

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 06/25/12 for the Period Ending 06/25/12

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 EARLIEST EVENT REPORTED: **June 25, 2012**

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
(Address of Principal Executive Offices)

(918)742-5531
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed since Last Report)

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. (the “Company”) will discuss information to be distributed in an investor and securities analyst conference that includes the slides attached 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

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slides to be distributed at an investor and securities analyst conference.

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
Executive Vice President

DATE: June 25, 2012

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slides to be distributed at an investor and securities analyst conference.



Helmerich & Payne, Inc.

2012 GHS-100 Energy Conference

June 25-26, 2012

Forward-looking Statements

Statements within this presentation are “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and are based on current expectations and assumptions that are subject to risks and uncertainties. All statements other than statements of historical facts included in this release, including, without limitation, statements regarding the registrant’s future financial position, business strategy, budgets, projected costs, rig performance and plans and objectives of management for future operations, are forward looking statements. For information regarding risks and uncertainties associated with the Company’s business, please refer to the “Risk Factors” and “Management’s Discussion & Analysis of Financial Condition and Results of Operations” sections of the Company’s SEC filings, including but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q. As a result of these factors, Helmerich & Payne, Inc.’s actual results may differ materially from those indicated or implied by such forward-looking statements. We undertake no duty to update or revise our forward-looking statements based on changes in internal estimates, expectations or otherwise, except as required by law.



HELMERICH & PAYNE, INC.



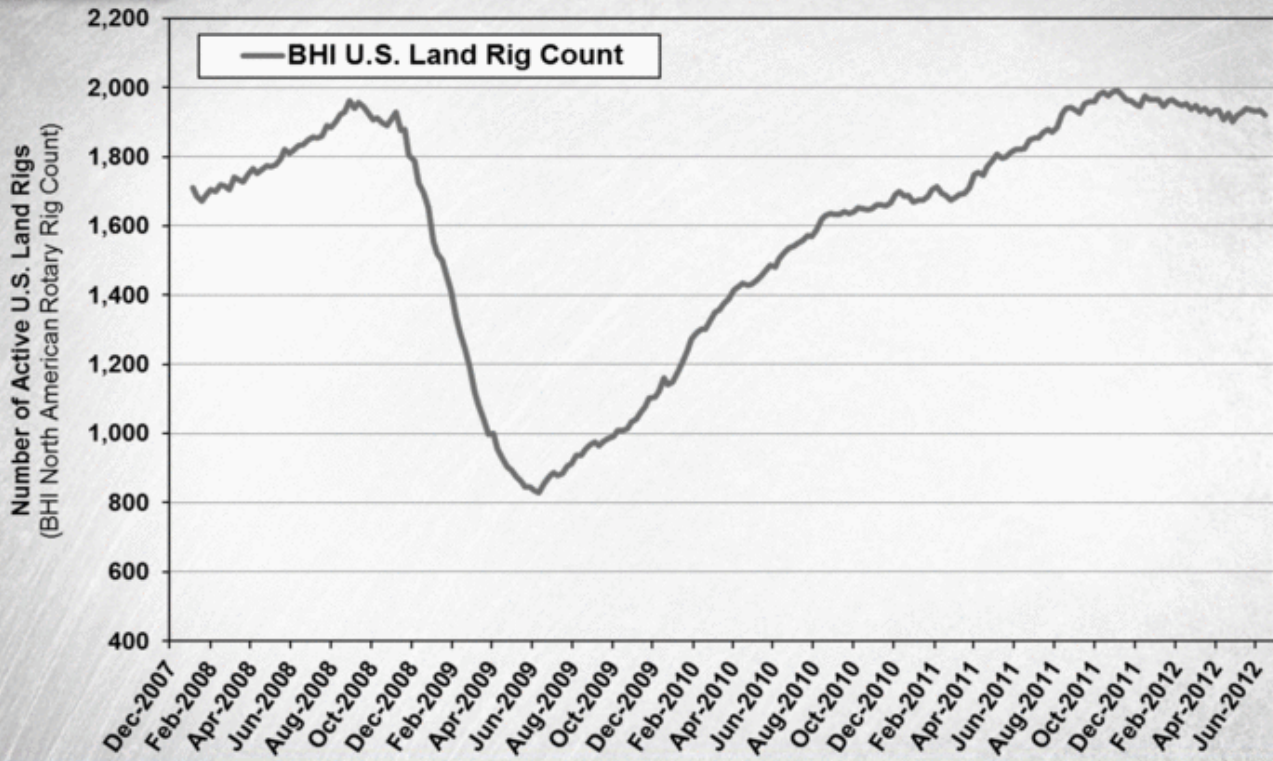
Comments on Today's Market

- Although concern about the macro and about future oil and gas prices is ever-present, H&P's land rig activity levels are increasing as expected during the third fiscal quarter.
- Spot pricing for FlexRigs remains steady, but E&P budgets appear to be tightening and demand for rigs in the U.S. Land market, in general, appears to be marginally declining.
- We are revising slightly downward our outlook on margins for our U.S. Land segment corresponding to the third fiscal quarter, now expecting relatively flat average rig margins per day from the second to the third fiscal quarter.
- As described in the Additional References section of this presentation, the rest of our previously disclosed operational outlook for the third fiscal quarter remains unchanged.





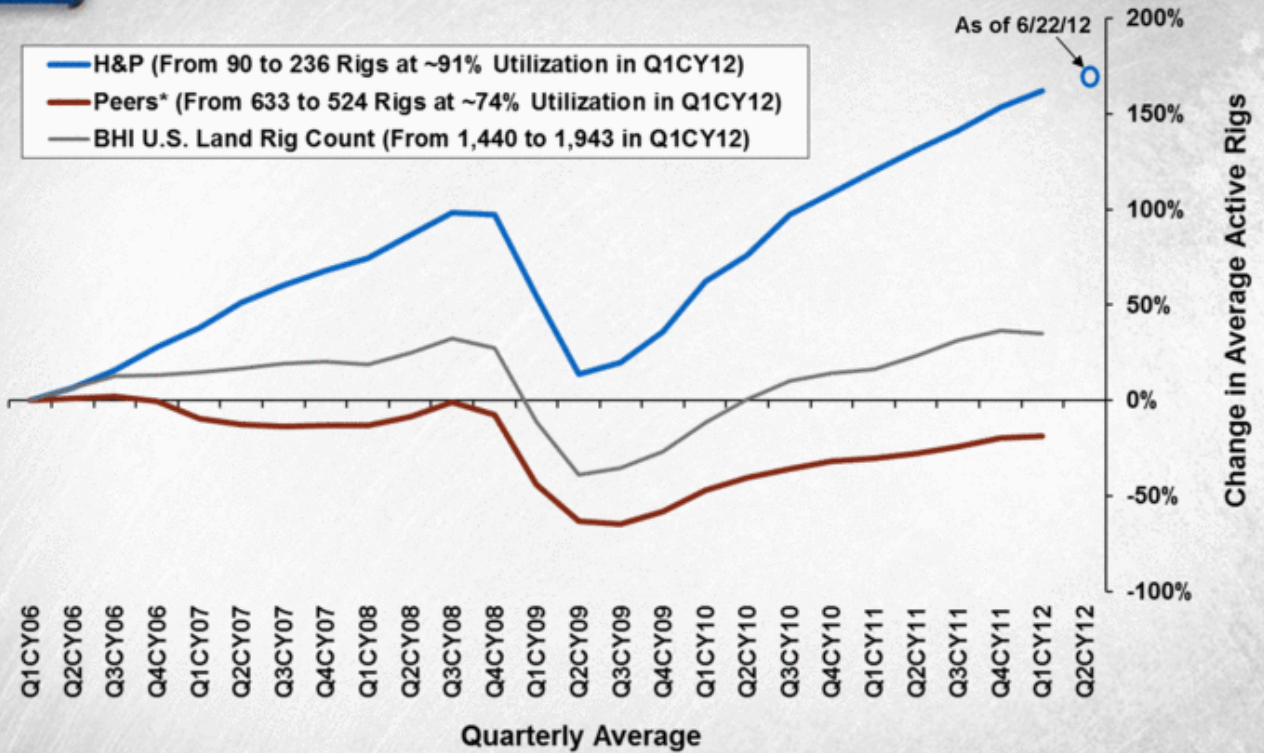
U.S. Land Rig Count





Highest U.S. Activity Level in Company History

Growth / Decline in U.S. Lower 48 Average Rig Activity

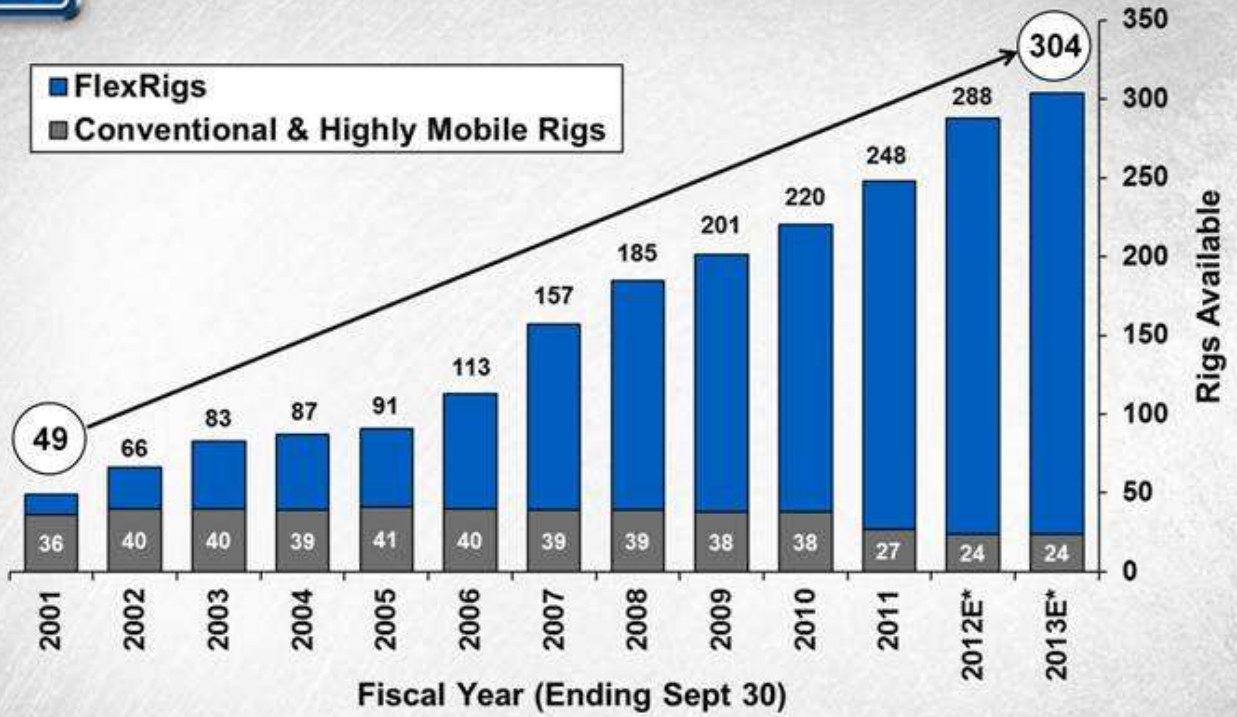


* Represents the sum of the average active rigs for PTEN, NBR and UNT.





Organic U.S. Land Fleet Growth



* Estimates include existing rigs and announced new build commitments.





H&P Activity as of June 22, 2012

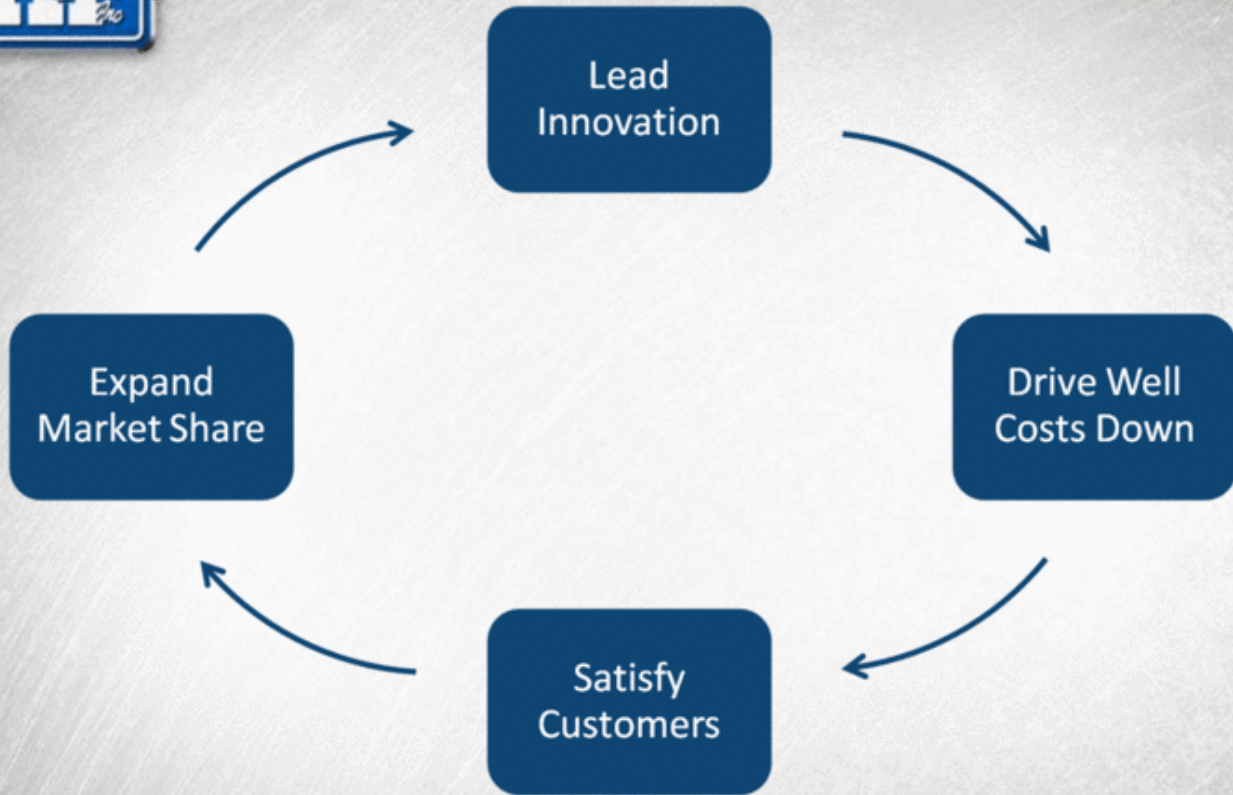
	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	274	244	89%
Offshore	9	7	78%
International Land	<u>29</u>	<u>26</u>	<u>90%</u>
Total	312	277	89%
FlexRig Construction ⁽¹⁾	30	30	
Total Fleet	342	307	

(1) Includes announced new build commitments.





Growing Shareholder Value

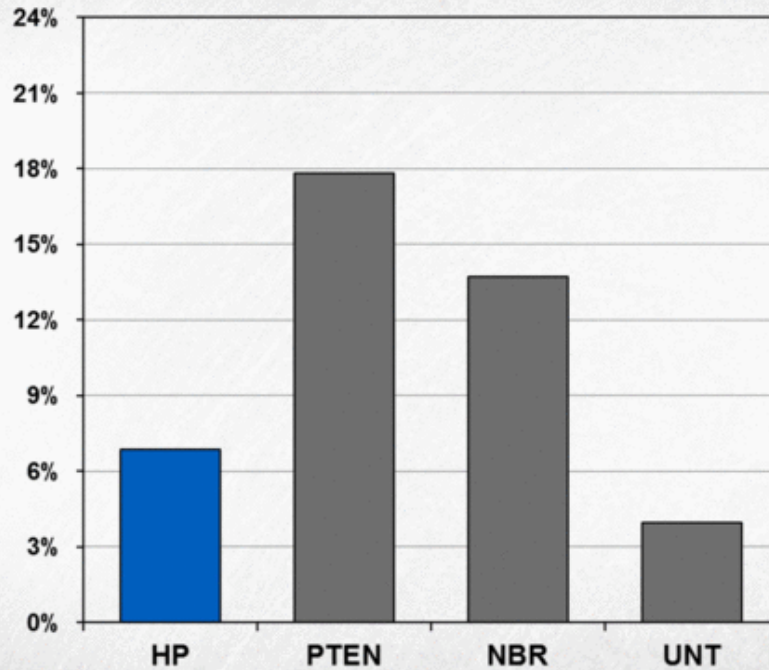




Active Rig Market Share - Ten Years Ago

Lower 48 U.S. Land Market Share

As of June 14, 2002



Note: The above estimates are derived from Smith Bits

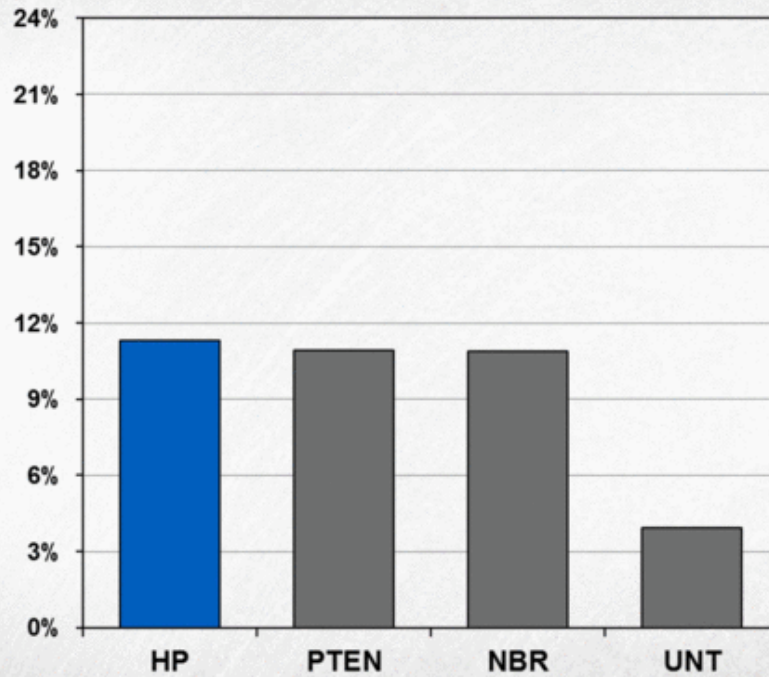




Organically Growing Active Rig Market Share

Lower 48 U.S. Land Market Share

As of June 15, 2012



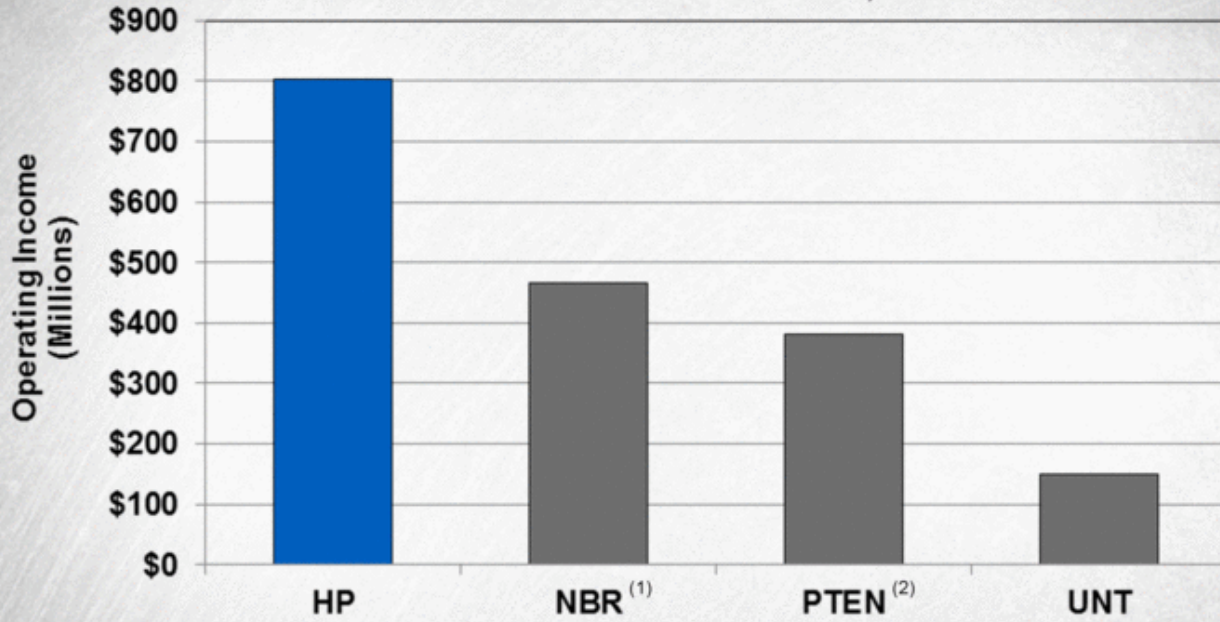
Note: The above estimates are derived from Smith Bits





Most Profitable Driller in U.S. Land Business

U.S. Land Drilling Operating Income 12 Months Ended March 31, 2012



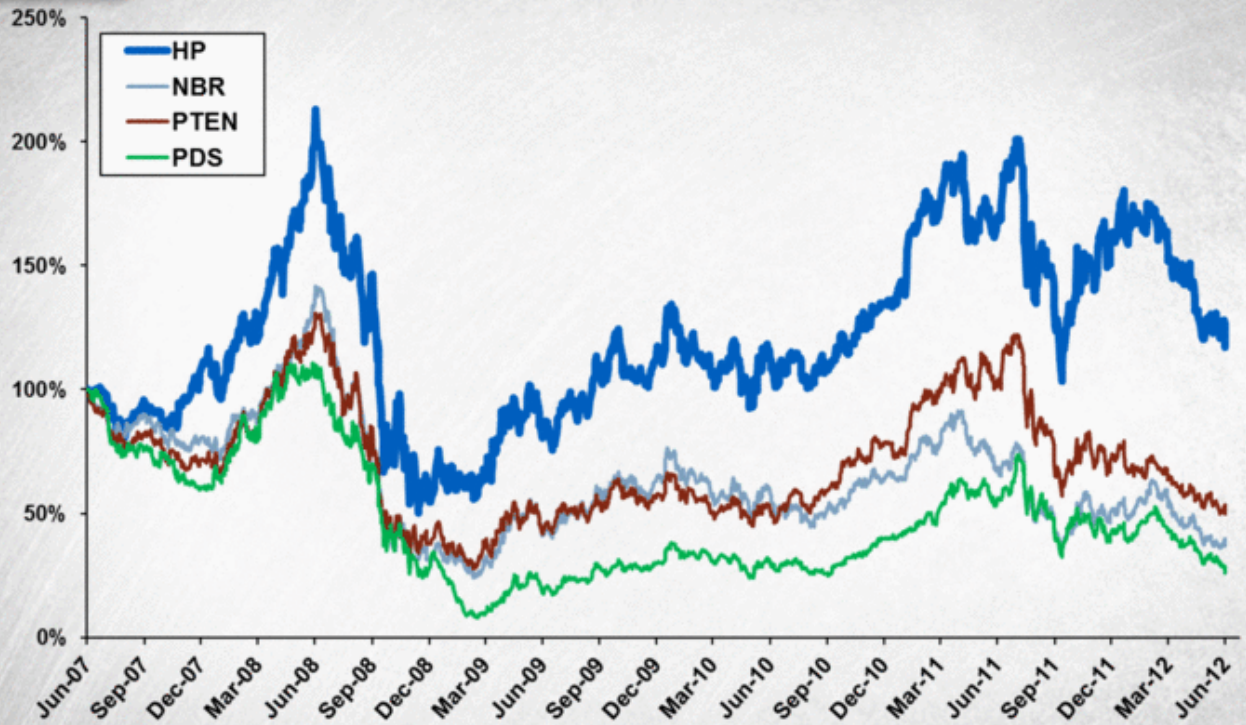
(1) NBR's operating income corresponds to its U.S. Lower 48 Land Drilling segment.

(2) PTEN's operating income includes drilling operations in Canada.





Five-Year Relative Shareholder Return



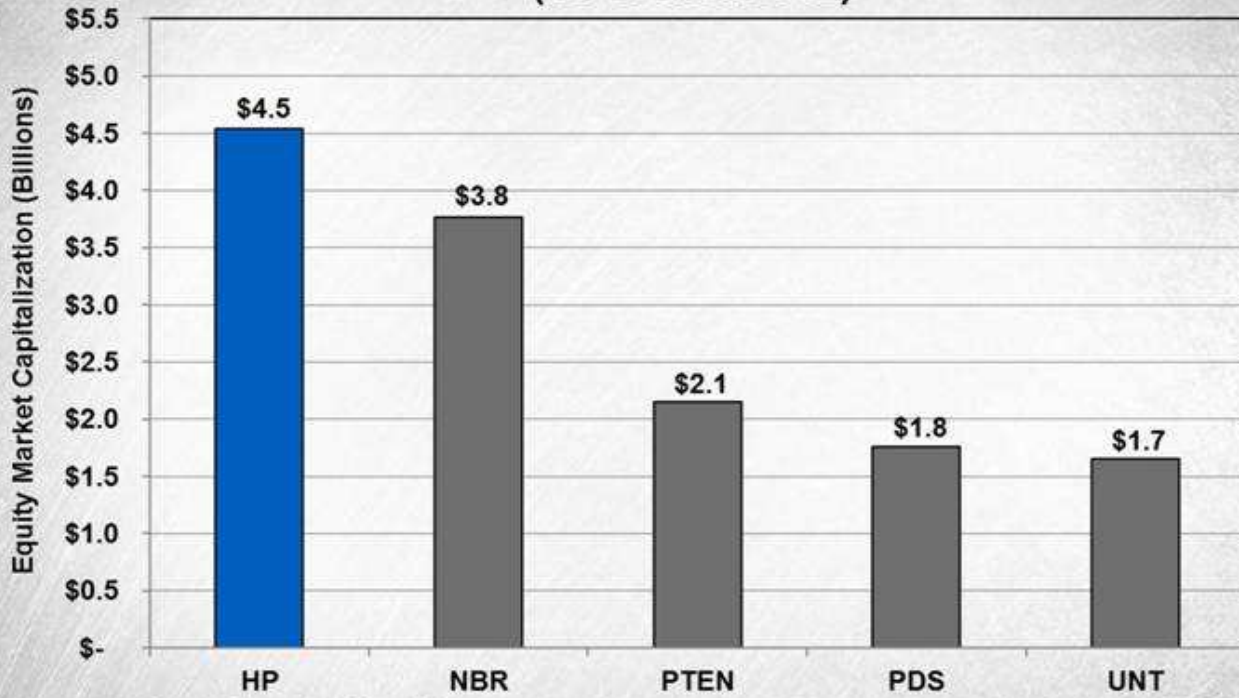
Source: Thomson Financial as of June 21, 2012





H&P's Leading Equity Market Valuation

Equity Market Capitalization (Billions)
(as of 6/21/2012)



Source: Thomson Financial





Market Trends Favor H&P

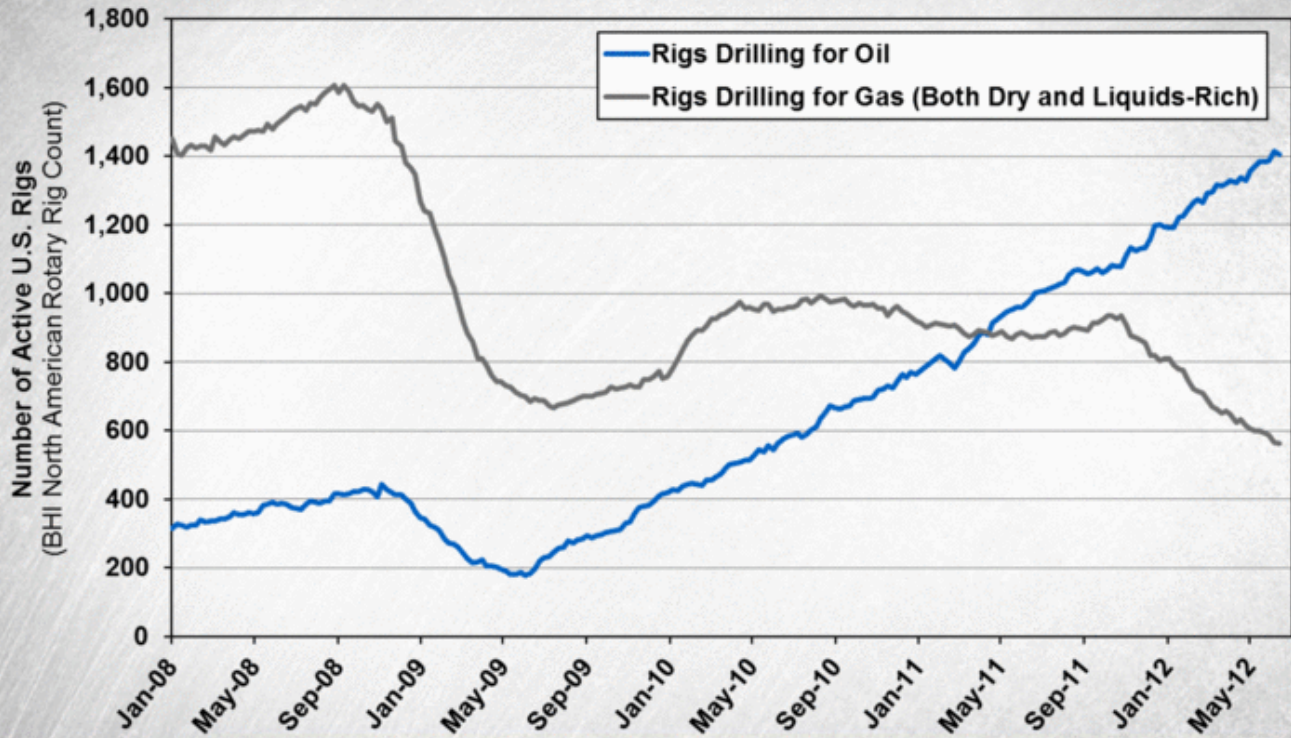
- The transition towards oil and liquids-rich-gas directed drilling continues, along with a clear trend towards more complex well designs and faster cycle times.
- H&P is fortunate to have a customer roster with substantial multi-year drilling inventory capable of shifting targets and taking advantage of strong oil prices.
- We will continue to focus on safety and innovation, delivering performance efficiencies and repeatability to the customer.
- Enhanced drilling efficiencies are expected to continue to drive lower total well costs for our customers.





The Ongoing Gas to Oil Transition...

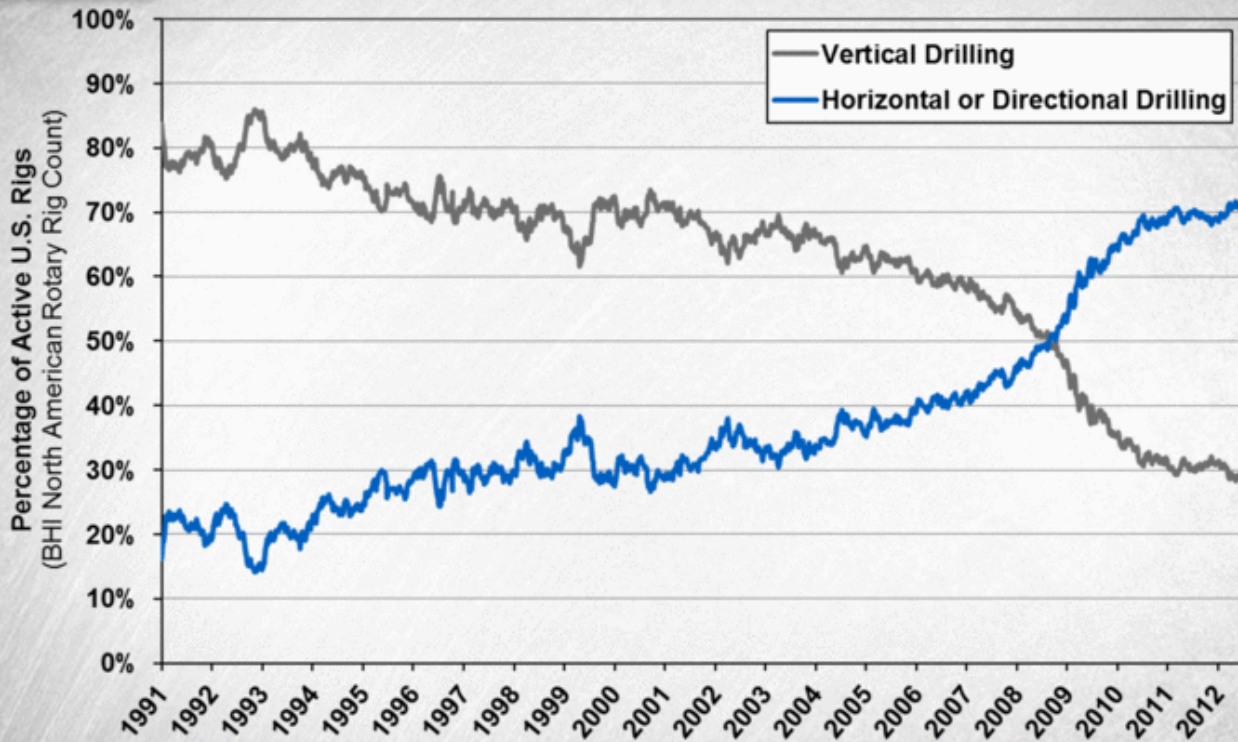
U.S. Rig Activity by Hydrocarbon Target





Increasing Focus on More Difficult Drilling

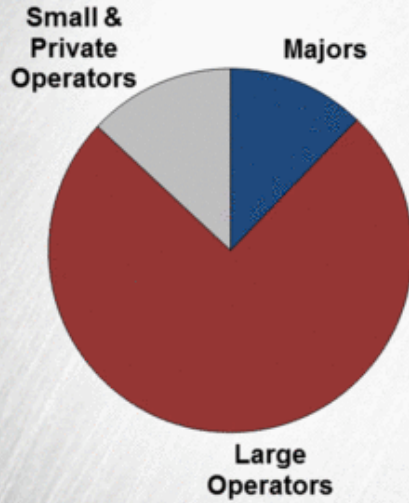
U.S. Rig Activity by Drilling Type



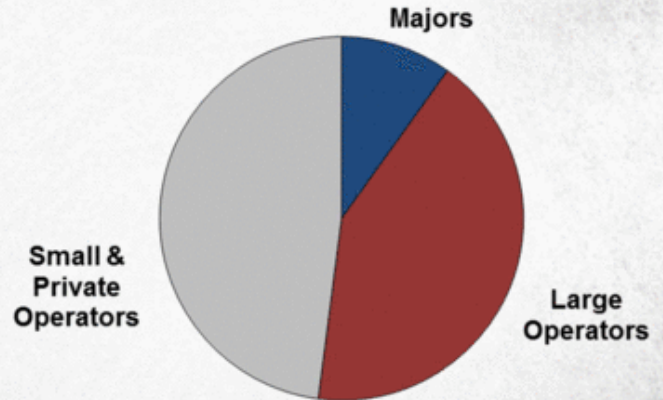


H&P vs. Industry U.S. Land Customer Base

H&P
U.S. Land Activity
Estimated Customer Distribution
(June 2012)



Industry
U.S. Land Activity
Estimated Customer Distribution
(June 2012)

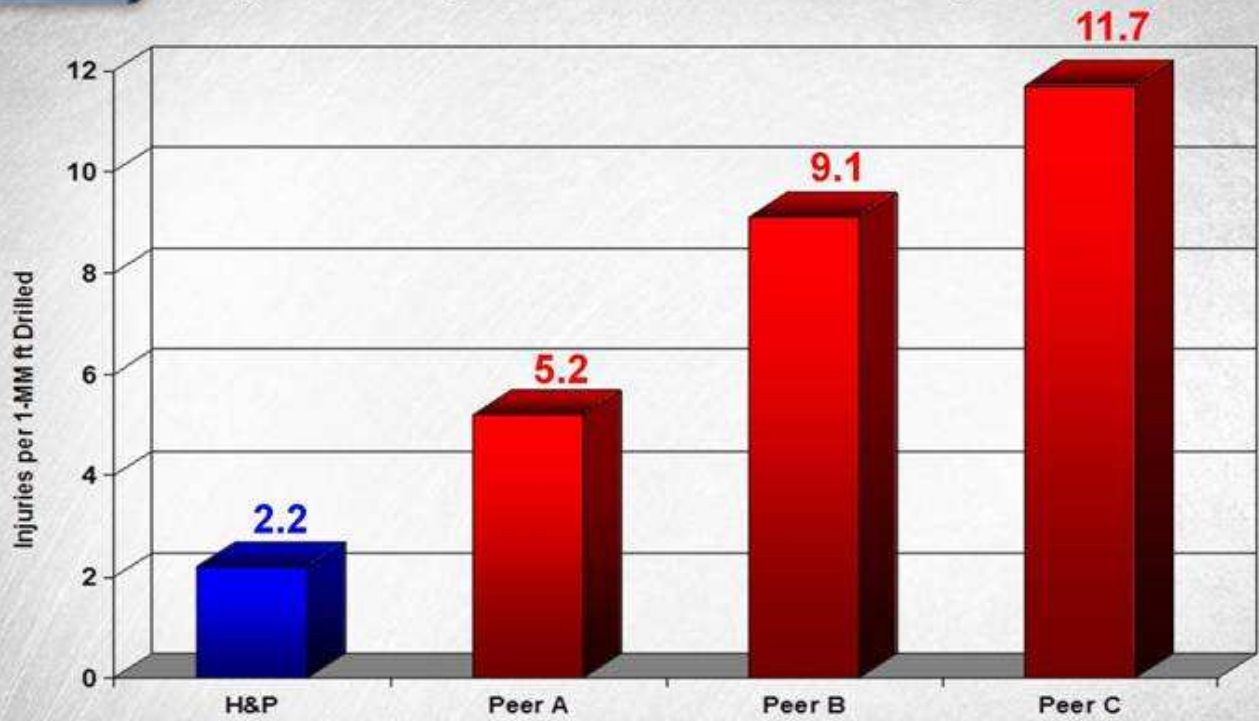


Note: The above estimates corresponding to the active rig fleet in the U.S. are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





Recordable Injuries per 1-MM Feet Drilled in 2011 by the Largest U.S. Land Drilling Contractors



Note: Injury data taken from IADC ASP Program. Footage data taken from Land Rig Newsletter.





The Replacement Cycle Continues

- AC drive rigs are best positioned to make the transition in the U.S.
- From 2010 to 2011, H&P's average footage per day increased over ten percent, and already in 2012, we have seen average footage per day increase another ten percent.
- While FlexRigs continue to rise to the challenge of this more demanding drilling environment, over 150 mechanical rigs were reportedly retired in 2011.
- Older, underperforming rigs are more likely to be sidelined.
- High efficiency rigs continue to displace mechanical and SCR rigs.

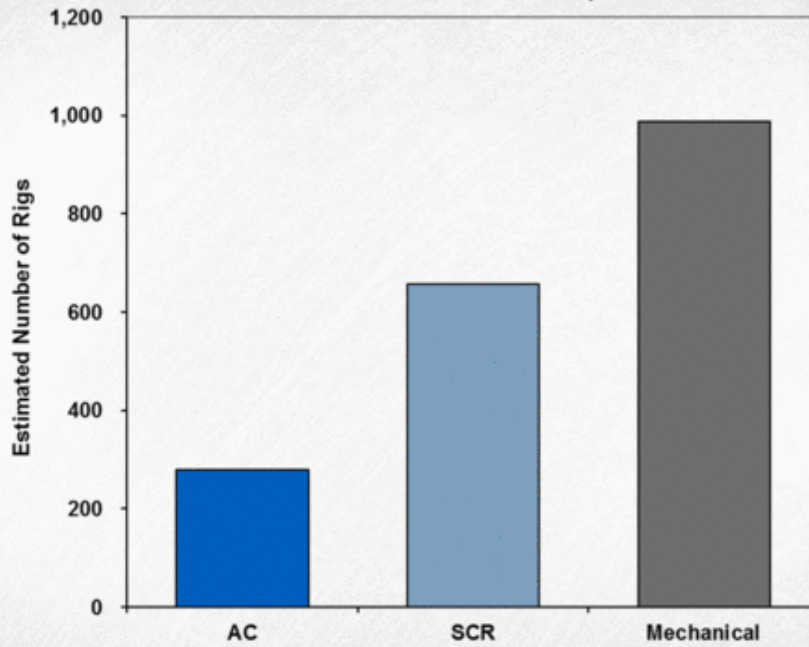




2008 Peak Rig Count (~1,925) - U.S. Land

By Power Type

Week Ended October 4, 2008



Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 10% of the active rigs that were not readily identified.

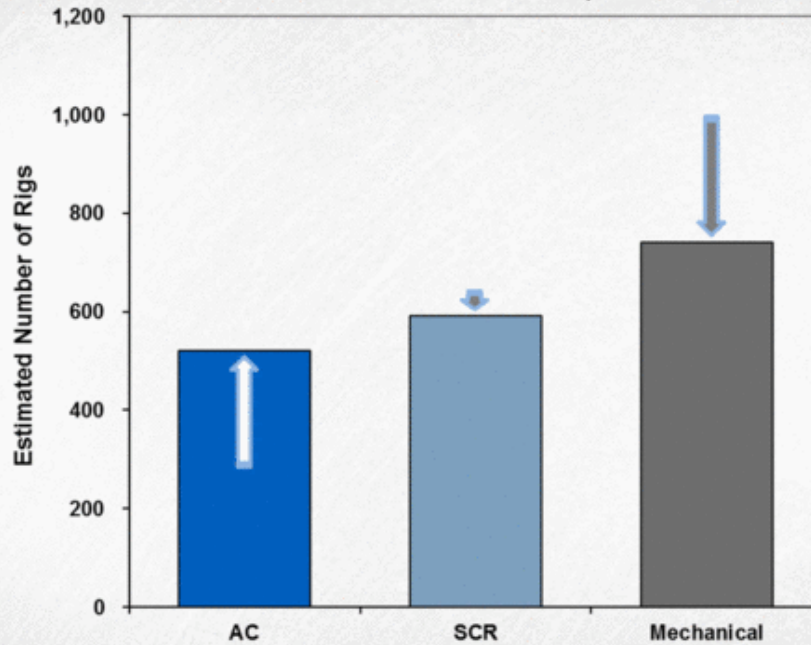




Current Rig Count (~1,850) - U.S. Land

By Power Type

Week Ended June 15, 2012

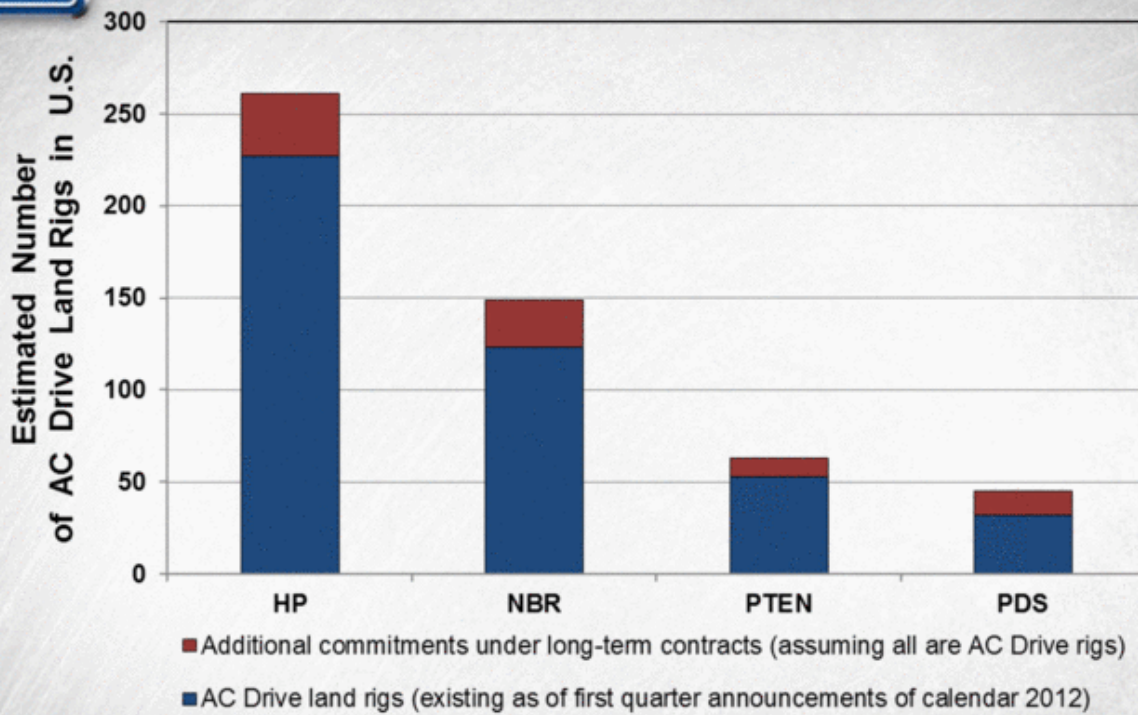


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 6% of the active rigs that were not readily identified.





H&P's Lead in U.S. Land AC Drive Rigs



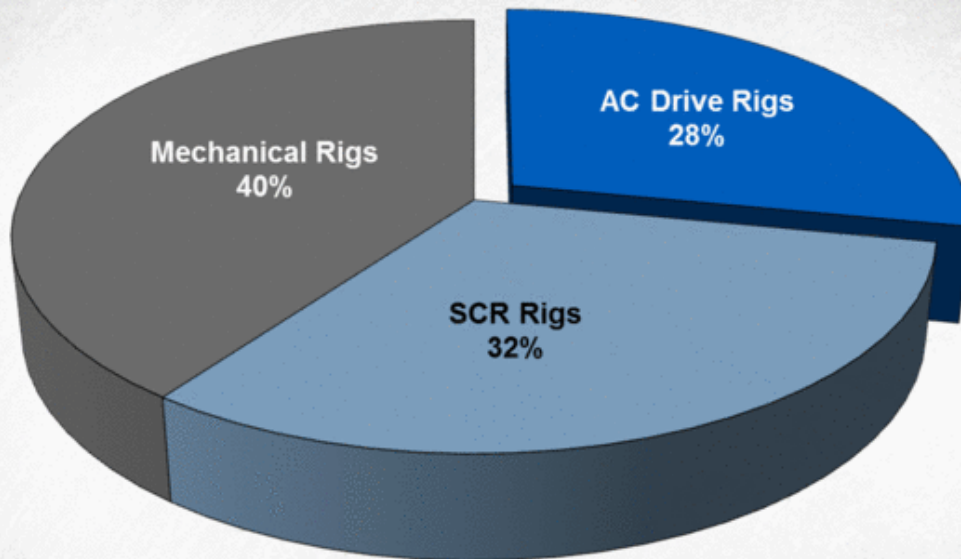
Note: The above estimates corresponding to U.S. lower 48 AC Drive fleets and new build commitments are derived from Rig Data and corporate filings.





An Undersupply of AC Drive Rigs

(~1,850 Active Rigs in the U.S. By Power Type)



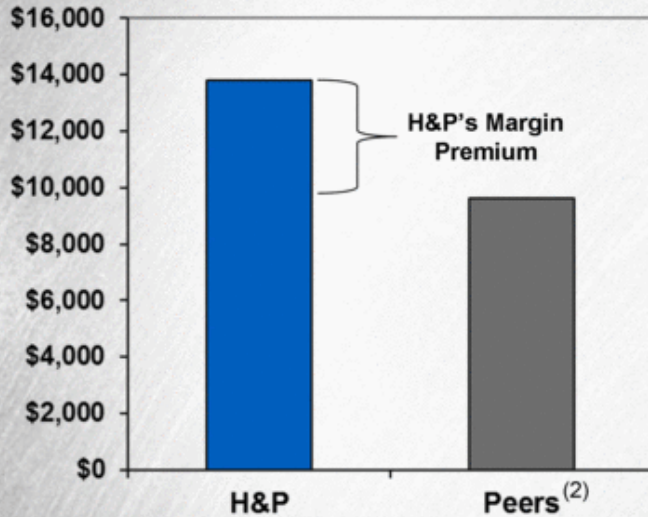
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.



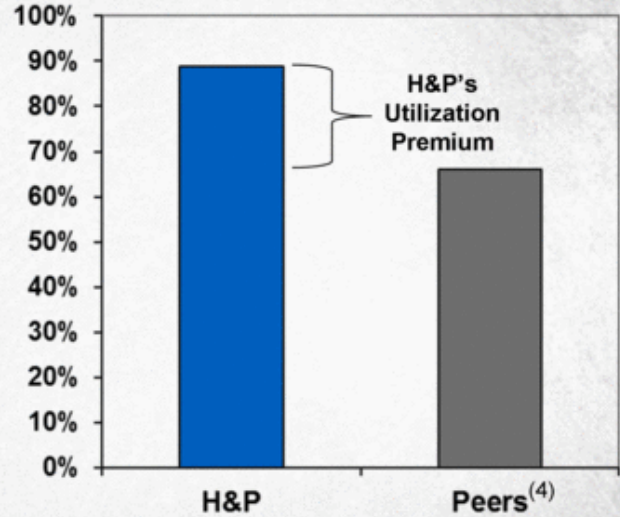


Technology & Quality Service Make a Difference

Average U.S. Land Rig Margin per Day ⁽¹⁾
(12 Months Ended March 31, 2012)



Estimated U.S. Land Rig Utilization ⁽³⁾
(12 Months Ended March 31, 2012)



(1) Does not include the impact of early contract termination revenue.

(2) Represents weighted-average rig margin per day for PTEN, NBR and UNT.

(3) Utilization is herein calculated to be average active rigs divided by estimated available marketable rigs.

(4) Represents estimated average combined utilization for PTEN, NBR, and UNT in the Lower 48 land market.





H&P New Builds

- Total of 217 new build FlexRigs completed since January 2006.
- Delivering new FlexRigs at the rate of approximately four per month.
- As of June 22, 2012, 30 announced new builds remain under construction to be delivered in fiscal 2012 and fiscal 2013.
- Although the level of inquiries has slowed relative to calendar year 2011, conversations with customers continue regarding additional new build commitments.





End of Presentation



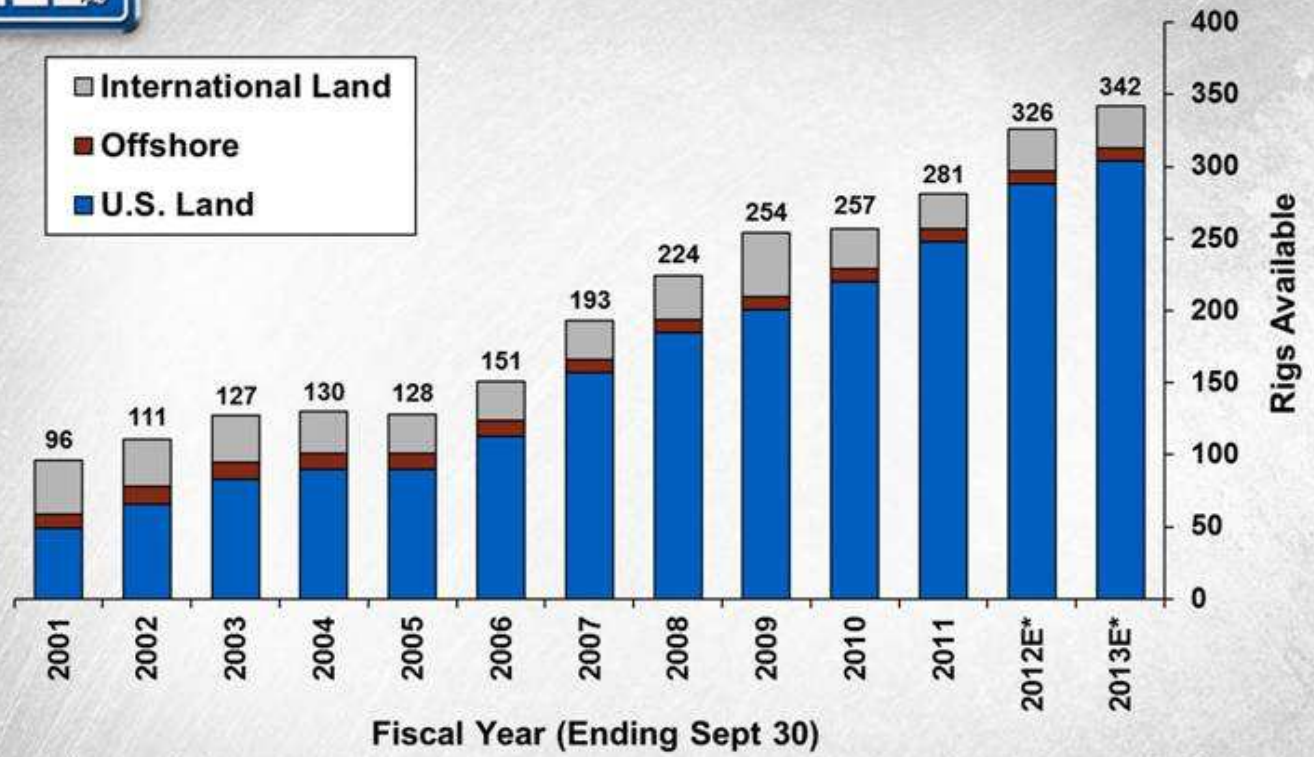


Additional References





H&P's Global Rig Fleet



* Estimates include existing rigs and announced new build commitments.





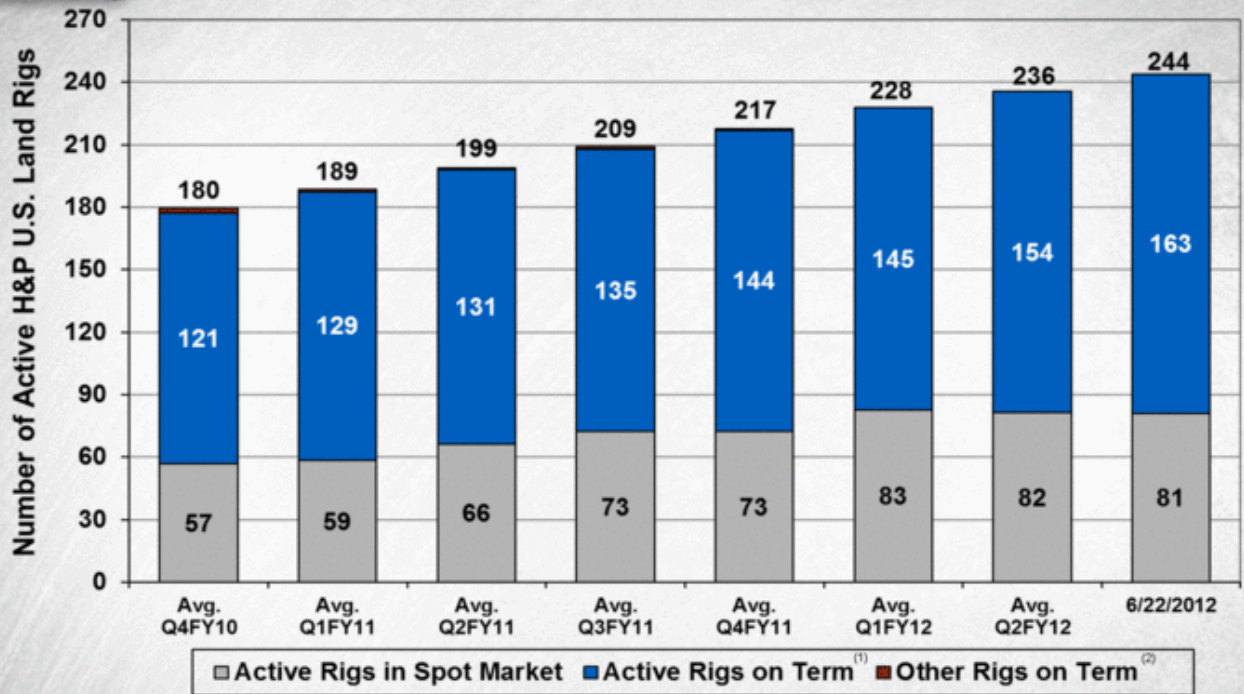
H&P's U.S. Land Operations

- We still expect total revenue days in the U.S. Land segment to increase by approximately two percent from the second to the third fiscal quarter of 2012.
- Quarterly average rig revenue per day is expected to improve slightly, by a few hundred dollars per day from the second to the third fiscal quarter of 2012.
- The average rig expense per day during the third fiscal quarter of 2012 may also increase, potentially offsetting the above-mentioned increases in average rig revenue per day.





H&P's U.S. Land Fleet Activity



(1) Active rigs on term (in blue) generated both revenue and revenue days.

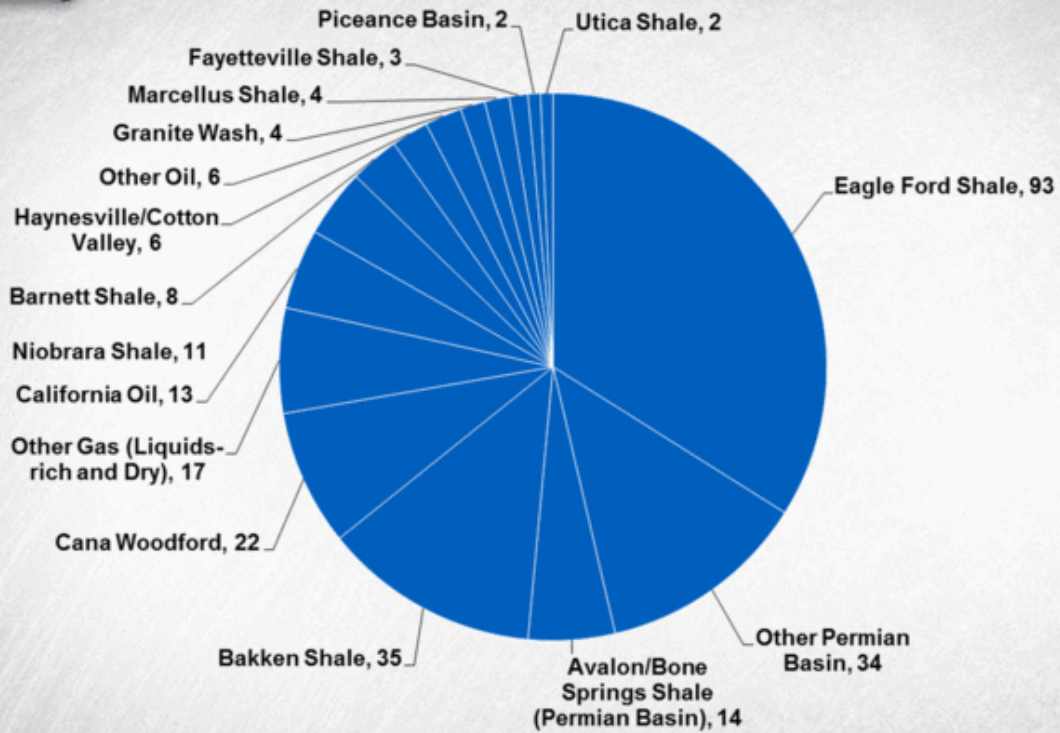
(2) Includes completed new builds that were waiting on customers and which generated revenue but did not generate revenue days.





Leading U.S. Unconventional Driller

(275 H&P Contracted Land Rigs as of 6/22/12*)



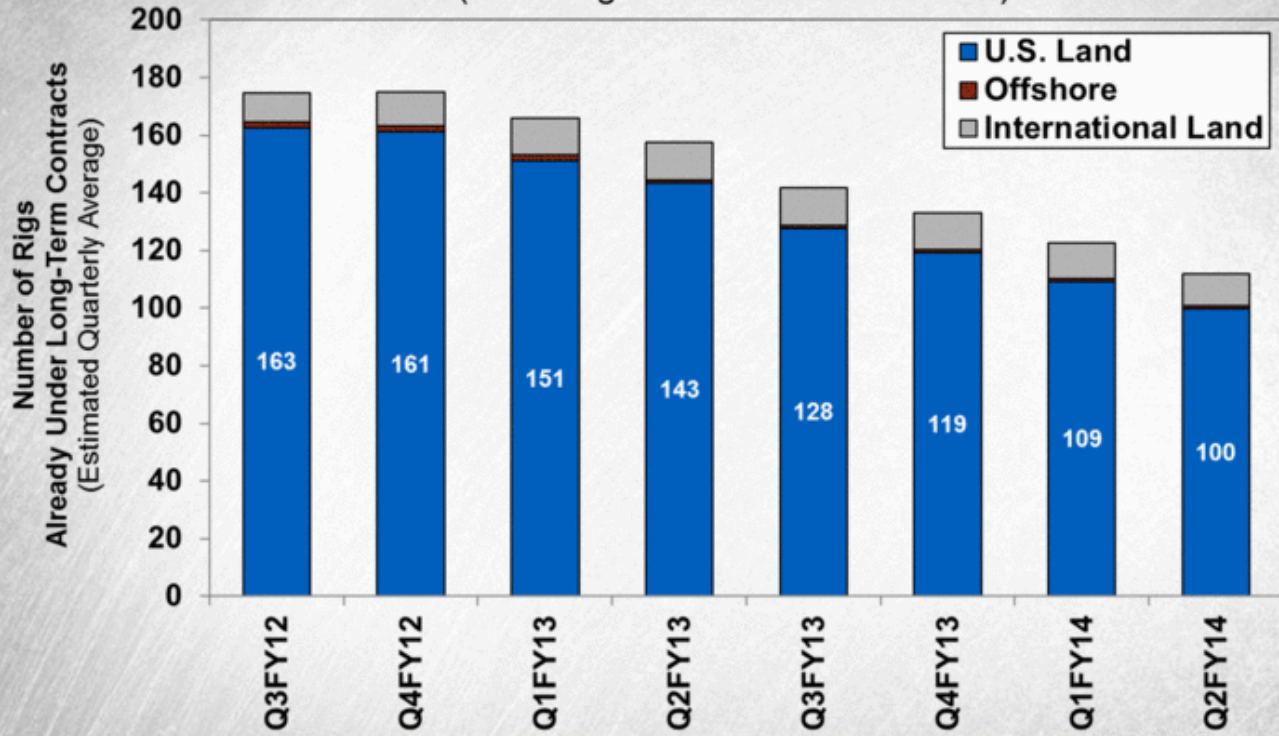
* Includes announced new FlexRigs with customer commitments scheduled for completion in fiscal 2012 and fiscal 2013.





H&P's Global Fleet Under Term Contract

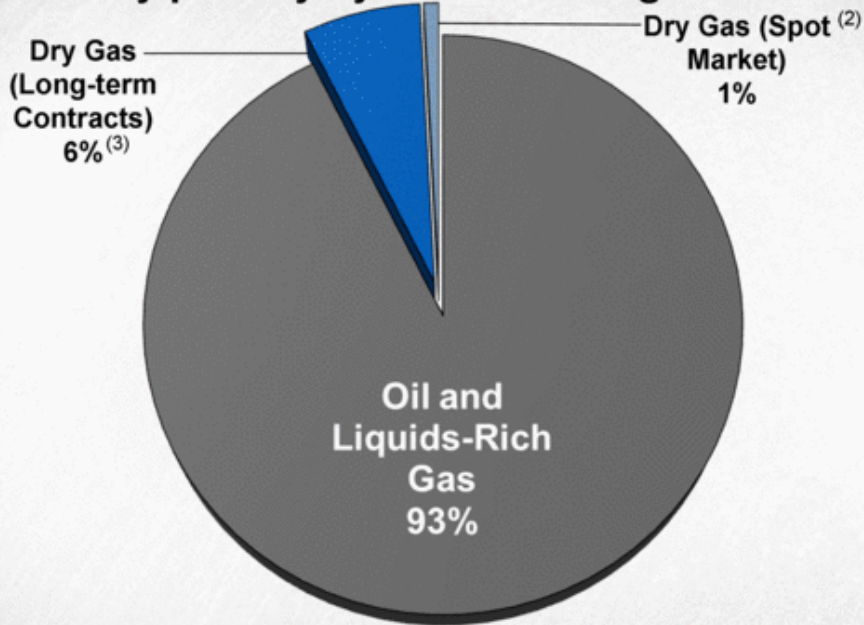
Term Contract Status - H&P Global Fleet
(Including Announced New Builds)





H&P's Growing Exposure to Oil & Liquids

Estimated proportion of H&P's active U.S. Land rigs by primary hydrocarbon target as of 6/22/12⁽¹⁾



- (1) Oil and liquids-rich gas percentage includes a small number of contracted rigs that are moving or will soon move from dry gas plays.
- (2) Includes two rigs in the spot market.
- (3) Includes one rig with a contract expiring in the quarter ending 12/31/12.





H&P's Offshore Operations

- Seven of the Company's nine offshore platform rigs are generating revenue days, including two under long-term contracts. One of the stacked rigs is expected to go back to work in the fourth fiscal quarter of 2012.
- The number of revenue days during the third fiscal quarter of 2012 is expected to be flat to down five percent as compared to the second fiscal quarter of 2012.
- Average rig margin per day is expected to decrease by ten to 15 percent during the third fiscal quarter of 2012 as compared to the second fiscal quarter, as one rig transitions between projects and a previously-stacked rig begins a new project.





H&P's International Land Operations

- Of the 29 rigs assigned to international operations, 20 are currently active and six additional rigs are contracted and expected to begin new projects in the fourth fiscal quarter of 2012.
- The total number of revenue days during the third fiscal quarter is expected to increase by approximately five percent as compared to the second fiscal quarter of 2012.
- The average rig margin per day is expected to increase by ten to 20 percent during the third fiscal quarter as compared to the second fiscal quarter of 2012.





H&P's International Land Operations

Rig Fleet Status (as of June 22, 2012)

	Active	Contracted	Idle	Total	Long-term Contracts
Argentina ⁽¹⁾	4	2	3	9	5
Bahrain	4			4	4
Colombia	5	2		7	2
Ecuador	5			5	
Tunisia	2			2	
U.A.E. ⁽²⁾		2		2	2
Total	20	6	3	29	13 ⁽³⁾

(1) One of the two contracted rigs is currently in transit from the U.S. to Argentina.

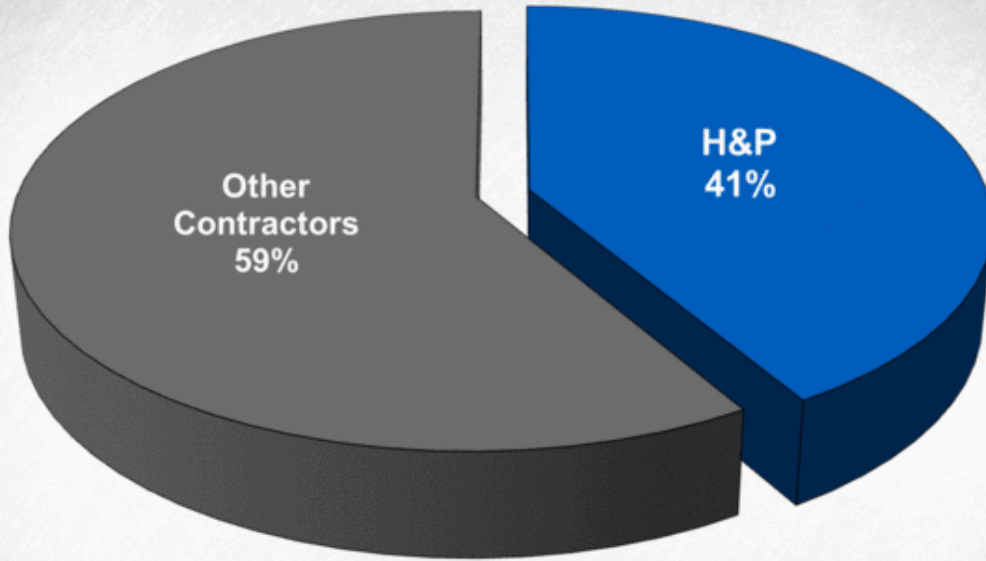
(2) Two contracted rigs are currently in transit from the U.S. to the U.A.E.

(3) 13 of 16 FlexRigs, included in the international fleet of 29 rigs, are under long-term contracts.





AC Drive U.S. Rig Market Share (~500 Rigs)



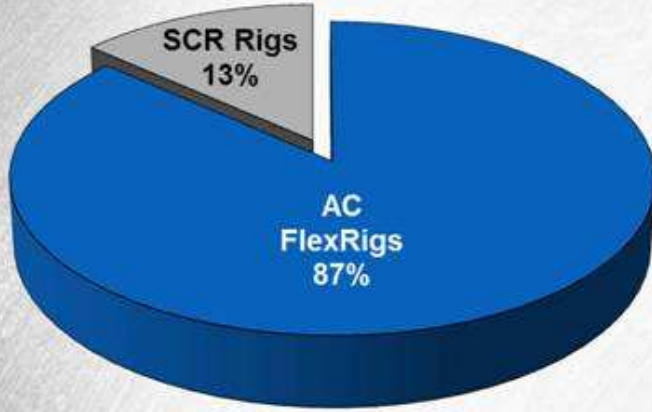
Note: The above estimates corresponding to market share are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.



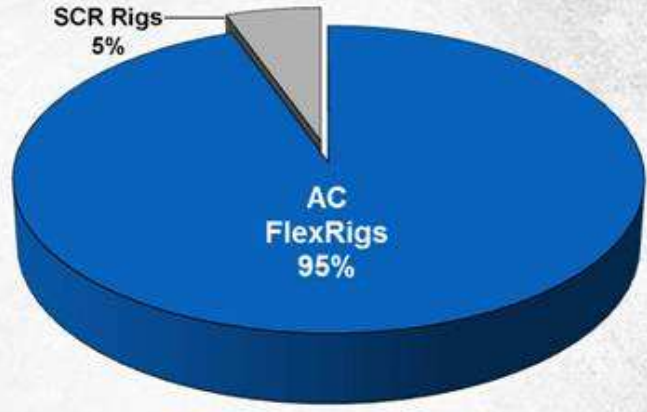


H&P U.S. Land Fleet by Power Type*

Marketed Fleet



Active/Contracted Fleet



* Includes New Build Commitments.





H&P's FlexRig Advantage

The FlexRig Difference: Key Advantages

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





Performance is Not Only About Better Rigs

It's also about:

- **People**
- **Safety**
- **Experience**
- **Training**
- **Culture**
- **Support Structure**
- **Processes**
- **Organizational Network**
- **Maintenance**
- **Supply Chain**





A Value Proposition Example – H&P vs. Competitors

	Estimated Conventional Average (Spot Market)	Estimated Peer Fit-for-purpose Average (Spot Market)	H&P FlexRig3 Average 2011 (Spot Market)
1. Drilling days	20	11	9
Other days	3	3	3
Moving days	7	5	3.5
Total rig revenue days per well	30	19	15.5
2. Drilling contractor dayrate	\$17,500	\$23,000	\$26,000
Operator's other intangible cost per day estimate	\$25,000	\$25,000	\$25,000
Total daily cost estimate	\$42,500	\$48,000	\$51,000
Total cost per well (daily services)	\$1,275,000	\$912,000	\$790,500
3. Total well savings with H&P – per well per year	\$484,500 \$11.4MM	\$121,500 \$2.9MM	

Increased wells per rig per year versus conventional average: 11 wells

Increased wells per rig per year versus peer fit-for-purpose: 4 wells





End of Document

