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 June 30, 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 August 1, 2001
Common Stock, $.25 Par Value	23,593,436 shares

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2001	Dec. 31, 2000
	(in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 10,913	$ 9,911
Accounts receivable (net of allowance for doubtful accounts of $1,309 and $510)	138,600	107,417
Prepaid expenses and other	34,052	27,019
Total current assets	183,565	144,347
Property and Equipment, at cost	544,168	523,385
Less: accumulated depreciation	204,213	187,025
Net property and equipment	339,955	336,360
Goodwill (net of amortization of $8,156 and $7,526)	10,833	11,493
Other Assets	22,893	20,484
TOTAL ASSETS	$557,246	$512,684
LIABILITIES and SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts and notes payable	$ 29,530	$ 25,149
Accrued liabilities	69,392	60,139
Income taxes payable	11,042	8,736
Total current liabilities	109,964	94,024
Long-term Debt, net of current portion	190,000	180,000
Other Long-term Liabilities	33,346	31,766
Commitments and Contingencies		
Shareholders' Equity	223,936	206,894
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$557,246	$512,684

See Notes to Consolidated Financial Statements.

OCEANEERING INTERNATIONAL, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2001	2000	2001	2000
	(in thousands, except per share amounts)			
Revenues	$132,223	$104,039	$236,477	$215,082
Cost of Services	107,482	88,666	190,932	182,232
Selling, General and Administrative Expenses	10,619	9,995	21,135	20,224
Income from operations	14,122	5,378	24,410	12,626
Interest Income	124	149	205	260
Interest Expense, net of capitalized interest of $585 and $793, and $1,930 and $1,379	(2,624)	(1,612)	(4,503)	(3,087)
Other Income (Expense), Net	251	309	(233)	111
Income before income taxes	11,873	4,224	19,879	9,910
Provision for Income Taxes	(4,156)	(1,521)	(6,958)	(3,568)
Net Income	$ 7,717	$ 2,703	$ 12,921	$ 6,342
Basic Earnings per Share	$0.33	$0.12	$0.55	$0.28
Diluted Earnings per Share	$0.32	$0.12	$0.54	$0.27
Weighted average number of common shares	23,464	22,865	23,313	22,820
Incremental shares from stock options	558	321	523	310
Weighted average number of common shares and equivalents	24,022	23,186	23,836	23,130

See Notes to Consolidated Financial Statements.

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

	For the Six Months Ended June 30,	
	2001	2000
	(in thousands)	
Cash Flows from Operating Activities:		
Net Income	$ 12,921	$ 6,342
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	20,993	18,139
Currency translation adjustments and other	(834)	(510)
Increase in accounts receivable	(31,183)	(5,823)
Increase in prepaid expenses and other current assets	(7,033)	(1,373)
Increase in other assets	(137)	(2,122)
Increase in current liabilities	15,215	1,415
Increase in other long-term liabilities	1,350	9,672
Total adjustments to net income	(1,629)	19,398
Net Cash Provided by Operating Activities	11,292	25,740
Cash Flows from Investing Activities:		
Purchases of property and equipment and other	(27,829)	(67,522)
Net Cash Used in Investing Activities	(27,829)	(67,522)
Cash Flows from Financing Activities:		
Net proceeds from revolving credit and other long-term debt	9,927	39,554
Proceeds from issuance of common stock	7,612	2,229
Purchases of treasury stock	--	(754)
Net Cash Provided by Financing Activities	17,539	41,029
Net Increase (Decrease) in Cash and Cash Equivalents	1,002	(753)
Cash and Cash Equivalents - Beginning of Year	9,911	11,104
Cash and Cash Equivalents - End of Period	$ 10,913	$ 10,351

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. These financial statements reflect all adjustments that Oceaneering's management believes are necessary to present fairly Oceaneering's financial position at June 30, 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. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	June 30, 2001	Dec. 31, 2000
	(in thousands)	
Spare parts for remotely operated vehicles	$ 11,776	$ 10,568
Inventories, primarily raw materials	11,826	8,848
Other	10,450	7,603
	$ 34,052	$ 27,019

3. Shareholders' Equity

Shareholders' Equity consisted of the following:

	June 30, 2001	Dec. 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	81,351	78,945
Treasury stock; 453,667 and 979,285 shares, at average cost	(6,079)	(13,123)
Retained earnings	164,727	151,806
Accumulated other elements of comprehensive income	(22,067)	(16,738)
Total shareholders' equity	$223,936	$206,894

4. Income Taxes

Cash taxes paid were $5.4 million and $2.3 million for the six months ended June 30, 2001 and 2000, respectively.

5. Earnings Per Share

Oceaneering has computed earnings per share in accordance with Financial Accounting Standards Board Standard ("SFAS") No. 128, "Earnings Per Share."

6. 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			For the Six Months Ended	
	June 30, 2001	June 30, 2000	March 31, 2001	June 30, 2001	June 30, 2000
			(in thousands)		
Revenues					
Offshore Oil and Gas					
ROVs	$ 40,584	$ 25,362	$ 32,234	$ 72,818	$ 47,394
Subsea Products	27,194	22,502	22,161	49,355	48,896
Mobile Offshore Production Systems	11,130	5,980	6,979	18,109	11,845
Other Services	27,722	22,535	19,767	47,489	50,620
Total Offshore Oil and Gas	106,630	76,379	81,141	187,771	158,755
Advanced Technologies	25,593	27,660	23,113	48,706	56,327
Total	$132,223	$104,039	$104,254	$236,477	$215,082
Gross Margins					
Offshore Oil and Gas					
ROVs	$ 12,544	$ 5,777	$ 9,832	$ 22,376	$ 11,803
Subsea Products	259	2,344	3,028	3,287	5,438
Mobile Offshore Production Systems	2,591	1,331	1,854	4,445	3,519
Other Services	4,659	1,235	2,072	6,731	1,395
Total Offshore Oil and Gas	20,053	10,687	16,786	36,839	22,155
Advanced Technologies	4,688	4,686	4,018	8,706	10,695
Total	$ 24,741	$ 15,373	$ 20,804	$ 45,545	$ 32,850

7. Comprehensive Income

Effective April 1, 1998, Oceaneering adopted SFAS No. 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- and six-month periods ended June 30, 2001 and 2000 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
		(in thousands)		
Net Income per Consolidated Statements of Income	$ 7,717	$ 2,703	$12,921	$ 6,342
Foreign Currency Translation Losses	(2,090)	(2,197)	(5,329)	(3,856)
Comprehensive Income	$ 5,627	$ 506	$ 7,592	$ 2,486

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

	June 30, 2001	December 31, 2000
	(in thousands)	
Accumulated Foreign Currency Translation Adjustments	$(22,067)	$(16,738)

8. New Accounting Standards

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires the use of the purchase method of accounting for all business combinations entered into after June 30, 2001. SFAS No. 141 also specifies criteria intangible assets must meet to be recognized and reported apart from goodwill. SFAS No. 142 changes the accounting method for goodwill from an amortization to an impairment-only approach. SFAS No. 142 will be effective for Oceaneering's quarter ended March 31, 2002 and early adoption of this statement is not permitted. Oceaneering, therefore, will continue to amortize existing goodwill pursuant to existing pronouncements until December 31, 2001, except that the new standards will be immediately effective for any future business combination Oceaneering completes. Any transition charges recognized upon implementation of SFAS No. 142 will be accounted for as a cumulative effect of a change in accounting principle. Oceaneering is currently evaluating the possible effects of the adoption of these standards on its financial position and results of operations.

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 June 30, 2001, we had working capital of $74 million, including $11 million of unrestricted cash, and we had $40 million of borrowing capacity available under our bank revolving credit facility.

Our capital expenditures were $28 million during the six months ended June 30, 2001, as compared to $71 million during the corresponding period of last year. Capital expenditures in the current year consisted of the final costs related to the conversion of a jackup drilling rig to a mobile offshore production unit and additions to our fleet of ROVs. Prior year expenditures consisted of the start of conversion of the jackup drilling rig to a mobile offshore production unit, additions to our fleet of ROVs and multiservice vessel construction.

Commitments for capital expenditures at June 30, 2001 were approximately $14 million for modification of the FPSO *Ocean Producer.* These modifications are required for the new seven-year contract that we discuss below.

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			For the Six Months Ended	
	June 30, 2001	June 30, 2000	March 31, 2001	June 30, 2001	June 30, 2000
			(in thousands)		
Revenues	$132,223	$104,039	$104,254	$236,477	$215,082
Gross margin	24,741	15,373	20,804	45,545	32,850
Gross margin %	19%	15%	20%	19%	15%
Operating margin %	11%	5%	10%	10%	6%

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 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, particularly in deepwater, that is, at water depths of 1,000 feet or more. We have seen increases in deepwater activity compared to the quarter ended March 31, 2001 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			For the Six Months Ended	
	June 30, 2001	June 30, 2000	March 31, 2001	June 30, 2001	June 30, 2000
			(in thousands)		
ROVs					
Revenues	$ 40,584	$ 25,362	$ 32,234	$ 72,818	$ 47,394
Gross margin	12,544	5,777	9,832	22,376	11,803
Gross margin %	31%	23%	31%	31%	25%
Work class utilization %	79%	63%	71%	75%	62%
Subsea Products					
Revenues	$ 27,194	$ 22,502	$ 22,161	$ 49,355	$ 48,896
Gross margin	259	2,344	3,028	3,287	5,438
Gross margin %	1%	10%	14%	7%	11%
Mobile Offshore Production Systems					
Revenues	$ 11,130	$ 5,980	$ 6,979	$ 18,109	$ 11,845
Gross margin	2,591	1,331	1,854	4,445	3,519
Gross margin %	23%	22%	27%	25%	30%
Other Services					
Revenues	$ 27,722	$ 22,535	$ 19,767	$ 47,489	$ 50,620
Gross margin	4,659	1,235	2,072	6,731	1,395
Gross margin %	17%	5%	10%	14%	3%
Total Offshore Oil and Gas					
Revenues	$106,630	$ 76,379	$ 81,141	$187,771	$158,755
Gross margin	20,053	10,687	16,786	36,839	22,155
Gross margin %	19%	14%	21%	20%	14%

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 higher compared to the quarter ended June 30, 2000 due to increased activity levels in our production of control systems. The gross margin is lower in the quarter ended June 30, 2001 due to a loss of $3.5 million recognized on a large steel tube umbilical order in our U.K. plant. We completed this order in the quarter ended June 30, 2001.

Our Mobile Offshore Production Systems revenues and gross margins were higher in the second quarter of 2001 compared to both the immediately preceding quarter and the quarter ended June 30, 2000 as we started receiving partial dayrate revenue from the *Ocean Legend* in the first quarter and full dayrate in the second quarter of 2001. In the second quarter of 2001, we entered into a contract for the FPSO *Ocean Producer* for seven years at another field in Angola. We disconnected the *Ocean Producer* from its location in May 2001 and moved it to a shipyard for modification, life extension and repair as required for the new location. The modifications will have a net cost of approximately $14 million and will include an upgraded mooring system, the addition of water injection equipment and preparation for the future addition of gas injection equipment. We anticipate the *Ocean Producer* will be moved to its new location in the fourth quarter of 2001. Although the prior year included a full year of operation of the *Ocean Producer* and a total of $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*.

Increased offshore activity in the Gulf of Mexico contributed to the significant improvement in gross margins in our Other Services segment. The comparison of the year-to-date results for this segment to its results for the corresponding period of the prior year also reflects the benefits from our exit in 2000 from non-U.S. oilfield diving and vessel activities, which usually consisted of light construction jobs performed at low margins. We anticipate that Other Services will operate at improved margins for the balance of 2001 as compared to 2000, 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			For the Six Months Ended	
	June 30, 2001	June 30, 2000	March 31, 2001	June 30, 2001	June 30, 2000
			(in thousands)		
Revenues	$ 25,593	$ 27,660	$ 23,113	$ 48,706	$ 56,327
Gross margin	4,688	4,686	4,018	8,706	10,695
Gross margin %	18%	17%	17%	18%	19%

Advanced Technologies revenues were lower in the second quarter of 2001 than the quarter ended June 30, 2000 due to lower activities related to theme park attractions. The results in the first six months of 2001 were lower than those achieved in the first six months of 2000 as the prior year 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. Our Advanced Technologies segment results depend in part 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 $345,000 and $722,000 for the three and six months ended June 30, 2001, compared to income of $42,000 and a loss of $138,000 for the three and six months ended June 30, 2000.

Interest expense for the periods ended June 30, 2001 increased compared to the corresponding periods 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 $2,624,000 and $4,503,000 for the three and six months ended June 30, 2001 was net of capitalized interest of $585,000 and $1,930,000.

Other expense in the first half of 2001 included the first quarter writeoff of $600,000 related to the shares of Friede Goldman Halter, Inc. we 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. 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 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 4. Submission of Matters to a Vote of Security Holders.

(a) Oceaneering International, Inc. held its Annual Meeting of Shareholders on May 18, 2001. The following matters were voted upon at the Annual Meeting, with the voting results as follows:

(1) Election of Class III Directors

Nominee	Shares Voted For	Votes Withheld
David S. Hooker	19,376,750	202,103
Harris J. Pappas	19,376,675	202,178

Messrs. Charles B. Evans, John R. Huff and D. Michael Hughes also continued as directors immediately following the Annual Meeting.

(2) Ratification of the appointment of Arthur Andersen LLP as independent auditors for the Company.

Shares Voted For	Shares Voted Against	Shares Abstaining
19,547,051	28,062	3,740

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	1-10945	10-Q	Mar. 2001	3.02
10.1	Defined Contribution Master Plan and Trust Agreement and Adoption Agreement for the Oceaneering International, Inc. Retirement Investment Plan				

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

(b) The Company filed the following reports on Form 8-K during the quarter for which this report is filed.

Date	Description
April 3, 2001	Announcement that the Annual Meeting of Shareholders would be held on May 18, 2001.
May 16, 2001	Information furnished under Item 9 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: August 9, 2001 By: //s// JOHN R. HUFF
John R. Huff
Chairman and Chief Executive Officer

Date: August 9, 2001 By: //s// MARVIN J. MIGURA
Marvin J. Migura
Senior Vice President and Chief Financial Officer

Date: August 9, 2001 By: //s// JOHN L. ZACHARY
John L. Zachary
Controller and Chief Accounting Officer