

ENSCO PLC

FORM 10-K (Annual Report)

Filed 02/28/96 for the Period Ending 12/31/95

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Industry	Oil Well Services & Equipment
Sector	Energy
Fiscal Year	12/31

ENSCO INTERNATIONAL INC

FORM 10-K (Annual Report)

Filed 2/28/1996 For Period Ending 12/31/1995

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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 1995

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
(State or other jurisdiction of
incorporation or organization)

76-0232579
(I.R.S. Employer
Identification No.)

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

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

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value \$.10	New York Stock Exchange
Preferred Share Purchase Right	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 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.

As of February 20, 1996, 60,656,735 shares of the registrant's common stock were outstanding. The aggregate market value of the common stock (based upon the closing price on the New York Stock Exchange on February 20, 1996 of \$26.375) of ENSCO International Incorporated held by nonaffiliates of the registrant at that date was approximately \$1,132,454,065.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the Company's definitive proxy statement, which involves the election of directors and is to be filed under the Securities Exchange Act of 1934 within 120 days of the end of the Company's fiscal year on December 31, 1995, are incorporated by reference into Part III hereof. Except for those portions specifically incorporated by reference herein, such document shall not be deemed to be filed with the Commission as part of this Form 10-K.

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PART I

Item 1. Business

OVERVIEW AND OPERATING STRATEGY

ENSCO International Incorporated ("ENSCO" or the "Company") is an international offshore contract drilling company that also provides marine transportation services in the U.S. Gulf of Mexico. The Company's compliment of offshore drilling rigs includes 24 jackup rigs and 10 barge drilling rigs, and the Company's marine transportation fleet consists of 37 vessels. The Company's operations are integral to the exploration, development and production of oil and gas.

Since 1987, the Company has pursued a strategy of building its fleet of offshore drilling rigs. This strategy was exemplified by the Company's acquisition of the remainder of Penrod Holding Corporation ("Penrod") in August 1993 and the expansion of the Company's Venezuelan rig fleet during 1993 and 1994 with the delivery of four new barge drilling rigs in each year. The Company also added three harsh environment jackup rigs to its North Sea fleet, two in 1994 and one in 1995.

With the Company's increasing emphasis on offshore markets, the Company has disposed of businesses that are not offshore oriented or that management believed would not meet the Company's standards for financial performance. Accordingly, in 1993 the Company's supply business was sold, in 1994 the Company sold substantially all of its land rigs and in 1995 the Company sold its technical services business.

The Company was formed as a Texas corporation in 1975 and was reincorporated in Delaware in 1987. At the Company's Annual Meeting of Stockholders held on May 23, 1995, the stockholders approved the change in the name of the Company from Energy Service Company, Inc. to ENSCO International Incorporated. The Company's principal office is located at 2700 Fountain Place, 1445 Ross Avenue, Dallas, Texas, 75202-2792 and its telephone number is (214) 922-1500.

RECENT EVENTS

On January 25, 1996, the Company entered into a letter of intent with DUAL DRILLING COMPANY ("Dual") under which the Company would acquire Dual, subject to certain conditions. 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 currently located in the U.S., with three jackup rigs and seven platform rigs located in the U.S. Gulf of Mexico and two platform rigs off the coast of California. The remainder of the fleet operates in international waters, with rigs currently located offshore India, Mexico, Qatar, Indonesia and China. Under the proposed transaction, Dual's common stockholders would receive 0.625 shares of the Company's common stock for each share of Dual common stock, which would result in the issuance of approximately 9.9 million shares of the Company's common stock. The Company expects to account for the combination as a purchase acquisition. The transaction is subject to execution of definitive agreements, approval by the stockholders of Dual and requisite governmental and other approvals. Subject to the satisfaction of these conditions, closing of the transaction is expected before June 30, 1996.

CONTRACT DRILLING OPERATIONS

The Company's contract drilling operations are conducted by a number of wholly owned subsidiaries ("the Subsidiaries"). The Subsidiaries engage in the drilling of oil and gas wells in domestic and international markets under contracts with major and independent oil companies. The Company currently owns 24 jackup drilling rigs of which 18 are located in the U.S. Gulf of Mexico and six are in the North Sea. The Company also conducts contract drilling operations through its 85% ownership interest in ENSCO Drilling (Caribbean), Inc. ("Caribbean"). Caribbean and its subsidiary own ten barge drilling rigs on Lake Maracaibo, Venezuela.

The Company's contract drilling services and equipment are used in connection with the process of drilling and completing oil and gas wells. Demand for the Company's drilling services is based upon many factors over which the Company has no control, including the market price of oil and gas, the stability of such prices, the production levels and other activities of OPEC and other oil and gas producers, the regional supply and demand for natural gas, the level of worldwide economic activity and the long-term effect of worldwide energy conservation measures. These factors, in turn, will affect the level of drilling and production activity.

The drilling services provided by the Company are conducted on a contract basis. The Company generally provides drilling services on a "daywork" basis. Under daywork contracts, the Company receives a fixed amount per day for drilling the well and the customer bears a major portion of the out-of-pocket costs of drilling. The customer may pay the cost of moving the equipment to the job site and assembling and dismantling the equipment. In some cases, the Company provides drilling services on a daywork contract basis along with "well management" services which provide additional incentive compensation to the Company for completion of drilling activity ahead of budgeted targets set by the customer.

During the past several years, contracts have typically been short-term, particularly in the U.S. Accordingly, the Subsidiaries have had no material backlog of contracts for their drilling services in recent years. However, due to extension clauses included in the contracts, approximately 45% of the Company's rigs have worked for the same customer for greater than six months and over 40% of the Company's rigs have worked for the same customer for longer than one year. The backlog of business for the Subsidiaries, excluding ENSCO Drilling Company's operations conducted through Caribbean, at February 20, 1996 was approximately \$59.8 million as compared to approximately \$45.3 million in March 1995. The Company's subsidiary in Venezuela, Caribbean, has a number of term contracts, which terminate in 1998 and 1999, with a backlog as of February 20, 1996 of approximately \$162.9 million as compared to approximately \$212.8 million in March 1995.

The contract drilling business is highly competitive and has recently suffered from a substantial oversupply of drilling rigs. ENSCO competes with other drilling contractors on the basis of quality of service, price, equipment suitability and availability, reputation and technical expertise. Competition is usually on a regional basis, but drilling rigs are mobile and may be moved from one region to another in response to demand. Drilling operations are generally conducted throughout the year with some seasonal declines in winter months.

MARINE TRANSPORTATION OPERATIONS

The Company conducts its marine transportation operations through a wholly owned subsidiary, ENSCO Marine Company ("ENSCO Marine"), based in Broussard, Louisiana. The Company has a marine transportation fleet of 37 vessels consisting of six anchor handling tug supply ("AHTS") vessels, 23 supply vessels and eight mini-supply vessels. All of the Company's marine transportation vessels are currently located in the U.S. Gulf of Mexico. In December 1995, the Company acquired six supply vessels, four of which were previously operated under operating lease agreements. In mid-1995, the Company completed the conversion of four utility vessels into mini-supply vessels, which was consistent with the Company's strategy to concentrate its fleet on the larger, more capable vessels and to exit the unprofitable utility boat market.

The Company's six AHTS vessels ordinarily support semi-submersible drilling rigs and large offshore construction projects or provide towing services. The 23 supply vessels and eight mini-supply vessels support general drilling and production activity by ferrying supplies from land and between offshore rigs. All of the Company's marine transportation vessels have drilling fluid handling capabilities which management believes enhance their marketability. The Company's vessels are typically chartered on a well-to-well basis, or on term contracts which may be terminated on short notice. At February 20, 1996, ENSCO Marine had a backlog of contracts for its services of approximately \$10.5 million compared to \$4.2 million for such services in March 1995.

As the Company's marine transportation services are used primarily in connection with the process of servicing offshore oil and gas operations, demand for these services is largely dependent on the factors affecting the level of activity in the offshore oil and gas industry. ENSCO Marine competes with numerous vessel operators on the basis of quality of service, price, vessel suitability and availability and reputation. Marine transportation operations are conducted throughout the year, but some reductions in vessel utilization and charter rates may be experienced during winter months due to seasonal declines in offshore activities.

SEGMENT INFORMATION

The following table provides operational information regarding the Company's contract drilling and marine transportation operations for each of the five years ended December 31, 1995:

	1995 <F1>	1994 <F1>	1993 <F1>	1992 <F1>	1991 <F2>
OFFSHORE DRILLING RIG UTILIZATION AND DAY RATES					
Utilization:					
Jackup rigs					
United States	90%	91%	97%	61%	96%
International	73%	63%	62%	60%	--
Total jackup rigs	87%	83%	84%	61%	96%
Barge drilling rigs - Venezuela	86%	100%	100%	100%	100%
Total	86%	87%	87%	64%	98%
Average day rates:					
Jackup rigs					
United States	\$20,559	\$21,531	\$20,035	\$13,118	\$15,280
International	42,631	24,765	25,715	26,959	--
Total jackup rigs	24,813	22,269	21,572	18,122	15,280
Barge drilling rigs - Venezuela	19,631	16,413	15,432	11,332	10,342
Total	\$23,196	\$20,539	\$20,281	\$17,201	\$12,992
MARINE FLEET UTILIZATION AND DAY RATES <F3>					
Utilization:					
AHTS <F4>	84%	81%	76%	56%	71%
Supply	84%	86%	84%	61%	74%
Mini-supply	65%	93%	95%	100%	99%
Total	79%	86%	84%	64%	77%
Average day rates:					
AHTS <F4>	\$ 7,732	\$ 7,686	\$ 6,987	\$ 6,309	\$ 4,417
Supply	3,136	3,173	3,039	2,047	2,482
Mini-supply	1,985	1,663	1,677	1,133	1,348
Total	\$ 3,753	\$ 3,826	\$ 3,559	\$ 2,669	\$ 2,585
<F1>	Offshore Drilling Rig and Marine Fleet information includes Penrod rigs and vessels acquired in 1993.				
<F2>	Offshore Drilling Rig and Marine Fleet information excludes Penrod rigs and vessels acquired in 1993.				
<F3>	Excludes utility vessels. As of December 31, 1994, the Company no longer had utility vessels available for work.				
<F4>	Anchor handling tug supply vessels.				

Financial information regarding the Company's operating segments and foreign and domestic operations is presented in Note 13 of the Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data." Additional financial information regarding the Company's operating segments is presented in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

MAJOR CUSTOMERS

The Company provides its services to a broad customer base which includes major international oil companies, government owned oil companies and independent domestic oil producers.

During 1995, aggregate revenues provided to the Company's contract drilling operations by Lagoven, S.A. were \$62.0 million, or 22% of total revenues. Additionally, revenues of \$34.3 million, or 12% of total revenues, all of which were from contract drilling operations, were provided to the Company by Nederlandse Aardolie Maatschappij B.V., a Royal Dutch/Shell affiliate.

INDUSTRY CONDITIONS

Demand for the Company's services is significantly affected by worldwide expenditures for oil and gas drilling. Expenditures for oil and gas drilling activity fluctuate based upon many factors including world economic conditions, the legislative environment in the U.S. and other major countries, production levels and other activities of OPEC and other oil and gas producers and the impact that these and other events have on the current and expected future pricing of oil and natural gas.

Domestic drilling activity peaked in late-1981 after which the number of working rigs began a general downward trend through mid-1992. An improvement in natural gas prices in 1992 and 1993 resulted in the working rig count increasing, especially in the U.S. Gulf of Mexico, and such increased activity levels generally continued through 1995. However, the Company's day rates for its U.S. Gulf of Mexico rigs declined throughout 1994, although remaining higher on average than in 1993, and such declining day rate trend continued through the first half of 1995. The declining day rate levels were due primarily to the mobilization of a number of competitors' rigs to the U.S. Gulf of Mexico in 1994 and the weakening of domestic natural gas prices. Activity levels for U.S. Gulf of Mexico rigs increased in the second half of 1995 as the industry average working jackup rig count increased to 115 from 100 in the first half of 1995. The increased U.S. Gulf of Mexico activity levels were due, in part, to increased domestic natural gas prices during early to mid-1995. The Company's U.S. Gulf of Mexico rigs experienced increased day rates during the second half of 1995 primarily related to the increased activity levels. Unless there is a significant deterioration in domestic natural gas prices, management believes current U.S. Gulf of Mexico rig activity levels are sustainable during 1996. Management also believes that the demand for cantilever jackup rigs, in particular, is expected to remain strong due to the increased level of development activity which requires cantilevered drilling over existing production platforms.

To date in 1996, the Gulf of Mexico rig count has remained comparable to levels prevalent at the end of 1995. Average Gulf of Mexico jackup day rates similar to the type the Company operates are currently in the range of \$19,000 - \$35,000 compared to \$14,000 - \$21,000 approximately one year ago.

Oil and natural gas prices have remained volatile for many years. As described above, changes in oil and gas prices can have significant effects on the Company's business. Spot natural gas prices were under pressure

throughout 1994 and into early 1995 after which prices increased in mid- 1995 and late 1995. Henry Hub spot natural gas prices were approximately \$1.50 per mcf at the beginning of 1995 and ended 1995 at approximately \$2.75 per mcf. Crude oil prices increased in 1994 fueled by worldwide economic growth and remained strong in 1995. West Texas Intermediate crude oil prices were approximately \$18.00 per barrel at the beginning of 1995 and \$19.00 per barrel at the end of 1995.

In the North Sea, a reduction in the number of available rigs has been the primary contributing factor to increased industry utilization levels during 1995. The increased utilization has led to increased North Sea day rates in 1995. The standard jackup rig day rates in the North Sea for the type of jackup rigs the Company owns showed significant improvement in 1995 with day rates ranging from \$24,000 to \$28,000 at the beginning of the year and \$37,000 to \$42,000 at the end of 1995. Demand for standard jackup rigs in the North Sea has remained strong in early 1996 and is likely to continue throughout the year.

The marine transportation industry is highly competitive and utilization rates for vessels vary significantly, depending on drilling and construction activity. Demand is largely dependent on offshore drilling activity of new wells or the workover of older wells. When oil and gas prices declined during the 1980's, the demand for vessels was significantly reduced. Beginning in the fourth quarter of 1992, increased drilling activity in the U.S. Gulf of Mexico caused utilization and day rates for marine transportation vessels to increase. The activity level for marine transportation vessels in the U.S. Gulf of Mexico increased throughout 1993 and remained fairly stable in 1994. Activity levels in early 1995 decreased and subsequently showed significant improvement in the second half of 1995 related primarily to increased drilling activity in the second half of 1995. The average number of oilfield supply vessels operating in the U.S. Gulf of Mexico increased to 249 in 1995 from 235 in 1994, with average utilization of 90% and 89% for 1995 and 1994, respectively. Unless there is a significant deterioration in domestic natural gas prices, management believes current U.S. Gulf of Mexico activity levels are sustainable during 1996.

Additional information regarding industry conditions and industry utilization rates is presented in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

GOVERNMENTAL REGULATION

The Company's businesses are affected by changes in public policy and by federal, state, foreign and local laws and regulations relating to the energy industry. The adoption of laws and regulations curtailing exploration and development drilling for oil and gas for economic, environmental or other policy reasons adversely affects the Company's operations by limiting available drilling and other opportunities in the energy service industry.

The Company is subject to the requirements of the federal Occupational Safety and Health Act ("OSHA") and comparable state statutes. The OSHA hazard communication standard, the Environmental Protection Agency "community right-to-know" regulations under Title III of the Federal Superfund Amendment and Reauthorization Act and comparable state statutes

require the Company to report certain information about the hazardous materials used in its operations to employees, state and local government authorities, and local citizens.

ENVIRONMENTAL MATTERS

The Company's operations are subject to federal, state and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. Laws and regulations specifically applicable to the Company's business activities could impose significant liability on the Company for damages, clean-up costs and penalties in the event of the occurrence of oil spills or similar discharges of pollutants into the environment in the course of the Company's operations, although, to date, such laws and regulations have not had a material adverse effect on the Company's results of operations, nor has the Company experienced an accident that has exposed it to material liability for discharges of pollutants into the environment. In addition, events in recent years have heightened environmental concerns about the oil and gas industry generally. From time to time, legislative proposals have been introduced which would materially limit or prohibit offshore drilling in certain areas. To date, no proposals which would materially limit or prohibit offshore drilling in the Company's principal areas of operation have been enacted into law. If laws are enacted or other governmental action is taken that restrict or prohibit offshore drilling in the Company's areas of operation or impose environmental protection requirements that materially increase the costs of offshore exploration, development or production of oil and gas, the Company could be materially adversely affected.

OPERATIONAL RISKS AND INSURANCE

Contract drilling and oil and gas operations are subject to various risks including blowouts, craterings, fires and explosions, each of which could result in damage to or destruction of drilling rigs and oil and gas wells, personal injury and property damage, suspension of operations or environmental damage through oil spillage or extensive, uncontrolled fires. The Company's marine transportation operations are subject to various risks, which include property and environmental damage and personal injury. The Company generally insures its drilling rigs and marine transportation vessels for amounts not less than the estimated fair market value thereof. The Company also maintains liability insurance coverage in amounts and scope which management believes are comparable to the levels of coverage carried by other energy service companies. To date, the Company has not experienced difficulty in obtaining insurance coverage. While the Company believes its insurance coverages are customary for the energy service industry, the occurrence of a significant event not fully insured against could have a material adverse effect on the Company's financial position.

INTERNATIONAL OPERATIONS

A significant portion of the Company's contract drilling operations are conducted in foreign countries. Revenues from international operations were 44% of the Company's total revenues in 1995. The Company's international operations are subject to political, economic, and other uncertainties, such as the risks of expropriation of its equipment, expropriation of a customer's property or drilling rights, repudiation of contracts, adverse tax policies, general hazards associated with

international sovereignty over certain areas in which the Company operates and fluctuations in international economies.

The Company's international operations also face the risk of fluctuating currency values and exchange controls. Occasionally the countries in which the Company operates have enacted exchange controls. Historically, the Company has been able to limit these risks by obtaining compensation in United States dollars or freely convertible international currency and, to the extent possible, by limiting acceptance of blocked currency to amounts which match its expenditure requirements in local currencies.

The Venezuelan currency experienced significant devaluation during the first half of 1994. In June 1994, the Venezuelan government established exchange control policies and severely restricted the conversion of Venezuelan currency to U.S. dollars. In late 1995, the Venezuelan government further devalued the Venezuelan currency against the U.S. dollar. 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 not probable due to the volume of U.S. dollars paid to the parent company of Lagoven for its oil exports.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding the executive officers of the Company:

NAME	AGE	POSITION WITH THE COMPANY
Carl F. Thorne	55	Chairman of the Board, President, Chief Executive Officer and Director
Richard A. Wilson	58	Senior Vice President, Chief Operating Officer and Director
Marshall Ballard	53	Vice President - Business Development and Quality
William S. Chadwick, Jr.	48	Vice President - Administration and Secretary
C. Christopher Gaut	39	Vice President - Finance and Chief Financial Officer
H. E. Malone	52	Vice President - Controller and Chief Accounting Officer
Frank B. Williford	56	Vice President - Engineering
Richard A. LeBlanc	45	Treasurer

Set forth below is certain additional information concerning the executive officers of the Company, including the business experience of each during the past five years.

Carl F. Thorne has been a director of the Company since December 1986. He was elected President and Chief Executive Officer of the Company in May 1987 and was elected Chairman of the Board of Directors in November 1987. Mr. Thorne holds a Bachelor of Science Degree in Petroleum Engineering from the University of Texas and a Juris Doctorate Degree from Baylor University College of Law.

Richard A. Wilson has been a director of the Company since June 1990. Mr. Wilson joined the Company in July 1988 and was elected President of ENSCO Drilling Company in August 1988. Mr. Wilson was elected Senior Vice President - Operations of the Company in October 1989 and to his present position in June 1991. Mr. Wilson holds a Bachelor of Science Degree in Petroleum Engineering from the University of Wyoming.

Marshall Ballard joined the Company in connection with the acquisition of Penrod Holding Corporation and was elected Vice President of Business Development and Quality in August 1993. From September 1977 through August 1993, Mr. Ballard served in various capacities as an employee of Penrod Holding Corporation, most recently as President. Mr. Ballard holds a Bachelor of Arts Degree in History from the University of North Carolina and a Law Degree from Tulane University.

William S. Chadwick, Jr. joined the Company as Director of Administration in June 1987, has been a Vice President of the Company since July 1988 and was elected Secretary of the Company in May 1993. Mr. Chadwick holds a Bachelor of Science Degree in Industrial Management from the University of Pennsylvania.

C. Christopher Gaut joined the Company in December 1987 and was elected Treasurer and Chief Financial Officer in February 1988 and Vice President - Finance in January 1991. Mr. Gaut holds a Bachelor of Arts Degree in Engineering Science from Dartmouth College and a Master of Business Administration Degree in Finance from The Wharton School of the University of Pennsylvania.

H. E. Malone joined the Company in August 1987 and was elected Controller and Chief Accounting Officer in January 1988 and Vice President - Controller and Chief Accounting Officer in February 1995. Mr. Malone holds Bachelor of Business Administration Degrees from the University of Texas and Southern Methodist University and a Master of Business Administration Degree from the University of North Texas.

Frank B. Williford joined the Company and was elected Vice President - Engineering in February 1996. From January 1966 through January 1996, Mr. Williford served in various capacities as an employee of Sedco, Inc. and Sedco Forex, previously as Vice President and General Manager of Engineering. Mr. Williford holds a Bachelor of Science Degree in Structural Engineering from Texas A&M University.

Richard A. LeBlanc joined the Company in July 1989 as Manager of Finance. He assumed responsibilities for the investor relations function in March 1993 and was promoted to Treasurer and Director of Investor Relations in May 1995. Mr. LeBlanc holds a Bachelor of Science Degree in Finance and a Master of Business Administration degree from Louisiana State University.

Officers each serve for a one-year term or until their successors are elected and qualified to serve. Mr. Thorne and Mr. Malone are brothers-in-law.

EMPLOYEES

The Company had approximately 2,300 full-time employees worldwide as of February 20, 1996. In addition, the Company employs local personnel in foreign countries to work on rigs on a job-by-job basis. The Company considers relations with its employees to be satisfactory. None of the Company's domestic employees are represented by unions. The Company has not experienced any significant work stoppages or strikes as a result of labor disputes.

Item 2. Properties

CONTRACT DRILLING

The following table sets forth as of February 20, 1996 certain information regarding the offshore drilling rigs owned by the Company:

JACKUP RIGS

RIG NAME	BUILT/ REBUILT	RIG DESIGN	RIG TYPE	WATER DEPTH/ RATED DEPTH	LOCATION	STATUS
ENSCO 63	1977	MLT 82 SD	CANT-TD	250 /25,000	GOM	A
ENSCO 64	1974	MLT 53	SLOT-SD-Z	250 /30,000	GOM	A
ENSCO 67	1976/1996	MLT 84	SLOT-TD-Z	400 /30,000	GOM	S
ENSCO 68	1976	MLT 84	SLOT	350 /30,000	GOM	A
ENSCO 69	1976/1995	MLT 84	SLOT-TD-Z	400 /30,000	GOM	S
ENSCO 70	1981/1996	HITACHI-300	CANT-TD-Z	250 /25,000	NS	SC
ENSCO 71	1982/1995	HITACHI-300	CANT-TD-Z	225 /25,000	NS	A
ENSCO 72	1981	HITACHI-300	CANT-TD-Z	225 /25,000	NS	SC
ENSCO 80	1978/1995	MLT 116	CANT-TD-Z	225 /25,000	NS	A
ENSCO 81	1979	MLT 116	CANT-TD-Z	350 /25,000	GOM	A
ENSCO 82	1979	MLT 116	CANT-TD-Z	300 /25,000	GOM	A
ENSCO 83	1979	MLT 82 SD	CANT-TD	250 /25,000	GOM	A
ENSCO 84	1981	MLT 82 SD	CANT-TD	250 /25,000	GOM	A
ENSCO 85	1981/1995	MLT 116	CANT-TD-Z	225 /25,000	NS	A
ENSCO 86	1981	MLT 82 SD	CANT-TD-Z	250 /30,000	GOM	A
ENSCO 87	1982	MLT 116	CANT-TD-Z	350 /25,000	GOM	A
ENSCO 88	1982	MLT 82 SD	CANT-TD-Z	250 /25,000	GOM	A
ENSCO 89	1982	MLT 82 SD	CANT-TD-Z	250 /25,000	GOM	A
ENSCO 90	1982	MLT 82 SD	CANT-TD-Z	250 /25,000	GOM	A
ENSCO 92	1982	MLT 116	CANT-SD-Z	225 /25,000	NS	A
ENSCO 93	1982	MLT 82 SD	CANT-TD	250 /25,000	GOM	A
ENSCO 94	1981	HITACHI-250	CANT-TD-Z	250 /25,000	GOM	A
ENSCO 95	1981	HITACHI-250	CANT-TD	250 /25,000	GOM	A
ENSCO 99	1985	MLT 82 SD	CANT-TD-Z	250 /30,000	GOM	A

/TABLE

BARGE DRILLING RIGS

RIG NAME	BUILT	DRAWWORKS	RATED DEPTH	LOCATION	STATUS
ENSCO V	1982	GD1100E	15,000	VENEZUELA	S
ENSCO VI	1991	GD1100E	15,000	VENEZUELA	S
ENSCO VII	1993	N 840E	20,000	VENEZUELA	A
ENSCO VIII	1993	I 1700E	20,000	VENEZUELA	A
ENSCO IX	1993	N 840E	20,000	VENEZUELA	A
ENSCO X	1993	I 1700E	20,000	VENEZUELA	A
ENSCO XI	1994	MC1220E	25,000	VENEZUELA	A
ENSCO XII	1994	MC1220E	25,000	VENEZUELA	A
ENSCO XIV	1994	N1320E	25,000	VENEZUELA	A
ENSCO XV	1994	N1320E	25,000	VENEZUELA	A

NOTES:	<p>RIG TYPE</p> <p>-----</p> <p>CANT - Cantilever</p> <p>SLOT - Slot</p> <p>SD - Side Drive</p> <p>TD - Top Drive</p> <p>Z - Zero Discharge capabilities permitting operation in environmentally sensitive areas</p>	<p>LOCATION</p> <p>-----</p> <p>GOM - Gulf of Mexico</p> <p>NS - North Sea</p>	<p>STATUS</p> <p>-----</p> <p>A - Active</p> <p>S - In shipyard</p> <p>SC - In or in route to shipyard for upgrade - committed to work upon completion</p>
--------	---	--	--

The Company continues to own one land rig, which is stacked, located in the Middle East.

The Company's drilling rigs consist of engines, drawworks, masts, pumps to circulate the drilling fluid, blowout preventers, drill string and related equipment. The engines power a rotary table that turns a bit consisting of rotating cones so that the hole is drilled by grinding the rock which is then carried to the surface by the drilling fluid. The intended well depth and the drilling conditions are the principal factors that determine the size and type of rig most suitable for a particular drilling job.

The Company's offshore jackup rigs consist of mobile drilling platforms equipped with legs that can be lowered to the ocean floor to provide support for the drilling platform. All the Company's jackup rigs are of the independent leg design. The jackup rig hull includes the drilling rig, jacking system, crew quarters, storage and loading facilities, helicopter landing pad and related equipment.

The Company's barge drilling rigs have all of the crew quarters, storage facilities, and related equipment mounted on floating barges with the drilling equipment cantilevered from the stern of the barge. The barges are held in place by anchors while drilling activities are conducted.

Over the life of a typical rig, several of the major components are replaced due to normal wear and tear.

Certain of the Company's jackup rigs, which had a combined net book value of \$278.8 million at December 31, 1995, are pledged as collateral in favor of a financial institution to secure payment of a secured term loan.

All of the Company's rigs are in good condition.

Depending upon the nature of the work, the proximity of the job site to the Company's repair facilities and certain other factors, rig maintenance and repairs are performed either at the job site or at the Company's facilities. The Company owns or leases field locations and repair facilities for its drilling rigs in Las Morochas, Venezuela; Beverwijk, Holland; Broussard, Louisiana; and Aberdeen, Scotland.

MARINE TRANSPORTATION

In December 1995, the Company purchased six supply vessels, four of which were previously operated under operating lease agreements. In the fourth quarter of 1994, the Company entered into an agreement with an unrelated third party to purchase a supply vessel, convert four of the Company's utility vessels into four larger, 146-foot mini-supply vessels and assign ownership of four of the Company's utility vessels to the unrelated third party. In 1994, the Company also sold one utility boat and converted another to a mini-supply vessel. The Company has a marine transportation fleet of 37 vessels consisting of six anchor handling tug supply vessels, 23 supply vessels and eight mini-supply vessels. All of the Company's marine transportation vessels are currently located in the U.S. Gulf of Mexico. Substantially all of the Company's marine transportation vessels, which had a combined net book value of \$43.0 million at December 31, 1995, are pledged as collateral to secure payment of secured term loans.

The following table provides as of February 20, 1996 certain information regarding the Company's marine transportation vessels:

MARINE FLEET -----				
VESSEL TYPE -----	NO. OF VESSELS -----	YEAR BUILT -----	HORSE POWER -----	LENGTH -----
KODIAKS - AHTS	2	1983	12,000	225
OTHER- AHTS	4	1976-1983	5,800-7,240	185 -230
SUPPLY	23	1977-1985	1,800-3,000	166 -185
MINI - SUPPLY	8	1981-1984	1,200	140 -146

All of the Company's marine transportation vessels are in good condition.

OTHER PROPERTY

The Company leases its executive offices in Dallas, Texas. The Company owns offices and other facilities in Houma, Shreveport and Broussard, Louisiana and Aberdeen, Scotland; and rents offices in Las Morochas, Venezuela and Beverwijk, Holland.

Item 3. Legal Proceedings

Prior to October 1990, Penrod was self-insured for the majority of its maritime claims exposure. During the period from October 1990 to the August 1993 acquisition date, Penrod had insurance coverage which limited its maritime claims exposure to a maximum of the \$25,000 deductible for each claim, plus a fluctuating aggregate of \$500,000 to \$1.5 million in excess of the \$25,000 claim deductible for each policy year. Penrod is also a defendant in lawsuits with certain of its insurers and the administrator of its self-insurance program, and personal injury and maritime liability lawsuits filed by present and former employees. Management has provided reserves in the Company's financial statements for such claims as it considers appropriate given the facts currently known.

On February 13, 1991, Penrod filed an action against TransAmerican Natural Gas Corporation ("TransAmerican") which is presently pending in the U.S. District Court Southern District of Texas, Houston Division, seeking damages for breach of contract. On August 21, 1991, TransAmerican filed an action against Penrod in the 133rd Judicial District Court, Harris County, Texas, seeking damages for breach of contract and tort claims. Management of the Company believes that the outcome of this litigation will be favorable to the Company.

In addition to the matters discussed above, the Company is from time to time involved in litigation incidental to the conduct of its business. In the opinion of management, none of such litigation in which the Company is currently involved would, individually or in the aggregate, have a material adverse effect on its financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders in the fourth quarter of 1995.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder

Matters

The following table sets forth the high and low sales prices for each period indicated for the Company's common stock, \$.10 par value (the "Common Stock") for each of the last two fiscal years, restated for the reverse stock split as discussed below:

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR
	-----	-----	-----	-----	-----
1995 High . . .	\$14 3/8	\$17 3/8	\$19 1/2	\$23	\$23
1995 Low	\$11 1/4	\$14	\$14 1/4	\$16	\$11 1/4
1994 High . . .	\$17	\$18 5/8	\$19 1/4	\$15 1/2	\$19 1/4
1994 Low	\$12 1/2	\$13 1/2	\$14 5/8	\$10 3/4	\$10 3/4

The Company's Common Stock (Symbol: ESV) began trading on the New York Stock Exchange on December 20, 1995, prior to which it was traded on the American Stock Exchange. At December 31, 1995, there were approximately 3,455 stockholders of record of the Company's Common Stock.

Since inception, no dividends have been declared on the Company's Common Stock, and the Company does not expect to declare dividends on its Common Stock in the near future.

The Company's stockholders approved a one share for four shares reverse stock split of the Company's common stock at the Company's Annual Meeting of Stockholders held on May 24, 1994.

In August 1994, the Company issued a redemption notice for the 2,839,110 outstanding shares of its \$1.50 Cumulative Convertible Exchangeable Preferred Stock ("1.50 Preferred Stock"). Holders of 2,807,147 shares of the \$1.50 Preferred Stock elected to convert each of their shares into approximately 1.786 shares of the Company's common stock which resulted in the issuance of 5,012,762 shares of the Company's common stock. Holders of the remaining 31,963 shares of the \$1.50 Preferred Stock elected to redeem their shares for cash.

Item 6. Selected Consolidated Financial Data

The selected consolidated financial data set forth below for the five years ended December 31, 1995 has been derived from the Company's audited consolidated financial statements (in thousands, except per share amounts). This information should be read in conjunction with the audited consolidated financial statements and notes thereto included in "Item 8. Financial Statements and Supplementary Data."

	YEAR ENDED DECEMBER 31,				
	1995	1994	1993	1992<F1>	1991
	(In thousands, except per share amounts)				
Statement of Operations Data <F2>					
Operating revenues	\$279,114	\$245,451	\$227,410	\$ 84,271	\$ 7
Operating expenses, excluding D&A	165,529	144,581	151,182	81,999	6
Depreciation and amortization (D&A)	58,390	51,798	41,181	12,539	1
Operating income (loss)	55,195	49,072	35,047	(10,267)	(
Other expense	(7,856)	(8,751)	(6,696)	(8,028)	(
Income (loss) from continuing operations before income taxes, minority interest and cumulative effect of accounting change	47,339	40,321	28,351	(18,295)	(
Provision for income taxes	(3,397)	(3,759)	(5,942)	(2,007)	(
Minority interest	(2,179)	(2,984)	(6,932)	--	(
Income (loss) from continuing operations	41,763	33,578	15,477	(20,302)	(
Income (loss) from discontinued operations <F2>	6,296	3,593	3,556	(9,062)	(
Income (loss) before cumulative effect of accounting change	48,059	37,171	19,033	(29,364)	(1
Cumulative effect of accounting change, net of minority interest <F3>	--	--	(2,542)	--	(
Net income (loss)	48,059	37,171	16,491	(29,364)	(1
Preferred stock dividend requirements	--	(2,135)	(4,260)	(4,260)	(
Income (loss) applicable to common stock	\$ 48,059	\$ 35,036	\$ 12,231	\$ (33,624)	\$ (1
Income (loss) per common share:					
Continuing operations	\$.69	\$.55	\$.28	\$ (.82)	\$
Discontinued operations . . . . .	.10	.06	.09	(.30)	
Cumulative effect of account change	--	--	(.07)	--	
Income (loss) per common share	\$.79	\$.61	\$.30	\$ (1.12)	\$
Weighted average common shares outstanding	60,527	57,843	40,325	30,003	2
Balance Sheet Data					
Working capital	\$ 78,945	\$129,172	\$124,587	\$ 33,771	\$ 2
Total assets	821,451	773,090	689,254	272,397	29
Long-term debt, net of current portion	159,201	162,466	125,983	23,628	3
\$1.50 preferred stock	--	--	70,977	70,977	7
Stockholders' equity <F4>	531,249	487,950	383,925	142,512	16

<F1> Amounts have been restated for adoption of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes." See Note 1 to the Company's Consolidated Financial Statements.

<F2> In 1995, the Company sold its technical services segment and during 1993 the Company sold its supply segment. Prior years results of the technical services segment and the supply segment have been reclassified for comparative purposes. The 1995 results include a gain of \$5.2 million in connection with the sale of the technical services segment and the 1993 results include a gain of \$2.1 million in connection with the sale of the supply segment. See Note 16 to the Company's Consolidated Financial Statements.

<F3> Effective January 1, 1993, Penrod adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." See Note 10 to the Company's Consolidated Financial Statements.

<F4> The Company has never paid cash dividends on its common stock and has no plans to pay dividends on its common stock in the near future.

/TABLE

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS ENVIRONMENT.

ENSCO International Incorporated (the "Company") provides 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. Demand for the Company's services is significantly affected by worldwide expenditures for oil and gas drilling. Expenditures for oil and gas drilling activity fluctuate based upon many factors including world economic conditions, the legislative environment in the U.S. and other major countries, production levels and other activities of OPEC and other oil and gas producers and the impact that these and other events have on the current and expected future pricing of oil and natural gas.

Domestic drilling activity peaked in late-1981 after which the number of working rigs began a general downward trend through mid-1992. An improvement in natural gas prices in 1992 and 1993 resulted in the working rig count increasing, especially in the U.S. Gulf of Mexico, and such increased activity levels generally continued through 1995. However, the Company's day rates for its U.S. Gulf of Mexico rigs declined throughout 1994, although remaining higher on average than in 1993, and such declining day rate trend continued through the first half of 1995. The declining day rate levels were due primarily to the mobilization of a number of competitors' rigs to the U.S. Gulf of Mexico in 1994 and the weakening of domestic natural gas prices. Activity levels for U.S. Gulf of Mexico rigs increased in the second half of 1995 due, in part, to increased domestic natural gas prices during early to mid-1995 with the Company's U.S. Gulf of Mexico rigs experiencing a corresponding increase in day rates during the second half of 1995. Unless there is a significant deterioration in domestic natural gas prices, management believes current U.S. Gulf of Mexico rig activity levels are sustainable during 1996. Management also believes that the demand for cantilever jackup rigs, in particular, 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 U.S. Gulf of Mexico rigs.

In the North Sea, a reduction in the number of available rigs has been the primary contributing factor to increased industry utilization levels during 1995. The increased utilization has led to increased North Sea day rates in 1995 for the industry, including the Company's North Sea rigs. Management believes, based upon current market conditions, that North Sea day rate and utilization levels should remain fairly stable in 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 the national oil company. As a result, their day rate and utilization levels are not as dependent on oil and natural gas prices.

Offshore rig and oilfield supply vessel industry utilization is summarized below:

	INDUSTRY WIDE AVERAGES <F1> YEAR ENDED DECEMBER 31,		
	1995	1994	1993
	----	----	----
OFFSHORE RIGS			
Gulf of Mexico:			
All rigs:			
Rigs under contract . . .	134	133	116
Total rigs available . . .	176	175	152
% Utilization	76%	76%	76%
Jackup rigs:			
Rigs under contract . . .	107	109	93
Total rigs available . . .	140	136	116
% Utilization	76%	80%	80%
Worldwide:			
All rigs:			
Rigs under contract . . .	539	536	545
Total rigs available . . .	644	661	666
% Utilization	84%	81%	82%
Jackup rigs:			
Rigs under contract . . .	324	322	332
Total rigs available . . .	388	392	394
% Utilization	84%	82%	84%
OILFIELD SUPPLY VESSELS: <F2>			
Gulf of Mexico:			
Vessels under contract . . .	249	235	213
Total vessels available . . .	277	264	247
% Utilization	90%	89%	86%

<F1> Industry utilization based on data published by OFFSHORE DATA SERVICES, INC.

<F2> Excludes utility vessels.

/TABLE

RESULTS OF OPERATIONS.

The following analysis highlights the Company's operating results for the years indicated (in thousands):

	1995	1994	1993
	-----	-----	-----
OPERATING RESULTS			
Revenues	\$279,114	\$245,451	\$227,410
Operating margin	123,154	110,122	87,954
Operating income	55,195	49,072	35,047
Other expense	(7,856)	(8,751)	(6,696)
Provision for income tax	(3,397)	(3,759)	(5,942)
Minority interest	(2,179)	(2,984)	(6,932)
Income from continuing operations	41,763	33,578	15,477
Income from discontinued operations	6,296	3,593	3,556
Cumulative effect of accounting change, net of minority interest	--	--	(2,542)
Net income	48,059	37,171	16,491
Preferred stock dividend requirements	--	(2,135)	(4,260)
Income applicable to common stock	48,059	35,036	12,231

/TABLE

	Year Ended December 31,		
	1995	1994	1993
REVENUES			
Contract drilling			
Jackup rigs			
United States	\$119,275	\$109,012	\$ 91,387
International	59,525	37,735	43,532
Total jackup rigs	178,800	146,747	134,919
Barge drilling rigs - Venezuela	61,975	48,227	28,966
Total offshore rigs	240,775	194,974	163,885
Land rigs <F1>	--	12,807	28,235
Total contract drilling	240,775	207,781	192,120
Marine transportation			
AHTS <F2>	14,421	14,743	12,673
Supply	20,143	19,362	18,251
Mini-supply	3,775	1,701	1,747
Subtotal	38,339	35,806	32,671
Utility <F3>	--	1,864	2,619
Total marine transportation	38,339	37,670	35,290
Total	\$279,114	\$245,451	\$227,410
OPERATING MARGIN <F4>			
Contract drilling			
Jackup rigs			
United States	\$ 46,366	\$ 49,607	\$ 42,635
International	23,062	15,749	12,830
Total jackup rigs	69,428	65,356	55,465
Barge drilling rigs - Venezuela	39,017	31,720	18,354
Total offshore rigs	108,445	97,076	73,819
Land rigs <F1>	(228)	481	3,677
Total contract drilling	108,217	97,557	77,496
Marine transportation			
AHTS <F2>	7,353	6,022	3,458
Supply	6,709	6,877	6,653
Mini-supply	875	585	745
Subtotal	14,937	13,484	10,856
Utility <F3>	--	(919)	(398)
Total marine transportation	14,937	12,565	10,458
Total	\$123,154	\$110,122	\$ 87,954

<F1> United States and international land rigs are combined. The Company sold all but one of its land rigs in 1994.

<F2> Anchor handling tug supply vessels.

<F3> As of December 31, 1994, the Company no longer had utility vessels available for work.

<F4> Defined as operating revenues less operating expenses, exclusive of depreciation and general and administrative expenses.
/TABLE

The consolidated revenues, operating margin and operating income (defined as operating revenues less operating expenses, depreciation and general and administrative expenses) of the Company for 1995 increased as compared to 1994 due primarily to a full year of operation of six drilling rigs which commenced operations in Venezuela and the North Sea during 1994 and an increase in North Sea average day rates. These increases were offset, in part, by decreased U.S. Gulf of Mexico jackup rig average day rates and by the unavailability of three of the Company's jackup rigs that were undergoing modifications and enhancements for the majority of 1995. The Company's 1995 revenues were reduced, while operating income increased, due to the sale of substantially all of the Company's land rig operations in 1994. Operating income for 1995 was reduced by additional depreciation expense associated with additional rigs added to the Company's fleet and depreciation associated with major modifications and enhancements of rigs and vessels in 1995.

The Company's increases in consolidated revenues, operating margin and operating income in 1994 as compared to 1993 are primarily attributable to higher average U.S. Gulf of Mexico day rates for the Company's contract drilling and marine transportation segments, the addition of six drilling rigs in 1994 and a full year of operation from four rigs constructed and placed into service in the first half of 1993. Operating income was also positively impacted by lower general and administrative costs but reduced by additional depreciation and amortization expense.

CONTRACT DRILLING. The Company's contract drilling segment currently consists of 24 jackup rigs, of which 18 are located in the U.S. Gulf of Mexico and six in the North Sea, and 10 barge drilling rigs located on Lake Maracaibo, Venezuela. As of February 20, 1996, all but two of the Company's U.S. Gulf of Mexico jackup rigs, all of the Company's North Sea jackup rigs and eight of the Company's ten barge drilling rigs in Venezuela were operating or were committed under contract. One of the uncommitted U.S. Gulf of Mexico jackup rigs, which was acquired from the Company's joint venture partner in late 1995 as discussed in Note 4 to the Company's Consolidated Financial Statements, is undergoing major modifications and is expected to be available for work in the second quarter of 1996. The second uncommitted U.S. Gulf of Mexico jackup rig, which was damaged as it was preparing to jack up on a new location in mid-January 1996, is currently undergoing repairs and is expected to be available for work in mid-1996. The two uncommitted barge drilling rigs in Venezuela are undergoing modifications and the Company is currently in final negotiations with Lagoven, S.A. ("Lagoven"), a subsidiary of the Venezuelan national oil company, for the rigs to begin operating in the second quarter of 1996.

The Company's U.S. Gulf of Mexico jackup rigs operate under relatively short-term agreements with contract durations normally not exceeding six months. Four of the Company's six North Sea jackup rigs operate, or are committed under contract, for a joint venture of major oil and gas exploration companies and are expected to work under these contracts through 1996, however, the joint venture may terminate any of the contracts with six months notice. The remaining two North Sea jackup rigs operate under relatively short-term contracts with contract durations normally not exceeding six months. The Company's eight committed barge drilling rigs in Venezuela operate under five-year contracts expiring in 1998 and 1999 for Lagoven. The contracts with Lagoven for the eight barge drilling rigs afford Lagoven the option to buy each of the rigs during or at the end of the contracts.

The following analysis highlights the Company's contract drilling segment offshore operating days (days for which the rig is under contract earning revenue) for the years indicated:

	1995	1994	1993
	-----	-----	-----
U.S. Gulf of Mexico jackup rigs	5,642	5,063	4,558
International jackup rigs	1,337	1,496	1,691
Venezuela barge drilling rigs	3,147	3,479	2,393
	-----	-----	-----
	10,126	10,038	8,642
	=====	=====	=====

For the year ended December 31, 1995, revenues for the Company's U.S. Gulf of Mexico jackup rigs increased by 9% and operating margin decreased by 7% as compared to 1994. The revenue increase is primarily due to an increase in operating days related to the relocation of two of the Company's international jackup rigs to the U.S. Gulf of Mexico, which commenced operations in the third quarter of 1994 and early 1995 after undergoing modifications and enhancements. The revenue increase was partially offset by, and the operating margin decrease was primarily attributable to, a decrease of approximately \$1,000 in average day rates.

The Company's revenues and operating margin for its jackup rigs operating in the U.S. Gulf of Mexico increased by 19% and 16%, respectively, for the year ended December 31, 1994 compared to 1993 due to higher average day rates of approximately \$1,500 and an increase in operating days primarily related to the relocation of four of the Company's international jackup rigs to the U.S. Gulf of Mexico during 1993 and 1994. The improved 1994 results were offset partially by a decrease in utilization from the prior year.

Revenues and operating margin for the Company's international jackup rigs increased by 58% and 46%, respectively, in 1995 as compared to 1994 due primarily to an increase of approximately \$18,000 in average day rates. Revenues in 1995 also benefitted from the Company assuming operation, effective January 1, 1995, of two jackup rigs that previously operated under bareboat charters. The revenue increase was offset, in part, by reduced operating days primarily due to the mobilization of two jackup rigs to the U.S. Gulf of Mexico, one in the third quarter of 1994 from Brazil and one which began mobilizing in the fourth quarter of 1994 from Dubai. These rigs were included in the international jackup rig results for substantially all of the year ended December 31, 1994. The cost to mobilize the two jackup rigs totalled \$3.5 million and was charged against 1994 earnings. Two of the Company's jackup rigs located in the North Sea were off contract undergoing modifications and enhancements during the majority of 1995. A North Sea jackup rig acquired by the Company in March 1995 completed its bareboat charter contract in February 1996 and is currently undergoing modifications and enhancements. The rig is under contract to commence operations immediately upon completion of the modifications and enhancements, which is expected in April 1996.

For the year ended December 31, 1994, revenues for the Company's international jackup rigs decreased by 13% and operating margin increased by 23% as compared to 1993. The revenue decrease is primarily attributable to reduced operating days related to the mobilization of five international

jackup rigs to the U.S. Gulf of Mexico, three in the second, third and fourth quarters of 1993 from the North Sea, one in the third quarter of 1994 from Brazil and one in the fourth quarter of 1994 from Dubai. These rigs were included in the international jackup rig results for a portion or all of the year ended December 31, 1993. The revenue decrease was partially offset by, and the operating margin increase was primarily attributable to, two North Sea jackup rigs acquired in mid-February 1994 that operated under bareboat charter agreements.

Revenues and operating margin from the Company's barge drilling rigs in Venezuela increased by 29% and 23%, respectively, for the year ended December 31, 1995 as compared to 1994 due primarily to a full year of operation of four barge drilling rigs that began operating in the third quarter of 1994 offset, in part, by two of the Company's barge drilling rigs completing their contracts in the second quarter of 1995 and remaining idle through the end of 1995. The Company's revenues and operating margin from its barge drilling rigs in Venezuela increased by 66% and 73%, respectively, for the year ended December 31, 1994 as compared to 1993 primarily due to the addition of four barge drilling rigs in the third quarter of 1994 and a full year's contribution from four barge drilling rigs that began operating in March through June of 1993.

The Venezuelan currency experienced significant devaluation during the first half of 1994. In June 1994, the Venezuelan government established exchange control policies and severely restricted the conversion of Venezuelan currency to U.S. dollars. In late 1995, the Venezuelan government further devalued the Venezuelan currency against the U.S. dollar. 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 not probable due to the volume of U.S. dollars paid to the parent company of Lagoven for its oil exports.

The Company sold substantially all of its land rig operations in 1994. Revenues and operating margin for the Company's land rigs for the year ended December 31, 1994 decreased by \$15.4 million and \$3.2 million, respectively, compared to 1993 primarily as a result of the sales.

On January 25, 1996, the Company entered into a letter of intent with DUAL DRILLING COMPANY ("Dual") under which the Company would acquire Dual, subject to certain conditions. Dual currently operates a fleet of 20 offshore drilling rigs, including 10 jackup rigs and 10 self-contained platform rigs. Twelve of Dual's rigs are currently located in the U.S., with three jackup rigs and seven platform rigs located in the U.S. Gulf of Mexico and two platform rigs off the coast of California. The remainder of Dual's fleet is currently located in international waters, with rigs offshore India, Mexico, Qatar, Indonesia and China. The transaction is subject to execution of definitive agreements, approval by the stockholders of Dual and requisite governmental and other approvals. Subject to the satisfaction of these conditions, closing of the transaction is expected before June 30, 1996.

MARINE TRANSPORTATION. The Company currently has a marine transportation fleet of 37 vessels, consisting of six anchor handling tug supply vessels, 23 supply vessels and eight mini-supply vessels. All of the Company's marine transportation vessels are currently located in the U.S. Gulf of Mexico. Contract durations for the Company's marine transportation vessels are relatively short-term and normally do not exceed six months.

In December 1995, the Company purchased six supply vessels in two separate transactions. Four of the supply vessels purchased were previously operated under operating lease agreements. See Notes 3 and 5 to the Company's Consolidated Financial Statements. In the fourth quarter of 1994, the Company entered into an agreement with an unrelated third party to purchase a supply vessel, convert four of the Company's utility vessels into four larger mini-supply vessels and assign ownership of four of the Company's utility vessels to the unrelated third party. The conversion of the four utility vessels into mini-supply vessels was completed in mid-1995. In 1994, the Company also sold one utility boat and converted another to a mini-supply vessel.

During 1992, the Company mobilized six marine vessels to Singapore for work possibilities. Two of the vessels returned to the U.S. Gulf of Mexico in 1993. The Company chartered the remaining four vessels in Singapore to a 50% owned joint venture beginning in August 1993. The Singapore joint venture was terminated in May 1994 and three of the vessels were mobilized to the U.S. Gulf of Mexico. The remaining vessel, a utility boat, was sold effective June 30, 1994. The charter fees from the joint venture were recorded as operating revenue by the Company and the Company's 50% interest in the results of the joint venture operations were reported in "Income From Equity Affiliates." During most of 1993 the Company operated two anchor handling vessels offshore Brazil. One vessel returned to the U.S. Gulf of Mexico in the fourth quarter of 1993 and the other vessel returned to the U.S. Gulf of Mexico in February 1994.

Revenues and operating margin for the Company's marine transportation vessels increased by 2% and 19%, respectively, in 1995 as compared to 1994 due primarily to increased utilization for the Company's anchor handling tug supply vessels. The 1995 operating margin also benefitted from exiting the unprofitable utility vessel business in late 1994. The Company's revenues and operating margin for its marine transportation vessels in 1994 increased by 7% and 20%, respectively, as compared to 1993 due primarily to increased average day rates for the Company's U.S. Gulf of Mexico vessels and improved work opportunities in the latter part of 1994 for three of the Company's vessels that returned to the U.S. Gulf of Mexico from Singapore.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense for the year ended December 31, 1995 increased by 13% from 1994 due primarily to a full year of depreciation on four barge drilling rigs delivered to Venezuela in July through September of 1994, a full year of depreciation on two North Sea jackup rigs acquired in mid-February 1994, depreciation on a North Sea jackup rig acquired in March 1995 and depreciation associated with major modifications and enhancements of rigs and vessels in 1995. See Note 3 to the Company's Consolidated Financial Statements. The above increases were offset by reduced depreciation associated with the sale of substantially all of the Company's land rigs in 1994.

In connection with the Company's rig upgrade program in 1995, the remaining useful lives of certain of the Company's jackup rigs, for which major enhancements were performed, were extended to twelve years from the time each respective rig left the shipyard to better reflect their remaining economic lives. See Note 1 to the Company's Consolidated Financial Statements.

Depreciation and amortization expense for the year ended December 31, 1994 increased by 26% from 1993. The increase is primarily attributable to a full year of depreciation and amortization related to the step-up in basis of the assets acquired in the acquisition of Penrod Holding Corporation ("Penrod"), a full year of depreciation on four barge drilling rigs delivered to Venezuela in March through June of 1993, depreciation on four additional barge drilling rigs delivered to Venezuela in July through September of 1994 and depreciation on two North Sea jackup rigs acquired in mid-February 1994. See Notes 1 and 2 to the Company's Consolidated Financial Statements. Depreciation expense in 1994 was reduced by the sale of substantially all of the Company's land rigs during 1994.

GENERAL AND ADMINISTRATIVE. General and administrative expense as a percentage of revenue in 1995 was comparable to the 1994 level. General and administrative expense for the year ended December 31, 1994 decreased significantly from the prior year due primarily to the benefits realized in 1994 from integrating Penrod's general and administrative functions into the Company following the acquisition of Penrod in August 1993.

OTHER INCOME (EXPENSE). Other income (expense) for each of the three years in the period ending December 31, 1995 was as follows (in thousands):

	1995	1994	1993
	-----	-----	-----
Interest income	\$ 6,310	\$ 5,252	\$ 2,816
Interest expense	(16,564)	(13,377)	(9,917)
Income from equity affiliates	200	607	432
Other, net	2,198	(1,233)	(27)
	-----	-----	-----
	\$ (7,856)	\$ (8,751)	\$ (6,696)
	=====	=====	=====

The Company reported an increase in interest income in 1995 as compared to 1994 primarily related to increased average interest rates more than offsetting the effect of lower average cash balances. Interest income increased in 1994 as compared to 1993 due to higher average cash levels and increased interest rates.

Interest expense increased in 1995 as compared to 1994, and in 1994 as compared to 1993, primarily due to costs associated with the financing of four barge drilling rigs added in Venezuela in July through September of 1994 and costs associated with the financing of four barge drilling rigs added in Venezuela in March through June of 1993. See Note 6 to the Company's Consolidated Financial Statements.

The Company reported under "Other, net" income in 1995 as compared to net expense in 1994 due primarily to gains on the sale of foreign currency denominated securities and decreased foreign currency translation losses in 1995. "Other, net" expense of the Company increased in 1994 as compared to 1993 due primarily to non-recurring miscellaneous income items in 1993.

PROVISION FOR INCOME TAXES. For the years ended December 31, 1995, 1994 and 1993 the Company recorded provisions for income taxes of \$3.4 million, \$3.8 million and \$5.9 million, respectively, resulting in effective tax rates of 7.2%, 9.3% and 21.0%, respectively. The Company's effective tax rate varies between years due primarily to the Company's level of profitability, the expected utilization or non-utilization of U.S. net operating loss carryforwards, foreign taxes and the recording of deferred taxes. See Note 11 to the Company's Consolidated Financial Statements.

MINORITY INTEREST. The minority interest of \$2.2 million and \$3.0 million in 1995 and 1994, respectively, consists of the minority shareholder's interest in the net income of ENSCO Drilling (Caribbean), Inc. ("Caribbean"). In March 1995, the Company purchased an additional 15% equity interest in Caribbean from the minority shareholder decreasing the minority shareholder's ownership interest to 15%. Minority interest of \$6.9 million for the year ended December 31, 1993 consists of \$4.5 million related to the preacquisition earnings of the 64% of Penrod which the Company did not own prior to the acquisition of Penrod and \$2.4 million related to the minority shareholder's interest in the net income of Caribbean. See Note 1 to the Company's Consolidated Financial Statements.

INCOME FROM 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, for total consideration of \$19.8 million, including liabilities of \$1.9 million assumed by the purchaser. In 1993, the Company completed a series of transactions that resulted in the sale of substantially all of the Company's supply business, conducted by its wholly owned subsidiary, ENSCO Tool and Supply Company, for net proceeds of approximately \$12.3 million. As a result of these transactions, the Company's financial statements were reclassified to present the Company's technical services and supply segments as discontinued operations for all years presented. Included in the 1995 Income from Discontinued Operations is a gain on the sale of the technical services business of \$5.2 million and income from operations of the technical services business for the nine months ended September 30, 1995. The 1994 Income from Discontinued Operations consists of income from operations of the technical services business. Included in the 1993 Income from Discontinued Operations is a gain on the sale of the supply business of \$2.1 million and results of operations of the supply business and technical services business. Revenues from the technical services operations were \$13.4 million, \$16.5 million and \$18.8 million in 1995, 1994 and 1993, respectively, and revenues from the supply operations were \$22.2 million in 1993. See Note 16 to the Company's Consolidated Financial Statements.

CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET OF MINORITY INTEREST. Effective January 1, 1993, Penrod adopted Statement of Financial Accounting Standards No. 106 ("SFAS No. 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions," which requires the accrual, during the year the employee renders the service, of the estimated cost of providing postretirement non pension benefit payments. The cumulative effect after taxes and minority interest on the Company resulting from Penrod's adoption of SFAS No. 106 was \$2.5 million (\$.07 per share after the reverse stock split). See Note 10 to the Company's Consolidated Financial Statements.

PREFERRED STOCK DIVIDEND REQUIREMENTS. Preferred stock dividends decreased to \$2.1 million for the year ended December 31, 1994 as compared to \$4.3 million in 1993 due to the conversion/redemption of all of the Company's preferred stock in August 1994. See Note 7 to the Company's Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES.

CASH FLOW AND CAPITAL EXPENDITURES.

	Year Ended December 31,		
	1995	1994	1993
Cash flow from operations	\$ 84,565	\$109,217	\$56,390
Capital expenditures, excluding the acquisition of Penrod and discontinued operations:			
Sustaining	\$ 11,335	\$ 22,201	\$11,910
Enhancements	109,706	10,301	-
New Construction	911	62,206	69,886
Acquisitions	21,278	55,650	-
	-----	-----	-----
	\$143,230	\$150,358	\$81,796
	=====	=====	=====

Cash flow from operations in 1995 as compared to 1994 decreased by \$24.7 million, or 23%, due primarily to an increase in accounts receivable offset partially by improved operating results. The increase in accounts receivable is due primarily to increased revenue levels at the end of 1995 as compared to the end of 1994 and the Company assuming operation, effective January 1, 1995, of two North Sea jackup rigs that previously operated under bareboat charter contracts for which the bareboat charter fees were paid in advance. Cash flow from operations in 1994 increased by \$52.8 million, or 94%, compared to 1993. The increase in 1994 cash flow is primarily a result of improved operating results and a full year's contribution from the cash flow of the ex-Penrod operations.

The Company's consolidated statement of cash flows for the year ended December 31, 1993 includes the cash and cash equivalents acquired in the acquisition of Penrod in August 1993, plus the cash provided by operating activities of Penrod subsequent to the acquisition. The cash flows from investing and financing activities of Penrod subsequent to the acquisition, including capital expenditures for property and equipment, long-term borrowings, and repayments of long-term borrowings, are also included in

the Company's consolidated statement of cash flows for the year ended December 31, 1993. The cash provided by operating activities of Penrod prior to the acquisition of Penrod and the cash flows from investing and financing activities of Penrod prior to the acquisition of Penrod have not been included in the Company's consolidated statement of cash flows. See Note 2 to the Company's Consolidated Financial Statements.

The Company's capital expenditures for the year ended December 31, 1995 included \$109.7 million for modification and enhancements of rigs and vessels and \$12.8 million associated with the purchase of a jackup rig located in the North Sea. Capital expenditures for 1994 included \$62.2 million for the construction of four barge drilling rigs delivered for operation in Venezuela in July through September of 1994 and \$55.7 million for the purchase of two jackup rigs located in the North Sea. The Company's capital expenditures for the year ended December 31, 1993 included \$65.7 million in connection with the construction of four barge drilling rigs that commenced operations in Venezuela in 1993.

Management anticipates that capital expenditures in 1996, excluding any amounts associated with Dual, will be approximately \$30.0 million for existing operations, \$13.0 million related to a deferred purchase payment on a North Sea jackup rig acquired in March 1995 and \$70.0 million for upgrades and enhancements of rigs and vessels. The Company may spend additional funds to acquire rigs or vessels in 1996, depending on market conditions and opportunities.

During 1994, the Company sold substantially all of its land rig operations for aggregate proceeds of \$23.0 million, consisting of cash, a promissory note which was repaid prior to December 31, 1994 and receivables.

FINANCING AND CAPITAL RESOURCES. The Company's long-term debt, total capital and debt to capital ratios are summarized below (in thousands, except percentages):

	At December 31,		
	1995	1994	1993
Long-term debt	\$159,201	\$162,466	\$125,983
Total capital	690,450	650,416	580,885
Long-term debt to total capital . .	23.1%	25.0%	21.7%

The decrease in long-term debt in 1995 as compared to 1994 is due primarily to scheduled repayments offset partially by increased borrowings under an amended and restated loan arrangement. See Note 6 to the Company's Consolidated Financial Statements. The total capital of the Company increased in 1995 as compared to 1994 due primarily to the profitability of the Company offset partially by repurchases of the Company's common stock. See Note 8 to the Company's Consolidated Financial Statements.

The increase in long-term debt in 1994 as compared to 1993 primarily relates to an additional \$76.5 million borrowed by Caribbean, on a non-recourse basis to the Company, in connection with the construction of four barge drilling rigs which were completed and placed into service in the

third quarter of 1994. This increase in long-term debt was partially offset by scheduled repayments and the redemption of the Company's convertible subordinated debentures in March 1994. The total capital of the Company increased in 1994 as compared to 1993 due primarily to the net increase in long-term debt as discussed above and the profitability of the Company.

On January 25, 1996, the Company entered into a letter of intent to acquire Dual, subject to certain conditions. Under the proposed transaction, Dual's common stockholders would receive 0.625 shares of the Company's common stock for each share of Dual common stock, which would result in the issuance of approximately 9.9 million shares of the Company's common stock. The transaction is subject to execution of definitive agreements, approval by the stockholders of Dual and requisite governmental and other approvals. Subject to the satisfaction of these conditions, closing of the transaction is expected before June 30, 1996.

The Company had a \$64.0 million undrawn revolving line of credit at December 31, 1995. The revolver is reduced semi-annually by \$6.0 million with the remaining line expiring in October 2001. See Note 6 to the Company's Consolidated Financial Statements.

In August 1994, the Company issued a redemption notice for the 2,839,110 outstanding shares of its \$1.50 Cumulative Convertible Exchangeable Preferred Stock ("\$1.50 Preferred Stock"), which was also the number of shares outstanding at December 31, 1993. Holders of substantially all of the \$1.50 Preferred Stock elected to convert each of their shares into approximately 1.786 shares of the Company's common stock. See Note 7 to the Company's Consolidated Financial Statements.

The Company's liquidity position is summarized in the table below (in thousands, except ratios):

	At December 31,		
	1995	1994	1993
Cash and short-term investments . .	\$ 82,064	\$153,720	\$128,057
Working capital	78,945	129,172	124,587
Current ratio	1.9	2.5	3.0

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.

In 1995, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which did not have an impact upon the Company. As required, the Company evaluates the realizability of its long-lived assets, including property and equipment and goodwill, based upon expectations of undiscounted cash flows and operating income.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation," which establishes accounting and reporting standards for various stock based compensation plans. SFAS No. 123 encourages the adoption of a fair value based method of accounting for employee stock options, but permits continued application of the accounting method prescribed by Accounting Principles Board Opinion No. 25 ("Opinion 25"), "Accounting for Stock Issued to Employees." Entities that continue to apply the provisions of Opinion 25 must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting had been applied. The Company will adopt SFAS No. 123 in 1996 and currently expects to continue to account for its employee stock options in accordance with the provisions of Opinion 25.

On February 21, 1995, the Board of Directors of the Company adopted a shareholder rights plan and declared a dividend of one preferred share purchase right (a "Right") for each share of the Company's common stock outstanding on March 6, 1995. Each Right initially entitles its holder to purchase 1/100th of a share of the Company's Series A Junior Participating Preferred Stock for \$50.00, subject to adjustment. The Rights generally will not become exercisable until 10 days after a public announcement that a person or group has acquired 15% or more of the Company's common stock (thereby becoming an "Acquiring Person") or the commencement of a tender or exchange offer upon consummation of which such person or group would own 15% or more of the Company's common stock (the earlier of such dates being called the "Distribution Date"). Rights will be issued with all shares of the Company's common stock issued from March 6, 1995 to the Distribution Date. Until the Distribution Date, the Rights will be evidenced by the certificates representing the Company's common stock and will be transferrable only with the Company's common stock. If any person or group becomes an Acquiring Person, each Right, other than Rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter entitle its holder to purchase, at the Right's then current exercise price, shares of the Company's common stock having a market value of two times the exercise price of the Right. If, after a person or group has become an Acquiring Person, the Company is acquired in a merger or other business combination transaction or 50% or more of its assets or earning power are sold, each Right (other than Rights owned by an Acquiring Person which will have become void) will entitle its holder to purchase, at the Rights then current exercise price, that number of shares of common stock of the person with whom the Company has engaged in the foregoing transaction (or its parent) which at the time of such transaction will have a market value of two times the exercise price of the Right. After any person or group has become an Acquiring Person, the Company's Board of Directors may, under certain circumstances, exchange each Right (other than Rights of the Acquiring Person) for shares of the Company's common stock having a value equal to the difference between the market value of the shares of the Company's common stock receivable upon exercise of the Right and the exercise price of the Right. The Company will generally be entitled to redeem the Rights for \$.01 per Right at any time until 10 days after a public announcement that a 15% position has been acquired. The Rights expire on February 21, 2005.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of ENSCO International Incorporated

In our opinion, based upon our audits and the report of other auditors, the accompanying consolidated balance sheet and the related consolidated statements of income and of cash flows present fairly, in all material respects, the financial position of ENSCO International Incorporated and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Company's Venezuelan operations for the year ended December 31, 1993, which statements reflect total revenues of \$28,970,000 for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Company's Venezuelan operations, is based solely on the report of the other auditors. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and report of other auditors provide a reasonable basis for the opinion expressed above.

As discussed in Note 10, in 1993 the Company changed its method of accounting for postretirement benefits other than pensions.

Dallas, Texas
February 2, 1996

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in thousands, except for share amounts)

	December 31,	
	1995	1994
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 77,064	\$147,851
Short-term investments	5,000	5,869
Accounts and notes receivable, net	60,796	36,479
Prepaid expenses and other	22,893	17,593
Net assets of discontinued operations	--	7,862
Total current assets	165,753	215,654
INVESTMENT IN EQUITY AFFILIATE	--	6,970
PROPERTY AND EQUIPMENT, AT COST	818,266	652,573
Less accumulated depreciation	185,334	129,129
Property and equipment, net	632,932	523,444
OTHER ASSETS	22,766	27,022
	\$821,451	\$773,090
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 8,936	\$ 12,509
Accrued liabilities	45,820	33,223
Current maturities of long-term debt	32,052	40,750
Total current liabilities	86,808	86,482
LONG-TERM DEBT	159,201	162,466
DEFERRED INCOME TAXES	26,800	22,989
OTHER LIABILITIES	17,393	13,203
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, \$.10 par value, 125.0 million shares authorized, 66.9 million and 66.6 million shares issued	6,689	6,657
Additional paid-in capital	615,644	612,318
Accumulated deficit	(23,598)	(71,657)
Restricted stock (unearned compensation)	(5,263)	(5,518)
Cumulative translation adjustment	(1,086)	(1,210)
Treasury stock at cost, 6.3 million and 5.6 million shares	(61,137)	(52,640)
Total stockholders' equity	531,249	487,950
	\$821,451	\$773,090
	=====	=====

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

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(in thousands, except per share data)

	Year Ended December 31,		
	1995	1994	1993
REVENUES			
Contract drilling	\$240,775	\$207,781	\$192,120
Marine transportation	38,339	37,670	35,290
	279,114	245,451	227,410
OPERATING EXPENSES			
Contract drilling	132,558	110,224	114,624
Marine transportation	23,402	25,105	24,832
Depreciation and amortization	58,390	51,798	41,181
General and administrative	9,569	9,252	11,726
	223,919	196,379	192,363
OPERATING INCOME	55,195	49,072	35,047
OTHER INCOME (EXPENSE)			
Interest income	6,310	5,252	2,816
Interest expense	(16,564)	(13,377)	(9,917)
Income from equity affiliates	200	607	432
Other, net	2,198	(1,233)	(27)
	(7,856)	(8,751)	(6,696)
INCOME FROM CONTINUING OPERATIONS			
BEFORE INCOME TAXES, MINORITY INTEREST			
AND CUMULATIVE EFFECT OF ACCOUNTING			
CHANGE	47,339	40,321	28,351
PROVISION FOR INCOME TAXES	(3,397)	(3,759)	(5,942)
MINORITY INTEREST	(2,179)	(2,984)	(6,932)
INCOME FROM CONTINUING OPERATIONS	41,763	33,578	15,477
INCOME FROM DISCONTINUED OPERATIONS	6,296	3,593	3,556
INCOME BEFORE CUMULATIVE EFFECT OF			
ACCOUNTING CHANGE	48,059	37,171	19,033
CUMULATIVE EFFECT OF ACCOUNTING CHANGE,			
NET OF MINORITY INTEREST	--	--	(2,542)
NET INCOME	48,059	37,171	16,491
PREFERRED STOCK DIVIDEND REQUIREMENTS	--	(2,135)	(4,260)
INCOME APPLICABLE TO COMMON STOCK	\$ 48,059	\$ 35,036	\$ 12,231
INCOME PER COMMON SHARE:			
Continuing operations	\$.69	\$.55	\$.28
Discontinued operations . . . . .	.10	.06	.09
Cumulative effect of accounting change	--	--	(.07)
	\$.79	\$.61	\$.30
WEIGHTED AVERAGE COMMON SHARES			
OUTSTANDING	60,527	57,843	40,325

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

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

	Year Ended December 31,		
	1995	1994	1993
OPERATING ACTIVITIES			
Net income	\$ 48,059	\$ 37,171	\$ 16,491
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	58,390	51,798	27,556
Deferred income tax provision (benefit)	(431)	(878)	3,199
Amortization of other assets	3,383	3,205	2,627
Gain on sale of discontinued operations	(5,161)	--	(2,122)
Net cash provided by discontinued operations	135	2,859	3,626
Other	(1,221)	2,689	1,422
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(23,438)	11,964	13,851
(Increase) decrease in prepaid expenses and other	4,314	(7,546)	(2,113)
Increase (decrease) in accounts payable	(3,834)	5,287	(1,781)
Increase (decrease) in accrued and other liabilities	4,369	2,668	(6,366)
Net cash provided by operating activities	84,565	109,217	56,390
INVESTING ACTIVITIES			
Additions to property and equipment	(143,230)	(150,358)	(81,796)
Acquisitions, net of cash acquired	--	--	36,819
Net proceeds from sales of discontinued operations	11,790	652	12,275
(Purchase) sale of short-term investments, net	869	(5,869)	--
Proceeds from disposition of assets	1,125	23,160	372
Other	(2,383)	(1,835)	(4,889)
Net cash used by investing activities	(131,829)	(134,250)	(37,219)
FINANCING ACTIVITIES			
Long-term borrowings	24,043	114,698	159,113
Reduction of long-term borrowings	(40,749)	(64,641)	(72,364)
Repurchase of common stock	(7,211)	(2,426)	--
Preferred stock dividends	--	(2,135)	(4,260)
Other	394	(668)	921
Net cash provided (used) by financing activities	(23,523)	44,828	83,410
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	147,851	128,056	25,475
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 77,064	\$147,851	\$128,056

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

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BASIS OF PRESENTATION

ENSCO International Incorporated (the "Company"), a Delaware corporation, was incorporated in August 1987, and is the successor by merger to Blocker Energy Corporation. At the Company's Annual Meeting of Stockholders held on May 23, 1995, the stockholders approved the change in the name of the Company from Energy Service Company, Inc. to ENSCO International Incorporated. The accompanying consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. The Company's investments in 50% or less owned affiliates are accounted for under the equity method. See Note 4 "Investment in Equity Affiliate." All significant intercompany accounts and transactions have been eliminated.

In August 1993, the Company completed the step acquisition (the "Penrod Acquisition") of Penrod Holding Corporation ("Penrod"). See Note 2 "Acquisition." The Company has included the income from continuing operations of Penrod in its consolidated statement of income beginning January 1, 1993 and has presented the preacquisition earnings related to the 64% of Penrod which it did not own prior to August 1993 as Minority Interest.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Company's consolidated statement of cash flows for the year ended December 31, 1993 includes the cash and cash equivalents acquired in the Penrod Acquisition, net of acquisition costs, plus the cash provided by operating activities of Penrod subsequent to the Penrod Acquisition. The cash flows from investing and financing activities of Penrod subsequent to the Penrod Acquisition, including additions to property and equipment, long-term borrowings, and repayments of long-term borrowings, are also included in the Company's consolidated statement of cash flows for the year ended December 31, 1993. The cash provided by operating activities of Penrod prior to the Penrod Acquisition and the cash flows from investing and financing activities of Penrod prior to the Penrod Acquisition have not been included in the Company's consolidated statement of cash flows for the year ended December 31, 1993.

For purposes of the consolidated balance sheet and statement of cash flows, the Company considers highly liquid debt instruments to be cash equivalents if they have maturities of three months or less at the date of purchase.

FOREIGN CURRENCY TRANSLATION

The U.S. dollar is the functional currency of the majority of the Company's foreign subsidiaries. The financial statements of these subsidiaries, as well as the financial statements of certain foreign subsidiaries that operate in highly inflationary economies, are remeasured

in U.S. dollars based on a combination of both current and historical exchange rates. Gains and losses caused by the remeasurement process applicable to these foreign subsidiaries are reflected in the consolidated statement of income. Translation losses were \$422,000, \$1.3 million and \$1.4 million for the years ended December 31, 1995, 1994 and 1993, respectively.

SHORT-TERM INVESTMENTS

Short-term investments are comprised of debt instruments having maturities of greater than three months and less than one year at the date of purchase and are stated at cost due to the Company's intent and ability to hold the investments to maturity. The aggregate fair value of short-term investments at December 31, 1995 approximates cost. As of December 31, 1995, short-term investments consisted of debt instruments issued by U. S. government agencies.

PROPERTY AND EQUIPMENT

Depreciation on drilling rigs and related equipment and marine vessels acquired after 1990 is computed using the straight line method over estimated useful lives ranging from 4 to 15 years. Depreciation for other equipment and for buildings and improvements is computed using the straight line method over estimated useful lives ranging from 2 to 6 years and 2 to 30 years, respectively. Depreciation on drilling rigs and related equipment and marine vessels acquired prior to 1991 is computed using the units-of-production method over estimated useful lives ranging from 10 to 15 years. Under the units-of-production method, depreciation is based on the utilization of the drilling rigs and vessels with a minimum provision when the rigs or vessels are idle.

In connection with the Company's rig upgrade program in 1995, the remaining useful lives of certain of the Company's jackup rigs, for which major enhancements were performed, has been 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 year ended December 31, 1995 by \$892,000, or \$.01 per share.

Maintenance and repair costs are charged to expense as incurred. Major renewals and improvements are capitalized. Upon retirement or replacement of assets, the related cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income.

GOODWILL

Goodwill arising from the acquisition of Penrod in 1993 and Argosy Offshore, Ltd. in 1991 is amortized on the straight-line basis over periods of 40 years and 10 years, respectively. See Note 2 "Acquisition." During 1995, goodwill from the Penrod Acquisition was reduced primarily for adjustments to deferred taxes. See Note 11 "Income Taxes." Goodwill, net of accumulated amortization, was \$7.3 million and \$21.2 million at December 31, 1995 and 1994, respectively, and is included in Other Assets.

IMPAIRMENT OF ASSETS

In 1995, the Company adopted Statement of Financial Accounting Standards No. 121 ("SFAS No. 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which did not have an impact upon the Company. As required, the Company evaluates the realizability of its long-lived assets, including property and equipment and goodwill, based upon expectations of undiscounted cash flows and operating income.

INCOME TAXES

In 1993, the Company adopted Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), "Accounting for Income Taxes," the effects of which were applied retroactively to the beginning of 1990. SFAS No. 109 requires the Company to compute deferred income taxes based upon the amount of taxes payable in future years after considering changes in tax rates and other statutory provisions that will be in effect in those years. The provision for income taxes includes federal, foreign, state and local income taxes currently payable and those deferred because of temporary differences between the financial statement and tax bases of assets and liabilities. See Note 11 "Income Taxes."

MINORITY INTEREST

ENSCO Drilling (Caribbean), Inc. ("Caribbean") has been included in the Company's consolidated financial statements for all years presented. In March 1995, the Company purchased an additional 15% equity interest in Caribbean from the minority shareholder. The purchase, which was effective January 1, 1995, increased the Company's ownership interest in Caribbean from 70% to 85%. In consideration for the additional 15% interest in Caribbean acquired, the Company makes payments to the minority shareholder that are based upon, in general, the utilization of existing Caribbean rigs. In addition, in the event of a future sale of any rigs currently owned by Caribbean, the minority shareholder is entitled to an additional 15% of the net proceeds upon sale. The minority shareholders' interest included in the Company's consolidated balance sheet at December 31, 1995 and 1994 was \$5.2 million and \$4.1 million, respectively, and is included in Other Liabilities.

The Company's consolidated financial statements include Penrod, which was a 36% owned affiliate prior to the Company's acquisition of the remaining interest in August 1993. See Note 2 "Acquisition." Minority interest expense for the year ended December 31, 1993 included \$4.5 million related to the preacquisition earnings of Penrod.

PERVASIVENESS OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and related revenues and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. Actual results could differ from those estimates.

INCOME PER COMMON SHARE

Income per common share has been computed based on the weighted average number of common shares outstanding during the applicable period after recognition of minority interest charges and preferred stock dividend requirements. All weighted average share and per share amounts have been restated to reflect the one share for four shares reverse stock split ("reverse stock split") which was effective June 1, 1994. See Note 8 "Stockholders' Equity."

RECLASSIFICATIONS

Certain previously reported amounts have been reclassified to conform to the 1995 presentation.

2. ACQUISITION

In August 1993, the Company acquired the remaining 64% of the common stock of Penrod not then beneficially owned by the Company. In exchange for the common stock of Penrod, the Company issued 25.5 million net shares (102.1 million net shares prior to the reverse stock split) of its common stock valued at approximately \$227.9 million. The exchange was based upon one common share of the Company's common stock (after the reverse stock split) for each share of Penrod common stock.

The Company accounted for the Penrod Acquisition, under the rules of purchase accounting, as a step acquisition. Under a step acquisition, the acquiring company purchases its controlling interest in the acquired company through a series of transactions at different time intervals. A partial step-up or step-down in basis of the acquired company's assets is recognized in the consolidated financial statements of the acquirer each time an additional interest is acquired. The purchase by the Company of the remaining 64% of Penrod was recorded at the price paid at the time of purchase, while the prior 36% ownership of Penrod obtained by the Company in prior transactions remained at historical cost.

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 1995 and 1994 consisted of the following (in thousands):

	1995	1994
	-----	-----
Drilling rigs and equipment . .	\$713,311	\$562,722
Marine vessels	77,795	66,729
Other	11,154	9,871
Work in progress	16,006	13,251
	-----	-----
	\$818,266	\$652,573

=====

In March 1995, the Company purchased a jackup rig located in the North Sea and simultaneously entered into a bareboat charter agreement with the seller, which is expected to terminate in February 1996. The purchase price consisted of \$12.8 million paid at closing and an additional \$13.0 million to be paid at the end of the bareboat charter period.

In November 1995, the Company purchased the remaining 50% interest in a jackup rig from its joint venture partner in Mexico. See Note 4 "Investment in Equity Affiliate." In December 1995, the Company purchased six supply vessels in two separate transactions for aggregate consideration of \$8.8 million. Four of the supply vessels acquired were previously operated under operating lease agreements. See Note 5 "Leases." The Company's additions to property and equipment for the year ended December 31, 1995 also included \$109.7 million in connection with major modifications and enhancements of rigs and vessels.

In February 1994, the Company purchased two jackup rigs located in the North Sea and simultaneously entered into bareboat charter agreements with the seller, which were terminated on December 31, 1994. The purchase price consisted of \$50.0 million paid at closing, \$4.2 million which was credited against the bareboat charter payments during the fourth quarter of 1994 and \$1.8 million paid in December 1994 upon termination of the bareboat charter contracts.

The Company's additions to property and equipment for the years ended December 31, 1994 and 1993 included \$62.2 million and \$65.7 million, respectively, in connection with the construction of eight barge drilling rigs, of which four were delivered to Venezuela in March through June of 1993 and the remaining four were delivered to Venezuela in July through September of 1994. The rigs immediately commenced operations under five- year drilling contracts with Lagoven, S.A. ("Lagoven"), an affiliate of the Venezuelan national oil company. The contracts afford Lagoven the option to buy the barge drilling rigs during or at the end of the five-year contracts.

In November and December of 1994, the Company sold three of its land rigs and related equipment located in the Middle East for \$7.5 million. In June 1994, the Company completed the sale of its United States land rig operations consisting of twelve land rigs and related equipment, as well as an office building and yard, for \$15.5 million, consisting of cash, a promissory note and receivables. No significant gains or losses resulted from the 1994 land rig sales. In November 1993, the Company transferred three inactive land rigs to work in progress in connection with the construction of four barge drilling rigs which began operating in July through September of 1994 in Venezuela. The rigs had a net book value of \$6.8 million at the date of transfer to work in progress.

4. INVESTMENT IN EQUITY AFFILIATE

Investment in equity affiliate at December 31, 1994 consisted primarily of the Company's 50% interest in a joint venture that owned a jackup rig operating in the territorial waters of Mexico. In November 1995, the joint venture was effectively dissolved and the Company purchased the joint venture partner's interest in the jackup rig for total consideration of \$4.2 million. The Company's investment in the joint venture of \$6.6 million, at the date of the purchase, was reclassified to

property and equipment in the Company's consolidated balance sheet. For the years ended December 31, 1995, 1994 and 1993, the Company recorded income of \$200,000, \$700,000 and \$561,000, respectively, in Income from Equity Affiliates from its beneficial ownership in the joint venture. The Company received distributions from the joint venture of \$425,000 in 1995 and \$2.2 million in 1994, of which \$1.1 million of the 1994 distribution represented a return of capital. No distributions were received from the joint venture in 1993.

5. LEASES

The Company is obligated under leases for certain of its offices and equipment. In December 1995, the Company purchased four supply vessels which were previously operated pursuant to ten-year operating lease agreements. See Note 3 "Property and Equipment."

Rental expense relating to operating leases was \$3.1 million, \$3.3 million and \$3.7 million for the years ended December 31, 1995, 1994 and 1993, respectively. Future minimum rental payments under the Company's noncancellable operating lease obligations having initial or remaining lease terms in excess of one year are as follows: \$2.7 million in 1996; \$2.4 million in 1997; \$1.9 million in 1998; \$1.3 million in 1999; \$680,000 in 2000 and \$100,000 thereafter.

6. LONG-TERM DEBT

Long-term debt at December 31, 1995 and 1994 consists of the following (in thousands):

	1995	1994
	-----	-----
Secured term loans (non-recourse to the Company)	\$102,709	\$127,799
Secured term loans	88,544	75,417
	-----	-----
	191,253	203,216
Less current maturities	(32,052)	(40,750)
	-----	-----
Total long-term debt	\$159,201	\$162,466
	=====	=====

A subsidiary of the Company entered into two financing arrangements, totalling \$143.0 million, with a subsidiary of a Japanese corporation in connection with the construction of eight barge drilling rigs delivered to Venezuela in 1993 and 1994. The financing arrangements consist of eight secured term loans, one for each barge drilling rig. The eight secured term loans bear interest at an average fixed rate of 8.17% and are each repayable in 60 equal monthly installments of principal and interest ending in mid-1998 through the first part of 2000. The term loans are each secured by a specific barge drilling rig, which had a combined net book value of \$124.2 million at December 31, 1995, and the charter contract on each rig. The secured term loans are expected to be repaid from the cash flow generated by the eight barge drilling rigs and are without recourse to the Company.

In September 1995, the Company amended and restated its original \$100.0 million loan arrangement, which consisted of a \$60.0 million secured term loan and a \$40.0 million revolving line of credit, with a group of large international banks. The amended and restated facility is structured as a \$130.0 million, six year, revolving credit facility ("Facility"), of which \$66.0 million was drawn as of December 31, 1995. The Company incurs a 0.5% annual commitment fee on the undrawn portion of the Facility. Availability under the Facility is reduced by \$6.0 million on a semi-annual basis with the remaining outstanding balance due in October 2001. The Facility carries a floating interest rate tied to London InterBank Offered Rates ("LIBOR") for which the margin on the Facility may increase by up to 0.5% based upon the Company's debt ratio. As of December 31, 1995, the interest rate on the Facility was 7.16% per annum. The Company has entered into interest rate swap agreements with two of the lender banks that effectively change the interest rate on \$32.0 million of the outstanding Facility from a floating rate to a fixed rate of 7.48%, absent any increase in the margin level of the Facility associated with the Company's debt ratio, through October 2000. In January 1996, the Company entered into another interest rate swap agreement, effective April 1996, with one of the lender banks that effectively changes the interest rate on an additional \$16.0 million of the outstanding Facility from a floating rate to a fixed rate of 6.84%, absent any increase in the margin level of the Facility associated with the Company's debt ratio, through October 2000. The Facility is collateralized by certain of the Company's jackup rigs, which had a combined net book value of \$278.8 million at December 31, 1995. The facility requires that the Company maintain specified minimum balances of cash and working capital, maintain certain operating cash flows and not exceed a certain debt to total asset ratio, and it includes certain limitations on dividends and requires that the appraised value of the rigs securing the facility exceed the amount drawn under the facility by a specified factor.

In October 1993, the Company entered into a \$25.0 million loan agreement with a financial institution. The seven year secured term loan bears interest at a fixed rate of 7.91% per annum, repayable in 28 equal quarterly installments ending October 15, 2000. The term loan is collateralized by certain of the Company's marine transportation vessels which had a combined net book value of \$38.5 million at December 31, 1995. The loan agreement requires that the Company maintain a specified minimum tangible net worth and that the Company not exceed a certain ratio of liabilities to tangible net worth.

In December 1995, in connection with the purchase of four supply vessels that were previously leased, the Company entered into a \$4.7 million loan agreement with the seller. The five year secured term loan bears interest at a fixed rate of 7.75% per annum, repayable in 20 equal quarterly installments ending January 2001. The term loan is collateralized by the four supply vessels purchased which had a combined net book value of \$4.5 million at December 31, 1995.

In March 1994, the Company redeemed its convertible subordinated debentures consisting of \$5.1 million principal amount of 8.25% convertible subordinated debentures.

The Company maintains legally restricted cash balances with a bank as collateral for a letter of credit issued by the bank related to an insurance arrangement. These restricted cash balances aggregated \$1.3 million at December 31, 1995 and are included in prepaid expenses and other.

Maturities of long-term debt are as follows: \$32.1 million in 1996; \$34.7 million in 1997; \$29.5 million in 1998; \$23.3 million in 1999; \$5.5 million in 2000 and \$66.2 million thereafter.

7. PREFERRED STOCK

In August 1994, the Company issued a redemption notice for the 2,839,110 outstanding shares of its \$1.50 Cumulative Convertible Exchangeable Preferred Stock ("1.50 Preferred Stock"), which was also the number of shares outstanding at December 31, 1993. Holders of 2,807,147 shares of the 1.50 Preferred Stock elected to convert each of their shares into approximately 1.786 shares of the Company's common stock. Such conversion resulted in the issuance of 5,012,762 shares of the Company's common stock. Holders of the remaining 31,963 shares of the 1.50 Preferred Stock elected to redeem their shares which resulted in a cash payment of \$799,000. Dividends on the 1.50 Preferred Stock were cumulative and payable quarterly when declared at a rate of \$1.50 per annum per share.

8. STOCKHOLDERS' EQUITY

The Company's stockholders approved a one share for four shares reverse stock split of the Company's common stock at the Company's Annual Meeting of Stockholders held on May 24, 1994. All references in the financial statements to weighted average common shares outstanding, income per common share amounts and the 1994 share amounts in the table below have been restated to reflect the reverse stock split. The aggregate par value of the Company's common stock was reduced and additional paid-in capital was increased to reflect the decreased aggregate par value of the Company's common stock outstanding subsequent to the reverse stock split.

In December 1994, the Company's Board of Directors authorized the repurchase of up to \$50.0 million of the Company's common stock. As of December 31, 1995, the Company had repurchased 800,800 shares of its common stock, of which 201,400 were repurchased in December 1994 and 599,400 shares were repurchased in the first half of 1995. No shares were repurchased in the second half of 1995. Management anticipates that any future repurchases of the Company's common stock will be funded from the Company's cash flow from operations and working capital.

At the Company's Annual Meeting of Stockholders held on August 10, 1993, the Company's stockholders approved an increase in the number of authorized shares of common stock (\$.10 par value) of the Company from 62.5 million (250.0 million prior to the reverse stock split) to 125.0 million (500.0 million prior to the reverse stock split).

In March 1988, in connection with borrowings under a secured loan facility, the Company issued warrants to purchase 625,000 shares (2.5 million shares prior to the reverse stock split) at prices between \$15.00 and \$18.00 per share (\$3.75 and \$4.50 per share prior to the reverse stock split). The warrants were extinguished in October 1993 at the time the secured loans were repaid.

A summary of activity in the various stockholders' equity accounts for each of the three years in the period ended December 31, 1995 is as follows (in thousands):

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	RESTRICTED STOCK (UNEARNED COMPENSATION)	TREASURY STOCK
	SHARES	AMOUNT				
(in thousands)						
BALANCE, December 31, 1992	122,100	\$ 12,210	\$259,636	\$ (118,924)	\$ (6,546)	\$ (2)
Net income	--	--	--	16,491	--	--
Common stock issued under employee benefits plans, net	437	44	1,026	--	(55)	--
Common stock issued in acquisition	122,212	12,221	260,438	--	--	(44)
Preferred stock dividends	--	--	--	(4,260)	--	--
Amortization of unearned compensation	--	--	--	--	987	--
Reorganization adjustments	--	--	449	--	--	--
Exercise/extinguishment of options/warrants	248	25	(774)	--	--	--
BALANCE, December 31, 1993	244,997	24,500	520,775	(106,693)	(5,614)	(47)
Net income	--	--	--	37,171	--	--
Common stock issued under employee benefits plans, net	309	31	3,491	--	(941)	(2)
Preferred stock dividends	--	--	--	(2,135)	--	--
Amortization of unearned compensation	--	--	--	--	1,037	--
Conversion of preferred stock	5,013	501	69,677	--	--	--
Repurchase of common stock	--	--	--	--	--	(2)
Reverse stock split	(183,748)	(18,375)	18,375	--	--	--
BALANCE, December 31, 1994	66,571	6,657	612,318	(71,657)	(5,518)	(52)
Net income	--	--	--	48,059	--	--
Common stock issued under employee benefits plans, net	320	32	3,326	--	(857)	(1)
Repurchase of common stock	--	--	--	--	--	(7)
Amortization of unearned compensation	--	--	--	--	1,112	--
BALANCE, December 31, 1995	66,891	\$ 6,689	\$615,644	\$ (23,598)	\$ (5,263)	\$ (61)

/TABLE

Foreign currency translation adjustments, which are accumulated as a separate component of stockholders' equity, result from changes in the exchange rate of certain foreign subsidiaries which maintain their financial statements in the local currency. Translation adjustment activity was insignificant for all years presented.

On February 21, 1995, the Board of Directors of the Company adopted a shareholder rights plan and declared a dividend of one preferred share purchase right (a "Right") for each share of the Company's common stock outstanding on March 6, 1995. Each Right initially entitles its holder to purchase 1/100th of a share of the Company's Series A Junior Participating Preferred Stock for \$50.00, subject to adjustment. The Rights generally will not become exercisable until 10 days after a public announcement that a person or group has acquired 15% or more of the Company's common stock (thereby becoming an "Acquiring Person") or the commencement of a tender or exchange offer upon consummation of which such person or group would own 15% or more of the Company's common stock (the earlier of such dates being called the "Distribution Date"). Rights will be issued with all shares of the Company's common stock issued from March 6, 1995 to the Distribution Date. Until the Distribution Date, the Rights will be evidenced by the certificates representing the Company's common stock and will be transferrable only with the Company's common stock. If any person or group becomes an Acquiring Person, each Right, other than Rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter entitle its holder to purchase, at the Right's then current exercise price, shares of the Company's common stock having a market value of two times the exercise price of the Right. If, after a person or group has become an Acquiring Person, the Company is acquired in a merger or other business combination transaction or 50% or more of its assets or earning power are sold, each Right (other than Rights owned by an Acquiring Person which will have become void) will entitle its holder to purchase, at the Rights then current exercise price, that number of shares of common stock of the person with whom the Company has engaged in the foregoing transaction (or its parent) which at the time of such transaction will have a market value of two times the exercise price of the Right. After any person or group has become an Acquiring Person, the Company's Board of Directors may, under certain circumstances, exchange each Right (other than Rights of the Acquiring Person) for shares of the Company's common stock having a value equal to the difference between the market value of the shares of the Company's common stock receivable upon exercise of the Right and the exercise price of the Right. The Company will generally be entitled to redeem the Rights for \$.01 per Right at any time until 10 days after a public announcement that a 15% position has been acquired. The Rights expire on February 21, 2005.

9. EMPLOYEE BENEFIT PLANS

EMPLOYEE STOCK OPTIONS

The Company has an employee stock option plan as part of the ENSCO Incentive Plan (the "Incentive Plan"). The maximum number of shares with respect to which awards may be made pursuant to the Incentive Plan is 6.3 million. Of the 6.3 million shares, a minimum of 625,000 are reserved for issuance of incentive stock grants and a minimum of 625,000 are reserved for issuance as profit sharing grants.

The exercise price of stock options under the Incentive Plan is the fair market value of the stock at the date the option is granted. Accordingly, no compensation expense is recognized by the Company with respect to such grants. Non-qualified options are generally exercisable one year after grant. Incentive stock options generally become exercisable in 25% increments over a four-year period. To the extent not exercised, options expire generally on the fifth anniversary of the date of grant.

A summary of stock option transactions, restated for the reverse stock split, under the Incentive Plan is as follows (in thousands, except per share amounts):

Outstanding December 31, 1992	1,046
Granted (\$12.00 per share)	310
Exercised (\$4.75 to \$11.00 per share)	(89)
Forfeited	(192)
Outstanding December 31, 1993	1,075
Granted (\$15.69 per share)	213
Exercised (\$4.75 to \$16.00 per share)	(244)
Forfeited	(39)
Outstanding December 31, 1994	1,005
Granted (\$16.31 per share)	512
Exercised (\$4.75 to \$15.69 per share)	(262)
Forfeited	(134)
Outstanding December 31, 1995	1,121

At December 31, 1995, 377,000 options were exercisable at prices ranging from \$4.75 to \$15.69 per share. Under the Incentive Plan, 2.3 million shares were available for grant as options or incentive grants at December 31, 1995.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation," which establishes accounting and reporting standards for various stock based compensation plans. SFAS No. 123 encourages the adoption of a fair value based method of accounting for employee stock options, but permits continued application of the accounting method prescribed by Accounting Principles Board Opinion No. 25 ("Opinion 25"), "Accounting for Stock Issued to Employees." Entities that continue to apply the provisions of Opinion 25 must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting had been applied. The Company will adopt SFAS No. 123 in 1996 and currently expects to continue to account for its employee stock options in accordance with the provisions of Opinion 25.

INCENTIVE STOCK GRANTS

Key employees, who are in a position to contribute materially to the Company's growth and development and to its long-term success, are eligible for incentive stock grants under the Incentive Plan through February 8, 1998. Shares of common stock subject to incentive grants shall vest on such a basis as determined by a committee of the Board of Directors. Through 1995, incentive stock grants for 1.2 million shares of common stock were granted, of which 637,250 were vested at December 31, 1995. During 1995, 1994 and 1993, incentive stock grants for 52,500 shares, 60,000 shares and 12,500 shares (50,000 shares prior to the reverse stock split), respectively, were granted. During 1993, 10,000 shares (40,000 shares

prior to the reverse stock split) were forfeited. The remaining outstanding incentive stock grants vest as follows: 94,750 in each of the years 1996 through 1998, 92,250 in each of the years 1999 and 2000, 11,250 in each of the years 2001 through 2004 and 5,250 in 2005. The Company charged \$1.1 million, \$1.0 million and \$1.0 million to operations in each of the years 1995, 1994 and 1993, respectively, related to incentive stock grants. The unvested portion of the incentive stock grants is classified in the Stockholders' Equity section of the consolidated balance sheet as Restricted Stock (Unearned Compensation).

SAVINGS PLAN

The Company has a profit sharing plan (the "ENSCO Savings Plan") which covers eligible employees with more than one year of service, as defined. Profit sharing contributions require Board of Directors approval and may be in cash or grants of the Company's common stock. The Company recorded profit sharing contribution provisions for the years ended December 31, 1995, 1994 and 1993 of \$1.7 million, \$1.1 million and \$500,000, respectively.

The ENSCO Savings Plan includes a 401(k) savings plan feature which allows eligible employees with more than three months of service to make tax deferred contributions to the plan. The Company makes matching contributions based on the amount of employee contributions and rates set annually by the Company's Board of Directors. Matching contributions totalled \$702,000, \$307,000 and \$64,000 in 1995, 1994 and 1993, respectively. The Company has reserved 500,000 shares of common stock for issuance as matching contributions under the ENSCO Savings Plan.

SELECT EXECUTIVE RETIREMENT PLAN

The Company implemented the Select Executive Retirement Plan (the "SERP") effective April 1, 1995 to provide a tax deferred savings plan for certain highly compensated employees whose participation in the 401(k) savings plan features of the ENSCO Savings Plan is restricted due to funding and contribution limitations of the Internal Revenue Code. The SERP is an unfunded plan and eligibility for participation is determined by the Company's Board of Directors. The contribution and Company matching provisions of the SERP are identical to the ENSCO Savings Plan, except that each participant's contributions and matching contributions under the SERP are further limited by contribution amounts, if any, under the 401(k) savings plan feature of the ENSCO Savings Plan. Matching contributions totalled \$22,000 in 1995 and the SERP liability of \$139,000 is included in Other Liabilities at December 31, 1995.

EMPLOYEE RETIREMENT PLAN

Eligible former Penrod employees participate in a noncontributory defined benefit employee retirement plan. However, the plan was frozen effective December 31, 1990. Accordingly, no additional participants may join the plan and no additional benefits have been accrued for participants subsequent to December 31, 1990. The Company's policy is to fund the plan based on the minimum funding requirements of the Employee Retirement Income Security Act of 1974 and tax considerations. The Company has recorded a plan termination liability, net of plan assets, of \$4.5 million, which is included in Other Liabilities at December 31, 1995. Management intends to terminate the plan when it is in the best financial interest of the Company

by purchasing annuities or otherwise providing for participants under the plan. Net periodic pension expense for all years presented was insignificant. The Company does not expect to incur any future charges or additional liabilities in connection with the plan prior to its termination.

EMPLOYEE STOCK PURCHASE PLAN

Under the terms of the Company's employee stock purchase plan (the "Stock Purchase Plan"), eligible employees could acquire shares of common stock through payroll deductions of not more than 10% of their base annual compensation. The price at which shares were purchased was 85% of the lower of the fair market value for such shares on the first or last day of each plan year. The Stock Purchase Plan was terminated effective June 30, 1993. For the 1993 plan year, 4,585 shares (18,340 shares prior to the reverse stock split) were sold at \$3.84 per share (\$.96 per share prior to the reverse stock split).

10. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 1993, Penrod adopted Statement of Financial Accounting Standards No. 106 ("SFAS No. 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 requires the accrual, during the year the employee renders the service, of the estimated cost of providing postretirement non-pension benefit payments. SFAS No. 106 allows recognition of the cumulative effect of the liability in the year of adoption or the amortization of the obligation over a period of up to twenty years. Penrod elected to recognize this change in accounting on the immediate recognition basis. The cumulative effect, after taxes and minority interest, on the Company resulting from Penrod's adoption of SFAS No. 106 was \$2.5 million (\$.07 per share after the reverse stock split). Effective January 1, 1994, the Company's medical plan was amended such that eligible Penrod retirees and eligible future retirees of the Company could participate in the Company's medical plan. Retirees participating in the Company's medical plan make contributions to the plan at a level that is intended to fund the cost of all retiree medical claims. The Company's current and contemplated employee benefit plans do not require the recognition of a liability for postretirement benefits under SFAS No. 106.

11. INCOME TAXES

The Company had income of \$33.2 million, \$26.8 million and \$8.2 million from its operations before income taxes in the United States and income of \$14.1 million, \$13.5 million, and \$20.2 million from its operations before income taxes in foreign countries for the years ended December 31, 1995, 1994 and 1993, respectively.

The provisions for income taxes for the years ended December 31, 1995, 1994 and 1993 are summarized as follows (in thousands):

	1995	1994	1993
	-----	-----	-----
Current:			
Federal	\$ 1,340	\$ 1,047	\$ 495
Foreign	2,488	3,591	1,898
Total current	3,828	4,638	2,393
Deferred:			
Federal	900	(650)	--
Foreign	5,169	2,771	3,100
Total deferred	6,069	2,121	3,100
Effect of enacted rate change on pre quasi-reorganization net operating loss carryforwards	--	--	449
Deferred tax asset valuation allowance	(6,500)	(3,000)	--
Total	\$ 3,397	\$ 3,759	\$ 5,942

Deferred income tax assets (liabilities) as of December 31, 1995 and 1994 are summarized as follows (in thousands):

	1995	1994
	-----	-----
Deferred income tax benefits:		
Net operating loss carryforwards	\$ 84,884	\$104,151
Liabilities not deductible for tax purposes	3,382	3,251
Safe harbor leases	5,805	6,474
Investment tax credit carryforward	2,683	3,584
Unfunded pension liability	1,560	1,785
Other	3,651	2,743
Gross deferred tax assets	101,965	121,988
Less: Valuation allowance	(9,972)	(47,936)
Deferred tax assets, net of valuation allowance	91,993	74,052
Deferred tax liabilities:		
Property	(100,380)	(92,477)
Tax gain recognized on transfer of assets	(587)	(4,052)
Other	(1,863)	(638)
Gross deferred tax liabilities	(102,830)	(97,167)
Net deferred tax liabilities	\$ (10,837)	\$(23,115)
Net current deferred tax asset (liability)	\$ 9,663	\$ (126)
Net noncurrent deferred tax asset	6,300	--
Net noncurrent deferred tax liability	(26,800)	(22,989)
Net deferred tax liability	\$ (10,837)	\$(23,115)

/TABLE

The valuation allowance decreased by \$38.0 million in 1995, of which \$13.3 million was recorded as an adjustment to goodwill, and by \$13.7 million in 1994, of which \$1.6 million was recorded as an adjustment to goodwill, due to the expected utilization of net operating losses that were previously projected to expire unutilized. As of December 31, 1995, the Company expects to realize the full benefit of all of the net operating loss carryforwards of Penrod that originated prior to the Penrod Acquisition. Any future adjustments to the valuation allowance related to the projected utilization or nonutilization of the net operating loss carryforwards of Penrod that originated prior to the Penrod Acquisition will be allocated to goodwill.

The consolidated effective income tax rate for the years ended December 31, 1995, 1994 and 1993 differs from the United States statutory income tax rate as follows:

	1995	1994	1993
	-----	-----	-----
Statutory income tax rate	35.0%	35.0%	35.0%
Utilization of net operating loss carryforwards	(26.7)	(30.3)	(9.4)
Change in valuation allowance	(13.7)	(7.4)	-
Foreign taxes	7.8	9.8	(7.2)
Alternative minimum tax	2.8	2.6	-
Enacted future rate change	-	-	1.6
Other	2.0	(0.4)	1.0
Effective income tax rate	7.2%	9.3%	21.0%

At December 31, 1995, the Company had regular and alternative minimum tax net operating loss carryforwards of approximately \$236.0 million and \$166.2 million, respectively, and investment tax credit and minimum tax credit carryforwards of \$2.7 million and \$1.5 million, respectively. If not utilized, the regular and alternative minimum tax net operating loss carryforwards expire from 1999 through 2007, and the investment tax credit carryforwards expire from 1996 through 2000. The minimum tax credit carryforwards do not expire. As a result of the Penrod Acquisition, the utilization of a portion of the Company's net operating loss carryforwards are subject to limitations imposed by the Internal Revenue Code of 1986. However, the Company does not expect such limitations to have an effect upon its ability to utilize its net operating loss carryforwards.

It is the policy of the Company to consider that income generated in foreign subsidiaries is permanently invested. A significant portion of the Company's undistributed foreign earnings at December 31, 1995 were generated by controlled foreign corporations. A portion of the undistributed foreign earnings were taxed, for U.S. tax purposes, in the year that such earnings arose. Upon distribution of foreign earnings in the form of dividends or otherwise, the Company may be subject to additional U.S. income taxes. However, deferred taxes related to the future remittance of these funds are not expected to be significant to the financial statements of the Company.

12. COMMITMENTS AND CONTINGENCIES

Prior to October 1990, Penrod was self-insured for the majority of its maritime claims exposure. During the period from October 1990 to the August 1993 acquisition date, Penrod had insurance coverage which limited its maritime claims exposure to a maximum of the \$25,000 deductible for each claim, plus a fluctuating aggregate of \$500,000 to \$1.5 million which is in excess of the \$25,000 claim deductible for each policy year. Penrod is also a defendant in lawsuits with certain of its insurers and the administrator of its self-insurance program, and personal injury and maritime liability lawsuits filed by present and former employees. Management of the Company has provided reserves for such claims as it considers appropriate given the facts currently known.

On February 13, 1991, Penrod filed an action against TransAmerican Natural Gas Corporation ("TransAmerican") which is presently pending in the U.S. District Court Southern District of Texas, Houston Division, seeking damages for breach of contract. On August 21, 1991, TransAmerican filed an action against Penrod in the 133rd Judicial District Court, Harris County, Texas, seeking damages for breach of contract and tort claims. Management of the Company believes that the outcome of this litigation will be favorable to the Company.

At December 31, 1995, there were no other contingencies, claims, or lawsuits against the Company which, in the opinion of management, would have a material effect on its financial condition or results of operations.

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.

13. SEGMENT INFORMATION

Contract drilling and marine transportation are the Company's operating segments. The Company's contract drilling segment is currently comprised of 24 offshore jackup rigs, of which 18 are located in the U.S. Gulf of Mexico and six in the North Sea, and 10 barge drilling rigs located in Venezuela. The marine transportation segment currently consists of 37 vessels, all of which are located in the U.S. Gulf of Mexico. The Company's operations are integral to the exploration, development and production of oil and gas. Business levels for the Company, and its corresponding operating results, are significantly affected by worldwide expenditures for oil and gas drilling, particularly in the U.S. Gulf of Mexico where the Company has a large concentration of its rigs and vessels. Expenditures for oil and gas drilling activity fluctuate based upon many factors, including world economic conditions, the legislative environment in the U.S. and other major countries, production levels and other activities of OPEC and other oil and gas producers and the impact that these and other events have on the current and expected future pricing of oil and natural gas.

The following shows industry segment and geographic region information for the years ended December 31, 1995, 1994 and 1993 (in thousands):

	INDUSTRY SEGMENT			TOTAL
	CONTRACT DRILLING	MARINE TRANS- PORTATION	CORPORATE & OTHER	
1995				

Revenues	\$240,775	\$ 38,339	\$ --	\$279,114
Operating income (loss)	48,022	7,848	(675)	55,195
Income from equity affiliate	200	--	--	200
Identifiable assets	649,503	66,685	105,263	821,451
Capital expenditures	135,137	7,167	926	143,230
Depreciation and amortization	52,160	5,820	410	58,390
1994				

Revenues	\$207,781	\$ 37,670	\$ --	\$245,451
Operating income (loss)	44,597	5,455	(980)	49,072
Income (loss) from equity affiliates	700	(93)	--	607
Identifiable assets	553,205	56,142	155,881	765,228
Capital expenditures	142,848	6,951	559	150,358
Depreciation and amortization	45,421	5,815	562	51,798
1993				

Revenues	\$192,120	\$ 35,290	\$ --	\$227,410
Operating income (loss)	34,921	3,458	(3,332)	35,047
Income (loss) from equity affiliates	561	(129)	--	432
Identifiable assets	532,045	59,210	89,714	680,969
Capital expenditures	79,664	1,920	212	81,796
Depreciation and amortization	34,452	5,449	1,280	41,181

/TABLE

	GEOGRAPHIC REGION					TOTAL
	NORTH AMERICA	SOUTH AMERICA	NORTH SEA	MIDDLE EAST & OTHER	CORPORATE & OTHER	
1995						
Revenues	\$157,614	\$ 61,975	\$ 59,525	\$ --	\$ --	\$279,114
Operating income (loss)	23,061	26,538	7,040	(769)	(675)	55,195
Income from equity affiliate	200	--	--	--	--	200
Identifiable assets	358,552	152,785	201,772	3,079	105,263	821,451
1994						
Revenues	\$155,118	\$ 52,532	\$ 30,635	\$ 7,166	\$ --	\$245,451
Operating income (loss)	28,838	20,954	4,868	(4,608)	(980)	49,072
Income (loss) from equity affiliates	700	--	--	(93)	--	607
Identifiable assets	330,733	163,042	104,669	10,903	155,881	765,228
1993						
Revenues	\$146,610	\$ 42,628	\$ 27,384	\$10,788	\$ --	\$227,410
Operating income (loss)	28,710	15,108	(1,364)	(4,075)	(3,332)	35,047
Income (loss) from equity affiliates	561	--	--	(129)	--	432
Identifiable assets	388,133	121,254	59,678	22,189	89,715	680,969

Identifiable assets excluded net assets of discontinued operations of \$7.9 million and \$8.3 million at December 31, 1994 and 1993, respectively.

During 1995, revenues from two customers were in excess of 10% of the Company's total revenues. Revenues from one customer were \$62.0 million, or 22% of total revenues, all of which was from the contract drilling segment. Revenues from another customer were \$34.3 million, or 12% of total revenues, all of which was from the contract drilling segment.

During 1994, revenues from two customers were in excess of 10% of the Company's total revenues. Revenues from one customer were \$48.2 million, or 20%, of total revenues, all of which was from the contract drilling segment. Revenues from another customer were \$35.1 million, or 14%, of total revenues. Of such amount, \$33.7 million was from the contract drilling segment and \$1.4 million was from the marine transportation segment.

During 1993, revenues from one customer were \$29.0 million, or 13% of total revenues, all of which was from the contract drilling segment.

14. TRANSACTIONS WITH RELATED PARTIES

During 1993, the Company recorded \$500,000 of Other Income related to fees received from a partnership, owned 42% by the Company, for management services provided by the Company.

The Company paid or accrued legal fees to a firm of which a director of the Company was a partner in 1993 totalling \$369,000. The Company has a \$675,000 note receivable from a director of the Company in connection with the sale of 168,750 shares (675,000 shares prior to the reverse stock split) of restricted common stock in 1988. The note, which may be settled at a formula price in shares of restricted stock of the Company purchased by the director, is due July 1997 and is noninterest bearing as long as the payor remains a director of the Company. At December 31, 1995 and 1994, the note was recorded as a reduction of additional paid-in capital.

15. SUPPLEMENTAL FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET INFORMATION. Accounts and notes receivable, net at December 31, 1995 and 1994 consists of the following (in thousands):

	1995	1994
	-----	-----
Trade	\$55,993	\$33,865
Other	5,268	3,396
	-----	-----
	61,261	37,261
Allowance for doubtful accounts	(465)	(782)
	-----	-----
	\$60,796	\$36,479
	=====	=====

Prepaid expenses and other at December 31, 1995 and 1994 consists of the following (in thousands):

	1995	1994
	-----	-----
Tax asset	\$ 9,663	\$ -
Prepaid expenses	6,319	5,183
Inventory	2,259	2,859
Other	4,652	9,551
	-----	-----
	\$22,893	\$17,593
	=====	=====

Accrued liabilities at December 31, 1995 and 1994 consists of the following (in thousands):

	1995	1994
	-----	-----
Operating expenses	\$14,740	\$ 8,081
Deferred purchase payment	13,000	-
Payroll	7,957	6,337
Taxes	3,592	6,157
Insurance	2,837	6,789
Other	3,694	5,859
	-----	-----
	\$45,820	\$33,223

=====

CONSOLIDATED STATEMENT OF INCOME INFORMATION. Maintenance and repairs and taxes, other than payroll and income taxes, for the years ended December 31, 1995, 1994 and 1993 are as follows (in thousands):

	1995	1994	1993
	-----	-----	-----
Maintenance and repairs	\$18,203	\$17,637	\$21,564
Taxes, other than payroll and income taxes	967	666	838

CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION. The 1995 consolidated statement of cash flows excludes noncash activities related to a deferred purchase payment on a jackup rig acquired as described in Note 3 "Property and Equipment," the transfer of the Company's investment in a joint venture to property and equipment as described in Note 4 "Investment in Equity Affiliate," the incurrence of long-term debt associated with the purchase of four supply vessels as described in Note 6 "Long-Term Debt," adjustments to goodwill as described in Note 11 "Income Taxes" and consideration received related to the sale of the Company's technical services segment as described in Note 16 "Discontinued Operations." Noncash activities in 1994, which have also been excluded from the consolidated statement of cash flows, consisted of consideration received related to the sale of the United States land rig operations as described in Note 3 "Property and Equipment," the conversion of the \$1.50 Preferred Stock into common stock of the Company as described in Note 7 "Preferred Stock" and an adjustment to goodwill as described in Note 11 "Income Taxes." Noncash activities were insignificant in 1993.

Cash paid for interest and income taxes for the years ended December 31, 1995, 1994 and 1993 is as follows (in thousands):

	1995	1994	1993
	-----	-----	-----
Interest	\$15,078	\$ 9,940	\$ 5,682
Income taxes	5,006	3,104	232

FAIR VALUE OF FINANCIAL INSTRUMENTS. The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments." The estimated fair value amounts have been determined by the Company, using available market information and appropriate valuation methodologies. However, considerable judgement is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The carrying amounts and estimated fair values at December 31, 1995 and 1994 are as follows (in thousands):

	December 31, 1995		December 31, 1994	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Short-term investments	\$ 5,000	\$ 5,000	\$ 5,869	\$ 5,862
Liabilities - long-term debt, including current maturities	191,253	191,358	203,216	200,557
Nonfinancial instruments - other liabilities	17,393	17,393	13,203	13,203
Interest rate swaps - liability position	--	408	--	--

The estimated fair values were determined as follows:

SHORT-TERM INVESTMENTS --- The estimated fair value of short-term investments is based on current interest rates for investments with similar characteristics.

LONG-TERM DEBT --- Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used to estimate fair value for debt issues.

OTHER LIABILITIES --- The estimated fair value of other liabilities is determined by discounting the expected future cash outflows relating to the other liabilities using long-term borrowing rates available to the Company.

INTEREST RATE SWAPS --- The estimated fair value of interest rate swaps is based on the difference in the present value of the floating rate future receipts and fixed rate future payments.

16. DISCONTINUED OPERATIONS

TECHNICAL SERVICES 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 sales price consisted of \$11.8 million in cash, a promissory note for \$3.6 million, a convertible promissory note for \$2.5 million and the assumption of \$1.9 million of liabilities. The promissory note and the convertible promissory note bear interest at prime and are repayable in equal annual principal installments over a five year period. Interest on the promissory note and the convertible promissory note is payable quarterly. The convertible promissory note may be exchanged, at the option of the Company, into equity of the purchaser.

As a result of the sale, the Company's financial statements have been reclassified to present the net assets and operating results of the Company's technical services operations segment as a discontinued operation. Prior years have been reclassified for comparative purposes.

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 nine months ended September 30, 1995 of \$1.1 million. Revenues from the technical services operations were \$13.4 million, \$16.5 million and \$18.8 million in 1995, 1994 and 1993, respectively.

SUPPLY OPERATIONS

In 1993, the Company completed a series of transactions that resulted in the sale of substantially all of the Company's supply business conducted by its wholly owned subsidiary ENSCO Tool and Supply Company. The Company sold substantially all of the assets of the international supply, tubular services and engineered products business lines of its supply operations segment on July 1, 1993. The sales price consisted of \$1.0 million in cash and approximately \$3.9 million in notes issued by the purchaser. The notes were repaid in full in December 1993. In a separate transaction consummated June 30, 1993, the Company sold all of the shares of capital stock of Petroil Services Corporation, ENSCO Tool and Supply (Peru) S.A. and the Egyptian American Technical Services Company owned by the Company for \$5.0 million in cash. Additionally, substantially all of the Company's remaining supply operations segment real estate was sold in 1993 for approximately \$2.4 million in cash, net of sales costs.

As a result of these transactions, the Company's financial statements have been reclassified to present the net assets and operating results of the Company's supply operations segment as a discontinued operation. Included in the 1993 Income from Discontinued Operations is a gain on the sales discussed above of \$2.1 million (which includes a provision of \$1.3 million for operations during the phase out period which began July 1, 1993) and income from operations for the six months ended June 30, 1993 of \$200,000. Revenues from the supply operations segment were \$22.2 million in 1993. Substantially all of the remaining assets and liabilities of the supply business were sold, liquidated or settled in 1994.

17. SUBSEQUENT EVENT

On January 25, 1996, the Company entered into a letter of intent with DUAL DRILLING COMPANY ("Dual") under which the Company would acquire Dual, subject to certain conditions. 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 the fleet operates in international waters, with rigs currently located offshore India, Mexico, Qatar, Indonesia and China. Under the proposed transaction, Dual's common stockholders would receive 0.625 shares of the Company's common stock for each share of Dual common stock, which would result in the issuance of approximately 9.9 million shares of the Company's common stock. The Company expects to account for the combination as a purchase acquisition. The transaction is subject to execution of definitive agreements, approval by the stockholders of Dual and requisite governmental and other approvals. Subject to the satisfaction of these conditions, closing of the transaction is expected before June 30, 1996.

18. UNAUDITED QUARTERLY FINANCIAL DATA

A summary of unaudited quarterly consolidated financial information for 1995 and 1994 is as follows (in thousands, except per share amounts):

1995 ----	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total -----
Revenues					
Contract drilling	\$53,900	\$53,949	\$61,162	\$71,764	\$240,775
Marine transportation	7,230	8,476	10,631	12,002	38,339
	61,130	62,425	71,793	83,766	279,114
Operating expenses					
Contract drilling	30,479	30,458	34,413	37,208	132,558
Marine transportation	5,616	5,706	6,066	6,014	23,402
	36,095	36,164	40,479	43,222	155,960
Operating margin	25,035	26,261	31,314	40,544	123,154
Depreciation and amortization	13,546	14,307	14,702	15,835	58,390
General and administrative	2,143	2,478	2,209	2,739	9,569
Operating income	9,346	9,476	14,403	21,970	55,195
Interest income	2,149	1,652	986	1,523	6,310
Interest expense	(4,391)	(4,104)	(3,912)	(4,157)	(16,564)
Other income	943	400	874	181	2,398
Income from continuing operations before income taxes and minority interest					
	8,047	7,424	12,351	19,517	47,339
Provision for income taxes	(39)	(145)	(1,242)	(1,971)	(3,397)
Minority interest	(602)	(596)	(508)	(473)	(2,179)
Income from continuing operations	7,406	6,683	10,601	17,073	41,763
Income from discontinued operations	216	401	5,679	--	6,296
Net income	\$ 7,622	\$ 7,084	\$16,280	\$17,073	\$ 48,059
Income per common share					
Continuing operations	\$.12	\$.11	\$.18	\$.28	\$.69
Discontinued operations . . . . .	.01	.01	.09	--	.10
\$.13 \$.12 \$.27 \$.28 \$.79					

1994 ----	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total -----
Revenues					
Contract drilling	\$52,015	\$54,048	\$48,964	\$52,754	\$207,781
Marine transportation	8,504	9,149	10,128	9,889	37,670
	60,519	63,197	59,092	62,643	245,451
Operating expenses					
Contract drilling	27,296	28,607	26,606	27,715	110,224
Marine transportation	5,400	5,736	7,441	6,528	25,105
	32,696	34,343	34,047	34,243	135,329
Operating margin	27,823	28,854	25,045	28,400	110,122
Depreciation and amortization	12,068	12,902	13,214	13,614	51,798
General and administrative	2,151	2,342	2,160	2,599	9,252
Operating income	13,604	13,610	9,671	12,187	49,072
Interest income	1,062	929	1,267	1,994	5,252
Interest expense	(2,706)	(2,609)	(3,533)	(4,529)	(13,377)
Other income (expense)	165	(653)	340	(478)	(626)
Income from continuing operations before income taxes and minority interest	12,125	11,277	7,745	9,174	40,321
Provision for income taxes	(1,175)	(1,047)	(685)	(852)	(3,759)
Minority interest	(838)	(645)	(583)	(918)	(2,984)
Income from continuing operations	10,112	9,585	6,477	7,404	33,578
Income from discontinued operations	1,285	950	296	1,062	3,593
Net income	11,397	10,535	6,773	8,466	37,171
Preferred stock dividend requirements	(1,065)	(1,065)	(5)	--	(2,135)
Income applicable to common stock	\$10,332	\$ 9,470	\$ 6,768	\$ 8,466	\$ 35,036
Income per common share					
Continuing operations	\$.16	\$.15	\$.11	\$.12	\$.55
Discontinued operations . . . . .	.02	.02	.01	.02	.06
	\$.18	\$.17	\$.12	\$.14	\$.61

The first and second quarter results for 1995 and also the 1994 results for all periods were reclassified to reflect the accounting for the technical services operation as a discontinued operation. The effect of this change had no impact upon net income, income applicable to common stock or income per common share. See Note 16 "Discontinued Operations."

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

PART III

Item 10. Directors and Executive Officers, Item 11. Executive Compensation, Item 12. Security Ownership of Certain Beneficial Owners and Management, and Item 13. Certain Relationships and Related Transactions

Certain information regarding the executive officers of the Company has been presented in "Executive Officers of the Registrant" as included in "Item 1. Business."

Pursuant to General Instruction G(3), the additional information required by these items is hereby incorporated by reference to the Company's definitive proxy statement, which involves the election of directors and will be filed with the Commission not later than 120 days after the end of the fiscal year ended December 31, 1995.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES AND EXHIBITS FILED AS PART OF THIS REPORT:

(1) Financial Statements of ENSCO International Incorporated	Page
Report of Independent Accountants - Price Waterhouse LLP	23
Consolidated Balance Sheet	24
Consolidated Statement of Income	25
Consolidated Statement of Cash Flows	26
Notes to Consolidated Financial Statements	27

(2) Exhibits

The following instruments are included as exhibits to this Report. Exhibits incorporated by reference are so indicated by parenthetical information.

EXHIBIT NO.	DOCUMENT
-----	-----
* 3.1 -	Certificate of Incorporation of the Company, as amended.
3.2 -	Bylaws of the Company, as amended (incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992, File No. 1-8097).
3.3 -	Certificate of Designation of \$1.50 Cumulative Convertible Exchangeable Preferred Stock (incorporated by reference to Exhibit 3 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1988, File No. 1-8097).
4.1 -	Purchase Agreement dated March 28, 1988 among the Company, ENSCO Marine Company, Prudential-Bache Energy Growth Fund, L.P. G-2 and Prudential-Bache Energy Growth Fund, L.P. G-3 relating to \$26,000,000 aggregate principal amount of Senior Secured Notes of ENSCO Marine Company and warrants to

purchase 2,500,000 shares of the Company's Common Stock (incorporated by reference to Exhibit 4.3 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992, File No. 1-8097).

4.2 - Form of 6% Convertible Subordinated Debenture due April 15, 2003 (incorporated by reference to Exhibit 4.10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1988, File No. 1-8097).

4.3 - Form of Indenture relating to Registrant's 6% Convertible Subordinated Debentures (incorporated by reference to Exhibit 4.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1988, File No. 1-8097).

4.4 - Certificate of Designation of \$1.50 Cumulative Convertible Exchangeable Preferred Stock (as set forth in Exhibit 3.3).

- 4.5 - Form of Rights Agreement dated as of February 21, 1995 between the Company and American Stock Transfer & Trust Company, as Rights Agent, which includes as Exhibit A the Form of Certificate of Designations of Series A Junior Participating Preferred Stock of ENSCO International Incorporated, as Exhibit B the Form of Right Certificate, and as Exhibit C the Summary of Rights to Purchase Shares of

Preferred Stock of ENSCO International Incorporated (incorporated by reference to Exhibit 4 to Registrant's Current Report on Form 8-K dated February 21, 1995, File No. 1-8097).

10.1 - ENSCO Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-8097).

- 10.2 - Employee Stock Purchase Plan of the Company (incorporated by reference to Exhibit 10.5 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1988, File No. 1-8097).
- 10.3 - Restricted Stock Agreement effective as of June 10, 1987 between Morton H. Meyerson and Blocker Energy Corporation (incorporated by reference to Exhibit 10.6 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992, File No. 1-8097).
- 10.4 - Restricted Stock Agreement effective as of May 31, 1988 between Morton H. Meyerson and the Company (incorporated by reference to Exhibit 19.2 to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1988, File No. 1-8097).
- 10.5 - Termination of Pledge Agreement and Amendment of Restricted Stock Agreement, dated March 1, 1991, by and between Morton H. Meyerson and the Company (incorporated by reference to Exhibit 10.108 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-8097).
- 10.6 - First Amendment, dated March 1, 1991, to the Promissory Note dated July 19, 1988 in the original principal amount of \$675,000 between Morton H. Meyerson and the Company (incorporated by reference to Exhibit 10.109 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-8097).
- 10.7 - Lease Agreement between the Company as tenant and Freeman Ross, Ltd. as landlord for the Company's corporate office space at First Interstate Bank Tower at Fountain Place, 1445 Ross Avenue, Dallas, Texas (incorporated by reference to Exhibit 28.5 to Registrant's Quarterly Report on Form 10-Q

for the quarter ended June 30, 1990, File No. 1-8097).

- 10.8 - Supplemental Compensation Agreement, dated March 1, 1991, between Morton H. Meyerson and the Company (incorporated by reference to Exhibit 10.110 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-8097).
- 10.9 - Construction and Purchase Agreement dated as of February 3, 1992 between Nissho Iwai Hong Kong Corporation Limited as Purchaser and ENSCO Drilling Company as Contractor (incorporated by reference to Exhibit 10.21 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-8097).
- 10.10 - Sale and Financing Agreement dated as of February 3, 1992 between ENSCO Drilling Venezuela, Inc. as Purchaser and

Nissho Iwai Hong Kong Corporation Limited as Seller (incorporated by reference to Exhibit 10.22 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-8097).

10.11 - Shelf Registration Agreement by and among the Company, SOLVation Inc., Energy Management Corporation, SEGA

- Associates, L.P., Smith Factors Inc., The Summit Trust Company, as Trustee, Natural Gas Partners, L.P., The Goldman Sachs Group, L.P., Permian Equities Inc., and others dated as of May 6, 1993 (incorporated by reference to Exhibit 28.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993, File No. 1-8097).
- 10.12 - Stock Exchange Agreement by and among the Company, ENSCO Engineering Company, SOLVation Inc., Natural Gas Partners, L.P., Goldman Sachs Group, L.P., Permian Equities Inc., NGP No. I, L.P., and the Summit Trust Company, as Trustee dated as of May 6, 1993 (incorporated by reference to Exhibit 28.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993, File No. 1-8097).
- 10.13 - Loan Agreement dated October 14, 1993, by and among ENSCO Marine Company and The CIT Group/Equipment Financing, Inc. (incorporated by reference to Exhibit 10.27 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-8097).
- 10.14 - Construction and Purchase Agreement dated November 12, 1993, by and between ENSCO Drilling Company and Nissho Iwai Hong Kong Corporation Limited (incorporated by reference to Exhibit 10.28 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-8097).
- 10.15 - Sale and Financing Agreement dated November 12, 1993, by and between Nissho Iwai Hong Kong Corporation Limited and ENSCO Drilling Venezuela, Inc. (incorporated by reference to Exhibit 10.29 of the Registrant's Annual Report on Form 10-K

for the year ended December 31, 1993, File No. 1-8097).

10.16 - Credit Facility Agreement dated December 15, 1993, by and among ENSCO Offshore Company and ENSCO Offshore U.K.

Limited, as borrowers, and Christiania Bank OG Kreditkasse, London Branch, den Norske Bank A.S., New York Branch, Banque Indosuez, and Meespierson N.V., as the Banks (incorporated by reference to Exhibit 10.30 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-8097).

- 10.17 - Partial Satisfaction of Mortgage, dated November 29, 1994, between Wilmington Trust Company, as trustee for the benefit of The CIT Group/Equipment Financing, Inc., and ENSCO Marine Company (incorporated by reference to Exhibit No. 10.30 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-8097).
- 10.18 - Modification and Amendment of First Preferred Fleet Ship Mortgage, dated January 23, 1995, by ENSCO Marine Company and Wilmington Trust Company, as trustee for the benefit of The CIT Group/Equipment Financing, Inc. (incorporated by reference to Exhibit No. 10.31 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-8097).
- 10.19 - Amendment No. 1, dated November 1, 1994, to Credit Facility Agreement dated December 15, 1993 among ENSCO Offshore Company and ENSCO Offshore U.K. Limited, as borrowers, and Christiania Bank OG Kreditkasse, London Branch, den Norske Bank A.S., New York Branch, Banque Indosuez and Meespierson N.V., as the banks (incorporated by reference to Exhibit No. 10.32 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-8097).
- 10.20 - Amended and Restated Credit Facility Agreement dated September 27, 1995 by and among ENSCO Offshore Company and ENSCO Offshore U.K. Limited, as borrowers, and Christiania Bank OG Kreditkasse, New York Branch, and den Norske Bank AS, New York Branch, as the Banks (incorporated by reference to Exhibit No. 10.33 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1-8097).
- 10.21 - Amendment No. 2, dated September 27, 1995, to the First

Preferred Fleet Mortgage dated December 17, 1993, as amended, by ENSCO Offshore Company and Bankers Trust Company, as trustee for the benefit of Christiania Bank OG Kreditkasse, New York Branch, and den Norske Bank AS, New York Branch (incorporated by reference to Exhibit No. 10.34 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1-8097).

10.22 - Letter of intent dated January 25, 1996 between the Company and DUAL DRILLING COMPANY (incorporated by reference to Exhibit 99.5 to the Registrant's Current Report on Form 8-K dated January 25, 1996, File No. 1-8097).

- * 10.23 - Select Executive Retirement Plan of the Company.
- * 10.24 - Second Amendment, dated September 14, 1995, to the Promissory Note dated July 19, 1988 in the original principal amount of \$675,000 between Morton H. Meyerson and the Company.
- * 21 - Subsidiaries of the Registrant.
- * 23 - Consent of Price Waterhouse LLP.
- * 27 - Financial Data Schedule - December 31, 1995.
- * 27.1 - Financial Data Schedule - September 30, 1994 (Restated).
- * 27.2 - Financial Data Schedule - December 31, 1994 (Restated).
- * 27.3 - Financial Data Schedule - March 31, 1995 (Restated).
- * 27.4 - Financial Data Schedule - June 30, 1995 (Restated).

* Filed Herewith

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

The following is a list of all executive compensation plans and arrangements required to be filed as an exhibit to this Form 10-K:

1. ENSCO Incentive Plan, as amended (filed as Exhibit 10.1 hereto and incorporated by reference to Exhibit 10.1 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-8097).
2. Employee Stock Purchase Plan of the Company (filed as Exhibit 10.2 hereto and incorporated by reference to Exhibit 10.5 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1988, File No. 1-8097).
3. Restricted Stock Agreement effective as of June 10, 1987 between Morton H. Meyerson and the Company (filed as Exhibit 10.3 hereto and incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992, File No. 1-8097).
4. Restricted Stock Agreement effective as of May 31, 1988 between Morton H. Meyerson and the Company (filed as Exhibit 10.4 hereto and incorporated by reference to Exhibit 19.2 to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1988, File No. 1-8097).
5. Termination of Pledge Agreement and Amendment of Restricted Stock Agreement, dated March 1, 1991, by and between Morton H. Meyerson and the Company (filed as Exhibit 10.5 hereto and incorporated by reference to Exhibit 10.108 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-8097).

6. First Amendment, dated March 1, 1991, to the Promissory Note dated July 19, 1988 in the original principal amount of \$675,000 between Morton H. Meyerson and the Company (filed as Exhibit 10.6 hereto and incorporated by reference to Exhibit 10.109 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-8097).

7. Supplemental Compensation Agreement, dated March 1, 1991, between Morton H. Meyerson and the Company (filed as Exhibit 10.8 hereto and incorporated by reference to Exhibit 10.110 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-8097).

8. Select Executive Retirement Plan of the Company (filed herewith as Exhibit 10.23).

9. Second Amendment, dated September 14, 1995, to the Promissory Note dated July 19, 1988 in the original principal amount of \$675,000 between Morton H. Meyerson and the Company (filed herewith as Exhibit 10.24).

The Company will furnish to the Securities and Exchange Commission upon request, all constituent instruments defining the rights of holders of long-term debt of the Company not filed herewith as permitted by paragraph 4(iii)(A) of Item 601 of Regulation S-K.

(b) REPORTS ON FORM 8-K

No Current Reports on Form 8-K were filed by the Company during the fourth quarter of the year ended December 31, 1995.

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) and Form S-3 under the Securities Act of 1933, the undersigned registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into registrant's Registration Statements on Form S-8 Nos. 33-40282 filed May 2, 1991, 33-41294 filed June 19, 1991, 33-35862 filed July 13, 1990, 33-32447 filed December 5, 1989 and 33-14714 filed June 1, 1987 and Form S-3 Nos. 33-64642, 33-49590 filed July 13, 1992 (as amended by Amendment No. 1 filed July 31, 1992), 33-46500 filed March 18, 1992 (as amended by Amendment No. 1 filed May 7, 1992), 33-43756 filed November 12, 1991 (as amended by Amendment No. 1 filed December 19, 1991) and 33-42965 filed September 25, 1991 (as amended by Amendment No. 1 and 2 filed October 29, 1991 and November 18, 1991, respectively):

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being

registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on February 26, 1996.

ENSCO INTERNATIONAL INCORPORATED (Registrant)

By /s/ CARL F. THORNE

Carl F. Thorne
Chairman, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

	SIGNATURES	TITLE	DATE
/S/	CARL F. THORNE Carl F. Thorne	Chairman, President, Chief Executive Officer and Director	
/S/	RICHARD A. WILSON Richard A. Wilson	Senior Vice President, Chief Operating Officer and Director	
/S/	C. CHRISTOPHER GAUT C. Christopher Gaut	Vice President and Chief Financial Officer	
/S/	H. E. MALONE H. E. Malone	Vice President, Chief Accounting Officer and Controller	
/S/	CRAIG I. FIELDS Craig I. Fields	Director	
/S/	ORVILLE D. GAITHER, SR. Orville D. Gaither, Sr.	Director	February 26, 1996
/S/	GERALD W. HADDOCK Gerald W. Haddock	Director	
/S/	DILLARD S. HAMMETT Dillard S. Hammett	Director	
/S/	THOMAS L. KELLY, II Thomas L. Kelly, II	Director	
/S/	MORTON H. MEYERSON	Director	

Morton H. Meyerson

EXHIBIT NO. 3.1

State of Delaware

OFFICE OF THE SECRETARY OF STATE

**I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO
HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE
OF AMENDMENT OF "ENSCO INTERNATIONAL INCORPORATED", FILED IN THIS OFFICE ON
THE TWENTY-EIGHTH DAY OF DECEMBER, A.D. 1995, AT 11:40 O'CLOCK A.M.**

**A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW
CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.**

[S E A L]

/S/ EDWARD J. FREEL, SECRETARY OF STATE

Edward J. Freel, Secretary of State

2134970 8100

AUTHENTICATION: 7770376

950310315

DATE: 12-28-95

ENSCO INTERNATIONAL INCORPORATED

CERTIFICATE OF AMENDMENT

TO

CERTIFICATE OF INCORPORATION

Pursuant to Section 242 of the General Corporation Law of the State of Delaware

ENSCO International Incorporated, a corporation duly organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Company"), does HEREBY CERTIFY:

FIRST: That at a duly called meeting of the Board of Directors held on February 21, 1995, the Board of Directors adopted resolutions setting forth proposed amendments to the Certificate of Incorporation of the Company declaring said amendments to be advisable and directing that the proposed amendments be submitted to the stockholders of the Company for their consideration at the next annual meeting of the stockholders. Said resolutions as adopted by the Board of Directors proposed that the Company's Certificate of Incorporation be amended to eliminate the Board of Directors' authorization to issue Convertible Common Stock. The resolutions setting forth the proposed amendment are as follows:

RESOLVED, that subject to the approval of the Company's stockholders, it is advisable that Article Four, Section A of the Certificate of Incorporation of the Company be amended and restated to read as follows:

"A. COMMON SHARES.

Common Shares, upon issuance, shall be fully paid and non-accessible. Such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors may be declared and paid on the Common Shares from time to time out of any funds legally available therefor. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the corporation, the remaining assets and funds of the corporation available for distribution to the holders of Common Shares shall be distributed to holders of the Common Shares according to their respective shares.

COMMON STOCK.

The Board of Directors of the corporation is hereby expressly vested with authority to issue 125,000,000 shares of Common Stock, par value \$.10 per share."

; and further

BE IT RESOLVED, that any officer of the Company be, and each hereby is authorized, empowered and directed to take any action necessary or proper to submit the foregoing proposed amendment to the Certificate of Incorporation to the stockholders of the Company for their consideration and approval at the next annual meeting of stockholders; and further

BE IT RESOLVED, that upon approval by the stockholders of the proposed amendment to the Certificate of Incorporation of the Company, that any officer of the Company be, and each hereby is, authorized, empowered and directed to execute and cause to be filed an amendment to the Certificate of Incorporation of the Company with the Delaware Secretary of State.

SECOND: That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of the Company was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of said amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, ENSCO International Incorporated has caused this Certificate to be signed by C. Christopher Gaut, its Vice-President and Chief Financial Officer, and attested by Robert O. Isaac, its Assistant Secretary.

ENSCO INTERNATIONAL INCORPORATED

By: /S/ C. CHRISTOPHER GAUT

C. Christopher Gaut
Vice-President and Chief
Financial Officer

ATTEST:

By: /S/ ROBERT O. ISAAC

Robert O. Isaac

Assistant Secretary

EXHIBIT NO. 10.23

**ENERGY SERVICE COMPANY, INC.
SELECT EXECUTIVE RETIREMENT PLAN**

This Select Executive Retirement Plan (the "Plan") is made and entered into by Energy Service Company, Inc., a Delaware corporation (the "Company") this 27th day of February 1995, effective as of April 1, 1995.

ARTICLE I

PURPOSE; FINANCING PLAN BENEFITS

1.1 Purpose. The purpose of this Plan is to provide a select group of management or highly compensated Employees of the Company and any Employer who, with the consent of the Company, adopts this Plan with certain nonqualified deferred compensation benefits as described herein. The Employer intends that the Plan shall constitute an "unfunded plan" for purposes of the Code and Title I of ERISA, as amended, and that any Participant or Beneficiary shall have the status of an unsecured general creditor of the Employer as to the Plan and any trust fund that may be established by the Employer, or asset identified specifically by the Employer, as a reserve for the discharge of its obligations under the Plan.

1.2 Financing Plan Benefits. All Benefits under this Plan shall be paid or provided directly by the Employer. Such Benefits shall be general obligations of the Employer which shall not require the segregation of any funds or property therefor. Notwithstanding the foregoing, in the discretion of the Employer, the Employer's obligations hereunder may be satisfied from a grantor trust established by the Employer, the terms of which will be substantially similar to the terms of the model trust issued by the Internal Revenue Service in Revenue Procedure 92-64, from an escrow account established at a bank or trust company, or from an insurance contract or contracts owned by the Employer. The assets of any such trust, escrow account and any such insurance policy shall continue for all purposes to be a part of the general funds of the Employer, shall be considered solely a means to assist the Employer to meet its contractual obligations under this Plan and shall not create a funded account or security interest for the benefit of any Participant under this Plan. All such assets shall be subject to the claims of the general creditors of the Employer in the event the Employer is Insolvent. If a single trust or other funding vehicle is established as a reserve for the obligations hereunder of more than one Employer, the assets of any such trust or funding vehicle shall, to the extent attributable to contributions made by a particular Employer, be subject to the claims of the general creditors of that Employer in the event such Employer is Insolvent, and each Employer will be treated as a separate grantor to the extent of its participation in any trust so established. To the extent that any person acquires a right to receive a payment from an Employer under the Plan, such right shall be no greater than the right of any unsecured general creditor of that Employer. If a trust is established as provided for in this Section 1.2, earnings and/or losses of the trust attributable to amounts credited to a Participant's Account shall increase or, if applicable, decrease such Participant's Account for purposes of determining the Participant's Benefits payable hereunder.

ARTICLE II

DEFINITIONS

The following words and phrases when used in this Plan shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- 2.1 **ACCOUNT** means the separate bookkeeping account established with respect to each Participant to which his Benefits are credited in accordance with Article IV hereof.
- 2.2 **ADMINISTRATOR** means the Board, except to the extent that the Board has appointed another person or persons to serve as the Administrator with respect to the Plan.
- 2.3 **AFFILIATED COMPANY** means the Company and other entity that is, along with the Company, a member of the same controlled group of trades or business [as defined in section 414(b) or (c) of the Code] as the Company.
- 2.4 **ANNIVERSARY DATE** means December 31, 1995 and each following December 31 during the term of this Agreement.
- 2.5 **BENEFICIARY** means the person designated in writing by a Participant pursuant to Section 5.4 to receive his Benefits in the event of his death.
- 2.6 **BENEFITS** mean amounts representing Participant's Deferred Compensation Elections described in Section 4.1, and the vested portion of Employer Contributions described in Section 4.3 credited to each Participant's Account, plus earnings thereon and less losses allocable thereto, if any, attributable to the investment of such amounts, if applicable pursuant to Section 1.2 hereof.
- 2.7 **BOARD** means the Board of Directors of the Company, or any committee of the Board authorized to act on its behalf.
- 2.8 **CODE** means the Internal Revenue Code of 1986, as amended.
- 2.9 **COMPENSATION** means amounts paid to a Participant by the Employer as base salary.
- 2.10 **DEFERRED COMPENSATION** means the amount credited to a Participant's Account pursuant to a Participant's Deferred Compensation Elections in accordance with Section 4.1 hereof.
- 2.11 **DEFERRED COMPENSATION ELECTION** means the election by a Participant to defer his Compensation in accordance with Section 4.1.
- 2.12 **DEFERRED COMPENSATION/PARTICIPATION AGREEMENT** means the individual agreement executed by each Participant under the Plan pursuant to which the Participant designates a Beneficiary and makes his Deferred Contribution Election.
- 2.13 **DISABILITY** means a Participant's disability which, in the opinion of a physician approved by the Administrator, renders the Participant unable to perform his normal duties for the Employer.

2.14 ELIGIBLE EMPLOYEE means an Employee who is selected by the Board pursuant to Section 3.1 hereof as eligible to participate in the Plan.

2.15 EMPLOYEE means any person employed by an Employer who is on the Employer's U.S. dollar payroll.

2.16 EMPLOYER means the Company and any other Affiliated Company, with respect to its Employees, provided that the governing body of each such Affiliated Company adopts the Plan on behalf of its Employees and authorizes the execution of an agreement to participate in the Plan.

2.17 EMPLOYER CONTRIBUTIONS means amounts credited to a Participant's Account pursuant to Section 4.3 hereof.

2.18 ERISA means the Employee Retirement Income Security Act of 1974, as amended.

2.19 INSOLVENT means, with respect to each Employer, such Employer being unable to pay its debts as they mature or being subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

2.20 NORMAL RETIREMENT AGE means the date a Participant attains age 65.

2.21 PARTICIPANT means an Eligible Employee who has elected to participate in the Plan by executing a Deferred Compensation/Participation Agreement in accordance with Section 4.1 hereof.

2.22 PERIOD OF SERVICE means, for each Employee eligible to participate in the Plan on and after April 1, 1995, the period commencing April 1, 1995 and ending December 31, 1995 and thereafter, the twelve-month period ending each December 31. For an Employee who first becomes eligible to participate in the Plan after April 1, 1995, his first Period of Service shall commence on his eligibility date and shall end on the following December 31st.

2.23 YEAR OF SERVICE means each calendar year during which an Employee performs 1,000 hours of service for an Affiliated Company (and any other entity, if the Employee's service with such entity would be recognized for purposes of the ENSCO Savings Plan), including all Years of Service prior to the effective date of the Plan.

ARTICLE III

ELIGIBILITY

3.1 ELIGIBILITY TO PARTICIPATE. The Board shall meet at least once prior to each Period of Service during the term of this Agreement and irrevocably specify the name of each Employee who shall be entitled to participate in the Plan for the immediately following Period of Service. In addition, the Board may meet during a Period of Service for the purpose of designating an individual who has become an Employee during that Period of Service as eligible to participate in the Plan for the remaining portion

of that Period of Service. An Employee shall be eligible to receive a benefit hereunder if such Employee has been designated as an Eligible Employee pursuant to this Section 3.1 and has entered into a Deferred Compensation/Participation Agreement with the Employer in accordance with

Section 4.1 hereof. If the Board fails to designate an Employee as eligible to participate in the Plan for a particular Period of Service and such Employee was eligible to participate in the Plan for the immediately preceding Period of Service, the Board shall notify the Employee in writing of his ineligibility to participate in the Plan as soon as administratively possible after making its decision regarding his eligibility.

3.2 CESSATION OF PARTICIPATION. A Participant will cease to be a Participant as of the earlier of (i) the date on which the Plan terminates or (ii) the date on which he ceases to be an Eligible Employee under Section 3.1.

ARTICLE IV

PARTICIPATION, PLAN BENEFITS AND VESTING

4.1 PARTICIPATION ELECTION; DEFERRED COMPENSATION ELECTIONS. On or prior to the effective date of the Plan, each Eligible Employee may elect to defer up to 14% of his Compensation otherwise payable for the remainder of the 1995 calendar year, reduced by the percentage of his Compensation that he has elected to contribute to the ENSCO Savings Plan for the 1995 calendar year. Thereafter, prior to the beginning of each Period of Service, an Eligible Employee may irrevocably elect to defer a percentage of his Compensation payable for that Period of Service by executing a Deferred Compensation/Participation Agreement in such form as the Administrator shall prescribe. Prior to each Period of Service commencing after December 31, 1995, the Board shall determine the maximum percentage of Compensation that each Eligible Employee may elect to defer for the immediately following Period of Service; provided, however, that a Participant may not elect to defer a percentage of his Compensation for any calendar year which, when aggregated with his elective salary deferrals under the ENSCO Savings Plan, would exceed 10% of his Compensation for the calendar year. Notwithstanding the preceding provisions of this Section 4.1, for the first Period of Service in which an Employee becomes eligible to participate in the Plan, the Eligible Employee may elect within 30 days after the date he is notified of his eligibility to participate in the Plan to defer Compensation (up to such maximum percentage of Compensation permitted by the Board for that Period of Service) with respect to Compensation for services performed subsequent to the election. From time to time during each Period of Service for which a Participant has executed a Deferred Compensation/Participation Agreement, the Employer will credit the amount of the Participant's Deferred Compensation to his Account. If an Eligible Employee does not execute a Deferred Compensation/Participation Agreement and elect to defer an amount of his Compensation, for a particular Period of Service in accordance with this Section 4.1, he may not participate in the Plan for that Period of Service. Thereafter, he may elect to participate in the Plan with respect to future Periods of Service, if he is then an Eligible Employee, by executing a Deferred Compensation/Participation Agreement and irrevocably electing to defer a percentage of his Compensation prior to any such future Period of Service.

4.2 PLAN BENEFITS. Subject to the vesting provisions of Section 4.4 hereof and the provisions of Article V, the Benefits to which a Participant and, if applicable, his Beneficiary shall be entitled under the Plan will consist of Deferred Compensation and Employer Contributions credited to such Participant's Account, plus earnings thereon and less losses allocable thereto, if any, attributable to the investment of such amounts pursuant to Section 1.2 hereof.

4.3 EMPLOYER CONTRIBUTIONS. For each calendar year, the Employer will credit each Participant's Account with amounts that represent Employer Contributions equal to such percentage, as determined from time to time by the Board under the ENSCO Savings Plan, of the Participant's Deferred Compensation Election for that calendar year up to 6% of the Participant's Compensation, reduced by the amount of employer matching contributions, if any, made on behalf of the Participant to the ENSCO Savings Plan for that calendar year. Amounts representing Employer Contributions shall be determined and credited to each Participant's Account after first crediting employer matching contributions to the Participant's account under the ENSCO Savings Plan. The value of Employer Contributions credited to a Participant's Account will be used, along with the Participant's Deferred Compensation, to determine his Benefits as specified herein.

4.4 VESTING. In the event of a Participant's termination of employment with the Employer, he will be entitled to receive:

(a) 100% of the portion of his Account attributable to his Deferred Compensation, including the earnings thereon if such amounts are invested pursuant to Section 1.2 hereof; and

(b) the vested portion of his Account attributable to Employer Contributions, including the earnings thereon if such amounts are invested pursuant to Section 1.2 hereof, determined as follows:

YEAR OF SERVICE -----	VESTED PERCENTAGE -----
less than 2	0
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

In addition, a Participant will become 100% vested in his Account regardless of his Years of Service upon the occurrence, while employed by an Employer, of his death or Disability, attainment of his Normal Retirement Age or termination of the Plan.

ARTICLE V

DISTRIBUTIONS

5.1 PAYMENT OF BENEFITS. The amount credited to a Participant's Account pursuant to Article IV hereof, to the extent vested pursuant to Section 4.4, shall be payable to the Participant or, if applicable, to his Beneficiary in accordance with the provisions of this Article V. If the Employer has obtained life insurance policies as a reserve for the

discharge of its obligations under the Plan, the Employer acting through its board of directors may, in its discretion, distribute any such policy to a Participant when the Participant's Benefits become payable to satisfy all or a portion of the Employer's obligation to the Participant hereunder. Unless paid earlier pursuant to Section 5.2, payment of a Participant's Benefit under the Plan shall commence in the form elected by the Participant pursuant to Section 5.3 hereof within 30 days following the Participant's death, Disability or other termination of employment with the Employer.

5.2 TIMING OF CERTAIN PAYMENTS. Notwithstanding any other provision of this Agreement to the contrary, the Board shall have the right to pay Benefits to Participants prior to the time such Benefits otherwise would be payable hereunder if the Board in good faith determines that either of the following conditions or events has occurred:

(a) A change in circumstances relating to the operation of the Plan or the taxation of Participants, arising from a change in the federal or applicable state tax or revenue laws, a published ruling or similar announcement by the Internal Revenue Service, a regulation issued by the Secretary of the Treasury, a change in securities laws or regulations, the issuance of an advisory opinion, regulation or other published position by the Department of Labor, or a change in accounting requirements which causes (i) Participants to be taxable on their Benefits prior to the time Benefits otherwise would be payable hereunder, (ii) the Plan to be considered as funded for purposes of Title I of ERISA, or (iii) a material change regarding the tax or financial accounting consequences of maintaining the Plan to the Employer.

(b) An unforeseeable emergency of the Participant. An unforeseeable emergency is a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent (as defined in Section 152(a) of the Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. An unforeseeable emergency will not exist, however, if the emergency may be relieved through reimbursement or compensation by insurance or otherwise, or by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause a severe financial hardship. In addition, an unforeseeable emergency will not exist, as a result of the Participant's need to send a child to college or desire to purchase a home. The amount distributed to a Participant on account of an unforeseeable emergency may not exceed the amount reasonably necessary to satisfy such emergency.

5.3 FORM OF PAYMENT. Each Participant may elect on his Deferred Compensation/Participation Agreement whether his Benefits will be paid in the form of a single sum payment or substantially equal monthly installments over a period of 60 months. Such election may not be changed by the Participant during the one-year period ending on the date on which payment of his Benefits commence or at any time thereafter. If a Participant has not elected a form of payment for his Benefits pursuant to this Section 5.3, the Participant's Benefits will be paid in a single sum payment. If such Participant is receiving installment payments hereunder

and dies prior to the payment of all monthly installments, the remaining portion of the Participant's Benefits will continue to be paid in monthly installments to his Beneficiary for the remaining installment period in the same amount and manner as they would have been paid to the Participant.

5.4 DESIGNATION OF BENEFICIARY. Each Participant must designate a Beneficiary to receive his Benefits in the event of his death, by completing his Deferred Compensation/Participation Agreement and filing it with the Administrator. The Administrator will recognize the most recent written Beneficiary designation on file prior to a Participant's death. If a designated Beneficiary is not living at the time of the Participant's death, then the Administrator will pay Participant's Benefits to the Participant's personal representative, executor, or administrator, as specified by the appropriate legal jurisdiction. Any such payment to the Participant's Beneficiary or, if applicable, to his personal representative, executor or administrator shall operate as a complete discharge of all obligations of the Administrator and the Employer to the extent of the payment so made.

ARTICLE VI

PLAN ADMINISTRATION

6.1 AUTHORITY OF THE ADMINISTRATOR. The Administrator shall have full power and authority to interpret, construe and administer the Plan. The Administrator's interpretation and construction hereof, and actions hereunder, including any determination of the amount or recipient of any payment to be made under the Plan, shall be binding and conclusive on all persons and for all purposes. In addition, the Administrator may employ attorneys, accountants, and other professional advisors to assist the Administrator in its administration of the Plan. The Company shall pay the reasonable fees of any such advisor employed by the Administrator. To the extent permitted by law, the Administrator, any member of the Board and any employee of an Employer shall not be liable to any person for any action taken or omitted in connection with the interpretation and administration of the Plan unless attributable to his own wilful misconduct or lack of good faith.

6.2 CLAIMS PROCEDURE. The Administrator shall be responsible for administering claims for Benefits under the Plan pursuant to the procedures contained in this Section 6.2.

(a) In the event that Benefits are not paid to a Participant (or to his Beneficiary in the case of the Participant's death) and such claimant believes he is entitled to receive Benefits, then a written claim must be made to the Administrator within sixty days from the date payments are refused. The Administrator will review the written claim, and if the claim is denied in whole or in part, the Administrator will provide in writing within ninety days of receipt of the claim the specific reasons for such denial, reference to the pertinent provisions of the Plan upon which the denial is based, and a description of any additional material or information necessary to perfect the claim. Such written notice will further indicate the additional steps to be taken by the claimant if a further review of the claim denial is desired, including a statement that the claimant may (i) request a review upon written application to the Administrator,

(ii) review pertinent plan documents, and (iii) submit issues and comments in writing. If notice of the denial is not furnished in accordance with the above procedure, the claim shall be deemed denied and the claimant shall be permitted to proceed with the review procedure described in paragraph (b) below. A claim will be deemed denied if the Administrator fails to take any action within the said ninety-day period.

(b) A request by the claimant for a review of the denied claim must be delivered to the Administrator within sixty days after receipt by such claimant of written notification of the denial of such claim (or the date that the claim is deemed denied). The Administrator shall, not later than sixty days after receipt of a request for a review, make a determination concerning the claim. A written statement stating the decision on review, the specific reasons for the decision, and the specific provisions of the Plan on which the decision is based shall be mailed or delivered to the claimant within such sixty day period. If the decision on review is not furnished within the appropriate time, the claim shall be deemed denied on review.

All communications from the Administrator to the claimant shall be written in a manner calculated to be understood by the claimant. All interpretations, determinations and decisions by the Administrator in respect of any matter hereunder will be final, conclusive, and binding upon the Employer, Participants, Beneficiaries, and all other persons claiming an interest in the Plan.

6.3 COST OF ADMINISTRATION. The cost of this Plan and the expenses of administering the Plan shall be paid by the Employer.

6.4 LIMITATIONS ON PLAN ADMINISTRATION. No person to whom discretionary authority is granted hereunder shall vote or act upon any matter involving his own rights, benefits or participation in the Plan.

ARTICLE VII

AMENDMENT AND TERMINATION

7.1 AMENDMENT. The Board shall have the right to amend this Plan at any time and from time to time, including a retroactive amendment. Any such amendment shall become effective upon the date stated therein, and shall be binding on all Employers then participating in the Plan, except as otherwise provided in such amendment; provided, however, that no such action shall affect any Benefit adversely to which a Participant would be entitled had his employment been terminated immediately before such amendment was effective.

7.2 TERMINATION OF THE PLAN. The Company has established this Plan with the bona fide intention and expectation that from year to year it will deem it advisable to continue it in effect. However, the Board, in its sole discretion, reserves the right to terminate the Plan in its entirety at any time; provided, however, that no such action shall affect any Benefit adversely to which a Participant would be entitled had his employment been terminated immediately before such termination was effective.

ARTICLE VIII

GENERAL PROVISIONS

8.1 RIGHTS AGAINST EMPLOYER. The Plan shall not be deemed to be a consideration for, or an inducement for, the employment of any Employee by the Employer. Nothing contained in the Plan shall be deemed to give any Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Employee at any time, without regard to the effect such discharge may have on any rights under the Plan.

8.2 ACTION TAKEN IN GOOD FAITH. To the extent permitted by ERISA, the Administrator and each employee, officer and director of an Affiliated Company who have duties and responsibilities with respect to the establishment or administration of the Plan shall be fully protected with respect to any action taken or omitted to be taken by them in good faith.

8.3 INDEMNIFICATION OF EMPLOYEES AND DIRECTORS. The Company hereby indemnifies the Administrator and each employee, officer and director of an Affiliated Company to whom responsibilities are delegated under the Plan against any and all liabilities and expenses, including attorney's fees, actually and reasonably incurred by them in connection with any threatened, pending or completed legal action or judicial or administrative proceeding to which they may be a party, or may be threatened to be made a party, by reason of any delegation of responsibilities hereunder, except with regard to any matters as to which they shall be adjudged in such action or proceeding to be liable for gross negligence or willful misconduct in connection therewith.

8.4 PAYMENT DUE AN INCOMPETENT. If the Administrator shall find that any person to whom any payment is payable under the Plan is unable to care for his affairs because of mental or physical illness, accident, or death, or is a minor, any payment due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, a child, a parent, a brother or sister or any person deemed by the Administrator, in its sole discretion, to have incurred expenses for such person otherwise entitled to payment, in such manner and proportions as the Administrator may determine. Any such payment shall be a complete discharge of the liabilities of the Employer under this Plan, and the Employer shall have no further obligation to see to the application of any money so paid.

8.5 SPENDTHRIFT CLAUSE. No right, title or interest of any kind in the Plan shall be transferable or assignable by any Participant or Beneficiary or be subject to alienation, anticipation, encumbrance, garnishment, attachment, execution or levy of any kind, whether voluntary or involuntary, nor subject to the debts, contracts, liabilities, engagements, or torts of the Participant or Beneficiary. Any attempt to alienate, anticipate, encumber, sell, transfer, assign, pledge, garnish, attach or otherwise subject to legal or equitable process or encumber or dispose of any interest in the Plan shall be void.

8.6 SEVERABILITY. In the event that any provision of this Plan shall be declared illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions of this Plan but shall be fully severable and this Plan shall be construed and enforced as if said illegal or invalid provision had never been inserted herein.

8.7 CONSTRUCTION. The article and section headings and numbers are included only for convenience of reference and are not to be taken as limiting or extending the meaning of any of the terms and provisions of this Plan. Whenever appropriate, words used in the singular shall include the plural or the plural may be read as the singular. When used herein, the masculine gender includes the feminine gender.

8.8 GOVERNING LAW. The validity and effect of this Plan, and the rights and obligations of all persons affected hereby, shall be construed and determined in accordance with the laws of the State of Texas unless superseded by federal law.

IN WITNESS WHEREOF, the Company has caused the Plan to be executed as of the day and year first above written.

ENERGY SERVICE COMPANY, INC.

By: /S/ WILLIAM S. CHADWICK, JR.

EXHIBIT NO. 10.24

September 14, 1995

Mr. Morton H. Meyerson
Suite 400
4514 Cole Avenue
Dallas, Texas 75205

RE: Restricted Stock Agreement

Dear Mr. Meyerson:

Reference is made to that certain Restricted Stock Agreement dated May 31, 1988 by and between you and ENSCO International Incorporated (formerly Energy Service Company, Inc.), a Delaware corporation (ENSCO), as amended on March 1, 1991 (collectively, the Agreement). Under the terms of the Agreement you acquired 168,750 shares (the "Original Shares") of ENSCO common stock, par value \$.025 per share (Common Stock), subject to a right of repurchase by ENSCO upon the occurrence of certain circumstances and under certain terms and conditions. You delivered to ENSCO a promissory note dated July 19, 1988 in the aggregate principal amount of \$675,000 in payment of the purchase price for the Original Shares. Such promissory note was amended on July 19, 1988 and is referred to herein as the Promissory Note.

We have previously discussed restructuring the terms of the Agreement and the Promissory Note so that the Promissory Note is canceled and you receive shares of Common Stock (the "New Shares") equal to the difference between the value of the Original Shares on the date the Promissory Note is canceled calculated using the Formula Price (as defined in the Agreement) and the unpaid principal balance of the Promissory Note. The Agreement would be terminated and the New Shares would not be subject to any of the restrictions in the Agreement.

Based on these discussions ENSCO and you hereby agree that on the Closing Date (as defined below), you shall transfer to ENSCO all right, title and interest you have in the Original Shares and in exchange therefor ENSCO shall cancel the Promissory Note and deliver to you a stock certificate representing the New Shares. The Agreement shall be deemed terminated as of the Closing Date.

The number of New Shares shall be calculated in the following manner:

$$\text{Number of New Shares} = \frac{(168,750 \times \text{Formula Price}) - \$675,000}{\text{Market Price}}$$

Where,

Market Price = the price per share of Common Stock based on the average of the high and low sale prices of the Common Stock as reported by the American Stock Exchange, Inc. on the Closing Date.

Formula Price = the Formula Price referenced in the Agreement using the Market Price as the Trading Price (as defined in the Agreement).

The Closing Date shall be a date mutually agreed between the Company and you occurring after the date the Board of Directors of the Company approves the terms of this letter.

If the foregoing correctly sets forth our mutual agreement with respect to the foregoing, please sign at the space provided below.

Yours very truly,

ENSCO International Incorporated

/S/ CARL F. THORNE

Carl F. Thorne
Chairman and Chief Executive Officer

AGREED AND ACCEPTED

this 15th day of September, 1995.

/S/ MORTON H. MEYERSON

Morton H. Meyerson

Exhibit No. 21

SUBSIDIARIES OF THE REGISTRANT

The following list sets forth the name and jurisdiction of incorporation of each subsidiary of the Registrant (other than certain subsidiaries that, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary) and the percentage of voting securities owned by each subsidiary's immediate parent. Each such subsidiary is included in the Consolidated Financial Statements.

	Percentage of Voting Securities Owned by Registrant -----	Percentage of Voting Securities Owned by Immediate Parent -----
ENSCO Drilling Company (Delaware)	100%	
ENSCO Drilling (Caribbean), Inc. (Cayman Islands)		85%
ENSCO Drilling Venezuela, Inc. (Cayman Islands)		100%
ENSCO Engineering Company (Delaware)	100%	
ENSCO Holding Corporation (Delaware)		100%
ENSCO Delaware, Inc. (Delaware)		100%
ENSCO Offshore Company (Delaware)		100%
ENSCO Offshore U.K. Limited (U.K.)		100%
ENSCO Incorporated (Texas)	100%	
ENSCO Limited (Cayman Islands)	100%	
ENSCO Marine Company (Delaware)	100%	
ENSCO Oceanics Company (Delaware)	100%	
Petroleum Finance Corporation (Cayman Islands)		100%
ENSCO Netherlands Ltd. (Cayman Islands)		100%

ENSCO Acquisition Company (Delaware) 100%

Exhibit No. 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting parts of the Registration Statements on Form S-3 (Nos. 33- 42965, 33-46500, 33-49590, 33-43756 and 33-64642), and any existing amendments thereto, and Form S-8 (Nos. 33-14714, 33-32447, 33-35862, 33- 40282 and 33-41294) of ENSCO International Incorporated of our report for ENSCO International Incorporated dated February 2, 1996 as referenced by Item 14 (a) (1) of this Form 10-K.

PRICE WATERHOUSE LLP

Dallas, Texas

February 23, 1996

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE DECEMBER 31, 1995 FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE: YEAR

FISCAL YEAR END: DEC 31 1995

PERIOD END: DEC 31 1995

CASH: \$ 77,064

SECURITIES: 5,000

RECEIVABLES: 61,261

ALLOWANCES: 465

INVENTORY: 2,259

CURRENT ASSETS: 165,753

PP&E: 818,266

DEPRECIATION: 185,334

TOTAL ASSETS: 821,451

CURRENT LIABILITIES: 86,808

BONDS: 159,201

COMMON: 6,689

PREFERRED MANDATORY: 0

PREFERRED: 0

OTHER SE: 524,560

TOTAL LIABILITY AND EQUITY: 821,451

SALES: 0

TOTAL REVENUES: 279,114

CGS: 0

TOTAL COSTS: 155,960

OTHER EXPENSES: 67,959

LOSS PROVISION: 698

INTEREST EXPENSE: 16,564

INCOME PRETAX: 47,339

INCOME TAX: 3,397

INCOME CONTINUING: 41,763

DISCONTINUED: 6,296

EXTRAORDINARY: 0

CHANGES: 0

NET INCOME: 48,059

EPS PRIMARY: 0.79

EPS DILUTED: 0.79

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE SEPTEMBER 30, 1994 FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

RESTATED:

PERIOD TYPE: 9 MOS

FISCAL YEAR END: DEC 31 1994

PERIOD END: SEP 30 1994

CASH: \$128,917

SECURITIES: 5,869

RECEIVABLES: 49,392

ALLOWANCES: 1,040

INVENTORY: 3,633

CURRENT ASSETS: 199,492

PP&E: 666,539

DEPRECIATION: 135,255

TOTAL ASSETS: 777,290

CURRENT LIABILITIES: 80,932

BONDS: 169,528

COMMON: 6,655

PREFERRED MANDATORY: 0

PREFERRED: 0

OTHER SE: 475,352

TOTAL LIABILITY AND EQUITY: 777,290

SALES: 0

TOTAL REVENUES: 182,808

CGS: 0

TOTAL COSTS: 101,086

OTHER EXPENSES: 44,837

LOSS PROVISION: 457

INTEREST EXPENSE: 8,848

INCOME PRETAX: 31,148

INCOME TAX: 2,907

INCOME CONTINUING: 26,175

DISCONTINUED: 2,530

EXTRAORDINARY: 0

CHANGES: 0

NET INCOME: 28,705

EPS PRIMARY: 0.47

EPS DILUTED: 0.47

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE DECEMBER 31, 1994 FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

RESTATED:

PERIOD TYPE: YEAR

FISCAL YEAR END: DEC 31 1994

PERIOD END: DEC 31 1994

CASH: \$147,851

SECURITIES: 5,869

RECEIVABLES: 37,686

ALLOWANCES: 1,207

INVENTORY: 2,859

CURRENT ASSETS: 215,654

PP&E: 662,573

DEPRECIATION: 129,129

TOTAL ASSETS: 773,090

CURRENT LIABILITIES: 86,482

BONDS: 162,466

COMMON: 6,657

PREFERRED MANDATORY: 0

PREFERRED: 0

OTHER SE: 481,293

TOTAL LIABILITY AND EQUITY: 773,090

SALES: 0

TOTAL REVENUES: 245,451

CGS: 0

TOTAL COSTS: 135,329

OTHER EXPENSES: 61,050

LOSS PROVISION: 614

INTEREST EXPENSE: 13,377

INCOME PRETAX: 40,321

INCOME TAX: 3,759

INCOME CONTINUING: 33,578

DISCONTINUED: 3,593

EXTRAORDINARY: 0

CHANGES: 0

NET INCOME: 37,171

EPS PRIMARY: 0.61

EPS DILUTED: 0.61

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE MARCH 31, 1995 FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

RESTATED:

PERIOD TYPE: 3 MOS

FISCAL YEAR END: DEC 31 1995

PERIOD END: MAR 31 1995

CASH: \$119,830

SECURITIES: 5,869

RECEIVABLES: 44,479

ALLOWANCES: 1,369

INVENTORY: 3,325

CURRENT ASSETS: 190,060

PP&E: 694,224

DEPRECIATION: 142,224

TOTAL ASSETS: 768,830

CURRENT LIABILITIES: 103,692

BONDS: 148,867

COMMON: 6,658

PREFERRED MANDATORY: 0

PREFERRED: 0

OTHER SE: 482,145

TOTAL LIABILITY AND EQUITY: 768,830

SALES: 0

TOTAL REVENUES: 61,130

CGS: 0

TOTAL COSTS: 36,095

OTHER EXPENSES: 15,689

LOSS PROVISION: 90

INTEREST EXPENSE: 4,391

INCOME PRETAX: 8,047

INCOME TAX: 39

INCOME CONTINUING: 7,406

DISCONTINUED: 216

EXTRAORDINARY: 0

CHANGES: 0

NET INCOME: 7,622

EPS PRIMARY: 0.13

EPS DILUTED: 0.13

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE JUNE 30, 1995 FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

RESTATED:

PERIOD TYPE: 6 MOS

FISCAL YEAR END: DEC 31 1995

PERIOD END: JUN 30 1995

CASH: \$ 97,252

SECURITIES: 2,990

RECEIVABLES: 51,010

ALLOWANCES: 1,535

INVENTORY: 2,745

CURRENT ASSETS: 167,276

PP&E: 732,763

DEPRECIATION: 155,915

TOTAL ASSETS: 779,367

CURRENT LIABILITIES: 102,876

BONDS: 141,157

COMMON: 6,665

PREFERRED MANDATORY: 0

PREFERRED: 0

OTHER SE: 489,473

TOTAL LIABILITY AND EQUITY: 779,367

SALES: 0

TOTAL REVENUES: 123,555

CGS: 0

TOTAL COSTS: 72,259

OTHER EXPENSES: 32,474

LOSS PROVISION: 309

INTEREST EXPENSE: 8,495

INCOME PRETAX: 15,471

INCOME TAX: 184

INCOME CONTINUING: 14,089

DISCONTINUED: 617

EXTRAORDINARY: 0

CHANGES: 0

NET INCOME: 14,706

EPS PRIMARY: 0.24

EPS DILUTED: 0.24

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