the Registrant's largest single customer. The Registrant performs drilling services for BP, both domestically and internationally. Each drilling rig operates under a separate contract. The Registrant believes that its relationship with BP is good. Revenues from drilling services performed for BP in fiscal 1995 accounted for approximately 18% of the Registrant's consolidated revenues for the same period.

The Registrant provides drilling equipment, personnel, and camps for others on a contract basis for exploration and development of onshore areas and for development from fixed platforms in offshore areas. Each of the drilling rigs consists of engines, drawworks, a mast, pumps to circulate the drilling fluid, 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 helicopter rig is one that can be disassembled into component part loads of 4,000 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 (on a smaller scale than the drilling rigs). 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.

The Registrant's contracts for drilling are obtained through competitive bidding or as a result of negotiations with customers, and sometimes cover multi-well and multi-year projects. 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. Current market conditions involve an oversupply of drilling rigs for the work available. As a consequence, the Registrant is and will be performing and bidding for contracts on a combination "footage" and "daywork" basis, under which the Registrant charges 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. Market conditions have also led the Registrant to accept "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. The Registrant believes that under current market conditions "daywork" basis contract rates are too low to adequately compensate contractors and that "footage" and "turnkey" basis contract rates do not adequately compensate contractors for the added risks. However, the Registrant intends to remain in the drilling contracting business in anticipation of a return to more favorable market conditions. Contracts for use of the Registrant's drilling equipment 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, and 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, although the contracting parties have no legal obligation to do so. Contracts generally contain renewal or extension provisions exercisable at the option of the customer at prices mutually agreeable to the Registrant and the customer, and in most instances 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, increasingly government owned petroleum companies are 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, 1995, the Registrant had 31 of a total of 41 available rigs operating in the United States and had management contracts for two operator owned rigs in offshore California.

The Registrant is competitively strongest in deep drilling rigs. Twenty-three of its existing rigs are capable of drilling to depths in excess of 20,000 feet.

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. The Registrant presently owns and operates 18 drilling rigs in Venezuela and has labor contracts to operate two government-owned drilling rigs in Venezuela. The Registrant had a utilization rate of 89% for these rigs during fiscal 1995. The Registrant worked for all three government owned producing companies in Venezuela (Corpoven, Maraven and Lagoven) during the fiscal year ended September 30, 1995. Collectively, revenues from the three producing companies amounted to approximately 13% of the Registrant's consolidated revenues during fiscal 1995. The Registrant believes its relations with such producing companies are good.

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.

The Registrant's operations in Colombia continue to increase. The Registrant presently owns and operates ten drilling rigs in Colombia. The Registrant's utilization rate for such rigs was 87% during fiscal 1995. During fiscal 1995 the revenue generated by Colombian drilling operations contributed approximately 16.6% of the Registrant's consolidated revenues.

In addition to its operations in Venezuela and Colombia, the Registrant in fiscal 1995 owned and operated four rigs in Ecuador, one rig in Trinidad and Tobago, one rig in Bolivia, and one rig in Yemen. During 1995, the rig located in Yemen was moved to Bolivia. In Ecuador, Trinidad and Tobago, and Bolivia, the contracts are with large international oil companies.

In August of 1994, a newly formed venture owned 50% by the Registrant and 50% by its affiliate, Atwood Oceanics, Inc., was awarded a term contract in Australia for the design, construction and operation of a new generation platform rig. The rig, which incorporates some of the latest technology in instrumentation and remote control mechanization of drilling equipment, was recently completed. While the platform operator has postponed commencement of mobilization to Australia until March of 1997, the operator will pay the venture a holding rate during the postponement.

The Registrant was recently awarded a three-year term contract to provide platform drilling services for a major oil company in the Gulf of Mexico. The Registrant should complete construction in December of 1995 of a new generation rig for installation upon a tension leg platform. The tension leg platform concept allows platform drilling operations to be conducted at significantly greater water depths. Drilling operations are expected to commence in the spring of 1996. The same major oil company entered into a letter of intent for the Registrant's construction of a second rig which is to be installed on a tension leg platform in approximately 3,200 feet of water in the Gulf of Mexico. A three-year term drilling contract for the second rig is currently being finalized with rig construction scheduled to be completed and the contract to commence in December, 1996.

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. 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, and safety and environmental awareness.

The Registrant made a commitment to deep drilling in the early 1970's. During the past several years, there has been what appears to the Registrant to be an oversupply of unregulated natural gas. As a result, the demand for deep drilling for gas has decreased.

Regulations and Hazards

The drilling operations of the Registrant are subject to the many hazards inherent in the business, including blowouts and well fires, which 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 is adequately insured, with coverage for comprehensive general liability, public liability, property damage (including insurance against loss by fire and storm, blowout, and cratering risks), and employer's liability. No insurance is carried against loss of earnings. The Registrant's present coverage has been contracted through fiscal 1996. 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 1996 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 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, any of which changes 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, in certain areas the Registrant's operations may, in the future, 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 or pursuant to such arrangements nor the restructuring of existing operations along such lines 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 1995, approximately 33% of the Registrant's consolidated revenues were generated from international contract drilling operations. Over 90% of the international revenues were from Venezuela, Colombia, and Ecuador. Exposure to potential losses from currency devaluation is minimal in the countries of Colombia and Ecuador. 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 65% of the Registrant's revenues are in U.S. dollars and the other 35% are in the local currency, the Bolivar. The Registrant is exposed to certain 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. It is estimated that the Registrant will not experience a material loss, if any, from such devaluation.

It is uncertain when the government will again adjust the exchange rate, but the Registrant does not expect losses from future adjustments in the exchange rate to be material. The Registrant has been able to offset some of the devaluation exposure through a government approved mechanism which allows the purchase of local currency at favorable market exchange rates.

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 environmental damages, except in certain cases of surface pollution, but 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. Further legislation or regulation may reasonably be anticipated, and the effect thereof on operations cannot be predicted.

OIL AND GAS DIVISION

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, Florida, Michigan, Mississippi, and the Rocky Mountain area.

A reorganization of the Registrant's exploration and production division was accomplished in September, 1995. This action resulted in the consolidation or elimination of several management positions, the elimination of several consulting geologists, and the formation of several geographical exploitation teams. These teams are comprised of geological, engineering, and land personnel who will primarily develop in-house oil and gas prospects as well as review a limited number of outside prospects and acquisitions for their respective geographical areas. The Registrant believes that this structure will allow each team to gain greater expertise in its respective geographical area and will encourage the development of successful prospects.

Most of the current exploration and production employees were retained in the reorganized division. The Registrant expects that the total number of employees within the division during fiscal 1996 will remain approximately the same. The reorganized division will be managed by the Registrant's Vice President of Production.

During the past fiscal year, the Registrant has continued to reduce its expenditures for exploration of fractured Austin Chalk reservoirs in central Louisiana and has elected to allow certain oil and gas leases covering approximately 52,663 net acres to expire. The Registrant's present efforts are concentrated in the western portion of its acreage located primarily in Vernon and Rapides Parishes, Louisiana. During 1994, OXY USA drilled an Austin Chalk well, adjacent to a substantial acreage position of the Registrant. A second well offsetting the original well has been commenced. The Registrant did not participate as a working interest owner in either of these wells, but retained an overriding royalty interest. In addition, the Registrant reached an agreement with another exploration and production company whereby the Registrant will reduce its interest in certain of its acreage in return for payment of all of the Registrant's share of drilling and completion costs in a minimum of two (2) Austin Chalk wells. The first well has been drilled and is presently being tested. The Registrant will monitor production from these wells to assist in the determination of the amount of its participation, if any, in additional drilling in the area and the extent of its continued payment of annual rentals.

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 1995, the Registrant participated in 46 development and/or wildcat wells, which resulted in new discoveries of approximately 8.8 bcf of gas and 328,539 barrels of oil and condensate. The Registrant participated in 13 additional development wells, which resulted in the development of approximately 3.0 bcf of gas and 4,404 barrels of oil and condensate which was previously classified as proved undeveloped or proved developed nonproducing reserves. A total of $23,199,430 was spent in the Registrant's exploration and development program during fiscal 1995. This figure is exclusive of expenditures for acreage and acquisitions of proved oil and gas reserves. The Registrant's total company-wide acquisition cost for acreage in fiscal 1995 was $1,564,986.

The Registrant spent $1,228,071 for the acquisition of proved oil and gas reserves during fiscal 1995. Reserves from such acquisitions totaled approximately 1.9 bcf of natural gas and 310 barrels of crude oil and condensate. In addition, the Registrant sold 47 properties for $325,126. The reserves associated with these sales were approximately 116,000 mcf of natural gas and 26,251 barrels of crude oil.

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, 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 wholly owned 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 or development wells. Although the market for natural gas has been in a state of over-supply for the past several years, the Registrant is of the opinion that the supply/demand for natural gas is moving towards a state of equilibrium. Winter demand and its effect on gas storage has a significant effect on natural gas pricing. The stability of short-term prices for natural gas will largely depend upon the demand during the heating season and the reduction of storage throughout the United States. Other causes affecting supply/demand imbalances may be federal regulation of the market; large quantities of developed gas reserves in Canada and Mexico available for export by pipelines to the United States; fuel switching between fuel oil and natural gas; development of coalbed methane; and development of large quantities of liquefied natural gas in Trinidad and Tobago and Africa available for export to the United States.

Historically, the Registrant has had no long-term sales contracts for its crude oil and condensate production. The Registrant continues its recent 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 higher than posted prices for such crude oil production.

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 continues to believe that it should prepare for increased exploration activity without committing to a definite drilling timetable involving large expenditures. The Registrant also believes that the intense competition for the acquisition of gas producing properties will continue. Through its acquisition experience, the Registrant believes it can still remain competitive and intends to continue purchasing quality long-life oil and gas reserves. The Registrant's competitors include major oil companies, other independent oil companies, and individuals, many of whom have financial resources, staffs, and facilities substantially larger than those of the Registrant. In addition, many of the Registrant's competitors purchase reserves based upon price forecasts and reserve evaluations, which the Registrant believes are substantially higher than the Registrant's price forecasts and reserve evaluations. Many major oil companies have committed much of their resources to offshore and international acquisitions and exploration. Although the effect of these competitive factors on the Registrant cannot be predicted with certainty, it would appear that the withdrawal of major oil companies from domestic exploration and production will provide increased domestic opportunities for the Registrant.

The Registrant's fiscal 1996 exploration and production budget of approximately $28,000,000 is 29.4% greater than its actual exploration and production expenditures in fiscal 1995.

The Registrant intends to continue to pursue the purchase of proven producing properties and to avail itself of the opportunities for drilling and development.

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 its oil and gas operations currently are not materially affected by such laws.

The domestic production and sale of oil and gas are also subject to regulation by United States federal authorities including the Federal Energy Regulatory Commission ("FERC").

Regulatory Controls

The Registrant is subject to regulation by the FERC with respect to various aspects of its domestic natural gas operations under the Natural Gas Act ("NGA") and the Natural Gas Policy Act of 1978.

The Natural Gas Wellhead Decontrol Act of 1989 amended both the price and non-price decontrol provisions of the Natural Gas Policy Act of 1978 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.

On April 8, 1992; August 3, 1992; and November 27, 1992, the FERC issued Order 636, Order 636-A, and Order 636- B (collectively, "Order 636"), respectively, 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. Order 636 has been implemented through individual interstate pipeline restructuring proceedings. 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. Appeals of Order 636 are currently pending and the Registrant cannot predict the ultimate outcome of court review. Order 636 may be reversed in whole or in part on review. Individual restructuring orders may also be reversed in whole or in part whether or not Order 636 is upheld. Assuming that Order 636 is upheld in its entirety, the Registrant believes that it will benefit from the provisions of such Order.

The FERC has recently announced its intention to re-examine certain of its transportation-related policies, including the manner in which interstate pipelines release transportation capacity under Order 636 and the use of market-based rates for interstate gas transportation. While any resulting FERC action would affect the Registrant only indirectly, these inquiries are intended to further enhance competition in the natural gas markets. In addition, the FERC issued a policy statement on how interstate natural gas pipelines can recover the cost of new pipeline facilities. While this policy statement in its present form affects the Registrant only indirectly, the new policy should enhance competition in natural gas markets and facilitate construction of gas supply laterals. However, requests for rehearing of this policy statement are currently pending. The Registrant cannot predict what action the FERC will take on these requests. However, the Registrant believes any such action will not have a material impact on the Registrant.

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. Commencing in May 1994, the FERC has issued a series of orders in individual cases that delineate its gathering policy. Among other matters, the FERC slightly narrowed its statutory tests for establishing gathering status and reaffirmed that it does not have jurisdiction over natural gas gathering facilities and services and that such facilities and services are properly regulated by state authorities. As a result, 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. Several of the FERC's orders delineating its new gathering policy are subject to pending court appeals. It is not possible at this time to predict the ultimate effect of the new 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 affected by modification to the statutory criteria.

The Registrant's natural gas gathering operations may become subject to additional safety and operational regulations relating to the design, installation, testing, construction, operation, replacement, and management of facilities. Pipeline safety issues have recently become the subject of increasing focus in various political and administrative arenas at both the state and federal levels. For example, various federal legislative proposals addressing pipeline safety issues are currently pending, including a federal "one call" notification system and certain new construction specifications. Similar or additional legislation is likely to be proposed in the near future. The Registrant believes that the adoption of additional pipeline safety legislation will not materially affect the Registrant in light of its relatively minor gathering operations.

On February 2, 1994, the Kansas Corporation Commission ("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. Such order was affirmed by a Kansas district court in September of 1994. An appeal of the KCC's order is presently pending. As a consequence of this order, the Registrant has drilled 47 infill wells and believes that it will be necessary in the near future to drill an additional 65 to 70 wells with the total costs to the Registrant ranging from $6.5 to $7 million. Several of these wells will be drilled to a depth of 5,500 feet in search of additional reserve-bearing formations.

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, in particular the Tax Reform Act of 1986, which was amended by the Energy Policy Act of 1992 and the Revenue Reconciliation Act of 1993. The Registrant has considered the effects of such federal income tax laws on its operations and has concluded that there will be no material impact on its liquidity, capital expenditures, or international operations.

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 existence of such legislation and regulations has had no material effect on the Registrant's operations, and the cost of compliance therewith has not been material to date.

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 into its seventh year of business with emphasis on the purchase and marketing of the Registrant's natural gas production. In addition, HPESI purchases third-party gas for resale and provides compression and gathering services for a fee. During fiscal year 1995, HPESI's sales of third-party gas constituted approximately 10.6% of the Registrant's consolidated revenues.

HPESI sells natural gas to markets in the Midwest and Rocky Mountain areas. Term gas sales contracts are for varied periods ranging from four months to seven years. However, recent contracts have tended toward shorter terms.

The remainder of the Registrant's gas is sold under spot market contracts having a duration of 30 days or less. For fiscal 1996, HPESI's term gas sales contracts provide for the sale of approximately 13 bcf of gas. 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-14 through I-23 regarding the market, competition, and regulation of natural gas.

CHEMICAL OPERATIONS

The Registrant owns a chemical plant at Baytown, Texas, where it manufactures mercaptans and sulfides which are blended for use as warning agents in natural and liquefied petroleum gases. The Registrant believes that it is the largest single supplier of gas odorants in North America. Its odorants are also sold in Korea, Latin America, Australia, and Japan. These products are marketed by the Registrant using the trade names of "Natural Gas Odorizing" and "Captan." In addition, the Registrant makes bulk sales of mercaptans for use as sulfiding agents.

The Registrant is one of only two companies which sells odorants for liquefied petroleum gases and is one of only three companies which sells odorants for natural gas within the United States. The Registrant believes that its market share approximates 40% to 50% of all domestic odorant sales. Competition for liquefied petroleum odorant sales is primarily based upon service considerations, while natural gas odorant manufacturers compete for sales based on price and service considerations.

The manufacturing facility is adjacent to a major refinery and chemical plant complex of Exxon Corporation, from which the Registrant obtains most of its principal raw materials. The Registrant's chemical plant and related operations are subject to numerous local, state, and federal environmental laws and regulations. The Registrant believes it is currently in substantial compliance with all such laws and that compliance with the same will not have any material effect upon the capital expenditures, earnings or competitive position of the Registrant.

During the fourth quarter of fiscal 1995, the Registrant retained an investment banking firm for the purpose of advising the Registrant regarding the potential sale of its chemical operations. The Registrant has authorized such firm to solicit indications of interest in the Registrant's chemical operations from certain prospective purchasers.

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 (78% of which is currently leased). The Registrant has a two-level parking garage located in the southwest corner of Utica Square that can accommodate approximately 250 cars.

At the end of the 1995 fiscal year the Registrant owned 19 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. Eleven 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 1995.

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 90%. The Registrant also owns approximately 1 1/2 acres of undeveloped land lying adjacent to such warehouses.

The Registrant also owns a 270 acre tract known as Southpark located in the high-growth area of southeast Tulsa and consisting of approximately 257 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 reached 100% primarily due to the expansion of several existing tenants. Preliminary planning has been accomplished to determine the best development uses for the remaining land. A high quality office park, with peripheral commercial, office/warehouse, and hotel sites, has been contemplated.

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 47% during fiscal 1995 to 68% currently due primarily to the addition of one new tenant. 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. Occupancy has increased to 94% due to expansion of existing tenants and additions of new tenants during fiscal 1995.

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 1995 occupancy increased from 50% to 65% primarily due to one tenant's expansion. 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 1995, occupancy increased from 63% to 81% by the addition of one new tenant and the expansion of one existing tenant.

FINANCIAL

Information relating to Revenue and Income by Business Segments may be found on page 11 of the Registrant's Annual Report to Shareholders for fiscal 1995, which is incorporated herein by reference.

EMPLOYEES

The Registrant had 1,716 employees within the United States (11 of which were part-time employees) and 1,529 employees in international operations as of September 30, 1995.

Item 2. PROPERTIES

CONTRACT DRILLING

The following table sets forth certain information concerning the Registrant's existing domestic drilling rigs:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
110	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
146	Medium Depth	14,000	Texas
156	Medium Depth	14,000	Texas
157	Medium Depth	14,000	Texas
95	Medium Depth	16,000	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
78	Deep	20,000	Texas
79	Deep	20,000	Louisiana
80	Deep	20,000	Oklahoma
89	Deep	20,000	Alabama
92	Deep	20,000	Oklahoma
94	Deep	20,000	Texas
98	Deep	20,000	Oklahoma
122	Deep	26,000	Louisiana
97	Deep	26,000	Texas
99	Deep	26,000	Texas
137	Deep	26,000	Texas
149	Deep	26,000	Texas
72	Very Deep	30,000	Louisiana
73	Very Deep	30,000	Louisiana
127	Very Deep	30,000	Oklahoma
101	Medium Depth	16,000	* Gulf of Mexico
104	Medium Depth	16,000	* Offshore California
108	Medium Depth	16,000	* Gulf of Mexico
91	Deep	20,000	* Gulf of Mexico
102	Deep	20,000	* Offshore California
103	Deep	20,000	* Offshore California
105	Deep	20,000	* Gulf of Mexico
109	Deep	20,000	* Gulf of Mexico
100	Deep	26,000	* Gulf of Mexico
106	Deep	26,000	* Gulf of Mexico
107	Deep	26,000	* Gulf of Mexico

* Offshore platform rig

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,				
	1991	1992	1993	1994	1995
Number of rigs owned at end of period	46	39	42	47	41
Average rig utilization rate during period (1)	47%	42%	53%	69%	71%

(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:

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
3	Workover/drilling	6,000	Venezuela
14	Workover/drilling	6,000	Venezuela
19	Workover/drilling	6,000	Venezuela
20	Workover/drilling	6,000	Venezuela
140	Medium Depth	10,000	Venezuela
158	Medium Depth	10,000	Venezuela
159	Medium Depth	12,000	Venezuela
132	Medium Depth	16,000	Ecuador
12	Deep (helicopter rig)	18,000	Ecuador
22	Deep (helicopter rig)	18,000	Bolivia
23	Deep (helicopter rig)	18,000	Ecuador
121	Deep	20,000	Colombia
45	Deep	26,000	Venezuela
82	Deep	26,000	Venezuela
83	Deep	26,000	Venezuela
117	Deep	26,000	Trinidad & Tobago
123	Deep	26,000	Bolivia
138	Deep	26,000	Ecuador
148	Deep	26,000	Venezuela
160	Deep	26,000	Venezuela
115	Very Deep	30,000	Venezuela
116	Very Deep	30,000	Venezuela
125	Very Deep	30,000	Colombia
113	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

Rig Designation	Registrant's Classification	Optimum Working Depth in Feet	Present Location
135	Very Deep	30,000	Colombia
136	Very Deep	30,000	Colombia
150	Very Deep	30,000	Venezuela
151	Very Deep	30,000	Colombia
152	Super Deep	30,000+	Colombia
153	Super Deep	30,000+	Colombia
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,				
	1991	1992	1993	1994	1995
Number of rigs owned at end of period	25	30	29	29	35
Average rig utilization rate during period (1)	69%	69%	68%	88%	84%

(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 domestic.

Crude Oil Sales

The Registrant's net sales of crude oil and condensate for the fiscal years 1993 through 1995 are shown below:

Year	Net Barrels	Average Sales Price per barrel	Average Lifting Cost per Barrel
1993	875,713	$17.58	$8.63
1994	887,455	$14.83	$7.74
1995	808,058	$16.37	$7.86

Natural Gas Sales

The Registrant's net sales of natural and casinghead gas for the three fiscal years 1993 through 1995 are as follows:

Year	Net Mcf	Average Sales Price per Mcf	Average Lifting Cost per Mcf
1993	28,478,530	$1.84	$0.3460
1994	26,627,776	$1.72	$0.3760
1995	26,421,434	$1.27	$0.3640

Following is a summary of the net wells drilled by the Registrant for the fiscal years ended September 30, 1993, 1994, and 1995:

	Exploratory Wells			Development Wells		
	1993	1994	1995	1993	1994	1995
Productive	2.866	1.021	0.7	8.760	12.334	20.7695
Dry	1.393	1.436	2.596	2.858	0.233	3.2867

On September 30, 1995, the Registrant was in the process of drilling or completing one gross or 0.1633 net wells.

Acreage Holdings

The Registrant's holdings of acreage under oil and gas leases, as of September 30, 1995, were as follows:

	Developed Acreage		Undeveloped Acreage	
	Gross	Net	Gross	Net
Alabama	480.00	112.21	146.00	18.12
Arkansas	3,508.23	1,915.90	-0-	-0-
Colorado	-0-	-0-	1,000.00	260.28
Kansas	122,701.88	85,192.04	4,935.53	2,682.61
Louisiana	9,948.87	2,883.85	181,932.79	97,722.95
Mississippi	168.17	55.77	479.00	117.24
Montana	2,037.19	381.54	4,668.95	1,476.17
Nebraska	480.00	168.00	-0-	-0-
Nevada	-0-	-0-	38,825.87	30,147.71
New Mexico	960.00	54.86	161.88	38.85
North Dakota	-0-	-0-	4,777.15	575.51
Oklahoma	143,366.70	47,719.39	32,499.74	16,214.27
Texas	90,392.22	42,017.94	12,976.71	6,988.05
wyoming	-0-	-0-	5,826.02	1,381.07
Total	374,043.26	180,501.50	288,229.64	157,622.83

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.

Productive Wells

The Registrant's total gross and net productive wells as of September 30, 1995, were as follows:

Oil Wells		Gas Wells	
Gross	Net	Gross	Net
3,348	250	834	354

Additional information required by this item with respect to the Registrant's oil and gas operations may be found on pages I-12 through I-23 of Item 1. BUSINESS, and pages 28 through 30 of the Registrant's Annual Report to Shareholders for fiscal 1995, "Notes to Consolidated Financial Statements" and "Note 12 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 audited by Southmayd & Associates, Inc., independent consultants, 6450 South Lewis Avenue, Suite 220, Tulsa, Oklahoma, 74136. 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.

CHEMICAL OPERATIONS

The Registrant owns at Baytown, Texas, a chemical plant which manufactures mercaptans and sulfides for use primarily as warning odorants in natural and liquefied petroleum gases. The plant occupies approximately ten acres of a 30-acre tract which the Registrant owns. It is estimated that the plant has an annual optimum design production capacity of 20,000,000 pounds of odorants and other mercaptans; however, current operating permits limit production to 10,000,000 to 12,000,000 pounds per year.

REAL ESTATE OPERATIONS

See Item 1. BUSINESS, pages I-24 through I-26.

STOCK

At the end of fiscal 1995:

The Registrant owned 466,451 shares of the common stock of Sun Company, Inc., and 329,053 shares of the Sun Company, Inc. preferred series "A". The Registrant owned 625,000 shares of Oryx Energy Company, Inc.

The Registrant owned 1,600,000 shares of the common stock of Atwood Oceanics, Inc., a Houston, Texas based company engaged in offshore contract drilling. The Registrant's ownership of Atwood is approximately 24%.

The Registrant owned 740,000 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 225,000 shares of the common stock of ONEOK.

The Registrant owned 395,000 shares of the common stock of Liberty Bancorp, Inc., formerly Banks of Mid-America, Inc. Liberty Bancorp, Inc., is a bank holding company which owns Liberty Bank and Trust Company of Tulsa, N.A., and Liberty Bank and Trust Company of Oklahoma City, N.A. The Registrant's ownership of Liberty Bancorp, Inc., is approximately 4%.

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, 72 Chairman of the Board	Director since 1949; Chairman of the Board since December 1, 1960; Chief Executive Officer from December 1, 1960 to December 6, 1989; and President from December 1, 1960 to December 11, 1987
Hans Helmerich, 37	Director since March 4, 1987; appointed President and Chief Executive Officer on December 6, 1989; President and Chief Operating Officer from December 11, 1987; Executive Vice President from March 13, 1987; Vice President from June 15, 1985; son of W. H. Helmerich, III, Chairman
Allen S. Braumiller, 61 President	Appointed Vice President, Exploration, in 1977
George S. Dotson, 54	Director since March 7, 1990; appointed Vice President, Drilling, in 1977 and appointed President and Chief Operating Officer of Helmerich & Payne International Drilling Co. on February 14, 1977
Douglas E. Fears, 46 Vice President	Appointed Vice President, Finance, on March 11, 1988, prior to which he was Internal Auditor from June 30, 1986
Steven R. Mackey, 44 Vice President and Secretary	Appointed Secretary on March 7, 1990; Vice President on March 11, 1988; and General Counsel on January 1, 1988, prior to which he was Associate General Counsel from January 1, 1986
James L. Payne, 56 Vice President	Appointed Vice President, Real Estate, on September 4, 1991; prior to that date he was Vice President and General Manager of Helmerich & Payne Properties, Inc., from May 9, 1985
Steven R. Shaw, 44 Vice President	Appointed Vice President, Production, on July 8, 1985
Gordon K. Helm, 42 Controller	Chief Accounting Officer of the Registrant; appointed Controller effective December 10, 1993; Manager of Internal Audit from September 13, 1991; Regional Controller for Memorex Telex Corporation from 1989; and Manager of Planning for Memorex Telex Corporation from 1988

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:

	1994		1995	
Quarter	High	Low	High	Low
First	34 1/2	26 1/2	31 1/4	25 5/8
Second	30	26	27 1/2	24 1/2
Third	27 1/8	25 1/8	31	26 5/8
Fourth	28 1/8	25 5/8	30	27 5/8

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

	Paid per Share Fiscal		Total Payment Fiscal	
Quarter	1994	1995	1994	1995
First	$0.120	$0.125	$2,956,498	$3,089,758
Second	0.120	0.125	2,960,098	3,087,958
Third	0.120	0.125	2,960,314	3,092,973
Fourth	0.125	0.125	3,087,902	3,094,813

The Registrant paid a cash dividend of $0.125 per share on December 1, 1995, to shareholders of record on November 15, 1995. Payment of future dividends will depend on earnings and other factors.

As of December 15, 1995, there were 1,656 record holders of the Registrant's common stock as listed by the transfer agent's records.

Item 6. SELECTED FINANCIAL DATA

Five-year Summary of Selected Financial Data

	1991	1992	1993	1994	1995
Sales, operating, and other revenues	$213,946	$239,700	$315,097	$329,001	$325,776
Income from continuing operations	21,241	10,849	24,550	20,971	9,751
Income from continuing operations per common share	0.88	0.45	1.01	0.86	0.40
Total assets	575,168	585,504	610,935	624,827	710,165
Long-term debt	5,693	8,339	3,600	-0-	-0-
Cash dividends declared per common share	0.46	0.47	0.48	0.49	0.50

Registrant adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 121 during the fourth quarter of fiscal 1995 which resulted in an impairment charge of $20,000,000 to Registrant's oil and gas division and $2,000,000 to its real estate division. These non-cash, non-recurring charges reduced income from continuing operations for the quarter and fiscal year by 13.6 million dollars ($0.55 per share).

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

Information required by this item may be found on pages 12 through 16, Management's Discussion & Analysis of Results of Operations and Financial Condition, in the Registrant's Annual Report to Shareholders for fiscal 1995, which is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item may be found on pages 17 through 30 in the Registrant's Annual Report to Shareholders for fiscal 1995, which is incorporated herein by reference.

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

The required information regarding the change in Registrant's certifying accountant was previously reported in a Current Report on Form 8-K filed with the Securities and Exchange Commission on April 7, 1994.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required under this item with respect to Directors and with respect to 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 6, 1996, to be filed with the Commission not later than 120 days after September 30, 1995. See pages I-34 through I-35 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 6, 1996, to be filed with the Commission not later than 120 days after September 30, 1995.

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 6, 1996, to be filed with the Commission not later than 120 days after September 30, 1995.

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 6, 1996, to be filed with the Commission not later than 120 days after September 30, 1995.

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 1995.

2. The Report of Independent Public Accountants on Financial Statements and Financial Statement Schedules for the fiscal year ended September 30, 1993, is filed as a part of this Form.

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

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          Exhibit Number:
          --------------
          3.1      Restated Certificate of Incorporation and Amendment to Restated Certificate of Incorporation of
                   the Registrant are incorporated herein by reference from the Registrant's Annual Report on Form
                   10-K to the Securities and Exchange Commission for fiscal 1987.

          3.2      By-Laws of the Registrant are incorporated herein by reference from the Registrant's Annual
                   Report on Form 10-K to the Securities and Exchange Commission for fiscal 1990.

          4.1      Rights Agreement dated as of January 21, 1986, between the Registrant and The First National
                   Bank of Boston is incorporated herein by reference to the Registrant's Form 8-A dated January
                   30, 1986.

          4.2      Amendment to Rights Agreement dated as of December 5, 1990, between the Registrant and The
                   Liberty National Bank and Trust Company of Oklahoma City is incorporated herein by reference to
                   the Registrant's Form 8, Amendment No. 1 to Form 8-A, dated December 11, 1990.

      *   10.1     Incentive Stock Option Plan is incorporated herein by reference to Exhibit 4.2 to the
                   Registrant's Registration Statement No. 33-16771 on Form S-8.
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*	10.2	Consulting Services Agreement between W. H. Helmerich, III, and the Registrant effective January 1, 1990, as amended, is incorporated herein by reference from the Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1990.
*	10.3	Restricted Stock Plan for Senior Executives of Helmerich & Payne, Inc., is incorporated herein by reference to Exhibit "A" to the Registrant's Proxy Statement dated January 26, 1990.
*	10.4	Form of Restricted Stock Award Agreement for the Restricted Stock Plan for Senior Executives of Helmerich & Payne, Inc., together with all amendments thereto, is incorporated herein by reference from the Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1990.
*	10.5	Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc., is incorporated herein by reference from the Registrant's Annual Report on Form 10-K to the Securities and Exchange Commission for fiscal 1990.
*	10.6	Helmerich & Payne, Inc. 1990 Stock Option Plan is incorporated herein by reference to Exhibit "A" to Registrant's Proxy Statement dated January 25, 1991.
*	10.7	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 1993.
	13.	The Registrant's Annual Report to Shareholders for fiscal 1995.
	22.	Subsidiaries of the Registrant.
	23.1	Consent of Independent Public Accountants.
	23.2	Consent of Independent Auditors.
	27.	Financial Data Schedule.

* Compensatory Plan or Arrangement.

(b) Report on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of the fiscal year ended September 30, 1995.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON

FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 1993

To the Shareholders and Board of Directors of Helmerich & Payne, Inc.:

We have audited the consolidated balance sheet of Helmerich & Payne, Inc. (a Delaware corporation) and subsidiaries as of September 30, 1993, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in Item 14 (a) are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. The information in these schedules as of September 30, 1993, and for the year then ended, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Helmerich & Payne, Inc. and subsidiaries as of September 30, 1993, and the results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Tulsa, Oklahoma
November 16, 1993

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 Hans Helmerich

Hans Helmerich, President
(Chief Executive Officer)

Date: December 18, 1995

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

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By William L. Armstrong               By Glenn A. Cox
   --------------------------------      ---------------------------------
   William L. Armstrong, Director        Glenn A. Cox, Director
   Date:  December 18, 1995              Date:  December 18, 1995

By George S. Dotson                   By C. W. Flint, Jr.
   --------------------------------       -------------------------------
   George S. Dotson, Director            C. W. Flint, Jr., Director
   Date:  December 18, 1995              Date:  December 18, 1995

By Hans Helmerich                     By W. H. Helmerich, III
   --------------------------------      --------------------------------
   Hans Helmerich, Director and CEO      W. H. Helmerich, III, Director
   Date:  December 18, 1995              Date:  December 18, 1995

By George A. Schaefer                 By H. W. Todd
   --------------------------------      --------------------------------
   George A. Schaefer, Director          H. W. Todd, Director
   Date:  December 18, 1995              Date:  December 18, 1995

By John D. Zeglis                     By Douglas E. Fears
   --------------------------------      --------------------------------
   John D. Zeglis, Director              Douglas E. Fears
   Date:  December 18, 1995              (Principal Financial Officer)
                                         Date:  December 18, 1995
By Gordon K. Helm
   --------------------------------
   Gordon K. Helm, Controller
   (Principal Accounting Officer)
   Date:  December 18, 1995
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HELMERICH & PAYNE, INC.

Index to Exhibits Not Incorporated by Reference

EXHIBIT 13

HELMERICH & PAYNE, INC. ANNUAL REPORT FOR 1995

HIGHLIGHTS

Years Ended September 30,	1995	1994
Revenues	$ 325,776,000	$ 329,001,000
Net Income	$ 9,751,000	$ 24,971,000
Earnings Per Share	$ .40	$ 1.02
Dividends Paid Per Share	$ .50	$ .485
Capital Expenditures	$ 111,776,000	$ 105,883,000
Total Assets	$ 710,165,000	$ 624,827,000

HELMERICH & PAYNE, INC. IS A DIVERSIFIED, ENERGY-ORIENTED COMPANY ENGAGED IN CONTRACT DRILLING, OIL AND GAS EXPLORATION AND PRODUCTION, CHEMICALS MANUFACTURING, AND REAL ESTATE DEVELOPMENT AND MANAGEMENT. THE COMPANY ALSO HOLDS SUBSTANTIAL EQUITY INVESTMENTS IN SEVERAL OTHER PUBLICLY OWNED CORPORATIONS.

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

In our fast paced lives, we easily forget to pause long enough to reflect on our significant milestones.

The Company's celebration of its 75th year anniversary provided such an opportunity during 1995. The theme of that celebration is captured by Peter Drucker when he suggests that people are a Company's only strategic asset. From the first days of the partnership between my grandfather and Bill Payne, the Company has been built on the principle that success springs from the character and competency of its people.

The acceleration of change in today's world and the challenge of generating growth and economic returns in a stagnate energy industry only act to underscore that our future will be measured by our ability to carry forward the successful combination of talent and integrity characteristic of the people that have served the Company during its first 75 years.

On the first score, I am convinced we will continue to recruit and develop a team with superior skills and training. In fact, today we are stronger than ever and are building a roster loaded with talent as we face the opportunities ahead.

But talent is not enough. It must be teamed together with the inner qualities of integrity and trustworthiness.

This elusive quality of heart is more a matter of daily habit than a slogan or catch phrase. It is not scripted by company policy, but from deep inside, a kind of internal reflex of character. My grandfather was fond of saying that you must always hire good people and that life was just too short to do business with the wrong people. Over the years, our nation has produced a goodness, a strength of character in its people that has fueled the greatest economy and quality of life ever before in all of history.

Looking forward, does de Tocqueville's classic observation that America's greatness is secured from the wellspring of her basic goodness still hold true for our children? In his tour across America, Colin Powell lamented that our society had lost its sense of shame. Our young people are paying a terrible price. We lead the industrialized world in illegitimate births, abortions, teenage suicide, and violent crime while ranking at the bottom in our elementary and secondary school achievement scores.

By its nature, the government cannot impart goodness, and displacing parental responsibility with political compassion is doomed to fail. We see our prisons and welfare rolls dominated by the fatherless. If a young person's core principles and goodness of heart are nurtured from early childhood, shaped and cultivated within families, then every business person and citizen has a stake in their success. Strong families drive our future.

Scripture speaks of turning the hearts of the fathers to the children and an African proverb says the raising of a child is so important that it takes an entire village to do it.

While the government can play a role by reforming welfare and reducing the crushing tax burden, only parents, families, relatives, pastors, troop leaders, coaches, and teachers can build and safeguard our nation's most strategic asset, our children.

Sincerely,

Hans Helmerich December 15, 1995 President

SUMMARY At the close of 1995, Helmerich & Payne International Drilling Co. owned 30 land rigs and 11 offshore platform rigs in the United States, and 35 land rigs in the countries of Venezuela (18), Colombia (10), Ecuador (4), Bolivia (2), and Trinidad (1). Financial results in 1995 improved considerably over 1994 with revenues and pre-tax operating profit increasing 11 and 38 percent, respectively.

INTERNATIONAL OPERATIONS The Company has had operations in South America since the 1950's and today the region ranks among the most active contract drilling arenas in the world. A total of nine rigs were moved to South America in 1995, three of which were deployed to Colombia for the Cusiana/Cupiagua development operated by BP Exploration, and two rigs were moved to Bolivia for Exxon and Total. Four rigs were sent to Venezuela and one more was en route at the close of the fiscal year. For the first time in several decades, Venezuela is encouraging outside investment to develop its prolific oil and gas resources. This change in policy is expected to stimulate additional demand for drilling services in the future.

DOMESTIC OPERATIONS Land rig utilization averaged 73 percent in 1995, compared with 66 percent the previous year. An average of five more rigs worked throughout the year than in 1994, primarily due to the Company's acquisition of ENSCO's domestic land drilling business in the third quarter of last year.

Offshore platform activity declined in 1995, with Company-owned rigs averaging 66 percent utilization compared with 79 percent in 1994. Five rigs worked continually in the Gulf of Mexico and two rigs offshore California. The Company also provided labor and other services for two Exxon-owned platform rigs located offshore California.

In the spring of 1995, Helmerich & Payne International Drilling Co. was awarded a contract to design, build, and operate an offshore platform rig for Shell Offshore Inc.'s (SOI) Mars tension leg platform (TLP) in the Gulf of Mexico. The Mars project, considered by many to be the largest discovery in the Gulf of Mexico in more than 20 years, is scheduled to begin in the spring of 1996 and will be set at a water depth exceeding 2,900 feet. The Company was also awarded a letter of intent to build a similar rig for SOI's Ram-Powell project which is scheduled to begin in 1997. The Ram- Powell TLP will be set at a water depth of approximately 3,200 feet. Deepwater developments like these will be pivotal to the future of the offshore oil and gas industry, and the Company is well positioned to participate at the forefront of this trend.

OUTLOOK Four points stand out among the myriad issues and challenges facing the Company and this industry. First, safety and the prevention of accidents is and will continue to be a crucial objective. Second, the organizational structure needs to have the agility to respond effectively in periods of both high and low demand. Third, as customers continue to hone their organizations to achieve better efficiency and productivity, this will create opportunities for contractors to provide additional services. Finally, each of these three points is contributing to the formation of alliances between operators, contractors, and other service companies. The Company is leading and participating in several of these relationships, and is committed to further enhancing its ability to add value to the customer.

SUMMARY Helmerich & Payne, Inc. explores for, develops, and acquires oil and natural gas reserves primarily in the states of Oklahoma, Kansas, Texas, and Louisiana. Additionally, the Company provides natural gas marketing services through its wholly-owned subsidiary, Helmerich & Payne Energy Services, Inc. At year-end, the Company reported proved reserves of approximately 280 billion cubic feet (Bcf) of natural gas and 6.3 million barrels of oil. Reserves were approximately 290.7 Bcf and 6.7 million barrels in 1994.

PRODUCTION OVERVIEW Natural gas production averaged 72,387 thousand cubic feet (Mcf) per day in 1995, compared with a 72,953 Mcf per day average in 1994. The average price received for natural gas fell by 45 cents per Mcf to $1.27 in 1995, reducing natural gas revenue by 25 percent for the year. Oil production averaged 2,214 barrels per day compared with 2,431 barrels in 1994. The average price received per barrel of oil increased to $16.37 per barrel in 1995, from $14.83 the previous year.

FINANCIAL OVERVIEW Effective in 1995, the Company adopted Statement of Financial Accounting Standards No. 121 (SFAS 121) "Accounting for the Impairment of Long-Lived Assets" which resulted in a $20 million non-cash charge to pre-tax operating profit. Under SFAS 121, the Company measures impairment to oil and gas assets on a field-by-field basis, rather than using a single cost center. This impairment charge, coupled with the collapse of natural gas prices, had a significant negative impact on the year's financial results.

FINANCIAL SUMMARY

Years Ended September 30,	1995	1994	1993
		(in thousands)	
Oil Revenue	$13,227	$13,161	$15,392
Natural Gas Revenue	33,851	45,261	52,446
Pre-tax Operating Profit (Loss)	(23,961)	3,245	19,495
Depreciation and Depletion	19,913	19,523	18,294
SFAS 121 Impairment	19,982	--	--
Capital Expenditures	20,956	45,809	25,551

DRILLING AND EXPLORATION The Company participated in the drilling of 59 (27.4 net) wells in 1995, 46 (24.1 net) of which were development wells, and 13 (3.3 net) were classified as exploratory wells. A total of 42 wells (21.5 net) were productive and 17 (5.9 net) wells were dry holes.

During 1995, the Company increased its investment in exploration prospects. The Company had working interests in several high profile, yet unsuccessful wells including the Sealind 1-11 in Wyoming, and the Shadyside A-1 and the Miami Fee No. 5 in Louisiana. In the Louisiana Austin Chalk, the Company is exchanging or pooling some of its acreage on the western side of this prospect for overriding royalties or carried interests in exploratory drilling efforts. The Company intends to minimize its financial exposure to the exploratory phase of this prospect, while retaining an acreage position for potential development opportunities.

OUTLOOK In September of 1995, the Company restructured its Exploration and Production Division around geographically focused teams. Each team will review and develop drilling, workover, and acquisition prospects for a specific region. The objective is to enhance performance by refocusing on the Company's strengths in key geographic regions.

SUMMARY The purchase of Utica Square Shopping Center in 1964 marked the beginning of the Company's active involvement in Tulsa's commercial real estate market. Through its wholly-owned subsidiary, Helmerich & Payne Properties, Inc., the Company owns 1,652,311 square feet of leasable space and approximately 257 acres of undeveloped land. An increase in industrial leasing activity helped move the Company's occupancy level from an average of 83 percent in 1994, to 87 percent in 1995.

Pre-tax operating profit fell sharply in 1995, as the Company adopted Statement of Financial Accounting Standards No. 121 (SFAS 121) which resulted in a write-down in the book value of two combination office/warehouse properties acquired in the mid-1980's.

FINANCIAL HIGHLIGHTS

Years Ended September 30,	1995	1994	1993
		(in thousands)	
Gross Revenues	$ 7,570	$ 7,803	$ 7,630
Pre-Tax Operating Profit	2,157	4,460	4,149
Depreciation Expense	1,623	1,624	1,679
SFAS 121 Impairment	2,000	--	--
Capital Expenditures	907	916	458
Year-End Book Value	23,353	26,065	27,006
Average Occupancy	87%	83%	86%

UTICA SQUARE SHOPPING CENTER With its unique outdoor design spread over 30 landscaped acres, Utica Square Shopping Center is the cornerstone of the Company's real estate portfolio and a landmark in the Tulsa community. Nearly 70 merchants and restaurants reside at Utica Square including Ann Taylor, Banana Republic, The Disney Store, Miss Jackson's, The Limited, Pier 1, Saks Fifth Avenue and Williams-Sonoma.

INDUSTRIAL PROPERTIES The Company's industrial real estate holdings consist of two bulk warehouse developments encompassing 697,500 square feet and four combination office/warehouse developments with a total of 367,234 square feet. All of the Company's properties are located in the southeastern section of Tulsa, proximate to major transportation arteries. During 1994, the Company reorganized its marketing strategy for these properties by outsourcing leasing activities to a local broker specializing in industrial properties. The additional exposure derived from this effort, combined with an improved leasing climate, helped increase occupancy from 77 percent at the end of 1994, to 90 percent at the close of 1995.

SUMMARY OF PROPERTY OWNED

Property Name	Description	Square Feet
Utica Square Shopping Center	Upscale Retail	405,709
Utica Square Offices and Medical Center	Professional Offices	94,969
Plaza Office Building	Corporate Offices	86,899
Space Center	Industrial Warehouses	495,000
Space Center East	Industrial Warehouses	202,500
Tandem Business Park	Office/Warehouse Complex	88,084
Tulsa Business Park	Office/Warehouse Complex	204,600
Maxim Center	Office/Warehouse Complex	40,800
Maxim Place	Office/Warehouse Complex	33,750
Southpark	Undeveloped 257 Acres	--
	Total Square Feet	1,652,311

OUTLOOK There are a number of positive signs in the Tulsa economy which should help to continue the absorption of excess commercial space into the next year. Tulsa was the beneficiary of some significant expansion and relocation decisions in 1995 and the aviation industry, one of the area's largest employers, appears to be enjoying a modest recovery. While a development boom is not anticipated anytime soon, the Company's property holdings are well positioned in the market to benefit from future growth of the Tulsa area.

SUMMARY Natural Gas Odorizing, Inc. (NGO), is a leading producer of mercaptan-based chemicals used as warning agents in natural and liquified petroleum gas (LPG). In most North American jurisdictions natural gas and LPG odorization is required by law before the fuels can be sold for commercial or residential purposes. On a smaller scale, NGO produces similarly composed products which are used as sulfides or feed stock in other processes within the chemical and refining industries.

The Company's Baytown, Texas, plant neighbors an Exxon refinery from which the Company receives its key raw materials, hydrogen sulfide and olefins. Products are shipped in Company-owned tank trucks or in returnable or non-returnable cylinders to a customer base primarily made up of natural gas utilities and LPG distribution companies. NGO competes with two other suppliers in this small but highly competitive market. Approximately nine percent of NGO's sales came from outside of North America in 1995, compared with eight percent in 1994.

FINANCIAL HIGHLIGHTS

Years Ended September 30,	1995	1994	1993
		(in thousands)	
Gross Revenues	$ 19,055	$ 18,849	$ 14,374
Pre-Tax Operating Profit	6,221	5,994	3,665
Depreciation Expense	672	654	594
Capital Expenditures	859	619	630
Pounds of Product Sold	7,670	8,071	7,930

Total revenue and operating profit finished at record levels for the respective sixth and fifth consecutive years in 1995. Product price increases were the major reason for improved results over the past three years.

During 1995, an investment banking firm was retained to advise the Company regarding the potential sale of Natural Gas Odorizing, Inc.

REVENUES AND INCOME BY BUSINESS SEGMENTS

HELMERICH & PAYNE, INC.

Years Ended September 30,	1995	1994	1993
		(in thousands)	
SALES AND OTHER REVENUES:			
Contract Drilling - Domestic	$ 93,890	$ 86,521	$ 60,328
Contract Drilling - International	110,695	98,111	89,618
Total Contract Drilling Division	204,585	184,632	149,946
Exploration and Production	47,986	58,884	69,795
Natural Gas Marketing	35,301	51,889	63,858
Total Oil and Gas Division	83,287	110,773	133,653
Chemical Division	19,055	18,849	14,374
Real Estate Division	7,570	7,803	7,630
Investments and Other Income	11,279	6,944	9,494
Total Revenues	$325,776	$329,001	$315,097
OPERATING PROFIT (LOSS):			
Contract Drilling - Domestic	$ 7,127	$ 5,874	$ 122
Contract Drilling - International	21,110	14,645	15,281
Total Contract Drilling Division	28,237	20,519	15,403
Exploration and Production	(23,961)	3,245	19,495
Natural Gas Marketing	1,892	1,525	667
Total Oil and Gas Division	(22,069)	4,770	20,162
Chemical Division	6,221	5,994	3,665
Real Estate Division	2,157	4,460	4,149
Total Operating Profit	14,546	35,743	43,379
OTHER:			
Miscellaneous operating	(1,624)	(1,292)	(687)
Income from investments	10,846	6,303	9,050
General corporate expense	(8,801)	(8,908)	(6,820)
Interest expense	(407)	(385)	(925)
Corporate depreciation	(851)	(1,162)	(766)
Total Other	(837)	(5,444)	(148)
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME (LOSS) OF AFFILIATE, AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:	$ 13,709	$ 30,299	$ 43,231

Note: This schedule is an integral part of Note 11 (pages 27-28) of the financial statements that follow.

HELMERICH & PAYNE, INC.

RESULTS OF OPERATIONS

Helmerich & Payne, Inc.'s net income for 1995 was $9,751,000 ($0.40 per share), compared with net income of $24,971,000 ($1.02 per share) in 1994, and $24,550,000 ($1.01 per share) in 1993. Net income in 1995 includes a non-cash, non- recurring charge of $13,600,000 ($0.55 per share) as a result of the Company's adoption of 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. Results for 1994 included $4 million ($0.16 per share) of income due to a one-time reduction in the Company's deferred income taxes from the cumulative effect of adopting SFAS No. 109, Accounting for Income Taxes.

Included in the Company's net income, but not related to its operations, were after-tax gains from the sale of investment securities of $3,481,000 ($0.14 per share) in 1995, and $1,780,000 ($0.07 per share) in 1993. Also included was the Company's portion of income or losses of its equity affiliate, Atwood Oceanics, Inc., which was $0.04 per share of income in both 1995 and 1994, and a loss of $0.02 per share in 1993.

Company revenues declined slightly to $325,776,000 in 1995, from $329,001,000 in 1994, and $315,097,000 in 1993. Although contract drilling revenues rose by 11 percent this past year, oil and gas division revenues declined by almost 25 percent, primarily due to lower natural gas prices and production volumes. Total revenue increased by 4 percent from 1993 to 1994, as a result of increases in domestic drilling (43 percent), international drilling (9 percent), and chemical (31 percent) segments. Revenues from exploration and production (16 percent decrease) and natural gas marketing (19 percent decrease) also fell appreciably in 1994 as oil and natural gas prices and natural gas production volume declined. Total revenues for 1996 are expected to be slightly higher than for 1995 due to increased activity in international contract drilling operations.

Revenues from investments rose to $10,846,000 in 1995, after declining to $6,303,000 in 1994, from $9,050,000 in 1993. Gains from the sale of investment securities were $5,697,000 in 1995, $124,000 in 1994 and $2,914,000 in 1993. Dividend income was stable during 1995, 1994 and 1993, but interest income steadily decreased as cash balances and interest rates generally declined during these periods.

Costs and expenses in 1995 were $312,067,000, 96 percent of total revenues, compared with 91 percent in 1994, and 86 percent in 1993. Total costs for 1995 were abnormally high due to the adoption of SFAS No. 121 which resulted in a total pre-tax impairment charge of $22,000,000 recorded as additional depreciation, depletion, and amortization. Operating costs as a percentage of operating revenues declined in 1995 to 1993 levels (64 percent) after rising slightly to 66 percent in 1994. The operating cost percentages rose slightly in 1994 because of increased activity in the lower margin domestic land drilling business and an increase in operating expenses in the international contract drilling business.

General and administrative expenses of $8,801,000 in 1995 were down slightly from $8,908,000 in 1994, and up significantly from $6,820,000 in 1993. The increase in 1994 was due primarily to increased costs of employee healthcare benefits and, to a lesser degree, a net increase in pension expense. It is anticipated that 1996 general and administrative expenses will increase slightly from 1995.

Income tax expense, as a percentage of pre-tax income, rose to 37 percent in 1995, from 34 percent in 1994. The effective tax rate for 1994 was lower because of the usage of foreign tax credit carryforwards, tight sands tax credits, and a reduction in Venezuelan taxes as a result of the monetary correction tax law enacted there. The effective tax rate was 42 percent in 1993, prior to the enactment of the monetary correction tax law in Venezuela.

CONTRACT DRILLING DIVISION revenues increased by 11 percent this year, following a 23 percent increase from 1993 to 1994. Domestic drilling operating profit increased to $7,127,000 in 1995, from $5,874,000 in 1994 and $122,000 in 1993. From 1993 to 1994, the Company's U.S. offshore platform rig business improved significantly, thereby helping boost revenue and income. During that time and continuing into 1995, the land rig operations also improved substantially, aided by the 1994 purchase of Ensco's south Texas land rig operations. However, it is anticipated that 1996 domestic revenues and income will not materially change from 1995 levels.

International revenues climbed to $110,695,000 in 1995, from $98,111,000 in 1994, and $89,618,000 in 1993. Operating profit for the international contract drilling sector improved by 44 percent to $21,110,000 for 1995, compared with $14,645,000 in 1994 and $15,281,000 in 1993. Revenues and profit margins in the Company's two most active international operations, Venezuela and Colombia, improved significantly in 1995. The Company sent four new rigs to Venezuela and three to Colombia, bringing rig counts in those countries to 18 and 10, respectively. The Company anticipates its operating profit from international operations will improve for the coming year based on higher activity levels in both Colombia and Venezuela.

In 1994, the Venzuelan government fixed the exchange rate which resulted in exchange losses for the Company totaling approximately $2,764,000. During fiscal 1995, the currency exchange rates remained fixed, however, the Company's operating costs increased due to hyperinflation in the Venezuelan economy. These higher costs were partially offset by the purchase of currency at market rates using Brady Bonds. During the first week of December 1995, the government reset the exchange rate, increasing it from 170 Bolivars to 290 Bolivars to the U.S. dollar. It is estimated that the Company will not experience a material loss, if any, from this devaluation. It is uncertain when the government will reset the exchange rate again but the Company does not expect losses from future fluctuations in the exchange rate during 1996 to be material. The Company will continue to purchase Brady Bonds to help offset a portion of any future exchange losses or higher operating costs as a result of inflation.

OIL AND GAS DIVISION revenues and operating profit have declined over the past two years due to a significant decrease in natural gas prices from $1.84 per Mcf in 1993, to $1.72 in 1994 and $1.27 in 1995. Natural gas production volumes also declined over the same period of time from approximately 78 milion cubic feet a day (Mmcf/d) in 1993, to 73 Mmcf/d in 1994, and 72.4 Mmcf/d in 1995. During 1995, the Company elected to adopt SFAS No. 121, resulting in a $19,982,000 charge to the Oil and Gas Division.

Because of the decline in natural gas volumes and prices, revenues fell from $69,795,000 in 1993, to $58,884,000 in 1994, and to $47,986,000 in 1995. Operating profit over the same period fell from $19,495,000 in 1993, to $3,245,000 in 1994, and to a loss of $23,961,000 in 1995, which includes the $19,982,000 charge discussed above. Dry-hole and abandonment charges for the oil and gas division rose from $6,938,000 in 1993, to $8,932,000 in 1994, and to $8,981,000 in 1995. Abandonment charges in 1994 increased significantly due to the reduction in the carrying value of the Company's leasehold position in its Austin Chalk prospect in south central Louisiana. Dry-hole expense was up in 1995 due to increased exploratory activity during the year.

A lawsuit was filed in an Oklahoma state court in November of 1995 against Helmerich & Payne, Inc., in which five named plaintiffs, on behalf of themselves and other unnamed plaintiffs, are demanding their royalty share of a gas contract settlement. The plaintiffs are attempting to certify a class which would contain certain of the Company's lessors and certain other mineral owners who own an interest in wells covered by such gas contract settlement. The Company intends to vigorously defend this lawsuit. However, if a certified class is awarded a royalty share of the gas contract settlement, then any such award could have a material impact on income from continuing operations for the applicable quarter. Management believes that any such award should not exceed approximately $2.7 million.

Natural gas marketing revenues, which are primarily derived from selling natural gas produced by other companies (third party), declined to $35,301,000 in 1995, from $51,889,000 in 1994, and $63,858,000 in 1993. Operating profit was $1,892,000 in 1995, $1,525,000 in 1994, and $667,000 in 1993. The Company's approach has been to use the existing capacity of its personnel and facilities to derive additional profit from matching its customers with third party producers when the marketing situation is not conducive for the sale of the Company's own natural gas. It is expected that competition will continue to limit fees and premiums for third party natural gas sales. Therefore, the Company does not anticipate significant growth in revenue and income from third party sales in the coming year.

CHEMICAL DIVISION revenues increased by 1 percent from 1994 to 1995 to $19,055,000, and by 31 percent from 1993 to 1994. Operating profit increased by 4 percent from 1994 to 1995 to $6,221,000, and by 64 percent from 1993 to 1994. Product price increases and improved margins accounted for the significant rise in revenues and income in 1994. Growth flattened during 1995 as prices remained stable. The Company has engaged an investment banking firm for the purpose of advising the Company regarding the potential sale of its chemical operations in 1996. Specialty chemical companies appear to be valued at premium prices at this time and the Company believes that, given an attractive price, the timing may be appropriate to sell the Division.

REAL ESTATE DIVISION revenues for 1994 were up, compared to 1995 and 1993, due to the sale of a small parcel of land which resulted in a $450,000 gain. Operating profit for 1995 was down significantly due to a $2,000,000 charge to two properties in connection with the adoption of SFAS No. 121. However, occupancy for 1995 was slightly improved and it is anticipated that the division will return to normal levels of revenues and income during 1996.

FINANCIAL CONDITION

The Company has maintained a very strong balance sheet for many years with current ratios above 1.65 for the last three years and long-term debt to total capitalization remaining below 2 percent for that same period. During 1995, the Company signed a three-year agreement with a syndicate of banks for a line of credit totaling $75 million. At year end, $21,700,000 had been borrowed under the facility. This was the first time the Company had gone to outside sources for capital funding since the early 1980's. Capital expenditures for the last two years were over $100 million and exceeded the funds generated internally. It is anticipated that during 1996 the capital expenditures will again exceed $100 million and that additional borrowings will be necessary to fund those expenditures. Cash flow provided by operating activities totaled $88,572,000 for 1995, $79,909,000 for 1994, and $74,619,000 for 1993. It is anticipated that cash generated by operating activities will increase again during the coming year due to improvement in rig utilization and profitability in South America. As it did in 1993 and 1995, the Company may choose to sell a portion of its investment portfolio to aid in the funding of capital expenditures. Capital expenditures budgeted for 1996 include continued exploration and development drilling activities, major offshore platform rig construction projects for Gulf of Mexico operations, and the completion of the Company's investment in a joint venture with its equity affiliate, Atwood Oceanics. The joint venture will construct a new generation offshore platform rig for work offshore Australia.

The Company manages a large portfolio of marketable securities which had a cost basis of $87,299,000 at September 30, 1995, and a total market value at that time of $158,201,000, including its investment in Atwood. During 1995, the Company adopted SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, which resulted in the balance sheet adjustment to market values for investments in companies owned less than 20 percent. Accordingly, a deferred tax estimate was added to deferred taxes under the liability section and the net unrealized holding gains were reflected in the shareholders' equity section of the balance sheet. During 1995, the Company paid a dividend of $.50 per share which represented the 24th consecutive year of dividend increases.

STOCK PORTFOLIO HELD BY THE COMPANY

September 30, 1995	Number of Shares	Book Value	Market Value
		(in thousands, except share amounts)	
Schlumberger, Ltd.	740,000	$ 23,511	$ 48,378
Atwood Oceanics, Inc.	1,600,000	22,495	32,100
Sun Company, Inc.	466,451	5,742	12,011
Sun Company PFD A	329,053	3,192	9,172
Phillips Petroleum Company	240,000	5,976	7,800
Liberty Bancorp.	395,000	5,743	14,516
Oryx Energy Company	625,000	6,032	8,125
Oneok	225,000	2,751	5,231
Other		11,857	20,868
Total		$ 87,299	$ 158,201

CONSOLIDATED STATEMENTS OF INCOME

HELMERICH & PAYNE, INC.

Years Ended September 30,	1995	1994	1993
	(in thousands, except per share amounts)		
REVENUES:			
Sales and other operating revenues	$ 314,930	$ 322,698	$ 306,047
Income from investments	10,846	6,303	9,050
	325,776	329,001	315,097
COSTS AND EXPENSES:			
Operating costs	200,240	213,427	194,856
Depreciation, depletion and amortization	77,115	50,068	48,609
Dry holes and abandonments	10,096	10,369	6,893
Taxes, other than income taxes	15,408	15,545	13,763
General and administrative	8,801	8,908	6,820
Interest	407	385	925
	312,067	298,702	271,866
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME (LOSS) OF AFFILIATE AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	13,709	30,299	43,231
INCOME TAX EXPENSE	5,044	10,232	18,279
EQUITY IN INCOME (LOSS) OF AFFILIATE, net of income taxes	1,086	904	(402)
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	9,751	20,971	24,550
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	--	4,000	--
NET INCOME	$ 9,751	$ 24,971	$ 24,550
PER COMMON SHARE:			
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	$ .40	$ .86	$ 1.01
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	--	.16	--
NET INCOME	$ .40	$ 1.02	$ 1.01
AVERAGE COMMON SHARES OUTSTANDING	24,536	24,416	24,307

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

HELMERICH & PAYNE, INC.

Assets

September 30,	1995	1994
	(in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 19,661	$ 29,447
Short-term investments	8,989	8,997
Accounts receivable, less reserve of $489 and $1,480	59,314	59,897
Inventories	21,313	20,995
Prepaid expenses and other	5,717	3,603
Total current assets	114,994	122,939
INVESTMENTS	156,908	87,414
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Contract drilling equipment	501,682	444,432
Oil and gas properties	392,806	389,100
Real estate properties	46,642	47,827
Other	69,592	61,743
	1,010,722	943,102
Less--Accumulated depreciation, depletion and amortization	586,960	542,451
Net property, plant and equipment	423,762	400,651
OTHER ASSETS	14,501	13,823
TOTAL ASSETS	$ 710,165	$624,827

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

September 30,	1995	1994
	(in thousands)	
CURRENT LIABILITIES:		
Accounts payable	$ 26,382	$ 22,645
Accrued liabilities	21,529	24,056
Notes payable	21,700	---
Total current liabilities	69,611	46,701
NONCURRENT LIABILITIES:		
Deferred income taxes	66,047	44,462
Other	12,072	9,330
Total noncurrent liabilities	78,119	53,792
SHAREHOLDERS' EQUITY:		
Common stock, $.10 par value, 80,000,000 shares authorized, 26,764,476 shares issued	2,677	2,677
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	--	--
Additional paid-in capital	48,436	48,196
Net unrealized holding gains	38,004	--
Retained earnings	495,692	496,280
	584,809	547,153
Less treasury stock, 1,999,856 shares in 1995 and 2,054,364 shares in 1994, at cost	22,374	22,819
Total shareholders' equity	562,435	524,334
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$710,165	$624,827

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

HELMERICH & PAYNE, INC.

(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Net Unrealized Holding Gains	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount
Balance, September 30, 1992	26,764	$2,677	$46,764	$ ---	$467,954	2,188	$(24,109)
Cash dividends ($.48 per share)	---	---	---	---	(11,815)	---	---
Exercise of stock options	---	---	888	---	---	(61)	542
Lapse of restrictions on Restricted Stock Awards	---	---	(240)	---	---	---	---
Amortization of deferred compensation	---	---	---	---	1,716	---	---
Net income	---	---	---	---	24,550	---	---
Balance, September 30, 1993	26,764	2,677	47,412	---	482,405	2,127	(23,567)
Cash dividends ($.49 per share)	---	---	---	---	(12,097)	---	---
Exercise of stock options	---	---	549	---	---	(43)	415
Lapse of restrictions on Restricted Stock Awards	---	---	(246)	---	---	---	---
Stock issued under Restricted Stock Award Plan	---	---	481	---	(814)	(30)	333
Amortization of deferred compensation	---	---	---	---	1,815	---	---
Net income	---	---	---	---	24,971	---	---
Balance, September 30, 1994	26,764	2,677	48,196	---	496,280	2,054	(22,819)
Adjustment to beginning balance for change in accounting method, net of income taxes of $21,106	---	---	---	34,435	---	---	---
Change in net unrealized holding gains, net of income taxes of $2,187	---	---	---	3,569	---	---	---
Cash dividends ($.50 per share)	---	---	---	---	(12,372)	---	---
Exercise of stock options	---	---	859	---	---	(69)	615
Lapse of restrictions on Restricted Stock Awards	---	---	(229)	---	---	---	---
Forfeiture of restricted stock award	---	---	(390)	---	560	15	(170)
Amortization of deferred compensation	---	---	---	---	1,473	---	---
Net income	---	---	---	---	9,751	---	---
Balance, September 30, 1995	26,764	$2,677	$48,436	$38,004	$495,692	2,000	$(22,374)

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

HELMERICH & PAYNE, INC.

Years Ended September 30,	1995	1994	1993
		(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 9,751	$ 24,971	$ 24,550
Adjustments to reconcile net income to net cash provided by operating activities-			
Depreciation, depletion and amortization	77,115	50,068	48,609
Dry holes and abandonments	10,096	10,369	6,893
Cumulative effect of change in accounting principle	---	(4,000)	---
Equity in (income) loss of affiliate before income taxes	(1,752)	(1,458)	435
Amortization of deferred compensation	1,473	1,815	1,716
Gain on sale of securities	(5,697)	(124)	(2,914)
Gain on sale of fixed assets, other	(1,115)	(2,465)	(557)
Change in assets and liabilities-			
(Increase) decrease in accounts receivable	583	(3,592)	(13,486)
Increase in inventories	(318)	(3,349)	(35)
(Increase) decrease in prepaid expenses and other	(2,792)	5,050	(492)
Increase (decrease) in accounts payable	2,675	(1,191)	7,523
Increase (decrease) in accrued liabilities	(2,481)	1,617	(1,619)
Increase (decrease) in deferred income taxes	(1,708)	3,739	5,600
Increase (decrease) in other noncurrent liabilities	2,742	(1,541)	(1,604)
Total adjustments	78,821	54,938	50,069
Net cash provided by operating activities	88,572	79,909	74,619
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures, including dry hole costs	(110,760)	(102,883)	(54,209)
Proceeds from sale of property, plant and equipment	2,923	5,971	4,801
Purchase of investments	(12,858)	(1,500)	(2,400)
Proceeds from sale of investments	11,713	373	7,904
Purchase of short-term investments	---	(12)	(3,036)
Proceeds from sale of short-term investments	7	124	7,055
Net cash used in investing activities	(108,975)	(97,927)	(39,885)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	---	---	2,070
Payments made on long-term debt	---	(3,139)	(2,180)
Proceeds from notes payable	37,100	---	---
Payments made on notes payable	(15,400)	---	---
Dividends paid	(12,365)	(11,965)	(11,808)
Proceeds from exercise of stock options	1,282	913	1,254
Net cash provided by (used in) financing activities	10,617	(14,191)	(10,664)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,786)	(32,209)	24,070
CASH AND CASH EQUIVALENTS, beginning of period	29,447	61,656	37,586
CASH AND CASH EQUIVALENTS, end of period	$ 19,661	$ 29,447	$ 61,656

The accompanying notes are an integral part of these statements.

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 are August 31 to facilitate reporting of consolidated accounts.

TRANSLATION OF FOREIGN CURRENCIES -
The Company has determined that the functional currency for its foreign subsidiaries is the U.S. dollar. Foreign currency transaction gain for 1995 was $1,845,000 with losses for the years 1994 and 1993 of $2,764,000, and $493,000, respectively.

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 developed oil and gas reserves determined by the Company and reviewed by independent engineers. Undeveloped leases are amortized based on management's estimate of recoverability. Costs of surrendered leases are charged to the amortization reserve.

Effective July 1, 1995, the Company adopted 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", which requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows are not sufficient to recover the assets carrying amount. The impairment loss is measured by comparing the fair value of the asset to its carrying amount. Under the new statement, the Company now evaluates impairment of exploration and production assets on a field by field basis rather than using one worldwide cost center for its proved properties. Fair values are based on discounted future cash flows or information provided by sales and purchases of similar assets.

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

	YEARS
Contract drilling equipment	4-10
Chemical plant and equipment	10-25
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 -
Substantially all drilling contracts are daywork contracts and drilling revenues and expenses are recognized as work progresses.

GAS IMBALANCES -
The Company recognizes revenues from gas wells on the sales method, and a liability is recorded for permanent imbalances.

INVESTMENTS -
Prior to October 1, 1994, investments in companies owned less than 20 percent were carried at the lower of cost or market. The Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", effective October 1, 1994. SFAS No. 115 requires that the Company's investments in companies owned less than 20 percent, all of which are considered available-for-sale securities, be carried at their fair value. Upon adoption of SFAS No. 115, the Company recorded an increase to shareholders' equity of $34 million, which is net of income taxes of $21 million.

The Company determines fair value of its investments in companies owned less than 20 percent based on quoted market prices. The cost of securities used in determining realized gains and losses is based on average cost of the security sold.

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 24.14 percent and 24.3 percent of Atwood Oceanics, Inc. (Atwood) at September 30, 1995 and 1994, respectively. The quoted market value of the Company's investment was $32,100,000 and $22,800,000 at September 30, 1995 and 1994, respectively. Retained earnings at September 30, 1995 include approximately $10,315,000 of undistributed earnings of Atwood. At September 30, 1995, the Company also had invested $8.3 million in a joint venture with Atwood to build and operate a new generation offshore platform drilling rig, which is currently under construction. The Company has a receivable from Atwood of $2.2 million related to the construction of the drilling rig.

Summarized financial information of Atwood is as follows:

	1995	1994	1993
		(in thousands)	
Gross revenues	$ 77,315	$ 68,045	$ 54,219
Costs and expenses	(70,255)	(62,045)	(56,010)
Net income (loss)	$ 7,060	$ 6,000	$ (1,791)
Helmerich & Payne, Inc.'s equity in net income (loss) of affiliates, net of income taxes	$ 1,086	$ 904	$ (402)
Current assets	$ 34,266	$ 37,965	$ 27,903
Noncurrent assets	118,587	115,065	122,356
Current liabilities	20,505	13,752	11,900
Noncurrent liabilities	37,456	53,000	58,609
Shareholders' equity	94,892	86,278	79,750
Helmerich & Payne, Inc.'s investment	$ 22,495	$ 20,743	$ 19,285

INCOME TAXES -
Effective October 1, 1993, the Company adopted FASB Statement No. 109, "Accounting for Income Taxes." Under Statement No. 109, 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 assets and liabilities. For the year ended September 30, 1993, deferred income taxes are computed using the deferred method and are provided on timing differences between financial and taxable income.

OTHER POST EMPLOYMENT BENEFITS -
The Company provides medical benefits to employees who retired before November 1, 1992. The Company does not provide any other benefits to these retirees. The liability for the benefits provided is not material. Effective October 1, 1995, the Company offered medical benefits to employees who retired after November 1, 1992, with retirees to 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 -
Earnings per share are based on the weighted average number of shares of common stock outstanding during the year. Common stock equivalents are insignificant, and therefore, have not been considered in the earnings per share computation.

NOTE 2 SHORT-TERM BORROWINGS AND CREDIT ARRANGEMENTS

The Company maintains a line of credit agreement with certain banks which provides for maximum borrowing of $75,000,000 at adjustable interest rates. Under the agreement, $75,000,000 may be borrowed through May 1996, and $45,000,000 may be borrowed through May 1998. As of September 30, 1995, the Company had borrowed $21,700,000 at a weighted average interest rate of 7.27%, leaving an unused portion of $53,300,000. Under the line of credit agreement, the Company must meet certain requirements regarding levels of debt, net worth and earnings.

The Company has an additional $8.5 million uncommitted line of credit with a bank which can be used primarily for letters of credit.

NOTE 3 INCOME TAXES

Effective October 1, 1993, the Company changed its method of accounting for income taxes from the deferred method to the liability method required by FASB Statement No. 109, "Accounting for Income Taxes." The cumulative effect of adopting Statement No. 109 as of October 1, 1993 was to increase net income by $4,000,000. As permitted under the new rules, prior years financial statements have not been restated. The components of the provision for income taxes are as follows:

Years Ended September 30,	1995	1994	1993
		(in thousands)	
CURRENT:			
Federal	$ 1,102	$ 3,645	$ 6,190
Foreign	6,442	2,763	5,106
State	370	777	911
	7,914	7,185	12,207
DEFERRED:			
Federal	(3,155)	(292)	3,174
Foreign	534	3,430	2,616
State	(249)	(91)	282
	(2,870)	3,047	6,072
TOTAL PROVISION:	$ 5,044	$ 10,232	$ 18,279

The amounts of domestic and foreign income are as follows:

Years Ended September 30,	1995	1994	1993
		(in thousands)	
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME (LOSS) OF AFFILIATE, AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:			
Domestic	$ (5,816)	$ 17,513	$ 29,051
Foreign	19,525	12,786	14,180
	$ 13,709	$ 30,299	$ 43,231

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

Years Ended September 30,	1995	1994	1993
U.S. Federal income tax rate	35%	35%	35%
Dividends received deduction	(4)	(2)	(1)
Excess statutory depletion	(2)	(1)	(1)
Effect of higher foreign tax rates	11	3	7
Non-conventional fuel source credits utilized	(5)	(1)	-
Other, net	2	-	2
Effective income tax rate	37%	34%	42%

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

Years Ended September 30,	1995	1994
	(in thousands)	
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	$40,702	$ 42,406
Available-for-sale securities	23,293	---
Pension provision	4,774	4,632
Equity Investment	3,920	3,254
Other	846	744
Total deferred tax liabilities	73,535	51,036

DEFERRED TAX ASSETS:		
Financial accruals	5,376	4,419
Other	2,112	2,155
Total deferred tax assets	7,488	6,574
Valuation allowance	---	---
Net deferred tax assets	7,488	6,574
NET DEFERRED TAX LIABILITIES	$66,047	$44,462

The deferred income tax provision (benefit) for 1993 results from timing differences in the recognition of revenue and expense for income tax and financial reporting purposes. The sources of these differences and the related income tax effect of each, are as follows:

Year Ended September 30,	1993
	(in thousands)
Effect of intangible development costs expensed for income tax purposes over (under) costs amortized for financial reporting purposes	$ 1,302
Financial under income tax depreciation	2,134
Pension income	128
Geophysical expense	(51)
Insurance expense	(36)
Amortization of deferred compensation	(652)
Restricted stock options vesting	609
Deferred mobilization revenues	566
Sales of long-term investments	484
Excess depletion	589
Oil and gas revenue recognition timing differences	262
Other	737
	$ 6,072

NOTE 4 STOCK OPTIONS, AWARD PLAN AND RIGHTS

The Company has reserved 1,361,681 shares of its treasury stock to satisfy the exercise of stock options issued under the 1982 and 1990 Stock Option Plans. Options awarded under these plans are granted at prices equal to at least market price on the date of grant. Options granted under the 1982 plan have a term of nine years while options granted under the 1990 plan have a term of seven years. Options granted under both plans become exercisable in increments as outlined in the plans. Activity for the incentive stock option plans, was as follows:

Years Ended September 30,	1995	1994	1993
Outstanding at October 1,	835,879	780,079	860,713
Granted	107,750	110,250	--
Exercised	(78,094)	(46,510)	(67,112)
Cancelled	(24,264)	(7,940)	(13,522)
Outstanding at September 30,	841,271	835,879	780,079
Exercisable at September 30,	110,399	70,889	19,782
Weighted average exercise price of options outstanding	$ 26.39	$ 25.65	$ 25.20
Weighted average exercise price of options exercised	$ 19.68	$ 21.77	$ 21.53

As of September 30, 1995, the Company has issued 360,000 shares of treasury stock under a Restricted Stock Award Plan (the "Plan"). The Company recognized deferred compensation totalling $12,832,000, which was the fair market value of the stock at the time of issuance, as a reduction of retained earnings. The deferred compensation is being amortized over a seven-year period as compensation expense. The unamortized balance at September 30, 1995 and 1994 was $3,189,000 and $5,223,000, respectively. In 1995, 1994, and 1993, restrictions lapsed with respect to 61,000 shares, and the shares were released to Plan participants. In 1995 there was a forfeiture of 15,000 shares.

On September 30, 1995, the Company had 24,764,620 outstanding common stock purchase rights ("Rights"). Each Right entitles the holder thereof, until January 8, 1996, to buy one share of common stock at an exercise price of $60.00. The exercise price and the number of shares of common stock issuable upon the exercise of the Rights are subject to adjustment in certain cases to prevent dilution. The Rights are evidenced by the common stock certificates and are not exercisable or transferable apart from the common stock, until 15 days after a person acquires 15 percent or more of the common stock. In the event the Company is acquired in a merger or other business combination transaction (including one in which the Company is the surviving corporation), it is provided that each Right will entitle its holder to purchase, at the then current exercise price of the Right, that number of shares of common stock of the surviving company, which at the time of such transaction, would have a market value of two times the exercise price of the Right. The Rights do not have any voting rights and are redeemable, at the option of the Company, at a price of $.05 per Right prior to any person or entity acquiring beneficial ownership of at least 15 percent of the common stock. The Rights expire on January 8, 1996. As long as the Rights are not separately transferable, the Company will issue one Right with each new share of common stock issued.

NOTE 5 FINANCIAL INSTRUMENTS

Short-term investments consist mainly of U.S. treasury notes carried at cost, which approximates fair value, and are pledged as collateral for a renewable letter of credit. Notes payable bear interest at market rates and is carried at cost which approximates fair value.

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, 1995	$64,804	$61,455	$158	$126,101

During the years ended September 30, 1995, 1994, and 1993, marketable equity available-for-sale securities with a fair value at the date of sale of $11,713,000, $373,000 and $7,904,000, respectively, were sold. The gross realized gains on such sales of available-for-sale securities totaled $5,734,000, $124,000, and $3,579,000, respectively, and the gross realized losses totaled $37,000, $0, and $665,000, respectively.

NOTE 6 IMPAIRMENT OF LONG-LIVED ASSETS

Adoption of SFAS No. 121, effective July 1, 1995, resulted in a before-tax charge of $22 million which is included in depreciation, depletion and amortization expense. The charge reduced 1995 after-tax net income by $13.6 million, or $.55 per share. The before-tax charges included $20 million for proved Exploration and Production properties and $2 million for Real Estate properties. The fair values of the proved properties were determined using the present value of expected future net cash flows. The fair values of the impaired real estate properties were determined based on the estimated sales price of comparable assets.

NOTE 7 EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PLANS:
The Company has noncontributory pension plans covering substantially all of its employees, including certain employees in foreign countries. The Company makes annual contributions to the plans equal to the maximum amount allowable for tax reporting purposes. Future service benefits are determined using a 1.5 percent career average formula.

The net periodic pension credit included the following components:

Years Ended September 30,	1995	1994	1993
		(in thousands)	
Service cost-benefits earned during the year	$ 1,589	$ 1,557	$ 1,304
Interest cost on projected benefit obligations	1,301	1,191	1,105
Return on plan assets	(2,798)	(2,639)	(522)
Net amortization and deferral	(301)	(302)	(2,477)
Net pension credit	$ (209)	$ (193)	$ (590)

The discount rate used in determining the actuarial value of the projected benefit obligation for 1995, 1994 and 1993 was 7.25%, 7.5% and 7.0%, respectively. The average expected rate of return on plan assets was 8.5% for 1995, 1994 and 1993. The assumed rate of increase in compensation was 5.0% for 1995 and 1994, and 5.5% for 1993.

The following table sets forth the plans' funded status and amounts recognized in the balance sheet:

Years Ended September 30,	1995	1994
	(in thousands)	
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ 16,199	$ 13,323
Accumulated benefit obligation	$ 19,215	$ 15,758
Projected benefit obligation	$ 21,735	$ 17,755
Plan assets at fair value, primarily listed stocks, U.S. Government securities and guaranteed insurance contracts	$ 38,114	$ 33,317
Projected benefit obligation less than plan assets	$ 16,379	$ 15,562
Unrecognized net gain, including unrecognized net assets existing at October 1, 1987	(5,959)	(5,589)
Unrecognized prior service cost	1,978	2,216
Prepaid pension cost	$ 12,398	$ 12,189

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 $1,735,000, $1,588,000 and $1,304,000 in 1995, 1994 and 1993, respectively.

NOTE 8 ACCRUED LIABILITIES

Accrued liabilities consist of the following:

Years Ended September 30,	1995	1994
	(in thousands)	
Accrued royalties payable	$ 5,977	$ 6,293
Accrued taxes payable	3,109	4,669
Accrued workers compensation claims	2,430	2,364
Accrued equipment cost	4,017	3,000
Other accrued liabilities	5,996	7,730
	$ 21,529	$ 24,056

NOTE 9 CONCENTRATIONS OF CREDIT RISK

Years Ended September 30,	1995	1994	1993
		(in thousands)	
Cash payments:			
Interest paid	$ 408	$ 371	$ 370
Income taxes paid	4,624	9,516	15,924
Noncash investing activity:			
Accrued equipment cost	$ 1,016	$3,000	$ --

NOTE 10 CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of temporary cash investments and trade receivables. The Company places its temporary cash investments with high credit financial institutions and limits the amount of credit exposure to any one financial institution. The Company's trade receivables are primarily with a variety of companies in the oil and gas industry. Management requires collateral for certain receivables of customers in its natural gas marketing operations.

NOTE 11 SEGMENT INFORMATION

The Company operates principally in the contract drilling and oil and gas industries. The contract drilling operations consist of contracting Company-owned drilling equipment primarily to major oil and gas exploration companies. Oil and gas activities consist of ownership of mineral interests in productive oil and gas leases and undeveloped leases located primarily in Oklahoma, Texas, Kansas and Louisiana. Intersegment sales, which are accounted for in the same manner as sales to unaffiliated customers, are not material. Operating profit is total revenue less operating expenses. In computing operating profit, the following items have not been considered: equity in earnings of Atwood Oceanics, Inc.; income from investments; general corporate expenses; interest expense; and domestic and foreign income taxes. Identifiable assets by segment are those assets that are used in the Company's operations in each segment. Corporate assets are principally cash and cash equivalents, short-term investments and investments in marketable securities.

Revenues from one company doing business with the contract drilling segment accounted for approximately 18 percent, 14 percent, and 11.8 percent of the total consolidated revenues during the years ended September 30, 1995, 1994 and 1993, respectively. Collectively, revenues from three companies controlled by the Venezuelan government accounted for approximately 13.4 percent of total consolidated revenues for the year ended September 30, 1995.

Summarized revenues and operating profit by industry segment for the years ended September 30, 1995, 1994 and 1993 are located on page 11. Additional financial information by industry segment is as follows:

Years Ended September 30,	1995	1994	1993
		(in thousands)	
Identifiable assets:			
Contract drilling - Domestic	$138,359	$132,804	$112,435
Contract drilling - International	188,587	131,767	113,844
Exploration and Production	142,184	175,003	162,618
Natural Gas Marketing	10,192	8,846	13,289
Chemical division	9,822	9,532	9,753
Real Estate division	24,380	26,958	27,845
Corporate and other	196,641	139,917	171,151
	$710,165	$624,827	$610,935
Depreciation, depletion and amortization:			
Contract drilling - Domestic	$ 12,213	$ 11,085	$ 10,126
Contract drilling - International	19,557	15,722	16,929
Exploration and Production	39,895	19,523	18,294
Natural Gas Marketing	298	290	279
Chemical division	672	654	594
Real Estate division	3,623	1,624	1,679
Corporate and other	959	1,265	864
Intersegment elimination	(102)	(95)	(156)
	$ 77,115	$ 50,068	$ 48,609
Capital expenditures:			
Contract drilling - Domestic	$ 32,503	$ 31,692	$ 16,261
Contract drilling - International	55,044	25,723	10,375
Exploration and Production	20,956	45,809	25,551
Natural Gas Marketing	252	76	205
Chemical division	859	619	630
Real Estate division	907	916	458
Corporate and other	1,255	1,048	729
	$111,776	$105,883	$ 54,209

NOTE 12 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,	1995	1994	1993
		(in thousands)	
Revenues	$ 47,986	$58,884	$69,795
Production costs	18,035	18,854	19,378
Exploration expense and valuation provisions	14,017	17,262	12,628
Depreciation, depletion and amortization	39,895	19,523	18,294
Income tax expense	(7,243)	890	6,481
Total cost and expenses	64,704	56,529	56,781
Results of operations (excluding corporate overhead and interest costs)	$(16,718)	$ 2,355	$13,014

Capitalized Costs -

At September 30,	1995	1994
	(in thousands)	
Properties being amortized:		
Proved properties	$384,755	$377,371
Unproved properties	8,051	11,729

Total costs being amortized	392,806	389,100
Accumulated depreciation, depletion and amortization	257,988	225,902
Net Capitalized Costs	$134,818	$163,198

Costs Incurred Relating to Oil and Gas Producing Activities -

Years Ended September 30,	1995	1994	1993
		(in thousands)	
Property acquisition:			
Proved	$ 1,228	$23,115	$ 3,100
Unproved	1,565	4,893	2,409
Exploration	13,497	12,418	11,769
Development	9,703	12,888	13,964
Total	$25,993	$53,314	$31,242

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 the Company and reviewed by independent engineers.

	OIL (Bbls.)	GAS (Mmcf)
Proved reserves at September 30, 1992	7,507,586	294,596
Revisions of previous estimates	(15,550)	9,568
Extensions, discoveries and other additions	168,051	10,083
Production	(875,713)	(28,479)
Purchases of reserves-in-place	140,411	4,196
Sales of reserves-in-place	(41,586)	(519)
Proved reserves at September 30, 1993	6,883,199	289,445
Revisions of previous estimates	302,200	(819)
Extensions, discoveries and other additions	261,114	8,818
Production	(887,455)	(26,628)
Purchases of reserves-in-place	159,580	19,900
Sales of reserves-in-place	(8,427)	(64)
Proved reserves at September 30, 1994	6,710,211	290,652
Revisions of previous estimates	124,361	5,222
Extensions, discoveries and other additions	328,539	8,775
Production	(808,058)	(26,421)
Purchases of reserves-in-place	310	1,934
Sales of reserves-in-place	(26,251)	(116)
Proved reserves at September 30, 1995	6,329,112	280,046
Proved developed reserves at		
September 30, 1993	6,882,783	282,033
September 30, 1994	6,649,672	267,688
September 30, 1995	6,270,216	262,319

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. 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,	1995	1994
	(in thousands)	
Future cash inflows	$429,259	$478,426
Future costs -		
Future production and development costs	(173,633)	(191,464)
Future income tax expense	(63,183)	(71,320)
Future net cash flows	192,443	215,642
10% annual discount for estimated timing of cash flows	(81,509)	(91,019)
Standardized Measure of discounted future net cash flows	$110,934	$124,623

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

Years Ended September 30,	1995	1994	1993
		(in thousands)	
Standardized Measure - Beginning of year	$124,623	$178,757	$173,644
Increases (decreases) -			
Sales, net of production costs	(29,951)	(40,030)	(50,417)
Net change in sales prices, net of production costs	(12,917)	(80,347)	16,292
Discoveries and extensions, net of related future development and production costs	8,179	9,653	12,439
Changes in estimated future development costs	(4,672)	(14,571)	(7,624)
Development costs incurred	9,703	12,888	13,964
Revisions of previous quantity estimates	2,825	483	6,820
Accretion of discount	16,171	23,678	22,619
Net change in income taxes	(7,538)	20,942	(12,656)
Purchases of reserves-in-place	1,202	11,219	3,820
Sales of reserves-in-place	(51)	(62)	(652)
Other	3,360	2,013	508
Standardized Measure - End of year	$110,934	$124,623	$178,757

NOTE 13 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter Ended			
	Dec. 31, 1994	March 31, 1995	June 30, 1995	Sept. 30, 1995
	(in thousands, except per share amounts)			
Revenues	$79,944	$79,301	$78,756	$87,775
Gross profit (loss)	8,909	11,550	9,389	(6,931)
Net income (loss)(1)	4,416	5,820	4,584	(5,069)
Earnings (loss) per share	.18	.24	.19	(.21)

	Quarter Ended			
	Dec. 31, 1993	March 31, 1994	June 30, 1994	Sept. 30, 1994
	(in thousands, except per share amounts)			
Revenues	$82,186	$87,883	$78,698	$80,234
Gross profit	14,149	12,701	8,688	4,054
Income before cumulative effect of change in accounting principle	7,253	6,155	4,660	2,903
Net income (2)	11,253	6,155	4,660	2,903
Earnings per common share before cumulative effect of change in accounting principle	.30	.25	.19	.12
Earnings per share	.46	.25	.19	.12

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

(1) The quarter ended September 30, 1995 included an after-tax charge of $13.6 million ($.55 per share) related to the Company adopting SFAS No. 121 (see note 6).

(2) The quarter ended September 30, 1994 included an after-tax charge of $2.7 million ($.11 per share) for impairment of leases ($1.35 million) and dry-hole costs ($1.35 million) in the Austin Chalk prospect in Louisiana.

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, 1995 and 1994, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended. 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. The consolidated statements of income, shareholders' equity, and cash flows for the year ended September 30, 1993, were audited by other auditors whose report dated November 16, 1993, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with generally accepted auditing standards. 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 1995 and 1994 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Helmerich & Payne, Inc. at September 30, 1995 and 1994, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

As discussed in Note 6 to the financial statements, effective July 1, 1995, the Company adopted 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". As discussed in Note 1 to the financial statements, effective October 1, 1994, the Company adopted SFAS No., 115, "Accounting for Certain Investments in Debt and Equity Securities." As discussed in Note 3 to the financial statements, effective October 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes."

Tulsa, Oklahoma
November 17, 1995

/s/ ERNST & YOUNG LLP

STOCK PRICE INFORMATION

	Closing Market Price Per Share			
	1995		1994	
QUARTERS	HIGH	LOW	HIGH	LOW
First	$ 31 1/4	$ 25 5/8	$ 34 1/2	$26 1/2
Second	27 1/2	24 1/2	30	26
Third	31	26 5/8	27 1/8	25 1/8
Fourth	30	27 5/8	28 1/8	25 5/8

DIVIDEND INFORMATION

	Paid Per Share		Total Payment	
	1995	1994	1995	1994
QUARTERS				
First	$.125	$.120	$3,089,758	$2,956,498
Second	.125	.120	3,087,958	2,960,098
Third	.125	.120	3,092,973	2,960,314
Fourth	.125	.125	3,094,813	3,087,902

STOCKHOLDERS' MEETING

The annual meeting of stockholders will be held on March 6, 1996. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed to shareholders on or about January 25, 1996.

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, 1995, there were 1,656 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 Liberty Bank of Oklahoma City at the following address:

The Liberty National Bank and Trust Company of Oklahoma City Stock Transfer Department P.O. Box 25848
Oklahoma City, Oklahoma 73125-0848
Telephone: (405) 231-6325

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

ELEVEN-YEAR FINANCIAL REVIEW
HELMERICH & PAYNE, INC.

Years Ended September 30,	1995	1994	1993
REVENUES AND INCOME*			
Contract Drilling Revenues	203,325	182,781	149,661
Crude Oil Sales	13,227	13,161	15,392
Natural Gas Sales	33,851	45,261	52,446
Gas Marketing Revenues**	34,729	51,874	63,786
Chemical Sales	18,986	18,746	14,286
Real Estate Revenues	7,560	7,396	7,620
Dividend Income	3,389	3,621	3,535
Other Revenues	10,709	6,161	8,371
Total Revenues	325,776	329,001	315,097
Net Cash Provided by Operating Activities++	88,572	79,909	74,619
Net Income+	9,751	24,971	24,550
PER SHARE DATA			
Net Income+	.40	1.02	1.01
Cash Dividends	.50	.485	.48
Shares Outstanding*	24,765	24,710	24,637
FINANCIAL POSITION			
Net Working Capital*	45,383	76,238	104,085
Ratio of Current Assets to Current Liabilities	1.65	2.63	3.24
Investments*	156,908	87,414	84,945
Total Assets*	710,165	624,827	610,935
Long-Term Debt*	--	--	3,600
Shareholders' Equity*	562,435	524,334	508,927
CAPITAL EXPENDITURES*			
Contract Drilling Equipment	80,943	53,752	24,101
Wells and Equipment	19,384	40,916	23,142
Chemical Plant and Equipment	793	572	540
Real Estate	873	902	436
Other Assets (includes undeveloped leases)	9,783	9,741	5,990
Total Capital Outlays	111,776	105,883	54,209
PROPERTY, PLANT AND EQUIPMENT AT COST*			
Contract Drilling Equipment	501,682	444,432	418,004
Producing Properties	384,755	377,371	340,176
Undeveloped Leases	8,051	11,729	10,010
Chemical Plant and Equipment	13,210	12,417	11,845
Real Estate	46,642	47,827	47,502
Other	56,382	49,326	45,785
Total Property, Plant and Equipment	1,010,722	943,102	873,322

* 000's omitted ** Gas Marketing activities began in 1990
++ Funds generated by operations for 1985
+ Includes $13.6 million (.55 per share) effect of impairment charge for adoption of SFAS No. 121 in 1995 and cumulative effect of change in accounting for income taxes of $4,000,000 ($.16 per share) in 1994

Years Ended September 30,	1992	1991	1990	1989
REVENUES AND INCOME*				
Contract Drilling Revenues	112,833	105,364	90,974	78,315
Crude Oil Sales	16,369	17,374	16,058	14,821
Natural Gas Sales	38,370	35,628	37,697	33,013
Gas Marketing Revenues**	40,410	10,055	10,566	--
Chemical Sales	13,411	12,674	12,067	10,754
Real Estate Revenues	7,541	7,542	7,636	7,778
Dividend Income	4,050	5,285	7,402	9,127
Other Revenues	6,716	20,024	56,144	17,361
Total Revenues	239,700	213,946	238,544	171,169
Net Cash Provided by Operating Activities++	63,331	52,110	55,422	67,099
Net Income+	10,849	21,241	47,562	22,700
PER SHARE DATA				
Net Income+	.45	.88	1.97	.94
Cash Dividends	.465	.46	.44	.42
Shares Outstanding*	24,576	24,488	24,485	24,173
FINANCIAL POSITION				
Net Working Capital*	82,800	108,212	146,741	114,357
Ratio of Current Assets to Current Liabilities	3.31	4.19	3.72	3.12
Investments*	87,780	96,471	99,574	130,443
Total Assets*	585,504	575,168	582,927	591,229
Long-Term Debt*	8,339	5,693	5,648	49,087
Shareholders' Equity*	493,286	491,133	479,485	443,396
CAPITAL EXPENDITURES*				
Contract Drilling Equipment	43,049	56,297	18,303	17,901
Wells and Equipment	21,617	34,741	16,489	30,673
Chemical Plant and Equipment	104	2,478	1,089	745
Real Estate	690	2,104	1,467	878
Other Assets (includes undeveloped leases)	17,038	6,909	5,512	6,787
Total Capital Outlays	82,498	102,529	42,860	56,984
PROPERTY, PLANT AND EQUIPMENT AT COST*				
Contract Drilling Equipment	404,155	370,494	324,293	323,313
Producing Properties	329,264	312,438	287,248	279,768
Undeveloped Leases	12,973	5,552	5,507	5,441
Chemical Plant and Equipment	11,305	11,202	8,723	7,635
Real Estate	47,286	46,671	44,928	48,016
Other	43,810	37,059	32,682	30,237
Total Property, Plant and Equipment	848,793	783,416	703,381	694,410

Years Ended September 30,	1988	1987	1986	1985
REVENUES AND INCOME*				
Contract Drilling Revenues	75,985	64,718	68,220	90,647
Crude Oil Sales	14,001	15,223	20,020	32,447
Natural Gas Sales	26,154	17,251	21,308	28,335
Gas Marketing Revenues**	--	--	--	--
Chemical Sales	11,265	9,603	8,471	8,778
Real Estate Revenues	7,878	7,561	6,839	5,658
Dividend Income	10,069	9,757	11,033	10,878
Other Revenues	15,213	34,766	29,244	18,054
Total Revenues	160,565	158,879	165,135	194,797
Net Cash Provided by Operating Activities++	57,967	38,337	54,756	72,552
Net Income+	20,150	22,016	7,025	18,498
PER SHARE DATA				
Net Income+	.83	.91	.28	.74
Cash Dividends	.40	.38	.36	.35
Shares Outstanding*	24,166	24,187	24,187	25,146
FINANCIAL POSITION				
Net Working Capital*	135,275	135,139	108,331	118,340
Ratio of Current Assets to Current Liabilities	6.10	6.68	5.61	4.58
Investments*	133,726	140,431	158,311	163,045
Total Assets*	576,473	571,348	563,236	616,034
Long-Term Debt*	70,715	74,732	79,340	85,532
Shareholders' Equity*	430,804	420,833	408,185	427,860

CAPITAL EXPENDITURES*				
Contract Drilling Equipment	19,110	13,993	23,673	27,777
Wells and Equipment	25,936	27,402	11,767	9,527
Chemical Plant and Equipment	688	307	232	175
Real Estate	3,095	6,128	1,409	9,782
Other Assets (includes undeveloped leases)	2,623	2,041	2,075	5,397
Total Capital Outlays	51,452	49,871	39,156	52,658

PROPERTY, PLANT AND EQUIPMENT AT COST*				
Contract Drilling Equipment	313,289	309,865	307,199	287,641
Producing Properties	251,445	228,214	215,488	218,102
Undeveloped Leases	3,305	4,197	7,294	10,403
Chemical Plant and Equipment	6,889	6,201	5,894	5,662
Real Estate	47,165	44,070	38,131	36,538
Other	28,279	28,675	28,846	28,345
Total Property, Plant and Equipment	650,372	621,222	602,852	586,691

ELEVEN-YEAR OPERATING REVIEW
HELMERICH & PAYNE, INC.

Years Ended September 30,	1995	1994	1993	1992	1991	1990
CONTRACT DRILLING						
Drilling Rigs, United States	41	47	42	39	46	49
Drilling Rigs, International	35	29	29	30	25	20
Contract Wells Drilled, United States	212	162	128	100	106	119
Total Footage Drilled, United States*	1,933	1,842	1,504	1,085	1,301	1,316
Average Depth per Well, United States	9,119	11,367	11,746	10,853	12,274	11,059
Percentage Rig Utilization, United States . . .	71	69	53	42	47	50
Percentage Rig Utilization, International . . .	84	88	68	69	69	46
PETROLEUM EXPLORATION AND DEVELOPMENT						
Gross Wells Completed	59	44	42	54	45	36
Net Wells Completed	27.4	15	15.9	17.8	20.3	15.3
Net Dry Holes	5.9	1.7	4.3	4.3	4.3	3.4
PETROLEUM PRODUCTION						
Net Crude Oil and Natural Gas Liquids Produced (barrels daily)	2,214	2,431	2,399	2,334	2,152	2,265
Net Oil Wells Owned - Primary Recovery	186	202	202	220	227	223
Net Oil Wells Owned - Secondary Recovery	64	71	71	74	55	46
Secondary Oil Recovery Projects	12	14	14	14	12	12
Net Natural Gas Produced (thousands of cubic feet daily)	72,387	72,953	78,023	75,470	66,617	65,147
Net Gas Wells Owned	354	341	307	289	278	194
NATURAL GAS ODORANTS AND OTHER CHEMICALS						
Chemicals Sold (pounds)*	7,670	8,071	7,930	8,452	8,155	8,255
REAL ESTATE MANAGEMENT						
Gross Leasable Area (square feet)*	1,652	1,652	1,656	1,656	1,664	1,664
Percentage Occupancy	87	83	86	87	86	85
TOTAL NUMBER OF EMPLOYEES						
Helmerich & Payne, Inc. and Subsidiariesa . .	3,245	2,787	2,389	1,928	1,758	1,864

Years Ended September 30,	1989	1988	1987	1986	1985
CONTRACT DRILLING					
Drilling Rigs, United States	49	48	50	48	47
Drilling Rigs, International	20	18	19	19	19
Contract Wells Drilled, United States	108	115	110	110	111
Total Footage Drilled, United States*	1,350	1,284	1,182	1,384	1,477
Average Depth per Well, United States	12,500	11,165	10,745	12,582	13,306
Percentage Rig Utilization, United States . . .	44	45	39	44	65
Percentage Rig Utilization, International . . .	46	30	16	30	47
PETROLEUM EXPLORATION AND DEVELOPMENT					
Gross Wells Completed	45	45	18	27	42
Net Wells Completed	15.2	14.6	5.2	10.3	19.5
Net Dry Holes	2.8	1.6	.5	3.6	9.7
PETROLEUM PRODUCTION					
Net Crude Oil and Natural Gas Liquids Produced (barrels daily)	2,486	2,463	2,578	3,077	3,388
Net Oil Wells Owned - Primary Recovery	201	202	199	234	234
Net Oil Wells Owned - Secondary Recovery	214	222	237	235	259
Secondary Oil Recovery Projects	17	21	20	18	19
Net Natural Gas Produced (thousands of cubic feet daily)	57,490	45,480	31,752	32,392	35,288
Net Gas Wells Owned	205	197	180	180	174
NATURAL GAS ODORANTS AND OTHER CHEMICALS					
Chemicals Sold (pounds)*	7,702	8,507	8,165	7,554	9,123
REAL ESTATE MANAGEMENT					
Gross Leasable Area (square feet)*	1,669	1,670	1,595	1,433	1,333
Percentage Occupancy	90	90	94	95	93

TOTAL NUMBER OF EMPLOYEES					
Helmerich & Payne, Inc. and Subsidiariesa . .	1,100	1,156	1,026	844	1,126

* 000's omitted.
+ 1985-1989 include U.S. employees only

Directors

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

HANS HELMERICH
President and Chief Executive Officer,
Tulsa, Oklahoma

WILLIAM L. ARMSTRONG
Chairman, Ambassador Media Corporation,
Denver, Colorado

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

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

C. W. FLINT, JR.*
Chairman,
Flint Industries, Inc.,
Tulsa, Oklahoma

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

HARRY W. TODD
Chairman, CEO, and President, Retired,
Rohr Industries, Inc.,
Chula Vista, California

JOHN D. ZEGLIS
Senior Vice President and General Counsel,
American Telephone & Telegraph Co.,
Basking Ridge, New Jersey

Officers

W. H. HELMERICH, III
Chairman of the Board

HANS HELMERICH
President and Chief Executive Officer

ALLEN S. BRAUMILLER
Vice President,
Exploration

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

DOUGLAS E. FEARS
Vice President,
Finance

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

JAMES L. PAYNE
Vice President,
Real Estate

STEVEN R. SHAW
Vice President,
Production

***Member, Audit 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) Natural Gas Odorizing, Inc. (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 (Colombia) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Gabon) Drilling Co. (Incorporated in Cayman Islands, British West Indies) Helmerich & Payne (Guatemala) Drilling Co. (Incorporated in Oklahoma)
Helmerich & Payne (Peru) Drilling Co. (Incorporated in Oklahoma)
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.

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

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated November 16, 1993, included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 33-16771 and 33- 55239 on Forms S-8.

ARTHUR ANDERSON LLP

Tulsa, Oklahoma

December 22, 1995

Exhibit 23.2

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, 1995, included in the 1995 Annual Report to Shareholders of Helmerich & Payne, Inc.

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-16771 and 33-55239) pertaining, respectively, to the Helmerich & Payne, Inc. Incentive Stock Option Plan and 1990 Stock Option Plan of our report dated November 17, 1995, 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, 1995.

ERNST & YOUNG LLP

Tulsa, Oklahoma

December 22, 1995

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	SEP 30 1995
PERIOD START	OCT 01 1994
PERIOD END	SEP 30 1995
CASH	19,661
SECURITIES	156,908
RECEIVABLES	59,803
ALLOWANCES	489
INVENTORY	21,313
CURRENT ASSETS	114,994
PP&E	1,010,722
DEPRECIATION	586,960
TOTAL ASSETS	710,165
CURRENT LIABILITIES	69,611
BONDS	0
COMMON	2,677
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	559,758
TOTAL LIABILITY AND EQUITY	710,165
SALES	314,930
TOTAL REVENUES	325,776
CGS	302,859
TOTAL COSTS	302,859
OTHER EXPENSES	8,801
LOSS PROVISION	0
INTEREST EXPENSE	407
INCOME PRETAX	13,709
INCOME TAX	5,044
INCOME CONTINUING	9,751
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	9,751
EPS PRIMARY	.40
EPS DILUTED	.40

End of Filing