COMPARISON OF THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002

	2003	2002	% Change
U.S. LAND OPERATIONS	(in thousands, except operating statistics)		
Revenues	$273,993	$232,446	17.9%
Intersegment elimination	–	(809)	–
Direct operating expenses	201,398	165,394	21.8
Intersegment elimination	–	(648)	–
General and administrative expense	9,304	10,087	(7.8)
Depreciation	44,726	26,311	70.0
Operating profit	$ 18,565	$ 30,493	(39.1)
Operating Statistics:			
Activity days	22,588	17,478	29.2%
Average rig revenue per day	$ 11,436	$ 12,397	(7.8)
Average rig expense per day	$ 8,221	$ 8,561	(4.0)
Average rig margin per day	$ 3,215	$ 3,836	(16.2)
Number of owned rigs at end of period	83	66	25.8
Rig utilization	81%	84%	(3.6)

Operating statistics for per day revenue, expense and margin do not include reimbursements of "out-of-pocket" expenses.

The Company's operating profit in its U.S. land rig operations fell by 39.1 percent from 2002 to 2003, despite the fact that commodity prices were very strong during 2003. Historically high crude oil and natural gas prices, and an increasing industry rig count in the United States were all strong signals for an up cycle that could benefit oil service and contract drilling companies. However, in spite of increasing rig activity, average dayrates and margins per rig day fell during 2003. Even with higher industry rig counts, the additional capacity added by companies like Helmerich & Payne, along with intense rig-on-rig price competition, delayed improvements in dayrates and margins. More particularly with Helmerich & Payne, 2002 dayrates were aided by the remaining term left on some of the contracts for work relating to FlexRig2s that were completed and commenced work during 2001. Those relatively high dayrates and