ENSCO PLC

FORM 10-Q
(Quarterly Report)

Filed 05/11/99 for the Period Ending 03/31/99

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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 5/11/1999 For Period Ending 3/31/1999

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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 March 31, 1999

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 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 ___

There were 137,082,632 shares of Common Stock, $.10 par value, of the registrant outstanding as of April 30, 1999.

ENSCO INTERNATIONAL INCORPORATED

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FOR THE QUARTER ENDED MARCH 31, 1999

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of ENSCO International Incorporated

We have reviewed the accompanying consolidated balance sheet of ENSCO International Incorporated and its subsidiaries as of March 31, 1999 and the related consolidated statements of income and of cash flows for the three month periods ended March 31, 1999 and 1998. This financial information is the responsibility of the Company's management.

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

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

We previously audited in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1998, and the related consolidated statements of income and of cash flows for the year then ended (not presented herein), and in our report dated January 25, 1999 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 1998, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas
May 7, 1999

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

(Unaudited)

	Three Months Ended March 31, 1999	Three Months Ended March 31, 1998
OPERATING REVENUES	$127.7	$246.4
OPERATING EXPENSES		
Operating costs	67.5	83.7
Depreciation and amortization	23.6	19.8
General and administrative	2.9	3.6
	94.0	107.1
OPERATING INCOME	33.7	139.3
OTHER INCOME (EXPENSE)		
Interest income	4.1	2.7
Interest expense, net	(5.4)	(7.6)
Other, net	(.1)	(.1)
	(1.4)	(5.0)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	32.3	134.3
PROVISION FOR INCOME TAXES		
Current income taxes	.3	34.8
Deferred income taxes	11.0	11.0
	11.3	45.8
MINORITY INTEREST	1.0	1.3
NET INCOME	$ 20.0	$ 87.2
EARNINGS PER SHARE		
Basic	$ .15	$ .62
Diluted	.15	.61

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING

Basic	136.3	141.5
Diluted	136.6	142.9
CASH DIVIDENDS PER COMMON SHARE	$ .025	$ .025

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

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(In millions, except for par value)

	March 31, 1999 (Unaudited)	December 31, 1998 (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 294.9	$ 330.1
Accounts receivable, net	80.7	118.4
Prepaid expenses and other	22.5	27.8
Total current assets	398.1	476.3
PROPERTY AND EQUIPMENT, AT COST	1,892.9	1,799.2
Less accumulated depreciation	432.0	409.8
Property and equipment, net	1,460.9	1,389.4
OTHER ASSETS, NET	124.3	127.1
	$1,983.3	$1,992.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 12.8	$ 9.1
Accrued liabilities	106.9	126.7
Current maturities of long-term debt	4.0	23.6
Total current liabilities	123.7	159.4
LONG-TERM DEBT	374.5	375.5
DEFERRED INCOME TAXES	190.9	180.0
OTHER LIABILITIES	15.2	17.1
MINORITY INTEREST	16.9	15.8
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, $1 par value, 20.0 million shares authorized and none issued	-	-
Common stock, $.10 par value, 250.0 million shares authorized and 155.6 million shares issued	15.6	15.6
Additional paid-in capital	846.2	846.1
Retained earnings	555.0	538.4
Restricted stock (unearned compensation)	(7.3)	(7.7)
Cumulative translation adjustment	(1.1)	(1.1)
Treasury stock at cost, 18.5 million shares	(146.3)	(146.3)
Total stockholders' equity	1,262.1	1,245.0
	$1,983.3	$1,992.8

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

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

(Unaudited)

	Three Months Ended March 31, 1999	Three Months Ended March 31, 1998
OPERATING ACTIVITIES		
Net income	$ 20.0	$ 87.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23.6	19.8
Deferred income tax provision	11.0	11.0
Amortization of other assets	2.8	2.4
Other	.2	(.2)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	37.7	(9.3)
Decrease in prepaid expenses and other	4.4	11.4
Increase in accounts payable	3.6	5.3
Increase (decrease) in accrued liabilities	(35.1)	21.3
Net cash provided by operating activities	68.2	148.9
INVESTING ACTIVITIES		
Additions to property and equipment	(80.1)	(81.0)
Other	.6	.7
Net cash used by investing activities	(79.5)	(80.3)
FINANCING ACTIVITIES		
Reduction of long-term borrowings	(20.6)	(9.1)
Cash dividends	(3.4)	(3.6)
Other	.1	.4
Net cash used by financing activities	(23.9)	(12.3)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(35.2)	56.3
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	330.1	262.2
CASH AND CASH EQUIVALENTS, END OF PERIOD	$294.9	$318.5

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Unaudited Financial Statements

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

The financial data for the three month period ended March 31, 1999 included herein has been subjected to a limited review by PricewaterhouseCoopers LLP, the registrant's independent accountants. The accompanying review report of independent accountants is not a report within the meaning of Sections 7 and 11 of the Securities Act of 1933 and the independent accountant's liability under Section 11 does not extend to it.

Results of operations for the three month period ended March 31, 1999 are not necessarily indicative of results of operations which will be realized for the year ending December 31, 1999. 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, 1998 included in the Company's Annual Report to the Securities and Exchange Commission on Form 10-K.

Note 2 - Earnings Per Share

For the three months ended March 31, 1999 and 1998, 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 months ended March 31, 1999 and 1998 (in millions).

	1999	1998
Weighted average common shares - basic	136.3	141.5
Potentially dilutive common shares		
Restricted stock grants	-	.4
Stock options	.3	1.0
Weighted average common shares - diluted	136.6	142.9

Note 3 - Contract Expirations

In January 1999, the Company and Petroleos de Venezuela, S.A. ("PDVSA") agreed upon the early expiration of the contracts on six of the Company's barge rigs in Venezuela. The six contracts were originally scheduled to expire from May to September of 1999. As a result of the early expiration of the contracts, the Company received lump sum payments totaling $18.4 million, all of which was recognized as revenue in the first quarter of 1999. The Company experienced early termination of the contracts of certain other rigs during the first quarter of 1999, and early termination proceeds of approximately $2.0 million related to these rigs is also included in revenue for the first quarter of 1999.

Note 4 - Segment Information

The Company's operations are categorized into two operating segments which are differentiated based on the core services provided by the Company, (1) contract drilling services and (2) marine transportation services. The Company's contract drilling segment owns or operates a fleet of 51 offshore drilling rigs, including 36 jackup rigs, seven barge rigs and eight platform rigs. The Company's marine transportation segment owns a fleet of 36 oilfield support vessels. Operating income for each segment includes an allocation of general and administrative expenses of the Company's corporate office. Depreciation expense of the Company's corporate office is not allocated to the operating segments.

Segment information for the three months ended March 31, 1999 and 1998 is as follows (in millions):

INDUSTRY SEGMENT

	Contract Drilling	Marine Transportation	Corporate	Total
1999				
Revenues	$ 117.5	$ 10.2	$ --	$ 127.7
Operating income (loss) ..	34.0	.1	(.4)	33.7
1998				
Revenues	$ 220.8	$ 25.6	$ --	$ 246.4
Operating income (loss) ..	125.7	13.9	(.3)	139.3

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

Business Environment

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

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

Concern over excess oil supplies and the resulting curtailment or deferral of exploration and development spending by oil companies continues to adversely impact industry conditions. Demand for drilling rigs and marine vessels remains depressed, and day rates and utilization continued to decrease during the first quarter of 1999. By several measures, current industry conditions are the worst that have been experienced since the mid-1980s.

During the first quarter of 1999 oil prices increased from their low at the end of 1998, and recently oil prices have exceeded $18.00 per barrel. The increase in oil prices is due primarily to anticipated cutbacks in oil production by OPEC which were agreed to in March 1999. Whether or not the recent increase in oil prices will be sustained is not determinable at the present time. Although the recent increase in oil prices improves the likelihood of oil companies increasing their exploration and development spending, the timing of any exploration and development spending increase and the impact on the Company's operations and financial results are uncertain. The Company currently expects that day rates and utilization will continue to deteriorate in the near term, especially in international markets. If current conditions persist throughout 1999, the Company anticipates that it will incur a net loss for the year ending December 31, 1999.

Results of Operations

The Company's results for the first quarter of 1999 continued the negative trend that began in the second quarter of 1998. The Company has continued to experience decreases in day rates and utilization as well as more recently the early termination of drilling contracts. During the first quarter of 1999, the Company received $20.4 million as a result of the early termination of various drilling contracts. The termination of these contracts accelerated the receipt of revenue which otherwise would have been realized over the course of 1999.

The following analysis highlights the Company's operating results for the three months ended March 31, 1999 and 1998 (in millions):

Operating Results	1999	1998
Revenues	$127.7	$246.4
Operating expenses, including G&A	70.4	87.3
Depreciation and amortization	23.6	19.8
Operating income	33.7	139.3
Other expense, net	1.4	5.0
Provision for income taxes	11.3	45.8
Minority interest	1.0	1.3
Net income	$ 20.0	$ 87.2

	1999	1998
Revenues		
Contract drilling		
Jackup rigs:		
North America	$ 35.1	$109.9
Europe	33.3	57.8
Asia Pacific	14.8	22.6
Total jackup rigs	83.2	190.3
Barge rigs - South America	20.5	23.0
Platform rigs	13.8	7.5
Total contract drilling	117.5	220.8
Marine transportation		
AHTS (1)	4.8	5.3
Supply	4.9	17.2
Mini-supply	.5	3.1
Total marine transportation	10.2	25.6
Total	$127.7	$246.4
Operating Margin(2)		
Contract drilling		
Jackup rigs:		
North America	$ 9.6	$ 77.2
Europe	20.7	42.9
Asia Pacific	5.4	12.4
Total jackup rigs	35.7	132.5
Barge rigs - South America	15.6	11.9
Platform rigs	7.3	3.0
Total contract drilling	58.6	147.4
Marine transportation		
AHTS (1)	1.9	3.1
Supply	(.1)	10.5
Mini-supply	(.2)	1.7
Total marine transportation	1.6	15.3
Total	$ 60.2	$162.7

(1) Anchor handling tug supply vessels.
(2) Defined as revenues less operating expenses, exclusive of depreciation and general and administrative expenses.

The following is an analysis of certain operating information of the Company for the three months ended March 31, 1999 and 1998:

	1999	1998
Contract Drilling		
Rig utilization:		
Jackup rigs:		
North America	87%	99%
Europe	86%	100%
Asia Pacific	57%	71%
Total jackup rigs	81%	94%
Barge rigs - South America	17%	100%
Platform rigs	74%	86%
Total	72%	94%
Average day rates:		
Jackup rigs:		
North America	$ 20,258	$ 56,174
Europe	61,009	100,326
Asia Pacific	40,836	48,477
Total jackup rigs	30,351	63,120
Barge rigs - South America	17,163	25,246
Platform rigs	23,853	23,098
Total	$ 29,054	$ 52,288
Marine Transportation		
Fleet utilization:		
AHTS*	70%	73%
Supply	73%	90%
Mini-supply	31%	96%
Total	63%	89%
Average day rates:		
AHTS*	$ 15,123	$ 16,232
Supply	3,289	8,908
Mini-supply	2,315	4,455
Total	$ 5,005	$ 8,676

* Anchor handling tug supply vessels.

Discussions relative to each of the Company's operating segments and significant changes in operating results for the three months ended March 31, 1999 as compared with the prior year same period results are set forth below.

Contract Drilling

The following is an analysis of the Company's offshore drilling rigs at March 31, 1999 and 1998:

	1999	1998
Jackup rigs:		
North America	22	22
Europe	7	7
Asia Pacific	7	7
Total jackup rigs	36	36
Barge rigs - South America(1)	7	10
Platform rigs(2)	8	8
Total	51	54

(1) The Company sold four barge rigs in October 1998. One newly constructed barge rig was mobilized to Venezuela in March 1999 and commenced drilling operations in early April. The Company has two additional barge rigs under construction that will be mobilized to Venezuela during the second quarter of 1999, and are scheduled to begin drilling operations in May and July.

(2) In April 1999, the Company completed the operating contract for a platform rig that was located off the coast of China. The platform rig was not owned by the Company, but operated under a management contract. The Company's seven remaining platform rigs are all located in the Gulf of Mexico.

First quarter 1999 revenues for the Company's drilling segment compared to the first quarter of 1998 decreased by $103.3 million, or 47%, and operating margin decreased by $88.8 million, or 60%. These decreases are due primarily to lower average day rates, which decreased 44% from the prior year period, and lower utilization for drilling rigs, which decreased to 72% in the first quarter of 1999 from 94% in the prior year first quarter. Operating expenses for the contract drilling segment decreased by $14.5 million, or 20%, from the prior year due primarily to cost cutting initiatives and, to a lesser extent, decreased utilization.

North America Jackup Rigs

Revenues for the first quarter of 1999 for the North America jackup rigs decreased by $74.8 million, or 68%, and operating margin decreased by $67.6 million, or 88%, as compared to the prior year first quarter. The decrease in revenues and operating margin is due primarily to a 64% decrease in average day rates and to a decrease in utilization, to 87% in the current year quarter as compared to 99% in the prior year quarter. The Company continues to market all of its jackup rigs in the Gulf of Mexico and currently has no plans to stack any of the rigs as a result of the lower industry utilization in the Gulf of Mexico. Operating expenses decreased by $7.2 million, or 22%, as compared to the prior year quarter, due primarily to cost saving measures and lower utilization.

Europe Jackup Rigs

First quarter revenues for the Europe jackup rigs decreased by $24.5 million, or 42%, and operating margin decreased by $22.2 million, or 52%, as compared to the prior year quarter. The decrease in revenues is due primarily to a 39% decrease in average day rates and a decrease in utilization, to 86% in the current year quarter from 100% in the prior year quarter. During the first quarter of 1999, three of the Europe jackup rigs that were originally under contract through 1999 were released from their contracts early. One of these rigs returned to work under another contract in the first quarter, and the other two rigs have been stacked. A fourth rig experienced idle time in the first quarter after completing a contract and returned to work in the second quarter. Operating expenses for the Europe jackup rigs decreased by $2.3 million, or 15%, from the prior year quarter due primarily to cost reductions and lower utilization.

Asia Pacific Jackup Rigs

First quarter revenues for the Asia Pacific jackup rigs decreased by $7.8 million, or 35%, and operating margin decreased by $7.0 million, or 56%, as compared to the prior year quarter. The decrease in revenues and operating margin is due primarily to a decrease in utilization, to 57% in the current quarter from 71% in the prior year quarter, and a 16% decrease in average day rates. Three of the Asia Pacific jackup rigs were stacked for all of the first quarter whereas only two rigs were idle in the prior year quarter. Operating expenses decreased approximately $800,000, or 8%, from the prior year quarter due primarily to cost saving measures and lower utilization.

South America Barge Rigs

First quarter revenues for the South America barge rigs decreased by $2.5 million, or 11%, and operating expenses decreased by $6.2 million, or 56%, as compared to the prior year quarter. The decrease in revenues and operating expenses is primarily due to the sale of four barge rigs in October 1998, and a decrease in utilization to 17% in the current quarter from 100% in the prior year quarter for the remaining six barge rigs, which experienced early contract terminations in January 1999. The decreases in revenue resulting from the sale of four barge rigs and decreased utilization on the remaining six barge rigs was partially offset by lump sum early contract termination payments totaling $18.4 million. First quarter operating margin for the South America barge rigs increased by $3.7 million, or 31%, as compared to the prior year quarter, as the favorable impact of the early contract termination payments exceeded the decease in margins resulting from the sale of four barge rigs and the decreased utilization on the remaining six barge rigs discussed above. During the first quarter of 1999, the Company completed and delivered the first of three new barge rigs being constructed to perform five-year term contracts. The remaining two barge rigs are scheduled for delivery in the second quarter of 1999.

Platform Rigs

First quarter revenues for the platform rigs increased by $6.3 million, or 84%, and operating margin increased by $4.3 million, or 143%, as compared to the prior year quarter. The increase in revenues is due to a lump sum contract cancellation payment received in the first quarter of 1999, and to higher drilling day rates earned by certain rigs in the current year quarter compared to lower standby day rates earned in the prior year quarter. In 1998, certain rigs received standby rates while undergoing enhancement modifications in the shipyard. In the first quarter of 1999, operating expenses for the platform rigs increased by $2.0 million, or 44%, due primarily to the higher cost associated with drilling operations compared to the lower cost incurred by several rigs while in the shipyard during the first quarter of 1998.

Marine Transportation

The following is an analysis of the Company's marine transportation vessels as of March 31, 1999 and 1998:

	1999	1998
AHTS(1)(2)(3)	5	5
Supply(3)	23	24
Mini Supply	8	8
Total(4)	36	37

(1) Anchor handling tug supply vessels.

(2) In September 1998, one of the Company's large AHTS vessels sank while supporting drilling operations for a customer in the Gulf of Mexico. The vessel was fully insured and the Company recognized a gain on the loss of the vessel during the third quarter of 1998.

(3) During the fourth quarter of 1998, the Company added towing capabilities to one of its larger supply vessels and reclassified the vessel as an AHTS vessel effective January 1, 1999.

(4) All of the Company's marine transportation vessels are located in the Gulf of Mexico.

For the first quarter 1999, revenues for the Company's marine transportation segment decreased by $15.4 million, or 60%, and operating margin decreased by $13.7 million, or 90%, as compared to the prior year quarter. The decrease in revenues is due to a decrease in utilization, to 63% in the current quarter from 89% in the prior year quarter, and a 42% decrease in average day rates. The Company currently has seven of its vessels cold stacked. Operating expenses decreased by $1.7 million, or 17%, due primarily to lower utilization and cost reductions.

Depreciation and Amortization

Depreciation and amortization expense for the first quarter of 1999 increased by $3.8 million, or 19%, as compared to the prior year quarter. The increase is due primarily to enhancement projects that were completed subsequent to the first quarter of 1998, offset in part by the sale of four barge rigs in October 1998.

General and Administrative

General and administrative expense for the first quarter of 1999 decreased by $700,000, or 19%, as compared to the prior year quarter. The decrease is due primarily to a reduction in performance-based compensation and cost saving measures.

Other Income (Expense)

Other income (expense) for the three months ended March 31, 1999 and 1998 was as follows (in millions):

	1999	1998
Interest income	$ 4.1	$ 2.7
Interest expense, net	(5.4)	(7.6)
Other, net	(.1)	(.1)
	$(1.4)	$(5.0)

Interest income increased in the first quarter of 1999 as compared to the prior year quarter due primarily to higher average invested cash balances. Interest expense decreased as compared to the prior year quarter due to lower average debt balances and a $2.0 million increase in capitalized interest resulting from the new construction projects.

Provision for Income Taxes

The Company's provision for income taxes decreased by $34.5 million for the three months ended March 31, 1999 as compared to the prior year period, due to the decreased profitability of the Company.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow and Capital Expenditures

The Company's cash flow from operations and capital expenditures for the three months ended March 31, 1999 and 1998 are as follows (in millions):

	1999	1998
Cash flow from operations ..	$ 68.2	$148.9
Capital expenditures		
Enhancements	$ 10.1	$ 43.5
Construction	66.2	27.8
Sustaining	3.8	9.7
	$ 80.1	$ 81.0

Cash flow from operations decreased by $80.7 million for the first quarter of 1999 as compared to the prior year quarter. The decrease in cash flow from operations is due primarily to reduced operating results and reduced cash flow from working capital changes.

Management anticipates that capital expenditures for the full year 1999 will be approximately $275 million, including $210 million for new construction projects, $30 million for enhancements and $35 million for ongoing operations.

Financing and Capital Resources

The Company's long-term debt, total capital and debt to capital ratios at March 31, 1999 and December 31, 1998 are summarized below (in millions, except percentages):

	March 31, 1999	December 31, 1998
Long-term debt	$ 374.5	$ 375.5
Total capital	1,636.6	1,620.5
Long-term debt to total capital .	22.9%	23.2%

During the first quarter of 1999 the Company repaid $19.6 million of term loans outstanding at December 31, 1998. These loans were secured by four Venezuela barge rigs and were required to be paid as a result of the early termination of the drilling contracts of the four rigs. In order to assure the Company has adequate liquidity and resources for growth, the Company is currently in the process of arranging approximately $200 million of long-term debt consisting of 15 year notes that will be guaranteed by the United States Maritime Administration for the construction of the Company's new build semisubmersible rig. The funds will not be fully drawn until the new rig is completed in mid 2000.

The Company's liquidity position at March 31, 1999 and December 31, 1998 is summarized in the table below (in millions, except ratios):

	March 31, 1999	December 31, 1998
Cash and cash equivalents	$ 294.9	$ 330.1
Working capital	274.4	316.9
Current ratio	3.2	3.0

MARKET RISK

The Company occasionally uses derivative financial instruments to hedge against its exposure to changes in foreign currencies. The Company does not use derivative financial instruments for trading purposes. The Company predominantly structures its drilling rig contracts in U.S. dollars to mitigate its exposure to fluctuations in foreign currencies. The Company will, however, from time to time, hedge its known liabilities or projected payments in foreign currencies to reduce the impact of foreign currency gains and losses in its financial results. At March 31, 1999, the Company had foreign currency exchange contracts outstanding to exchange U.S. dollars for Dutch guilders, British pounds sterling and Singapore dollars totaling $45.0 million. At March 31, 1999, there were no material unrealized gains or losses on open foreign currency exchange derivative hedges. Management believes that the Company's hedging activities do not expose the Company to any material interest rate risk, foreign currency exchange rate risk, commodity price risk or any other market rate or price risk.

YEAR 2000 UPDATE

The Company has completed its assessment of its critical information technology (IT) systems and non-IT systems and is working to correct the deficiencies identified. The Company believes that it is on schedule to successfully implement the required systems and equipment modifications necessary to make the Company's critical systems Year 2000 compliant by mid-1999.

The Company's critical IT systems are comprised primarily of a general ledger accounting software package and related application modules, a fixed asset system, payroll system and procurement and purchasing system. The assessment of the Company's IT systems found that some of the IT systems were not Year 2000 compliant. Changes to make these systems Year 2000 compliant are being made in conjunction with the Company's planned upgrade cycle, which should be completed by mid-1999.

Non-IT systems are comprised primarily of computer controlled equipment and electronic devices, including equipment with embedded microprocessors which are used to operate equipment on the Company's drilling rigs and marine vessels. Additionally, telephone systems and other office based electronic equipment are considered in the assessment of non-IT systems. With respect to drilling rig and marine vessel based systems, the Company's assessment indicates that there will be no disruption in the operations of its drilling rigs and marine vessels as a result of the Year 2000 problem. The Company conducted testing of its drilling rig based equipment with manufacture representatives during the fourth quarter of 1998 which verified the Company's assessment. With respect to other office based non-IT systems, the Company's assessment found that it will be necessary to replace or modify some existing equipment, which should be completed by mid-1999.

The total cost to make all systems and equipment Year 2000 compliant is currently estimated at $550,000, including software and systems that are being replaced in the Company's normal upgrade cycle. Approximately $440,000 has been spent in modifying and upgrading systems and equipment to date. These estimates do not include internal labor costs for employees who spend part of their time working on the Company's Year 2000 project.

The Company has initiated or received communication from most significant suppliers, customers and financial service providers on the Year 2000 issue. This communication has been used to determine the extent to which the Company is vulnerable to these third parties' failure to remedy their own Year 2000 issues. Although there is currently no indication that these business partners will not achieve their Year 2000 compliance plans, there can be no guarantee that the systems of other companies on which the Company relies will be timely converted. Additionally, there can be no guarantee that the Company will not experience Year 2000 problems. If the Company or its business partners experience Year 2000 compliance problems, material adverse business consequences could result. The Company believes that the most likely negative effects, if any, could include delays in payments to the Company from customers or payments by the Company to suppliers and disruptions in shipments of equipment and materials required to operate the Company's drilling rigs and marine vessels.

The Company has begun contingency planning for its Year 2000 issues and is expected to have such plans completed during the third quarter of 1999. The Company's contingency planning will primarily focus on precautionary measures related to the shipment of equipment to foreign countries and rig crew changes on or around January 1, 2000.

OUTLOOK AND FORWARD-LOOKING STATEMENTS

The Company currently expects that day rates and utilization levels for drilling rigs and marine transportation vessels will continue to deteriorate during the remainder of 1999 as a result of current industry conditions and sharply curtailed spending for exploration and development programs by oil companies. As day rates and utilization continue to decrease, the Company's financial results will be adversely affected. Due to the short-term nature of many of the Company's contracts and the unpredictable nature of oil and natural gas prices, which affect the demand for drilling activity, the extent of such adverse change cannot be accurately predicted. While recent oil price improvement has been encouraging, even if these prices persist, significantly higher day rates will probably not be realized for several quarters. Based on these factors, the Company anticipates it will incur a net loss for 1999. However, management remains positive on the long-term outlook for the industry and for ENSCO.

The decline experienced in the offshore drilling markets has resulted in the Company stacking certain rigs and vessels. The Company will stack its rigs and vessels if it does not believe there will be a market for the equipment in the near-term or if sufficient cash flow cannot be generated to cover cash operating costs. During the remainder of 1999, the Company expects that its Gulf of Mexico jackup rigs will experience greater downtime as the majority of these rigs are on short-term contracts and will be competing against many available rigs for additional work. Currently, the Company has no plans to stack any of its North America jackup rigs. In Europe, three of the Company's rigs are currently idle, including two rigs that were stacked during the first quarter. The Company continues to market the remaining rig. In the Asia Pacific region, the Company has five rigs currently not under contract. The Company has stacked three of these rigs and plans to market the remaining two rigs. In South America, the Company has received delivery of two new barge rigs constructed against a long-term contract with Chevron. A third new barge rig is expected to be delivered in the second quarter and commence drilling under contract in the third quarter of 1999. The Company's six other barge rigs in Venezuela were idled in January 1999 as a result of early contract terminations by PDVSA. The Company has stacked four of the barge rigs and plans to market the remaining two barge rigs, one of which is currently performing a short-term contract. In the marine transportation segment, there are currently two supply vessels and five mini-supply vessels stacked. Additional vessels will be considered for stacking as their drydocking requirements mature during 1999.

This report contains forward-looking statements based on current expectations that involve a number of risks and uncertainties that could cause actual results to differ materially from the results discussed in the forward-looking statements. Generally, forward-looking statements include words or phrases such as "management anticipates," "the Company believes," "the Company anticipates" and words and phrases of similar impact, and include but are not limited to statements regarding future operations and business environment. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The factors that could cause actual results to differ materially include, but are not limited to: (i) industry conditions and competition, (ii) the cyclical nature of the industry, (iii) worldwide expenditures for oil and gas drilling, (iv) operational risks and insurance, (v) risks associated with operating in foreign jurisdictions, (vi) environmental liabilities which may arise in the future which are not covered by insurance or indemnity, (vii) the impact of current and future laws and governmental regulation, as well as repeal or modification of the same, affecting the oil and gas industry and the Company's operations in particular, and (viii) the risks described from time to time in the Company's reports to the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires companies to record derivatives on the balance sheet as assets and liabilities, measured at fair value. Gains and losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. This statement is not expected to have a material impact on the Company's consolidated financial statements. This statement is effective for fiscal years beginning after June 15, 1999, with earlier adoption encouraged. ENSCO will adopt this accounting standard as required by January 1, 2000.

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.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits Filed with this Report

Exhibit No.

Exhibit No.	Description
15.1	Letter of Independent Accountants regarding Awareness of Incorporation by Reference.
27.1	Financial Data Schedule. (Exhibit 27.1 is being submitted as an exhibit only in the electronic format of this Quarterly Report on Form 10-Q submitted to the Securities and Exchange Commission.)

(b) Reports on Form 8-K

None

SIGNATURES

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

ENSCO INTERNATIONAL INCORPORATED

Date: May 7, 1999	*/s/ C. Christopher Gaut* --------------------------------- *C. Christopher Gaut* *Chief Financial Officer*
	/s/ H. E. Malone --------------------------------- *H. E. Malone, Corporate Controller* *and Chief Accounting Officer*

ARTICLE 5

This schedule contains summary financial information extracted from the March 31, 1999 financial statements and is qualified in its entirety by reference to such financial statements.

CIK: 0000314808

NAME: ENSCO INTERNATIONAL INCORPORATED

MULTIPLIER: 1,000

PERIOD TYPE	3 Mos
FISCAL YEAR END	DEC 31 1999
PERIOD END	MAR 31 1999
CASH	294,900
SECURITIES	0
RECEIVABLES	80,700
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	398,100
PP&E	1,892,900
DEPRECIATION	432,000
TOTAL ASSETS	1,983,300
CURRENT LIABILITIES	123,700
BONDS	374,500
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	15,600
OTHER SE	1,246,500
TOTAL LIABILITY AND EQUITY	1,983,300
SALES	0
TOTAL REVENUES	127,700
CGS	0
TOTAL COSTS	67,500
OTHER EXPENSES	26,500
LOSS PROVISION	0
INTEREST EXPENSE	5,400
INCOME PRETAX	32,300
INCOME TAX	11,300
INCOME CONTINUING	20,000
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	20,000
EPS PRIMARY	0.15
EPS DILUTED	0.15

May 7, 1999

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

Ladies and Gentlemen:

We are aware that ENSCO International Incorporated has included our report dated May 7, 1999 (issued pursuant to the provisions of Statement on Auditing Standard No. 71) in the Company's Registration Statements on Form S-3 (Nos. 33-42965, 33-46500, 33-49590, 33-43756, 33-64642, 333-03575 and 333-37897), and any existing amendments thereto, and Form S-8 (Nos. 333-58625, 33-14714, 33-32447, 33-35862, 33-40282 and 33-41294). We are also aware of our responsibilities under the Securities Act of 1933.

Yours very truly,

/s/ PricewaterhouseCoopers LLP