ENSCO PLC

FORM 10-Q
(Quarterly Report)

Filed 11/13/96 for the Period Ending 09/30/96

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 11/13/1996 For Period Ending 9/30/1996

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 September 30, 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 70,840,317 shares of Common Stock, $.10 par value, of the registrant outstanding as of November 11, 1996.

ENSCO INTERNATIONAL INCORPORATED

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FOR THE QUARTER ENDED SEPTEMBER 30, 1996

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of ENSCO International Incorporated

We have reviewed the accompanying consolidated balance sheet of ENSCO International Incorporated as of September 30, 1996 and the related consolidated statements of income and of cash flows for the three and nine month periods ended September 30, 1996 and 1995. This financial information is the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial information for it to be in conformity with generally accepted accounting principles.

We previously audited in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1995, and the related consolidated statements of income and of cash flows for the year then ended (not presented herein), and in our report dated February 2, 1996 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 1995, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PRICE WATERHOUSE LLP
- ------------------------
PRICE WATERHOUSE LLP

Dallas, Texas
November 6, 1996

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	SEPTEMBER 30, 1996 (Unaudited)	DECEMBER 31, 1995
	(In thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents....................	$ 89,521	$ 77,064
Short-term investments.......................	-	5,000
Accounts and notes receivable, net...........	95,516	60,796
Prepaid expenses and other...................	14,515	22,893
Total current assets....................	199,552	165,753
PROPERTY AND EQUIPMENT, AT COST................	1,181,500	818,266
Less accumulated depreciation................	234,524	185,334
Property and equipment, net............	946,976	632,932
OTHER ASSETS		
Goodwill.....................................	96,258	7,252
Other..	7,584	15,514
Total other assets........................	103,842	22,766
	$1,250,370	$821,451

LIABILITIES AND STOCKHOLDERS' EQUITY
CURRENT LIABILITIES

Accounts payable............................	$ 5,508	$ 8,936
Accrued liabilities.........................	64,517	45,820
Current maturities of long-term debt.........	34,378	32,052
Total current liabilities..............	104,403	86,808
LONG-TERM DEBT................................	253,524	159,201
DEFERRED INCOME TAXES..........................	50,737	26,800
OTHER LIABILITIES..............................	26,994	17,393

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Common stock, $.10 par value, 125.0 million shares authorized, 77.1 million and 66.9 million shares issued......................	7,708	6,689
Additional paid-in capital...................	834,700	615,644
Retained earnings (deficit)..................	39,885	(23,598)
Restricted stock (unearned compensation)......	(5,219)	(5,263)
Cumulative translation adjustment............	(1,086)	(1,086)
Treasury stock at cost, 6.3 million shares....	(61,276)	(61,137)
Total stockholders' equity	814,712	531,249
	$1,250,370	$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
SEPTEMBER 30,

	1996	1995
	(In thousands, except per share data)	
OPERATING REVENUES	$134,588	$ 71,793
OPERATING EXPENSES		
Operating costs	64,801	40,479
Depreciation and amortization	23,653	14,702
General and administrative	2,768	2,209
	91,222	57,390
OPERATING INCOME	43,366	14,403
OTHER INCOME (EXPENSE)		
Interest income	1,051	986
Interest expense	(6,319)	(3,912)
Other, net	2,803	874
	(2,465)	(2,052)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	40,901	12,351
Provision for income taxes		
Current income taxes	1,937	-
Deferred income taxes	11,042	1,242
	12,979	1,242
Minority interest	710	508
INCOME FROM CONTINUING OPERATIONS	27,212	10,601
Income from discontinued operations	-	5,679
NET INCOME	$ 27,212	$ 16,280

EARNINGS PER SHARE

	1996	1995
Continuing operations	$ .38	$ .18
Discontinued operations	-	.09
	$ .38	$ .27
WEIGHTED AVERAGE SHARES OUTSTANDING	70,779	60,476

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

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

NINE MONTHS ENDED
SEPTEMBER 30,

	1996	1995
	(In thousands, except per share data)	
OPERATING REVENUES	$316,383	$195,348
OPERATING EXPENSES		
Operating costs	157,552	112,738
Depreciation and amortization	57,907	42,555
General and administrative	7,933	6,830
	223,392	162,123
OPERATING INCOME	92,991	33,225
OTHER INCOME (EXPENSE)		
Interest income	3,385	4,787
Interest expense	(14,755)	(12,407)
Other, net	10,525	2,217
	(845)	(5,403)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	92,146	27,822
Provision for (benefit from) income taxes		
Current income taxes	2,898	(846)
Deferred income taxes	23,697	2,272
	26,595	1,426
Minority interest	2,068	1,706
INCOME FROM CONTINUING OPERATIONS	63,483	24,690
Income from discontinued operations	-	6,296
NET INCOME	$ 63,483	$ 30,986

EARNINGS PER SHARE

Continuing operations	$ .98	$ .41
Discontinued operations	-	.10
	$ .98	$ .51
WEIGHTED AVERAGE SHARES OUTSTANDING	64,781	60,505

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

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

	NINE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1995
	(In thousands)	
OPERATING ACTIVITIES		
Net income	$ 63,483	$ 30,986
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57,907	42,555
Deferred income tax provision	23,697	2,272
Amortization of other assets	2,729	2,556
Gain on sale of discontinued operations	-	(5,161)
Net cash provided by discontinued operations	-	135
Other	(195)	(2,260)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(12,519)	(16,146)
Decrease in prepaid expenses and other	9,615	5,450
Increase (decrease) in accounts payable	1,546	(1,606)
Increase in accrued liabilities	1,868	2,465
Net cash provided by operating activities	148,131	61,246
INVESTING ACTIVITIES		
Additions to property and equipment	(106,288)	(103,193)
Sale of short-term investments	5,000	5,869
Net cash acquired in Dual acquisition	8,529	-
Other	6,479	(5,654)
Net cash used by investing activities	(86,280)	(102,978)
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	45,000	24,043
Reduction of long-term borrowings	(77,061)	(33,233)
Pre-acquisition purchase of Dual debt	(18,112)	-
Repurchase of common stock	-	(7,210)
Other	779	734
Net cash used by financing activities	(49,394)	(15,666)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,457	(57,398)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	77,064	147,851
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 89,521	$ 90,453

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 financial position and results of operations for the interim periods presented.

On June 12, 1996, the Company acquired DUAL DRILLING COMPANY ("Dual"). See "Note 2 - Acquisition" below. The Company's consolidated financial statements include the results of Dual from the June 12, 1996 acquisition date.

The financial data for the three and nine month periods ended September 30, 1996 included herein have been subjected to a limited review by Price Waterhouse LLP, the registrant's independent accountants. The accompanying review report of independent accountants is not a report within the meaning of Sections 7 and 11 of the Securities Act of 1933 and the independent accountant's liability under Section 11 does not extend to it.

Results of operations for the three and nine month periods ended September 30, 1996 are not necessarily indicative of results of operations which will be realized for the year ending December 31, 1996. 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 on Form 10-K.

NOTE 2 - ACQUISITION

On June 12, 1996, the Company acquired Dual pursuant to an Agreement and Plan of Merger among the Company, DDC Acquisition Company, a wholly owned subsidiary of the Company, and Dual (the "Merger Agreement") approved by Dual stockholders on that date. Under the terms of the Merger Agreement, each share of Dual common stock was immediately converted into the right to receive 0.625 shares of the Company's common stock. The Company issued approximately 10.1 million shares of its common stock to Dual stockholders in connection with the acquisition of Dual.

The Company accounted for the acquisition of Dual as a purchase. The purchase price allocation has been based on preliminary estimates of fair value and is subject to adjustment as additional information becomes available and is evaluated. The primary areas subject to further purchase price adjustment are reserves associated with insurance related matters and taxes.

The acquired Dual operations consisted of a fleet of 20 offshore drilling rigs, including 10 jackup rigs and 10 platform rigs. Five of Dual's jackup rigs are presently located in the Gulf of Mexico, four jackup rigs are located offshore Indonesia, India and Qatar and the remaining jackup rig is now in a Malaysia shipyard for modifications and enhancements. Of the 10 platform rigs operated by Dual, seven are currently located in the Gulf of Mexico and one, which is not owned but managed by Dual, is located off the coast of China. The remaining two platform rigs, formerly located off the coast of California, have been retired.

The following unaudited pro forma information shows the consolidated results of operations for the nine months ended September 30, 1996 and 1995 based upon adjustments to the historical financial statements of the Company and the historical financial statements of Dual to give effect to the acquisition by the Company as if such acquisition had occurred January 1, 1995 (in thousands, except per share data):

	1996	1995
Operating revenues	$369,925	$262,058
Operating income	$ 94,665	$ 29,062
Income from continuing operations	$ 60,578	$ 11,977
Net income	$ 60,578	$ 18,273
Earnings per share	$ 0.86	$ 0.26

The pro forma consolidated results of operations are not necessarily indicative of the actual results that would have occurred had the acquisition occurred on January 1, 1995, or of results that may occur in the future.

NOTE 3 - OTHER INCOME

In February 1991, a subsidiary of the Company filed an action against TransAmerican Natural Gas Corporation and related subsidiaries and affiliates ("TransAmerican") seeking damages for breach of contract. 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 subsidiary of the Company entered into a settlement agreement with TransAmerican. Under the terms of the settlement agreement, the subsidiary of the Company received approximately $7.3 million. In the second quarter of 1996, the Company recorded a gain of $6.4 million under the caption "Other, net" with a corresponding increase in deferred income tax expense of $2.2 million for an after tax gain of $4.2 million.

The Company sold substantially all of the assets of its technical services business in September 1995 as discussed in "Note 8 - Discontinued Operations". In early July 1996, the Company converted its convertible promissory note received from the purchaser ("Purchaser") into common stock of the Purchaser. The Company sold the Purchaser's common stock for $5.4 million and recorded a gain in the third quarter associated with the sale of approximately $2.9 million under the caption "Other, net" with a corresponding increase in deferred income tax expense of $1.1 million for an after tax gain of $1.8 million.

NOTE 4 - LONG-TERM DEBT

On June 13, 1996, the Company amended its $130.0 million revolving credit facility with a group of international banks, increasing availability under the revolving credit facility ("Facility") to $150.0 million. On the same date, the Company borrowed an additional $45.0 million under the Facility, increasing outstanding borrowings under the Facility to $111.0 million. Proceeds from the additional $45.0 million of borrowings under the Facility were used to refinance approximately $41.8 million of Dual's bank debt. Availability under the Facility is reduced by $7.0 million on a semi-annual basis commencing in October 1996, with the remaining outstanding balance due in October 2001. The Facility continues to be collateralized by the majority of the Company's jackup rigs, including certain of the jackup rigs acquired in the acquisition of Dual. The covenants under the Facility are similar to the covenants that existed under the original revolving credit facility and the interest rate continues to be tied to London InterBank Offered Rates. As of September 30, 1996, the interest rate on the Facility was 7.05%.

At the June 12, 1996 acquisition date, Dual had outstanding $100.0 million (face amount) of 9 7/8% Senior Subordinated Notes due 2004 ("9 7/8% Notes"). In July 1996, $5.0 million (face amount) of the 9 7/8% Notes were redeemed pursuant to an offer by Dual to purchase the 9 7/8% Notes following a change in control. Additionally, as of September 30, 1996, the Company had purchased $23.2 million (face amount) of the 9 7/8% Notes on the open market. The Company's balance sheet at September 30, 1996 reflects long-term debt net of the $5.0 million redemption and the $23.2 million (face amount) of 9 7/8% Notes purchased by the Company.

In September 1995, the Company amended and restated a $100.0 million loan arrangement with a group of international banks. The amended and restated facility was structured as a $130.0 million revolving credit facility, of which $66.0 million was drawn as of September 30, 1995. The interest rate on the facility was 7.15% as of September 30, 1995. The amended and restated facility was recently amended on June 13, 1996 as discussed above.

NOTE 5 - PROVISION FOR INCOME TAXES

The current income tax provisions for the three and nine months ended September 30, 1996 are primarily for United States alternative minimum taxes and the Company's operations in Venezuela, India, Indonesia, Qatar, Mexico and the Netherlands. The deferred income tax provisions for the three and nine months ended September 30, 1996 relate to the Company's operations in the U.S., the United Kingdom and Venezuela. The income tax provisions for the three and nine months ended September 30, 1995 primarily include U.S. alternative minimum taxes, current and deferred taxes related to the Company's operations in Venezuela and deferred taxes related to the Company's operations in the United Kingdom. No provision for regular U.S. federal income taxes has been recorded for the three and nine months ended September 30, 1996 and 1995 due to the utilization of net operating loss carryforwards to offset taxes currently payable.

At September 30, 1996, the Company had regular and alternative minimum tax net operating loss carryforwards of approximately $214.8 million and $129.9

million, respectively, and investment tax credit and alternative minimum tax credit carryforwards of approximately $360,000 and $1.5 million, respectively.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

In mid-January 1996, one of the Company's jackup rigs located in the 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 late 1996. The Company is fully insured for damage to and salvage operations related to the jackup rig and the Company expects that all such costs incurred will be recoverable from its insurance coverage. The Company, through October 31, 1996, has incurred approximately $17.0 million of charges related to the rig damage. As of September 30, 1996, the Company had a receivable recorded from its insurance carrier of approximately $5.5 million in connection with costs incurred for salvage operations and repairs related to the rig.

NOTE 7 - CHANGE IN ESTIMATED RIG LIVES

In connection with the Company's rig upgrade program in 1995, the remaining useful life of certain rigs for which major enhancements were performed was extended to twelve years from the time each respective rig left the shipyard to better reflect their remaining economic lives. The effect of this change in estimate was to increase net income for the three and nine months ended September 30, 1995 by $365,000, or $.01 per share.

NOTE 8 - DISCONTINUED OPERATIONS

Effective September 30, 1995 the Company exited the technical services business through the sale of substantially all of the assets of its wholly owned subsidiary, ENSCO Technology Company. The purchase price consisted of $11.8 million in cash, an interest-bearing promissory note for $3.6 million, an interest-bearing convertible promissory note for $2.5 million and the assumption of $1.9 million of liabilities. The convertible promissory note was convertible, at the Company's option, into equity of the purchaser. The $3.6 million promissory note was paid in July 1996. The $2.5 million promissory note was converted into common stock of the Purchaser and sold for $5.4 million in July 1996. See "Note 3 - Other Income."

Included in the 1995 Income from Discontinued Operations is a gain on the sale discussed above of $5.2 million and income from operations for the three and nine months ended September 30, 1995 of $500,000 and $1.1 million, respectively. Revenues from the technical services operations for the three and nine months ended September 30, 1995 were $5.2 million and $13.4 million, respectively.

NOTE 9 - SUBSEQUENT EVENTS

The Company entered into an agreement in October, 1996 to purchase a jackup drilling rig currently located in Southeast Asia. The transaction was completed in early November.

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. The Company's contract drilling operations are presently conducted in the Gulf of Mexico, the North Sea, Venezuela and Asia. The marine transportation services provided by the Company are currently conducted solely in the Gulf of Mexico.

The improvement in industry activity for offshore drilling rigs and Gulf of Mexico marine vessels began in early 1995 and has continued throughout 1996. The increased activity levels in 1996 have resulted in demand sufficient to absorb almost all of the rigs that are in working condition and being actively marketed in the major offshore oil and gas markets throughout the world and for Gulf of Mexico marine vessels that are in working condition and being actively marketed.

Management believes that the currently strong level of offshore drilling activity in the Gulf of Mexico is sustainable for the remainder of 1996 unless there is a significant and unexpected deterioration in natural gas prices. 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. Activity levels for the Company's marine transportation vessels generally correspond with activity levels experienced for the Company's Gulf of Mexico rigs.

In the North Sea, industry activity levels have increased in 1996 with full utilization of all actively marketed jackup rigs as compared to near full utilization in the latter part of 1995. During 1996, reduced industry activity levels in the British sector of the North Sea (due to lower natural gas prices in the United Kingdom) have been offset by higher activity levels in other sectors of the North Sea, particularly Holland.

In Asia, during the first nine months of 1996, demand for offshore drilling rigs has remained stable while the supply of actively marketed offshore drilling rigs has continued to fall. Management anticipates that activity levels for offshore drilling rigs in Asia should remain fairly stable for the remainder of 1996 unless there is a significant deterioration in oil prices.

The Company's barge drilling rigs in Venezuela generally operate under long-term contracts with Lagoven S.A. ("Lagoven"), a subsidiary of the Venezuela national oil company. As a result, their activity levels are not as dependent on oil prices.

Offshore rig and marine vessel industry utilization for the three and six months ended September 30, 1996 and 1995 are summarized below:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995	1996	1995
INDUSTRY WIDE AVERAGES *				
Offshore Rigs				
U.S. Gulf of Mexico:				
Jackup Rigs:				
Rigs Under Contract	124	113	120	104
Total Rigs Available	136	140	137	141
% Utilization	91%	81%	88%	74%
Platform Rigs:				
Rigs Under Contract	19	13	19	17
Total Rigs Available	26	24	26	33
% Utilization	73%	54%	73%	52%
Worldwide:				
Jackup Rigs:				
Rigs Under Contract	351	332	344	321
Total Rigs Available	383	386	384	388
% Utilization	92%	86%	90%	83%
Platform Rigs:				
Rigs Under Contract	113	99	110	137
Total Rigs Available	124	113	120	157
% Utilization	91%	88%	92%	87%
Marine Vessels				
U.S. Gulf of Mexico:				
Vessels Under Contract	258	254	261	245
Total Vessels Available	274	277	278	277
% Utilization	94%	92%	94%	88%

* Industry utilization based on data published by OFFSHORE DATA SERVICES,

INC.

RESULTS OF OPERATIONS

On June 12, 1996, the Company acquired DUAL DRILLING COMPANY ("Dual") in a purchase acquisition. The Company's consolidated financial statements include the results of Dual from the June 12, 1996 acquisition date. The acquired Dual operations consisted of a fleet of 20 offshore drilling rigs, including 10 jackup rigs and 10 platform rigs. Five of Dual's jackup rigs are located in the Gulf of Mexico, four jackup rigs are located offshore Indonesia, India and Qatar and the remaining jackup rig is now in a Malaysia shipyard for modifications and enhancements. Of the 10 platform rigs operated by Dual, seven are currently located in the Gulf of Mexico, and one, which is not owned but managed by Dual, is located off the coast of China. The remaining two platform rigs, formerly located off the coast of California, have been retired.

The following analysis highlights the Company's operating results for the three and nine months ended September 30, 1996 and 1995 (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995	1996	1995
OPERATING RESULTS				
Revenues	$134,588	$ 71,793	$316,383	$195,348
Operating margin (1)	69,787	31,314	158,831	82,610
Operating income	43,366	14,403	92,991	33,225
Other expense	(2,465)	(2,052)	(845)	(5,403)
Provision for income taxes	(12,979)	(1,242)	(26,595)	(1,426)
Minority interest	(710)	(508)	(2,068)	(1,706)
Income from continuing operations	27,212	10,601	63,483	24,690
Income from discontinued operation	-	5,679	-	6,296
Net income	27,212	16,280	63,483	30,986
REVENUES				
Contract drilling				
Gulf of Mexico jackup rigs	$ 56,670	$ 29,946	$134,002	$ 83,840
North Sea jackup rigs	22,428	15,732	63,174	38,541
Asia jackup rigs	11,828	-	13,761	-
Total jackup rigs	90,926	45,678	210,937	122,381
Barge drilling rigs	18,145	15,484	53,232	46,630
Platform rigs	8,859	-	10,280	-
Dormant operations (2)	317	-	355	-
Total contract drilling	118,247	61,162	274,804	169,011
Marine transportation				
AHTS (3)	4,146	3,950	11,776	10,125
Supply	10,078	5,488	24,484	13,777
Mini-supply	2,117	1,193	5,319	2,435
Total marine transportation	16,341	10,631	41,579	26,337
Total	$134,588	$ 71,793	$316,383	$195,348
OPERATING MARGIN (1)				
Contract drilling				
Gulf of Mexico jackup rigs	$ 31,411	$ 11,093	$ 67,870	$ 30,097
North Sea jackup rigs	9,837	5,762	25,858	14,195
Asia jackup rigs	4,636	-	5,326	-
Total jackup rigs	45,884	16,855	99,054	44,292
Barge drilling rigs	11,863	9,911	34,976	29,565
Platform rigs	2,084	-	2,556	-
Dormant operations (2)	1,042	(17)	1,033	(196)
Total contract drilling	60,873	26,749	137,619	73,661
Marine transportation				
AHTS (3)	2,096	2,144	6,100	4,717
Supply	5,789	2,050	12,678	3,819
Mini-supply	1,029	371	2,434	413
Total marine transportation	8,914	4,565	21,212	8,949
Total	$ 69,787	$ 31,314	$158,831	$ 82,610

(1) Defined as revenues less operating expenses, exclusive of depreciation and general and administrative expenses.
(2) The Company has a management contract on a non-owned platform rig off the coast of China and owned one land rig in the Middle East, both of which were inactive. The land rig was sold in mid-July 1996.
(3) Anchor handling tug supply vessels.

The following is an analysis of certain operating information of the Company for the three and nine months ended September 30, 1996 and 1995:

	THREE MONTHS ENDED SEPTEMBER 30, 1996	THREE MONTHS ENDED SEPTEMBER 30, 1995	NINE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1995
CONTRACT DRILLING				
Utilization:				
Gulf of Mexico jackup rigs	95%	93%	92%	88%
North Sea jackup rigs	83%	77%	85%	65%
Asia jackup rigs	98%	-	96%	-
Total jackup rigs	94%	89%	91%	83%
Barge drilling rigs	99%	80%	88%	88%
Platform rigs	78%	-	77%	-
Total	93%	86%	89%	85%
Average day rates:				
Gulf of Mexico jackup rigs	$ 28,422	$ 20,153	$ 26,105	$ 19,778
North Sea jackup rigs	46,880	42,183	45,265	41,635
Asia jackup rigs	25,733	-	25,591	-
Total jackup rigs	30,988	24,483	29,728	23,676
Barge drilling rigs	19,789	20,970	21,989	19,283
Platform rigs	16,612	-	16,375	-
Total	$ 26,906	$ 23,464	$ 27,019	$ 22,239
MARINE TRANSPORTATION				
Utilization:				
AHTS *	81%	88%	80%	81%
Supply	93%	87%	91%	79%
Mini-supply	95%	85%	85%	61%
Total	92%	87%	88%	75%
Average day rates:				
AHTS *	$ 9,265	$ 8,097	$ 8,899	$ 7,442
Supply	5,120	3,256	4,281	3,024
Mini-supply	3,020	1,915	2,838	1,831
Total	$ 5,242	$ 3,794	$ 4,663	$ 3,621

* 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 and nine months ended September 30, 1996 increased significantly from the same periods in 1995. The increases were due primarily to increased average day rates and utilization for the Company's rigs and vessels in 1996 and the return to work of various rigs and vessels that were in shipyards for major modifications and enhancements in the prior year periods.

Contract Drilling

The following is an analysis of the Company's offshore drilling rigs at September 30, 1996 and 1995:

	1996	1995
Jackup rigs:		
Gulf of Mexico	23	18
North Sea	6	6
Asia	5 (1)	-
Total jackup rigs	34	24
Barge rigs - Venezuela	10	10
Platform rigs	8 (2)	-
Total	52	34

(1) Includes one jackup rig operated by the Company that is 49% owned.
(2) Seven are located in the Gulf of Mexico and one is not owned but is operated under a management contract off the coast of China.

Revenues and operating margins for the Company's contract drilling segment for the three months ended September 30, 1996 were up 93% and 128%, respectively, and for the nine months ended September 30, 1996 were up 63% and 87%, respectively, compared to the prior year periods. The significantly improved 1996 results were primarily due to increased current year activity levels in the Gulf of Mexico and the North Sea and the contribution from rigs acquired from Dual. Average day rates for the three and nine months ended September 30, 1996 on the Company's jackup rigs in the Gulf of Mexico increased by 41% and 32%, respectively, and average day rates on the Company's North Sea jackup rigs increased by 11% and 9%, respectively, as compared to the prior year periods.

The 1996 results also benefited from the return to work of three of the Company's jackup rigs, two in the North Sea and one in the Gulf of Mexico, that were undergoing major modifications and enhancements in the prior year periods. The increased revenue and operating margin levels in 1996 were also due to payments received in 1996 on the Venezuela barge drilling rigs related to the recovery of past cost increases.

The above increases in revenue and operating margin were partially offset by two barge drilling rigs in Venezuela coming off contract in the second quarter of 1995 and a North Sea jackup rig undergoing modification in the third quarter of 1996. One of the barge drilling rigs returned to work in mid-May 1996 and the other in early-July 1996 under new long-term contracts with Lagoven.

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.

Marine Transportation

The following is an analysis of the Company's marine transportation vessels as of June 30, 1996 and 1995:

	1996	1995
AHTS *	6	6
Supply	23	21
Mini-Supply	8	8
Total	37	35

* Anchor handling tug supply vessels.

Revenues and operating margins for the Company's marine transportation segment for the three months ended September 30, 1996 were up 54% and 95%, respectively, and for the nine months ended September 30, 1996 were up 58% and 137%, respectively, in comparison to the prior year periods. The 1996 results improved significantly from the prior year periods due to increased current year activity levels in the Gulf of Mexico.

Average day rates for the Company's marine transportation vessels for the three and nine months ended September 30, 1996 increased by 38% and 29% from the prior year periods. The 1996 results also benefited from the return to work in mid-1995 of four mini-supply vessels that were undergoing modifications in the prior year periods 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 61% and 36% for the three and nine months ended September 30, 1996, respectively, as compared to the prior year periods due primarily to depreciation and amortization associated with the rigs acquired from Dual, depreciation associated with major modifications and enhancements on various rigs and vessels that returned to work in 1995 and 1996, the addition of a North Sea jackup rig in March 1995 and depreciation on six supply vessels purchased in late 1995.

Other Income (Expense)

Other income (expense) for the three and nine months ended September 30, 1996 and 1995 was as follows (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995	1996	1995
Interest income	$ 1,051	$ 986	$ 3,385	$ 4,787
Interest expense	(6,319)	(3,912)	(14,755)	(12,407)
Other, net	2,803	874	10,525	2,217
	$(2,465)	$(2,052)	$ (845)	$(5,403)

The Company's interest income decreased for the nine months ended September 30, 1996 as compared to the prior year period due primarily to lower average cash balances in the current year.

The Company's interest expense increased for the three and nine months ended September 30, 1996 as compared to the prior year periods due primarily to the addition of the debt included in the Dual acquisition.

"Other, net" increased for the three months ended September 30, 1996 as compared to the prior year period due primarily to a $2.9 million gain on the sale of securities in the third quarter of 1996 as discussed in "Note 3 - Other Income" to the Company's Consolidated Financial Statements. "Other, net" increased for the nine months ended September 30, 1996 as compared to the prior year period as a result of the $2.9 million gain on sale of securities discussed above, and as a result of a $6.4 million gain on settlement with TransAmerican Natural Gas Corporation in the second quarter of 1996 as discussed in "Note 3 - Other Income" to the Company's Consolidated Financial Statements.

Provision for Income Taxes

The Company's provisions for income taxes increased significantly for the three and nine months ended September 30, 1996 as compared to the prior year periods due primarily to increased deferred income tax provisions in the current year periods. The Company's U.S. deferred income tax provisions for the three and nine months ended September 30, 1996 increased by $9.8 million and $21.4 million, respectively, from the prior year periods due primarily to the timing of the recognition of the expected utilization or expiration 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 and nine months ended September 30, 1996 as compared to the prior year periods due, in part, to increased differences in the book and tax basis of property and equipment as the Company's asset additions and enhancements have increased the difference between the book and tax basis of the Company's property and equipment.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow and Capital Expenditures

The Company's cash flow from operations and capital expenditures for the nine months ended September 30, 1996 and 1995 were as follows (in thousands):

	1996	1995
Cash flow from operations	$148,131	$ 61,246
Capital expenditures		
Sustaining	$ 10,755	$ 8,878
Enhancements	82,262	81,555
Acquisitions	13,271	12,760
	$106,288	$103,193

Cash flow from operations increased by $86.9 million for the nine months ended September 30, 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 nine months of 1996 as compared to the prior year period.

Management anticipates that capital expenditures in 1996 will be approximately $180.0 million to $210.0 million, including $20.0 million to $25.0 million for existing operations, $110.0 million to $120.0 million modifications and enhancements and $50.0 million to $65.0 million for acquisitions of rigs and vessels. 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 September 30, 1996 and December 31, 1995 are summarized below (in thousands, except percentages):

	SEPTEMBER 30, 1996	DECEMBER 31, 1995
Long-term debt	$ 253,524	$159,201
Total capital	1,068,236	690,450
Long-term debt to total capital	24%	23%

The increase in long-term debt relates primarily to $128.2 million of debt assumed in the acquisition of Dual, offset in part by scheduled repayments of existing debt. The total capital of the Company increased due primarily to the issuance of shares of the Company's common stock in the acquisition of Dual valued at $218.4 million, the net increase in long-term debt as discussed above and the profitability of the Company for the nine months ended September 30, 1996.

On June 12, 1996, the Company acquired Dual pursuant to an Agreement and Plan of Merger among the Company, DDC Acquisition Company, a wholly owned subsidiary of the Company, and Dual (the "Merger Agreement") approved by Dual stockholders on that date. Under the terms of the Merger Agreement, each share of Dual common stock was immediately converted into the right to receive 0.625 shares of the Company's common stock. The Company issued approximately 10.1 million shares of its common stock to Dual stockholders in connection with the acquisition of Dual.

The Company had $39.0 million undrawn under a revolving line of credit at September 30, 1996. The revolving line of credit is reduced semi-annually by $7.0 million commencing in October 1996, with the remaining line expiring in October 2001. See "Note 4 - Long-Term Debt" to the Company's Consolidated Financial Statements.

The Company's liquidity position at September 30, 1996 and December 31, 1995 is summarized in the table below (in thousands, except ratios):

	SEPTEMBER 30, 1996	DECEMBER 31, 1995
Cash and short-term investments	$89,521	$82,064
Working capital	95,149	78,945
Current ratio	1.9	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.

OTHER MATTERS

As of September 30, 1996, the Company has purchased $23.2 million (face amount) of the Dual 9 7/8% Senior Subordinated Notes due 2004 ("9 7/8% Notes") on the open market. Additionally, in July 1996 $5.0 million (face amount) of the 9 7/8% Notes were redeemed pursuant to an offer by Dual to purchase the 9 7/8% Notes following a change in control.

In October 1996, the Company agreed to purchase a jackup rig located in Asia. The purchase was completed in November 1996.

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. Significant and unexpected deterioration in oil and natural gas prices could adversely affect the level of offshore drilling activity the Company believes is sustainable for the remainder of 1996.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits and Exhibit Index

Exhibit No.

*15.1 Letter of Independent Accountants regarding Awareness of Incorporation by Reference

*27.1 Financial Data Schedule. (Exhibit 27 is being submitted as an exhibit only in the electronic format of this Quarterly Report on Form 10-Q being submitted to the Securities and Exchange Commission.)

* Filed herewith

(b) Reports on Form 8-K

None.

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: November 11, 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

EXHIBIT NO. 27.1 This schedule contains summary financial information extracted from the September 30, 1996 financial statements and is qualified in its entirety by reference to such financial statements.

MULTIPLIER: 1,000

PERIOD TYPE: 9 MOS

FISCAL YEAR END: DEC 31 1996

PERIOD END: SEP 30 1996

CASH: $ 89,521

SECURITIES: 0

RECEIVABLES: 96,857

ALLOWANCES: 1,341

INVENTORY: 2,434

CURRENT ASSETS: 199,552

PP&E: 1,181,500

DEPRECIATION: 234,524

TOTAL ASSETS: 1,250,370

CURRENT LIABILITIES: 104,403

BONDS: 253,524

COMMON: 7,708

PREFERRED MANDATORY: 0

PREFERRED: 0

OTHER SE: 807,004

TOTAL LIABILITY AND EQUITY: 1,250,370

SALES: 0

TOTAL REVENUES: 316,383

CGS: 0

TOTAL COSTS: 157,552

OTHER EXPENSES: 65,840

LOSS PROVISION: 788

INTEREST EXPENSE: 14,755

INCOME PRETAX: 92,146

INCOME TAX: 26,595

INCOME CONTINUING: 63,483

DISCONTINUED: 0

EXTRAORDINARY: 0

CHANGES: 0

NET INCOME: 63,483

EPS PRIMARY: 0.98

EPS DILUTED: 0.98

EXHIBIT NO. 15.1

November 11, 1996

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Ladies and Gentlemen:

We are aware that ENSCO International Incorporated has included our report dated November 6, 1996 (issued pursuant to the provisions of Statement on Auditing Standards No. 71) in the Company's Registration Statements on Form S-3 (Nos. 33-42965, 33-46500, 33-49590, 33-43756, 33-64642 and 333-3575), and any existing amendments thereto, and Form S-8 (Nos. 33-14714, 33-32447, 33-35862, 33-40282 and 33-41294). We are also aware of our responsibilities under the Securities Act of 1933.

Yours very truly,

/s/ PRICE WATERHOUSE LLP
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PRICE WATERHOUSE LLP

Dallas, Texas