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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2000

OR

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

For the transition period from _______________ to _____________

Commission File Number 001-14273

CORE LABORATORIES N.V.

(Exact name of registrant as specified in its charter)

The Netherlands	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Herengracht 424 **1017 BZ Amsterdam** **The Netherlands**	**Not Applicable**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(31-20) 420-3191**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

The number of common shares of the Registrant, par value NLG 0.03 per share, outstanding at November 10, 2000 was 31,688,698.

CORE LABORATORIES N.V.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2000

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CORE LABORATORIES N.V.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2000	December 31, 1999
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,828	$ 18,222
Accounts receivable, less allowance for doubtful accounts of $9,399 and $9,845 in 2000 and 1999, respectively	92,583	83,467
Inventories	36,290	24,735
Prepaid expenses and other	10,093	10,325
Deferred tax asset	5,372	6,363
Total current assets	158,166	143,112
PROPERTY, PLANT AND EQUIPMENT, net	81,363	71,098
INTANGIBLES AND GOODWILL, net of accumulated amortization of $13,393 and $10,122 in 2000 and 1999, respectively	147,473	151,098
OTHER LONG-TERM ASSETS	5,706	5,943
Total assets	$ 392,708	$ 371,251
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 980	$ 1,668
Current lease obligations	291	1,372
Accounts payable	20,138	19,629
Other accrued liabilities	18,030	27,765
Total current liabilities	39,439	50,434
LONG-TERM DEBT	86,200	85,078
MINORITY INTEREST	1,722	1,290
LONG-TERM LEASE OBLIGATIONS	250	660
OTHER LONG-TERM LIABILITIES	21,714	22,250
SHAREHOLDERS' EQUITY:		
Preference shares, NLG 0.03 par value; 3,000,000 shares authorized, no shares issued or outstanding	—	—
Common shares, NLG 0.03 par value; 100,000,000 shares authorized, 31,682,273 and 30,688,250 issued and outstanding at September 30, 2000 and December 31, 1999, respectively	527	515
Additional paid-in capital	181,815	162,067
Retained earnings	61,041	48,957
Total shareholders' equity	243,383	211,539
Total liabilities and shareholders' equity	$ 392,708	$ 371,251

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

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	Three Months Ended September 30, 2000	Three Months Ended September 30, 1999
	(Unaudited)	
SERVICES	$ 62,908	$ 65,613
SALES	22,069	15,326
	84,977	80,939
OPERATING EXPENSES:		
Cost of services	48,634	50,655
Cost of sales	18,234	11,898
General and administrative expenses	3,441	2,980
Depreciation and amortization	3,786	4,217
Goodwill amortization	1,033	1,023
Other (income) expense, net	(374)	413
	74,754	71,186
INCOME BEFORE INTEREST EXPENSE AND INCOME TAX EXPENSE	10,223	9,753
INTEREST EXPENSE	2,062	2,311
INCOME BEFORE INCOME TAX EXPENSE	8,161	7,442
INCOME TAX EXPENSE	2,448	2,384
NET INCOME	$ 5,713	$ 5,058
PER SHARE INFORMATION:		
BASIC EARNINGS PER SHARE	$ 0.18	$ 0.17
WEIGHTED AVERAGE BASIC COMMON SHARES OUTSTANDING	31,672,014	30,401,118
DILUTED EARNINGS PER SHARE	$ 0.18	$ 0.16
WEIGHTED AVERAGE DILUTED COMMON SHARES OUTSTANDING	32,612,231	31,487,391

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

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	Nine Months Ended September 30, 2000	Nine Months Ended September 30, 1999
	(Unaudited)	
SERVICES	$ 178,011	$ 187,103
SALES	53,879	41,100
	231,890	228,203
OPERATING EXPENSES:		
Cost of services	142,592	156,371
Cost of sales	42,528	31,552
General and administrative expenses	10,128	8,691
Depreciation and amortization	10,995	12,118
Goodwill amortization	3,080	3,151
Write-offs and other charges	-	10,670
Other income, net	(790)	(872)
	208,533	221,681
INCOME BEFORE INTEREST EXPENSE AND INCOME TAX EXPENSE	23,357	6,522
INTEREST EXPENSE	6,094	6,044
INCOME BEFORE INCOME TAX EXPENSE	17,263	478
INCOME TAX EXPENSE	5,179	86
NET INCOME	$ 12,084	$ 392
PER SHARE INFORMATION:		
BASIC EARNINGS PER SHARE	$ 0.39	$ 0.01
WEIGHTED AVERAGE BASIC COMMON SHARES OUTSTANDING	31,135,307	30,265,754
DILUTED EARNINGS PER SHARE	$ 0.37	$ 0.01
WEIGHTED AVERAGE DILUTED COMMON SHARES OUTSTANDING	32,330,541	31,293,404

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

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended September 30, 2000	1999
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 12,084	$ 392
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,995	12,118
Goodwill amortization	3,080	3,151
Gain on sale of fixed assets	(495)	(209)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(9,373)	4,562
Increase in inventories	(11,555)	(7,438)
Decrease in prepaid expenses	228	2,003
Increase (decrease) in accounts payable	510	(4,446)
Increase (decrease) in payroll and related costs	(306)	5,741
Increase (decrease) in income tax payable	936	(3,298)
Decrease in other accrued expenses	(10,388)	(5,370)
(Increase) decrease in net deferred tax asset	1,129	(1,029)
Increase (decrease) in other long-term liabilities	203	(27)
Other	2,206	(2,388)
Net cash provided by (used in) operating activities	(746)	3,762
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(25,362)	(16,618)
Acquisitions, net of cash acquired	-	3,945
Proceeds from sale of fixed assets	2,211	776
Other	508	-
Net cash used in investing activities	(22,643)	(11,897)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of long-term debt	(19,445)	(84,677)
Borrowings under long-term debt	20,597	102,406
Capital lease obligations, net	(1,491)	(496)
Net proceeds from exercise of over-allotment	17,303	-
Exercise of stock options	2,457	1,102
Other	(426)	(909)
Net cash provided by financing activities	18,995	17,426
NET CHANGE IN CASH	(4,394)	9,291
CASH, beginning of period	18,222	8,156
CASH, end of period	$ 13,828	$ 17,447

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

CORE LABORATORIES N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying unaudited consolidated financial statements include the accounts of the Company and have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information using the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the nine month period ended September 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. Balance sheet information as of December 31, 1999 was derived from the 1999 annual audited financial statements and has been restated to reflect acquisitions accounted for as poolings-of-interests (see Note 2). These financial statements should be read in conjunction with the financial statements and the summary of significant accounting policies and notes thereto included in the Company's Form 10-K/A for the year ended December 31, 1999.

Recent Pronouncements

In June 1998, Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued and was subsequently amended by SFAS No. 137, which delayed its effective date. In June 2000, SFAS No. 138 which amended SFAS No. 133 with regards to specific hedging risks and derivative instruments was issued. SFAS No. 133 will be effective for fiscal years beginning after June 15, 2000, and establishes accounting and reporting standards for derivative instruments (including certain derivative instruments embedded in other contracts). The Company does not enter, or intend to enter, into derivative instruments. Accordingly, adoption of SFAS No. 133 is not expected to have an impact on the Company's financial position or operational results.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition". SAB 101 provides guidance on applying generally accepted accounting principles to revenue recognition in financial statements and requires disclosure of a company's revenue recognition policy. An amendment in June 2000 delayed the effective date until the fourth quarter of 2000. The Company does not believe that the adoption of SAB 101 will have a material impact on the Company's financial position or operational results.

2. ACQUISITIONS

Production Enhancement Corporation Acquisition

On June 20, 2000, the Company acquired all of the outstanding shares of Production Enhancement Corporation ("PENCOR"), a privately held company based in Broussard, Louisiana. PENCOR provides fluid phase behavior services used to characterize crude oils, natural gases and other reservoir fluids. The Company issued approximately 275,000 shares, with an estimated market value of $6.1 million, in exchange for all of the outstanding shares of PENCOR and assumed approximately $2.5 million in debt. The transaction was accounted for using the pooling-of-interests method of accounting. Accordingly, the Company's consolidated financial statements have been restated for all periods prior to the date of acquisition to include the financial position and results of operations of PENCOR.

TomoSeis Corporation Acquisition

On January 12, 2000, the Company acquired all of the outstanding shares of TomoSeis Corporation ("TomoSeis"), a privately held company based in Houston, Texas. TomoSeis provides detailed reservoir imaging services that are a component of timelapse (4D) seismic and reservoir monitoring programs. The Company issued approximately 232,000 shares, with an estimated market value of $3.8 million, and assumed outstanding stock options exercisable for approximately 396,000 of the Company's common shares. Proceeds from the exercise of these stock options would be approximately $2.1 million. The transaction was accounted for using the pooling-of-interests method of accounting. Accordingly, the Company's consolidated financial statements have been restated for all periods prior to the date of acquisition to include the financial position and results of operations of TomoSeis.

3. INVENTORIES

Inventories consist primarily of materials and supplies used for sales or services provided to customers. Inventories are stated at the lower of average or standard cost (including direct material, labor and overhead) or estimated net realizable value, if lower, and are reflected net of valuation reserves of $1,235,000 and $1,258,000 at September 30, 2000 and December 31, 1999, respectively. Inventories consisted of the following (in thousands):

	September 30, 2000 (Unaudited)	December 31, 1999
Finished goods	$ 25,724	$ 17,051
Parts and materials	7,636	6,494
Work in process	2,930	1,190
Total	$ 36,290	$ 24,735

4. INTANGIBLES AND GOODWILL

Intangibles include patents, trademarks, service marks and trade names. Goodwill represents the excess of purchase price over the fair market value of the net assets acquired in acquisitions accounted for as purchases. Intangibles and goodwill are amortized using the straight-line method over their estimated useful lives. The Company believes that there have been no events or circumstances that warrant revision to the remaining useful lives or which affect the recoverability of intangibles and goodwill. The components of intangibles and goodwill are as follows (in thousands):

Intangibles and Goodwill	**Original Life In Years**	**September 30, 2000**	**December 31, 1999**
		(Unaudited)	
Acquired trade secrets……………………..…..	5	$ 48	$ 48
Acquired patents, trademarks and trade names...	10-20	2,014	1,590
Acquired trade name……………..…………….	40	4,614	4,614
Acquired source technology……………………	15	277	277
Total intangibles………………………..		6,953	6,529
Goodwill……………………………………..	5-10	2,404	2,404
Goodwill……………………………………..	20	3,739	4,517
Goodwill……………………………………..	40	147,770	147,770
Total goodwill………………………….		153,913	154,691
Total intangibles and goodwill……...		160,866	161,220
Less – accumulated amortization………………		13,393	10,122
Net intangibles and goodwill……		$ 147,473	$ 151,098

5. LONG-TERM DEBT

Long-term debt is summarized in the following table (in thousands):

	September 30, 2000	**December 31, 1999**
	(Unaudited)	
Senior Notes………………...………………………….	$ 75,000	$ 75,000
Credit Facility with a bank group ……….……………..	11,000	7,000
Debt assumed from acquired companies.………………	219	3,418
Loan notes……………………………………………	892	989
Other indebtedness……..……………………………	69	339
Total debt…………………………………….	87,180	86,746
Less – current maturities……………………..…………	980	1,668
Total long-term debt…………………………...	$ 86,200	$ 85,078

In July 1999, the Company entered into a $100 million Credit Facility which provides for (i) a committed revolving debt facility of $95 million and (ii) a Netherlands guilder denominated revolving debt facility with U.S. dollar equivalency of $5 million. At September 30, 2000, approximately $89 million was available for borrowing under the Credit Facility. Loans under the Credit Facility bear interest at rates which range from LIBOR plus 1.25% to a maximum of LIBOR plus 1.75%. The interest rate in effect at September 30, 2000 was 7.89% and the average for 2000 has been 8.14%. The Credit Facility has no scheduled principal payments prior to its maturity in June 2004.

In July 1999, the Company issued $75 million in Senior Notes which bear an average interest rate of 8.16% and require annual principal payments beginning in July 2005 and continuing through July 2011.

The terms of the Credit Facility and Senior Notes require the Company to meet certain financial covenants, including certain minimum equity and cash flow tests. Management believes that the Company is in compliance with all such covenants contained in its credit agreements. All of the Company's material subsidiaries are guarantors or co-borrowers under both credit agreements.

6. STOCK OFFERING

On May 31, 2000, the Company completed a public offering in which certain shareholders of the Company sold 4,644,988 of their common shares. In connection with the offering, on June 16, 2000, the underwriters exercised their over-allotment option and purchased 696,748 common shares from the Company, which resulted in net proceeds of $17.3 million. The Company used these proceeds principally to reduce indebtedness and fund capital expenditures.

7. WRITE-OFFS AND RESTRUCTURING CHARGES

Write-offs and Other Charges

In the first quarter of 1999, the Company recorded write-offs and other charges totaling $10.7 million. This amount included $4.4 million of asset write-offs, $2.6 million related to facility closures and personnel reductions, and $3.7 million associated with the termination of the proposed acquisition of GeoScience Corp. The asset write-offs consisted primarily of uncollectible accounts receivable in the former Soviet Union and other Eastern Hemisphere locations, due to economic instability in the region, as well as adjustments to the net realizable value of certain inventory and other current asset amounts. The facility closures consisted primarily of the shutdown of the Company's environmental testing laboratory in Edison, New Jersey, the Saybolt Western Hemisphere administrative office and a substantial reduction in the Company's Venezuelan work force. These actions, which affected a total of 47 employees, were substantially complete as of April 30, 1999. The termination settlement included the forgiveness of $3.0 million in working capital advances made by the Company to GeoScience Corp.

Restructuring Charges

In the fourth quarter of 1999, the Company recorded a $7.0 million charge to cover the cost of exiting redundant facilities and restructuring certain of the Company's operations. This charge affected each of our operating segments as follows: Reservoir Description - $2.8 million; Production Enhancement - $1.9 million; Reservoir Management - $2.3 million. The Company combined personnel and equipment from eight facilities into one Houston facility. No operations were discontinued. Related charges include severance of approximately 100 field and administrative employees, the accrual of future lease obligations and facility restoration costs and the write-off of redundant fixed assets and leasehold improvements. Substantially all such employees had been terminated as of June 30, 2000. The Company also reorganized its operations in Canada and Mexico, consolidated certain service lines and is further centralizing its operations in Latin America, Europe and the Asia-Pacific region. This charge is summarized in the following table (in thousands):

Restructuring Charges

	Lease Obligations	Severance	Restoration	Asset Write-offs[a]	Other	Total
Total restructuring charges	$ 2,983	$ 879	$ 786	$ 2,080	$ 308	$ 7,036
Less: Costs incurred through December 31, 1999	515	445	28	2,080	124	3,192
Accrual remaining	2,468	434	758	-	184	3,844
Less: Costs incurred through September 30, 2000	1,325	434	646	-	184	2,589
Accrual remaining	$ 1,143	$ -	$ 112	$ -	$ -	$ 1,255

(a) The fixed assets and leasehold improvements relating to the Houston consolidation were disposed of or abandoned by the end of June 2000. The write-off approximates the carrying amount as these assets no longer have value and have been abandoned or sold for salvage value. Depreciation expense will be reduced by $490 in 2000, $333 in 2001 and $342, thereafter. Also included in this amount were $915 of working capital write-offs relating to the restructuring of foreign operations. The asset write-offs attributable to each segment were as follows: Reservoir Description - $1,176; Production Enhancement - $346; Reservoir Management - $558.

8. SEGMENT REPORTING

The Company's business units have been aggregated into three reportable segments which provide products and services used for optimizing reservoir performance and maximizing oil and gas recovery from new and existing fields.

- *Reservoir Description:* Encompasses the characterization of petroleum reservoir rock, fluid and gas samples, including crude oil and derivative products.

- *Production Enhancement:* Includes products and services relating to reservoir well completions, perforations, stimulations and production.

- *Reservoir Management:* Combines and integrates information from reservoir description and production enhancement services to increase production and improve recovery of oil and gas from our clients' reservoirs.

Segment Analysis

The Company manages these segments separately due to the different technologies each segment utilizes and requires. Results of these segments are presented below using the same accounting policies as those used to prepare the Consolidated Statements of Operations. The Company evaluates performance based on income or loss from operations before income tax, interest and other non-operating income (expense). Summarized financial information concerning the Company's segments is shown in the following table (in thousands):

Segment Analysis

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999 (a)
		(Unaudited)		
Revenues:				
Reservoir Description	$ 45,774	$ 51,681	$ 133,290	$ 145,798
Production Enhancement	27,469	17,187	66,566	46,883
Reservoir Management	11,734	12,071	32,034	35,522
Consolidated	$ 84,977	$ 80,939	$ 231,890	$ 228,203
Income (Loss) Before Interest and Taxes:				
Reservoir Description	$ 5,761	$ 7,010	$ 14,702	$ 6,640
Production Enhancement	4,427	2,419	10,879	5,754
Reservoir Management	62	100	(2,549)	(2,928)
Corporate and Other	(27)	224	325	(2,944)
Consolidated	$ 10,223	$ 9,753	$ 23,357	$ 6,522

(a) The income (loss) before interest and taxes for each segment for the nine months ended September 30, 1999 have been reduced by write-offs and other charges totaling $10,670. The amounts attributable to each segment were as follows: Reservoir Description - $5,589; Production Enhancement - $956; Reservoir Management - $429. Corporate and other includes $3,696 of merger termination costs related to the proposed GeoScience acquisition. See Note 7 for additional information. "Corporate and Other" represents those items that are not directly related to a particular segment.

9. EARNINGS PER SHARE

The Company presents earnings per share in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share" which requires dual presentation of both basic and diluted earnings per share on the Consolidated Statement of Operations. Basic earnings per common share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the net additional shares which would be issued if all dilutive stock options outstanding were exercised.

The following table summarizes the calculation of weighted average common shares outstanding used in the computation of earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Weighted average basic common shares outstanding	31,672,014	30,401,118	31,135,307	30,265,754
Effect of dilutive stock options	940,217	1,086,273	1,195,234	1,027,650
Weighted average diluted common shares outstanding	32,612,231	31,487,391	32,330,541	31,293,404

CORE LABORATORIES N.V.

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

General

This discussion includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We have based the forward-looking statements relating to our operations on our current expectations, estimates and projections. We caution you that these statements are not guarantees of future performance and involve risks and uncertainties that we cannot predict. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. The Company's operations are subject to various risk and other factors including, but not limited to:

- the Company's ability to continue to develop or acquire new and useful technology.
- the realization of anticipated synergies from acquired businesses and future acquisitions.
- the Company's dependence on one industry, oil and gas, and the impact of commodity prices on the expenditure levels of our customers.
- competition in the Company's markets.
- the risks and uncertainties attendant to adverse industry, political, economic and financial market conditions, including stock prices, government regulations, interest rates and credit availability.

Core Laboratories was established in 1936 and is one of the world's leading providers of proprietary and patented reservoir description, production enhancement and reservoir management services. These services are directed toward enabling our clients to improve reservoir performance and increase oil and gas recovery from their producing fields. We have over 70 offices in more than 50 countries and have approximately 3,750 employees. We provide our services to the world's major, national and independent oil companies.

Results of Operations

Service revenues for the third quarter of 2000 decreased $2.7 million, or 4%, from the same period last year. Service revenues for the nine months ended September 30, 2000 decreased $9.1 million, or 5%, compared to the same period last year. Included in the three and nine month periods ended September 30, 1999, were $6.7 million and $17.9 million, respectively, of revenues attributable to our environmental testing assets which were sold at the end of the third quarter of 1999. Excluding these revenues, total service revenues increased $3.9 million, or 7%, for the third quarter of 2000, and $8.8 million, or 5%, for the nine months ended September 30, 2000, compared to the same periods last year. This increase was due to improved industry conditions in the United States as well as continued expansion into new markets in the former Soviet Union, coupled with the expansion of several deepwater projects in the Gulf of Mexico.

Cost of services expressed as a percentage of service revenue were 77% and 80%, respectively, for the three and nine month periods ended September 30, 2000 compared to 77% and 84% for the comparable periods in 1999. The Company's restructuring plan of consolidating offices and reducing personnel, together with an improving industry environment, helped improve our service margins.

Sales revenues for the third quarter of 2000 increased $6.7 million, or 44%, to $22.1 million from the same period in the prior year. Sales revenues for the nine months ended September 30, 2000 increased $12.8 million, or 31%, to $53.9 million compared to the same period in the prior year. The increased demand for our well completion and stimulation technologies, which began in the latter part of 1999, continued through the third quarter of 2000.

Cost of sales in the third quarter of 2000 increased $6.3 million to 83% of sales revenue as compared to 78% in the same period last year. For the nine months ended September 30, 2000, cost of sales increased $11.0 million to 79% of sales revenues compared to 77% for the same period in 1999. The increase in cost of sales was primarily due to the completion of a higher percentage of North American projects with lower margins as well as higher expenses associated with the expansion of well completion technologies in Canada and the Asia Pacific region.

General and administrative expenses are comprised of corporate management and centralized administrative and marketing services which benefit our operating subsidiaries. General and administrative expenses for the three and nine month periods ended September 30, 2000 increased $0.5 million, and $1.4 million, respectively, as compared to the corresponding periods in 1999. The increase was primarily a result of higher personnel, information systems and marketing costs incurred to improve our efficiencies and provide additional services to our operating subsidiaries. General and administrative expenses as a percentage of revenues remained below 5% of revenues for all periods.

Depreciation and amortization expense decreased $0.4 million and $1.1 million, respectively, for the three and nine month periods ended September 30, 2000 compared to the same periods in 1999. Although we had $25.4 million of capital expenditures in the nine month period ended September 30, 2000, the additional depreciation expense relating to these capital expenditures was more than offset by the effect of the depreciation attributable to assets which had become fully depreciated in 1999 and our environmental testing assets which were sold in the third quarter of 1999.

In the first quarter of 1999, the Company recorded write-offs and other charges totaling $10.7 million. This amount included $4.4 million of asset write-offs, $2.6 million related to facility closures and personnel reductions, and $3.7 million associated with the termination of the proposed acquisition of GeoScience Corp. The asset write-offs consisted primarily of uncollectible accounts receivable in the former Soviet Union and other Eastern Hemisphere locations, due to economic instability in the region, as well as adjustments to net realizable value of certain inventory and other current asset amounts. The facility closures consisted primarily of the shutdown of the Company's environmental testing laboratory in Edison, New Jersey, the Saybolt Western Hemisphere administrative office and a substantial reduction in the Company's Venezuelan work force. These actions, which affected a total of 47 employees, were substantially complete as of April 30, 1999. The termination settlement included the forgiveness of $3.0 million in working capital advances made by the Company to GeoScience Corp.

In the fourth quarter of 1999, the Company recorded a $7.0 million charge to cover the cost of exiting redundant facilities and restructuring certain of the Company's operations. This charge affected each of our operating segments as follows: Reservoir Description - $2.8 million; Production Enhancement - $1.9 million; Reservoir Management - $2.3 million. The Company combined personnel and equipment from eight facilities into one Houston facility. No operations were discontinued and the Company expects its revenues to be largely unaffected by this facility consolidation. The move was completed in the second quarter of 2000. Related charges include severance for approximately 100 field and administrative employees, the accrual of future lease obligations and facility restoration costs and the write-off of redundant fixed assets and leasehold improvements. Substantially all of these employees had been terminated as of June 30, 2000. The Company also reorganized its operations in Canada and Mexico, consolidated certain service lines and is further centralizing its operations in Latin America, Europe and the Asia-Pacific region. Cash required for the costs incurred through September 30, 2000 of $3.7 million, excluding asset write-offs, was funded from operating activities. The Company anticipates that the remaining costs will also be funded through cash from operating activities. This charge is summarized in the following table (in thousands):

Restructuring Charges

	Lease Obligations	Severance	Restoration	Asset Write-offs[(a)]	Other	Total
Total restructuring charges	$ 2,983	$ 879	$ 786	$ 2,080	$ 308	$ 7,036
Less: Costs incurred through December 31, 1999	515	445	28	2,080	124	3,192
Accrual remaining	2,468	434	758	-	184	3,844
Less: Costs incurred through September 30, 2000	1,325	434	646	-	184	2,589
Accrual remaining	$ 1,143	$ -	$ 112	$ -	$ -	$ 1,255

(a) The fixed assets and leasehold improvements related to the Houston consolidation were disposed of or abandoned by the end of June 2000. The write-off approximates the carrying amount as these assets no longer have value and have been abandoned or sold for salvage value. Depreciation expense will be reduced by $490 in 2000, $333 in 2001 and $342 thereafter. Also included in this amount were $915 of working capital write-offs related to the restructuring of foreign operations. The asset write-offs attributable to each segment were as follows: Reservoir Description - $1,176; Production Enhancement - $346; Reservoir Management - $558.

The Company's effective income tax rate was approximately 30% for the three months and nine months ended September 30, 2000 as compared to 32% and 18% for the three months and nine months ended September 30, 1999, respectively. The 32% rate for the three months is the result of losses generated without tax benefit in pre-acquisition accounting for companies accounted for as pooling-of-interests. The 18% for the nine months reflects the utilization of un-benefited tax losses in pre-acquisition accounting for companies accounted for as pooling-of-interests.

Segment Analysis

(*in thousands)*

	Three months ended September 30, 2000		Three months ended September 30, 1999		Nine months ended September 30, 2000		Nine months ended September 30, 1999 (a)
			(Unaudited)				
Revenues:							
Reservoir Description	$	45,774	$	51,681	$	133,290	$ 145,798
Production Enhancement		27,469		17,187		66,566	46,883
Reservoir Management		11,734		12,071		32,034	35,522
Consolidated	$	84,977	$	80,939	$	231,890	$ 228,203
Income (Loss) Before Interest and Taxes and Unusual Charges:							
Reservoir Description	$	5,761	$	7,010	$	14,702	$ 12,229
Production Enhancement		4,427		2,419		10,879	6,710
Reservoir Management		62		100		(2,549)	(2,499)
Corporate and Other		(27)		224		325	752
Consolidated	$	10,223	$	9,753	$	23,357	$ 17,192

(a) The income (loss) before interest and taxes for the nine months ended September 30, 1999 exclude unusual charges totaling $10,670. The amounts attributable to each segment were as follows: Reservoir Description - $5,589; Production Enhancement - $956; Reservoir Management - $429. Corporate and other excludes $3,696 of merger termination costs related to the proposed GeoScience acquisition. "Corporate and Other" represents those items that are not directly related to a particular segment.

Reservoir Description

Revenues for the Reservoir Description segment were $45.8 million for the third quarter of 2000 compared to $51.7 million in the third quarter of 1999. Revenues for the nine month period ended September 30, 2000 were $133.3 million compared to $145.8 million in the same period last year. Included in the three and nine month periods ended September 30, 1999 were $6.7 million and $17.9 million, respectively, of revenues attributable to our environmental testing assets. These assets were sold at the end of the third quarter of 1999.

Income before interest, taxes and unusual charges decreased by $1.2 million in the third quarter of 2000 but increased $2.5 million in the nine month period ended September 30, 2000, compared to the same periods in 1999. Improved industry conditions and expansion into new markets has driven margins of our crude oil and petroleum characterization services.

Production Enhancement

Revenues from the Production Enhancement segment increased $10.3 million, or 60%, to $27.5 million in the third quarter of 2000 compared to the same period in the prior year. For the nine months ended September 30, 2000, revenues increased $19.7 million, or 42%, to $66.6 million compared to the same period in the prior year. These increases were due to expansion in Australia, Middle East and Far East markets coupled with increased market acceptance of new production technologies such as fracture diagnostics E-Span™ Systems Casing Patch Technology and Perforating Technology and Prism™ Slickline Services.

Income before interest, taxes and unusual charges increased $2.0 million, or 83%, to $4.4 million in the third quarter of 2000 and increased $4.2 million, or 62%, to $10.9 million in the nine months ended September 30, 2000, compared to the same periods in 1999. The expansion into foreign markets as well as higher incremental sales on our fixed cost operating structure in our U.S. based operations resulted in the improved margins in this segment.

Reservoir Management

Revenues from the Reservoir Management segment in the third quarter of 2000 and the nine month period ended September 30, 2000 declined $0.3 million and $3.5 million respectively for the comparable periods in 1999. The demand for seismic-related services has not recovered in line with the general recovery in the oil and gas industry.

Income (loss) before interest, taxes and unusual charges of $0.1 million and ($2.5) million for the three and nine month periods ended September 30, 2000, respectively, was relatively consistent with the comparable periods in 1999 due to reductions made by the Company in 2000 to its cost structure.

Liquidity and Capital Resources

We have historically financed our activities through cash flows from operations, bank credit facilities, equity financing and the issuance of debt.

During the nine-month period ended September 30, 2000, the Company's operating use of cash was $0.7 million compared to a source of cash of $3.8 million from the corresponding period in 1999. At September 30, 2000, the Company had working capital of $118.7 million (of which $13.8 million was cash and short-term investments) and a current ratio of 4.0 to 1.0, compared to working capital of $92.7 million (of which $18.2 million was cash and short-term investments) and a current ratio of 2.8 to 1.0 at December 31, 1999. The Company is a Netherlands holding company that conducts substantially all of its operations through subsidiaries. Consequently, the Company's cash flow is dependent upon the ability of its subsidiaries to pay cash dividends or otherwise distribute or advance funds to the Company.

The Company's investing activities used $22.6 million in the first nine months of 2000 and $11.9 million in the same period in 1999. The majority of our investing activities were comprised of capital expenditures. Cash outlays for the facility consolidation in Houston was included in capital expenditures of $25.4 million for the nine month period ended September 30, 2000. This facility consolidation is expected to contribute to a reduction in annual operating expenses.

Cash flows from financing activities provided $19.0 million in the first nine months of 2000 and $17.4 million in the same period in 1999. On May 31, 2000, the Company completed a public offering in which certain shareholders of the Company sold 4,644,988 of their common shares. In connection with the offering, on June 16, 2000, the underwriters exercised their over-allotment option and purchased 696,748 common shares from the Company, which resulted in net proceeds of $17.3 million. The proceeds were used principally to reduce indebtedness and fund capital expenditures. As of September 30, 2000, long-term debt decreased $22.1 million compared to the same period in 1999.

The Company's ability to maintain and grow its operating income and cash flows is dependent upon continued investing activities. We believe our future cash flows from operations, supplemented by our borrowing capacity and issuances of additional equity should be sufficient to fund debt requirements, capital expenditures, working capital and future acquisitions.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES OF MARKET RISK

The Company is exposed to market risk, which is the potential loss arising from adverse changes in market prices and rates. The Company does not enter, or intend to enter, into derivative financial instruments for trading or speculative purposes. The Company's exposure to market risks, which are primarily related to interest rate changes and fluctuations in foreign exchange rates, have historically not been material to the Company. During 1999, the Company issued fixed rate Senior Notes denominated in U.S. dollars. The proceeds were used to pay off variable rate term loans. This significantly reduced the Company's exposure to future increases in interest rates. This section should be read in conjunction with "Note 5 – Long-Term Debt" of the Notes to Consolidated Financial Statements.

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PART II — OTHER INFORMATION

Item 1. ***Legal Proceedings.***

The Company from time to time is subject to legal proceedings and claims that arise in the ordinary course of business. The Company believes that the outcome of these legal actions will not have a material adverse effect upon the consolidated financial position or results of operations of the Company.

Item 2. ***Changes in Securities.***

Disclosure related to the recent issuance of common shares in connection with acquisitions is included in Note 2 of the Notes to Consolidated Financial Statements. With respect to the shares issued, the Company relied on exemption from registration under Section 4 (2) of the Securities Act of 1933.

Item 3. ***Defaults Upon Senior Securities.***

None

Item 4. ***Submission of Matters to a Vote of Security Holders***

None

Item 5. ***Other Information.***

None

Item 6. ***Exhibits and Reports on Form 8-K.***

(a) Exhibits

27.1 Financial Data Schedule

(b) Reports on Form 8-K

None

SIGNATURE

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

CORE LABORATORIES N.V.
by: Core Laboratories International B.V.

Dated: November 13, 2000

By: /s/ Randall D. Keys
Randall D. Keys
Chief Financial Officer