

# HELMERICH & PAYNE, INC.

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

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Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
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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 EARLIEST EVENT REPORTED: February 1, 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**

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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 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

On February 1, 2007, Helmerich & Payne, Inc. (“Registrant”) issued a press release announcing its financial results for its first quarter ended December 31, 2006. A copy of the press release is attached as Exhibit 99 to this Report on Form 8-K. This information is being furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
99	Helmerich & Payne, Inc. earnings press release dated February 1, 2007

**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: February 1, 2007

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99	Helmerich & Payne, Inc. earnings press release dated February 1, 2007

February 1, 2007

**HELMERICH & PAYNE, INC. ANNOUNCES FIRST QUARTER EARNINGS**

Helmerich & Payne, Inc. reported record net income of \$110,786,000 (\$1.06 per diluted share) from operating revenues of \$386,399,000 for its first fiscal quarter ended December 31, 2006, compared with net income of \$50,814,000 (\$0.48 per diluted share) from operating revenues of \$255,388,000 during last year's first fiscal quarter ended December 31, 2005.

Included in this year's first quarter net income are after-tax gains from the sale of portfolio securities of \$16,184,000 (\$0.15 per diluted share). Last year's first quarter net income included \$1,721,000 (\$0.02 per diluted share) of gains from the sale of portfolio securities.

The Company reported operating income of \$146,654,000 for the first quarter of fiscal 2007, which represents an increase of over 80% as compared to operating income of \$80,904,000 for the first quarter of fiscal 2006, and a sequential quarterly increase of over 20% as compared to operating income of \$121,994,000 for the quarter ended September 30, 2006. The most recent quarter-to-quarter growth in operating income was mostly a result of increased activity in the Company's U.S. land operations and increased margins in its international operations.

Segment operating income in the Company's U.S. land operations increased for the 11th consecutive quarter to \$118,408,000 for the first quarter of fiscal 2007, from \$70,991,000 for the same period last year and from \$103,679,000 for last year's fourth fiscal quarter. The average rig margin per day was up slightly compared to the previous quarter as a result of a lower average rig expense per day. Total activity days in U.S. land operations during the quarter increased to 10,548, compared with 8,035 activity days during the same period last year and 9,577 activity days during the fourth quarter of fiscal 2006. Additional rig activity days associated with the Company's new FlexRig®\* construction program are estimated to continue at 900 to 1,100 per quarter during this fiscal year as three to four rigs per month are completed and sent to the field.

The average U.S. land rig revenue per day for the first quarter of fiscal 2007 was \$24,231, compared with \$24,343 per rig day during the previous quarter. Average rig expense per day for the quarter fell slightly to \$10,717, compared with \$11,055 per rig day during the previous quarter. The average U.S. land rig margin per day for the quarter was \$13,514, a slight increase from the previous quarter average of \$13,288 per rig day. Rig utilization during the quarter averaged 98%, compared with 97% during the same period last year and 99% during the fourth quarter of fiscal 2006.

Since March 2005 and as previously announced, the Company has signed term contracts for three years or more with a number of exploration and production companies to build and operate 73 new FlexRigs with favorable financial returns. The Company announced today that 38 of the 73 rigs have been completed and are now operating in (or in transit to) the field.

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Company President and C.E.O., Hans Helmerich commented, "We continue to experience strong demand for the H&P brand, which is based on delivering savings to our customers through high efficiency rigs and an organization focused on safety and field execution. Although the U.S. land market has recently experienced a softening in dayrates and lower utilization rates, we expect our customers' strong preference for FlexRigs to sustain better margins and utilization rates for our fleet as compared to our competition. Whereas much of the industry's new builds and rig refurbishments will actually go to replace aging and less capable equipment, our current new build program drives an 80% expansion to our fleet. The incremental number of fully contracted new FlexRigs that we are scheduled to deliver this year will significantly contribute to earnings going forward."

The Company's U.S. offshore operations reported segment operating income of \$5,691,000 for the first quarter of fiscal 2007, compared with \$5,111,000 for the first quarter of fiscal 2006 and \$6,892,000 for the fourth quarter of fiscal 2006. Total activity days in U.S. offshore operations during the quarter decreased to 588, compared with 644 activity days during the same period last year and 672 activity days during the fourth quarter of fiscal 2006. During January 2007, the Company finalized an agreement to sell two of its offshore platform rigs. The sale is expected to close in February 2007. After completing the sale, the Company will own nine offshore platform rigs, three of which are currently fully active, three are on standby rates, one is waiting on location, and two are stacked.

The Company's international operations reported that segment operating income for the first quarter of fiscal 2007 was up substantially to \$25,763,000, compared with \$9,302,000 for last fiscal year's first quarter and \$17,077,000 for last fiscal year's fourth quarter. The average rig margin per rig day for the first quarter of fiscal 2007 rose to \$12,812, compared with \$6,773 per day during last fiscal year's first quarter and \$9,777 per day during last fiscal year's fourth quarter. Rig utilization for international operations was 96% for the quarter, compared with 83% during last fiscal year's first quarter and 95% for last fiscal year's fourth quarter. The Company experienced improved rig margins per day in all of its major international operations during the quarter.

Helmerich & Payne, Inc. is a contract drilling company with a rig fleet that currently includes 127 U.S. land rigs, nine U.S. platform rigs located in the Gulf of Mexico and 27 international land rigs. In addition, the Company expects to complete another 35 new H&P-designed and operated FlexRigs during calendar 2007, expanding its total number of FlexRigs to 123 and its total number of U.S. land rigs to 162.

Helmerich & Payne, Inc.'s conference call/webcast is scheduled to begin this morning at 11:00 a.m. ET (10:00 a.m. CT) and can be accessed at <http://www.hpinc.com> under Investors. If you are unable to participate during the live webcast, the call will be archived for a year on H&P's website indicated above.

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**Statements in this release and information disclosed in the conference call and webcast that are “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934 are based on current expectations and assumptions that are subject to risks and uncertainties. For information regarding risks and uncertainties associated with the Company’s business, please refer to 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. 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.**

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\*FlexRig® is a registered trademark of Helmerich & Payne, Inc.

**Contact: Juan Pablo Tardio  
(918) 588-5383**

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**HELMERICH & PAYNE, INC.**  
**Unaudited**  
**(in thousands, except per share data)**

CONSOLIDATED STATEMENTS OF INCOME	Three Months Ended		
	September 30 2006	December 31 2006	December 31 2005
<b>Operating revenues:</b>			
Drilling - U.S. Land	\$ 247,776	\$ 269,900	\$ 172,754
Drilling - U.S. Offshore	34,789	30,986	29,520
Drilling - International	73,587	82,614	50,257
Real Estate	2,647	2,899	2,857
	<u>358,799</u>	<u>386,399</u>	<u>255,388</u>
<b>Operating costs and expenses:</b>			
Operating costs	194,738	199,467	140,596
Depreciation	30,199	30,151	22,923
General and administrative	12,929	10,613	11,938
Income from asset sales	(1,061)	(486)	(973)
	<u>236,805</u>	<u>239,745</u>	<u>174,484</u>
<b>Operating income</b>	<b>121,994</b>	<b>146,654</b>	<b>80,904</b>
<b>Other income (expense):</b>			
Interest and dividend income	2,215	1,244	2,530
Interest expense	(837)	(919)	(2,580)
Gain on sale of investment securities	7,756	26,337	2,720
Other	40	64	(513)
	<u>9,174</u>	<u>26,726</u>	<u>2,157</u>
Income before income taxes and equity in income of affiliates	131,168	173,380	83,061
Income tax provision	35,713	64,098	32,802
Equity in income of affiliates net of income taxes	3,041	1,504	555
<b>NET INCOME</b>	<b>\$ 98,496</b>	<b>\$ 110,786</b>	<b>\$ 50,814</b>
<b>Earnings per common share:</b>			
Basic	\$ 0.94	\$ 1.07	\$ 0.49
Diluted	\$ 0.93	\$ 1.06	\$ 0.48
<b>Average common shares outstanding:</b>			
Basic	105,003	103,312	103,987
Diluted	106,176	104,776	106,173

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**HELMERICH & PAYNE, INC.**  
**Unaudited**  
**(in thousands)**

<b>CONSOLIDATED CONDENSED BALANCE SHEETS</b>	<b>12/31/06</b>	<b>9/30/06</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 73,088	\$ 33,853
Short-term investments	333	48,673
Other current assets	398,904	346,165
Total current assets	<u>472,325</u>	<u>428,691</u>
Investments	191,119	218,309
Net property, plant, and equipment	1,603,978	1,483,134
Other assets	4,584	4,578
<b>TOTAL ASSETS</b>	<b><u>\$ 2,272,006</u></b>	<b><u>\$ 2,134,712</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Total current liabilities	295,928	\$ 264,548
Total noncurrent liabilities	312,760	313,272
Long-term notes payable	205,000	175,000
Total shareholders' equity	<u>1,458,318</u>	<u>1,381,892</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 2,272,006</u></b>	<b><u>\$ 2,134,712</u></b>

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**HELMERICH & PAYNE, INC.**  
**Unaudited**  
**(in thousands)**

<b>CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS</b>	<b>Three Months Ended December 31</b>	
	<b>2006</b>	<b>2005</b>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 110,786	\$ 50,814
Depreciation	30,151	22,923
Changes in assets and liabilities	24,157	(11,529)
Gain on sale of assets	(26,685)	(3,557)
Other	(591)	1,823
<b>Net cash provided by operating activities</b>	<b>137,818</b>	<b>60,474</b>
<b>INVESTING ACTIVITIES:</b>		
Capital expenditures	(187,484)	(53,654)
Proceeds from sale of assets	85,616	4,528
<b>Net cash used in investing activities</b>	<b>(101,868)</b>	<b>(49,126)</b>
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	(4,655)	(4,291)
Repurchase of common stock	(17,621)	—
Net decrease in bank overdraft	(14,943)	—
Proceeds from exercise of stock options	471	3,718
Net proceeds from short-term notes and long-term debt	40,000	—
Excess tax benefit from stock-based compensation	33	2,051
<b>Net cash provided by financing activities</b>	<b>3,285</b>	<b>1,478</b>
<b>Net increase in cash and cash equivalents</b>	39,235	12,826
<b>Cash and cash equivalents, beginning of period</b>	33,853	288,752
<b>Cash and cash equivalents, end of period</b>	<b>\$ 73,088</b>	<b>\$ 301,578</b>

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SEGMENT REPORTING	Three Months Ended		
	September 30, 2006	December 31, 2006	December 31, 2005
	(in thousands except days and per day amounts)		
<b>U.S. LAND OPERATIONS</b>			
Revenues	\$ 247,776	\$ 269,900	\$ 172,754
Direct operating expenses	120,513	127,357	84,215
General and administrative expense	2,914	3,452	3,082
Depreciation	20,670	20,683	14,466
Segment Operating income	\$ 103,679	\$ 118,408	\$ 70,991
Activity days	9,577	10,548	8,035
Average rig revenue per day	\$ 24,343	\$ 24,231	\$ 20,198
Average rig expense per day	\$ 11,055	\$ 10,717	\$ 9,179
Average rig margin per day	\$ 13,288	\$ 13,514	\$ 11,019
Rig utilization	99%	98%	97%
<b>U.S. OFFSHORE OPERATIONS</b>			
Revenues	\$ 34,789	\$ 30,986	\$ 29,520
Direct operating expenses	23,439	21,104	20,308
General and administrative expense	1,336	1,421	1,437
Depreciation	3,122	2,770	2,664
Segment Operating Income	\$ 6,892	\$ 5,691	\$ 5,111
Activity days	672	588	644
Average rig revenue per day	\$ 38,695	\$ 38,824	\$ 36,339
Average rig expense per day	\$ 24,198	\$ 23,901	\$ 22,986
Average rig margin per day	\$ 14,497	\$ 14,923	\$ 13,353
Rig utilization	69%	71%	64%

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SEGMENT REPORTING	Three Months Ended		
	September 30, 2006	December 31, 2006	December 31, 2005
(in thousands except days and per day amounts)			
<b>INTERNATIONAL OPERATIONS</b>			
Revenues	\$ 73,587	\$ 82,614	\$ 50,257
Direct operating expenses	50,257	50,694	35,693
General and administrative expense	992	600	606
Depreciation	5,261	5,557	4,656
Segment Operating income	\$ 17,077	\$ 25,763	\$ 9,302
Activity days	2,324	2,366	2,028
Average rig revenue per day	\$ 25,242	\$ 27,690	\$ 20,285
Average rig expense per day	\$ 15,465	\$ 14,878	\$ 13,512
Average rig margin per day	\$ 9,777	\$ 12,812	\$ 6,773
Rig utilization	95%	96%	83%

Per day calculations for international operations exclude gains and losses from translation of foreign currency transactions.

Operating statistics exclude the effects of offshore platform and international management contracts, and do not include reimbursement of "out-of-pocket" expenses in revenue per day, expense per day and margin calculations.

Reimbursed amounts were as follows:

U.S. Land Operations	\$ 14,645	\$ 14,309	\$ 10,463
U.S. Offshore Operations	\$ 4,034	\$ 3,344	\$ 3,753
International Operations	\$ 10,487	\$ 12,516	\$ 5,125

<b>REAL ESTATE</b>			
Revenues	\$ 2,647	\$ 2,899	\$ 2,857
Direct operating expenses	877	843	801
Depreciation	630	589	603
Segment Operating income	\$ 1,140	\$ 1,467	\$ 1,453

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Segment operating income for all segments is a non-GAAP financial measure of the Company's performance, as it excludes general and administrative expenses, corporate depreciation, income from asset sales and other corporate income and expense. The Company considers segment operating income to be an important supplemental measure of operating performance for presenting trends in the Company's core businesses. This measure is used by the Company for planning and budgeting purposes and to facilitate period-to-period comparisons in operating performance of the Company's reportable segments in the aggregate by eliminating items that affect comparability between periods. The Company believes that segment operating income is useful to investors because it provides a means to evaluate the operating performance of the segments and the Company on an ongoing basis using criteria that are used by our internal decision makers. Additionally, it highlights operating trends and aids analytical comparisons. However, segment operating income has limitations and should not be used as an alternative to operating income or loss, a performance measure determined in accordance with GAAP, as it excludes certain costs that may affect the Company's operating performance in future periods.

The following table reconciles segment operating income per the information above to income before income taxes and equity in income of affiliates as reported on the Consolidated Statements of Income (in thousands).

	Three Months Ended		
	September 30, 2006	December 31, 2006	December 31, 2005
<b>Operating income</b>			
U.S. Land	\$ 103,679	\$ 118,408	\$ 70,991
U.S. Offshore	6,892	5,691	5,111
International	17,077	25,763	9,302
Real Estate	1,140	1,467	1,453
<b>Segment operating income</b>	<b>\$ 128,788</b>	<b>\$ 151,329</b>	<b>\$ 86,857</b>
Corporate general & administrative	(7,687)	(5,140)	(6,813)
Other depreciation	(516)	(552)	(534)
Inter-segment elimination	348	531	421
Income from asset sales	1,061	486	973
<b>Operating income</b>	<b>\$ 121,994</b>	<b>\$ 146,654</b>	<b>\$ 80,904</b>
Other income (expense):			
Interest and dividend income	2,215	1,244	2,530
Interest expense	(837)	(919)	(2,580)
Gain on sale of investment securities	7,756	26,337	2,720
Other	40	64	(513)
Total other income	9,174	26,726	2,157
<b>Income before income taxes and equity in income of affiliates</b>	<b>\$ 131,168</b>	<b>\$ 173,380</b>	<b>\$ 83,061</b>

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