ENSCO PLC

FORM 10-Q
(Quarterly Report)

Filed 07/26/04 for the Period Ending 06/30/04

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

ENSCO INTERNATIONAL INC

FORM 10-Q
(Quarterly Report)

Filed 7/26/2004 For Period Ending 6/30/2004

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

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2004

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________to ________

Commission File Number 1-8097

ENSCO International Incorporated

(Exact name of registrant as specified in its charter)

Delaware	**76-0232579**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
500 North Akard Street Suite 4300 Dallas, Texas	**75201-3331**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(214) 397-3000**

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 _X_ No ___

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes _X_ No ___

There were 151,025,844 shares of Common Stock, $0.10 par value per share, of the registrant outstanding as of July 26, 2004.

ENSCO INTERNATIONAL INCORPORATED

INDEX TO FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2004

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements by management and the Company that are subject to a number of risks and uncertainties. The forward-looking statements contained in the report are based on information as of the date of this report. The Company assumes no obligation to update these statements based on information from and after the date of this report. Generally, forward-looking statements include words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "projects," "could," "may," "might," "should," "will" and words and phrases of similar impact. The forward-looking statements include, but are not limited to, statements regarding future operations, industry trends or conditions and the business environment; statements regarding future levels of, or trends in, day rates, utilization, revenues, operating expenses, capital expenditures, financing and funding; and statements regarding future construction, enhancement or upgrade of rigs, future mobilization, relocation or other movement of rigs, and future availability or suitability of rigs. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including the following: (i) industry conditions and competition, (ii) fluctuations in the price of oil and natural gas, (iii) regional and worldwide expenditures for oil and gas drilling, (iv) demand for oil and gas, (v) operational risks, contractual indemnities and insurance, (vi) risks associated with operating in foreign jurisdictions, (vii) environmental liabilities that may arise in the future that are not covered by insurance or indemnity, (viii) the impact of current and future laws and government regulation, as well as repeal or modification of same, affecting the oil and gas industry, the environment, taxes and the Company's operations in particular, (ix) changes in costs associated with rig construction or enhancement, as well as changes in dates rigs being constructed or undergoing enhancement will enter a shipyard, be delivered from a shipyard or enter service, (x) renegotiations, nullification, or breaches of contracts with customers, vendors, subcontractors or other parties, (xi) unionization or similar collective actions by the Company's employees, (xii) consolidation among the Company's competitors or customers and (xiii) the risks described elsewhere herein and from time to time in the Company's reports to the Securities and Exchange Commission.

PART I - FINANCIAL INFORMATION

Item 1. ***Financial Statements***

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
ENSCO International Incorporated:

We have reviewed the accompanying condensed consolidated balance sheet of ENSCO International Incorporated and subsidiaries (the Company), as of June 30, 2004, the related condensed consolidated statements of income for the three-month and six-month periods ended June 30, 2004 and 2003, and the related condensed consolidated statement of cash flows for the six-month period ended June 30, 2004 and 2003. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company

Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Dallas, Texas
July 19, 2004

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended June 30, 2004	2003
OPERATING REVENUES	$181.4	$194.3
OPERATING EXPENSES		
Contract drilling	107.0	109.0
Depreciation and amortization	36.0	32.6
General and administrative	7.4	4.8
	150.4	146.4
OPERATING INCOME	31.0	47.9
OTHER INCOME (EXPENSE)		
Interest income	.8	.9
Interest expense, net	(9.7)	(9.1)
Other, net	1.0	(1.4)
	(7.9)	(9.6)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	23.1	38.3
PROVISION FOR INCOME TAXES		
Current income tax expense	2.0	1.5
Deferred income tax expense	3.1	9.4
	5.1	10.9

INCOME FROM CONTINUING OPERATIONS	18.0	27.4
DISCONTINUED OPERATIONS		
Loss from discontinued operations, net	(.5)	(.4)
Gain on disposal of discontinued operations, net	--	4.1
	(.5)	3.7
NET INCOME	$ 17.5	$ 31.1
EARNINGS (LOSS) PER SHARE - BASIC		
Continuing operations	$ .12	$ .18
Discontinued operations	(.00)	.03
	$ .12	$ .21
EARNINGS (LOSS) PER SHARE - DILUTED		
Continuing operations	$ .12	$ .18
Discontinued operations	(.00)	.03
	$ .12	$ .21
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	150.8	149.5
Diluted	150.8	150.1
CASH DIVIDENDS PER SHARE	$ .025	$ .025

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

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Six Months Ended June 30,	
	2004	**2003**
OPERATING REVENUES	$367.9	$387.2
OPERATING EXPENSES		
Contract drilling	214.4	218.5
Depreciation and amortization	71.6	64.4
General and administrative	13.1	10.7
	299.1	293.6
OPERATING INCOME	68.8	93.6
OTHER INCOME (EXPENSE)		
Interest income	1.6	1.6
Interest expense, net	(19.7)	(18.3)
Other, net	1.5	(1.2)
	(16.6)	(17.9)

INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	52.2	75.7
PROVISION FOR INCOME TAXES		
Current income tax expense	4.2	4.1
Deferred income tax expense	8.7	17.5
	12.9	21.6
INCOME FROM CONTINUING OPERATIONS	39.3	54.1
DISCONTINUED OPERATIONS		
Loss from discontinued operations, net	(.8)	(4.2)
Gain on disposal of discontinued operations, net	--	4.1
	(.8)	(.1)
NET INCOME	$ 38.5	$ 54.0
EARNINGS (LOSS) PER SHARE - BASIC		
Continuing operations	$ .26	$ .36
Discontinued operations	(.00)	(.00)
	$ .26	$ .36
EARNINGS (LOSS) PER SHARE - DILUTED		
Continuing operations	$ .26	$ .36
Discontinued operations	(.00)	(.00)
	$ .26	$ .36
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	150.7	149.4
Diluted	150.8	149.9
CASH DIVIDENDS PER SHARE	$ .05	$ .05

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

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except par value amounts)

	June 30, 2004 (Unaudited)	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 283.2	$ 354.0
Accounts receivable, net	144.9	149.4
Prepaid expenses and other	31.8	39.9
Total current assets	459.9	543.3
PROPERTY AND EQUIPMENT, AT COST	3,320.2	3,126.3

Less accumulated depreciation	945.2	909.1
Property and equipment, net	2,375.0	2,217.2
GOODWILL	342.7	342.7
OTHER ASSETS, NET	41.2	79.8
	$3,218.8	$3,183.0

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 17.3	$ 15.8
Accrued liabilities	149.4	148.6
Current maturities of long-term debt	23.0	23.0
Total current liabilities	189.7	187.4
LONG-TERM DEBT	538.5	549.9
DEFERRED INCOME TAXES	353.5	345.9
OTHER LIABILITIES	18.5	18.7
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
First preferred stock, $1 par value, 5.0 million shares authorized, none issued	--	--
Preferred stock, $1 par value, 15.0 million shares authorized, none issued	--	--
Common stock, $.10 par value, 250.0 million shares authorized, 174.4 million and 173.9 million shares issued	17.4	17.4
Additional paid-in capital	1,416.3	1,409.0
Retained earnings	959.6	928.6
Restricted stock (unearned compensation)	(12.8)	(13.0)
Accumulated other comprehensive loss	(11.7)	(10.9)
Treasury stock, at cost, 23.4 million shares	(250.2)	(250.0)
Total stockholders' equity	2,118.6	2,081.1
	$3,218.8	$3,183.0

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

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)
(Unaudited)

Six Months Ended

	June 30, 2004	June 30, 2003
OPERATING ACTIVITIES		
Net income	$ 38.5	$ 54.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from discontinued operations	.8	4.2
Depreciation and amortization	71.6	64.4
Deferred income tax provision	8.7	17.5
Gain on sale of discontinued operations, net	--	(4.1)
Tax benefit from stock compensation	1.8	3.9
Amortization of other assets	3.1	2.7
Net (gain) loss on asset dispositions	.2	(.2)
Other	1.5	.9
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	4.5	(3.0)
(Increase) decrease in prepaid expenses and other assets	5.7	(4.9)
Increase (decrease) in accounts payable	1.6	(4.7)
Decrease in accrued liabilities	(9.5)	(6.9)
Net cash provided by operating activities of continuing operations	128.5	123.8
INVESTING ACTIVITIES		
Additions to property and equipment	(179.7)	(100.6)
Net proceeds from sale of discontinued operations	--	78.8
Proceeds from disposition of assets	1.4	1.6
Sale of investments	--	29.4
Investment in joint venture	(5.3)	(2.6)
Net cash (used) provided by investing activities of continuing operations	(183.6)	6.6
FINANCING ACTIVITIES		
Reduction of long-term borrowings	(11.5)	(11.5)
Cash dividends paid	(7.5)	(7.5)
Proceeds from exercise of stock options	4.8	5.9
Other	(.1)	(.6)
Net cash used by financing activities of continuing operations	(14.3)	(13.7)
Effect of exchange rate changes on cash and cash equivalents	(1.4)	1.0
Net cash used by discontinued operations	--	(2.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(70.8)	115.1
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	354.0	147.1
CASH AND CASH EQUIVALENTS, END OF PERIOD	$283.2	$262.2

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

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Unaudited Financial Statements

The accompanying consolidated financial statements of ENSCO International Incorporated (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America, pursuant to the rules and regulations of the Securities and Exchange Commission included in the instructions to Form 10-Q and Article 10 of Regulation S-X. The financial information included herein is unaudited but, in the opinion of management, includes all adjustments (consisting of normal recurring adjustments) which are necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented. The December 31, 2003 consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

The financial data for the three-month and six-month periods ended June 30, 2004 and 2003 included herein have been subjected to a limited review by KPMG LLP, the Company's independent registered public accounting firm. The accompanying registered public accounting firm's review report is not a report within the meaning of Sections 7 and 11 of the Securities Act of 1933 and the registered public accounting firm's liability under Section 11 does not extend to it.

Results of operations for the three-month and six-month periods ended June 30, 2004 are not necessarily indicative of results of operations which will be realized for the year ending December 31, 2004. It is recommended that these statements be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2003 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K.

Certain reclassifications have been made to the 2003 unaudited consolidated financial statements to conform to the 2004 presentation.

Note 2 - Earnings Per Share

For the three-month and six-month periods ended June 30, 2004 and 2003, there were no adjustments to net income for purposes of calculating basic and diluted earnings per share. The following is a reconciliation of the weighted average common shares used in the basic and diluted earnings per share computations for the three-month and six-month periods ended June 30, 2004 and 2003 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Weighted average common shares - basic	150.8	149.5	150.7	149.4
Potentially dilutive common shares:				
Stock options	--	.6	.1	.5
Weighted average common shares - diluted	150.8	150.1	150.8	149.9

Options to purchase 3.7 million shares and 3.5 million shares of common stock in the second quarters of 2004 and 2003, respectively, were not included in the computation of diluted earnings per share because the exercise price of the options exceeded the average market price of the common stock. Options to purchase 3.7 million shares and 300,000 shares of common stock in the six-month periods ended June 30, 2004 and 2003, respectively, were not included in the computation of diluted earnings per share because the exercise price of the options exceeded the average market price of the common stock.

The Company uses the intrinsic value method of accounting for employee stock options in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." No compensation expense related to employee stock options is included in the Company's net income, as the exercise price of the Company's stock options equals the market value of the underlying stock on the date of grant. The following table includes disclosures required by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), as amended by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," and illustrates the effect on net income and earnings per share as if the Company had applied the fair value recognition provisions of SFAS 123 (in millions, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net income as reported	$17.5	$31.1	$38.5	$54.0
Less stock-based employee compensation expense, net of tax	(2.2)	(2.1)	(4.5)	(4.2)
Pro forma net income	$15.3	$29.0	$34.0	$49.8
Basic earnings per share:				
As reported	$ .12	$ .21	$ .26	$ .36
Pro forma	.10	.19	.23	.33
Diluted earnings per share:				
As reported	$ .12	$ .21	$ .26	$ .36
Pro forma	.10	.19	.23	.33

Note 3 - Comprehensive Income

The components of the Company's comprehensive income for the three-month and six-month periods ended June 30, 2004 and 2003, are as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net income	$17.5	$31.1	$38.5	$54.0
Other comprehensive income (loss):				
Net change in fair value of derivatives	(1.0)	(1.2)	(1.4)	(1.7)
Reclassification of unrealized gains and losses on derivatives from other comprehensive income (loss) into net income	.3	.2	.6	.4
Net other comprehensive loss	(.7)	(1.0)	(.8)	(1.3)
Total comprehensive income	$16.8	$30.1	$37.7	$52.7

The components of the accumulated other comprehensive loss section of stockholders' equity at June 30, 2004 and December 31, 2003, are as follows (in millions):

	June 30, 2004	December 31, 2003
Cumulative translation adjustment	$ 1.1	$ 1.1
Net unrealized losses on derivatives	10.6	9.8
Total accumulated other comprehensive loss	$11.7	$10.9

At June 30, 2004, the net unrealized losses on derivative instruments included in accumulated other comprehensive loss totaled $10.6 million and the estimated amount that will be reclassified to earnings during the next twelve months is as follows (in millions):

Unrealized losses reclassified to operating expenses	$ .2
Unrealized losses reclassified to interest expense	.7
Net unrealized loss reclassified to earnings	$ .9

Note 4 - Discontinued Operations

In May 2004, the Company entered into an agreement with Keppel FELS Limited ("KFELS"), a major international shipyard, to exchange three rigs (ENSCO 23, ENSCO 24 and ENSCO 55) and $55.0 million for the construction of a new high performance premium jackup rig to be named ENSCO 107. The ENSCO 107 will be an enhanced KFELS MOD V (B) design modified to ENSCO specifications and delivery is expected in late 2005. The exchange of the three rigs was treated as a sale with no significant gain or loss recognized, as the fair value of the rigs approximated their book value of $39.9 million. The results of operations of the ENSCO 23, ENSCO 24 and ENSCO 55 have been reclassified as discontinued operations in the consolidated statements of income for the three-month and six-month periods ended June 30, 2004 and 2003.

Effective April 1, 2003, the Company sold its 27-vessel marine transportation fleet and ceased conducting marine transportation operations. The operating results of the marine transportation fleet, which represent the entire marine transportation services segment previously reported by the Company, have been reclassified as discontinued operations in the consolidated statement of income for the six-month period ended June 30, 2004.

Following is a summary of income (loss) from discontinued operations for the three-month and six-month periods ended June 30, 2004 and 2003 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenues				
Contract drilling	$ .1	$ 2.6	$ 2.6	$ 4.8
Marine transportation	--	--	--	7.6
	.1	2.6	2.6	12.4
Operating expenses				
Contract drilling	.8	3.4	3.8	6.3
Marine transportation	--	(.2)	--	12.5
	.8	3.2	3.8	18.8
Operating loss before income taxes	(.7)	(.6)	(1.2)	(6.4)

Income tax benefit	.2	.2	.4	2.2
Gain on sale of discontinued operations, net	--	4.1	--	4.1
Income (loss) from discontinued operations	$ (.5)	$ 3.7	$(.8)	$ (.1)

Note 5 - Investment in Joint Ventures

During the fourth quarter of 2000, the Company entered into an agreement with KFELS and acquired a 25% ownership interest in a harsh environment jackup rig under construction, which was subsequently named ENSCO 102. During the second quarter of 2002, the Company and KFELS established a joint venture company, ENSCO Enterprises Limited ("EEL"), to own and charter the ENSCO 102. Upon completion of rig construction in May 2002, the Company and KFELS transferred their respective interests in ENSCO 102 to EEL in exchange for promissory notes in the amount of $32.5 million and $97.3 million, respectively. The Company and KFELS had initial ownership interests in EEL of 25% and 75%, respectively.

Concurrent with the transfer of the rig to EEL, the Company agreed to charter the ENSCO 102 from EEL for a two-year period that was scheduled to expire in May 2004. Under the terms of the charter, the majority of the net cash flow generated by the ENSCO 102 operations was remitted to EEL in the form of charter payments. However, the charter obligation was determined on a cumulative basis such that cash flow deficits incurred prior to initial rig operations were satisfied prior to the commencement of charter payments. Charter proceeds received by EEL were used to pay interest on the promissory notes and any cash remaining after all accrued interest has been paid was used to repay the outstanding principal of the KFELS promissory note. Pursuant to an agreement between the Company and KFELS, the respective ownership interests of the Company and KFELS in EEL were adjusted concurrently with repayments of principal on the KFELS promissory note such that each party's ownership interest was equal to the ratio of its outstanding promissory note balance to the aggregate outstanding principal balance of both promissory notes.

Under the terms of the agreement with KFELS, the Company had an option to purchase the ENSCO 102 from EEL, at a formula derived price, which was scheduled to expire in May 2004. Effective January 31, 2004, the Company exercised its purchase option and acquired the ENSCO 102 for a net payment of $94.6 million. EEL was effectively liquidated upon the Company's acquisition of the ENSCO 102. A summary of the unaudited operating results of EEL for the three-month period ended June 30, 2003 and the six-month periods ended June 30, 2004 and 2003, is as follows:

ENSCO Enterprises Limited
Condensed Statements of Income
(In Millions)
(Unaudited)

	Three Months Ended June 30,	Six Months Ended June 30,	
	2003	2004	2003
Charter Revenue	$ 4.0	$ 1.6	$ 8.3
Depreciation expense	(1.0)	(.5)	(2.0)
Interest expense	(2.5)	(.8)	(4.9)
Net income	$ .5	$ .3	$ 1.4

The Company recognized $400,000, net of intercompany eliminations, from its equity in the earnings of EEL for the six-month period ended June 30, 2004. During the three months and six months ended June 30, 2003, the Company recognized $700,000 and $1.5 million, respectively, net of intercompany eliminations, from its equity in the earnings of EEL. The Company's equity in the earnings of EEL is included in operating expenses on the consolidated statements of income.

During the first quarter of 2003, the Company entered into an agreement with KFELS to establish a second joint venture company, ENSCO Enterprises Limited II ("EEL II"), to construct a premium heavy duty jackup rig to be named ENSCO 106. The Company will contribute $3.0 million of procurement and management services and $23.3 million in cash for a 25% interest in EEL II. The terms of the EEL II agreement are similar to those of the EEL agreement, with the Company holding an option to purchase the ENSCO 106 from EEL II, at a formula derived price, at any time during construction or the two-year period after completion of construction. Additionally, if the Company has not exercised its purchase option upon completion of construction, the Company will charter the ENSCO 106 from EEL II for a two-year period under terms similar to those of the ENSCO 102 charter from EEL. Both the Company and KFELS have the right to terminate the joint venture at the end of the two-year period if the purchase option has not been exercised. Construction of the ENSCO 106 is anticipated to be completed during the fourth quarter of 2004. At June 30, 2004, the Company's investment in EEL II totaled $17.2 million.

The Company's equity interest in EEL II constitutes a variable interest in a variable interest entity, as defined in the Financial Accounting Standards Board's Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46R"). However, the Company will not absorb a majority of the expected losses or receive a majority of the expected residual returns of EEL II, as defined by FIN 46R, and accordingly, the Company is not required to consolidate EEL II.

Note 6 - Income Taxes

The Company's consolidated effective income tax rate for the three months ended June 30, 2004 was 22.1% as compared to 28.5% in the prior year quarter. The Company's consolidated effective income tax rate for the six months ended June 30, 2004 was 24.7% as compared to 28.5% in the prior year period. The decrease in the effective tax rate for both the three-month and six-month periods is primarily due to an increase in the relative portion of the Company's projected annual earnings generated by foreign subsidiaries whose earnings are being permanently reinvested and taxed at lower rates.

Note 7 - Contingencies

In September 2003, the Company was notified that it may be subjected to criminal liability under the U.K. Heath and Safety Executive Act in connection with a fatal injury suffered by an employee on one of its rigs. The matter is currently under review by U.K. authorities and the Company has not formally been charged with an offense. Should the Company be charged and criminal liability be established, the Company is subject to a monetary fine. The Company believes it has established a sufficient reserve in relation to this matter.

The Company is a defendant in certain claims and litigation arising out of operations in the normal course of business. In the opinion of management, uninsured losses, if any, will not be material to the Company's financial position, results of operations or cash flows.

Note 8 - Subsequent Event

In July 2004, the Company settled an insurance claim related to damages and associated downtime incurred on the ENSCO 7500 during the first quarter of 2002. The Company will recognize a gain of $3.9 million in the third quarter of 2004 in connection with the settlement.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

INTRODUCTION

ENSCO International Incorporated and subsidiaries ("ENSCO" or the "Company") is an international offshore contract drilling company with a current operating fleet of 53 drilling rigs, including 42 jackup rigs, seven barge rigs, three platform rigs and one semisubmersible rig. The Company's offshore contract drilling operations are integral to the exploration, development and production of oil and natural gas and the Company is one of the leading providers of offshore drilling services to the international oil and gas industry.

The Company drills and completes oil and gas wells under contracts with major international, government-owned and independent oil and gas companies. The drilling services provided by the Company are conducted on a "day rate" contract basis, under which the Company provides its drilling rigs and rig crews and receives a fixed amount per day for drilling wells. The customer bears substantially all of the ancillary costs of constructing the wells and supporting drilling operations, as well as the economic risk relative to the success of the wells.

Demand for the Company's services is significantly affected by regional and worldwide levels of offshore exploration and development spending by oil and gas companies. Offshore exploration and development spending levels may fluctuate substantially from year to year and from region to region. Such spending fluctuations result from many factors, including demand for oil and gas, regional and global economic conditions and expected changes therein, political and legislative environments in the United States and other major oil-producing countries, production levels and related 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 Company's drilling rigs are deployed throughout the world, with drilling operations concentrated in the major geographic regions of North America, Europe/Africa, Asia Pacific and South America/Caribbean. The Company competes with other offshore drilling contractors on the basis of price, quality of service, operational and safety performance, equipment suitability and availability, reputation and technical expertise. Competition is usually on a regional basis, but offshore drilling rigs are mobile and may be moved from one region to another in response to demand.

BUSINESS ENVIRONMENT

The Company's domestic offshore drilling operations are conducted in the Gulf of Mexico. The U.S. oil and natural gas market and trends in oil and gas company spending largely determine domestic offshore drilling industry conditions. Demand for jackup rigs in the Gulf of Mexico decreased during the first half of 2003 as oil and gas companies focused more of their spending on international projects. However, demand improved somewhat in the second half of 2003 as the supply of jackup rigs in the Gulf of Mexico declined when certain rigs mobilized to international markets in response to contract opportunities. Day rates for Gulf of Mexico jackup rigs improved over the course of 2003. During the first six months of 2004, jackup day rate trends were mixed, with day rates for the larger premium jackup rigs decreasing slightly from year-end 2003 levels due to a modest oversupply of larger rigs, while day rates for smaller jackup rigs increased slightly from year-end 2003 rates.

Demand and day rates for jackup rigs in Europe remained fairly stable over the first half of 2003. However, day rates for jackup rigs in Europe declined during the second half of 2003 due to limited term work opportunities. During the first half of 2004, day rates for jackup rigs in Europe remained at reduced levels.

Day rates for jackup rigs in Asia Pacific remained relatively stable over the course of 2003 and the first six months of 2004. Asia Pacific jackup rig activity levels also remained fairly stable during the first three quarters of 2003, but declined during the fourth quarter of 2003 due to the completion of several 2003 drilling programs. Activity levels in Asia Pacific recovered to early 2003 levels during the first quarter of 2004 and have remained consistent throughout the second quarter.

RESULTS OF OPERATIONS

In May 2004, the Company entered into an agreement to exchange three rigs (ENSCO 23, ENSCO 24 and ENSCO 55) and $55.0 million for the construction of a new high performance premium jackup rig to be named ENSCO 107. The exchange of the three rigs was treated as a sale with no significant gain or loss recognized, as the fair value of the rigs approximated their book value of $39.9 million. The results of operations of the ENSCO 23, ENSCO 24 and ENSCO 55 have been reclassified as discontinued operations in the consolidated statements of income for the three-month and six-month periods ended June 30, 2004 and 2003. Effective April 1, 2003, the Company sold its 27-vessel marine transportation fleet and ceased conducting marine transportation operations. The operating results of the marine transportation fleet, which represent the entire marine transportation services segment previously reported by the Company, have been reclassified as discontinued operations in the consolidated statement of income for the six-month period ended June 30, 2003.

The following analysis highlights the Company's consolidated operating results for the three-month and six-month periods ended June 30, 2004 and 2003 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating Results				
Revenues	$181.4	$194.3	$367.9	$387.2
Operating expenses				
Contract drilling	107.0	109.0	214.4	218.5
Depreciation and amortization	36.0	32.6	71.6	64.4
General and administrative	7.4	4.8	13.1	10.7
Operating income	31.0	47.9	68.8	93.6
Other income (expense), net	(7.9)	(9.6)	(16.6)	(17.9)
Provision for income taxes	5.1	10.9	12.9	21.6
Income from continuing operations	18.0	27.4	39.3	54.1
Income (loss) from discontinued operations	(.5)	3.7	(.8)	(.1)
Net income	$ 17.5	$ 31.1	$ 38.5	$ 54.0

Second quarter 2004 revenues decreased $12.9 million, or 7%, from the prior year second quarter. The decrease in revenues is due primarily to reduced utilization and day rates for the Europe/Africa jackup rigs and reduced utilization of the ENSCO 7500, partially offset by increased day rates for the North America jackup rigs and increased utilization of Asia Pacific jackup rigs. Second quarter 2004 contract drilling expense decreased $2.0 million, or 2%, from the prior year second quarter. The decrease in contract drilling expense is primarily due to a reduction in utilization for the Europe/Africa jackup rigs and ENSCO 7500, a decrease in repair and insurance costs, and a $3.4 million decrease in costs associated with the ENSCO 102 joint venture charter operations, which ceased effective January 31, 2004 upon ENSCO's acquisition of the rig from the joint venture (see Note 5 to the Company's Consolidated Financial Statements for information concerning the Company's charter of the ENSCO 102). These decreases were partially offset by increased utilization of Asia Pacific rigs, increased mobilization expense and $4.0 million of costs incurred during the current year quarter relating to the termination of a rig transportation contract and related costs of assisting tugs and ancillary activities associated with the delayed relocation of two jackup rigs from the Gulf of Mexico to the Middle East.

For the six months ended June 30, 2004, revenues decreased $19.3 million, or 5%, from the prior year period. The decrease in revenues is due primarily to reduced utilization and day rates for the Europe/Africa jackup rigs and reduced utilization of the ENSCO 7500, partially offset by increased day rates for the North America jackup rigs. Contract drilling expense for the six months ended June 30, 2004 decreased by $4.1 million, or 2%, as compared to the prior year period. The decrease in contract drilling expense is primarily due to a reduction in utilization for the Europe/Africa jackup rigs and ENSCO 7500, a decrease in repair and insurance costs, and a $5.9 million decrease in costs associated with the aforementioned ENSCO 102 joint venture charter operations. These decreases were partially offset by increased utilization of Asia Pacific rigs, increased mobilization expense and the aforementioned $4.0 million costs incurred during the current year period associated with the delayed relocation of two jackup rigs from the Gulf of Mexico to the Middle East.

The following is an analysis of certain operating information for the Company for the three-month and six-month periods ended June 30, 2004 and 2003 (in millions, except utilization and day rates):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	**2003**	**2004**	**2003**
Revenues				
Jackup rigs:				
North America	$ 61.1	$ 48.3	$126.2	$ 93.1
Europe/Africa	29.0	49.3	66.6	98.1
Asia Pacific	70.2	58.0	123.2	119.8
South America/Caribbean	7.6	8.3	15.7	15.6
Total jackup rigs	167.9	163.9	331.7	326.6
Semisubmersible rig - North America	.1	17.2	12.0	33.6
Barge rig - Asia Pacific	4.4	4.7	8.2	9.4
Barge rigs - South America/Caribbean	6.3	3.9	10.6	7.3
Platform rigs - North America	2.7	4.6	5.4	10.3
Total	$181.4	$194.3	$367.9	$387.2
Contract Drilling Expense				
Jackup rigs:				
North America	$ 37.0	$ 36.1	$ 74.5	$ 70.5
Europe/Africa	20.9	24.1	46.0	49.1
Asia Pacific	34.7	32.0	65.5	65.8

South America/Caribbean	3.5	3.3	6.7	6.4
Total jackup rigs	96.1	95.5	192.7	191.8
Semisubmersible rig - North America	3.3	4.6	7.6	9.5
Barge rig - Asia Pacific	2.3	2.9	4.2	5.7
Barge rigs - South America/Caribbean	2.9	2.8	5.7	5.3
Platform rigs - North America	2.4	3.2	4.2	6.2
Total	$107.0	$109.0	$214.4	$218.5

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	**2003**	**2004**	**2003**
Rig Utilization [1]				
Rig utilization:				
Jackup rigs:				
North America	86%	88%	87%	86%
Europe/Africa	66%	95%	78%	93%
Asia Pacific	87%	82%	82%	86%
South America/Caribbean	90%	98%	94%	99%
Total jackup rigs	83%	88%	84%	87%
Semisubmersible rig - North America	0%	100%	33%	98%
Barge rig - Asia Pacific	100%	96%	100%	97%
Barge rigs - South America/Caribbean	27%	17%	22%	17%
Platform rigs - North America	33%	67%	33%	76%
Total	72%	79%	73%	79%
Average day rates : [2]				
Jackup rigs:				
North America	$ 38,829	$ 27,937	$ 38,899	$ 27,948
Europe/Africa	62,131	69,786	58,771	70,728
Asia Pacific	61,862	62,791	62,747	62,975
South America/Caribbean	89,957	86,104	89,790	83,079
Total jackup rigs	51,221	47,499	50,688	47,977
Semisubmersible rig - North America	--	188,346	184,815	188,341
Barge rig - Asia Pacific	47,867	40,239	44,828	40,761
Barge rigs - South America/Caribbean	36,268	41,368	38,483	38,898
Platform rigs - North America	29,475	26,408	28,980	26,271
Total	$ 49,911	$ 49,548	$ 50,705	$ 49,909

(1) Utilization is the ratio of aggregate contract days divided by the number of days in the period.

(2) Average day rates are derived by dividing contract drilling revenue by the aggregate number of contract days, adjusted to exclude certain types of non-recurring reimbursable revenue and lump sum revenue and contract days associated with certain mobilizations and demobilizations.

The following is an analysis of the Company's offshore drilling rigs at June 30, 2004 and 2003:

	Number of Rigs June 30,	
	2004	**2003**
Jackup rigs:		
North America [1] [2]	20	21
Europe/Africa	8	8
Asia Pacific [2]	13	12
South America/Caribbean	1	1

Total jackup rigs	42	42
Semisubmersible rig - North America	1	1
Barge rig - Asia Pacific	1	1
Barge rigs - South America/Caribbean	6	6
Platform rigs - North America [3]	3	3
Total [4]	53	53

(1) Excludes the jackup rig ENSCO 55, which was operating in North America at June 30, 2003 but was sold in connection with the execution of a rig construction agreement during the second quarter 2004, and its operating results have been reclassified as discontinued operations.

(2) During the second quarter of 2004, ENSCO 67 was mobilized from the Gulf of Mexico to Singapore, where it will enter a shipyard for major enhancement procedures before being deployed in the Asia Pacific region.

(3) Excludes the platform rigs ENSCO 23 and ENSCO 24, which were available for operations in North America at June 30, 2003 but were sold in connection with the execution of a rig construction agreement during the second quarter 2004, and their operating results have been reclassified as discontinued operations.

(4) The total number of rigs excludes ENSCO 106 and ENSCO 107 which are currently under construction. The ENSCO 106, which was under construction at both June 30, 2004 and 2003, is expected to enter service by the end of 2004. The ENSCO 107, which commenced construction during the first quarter of 2004, is expected to enter service by the end of 2005.

North America Jackup Rigs

Second quarter 2004 revenues for the North America jackup rigs increased by $12.8 million, or 27%, and contract drilling expense increased by $900,000, or 2%, as compared to the prior year quarter. The increase in revenues is due primarily to a 39% increase in average day rates, partially offset by a reduction in utilization to 86% in the current year quarter from 88% in the prior year quarter. The increase in contract drilling expense is primarily attributable to $4.0 million of costs incurred during the current year quarter relating to the termination of a rig transportation contract and related costs of assisting tugs and ancillary activities associated with the delayed relocation of two jackup rigs from the Gulf of Mexico to the Middle East. This increase was partially offset by a decrease in repair, insurance and personnel costs.

For the six months ended June 30, 2004, revenues for the North America jackup rigs increased by $33.1 million, or 36%, and contract drilling expense increased by $4.0 million, or 6%, as compared to the prior year period. The increase in revenues is due primarily to a 39% increase in the average day rates. The increase in contract drilling expense is primarily attributable to $4.0 million of costs incurred during the current year period relating to the termination of a rig transportation contract and related costs of assisting tugs and ancillary activities associated with the delayed relocation of two jackup rigs from the Gulf of Mexico to the Middle East. Excluding the impact of the $4.0 million relating to the delayed relocation of jackup rigs, current period contract drilling expense is little changed from the prior year period, as increased personnel and mobilization costs were offset by decreased insurance and repair costs.

Europe/Africa Jackup Rigs

Second quarter 2004 revenues for the Europe/Africa jackup rigs decreased $20.3 million, or 41%, from the prior year quarter. The decrease in revenues is due primarily to an 11% decrease in the average day rates and a reduction in utilization to 66% in the current year quarter from 95% in the prior year quarter. Contract drilling expense decreased by $3.2 million, or 13%, from the prior year quarter due primarily to decreased utilization.

For the six months ended June 30, 2004, revenues for the Europe/Africa jackup rigs decreased by $31.5 million, or 32%, from the prior year period. The decrease in revenues is primarily attributable to a 17% decrease in the average day rates and a reduction in utilization to 78% in the current year period from 93% in the prior year period. Contract drilling expense decreased by $3.1 million, or 6%, from the prior year period due primarily to decreased utilization.

Asia Pacific Jackup Rigs

Second quarter 2004 revenues for the Asia Pacific jackup rigs increased by $12.2 million, or 21%, and contract drilling expense increased by $2.7 million, or 8%, as compared to the prior year quarter. The increase in revenues is primarily due to an increase in utilization to 87% in the current year quarter from 82% in the prior year quarter and a $6.2 million increase in revenues associated with mobilization and reimbursed costs. The increase in contract drilling expense is primarily attributable to increased utilization and a $4.5 million increase in mobilization and reimbursable expenses, partially offset by a $3.4 million decrease in costs associated with the ENSCO 102 joint venture charter operations, which ceased effective January 31, 2004 upon ENSCO's acquisition of the rig from the joint venture (see Note 5 to the Company's Consolidated Financial Statements for information concerning the Company's charter of the ENSCO 102).

For the six months ended June 30, 2004, revenues for the Asia Pacific jackup rigs increased by $3.4 million, or 3%, and contract drilling expense decreased by $300,000, or 1%, as compared to the prior year period. The increase in revenues is primarily due to a $7.1 million increase in revenues associated with mobilization and reimbursed costs, partially offset by a reduction in utilization to 82% in the current year period from 86% in the prior year period. The decrease in contract drilling expense is primarily attributable to a $5.9 million decrease in costs associated with the aforementioned ENSCO 102 joint venture charter operations and a decrease in insurance costs, partially offset by a $5.7 million increase mobilization and reimbursable expenses.

South America/Caribbean Jackup Rig

Second quarter 2004 revenues for the South America/Caribbean jackup rig decreased by $700,000, or 8%, compared to the prior year quarter. The decrease in revenues is primarily due to a reduction in utilization to 90% in the current year quarter from 98% in the prior year quarter and a decrease in revenue associated with reimbursed costs. Second quarter 2004 contract drilling expense for the South America/Caribbean jackup rig increased by $200,000, or 6%, from the prior year quarter due to increased repair and personnel costs.

For the six months ended June 30, 2004, revenues for the South America/Caribbean jackup rig increased $100,000, or 1%, and contract drilling expense increased $300,000, or 5%, as compared to the prior year period. The increase in revenues is primarily due to an 8% increase in the average day rate of ENSCO 76, partially offset by a reduction in utilization to 94% in the current year period from 99% in the prior year period and a decrease in revenue associated with reimbursed costs. The increase in contract drilling expense is due primarily to increased personnel and repair costs, partially offset by a decrease in insurance costs and reimbursable expenses.

North America Semisubmersible Rig

Second quarter 2004 revenues for the ENSCO 7500 decreased by $17.1 million, or 99%, and second quarter 2004 contract drilling expenses decreased $1.3 million, or 28%, as compared to the prior year quarter as the rig completed an approximate three-year contract in the first quarter 2004 and was idle undergoing minor improvements, regulatory inspection and maintenance procedures during the second quarter 2004.

For the six months ended June 30, 2004, revenues for the ENSCO 7500 decreased $21.6 million, or 64%, and contract drilling expense decreased $1.9 million, or 20%, from the prior year period as the rig was idle during the second quarter as noted above.

Asia Pacific Barge Rig

Second quarter 2004 revenues for the Asia Pacific barge rig decreased by $300,000, or 6%, and contract drilling expense decreased by $600,000, or 21%, compared to the prior year quarter. The decrease in revenues is primarily due to a $1.0 million decrease in revenues associated with mobilization and reimbursed costs, partially offset by a 19% increase in the average day rate of ENSCO I. The decrease in contract drilling expense is due primarily to a reduction in reimbursable expenses.

For the six months ended June 30, 2004, revenues for the Asia Pacific barge rig decreased $1.2 million, or 13%, and contract drilling expense decreased $1.5 million, or 26%, as compared to the prior year period. The decrease in revenues is primarily due to a $2.4 million decrease in revenues associated with mobilization and reimbursed costs, partially offset by a 10% increase in the average day rate of ENSCO I. The decrease in contract drilling expense is due primarily to a reduction in reimbursable expenses.

South America/Caribbean Barge Rigs

Second quarter 2004 revenues for the South America/Caribbean barge rigs increased by $2.4 million, or 62%, compared to the prior year quarter. The increase in revenue is due primarily to ENSCO III, which worked 56 days during the current year quarter but was idle during the prior year quarter. Second quarter 2004 contract drilling expense increased $100,000, or 4%, from the prior year quarter due primarily to the utilization of ENSCO III during the current year quarter, partially offset by reduced repair expenses and a gain on the disposition of equipment.

For the six months ended June 30, 2004, revenues for the South America/Caribbean barge rigs increased by $3.3 million, or 45%, and contract drilling expense increased $400,000, or 8%, as compared to the prior year period. The increase in revenue is due primarily to ENSCO III, which worked 59 days during the current year period but was idle during the prior year period. The increase in contract drilling expense is primarily due to the utilization of ENSCO III during the current year period, partially offset by a decrease in repair and insurance costs and a gain on the disposition of equipment.

Platform Rigs

Second quarter 2004 revenues for the platform rigs decreased by $1.9 million, or 41%, and contract drilling expense decreased $800,000, or 25%, as compared to the prior year quarter. The decrease in revenue is due primarily to ENSCO 29, which was idle during the current year quarter compared to fully utilized during the prior year quarter. The decrease in contract drilling expense is primarily due to the reduced utilization of ENSCO 29.

For the six months ended June 30, 2004, revenues for platform rigs decreased by $4.9 million, or 48%, and contract drilling expenses decreased $2.0 million, or 32%, as compared to the prior year period. The decreases are due primarily to a reduction in utilization to 33% in the current year period from 76% in the prior year period.

Depreciation and Amortization

Depreciation and amortization expense for the second quarter of 2004 increased by $3.4 million, or 10%, as compared to the prior year quarter. The increase is primarily attributable to depreciation associated with capital enhancement projects completed subsequent to the second quarter of 2003 and depreciation on the ENSCO 102 which was acquired in January 2004.

Depreciation and amortization expense for the six months ended June 30, 2004 increased by $7.2 million, or 11%, as compared to the prior year period. The increase is primarily attributable to depreciation associated with capital enhancement projects completed subsequent to the second quarter 2003 and depreciation on the ENSCO 102 which was acquired in January 2004.

General and Administrative

General and administrative expense for the second quarter of 2004 increased by $2.6 million, or 54%, as compared to the prior year quarter. The increase is primarily attributable to personnel costs, director costs, audit fees and consulting services related to information systems, the Sarbanes-Oxley Act and other projects.

General and administrative expense for the six months ended June 30, 2004 increased by $2.4 million, or 22%, as compared to the prior year period. The increase is primarily attributable to personnel costs, director costs, audit fees and consulting services related to information systems, the Sarbanes-Oxley Act and other projects, partially offset by a payment in the first quarter of 2003 of one-time severance costs of $1.1 million under an employment contract assumed in connection with the Chiles acquisition in 2002.

Other Income (Expense)

Other income (expense) for the second quarter and six months ended June 30, 2004 and 2003 is as follows (in millions):

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2004	**2003**	**2004**	**2003**
Interest income	$ .8	$ .9	$ 1.6	$ 1.6
Interest expense, net:				
Interest expense	(10.0)	(9.5)	(20.1)	(19.1)
Capitalized interest	.3	.4	.4	.8
	(9.7)	(9.1)	(19.7)	(18.3)
Other, net	1.0	(1.4)	1.5	(1.2)
	$(7.9)	$(9.6)	$(16.6)	$(17.9)

Second quarter interest income decreased by $100,000 compared to the prior year second quarter due to a reduction in average interest rates. Interest income for the six months ended June 30, 2004 was unchanged from the comparable prior year period, as an increase resulting from increased cash balances invested was offset by the impact of lower average interest rates. Interest expense for the second quarter and six months ended June 30, 2004 increased as compared to prior year periods due to minor increases in outstanding debt and average effective interest rates. Capitalized interest for the second quarter and six months ended June 30, 2004 decreased compared to the prior year periods due to a decrease in the amount invested in enhancement projects. Other, net in both current and prior year periods consists primarily of foreign currency translation gains and losses.

Provision for Income Taxes

The provision for income taxes for the second quarter of 2004 decreased by $5.8 million as compared to the prior year quarter. The decrease is attributable to reduced profitability and a decrease in the effective tax rate to 22.1% in the second quarter of 2004 from 28.5% in the prior year quarter. The provision for income taxes for the six months ended June 30, 2004 decreased by $8.7 million as compared to the corresponding prior year period. The decrease is attributable to reduced profitability and a decrease in the effective tax rate to 24.7% in the current year period from 28.5% in the prior year period. The effective tax rate decreased in the current year three-month and six-month periods from the corresponding prior year periods due primarily to an increase in the relative portion of the Company's projected annual earnings generated by foreign subsidiaries whose earnings are being permanently reinvested and taxed at lower rates.

Discontinued Operations

In May 2004, the Company entered into an agreement to exchange three rigs (ENSCO 23, ENSCO 24 and ENSCO 55) and $55.0 million for the construction of a new high performance premium jackup rig to be named ENSCO 107. The exchange of the three rigs was treated as a sale with no significant gain or loss recognized, as fair value of the rigs approximated their book value of $39.9 million. The results of operations of the ENSCO 23, ENSCO 24 and ENSCO 55 have been reclassified as discontinued operations in the consolidated statements of income for the three-month and six-month periods ended June 30, 2004 and 2003.

Effective April 1, 2003, the Company sold its 27-vessel marine transportation fleet and ceased conducting marine transportation operations. The operating results of the marine transportation fleet, which represent the entire marine transportation services segment previously reported by the Company, have been reclassified as discontinued operations in the consolidated statement of income for the six-month period ended June 30, 2004.

Following is a summary of income (loss) from discontinued operations for the three-month and six-month periods ended June 30, 2004 and 2003 (in millions):

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2004	**2003**	**2004**	**2003**
Revenues				
Contract drilling	$ .1	$ 2.6	$ 2.6	$ 4.8
Marine transportation	--	--	--	7.6
	.1	2.6	2.6	12.4
Operating expenses				
Contract drilling	.8	3.4	3.8	6.3
Marine transportation	--	(.2)	--	12.5
	.8	3.2	3.8	18.8
Operating loss before income taxes	(.7)	(.6)	(1.2)	(6.4)
Income tax benefit	.2	.2	.4	2.2
Gain on sale of discontinued operations, net	--	4.1	--	4.1
Income (loss) from discontinued operations	$ (.5)	$ 3.7	$ (.8)	$ (.1)

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically relied on its cash flow from operations to meet liquidity needs and fund the majority of its cash requirements. Management believes the Company has maintained a strong financial position through the disciplined and conservative use of debt. A substantial majority of the Company's cash flow has been invested in the expansion and enhancement of its fleet of drilling rigs.

During the six month period ended June 30, 2004, the Company's primary source of cash consisted of $128.5 million generated from continuing drilling operations and its primary use of cash consisted of $179.7 million for the acquisition, enhancement and other improvement of drilling rigs. During the six month period ended June 30, 2003, the Company's primary sources of cash consisted of $123.8 million generated from continuing drilling operations and $78.8 million from the sale of its marine transportation fleet and its primary use of cash consisted of $100.6 million for the enhancement and other improvement of drilling rigs.

Detailed explanations of the Company's liquidity and capital resources for the six month periods ended June 30, 2004 and 2003, including discussions of cash flow from operations, capital expenditures, financing and off-balance sheet arrangements, are set forth below.

Cash Flow and Capital Expenditures

The Company's cash flow from continuing operations and capital expenditures of continuing operations for the six months ended June 30, 2004 and 2003 are as follows (in millions):

	2004	2003
Cash flow from continuing operations	$128.5	$123.8
Capital expenditures on continuing operations		
Rig acquisition	$ 94.6	$ --
New construction	--	.8
Enhancements	63.4	75.0
Minor upgrades and improvements	21.7	24.8
	$179.7	$100.6

Cash flow from continuing operations increased by $4.7 million for the six months ended June 30, 2004 as compared to the prior year period. The increase is primarily attributable to a $21.8 million increase in cash flow from working capital changes, partially offset by a decrease in cash flow from reduced profitability.

Effective January 31, 2004, the Company purchased the ENSCO 102 from an affiliated joint venture for a net payment of $94.6 million. In addition to the acquisition of ENSCO 102, management anticipates that full year 2004 capital expenditures will include approximately $200.0 million for rig enhancement projects and approximately $50.0 million for minor upgrades and improvements. Management also plans to invest approximately $14.4 million in its joint venture formed to construct and own the ENSCO 106 during 2004. The sale and transfer of ENSCO 23, ENSCO 24 and ENSCO 55 upon the execution of the ENSCO 107 construction agreement in May 2004 did not involve capital expenditures and management does not expect to make significant capital expenditures for construction of the ENSCO 107 during 2004. (See "Off-Balance Sheet Arrangements" and Note 5 to the

Company's Consolidated Financial Statements for information concerning the Company's investment in the joint venture related to the ENSCO 106; see "Outlook" for information concerning the construction of the ENSCO 107.) Depending on market conditions and opportunities, the Company may also make capital expenditures to construct or acquire additional rigs or elect to exercise its option to acquire the non-owned interest in the ENSCO 106 in 2004.

Financing and Capital Resources

In October 2003, the Company issued $76.5 million of 17-year bonds to provide long-term financing for the ENSCO 105. The bonds are guaranteed by the United States Maritime Administration ("MARAD") and will be repaid in 34 equal semiannual principal installments of $2.25 million. Interest on the bonds is payable semiannually, in April and October, at a fixed rate of 4.65%. The bonds are collateralized by the ENSCO 105 and the Company has guaranteed the performance of its obligations under the bonds to MARAD. As of June 30, 2004, the Company had $74.3 million outstanding under the bonds.

In connection with the acquisition of Chiles Offshore Inc. ("Chiles") in August 2002, the Company assumed Chiles' bonds that were originally issued to provide long-term financing for the ENSCO 76. The bonds are guaranteed by MARAD and are being repaid in 24 equal semiannual principal installments of $2.9 million, which commenced in January 2000 and will end in July 2011. Interest on the bonds is payable semiannually, in January and July, at a fixed rate of 5.63%. The bonds are collateralized by the ENSCO 76 and the Company has guaranteed the performance of its obligations under the bonds to MARAD. As of June 30, 2004, the Company had $44.1 million outstanding under the bonds.

On January 25, 2001, the Company issued $190.0 million of 15-year bonds to provide long-term financing for the ENSCO 7500. The bonds are guaranteed by MARAD and are being repaid in 30 equal semiannual principal installments of $6.3 million, which commenced in June 2001 and will end in December 2015. Interest on the bonds is payable semiannually, in June and December, at a fixed rate of 6.36%. The bonds are collateralized by the ENSCO 7500 and the Company has guaranteed the performance of its obligations under the bonds to MARAD. As of June 30, 2004, the Company had $145.7 million outstanding under the bonds.

In November 1997, the Company issued $300.0 million of unsecured debt in a public offering, consisting of $150.0 million of 6.75% Notes due November 15, 2007 (the "Notes") and $150.0 million of 7.20% Debentures due November 15, 2027 (the "Debentures"). Interest on the Notes and the Debentures is payable semiannually in May and November, and totals $20.9 million on an annual basis.

The Company has a $250.0 million unsecured revolving credit agreement (the "Credit Agreement") with a syndicate of banks that matures in July 2007. Interest on amounts borrowed under the Credit Agreement is based on LIBOR plus an applicable margin rate (currently 0.525%), depending on the Company's credit rating. The Company pays a facility fee (currently 0.225% per annum) on the total $250.0 million commitment, which also is based on the Company's credit rating. In addition, the Company is required to pay a utilization fee of 0.25% per annum on outstanding advances under the Credit Agreement if such advances exceed 33% of the total $250.0 million commitment. The Company is required to maintain certain financial covenants under the Credit Agreement, including a specified level of interest coverage, debt ratio and tangible net worth. The Company had no amounts outstanding under the Credit Agreement at June 30, 2004.

The Company is in compliance with the covenants of all of its debt instruments.

Off-Balance Sheet Arrangements

During the first quarter of 2003, the Company entered into an agreement with Keppel FELS Limited ("KFELS"), a major international shipyard, to establish a joint venture company, ENSCO Enterprises Limited II ("EEL II"), to construct a premium heavy duty jackup rig to be named ENSCO 106. The Company will contribute $3.0 million of procurement and management services and $23.3 million in cash for a 25% interest in EEL II. KFELS will construct and deliver the ENSCO 106 for a 75% interest in EEL II. Under the terms of the agreement with KFELS, the Company has an option to purchase the ENSCO 106 from EEL II, at a formula derived price, at any time during the rig construction period or the two-year period following construction completion. At June 30, 2004, the Company's investment in EEL II totaled $17.2 million.

If the Company has not exercised its purchase option upon completion of construction, the Company will charter the ENSCO 106 from EEL II for a two-year period. Under the terms of the charter, the majority of the net cash flow generated by the ENSCO 106 operations is remitted to EEL II in the form of charter payments. However, the charter obligation is determined on a cumulative basis such that cash flow deficits incurred prior to initial rig operations are satisfied prior to the commencement of charter payments. Both the Company and KFELS have the right to terminate the joint venture at the end of the two-year period if the purchase option has not been exercised. Construction of the ENSCO 106 is anticipated to be completed during the fourth quarter of 2004.

The Company's equity interest in EEL II constitutes a variable interest in a variable interest entity, as defined in the Financial Accounting Standards Board's Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46R"). However, the Company will not absorb a majority of the expected losses or receive a majority of the expected residual returns of EEL II, as defined by FIN 46R, and accordingly, the Company is not required to consolidate EEL II.

Liquidity

The Company’s liquidity position at June 30, 2004 and December 31, 2003 is summarized in the table below (in millions, except ratios):

	June 30, 2004	**December 31, 2003**
Cash and cash equivalents	$283.2	$354.0
Working capital	270.2	355.9
Current ratio	2.4	2.9

At June 30, 2004, the Company had $283.2 million of cash and cash equivalents, as well as $250.0 million available for borrowing under its Credit Agreement, to meet liquidity needs. Management expects to fund the Company's short-term liquidity needs, including contractual obligations and anticipated capital expenditures, as well as any working capital requirements, from its cash and cash equivalents and operating cash flow.

Management expects to fund the Company's long-term liquidity needs, including contractual obligations and anticipated capital expenditures, from its cash and cash equivalents, investments, operating cash flow and, if necessary, funds drawn under its Credit Agreement or other future financing arrangements.

The Company has historically funded the majority of its liquidity from operating cash flow. The Company anticipates the majority of its cash flow in the near to intermediate-term will continue to be invested in the expansion and enhancement of its fleet of drilling rigs. As a substantial majority of such expenditures are elective, the Company expects to be able to maintain adequate liquidity throughout future business cycles through the deferral or acceleration of its future capital investments, as necessary. Accordingly, while future operating cash flow cannot be accurately predicted, management believes its long-term liquidity will continue to be funded primarily by operating cash flow.

MARKET RISK

The Company has net assets and liabilities denominated in numerous foreign currencies and uses various methods to manage its exposure to foreign currency exchange risk. The Company predominantly structures its drilling rig contracts in U.S. dollars, which significantly reduces the portion of the Company's cash flows and assets denominated in foreign currencies. The Company also employs various strategies, including the use of derivative instruments, to match foreign currency denominated assets with equal or near equal amounts of foreign currency denominated liabilities, thereby minimizing exposure to earnings fluctuations caused by changes in foreign currency exchange rates. The Company occasionally utilizes derivative instruments to hedge forecasted foreign currency denominated transactions. At June 30, 2004, the Company had foreign currency exchange contracts outstanding to exchange $18.9 million U.S. dollars for Australian dollars, Great Britain pounds and Euros, all of which mature during the third and fourth quarters of 2004. Based on a hypothetical 10% adverse change in foreign currency exchange rates, the net unrealized loss associated with the Company's foreign currency denominated assets and liabilities and related foreign currency exchange contracts as of June 30, 2004 would approximate $400,000.

The Company uses various derivative financial instruments to manage its exposure to interest rate risk. The Company occasionally uses interest rate swap agreements to effectively convert the variable interest rate on debt to a fixed rate or the fixed rate on debt to a variable rate, and interest rate lock agreements to hedge against increases in interest rates on pending financing. At June 30, 2004, the Company had no outstanding interest rate swap agreements or interest rate lock agreements.

The Company utilizes derivative instruments and undertakes hedging activities in accordance with its established policies for the management of market risk. The Company does not enter into derivative instruments for trading or other speculative purposes. Management believes that the Company's use of derivative instruments and related hedging activities do not expose the Company to any material interest rate risk, foreign currency exchange rate risk, commodity price risk, credit risk or any other market rate or price risk.

OUTLOOK

Changes in industry conditions and the corresponding impact on the Company's operations cannot be accurately predicted because of the short-term nature of many of the Company's contracts and the volatility of oil and natural gas prices, which impact expenditures for oil and gas drilling, rig utilization and day rates. Whether recent levels of regional and worldwide expenditures for oil and gas drilling will increase, decrease or remain unchanged, is not determinable at this time. Management's current plans and expectations relative to its major areas of operations and near-term industry conditions are detailed below.

Rig Construction

On May 21, 2004, the Company entered into an agreement with KFELS for the construction of a new high performance premium jackup rig to be named ENSCO 107. Upon execution of the agreement, the Company sold and transferred three rigs (ENSCO 23, ENSCO 24 and ENSCO 55) to KFELS and will pay an additional $55.0 million prior to delivery of the rig, which is expected in late 2005. The ENSCO 107 will be an enhanced KFELS MOD V (B) design modified to ENSCO specifications and a sister rig to the ENSCO 106, which is currently under construction in Singapore. The ENSCO 106, which is being constructed under a joint venture with KFELS, is expected to be delivered by year-end 2004.

Rig Enhancements and Relocations

The ENSCO 68 is currently in a shipyard undergoing major enhancements and is projected to return to service in the Gulf of Mexico during October 2004. The ENSCO 67 is currently en route to Singapore where it will enter a shipyard for major enhancements and is projected to return to service in the Asia Pacific region during the second quarter of 2005. The ENSCO 95 is scheduled to mobilize from the Gulf of Mexico by the end of July 2004 to a shipyard in the Middle East where it will undergo enhancements and is projected to return to service in late November or early December 2004. The ENSCO 88, currently in a Gulf of Mexico shipyard undergoing enhancements that are projected to be completed in August 2004, is scheduled to mobilize to a Middle East shipyard for installation of additional quarters and be available for work in October 2004. The Company plans to commence enhancement procedures on three additional Gulf of Mexico jackup rigs during 2004, including two projects with projected shipyard durations of four months each commencing in September 2004 and December 2004 and one project with projected shipyard duration of nine months commencing in October 2004.

North America

As of July 26, 2004, all 17 of the Company's jackup rigs in the North America region not undergoing enhancement procedures or preparing for international mobilization are working. The ENSCO 7500, the Company's deep water semisubmersible rig, completed minor improvements, regulatory inspection and maintenance procedures during the second quarter and is currently idle. However, the Company has received a letter of intent for an approximate 100-day contract scheduled to commence in August 2004 at an approximate day rate of $85,000.

As of July 26, 2004, one of the Company's three platform rigs is operating under a contract scheduled for completion in August 2004. The Company has executed a long-term contract for a second platform rig with a commencement date scheduled in September 2004. The Company's platform rigs have experienced utilization in the 40% to 60% range during the previous five years, primarily as a result of reduced opportunities for deep-well drilling contracts. The Company's platform rigs, which are all capable of completing 25,000 to 30,000 feet wells, are best suited for long-term, deep well drilling applications where the platform rig components will stay in place for a substantial period of time. The Company's platform rigs currently compete against smaller, easier to mobilize and assemble, self-erecting platform rigs for shallow well drilling. The Company is not able to predict when there will be a recovery of drilling activity that will require a sustained use of the class of platform rigs owned and operated by the Company. The Company evaluated the carrying values of its platform rigs in December 2003 and determined such carrying values were not impaired. The Company will continue to perform such evaluations as circumstances dictate.

Europe/Africa

As of July 26, 2004, two of the Company's eight jackup rigs in the Europe/Africa region are idle and management currently anticipates additional idle time for these rigs in the third quarter of 2004.

Asia Pacific

As of July 26, 2004, all of the Company's 13 rigs currently located in the Asia Pacific region are operating with commitments into the fourth quarter of 2004 or later. As noted above, the Company is increasing the size of its Asia Pacific fleet during 2004 through the relocation of three jackup rigs from the Gulf of Mexico, one of which is currently en route and the other two scheduled for mobilization in the near future. Allowing for mobilization and shipyard procedures upon arrival, management expects two of the rigs relocated from the Gulf of Mexico to be available for service in the fourth quarter of 2004 and the third in the second quarter of 2005.

South America/Caribbean

The Company's jackup rig working offshore Trinidad and Tobago, the ENSCO 76, continues operations under a contract scheduled for completion in September 2004. As of July 26, 2004, the Company's six barge rigs located in Venezuela are idle, with two of the barge rigs currently in drydock undergoing regulatory procedures after completing contracts in July 2004. Due to the deterioration in the political and economic environment in Venezuela, the Company believes the timing of a recovery of drilling activity in Venezuela is uncertain and unlikely in the near term. The Company evaluated the carrying values of its barge rigs in December 2003 and determined such carrying values were not impaired. The Company will continue to perform such evaluations and monitor the situation in Venezuela, as circumstances dictate.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States requires the Company's management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company's significant accounting policies are included in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2003 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K. These policies, along with the underlying assumptions and judgments made by the Company's management in their application, have a significant impact on the Company's consolidated financial statements. The Company identifies its most critical accounting policies as those that are the most pervasive and important to the portrayal of the Company's financial position and results of operations, and that require the most difficult, subjective and/or complex judgments by management regarding estimates about matters that are inherently uncertain. The Company's most critical accounting policies are those related to property and equipment, impairment of long-lived assets and income taxes.

Property and Equipment

At June 30, 2004, the carrying value of the Company's property and equipment totaled $2,375.0 million, which represents 74% of total assets. This carrying value reflects the application of the Company's property and equipment accounting policies, which incorporate estimates, assumptions and judgments by management relative to the capitalized costs, useful lives and salvage values of the Company's rigs.

The Company develops and applies property and equipment accounting policies that are designed to appropriately and consistently capitalize those costs incurred to enhance, improve and extend the useful lives of its assets and expense those costs incurred to repair or maintain the existing condition or useful lives of its assets. The development and application of such policies requires judgment and assumptions by management relative to the nature of, and benefits from, expenditures on Company assets. The Company establishes property and equipment accounting policies that are designed to depreciate or amortize its assets over their estimated useful lives. The assumptions and judgments used by management in determining the estimated useful lives of its property and equipment reflect both historical experience and expectations regarding future operations, utilization and performance of its assets. The use of different estimates, assumptions and judgments in the establishment of property and equipment accounting policies, especially those involving the useful lives of the Company's rigs, would likely result in materially different carrying values of assets and results of operations.

Impairment of Assets

The Company evaluates the carrying value of its property and equipment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Generally, extended periods of idle time and/or inability to contract assets at economical rates are an indication that an asset may be impaired. However, the offshore drilling industry is highly cyclical and it is not unusual for assets to be unutilized or underutilized for significant periods of time and subsequently resume full or near full utilization when business cycles change. Likewise, during periods of supply and demand imbalance, assets are frequently contracted at or near cash break-even rates for extended periods of time until demand comes back into balance with supply. Impairment situations may arise with respect to specific individual assets, groups of assets, such as a type of drilling rig, or assets in a certain geographic location. The Company's assets are mobile and may be moved from markets with excess supply, if economically feasible. The Company's jackup rigs and semisubmersible rig are suited for, and accessible to, broad and numerous markets throughout the world. However, there are fewer economically feasible markets available to the Company's barge rigs and platform rigs.

The Company tests its goodwill for impairment on an annual basis, or when events or changes in circumstances indicate that a potential impairment exists. Under a goodwill impairment test, the Company determines its reporting units and estimates their fair values as of the testing date. If the estimated fair value of a reporting unit exceeds its carrying value, its goodwill is considered not impaired. If the estimated fair value of a reporting unit is less than its carrying value, the Company estimates the implied fair value of the reporting unit's goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to such excess. Based on the goodwill test performed as of December 31, 2003, there was no impairment of the Company's goodwill.

Asset impairment evaluations are, by nature, highly subjective. They involve expectations of future cash flows to be generated by the Company's drilling rigs, and are based on management's assumptions and judgments regarding future industry conditions and operations, as well as management's estimates of future expected utilization, contract rates, expense levels and capital requirements of the Company's drilling rigs. The estimates, assumptions and judgments used by management in the application of the Company's asset impairment policies reflect both historical experience and an assessment of current operational, industry, economic and political environments. The use of different estimates, assumptions, judgments and expectations regarding future industry conditions and operations, would likely result in materially different carrying values of assets and results of operations.

Income Taxes

The Company conducts operations and earns income in numerous foreign countries and is subject to the laws of taxing jurisdictions within those countries, as well as U.S. federal and state tax laws. At June 30, 2004, the Company has a $343.5 million net deferred income tax liability and $51.7 million of accrued liabilities for income taxes currently payable.

The carrying values of deferred income tax assets and liabilities reflect the application of the Company's income tax accounting policies in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), and are based on management's assumptions and estimates regarding future operating results and levels of taxable income, as well as management's judgments regarding the interpretation of the provisions of SFAS 109. The carrying values of liabilities for income taxes currently payable are based on management's interpretation of applicable tax laws, and incorporate management's assumptions and judgments regarding the use of tax planning strategies in various taxing jurisdictions. The use of different estimates, assumptions and judgments in connection with accounting for income taxes, especially those involving the deployment of tax planning strategies, may result in materially different carrying values of income tax assets and liabilities and results of operations.

NEW ACCOUNTING PRONOUNCEMENTS

In December 2003, the FASB issued Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46R"). FIN 46R requires a company to consolidate a variable interest entity, as defined, when the company will absorb a majority of the variable interest entity's expected losses, receive a majority of the variable interest entity's expected residual returns, or both. FIN 46R also requires certain disclosures relating to consolidated variable interest entities and unconsolidated variable interest entities in which a company has a significant variable interest. The provisions of FIN 46R are required for companies that have interests in variable interest entities or potential variable interest entities commonly referred to as special-purpose entities for periods ending after December 15, 2003. The provisions of FIN 46R are required to be applied for periods ending after March 15, 2004 for all other types of entities. The Company's equity interest in, and related charter arrangement associated with, ENSCO Enterprises Limited II ("EEL II") constitute a variable interest in a variable interest entity under FIN 46R. However, the Company will not absorb a majority of the expected losses or receive a majority of the expected residual returns, as defined by FIN 46R, of EEL II, and accordingly the Company is not required to consolidate EEL II. (See "Liquidity and Capital Resources - Off-Balance Sheet Arrangements" and Note 5 to the Company's Consolidated Financial Statements.)

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Information required under Item 3. has been incorporated into Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk.

Item 4. ***Controls and Procedures***

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Rule 13a-15 under the Securities and Exchange Act of 1934 (the "Exchange Act"), are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

During the fiscal quarter ended June 30, 2004, no change occurred in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 2. *Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities*

Following is a summary of all repurchases by the Company of its common stock during the three month period ended June 30, 2004:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under Plans or Programs
April	--	--	--	--
May	1,953	$26.15	--	--
June	529	26.52	--	--
Total	2,482	$26.23	--	--

All of the shares repurchased during the three month period ended June 30, 2004 were acquired from employees in connection with the settlement of income tax and related benefit withholding obligations arising from vesting in restricted stock grants.

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

On May 11, 2004, the Company held an annual meeting of stockholders to consider a proposal to elect three Class III Directors. A description of the proposal is contained in the Company's proxy statement dated March 19, 2004 relating to the 2004 annual meeting of stockholders.

There were 150,998,314 shares of the Company's common stock entitled to vote at the annual meeting based on the March 15, 2004 record date, of which 135,534,978 shares, or approximately 90%, were present and voting in person or by proxy. With respect to the proposal listed above, the voting was as follows:

Election of Class III Directors

	Votes for	Votes Withheld
Rita M. Rodriguez	133,498,298	2,036,680
David M. Carmichael	122,419,960	13,115,018
Thomas L. Kelly II	122,493,211	13,041,767

The terms of the following directors continued after the meeting: Gerald W. Haddock, Morton H. Meyerson, Paul E. Rowsey, III, Joel V. Staff and Carl F. Thorne.

Item 6. *Exhibits and Reports on Form 8-K*

(a) Exhibits Filed with this Report

Exhibit No.

3.2	Revised and Restated Bylaws of the Company, effective May 11, 2004.
15.1	Letter regarding unaudited interim financial information.
31.1	Certification of the Chief Executive Officer of Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of Registrant Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer of Registrant Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer of Registrant Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

During the quarter ended June 30, 2004, the Company filed Reports on Form 8-K on (i) April 15, 2004, with respect to the contractual status of the Company's offshore rig fleet as of April 15, 2004, (ii) April 20, 2004, announcing the Company's first quarter 2004 results, (iii) May 17, 2004, with respect to the contractual status of the Company's offshore rig fleet as of May 17, 2004, (iv) June 1, 2004 announcing a new company officer, (v) June 15, 2004, with respect to the contractual status of the Company's offshore rig fleet as of June 15, 2004, and (vi) June 21, 2004 announcing the delay in relocation of two jackup rigs to the Middle East.

SIGNATURES

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

ENSCO INTERNATIONAL INCORPORATED

Date: July 26, 2004

/s/ H. E. MALONE, JR.
H. E. Malone, Jr.
Vice President - Finance

/s/ DAVID A. ARMOUR

David A. Armour
Controller

Exhibit 3.2

BYLAWS

OF

ENSCO INTERNATIONAL INCORPORATED

Revised and restated by action of
the Board of Directors effective
May 11, 2004

ENSCO INTERNATIONAL INCORPORATED
(herein the "corporation")

*** * * * ***

BYLAWS

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ARTICLE I

<u>OFFICES</u>

Section 1. The corporation's principal office shall be in the City of Dallas, County of

Dallas, State of Texas.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in the City of Dallas, State of Texas, at such place as may be fixed from time to time by the board of directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Texas, as shall be stated in the notice of the meeting.

Section 2. Annual meetings of stockholders shall be held on the dates designated by the board of directors in each year. At such duly constituted meeting the stockholders entitled to vote their shares shall elect by a majority vote of those shares voting in person or by proxy the directors of the corporation to be elected at such meeting pursuant to the provisions of these by-laws, and may transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. Business transacted at the annual meeting of stockholders shall, unless a majority of the directors in office on the day immediately preceding the date of the annual meeting otherwise determines, be limited to the purposes stated in the notice of such annual meeting. Where business introduced by a stockholder is not specified in the notice of annual meeting, then in addition to any other applicable requirements, for business to be properly introduced by a stockholder at an annual meeting of stockholders, the stockholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received by the secretary of the corporation, at the principal executive office of the corporation, not less than fifty (50) days nor more than seventy-five (75) days prior to the meeting, subject to any other requirements of law; provided, however, that in the event that less than sixty-five (65) days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the fifteenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. A stockholder's notice must set forth as to each matter the stockholder proposes to bring before the meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting; (ii) the name and record address of the stockholder proposing such business; (iii) the number of shares of the corporation which are beneficially owned by the stockholder; and (iv) any material interest of the stockholder in such business.

Section 5. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the board of directors, the chairman of the board of directors or the chief executive officer. Special meetings of the stockholders may not be called by any other person or persons.

Section 7. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 8. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 9. The holders of at least a majority of the stock issued and outstanding and entitled to vote thereat, present at a meeting, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. The Chairman or the holders of a majority of the stock having voting power present at any meeting of stockholders shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. A holder of stock shall be treated as being present at a meeting if the holder of such stock is (i) present in person at the meeting or (ii) represented at the meeting by a valid proxy executed in writing (or in such other manner permitted by the General Corporation Law of Delaware) by the stockholder, or by such person's duly authorized attorney in fact.

Section 10. When a quorum is present at any meeting, action on a matter (including the election of directors) shall be approved if the votes cast in favor of the matter exceed the votes cast opposing the matter. In determining the number of votes cast, shares abstaining from voting or not voted on a matter (including elections) will not be treated as votes cast. The provisions of this paragraph will govern with respect to all votes of stockholders except as otherwise provided for in these bylaws or in the certificate of incorporation or by some specific statutory provision, regulation or rule superseding the provisions contained in these bylaws or the certificate of incorporation.

Section 11. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period. Each holder of common stock shall be entitled to one vote per share of common stock owned by such stockholder. The voting rights of holders of preferred stock shall be determined by the certificate of incorporation or the certificate of designation with respect to such preferred stock. Cumulative voting of shares of stock of the corporation, whether common or preferred stock, is prohibited.

Section 12. Unless otherwise provided in the certificate of incorporation and subject to the rights, if any, of the holders of any then outstanding class or series of preferred stock or indebtedness of the corporation with special rights to elect directors, any action required or permitted to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting of the stockholders or by unanimous written consent of the stockholders, and stockholders may not otherwise act by written consent.

Section 13. (a) The corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Each inspector shall perform all duties required of him or her by the Delaware General Corporation Law or other applicable law.

(b) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Delaware Court of Chancery upon application by a stockholder shall determine otherwise.

ARTICLE III

DIRECTORS

Section 1. The number of directors of the corporation shall be not less than three nor more than fifteen. A substantial majority of the directors shall be independent of the corporation and its management and, for this purpose, an independent director shall meet the criteria specified by applicable laws, rules or regulations. The number of directors shall be fixed within the foregoing limits from time to time by resolution duly adopted by the board of directors. The directors of the corporation, other than the directors elected pursuant to the special voting rights of any class or series of preferred stock or indebtedness then outstanding, shall be classified, with respect to the time for which they severally hold office, into three (3) classes, (Class I, Class II and Class III) as nearly equal in number as possible and as provided in these by-laws. The initial term of Class I shall expire at the annual meeting of stockholders to be held in 1994; the initial term of Class II shall expire at the annual meeting of stockholders to be held in 1993; and the initial term of Class III shall expire at the annual meeting of stockholders to be held in 1992; with each class to hold office until its successors are duly elected and qualified. At each annual meeting of stockholders the number of directors equal to the number of the class whose term expires at such meeting shall be elected to hold office until the third succeeding annual meeting of stockholders. Nominations of persons for election to the board of directors of the corporation at the annual meeting of stockholders shall be made at the annual meeting by or at the direction of the board of directors by any nominating committee or person appointed by the board of directors, or by any stockholder of the corporation entitled to vote on the election of directors at the meeting who timely complies with the notice procedures herein set forth. To be timely, a stockholder's notice must be delivered to or mailed to and received by the secretary of the corporation at the principal executive offices of the corporation not less than fifty (50) days nor more than seventy-five (75) days prior to the meeting, subject to any other requirements of law; provided, however, that in the event that less than sixty-five (65) days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the fifteenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Except as provided in Section 2 of this Article and subject to the rights, if any, of the holders of any then outstanding class or series of preferred stock or indebtedness of the corporation with special rights to elect directors, directors of the class whose term is expiring at an annual meeting of stockholders shall be elected at such annual meeting, and each director elected shall hold office until his or her successor is elected and qualified or until his or her death, retirement, resignation or removal for cause.

Section 2. (a) In the event of any change in the authorized number of directors, the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the board of directors among the classes of directors so as to maintain such classes as nearly equal as possible.

(b) Should a vacancy on the board of directors occur or be created, whether arising through death, retirement, resignation or removal of a director for cause, or through an increase in the number of directors of any class, such vacancy shall be filled by the majority vote of the remaining directors of all classes, whether or not a quorum, or by a sole remaining director. A director so elected to fill a vacancy shall serve for the remainder of the then present term of office of the class to which he or she was elected. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3. The business of the corporation shall be managed by or under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. The first meeting of the board of directors following the election of directors at the annual meeting ordinarily will be held in the corporation's office in the City of Dallas, County of Dallas, State of Texas immediately following the annual meeting but may be held at such other time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board may be called by the chairman of the board or the chief executive officer on two days advance written notice to each director, submitted by mail or by email, fax or telegram; special meetings shall be called by the chief executive officer or secretary, in like manner and on like notice on the written request of two directors unless the board consists of only one director; in which case special meetings shall be called by the chief executive officer or secretary in like manner and on like notice on the written request of the sole director.

Section 8. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at or telephonically participating in any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 10. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can speak and hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 11. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation as designated by the board from time to time. Such committee membership designations shall be subject to provisions regarding independence or other qualifications for committee service which may be imposed by applicable laws, rules or regulations.

The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

At all meetings of the board committees a majority of the directors who are members of the committee shall constitute a quorum for the transaction of business and the act of a majority of the committee members present at or telephonically participating in any meeting at which there is a quorum shall be the act of the committee, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of a board committee, the committee members present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Standing committee functions, one or more of which may be performed by a single committee, shall include audit, compensation, governance and nominating. Any board committee, to the extent provided in the resolution of the board of directors or the board approved committee charter, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 151(a) of the General Corporation Law of Delaware, fix any of the preferences or rights of such shares relating to voting, dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation; and, unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock or to adopt a certificate of ownership and merger. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 12. Regular committee meetings may be held without notice at such time and at such place as shall from time to time be determined by the committee.

Section 13. Special committee meetings may be called by the committee chairman on two days advance written notice to each committee member, submitted by mail or by email, fax or telegram; special meetings shall be called by the chief executive officer or secretary, in like manner and on like notice on the written request of two committee members unless the committee consists of only one member; in which case special meetings shall be called by the chief executive officer or secretary in like manner and on like notice on the written request of the sole committee member.

Section 14. Each committee shall keep regular minutes of its meetings and distribute the same to all of the directors.

COMPENSATION OF DIRECTORS

Section 15. Unless otherwise restricted by the certificate of incorporation or these by-laws, the board of directors shall have the authority to fix the compensation of directors who are not officers or employees of the corporation or a subsidiary of the corporation. Such directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at or participation in each meeting of the board of directors and the board committees, which may be in addition to stated director compensation in cash or equity (shares or options) or other benefits, or any combination thereof. No such compensation shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending or participating in committee meetings. A non-executive chairman of the board and the chairman of a special or standing committee may be paid a supplemental fixed sum for serving as chairman of each meeting of the board of directors or the special or standing committee.

REMOVAL OF DIRECTORS

Section 16. Subject to the rights, if any, of the holders of any then outstanding class or series of preferred stock or indebtedness of the corporation with special rights to elect directors, any or all of the directors of the corporation may be removed from office at any time, but only with cause and only by the affirmative vote of the holders of a majority of the outstanding shares of the corporation then entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such stockholder, at his or her address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited In the United States mail. Notice to directors may be given in writing by mail, email, fax or telegram, or may be hand delivered.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing and signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. The officers of the corporation shall include a secretary and may include a chairman of the board, a chief executive officer, a president, one or more executive vice presidents, senior vice presidents, vice presidents, and a treasurer, each of whom shall be elected by the board of directors. Any number of offices may be held by the same person unless the certificate of incorporation otherwise provides.

Section 2. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the board of directors.

Section 3. The officers of the corporation shall be elected by the board of directors in such manner and shall hold their offices for such term as are prescribed herein or determined by the board of directors. The board of directors may determine that all of the officers of the corporation shall be elected or reelected by the board of directors on an annual basis.

Section 4. Any officer of the corporation may be removed at any time, with or without cause, by the board of directors.

Section 5. The salaries of all officers and agents of the corporation shall be fixed by the board of directors or a duly constituted committee thereof.

Section 6. Each officer of the corporation shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise shall be filled by the board of directors or other governing body.

CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER AND PRESIDENT

Section 7. The chairman of the board, if one has been appointed, shall perform such duties as may be delegated by the board of directors. The board of directors may designate whether the chairman of the board, or the president, if such an officer shall have been appointed, shall be the chief executive officer of the corporation. The chairman of the board, the chief executive officer, or the president, if one has been appointed, shall preside at all meetings of the stockholders and the board of directors.

Section 8. Unless the board of directors shall otherwise delegate such duties, the chief executive officer shall have general and active management of the business of the corporation, and shall see that all orders and resolutions of the board of directors are carried into effect. The chief executive officer shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, including designation of authority by power of attorney, or where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation. The chief executive officer or such other officer as shall be authorized by him or her shall have such powers and duties as usually pertain to the office of chief executive officer, except as the same may be modified by the board of directors.

VICE PRESIDENTS

Section 9. The president, executive vice president, senior vice president, or vice president, in the order of their seniority, unless otherwise determined by the board of directors, shall, in the event of absence or disability of the chief executive officer or the president, as the case may be, perform the duties and exercise the powers of the absent or disabled chief executive officer or president. They shall perform such other duties and have such other powers as the board of directors may from time to time prescribe during the period of the absence or disability.

SECRETARY

Section 10. The secretary or other officer appointed by the board of directors shall attend meetings of the board of directors and stockholders, and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the chief executive officer, under whose supervision he or she shall be. The secretary shall keep in safe custody the seal of the corporation, and, when authorized by the board of directors, affix the same to any instrument requiring it, and, when so affixed, it shall be attested by his or her signature or by the signature of the treasurer, an assistant secretary, or an assistant treasurer.

Section 11. The assistant secretaries, in the order of their seniority, unless otherwise determined by the board of directors, shall, in the event of absence or disability of the secretary, perform the duties and exercise the power of the secretary. They shall perform such other duties and have such other power as the board of directors may from time to time prescribe or as the chief executive officer may from time to time delegate.

TREASURER

Section 12. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 13. The treasurer shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the chief executive officer and the board of directors at its regular meetings, or when the board of directors so requires, an account of all his or her transactions as treasurer, and of the financial condition of the corporation, which account may be submitted directly or through the chief financial officer. The treasurer shall perform such other duties and have such other authority and powers as the board of directors may from time to time prescribe or as the chief executive officer may from time to time delegate.

Section 14. If required by the board of directors, the treasurer shall give the corporation a bond in such sum, and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his or her office and for the restoration to the corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the corporation.

Section 15. The assistant treasurers, in the order of their seniority, unless otherwise determined by the board of directors, shall, in the event of absence or disability of the treasurer, perform the duties and exercise the power of the treasurer. They shall perform such other duties and have such other powers as the board of directors may from time to time prescribe or the chief executive officer may from time to time delegate.

ARTICLE VI

CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by, or in the name of the corporation by, the chairman or vice-chairman of the board of directors, or the chief executive officer, or president, or the secretary or an assistant secretary, or the treasurer or an assistant treasurer of the corporation.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue, to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Section 151, 156, 202 (a) or 218 (a) of the General Corporation Law of Delaware or a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Any or all of the signatures on a certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFER OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the older certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares such uncertificated shares shall be cancelled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law, and also may be declared if all members of the board of directors consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meeting contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The board of directors through the chairman of the board, chief executive officer, or president, shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be the calendar year unless otherwise fixed by resolution of the board of directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the word "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

INDEMNIFICATION

Section 7. The corporation shall defend and indemnify its officers, directors, employees and agents to the full extent permitted by the General Corporation Law of Delaware.

ARTICLE VIII

AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the board of directors. In addition, these by-laws may be altered, amended or repealed by the affirmative vote of sixty-six and two-thirds percent (66-2/3%) of the outstanding stock of the corporation entitled to vote thereon.

Exhibit 15.1

July 26, 2004

ENSCO International Incorporated
500 North Akard Street
Suite 4300
Dallas, Texas 75201-3331

Re: Registration Statement on Form S-3, (No. 33-42965, 33-46500, 33-49590, 33-43756, 33-64642, 333-03575, and 333-3789), Form S-8 (No. 333-58625, 33-14714, 33-32447, 33-35862, 33-40282, and 33-41294).

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated July 19, 2004 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the "Act"), such report is not considered part of a registration statement prepared or certified by an accountant, or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP

Dallas, Texas

Exhibit 31.1

CERTIFICATION

I, Carl F. Thorne, certify that:

1. I have reviewed this report on Form 10-Q of ENSCO International Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 26, 2004

/s/ CARL F. THORNE

Carl F. Thorne
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, J. W. Swent, certify that:

1. I have reviewed this report on Form 10-Q of ENSCO International Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 26, 2004

/s/ J. W. SWENT

J. W. Swent
Senior Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ENSCO International Incorporated (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carl F. Thorne, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CARL F. THORNE

Carl F. Thorne
Chief Executive Officer
July 26, 2004

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ENSCO International Incorporated (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. W. Swent, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §

1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. W. SWENT

J. W. Swent
Senior Vice President and Chief Financial Officer
July 26, 2004