

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 12/08/09 for the Period Ending 12/08/09

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): **December 8, 2009**

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))
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ITEM 7.01 REGULATION FD DISCLOSURE

Helmerich & Payne, Inc. (“H&P”) will deliver an investor and securities analyst presentation that includes the slides attached as Exhibit 99.1 to this Current Report on Form 8-K, which are incorporated herein by reference. This presentation, among other things, references an increase in H&P’s fiscal 2010 capital expenditures estimate from \$225 million to \$265 million.

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
Executive Vice President

DATE: December 8, 2009

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.

Capital One Southcoast Energy Conference

December 8, 2009



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

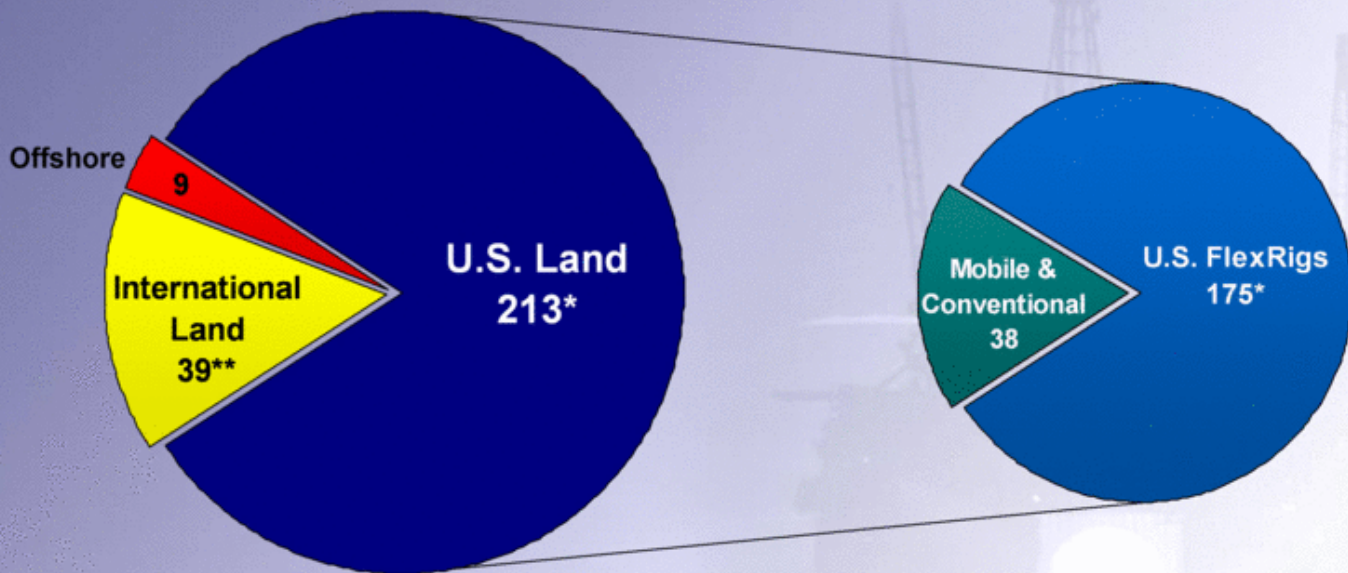


The information contained within this presentation is forward looking and involves risks and uncertainties that could significantly impact expected results. A discussion of these risks and uncertainties is contained in the “Risk Factors” and “Management’s Discussion & Analysis of Results of Operations and Financial Condition” 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.



H&P's Global Rig Fleet

261 Total Rigs (Includes New Build Commitments)

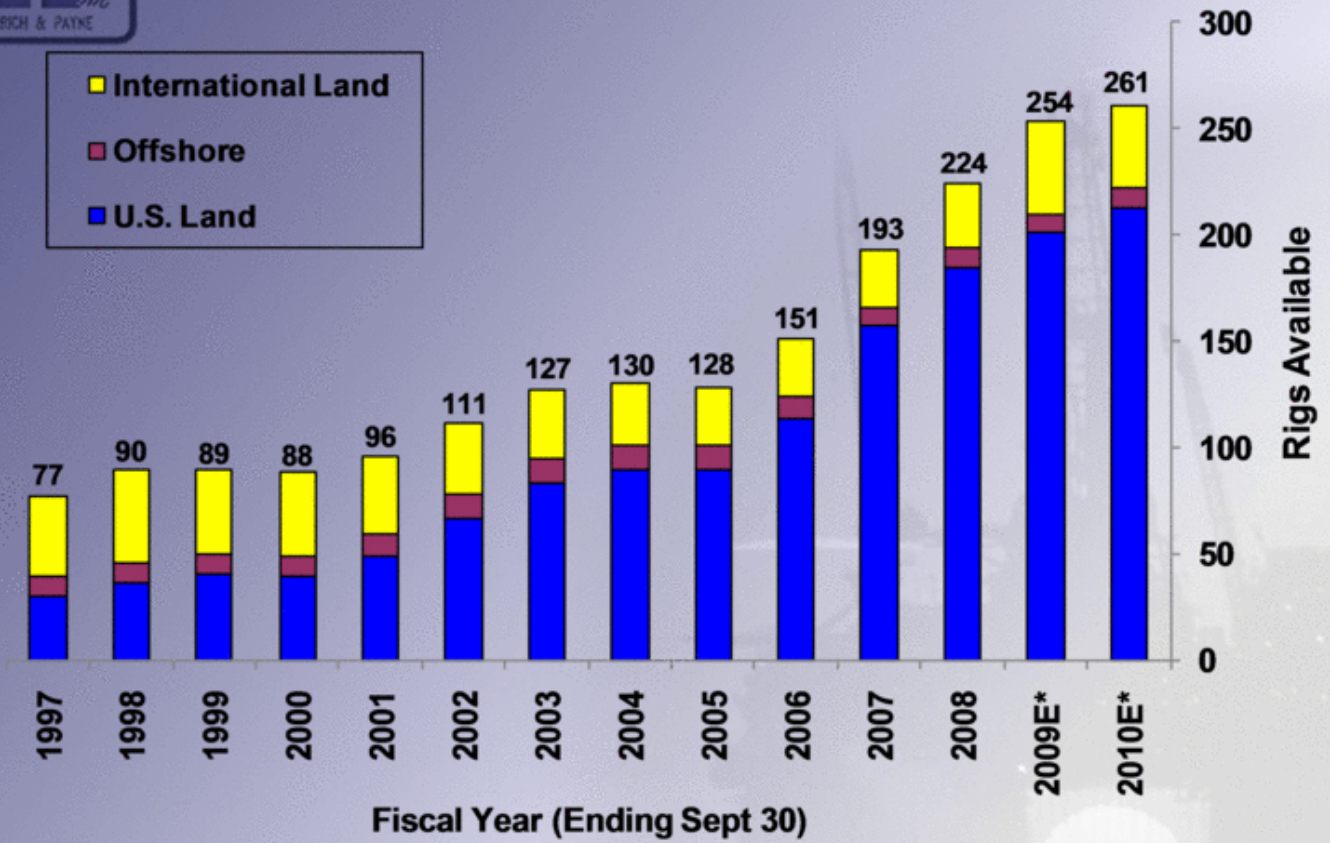


* Includes four new rigs with previously announced customer commitments scheduled for completion by April 2010.

** Includes 15 FlexRigs.



H&P's Global Rig Fleet



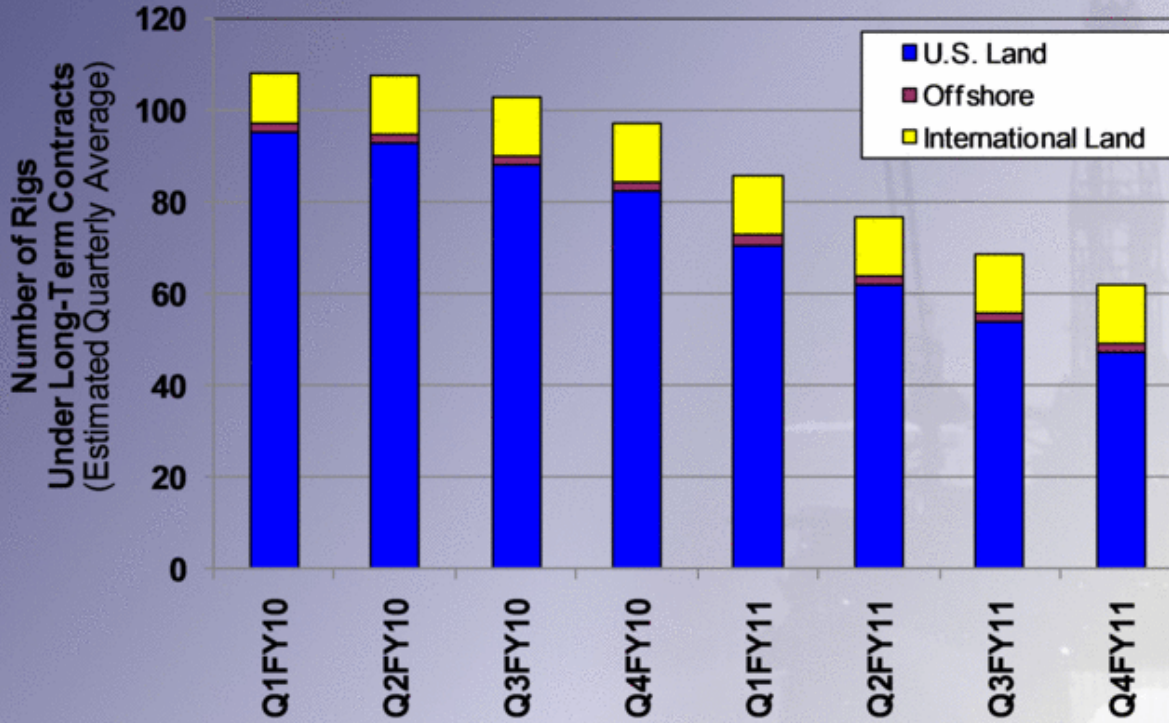
* Estimates include existing rigs and announced new build commitments.



H&P's Global Fleet Under Term Contracts

(as of December 1, 2009)

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



* Includes delayed new builds which are expected to generate revenue but not revenue days.

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Encouraging Market Indicators

- **Higher commodity prices**
- **Improving rig counts and bidding activity**
- **Operators high-grading their fleets**
- **FlexRigs attracting new customers**
- **Increasing opportunities globally**



Continuing Concerns

- **Natural gas storage**
- **Economic recovery**
- **Winter temperatures and heating demand**
- **Activity required to offset declining production**
- **Impact of increasing shale gas potential**
- **LNG import potential**



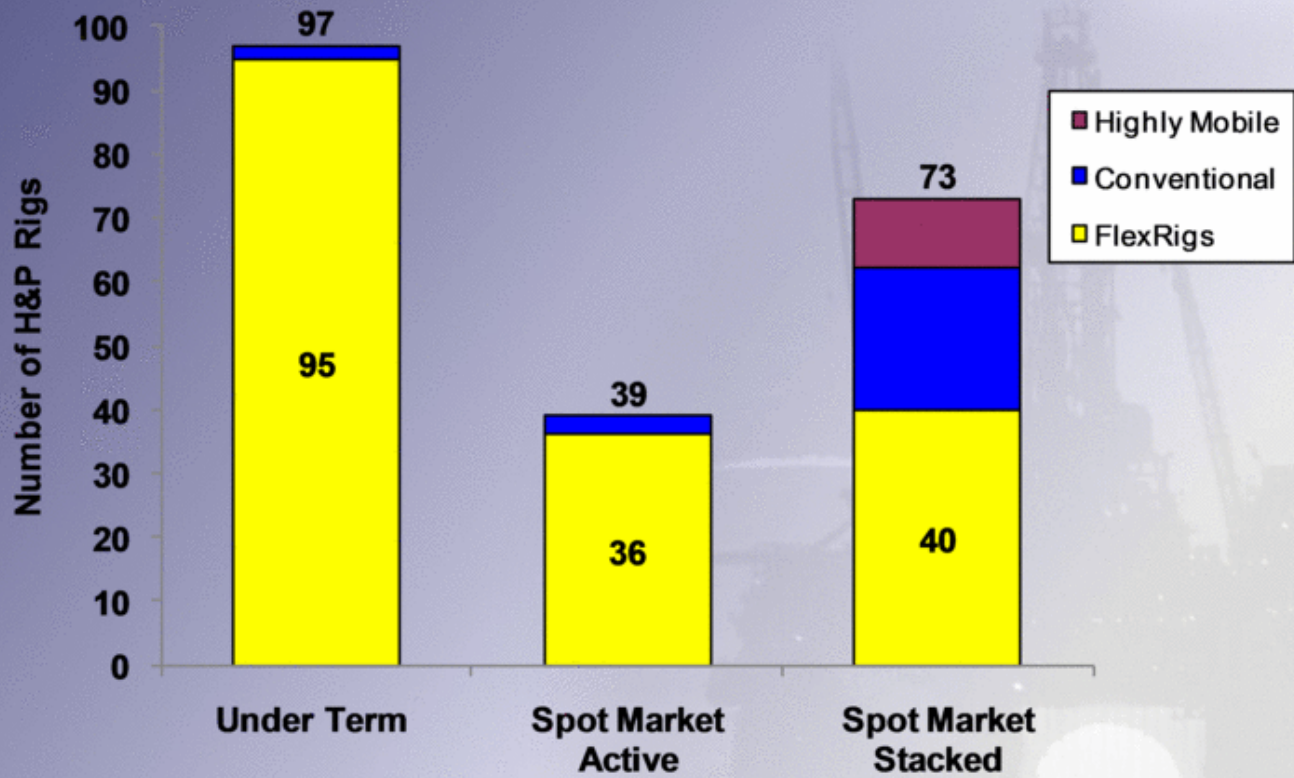
H&P's U.S. Land Operations

- **H&P's active rig count continues to increase.**
- **Spot dayrates appear to have stabilized.**
- **Larger FlexRigs are now approaching full utilization.**
- **Five FlexRig3 rigs (used for international bidding) have been transferred back to the U.S. Land segment, and three of the five are already contracted.**
- **Incremental activity is mostly geared toward prominent unconventional plays.**
- **Large independents seem to be preparing for a more active 2010.**



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

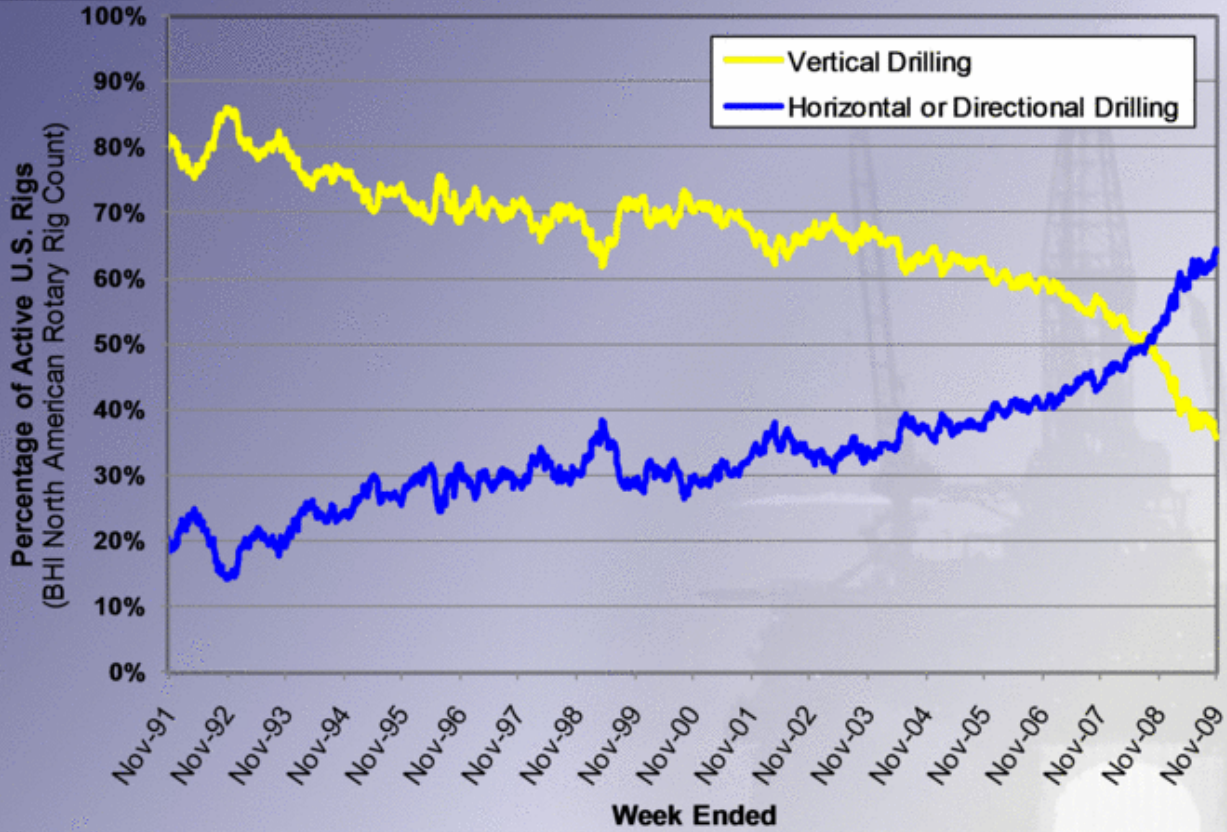
(Estimated for December 8, 2009)





Increasing Focus on More Difficult Drilling

U.S. Rig Activity by Drilling Type

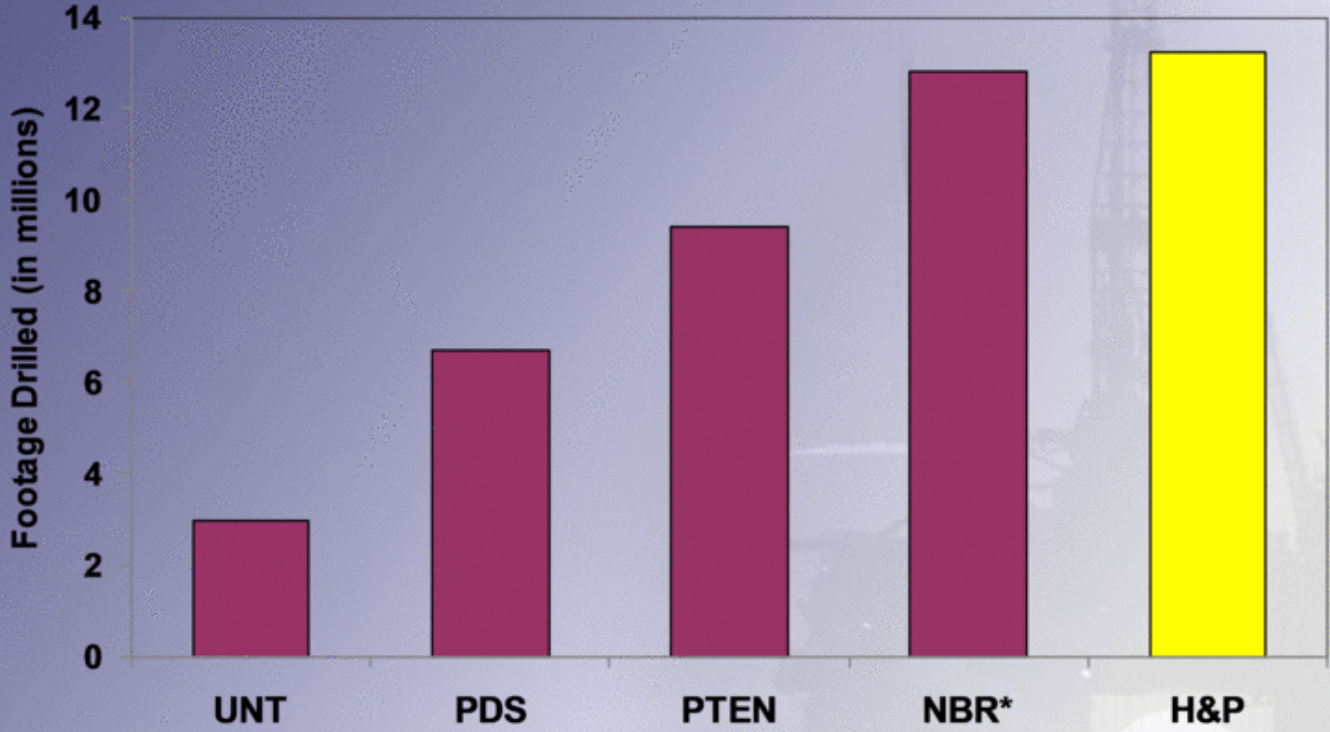




U.S. Land Footage Drilled

U.S. Land Footage Drilled

(Rig Data Driller Ranking - January 2009 to November 2009)



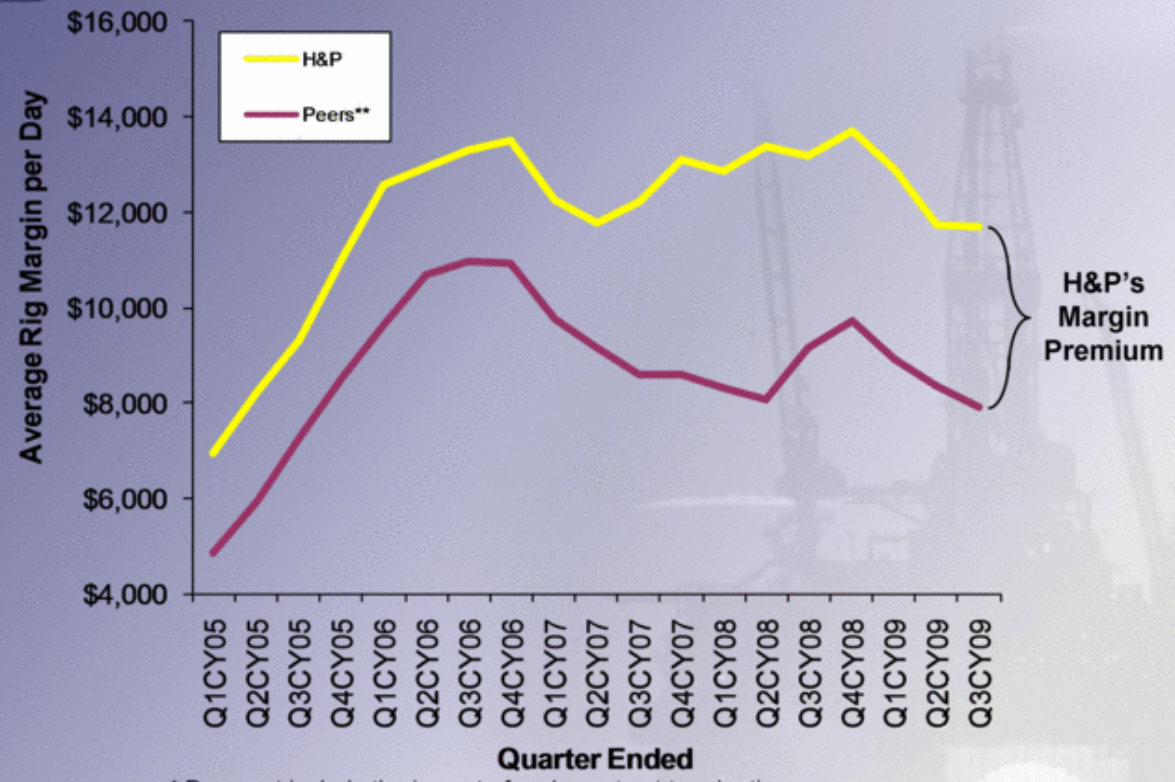
* NBR's footage drilled corresponds to Nabors Drilling USA, LP.

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Technology and Quality Service Make a Difference

U.S. Land Average Daywork Margins*



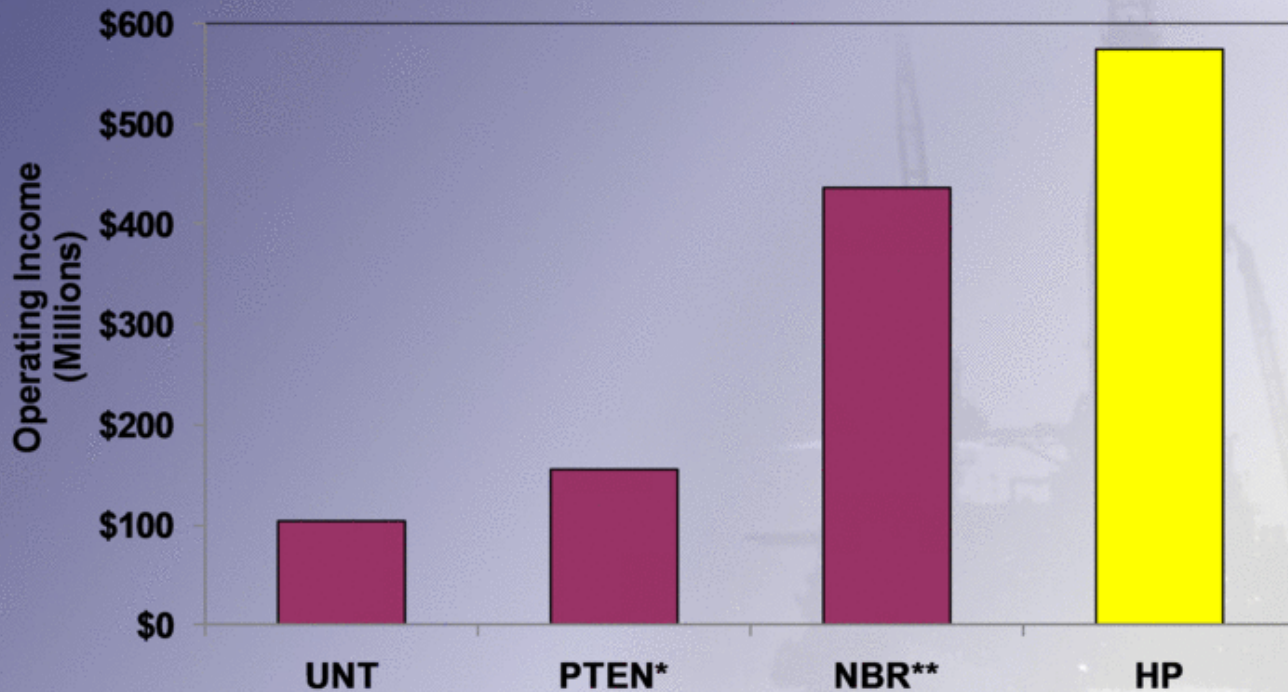
* Does not include the impact of early contract termination revenue.
** Represents weighted-average rig margin per day for PTEN, NBR and UNT in the Lower 48.



Most Profitable Driller in U.S. Land Business

U.S. Land Drilling Operating Income

12 Months Ended September 30, 2009



* PTEN's operating income includes drilling operations in Canada.

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

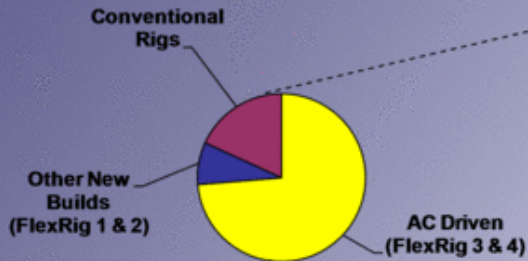
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H&P is Leading the U.S. Land Retooling Effort

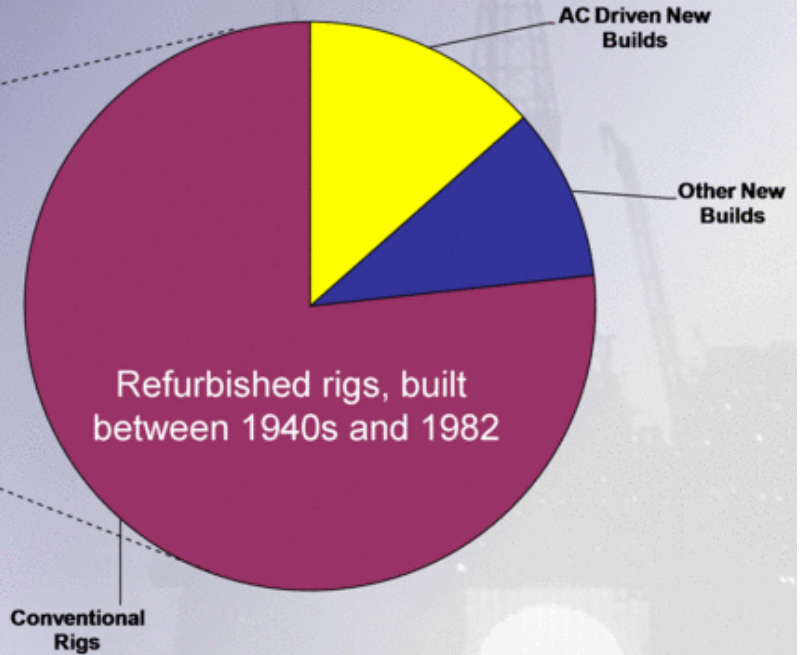
H&P's Available U.S. Land Fleet

(209 Rigs as of 12/8/09)



Total Available U.S. Land Fleet (Estimates)

(~2,450 Rigs)





H&P's Capex Estimate for Fiscal 2010

- **Given improving market conditions, we have increased our fiscal 2010 capital expenditures estimate by \$40 million to \$265 million.**
- **With this capex increase, the flexibility to control and adapt our manufacturing effort allows us to extend it through the rest of fiscal 2010. This represents a significant competitive advantage.**
- **The incremental spending will result in:**
 - **Adequate levels of FlexRig spare component availability**
 - **Potential continued deployment of new FlexRigs at the rate of one per month through the end of fiscal 2010**
 - **Execution of selected special projects and increased internal maintenance levels**



H&P's International Land Operations

Rig Fleet Status (Estimated for December 8, 2009)

	Active	Contracted	Idle	Total	Long-term Contracts
Argentina	5		4	9	4
Colombia	5		1	6	2
Ecuador	4			4	
Mexico	6			6	6
Africa	1	1		2	
Venezuela			11	11	
Other		1 ⁽¹⁾		1	1
Total	21	2	16	39	13⁽²⁾

1) Includes one rig under a long-term contract still in the U.S. waiting on the operator to determine an international location.

2) 13 of 15 FlexRigs (included in the international fleet of 39 rigs) are under long-term contracts.



H&P's Offshore Operations

- **Seven of the Company's offshore platform rigs are active and two are idle.**
- **One of the two rigs that are currently idle has good work prospects for fiscal 2010.**
- **Two of the seven active rigs are under long-term contracts.**
- **Our two U.S. based management contracts are expected to remain active in fiscal 2010, and the new Equatorial Guinea management contract is expected to fully ramp-up during the second fiscal quarter of 2010.**



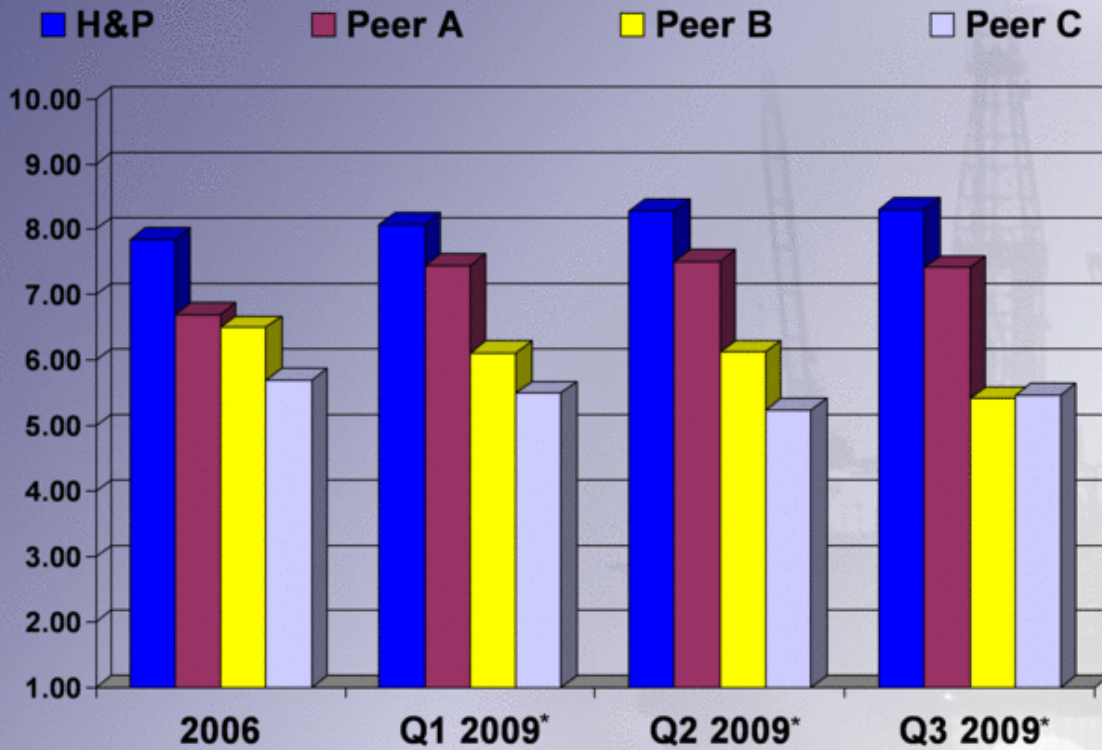
Market Trends Favor H&P

- **Drilling is becoming more challenging and highly-capable rigs are expected to be in short supply**
- **Growing focus on technology-based solutions that enable lower total well costs**
- **Increasing safety and environmental sensitivity**
- **Unconventional plays are the most economically viable and tend to require highly-capable rigs**



Customer Satisfaction Index

10 = "Highly Satisfied", 1 = "Highly Dissatisfied"



Source: EnergyPoint Research, Inc.

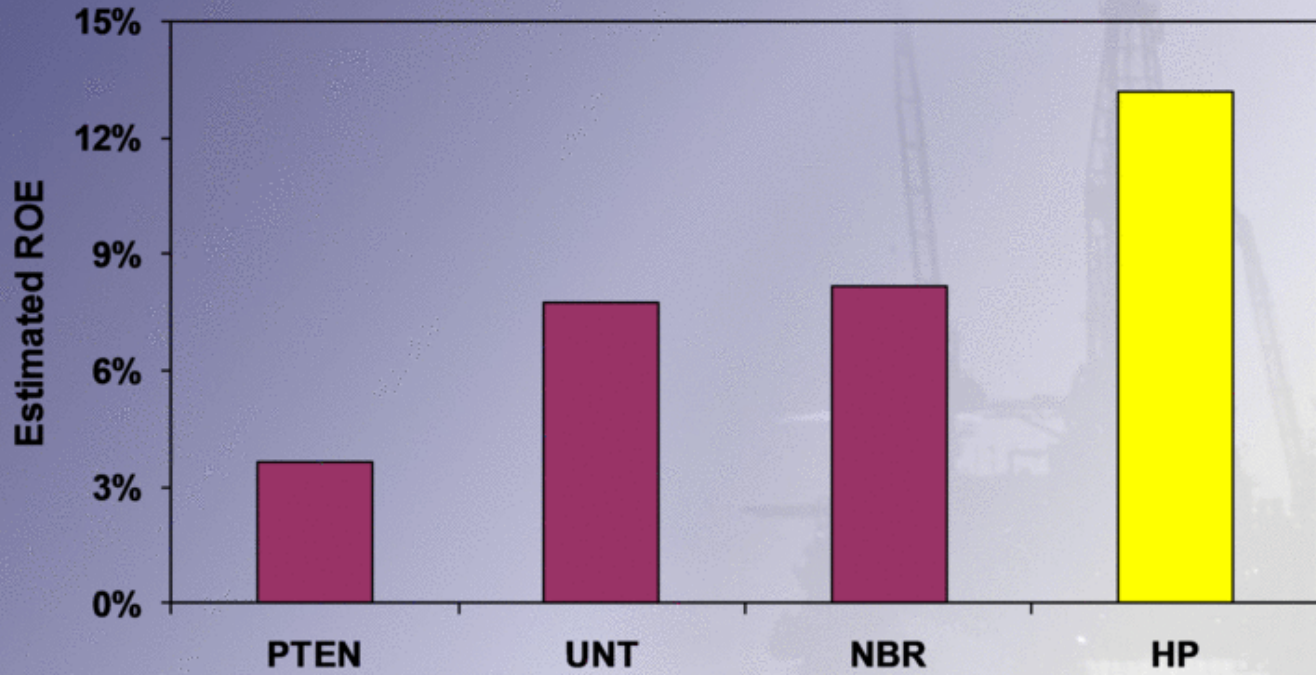
* Trailing four quarters average

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Peer Group Return on Equity

Return on Equity* 12 Months Ended September 30, 2009



* NBR's, PTEN's and UNT's calculations exclude charges that were a result of asset retirements and impairments, including ceiling test write-downs.



End of Presentation

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Additional References:

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New Builds – H&P's FlexRig Program

The FlexRig Difference: Key Advantages

- **Increased drilling productivity and reliability**
 - Variable frequency (AC) 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 and NPV gains**
- **A significantly enhanced and safer workplace**
- **Minimized impact to the environment**
- **Total well cost savings even at premium dayrates**



Another Value Proposition Example – H&P vs. Competitors

	Estimated Field Competitor Average (Spot Market)	H&P FlexRig4 Late 2009 (Spot Market)
1. Drilling days	28	18
Completion days	2	2
Moving days	<u>4</u>	<u>3</u>
Total rig revenue days per well	34	23
2. Drilling contractor dayrate	\$13,500	\$17,500
Operator's other intangible cost per day estimate	<u>\$15,000</u>	<u>\$15,000</u>
Total daily cost estimate	\$28,500	\$32,500
Total cost per well (daily services)	\$969,000	\$747,500
3. Total well savings with H&P – per well per year		\$221,500 \$3.5MM



Value added from FlexRig operations

- Significant H&P dayrate premium
- Increased wells per rig per year: 5 wells
- Early production: Incremental wells on production
- Lowest total well cost



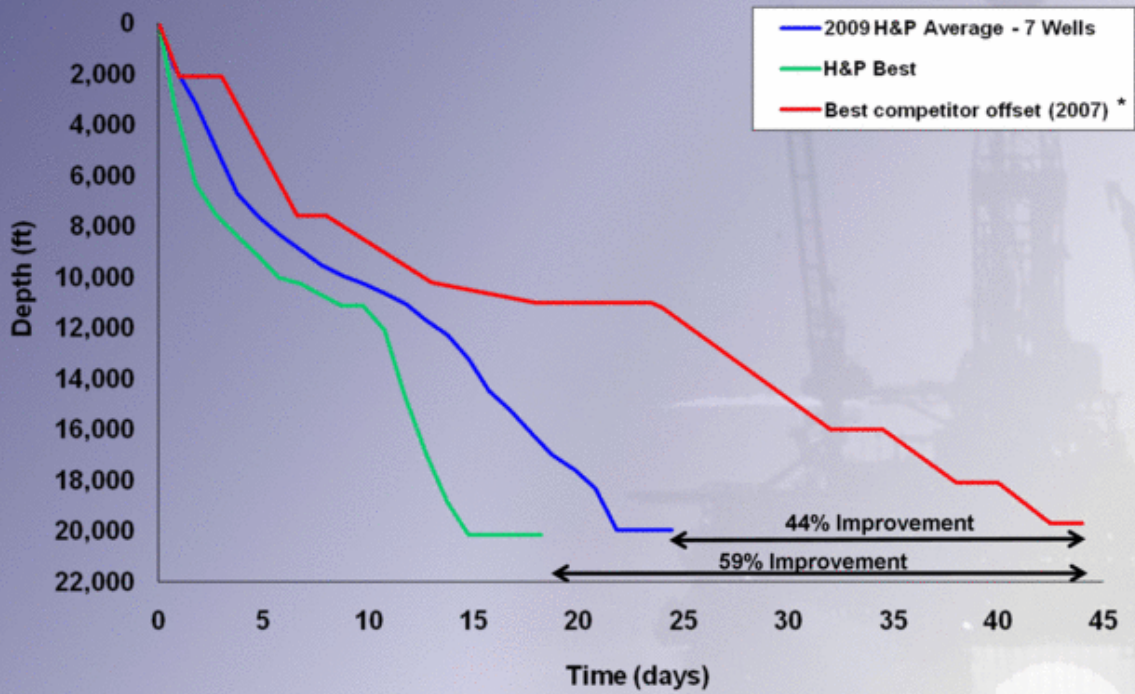
A Strong Field Organization

- Performance is not only about better rigs
- It's also about:
 - People
 - Safety
 - Experience
 - Training
 - Culture
 - Supply chain
 - Maintenance
 - Processes
 - Organizational network
 - Support structure



FlexRig3 – Performance Sample

FlexRig3 Bakken Shale

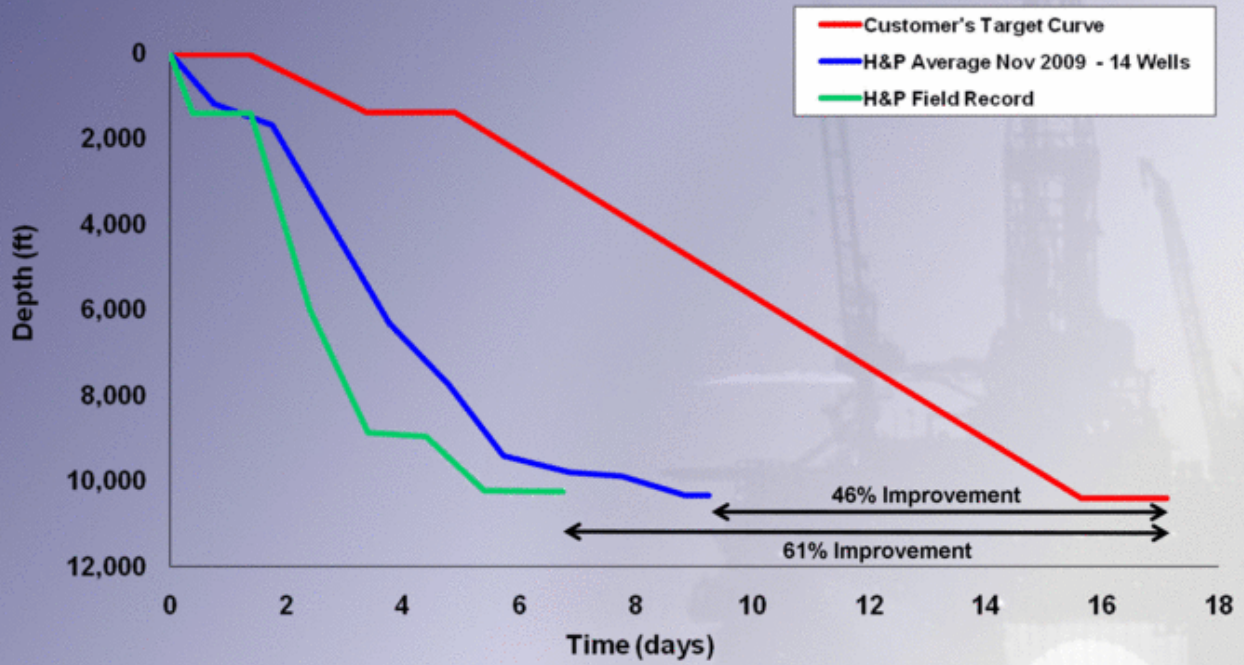


* Represents the customer's fastest reported Bakken Shale well before deploying a H&P FlexRig.



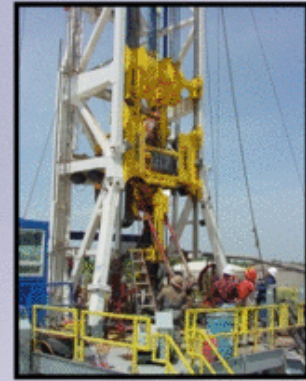
FlexRig4M – Performance Sample

FlexRig4M West Texas





FlexRig3 Performance

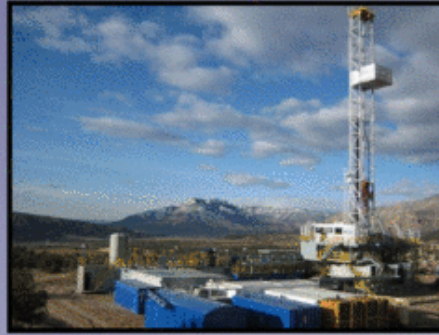
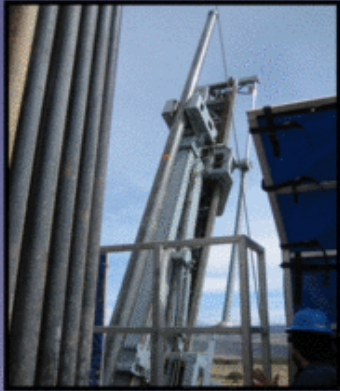


Highlights of FlexRig3s

1. **Field performance vs. customers' planned drill curves**
 - 2818 complete wells as of October 21, 2009
 - 1681 wells (60%) under or on
 - 932 wells (33%) over
 - 205 wells had no planned curves
2. **83% of FlexRig3s are currently drilling directional, more technically difficult wells.**



FlexRig4 Performance



Highlights of FlexRig4s

1. **Field performance vs. customers' planned drill curves**
 - 3278 complete wells as of October 21, 2009
 - 2112 wells (65%) under or on
 - 910 wells (28%) over
 - 256 wells had no planned curves
2. **80% of FlexRig4s are currently drilling directional, more technically difficult wells.**

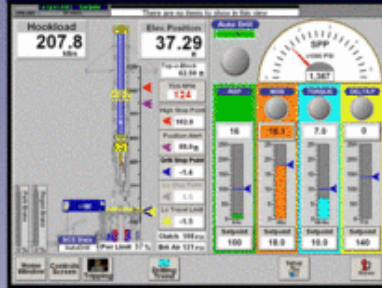


Leader in New Ideas & Applied Technology

Driller's Cabin



Computerized Controls



AC Driven Systems & Integrated Top Drive



Satellite Communications



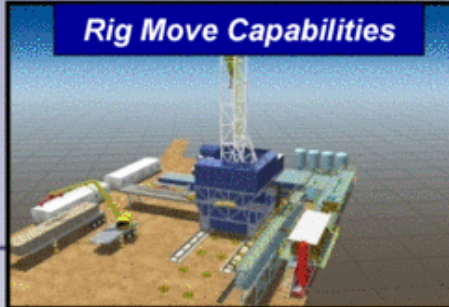
BOP Handling



Mechanized Tubular Handling



Rig Move Capabilities

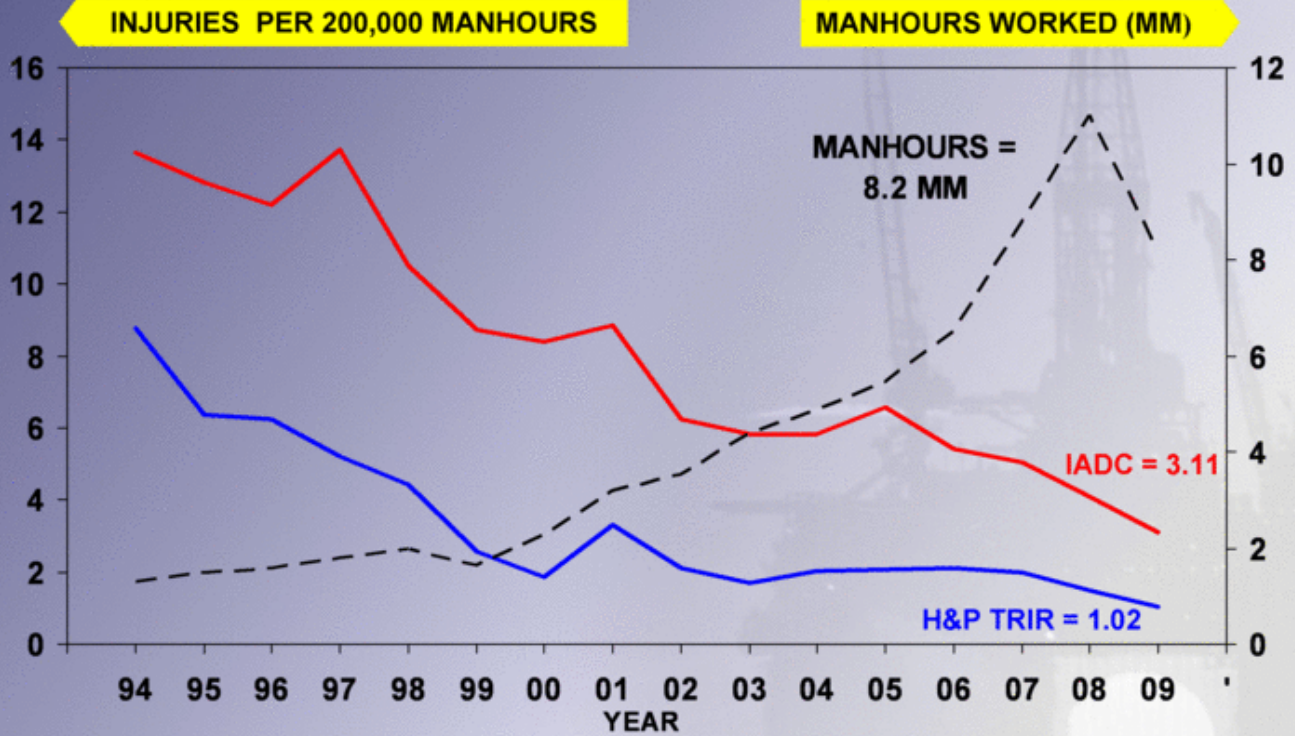


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Delivering Safety – H&P vs. Industry (IADC)

U.S. Land Safety Performance (1994 – 3Q09) OSHA Recordable Injury Incidence Rates

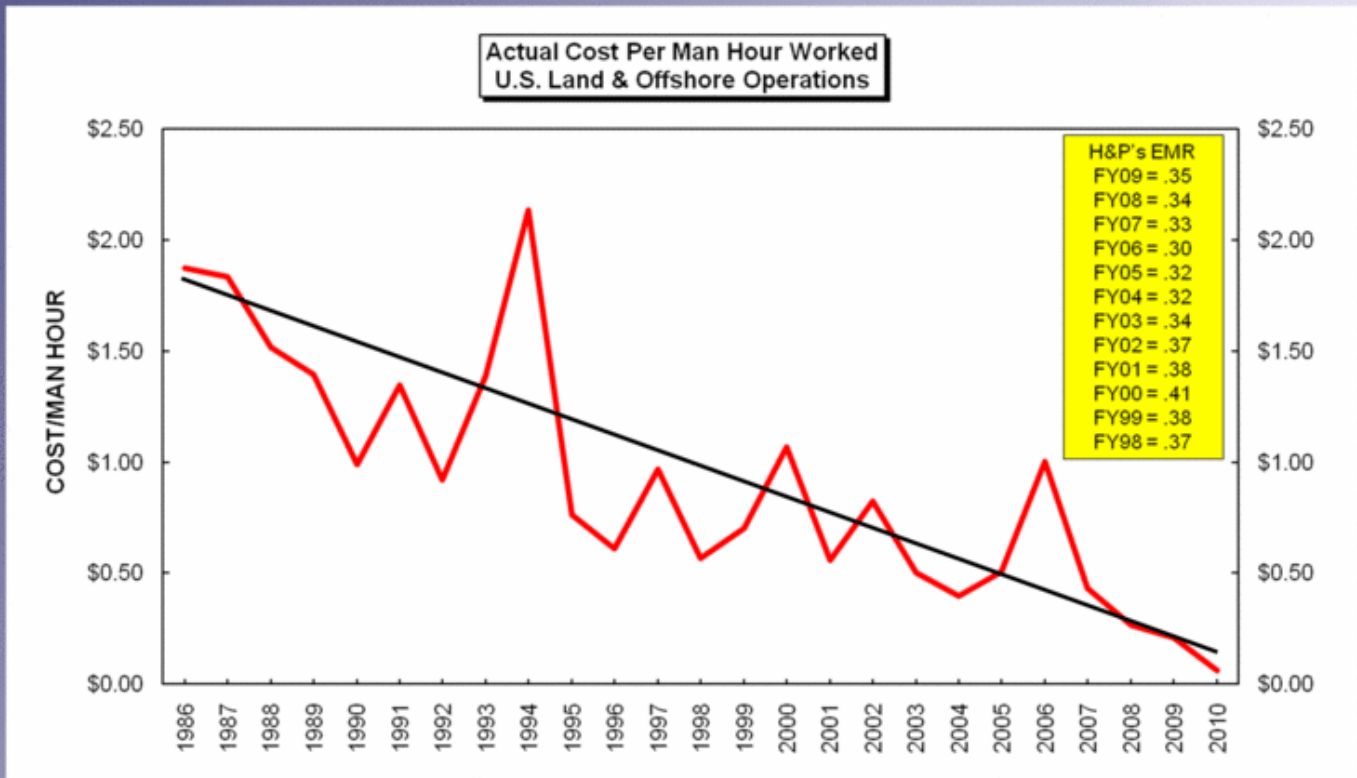


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Safety Excellence Also Generates Savings

Reduced Workers Comp and General Liability Losses per Man Hour

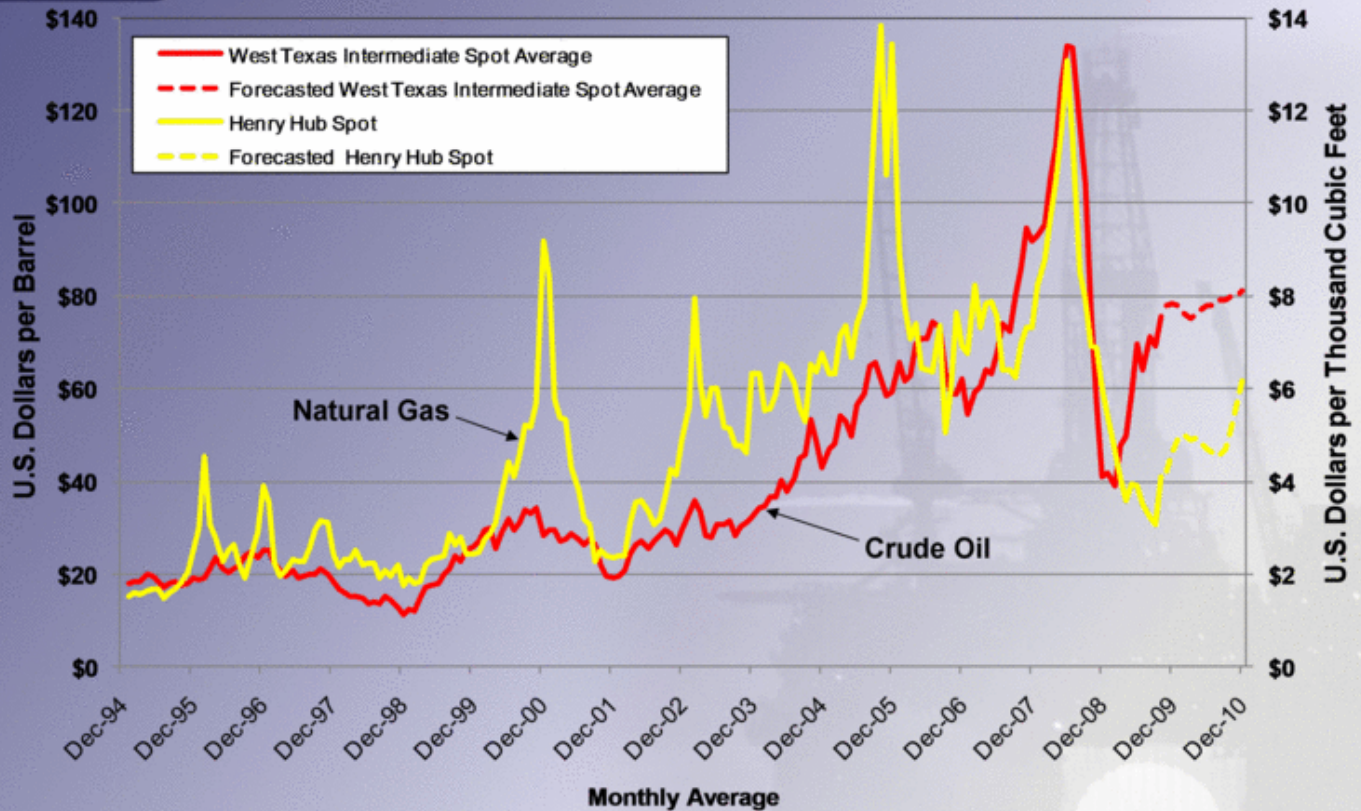


EMR = Experience Modifier Ratio (Industry Average = 1.00)

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Crude Oil & Natural Gas Prices

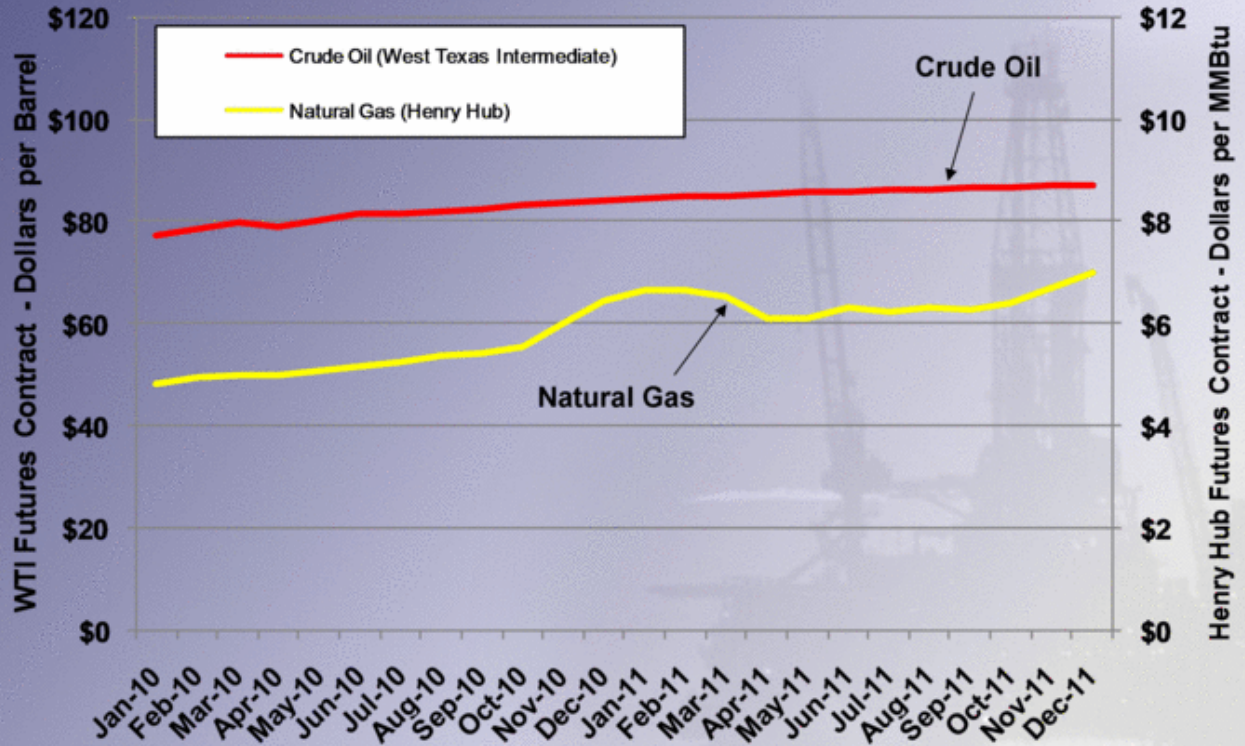


Source: Energy Information Administration, Short-term Energy Outlook as of 11/17/2009.

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Crude Oil & Natural Gas Futures

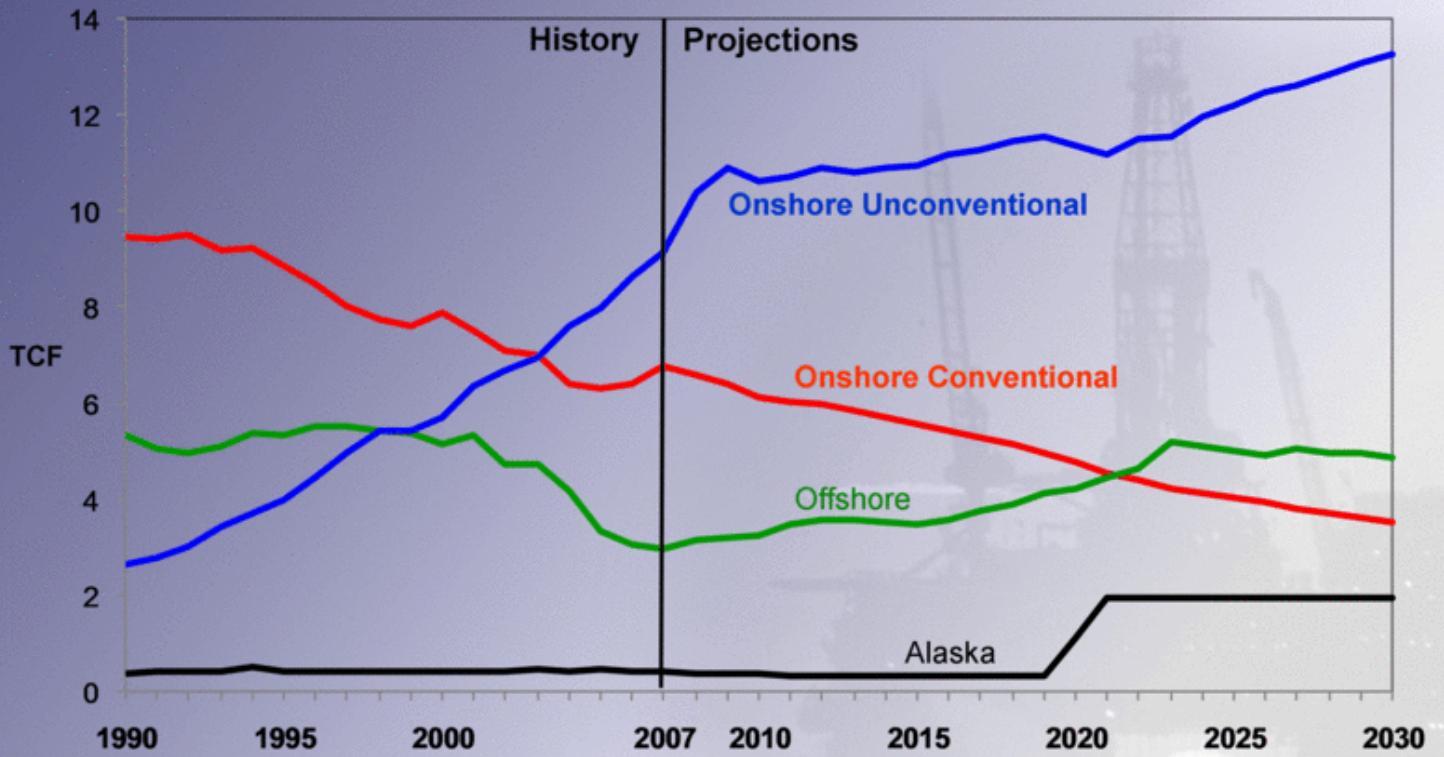


Monthly Futures Contract

Source: New York Mercantile Exchange (NYMEX) as of 11/30/2009.



Unconventional Natural Gas Production Growing



Source: Energy Information Administration Annual Energy Outlook 2009 with projections to 2030 (March 2009)

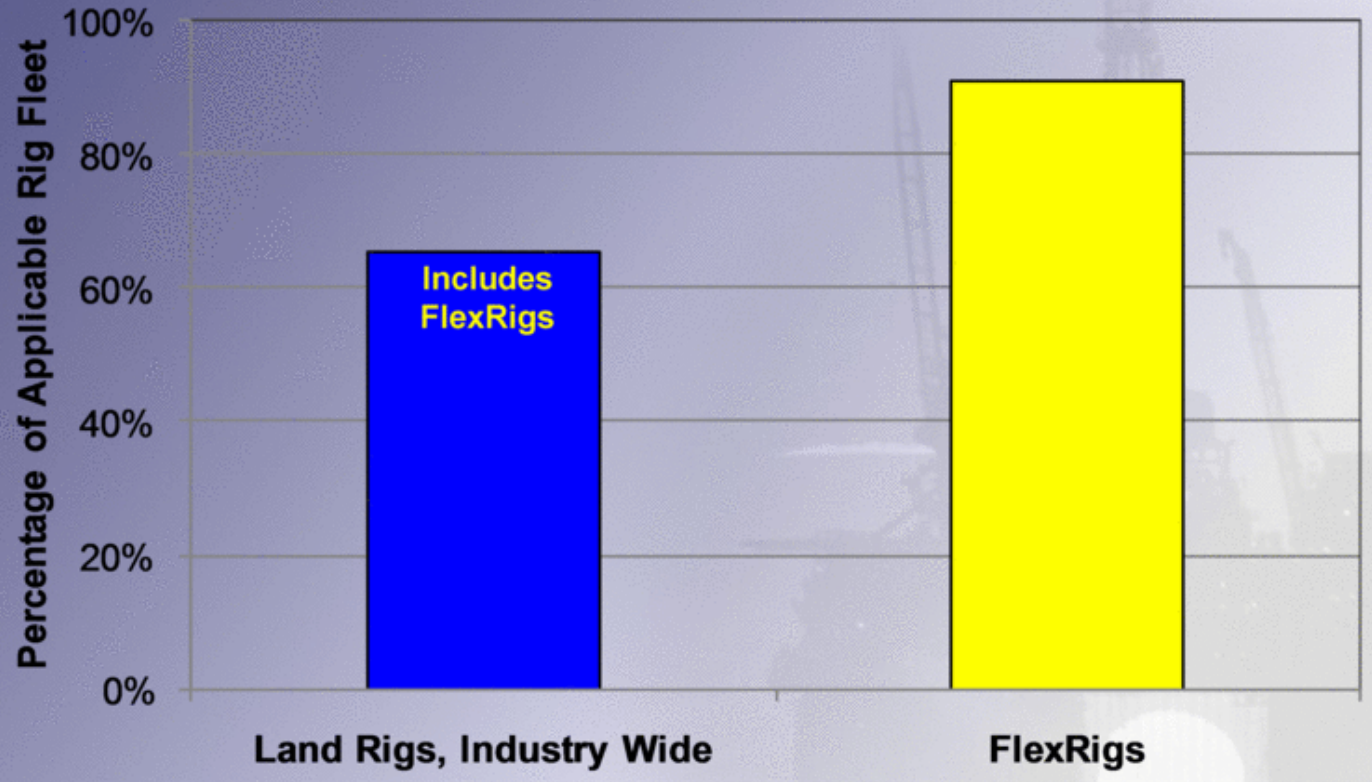
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FlexRigs in Demand for More Difficult Wells

Active Land Rigs Drilling Horizontal or Directional Wells

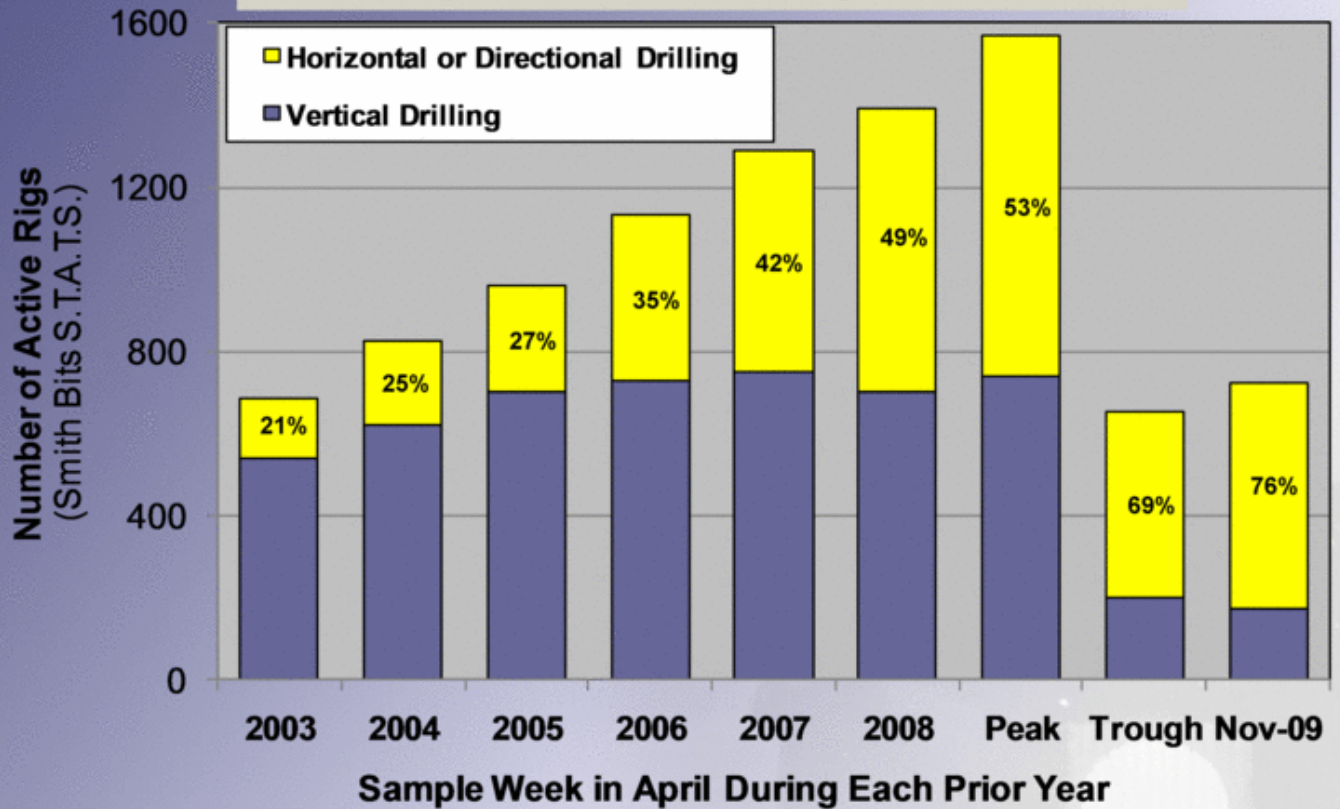
(Data Source: Smith International, Inc. - S.T.A.T.S. - 11/27/09)





Increasing Focus on More Difficult Drilling

Active Rigs in U.S. Land Drilling for Natural Gas





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