

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED NOVEMBER 30, 1998

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 1-7573

PARKER DRILLING COMPANY

(Exact name of registrant as specified in its charter)

Delaware

73-0618660

(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

Parker Building, Eight East Third Street, Tulsa, Oklahoma 74103

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code (918) 585-8221

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. Yes No

As of December 31, 1998, 76,886,806 common shares were outstanding.

<TABLE>

PARKER DRILLING COMPANY

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November 30, 1998 and August 31, 1998

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PART 1. FINANCIAL INFORMATION

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in Thousands)
(Unaudited)

<CAPTION>

	November 30, 1998	August 31, 1998
ASSETS	-----	-----

<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$ 18,767	\$ 45,254
Other short-term investments	-	9,999
Accounts and notes receivable	109,653	113,050
Rig materials and supplies	20,621	22,596
Other current assets	14,996	13,993
	-----	-----
Total current assets	164,037	204,892
Property, plant and equipment less accumulated depreciation and amortization of \$448,709 at November 30, 1998, and \$432,325 at August 31, 1998	747,775	727,840
Goodwill, net of accumulated amortization of \$12,331 at November 30, 1998 and \$10,216 at August 31, 1998	214,926	216,973
Other noncurrent assets	51,657	50,839
	-----	-----
Total assets	\$1,178,395	\$1,200,544
	-----	-----
	-----	-----

</TABLE>

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LIABILITIES AND STOCKHOLDERS' EQUITY

<S>	<C>	<C>
Current liabilities:		
Current portion of long-term debt	\$ 22,227	\$ 21,469
Accounts payable and accrued liabilities	72,716	90,709
Accrued income taxes	7,429	6,032
	-----	-----
Total current liabilities	102,372	118,210
	-----	-----
Long-term debt	630,580	630,090
Deferred income tax	44,763	47,400
Other long-term liabilities	29,855	26,882
Common stock, \$.16 2/3 par value	12,810	12,794
Capital in excess of par value	341,604	341,099
Retained earnings	16,411	24,069
	-----	-----
Total stockholders' equity	370,825	377,962
	-----	-----
Total liabilities and stockholders' equity	\$1,178,395	\$1,200,544
	-----	-----

See accompanying notes to consolidated condensed financial statements.

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PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Dollars in Thousands Except Per Share Amounts)
(Unaudited)

<CAPTION>

	Three Months Ended	
<S>	<C>	<C>
	Nov. 30, 1998	Nov. 30, 1997
	-----	-----
Revenues:		
Land drilling	\$ 55,511	\$ 65,383
Offshore drilling	41,546	36,017
Rental tools	7,530	8,089
Other	505	391
	-----	-----
Total revenues	105,092	109,880
	-----	-----
Operating expenses:		
Land drilling	41,032	42,468
Offshore drilling	30,299	20,858
Rental tools	3,385	2,786
Other	668	494
Depreciation and amortization	19,778	14,559
General and administrative	4,522	4,115
	-----	-----
Total operating expenses	99,684	85,280
	-----	-----
Operating income	5,408	24,600
	-----	-----
Other income and (expense):		
Interest expense	(13,007)	(12,025)
Interest income	526	2,788
Other income - net	315	228
	-----	-----
Total other income and (expense)	(12,166)	(9,009)
	-----	-----
Income (loss) before income taxes	(6,758)	15,591
	-----	-----

Income tax expense	900	4,909
Net income (loss)	\$(7,658)	\$ 10,682

Earnings (loss) per share,		
Basic	\$ (.10)	\$.14
Diluted	\$ (.10)	\$.14

Number of common shares used
in computing earnings per share:

Basic	76,810,049	76,513,850
Diluted	76,810,049	78,639,978

See accompanying notes to consolidated condensed financial statements.

</TABLE>

<TABLE>

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
(Dollars in Thousands)
(Unaudited)

<CAPTION>

	Three Months Ended November 30,	
	1998	1997
	<C>	<C>
Cash flows from operating activities:		
Net income (loss)	\$(7,658)	\$10,682
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	19,778	14,559
Expenses not requiring cash	1,075	764
Deferred income taxes	(2,637)	-
Change in operating assets and liabilities	(8,379)	(17,341)
Other-net	(335)	(191)
Net cash provided by operating activities	1,844	8,473
Cash flows from investing activities:		
Capital expenditures	(38,025)	(33,656)
Acquisition of Bolifor	(500)	-
Proceeds from the sale of equipment	743	272
Purchase of short-term investments	-	(230)
Proceeds from sale of short-term investments	9,999	2,838
Net cash used in investing activities	(27,783)	(30,776)
Cash flows from financing activities:		
Principal payments under debt obligations	(553)	(4,341)
Other	5	(16)
Net cash used in financing activities	(548)	(4,357)
Net change in cash and cash equivalents	(26,487)	(26,660)
Cash and cash equivalents at beginning of period	45,254	209,951

Cash and cash equivalents at end of period	\$ 18,767	\$183,291
Supplemental cash flow information:		
Interest paid	\$ 22,581	\$ 16,716
Taxes paid	\$ 2,140	\$ 2,689

See accompanying notes to consolidated condensed financial statements.

</TABLE>

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

- In the opinion of the Company, the accompanying unaudited consolidated condensed financial statements reflect all adjustments (of a normally recurring nature) which are necessary for a fair presentation of (1) the financial position as of November 30, 1998 and August 31, 1998, (2) the results of operations for the three months ended November 30, 1998 and November 30, 1997, and (3) cash flows for the three months ended November 30, 1998 and November 30, 1997. Results for the three months ended November 30, 1998, are not necessarily indicative of the results which will be realized for the four month transition period ending December 31, 1998 or for the year ending December 31, 1999. The Company is changing its fiscal year-end from August 31 to December 31, effective December 31, 1998. The Company will file a transition report on Form 10-Q with the Securities and Exchange Commission covering the period of September 1, 1998 through December 31, 1998. The year-end consolidated condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. The financial statements should be read in conjunction with the Company's Form 10-K for the year ended August 31, 1998.
- In February 1997, Statement of Financial Accounting Standards No. 128, "Earnings per Share," was issued. This statement replaced the previously required presentation of primary earnings per share (EPS) with a presentation of basic EPS that excludes dilutive securities from the computation. It also requires a presentation of diluted EPS that is computed similarly to the fully diluted EPS calculation previously required. The requirements of this statement have been followed for all earnings per share figures included in this Form 10-Q.

<TABLE>

RECONCILIATION OF INCOME AND NUMBER OF SHARES USED TO CALCULATE BASIC AND DILUTED EARNINGS PER SHARE (EPS)

<CAPTION>

For the Three Months Ended
November 30, 1998

<S>	<C>	<C>	<C>
	Income	Shares	Per-Share
	(Numerator)	(Denominator)	Amount

Basic EPS:			
Income available to common stockholders	\$ (7,658,000)	76,810,049	\$(.10)

Effect of Dilutive Securities:			
Stock options and grants		-	

Diluted EPS:

Income available to common stockholders + assumed conversions	\$ (7,658,000)	76,810,049	\$(.10)
	-----	-----	----
	-----	-----	----

</TABLE>

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (continued)

<TABLE>

RECONCILIATION OF INCOME AND NUMBER OF SHARES USED
TO CALCULATE BASIC AND DILUTED EARNINGS PER SHARE (EPS)

<CAPTION>

For the Three Months Ended
November 30, 1997

<S>	<C>	<C>	<C>
	Income	Shares	Per-Share
	(Numerator)	(Denominator)	Amount
	-----	-----	-----

Basic EPS:

Income available to common stockholders	\$ 10,682,000	76,513,850	\$.14
--	---------------	------------	--------

Effect of Dilutive Securities:

Stock options and grants		2,126,128	
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Diluted EPS:

Income available to common stockholders + assumed conversions	\$ 10,682,000	78,639,978	\$.14
	-----	-----	----
	-----	-----	----

</TABLE>

The Company has outstanding \$175,000,000 of Convertible Subordinated Notes which are convertible into 11,371,020 shares of common stock at \$15.39 per share. The notes were outstanding during the three months ended November 30, 1998 but were not included in the computation of diluted EPS because the assumed conversion of the notes would have had an anti-dilutive effect on EPS. In addition, at November 30, 1998, options to purchase 5,595,000 shares of common stock at prices ranging from \$2.25 to \$12.1875, were outstanding but not included in the computation of diluted EPS because the assumed exercise of the options would have had an anti-dilutive effect on EPS due to the net loss in the current quarter.

- On December 30, 1997, the Company acquired all of the outstanding capital stock of Hercules Offshore Corporation, a Texas corporation ("HOC"), and all of the outstanding capital stock of Hercules Rig Corp., a Texas corporation ("HRC") and an affiliate of HOC (HOC and HRC being collectively referred to as "Hercules"), for \$195.6 million, including acquisition costs. The purchase prices for the acquisitions were adjusted for certain debt assumed by the Company, for capital expenditures incurred subsequent to the purchase agreement date and for levels of working capital at closing. Hercules owns three self-erecting platform rigs and seven offshore jackup rigs.

The acquisition has been accounted for by the purchase method of accounting, and the reported financial results include the Hercules operations from the date of acquisition. The excess of purchase price over the fair values of the net assets acquired was \$83.9 million and has

been recorded as goodwill, which is being amortized on a straight-line basis over 30 years.

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (continued)

The acquisition of Hercules was primarily funded with proceeds from the July 1997 issuance of the Company's \$175 million 5 1/2% Convertible Subordinated Notes.

The following unaudited pro forma information presents a summary of the three months consolidated results of operations of the Company and Hercules as if the acquisition of Hercules had occurred September 1, 1997.

<TABLE>

<CAPTION>

(Thousands except per share amounts)

	Three Months Ended	
	Actual	Pro Forma
	Nov. 30,	Nov. 30,
	1998	1997
<S>	<C>	<C>
Revenues	\$105,092	\$128,870
Net income (loss)	\$ (7,658)	\$ 11,326
Diluted earnings (loss) per share	\$ (.10)	\$.14

</TABLE>

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (continued)

4. Information regarding the Company's operations by industry segment for the three months ended November 30, 1998 is as follows (dollars in thousands):

<TABLE>

<CAPTION>

	Three Months
<S>	<C>
Revenues:	
Land drilling	\$ 55,511
Offshore drilling	41,546
Rental tools	7,530
Other	505
Net revenues	\$ 105,092
Operating income (loss):	
Land drilling	8,210
Offshore drilling	203
Rental tools	2,090
Other	(573)
General and administrative	(4,522)
Total operating income	5,408
Interest expense	(13,007)
Other income (expense)-net	841
Income (loss) before income taxes	\$ (6,758)

</TABLE>

5. In the third quarter of fiscal year 1998, ended May 31, 1998, the Company reviewed the estimated useful life of its land drilling fleet used for financial depreciation purposes. As a result, the estimated life was extended from 10 to 15 years with a 5% salvage value for most of the major rig components, resulting in a reduction in depreciation expense of approximately \$1.3 million for the quarter ended November 30, 1998. The Company's historical experience and a comparison with other firms in the industry indicates that its land drilling equipment has a useful life of at least 15 years. The depreciable lives for certain equipment, including drill pipe, were not extended.

Report of Independent Accountants

To the Board of Directors and Shareholders
Parker Drilling Company

We have reviewed the consolidated condensed balance sheet of Parker Drilling Company and subsidiaries as of November 30, 1998, and the related consolidated condensed statements of operations for the three month periods ended November 30, 1998 and 1997 and consolidated condensed statements of cash flows for the three month periods ended November 30, 1998 and 1997. These financial statements are 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 condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of August 31, 1998, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report, dated October 22, 1998, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of August 31, 1998, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

By: /s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Tulsa, Oklahoma
January 14, 1999

This Form 10-Q contains certain statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. These statements may be made directly in this document, referring to the Company, or in other documents filed by the Company with the Securities and Exchange Commission, and referred to in this Form 10-Q. All statements included in this document, other than statements of historical facts, that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future, including future operating results, future capital expenditures and investments in the acquisition and refurbishment of rigs and equipment, repayment of debt, expansion and growth of operations, Year 2000 issues, and other such matters, are forward-looking statements.

Forward-looking statements are based on certain assumptions and analyses made by the management of the Company in light of their experience and perception of historical trends, current conditions, expected future developments and other factors they believe are relevant. Although management of the Company believes that their assumptions are reasonable based on current information available, they are subject to certain risks and uncertainties, many of which are outside the control of the Company. These risks include worldwide economic and business conditions, oil and gas market prices, industry conditions, international trade restrictions and political instability, operating hazards and uninsured risks, governmental regulations and environmental matters, substantial leverage, seasonality and adverse weather conditions, concentration of customer and supplier relationships, potential changes in stock prices, upgrade and refurbishment projects, competition, integration of operations, acquisition strategy, and other similar factors (some of which are discussed in documents referred to in this Form 10-Q.) Because the forward-looking statements are subject to risks and uncertainties, the actual results of operations and actions taken by the Company may differ materially from those expressed or implied by such forward-looking statements.

OUTLOOK AND OVERVIEW

The loss recognized for the three months ended November 30, 1998 reflects the significant decrease in rig utilization and in dayrates since the third quarter of fiscal year 1998. Lower crude oil prices have negatively impacted the revenue and profits of oil operators, who have responded by reducing exploration and development expenditures. This decline in spending has adversely affected the level of oilfield activity, and in turn, the revenue of most companies in the oilfield service industry.

If the depressed level of oilfield activity persists, the Company anticipates that it will continue to incur losses. Management believes that cash provided by operations and funds available under the Company's revolving credit facility will be adequate to meet working capital needs based on the continuation of current rig utilization and dayrates, current projected levels of capital expenditures and anticipated prepayments to offset construction costs of a barge rig. In order to conserve cash, management is taking steps to reduce certain discretionary capital expenditures and operating and overhead costs, and is considering the strategic sale of certain assets. Management is unable to predict when and to what extent the level of oilfield activity will recover.

RESULTS OF OPERATIONS

Quarter Ended November 30, 1998 Compared with Quarter Ended November 30, 1997

The Company's operations and results have been altered significantly by the acquisitions of Mallard Bay Drilling, Inc. ("Mallard") and Quail Tools, Inc. ("Quail") in November 1996, the acquisition of Bolifor in July 1997 and the acquisition of Hercules in December 1997. The results of operations of Mallard, Quail and Bolifor are included in both quarterly periods presented while Hercules is included only in the quarter ended November 30, 1998.

The Company recorded a net loss of \$7.7 million for the three months ended November 30, 1998, compared to net income of \$10.7 million recorded for

the three month period ended November 30, 1997. The depressed drilling market conditions which began to affect the Company's utilization and dayrates in the second half of fiscal 1998 continued to negatively impact the Company's results in the current quarter. Each of the Company's primary operating segments--land drilling, offshore drilling and rental tools--experienced a reduction of profit margin (revenue less direct operating expense) when comparing the two quarters. The current quarter results include the operations of Hercules.

Revenue decreased \$4.8 million from \$109.9 million in the first quarter of fiscal 1998 to \$105.1 million in the current quarter. Land drilling revenue decreased \$9.9 million to \$55.5 million, largely due to reduced rig utilization in Papua New Guinea, Argentina and Pakistan. Additionally, in Indonesia, the Company's land drilling revenue continued to be negatively impacted by the fiscal 1998 termination of the geothermal projects on which the Company was providing management, technical and training support. The Company did record drilling revenue increases in Ecuador and Kazakhstan due to increased utilization in those countries.

Offshore drilling revenue increased \$5.5 million to \$41.5 million due to the December 1997 acquisition of Hercules, whose operations produced revenue of \$10.6 million in the current quarter. Mallard's offshore drilling revenue decreased \$5.1 million when comparing the current quarter to the first quarter of fiscal 1998. Revenue from Mallard's domestic operations decreased \$10.9 million to \$17.0 million due to lower utilization and dayrates in both drilling and workover operations. Revenue increases at Mallard's international operations in Nigeria and Venezuela partially offset these domestic decreases, due to increased dayrates on one barge rig contract in Nigeria and commencement of operations of barge Rig 76 in Venezuela subsequent to the first quarter of fiscal 1998.

Rental tool revenue declined \$.6 million. Revenue generated from the Company's Victoria, Texas facility, which opened in November 1997, somewhat offset reduced revenue generated from rentals from the Company's New Iberia, Louisiana facility.

The Company's overall profit margin decreased in the current quarter when compared to the first quarter of fiscal 1998, from 39.4% to 28.3%. The reduced profit margin is due to revenue decreasing to a greater degree than direct operating costs. Offshore drilling profit margins were impacted by

weakness in the shallow water jackup drilling market, negatively affecting both utilization of and dayrates earned by these rigs. Additionally, Mallard's transition zone barge drilling and workover rigs operating in the Gulf of Mexico experienced lower utilization and earned lower average dayrates in the current quarter than in the same quarter of fiscal 1998. Land drilling profit margins declined primarily due to lower utilization in certain countries, including the United States.

Depreciation and amortization expense increased \$5.2 million to \$19.8 million in the current quarter. Depreciation expense and amortization of goodwill of \$4.3 million related to the Hercules acquisition, were the primary reasons for the increase. Depreciation expense recorded on fiscal 1998 capital additions also contributed to the increase, which was somewhat offset by a reduction of approximately \$1.3 million due to the extension of the depreciable lives of the Company's land drilling fleet from 10 to 15 years in the third quarter of fiscal 1998.

Interest expense increased \$1.0 million as an average of \$652.2 million of long-term debt was outstanding in the current quarter compared to \$565.0 million in the prior year's first quarter. Subsequent to last year's first quarter, the Company incurred an additional \$150.0 million in Senior Notes debt and borrowed \$20.0 million under the revolving credit facility. A portion of the proceeds from the \$150.0 million in Senior Notes, which were issued in March 1998, was used to repay \$83.0 million under a bank term loan. The increased interest expense from this additional debt was offset somewhat by a \$1.2 million increase in interest capitalized to construction projects. Interest income decreased \$2.3 million due to lower average cash balances maintained during the quarter when compared to the prior year quarter.

Income tax expense for the three months ended November 30, 1998 consists primarily of foreign income tax expense partially offset by deferred tax benefit attributable to the pretax loss.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources

The Company had cash, cash equivalents and other short-term investments of \$18.8 million at November 30, 1998, a decrease of \$36.5 million from the August 31, 1998 balance. Capital expenditures of \$38.0 million were the primary reason for the decrease. For the three months ended November 30, 1998, operating activities provided cash of \$1.8 million, of which \$10.6 million was contributed by adding non-cash charges, primarily depreciation and amortization of goodwill, to the net loss recorded in the quarter. The balance of the cash used by operating activities as reflected on the Consolidated Statements of Cash Flows is primarily related to changes in account balances of operating assets and liabilities.

Liquidity and Capital Resources (continued)

Capital expenditures for the three months ended November 30, 1998 totaled \$38.0 million. Major projects on-going during the quarter included the modification of barge Rig 71 (re-numbered 257), which is being modified for a contract in the Caspian Sea, and the construction of new barge Rig 75 for a contract in Nigeria. It is anticipated that drilling operations under both contracts will begin in mid-1999. Other major expenditures included the modification of a land rig for a contract in Kazakhstan which commenced in the current quarter and the construction of a new support facility in New Iberia, Louisiana for the Company's offshore and transition zone drilling operations.

To finance the Company's November 1996 acquisitions of Mallard and Quail, the July 1997 acquisition of the assets of Bolifor and the December 1997 acquisition of Hercules as well as the significant capital expenditures made in fiscal year 1998 and during the three months ended November 30, 1998, the Company has issued various debt instruments. The Company has total long-term debt, including the current portion, of \$652.8 million at November 30, 1998. The Company's Series D 9 3/4% Senior Notes of \$450.0 million are payable November 2006 and \$175.0 million of 5 1/2% Convertible Subordinated Notes are payable July 2004. The Convertible Subordinated Notes are convertible at the option of the holder into shares of common stock of Parker Drilling Company at any time prior to maturity at a conversion price of \$15.39 per share.

The Company has a \$75.0 million revolving credit facility which is available for working capital requirements, general corporate purposes and to support letters of credit. At November 30, 1998, \$20.0 million was outstanding under the revolving credit facility and \$14.4 million in letters of credit had been issued, leaving \$40.6 million available under the revolver. The revolving credit facility terminates on December 31, 2000.

Both the Senior Notes and the revolving credit facility contain customary affirmative and negative covenants, including restrictions on incurrence of debt and sales of assets. The revolving credit facility prohibits, among other things, payment of dividends and the indenture for the Senior Notes restricts the payment of dividends.

The Company anticipates cash requirements for capital spending will be substantially less in calendar year 1999 (anticipated \$100.0 million) than in fiscal year 1998 (\$196.1 million). The Company's two most significant on-going construction projects, the modification of barge Rig 71/257 for service in the Caspian Sea and the construction of barge Rig 75 for service in Nigeria, are scheduled for completion in mid-1999. In addition, the Company will receive prepayments from the operator to offset a substantial portion of the expenditures required to modify Rig 71/257.

If the depressed level of oilfield activity persists, the Company anticipates that it will continue to incur losses. Management believes that cash provided by operations and funds available under the Company's revolving credit facility will be adequate to meet working capital needs based on the continuation of current rig utilization and dayrates, current projected levels of capital expenditures and anticipated prepayments to offset construction

costs of a barge rig. In order to conserve cash, management is taking steps to reduce certain discretionary capital expenditures and operating and overhead costs, and is considering the strategic sale of certain assets. Management is unable to predict when and to what extent the level of oilfield activity will recover.

OTHER MATTERS

Change in Fiscal Year-End

The Company is changing its fiscal year-end from August 31 to December 31, effective December 31, 1998. The Company will file a transition report on Form 10-Q with the Securities and Exchange Commission covering the transition period September 1, 1998 through December 31, 1998.

Indonesian Operations

The current economic conditions in Indonesia has created uncertainty regarding the Company's Indonesian operations. The Company provides management, technical and training support to an Indonesian-owned drilling contractor, whose services include the drilling of geothermal wells, related to power plant projects. Due to the uncertain economic conditions in Indonesia, certain of these power plant projects have been postponed or delayed. As a result, payments from a significant customer for services provided by the Indonesian contractor have been delayed. The Indonesian contractor has initiated an arbitration against its customer for payment of outstanding receivables. The Company believes that resolution of this matter will not have a material adverse effect on the Company's results of operations or financial position.

Year 2000

The Company plans to achieve and maintain Year 2000 compliance with a project consisting of seven phases. The phases include Awareness, Inventory, Assessment, Detailed Analysis, Compliance Testing, Remediation and Monitoring Compliance. Prior to establishing the Year 2000 project, the Company made a decision to replace most of its outdated systems with state-of-the-art integrated systems and standardized desktop systems. The Company spent much of 1997 replacing critical financial, human resources and payroll systems with new purchased software that is Year 2000 certified by the Information Technology Association of America. The Year 2000 problem was not the main reason for upgrading the information technology platform, however it will be beneficial in achieving Year 2000 compliance.

The Company has completed the initial awareness phase, inventory and assessment and partial testing of its core information technology systems. The inventory and assessment of non-information technology systems including telecommunication systems, business machines, security systems, premise equipment, rig equipment and other embedded chip technology is partially completed. The Company is surveying its critical supply chain and business partners to establish their state of readiness. It is expected that all critical systems testing and necessary remediation will be completed by the end of the second quarter of calendar 1999. The remainder of calendar 1999 will be devoted to monitoring compliance, developing and testing contingency plans.

At this time no system replacement dates were accelerated because of the Year 2000 problem. The cost to date for the project have been in internal salaries and purchasing some testing software. The software costs to date are not deemed material. Approximately \$400,000 has been budgeted for the Year 2000 project in calendar year 1999.

OTHER MATTERS (continued)

The Company is confident that its critical business and operations systems will be ready for the Year 2000. The greatest risks for Year 2000 problems include local accounting systems used in some countries, the

telecommunications/utility infrastructures in many foreign countries and the vendor supply chain. Additional risks will be faced if key business partners, suppliers, banks, utilities, communications, transportation or government services are not compliant for the Year 2000. In the event the Company and/or its suppliers and vendors are unable to remediate the Year 2000 problem prior to January 1, 2000, operations of the Company could be significantly impacted. In order to mitigate this risk, the Company is developing a contingency plan to continue operations should it become necessary to do so. Such procedures are expected to include alternative suppliers, communications, and transportation plans. The contingency plan will be completed by the third quarter of calendar 1999.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

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(a) Exhibits:

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Exhibit 15 Letter re Unaudited Interim Financial Information 18

Exhibit 27 Financial Data Schedule [Edgar Version Only]

(b) Reports on Form 8-K - Parker Drilling Company ("Parker") filed a report on Form 8-K on November 6, 1998 in which the Company announced that it had entered into an Agreement and Plan of Merger under which Superior Energy Services, Inc. ("Superior") would become a wholly owned subsidiary of Parker. Parker and Superior subsequently announced on January 7, 1999 that they had jointly agreed to terminate their merger agreement, with Superior agreeing to make a cash payment to Parker in settlement of certain obligations under the merger agreement.

</TABLE>

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.

Parker Drilling Company

Registrant

Date: January 14, 1999

By: /s/ James J. Davis

James J. Davis
Senior Vice President-Finance and
Chief Financial Officer

By: /s/ W. Kirk Brassfield

W. Kirk Brassfield
Controller and
Chief Accounting Officer

INDEX TO EXHIBITS

Exhibit Number -----	Description -----
15	Letter re Unaudited Interim Financial Information
27	Financial Data Schedule [Edgar Version Only]

Exhibit 15

January 14, 1999

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 10549

Re: Parker Drilling Company
Registration on Form S-8

We are aware that our report dated January 14, 1999, on our review of the interim financial information of Parker Drilling Company for the periods ended November 30, 1998 and 1997, and included in this Form 10-Q is incorporated by reference in the Company's registration statements on Form S-8 (File No. 2-87944, 33-24155, 33-56698 and 33-57345). Pursuant to Rule 436(c) under the Securities Act of 1933, this report should not be considered a part of the registration statement prepared or certified by us within the meaning of Section 7 and 11 of that Act.

By:/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED CONDENSED BALANCE SHEET AS OF NOVEMBER 30, 1998 AND THE CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED NOVEMBER 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<F1>PARKER DRILLING COMPANY IS CHANGING ITS FISCAL YEAR-END FROM AUGUST 31 TO DECEMBER 31, EFFECTIVE DECEMBER 31, 1998. DECEMBER 31, 1998 IS THE PERIOD ENDING DATE FOR THE COMPANY'S FOUR MONTH TRANSITION PERIOD.

</FN>

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