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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

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

For The Quarterly Period Ended JUNE 30, 2004

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)

(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 [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

As of July 30, 2004, 94,416,860 common shares were outstanding.

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PARKER DRILLING COMPANY

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<Table>
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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>
<Caption>

<S>	June 30, 2004 <C>	December 31, 2003 <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42,271	$ 67,765
Accounts and notes receivable, net	93,769	89,050
Rig materials and supplies	17,751	13,627
Other current assets	10,895	2,466

Total current assets	164,686	172,908
Property, plant and equipment less accumulated depreciation and amortization of $579,726 at June 30, 2004 and $414,665 at December 31, 2003	406,123	387,664
Assets held for sale	72,171	150,370
Goodwill	114,398	114,398
Other noncurrent assets	25,492	22,292
Total assets	$ 782,870	$ 847,632
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 14,490	$ 60,225
Accounts payable and accrued liabilities	59,621	54,595
Accrued income taxes	12,724	13,809
Total current liabilities	86,835	128,629
Long-term debt	511,333	511,400
Discontinued operations	1,679	6,421
Other long-term liabilities	7,458	8,379
Contingency (Note 8)		
Stockholders' equity:		
Common stock	15,735	15,696
Capital in excess of par value	439,266	438,311
Unamortized restricted stock plan compensation	(847)	(1,885)
Accumulated other comprehensive income - net unrealized gain on investments available for sale	--	881
Accumulated deficit	(278,589)	(260,200)
Total stockholders' equity	175,565	192,803
Total liabilities and stockholders' equity	$ 782,870	$ 847,632

</Table>

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)

<Table>
<Caption>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Drilling and rental revenues:				
U.S. drilling	$ 20,662	$ 18,076	$ 40,421	$ 35,721
International drilling	50,515	47,890	106,552	102,144
Rental tools	16,704	13,699	31,807	26,312
Total drilling and rental revenues	87,881	79,665	178,780	164,177
Drilling and rental operating expenses:				
U.S. drilling	12,506	13,403	25,197	25,502
International drilling	38,503	36,385	78,394	74,055
Rental tools	6,712	5,592	13,325	11,008
Depreciation and amortization	16,544	19,592	32,793	39,130

Total drilling and rental operating expenses	74,265	74,972	149,709	149,695
Drilling and rental operating income	13,616	4,693	29,071	14,482
Construction contract revenue	--	3,703	--	5,969
Construction contract expense	--	2,703	--	4,969
Construction contract operating income (Note 5)	--	1,000	--	1,000
General and administration expense	(6,992)	(5,321)	(13,034)	(10,406)
Provision for reduction in carrying value of certain assets	(6,558)	--	(6,558)	--
Gain on disposition of assets, net	346	135	1,069	811
Total operating income	412	507	10,548	5,887
Other income and (expense):				
Interest expense	(13,468)	(13,305)	(26,875)	(26,749)
Interest income	183	281	432	487
Loss on extinguishment of debt	(262)	--	(578)	--
Minority interest	(225)	286	(515)	359
Other	755	206	838	287
Total other income and (expense)	(13,017)	(12,532)	(26,698)	(25,616)
Loss before income taxes	(12,605)	(12,025)	(16,150)	(19,729)
Income tax expense	3,417	4,404	7,466	8,754
Loss from continuing operations	(16,022)	(16,429)	(23,616)	(28,483)
Discontinued operations, net of taxes	2,497	(57,979)	5,227	(62,126)
Net loss	$ (13,525)	$ (74,408)	$ (18,389)	$ (90,609)
Basic and diluted earnings (loss) per share:				
Loss from continuing operations	$ (0.17)	$ (0.18)	$ (0.25)	$ (0.31)
Discontinued operations, net of taxes	$ 0.03	$ (0.62)	$ 0.05	$ (0.67)
Net loss	$ (0.14)	$ (0.80)	$ (0.20)	$ (0.98)
Number of common shares used in computing earnings per share:				
Basic and diluted	94,029,536	93,011,361	93,812,055	92,929,914

</Table>

See accompanying notes to the unaudited consolidated condensed financial statements.

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

<Table>
<Caption>

	Six Months Ended June 30,	
	2004	2003
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$ (18,389)	$ (90,609)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	32,793	39,130
Gain on disposition of assets	(1,069)	(811)

Gain on sale of marketable securities	(762)	--
Provision for reduction in carrying value of certain assets	6,558	--
Expenses not requiring cash	4,140	2,517
Discontinued operations	51	63,665
Change in operating assets and liabilities	(17,483)	31,679
Net cash provided by operating activities	5,839	45,571
Cash flows from investing activities:		
Capital expenditures	(15,659)	(15,741)
Proceeds from the sale of assets	1,407	2,565
Proceeds from insurance settlement	27,000	--
Proceeds from sale of marketable securities	1,377	--
Net cash provided by (used in) investing activities	14,125	(13,176)
Cash flows from financing activities:		
Principal payments under debt obligations	(45,735)	(18,408)
Proceeds from stock options exercised	277	--
Net cash used in financing activities	(45,458)	(18,408)
Net change in cash and cash equivalents	(25,494)	13,987
Cash and cash equivalents at beginning of period	67,765	51,982
Cash and cash equivalents at end of period	$ 42,271	$ 65,969
Supplemental cash flow information:		
Interest paid	$ 25,551	$ 27,120
Income taxes paid	$ 8,723	$ 11,254
Supplemental noncash investing activity:		
Net unrealized loss on investments available for sale	$ --	$ (28)
Capital lease obligation	$ --	$ 290

</Table>

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 "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 June 30, 2004 and December 31, 2003, (2) the results of operations for the three and six months ended June 30, 2004 and 2003, and (3) cash flows for the six months ended June 30, 2004 and 2003. Results for the six months ended June 30, 2004 are not necessarily indicative of the results that will be realized for the year ending December 31, 2004. The financial statements should be read in conjunction with the Company's Form 10-K for the year ended December 31, 2003.

   Our independent registered public accounting firm has performed a review of these interim financial statements in accordance with standards established by the Public Company Accounting Oversight Board (United States). Pursuant to Rule 436(c) under the Securities Act of 1933, their independent registered public accounting firm's report of that review should not be considered a report within the meaning of Section 7 and 11 of that Act, and the independent registered public accounting firm liability under Section 11 does not extend to it.

Stock-Based Compensation - The Company's stock-based employee compensation plans are accounted for under the recognition and measurement principles of the Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. No stock-based employee compensation cost related to stock options granted is reflected in net loss, as all options granted under the plan had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net loss and loss per share if the Company had applied the fair value recognition provisions of the Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation.

<Table>
<Caption>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
	(Dollars in Thousands, Except Per Share Amounts)			
Net loss as reported	$ (13,525)	$ (74,408)	$ (18,389)	$ (90,609)
Stock-based compensation expense included in net loss as reported	290	--	1,313	--
Stock-based compensation expense determined under fair value method, net of tax	(414)	(334)	(1,694)	(730)
Net loss pro forma	$ (13,649)	$ (74,742)	$ (18,770)	$ (91,339)
Basic and diluted loss per share:				
Net loss as reported	$ (0.14)	$ (0.80)	$ (0.20)	$ (0.98)
Net loss pro forma	$ (0.14)	$ (0.80)	$ (0.20)	$ (0.98)

</Table>

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for the three and six months ended June 30, 2004 and 2003: no dividend yield; expected volatility of 59.5% and 52.5%, respectively; risk-free interest rate of 3.89% and 4.88%, respectively; and expected lives of options, 5-7 years.

2. Earnings Per Share -

<Table>
<Caption>

	Three Months Ended June 30, 2004		
	Income (Loss) (Numerator)	Shares (Denominator)	Per Share Amount
<S>	<C>	<C>	<C>
Basic and diluted EPS:			
Loss from continuing operations	$ (16,022,000)	94,029,536	$ (0.17)

Discontinued operations, net of taxes	2,497,000		0.03
Net loss	$ (13,525,000)		$ (0.14)

</Table>

<Table>
<Caption>

<S>	Six Months Ended June 30, 2004 Income (Loss) (Numerator) <C>	Shares (Denominator) <C>	Per Share Amount <C>
Basic and diluted EPS:			
Loss from continuing operations	$ (23,616,000)	93,812,055	$ (0.25)
Discontinued operations, net of taxes	5,227,000		0.05
Net loss	$ (18,389,000)		$ (0.20)

</Table>

<Table>
<Caption>

<S>	Three Months Ended June 30, 2003 Loss (Numerator) <C>	Shares (Denominator) <C>	Per Share Amount <C>
Basic and diluted EPS:			
Loss from continuing operations	$ (16,429,000)	93,011,361	$ (0.18)
Discontinued operations, net of taxes	(57,979,000)		(0.62)
Net loss	$ (74,408,000)		$ (0.80)

</Table>

<Table>
<Caption>

<S>	Six Months Ended June 30, 2003 Loss (Numerator) <C>	Shares (Denominator) <C>	Per Share Amount <C>
Basic and diluted EPS:			
Loss from continuing operations	$ (28,483,000)	92,929,914	$ (0.31)
Discontinued operations, net of taxes	(62,126,000)		(0.67)
Net loss	$ (90,609,000)		$ (0.98)

</Table>

2. Earnings Per Share (continued)

As of June 30, 2004, the Company had outstanding $64,394,000 of 5.5% Convertible Subordinated Notes which are convertible into 4,184,146 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. The 5.5% Convertible Subordinated Notes were paid off on August 2, 2004. For the three and six months ended June 30, 2004, options to purchase 9,238,406 shares of common stock at prices ranging from $1.96 to $12.19 per share, 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 and six months ended June 30, 2003, options to purchase 9,858,809 shares of common stock at prices ranging from $1.96 to $12.19 per share, 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.

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 and six months ended June 30, 2004 and 2003 is as follows:

<Table>
<Caption>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
	(Dollars in Thousands)			
Drilling and rental revenues:				
U.S. drilling	$ 20,662	$ 18,076	$ 40,421	$ 35,721
International drilling	50,515	47,890	106,552	102,144
Rental tools	16,704	13,699	31,807	26,312
Total drilling and rental revenues	$ 87,881	$ 79,665	$ 178,780	$ 164,177
Drilling and rental operating income:				
U.S. drilling	$ 3,432	$ (205)	$ 5,744	$ 459
International drilling	3,652	136	11,796	5,296
Rental tools	6,532	4,762	11,531	8,727
Total drilling and rental operating income	13,616	4,693	29,071	14,482
Net construction contract operating income	--	1,000	--	1,000
General and administrative expense	(6,992)	(5,321)	(13,034)	(10,406)
Provision for reduction in carrying value of certain assets	(6,558)	--	(6,558)	--
Gain on disposition of assets, net	346	135	1,069	811
Total operating income	412	507	10,548	5,887
Interest expense	(13,468)	(13,305)	(26,875)	(26,749)
Loss on extinguishment of debt	(262)	--	(578)	--
Other income, net	713	773	755	1,133
Loss before income taxes	$ (12,605)	$ (12,025)	$ (16,150)	$ (19,729)

</Table>

4. Discontinued Operations - In June 2003, the Company's board of directors approved a plan to sell its Latin America assets consisting of 17 land rigs and related inventory and spare parts and its U.S. Gulf of Mexico offshore assets consisting of seven jackup rigs and four platform rigs. One Latin America land rig was sold in July 2003. At June 30, 2003, the net book value

of the assets to be sold exceeded the estimated fair value and as a result an impairment charge including estimated sales expenses was recognized in the amount of $54.0 million. At the time the board of directors approved this plan, the Latin America land and U.S. Gulf of Mexico offshore operations, whose assets are the subject of this plan of disposition, met the requirements of discontinued operations under the provisions of SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets." As a result, the consolidated financial statements were reclassified in June 2003 to present the Latin America operations and the U.S. jackup and platform drilling operations as discontinued operations.

In early 2004, the board of directors concurred with the Company's plan to actively market certain of the Latin America land rigs in Mexico. As a result, in early May 2004, a subsidiary of the Company was awarded two contracts in Mexico that will utilize seven Latin America land rigs. Based on this change in plan, the seven land rigs moving to Mexico have been reclassified from discontinued operations to continuing operations effective May 2004. The nine land rigs remaining in Latin America were reclassified from discontinued operations to continuing operations effective June 30, 2004 as required by SFAS No. 144. The reclassification was made based on the application of SFAS No. 144, which requires that unless assets classified as discontinued operations are either sold or have a firm commitment for sale within a one-year period, such assets should be reclassified to continuing operations. SFAS No. 144 further requires that assets returned to continuing operations be recorded at the lower of net book value or fair value, and that net book value be adjusted by the depreciation that would have been recognized as if the asset had remained classified as continuing operations. Based on the foregoing, the Company recognized an impairment of $5.1 million as a provision for reduction in carrying value of assets for the 16 Latin America land rigs.

As of June 30, 2004 all U.S. Gulf of Mexico offshore assets remained classified as discontinued operations. On August 2, 2004, the Company closed on the sale of five jackups and four platform rigs realizing net proceeds of approximately $40 million. Jackup rig 25 was excluded from this sale though the purchaser obtained the exclusive right to purchase jackup rig 25 from the period of September 1, 2004 through October 31, 2004, if it is not sold prior to September 1, 2004. The Company has received an offer from a prospective purchaser which is currently the subject of ongoing discussions.

On September 11, 2003, a malfunction caused one side of jackup rig 14 to become partially submerged resulting in significant damage to the rig and the drilling equipment. The Company received from its insurance underwriters a total loss settlement of $27.0 million, of which $24.3 million was received in March 2004 with the remaining $2.7 million received on April 8, 2004. The cost incurred to tow the rig to the port and pay for the damage assessment approximated $4.0 million resulting in net insurance proceeds of approximately $23.0 million. The net book value of jackup rig 14 was $17.7 million at March 31, 2004. In compliance with Generally Accepted Accounting Principles ("GAAP"), the Company was required to recognize the gain from the insurance proceeds in excess of the net book value of the asset. When considered separately from the other U.S. Gulf of Mexico offshore disposal group, this resulted in a gain of approximately $5.3 million from the involuntary conversion of the jackup rig. After considering the impact of the gain, the Company still believes that the overall valuation of the U.S. Gulf of Mexico offshore group was unchanged from that determined on June 30, 2003, as previously discussed. As a result, the Company recognized an additional impairment of $5.3 million during the first quarter of 2004.

4. Discontinued Operations (continued)

Analysis of Discontinued Operations

<Table>
<Caption>

<S>	Three Months Ended June 30, 2004 <C>	Three Months Ended June 30, 2003 <C>	Six Months Ended June 30, 2004 <C>	Six Months Ended June 30, 2003 <C>
	(Dollars in Thousands)			
U.S. jackup and platform drilling revenues	$ 11,859	$ 11,704	$ 24,258	$ 22,320
Income (loss) from discontinued operations	$ 2,497	$ (57,979)	$ 5,227	$ (62,126)

</Table>

Assets Held for Sale - During the third quarter of 2004, the Company will close on the sale of the land and buildings in New Iberia, Louisiana for a net sales price of $6.4 million. The sales price of the land and buildings resulted in an impairment of $3.4 million, which was recognized in the December 31, 2003 consolidated financial statements. The Company will lease back certain portions of the land and office building under a two-year operating lease agreement.

5. Construction Contract - The Company has 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, mobilize and sell a specialized drilling rig to drill extended reach wells to offshore producing zones 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. The construction project was completed during the third quarter of 2003 and the Company is currently operating the rig for the customer. The total profit recognized under the design, construction, mobilization and rig-up contract was $4.5 million, of which $2.0 million was recognized in 2003 and $2.5 million during 2002.

6. Income Tax Expense - Income tax expense from operations consists of foreign tax expense of $3.4 million for the second quarter of 2004 as compared to foreign tax expense of $4.4 million for the second quarter of 2003. The reduction in taxes was due to a tax rate change in China and a change in our operating structure in Kuwait along with a decrease in activity in Latin America and in Nigeria. For the first six months of 2004 and 2003 we incurred a net loss, however, no additional deferred tax benefit was recognized since the sum of our deferred tax assets, principally the net operating loss carryforwards, exceeds the deferred tax liabilities, principally the excess of tax depreciation over book depreciation. This additional deferred tax asset was fully reserved through a valuation allowance in both the second quarter of 2004 and 2003.

7. Related Party - On February 27, 1995, the Company entered into a Split Dollar Life Insurance Agreement with Robert L. Parker and the Robert L. Parker and Catherine M. Parker Family Trust ("Trust") pursuant to which the Company agreed to provide life insurance for Mr. and Mrs. Robert L. Parker in the event of the death of Mr. and Mrs. Parker (the "Agreement"). The initial Agreement provided that the Trust would acquire and own a life insurance policy with a face amount of $13.2 million and that the Company would pay the premiums, with the Trust having the obligation to reimburse the Company from the proceeds of the policy, with interest from and after January 1, 2000, at the one-year Treasury bill rate. The repayment of the premiums was secured by an Assignment of Life Insurance Policy as Collateral of same date as the Agreement. On October 14, 1996, the Agreement was amended to provide that the interest accrual would be deferred until February 28, 2003, in consideration for the Company's termination of a separate life insurance policy on the life of Robert L. Parker. On April 19, 2000, the Agreement was amended and restated to replace the previous policy with two policies, one for $8.0 million on the life of Robert L. Parker and one for $7.7 million on the lives of both Mr. and Mrs. Parker. Mr. Robert L. Parker Jr., the Company's CEO and son of Robert L. Parker is a one-third beneficiary of the Trust.

7. Related Party (continued)

Due to the passage of the Sarbanes-Oxley Act of 2002 ("SOX"), additional loans to executive officers and directors may be prohibited, although continuance of loans in existence as of July 30, 2002, are allowed; provided there is no modification to such loans. Because the advancement of additional annual premiums by the Company may be considered a prohibited loan under SOX, the Company elected to not advance the $0.6 million premium that was due in December 2002 and 2003 pending further clarification from the Securities and Exchange Commission ("SEC") as to whether or not split dollar loans were intended to be prohibited by SOX. As of June 30, 2004, the accrued amount of premiums by the Company was $4.7 million.

As of June 30, 2004, there has been no clarification from the SEC and none is anticipated at this time. The Company and the Trust are engaged in ongoing discussions to determine how the Company can meet its contractual obligations to the Trust without violating SOX. Because a recent analysis of the policies by a financial consultant has indicated that there is no reasonable certainty that the value of the policies will be adequate for the Company to recoup the full amount of premiums paid, during the second quarter of 2004, the Company reduced the value of its asset by $1.5 million to $3.2 million, which approximates the cash surrender value of the two policies.

8. Contingency - As previously reported, although the Kazakhstan branch ("PKD Kazakhstan") of Parker Drilling Company International Limited ("PDCIL") prevailed on its appeal arising out of an audit assessment of approximately $29.0 million by the Ministry of State Revenues of Kazakhstan ("MSR") based on payments PKD Kazakhstan received from the operator to upgrade rig 257, the Ministry of Finance of Kazakhstan ("MinFin") subsequently made a claim for corporate income taxes based primarily on the disallowance of depreciation of the full value of rig 257 in the income tax returns of PKD Kazakhstan in 1999-2001. PKD Kazakhstan instituted legal proceedings to challenge the validity of these claims by MinFin, which ultimately resulted in the Supreme Court confirming the decision of the Astana City Court, which earlier had ruled that approximately $7.7 million of the claims of MinFin are valid and payable upon receipt of the re-issuance of the corrected notice from the relevant taxing authority. However, the actual amount which PKD Kazakhstan will ultimately be required to pay will be reduced by credits available, which originally were estimated at approximately $5.0 million but at this time are approximately $5.4 million, resulting in an amount payable of approximately $2.3 million, which is fully reserved on the financial books of the Company. While the disallowance of depreciation for the years 1999-2001 will result in a cash payment at this time, the judgment does allow PKD Kazakhstan to depreciate the full value of rig 257 on its tax returns beginning in 2002, which will reduce taxable income and taxes to be paid in the future. In addition, the Company continues to pursue its petition with the U.S. Treasury Department for Competent Authority review, which is a tax treaty procedure to resolve disputes as to which country may tax income covered under the treaty. The U.S. Treasury Department has granted our petition and has initiated proceedings with the MSR which are ongoing.

PKD Kazakhstan has received a notice of an assessment of duties, taxes and penalties in the amount of $6.0 million for failure to submit monthly duties and taxes under the temporary import license for rig 257 from November 2003 through February 2004, based on the allegation of the Customs Control in Mangistau that rig 257 is no longer under contract, exempting it from such duties and taxes. PKD Kazakhstan has filed objections to this assessment and has introduced documentation supporting its position that rig 257 remains under contract and, therefore, remains exempt from duties and taxes. Despite repeated requests to the court in Mangistau to address the merits of PKD Kazakhstan's objections, the court had not done so until late July 2004. On June 7, 2004, the court in Mangistau entered an order freezing the bank accounts of PKD Kazakhstan and impounded rig 257 as security for payment of the duties, taxes and penalties previously assessed. On July 28, 2004, PKD Kazakhstan was granted approval to post a bond of $5.0 million which will allow for the release of the bank accounts and rig 257. Management believes that the assessments, including penalties, are in error because they do not recognize the continuing obligations of the parties under the drilling contract subsequent to the completion of drilling operations in November

2003. It is not certain at this time as to the period of time, if any, that the rig was not under contract and, therefore, not exempt from duties. Further, the Company has recently received confirmation that the parties have agreed upon the terms for the contract to be extended for up to two years, which provides further support to the Company's position that it has remained exempt from duties throughout this period. Pending further clarification no amounts have been accrued with respect to this recent assessment.

9. Parent, Guarantor, Non-Guarantor Consolidating Condensed Financial Statements - Set forth on the following pages are the consolidating condensed financial statements of the restricted subsidiaries and the Company's subsidiaries which are not restricted by the Senior Notes. All of the Company's Senior Notes are guaranteed by substantially all wholly-owned subsidiaries of Parker Drilling. There are currently no restrictions on the ability of the 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.

   AralParker (a Kazakhstan closed joint stock company, owned 50 percent by Parker Drilling International Limited and 50 percent by Aralnedra, CJSC), Casuarina Limited (a wholly-owned captive insurance company) and Parker Drilling Investment Company (a wholly-owned subsidiary) are all non-guarantor subsidiaries. The Company is providing consolidating condensed financial information of the parent, Parker Drilling, the guarantor subsidiaries, and the non-guarantor subsidiaries as of June 30, 2004 and December 31, 2003 and for the three and six months ended June 30, 2004 and 2003.

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

<Table>
<Caption>

	June 30, 2004				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Current assets:					
Cash and cash equivalents	$ 28,893	$ 10,658	$ 2,720	$ --	$ 42,271
Accounts and notes receivable, net	143,216	101,400	21,565	(172,412)	93,769
Rig materials and supplies	--	17,751	--	--	17,751
Other current assets	9	10,782	12	92	10,895
Total current assets	172,118	140,591	24,297	(172,320)	164,686
Property, plant and equipment, net	134	434,131	32,710	(60,852)	406,123
Assets held for sale	--	72,171	--	--	72,171
Goodwill	--	114,398	--	--	114,398
Investment in subsidiaries and intercompany advances	580,668	735,305	20,195	(1,336,168)	--
Other noncurrent assets	13,423	12,087	21	(39)	25,492
Total assets	$ 766,343	$ 1,508,683	$ 77,223	$ (1,569,379)	$ 782,870

	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 14,394	$ 96	$ --	$ --	$ 14,490
Accounts payable and accrued liabilities	35,768	212,039	12,472	(187,934)	72,345
Total current liabilities	50,162	212,135	12,472	(187,934)	86,835
Long-term debt	511,333	--	--	--	511,333
Deferred income taxes	(45,300)	45,300	--	--	--
Discontinued operations	--	1,679	--	--	1,679
Other long-term liabilities	--	7,458	--	--	7,458
Intercompany payables	74,583	598,794	29,702	(703,079)	--
Stockholders' equity:					
Common stock and capital in excess of par value	454,154	1,073,071	5,451	(1,078,522)	454,154
Accumulated deficit	(278,589)	(429,754)	29,598	400,156	(278,589)
Total stockholders' equity	175,565	643,317	35,049	(678,366)	175,565
Total liabilities and stockholders' equity	$ 766,343	$ 1,508,683	$ 77,223	$ (1,569,379)	$ 782,870

</Table>

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

<Table>
<Caption>

	December 31, 2003				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Current assets:					
Cash and cash equivalents	$ 53,055	$ 7,806	$ 6,904	$ --	$ 67,765
Accounts and notes receivable, net	141,397	92,936	20,724	(166,007)	89,050
Rig materials and supplies	--	13,627	--	--	13,627
Other current assets	9	2,394	13	50	2,466
Total current assets	194,461	116,763	27,641	(165,957)	172,908
Property, plant and equipment, net	133	366,389	34,736	(13,594)	387,664
Assets held for sale	--	150,370	--	--	150,370
Goodwill	--	114,398	--	--	114,398
Investment in subsidiaries and intercompany advances	615,598	661,847	15,399	(1,292,844)	--
Other noncurrent assets	17,436	4,359	536	(39)	22,292
Total assets	$ 827,628	$ 1,414,126	$ 78,312	$ (1,472,434)	$ 847,632
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt	$ 60,225	$ --	$ --	$ --	$ 60,225
Accounts payable and accrued liabilities	33,917	198,393	11,516	(175,422)	68,404
Total current liabilities	94,142	198,393	11,516	(175,422)	128,629
Long-term debt	511,400	--	--	--	511,400
Deferred income taxes	(45,300)	45,300	--	--	--

	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
Discontinued operations	--	6,421	--	--	6,421
Other long-term liabilities	--	8,552	--	(173)	8,379
Intercompany payables	74,583	540,844	33,512	(648,939)	--
Stockholders' equity:					
Common stock and capital in excess of par value	452,122	1,073,028	5,456	(1,078,484)	452,122
Accumulated other comprehensive income	881	--	--	--	881
Accumulated deficit	(260,200)	(458,412)	27,828	430,584	(260,200)
Total stockholders' equity	192,803	614,616	33,284	(647,900)	192,803
Total liabilities and stockholders' equity	$ 827,628	$ 1,414,126	$ 78,312	$ (1,472,434)	$ 847,632

</Table>

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

<Table>
<Caption>

	Three Months Ended June 30, 2004				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Drilling and rental revenues	$ --	$ 72,822	$ 14,586	$ 473	$ 87,881
Drilling and rental operating expenses	--	45,499	11,749	473	57,721
Depreciation and amortization	--	15,435	1,109	--	16,544
Drilling and rental operating income	--	11,888	1,728	--	13,616
General and administrative expense (1)	(43)	(6,949)	--	--	(6,992)
Provision for reduction in carrying value of certain assets	--	(6,558)	--	--	(6,558)
Gain on disposition of assets, net	--	(46,912)	--	47,258	346
Total operating income (loss)	(43)	(48,531)	1,728	47,258	412
Other income and (expense):					
Interest expense	(14,211)	(12,126)	(860)	13,729	(13,468)
Loss on extinguishment of debt	(262)	--	--	--	(262)
Other	12,990	14,895	253	(27,425)	713
Equity in net earnings of subsidiaries	(11,763)	--	--	11,763	--
Total other income and (expense)	(13,246)	2,769	(607)	(1,933)	(13,017)
Income (loss) before income taxes	(13,289)	(45,762)	1,121	45,325	(12,605)
Income tax expense	236	3,181	--	--	3,417
Income (loss) from continuing operations	(13,525)	(48,943)	1,121	45,325	(16,022)
Discontinued operations, net of taxes	--	2,497	--	--	2,497
Net income (loss)	$ (13,525)	$ (46,446)	$ 1,121	$ 45,325	$ (13,525)

(1) All field operations general and administrative expenses are included in operating expenses.
</Table>

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

<Table>
<Caption>

	Three Months Ended June 30, 2003				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Drilling and rental revenues	$ --	$ 67,204	$ 13,098	$ (637)	$ 79,665
Drilling and rental operating expenses	(3)	45,165	10,855	(637)	55,380
Depreciation and amortization	--	19,592	--	--	19,592
Drilling and rental operating income	3	2,447	2,243	--	4,693
Construction contract revenue	--	3,703	--	--	3,703
Construction contract expense	--	2,703	--	--	2,703
Construction contract operating income	--	1,000	--	--	1,000
General and administrative expense (1)	(38)	(5,283)	--	--	(5,321)
Gain on disposition of assets, net	--	135	--	--	135
Total operating income (loss)	(35)	(1,701)	2,243	--	507
Other income and (expense):					
Interest expense	(14,499)	(17,747)	(1,063)	20,004	(13,305)
Other	19,169	904	704	(20,004)	773
Equity in net earnings of subsidiaries	(78,784)	--	--	78,784	--
Total other income and (expense)	(74,114)	(16,843)	(359)	78,784	(12,532)
Income (loss) before income taxes	(74,149)	(18,544)	1,884	78,784	(12,025)
Income tax expense	259	4,145	--	--	4,404
Income (loss) from continuing operations	(74,408)	(22,689)	1,884	78,784	(16,429)
Discontinued operations, net of taxes	--	(57,979)	--	--	(57,979)
Net income (loss)	$ (74,408)	$ (80,668)	$ 1,884	$ 78,784	$ (74,408)

(1) All field operations general and administrative expenses are included in operating expenses.
</Table>

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

<Table>
<Caption>
Six Months Ended June 30, 2004

	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Drilling and rental revenues	$ --	$ 148,593	$ 29,177	$ 1,010	$ 178,780
Drilling and rental operating expenses	--	92,279	23,627	1,010	116,916
Depreciation and amortization	--	30,458	2,335	--	32,793
Drilling and rental operating income	--	25,856	3,215	--	29,071
General and administrative expense (1)	136	(13,170)	--	--	(13,034)
Provision for reduction in carrying value of certain assets	--	(6,558)	--	--	(6,558)
Gain on disposition of assets, net	--	(46,189)	--	47,258	1,069
Total operating income	136	(40,061)	3,215	47,258	10,548
Other income and (expense):					
Interest expense	(28,810)	(23,662)	(1,774)	27,371	(26,875)
Loss on extinguishment of debt	(578)	--	--	--	(578)
Other	25,311	2,476	347	(27,379)	755
Equity in net earnings of subsidiaries	(13,968)	--	--	13,968	--
Total other income and (expense)	(18,045)	(21,186)	(1,427)	13,960	(26,698)
Income (loss) before income taxes	(17,909)	(61,247)	1,788	61,218	(16,150)
Income tax expense	480	6,986	--	--	7,466
Income (loss) from continuing operations	(18,389)	(68,233)	1,788	61,218	(23,616)
Discontinued operations, net of taxes	--	5,227	--	--	5,227
Net income (loss)	$ (18,389)	$ (63,006)	$ 1,788	$ 61,218	$ (18,389)

(1) All field operations general and administrative expenses are included in operating expenses.
</Table>

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

<Table>
<Caption>

Six Months Ended June 30, 2003

	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Drilling and rental revenues	$ --	$ 139,364	$ 26,035	$ (1,222)	$ 164,177
Drilling and rental operating expenses	--	90,358	21,441	(1,234)	110,565
Depreciation and amortization	--	35,994	3,136	--	39,130
Drilling and rental operating income	--	13,012	1,458	12	14,482
Construction contract revenue	--	5,969	--	--	5,969
Construction contract expense	--	4,969	--	--	4,969
Construction contract operating income	--	1,000	--	--	1,000

	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
General and administrative expense (1)	(75)	(10,331)	--	--	(10,406)
Gain on disposition of assets, net	--	811	--	--	811
Total operating income (loss)	(75)	4,492	1,458	12	5,887
Other income and (expense):					
Interest expense	(29,135)	(29,407)	(2,173)	33,966	(26,749)
Other	32,014	1,887	1,210	(33,978)	1,133
Equity in net earnings of subsidiaries	(92,400)	--	--	92,400	--
Total other income and (expense)	(89,521)	(27,520)	(963)	92,388	(25,616)
Income (loss) before income taxes	(89,596)	(23,028)	495	92,400	(19,729)
Income tax expense	1,013	7,741	--	--	8,754
Income (loss) from continuing operations	(90,609)	(30,769)	495	92,400	(28,483)
Discontinued operations, net of taxes	--	(62,126)	--	--	(62,126)
Net income (loss)	$ (90,609)	$ (92,895)	$ 495	$ 92,400	$ (90,609)

(1) All field operations general and administrative expenses are included in operating expenses.
</Table>

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

<Table>
<Caption>

	Six Months Ended June 30, 2004				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Cash flows from operating activities:					
Net income (loss)	$ (18,389)	$ (63,006)	$ 1,788	$ 61,218	$ (18,389)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	--	30,458	2,335	--	32,793
Gain on disposition of assets	--	46,189	--	(47,258)	(1,069)
Gain on sale of marketable securities	(762)	--	--	--	(762)
Provision for reduction in carrying value of certain assets	--	6,558	--	--	6,558
Expenses not requiring cash	3,539	606	(5)	--	4,140
Equity in net earnings of subsidiaries	(13,968)	--	--	13,968	--
Discontinued operations	--	51	--	--	51
Change in operating assets and liabilities	697	9,135	613	(27,928)	(17,483)
Net cash provided by (used in) operating activities	(28,883)	29,991	4,731	--	5,839
Cash flows from investing activities:					
Capital expenditures	--	(15,350)	(309)	--	(15,659)
Proceeds from the sale of assets	--	1,407	--	--	1,407
Proceeds from insurance settlement	--	27,000	--	--	27,000
Proceeds from sale of marketable securities	1,377	--	--	--	1,377
Net cash provided by (used in) investing activities	1,377	13,057	(309)	--	14,125
Cash flows from financing activities:					
Principal payments under debt obligations	(45,831)	96	--	--	(45,735)
Proceeds from stock options exercised	277	--	--	--	277

Intercompany advances, net	48,898	(40,292)	(8,606)	--	--
Net cash provided by (used in) financing activities	3,344	(40,196)	(8,606)	--	(45,458)
Net increase (decrease) in cash and cash equivalents	(24,162)	2,852	(4,184)	--	(25,494)
Cash and cash equivalents at beginning of year	53,055	7,806	6,904	--	67,765
Cash and cash equivalents at end of period	$ 28,893	$ 10,658	$ 2,720	$ --	$ 42,271

</Table>

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

<Table>
<Caption>

	Six Months Ended June 30, 2003				
	Parent	Guarantor	Non-Guarantor	Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Cash flows from operating activities:					
Net income (loss)	$ (90,609)	$ (92,895)	$ 495	$ 92,400	$ (90,609)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	--	35,994	3,136	--	39,130
Gain on disposition of assets	--	(814)	3	--	(811)
Expenses not requiring cash	1,107	1,420	--	(10)	2,517
Equity in net earnings of subsidiaries	92,400	--	--	(92,400)	--
Discontinued operations	--	63,665	--	--	63,665
Change in operating assets and liabilities	(39,375)	56,850	2,669	11,535	31,679
Net cash provided by (used in) operating activities	(36,477)	64,220	6,303	11,525	45,571
Cash flows from investing activities:					
Capital expenditures	--	(15,689)	(52)	--	(15,741)
Proceeds from the sale of assets	--	2,565	--	--	2,565
Net cash provided by (used in) investing activities	--	(13,124)	(52)	--	(13,176)
Cash flows from financing activities:					
Principal payments under debt obligations	(17,756)	(652)	--	--	(18,408)
Intercompany advances, net	69,988	(51,701)	(6,762)	(11,525)	--
Net cash provided by (used in) financing activities	52,232	(52,353)	(6,762)	(11,525)	(18,408)
Net increase (decrease) in cash and cash equivalents	15,755	(1,257)	(511)	--	13,987
Cash and cash equivalents at beginning of year	43,254	6,218	2,510	--	51,982
Cash and cash equivalents at end of period	$ 59,009	$ 4,961	$ 1,999	$ --	$ 65,969

</Table>

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders

Parker Drilling Company

We have reviewed the accompanying consolidated condensed balance sheets of Parker Drilling Company and subsidiaries as of June 30, 2004 and 2003 and the related consolidated condensed statements of operations for the three month and six month periods ended June 30, 2004 and the consolidated condensed statements of cash flows for the six month periods ended June 30, 2004 and 2003. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2003, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report (which contains an explanatory paragraph for a change in accounting for goodwill and an explanatory paragraph for the revision of the 2002 and 2001 statements of operations related to reimbursable costs), dated February 6, 2004, except for Note 17 as to which the date is March 5, 2004, 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, 2003, 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

Houston, Texas
August 6, 2004

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

In this Quarterly Report on Form 10-Q, the terms "Parker Drilling," "we," "us" and "our" refer to Parker Drilling Company, its subsidiaries and the consolidated joint venture, unless the context requires otherwise.

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, and Section 21E of the Securities Exchange Act of 1934, as amended. 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:

* 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,
* operating results, including our efforts to reduce costs and our projected net loss from continuing operations,
* rig utilization, dayrates and rental tools activity,
* capital expenditures and investments in the acquisition and refurbishment of rigs and equipment,
* reducing our debt, including our liquidity and the sources and

availability of funds to reduce our debt,
* sales of assets,
* formation of alliances with operators,
* the outcome of pending and future legal proceedings,
* recovery of insurance proceeds,
* maintenance of the borrowing base under our revolving credit facility, and
* expansion and growth of our operations.

In some cases, you can identify these statements by words that indicate future events 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 in this Form 10-Q and other documents referenced herein, 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,
* 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,
* political instability, terrorism or war,
* governmental regulations, including changes in tax laws or ability to remit funds to the U.S., 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,
* unanticipated cancellation of contracts by operators,
* breakdown of equipment and other operational problems,
* changes in competition, and
* other similar factors (some of which are discussed in documents referred to in this Form 10-Q).

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. You should be aware that the occurrence of the events described above and elsewhere in this Form 10-Q could have a material adverse effect on our business, results of operations and financial condition.

OUTLOOK AND OVERVIEW

Market conditions for drilling operations have continued to improve since early 2004, due to continued strong demand for oil and gas, high capacity utilization and below normal inventories of oil and gas. As a result, rig utilization and dayrates have continued to increase. We expect this trend to continue at a modest rate during the remainder of 2004, although the drilling market remains subject to volatility due to uncertainty over the current level of energy prices and instability in the Middle East. We anticipate that activity in our rental tools business will also continue to increase through the remainder of 2004.

For the second quarter of 2004, we recognized a net loss of $13.5 million, due primarily to three significant events. First, we obtained two significant contracts in Mexico for seven of our Latin America land rigs (see following paragraph) that we had previously classified as discontinued operations in June 2003. Due to the contracts for these seven rigs and the lack of a firm commitment to sell the remaining nine rigs in Latin America, Generally Accepted Accounting Principles ("GAAP") requires that such assets be reclassified to continuing operations at the lower of net book value or fair value. The net book value is adjusted by including the depreciation that would have been recognized if the asset had been continuously classified as held and used. Accordingly, we recognized an impairment of approximately $5.1 million as a provision for reduction in carrying value of assets on all 16 Latin America land rigs. Second, the Nigerian tax authorities assessed additional Value Added Tax ("VAT") for which we accrued an expense of $2.3 million. We are in discussions with the Nigerian authorities and expect to fund this amount in the third quarter. Third, we accrued severance expense of $1.4 million due to the departure of our chief operating officer. This accrual included severance payment, expensing of stock options and other benefits to be provided per his employment contract.

During the first six months of 2004 we were awarded three contracts in Mexico. The first contract is a two-year contract for barge rig 53 awarded by Petroleos Mexicanos S.A. ("Pemex"), the state-owned oil company of Mexico, to work in the inland waters of the state of Tabasco. The barge rig commenced operations in early June. In addition, on May 6, 2004, we announced the award of a five-rig, 27-well contract for land drilling services in southern Mexico. The contract is part of an integrated services contract awarded to Halliburton de Mexico, a subsidiary of Halliburton, by Pemex. We were also awarded a contract for two additional land rigs by Halliburton. The contracts with Halliburton are expected to last approximately two years under the initial terms. The contracts include options for additional wells.

On August 2, 2004 we closed on the sale of five jackup rigs and four platform rigs classified as discontinued operations as of June 30, 2004, realizing net proceeds of approximately $40 million. Jackup rig 25 was not included in the sale, although the purchaser retained an option to acquire this rig if not sold prior to the option period. The option is effective for the period beginning September 1, 2004 through October 31, 2004. We have received an offer from a prospective purchaser for jackup rig 25, which is currently the subject of ongoing discussions. We do not expect a loss on the sale of these assets. All proceeds will be used to pay down debt.

The U.S. Gulf of Mexico barge market continues to improve. Our second quarter U.S. barge rig utilization averaged 60 percent, an increase from 56 percent in the first quarter of 2004. As of July 31, 2004, all of our deep barges are under contract as they have been throughout the majority of 2004 and we are experiencing an average utilization rate for all U.S. barge rigs of 70 percent, one of the highest rates reported since 2001. In addition, in order to penetrate the ultra-deep U.S. Gulf of Mexico shelf market, we are in the process of upgrading barge rig 76, for approximately $3.0 million. This upgrade will enable barge rig 76 to drill in depths ranging from 25,000 to 30,000 feet. The upgrade should be completed by the end of the third quarter.

The Commonwealth of Independent States (former Soviet Union, referred to herein as "CIS"), our leading market of international land operations, contributed to our increased utilization with the commencement of drilling operations of a second rig in Turkmenistan under contract to Calik Enerji, A.S. We have also experienced increased activity in our Asia Pacific region, with new contracts in New Zealand and Indonesia. We continue to see increased bid activity in this region and expect utilization to increase through the remainder of 2004.

Our international barge drilling operations have continued to experience decreased activity since the end of 2003. Barge rig 257 in the Caspian Sea has been stacked since January 2004. The Company has recently received confirmation that the contract with its previous customer has been extended for up to two years. We expect the barge rig to begin drilling activity during the fourth quarter of 2004. International barge drilling in Nigeria continues to decline, as of July 31, 2004, we have no rigs earning revenue. Rig 75 was recently moved to location for its five-year inspection, and we are in discussions with Shell to extend the current contract which terminated in July 2004. Rig 73 completed its final well early in the second quarter of 2004 and was returned to port where it is currently stacked. Rig 72 remains stacked as it was for most of 2003. Rig 74 was accessed by inspectors in April 2004 to assess damage, from which surveyors determined significant damage to the rig. We are in ongoing discussions with underwriters and we anticipate that the loss will be ultimately covered by insurance. Despite the potential for rig 257 and the additional international barge rig in Mexico, we expect international barge drilling operations to decline in 2004 as compared to 2003 due primarily to a lack of drilling activity in Nigeria.

While our rental tools utilization rate during the second quarter did not increase over our near record first quarter, we anticipate that revenues and operating income in our rental tools business will continue to increase in 2004 due primarily to improved drilling market conditions, especially for deep water drilling in the U.S. Gulf of Mexico and the Rocky Mountain area serviced by our newest facility in Evanston, Wyoming.

As previously reported, on September 11, 2003, a malfunction on jackup rig 14 resulted in significant damage to the rig and the loss of certain drilling equipment overboard. During March and April 2004, we received $27.0 million in insurance proceeds in settlement of the damages to jackup rig 14. The funds received were used to pay down indebtedness as further discussed in Note 4 of the notes to the unaudited consolidated condensed financial statements.

As of June 30, 2004, we had approximately $131.8 million of liquidity. This liquidity was comprised of $42.3 million of cash on hand, $39.5 million of availability under the revolving credit facility and $50.0 million of availability under the delayed draw term loan facility (which may only be used to repay the 5.5% Convertible Subordinated Notes due August 2, 2004).

On August 2, 2004, we paid the remaining balance of $64.4 million for the 5.5% Convertible Subordinated Notes. Funds used for this payment included the draw down of $50.0 million on the delay draw term loan on July 30, 2004, plus cash on hand of $14.4 million. After this transaction, $100.0 million was outstanding on the term loan. On August 2, 2004, after receipt of the proceeds from the sale of the five jackups and four platform rigs, the term loan was reduced by $25.0 million.

We remain committed to reducing debt by $200 million as soon as reasonably possible. As of August 2, 2004, we have reduced our debt by $103.5 million, $85.2 million of which has occurred during 2004, and our outstanding debt balance is currently $486.4 million, compared to the balance as of December 31, 2003, of $571.6 million and a balance of $589.9 million when we established our goal.

During our second quarter conference call with investors, management confirmed its previously released earnings guidance based on the trends indicated above. The combined result of the anticipated debt reduction and improved utilization is expected to result in a net loss in diluted earnings per share for 2004 of $0.20 to $0.30 including non-routine expenses of $10.3 million. The non-routine items include the items noted in paragraph two of the Outlook and Overview section plus the provision for reduction in carrying value of assets relating to the split dollar life insurance policies, see Note 7 to the notes to the unaudited consolidated condensed financial statements. We are projecting to return to profitability during the third quarter of 2004.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2004 Compared with Three Months Ended June 30, 2003

We recorded a net loss of $13.5 million for the three months ended June 30, 2004, including income of $2.5 million attributed to discontinued operations, as compared to a net loss of $74.4 million for the three months ended June 30, 2003, which includes a loss of $58.0 million attributed to discontinued operations. The loss from continuing operations for the current quarter was $16.0 million compared to a loss of $16.4 million for the three months ended June 30, 2003.

In June 2003, the board of directors approved a plan to sell the U.S. jackup and platform drilling operations and the Latin America operations. In compliance with GAAP, we reclassified the U.S. jackup and platform drilling rigs and the Latin America land operations as discontinued operations in our statement of operations, effective second quarter 2003. In early 2004, the board of directors concurred with our plan to market the Latin America land rigs in Mexico. As a result, in early May 2004, we were awarded a five-rig contract and a two-rig contract in Mexico. The seven land rigs to fulfill these contracts have been mobilized from the Latin America operations to Mexico. The seven land rigs were reclassified from discontinued operations to continuing operations effective May 1, 2004. The remaining nine land rigs in the Latin America region were reclassified from discontinued operations to continuing operations effective June 30, 2004 based on the GAAP requirement that if a discontinued asset is either not disposed of or under a definitive agreement for sale within a one-year period, such asset is required to return to continuing operations. It is still our intent to sell these remaining nine rigs which we continue to actively market. As of July 31, 2004, two of the nine Latin America rigs were under contract. Five jackup and four platform drilling rigs were sold on August 2, 2004, for net proceeds of approximately $40 million. Reclassifications have been made to reflect the Latin America operations from discontinued operations to continuing operations for the three and six months ended June 30, 2004 and 2003.

The analysis below reflects these reclassifications, beginning with an analysis of the continuing operations followed by a discussion of discontinued operations.

<Table>
<Caption>

	Three Months Ended June 30,			
	2004		2003	
<S>	<C>	<C>	<C>	<C>
Drilling and rental revenues:	(Dollars in Thousands)			
U.S. drilling	$ 20,662	24%	$ 18,076	23%
International drilling	50,515	57%	47,890	60%
Rental tools	16,704	19%	13,699	17%
Total drilling and rental revenues	$ 87,881	100%	$ 79,665	100%
Drilling and rental operating income:				
U.S. drilling gross margin (1)	$ 8,156	39%	$ 4,673	26%
International drilling gross margin (1)	12,012	24%	11,505	24%
Rental tools gross margin (1)	9,992	60%	8,107	59%
Depreciation and amortization	(16,544)		(19,592)	
Total drilling and rental operating income (2)	13,616		4,693	
Net construction contract operating income	--		1,000	
General and administrative expense	(6,992)		(5,321)	
Provision for reduction in carrying value of certain assets	(6,558)		--	
Gain on disposition of assets, net	346		135	
Total operating income	$ 412		$ 507	

</Table>

(1) Drilling and rental gross margins are computed as drilling and rental revenues less direct drilling and rental operating expenses, excluding depreciation and amortization expense; drilling and rental gross margin percentages are computed as drilling and rental gross margin as a percent of drilling and rental revenues. The gross margin amounts and gross margin percentages should not be used as a substitute to those amounts reported under GAAP. However, we monitor our business segments based on several criteria, including drilling and rental gross margin. Management believes that this information is useful to our investors because it more closely tracks cash generated by segment. Such gross margin amounts are reconciled to our most comparable GAAP measure as follows:

<Table>
<Caption>

	U.S. Drilling	International Drilling	Rental Tools
Three Months Ended June 30, 2004		(Dollars in Thousands)	

<S> <C> <C> <C>

Drilling and rental operating income	$ 3,432	$ 3,652	$ 6,532
Depreciation and amortization	4,724	8,360	3,460
Drilling and rental gross margin	$ 8,156	$ 12,012	$ 9,992
Three Months Ended June 30, 2003			
Drilling and rental operating income (loss)	$ (205)	$ 136	$ 4,762
Depreciation and amortization	4,878	11,369	3,345
Drilling and rental gross margin	$ 4,673	$ 11,505	$ 8,107

</Table>

(2) Drilling and rental operating income - drilling and rental revenues less direct drilling and rental operating expenses, including depreciation and amortization expense.

U.S. Drilling Segment

The U.S. drilling segment, consisting of 20 barge rigs, experienced increases in both rig utilization and dayrates during the second quarter of 2004. As a result, revenues increased $2.6 million in the second quarter of 2004 as compared to the second quarter of 2003 despite the reduction of two barge rigs in the U.S. drilling segment. Barge rig 18 was destroyed by a blowout during the fourth quarter of 2003 and barge rig 53 was awarded a contract in Mexico. Barge rig utilization increased from 55 percent in the second quarter of 2003 to 60 percent in the current quarter and dayrates increased approximately 14 percent. Though the anticipated increase in drilling activity due to high commodity pricing has been slower than expected, we are encouraged by the continuation of firm natural gas pricing fundamentals and steady interest in shallow-water prospects. As noted above, during the second quarter of 2004 we moved one deep drilling barge rig to the Mexican drilling market to drill in the Macuspana Basin pursuant to a two-year contract with Pemex. After the move of this rig, we have eight deep drilling barges, five intermediate drilling barges and seven workover rigs in the U.S. Gulf of Mexico market.

Gross margins in the U.S. drilling segment increased $3.5 million. Gross margins were positively impacted by higher utilization and dayrates. We have continued to maintain tight control over our expenses and as a result operating expenses decreased $0.9 million during the current quarter. Gross margin percentage increased from 26 percent during the second quarter of 2003 to 39 percent during the current quarter.

International Drilling Segment

International drilling revenues increased $2.6 million during the current quarter as compared to the second quarter of 2003. Our international land drilling revenues increased $11.6 million partially offset by a decrease of $9.0 million in our international offshore drilling operations. The international land drilling increase is primarily attributed to new drilling operations in Turkmenistan, where the second rig of a two rig contract commenced operations in March 2004; Bangladesh, where rig 255 continues to operate; and Sakhalin Island, where we continue to provide drilling services under a labor and management contract, all of which contributed to a $9.6 million increase in revenues during the second quarter of 2004. In addition, one rig returned to drilling operations in New Zealand and one Tengizchevroil ("TCO")-owned rig resumed operations in late 2003 and worked through June 25, 2004. These two operations contributed $3.2 million to the increase in revenues. Latin America operations experienced a decrease in revenues of $2.5 million during the current quarter as compared to 2003. This decrease is primarily attributed to no rigs working in Bolivia during 2004 and the rig operating in Peru being placed on a reduced standby rate on April 1, 2004. We expect the Peru rig to remain on the standby rate through the remainder of 2004 and return to a full operating dayrate in mid 2005. Operating expenses for the international land operations were consistent with the increase in revenues. Gross margin percentage for the quarter ended June 30, 2004 increased to 35 percent from 24 percent as compared to the second quarter of 2003.

International offshore revenues decreased $9.0 million during the second quarter of 2004 as compared to the second quarter of 2003. The decrease in revenues is attributed equally to our Caspian Sea operation and our operations in Nigeria. In the Caspian Sea, our arctic-class barge rig 257 completed its initial four-year contract in November 2003 and was then demobilized to Bautino in February 2004, where it is presently stacked pending further operations. We have recently received confirmation that the contract has been extended for up to two years. We anticipate that drilling operations will resume during the fourth quarter of 2004. Our barge operations in Nigeria have been negatively impacted by continued community unrest. Barge rig 74 has been evacuated since sustaining substantial damage due to community unrest in March 2003, and received a standby rate approximating 45 percent of the full dayrate until early March 2004. For the second quarter of 2004 two of the four barge rigs were on dayrates through May as compared to three barge rigs on full dayrate during the second quarter of 2003. As previously noted, a deep drilling barge rig was moved from the U.S. Gulf of Mexico market to the Mexican market to drill in the Macuspana Basin. The barge rig began operations in June 2004 and contributed revenues of $0.6 million for the second quarter of 2004. The significant decrease in international offshore revenues negatively impacted our gross margins for the current quarter. In addition, during the second quarter, the Nigerian tax authorities assessed us additional Value Added Tax ("VAT"). We accrued $2.3 million during the current quarter as a result of this assessment, negatively impacting gross margin. Gross margin percentage for the second quarter of 2004 was negative as compared to 24 percent for the second quarter of 2003. In addition to the reduction in revenues, the costs to retain limited personnel to maintain barge rig 257 in its stacked condition will be approximately $1.0 million per quarter.

Rental Tools Segment

Rental Tools revenues increased $3.0 million to $16.7 million during the second quarter of 2004 as compared to the second quarter of 2003. Revenues increased $0.2 million from the New Iberia, Louisiana operations, $0.7 from the Victoria, Texas operations, $1.1 million from the Odessa, Texas operations and $1.0 million from operations in Evanston, Wyoming. The revenues increase was driven by increased rental tools utilization, which increased 9 percent during the current quarter compared to the second quarter of 2003. Rental tools gross margins increased $1.9 million to $10.0 million for the current quarter as compared to the second quarter of 2003. Gross margin percentage increased to 60 percent as compared to 59 percent for the second quarter of 2003, due to a 22 percent increase in revenues and only a 20 percent increase in operating expenses. Direct costs increased during the current quarter due to higher costs associated with repairing and maintaining tools, primarily at the New Iberia location, and increased costs from tool dispositions, both of which are primarily offset by billings to customers.

Other Financial Data

Depreciation and amortization expense decreased $3.0 million in the second quarter of 2004 as compared to the comparable quarter of 2003. The decrease is primarily attributable to the classification of the Latin America land rigs as discontinued operations. While the rigs were classified as discontinued operations no depreciation was recorded. Seven of these rigs were moved to continuing operations in May 2004 at which time we resumed recording depreciation. The remaining nine land rigs were moved to continuing operations effective June 30, 2004 and we will resume recording depreciation in July 2004. All 16 rigs recorded depreciation during the second quarter of 2003.

During the second quarter of 2004, we recognized $6.6 million in provision for reduction in carrying value of certain assets. Of this provision, $5.1 million is the result of valuing the Latin America land rigs at the lower of net book value or fair value. GAAP requires that an operation reclassified from discontinued operations to continuing operations shall be measured at the lower of its (a) carrying amount before the asset was classified as held for sale, adjusted for any depreciation expense that would have been recognized had the asset been continuously classified as held and used, or (b) fair value at the date of the subsequent decision not to sell. The $5.1 million represents the depreciation that would have been recognized had the assets been continuously classified as held and used. In addition, we reserved $1.5 million for an asset representing the premiums paid on two split dollar life insurance policies for Robert L. Parker. The value of the asset was reduced to the cash surrender value of the insurance policies.

General and administrative expense increased approximately $1.7 million to $7.0 million during the second quarter of 2004. Approximately $1.4 million of the increase relates to severance costs provided for in the severance agreement for our former chief operating officer. We accrued $1.1 million in severance pay and the remainder related to the expensing of outstanding stock options and other benefits as per the terms of the severance agreement In addition, during the second quarter of 2004 we incurred approximately $0.6 million related to the documentation and testing for compliance with the provisions of section 404 of the Sarbanes-Oxley Act ("SOX").

During the current quarter, we repurchased $30.3 million of our 5.5% Convertible Subordinated Notes at a premium. The premium of $0.3 million was recorded as loss on extinguishment of debt during the second quarter of 2004.

Income tax expense from operations consists of foreign tax expense of $3.4 million for the second quarter of 2004 as compared to foreign tax expense of $4.4 million for the second quarter of 2003. The reduction in taxes was due to a tax rate change in China and a change in our operating structure in Kuwait along with a decrease in operations in Latin America and Nigeria. For the first quarter of 2004 and 2003 we incurred a net loss, however, no additional deferred tax benefit was recognized since the sum of our deferred tax assets, principally the net operating loss carryforwards, exceeds the deferred tax liabilities, principally the excess of tax depreciation over book depreciation. This additional deferred tax asset was fully reserved through a valuation allowance in both the second quarter of 2004 and 2003.

RESULTS OF OPERATIONS (continued)

Analysis of Discontinued Operations

<Table>
<Caption>

	Three Months Ended June 30,	
	2004	2003
	(Dollars in Thousands)	
<S>	<C>	<C>
U.S. jackup and platform drilling revenues	$ 11,859	$ 11,704
U.S. jackup and platform drilling gross margin (1)	$ 2,548	$ 722
Depreciation and amortization (2)	--	(4,933)
Loss on disposition of assets, net of impairment	(51)	(53,768)
Income (loss) from discontinued operations	$ 2,497	$ (57,979)

</Table>

(1) Drilling gross margin is computed as drilling revenues less direct drilling operating expenses, excluding depreciation and amortization expense. The gross margin amounts and gross margin percentages should not be used as a substitute to those amounts reported under GAAP. However, we monitor our business segments based on several criteria, including drilling gross margin. Management believes that this information is useful to our investors because it more closely tracks cash generated by segment. Such gross margin amounts are reconciled to our most comparable GAAP measure as

follows:

U.S. Jackup and Platform Drilling	Three Months Ended June 30, 2004	2003
	(Dollars in Thousands)	
Operating income (loss)	$ 2,548	$ (4,211)
Depreciation and amortization	--	4,933
Drilling gross margin	$ 2,548	$ 722

(2) Depreciation and amortization - in accordance with SFAS No. 144, we no longer record depreciation expense related to the discontinued operations.

U. S. jackup and platform drilling revenues increased $0.2 million to $11.9 million during the current quarter as compared to the second quarter of 2003. Jackup rig revenues decreased $0.6 million as a result of reduced utilization partially offset by higher average dayrates. Utilization decreased by 138 revenue days due primarily to one less rig, jackup rig 14, during 2004. Average dayrates increased by $5,200 to $23,700. Platform revenues increased $0.8 million to $2.1 million in the current quarter. The change is attributed to an increase in dayrates from an average of $13,200 per day in 2003 to an average of $21,300 per day in 2004. Gross margin increased $1.8 million for the jackup and platform drilling rigs during the current quarter. Gross margin increased due primarily to a reduction in labor, payroll burden and lower workers compensation expense. On August 2, 2004, we sold five jackup rigs and four platform rigs for net proceeds of approximately $40 million. No loss is expected on the sale. See Note 4 in the notes to unaudited consolidated condensed financial statements.

Six Months Ended June 30, 2004 Compared with the Six Months Ended June 30, 2003

We have recorded a net loss of $18.4 million for the six months ended June 30, 2004, including income of $5.2 million attributed to discontinued operations, as compared to a net loss of $90.6 million for the six months ended June 30, 2003 which includes a loss of $62.1 million attributed to discontinued operations. The loss from continuing operations for the current six month period was $23.6 million compared to a loss of $28.5 million for the six months ended June 30, 2003.

In June 2003, the board of directors approved a plan to sell the U.S. jackup and platform drilling operations and the Latin America operations. In compliance with GAAP, in June 2003, we recognized the U.S. jackup and platform drilling and the Latin America operations as discontinued operations. In early 2004, the board of directors concurred with our plan to market certain Latin America land rigs in Mexico. As a result, in early May 2004, we were awarded a five-rig contract and a two-rig contract in Mexico. The seven land rigs to fulfill these contracts have been mobilized from the Latin America region to Mexico. The seven land rigs were moved from discontinued operations to continuing operations effective the first of May 2004. The remaining nine land rigs in Latin America were reclassified from discontinued operations to continuing operations effective June 30, 2004, based on the GAAP requirement that if a discontinued asset is not disposed of or subject to a definitive sales agreement within a one-year period, such asset is required to return to continuing operations. It is still our intent to sell these remaining nine rigs which we continue to actively market. As of July 31, 2004, two of the nine Latin America rigs remained under contract. Five U.S. jackup and four platform drilling rigs were sold on August 2, 2004, for net proceeds of approximately $40 million. Reclassifications have been made to reflect the Latin America operations from discontinued operations to continuing operations for the three and six months ended June 30, 2004 and 2003.

RESULTS OF OPERATIONS (continued)

The analysis below reflects these reclassifications, beginning with an analysis of the continuing operations followed by a discussion of discontinued operations.

<Table>
<Caption>

	Six Months Ended June 30, 2004		Six Months Ended June 30, 2003	
Drilling and rental revenues:	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
U.S. drilling	$ 40,421	22%	$ 35,721	22%
International drilling	106,552	60%	102,144	62%
Rental tools	31,807	18%	26,312	16%
Total drilling and rental revenues	$ 178,780	100%	$ 164,177	100%
Drilling and rental operating income:				
U.S. drilling gross margin (1)	$ 15,224	38%	$ 10,219	29%
International drilling gross margin (1)	28,158	26%	28,089	27%
Rental tools gross margin (1)	18,482	58%	15,304	58%
Depreciation and amortization	(32,793)		(39,130)	
Total drilling and rental operating income (2)	29,071		14,482	
Net construction contract operating income	--		1,000	
General and administrative expense	(13,034)		(10,406)	
Provision for reduction in carrying value of certain assets	(6,558)		--	
Gain on disposition of assets, net	1,069		811	
Total operating income	$ 10,548		$ 5,887	

</Table>

(1) Drilling and rental gross margins are computed as drilling and rental revenues less direct drilling and rental operating expenses, excluding depreciation and amortization expense; drilling and rental gross margin percentages are computed as drilling and rental gross margin as a percent of drilling and rental revenues. The gross margin amounts and gross margin percentages should not be used as a substitute to those amounts reported under GAAP. However, we monitor our business segments based on several criteria, including drilling and rental gross margin. Management believes that this information is useful to our investors because it more closely tracks cash generated by segment. Such gross margin amounts are reconciled to our most comparable GAAP measure as follows:

<Table>
<Caption>

Six Months Ended June 30, 2004	U.S. Drilling	International Drilling	Rental Tools
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Drilling and rental operating income	$ 5,744	$ 11,796	$ 11,531
Depreciation and amortization	9,480	16,362	6,951
Drilling and rental gross margin	$ 15,224	$ 28,158	$ 18,482

Six Months Ended June 30, 2003			
Drilling and rental operating income	$ 459	$ 5,296	$ 8,727
Depreciation and amortization	9,760	22,793	6,577
Drilling and rental gross margin	$ 10,219	$ 28,089	$ 15,304

</Table>

(2) Drilling and rental operating income - drilling and rental revenues less direct drilling and rental operating expenses, including depreciation and amortization expense.

U.S. Drilling Segment

The U.S. drilling segment, consisting of 20 barge rigs, experienced increases in both rig utilization and dayrates during the first six months of 2004. As a result, revenues increased $4.7 million during the first six months of 2004 as compared to 2003 despite the reduction of two barge rigs from the U.S. Gulf of Mexico market. Barge rig utilization increased from 54 percent to 58 percent and dayrates increased approximately 10 percent. Though the anticipated increase in drilling activity due to high commodities pricing has been slower than anticipated, we are encouraged by the continuation of firm natural gas price fundamentals and steady interest in shallow-water prospects.

U.S. Drilling Segment (continued)

Gross margins in the U.S. drilling segment increased $5.0 million. Gross margins were positively impacted by the increased utilization and dayrates. We have continued to maintain tight control over our expenses and as a result had only a slight increase in operating expenses. Gross margin percentage increased from 29 percent during the first six months of 2003 to 38 percent during 2004.

International Drilling Segment

International drilling revenues increased $4.4 million during the current six month period as compared to 2003. Our international land drilling revenues increased $24.8 million offset by a decrease of $20.4 million in our international offshore drilling operations. The international land drilling increase is primarily attributed to new drilling operations in Turkmenistan, where the second rig of a two rig contract commenced operations; Bangladesh, where rig 255 continues to operate; and Sakhalin Island, where we continue to provide drilling services under a labor and management contract, all of which contributed a $21.1 million increase in revenues during the first six months of 2004. In addition, one rig returned to drilling operations in New Zealand and one TCO-owned rig resumed operations in late 2003 and worked through June 25, 2004. These two operations contributed $5.8 million to the increase in revenues. Latin America revenues declined $3.3 million primarily attributed to Bolivia, no rigs worked during 2004, and Peru, rig 228 was on a standby rate beginning in the second quarter of 2004. Rig 228 is expected to remain on standby through the remainder of 2004 and return to a full dayrate in mid 2005. Operating expenses for the international land operations were consistent with the increase in revenues. Gross margin percentage for the six months ended June 30, 2004 increased to 34 percent from 28 percent as compared to the first six months of 2003.

International offshore revenues decreased $20.4 million during the six months ended 2004 as compared to 2003. The decrease in revenues is attributed equally to our Caspian Sea operation and our operations in Nigeria. In the Caspian Sea, our arctic-class barge rig 257 completed its initial four-year contract in November 2003, and was then demobilized to Bautino in February 2004 where it is presently stacked pending further operations. We have recently received confirmation that the contract has been extended for up to two years. We anticipate that drilling operations will resume during the fourth quarter of

2004. Our barge operations in Nigeria have been negatively impacted by continued community unrest. Barge rig 74 has been evacuated since sustaining substantial damage due to community unrest in March 2003. Rig 74 was on a standby rate, approximating 45 percent of the full dayrate, from April 2003 through early March 2004. For the second quarter of 2004 two of the four barge rigs were on dayrates through May as compared to three barge rigs on full dayrate during the second quarter of 2003. In early 2004, a deep drilling barge rig was moved from the U.S. Gulf of Mexico market to the international Mexico market to drill in Macuspana Basin. The barge rig began operations in June 2004 and contributed revenues of $0.6 million for the current six month period of 2004. The significant decrease in revenues, negatively impacted our gross margins for the current period. In addition, during the second quarter Nigerian tax authorities assessed us additional VAT. We accrued $2.3 million during the current quarter as a result of this assessment negatively impacting gross margin. Gross margin percentage for the first six months of 2004 was negative as compared to 27 percent for the six months ended June 30, 2003. In addition to the reduction in revenues, the costs to stack barge rig 257 and retain limited personnel to maintain the rig will be approximately $1.0 million per quarter.

Rental Tools Segment

Rental Tools revenues increased $5.5 million to $31.8 million during the first six months of 2004 as compared to 2003. Revenues increased $1.8 million from the New Iberia, Louisiana operations, increased $0.8 from the Victoria, Texas operations, increased $1.2 million from the Odessa, Texas operations and increased $1.7 million from its operations in Evanston, Wyoming. All locations experienced increased customer demand and an expansion in the customer base. Rental tools gross margins increased $3.2 million to $18.5 million for the current six month period as compared to 2003. Gross margin percentage remained stable between the periods at 58 percent, as both revenues and operating expenses increased approximately 21 percent. Direct costs increased due to higher costs associated with repairing and maintaining tools, primarily at the New Iberia location, and increased costs from tool dispositions, both of which are offset by billings to customers.

Other Financial Data

Depreciation and amortization expense decreased $6.3 million in 2004 as compared to 2003. The decrease is primarily attributable to the classification of the Latin America land rigs as discontinued operations. While the rigs were classified as discontinued operations no depreciation was recorded. Seven of these rigs were moved to continuing operations in May 2004 at which time we resumed recording depreciation. The remaining nine land rigs were moved to continuing operations effective June 30, 2004 and we will resume recording depreciation in July 2004. All 16 rigs recorded depreciation during the six months ended June 30, 2003.

During the second quarter of 2004, we recognized $6.6 million in provision for reduction in carrying value of certain assets. Of this provision, $5.1 million is the result of valuing the Latin America land rigs at the lower of net book value or fair value and $1.5 was for the provision accrued on split dollar life insurance policies. See the quarter comparison for more information.

General and administrative expense increased approximately $2.6 million to $13.0 million for the six months ended June 30, 2004. Approximately $1.4 million of the increase relates to severance costs provided for in the severance agreement for our former chief operating officer. We accrued $1.1 million in severance pay and the remainder related to the expensing of outstanding stock options and other benefits as per the terms of the severance agreement. During the first quarter we incurred an expense of $1.0 million related to the vesting of restricted shares and our portion of the FICA tax expense on those restricted shares. The restricted shares were granted in July 2003 and were scheduled to vest over seven years, but included an accelerated vesting feature based on stock performance goals. In accordance with the accelerated vesting feature, 50 percent of the grant vested in March 2004 based on meeting the initial stock performance goal of $3.50 per share for 30 consecutive days. The remaining 50 percent of the grant will vest when our stock price has equaled or exceeded

$5.00 per share for 30 consecutive days, or at the end of the seven-year period. During the current year, we have incurred approximately $0.9 million related to the documentation and testing for compliance with SOX.

Loss on extinguishment of debt increased $0.6 million during 2004 as compared to 2003. During the second quarter we repurchased $30.3 million of our 5.5% Convertible Subordinated Notes at a premium of $0.3 million. In conjunction with our refinancing of a portion of our debt in 2003, we incurred and recognized $5.3 million of costs during the fourth quarter of 2003 related to the retirement of our 9.75% Senior Notes. During the first quarter of 2004, an additional $0.3 million was recognized as loss on extinguishment of debt related to this retirement of debt.

Income tax expense from operations consists of foreign tax expense of $7.5 million for the current six month period as compared to foreign tax expense of $8.8 million for the six months ended June 30, 2003. The reduction in taxes was due to a tax rate change in China, a change in our operating structure in Kuwait along with a decrease in operations in Latin America and Nigeria. This was partially offset by an increase in taxes in Kazakhstan due to the Kazakhstan Supreme Court ruling in April of this year. For the first six months of 2004 and 2003 we incurred a net loss, however, no additional deferred tax benefit was recognized since the sum of our deferred tax assets, principally the net operating loss carryforwards, exceeds the deferred tax liabilities, principally the excess of tax depreciation over book depreciation. This additional deferred tax asset was fully reserved through a valuation allowance in both the first six months of 2004 and 2003.

Analysis of Discontinued Operations

<Table>
<Caption>

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
	(Dollars in Thousands)	
U.S. jackup and platform drilling revenues	$ 24,258	$ 22,320
U.S. jackup and platform drilling gross margin (1)	$ 5,278	$ 1,539
Depreciation and amortization (2)	--	(9,897)
Loss on disposition of assets, net of impairment	(51)	(53,768)
Income (loss) from discontinued operations	$ 5,227	$ (62,126)

</Table>

(1) Drilling gross margin is computed as drilling revenues less direct drilling operating expenses, excluding depreciation and amortization expense. The gross margin amounts and gross margin percentages should not be used as a substitute to those amounts reported under GAAP. However, we monitor our business segments based on several criteria, including drilling gross margin. Management believes that this information is useful to our investors because it more closely tracks cash generated by segment. Such gross margin amounts are reconciled to our most comparable GAAP measure as follows:

<Table>
<Caption>

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003

U.S. Jackup and Platform Drilling	(Dollars in Thousands)	
Operating income (loss)	$ 5,278	$ (8,358)
Depreciation and amortization	--	9,897
Drilling gross margin	$ 5,278	$ 1,539

</Table>

(2) Depreciation and amortization - in accordance with SFAS No. 144, we no longer record depreciation expense related to the discontinued operations.

Jackup and platform drilling rig revenues increased $1.9 million to $24.3 million for the six months ended June 30, 2004 as compared to 2003. Platform rig revenues increased $2.3 million due to increased utilization, 62 more revenue days in 2004 and an increase in average dayrates of $7,700. Jackup rig revenues decreased $0.4 million due primarily to decreased utilization partially offset by increased dayrates. Utilization decreased due to significant downtime from jackup rig 25 and the damage to jackup rig 14 (see following paragraph). Gross margin for the jackup and platform rigs increased to $5.3 million, the result of increased revenues and reduced costs as noted in the quarter to quarter comparison.

On September 11, 2003, a malfunction of jackup rig 14 resulted in significant damage to the rig and the drilling equipment. We received a total loss settlement of $27.0 million from insurance underwriters during March and early April 2004. The cost incurred to tow the rig to the port and pay for the damage assessment approximated $4.0 million resulting in net insurance proceeds of approximately $23.0 million. The net book value of jackup rig 14 was $17.7 million at March 31, 2004. In compliance with GAAP, we recognized the gain from the insurance proceeds in excess of the net book value of the asset. When considered separately from the original U.S. Gulf of Mexico offshore disposal group, this resulted in a gain of approximately $5.3 million from the involuntary conversion of the jackup rig. Considering the impact of the gain, we still believe that the overall valuation of the U.S. Gulf of Mexico offshore group remains unchanged from that determined on June 30, 2003, as previously discussed. As a result, we recognized an additional impairment of $5.3 million during the first quarter of 2004.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2004, we had cash and cash equivalents of $42.3 million, a decrease of $25.5 million from December 31, 2003. The primary sources of cash for the six month period as reflected on the consolidated condensed statements of cash flows were $5.8 million provided by operating activities, $27.0 million of insurance proceeds, and $2.8 million of proceeds from the disposition of assets and marketable securities. The primary uses of cash for the six month period ended June 30, 2004 were $15.7 million for capital expenditures and $45.7 million for reduction of debt. Major capital expenditures for the period included $4.4 million to refurbish barge rig 53 for work in Mexico and $4.1 million for tubulars and wellhead equipment for Quail Tools. The major component of our debt reduction has been the purchase of $40.8 million face value of outstanding 5.5% Convertible Subordinated Notes at an average redemption price of 100.711 percent. We also paid off $5.1 million of a secured promissory note to Boeing Capital Corporation at a premium.

As of June 30, 2003, we had cash and cash equivalents of $66.0 million, an increase of $14.0 million from December 31, 2002. The primary sources of cash for the six month period as reflected on the consolidated condensed statements of cash flows were $45.6 million provided by operating activities and $2.6 million from the disposition of assets. The primary uses of cash for the six month period ended June 30, 2003 were $15.7 million for capital expenditures and $18.4 million for repayment of debt. We used $14.5 million cash to purchase $14.8 million face value of our outstanding 5.5% Convertible Subordinated Notes on the open market in May 2003. Major projects during the current six month period included expenditures on drill pipe and tubulars for Quail Tools.

In October 2003, we refinanced a portion of our existing debt by issuing

$175.0 million of new 9.625% Senior Notes due 2013 and replaced our senior credit facility with a $150.0 million senior credit agreement. The senior credit agreement consists of a four-year $100.0 million delayed draw term loan facility and a three-year $50.0 million revolving credit facility that are secured by certain drilling rigs, rental tools equipment, accounts receivable and substantially all of the stock of the subsidiaries, and contains customary affirmative and negative covenants. The proceeds of the new 9.625% Senior Notes, plus an initial draw of $50.0 million under the term loan facility, were used to retire $184.3 million of the 9.75% Senior Notes due 2006 that had been tendered pursuant to a tender offer dated September 24, 2003. The balance of the proceeds from the new Senior Notes and the initial draw down under the term loan facility were used to retire the remaining $29.9 million of 9.75% Senior Notes that were not tendered. We redeemed the remaining 9.75% Senior Notes on November 15, 2003 at a redemption price of 101.625 percent.

The revolving credit facility is available for working capital requirements, general corporate purposes and to support letters of credit. Availability under the revolving credit facility is subject to a borrowing base limitation based on 85 percent of eligible receivables plus a value for eligible rental tools equipment. As of June 30, 2004, the borrowing base was $50.0 million, of which none had been drawn down, and $10.5 million had been reserved for letters of credit, resulting in available revolving credit of $39.5 million.

We had total long-term debt of $525.8 million, including the current portion of $14.5 million, at June 30, 2004. The long-term debt included:

o $64.4 million aggregate principal amount of 5.5% Convertible Subordinated Notes, which are due August 1, 2004 (The undrawn portion of the term loan can only be used to repay the 5.5% Convertible Subordinated Notes, therefore $50.0 million of these notes have been classified as long-term.);

o $50.0 million term loan, which is due on October 10, 2007, with an additional $50.0 million available for the sole purpose of repaying the 5.5% Convertible Subordinated Notes;

o $236.3 million aggregate principal amount of 10.125% Senior Notes, which are due November 15, 2009;

o $175.0 million aggregate principal amount of 9.625% Senior Notes, which are due October 1, 2013; and

o $0.1 million capital lease.

As of June 30, 2004, we had approximately $131.8 million of liquidity. This liquidity was comprised of $42.3 million of cash on hand, $39.5 million of availability under the new revolving credit facility and $50.0 million of availability under the delayed draw term loan facility (which may only be used to repay the 5.5% Convertible Subordinated Notes). In the third quarter of 2003, we advised that due to cross default provisions in our debt agreements, if we were unable to pay the 5.5% Convertible Subordinated Notes when due, all of our debt would be declared in default and would become immediately due and payable. We paid off of the 5.5% Convertible Subordinated Notes in August 2004.

On July 30, 2004 we drew down the remaining $50.0 million on our delay draw term loan portion of our credit facility. Those funds, along with existing cash, were used to retire the existing $64.4 million of our 5.5% Convertible Subordinated Notes on August 2, 2004. On the same day, August 2, 2004, we received proceeds from the sale of our five jackup rigs and four platform rigs and paid down $25.0 million of the delay draw term loan. The result of these transactions results in our outstanding debt being $486.4 million as of August 2, 2004.

The following table summarizes our future contractual cash obligations as of June 30, 2004.

<Table>
<Caption>

	Total	Less than 1 Year	Years 2 - 3	Years 4 - 5	More than 5 Years
	(Dollars in Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Contractual cash obligations:					
Long-term debt - principal (1)	$ 525,006	$ 64,394	$ --	$ 50,000	$ 410,612
Long-term debt - interest (1)	300,419	45,905	91,219	82,763	80,532
Operating and capital leases (2)	14,507	4,845	5,437	3,348	877
Total contractual obligations	$ 839,932	$ 115,144	$ 96,656	$ 136,111	$ 492,021
Commercial commitments:					
Revolving credit facility (3)	$ --	$ --	$ --	$ --	$ --
Standby letters of credit (3)	10,519	10,519	--	--	--
Total commercial commitments	$ 10,519	$ 10,519	$ --	$ --	$ --

</Table>

(1) Long-term debt includes the principal and interest cash obligations of the 9.625% Senior Notes, the 10.125% Senior Notes, the 5.5% Convertible Subordinated Notes and the capital leases. The unamortized premiums of $0.7 million at June 30, 2004 related to the 10.125% Senior Notes are not included in the contractual cash obligations schedule.

(2) Operating leases consist of lease agreements in excess of one year for office space, equipment, vehicles and personal property.

(3) We have a $50.0 million revolving credit facility. As of June 30, 2004 we had a borrowing base of $50.0 million, of which none has been drawn down, but $10.5 million of availability has been used to support letters of credit that have been issued, resulting in a remaining $39.5 million availability. The revolving credit facility expires in October 2006.

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

None.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures - The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act.

Internal Control Over Financial Reporting - There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) during the second quarter ended June 30, 2004 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

None.

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

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
10(a)	Ranch Lease Agreement between a subsidiary of the Company and Robert L. Parker Sr. Family Limited Partnership.
10(b)	Personnel Services Contract between a subsidiary of the Company and Robert L. Parker Sr. Family Limited Partnership.
15	Letter re Unaudited Interim Financial Information
31.1	Section 302 Certification - Chief Executive Officer
31.2	Section 302 Certification - Chief Financial Officer
32.1	Section 906 Certification - Chief Executive Officer
32.2	Section 906 Certification - Chief Financial Officer

(b) Reports on Form 8-K:

We filed a Form 8-K on July 15, 2004, announcing our second quarter ended June 30, 2004 conference call.

We filed a Form 8-K on August 3, 2004, announcing our operating results for the quarter ended June 30, 2004.

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: August 6, 2004

By: /s/ James W. Whalen

James W. Whalen
Senior Vice President and
Chief Financial Officer

By: /s/ W. Kirk Brassfield

W. Kirk Brassfield
Vice President and Controller

INDEX TO EXHIBITS

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31.2	Section 302 Certification - Chief Financial Officer
32.1	Section 906 Certification - Chief Executive Officer
32.2	Section 906 Certification - Chief Financial Officer

EXHIBIT 10(a)

Schedule of Substantially Identical
Documents Omitted

Attached as Exhibit 10(a) is a copy of the Ranch Lease Agreement between Parker Drilling Management Services, Inc., ("PDMS") a subsidiary of the Company, and the Robert L. Parker Sr. Family Limited Partnership ("Trust"), that was executed in April 2004, but effective as of January 1, 2004, providing for the terms of the lease of the Cypress Springs Ranch to PDMS by the Trust ("CSR Lease"). PDMS and the Trust also entered into a substantially identical lease agreement for the lease of the Mazie Ranch to PDMS by the Trust ("Mazie Ranch Lease"). In addition, Robert L. Parker Jr. executed a substantially identical lease pursuant to which he leased the Camp Verde Ranch to PDMS ("Camp Verde Ranch Lease"). The Mazie Ranch Lease and the Camp Verde Ranch Lease materially differed from the CSR Ranch Lease in only the following respects:

Mazie Ranch	Monthly Lease Fee of $14,400
Camp Verde Ranch	Monthly Lease Fee of $ 7,700

EXHIBIT 10(a)

RANCH LEASE AGREEMENT

This Ranch Lease Agreement effective on the first day of January, 2004 by and between Parker Drilling Management Services, Inc. ("Parker") and the Robert L. Parker Sr. Family Limited Partnership ("Partnership") (the "Agreement").

WHEREAS, Parker desires to lease the Premises (as defined below) owned by Partnership for the purpose of hosting business meetings, entertaining customers and related activities; and

WHEREAS, the Partnership is willing to lease the Premises to Parker for the uses defined herein on the terms and conditions contained herein;

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, the receipt and sufficiency of which is acknowledged, the parties hereby agree as follows:

1. Lease of Premises. The Partnership hereby leases to Parker the unlimited right to utilize the Premises for the purpose of hosting business meetings and entertaining customers with hunting, fishing and related activities. For the purpose of this Agreement, the Premises shall be defined as the Cypress Springs Ranch containing approximately 2,987 acres, located near Kerrville, TX including but not limited to the following facilities and areas:

   a) All buildings located on the Premises that are capable of being used for lodging,

   b) The conference center and lodge,

   c) Use of entire ranch acreage for hunting and fishing,

   d) All facilities and equipment to facilitate hunting and fishing on the Premises, and

   e) Any other reasonable use of the Premises incidental or arising out of the above.

2. Term. The term of this Agreement shall be for one (1) year from and after the date of this Agreement. Notwithstanding the foregoing, Parker shall have the option to renew this Agreement upon such terms as the parties mutually agree.

3. Maintenance of the Premises. Parker agrees to utilize the Premises in a prudent manner and will take reasonable steps to maintain the Premises in their present condition. Such maintenance shall include:

   a) Repair and improvement of roads due to use by Parker or deterioration,

b) Repair and improvement of buildings utilized by Parker.

Parker shall be allowed to conduct hunting and fishing on the premises incidental to customer retreats and to harvest game and fish consistent with state and federal regulatory requirements.

4. Improvements. Any improvements made to the premises by Parker shall remain the property of Parker.

5. Condition of Premises. Parker has inspected the Premises and accepts them in their present condition, AS IS WITH ALL FAULTS. Parker acknowledges that dangerous conditions may presently exist or arise in the future that may not have been discovered during inspection. Parker acknowledges that Partnership has no duty to warn Parker, or any agent, employee, licensee or invitee of Parker, of the existence of any dangerous condition.

6. Consideration. In consideration for the lease of the Premises by Parker, Parker agrees to pay a monthly lease fee of $18,600.

7. Liability and Indemnity. Parker shall be solely responsible for any and all damage done by Parker or its agents, employees, contractors, concessionaires, licensees, and invitees in and about the Premises.

   Parker agrees to defend, indemnify and hold Partnership harmless from and against any and all claims, demands, damages, costs and expenses, including reasonable attorney fees for the defense of such claims and demands, arising from the conduct or management of Parker's use of the Premises or from breach of this Agreement by Parker or from any act or negligence of Parker, its agents, employees, contractors, concessionaires, licensees, and invitees in or about the Premises.

8. Termination. Each party shall have the right to terminate this Agreement for breach of the terms hereof upon thirty (30) days written notice if such breach is not remedied during said thirty-day period. In the event of such termination by Parker, Partnership shall reimburse Parker for any prepaid expenses associated with ongoing maintenance of the property. In the event of such termination by Partnership, Parker shall remain obligated to compensate Partnership for any obligations incurred by Parker in connection with use of the Premises which are not cancelable or otherwise satisfied prior to the effective date of termination. In no circumstance shall either party be liable to the other for consequential damages of any kind.
   Notwithstanding any other provisions of this Agreement or any mutually agreed extensions thereof, each party reserves the right to terminate this Agreement upon ninety (90) days written notice to the other party for any reason. In the event of termination without cause, the parties shall mutually agree on the allocation of expenses associated with use of the Premises in good faith, absent which the parties shall submit the matter to arbitration under the Rules of the American Arbitration Association, which shall be final and binding on the parties.

9. Governing Law. This Agreement shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have set their hand as of the date first written above.

PARKER DRILLING MANAGEMENT SERVICES, INC.

By: /s/ David W. Tucker

Name: David W. Tucker
Its: President

ROBERT L. PARKER SR. FAMILY LIMITED PARTNERSHIP

By: /s/ Robert L. Parker

Name: Robert L. Parker

Its:	General Partner

EXHIBIT 10(b)

Schedule of Substantially Identical
Documents Omitted

Attached as Exhibit 10(b) is a copy of the Personnel Services Contract between PD Management Resources, L.P., ("PDMR") a subsidiary of the Company, and the Robert L. Parker Sr. Family Limited Partnership ("Trust"), that was executed in April 2004, but effective as of January 1, 2004, providing for the terms of certain personnel services provided to the Trust by PDMR ("Trust Services"). PDMS and Robert L. Parker Jr. also entered into a substantially identical Personnel Services Contract for the personnel services provided to Robert L. Parker Jr. by PDMR ("RLP Jr. Services").

EXHIBIT 10(b)

PERSONNEL SERVICES CONTRACT

THIS AGREEMENT, made effective January 1, 2004, is between PD MANAGEMENT RESOURCES, L. P. ("Personnel Administrator") and Robert L. Parker Sr. Family Partnership ("Company").

WITNESSETH:

WHEREAS, Company has entered into an agreement with an affiliate of the Personnel Administrator to allow said affiliate to utilize certain facilities of Company in connection with business meetings and business entertainment needs of said affiliate; and

WHEREAS, Company desires to procure personnel to perform designated maintenance and related services at Company's facilities for Company and to have all payroll matters for such personnel administered by Personnel Administrator; and

WHEREAS, Personnel Administrator represents that it has adequate resources and personnel capable of performing such designated services and administering all payroll matters;

NOW THEREFORE IN CONSIDERATION of the mutual promises, conditions and agreements herein contained, the sufficiency of which is hereby acknowledged, the parties hereto mutually agree as follows:

1.0 - SERVICES

1.1 As designated from time to time by Company, Personnel Administrator will provide personnel as requested by Company to perform such services as designated by Company. The parties agree that the initial personnel to be provided shall be those personnel listed on the attached Exhibit "A", which shall provide the compensation and benefits to be provided such personnel and the cost to Company for the provision of such personnel.

1.2 This Contract shall remain in force and effect until cancelled by either party by giving the other party ten (10) days notice in writing at the respective address of either party. This Contract shall control and govern all work performed by Personnel Administrator for Company, under subsequent verbal and/or written requests.

1.3 Personnel Administrator shall not employ in any work for Company any employee whose employment violates any labor, employment or other applicable laws. Personnel Administrator shall not employ in any work for Company any employee who is a minor.

1.4 Personnel Administrator shall assume sole responsibility for all payroll functions related to compensation of and benefits for personnel provided to Company under this Agreement, including without limitation, proper withholding and remittance to tax authorities, proper withholding in regard to participation of personnel in medical and deferred compensation benefit plans, etc. All work or services rendered or performed by Personnel Administrator shall be done with due diligence, in a good and workmanlike manner, using skilled, competent and experienced workers and supervisors and in accordance with good personnel and payroll practices.

2.0 - PAYMENT

2.1 Company shall pay Personnel Administrator for the services furnished by Personnel Administrator at a rate mutually agreed upon by the parties hereto. The parties agree that the attached Exhibit "B" contains the agreement of the parties with regard to the rates payable by Company for such personnel listed on said exhibit.

2.2 Personnel Administrator shall maintain a true and correct set of records pertaining to service performed in compliance with any and all transactions related thereto, and retain all such records for a period of not less than five years after completion of services performed. Company may, at its expense, require Personnel Administrator at any time within said five year period to furnish sufficient evidence, with documentary support, to enable Company to verify the correctness and accuracy of services performed hereunder. Within the time limit herein established, Company may, following notice to Personnel Administrator, employ an independent firm of public accountants to examine payroll records, invoices, tickets and other documents exclusively related to services performed hereunder, in order to verify the accuracy and compliance with these provisions.

3.0 - INDEPENDENT CONTRACTOR RELATIONSHIP

In the performance of any work by Personnel Administrator for Company, Personnel Administrator shall be deemed to be an independent contractor, with the authority and right to direct and control all of the details of the work, Company being interested only in the results obtained. However, all services contemplated shall meet the approval of Company and shall be subjected to the general right of inspection. Company shall have no right or authority to supervise or give instructions to the employees, agents, or representative of Personnel Administrator, but such employees, agents or representatives at all times shall be under the direct and sole supervision and control of Personnel Administrator. It is the understanding and intention of the parties hereto that no relationship of master and servant or

principal and agent shall exist between Company and the employees, agents, or representatives of Personnel Administrator.

4.0 - TAXES AND CLAIMS

4.1 Personnel Administrator agrees to pay all taxes, licenses, and fees levied or assessed on Personnel Administrator in connection with or incident to the performance of this Contract by any governmental agency and unemployment compensation insurance, old age benefits, social security, or any other taxes upon the wages of Personnel Administrator, its agents, employees, and representatives.

4.2 Personnel Administrator agrees to reimburse Company on demand for all such taxes or governmental charges, State or Federal, that Company may be required or deem it necessary to pay on account of employees of Personnel Administrator. Personnel administrator agrees to furnish Company with the information required to enable it to make the necessary reports and to pay such taxes or charges. At its election, Company is authorized to deduct all sums so paid for such taxes and governmental charges from such amounts as may be or become due to Personnel Administrator hereunder.

5.0 - LAWS, RULES AND REGULATIONS

5.1 Company and Personnel Administrator respectively agree to comply with all laws, rules, and regulations, which are now or may become applicable to services covered by this Contract or arising out of the performance of such services. If either party is required to pay any fine or penalty resulting from the other party's failure to comply with such laws, rules, or regulations, the party failing to comply shall immediately reimburse the other for any such payment.

5.2 In the event any provision of this Contract is inconsistent with or contrary to any applicable law, rule or regulation, said provision shall be deemed to be modified to the extent required to comply with said law, rule, or regulation, and this Contract as so modified, shall remain in full force and effect.

5.3 The validity, interpretation and construction of this Agreement and any work order incorporating this Agreement shall be governed by Texas law.

6.0 - ASSIGNMENTS

Personnel Administrator may assign or delegate this Agreement or any of the services required hereunder, without the prior written consent of Company.

IN WITNESS WHEREOF, the parties hereto have executed this contract upon the date above shown in several counterparts, each of which shall be considered as an original.

ROBERT L. PARKER SR.
FAMILY PARTNERSHIP

By: /s/ Robert L. Parker

Name: Robert L. Parker

PERSONNEL ADMINISTRATOR

By: Parker Drilling Management Services, Inc.

By: /s/ David W. Tucker

Name: David W. Tucker
Title: President

EXHIBIT 15

August 6, 2004

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

Re: Parker Drilling Company Registration on Form S-8, Form S-3 and Form S-4

We are aware that our report dated August 6, 2004, on our review of interim financial information of Parker Drilling Company and subsidiaries for the three month and six month periods ended June 30, 2004 and 2003 and included in the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2004 is incorporated by reference in its registration statements on Form S-8 (File No. 33-57345, 333-59132, 333-70444, 333-41369, 333-84069 and 333-99187) and Form S-3 (File No. 333-36498) and Form S-4 (File No. 333-110374).

/s/ PricewaterhouseCoopers LLP
\- ------------------------------
PricewaterhouseCoopers LLP

EXHIBIT 31.1

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

I, Robert L. Parker Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended June 30, 2004, 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)) 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)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

   (c)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; and

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: August 6, 2004

/s/ Robert L. Parker Jr.
\- ------------------------------------
Robert L. Parker Jr.
President and Chief Executive Officer

EXHIBIT 31.2

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

I, James W. Whalen, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended June 30, 2004, 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)) 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)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

   (c)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; and

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: August 6, 2004

/s/ James W. Whalen
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James W. Whalen
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

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 June 30, 2004 (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.

Dated: August 6, 2004

/s/ Robert L. Parker Jr.
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Robert L. Parker Jr.
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.

EXHIBIT 32.2

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 June 30, 2004 (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.

Dated: August 6, 2004

/s/ James W. Whalen
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James W. Whalen
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 statement.