SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

For Quarterly period ended June 30, 1995

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 umber 1-4219

ZAPATA CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	C-74-1339132
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 4240, Houston, Texas	77210
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code (713) 940-6100

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 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 [ ]

Number of shares outstanding of the registrant's Common Stock, par value $.25 per share, on August 10, 1995: 29,502,815.

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Zapata Corporation

ZAPATA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
ASSETS
(in thousands)

	June 30, 1995	September 30, 1994
Current assets:		
Cash and cash equivalents	$ 1,854	$ 11,416
Restricted cash	77	779
Receivables	21,031	28,206
Inventories:		
Fish products	25,845	34,143
Gas liquids products	656	414
Materials, parts and supplies	3,456	3,601
Prepaid expenses and other current assets	4,269	2,609
Net assets of discontinued operations	79,639	80,687
Total current assets	136,827	161,855
Investments and other assets:		
Notes receivable	--	1,925
Investments	2,100	14,471
Goodwill	6,915	7,220
Deferred income taxes	5,968	2,915
Other assets	16,903	15,600
	31,886	42,131
Property and equipment	165,563	160,862
Accumulated depreciation	(101,162)	(95,748)
	64,401	65,114
Total assets	$ 233,114	$269,100

The accompanying notes are an integral part of the financial statements.

ZAPATA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
LIABILITIES AND STOCKHOLDERS' EQUITY
(in thousands)

	June 30, 1995	September 30, 1994
Current liabilities:		
Current maturities of long-term debt	$ 8,437	$ 2,915
Accounts payable and accrued liabilities	27,776	41,532
Total current liabilities	36,213	44,447
Long-term debt	34,385	53,972
Other liabilities	19,365	16,139
Stockholders' equity:		
Preferred and preference stock	3	2,258
Common stock	7,376	7,930
Capital in excess of par value	129,344	138,293
Reinvested earnings from October 1, 1990	7,168	1,785
Investments unrealized gain (loss), net of taxes	(740)	4,276
	143,151	154,542
Total liabilities and stockholders' equity	$233,114	$269,100

The accompanying notes are an integral part of the financial statements.

ZAPATA CORPORATION
CONDENSED CONSOLIDATED INCOME STATEMENT
(in thousands, except per share amounts)

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994	Nine Months Ended June 30, 1995	Nine Months Ended June 30, 1994
Revenues	$ 36,708	$ 64,686	$126,622	$192,050
Expenses:				
Operating	30,916	58,171	112,602	172,735
Provisions for asset write-downs	12,607	18,810	12,607	18,810
Depreciation, depletion and amortization	2,158	3,107	6,453	8,369
Selling, general and administrative	2,195	3,116	6,462	9,579
	47,876	83,204	138,124	209,493
Operating loss	(11,168)	(18,518)	(11,502)	(17,443)
Other income (expense):				
Interest income	303	382	840	1,448
Interest expense	(735)	(1,213)	(2,449)	(4,753)
Gain on sales of Tidewater common stock	--	--	4,811	37,457
Other	(115)	3,016	453	(2,859)
	(547)	2,185	3,655	31,293
Income (loss) from continuing operations before taxes	(11,715)	(16,333)	(7,847)	13,850
Provision for income taxes				
State	97	98	186	567
Federal	(4,133)	(5,750)	(2,810)	4,650
	(4,036)	(5,652)	(2,624)	5,217
Income (loss) from continuing operations	(7,679)	(10,681)	(5,223)	8,633
Discontinued operations:				
Income from discontinued operations, net of income taxes	537	1,107	1,760	1,393
Reversal of reserve for loss on disposition, net of income taxes	8,897	--	8,897	--
	9,434	1,107	10,657	1,393
Net income (loss)	1,755	(9,574)	5,434	10,026
Preferred stock dividends	--	101	51	303
Net income (loss) to common stockholders	$ 1,755	$ (9,675)	$ 5,383	$ 9,723
Per share data:				
Income (loss) from continuing operations	$ (0.26)	$ (0.34)	$ (0.17)	$ 0.26
Income from discontinued operations	0.32	0.03	0.34	0.05
Net income (loss) per share	$ 0.06	$ (0.31)	$ 0.17	$ 0.31
Average common shares and equivalents outstanding	29,824	31,671	31,120	31,708

The accompanying notes are an integral part of the financial statements.

ZAPATA CORPORATION
DIVISIONAL REVENUES AND OPERATING RESULTS
(in thousands)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1995	1994	1995	1994
Revenues:				
Marine protein	$ 21,737	$ 19,703	$ 61,311	$ 62,307
Natural gas gathering and processing	12,509	41,957	57,829	120,456
Oil and gas	2,462	3,026	7,482	9,287
	$ 36,708	$ 64,686	$126,622	$192,050
Operating income (loss):				
Marine protein	$(10,428)	$ 2,122	$ (8,599)	$ 6,016
Natural gas gathering and processing	(39)	(473)	(482)	(696)
Oil and gas	310	(18,743)	528	(18,103)
Corporate	(1,011)	(1,424)	(2,949)	(4,660)
	$(11,168)	$(18,518)	$(11,502)	$(17,443)

The accompanying notes are an integral part of the financial statements.

ZAPATA CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Nine Months Ended June 30, 1995	Nine Months Ended June 30, 1994
Cash flow provided (used) by operating activities:		
Continuing operations:		
Net income (loss) from continuing operations	$ (5,223)	$ 8,633
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation, amortization and valuation provisions	19,060	27,179
Gain on sale of assets	(5,268)	(37,457)
Changes in other assets and liabilities	(1,987)	(1,570)
Total adjustments	11,805	(11,848)
Cash flow provided (used) by continuing operations	6,582	(3,215)
Discontinued operations:		
Income from discontinued operations	10,657	1,393
Change in net assets of discontinued operations	(11,559)	(10,322)
Cash flow used by discontinued operations	(902)	(8,929)
Net cash provided (used) by operating activities	5,680	(12,144)
Cash flow provided (used) by investing activities:		
Proceeds from dispositions of investments and other	12,381	88,533
Proceeds from restricted cash investments	702	75,083
Proceeds from notes receivable	5,495	1,061
Business acquisitions, net of cash acquired	--	(73,222)
Capital expenditures	(6,844)	(15,054)
Net cash provided by investing activities	11,734	76,401
Cash flow used by financing activities:		
Principal payments of long-term obligations, net	(14,065)	(69,263)
Preferred stock redemption and common stock buybacks	(11,758)	(2,245)
Dividend payments	(1,153)	(404)
Net cash used by financing activities	(26,976)	(71,912)
Net decrease in cash and cash equivalents	(9,562)	(7,655)
Cash and cash equivalents at beginning of period	11,416	15,273
Cash and cash equivalents at end of period	$ 1,854	$ 7,618

The accompanying notes are an integral part of the financial statements.

ZAPATA CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. FINANCIAL STATEMENTS

The condensed consolidated financial statements included herein have been prepared by Zapata Corporation ("Zapata" or the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments that are, in the opinion of management, necessary to fairly present such information. All such adjustments are of a normal recurring nature. Although Zapata believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including significant accounting policies, normally included in financial statements prepared in accordance with generally accepted accounting principles, have been condensed or omitted pursuant to such rules and regulations. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in Zapata's latest annual report on Form 10-K.

In April 1995, Zapata adopted Statement of Financial Accounting Standards No. 121 ("SFAS 121") "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which established accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used, and for long-lived assets and certain identifiable intangibles to be disposed of. As a result of adopting SFAS 121, the Company recorded a $12.6 million pretax provision for asset impairment to reduce its marine protein assets to their estimated fair market value.

NOTE 2. DISCONTINUED OPERATIONS OF NATURAL GAS COMPRESSION

In April 1995, Zapata announced that the Company was considering the sale of its natural gas compression operations. In June 1995, Zapata announced that it had entered into an agreement to sell the assets of its natural gas compression division for $130 million to Enterra Corporation. The agreement is subject to the signing of a definitive agreement and certain governmental approvals. The Company is currently negotiating the terms of the agreement, however, no assurances can be made that this transaction will be completed. The Company's consolidated financial statements have been restated to reflect the natural gas compression operations as a discontinued operation. Summarized results and financial position of the discontinued operations are shown below (amounts in thousands):

	NINE MONTHS ENDED JUNE 30,	
	1995	1994
Financial Results		
Revenues	$53,086	$49,874
Expenses	50,018	47,581
Income before taxes	3,068	2,293
Income tax provision	1,308	900
Net income *	$ 1,760	$ 1,393

	JUNE 30, 1995	SEPTEMBER 30, 1994
Financial Position		
Current assets	$ 36,598	$ 30,696
Other assets	20,016	19,434
Property and equipment, net	59,497	52,496
	116,111	102,626
Debt	27,992	15,200
Other liabilities	8,480	6,739
	36,472	21,939
Net assets of discontinued operations	$ 79,639	$ 80,687

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* Net income includes allocations of interest expense on general corporate debt of $1.2 million in 1995 and $2.7 million in 1994. Interest expense was allocated to discontinued operations based on a ratio of net assets to be sold to the sum of total net assets of the Company plus general corporate debt.

NOTE 3. DISCONTINUED MARINE PROTEIN OPERATIONS SUBSEQUENTLY RETAINED

Zapata has decided to retain the marine protein operations which had previously been reported as a discontinued operation. In April 1995, the Company announced the cancellation of the sale of the marine protein division. Zapata had previously announced that an agreement to sell its marine protein operations had been reached. However, the acquisition group failed to close the transaction.

The Company has concluded that the value of its marine protein operations could be more effectively realized by retaining these operations as part of Zapata's ongoing operations, rather than pursuing another sale transaction. As a result, marine protein's net assets and results of operations for all periods have been reclassified from discontinued operations to continuing operations. Marine protein's results of operations from October 1994 through March 1995 had previously been offset against an after-tax reserve of $8.9 million established in the fourth quarter of fiscal 1994 for the estimated loss on disposition. As a result of the Company's decision to retain the marine protein operations, the $8.9 million reserve has been reversed in the current quarter. Marine protein revenues of $39.6 million and operating income of $1.8 million for the first six months of fiscal 1995 have been reclassified to continuing operations. Also, marine, protein assets and liabilities of $80.7 million and $24.9 million, respectively, as of June 30, 1995 and assets and liabilities of $100.2 million and $32.6 million, respectively, as of September 30, 1994 have been reclassified to continuing operations.

As a result of adopting SFAS 121, Zapata recorded a $12.6 million pretax provision for asset impairment to reduce its marine protein assets. The provision was based on the estimated fair market value of the marine protein assets.

NOTE 4. RESTATED FISCAL 1995 RESULTS OF OPERATIONS

Zapata's first and second quarter income statements for fiscal 1995 have been restated as follows to reflect the natural gas compression operations as a discontinued operation and to reclassify the marine protein operating results to continuing operations, amounts in thousands.

	Three Months Ended	
	December 31, 1994	March 31, 1995
Revenues	$47,388	$42,526
Operating income (loss)	141	(475)
Income from continuing operations	40	2,416
Income from discontinued operations	708	515
Net income	$ 748	$ 2,931

NOTE 5. SUBSEQUENT EVENT

In July 1995, Zapata completed the sale of its remaining U.S. offshore oil and gas properties. The Company received cash, a production payment entitling Zapata to a share of future revenues derived from the properties and other contract consideration. No gain or loss was recognized from the sale as the transaction was recorded at book value.

In August 1995, Zapata announced that it had acquired 31% of the outstanding common stock of Envirodyne Industries, Inc. ("Envirodyne") for $18.8 million from Malcolm Glazer, Chairman of the Board of Zapata and a director of Envirodyne. Zapata paid the purchase price by issuing to the seller a subordinated promissory note bearing interest at prime and maturing in August 1997. Envirodyne is one of the world's major suppliers of food packaging products and food service supplies.. This acquisition is the first major step in the transformation of Zapata away from the energy business and into food-related businesses. Zapata is evaluating acquiring additional shares or proposing a merger with, or acquisition of, Envirodyne in the future.

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

BUSINESS

In April 1995, Zapata announced that the Company was considering the sale of its two natural gas services businesses: the natural gas compression operation and the natural gas gathering and processing operation. The decision to consider exiting the energy industry was based on the belief that businesses outside the energy industry may provide better opportunities for the Company to pursue. The decision to consider redirecting operations away from the energy industry does not imply a decision to liquidate Zapata. The Company is evaluating opportunities to reinvest the stockholders' capital.

In August 1995, Zapata announced that it had acquired 31% of the outstanding common stock of Envirodyne Industries, Inc. ("Envirodyne"), a manufacturer of food packaging and food service supplies for $18.8 million. This acquisition is the first major step in the transformation of Zapata away from the energy business and into food-related businesses. Zapata is evaluating acquiring additional shares or proposing a merger with, or acquisition of, Envirodyne in the future. Zapata is also looking at other opportunities in food-related areas.

In June 1995, Zapata announced that it had entered into an agreement to sell the assets of its natural gas compression division for $130 million. The agreement is subject to the signing of a definitive agreement and certain governmental approvals. The Company is currently negotiating the terms of the agreement, however, no assurances can be made that this transaction will be completed. The Company's consolidated financial statements have been restated to reflect the natural gas compression operations as a discontinued operation. Due to the preliminary nature of the decision process regarding the possible sale of the natural gas gathering and processing operation, the financial statement impact of the ultimate disposition of this business cannot be determined at this time.

Zapata has decided to retain the marine protein operations which had previously been reported as a discontinued operation. In April 1995, the Company announced the cancellation of the sale of the marine protein division. Zapata had previously announced that an agreement to sell its marine protein operations had been reached. However, the acquisition group failed to close the transaction. The Company has concluded that the value of the marine protein operations could be more effectively realized by retaining these operations as part of Zapata's ongoing operations, rather than pursuing another sale transaction. As a result, marine protein's net assets and results of operations for all periods have been reclassified from discontinued operations to continuing operations.

In July 1995, Zapata completed the sale of its remaining U.S. offshore oil and gas properties. The Company received cash, a production payment entitling Zapata to a share of future revenues derived from the properties and other contract considerations. The Company currently plans to retain its Bolivian oil and gas operations.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 1995, Zapata's long-term debt of $34.4 million compared favorably to working capital of $100.6 million and stockholders' equity of $143.2 million. In April 1995, Zapata used the proceeds of $12.7 million from the sale of its remaining 673,077 shares of Tidewater Inc.

("Tidewater") common stock to reduce the Company's $17.5 million in notes due to Norex America, Inc. Remaining mandatory principal payments for the next twelve months total $8.4 million. In July 1995, a subsidiary of the Company, Zapata Protein, Inc., arranged a $15.0 million bank credit facility.

Cash provided by operating activities totalled $5.7 million during the first nine months of fiscal 1995 as compared to a $12.1 million use of cash during the corresponding prior-year period. The use of cash in fiscal 1994 was primarily due to increases in working capital. Cash provided by investing activities totalled $11.7 million during the first nine months of fiscal 1995 as compared to $76.4 million during the first nine months of fiscal 1994. The fiscal 1994 period included proceeds of $85.9 million from the sale of 4.13 million shares of Zapata's Tidewater common stock. Net cash used by financing activities totalled $27.0 million during the first nine months of fiscal 1995 as compared to $71.9 million in the corresponding prior-year period, which included a $68.5 million prepayment of senior debt.

In April 1995, Zapata repurchased 2.25 million shares of Zapata's common stock from Norex America, Inc. for $4.00 per share. The shares repurchased by Zapata represented 7% of the Company's then outstanding common stock. Following the repurchase of these shares, Zapata had approximately 29.5 million shares of common stock outstanding.

In June 1995, Zapata announced that its board of directors had authorized the repurchase of up to 7.5 million shares of its common stock depending on market conditions.

In August 1995, Zapata announced that it had acquired 31% of the outstanding common stock of Envirodyne Industries, Inc. ("Envirodyne") for $18.8 million from Malcolm Glazer, Chairman of the Board of Zapata and a director of Envirodyne. Zapata paid the purchase price by issuing to the seller a subordinated promissory note bearing interest at prime and maturing in August 1997. Envirodyne is one of the world's major suppliers of food packaging products and food service supplies. This acquisition is the first major step in the transformation of Zapata away from the energy business and into food-related businesses. Zapata is evaluating acquiring additional shares or proposing a merger with, or acquisition of, Envirodyne in the future.

RESULTS OF OPERATIONS

Zapata's net income of $1.8 million for the third quarter of fiscal 1995 compared favorably to the fiscal 1994 third quarter net loss of $9.6 million. Net income includes income from the discontinued natural gas compression operations of $537,000 in the fiscal 1995 period and $1.1 million in the corresponding fiscal 1994 period. The discontinued natural gas compression results include allocations of interest on general corporate debt of $341,000 in the fiscal 1995 quarter and $650,000 in the fiscal 1994 quarter. The fiscal 1995 third quarter net income also included net income of $8.9 million from discontinued operations as a result of the reversal of an estimated loss on the disposition of the marine protein operations which was recorded in fiscal 1994.

The Company's net loss from continuing operations of $7.7 million for the three months ended June 30, 1995 compared favorably to a net loss of $10.7 million for the corresponding 1994 period. The fiscal 1995 results include a $12.6 million pretax provision for asset impairment of the Company's marine protein assets as a result of adopting Statement of Financial Accounting Standards No. 121 ("SFAS 121") while the fiscal 1994 results include a pretax valuation provision of $18.8 million associated with the Company's oil and gas operations. Revenues of $36.7 million and an operating loss of $11.2 million in the fiscal 1995 third quarter compared to revenues of $64.7 million and an operating loss of $18.5 million in the 1994 third quarter. The decrease in revenues from the prior year reflects the Company's decision to decrease natural gas trading activity in its gathering and processing operations.

Year-to-date, fiscal 1995 revenues of $126.6 million, an operating loss of $11.5 million and net income of $5.4 million compared to fiscal 1994 revenues of $192.1 million, an operating loss of $17.4 million and net income of $10.0 million.

MARINE PROTEIN--As a result of the Company's decision to retain the marine protein operations, the net assets and results of marine protein's operations for all periods have been reclassified from discontinued operations to continuing operations and the $8.9 million after-tax loss on disposition recorded September 1994 has been reversed in the current quarter. As a result of adopting SFAS 121, the Company recorded a $12.6 million pretax provision for asset impairment to reduce its marine protein assets to their estimated fair market value. SFAS 121 requires companies to write down assets to their estimated fair market value when assets are determined to be impaired.

Reflecting the provision for asset impairment, revenues of $21.7 million and operating loss of $10.4 million in the third quarter of fiscal 1995 compared unfavorably to revenues of $19.7 million and operating income of $2.1 million in the third quarter of 1994. Current quarter sales volume of fish oil was double the prior-year period level while fish meal sales volume was 14% lower in the current quarter as compared to the prior-year quarter. The average price for fish oil increased to $349 per ton in the third quarter of fiscal 1995 from $302 per ton in the 1994 third quarter; fish meal prices averaged $355 per ton in the 1995 period and $346 per ton in the 1994 period. The fiscal 1995 fish catch is approximately 22% lower than the fiscal 1994 fish catch due principally to inclement weather conditions that hampered fishing during the current quarter.

Reflecting the effects of the provision for asset impairment and the lower fish catch, year-to-date fiscal 1995 revenues of $61.3 million and operating loss of $8.6 million compared unfavorably to fiscal 1994 revenues of $62.3 million and operating income of $6.0 million. Fiscal 1995 sales volume of fish oil was 6% higher than the fiscal 1994 sales volume while fiscal 1995 fish meal sales volume declined 3% as compared to fiscal 1994. Year-to-date, fiscal 1995 fish oil prices have averaged $301 per ton versus $317 per ton in fiscal 1994. Likewise, fiscal 1995 fish meal prices have averaged $347 per ton versus $353 per ton in fiscal 1994.

NATURAL GAS GATHERING, PROCESSING AND MARKETING--Zapata's natural gas gathering, processing and marketing operations are conducted through Cimarron Gas Holding Company and its subsidiaries (collectively, "Cimarron"), which were acquired early in fiscal 1993. As a division of Zapata, Cimarron's operations involve two major categories of business activities: the gathering and processing of natural gas and its constituent products and the marketing and trading of natural gas liquids (NGL's).

Revenues and operating results for the three-month and nine-month periods ended June 30, 1995 and 1994 are presented in the following table by major category, in thousands.

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994	Nine Months Ended June 30, 1995	Nine Months Ended June 30, 1994
Revenues				
Gathering & Processing	$ 4,420	$ 7,255	$14,010	$ 18,458
NGL Marketing	8,089	34,702	43,819	101,998
	$12,509	$41,957	$57,829	$120,456
Operating Results				
Gathering & Processing	$ 203	$ (164)	$ 357	$ 148
NGL Marketing	35	147	63	696
Selling & Administrative	(277)	(456)	(902)	(1,540)
	$ (39)	$ (473)	$ (482)	$ (696)

For the third quarter of fiscal 1995, gathering and processing revenues were lower than the prior year as a result of the negative impact of lower natural gas prices, while operating results improved, reflecting increased processing margins. However, marketing revenues and operating income have declined in fiscal 1995 as compared to 1994, due to the Company's decision to reduce its natural gas trading activities.

A comparison of average daily volumes of gas, measured in millions of cubic feet, gathered and processed during the three-month and nine-month periods ended June 30, 1995 and 1994 is shown below.

Average Daily Volumes (MMCF)	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994	Nine Months Ended June 30, 1995	Nine Months Ended June 30, 1994
Gathering	57.0	47.7	53.5	44.9
Processing	26.5	25.0	26.6	21.9

In April 1995, Zapata announced that the Company was considering the sale of its natural gas gathering and processing operation. Due to the preliminary nature of the decision process regarding the possible sale of the natural gas gathering and processing operation, the financial statement impact of the ultimate disposition of this business cannot be determined at this time.

OIL AND GAS--Revenues of $2.5 million and operating income of $310,000 for the third quarter of fiscal 1995 compared favorably to the corresponding fiscal 1994 period's revenues of $3.0 million and operating loss of $18.7 million. The fiscal 1994 period loss included an $18.8 million property valuation provision. Although the Company's U.S. natural gas prices improved during the third quarter of fiscal 1995, current quarter prices were lower than the prior-year quarter prices. Zapata's domestic natural gas production for the third quarter of fiscal 1995 approximated the level of production in the corresponding fiscal 1994 period. The Company's Bolivian operations contributed $399,000 to operating income in the third quarter of fiscal 1995 as compared to $483,000 in the third quarter of fiscal 1994.

Year-to-date, fiscal 1995 revenues of $7.5 million and operating income of $528,000 compared favorably to the fiscal 1994 revenues of $9.3 million and operating loss of $18.1 million due primarily to the 1994 property write-down. Bolivian operations contributed operating income of $1.2 million in fiscal 1995 and $2.4 million in fiscal 1994.

DISCONTINUED OPERATIONS--NATURAL GAS COMPRESSION

In April 1995, Zapata announced that the Company was considering the sale of its natural gas compression operations. In June 1995, Zapata announced that it had entered into an agreement to sell the assets of its natural gas compression division for $130 million to Enterra Corporation. The agreement is subject to the signing of a definitive agreement and certain governmental approvals. The Company is currently negotiating the terms of the agreement, however, no assurance can be made that this transaction will be completed. The Company's consolidated financial statements have been restated to reflect the natural gas compression operations as a discontinued operation.

The major segments of Energy Industries' natural gas compression revenues and operating results for the three-month and nine-month periods ended June 30, 1995 and the three-month and eight-month periods ended June 30, 1994, in thousands, are identified below.

	Three Months Ended June 30,		Nine Months Ended June 30,	Eight Months Ended June 30,
	1995	1994	1995	1994
Revenues				
Compressor Rental	$ 4,403	$ 5,163	$12,978	$12,066
Fabrication and Sales	8,989	9,272	21,879	17,150
Parts & Service	4,731	5,187	14,919	14,123
Other	1,206	2,188	3,310	6,535
	$19,329	$21,810	$53,086	$49,874
Operating Results				
Compressor Rental	$ 1,175	$ 1,336	$ 3,592	$ 3,686
Fabrication and Sales	875	1,206	2,421	1,762
Parts & Service	850	1,152	2,818	2,760
Other	198	383	348	908
Selling & Administrative	(1,394)	(1,617)	(4,378)	(4,274)
	$ 1,704	$ 2,460	$ 4,801	$ 4,842

(The Other segment includes the results of the heat exchanger manufacturing operation which was sold during the second quarter of fiscal 1995 and used equipment sales.)

Natural gas compressor package rental utilization is affected primarily by the number and age of producing oil and gas wells, the volume of natural gas consumed and natural gas prices. Rental rates are determined primarily by the demand for compressor packages and vary by size and horsepower of a compressor package. Energy Industries' utilization, rental rates and fleet size as of June 30, 1995 and 1994 are compared in the following table.

	June 30, 1995	June 30, 1994
Fleet utilization:		
Horsepower	81.5%	77.8%
Monthly rental rate, based on:		
Horsepower	$15.54	$17.43
Fleet size:		
Number of units	771	701
Horsepower	129,467	107,494

Reflecting the effects of low natural gas prices, Energy Industries' operating results continued to be negatively impacted during the third quarter of fiscal 1995. As a result, Energy Industries' operating income during the third quarter of fiscal 1995 compared unfavorably to the third quarter income in fiscal 1994.

PART II--OTHER INFORMATION

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

The Company held its 1995 Annual Meeting of Stockholders on July 27, 1995 (the "1995 Annual Meeting"). An aggregate of 29,505,034 shares of the Company's equity securities were outstanding and entitled to vote at the 1995 Annual Meeting as follows: 29,502,407 shares of Common Stock and 2,627 shares of $2 Noncumulative Convertible Preference Stock. At this meeting, the stockholders voted on the following matters:

Election of Class III Directors

	For	Against
Robert V. Leffler, Jr.	23,515,741	1,523,931
W. George Loar	23,510,424	1,529,248

In addition to the Class III Directors elected at the 1995 Annual Meeting, Malcolm I. Glazer and Ronald C. Lassiter continue to serve as Class I Directors until the 1996 Annual Meeting of Stockholders, and Avram A. Glazer and Peter M. Holt continue to serve as Class II Directors until the 1997 Annual Meeting of Stockholders.

Ratification of the Appointment of Coopers & Lybrand L.L.P. as Independent Public Accountants

For	Against	Abstained	Broker Non-Vote
24,603,811	329,905	108,067	91,175

Subject to stockholder approval, the Board of Directors of the Company appointed Coopers & Lybrand L.L.P. to serve as the Company's independent public accountants for the year ending September 30, 1995.

Stockholder Proposal on Cumulative Voting

For	Against	Abstained	Broker Non-Vote
1,874,627	15,385,521	234,018	8,250,338

Mr. Martin Glotzer, a stockholder of the Company, presented the stockholder proposal to be voted on at the 1995 Annual Meeting in which he requested that the stockholders of the Company amend the Company's Restated Certificate of Incorporation, as amended, to provide for cumulative voting on the election of directors of the Company.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

The exhibits indicated by an asterisk (*) are incorporated by reference to the Zapata Corporation Annual Report on Form 10-K for the fiscal year ended September 30, 1994.

3(a)* --Restated Certificate of Incorporation of Zapata filed with Secretary of State of Delaware May 3, 1994 (Exhibit 3(a) to Current Report on Form 8-K dated April 27, 1994 (File No. 1-4219)).

3(b)* --Certificate of Designation, Preferences and Rights of $1 Preference Stock (Exhibit 3(c) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1993 (File No. 1-4219)).

3(c)* --Certificate of Designation, Preferences and Rights of $100 Preference Stock (Exhibit 3(d) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1993 (File No. 1-4219)).

3(d)* --By-laws of Zapata, as amended effective August 17, 1994.

4(a)* --Second Amended and Restated Master Restructuring Agreement, dated as of April 16, 1993 between Zapata and Norex Drilling Ltd. (Exhibit 12 to Zapata's Amendment No. 3 to Schedule 13D dated April 30, 1993).

4(b)* --First Amendment to Second Amended and Restated Master Restructuring Agreement dated as of May 17, 1993 between Zapata and Norex Drilling Ltd. (Exhibit 4(c) to Zapata's Registration Statement on Form S-1 (No. 33-68034)).

4(c)* --Second Amendment to Second Amended and Restated Master Restructuring Agreement, dated as of December 17, 1993 between Zapata and Norex Drilling Ltd. (Exhibit 4(c) to Zapata's Annual Report on Form 10-K for the fiscal year ended September 30, 1993 (File No. 1-4219)).

4(d)* --Securities Liquidity Agreement, dated as of December 19, 1990, by and among Zapata and each of the securities holders parties thereto (Exhibit 4(b) to Zapata's Annual Report on Form 10-K for the fiscal year ended September 30, 1990 (File No. 1-4219)).

4(e)* --Consent Letter and Waiver dated as of March 7, 1995 by and between Norex America, Inc. and Zapata Corporation (Exhibit 4(e) to Zapata's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 (File No. 1-4219))

10(a) --Letter Agreement dated June 29, 1995 by and between Enterra Corporation and Zapata Corporation.

10(b) --Assignment and Assumption of Consulting Agreement effective as of July 1, 1995 by and between Zapata Corporation and Zapata Protein, Inc.

27 --Financial Data Schedule.

(b) Reports on Form 8-K

Current report on Form 8-K dated June 9, 1995 (Item 5. Other events--reported the election of Robert V. Leffler, Jr. and W. George Loar to serve as Class III Directors, filling the vacancies left by the resignations of Myrl S. Gelb and Luther W. Miller).

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.

ZAPATA CORPORATION

August 14, 1995	By: /s/ JOSEPH L. VON ROSENBERG III -------------------------------- Joseph L. von Rosenberg III Vice President, General Counsel and Corporate Secretary
August 14, 1995	By: /s/ LAMAR C. MCINTYRE -------------------------------- Lamar C. McIntyre Vice President, Chief Financial Officer, Treasurer and Assistant Secretary

EXHIBIT INDEX

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* Incorporated by reference to the Zapata Corporation Annual Report on Form 10-K for the fiscal year ended September 30, 1994.

[LETTERHEAD OF ENTERRA APPEARS HERE]

VIA FACSIMILE (713) 940-6122

June 29, 1995

Mr. Lamar C. McIntyre
Chief Financial Officer
Zapata Corporation
One Riverway, Suite 2150
Houston, Texas 77056

Dear Mr. McIntyre:

This letter will confirm the agreement between Zapata Corporation ("Zapata") and Enterra Corporation ("Enterra") pursuant to which Enterra agrees, subject only to the conditions contained herein, to purchase from Zapata, and Zapata agrees to sell to Enterra, all of the assets of Zapata's wholly-owned subsidiary, Energy Industries, Inc. ("EI"), for the cash price of $130,000,000.00 (the "Purchase Price"). The Purchase Price shall be wire transferred by Enterra to the bank account designated by Zapata. This agreement shall be subject only to expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Completion"), and to signing of a definitive asset purchase agreement containing customary and reasonable representations and warranties and indemnification provisions. Closing of this transaction shall take place as soon as possible after HSR Completion. Both Enterra and Zapata agree to use their best efforts to close the transaction before August 31, 1995.

In exchange, Zapata agrees to discontinue all further discussions with other potential acquirors of EI and will not solicit or accept any other offers for EI (the "No-Shop Commitment"). The No-Shop Commitment will remain in force until HSR Completion.

This agreement shall be governed by and construed in accordance with the laws of the State of Texas. This agreement contains the entire agreement of the parties and may not be changed orally but only in writing signed by the parties against which enforcement of any waiver or modification is sought. If any legal action is brought for the enforcement of this agreement or because of any alleged dispute, breach or default in connection with any of the provisions of this agreement, the successful or prevailing party shall be entitled to recover reasonable attorney's fees incurred in this action or proceeding in addition to any other relief to which it may be entitled.

Enterra Corporation . 13100 Northwest Freeway, Sixth Floor . Houston, Texas 77040-6310 . (713) 462-7300 . FAX: (713) 462-7816

If this letter accurately reflects our agreement, please execute in the space provided below and return one fully-executed original to me as soon as possible.

Very truly yours,

ENTERRA CORPORATION

/s/ Steven C. Grant

Steven C. Grant
Senior Vice President
Corporate Development

ACCEPTED AND AGREED TO:

ZAPATA CORPORATION

/s/ Lamar C. McIntyre

Lamar C. McIntyre
Chief Financial Officer

EXHIBIT 10(b)

ASSIGNMENT AND ASSUMPTION OF CONSULTING AGREEMENT

This Assignment and Assumption of Consulting Agreement (the "Assignment") is effective as of July 1, 1995 (the "Effective Date") and is made by and between ZAPATA CORPORATION ("Assignor") and ZAPATA PROTEIN, INC. ("Assignee").

Pursuant to the Consulting Agreement dated July 15, 1994 by and between Assignor, Assignee and R. C. LASSITER ("Executive"), as amended by letter agreements dated January 23, 1995 and March 15, 1995 (all of which together constitute the "Agreement"), Executive did agree to serve as an independent consultant to and as Chairman of the Board of Directors and Chief Executive Officer of Assignee.

Assignor now desires to assign all of its interest in the Agreement, and Assignee desires to accept the Assignment and to assume all duties, obligations and liabilities of the Assignor in connection with the Agreement.

FOR VALUE RECEIVED, the receipt and sufficiency of which hereby are acknowledged and confessed by Assignor and Assignee, and in further consideration of the agreements of the Assignee as set forth below, the Assignor hereby assigns, conveys and transfers to the Assignee all right, title and interest of the Assignor in and to the Agreement, a copy of which is attached to this document as EXHIBIT "A" and incorporated herein by this reference for all purposes. As of the Effective Date and except as provided elsewhere in this Agreement, the Assignee hereby accepts this assignment and, in addition, expressly assumes and agrees to perform and fulfill all the terms, covenants, conditions, duties and obligations required of the Assignor under the Agreement and assumes all liabilities of the Assignor in connection with the Agreement and agrees to timely make all payments due or payable and to become due or payable by the Assignor under the Agreement. Assignee hereby acknowledges that Assignor is not in default of any of its obligations under the Agreement. Without limiting the generality of the foregoing, Assignor has performed all obligations required to be performed by it prior to the date hereof.

The Agreement and this instrument, upon Assignor and Assignee executing in writing their consent hereof, constitute the full and final understanding and only agreement of Assignor and Assignee, and may not be modified or amended to bind either party, except by written instrument signed by their authorized representatives. Assignee acknowledges having received a copy of and read and understood the Agreement and agrees to be bound by all of its terms and conditions.

IN WITNESS WHEREOF, the parties have executed this Assignment by their duly authorized representatives, Assignee and Assignor each representing and warranting to the other that Assignee and Assignor are each duly organized and validly existing and in good standing, Assignor as a Delaware corporation, and Assignee as a Delaware corporation, and Assignor and Assignee each have full right, power and authority to execute and deliver and perform under this Assignment and the person executing this Assignment on behalf of Assignee and the person executing this Assignment on behalf of Assignor are each duly authorized and empowered to do so.

Capitalized terms used herein without definition shall have the same meanings ascribed to them in the Agreement.

ZAPATA CORPORATION ("Assignor")

By: /s/ Joseph L. von Rosenberg III

Joseph L. von Rosenberg III
Vice President, General Counsel and
Corporate Secretary

ZAPATA PROTEIN, INC. ("Assignee")

By: /s/ Joseph D. Oliver III

Joseph D. Oliver III
Executive Vice President--Finance

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This schedule contains summary financial information extracted from the condensed consolidated balance sheet and the condensed consolidated statements of earnings at the date and for the period indicated and is qualified in its entirety by reference to such financial statements. All amounts shown are in thousands of dollars, except per share data.

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9-MOS
SEP-30-1995
JUN-30-1995
1,931
0
21,031
0
29,957
136,827
165,563
101,162
233,114
36,213
34,385
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135,772
233,114
126,622
126,622
138,124
138,124
(6,104)
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2,449
(7,847)
(2,624)
(5,223)
10,657
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5,434
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.17