ENSCO PLC

FORM 10-Q
(Quarterly Report)

Filed 08/09/95 for the Period Ending 06/30/95

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

ENSCO INTERNATIONAL INC

FORM 10-Q
(Quarterly Report)

Filed 8/9/1995 For Period Ending 6/30/1995

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

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-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, 1995

OR

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

For the transition period from __________________ to _________________

Commission File Number 1-8097

ENSCO INTERNATIONAL INCORPORATED
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	76-0232579 (I.R.S. Employer Identification No.)
2700 Fountain Place 1445 Ross Avenue, Dallas Texas (Address of principal executive offices)	75202 - 2792 (Zip Code)

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

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

There were 60,435,218 shares of Common Stock, $.10 par value, of the registrant outstanding as of August 7, 1995.

ENSCO INTERNATIONAL INCORPORATED

INDEX TO FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 1995

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	JUNE 30, 1995	DECEMBER 31, 1994
	(Unaudited)	
	(In thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 97,613	$148,209
Short-term investments	2,990	5,869
Accounts receivable, net	54,377	40,137
Prepaid expenses and other	9,132	18,155
Total current assets	164,112	212,370
INVESTMENTS	6,609	6,970
PROPERTY AND EQUIPMENT, AT COST	747,380	666,363
Less accumulated depreciation	164,924	137,342
Property and equipment, net	582,456	529,021
OTHER ASSETS		
Goodwill	20,665	21,159
Other	7,969	5,863
Total other assets	28,634	27,022
	$781,811	$775,383
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 18,687	$ 12,742
Accrued liabilities	43,759	34,718
Current maturities of long-term debt	42,339	40,750
Total current liabilities	104,785	88,210
LONG-TERM DEBT	141,157	162,466
DEFERRED INCOME TAXES	23,529	22,989
OTHER LIABILITIES	16,202	13,768
STOCKHOLDERS' EQUITY		
Common stock, $.10 par value, 125.0 million shares authorized, 66.7 million and 66.6 million shares issued	6,665	6,657
Additional paid-in capital	613,419	612,318
Accumulated deficit	(56,951)	(71,657)
Restricted stock (unearned compensation)	(5,891)	(5,518)

Cumulative translation adjustment.............	(1,195)	(1,210)
Treasury stock at cost, 6.2 million and 5.6 million shares..........................	(59,909)	(52,640)
Total stockholders' equity	496,138	487,950
	$781,811	$775,383

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

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

	THREE MONTHS ENDED JUNE 30, 1995	THREE MONTHS ENDED JUNE 30, 1994
	(In thousands, except per share data)	
OPERATING REVENUES	$ 66,547	$ 67,075
OPERATING EXPENSES		
Operating costs	39,613	36,947
Depreciation and amortization	14,876	13,495
General and administrative	2,478	2,342
	56,967	52,784
OPERATING INCOME	9,580	14,291
OTHER INCOME (EXPENSE)		
Interest income	1,659	932
Interest expense	(4,104)	(2,609)
Income from equity affiliates, net	50	28
Other, net	782	(415)
	(1,613)	(2,064)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	7,967	12,227
PROVISION FOR INCOME TAXES	298	1,047
MINORITY INTEREST	585	645
NET INCOME	7,084	10,535
PREFERRED STOCK DIVIDEND REQUIREMENT	-	1,065
INCOME APPLICABLE TO COMMON STOCK	$ 7,084	$ 9,470
INCOME PER COMMON SHARE	$ .12	$ .17
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	60,389	56,044

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

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

	SIX MONTHS ENDED JUNE 30, 1995	SIX MONTHS ENDED JUNE 30, 1994
	(In thousands, except per share data)	
OPERATING REVENUES	$131,766	$132,440
OPERATING EXPENSES		
Operating costs	79,114	72,687
Depreciation and amortization	29,022	26,197
General and administrative	4,621	4,493
	112,757	103,377
OPERATING INCOME	19,009	29,063
OTHER INCOME (EXPENSE)		
Interest income	3,812	1,996
Interest expense	(8,495)	(5,315)
Income from equity affiliates, net	200	272
Other, net	1,684	(379)
	(2,799)	(3,426)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	16,210	25,637
PROVISION FOR INCOME TAXES	337	2,222
MINORITY INTEREST	1,167	1,483
NET INCOME	14,706	21,932
PREFERRED STOCK DIVIDEND REQUIREMENT	-	2,130
INCOME APPLICABLE TO COMMON STOCK	$ 14,706	$ 19,802
INCOME PER COMMON SHARE	$ .24	$ .35
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	60,518	56,023

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

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

	SIX MONTHS ENDED JUNE 30, 1995	SIX MONTHS ENDED JUNE 30, 1994
	(In thousands)	
OPERATING ACTIVITIES		
Net income	$ 14,706	$ 21,932
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,022	26,197
Deferred income tax provision (benefit)	(1,352)	1,353
Amortization of other assets	1,787	1,359
Provision for compensatory stock grants	483	507
Distributed (undistributed) income from equity affiliates	225	(272)
Other	(371)	846
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(13,783)	2,988
Decrease in prepaid expenses and other	8,974	5,036
Increase in accounts payable and accrued liabilities	2,970	4,068
Net cash provided by operating activities	42,661	64,014
INVESTING ACTIVITIES		
Additions to property and equipment	(68,788)	(109,310)
Proceeds from disposition of assets	1,413	12,025
Sale of short-term investments	2,879	-
Other	(1,857)	(1,441)
Net cash used by investing activities	(66,353)	(98,726)
FINANCING ACTIVITIES		
Long-term borrowings	-	30,040
Reduction of long-term borrowings	(19,851)	(12,675)
Repurchase of common stock	(7,210)	-
Preferred stock dividends	-	(2,130)
Other	157	376
Net cash provided (used) by financing activities	(26,904)	15,611
DECREASE IN CASH AND CASH EQUIVALENTS	(50,596)	(19,101)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	148,209	128,060
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 97,613	$108,959

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 consolidated financial statements included herein have been prepared by ENSCO International Incorporated (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and in accordance with generally accepted accounting principles and, in the opinion of management, reflect all adjustments (which consist of normal recurring adjustments) which are necessary for a fair statement of the results of operations for the interim periods presented.

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, 1994 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K.

NOTE 2 - CHANGE IN THE NAME OF THE COMPANY

At the Company's Annual Meeting of the Stockholders held on May 23, 1995, the stockholders of the Company approved the change in the name of the Company from Energy Service Company, Inc. to ENSCO International Incorporated.

NOTE 3 - ACQUISITION

On March 23, 1995, the Company purchased a jackup rig located in the North Sea and simultaneously entered into a bareboat charter agreement with the seller, which is expected to continue through late 1995 or early 1996. The purchase price consisted of $12.8 million paid at closing and an additional $13.0 million to be paid at the end of the bareboat charter period.

NOTE 4 - STOCKHOLDERS' EQUITY

In December 1994, the Company's Board of Directors authorized the repurchase of up to $50.0 million of the Company's common stock. As of June 30, 1995, the Company had repurchased 800,769 shares of its common stock at an average price of $11.92 per share, of which 599,369 shares were repurchased in the first six months of 1995.

On February 21, 1995, the Board of Directors of the Company adopted a shareholder rights plan and declared a dividend of one preferred share purchase right (a "Right") for each share of the Company's common stock outstanding on March 6, 1995. Each Right initially entitles its holder to purchase 1/100th of a share of the Company's Series A Junior Participating Preferred Stock for $50.00, subject to adjustment. The Rights generally will not become exercisable until 10 days after a public announcement that a person or group has acquired 15% or more of the Company's common stock (thereby becoming an "Acquiring Person") or the commencement of a tender or exchange offer upon consummation of which such person or group would own

15% or more of the Company's common stock (the earlier of such dates being called the "Distribution Date"). Rights will be issued with all shares of the Company's common stock issued between March 6, 1995 and the Distribution Date. Until the Distribution Date, the Rights will be evidenced by the certificates representing the Company's common stock and will be transferrable only with the Company's common stock. If any person or group becomes an Acquiring Person each Right, other than Rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter entitle its holder to purchase, at the Right's then current exercise price, shares of the Company's common stock having a market value of two times the exercise price of the Right. If, after a person or group has become an Acquiring Person, the Company is acquired in a merger or other business combination transaction or 50% or more of its assets or earning power are sold, each Right (other than Rights owned by an Acquiring Person which will have become void) will entitle its holder to purchase, at the Rights then current exercise price, that number of shares of common stock of the person with whom the Company has engaged in the foregoing transaction (or its parent) which at the time of such transaction will have a market value of two times the exercise price of the Right. After any person or group has become an Acquiring Person, the Company's Board of Directors may, under certain circumstances, exchange each Right (other than Rights of the Acquiring Person) for shares of the Company's common stock having a value equal to the difference between the market value of the shares of the Company's common stock receivable upon exercise of the Right and the exercise price of the Right. The Company will generally be entitled to redeem the Rights for $.01 per Right at any time until 10 days after a public announcement that a 15% position has been acquired. The Rights expire on February 21, 2005.

NOTE 5 - PROVISION FOR INCOME TAXES

The income tax provisions for the three and six months ended June 30, 1995 primarily include U.S. alternative minimum taxes, current and deferred taxes related to the Company's operations in Venezuela and deferred taxes related to the Company's operations in the United Kingdom. The income tax provisions were decreased by $1.6 million and $3.3 million during the three and six months ended June 30, 1995, respectively, due to reductions in the deferred tax asset valuation allowance as management considers it more likely than not that certain additional U.S. net operating loss carryforwards will be utilized prior to their expiration. No provisions for regular U.S. federal income taxes have been recorded for the three and six months ended June 30, 1995 due to the utilization of net operating loss carryforwards to offset taxes currently payable.

At June 30, 1995, the Company had regular and alternative minimum tax net operating loss and investment tax credit carryforwards of approximately $276.4 million, $157.2 million, and $2.7 million, respectively.

NOTE 6 - MINORITY INTEREST

On March 29, 1995, a wholly owned subsidiary of the Company purchased an additional 15% equity interest in ENSCO Drilling (Caribbean), Inc. ("Caribbean") from the minority interest partner in Caribbean. The purchase, which was effective January 1, 1995, increased the wholly owned subsidiary's interest in Caribbean from 70% to 85%. In consideration for the additional 15% interest in Caribbean acquired, the wholly owned subsidiary makes payments to the minority interest partner that are based upon, in general, the utilization of existing Caribbean rigs. In addition, in the event of a future sale of any rigs currently owned by Caribbean, the minority interest partner is entitled to an additional 15% of the net proceeds upon sale.

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

BUSINESS ENVIRONMENT

The Company conducts its business in the contract drilling, marine transportation and technical services segments of the oil and gas industry with operations primarily in the Gulf of Mexico, the North Sea and Venezuela. Average day rate and utilization levels for the Company's Gulf of Mexico rigs and vessels declined for the three and six months ended June 30, 1995, in comparison to the same periods in the prior year, due primarily to an increase in the total number of industry rigs and vessels available in the Gulf of Mexico. The Company's Gulf of Mexico rigs were also negatively impacted by decreased activity levels from the prior year. Activity levels for rigs and vessels in the Gulf of Mexico have recently increased from the low point experienced in March 1995. However, it is uncertain whether such increased activity levels are sustainable in view of the continued depressed prices for natural gas.

An improvement in oil prices in 1994 and the first part of 1995 and a reduction in the number of available rigs have been contributing factors to increased industry utilization levels in the North Sea during the three and six months ended June 30, 1995. The increased utilization has led to higher average day rates in the North Sea for the three and six months ended June 30, 1995 compared to the latter part of 1994. Management anticipates, based on current market conditions, that North Sea day rate and utilization levels should remain fairly stable for the remainder of 1995.

The Company's barge drilling rigs in Venezuela generally operate under long-term contracts for a national oil company. As a result, their day rate and utilization levels are not as dependent on oil and natural gas prices.

Offshore rig and marine vessel industry utilization for the three and six months ended June 30, 1995 and 1994 is summarized below:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
INDUSTRY WIDE AVERAGES *	1995	1994	1995	1994
Offshore Rigs				
Gulf of Mexico:				
All Rigs:				
Rigs Under Contract	129	131	124	128
Total Rigs Available	178	174	178	171
% Utilization	72%	75%	70%	75%
Jackup Rigs:				
Rigs Under Contract	104	109	100	104
Total Rigs Available	141	135	141	132

% Utilization 74% 81% 71% 79%

INDUSTRY WIDE AVERAGES(continued)*	THREE MONTHS ENDED JUNE 30, 1995	1994	SIX MONTHS ENDED JUNE 30, 1995	1994
Worldwide:				
All Rigs:				
Rigs Under Contract	535	531	529	534
Total Rigs Available	645	660	649	659
% Utilization	83%	80%	82%	81%
Jackup Rigs:				
Rigs Under Contract	319	324	315	323
Total Rigs Available	389	391	390	391
% Utilization	82%	83%	81%	83%
Marine Vessels:				
Gulf of Mexico:				
Vessels Under Contract	246	213	240	217
Total Vessels Available	277	257	277	253
% Utilization	89%	83%	87%	86%

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

RESULTS OF OPERATIONS

The following analysis highlights the Company's operating results for the three and six months ended June 30, 1995 and 1994 (in thousands):

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30,	
	1995	1994	1995	1994
OPERATING RESULTS				
Operating revenues	$ 66,547	$ 67,075	$131,766	$132,440
Operating margin	26,934	30,128	52,652	59,753
Operating income	9,580	14,291	19,009	29,063
Other income (expense), net	(1,613)	(2,064)	(2,799)	(3,426)
Provision for income tax	298	1,047	337	2,222
Minority interest	585	645	1,167	1,483
Net income	7,084	10,535	14,706	21,932
Preferred stock dividend requirements	-	1,065	-	2,130
Income applicable to common stock	7,084	9,470	14,706	19,802

Revenues and operating margin (defined as revenues less operating expenses excluding depreciation and general and administrative expenses) for each of the Company's operating segments are provided below for the three and six months ended June 30, 1995 and 1994 (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1995	1994	1995	1994
OPERATING REVENUES				
Contract drilling				
Jackup rigs				
United States	$ 26,172	$ 27,380	$ 53,894	$ 54,136
International	12,128	12,304	22,809	21,815
Total jackup rigs	38,300	39,684	76,703	75,951
Barge drilling rigs -				
Venezuela	15,649	8,969	31,146	18,272
Total offshore rigs	53,949	48,653	107,849	94,223
Land rigs (1)	-	5,395	-	11,840
Total contract drilling	53,949	54,048	107,849	106,063
Marine transportation				
AHTS (2)	3,382	3,522	6,175	6,080
Supply	4,357	4,712	8,289	9,831
Mini-supply	737	438	1,242	882
Sub total	8,476	8,672	15,706	16,793
Utility (3)	-	477	-	860
Total marine transportation	8,476	9,149	15,706	17,653
Technical services	4,122	3,878	8,211	8,724
Total	$ 66,547	$ 67,075	$131,766	$132,440
OPERATING MARGIN				
Contract drilling				
Jackup rigs				
United States	$ 8,723	$ 12,985	$ 19,004	$ 26,556
International	4,913	6,591	8,433	10,689
Total jackup rigs	13,636	19,576	27,437	37,245
Barge drilling rigs -				
Venezuela	9,920	5,698	19,654	12,053
Total offshore rigs	23,556	25,274	47,091	49,298
Land rigs (1)	(65)	167	(179)	862
Total contract drilling	23,491	25,441	46,912	50,160
Marine transportation				
AHTS (2)	1,488	1,811	2,573	2,780
Supply	1,224	1,562	1,769	3,655
Mini-supply	58	170	42	348
Sub total	2,770	3,543	4,384	6,783

Utility (3) - (130) - (266) Total marine transportation 2,770 3,413 4,384 6,517

Technical services 673 1,274 1,356 3,076

Total $ 26,934 $ 30,128 $ 52,652 $ 59,753

(1) United States and international land rigs are combined. As of September 30, 1994, the Company no longer has land rigs available for work.
(2) Anchor handling tug supply vessels.
(3) As of December 31, 1994, the Company no longer has utility vessels available for work.

The following is an analysis of certain operating information of the Company for the three and six months ended June 30, 1995 and 1994:

	THREE MONTHS ENDED JUNE 30, 1995	THREE MONTHS ENDED JUNE 30, 1994	SIX MONTHS ENDED JUNE 30, 1995	SIX MONTHS ENDED JUNE 30, 1994
OFFSHORE DRILLING				
Rig utilization:				
Jackup rigs				
United States	84%	94%	86%	88%
International	57%	75%	59%	72%
Total jackup rigs	78%	88%	80%	83%
Barge drilling rigs - Venezuela	87%	100%	93%	100%
Total offshore rigs	81%	90%	84%	87%
Average day rates:				
Jackup rigs				
United States	$ 19,139	$ 21,458	$ 19,571	$ 22,737
International	43,410	24,816	41,269	25,034
Total jackup rigs	23,205	22,375	23,216	23,338
Barge drilling rigs - Venezuela	19,717	15,233	18,542	15,523
Total offshore rigs	$ 22,028	$ 20,681	$ 21,595	$ 21,369
MARINE TRANSPORTATION (1)				
Fleet utilization:				
AHTS (2)	87%	84%	78%	76%
Supply	79%	83%	75%	85%
Mini-supply	57%	98%	49%	98%
Total	75%	85%	70%	84%
Average day rates:				
AHTS (2)	$ 7,124	$ 6,854	$ 7,069	$ 7,399
Supply	2,897	3,214	2,887	3,376
Mini-supply	1,786	1,641	1,757	1,652
Total	$ 3,543	$ 3,694	$ 3,511	$ 3,864
TECHNICAL SERVICES INFORMATION				
Job Days:				
Drilling	587	476	1,176	1,040
Guidance	507	500	1,069	1,168
Total	1,094	976	2,245	2,208
Average revenue per job day:				
Drilling	$ 77,200	$110,700	$ 85,100	$107,600
Guidance	44,300	51,500	46,400	51,600
Total	$ 61,500	$ 77,600	$ 64,700	$ 74,600

(1) Excludes utility vessels. As of December 31, 1994, the Company no longer has utility vessels available for work. (2) Anchor handling tug supply vessels.

The Company's consolidated revenues for the three and six months ended June 30, 1995 were virtually unchanged from the comparable periods in 1994. However, the Company did recognize an increase in revenues for the three and six months ended June 30, 1995 as compared to 1994 from four barge drilling rigs which commenced operations in the third quarter of 1994. Revenues also increased due to improved results in the North Sea primarily related to an increase in average day rates and the Company assuming operations, effective January 1, 1995, of two jackup rigs acquired in mid- February 1994 that had operated for the remainder of 1994 under bareboat charter contracts.

These revenue increases were offset by decreased revenues associated with the sale of substantially all of the Company's land rig operations in 1994 and reduced Gulf of Mexico day rate and utilization levels for its contract drilling and marine transportation segments. The revenue decline was also due to three of the Company's jackup rigs undergoing modifications and enhancements and therefore being unavailable for work for substantially all of the first half of 1995.

Operating income for the three and six months ended June 30, 1995 decreased from the comparable periods in 1994 due primarily to the reasons stated above and also due to increased depreciation related to rigs added to the fleet in the second half of 1994 and the first half of 1995.

CONTRACT DRILLING

The following is an analysis of the location of the Company's offshore rigs at June 30, 1995 and 1994:

	1995	1994
Jackup rigs:		
U.S. Gulf of Mexico	17	15
North Sea	6	5
Other International	-	2
Total jackup rigs	23	22
Barge drilling rigs -		
Venezuela	10	6
Total offshore rigs	33	28

The Company mobilized a jackup rig from Brazil that began operating in the Gulf of Mexico in the fourth quarter of 1994. Another jackup rig arrived in the Gulf of Mexico in January 1995 from Dubai and is currently undergoing modifications and enhancements, including extending the rig's water depth capability to approximately 400 feet. Due to the modifications and enhancements, the rig was unavailable for work during the first half of 1995 and is expected to be available for work in the Gulf of Mexico mid-way through the third quarter of 1995.

Two of the Company's North Sea jackup rigs were undergoing modifications and enhancements for substantially all of the first half of 1995. One of the North Sea jackup rigs exited the shipyard and began its contract early in the third quarter of 1995 and the second jackup rig, which is being converted from a slot rig to a cantilever rig, is expected to exit the shipyard and begin its contract late in the third quarter of 1995. On

March 23, 1995, the Company purchased a jackup rig located in the North Sea and simultaneously entered into a bareboat charter agreement with the seller, which is expected to continue through late 1995 or early 1996. See Note 3 to Consolidated Financial Statements.

The Company added four new barge drilling rigs in the third quarter of 1994 which, in addition to the previously existing six barge drilling rigs, are all located on Lake Maracaibo, Venezuela. Two of the Company's barge drilling rigs completed their contracts during the second quarter of 1995 and are currently idle. To date, the Company has not been successful in negotiating new contracts for these two rigs. The other eight barge drilling rigs in Venezuela are on long-term contracts that extend to 1998 and 1999.

The Company sold its U.S. land rig operations effective June 30, 1994 and three of the Company's four land rigs located in the Middle East in the fourth quarter of 1994. The Company continues to own one land rig, located in Dubai, which is currently inactive.

Revenues were little changed while operating margins were down for the Company's contract drilling segment for the three and six months ended June 30, 1995 as compared to the same periods in 1994. Revenues and operating margins in 1995 were negatively impacted by the Company's U.S. jackup rigs experiencing decreased average day rate and utilization levels, three of the Company's jackup rigs undergoing modifications and enhancements and being unavailable for work for substantially all of the first half of 1995 and also due to the sale of substantially all of the Company's land rigs in 1994. The decreases in revenues and operating margins were partially offset by improved results in the North Sea due primarily to improved average day rates and the Company assuming operations in 1995 of two jackup rigs acquired in mid-February 1994. Revenues and operating margins were also positively impacted by the addition of four new barge drilling rigs in Venezuela.

The Venezuelan currency experienced significant devaluation in the first half of 1994 and the Venezuelan government established policies to control the exchange rate of the Venezuelan currency and severely restricted the conversion of Venezuelan currency to U.S. dollars. To date, ENSCO Drilling (Caribbean), Inc. ("Caribbean") has not experienced problems associated with receiving U.S. dollar payments with respect to the U.S. dollar portion of its contracts with Lagoven, S.A. ("Lagoven"), a subsidiary of the Venezuelan national oil company. Changes in these conditions, other policy enactments, or political developments in Venezuela could have an adverse effect upon the Company. However, the Company believes such adverse effects are unlikely due to the volume of U.S. dollars paid to the parent company of Lagoven for its oil exports and the contractual protection available to Caribbean if U.S. dollar payments are not made.

MARINE TRANSPORTATION

The Company has a marine transportation operating fleet of 35 vessels of which 31 are owned by the Company and four are leased under long-term agreements. Of the 31 vessels owned by the Company, four were being converted into larger 146-foot mini-supply vessels during the first half of 1995. Two of these converted mini-supply vessels became available for work in late April 1995 and the remaining two vessels were completed in late-

July and early-August 1995, respectively. The Company's marine transportation vessels are all currently located in the Gulf of Mexico.

The Company operated four vessels in Singapore through a joint venture beginning in August 1993. The Singapore joint venture was terminated in May 1994 and three of the vessels were mobilized to the Gulf of Mexico and the remaining vessel, a utility boat, was sold. The Company had one vessel working offshore Brazil at the beginning of 1994 which returned to the Gulf of Mexico in February 1994.

Revenues and operating margins for the Company's marine transportation segment decreased for the three and six months ended June 30, 1995 as compared to the same periods in 1994 due primarily to the Company experiencing decreased average day rate and utilization levels. The decreased average day rates were due primarily to the increased supply of vessels in the Gulf of Mexico. The Company experienced decreased utilization levels due primarily to four vessels being converted into larger 146-foot mini-supply vessels during the first half of 1995. Management anticipates a general increase in Company utilization throughout the remainder of 1995.

TECHNICAL SERVICES

The Company's technical services operations are presently conducted in the U.S., primarily in the Austin Chalk trend in the Southern U.S., Canada and the North Sea. Technical services activity of the Company for the three and six months ended June 30, 1995 increased from the comparable periods in 1994. However, revenues for the six months ended June 30, 1995 were down, and for the three months ended June 30, 1995 were up only slightly, due primarily to lower Canadian job pricing. The operating margin decreases for the three and six months ended June 30, 1995 as compared to the same periods of 1994 were due primarily to the collection of a receivable in the first and second quarters of 1994 that had been fully reserved in a prior period and to the change in revenues as discussed above. There are currently no indications of substantial change in horizontal drilling activity during 1995, although management anticipates that the demand for specialized drilling applications will increase.

DEPRECIATION AND AMORTIZATION

The increase in depreciation and amortization for the three months ended June 30, 1995 as compared to the same period in 1994 is primarily attributable to depreciation on four barge drilling rigs delivered to Venezuela in the third quarter of 1994 and depreciation on a North Sea jackup rig acquired on March 23, 1995. The increase in depreciation for the six months ended June 30, 1995 as compared to the same period in 1994 is due to the reasons stated above and also due to a full six months depreciation in the first half of 1995 related to two North Sea jackup rigs that were acquired in mid-February 1994. The 1995 increased depreciation levels were partially offset by reduced depreciation related to the sale of substantially all of the Company's land rig operations in 1994.

OTHER INCOME (EXPENSE), NET

The Company's other expense, net decreased for the three and six months ended June 30, 1995 as compared to the same periods in 1994 due primarily to increased interest income and increased other income offset, in part, by increased interest expense. Interest income for the three and six months ended June 30, 1995 increased by $727,000 and $1.8 million, respectively, due primarily to higher average cash levels and increased interest rates. Interest expense for the three and six months ended June 30, 1995 increased by $1.5 million and $3.2 million, respectively, due primarily to interest expense related to the financing of four barge drilling rigs added in Venezuela in the third quarter of 1994. The increases in other income for the three and six months ended June 30, 1995 of $1.2 million and $2.1 million, respectively, were primarily attributable to the comparable periods in 1994 including foreign currency translation losses and a loss on the sale of the Company's U.S. land rig operations while the 1995 periods include certain investment related gains and additional net gains related to equipment lost downhole for which the customer reimbursement exceeded the net book value of the equipment lost.

PROVISION FOR INCOME TAXES

The 1995 and 1994 provisions include primarily U.S. alternative minimum taxes, current and deferred taxes related to the Company's operations in Venezuela and deferred taxes related to the Company's operations in the United Kingdom. The income tax provisions were decreased during the three and six months ended June 30, 1995 due to reductions in the deferred tax asset valuation allowance. See Note 5 to Consolidated Financial Statements.

MINORITY INTEREST

Minority interest for the three and six months ended June 30, 1995 decreased as compared to the same periods in 1994 due primarily to a reduction in Caribbean's minority shareholder's interest from 30% to 15%, effective January 1, 1995, offset by increased earnings in Venezuela as discussed above in "Contract Drilling." See Note 6 to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW AND CAPITAL EXPENDITURES

The Company's cash flow from operations and capital expenditures for the six months ended June 30, 1995 and 1994 are as follows (in thousands):

	1995	1994
Cash flow from operations	$ 42,661	$ 64,014
Capital expenditures	68,788	109,310

Cash flow from operations decreased by $21.4 million for the six months ended June 30, 1995 as compared to the same period in 1994. The decrease is primarily a result of a decline in operating results and an increase in accounts receivable. The increase in accounts receivable at June 30, 1995 is due primarily to the Company now operating, effective January 1, 1995, two rigs acquired in mid-February 1994 that previously operated under bareboat charter contracts and a $3.8 million receivable from a customer for specified rig enhancements.

The Company's capital expenditures for the six months ended June 30, 1995 consisted principally of $7.7 million for sustaining operations, $48.3 million for modifications and enhancements of rigs and vessels and $12.8 million for the purchase of a jackup rig located in the North Sea. Management anticipates that capital expenditures in 1995 will total approximately $20.0 million for sustaining operations, $100.0 million for modifications and enhancements of rigs and vessels and $25.8 million for the purchase of a jackup rig located in the North Sea. See Note 3 to Consolidated Financial Statements. The Company may spend additional funds to acquire rigs or vessels in 1995 depending on market conditions and opportunities.

FINANCING AND CAPITAL RESOURCES

The Company's long-term debt, total capital and debt to capital ratios at June 30, 1995 and December 31, 1994 are summarized below (in thousands, except percentages):

	JUNE 30, 1995	DECEMBER 31, 1994
Long-term debt	$141,157	$162,466
Total capital	637,295	650,416
Long-term debt to total capital	22%	25%

The decrease in long-term debt relates to scheduled repayments. The total capital of the Company decreased due primarily to the decrease in long-term debt and repurchases of common stock partially offset by the profitability of the Company for the six months ended June 30, 1995. See Note 4 to Consolidated Financial Statements.

The Company had a $37.0 million undrawn revolving line of credit at June 30, 1995. The revolver is reduced semi-annually by $1.0 million over five years with the final $30.0 million line expiring in December 1998.

The Company's liquidity position at June 30, 1995 and December 31, 1994 is summarized in the table below (in thousands, except ratios):

	JUNE 30, 1995	DECEMBER 31, 1994
Cash and short-term investments	$100,603	$154,078
Working capital	59,327	124,160
Current ratio	1.6	2.4

The Company utilizes a conservative investment philosophy with respect to its cash and short-term investments and does not invest in any derivative financial instruments.

Based on current energy industry conditions, management believes cash flow from operations, the Company's existing credit facility and the Company's working capital should be sufficient to fund the Company's required debt service and capital additions for the next twelve months.

PART II - OTHER INFORMATION

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

On May 23, 1995, the Company held an annual meeting of stockholders to consider the following proposals: "Proposal 1" - To elect three Class III directors; "Proposal 2" - To approve the amendment of the Company's Certificate of Incorporation to provide for the change of the name of the Company to ENSCO International Incorporated and the elimination of the Company's currently authorized Convertible Common Stock; and "Proposal 3" - To approve the appointment of Price Waterhouse LLP as the Company's independent accountants for 1995. A description of the foregoing matters is contained in the Company's proxy statement, dated April 13, 1995, relating to the 1995 annual meeting of stockholders.

There were 60,372,461 shares of the Company's common stock entitled to vote at the annual meeting based on the April 4, 1995 record date. The Company solicited proxies pursuant to Regulation 14 of the Securities Exchange Act of 1934, and there was no solicitation in opposition to management's nominees for directors as listed in the proxy statement. Each director received a minimum of 53,000,000 votes, which was in excess of 88% of the outstanding common shares entitled to vote.

With respect to Proposal 1 listed above, the voting was as follows:

	VOTES FOR	ABSTENTIONS
Orville D. Gaither	53,108,978	4,020,734
Dillard S. Hammett	53,108,612	4,021,100
Thomas L. Kelly, II	53,108,295	4,021,417

With respect to Proposals 2 and 3 listed above, the voting was as follows:

PROPOSAL	VOTES FOR	VOTES AGAINST	ABSTENTIONS
2	56,979,681	73,671	76,361
3	56,910,396	145,851	32,498

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits and Exhibit Index

EXHIBIT NO.

***27 Financial Data Schedule * filed herewith**

(b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K dated May 23, 1995, with respect to the approval of the change in the name of the Company to ENSCO International Incorporated and other items acted upon at the Company's Annual Meeting of Stockholders held on May 23, 1995.

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: August 8, 1995	*[/s/ C. Christopher Gaut]*
	C. Christopher Gaut *Chief Financial Officer*
	[/s/ H. E. Malone]
	H. E. Malone, Corporate Controller

and Chief Accounting Officer

EXHIBIT INDEX

EXHIBIT NO.	DOCUMENT	SEQUENTIALLY NUMBERED DOCUMENT PAGE
27	Financial Data Schedule	21

ARTICLE 5

This schedule contains summary financial information extracted from the June 30, 1995 financial statements and is qualified in its entirety by reference to such financial statements.

PERIOD TYPE: 6 MOS

FISCAL YEAR END: DEC 31 1995

PERIOD END: JUN 30 1995

CASH: $ 97,613

SECURITIES: 2,990

RECEIVABLES: 55,912

ALLOWANCES: 1,535

INVENTORY: 3,112

CURRENT ASSETS: 164,112

PP&E: 747,380

DEPRECIATION: 164,924

TOTAL ASSETS: 781,811

CURRENT LIABILITIES: 104,785

BONDS: 141,157

COMMON: 6,665

PREFERRED MANDATORY: 0

PREFERRED: 0

OTHER SE: 489,473

TOTAL LIABILITY AND EQUITY: 781,811

SALES: 0

TOTAL REVENUES: 131,766

CGS: 0

TOTAL COSTS: 79,114

OTHER EXPENSES: 33,643

LOSS PROVISION: 329

INTEREST EXPENSE: 8,495

INCOME PRETAX: 16,210

INCOME TAX: 337

INCOME CONTINUING: 14,706

DISCONTINUED: 0

EXTRAORDINARY: 0

CHANGES: 0

NET INCOME: 14,706

EPS PRIMARY: 0.24

EPS DILUTED: 0.24
