ENSCO PLC

FORM 10-Q
(Quarterly Report)

Filed 04/26/96 for the Period Ending 03/31/96

Telephone	4402076594660
CIK	0000314808
Symbol	ESV
SIC Code	1381 - Drilling Oil and Gas Wells
Industry	Oil Well Services & Equipment
Sector	Energy
Fiscal Year	12/31

ENSCO INTERNATIONAL INC

FORM 10-Q
(Quarterly Report)

Filed 4/26/1996 For Period Ending 3/31/1996

Address	500 NORTH AKARD STREET SUITE 4300
	DALLAS, Texas 75201-3331
Telephone	214-397-3000
CIK	0000314808
Industry	Oil Well Services & Equipment
Sector	Energy
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the 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 1-8097

ENSCO INTERNATIONAL INCORPORATED
(Exact name of registrant as specified in its charter)

DELAWARE	76-0232579
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2700 Fountain Place 1445 Ross Avenue, Dallas Texas	75202 - 2792
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (214) 922-1500

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 twelve 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 [ ]

There were 60,673,402 shares of Common Stock, $.10 par value, of the registrant outstanding as of April 24, 1996.

ENSCO INTERNATIONAL INCORPORATED

INDEX TO FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 1996

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	March 31, 1996 (Unaudited)	December 31, 1995
	(In thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 75,154	$ 77,064
Short-term investments	-	5,000
Accounts and notes receivable, net	65,071	60,796
Prepaid expenses and other	21,587	22,893
Total current assets	161,812	165,753
PROPERTY AND EQUIPMENT, AT COST	843,943	818,266
Less accumulated depreciation	201,450	185,334
Property and equipment, net	642,493	632,932
OTHER ASSETS	20,315	22,766
	$824,620	$821,451

LIABILITIES AND STOCKHOLDERS' EQUITY
CURRENT LIABILITIES

	March 31, 1996	December 31, 1995
Accounts payable	$ 16,441	$ 8,936
Accrued liabilities	28,630	45,820
Current maturities of long-term debt	32,851	32,052
Total current liabilities	77,922	86,808
LONG-TERM DEBT	150,518	159,201
DEFERRED INCOME TAXES	29,251	26,800
OTHER LIABILITIES	20,092	17,393
STOCKHOLDERS' EQUITY		
Common stock, $.10 par value, 125.0 million shares authorized, 67.0 million and 66.9 million shares issued	6,695	6,689
Additional paid-in capital	616,300	615,644
Accumulated deficit	(8,908)	(23,598)
Restricted stock (unearned compensation)	(5,027)	(5,263)
Cumulative translation adjustment	(1,086)	(1,086)
Treasury stock at cost, 6.3 million shares	(61,137)	(61,137)
Total stockholders' equity	546,837	531,249
	$824,620	$821,451

The accompanying notes are an integral part of these financial statements.

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended March 31, 1996	Three Months Ended March 31, 1995 (Restated)
	(In thousands, except per share data)	
OPERATING REVENUES	$ 84,546	$ 61,130
OPERATING EXPENSES		
Operating costs	43,524	36,095
Depreciation and amortization	16,374	13,546
General and administrative	2,215	2,143
	62,113	51,784
OPERATING INCOME	22,433	9,346
OTHER INCOME (EXPENSE)		
Interest income	1,236	2,149
Interest expense	(4,049)	(4,391)
Other, net	264	943
	(2,549)	(1,299)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	19,884	8,047
PROVISION FOR (BENEFIT FROM) INCOME TAXES		
Current income taxes	367	498
Deferred income taxes	4,400	(459)
	4,767	39
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	15,117	8,008
MINORITY INTEREST	427	602
INCOME FROM CONTINUING OPERATIONS	14,690	7,406
INCOME FROM DISCONTINUED OPERATION	-	216
NET INCOME	$ 14,690	$ 7,622

EARNINGS PER SHARE

	1996	1995
Continuing operations	$ .24	$ .12
Discontinued operation	-	.01
	$ .24	$ .13
WEIGHTED AVERAGE SHARES OUTSTANDING	60,651	60,648

The accompanying notes are an integral part of these financial statements.

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 1996	Three Months Ended March 31, 1995 (Restated)
	(In thousands)	
OPERATING ACTIVITIES		
Net income	$ 14,690	$ 7,622
Adjustments to reconcile net income to net cash provided by operating activities:		
Net cash provided by discontinued operation	-	973
Depreciation and amortization	16,374	13,546
Deferred income tax provision (benefit)	4,400	(459)
Amortization of other assets	752	742
Other	(262)	46
Changes in operating assets and liabilities:		
Increase in accounts receivable	(4,275)	(5,286)
(Increase) decrease in prepaid expenses and other	(642)	3,933
Increase in accounts payable	7,495	4,867
Decrease in accrued liabilities	(1,491)	(4,801)
Net cash provided by operating activities	37,041	21,183
INVESTING ACTIVITIES		
Additions to property and equipment	(38,878)	(28,026)
Sale of short-term investments	5,000	-
Other	2,128	(1,537)
Net cash used by investing activities	(31,750)	(29,563)
FINANCING ACTIVITIES		
Reduction of long-term borrowings	(7,846)	(12,603)
Repurchase of common stock	-	(7,042)
Other	645	4
Net cash used by financing activities	(7,201)	(19,641)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,910)	(28,021)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	77,064	147,851
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 75,154	$119,830

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - UNAUDITED FINANCIAL STATEMENTS

The consolidated financial statements included herein have been prepared by ENSCO International Incorporated (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and in accordance with generally accepted accounting principles and, in the opinion of management, reflect all adjustments (which consist of normal recurring adjustments) which are necessary for a fair statement of the results of operations for the interim periods presented.

It is recommended that these statements be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 1995 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K.

NOTE 2 - ACQUISITION

On March 21, 1996, the Company entered into a definitive agreement to acquire DUAL DRILLING COMPANY ("Dual"). Dual operates a fleet of 20 offshore drilling rigs, including 10 jackup rigs and 10 self-contained platform rigs. Twelve of Dual's rigs are located in the U.S., with three jackup rigs and seven platform rigs currently located in the U.S. Gulf of Mexico and two platform rigs off the coast of California. The remainder of Dual's fleet operates in international waters, with rigs currently located offshore India, Mexico, Qatar, Indonesia and China. Dual's common stockholders will receive 0.625 shares of the Company's common stock for each share of Dual common stock, which is expected to result in the issuance of approximately 10.0 million shares of the Company's common stock. The Company will account for the acquisition of Dual as a purchase acquisition.

The Company has received early termination of the waiting period for the transaction under applicable U.S. antitrust laws. Dual's financial advisors have rendered a fairness opinion on the transaction for the benefit of Dual's stockholders and Dual's Board of Directors has resolved to recommend the transaction to its stockholders at a special meeting that is expected to take place in June 1996. Dual's majority stockholder has agreed to vote in favor of the acquisition of Dual by the Company. Closing of the transaction is expected before June 30, 1996.

NOTE 3 - PROVISION FOR INCOME TAXES

The current income tax provision for the three months ended March 31, 1996 is primarily for the Company's operations in Venezuela. The deferred income tax provision for the three months ended March 31, 1996 relates to the Company's operations in the U.S., the United Kingdom and Venezuela. No provision for regular U.S. federal income taxes has been recorded for the three months ended March 31, 1996 due to the utilization of net operating loss carryforwards to offset taxes currently payable.

At March 31, 1996, the Company had regular and alternative minimum tax net operating loss carryforwards of approximately $228.2 million and $159.1 million, respectively, and investment tax credit and alternative minimum tax credit carryforwards of approximately $360,000 and $1.5 million, respectively.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

In February 1991, a wholly-owned subsidiary of the Company filed an action against TransAmerican Natural Gas Corporation and related subsidiaries and affiliates ("TransAmerican") seeking damages for breach of contract. In August 1991, TransAmerican filed a state court action against the wholly- owned subsidiary of the Company seeking damages for breach of contract and tort claims. On April 5, 1996, the U.S. District Court for the Southern District of Texas, Houston Division, entered a judgment against TransAmerican. As a result of the judgment, on April 18, 1996 the wholly- owned subsidiary of the Company entered into a settlement agreement with TransAmerican. Under the terms of the settlement agreement, TransAmerican agreed to pay the wholly-owned subsidiary of the Company, prior to June 17, 1996, approximately $7.2 million plus interest. Additionally, all claims or causes of action which TransAmerican has or may have against the Company or its wholly-owned subsidiary, including, without limitation, the state court action currently pending, have been or will be dismissed. Interest accrues at a rate of 15% per annum on the unpaid balance of the settlement proceeds from April 16, 1996. The Company anticipates a gain on the settlement with TransAmerican of approximately $6.3 million in the second quarter of 1996.

In mid-January 1996, one of the Company's jackup rigs located in the U.S. Gulf of Mexico experienced damage as it was preparing to jack up on a new location. The jackup rig was mobilized to a shipyard where it is currently undergoing repairs and is expected to be available for work in mid-1996. The Company is fully insured for damage to, loss of, and/or salvage operations related to the jackup rig and the Company expects that all such costs incurred will be recoverable from its insurance coverage.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS ENVIRONMENT

ENSCO International Incorporated (the "Company") provides offshore contract drilling and marine transportation services to the oil and gas industry with operations in the U.S. Gulf of Mexico, the North Sea and Venezuela. The Company's complement of offshore drilling rigs consists of 24 jackup rigs, of which 18 are located in the U.S. Gulf of Mexico and six are located in the North Sea, and 10 barge drilling rigs on Lake Maracaibo, Venezuela. The Company's marine transportation fleet consists of 37 vessels, all of which are located in the U.S. Gulf of Mexico. Industry activity levels for offshore drilling rigs and U.S. Gulf of Mexico marine vessels increased in the first quarter of 1996 over the already improved levels prevalent in the second half of 1995. The increased activity levels in the first quarter of 1996 have resulted in demand increasing to absorb most of the rigs that are being actively marketed in the major offshore oil and gas markets throughout the world and for actively marketed U.S. Gulf of Mexico marine vessels.

Industry activity levels for U.S. Gulf of Mexico jackup rigs and marine vessels increased in the first quarter of 1996 in comparison to the latter part of 1995 due, in part, to a sustained level of increased natural gas prices in late-1995 and the first quarter of 1996. Unless there is a significant deterioration in natural gas prices, management believes current U.S. Gulf of Mexico industry activity levels are sustainable for the remainder of 1996, and in particular, demand for cantilever jackup rigs, which is the Company's main focus, is expected to remain strong due to the increased level of development activity which requires cantilevered drilling over existing production platforms.

In the North Sea, industry activity levels increased in the first quarter of 1996 with full utilization of all actively marketed jackup rigs as compared to near full utilization in 1995. Management anticipates, based on current market conditions, that North Sea industry activity levels should remain fairly stable for the remainder of 1996, although lower spot prices for natural gas in the United Kingdom present some uncertainty.

The Company's barge drilling rigs in Venezuela generally operate under long-term contracts for a national oil company. As a result, their activity levels are not as dependent on oil and natural gas prices.

Offshore rig and marine vessel industry utilization for the three months ended March 31, 1996 and 1995 is summarized below:

INDUSTRY WIDE AVERAGES *	1996	1995
Offshore Rigs		
U.S. Gulf of Mexico:		
All Rigs:		
Rigs Under Contract	149	118
Total Rigs Available	178	179

% Utilization 84% 66%

Jackup Rigs:

Rigs Under Contract	115	96
Total Rigs Available	137	141
% Utilization	84%	68%
Worldwide:		
All Rigs:		
Rigs Under Contract	552	522
Total Rigs Available	641	653
% Utilization	86%	80%
Jackup Rigs:		
Rigs Under Contract	334	311
Total Rigs Available	384	391
% Utilization	87%	80%
Marine Vessels		
U.S. Gulf of Mexico:		
Vessels Under Contract	268	233
Total Vessels Available	281	277
% Utilization	95%	84%

* Industry utilization based on data published by Offshore Data Services, Inc.

RESULTS OF OPERATIONS

The following analysis highlights the Company's operating results for the three months ended March 31, 1996 and 1995 (in thousands):

OPERATING RESULTS	1996	1995
Revenues	$ 84,546	$ 61,130
Operating margin (1)	41,022	25,035
Operating income	22,433	9,346
Other expense	(2,549)	(1,299)
Provision for income taxes	(4,767)	(39)
Minority interest	(427)	(602)
Income from continuing operations	14,690	7,406
Income from discontinued operation	-	216
Net income	14,690	7,622

REVENUES		
Contract drilling		
United States jackup rigs	$ 36,053	$ 27,722
North Sea jackup rigs	20,922	10,681
Total jackup rigs	56,975	38,403
Barge drilling rigs - Venezuela	15,908	15,497
Total contract drilling	72,883	53,900
Marine transportation		
AHTS (2)	3,778	2,793

Supply 6,595 3,932

Mini-supply	1,290	505
Total marine transportation	11,663	7,230
Total	$ 84,546	$ 61,130

OPERATING MARGIN (1)		
Contract drilling		
United States jackup rigs	$ 16,154	$ 10,281
North Sea jackup rigs	9,429	3,520
Total jackup rigs	25,583	13,801
Barge drilling rigs - Venezuela	9,994	9,734
Total offshore rigs	35,577	23,535
Land rig (3)	(31)	(114)
Total contract drilling	35,546	23,421
Marine transportation		
AHTS (2)	2,177	1,085
Supply	2,901	545
Mini-supply	398	(16)
Total marine transportation	5,476	1,614
Total	$ 41,022	$ 25,035

(1) Defined as revenues less operating expenses, exclusive of depreciation and general and administrative expenses.

(2) Anchor handling tug supply vessels.

(3) The Company owns one land rig which is stacked in the Middle East.

The following is an analysis of certain operating information of the Company for the three months ended March 31, 1996 and 1995:

CONTRACT DRILLING	1996	1995
Rig utilization:		
United States jackup rigs	90%	88%
North Sea jackup rigs	94%	60%
Total jackup rigs	91%	82%
Barge drilling rigs - Venezuela	80%	98%
Total	88%	87%
Average day rates:		
United States jackup rigs	$ 23,385	$ 19,989
North Sea jackup rigs	43,345	39,206
Total jackup rigs	27,959	23,200
Barge drilling rigs - Venezuela	21,798	17,490
Total	$ 26,266	$ 21,187

MARINE TRANSPORTATION

Fleet utilization:		
AHTS *	88%	70%
Supply	89%	72%
Mini-supply	66%	41%
Total	84%	65%
Average day rates:		
AHTS *	$ 7,828	$ 7,001
Supply	3,535	2,875
Mini-supply	2,678	1,715
Total	$ 4,120	$ 3,473

* Anchor handling tug supply vessels.

The Company's consolidated revenues, operating margin and operating income (defined as revenues less operating expenses, depreciation and general and administrative expenses) for the three months ended March 31, 1996 increased significantly from the same period in 1995. The increases were due primarily to increased average day rates and utilization for the Company's rigs and vessels in the first quarter of 1996 and the return to work of various rigs and vessels that were in shipyards for major modifications and enhancements in the prior year period. The improved level of operating income in the first quarter of 1996 was offset, in part, by increased depreciation expense associated with the addition of a North Sea jackup rig in March 1995 and the return to work of various rigs and vessels that experienced major modifications and enhancements in 1995.

CONTRACT DRILLING

Revenues and operating margins for the Company's contract drilling segment for the three months ended March 31, 1996 were up 35% and 52%, respectively, compared to the prior year period. The significantly improved 1996 results were primarily due to increased current year activity levels in the U.S. Gulf of Mexico and the North Sea which were contributing factors to higher average day rates for the Company's jackup rigs as compared to the prior year period. Average day rates for the Company's jackup rigs in the U.S. Gulf of Mexico and the North Sea increased by 17% and 11%, respectively, from the prior year period. The 1996 results also benefitted from the return to work in 1995 of three of the Company's jackup rigs, two in the North Sea and one in the U.S. Gulf of Mexico, that were undergoing major modifications and enhancements in the prior year period. These increases were partially offset by two barge drilling rigs in Venezuela coming off contract in the second quarter of 1995. Modifications on the two barge drilling rigs in Venezuela are substantially complete and the Company is currently in final negotiations with Lagoven, S.A. ("Lagoven"), a subsidiary of the Venezuela national oil company, for the rigs to begin operating in the second quarter of 1996.

The Venezuelan currency experienced significant devaluation in the first half of 1994 and the Venezuelan government established policies to control the exchange rate of the Venezuelan currency and severely restricted the conversion of Venezuelan currency to U.S. dollars. The Venezuelan government further devalued the Venezuela currency against the U.S. dollar in late 1995. In April 1996, the Venezuela government removed all conversion and exchange controls and the Venezuelan currency began trading freely. To date, the Company has not experienced problems associated with receiving U.S. dollar payments with respect to the U.S. dollar portion of its contracts with Lagoven. Changes in these conditions, other policy enactments, or political developments in Venezuela could have an adverse effect upon the Company. However, the Company believes such adverse effects are unlikely due to the volume of U.S. dollars paid to the parent company of Lagoven for its oil exports.

On March 21, 1996, the Company entered into a definitive agreement to acquire DUAL DRILLING COMPANY ("Dual"). Dual operates a fleet of 20 offshore drilling rigs, including 10 jackup rigs and 10 self-contained platform rigs. Twelve of Dual's rigs are located in the U.S., with three jackup rigs and seven platform rigs currently located in the U.S. Gulf of Mexico and two platform rigs off the coast of California. The remainder of Dual's fleet operates in international waters, with rigs currently located offshore India, Mexico, Qatar, Indonesia and China. Closing of the transaction is expected before June 30, 1996.

MARINE TRANSPORTATION

Revenues and operating margins for the Company's marine transportation segment for the three months ended March 31, 1996 were up 61% and 239%, respectively, in comparison to the prior year period. The 1996 results improved significantly from the prior year period due to increased current year activity levels in the U.S. Gulf of Mexico which was a contributing factor to higher average day rates for the Company's marine transportation vessels as compared to the prior year period. Average day rates for the Company's marine transportation vessels increased by 19% from the prior year period. The 1996 results also benefitted from the return to work in 1995 of four mini-supply vessels that were undergoing modifications in the prior year period and the purchase of six supply vessels in late-1995, four of which were previously operated under operating lease agreements.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense increased by 21% for the three months ended March 31, 1996 as compared to the prior year period due primarily to depreciation on a North Sea jackup rig acquired in March 1995 and depreciation on six supply vessels purchased in late 1995. Depreciation expense also increased in the first quarter of 1996 due to depreciation on major modifications and enhancements of rigs and vessels in 1995.

OTHER INCOME (EXPENSE)

Other income (expense) for the three months ended March 31, 1996 and 1995 was as follows (in thousands):

	1996	1995
Interest income	$ 1,236	$ 2,149
Interest expense	(4,049)	(4,391)
Other, net	264	943
	$ (2,549)	$ (1,299)

The Company's interest income and interest expense decreased for the three months ended March 31, 1996 as compared to the prior year period due primarily to lower average cash balances in the current period and general principal reductions in long-term debt balances since the prior year period, respectively. Other, net income decreased for the three months ended March 31, 1996 as compared to the prior year period due primarily to gains on the sale of foreign currency denominated securities in the prior year period.

PROVISION FOR INCOME TAXES

The Company's provision for income taxes increased for the three months ended March 31, 1996 as compared to the prior year period due to increased deferred income tax provisions in the current period. The Company's U.S. deferred income tax provision increased by $3.6 million from the prior year period due primarily to the timing of the recognition of the expected utilization or non-utilization of U.S. net operating loss carryforwards. The deferred income tax provisions in the U.S., Venezuela and the United Kingdom also increased for the three months ended March 31, 1996 as compared to the prior year period due, in part, to increased differences in the book and tax basis of property and equipment.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW AND CAPITAL EXPENDITURES

The Company's cash flow from operations and capital expenditures for the three months ended March 31, 1996 and 1995 are as follows (in thousands):

	1996	1995
Cash flow from operations	$ 37,041	$ 21,183
Capital expenditures		
Sustaining	$ 2,551	$ 2,695
Enhancements	23,056	11,810
New Construction	-	766
Acquisitions	13,271	12,755
	$ 38,878	$ 28,026

Cash flow from operations increased by $15.9 million for the three months ended March 31, 1996 as compared to the prior year period. The increase in cash flow from operations is primarily a result of increased operating margins in the first three months of 1996 as compared to the prior year period and an increase in cash flow from the net change in various working capital accounts.

Management anticipates that capital expenditures in 1996, excluding any amounts associated with Dual, will be approximately $113.0 million, including $20.0 million for existing operations, $80.0 million for modifications and enhancements of rigs and vessels and $13.0 million related to a deferred purchase payment on a North Sea jackup rig acquired in March 1995. The Company may spend additional funds to acquire rigs or vessels in 1996, depending on market conditions and opportunities.

FINANCING AND CAPITAL RESOURCES

The Company's long-term debt, total capital and debt to capital ratios at March 31, 1996 and December 31, 1995 are summarized below (in thousands, except percentages):

	MARCH 31, 1996	DECEMBER 31, 1995
Long-term debt	$150,518	$159,201
Total capital	697,355	690,450
Long-term debt to total capital	22%	23%

The decrease in long-term debt relates to scheduled repayments. The total capital of the Company increased primarily due to the profitability of the Company for the three months ended March 31, 1996 offset, in part, by the reduction in long-term debt.

On March 21, 1996, the Company entered into a definitive agreement to acquire Dual. Dual's common stockholders will receive 0.625 shares of the Company's common stock for each share of Dual common stock, which is expected to result in the issuance of approximately 10.0 million shares of the Company's common stock. The Company has received early termination of the waiting period for the transaction under applicable U.S. antitrust laws. Dual's financial advisors have rendered a fairness opinion on the transaction for the benefit of Dual's stockholders and Dual's Board of Directors has resolved to recommend the transaction to its stockholders at a special meeting that is expected to take place in June 1996. Dual's majority stockholder has agreed to vote in favor of the acquisition of Dual by the Company. Closing of the transaction is expected before June 30, 1996.

The Company had a $64.0 million undrawn revolving line of credit at March 31, 1996. The revolver is reduced semi-annually by $6.0 million with the remaining line expiring in October 2001.

The Company's liquidity position at March 31, 1996 and December 31, 1995 is summarized in the table below (in thousands, except ratios):

	MARCH 31, 1996	DECEMBER 31, 1995
Cash and short-term investments	$ 75,154	$ 82,064
Working capital	83,890	78,945
Current ratio	2.1	1.9

Based on current energy industry conditions, management believes cash flow from operations, the Company's existing credit facility and the Company's working capital should be sufficient to fund the Company's short and long- term liquidity needs.

PRIVATE LITIGATION SECURITIES REFORM ACT OF 1995

This report contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The factors that could cause actual results to differ materially include the following:
industry conditions and competition, cyclical nature of the industry, worldwide expenditures for oil and gas drilling, operational risks and insurance, risks associated with operating in foreign jurisdictions, and the risks described from time to time in the Company's reports to the Securities and Exchange Commission, which include the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In February 1991, a wholly-owned subsidiary of the Company filed an action against TransAmerican Natural Gas Corporation and related subsidiaries and affiliates ("TransAmerican") seeking damages for breach of contract. In August 1991, TransAmerican filed a state court action against the wholly- owned subsidiary of the Company seeking damages for breach of contract and tort claims. On April 5, 1996, the U.S. District Court for the Southern District of Texas, Houston Division, entered a judgment against TransAmerican. As a result of the judgment, on April 18, 1996 the wholly- owned subsidiary of the Company entered into a settlement agreement with TransAmerican. Under the terms of the settlement agreement, TransAmerican agreed to pay the wholly-owned subsidiary of the Company, prior to June 17, 1996, approximately $7.2 million plus interest. Additionally, all claims or causes of action which TransAmerican has or may have against the Company or its wholly-owned subsidiary, including, without limitation, the state court action currently pending, have been or will be dismissed. Interest accrues at a rate of 15% per annum on the unpaid balance of the settlement proceeds from April 16, 1996. The Company anticipates a gain on the settlement with TransAmerican of approximately $6.3 million in the second quarter of 1996.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits and Exhibit Index

Exhibit No.

27 Financial Data Schedule

(b) Reports on Form 8-K

The Company filed Current Reports on Form 8-K dated:

(i) January 25, 1996, with respect to the Letter of Intent for the acquisition of DUAL DRILLING COMPANY by the Company, and

(ii) March 21, 1996, with respect to the Agreement and Plan of Merger between the Company, DDC Acquisition Company and DUAL DRILLING COMPANY and the Voting Agreement between the Company and Dual Invest AS.

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.

ENSCO INTERNATIONAL INCORPORATED

Date: April 25, 1996

/s/ C. Christopher Gaut

C. Christopher Gaut
Chief Financial Officer

/s/ H. E. Malone

H. E. Malone, Corporate Controller

and Chief Accounting Officer

ARTICLE 5

This schedule contains summary financial information extracted from the March 31, 1996 financial statements and is qualified in its entirety by reference to such financial statements.

MULTIPLIER: 1,000

PERIOD TYPE: 3 MOS

FISCAL YEAR END: DEC 31 1996

PERIOD END: MAR 31 1996

CASH: $ 75,154

SECURITIES: 0

RECEIVABLES: 65,746

ALLOWANCES: 675

INVENTORY: 2,322

CURRENT ASSETS: 161,812

PP&E: 843,943

DEPRECIATION: 201,450

TOTAL ASSETS: 824,620

CURRENT LIABILITIES: 77,922

BONDS: 150,518

COMMON: 6,695

PREFERRED MANDATORY: 0

PREFERRED: 0

OTHER SE: 540,142

TOTAL LIABILITY AND EQUITY: 824,620

SALES: 0

TOTAL REVENUES: 84,546

CGS: 0

TOTAL COSTS: 43,524

OTHER EXPENSES: 18,589

LOSS PROVISION: 211

INTEREST EXPENSE: 4,049

INCOME PRETAX: 19,884

INCOME TAX: 4,767

INCOME CONTINUING: 14,690

DISCONTINUED: 0

EXTRAORDINARY: 0

CHANGES: 0

NET INCOME: 14,690

EPS PRIMARY: 0.24

EPS DILUTED: 0.24