ENSCO PLC

FORM 10-Q
(Quarterly Report)

Filed 11/06/97 for the Period Ending 09/30/97

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

ENSCO INTERNATIONAL INC

FORM 10-Q
(Quarterly Report)

Filed 11/6/1997 For Period Ending 9/30/1997

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1997

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 (Address of principal executive offices)	75202 - 2792 (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

There were 142,282,699 shares of Common Stock, $.10 par value, of the registrant outstanding as of October 31, 1997.

ENSCO INTERNATIONAL INCORPORATED

INDEX TO FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 1997

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of ENSCO International Incorporated

We have reviewed the accompanying consolidated balance sheet of ENSCO International Incorporated as of September 30, 1997 and the related consolidated statements of income and of cash flows for the three and nine month periods ended September 30, 1997 and 1996. This financial information is the responsibility of the Company's management.

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

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

We previously audited in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1996, and the related consolidated statements of income and of cash flows for the year then ended (not presented herein), and in our report dated January 28, 1997 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 1996, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ Price Waterhouse LLP
Price Waterhouse LLP
Dallas, Texas
October 31, 1997

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
OPERATING REVENUES	$ 223,325	$ 134,588
EXPENSES		
Operating expenses	80,391	64,801
Depreciation and amortization	27,012	23,653
General and administrative	3,555	2,768
	110,958	91,222
OPERATING INCOME	112,367	43,366
OTHER INCOME (EXPENSE)		
Interest income	1,460	1,051
Interest expense	(5,006)	(6,319)
Other, net	(105)	2,803
	(3,651)	(2,465)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	108,716	40,901
PROVISION FOR INCOME TAXES		
Current income taxes	27,940	1,937
Deferred income taxes	12,461	11,042
	40,401	12,979
MINORITY INTEREST	511	710
NET INCOME	$ 67,804	$ 27,212
NET INCOME PER COMMON SHARE	$ .48	$ .19
DIVIDENDS PER COMMON SHARE	$ .025	$ --
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	142,090	141,558

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)

(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
OPERATING REVENUES	$ 580,343	$ 316,383
EXPENSES		
Operating expenses	227,659	157,552
Depreciation and amortization	76,977	57,907
General and administrative	10,441	7,933
	315,077	223,392
OPERATING INCOME	265,266	92,991
OTHER INCOME (EXPENSE)		
Interest income	4,161	3,385
Interest expense	(15,669)	(14,755)
Other, net	55	10,525
	(11,453)	(845)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	253,813	92,146
PROVISION FOR INCOME TAXES		
Current income taxes	55,533	2,898
Deferred income taxes	39,684	23,697
	95,217	26,595
MINORITY INTEREST	2,289	2,068
NET INCOME	$ 156,307	$ 63,483
NET INCOME PER COMMON SHARE	$ 1.10	$ .49
DIVIDENDS PER COMMON SHARE	$ .025	$ --
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	141,874	129,523

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

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(IN THOUSANDS, EXCEPT FOR SHARE AMOUNTS)

	SEPTEMBER 30, 1997	DECEMBER 31, 1996
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 121,697	$ 80,698
Accounts and notes receivable, net	162,937	111,033
Prepaid expenses and other	19,210	19,668
Total current assets	303,844	211,399
PROPERTY AND EQUIPMENT, AT COST	1,387,727	1,248,873
Less accumulated depreciation	330,708	257,284
Property and equipment, net	1,057,019	991,589
OTHER ASSETS, NET	126,059	112,432
	$ 1,486,922	$ 1,315,420
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 12,032	$ 11,447
Accrued liabilities	77,890	57,490
Current maturities of long-term debt	32,778	34,943
Total current liabilities	122,700	103,880
LONG-TERM DEBT	209,259	258,635
DEFERRED INCOME TAXES	113,234	72,963
OTHER LIABILITIES	41,322	33,991
COMMITMENTS AND CONTINGENCIES	--	--
STOCKHOLDERS' EQUITY		
First preferred stock, $1 par value, 5.0 million shares authorized, none issued	--	--
Preferred stock, $1 par value, 15.0 million shares authorized, none issued	--	--
Common stock, $.10 par value, 250.0 million shares authorized, 155.1 million and 77.2 million shares issued	15,509	7,718
Additional paid-in capital	835,314	835,475
Retained earnings	224,560	71,802
Restricted stock (unearned compensation)	(7,085)	(4,929)
Cumulative translation adjustment	(1,086)	(1,086)
Treasury stock, at cost, 12.8 million and 6.3 million shares	(66,805)	(63,029)
Total stockholders' equity	1,000,407	845,951
	$ 1,486,922	$ 1,315,420

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

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

(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30, 1997	1996
OPERATING ACTIVITIES		
Net income	$ 156,307	$ 63,483
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	76,977	57,907
Deferred income tax provision	39,684	23,697
Amortization of other assets	4,714	2,729
Other	(595)	(195)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(52,409)	(12,519)
(Increase) decrease in prepaid expenses and other	(6,794)	9,615
Increase in accounts payable	585	1,546
Increase in accrued liabilities	13,494	1,868
Net cash provided by operating activities	231,963	148,131
INVESTING ACTIVITIES		
Additions to property and equipment	(140,550)	(106,288)
Proceeds from disposition of assets	1,815	3,590
Sale of short-term investments	--	5,000
Net cash acquired in Dual acquisition	--	8,529
Other	500	2,889
Net cash used by investing activities	(138,235)	(86,280)
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	--	45,000
Reduction of long-term borrowings	(51,036)	(77,061)
Pre-acquisition purchase of Dual debt	--	(18,112)
Dividends paid	(3,549)	--
Reduction in restricted cash	1,631	--
Other	225	779
Net cash used by financing activities	(52,729)	(49,394)
INCREASE IN CASH AND CASH EQUIVALENTS	40,999	12,457
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	80,698	77,064
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 121,697	$ 89,521

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - UNAUDITED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of ENSCO International Incorporated and subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles and pursuant to the rules and regulations of the Securities and Exchange Commission included in the instructions to Form 10-Q and Article 10 of Regulation S-X. The financial information included herein is unaudited but, in the opinion of management, includes all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and of cash flows for the interim periods presented.

The financial data for the three and nine month periods ended September 30, 1997 included herein have been subjected to a limited review by Price Waterhouse LLP, the registrant's independent accountants. The accompanying review report of independent accountants is not a report within the meaning of Sections 7 and 11 of the Securities Act of 1933 and the independent accountant's liability under Section 11 does not extend to it.

Results of operations for the three and nine month periods ended September 30, 1997 are not necessarily indicative of the results of operations that will be realized for the year ending December 31, 1997. It is recommended that these financial statements be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 1996 included in the Company's Annual Report filed with the Securities and Exchange Commission on Form 10-K.

NOTE 2 - ACQUISITIONS

In May 1997, the Company acquired the remaining 51% interest in a jointly owned premium jackup rig located in Southeast Asia. The Company's 49% interest in the rig was previously acquired in the acquisition of DUAL DRILLING COMPANY ("Dual") in June 1996.

NOTE 3 - LONG-TERM DEBT

On February 27, 1997, the Company amended and restated its $150.0 million revolving credit facility with a group of international banks, increasing availability under the amended and restated revolving credit facility (the "Facility") to $200.0 million and reducing the interest rate margin and the commitment fee. Availability under the Facility will be reduced by $14.0 million on a semi-annual basis beginning April 1998. The final maturity date of the Facility remains October 2001 and the Facility continues to be collateralized by the majority of the Company's jackup rigs. The covenants under the Facility are similar to the covenants that existed under the original revolving credit facility and the interest rate continues to be tied to the London InterBank Offered Rate. As of September 30, 1997, $100.0 million was outstanding and $100.0 million was available for future borrowing under the Facility. On October 20, 1997, the Company repaid $25.0 million of debt outstanding under the Facility that was not due currently.

NOTE 4 - CAPITAL

On March 3, 1997, the Board of Directors of ENSCO amended the Shareholder Rights Plan of the Company to increase the purchase price from $50.00 to $250.00 for each one one-hundredth of a share of preferred stock purchasable upon the exercise of a Right, subject to adjustment.

At the Company's annual meeting of stockholders on May 13, 1997, the stockholders approved an increase in the Company's authorized common stock from 125 million shares to 250 million shares.

In August 1997, the Company's Board of Directors approved a two-for-one stock split of the Company's common stock and declared a $.025 per share cash dividend, after giving effect to the stock split. The additional shares were issued and the cash dividends were paid on September 15, 1997. Net income per common share amounts for prior periods have been restated to give effect to the two-for-one stock split.

NOTE 5 - RELATED PARTY TRANSACTION

In January 1997, a director of the Company settled a $675,000 note payable to the Company. The note payable related to the director's purchase of 168,750 shares of restricted common stock of the Company in 1988. The note was settled through the delivery to the Company of restricted shares of the Company's common stock valued at a formula price provided for in the director's 1988 stock purchase agreement. As a result, the director retained 132,998 net shares of common stock and $238,000 cash after repayment of the note.

NOTE 6 - NEW ACCOUNTING PRONOUNCEMENTS

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share," which establishes new standards for computing and presenting earnings per share. The statement is effective for financial statements issued for periods ending after December 15, 1997, and earlier adoption is not permitted. For the quarters ended September 30, 1997 and 1996, the calculation of earnings per share in accordance with the provisions of Statement No. 128 would have resulted in basic earnings per share of $.48 and $.19 and diluted earnings per share of $.47 and $.19, for the respective periods. For the nine months ended September 30, 1997 and 1996, the calculation of earnings per share in accordance with Statement No. 128 would have resulted in basic earnings per share of $1.11 and $.49 and diluted earnings per share of $1.09 and $.48, for the respective periods.

In June 1997, the Financial Accounting Standards Board released Statement No. 130, "Reporting Comprehensive Income" and Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information." Both statements become effective for fiscal years beginning after December 15, 1997. These statements require disclosure of certain components of changes in equity and certain information about operating segments and geographic areas of operation. These statements will not have any effect on the results of operations or financial position of the Company.

NOTE 7 - SUBSEQUENT EVENTS

The Company has signed a letter of intent with Smedvig asa to acquire the West Omikron, a Marathon LeTourneau 150-88C Gorilla class jackup drilling rig. The purchase price for the rig is approximately $103.0 million. The West Omikron, which was built in 1987, is currently contracted to Phillips Petroleum Company in Norway for water injection on the Ekofisk field. ENSCO will bareboat charter the rig to Smedvig for the remaining term of the Phillips contract. The closing of the transaction is expected to occur by December 1997.

On October 15, 1997, the Company filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission. The registration statement provides for the issuance of up to $500 million of debt and/or equity securities. The proceeds from any future offering of securities under the shelf registration would be used for general corporate purposes, which may include repayment of existing debt, working capital, acquisitions, capital expenditures, and repurchase of securities of the Company.

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

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on current expectations that involve a number of risks and uncertainties that could cause actual results to differ materially from the results discussed in the forward-looking statements. Generally, forward-looking statements include words or phrases such as "management anticipates," "the Company believes," "the Company anticipates" and words and phrases of similar impact, and include but are not limited to statements regarding future operations and business environment. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The factors that could cause actual results to differ materially include, but are not limited to: (i) industry conditions and competition, (ii) the cyclical nature of the industry, (iii) worldwide expenditures for oil and gas drilling, (iv) operational risks and insurance, (v) risks associated with operating in foreign jurisdictions, (vi) environmental liabilities which may arise in the future which are not covered by insurance or indemnity, (vii) the impact of current and future laws and governmental regulation, as well as repeal or modification of the same, affecting the oil and gas industry and the Company's operations in particular, and (viii) the risks described from time to time in the Company's reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

BUSINESS ENVIRONMENT

ENSCO International Incorporated is one of the leading international providers of offshore drilling services and marine transportation services to the oil and gas industry. The Company's operations are conducted in the geographic cores of North America, Europe, Asia Pacific and South America.

Offshore drilling and marine transportation services are largely affected by the supply and demand for available equipment. Currently, nearly all actively marketed offshore rigs in the world are under contract and the demand for high quality rigs exceeds supply in most areas. Based on current industry conditions and projected capital spending levels of major oil and gas companies, the Company believes the recent trend of increasing day rates and continued high demand for offshore drilling equipment should continue for the near future.

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 those and other events have on the current and expected future pricing of oil and natural gas.

Offshore rig and marine vessel industry utilization for the three and nine months ended September 30, 1997 and 1996 are summarized below:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
INDUSTRY WIDE AVERAGES *				
Offshore Rigs				
U.S. Gulf of Mexico:				
All Rigs:				
Rigs Under Contract	168	161	167	155
Total Rigs Available	176	180	179	179
% Utilization	95%	89%	93%	87%
Jackup Rigs:				
Rigs Under Contract	125	124	125	120
Total Rigs Available	130	136	133	137
% Utilization	96%	91%	95%	88%
Platform Rigs:				
Rigs Under Contract	23	19	21	19
Total Rigs Available	28	26	26	26
% Utilization	82%	73%	81%	73%
Worldwide:				
All Rigs:				
Rigs Under Contract	605	581	596	568
Total Rigs Available	636	640	635	640
% Utilization	95%	91%	94%	89%
Jackup Rigs:				
Rigs Under Contract	364	351	361	344
Total Rigs Available	378	383	378	384
% Utilization	96%	92%	96%	90%
Platform Rigs:				
Rigs Under Contract	114	113	113	110
Total Rigs Available	125	124	123	120
% Utilization	91%	91%	92%	92%
Marine Vessels				
U.S. Gulf of Mexico:				
Vessels Under Contract	288	258	281	261
Total Vessels Available	306	274	297	278
% Utilization	94%	94%	95%	94%

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

RESULTS OF OPERATIONS

The following analysis highlights the Company's operating results for the three and nine months ended September 30, 1997 and 1996 (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
OPERATING RESULTS	1997	1996	1997	1996
Revenues	$ 223,325	$ 134,588	$ 580,343	$ 316,383
Operating margin(1)	142,934	69,787	352,684	158,831
Operating income	112,367	43,366	265,266	92,991
Other income (expense)	(3,651)	(2,465)	(11,453)	(845)
Provision for income taxes	40,401	12,979	95,217	26,595
Minority interest	511	710	2,289	2,068
Net income	67,804	27,212	156,307	63,483
REVENUES				
Contract drilling				
Jackup rigs:				
North America	$ 100,652	$ 56,670	$ 255,263	$ 134,002
Europe	48,501	22,428	120,145	63,174
Asia Pacific(2)	22,788	11,828	53,932	13,761
Total jackup rigs	171,941	90,926	429,340	210,937
Barge rigs - South America	22,150	18,145	63,235	53,232
Platform rigs(2)	5,439	9,176	20,255	10,635
Total contract drilling	199,530	118,247	512,830	274,804
Marine transportation				
AHTS(3)	5,590	4,146	15,675	11,776
Supply	15,326	10,078	43,655	24,484
Mini-supply	2,879	2,117	8,183	5,319
Total marine transportation	23,795	16,341	67,513	41,579
Total	$ 223,325	$ 134,588	$ 580,343	$ 316,383
OPERATING MARGIN(1)				
Contract drilling				
Jackup rigs:				
North America	$ 70,473	$ 31,411	$ 168,886	$ 67,870
Europe	34,010	9,837	78,899	25,858
Asia Pacific(2)	11,491	4,636	22,210	5,326
Total jackup rigs	115,974	45,884	269,995	99,054
Barge rigs - South America	11,509	11,863	36,619	34,976
Platform rigs(2)	1,681	2,328	5,667	2,837
Land rig(4)	--	798	--	752
Total contract drilling	129,164	60,873	312,281	137,619
Marine transportation				
AHTS(3)	3,023	2,096	8,605	6,100
Supply	9,046	5,789	27,179	12,678
Mini-supply	1,701	1,029	4,619	2,434
Total marine transportation	13,770	8,914	40,403	21,212
Total	$ 142,934	$ 69,787	$ 352,684	$ 158,831

(1) Defined as revenues less operating expenses, exclusive of depreciation and general and administrative expenses.
(2) The 1996 amounts for Asia Pacific and the platform rigs are comprised exclusively of operations acquired in the Dual acquisition on June 12, 1996.
(3) Anchor handling tug supply vessels.
(4) The Company sold its remaining land rig in July 1996.

The following is an analysis of certain operating information of the Company for the three and nine months ended September 30, 1997 and 1996:

	THREE MONTHS ENDED SEPTEMBER 30, 1997	THREE MONTHS ENDED SEPTEMBER 30, 1996	NINE MONTHS ENDED SEPTEMBER 30, 1997	NINE MONTHS ENDED SEPTEMBER 30, 1996
CONTRACT DRILLING				
Utilization:				
Jackup rigs:				
North America	97%	95%	96%	92%
Europe	100%	83%	100%	85%
Asia Pacific	86%	98%	76%	96%
Total jackup rigs	95%	94%	93%	91%
Barge rigs - South America	100%	99%	100%	88%
Platform rigs	56%	78%	60%	77%
Total	91%	93%	90%	89%
Average day rates:				
Jackup rigs:				
North America	$51,005	$28,422	$44,194	$26,105
Europe	87,789	46,880	73,737	45,265
Asia Pacific	40,915	25,733	37,658	25,591
Total jackup rigs	55,800	30,988	48,644	29,728
Barge rigs - South America	24,061	19,789	23,149	21,989
Platform rigs	20,954	16,612	18,394	16,375
Total	$47,224	$26,906	$40,709	$27,019
MARINE TRANSPORTATION				
Utilization:				
AHTS(1)	86%	81%	82%	80%
Supply	87%	93%	91%	91%
Mini-supply	95%	95%	97%	85%
Total	88%	92%	91%	88%
Average day rates:				
AHTS(1)	$14,098	$ 9,265	$12,305	$ 8,899
Supply	8,019	5,120	7,502	4,281
Mini-supply	4,101	3,020	3,879	2,838
Total	$ 7,905	$ 5,242	$ 7,336	$ 4,663

(1) Anchor handling tug supply vessels.

The Company's net income for the quarter ended September 30, 1997 increased to $67.8 million, $.48 per share, from $27.2 million, $.19 per share, in the prior year quarter. For the nine months ended September 30, 1997, net income increased to $156.3 million, $1.10 per share, from $63.5 million, $.49 per share, in the prior year period. These increases are due primarily to higher average day rates for the Company's drilling rigs and marine vessels over 1996 levels and the benefit from the drilling rigs acquired in the Dual acquisition in mid-June 1996.

CONTRACT DRILLING

The following is an analysis of the Company's offshore drilling rigs at September 30, 1997 and 1996:

	1997	1996
Jackup rigs:		
North America	22	23
Europe	6	6
Asia Pacific	7	5
Total jackup rigs	35	34
Barge rigs - South America	10	10
Platform rigs	8*	8*
Total	53	52

* Seven of the Company's platform rigs are located in the Gulf of Mexico and one, which is not owned but operated under a management contract, is located off the coast of China.

For the quarter ended September 30, 1997, revenues from the drilling segment were up $81.3 million, or 69%, and operating margin increased $68.3 million, or 112%, from the prior year quarter. For the nine months ended September 30, 1997, revenues were up $238.0 million, or 87%, and operating margin increased $174.7 million, or 127%, from the prior year period. The significantly improved 1997 results are primarily due to increased revenue from higher day rates offset, in part, by higher operating expenses. In general, the Company's operating expenses have increased due to rig fleet additions, higher wages, benefits and training costs for offshore rig workers, and increased oilfield equipment and materials costs. As the demand for offshore drilling services has increased, so has the demand for qualified personnel and certain oilfield supply equipment which are fundamental to the Company's operations. The Company places great importance on managing its operations efficiently in order to minimize the effects of these cost increases.

North America Jackup Rigs

For the quarter ended September 30, 1997, revenues from North America jackup rigs were up $44.0 million, or 78%, and operating margin increased by $39.1 million, or 124%, over the prior year quarter. For the nine months ended September 30, 1997, revenues were up $121.3 million, or 90%, and operating margin increased by $101.0 million, or 149%, from the prior year period. These improvements are due primarily to average day rate increases of 79% and 69% for the quarter and nine months ended September 30, 1997, respectively. The Dual acquisition in mid-June 1996 added four jackup rigs to the North America fleet. One of these jackup rigs was transferred from the Gulf of Mexico to the Asia Pacific fleet in the first quarter of 1997.

Europe Jackup Rigs

For the quarter ended September 30, 1997,revenues from Europe jackup rigs were up $26.1 million, or 116%, and operating margin increased $24.2 million, or 246%, over the prior year quarter. For the nine months ended September 30, 1997, revenues were up $57.0 million, or 90%, and operating margin increased $53.0 million, or 205%, from the prior year. These improvements are due primarily to increased average day rates of 87% and 63% for the quarter and nine months ended September 30, 1997, respectively. Also, utilization increased to 100% in the current year periods from 83% and 85% for the comparable three and nine month periods in the prior year, respectively. In the prior year, three of the Europe jackup rigs were undergoing modification and enhancement for a portion of the first nine months of 1996, including one rig that was in the shipyard for the entire third quarter.

Asia Pacific Jackup Rigs

The Asia Pacific operations were acquired in the June 1996 Dual acquisition. Subsequent to the Dual acquisition, the Company purchased an additional jackup rig located in Southeast Asia in November 1996, and relocated another jackup rig from the Gulf of Mexico to Southeast Asia in the first quarter of 1997. In May 1997, the Company completed the acquisition of the remaining 51% interest in a jointly owned jackup rig located in Southeast Asia. This rig was undergoing modification and enhancement during most of the second quarter and all of the third quarter of 1997 and is scheduled to return to work in the first part of November. During the second quarter of 1997, two of the Company's Asia Pacific jackup rigs that had previously been in the shipyard since late 1996 undergoing modification and enhancement returned to work. For the quarter ended September 30, 1997, revenues from the Asia Pacific jackup rigs were up $11.0 million, or 93%, and operating margin increased $6.9 million, or 148%, from the prior year quarter. These improvements are primarily attributable to a 59% increase in average day rates from the prior year quarter offset, in part, by a decrease in utilization, from 98% to 86%, due to shipyard downtime. For the nine months ended September 30, 1997, revenues were up $40.2 million, or 292%, and operating margin increased $16.9 million, or 317%, from the prior year period. These increases are primarily due to a full period of operations from the rigs acquired in the Dual acquisition. In the fourth quarter of 1997 the Company plans to begin major modifications to two rigs currently operating off the India coast. It is estimated that these two rigs will be in the shipyard until mid-1998.

South America Barge Rigs

Revenues from South America barge rigs were up $4.0 million, or 22%, and operating margin decreased by $0.4 million, or 3%, from the prior year quarter. The increase in revenues is mostly due to a 22% increase in average day rates. The increase in day rates results from inflation based increases that effectively reimburse the Company for cost increases, thus, resulting in the nearly level operating margin. For the nine months ended September 30, 1997, revenues were up $10.0 million, or 19%, and operating margin increased $1.6 million, or 5%, from the prior year period. The increase in revenues and operating margin is primarily due to the increase in utilization, to 100% for the nine months ended September 30, 1997 compared to 88% for the prior year period. The increase in utilization is attributable to two barge drilling rigs returning to work in May and June of 1996 that had been under modification since 1995. In addition, revenues were up due to a 5% increase in average day rates over the prior year period, principally related to the recovery of inflationary cost increases.

MARINE TRANSPORTATION

The following is an analysis of the Company's marine transportation vessels as of September 30, 1997 and 1996:

	1997	1996
AHTS *	5	6
Supply	24	23
Mini-Supply	8	8
Total	37	37

* Anchor handling tug supply vessels.

For the quarter ended September 30, 1997, revenues for the marine transportation segment were up $7.5 million, or 46%, and operating margin increased $4.9 million, or 54%, from the prior year quarter. For the nine months ended September 30, 1997, revenues were up $25.9 million, or 62%, and operating margin increased $19.2 million, or 90%, from the prior year period. The 1997 results improved significantly over the prior year periods due primarily to increased average day rates of approximately 51% and 57% for the comparable three and nine month periods, respectively. In the third quarter of 1997, one of the Company's anchor handling tug supply vessels was converted to a straight supply vessel, decreasing the number of vessels with anchor handling tug capabilities to five.

GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense increased for the quarter and nine months ended September 30, 1997 as compared to the prior year periods due primarily to personnel added in connection with the Dual acquisition and higher performance based benefit costs.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the quarter ended September 30, 1997 increased by $3.4 million, or 14%, and for the nine months ended September 30, 1997 increased by $19.1 million, or 33%, from the prior year periods. These increases are due primarily to depreciation and amortization from the drilling rigs acquired and goodwill recorded in the June 1996 Dual acquisition, additional drilling rigs acquired in November 1996 and May 1997, and major modifications and enhancements to the Company's fleet in 1996 and the first part of 1997.

OTHER INCOME (EXPENSE)

Other income (expense) for the three and nine months ended September 30, 1997 and 1996 was as follows (in thousands):

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
Interest income	$ 1,460	$ 1,051	$ 4,161	$ 3,385
Interest expense	(5,006)	(6,319)	(15,669)	(14,755)
Other, net	(105)	2,803	55	10,525
	$(3,651)	$ (2,465)	$(11,453)	$ (845)

The Company's interest income increased for the quarter and nine month periods ended September 30, 1997 over the comparable prior year periods due primarily to higher average cash balances in the current year.

Interest expense decreased for the quarter ended September 30, 1997 as compared to the prior year quarter primarily due to lower average debt balances as a result of debt repayments. Interest expense increased for the nine month period ended September 30, 1997 over the comparable prior year period due primarily to the debt that was added in June 1996 in connection with the Dual acquisition.

"Other, net" decreased for the quarter ended September 30, 1997 as compared to the prior year quarter due primarily to a $2.9 million gain recorded in the third quarter of 1996 from the sale of securities that the Company had received in the September 1995 disposition of assets of a discontinued operation. For the nine months ended September 30, 1997, "Other, net" decreased primarily due to a $6.4 million gain on a settlement with TransAmerican Natural Gas Corporation recorded in the second quarter of 1996 and the $2.9 million gain recorded in the third quarter of 1996.

PROVISION FOR INCOME TAXES

The Company's provisions for income taxes increased significantly for the three and nine months ended September 30, 1997 as compared to the prior year periods due primarily to the increased profitability of the Company and the recognition of the remaining net operating losses for financial reporting purposes in 1996.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW AND CAPITAL EXPENDITURES

The Company's cash flow from operations and capital expenditures for the nine months ended September 30, 1997 and 1996 were as follows (in thousands):

	1997	1996
Cash flow from operations	$231,963	$148,131
Capital expenditures		
Sustaining	$ 22,664	$ 10,755
Enhancements	96,210	82,262
Acquisitions	21,676	13,271
	$140,550	$106,288

Cash flow from operations increased by $83.8 million for the nine months ended September 30, 1997 as compared to the same period in the prior year. The increase in cash flow from operations is primarily a result of increased operating margin for the first nine months of 1997 offset, in part, by cash used in the net change in working capital accounts.

Management anticipates that capital expenditures for the full year 1997, excluding acquisitions, will be approximately $165.0 million to $185.0 million, represented by approximately $30.0 million to $35.0 million for existing operations and $135.0 million to $150.0 million for modifications and enhancements of rigs and vessels. In addition, the Company has signed a letter of intent with Smedvig asa to acquire the West Omikron, a Marathon LeTourneau 150-88C Gorilla class jackup drilling rig. The purchase price for the rig is approximately $103.0 million and the transaction is expected to close by December 1997. The Company may spend additional funds to acquire rigs or vessels in 1997, depending on market conditions and opportunities.

FINANCING AND CAPITAL RESOURCES

The Company's long-term debt, total capital and debt to capital ratios at September 30, 1997 and December 31, 1996 are summarized below (in thousands, except percentages):

	SEPTEMBER 30, 1997	DECEMBER 31, 1996
Long-term debt	$ 209,259	$ 258,635
Total capital	1,209,666	1,104,586
Long-term debt to total capital	17.3%	23.4%

The decrease in long-term debt is due to $51.0 million of debt repayments in the first nine months of 1997. The total capital of the Company increased due primarily to the profitability of the Company in the first nine months of 1997 offset, in part, by the $51.0 million of debt repayments in the first nine months of 1997 and dividend payments of approximately $3.5 million in the third quarter.

In September 1997, the Company paid a cash dividend on its common stock of $.025 per share, after adjustment for a two-for-one stock split which was also effected in September. This dividend was the first cash dividend ever paid on the Company's common stock. The Company currently intends to continue to pay such dividends in the foreseeable future. However, the final determination of the timing, amount and payment of dividends on the common stock is at the discretion of the Board of Directors and will depend on, among other things, the Company's profitability, liquidity, financial condition, and capital requirements.

On February 27, 1997, the Company amended and restated its $150.0 million revolving credit facility with a group of international banks, increasing availability under the amended and restated revolving credit facility (the "Facility") to $200.0 million and reducing the interest rate margin and the commitment fee. Availability under the Facility will be reduced by $14.0 million on a semi-annual basis beginning April 1998. The final maturity date of the Facility remains October 2001 and the Facility continues to be collateralized by the majority of the Company's jackup rigs. The covenants under the Facility are similar to the covenants that existed under the original revolving credit facility and the interest rate continues to be tied to the London InterBank Offered Rate. As of September 30, 1997, $100.0 million was outstanding and $100.0 million was available for future borrowing under the Facility. On October 20, 1997, the Company repaid $25.0 million of debt outstanding under the Facility that was not due currently, increasing the amount available for future borrowing to $125.0 million.

The Company's liquidity position at September 30, 1997 and December 31, 1996 is summarized in the table below (in thousands, except ratios):

	SEPTEMBER 30, 1997	DECEMBER 31, 1996
Cash and cash equivalents	$121,697	$ 80,698
Working capital	181,144	107,519
Current ratio	2.5	2.0

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.

On October 15, 1997, the Company filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission. The registration statement provides for the issuance of up to $500 million of debt and/or equity securities. The proceeds from any future offering of securities under the shelf registration would be used for general corporate purposes, which may include repayment of existing debt, working capital, acquisitions, capital expenditures, and repurchase of securities of the Company. The Company is continuing to assess market conditions and its financing options in connection with a possible offering of debt securities under the shelf registration statement.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits filed with this Report

Exhibit No.

15.1 Letter regarding unaudited interim financial information.

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

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENSCO INTERNATIONAL INCORPORATED

Date: October 31, 1997

/s/ C. Christopher Gaut

C. Christopher Gaut
Chief Financial Officer

/s/ H. E. Malone

H. E. Malone, Corporate Controller
and Chief Accounting Officer

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
15.1	Letter regarding unaudited interim financial information.
27.1	Financial Data Schedule. (Exhibit 27.1 is being submitted as an exhibit only in the electronic format of this Quarterly Report on Form 10-Q submitted to the Securities and Exchange Commission.)

EXHIBIT NO. 15.1

October 31, 1997

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

Ladies and Gentlemen:

We are aware that ENSCO International Incorporated has included our report dated October 31, 1997 (issued pursuant to the provisions of Statement on Auditing Standards No. 71) in the Company's Registration Statements on Form S-3 (Nos. 33-42965, 33-46500, 33-49590, 33-43756, 33-64642, 333-3575 and 333-37897), and any existing amendments thereto, and Form S-8 (Nos. 33-14714, 33-32447, 33-35862, 33-40282 and 33-41294). We are also aware of our responsibilities under the Securities Act of 1933.

Yours very truly,

/s/ Price Waterhouse LLP
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Dallas, Texas

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE SEPTEMBER 30, 1997 FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD END	SEP 30 1997
CASH	121,697
SECURITIES	0
RECEIVABLES	166,216
ALLOWANCES	3,279
INVENTORY	3,135
CURRENT ASSETS	303,844
PP&E	1,387,727
DEPRECIATION	330,708
TOTAL ASSETS	1,486,922
CURRENT LIABILITIES	122,700
BONDS	209,259
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	15,509
OTHER SE	984,898
TOTAL LIABILITY AND EQUITY	1,486,922
SALES	0
TOTAL REVENUES	580,343
CGS	0
TOTAL COSTS	227,659
OTHER EXPENSES	87,418
LOSS PROVISION	0
INTEREST EXPENSE	15,669
INCOME PRETAX	253,813
INCOME TAX	95,217
INCOME CONTINUING	156,307
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	156,307
EPS PRIMARY	1.10
EPS DILUTED	0

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