

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED AUGUST 31, 1997

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

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.)

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

(Address of principal executive offices) (zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

<TABLE>

<S>

<C>

Name of each exchange on which registered:

Common Stock, par value \$.16 2/3 per share New York Stock Exchange, Inc.

(Title of class)

</TABLE>

Securities registered pursuant to section 12(g) of the Act:

N/A

(Title of class)

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 if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to
the best of registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K or any
amendment to this Form 10-K.

As of September 30, 1997, 76,686,892 common shares were outstanding, and
the aggregate market value of the common shares (based upon the closing price
of these shares on the New York Stock Exchange) held by nonaffiliates was
\$1,071.7 million.

Documents Incorporated by Reference

TABLE OF CONTENTS

<TABLE>
<CAPTION>

<S>	<C>	PAGE	<C>
PART I			
Item 1.	Business	1	
Item 2.	Properties	15	
Item 3.	Legal Proceedings	21	
Item 4.	Submission of Matters to a Vote of Security Holders		21
Item 4a.	Executive Officers	22	

PART II

Item 5.	Market for Registrant's Common Stock and Related Stockholder Matters	24	
Item 6.	Selected Financial Data	24	
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations		25
Item 8.	Financial Statements and Supplementary Data		33
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	59	

PART III

Item 10.	Directors and Executive Officers of the Registrant		59
Item 11.	Executive Compensation	59	
Item 12.	Security Ownership of Certain Beneficial Owners and Management	60	
Item 13.	Certain Relationships and Related Transactions		60

PART IV

Item 14.	Exhibits, Financial Statement Schedule and Reports on Form 8-K	60	
	Signatures	65	

</TABLE>

PART I

Item 1. BUSINESS

GENERAL DEVELOPMENT

Parker Drilling Company was incorporated in the state of Oklahoma in 1954 after having been established in 1934 by its founder Gifford C. Parker. The founder was the father of Robert L. Parker, the chairman and a principal stockholder, and the grandfather of Robert L. Parker Jr., president and chief executive officer. In March 1976, the state of incorporation of the Company was changed to Delaware through the merger of the Oklahoma corporation into its wholly owned subsidiary Parker Drilling Company, a Delaware corporation. Unless otherwise indicated, the term "Company" refers to Parker Drilling Company together with its subsidiaries and "Parker Drilling" refers solely to the parent, Parker Drilling Company.

The Company is a leading worldwide provider of contract drilling and drilling related services, operating in the transition zones of the Gulf of Mexico and Nigeria, in the offshore waters of the Gulf of Mexico and in international and domestic land oil and gas producing regions. The Company's growth strategy is focused on higher margin offshore and transition zone drilling and workover markets. Consistent with this strategy, in November 1996 the Company acquired (i) Mallard Bay Drilling, Inc. ("Mallard"), the second-largest barge drilling and workover company in the transition zones of the Gulf of Mexico, and (ii) Quail Tools, Inc. ("Quail"), a leading provider of specialized rental equipment for drilling and workover operations, primarily in the Gulf of Mexico. In July 1997 the Company acquired the assets of Bolifor, a leading provider of land contract drilling services in Bolivia. In addition, in May 1997 the Company entered into agreements to acquire the capital stock of Hercules Offshore Corporation and Hercules Rig Corp. (collectively, "Hercules"), together a leading provider of contract drilling and workover services in the shallow waters of the Gulf of Mexico. Such pending acquisition of Hercules is referred to in this report as the "Hercules Acquisition."

With the closing of the pending acquisition of Hercules, the Company's rig fleet will consist of 34 barge drilling and workover rigs, eight offshore jackup rigs, six offshore platform rigs and 74 land rigs. The Company's barge and jackup rig fleet is dedicated to transition zone waters, which are generally defined as extending from the coast to depths of up to 25 feet. The Company's offshore jackup and platform rig fleets currently operate in the Gulf of Mexico market. The Company's land rig fleet generally consists of premium and specialized deep drilling rigs, with 61 of its 74 land rigs capable of drilling to depths of 15,000 feet or greater. In addition, 21 of the Company's land rigs are helicopter-transportable, thus establishing the Company as the dominant operator in the heli-rig market. The diversity of the Company's rig fleet, both in terms of geographic location and asset class, enables the Company to provide a broad range of services to oil and gas operators around the world and to take advantage of market upturns, while reducing its exposure to downturns in any particular sector or region.

TRANSITION ZONE OPERATIONS

The Company is a leading provider of contract drilling services in the transition zones of the Gulf of Mexico and Nigeria, where barge rigs are the primary source of drilling and workover services. Barge rigs are mobile drilling and workover vessels that are submersible and are built to work in eight to 25 feet of water. These rigs are towed by tug boats to the drill site with the derrick laid down. The lower hull is submerged by flooding until it rests on the sea floor. The derrick is then raised and drilling or workover operations are conducted with the barge in this position.

Domestic Barge Drilling

The Company's principal domestic market for its barge drilling rigs is the transition zones of the Gulf of Mexico, primarily in Louisiana and, to a lesser extent, Alabama and Texas, where conventional jackup rigs are unable to operate. This area historically has been the world's largest market for shallow water barge drilling. The Company is the second largest operator of barge drilling rigs in this market, with 15 drilling barges. Barge rigs are also employed inland in lakes, bays, rivers and marshes.

The barge market in the transition zones of the Gulf of Mexico has undergone significant attrition and consolidation in recent years, with the number of drilling rigs declining from over 120 in the early 1980s to approximately 55 today, and the number of competitors decreasing over the same period from more than 30 to only two significant contractors. Drilling and workover activity has been increasing in the Gulf of Mexico transition zones, spurred by (i) the increased use of 3-D seismic technology that has resulted in the identification of previously undiscovered drilling prospects and (ii) the settlement of a royalty dispute between the State of Louisiana and Texaco, the region's largest leaseholder. It is estimated that Texaco holds approximately 45% of the shallow water leases in Louisiana. Pursuant to a settlement reached in March 1994, Texaco agreed to invest approximately \$150 million to drill in Louisiana over a five-year period. Higher natural gas prices have also significantly contributed to this increased drilling and workover activity. The recent increase in drilling and workover activity in the Gulf of Mexico has resulted in a significant increase in dayrates and utilization for the Company's rigs. For the period from November 12, 1996 through August 31, 1997, the Company's marketable deep drilling barge rigs averaged 98% utilization and

an average dayrate of \$15,660. As of September 30, 1997, 88% of the Company's marketable deep drilling barge rigs were in operation at an average dayrate of \$18,985.

The Company believes that international markets, in which jackup rigs have historically been utilized for transition zone drilling, will utilize an increasing number of barge rigs over the next several years, primarily rigs currently or formerly employed in the Gulf of Mexico transition zone market and newly constructed rigs. Once a barge rig has been modified for international service, it may not be feasible to return to service in certain areas of the Gulf of Mexico transition zone market because the modifications restrict the ability of the rig to navigate inland waterways.

- 2 -

Domestic Barge Workover and Shallow Drilling

The Company is the leading provider of domestic barge workover services in the transition zone of the Gulf of Mexico. The Company's domestic barge workover and shallow drilling business is based in the same geographical area as its barge drilling business. The same factors that have affected the structure of the barge drilling sector also have affected this sector, including considerable consolidation of competitors and reduction of available rigs since the early 1980s. In June 1997 the Company was awarded a one-year extension of its exclusive alliance to provide barge rig completion and workover services to Texaco in the transition zones of the Gulf of Mexico.

International Barge Drilling

The Company has focused its international barge drilling efforts in the transition zones of West Africa, where it is one of the leading providers of barge drilling services in Nigeria, with three of the eight rigs in the market. International markets are particularly attractive due to the availability of long-term contracts and the opportunity to earn dayrates higher than domestic rates. The Company believes that international markets, in which jackup rigs have historically been utilized for offshore drilling, will utilize an increasing number of barge rigs over the next several years and that these will come primarily from rigs currently or formerly employed in the Gulf of Mexico transition zones. The most promising international barge drilling markets are currently located in the transition zones of Venezuela, Indonesia, Tunisia, Middle East, the Caspian Sea and West Africa.

The Company is one of the largest barge rig operators in the transition zones of Nigeria. The Company has operated in Nigeria since 1991 and currently operates three barge rigs under long-term contracts at an average dayrate of \$26,444. The Company has recently received a letter of intent, subject to the execution of a definitive agreement, from one of its present customers in Nigeria for a five-year drilling contract in the transition zones of Nigeria, which will require the construction of a new drilling barge at an estimated cost of \$25 million. One of the Company's drilling rigs, which previously operated offshore Nigeria, is currently undergoing modifications at a shipyard in New Iberia, Louisiana.

Offshore Operations

Jackup Drilling

Pursuant to the Hercules Acquisition, the Company will acquire seven shallow water jackup rigs. As of September 30, 1997, six of the rigs were in active service at 100% effective utilization, with an average dayrate of \$26,433. The seventh rig is in a shipyard undergoing modification and is expected to be in service in January 1998. The Hercules jackup rigs are mobile, self-elevating drilling platforms equipped with legs that can be lowered to the ocean floor until a foundation is established to support the hull, which contains the drilling equipment, jacking system, crew quarters, loading and unloading facilities, storage areas for bulk and liquid materials, helicopter landing deck and other related equipment. Five of the rigs are cantilever design, a feature that permits the drilling platform to be extended out from the hull,

allowing drilling and workover operations to be performed over existing platforms or structures. Jackup rigs with the cantilever feature historically have achieved higher dayrates and utilization levels. The other two rigs are slot-type design configured for the drilling operations to take place through a keyway in the hull. These two rigs have the added capability of operating in eight feet of water. Four of the seven jackup rigs are mat-supported rigs and three are independent leg rigs. The Hercules rigs are capable of drilling to maximum depths of 25,000 feet and in water depths of up to 215 feet.

The Hercules Acquisition will further expand and complement the Company's business in the Gulf of Mexico shallow water market and will augment the Company's existing platform rig business.

Platform Drilling

The Hercules Acquisition will add three modular self-erecting rigs to the Company's current fleet of three. These platform rigs consist of drilling equipment and machinery arranged in modular packages that are transported to and self-erected on fixed offshore platforms owned by oil companies. The Company believes that the modular self-erecting design of the platform rigs provides a competitive advantage due to lower mobilization costs and smaller "footprint." The Company intends to expand its presence in the platform rig market through the refurbishment of its cold-stacked rig and through the acquisition or construction of additional rigs.

LAND OPERATIONS

General

The Company is a leading international provider of land contract drilling services. The Company's land drilling operations specialize in the drilling of deep and difficult wells and drilling in remote and harsh environments. Since beginning operations in 1934, the Company has operated in 49 foreign countries and throughout the United States, making it one of the most geographically diverse land drilling contractors in the world.

International Operations

The Company's international land drilling operations are focused primarily in South America and the Asia Pacific region, where it specializes in drilling that requires equipment specially designed to be transported by helicopter or all-terrain vehicles into remote access areas such as jungle, mountainside or desert locations. Management believes that the Company's 21 heli-rigs, with technologically advanced pumps and power generation systems that are capable of drilling difficult wells in excess of 15,000 feet, have established the Company as the dominant operator in the heli-rig market, with what the Company estimates to be a 75% worldwide market share. The Company traditionally has been a pioneer in frontier areas and is currently working for or has recently worked for operators in China, Russia, Kazakhstan and Vietnam.

In recent years, many major and independent oil companies have directed a greater portion of their exploration budgets to foreign markets. This is particularly true in South America and the Asia Pacific region, where the demand for land rigs has increased significantly. The Company has benefitted from this trend due to its long-standing presence in these markets and has been able to deploy rigs under longer term contracts at higher dayrates and operating margins than in its domestic operations. Management believes that the demand for drilling services in international markets will continue to grow as demand for oil and gas increases and countries dependent on oil and gas revenues seek to increase their production. The Company intends to capitalize on its global presence and substantial international experience to pursue

growth opportunities in both current and developing markets.

International markets differ from the domestic market in terms of competition, nature of customers, equipment and experience requirements. The majority of international drilling markets have the following characteristics: (i) a small number of competitors; (ii) customers who are major, large independent or foreign national oil companies; (iii) drilling programs in remote locations requiring drilling equipment with a large inventory of spare parts and other ancillary equipment; and (iv) drilling of difficult wells requiring considerable experience.

South America. The Company has 33 rigs located in the South American drilling markets of Colombia, Argentina, Paraguay, Peru and Bolivia. The Company's rigs have been upgraded to meet the demands of deep, difficult drilling in these areas. Most of these rigs are currently under contract to major or national oil companies at attractive dayrates. The Company anticipates it will continue to relocate rigs to the South American market to meet increased demand for drilling.

Asia Pacific Region. The Company operates 13 of its fleet of 21 helicopter transportable rigs in the Asia Pacific region due to the remoteness of the mountainside and jungle drilling performed in this region. The Company entered the Indonesian geothermal market in 1995. In 1996, the Company became the first land drilling contractor to enter the Vietnam market subsequent to the liberalization of Vietnam's trading policy and the lifting of restrictions on doing business with Vietnam. Also in 1996, the Company formed an alliance with the national drilling company in China pursuant to which Parker is providing project management assistance and rig supervisory personnel to western oil companies in conjunction with the Company's Chinese partner. The Company has the longest presence of any foreign drilling contractor in China, beginning with its first contract in 1980.

Africa and the Former Soviet Union. Seven of the Company's rigs are currently located in the markets of Africa and the former Soviet Union. After becoming the first western drilling contractor to enter the Russian drilling market in 1991, expansion of the Company's business in this country has been hampered by bureaucratic inefficiencies, constantly changing tax and other laws and political issues that have retarded the investment of capital by major and large independent oil companies in Russia. As a result, the Company has relocated three of its drilling rigs and is in the process of relocating its remaining drilling rig from Russia to Kazakhstan. As anticipated, the recently announced agreement

- 5 -

regarding the pipeline to be built to accommodate incremental production from the Tengiz field in Kazakhstan has already increased exploration efforts in this region. In addition to operating the Company's own rigs, the Company recently was awarded a five-year alliance contract by the operator of the Tengiz field to operate and maintain its rigs, including the provision of expatriate and local drilling crews and management of its warehouse, drilling base and mobile equipment fleet.

Domestic Operations

In the United States, the Company operates land rigs in the Gulf Coast, Rocky Mountain and Mid-Continent regions and the arctic region of Alaska. Industry conditions in the United States land drilling market have recently improved after having been depressed though most of the 1980s and early 1990s. The improved market conditions have resulted in both increased rig utilization and dayrates and shortages for certain types of rigs in certain markets. The increased drilling activity has been reflected in a greater demand for rigs of all depth capabilities, in particular deep drilling rigs such as those owned by the Company. The recent market improvements have been a result of a combination of a general consolidation trend in the industry, high and more stable oil and natural gas prices and improvements in exploration technology, in particular the greater use of 3-D seismic data and horizontal drilling.

Of the Company's 14 rigs located in the United States, 13 are SCR electric, six are equipped with top drive units and all are capable of drilling in excess of 15,000 feet. Traditionally, the Company has differentiated itself from its domestic competitors by specializing in the drilling of deep and difficult wells.

Specialty Services

Helicopter Transportable Rigs. The Company specializes in difficult wells and drilling in remote areas and harsh environments, primarily in international locations. A significant factor contributing to the Company's success in obtaining drilling contracts in remote areas is the use of rigs that are transportable by air, land and water. These rigs have been specially designed and constructed by the Company for quick assembly and disassembly under the proprietary designations "Heli-Hoist(R)" rig, Transportable By Anything(R) ("TBA(R)) rig and All-Terrain ("AT2000E(R)") rig. Management believes that the Company's 21 helicopter rigs comprise approximately 75% of the operational helicopter transportable rigs worldwide. The Heli-Hoist(R), TBA(R) and AT2000E(R) rigs allow the Company to perform drilling operations in remote and otherwise inaccessible locations such as jungle areas, mountainous areas and offshore platforms.

Deep Drilling. During the U.S. drilling boom of the late 1970s and early 1980s the Company developed its specialty of deep and difficult drilling, primarily in the Anadarko Basin of Western Oklahoma and the Overthrust Region in the Rocky Mountains. The majority of the expansion of the Company's domestic fleet was built around this deep gas drilling. The Company's largest drilling rig is rated in excess of 35,000 feet.

- 6 -

During the last several years, drilling activity has shifted from domestic deep gas drilling to international deep oil and gas drilling. While international deep drilling is generally in the range of 15,000 feet to 20,000 feet as opposed to the domestic deep drilling which often exceeds 20,000 feet, the Company has benefitted in the international arena from the development of this expertise, particularly in the deep drilling markets of the Cusiana and Cupiagua fields of Colombia and in northern Argentina.

Arctic Drilling. The Company has been one of the pioneers in arctic drilling conditions and continues to offer new technology to meet the demand for increased drilling in an ecologically sensitive manner. The Company's most recent development has been the introduction of a self-contained mobile drilling unit capable of being moved in one unit by giant "crawlers" similar to the system used to move rocket thrusters for the space program. The environmentally sensitive rig also has a complete closed-loop mud system and cuttings processing system that eliminate the need for mud pits.

Geothermal Drilling. The Company also has developed expertise in the area of geothermal drilling. Geothermal operations involve drilling into a pocket of geothermal energy, tapping the source of this energy in the form of steam, hot water or hot rocks and converting this heat into usable forms of energy. The market for geothermal drilling is expanding into several areas of the world, including the Philippines, New Zealand and Indonesia, as various countries elect to access this alternative form of energy.

RENTAL TOOLS

Quail, based in New Iberia, Louisiana, is a provider of premium rental tools used for land and offshore oil and gas drilling and workover activities. Approximately 70% of Quail's equipment is utilized in offshore and coastal water operations. Since its inception in 1978, Quail's principal customers have been major and independent oil and gas exploration and production companies.

Quail rents specialized equipment utilized in difficult well drilling and production and workover applications. Quail offers a full line of drill pipe, drill collars, tubing, high-and low-pressure blowout preventers, choke

manifolds, casing scrapers and cement and junk mills. During fiscal 1997, Quail entered into a contract with a major oil company to be its preferred provider of rental tools to the land and offshore Texas markets. The Company expects to open prior to year-end a new rental tool facility in Victoria, Texas, in order to service the increasing demand for tools in that region. Approximately 60% of Quail's revenues are realized from rentals for production and workover activities.

The rental tool industry is currently experiencing increasing demand due to the trend toward outsourcing by oil companies of noncore equipment and services and the significant increase in drilling activity in the Gulf of Mexico. In recent years, major and independent oil companies have

- 7 -

liquidated certain ancillary drilling equipment in an effort to improve drilling efficiencies and returns on drilling programs. In addition, drilling activity has increased substantially in the Gulf of Mexico, causing an increase in dayrates for drilling rigs and a further increase in the demand for rental tools. The Company believes that Quail will benefit from such trends.

During the past three years, Quail has experienced significant growth in revenues and earnings due in general to the growth trends in the oil and gas industry and specifically to the increased production and drilling activity in the Gulf of Mexico and the movement within the industry towards fewer or single source vendors. Quail derives equipment rental revenue primarily from the daily rental charges for its tools, pipe, and related equipment and to a lesser extent by charging customers for ancillary parts and repairs, transportation of the rental items to the customer's location, inspection of rental items as specified by the customer, items it sub-rents from other rental tool companies, the disposal of waste removed from the rental items after their use, and the cost of rental items lost or damaged beyond repair. The operating costs associated with Quail's rentals consist primarily of expenses associated with depreciation, transportation, inspection, maintenance and repair, and related direct overhead.

- 8 -

PENDING ACQUISITIONS

The Hercules Acquisition

On May 9, 1997, the Company executed a definitive stock purchase agreement (the "HOC Agreement") to acquire all of the outstanding capital stock of Hercules Offshore Corporation, a Texas corporation ("HOC"), and a definitive stock purchase agreement (the "HRC Agreement") to acquire all of the outstanding capital stock of Hercules Rig Corp., a Texas corporation ("HRC") and an affiliate of HOC (HOC and HRC being collectively referred to as "Hercules"), for \$145 million and \$50 million, respectively. The purchase prices for the acquisitions are subject to adjustment for certain debt assumed by the Company, for capital expenditures incurred and for levels of working capital at closing. Currently, Hercules owns three self-erecting platform rigs and seven offshore jackup rigs.

Under the terms of the HOC Agreement, Trenergy (Malaysia) BHD ("Trenergy"), the sole shareholder of HOC, and the Company have agreed to indemnify the other in certain circumstances. The closing of the HOC Agreement is subject to certain conditions, including approval of the transaction by the Malaysian Securities Commission and the Kuala Lumpur Stock Exchange and obtaining of the requisite approval of the shareholders of Trenergy. Under certain circumstances, if the Company fails to consummate the transaction, the Company will be obligated to pay Trenergy \$5 million. Trenergy also is obligated to pay the Company \$5 million if it fails to close the transaction under certain circumstances. The HOC Agreement is terminable by either party if the transaction fails to close by December 31, 1997.

The closings of the HOC Agreement and the HRC Agreement are further conditioned on the closing of the other. The closing of the transaction is expected to occur in the fourth quarter of calendar 1997. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

CUSTOMERS

The Company believes it has developed an international reputation for providing efficient, quality drilling services. A key for advancing the Company's business strategy is maintaining and developing relationships and strategic alliances with its customers. An increasing number of the Company's customers have been seeking to establish exploration or development drilling programs based on partnering relationships or alliances with a limited number of preferred drilling contractors. Such relationships or alliances can result in longer term work and higher efficiencies that increase profitability for drilling contractors at a lower overall well cost for oil companies. The Company is currently a preferred contractor for operators in certain domestic and international locations, which management believes is a result of the Company's quality, service and experience.

- 9 -

The Company's drilling customer base consists of major, independent and foreign national oil and gas companies. The Company's largest customer accounted for approximately 13% of total revenues for fiscal year 1997, and its two largest customers accounted for 19% and 18% of total revenues for fiscal year 1996 and 22% and 13% of total revenues for fiscal year 1995.

CONTRACTS

The Company generally obtains drilling contracts through competitive bidding. Under most contracts the Company is paid a daily fee, or dayrate. The dayrate received is based on several factors, including: type of equipment, services and personnel furnished; investment required to perform the contract; location of the well; term of the contract; and competitive market forces. Meterage rate contracts are occasionally accepted in which the Company is paid a rate per meter drilled upon reaching a specified depth.

The Company generally receives a lump sum fee to move its equipment to the drilling site, which in most cases approximates the cost incurred by the Company. Domestic contracts are generally for one well, while international contracts are more likely to be for multi-well programs. The Company continues to obtain contracts under which the Company provides drilling engineering and integrated project management services. The Company provides drilling project services ranging from well design and engineering expertise to site preparation and road construction in an effort to help customers eliminate or reduce management overhead which would otherwise be necessary to supervise such services.

After a decade of low domestic land drilling activity, fiscal 1997 has seen an improved market. Dayrates on domestic contracts have increased significantly, thereby providing improved profit margins over prior years. The Company has redeployed five of its domestic land rigs to the active Gulf Coast market where dayrates and profit margins are more attractive. International and offshore dayrates and profit margins continue to be more favorable than those for domestic land operations. Because of the difficult remote drilling sites encountered internationally, specialized equipment is often required, sometimes resulting in additional modification or construction costs which are generally offset by favorable dayrates for the Company. Substantially all the international contracts provide for payment in U.S. dollars, with a minimum local currency portion to cover local expenditures.

COMPETITION

Demand in the offshore drilling markets serviced by the Company has significantly improved from previous years. In the Gulf of Mexico barge drilling and workover markets, the Company competes primarily with Falcon Drilling Company, Inc. However, a few small contractors remain, principally in the barge workover market.

Management believes that Quail is one of the four leading rental tool companies in the offshore Gulf of Mexico. A number of Quail's competitors in the Gulf of Mexico and in the Gulf Coast land markets are substantially larger than, and have greater financial resources than, Quail.

Management believes that Hercules is the second largest shallow water drilling company in the Gulf of Mexico. This market is characterized by effectively full utilization and rising dayrates. While competitive, none of the jack-up rig companies have experienced difficulty in obtaining contracts for their rigs in recent months.

The land drilling market is generally more competitive than the offshore market due to the larger number of rigs and companies. Drilling contracts are generally awarded on a competitive bid basis and, while an operator may consider factors such as quality of service and type and location of equipment as well as the ability to provide ancillary services, price and availability of equipment are significant factors in determining which contractor is awarded a job. In international markets, experience in operating in certain environments and customer alliances have also been factors in the selection of the Company in certain cases, as well as the Company's patented drilling equipment for remote drilling projects. The Company believes that the market for land drilling contracts will continue to be competitive for the foreseeable future. Certain of the Company's competitors have greater financial resources than the Company, which may enable them to better withstand industry downturns, to compete more effectively on the basis of price, to build new rigs or to acquire existing rigs.

RESEARCH AND DEVELOPMENT

In response to the customers' need for reducing the overall drilling costs, the Company is developing a versatile All Terrain Modular (ATM) Rig System. The new series of modular compact components will provide an expandable, upgradeable, concept to fit almost any drilling, transporting, and environmental requirement. The ATM Rig System also will provide some of the latest drilling equipment technology as well as maximum power capabilities for fast, safe, and efficient drilling. Several proprietary designs will make the modular rig system unique in capacity and transportability.

- 11 -

Fifteen employees are involved in the Company's research and development activities. The costs associated with the Company's research and development efforts are not significant.

EMPLOYEES

At August 31, 1997, the Company employed 4,313 persons, up 116% from the 1,993 employed at August 31, 1996. The following table sets forth the composition of the Company's employees:

<TABLE>
<CAPTION>

August 31,	
1997	1996
-----	-----
-----	-----

<S>	<C>	<C>	
International Land Drilling Operations		2,286	1,458
Domestic Land Drilling Operations		413	331
Offshore Drilling Operations		1,355	--
Tool Rental Operations		68	--
Corporate and Other Domestic		191	204

</TABLE>

RISKS AND ENVIRONMENTAL CONSIDERATIONS

The U.S. Gulf Coast market, and particularly the shallow water areas where the Company's contract drilling service operations are concentrated, are ecologically sensitive. As a result, environmental issues have led to higher drilling costs, a more difficult and lengthy well permitting process and, in general, have adversely affected decisions of the oil companies to drill in these areas. U.S. laws and regulations applicable to the Company's operations include those controlling the discharge of materials into the environment, requiring removal and cleanup of materials that may harm the environment, or otherwise relating to the protection of the environment. The Company, as an operator of drilling rigs in navigable U.S. waters and certain offshore areas, may be liable for damages and costs incurred in connection with oil spills for which it is held responsible, subject to certain limitations. An oil spill in a wetland or inland waterway could produce substantial damage to the environment, including wildlife and ground water. Laws and regulations protecting the environment have become more stringent in recent years, and may, in certain circumstances, impose strict liability, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. Such laws and regulations may expose the Company to liability for the conduct of or conditions caused by others, or for acts of the Company which were in compliance with all applicable laws at the time such acts were performed. The application of these requirements or the adoption of the new requirements could have a material adverse effect on the Company.

- 12 -

The drilling of oil and gas wells is subject to various federal, state, local and foreign laws, rules and regulations. The Company, as an owner or operator of both onshore and offshore facilities operating in or near waters of the United States, may be liable for the costs of removal and damages arising out of a pollution incident to the extent set forth in the Federal Water Pollution Control Act, as amended by the Oil Pollution Act of 1990 ("OPA") and the Outer Continental Shelf Lands Act. In addition, the Company may also be subject to applicable state law and other civil claims arising out of any such incident. Certain of the Company's facilities are also subject to regulations of the Environmental Protection Agency ("EPA") that require the preparation and implementation of spill prevention, control and countermeasure plans relating to possible discharge of oil into navigable waters. Other regulations of the EPA may require certain precautions in storing, handling and transporting hazardous wastes. State statutory provisions relating to oil and natural gas generally include requirements as to well spacing, waste prevention, production limitations, pollution prevention and cleanup, obtaining drilling and dredging permits and similar matters. The Company believes that it is in substantial compliance with such laws, rules and regulations.

The OPA and regulations promulgated pursuant thereto impose a variety of regulations on "responsible parties" related to the prevention of oil spills and liability for damages resulting from such spills. A "responsible party" includes the owner or operator of a facility or vessel, or the lessee or permittee of the area in which an offshore facility is located. The OPA assigns liability to each responsible party of oil removal costs and a variety of public and private damages. While liability limits apply in some circumstances, a responsible party for an Outer Continental Shelf facility must pay all spill removal costs incurred by a federal, state or local government. The OPA establishes liability limits (subject to indexing) for offshore

drilling rigs. If functioning as an offshore facility, the offshore drilling rigs are considered "tank vessels" for spills of oil on or above the water surface, with liability limits of \$1,200 per gross ton or \$10 million. To the extent damages and removal costs exceed this amount, the offshore drilling rigs will be treated as an offshore facility and the offshore lessee will be responsible up to higher liability limits for all removal costs plus \$75 million. A party cannot take advantage of liability limits if the spill was caused by gross negligence or willful misconduct or resulted from violation of a federal safety, construction or operating regulation. If the party fails to report a spill or to cooperate fully in the cleanup, liability limits likewise do not apply. Few defenses exist to the liability imposed by the OPA. The OPA also imposes ongoing requirements on a responsible party, including proof of financial responsibility (to cover at least some costs in a potential spill) and preparation of an oil spill contingency plan. Amendments to the OPA adopted earlier in 1997 reduced the amount of financial responsibility required for "offshore facilities" from \$150 million to \$35 million, but such amendments did not reduce the amount of financial responsibility required for "tank vessels." Since the Company's offshore drilling rigs are typically classified as tank vessels, the recent amendments to the OPA are not expected to have a significant effect on the Company's operations. A failure to comply with ongoing requirements or inadequate cooperation in a spill may even subject a responsible party to civil or criminal enforcement actions.

- 13 -

In addition, the Outer Continental Shelf Lands Act authorized regulations relating to safety and environmental protection applicable to lessees and permittees operating on the Outer Continental Shelf. Specific design and operational standards may apply to Outer Continental Shelf vessels, rigs, platforms, vehicles and structures. Violations of environmental-related lease conditions or regulations issues pursuant to the Outer Continental Shelf Lands Act can result in substantial civil and criminal penalties as well as potential court injunctions curtailing operations and the cancellation of leases. Such enforcement liabilities can result from either governmental or citizen prosecution.

All of the Company's operating domestic barge drilling rigs have zero discharge capabilities as required by law. In addition, in recognition of environmental concerns regarding dredging of inland waters and permitting requirements, the Company conducts negligible dredging operations and approximately two-thirds of the Company's offshore drilling contracts involve directional drilling, which minimizes the need for dredging. However, the existence of such laws and regulations has had and will continue to have a restrictive effect on the Company and its customers.

The drilling industry is dependent on the demand for services from the oil and gas exploration and development industry and, accordingly, is affected by changes in laws relating to the energy business. The Company's business is affected generally by political developments and by federal, state, local and foreign laws and regulations that may relate directly to the oil and gas industry. The adoption of laws and regulations, both domestic and foreign, that curtail exploration and development drilling for oil and gas for economic, environmental and other policy reasons may adversely affect the Company's operations by limiting available drilling opportunities.

- 14 -

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

The Company historically has operated in only one segment, land-based contract drilling services. The acquisitions of Mallard and Quail significantly diversified the Company's businesses, adding offshore drilling and tool rental segments. Information about the Company's business segments and operations by geographic areas for the three years ended August 31, 1997, is set forth in

Item 2. PROPERTIES

The Company owns and occupies a ten-story building in downtown Tulsa, Oklahoma, as its home office. Additionally, the Company owns and leases office space and operating facilities in various locations, but only to the extent necessary for administrative and operational functions.

Land Rigs. During fiscal 1997, the Company added 11 land rigs through the Bolifor acquisition and four land rigs through the Mallard acquisition, sold one domestic and one international rig, released a leased rig and retired a rig damaged in a blowout. The following table shows, as of August 31, 1997, the locations and drilling depth ratings of the Company's 74 land rigs:

- 15 -

<TABLE>
<CAPTION>

	Drilling Depth Rating in Feet					TOTAL	
	10,000 or less	15,000	20,000	Over 25,000	25,000		
	<C>	<C>	<C>	<C>	<C>	<C>	
INTERNATIONAL:							
South America		6	10	10	3	4	33
Asia Pacific		4	3	11	2	--	20
Africa and the Former Soviet Union		3	2	2	--	--	7
Total International		13	15	23	5	4	60
DOMESTIC:							
Gulf Coast		--	--	1	--	4	5
Rocky Mountains		--	--	2	--	2	4
Mid-Continent		--	--	4	--	--	4
Alaska		--	--	--	1	1	
Total Domestic		--	--	7	--	7	14
TOTAL		13	15	30	5	11	74

</TABLE>

- 16 -

Barge Rigs. The following schedule shows the Company's barge rigs as of August 31, 1997.

<TABLE>
<CAPTION>

	Year Built or Last	Maximum Drilling Depth	Horsepower	Refurbished	(Feet)	Status(1)
	<C>	<C>	<C>	<C>	<C>	<C>

<S>

Deep Drilling:

Rig No. 50	2,000	1993	25,000	Active
Rig No. 51	2,000	1993	25,000	Active
Rig No. 52 (2).....	2,000	1993	25,000	Stacked
Rig No. 53	1,600	1995	20,000	Active
Rig No. 54	2,000	1995	30,000	Active
Rig No. 55	2,000	1993	30,000	Active
Rig No. 56	2,000	1992	30,000	Active
Rig No. 57	1,500	1997	20,000	Active
Rig No. 58	3,000	1982	30,000	Stacked
Rig No. 59	3,000	1972	30,000	Stacked
Rig No. 60	3,000	1997	30,000	Active

Intermediate Drilling:

Rig No. 8	1,700	1995	15,000	Active
Rig No. 12	1,200	1990	14,000	Active
Rig No. 17	1,200	1993	13,000	Active
Rig No. 21	1,200	1995	14,000	Active

Heavy Workover and Shallow Drilling:

Rig No. 5	800	1991	-	Stacked
Rig No. 10	800	1978	-	Stacked
Rig No. 15	800	1991	-	Stacked
Rig No. 16	800	1994	11,500	Active
Rig No. 18	800	1993	11,500	Active
Rig No. 20	800	1995	11,500	Active
Rig No. 23	1,000	1993	13,000	Active
Rig No. 24	1,000	1992	13,000	Active
Rig No. 25	1,000	1993	13,000	Active
Rig No. 27	800	1987	-	Stacked
Rig No. 28	800	1987	-	Stacked

Workover and Other:

Rig No. 6	700	1995	-	Active
Rig No. 7	700	1995	-	Active
Rig No. 9	650	1996	-	Active
Rig No. 26	650	1996	-	Active

</TABLE>

<TABLE>

<CAPTION>

	Year Built or Last	Maximum Drilling Depth	Horsepower	Refurbished	(Feet)	Status(1)
--	-----------------------	------------------------------	------------	-------------	--------	-----------

<S>

<C> <C> <C> <C>

Deep Drilling:

Rig No. 71 (3).....	3,000	1994	30,000	Shipyards
Rig No. 72	3,000	1991	30,000	Active
Rig No. 73	3,000	1991	30,000	Active
Rig No. 74	3,000	1997	30,000	Active

</TABLE>

(1) "Active" denotes that the rig is currently under contract or available for contract. "Stacked" denotes that the rig is currently cold stacked and would need to be refurbished at a significant cost before being placed back into service.

(2) On June 16, 1997, Rig No. 52 suffered extensive damage when a well on which it was working suffered a blowout and fire.

(3) Rig 71 is being refurbished for service in an international location.

Platform Rigs. The following table shows the Company's platform rigs as of August 31, 1997.

<TABLE>
<CAPTION>

	Horsepower	Year Built or Last Refurbished	Maximum Drilling Depth (Feet)	Status(1)
Rig No. 41E	1,000	1997	12,500	Active
Rig No. 42E.....	1,000	1996	12,500	Active
Rig No. 47	750	1993	11,000	Stacked

(1) "Active" denotes that the rig is currently under contract or available for contract. "Stacked" denotes that the rig is currently cold stacked and would need to be refurbished at a significant cost before being placed back into service.

- 18 -

Jackup rigs. The Company has one jackup rig as of August 31, 1997.

<TABLE>
<CAPTION>

	Design(1)	Maximum Water Depth (Feet)	Maximum Drilling Depth (Feet)	Status(2)
Rig No. 43	Sun Contractors (IC)	55	-	Stacked

(1) IC--independent leg, cantilevered.

(2) "Active" denotes that the rig is currently under contract or available for contract. "Stacked" denotes that the rig is currently cold stacked and would need to be refurbished at a significant cost before placed back into service.

- 19 -

The following table presents utilization rates for the Company's barge rigs for fiscal year 1997 beginning at the November 12, 1996 acquisition date of Mallard. The table also presents average dayrates as of September 30, 1997.

<TABLE>
<CAPTION>

	1997

Transition Zone Rig Data

Domestic barge deep drilling:

Rigs available for service (1)	7.8	
Utilization rate of rigs available for service (2)		98%
Dayrate	\$18,985	
Cold stacked rigs (1)	3.0	

Domestic barge intermediate drilling:

Rigs available for service (1)	4.1	
Utilization rate of rigs available for service (2)		95%
Dayrate	\$13,825	
Cold stacked rigs (1)	0.0	

Domestic barge workover and shallow drilling:

Rigs available for service (1)	8.7	
Utilization rate of rigs available for service (2)		83%
Dayrate	\$10,256	
Cold stacked rigs (1)	6.3	

International barge drilling:

Rigs available for service (1)	3.5	
Utilization rate of rigs available for service (2)		92%
Dayrate	\$26,444	
Cold stacked rigs (1)	0.5	

</TABLE>

(1) The number of rigs is determined by calculating the number of days each rig was in the fleet, e.g., a rig under contract or available for contract for an entire year is 1.0 "rigs available for service" and a rig cold stacked for one quarter is 0.25 "cold stacked rigs." "Rigs available for service" includes rigs currently under contract or available for contract. "Cold stacked rigs" includes all rigs that are stacked and would require significant refurbishment before being placed into service. Rig No. 52, which recently suffered a blowout is also included as a cold stacked rig under current information for domestic barge deep drilling.

(2) Rig utilization rates are based on a weighted average basis assuming 365 days availability for all rigs available for service. Rigs acquired or disposed of have been treated as added to or removed from the rig fleet as of the date of acquisition or disposal. Rigs that are in operation or fully or partially staffed and on a revenue-producing standby status are considered to be utilized. Rigs under contract that generate revenues during moves between locations or during mobilization/demobilization are also considered to be utilized.

- 20 -

The following table sets forth the utilization rates for the Company's land rigs during each of the previous three years. For comparison purposes the domestic and overall utilization numbers for 1995 have been restated to remove the 22 domestic rigs sold in fiscal 1996.

<TABLE>

<CAPTION>

	Average Utilization for the Years Ended August 31,		
	1997	1996	1995
<S>	<C>	<C>	<C>
International Utilization	63%	55%	54%
Domestic Utilization	87%	56%	46%

Overall Utilization 68% 55% 52%
</TABLE>

Item 3. LEGAL PROCEEDINGS

The Company is a party to certain legal proceedings that have resulted from the ordinary conduct of its business. In the opinion of the Company's management, none of these proceedings is expected to have a material adverse effect on the Company.

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

There were no matters submitted to Parker Drilling Company security holders during the fourth quarter of fiscal year 1997.

- 21 -

Item 4A. EXECUTIVE OFFICERS

Officers are elected each year by the board of directors following the annual meeting for a term of one year and until the election and qualification of their successors. The current executive officers of the Company and their ages, positions with the Company and business experience are presented below:

- (1) Robert L. Parker, 74, chairman, joined Parker Drilling Company in 1944 and was elected a vice president of the Company in 1950. He was elected president in 1954 and chief executive officer in October 1977. Since December 1991, he has retained the position of chairman.
- (2) Robert L. Parker Jr., 48, president and chief executive officer, joined the Company in 1973 as a contract representative and was named manager of U.S. operations later in 1973. He was elected a vice president in 1973, executive vice president in 1976 and was named president and chief operating officer in October 1977. In December 1991, he was elected chief executive officer.
- (3) James W. Linn, 51, executive vice president and chief operating officer, joined Parker Drilling in 1973. He has general charge of the Company's business affairs and its officers. Mr. Linn first served in Parker Drilling's international division and in 1976 was named northern U.S. district manager prior to being elected vice president of U.S. and Canada operations in 1979. He was named a senior vice president in September 1981 and was elected to his current position in December 1991.
- (4) James J. Davis, 51, senior vice president of finance and chief financial officer, joined Parker in November 1991, in the stated positions. From 1986 through 1991, Mr. Davis was vice president and treasurer of MAPCO, Inc., a diversified energy company with interests in natural gas liquids, marketing and transportation, oil refining and retail motor fuel marketing. He serves as a member of the board of directors of Dollar Rent A Car Finance Company.
- (5) Randy L. Ellis, 45, was elected corporate controller in June 1991. He joined Parker in 1979 as general accounting supervisor and was named manager of general accounting in May 1983.

- 22 -

OTHER PARKER DRILLING COMPANY OFFICERS

- (6) I. E. Hendrix Jr., 53, vice president and treasurer, joined Parker

Drilling in 1976 as manager of the Company's treasury department and was elected treasurer in 1978. Mr. Hendrix was elected vice president of Parker Drilling Company in April 1983. He serves as a member of the board of directors of American Performance Mutual Fund.

- (7) Kenneth R. Hoit, 60, vice president, planning and accounting, joined Parker Drilling Company in 1973. He served as financial analyst and manager of budgets and analysis prior to being elected a vice president in April 1983. In June 1991, Mr. Hoit was given additional management responsibilities over corporate accounting and information systems departments.
- (8) Leslie D. Rosencutter, 42, was elected vice president, administration, in December 1989, and has responsibility for the public relations and human resources departments. In March 1996, she was elected Corporate Secretary. She previously had been named assistant vice president, administration in 1987. She joined Parker in 1974 as secretary to the controller and later was secretary to the Robert L. Parker Trust. She has served as executive secretary and administrative assistant to the chairman prior to being elected an officer.
- (9) T. Bruce Blackman, 46, was elected vice president, Asia Pacific region in January 1996, and has responsibility for the international operations of the Company in this area. He joined the Company in 1977 and has held management positions in Africa and Singapore and international accounting manager in Tulsa. In 1983, he became division manager for the Indonesian operations. In 1989, he was promoted to contract manager, Asia Pacific region.
- (10) John R. Gass, 46, was elected vice president, frontier areas in January 1996, and has responsibility for the international operations of the Company in Russia, North Africa, China and other areas. He joined the Company in 1977 and has served in various management positions in the Company's international divisions. In 1985, he became the division manager of Africa and the Middle East. In 1987, he directed the Company's mining operations in South Africa. In 1989, he was promoted to international contract manager.
- (11) Donald D. Goodson, 43, was elected vice president, Latin American region in January 1996, and has responsibility for international operations in this area. He joined the Company in 1976 and held various accounting and finance positions prior to being named contract manager for U.S. operations in 1981. In June 1989, Mr. Goodson was named Indonesian division manager. In July 1993, he served as contract manager for the Middle East, Africa and Colombia.
- (12) Thomas L. Wingerter, 44, vice president, North America region, joined Parker in 1979. In 1983 he was named contracts manager for the Rocky Mountain division. He was promoted to Rocky Mountain division manager in 1984, a position he held until September 1991 when he was elected a vice president.

- 23 -

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Parker Drilling Company common stock is listed for trading on the New York Stock Exchange under the symbol PKD. At the close of business on August 31, 1997, there were 3,481 holders of record of Parker Drilling common stock. Prices on Parker Drilling's common stock for the fiscal years ending August 31, 1997 and 1996, were as follows:

<TABLE>

<CAPTION>

Fiscal Year 1997 Fiscal Year 1996

Quarter	High	Low	High	Low
First	\$10.250	\$6.125	\$6.375	\$4.875
Second	11.000	7.875	6.500	5.000
Third	10.000	7.500	8.125	5.375
Fourth	13.688	9.375	7.375	5.250

</TABLE>

No dividends have been paid on common stock since February 1987. Restrictions contained in Parker Drilling's existing credit agreement prohibits the payment of dividends. The Company has no present intention to pay dividends on its common stock in the foreseeable future because of its business plan to reinvest earnings in the Company's operations.

Item 6. SELECTED FINANCIAL DATA

Parker Drilling Company and Subsidiaries
(In Thousands Except Per Share Data)

<TABLE>

<CAPTION>

Years Ended August 31,	1997	1996	1995	1994	1993
Revenues	\$311,644	\$156,652	\$157,371	\$152,424	\$100,801
Net income (loss)	\$ 16,315	\$ 4,053	\$ 3,916	\$(28,806)	\$(10,687)
Earnings (loss) per share, primary and fully diluted	\$.23	\$.07	\$.07	\$ (.53)	\$ (.20)
Total assets	\$984,136	\$275,959	\$216,959	\$209,348	\$236,342
Long-term debt	\$551,042	\$ 2,794	\$ 1,748	\$ -	\$ -

</TABLE>

- 24 -

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OUTLOOK AND OVERVIEW

The Company's operations and future results have been altered significantly by the acquisitions of Mallard and Quail in November 1996. As a result of the Mallard Acquisition, the Company has become one of the primary barge drilling contractors in the Gulf of Mexico and Nigeria, each of which were markets in which Parker previously did not operate. As a result of the Quail Acquisition, the Company expanded its operations into the rental tool market in the Gulf of Mexico and the Gulf Coast region. The pending acquisition of Hercules and the recent acquisition of Bolifor are expected to further change the nature of the Company's operations and its future results.

In addition to increasing the size and scope of the Company's operations, the Hercules Acquisition will further increase the percentage of the Company's revenue generated domestically. Parker generated approximately 47% of its revenue from domestic sources in fiscal 1997.

The financings related to the Mallard and Quail Acquisitions in November 1996, combined with the Company's issuance of the Convertible Notes in July 1997, have substantially increased the Company's debt levels. At August 31, 1997, the Company had \$567.1 million in total indebtedness, compared to \$3.4 million of total indebtedness at August 31, 1996. The substantial levels of debt will result in a higher level of interest expense and an increased percentage of the Company's cash flows being used for debt service and may limit the Company's ability to obtain additional financing for future acquisitions and capital expenditures. See "--Liquidity and Capital Resources."

For the foregoing reasons, the acquisitions of Mallard, Quail and the pending Hercules Acquisition will affect the comparability of the Company's historical results of operations.

- 25 -

RESULTS OF OPERATIONS

Year Ended August 31, 1997 Compared to Year Ended August 31, 1996

The Company's fiscal 1997 results of operations were significantly impacted by the acquisitions of Mallard Bay Drilling, Inc. for \$336.8 million and Quail Tools, Inc. for \$66.9 million in November 1996. The acquisitions added two new business segments to the Company's traditional land drilling business: offshore and transition zone drilling and workover services utilizing barge and platform rigs and the rental of specialized equipment used in drilling, production and workover applications.

The acquisitions were accounted for under the purchase method of accounting. As a result, the assets and liabilities of Mallard and Quail were recorded at their estimated fair values as of November 12, 1996, the date the acquisitions were consummated. Goodwill, the purchase price in excess of the fair value of Mallard's and Quail's assets, totaled \$143.3 million and will be amortized over a 30-year period.

The Company recorded net income of \$16.3 million in fiscal 1997 as compared to \$4.1 million in fiscal 1996. Increased land rig utilization and improved margins plus profit generated by the offshore and tool rental segments were partially offset by increased interest and depreciation and amortization expenses. The Company's results of operations included Mallard's and Quail's operations for the period from the acquisition date, November 12, 1996, through fiscal year end, August 31, 1997.

Total revenues of \$311.6 million in fiscal 1997 increased \$155.0 million, nearly doubling total revenues in fiscal 1996. Offshore drilling and tool rental, the two new business segments acquired in fiscal 1997, accounted for \$100.2 million and \$25.5 million, respectively, of the increase. Offshore drilling revenues were derived primarily from barge drilling activity in the transition zones of the U.S. Gulf Coast and Nigeria. The Company furnishes rental tools in both the Gulf of Mexico offshore and Gulf Coast land markets.

Total land drilling revenues increased \$38.2 million due to increased utilization and dayrates in several of the Company's primary land markets. Drilling revenues in the United States increased \$13.6 million due to increased dayrates and a 42% increase in operating days. All 14 of the Company's United States land drilling rigs were operating at year end, with a majority of the rigs located in the Gulf Coast and Rocky Mountain regions.

In Latin America, land drilling revenues increased \$15.0 million due to increased revenues in Peru, Colombia and Bolivia. Four rigs were active in Peru for most of fiscal 1997 as compared to an average of one rig active in fiscal 1996. At year end, the Company

- 26 -

RESULTS OF OPERATIONS 1997 AS COMPARED TO 1996 (continued)

had eight rigs under contract in Colombia, where revenue increased from additional activity and increased dayrates. In July 1997, the Company acquired substantially all of the assets of Bolifor, a leading provider of land contract drilling services in Bolivia. Assets acquired include 11 land rigs located in Bolivia, Paraguay and Argentina. Eight of the rigs are currently under contract. Since the acquisition occurred late in the fiscal year, the impact on results of operations will not be fully realized until fiscal 1998.

Land drilling revenues in the Asia Pacific region increased \$9.4 million due to increased drilling services provided in Indonesia and increased rig utilization in Pakistan, where the Company had three rigs under contract at fiscal year end. Drilling activity in the former Soviet Union and Middle East countries remained nearly the same as in fiscal 1996. However, at fiscal year end, the Company was mobilizing one land rig to Niger for a one-rig contract and moving a land rig from Russia to Kazakhstan to begin a drilling program from a gravel island in the Caspian Sea. Additionally, the Company is modifying one of its barge rigs that previously operated in Nigeria, for service in another international location.

Land drilling revenues generated a profit margin (revenue less direct operating expense) of \$54.5 million in fiscal 1997, an increase of \$14.0 million. Increased profit margins resulted from increased rig utilization and higher dayrates as previously discussed. The offshore drilling and tool rental segments acquired in fiscal 1997 generated profit margins of \$39.1 million and \$16.9 million, respectively.

The increased 1997 profit margins of \$75.0 million were somewhat offset by \$23.2 million higher depreciation and amortization expense and a \$32.7 million increase in interest expense. Higher depreciation and amortization expense was attributable to a combined \$19.0 million depreciation for Mallard and Quail and \$3.8 million of goodwill amortization in fiscal 1997. Increased interest expense resulted from \$400.0 million of debt incurred in November 1996 to finance the Mallard and Quail acquisitions and the issuance of \$175.0 million of Convertible Notes in July 1997.

A \$3.7 million increase in interest income was due to higher cash and cash equivalent levels maintained during the year. Other income decreased \$2.3 million due primarily to reduced gains on sales of assets in fiscal 1997. Included in other income was a \$1.6 million write down resulting from a blowout which damaged barge Rig No. 52 and a \$1.1 million gain from the sale of a subsidiary, Parker Kinetic Designs, Inc.

General and administrative expense decreased \$1.3 million principally due to non-recurring severance costs in fiscal 1996 associated with a reduction in corporate personnel. The increase in income tax expense was attributable to improved international operations and the addition in fiscal 1997 of offshore drilling in Nigeria and offset by a \$1.3 million reversal in fiscal 1997 of an income tax accrual in a country where the Company terminated operations.

- 27 -

RESULTS OF OPERATIONS

Year Ended August 31, 1996 Compared to Year Ended August 31, 1995

The Company recorded net income of \$4.1 million in fiscal 1996 as compared to net income of \$3.9 million in fiscal 1995. An improvement in drilling margins in fiscal 1996 was offset by reduced other income and by increased general and administrative expense due primarily to severance costs.

Drilling revenue decreased \$7.9 million in fiscal 1996 due to the termination in late fiscal 1995 of the Company's low-margin southern Argentina operations, which had generated \$13.0 million of revenue in fiscal 1995. The Company's overall rig utilization rate increased from 52% in fiscal 1995 to 55% in fiscal 1996. Excluded from the utilization percentages for both years are 22 domestic mechanical rigs sold in the fourth quarter of fiscal 1996.

South America drilling revenue decreased from \$76.1 million in fiscal 1995 to \$58.5 million in fiscal 1996, primarily due to the loss of revenue generated in the terminated southern Argentina operations in fiscal 1995. In Colombia, three rigs were refurbished in fiscal 1996 and resumed work under new contracts. The Company had seven rigs under contract in Colombia and two rigs under contract both in northern Argentina and in Peru as of September 30, 1996.

Operations in the Asia Pacific areas generated revenue of \$47.9 million in fiscal 1996, an increase of \$2.9 million from fiscal 1995. The primary area of increased revenue was Papua New Guinea where the Company experienced a 91% rig utilization rate on its five rigs in fiscal 1996. Revenue decreased in New Zealand, the Philippines and Pakistan because five rigs completed contracts in fiscal 1996. Revenues from operations in Africa, Russia and Kazakhstan were approximately \$8.0 million in fiscal 1996 and fiscal 1995.

The Company's domestic operations generated \$30.8 million of drilling revenue in fiscal 1996 as compared to \$23.7 million in fiscal 1995. The increase in revenue was attributable to Alaska Rig 245 operating the entire year in fiscal 1996 versus nine months in fiscal 1995 and a 10% increase in utilization days for the rigs in the lower 48 states. The increase in domestic drilling activity occurred primarily in the Tuscaloosa Trend in Louisiana, where the Company deployed three rigs in fiscal 1996. Six rigs were under contract in Louisiana as of September 30, 1996.

During the fourth quarter of fiscal 1996, the Company sold 22 mechanical rigs from its domestic rig fleet, leaving 15 SCR electric rigs and two mechanical rigs.

- 28 -

RESULTS OF OPERATIONS 1996 AS COMPARED TO 1995 (Continued)

Although worldwide contract drilling revenue decreased \$7.9 million in fiscal 1996, as compared to fiscal 1995, the total drilling margin (drilling revenue less drilling expense) increased \$4.3 million over the same period. This increase was attributable to increased utilization of rigs in Papua New Guinea, improved contract margins in Colombia and the termination of the low-margin southern Argentina operations.

Other revenue increased \$7.2 million in fiscal 1996 due to the sale of a rig by the Company's manufacturing subsidiary, Parker Technology, Inc. ("Partech(R)"). General and administrative expense increased \$2.4 million in fiscal 1996 principally due to non-recurring severance costs associated with a reduction in corporate personnel.

Other income (expense) decreased \$2.0 million due to the reversal in fiscal 1995 of a prior year's foreign currency accrual of \$1.5 million and reduced gains on sales of assets in fiscal 1996. The increase in income tax expense was attributable to increased international profits in fiscal 1996.

- 29 -

Liquidity and Capital Resources

Cash and short-term investments were \$212.8 million at August 31, 1997, an increase of \$134.8 million from August 31, 1996. At August 31, 1997, the Company's working capital was \$275.2 million, which compares to working capital of \$102.9 million at August 31, 1996. Principal factors affecting working capital in fiscal 1997 were \$61.3 million of net proceeds from a Common Stock offering in April 1997, \$169.8 million of net proceeds from the issuance of Convertible Notes in July 1997 and capital expenditures of \$87.4 million incurred during fiscal 1997.

Fiscal 1997 capital expenditures included: (i) the substantial upgrade of barge Rig No. 74, which began work in Nigeria in the third quarter; (ii) the refurbishment of platform Rig Nos. 41 and 42 and barge Rig No. 60, which began

work in the Gulf of Mexico during the latter half of fiscal 1997; (iii) the upgrade of land Rig No. 7, which began working in Pakistan in the fourth quarter; (iv) significant additions of drill pipe and tools for rental operations; and (v) initial expenditures for expansion of tool rental operations in the South Texas market.

In November 1996, the Company acquired Mallard for \$311.8 million in cash and \$25.0 million in convertible preferred stock (that converted into 3,056,600 shares of common stock in the second quarter of fiscal 1997) and Quail for \$66.9 million in cash. The Company financed the acquisitions of Mallard and Quail through the sale of \$300 million principal amount of the 9 3/4% Senior Notes and a term loan of \$100 million under the Senior Credit Facility.

The 9 3/4% Senior Notes, which were sold at a \$2.4 million discount, have an interest rate of 9 3/4% (effective rate of 9.88%) and will mature in 2006. The 9 3/4% Senior Notes are guaranteed by the Company's principal subsidiaries. The Senior Credit Facility consists of the term loan and a \$45 million revolving credit facility. The term loan bears interest (7.89% at August 31, 1997) at the option of the Company, at prime to prime plus 0.50% or at 1.75% to 2.25% above the one-, two-, three- and six-month reserve-adjusted LIBOR rate, depending on the Company's Debt-to-Capital Ratio (as defined), and matures on November 30, 2002. Installments of principal and interest are payable quarterly in an amount that provides for the retirement of \$10 million in fiscal 1997, \$14 million in fiscal 1998, \$12 million in each of fiscal 1999 through 2002, with a final payment of \$28 million due at maturity. The term loan has no prepayment penalty, is guaranteed by the Company's principal subsidiaries and is collateralized by substantially all of the assets of the Company and the assets and stock of such subsidiaries.

The revolving credit facility is available for working capital requirements, general corporate purposes and to support letters of credit, of which \$13.8 million had been issued at August 31, 1997. Availability under the revolving credit facility is subject to certain borrowing base limitations based on 80% of eligible accounts receivable. All advances to the Company under the revolving credit facility bear interest, at the option of the Company, at

- 30 -

Liquidity and Capital Resources (continued)

prime to prime plus 0.50% or at 1.75% to 2.25% above the one-, two-, three- and six-month reserve-adjusted LIBOR rate, depending on the percentage of the credit facility utilized. The revolving credit facility is collateralized by a first lien on the Company's accounts receivable. The revolving credit facility matures on December 31, 1998. At August 31, 1997, no amounts were outstanding under the revolving credit facility.

Each of the 9 3/4% Senior Notes and the Senior Credit Facility contains customary affirmative and negative covenants, including restrictions on incurrence of debt and sales of assets. The Senior Credit Facility prohibits payment of dividends and the indenture for the 9 3/4% Senior Notes restricts the payment of dividends.

On May 9, 1997, the Company signed definitive agreements to acquire the capital stock of Hercules for \$195 million. Hercules owns seven jackup rigs and three self-erecting platform rigs in the Gulf of Mexico. The Hercules acquisition is subject to various conditions, including Malaysian regulatory approval, approval by the shareholders of Trenergy and closing by year-end 1997. Although there can be no assurance as to the closing of the transaction, the Company anticipates the transaction will close in the fourth quarter of calendar 1997. In anticipation of funding the Hercules acquisition, in July 1997 the Company issued \$175 million of Convertible Notes due August 1, 2004. The Convertible Notes bear interest at 5.5% payable semi-annually in May and November. The Convertible Notes are convertible at the option of the holder into shares of Common Stock of Parker Drilling at any time prior to maturity. The Notes are redeemable at the option of the Company at any time after July 2000 at certain stipulated prices.

In July 1997 the Company acquired substantially all of the assets of

Bolifor for \$25 million, of which \$2.7 million will be paid in fiscal 1998. The assets of Bolifor primarily consist of 11 land rigs located in Bolivia, Paraguay and Argentina.

Management believes that the current level of cash and short-term investments and cash generated from operations should be sufficient to acquire Hercules and to finance the Company's working capital needs, scheduled debt service and a portion of the expected capital expenditures during fiscal 1998. In anticipation of new opportunities requiring capital, management is considering various available options for raising additional capital including seeking additional equity and utilizing the revolving portion of the Senior Credit facility.

- 31 -

Other Matters

Internationally, the Company specializes in drilling in remote locations and under difficult geological or operating conditions. The Company's international services are primarily utilized by international and national oil companies in the exploration and development of reserves of oil. Domestically, the Company specializes in drilling deep wells in search of natural gas. Business activity is dependent on the exploration and development activities of the major, independent and national oil and gas companies that make up the Company's customer base. Generally, temporary fluctuations in oil and gas prices do not materially affect these companies' exploration and development activities, and consequently do not materially affect the operations of the Company. However, sustained increases or decreases in oil and natural gas prices could have an impact on customers' long-term exploration and development activities which in turn could materially affect the Company's operations. Generally, a sustained change in the price of oil would have a greater impact on the Company's international operations while a sustained change in the price of natural gas would have a greater effect on domestic operations. Although recent price increases for natural gas have spurred domestic drilling activity, weak prices have resulted in depressed markets for domestic drilling services over the past decade.

Historically, due to the importance of oil revenue to most of the countries in which the Company operates, the Company's operations generally have not been negatively impacted by adverse economic and political conditions. However, there can be no assurances that such conditions could not have a material adverse effect in the future.

In fiscal year 1996 the Company purchased a software package which is year 2000 compliant. During fiscal year 1997 the Company installed significant financial applications and intends to install remaining applications in the near future.

In February 1997, Statement of Financial Accounting Standards No. 128, "Earnings per Share," was issued. This statement replaces the currently required presentation of primary earnings per share (EPS) with a presentation of basic EPS that excludes dilutive securities from the computation. It also requires a presentation of diluted EPS that is computed similarly to the fully diluted EPS calculation currently required. The statement will be effective for the Company's fiscal quarter which will end February 28, 1998. Early application of this statement is not permitted. The Company anticipates that the effect of this pronouncement will be minimal.

- 32 -

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders
Parker Drilling Company

We have audited the consolidated financial statements and financial statement schedule of Parker Drilling Company and subsidiaries as listed in Item 14(a)(1) and (2) of the Form 10-K. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Parker Drilling Company and subsidiaries as of August 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended August 31, 1997, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

/s/ COOPERS & LYBRAND L.L.P.

Tulsa, Oklahoma
October 14, 1997

- 33 -

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(In Thousands Except Earnings Per Share
and Weighted Average Shares Outstanding)

<TABLE>

<CAPTION>

For the Years Ended August 31,	1997	1996	1995
<S>	<C>	<C>	<C>
Revenues:			
Land drilling	\$ 183,381	\$ 145,160	\$ 153,075
Offshore drilling	100,217	--	--
Tool rental	25,457	--	--
Other	2,589	11,492	4,296
	-----	-----	-----
Total revenues	311,644	156,652	157,371
	-----	-----	-----
Operating expenses:			
Land drilling	128,843	104,614	115,963
Offshore drilling	61,136	--	--
Tool rental	8,549	--	--
Other	4,722	11,824	4,928

Depreciation and amortization	46,256	23,061	23,745
General and administrative	14,414	15,756	14,232
	-----	-----	-----
Total operating expenses	263,920	155,255	158,868
	-----	-----	-----
Operating income	47,724	1,397	(1,497)
	-----	-----	-----
Other income and (expense):			
Interest expense	(32,851)	(135)	(88)
Interest income	5,367	1,642	1,272
Other	3,316	5,663	7,413
	-----	-----	-----
Total other income and (expense)	(24,168)	7,170	8,597
	-----	-----	-----
Income before income taxes	23,556	8,567	7,100
	-----	-----	-----
Income tax expense	7,241	4,514	3,184
	-----	-----	-----
Net income	\$ 16,315	\$ 4,053	\$ 3,916
	=====	=====	=====
Earnings per share, primary and fully diluted	\$.23	\$.07	\$.07
	=====	=====	=====
Weighted average shares outstanding (fully diluted)	72,049,124	57,466,183	55,332,541
	=====	=====	=====

</TABLE>

The accompanying notes are an integral part
of the consolidated financial statements.

- 34 -

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Dollars in Thousands)

<TABLE>

<CAPTION>

August 31,	1997	1996
	-----	-----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$209,951	\$ 61,738
Other short-term investments	2,838	16,247
Accounts and notes receivable, net of allowance for bad debts of \$3,153 in 1997 and \$739 in 1996	103,808	33,675
Rig materials and supplies	19,130	10,735
Other current assets	16,227	3,653

Total current assets	351,954	126,048
Property, plant and equipment, at cost:		
Drilling equipment	723,878	423,023
Rental equipment	28,264	--
Buildings, land and improvements	12,519	14,871
Other	21,586	19,153
Construction in progress	28,640	18,844
	814,887	475,891
Less accumulated depreciation, depletion and amortization	375,236	351,714
Net property, plant and equipment	439,651	124,177
Deferred charges and other assets:		
Goodwill, net of accumulated amortization of \$3,822	139,467	--
Rig materials and supplies	5,486	7,984
Assets held for disposition	9,191	8,065
Debt issuance costs	14,956	--
Other	23,431	9,685
Total deferred charges and other assets	192,531	25,734
Total assets	\$984,136	\$275,959

</TABLE>

The accompanying notes are an integral part
of the consolidated financial statements.

- 35 -

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Dollars in Thousands)

<TABLE>

<CAPTION>

August 31, 1997 1996

<S> <C> <C>
LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	\$ 16,084	\$ 584
Accounts payable	26,178	9,415
Accrued liabilities	29,539	6,911
Accrued income taxes	4,904	6,217
Total current liabilities	76,705	23,127

Long-term debt (Note 4)	551,042	2,794
Other long-term liabilities	7,666	5,990
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$1 par value, 1,942,000 shares authorized, no shares outstanding	--	--
Common stock, \$.16 2/3 par value, authorized 120,000,000 shares, issued and outstanding 76,679,669 shares (65,327,088 shares in 1996)	12,780	10,888
Capital in excess of par value	340,243	254,955
Retained earnings (accumulated deficit)	(4,023)	(20,338)
Other	(277)	(1,457)
Total stockholders' equity	348,723	244,048
Total liabilities and stockholders' equity	\$ 984,136	\$ 275,959

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

- 36 -

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in Thousands)

<TABLE>

<CAPTION>

For the Years Ended August 31,	1997	1996	1995

<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 16,315	\$ 4,053	\$ 3,916
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	46,256	23,061	23,745
Loss (gain) on disposition of property, plant and equipment	(1,292)	(5,416)	(6,395)
Deferred tax expense (benefit)	--	--	(294)
Other	4,201	307	(55)
Change in assets and liabilities:			
Accounts and notes receivable	(46,488)	8,057	(4,105)
Rig materials and supplies	(3,468)	(532)	(627)
Other current assets	(2,661)	1,493	(1,364)
Accounts payable and accrued liabilities	2,236	(1,504)	3,319

Accrued income taxes	(1,732)	1,108	56
Other assets	(4,895)	(656)	(260)
	-----	-----	-----
Net cash provided by operating activities	8,472	29,971	17,936
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of property, plant and equipment	14,235	8,288	11,711
Capital expenditures	(87,426)	(30,836)	(21,540)
Acquisition of Mallard	(311,837)	--	--
Acquisition of Quail	(66,888)	--	--
Acquisition of Bolifor	(22,311)	--	--
Investments in affiliates	(5,458)	(1,720)	(501)
Decrease (increase) in other short-term and long-term investments	13,409	(14,875)	2,439
Other	--	--	121
	-----	-----	-----
Net cash provided by (used in) investing activities	(466,276)	(39,143)	(7,770)
	-----	-----	-----

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

- 37 -

PARKER DRILLING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(continued)
(Dollars in Thousands)

<TABLE>

<CAPTION>

For the Years Ended August 31,	1997	1996	1995
	-----	-----	-----
	<C>	<C>	<C>
	<S>		
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt	\$ 557,040	\$ --	\$ 187
Proceeds from common stock offering	61,341	49,032	--
Principal payments under debt obligations	(12,284)	(367)	--
Repurchase of common stock	(432)	(382)	(277)
Proceeds from exercise of stock warrant	--	1,552	--
Other	352	323	16
	-----	-----	-----
Net cash provided (used) by financing activities	606,017	50,158	(74)
	-----	-----	-----
Net increase in cash and cash equivalents	148,213	40,986	10,092
Cash and cash equivalents at beginning of year	61,738	20,752	10,660
	-----	-----	-----
Cash and cash equivalents at			

end of year	\$ 209,951	\$ 61,738	\$ 20,752
-------------	------------	-----------	-----------

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$ 21,116	\$ 145	\$ 2
Income taxes	\$ 8,973	\$ 3,406	\$ 3,422

</TABLE>

Supplemental noncash financing activity:

In November 1994, the Company acquired a limited partner's ownership interest in two consolidated partnerships in exchange for a promissory note in the amount of \$1,850,000.

In May 1995, the Company received rig materials and supplies valued at \$556,000 in lieu of payment on a note due the Company.

In fiscal 1996 the Company acquired computer and office equipment under capital lease arrangements totaling \$1,708,000.

The accompanying notes are an integral part of the consolidated financial statements.

- 38 -

PARKER DRILLING COMPANY AND SUBSIDIARIES
Consolidated Statement of Stockholders' Equity
(Dollars in Thousands)

<TABLE>
<CAPTION>

	Preferred stock	Capital stock	Other- in excess value	Retained earnings of par (accumulated deficit)	Unearned restricted (accumulated compensation)	stock plan
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balances, August 31, 1994	\$ --	\$ 9,185	\$ 202,403	\$ (28,307)	\$ (2,698)	
Activity in employees' stock plans		111	3,175		(588)	
Acquisition of stock from certain employees		(9)	(268)			
Net income				3,916		
Balances, August 31, 1995	--	9,287	205,310	(24,391)	(3,286)	
Activity in employees' stock plans		36	1,008		1,829	
Acquisition of stock from certain employees		(10)	(372)			
Issuance of 400,000 common shares upon exercise of warrants at \$3.88 per share		67	1,485			
Issuance of 9,050,000 common shares in public offering		1,508	47,524			

Net income				4,053		
	-----	-----	-----	-----	-----	-----
Balances, August 31, 1996	--	10,888	254,955	(20,338)	\$ (1,457)	
Acquisition of Mallard Bay Drilling, Inc.		25,000				
Conversion of preferred stock into common stock		(25,000)	509	24,491		
Activity in employees' stock plans		32	1,239		1,180	
Acquisition of stock from certain employees			(7)	(425)		
Issuance of 8,146,600 common shares in public offering			1,358	59,983		
Net income				16,315		
	-----	-----	-----	-----	-----	-----
Balances, August 31, 1997	\$ --	\$ 12,780	\$ 340,243	\$ (4,023)	\$ (277)	
	=====	=====	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

- 39 -

PARKER DRILLING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Consolidation - The consolidated financial statements include the accounts of Parker Drilling Company ("Parker Drilling") and all of its majority-owned subsidiaries (collectively, the "Company").

Operations - The Company provides land and offshore contract drilling services and rental tools on a worldwide basis to major, independent and foreign national oil companies. Parker's rig fleet consists of 34 barge drilling and workover rigs, one offshore jackup rig, three offshore platform rigs and 74 land rigs. The Company specializes in the drilling of deep and difficult wells, and drilling in remote and harsh environments, drilling in transition zones and offshore waters and in providing specialized rental tools. The Company also provides a range of services that are ancillary to its principal drilling services, including engineering, logistics, construction and environmental remediation, as well as various types of project management.

Drilling Contracts - The Company recognizes revenue and expenses on dayrate contracts as the drilling progresses (percentage-of-completion method) because the Company does not bear the risk of completion of the well. For meterage contracts, the Company recognizes the revenue and expenses upon completion of the well (completed-contract method).

Cash and Cash Equivalents - For purposes of the balance sheet and the statement of cash flows, the Company considers cash equivalents to be all highly liquid debt instruments that had a remaining maturity of three months or less at the date of purchase.

Other Short-term Investments - Other short-term investments include primarily certificates of deposit, U.S. government securities and commercial paper having remaining maturities of greater than three months at the date of purchase and are stated at the lower of cost or market.

Property, Plant and Equipment - The Company provides for depreciation of

property, plant and equipment primarily on the straight-line method over the estimated useful lives of the assets after provision for salvage value. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Management periodically evaluates the Company's assets to determine if they are not in excess of their net realizable value.

Management considers a number of factors such as estimated future cash flows, appraisals and current market value analysis in determining net realizable value. Assets are written down to reflect any decrease in net realizable value below their net carrying value (see Note 9).

- 40 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Goodwill - Goodwill is being amortized on a straight-line basis over 30 years commencing on the dates of the respective acquisitions. The Company assesses whether the excess of cost over net assets acquired is impaired based on the ability of the operation to which it relates to generate cash flows in amounts adequate to cover the future amortization of such assets. If an impairment is determined, the amount of such impairment is calculated based on the estimated fair value of the related asset.

Rig Materials and Supplies - Since the Company's foreign drilling generally occurs in remote locations, making timely outside delivery of spare parts unlikely, a complement of parts and supplies is maintained for each rig either at the drilling site or in warehouses close to the operations. During periods of high rig utilization, these parts are generally consumed and replenished within a one-year period. During a period of lower rig utilization in a particular location, the parts, like the related idle rigs, are generally not transferred to other foreign locations until new contracts are obtained because of the significant transportation costs which would result from such transfers. The Company classifies those parts which are not expected to be utilized in the following year as long-term assets.

Income Taxes - The Company has adopted Statement of Financial Accounting Standards (SFAS) No. 109: Accounting for Income Taxes. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Earnings (Loss) Per Share - Earnings (loss) per share is computed by dividing net income (loss), as adjusted for dividends on preferred stock, by the weighted average number of common shares outstanding during the period including the effect of dilutive options when applicable. Common shares issued under the 1969 Key Employees Stock Grant Plan, 1980 Incentive Career Stock Plan and the 1991 Stock Grant Plan are issued and outstanding and are only considered in the computation of weighted average shares outstanding when their effect on earnings per share is dilutive.

Concentrations of Credit Risk - Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade receivables with a variety of national and international oil and natural gas companies. The Company generally does not require collateral on its trade receivables. Such credit risk is considered by management to be limited due to the large number of customers comprising the Company's customer base. The Company places substantially all its interest-bearing investments with major financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. At August 31, 1997, the Company had deposits in domestic banks in excess of federally insured limits of approximately \$4.9 million. In addition, the Company had deposits in foreign banks of \$11.1 million which are not federally insured.

Fair Market Value of Financial Instruments - The carrying amount of the Company's cash and short-term investments and short-term and long-term debt had fair values that approximated their carrying amounts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements - In February 1997, Statement of Financial Accounting Standards No. 128, "Earnings per Share," was issued. This statement replaces the currently required presentation of primary earnings per share (EPS) with a presentation of basic EPS that excludes dilutive securities from the computation. It also requires a presentation of diluted EPS that is computed similarly to the fully diluted EPS calculation currently required. The statement will be effective for the Company's fiscal quarter which will end February 28, 1998. Early application of this statement is not permitted. The Company anticipates that the effect of this pronouncement will be minimal.

Note 2 - Reclassification of General and Administrative Expense

The Company has elected early application of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." The statement requires the presentation of certain financial information based on the way management organizes the segments within the Company for making operating decisions and assessing performance. In connection with the implementation of this accounting standard, certain expenses previously included in general and administrative expense have been reclassified as drilling expense due to their direct association with the segment information presented in Note 8. Amounts reclassified are as follows: 1997 - \$5,200,000; 1996 - \$3,672,000; and 1995 - \$2,831,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 3 - Acquisitions

On November 12, 1996, the Company acquired Mallard Bay Drilling, Inc. ("Mallard") and Quail Tools, Inc. ("Quail"). Both were accounted for by the purchase method of accounting.

The Company acquired all of the outstanding stock of Mallard from Energy Ventures, Inc. ("EVI") for \$336.8 million, including acquisition costs, for cash of \$311.8 million and \$25.0 million of preferred stock which was converted into 3,056,600 shares of common stock during the second quarter of fiscal 1997. Mallard owns and operates 34 drilling and workover barges in the shallow waters of the Gulf of Mexico and Nigeria and four land drilling rigs in Argentina.

The Company acquired all of the outstanding stock of Quail for \$66.9 million, including acquisition costs. Quail is a provider of premium rental tools used in well drilling, production and workover operations to companies working in the Gulf of Mexico and Gulf Coast land regions. The excess of purchase price over the fair values of the net assets acquired was \$99.7 million for Mallard and \$43.6 million for Quail and has been recorded as goodwill, which is being amortized on a straight-line basis over 30 years.

The following unaudited pro forma information presents a summary of the annual consolidated results of operations of the Company and the acquired entities as if the acquisition had occurred September 1, 1995.

<TABLE>

<CAPTION>

For the Years ended August 31,	1997	1996

(Thousands Except Per Share Amounts)		
<S>	<C>	<C>
Revenues	\$340,710	\$263,007
Net income (loss)	\$ 17,234	\$(24,822)
Earnings (loss) per common share	\$.25	\$ (.41)

</TABLE>

In July 1997, the Company acquired substantially all of the assets of Bolifor, a leading provider of contract drilling services in Bolivia, for \$25.0 million, of which \$2.7 million will be paid in fiscal 1998. The assets of Bolifor primarily consist of 11 land rigs located in Bolivia, Paraguay and Argentina. The results of the acquisition were not material to the results of operations and, accordingly, not included in the table above.

- 43 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 3 - Acquisitions (continued)

On May 9, 1997, the Company executed a definitive stock purchase agreement (the "HOC Agreement") to acquire all of the outstanding capital stock of Hercules Offshore Corporation, a Texas corporation ("HOC"), and a definitive stock purchase agreement (the "HRC Agreement") to acquire all of the outstanding capital stock of Hercules Rig Corp., a Texas corporation ("HRC") and an affiliate of HOC (HOC and HRC being collectively referred to as "Hercules"), for \$145 million and \$50 million, respectively. The purchase prices for the acquisitions are subject to adjustment for certain debt assumed by the Company, for capital expenditures incurred and for levels of working capital at closing. Currently, Hercules owns three self-erecting platform rigs and seven offshore jackup rigs.

The closing of the HOC Agreement is subject to certain conditions, including approval of the transaction by the Malaysian Securities Commission and the Kuala Lumpur Stock Exchange and obtaining of the requisite approval of the shareholders of Trenergy. The HOC Agreement is terminable by either party if the transaction fails to close by December 31, 1997. The closings of the HOC Agreement and the HRC Agreement are further conditioned on the closing of the other. Although there can be no assurance as to the closing of the transaction, the Company anticipates the transaction will close in the fourth quarter of calendar 1997.

- 44 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 4 - Long-term Debt

<TABLE>

<CAPTION>

August 31,	1997	1996

(Dollars in Thousands)

<S>	<C>	<C>
Senior Notes payable in November 2006 with interest of 9.75% payable semi-annually in May and November, net of discount of \$2,166 (effective interest rate of 9.88%)	\$297,834	\$ --
Senior Credit Facility payable in quarterly payments until November 2002 with interest at prime plus 0.50% or LIBOR plus 1.75% to 2.25%	90,000	--
Convertible Notes with interest at 5.5% payable in July 2004	175,000	--
Other	4,292	3,378
	-----	-----
Total debt	567,126	3,378
Less current portion	16,084	584
	-----	-----
Total long-term debt	<u>\$551,042</u>	<u>\$ 2,794</u>

</TABLE>

The aggregate maturities of long-term debt for the five years ending August 31, 2002, are as follows (000's): 1998 - \$ 16,084; 1999 - \$ 12,650; 2000 - \$ 12,660; 2001 - \$ 12,587 and 2002 - \$12,288.

The Senior Notes, which were sold at a \$2.4 million discount, have an interest rate of 9 3/4% and will mature in 2006. The Senior Notes are guaranteed by substantially all subsidiaries of Parker Drilling, all of which are wholly owned. The guarantees are joint and several, full, complete and unconditional. 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. The non-guarantors are inconsequential, individually and in the aggregate, to the consolidated financial statements and separate financial statements of the guarantors are not presented because management has determined that they would not be material to investors.

The Senior Credit Facility consists of the term loan and a \$45 million revolving credit facility. The term loan bears interest (7.89% at August 31, 1997) at the option of the Company, at prime to prime plus 0.50% or at 1.75% to 2.25% above the one-, two-, three- and six-month reserve-adjusted LIBOR rate, depending on the Company's Debt-to-Capital Ratio (as defined), and matures on November 30, 2002. Installments of principal and interest are payable quarterly in an amount that provides for the retirement of \$10 million in fiscal 1997, \$14 million in fiscal 1998, \$12 million in each of fiscal 1999 through 2002, with a final payment of \$28 million due at maturity. The term loan has no prepayment penalty, is guaranteed by the Company's principal subsidiaries and is collateralized by substantially all of the assets of the Company and the assets and stock of such subsidiaries.

- 45 -

The revolving credit facility is available for working capital requirements, general corporate purposes and to support letters of credit, of which \$13.8 million had been issued at August 31, 1997. Availability under the revolving credit facility is subject to certain borrowing base limitations based on 80% of eligible accounts receivable. All advances to the Company under the revolving credit facility bear interest, at the option of the Company, at prime to prime plus 0.50% or at 1.75% to 2.25% above the one-, two-, three- and six-month reserve-adjusted LIBOR rate, depending on the percentage of the credit facility utilized. The revolving credit facility is

collateralized by a first lien on the Company's accounts receivable. The revolving credit facility matures on December 31, 1998. At August 31, 1997, no amounts were outstanding under the revolving credit facility.

Each of the 9 3/4% Senior Notes and the Senior Credit Facility contains customary affirmative and negative covenants, including restrictions on incurrence of debt and sales of assets. The Senior Credit Facility prohibits payment of dividends and the indenture for the 9 3/4% Senior Notes restricts the payment of dividends.

In anticipation of funding the Hercules acquisition, in July 1997 the Company issued \$175 million of Convertible Subordinated Notes due 2004. The Notes bear interest at 5.5% payable semi-annually in May and November. The Notes are convertible at the option of the holder into shares of common stock of Parker Drilling at any time prior to maturity. The Notes will be redeemable at the option of the Company at any time after July 2000 at certain stipulated prices.

- 46 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 5 - Income Taxes

Income (loss) before income taxes (in thousands) is summarized as follows:

<TABLE>
<CAPTION>

	Years Ended August 31,		
	1997	1996	1995
<S>	<C>	<C>	<C>
United States	\$ 4,231	\$ (4,623)	\$ 1,180
Foreign	19,325	13,190	5,920
	<u>\$ 23,556</u>	<u>\$ 8,567</u>	<u>\$ 7,100</u>

</TABLE>

Income tax expense (benefit) (in thousands) is summarized as follows:

<TABLE>
<CAPTION>

	Years Ended August 31,		
	1997	1996	1995
<S>	<C>	<C>	<C>
Current:			
United States:			
Federal	\$ 70	\$ -	\$ -
State	215	-	-
Foreign	6,956	4,514	3,478
Deferred:			
United States:	-		
Federal	-	-	-
State	-	-	-
Foreign	-	-	(294)

\$7,241 \$ 4,514 \$3,184
 ===== ===== =====

</TABLE>

- 47 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 5 - Income Taxes (continued)

Total income tax expense (benefit) (in thousands) differs from the amount computed by multiplying income (loss) before income taxes by the U.S. federal income tax statutory rate. The reasons for this difference are as follows:

<TABLE>
 <CAPTION>

	Years Ended August 31,					
	1997		1996		1995	
	Amount	% of pretax income	Amount	% of pretax income	Amount	% of pretax income
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Computed expected tax expense	\$ 8,245	35%	\$ 2,913	34%	\$ 2,414	34%
Foreign tax at rates different than U.S.	192	1%	29	-	1,171	16%
Utilization of loss carryforwards	(1,814)	(8%)	-	-	(401)	(5%)
Limitation on recognition of tax	-	-	1,572	19%	-	-
Other	618	3%	-	-	-	-
	-----		-----		-----	
Actual tax expense	\$ 7,241	31%	\$ 4,514	53%	\$ 3,184	45%
	=====		=====		=====	

</TABLE>

The components of the Company's tax assets and (liabilities) as of August 31, 1997 and 1996, are shown below (in thousands):

<TABLE>
 <CAPTION>

Domestic:	1997	1996
<S>	<C>	<C>
Deferred tax assets:		
Net operating loss and tax credit carryforwards	\$ 55,586	\$ 63,454
Reserves established against realization of certain assets	1,229	815
Accruals not deducted for tax purposes	3,297	4,088
Depreciation of property, plant and equipment	1,597	3,265
	-----	-----
	61,709	71,622
Deferred tax liabilities:		
Depreciation of property, plant and equipment	(17,623)	(9,778)
	-----	-----
Net deferred tax asset	44,086	61,844
Valuation allowance	(44,086)	(61,844)
	-----	-----
	\$ -	\$ -
	=====	=====

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 5 - Income Taxes (continued)

At August 31, 1997, the Company had \$139,711,000 net operating loss carryforwards for tax purposes which expire over a fourteen year period as follows: 2000, \$22,814,000; 2001, \$48,560,000; 2002, \$28,541,000; thereafter, \$39,796,000. The Company has recorded a full valuation allowance with respect to its net deferred tax asset. However, the amount of the deferred tax asset considered realizable could be different in the near term if estimates of future taxable income change or the Company consummates the Hercules acquisition (see Note 3).

Note 6 - Common Stock and Stock Options

The Company's 1969 Key Employees Stock Grant Plan (formerly the 1969 Key Employees Stock Option Plan) was amended in December 1990 to provide for the issuance of 223,000 shares of common stock for no cash consideration to key non-officer employees. Each employee receiving a grant of shares may dispose of 15 percent of his/her grant on each annual anniversary date from the date of grant for the first four years. On the fifth year anniversary, the employee may dispose of the remaining 40 percent of his/her grant. No shares were granted or canceled in fiscal 1997 and 1996. At August 31, 1997, 1,375 shares were reserved for issuance and available for granting.

The Company's 1980 Incentive Career Stock Plan ("1980 Plan") provides for the issuance of 2,100,000 shares of common stock for no cash consideration to key employees. Each employee receiving a grant of shares may dispose of 15 percent of his/her grant on each annual anniversary date from the date of grant for the first four years. On the fifth year anniversary, the employee may dispose of the remaining 40 percent of his/her grant. No shares were granted in fiscal 1997 and 1996. In fiscal 1997 and fiscal 1996 1,000 shares and 2,750 shares were canceled, respectively, leaving 10,000 shares reserved for issuance and available for granting at August 31, 1997.

The Company's 1991 Stock Grant Plan ("1991 Plan") provides for the issuance to officers and key employees of up to 3,160,000 shares of common stock for no cash consideration. Shares granted under the 1991 Plan are fully vested no earlier than 24 months from the effective date of the grant and not later than 36 months. The specific vesting schedule for each grant is determined at the time of grant. In fiscal 1996, 18,000 shares were granted and no shares canceled. In fiscal 1997, no shares were granted or canceled, leaving 1,562,195 shares reserved for issuance and available for granting at August 31, 1997.

The fair market value of the common stock at date of grant for the Plans is recorded as deferred compensation and amortized to expense over the period during which the restrictions lapse. Deferred compensation is shown as a deduction from stockholders' equity.

During fiscal 1997, 1996 and 1995, the Company purchased 42,875, 59,347 and 51,279 shares, respectively, from certain of its employees who had received stock grants under the 1991 and 1980 Plans. Total shares purchased from employees and treated as treasury stock are 343,260, 402,607 and 445,482 for the three years ended August 31, 1997. The Company acquired the shares at then current market prices (weighted average price was \$10.08 per share in fiscal 1997, \$6.44 per share in fiscal 1996 and \$5.40 per share in fiscal 1995). The proceeds were used to pay the employees' tax withholding obligations arising from the vesting of shares under the Plans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 6 - Common Stock and Stock Options (continued)

The 1994 Non-Employee Director Stock Option Plan ("Director Plan") provides for the issuance of options to purchase up to 200,000 shares of the Company's common stock. The option price per share is equal to the fair market value of a Parker Drilling share on the date of grant. The term of each option is ten years, and an option first becomes exercisable six months after the date of grant. Under the Director Plan, on the first trade day of each calendar year, each person who is then a non-employee director of the Company will be automatically granted an option to purchase 5,000 shares of common stock.

The 1994 Executive Stock Option Plan provides for the granting of a maximum of 2,400,000 shares to key employees and consultants of the Company and its subsidiaries through the granting of stock options, stock appreciation rights and restricted and deferred stock awards. The option price per share may not be less than 50% of the fair market value of a share on the date the option is granted, and the maximum term of a non-qualified option may not exceed fifteen years and the maximum term of an incentive option is ten years.

The 1997 Stock Plan is a "broad-based" stock plan that provides for the granting of a maximum of 4,000,000 shares to all employees and consultants of the Company who in the opinion of the board of directors are in a position to contribute to the growth, management and success of the Company through the granting of stock options and restricted stock awards. The option price per share may not be less than 100% of the fair market value on the date the option is granted for incentive options and not less than par value of a share of common stock for non-qualified options. The maximum term of an incentive option is ten years and the maximum term of a non-qualified option is fifteen years.

- 50 -

Information regarding the Company's stock option plans is summarized below:

<TABLE>
<CAPTION>

	1994 Option Plan				
	1994 Director Plan	Incentive Options	Non- qualified Options	1997 Option Plan	
<S>	<C>	<C>	<C>	<C>	
Shares under option:					
Outstanding at Sept. 1, 1995		15,000	733,000	140,000	--
Granted	15,000	--	--	--	
Exercised	--	(57,000)	(29,652)	--	
Canceled	--	--	--	--	
Outstanding at Aug. 31, 1996		30,000	676,000	110,348	--
Granted	140,000	1,520,000	--	1,800,000	
Exercised	--	(62,000)	(30,348)	--	
Canceled	--	--	--	--	
Outstanding at Aug. 31, 1997		170,000	2,134,000	80,000	1,800,000
Range of option prices per share at August 31, 1997:					
Low	\$ 4.56	\$ 4.50	\$ 2.25	\$ 8.875	
High	\$ 8.875	\$ 8.875	\$ 2.25	\$ 8.875	
Average option price per share					

at August 31, 1997	\$ 8.30	\$ 7.62	\$ 2.25	\$ 8.875
Options exercisable at August 31, 1997	74,000	1,115,600	80,000	160,000
Price of options exercised during fiscal 1997	--	\$ 4.50	\$ 2.25	--

- 51 -

The Company has elected the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the Company's stock option plans. Pro forma net income and earnings per share are reflected below as if compensation cost had been determined based on the fair value of the options at their applicable grant date, according to the provisions of SFAS No. 123.

<TABLE>
<CAPTION>

	1997	1996
	----	----
<S>	<C>	<C>
Net Income (In thousands)		
As reported	\$16,315	\$4,053
Pro forma	\$14,054	\$4,027
Earnings per share, primary and fully diluted		
As reported	\$.23	\$.07
Pro forma	\$.20	\$.07

</TABLE>

The fair value of each option grant is estimated using the Black-Scholes option-pricing model with the following assumptions.

<S>	<C>
Expected dividend yield	0.0%
Expected stock volatility	39.1%
Risk-free interest rate	5.4 - 6.6%
Expected life of options	5 - 7 years

</TABLE>

The fair value of options granted during fiscal years 1997 and 1996 under the Director Plan was \$605,000 and \$39,000 respectively. Options granted in fiscal 1997 had fair values of \$6,321,000 and \$8,100,200 under the 1994 Executive Stock Option Plan and the 1997 Stock Plan, respectively.

- 52 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 6 - Common Stock and Stock Options (continued)

The following is a summary of common stock reserved for issuance at fiscal year end:

<TABLE>
<CAPTION>

1997	1996
-----	-----

<S>	<C>	<C>
Stock plans	5,757,570	4,078,918
Stock Bonus Plan	280,991	81,579
Convertible Notes	11,371,020	-
	-----	-----

Total shares reserved for issuance 17,409,581 4,160,497

</TABLE>

Note 7 - Employee Benefit Plans

The Parker Drilling Company Stock Bonus Plan ("Plan") was adopted effective September 1980 for employees of Parker Drilling and its subsidiaries who are U.S. citizens and who have completed one year of service with the Company. It was amended in 1983 to qualify as a 401(k) plan under the Internal Revenue Code which permits a specified percentage of an employee's salary to be voluntarily contributed on a before-tax basis and to provide for a Company matching feature. Participants may contribute from one percent to 15 percent of eligible earnings and direct contributions to one or more of seven investment funds. The Company presently makes dollar-for-dollar matching contributions up to three percent of a participant's compensation. The Company's matching contribution is made in Parker Drilling common stock. The Plan was amended and restated on April 1, 1996 for the purpose of adding loans and daily record keeping. The Plan was further amended effective September 1, 1996 to provide for immediate vesting of participants in the full amount of the Company's past and future contributions. Each Plan year, additional Company contributions can be made, at the discretion of the Board of Directors, in amounts not exceeding the permissible deductions under the Internal Revenue Code. The Company issued 100,777 shares to the Plan in 1997, 104,700 shares in 1996 and 113,399 shares in 1995.

Note 8 - Business Segments

The Company has elected early application of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company has organized its segments according to services provided. This is the basis management uses for making operating decisions and assessing performance. The primary services the Company provides are as follows: land drilling, offshore drilling and tool rentals.

- 53 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - Business Segments (continued)

Information regarding the Company's operations by industry segment and geographic area is as follows:

<TABLE>
<CAPTION>

	1997	1996	1995
	-----	-----	-----
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>

Operations by Industry Segment

Revenues:

Land drilling	\$ 183,381	\$ 145,160	\$ 153,075
Offshore drilling	100,217	--	--
Tool rental	25,457	--	--
Other	2,589	11,492	4,296
	-----	-----	-----
Net revenues	311,644	156,652	157,371
	=====	=====	=====

Operating income (loss):			
Land drilling	17,325	2,069	(407)
Offshore drilling	20,514	--	--
Tool rental	12,229	--	--
Other	(2,344)	(672)	(1,090)
	-----	-----	-----
Total operating income (loss)	47,724	1,397	(1,497)
Interest expense	(32,851)	(135)	(88)
Other income (expense) - net	8,683	7,305	8,685
	-----	-----	-----
Income before income taxes	23,556	8,567	7,100
	=====	=====	=====
Identifiable assets:			
Land drilling	245,216	175,258	173,277
Offshore drilling	300,852	--	--
Tool rental	36,600	--	--
Other	17,664	5,093	4,569
	-----	-----	-----
Total identifiable assets	600,332	180,351	177,846
Corporate assets	383,804	95,608	39,113
	-----	-----	-----
Total assets	984,136	275,959	216,959
	=====	=====	=====
Capital expenditures:			
Land drilling	37,907	29,946	20,986
Offshore drilling	35,577	--	--
Tool rental	11,538	--	--
Other	2,404	890	554
	-----	-----	-----
Total capital expenditures	87,426	30,836	21,540
	=====	=====	=====
Depreciation, depletion and amortization:			
Land drilling	22,217	20,208	20,489
Offshore drilling	17,672	--	--
Tool rental	4,311	--	--
Other	2,056	2,853	3,256
	-----	-----	-----
Total depreciation, depletion and amortization	46,256	23,061	23,745
	=====	=====	=====

</TABLE>

- 54 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 8 - Business Segments (continued)

<TABLE>
<CAPTION>

	1997	1996	1995
	-----	-----	-----

(Dollars in Thousands)

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

Operations by Geographic Area

Revenues:

United States	\$ 145,294	\$ 41,743	\$ 28,487
South America	73,545	59,041	76,115
Asia Pacific	57,688	47,857	44,911
Africa and the Former Soviet Union	35,117	8,011	7,858
	-----	-----	-----
Total revenues	<u>\$ 311,644</u>	<u>\$ 156,652</u>	<u>\$ 157,371</u>
Operating income (loss):			
United States	\$ 22,622	\$ (8,988)	\$ (7,609)
South America	1,838	4,802	(921)
Asia Pacific	15,728	7,943	8,701
Africa and the Former Soviet Union	7,536	(2,360)	(1,668)
	-----	-----	-----
Total operating income (loss)	<u>\$ 47,724</u>	<u>\$ 1,397</u>	<u>\$ (1,497)</u>
Identifiable assets:			
United States	\$ 680,020	\$ 135,923	\$ 71,233
South America	119,617	82,292	83,345
Asia Pacific	82,930	46,683	49,223
Africa and the Former Soviet Union	101,569	11,061	13,158
	-----	-----	-----
Total identifiable assets	<u>\$ 984,136</u>	<u>\$ 275,959</u>	<u>\$ 216,959</u>

</TABLE>

One customer accounted for approximately 13 percent of total revenues in 1997. Two customers accounted for approximately 19 percent and 18 percent, respectively, of total revenue in 1996. Two customers accounted for approximately 22 percent and 13 percent, respectively, of total revenue in 1995. Operating income (loss) is total revenue less operating expenses including depreciation, depletion and amortization and an allocation of general corporate expenses.

- 55 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 9 - Assets Held for Disposition

In fiscal 1996 the Company reclassified to assets held for disposition six rigs and related equipment located in southern Argentina with a net book value of \$6,179,000. Although the Company believes it will recover the carrying value of the assets, it is reasonably possible that a lesser amount will be recovered.

Note 10 - Commitments and Contingencies

At August 31, 1997, the Company had a \$45 million revolving credit facility available for general corporate purposes and to support letters of credit, of which \$13,839,000 had been issued.

Certain officers of the Company entered into Severance Compensation and Consulting Agreements with the Company in 1988 and 1992. In October 1996, the officers executed revised Severance Compensation and Consulting Agreements (the "Agreements"). The Agreements provide for an initial six year term and the payment of certain benefits upon a change of control (as defined in the Agreements). A change of control includes certain mergers or reorganizations, changes in the board of directors, sale or liquidation of the Company or acquisition of more than 20% of the outstanding common stock of the Company by

a third party. After a change of control occurs, if an officer is terminated within four years without good cause or resigns within two years for good reason (as each are defined in the Agreements) the officer shall receive a payment of three times his annual cash compensation, plus additional compensation for a one year consulting agreement at the officer's annual cash compensation, plus extended life, health and other miscellaneous benefits for four years.

The drilling of oil and gas wells is subject to various federal, state, local and foreign laws, rules and regulations. The Company, as an owner or operator of both onshore and offshore facilities operating in or near waters of the United States, may be liable for the costs of removal and damages arising out of a pollution incident to the extent set forth in the Federal Water Pollution Control Act, as amended by the Oil Pollution Act of 1990 ("OPA") and the Outer Continental Shelf Lands Act. In addition, the Company may also be subject to applicable state law and other civil claims arising out of any such incident. Certain of the Company's facilities are also subject to regulations of the Environmental Protection Agency ("EPA") that require the preparation and implementation of spill prevention, control and countermeasure plans relating to possible discharge of oil into navigable waters. Other regulations of the EPA may require certain precautions in storing, handling and transporting hazardous wastes. State statutory provisions relating to oil and natural gas generally include requirements as to well spacing, waste prevention, production limitations, pollution prevention and cleanup, obtaining drilling and dredging permits and similar matters. The Company believes that it is in substantial compliance with such laws, rules and regulations.

The Company is a party to various lawsuits and claims arising out of the ordinary course of business. Management, after review and consultation with legal counsel, considers that any liability resulting from these matters would not materially affect the results of operations or the financial position of the Company.

Note 11 - Related Party Transactions

At August 31, 1997, the Company owned an insurance policy on the life of Mr. R. L. Parker, chairman and a principal stockholder. The Company is the beneficiary of this policy which was issued pursuant to a Stock Purchase Agreement ("Agreement") approved by vote of the stockholders at the 1975 Annual Meeting on December 10, 1975. This Agreement was entered into between the Company and the Robert L. Parker Trust and provides that upon the death of Robert L. Parker, the

- 56 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 11 - Related Party Transactions (continued)

Company would be required, at the option of the Trust, to purchase from the Trust at a discounted price the amount of Parker Drilling common stock which could be purchased with the proceeds of the policy of \$7,000,000. On August 3, 1994, the Company and the Trust modified this Agreement so that the Company will have the option but not the obligation to purchase the stock at a discounted price with the proceeds or to retain the entire proceeds upon the death of Robert L. Parker. If action under the agreement had been required at August 31, 1997, and the Company elected to purchase Parker Drilling common stock from the Trust, Parker Drilling's outstanding common stock would have been reduced by approximately one percent.

As a part of the agreement to terminate the option held by the Trust and to grant the Company a limited option to purchase stock at a discounted price, the Company has also agreed to pay a premium of \$655,019 annually for a split dollar last-to-die life insurance policy on Robert L. Parker and Mrs. Robert L. Parker. Upon the deaths of Mr. Parker and Mrs. Parker, the Company will be reimbursed by the Robert L. Parker Sr. and Catherine M. Parker Family Trust from the proceeds of the policy for the full amount of premiums paid plus interest at the one-year treasury bill rate on the premiums paid after fiscal

year 1999. Robert L. Parker and the Company agreed in October 1996 that the Company would cash surrender a \$500,000 Executive Life policy on his life and, in exchange, the interest on the above-described policy would not begin accruing until March 2003. Additionally, Robert L. Parker Jr., Chief Executive Officer of the Company and son of Robert L. Parker, will receive as a beneficiary of the Trust one-third of the net proceeds of this policy. The face value of the policy is \$13,200,000.

Note 12 - Supplementary Information

At August 31, 1997, accrued liabilities included \$10,189,000 of accrued interest expense, \$1,691,000 of workers' compensation liabilities and \$5,566,000 of accrued payroll and payroll taxes. At August 31, 1996, accrued liabilities included \$1,321,000 of workers' compensation liabilities and \$2,392,000 of accrued payroll and payroll taxes. Other long-term liabilities included \$5,596,000 and \$1,434,000 of workers' compensation liabilities as of August 31, 1997 and 1996, respectively.

- 57 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Note 13 - Selected Quarterly Financial Data (Unaudited)

<TABLE>
<CAPTION>

	Quarter				
	First	Second	Third	Fourth	Total
	(Dollars in Thousands Except Per Share Amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
FISCAL 1997					
Revenue	\$45,198	\$79,042	\$91,953	\$95,451	\$311,644
Gross profit (1)	\$ 6,594	\$13,037	\$21,699	\$20,808	\$ 62,138
Operating income	\$ 3,196	\$ 9,634	\$18,338	\$16,556	\$ 47,724
Net income	\$ 1,479	\$ 1,336	\$ 5,897	\$ 7,603	\$ 16,315
Primary and fully diluted earnings per share	\$.02	\$.02	\$.08	\$.10	\$.23 (2)

<TABLE>
<CAPTION>

	Quarter				
	First	Second	Third	Fourth	Total
	(Dollars in Thousands Except Per Share Amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
FISCAL 1996					
Revenue	\$42,710	\$37,929	\$34,998	\$41,015	\$156,652
Gross profit (1)	\$ 6,393	\$ 4,317	\$ 4,004	\$ 2,439	\$ 17,153
Operating income (loss)	\$ 2,272	\$ 220	\$ (411)	\$ (684)	\$ 1,397
Net income	\$ 1,887	\$ 351	\$ 310	\$ 1,505	\$ 4,053

Primary and fully
diluted earnings
per share \$.03 \$.01 \$.01 \$.02 \$.07
</TABLE>

- (1) Gross profit is calculated by excluding General and administrative expense from Operating income (loss), as reported in the Consolidated Statement of Operations.
- (2) As a result of shares issued during the year, earnings per share for the year's four quarters, which are based on average shares outstanding during each quarter, do not equal the annual earnings per share, which is based on the average shares outstanding during the year.

- 58 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

This item is not applicable to the Company in that disclosure is required under Regulation S-X by the Securities and Exchange Commission only if the Company had changed independent auditors and, if it had, only under certain circumstances.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is hereby incorporated by reference from the information appearing under the captions "Proposal One - Election of Directors" and "Executive Officers" in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held December 17, 1997, to be filed with the Securities and Exchange Commission ("Commission") within 120 days of the end of the Company's fiscal year on August 31, 1997.

Item 11. EXECUTIVE COMPENSATION

The information required by this item is hereby incorporated by reference from the information appearing under the captions "Meetings, Committees and Compensation of the Board", "Executive Compensation", "Severance Compensation and Consulting Agreements", "Compensation Committee Report on Executive Compensation" and "Performance Graph" in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held December 17, 1997, to be filed with the Commission within 120 days of the end of the Company's fiscal year on August 31, 1997.

- 59 -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Item 11. EXECUTIVE COMPENSATION (continued)

Notwithstanding the foregoing, in accordance with the instructions to Item 402 of Regulation S-K, the information contained in the Company's proxy statement under the sub-headings "Compensation Committee Report on Executive Compensation" and "Performance Graph" shall not be deemed to be filed as part of or incorporated by reference into this Form 10-K.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is hereby incorporated by reference from the information appearing under the captions "Voting" and "Common Stock Ownership of Directors and Executive Officers" in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held December 17, 1997, to be filed with the Commission within 120 days of the end of the Company's fiscal year on August 31, 1997.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is hereby incorporated by reference to such information appearing under the caption "Certain Relationships and Related Transactions" in the Company's definitive proxy statement for the Annual Meeting of Stockholders to be held December 17, 1997, to be filed with the Commission within 120 days of the end of the Company's fiscal year on August 31, 1997.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

- (1) Financial Statements of Parker Drilling Company and subsidiaries which are included in Part II, Item 8:

<TABLE>
<CAPTION>

	Page	

<S>	<C>	
Report of Independent Accountants	—	
Consolidated Statement of Operations for each of the three years in the period ended August 31, 1997	—	
Consolidated Balance Sheet as of August 31, 1997 and 1996	—	—
Consolidated Statement of Cash Flows for each of the three years in the period ended August 31, 1997	—	
Consolidated Statement of Stockholders' Equity for each of the three years in the period ended August 31, 1997	—	—
Notes to Consolidated Financial Statements	—	

</TABLE>

- 60 -
PART IV
(continued)

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K
(continued)

- (2) Financial Statement Schedule:

	Page
Schedule II - Valuation and qualifying accounts	—

- (3) Exhibits:

<TABLE>
<CAPTION>

Exhibit Number	Description
-----	-----
<S> <C>	
2(a)	- Stock Purchase Agreement dated May 9, 1997 by and among the Company, Parker Drilling Offshore Company and Trenergy (Malaysia) BHD. (incorporated herein by reference to Exhibit 10(n) to the Company's Quarterly Report on Form 10-Q for the three months ended May 31, 1997).

- 2(b) - Stock Purchase Agreement dated May 9, 1997 by and among the Company, Parker Drilling Offshore Company and Rashid & Lee Nominees SDN BHD. (incorporated herein by reference to Exhibit 10(o) to the Company's Quarterly Report on Form 10-Q for the three months ended May 31, 1997).
- 2(c) - Definitive agreement between Parker Drilling Company and Energy Ventures, Inc., for the purchase of Mallard Bay Drilling, Inc., (incorporated herein by reference to Form 8-K filed September 19, 1996).
- 2(d) - Definitive agreement to acquire Quail Tools, Inc., (incorporated herein by reference to Form 8-K filed October 17, 1996).
- 3(a) - Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 4.1 to Amendment No. 1 to the Company's S-3 Registration Statement No. 333-22987).
- 3(b) - Certificate of Retirement of the Company (incorporated herein by reference to Exhibit 4.2 to Amendment No. 1 to the Company's S-3 Registration Statement No. 333-22987).
- 3(c) - By-Laws of the Company (incorporated herein by reference to Exhibit 3(b) to Annual Report on Form 10-K for the year ended August 31, 1992, as amended by Form 8 dated February 18, 1993).
- 4(a) - Term Loan Agreement dated as of November 8, 1996 between the Company and ING (U.S.) Capital Corporation (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q/A for the three months ended November 30, 1996).
- 4(b) - Indenture dated as of November 12, 1996 among the Company, as issuer, certain Subsidiary Guarantors (as defined therein) and Texas Commerce Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.3 to the Company's S-4 Registration Statement No. 333-19317).

PART IV (continued)

(3) Exhibits: (continued)

<TABLE>

<CAPTION>

Exhibit Number	Description
-----	-----

<S> <C>

- 4(c)- Indenture dated as of July 25, 1997, between the Company and Texas Commerce Bank National Association, as Trustee, respecting 5 1/2% Convertible Subordinated Notes due 2004 (incorporated herein by reference to Exhibit 4.7 to the Company's S-3 Registration Statement No. 333-30711).
- 10(a)- Parker Drilling Company and Subsidiaries 1991 Stock Grant Plan; incorporated herein by reference to Exhibit 10(c) to Annual Report on Form 10-K for the year ended August 31, 1992, as amended by Form 8 dated February 18, 1993.*
- 10(b)- 1980 Incentive Career Stock Plan; incorporated herein by reference to Exhibit 10(c) to Annual Report on Form 10-K for the year ended August 31, 1989, as amended by Form 8 dated December 27, 1989.*
- 10(c)- 1969 Key Employees Stock Grant Plan; incorporated herein by reference to Exhibit 10(e) to Annual Report on Form 10-K for the year ended August 31, 1992, as amended by Form 8 dated February 18, 1993.*

</TABLE>

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K
(continued)

(3) Exhibits: (continued)

<TABLE>

<CAPTION>

Exhibit Number	Description
-----	-----
<S> <C>	
10(d)	- Amended and Restated Parker Drilling Company Stock Bonus Plan, effective as of April 1, 1996 (incorporated herein by reference to Exhibit 10(e) to Annual Report on Form 10-K for the year ended August 31, 1996).
10(e)	- 1975 Stock Purchase Agreement; incorporated herein by reference to Exhibit 10(g) to Annual Report on Form 10-K for the year ended August 31, 1986, as amended by Form 8 dated December 29, 1986.
10(f)	- Form of Severance Compensation and Consulting Agreement entered into between Parker Drilling Company and certain officers of Parker Drilling Company, dated on or about October 15, 1996 (incorporated herein by reference to Exhibit 10(g) to Annual Report on Form 10-K for the year ended August 31, 1996).*
10(g)	- 1994 Parker Drilling Company Deferred Compensation Plan; incorporated herein by reference to Exhibit 10(h) to Annual Report on Form 10-K for the year ended August 31, 1995.*
10(h)	- 1994 Non-Employee Director Stock Option Plan; incorporated herein by reference to Exhibit 10(i) to Annual Report on Form 10-K for the year ended August 31, 1995.*
10(i)	- 1994 Executive Stock Option Plan; incorporated herein by reference to Exhibit 10(j) to Annual Report on Form 10-K for the year ended August 31, 1995.*
10(j)	- First Amendment effective as of September 1, 1996, to the Amended and Restated Parker Drilling Company Stock Bonus Plan, effective as of April 1, 1996 (incorporated herein by reference to Exhibit 10(k) to Annual Report on Form 10-K for the year ended August 31, 1996).
21	- Subsidiaries of the Registrant.
23	- Consent of Independent Accountants.
27	- Financial Data Schedule.
99	- Additional Exhibit - Annual Report on Form 11-K To be with respect to Parker Drilling Company Stock filed by Bonus Plan. amendment

</TABLE>

*Management Contract, Compensatory Plan or Agreement

(b) Reports on Form 8-K:

The Company filed a Form 8-K on July 3, 1997 to disclose that it had executed a definitive stock purchase agreement to acquire all of the outstanding capital stock of Hercules Offshore Corporation and Hercules Rig Corp. for \$145 million and \$50 million, respectively.

PARKER DRILLING COMPANY AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Dollars in Thousands)

<TABLE>

<CAPTION>

Column A Column B Column C Column D Column E

Classifications	Balance at beginning of period	Charged to cost and expenses of period	Balance at end of period	Deductions	Balance at end of period
Year ended August 31, 1997:					
Allowance for doubtful accounts and notes	\$ 739	\$ 737	\$ (1,677)	\$ 3,153	
Reduction in carrying value of rig materials and supplies	\$ 1,797	\$ 1,384	\$ 335	\$ 2,846	
Deferred tax valuation allowance	\$61,844	\$ -	\$ 17,758	\$44,086	
Year ended August 31, 1996:					
Allowance for doubtful accounts and notes	\$ 796	\$ 70	\$ 127	\$ 739	
Reduction in carrying value of rig materials and supplies	\$ 2,080	\$ 240	\$ 523	\$ 1,797	
Deferred tax valuation allowance	\$67,494	\$ -	\$ 5,650	\$61,844	
Year ended August 31, 1995:					
Allowance for doubtful accounts and notes	\$ 1,050	\$ -	\$ 254	\$ 796	
Reduction in carrying value of rig materials and supplies	\$ 2,230	\$ 870	\$ 1,020	\$ 2,080	
Deferred tax valuation allowance	\$68,805	\$ (1,311)	\$ -	\$67,494	

- 64 -

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By /s/ ROBERT L. PARKER JR. Date: October 16, 1997

Robert L. Parker Jr.
President and Chief Executive Officer
and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature	Title	Date
By /s/ ROBERT L. PARKER	Chairman of the Board and Director	Date: October 16, 1997
Robert L. Parker	President and Chief Executive Officer and Director	Date: October 16, 1997
By /s/ ROBERT L. PARKER JR.	(Principal Executive Officer)	Date: October 16, 1997
Robert L. Parker Jr.	Senior Vice President - Finance and Chief Financial Officer	Date: October 16, 1997
By /s/ JAMES J. DAVIS	(Principal Financial Officer)	Date: October 16, 1997
James J. Davis		

herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q/A for the three months ended November 30, 1996.

- 4(b) - Indenture dated as of November 12, 1996 among the Company, as issuer, certain Subsidiary Guarantors (as defined therein) and Texas Commerce Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.3 to the Company's S-4 Registration Statement No. 333-19317).

</TABLE>

<TABLE>

<CAPTION>

Exhibit Number	Description
----------------	-------------

<S> <C>

4(c)- Indenture dated as of July 25, 1997, between the Company and Texas Commerce Bank National Association, as Trustee, respecting 5 1/2% Convertible Subordinated Notes due 2004 (incorporated herein by reference to Exhibit 4.7 to the Company's S-3 Registration Statement No. 333-30711).

10(a)- Parker Drilling Company and Subsidiaries 1991 Stock Grant Plan; incorporated herein by reference to Exhibit 10(c) to Annual Report on Form 10-K for the year ended August 31, 1992, as amended by Form 8 dated February 18, 1993.*

10(b)- 1980 Incentive Career Stock Plan; incorporated herein by reference to Exhibit 10(c) to Annual Report on Form 10-K for the year ended August 31, 1989, as amended by Form 8 dated December 27, 1989.*

10(c)- 1969 Key Employees Stock Grant Plan; incorporated herein by reference to Exhibit 10(e) to Annual Report on Form 10-K for the year ended August 31, 1992, as amended by Form 8 dated February 18, 1993.*

</TABLE>

<TABLE>

<CAPTION>

Exhibit Number	Description
----------------	-------------

<S> <C>

10(d) - Amended and Restated Parker Drilling Company Stock Bonus Plan, effective as of April 1, 1996 (incorporated herein by reference to Exhibit 10(e) to Annual Report on Form 10-K for the year ended August 31, 1996).

10(e) - 1975 Stock Purchase Agreement; incorporated herein by reference to Exhibit 10(g) to Annual Report on Form 10-K for the year ended August 31, 1986, as amended by Form 8 dated December 29, 1986.

10(f) - Form of Severance Compensation and Consulting Agreement entered into between Parker Drilling Company and certain officers of Parker Drilling Company, dated on or about October 15, 1996 (incorporated herein by reference to Exhibit 10(g) to Annual Report on Form 10-K for the year ended August 31, 1996).*

10(g) - 1994 Parker Drilling Company Deferred Compensation Plan; incorporated herein by reference to Exhibit 10(h) to Annual Report on Form 10-K for the year ended August 31, 1995.*

10(h) - 1994 Non-Employee Director Stock Option Plan; incorporated herein by reference to Exhibit 10(i) to Annual Report on Form 10-K for the year ended August 31, 1995.*

10(i) - 1994 Executive Stock Option Plan; incorporated herein by reference to Exhibit 10(j) to Annual Report on Form 10-K for the year ended August 31, 1995.*

10(j) - First Amendment effective as of September 1, 1996, to the Amended and Restated Parker Drilling Company Stock Bonus Plan, effective as of April 1, 1996 (incorporated herein by reference to Exhibit 10(k) to Annual Report on Form 10-K for the year ended August 31, 1996).

21 - Subsidiaries of the Registrant.

23 - Consent of Independent Accountants.

27 - Financial Data Schedule.

99 - Additional Exhibit - Annual Report on Form 11-K To be filed by
with respect to Parker Drilling Company Stock Bonus Plan. amendment

</TABLE>

*Management Contract, Compensatory Plan or Agreement

Exhibit 21
SUBSIDIARIES OF THE REGISTRANT

Percentage of Voting
Securities Owned By
Immediate Parent as
of August 31, 1997

<TABLE>

<S>

<C>

Consolidated subsidiaries of the Registrant

(Jurisdiction of incorporation):

Parker Drilling Company of South America, Inc. (Oklahoma)	100%
Parker Drilling Company of Oklahoma, Inc. (Oklahoma)	100%
Parker Technology, Inc. (Oklahoma) (1)	100%
Vance Systems Engineering, Inc. (Texas) (2)	100%
Parker Drilling Company International Limited (Nevada) (3)	100%
Parker Drilling Company of New Guinea, Inc. (Oklahoma)	100%
Parker Drilling Company Limited (Nevada)	100%
Parcan, Limited (Nevada) (4)	100%

</TABLE>

Certain subsidiaries have been omitted from the list since they would not, even if considered in the aggregate, constitute a significant subsidiary. All subsidiaries are included in the consolidated financial statements.

- (1) Parker Technology, Inc. owns 100% of two subsidiary corporations, namely:
Parco Masts and Substructures, Inc. (Oklahoma)
Parker Valve Company (Texas)
- (2) Vance Systems Engineering, Inc. owns 100% of Parker Drilling Company Limited (Bahamas) and 93% of Parker Drilling Company Eastern Hemisphere, Ltd. (Oklahoma). Parker Drilling Company Limited owns 7% of Parker Drilling Company Eastern Hemisphere, Ltd. (Oklahoma).
- (3) Parker Drilling Company International Limited owns 100% of three subsidiary corporations, namely:
Parker Drilling Company of New Zealand Ltd. (Oklahoma)
Choctaw International Rig Corp. (Nevada) (which owns 100% of the common stock of Parker Drilling Company of Indonesia, Inc. (Oklahoma))
Creek International Rig Corp. (Nevada)
- (4) Parcan, Limited owns 100% of Parker Drilling U.S.A. Ltd (Nevada) and 50% of Parker Drilling Company North America, Inc. (Nevada). Parker Drilling U.S.A. Ltd. owns 99% of Mallard Bay Drilling, L.L.C. (Oklahoma), Quail Tools, L.L. P. (Oklahoma) and Parker Technology, L.L.C. (Louisiana) and 100% of eight less significant subsidiaries.

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Parker Drilling Company on Form S-8 (File No. 2-87944, 33-24155, 33-56698 and 33-57345) of our report dated October 14, 1997, on our audits of the consolidated financial statements and financial statement schedule of Parker Drilling Company and subsidiaries as of August 31, 1997 and 1996, and for the years ended August 31, 1997, 1996 and 1995, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Tulsa, Oklahoma
October 14, 1997

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AS OF AUGUST 31, 1997 AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE TWELVE MONTHS ENDED AUGUST 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	AUG-31-1997
<PERIOD-END>	AUG-31-1997
<CASH>	209,951
<SECURITIES>	2,838
<RECEIVABLES>	106,961
<ALLOWANCES>	3,153
<INVENTORY>	0
<CURRENT-ASSETS>	351,954
<PP&E>	814,887
<DEPRECIATION>	375,236
<TOTAL-ASSETS>	984,136
<CURRENT-LIABILITIES>	76,705
<BONDS>	551,042
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	12,780
<OTHER-SE>	335,943
<TOTAL-LIABILITY-AND-EQUITY>	984,136
<SALES>	0
<TOTAL-REVENUES>	311,644
<CGS>	0
<TOTAL-COSTS>	203,250
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	32,851
<INCOME-PRETAX>	23,556
<INCOME-TAX>	7,241
<INCOME-CONTINUING>	16,315
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	16,315
<EPS-PRIMARY>	.23
<EPS-DILUTED>	.23

</TABLE>