

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, 2002

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO

COMMISSION FILE NUMBER 1-7573

PARKER DRILLING COMPANY

(Exact name of registrant as specified in its charter)

Delaware

73-0618660

(State or other jurisdiction of
incorporation or organization)

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

1401 Enclave Parkway, Suite 600, Houston, Texas 77077

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code (281) 406-2000

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

As of April 30, 2002, 92,319,820 common shares were outstanding.
PARKER DRILLING COMPANY

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

<Table>
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	March 31, 2002	December 31, 2001
	-----	-----
	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 60,919	\$ 60,400
Other short-term investments	12	12
Accounts and notes receivable, net	101,130	99,874
Rig materials and supplies	20,635	22,200
Other current assets	11,321	8,966
	-----	-----
Total current assets	194,017	191,452
	-----	-----
Property, plant and equipment less accumulated depreciation and amortization of \$541,243 at March 31, 2002 and \$520,645 at December 31, 2001	684,186	695,529
Goodwill, net of accumulated amortization of \$35,268 at March 31, 2002 and December 31, 2001	189,127	189,127
Other noncurrent assets	28,617	29,669
	-----	-----
Total assets	\$ 1,095,947	\$ 1,105,777

=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Current portion of long-term debt	\$ 5,130	\$ 5,007
Accounts payable and accrued liabilities	71,875	71,673
Accrued income taxes	13,500	7,054
	-----	-----
Total current liabilities	90,505	83,734
	-----	-----
Long-term debt	584,043	587,165
Deferred income tax	10,962	16,152
Other long-term liabilities	8,469	6,583
Commitments and contingencies	--	--
Stockholders' equity:		
Common stock	15,420	15,342
Capital in excess of par value	433,642	432,845
Accumulated other comprehensive income - net unrealized gain on investments available for sale (net of taxes \$237 at March 31, 2002 and \$227 at December 31, 2001)	422	403
Accumulated deficit	(47,516)	(36,447)
	-----	-----
Total stockholders' equity	401,968	412,143
	-----	-----
Total liabilities and stockholders' equity	\$ 1,095,947	\$ 1,105,777

</Table>

See accompanying notes to consolidated condensed financial statements.

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

<Table>
<Caption>

	Three Months Ended March 31,	
	-----	-----
	2002	2001
	-----	-----
<S>	<C>	<C>
Drilling and rental revenues:		
U.S. drilling	\$ 21,784	\$ 49,756
International drilling	62,330	51,421
Rental tools	12,111	13,697
	-----	-----
Total drilling and rental revenues	96,225	114,874
	-----	-----
Drilling and rental operating expenses:		
U.S. drilling	19,325	27,615
International drilling	39,224	37,158
Rental tools	5,609	4,743
Depreciation and amortization	23,599	22,878
	-----	-----
Total drilling and rental operating expenses	87,757	92,394
	-----	-----
Drilling and rental operating income	8,468	22,480
	-----	-----
Construction contract revenue	17,652	--
Construction contract expense	16,398	--
	-----	-----
Net construction contract operating		

income (Note 4)	1,254	--
General and administrative expense	6,913	4,871
Total operating income	2,809	17,609
Other income and (expense):		
Interest expense	(12,460)	(13,522)
Interest income	352	934
Gain on disposition of assets	923	1,075
Other income (loss) - net	(142)	386
Total other income and (expense)	(11,327)	(11,127)
Income (loss) before income taxes	(8,518)	6,482
Income tax expense (benefit):		
Current	7,751	2,708
Deferred	(5,200)	2,250
Income tax expense	2,551	4,958
Net income (loss)	\$ (11,069)	\$ 1,524
Earnings (loss) per share:		
Basic	\$ (0.12)	\$ 0.02
Diluted	\$ (0.12)	\$ 0.02
Number of common shares used in computing earnings per share:		
Basic	92,227,213	91,773,338
Diluted	92,227,213	92,808,509

See accompanying notes to consolidated condensed financial statements.

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

<Table>
<Caption>

	Three Months Ended March 31,	
	2002	2001
Cash flows from operating activities:		
Net income (loss)	\$(11,069)	\$ 1,524
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	23,599	22,878
Gain on disposition of assets	(923)	(1,075)
Expenses not requiring cash	1,976	1,259
Deferred income taxes	(5,200)	2,250
Change in operating assets and liabilities	3,843	(632)
Net cash provided by operating activities	12,226	26,204

Cash flows from investing activities:		
Capital expenditures	(12,706)	(34,729)
Proceeds from the sale of equipment	2,275	955
	-----	-----
Net cash used in investing activities	(10,431)	(33,774)
	-----	-----
Cash flows from financing activities:		
Principal payments under debt obligations	(1,209)	(1,200)
Other	(67)	238
	-----	-----
Net cash used in financing activities	(1,276)	(962)
	-----	-----
Net change in cash and cash equivalents	519	(8,532)
Cash and cash equivalents at beginning of period	60,400	62,480
	-----	-----
Cash and cash equivalents at end of period	\$ 60,919	\$ 53,948
	=====	=====

Supplemental cash flow information:

Interest paid	\$ 5,111	\$ 4,497
Income taxes paid	\$ 1,302	\$ 5,315

Supplemental noncash investing activity:

Net unrealized gain (loss) on investments available for sale (net of taxes \$(10) in 2002 and \$0 in 2001)	\$ (19)	\$ 13
Change in fair value of interest rate swap	\$ 1,685	\$ --

</Table>

See accompanying notes to consolidated condensed financial statements.

PARKER DRILLING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

- General - In the opinion of the Company, the accompanying unaudited consolidated condensed financial statements reflect all adjustments (of a normally recurring nature) which are necessary for a fair presentation of (1) the financial position as of March 31, 2002 and December 31, 2001, (2) the results of operations for the three months ended March 31, 2002 and 2001, and (3) cash flows for the three months ended March 31, 2002 and 2001. Results for the three months ended March 31, 2002 are not necessarily indicative of the results, which will be realized for the year ending December 31, 2002. The financial statements should be read in conjunction with the Company's Form 10-K for the year ended December 31, 2001.

Our independent accountants have performed a review of these interim financial statements in accordance with standards established by the American Institute of Certified Public Accountants. Pursuant to Rule 436(c) under the Securities Act of 1933, their report of that review should not be considered a report within the meaning of Section 7 and 11 of that Act, and the independent accountants liability under Section 11 does not extend to it.

- Earnings Per Share -

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

<Table>
<Caption>

For the Three Months Ended March 31, 2002		

Loss	Shares	Per-Share

	(Numerator)	(Denominator)	Amount
	-----	-----	-----
<S>	<C>	<C>	<C>
Basic EPS:			
Loss available to common stockholders		\$(11,069,000)	92,227,213 \$ (0.12)
Effect of Dilutive Securities:			
Stock options and grants		--	--
Diluted EPS:			
Loss available to common stockholders plus assumed conversions		\$(11,069,000)	92,227,213 \$ (0.12)

</Table>

<Table>
<Caption>

For the Three Months Ended March 31, 2001

	Income (Numerator)	Shares (Denominator)	Per-Share Amount
	-----	-----	-----
<S>	<C>	<C>	<C>
Basic EPS:			
Income available to common stockholders	\$ 1,524,000	91,773,338	0.02
Effect of Dilutive Securities:			
Stock options and grants	--	1,035,171	--
Diluted EPS:			
Income available to common stockholders plus assumed conversions	\$ 1,524,000	92,808,509	0.02

</Table>

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (continued)

2. Earnings Per Share (continued) -

The Company has outstanding \$124,509,000 of 5.5% Convertible Subordinated Notes which are convertible into 8,090,254 shares of common stock at \$15.39 per share. The notes have been outstanding since their issuance in July 1997 but were not included in the computation of diluted EPS because the assumed conversion of the notes would have had an anti-dilutive effect on EPS. For the three months ended March 31, 2002, options to purchase 8,463,810 shares of common stock at prices ranging from \$2.25 to \$12.1875, were outstanding but not included in the computation of diluted EPS because the assumed exercise of the options would have had an anti-dilutive effect on EPS due to the net loss incurred during the period. For the three months ended March 31, 2001, options to purchase 4,649,000 shares of common stock at prices ranging from \$6.125 to \$12.1875 were outstanding but not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of common shares for the quarter.

3. Business Segments - The primary services the Company provides are as follows: U.S. drilling, international drilling and rental tools. Information regarding the Company's operations by industry segment for the three-months ended March 31, 2002 and 2001 is as follows (dollars in thousands):

<Table>
<Caption>

Three Months Ended March 31,

	2002	2001
<S>	<C>	<C>
Drilling and rental revenues:		
U.S. drilling	\$ 21,784	\$ 49,756
International drilling	62,330	51,421
Rental tools	12,111	13,697
	-----	-----
Total drilling and rental revenues	96,225	114,874
	-----	-----
Operating income (loss):		
U.S. drilling	(7,584)	10,896
International drilling	12,555	5,508
Rental tools	3,497	6,076
	-----	-----
Total operating income by segment(1)	8,468	22,480
Net construction contract operating income	1,254	--
General and administrative expense	(6,913)	(4,871)
	-----	-----
Total operating income	2,809	17,609
Interest expense	(12,460)	(13,522)
Other income - net	1,133	2,395
	-----	-----
Income (loss) before income taxes	\$ (8,518)	\$ 6,482
	=====	=====

</Table>

(1) Operating income by segment is calculated by excluding net construction contract operating income and general and administrative expense from operating income, as reported in the consolidated condensed statements of operations.

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (continued)

4. Construction Contract - The Company historically only constructed drilling rigs for its own use. At the request of one of its significant customers, the Company entered into a contract to design, construct and mobilize a specialized drilling rig to drill extended reach wells to offshore targets from a land-based location on Sakhalin Island, Russia for an international consortium of oil and gas companies. The Company also entered into a contract to subsequently operate the rig on behalf of the consortium. After consultation with its outside auditors the Company determined that GAAP requires that revenues received and costs incurred related to this contract should be accounted for and reported on a gross basis and income for the related fees should be recognized on a percentage of completion basis. Because this contract is not a part of the Company's historical or normal operations, the revenues and costs related to this contract have been shown as a separate component in the statement of operations.
5. Legal Proceeding - Two subsidiaries of Parker Drilling Company ("Subsidiaries") were named defendants in a lawsuit, Verdin vs. R & B Falcon Drilling USA, Inc., et. al., Civil Action No. G-00-488, in the U.S. District Court for the Southern District of Texas, Houston Division. The plaintiff is a former employee of a drilling contractor engaged in offshore drilling operations in the Gulf of Mexico. The defendants are various drilling contractors, including the Subsidiaries, who conduct drilling operations in the Gulf of Mexico. Plaintiff alleged that the defendants violated federal and state antitrust laws by agreeing with each other to depress wages and benefits paid to employees working for said defendants.

Plaintiff sought to bring this case as a "class action", i.e., on behalf of himself and a proposed class of other similarly situated employees of the defendants that have allegedly suffered similar damages from the alleged actions of defendants. The Subsidiaries and certain of the other defendants

entered into a stipulation of settlement with the plaintiff, pursuant to which the subsidiaries will pay \$625,000 for a full and complete release of all claims brought in the case. The Court issued its final approval of the settlement on April 18, 2002. The settlement amount and related fees were accrued during the third quarter 2001 and are payable within thirty days of the settlement date.

6. Contingency - On July 6, 2001, the Ministry of State Revenues of Kazakhstan ("MSR") issued an Act of Audit to the Kazakhstan branch ("PKD Kazakhstan") of Parker Drilling Company International Limited ("PDCIL"), a wholly owned subsidiary of the Company, assessing additional taxes in the amount of approximately \$29.0 million for the years 1998-2000. The assessment consisted primarily of adjustments in corporate income tax based on a determination by the Kazakhstan tax authorities that payments by Offshore Kazakhstan International Operating Company, ("OKIOC"), to PDCIL of \$99.0 million, in reimbursement of costs for modifications to Rig 257, performed by PDCIL prior to the importation of the drilling rig into Kazakhstan, where it is currently working under contract to OKIOC, are income to PKD Kazakhstan, and therefore, taxable to PKD Kazakhstan. PKD Kazakhstan filed an Act of Non-Agreement that such reimbursements should not be taxable and requested that the Act of Audit be revised accordingly. In November 2001, the MSR rejected PKD Kazakhstan's Act of Non-Agreement, prompting PKD Kazakhstan to seek judicial review of the assessment. On December 28, 2001, the Astana City Court issued a judgment in favor of PKD Kazakhstan, finding that the reimbursements to PDCIL were not income to PKD Kazakhstan and not otherwise subject to tax based on the U.S.-Kazakhstan Tax Treaty. The MSR appealed the decision of the Astana City Court to the Supreme Court, which recently confirmed the decision of the Astana City Court that the reimbursements were not income to PKD Kazakhstan. Although the court agreed with the MSR's position on certain minor issues, no additional taxes will be payable as a result of this assessment. The MSR has up to one year to appeal this decision to a special panel of the Supreme Court of Kazakhstan.

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (continued)

7. Recent Accounting Pronouncements - In 2002, Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", became effective and as a result, the Company ceased to amortize \$189.1 million of goodwill. The Company had recorded \$7.4 million of goodwill amortization in 2001 and would have recorded \$7.4 million of goodwill amortization during 2002. In lieu of amortization, the Company is required to perform an initial impairment review of goodwill in 2002 and an annual impairment review thereafter.

The Company is currently reviewing its operations and has identified the reporting units, including identification of the related operating assets, goodwill, and liabilities. The Company will estimate the fair value of the reporting units, deduct the estimated fair value of the tangible net assets and compare the residual to the recorded goodwill attributable to the reporting unit to determine if the recorded goodwill has been impaired. The Company expects to complete the initial review during the second quarter of 2002.

The following is a summary of net income and earnings per share for the three months ended March 31, 2001 as adjusted to remove the amortization of goodwill (dollars in thousands, except per share amounts):

<Table>

<S>	<C>
Net income - as reported	\$ 1,524
Goodwill amortization	1,870
Income tax impact(1)	(283)

Net income - as adjusted	\$ 3,111
	=====
Basic earnings per share:	
Net income - as reported	\$ 0.02

Goodwill amortization	0.02
Income tax impact(1)	(0.01)

Net income - as adjusted	\$ 0.03
	=====
Diluted earnings per share:	
Net income - as reported	\$ 0.02
Goodwill amortization	0.02
Income tax impact(1)	(0.01)

Net income - as adjusted	\$ 0.03
	=====

</Table>

(1) Certain goodwill amounts are non-deductible for tax purposes; therefore, the income tax impact reflects only the deductible goodwill amortization.

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS effective January 2003. The Company does not believe the adoption of SFAS No. 143 will have a material impact on its financial position or results of operations. In August 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 supersedes SFAS No. 121 and amends Accounting Principles Board ("APB") No. 30 for the accounting and reporting for discontinued operations as it relates to long-lived assets. SFAS No. 144 became effective January 2002.

The Company has adopted the provisions of SFAS No. 144 and there was no resulting impact on its financial position or results of operations.

8. Derivative Financial Instruments - The Company is exposed to interest rate risk from its fixed-rate debt. The Company has hedged against the risk of changes in fair value associated with its \$450.0 million 9.75% Senior Notes by entering into three fixed-to-variable interest rate swap agreements with a total notional amount of \$150.0 million. The Company assumes no ineffectiveness as each interest rate swap meets the short-cut method requirements under SFAS No. 133 for fair value hedges of debt instruments. As a result, changes in the fair value of the interest rate swaps are offset by changes in the fair value of the debt and no net gain or loss is recognized in earnings. At March 31, 2002, the Company recorded derivative liabilities of \$1.7 million with an offsetting amount recorded as a reduction in the carrying value of the related debt instrument. Also, during the first quarter of 2002, the interest rate swap reduced interest expense by \$1.1 million.

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (continued)

9. Subsequent Events - On May 2, 2002, the Company announced it had successfully completed the exchange of \$235.6 million in principal amount of new 10.125% Senior Notes due 2009 ("New Notes") for a like amount of its 9.75% Senior Notes due 2006 ("Outstanding Notes"), pursuant to an Offering Circular dated April 1, 2002 (the "Exchange Offer"). The consummation of the Exchange Offer was effected without registration, in reliance on the registration exemption provided by Section 4(2) of the Securities Act of 1933, as amended, which applies to offers and sales of securities that do not involve a public offering, and Regulation D promulgated under that act to a limited number of existing holders of the Outstanding Notes that are institutional accredited investors. The Company has agreed to file a registration statement with respect to an offer to exchange the New Notes for notes of the Company having substantially identical terms in all material respects as the New Notes (the "Exchange Notes"), within 60 days after the date of original issuance of the New Notes. The New Notes and Exchange Notes will be governed by the terms of the indenture executed by the Company, the Subsidiary Guarantors and the trustee dated May 2, 2002, the terms of which are substantially in accordance with the terms of the 1998 Indenture, as amended by the Fourth Supplemental Indenture, as described below.

In connection with the Exchange Offer, the Company solicited consents to certain amendments to the definitions and covenants in the indenture under which the Outstanding Notes were issued, which all participants in the Exchange Offer were deemed to have accepted. As a result of the participation in the Exchange Offer of more than 50% of the holders of the Outstanding Notes, the amendments to the 1998 Indenture were agreed, and which amendments have been effected by the execution of the Fourth Supplemental Indenture by the Company, the Subsidiary Guarantors and the trustee filed herewith (as amended, the "1998 Indenture"). As a result of the Exchange Offer, the Company incurred fees of approximately \$3.5 million, which will be expensed in the second quarter of 2002.

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Report of Independent Accountants

To the Board of Directors and Shareholders
Parker Drilling Company

We have reviewed the consolidated condensed balance sheet of Parker Drilling Company and subsidiaries as of March 31, 2002 and the related consolidated condensed statements of operations and cash flows for the three-month periods ended March 31, 2002 and 2001. These financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2001, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report, dated January 29, 2002, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated condensed balance sheet as of December 31, 2001, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Tulsa, Oklahoma
April 22, 2002

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

This Form 10-Q contains certain statements that are "forward-looking

statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. These statements may be made in this document, or may be "incorporated by reference," which means the statements are contained in other documents filed by the Company with the Securities and Exchange Commission. All statements included in this document, other than statements of historical facts, that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future are "forward-looking statements," including without limitation:

- *future operating results,
- *future rig utilization, dayrates and rental tool activity,
- *future capital expenditures and investments in the acquisition and refurbishment of rigs and equipment,
- *repayment of debt,
- *maintenance of the Company's revolver borrowing base, and
- *expansion and growth of operations.

Forward-looking statements are based on certain assumptions and analyses made by the management of the Company in light of their experience and perception of historical trends, current conditions, expected future developments and other factors it believes are relevant. Although management of the Company believes that its assumptions are reasonable based on current information available, they are subject to certain risks and uncertainties, many of which are outside the control of the Company. These risks and uncertainties include:

- *worldwide economic and business conditions that adversely affect market conditions and/or the cost of doing business,
- *the pace of recovery in the U.S. economy and the demand for natural gas,
- *fluctuations in the market prices of oil and gas,
- *imposition of unanticipated trade restrictions and political instability,
- *operating hazards and uninsured risks,
- *governmental regulations that adversely affect the cost of doing business,
- *adverse environmental events,
- *adverse weather conditions,
- *changes in concentration of customer and supplier relationships,
- *unexpected cost increases for upgrade and refurbishment projects,
- *changes in competition, and
- *other similar factors (some of which are discussed in documents referred to in this Form 10-Q).

Because the forward-looking statements are subject to risks and uncertainties, the actual results of operations and actions taken by the Company may differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties are referenced in connection with forward-looking statements that are included from time to time in this document. Each forward-looking statement speaks only as of the date of this Form 10-Q, and the Company undertakes no obligation to publicly update or revise any forward-looking statement.

INTRODUCTION AND OUTLOOK

The \$11.1 million loss recognized for the three months ended March 31, 2002 reflects the continued weakness in the Gulf of Mexico market which began to soften at the end of the third quarter of 2001 due primarily to a reduction in drilling activity by operators in response to declining demand and prices for natural gas. The decline in demand is attributed to the economic recession in the United States. This reduction in drilling activity was particularly significant in regards to the seven jackup rigs. The jackup rigs average dayrate and utilization for the first quarter of 2002 was \$17,300 and 53%, respectively, as compared to \$31,700 and 93% for the first quarter of 2001. The barge rigs utilization decreased from 82% during the first quarter of 2001 to 43% during the first quarter of 2002. The weakness in the Gulf of Mexico market was somewhat offset by increased utilization of international land rigs. Since the first quarter of 2001, four additional land rigs have begun working primarily in Kazakhstan, Russia, and Indonesia.

In the Company's first quarter conference call with investors, management stated that the level of revenues that the Company will generate in 2002 would be in a range between \$425.0 million and \$480.0 million depending to a large extent on the pace of recovery in drilling activity and dayrates in the Gulf of Mexico market. Based on the current trend, management believes that utilization of the Company's Gulf of Mexico fleet will show a modest increase in the second quarter and larger increases in the second half of the year. Significant increases in the barge and jackup dayrates will not occur until utilization reaches higher levels. International utilization and dayrates are projected to increase slightly for the remainder of 2002, in spite of two Nigerian barge rigs projected to be down for American Bureau of Shipping ("ABS") inspection modifications and repairs during the second quarter of 2002.

Three Months Ended March 31, 2002 Compared with Three Months Ended March 31, 2001

The Company recorded a net loss of \$11.1 million for the three months ended March 31, 2002 compared to net income of \$1.5 million recorded for the three months ended March 31, 2001. The net loss in the first quarter of 2002 is reflective of lower utilization and dayrates principally in the U.S. Gulf Coast drilling operations and reduced revenues in the Company's rental tool operations that began in the fourth quarter of 2001.

<Table>
<Caption>

	Three Months Ended March 31,			
	2002		2001	
Drilling and rental revenues:	(Dollars in Thousands)			
U.S. drilling	\$ 21,784	23%	\$ 49,756	43%
International drilling	62,330	64%	51,421	45%
Rental tools	12,111	13%	13,697	12%
Total drilling and rental revenues	\$ 96,225	100%	\$ 114,874	100%

</Table>

RESULTS OF OPERATIONS (continued)

The Company's drilling and rental revenues decreased \$18.7 million to \$96.2 million in the current quarter as compared to the first quarter of 2001.

U.S. drilling revenues decreased \$28.0 million due to declining dayrates and utilization in the Company's Gulf Coast drilling operations. Total barge rig revenues decreased \$12.6 million in the current quarter, as a result of a 39% decrease in utilization as compared to the first quarter of 2001. Jackup rig revenues decreased \$12.7 million in the current quarter as compared to the first quarter of 2001 due to a 45% decrease in dayrates and a 40% decrease in utilization. Platform rig utilization and dayrates decreased 34% and 39%, respectively, resulting in a \$2.6 million decrease in revenues.

International drilling revenues increased \$10.9 million to \$62.3 million in the current quarter as compared to the first quarter of 2001. International land drilling revenues increased \$8.4 million while international offshore drilling revenues increased \$2.5 million. Primarily responsible for the improvement in international land drilling revenues was increased rig activity in the CIS region that includes Kazakhstan and Russia resulting in additional revenues of \$6.4 million. Land drilling revenues increased \$4.2 million in the Asia Pacific region primarily attributed to increased utilization in Papua New Guinea and New Zealand. Revenues declined \$2.2 million in Latin America. Increased revenues in Colombia and Ecuador were offset by decreased utilization in Bolivia.

The increase of \$2.5 million in international offshore drilling revenues was due primarily to the four barge rigs in Nigeria being on full dayrates with an average utilization of 97% for the first quarter of 2002. During the first quarter of 2001, Barge Rig 72 was down due to ABS inspections for approximately six weeks resulting in decreased revenues of approximately \$1.9 million for the first quarter of 2001.

Rental tool revenues decreased \$1.6 million as Quail Tools reported revenues in the current quarter of \$12.1 million. Quail Tools was negatively impacted by the reduced drilling activity in the Gulf Coast and in the U.S. land drilling market. Revenues decreased \$0.3 million from the New Iberia, Louisiana operations, \$1.1 million from the Victoria, Texas operations and \$0.2 million from the Odessa, Texas operations.

<Table>
<Caption>

	Three Months Ended March 31,			
	2002		2001	
<S>	<C>	<C>	<C>	<C>
Drilling and rental profit margin:	(Dollars in Thousands)			
U.S. drilling	\$ 2,459	11%	\$22,141	44%
International drilling	23,106	37%	14,263	28%
Rental tools	6,502	54%	8,954	65%
Total drilling and rental profit margin	32,067	33%	45,358	39%
Depreciation and amortization	(23,599)		(22,878)	
Net construction contract operating income	1,254		--	
General and administration	(6,913)		(4,871)	
Total operating income	\$ 2,809		\$17,609	

</Table>

(Drilling and rental profit margin - drilling and rental revenues less direct drilling and rental operating expenses; drilling and rental profit margin percentages - drilling and rental profit margin as a percent of drilling and rental revenues.)

Drilling and rental profit margin of \$32.1 million in the current quarter reflected a decrease of \$13.3 million from the first quarter of 2001. In the U.S. drilling market, profit margin decreased \$19.7 million. U.S. profit margin was negatively impacted during the current quarter by lower utilization and dayrates in the Gulf of Mexico from the jackup rigs and decreased utilization from the barge rigs as previously discussed. Average dayrates for the jackup rigs decreased approximately 45% in the current quarter when compared to the first quarter of 2001. The increase in barge rig labor (rate change in April 2001), and insurance rates for the jackup and barge rigs contributed to the decline in profit margin for the first quarter of 2002.

International drilling profit margin increased \$8.8 million in the current quarter as compared to the first quarter of 2001. International land drilling profit margin increased \$7.7 million to \$16.1 million during the current quarter due primarily to increased utilization in the Company's land drilling operations as previously discussed. The international offshore drilling profit margin increased \$1.1 million to \$7.0 million in the current quarter. This increase is primarily attributed to the ABS inspection and repairs in the first quarter of 2001 for a barge rig in Nigeria as previously mentioned.

Rental tool profit margin decreased \$2.4 million to \$6.5 million during the current quarter as compared to the first quarter of 2001. Profit margin percentage decreased to 54% during the current quarter as compared to 65% for the first quarter of 2001 due to increasing costs in conjunction with the decrease in revenues. The increase in operating expenses during the first quarter of 2002 is primarily attributed to two factors: (1) wage and salary market increases during the third quarter of 2001, and (2) increased inspection and cleaning costs of rental tools.

Depreciation and amortization expense increased \$0.7 million to \$23.6 million in the current quarter. Depreciation expense increased due to capital additions, principally from two newly built land rigs and major rig upgrades during 2001.

During the first quarter of 2002 the Company announced two new contracts to build and operate a rig to drill extended reach wells to offshore targets from a land-based location on Sakhalin Island, Russia for an international consortium. A subsidiary of the Company is currently designing and building the rig. The revenue and expense for the project are recognized as construction contract revenue and expense, with the engineering fee calculated on a percentage of completion basis.

General and Administrative expense increased \$2.0 million to \$6.9 million in the current quarter as compared to the first quarter of 2001. This increase is primarily attributed to increased rent expense for the new corporate office in Houston and the new office in Tulsa, unscheduled maintenance on the former corporate headquarters in Tulsa, currently held for sale, and legal and professional fees.

Interest expense decreased \$1.1 million due primarily to lower interest rates associated with the three \$50.0 million swap agreements signed in December 2001 and January 2002.

Income tax expense consists of foreign tax expense of \$7.8 million and a deferred tax benefit of \$5.2 million. Foreign taxes increased \$5.0 million due primarily to \$3.1 in additional taxes paid in Colombia, some of which was attributable to prior years. The remainder of the increase is due to increased international drilling activity resulting in increased taxes during the first quarter of 2002 primarily in Kazakhstan and the Asia Pacific region. The deferred tax benefit was recognized due to the loss generated during the first quarter of 2002.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2002, the Company had cash, cash equivalents and other short-term investments of \$60.9 million, an increase of \$0.5 million from December 31, 2001. The primary sources of cash for the three-month period as reflected on the Consolidated Condensed Statement of Cash Flows were \$12.2

million provided by operating activities and \$2.3 million from the disposition of equipment.

The primary uses of cash for the three-month period ended March 31, 2002 were \$12.7 million for capital expenditures and \$1.2 million for repayment of debt. Major projects during the current three-month period included expenditures on Rig 228 scheduled to begin work in Peru and completion of spending on two rigs in the CIS region.

The Company has total long-term debt, including the current portion, of \$589.2 million at March 31, 2002. The Company has a \$50.0 million revolving credit facility with a group of banks led by Bank of America. This facility is available for working capital requirements, general corporate purposes and to support letters of credit. The revolver is collateralized by accounts receivable, inventory and certain barge rigs located in the Gulf of Mexico. The facility contains customary affirmative and negative covenants. Availability under the revolving credit facility is subject to certain borrowing base limitations based on 80 percent of eligible receivables plus 50 percent of supplies in inventory. Currently, the borrowing base is \$46.4 million, of which none has been drawn down, and \$16.2 million in letters of credit have been issued. The revolver terminates on October 22, 2003.

See Note 9 of the Notes to Unaudited Consolidated Condensed Financial Statements for information regarding the Company's Exchange Offer which was completed May 2, 2002.

The Company anticipates that working capital needs and funds required for capital spending in 2002 will be met from existing cash, other short-term investments and cash provided by operations. The Company anticipates cash requirements for capital spending will be approximately \$50.0 million in 2002. Should new opportunities requiring additional capital arise, the Company may utilize the revolving credit facility. In addition, the Company may seek project financing or equity participation from outside alliance partners or customers. The Company cannot predict whether such financing or equity participation would be available on terms acceptable to the Company.

The Company is exposed to interest rate risk from its fixed-rate debt. The Company has hedged against the risk of changes in the fair value associated with its \$450.0 million 9.75% Senior Notes by entering into three fixed-to-variable interest rate swap agreements with a total notional amount of \$150.0 million. The Company assumes no ineffectiveness as each interest rate swap meets the short-cut method requirements under SFAS No. 133 or fair value hedges of debt instruments. As a result, changes in the fair value of the interest rate swaps are offset by changes in the fair value of the debt and no net gain or loss is recognized in earnings. At March 31, 2002, the Company recorded derivative liabilities of \$1.7 million with an offsetting amount recorded as a reduction in the carrying value of the related debt instrument. During the first quarter of 2002, the interest rate swap reduced interest expense by \$1.1 million.

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OTHER MATTERS

Recent Accounting Pronouncements

In 2002, SFAS No. 142, "Goodwill and Other Intangible Assets", became effective and as a result, the Company ceased to amortize \$189.1 million of goodwill. The Company had recorded \$7.4 million of goodwill amortization in 2001 and would have recorded \$7.4 million of goodwill amortization during 2002. In lieu of amortization, the Company is required to perform an initial impairment review of goodwill in 2002 and an annual impairment review thereafter.

The Company is currently reviewing its operations and has identified the reporting units, including identification of the related operating assets, goodwill, and liabilities. The Company will estimate the fair value of the reporting units, deduct the estimated fair value of the tangible net assets and compare the residual to the recorded goodwill attributable to the reporting unit to determine if the recorded goodwill has been impaired. The Company expects to complete the initial review during the second quarter of 2002.

In June 2001, FASB issued SFAS No. 143. SFAS No. 143, "Accounting for Asset Retirement Obligations", requires the capitalization and accrual of the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. SFAS No. 143 will be effective January 2003. The Company does not believe the adoption of SFAS No. 143 will have a material impact on its financial position or results of operations. In August 2001 the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 supersedes SFAS No. 121 and amends APB No. 30 for the accounting and reporting for discontinued operations as it relates to long-lived assets. SFAS No. 144 became effective January 2002.

The Company has adopted the provisions of SFAS No. 144 and there was no resulting impact on its financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

In December 2001 the Company began to utilize hedging strategies to manage fixed-rate interest exposure by entering into one swap agreement. In January 2002, the Company entered into two additional swap agreements. The terms of the swap agreements are as follows:

<Table>
<Caption>

Months	Notional Amount	Fixed Rate	Floating Rate
(Dollars in Thousands)			
<S>	<C>	<C>	<C>
December 2001 - November 2006	\$ 50,000	9.75%	Three-month LIBOR plus 446 basis points
January 2002 - November 2006	\$ 50,000	9.75%	Three-month LIBOR plus 475 basis points
January 2002 - November 2006	\$ 50,000	9.75%	Three-month LIBOR plus 482 basis points

</Table>

If the floating rate is less than the fixed rate, the counter party will pay the Company accordingly. If the floating rate exceeds the fixed rate, the Company will pay the counter party. The fair values of the swap agreements at March 31, 2002 were \$1.7 million. The change in the fair values of the swap agreements will be offset by the change in the fair value of the related debt.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Two subsidiaries of Parker Drilling Company ("Subsidiaries") were named defendants in a lawsuit, Verdin vs. R & B Falcon Drilling USA, Inc., et. al., Civil Action No. G-00-488, in the U.S. District Court for the Southern District of Texas, Houston Division. The plaintiff is a former employee of a drilling contractor engaged in offshore drilling operations in the Gulf of Mexico. The defendants are various drilling contractors, including the Subsidiaries, who conduct drilling operations in the Gulf of Mexico. Plaintiff alleged that the defendants violated federal and state antitrust laws by agreeing with each other to depress wages and benefits paid to employees working for said defendants.

Plaintiff sought to bring this case as a "class action", i.e., on behalf of himself and a proposed class of other similarly situated employees of the defendants that have allegedly suffered similar damages from the alleged actions of defendants. The Subsidiaries and certain of the other defendants entered into a stipulation of settlement with the plaintiff, pursuant to which the subsidiaries will pay \$625,000 for a full and complete release of all claims brought in the case. The Court issued its final approval of the settlement on April 18, 2002. The settlement amount and related fees were accrued during the

third quarter 2001 and are payable within thirty days of the settlement date.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On May 2, 2002 the Company announced it had successfully completed the exchange of \$235.6 million in principal amount of new 10.125% Senior Notes due 2009 ("New Notes") for a like amount of its 9.75% Senior Notes due 2006 ("Outstanding Notes"), pursuant to an Offering Circular dated April 1, 2002 (the "Exchange Offer"). The consummation of the Exchange Offer was effected without registration, in reliance on the registration exemption provided by Section 4(2) of the Securities Act of 1933, as amended, which applies to offers and sales of securities that do not involve a public offering, and Regulation D promulgated under that act to a limited number of existing holders of the Outstanding Notes that are institutional accredited investors. The Company has agreed to file a registration statement with respect to an offer to exchange the New Notes for notes of the Company having substantially identical terms in all material respects as the New Notes (the "Exchange Notes"), within 60 days after the date of original issuance of the New Notes. The New Notes and Exchange Notes will be governed by the terms of the indenture executed by the Company, the Subsidiary Guarantors and the trustee dated May 2, 2002, the terms of which are substantially in accordance with the terms of the 1998 Indenture, as amended by the Fourth Supplemental Indenture, as described below.

In connection with the Exchange Offer, the Company solicited consents to certain amendments to the definitions and covenants in the indenture under which the Outstanding Notes were issued, to which all participants in the Exchange Offer were deemed to have accepted. As a result of the participation in the Exchange Offer of more than 50% of the holders of the Outstanding Notes, the amendments to the 1998 Indenture were agreed, and which amendments have been effected by the execution of the Fourth Supplemental Indenture by the Company, the Subsidiary Guarantors and the trustee filed herewith (as amended, the "1998 Indenture").

ITEM 3. DEFAULTS UPON SENIOR SECURITIES OR DIVIDEND ARREARAGES

None

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Stockholders held on April 25, 2002 there were represented in person or by proxy 79,012,601 shares out of 92,238,473 entitled to vote as of the record date, constituting a quorum. The two matters voted upon at the Annual Meeting were:

Election of Directors: The Stockholders elected three class III directors to the board of directors of Parker Drilling Company to serve for a three-year term, until 2005:

<Table>

<S>	<C>
Robert L. Parker	
Votes cast in favor:	75,057,240
Votes withheld:	3,955,361
Robert L. Parker Jr	
Votes cast in favor:	75,034,292
Votes withheld:	3,978,309
Simon G. Kukes	
Votes cast in favor:	69,109,836
Votes withheld:	9,902,765

</Table>

Election of independent accountants: PricewaterhouseCoopers LLP was approved as the independent accountants for 2002 with:

<Table>

<S>	<C>
Votes cast in favor:	77,769,036
Votes withheld:	1,243,565

</Table>

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

The following exhibits are filed as a part of this report:

Exhibit Number	Description
-----	-----
4.1	Third Supplemental Indenture dated as of April 30, 2002, among the Company, as Issuer, certain Subsidiary Guarantors (as defined therein) and JPMorgan Chase Bank, as Trustee, respecting 9 3/4% Senior Notes Due 2006, Series D
4.2	Fourth Supplemental Indenture dated as of May 2, 2002, among the Company, as Issuer, certain Subsidiary Guarantors (as defined therein) and JPMorgan Chase Bank, as Trustee, respecting 9 3/4% Senior Notes Due 2006, Series D
15	Letter re Unaudited Interim Financial Information

(b) Reports on Form 8-K:

The Company filed a Form 8-K on April 1, 2002 announcing that the Supreme Court of Kazakhstan ruled in favor of a subsidiary of the Company on all significant issues which were the basis of an additional tax assessment of \$29.0 million.

SIGNATURES

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

Parker Drilling Company

Registrant

Date: May 15, 2002

By: /s/ James J. Davis

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

By: /s/ W. Kirk Brassfield

W. Kirk Brassfield
Vice President and Controller

INDEX TO EXHIBITS

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</Table>

PARKER DRILLING COMPANY
and Subsidiary Guarantors

9 3/4% SENIOR NOTES DUE 2006

THIRD SUPPLEMENTAL INDENTURE

Dated as of April 30, 2002

Supplementing the Indenture dated as of March 11, 1998

JPMORGAN CHASE BANK,
as Trustee

THIRD SUPPLEMENTAL INDENTURE

This Third Supplemental Indenture dated and effective as of April 30, 2002 (the "Third Supplemental Indenture") is made and entered into by and among Parker Drilling Company, a Delaware corporation (the "Company"), each of the parties identified under the caption "Existing Subsidiary Guarantors" on the signature pages hereof (the "Existing Subsidiary Guarantors"), each of the parties identified under the caption "New Subsidiary Guarantors" on the signature pages hereof (the "New Guarantors") and JPMorgan Chase Bank, a New York banking organization, as Trustee (the "Trustee"), formerly known as The Chase Manhattan Bank and successor by merger to Chase Bank of Texas, National Association.

RECITALS OF THE COMPANY AND SUBSIDIARY GUARANTORS

WHEREAS, the Company, the Existing Subsidiary Guarantors and the Trustee have executed and delivered an Indenture dated as of March 11, 1998 by and among the Company, the Trustee and the Subsidiary Guarantors (as supplemented by the First and Second Supplemental Indentures, the "1998 Indenture") for the benefit of one another and for the ratable benefit of the Holders of the 9 3/4% Senior Notes due 2006, Series D (the "Notes") and pursuant to which the Existing Subsidiary Guarantors have agreed, jointly and severally, to unconditionally guarantee the due and punctual payment of the principal of, premium, if any, and interest on the Notes and all other amounts due and payable under the 1998 Indenture and the Notes by the Company ; and

WHEREAS, Section 9.01(a)(vi) and (vi) of the 1998 Indenture provides that under certain conditions the Company and the Trustee may, without the consent of any Holder of a Note, amend or supplement the 1998 Indenture to add any Restricted Subsidiary as an additional Subsidiary Guarantor as provided in Section 10.02 of the 1998 Indenture or to evidence the succession of another Person to any Existing Subsidiary Guarantor pursuant to Section 10.04 of the 1998 Indenture and the assumption by any such additional Subsidiary Guarantor of the covenants and agreements of such Subsidiary Guarantor contained in the 1998 Indenture and in the Subsidiary Guarantee of such Subsidiary Guarantor and to release a Subsidiary Guarantor pursuant to Section 10.05;

WHEREAS, the Company has determined that the New Guarantors are required to be added as Subsidiary Guarantors pursuant to Section 10.02 of the 1998 Indenture as a result of said New Guarantors having guaranteed the Indebtedness of the Company under the Senior Credit Facility;

WHEREAS, Section 10.02 of the 1998 Indenture provides that as a result of said actions the following is required: (i) the execution and delivery by the New Guarantors of this Third Supplemental Indenture whereby the New Guarantors agree to be bound by the terms of the 1998 Indenture as applicable to a Subsidiary Guarantor; and (ii) the execution of a Subsidiary Guarantee of the Notes by the New Guarantors; and

WHEREAS, the Company has determined that certain Subsidiary Guarantors should be released from their obligations under the Indenture and its respective Subsidiary Guarantee as a result of being merged into an Existing Subsidiary Guarantor; and

WHEREAS, the execution and delivery of this Third Supplemental Indenture has been duly authorized by a Board Resolution of the respective Boards of the Company, the Existing Subsidiary Guarantors and each of the New Guarantors; and

WHEREAS, all conditions and requirements necessary to make this Third Supplemental Indenture valid and binding upon the Company, the Existing Subsidiary Guarantors and the New

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Guarantors, and enforceable against the Company, the Existing Subsidiary Guarantors and the New Guarantors in accordance with its terms, have been performed and fulfilled.

NOW, THEREFORE, in consideration of the above premises, the parties hereto mutually covenant and agree for the equal and ratable benefit of the respective Holders of the Notes, as follows:

ARTICLE I

NEW GUARANTORS

Section 1.1. New Guarantors. The New Guarantors, by execution and delivery of this Third Supplemental Indenture, hereby agree to be bound by the terms of the Indenture as a Subsidiary Guarantor.

Section 1.2. Guarantee of Each New Guarantor. Attached as Exhibit A and incorporated herein by reference is the Subsidiary Guarantee of each New Guarantor in the form prescribed in the 1998 Indenture, by which each New Guarantor agrees to guarantee the obligations of the Company, in accordance with the terms set out in the Subsidiary Guarantee.

ARTICLE II

RELEASE OF GUARANTORS

Section 2.1 Merger of Guarantors. On or about July 31, 1998, Hercules Rig Corp. merged into Hercules Offshore Corporation and Parker Drilling Offshore Company merged into Hercules Offshore Corporation in accordance with Section 10.04.

Section 2.2 Release of Guarantors. Because Hercules Offshore Corporation, now Parker Drilling Offshore Corporation, is an Existing Guarantor, and has executed a supplemental indenture to the Indenture and a Subsidiary Guarantee, Hercules Rig Corp. and Parker Drilling Offshore Company are hereby released from any further obligations under the Indenture and their respective Subsidiary Guarantees in accordance with Section 10.05.

ARTICLE III

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 3.1. Authority. The Company and each Existing Subsidiary

Guarantor is duly authorized by a resolution of its respective Board of Directors to execute and deliver this Third Supplemental Indenture, and all corporate action on its part required for the execution and delivery of this Third Supplemental Indenture has been duly and effectively taken.

Section 3.2. Correctness of Recitals. The Company and each Existing Subsidiary Guarantor represent and warrant that all recitals and statements in this Third Supplemental Indenture are true and correct.

ARTICLE IV

CONCERNING THE TRUSTEE

Section 4.1 Acceptance of Trusts. The Trustee accepts the trusts hereunder and agrees to perform same, but only upon the terms and conditions set forth in the Indenture.

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Section 4.2 Responsibility for Recitals. The recitals and statements contained in this Third Supplemental Indenture shall be taken as recitals and statements of the Company, the Existing Subsidiary Guarantors and the Trustee assumes no responsibility for the correctness of same. The Trustee makes no representations as to the validity or sufficiency of this Third Supplemental Indenture, except that the Trustee is duly authorized to deliver it.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1 Relation to the 1998 Indenture. This Third Supplemental Indenture shall become effective immediately upon execution and delivery. All terms and conditions in it shall form a part of the 1998 Indenture as fully and with the same effect as if all such terms and conditions had been set forth in the 1998 Indenture. The 1998 Indenture is hereby ratified and confirmed and shall remain and continue in full force and effect in accordance with its terms, as supplemented by this Third Supplemental Indenture. The 1998 Indenture and the Third Supplemental Indenture shall be read, taken and construed together as one instrument. Capitalized terms used but not defined in this Third Supplemental Indenture have the meaning ascribed to such terms in the 1998 Indenture.

Section 5.2 Execution in Counterparts. This Third Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

Section 5.3 Governing Law. The internal laws of the State of New York shall govern and be used to construe this Third Supplemental Indenture and the new notations of Subsidiary Guarantees executed and delivered pursuant to it.

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

PARKER DRILLING COMPANY

By: /s/ James J. Davis

Name: James J. Davis
Title: Sr. Vice President-Finance and
Chief Financial Officer

JPMORGAN CHASE BANK, as Trustee

By: /s/ Mauri J. Cowen

Name: Mauri J. Cowen
Title: Vice President and Trust Officer

EXISTING SUBSIDIARY GUARANTORS:

Parker Drilling Company of Oklahoma, Incorporated
Parker Drilling Company Limited (Nevada)
Parker Drilling Company Limited (Oklahoma)
Choctaw International Rig Corp.
Parker Drilling Company of New Guinea, Inc.
Parker Drilling Company North America, Inc.
Parker-VSE, Inc. (formerly Vance Systems
Engineering, Inc.)
DGH, Inc.
Parker Drilling Company International Limited
Parker USA Drilling Company (formerly Parcan
Limited)
Parker Technology, L.L.C.
Parker Technology, Inc.
Parker Drilling U.S.A. Ltd.
Parker Drilling Offshore Corporation (formerly
Hercules Offshore Corporation)
Parker Drilling Offshore International, Inc.

By: /s/ David W. Tucker

Name: David W. Tucker
Its: Vice President & Treasurer

Quail Tools, L.L.P.

By: /s/ James J. Davis

Name: James J. Davis
Its: Vice President & Treasurer

Parker Drilling Offshore USA, L.L.C. (formerly
Mallard Bay Drilling, L.L.C.)

By: /s/ Bruce J. Korver

Name: Bruce J. Korver
Its: Vice President-Finance

NEW GUARANTORS:

Anachoreta, Inc.
Pardril, Inc.
Parker Aviation, Inc.
Parker Drilling (Kazakhstan), Ltd.
Parker Drilling Company of Niger
Parker North America Operations, Inc.
Selective Drilling Corporation
Universal Rig Service Corp.

By: /s/ David W. Tucker

Name: David W. Tucker
Its: Vice President & Treasurer

Parker Drilling Management Services, Inc.
Creek International Rig Corp.

By: /s/ Bruce J. Korver

Name: Bruce J. Korver

Its: Vice President & Treasurer

PARKER DRILLING COMPANY
and Subsidiary Guarantors

9 3/4% SENIOR NOTES DUE 2006

FOURTH SUPPLEMENTAL INDENTURE

Dated as of May 2, 2002

Supplementing the Indenture dated as of March 11, 1998

JPMORGAN CHASE BANK,
as Trustee

FOURTH SUPPLEMENTAL INDENTURE

This Fourth Supplemental Indenture dated and effective as of May 2, 2002 (the "Fourth Supplemental Indenture") is made and entered into by and among Parker Drilling Company, a Delaware corporation (the "Company"), each of the parties identified under the caption "Subsidiary Guarantors" on the signature pages hereof (the "Subsidiary Guarantors") and JPMorgan Chase Bank, a New York banking organization, as Trustee (the "Trustee"), formerly known as The Chase Manhattan Bank and successor by merger to Chase Bank of Texas, National Association.

RECITALS:

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee have executed and delivered an Indenture dated as of March 11, 1998 by and among the Company, the Trustee and the Subsidiary Guarantors (as supplemented by the First, Second and Third Supplemental Indentures, the "1998 Indenture") for the benefit of one another and for the ratable benefit of the Holders of the 9 3/4% Senior Notes due 2006, Series D (the "Notes") and pursuant to which the Subsidiary Guarantors have agreed, jointly and severally, to unconditionally guarantee the due and punctual payment of the principal of, premium, if any, and interest on the Notes and all other amounts due and payable under the 1998 Indenture and the Notes by the Company; and

WHEREAS, the Company has made an exchange offer pursuant to which the Company has agreed to exchange up to \$250,000,000 of the outstanding Notes for an equal principal amount of its 10 1/8 % Senior Notes due 2009 ("New Notes") as more fully described in the Company's Confidential Offering Circular dated April 1, 2002 (the "Exchange Offer"); and

WHEREAS, in accordance with Section 9.02 of the 1998 Indenture, the Trustee, the Company and the Subsidiary Guarantors may waive, amend or supplement provisions of the 1998 Indenture with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding, including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes; and

WHEREAS, concurrently with and as a condition to the Holders participating in the Exchange Offer, the Company has solicited consents from the Holders to the amendments contained in this Fourth Supplemental Indenture, and the Company has received consents thereto from Holders of at least a majority in principal amount of the Notes outstanding as of the date hereof; and

WHEREAS, all conditions and requirements necessary to make this Fourth Supplemental Indenture valid and binding upon the Company and the Subsidiary Guarantors, and enforceable against the Company and the Subsidiary Guarantors in accordance with its terms, have been performed and fulfilled;

NOW, THEREFORE, in consideration of the above premises, the parties hereto mutually covenant and agree for the equal and ratable benefit of the respective Holders of the Notes, as follows:

SECTION 1. Certain Terms Defined in the 1998 Indenture. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the 1998 Indenture.

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SECTION 2. Amendment of Certain Definitions. The following definitions in Section 1.01 of the 1998 Indenture shall be amended as follows:

- (a) Amend the definition of Net Income by deleting clause (iii) and inserting the word "and" immediately before clause (ii);
- (b) Amend the definition of Permitted Investments by changing the reference to \$12 million in clause (vii) to \$35 million; and
- (c) Amend the definition of Permitted Investments by adding the following clause (viii) to the end of the definition: "; and (viii) Investments in AralParker CJSC represented by its note payable in a principal amount of up to \$50 million."

SECTION 3. Amendment to Certain Covenants. The following provisions shall be amended by this Fourth Supplemental Indenture as follows:

Section 3.1 Amendment to Section 4.07 (Restricted Payments). Section 4.07 shall be amended by

(a) adding the following clause (w) to the second paragraph of the section immediately before clause (y) : "(w) any purchase, redemption or other acquisition or retirement, in each case at a price less than par, of up to \$75 million aggregate principal amount of the Company's 5 1/2% convertible Subordinated Notes due 2004 prior to their stated maturity;" and adding "(w)," before the reference to "(y) and (z)" in paragraph (c) of that section; and

(b) adding the words "and Affiliates" immediately after "Unrestricted Subsidiaries" in clause (iii) of paragraph (c) of that section and, in that same clause (iii), adding the words "Affiliate or" immediately after the words "Unrestricted Subsidiary or".

Section 3.2 Amendment to Section 4.10 (Asset Sales). Section 4.10 shall be amended by adding the following proviso to the end of the first paragraph of that section: "and provided further, that the Company may engage in the sale or transfer of properties or assets, including two drilling rigs and related inventories and equipment and a contract with Tengizchevroil, to AralParker CJSC, in consideration of a note payable by AralParker CJSC in a principal amount of up to \$50 million."

SECTION 4. Effectiveness; Construction.

Section 4.1 Effectiveness. This Fourth Supplemental Indenture shall become effective upon:

- (a) the execution and delivery of this Fourth Supplemental Indenture by the Company, the

Subsidiary Guarantors and the Trustee; and

- (b) the delivery by the Company to the Trustee of the Opinion of Counsel and an Officers' Certificate as required pursuant to Sections 11.04 and

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11.05 of the 1998 Indenture and addressing the matters required pursuant to such sections.

Section 4.2 Operative Date. The waivers and amendments contained in this Fourth Supplemental Indenture shall not become operative until the later of (i) the time at which the Exchange Offer is consummated and (ii) the Company has accepted a majority in aggregate principal amount of the Notes outstanding in exchange for the New Notes. After this Fourth Supplemental Indenture becomes effective, the Company shall provide the notice required by Section 9.02 of the 1998 Indenture.

Section 4.3 Instruments To Be Read Together. All terms and conditions in this Fourth Supplemental Indenture shall form a part of the 1998 Indenture as fully and with the same effect as if all such terms and conditions had been set forth in the 1998 Indenture. The 1998 Indenture is hereby ratified and confirmed and shall remain and continue in full force and effect in accordance with its terms, as supplemented by this Fourth Supplemental Indenture. The 1998 Indenture and all supplements thereto, including this Fourth Supplemental Indenture shall be read, taken and construed together as one instrument.

SECTION 5. Particular Representations and Covenants.

Section 5.1. Authority. The Company is duly authorized by a resolution of its Board of Directors to execute and deliver this Fourth Supplemental Indenture, and all corporate action on its part required for the execution and delivery of this Fourth Supplemental Indenture has been duly and effectively taken.

Section 5.2. Correctness of Recitals. The Company represents and warrants that all recitals and statements in this Fourth Supplemental Indenture are true and correct.

SECTION 6. Concerning the Trustee.

Section 6.1 Acceptance of Trusts. The Trustee accepts the trusts hereunder and agrees to perform same, but only upon the terms and conditions set forth in the Indenture.

Section 6.2 Responsibility for Recitals. The recitals and statements contained in this Fourth Supplemental Indenture shall be taken as recitals and statements of the Company, and the Trustee assumes no responsibility for the correctness of same. The Trustee makes no representations as to the validity or sufficiency of this Fourth Supplemental Indenture, except that the Trustee is duly authorized to execute and deliver it.

SECTION 7. Miscellaneous Provisions.

Section 7.1 Counterparts. This Fourth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

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Section 7.2 Compliance with Trust Indenture Act. This Fourth Supplemental Indenture shall be interpreted to comply in every respect with the Trust Indenture Act of 1939, as amended, (the "TIA"). If any provision of this Fourth Supplemental Indenture limits, qualifies or conflicts with the duties imposed by the TIA, the imposed duties shall control.

Section 7.3 Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

Section 7.4 Binding Effect. All covenants and agreements in this Fourth Supplemental Indenture by the Company or by any of the Subsidiary Guarantors shall bind their successors and assigns, whether so expressed or not.

Section 7.5 Governing Law. The internal laws of the State of New York shall govern and be used to construe this Fourth Supplemental Indenture.

Section 7.6 Continuation of 1998 Indenture. Except as amended by this Fourth Supplemental Indenture, the terms and provisions of the 1998 Indenture shall remain in full force and effect.

Section 7.7 References to 1998 Indenture. From and after the operative date referred to in Section 4.2 hereof, all references in the 1998 Indenture to "this Indenture", "hereof", "herein" or similar terms and all references to the 1998 Indenture in the Notes and other documents executed and delivered in connection with the 1998 Indenture shall mean and refer to the 1998 Indenture, as amended by this Fourth Supplemental Indenture.

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

PARKER DRILLING COMPANY

By: /s/ James J. Davis

Name: James J. Davis

Title: Sr. Vice President-Finance and
Chief Financial Officer

JPMORGAN CHASE BANK, as Trustee

By: /s/ Mauri J. Cowen

Name: Mauri J. Cowen

Title: Vice President and Trust Officer

SUBSIDIARY GUARANTORS :

Parker Drilling Company of Oklahoma, Incorporated
Parker Drilling Company Limited (Nevada)
Parker Drilling Company Limited (Oklahoma)
Choctaw International Rig Corp.
Parker Drilling Company of New Guinea, Inc.

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Parker Drilling Company North America, Inc.
Parker-VSE, Inc. (formerly Vance Systems
Engineering, Inc.)
DGH, Inc.
Parker Drilling Company International Limited
Parker USA Drilling Company (formerly

Parcan Limited)
Parker Technology, L.L.C.
Parker Technology, Inc.
Parker Drilling U.S.A. Ltd.
Parker Drilling Offshore Corporation (formerly
Hercules Offshore Corporation)
Parker Drilling Offshore International, Inc.
Anachoreta, Inc.
Pardril, Inc.
Parker Aviation, Inc.
Parker Drilling (Kazakstan), Ltd.
Parker Drilling Company of Niger
Parker North America Operations, Inc.
Selective Drilling Corporation
Universal Rig Service Corp.
Creek International Rig Corp.

By: /s/ David W. Tucker

Name: David W. Tucker
Its: Vice President & Treasurer

Parker Technology, L.L.C.

By: /s/ David W. Tucker

Name: David W. Tucker
Its: Vice President & Manager

Parker Drilling Offshore USA, L.L.C. (formerly
Mallard Bay Drilling, L.L.C.)

By: /s/ David W. Tucker

Name: David W. Tucker
Its: Treasurer & Manager

Parker Drilling Management Services, Inc.

By: /s/ David W. Tucker

Name: David W. Tucker
Its: President

Quail Tools, L.L.P.

By: /s/ James J. Davis

Name: James J. Davis
Its: Vice President & Treasurer

EXHIBIT 15

May 15, 2002

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

Re: Parker Drilling Company Registration on Form S-8 and Form S-3

We are aware that our report dated April 22, 2002, on our review of the interim financial information of Parker Drilling Company for the three month periods ended March, 2002 and 2001 and included in this Form 10-Q for the quarter ended March 31, 2002 is incorporated by reference in the Company's registration statements on Form S-8 (File No. 2-87944, 33-24155, 33-56698, 33-57345, 333-59132, 333-70444) and Form S-3 (File No. 333-36498).

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP