

# HELMERICH & PAYNE, INC.

## **FORM 8-K** (Current report filing)

Filed 10/24/07 for the Period Ending 10/24/07

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

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**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): October 24, 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))
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**ITEM 7.01 REGULATION FD DISCLOSURE**

Helmerich & Payne, Inc. will deliver an investor and securities analyst presentation on October 25 2007, 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: October 24, 2007

**EXHIBIT INDEX**

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# **Helmerich & Payne, Inc.**

**Canaccord Adams 2007 Global Energy Conference**

**October 25, 2007 – Miami, Florida**



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

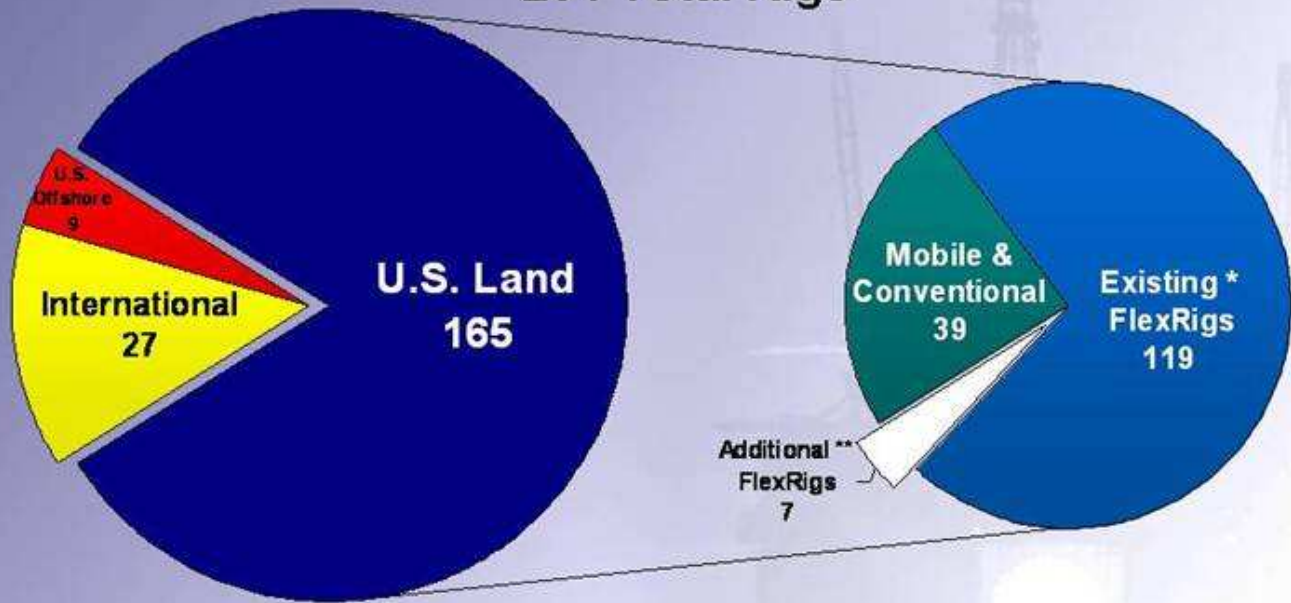


The information contained within this presentation is forward looking and involves risks and uncertainties that could significantly impact expected results. A discussion of these risks and uncertainties is contained in the Company's Form 10-K filed with the Securities and Exchange Commission on December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





201 Total Rigs



\* As of September 30, 2007. Includes a rig built in 2001 that was recently exposed to a well control incident.  
 \*\* Four scheduled for delivery during the remainder of calendar 2007, and three in early 2008.



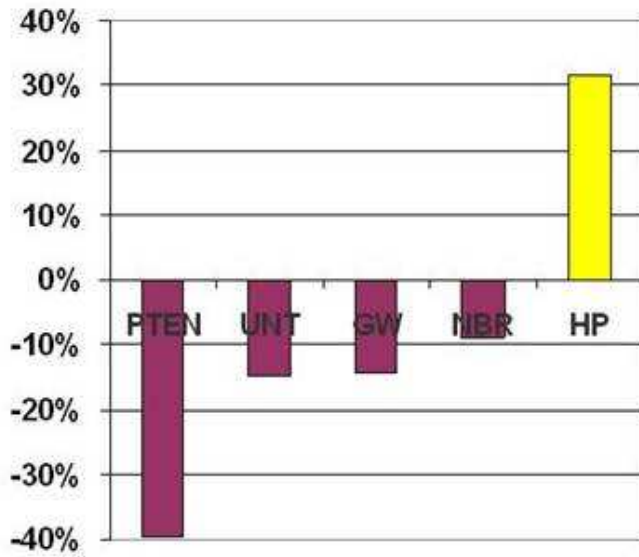
## H&P's Success in a Mixed Market Place

- Ongoing natural gas market concerns
- Rig capacity additions in the U.S.
- Certainly a time of challenges and opportunities
- H&P continues to deliver growth after the peak

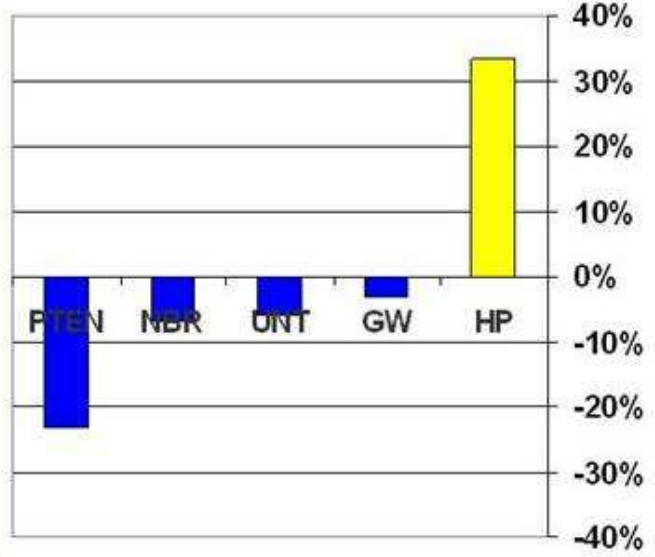


# Peer Group EPS and CPS Growth Comparison

**Analyst Estimates**  
**FY2006-FY2007 EPS Growth**  
(First Call Consensus, Oct 15 2007)



**Analyst Estimates**  
**FY2006-FY2007 CPS Growth**  
(First Call Consensus, Oct 15 2007)





The background of the slide is a collage of images related to the oil and gas industry. On the left, there's a close-up of industrial machinery. In the center, a group of about ten workers in white shirts and hard hats are standing together. On the right, there's another view of industrial equipment. The entire background has a blue tint and a grid pattern.

## 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**



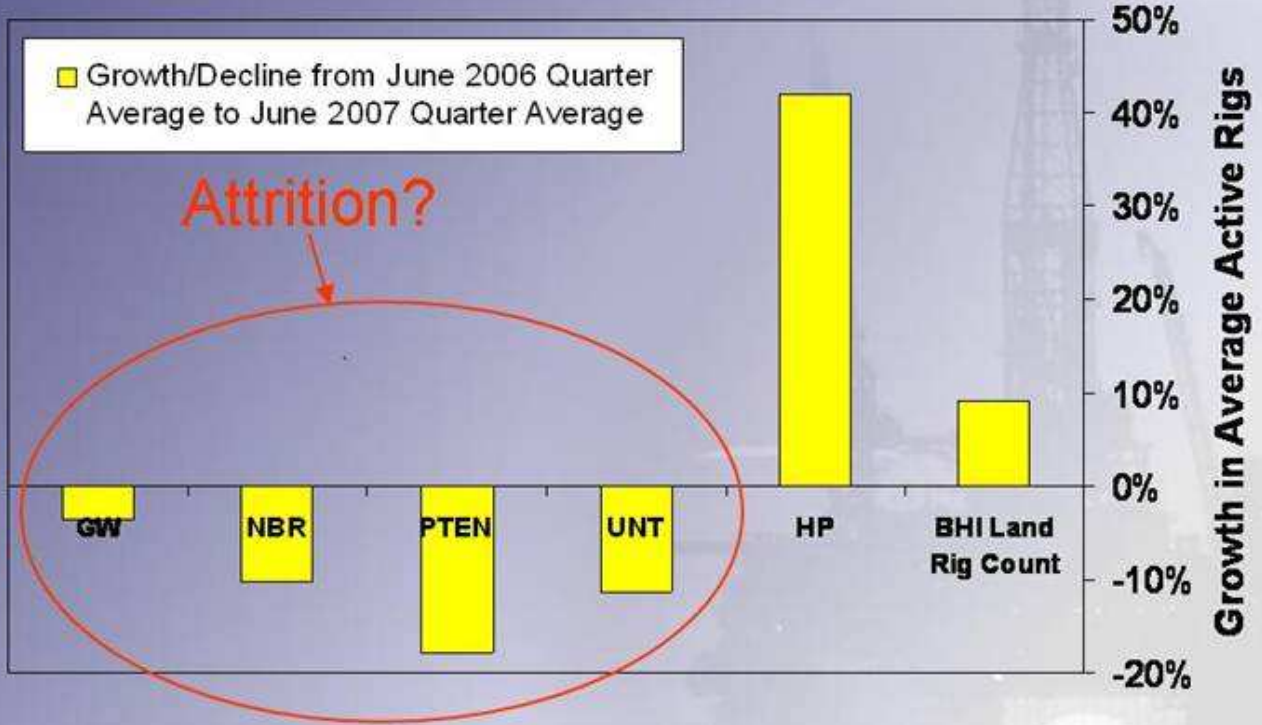
## Comparing Annual Trends in the U.S. Land Market

	<b>H&amp;P</b>	<b>Large Peers</b>
<b>Market Share</b>	Increasing	Down
<b>Change in Activity</b>	Strong Growth	Down
<b>Rig Utilization</b>	Remains Strong	Down
<b>Customer Base</b>	Long Term Oriented	Volatile
<b>Rig Quality</b>	Most Modern	Old and Tired
<b>Term Contracts</b>	High % Thru 2009	Mixed
<b>Average Rig Margins</b>	Strong Premium	Down



# Annual Rig Activity Growth?

## Changes in U.S. Land Average Rig Activity



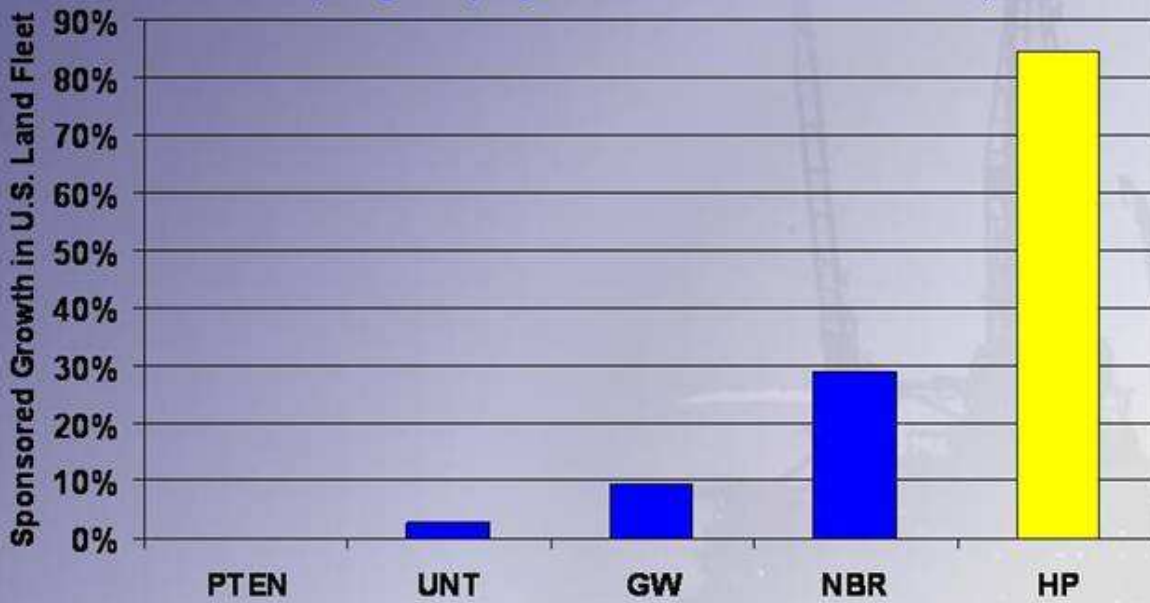


# Customer Sponsored Growth in the U.S.

## Announced New Builds with Customer Commitments

### Growth Sponsored by Customers

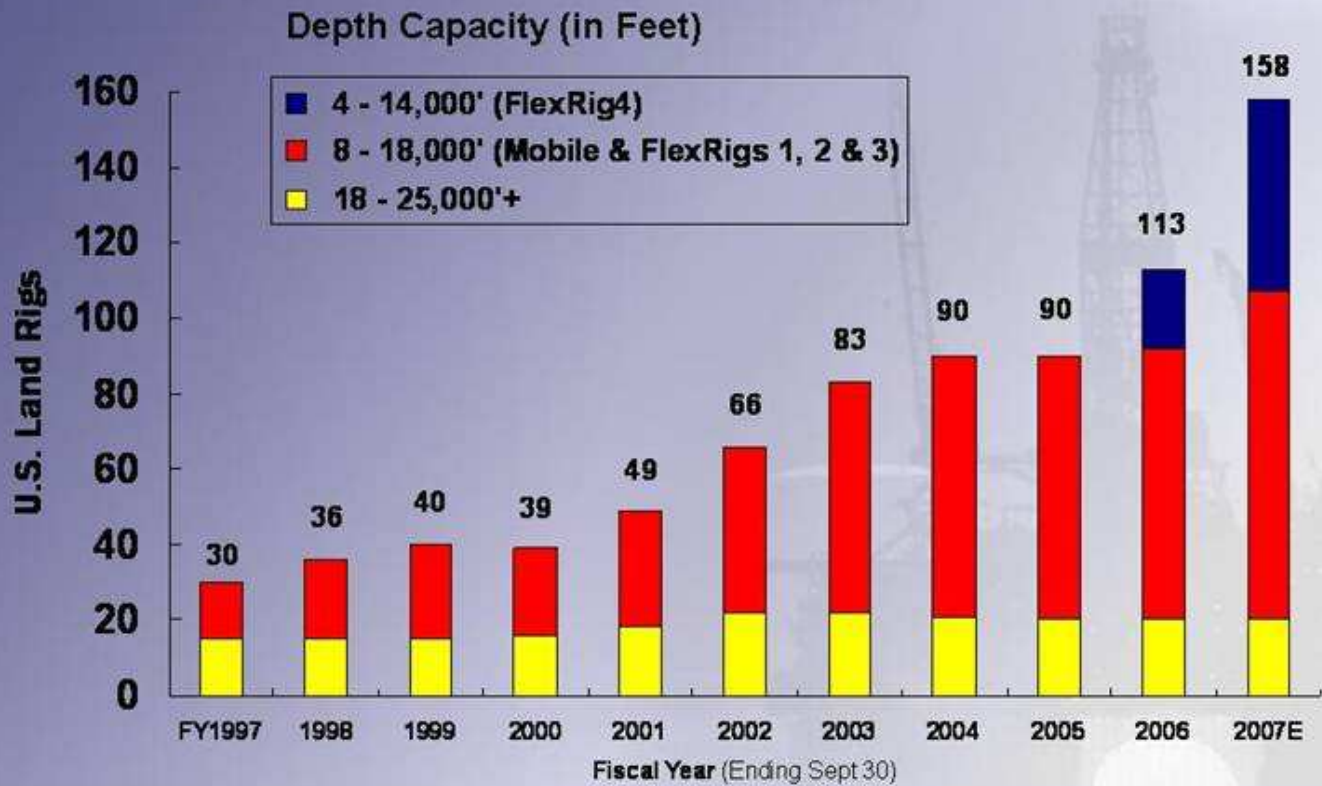
(Using Company's 2005 U.S. Land Fleet as Base)







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







Technology and Quality Service Make a Difference

### U.S. Land Daywork Drilling Margins Quarter Ending June 30, 2007

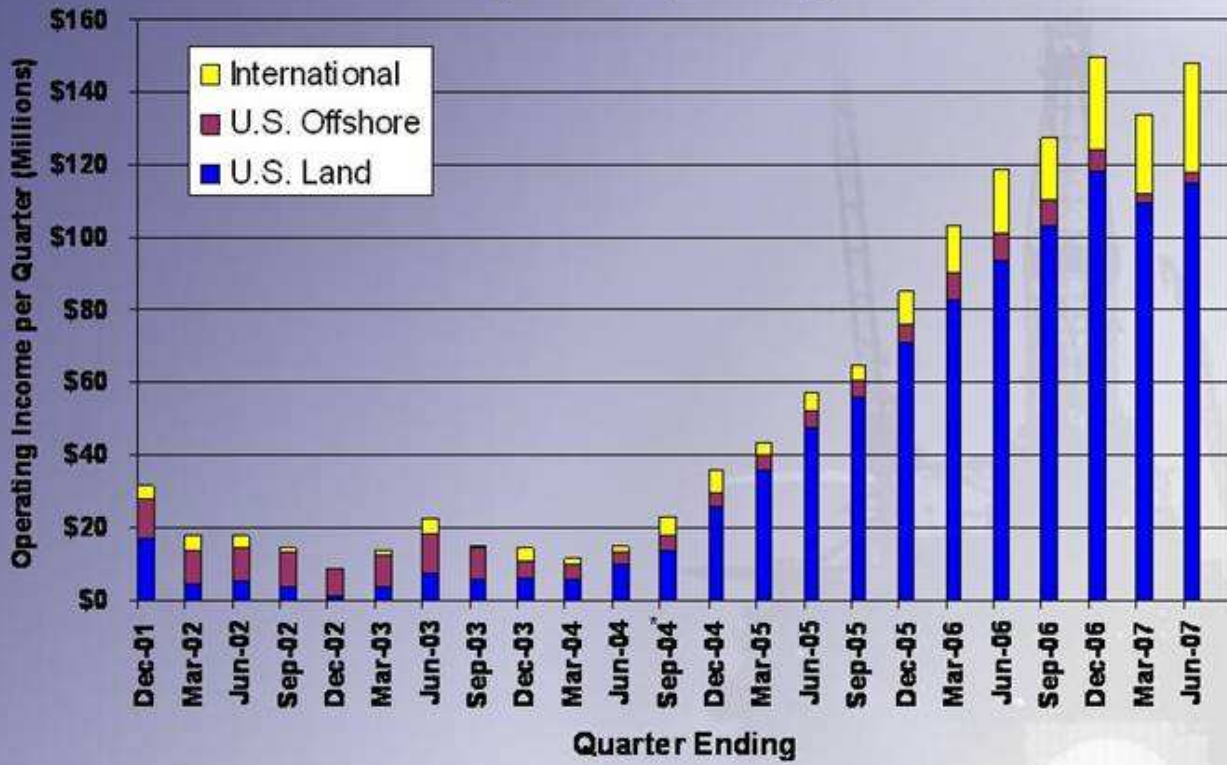


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# H&P's Growth in Operating Income

## H&P Segment Operating Income

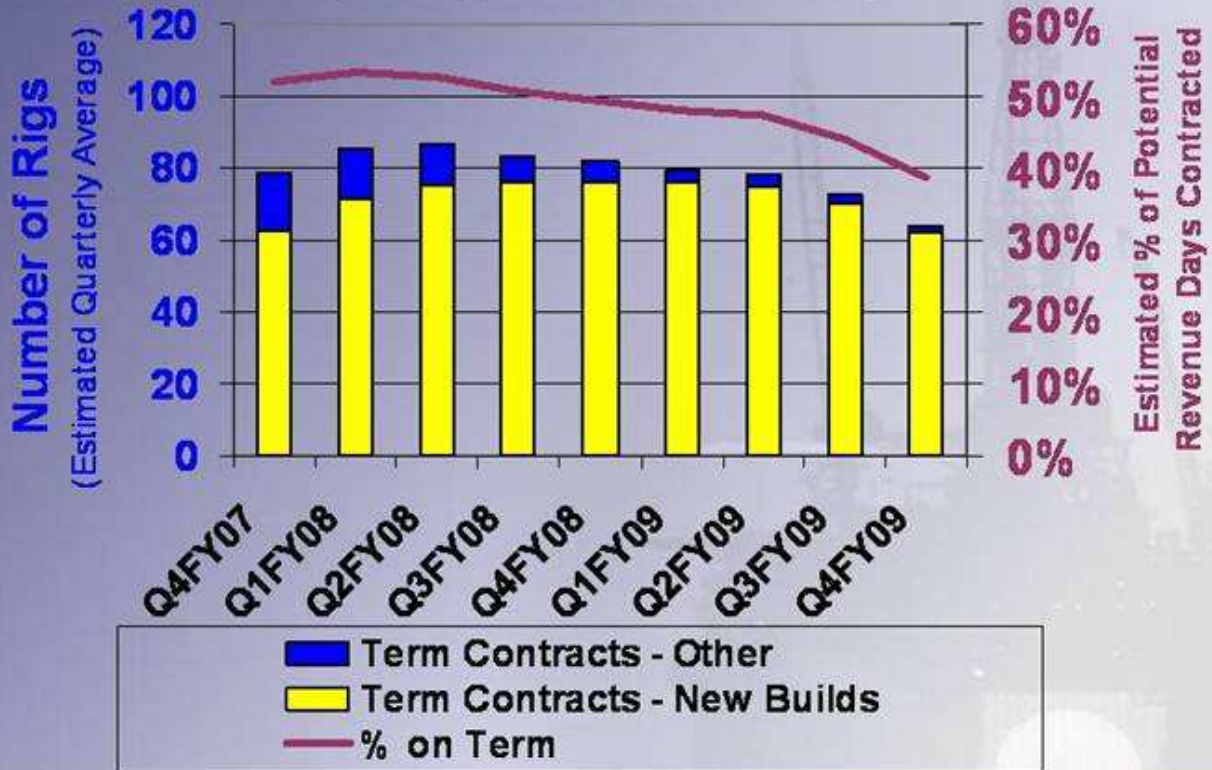


\* Excludes asset impairment charge.



# H&P U.S. Land Term Contracts

## Term Contract Status - H&P U.S. Land (Including Committed New Builds)





- **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**





## New Builds – H&P's FlexRig Program

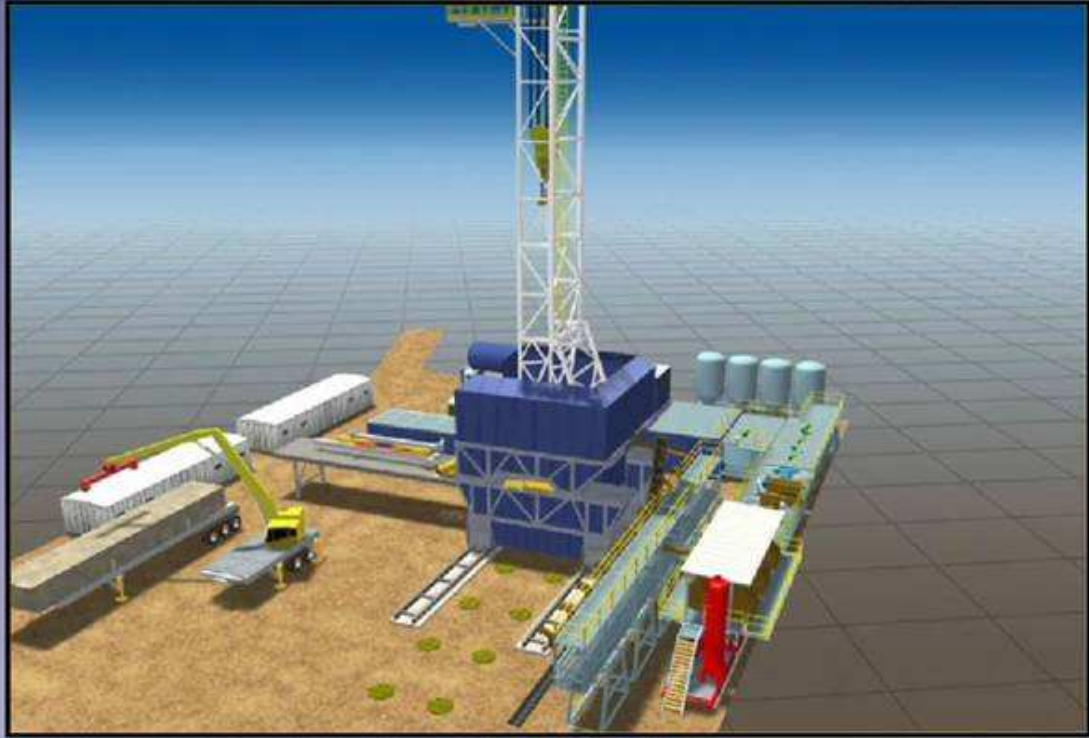
### The FlexRig Difference: Key Advantages

- **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**





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

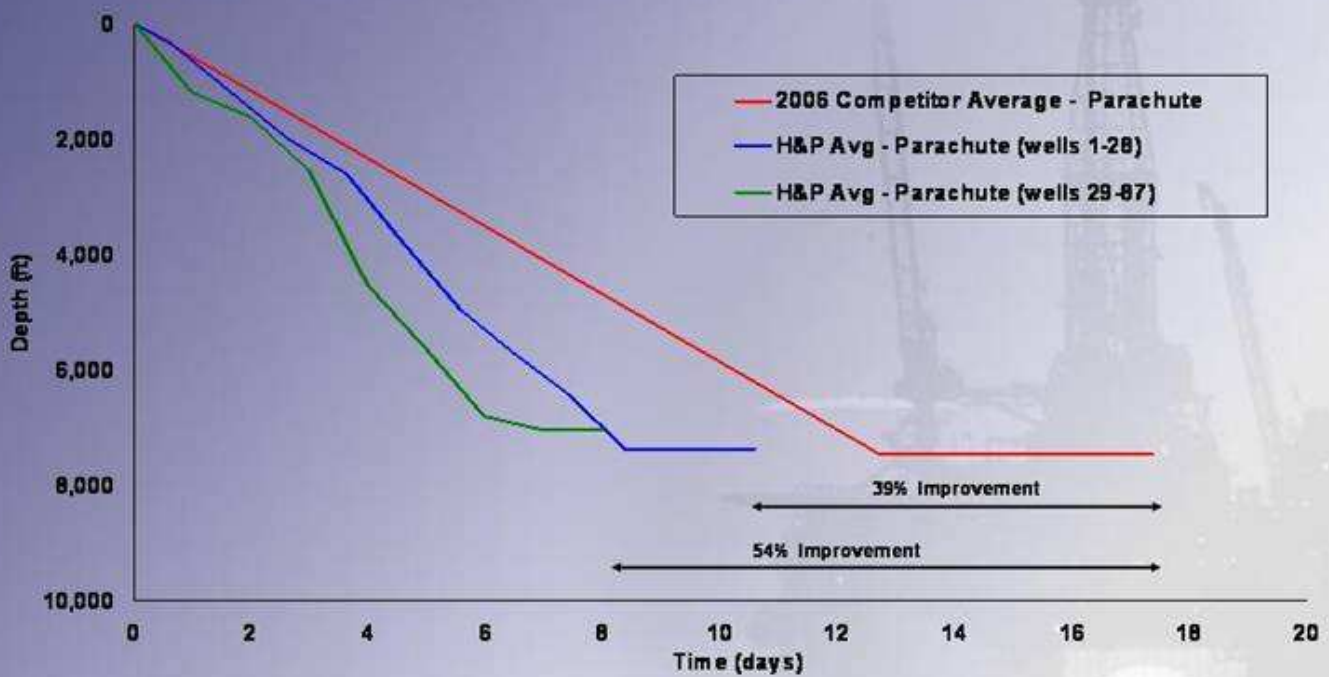


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# FlexRig4 – Performance Sample

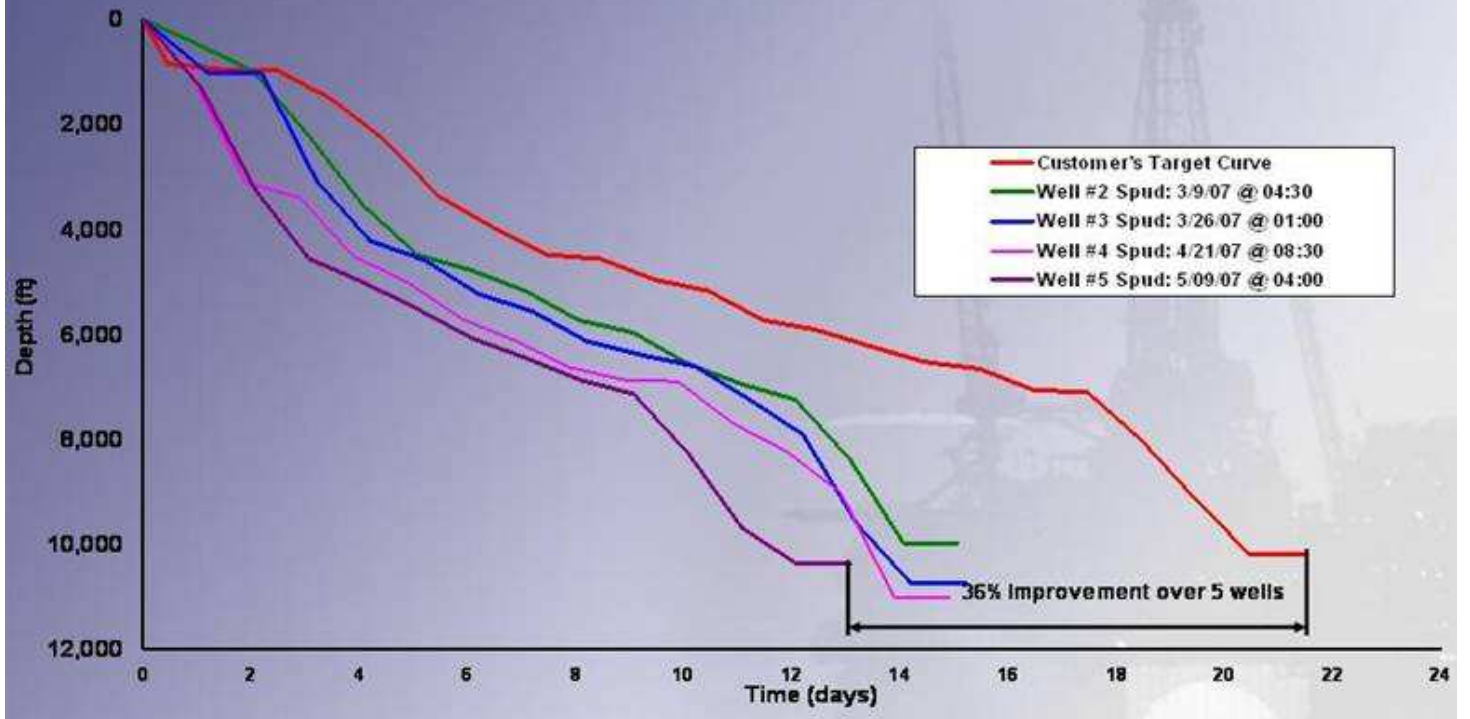
## ROCKY MOUNTAINS





# FlexRig4 – Performance Sample

## FlexRig4S Barnett Shale





# Best Value Example – H&P vs. Competitors

	Estimated Field Competitor Average	H&P FlexRig3 2007
1. Drilling days	13	7.8
Completion days	2	2
Moving days	5	3
<b>Total rig revenue days per well</b>	<b>20</b>	<b>12.8</b>
2. Drilling contractor dayrate	\$19,500	\$26,500
Operator's other intangible cost per day estimate	\$15,000	\$15,000
<b>Total daily cost estimate</b>	<b>\$34,500</b>	<b>\$41,500</b>
<b>Total cost per well (daily services)</b>	<b>\$690,000</b>	<b>\$531,200</b>
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

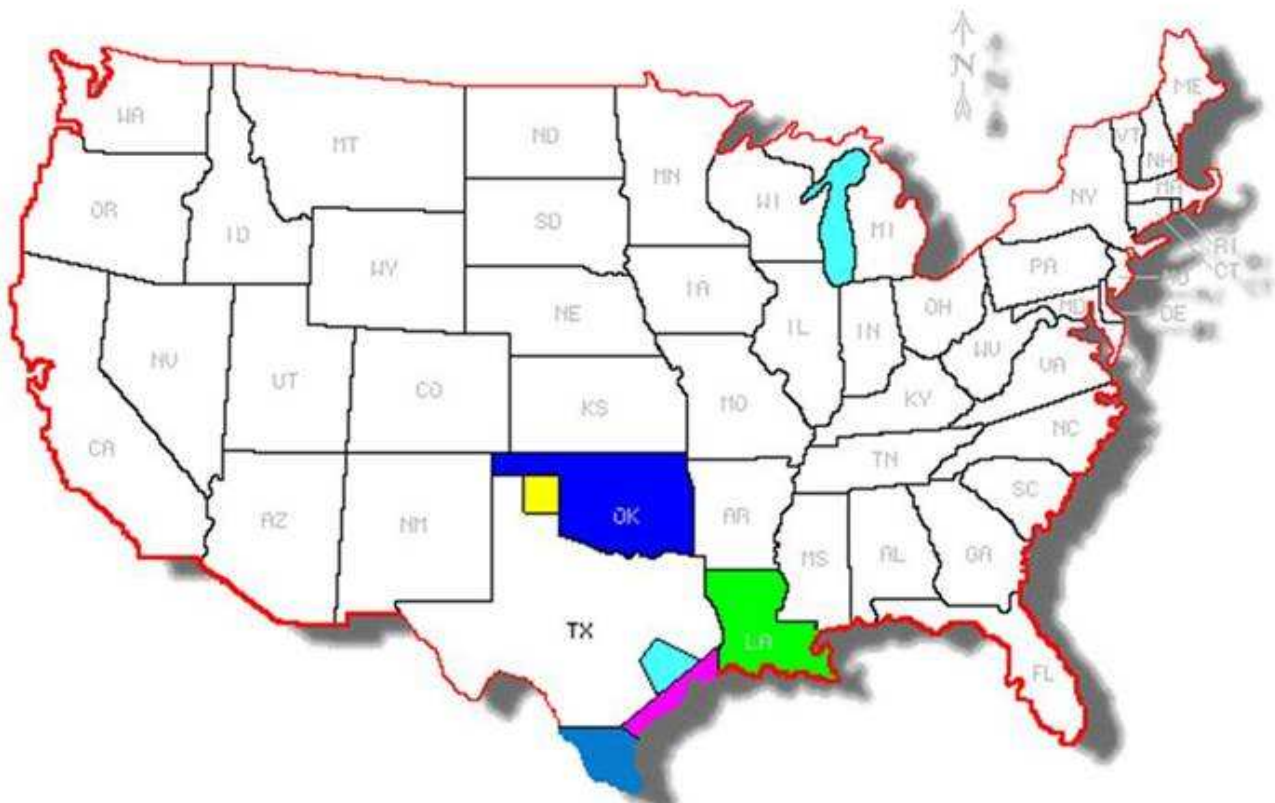




## H&P's U.S. Land Operations

- **Expansion continues**
- **Utilization remains high**
- **100% of FlexRigs are contracted**
- **Average spot dayrates are declining slightly**
- **About 50% of the segment's potential revenue days are under term contracts through fiscal 2009**

# H&P U.S. Land Markets - 2000



# H&P U.S. Land Markets - 2007





## H&P's U.S. Offshore Operations

- **Five of nine offshore platform rigs are active**
- **Two are being prepared for term contracts**
- **Two are idle and are currently being marketed**





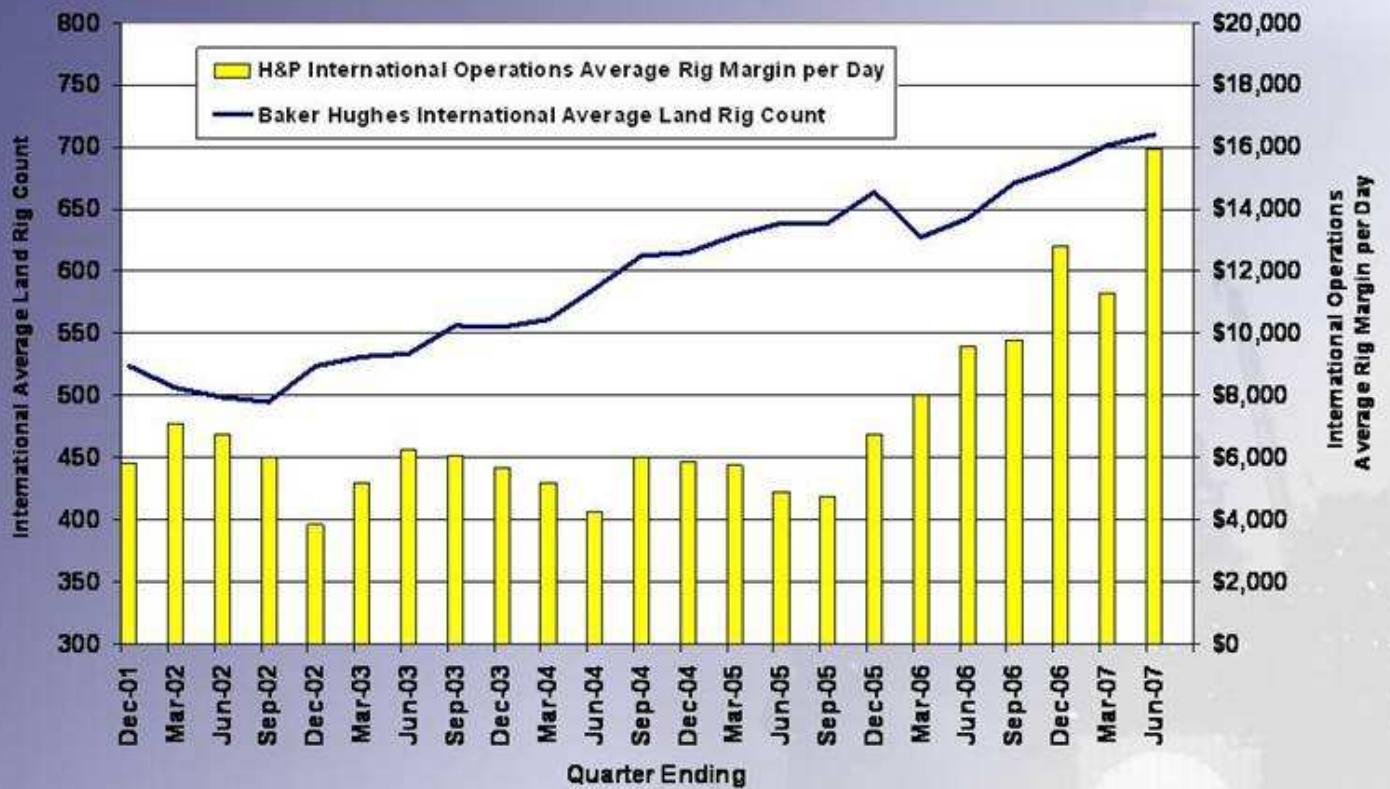
## H&P's International Operations

- **Dayrates and margins significantly improved during third fiscal quarter**
- **FlexRig in Tunisia performing well and generating increasing market interest**
- **Actively seeking growth opportunities around the world**





# International Rig Count Continues to Increase





## Key Considerations for H&P Going Forward

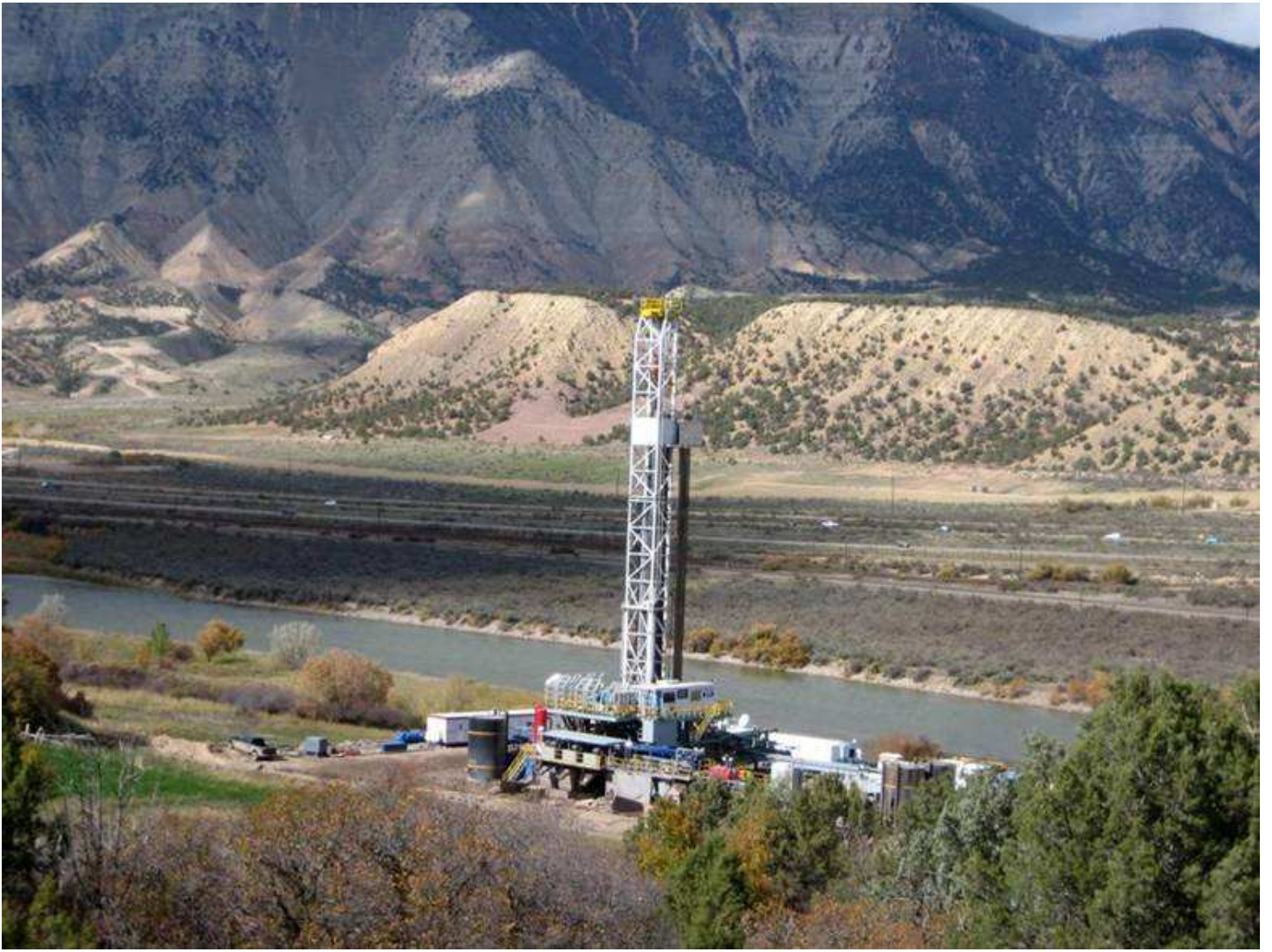
- **Incremental new build potential**
- **International opportunities for expansion**
- **Market share will shift to those with demonstrated performance and field results**
- **Control of its own new build construction effort affords H&P flexibility in meeting demand**



## The H&P Difference Beyond its Rig Fleet

- **Our Culture**
- **Safety**
- **People**
- **Organizational Support**







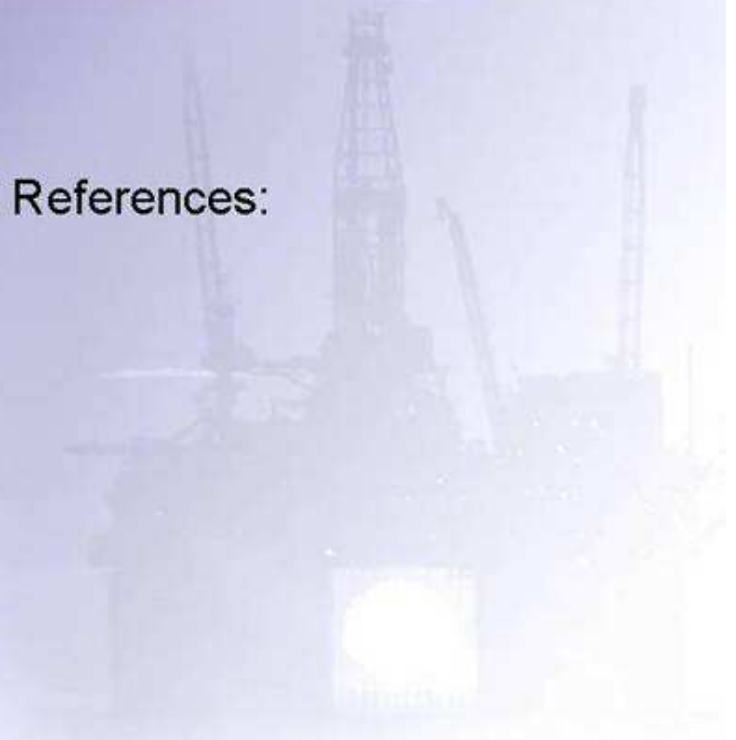



End of Presentation





Additional References:



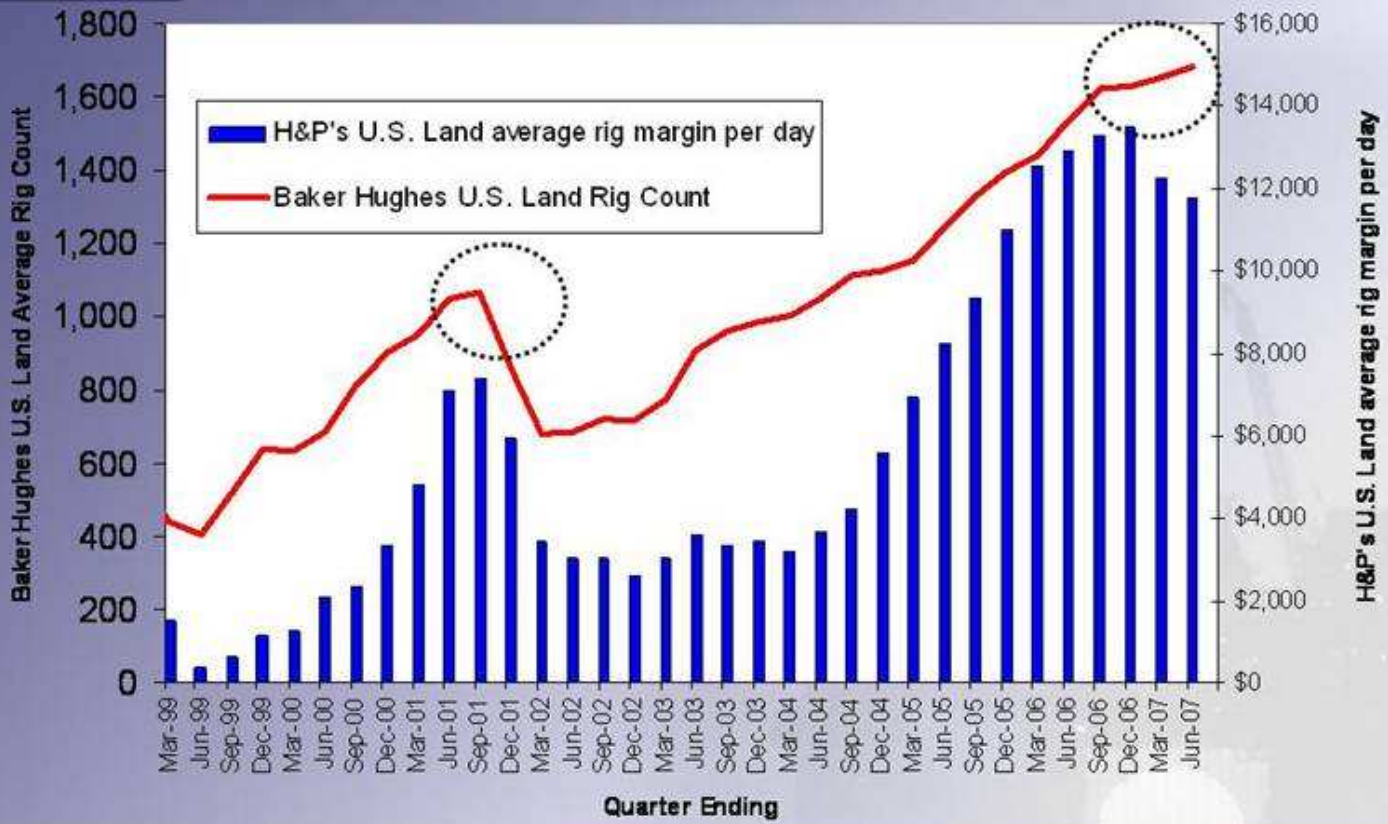
The background of the top banner is a collage of images. On the left, there's a close-up of industrial machinery, likely part of an oil rig. On the right, a group of about ten men, presumably workers or engineers, are standing together, some wearing hard hats. The overall color scheme is dark blue and black.

## Market Trends Aligned with H&P's Strengths

- **Rig count remains strong**
- **Increasing demand for more difficult drilling**
- **New and improved rigs replacing old and tired rigs**
- **Greater focus on performance, safety and people**



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



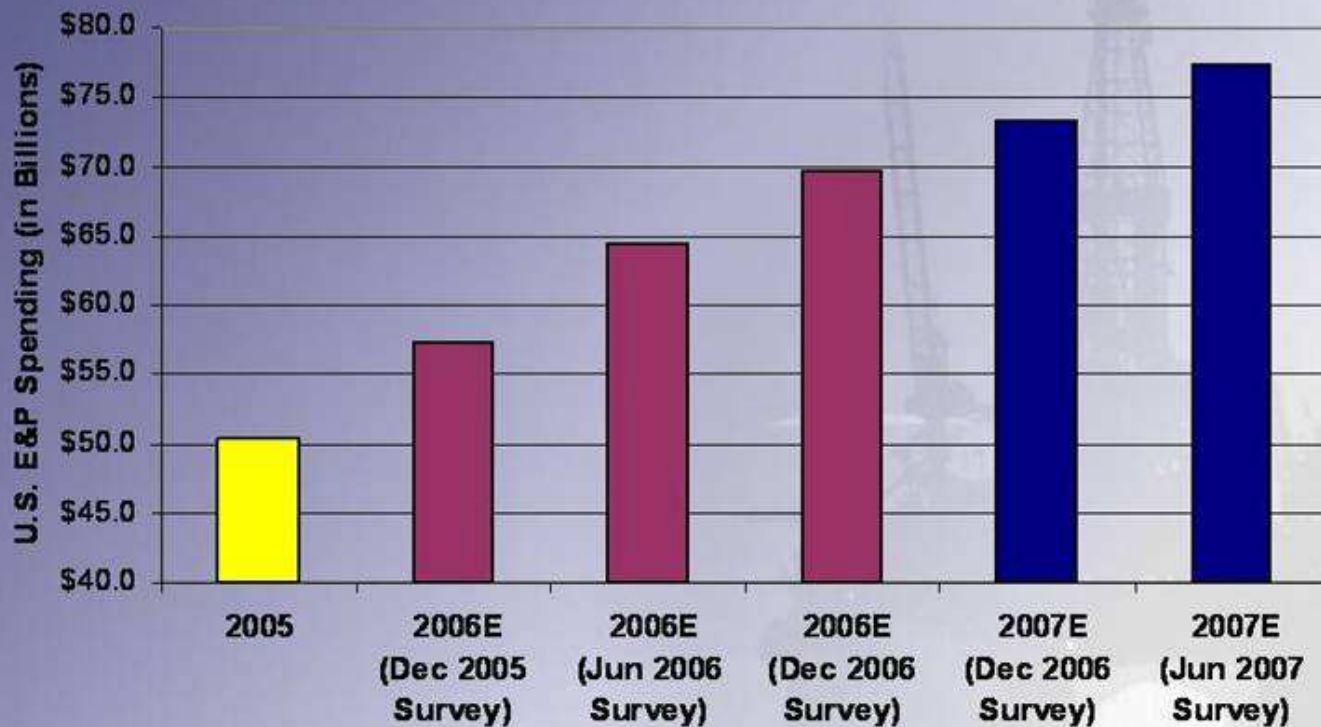




# Growing E&P Spending

## U.S. E&P Spending Estimates

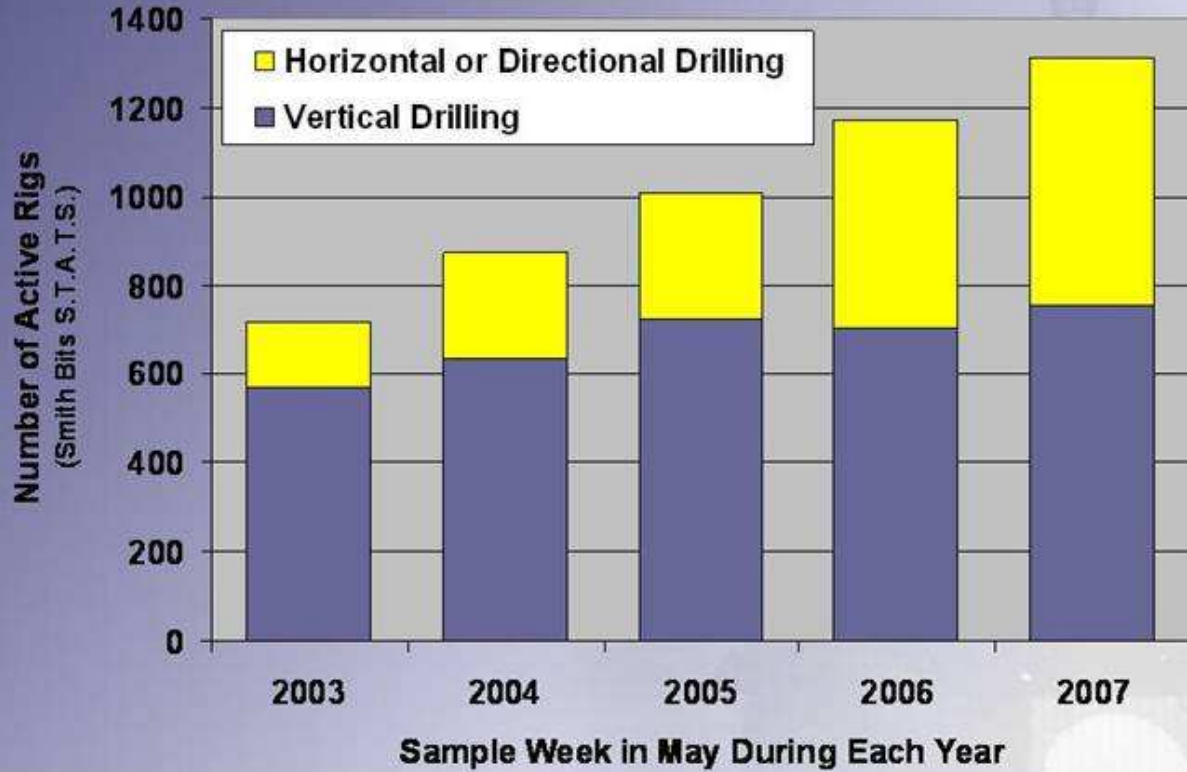
(Data Source: The Original E&P Spending Survey - Lehman Brothers)





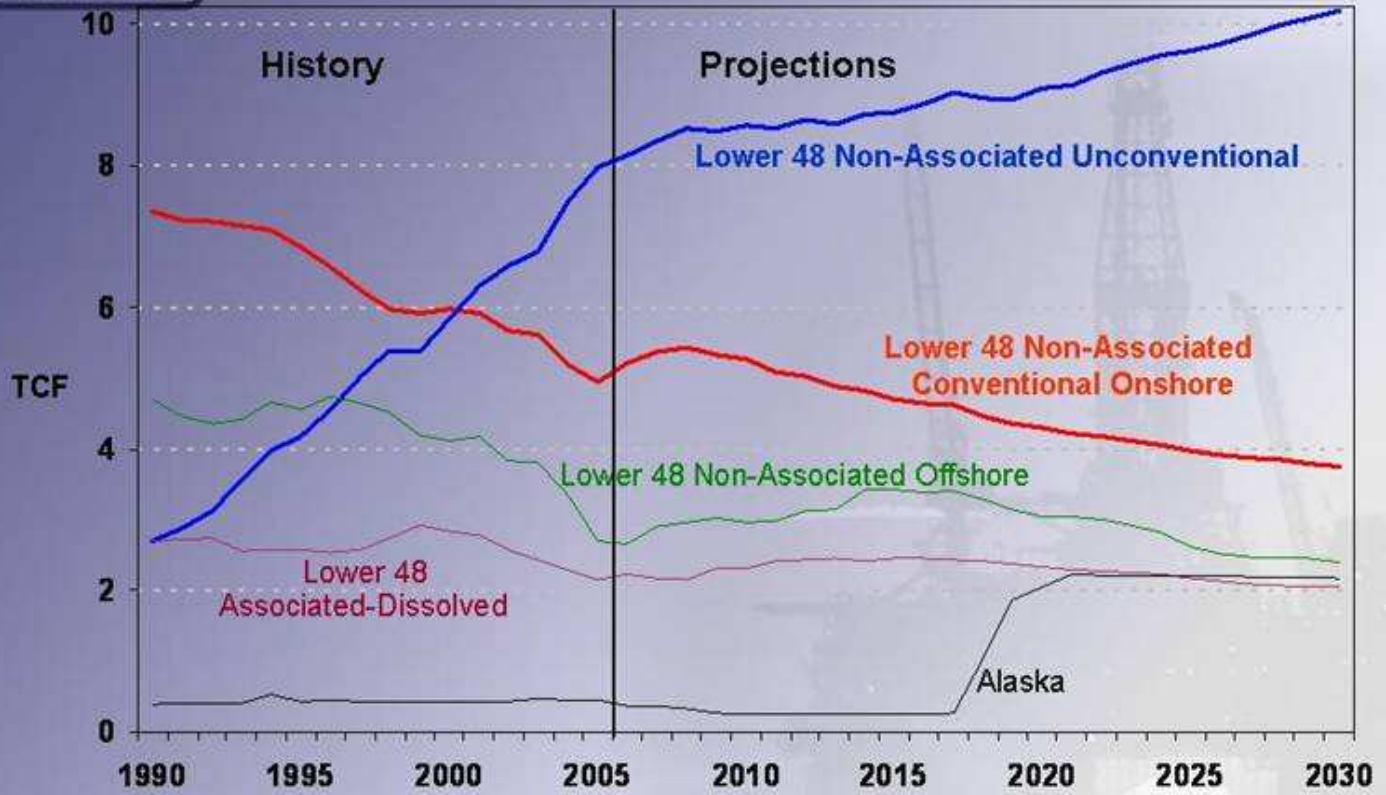
# Increased Demand for More Difficult Drilling

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





# Unconventional Natural Gas Production Growing

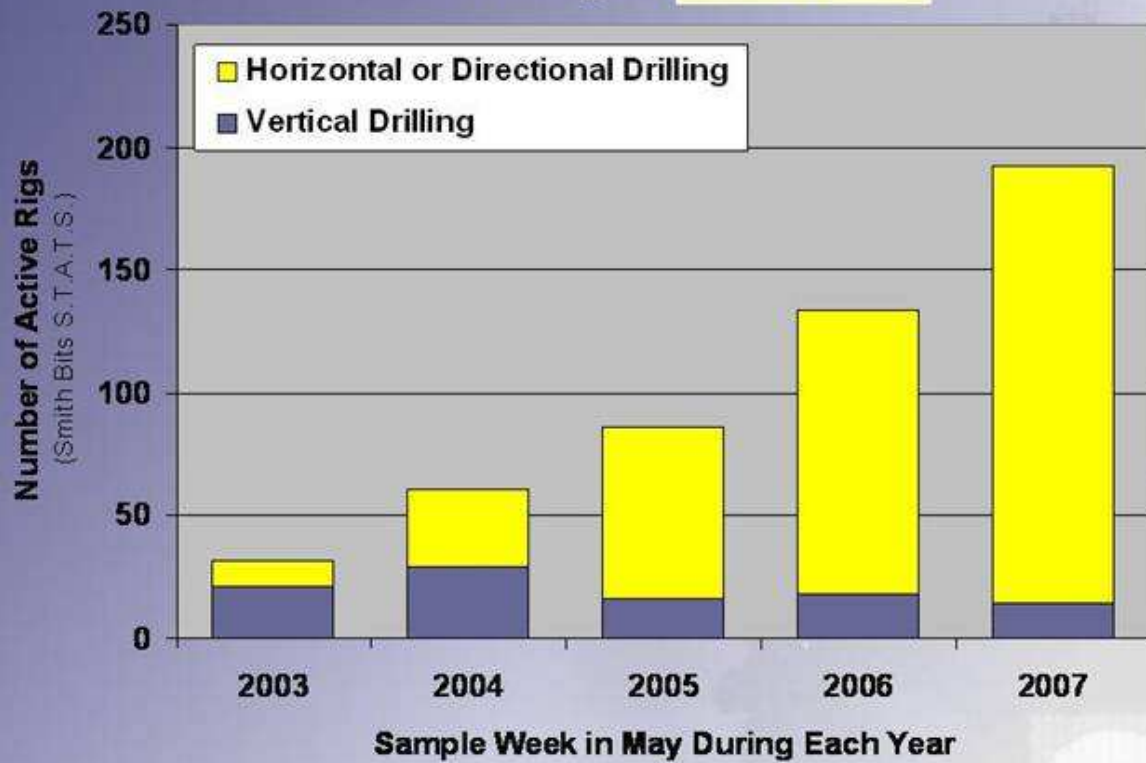


Source: Energy Information Administration Annual Energy Outlook 2007 with projections to 2030 (February 2007)



# Increased Demand for More Difficult Drilling

## Active Rigs in Barnett Shale

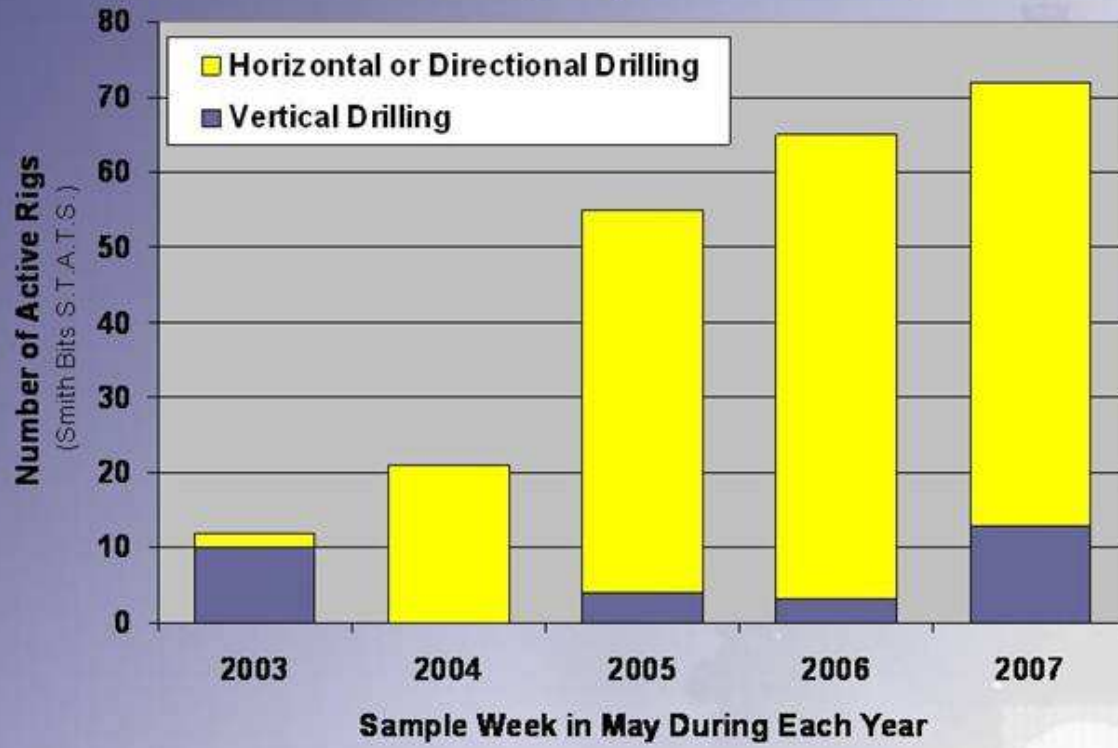






# Increased Demand for More Difficult Drilling

## Active Rigs in Piceance Basin

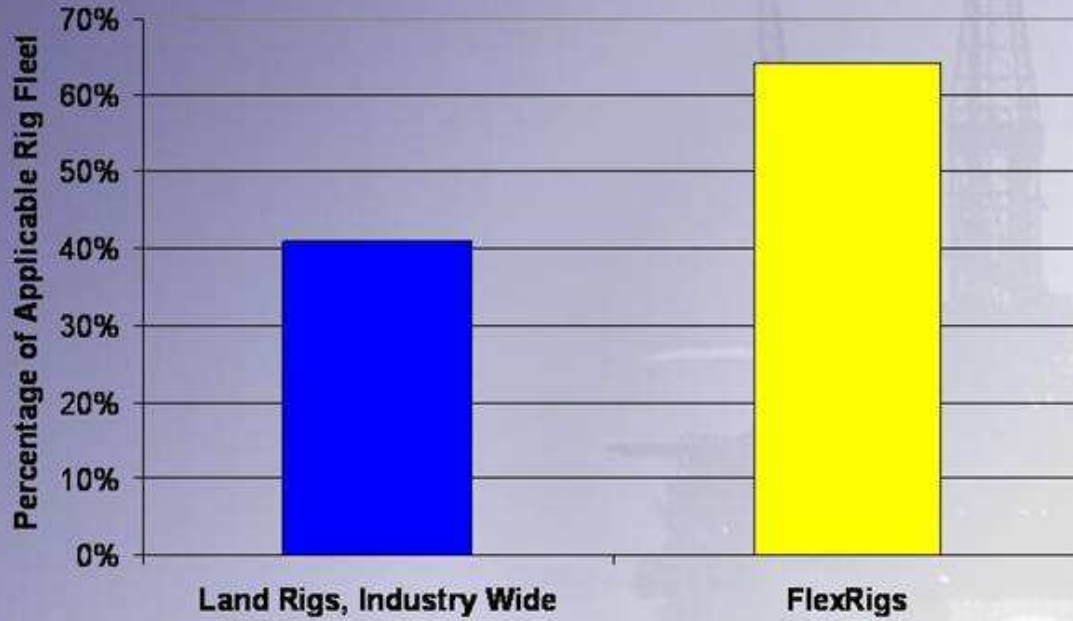




# FlexRigs in Demand for More Difficult Wells

## Active Land Rigs Drilling Horizontal or Directional Wells

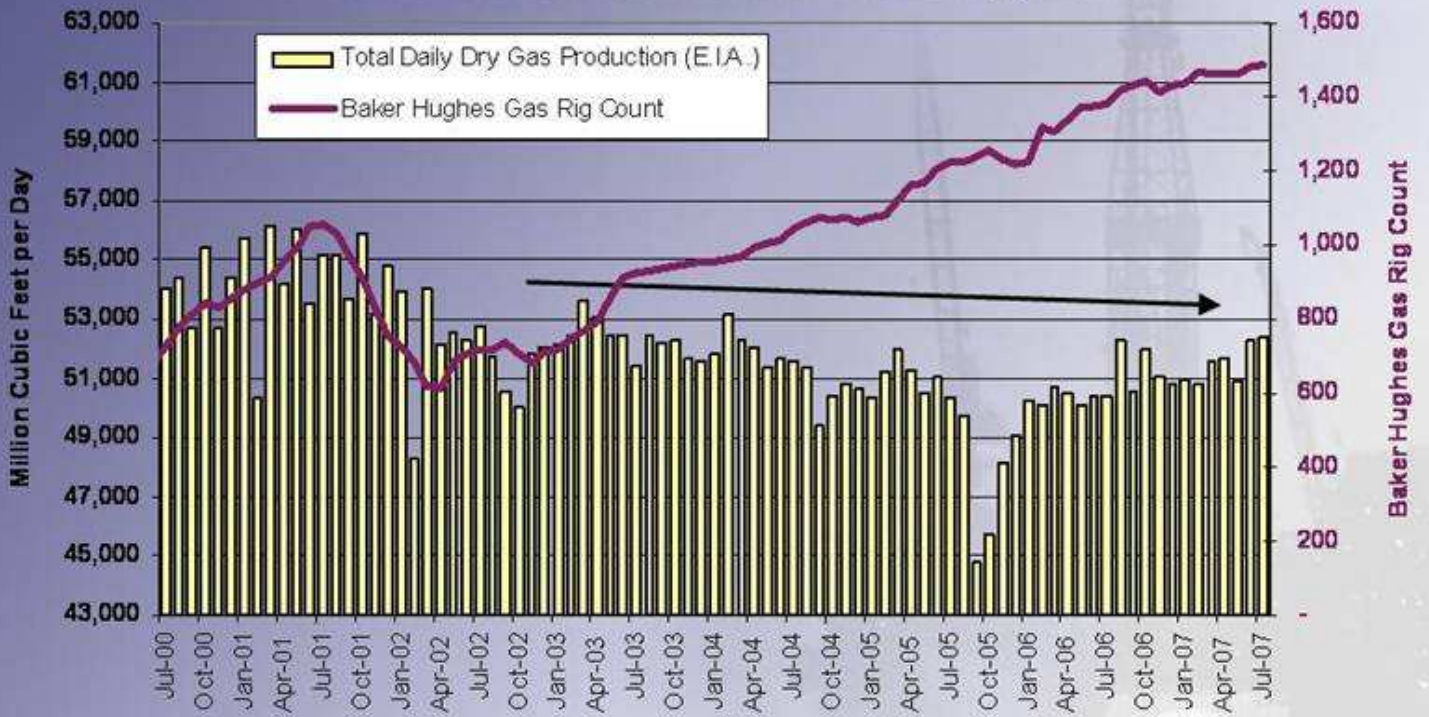
(Data Source: Smith International, Inc. - S.T.A.T.S. - 5/11/07)





# Impact of Increasing Rig Count on NG Production

## Total U.S. Natural Gas Production and Rig Count



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 front of what appears to be a piece of equipment or a wellhead.

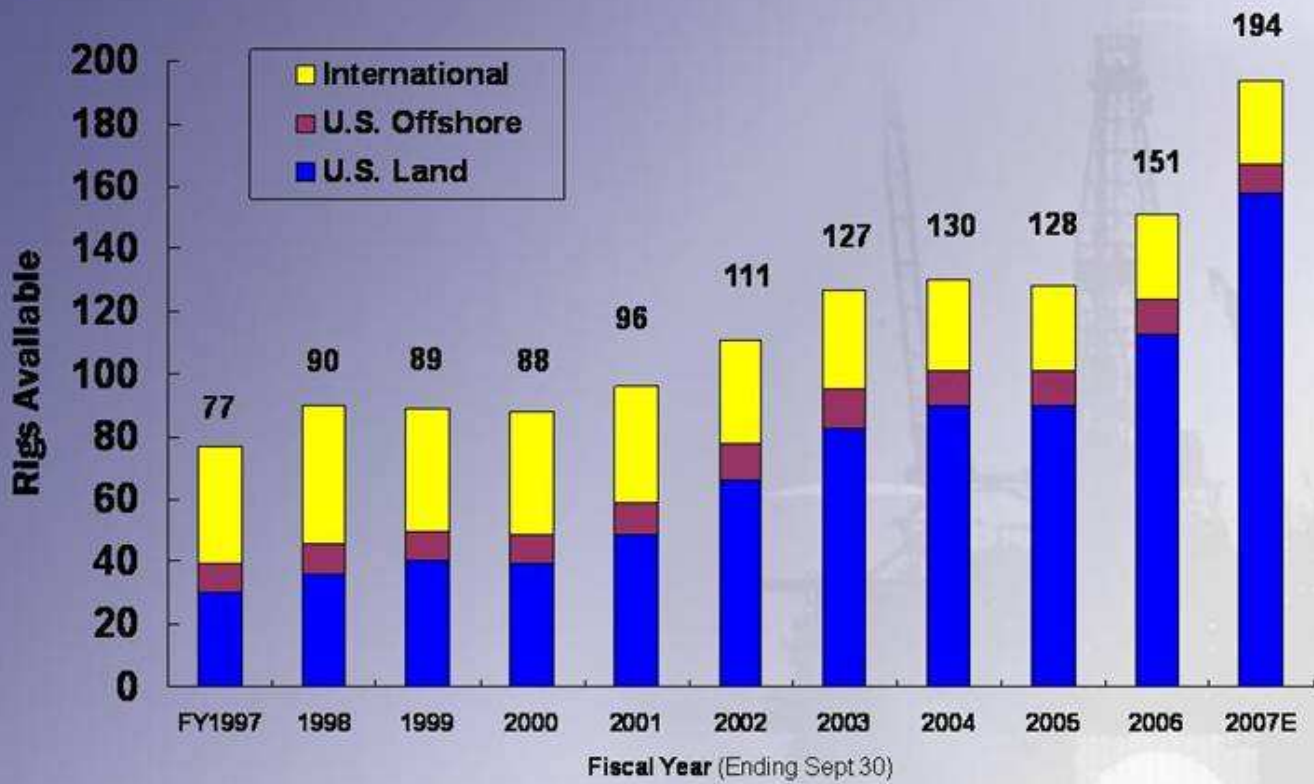
## Is Retooling Necessary in U.S. and Abroad?

- **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**





# Evolution of H&P's Global Fleet





# 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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# 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.



# FlexRig3 Performance

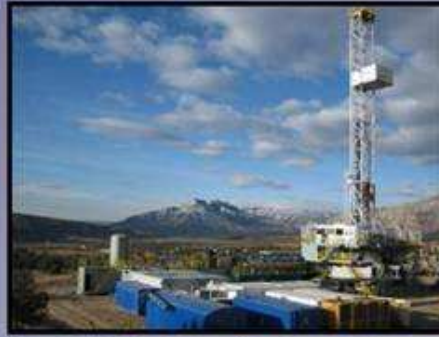


## Highlights of FlexRig3s

1. **Field performance vs. customers' planned drill curves**
  - 1534 complete wells as of 1 October 2007
  - 1033 wells (67%) under or on
  - 501 wells (33%) over
2. **73% of FlexRig3s are currently drilling directional, more technically difficult wells.**



# FlexRig4 Performance



**Highlights of FlexRig4s**



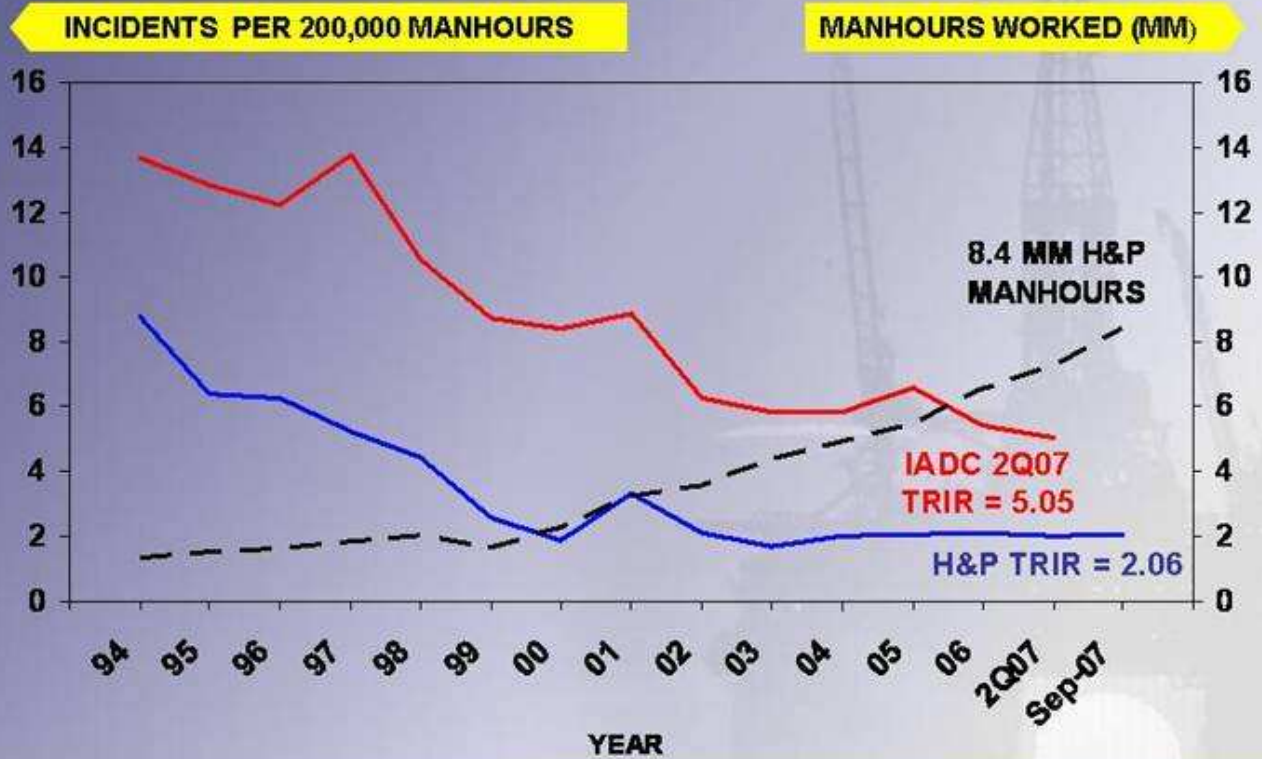
- 1. Field performance vs. customers' planned drill curves**
  - 839 complete wells as of 1 October 2007
  - 575 wells (69%) under or on
  - 264 wells (31%) over
- 2. 72% of FlexRig4s are currently drilling directional, more technically difficult wells.**





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

## U.S. Land Safety Performance (1994 – Sep 07) 12-Month Rolling Average Incidence Rates

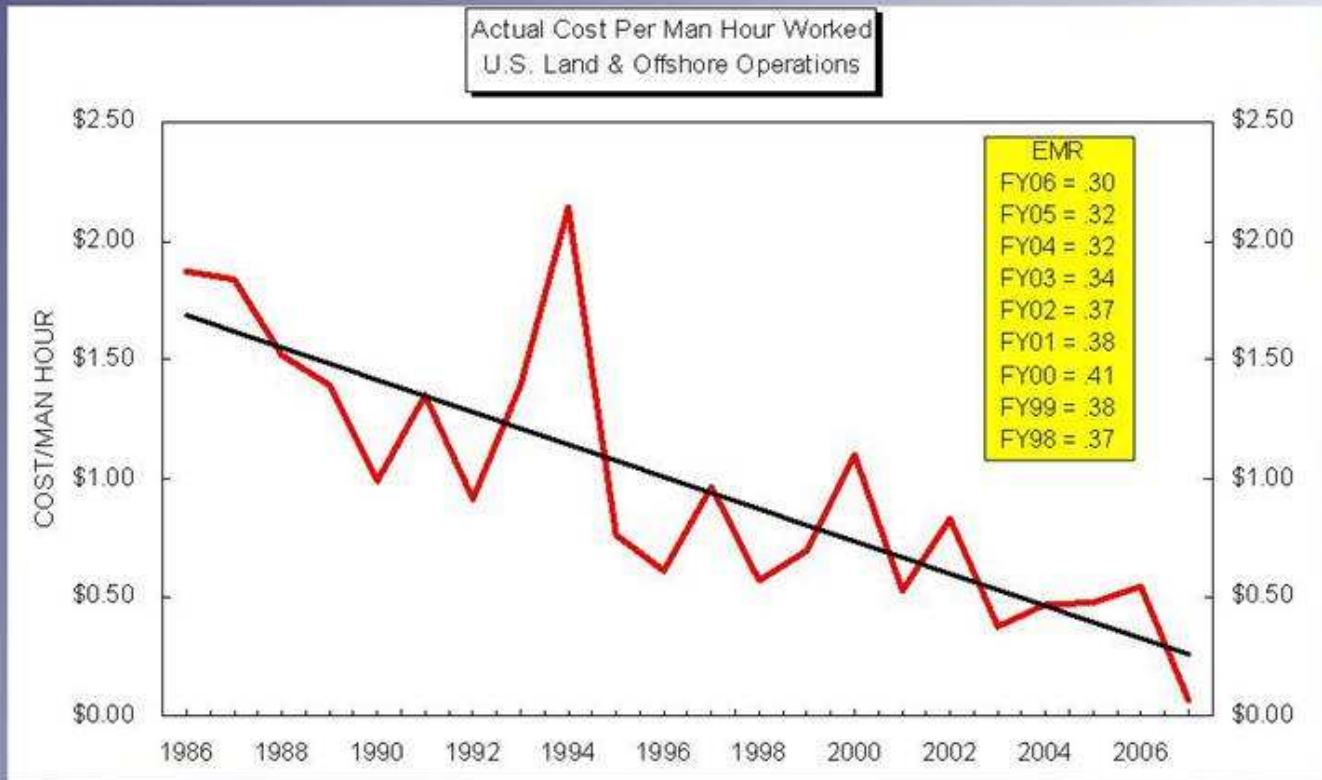






# Safety Excellence Also Generates Savings

## Reduced Workers Comp and General Liability Losses per Man Hour



EMR = Experience Modifier Ratio (Average = 1.00)



# Personnel Development Center

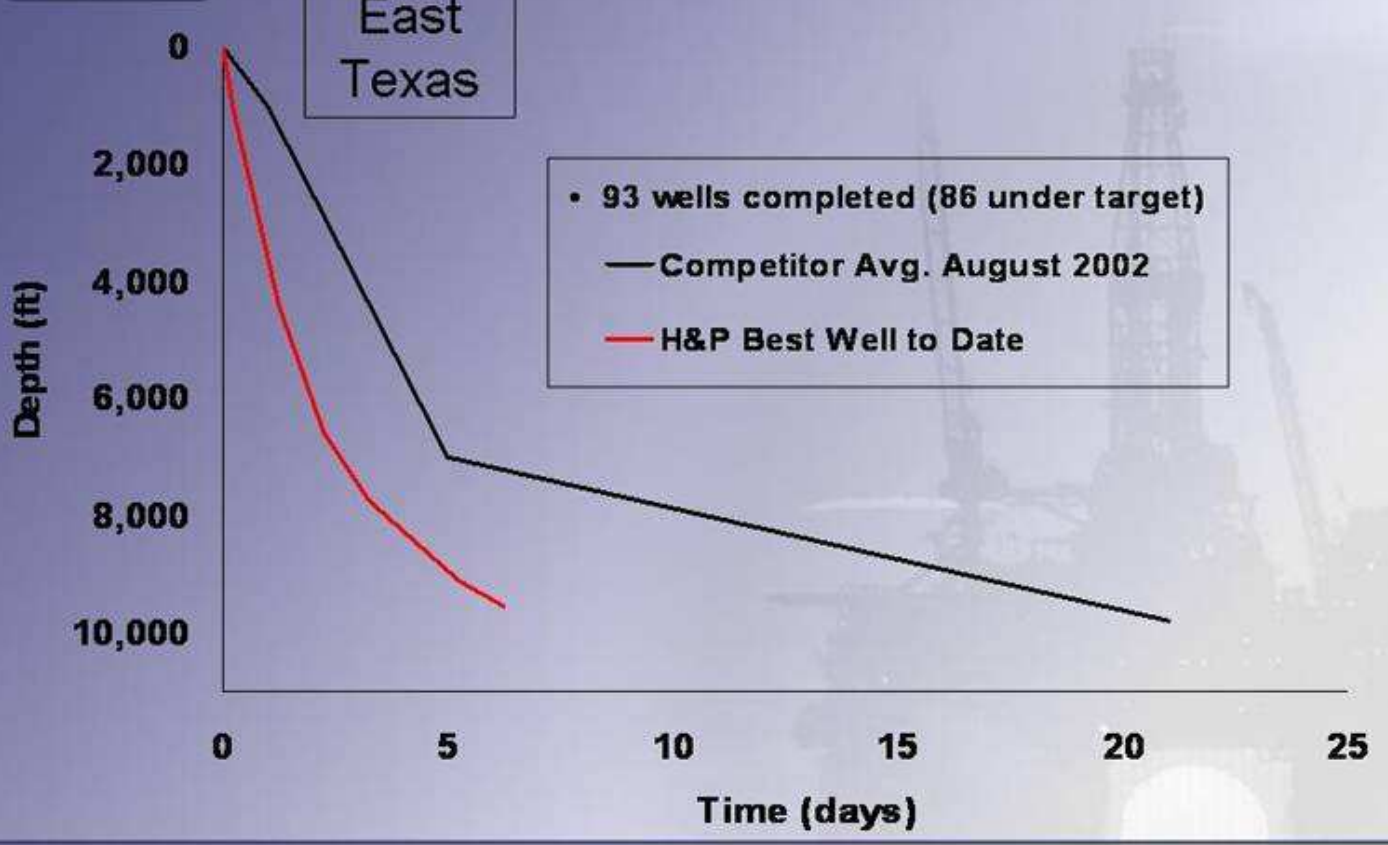


1. Health, Safety and Environmental (HSE)
2. People Skills and Leadership
3. Technical (Equipment Support)
4. Administration (Payroll, Supply Chain)



# Performance Example: H&P FlexRig3

East Texas



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



### Sales of H&P's Stock Portfolio







End of Document

