



FORM 10-K

ATWOOD OCEANICS INC – ATW

Filed: December 21, 2000 (period: September 30, 2000)

Annual report which provides a comprehensive overview of the company for the past year

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

Form 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2000
COMMISSION FILE NUMBER 1-13167

ATWOOD OCEANICS, INC.
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of
incorporation or organization) 74-1611874
(I.R.S. Employer Identification No.)

15835 Park Ten Place Drive 77084
Houston, Texas (Zip Code)
(Address of principal executive offices)

Registrant's telephone number, including area code:
281-492-2929

Securities registered pursuant to
Section 12(b) of the Act:
Common Stock, \$1 par value
(Title of Class)

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 15 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 filings requirements for the past 90 days. Yes X No

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

The aggregate market value of the voting stock held by non-affiliates of the registrants as of November 30, 2000 is \$451,000,000.

The number of shares outstanding of the issuer's class of Common Stock, as of November 30, 2000: 13,822,551 shares of Common Stock, \$1 par value.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Annual Report to Shareholders for the fiscal year ended September 30, 2000 - Referenced in Parts I, II and IV of this report. (2) Proxy Statement for Annual Meeting of Shareholders to be held February 08, 2001 - Referenced in Part III of this report.

PART I

ITEM 1. BUSINESS

Atwood Oceanics, Inc. (which together with its subsidiaries is identified as the "Company" or "Registrant", unless the context requires otherwise), a corporation organized in 1968 under the laws of the State of Texas, is engaged in contract drilling of exploratory and development oil and gas wells in offshore areas and related support, management and consulting services. The Company currently owns (i) three "third-generation" semisubmersibles, one "second-generation" semisubmersible, one jack-up, one "second-generation" semisubmersible tender assist vessel, one "second-generation" semisubmersible unit purchased for future conversion to a tender assist vessel, one submersible, and one modular, self-contained platform rig, and (ii) a 50% interest in a new generation self-contained platform rig. The Company also provides labor, supervisory and consulting services to two operator owned self-contained platform rigs in Australia.

Since 1996, the Company has expended over \$200 million in upgrading its offshore mobile drilling fleet. During fiscal 2001, the Company plans on upgrading the ATWOOD HUNTER and the ATWOOD EAGLE at estimated costs totaling between \$120 and \$125 million. In December 2000, the Company purchased the second-generation semisubmersible OCEAN SCOUT, subsequently renamed the SEASCOUT, for \$4.5 million. This unit was purchased for a future conversion and upgrade to a semisubmersible tender assist rig once an acceptable contract opportunity has been secured. The Company's strategy of pursuing selective, high-return opportunities has produced the three best years of financial performance in its 30-year history in fiscal years 1998, 1999 and 2000. The Company's ability to continue to produce strong financial performance depends on a high demand for drilling equipment which is dependent on the exploration and development programs of oil and gas companies.

Historically, most of the Company's drilling operations have been conducted outside of United States waters. Approximately 72, 77 and 69 percent of the Company's contract revenues were derived from foreign operations in fiscal years 2000, 1999 and 1998, respectively. In addition to operating in United States waters, the Company is currently involved in active foreign operations in the territorial waters of Australia, Israel, Malaysia, India, Egypt and the Philippines. The ATWOOD HUNTER, a third-generation semisubmersible, and the submersible RICHMOND are the Company's only drilling vessels located in United States waters. For information relating to the contract revenues, operating income and identifiable assets attributable to specific geographic areas of operations, see Note 13 of Notes to Consolidated Financial Statements contained in the Company's Annual Report to Shareholders for fiscal year 2000, incorporated by reference herein.

OFFSHORE DRILLING EQUIPMENT

The Company's diversified fleet of owned or operated drilling rigs currently consists of four semisubmersibles, one jack-up, one semisubmersible tender assist vessel and one semisubmersible to be converted to a tender assist vessel at a future date, one submersible, and four modular, self-contained platform rigs. Each type of drilling rig is designed for different purposes and applications, for operations in different water depths, bottom conditions, environments and geographical areas, and for different drilling and operating requirements. The following descriptions of the various types of drilling rigs owned or operated by the Company illustrate the diversified range of application of the Company's rig fleet.

Each semisubmersible drilling unit has two hulls, the lower of which is capable of being flooded. Drilling equipment is mounted on the main hull. After the drilling unit is towed to location, the lower hull is flooded, lowering the entire drilling unit to its operating draft, and the drilling unit is anchored in place. On completion of operations, the lower hull is deballasted, raising the entire drilling unit to its towing draft. This type of drilling unit is designed to operate in greater water depths than a jack-up and in more severe sea conditions than a drillship. Semisubmersible units are generally more expensive to operate than jack-up rigs and are often limited in the amount of supplies that can be stored on board.

Semisubmersible tender assist vessels operate like a semisubmersible except that their drilling equipment is temporarily installed on permanently constructed offshore support platforms. The semisubmersible vessel provides crew accommodations, storage facilities and other support for the drilling operations.

A jack-up drilling unit contains all of the drilling equipment on a single hull designed to be towed to the well site. Once on location, legs are lowered to the sea floor and the unit is raised out of the water by jacking up the legs. On completion of the well, the unit is jacked down, and towed to the next location. A jack-up drilling unit can operate in more severe sea and weather

conditions than a drillship and is less expensive to operate than a semisubmersible. However, because it must rest on the sea floor, a jack-up cannot operate in as deep water as other units.

The submersible drilling unit owned by the Company has two hulls, the lower being a mat which is capable of being flooded. Drilling equipment and crew accommodations are located on the main hull. After the drilling unit is towed to its location, the lower hull is flooded, lowering the entire unit to its operating draft at which it rests on the sea floor. On completion of operations, the lower hull is deballasted, raising the entire unit to its towing draft. This type of drilling unit is designed to operate in shallow water depths ranging from 9 to 70 feet and can operate in moderately severe sea conditions. Although drilling units of this type are less expensive to operate, like the jack-up rig, they cannot operate in as deep water as other units.

A modular platform rig is similar to a land rig in its basic components. Modular platform rigs are temporarily installed on permanently constructed offshore support platforms in order to perform the drilling operations. After the drilling phase is completed, the modular rig is broken down into convenient packages and moved by work boats. A platform rig usually stays at a location for several months, if not years, since several wells are typically drilled from a support platform.

DRILLING CONTRACTS

The contracts under which the Company operates its vessels are obtained either through individual negotiations with the customer or by submitting proposals in competition with other contractors and vary in their terms and conditions. The initial term of contracts for the Company's owned and/or operated vessels has ranged from the length of time necessary to drill one well to several months and is generally subject to early termination in the event of a total loss of the drilling vessel, excessive equipment breakdown or failure to meet minimum performance criteria. It is not unusual for contracts to contain renewal provisions at the option of the customer.

The rate of compensation specified in each contract depends on the nature of the operation to be performed, the duration of the work, the amount and type of equipment and services provided, the geographic areas involved, market conditions and other variables. Generally, contracts for drilling, management and support services specify a basic rate of compensation computed on a dayrate basis. Such agreements generally provide for a reduced dayrate payable when operations are interrupted by equipment failure and subsequent repairs, field moves, adverse weather conditions or other factors beyond the control of the Company. Some contracts also provide for revision of the specified dayrates in the event of material changes in certain items of cost. Any period during which a vessel is not earning a full operating dayrate because of the above conditions or because the vessel is idle and not on contract will have an adverse effect on operating profits. An over-supply of drilling rigs in any market area can adversely affect the Company's ability to employ its drilling vessels. Due to decline in drilling market activities, the Company's active rig utilization decreased from virtually 100 percent in 1998 to 77 percent in 1999 to 71 percent in 2000. The Company's two platform rigs (RIG-200 and RIG-19) did not work during fiscal 2000. The ATWOOD SOUTHERN CROSS, after being idle for eighteen months, returned to work in June 2000. The Company does not anticipate that RIG-200 or RIG-19 will work during fiscal 2001 and with only the ATWOOD FALCON and the SEAHAWK having contractual commitments beyond fiscal 2001, some idle time on the Company's other rigs could be incurred during fiscal 2001.

For long moves of drilling equipment, the Company attempts to obtain either a lump sum or a dayrate as mobilization compensation for expenses incurred during the period in transit. A surplus of certain types of units, either worldwide or in particular operating areas, can result in the Company's acceptance of a contract which provides only partial or no recovery of relocation costs. In recent times, with the exception of the relocation of the ATWOOD SOUTHERN CROSS from Australia to the Mediterranean Sea, the Company has received full recovery of relocation costs. The Company incurred net costs of approximately \$1.2 million in its relocation of the ATWOOD SOUTHERN CROSS and can give no assurance that it will receive full recovery of future relocation costs.

Operation of the Company's drilling equipment is subject to the offshore drilling requirements of petroleum exploration companies and agencies of foreign governments. These requirements are, in turn, subject to fluctuations in government policies, world demand and prices for petroleum products, proved reserves in relation to such demand and the extent to which such demand can be met from onshore sources.

The Company also contracts to provide various types of services to third party owners of drilling rigs. These contracts are normally for a stated term or until termination of operations or stages of operation at a particular facility or location. The services may include, as in the case of contracts entered into by the Company in connection with operations offshore Australia, the supply of personnel and rig design, fabrication, installation and operation. The contracts normally provide for reimbursement to the Company for all out-of-pocket expenses, plus a service or management fee for all of the services performed. In most instances, the amount charged for the services may be adjusted if there are changes in conditions, scope or costs of operations. The Company generally obtains insurance or a contractual indemnity from the owner for liabilities which could be incurred in operations.

OPERATIONAL RISKS AND INSURANCE

The Company's operations are subject to the usual hazards associated with the drilling of oil and gas wells, such as blowouts, explosions and fires. In addition, the Company's vessels are subject to those perils peculiar to marine operations, such as capsizing, grounding, collision and damage from severe weather conditions. Any of these risks could result in damage or destruction of drilling rigs and oil and gas wells, personal injury and property damage, suspension of operations or environmental damage through oil spillage or extensive, uncontrolled fires. Although the Company believes that it is adequately insured against normal and foreseeable

risks in its operations in accordance with industry standards, such insurance may not be adequate to protect the Company against liability from all consequences of well disasters, marine perils, extensive fire damage or damage to the environment. To date, the Company has not experienced difficulty in obtaining insurance coverage, although no assurance can be given as to the future availability of such insurance or cost thereof. The occurrence of a significant event against which the Company is not fully insured could have a material adverse effect on the Company's financial position.

ENVIRONMENTAL PROTECTION

Under the Federal Water Pollution Control Act, as amended by the Oil Pollution Act of 1990, operators of vessels in navigable United States waters and certain offshore areas are liable to the United States government for the costs of removing oil and certain other pollutants for which they may be held responsible, subject to certain limitations, and must establish financial responsibility to cover such liability. The Company has taken all steps necessary to comply with this law, and has received a Certificate of Financial Responsibility (Water Pollution) from the U.S. Coast Guard. The Company's operations in United States waters are also subject to various other environmental regulations regarding pollution and control thereof, and the Company has taken steps to ensure compliance therewith.

CUSTOMERS

During fiscal year 2000, the Company performed operations for 10 customers. Because of the relatively limited number of customers for which the Company can operate at any given time, sales to each of 3 different customers amounted to 10% or more of the Company's fiscal 2000 revenues. Shell Philippines Exploration B.V./Sabah Shell Petroleum Company Limited, British-Borneo Petroleum Inc., and Esso Australia Limited/Esso Production Malaysia, Inc., accounted for 31%, 25% and 15%, respectively, of fiscal year 2000 revenues. The Company's business operations are subject to the risks associated with a business having a limited number of customers for its products or services, and a decrease in the drilling programs of these customers in the areas where they employ the Company may adversely affect the Company's revenues.

COMPETITION

The Company competes with numerous other drilling contractors, most of which are substantially larger than the Company and possess appreciably greater financial and other resources. Although some business combinations among drilling companies have resulted in a decrease in the total number of competitors, the drilling industry still remains very competitive, with no single drilling contractor being dominant. Thus, there continues to be competition in securing available drilling contracts.

Price competition is generally the most important factor in the drilling industry, but the technical capability of specialized drilling equipment and personnel at the time and place required by customers is also important. Other competitive factors include work force experience, rig suitability, efficiency, condition of equipment, reputation and customer relations. The Company believes that it competes favorably with respect to these factors. If demand for drilling rigs increases in the future, rig availability may also become a competitive factor. Competition usually occurs on a regional basis and, although drilling rigs are mobile and can be moved from one region to another in response to increased demand, an oversupply of rigs in any region may result. Demand for drilling equipment is also dependent on the exploration and development programs of oil and gas companies, which are in turn influenced by the financial condition of such companies, by general economic conditions, by prices of oil and gas, and from time to time by political considerations and policies.

FOREIGN OPERATIONS

The operations of the Company are conducted primarily in foreign waters and are subject to certain political, economic and other uncertainties not encountered by purely domestic drilling contractors, including risks of expropriation, nationalization, foreign exchange restrictions, foreign taxation, changing conditions and foreign and domestic monetary policies. Generally, the Company purchases insurance to protect against some or all loss due to events of political risk such as nationalization, expropriation, war, confiscation and deprivation. Occasionally, customers will indemnify the Company against such losses. Moreover, offshore drilling activity is affected by government regulations and policies limiting the withdrawal of offshore oil and gas, regulations affecting production, regulations restricting the importation of

foreign petroleum, environmental regulations and regulations which may limit operations in offshore areas by foreign companies and/or personnel. See Note 13 to Consolidated Financial Statements contained in the Company's Annual Report to Shareholders for fiscal year 2000, incorporated herein by reference, for a summary of contract revenues, operating income and identifiable assets by geographic region.

Because of the Company's foreign operations, its overall effective tax rate may in the future be higher than the maximum United States corporate statutory rate due to the possibility of higher foreign tax rates in certain jurisdictions or less than full creditability of foreign taxes paid.

EMPLOYEES

The Company currently employs approximately 850 persons in its domestic and worldwide operations. In connection with its foreign drilling operations, the Company has often been required by the host country to hire substantial portions of its work force in that country and, in some cases, these employees may be represented by foreign unions. To date, the Company has experienced little difficulty in complying with such requirements, and the Company's drilling operations have not been significantly interrupted by strikes or work stoppages.

SECURITIES LITIGATION SAFE HARBOR STATEMENT

Some of the information presented in, or in connection with, this Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that involve potential risks and uncertainties. The Company's future results could differ materially from those discussed here. Some of the factors that could cause or contribute to such differences include:

The Company's dependence on the oil and gas industry; the risks involved in the construction and upgrade of the Company's rigs; the operational risks involved in drilling for oil and gas; the efforts of vigorous competition; the risk inherent in international operations, including possible economic, political or monetary instability; and, governmental regulations and environmental matters.

The words "believe", "impact", "intend", "estimate", "anticipate", "plan" and similar expressions identify forward-looking statements. These forward-looking statements are found at various places throughout the Management's Discussion and Analysis incorporated by reference in Part II and elsewhere in this report.

Undue reliance should not be placed on these forward-looking statements, which are applicable only on the date hereof. The Company and its representatives have no general obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the date hereof or to reflect the occurrence of unanticipated events.

COMPANY INFORMATION

The Company's filings made with the Securities and Exchange Commission ("SEC") may be obtained from the SEC at the physical address and internet address indicated in the Company's Annual Report to Shareholders for fiscal year 2000, incorporated herein by reference.

ITEM 2. PROPERTIES

Information regarding the location and general character of the Company's principal assets may be found in the table with the caption heading "Offshore Drilling Operations" in the Company's Annual Report to Shareholders for fiscal year 2000, which is incorporated by reference herein.

Since 1996, the Company has successfully upgraded seven drilling units; the ATWOOD HUNTER, the ATWOOD SOUTHERN CROSS, the ATWOOD FALCON, the VICKSBURG, the ATWOOD EAGLE, the RICHMOND and the SEAHAWK at approximate costs of \$40 million, \$35 million, \$50 million, \$35 million, \$8 million, \$7 million and \$22 million, respectively. During fiscal year 2001, the Company is planning an additional upgrade of the ATWOOD HUNTER estimated to cost between \$40 and \$45 million and of the ATWOOD EAGLE estimated to cost \$80 million. On December 5, 2000, the Company purchased the semisubmersible unit SEASCOUT (ex OCEAN SCOUT) for \$4.5 million. This unit was purchased for conversion and upgrade to a semisubmersible tender assist vessel once an acceptable contract opportunity has been secured. For more information concerning these costs, see Note 4 in Consolidated Financial Statements contained in the Company's Annual Report to Shareholders for fiscal year 2000, incorporated by reference herein.

ITEM 3. LEGAL PROCEEDINGS

On August 31, 2000, the Company became a defendant in Bryant v. R&B Falcon Drilling USA, Inc. et al., Civil Action No. G-00- 488, in the United States District Court for the Southern District of Texas-Galveston Division. In this suit the plaintiff, Thomas Bryant, who is a former employee of the Company and purports to represent a class of persons who are members of the crew aboard water-based drilling apparatuses and who accepted employment with defendants while in the United States for domestic or international employ, alleges the Company and a number of other offshore drilling contractors or their affiliates, all defendants in the suit, acted in concert to depress wages and benefits paid to their offshore employees. Plaintiff contends that this alleged conduct violates federal and state antitrust laws. The Plaintiff seeks an unspecified amount of treble damages, attorney's fees and costs on behalf of himself and the alleged class of offshore workers similarly situated. The Company has filed an Answer to this suit. The suit is in the early stages of discovery and preliminary proceedings. The Company vigorously denies these allegations and, based on information presently available, does not expect that the outcome of this matter will have a material adverse effect on its business or financial position.

The Company is party to a number of other lawsuits which are ordinary, routine litigation incidental to the Company's business, the outcome of which, individually, or in the aggregate, is not expected to have a material adverse effect on the Company's financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

During the fourth quarter of fiscal 2000, no matters were submitted to a vote of shareholders through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

As of September 30, 2000, there were over 750 beneficial owners of the Company's common stock.

The Company did not pay cash dividends in fiscal years 1999 or 2000 and the Company does not anticipate paying cash dividends in the foreseeable future because of the capital intensive nature of its business. To enable the company to maintain its high competitive profile in the industry, cash reserves will be utilized, at the appropriate time, to upgrade existing equipment or to acquire additional equipment. The Company's revolving credit facility prohibits the Company from paying dividends on common stock.

Market information concerning the Company's common stock may be found under the caption heading "Stock Price Information" in the Company's Annual Report to Shareholders for fiscal 2000, which is incorporated by reference herein.

ITEM 6. SELECTED FINANCIAL DATA

Information required by this item may be found under the caption "Five Year Financial Review" in the Company's Annual Report to Shareholders for fiscal 2000, which is incorporated by reference herein.

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

Information required by this item may be found in the Company's Annual Report to Shareholders for fiscal 2000, which is incorporated by reference herein.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item may be found under the caption "Disclosures About Market Risk" in the Company's Annual Report to Shareholders for fiscal 2000, which is incorporated by reference herein.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item may be found in the Company's Annual Report to Shareholders for fiscal 2000, which is incorporated by reference herein.

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

There have been no changes in or disagreements with the Company's independent public accountants on accounting and financial disclosure.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

This information is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held February 8, 2001, to be filed with the Securities and Exchange Commission (the Commission) not later than 120 days after the end of the fiscal year covered by

this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

This information is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held February 8, 2001, to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held February 8, 2001, to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is incorporated by reference from the Company's definitive Proxy Statement for the Annual Meeting of Shareholders to be held February 8, 2001, to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, AND REPORTS ON FORM 8-K

(a) FINANCIAL STATEMENTS AND EXHIBITS

1. FINANCIAL STATEMENTS

The following financial statements, together with the report of Arthur Andersen LLP dated November 21, 2000 appearing in the Company's Annual Report to Shareholders, are incorporated by reference herein:

Report of Independent Public Accountants

Consolidated Balance Sheets dated September 30, 2000 and 1999

Consolidated Statements of Operations for each of the three years in the period ended September 30, 2000

Consolidated Statements of Cash Flows for each of the three years in the period ended September 30, 2000

Consolidated Statements of Changes in Shareholders' Equity for each of the three years in the period ended September 30, 2000

Notes to Consolidated Financial Statements

2. EXHIBITS

See the "EXHIBIT INDEX" for a listing of all of the Exhibits filed as part of this report.

The management contracts and compensatory plans or arrangements required to be filed as exhibits to this report are as follows:

Atwood Oceanics, Inc. 1990 Stock Option Plan - See Exhibit 10.1.1 hereof.

Form of Atwood Oceanics, Inc. Stock Option Agreement (1990 Stock Option Plan) - See Exhibit 10.1.2 hereof

Amendment No. 1 to the Atwood Oceanics, Inc. 1990 Stock Option Plan - See Exhibit 10.1.3 hereof

Form of Amendment No. 1 to the Atwood Oceanics, Inc. Stock Option Agreement (1990 Stock Option Plan) - See Exhibit 10.1.4 hereof

Atwood Oceanics, Inc. 1996 Incentive Equity Plan - See Exhibit 10.3.1 hereof.

Form of Atwood Oceanics, Inc. Stock Option Agreement (1996 Incentive Equity Plan) - See Exhibit 10.3.2 hereof

Amendment No. 1 to Atwood Oceanics, Inc. 1996 Incentive Equity Plan -
See Exhibit 10.3.3. hereof

Form of Amendment No. 1 to the Atwood Oceanics, Inc. Stock Option
Agreement (1996 Incentive Equity Plan) - See Exhibit 10.3.4 hereof

(b) REPORTS ON FORM 8-K

On July 5, 2000, the Company filed a report on Form 8-K announcing that
it entered into a \$150 million Revolving Credit Facility with a bank group.

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.

ATWOOD OCEANICS, INC.

/s/ JOHN R. IRWIN
JOHN R. IRWIN, President
DATE: 7 December 2000

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 on the dates indicated.

/s/ JAMES M. HOLLAND
JAMES M. HOLLAND
Senior Vice President
(Principal Financial and
Accounting Officer)
Date: 7 December 2000

/s/ JOHN R. IRWIN
JOHN R. IRWIN
President and Director
(Principal Executive Officer)
Date: 7 December 2000

/s/ ROBERT W. BURGESS
ROBERT W. BURGESS,
Director
Date: 7 December 2000

/s/ GEORGE S. DOTSON
GEORGE S. DOTSON,
Director
Date: 7 December 2000

/s/ HANS HELMERICH
HANS HELMERICH,
Director
Date: 7 December 2000

/s/ WILLIAM J. MORRISSEY
WILLIAM J. MORRISSEY,
Director
Date: 7 December 2000

/s/ W.H. HELMERICH, III
W.H. HELMERICH, III
Director
DATE: 7 December 2000

EXHIBIT INDEX

- 3.1.1 Restated Articles of Incorporation dated January 1972 (Incorporated herein by reference to Exhibit 3.1.1 of the Company's Form 10-K for the year ended September 30, 1993).
- 3.1.2 Articles of Amendment dated March 1975 (Incorporated herein by reference to Exhibit 3.1.2 of the Company's Form 10-K for the year ended September 30, 1993).
- 3.1.3 Articles of Amendment dated March 1992 (Incorporated herein by reference to Exhibit 3.1.3 of the Company's Form 10-K for the year ended September 30, 1993).
- 3.1.4 Articles of Amendment dated November 6, 1997 (Incorporated herein by reference to Exhibit 3.1.4 of the Company's Form 10-K for the year ended September 30, 1997).
- 3.2 Bylaws, as amended (Incorporated herein by reference to Exhibit 3.2 of the Company's Form 10-K for the year ended September 30, 1993).
- 10.1.1 Atwood Oceanics, Inc. 1990 Stock Option Plan (Incorporated herein by reference to Exhibit 10.2 of the Company's Form 10-K for the year ended September 30, 1993).
- 10.1.2 Form of Atwood Oceanics, Inc. Stock Option Agreement - 1990 Stock Option Plan (Incorporated herein by reference to the Company's Form 10-K for the year ended September 30, 1999).
- 10.1.3 Amendment No.1 to the Atwood Oceanics, Inc. 1990 Stock Option Plan (Incorporated herein by reference to the Company's Form 10-K for the year ended September 30, 1999).
- 10.1.4 Form of Amendment No. 1 to the Atwood Oceanics, Inc. Stock Option Agreement 1990 Stock Option Plan (Incorporated herein by reference to the Company's Form 10-K for the year ended September 30, 1999).
- 10.2 Joint Venture Letter Agreement dated November 4, 1994 between the Company and Helmerich & Payne, Inc. (Incorporated herein by reference to Exhibit 10.3 of the Company's Form 10-K for the year ended September 30, 1994).
- 10.3.1 Atwood Oceanics, Inc. 1996 Incentive Equity Plan (Incorporated herein by reference to Exhibit 10.2 of the Company's Form 10-Q for the quarter ended June 30, 1997).
- 10.3.2 Form of Atwood Oceanics, Inc. Stock Option Agreement - 1996 Incentive Equity Plan (Incorporated herein by reference to the Company's Form 10-K for the year ended September 30, 1999).
- 10.3.3 Amendment No. 1 to the Atwood Oceanics, Inc. 1996 Incentive Equity Plan (Incorporated herein by reference to the Company's Form 10-K for the year ended September 30, 1999).
- 10.3.4 Form of Amendment No.1 to the Atwood Oceanics, Inc. Stock Option Agreement -1996 Incentive Equity Plan (Incorporated herein by reference to the Company's Form 10-K for the year ended September 30, 1999).
- 10.4 Drilling Contract dated January 29, 1997 between the Company and Occidental Phillipines, Inc. (Incorporated herein by reference to the Company's Form 8-K dated July 10, 1997).
- 10.5 Credit Agreement dated July 17, 1997 between the Company and Bank One, Texas, N.A., Christiania Bank OG Kreditkasse Asa, New York Branch and Other Financial Institutions (Incorporated herein by reference to the Company's Form 8-K dated July 21, 1997.)
- 10.6 Drilling Contract dated June 20, 1996 between the Company and British-Borneo Petroleum, Inc. for use the ATWOOD HUNTER (Incorporated herein by reference to the Company's Form 8-K dated June 24, 1996).
- 10.7 Credit Agreement dated June 30, 2000 between the Company and Bank One, N.A., and Other Financial Institutions (Incorporated herein by reference to Exhibit 99.1 of the Company's Form 8-K dated July 5, 2000.)
- 10.8 Credit Agreement dated June 30, 2000 between the Company and Bank One, N.A. and Other Financial Institutions (Incorporated by reference to Exhibit 99.2 of the Company's Form 8-K dated July 5,

2000).

- *13.1 Annual Report to Shareholders
- *21.1 List of Subsidiaries
- *23.1 Consent of Independent Public Accountants
- *27.1 Financial Data Schedule

* Filed hereinwith
</TEXT>
</DOCUMENT>

2000 ANNUAL REPORT TO SHAREHOLDERS

THE COMPANY

Atwood Oceanics, Inc. is engaged in the business of international offshore drilling of exploratory and developmental oil and gas wells and related support, management and consulting services. Presently, the Company owns and operates a modern fleet of seven mobile offshore drilling units and one modular platform drilling unit, as well as manages the operations of two operator-owned platform drilling units in Northwest Australia. In December 2000, the Company purchased a semisubmersible for future conversion to a tender assist vessel once an acceptable contract opportunity is secured. The Company also owns a 50% interest in a platform drilling unit located in Australia. Since 1996, the Company has expended over \$200 million in upgrading its mobile offshore drilling units. The Company supports its operations from headquarters in Houston and affiliated offices in Australia, Malaysia, Indonesia, Philippines, United Kingdom, Egypt, India and Israel.

TO OUR SHAREHOLDERS AND EMPLOYEES:

Fiscal 2000 marked the Company's seventh consecutive profitable year, with a net income of \$23.1 million compared to a net income of \$27.7 million in fiscal 1999. Even though revenues during fiscal 2000 declined 10% to \$134.5 million, operating cash flow in both fiscal 2000 and 1999 were approximately \$55 million. With anticipated continuing positive cash flows along with a \$150 million credit facility executed in June 2000, the Company is well positioned to continue with its planned fleet upgrades and to explore additional growth opportunities.

The Company's seven mobile offshore drilling units returned to full utilization in June 2000 when the ATWOOD SOUTHERN CROSS commenced work in the eastern Mediterranean Sea. Recent bid opportunities have provided encouraging signs of increasing spending by our clients, tightening rig utilization, and higher dayrates. As we enter the year 2001, demand for our mobile offshore drilling units is positive with approximately 70% of these units' days committed for fiscal year 2001. The ATWOOD FALCON and SEAHAWK are currently committed through fiscal year 2001. Commitments for the ATWOOD SOUTHERN CROSS and ATWOOD EAGLE should keep those units working into the second half of fiscal 2001. The ATWOOD HUNTER should remain committed into second quarter of fiscal 2001, after which an upgrade is planned. The RICHMOND has a backlog extending into the second quarter of fiscal 2001. The VICKSBURG, operating successfully in India since upgrade in 1998, should be available for reemployment in the second or third quarter of fiscal 2001 and has potential for dayrate upside.

Three fleet upgrades were successfully completed during fiscal 2000 bringing expenditures on upgrades of our seven mobile offshore units to over \$200 million since 1996. The ATWOOD EAGLE Phase-one upgrade to 3,300 feet water depth was completed on-time and within budget in January 2000. A major \$22 million upgrade of our semisubmersible, tender-assist unit, SEAHAWK, was also completed on-time and within budget, with the unit commencing a four-year contract extension in January 2000. The RICHMOND has also been upgraded with a (patent pending) suction pile system further enhancing its unique characteristics for shallow water operations in the Gulf of Mexico, with a long record as an attractive, highly utilized unit. All three units have performed well since upgrade.

The Company plans two additional major upgrades during fiscal 2001. A Phase-two upgrade of the ATWOOD EAGLE, which will increase its water-depth capability to 5,000 feet for international (non-North Sea) waters, and upgrade of the ATWOOD HUNTER, which will increase its water-depth capability to 5,000 feet for international (mild environments) waters. Both upgrades include totally new quarters with 120-bed capacity and additional offices, enhanced drilling systems, and improved sub-sea completion and tree handling capabilities. Our goal is to provide safe, cost-effective, and fit-for-purpose units with both drilling efficiency and completion capability in mind.

In early December, the Company acquired the semisubmersible OCEAN SCOUT, which was subsequently renamed the SEASCOUT, for \$4.5 million. This unit has a similar hull design to the SEAHAWK and is an ideal candidate for conversion to a premium tender-assist unit for use with fixed platform and possibly with floating structures in deeper water. Preliminary engineering has already been undertaken to reduce conversion lead-time to twelve months or less. A full tender upgrade and fabrication of a new derrick equipment set will only be undertaken upon award of an acceptable term contract.

The Company has been built on providing safe, quality operations, and efficient, value-adding performance for our clients. We are well positioned for the future with a modern, well-equipped, upgraded fleet; leverage to international and deeper water markets; and high caliber personnel. These strengths should enable us to benefit from improving longer-term fundamentals and increasing international exploration and development spending by our clients, particularly in deeper waters.

Our focused niche strategy of building on our strengths and pursuing selective, high-return opportunities has served us well, producing the Company's three best years of financial performance in our 30-year history in fiscal years 1998, 1999, and 2000. The support of our shareholders and the contributions of our employees are appreciated as we strive to further enhance shareholder value.

John R. Irwin

FINANCIAL HIGHLIGHTS

(In thousands)	2000	1999
FOR THE YEAR ENDED SEPTEMBER 30,		
CONTRACT REVENUES	\$ 134,514	\$ 150,009
NET INCOME	23,148	27,720
CAPITAL EXPENDITURES	34,841	38,760
AT SEPTEMBER 30,		
CASH AND SECURITIES HELD FOR INVESTMENT	\$ 42,661	\$ 43,041
NET PROPERTY AND EQUIPMENT	224,107	218,914
TOTAL ASSETS	313,251	293,604
TOTAL SHAREHOLDERS' EQUITY	218,205	192,229

Atwood Oceanics, Inc. and Subsidiaries
FIVE-YEAR FINANCIAL REVIEW

At or For the Years Ended September 30,

(In thousands, except per share amounts, fleet data and ratios)	2000	1999	1998	1997	1996
STATEMENTS OF OPERATIONS DATA:					
Contract revenues	\$134,514	\$150,009	\$151,809	\$ 89,082	\$ 79,455
Drilling costs and general and administrative expenses	(67,699)	(77,874)	(72,616)	(54,890)	(56,653)
OPERATING MARGIN	66,815	72,135	79,193	34,192	22,802
Depreciation	(29,624)	(23,904)	(17,596)	(9,979)	(9,742)
OPERATING INCOME	37,191	48,231	61,597	24,213	13,060
Other income (expense)	(1,293)	(1,724)	(1,278)	1,165	2,783
Tax provision	(12,750)	(18,787)	(20,955)	(9,759)	(4,475)
NET INCOME	\$ 23,148	\$ 27,720	\$ 39,364	\$15,619	\$11,368
PER SHARE DATA:					
Earnings per common share: (1)					
Basic	\$ 1.68	2.03	2.90	1.16	.85
Diluted	1.66	2.01	2.84	1.14	.84
Average common shares outstanding: (1)					
Basic	13,763	13,649	13,592	13,474	13,328
Diluted	13,916	13,791	13,884	13,715	13,544
FLEET DATA:					
Number of rigs owned or managed, at end of period	11	11	11	11	11
Utilization rate for in-service rigs (excludes contractual downtime for rig upgrades in 2000, 1999, 1998 and 1997)	71%	77%	100%	100%	100%
BALANCE SHEETS DATA:					
Cash and securities held for investment	\$ 42,661	\$ 43,041	\$34,529	\$ 42,234	\$ 40,492
Working capital	47,433	31,519	24,864	27,549	26,151
Net property and equipment	224,107	218,914	205,632	143,923	91,124
Total assets	313,251	293,604	281,737	215,330	159,309
Total long-term debt	46,000	54,000	72,000	59,500	34,473
Shareholders' equity	218,205	192,229	163,766	122,689	105,554
Ratio of current assets to current liabilities	3.71	2.66	1.93	2.41	2.45

Note -

(1) Retroactively adjusted to reflect 100% stock dividend declared in November 1997.

(The Company has never paid any cash dividends on its common stock.)

OFFSHORE DRILLING OPERATIONS

RIG NAME	YEAR BUILT /UPGRADED	MAXIMUM WATER DEPTH	PERCENTAGE OF 2000 CONTRACT REVENUES	LOCATION	CUSTOMER	CONTRACT STATUS AT DECEMBER 15, 2000
SEMISUBMERSIBLES -						
ATWOOD FALCON	1983/1998	3,500 Ft.	30%	Malaysia	Esso Production Malaysia Inc. through assignment from Shell Philippines Exploration, B.V.	Rig is under long-term contract which terminates in November 2001. Upon completion of current well in Malaysia, the rig will be relocated to the Philippines to recommence drilling program for Shell Philippines.
ATWOOD HUNTER	1981/1997	3,600 Ft.	25%	United States Gulf of Mexico	British-Borneo Petroleum Inc.	Following completion of its contractual commitments (estimated February 2001), an additional upgrade is planned for the rig costing between \$40 and \$45 million.
ATWOOD EAGLE	1982/2000	3,300 Ft.	12%	Egypt	Rashid Petroleum Company	Rig is contractually committed into the second half of 2001. An approximate \$80 million upgrade of the rig is planned immediately upon the rig completing its current contractual commitments (estimated June to August 2001).
ATWOOD SOUTHERN CROSS	1976/1997	2,000 Ft.	4%	Israel	Isramco	Rig has contractual commitments in Israel, Egypt and Turkey, which should keep the rig employed into the fourth quarter of fiscal 2001.
SEAHAWK	1974/1992 and 1999	600 Ft.	14%	Malaysia	Esso Production Malaysia Inc.	Rig is under long-term contract which terminates in 2003, with a further option to extend.
SEASCOUT	1974	1,000 Ft.	0%	United States Gulf of Mexico		The SEASCOUT (ex-OCEAN SCOUT) was purchased in December 2000 for future conversion to a tender assist unit similar to SEAHAWK once an acceptable contract opportunity is secured.
CANTILEVER JACKUP -						
VICKSBURG	1976/1998	300 Ft.	9%	India	Enron Oil & Gas India Ltd.	Rig is under term contract which expires at the end of December 2000. The rig is being marketed in India, Southeast Asia and West Africa with an anticipated increase in dayrate revenues following completion of its current contract.
SUBMERSIBLE -						
RICHMOND	1982/2000	75 Ft.	3%	United States Gulf of Mexico	Applied Drilling Technology Inc.	Rig is contractually committed in the United States Gulf of Mexico into the second quarter of fiscal 2001.
MODULAR PLATFORMS -						
RIG-19	1988	N/A	0%	Australia		Rig is available for contract since it became idle in September 1999.
RIG-200	1995	N/A	0%	Australia		Rig is available for contract since it became idle in June 1999.
GOODWYN 'A' and NORTH RANKIN 'A'	N/A	N/A	3%	Australia	Woodside Energy	Rigs are under term contract for management of drilling operations estimated to extend into 2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report to Shareholders and the related Form 10-K for the fiscal year ended September 30, 2000 includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Our Company and its representatives may from time to time make written or verbal forward-looking statements, including statements contained in this report and other Company filings with the Securities and Exchange Commission and in our reports to Shareholders. Generally, the words "believe", "expert", "intend", "estimate", "anticipate", "plan", and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this report and the related Form 10-K regarding the Company's financial position, business strategy, budgets and plans and objectives of management for future operations are forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The forward-looking statements are and will be based on management's then current views and assumptions regarding future events and operating performances, and speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements involve risks and uncertainties that may cause the Company's actual future activities and results of operations to be materially different from those suggested or described in this Annual Report to Shareholders and related Form 10-K. These risks include: the Company's dependence on the oil and gas industry; the Company's ability to secure adequate financing; the risks involved in the construction and upgrade to the Company's rigs; competition; operations risks; risks involved in foreign operations; and governmental regulation and environmental matters. These factors ("Cautionary Statements") are disclosed in various places throughout this report and the related Form 10-K. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on its behalf, are expressly qualified in their entirety by the Cautionary Statements.

OUTLOOK

During fiscal 2000, the Company accomplished some significant achievements: the seventh consecutive profitable year and third best year in its history from a financial performance perspective, the successful upgrades of the SEAHAWK, RICHMOND and ATWOOD EAGLE, the execution of a new \$150 million credit facility and the return to work of the ATWOOD SOUTHERN CROSS after being idle for 18 months. Worldwide utilization of offshore drilling equipment is currently around 87% compared to around 70% at the beginning of fiscal year 2000. There are encouraging indications that the offshore drilling market environment could continue to improve into 2001.

Except for RIG-200 and RIG-19, the Company's drilling units have current contract commitments that should keep the various rigs employed into the second quarter of fiscal 2001 or beyond. The Company's two owned platform rigs, RIG-200 and RIG-19, have not worked since the second half of fiscal 1999 and have a very uncertain future outlook. Both units are stacked on land in Australia at nominal costs. Since 1996, the Company has expended over \$200 million in upgrading its seven offshore mobile drilling units. Of these units, the SEAHAWK and ATWOOD FALCON have contract commitments beyond fiscal 2001. The ATWOOD EAGLE and ATWOOD SOUTHERN CROSS have contract commitments in the Mediterranean Sea area which should keep both units employed into the second half of fiscal 2001. The RICHMOND completed its upgrade in early October 2000 and has returned to work in the United States Gulf of Mexico. The VICKSBURG is committed in India through December 31, 2000 with ongoing discussions for additional work. The ATWOOD HUNTER has contractual commitments into January 2001.

The Company is currently planning additional upgrades for the ATWOOD HUNTER and the ATWOOD EAGLE. Upon completing its current contract commitments, the ATWOOD HUNTER will be moved to a shipyard in the United States to undergo upgrades and enhancements estimated to cost between \$40 and \$45 million which is anticipated to take four to five months to complete. When the ATWOOD EAGLE completes its contractual commitments, it will be moved to a shipyard in the Mediterranean Sea area to undergo an approximate \$80 million upgrade which is anticipated to take five to six months to complete.

The Company continues to maintain its focus on having safe, quality operations. With anticipated increases in international oil and gas companies' drilling budgets, the Company remains optimistic about the long-term drilling market outlook and improving fundamentals.

RESULTS OF OPERATIONS

Fiscal Year 2000 Versus Fiscal Year 1999

Contract revenues during fiscal 2000 decreased 10% from revenues in fiscal 1999 primarily due to reduced revenues from the ATWOOD EAGLE and the Company's platform rigs. An analysis of contract revenues by rig for fiscal years 2000 and 1999 is as follows:

CONTRACT REVENUES (In millions)			
	Fiscal 2000	Fiscal 1999	Variance
SEAHAWK	\$ 19.5	\$ 9.5	\$ 10.0
ATWOOD FALCON	40.6	34.7	5.9
ATWOOD SOUTHERN CROSS	5.1	0.0	5.1
ATWOOD HUNTER	33.3	31.0	2.3
VICKSBURG	12.0	10.6	1.4
RICHMOND	4.2	4.1	0.1
GOODWYN `A`/NORTH RANKIN `A`	3.1	8.6	(5.5)
RIG-19/RIG-200	0.0	13.6	(13.6)
ATWOOD EAGLE	16.7	37.9	(21.2)
	-----	-----	-----
	\$ 134.5	\$150.0	\$(15.5)
	=====	=====	=====

In preparation for a four-year contract extension, the SEAHAWK was being upgraded from April 1999 through December 1999, with a reduced dayrate received during the upgrade period. The contract dayrate for the SEAHAWK varies from a high of \$50,000 to a low of \$30,000 depending upon the price of oil. With a high oil price, the SEAHAWK has received \$50,000 per day since it returned to work in February 2000 which accounts for its increase in revenues. The ATWOOD FALCON and VICKSBURG have worked continuously since they completed their upgrades in November 1998. The ATWOOD SOUTHERN CROSS returned to work in June 2000 after being idle since September 1998. Higher revenues for the ATWOOD HUNTER are due to an increase in dayrate during the last year of its three-year contract commitment. As a result of a decline in drilling activities on the GOODWYN `A` and NORTH RANKIN `A` platforms, the Company's management activities related to these platforms have also declined resulting in less revenues being received and less costs being incurred. RIG -200 and RIG-19 have been idle in Australia following completion of their contracts in June and September 1999, respectively. The decrease in revenues for the ATWOOD EAGLE is due to a decline in dayrate revenues from an average of over \$100,000 per day in fiscal 1999 to approximately \$50,000 per day in fiscal 2000.

Contract drilling and management costs during fiscal 2000 decreased 16% primarily due to reductions in operating costs of the Company's platform rigs due to their decline in drilling operations. An analysis of contract drilling and management costs by rig for fiscal years 2000 and 1999 is as follows:

CONTRACT DRILLING AND MANAGEMENT COSTS (In millions)			
	Fiscal 2000	Fiscal 1999	Variance
ATWOOD HUNTER	\$11.4	\$ 9.8	\$ 1.6
ATWOOD FALCON	8.3	6.8	1.5
VICKSBURG	5.7	4.5	1.2
ATWOOD SOUTHERN CROSS	7.6	6.8	0.8
SEAHAWK	7.7	7.1	0.6
RICHMOND	5.0	4.8	0.2
GOODWYN `A`/NORTH RANKIN `A`	2.7	6.6	(3.9)
ATWOOD EAGLE	9.0	14.3	(5.3)
RIG-200/RIG-19	0.1	7.5	(7.4)
OTHER	1.8	2.2	(0.4)
	-----	-----	-----
	\$59.3	\$70.4	\$(11.1)
	=====	=====	=====

The increase in drilling costs for the ATWOOD HUNTER is due to higher maintenance costs. The increases in the drilling costs for the ATWOOD FALCON and VICKSBURG are due to the rigs working continuously since completing their upgrades during the first quarter of fiscal 1999. The increase in drilling costs for the ATWOOD SOUTHERN CROSS was due to its return to work. The increase in drilling costs for the SEAHAWK was primarily due to additional costs incurred in December 1999 and January 2000 to mobilize and prepare the rig for commencement of drilling operations following its required upgrade. The reduction in drilling costs for the ATWOOD EAGLE was due to no drilling costs being incurred in

January 2000 when the rig was in a shipyard for its water depth upgrade and due to a generally overall decline in maintenance and some personnel costs. RIG-200 and RIG-19 have been dismantled and are stacked on land in Australia with nominal costs being incurred.

An analysis of depreciation expense by rig is as follows:

DEPRECIATION EXPENSE (In millions)			
	Fiscal 2000	Fiscal 1999	Variance
SEAHAWK	\$ 5.1	\$ 1.3	\$ 3.8
VICKSBURG	2.9	2.0	0.9
ATWOOD FALCON	6.5	5.8	0.7
ATWOOD EAGLE	3.0	2.4	0.6
ATWOOD HUNTER	5.2	5.1	0.1
ATWOOD SOUTHERN CROSS	3.9	3.8	0.1
RIG-200/RIG-19	2.1	2.1	0.0
RICHMOND	0.2	0.8	(0.6)
OTHER	0.7	0.6	0.1
	\$ 29.6	\$ 23.9	\$ 5.7
	=====	=====	=====

The Company does not recognize depreciation expense during a period a rig is out of service for a significant upgrade. The SEAHAWK, VICKSBURG and ATWOOD FALCON had some reduction in depreciation expense in 1999 due to upgrades, accounting for these increases in depreciation expense in 2000. The increase in depreciation expense for the ATWOOD EAGLE is due to higher depreciable costs due to its water-depth upgrades in January 2000.

Fiscal Year 1999 Versus Fiscal Year 1998

Despite the Company's active rig utilization decreasing from 100% in 1998 to 77% in 1999, contract revenues only declined approximately 1 percent. An analysis of contract revenues by rig for fiscal year 1999 and 1998 is as follows:

CONTRACT REVENUES
(In millions)

	Fiscal 1999	Fiscal 1998	Variance
ATWOOD FALCON	\$ 34.7	\$17.3	\$ 17.4
VICKSBURG	10.6	1.9	8.7
ATWOOD EAGLE	37.9	32.2	5.7
GOODWYN `A`/NORTH RANKIN `A`	8.6	7.5	1.1
RIG-19	6.8	6.7	0.1
RIG-200	6.8	7.9	(1.1)
SEAHAWK	9.5	11.4	(1.9)
ATWOOD HUNTER	31.0	35.2	(4.2)
RICHMOND	4.1	11.3	(7.2)
ATWOOD SOUTHERN CROSS	0.0	20.4	(20.4)
	-----	-----	-----
	\$150.0	\$151.8	\$(1.8)
	=====	=====	=====

The ATWOOD FALCON was in a shipyard from May 1998 to November 1998 undergoing a water-depth upgrade. The VICKSBURG entered a shipyard in December 1997 for refurbishment and upgrade which was not completed until November 1998. The ATWOOD FALCON and VICKSBURG have worked continuously since the completion of their upgrades. The ATWOOD EAGLE was relocated from West Africa to the Mediterranean Sea area in March 1998. The increase in revenues for the ATWOOD EAGLE is due to enhanced dayrates for a portion of the year from term contract commitments. The increase in revenues from the GOODWYN `A` and NORTH RANKIN `A` rigs is due to the Company providing additional labor and assistance to the rigs' Australian owner in upgrading the rigs during fiscal 1999. In preparation for a four-year contract extension, the SEAHAWK entered a shipyard in April 1999 for upgrade, with a reduced dayrate paid during the upgrade period which accounts for the decline in revenues. The decline in revenues for the ATWOOD HUNTER is due to a temporary reduction in dayrate revenue during a period when the rig could not drill due to extremely strong underwater currents. Market conditions resulted in a reduced dayrate and some idle time for the RICHMOND; with the ATWOOD SOUTHERN CROSS idle for the entire year.

Contract drilling and managements costs during fiscal 1999 increased 8% from \$65.3 million to \$70.4 million. An analysis of contract drilling and management costs by rig is as follows:

CONTRACT DRILLING AND MANAGEMENT COSTS
(In millions)

	Fiscal 1999	Fiscal 1998	Variance
VICKSBURG	\$ 4.5	\$1.4	\$ 3.1
ATWOOD EAGLE	14.3	11.5	2.8
ATWOOD FALCON	6.8	4.9	1.9
RIG-19	6.0	4.5	1.5
SEAHAWK	7.1	6.1	1.0
ATWOOD HUNTER	9.8	9.4	0.4
GOODWYN `A`/NORTH RANKIN `A`	6.6	6.3	0.3
RIG-200	1.5	2.6	(1.1)
RICHMOND	4.8	6.0	(1.2)
ATWOOD SOUTHERN CROSS	6.8	10.6	(3.8)
OTHER	2.2	2.0	0.2
	-----	-----	-----
	\$70.4	\$65.4	\$ 5.1
	=====	=====	=====

The increase in the drilling costs for the VICKSBURG and ATWOOD FALCON are due to the rigs working continuously since completing their upgrades during the first quarter of fiscal 1999. The increase in drilling costs for the ATWOOD EAGLE was due primarily to an increase in maintenance costs and higher operating costs associated with working the entire year in the Mediterranean Sea area. The increase in drilling costs for RIG-19 was due to costs being lower in 1998 due to the receipt of certain payroll related tax refunds. Reductions in drilling costs for the RICHMOND, RIG-200 and ATWOOD SOUTHERN CROSS were due to cost savings associated with idle rig time.

An analysis of depreciation expense by rig is as follows:

DEPRECIATION EXPENSE
(In millions)

	Fiscal 1999	Fiscal 1998	Variance
ATWOOD FALCON	\$ 5.8	\$ 1.8	\$4.0

VICKSBURG	2.0	0.0	2.0
ATWOOD SOUTHERN CROSS	3.8	3.0	0.8
RICHMOND	0.8	0.5	0.3
ATWOOD HUNTER	5.1	5.0	0.1
ATWOOD EAGLE	2.4	2.2	0.2
RIG-200	2.1	2.1	0.0
RIG-19	0.0	0.2	(0.2)
SEAHAWK	1.3	2.5	(1.2)
OTHER	0.6	0.3	0.3
	-----	-----	-----
	\$23.9	\$ 17.6	\$ 6.3
	=====	=====	=====

The increase in depreciation expense was primarily due to the commencing of depreciation in fiscal 1999 of upgrade costs of the ATWOOD FALCON and VICKSBURG. The Company does not recognize depreciation expense during the period a rig is out of service for a significant upgrade. This accounts for the decline in depreciation expense for the SEAHAWK in fiscal 1999.

LIQUIDITY AND CAPITAL RESOURCES

Even though, net income in fiscal 2000 declined 16% from fiscal 1999, operating cash flows (before changes in working capital and other assets and liabilities) for fiscal 2000 only declined one percent from \$55.7 million to \$55.2 million. During fiscal 2000, the Company utilized available cash and internally generated funds to invest approximately \$10 million in completing the upgrade of the SEAHAWK, to invest approximately \$8 million in upgrading the water-depth drilling capacity of the ATWOOD EAGLE from 2,500 feet to 3,300 feet, to fund approximately \$17 million in other capital expenditures and to reduce outstanding debt by \$8 million.

Since 1996, the Company has successfully upgraded all seven of its mobile offshore drilling units and after completing the future upgrades planned for the ATWOOD HUNTER and ATWOOD EAGLE, will have expended over \$300 million in its upgrade program. The upgrade of the ATWOOD HUNTER will include extending the water-depth drilling capacity to 5,000 feet for certain environmental conditions, a new high capacity crane, new 120-bed quarters in addition to other improvements. The upgrade on the ATWOOD EAGLE will include modifications of the rig's hull and mooring equipment to enable the rig to work in 5,000 feet of water, new 120-bed quarters, new high-capacity crane, upgraded well control, drilling and mud systems, in addition to other improvements. On December 5, 2000, the Company purchased the semisubmersible unit SEASCOUT (ex-OCEAN SCOUT) for \$4.5 million. This unit was purchased for conversion and upgrade to a semisubmersible tender assist rig, which, depending upon water depth and other operational requirements, could cost from \$40 to \$60 million. The conversion and upgrades will not be undertaken until an acceptable contract opportunity has been secured. Except for planned upgrades of the ATWOOD HUNTER and ATWOOD EAGLE estimated to cost between \$120 and \$125 million, and the purchase of the SEASCOUT for \$4.5 million, the Company currently has no significant capital commitments; however, the Company continues to pursue growth opportunities which, if successful, could result in additional capital commitments.

To assist the Company in funding all capital commitments, in June 2000, the Company executed a new \$150 million revolving line of credit. This Credit Facility requires no principal reductions prior to its maturity in June 2005. Initially, \$46 million was borrowed under the Facility to repay the balance outstanding under an existing reducing credit facility. Subsequent to September 30, 2000, the Company prepaid \$6 million for a currently outstanding balance of \$40 million. Assuming no additional capital investments other than the upgrades to the ATWOOD HUNTER and ATWOOD EAGLE, the outstanding balance under the Credit Facility at the end of fiscal year 2001 should be approximately \$100 million.

Working capital increased from \$31.5 million at the end of September 30, 1999 to \$47.4 million at the end of September 30, 2000. The Company's portfolio of accounts receivable is comprised of major international corporate entities with stable payment experience. Historically, the Company has experienced no significant difficulties in receivable collections; however, at September 30, 2000, the Company was continuing to pursue legal action in Australia to collect approximately \$2 million billed in 1998.

Impact of the Year 2000 Issue

The Company has not experienced any Year 2000 related computer failure or problems. The total cost of the Company's Year 2000 compliance program was approximately \$1.5 million, which consisted primarily of the replacement of accounting and related software. The Company does not expect to incur any further Year 2000 costs.

DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk, including adverse changes in interest rates and foreign currency exchange rates as discussed below.

Interest Rate Risk

All of the \$46 million of long-term debt outstanding at September 30, 2000,

was floating rate debt. As a result, the Company's annual interest costs in fiscal 2001 will fluctuate based on interest rate changes. Because the interest rate on the Company's long-term debt is a floating rate, the fair value of the Company's long-term debt approximates carrying value as of September 30, 2000. The impact on annual cash flow of a 10% change in the floating rate (approximately 70 basis points) would be approximately \$0.3 million. The Company did not have any open derivative contracts relating to its floating rate debt at September 30, 2000.

Foreign Currency Risk

Certain of the Company's subsidiaries have monetary assets and liabilities that are denominated in a currency other than their functional currencies. Based on September 30, 2000 amounts, a decrease in the value of 10% in the foreign currencies relative to the U.S. dollar from the year-end exchange rates would not result in any material foreign currency transaction loss. Thus, the Company considers its current risk exposure to foreign currency exchange rate movements, based on net cash flows, to be immaterial. The Company did not have any open derivative contracts relating to foreign currencies at September 30, 2000.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of Atwood Oceanics, Inc.:

We have audited the accompanying consolidated balance sheets of Atwood Oceanics, Inc. (a Texas corporation) and subsidiaries as of September 30, 2000 and 1999, and the related consolidated statements of operations, cash flows and changes in shareholders' equity for each of the three years in the period ended September 30, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 financial position of Atwood Oceanics, Inc. and subsidiaries as of September 30, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ARTHUR ANDERSEN LLP

Houston, Texas
November 21, 2000

Atwood Oceanics, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	September 30,	
(In thousands)	2000	1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 19,740	\$20,105
Accounts receivable, net	31,466	18,289
Inventories of materials and supplies, at lower of average cost or market	9,544	8,010
Deferred tax assets	950	720
Prepaid expenses	3,217	3,408
Total Current Assets	64,917	50,532
SECURITIES HELD FOR INVESTMENT:		
Held-to-maturity, at amortized cost	22,594	22,589
Available-for-sale, at fair value	327	347
	22,921	22,936
PROPERTY AND EQUIPMENT, at cost:		
Drilling vessels, equipment and drill pipe	391,879	358,372
Other	8,197	7,317
	400,076	365,689
Less - accumulated depreciation	175,969	146,775
Net Property and Equipment	224,107	218,914
DEFERRED COSTS AND OTHER ASSETS		
	1,306	1,222
	\$313,251	\$293,604
	=====	=====

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

Atwood Oceanics, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	September 30,	
(In thousands, except share data)	2000	1999
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ ---	\$ ---
Accounts payable	5,886	7,640
Accrued liabilities	11,598	11,373
Total Current Liabilities	17,484	19,013
LONG-TERM DEBT, net of current maturities	46,000	54,000
DEFERRED CREDITS:		
Income taxes	10,390	8,168
Mobilization fees and other	21,172	20,194
	31,562	28,362
	=====	=====
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
SHAREHOLDERS' EQUITY:		
Preferred stock, no par value; 1,000,000 shares authorized, none outstanding	---	---
Common stock, \$1 par value; 20,000,000 shares authorized with 13,823,000 and 13,675,000 issued and outstanding in 2000 and 1999, respectively	13,823	13,675
Paid-in capital	55,151	52,458
Accumulated other comprehensive income (loss)	(152)	(139)
Retained earnings	149,383	126,235
Total Shareholders' Equity	218,205	192,229
	\$313,251	\$293,604
	=====	=====

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

Atwood Oceanics, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended September 30,		
(In thousands, except per share amounts)	2000	1999	1998
REVENUES:			
Contract drilling	\$ 131,387	\$ 148,051	\$ 148,570
Contract management	3,127	1,958	3,239
	134,514	150,009	151,809
COSTS AND EXPENSES:			
Contract drilling	56,598	68,868	62,364
Contract management	2,652	1,487	2,921
Depreciation	29,624	23,904	17,596
General and administrative	8,449	7,519	7,331
	97,323	101,778	90,212
OPERATING INCOME	37,191	48,231	61,597
OTHER INCOME (EXPENSE):			
Interest expense	(3,907)	(4,172)	(3,599)
Investment income	2,614	2,448	2,321
	(1,293)	(1,724)	(1,278)
INCOME BEFORE INCOME TAXES	35,898	46,507	60,319
PROVISION FOR INCOME TAXES	12,750	18,787	20,955
NET INCOME	\$ 23,148	\$ 27,720	\$ 39,364
EARNINGS PER COMMON SHARE:			
Basic	\$ 1.68	\$ 2.03	\$ 2.90
Diluted	1.66	2.01	2.84
AVERAGE COMMON SHARES OUTSTANDING:			
Basic	13,763	13,649	13,592
Diluted	13,916	13,791	13,884

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

Atwood Oceanics, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	For Years Ended September 30,		
	2000	1999	1998
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	\$ 23,148	\$ 27,720	\$ 39,364
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	29,624	23,904	17,596
Amortization of deferred items	403	566	427
Deferred federal income tax provision	2,000	3,500	3,970
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(13,177)	9,441	(11,377)
Increase (decrease) in accounts payable	(3,014)	402	954
Increase (decrease) in accrued liabilities	225	(350)	(1,706)
Net mobilization fees	981	7,074	2,779
Other	(1,103)	(1,364)	(1,924)
	15,939	43,173	10,719
Net Cash Provided by Operating Activities	39,087	70,893	50,083
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital expenditures	(34,841)	(38,760)	(79,607)
Non cash portion of capital expenditures	1,260	(7,012)	7,973
Other	24	1,574	---
Net Cash Used by Investing Activities	(33,557)	(44,198)	(71,634)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from exercises of stock options	2,105	539	658
Proceeds from revolving credit facility	6,000	13,000	14,000
Principal payments on debt	(14,000)	(31,750)	(750)
Net Cash Provided (Used) by Financing Activities	(5,895)	(18,211)	13,908
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(365)	8,484	(7,643)
CASH AND CASH EQUIVALENTS, at beginning of period	20,105	11,621	19,264
CASH AND CASH EQUIVALENTS, at end of period	\$ 19,740	\$ 20,105	\$ 11,621
Supplemental disclosure of cash flow information:			
Cash paid during the year for domestic and foreign income taxes	\$ 10,713	\$ 13,383	\$ 18,549
Cash paid during the year for interest, net of amounts capitalized	\$ 3,914	\$ 4,614	\$ 2,349

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

Atwood Oceanics, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY

(In thousands)	Comprehensive Income	Common Stock Shares(1) Amount(1)		Paid-in Capital(1)	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
September 30, 1997		13,546	\$13,546	\$50,104	\$ (112)	\$ 59,151
Net income	\$39,364	---	---	---	---	39,364
Unrealized holding loss on available-for-sale securities, net of tax of \$23	(43)	---	---	---	(43)	---
Comprehensive income	\$39,321					
Exercises of employee stock options		79	79	579	---	---
Tax benefit from exercises of employee stock options		---	---	1,098	---	---
September 30, 1998		13,625	\$13,625	\$51,781	(155)	\$98,515
Net income	\$27,720	---	---	---	---	27,720
Unrealized holding gain on available-for-sale securities, net of tax of \$8	16	---	---	---	16	---
Comprehensive income	\$27,736					
Exercises of employee stock options		50	50	489	---	---
Tax benefit from exercises of employee stock options		---	---	188	---	---
September 30, 1999		13,675	\$13,675	\$52,458	(139)	\$126,235
Net income	\$23,148	---	---	---	---	23,148
Unrealized holding loss on available-for-sale securities, net of tax of \$7	(13)	---	---	---	(13)	---
Comprehensive income	\$23,135					
Exercises of employee stock options		148	148	1,957	---	---
Tax benefit from exercises of employee stock options		---	---	736	---	---
September 30, 2000		13,823	\$13,823	\$55,151	\$(152)	\$149,383

NOTES -

- (1) Adjusted for 100% stock dividend declared in November 1997.
(2) Preferred stock, no par value, of 1,000,000 shares was authorized in 1975 and no shares have been issued.

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

Atwood Oceanics, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

Atwood Oceanics, Inc. together with its wholly owned subsidiaries (collectively referred to herein as the "Company"), is engaged in the business of international offshore drilling of exploratory and developmental oil and gas wells and related support, management and consulting services. Presently, the Company owns and operates a modern fleet of seven mobile offshore drilling units and one modular platform drilling unit, as well as manages the operations of two operator-owned platform drilling units in Northwest Australia. The Company also owns a 50% interest in another platform drilling unit. In December 2000, the Company purchased a semisubmersible unit for a future conversion to a tender assist vessel once an acceptable contract opportunity is secured (see Note 15). Currently, the Company is involved in active operations in the territorial waters of Australia, Malaysia, Egypt, Philippines, Israel, United States and India.

Demand for drilling equipment is dependent on the exploration and development programs of oil and gas companies, which is in turn influenced by the financial conditions of such companies, by general economic conditions, by prices of oil and gas, and from time to time, by political considerations and policies. The Company's business operations are subject to the risks associated with a business having a limited number of customers for which it can operate at any given time. A decrease in the drilling programs of customers in the areas where the Company is employed may adversely affect the Company's revenues. The contracts under which the Company operates its drilling rigs are obtained either through individual negotiations with the customer or by submitting proposals in competition with the other drilling contractors and vary in their terms and conditions. The Company competes with several other drilling contractors, most of which are substantially larger than the Company and possess appreciably greater financial and other resources. Price competition is generally the most important factor in the drilling industry, but the technical capability of specialized drilling equipment and personnel at the time and place required by customers are also important. Other competitive factors include work force experience, rig suitability, efficiency, condition of equipment, reputation and customer relations. The Company believes that it competes favorably with respect to these factors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation -

The consolidated financial statements include the accounts of Atwood Oceanics, Inc. ("AOI") and all of its wholly owned domestic and foreign subsidiaries. The Company's undivided 50% interest in RIG-200 is accounted for using the proportionate consolidation method (See Note 4). All significant intercompany accounts and transactions have been eliminated in consolidation.

Foreign exchange -

The U.S. dollar is the functional currency for all areas of operations of the Company. Accordingly, monetary assets and liabilities denominated in foreign currency are remeasured to U.S. dollars at the rate of exchange in effect at the end of the year, items of income and expense are remeasured at average monthly rates, and property and equipment and other nonmonetary amounts are remeasured at historical rates. Gains and losses on foreign currency transactions and remeasurements are included in contract drilling costs in the consolidated statements of operations. The Company recorded foreign exchange losses of \$.4 and \$1 million in fiscal 2000 and 1998, respectively, with a foreign exchange gain of \$.4 million in fiscal 1999.

Property and equipment -

Property and equipment are recorded at cost. Interest costs related to property under construction are capitalized as a component of construction costs. There were no interest costs capitalized during fiscal 2000. Interest capitalized during fiscal 1999 and 1998 totaled \$.5 million and \$1.4 million, respectively.

Depreciation is provided on the straight-line method over the following estimated useful lives of the various classifications of assets:

	Years -----
Drilling vessels and related equipment	5-15
Drill pipe	3
Furniture and other	3-10

In November 2000, the Company engaged an independent appraiser to evaluate the expected useful lives of the ATWOOD HUNTER, ATWOOD FALCON and ATWOOD EAGLE. Based, in part, upon such appraisal, the Company, effective October 1, 2000, extended the depreciable lives of ATWOOD HUNTER and ATWOOD FALCON from 12 to 22 years and will extend the depreciable life of the ATWOOD EAGLE from 12 to 22 years following the completion of its water-depth upgrade planned at the end of fiscal 2001. The Company believes that these changes in depreciable lives provide a better matching of the revenues and expenses of these assets over their anticipated useful lives. Maintenance, repairs and minor replacements are charged against income as incurred; major replacements and upgrades are capitalized and depreciated over the remaining useful life of the asset as determined upon completion of the work. The cost and related accumulated depreciation of assets sold, retired or otherwise disposed are removed from the accounts at the time of disposition, and any resulting gain or loss is reflected in the consolidated statements of operations for the applicable period.

Deferred costs -

The Company defers the net costs of moving a drilling rig to a new area and amortizes such costs on a straight-line basis over the life of the applicable drilling contract. The ATWOOD SOUTHERN CROSS was the only rig moved to a new area during fiscal 2000 when it was relocated from Australia to the Mediterranean Sea. The Company incurred net costs of approximately \$1.2 million in moving the rig, which was expensed during fiscal 2000 due to the rig's initial short-term contract commitments. During fiscal years 1999 and 1998, the Company received sufficient mobilization revenues on all rig moves to more than cover all mobilization costs. There were no unamortized mobilization costs at September 30, 2000 or 1999.

The Company defers the costs of scheduled drydocking and charges such costs to expense over the period to the next scheduled drydocking (normally 30 months).

Federal income taxes -

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109 "Accounting for Income Taxes". Under SFAS No. 109, deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end given the provisions of enacted tax laws. Deferred tax assets are reduced by a valuation allowance when, based upon management's estimates, it is more likely than not that a portion of the deferred tax assets will not be realized in a future period.

Revenue recognition -

The Company accounts for drilling and management contract revenues using the percentage of completion method of accounting, under which revenues are recognized on a daily basis as earned. Mobilization revenues are first used to cover the costs of mobilization with the excess revenues deferred and amortized on a straight-line basis over the life of the applicable drilling contract. At September 30, 2000 and 1999, deferred revenues totaling \$20.4 million and \$19.4 million, respectively, were included in Deferred Credits on the accompanying consolidated balance sheets.

Cash and cash equivalents -

Cash and cash equivalents consist of cash in banks and highly liquid debt instruments which mature within three months of the date of purchase.

Investments -

Investments in held-to-maturity securities are stated at the amortized cost at the balance sheet date. The Company has the ability and intent to hold such securities to maturity. At September 30, 2000 and 1999, investments in available-for-sale securities are carried at fair value with the unrealized holding loss or gain, net of deferred tax, included in comprehensive income.

Earnings per common share -

Basic and diluted earnings per share have been computed in accordance with SFAS No. 128, "Earnings per Share"(EPS). "Basic" EPS, excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. "Diluted" EPS reflects the issuance of additional shares in connection with the assumed conversion of stock options.

The computation of basic and diluted earnings per share under SFAS No. 128 for each of the past three years is as follows (in thousands, except per share amounts):

	Net Income	Shares	Per Share Amount
	-----	-----	-----
Fiscal 2000:			
Basic earnings per share	\$ 23,148	13,763	\$1.68
Effect of dilutive securities - Stock options	---	153	(0.02)
	-----	-----	-----
Diluted earnings per share	\$ 23,148	13,916	\$ 1.66
	=====	=====	=====
Fiscal 1999:			
Basic earnings per share	\$ 27,720	13,649	\$ 2.03
Effect of dilutive securities - Stock options	---	142	(0.02)
	-----	-----	-----
Diluted earnings per share	\$ 27,720	13,791	\$ 2.01
	=====	=====	=====
Fiscal 1998:			
Basic earnings per share	\$ 39,364	13,592	\$ 2.90
Effect of dilutive securities - Stock options	---	292	(.06)
	-----	-----	-----
Diluted earnings per share	\$ 39,364	13,884	\$ 2.84
	=====	=====	=====

Stock-Based compensation -

The Company accounts for employee stock-based compensation using the intrinsic value method prescribed by Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees".

Comprehensive income -

In the first quarter of 1999, the Company adopted SFAS No. 130, "Reporting Comprehensive Income," which requires companies to report the components of comprehensive income in a financial statement with the same prominence as other financial statements. The Company has chosen to disclose comprehensive income, which is comprised of net income and unrealized holding gains (losses) on available-for-sale equity securities, in the accompanying Consolidated Statements of Changes in Shareholders' Equity. This information is shown for all periods presented.

Use of 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.

NOTE 3 - SECURITIES HELD FOR INVESTMENT

All of the Company's investments in equity securities are classified as "available-for-sale" and accordingly, are reflected in the September 30, 2000 and 1999 Consolidated Balance Sheets at fair value, with the aggregate unrealized gain or loss, net of related deferred tax liability or asset, included in shareholders' equity. All of the Company's investments in United States Treasury Bonds (which mature in November 2000 and February 2001) are classified as "held-to-maturity" and accordingly, are reflected in the September 30, 2000 and 1999 Consolidated Balance Sheets at amortized cost.

There were no sales of securities during fiscal 2000, 1999 or 1998. An analysis of the Company's investment in marketable securities is as follows (in thousands):

	Amortized Cost	Unrealized Gain (Loss)	Fair Value
	-----	-----	-----
September 30, 2000 -			
Equity Securities	\$ 561	\$(234)	\$ 327
United States			
Treasury Bonds	22,594	84	22,678
	-----	-----	-----
	\$ 23,155	\$(150)	\$ 23,005
	=====	=====	=====
September 30, 1999 -			
Equity Securities	\$ 561	\$ (214)	\$ 347
United States			
Treasury Bonds	22,589	687	23,276
	-----	-----	-----
	\$ 23,150	\$ 473	\$ 23,623
	=====	=====	=====

NOTE 4 - PROPERTY AND EQUIPMENT

SEAHAWK -

In January 2000, the SEAHAWK commenced drilling under its four-year contract extension with Esso Production Malaysia, Inc. following completion of its approximately \$22 million upgrade. Pursuant to the contract, the Company received approximately \$20 million in upgrade reimbursement payments which were recorded to Deferred Credits. These upgrade reimbursement payments, net after certain costs, are being amortized into revenue over the four-year contract extension period, with an unamortized balance of \$16.8 million at September 30, 2000.

ATWOOD EAGLE -

In January 2000, the Company increased the water depth drilling capability of the ATWOOD EAGLE from 2,500 feet to 3,300 feet at a cost of approximately \$8 million. When the ATWOOD EAGLE completes its current drilling program in the Mediterranean Sea, the Company is planning to move the rig to a shipyard to undergo an upgrade to increase its drilling capacity to 5,000 feet and to enhance its living quarters, crane and sub-sea handling capabilities, in addition to other improvements. This upgrade and refurbishment is anticipated to take five to six months to complete and cost approximately \$80 million.

RICHMOND -

During August and September 2000, the RICHMOND was in a shipyard undergoing an upgrade and refurbishment at an aggregate cost of approximately \$7 million. The upgrade included, among other improvements, the installation of suction piles and the refurbishment of living quarters.

ATWOOD FALCON -

In November 1998, the ATWOOD FALCON commenced drilling under its three-year contract with Shell Philippines Exploration B.V. following completion of its approximately \$45 million water-depth upgrade. The contract provided for the payment of \$11.2 million in mobilization fees of which \$10.4 million (net after mobilization costs) was recorded to Deferred Credits and is being amortized into revenue over the three-year contract period, with an unamortized balance of \$3.6 million at September 30, 2000.

VICKSBURG -

In December 1998, the VICKSBURG commenced drilling in India under a contract with Enron Oil & Gas India Ltd., following completion of its approximately \$35 million refurbishment and upgrade. The VICKSBURG's current contract is scheduled to expire in December 2000, with discussions currently underway for additional work.

ATWOOD HUNTER -

In September 1997, the ATWOOD HUNTER commenced drilling under its long-term contract for British-Borneo Petroleum Inc., ("British-Borneo") following completion of its approximately \$40 million water depth upgrade. Following completion of its current contractual commitments (estimated February 2001), the Company is planning to perform an additional upgrade of the rig to include, among other improvements, the extension of its water-depth drilling capacity to 5,000 feet for certain environmental conditions, new 120 bed quarters, a new high capacity crane and the enhancement of its completion and sub-sea tree handling capabilities. The costs of these improvements is estimated to be between \$40 and \$45 million and anticipated to take four to five months to complete.

ATWOOD SOUTHERN CROSS -

In 1997, the ATWOOD SOUTHERN CROSS was refurbished and upgraded to achieve 2,000 feet water-depth drilling capabilities at an aggregate cost of approximately \$35 million. Following its upgrade, the rig was employed in Australia through September 1998 and then remained idle until it was moved to the Mediterranean Sea in April/May 2000 to commence contract work off the coast of Israel.

RIG 200-

RIG-200 (a modular platform rig built in 1995) is owned 50% by the Company and 50% by Helmerich & Payne (current owner of 22% of the Company's outstanding common stock). Since the Company has a 50% undivided ownership interest in RIG-200 and is actively involved in its operations, the Company accounts for its investment in the rig on a proportionate consolidation method. Accordingly, the Company's \$12 million gross investment in RIG-200 is reflected in "Drilling Vessels, Equipment and Drill Pipe" in the Consolidated Balance Sheets, with 50% of the rig's operating results for fiscal years 2000, 1999 and 1998 reflected in the Company's Consolidated Statements of Operations. RIG-200 completed its initial contract in June 1999 and remains idle in Australia while waiting for a new contract opportunity.

NOTE 5 - DEBT

LONG-TERM DEBT -

A summary of long-term debt is as follows (in thousands):

	September 30,

2000	1999

Non-reducing revolving credit agreement, bearing interest (market adjustable) at approximately 8% per annum at September 30, 2000	\$ 46,000	\$ ----
Reducing revolving credit agreement, bearing interest (market adjustable) at approximately 7% per annum at September 30, 1999	---	54,000
	-----	-----
	46,000	54,000
Less-current maturities	---	---
	-----	-----
	\$ 46,000	\$ 54,000
	=====	=====

On June 30, 2000, the Company entered into a \$150 million five-year non-reducing Revolving Credit Facility with a bank group. The Company initially borrowed \$46 million under this agreement to repay the balance outstanding under the Reducing Credit Facility. The Revolving Credit Facility permits the Company to prepay principal at anytime without incurring penalty. Subsequent to September 30, 2000, the Company prepaid \$6 million for a current outstanding balance of \$40 million. The bank group's collateral for this Revolving Credit Facility consists principally of preferred mortgages on the ATWOOD HUNTER, ATWOOD EAGLE and the ATWOOD FALCON (with an aggregate net book value at September 30, 2000 totaling approximately \$126 million) plus the assignment of approximately \$20 million in market value of United States Treasury Bonds. The Company is not required to maintain compensating balances; however, it is required to pay a fee of 1/4% to 1/2% per annum on the unused portion of the total facility and certain other administrative costs. The Revolving Credit Facility contains financial covenants, including but not limited to, requirements for maintaining certain net worth and other financial ratios, and restrictions on disposing of any material assets, paying dividends or repurchasing any of the Company's outstanding common stock and incurring any additional indebtedness in excess of \$10 million. The Company was in compliance with all financial covenants at September 30, 2000.

The maturities of long-term debt are as follows (in thousands):

FISCAL YEAR	AMOUNT
2001	\$ ---
2002	---
2003	---
2004	---
2005	46,000

	\$46,000
	=====

LINE OF CREDIT -

The Company has a \$5 million unsecured line of credit with a bank to support issuance, when required, of standby letters of guarantee and the Indian tax guarantee (see Note 6). At September 30, 2000, standby letters of guarantee in the aggregate amount of approximately \$2 million were outstanding under this facility.

NOTE 6 - INCOME TAXES

Domestic and foreign income before income taxes for the three years in the period ended September 30, 2000 are as follows (in thousands):

	Fiscal 2000	Fiscal 1999	Fiscal 1998
	-----	-----	-----
Domestic income	\$30,490	\$29,648	\$39,553
Foreign income	5,408	16,859	20,766
	-----	-----	-----
	\$35,898	\$46,507	\$60,319
	=====	=====	=====

The provision (benefit) for domestic and foreign taxes on income consists of the following (in thousands):

	Fiscal 2000	Fiscal 1999	Fiscal 1998
	-----	-----	-----
Current domestic provision	\$4,720	\$8,000	\$11,487
Deferred domestic provision	2,000	3,500	3,970
Current foreign provision	6,030	7,287	5,498
	-----	-----	-----
	\$12,750	\$18,787	\$20,955
	=====	=====	=====

The components of the deferred income tax assets (liabilities) as of September 30, 2000 and 1999 are summarized as follows (in thousands):

	September 30,	
	2000	1999
	-----	-----
Deferred tax assets -		
Net operating loss carryforwards	\$2,650	\$2,760
Book reserves	850	700
Deferred mobilization revenues	---	700
	-----	-----
	3,500	4,160
Deferred tax liabilities -		
Difference in book and tax basis of equipment	10,652	9,190
Deferred charges	---	123
Unrealized holding loss on available-for-sale securities	(82)	(75)
	-----	-----
	10,570	9,238
	-----	-----
Net deferred tax assets (liabilities) before valuation allowance	(7,070)	(5,078)
Valuation allowance	(2,370)	(2,370)
	-----	-----
	\$(9,440)	\$(7,448)
	=====	=====
Net current deferred tax assets	\$ 950	\$ 720
Net noncurrent deferred tax liabilities	(10,390)	(8,168)
	-----	-----
	\$(9,440)	\$(7,448)
	=====	=====

U.S. deferred taxes have not been provided on foreign earnings totaling approximately \$21 million which are permanently invested abroad. Foreign tax credits totaling approximately \$14 million are available to reduce the U.S. taxes on such amounts.

The differences between the statutory and the effective income tax rate are as follows:

	Fiscal 2000 ----	Fiscal 1999 ----	Fiscal 1998 ----
Statutory income tax rate	35%	35%	35%
Increase (decrease) in tax rate resulting from -			
Foreign tax rate differentials, net of foreign tax credit utilization	1	5	(1)
Other, net	---	---	1
	-----	-----	-----
Effective income tax rate	36%	40%	35%
	=====	=====	=====

The Company has United States net operating loss carryforwards totaling \$7.6 million which expire in fiscal years 2001 through 2003. Due to various utilization limitations, management estimates that a significant portion of this tax attribute will not be available to reduce future tax obligations; accordingly, a \$2.4 million valuation allowance is recorded as of September 30, 2000.

For several years, the Company has pursued legal action to collect certain tax refund claims in India. As a result of favorable court decisions in India, and upon the Company providing letters of guarantee, the Company received tax refunds in 1997 and 1994 of \$1.1 million and \$6 million, respectively, (net of taxes on interest and other related expenses), which were recorded to other Deferred Credits, pending ultimate resolution of the issue by Indian High Court. During fiscal year 1999, all but approximately \$400,000 (still unresolved at September 30, 2000) of the amounts received were favorably resolved and accordingly recognized (net of expenses) in income.

NOTE 7 - CAPITAL STOCK

STOCK OPTION PLANS -

The Company has an incentive equity plan ("1996 Plan") whereby 670,000 shares of common stock may be granted to officers and key employees through February 12, 2007. At September 30, 2000, options to purchase 345,650 shares were outstanding under this Plan. The Company also has options outstanding to purchase 78,050 shares under a stock option plan ("1990 Plan"). Under both plans, the exercise price of each option equals the market price of the Company's common stock on the date of grant, all outstanding options have a maximum term of 10 years, and options vest over a period from the second to the fifth year from the date of grant.

A summary of the status of the Company's Plans as of September 30, 2000, 1999 and 1998, and changes during the years ended on those dates is presented below:

	Fiscal 2000		Fiscal 1999		Fiscal 1998	
	Number of Options	Weighted- Average Exercise Price	Number of Options	Weighted- Average Exercise Price	Number of Options	Weighted- Average Exercise Price
Outstanding at beginning of Year	504,900	\$23.88	566,200	\$22.76	444,700	\$15.42
Granted	97,000	37.75	---	---	208,000	33.07
Exercised	(147,700)	14.26	(49,925)	10.75	(78,500)	8.39
Forfeited	(30,500)	31.95	(11,375)	26.00	(8,000)	23.73
Expired	---	---	---	---	---	---
Outstanding at end of year	423,700	\$29.82	504,900	\$23.88	566,200	\$22.76
Exercisable at end of year	109,450	\$23.58	137,150	\$13.14	88,950	\$ 8.49
Available for grant at end of Year	299,500		374,375		366,000	
Weighted-average fair value of options granted during the year	\$ 26.61		---		\$ 14.21	

The following table summarizes information about stock options outstanding at September 30, 2000:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Shares	Weighted- Average Contractual Life	Weighted- Average Exercise Price	Shares	Weighted- Average Exercise Price
\$ 4.87 to 5.38	5,500	2.2 years	\$5.24	5,500	\$5.24
6.55 to 6.69	11,250	4.1 years	6.61	11,250	6.61
16.63 to 18.97	155,300	7.0 years	17.53	48,300	17.74
28.00	68,000	6.5 years	28.00	26,500	28.00
37.75	97,000	9.2 years	37.75	---	---
48.75 to 52.06	86,650	7.2 years	48.98	17,900	49.03
4.87 to 52.06	423,700	7.9 years	\$29.82	109,450	\$23.58

As permitted by SFAS No. 123 "Accounting for Stock-Based Compensation", the Company applies APB Opinion No. 25 and related Interpretations in accounting for its stock option plans. Accordingly, no compensation cost has been recognized from the granting of options pursuant to its stock option plans. Had compensation costs been determined based on the fair value at the grant dates for awards made since fiscal 1996 consistent with the method of SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below (in thousands, except for per share amounts):

	Fiscal 2000	Fiscal 1999	Fiscal 1998
	-----	-----	-----
Net Income			
As reported	\$23,148	\$27,720	\$39,364
Pro forma	22,335	27,186	38,830
Earnings per share			
As reported -			
Basic	1.68	2.03	2.90
Diluted	1.66	2.01	2.84
Pro forma			
Basic	1.62	1.99	2.86
Diluted	1.61	1.97	2.80

The fair value of grants made in fiscal 2000 and 1998 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used: fiscal 2000 - risk free interest rate of 6.72%, expected volatility of 50%, expected lives of 5 years and no dividend yield; fiscal 1998 - risk-free interest rate of 5.4%, expected volatility of 42%, expected lives of 5 years and no dividend yield.

COMMON STOCK DIVIDEND -

On November 19, 1997, the Company effected a 100% common stock dividend resulting in the issuance of approximately 6,775,000 shares of common stock and the transfer of approximately \$ 6,775,000 from paid-in capital to common stock which represented the par value of additional shares issued. All share and per share information has been retroactively restated in the Consolidated Financial Statements to reflect the stock dividend.

NOTE 8 - RETIREMENT PLAN

The Company has a contributory retirement plan (the "Plan") under which qualified participants may make contributions of up to 5% of their compensation, as defined (the basic contribution). The Company makes contributions to the Plan equal to twice the basic contributions. Company contributions vest 100% to each participant beginning with the fourth year of participation. If a participant terminates employment before becoming fully vested, the unvested portion is credited to the Company's account and can be used only to offset Company contribution requirements. In fiscal 2000 and 1998 the Company made actual contributions of approximately \$1.7 million and \$1.3 million, respectively, with no forfeitures used during these years to reduce its cash requirements. In fiscal 1999 the Company used forfeitures of \$190,000 to reduce its cash requirements, which resulted in actual contributions of approximately \$1.3 million. As of September 30, 2000, there are approximately \$103,000 of contribution forfeitures which can be utilized to reduce future Company cash contribution requirements.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities included in the accompanying Consolidated Balance Sheets approximated fair value due to the short maturity of these instruments. Since the bank debt has a market adjustable interest rate, the carrying value approximated fair value as of fiscal year end 2000 and 1999. The Company's only financial instruments at September 30, 2000 and 1999 with a fair value different from carrying value are marketable securities; the difference of which is shown in Note 3.

NOTE 10 - CONCENTRATION OF MARKET AND CREDIT RISK

All of the Company's customers are in the oil and gas offshore exploration and production industry. This industry concentration has the potential to impact the Company's overall exposure to market and credit risks, either positively or negatively, in that the Company's customers could be affected by similar changes in economic, industry or other conditions. However, the Company believes that the credit risk posed by this industry concentration is offset by the creditworthiness of the Company's customer base. The Company's portfolio of accounts receivable is comprised of major international corporate entities and government organizations with stable payment experience. Historically, the Company's uncollectible accounts receivable have been immaterial, and typically, the Company does not require collateral for its receivables. The Company's allowance for doubtful accounts at September 30, 2000 and 1999 was \$2.1 million.

Drilling revenues for fiscal 2000 include \$ 40.5 million, \$ 33.3 million and \$19.5 million in revenues received from Shell Philippines Exploration B.V.,

British-Borneo Petroleum Inc. and ESSO Production Malaysia, Inc. respectively. Drilling revenues for fiscal 1999 include \$34.7 million, \$31.0 million and \$23.1 million in revenues received from Shell Philippines Exploration B.V./Sabah Shell Petroleum Company Limited, British-Borneo Petroleum Inc. and ESSO Australia Limited/ESSO Production Malaysia, Inc., respectively. Drilling revenues for fiscal 1998 include \$35.2 million, \$25.9 million and \$20.4 million in revenues received from British-Borneo Petroleum Inc., ESSO Australian Limited/ESSO Production Malaysia, Inc. and Santos Ltd., respectively.

NOTE 11 - NEW ACCOUNTING PRONOUNCEMENTS

SFAS No. 133 has been amended to become effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. It establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. In the opinion of management, the adoption of SFAS No. 133 will not have a material impact on the Company's financial statements.

In December 1999, the SEC staff issued Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements" which summarized the staff's view on applying generally accepted accounting principles to revenue recognition in financial statements. This bulletin has been amended to become effective no later than in the fourth quarter of fiscal years beginning after December 15, 1999, which is the fourth quarter of fiscal 2001 for the Company. In the opinion of management, the Company's current accounting policies are in compliance with the staff's views, and the adoption of SAB 101 will not have a material impact on the Company's financial statements.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

The Company leases its office space under an operating lease agreement which will expire in fiscal 2005.

Future minimum lease payments for operating leases are as follows (in thousands):

Fiscal year ending September 30,

2001.....	\$408
2002.....	408
2003.....	408
2004.....	408
2005.....	170

Total rent expense under operating leases was approximately \$362,000, \$285,000 and \$268,000 for fiscal years ended September 30, 2000, 1999 and 1998, respectively.

LITIGATION

On August 31, 2000, the Company became a defendant in Bryant v. R&B Falcon Drilling USA, Inc. et al., Civil Action No. G-00-488, in the United States District Court for the Southern District of Texas-Galveston Division. In this suit the plaintiff, Thomas Bryant, who is a former employee of the Company and purports to represent a class of persons who are members of the crew aboard water-based drilling apparatuses and who accepted employment with defendants while in the United States for domestic or international employ, alleges the Company and a number of other offshore drilling contractors or their affiliates, all defendants in the suit, acted in concert to depress wages and benefits paid to their offshore employees. Plaintiff contends that this alleged conduct violates federal and state antitrust laws. The Plaintiff seeks an unspecified amount of treble damages, attorney's fees and costs on behalf of himself and the alleged class of offshore workers similarly situated. The Company has filed an Answer to this suit. The suit is in the early stages of discovery and preliminary proceedings. The Company vigorously denies these allegations and, based on information presently available, does not expect that the outcome of this matter will have a material adverse effect on its business or financial position.

The Company is party to a number of other lawsuits which are ordinary, routine litigation incidental to the Company's business, the outcome of which, individually, or in the aggregate, is not expected to have a material adverse effect on the Company's financial condition or results of operations.

NOTE 13 - OPERATIONS BY GEOGRAPHIC AREAS

The Company is engaged in offshore contract drilling. The contract drilling operations consist of contracting Company owned or managed offshore drilling equipment primarily to major oil and gas exploration companies. Operating income is contract revenues less operating costs, general and administrative expenses and depreciation. In computing operating margin for each geographic area, none of the following items were considered: other income (expense) and domestic and foreign income taxes. Total assets are those assets that are used by the Company in operations in each geographic area. General corporate assets are principally investments in marketable securities.

A summary of revenues, operating margin and identifiable assets by geographic areas is as follows (in thousands):

	Fiscal 2000 ----	Fiscal 1999 ----	Fiscal 1998 ----
CONTRACT REVENUES:			
United States	\$ 37,524	\$ 35,122	\$46,454
Australia	3,127	22,237	44,445
Southeast Asia	60,020	44,215	28,661
Mediterranean Sea	21,831	37,063	18,699
India	12,012	11,372	---
Africa	---	---	13,550
	-----	-----	-----
	\$134,514	\$150,009	\$151,809
	=====	=====	=====
OPERATING INCOME(LOSS):			
United States	\$ 11,464	\$ 13,003	\$ 24,102
Australia	(5,985)	(6,475)	13,822
Southeast Asia	22,835	14,378	9,911
Mediterranean Sea	11,392	26,164	12,274
India	5,934	8,678	---
Africa	---	---	8,819
General and administrative expenses	(8,449)	(7,519)	(7,331)
	-----	-----	-----
	\$ 37,191	\$ 48,231	\$ 61,597
	=====	=====	=====

TOTAL ASSETS:			
United States	\$ 83,355	\$ 76,227	\$ 76,557
Australia	4,476	46,688	59,388
Southeast Asia	90,889	85,650	97,736
Mediterranean Sea	71,798	21,921	24,908
India	37,303	40,180	238
General corporate and other	25,430	22,938	22,910
	-----	-----	-----
	\$313,251	\$293,604	\$281,737
	=====	=====	=====

NOTE 14 - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly results for fiscal years 2000 and 1999 are as follows (in thousands, except per share amounts):

	QUARTERS ENDED			
	DECEMBER 31,	MARCH 31,	JUNE 30,	SEPTEMBER 30,
	-----	-----	-----	-----
2000				

Revenues	\$ 31,184	\$ 32,361	\$ 33,411	\$37,558
Income before income taxes	8,268	9,521	8,412	9,697
Net income	5,053	5,981	5,252	6,862
Earnings per common share (1) -				
Basic	.37	.44	.38	.50
Diluted	.36	.43	.37	.49
1999				

Revenues	\$ 34,977	\$ 41,325	\$ 38,727	\$ 34,980
Income before income taxes	10,588	13,722	11,784	10,413
Net income	6,776	8,724	7,394	4,826
Earnings per common share (1)-				
Basic	.50	.64	.54	.35
Diluted	.49	.63	.53	.35

(1) The sum of the individual quarterly net income per common share amounts may not agree with year-to-date net income per common share as each quarterly computation is based on the weighted average number of common shares outstanding during that period.

NOTE 15 - EVENT (UNAUDITED) SUBSEQUENT TO DATE OF AUDITORS' REPORT

On December 5, 2000, the Company purchased the semisubmersible unit SEASCOUT (ex. OCEAN SCOUT) for \$4.5 million. The Company purchased this unit for conversion and upgrade to a semisubmersible tender assist unit. Depending upon water depth and other operational requirements, the cost of the conversion and upgrade could range from \$40 to \$60 million and take eleven to twelve months to complete. The conversion and upgrade will not be undertaken until an acceptable contract opportunity has been secured.

DIRECTORS

ROBERT W. BURGESS (2,3)
Financial Executive, Retired
Orleans, Massachusetts

GEORGE S. DOTSON (1,2,3)
Vice President
Helmerich & Payne, Inc.
President
Helmerich & Payne International
Drilling Co.
Tulsa, Oklahoma

W. H. HELMERICH, III
Chairman
Helmerich & Payne, Inc.
Tulsa, Oklahoma

HANS HELMERICH (1, 3)
President, Chief Executive Officer
Helmerich & Payne, Inc.
Tulsa, Oklahoma

JOHN R. IRWIN (1)
President, Chief Executive Officer
Atwood Oceanics, Inc.
Houston, Texas

WILLIAM J. MORRISSEY (2)
Bank Executive, Retired
Elkhorn, Wisconsin

- (1) Executive Committee
- (2) Audit Committee
- (3) Compensation Committee

OFFICERS

JOHN R. IRWIN
President, Chief Executive Officer

JAMES M. HOLLAND
Senior Vice President and Secretary

GLEN P. KELLEY
Vice President - Contracts and
Administration

ANNUAL MEETING

The annual meeting of stockholders will be held on February 8, 2001 at the Company's principal office: 15835 Park Ten Place Drive, Houston, Texas. A formal notice of the meeting together with a proxy statement and form of proxy will be mailed to stockholders on or about January 15, 2001.

TRANSFER AGENT AND REGISTRAR

Continental Stock Transfer & Trust Company
 2 Broadway
 New York, New York 10004

FORM 10-K

A copy of the Company's Form 10-K as filed with the Securities and Exchange Commission is available free on request by writing to:

Secretary, Atwood Oceanics, Inc.
 P. O. Box 218350
 Houston, Texas 77218

A copy may also be read and copied at the Securities and Exchange Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Information on the operations of the Public Reference Room may be obtained by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically at <http://www.sec.gov>.

STOCK PRICE INFORMATION -

The common stock of Atwood Oceanics, Inc. is traded on the New York Stock Exchange ("NYSE") under the symbol "ATW". No cash dividends on common stock were paid in fiscal year 1999 or 2000, and none are anticipated in the foreseeable future. As of September 30, 2000, there were over 750 beneficial owners of the common stock of Atwood Oceanics, Inc. As of November 30, 2000, the closing sale price of the common stock of Atwood Oceanics, Inc., as reported by NYSE, was \$41 11/16 per share. The following table sets forth the range of high and low sales prices per share of common stock as reported by the NYSE for the periods indicated.

QUARTERS ENDED	Fiscal 1999		Fiscal 2000	
	LOW	HIGH	LOW	HIGH
December 31	\$15 7/8	\$32 1/2	\$27 15/16	\$38 13/16
March 31	16 1/8	31 3/4	36 1/8	66 11/16
June 30	25 7/8	37 3/4	41 9/16	69 7/8
September 30	28 1/2	35 9/16	35 1/2	50 15/16

APPENDIX

The following graphic and image information in the form of "Bar Charts" are located in the Annual Report immediately following "Highlights".

BAR CHART - CONTRACT REVENUES (\$ MILLIONS)

1996	1997	1998	1999	2000
-----	-----	-----	-----	-----
\$79.5	\$89.1	\$151.8	\$150.0	\$134.5

BAR CHART - EARNINGS, BEFORE DEPRECIATION, INTEREST, TAXES AND INVESTMENT INCOME (\$ MILLIONS)

1996	1997	1998	1999	2000
-----	-----	-----	-----	-----
\$22.8	\$34.2	\$79.2	\$72.1	\$66.8

BAR CHART - OPERATING CASH FLOW (\$ MILLIONS)

1996	1997	1998	1999	2000
-----	-----	-----	-----	-----
\$20.3	\$25.8	\$61.4	\$55.7	\$55.2

BAR CHART - NET INCOME (\$ MILLIONS)

1996	1997	1998	1999	2000
-----	-----	-----	-----	-----
\$11.4	\$15.6	\$39.4	\$27.7	\$23.1

BAR CHART - CAPITAL EXPENDITURES (\$ MILLIONS)

1996	1997	1998	1999	2000
-----	-----	-----	-----	-----
\$9.5	\$62.8	\$79.6	\$38.8	\$34.8

BAR CHART - CASH AND SECURITIES HELD FOR INVESTMENT (\$ MILLIONS)

1996	1997	1998	1999	2000
-----	-----	-----	-----	-----
\$40.5	\$42.2	\$34.5	\$43.0	\$42.7

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SUBSIDIARY COMPANIES AND STATE OR
JURISDICTION OF INCORPORATION

Atwood Oceanics Pacific Limited	Cayman Islands B.W.I.	100%
Alpha Offshore Drilling Services	Cayman Islands, B.W.I.	100%
Atwood Drilling Inc.	Delaware	100%
Atwood Offshore Inc.	Delaware	100%
Atwood Hunter Co.	Delaware	100%
Eagle Oceanics, Inc.	Delaware	100%
Atwood Oceanics Drilling Company	Texas	100%
Atwood Oceanics International, S.A.	Panama	100%
Atwood Oceanics Australia Pty. Ltd.	Australia	100%
Atwood Oceanics Platforms Pty. Ltd.	Australia	100%
Atwood Oceanics Service Pty. Ltd.	Australia	100%
Atwood Oceanics West Tuna Pty. Ltd.	Australia	50%
Aurora Offshore Service GmbH	Germany	100%
Atwood Oceanics (M) Sdn. Bhd.	Malaysia	100%
Clearways Offshore Development Drilling Sdn. Bhd.	Malaysia	30%
Drillquest (M) Sdn. Bhd.	Malaysia	90%
PT Pentawood Offshore Drilling	Indonesia	80%
Swiftdrill, Inc.	Texas	100%
Swiftdrill Nigeria Limited	Nigeria	60%

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CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated November 21, 2000, included in this Form 10-K, into the Company's previously filed Registration Statements No. 33-52065 and 333-74255 both on Form S-8.

/s/ARTHUR ANDERSEN LLP

Houston, Texas
December 20, 2000

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