
**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 March 31, 2011

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

*(State or other jurisdiction of
incorporation or organization)*

73-0618660

(I.R.S. Employer Identification No.)

5 Greenway Plaza, Suite 100, Houston, Texas 77046

(Address of principal executive offices) (Zip code)

(281) 406-2000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 2, 2011, there were 116,675,817 common shares outstanding.

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CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in Thousands)**

	March 31 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,595	\$ 51,431
Accounts and notes receivable, net of allowance for bad debts of \$6,775 and \$7,020 at March 31, 2011 and December 31, 2010	178,984	168,876
Rig materials and supplies	24,213	25,527
Deferred costs	1,822	2,229
Deferred income taxes	10,137	9,278
Other tax assets	46,349	46,429
Assets held for sale	5,287	5,287
Other current assets	23,686	59,067
Total current assets	<u>332,073</u>	<u>368,124</u>
Property, plant and equipment less accumulated depreciation and amortization of \$898,734 at March 31, 2011 and \$875,179 at December 31, 2010	843,669	816,147
Deferred income taxes	60,416	61,016
Other noncurrent assets	<u>28,586</u>	<u>29,268</u>
Total assets	<u>\$1,264,744</u>	<u>\$ 1,274,555</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 12,000	\$ 12,000
Accounts payable and accrued liabilities	142,393	158,771
Accrued income taxes	5,683	4,492
Total current liabilities	<u>160,076</u>	<u>175,263</u>
Long-term debt	459,283	460,862
Other long-term liabilities	31,542	30,193
Long-term deferred tax liability	19,054	20,171
Contingencies (Note 7)	—	—
Stockholders' equity:		
Common stock	19,440	19,397
Capital in excess of par value	632,314	630,409
Accumulated deficit	(56,666)	(61,493)
Total controlling interest stockholders' equity	<u>595,088</u>	<u>588,313</u>
Noncontrolling interest	(299)	(247)
Total equity	<u>594,789</u>	<u>588,066</u>
Total liabilities and stockholders' equity	<u>\$1,264,744</u>	<u>\$ 1,274,555</u>

See accompanying notes to the unaudited consolidated condensed financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Dollars in Thousands Except Per Share and Weighted Average Shares Outstanding)
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Revenues:		
International Drilling	\$ 42,437	\$ 63,875
U.S. Drilling	15,920	15,087
Rental Tools	52,319	33,815
Project Management and Engineering Services	35,865	24,441
Construction Contracts	9,638	20,387
Total revenues	156,179	157,605
Operating expenses:		
International Drilling	34,847	47,173
U.S. Drilling	14,021	12,974
Rental Tools	18,137	12,626
Project Management and Engineering Services	29,908	19,561
Construction Contracts	10,381	21,197
Depreciation and amortization	27,599	28,588
Total operating expenses	134,893	142,119
Total operating gross margin	21,286	15,486
General and administration expense	(6,888)	(10,032)
Gain on disposition of assets, net	1,004	672
Total operating income	15,402	6,126
Other income and (expense):		
Interest expense	(5,861)	(6,732)
Interest income	47	74
Loss on extinguishment of debt	—	(3,220)
Other	11	142
Total other expense	(5,803)	(9,736)
Income (loss) before income taxes	9,599	(3,610)
Income tax expense (benefit):		
Current	4,018	3,648
Deferred	821	(5,207)
Total income tax expense (benefit)	4,839	(1,559)
Net income (loss)	\$ 4,760	\$ (2,051)
Less: Net (loss) attributable to noncontrolling interest	\$ (67)	\$ —
Net income (loss) attributable to controlling interest	\$ 4,827	\$ (2,051)
Basic earnings (loss) per share:		
Net income (loss)	\$ 0.04	\$ (0.02)
Diluted earnings (loss) per share:		
Net income (loss)	\$ 0.04	\$ (0.02)
Number of common shares used in computing earnings per share		
Basic	115,119,277	113,512,426
Diluted	116,322,199	113,512,426

See accompanying notes to the unaudited consolidated condensed financial statements.

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PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Three months ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net income (loss)	\$ 4,760	\$ (2,051)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,599	28,588
Loss on extinguishment of debt	—	3,220
Gain on disposition of assets	(1,004)	(672)
Deferred income tax expense	821	(5,207)
Expenses not requiring cash	4,453	1,430
Change in accounts receivable	(9,747)	19,400
Change in other assets	37,379	(5,612)
Change in liabilities	(23,504)	(37,639)
Net cash provided by operating activities	<u>40,757</u>	<u>1,457</u>
Cash flows from investing activities:		
Capital expenditures	(50,664)	(57,946)
Proceeds from the sale of assets	1,561	773
Proceeds from insurance settlements	250	—
Net cash used in investing activities	<u>(48,853)</u>	<u>(57,173)</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	—	300,000
Paydown on senior notes	—	(96,310)
Paydown on term note	(3,000)	(3,000)
Paydown on revolver credit facility	—	(42,000)
Payments of debt issuance costs	—	(7,795)
Payments of debt extinguishment costs	—	(3,330)
Proceeds from stock options exercised	135	26
Excess tax (cost) benefit from stock based compensation	1,125	1,350
Net cash provided by (used in) financing activities	<u>(1,740)</u>	<u>148,941</u>
Net decrease in cash and cash equivalents	(9,836)	93,225
Cash and cash equivalents, beginning of year	51,431	108,803
Cash and cash equivalents, end of period	<u>\$ 41,595</u>	<u>\$ 202,028</u>
Supplemental cash flow information:		
Interest paid	\$ 1,933	\$ 6,391
Income taxes paid	\$ 402	\$ 8,050

See accompanying notes to the unaudited consolidated condensed financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. General

In the opinion of the management of Parker Drilling 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 March 31, 2011 and December 31, 2010, (2) the results of operations for the three months ended March 31, 2011 and 2010, and (3) cash flows for the three months ended March 31, 2011 and 2010. Results for the three months ended March 31, 2011 are not necessarily indicative of the results that will be realized for the year ending December 31, 2011. The financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2010.

Nature of Operations — Parker Drilling Company (Parker Drilling), together with its subsidiaries (the Company), is a leading worldwide provider of contract drilling and drilling-related services with extensive experience and expertise in drilling geologically difficult wells and in managing the logistical and technological challenges of operating in remote, harsh and ecologically sensitive areas. At March 31, 2011, our marketable rig fleet consisted of 15 barge drilling rigs and workover rigs, and 25 land rigs, located in the United States, Americas, Commonwealth of Independent States/Africa-Middle East (CIS/AME) and Asia Pacific regions. In addition, as of March 31, 2011 we have sales contracts pending for three rigs classified as assets held for sale.

Consolidation — The consolidated financial statements include the accounts of Parker Drilling and subsidiaries in which we exercise control or have a controlling financial interest, including entities, if any, in which the Company is allocated a majority of the entity's losses or returns, regardless of ownership percentage. A subsidiary of Parker Drilling has a 50 percent interest in one other company that is accounted for under the equity method as Parker Drilling's interest in the entity does not meet the consolidation criteria described above.

Non-Controlling Interest — For interests in entities that we do not control, we apply the accounting standards related to noncontrolling interests. We report noncontrolling interest as equity on the consolidated balance sheet and report net income (loss) attributable to controlling interest and to noncontrolling interest separately on the statement of operations.

Reclassifications — Certain reclassifications have been made to prior period amounts to conform with the current period presentation. These reclassifications did not have a material effect on our consolidated statement of operations, consolidated balance sheet or statement of cash flows.

Use of Estimates — The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect our reported amounts of assets and liabilities, our disclosure of contingent assets and liabilities at the date of the financial statements, and our revenue and expenses during the periods reported. Estimates are used when accounting for certain items such as legal accruals, mobilization and deferred mobilization, revenue and cost accounting following the percentage of completion method, self-insured medical/dental plans, etc. Estimates are based on historical experience, where applicable, and assumptions that we believe are reasonable under the circumstances. Due to the inherent uncertainty involved with estimates, actual results may differ.

Concentrations of Credit Risk — Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of trade receivables with a variety of national and international oil and gas companies. We generally do not require collateral on our trade receivables.

At March 31, 2011 and December 31, 2010, we had deposits in domestic banks in excess of federally insured limits of approximately \$4.5 million and \$25.9 million, respectively. In addition, we had deposits in foreign banks, which were not insured at March 31, 2011 and December 31, 2010 of \$17.8 million and \$31.1 million, respectively.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

1. General (continued)

Our customer base consists of major, independent and national oil and gas companies and integrated service providers. We depend on a limited number of significant customers. Our two largest customers, ExxonMobil and BP, constituted 17.6 percent and 8.7 percent, respectively of our year-to-date revenues as of March 31, 2011.

In November 2010, BP informed us that it was suspending construction on the Liberty extended reach drilling rig project to review the rig's engineering and design, including its safety systems. We commenced construction of this rig for BP in April 2008 pursuant to an Engineering, Procurement, Construction and Installation (EPCI) contract. In August 2009, BP also awarded us an O&M contract for the first phase of drilling on the Liberty field.

The Liberty rig construction contract expired on February 8, 2011. Prior to expiration of the construction contract, BP identified several areas of concern for which it asked us to provide explanations and documentation, and we have done so. Although we believe that the issues raised by BP have been adequately addressed, there can be no assurance of when or how these issues will be resolved with our client. At this point, construction on the rig is incomplete, and it cannot be completed until BP determines to resume construction.

The Liberty rig construction contract was a fixed fee and reimbursable contract accounted for on a percentage of completion basis. Costs on the project were reimbursed without markup, except for costs associated with changes in work scope, for which we were entitled to a markup. As of March 31, 2011 and 2010 we had recognized \$334.2 million and \$255.2 million in project-to-date revenues, respectively. As of March 31, 2011, we had recognized the entire \$11.7 million fixed fee margin on the contract. BP has not announced a schedule for resuming construction on the rig or new target dates for drilling and production start-up.

The Company and BP have continued activities to preserve and maintain the rig under the "pre-operations" phase of our O&M contract in accordance with its terms. The O&M contract is scheduled to expire on May 31, 2011, and we have been notified by BP that they do not anticipate extending it at that time.

Fair Value of Financial Instruments — The estimated fair value of the Company's \$300.0 million principal amount of 9.125% Senior Notes due 2018, based on quoted market prices, was \$324.0 million at March 31, 2011. The estimated fair value, based upon granted prices, of the Company's \$125.0 million principal amount of 2.125% Convertible Senior Notes due 2012 was \$125.1 million on March 31, 2011. For cash, accounts receivable, and accounts payable, the Company believes carrying value approximates estimated fair value.

Property, Plant and Equipment — We provide for depreciation of property, plant and equipment on the straight line method over the estimated useful lives of the assets after provision for salvage value. Depreciable lives for different categories of property, plant and equipment are as follows:

Land drilling equipment	3 to 20 years
Barge drilling equipment	3 to 20 years
Drill pipe, rental tools and other	4 to 7 years
Buildings and improvements	15 to 30 years

Management periodically evaluates the Company's assets to determine whether their net carrying values are in excess of their net realizable values. Management considers a number of factors such as estimated future cash

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

1. General (continued)

flows, appraisals and current market value analysis in determining net realizable value. Assets are written down to fair value if the fair value is below the net carrying value.

Interest from external borrowings is capitalized on major projects until the assets are ready for their intended use. Capitalized interest is added to the cost of the underlying asset and is amortized over the useful lives of the assets in the same manner as the underlying assets. Capitalized interest costs reduce net interest expense in the consolidated statement of operations. During the three-months ended March 31, 2011 and March 31, 2010, we capitalized interest costs related to the construction of rigs of \$4.4 million and \$2.5 million, respectively.

Assets held for sale — We classify an asset as held for sale when the facts and circumstances meet the required criteria for such classification, including the following: (a) we have committed to a plan to sell the asset, (b) the asset is available for immediate sale, (c) we have initiated actions to complete the sale, including locating a buyer, (d) the sale is expected to be completed within one year, (e) the asset is being actively marketed at a price that is reasonable relative to its fair value, and (f) the plan to sell is unlikely to be subject to significant changes or termination. At March 31, 2011, we had net assets held for sale of \$5.3 million, included in current assets. For further information, see Note 3.

2. Earnings Per Share (EPS)

	Three Months Ended March 31, 2011		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS:			
Net income	\$4,827,000	115,119,277	\$ 0.04
Effect of dilutive securities:			
Stock options and restricted stock		1,202,922	\$ —
Diluted EPS:			
Net income	\$4,827,000	116,322,199	\$ 0.04
Three Months Ended March 31, 2010			
	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS:			
Net loss	\$(2,051,000)	113,512,426	\$ (0.02)
Effect of dilutive securities:			
Stock options and restricted stock		—	\$ —
Diluted EPS:			
Net loss	\$(2,051,000)	113,512,426	\$ (0.02)

All options outstanding during the three months ended March 31, 2011, were included in the computation of diluted EPS as the options' exercise prices were less than the average market price of the common shares. For the three months ended March 31, 2010, all outstanding options and non-vested restricted shares or units have been excluded from the calculation of diluted EPS as the company incurred a loss for the quarter, and therefore, inclusion of outstanding options and non-vested restricted shares or units in the calculation of diluted EPS would be anti-dilutive.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)**3. Assets Held for Sale**

Assets held for sale of \$5.3 million as of March 31, 2011 was comprised of the net book value of three land rigs and related inventory for which sale is expected to be completed during 2011. The three rigs were part of our Asia Pacific rig fleet and have historically been included in the International Drilling segment. We expect the carrying amount of the assets, less costs to sell, will be fully recoverable through sale of the assets.

4. Accounting for Uncertainty in Income Taxes

The company applies the accounting guidance related to accounting for uncertainty in income taxes. This guidance prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. During the first quarter of 2011, we recognized \$0.7 million of expense related to an audit. For the three months ended March 31, 2010, we did not recognize additional expense related to uncertain tax positions. At March 31, 2011, we had a liability for unrecognized tax benefits of \$16.2 million (\$5.8 million of which, if recognized, would favorably impact our effective tax rate). In addition, the Company recognizes interest and penalties that could be applied to uncertain tax positions in income tax expense. As of March 31, 2011 and December 31, 2010 we had approximately \$7.4 million and \$7.0 million, respectively, of accrued interest and penalties that could be applied to uncertain tax positions.

5. Income Tax Benefit/Expense

Income tax expense was \$4.8 million for the first quarter of 2011, as compared to income tax benefit of \$1.6 million for the first quarter of 2010. The increase in income tax expense in the first quarter of 2011, compared to the first quarter of 2010, was primarily the result of differences in the mix of our domestic and international pre-tax earnings and losses, as well as the mix of international tax jurisdictions in which we operate.

6. Long Term Debt

The following table illustrates the Company's debt portfolio:

	March 31, 2011	December 31, 2010
	(Dollars in Thousands)	
9.125% Senior Notes, due April 2018	\$300,000	\$ 300,000
2.125% Convertible Senior Notes, due July 2012	117,283	115,862
Term Note	29,000	32,000
Revolving Credit Facility	25,000	25,000
Total debt	471,283	472,862
Less current portion	12,000	12,000
Total long-term debt	<u>\$459,283</u>	<u>\$ 460,862</u>

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

6. Long Term Debt (continued)

9.125% Senior Notes, due April 2018

On March 22, 2010, we issued \$300.0 million aggregate principal amount of 9.125% Senior Notes due 2018 (9.125% Notes) pursuant to an Indenture between the Company and The Bank of New York Mellon Trust Company, N.A. (Trustee). The 9.125% Notes were issued at par with interest payable on April 1 and October 1 of each year, beginning October 1, 2010. Net proceeds from the 9.125% Notes offering were primarily used to redeem the \$225.0 million aggregate principal amount of our 9.625% Senior Notes due 2013 and to repay \$42.0 million of borrowings under the revolving credit facility.

The 9.125% Notes are general unsecured obligations of the Company and rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The 9.125% Notes are jointly and severally guaranteed by substantially all of our direct and indirect domestic subsidiaries other than immaterial subsidiaries and subsidiaries generating revenue primarily outside the United States.

At any time prior to April 1, 2013, we may redeem up to 35 percent of the aggregate principal amount of 9.125% Notes at a redemption price of 109.125 percent of the principal amount, plus accrued and unpaid interest to the redemption date with the net cash proceeds of certain equity offerings by us. On and after April 1, 2014, we may redeem all or a part of the 9.125% Notes upon appropriate notice, at a redemption price of 104.563 percent of principal amount, and at redemption prices decreasing each year thereafter to par. If we experience certain changes in control, we must offer to repurchase the 9.125% Notes at 101.0 percent of the aggregate principal amount, plus accrued and unpaid interest and additional interest, if any, to the date of repurchase.

The Indenture restricts our ability and the ability of certain subsidiaries to: (i) sell assets; (ii) pay dividends or make other distributions on capital stock or redeem or repurchase capital stock or subordinated indebtedness; (iii) make investments; (iv) incur or guarantee additional indebtedness; (v) create or incur liens; (vi) enter into sale and leaseback transactions; (vii) incur dividend or other payment restrictions affecting subsidiaries; (viii) merge or consolidate with other entities; (ix) enter into transactions with affiliates; and (x) engage in certain business activities. Additionally, the indenture contains certain restrictive covenants designating certain events as Events of Default. These covenants are subject to a number of important exceptions and qualifications.

On June 21, 2010 pursuant to the Registration Rights Agreement among the Company, the guarantors named therein, the initial purchasers of the 9.125% Notes and the Trustee, entered into as of March 22, 2010 in connection with the closing of the 9.125% Notes offering, we filed an exchange offer registration statement with respect to an offer to exchange the 9.125% Notes for substantially identical notes that are registered under the Securities Act. The registration statement was deemed effective by the United States Securities and Exchange Commission (SEC) on September 1, 2010.

9.625% Senior Notes, due October 2013

As of December 31, 2009, we had outstanding \$225.0 million in aggregate principal amount of 9.625% senior notes due 2013 (9.625% Notes). On March 8, 2010, we commenced a cash tender offer and consent solicitation for all of our outstanding 9.625% Notes, which expired on April 2, 2010 (Tender Offer). On March 22, 2010, we voluntarily called for redemption all of our 9.625% Notes that were not tendered pursuant to the Tender Offer, at the redemption price of 103.208 percent of the principal amount of the 9.625% Notes, or \$1,032.08 per \$1,000 principal amount of the 9.625% Notes. On April 21, 2010, we redeemed in full the remaining \$128.7 million principal amount of 9.625% Notes. This redemption resulted in the Company recording debt extinguishment costs of \$7.2 million during 2010.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

6. Long Term Debt (continued)

2.125% Convertible Senior Notes, due July 2012

On July 5, 2007, we issued \$125.0 million aggregate principal amount of 2.125% Convertible Senior Notes (2.125% Notes) due July 2012.

The significant terms of the 2.125% Notes are as follows:

- **2.125% Notes Conversion Feature** — The initial conversion price for holders to convert their 2.125% Notes into shares is at a common stock share price equivalent of \$13.85 (77.2217 shares of common stock) per \$1,000 note value. Conversion rate adjustments occur for any issuances of stock, warrants, rights or options (except for stock purchase plans or dividend re-investments) or any other transfer of benefit to substantially all stockholders, or as a result of a tender or exchange offer. We may, under advice of our Board of Directors, increase the conversion rate at our sole discretion for a period of at least 20 days.
- **2.125% Notes Settlement Feature** — Upon tender of the 2.125% Notes for conversion, we can either settle entirely in shares of common stock or a combination of cash and shares of common stock, solely at our option. Our intent is to satisfy our conversion obligation for our 2.125% Notes in cash, rather than in common stock, for at least the aggregate principal amount of the 2.125% Notes. This reduces the resulting potential earnings dilution to only include any possible conversion premium, which would be the difference between the average price of our shares and the conversion price per share of common stock.
- **Contingent Conversion Feature** — Holders may only convert the 2.125% Notes when either sales price or trading price conditions are met, on or after the 2.125% Notes' due date or upon certain accounting changes or certain corporate transactions (fundamental changes) involving stock distributions. Make-whole provisions are only included in the accounting and fundamental change conversions such that holders do not lose value as a result of the changes.
- **Settlement Feature** — Upon conversion, we will pay either cash or provide shares of our common stock if any, based on a daily conversion rate multiplied by a volume weighted average price of our common stock during a specified period following the conversion date. Conversions can be settled in cash or shares, solely at our discretion.

As of March 31, 2011 and December 31, 2010, none of the conditions allowing holders of the 2.125% Notes to convert had been met.

Concurrently with the issuance of the 2.125% Notes, we purchased a convertible note hedge (note hedge) and sold warrants in private transactions with counterparties that were different than the ultimate holders of the 2.125% Notes. The note hedge included purchasing free-standing call options and selling free-standing warrants, both exercisable in our common shares. The note hedge allows us to receive shares of our common stock from the counterparties to the transaction equal to the amount of common stock related to the excess conversion value that we would issue and/or pay to the holders of the 2.125% Notes upon conversion.

The terms of the call options mirror the 2.125% Notes' major terms whereby the call option strike price is the same as the initial conversion price as are the number of shares callable, \$13.85 per share and 9,027,713 shares, respectively. This feature prevents dilution of our outstanding shares. The warrants allow us to sell 9,027,713 common shares at a strike price of \$18.29 per share. The conversion price of the 2.125% Notes remains at \$13.85 per share, and the existence of the call options and warrants serve to guard against dilution at share prices less than \$18.29 per share, since we would be able to satisfy our obligations and deliver shares upon conversion of the 2.125% Notes with shares that are obtained by exercising the call options.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

6. Long Term Debt (continued)

We paid a premium of approximately \$31.5 million for the call options, and received proceeds for a premium of approximately \$20.3 million for the sale of the warrants. This reduced the net cost of the note hedge to \$11.2 million. The expiration date of the note hedge is the earlier of the last day on which the Notes remain outstanding or the maturity date of the 2.125% Notes.

The 2.125% Notes are classified as a liability in our consolidated financial statements. Because we have the choice of settling the call options and the warrants in cash or shares of our common stock and these contracts meet all of the applicable criteria for equity classification, the cost of the call options and proceeds from the sale of the warrants are classified in stockholders' equity in the Consolidated Balance Sheets. In addition, because both of these contracts are classified in stockholders' equity and are solely indexed to our own common stock, they are not accounted for as derivatives.

Debt issuance costs related to the 2.125% Notes totaled approximately \$3.6 million and is being amortized over the five year term of the 2.125% Notes using the effective interest method. Proceeds from the transaction of \$110.2 million were used to redeem our outstanding senior floating rate notes, to pay the net cost of hedge and warrant transactions, and for general corporate purposes.

Credit Agreement:

On May 15, 2008, we entered into a credit agreement (Credit Agreement) consisting of a senior secured \$80.0 million revolving credit facility (Revolver) and senior secured term loan facility (Term Loan) of up to \$50 million. The Credit Agreement provides that subject to certain conditions, including the approval of the Administrative Agent and the lenders' acceptance (or additional lenders being joined as new lenders), the amount of the Term Loan or Revolver could be increased by an additional \$50.0 million, so long as after giving effect to such increase, the Aggregate Commitments shall not be in excess of \$180.0 million. On April 1, 2011, the Company exercised the additional \$50.0 million accordion feature and entered into an amendment to the Credit Agreement that increased the aggregate commitment under the Credit Agreement to \$180 million, and borrowed an additional \$50 million in a Term Loan. When the facility was increased, all other terms of the Credit Agreement remained the same, including covenants and Applicable Rates.

Our obligations under the Credit Agreement are guaranteed by substantially all of our domestic subsidiaries, each of which has executed guaranty agreements. The Credit Agreement contains customary affirmative and negative covenants with which we were in compliance as of March 31, 2011 and December 31, 2010. The Credit Agreement terminates on May 14, 2013.

Revolver:

Our Revolver is available for general corporate purposes and to support letters of credit. Interest on Revolver loans accrues at a Base Rate plus an Applicable Rate or LIBOR, plus an Applicable Rate. The Applicable Rate varies from a rate per annum ranging from 2.75 percent to 3.25 percent for LIBOR rate loans and 1.75 percent to 2.25 percent for base rate loans, determined by reference to the consolidated leverage ratio (as defined in the Credit Agreement). Revolving loans are available subject to a borrowing base calculation based on a percentage of eligible accounts receivable, certain specified barge drilling rigs and rental equipment of the Company and its subsidiary guarantors. There were \$25.0 million in revolving loans outstanding at March 31, 2011 and December 31, 2010. Letters of credit outstanding as of March 31, 2011 and December 31, 2010 totaled \$11.3 million and \$16.3 million, respectively.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

6. Long Term Debt (continued)

Term Loan:

The Term Loan originated at \$50.0 million and requires quarterly principal payments of \$3.0 million. Interest on the Term Loan accrues at either a Base Rate plus 2.25 percent or LIBOR plus 3.25 percent. The outstanding balance on the Term Loan at March 31, 2011 and December 31, 2010 was \$29.0 million and \$32.0 million, respectively.

Subsequent Event:

On April 1, 2011, subsequent to the end of the first quarter, the company expanded its Term Loan Facility by \$50.0 million. Funding was provided by certain current Lenders and Barclays Bank PLC, which joined as a lender under the Credit Agreement. We used the proceeds from the additional Term Loan to repay the \$25.0 million outstanding on the Revolver at March 31, 2011, purchase additional rental tool inventory and for general corporate purposes. The additional Term Loan will amortize at \$3.0 million per quarter beginning June 30, 2011. Upon the completion of the transaction, total borrowings under the Term Loan Facility are \$79.0 million and there are no borrowings under the Revolver. Total amortization on the Term Loans will be \$6.0 million per quarter.

7. Contingencies

Asbestos-Related Claims

We are from time to time a party to various lawsuits that are incidental to our operations in which the claimants seek an unspecified amount of monetary damages for personal injury, including injuries purportedly resulting from exposure to asbestos on drilling rigs and associated facilities. At March 31, 2011, there were approximately 16 of these lawsuits in which we are one of many defendants. These lawsuits have been filed in the United States in the State of Mississippi.

The subsidiaries named in these asbestos-related lawsuits intend to defend themselves vigorously and, based on the information available to us at this time, we do not expect the outcome to have a material adverse effect on our financial condition, results of operations or cash flows. However, we are unable to predict the ultimate outcome of these lawsuits. No amounts were accrued at March 31, 2011.

Gulfco Site

In 2003, we received an information request under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) designating Parker Drilling Offshore Corporation, a subsidiary of Parker Drilling, as a potentially responsible party with respect to the Gulfco Marine Maintenance, Inc. Superfund Site in Freeport, Texas (EPA No. TX 055144539). The subsidiary responded to this request with documents. In January 2008 the subsidiary received an administrative order to participate in an investigation of the site and a study of the remediation needs and alternatives. The EPA alleges that the subsidiary is a successor to a party who owned the Gulfco site during the time when chemical releases took place there. Two other parties have been performing the investigation and study work since mid-2005 under an earlier version of the same order. To date, the EPA and the other two parties have spent approximately \$3.5 million studying and conducting initial remediation of the site. It is anticipated that at least an additional \$1.3 million will be required to complete the remediation. In December 2010, we entered into an agreement with the other two parties, pursuant to which we agreed to pay 20 percent of past and future costs to study and remediate the site. As of March 31, 2011, the Company had made certain participating payments and has accrued \$0.3 million for our portion of the estimated future cost of remediation.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

7. Contingencies (continued)

Customs Agent and Foreign Corrupt Practices Act (FCPA) Investigation

As previously disclosed, we received requests from the United States Department of Justice (DOJ) in July 2007 and the United States Securities and Exchange Commission (SEC) in January 2008 relating to our utilization of the services of a customs agent. The DOJ and the SEC are conducting parallel investigations into possible violations of U.S. law by us, including the FCPA. In particular, the DOJ and the SEC are investigating our use of customs agents in certain countries in which we currently operate or formerly operated, including Kazakhstan and Nigeria. We are fully cooperating with the DOJ and SEC investigations and are conducting an internal investigation into potential customs and other issues in Kazakhstan and Nigeria. The internal investigation has identified issues relating to potential non-compliance with applicable laws and regulations, including the FCPA with respect to operations in Kazakhstan and Nigeria. At this point, we are unable to predict the duration, scope or result of the DOJ or the SEC investigation or whether either agency will commence any legal action.

Further, in connection with our internal investigation, we also have learned that an individual who may be considered a foreign official under the FCPA owns in trust a substantial stake in a foreign subcontractor with whom we were doing business through a joint venture relationship in Kazakhstan. The joint venture no longer does business with the foreign subcontractor.

The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations, which they may seek to impose against corporations and individuals in appropriate circumstances including, but not limited to, injunctive relief, disgorgement, fines, penalties and modifications to business practices and compliance programs. These authorities have entered into agreements with, and obtained a range of sanctions against, several public corporations and individuals arising from allegations of improper payments and deficiencies in books and records and internal controls, whereby civil and criminal penalties were imposed. Recent civil and criminal settlements have included multi-million dollar fines, deferred prosecution agreements, guilty pleas, and other sanctions, including the requirement that the relevant corporation retain a monitor to oversee its compliance with the FCPA. In addition, corporations may have to end or modify existing business relationships. Any of these remedial measures, if applicable to us, could have a material adverse impact on our business, results of operations, financial condition and liquidity.

We have taken certain steps to enhance our anti-bribery compliance efforts, including retaining a full-time Chief Compliance Officer who reports to the Chief Executive Officer and Audit Committee; adopting revised FCPA policies, procedures, and controls; increasing training and testing requirements; strengthening contractual provisions for our service providers that interface with foreign government officials; improving due diligence and continuing oversight procedures for the review and selection of such service providers; and implementing a compliance awareness improvement initiative that includes issuance of periodic anti-bribery compliance alerts.

Demand Letter and Derivative Litigation

In April 2010, we received a demand letter from a law firm representing Ernest Maresca. The letter states that Mr. Maresca is one of our stockholders and that he believes that certain of our current and former officers and directors violated their fiduciary duties related to the issues described above under "Customs Agent and Foreign Corrupt Practices Act (FCPA) Investigation." The letter requests that our Board of Directors take action against the individuals in question. In response to this letter, the Board has formed a special committee to evaluate the issues raised by the letter and determine a course of action for the Company. On August 25, 2010, Mr. Maresca filed a derivative action in the United States District Court for the Southern District of Texas against our current directors, select officers, and the Company as a nominal defendant. The lawsuit, like the demand letter, alleged that the individual defendants breached their fiduciary duties to us related to the issues described above under "Customs Agent and Foreign Corrupt Practices Act (FCPA) Investigation." The lawsuit sought damages in an unspecified amount, along with various other forms of relief and an award of attorney fees, other costs, and expenses to the plaintiff. The lawsuit was voluntarily dismissed by the plaintiff in December 2010.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

7. Contingencies (continued)

On June 3, 2010, Mohamed Kassamali, a purported stockholder of the Company, filed a derivative action in the state court of Harris County, Texas against our current directors and the Company as a nominal defendant. The lawsuit alleges that the individual defendants breached their fiduciary duties to the Company related to the issues described above under “Customs Agent and Foreign Corrupt Practices Act (FCPA) Investigation.” On June 22, 2010, the Fuchs Family Trust, a purported stockholder of the Company, filed a substantially similar lawsuit in the state court of Harris County, Texas. On June 23, 2010, Kenneth Flacks, a purported stockholder of the Company, also filed a substantially similar lawsuit in the state court of Harris County, Texas. The lawsuits seek damages related to the alleged breaches of duty, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. The damages sought include both compensatory and exemplary damages in an unspecified amount, along with various other forms of relief and an award of attorney fees, other costs, and expenses to the plaintiffs. All defendants have retained counsel, and on October 15, 2010, the three cases pending in the state court of Harris County, Texas were consolidated under the Kassamali case number and restyled as *In re Parker Drilling Derivative Litigation*. The case was briefly stayed. Plaintiffs have filed a consolidated amended petition on April 7, 2011 and defendants will have 45 days to answer or otherwise respond to the petition.

On August 31, 2010, Douglas Freuler, a purported stockholder of the Company, filed a derivative action in the United States District Court for the Southern District of Texas against our current directors, select officers, and the Company as a nominal defendant. The lawsuit is substantially similar to those filed in the state court of Harris County, Texas, and alleges breach of fiduciary duties to the Company related to the issues described above under “Customs Agent and Foreign Corrupt Practices Act (FCPA) Investigation,” as well as abuse of control, gross mismanagement, waste of corporate assets, and unjust enrichment. The damages sought include both compensatory and exemplary damages in an unspecified amount, along with various other forms of relief and an award of attorney fees, other costs, and expenses to the plaintiffs. The Company has filed a motion to dismiss the lawsuit, and briefings on the motion are ongoing.

Economic Sanctions Compliance

We are subject to laws and regulations restricting our international operations, including activities involving restricted countries, organizations, entities and persons that have been identified as unlawful actors or that are subject to U.S. economic sanctions. Pursuant to an internal review, we have identified certain shipments of equipment and supplies that were routed through Iran as well as other activities, including drilling activities, which may have violated applicable U.S. laws and regulations. We have reviewed these shipments, transactions and drilling activities to determine whether the timing, nature and extent of such activities or other conduct may have given rise to violations of these laws and regulations, and we voluntarily disclosed the results of our review to the U.S. government. At this point, we are unable to predict whether the government will initiate an investigation or any proceedings against us or the ultimate outcome that may result from our voluntary disclosure. If U.S. enforcement authorities determine that we were not in compliance with export restrictions, U.S. economic sanctions or other laws and regulations that apply to our international operations, we may be subject to civil or criminal penalties and other remedial measures, which could have an adverse impact on our business, results of operations, financial condition and liquidity.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

7. Contingencies (continued)

Kazakhstan Ministry of Finance Tax Audit

On August 14, 2009, the Kazakhstan Branch (PKD Kazakhstan) of Parker Drilling's subsidiary, Parker Drilling Company International Limited (PDCIL), received an Act of Tax Audit from the Ministry of Finance of Kazakhstan (MinFin) for the period January 1, 2005 through December 31, 2007. PKD Kazakhstan was assessed additional taxes in the amount of KZT 1.45 billion (approximately USD \$9.7 million) and associated interest in the amount of KZT 700 million (approximately USD \$4.7 million). The amounts assessed relate to corporate income taxes and interest in connection with the disallowance of the head office's management and administrative expenses, loan interest and state duties, as well as Value Added Taxes (VAT) and interest in connection with VAT offset on debts classified as doubtful by MinFin and for property taxes and interest in connection with Barge Rig 257 as a result of MinFin applying a lower rate of depreciation.

On September 25, 2009, PKD Kazakhstan appealed the Act of Tax Audit with MinFin on the basis the Branch exercised its rights provided by the Convention between the Governments of the Republic of Kazakhstan and the United States of America on the Avoidance of Double Taxation and the Prevention of the Fiscal Evasion with respect to Taxes on Income and Capital as well as improper application of Kazakhstan Tax Code provisions.

On January 13, 2010, PKD Kazakhstan received a response from MinFin to the appeal filed September 25, 2009. MinFin agreed with PKD Kazakhstan to remove the assessment related to property taxes and interest in connection with Barge Rig 257 which reduced the overall assessment by KZT 741 million (approximately USD \$5 million). The residual assessment of KZT 959 million (approximately USD \$6.5 million) of taxes and KZT 450 million (approximately USD \$3 million) of associated interest remains outstanding.

On March 1, 2010, PKD Kazakhstan filed a claim against the Tax Department, in the Special Inter-district Economic Court of Atyrau Oblast, seeking to invalidate the revised Tax Notification. On May 5, 2010, the court elected not to issue a ruling on the merits of the case on the basis of an alleged lack of standing. PKD Kazakhstan adjusted and re-filed its claim in June 2010.

On August 17, 2010, the Special Inter-district Economic Court of Atyrau Oblast rendered a decision rejecting PKD Kazakhstan's re-filed claim. PKD Kazakhstan filed on September 17, 2010 an appeal to the Atyrau Oblast Court. That appeal was heard by a single judge on October 27, 2010, at the conclusion of which, the court announced its decision to let the lower court decision stand without amendment or cancellation.

On November 18, 2010, PKD Kazakhstan filed an appeal to a three-judge panel of the Atyrau Oblast Court. On December 9, 2010 the court announced its decision to uphold the lower court decision and allow the revised Tax Notification to stand.

PKD Kazakhstan continues to believe that it properly exercised its rights provided by the Convention and that MinFin improperly applied certain provisions of the Kazakhstan Tax Code. PKD Kazakhstan intends to submit a further discretionary appeal to the Supreme Court of the Republic of Kazakhstan. However, there can be no assurance that the Supreme Court will accept and hear the appeal. PKD Kazakhstan may also pursue relief under the Convention.

As a result of the decision on December 9, 2010, PKD Kazakhstan had an obligation to pay the residual assessment. The amount due related to the tax assessment and applicable interest was approximately \$11.3 million, plus an administrative penalty of approximately \$3.2 million arising from the same alleged underpayment of taxes. PKD Kazakhstan paid these amounts in-full prior to December 31, 2010 to avoid enforcement actions and additional interest while we pursue further challenges.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT (continued)

8. Recent Accounting Pronouncements

Revenue Recognition — On January 1, 2011, we adopted an update issued by the Financial Accounting Standards Board (FASB) to existing guidance on revenue recognition for arrangements with multiple deliverables. This update allows companies to allocate consideration for qualified separate deliverables using estimated selling price for both delivered and undelivered items when vendor-specific objective evidence or third-party evidence is unavailable. It also requires additional disclosures on the nature of multiple element arrangements, the types of deliverables under the arrangements, the general timing of their delivery, and significant factors and estimates used to determine estimated selling prices. The update is effective for fiscal years beginning after June 15, 2010. The adoption of this update did not have a material impact on our financial position, results of operations, cash flows, and disclosures.

9. Parent, Guarantor, Non-Guarantor Unaudited Consolidating Condensed Financial Statements

Set forth on the following pages are the consolidating condensed financial statements of Parker Drilling, its restricted subsidiaries that are guarantors of the 9.125% Notes, and 2.125% Notes (collectively the Notes) and the restricted and unrestricted subsidiaries that are not guarantors of the Notes. The Notes are guaranteed by substantially all of the restricted subsidiaries of Parker Drilling. There are currently no restrictions on the ability of the restricted subsidiaries to transfer funds to Parker Drilling in the form of cash dividends, loans or advances. Parker Drilling is a holding company with no operations, other than through its subsidiaries. Separate financial statements for each guarantor company are not provided as the company complies with the exception to Rule 3-10(a)(1) of Regulation S-X, set forth in sub-paragraph (f) of such rule. All guarantor subsidiaries are owned 100 percent by the parent company, all guarantees are full and unconditional and all guarantees are joint and several.

AralParker (a Kazakhstan joint stock company, owned 100% by Parker Drilling (Kazakhstan), LLC), Casuarina Limited (a wholly-owned captive insurance company), KDN Drilling Limited, Mallard Argentine Holdings, Ltd., Mallard Drilling of South America, Inc., Mallard Drilling of Venezuela, Inc., Parker Drilling Investment Company, Parker Drilling (Nigeria) Limited, Parker Drilling Company (Bolivia) S.A., Parker Drilling Company Kuwait Limited, Parker Drilling Company Limited (Bahamas), Parker Drilling Company of New Zealand Limited, Parker Drilling Company of Sakhalin, Parker Drilling de Mexico S. de R.L. de C.V., Parker Drilling International of New Zealand Limited, Parker Drilling Tengiz, Ltd., PD Servicios Integrales, S. de R.L. de C.V., PKD Sales Corporation, Parker SMNG Drilling Limited Liability Company (owned 50 percent by Parker Drilling Company International, LLC), Parker Drilling Kazakhstan, B.V., Parker Drilling AME Limited, Parker Drilling Asia Pacific, LLC, PD International Holdings C.V., PD Dutch Holdings C.V., PD Selective Holdings C.V., PD Offshore Holdings C.V., Parker Drilling Netherlands B.V., Parker Drilling Dutch B.V., Parker Hungary Rig Holdings Limited Liability Company, Parker Drilling Spain Rig Services, S L, Parker 3Source, LLC, Parker 5272 LLC, Parker Central Europe Rig Holdings LLC, Parker Cyprus Leasing Limited, Parker Cypress Ventures Limited, Parker Drilling International B.V., Parker Drilling Offshore B.V., Parker Drilling Offshore International, Inc., Parker Drilling Overseas B.V., Parker Drilling Russia B.V., Parker Drillsources, LLC, PD Labor Services, Ltd, PD Labor Sourcing, Ltd., PD Personnel Services, Ltd., SaiPar Drilling Company B.V. (owned 50 percent by Parker Drilling Dutch B.V.) and Parker Enex, LLC, Parker Drilling Company Eastern Hemisphere, Ltd., Parker Drilling Company of Bolivia, Inc., Canadian Rig Leasing, Inc., Parker Drilling Company International Limited, Parker Drilling Company Limited LLC, Parker Drilling Company of Singapore, LLC, Parker USA Drilling Company, Universal Rig Service LLC, Parker Offshore Resources, L.P., Choctaw International Rig Corp., DGH, Inc., Parker Drilling Company of Argentina, Inc., Parker Drilling Company International, LLC, Parker Drilling (Kazakhstan), LLC, Parker Drilling Company of New Guinea, LLC, Indocorp of Oklahoma, Inc., Creek International Rig Corp., Parker Drilling Company of Mexico, LLC, Selective Drilling Corporation, Parker Drilltech, LLC, Parker Drillserv, LLC, Parker Drillex, LLC, Parker Rigsources, LLC, Parker Intex, LLC, Parker Drilling Eurasia, Inc., Parker Drilling Pacific Rim, Inc., Parker Singapore Rig Holding Pte. Ltd., Parker Drilling Domestic Holding Company, LLC, Parker Drilling International Holding Company, LLC, and Primorsky Drill Rig Services B.V. are all non-guarantor subsidiaries.

NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENT *(continued)*

9. *Parent, Guarantor, Non-Guarantor Unaudited Consolidating Condensed Financial Statements (continued)*

We are providing consolidating condensed financial information of the parent, Parker Drilling, the guarantor subsidiaries, and the non-guarantor subsidiaries as of March 31, 2011 and December 31, 2010 and for the three months ended March 31, 2011 and 2010. The consolidating condensed financial statements present investments in both consolidated and unconsolidated subsidiaries using the equity method of accounting.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATING CONDENSED BALANCE SHEET
(Dollars in Thousands)
(Unaudited)

	March 31, 2011				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 23,205	\$ (2,216)	\$ 20,606	\$ —	\$ 41,595
Accounts and notes receivable, net	(5,789)	96,796	256,680	(168,703)	178,984
Rig materials and supplies	—	(2,752)	26,965	—	24,213
Deferred costs	—	—	1,822	—	1,822
Deferred income taxes	9,840	297	—	—	10,137
Other tax assets	100,071	(62,786)	9,064	—	46,349
Assets held for sale	—	—	5,287	—	5,287
Other current assets	557	15,844	20,468	(13,183)	23,686
Total current assets	127,884	45,183	340,892	(181,886)	332,073
Property, plant and equipment, net	79	574,136	269,454	—	843,669
Investment in subsidiaries and intercompany advances	1,006,184	493,559	1,327,005	(2,826,748)	—
Other noncurrent assets	69,148	15,477	7,434	(3,057)	89,002
Total assets	\$1,203,295	\$1,128,355	\$ 1,944,785	\$(3,011,691)	\$1,264,744
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	\$ 12,000	\$ —	\$ —	\$ —	\$ 12,000
Accounts payable and accrued liabilities	62,560	327,701	184,474	(432,342)	142,393
Accrued income taxes	609	195	4,879	—	5,683
Total current liabilities	75,169	327,896	189,353	(432,342)	160,076
Long-term debt	459,283	—	—	—	459,283
Other long-term liabilities	7,811	7,864	13,177	2,690	31,542
Long-term deferred tax liability	3,361	21,958	(6,265)	—	19,054
Intercompany payables	62,583	473,144	103,667	(639,394)	—
Contingencies	—	—	—	—	—
Stockholders' equity:					
Common stock	19,440	18,050	43,003	(61,053)	19,440
Capital in excess of par value	632,314	733,120	1,436,370	(2,169,490)	632,314
Retained earnings (accumulated deficit)	(56,666)	(453,677)	165,779	287,898	(56,666)
Total controlling interest stockholders' equity	595,088	297,493	1,645,152	(1,942,645)	595,088
Noncontrolling interest	—	—	(299)	—	(299)
Total Equity	595,088	297,493	1,644,853	(1,942,645)	594,789
Total liabilities and stockholders' equity	\$1,203,295	\$1,128,355	\$ 1,944,785	\$(3,011,691)	\$1,264,744

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATING CONDENSED BALANCE SHEET
(Dollars in Thousands)
(Unaudited)

	December 31, 2010				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 13,835	\$ 2,317	\$ 35,279	\$ —	\$ 51,431
Accounts and notes receivable, net	1,179	99,734	215,650	(147,687)	168,876
Rig materials and supplies	—	(1,655)	27,182	—	25,527
Deferred costs	—	—	2,229	—	2,229
Deferred income taxes	8,981	297	—	—	9,278
Other tax assets	97,896	(62,678)	11,211	—	46,429
Assets held for sale	—	—	5,287	—	5,287
Other current assets	557	41,564	30,129	(13,183)	59,067
Total current assets	122,448	79,579	326,967	(160,870)	368,124
Property, plant and equipment, net	79	538,005	278,063	0	816,147
Investment in subsidiaries and intercompany advances	996,018	499,987	1,310,792	(2,806,797)	0
Other noncurrent assets	72,202	14,542	6,653	(3,113)	90,284
Total assets	\$1,190,747	\$1,132,113	\$ 1,922,475	\$(2,970,780)	\$1,274,555
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	\$ 12,000	\$ —	\$ —	\$ —	\$ 12,000
Accounts payable and accrued liabilities	55,257	338,626	160,316	(395,428)	158,771
Accrued income taxes	609	93	3,790	—	4,492
Total current liabilities	67,866	338,719	164,106	(395,428)	175,263
Long-term debt	460,862	—	—	—	460,862
Other long-term liabilities	7,762	7,610	12,131	2,690	30,193
Long-term deferred tax liability	3,361	21,958	(5,148)	—	20,171
Intercompany payables	62,583	473,144	103,667	(639,394)	—
Contingencies	—	—	—	—	—
Stockholders' equity:					
Common stock	19,397	18,050	43,003	(61,053)	19,397
Capital in excess of par value	630,409	733,120	1,436,338	(2,169,458)	630,409
Retained earnings (accumulated deficit)	(61,493)	(460,488)	168,625	291,863	(61,493)
Total controlling interest stockholders' equity	588,313	290,682	1,647,966	(1,938,648)	588,313
Noncontrolling interest	—	—	(247)	—	(247)
Total Equity	588,313	290,682	1,647,719	(1,938,648)	588,066
Total liabilities and stockholders' equity	\$1,190,747	\$1,132,113	\$ 1,922,475	\$(2,970,780)	\$1,274,555

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
(Dollars in Thousands)
(Unaudited)

	Three months ended March 31, 2011				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
Total revenues	\$ —	\$ 87,405	\$ 108,091	\$ (39,317)	\$ 156,179
Operating expenses	—	50,320	96,291	(39,317)	107,294
Depreciation and amortization	—	15,210	12,389	—	27,599
Total operating gross margin	—	21,875	(589)	—	21,286
General and administration expense (1)	(45)	(6,781)	(62)	—	(6,888)
Gain on disposition of assets, net	—	810	194	—	1,004
Total operating income (loss)	(45)	15,904	(457)	—	15,402
Other income and (expense):					
Interest expense	(6,852)	(8,910)	(1,728)	11,629	(5,861)
Interest income	8,970	190	2,516	(11,629)	47
Other	—	—	11	—	11
Equity in net earnings of subsidiaries	3,965	—	—	(3,965)	—
Total other income and (expense)	6,083	(8,720)	799	(3,965)	(5,803)
Income (benefit) before income taxes	6,038	7,184	342	(3,965)	9,599
Income tax expense (benefit):					
Current	(65)	222	3,861	—	4,018
Deferred	1,276	151	(606)	—	821
Total income tax expense (benefit)	1,211	373	3,255	—	4,839
Net income (loss)	4,827	6,811	(2,913)	(3,965)	4,760
Net income attributable to noncontrolling interest	—	—	(67)	—	(67)
Net income (loss) attributable to controlling interest	\$ 4,827	\$ 6,811	\$ (2,846)	\$ (3,965)	\$ 4,827

(1) All field operations general and administration expenses are included in operating expenses.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
(Dollars in Thousands)
(Unaudited)

	Three months ended March 31, 2010				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
Total revenues	\$ —	\$ 78,356	\$ 103,978	\$ (24,729)	\$ 157,605
Operating expenses	—	54,123	84,137	(24,729)	113,531
Depreciation and amortization	—	15,851	12,737	—	28,588
Total operating gross margin	—	8,382	7,104	—	15,486
General and administration expense ⁽¹⁾	(45)	(9,888)	(99)	—	(10,032)
Provision for reduction in carrying value of certain assets	—	—	—	—	—
Gain on disposition of assets, net	—	569	103	—	672
Total operating income (loss)	(45)	(937)	7,108	—	6,126
Other income and (expense):					
Interest expense	(7,789)	(8,910)	(4,609)	14,576	(6,732)
Interest income	10,492	231	3,927	(14,576)	74
Loss on extinguishment of debt	(3,220)	—	—	—	(3,220)
Other	—	(23)	165	—	142
Equity in net earnings of subsidiaries	(6,394)	—	—	6,394	—
Total other income and (expense)	(6,911)	(8,702)	(517)	6,394	(9,736)
Income (benefit) before income taxes	(6,956)	(9,639)	6,591	6,394	(3,610)
Income tax expense (benefit):					
Current	245	119	3,284	—	3,648
Deferred	(5,150)	(10)	(47)	—	(5,207)
Total income tax expense (benefit)	(4,905)	109	3,237	—	(1,559)
Net income (loss)	\$ (2,051)	\$ (9,748)	\$ 3,354	\$ 6,394	\$ (2,051)

(1) All field operations general and administration expenses are included in operating expenses.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Three months ended March 31, 2011				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
Cash flows from operating activities:					
Net income (loss)	\$ 4,827	\$ 6,811	\$ (2,913)	\$ (3,965)	\$ 4,760
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	—	15,210	12,389	—	27,599
Gain on disposition of assets	—	(810)	(194)	—	(1,004)
Deferred income tax expense	1,276	151	(606)	—	821
Expenses not requiring cash	4,507	—	(54)	—	4,453
Equity in net earnings of subsidiaries	(3,965)	—	—	3,965	—
Change in accounts receivable	6,968	24,315	(41,030)	—	(9,747)
Change in other assets	326	39,374	(2,321)	—	37,379
Change in liabilities	3,372	(66,599)	39,723	—	(23,504)
Net cash provided by operating activities	<u>17,311</u>	<u>18,452</u>	<u>4,994</u>	<u>—</u>	<u>40,757</u>
Cash flows from investing activities:					
Capital expenditures	—	(47,233)	(3,431)	—	(50,664)
Proceeds from the sale of assets	—	1,360	201	—	1,561
Proceeds from insurance settlements	—	250	—	—	250
Net cash used in investing activities	<u>—</u>	<u>(45,623)</u>	<u>(3,230)</u>	<u>—</u>	<u>(48,853)</u>
Cash flows from financing activities:					
Paydown on term note	(3,000)	—	—	—	(3,000)
Proceeds from stock options exercised	135	—	—	—	135
Excess tax benefit from stock-based compensation	1,125	—	—	—	1,125
Intercompany advances, net	(6,201)	22,638	(16,437)	—	—
Net cash provided by (used in) financing activities	<u>(7,941)</u>	<u>22,638</u>	<u>(16,437)</u>	<u>—</u>	<u>(1,740)</u>
Net change in cash and cash equivalents	9,370	(4,533)	(14,673)	—	(9,836)
Cash and cash equivalents at beginning of year	13,835	2,317	35,279	—	51,431
Cash and cash equivalents at end of period	<u>\$23,205</u>	<u>\$ (2,216)</u>	<u>\$ 20,606</u>	<u>\$ —</u>	<u>\$ 41,595</u>

See accompanying notes to unaudited consolidated condensed financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31, 2010				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
Cash flows from operating activities:					
Net income (loss)	\$ (2,051)	\$ (9,748)	\$ 3,354	\$ 6,394	(2,051)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	—	15,851	12,737	—	28,588
Loss on extinguishment of debt	3,220	—	—	—	3,220
Gain on disposition of assets	—	(569)	(103)	—	(672)
Deferred income tax expense (benefit)	(5,150)	(10)	(47)	—	(5,207)
Expenses not requiring cash	1,430	—	—	—	1,430
Equity in net earnings of subsidiaries	6,394	—	—	(6,394)	—
Change in accounts receivable	(5,025)	9,681	14,744	—	19,400
Change in other assets	(5,325)	10,414	(10,701)	—	(5,612)
Change in liabilities	2,628	(31,732)	(8,535)	—	(37,639)
Net cash provided by (used in) operating activities	<u>(3,879)</u>	<u>(6,113)</u>	<u>11,449</u>	<u>—</u>	<u>1,457</u>
Cash flows from investing activities:					
Capital expenditures	—	(46,615)	(11,331)	—	(57,946)
Proceeds from the sale of assets	—	562	211	—	773
Net cash used in investing activities	<u>—</u>	<u>(46,053)</u>	<u>(11,120)</u>	<u>—</u>	<u>(57,173)</u>
Cash flows from financing activities:					
Proceeds from draw on revolver credit facility	—	—	—	—	—
Proceeds from debt issuance	300,000	—	—	—	300,000
Paydown on senior notes	(96,310)	—	—	—	(96,310)
Paydown on term note	(3,000)	—	—	—	(3,000)
Paydown on revolver credit facility	(42,000)	—	—	—	(42,000)
Payment of debt issuance costs	(7,795)	—	—	—	(7,795)
Payment of debt extinguishment costs	(3,330)	—	—	—	(3,330)
Proceeds from stock options exercised	26	—	—	—	26
Excess tax benefit from stock-based compensation	1,350	—	—	—	1,350
Intercompany advances, net	(45,772)	51,704	(5,932)	—	—
Net cash provided by (used in) financing activities	<u>103,169</u>	<u>51,704</u>	<u>(5,932)</u>	<u>—</u>	<u>148,941</u>
Net change in cash and cash equivalents	99,290	(462)	(5,603)	—	93,225
Cash and cash equivalents at beginning of year	58,189	1,768	48,846	—	108,803
Cash and cash equivalents at end of period	<u>\$157,479</u>	<u>\$ 1,306</u>	<u>\$ 43,243</u>	<u>\$ —</u>	<u>\$ 202,028</u>

See accompanying notes to unaudited consolidated condensed financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
DISCLOSURE NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q contains statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements contained in this Form 10-Q, other than statements of historical facts, are forward-looking statements for purposes of these provisions, including any statements regarding:

- stability of prices and demand for oil and natural gas;
- levels of oil and natural gas exploration and production activities;
- demand for contract drilling and drilling-related services and demand for rental tools;
- our future operating results and profitability;
- our future rig utilization, dayrates and rental tools activity;
- entering into new, or extending existing, drilling contracts and our expectations concerning when our rigs will commence operations under such contracts;
- growth through acquisitions of companies or assets;
- construction or upgrades of rigs and expectations regarding when these rigs will commence operations;
- capital expenditures for acquisition of rigs, construction of new rigs or major upgrades to existing rigs;
- scheduled delivery of drilling rigs for operation in Alaska under the terms of our agreement with BP Exploration (Alaska) Inc.;
- entering into joint venture agreements;
- our future liquidity;
- availability and sources of funds to reduce our debt and expectations of when debt will be reduced;
- the outcome of pending or future legal proceedings, investigations, tax assessments and other claims;
- the availability of insurance coverage for pending or future claims;
- the enforceability of contractual indemnification in relation to pending or future claims;
- compliance with covenants under our senior secured credit facility and indentures for our senior notes; and
- organic growth of our operations.

In some cases, you can identify these statements by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "outlook," "may," "should," "will" and "would" or similar words. Forward-looking statements are based on certain assumptions and analyses made by our management in light of their experience and perception of historical trends, current conditions, expected future developments and other factors they believe are relevant. Although our management believes that their assumptions are reasonable based on information currently available, those assumptions are subject to significant risks and uncertainties, many of which are outside of our control. The following factors, as well as any other cautionary language included in this Form 10-Q, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements:

- worldwide economic and business conditions that adversely affect market conditions and/or the cost of doing business;
- our inability to access the credit markets;
- the U.S. economy and the demand for natural gas;
- worldwide demand for oil;
- fluctuations in the market prices of oil and natural gas;
- imposition of unanticipated trade restrictions;
- unanticipated operating hazards and uninsured risks;
- political instability, terrorism or war;
- governmental regulations, including changes in accounting rules or tax laws that may impact our ability to remit funds to the U.S., that adversely affect the cost of doing business;

DISCLOSURE NOTE REGARDING FORWARD-LOOKING STATEMENTS (continued)

- changes in the tax laws that would allow double taxation on foreign sourced income;
- the outcome of our investigation and the parallel investigations by the SEC and the Department of Justice into possible violations of U.S. law, including the Foreign Corrupt Practices Act;
- contemplated U.S. legislation on carbon emissions;
- potential new “employer” taxes on U.S. health care plans;
- adverse environmental events;
- adverse weather conditions;
- global health concerns;
- changes in the concentration of customer and supplier relationships;
- ability of our customers and suppliers to obtain financing for their operations;
- unexpected cost increases for new construction and upgrade and refurbishment projects;
- delays in obtaining components for capital projects and in ongoing operational maintenance and equipment certifications;
- shortages of skilled labor;
- unanticipated cancellation of contracts by operators;
- breakdown of equipment;
- other operational problems including delays in start-up of operations;
- changes in competition;
- the effect of litigation and contingencies; and
- other similar factors, some of which are discussed in documents referred to or incorporated by reference into this Form 10-Q and our other reports and filings with the SEC.

Each forward-looking statement speaks only as of the date of this Form 10-Q, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Before you decide to invest in our securities, you should be aware that the occurrence of the events described in these risk factors and elsewhere in this Form 10-Q could have a material adverse effect on our business, results of operations, financial condition and cash flows.

OVERVIEW AND OUTLOOK

Overview

Continued improvements in our U.S. markets provided the primary support for our first quarter results. We had another record performance from our Rental Tools segment and our U.S. barge drilling utilization and dayrates continued to strengthen. In addition, our portfolio of projects and engineering services expanded during the quarter while utilization of our international drilling rig fleet remained at low levels. Overall, our diverse but related businesses provided a balanced performance that resulted in higher earnings.

Significant highlights of the quarter ended March 31, 2011 include:

- Our Rental Tools segment achieved record levels of quarterly revenues and segment gross margin (segment gross margins exclude depreciation and amortization expense).
- Our U.S. barge drilling business recorded increases in rig fleet utilization and average dayrate compared with the prior year’s first quarter.
- We began the Yastreb rig relocation project, a redeployment of the rig to its original drilling area on Sakhalin Island.
- Our International Drilling segment reported higher average dayrates in all regions, despite lower average fleet utilization.

OVERVIEW AND OUTLOOK *(continued)*

Overview *(continued)*

Growing demand for rental tools in the U.S. land market was the principal driver to our first quarter results. Our continuing investment in new inventory enabled us to respond to increased demand. As a result of actively positioning our equipment among our locations we continued to improve utilization and pricing.

Shallow water drilling in the Gulf of Mexico strengthened and operators have shown increased interest in drilling deeper prospects and committing to longer-term, multi-well programs. This led to increased utilization and higher average dayrates for Parker's barge rig fleet.

Our project management results reflect primarily our continued work on Sakhalin Island, including the development of the Arkutun-Dagi platform and the relocation of the Yastreb rig. We also are working on some early-stage engineering projects that demonstrate our drilling expertise and technological capabilities and which may lead to longer-term operating contracts.

We have work yet to do to improve utilization within our international drilling operations. International exploration and production (E&P) spending appears to be increasing and we expect it to lead to more exploration and development drilling activity and an increase in work opportunities for Parker in the regions where we operate.

The reported results of the Construction Contract segment represent the work completed on the construction of the customer-owned Liberty rig and the end of the construction phase of this project during the quarter. Construction on the project was suspended in November 2010, and the construction contract expired on February 8, 2011. See "—Results of Operations—Construction Contracts Segment."

Outlook

Looking ahead, we believe the rental tools business should further benefit from continued growth of lateral drilling in the U.S. land market. The resumption of drilling in the deepwater Gulf of Mexico may provide some additional growth opportunities for this business this year. We expect to make further capital investments in this business to increase our growth potential.

We expect our Gulf of Mexico barge drilling business will maintain its fleet utilization around current levels and will realize higher average dayrates during the year. Higher market prices for oil and gas condensates and a growing interest in deeper prospects should support continued activity for this business.

International E&P spending is believed by many industry forecasters to be on the increase. Should this occur in the regions we serve, we would expect to have opportunities to increase our fleet utilization. However, given the lead time from tender award to drilling operation, we are not expecting much impact on our international drilling business this year.

The portfolio of the Project Management and Engineering Services segment is growing and is expected to continue to generate relatively steady earnings with incremental contributions from the Yastreb rig-move project and other early-stage engineering projects.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2011 Compared with Three Months Ended March 31, 2010

We recorded net income of \$4.8 million for the three months ended March 31, 2011, as compared to net loss of \$2.1 million for the three months ended March 31, 2010. Operating gross margin increased 37.5% to \$21.3 million for the three months ended March 31, 2011 as compared to \$15.5 million for the three months ended March 31, 2010.

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RESULTS OF OPERATIONS (continued)

The following is an analysis of our operating results for the comparable quarters:

	Three Months Ended March 31,			
	2011		2010	
Revenues:	(Dollars in Thousands)			
International Drilling	\$ 42,437	27%	\$ 63,875	41%
U.S. Drilling	15,920	10%	15,087	10%
Rental Tools	52,319	34%	33,815	21%
Project Management and Engineering Services	35,865	23%	24,441	15%
Construction Contract	9,638	6%	20,387	13%
Total revenues	<u>\$156,179</u>	<u>100%</u>	<u>\$ 157,605</u>	<u>100%</u>
Operating gross margin:				
International Drilling gross margin excluding depreciation and amortization	\$ 7,590	18%	\$ 16,702	26%
U.S. Drilling gross margin excluding depreciation and amortization	1,899	12%	2,113	14%
Rental Tools gross margin excluding depreciation and amortization	34,182	65%	21,189	63%
Project Management and Engineering Services gross margin	5,957	17%	4,880	20%
Construction Contract gross margin	(743)	-8%	(810)	-4%
Depreciation and amortization	<u>(27,599)</u>		<u>(28,588)</u>	
Total operating gross margin	21,286		15,486	
General and administration expense	(6,888)		(10,032)	
Provision for reduction in carrying value of certain assets	—		—	
Gain on disposition of assets, net	1,004		672	
Total operating income	<u>\$ 15,402</u>		<u>\$ 6,126</u>	

Segment gross margins, excluding depreciation and amortization, are computed as revenues less direct operating expenses, and depreciation and amortization expense, where applicable; segment operating gross margin percentages are computed as operating gross margin as a percent of revenues. The operating gross margin amounts and operating gross margin percentages should not be used as a substitute for those amounts reported under accounting principles generally accepted in the United States (U.S. GAAP). However, we monitor our business segments based on several criteria, including operating gross margin. Management believes that this information is useful to our investors because it more accurately reflects cash generated by segment. Such operating gross margin amounts are reconciled to our most comparable U.S. GAAP measure as follows:

Three Months Ended	International Drilling	U.S. Drilling	Rental Tools	Project Management and Engineering Services (2)	Construction Contract (2)
(Dollars in Thousands)					
March 31, 2011					
Operating gross margin (1)	\$ (5,239)	\$ (2,642)	\$ 23,953	\$ 5,957	\$ (743)
Depreciation and amortization	12,829	4,541	10,229	—	—
Drilling and rental gross margin, excluding depreciation and amortization	<u>\$ 7,590</u>	<u>\$ 1,899</u>	<u>\$ 34,182</u>	<u>\$ 5,957</u>	<u>\$ (743)</u>
March 31, 2010					
Operating gross margin (1)	\$ 3,314	\$ (4,161)	\$ 12,263	\$ 4,880	\$ (810)
Depreciation and amortization	13,388	6,274	8,926	—	—
Drilling and rental gross margin, excluding depreciation and amortization	<u>\$ 16,702</u>	<u>\$ 2,113</u>	<u>\$ 21,189</u>	<u>\$ 4,880</u>	<u>\$ (810)</u>

(1) Operating gross margin is calculated as revenues less direct operating expenses, including depreciation and amortization expense.

(2) The project management and engineering services segment and the construction contract segment do not incur depreciation and amortization.

RESULTS OF OPERATIONS (continued)

International Drilling Segment

International Drilling segment revenues decreased \$21.4 million, or 33.6%, to \$42.4 million during the first quarter of 2011 when compared to the first quarter of 2010 primarily due to lower overall utilization.

Revenues in our Americas region decreased by \$5.1 million to \$21.5 million mainly due to overall lower rig utilization for the region, partially offset by higher dayrates in Colombia. Revenues in our CIS/AME region decreased by \$16.6 million to \$13.3 million, primarily due to lower overall fleet utilization and lower average dayrates on rig 257, our Caspian Sea Arctic barge rig, which was on higher dayrates during the first quarter of 2010, compared to the first quarter of 2011 as it underwent a planned refurbishment and upgrade project. Rig 257 was on reduced warm stack rates during the first quarter of 2011 while our customer completes necessary permitting processes. In our Asia Pacific region, revenues increased by \$0.3 million to \$7.6 million due primarily to the commencement of a drilling contract during the fourth quarter of 2010 for one of our rigs in Papua New Guinea and higher utilization in Indonesia, almost entirely offset by decreased revenues in New Zealand as our rigs were operational in the first quarter of 2010, while stacked during the first quarter of 2011.

International Drilling operating gross margin, excluding depreciation and amortization, decreased \$9.1 million to \$7.6 million during the first quarter of 2011, when compared to the first quarter of 2010. The decline in operating gross margin for the first quarter of 2011 was primarily due to lower revenues resulting from lower utilization. Operating gross margins for the first quarter of 2011 also included a \$1.1 million non-cash charge to write-off certain VAT assets in our CIS/AME region and \$1.9 million expense related to an equity tax imposed by the Colombian government. The newly enacted tax law requires companies operating in Colombia on January 1, 2011 to pay a tax based on a percentage of net equity and is payable in eight semi-annual installments. The decrease in operating margins was partially offset by increased operating gross margins in Papua New Guinea and lower operating costs for our Caspian Sea Arctic barge rig as it incurred higher expenses during the first quarter 2010 related to the planned repair, refurbishment, and upgrade project.

RESULTS OF OPERATIONS (continued)

U.S. Drilling Segment

U.S. Drilling segment revenues increased \$0.8 million, or 5.5%, to \$15.9 million for the first quarter of 2011 as compared with the first quarter of 2010. The increase in revenues was primarily due to increased utilization and higher average dayrates.

The U.S. Drilling segment's operating gross margin, excluding depreciation and amortization, decreased \$0.2 million from the comparable quarter in 2010, due primarily to an increase in lower-margin work associated with our intermediate depth barge rigs and the deployment of a deep barge on a workover contract during the first quarter of 2011.

Rental Tools Segment

Rental Tools segment revenues increased \$18.5 million, or 54.7%, to \$52.3 million during the first quarter of 2011 as compared to the first quarter of 2010. The increase is primarily due to an increase in rental tools utilization, improved pricing, and an increase in sales of tools and pipe. The expanded use of horizontal drilling and longer well-bores to exploit both shale deposits and conventional oil and gas reservoirs, have led to greater market demand for our rental tools.

The Rental Tools segment's operating gross margin, excluding depreciation and amortization, increased by \$13.0 million in the current quarter as compared to the first quarter of 2010, primarily due to higher revenues, improved pricing, and cost management.

Project Management and Engineering Services Segment

Project Management and Engineering Services segment revenues increased \$11.4 million, or 46.7%, to \$35.9 million during the first quarter of 2011 as compared to the first quarter of 2010. This increase was primarily due to the commencement during the first quarter of 2011 of the Yastreb drilling rig relocation project, and added revenues from the BP Liberty O&M contract for maintaining and preserving the BP Liberty rig, located on the North Slope of Alaska. The O&M contract for the Liberty rig is scheduled to expire on May 31, 2011. The ENL owned, Parker-operated, Yastreb rig will be moved approximately 100 kilometers south on Sakhalin Island to its new drilling location. Revenues associated with reimbursable costs, also increased as a result of the Yastreb rig relocation project.

Operating gross margin for this segment increased by \$1.1 million for the first quarter of 2011 compared with the first quarter of 2010, primarily due to the management and training fee revenues (which have low associated costs) associated with the Yastreb drilling rig move. The operating gross margin increase is offset by a decrease in operating gross margins associated with the procurement phase of the Arkutun Dagi project. The Project Management and Engineering Services segment does not incur depreciation and amortization.

Construction Contracts Segment

This segment includes only the Liberty project extended-reach drilling rig constructed for BP for use in the Alaskan Beaufort Sea. In November 2010, BP informed us that it was suspending construction on the Liberty extended reach drilling rig project to review the rig's engineering and design, including its safety systems. We commenced construction of this rig for BP in April 2008 pursuant to an Engineering, Procurement, Construction and Installation (EPCI) contract. In August 2009, BP also awarded us an O&M contract for the first phase of drilling on the Liberty field.

The Liberty rig construction contract was a fixed fee and reimbursable contract accounted for on a percentage of completion basis. Costs on the project were reimbursed without markup, except for costs associated with changes in work scope, for which we were entitled to a markup. As of March 31, 2011 and 2010 we had recognized \$334.2 million and \$255.2 million in project-to-date revenues, respectively. As of March 31, 2011, we had recognized the entire \$11.7 million fixed fee margin on the contract.

RESULTS OF OPERATIONS *(continued)*

Construction Contracts Segment *(continued)*

The Liberty rig construction contract expired on February 8, 2011. Prior to expiration of the construction contract, BP identified several areas of concern for which it asked us to provide explanations and documentation, and we have done so. Although we believe that the issues raised by BP have been adequately addressed, there can be no assurance of when or how these issues will be resolved with our client. At this point, construction on the rig is incomplete, and it cannot be completed until BP determines to resume construction.

The Company and BP have continued activities to preserve and maintain the rig under the “pre-operations” phase of our O&M contract in accordance with its terms. The O&M contract is scheduled to expire on May 31, 2011 and we have been notified by BP that they do not anticipate extending it at that time.

Other Financial Data

Gain on asset dispositions for the first quarter of 2011 and 2010 was \$1.0 million and \$0.7 million, respectively, and was primarily a result of asset sales due to rental tool equipment lost-in-hole by customers during each period.

Interest expense decreased \$0.9 million for the first quarter of 2011 as compared to the first quarter of 2010, due to a \$1.9 million increase in capitalized interest on major projects offset by a \$0.8 million increase in debt-related interest expense and \$0.2 million in debt amortization costs. Interest income was minimal in each quarter.

General and administration expense decreased \$3.1 million for the first quarter of 2011 as compared to the first quarter of 2010 due primarily to a reduction in professional fees, offset by an increase in overall corporate costs, and an increase in stock based compensation expense.

Income tax expense was \$4.8 million for the first quarter of 2011, as compared to an income tax benefit of \$1.6 million for the first quarter of 2010. The tax benefit in the first quarter 2010 included a benefit of \$6.3 million related to estimated U.S. taxable loss. The increase in current quarter tax expense is driven primarily by differences in the mix of our domestic and international pre-tax earnings and losses, as well as the mix of international tax jurisdictions in which we operate. Included in the current quarter expense is a reserve of \$0.7 million related to an uncertain tax position.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

As of March 31, 2011, we had cash and cash equivalents of \$41.6 million, a decrease of \$9.8 million from December 31, 2010. The primary sources of cash for the three-month period ended March 31, 2011 as reflected on the consolidated condensed statements of cash flows was \$40.8 million from operating activities. The primary use of cash was \$50.7 million for capital expenditures and a \$3.0 million payment on our Term Loan. Major capital expenditures for the year-to-date period included \$26.1 million on the construction of two new rigs for work in Alaska and \$15.8 million for tubulars and other rental tools for Quail Tools.

As of March 31, 2010, we had cash and cash equivalents of \$202.0 million, an increase of \$93.2 million from December 31, 2009. The primary sources of cash for the three-month period ended March 31, 2010 as reflected on the consolidated condensed statements of cash flows was \$148.9 million from financing activities. Financing activities included proceeds from the issuance of \$300.0 million aggregate principal amount of 9.125% Senior Notes due 2018 (9.125% Notes), offset by the repayment of \$96.3 million aggregate principal value of 9.625% Senior Notes and payment of \$3.3 million of related debt extinguishment cost, \$42.0 million repayment of borrowings under the revolving credit facility, \$3.0 million quarterly payment on our term loan facility and \$7.8 million in debt issuance cost associated with the 9.125% Notes. The primary use of cash was \$57.9 million for capital expenditures. Major capital expenditures for the period included \$41.2 million on the construction of two new Alaska rigs and \$9.3 million for tubulars and other rental tools for Quail Tools.

LIQUIDITY AND CAPITAL RESOURCES *(continued)*

Financing Activity

On March 22, 2010, we issued \$300.0 million aggregate principal amount 9.125% Notes. The 9.125% Notes were issued at par with interest payable on April 1 and October 1, beginning October 1, 2010. We used the proceeds from the 9.125% Notes offering to redeem \$225.0 million aggregate principal amount of our 9.625% Senior Notes due 2013 (9.625% Note), to repay \$42.0 million of borrowings under our Revolver and for general corporate purposes.

On March 8, 2010, we commenced a cash tender offer and consent solicitation for all of our outstanding 9.625% Notes, which expired on April 2, 2010 (Tender Offer). On March 22, 2010, we voluntarily called for redemption our 9.625% Notes that were not tendered pursuant to the Tender Offer, at the redemption price of 103.208% of the principal amount of the 9.625% Notes, or \$1,032.08 per \$1,000 principal amount of the 9.625% Notes. This redemption resulted in the Company recording debt extinguishment costs of \$7.2 million during 2010.

On May 15, 2008 we entered into a Credit Agreement (Credit Agreement) with a five year senior secured \$80.0 million revolving credit facility (Revolver) and a senior secured term loan facility (Term Loan Facility) of up to \$50.0 million. Our obligations under the Credit Agreement are guaranteed by substantially all of our domestic subsidiaries, except for domestic subsidiaries owned by foreign subsidiaries and certain immaterial subsidiaries, each of which has executed a guaranty. The Credit Agreement contains customary affirmative and negative covenants such as minimum ratios for consolidated leverage, consolidated interest coverage and consolidated senior secured leverage.

The Credit Agreement is available for general corporate purposes and to fund reimbursement obligations under letters of credit the banks issue on our behalf pursuant to this facility. Loans are available under the Revolver subject to a borrowing base calculation based on a percentage of eligible accounts receivable, certain specified barge drilling rigs and eligible rental equipment of the Company and its subsidiary guarantors. As of March 31, 2011, there was \$29.0 million outstanding on the Term Loan, \$11.3 million in letters of credit outstanding, and \$25.0 million outstanding on the Revolver. As of March 31, 2011, the amount utilized represents approximately 45% of the capacity of the Revolver. The Term Loan began amortizing on September 30, 2009 at equal installments of \$3.0 million per quarter. We expect to use the Revolver over the next twelve months to primarily fund construction of the two new rigs for work in Alaska.

On April 1, 2011, we exercised the accordion feature under the Credit Agreement and entered into an amendment to the Credit Agreement that increased the aggregate commitment under the Credit Agreement to \$180 million, and borrowed an additional \$50 million in a Term Loan. Funding was provided by certain current Lenders and Barclays Bank PLC, which joined as a lender under the Credit Agreement. Use of proceeds includes repayment of the \$25.0 million outstanding on the Revolver, purchases of additional rental tool inventory and for general corporate purposes. The additional Term Loan will amortize at \$3.0 million per quarter beginning June 30, 2011. Upon the completion of the transaction, total borrowings under the Term Loan are \$79.0 million and there are no borrowings under the Revolver. Total amortization on the Term Loans will be \$6.0 million per quarter.

LIQUIDITY AND CAPITAL RESOURCES *(continued)*

Financing Activity, (continued)

We had total long-term debt, including current portion, of \$471.3 million as of March 31, 2011, which consists of:

- \$300.0 million aggregate principal amount of 9.125% Notes, which are due April 1, 2018;
- \$54.0 million drawn against our Credit Agreement, including \$29.0 million on our Term Loan Facility, \$12.0 million of which is classified as short term, and \$25.0 million under our Revolver, and
- \$125.0 million aggregate principal amount of 2.125% Notes, which are due July 15, 2012 less \$7.7 million in unamortized debt discount

As of March 31, 2011, we had approximately \$85.3 million of liquidity which consisted of \$41.6 million of cash and cash equivalents on hand and \$43.7 million of availability under the Revolving Credit Facility.

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LIQUIDITY AND CAPITAL RESOURCES *(continued)*

Contractual Obligations

The following table summarizes our future contractual cash obligations as of March 31, 2011:

	<u>Total</u>	<u>Less than 1 Year</u>	<u>Years 1 - 3</u>	<u>Years 4 - 5</u>	<u>More than 5 Years</u>
			(Dollars in Thousands)		
Contractual cash obligations:					
Long-term debt — principal ⁽¹⁾	\$479,000	\$12,000	\$167,000	\$ —	\$300,000
Long-term debt — interest ⁽¹⁾	199,183	32,215	57,468	54,750	54,750
Operating leases ⁽²⁾	30,527	7,371	7,642	5,871	9,643
Purchase commitments ⁽³⁾	16,423	16,423	—	—	—
Total contractual obligations	\$725,133	\$68,009	\$232,110	\$60,621	\$364,393
Commercial commitments:					
Long-term debt — standby letters of credit ⁽⁴⁾	11,300	11,300	—	—	—
Total commercial commitments	\$ 11,300	\$11,300	\$ —	\$ —	\$ —

- (1) Long-term debt includes the principal and interest cash obligations of the 9.125% Notes, the 2.125% Notes, the Revolver, and the Term Loan. The remaining unamortized discount of \$7.7 million on the 2.125% Notes is not included in the contractual cash obligations schedule. Subsequent to the end of the quarter, the Term Loan was expanded by \$50.0 million to \$79.0 million and \$25.0 million of Revolver borrowings were repaid. These numbers are not reflected in the table above.
- (2) Operating leases consist of lease agreements in excess of one year for office space, equipment, vehicles and personal property.
- (3) Purchase commitments outstanding as of March 31, 2011, are primarily related to rig upgrade projects and new rig construction.
- (4) We have an \$80.0 million revolving credit facility. As of March 31, 2011, we had drawn down \$25.0 million under the revolver and \$11.3 million of availability has been used to support letters of credit that have been issued, resulting in \$43.7 million of availability. The revolving credit facility expires May 14, 2013.

Off-Balance Sheet Arrangements

We do not have any unconsolidated special-purpose entities, off-balance sheet financing arrangements or guarantees of third-party financial obligations. We have no energy or commodity contracts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in market risks faced by us from those reported in our 2010 Annual Report on Form 10-K filed with the SEC on March 1, 2011. For more information on market risk, see Part II, Item 7A in our 2010 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures — We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of “disclosure controls and procedures” in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. We performed evaluations under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2011. Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting — There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2011 covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

For information regarding legal proceedings, see Note 7, “Contingencies,” in Item 1 of Part I of this quarterly report on Form 10-Q, which information is incorporated herein by reference into this item.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Item 1A. Risk Factors of our annual report on Form 10-K for the year ended December 31, 2010.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company currently has no active share repurchase programs. Periodically, the Company purchases shares on the open market to meet our employer matching requirements under our Defined Contribution Plan. Additionally when restricted stock awarded by the Company becomes taxable compensation to personnel, shares may be withheld to satisfy the associated withholding tax liabilities. Information on our purchases of equity securities by means of such share withholdings is provided in the table below:

Issuer Purchases of Equity Securities		
Period	Total Number of Shares Purchased	Average Price Paid Per Share
January 1-31, 2011	—	\$ —
February 1-28, 2011	4,500	\$ 5.35
March 1-31, 2011	348,127	\$ 5.29
Total	352,627	\$ 5.29

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ITEM 6. EXHIBITS

(a) Exhibits: The following exhibits are filed or furnished as a part of this report:

Exhibit Number	DESCRIPTION
10.1	— First Amendment to Credit Agreement, dated as of June 30, 2008, but effective as of May 15, 2008, among Parker Drilling Company, as Borrower, lender from time to time party to the Credit Agreement, Bank of America, N.A., as Administrative Agent and an L/C Issuer, Lehman Commercial Paper Inc., as Syndication Agent, and ABN AMRO Bank N.V., as Documentation Agent.
10.2	— Consent and Second Amendment to Credit Agreement dated as of January 15, 2010, among Parker Drilling Company, as Borrower, each lender from time to time party to the Credit Agreement, Bank of America, N.A., as Administrative Agent and an L/C Issuer, and ABN AMRO Bank N.V., as Documentation Agent.
10.3	— Third Amendment to Credit Agreement and Joinder dated as of April, 1, 2011, among Parker Drilling Company, as Borrower, each lender from time to time party to the Credit Agreement, and Bank of America, N.A., as Administrative Agent.
31.1	— David C. Mannon, President and Chief Executive Officer, Rule 13a-14(a)/15d-14(a) Certification
31.2	— W. Kirk Brassfield, Senior Vice President and Chief Financial Officer, Rule 13a-14(a)/15d-14(a) Certification
32.1	— David C. Mannon, President and Chief Executive Officer, Section 1350 Certification
32.2	— W. Kirk Brassfield, Senior Vice President and Chief Financial Officer, Section 1350 Certification

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

Date: May 5, 2011

By: /s/ David C. Mannon

David C. Mannon
President and Chief Executive Officer

By: /s/ W. Kirk Brassfield

W. Kirk Brassfield
Senior Vice President and Chief Financial Officer

INDEX TO EXHIBITS

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31.1	— David C. Mannon, President and Chief Executive Officer, Rule 13a-14(a)/15d-14(a) Certification
31.2	— W. Kirk Brassfield, Senior Vice President and Chief Financial Officer, Rule 13a-14(a)/15d-14(a) Certification
32.1	— David C. Mannon, President and Chief Executive Officer, Section 1350 Certification
32.2	— W. Kirk Brassfield, Senior Vice President and Chief Financial Officer, Section 1350 Certification

AMENDMENT TO CREDIT AGREEMENT

THIS AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of June 30, 2008, but effective as of May 15, 2008 (the "Effective Date"), is entered into by and among **PARKER DRILLING COMPANY**, a Delaware corporation (the "Borrower"), each lender from time to time party to the Credit Agreement defined below (collectively, the "Lenders" and individually, a "Lender"), **BANK OF AMERICA, N.A.**, as Administrative Agent and an L/C Issuer, **LEHMAN COMMERCIAL PAPER INC.**, as Syndication Agent, and **ABN AMRO BANK N.V.**, as Documentation Agent.

WITNESSETH:

WHEREAS, the Borrower, the Lenders, the L/C Issuers, the Administrative Agent, the Syndication Agent and the Documentation Agent have entered into that certain Credit Agreement, dated as of May 15, 2008, by and among the Borrower, the Lenders, the L/C Issuer, the Administrative Agent, the Syndication Agent and the Documentation Agent (as may be amended, restated, supplemented or otherwise modified, the "Credit Agreement"); and

WHEREAS, the Borrower, the Lenders, the L/C Issuers, the Administrative Agent, the Syndication Agent and the Documentation Agent intend to waive certain provisions of the Credit Agreement and amend certain provisions of the Credit Agreement as set forth herein.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein, the parties hereto agree as follows:

SECTION 1. Definitions. Unless otherwise defined in this Amendment, each capitalized term used in this Amendment has the meaning assigned to such term in the Credit Agreement.

SECTION 2. Limited Waiver of Section 4.01(a). Effective on (and subject to the occurrence of) the Effective Date, the Administrative Agent, each L/C Issuer and each Lender hereby waives until June 13, 2008, (a) compliance with the delivery requirements set forth in clauses (i), (iii), (v), (vi), (vii), (viii) and (xi) of Section 4.01(a) of the Credit Agreement solely with respect to each of Parker Drilling Company International LLC, a Delaware limited liability company, and Parker Drilling (Kazakhstan), LLC, a Delaware limited liability company, as a Loan Party and (b) any Event of Default that occurred, or may occur, pursuant to Section 8.01(c) or (d) of the Credit Agreement, solely as a result of such non-compliance.

SECTION 3. Amendment of Section 9.10 of the Credit Agreement. Section 9.10 of the Credit Agreement is hereby amended by deleting clause (c) thereof and replacing it in its entirety with the following:

“(c) to release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty and Collateral Documents (i) if such Person ceases to be a Subsidiary or (ii) in the case of each Subsidiary Guaranty that is a guarantor of obligations under any Indenture but would otherwise qualify as an “Excluded Subsidiary” at the time such Person became a Subsidiary Guarantor, if such Person ceases to be a guarantor of the obligations under any Indenture so that

such Person qualifies as an “Excluded Subsidiary”, in each case (with respect to the foregoing clauses (i) and (ii)), as a result of a transaction permitted hereunder.”

SECTION 4. Representations and Warranties, Etc. To induce the Lenders and L/C Issuers to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent, each L/C Issuer and the Lenders that as of the date hereof (giving effect to Section 2 hereof):

(a) each of the representations and warranties by the Borrower contained in the Credit Agreement and in the other Loan Documents are true and correct on and as of the date hereof in all material respects as though made as of the date hereof, except those that by their terms relate solely as to an earlier date, in which event they shall be true and correct on and as of such earlier date;

(b) the execution, delivery and performance of this Amendment has been duly authorized by all requisite organizational action on the part of the Borrower;

(c) the Credit Agreement and each other Loan Document constitute valid and legally binding agreements enforceable against each Loan Party that is a party thereto in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws relating to or affecting creditors’ rights generally and by general principles of equity, regardless of whether considered in a proceeding in equity or at law; and

(d) no Default or Event of Default exists under the Credit Agreement or any of the other Loan Documents.

SECTION 5. Ratification. The Borrower hereby ratifies and confirms, as of the Effective Date, (a) the covenants and agreements contained in each Loan Document to which it is a party, including, in each case, as such covenants and agreements may be modified by this Amendment and the transactions contemplated thereby and (b) all of the Obligations under the Credit Agreement and the other Loan Documents. This Amendment is an amendment to the Credit Agreement, and the Credit Agreement as amended hereby, is hereby ratified, approved and confirmed in each and every respect.

SECTION 6. Effectiveness. This Amendment shall become effective as of the Effective Date when all of the conditions set forth in this Section have been satisfied.

(a) The Administrative Agent shall have received duly executed counterparts of this Amendment from the Borrower, the Administrative Agent, each L/C Issuer, the Syndication Agent, the Documentation Agent and each Lender; and

(b) The Administrative Agent shall have received (i) all reasonable out-of-pocket fees, costs and expenses incurred in connection with the negotiation, preparation, execution and delivery of this Amendment and related documents (including the fees, charges and disbursements of counsel to the Administrative Agent), and (ii) all other fees, costs and expenses due and payable pursuant to Section

10.04 of the Credit Agreement, in each case under either clause (i) or (ii) above, to the extent then invoiced.

SECTION 7. Governing Law; Severability; Integration. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. If any provision of this Amendment or any other Loan Document is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. This Amendment and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

SECTION 8. Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original and all of which when taken together shall constitute a single document.

SECTION 9. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns; provided, however, that (a) the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender; and (b) the rights of sale, assignment and transfer of the Lenders are subject to Section 10.06 of the Credit Agreement.

SECTION 10. Miscellaneous. (a) On and after the effectiveness of this Amendment, each reference in each Loan Document to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended or otherwise modified by this Amendment; (b) the execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any default of the Borrower or any right, power or remedy of the Administrative Agent, the L/C Issuers, the Syndication Agent, the Documentation Agent or the Lenders under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents; (c) this Amendment is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with the terms and provisions of the Credit Agreement; and (d) a facsimile signature of any party hereto shall be deemed to be an original signature for purposes of this Amendment.

SECTION 11. ENTIRE AGREEMENT. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE

PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

PARKER DRILLING COMPANY

By: /s/ David W. Tucker

Name: David W. Tucker

Title: Treasurer and Assistant Secretary

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Shelley A. McGregor

Name: Shelley A. McGregor

Title: Senior vice President

BANK OF AMERICA, N.A., as a Lender and an
L/C Issuer

By: /s/ Shelley A. McGregor

Name: Shelley A. McGregor

Title: Senior Vice President

LEHMAN COMMERCIAL PAPER INC., as
Syndication Agent and a Lender

By: /s/ Ritam Bhalla

Name: Ritam Bhalla

Title: Authorized Signatory

ABN AMRO BANK N.V., as Documentation
Agent and a Lender

By: /s/ John D. Reed

Name: John D. Reed

Title: Director

By: /s/ Todd D. Vaubel

Name: Todd D. Vaubel

Title: Vice President

**CATERPILLAR FINANCIAL SERVICES
CORPORATION, as a Lender**

By: /s/ Roger Scott Freistat

Name: Roger Scott Freistat

Title: Credit Manager

NATIXIS, as a Lender

By: /s/ Tim Polvado

Name: Tim Polvado

Title: Managing Director

By: /s/ Liana Tchernysheva

Name: Liana Tchernysheva

Title: Director

WHITNEY NATIONAL BANK, as a Lender

By: /s/ Paul Cole

Name: Paul Cole

Title: Vice President

WELLS FARGO BANK, N.A. as a Lender

By: /s/ Corbin Womac

Name: Corbin Womac

Title: Assistant Vice President

DUEUTSCHE BANK AG NEW YORK BRANCH, as
a Lender

By: /s/ Evelyn Thierry

Name: Evelyn Thierry

Title: Vice President

By: /s/ Dusan Lazarov

Name: Dusan Lazarov

Title: Vice President

**HSBC BANK USA, NATIONAL
ASSOCIATION, as a Lender**

By: /s/ Steven F. Larsen

Name: Steven F. Larsen

Title: First Vice President

NORTHERN BANK, as a Lender

By: /s/ Leonard F. Horst

Name: Leonard F. Horst

Title: Senior Vice President

CONSENT AND SECOND AMENDMENT TO CREDIT AGREEMENT

THIS CONSENT AND SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of January 15, 2010, but effective as of the Effective Date (as hereinafter defined) other than Section 2(c) of this Amendment which is made effective as of September 30, 2009, is entered into by and among **PARKER DRILLING COMPANY**, a Delaware corporation (the "Borrower"), each lender from time to time party to the Credit Agreement defined below (collectively, the "Lenders" and individually, a "Lender"), **BANK OF AMERICA, N.A.**, as Administrative Agent and an L/C Issuer, and **ABN AMRO BANK N.V.**, as Documentation Agent.

WITNESSETH:

WHEREAS, the Borrower, the Lenders, the L/C Issuers, the Administrative Agent, the Syndication Agent and the Documentation Agent have entered into that certain Credit Agreement, dated as of May 15, 2008, by and among the Borrower, the Lenders, the L/C Issuer, the Administrative Agent, the Syndication Agent and the Documentation Agent, as amended by that certain Amendment to Credit Agreement, dated as of June 30, 2008 but effective as of May 15, 2008, by and among the Borrower, the Lenders, the L/C Issuers, the Administrative Agent, the Syndication Agent and the Documentation Agent (as so amended and as may be further amended, restated, supplemented or otherwise modified, the "Credit Agreement");

WHEREAS, the Borrower has advised the Administrative Agent, the L/C Issuers and the Lenders that it intends to undertake the following series of related transactions: (a) the transfer and assignment by Parker Drilling Company of all of its shares in DGH, Inc., a Texas corporation ("DGH"), directly or indirectly to PD Offshore Holdings CV ("CV1"), a Foreign Subsidiary, or PD Selective Holdings CV, a Foreign Subsidiary ("CV2"), (b) the transfer and assignment by the Borrower of all of its shares in Parker Drilling Company International Limited, a Nevada corporation ("PDCIL"), directly or indirectly to CV1 or CV2, (c) the transfer and assignment by Parker Drilling Company of all of its shares in Selective Drilling Corporation, an Oklahoma corporation ("Selective Drilling"), directly or indirectly to CV1 or CV2, (d) the transfer and assignment by Parker Drilling Company of all of its member interests in Universal Rig Service LLC, a Delaware limited liability company ("Universal"), and collectively with PDCIL, DGH and Selective Drilling, the "Reorganized Released Guarantors"), directly or indirectly to CV1 or CV2, and (e) the transfer and assignment by Parker-VSE, Inc. of all of its common shares and Class A shares in Parker Drilling Company Eastern Hemisphere, Ltd., an Oklahoma corporation ("Eastern Hemisphere") and collectively with the Reorganized Released Guarantors, the "Reorganized Subsidiaries"), directly or indirectly to CV1 or CV2 (such actions described in the foregoing clauses (a) through (e) with respect to any one Reorganized Subsidiary, a "Subsidiary Restructuring" and all such actions, collectively, the "Restructuring");

WHEREAS, the Borrower has further advised the Administrative Agent, the L/C Issuers and the Lenders that in accordance with Section 7.07 of the Credit Agreement, and as permitted by Sections 7.03(d)(ii) and 7.03(g) of the Credit Agreement, it intends to issue new senior notes in an aggregate principal amount of \$300,000,000 (the "New Senior Notes"), the proceeds of which shall be used to refinance, via repurchase or redemption, the Senior Notes (as defined

under the Credit Agreement in effect as of the date hereof) (all such actions, the “Senior Debt Refinancing”) and for other general corporate purposes permitted by the Credit Agreement;

WHEREAS, the terms of the indenture in respect of the New Senior Notes proposed as of the date hereof (the “New Notes Indenture”) will not require certain Domestic Subsidiaries of the Borrower to guaranty the obligations of the Borrower under the New Notes Indenture;

WHEREAS, the Borrower has requested that the Administrative Agent, the L/C Issuers and the Lenders evidence their consent to the Restructuring, make certain modifications to the Credit Agreement, release certain Guarantors and Collateral from being subject to the terms and provisions of the Subsidiary Guaranty and Collateral Documents and permit the Administrative Agent to enter into certain amendments and other modifications to other Loan Documents more particularly described below in order to permit the Borrower to effectuate the Restructuring and the Senior Debt Refinancing;

WHEREAS, the undersigned Administrative Agent, the L/C Issuers and Lenders are willing to agree to such Restructuring and modifications to the Credit Agreement and permit such release of Guarantors and Collateral and such amendments, on the terms and conditions set forth herein; and

WHEREAS, the parties hereto intend to consent to certain actions of the Borrower as required under the provisions of the Credit Agreement and amend certain provisions of the Credit Agreement as set forth herein.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein, the parties hereto agree as follows:

SECTION 1. Definitions. Unless otherwise defined in this Amendment, each capitalized term used in this Amendment has the meaning assigned to such term in the Credit Agreement.

SECTION 2. Amendment of the Credit Agreement.

(a) Section 1.01 of the Credit Agreement is amended by adding each of the following new definitions in the appropriate alphabetical order:

“Alaskan Rigs” means, collectively, those two drilling rigs under construction as of January 1, 2010 by Parker Technology, Inc. in Vancouver, Washington to be owned and operated by the Borrower or one or more of its Subsidiaries in Alaska pursuant to the terms of the BP Contract.

“BP Contract” means that certain Drilling Rig Master Services Contract, dated as of July 17, 2008, by and between Parker Drilling Arctic Operating, Inc. and BP Exploration (Alaska) Inc. with respect to utilization of new build arctic drilling and workover/completion rigs and other necessary equipment, materials, supplies and services to drill, workover and/or complete wells at the North Slope locations designated by BP Exploration (Alaska) Inc.

(b) Section 1.01 of the Credit Agreement is further amending and restating each of the following definitions in their entirety with the following new definitions in lieu thereof:

“Excluded Subsidiaries” means: (a) Parker Drilling Investment Company, an Oklahoma corporation, (b) PKD Sales Corporation, an Oklahoma corporation, (c) any Foreign Subsidiary, (d) any Domestic Subsidiary owned by any Foreign Subsidiary, and (e) any Domestic Subsidiary designated by the Borrower by written notice to the Administrative Agent as an “Excluded Subsidiary” and certified by a Responsible Officer of the Borrower to the Administrative Agent that (i) such Domestic Subsidiary has no material assets other than Equity Interests of one or more other Excluded Subsidiaries or (ii) substantially all of such Domestic Subsidiary’s revenues for the fiscal year most recently ended were generated (or, in the case of a newly-formed or acquired Subsidiary, are intended by the Borrower to be generated in the current fiscal year) from assets, including rigs and equipment, located outside of the United States (including located outside the territorial waters of the United States) and/or contracts performed primarily outside of the United States (including performed outside of the territorial waters of the United States); provided, that a Subsidiary shall cease to be an Excluded Subsidiary if (and for so long as) either (x) it provides a guaranty of the obligations under any Indenture, (y) ceases to satisfy the requirements set forth in clause (e)(i) or (ii) above, or (z) in the case of each of Parker Drilling Investment Company and PKD Sales Corporation, it ceases to be an “Unrestricted Subsidiary” under the Indentures.

“Indentures” means the collective reference to the Convertible Notes Indenture and the Senior Notes Indenture, or as applicable, the indenture or other similar instrument then governing any Refinancing Debt incurred with respect to the Convertible Notes or Senior Notes, respectively.

“Subsidiary Guarantors” means, collectively, (a) each Material Subsidiary of the Borrower other than any Excluded Subsidiary, (b) Quail USA, LLC, and (c) each Subsidiary, other than an Immaterial Subsidiary, that owns any interest in the Alaskan Rigs or in any agreement or other contract governing the construction, acquisition, operation or revenues arising from or in connection with the Alaskan Rigs.

(c) Amendment of Section 6.12 of the Credit Agreement. Section 6.12 of the Credit Agreement is hereby amended by deleting the last sentence thereof and replacing it in its entirety with the following:

“Notwithstanding the foregoing, at any time, but no more than once during any fiscal year of the Borrower, the Administrative Agent may, and at the request of any Lender will, require an annual appraisal of the Borrowing Base Collateral at the Borrower’s expense with such appraisal to be prepared by a third-party collateral appraiser selected by the Administrative Agent in its sole reasonable discretion.”

(d) Amendment of Section 9.10 of the Credit Agreement. Section 9.10 of the Credit Agreement is hereby amended by deleting clause (c) thereof and replacing it in its entirety with the following:

“(c) to release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty and Collateral Documents (i) if such Person ceases to be a Subsidiary, (ii) in the case of each Subsidiary Guarantor that is a guarantor of obligations under any Indenture but would otherwise qualify as an “Excluded Subsidiary” at the time such Person became a Subsidiary Guarantor, if such Person ceases to be a guarantor of the obligations under any Indenture so that such Person qualifies as an “Excluded Subsidiary” or (iii) if such Subsidiary Guarantor is designated and certified as an “Excluded Subsidiary” in accordance with the requirements set forth in clause (e) of such definition after the date hereof, in each case (with respect to the foregoing clauses (i), (ii), and (iii)), as a result of a transaction permitted hereunder or otherwise in accordance with the terms hereof.”

SECTION 3. Consent to Restructuring. The Administrative Agent, the L/C Issuers and the undersigned Lenders hereby consent and agree, to the extent such consent is required under the Credit Agreement, to the Restructuring; provided that within 30 days (or such later date as is acceptable to the Administrative Agent) after the consummation of (a) each Subsidiary Restructuring, the Borrower delivers to the Administrative Agent (i) notice from a Responsible Officer, in form and substance reasonably satisfactory to the Administrative Agent, of the consummation of such Subsidiary Restructuring and, if such Subsidiary Restructuring results in the consummation of the Restructuring, confirmation of the consummation of the Restructuring and (ii) true and correct copies of the documents and agreements evidencing or effectuating such Subsidiary Restructuring as described in the applicable clause in the second recital to this Amendment, and (b) the Restructuring, the Borrower delivers to the Administrative Agent a revised Schedule 5.14 to the Credit Agreement reflecting the consummation of the Restructuring. In furtherance of the foregoing, as of the Effective Date, the Administrative Agent, the L/C Issuers and the Lenders (the “Releasing Parties”) release and terminate, without recourse, representation or warranty of any kind, (A) all Guarantees, Liens, security interests, pledges, claims or encumbrances granted by the Reorganized Released Guarantors pursuant to the Subsidiary Guaranty, Security Agreement and each other Collateral Document executed and delivered prior to the Effective Date by such Reorganized Released Guarantor, (B) all obligations and liabilities of the Reorganized Released Guarantors to the Releasing Parties howsoever arising under the Loan Documents or otherwise and whether actual or contingent (other than those obligations and liabilities which expressly survive termination of such Loan Documents) and (C) all Liens against the Equity Interests of the Reorganized Subsidiaries granted to the favor of the Administrative Agent, for the benefit of the Secured Parties, pursuant to any Collateral Document shall be released and such Equity Interests shall cease to be Collateral under the Loan Documents. Each Secured Party that is a party hereto expressly authorizes and consents to the execution and delivery, and the further taking of action, by the Administrative Agent, at the Borrower’s sole cost and expense, of all additional Loan Documents, amendments or other modifications to existing Loan Documents and all such further actions as the Borrower may reasonably request or the Administrative Agent may deem reasonably necessary or advisable to terminate or amend any financing statements executed in

connection with such Collateral Documents that relate to such terminations and releases, and to evidence or otherwise give effect to such release and termination under the Collateral Documents, including, without limitation, the return by the Administrative Agent of any certificates evidencing the Equity Interests in the Reorganized Subsidiaries in the possession or otherwise under the control of the Administrative Agent. As of the Effective Date, each Reorganized Released Guarantor shall thereafter cease to be (x) a "Grantor" under any Collateral Document; (y) a "Guarantor" or "Subsidiary Guarantor" and (z) a "Loan Party", and shall be released from any obligation as a "Grantor", "Guarantor", "Subsidiary Guarantor" or "Loan Party" under any Loan Document executed and delivered prior to the Effective Date. As of the Effective Date, each Reorganized Subsidiary shall thereafter cease to be a "Pledged Interests Issuer" under the Security Agreement.

SECTION 4. Additional Releases. The Administrative Agent, L/C Issuers and undersigned Lenders acknowledge and agree with the Borrower that as of the Effective Date, each of the Subsidiaries set forth in Schedule I hereto (the "Additional Released Guarantors") shall each be designated an Excluded Subsidiary for purposes of the Credit Agreement and each other Loan Document. In furtherance of the foregoing, as of the Effective Date, the Releasing Parties release and terminate, without recourse, representation or warranty of any kind, (i) all Guarantees, Liens, security interests, pledges, claims or encumbrances granted by the Additional Released Guarantors pursuant to the Subsidiary Guaranty, Security Agreement and each other Collateral Document executed and delivered prior to the Effective Date by such Additional Released Guarantor, and (ii) all obligations and liabilities of the Additional Released Guarantors to the Releasing Parties howsoever arising under the Loan Documents or otherwise and whether actual or contingent (other than those obligations and liabilities which expressly survive termination of such Loan Documents). Each Secured Party that is a party hereto expressly authorizes and consents to the execution and delivery, and the further taking of action, by the Administrative Agent, at the Borrower's sole cost and expense, of all additional Loan Documents, amendments or other modifications to existing Loan Documents and all such further actions as the Borrower may reasonably request or the Administrative Agent may deem reasonably necessary or advisable to terminate any financing statements executed in connection with such Collateral Documents that relate to such terminations and releases, and to evidence or otherwise give effect to such release and termination under the Collateral Documents. As of the Effective Date, each Additional Released Guarantor shall thereafter cease to be (x) a "Grantor" under any Collateral Document; (y) a "Guarantor" or "Subsidiary Guarantor" and (z) a "Loan Party", and shall be released from any obligation as a "Grantor", "Guarantor", "Subsidiary Guarantor" or "Loan Party" under any Loan Document executed and delivered prior to the Effective Date.

SECTION 5. Representations and Warranties, Etc. To induce the Lenders and L/C Issuers to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent, each L/C Issuer and the Lenders that as of the date hereof and as of the Effective Date:

- (a) each of the representations and warranties by the Loan Parties contained in the Credit Agreement and in the other Loan Documents are true and correct on and as of the date hereof in all material respects as though made as of the date hereof, except those that by their terms relate solely as to an earlier date, in which event they shall be true and correct in all material respects on and as of such earlier date;
-

(b) the Subsidiaries listed on revised Schedule 5.14 attached hereto as Exhibit A constitute, or will constitute, all of the Subsidiaries of the Borrower as of the Effective Date. Revised Schedule 5.14 attached hereto sets forth as of the Effective Date the name and jurisdiction of incorporation and, in the case of each Loan Party, the U.S. taxpayer identification number of each such Subsidiary and, as to each, the percentage of each class of Equity Interest owned by each Loan Party. All of the outstanding Equity Interests in such Subsidiaries have been validly issued, and fully paid and non-assessable and, with respect to Equity Interests that are Collateral, are owned free and clear of all Liens except those created under the Collateral Documents. The Borrower has no Investments in any other corporation or entity other than those specifically disclosed in revised Schedule 5.14 attached hereto. Revised Schedule 5.14 as attached hereto identifies as of the Effective Date each Material Subsidiary, Immaterial Subsidiary and Excluded Subsidiary;

(c) the execution, delivery and performance of this Amendment has been duly authorized by all requisite organizational action on the part of the Borrower and each other Loan Party;

(d) the Credit Agreement and each other Loan Document constitute valid and legally binding agreements enforceable against each Loan Party that is a party thereto in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws relating to or affecting creditors' rights generally and by general principles of equity, regardless of whether considered in a proceeding in equity or at law; and

(e) no Default or Event of Default exists under the Credit Agreement or any of the other Loan Documents.

SECTION 6. Security Agreement Schedules. In furtherance of the releases and terminations set forth in Sections 3 and 4 of this Amendment, the parties hereto acknowledge and agree that as of the Effective Date, revised Schedules I and II to the Security Agreement as attached hereto as Exhibit B, which revised Schedules I and II reflect such releases and terminations, shall modify, replace and supersede in their entirety Schedules I and II to the Security Agreement in effect as of the date hereof.

SECTION 7. Ratification. The Borrower and each other Loan Party (other than the Reorganized Released Guarantors and the Additional Released Guarantors) hereby ratifies and confirms, as of the Effective Date, (a) the covenants and agreements contained in each Loan Document to which it is a party, including, in each case, as such covenants and agreements may be modified by this Amendment and the transactions contemplated thereby and (b) all of the Obligations under the Credit Agreement and the other Loan Documents. This Amendment is a Loan Document and an amendment to the Credit Agreement, and the Credit Agreement as amended hereby, is hereby ratified, approved and confirmed in each and every respect.

SECTION 8. Effectiveness. This Amendment shall become effective as of the date when all of the conditions set forth in this Section have been satisfied (such date, the "Effective

Date"); provided that Section 2(c) of this Amendment shall be made effective as of September 30, 2009 when the condition set forth in clause (a) of this Section has been satisfied.

(a) The Administrative Agent shall have received duly executed counterparts of this Amendment from the Borrower, the Administrative Agent and the Required Lenders.

(b) The Senior Debt Refinancing shall have been, or shall simultaneously be consummated.

(c) The Borrower shall have delivered, or shall simultaneously deliver, a certificate of a Responsible Officer to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent, certifying as to the consummation of the Senior Debt Refinancing and that (i) each of the Reorganized Released Guarantors and Additional Released Guarantors qualifies as an Excluded Subsidiary pursuant to the definition of Excluded Subsidiary as set forth in Section 2(b) of this Amendment and (ii) the consummation of all of the releases and terminations as consented to and permitted by Sections 3 and 4 of this Amendment shall not result in the release of substantially all of the Collateral nor in the release of substantially all of the value of the Subsidiary Guaranty.

(d) The Administrative Agent shall have received (i) an amendment fee, to be paid to each Lender that executes this Amendment prior to 3:00 p.m., Central time, on January 15, 2010 (each, a "Consenting Lender"), in an amount equal to 0.125% times the sum of the aggregate Total Outstanding and unused Revolving Credit Commitments held by each Consenting Lender as of January 15, 2010, (ii) all reasonable out-of-pocket fees, costs and expenses incurred in connection with the negotiation, preparation, execution and delivery of this Amendment and related documents (including the fees, charges and disbursements of counsel to the Administrative Agent), and (iii) all other fees, costs and expenses due and payable pursuant to Section 10.04 of the Credit Agreement, in each case under either clause (ii) or (iii) above, to the extent then invoiced.

SECTION 9. Governing Law; Severability; Integration. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. If any provision of this Amendment or any other Loan Document is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. This Amendment and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

SECTION 10. Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original and all of which when taken together shall constitute a single document.

SECTION 11. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns; provided, however, that (a) the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender; and (b) the rights of sale, assignment and transfer of the Lenders are subject to Section 10.06 of the Credit Agreement.

SECTION 12. Miscellaneous. (a) On and after the effectiveness of this Amendment, each reference in each Loan Document to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended or otherwise modified by this Amendment; (b) the execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any default of the Borrower or any right, power or remedy of the Administrative Agent or any other Secured Parties under any of the Loan Documents, nor constitute a waiver (or consent to departure from) any terms, provisions, covenants, warranties or agreements of any of the Loan Documents and the parties hereto reserve the right to exercise any rights and remedies available to them in connection with any present or future defaults with respect to the Credit Agreement or any other provision of any of the Loan Documents; (c) this Amendment is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with the terms and provisions of the Credit Agreement; and (d) a facsimile signature of any party hereto shall be deemed to be an original signature for purposes of this Amendment.

SECTION 13. ENTIRE AGREEMENT. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

PARKER DRILLING COMPANY

By: /s/ David W. Tucker

Name: David W. Tucker

Title: Treasurer and Assistant Secretary

**BANK OF AMERICA, N.A., as
Administrative Agent**

By: /s/ Shelley A. McGregor

Name: Shelley A. McGregor

Title: Senior Vice President

BANK OF AMERICA, N.A., as a Lender and an
L/C Issuer

By: /s/ Shelley A. McGregor

Name: Shelley A. McGregor

Title: Senior Vice President

ABN AMRO BANK N.V., as Documentation
Agent and a Lender

By: /s/ Michiel van Schaardenburg

Name: Michiel van Schaardenburg
Title: Managing Director

By: /s/ Michele Costello

Name: Michele Costello
Title: Director

TRUSTMARK NATIONAL BANK, as a Lender

By: /s/ L. J. Prieny

Name: L. J. Prieny

Title: Vice President

**CATERPILLAR FINANCIAL SERVICES
CORPORATION, as a Lender**

By: /s/ William K. Luetzow

Name: William K. Luetzow

Title: General Manager, Global Power Finance
Americas Division

NATAXIS, as a Lender

By: /s/ Timothy L. Polvado

Name: Timothy L. Polvado

Title: Senior Managing Director

By: /s/ Carlos Quinteros

Name: Carlos Quinteros

Title: Director

WHITNEY NATIONAL BANK, as a Lender

By: /s/ Paul W. Cole

Name: Paul W. Cole

Title: Vice President

WELLS FARGO BANK, N.A., as a Lender

By: /s/ Corbin M. Womac

Name: Corbin M. Womac

Title: Assistant Vice President

**DEUTSCHE BANK AG NEW YORK
BRANCH, as a Lender**

By: /s/ Paul O'Leary

Name: Paul O'Leary

Title: Director

By: /s/ Marcus M. Tarkington

Name: Marcus M. Tarkington

Title: Director

**HSBC BANK USA, NATIONAL
ASSOCIATION, as a Lender**

By: /s/ Dale Wilson

Name: Dale Wilson

Title: Senior Vice President

By: /s/ Bruce Robinson

Name: Bruce Robinson

Title: Vice President

NORTHRIM BANK, as a Lender

By: /s/ Joseph M. Beedle

Name: Joseph M. Beedle

Title: President

ACKNOWLEDGED AND AGREED,

by each of the following as a Subsidiary Guarantor:

ANACHORETA, INC.,
a Nevada corporation

PARDRIL, INC., an Oklahoma corporation

PARKER AVIATION, INC.,
an Oklahoma corporation

PARKER DRILLING ARCTIC
OPERATING, INC., a Delaware corporation

PARKER DRILLING COMPANY NORTH

AMERICA, INC., a Nevada corporation

PARKER DRILLING COMPANY OF NIGER,
an Oklahoma corporation

PARKER DRILLING COMPANY OF
OKLAHOMA, INCORPORATED, an Oklahoma corporation

PARKER DRILLING COMPANY OF SOUTH
AMERICA, INC., an Oklahoma corporation

PARKER DRILLING OFFSHORE
CORPORATION, a Nevada corporation

PARKER DRILLING OFFSHORE USA, L.L.C.,
an Oklahoma limited liability company

PARKER NORTH AMERICA OPERATIONS,
INC., a Nevada corporation

PARKER TECHNOLOGY, INC.
an Oklahoma corporation

PARKER TECHNOLOGY, L.L.C.,
a Louisiana limited liability company

PARKER TOOLS, LLC,
an Oklahoma limited liability company

PARKER USA RESOURCES, LLC,
an Oklahoma limited liability company

PARKER-VSE, INC., a Nevada corporation

QUAIL USA, LLC, an Oklahoma limited liability company

By: /s/ David W. Tucker

Name: David W. Tucker

Title: Vice President and Treasurer

ACKNOWLEDGED AND AGREED,

**by each of the following as a Subsidiary
Guarantor:**

PARKER DRILLING MANAGEMENT
SERVICES, INC., a Nevada corporation

By: /s/ David W. Tucker

Name: David W. Tucker

Title: President

PD MANAGEMENT RESOURCES, L.P.,
an Oklahoma limited partnership

By: Parker Drilling Management Services, Inc., its
General Partner

By: /s/ David W. Tucker

Name: David W. Tucker

Title: President

QUAIL TOOLS, L.P., an Oklahoma limited partnership

By: Quail USA, LLC, its General Partner

By: /s/ David W. Tucker

Name: David W. Tucker

Title: Vice President and Treasurer

SCHEDULE I

Additional Released Guarantors

CHOCTAW INTERNATIONAL RIG CORP., a Nevada corporation

CREEK INTERNATIONAL RIG CORP., a Nevada corporation

PARKER DRILLING COMPANY INTERNATIONAL, LLC, a Delaware limited liability company

PARKER DRILLING EURASIA, INC., a Delaware corporation

PARKER DRILLING (KAZAKSTAN), LLC, a Delaware limited liability company

PARKER DRILLING PACIFIC RIM, INC, a Delaware corporation

PARKER DRILLSERV, LLC, a Delaware limited liability company

PARKER DRILLTECH, LLC, a Delaware limited liability company

PARKER INTEX, LLC, a Delaware limited liability company

PARKER RIGSOURCE, LLC, a Delaware limited liability company

EXHIBIT A

Revised Schedule 5.14 to Credit Agreement

[attached hereto]

**SUBSIDIARIES, AND
OTHER EQUITY INVESTMENTS**

Part (A). Subsidiaries.

(i) Material Subsidiaries (Domestic)

Anachoreta, Inc.
Pardril Inc.
Parker Aviation, Inc.
Parker Drilling Arctic Operating, Inc.
Parker Drilling Company North America, Inc.
Parker Drilling Company of Niger
Parker Drilling Company of Oklahoma, Incorporated
Parker Drilling Company of South America, Inc.
Parker Drilling Management Services, Inc.
Parker Drilling Offshore Corporation
Parker Drilling Offshore USA, L.L.C.
Parker North America Operations, Inc.
Parker Technology, Inc.
Parker Technology, L.L.C.
Parker Tool, LLC
Parker USA Resources, LLC
Parker-VSE, Inc.
PD Management Resources, L.P.
Quail Tools, L.P.
Quail USA, LLC

(ii) Immaterial Subsidiaries (Domestic)

Canadian Rig Leasing, Inc.
Indocorp of Oklahoma, Inc.
Parker Drilling Asia Pacific, LLC
Parker Drilling Company Limited LLC
Parker Drilling Company of Argentina, Inc.
Parker Drilling Company of Bolivia, Inc.
Parker Drilling Company of Mexico, LLC
Parker Enex, LLC
Parker Offshore Resources, L.P.
Parker USA Drilling Company

(iii) Excluded Subsidiaries

Choctaw International Rig Corp.
Creek International Rig Corp.

DGH, Inc.
 Parker 3source, LLC
 Parker 5272, LLC
 Parker Drillex, LLC
 Parker Drilling Company Eastern Hemisphere, Ltd.
 Parker Drilling Company International Ltd.
 Parker Drilling Company International, LLC
 Parker Drilling Eurasia, Inc.
 Parker Drilling Pacific Rim, Inc.
 Parker Drilling Company of New Guinea, LLC
 Parker Drilling Company of Singapore, LLC
 Parker Drilling Investment Company
 Parker Drilling (Kazakhstan), LLC
 Parker Drillserv, LLC
 Parker Drillsource, LLC
 Parker Drilltech, LLC
 Parker Intex, LLC
 Parker Rigsources, LLC
 PKD Sales Corporation
 Selective Drilling Corporation
 Universal Rig Service LLC

All Foreign Subsidiaries

Part (b). Other Equity Investments (including Foreign Subsidiaries).

<u>Subsidiary</u>	<u>Jurisdiction of Formation</u>	<u>Owner</u>	<u>% Ownership Interest</u>
Anachoreta, Inc.	Nevada	Parker Drilling Company	100%
AralParker CJSC	Kazakhstan	Parker Drilling (Kazakhstan), LLC	100%
Canadian Rig Leasing, Inc.	Oklahoma	Parker Drilling Company	100%
Casuarina Ltd.	Bermuda	Parker Drilling Company	100%
Choctaw International Rig Corp.	Nevada	Parker Drilling Company International Limited	100%
Creek International Rig Corp.	Nevada	Parker Drilling Company International Limited	100%
DGH, Inc.	Texas	Parker Drilling Company	100%
Indocorp of Oklahoma, Inc.	Oklahoma	Parker Drilling Company	100%
KDN Drilling Limited	Nigeria	Parker Drilling Offshore International, Inc.	100%
Mallard Argentine Holdings, Ltd.	Cayman Islands	Parker Drilling Offshore Corporation	100%
Mallard Drilling of South America, Inc.	Cayman Islands	Parker Drilling Offshore Corporation	100%

Subsidiary	Jurisdiction of Formation	Owner	% Ownership Interest
Mallard Drilling of Venezuela, Inc.	Cayman Islands	Parker Drilling Offshore Corporation	100%
Pardril, Inc.	Oklahoma	Parker Drilling Company	100%
Parker 3source, LLC	Delaware	PD Offshore Holdings CV	100%
Parker 5272, LLC	Delaware	PD International Holdings CV	100%
Parker Aviation, Inc.	Oklahoma	Parker Drilling Company	100%
Parker Central Europe Rig Holdings Limited Liability Company	Hungary	Parker Drilling (Kazakhstan), LLC	100%
Parker Cyprus Leasing Limited	Cyprus	PD Dutch Holdings CV	100%
Parker Cyprus Ventures Limited	Cyprus	PD Selective Holdings CV	100%
Parker Drillex, LLC	Delaware	PD Selective Holdings CV	100%
Parker Drilling Arctic Operating Inc.	Delaware	Parker Drilling Company	100%
Parker Drilling Asia Pacific, LLC	Delaware	Parker Drilling Company	100%
Parker Drilling AME Limited	Cayman Islands	PD Selective Holdings CV	100%
Parker Drilling Company (Bolivia) S.A.	Bolivia	Parker Drilling Company	100%
Parker Drilling Company Eastern Hemisphere, Ltd.	Oklahoma	Parker VSE, Inc.	93%
		Parker Drilling Company Limited (Bahamas)	7%
Parker Drilling Company International LLC	Delaware	PD Dutch Holdings CV	100%
Parker Drilling Company International Limited	Nevada	Parker Drilling Company	100%
Parker Drilling Company Kuwait Limited	Bahamas	PD Selective Holdings CV	99%
Parker Drilling Company Limited (Bahamas)	Bahamas	Parker VSE, Inc.	100%
Parker Drilling Company Limited LLC	Delaware	Parker Drilling Company	100%
Parker Drilling Company North America, Inc.	Nevada	Parker North America Operations, Inc.	100%
Parker Drilling Company of Argentina, Inc.	Nevada	Parker Drilling Company International Limited	100%
Parker Drilling Company of Bolivia, Inc.	Oklahoma	Parker Drilling Company	100%
Parker Drilling Company of Mexico, LLC	Nevada	Parker Drilling Offshore USA, L.L.C.	100%
Parker Drilling Company of New Guinea, LLC	Delaware	PD Selective Holdings CV	100%
Parker Drilling Company of New Zealand	New Zealand	PD Dutch Holdings CV	100%
Parker Drilling Company of Niger	Oklahoma	Parker Drilling Company	100%
Parker Drilling Company of Oklahoma, Incorporated	Oklahoma	Parker Drilling Company	100%

<u>Subsidiary</u>	<u>Jurisdiction of Formation</u>	<u>Owner</u>	<u>% Ownership Interest</u>
Parker Drilling Company of Sakhalin	Russia	PD Selective Holdings CV	100%
Parker Drilling Company of Singapore, LLC	Delaware	PD Selective Holdings CV	100%
Parker Drilling Company of South America, Inc.	Oklahoma	Parker Drilling Company	100%
Parker Drilling de Mexico, S. de R.L. de C.V.	Mexico	Parker Drilling Offshore Corporation	2%
		Parker Drilling Offshore USA, L.L.C.	98%
Parker Drilling Dutch BV	Netherlands	PD Dutch Holdings CV	100%
Parker Drilling Eurasia, Inc.	Delaware	Parker Drilling Offshore Corporation	35.22%
		Parker Drilling Company International Limited	64.78%
Parker Drilling International BV	Netherlands	Parker Drilling Netherlands BV	100%
Parker Drilling International of New Zealand Limited	New Zealand	PD Dutch Holdings CV	100%
Parker Drilling Investment Company	Oklahoma	Parker Drilling Company	100%
Parker Drilling (Kazakhstan), LLC	Delaware	PD Dutch Holdings CV	100%
Parker Drilling Kazakhstan BV	Netherlands	Parker Drilling Netherlands BV	100%
Parker Drilling Management Services, Inc.	Nevada	Parker Drilling Company	100%
Parker Drilling (Nigeria), Limited	Nigeria	Parker Drilling Offshore International, Inc.	100%
Parker Drilling Netherlands BV	Netherlands	PD Selective Holdings CV	100%
Parker Drilling Offshore BV	Netherlands	Parker Drilling Dutch BV	100%
Parker Drilling Offshore Corporation	Nevada	Parker North America Operations, Inc.	100%
Parker Drilling Offshore International, Inc.	Cayman Islands	Parker Drilling Offshore Corporation	100%
Parker Drilling Offshore USA, L.L.C.	Oklahoma	Parker Drilling Offshore Corporation	100%
Parker Drilling Overseas BV	Netherlands	Parker Drilling Netherlands BV	100%
Parker Drilling Pacific Rim, Inc.	Delaware	Parker Drilling Offshore Corporation	26%
		Parker Drilling Company International Limited	74%
Parker Drilling Russia BV	Netherlands	Parker Drilling Netherlands BV	100%
Parker Drilling Spain Rig Services, S.L.	Spain	Parker Hungary Rig Holdings LLC	100%
Parker Drilling Tengiz, Ltd.	Kazakhstan	Parker Drilling Company	99%
Parker Drillserv, LLC	Delaware	Parker Drilling Eurasia, Inc.	100%

Subsidiary	Jurisdiction of Formation	Owner	% Ownership Interest
Parker Drillsource, LLC	Delaware	PD Selective Holdings CV	100%
Parker Drilltech, LLC	Delaware	Parker Drilling Eurasia, Inc.	100%
Parker Enex, LLC	Delaware	Parker Drilling Offshore USA L.L.C.	100%
Parker Hungary Rig Holdings LLC	Hungary	Parker Drillsource, LLC	100%
Parker Intex, LLC	Delaware	Parker Drilling Company	100%
Parker North America Operations, Inc.	Nevada	Parker Drilling Company	100%
Parker Offshore Resources, L.P.	Oklahoma	General partner: Parker Drilling Management Services, Inc.	1%
		Limited partner: Parker USA Resources, LLC	99%
Parker Rigsource, LLC	Delaware	Parker Drilling Pacific Rim, Inc.	100%
Parker SMNG Drilling LLC	Russia	Parker Drilling Company International, LLC	50%
Parker Technology, Inc.	Oklahoma	Parker Drilling Company	100%
Parker Technology, L.L.C.	Louisiana	Parker Drilling Offshore Corporation	100%
Parker Tools, LLC	Oklahoma	Parker Drilling Offshore Corporation	100%
Parker USA Drilling Company	Nevada	Parker North America Operations, Inc.	100%
Parker USA Resources, LLC	Oklahoma	Parker Drilling Management Services, Inc.	100%
Parker VSE, Inc.	Nevada	Parker Drilling Company	100%
PD Dutch Holdings CV	Netherlands	PD International Holdings CV	99.96%
		Parker 5272, LLC	.04%
PD International Holdings CV	Netherlands	Parker Drilling Company	.04%
		Parker Drilling Pacific Rim, Inc.	99.88%
		Parker Intex, LLC	.04%
		Parker Rigsource, LLC	04%
PD Labor Sourcing, Ltd.	Cayman Islands	PD Selective Holdings CV	100%
PD Management Resources, L.P.	Oklahoma	General partner: Parker Drilling Management Services, Inc.	1%
		Limited partner: Parker USA Resources, LLC	99%
PD Offshore Holdings CV	Netherlands	Parker Drilling Eurasia, Inc.	99.96%
		Parker Drillserv, LLC	0.02%
		Parker Drilltech, LLC	0.02%

Subsidiary	Jurisdiction of Formation	Owner	% Ownership Interest
PD Personnel Services, Ltd.	Cayman Islands	PD Selective Holdings CV	100%
PD Selective Holdings CV	Netherlands	PD Offshore Holdings CV Parker 3source. LLC	99.97% 0.03%
PD Servicios Integrales, S. de R.L. de C.V.	Mexico	Parker Drilling Offshore Corporation	98%
		Parker Drilling Offshore USA, L.L.C.	2%
PKD Sales Corporation	Oklahoma	Parker Drilling Company	100%
Quail Tools, L.P.	Oklahoma	General partner: Quail USA, LLC	1%
		Limited partner: Parker Tools, LLC	99%
Quail USA, LLC	Oklahoma	Parker Drilling Offshore Corporation	100%
SaiPar Drilling Company BV	Netherlands	Parker Drilling Dutch BV	50%
Selective Drilling Corporation	Oklahoma	Parker Drilling Company	100%
Universal Rig Service LLC	Delaware	Parker Drilling Company	100%
Part (c). [INTENTIONALLY OMITTED]			

OUTSTANDING SUBSCRIPTIONS, OPTIONS, WARRANTS, CALLS, RIGHTS, OR OTHER AGREEMENTS OR COMMITMENTS

Those entered into in connection with the Convertible Notes pursuant to the following agreements (collectively, the “High Strikes Agreements”):

1. Confirmation of Convertible Bond Hedge Transaction, dated as of June 28, 2007, by and between Parker Drilling Company and Bank of America, N.A.
 2. Confirmation of Convertible Bond Hedge Transaction, dated as of June 28, 2007, by and between Parker Drilling Company and Deutsche Bank AG, London Branch.
 3. Confirmation of Convertible Bond Hedge Transaction, dated as of June 28, 2007, by and between Parker Drilling Company and Lehman Brothers OTC Derivatives Inc.
 4. Confirmation of Issuer Warrant Transaction dated as of June 28, 2007, by and between Parker Drilling Company and Bank of America, N.A.
 5. Amendment to Confirmation of Issuer Warrant Transaction, dated as of June 29, 2007, by and between Parker Drilling Company and Bank of America, N.A.
 6. Confirmation of Issuer Warrant Transaction, dated as of June 28, 2007, by and between Parker Drilling Company and Deutsche Bank AG, London Branch.
 7. Amendment to Confirmation of Issuer Warrant Transaction, dated as of June 29, 2007, by and between Parker Drilling Company and Deutsche Bank AG, London Branch.
 8. Confirmation of Issuer Warrant Transaction dated as of June 28, 2007, by and between Parker Drilling Company and Lehman Brothers OTC Derivatives Inc.
 9. Amendment to Confirmation of Issuer Warrant Transaction, dated as of June 29, 2007, by and between Parker Drilling Company and Lehman Brothers OTC Derivatives Inc. together with all instruments and other agreements entered into by the Borrower or its Subsidiaries in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time.
-

EXHIBIT B

Revised Schedules I and II to Security Agreement

[attached hereto]

LOAN PARTY

<u>Loan Party</u>	<u>Jurisdiction of Organization</u>
Parker Drilling Company	Delaware
Anachoreta, Inc.	Nevada
Pardril, Inc.	Oklahoma
Parker Aviation Inc.	Oklahoma
Parker Drilling Arctic Operating, Inc.	Delaware
Parker Drilling Company North America, Inc.	Nevada
Parker Drilling Company of Niger	Oklahoma
Parker Drilling Company of Oklahoma, Incorporated	Oklahoma
Parker Drilling Company of South America, Inc.	Oklahoma
Parker Drilling Management Services, Inc.	Nevada
Parker Drilling Offshore Corporation	Nevada
Parker Drilling Offshore USA, L.L.C.	Oklahoma
Parker North America Operations, Inc.	Nevada
Parker Technology, Inc.	Oklahoma
Parker Technology, L.L.C.	Louisiana
Parker Tools, LLC	Oklahoma
Parker USA Resources, LLC	Oklahoma
Parker VSE, Inc.	Nevada
PD Management Resources, L.P.	Oklahoma
Quail Tools, L.P.	Oklahoma
Quail USA, LLC	Oklahoma

Item B. Merger or other corporate reorganization.

None within previous four months

Item D. [INTENTIONALLY OMITTED]

Item D. [INTENTIONALLY OMITTED]

Item E. Commercial Tort Claims.

None.

Item F. [INTENTIONALLY OMITTED]

Item F. [INTENTIONALLY OMITTED]

Item D. [INTENTIONALLY OMITTED]

EXHIBIT B

SCHEDULE I
To Security Agreement

Pledged Interest Issuer	Certificate No.	Number of Equity Interests	% of Equity Interests Pledged	Grantor
Anachoreta, Inc.	8	500	100%	Parker Drilling Company
Canadian Rig Leasing, Inc.	2	500	100%	Parker Drilling Company
Indocorp of Oklahoma, Inc.	1	500	100%	Parker Drilling Company
Pardril, Inc.	1	5	100%	Parker Drilling Company
Parker Aviation, Inc.	1	500	100%	Parker Drilling Company
Parker Drilling Arctic Operating, Inc.	1	1,000	100%	Parker Drilling Company
Parker Drilling Asia Pacific, LLC	N/A	100% Membership Interest	100%	Parker Drilling Company
Parker Drilling Company Limited	4	3,250 common shares	65%	Parker-VSE, Inc.
Parker Drilling Company North America, Inc.	12	1,500	100%	Parker North America Operations, Inc.
Parker Drilling Company of Bolivia, Inc.	1	500	100%	Parker Drilling Company
Parker Drilling Company of Mexico, LLC	N/A	100% Membership Interest	100%	Parker Drilling Offshore USA, L.L.C.
Parker Drilling Company of Niger	3	500	100%	Parker Drilling Company
Parker Drilling Company of Oklahoma, Incorporated	1	5	100%	Parker Drilling Company

EXHIBIT B

<u>Pledged Interest Issuer</u>	<u>Certificate No.</u>	<u>Number of Equity Interests</u>	<u>% of Equity Interests Pledged</u>	<u>Grantor</u>
Parker Drilling Company of South America, Inc.	1	5	100%	Parker Drilling Company
	2	45	100%	Parker Drilling Company
	3	10	100%	Parker Drilling Company
Parker Drilling Eurasia, Inc.	14	277,350	100%	Parker Drilling Offshore Corporation
Parker Drilling Investment Company	2	500	100%	Parker Drilling Company
Parker Drilling Management Services, Inc.	2	1,000	100%	Parker Drilling Company
Parker Drilling Offshore Corporation	11	1,000	100%	Parker North America Operations, Inc.
Parker Drilling Offshore USA, L.L.C.	3	99	100%	Parker Drilling Offshore Corporation
	4	1	100%	Parker Drilling Offshore Corporation
Parker Drilling Pacific Rim, Inc.	9	63,600	100%	Parker Drilling Offshore Corporation
Parker Enex, LLC	1	1,000	100%	Parker Drilling Offshore USA, L.L.C.
Parker Intex, LLC	1	1,000	100%	Parker Drilling Company
Parker North America Operations, Inc.	1	1,000	100%	Parker Drilling Company
Parker Offshore Resources, L.P.	N/A	1% Partnership Interest	100%	GP: Parker Drilling Management Services, Inc.
	N/A	99% Partnership Interest	100%	LP: Parker USA Resources, LLC
Parker Technology, Inc.	1	500	100%	Parker Drilling Company
Parker Technology, L.L.C.	2	1 Unit	100%	Parker Drilling Offshore Corporation
	6	99 Units	100%	Parker Drilling Offshore Corporation
Parker Tools, LLC	N/A	100% Membership Interest	100%	Parker Drilling Offshore Corporation
Parker USA Drilling Company	5	1,000	100%	Parker North America Operations, Inc.

EXHIBIT B

<u>Pledged Interest Issuer</u>	<u>Certificate No.</u>	<u>Number of Equity Interests</u>	<u>% of Equity Interests Pledged</u>	<u>Grantor</u>
Parker USA Resources, LLC	N/A	100% Membership Interest	100%	Parker Drilling Management Services, Inc.
PD Management Resources, L.P.	N/A	1% Partnership Interest	100%	GP: Parker Drilling Management Services, Inc.
	N/A	99% Partnership Interest	100%	LP: Parker USA Resources, LLC
PKD Sales Corporation	1	500	100%	Parker Drilling Company
Quail Tools, L.P.	N/A	1% Partnership Interest	100%	GP: Quail USA, LLC
	N/A	99% Partnership Interest	100%	LP: Parker Tools, LLC
Quail USA, LLC	N/A	100% Membership Interest	100%	Parker Drilling Offshore Corporation
Casuarina Ltd.	34	78,000	100%	Parker Drilling Company
Parker Drilling Company (Bolivia) S.A.	17	798,382	100%	Parker Drilling Company
Parker Drilling Tengiz, Ltd.	3	390	100%	Parker Drilling Company
Mallard Drilling of South America, Inc.	7	65	100%	Parker Drilling Offshore Corporation
Mallard Argentine Holdings, Ltd.	3	1	100%	Parker Drilling Offshore Corporation
	5	1	100%	Parker Drilling Offshore Corporation
Mallard Drilling of Venezuela, Inc.	2	1	100%	Parker Drilling Offshore Corporation
	4	1	100%	Parker Drilling Offshore Corporation
Parker Drilling Offshore International, Inc.	8	65	100%	Parker Drilling Offshore Corporation
Parker Drilling de Mexico, S. de R.L. de C.V.	N/A	2%	65%	Parker Drilling Offshore Corporation
	N/A	98%	65%	Parker Drilling Offshore USA, L.L.C.
PD Servicios Integrales, S. de R.L.	N/A	98%	65%	Parker Drilling Offshore Corporation

EXHIBIT B

<u>Pledged Interest Issuer</u>	<u>Certificate No.</u>	<u>Number of Equity Interests</u>	<u>% of Equity Interests Pledged</u>	<u>Grantor</u>
de C.V.	N/A	2%	65%	Parker Drilling Offshore USA, L.L.C.
PD International Holdings CV	N/A	.04%	65%	Parker Drilling Company
Parker-VSE, Inc.	1	1,000	100%	Parker Drilling Company
Parker Drilling Company Limited LLC	1	1,000	100%	Parker Drilling Company

THIRD AMENDMENT TO CREDIT AGREEMENT AND JOINDER

THIS THIRD AMENDMENT TO CREDIT AGREEMENT AND JOINDER (this "Amendment"), dated as of April 1, 2011 (the "Effective Date"), is entered into by and among **PARKER DRILLING COMPANY**, a Delaware corporation (the "Borrower"), each lender from time to time party to the Credit Agreement defined below (collectively, the "Lenders" and individually, a "Lender"), and **BANK OF AMERICA, N.A.**, as Administrative Agent.

WITNESSETH:

WHEREAS, the Borrower, the Lenders, the L/C Issuers, the Administrative Agent, the Syndication Agent and the Documentation Agent have entered into that certain Credit Agreement, dated as of May 15, 2008, by and among the Borrower, the Lenders, the L/C Issuer, the Administrative Agent, the Syndication Agent and the Documentation Agent (as may be amended, restated, supplemented or otherwise modified, the "Credit Agreement"); and

WHEREAS, the Borrower requested an increase in the Term Loan Facility pursuant to Section 2.15 of the Credit Agreement, in the amount of \$50,000,000, with a Term Loan Increase Effective Date of April 1, 2011;

WHEREAS, certain Lenders have agreed to increase their Term Loans and Barclays Bank PLC has agreed to provide a Term Loan;

WHEREAS, upon an increase in the Term Loans pursuant to Section 2.15 of the Credit Agreement, as provided in Section 2.15(d) of the Credit Agreement, the amortization schedule in Section 2.07(a) of the Credit Agreement is to be amended and such amendment can be signed by the Administrative Agent on behalf of the Lenders;

WHEREAS, the Borrower and the Administrative Agent (on behalf of itself and the Lenders) are entering into this Amendment to so amend such Section 2.07(a) of the Credit Agreement and Barclays Bank PLC is entering into this amendment to evidence its joinder as a Lender under the Credit Agreement;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein, the parties hereto agree as follows:

SECTION 1. Definitions. Unless otherwise defined in this Amendment, each capitalized term used in this Amendment has the meaning assigned to such term in the Credit Agreement.

SECTION 2. Amendment of Section 2.07(a) and Schedule 2.01 of the Credit Agreement.

(a) Section 2.07(a) of the Credit Agreement is hereby amended by deleting it and replacing it in its entirety with the following:

“(a) Term Loans. The Borrower shall repay to the Term Loan Lenders the aggregate principal amount of all Term Loans outstanding on the following dates in the respective amounts set forth opposite such dates (which amounts shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.06):

<u>Date</u>	<u>Amount</u>
September 30, 2009	\$ 3,000,000
December 31, 2009	\$ 3,000,000
March 31, 2010	\$ 3,000,000
June 30, 2010	\$ 3,000,000
September 30, 2010	\$ 3,000,000
December 31, 2010	\$ 3,000,000
March 31, 2011	\$ 3,000,000
June 30, 2011	\$ 6,000,000
September 30, 2011	\$ 6,000,000
December 31, 2011	\$ 6,000,000
March 31, 2012	\$ 6,000,000
June 30, 2012	\$ 6,000,000
September 30, 2012	\$ 6,000,000
December 31, 2012	\$ 6,000,000
March 31, 2013	\$ 6,000,000
Maturity Date	\$31,000,000

provided, however, that the final principal repayment installment of the Term Loans shall be repaid on the Maturity Date for the Term Loan Facility and in any event shall be in an amount equal to the aggregate principal amount of all Term Loans outstanding on such date; provided, further, that if the aggregate of all Term Loan Borrowings is in an amount less than \$50,000,000, then the amount of the scheduled repayments to be made, commencing with the payment scheduled on September 30, 2009, shall be deemed reduced pro rata by an aggregate amount equal to the difference of \$50,000,000 minus the aggregate principal amount of all Term Loan Borrowings.”

(b) Schedule 2.01 of the Credit Agreement is hereby amended by deleting it and replacing it in its entirety with the Schedule 2.01 attached hereto as Annex I.

SECTION 3. Joinder by Barclays Bank PLC. By its signature below, Barclays Bank PLC hereby confirms its agreement to join as a Lender under the Credit Agreement with a \$10,000,000 Term Loan Commitment and (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Amendment and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, shall have the obligations of a Lender thereunder, and it has, independently and without reliance upon the Administrative Agent, any other Agent or any other Lender or L/C Issuer and based on such documents and information as it has

deemed appropriate, made its own credit analysis and decision to enter into this Amendment and became a Lender under the Credit Agreement; and (b) agrees that (i) it will, independently and without reliance upon the Administrative Agent, any other Agent or any other Lender or L/C Issuer, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents.

SECTION 4. Representations and Warranties, Etc. To induce the Lenders and L/C Issuers to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent, each L/C Issuer and the Lenders that as of the date hereof:

(a) each of the representations and warranties by the Borrower contained in the Credit Agreement and in the other Loan Documents are true and correct on and as of the date hereof in all material respects as though made as of the date hereof, except those that by their terms relate solely as to an earlier date, in which event they shall be true and correct in all material respects on and as of such earlier date;

(b) the execution, delivery and performance of this Amendment has been duly authorized by all requisite organizational action on the part of the Borrower;

(c) the Credit Agreement, this Amendment and each other Loan Document constitute valid and legally binding agreements enforceable against each Loan Party that is a party thereto in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws relating to or affecting creditors' rights generally and by general principles of equity, regardless of whether considered in a proceeding in equity or at law; and

(d) no Default or Event of Default exists under the Credit Agreement or any of the other Loan Documents, both before and after giving effect to this Amendment.

SECTION 5. Ratification.

(a) The Borrower hereby ratifies and confirms, as of the Effective Date, (i) the covenants and agreements contained in each Loan Document to which it is a party, including, in each case, as such covenants and agreements may be modified by this Amendment and the transactions contemplated thereby and (ii) all of the Obligations under the Credit Agreement and the other Loan Documents. This Amendment is an amendment to the Credit Agreement, and the Credit Agreement as amended hereby, is hereby ratified, approved and confirmed in each and every respect.

(b) Each of the undersigned Subsidiary Guarantors hereby (i) agrees that all references in the Subsidiary Guaranty Agreement to the Credit Agreement includes a reference to the Credit Agreement, as amended hereby, and as it may be further amended modified, supplemented or amended and restated from time to time, (ii) confirms, affirms and ratifies the Subsidiary Guaranty Agreement and its obligations thereunder in all respects, and (iii) represents and warrants that its execution and delivery of this Amendment has been duly authorized by all necessary organizational action and that this

Amendment constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws relating to or affecting creditors' rights generally and by general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) Each of the Loan Parties hereby, with respect to each Collateral Document to which such Loan Party is a party, (i) agrees that all references in each Collateral Document to the Credit Agreement includes a reference to the Credit Agreement, as amended hereby, and as it may be further amended modified, supplemented or amended and restated from time to time, (ii) confirms, affirms and ratifies each Collateral Document and its obligations thereunder in all respects and (iii) ratifies and affirms each grant of a security interest in the Collateral, as specified in each applicable Collateral Document.

SECTION 6. Effectiveness. This Amendment shall become effective as of the Effective Date when all of the conditions set forth in this Section have been satisfied.

(a) The Administrative Agent shall have received duly executed counterparts of this Amendment from the Borrower, the Administrative Agent and Barclays Bank PLC; and

(b) The Administrative Agent shall have received (i) all reasonable out-of-pocket fees, costs and expenses incurred in connection with the negotiation, preparation, execution and delivery of this Amendment and related documents (including the fees, charges and disbursements of counsel to the Administrative Agent), (ii) all other fees, costs and expenses due and payable pursuant to Section 10.04 of the Credit Agreement, in each case under either clause (i) or (ii) above, to the extent then invoiced, and (iii) all upfront fees due to Barclays Bank PLC and any other Lender in connection with an increase in such Lender's Commitment; and

(c) Barclays Bank PLC shall have received all documentation and other information that Barclays Bank PLC has requested in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

SECTION 7. Governing Law; Severability; Integration. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. If any provision of this Amendment or any other Loan Document is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Section 10.14(b),

Section 10.14(d) and Section 10.15 of the Credit Agreement are incorporated by reference herein with the same force and effect as if set forth herein in their entirety.

SECTION 8. Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original and all of which when taken together shall constitute a single document.

SECTION 9. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns; provided, however, that (a) the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender; and (b) the rights of sale, assignment and transfer of the Lenders are subject to Section 10.06 of the Credit Agreement.

SECTION 10. Miscellaneous. (a) On and after the effectiveness of this Amendment, each reference in each Loan Document to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended or otherwise modified by this Amendment; (b) the execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any default of the Borrower or any right, power or remedy of the Administrative Agent, the L/C Issuers, the Syndication Agent, the Documentation Agent or the Lenders under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents; (c) this Amendment is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with the terms and provisions of the Credit Agreement; and (d) a facsimile signature of any party hereto shall be deemed to be an original signature for purposes of this Amendment.

SECTION 11. ENTIRE AGREEMENT. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

Borrower
PARKER DRILLING COMPANY

By: /s/ W. Kirk Brassfield

Name: W. Kirk Brassfield

Title: Senior Vice President and Chief Financial
Officer

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Subsidiary Guarantors

ANACHORETA, INC., a Nevada corporation
PARDRIL, INC., an Oklahoma corporation
PARKER AVIATION INC., an Oklahoma corporation
PARKER DRILLING ARCTIC OPERATING, INC., a Delaware corporation
PARKER DRILLING COMPANY NORTH AMERICA, INC., a Nevada corporation
PARKER DRILLING COMPANY OF NIGER, an Oklahoma corporation
PARKER DRILLING COMPANY OF OKLAHOMA, INCORPORATED, an Oklahoma corporation
PARKER DRILLING COMPANY OF SOUTH AMERICA, INC., an Oklahoma corporation
PARKER DRILLING OFFSHORE CORPORATION, a Nevada corporation
PARKER DRILLING OFFSHORE USA, L.L.C., an Oklahoma limited liability company
PARKER NORTH AMERICA OPERATIONS, INC., a Nevada corporation
PARKER TECHNOLOGY, INC., an Oklahoma corporation
PARKER TECHNOLOGY, L.L.C., a Louisiana limited liability company
PARKER TOOLS, LLC, an Oklahoma limited liability company
PARKER USA RESOURCES, LLC, an Oklahoma limited liability company
PARKER-VSE, LLC, a Nevada limited liability company
QUAIL USA, LLC, an Oklahoma limited liability company

By: /s/ David W. Tucker

David W. Tucker
Vice President and Treasurer

**PARKER DRILLING MANAGEMENT
SERVICES, INC.**, a Nevada corporation

By: /s/ David W. Tucker

David W. Tucker
President

PD MANAGEMENT RESOURCES, L.P.,
an Oklahoma limited partnership

By: Parker Drilling Management Services,
Inc., its General Partner

By: /s/ David W. Tucker

David W. Tucker
President

QUAIL TOOLS, L.P., an Oklahoma limited
partnership

By: Quail USA, LLC, its General Partner

By: /s/ David W. Tucker

David W. Tucker
Vice President and Treasurer

BANK OF AMERICA, N.A., as
Administrative Agent on behalf of itself and on
behalf of the Lenders

By: /s/ Shelley A. McGregor

Name: Shelley A. McGregor

Title: Senior Vice President

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BARCLAYS BANK PLC, as a Lender

By: /s/ Diane Rolfe

Name: Diane Rolfe

Title: Director

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ANNEX I

SCHEDULE 2.01

**COMMITMENTS
AND APPLICABLE PERCENTAGES**

Lender	Term Loan Commitment	Revolving Credit Commitment	Term Loan Applicable Percentage	Revolving Credit Applicable Percentage
Bank of America	\$10,792,307.77	\$10,461,538.00	13.661149082%	13.076922500%
Royal Bank of Scotland plc	\$10,792,307.77	\$10,461,538.00	13.661149082%	13.076922500%
Wells Fargo Bank	\$ 8,123,076.86	\$ 8,615,385.00	10.282375768%	10.769231250%
Whitney National Bank	\$ 9,123,076.86	\$ 8,615,385.00	11.548198553%	10.769231250%
Caterpillar Financial	\$ 3,123,076.86	\$ 8,615,385.00	3.953261844%	10.769231250%
Trustmark National Bank	\$ 2,230,769.26	\$ 6,153,846.00	2.823758552%	7.692307500%
HSBC Bank USA National	\$ 2,230,769.26	\$ 6,153,846.00	2.823758552%	7.692307500%
Natixis	\$ 9,623,076.86	\$ 8,615,385.00	12.181109945%	10.769231250%
Northrim Bank	\$ 7,230,769.26	\$ 6,153,846.00	9.152872476%	7.692307500%
Deutsche Bank AG	\$ 5,730,769.26	\$ 6,153,846.00	7.254138299%	7.692307500%
Barclays	\$10,000,000.00	\$ 0.00	12.658227848%	0.000000000%
Total	\$79,000,000.00*	\$80,000,000.00	100.000000000%	100.000000000%

* Giving effect to payments of principal of the Term Loans prior to the effective date of the Third Amendment.

Annex I

PARKER DRILLING COMPANY
RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, David C. Mannon, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2011, of Parker Drilling Company (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 5, 2011

/s/ David C. Mannon

David C. Mannon

President and Chief Executive Officer

PARKER DRILLING COMPANY
RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, W. Kirk Brassfield, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2011, of Parker Drilling Company (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 5, 2011

/s/ W. Kirk Brassfield

W. Kirk Brassfield

Senior Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350**

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Parker Drilling Company (the "Company") hereby certifies, to such officer's knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 (the "Report") fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 5, 2011

/s/ David C. Mannon

David C. Mannon

President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure statement.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350**

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Parker Drilling Company (the "Company") hereby certifies, to such officer's knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 (the "Report") fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 5, 2011

/s/ W. Kirk Brassfield

W. Kirk Brassfield
Senior Vice President and Chief Financial
Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure state.