

# HELMERICH & PAYNE, INC.

## FORM 10-Q (Quarterly Report)

Filed 02/14/95 for the Period Ending 12/31/94

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 2/14/1995 For Period Ending 12/31/1994

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: DECEMBER 31, 1994

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission File Number: 1-4221*

### HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of incorporation or organization)

73-0679879  
(I.R.S. Employer I.D. Number)

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

74114  
(Zip Code)

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

NONE

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

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

Yes  No   
--- ---

CLASS  
-----  
Common Stock, .10 par value

OUTSTANDING AT DECEMBER 31, 1994  
-----  
24,718,660

AUTHORIZED AT DECEMBER 31, 1994  
-----  
26,764,476

**Total Number of Pages 9**

**HELMERICH & PAYNE, INC.**

**INDEX**

	PAGE NO.
PART I. FINANCIAL INFORMATION	
Consolidated Condensed Balance Sheets - December 31, 1994 and September 30, 1994 . . . . .	3
Consolidated Condensed Statements of Income - Three Months Ended December 31, 1994 and 1993. . . . .	4
Consolidated Condensed Statements of Cash Flows - Three Months Ended December 31, 1994 and 1993. . . . .	5
Notes to Consolidated Condensed Financial Statements . . .	6
Revenues and Income by Business Segments . . . . .	7
Management's Discussion and Analysis of Financial Condition and Results of Operations. . . . .	8&9
PART II. OTHER INFORMATION . . . . .	9
Signature Page . . . . .	9

**PART I FINANCIAL INFORMATION**

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

	(Unaudited) December 31 1994	September 30 1994
	-----	-----
ASSETS		
-----		
Current Assets		
Cash and cash equivalents	\$ 15,434	\$ 29,447
Short-term investments	8,997	8,997
Accounts receivable, net	59,923	59,897
Inventories	21,290	20,995
Prepaid expenses and other	5,581	3,603
	-----	-----
Total Current Assets	111,225	122,939
Investments	142,200	87,414
Property, Plant and Equipment, Net	408,927	400,651
Other Assets	13,932	13,823
	-----	-----
Total Assets	\$ 676,284	\$ 624,827
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
-----		
Current Liabilities		
Accounts payable	\$ 26,246	\$ 22,645
Accrued liabilities	18,929	24,056
	-----	-----
Total Current Liabilities	45,175	46,701
Noncurrent Liabilities		
Deferred income taxes	63,672	44,462
Other	10,445	9,330
	-----	-----
Total Noncurrent Liabilities	74,117	53,792
Shareholders' Equity		
Common stock, par value \$.10 per share	2,677	2,677
Preferred stock, no shares issued	-	-
Additional paid-in capital	48,276	48,196
Net unrealized holding gains	30,700	-
Retained earnings	498,063	496,280
	-----	-----
Less treasury stock, at cost	579,716	547,153
	22,724	22,819
	-----	-----
Total Shareholders' Equity	556,992	524,334
	-----	-----
	\$ 676,284	\$ 624,827
	=====	=====

See accompanying notes to financial statements.

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

(in thousands, except per share data)

	Three Months Ended December 31	
	1994	1993
REVENUES:		
Sales and other operating revenues	\$ 78,555	\$ 80,644
Income from investments	1,389	1,542
	79,944	82,186
COST AND EXPENSES:		
Operating costs	51,248	50,511
Depreciation, depletion and amortization	13,630	11,818
Dry holes and abandonments	2,179	1,310
Taxes, other than income taxes	3,978	4,290
General and administrative	2,094	2,682
Interest	99	182
	73,228	70,793
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME OF AFFILIATE AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	6,716	11,393
INCOME TAX EXPENSE	2,481	4,291
EQUITY IN INCOME OF AFFILIATE, net of income taxes	181	151
	4,416	7,253
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	4,416	7,253
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	4,000
	4,416	11,253
NET INCOME	\$ 4,416	\$ 11,253
	=====	=====
PER COMMON SHARE:		
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$ .18	\$ .30
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	.46
	.18	.46
NET INCOME	\$ .18	\$ .46
	=====	=====
CASH DIVIDENDS (Note 2)	\$ .125	\$ .12
AVERAGE COMMON SHARES OUTSTANDING	24,479	24,368

See accompanying notes to financial statements.

**HELMERICH & PAYNE, INC.**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)

(in thousands)

	Three Months Ended December 31	
	1994	1993
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
<hr style="border-top: 1px dashed black;"/>		
Net Income	\$ 4,416	\$ 11,253
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation, depletion and amortization	13,630	11,818
Dry holes and abandonments	2,179	1,310
Cumulative effect of change in accounting principle	( 4,000)	
Equity in income of affiliate before income taxes	( 291)	( 243)
Amortization of deferred compensation	458	439
Other, net	( 332)	( 11)
Change in assets and liabilities-		
Increase in accounts receivable	( 26)	( 5,702)
Increase in inventories	( 295)	( 1,197)
Increase in prepaid expenses and other	( 2,087)	( 6,844)
Increase(decrease) in accounts payable	3,601	( 1,652)
Increase(decrease) in accrued liabilities	( 2,127)	4,305
Increase in deferred income taxes	393	180
Increase in other noncurrent liabilities	1,115	1,352
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total Adjustments	16,218	( 245)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash provided by operating activities	20,634	11,008
<hr style="border-top: 1px dashed black;"/>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
<hr style="border-top: 1px dashed black;"/>		
Capital expenditures, including dry hole costs	( 27,404)	( 13,509)
Proceeds from sales of property, plant and equipment	644	949
Purchase of investments	( 4,978)	-
Purchase of short-term investments	-	( 12)
Proceeds from sale of short-term investments	-	112
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash used in investing activities	( 31,738)	( 12,460)
<hr style="border-top: 1px dashed black;"/>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
<hr style="border-top: 1px dashed black;"/>		
Payments made on long-term debt	-	( 3,139)
Dividends paid	( 3,084)	( 2,956)
Proceeds from exercise of stock options	175	-
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash used in financing activities	( 2,909)	( 6,095)
<hr style="border-top: 1px dashed black;"/>		
NET DECREASE IN CASH AND CASH EQUIVALENTS	( 14,013)	( 7,547)
CASH AND CASH EQUIVALENTS, beginning of period	29,447	61,656
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
CASH AND CASH EQUIVALENTS, end of period	\$ 15,434	\$ 54,109
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

See accompanying notes to financial statements. Certain reclassifications have been made in the 1994 statement to conform to the 1995 presentation.

**HELMERICH & PAYNE, INC.**

**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 financial position as of December 31, 1994, and September 30, 1994, and the results of operations for the three months ended December 31, 1994, and 1993, and the statements of cash flows for the three months then ended. The results of operations for the three months ended December 31, 1994, and December 31, 1993, are not necessarily indicative of the results to be expected for the full year.

2. The \$.125 cash dividend declared in September, 1994 was paid December 1, 1994. On December 7, 1994, a cash dividend of \$.125 per share was declared for shareholders of record on February 15, 1995, payable March 1, 1995.

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

	12-31-94	09-30-94
	-----	-----
Raw Materials	\$ 160	\$ 75
Works in Progress	389	361
Finished Goods	1,130	1,027
Materials & Supplies	19,611	19,532
	-----	-----
	\$ 21,290	\$ 20,995
	=====	=====

4. Income from investments does not include any gains on sales of securities during the first quarter of 1995 or 1994.

5. Effective October 1, 1993, the Company adopted Financial Accounting Standards Board Statement No. 109, Accounting for Income Taxes (SFAS 109). The cumulative effect on prior years of adopting the change was recorded in the quarter ended December 31, 1993, and increased net income for the quarter by \$4.0 million.

6. In May, 1993 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Company adopted the provisions of the new standard for investments held as of or acquired after October 1, 1994. In accordance with the Statement, prior period financial statements have not been restated to reflect the change in accounting principle. The change had no effect on net income. The opening balance of shareholders' equity was increased by \$34,435,000 (net of \$21,106,000 in deferred income taxes) to reflect the net unrealized holding gains on securities classified as available-for-sale previously carried at lower of cost or market.

During the quarter ended December 31, 1994 the net unrealized holding gains of the Company's securities classified as available-for-sale decreased \$3,735,000 (net of \$2,289,000 in deferred income taxes).



**HELMERICH & PAYNE, INC.**  
**REVENUES AND INCOME BY BUSINESS SEGMENTS**  
(in thousands)

	FY 1995 1st Qtr -----	FY 1994 1st Qtr -----
SALES AND OTHER REVENUES:		
Contract Drilling-Domestic	\$25,488	\$19,817
Contract Drilling-Intnat'l	22,150	22,319
	-----	-----
Total Contract Drilling Division	47,638	42,136
	-----	-----
Exploration and Production	13,471	16,626
Natural Gas Marketing	9,479	14,820
	-----	-----
Total Oil & Gas Division	22,950	31,446
	-----	-----
Chemical Division	5,951	5,046
Real Estate Division	1,846	1,836
Investment and Other	1,559	1,722
	-----	-----
Total Revenues	\$79,944	\$82,186
	=====	=====
OPERATING PROFIT:		
Contract Drilling-Domestic	\$ 1,125	\$ 1,246
Contract Drilling-Intnat'l	3,355	3,590
	-----	-----
Total Contract Drilling Division	4,480	4,836
	-----	-----
Exploration and Production	( 538)	5,112
Natural Gas Marketing	287	313
	-----	-----
Total Oil & Gas Division	( 251)	5,425
	-----	-----
Chemical Division	2,636	1,806
Real Estate Division	1,121	1,037
	-----	-----
Total Operating Profit	7,986	13,104
	-----	-----
OTHER	(1,270)	(1,711)
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME OF AFFILIATE AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:		
	-----	-----
	\$ 6,716	\$11,393
	=====	=====

See Accompanying notes to financial statements.

**HELMERICH & PAYNE, INC.**

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

DECEMBER 31, 1994

The Company reported net income of \$4,416,000 (\$0.18 per share) on revenues of \$79,944,000 for the first quarter of fiscal year 1995, compared with net income of \$11,253,000 (\$0.46 per share) on revenues of \$82,186,000 during the first quarter of fiscal 1994. Last year's first quarter net income includes the cumulative effect on prior years' income (\$0.16 per share) caused by the change in accounting method for deferred taxes as required by FASB Statement 109.

Exploration and Production reported an operating loss of \$538,000 in the first quarter of fiscal 1995, compared with an operating profit of \$5,112,000 for the first quarter of fiscal 1994. The difference was due mainly to a significant drop in natural gas prices from an average of \$1.83 per Mcf during the first quarter of 1994 to \$1.37 per Mcf for the first quarter of 1995. Production volumes were reduced from 84.1 Mmcf/day during the first quarter of 1994, to approximately 78.2 Mmcf/day in the same period of 1995. Additionally, dry hole expense for the first quarter of 1995 was \$1,325,000 compared with \$74,000 in the first quarter of 1994.

The Contract Drilling Division reported an operating profit of \$4,480,000 for the first quarter, compared with \$4,836,000 for the same period in fiscal 1994. Operating profit from our international drilling operations declined 6.5% to \$3,355,000 for the first quarter of fiscal 1995, compared with \$3,590,000 for the first quarter of 1994. Operating profit for the quarter in Venezuela and Colombia improved slightly over the same period last year, but operations ceased in both Yemen and Trinidad, resulting in an overall decline in our international operating profit.

The Chemical Division continues to show improved operating profit as the result of price increases effective in the first quarter of fiscal 1994. An operating profit of \$2,636,000 was reported in the first quarter of 1995, compared with \$1,806,000 for the first quarter of fiscal 1994.

General and Administrative costs were \$2,094,000 for the first quarter of 1995, compared with \$2,682,000 for the same period in 1994. There was little change from 1994 to 1995. The decrease was due primarily to decreased costs of employee healthcare benefits.

During the first quarter of 1994, the Company paid off all of its remaining long-term debt. The only long-term liabilities that presently remain on the balance sheet are associated with workers compensation and general liability accruals, deferred income taxes, and other miscellaneous long-term payables and deferred items.

The Company has funded capital expenditures in excess of its cash flow internally over the past several years. However, the Company anticipates that it will either sell a portion of its investment portfolio or incur debt in order to help fund planned capital expenditures for 1995. Capital expenditures budgeted for 1995 include expanded exploration activities, rig purchases and construction for Colombian and Venezuelan operations, as well as the Company's investment in a joint venture with its equity affiliate, Atwood Oceanics, Inc. The joint venture will construct a new generation offshore platform rig for work offshore Australia.

During the first quarter of fiscal 1995, effective 10-1-94, the Company adopted FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The effect of adopting this Statement on the December 31, 1994 balance sheet was to increase investments by \$49,517,000, increase deferred tax liabilities by \$18,817,000 and increase shareholders' equity by \$30,700,000.

There were no other significant changes to the Company's financial position since September 30, 1994.

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

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

There were no reports on Form 8-K filed for the three months ended December 31, 1994.

**HELMERICH & PAYNE, INC.**

**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.

**HELMERICH & PAYNE, INC.**

Date: FEBRUARY 14, 1995  
-----

/S/ DOUGLAS E. FEARS  
-----  
Douglas E. Fears,  
Chief Financial Officer

Date: FEBRUARY 14, 1995  
-----

/S/ HANS C. HELMERICH  
-----  
Hans C. Helmerich, President

## ARTICLE 5

PERIOD TYPE	3 MOS
FISCAL YEAR END	SEP 30 1995
PERIOD START	OCT 01 1994
PERIOD END	DEC 31 1994
CASH	15,434
SECURITIES	142,200
RECEIVABLES	60,953
ALLOWANCES	1,030
INVENTORY	21,290
CURRENT ASSETS	111,225
PP&E	963,255
DEPRECIATION	554,328
TOTAL ASSETS	676,284
CURRENT LIABILITIES	45,175
BONDS	0
COMMON	2,677
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	554,315
TOTAL LIABILITY AND EQUITY	676,284
SALES	78,555
TOTAL REVENUES	79,944
CGS	71,035
TOTAL COSTS	71,035
OTHER EXPENSES	2,094
LOSS PROVISION	0
INTEREST EXPENSE	99
INCOME PRETAX	6,716
INCOME TAX	2,481
INCOME CONTINUING	4,416
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	4,416
EPS PRIMARY	.18
EPS DILUTED	.18

---

**End of Filing**

Powered By **EDGAR**  
Online

© 2005 | EDGAR Online, Inc.