

HELMERICH & PAYNE, INC.

FORM 10-Q (Quarterly Report)

Filed 05/08/96 for the Period Ending 03/31/96

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 5/8/1996 For Period Ending 3/31/1996

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: MARCH 31, 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
(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 MARCH 31, 1996

24,821,848

AUTHORIZED AT MARCH 31, 1996

26,764,476

Total Number of Pages 11

HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

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

	March 31 1996	September 30 1995
	-----	-----
ASSETS		

Current Assets		
Cash and cash equivalents	\$ 13,137	\$ 19,661
Short-term investments	3,000	8,989
Accounts receivable, net	65,231	59,314
Inventories	21,240	21,313
Prepaid expenses and other	6,138	5,717
	-----	-----
Total Current Assets	108,746	114,994
	-----	-----
Investments	169,639	156,908
Property, Plant and Equipment, Net	450,340	423,762
Other Assets	14,460	14,501
	-----	-----
Total Assets	\$ 743,185	\$ 710,165
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		

Current Liabilities		
Accounts payable	\$ 25,336	\$ 26,382
Accrued liabilities	32,654	21,529
Notes payable	2,000	21,700
	-----	-----
Total Current Liabilities	59,990	69,611
	-----	-----
Noncurrent Liabilities		
Deferred income taxes	74,871	66,047
Other	15,081	12,072
	-----	-----
Total Noncurrent Liabilities	89,952	78,119
	-----	-----
Shareholders' Equity		
Common stock, par value \$.10 per share	2,677	2,677
Preferred stock, no shares issued	-	-
Additional paid-in capital	49,032	48,436
Net unrealized holding gains	50,695	38,004
Retained earnings	512,745	495,692
	-----	-----
Total Shareholders' Equity	615,149	584,809
Less treasury stock, at cost	21,906	22,374
	-----	-----
Total Shareholders' Equity	593,243	562,435
	-----	-----
	\$ 743,185	\$ 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 Ended		Six Months Ended	
	3/31/96	3/31/95	3/31/96	3/31/95
	-----		-----	
REVENUES				
Sales and other operating revenues	\$ 99,619	\$ 76,109	\$193,037	\$154,664
Income from investments	1,302	3,192	2,469	4,581
	-----	-----	-----	-----
	100,921	79,301	195,506	159,245
	-----	-----	-----	-----
COSTS AND EXPENSES				
Operating costs	58,282	48,092	114,659	99,340
Depreciation, depletion and amortization	14,645	13,184	28,382	26,814
Dry holes and abandonments	3,230	2,316	4,158	4,495
Taxes, other than income taxes	4,888	4,159	8,721	8,137
General and administrative	2,704	2,691	5,052	4,785
Interest	248	44	327	143
	-----	-----	-----	-----
	83,997	70,486	161,299	143,714
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	16,924	8,815	34,207	15,531
INCOME TAX EXPENSE	6,238	3,340	12,622	5,821
EQUITY IN INCOME OF AFFILIATE, net of income taxes	341	345	535	526
	-----	-----	-----	-----
NET INCOME	\$ 11,027	\$ 5,820	\$ 22,120	\$ 10,236
	=====	=====	=====	=====
NET INCOME PER AVERAGE COMMON SHARE	\$ 0.45	\$ 0.24	\$ 0.90	\$ 0.42
	=====	=====	=====	=====
CASH DIVIDENDS (Note 2)	\$ 0.125	\$ 0.125	\$ 0.25	\$ 0.25
AVERAGE COMMON SHARES OUTSTANDING	24,655	24,497	24,628	24,488

See accompanying notes to financial statements.

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

(in thousands)

	Six Months Ended March 31	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Net Income	\$ 22,120	\$ 10,236
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation, depletion and amortization	28,382	26,814
Dry holes and abandonments	4,158	4,495
Equity in income of affiliate before income taxes	(863)	(849)
Amortization of deferred compensation	866	612
Gain on sale of securities	-	(1,828)
Other, net	212	(603)
Change in assets and liabilities-		
(Increase)decrease in accounts receivable	(5,917)	8,025
(Increase)decrease in inventories	73	(521)
Increase in prepaid expenses and other	(380)	(943)
Increase in accounts payable	16	5,154
Increase(decrease) in accrued liabilities	14,079	(3,517)
Increase in deferred income taxes	1,046	1,467
Increase in other noncurrent liabilities	3,009	2,443
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total Adjustments	44,681	40,749
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Net cash provided by operating activities	66,801	50,985
<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	(55,965)	(56,958)
Proceeds from sales of property, plant and equipment	1,185	1,123
Purchase of investments	24	(6,844)
Proceeds from sale of investments	-	4,588
Proceeds from sale of short-term investments	6,000	-
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash used in investing activities	(48,756)	(58,091)
<hr style="border-top: 1px dashed black;"/>		
CASH FLOWS FROM FINANCING ACTIVITIES:		
<hr style="border-top: 1px dashed black;"/>		
Proceeds from notes payable	23,000	-
Payments made on notes payable	(42,700)	-
Dividends paid	(6,204)	(6,172)
Proceeds from exercise of stock options	1,335	452
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash used in financing activities	(24,569)	(5,720)
<hr style="border-top: 1px dashed black;"/>		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,524)	(12,826)
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	\$ 13,137	\$ 16,621
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

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 Unrealized		Treasury Stock	
	Shares	Amount		Holding Gains	Retained Earnings	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 \$7,779	-	-	-	12,691	-	-	-
Cash dividends (\$0.25 per share)	-	-	-	-	(6,204)	-	-
Exercise of stock options	-	-	757	-	-	(67)	579
Forfeiture of restricted stock award	-	-	(161)	-	271	10	(111)
Amortization of deferred compensation	-	-	-	-	866	-	-
Net income	-	-	-	-	22,120	-	-
	-----	-----	-----	-----	-----	-----	-----
Balance, March 31, 1996	26,764	\$2,677	\$49,032	\$50,695	\$512,745	1,943	\$(21,906)
	=====	=====	=====	=====	=====	=====	=====

See accompanying notes to financial statements.

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 six months ended March 31, 1996, and six months ended March 31, 1995, are not necessarily indicative of the results expected for the full year.

2. The \$.125 cash dividend declared in December, 1995, was paid March 1, 1996. On March 6, 1996, a cash dividend of \$.125 per share was declared for shareholders of record on May 15, 1996, payable June 1, 1996.

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

	03-31-96	09-30-95
	-----	-----
Raw Materials	\$ 150	\$ 100
Works in Progress	231	315
Finished Goods	1,478	1,435
Materials & Supplies	19,381	19,463
	-----	-----
	\$ 21,240	\$ 21,313
	=====	=====

4. Income from investments includes \$1,828,000 gain on sales of securities during the first six months of 1995, and no gains on sales of securities during the first six months of 1996.

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 \$23,358,000.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
		(in thousands)		
		-----	-----	-----
Equity Securities 03/31/96	\$64,515	\$81,782	\$ 16	\$146,281
Equity Securities 09/30/95	\$64,804	\$61,455	\$158	\$126,101

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. Under the agreement, \$75,000,000 may be borrowed through May 1996, and \$45,000,000 may be borrowed through May 1998. As of March 31, 1996, the Company had borrowed \$2,000,000 at a weighted average interest rate of 5.79% leaving an unused portion of \$73,000,000. 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
(in thousands)

	FISCAL YEAR 1996			FY 1995
	1st Qtr	2nd Qtr	Six Mos.	Six Mos.
	-----	-----	-----	-----
SALES AND OTHER REVENUES:				
Contract Drilling-Domestic	\$23,020	\$ 26,088	\$ 49,108	\$ 49,041
Contract Drilling-International	33,935	33,585	67,520	46,759
	-----	-----	-----	-----
Total Contract Drilling Division	56,955	59,673	116,628	\$ 95,800
	-----	-----	-----	-----
Exploration and Production	15,460	18,084	33,544	24,508
Natural Gas Marketing	12,786	14,030	26,816	18,427
	-----	-----	-----	-----
Total Oil & Gas Division	28,246	32,114	60,360	42,935
	-----	-----	-----	-----
Chemical Division	6,158	5,708	11,866	11,902
Real Estate Division	2,008	2,079	4,087	3,738
Investment and Other	1,218	1,347	2,565	4,870
	-----	-----	-----	-----
Total Revenues	\$94,585	\$100,921	\$195,506	\$159,245
	=====	=====	=====	=====
OPERATING PROFIT(LOSS):				
Contract Drilling-Domestic	\$ 1,915	\$ 2,776	\$ 4,691	\$ 2,484
Contract Drilling-International	8,309	7,885	16,194	8,109
	-----	-----	-----	-----
Total Contract Drilling Division	10,224	10,661	20,885	10,593
	-----	-----	-----	-----
Exploration and Production	4,075	4,690	8,765	(2,229)
Natural Gas Marketing	757	695	1,452	998
	-----	-----	-----	-----
Total Oil & Gas Division	4,832	5,385	10,217	(1,231)
	-----	-----	-----	-----
Chemical Division	2,739	1,979	4,718	5,368
Real Estate Division	1,221	1,423	2,644	2,147
	-----	-----	-----	-----
Total Operating Profit	19,016	19,448	38,464	16,877
	-----	-----	-----	-----
OTHER	(1,733)	(2,524)	(4,257)	(1,346)
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES AND	-----	-----	-----	-----
EQUITY IN INCOME OF AFFILIATE	\$17,283	\$ 16,924	\$ 34,207	\$ 15,531
	=====	=====	=====	=====

See accompanying notes to financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1996**

RESULTS OF OPERATIONS

The Company reported net income of \$11,027,000 (\$0.45 per share) from revenues of \$100,921,000 for the second quarter of fiscal year 1996, compared with net income of \$5,820,000 (\$0.24 per share) from revenues of \$79,301,000 during the second quarter of fiscal 1995. Net income for the first six months of this fiscal year totaled \$22,120,000 (\$0.90 per share) from revenues of \$195,506,000, compared with \$10,236,000 (\$0.42 per share) from revenues of \$159,245,000 for the same period last year.

Last year's net income for the second quarter and six month period included \$1,117,000 (\$0.05 per share) after tax gains from the sale of securities. There have been no sales of securities in the first six months of fiscal 1996.

Exploration and Production reported an operating profit of \$8,765,000 for the first six months of fiscal 1996, compared with an operating loss of \$2,229,000 in the first six months of fiscal 1995. Higher oil and natural gas prices and a significant increase in natural gas volumes are the primary reasons for the increase in operating profit.

Natural gas prices for the second quarter and first six months of 1996 averaged \$1.70 per mcf and \$1.61 per mcf, respectively, compared with \$1.26 per mcf and \$1.33 per mcf in the same periods of 1995. Natural gas volumes for the first six months of 1996 were 89.5 mmcf/day compared with 72.3 mmcf/day for the first six months of 1995. Oil prices for the second quarter and first six months of 1996 averaged \$17.84 and \$17.14, respectively, compared with \$16.49 and \$16.02, respectively, in the same periods of 1995. Dry hole expense for the first six months of 1996 was \$2,435,000 compared with \$2,845,000 for the same period in 1995.

The Contract Drilling Division reported an operating profit of \$20,885,000 for the first six months of fiscal 1996, compared with \$10,593,000 for the first six months of fiscal 1995. Operating profit from international operations increased 100% to \$16,194,000 for the first six months of 1996, compared with \$8,109,000 for the same period in 1995. Operating profit for the second quarter of fiscal 1996 was \$7,885,000, compared with \$4,754,000 for the second quarter of 1995. Additional rigs sent to Colombia (3) and Venezuela (4) during 1995 contributed substantially to the increase in operating profit for international operations. Venezuela's second quarter operating profit was negatively impacted by devaluation of that country's currency. Revenues from a standby rate effective 1/1/96 for the Company's interest in an offshore Australia platform rig also contributed to the improved second quarter operating profit in fiscal 1996. This rig should be shipped to Australia in early 1997.

Operating profit from the domestic drilling operations increased to \$4,691,000 for the first six months of 1996, compared with \$2,484,000 for the same period in 1995. The increase is the result of escalated activity in the offshore platform rig market and improved profit margins on the Company's land

rigs. A new offshore platform rig will commence operations in the third quarter for Shell Offshore Inc. The Company expects this will have a positive impact on domestic operating profit for the last six months of fiscal 1996 and for all of fiscal 1997. The Company expects two additional platform rigs to commence operations for Shell Offshore Inc. in the spring and summer of 1997.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was \$66,801,000 for the first six months of fiscal 1996, compared with \$50,985,000 for the same period in 1995. Capital expenditures for the first six months of fiscal 1996 were \$55,965,000, compared with \$56,958,000 for the first six months of fiscal 1995. Approximately 74% of capital expenditures were related to the Company's drilling operations for both years.

During the second quarter, the Company decreased the amount borrowed under its line of credit agreement to \$2,000,000 as of March 31, 1996. In order to meet anticipated capital expenditures for the remainder of 1996, it may be necessary to borrow additional funds under the line of credit.

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 for the quarterly period ended December 31, 1995. Plaintiffs, on March 25, 1996, filed their Motion for Class Certification in this case. The Company believes that the court will schedule a hearing on this Motion in the near future. In the event 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. The Company believes that any such award should not exceed approximately \$2.7 million.

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of Helmerich & Payne, Inc. was held on March 6, 1996, for the purpose of electing two members of the Board of Directors. No other matters were submitted for vote to the stockholders. Proxies for the meeting were solicited by and on behalf of the management of Helmerich & Payne, Inc., and there was no solicitation in opposition to management's solicitation. Each of management's incumbent nominees for directorship were elected by the affirmative vote of a plurality of the shares of voted common stock. The number of votes for and withheld from each Director, respectively, were as follows: John D. Zeglis, 21,393,176 for, and 468,218 withheld; and William L. Armstrong, 21,379,619 for, and 481,775 withheld. There were no broker non-votes nor other abstentions. The other Directors whose term of office as Director continued after the meeting are W. H. Helmerich, III, Glenn A. Cox, Hans Helmerich, George S. Dotson and George A. Schafer.

Item 6(b) Reports on Form 8-K

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

HELMERICH & PAYNE, INC.

Date: *MAY 7, 1996* */s/ DOUGLAS E. FEARS*

Douglas E. Fears, Chief Financial Officer

Date: *MAY 7, 1996* */s/ HANS C. HELMERICH*

Hans C. Helmerich, President

INDEX TO EXHIBITS

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

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	SEP 30 1996
PERIOD START	OCT 01 1995
PERIOD END	MAR 31 1996
CASH	13,137
SECURITIES	169,639
RECEIVABLES	65,693
ALLOWANCES	462
INVENTORY	21,240
CURRENT ASSETS	108,746
PP&E	1,056,734
DEPRECIATION	606,394
TOTAL ASSETS	743,185
CURRENT LIABILITIES	59,990
BONDS	0
COMMON	2,677
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	590,566
TOTAL LIABILITY AND EQUITY	743,185
SALES	193,037
TOTAL REVENUES	195,506
CGS	155,920
TOTAL COSTS	155,920
OTHER EXPENSES	5,052
LOSS PROVISION	0
INTEREST EXPENSE	327
INCOME PRETAX	34,207
INCOME TAX	12,622
INCOME CONTINUING	22,120
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	22,120
EPS PRIMARY	.90
EPS DILUTED	.90

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