

August 1, 2007



Parker Drilling Announces Kazakhstan Tax Ruling

HOUSTON, Aug. 1 /PRNewswire-FirstCall/ -- Parker Drilling Company (NYSE: PKD), a U.S. company and worldwide provider of drilling and drilling-related services, announced today that the Supreme Court of Kazakhstan ("SCK") has issued a written ruling which affirms the 2006 SCK ruling upholding an assessment of taxes by the Tax Committee of the Ministry of Finance of Kazakhstan ("MinFin") against the Kazakhstan branch of a Parker subsidiary. The assessment is for income taxes which are based on \$99 million of reimbursements that the subsidiary received for modifications performed in 1998-99 outside of Kazakhstan to upgrade the subsidiary's drilling barge prior to its importation into Kazakhstan.

Parker intends to pursue all appropriate efforts to ensure that this decision is reviewed at senior levels in the Republic of Kazakhstan ("RoK"). Any further consideration of this decision is subject to the discretion of the government of the RoK and it is uncertain if any further consideration or relief will be granted. The exact amount of the judgment, including any additional interest and penalties, will not be known until the formal notice is issued by the Tax Committee of the Ministry of Finance. Although management has consistently maintained it has a strong position to reverse this ruling, due to the requirements of recent accounting rules the company accrued a liability for this possible judgment.

Mr. Robert L. Parker Jr., chairman and chief executive officer stated: "We are extremely disappointed in the ruling of the Kazakhstan Supreme Court today and are convinced that upon further review our issues with the ruling will be appropriately addressed. This ruling is especially distressing to Parker not only because it reverses two earlier decisions of the Supreme Court and is contrary to the U.S.-Kazakhstan Tax Treaty, but also because it does not reflect the strong relationship between Parker and the Republic of Kazakhstan to which Parker has been committed for over 15 years."

Parker continued, "Our company was the first international drilling contractor to come to Kazakhstan in 1993 shortly after successfully assisting the Kazakh Ministry of Oil and Gas with a drilling program to complete very difficult and dangerous wells in the Tengiz field. Since then we have contributed to drilling or completing over 170 wells for Tengizchevroil in the Tengiz field, drilled many other wells for ten other oil and gas companies, including 12 wells in the Kashagan field of the North Caspian Sea, all of which will provide significant financial benefits to Kazakhstan for many years to come."

"In addition, Parker has employed over 1,500 Kazakh citizens and has been a tireless advocate of foreign investment in Kazakhstan, particularly through the efforts of our former chairman, Mr. Robert L. Parker Sr., who was recently honored for his dedication and service to the U.S.-Kazakhstan Business Association. Parker has also advocated strongly with Congress for Kazakhstan to be awarded Market Economy status, an award that is valuable to the country both economically and politically."

Case History

MinFin issued its first assessment in 2001 against the Kazakhstan branch (the "branch") of Parker Drilling Company International Limited (the "subsidiary") for income taxes based on the reimbursements that the subsidiary received. The branch objected to this assessment, the lower court ruled in favor of the branch and MinFin appealed to the SCK. Consistent with the U.S.-Kazakhstan Tax Treaty (the "Treaty") the SCK ruled in 2002 that the income tax assessments were improper because the reimbursements were paid outside of the RoK to the subsidiary, not the branch, and there was no evidence that the payments were paid from or directly funded by a RoK source or that the branch was involved in the modifications of the drilling barge.

In 2005, MinFin tried to re-open the case alleging there was new evidence that the reimbursements were Kazakh-sourced. The SCK ruled that there was no new evidence to support MinFin's claim and ruled in favor of the branch by affirming its 2002 ruling that the assessment was improper.

In October 2005 MinFin re-assessed the branch on the same \$99 million in reimbursements and the lower court again ruled in favor of the branch, holding that the income tax assessment was improper. MinFin appealed to the SCK and in May 2006 the SCK reversed its previous two rulings and upheld the income tax assessment of MinFin. The May 2006 ruling held that a decision of the management committee of the Production Sharing Agreement of the North Caspian Sea ("PSA") allowing the reimbursements as proper expenses for cost recovery under the PSA was "new" evidence that the reimbursements were sourced in the RoK and should be taxed in the RoK. The branch appealed to the supervisory panel of the SCK and the SCK agreed to hear the supervisory appeal, expressing doubts regarding the lawfulness of the May 2006 ruling, indicating that the relevancy of the decision of the management committee and the issue of double taxation under the Treaty should be reviewed. Despite the doubts expressed by the SCK in agreeing to a supervisory review, this decision affirms the 2006 ruling of the SCK upholding the income tax assessment against the branch.

This release contains certain statements that may be deemed to be "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future, including whether or not the Company may be successful in having the Supreme Court's decision reconsidered or prevail in reversing the Supreme Court's decision and the amounts that may be paid in respect of the judgment are forward-looking statements. Although the Company believes that its expectations stated in this release are based on reasonable assumptions, actual results may differ materially from those expressed or implied in the forward-looking statements. For a detailed discussion of risk factors that could cause actual results to differ materially from the Company's expectations, please refer to the Company's reports filed with the SEC, and in particular, the Annual Report on Form 10-K for the year ended December 31, 2006. Each forward-looking statement speaks only as of the date of this release, and the Company undertakes no obligation to publicly update or revise any forward-looking statement.

SOURCE Parker Drilling Company