

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

ATWOOD OCEANICS INC  
Form 10-Q  
May 05, 2005

---

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

---

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2005

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

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  
Houston, Texas  
(Address of Principal Executive Offices)

77084  
(Zip Code)

Registrant's telephone number, including area code:  
281-749-7800

---

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 4, 2005: 15,241,976 shares of common stock \$1 par value

---

ATWOOD OCEANICS, INC.

# Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

FORM 10-Q

For the Quarter Ended March 31, 2005

## INDEX

### Part I. Financial Information

Item 1. Unaudited Financial Statements	Page
a) Condensed Consolidated Statements of Operations For the Three Months and Six Months Ended March 31, 2005 and 2004.....	6
b) Condensed Consolidated Balance Sheets As of March 31, 2005 and September 30, 2004.....	7
c) Condensed Consolidated Statements of Cash Flows For the Six Months Ended March 31, 2005 and 2004.....	8
d) Condensed Consolidated Statement of Changes in Shareholders' Equity.....	9
e) Notes to Condensed Consolidated Financial Statements.....	10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	15
Item 3. Quantitative and Qualitative Disclosures about Market Risk.....	18
Item 4. Controls and Procedures.....	19

### Part II. Other Information

Item 5. Submission of Matters to a Vote of Security Holders.....	20
Item 6. Exhibits .....	21
Signatures.....	22

-2-

## PART I. FINANCIAL INFORMATION ATWOOD OCEANICS, INC. AND SUBSIDIARIES

This Form 10-Q for the quarterly period ended March 31, 2005 includes statements about Atwood Oceanics, Inc. (which together with its subsidiaries is identified as the "Company," "we" or "our," unless the context requires otherwise) which are not historical facts (including any statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) which are forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements.

These forward-looking statements are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events

## Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

impacting us and therefore involve a number of risks and uncertainties. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Important factors that could cause our actual results of operations or our actual financial conditions to differ include, but are not necessarily limited to:

- our dependence on the oil and gas industry;
- the operational risks involved in drilling for oil and gas;
- changes in rig utilization and dayrates in response to the level of activity in the oil and natural gas industry, which is significantly affected by indications and expectations regarding the level and volatility of oil and natural gas prices, which in turn are affected by such things as political, economic and weather conditions affecting or potentially affecting regional or worldwide demand for oil and natural gas, actions or anticipated actions by OPEC, inventory levels, deliverability constraints, and future market activity;
- the extent to which customers and potential customers continue to pursue deepwater drilling;
- exploration success or lack of exploration success by our customers and potential customers;
- the highly competitive and cyclical nature of our business, with periods of low demand and excess rig availability;
- the impact of the war with Iraq or other military operations, terrorist acts or embargoes elsewhere;
- our ability to enter into and the terms of future drilling contracts;
- the availability of qualified personnel;
- our failure to retain the business of one or more significant customers;
- the termination or renegotiation of contracts by customers;

-3-

- the availability of adequate insurance at a reasonable cost;
- the occurrence of an uninsured loss;
- the risks of international operations, including possible economic, political, social or monetary instability, and compliance with foreign laws;
- the effect SARS or other public health concerns could have on our international operations and financial results;
- compliance with or breach of environmental laws;
- the incurrence of secured debt or additional unsecured indebtedness or other obligations by us or our subsidiaries;

## Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

- the adequacy of sources of liquidity;
- currently unknown rig repair needs and/or additional opportunities to accelerate planned maintenance expenditures due to presently unanticipated rig downtime;
- higher than anticipated accruals for performance-based compensation due to better than anticipated performance by us, higher than anticipated severance expenses due to unanticipated employee terminations, higher than anticipated legal and accounting fees due to unanticipated financing or other corporate transactions and other factors that could increase general and administrative expenses;
- the actions of our competitors in the oil and gas drilling industry, which could significantly influence rig dayrates and utilization;
- changes in the geographic areas in which our customers plan to operate, which in turn could change our expected effective tax rate;
- changes in oil and natural gas drilling technology or in our competitors' drilling rig fleets that could make our drilling rigs less competitive or require major capital investments to keep them competitive;
- rig availability;
- the effects and uncertainties of legal and administrative proceedings and other contingencies;
- the impact of governmental laws and regulations and the uncertainties involved in their administration, particularly in some foreign jurisdictions;
- changes in accepted interpretations of accounting guidelines and other accounting pronouncements and tax laws; and
- the risks involved in the construction and upgrade of our drilling units.

-4-

Undue reliance should not be placed on these forward-looking statements, which are applicable only on the date hereof. Neither we nor our representatives have a 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.

-5-

PART I. ITEM I - FINANCIAL STATEMENTS  
ATWOOD OCEANICS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except per share amounts)

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

	Three Months Ended March 31,		Six Months Ended March 31,	
	2005	2004	2005	2004
	(Unaudited)		(Unaudited)	
<b>REVENUES:</b>				
Contract drilling	\$ 39,801	\$ 36,810	\$ 78,787	\$ 72,810
Business interruption proceeds	1,216	-	7,656	-
	41,017	36,810	86,443	72,810
<b>COSTS AND EXPENSES:</b>				
Contract drilling	23,601	21,414	48,804	43,828
Depreciation	6,639	7,847	13,165	15,694
General and administrative	3,019	2,987	6,590	5,981
	33,259	32,248	68,559	65,503
<b>OPERATING INCOME</b>	<b>7,758</b>	<b>4,562</b>	<b>17,884</b>	<b>6,307</b>
<b>OTHER INCOME (EXPENSE)</b>				
Interest expense	(1,727)	(2,334)	(3,745)	(4,668)
Interest income	69	7	104	111
	(1,658)	(2,327)	(3,641)	(4,557)
<b>INCOME BEFORE INCOME TAXES</b>	<b>6,100</b>	<b>2,235</b>	<b>14,243</b>	<b>1,750</b>
<b>PROVISION FOR INCOME TAXES</b>	<b>1,389</b>	<b>1,773</b>	<b>882</b>	<b>3,000</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 4,711</b>	<b>\$ 462</b>	<b>\$ 13,361</b>	<b>\$ (1,250)</b>
<b>EARNINGS (LOSS) PER COMMON SHARE:</b>				
Basic	\$ 0.31	\$ 0.03	\$ 0.88	\$ (0.04)
Diluted	0.30	0.03	0.86	(0.04)
<b>AVERAGE COMMON SHARES OUTSTANDING:</b>				
Basic	15,213	13,855	15,146	13,855
Diluted	15,642	14,019	15,532	13,855

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

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

	March 31, 2005	September 30, 2004
	-----	-----
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 23,946	\$ 16,416
Accounts receivable	27,664	32,475
Insurance receivable	11,126	25,433
Inventories of materials and supplies	13,660	12,648
Deferred tax assets	40	290
Prepaid expenses and other	2,444	5,704
	-----	-----
Total Current Assets	78,880	92,966
	-----	-----
NET PROPERTY AND EQUIPMENT	407,257	401,141
	-----	-----
DEFERRED COSTS AND OTHER ASSETS	3,185	4,829
	-----	-----
	\$489,322	\$498,936
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of notes payable	\$36,000	\$36,000
Accounts payable	3,857	9,398
Accrued liabilities	5,955	13,822
Deferred Credits	0	833
	-----	-----
Total Current Liabilities	45,812	60,053
	-----	-----
LONG-TERM DEBT, net of current maturities:	77,000	145,000
	-----	-----
	77,000	145,000
	-----	-----
OTHER LONG TERM LIABILITIES:		
Deferred income taxes	19,580	18,930
Deferred credits and other	2,443	3,364
	-----	-----
	22,023	22,294
	-----	-----
SHAREHOLDERS' EQUITY:		
Preferred stock, no par value; 1,000 shares authorized, none outstanding	0	0
Common stock, \$1 par value, 20,000 shares authorized with 15,240 and 13,873 issued and outstanding at March 31, 2005 and September 30, 2004, respectively	15,240	13,873
Paid-in capital	116,087	57,917
Retained earnings	213,160	199,799
	-----	-----
Total Shareholders' Equity	344,487	271,589
	-----	-----

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

\$489,322                      \$498,936  
 =====                      =====

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

-7-

PART I. ITEM I - FINANCIAL STATEMENTS  
 ATWOOD OCEANICS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (In thousands)

	Six Months Ended March 31	
	2005	2004
	----- (Unaudited)	
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Income (loss)	\$ 13,361	\$ (1,442)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	13,165	15,689
Amortization of debt issuance costs	402	344
Amortization of deferred items	280	239
Deferred income tax expense (benefit)	900	(750)
Changes in assets and liabilities:		
Decrease in insurance receivable	5,907	-
Decrease (increase) in accounts receivable	4,811	(1,846)
Decrease (increase) in inventory	(1,012)	224
Decrease in deferred costs and other assets	4,245	2,547
Decrease in accounts payable	(5,541)	(6,219)
Decrease in accrued liabilities	(7,867)	(525)
Net mobilization fees and credits	(1,777)	(4,714)
	-----	-----
Net cash provided by operating activities	26,874	3,547
	-----	-----
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(19,386)	(2,394)
Collection of insurance receivable	8,400	-
Other	105	(17)
	-----	-----
Net cash used by investing activities	(10,881)	(2,411)
	-----	-----
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Debt issuance costs paid	-	(369)
Proceeds from stock offering	53,607	-
Proceeds from exercise of stock options	5,930	51
Proceeds from debt	10,000	-
Principal payments on debt	(78,000)	(12,000)
	-----	-----
Net cash used by financing activities	(8,463)	(12,318)
	-----	-----

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,530	(11,182)
CASH AND CASH EQUIVALENTS, at beginning of period	\$ 16,416	\$ 21,551
CASH AND CASH EQUIVALENTS, at end of period	\$ 23,946	\$ 10,369

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

-8-

PART I. ITEM I - FINANCIAL STATEMENTS  
 ATWOOD OCEANICS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES  
 IN SHAREHOLDERS' EQUITY

(unaudited)

(In thousands)	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings
September 30, 2004	13,873	\$ 13,873	\$ 57,917	\$199,799
Net income	-	-	-	13,361
Exercise of employee stock options	192	192	5,738	-
Stock offering	1,175	1,175	52,432	-
March 31, 2005	15,240	\$ 15,240	\$116,087	\$213,160

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

-9-

PART I. ITEM 1 - FINANCIAL STATEMENTS  
 ATWOOD OCEANICS, INC. AND SUBSIDIARIES  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. UNAUDITED INTERIM INFORMATION

The unaudited interim condensed consolidated financial statements as of March 31, 2005 and for each of the three month periods ended March 31, 2005 and 2004, included herein, have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions for Form 10-Q and Article 10 of

## Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

Regulation S-X. The year end condensed consolidated balance sheet data was derived from the audited financial statements as of September 30, 2004. Although these financial statements and related information have been prepared without audit, and certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted, we believe that the note disclosures are adequate to make the information not misleading. The interim financial results may not be indicative of results that could be expected for a full year. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in our Annual Report to Shareholders for the year ended September 30, 2004. In our opinion, the unaudited interim financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of our financial position and results of operations for the periods presented.

### 2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" allows companies the choice of either using a fair value method of accounting for options, which would result in expense recognition for all options granted, or using an intrinsic value method as prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", with pro forma disclosure of the impact on net income (loss) of using the fair value option expense recognition method.

We apply the recognition and measurement principles of APB Opinion No. 25 and related interpretations. Accordingly, no compensation costs have been recognized in net income from the granting of options pursuant to our stock option plans, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

Had compensation costs been determined based on the fair value at the grant dates consistent with the method of SFAS No. 123, our net income (loss) and earnings (loss) per share would have been reduced to the pro forma amounts indicated below (in thousands, except for per share amounts):

-10-

	Three Months Ended March 31,		Six Months E March 3
	2005	2004	2005
Net income (loss), as reported	\$ 4,711	\$ 462	\$ 13,361
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(648)	(625)	(1,296)
Pro Forma, net income (loss)	\$ 4,063	\$ (163)	\$ 12,065
Earnings (loss) per share:			

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

Basic - as reported	\$ 0.31	\$ 0.03	\$ 0.88
Basic - pro forma	0.27	(0.01)	0.80
Diluted - as reported	\$ 0.30	\$ 0.03	\$ 0.86
Diluted - pro forma	0.26	(0.01)	0.78

The fair value of grants made during the current fiscal year-to-date period were estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rate - 4.27%, expected volatility - 35%, expected life - 6 years, and no dividend yield.

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (Revised 2004), "Share-Based Payment" (SFAS 123(R)). This Statement revises SFAS No. 123 by eliminating the option to account for employee stock options under APB No. 25 and generally requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of those awards (the "fair-value-based" method). Originally, SFAS No. 123R was to become effective for public entities as of the beginning of the first interim reporting period that begins after June 15, 2005. On April 14, 2005, the SEC announced it would permit companies to implement SFAS 123(R) at the beginning of their first fiscal year beginning after June 15, 2005. Accordingly, we plan to adopt SFAS 123(R) on October 1, 2006 and will use the modified prospective method. The impact of adopting SFAS 123(R) will be to record expense for previously-issued but unvested employee stock options and any employee stock options that we issue in the future. We expect the dollar impact on our financial statements to be consistent with the impact previously disclosed above in the pro forma disclosure requirements of SFAS No. 123, beginning with the first quarter of fiscal year 2006.

-11-

3. EARNINGS (LOSS) PER COMMON SHARE

The computation of basic and diluted earnings (loss) per share is as follows (in thousands, except per share amounts):

	Three Months Ended			
	Net Income	Shares	Per Share Amount	Net Income (Loss)
	-----	-----	-----	-----
March 31, 2005:				
Basic earnings per share	\$ 4,711	15,213	\$ 0.31	\$ 13,361
Effect of dilutive securities				
Stock options	---	429	\$(0.01)	---
	-----	-----	-----	-----
Diluted earnings per share	\$ 4,711	15,642	\$ 0.30	\$ 13,361
	=====	=====	=====	=====
March 31, 2004:				
Basic earnings(loss) per share	\$ 462	13,855	\$ 0.03	(\$1,442)

## Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

Effect of dilutive securities				
Stock options	---	164	---	---
	-----	-----	-----	-----
Diluted earnings (loss) per share	\$ 462	14,019	\$ 0.03	\$ (1,442)
	=====	=====	=====	=====

-12-

#### 4. PROPERTY AND EQUIPMENT

A summary of property and equipment by classification is as follows (in thousands):

	March 31, 2005	September 30, 2004
	-----	-----
Drilling vessels and related equipment		
Cost	\$ 627,371	\$ 608,584
Accumulated depreciation	(224,055)	(211,544)
	-----	-----
	403,316	397,040
	-----	-----
Drill pipe		
Cost	10,649	10,240
Accumulated depreciation	(7,812)	(7,259)
	-----	-----
Net book value	2,837	2,981
	-----	-----
Furniture and other		
Cost	7,578	7,635
Accumulated depreciation	(6,474)	(6,515)
	-----	-----
Net book value	1,104	1,120
	-----	-----
NET PROPERTY AND EQUIPMENT	\$ 407,257	\$ 401,141
	=====	=====

Effective October 1, 2004, we extended the remaining depreciable life of the SEAHAWK from 2 months to 5 years, due to a recent contract that extends the rig's commercial viability for up to 5 years. We believe that this change in depreciable life provides a better matching of the revenues and expenses of this asset over its anticipated remaining useful life and will continue to depreciate this rig on a straight-line method for the remainder of the extended period. As a result of the change in depreciable life from 2 months to 5 years, depreciation expense was increased and net income was reduced by approximately \$0.1 million, or \$.01 per share, for the three month period ended March 31, 2005, and depreciation expense was reduced and net income was increased by approximately \$0.8 million, or \$.05 per share for the six month period ended March 31, 2005. Depreciation expense going forward will be higher than it otherwise would have been because if not for this extension of the SEAHAWK's useful life, this asset would have been fully depreciated in the first quarter of fiscal year 2005.

#### 5. COMMITMENTS AND CONTINGENCIES

## Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

We are party to a number of lawsuits which are ordinary, routine litigation incidental to our business, the outcome of which, individually, or in the aggregate, is not expected to have a material adverse effect on our financial position, results of operations, or cash flows.

-13-

### 6. CAPITAL STOCK

In October 2004, we sold in a public offering 1,175,000 shares of our common stock at an effective net price (before expenses) of \$45.83 for net proceeds of approximately \$53.6 million. We used these proceeds and cash on hand to repay the \$55 million outstanding as of September 30, 2004 under the revolving portion of our senior secured credit facility.

### 7. ATWOOD BEACON

The ATWOOD BEACON incurred damage to all three legs and the derrick while positioning for a well offshore of Indonesia in July 2004. The rig and its damaged legs were transported to the builder's shipyard in Singapore for inspections and repairs. At September 30, 2004, the book basis of the ATWOOD BEACON was reduced by \$16.3 million which was the estimated reduction in value caused by the incident. An insurance receivable totaling \$25.4 million was recorded for such estimated damage, as well as estimated recovery costs and business interruption loss incurred through September 30, 2004.

During the first half of fiscal year 2005, approximately \$15.8 million of capitalized costs were incurred to restore the rig to its condition prior to the incident of which \$8.4 million has been reimbursed by the insurance carrier as of March 31, 2005. In addition, we also collected \$6.4 million of business interruption proceeds during the current fiscal year and \$7.5 million related to recovery and transportation costs. We expect to collect the remaining \$11.1 million insurance receivable during fiscal year 2005.

### 8. INCOME TAXES

Virtually all of our tax provision for each of the three months and six months ended March 31, 2005 and 2004 relates to taxes in foreign jurisdictions. Accordingly, due to the high level of operating losses in certain nontaxable jurisdictions during the three and six months ended March 31, 2004, our effective tax rate for fiscal year 2004 periods exceeded the U.S. statutory rate.

In December 2004, we received a \$1.7 million tax refund in Malaysia related to a previously reserved tax receivable. In addition, we earned revenue from our loss of hire insurance coverage on the ATWOOD BEACON in a zero tax jurisdiction during the three and six months ended March 31, 2005. Our operating losses in certain nontaxable jurisdictions during the three and six months ended March 31, 2005 are significantly less as compared to the same periods in fiscal year 2004. As a result, our effective tax rate for the current fiscal year periods were significantly less than the U.S. statutory rate.

-14-

# Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

## PART I. ITEM 2 ATWOOD OCEANICS, INC. AND SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

All non-historical information set forth herein is based upon expectations and assumptions we deem reasonable by the Company. We can give no assurance that such expectations and assumptions will prove to be correct, and actual results could differ materially from the information presented herein. Our periodic reports filed with the SEC should be consulted for a description of risk factors associated with an investment in us.

### MARKET OUTLOOK AND FINANCIAL CONDITION

Current worldwide utilization of offshore drilling units is approximately 88% compared to approximately 82% in April 2004. Recent contract awards for some of our drilling units reflect the highest dayrate levels that these units have ever received. We continue to experience high bid activity levels for our drilling units. We believe that our eight key drilling units (seven units upgraded since 1996 and one newly constructed unit which commenced operation in August 2003) are well placed to take advantage of strengthening market conditions.

During the quarter ended March 31, 2005, the ATWOOD SOUTHERN CROSS and the SEAHAWK incurred 12 days and 27 days, respectively, of idle time, with our other six drilling units being 100% utilized. The ATWOOD SOUTHERN CROSS is currently working in Myanmar under a contract which should be completed in May 2005. It will then be relocated to the Mediterranean Sea to work for three different customers, which is expected to take around six months to complete. The SEAHAWK will be idle until early May 2005 when it returns to work offshore Malaysia. Upon the SEAHAWK returning to work, we expect to have all of our eight drilling units almost fully booked for the remainder of fiscal year 2005. We currently have approximately 50% of available rig days in fiscal year 2006 contractually committed.

We remain optimistic about the long-term outlook and fundamentals of the offshore drilling market. Compared to fiscal year 2004, we expect fiscal year 2005 will reflect increasing earnings and cash flows. Based upon current contract commitments, we expect high utilization of our drilling units through fiscal year 2006. For fiscal year 2006, the ATWOOD EAGLE, ATWOOD HUNTER and SEAHAWK have contractually committed dayrates of \$170,000, \$125,000 and \$68,430 respectively, which will be the highest dayrates these units have ever received. With an improved market environment, current capital ratio to total debt of 25%, current annual capital commitments for maintenance of our eight active drillings units expected to only be \$6 to \$10 million and expected high utilization of our drilling units during the remainder of fiscal year 2005 and all of fiscal year 2006, we anticipate that our balance sheet and liquidity will continue to strengthen.

-15-

### RESULTS OF OPERATIONS

Revenues for the three and six months ended March 31, 2005 increased 11% and 20%, respectively, compared to the three and six months ended March 31, 2004. A comparative analysis of revenue by rig is as follows:

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

REVENUES  
(In millions)

	Three Months Ended March 31,			Six Months Ended March 31,		
	2005	2004	Variance	2005	2004	Variance
ATWOOD EAGLE	\$ 9.4	\$ 3.3	\$ 6.1	\$17.9	\$ 8.0	\$ 9.9
ATWOOD BEACON	5.9	4.7	1.2	12.3	9.1	3.2
ATWOOD SOUTHERN CROSS	2.7	1.8	0.9	6.3	5.6	0.7
RICHMOND	2.7	2.3	0.4	5.4	4.5	0.9
VICKSBURG	6.1	6.3	(0.2)	12.0	12.2	(0.2)
ATWOOD HUNTER	5.2	5.8	(0.6)	10.8	8.4	2.4
SEAHAWK	2.8	4.3	(1.5)	7.2	9.5	(2.3)
ATWOOD FALCON	5.4	7.8	(2.4)	13.1	13.8	(0.7)
OTHER	0.8	0.5	0.3	1.4	1.0	0.4
	-----	-----	-----	-----	-----	-----
	\$41.0	\$36.8	\$ 4.2	\$86.4	\$72.1	\$14.3
	=====	=====	=====	=====	=====	=====

The increase in revenue for the ATWOOD EAGLE for the current quarter is due to 100% utilization compared to only 25% utilization plus amortization of mobilization revenues of approximately \$900,000 in the prior fiscal year quarter as the rig was being relocated from West Africa to Australia. Along with the current quarter difference, year-to-date revenues are higher compared to the prior year-to-date period as the rig was only 70% utilized during the first quarter of the prior fiscal year compared to full utilization in the current quarter. The average dayrates for the ATWOOD BEACON were approximately \$65,000 and \$68,000, which included 18 and 110 days of loss of hire insurance, for the three and six months ended March 31, 2005, respectively, compared to average dayrates of approximately \$52,000 and \$50,000 for the three and six months ended March 31, 2004. The increase in revenue for the ATWOOD SOUTHERN CROSS for the current quarter is due to approximately 90% utilization at a dayrate of \$35,000 compared to approximately 35% utilization at dayrates ranging from \$30,000 - \$35,000 plus amortization of mobilization revenues of approximately \$700,000 in the prior fiscal year quarter as the rig was being relocated from India to Malaysia. The average dayrate for the RICHMOND was approximately \$30,000 for the three and six months ended March 31, 2005, compared to an average dayrate of approximately \$25,000 for the three and six months ended March 31, 2004. Revenues for the VICKSBURG for the current quarter and year-to-date period were consistent for the same periods in the prior fiscal year, while the decrease in revenue for the ATWOOD HUNTER for the quarter ended March 31, 2005 was due to approximately one week of downtime for repairs and maintenance compared to full utilization for the quarter ended March 31, 2004. However, the year-to-date increase is due to approximately 95% utilization at a dayrate of \$62,000 compared to approximately 90% utilization at dayrates ranging from \$40,000 - \$62,000 for the prior fiscal year-to-date period. Revenue for the SEAHAWK decreased due to 70% utilization during the current quarter compared to 100% utilization during the same period in fiscal year 2004. The year-to-date decrease also includes three months amortization of deferred upgrade revenue of approximately \$1.3 million during the first quarter of the prior fiscal year compared to no amortization of such revenue during the first quarter of the

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

current fiscal year as amortization of the upgrade revenue ended November 2003. The average dayrate for the ATWOOD FALCON was approximately \$68,000 for the current quarter compared to an average dayrate of approximately \$83,000 for the prior fiscal year quarter, while year-to-date revenues are consistent with the prior fiscal year period.

Contract drilling costs for the three and six months ended March 31, 2005 increased 10% and 11%, respectively, as compared to the three and six months ended March 31, 2004. A comparative analysis of contract drilling costs by rig is as follows:

	CONTRACT DRILLING COSTS (In millions)					
	Three Months Ended March 31,			Six Months Ended March 31,		
	2005	2004	Variance	2005	2004	Variance
ATWOOD EAGLE	\$ 5.5	\$ 3.0	\$ 2.5	\$10.8	\$ 6.7	\$ 4.1
SEAHAWK	2.4	2.1	0.3	4.8	4.2	0.6
RICHMOND	2.1	2.0	0.1	4.2	3.9	0.3
ATWOOD HUNTER	2.7	2.9	(0.2)	5.6	5.8	(0.2)
VICKSBURG	2.0	2.2	(0.2)	4.4	4.4	-
ATWOOD SOUTHERN CROSS	2.2	2.4	(0.2)	5.2	6.8	(1.6)
ATWOOD BEACON	1.9	2.3	(0.4)	4.3	4.5	(0.2)
ATWOOD FALCON	2.8	3.9	(1.1)	6.1	6.2	(0.1)
OTHER	2.0	0.6	1.4	3.3	1.4	1.9
	-----	-----	-----	-----	-----	-----
	\$23.6	\$21.4	\$ 2.2	\$48.7	\$43.9	\$ 4.8
	=====	=====	=====	=====	=====	=====

The increase in drilling costs for the ATWOOD EAGLE during the current quarter is due to a full quarter of operating costs compared to approximately 30 days of operating costs along with amortization of mobilization expenses of approximately \$900,000 in the prior fiscal year quarter as the rig was being relocated from West Africa to Australia. The year-to-date increase also includes an approximate \$20,000 per day higher salary expense attributable to higher Australian labor costs and additional rig personnel required due to local operating requirements in Australia during the quarter ended December 31, 2004, compared to operating in West Africa where labor costs are lower, its location in the first quarter of the prior fiscal year. The increase in drilling costs for the SEAHAWK were due to higher repair and maintenance expenses incurred on the rig during the three and six months ended March 31, 2005 compared to the three and six months ended March 31, 2004. Drilling costs for the RICHMOND, ATWOOD HUNTER and VICKSBURG remained consistent for the current quarter and year-to-date period as compared to the same periods in the prior fiscal year. In addition, the current quarter drilling costs for the ATWOOD SOUTHERN CROSS are also comparable to the prior fiscal year quarter. However, the year-to-date drilling costs have decreased when compared to the prior fiscal year-to-date period due to the fact the rig incurred approximately \$1.6 million of boat towing costs while relocating from Egypt to India during the quarter ended December 31, 2003 compared to no such costs in the quarter ended December 31, 2004. Despite being under repair during the current fiscal year until January, the ATWOOD BEACON incurred labor, insurance, supplies and other drilling costs during that period and thus, current quarter and year-to-date drilling costs are relatively consistent with the prior fiscal year periods. Current quarter

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

drilling costs for the ATWOOD FALCON have decreased as the prior fiscal year quarter included amortization of mobilization expenses of \$1.4 million resulting from the rig's relocation from Malaysia to Japan while year-to-date revenues are consistent with the prior fiscal year period. Other drilling costs have

-17-

increased for the three and six months ended March 31, 2005 as the prior fiscal year quarter includes the settlement of a dispute with a customer which resulted in a reduction to drilling costs of approximately \$600,000 and the prior year-to-date period includes an insurance premium refund of \$500,000.

An analysis of depreciation expense by rig for the three and six months ended March 31, 2005 compared to the three and six months ended March 31, 2004 is as follows:

	DEPRECIATION EXPENSE			DEPRECIATION EXPENSE		
	(In millions)					
	Three Months Ended March 31,			Six Months Ended March 31,		
	2005	2004	Variance	2005	2004	Variance
ATWOOD SOUTHERN CROSS	\$ 1.1	\$ 1.0	\$ 0.1	\$ 2.2	\$ 2.1	\$ 0.1
ATWOOD FALCON	0.7	0.7	-	1.4	1.3	0.1
VICKSBURG	0.7	0.7	-	1.3	1.3	0.0
RICHMOND	0.2	0.2	-	0.5	0.4	0.1
ATWOOD EAGLE	1.2	1.2	-	2.3	2.5	(0.2)
ATWOOD BEACON	1.3	1.3	-	2.5	2.6	(0.1)
ATWOOD HUNTER	1.3	1.4	(0.1)	2.7	2.7	0.0
SEAHAWK	0.1	1.2	(1.1)	0.2	2.5	(2.3)
OTHER	0.0	0.1	(0.1)	0.1	0.3	(0.2)
	-----	-----	-----	-----	-----	-----
	\$ 6.6	\$ 7.8	\$ (1.2)	\$13.2	\$15.7	\$ (2.5)
	=====	=====	=====	=====	=====	=====

Effective October 1, 2004, we extended the remaining depreciable life of the SEAHAWK from 2 months to 5 years, as discussed in Note 4, which resulted in a current quarter and year-to-date reduction of depreciation expense. The depreciable life of this rig was extended based upon a recent contract that extends the rig's commercial viability for up to 5 years, coupled with our intent to continue marketing and operating the rig beyond 2 months.

-18-

LIQUIDITY AND CAPITAL RESOURCES

Due to the cyclical nature of the offshore drilling industry, maintaining high equipment utilization of our eight active drilling units in up, as well as down, cycles is a key factor in generating cash to satisfy current and future

## Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

obligations. Since fiscal year 2000, net cash provided by operating activities ranged from a low of approximately \$14 million in fiscal year 2003 to a high of approximately \$62 million in fiscal year 2001, with net cash provided by operating activities in fiscal year 2004 of approximately \$26 million. Net cash provided by operating activities for the first half of fiscal year 2005 was approximately \$26.9 million. We expect that in fiscal year 2005, net cash provided by operating activities will be approximately \$50 to \$55 million for the full fiscal year period. Our operating cash flows are primarily driven by our operating income, which reflects dayrate and rig utilization. Assuming higher dayrates and strengthening market conditions, we should have higher cash flows and earnings in fiscal year 2005 compared to fiscal year 2004. Currently, our existing cash commitments for the remainder of fiscal year 2005 and beyond, outside of funding current rig operations, includes annual capital expenditures of \$6 to \$10 million for maintenance of our eight active drilling rigs and quarterly repayments of \$9 million under the term portion of our senior secured credit facility. We expect to generate sufficient cash flows from operations to satisfy these obligations.

At March 31, 2005, we had \$108 million outstanding under the term portion and \$5 million outstanding under the revolving portion of our senior secured credit facility. In October 2004, upon concluding our 1,175,000 common shares stock offering, we repaid the \$55 million then outstanding under the revolving portion of our senior secured credit facility with proceeds from the offering and cash on hand. We currently have approximately \$94 million of available borrowing capacity and with a debt to total capitalization ratio currently around 25%, we expect to remain in compliance with all financial covenants during the remainder of fiscal year 2005. The collateral for our senior secured credit facility consists primarily of preferred mortgages on all eight of our active drilling units (with an aggregate net book value at March 31, 2005 totaling approximately \$391 million). We are required to pay a fee of approximately .80% per annum on the unused portion of the revolving loan facility and certain other administrative costs.

The SEASCOUT, a semisubmersible hull planned for future conversion and upgrade to a semisubmersible tender assist vessel, continues to be cold-stacked. We expect that the cost to convert and upgrade the SEASCOUT could range from \$70 million to \$80 million. We have no current capital commitments on the SEASCOUT, as we do not expect to undertake a conversion and upgrade until an acceptable contract opportunity has been secured and adequate financing is in place. We continue to periodically increase and adjust our planned capital expenditures and financing of such expenditures in light of current market conditions.

Our portfolio of accounts receivable is comprised of major international corporate entities with stable payment experience. Historically, we have not encountered significant difficulty in collecting receivables and typically do not require collateral for our receivables. The insurance receivable of \$25.4 million at September 30, 2004 and \$11.1 million at March 31, 2005 related to repairs made to the ATWOOD BEACON. We expect to encounter no difficulty in collecting the remaining \$11.1 million due from the repairs made to the ATWOOD BEACON.

-19-

### PART I. ITEM 3 ATWOOD OCEANICS, INC. AND SUBSIDIARIES QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, including adverse change in interest rates and foreign currency exchange rates as discussed below.

## Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

### INTEREST RATE RISK

With the interest rate on our long-term debt under our current credit facilities at a floating rate, the outstanding long-term debt of \$113 million at March 31, 2005 approximates its fair value. The impact on annual cash flow of a 10% change in the floating rate (approximately 55 basis points) would be approximately \$0.6 million, which we do not believe to be material. We did not have any open derivative contracts relating to our floating rate debt at March 31, 2005.

### FOREIGN CURRENCY RISK

Certain of our subsidiaries have monetary assets and liabilities that are denominated in a currency other than their functional currencies. Based on March 31, 2005 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 result in a foreign currency transaction loss of approximately \$0.6 million, which we do not believe to be material. We did not have any open derivative contracts relating to foreign currencies at March 31, 2005.

-20-

### PART I. ITEM 4 ATWOOD OCEANICS, INC. AND SUBSIDIARIES CONTROLS AND PROCEDURES

#### (a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report have been designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by us in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules, regulations and forms. We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

#### (b) Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

-21-

# Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

## PART II. OTHER INFORMATION ATWOOD OCEANICS, INC. AND SUBSIDIARIES

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

Our annual meeting of shareholders was held on February 10, 2005, at which the shareholders voted on the election of six director nominees, all of whom were incumbent directors and who were re-elected. No other matters were presented for a vote at the annual meeting. Of the 14,093,499 shares of common stock present in person or by proxy, the number of shares voted for or against in connection with the election of each director are as follows:

NAME -----	CAST FOR -----	VOTES WITHHELD -----
Deborah A. Beck	13,871,703	221,796
Robert W. Burgess	13,872,053	221,446
George S. Dotson	13,383,246	710,253
Hans Helmerich	13,382,776	710,723
John R. Irwin	13,872,303	221,196
William J. Morrissey	13,389,346	704,153

-22-

## PART II. OTHER INFORMATION ATWOOD OCEANICS, INC. AND SUBSIDIARIES

### ITEM 6. EXHIBITS

#### (a) Exhibits

- 3.1.1 Restated Articles of Incorporation dated January 1972 (Incorporated herein by reference to Exhibit 3.1.1 of our Form 10-K for the year ended September 30, 2002).
- 3.1.2 Articles of Amendment dated March 1975 (Incorporated herein by reference to Exhibit 3.1.2 of our Form 10-K for the year ended September 30, 2002).
- 3.1.3 Articles of Amendment dated March 1992 (Incorporated herein by reference to Exhibit 3.1.3 of our Form 10-K for the year ended September 30, 2002).
- 3.1.4 Articles of Amendment dated November 1997 (Incorporated herein by reference to Exhibit 3.1.4 of our Form 10-K for the year ended September 30, 2002).
- 3.1.5 Certificate of Designations of Series A Junior Participating Preferred Stock of Atwood Oceanics, Inc. dated October 17, 2002 (Incorporated herein by reference to Exhibit 3.1.5 of our Form 10-K for the year ended September 30, 2002).

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

- 3.2 Bylaws, as amended and restated, dated January 1993  
(Incorporated herein by reference to Exhibit 3.2 of our Form 10-K for the year ended September 30, 1993).
- 4.1 Rights Agreement dated effective October 18, 2002 between the Company and Continental Stock & Transfer & Trust Company (Incorporated herein by reference to Exhibit 4.1 of our Form 8-A filed October 21, 2002).
- \*31.1 Certification of Chief Executive Officer
- \*31.2 Certification of Chief Financial Officer
- \*32.1 Certificate of Chief Executive Officer pursuant to Section 906 of Sarbanes - Oxley Act of 2002.
- \*32.2 Certificate of Chief Financial Officer pursuant to Section 906 of Sarbanes - Oxley Act of 2002.

\*Filed herewith

-23-

SIGNATURES

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

ATWOOD OCEANICS, INC.  
(Registrant)

Date: May 5, 2005

/s/JAMES M. HOLLAND\_  
James M. Holland  
Senior Vice President,  
Chief Financial Officer,  
Chief Accounting Officer and Secretary

-24-

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
3.1.1	Restated Articles of Incorporation dated January 1972 (Incorporated herein by reference to Exhibit 3.1.1 of our Form 10-K for the year ended September 30, 2002).

## Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

- 3.1.2 Articles of Amendment dated March 1975 (Incorporated herein by reference to Exhibit 3.1.2 of our Form 10-K for the year ended September 30, 2002).
- 3.1.3 Articles of Amendment dated March 1992 (Incorporated herein by reference to Exhibit 3.1.3 of our Form 10-K for the year ended September 30, 2002).
- 3.1.4 Articles of Amendment dated November 1997 (Incorporated herein by reference to Exhibit 3.1.4 of our Form 10-K for the year ended September 30, 2002).
- 3.1.5 Certificate of Designations of Series A Junior Participating Preferred Stock of Atwood Oceanics, Inc. dated October 17, 2002 (Incorporated herein by reference to Exhibit 3.1.5 of our Form 10-K for the year ended September 30, 2002).
- 3.2 Bylaws, as amended and restated, dated January 1, 1993 (Incorporated herein by reference to Exhibit 3.2 of our Form 10-K for the year ended September 30, 1993).
- 4.1 Rights Agreement dated effective October 18, 2002 between the Company and Continental Stock & Transfer & Trust Company (Incorporated herein by reference to Exhibit 4.1 of our Form 8-A filed October 21, 2002).
- \*31.1 Certification of Chief Executive Officer
- \*31.2 Certification of Chief Financial Officer
- \*32.1 Certificate of Chief Executive Officer pursuant to Section 906 of Sarbanes - Oxley Act of 2002.
- \*32.2 Certificate of Chief Financial Officer pursuant to Section 906 of Sarbanes - Oxley Act of 2002.

\*Filed herewith

-25-

EXHIBIT 31.1

### CERTIFICATIONS

I, John R. Irwin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atwood Oceanics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other

## Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986]; and
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2005

/s/ JOHN R. IRWIN  
John R. Irwin  
Chief Executive Officer

CERTIFICATIONS

I, James M. Holland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atwood Oceanics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) [Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986]; and
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's

Edgar Filing: ATWOOD OCEANICS INC - Form 10-Q

auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2005

/s/ JAMES M. HOLLAND  
James M. Holland  
Chief Financial Officer

-29-

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Atwood Oceanics, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John R. Irwin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

Date: May 5, 2005

/s/ JOHN R. IRWIN  
John R. Irwin  
President and Chief Executive Officer

-30-

CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Atwood Oceanics, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James M. Holland, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

Date: May 5, 2005

/s/JAMES M. HOLLAND  
James M. Holland  
Senior Vice President and  
Chief Financial Officer