

HELMERICH & PAYNE, INC.

FORM 10-Q (Quarterly Report)

Filed 05/13/97 for the Period Ending 03/31/97

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 5/13/1997 For Period Ending 3/31/1997

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. 20549

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

For quarterly period ended: MARCH 31, 1997

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

Common Stock, CLASS
.10 par value

OUTSTANDING AT MARCH 31, 1997
24,931,505

AUTHORIZED AT MARCH 31, 1997
26,764,476

Total Number of Pages 13

HELMERICH & PAYNE, INC.

INDEX

PART	I	FINANCIAL INFORMATION	
		Consolidated Condensed Balance Sheets - March 31, 1997 and September 30, 1996.	3
		Consolidated Condensed Statements of Income - Three Months and Six Months Ended March 31, 1997 and 1996.	4
		Consolidated Condensed Statements of Cash Flows - Six Months Ended March 31, 1997 and 1996	5
		Consolidated Condensed Statement of Shareholders' Equity - Six Months Ended March 31, 1997.	6
		Notes to Consolidated Condensed Financial Statements	7&8
		Revenues and Income by Business Segments	9
		Management's Discussion and Analysis of Financial Condition and Results of Operations.	10,11 & 12
PART	II.	OTHER INFORMATION.	12
		Signature Page	13

PART I. FINANCIAL INFORMATION

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

	(Unaudited)	
	March 31	September 30
	1997	1996
	-----	-----
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 19,477	\$ 16,892
Short-term investments	1,005	1,005
Accounts receivable, net	86,708	75,374
Inventories	17,894	16,915
Prepaid expenses and other	11,509	4,182
	-----	-----
Total Current Assets	136,593	114,368
	-----	-----
Investments	250,615	229,809
Property, Plant and Equipment, Net	486,618	463,496
Other Assets	13,186	14,241
	-----	-----
Total Assets	\$887,012	\$821,914
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 26,717	\$ 25,622
Accrued liabilities	36,860	31,943
Notes payable	3,000	5,000
	-----	-----
Total Current Liabilities	66,577	62,565
	-----	-----
Noncurrent Liabilities		
Deferred income taxes	106,320	98,335
Other	18,654	15,044
	-----	-----
Total Noncurrent Liabilities	124,974	113,379
	-----	-----
Shareholders' Equity		
Common stock, par value		
\$.10 per share	2,677	2,677
Preferred stock, no shares issued	--	--
Additional paid-in capital	51,219	50,410
Net unrealized holding gains	68,084	56,550
Retained earnings	594,338	557,543
	-----	-----
716,318	667,180	
Less treasury stock, at cost	20,857	21,210
	-----	-----
Total Shareholders' Equity	695,461	645,970
	-----	-----
	\$887,012	\$821,914
	=====	=====

See accompanying notes to financial statements.

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

(in thousands except per share data)

	Quarter Ended		Six Months Ended	
	03/31/97	03/31/96	03/31/97	03/31/96
REVENUES:				
Sales and other operating revenues	\$130,773	\$ 93,911	\$ 247,499	\$181,171
Income from investments	1,706	1,302	3,242	2,469
	-----	-----	-----	-----
	132,479	95,213	250,741	183,640
	-----	-----	-----	-----
COST AND EXPENSES:				
Operating costs	70,407	54,881	134,307	108,144
Depreciation, depletion and amortization	17,379	14,432	32,851	28,005
Dry holes and abandonments	2,412	3,230	2,972	4,158
Taxes, other than income taxes	5,418	4,773	10,105	8,465
General and administrative	2,945	2,704	5,204	5,052
Interest	(3)	248	-	327
	-----	-----	-----	-----
	98,558	80,268	185,439	154,151
	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	33,921	14,945	65,302	29,489
INCOME TAX EXPENSE	12,094	5,484	23,850	10,754
EQUITY IN INCOME OF AFFILIATE, net of income taxes	591	341	1,091	535
	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS	22,418	9,802	42,543	19,270
INCOME FROM DISCONTINUED OPERATIONS	-	1,225	-	2,850
	-----	-----	-----	-----
NET INCOME	\$ 22,418	\$ 11,027	\$ 42,543	\$ 22,120
	=====	=====	=====	=====
PER COMMON SHARE:				
Income from continuing operations	\$.90	\$.40	\$ 1.71	\$.78
Income from discontinued operations	-	.05	-	.12
	-----	-----	-----	-----
NET INCOME	\$.90	\$.45	\$ 1.71	\$.90
	=====	=====	=====	=====
CASH DIVIDENDS (Note 2)	\$.13	\$.125	\$.26	\$.25
AVERAGE COMMON SHARES OUTSTANDING	24,857	24,655	24,841	24,628

See accompanying notes to financial statements.

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

(in thousands)

	Six Months Ended March 31	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 42,543	\$ 22,120
Adjustments to reconcile net income to net cash provided by operating activities--		
Discontinued operations	-	(2,850)
Depreciation, depletion, and amortization	32,851	28,005
Dry holes and abandonments	2,972	4,158
Equity in income of affiliate before income taxes	(1,760)	(863)
Amortization of deferred compensation	737	866
Gain on sale of securities	(59)	-
Loss (Gain) on sale of fixed assets, other	(1,558)	171
Change in assets and liabilities--		
Accounts receivable	(11,334)	(5,209)
Inventories	(979)	45
Prepaid expenses and other	(6,272)	(435)
Accounts payable	3,292	(128)
Accrued liabilities	4,917	14,583
Deferred income taxes	918	997
Other noncurrent liabilities	3,610	2,954
Total adjustments	27,335	42,294
Net cash provided by continuing operations	69,878	64,414
Net cash provided by discontinued operations	-	2,387
Net cash provided by operating activities	69,878	66,801
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, including dry hole costs, from continuing operations	(63,337)	(55,423)
Proceeds from sales of property, plant, and equipment	4,033	1,185
Purchase of investments	(770)	24
Proceeds from sale of investments	103	-
Proceeds from sale of short-term investments	-	6,000
Discontinued operations	-	(540)
Net cash used in investing activities	(59,971)	(48,754)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	25,000	23,000
Payments made on notes payable	(27,000)	(42,700)
Dividends paid	(6,485)	(6,204)
Proceeds from exercise of stock options	1,163	1,335
Net cash used in financing activities	(7,322)	(24,569)
 NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	2,585	(6,522)
CASH AND CASH EQUIVALENTS, beginning of period	16,892	19,543
CASH AND CASH EQUIVALENTS, end of period	\$ 19,477	\$ 13,021

PART I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock		Paid-In Capital	Net Unrealized Holding Gains	Retained Earnings	Treasury Stock	
	Shares	Amount				Shares	Amount
Balance, September 30, 1996	26,764	\$ 2,677	\$ 50,410	\$ 56,550	\$ 557,543	1,879	\$ (21,210)
Change in net unrealized holding gains, net of income taxes of \$7,068	--	--	--	11,534	--	--	--
Cash dividends (\$0.26 per share)	--	--	--	--	(6,485)	--	--
Exercise of stock options	--	--	809	--	--	(46)	353
Amortization of deferred compensation	--	--	--	--	737	--	--
Net income	--	--	--	--	42,543	--	--
Balance, March 31, 1997	26,764	\$ 2,677	\$ 51,219	\$ 68,084	\$ 594,338	1,833	\$ (20,857)

See accompanying notes to financial statements.

**I. FINANCIAL INFORMATION
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 results of the periods presented. The results of operations for the six months ended March 31, 1997, and March 31, 1996, are not necessarily indicative of the results to be expected for the full year.

2. The \$.13 cash dividend declared in December, 1996, was paid March 1, 1997. On March 5, 1997, a cash dividend of \$.13 per share was declared for shareholders of record on May 15, 1997, payable June 2, 1997.

3. Inventories consist of materials and supplies.

4. Income from investments includes \$59,000 from gains on sales of available-for-sale securities during the first six months of 1997. There were no gains in the same period 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 recorded investment in securities accounted for under the equity method is \$26,975,000.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Est. Fair Value
	(in thousands)			
Equity Securities 03/31/97	\$113,828	\$109,863	\$ 51	\$223,640
Equity Securities 09/30/96	\$113,384	\$ 92,081	\$871	\$204,594

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 March 31, 1997, the Company had borrowed \$3,000,000 against the line of credit, at a weighted average interest rate of 5.88%, and had letters of credit outstanding in the amount of \$7,921,000, leaving an unused portion of \$39,079,000. Under the line of credit agreement, the Company must meet certain requirements regarding levels of debt, net worth and earnings. The Company anticipates renewing the line of credit agreement with certain banks in May 1997 for maximum borrowing of \$40 million. The Company has an additional \$14.0 million line of credit with a bank to be used primarily for letters of credit.

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

7. Discontinued Operations

Effective August 30, 1996, the Company exchanged all of the common stock of its wholly-owned subsidiary, Natural Gas Odorizing, Inc. (NGO), to Occidental Petroleum Corporation (OPC) for 2,018,928 shares of OPC common stock with a fair market value at closing of approximately \$48 million. NGO comprised all of the Company's chemical operations. Prior period operating results for such operations are reported as discontinued operations. Summary operating results of discontinued operations for the six months ending March 31, 1996 are as follows (in thousands):

Revenues	\$11,866
Operating Profit	\$ 4,718
Income Taxes	\$ 1,868
Net Income	\$ 2,850

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

	Fiscal Year 1997			FY 1996
	1st Qtr	2nd Qtr	Six Mos.	Six Mos.
	-----	-----	-----	-----
SALES AND OTHER REVENUES:				
Contract Drilling-Domestic	\$ 29,596	\$ 31,559	\$ 61,155	\$ 49,108
Contract Drilling-International	35,630	42,687	78,317	67,520
	-----	-----	-----	-----
Total Contract Drilling Div	65,226	74,246	139,472	116,628
	-----	-----	-----	-----
Exploration and Production	30,014	34,000	64,014	33,544
Natural Gas Marketing	18,991	20,366	39,357	26,816
	-----	-----	-----	-----
Total Oil & Gas Division	49,005	54,366	103,371	60,360
	-----	-----	-----	-----
Real Estate Division	2,412	2,082	4,494	4,087
Investment and Other	1,619	1,785	3,404	2,565
	-----	-----	-----	-----
Total Revenues	\$ 118,262	\$ 132,479	\$ 250,741	\$ 183,640
	=====	=====	=====	=====
OPERATING PROFIT(LOSS):				
Contract Drilling-Domestic	\$ 4,210	\$ 4,955	\$ 9,165	\$ 4,691
Contract Drilling-International	6,907	8,918	15,825	16,194
	-----	-----	-----	-----
Total Contract Drilling Div	11,117	13,873	24,990	20,885
	-----	-----	-----	-----
Exploration and Production	18,274	20,196	38,470	8,765
Natural Gas Marketing	1,381	514	1,895	1,452
	-----	-----	-----	-----
Total Oil & Gas Division	19,655	20,710	40,365	10,217
	-----	-----	-----	-----
Real Estate Division	1,779	1,290	3,069	2,644
	-----	-----	-----	-----
Total Operating Profit	32,551	35,873	68,424	33,746
	-----	-----	-----	-----
OTHER	(1,170)	(1,952)	(3,122)	(4,257)
	-----	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATE	\$ 31,381	\$ 33,921	\$ 65,302	\$ 29,489
	=====	=====	=====	=====

See accompanying notes to financial statements.

**I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1997**

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 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 \$22,418,000 (\$0.90 per share) from revenues of \$132,479,000 for the second quarter ended March 31, 1997, compared with net income of \$11,027,000 (\$0.45 per share) from revenues of \$95,213,000 for the second quarter of the prior fiscal year. Net income for the first six months of this fiscal year totaled \$42,543,000 (\$1.71 per share) from revenues of \$250,741,000, compared with net income of \$22,120,000 (\$0.90 per share) from revenues of \$183,640,000 for the same period last year.

The Company's Exploration and Production Division reported operating profit of \$20,196,000 and \$38,470,000 for the second quarter and six months ended March 31, 1997, respectively, compared with operating profit of \$4,690,000 and \$8,765,000 for the same periods in fiscal 1996.

I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1997
(Continued)

The increase in operating profit was primarily the result of continued strength in natural gas prices through most of the second quarter and increased natural gas volumes. Natural gas prices for the second quarter and first six months of 1997 averaged \$2.65 per mcf and \$2.56 per mcf, respectively, compared with \$1.72 per mcf and \$1.62 per mcf in the same periods of 1996. Natural gas volumes for the first six months of 1997 were 111.0 mmcf/day compared with 89.5 mmcf/day for the first six months of 1996. Oil prices for the second quarter and first six months of 1997 averaged \$21.86 and \$22.64, respectively, compared with \$18.24 and \$17.34, in the same periods of 1996. Average oil production increased to 2,798 barrels per day for the first six months of fiscal 1997, compared with 2,199 barrels per day in the same period of 1996. Dry hole expense for the first six months of 1997 was \$1,931,000 compared with \$2,435,000 for the first six months of 1996.

The Contract Drilling Division reported an operating profit of \$24,990,000 in the first six months of fiscal year 1997, compared with \$20,885,000 in the same period of 1996. Operating profit from the domestic drilling operations increased to \$9,165,000 for the first six months of fiscal 1997, compared with \$4,691,000 for the first six months of fiscal 1996. Increased utilization of land rigs (revenue days increased 23% from the first six months of 1996) and increased day rates for land rigs contributed to the increased operating profit. Also contributing substantially to earnings was the new Mars offshore platform rig which began drilling in the third quarter of fiscal 1996. Two additional rigs will commence operations for Shell Offshore Inc. in the third quarter of fiscal year 1997. The Company expects this will have a positive impact on domestic operating profit for the last six months of fiscal 1997.

Operating profit from the Company's international drilling operations decreased to \$15,825,000 in the first six months of fiscal 1997 from \$16,194,000 in the same period last year. The first six months of fiscal 1996 included foreign currency transaction gains in Venezuela of \$500,000. No such gains were realized in the first six months of fiscal 1997. Utilization of the 37 international rigs was 90% during the second quarter of 1997 compared with 86% during the same quarter of 1996.

The Company's Real Estate Division increased operating profit to \$3,069,000 in the first six months of fiscal 1997 from \$2,644,000 in the same period of fiscal 1996. The increase was primarily due to a gain on the sale of a small parcel of land during the first quarter of fiscal 1997.

I. FINANCIAL INFORMATION
HELMERICH & PAYNE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
MARCH 31, 1997
(Continued)

Liquidity and Capital Resources

Net cash provided by continuing operations was \$69,878,000 for the first six months of fiscal 1997, compared with \$64,414,000 for the same period in 1996. Capital expenditures were \$63,337,000 and \$55,423,000 for the first six months of fiscal 1997 and 1996, respectively.

It is anticipated for fiscal 1997 that capital expenditures could possibly exceed internally generated cash flows and that the Company will borrow under its line of credit agreement or sell a portion of its investment portfolio to fund capital expenditures.

There were no significant changes in the Company's financial position since September 30, 1996.

PART II. OTHER INFORMATION
HELMERICH & PAYNE, INC.

Item 1. Legal Proceedings

On March 6, 1997, the Company was dismissed, without prejudice, from a lawsuit styled Caldwell vs Helmerich and Payne Inc. (District Court Washita County Oklahoma) in which plaintiffs were seeking their royalty share of a gas contract settlement covering Oklahoma wells. This lawsuit was previously reported in the Company's Annual Report for fiscal 1996 and in the Company's 10-Q for the first quarter of fiscal 1997.

Item 6(b) Reports on Form 8-K

For the three months ended March 31, 1997, there was one Form 8-K filed on March 27, 1997.

INDEX TO EXHIBITS

EXHIBIT NO. -----	DESCRIPTION -----
27	Financial Data Schedule

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	SEP 30 1997
PERIOD START	OCT 01 1996
PERIOD END	MAR 31 1997
CASH	19,477
SECURITIES	250,615
RECEIVABLES	88,735
ALLOWANCES	2,027
INVENTORY	17,894
CURRENT ASSETS	136,593
PP&E	1,111,309
DEPRECIATION	624,691
TOTAL ASSETS	887,012
CURRENT LIABILITIES	66,577
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	2,677
OTHER SE	692,784
TOTAL LIABILITY AND EQUITY	887,012
SALES	247,499
TOTAL REVENUES	250,741
CGS	180,235
TOTAL COSTS	180,235
OTHER EXPENSES	5,204
LOSS PROVISION	0
INTEREST EXPENSE	0
INCOME PRETAX	65,302
INCOME TAX	23,850
INCOME CONTINUING	42,543
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	42,543
EPS PRIMARY	1.71
EPS DILUTED	1.71

End of Filing

Powered By **EDGAR**
Online

© 2005 | EDGAR Online, Inc.