

HELMERICH & PAYNE, INC.

FORM 10-Q (Quarterly Report)

Filed 08/14/96 for the Period Ending 06/30/96

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
CIK	0000046765
Symbol	HP
SIC Code	1381 - Drilling Oil and Gas Wells
Industry	Oil & Gas Drilling
Sector	Energy
Fiscal Year	09/30

HELMERICH & PAYNE INC

FORM 10-Q (Quarterly Report)

Filed 8/14/1996 For Period Ending 6/30/1996

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

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 30549

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

For quarterly period ended: JUNE 30, 1996

OR

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

For the transition period from to

Commission File Number: 1-4221

HELMERICH & PAYNE, INC.

Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation
or organization)

73-0679879

(I.R.S. Employer I.D. Number)

UTICA AT TWENTY-FIRST STREET, TULSA, OKLAHOMA 74114

(Address of principal executive office) (Zip Code)

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

NONE

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

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

Yes x No

CLASS

Common Stock, .10 par value

OUTSTANDING AT JUNE 30, 1996

24,839,153

AUTHORIZED AT JUNE 30, 1996

26,764,476

Total Number of Pages 10

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

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

	(Unaudited)	
	June 30	September 30
	1996	1995
	-----	-----
ASSETS		

Current Assets		
Cash and cash equivalents	\$ 16,286	\$ 19,661
Short-term investments	1,005	8,989
Accounts receivable, net	75,596	59,314
Inventories	20,784	21,313
Prepaid expenses and other	5,094	5,717
	-----	-----
Total Current Assets	118,765	114,994
	-----	-----
Investments	178,528	156,908
Property, Plant and Equipment, net	460,876	423,762
Other Assets	14,402	14,501
	-----	-----
Total Assets	\$ 772,571	\$ 710,165
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		

Current Liabilities		
Accounts payable	\$ 26,718	\$ 26,382
Accrued liabilities	23,746	21,101
Income taxes payable	10,454	428
Notes payable	6,000	21,700
	-----	-----
Total Current Liabilities	66,918	69,611
	-----	-----
Noncurrent Liabilities		
Deferred income taxes	80,669	66,047
Other	15,566	12,072
	-----	-----
Total Noncurrent Liabilities	96,235	78,119
	-----	-----
Shareholders' Equity		
Common stock, par value \$.10 per share	2,677	2,677
Preferred stock, no shares issued	-	-
Additional paid-in capital	49,208	48,436
Net unrealized holding gains	56,081	38,004
Retained earnings	523,186	495,692
	-----	-----
631,152		584,809
Less treasury stock, at cost	21,734	22,374
	-----	-----
Total Shareholders' Equity	609,418	562,435
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 772,571	\$ 710,165
	=====	=====

See accompanying notes to financial statements.

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

(in thousands except per share data)

	Quarter 6/30/96	Ended 6/30/95	Nine Months 6/30/96	Ended 6/30/95
	-----	-----	-----	-----
REVENUES:				
Sales and other operating revenues	\$104,371	\$ 76,413	\$297,408	\$231,077
Income from investments	1,656	2,343	4,125	6,924
	-----	-----	-----	-----
	106,027	78,756	301,533	238,001
	-----	-----	-----	-----
COST AND EXPENSES:				
Operating costs	60,357	49,725	175,016	149,065
Depreciation, depletion and amortization	14,346	13,792	42,728	40,606
Dry holes and abandonments	2,397	1,888	6,555	6,383
Taxes, other than income taxes	4,896	3,962	13,617	12,099
General and administrative	1,918	2,037	6,970	6,822
Interest	63	94	390	237
	-----	-----	-----	-----
	83,977	71,498	245,276	215,212
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	22,050	7,258	56,257	22,789
INCOME TAX EXPENSE	9,050	2,822	21,672	8,643
EQUITY IN INCOME OF AFFILIATE, net of income taxes	158	148	693	674
	-----	-----	-----	-----
NET INCOME	\$ 13,158	\$ 4,584	\$ 35,278	\$ 14,820
	=====	=====	=====	=====
NET INCOME PER AVERAGE COMMON SHARE	\$ 0.53	\$ 0.19	\$ 1.43	\$ 0.60
	=====	=====	=====	=====
CASH DIVIDENDS (Note 2)	\$ 0.125	\$ 0.125	\$ 0.375	\$ 0.375
AVERAGE COMMON SHARES OUTSTANDING	24,743	24,573	24,666	24,516

See accompanying notes to financial statements.

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

(in thousands)

	Nine Months Ended	
	06/30/96	06/30/95
CASH FLOWS FROM OPERATING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Net Income	\$ 35,278	\$ 14,820
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation, depletion and amortization	42,728	40,606
Dry holes and abandonments	6,555	6,383
Equity in income of affiliate before income taxes	(1,118)	(1,087)
Amortization of deferred compensation	1,255	1,037
Gain on sale of securities	(566)	(2,947)
Other, net	97	(771)
Change in assets and liabilities-		
Increase in accounts receivable	(16,282)	(811)
Decrease in inventories	529	902
(Increase) decrease in prepaid expenses and other	722	(3,785)
Increase in accounts payable	1,398	4,477
Increase in accrued liabilities	15,624	1,500
Increase in deferred income taxes	3,543	726
Increase in other noncurrent liabilities	3,494	3,464
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total Adjustments	57,979	49,694
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash provided by operating activities	93,257	64,514
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CASH FLOWS FROM INVESTING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Capital expenditures, including dry hole costs	(84,099)	(88,345)
Proceeds from sales of property, plant and equipment	2,078	2,156
Purchase of investments	24	(9,927)
Proceeds from sale of investments	619	7,294
Proceeds from sale of short-term investments	7,984	-
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash used in investing activities	(73,394)	(88,822)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
CASH FLOWS FROM FINANCING ACTIVITIES:		
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Proceeds from notes payable	30,000	20,200
Payments made on notes payable	(45,700)	-
Dividends paid	(9,310)	(9,265)
Proceeds from exercise of stock options	1,772	1,157
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash provided by (used in) financing activities	(23,238)	12,092
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,375)	(12,216)
CASH AND CASH EQUIVALENTS, beginning of period	19,661	29,447
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
CASH AND CASH EQUIVALENTS, end of period	\$ 16,286	\$ 17,231
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See accompanying notes to financial statements.

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

	Common Stock		Paid-In Capital	Net Unrlzed	Retained Earnings	Treasury Stock	
	Shares	Amount		Holding Gains		Shares	Amount
	-----	-----	-----	-----	-----	-----	-----
Balance, September 30, 1995	26,764	\$2,677	\$48,436	\$38,004	\$495,692	2,000	\$(22,374)
Change in net unrealized holding gains, net of income taxes of \$11,080	-	-	-	18,077	-	-	-
Cash dividends (\$0.375 per share)	-	-	-	-	(9,310)	-	-
Exercise of stock options	-	-	1,022	-	-	(85)	750
Lapse of restrictions on restricted stock awards	-	-	(89)	-	-	-	-
Forfeiture of restricted stock award	-	-	(161)	-	271	10	(110)
Amortization of deferred compensation	-	-	-	-	1,255	-	-
Net income	-	-	-	-	35,278	-	-

Balance, June 30, 1996	26,764	\$2,677	\$49,208	\$56,081	\$523,186	1,925	\$(21,734)
	=====						

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the results of the periods presented. The results of operations for the nine months ended June 30, 1996, and June 30, 1995, are not necessarily indicative of the results to be expected for the full year.

2. The \$.125 cash dividend declared in March was paid June 1, 1996. On June 5, 1996, a cash dividend of \$.13 per share was declared for shareholders of record on August 15, 1996, payable September 1, 1996.

3. Inventories consisted of the following (in thousands of dollars):

	06-30-96	09-30-95
	-----	-----
Raw Materials	\$ 221	\$ 100
Works in Progress	270	315
Finished Goods	1,357	1,435
Materials & Supplies	18,936	19,463
	-----	-----
	\$ 20,784	\$ 21,313
	=====	=====

4. Income from investments includes \$566,000 from gains on sales of securities during the first nine months of 1996, versus \$2,947,000 on sales of securities during the first nine months of 1995.

5. The following is a summary of available-for-sale securities, which excludes those accounted for under the equity method of accounting. The cost of securities accounted for under the equity method is \$23,613,000.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
		(in thousands)		
	-----	-----	-----	-----
Equity Securities 06/30/96	\$64,461	\$90,466	\$ 12	\$154,915
Equity Securities 09/30/95	\$64,804	\$61,455	\$158	\$126,101

During the quarter ended June 30, 1996, marketable equity available-for-sale securities with a fair value at the date of sale of \$619,000 were sold. The gross realized gains on such sales of available-for-sale securities totaled \$596,000 and the gross realized losses totaled \$30,000.

6. In May 1996 the Company renewed its line of credit agreement with certain banks. The new agreement provides for maximum borrowing of \$50,000,000 at adjustable interest rates based on London Interbank Offered Rates (LIBOR). The borrowings will mature either in May of 1997 or May of 1998. A \$40,000,000 portion of the line is for a 364 day term and a \$10,000,000 portion is for a two year term. As of June 30, 1996, the Company had borrowed \$6,000,000 against the line of credit, at a weighted average interest rate of 5.81%, and had letters of credit outstanding in the amount of \$9,991,000, leaving an unused portion of \$34,009,000. Under the line of credit agreement, the Company must meet certain requirements regarding levels of debt, net worth and earnings.

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

(in thousands)

	FISCAL YEAR 1996			Nine Mos. 06/30/96	Nine Mos. 06/30/95
	1st Qtr	2nd Qtr	3rd Qtr		
Sales and Other Revenues:					
Contract Drilling-Domestic	\$23,020	\$ 26,088	\$ 29,981	\$ 79,089	\$ 70,640
Contract Drilling-Internat'l	33,935	33,585	31,534	99,054	75,648
Total Contract Drilling Division	56,955	59,673	61,515	178,143	146,288
Exploration and Production	15,460	18,084	20,727	54,271	36,202
Natural Gas Marketing	12,786	14,030	15,484	42,300	26,567
Total Oil & Gas Division	28,246	32,114	36,211	96,571	62,769
Chemical Division	6,158	5,708	4,669	16,535	16,010
Real Estate Division	2,008	2,079	1,971	6,058	5,624
Investments and other	1,218	1,347	1,661	4,226	7,310
Total Revenues	\$94,585	\$100,921	\$106,027	\$301,533	\$ 238,001
OPERATING PROFIT(LOSS):					
Contract Drilling-Domestic	\$ 1,915	\$ 2,776	\$ 3,675	\$ 8,366	\$ 4,250
Contract Drilling-Internat'l	8,309	7,885	7,847	24,041	12,541
Total Contract Drilling Division	10,224	10,661	11,522	32,407	16,791
Exploration and Production	4,075	4,690	8,605	17,370	(2,900)
Natural Gas Marketing	757	695	889	2,341	1,384
Total Oil & Gas Division	4,832	5,385	9,494	19,711	(1,516)
Chemical Division	2,739	1,979	775	5,493	5,997
Real Estate Division	1,221	1,423	1,201	3,845	3,210
Total Operating Profit	19,016	19,448	22,992	61,456	24,482
OTHER	(1,733)	(2,524)	(942)	(5,199)	(1,693)
INCOME BEFORE INCOME TAXES AND					
EQUITY IN INCOME OF AFFILIATE	\$17,283	\$ 16,924	\$ 22,050	\$ 56,257	\$ 22,789

See accompanying notes to financial statements.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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

JUNE 30, 1996

RESULTS OF OPERATIONS

The Company reported net income of \$13,158,000 (\$0.53 per share) from revenues of \$106,027,000 for the third quarter of fiscal 1996, compared with net income of \$4,584,000 (\$0.19 per share) from revenues of \$78,756,000 for the third quarter of fiscal 1995. Net income for the first nine months totaled \$35,278,000 (\$1.43 per share) from revenues of \$301,533,000, compared with \$14,820,000 (\$0.60 per share) from revenues of \$238,001,000 last year.

Net income for the nine months ended June 30, 1996, includes \$346,000 after-tax gains from the sale of securities, compared with \$1,800,000 after-tax gain from the sale of securities for the same period in 1995.

Exploration and Production reported an operating profit of \$17,370,000 for the nine months ended June 30, 1996, compared with an operating loss of \$2,900,000 for the same period last year. Oil & gas revenues for the first nine months increased to \$54,271,000 (a fifty percent increase) from last year's revenues of \$36,202,000. The increase in revenues is the result of continued strength in oil and natural gas prices compared to last year and the increase in natural gas volumes.

Natural gas prices for the third quarter and first nine months of 1996 averaged \$1.88 per mcf and \$1.71 per mcf respectively, compared with \$1.28 per mcf and \$1.31 per mcf in the same periods of 1995. Natural gas volumes for the first nine months of 1996 were 91.4 mmcf/d compared with 71.2 mmcf/d for the same period of 1995. Oil prices for the third quarter and first nine months of 1996 averaged \$20.02 and \$18.25, respectively, compared with \$17.42 and \$16.48, respectively, in the same periods of 1995. Oil volumes for the nine months ended June 30, 1996 and 1995 were 2,222 bbls/d and 2,224 bbls/d, respectively.

Exploration and Production's third quarter results were also affected by three natural gas wells that commenced production during the quarter. These wells are part of the previously announced Rocky East discovery in Washita County, Oklahoma. It is anticipated that two additional natural gas wells will commence production in the fourth quarter.

The Contract Drilling Division reported an operating profit of \$32,407,000 for the first nine months of fiscal 1996, compared with \$16,791,000 for the first nine months of fiscal 1995. Operating profit from international operations increased to \$24,041,000 for the first nine months of 1996, compared with \$12,541,000 for the same period (a ninety-two percent increase) in 1995. The primary reason for the increase in operating profits was the strong performance in the Company's Venezuelan and Colombian operations. Rig utilization was over 90% in both countries for the nine months ended June 30, 1996.

Operating profit from the domestic drilling operations increased to \$8,366,000 for the first nine months of 1996, compared with \$4,250,000 for the same period in 1995. The increase is the result of improved profit margins on the Company's land rigs and the earnings from the new Mars Offshore Platform Rig which began drilling in the third quarter of 1996.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was \$93,257,000 for the nine months ended June 30, 1996, compared with \$64,514,000 for the same period in 1995. Capital expenditures for the first nine months of 1996 were \$84,099,000, compared with \$88,345,000 for the first nine months of 1995.

During the third quarter the Company renewed its line of credit agreement as described in Note 6 to the financial statements. Additional borrowing may be necessary to meet capital expenditure requirements for the remainder of fiscal 1996.

There were no other significant changes in the Company's financial position since September 30, 1995.

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

Item 1 Legal Proceedings

The lawsuit William G. Caldwell, et al v Helmerich & Payne, Inc. is described in the Company's 10-Q filings for the quarterly periods ended December 31, 1995 and March 31, 1996.

Item 6(b) Reports on Form 8-K

There were no reports on Form 8-K for the three months ended June 30, 1996.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

SIGNATURES

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

Date: AUGUST 14, 1996 /S/ DOUGLAS E. FEARS

Douglas E. Fears, Chief Financial Officer

Date: AUGUST 14, 1996 /S/ HANS C. HELMERICH

Hans C. Helmerich, President

EXHIBIT INDEX

Exhibit No.	Exhibit Description
27	Financial Data Schedule

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	SEP 30 1996
PERIOD START	OCT 01 1995
PERIOD END	JUN 30 1996
CASH	16,286
SECURITIES	178,528
RECEIVABLES	76,058
ALLOWANCES	462
INVENTORY	20,784
CURRENT ASSETS	118,765
PP&E	1,073,498
DEPRECIATION	612,622
TOTAL ASSETS	772,571
CURRENT LIABILITIES	66,918
BONDS	0
COMMON	2,677
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	606,741
TOTAL LIABILITY AND EQUITY	772,571
SALES	297,408
TOTAL REVENUES	301,533
CGS	237,916
TOTAL COSTS	237,916
OTHER EXPENSES	6,970
LOSS PROVISION	0
INTEREST EXPENSE	390
INCOME PRETAX	56,257
INCOME TAX	21,672
INCOME CONTINUING	35,278
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	35,278
EPS PRIMARY	1.43
EPS DILUTED	1.43

End of Filing

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