

HELMERICH & PAYNE, INC.

FORM 10-Q (Quarterly Report)

Filed 08/14/98 for the Period Ending 06/30/98

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 8/14/1998 For Period Ending 6/30/1998

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, 1998

OR

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

For the transition period from _____ to _____

Commission File Number: 1-4221

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

73-0679879

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

UTICA AT TWENTY-FIRST STREET, TULSA, OKLAHOMA 74114

(Address of principal executive office) (Zip Code)

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

Former name, former address and former fiscal year, if changed since last
report:
NONE

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

CLASS
Common Stock, .10 par value

OUTSTANDING AT JUNE 30, 1998
50,298,982

TOTAL NUMBER OF PAGES 14

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
	1998	1997
	-----	-----
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 30,703	\$ 27,963
Short-term investments	1,268	1,318
Accounts receivable, net	120,602	98,697
Inventories	23,248	19,639
Prepaid expenses and other	15,257	10,387
	-----	-----
Total Current Assets	191,078	158,004
	-----	-----
Investments	257,525	323,510
Property, Plant and Equipment, net	635,479	539,025
Other Assets	13,586	13,056
	-----	-----
Total Assets	\$ 1,097,668	\$ 1,033,595
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 41,017	\$ 42,642
Accrued liabilities	46,953	47,525
Notes payable	29,000	5,000
	-----	-----
Total Current Liabilities	116,970	95,167
	-----	-----
Noncurrent Liabilities		
Deferred income taxes	126,455	141,331
Other	25,843	16,517
	-----	-----
Total Noncurrent Liabilities	152,298	157,848
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock, \$0.10 par value, 80,000,000 shares authorized, 53,528,952 shares issued	5,353	5,353
Preferred stock, no shares issued	--	--
Additional paid-in capital	57,883	51,316
Retained earnings	701,483	629,562
Unearned compensation	(5,944)	--
Net unrealized holding gains	88,424	114,454
	-----	-----
847,199		800,685
Treasury stock - 3,229,970 and 3,500,698 shares, respectively, at cost	(18,799)	(20,105)
	-----	-----
Total Shareholders' Equity	828,400	780,580
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 1,097,668	\$ 1,033,595
	=====	=====

See accompanying notes to financial statements.

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

(in thousands except per share data)

	Quarter Ended		Nine Months Ended	
	June 30		June 30	
	1998	1997	1998	1997
	-----	-----	-----	-----
REVENUES:				
Sales and other operating revenues	\$153,902	\$123,363	\$438,836	\$370,862
Income from investments	23,234	6,449	32,512	9,691
	-----	-----	-----	-----
	177,136	129,812	471,348	380,553
	-----	-----	-----	-----
COST AND EXPENSES:				
Operating costs	91,976	67,265	249,848	201,572
Depreciation, depletion and amortization	21,195	18,740	59,032	51,591
Dry holes and abandonments	1,967	1,102	9,273	4,074
Taxes, other than income taxes	6,900	5,192	17,877	15,297
General and administrative	2,406	1,946	8,801	7,150
Interest	572	143	631	143
	-----	-----	-----	-----
	125,016	94,388	345,462	279,827
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	52,120	35,424	125,886	100,726
INCOME TAX EXPENSE	19,836	12,216	47,876	36,066
EQUITY IN INCOME OF AFFILIATE, net of income taxes	1,577	440	4,353	1,531
	-----	-----	-----	-----
NET INCOME	\$ 33,861	\$ 23,648	\$ 82,363	\$ 66,191
	=====	=====	=====	=====
EARNINGS PER COMMON SHARE:				
Basic	\$ 0.68	\$ 0.47	\$ 1.65	\$ 1.33
Diluted	\$ 0.67	\$ 0.47	\$ 1.62	\$ 1.31
CASH DIVIDENDS (Note 2)	\$ 0.07	\$ 0.065	\$ 0.21	\$ 0.195
AVERAGE COMMON SHARES OUTSTANDING:				
Basic	50,078	49,834	50,045	49,733
Diluted	50,540	50,530	50,738	50,464

Certain amounts have been restated to reflect the effect of the two-for-one common stock split and distribution as discussed in Note 7. The accompanying notes are an integral part of these statements.

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

(in thousands)

	Nine Months Ended	
	06/30/98	06/30/97
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 82,363	\$ 66,191
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	59,032	51,591
Dry holes and abandonments	9,273	4,074
Equity in income of affiliate before income taxes	(7,021)	(2,470)
Amortization of deferred compensation	972	871
Gain on sale of securities	(27,650)	(4,631)
Gain on sale of property, plant & equipment	(2,886)	(2,881)
Other, net	178	222
Change in assets and liabilities-		
Accounts receivable	(21,905)	(12,498)
Inventories	(3,609)	(1,682)
Prepaid expenses and other	(5,400)	(4,170)
Account payable	(1,028)	4,968
Accrued liabilities	(572)	1,203
Deferred income taxes	1,078	5,527
Other noncurrent liabilities	9,326	4,199
	-----	-----
Total adjustments	9,788	44,323
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	92,151	110,514
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, including dry hole costs,	(177,239)	(101,445)
Proceeds from sales of property, plant and equipment	14,452	5,774
Purchase of investments	(52)	(901)
Proceeds from sale of investments	58,703	8,038
Proceeds from sale of short-term investments	50	--
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(104,086)	(88,534)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	102,000	29,000
Payments made on notes payable	(78,000)	(30,000)
Dividends paid	(10,297)	(9,733)
Purchases of stock for treasury	(273)	--
Proceeds from exercise of stock options	1,245	2,097
	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	14,675	(8,636)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,740	13,344
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	27,963	16,892
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 30,703	\$ 30,236
	=====	=====

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands - except per share data)

	Common Stock		Paid-In Capital	Net	Unearned Compensation	Retained Earnings	Treasury Stock	
	Shares	Amount		Unrealized Holding Gains			Shares	Amount
Balance, September 30, 1997	53,529	\$ 5,353	\$ 51,316	\$ 114,454	\$ --	\$ 629,562	3,501	\$ (20,105)
Change in net unrealized holding gains, net of income taxes of (\$15,954)	--	--	--	(26,030)	--	--	--	--
Cash dividends (\$0.21 per share)	--	--	--	--	--	(10,567)	--	--
Exercise of stock options	--	--	810	--	--	--	(103)	545
Purchases of stock for treasury -	--	--	--	--	--	--	12	(273)
Stock, issued under Restricted Stock Award Plan	--	--	5,757	--	(6,791)	--	(180)	1,034
Amortization of deferred compensation	--	--	--	--	847	125	--	--
Net income	--	--	--	--	--	82,363	--	--
Balance, June 30, 1998	53,529	\$ 5,353	\$ 57,883	\$ 88,424	\$ (5,944)	\$ 701,483	3,230	\$ (18,799)

See accompanying notes to financial statements.

PART I FINANCIAL INFORMATION
HELMERICH & PAYNE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of the Company, the accompanying unaudited condensed 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, 1998, and June 30, 1997, are not necessarily indicative of the results to be expected for the full year.
2. The \$.07 cash dividend declared in March, 1998, was paid June 1, 1998. On June 3, 1998, a cash dividend of \$.07 per share was declared for shareholders of record on August 14, 1998, payable September 1, 1998.
3. Inventories consist of materials and supplies.
4. Income from investments includes \$27,650,000 and \$4,631,000 from gains on sales of available-for-sale securities during the first nine months of 1998 and 1997, respectively.
5. The following is a summary of available-for-sale securities, which excludes those accounted for under the equity method of accounting. The recorded investment in securities accounted for under the equity method is \$33,393,000.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
	-----	-----	-----	-----
(in thousands)				
Equity Securities 06/30/98	\$ 81,512	\$145,600	\$2,980	\$224,132
Equity Securities 09/30/97	\$110,011	\$184,708	\$ 104	\$294,615

6. The Company maintains a line of credit agreement with certain banks which provides for maximum borrowing of \$60,000,000 at adjustable interest rates. Under the agreement, \$50,000,000 may be borrowed through May 1999, and \$10,000,000 may be borrowed through May 2000. As of June 30, 1998, the Company had borrowed \$29,000,000 at a rate of 6.01% and had letters of credit outstanding in the amount of \$8,171,000, leaving \$22,829,000 available. Under the line of credit agreement the Company must meet certain requirements regarding levels of debt, net worth and earnings.

The Company has additional uncommitted lines of credit totaling \$28,000,000 with banks to be used primarily for short-term borrowings and letters of credit. As of June 30, 1998, the Company had letters of credit outstanding in the amount of \$1,347,222.

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

7. Stock Split and Earnings per Share -

On December 3, 1997, the Board of Directors of the Company declared a two-for-one stock split and distribution; approximately 26.8 million shares were issued on December 31, 1997, to stockholders of record on December 15, 1997. All references in the financial statements and notes to the number of common shares outstanding and per share amounts reflect the impact of the split.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share", effective for financial statement reporting periods ending after December 15, 1997. This statement establishes standards for computing and presenting earnings per share (EPS). It replaces the presentation of primary and fully diluted EPS with a presentation of basic and diluted EPS. The Company's primary EPS, as reported in prior periods, did not change after applying the method required in SFAS No. 128.

Basic earnings per common share is calculated based on the weighted average shares outstanding during the period. Diluted earnings per common share includes, in average common shares outstanding, employee stock options which are dilutive (462,461 shares and 667,887 shares for the third quarter and first nine months of fiscal 1998, respectively, and 670,443 shares and 692,824 shares for the same periods of fiscal 1997) and non-vested restricted stock (zero shares and 25,172 shares for the third quarter and first nine months of fiscal 1998, respectively, and 25,710 shares and 38,664 shares for the same periods of fiscal 1997).

8. New Accounting Pronouncements -

The Financial Accounting Standards Board has issued four new accounting standards, SFAS NO. 130, "Reporting Comprehensive Income", (SFAS 130), SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", (SFAS 131), SFAS No. 132, "Employer's Disclosures about Pensions and Other Post Retirement Benefits", (SFAS 132) and SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", (SFAS 133). SFAS 130, 131, and 132 are effective for fiscal years beginning after December 15, 1997. SFAS 130 establishes standards for the reporting and display of comprehensive income. While the Company does have certain comprehensive income items, this standard will not affect the Company's reported consolidated net income or cash flows. SFAS 131 establishes standards for reporting financial and descriptive information about a company's operating segments. Management is currently analyzing the impact of SFAS 131, but does not expect the standard to materially change its current reporting disclosures. SFAS 132 is a disclosure oriented standard and will not affect the Company's reported consolidated income or cash flows. SFAS 133 is effective for

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

fiscal years beginning after June 15, 1999. This standard requires that all derivatives be recognized as assets or liabilities in the balance sheet and that those instruments be measured at fair value. The Company has not yet determined what the effect of SFAS 133 will be on the earnings and the financial position of the Company.

9. Restricted Stock Awards -

In the first quarter of fiscal year 1998, the Company issued to certain employees 180,000 shares of treasury stock as restricted stock awards under the 1996 Stock Incentive Plan. The Company recognized unearned compensation of \$6,791,000, which was the fair market value of the stock at the time of issuance. Treasury stock was reduced by the book value of the shares issued (\$1,034,000) with the difference recognized as an increase in paid-in-capital. The unearned compensation is being amortized over a five-year period as compensation expense.

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

(in thousands)

	1st Qtr	FISCAL YEAR 1998 2nd Qtr	3rd Qtr	Nine Mos. 06/30/98	Nine Mos. 06/30/97
	-----	-----	-----	-----	-----
SALES AND OTHER REVENUES:					
Contract Drilling-Domestic	\$ 41,736	\$ 42,604	\$ 46,781	\$ 131,121	\$ 97,928
Contract Drilling-Internat'l	51,994	61,677	69,202	182,873	125,521
	-----	-----	-----	-----	-----
Total Contract Drilling Division	93,730	104,281	115,983	313,994	223,449
	-----	-----	-----	-----	-----
Exploration and Production	32,171	22,230	22,296	76,697	87,641
Natural Gas Marketing	16,056	12,099	12,890	41,045	53,002
	-----	-----	-----	-----	-----
Total Oil & Gas Division	48,227	34,329	35,186	117,742	140,643
	-----	-----	-----	-----	-----
Real Estate Division	2,091	2,141	2,541	6,773	6,542
Investments and other	7,775	1,638	23,426	32,839	9,919
	-----	-----	-----	-----	-----
Total Revenues	\$ 151,823	\$ 142,389	\$ 177,136	\$ 471,348	\$ 380,553
	=====	=====	=====	=====	=====
OPERATING PROFIT:					
Contract Drilling-Domestic	\$ 9,371	\$ 8,275	\$ 9,363	\$ 27,009	\$ 15,967
Contract Drilling-Internat'l	14,055	14,803	13,414	42,272	28,376
	-----	-----	-----	-----	-----
Total Contract Drilling Division	23,426	23,078	22,777	69,281	44,343
	-----	-----	-----	-----	-----
Exploration and Production	14,859	6,636	7,299	28,794	48,862
Natural Gas Marketing	587	448	651	1,686	2,427
	-----	-----	-----	-----	-----
Total Oil & Gas Division	15,446	7,084	7,950	30,480	51,289
	-----	-----	-----	-----	-----
Real Estate Division	1,308	1,412	1,723	4,443	4,409
	-----	-----	-----	-----	-----
Total Operating Profit	40,180	31,574	32,450	104,204	100,041
	-----	-----	-----	-----	-----
OTHER	4,590	(2,578)	19,670	21,682	685
	-----	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	\$ 44,770	\$ 28,996	\$ 52,120	\$ 125,886	\$ 100,726
	=====	=====	=====	=====	=====

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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

JUNE 30, 1998

BUSINESS ENVIRONMENT AND RISK FACTORS

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

With the exception of historical information, the matters discussed below under the headings "Results of Operations" and "Liquidity and Capital Resources" include forward-looking statements that involve risks and uncertainties. The Company wishes to caution readers that a number of important factors discussed in this report and in the Company's other reports filed with the Securities and Exchange Commission, could affect the Company's actual results and cause actual results to differ materially from those in the forward-looking statements.

RESULTS OF OPERATIONS

The Company reported net income of \$33,861,000 (\$0.67 per share on a diluted basis) from revenues of \$177,136,000 for the third quarter ended June 30, 1998, compared with net income of \$23,648,000 (\$0.47 per share, diluted) from revenues of \$129,812,000 for the third quarter of the prior fiscal year. Net income for the first nine months of fiscal 1998 totaled \$82,363,000 (\$1.62 per share, diluted) from revenues of \$471,348,000, compared with net income of \$66,191,000 (\$1.31 per share, diluted) from revenues of \$380,553,000 recorded for the same period last year.

The Company's Exploration and Production Division reported operating profit of \$7,299,000 and \$28,794,000 for the third quarter and nine months ended June 30, 1998, respectively, compared with operating profit of \$10,392,000 and \$48,862,000 for the same periods in fiscal 1997.

The nearly 30% decrease in the third quarter of 1998 operating profit compared with the third quarter of 1997 was primarily due to a 33% decrease in crude oil prices (\$12.57 versus \$18.85), and significantly higher geophysical and leasehold amortization expenses. The Company also had a 33% reduction in oil production (1,845 bbls/d versus 2,766 bbls/d) for the comparative third quarters of 1998 and 1997, due to the sale of its Louisiana Austin Chalk production in November, 1997.

The 41% decrease in operating profit for the first nine months of 1998 compared with the first nine months of 1997 was primarily due to a 28% decrease in crude oil prices (\$15.42 versus \$21.45) and a 30% decrease in crude oil volumes (1,949 bbls/d versus 2,791 bbls/d). Also, significantly higher geophysical, lease amortization and dry hole expenses were incurred in fiscal 1998 compared with fiscal 1997.

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

JUNE 30, 1998

(Continued)

Natural gas prices for the third quarter and first nine months of fiscal 1998 averaged \$1.94 per mcf and \$2.16 per mcf, respectively, compared with \$1.77 per mcf and \$2.30 per mcf in the same periods of 1997. Natural gas volumes for the third quarter and first nine months of fiscal 1998 averaged 112.7 mmcf/d and 115.2 mmcf/d, respectively, compared with 110.1 mmcf/d and 109.9 mmcf/d in the same periods of 1997.

Operating profit from the Company's domestic drilling operations for the first nine months of fiscal 1998 and 1997 was \$27,009,000 and \$15,967,000, respectively. The significant increase was the result of additional rigs commencing operations in the last half of fiscal 1997 or in fiscal 1998, increased rig utilization (97% versus 87%) and increased day rates.

Operating profit from the Company's domestic drilling operations was \$9,363,000 in the third quarter of fiscal 1998, compared with \$6,802,000 in the third quarter of fiscal 1997. Domestic land rig utilization fell to 95% for the third quarter, compared with 100% during last year's third quarter, while U.S. platform rig utilization rose to 98% this quarter, compared with 62% during last year's third quarter. Domestic earnings were aided by the addition of two new 1500 horsepower land rigs and Rig 204, the Company's new offshore platform rig which is being mobilized on Shell's Ursa Tension Leg Platform in the Gulf of Mexico. Although the Company expects to mobilize three more 1500 horsepower land rigs during the fourth quarter, the continued decline of domestic land rig dayrates is expected to dampen financial performance.

Operating profit from the Company's international drilling operations for the first nine months of fiscal 1998 and 1997 was \$42,272,000 and \$28,376,000, respectively. The increase was the result of improved performance in Ecuador and Columbia and increased rig activity in Venezuela. Operating profit was \$13,414,000 in the third quarter of fiscal 1998, compared with \$12,551,000 in the third quarter of fiscal 1997, while revenues were \$69,202,000 and \$47,204,000 for the same periods, respectively. The most significant increase in revenues was in Venezuela due to performance-related billings on two rigs, offshore platform Rig 91, which commenced operations in the second quarter of fiscal 1998, and other rate increases related to new labor contracts. Bolivia and Ecuador also increased revenues because of additional rig activity.

The increased revenues in the third quarter of fiscal 1998 were mostly offset by additional operating expenses in Venezuela and Bolivia and decreased rig utilization in Colombia. International rig utilization fell to 90% during the third quarter of fiscal 1998, compared with 92% during last year's third quarter. The Company's international rig activity has continued to decline, particularly in Venezuela where the government oil company has been significantly impacted by lower crude oil prices. The decline in activity will cause international operating profit to be significantly lower in the fourth quarter and will continue to negatively impact earnings into 1999.

IMPACT OF YEAR 2000

Some of the Company's older computer programs were written using two digits rather than four to define the applicable year. As a result, those computer programs have time-sensitive software that recognize a date using "00" as the year 1900 rather than the year 2000 (the "Year 2000 Issue").

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

JUNE 30, 1998

(Continued)

The Company has completed a Year 2000 assessment and is in the process of modifying or replacing portions of its software to enable its computer systems to function properly with respect to dates in the year 2000 and thereafter. To date, the year 2000 project cost has been less than \$400,000 and the Company estimates that the total cost associated with the year 2000 project will be less than \$500,000.

The project is estimated to be completed no later than December 31, 1998, which is prior to any anticipated impact on its operating systems. The Company believes that with modifications to existing software and conversions to new software, the Year 2000 Issue will not pose significant operational problems for its computer systems. However, if such modifications and conversions are not properly made, or are not completed timely, the Year 2000 Issue could have a material impact on the operations of the Company.

The costs of the project and the date on which the Company believes it will complete the year 2000 modifications are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources and other factors. However, there can be no guarantee that these estimates will be achieved and actual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, and similar uncertainties.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was \$92,151,000 for the first nine months of fiscal 1998, compared with \$110,514,000 for the same period in 1997. Capital expenditures were \$177,239,000 and \$101,445,000 for the first nine months of fiscal 1998 and 1997, respectively.

It is anticipated for fiscal 1998 that capital expenditures will approach \$240 million, exceeding internally generated cash flows, and that the Company will borrow under its line of credit agreement and sell a portion of its investment portfolio to fund capital expenditures.

In the third quarter of fiscal 1998, the Company sold a portion of its investment portfolio to fund expected capital expenditures in the current year. The Company sold 200,000 shares of Atwood Oceanics, 300,000 shares of Sun Company, 400,000 shares of Occidental Petroleum and 40,000 shares of BancOne. The total gain on the sales was approximately \$13 million, net of tax (\$0.26 per share, diluted). An additional 200,000 shares of BancOne were sold in July, 1998, with a gain on the sales of approximately \$6 million, net of tax (\$0.12 per share, diluted).

The Company's Board of Directors, at its June 3, 1998, quarterly Board meeting, authorized the repurchase of up to 2,000,000 shares or approximately four percent (4%) of its common stock. The Company intends to periodically purchase shares in the open market or in private transactions. The repurchased shares will be held in treasury and used for general corporate purposes including use in the Company's benefit plans.

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

There were no other significant changes in the Company's financial position since September 30, 1997.

Item 6(b) Reports on Form 8-K

There were no reports on Form 8-K for the three months ended June 30, 1998.

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, 1998

/s/ DOUGLAS E. FEARS

Douglas E. Fears, Chief Financial Officer

Date: August 14, 1998

/s/ HANS C. HELMERICH

Hans C. Helmerich, President

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
27.1	Financial Data Schedule

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	SEP 30 1998
PERIOD START	OCT 01 1997
PERIOD END	JUN 30 1998
CASH	30,703
SECURITIES	257,525
RECEIVABLES	122,510
ALLOWANCES	1,908
INVENTORY	23,248
CURRENT ASSETS	191,078
PP&E	1,294,293
DEPRECIATION	658,814
TOTAL ASSETS	1,097,668
CURRENT LIABILITIES	116,970
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	5,353
OTHER SE	823,047
TOTAL LIABILITY AND EQUITY	1,097,668
SALES	438,836
TOTAL REVENUES	471,348
CGS	330,545
TOTAL COSTS	330,545
OTHER EXPENSES	5,485
LOSS PROVISION	0
INTEREST EXPENSE	631
INCOME PRETAX	125,886
INCOME TAX	47,876
INCOME CONTINUING	82,363
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	82,363
EPS PRIMARY	1.65
EPS DILUTED	1.62

End of Filing

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