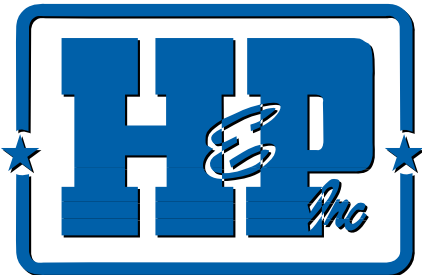


Helmerich & Payne, Inc.

Helmerich & Payne, Inc. is the holding Company for Helmerich & Payne International Drilling Co., an international drilling contractor with land and offshore platform operations in the United States, South America, Africa, and Europe. Holdings also include commercial real estate properties in the Tulsa, Oklahoma, area and an energy-weighted portfolio of publicly-traded securities valued at approximately \$170 million as of September 30, 2003. At the end of 2002, the Company completed the spin-off of Cimarex Energy Co. to shareholders. Cimarex, the Company's former exploration and production division, was merged with Key Production Company, Inc. and currently trades on the New York Stock Exchange under the symbol XEC.



FINANCIAL HIGHLIGHTS

Years Ended September 30,	2003	2002
	(in thousands , except per share amounts)	
Revenues	\$ 515,284	\$ 551,879
Net Income from Continuing Operations	17,873	53,706
Net Income	17,873	63,517
Diluted Earnings per Share from Continuing Operations	0.35	1.07
Diluted Earnings per Share	0.35	1.26
Dividends Paid per Share	0.32	0.305
Capital Expenditures	246,301	312,064
Total Assets	1,415,835	1,227,313

President's Letter

To the Co-owners of Helmerich & Payne, Inc.

It seems every year the oil and gas business plays an important role on the stage of political and economic events. Few years can match 2003 for the sheer number of headline stories. In the heart of the Middle East, Operation Iraqi Freedom brought the quick overthrow of Saddam Hussein. During the time leading up to the war, Venezuela sustained a crippling two-month nationwide strike, threatening an important source of U.S. crude oil. In the spring, record low natural gas inventories and declining production rates prompted Federal Reserve Chairman Alan Greenspan to warn of a potential natural gas shortage and the serious consequences it posed to economic recovery. Later in the summer, the Northeast sustained a sweeping electrical blackout that stranded 50 million customers.

With this backdrop, the President hoped to sign legislation representing the first serious effort in decades at shaping a national energy policy. Before failing by two votes to another Democratic filibuster, the energy bill had mushroomed to over a thousand pages and an estimated cost of some \$100 billion, bearing only a weak resemblance to the President's original request.

The energy bill represented an unworkable combination: too much pork and too little beef. Pork barrel spending included increased subsidies for ethanol and soybean based fuel mandates, add-ons like aid for an energy efficient shopping mall in Syracuse, and even money for a pet rainforest project in Iowa. While spending ballooned to more than three times the Administration's stated limit, one of the President's priorities, the approval for exploration in Alaska's Arctic National Wildlife Refuge, was thrown overboard early in the Congressional

negotiations. In the end, too little was done to streamline and open access to high potential natural gas exploratory plays on Federal lands, and to promote nuclear power, and to develop clean burning coal technology. All three are important components to a balanced U.S. energy supply.

What are the prospects for the passage of an energy bill during the upcoming election year?

Any attempt should speak clearly to the practical challenges of fueling the world's largest economy. Lewis Lehrman finds that voice in his piece, "*Energetic America*," where he argues for an energy policy that promotes a diverse supply base that is both affordable and dependable. He points out that we are in a time when effective economic and energy policies are indispensable to national security issues, and states, "Combined with President Bush's supply-side tax policy, an unselfconscious supply-side energy and regulatory policy will lead to abundant and cheaper energy, growth of economic opportunity, and full employment."

However future politics get sorted out, oil and gas will remain at the center of the energy picture for years to come. Your Company plays an important role in providing new supplies to help meet this growing demand. As we go forward, we look to the opportunities ahead.

Sincerely,



Hans Helmerich
President

December 15, 2003

Contract Drilling Operations

The Company's first full year as a stand-alone drilling contractor was accompanied by a number of unusual factors: high oil and natural gas prices, a second war in the Persian Gulf, and a major strike in Venezuela, which resulted in turmoil within PDVSA, the Company's largest customer in South America. The Baker Hughes U.S. Land Rig Count increased by over 30 percent in fiscal 2003, but the journey was bumpy and cautious. The Company delivered 19 third generation FlexRigs* to the U.S. market in 2003, expanding its capacity in this segment by nearly one-third. One of the uncertainties ahead is the U.S. offshore platform market, which softened considerably in 2003. The Company's South American markets also remain weak due in large part to socio-economic and political factors. During 2003, the Company introduced its first generation FlexRig into two new international markets.

U.S. Land Operations

On average, the Company worked 14 more rigs during the year than in 2002, but lower dayrates, combined with higher training and depreciation expenses associated with the FlexRig3 project, muted financial results for 2003 compared to 2002. At the close of the year, 68 out of 83 available rigs were working. The Company's fleet of 43 FlexRigs and 11 highly mobile rigs maintained an average utilization of 95 percent during the year, while the remaining 29 conventional rigs had an average utilization rate of 58 percent. Demand continues to be weakest in the deep-drilling end of the business where soft rates are under increasing price competition. Out of the Company's 16 deep-rated conventional rigs, 11 were idle at the close of the fiscal year. By contrast, the Company had only one idle

rig out of the remaining 13 conventional rigs rated at 20,000 feet or less. The FlexRig, with its flexible depth capacity range of 8,000 to 18,000 feet, has shifted the Company's fleet capability toward the larger medium-depth segment of the drilling market, and this is having a positive impact on the Company's activity rate.

At the close of 2003, the Company had 27 FlexRig3s operating, and the results in the field continue to prove their value. Of the 173 wells completed by FlexRig3s this past year, better than two out of three have come in ahead of customer-estimated drilling times. The Company's investment in employee screening, training, and team building for the FlexRig3 is also paying dividends. Eighteen months into the FlexRig3 project, the Company has achieved a retention rate of 78 percent on the initial training effort. Well-trained and stable crews have enabled the project to achieve outstanding field results, and more customers and their non-operating partners are seeing how FlexRigs can lower well costs, reduce well cycle times, and increase productivity. Throughout 2003, FlexRig3s were nearly 100 percent utilized and working at premium dayrates.

Overall, the U.S. land market appears to be in the early stages of a cyclical transition. Drilling services, as well as other oilfield services and supplies, typically gain more pricing power as supply and demand tighten because of reduced industry capacity. It is in this market phase that the distinct advantages of the FlexRig technology will be most apparent to customers as they begin to refocus on total project costs.

* The term "FlexRig" used throughout this Annual Report is a Company trademark Registered in the U.S. Patent and Trademark Office.

U.S. Offshore Operations

Activity in the offshore platform segment declined by almost one-third during 2003, with five of the Company's 12 offshore platform rigs under contract in the Gulf of Mexico at year-end. The Company also operated one rig in the Gulf of Mexico and two rigs offshore California under management contracts during 2003. The overall profit margin in the offshore segment is likely to come under increasing pressure during the coming year as some of the working rigs are on long-term projects that have reached the full development stage and will likely alternate between operating rates and the lower standby rates. Out of the seven rigs that are idle in the Company's fleet, six are capable of returning to work on short notice and the seventh will require shipyard maintenance. The Company retains a large share of the offshore platform market and has considerable design and construction experience in conventional, spar, and deep-water tension-leg platform rigs. The Company is well positioned to compete for any opportunities that emerge in the coming year; however, we expect that any recovery in the platform market will be slow due to long project lead times.

International Operations

An average of 12 rigs were fully employed in 2003, compared to 16 rigs in 2002. Ecuador remained the most active country with an average of seven rigs working, followed by Venezuela with an average of four rigs, and Colombia and Bolivia each with less than a full rig year of activity. Operations in Venezuela are improving as seven rigs were working shortly after the close of the fiscal year, and an eighth rig is expected to start work in the second quarter. Despite numerous challenges presented in Venezuela, we are encouraged by the recent increase in activity.

Venezuela still has promising growth potential, and the Company has the best-equipped and maintained rig fleet in the country.

Two first generation FlexRigs were committed to short-term international contracts in 2003. The first is working for a U.S. based independent in Hungary where, at year-end, it was drilling its third well after a smooth, incident-free start-up. Having previously used a FlexRig in U.S. operations, the customer desired to see the technology, versatility, and mobility of these rigs employed in an important international project. The second FlexRig was deployed for a major international operator under a multi-well contract in the central African nation of Chad. This project is scheduled to begin drilling in December 2003.

Outlook

Looking to 2004 and beyond, we see significant opportunities for a growing international business and believe the Company brings a distinctive combination of experience and innovation to this market. The FlexRig will play an important role in capturing this potential, as we endeavor to introduce this unique technology to international markets. While this transition year was not what we had hoped for financially, the Company improved operating performance, expanded its capacity, and is well positioned in high potential markets to participate in future opportunities. The most critical dimension of quality is our performance in the area of health, safety, and the environment (HSE) and, during 2003, the Company logged one of its best years on record. After the close of the fiscal year, two of our largest customers, ExxonMobil and Royal Dutch Shell, separately recognized the Company's land and offshore operations for leadership and excellence in HSE.

Financial & Operating Review

Years Ended September 30	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
SUMMARY OF CONSOLIDATED STATEMENTS OF INCOME*†											
Operating Revenues ^①	507,331	523,803	531,604	384,762	431,741	479,592	353,355	274,208	229,316	206,991	167,956
Operating Costs ^①	345,537	361,669	330,181	248,568	290,048	322,861	228,958	184,703	158,815	148,210	114,858
Depreciation	82,513	61,447	49,532	77,317	70,092	58,187	48,291	39,592	37,364	31,038	29,397
Operating Income ^①	79,281	100,687	151,891	58,877	71,601	98,544	76,106	49,913	33,137	27,743	23,701
Income from Investments	7,953	28,076	10,967	32,063	7,422	45,152	11,746	5,992	11,279	6,944	9,494
Interest Expense	12,289	980	1,701	2,730	5,389	336	34	678	407	385	925
General and Administrative Expense ^①	41,003	36,563	28,180	23,306	24,629	21,299	15,636	15,222	14,019	14,126	12,422
Income from Continuing Operations	17,873	53,706	80,467	36,470	32,115	80,790	48,801	25,844	18,464	13,216	8,978
Net Income	17,873	63,517	144,254	82,300	42,788	101,154	84,186	72,566	9,751	24,971	24,550
Diluted Earnings Per Common Share:											
Income from Continuing Operations	0.35	1.07	1.58	.73	.65	1.60	.97	.52	.38	.27	.18
Net Income	0.35	1.26	2.84	1.64	.86	2.00	1.67	1.46	.20	.51	.50

*\$000's omitted, except per share data.

①Certain prior year amounts have been reclassified to conform to current year classifications. (see note 1)

†All data excludes discontinued operations except net income.

SUMMARY FINANCIAL DATA*

Cash**	38,189	46,883	128,826	107,632	21,758	24,476	27,963	16,892	19,543	29,447	61,656
Working Capital**	108,913	105,852	223,980	179,884	82,893	49,179	65,802	48,128	50,038	76,238	104,085
Investments	158,770	150,175	203,271	307,425	240,891	200,400	323,510	229,809	156,908	87,414	84,945
Plant, Property, and Equipment, Net**	1,058,205	897,445	650,051	526,723	553,769	548,555	392,489	329,377	286,678	235,067	209,877
Total Assets	1,415,835	1,227,313	1,300,121	1,200,854	1,073,465	1,053,200	987,432	786,351	707,061	624,827	610,935
Long-term Debt	200,000	100,000	50,000	50,000	50,000	50,000	—	—	—	—	3,600
Shareholders' Equity	917,251	895,170	1,026,477	955,703	848,109	793,148	780,580	645,970	562,435	524,334	508,927
Capital Expenditures**	246,301	312,064	184,668	65,820	78,357	217,597	114,626	83,411	89,709	59,379	27,823

*\$000's omitted.

** Excludes discontinued operations.

RIG FLEET SUMMARY

Drilling Rigs –											
United States Land – FlexRigs	43	26	13	6	6	6	—	—	—	—	—
United States Land – Conventional	40	40	36	32	34	30	29	30	30	36	31
United States Offshore Platform	12	12	10	10	10	10	9	11	11	11	11
International	32	33	37	40	39	44	39	36	35	29	29
Total Rig Fleet	127	111	96	88	89	90	77	77	76	76	71
Rig Utilization Percentage –											
United States Land – FlexRigs	97	96	100	99	79	100	—	—	—	—	—
United States Land – Conventional	67	78	96	82	68	94	99	88	73	66	48
United States Land – All Rigs	81	84	97	85	69	94	99	88	73	66	48
United States Offshore Platform	51	83	98	94	95	99	63	70	66	79	70
International	39	51	56	47	53	88	91	85	84	88	68

Helmerich & Payne, Inc.

FORM 10-K, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003 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 identification no.)
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UTICA AT TWENTY-FIRST STREET, TULSA, OKLAHOMA 74114	
(Address of principal executive offices)	(Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EXCHANGE ON WHICH REGISTERED
Common Stock (\$0.10 par value)	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange

Securities registered Pursuant to Section 12(g) of the Act: 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 ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No ☐

At March 31, 2003, the aggregate market value of the voting stock held by non-affiliates was \$1,218,694,981.

Number of shares of common stock outstanding at December 15, 2003: 50,168,655.

DOCUMENTS INCORPORATED BY REFERENCE
Certain portions of the following documents have been incorporated by reference into this Form 10-K as indicated:

<u>Documents</u>	<u>10-K Parts</u>
(1) Annual Report to Stockholders for the fiscal year ended September 30, 2003	Parts I and II
(2) Proxy Statement for Annual Meeting of Stockholders to be held March 3, 2004	Part III

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

THIS REPORT INCLUDES “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE SECURITIES ACT OF 1933, AS AMENDED, AND THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. ALL STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDED IN THIS REPORT, INCLUDING, WITHOUT LIMITATION, STATEMENTS REGARDING THE REGISTRANT’S FUTURE FINANCIAL POSITION, BUSINESS STRATEGY, BUDGETS, PROJECTED COSTS AND PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS, ARE FORWARD-LOOKING STATEMENTS. IN ADDITION, FORWARD-LOOKING STATEMENTS GENERALLY CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS “MAY”, “WILL”, “EXPECT”, “INTEND”, “ESTIMATE”, “ANTICIPATE”, “BELIEVE”, OR “CONTINUE” OR THE NEGATIVE THEREOF OR SIMILAR TERMINOLOGY. ALTHOUGH THE REGISTRANT BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE, IT CAN GIVE NO ASSURANCE THAT SUCH EXPECTATIONS WILL PROVE TO BE CORRECT. IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE REGISTRANT’S EXPECTATIONS ARE DISCLOSED IN THIS REPORT UNDER THE CAPTION “RISK FACTORS” BEGINNING ON PAGE 5, AS WELL AS IN MANAGEMENT’S DISCUSSION & ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION ON PAGES 24 THROUGH 47 OF THE COMPANY’S ANNUAL REPORT. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE REGISTRANT, OR PERSONS ACTING ON ITS BEHALF, ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY SUCH CAUTIONARY STATEMENTS. THE REGISTRANT ASSUMES NO DUTY TO UPDATE OR REVISE ITS FORWARD-LOOKING STATEMENTS BASED ON CHANGES IN INTERNAL ESTIMATES OR EXPECTATIONS OR OTHERWISE.

PART I

ITEM 1. BUSINESS

Helmerich & Payne, Inc. (the “Company”), was incorporated under the laws of the State of Delaware on February 3, 1940, and is successor to a business originally organized in 1920. The Company is primarily engaged in contract drilling of oil and gas wells for others. The contract drilling business accounts for the major portion of its operating revenues. The Company is also engaged in the ownership, development, and operation of commercial real estate.

The Company is organized into two separate autonomous operating entities, being contract drilling and real estate. Both businesses operate independently of the other. Both the contract drilling and real estate businesses are conducted through wholly owned subsidiaries. Operating decentralization is balanced by a centralized finance division, which handles all accounting, information technology, budgeting, insurance, cash management, and related activities.

The Company’s contract drilling business is composed of three business segments: domestic land drilling, domestic offshore platform drilling and international drilling. The Company’s domestic contract drilling is conducted primarily in Oklahoma, Texas, Wyoming, and Louisiana, and offshore from platforms in the Gulf of Mexico and California. The Company also operated during fiscal 2003 in seven international locations: Venezuela, Ecuador, Colombia, Argentina, Bolivia, Equatorial Guinea, and Hungary.

The Company’s real estate investments are located in Tulsa, Oklahoma, where the Company maintains its executive offices.

Prior to October 1, 2002, the Company was engaged in the exploration, production and sale of crude oil and natural gas business (“exploration and production business”). During fiscal 2002, the Company transferred the assets and liabilities of its exploration and production business to its wholly owned subsidiary, Cimarex Energy Co. On September 30, 2002, the Company distributed the common stock of Cimarex Energy Co. to the Company’s stockholders and completed a merger of Key Production Company, Inc. with a subsidiary of Cimarex Energy Co. As a result of this transaction, Cimarex Energy Co. became a separate publicly-traded company that owned and operated the exploration and production business. The Company does not own any common stock of Cimarex Energy Co.

CONTRACT DRILLING

The Company believes that it is one of the major land and offshore platform drilling contractors in the western hemisphere. Operating principally in North and South America, the Company specializes in medium to deep drilling in major gas producing basins of the United States and in drilling for oil and gas in international locations. In the United States, the Company draws its customers primarily from the major oil companies and the larger independents. In South America, the Company’s current customers include the Venezuelan state petroleum company and major international oil companies.

In fiscal 2003, the Company received approximately 68% of its consolidated revenues from the Company’s ten largest contract drilling customers. BP plc, Shell Oil Company, and ExxonMobil Corporation (respectively, “BP”, “Shell” and “ExxonMobil”), including their affiliates, are the Company’s three largest contract drilling customers. The Company performs drilling services for BP, Shell, and ExxonMobil on a world-wide basis. Revenues from drilling services performed for BP, Shell and ExxonMobil in fiscal 2003 accounted for approximately 16%, 15% and 11%, respectively, of the Company’s consolidated revenues from continuing operations for the same period.

The Company provides drilling rigs, equipment, personnel, and camps on a contract basis. These services are provided so that the Company’s customers may explore for and develop oil and gas from onshore areas and from fixed platforms, tension-leg platforms and spars in offshore areas. Each of the drilling rigs consists of engines, drawworks, a mast, pumps, blowout preventers, a drillstring, and related equipment. The intended well depth and the drilling site conditions are

ITEM 2. PROPERTIES

CONTRACT DRILLING

The following table sets forth certain information concerning the Company's domestic drilling rigs as of September 30, 2003:

Location	Rig	Optimum Depth	Rig Type	Drawworks: Horsepower
FLEXRIGS				
Texas	164	18,000	SCR (FlexRig1)	1,500
Texas	165	18,000	SCR (FlexRig1)	1,500
Texas	166	18,000	SCR (FlexRig1)	1,500
Texas	169	18,000	SCR (FlexRig1)	1,500
Texas	178	18,000	SCR (FlexRig2)	1,500
Wyoming	179	18,000	SCR (FlexRig2)	1,500
Wyoming	180	18,000	SCR (FlexRig2)	1,500
Texas	181	18,000	SCR (FlexRig2)	1,500
Texas	182	18,000	SCR (FlexRig2)	1,500
Texas	183	18,000	SCR (FlexRig2)	1,500
Texas	184	18,000	SCR (FlexRig2)	1,500
Texas	185	18,000	SCR (FlexRig2)	1,500
Texas	186	18,000	SCR (FlexRig2)	1,500
Texas	187	18,000	SCR (FlexRig2)	1,500
Texas	188	18,000	SCR (FlexRig2)	1,500
Oklahoma	189	18,000	SCR (FlexRig2)	1,500
Texas	210	18,000	AC (FlexRig3)	1,500
Texas	211	18,000	AC (FlexRig3)	1,500
Texas	212	18,000	AC (FlexRig3)	1,500
Texas	213	18,000	AC (FlexRig3)	1,500
Texas	214	18,000	AC (FlexRig3)	1,500
Colorado	215	18,000	AC (FlexRig3)	1,500
Texas	216	18,000	AC (FlexRig3)	1,500
Texas	217	18,000	AC (FlexRig3)	1,500
Texas	218	18,000	AC (FlexRig3)	1,500
Texas	219	18,000	AC (FlexRig3)	1,500
Texas	220	18,000	AC (FlexRig3)	1,500
Louisiana	221	18,000	AC (FlexRig3)	1,500
Oklahoma	222	18,000	AC (FlexRig3)	1,500
Texas	223	18,000	AC (FlexRig3)	1,500
Texas	224	18,000	AC (FlexRig3)	1,500
Oklahoma	225	18,000	AC (FlexRig3)	1,500
Louisiana	226	18,000	AC (FlexRig3)	1,500
Texas	227	18,000	AC (FlexRig3)	1,500
Texas	228	18,000	AC (FlexRig3)	1,500
Texas	229	18,000	AC (FlexRig3)	1,500
Texas	230	18,000	AC (FlexRig3)	1,500
Texas	231	18,000	AC (FlexRig3)	1,500

Location	Rig	Optimum Depth	Rig Type	Drawworks: Horsepower
Texas	232	18,000	AC (FlexRig3)	1,500
Texas	233	18,000	AC (FlexRig3)	1,500
Texas	234	18,000	AC (FlexRig3)	1,500
Texas	235	18,000	AC (FlexRig3)	1,500
Texas	236	18,000	AC (FlexRig3)	1,500
HIGHLY MOBILE RIGS				
Oklahoma	158	10,000	SCR	900
Texas	156	12,000	Mechanical	1,200
Wyoming	159	12,000	Mechanical	1,200
Texas	141	14,000	Mechanical	1,200
Texas	142	14,000	Mechanical	1,200
Texas	143	14,000	Mechanical	1,200
Texas	145	14,000	Mechanical	1,200
Texas	155	14,000	SCR	1,200
Texas	146	16,000	SCR	1,200
Texas	147	16,000	SCR	1,200
Wyoming	154	16,000	SCR	1,500
CONVENTIONAL RIGS				
Texas	110	12,000	SCR	700
Oklahoma	96	16,000	SCR	1,000
Texas	118	16,000	SCR	1,200
Texas	119	16,000	SCR	1,200
Texas	120	16,000	SCR	1,200
Louisiana	162	18,000	SCR	1,500
Oklahoma	80	20,000	SCR	1,500
Oklahoma	89	20,000	SCR	1,500
Oklahoma	92	20,000	SCR	1,500
Oklahoma	94	20,000	SCR	1,500
Oklahoma	98	20,000	SCR	1,500
Texas	122	16,000	SCR	1,700
Louisiana	79	20,000	SCR	2,000
Texas	97	26,000	SCR	2,000
Texas	99	26,000	SCR	2,000
Texas	137	26,000	SCR	2,000
Texas	149	26,000	SCR	2,000
Texas	191	26,000	SCR	2,000
Texas	192	26,000	SCR	2,000
Texas	170	26,000	SCR (Heli Rig)	3,000
Texas	72	30,000	SCR	3,000
Texas	73	30,000	SCR	3,000
Texas	125	30,000	SCR	3,000
Texas	134	30,000	SCR	3,000
Louisiana	136	30,000	SCR	3,000

Location	Rig	Optimum Depth	Rig Type	Drawworks: Horsepower
Texas	157	30,000	SCR	3,000
Louisiana	161	30,000	SCR	3,000
Louisiana	163	30,000	SCR	3,000
Texas	139	30,000+	SCR	3,000
OFFSHORE PLATFORM RIGS				
Texas	108	18,000	Self-Erecting	1,500
Louisiana	91	20,000	Conventional	3,000
Gulf of Mexico	203	20,000	Self-Erecting	2,500
Gulf of Mexico	205	20,000	Tension-leg	2,000
Louisiana	206	20,000	Self-Erecting	1,500
Louisiana	100	30,000	Conventional	3,000
Louisiana	105	30,000	Conventional	3,000
Louisiana	106	30,000	Conventional	3,000
Louisiana	107	30,000	Conventional	3,000
Gulf of Mexico	201	30,000	Tension-leg	3,000
Gulf of Mexico	202	30,000	Tension-leg	3,000
Gulf of Mexico	204	30,000	Tension-leg	3,000

The following table sets forth information with respect to the utilization of the Company’s domestic drilling rigs for the periods indicated:

Years ended September 30,	1999	2000	2001	2002	2003
Number of rigs owned at end of period	50	48	59	78	95
Average rig utilization rate during period*	75%	87%	97%	83%	77%

* A rig is considered to be utilized when it is operated or being moved, assembled, or dismantled under contract.

The following table sets forth certain information concerning the Company’s international drilling rigs as of September 30, 2003:

Location	Rig	Optimum Depth	Rig Type	Draw-Works: Horsepower
Argentina	174	30,000	SCR	3,000
Argentina	177	30,000	SCR	3,000
Bolivia	171	16,000	Mechanical	1,000
Bolivia	172	16,000	Mechanical	1,000
Bolivia	173	20,000	Mechanical	2,000
Bolivia	123	26,000	SCR	2,100
Bolivia	151	30,000	SCR	3,000
Bolivia	175	30,000	SCR	3,000
Chad	167	18,000	SCR (FlexRig1)	1,500
Colombia	133	30,000	SCR	3,000
Colombia	135	30,000	SCR	3,000
Colombia	152	30,000+	SCR	3,000
Ecuador	22	18,000	SCR (Heli Rig)	1,700

Location	Rig	Optimum Depth	Rig Type	Drawworks: Horsepower
Ecuador	23	18,000	SCR (Heli Rig)	1,500
Ecuador	132	18,000	SCR	1,500
Ecuador	176	18,000	SCR	1,500
Ecuador	121	20,000	SCR	1,700
Ecuador	117	26,000	SCR	2,500
Ecuador	138	26,000	SCR	2,500
Ecuador	190	26,000	SCR	2,000
Hungary	168	18,000	SCR (FlexRig1)	1,500
Venezuela	140	10,000	Mechanical	900
Venezuela	148	26,000	SCR	2,000
Venezuela	160	26,000	SCR	2,000
Venezuela	113	30,000	SCR	3,000
Venezuela	115	30,000	SCR	3,000
Venezuela	116	30,000	SCR	3,000
Venezuela	127	30,000	SCR	3,000
Venezuela	128	30,000	SCR	3,000
Venezuela	129	30,000	SCR	3,000
Venezuela	150	30,000	SCR	3,000
Venezuela	153	30,000+	SCR	3,000

The following table sets forth information with respect to the utilization of the Company's international drilling rigs for the periods indicated:

Years ended September 30,	1999	2000	2001	2002	2003
Number of rigs owned at end of period	39	40	37	33	32
Average rig utilization rate during period*†	53%	47%	56%	51%	39%

* A rig is considered to be utilized when it is operated or being moved, assembled, or dismantled under contract.

† Does not include rigs returned to United States for major modifications and upgrades.

REAL ESTATE OPERATIONS

See Item 1. BUSINESS, pages 4 through 5 of the Company’s Annual Report.

STOCK PORTFOLIO

Information required by this item regarding the stock portfolio held by the Company may be found on page 42 of the Company’s Annual Report under the caption, “Management’s Discussion and Analysis of Results of Operations and Financial Condition.”

ITEM 3. LEGAL PROCEEDINGS

The Company is subject to various claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position, results of operations, or liquidity of the Company. The Company is not a party to, and none of its property is subject to, any material pending legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth the names and ages of the Company’s executive officers, together with all positions and offices held with the Company by such executive officers. Officers are elected to serve until the meeting of the Board of Directors following the next Annual Meeting of Stockholders and until their successors have been elected and have qualified or until their earlier resignation or removal.

W. H. Helmerich, III, 80 <i>Chairman of the Board</i> Director since 1949; Chairman of the Board since 1960	Douglas E. Fears, 54 <i>Vice President and Chief Financial Officer</i> since 1988
Hans Helmerich, 45 <i>President and Chief Executive Officer</i> Director since 1987; President and Chief Executive Officer since 1989	Steven R. Mackey, 52 <i>Vice President, Secretary and General Counsel</i> Secretary since 1990; Vice President and General Counsel since 1988
George S. Dotson, 62 <i>Vice President</i> Director since 1990; Vice President since 1977 and President and Chief Operating Officer of Helmerich & Payne International Drilling Co. since 1977	Gordon K. Helm, 50 <i>Controller</i> Chief Accounting Officer of the Company; Controller since December 10, 1993

PART II

ITEM 5. MARKET FOR THE COMPANY’S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The principal market on which the Company's common stock is traded is the New York Stock Exchange. The high and low sale prices per share for the common stock for each quarterly period during the past two fiscal years as reported in the NYSE-Composite Transaction quotations follow:

Quarter	2002		2003	
	High*	Low*	High	Low
First	\$ 35.25	\$ 24.70	\$ 30.23	\$ 23.45
Second	41.31	27.70	28.94	22.60
Third	43.24	33.70	32.80	24.72
Fourth	38.35	28.90	30.30	25.70

* Market prices for 2002 are prior to distribution of 100% of common stock of Cimarex Energy Co. (See Note 2 of the Consolidated Financial Statements).

The Registrant paid quarterly cash dividends during the past two years as shown in the following table:

Quarter	Paid per Share Fiscal		Total Payment Fiscal	
	2002	2003	2002	2003
First	\$0.075	\$0.080	\$3,738,220	\$4,000,982
Second	0.075	0.080	3,739,680	4,002,239
Third	0.075	0.080	3,743,587	4,002,971
Fourth	0.080	0.080	3,999,597	4,009,076

The Company paid a cash dividend of \$.080 per share on December 1, 2003, to stockholders of record on November 14, 2003. Payment of future dividends will depend on earnings and other factors.

As of December 15, 2003, there were 1,017 record holders of the Company’s common stock as listed by the transfer agent’s records.

SUMMARY OF ALL EXISTING EQUITY COMPENSATION PLANS

The following chart sets forth information concerning the compensation plans under which equity securities of the Company are authorized for issuance as of September 30, 2003.

Plan Category:	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans			
approved by security holders ⁽¹⁾	4,327,388	\$ 21.408	1,596,950
Equity compensation plans not			
approved by security holders ⁽²⁾	–	–	–
Total	4,327,388	\$ 21.408	1,596,950

(1) Includes the 1990 Stock Option Plan, the 1996 Stock Incentive Plan and the 2000 Stock Incentive Plan of the Company.

(2) The Company does not maintain any equity compensation plans that have not been approved by the stockholders.

ITEM 6. SELECTED FINANCIAL DATA

The following table summarizes selected financial information and should be read in conjunction with the Consolidated Financial Statements and the Notes thereto and the related Management’s Discussion and Analysis of Results of Operations and Financial conditions contained at pages 24 through 47 of the Company’s Annual Report. On September 30, 2002, the Company spun off Cimarex Energy Co. The historical financial data for the business conducted by Cimarex Energy Co. for 2002 has been reported as discontinued operations.

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

	1999	2000	2001	2002	2003
	(in thousands)				
Sales, operating, and other revenues	\$439,118	\$416,272	\$542,571	\$551,879	\$515,284
Income from continuing operations	32,115	36,470	80,467	53,706	17,873
Income from continuing operations					
per common share:					
Basic	0.65	0.74	1.61	1.08	0.36
Diluted	0.65	0.73	1.58	1.07	0.35
Total assets	1,073,465	1,200,854	1,300,121	1,227,313	1,415,835
Long-term debt	50,000	50,000	50,000	100,000	200,000
Cash dividends declared per common share	0.28	0.285	0.30	0.31	0.32

ITEM 7. MANAGEMENT’S DISCUSSION & ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Information required by this item may be found on pages 24 through 47 of the Company’s Annual Report under the caption “Management’s Discussion & Analysis of Results of Operations and Financial Condition.”

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item may be found on the following pages of the Company’s Annual Report under Management’s Discussion & Analysis of Results of Operations and Financial Condition and in Notes to Consolidated Financial Statements:

MARKET RISK	PAGE
• Foreign Currency Exchange Rate Risk	43-45
• Commodity Price Risk	45-46
• Interest Rate Risk	46-47
• Equity Price Risk	47

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item may be found on pages 49 through 75 of the Company’s Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

a) Evaluation of disclosure controls and procedures. As of the end of the period covered by this Annual Report on Form 10-K, the Company’s management, under the supervision and with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer believe that:

- The Company’s disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms; and
- The Company’s disclosure controls and procedures operate such that important information flows to appropriate collection and disclosure points in a timely manner and are effective to ensure that such information is accumulated and communicated to the Company’s management, and made known to the Company’s Chief Executive Officer and Chief Financial Officer, particularly during the period when this Annual Report on Form 10-K was prepared, as appropriate to allow timely decision regarding the required disclosure.

b) Changes in internal controls. There have been no changes in the Company’s internal control over financial reporting during the Company’s last fiscal quarter of 2003 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Information required under this item with respect to Directors and with respect to delinquent filers pursuant to Item 405 of Regulation S-K is incorporated by reference from the Company’s definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 3, 2004, to be filed with the Commission not later than 120 days after September 30, 2003. The information required by this Item with respect to the Company’s Executive Officers appears on page 14 of the Company’s Annual Report.

The Company has adopted a Code of Ethics for Principal Executive Officers and Senior Financial Officers. The text of such Code is located on the Company’s website under “Investor Relations - Corporate Governance.” The Company’s Internet address is www.hpinc.com.

ITEM 11. EXECUTIVE COMPENSATION

This information is incorporated by reference from the Company’s definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 3, 2004, to be filed with the Commission not later than 120 days after September 30, 2003.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

This information is incorporated by reference from the Company’s definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 3, 2004, to be filed with the Commission not later than 120 days after September 30, 2003.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is incorporated by reference from the Company’s definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 3, 2004, to be filed with the Commission not later than 120 days after September 30, 2003.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

This information is incorporated by reference from the Company’s definitive Proxy Statement for the Annual Meeting of Stockholders to be held March 3, 2004, to be filed with the Commission not later than 120 days after September 30, 2003.

13. The Company's Annual Report to Stockholders for fiscal 2003.

21. List of Subsidiaries of the Company.

23.1 Consent of Independent Auditors.

31.1 Certification of Chief Executive Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Compensatory plan or arrangement

(b) Reports on Form 8-K

The Company filed two reports on Form 8-K during the last quarter of fiscal 2003 as follows:

- ▶ Form 8-K dated July 15, 2003, disclosing certain revisions to the Helmerich & Payne, Inc. Employees Retirement Plan.
- ▶ Form 8-K dated July 24, 2003, containing a Press Release with attached Unaudited Consolidated Condensed Balance Sheets, Consolidated Statements of Income and Financial Results – Lines of Business, announcing the Company's third quarter 2003 earnings.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized:

HELMERICH & PAYNE, INC.

By /s/ Hans Helmerich
Hans Helmerich, President and Chief Executive Officer
Date: December 23, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated:

By /s/ William L. Armstrong
William L. Armstrong, Director
Date: December 23, 2003

By /s/ George S. Dotson
George S. Dotson, Director
Date: December 23, 2003

By /s/ W.H. Helmerich, III
W. H. Helmerich, III, Director
Date: December 23, 2003

By /s/ Glenn A. Cox
Glenn A. Cox, Director
Date: December 23, 2003

By /s/ Hans Helmerich
Hans Helmerich, Director and CEO
Date: December 23, 2003

By /s/ L. F. Rooney, III
L. F. Rooney, III, Director
Date: December 23, 2003

By /s/ Edward B. Rust, Jr.
Edward B. Rust, Jr., Director
Date: December 23, 2003

By /s/ John D. Zeglis
John D. Zeglis, Director
Date: December 23, 2003

By /s/ Paula Marshall-Chapman
Paula Marshall-Chapman, Director
Date: December 23, 2003

By /s/ Douglas E. Fears
Douglas E. Fears, (Principal Financial Officer)
Date: December 23, 2003

By /s/ Gordon K. Helm
Gordon K. Helm, Controller
(Principal Accounting Officer)
Date: December 23, 2003

CERTIFICATION

I, Hans Helmerich, certify that:

1. I have reviewed this annual report on Form 10-K of Helmerich & Payne, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report;
4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - c) disclosed in this annual report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

Consolidated Balance Sheets

ASSETS

September 30,	2003	2002
(in thousands)		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 38,189	\$ 46,883
Accounts receivable, less reserve of \$1,319 in 2003 and \$1,337 in 2002	91,088	92,604
Inventories	22,533	22,511
Prepaid expenses and other	45,721	16,753
Total current assets	197,531	178,751
INVESTMENTS	158,770	150,175
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Contract drilling equipment	1,490,389	1,235,784
Construction in progress	45,004	72,303
Real estate properties	56,247	48,925
Other	87,570	82,310
	1,679,210	1,439,322
Less-accumulated depreciation and amortization	621,005	541,877
Net property, plant and equipment	1,058,205	897,445
OTHER ASSETS	1,329	942
TOTAL ASSETS	\$1,415,835	\$1,227,313

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

September 30,	2003	2002
(in thousands, except share data)		
CURRENT LIABILITIES:		
Notes payable	\$ 30,000	\$ —
Accounts payable	29,630	41,045
Accrued liabilities	28,988	31,854
Total current liabilities	88,618	72,899
NONCURRENT LIABILITIES:		
Long-term notes payable	200,000	100,000
Deferred income taxes	181,737	131,401
Other	28,229	27,843
Total noncurrent liabilities	409,966	259,244
SHAREHOLDERS' EQUITY:		
Common stock, \$.10 par value, 80,000,000 shares authorized, 53,528,952 shares issued	5,353	5,353
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	—	—
Additional paid-in capital	83,302	82,489
Retained earnings	840,776	838,929
Unearned compensation	(10)	(190)
Accumulated other comprehensive income	33,668	16,180
	963,089	942,761
Less treasury stock, 3,388,588 shares in 2003 and 3,518,282 shares in 2002, at cost	45,838	47,591
Total shareholders' equity	917,251	895,170
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,415,835	\$1,227,313

The accompanying notes are an integral part of these statements.

COMPONENTS OF NET PERIODIC PENSION EXPENSE:

Years Ended September 30,	2003	2002	2001
		(in thousands)	
Service cost	\$ 5,401	\$ 4,769	\$ 3,851
Interest cost	4,423	3,835	3,330
Expected return on plan assets	(3,807)	(4,804)	(5,415)
Amortization of prior service cost	180	238	238
Amortization of transition asset	—	(540)	(540)
Curtailment gain	1,550	120	17
Recognized net actuarial loss	84	—	—
Net pension expense	<u>\$ 7,831</u>	<u>\$ 3,618</u>	<u>\$ 1,481</u>

DEFINED CONTRIBUTION PLAN

Substantially all employees on the United States payroll of the Company may elect to participate in the Company sponsored Thrift/401(k) Plan by contributing a portion of their earnings. The Company contributes amounts equal to 100 percent of the first five percent of the participant’s compensation subject to certain limitations. Expensed Company contributions were \$5,568,000, \$5,226,000, and \$4,499,000 in 2003, 2002, and 2001, respectively.

NOTE 10 OTHER CURRENT ASSETS AND ACCRUED LIABILITIES

Prepaid expenses and other consist of the following:

September 30,	2003	2002
	(in thousands)	
Time deposits	\$ 322	\$ 337
Income tax receivable	32,619	9,304
Deferred mobilization	2,993	—
Other	9,787	7,112
	<u>\$ 45,721</u>	<u>\$ 16,753</u>

Accrued liabilities consist of the following:

September 30,	2003	2002
	(in thousands)	
Taxes payable – operations	\$ 8,386	\$ 7,660
Workers compensation claims	2,820	2,506
Payroll and employee benefits	6,768	7,032
Deferred income	1,535	6,016
Other	9,479	8,640
	<u>\$ 28,988</u>	<u>\$ 31,854</u>

NOTE 11 SUPPLEMENTAL CASH FLOW INFORMATION

Years Ended September 30,	2003	2002	2001
	(in thousands)		
Cash payments:			
Interest paid, net of amount capitalized	\$ 11,375	\$ 477	\$ 1,546
Income taxes paid	\$ 5,838	\$ 9,779	\$ 42,523

