

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 04/02/07 for the Period Ending 04/02/07

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
CIK	0000046765
Symbol	HP
SIC Code	1381 - Drilling Oil and Gas Wells
Industry	Oil & Gas Drilling
Sector	Energy
Fiscal Year	09/30

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): April 2, 2007

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

State of Incorporation: Delaware

COMMISSION FILE NUMBER 1-4221

Internal Revenue Service – Employer Identification No. 73-0679879

**1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma 74119
(918)742-5531**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

ITEM 7.01 REGULATION FD DISCLOSURE

Helmerich & Payne, Inc. will deliver an investor and securities analyst presentation that includes the slides filed as Exhibit 99.1 to this Current Report on Form 8-K, which are incorporated herein by reference.

This information is not “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing made pursuant to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended. The furnishing of these slides is not intended to constitute a representation that such information is required by Regulation FD or that the materials they contain include material information that is not otherwise publicly available.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slides to be shown during an investor and securities analyst presentation.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly authorized the undersigned to sign this report on its behalf.

HELMERICH & PAYNE, INC.
(Registrant)

/S/ Steven R. Mackey

Steven R. Mackey
Vice President

DATE: April 2, 2007

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slides to be shown during an investor and securities analyst presentation.

Helmerich & Payne, Inc.

Howard Weil Energy Conference

New Orleans – April 2, 2007



Investor Relations Contact: Juan Pablo Tardio – (918) 588-5383 – juanpablo.tardio@hpinc.com



The information contained within this presentation is forward looking and involves risks and uncertainties that could significantly impact expected results. A discussion of these risks and uncertainties is contained in the Company's Form 10-K filed with the Securities and Exchange Commission on December 13, 2006.

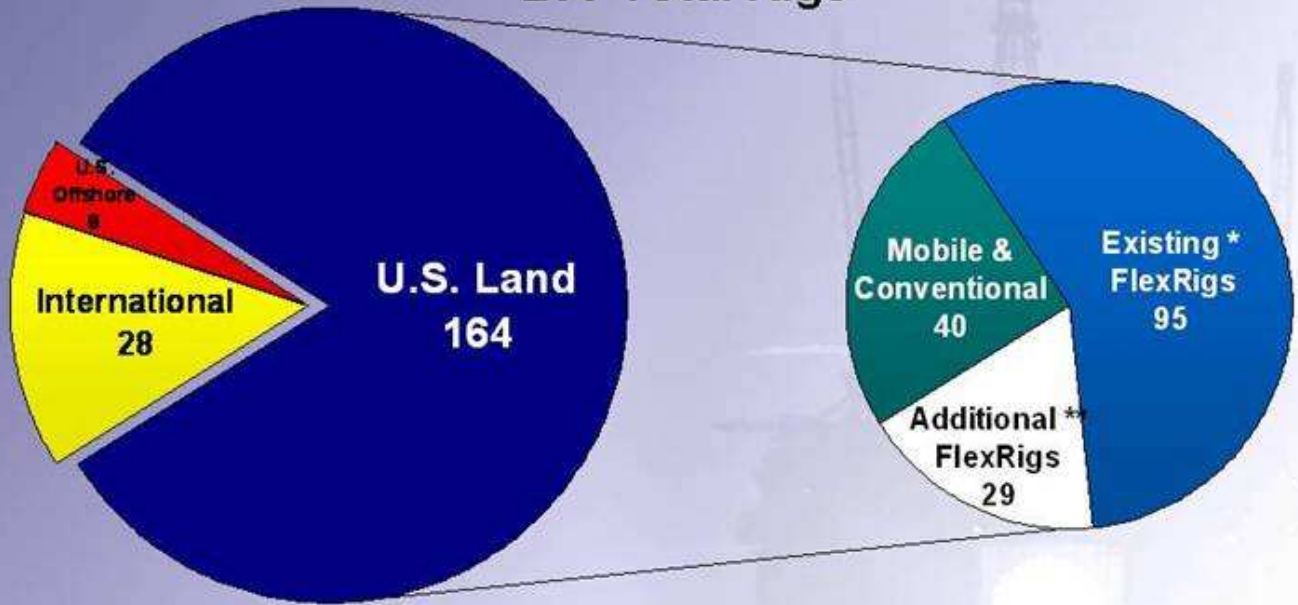


About H&P

- **Drilling since 1920**
- **Designing and building FlexRigs since 1997**
- **Over 250 rig-years of FlexRig operations**
- **The most modern land rig fleet in the industry**
- **An organizational structure designed to support rigs with state-of-the-art technology**
- **People committed to quality and safety**



200 Total Rigs

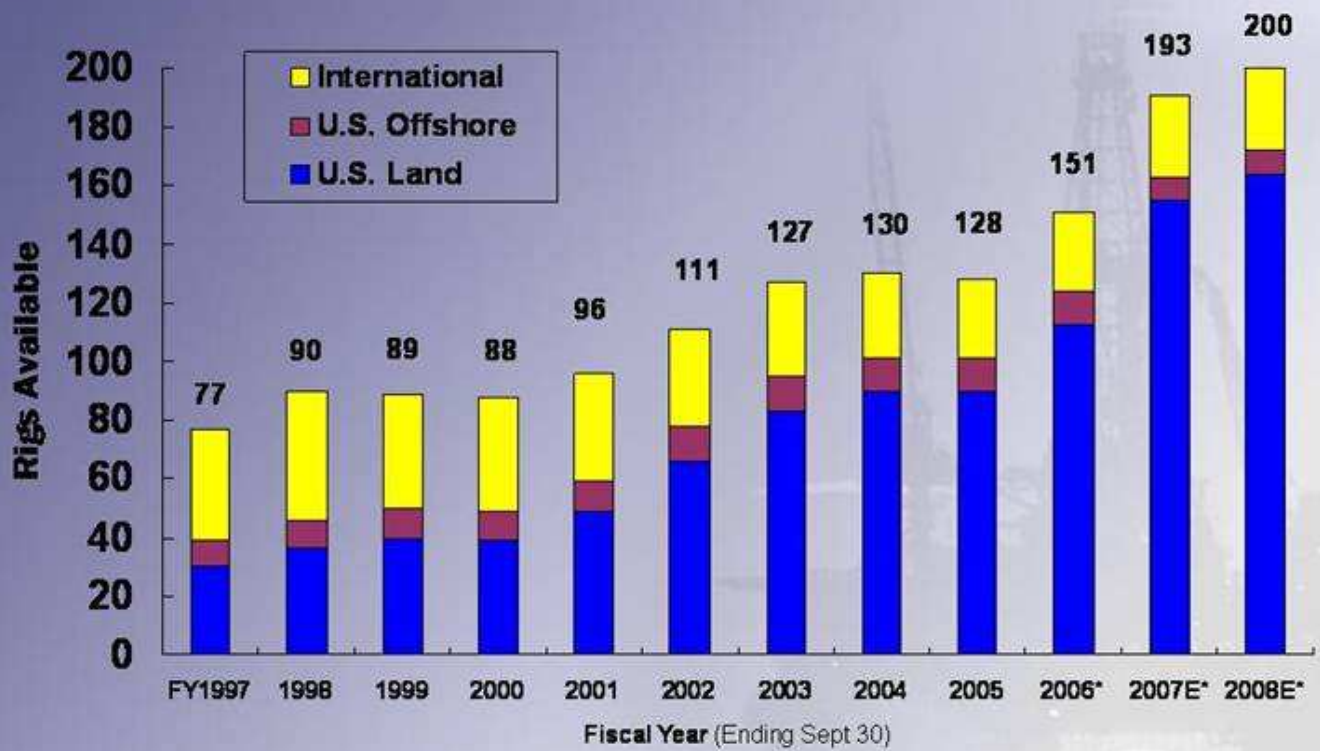


* As of March 31, 2007.

** 27 scheduled for delivery during the remainder of 2007, and two in early 2008.



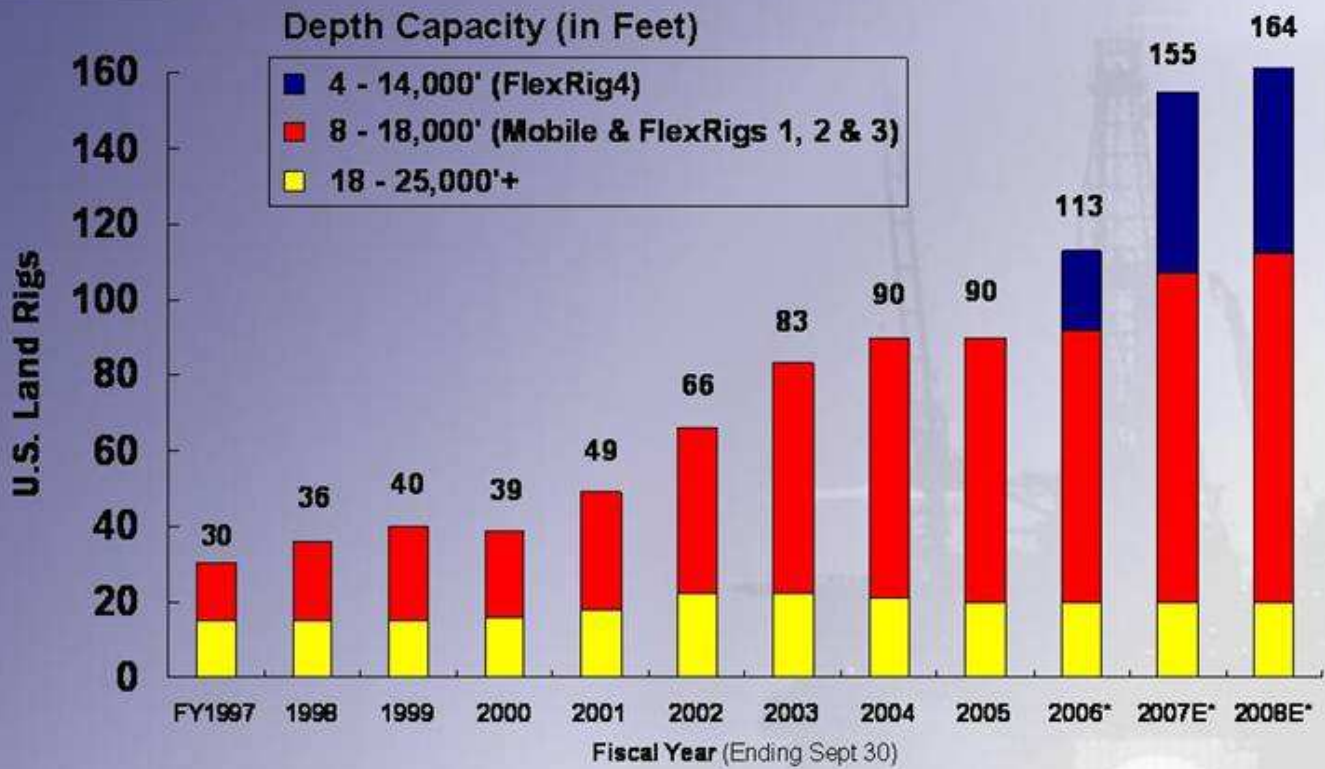
Evolution of H&P's Global Fleet



* Includes commitments for 75 new builds.



Growth in H&P's U.S. Land Fleet



* Includes commitments for 74 new builds to enter the U.S. land market.



**What happens in today's moderating
U.S. land market?**



A collage of three images: on the left, a close-up of an oil rig's machinery; in the center, a group of about ten workers in white shirts and hard hats standing together; on the right, another view of an oil rig's structure.

H&P's Differentiated Approach

- **Create value through efficiency and safety**
 - Provide the most innovative and advanced rigs
 - Structure the organization required to support them
- **Drive customers' total well costs down**
- **Seize opportunities to expand market share**
- **Deliver premium margins and sustainable growth to shareholders**

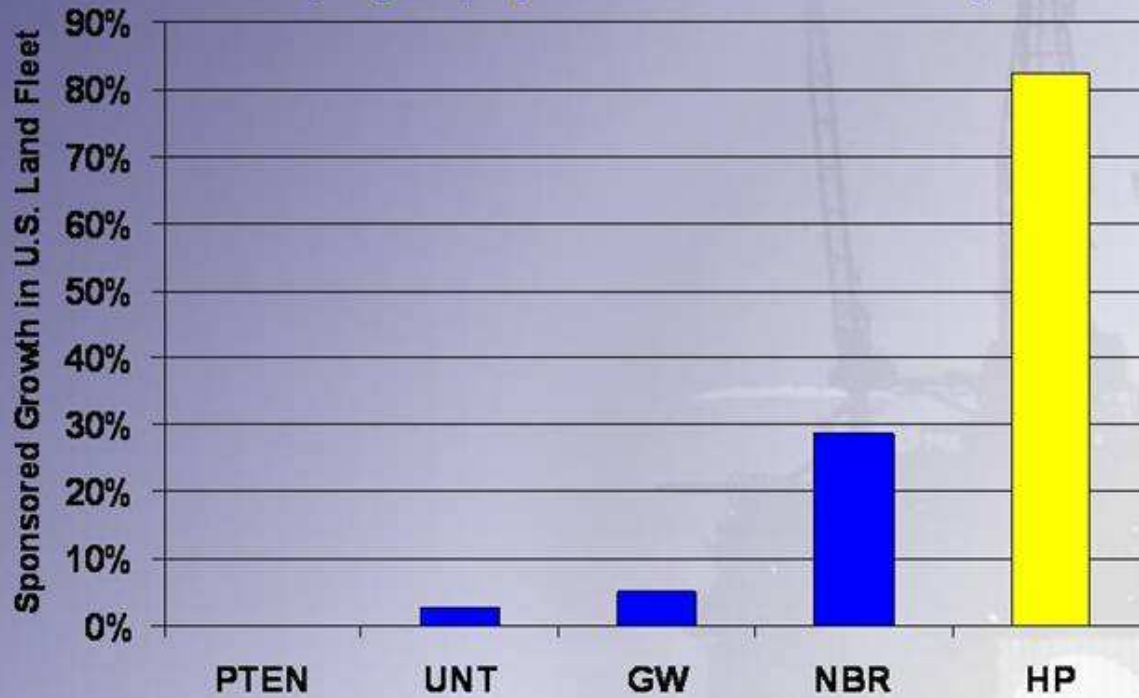


Customer Sponsored Growth in the U.S.

New Builds with Customer Commitments

Growth Sponsored by Customers

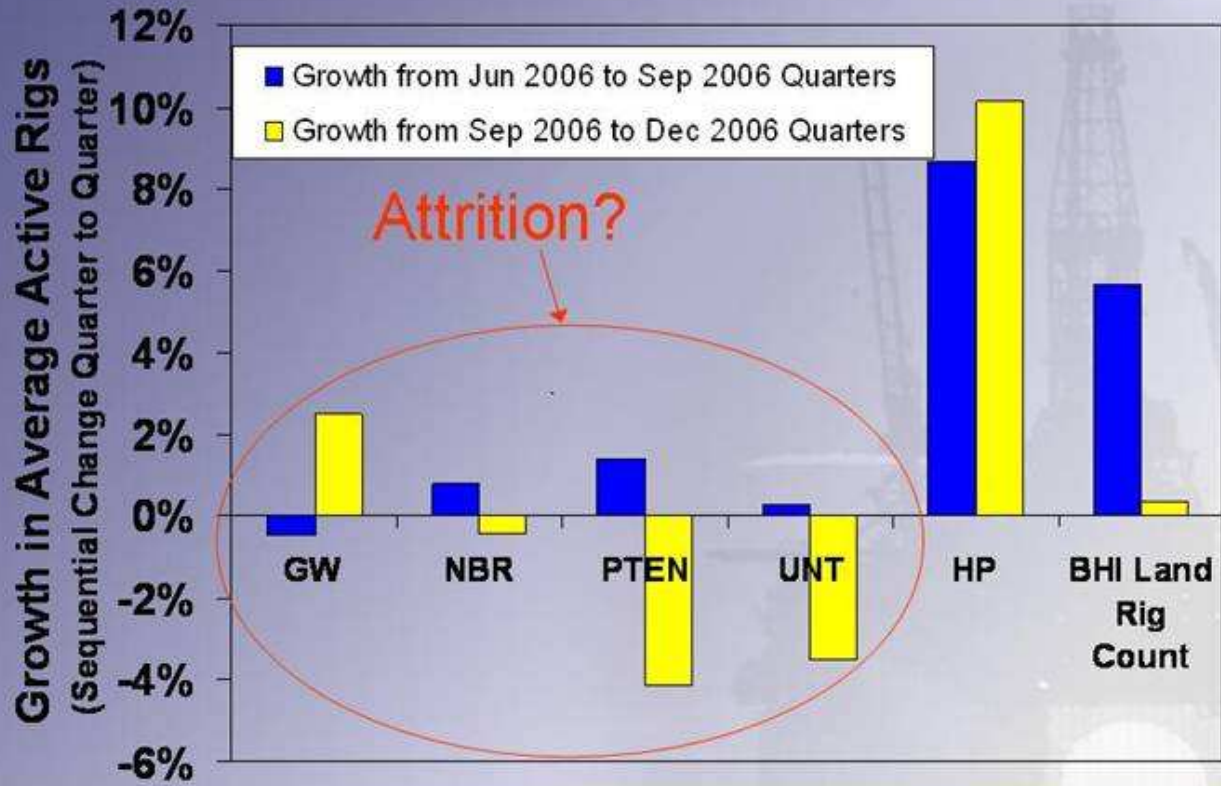
(Using Company's 2005 U.S. Land Fleet as Base)





Quarterly Rig Activity Growth

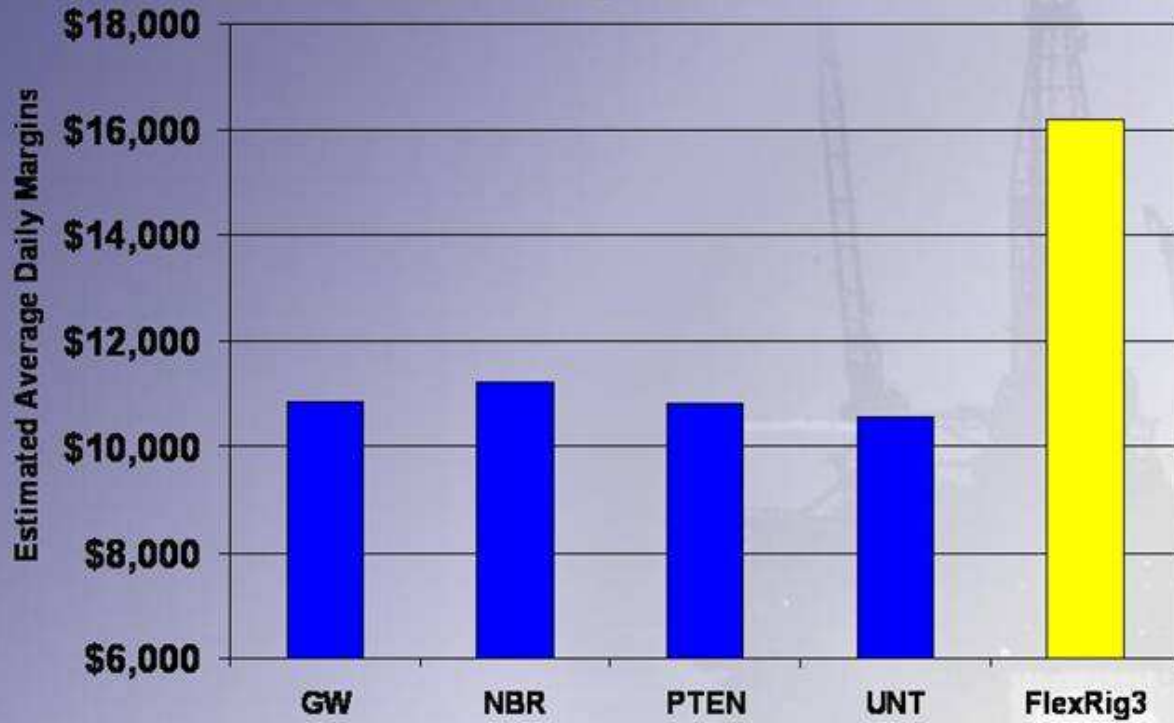
Growth in U.S. Land Average Rig Activity





Technology and Quality Service Make a Difference

U.S. Land Daywork Drilling Margins Quarter Ending December 31, 2006

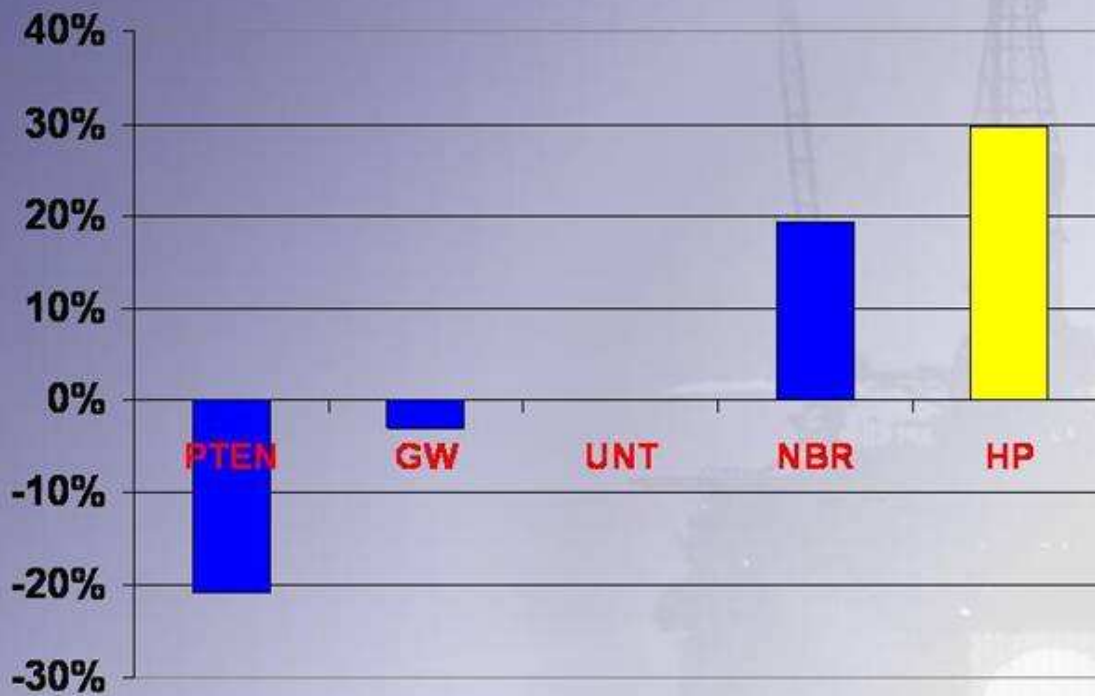


HELMERICH & PAYNE, INC.



Peer Group Cash Flow Growth Comparison

Analyst Estimates CY2006-CY2007 CPS Growth (First Call Consensus, Mar 28 2007)





The BH U.S. Land Rig Count is Not Declining





U.S. Land Drilling Market

- **Retooling effort continues**
- **New and improved rigs replacing old and tired rigs**
- **Rig count remains high**
- **Spot dayrates remain historically high, but continue to decline**
- **Trend is toward more technically challenging drilling**



U.S. Land Drilling Market

- **Market segmentation will continue**
- **Operators remain focused on efficiency and associated cost savings**
- **Long view of most customers provides an opportunity to high-grade their rig rosters**

A group of approximately ten people, including men and women, are standing in an industrial setting, possibly an oil rig or refinery. They are wearing hard hats and work clothes. The background shows various pieces of industrial equipment and structures.

Mitigated Impact to H&P if U.S. Land Slows Down

- **Solid H&P customer base** (over 80% super majors, majors and other large operators)
- **Term contracts** (over 50% of potential fiscal 2007 H&P U.S. land activity is already contracted)
- **Continued growth expected** (over forty FlexRigs are expected to be deployed during fiscal 2007)
- **Quality of fleet on spot market** (35 of 61 H&P rigs in the U.S. land spot market are FlexRigs)

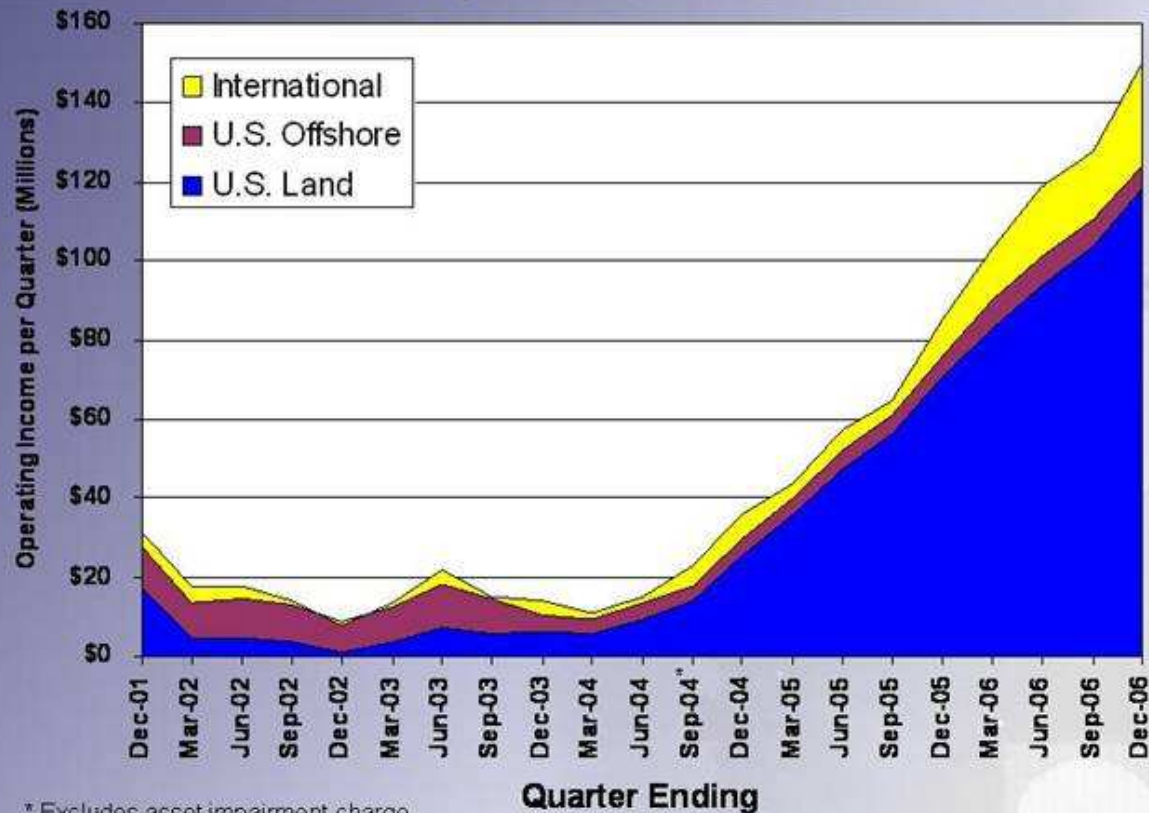
**Helmerich & Payne, Inc.
FlexRig4S in Western Colorado**






H&P's Operating Income

H&P Segment Operating Income



* Excludes asset impairment charge.

A banner image showing a group of people in white hard hats and work clothes standing in front of industrial equipment, likely an oil rig. The background is a blurred view of a large industrial structure, possibly a drilling rig, with a bright light source at the bottom.

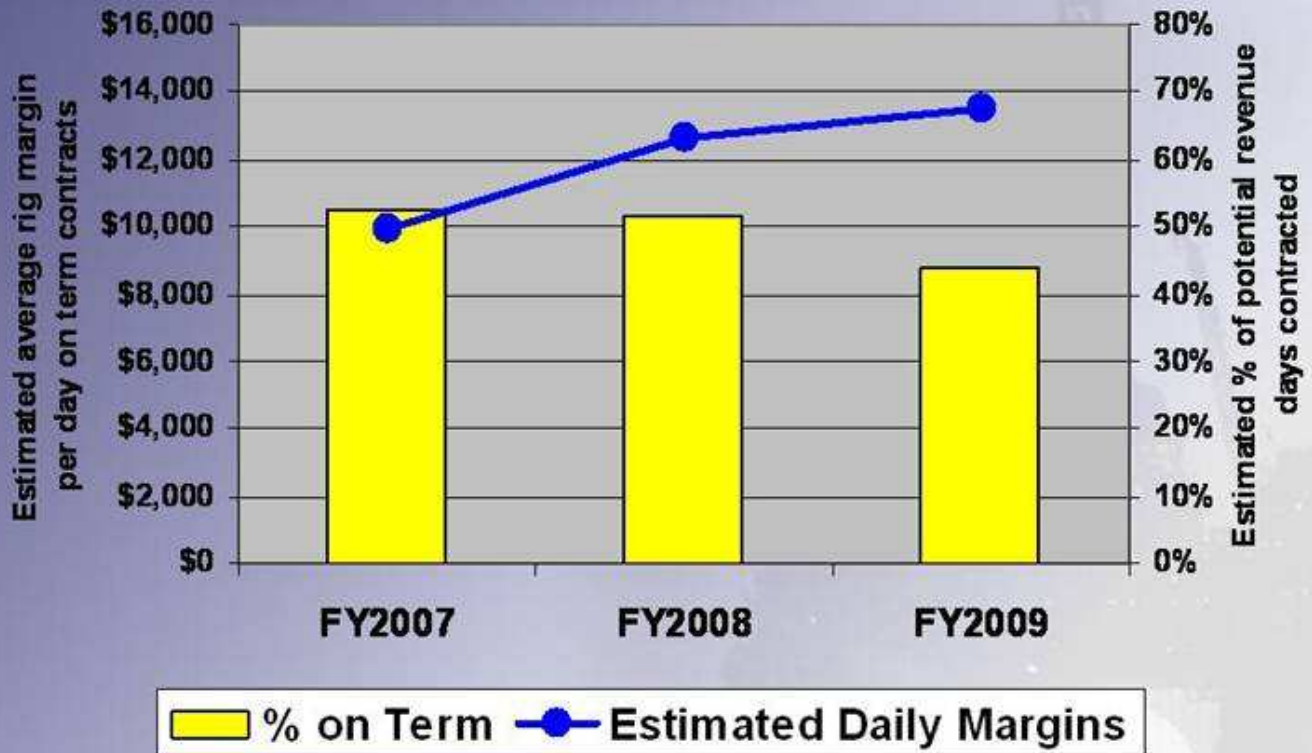
H&P's U.S. Land Operations

- Utilization remains high at 97%
- Although declining, spot dayrates remain historically high
- Rigs on term contracts
 - 55% of currently active rigs are under term contracts
 - 45 new FlexRigs delivered since January 2006
 - Expect average daily margins on term contracts to continue to increase



H&P U.S. Land Term Contracts

H&P U.S. Land Rigs Currently on Term Contracts



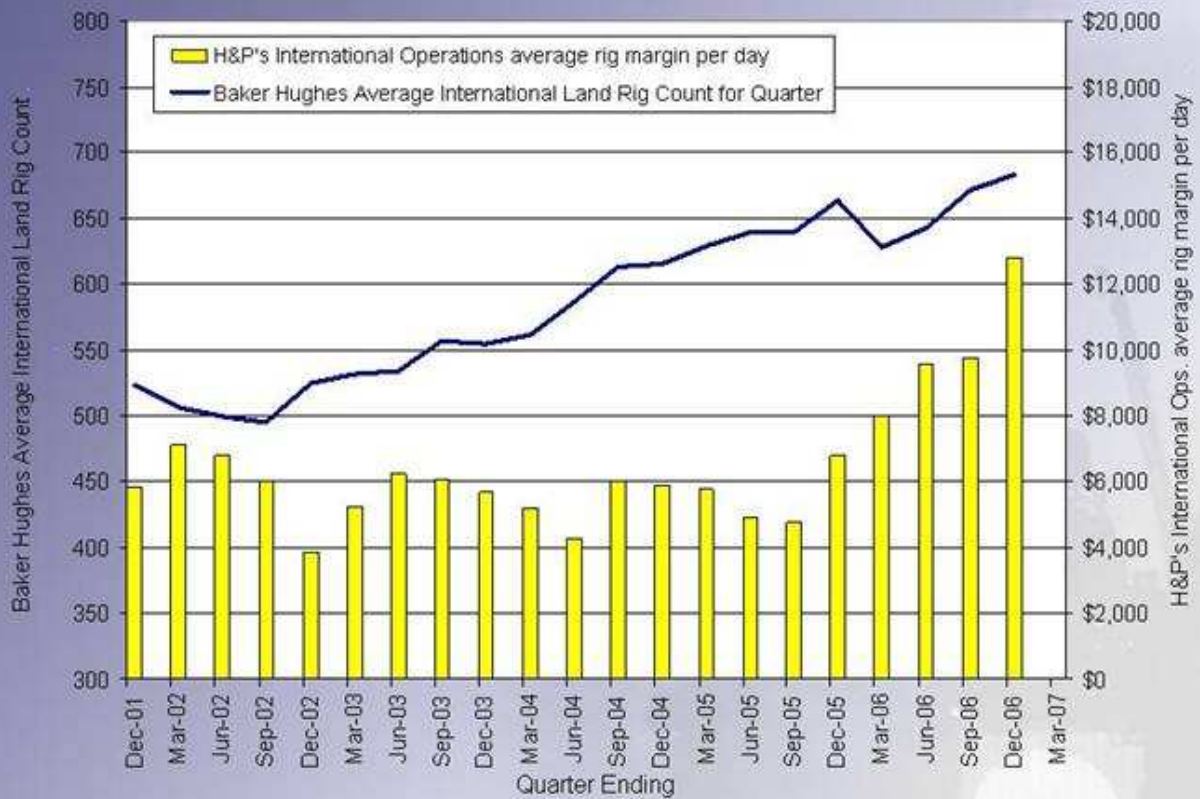


H&P's International Operations

- Utilization remains high at 96%
- Dayrates and margins expected to continue to improve
- FlexRig in Tunisia performing well and generating increasing market interest
- Actively seeking growth opportunities around the world



International Rig Count Continues to Increase





H&P's U.S. Offshore Operations

- **Successful closing of sale of two conventional platform rigs**
- **One platform rig transitioned to international operations segment**
- **Utilization now at 75% (6 of 8)**
- **Half of active platform rigs remain under low standby rates**
- **One rig is expected to be stacked during third fiscal quarter**



FlexRig Construction and Performance

- **Construction program on schedule and on budget**
(As revised in August 2006)
- **FlexRigs continue to outperform!**
- **FlexRig4 performance similar to FlexRig3's**
- **Ample opportunity for further improvement**



FlexRig3 Performance



Highlights of Rigs 210 – 253

1. **Field Performance vs. customer's planned drill curves**
 - 1316 complete wells as of 29 March 2007
 - 859 wells (65%) under
 - 38 wells (3%) on
 - 419 wells (32%) over
2. **59% of FlexRig3s are currently drilling directional, more technically difficult wells.**



FlexRig4 Performance



Highlights of FlexRig4s

1. **Field Performance vs. customer's planned drill curves**
 - 335 complete wells as of 29 March 2007
 - 227 wells (69%) under
 - 100 wells (31%) over
2. **89% of FlexRig4s are currently drilling directional, more technically difficult wells.**



New Builds – H&P's FlexRig Program

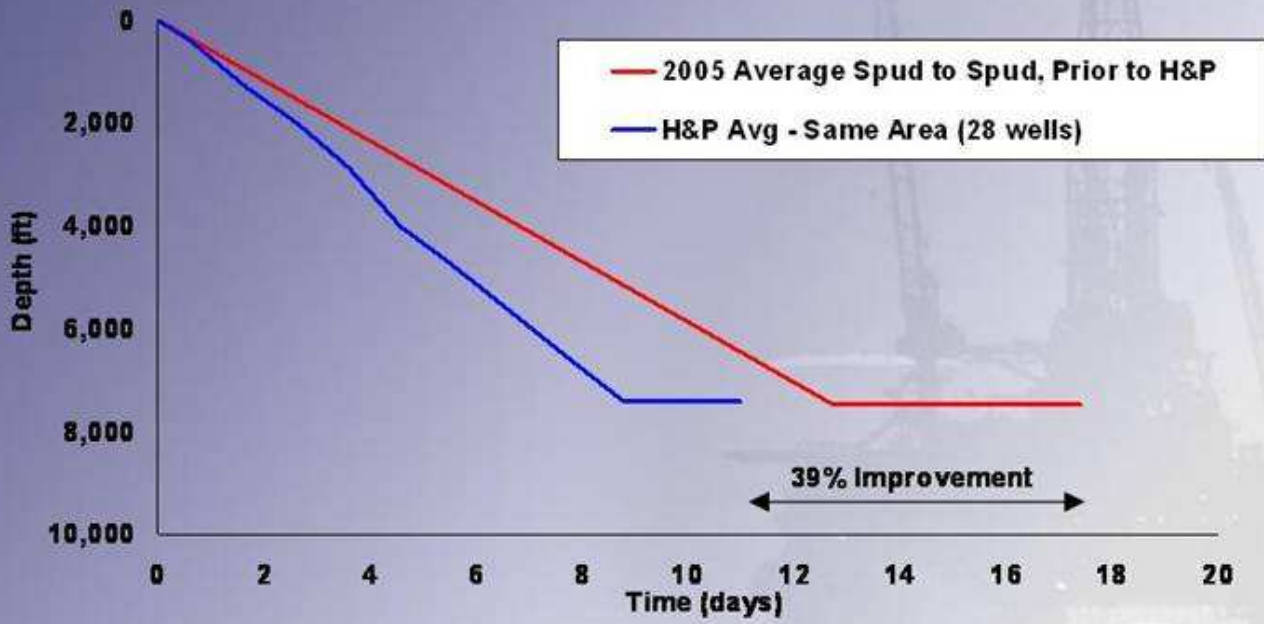
The FlexRig Difference: Key Advantages

- **Increased drilling productivity and reliability**
 - Variable frequency drives with increased precision and measurability
 - Computerized electronic driller that precisely controls weight on bit, rotation and pressure
 - Designed to move quickly from well to well
- **Accelerated well programs**
- **A significantly enhanced and safer workplace**
- **Minimized impact to the environment**
- **Total well cost savings even at premium dayrates**



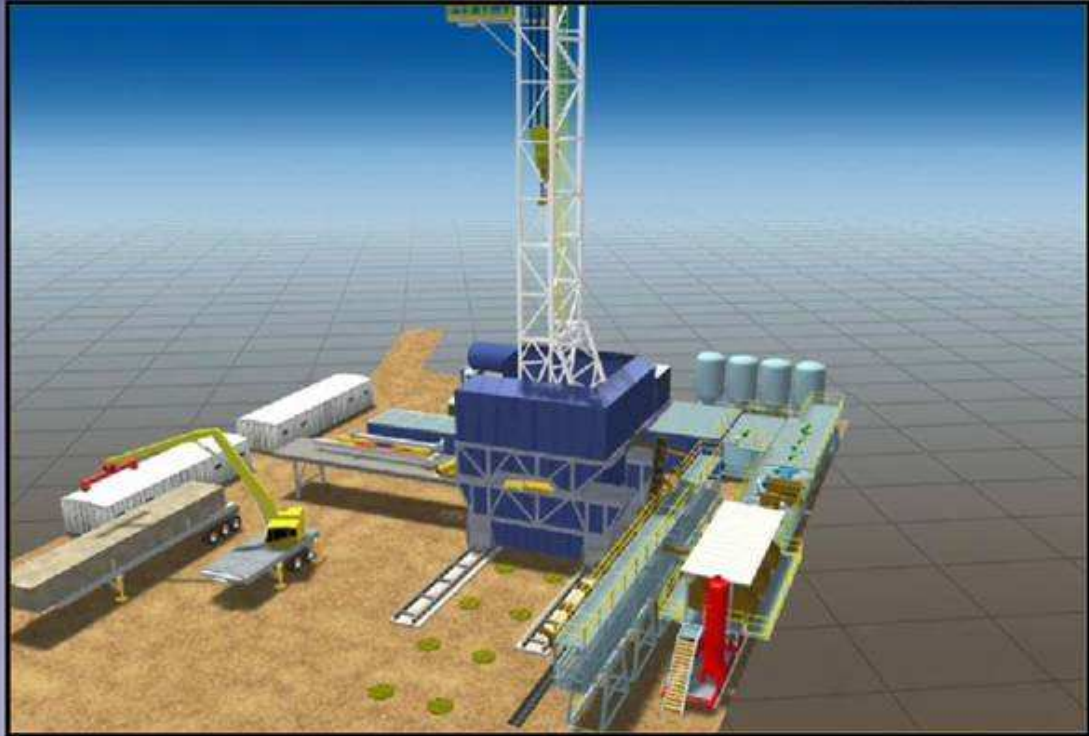
FlexRig4 – Early Performance Sample

ROCKY MOUNTAINS





A Bi-directional Skidding System to Accommodate Multiple Row Well Pads



HELMERICH & PAYNE, INC.

A background image showing an offshore oil rig. In the foreground, a group of about ten men, likely workers or engineers, are standing together, some wearing hard hats. The rig's complex structure, including cranes and platforms, is visible in the background under a clear sky.

Value Drivers in Line with H&P Strengths

- **New Builds** – FlexRigs setting a new standard
- **Safety** – Doing what's right and leading the way
- **People** – Attracting, training and retaining key people
- **Drilling Efficiency** – Delivering unprecedented value
- **Term Contracts** – Building on strong relationships

H&P U.S. Land Markets - 2000





End of Presentation





Additional References:



A background image showing an oil rig on the left and a group of workers in hard hats and safety gear on the right. The workers are standing in a line, some holding white hard hats. The overall scene is in a blue-tinted, semi-transparent style.

Is Retooling Necessary in U.S. and Abroad?

- **Increasing focus on efficiency based on new technology**
 - Several step changes in drilling technology not available for older rigs
 - Efficiency becoming essential in delivering total well cost savings

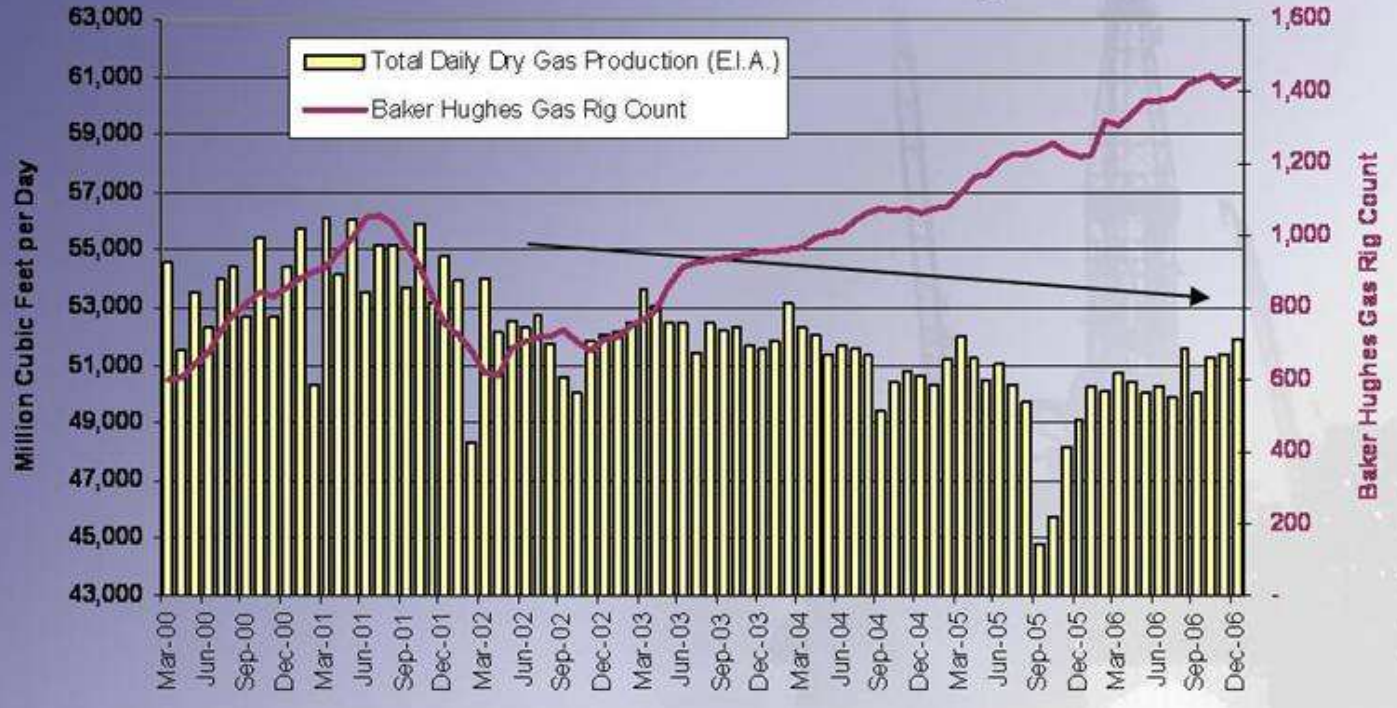
- **Industry faces increasingly difficult technical challenges**
 - Mature drilling areas are becoming more technically challenging
 - Unconventional gas plays require innovative, long-term solutions

- **Old iron will eventually simply subside**



Impact of Increasing Rig Count on NG Production

Total U.S. Natural Gas Production and Rig Count

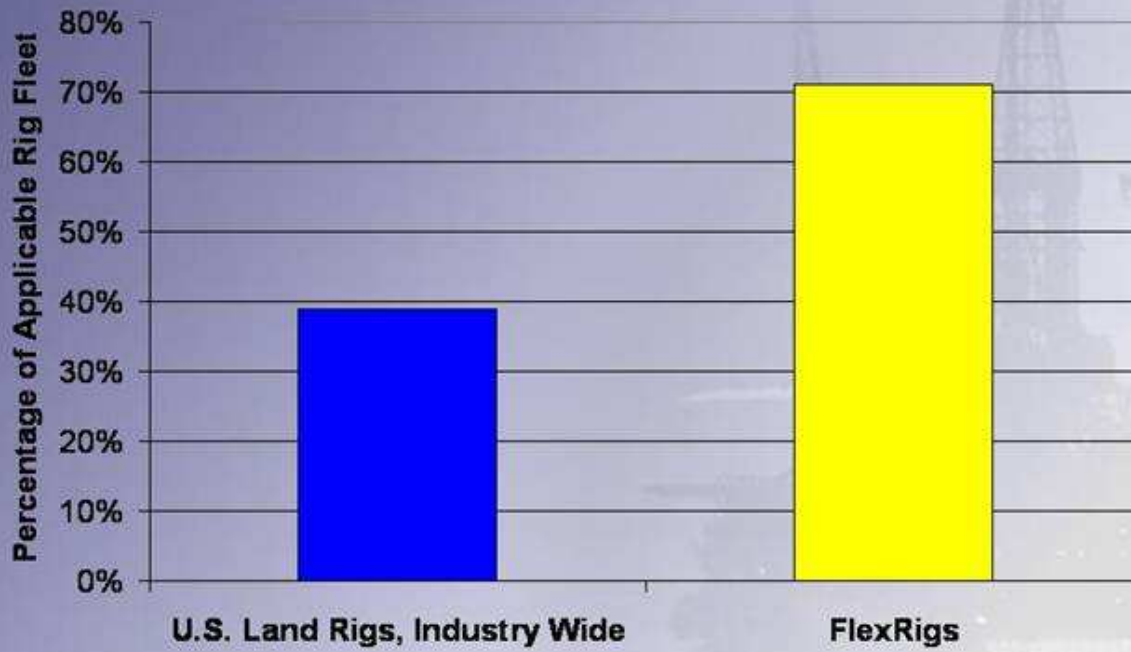




FlexRigs in Demand for More Difficult Wells

Active Land Rigs Drilling Horizontal or Directional Wells

(Data Source: Smith International, Inc. - S.T.A.T.S. - 2/23/07)





Leader in New Ideas & Applied Technology



HELMERICH & PAYNE, INC.



Driller on a Conventional Rig vs. FlexRig



HELMERICH & PAYNE, INC.



Roughnecks on a Conventional Rig vs. FlexRig



HELMERICH & PAYNE, INC.



H&P's Organizational Support Structure

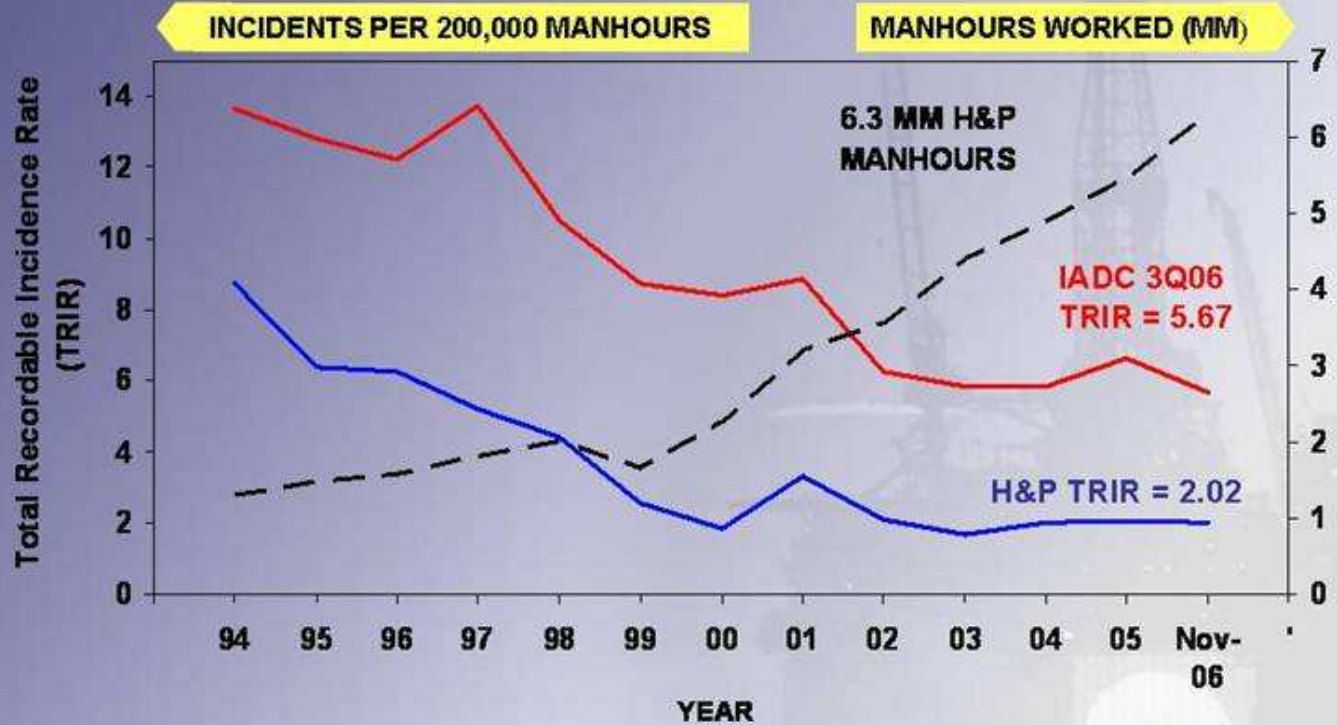


HELMERICH & PAYNE, INC.



Delivering Safety – H&P vs. Industry (IADC)

U.S. Land Safety Performance (1994 – Nov 2006) 12-Month Rolling Average Recordable Incidence Rates

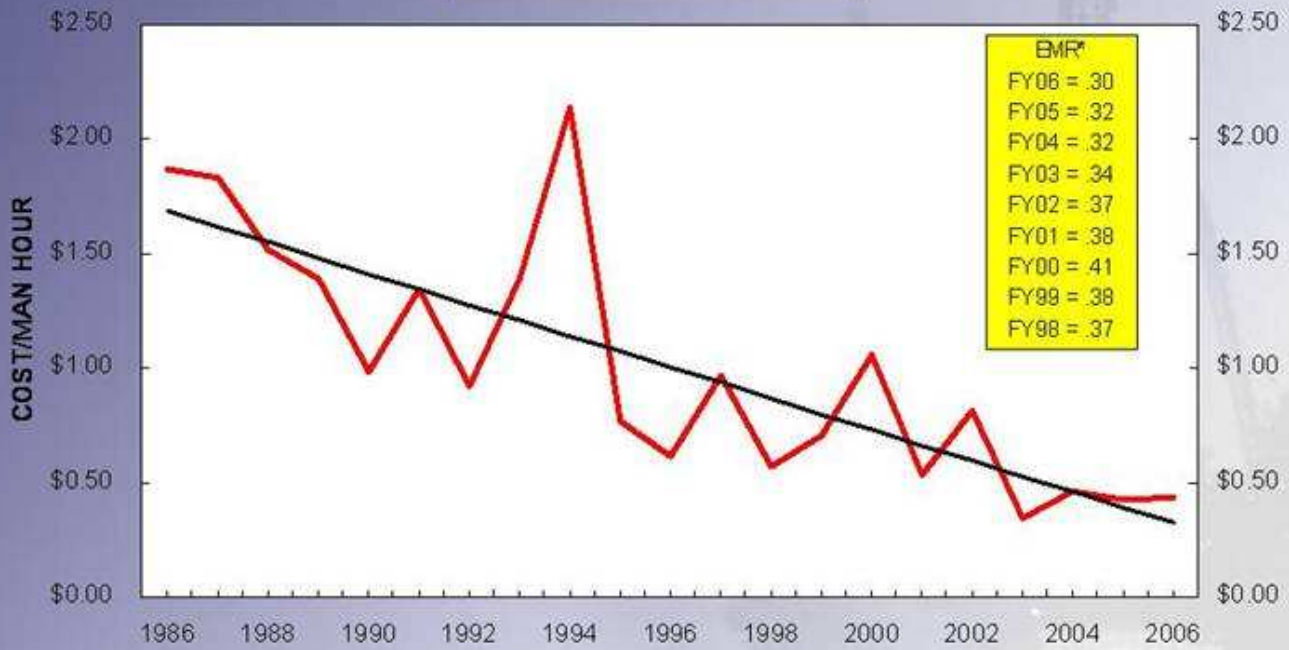




Safety Excellence Also Generates Savings

Reduced Workers Comp and General Liability Losses per Man Hour

Actual Cost Per Man Hour Worked
U.S. Land & Offshore Operations



EMR = Experience Modifier Ratio (Average = 1.00)

HELMERICH & PAYNE, INC.



Personnel Development Center

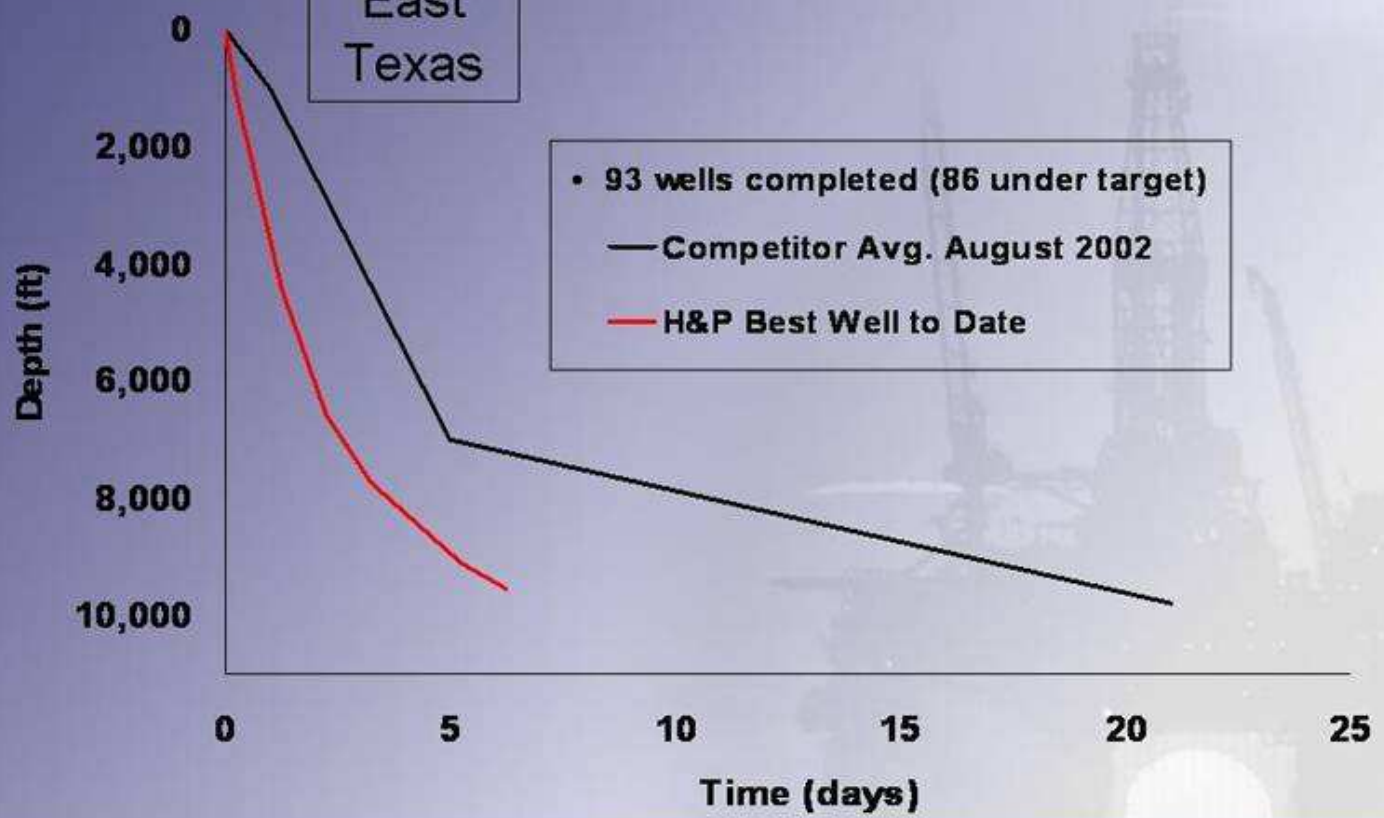


1. Health, Safety and Environmental (HSE)
2. People Skills and Leadership
3. Technical (Equipment Support)
4. Administration (Payroll, Supply Chain)



Performance Example: H&P FlexRig3

East Texas



- 93 wells completed (86 under target)
- Competitor Avg. August 2002
- H&P Best Well to Date



Best Value Example – H&P vs. Competitors

	Estimated Field Competitor Average	H&P FlexRig3 2006
1. Drilling days	13	7.8
Completion days	2	2
Moving days	5	3
Total rig revenue days per well	20	12.8
2. Drilling contractor dayrate	\$19,500	\$26,500
Operator's other intangible cost per day estimate	\$15,000	\$15,000
Total daily cost estimate	\$34,500	\$41,500
Total cost per well (daily services)	\$690,000	\$531,200
3. Total well savings with H&P – per well per year		\$158,800 \$4.5MM



Best Value Example – H&P vs. Competitors

Value added from FlexRig3 operations

- Significant H&P dayrate premium
- Increased wells per rig per year: 10.3 wells
- Early production: Incremental wells on production
- Lowest total well cost



End of Document

