

ENSCO PLC

FORM 10-K/A (Amended Annual Report)

Filed 05/10/96 for the Period Ending 12/31/95

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-K/A (Amended Annual Report)

Filed 5/10/1996 For Period Ending 12/31/1995

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-K/A-2

(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.

PART II

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 were prepared in accordance with Venezuelan generally accepted accounting principles and 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 (including the conversion of the financial statements of the Venezuelan operations to U.S. generally accepted accounting principles) 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.

/s/ PRICE WATERHOUSE LLP

Dallas, Texas

February 2, 1996

To the Stockholders of ENSCO Drilling Venezuela, Inc. (Venezuelan Branch):

We have examined the statements of income and deficit and cash flows (not presented separately herein) of ENSCO DRILLING VENEZUELA, INC. (Venezuelan Branch) for the period from March 15, 1993 (start-up of operations) to December 31, 1993. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As indicated in the note 2-a, on August 9, 1991, the Venezuelan Federation of Public Accountants issued Statement of Accounting Principles No. 10 which establishes the norms for the preparation of financial statements adjusted for the effects of inflation. This statement is applicable to the years beginning after December 31, 1992. Company Management has decided not to present the supplementary financial statements adjusted for the effects of inflation for the period ended December 31, 1993, which is a requirement according to the aforementioned statement.

In our opinion, except for the matter mentioned in the preceding paragraph, the statements of income and deficit and cash flows referred to above present fairly the results of operations and cash flows of ENSCO DRILLING VENEZUELA, INC. (Venezuelan Branch) for the period from March 15, 1993 (start-up of operations) to December 31, 1993, in conformity with generally accepted accounting principles in Venezuela.

KRYGIER, MONTILLA & ASOCIADOS

/s/ JOSE G. MOROS H.

Jose G. Moros H.
C.P.C. No. 8203

February 18, 1994

To the Stockholders of ENSCO Drilling (Caribbean), Inc. (Venezuelan Branch):

We have examined the statements of income and deficit and cash flows (not presented separately herein) of ENSCO DRILLING (CARIBBEAN), INC. (Venezuelan Branch) for the year ended December 31, 1993. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As indicated in the note 2-a, on August 9, 1991, the Venezuelan Federation of Public Accountants issued Statement of Accounting Principles No. 10 which establishes the norms for the preparation of financial statements adjusted for the effects of inflation. This statement is applicable to the years beginning after December 31, 1992. Company Management has decided not to present the supplementary financial statements adjusted for the effects of inflation for the year ended December 31, 1993, which is a requirement according to the aforementioned statement.

In our opinion, except for the matter mentioned in the preceding paragraph, the statements of income and deficit and cash flows referred to above present fairly the results of operations and cash flows of ENSCO DRILLING (CARIBBEAN), INC. (Venezuelan Branch) for the year ended December 31, 1993, in conformity with generally accepted accounting principles in Venezuela applied on a consistent basis.

KRYGIER, MONTILLA & ASOCIADOS

/s/ JOSE G. MOROS H.

Jose G. Moros H.

C.P.C. No. 8203

February 18, 1994

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."

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
Report of Independent Accountants - Krygier, Montilla & Asociados	24
Report of Independent Accountants - Krygier, Montilla & Asociados	25
Consolidated Balance Sheet	26
Consolidated Statement of Income	27
Consolidated Statement of Cash Flows	28
Notes to Consolidated Financial Statements	29

(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 restated (incorporated by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-8097).
3.2 -	Certificate of Amendment to Certification of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).
3.3 -	Certificate of Amendment of Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.3 to the Registrants Annual Report on Form 10-K for the year ended December 31, 1995, as amended on May 9, 1996, File No. 1-8097).
3.4 -	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).
3.5 -	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 3.5).

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).

- 4.6 - Certificate of Designations of Series A Junior Participating Preferred Stock of the Company (incorporated by reference to Exhibit 4.6 to the Registrants Annual Report on Form 10-K for the year ended December 31, 1995, as amended on May 9, 1996, 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 Christiana 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 Christiana 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 Christiana 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 (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).

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 (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).

- 21 - Subsidiaries of the Registrant (incorporated by reference to Exhibit 21 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).
- 23 - Consent of Price Waterhouse LLP (filed herewith).
- 24 - Consent of Krygier, Montilla & Asociados (incorporated by reference to Exhibit 24 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, as amended on May 9, 1996, File No. 1-8097).
- 27 - Financial Data Schedule - December 31, 1995 (incorporated by reference to Exhibit 27 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).

27.1 - Financial Data Schedule - September 30, 1994 (Restated) (incorporated by reference to Exhibit 27.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).

27.2 - Financial Data Schedule - December 31, 1994 (Restated) (incorporated by reference to Exhibit 27.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).

27.3 - Financial Data Schedule - March 31, 1995 (Restated) (incorporated by reference to Exhibit 27.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).

27.4 - Financial Data Schedule - June 30, 1995 (Restated) (incorporated by reference to Exhibit 27.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).

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 as Exhibit 10.23 hereto and incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).

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 as Exhibit 10.24 hereto and incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995, File No. 1-8097).

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 May 10, 1996.

ENSCO INTERNATIONAL INCORPORATED (Registrant)

By /s/ C. CHRISTOPHER GAUT

C. Christopher Gaut
Vice President and
Chief Financial Officer

By /s/ H. E. MALONE

H. E. Malone
Vice President, Chief Accounting
Officer and Controller

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/A-2.

/s/ PRICE WATERHOUSE LLP

*Dallas, Texas
May 10, 1996*

End of Filing

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