FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended March 31, 2001

OR

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

For the transition period from ____________ to ____________

Commission File Number 1-10945

OCEANEERING INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	95-2628227
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11911 FM 529
Houston, Texas
77041
(Address of principal executive offices)
(Zip Code)

(713) 329-4500
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 3, 2001
Common Stock, $.25 Par Value	23,386,546 shares

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31, 2001	December 31, 2000
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 7,151	$ 9,911
Accounts receivable (net of allowance for doubtful accounts of $1,309 and $510)	131,046	107,417
Prepaid expenses and other	30,108	27,019
Total current assets	168,305	144,347
Property and Equipment, at cost	533,129	523,385
Less: accumulated depreciation	194,564	187,025
Net property and equipment	338,565	336,360
Goodwill (net of amortization of $7,841 and $7,526)	11,154	11,493
Other Assets	22,524	20,484
TOTAL ASSETS	$540,548	$512,684
LIABILITIES and SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts and notes payable	$ 26,884	$ 25,149
Accrued liabilities	61,169	60,139
Income taxes payable	10,858	8,736
Total current liabilities	98,911	94,024
Long-term Debt, net of current portion	195,000	180,000
Other Long-term Liabilities	32,633	31,766
Commitments and Contingencies		
Shareholders' Equity	214,004	206,894
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$540,548	$512,684

See Notes to Consolidated Financial Statements.

OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended March 31, 2001	For the Three Months Ended March 31, 2000
	(in thousands, except per share amounts)	
Revenues	$104,254	$111,043
Cost of Services and Products	83,450	93,566
Selling, General and Administrative Expenses	10,516	10,229
Income from operations	10,288	7,248
Interest Income	81	111
Interest Expense, net of capitalized interest of $1,345 and $586	(1,879)	(1,475)
Other Expense, net	(484)	(198)
Income before income taxes	8,006	5,686
Provision for Income Taxes	(2,802)	(2,047)
Net Income	$ 5,204	$ 3,639
Basic Earnings per Share	$0.22	$0.16
Diluted Earnings per Share	$0.22	$0.16
Weighted average number of common shares	23,162	22,772
Incremental shares from stock options	488	302
Weighted average number of common shares and equivalents	23,650	23,074

See Notes to Consolidated Financial Statements.

OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31, 2001	2000
	(in thousands)	
Cash Flows from Operating Activities:		
Net income	$ 5,204	$ 3,639
Adjustments to reconcile net income to net cash Provided by (used in) operating activities:		
Depreciation and amortization	10,281	9,084
Currency translation adjustments and other	(343)	(674)
Increase in accounts receivable	(23,629)	(8,082)
Decrease (increase) in prepaid expenses and other current assets	(3,089)	1,837
Increase in other assets	(2,115)	(1,976)
Increase in current liabilities	5,354	121
Increase in other long-term liabilities	1,097	10,912
Total adjustments to net income	(12,444)	11,222
Net Cash Provided by (Used in) Operating Activities	(7,240)	14,861
Cash Flows from Investing Activities:		
Purchases of property and equipment and other	(14,582)	(32,898)
Net Cash Used in Investing Activities	(14,582)	(32,898)
Cash Flows from Financing Activities:		
Net proceeds from revolving credit and other long-term debt	14,927	17,647
Proceeds from issuance of common stock	4,135	1,041
Purchases of treasury stock	--	(754)
Net Cash Provided by Financing Activities	19,062	17,934
Net Decrease in Cash and Cash Equivalents	(2,760)	(103)
Cash and Cash Equivalents - Beginning of Year	9,911	11,104
Cash and Cash Equivalents - End of Period	$ 7,151	$ 11,001

See Notes to Consolidated Financial Statements.

OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

These Consolidated Financial Statements are unaudited and have been prepared pursuant to instructions for the Quarterly Report on Form 10-Q required to be filed with the Securities and Exchange Commission and do not include all information and footnotes normally included in financial statements prepared in accordance with generally accepted accounting principles. Management has reflected all adjustments that it believes are necessary to present fairly Oceaneering's financial position at March 31, 2001 and its results of operations and cash flows for the periods presented. All such adjustments are of a normal recurring nature. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Oceaneering's Report on Form 10-K for the period ended December 31, 2000. The results for interim periods are not necessarily indicative of annual results.

2. Shareholders' Equity

Shareholders' Equity consisted of the following:

	March 31, 2001	December 31, 2000
	(in thousands)	
Common Stock, par value $0.25; 90,000,000 shares authorized; 24,017,046 shares issued	$ 6,004	$ 6,004
Additional paid-in capital	80,197	78,945
Treasury stock; 688,744 and 979,285 shares, at average cost	(9,230)	(13,123)
Retained earnings	157,010	151,806
Accumulated other elements of comprehensive income	(19,977)	(16,738)
Total shareholders' equity	$214,004	$206,894

3. Income Taxes

Cash taxes paid were $1.9 million and $0.8 million for the three months ended March 31, 2001 and 2000, respectively.

4. Earnings Per Share

Oceaneering has computed earnings per share in accordance with Financial Accounting Standards Board Standard Number ("SFAS") 128, "Earnings Per Share."

5. Business Segment Information

Oceaneering supplies a comprehensive range of technical services and specialty products to a variety of industries. Oceaneering's Offshore Oil and Gas business consists of four business segments: Remotely Operated Vehicles ("ROVs"); Subsea Products; Mobile Offshore Production Systems; and Other Services. Oceaneering's Advanced Technologies business is a separate segment that provides project management, engineering services and equipment for applications outside the oil and gas industry.

There are no differences in the basis of segmentation or in the basis of measurement of segment profit or loss from those used in Oceaneering's consolidated financial statements for the period ended December 31, 2000. The following summarizes certain financial data by business segment:

	For the Three Months Ended		
	Mar. 31, 2001	Mar. 31, 2000	Dec. 31, 2000
		(in thousands)	
Revenues			
Offshore Oil and Gas			
ROVs	$ 32,234	$ 22,032	$ 28,956
Subsea Products	22,161	26,394	22,212
Mobile Offshore Production Systems	6,979	5,865	4,527
Other Services	19,767	28,085	21,820
Total Offshore Oil and Gas	81,141	82,376	77,515
Advanced Technologies	23,113	28,667	25,712
Total	$104,254	$111,043	$103,227
Gross Margins			
Offshore Oil and Gas			
ROVs	$ 9,832	$ 6,026	$ 7,752
Subsea Products	3,028	3,094	2,784
Mobile Offshore Production Systems	1,854	2,188	2,275
Other Services	2,072	160	4,248
Total Offshore Oil and Gas	16,786	11,468	17,059
Advanced Technologies	4,018	6,009	2,266
Total	$ 20,804	$ 17,477	$ 19,325

6. Comprehensive Income

Effective April 1, 1998, Oceaneering adopted SFAS 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and displaying comprehensive income and its components. Comprehensive income is the total of net income and all nonowner changes in equity. The amounts of comprehensive income for each of the three-month periods ended March 31, 2001 and 2000 are as follows:

	Three Months Ended March 31,	
	2001	2000
	(in thousands)	
Net Income per Consolidated Statements of Income	$ 5,204	$ 3,639
Foreign Currency Translation Losses	(3,239)	(1,659)
Comprehensive Income	$ 1,965	$ 1,980

Amounts comprising other elements of comprehensive income in Shareholders' Equity:

	March 31, 2001	December 31, 2000
	(in thousands)	
Accumulated Foreign Currency Translation Adjustments	$(19,977)	$(16,738)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

All statements in this Form 10-Q, other than statements of historical facts, including, without limitation, statements regarding our business strategy, plans for future operations, and industry conditions, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to various risks, uncertainties and assumptions, including those we refer to under the headings “Business – Risks and Insurance” and "Cautionary Statement Concerning Forward-Looking Statements" in Part I of our Report on Form 10-K for the period ended December 31, 2000. Although we believe that the expectations reflected in such forward-looking statements are reasonable, because of the inherent limitations in the forecasting process, as well as the relatively volatile nature of the industries in which we operate, we can give no assurance that those expectations will prove to be correct. Accordingly, evaluation of our future prospects must be made with caution when relying on forward-looking information.

Material Changes in Financial Condition

We consider our liquidity and capital resources adequate to support our operations and capital commitments. At March 31, 2001, we had working capital of $69 million and we had $35 million available for borrowing under our bank revolving credit facility.

Our capital expenditures were $15 million during the three months ended March 31, 2001, as compared to $37 million during the corresponding period of the prior fiscal year. Capital expenditures in the current fiscal year consisted of ongoing costs related to the conversion of a jackup drilling rig to a mobile offshore production unit, the *Ocean Legend,* and additions to our fleet of ROVs. Capital expenditures in the corresponding period of the prior year consisted of the start of the conversion of the jackup drilling rig to a mobile offshore production unit, additions to our fleet of ROVs and multiservice vessel construction.

We had no material commitments for capital expenditures at March 31, 2001.

Results of Operations

We operate in five business segments. The segments are contained within two businesses - services and products provided to the offshore oil and gas industry ("Offshore Oil and Gas") and all other services and products ("Advanced Technologies"). Our segments within the Offshore Oil and Gas business are Remotely Operated Vehicles ("ROVs"), Subsea Products, Mobile Offshore Production Systems and Other Services. We report our Advanced Technologies business as one segment.

Consolidated revenue and margin information is as follows:

	For the Three Months Ended		
	Mar. 31, 2001	Mar. 31, 2000	Dec. 31, 2000
		(in thousands)	
Revenues	$104,254	$111,043	$103,227
Gross margin	20,804	17,477	19,325
Gross margin %	20%	16%	19%
Operating margin %	10%	7%	9%

We generate a material amount of our consolidated revenue from contracts for marine services in the Gulf of Mexico and North Sea, which are usually more active from April through November compared to the rest of the year. However, our exit from the diving sector in the North Sea in early 1998 and the substantial number of multiyear ROV contracts that we have entered into since calendar year 1997 have reduced the seasonality of our ROV and Other Services operations. Revenues in our Mobile Offshore Production Systems, Subsea Products and Advanced Technologies segments are generally not seasonal.

Our Offshore Oil and Gas business results are influenced by the level of capital spending by oil and gas companies in the offshore sector. We have seen increases in activity compared to the quarter ended December 31, 2000, and anticipate that this trend will continue through this year and into 2002.

Offshore Oil and Gas.

The table below sets forth our revenues and gross margins for our Offshore Oil and Gas business for the periods indicated.

	For the Three Months Ended		
	Mar. 31 2001	Mar. 31, 2000	Dec 31, 2000
		(in thousands)	
ROVs			
Revenues	$ 32,234	$ 22,032	$ 28,956
Gross margin	9,832	6,026	7,752
Gross margin %	31%	27%	27%
Work class utilization %	71%	60%	68%
Subsea Products			
Revenues	$ 22,161	$ 26,394	$ 22,212
Gross margin	3,028	3,094	2,784
Gross margin %	14%	12%	13%
Mobile Offshore Production Systems			
Revenues	$ 6,979	$ 5,865	$ 4,527
Gross margin	1,854	2,188	2,275
Gross margin %	27%	37%	50%
Other Services			
Revenues	$ 19,767	$ 28,085	$ 21,820
Gross margin	2,072	160	4,248
Gross margin %	10%	1%	19%
Total Offshore Oil and Gas			
Revenues	$ 81,141	$ 82,376	$ 77,515
Gross margin	16,786	11,468	17,059
Gross margin %	21%	14%	22%

ROV segment operating income has been increasing due to both additional units available for service and higher utilization. The higher utilization rates have resulted from the return to service of more floating deepwater drilling rigs and a rise in offshore construction-related activities.

Our Subsea Products revenues were lower compared to the corresponding period of the prior year due to a large steel tube umbilical order in our U.K. plant, which had higher activity levels in the prior year. The margin effect of this decrease has not been material as this order has earned a low margin. Subsea Products results for the first quarter of 2001 were similar to those achieved in the immediately preceding quarter, with a slight increase in gross margin from our umbilical plants in the U.S. and Brazil. During the first quarter of 2001, we were awarded a new contract to supply approximately $30 million of umbilicals to Halliburton Company for the Barracuda and Caratinga Fields offshore Brazil. These will be manufactured in our Brazil plant with delivery anticipated to be in September 2002.

Our Mobile Offshore Production Systems revenues were higher in the first quarter of 2001 compared to both the immediately preceding quarter and the corresponding quarter of the prior year as we started receiving partial dayrate revenue from the *Ocean Legend*. We anticipate that the *Ocean Legend* will go on full dayrate during May 2001. Gross margins were lower than those of the corresponding period of the prior year due to lower project management fees from the *Zafiro Producer* and lower production-based revenues from the *Ocean Producer*. During the first quarter of 2001, we entered into a letter of intent to contract the *Ocean Producer* for seven years at another field in Angola. We anticipate that we will disconnect the *Ocean Producer* from its present location in May 2001 and commence moving it to a shipyard for modification, life extension and repair as required for the new location. We anticipate the *Ocean Producer* will be on its new location in the third quarter of 2001. Margins were lower than those of the immediately preceding quarter as that quarter included a gain of $1.8 million from the sale of an out-of-service semisubmersible rig. Although the prior year included a full year of operation of the *Ocean Producer* and a total $1.8 million of net gain from two sales and a writedown of out-of-service equipment, we anticipate that our Mobile Offshore Production Systems revenues and margins will be higher in 2001 than those of 2000 as a result of operations of the *Ocean Legend.*

Other Services revenues were lower than those of the corresponding quarter of the prior year due to the exchange of our Asia, Australia and Middle East diving operations in September 2000 for ROVs. Margins increased as the March 2000 quarter included losses incurred on two large jobs in India. Compared to the immediately preceding quarter, margins were lower on Gulf of Mexico projects and from inspection services. We anticipate that Other Services will operate at improved margins for the balance of 2001 as we expect higher utilization of our Ocean Intervention-class vessels doing project work.

Advanced Technologies.

Revenue and gross margin information is as follows:

	For the Three Months Ended		
	Mar. 31, 2001	Mar. 31, 2000	Dec.31, 2000
		(in thousands)	
Revenues	$ 23,113	$ 28,667	$ 25,712
Gross margin	4,018	6,009	2,266
Gross margin %	17%	21%	9%

Advanced Technologies revenues and margins were lower in the first quarter of 2001 than the corresponding quarter of last year due to lower results from our space services division and lower telecommunication activities, most of which were put into an unconsolidated joint venture in March 2000. The results in the first quarter of 2000 also included a large outfall job in Southeast Asia, which was performed using resources associated with our Other Services segment. The related assets were among those we later exchanged for ROVs. Compared to the immediately preceding quarter, margins were higher as that quarter reflected a $1.1 million loss provision related to a division which we no longer own. Our Advanced Technologies segment results depend on the level of government funding for NASA and U.S. Navy programs in which we currently participate or are pursuing.

Other.

Our equity in the earnings of our telecommunications joint venture was $377,000 for the quarter ended March 31, 2001, compared to a loss of $180,000 for the quarter ended March 31, 2000.

Interest expense for the quarter ended March 31, 2001 increased compared to the corresponding period of the prior year as we had higher debt levels. This debt had been incurred to fund the acquisition of additional equipment and expansion of our subsea products production capacity. Interest expense of $1,879,000 for the quarter ended March 31, 2001 was net of capitalized interest of $1,345,000.

Other expense in the first quarter of 2001 included the writeoff of $600,000 related to shares of Friede Goldman Halter, Inc. received as proceeds for the sale of an out-of-service jackup rig in the fourth quarter of 1999. Friede Goldman Halter, Inc. filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code on April 19, 2001. Friede Goldman Halter, Inc. was delisted from the New York Stock Exchange on April 19, 2001, at a closing price of $0.20 a share. It now trades on the Over the Counter Bulletin Board of NASDAQ (OTCBB) under the symbol FGHLQ.

The provisions for income taxes were related to U.S. income taxes that we provided at estimated annual effective rates using assumptions as to earnings and other factors that would affect the tax calculation for the remainder of the fiscal year and to the operations of foreign branches and subsidiaries that were subject to local income and withholding taxes.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There are no material changes from the information provided in Item 7A of our Report on Form 10-K for the period ended December 31, 2000.

PART II - OTHER INFORMATION

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

(a) Exhibits.

		Registration or File Number	Form or Report	Report Date	Exhibit Number
*3.01	Restated Certificate of Incorporation	1-10945	10-Q	Sept. 2000	3.01
3.02	Amended and Restated By-Laws				

* Indicates exhibit previously filed with the Securities and Exchange Commission as indicated and incorporated herein by reference.

(b) Reports on Form 8-K.

The registrant filed a report on Form 8-K dated March 26, 2001 furnishing under Item 9 information regarding the posting of a presentation on the Company's web site.

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.

OCEANEERING INTERNATIONAL, INC.
(Registrant)

Date: May 10, 2001 By: //s// JOHN R. HUFF
John R. Huff
Chairman and Chief Executive Officer

Date: May 10, 2001 By: //s// MARVIN J. MIGURA
Marvin J. Migura
Senior Vice President and Chief Financial Officer

Date: May 10, 2001 By: //s// JOHN L. ZACHARY
John L. Zachary
Controller and Chief Accounting Officer