

HELMERICH & PAYNE, INC.

FORM 10-Q (Quarterly Report)

Filed 08/14/95 for the Period Ending 06/30/95

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-Q (Quarterly Report)

Filed 8/14/1995 For Period Ending 6/30/1995

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

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, 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 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 x No

CLASS

Common Stock, .10 par value

OUTSTANDING AT JUNE 30, 1995

24,758,495

AUTHORIZED AT JUNE 30, 1995

26,764,476

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
	1995	1994
	-----	-----
ASSETS		

Current Assets		
Cash and cash equivalents	\$ 17,231	\$ 29,447
Short-term investments	8,996	8,997
Accounts receivable, net	60,708	59,897
Inventories	20,093	20,995
Prepaid expenses and other	6,278	3,603
	-----	-----
Total Current Assets	113,306	122,939
Investments	153,553	87,414
Property, Plant and Equipment, net	437,597	400,651
Other Assets	14,933	13,823
	-----	-----
Total Assets	\$ 719,389	\$ 624,827
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		

Current Liabilities		
Accounts payable	\$ 27,122	\$ 22,645
Accrued liabilities	22,556	24,056
Notes payable	20,200	-
	-----	-----
Total Current Liabilities	69,878	46,701
Noncurrent Liabilities		
Deferred income taxes	67,782	44,462
Other	12,794	9,330
	-----	-----
Total Noncurrent Liabilities	80,576	53,792
Shareholders' Equity		
Common stock, par value \$.10 per share	2,677	2,677
Preferred stock, no shares issued	-	-
Additional paid-in capital	48,415	48,196
Net unrealized holding gains	36,865	-
Retained earnings	503,420	496,280
	-----	-----
Total Shareholders' Equity	591,377	547,153
Less treasury stock, at cost	22,442	22,819
	-----	-----
Total Shareholders' Equity	568,935	524,334
	-----	-----
	\$ 719,389	\$ 624,827
	=====	=====

See accompanying notes to financial statements.

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

(in thousands except per share data)

	Quarter 6/30/95	Ended 6/30/94	Nine Months 6/30/95	Ended 6/30/94
REVENUES:				
Sales and other operating revenues	\$ 76,413	\$ 77,052	\$231,077	\$244,055
Income from investments	2,343	1,646	6,924	4,712
	78,756	78,698	238,001	248,767
COST AND EXPENSES:				
Operating costs	49,725	51,952	149,065	158,902
Depreciation, depletion and amortization	13,792	12,337	40,606	37,599
Dry holes and abandonments	1,888	2,055	6,383	4,671
Taxes, other than income taxes	3,962	3,585	12,099	11,718
General and administrative	2,037	1,842	6,822	6,765
Interest	94	111	237	334
	71,498	71,882	215,212	219,989
INCOME BEFORE INCOME TAXES, EQUITY IN INCOME OF AFFILIATE AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	7,258	6,816	22,789	28,778
INCOME TAX EXPENSE	2,822	2,222	8,643	11,123
EQUITY IN INCOME OF AFFILIATE, net of income taxes	148	66	674	413
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	4,584	4,660	14,820	18,068
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	-	-	-	4,000
NET INCOME	\$ 4,584	\$ 4,660	\$14,820	\$ 22,068
PER COMMON SHARE:				
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$0.19	\$0.19	\$0.60	\$0.74
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	-	-	0.16
NET INCOME	\$0.19	\$0.19	\$0.60	\$0.90
CASH DIVIDENDS (Note 2)	\$0.125	\$0.12	\$0.375	\$0.36
AVERAGE COMMON SHARES OUTSTANDING	24,573	24,442	24,516	24,399

See accompanying notes to financial statements.

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

(in thousands)

	Nine Months Ended	
	06/30/95	06/30/94
CASH FLOWS FROM OPERATING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Net Income	\$ 14,820	\$ 22,068
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation, depletion and amortization	40,606	37,599
Dry holes and abandonments	6,383	4,671
Cumulative effect of change in accounting principle	-	(4,000)
Equity in income of affiliate before income taxes	(1,087)	(667)
Amortization of deferred compensation	1,037	1,356
Gain on sale of securities	(2,947)	-
Other, net	(771)	(684)
Change in assets and liabilities-		
(Increase)Decrease in accounts receivable	(811)	166
(Increase)Decrease in inventories	902	(3,290)
Increase in prepaid expenses and other	(3,785)	(780)
Increase(Decrease) in accounts payable	4,477	(4,652)
Increase in accrued liabilities	1,500	5,515
Increase in deferred income taxes	726	3,315
Increase(Decrease) in other noncurrent liabilities	3,464	(1,077)
	49,694	37,472
Total Adjustments		
Net cash provided by operating activities	64,514	59,540
<hr style="border-top: 1px dashed black;"/>		
CASH FLOWS FROM INVESTING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Capital expenditures, including dry hole costs	(88,345)	(66,546)
Proceeds from sales of property, plant and equipment	2,156	2,962
Purchase of investments	(9,927)	(1,500)
Proceeds from sale of investments	7,294	-
Purchase of short-term investments	-	(12)
Proceeds from sale of short-term investments	-	124
	(88,822)	(64,972)
Net cash used in investing activities		
<hr style="border-top: 1px dashed black;"/>		
CASH FLOWS FROM FINANCING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Proceeds from notes payable	20,200	-
Payments made on long-term debt	-	(3,139)
Dividends paid	(9,265)	(8,877)
Proceeds from exercise of stock options	1,157	764
	12,092	(11,252)
Net cash provided by (used in) financing activities		
<hr style="border-top: 1px dashed black;"/>		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,216)	(16,684)
CASH AND CASH EQUIVALENTS, beginning of period	29,447	61,656
	\$ 17,231	\$ 44,972
CASH AND CASH EQUIVALENTS, end of period	=====	=====

See accompanying notes to financial statements.

Certain reclassifications have been made in the 1994 statement to conform to the 1995 presentation.

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

	Common Stock		Paid-In Capital	Net Unrlzed Holding Gains	Retained Earnings	Treasury Stock	
	Shares	Amount				Shares	Amount
Balance, September 30, 1994	26,764	\$2,677	\$48,196	-	\$496,280	2,054	\$(22,819)
Adoption of FASB Statement No. 115	-	-	-	34,435	-	-	-
Increase during fiscal 1995	-	-	-	2,430	-	-	-
Cash dividends (\$0.375 per share)	-	-	-	-	(9,277)	-	-
Exercise of stock options	-	-	610	-	-	(63)	546
Forfeiture of restricted stock award	-	-	(391)	-	560	15	(169)
Amortization of deferred compensation	-	-	-	-	1,037	-	-
Net income	-	-	-	-	14,820	-	-
<hr/>							
Balance, June 30, 1995	26,764	\$2,677	\$48,415	\$36,865	\$503,420	2,006	\$(22,442)

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, 1995, and June 30, 1994, 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, 1995. On June 7, 1995, a cash dividend of \$.125 per share was declared for shareholders of record on August 15, 1995, payable September 1, 1995.

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

	06-30-95	09-30-94
Raw Materials	\$ 47	\$ 75
Works in Progress	337	361
Finished Goods	866	1,027
Materials & Supplies	18,843	19,532
	-----	-----
	\$ 20,093	\$ 20,995
	=====	=====

4. Income from investments includes \$2,947,000 from gains on sales of securities during the first nine months of 1995, and no gains on sales of securities during the first nine months of 1994.

5. 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 June 30, 1995, the net unrealized holding gains of the Company's securities classified as available-for-sale increased by \$1,029,000 (net of \$630,000 in deferred income taxes). For the nine months ended June 30, 1995, the net unrealized holding gains increased by \$2,430,000 (net of \$1,488,000 in deferred income taxes).

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. The Company maintains a line of credit agreement with certain banks which provides for maximum borrowing of \$75,000,000 at adjustable interest rates based on London Interbank Offered Rates (LIBOR). The borrowings will mature either in May of 1996 or May of 1998. A \$30,000,000 portion of the line is for a 364 day term and a \$45,000,000 portion is for a three year term. As of June 30, 1995, the Company had borrowed \$20,200,000 against the line of credit, at a weighted average interest rate of 6.45%, leaving an unused portion of \$54,800,000. The funds were used to pay for current capital expenditures in excess of cash flows.

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

	FISCAL YEAR 1995				FY 1994
	1st Qtr	2nd Qtr	3rd Qtr	Nine Mos.	Nine Mos.

Sales and Other Revenues:					
Contract Drilling-Domestic	\$25,488	\$23,553	\$21,599	\$ 70,640	\$ 61,355
Contract Drilling-Internat'l	22,150	24,609	28,889	75,648	71,338

Total Contract Drilling Division	47,638	48,162	50,488	146,288	132,693

Exploration and Production	13,471	11,037	11,694	36,202	47,567
Natural Gas Marketing	9,479	8,948	8,140	26,567	42,399

Total Oil & Gas Division	22,950	19,985	19,834	62,769	89,966

Chemical Division	5,951	5,951	4,108	16,010	14,928
Real Estate Division	1,846	1,892	1,886	5,624	5,968
Investments and other	1,559	3,311	2,440	7,310	5,212

Total Revenues	\$79,944	\$79,301	\$78,756	\$238,001	\$248,767
	=====				
OPERATING PROFIT:					
Contract Drilling-Domestic	\$ 1,125	\$ 1,359	\$ 1,766	\$ 4,250	\$ 3,979
Contract Drilling-Internat'l	3,355	4,754	4,432	12,541	9,926

Total Contract Drilling Division	4,480	6,113	6,198	16,791	13,905

Exploration and Production	(538)	(1,691)	(671)	(2,900)	9,450
Natural Gas Marketing	287	711	386	1,384	1,062

Total Oil & Gas Division	(251)	(980)	(285)	(1,516)	10,512

Chemical Division	2,636	2,732	629	5,997	5,177
Real Estate Division	1,121	1,026	1,063	3,210	3,493

Total Operating Profit	7,986	8,891	7,605	24,482	33,087

OTHER	(1,270)	(76)	(347)	(1,693)	(4,309)

INCOME BEFORE INCOME TAXES, EQUITY IN INCOME OF AFFILIATE AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$ 6,716	\$ 8,815	\$ 7,258	\$ 22,789	\$ 28,778
	=====				

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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

JUNE 30, 1995

Results of Operations

The Company's net income was \$4,584,000 (\$0.19 per share) on revenues of \$78,756,000 for the third quarter of fiscal year 1995, compared with net income of \$4,660,000 (\$0.19 per share) on revenues of \$78,698,000 during the third quarter of fiscal 1994. Net income for the first nine months totaled \$14,820,000 (\$0.60 per share), compared with \$22,068,000 (\$0.90 per share) last year. Last year's first nine months' net income includes the cumulative effect on prior years' income (\$.016 per share) caused by the change in accounting method for deferred taxes as required by FASB Statement 109.

Net income for the nine months ended June 30, 1995, includes \$1,800,000 after-tax gains from the sale of securities, compared with no after-tax gain from the sale of securities for the same period in 1994.

The Exploration and Production Division had operating losses of \$671,000 and \$2,900,000, respectively, for the third quarter and first nine months of fiscal 1995. Operating profits of \$5,000 and \$9,450,000 were reported for the same periods in fiscal 1994. The significant decrease in operating profits from 1994 to 1995 continues to be the result of lower natural gas prices, reduced natural gas volumes and increased dry hole costs.

Natural gas prices for the third quarter and first nine months of 1995 averaged \$1.28 per mcf and \$1.31 per mcf, respectively, compared with \$1.59 per mcf and \$1.77 per mcf in the same periods in 1994. Natural gas volumes for the first nine months of 1995 were 71,108 mmcf/day compared with 78,820 mmcf/day for the first nine months of 1994. Dry hole expense for the first nine months of 1995 was \$4,078,000 compared with \$977,000 for the same period in 1994.

The Contract Drilling Division had an operating profit of \$16,791,000 for the first nine months of 1995, compared with \$13,905,000 for the same period of fiscal 1994. The increase is due to expanded operations in Venezuela and Colombia. Two additional rigs in Colombia and one rig in Bolivia commenced operations at the end of the third quarter. The Company now has 35 international rigs, 35 U.S. land rigs and 11 platform rigs.

Liquidity and Capital Resources

Net cash provided by operating activities was \$64,514,000 for the first nine months of fiscal 1995, compared with \$59,540,000 for the same period in 1994.

Capital expenditures for the first nine months of 1995 were \$88,345,000, compared with \$66,546,000 for the same period in 1994. Capital expenditures related to our international drilling operations were \$55,550,000 (63%) for the first nine months of fiscal 1995, compared with \$20,300,000 (31%) in fiscal 1994.

The Company has internally funded capital expenditures in excess of its cash flow over the past several years. The current year capital expenditures were partially funded through the sale of a portion of the Company's investment portfolio and through amounts borrowed under its line of credit agreement.

The line of credit agreement provides for maximum borrowing of \$75,000,000 at adjustable interest rates based on London Interbank Offered Rates (LIBOR). As of June 30, 1995, the Company had borrowed \$20,200,000 against the line of credit, leaving an unused portion of \$54,800,000. The Company anticipates it will borrow additional amounts under its line of credit and sell additional portions of its equity investment portfolio to fund planned capital expenditures during fiscal 1996.

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

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

Item 6(b) Reports on Form 8-K

There were no reports on Form 8-K for the three months ended June 30, 1995.

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.

HELMERICH & PAYNE, INC.

Date: AUGUST 14, 1995

/S/ DOUGLAS E. FEARS

Douglas E. Fears, Chief Financial Officer

Date: AUGUST 14, 1995

/S/ HANS C. HELMERICH

Hans C. Helmerich, President

INDEX TO EXHIBITS

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

ARTICLE 5

PERIOD TYPE	9 MOS
FISCAL YEAR END	SEP 30 1995
PERIOD START	OCT 01 1994
PERIOD END	JUN 30 1995
CASH	17,231
SECURITIES	153,553
RECEIVABLES	61,197
ALLOWANCES	489
INVENTORY	20,093
CURRENT ASSETS	113,306
PP&E	1,010,086
DEPRECIATION	572,489
TOTAL ASSETS	719,389
CURRENT LIABILITIES	69,878
BONDS	0
COMMON	2,677
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	566,258
TOTAL LIABILITY AND EQUITY	719,389
SALES	231,077
TOTAL REVENUES	238,001
CGS	208,153
TOTAL COSTS	208,153
OTHER EXPENSES	6,822
LOSS PROVISION	0
INTEREST EXPENSE	237
INCOME PRETAX	22,789
INCOME TAX	8,643
INCOME CONTINUING	14,820
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	14,820
EPS PRIMARY	.60
EPS DILUTED	.60

End of Filing

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