

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 03/02/11 for the Period Ending 03/02/11

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): **March 2, 2011**

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. (“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 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: March 2, 2011

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.

Simmons & Co. International Eleventh Annual Energy Conference
March 3, 2011



Investor Relations Contact: Mike Drickamer – (918) 588-5190 – mike.drickamer@hpinc.com



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. 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.



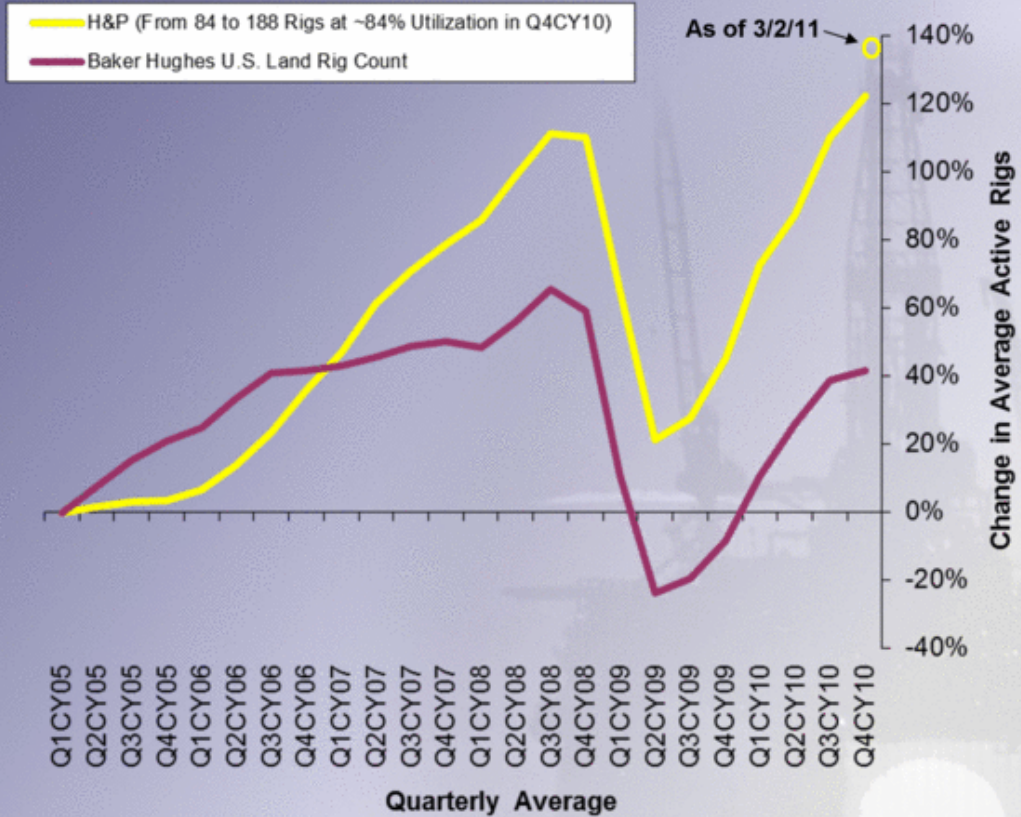
Market Observations

- **Strong oil prices and the ability of H&P customers to shift their drilling targets to oil and gas liquids rich plays has been a very positive driver for service providers in the U.S. market.**
- **In previous cycles, a shift to oil drilling would have been considered a negative for H&P since so much of the activity was directed toward shallow, vertical, “bread and butter” type drilling. That has changed; today, with the strong emphasis on directional and horizontal drilling, the new mix plays to H&P’s strengths.**
- **Older, conventional equipment is increasingly less suitable to the customers’ needs and today’s drilling complexity for both oil and gas.**
- **Increasing drilling complexity, a focus on better efficiencies and requirements for strong safety and operational performance should all provide a positive environment for H&P to build shareholder value and capture market share both in the U.S. and internationally.**



Highest U.S. Activity Level in Company History

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

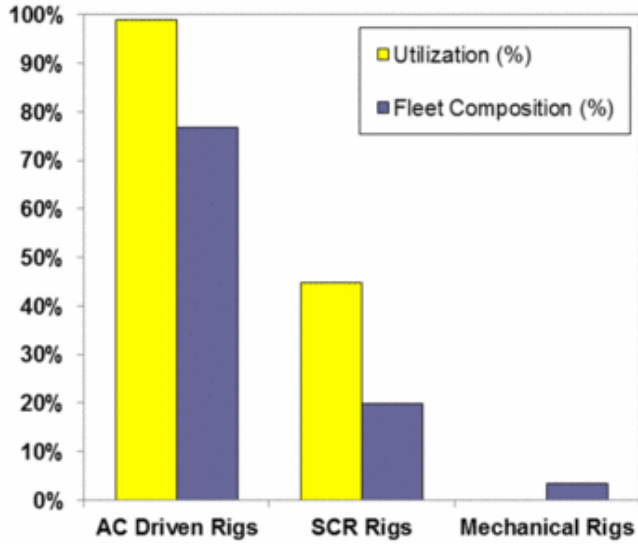




E&P Companies Prefer AC Driven Rigs

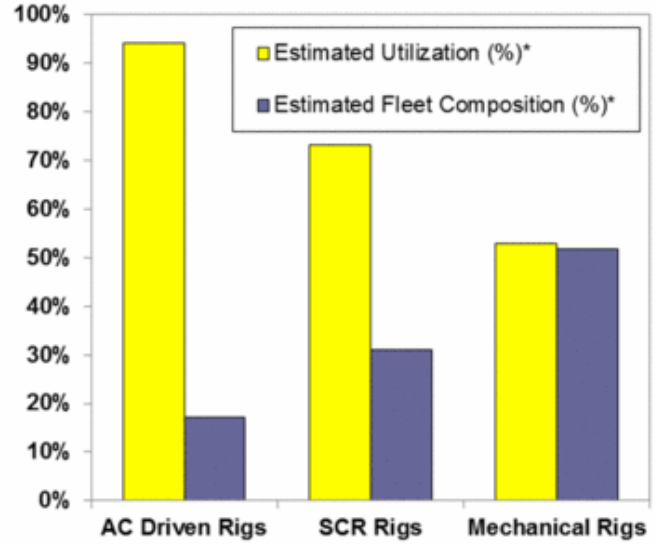
H&P's U.S. Land Fleet (as of 3/2/11)

Composition & Utilization (by Rig Type)



Industry's Estimated U.S. Land Fleet*

Composition & Utilization (by Rig Type)



* The above estimates corresponding to the total available U.S. land fleet are derived from multiple sources including Rig Data, Smith Bits and corporate filings. Only rigs with equal to or greater than 600 horsepower drawworks ratings are considered.



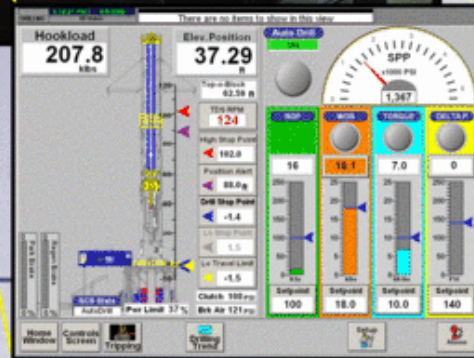
Driller on a Conventional Rig vs. FlexRig™



Drawworks Brake Handle



Drawworks Joystick Control





Roughnecks on a Conventional Rig vs. FlexRig™



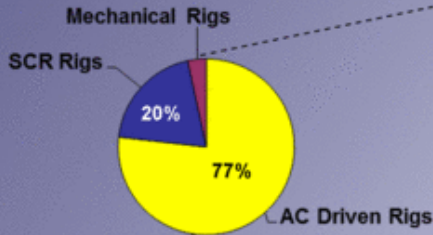
HELMERICH & PAYNE, INC.



H&P and U.S. Land Fleet (by Rig Type)

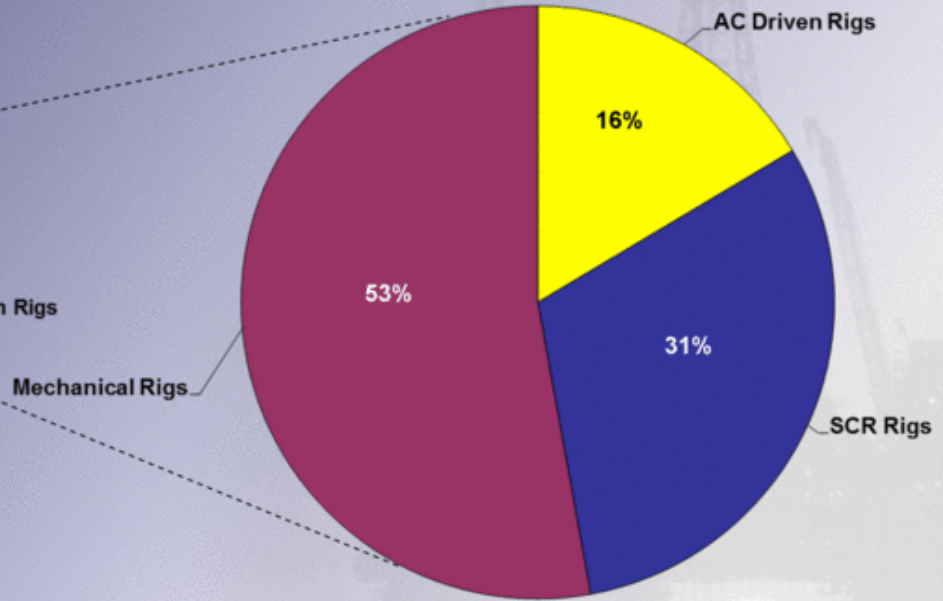
H&P's Available U.S. Land Fleet

(237 Rigs as of 3/2/11)



Total Available U.S. Land Fleet (Estimates)

(~2,500 Rigs)



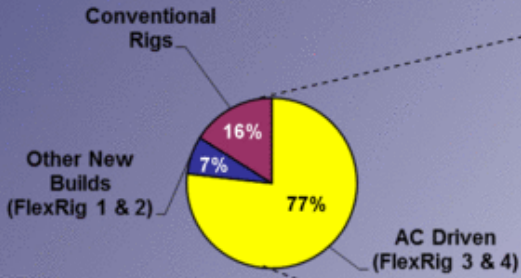
Note: The above estimates corresponding to the total available U.S. land fleet are derived from multiple sources including Rig Data, Smith Bits and corporate filings. Only rigs with equal to or greater than 600 horsepower drawworks ratings are considered.



H&P is Leading the U.S. Land New Build Effort

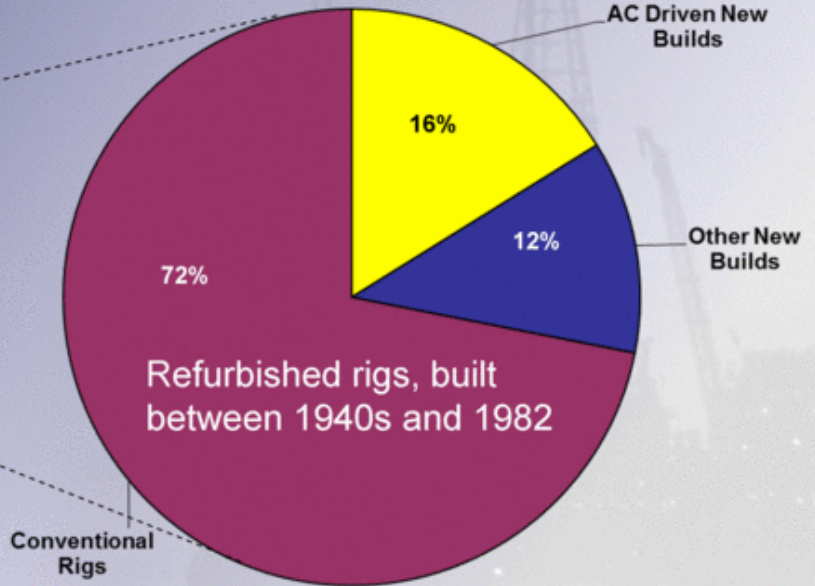
H&P's Available U.S. Land Fleet

(237 Rigs as of 3/2/11)



Total Available U.S. Land Fleet (Estimates)

(~2,500 Rigs)



Note: The above estimates corresponding to the total available U.S. fleet are derived from multiple sources including Rig Data, Smith Bits and corporate filings. Only rigs with equal to or greater than 600 horsepower drawworks ratings are considered.

HELMERICH & PAYNE, INC.



H&P's Global Rig Fleet (as of 3/2/11)

281 Total Rigs (Includes New Build Commitments)

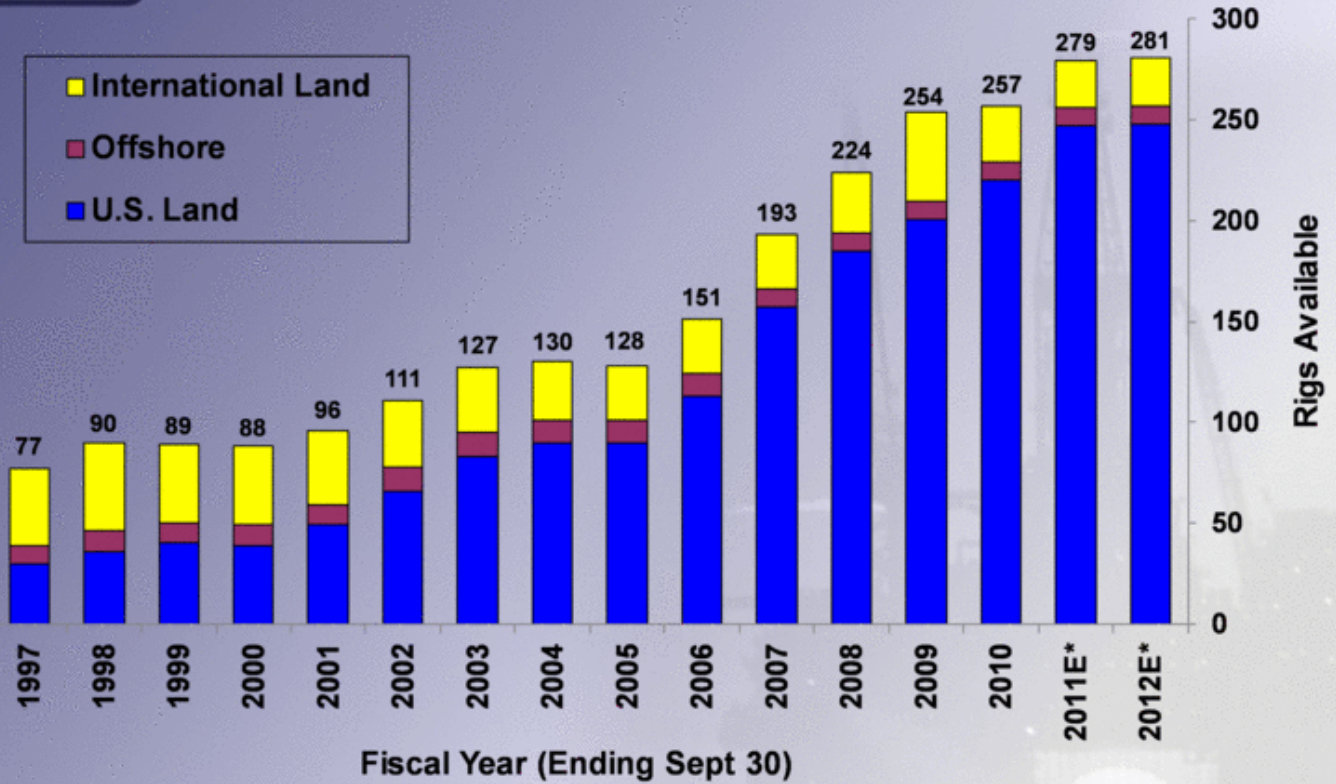


* Includes 11 new FlexRigs with customer commitments scheduled for completion during calendar 2011.

** Includes 11 FlexRigs.



H&P's Global Rig Fleet



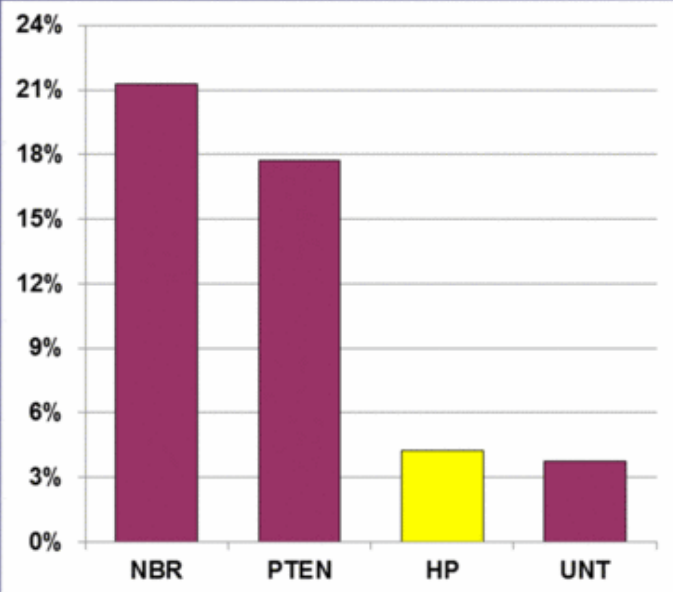
* Estimates include existing rigs and announced new build commitments.



Organically Growing Active Rig Market Share

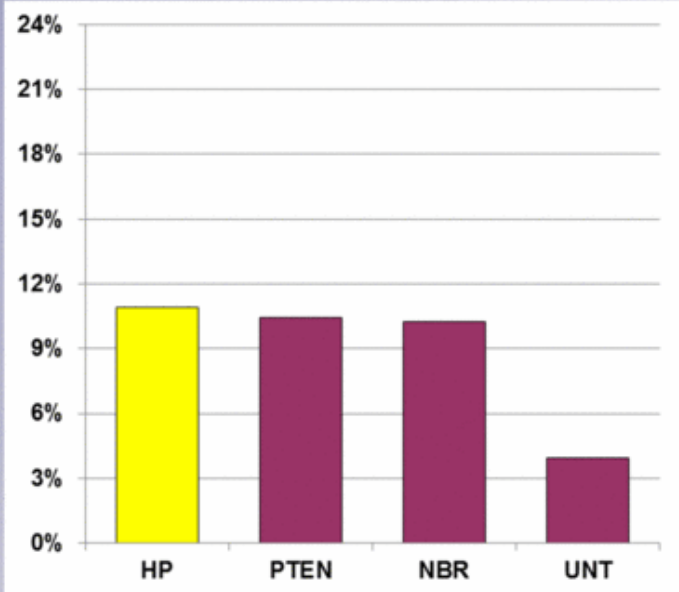
Lower 48 U.S. Land Market Share

As of February 23, 2011



Lower 48 U.S. Land Market Share

As of February 25, 2011



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



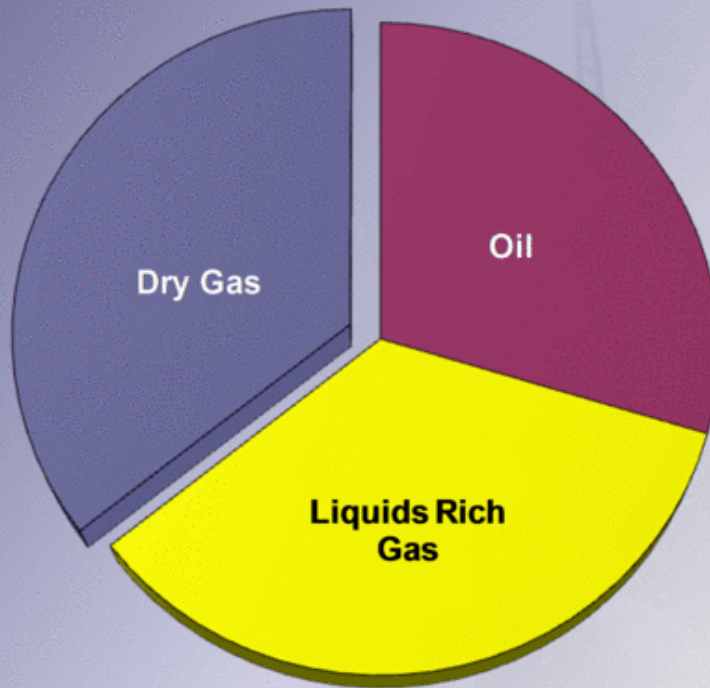
H&P's U.S. Land Operations

- While natural gas will still be critical to the future domestic energy picture and to our business, nearly 60% of H&P's U.S. land fleet is drilling for oil and gas liquids, as compared to a more traditional dry gas target.
- Driven by incremental new builds and the return of rigs from Mexico, we expect total revenue days in the U.S. land segment to increase between three and four percent from the first to the second fiscal quarter of 2011.
- Quarterly average rig revenue per day is expected to increase between \$400 and \$500 per day from the first to the second fiscal quarter of 2011.
- Including only rigs that are already under fixed commitments, we expect to have an average of 121 rigs under term contract in fiscal 2011 and 77 in fiscal 2012



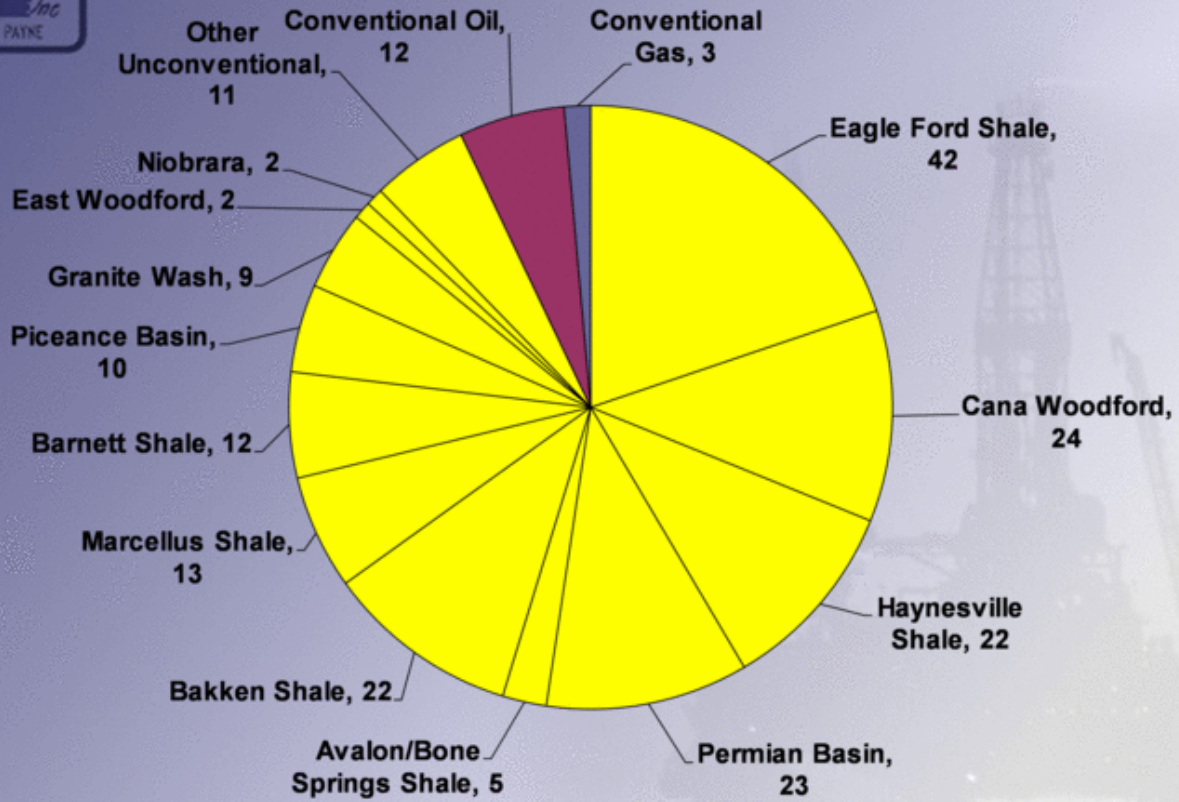
H&P's Growing Exposure to Oil and Liquids

Estimated proportion of H&P's active U.S. Land rigs in markets primarily associated with oil, liquids rich gas, and dry gas.





H&P's Contracted U.S. Land Fleet (as of 3/2/11)

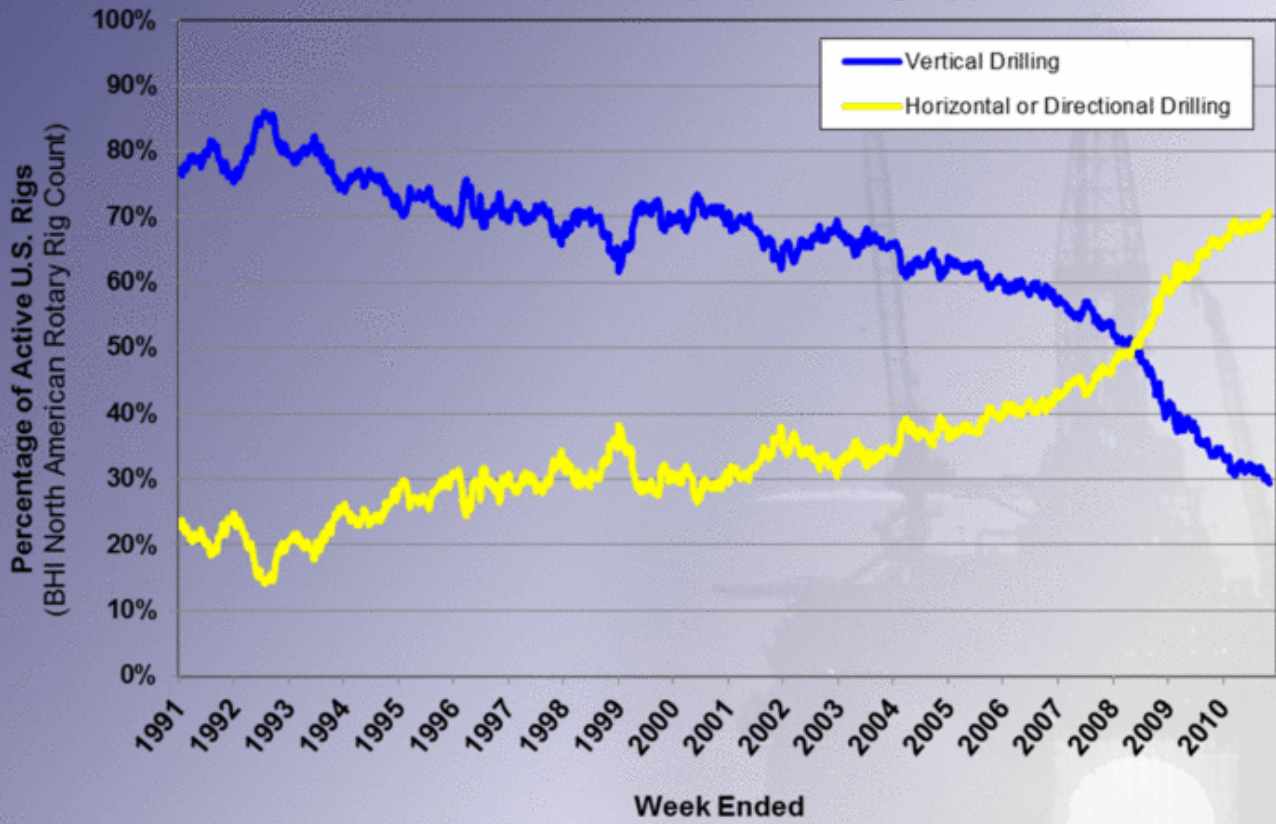


Note: The above numbers corresponding to H&P's contracted U.S. land fleet include 11 pending new build FlexRigs.



Increasing Focus on More Difficult Drilling

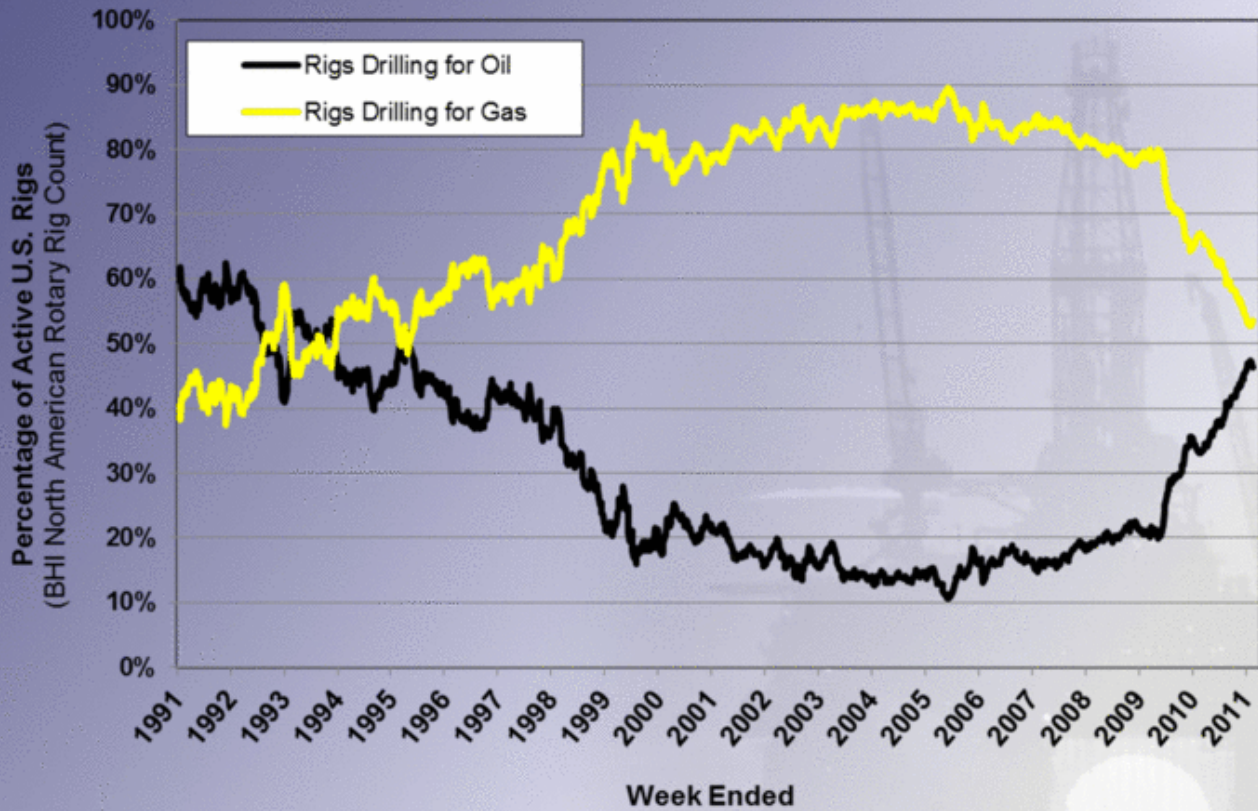
U.S. Rig Activity by Drilling Type





Economics Shift Activity Towards Oil Drilling

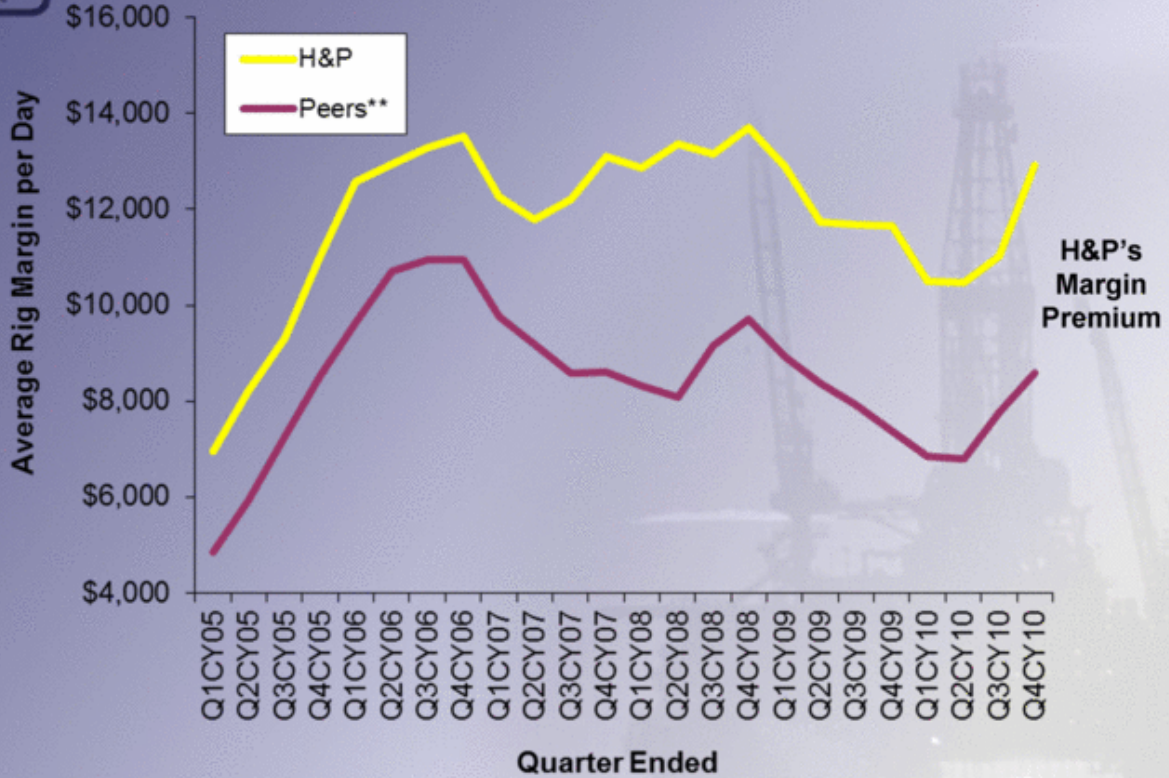
U.S. Rig Activity by Hydrocarbon Target





Technology and Quality Service Make a Difference

U.S. Land Average Daywork Margins*



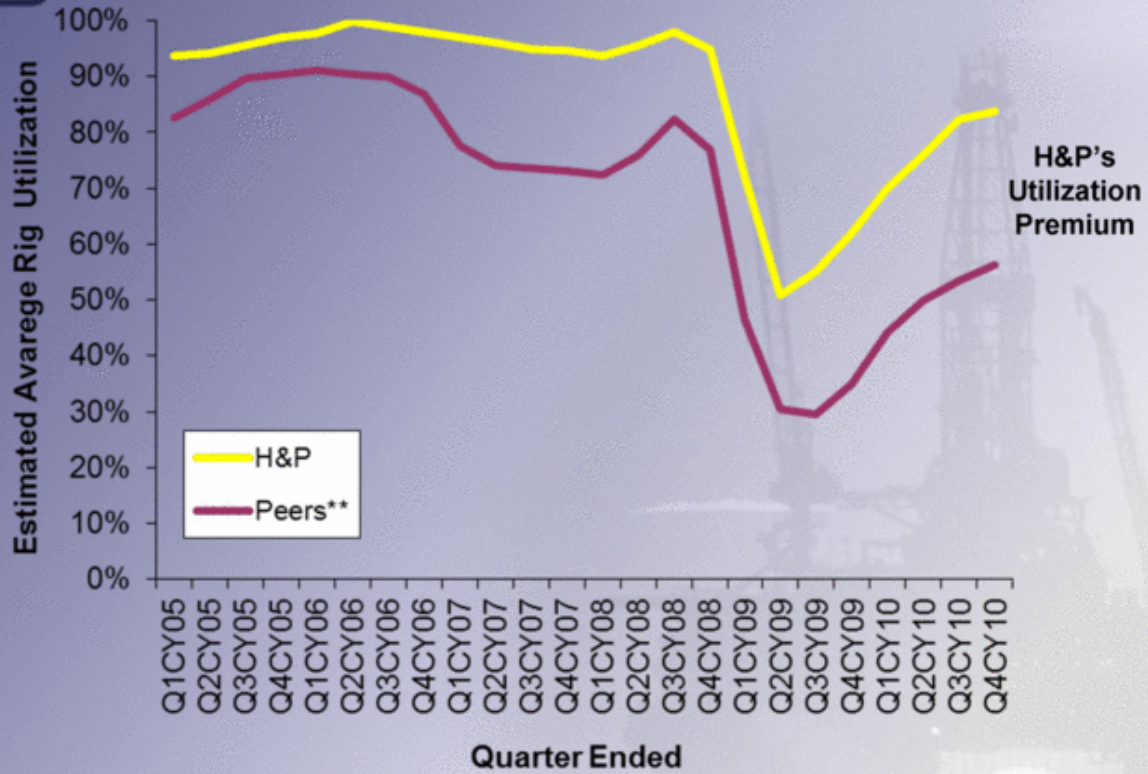
* Does not include the impact of early contract termination revenue.

** Represents weighted-average rig margin per day for PTEN, NBR and UNT through Q4CY10.



Technology and Quality Service Make a Difference

U.S. Land Estimated Average Rig Utilization*

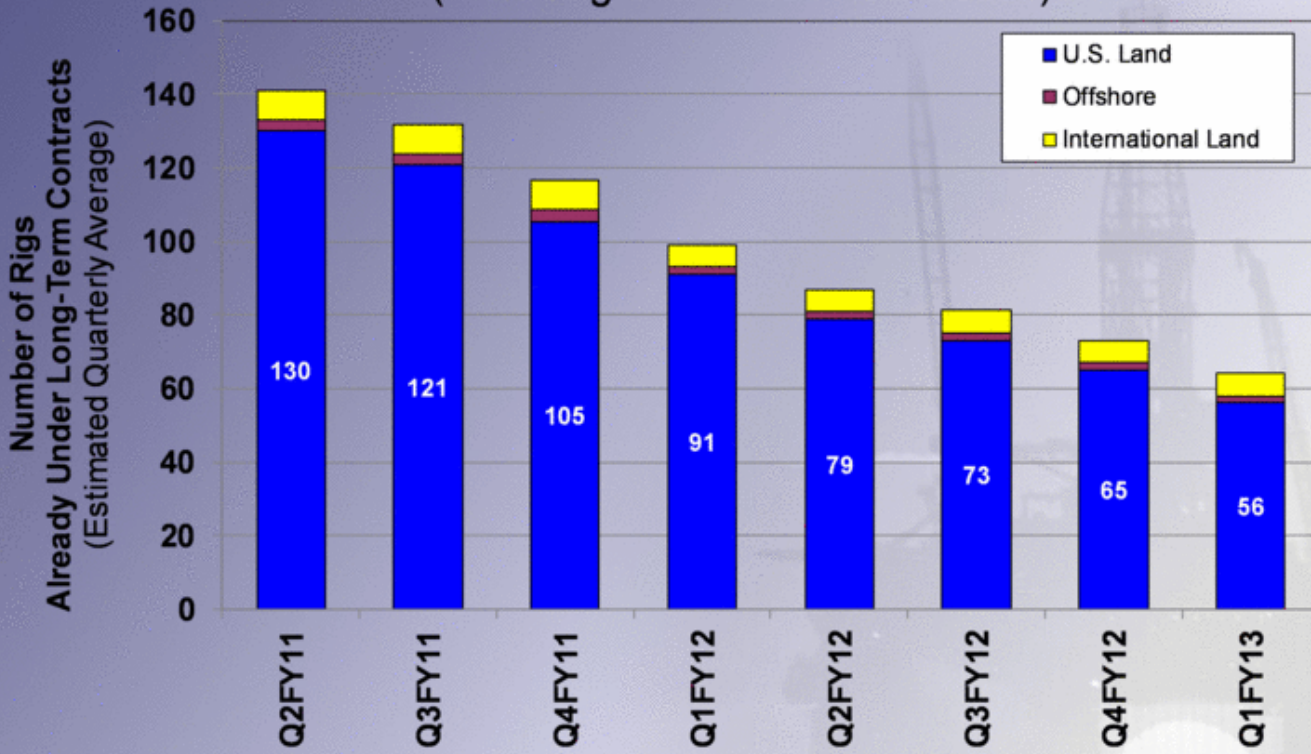


* Utilization is herein calculated to be average active rigs divided by estimated available marketable rigs during the period.
** Represents estimated average combined utilization for PTEN, NBR and UNT in the Lower 48 through Q4CY10.



H&P's Global Fleet Under Term Contracts

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



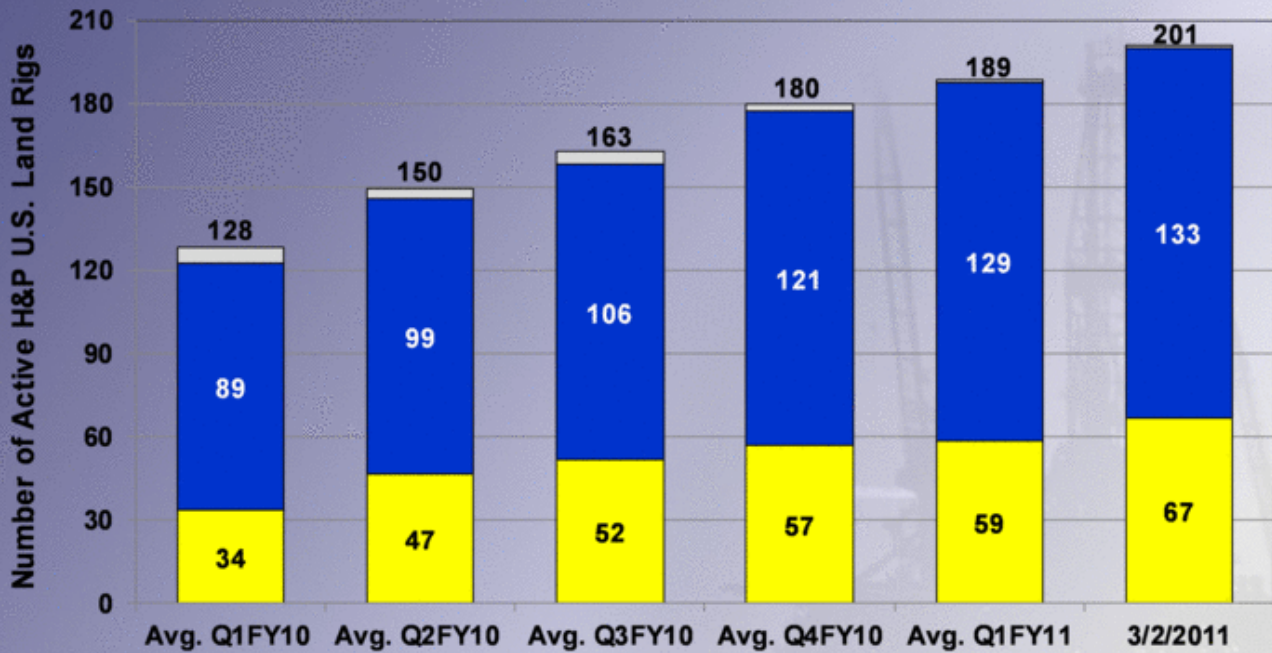


H&P New Builds

- **Since March 2010, H&P has announced the construction of 31 new FlexRigs, all of which are contracted under multi-year term agreements.**
- **Having completed the construction of 20 of these 31 rigs, 11 are scheduled to be completed during calendar 2011.**
- **New build rigs will be deploying primarily to oil and liquids rich markets including the Eagle Ford Shale, the CANA Woodford Shale, the Bakken Shale, and the Permian Basin.**



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



■ Active Rigs in Spot Market ■ Active Rigs on Term* ■ Delayed New Builds**

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

** Includes delayed new builds (in gray) which generated revenue but did not generate revenue days.



H&P's International Land Operations

- **While the Company will benefit from FlexRigs going back to work in the U.S. at higher margins than they would have earned in Mexico, segment operating income for the international segment during the second fiscal quarter will be negatively impacted by ceasing operations in Mexico.**
- **Total revenue days during the second fiscal quarter are expected to decrease by about 25 percent sequentially from the first fiscal quarter of 2011.**
- **Average rig margin per day, including early termination revenues, is expected to decrease by about 35 to 40 percent in the second fiscal quarter as compared to the first fiscal quarter of 2011.**



H&P's International Land Operations

Rig Fleet Status (as of March 2, 2011)

	Active	Contracted	Idle	Total	Long-term Contracts
Argentina	5		4	9	4
Bahrain	2	1		3	3
Colombia	5		1	6	2
Ecuador	2		2	4	
Tunisia	2			2	
Total	16	1⁽¹⁾	7	24	9⁽²⁾

1) One FlexRig is currently mobilizing to Bahrain.

2) 9 of 11 FlexRigs, included in the international fleet of 24 rigs, are under long-term contracts.



H&P's Offshore Operations

- **Seven of the Company's nine offshore platform rigs remain active, including two under long-term contracts.**
- **The number of revenue days during the second fiscal quarter of 2011 are expected to increase approximately five percent sequentially.**
- **Average rig margin per day is expected to increase by 15 to 20 percent during the second fiscal quarter of 2011 as compared to the first fiscal quarter.**
- **Segment operating income during the second fiscal quarter of 2011 will be negatively impacted by approximately \$2 million associated with less management contract revenue.**



Market Trends Favor H&P

- **Customers continue to focus on efficiency to achieve lower total well costs.**
- **Drilling today involves more complex well designs.**
- **Increasing safety and environmental sensitivity**



End of Presentation

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Additional References:



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 Value Proposition Example – H&P vs. Competitors

	Estimated Conventional Average (Spot Market)	Estimated Peer Fit-for-purpose Average (Spot Market)	H&P FlexRig3 Average 2010 (Spot Market)
1. Drilling days	20	14	10
Completion days	3	3	3
Moving days	7	4	3
Total rig revenue days per well	30	21	16
2. Drilling contractor dayrate	\$17,500	\$23,000	\$25,000
Operator's other intangible cost per day estimate	\$25,000	\$25,000	\$25,000
Total daily cost estimate	\$42,500	\$48,000	\$50,000
Total cost per well (daily services)	\$1,275,000	\$1,008,000	\$800,000
3. Total well savings with H&P – per well	\$475,000	\$208,000	
per year	\$10.8MM	\$4.8MM	

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

Increased wells per rig per year versus peer fit-for-purpose: 5 wells



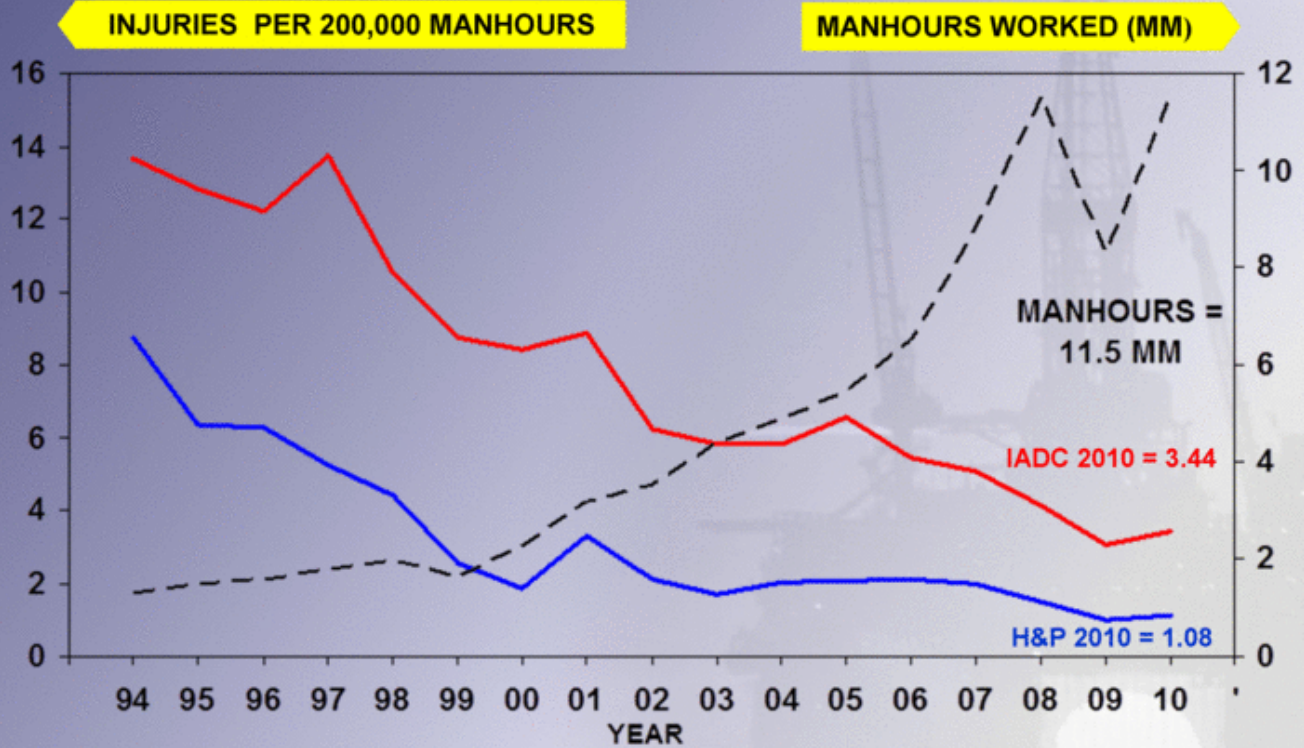
A Strong Field Organization

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



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

U.S. Land Safety Performance (1994 – 2010) OSHA Recordable Injury Incidence Rates

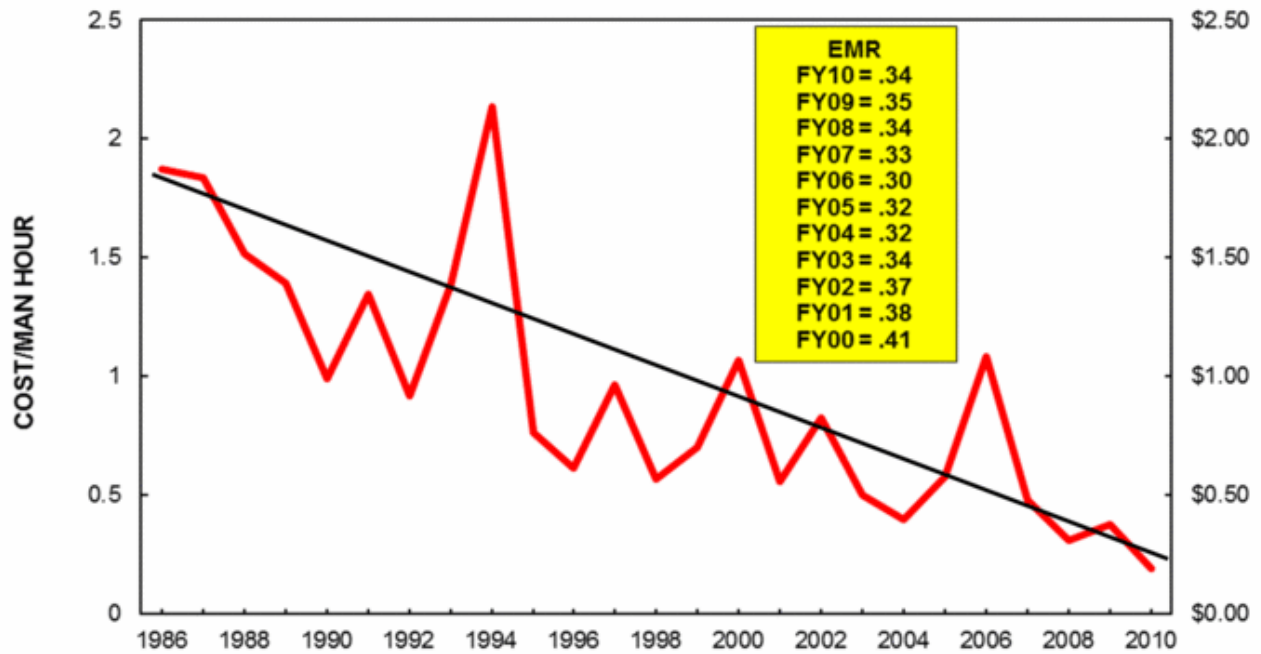




Safety Excellence Also Generates Savings

Reduced Workers Comp and General Liability Losses per Man Hour

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

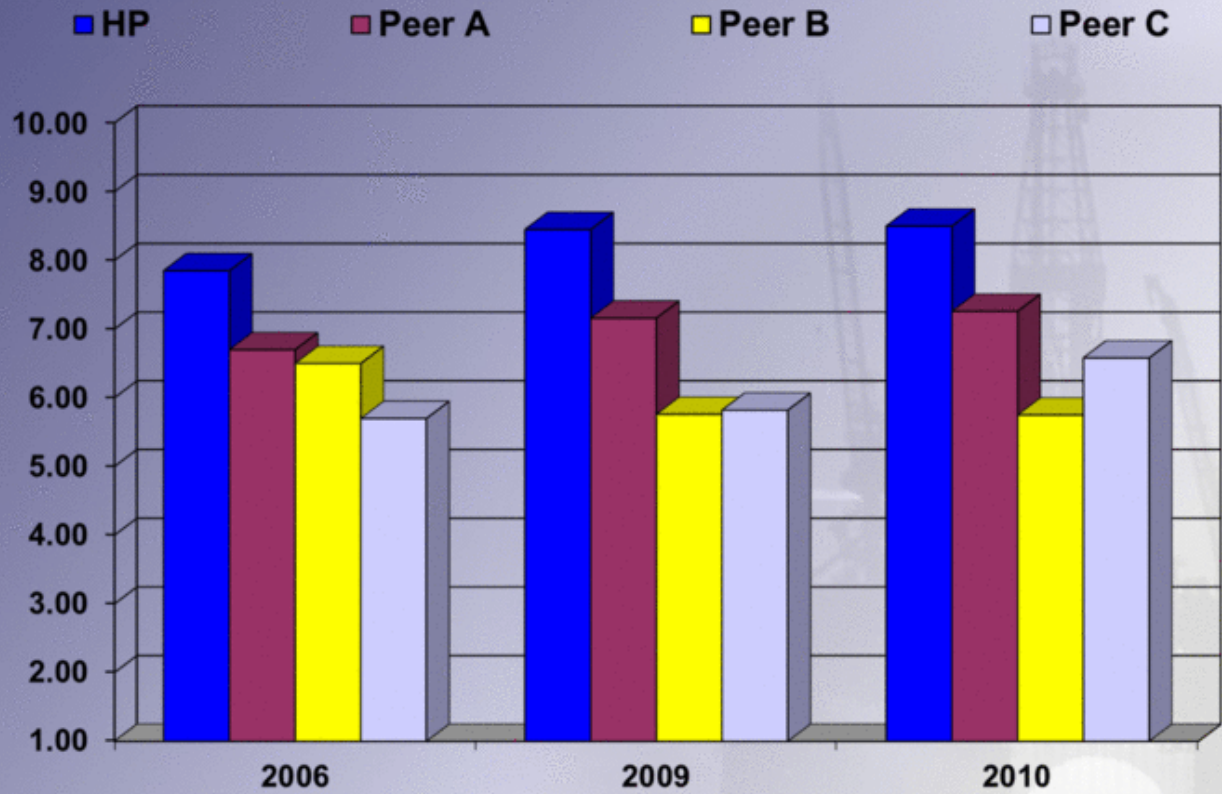


EMR = Experience Modifier Ratio (Industry Average = 1.00)



Customer Satisfaction Index

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



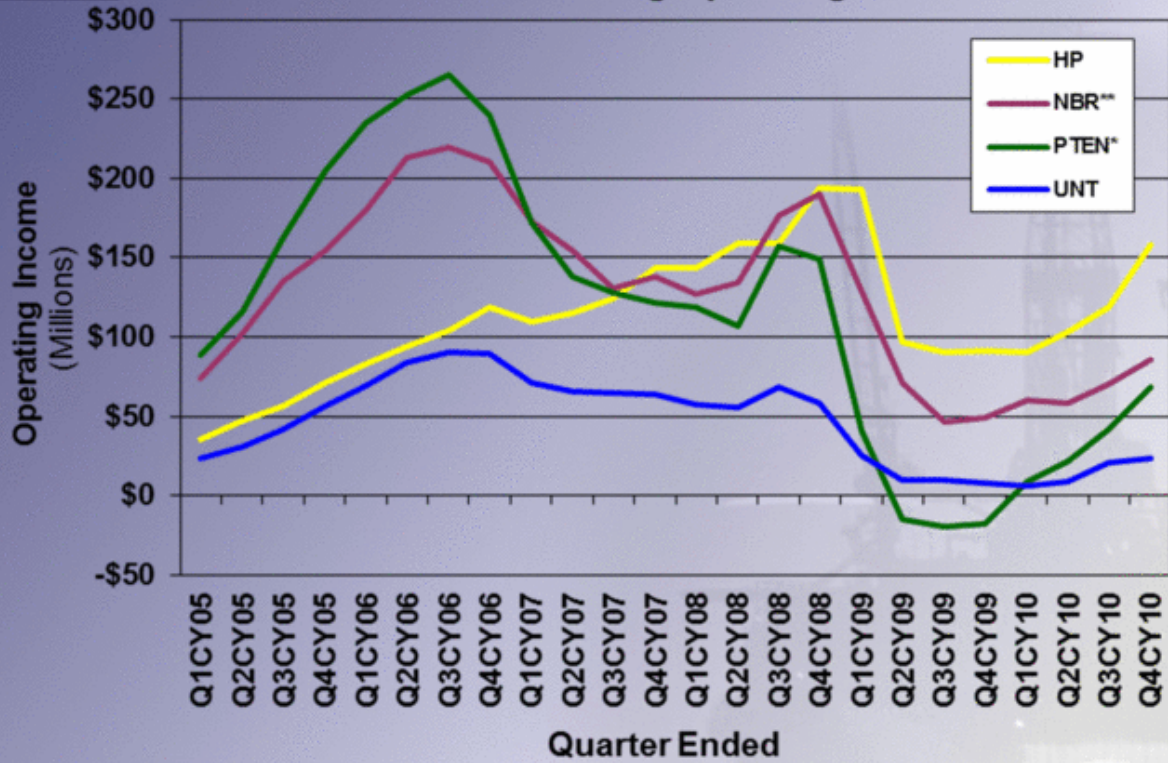
Source: EnergyPoint Research, Inc.

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Most Profitable Driller in U.S. Land Business

U.S. Land Drilling Operating Income



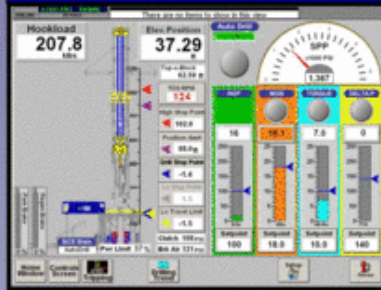
* PTEN's operating income includes drilling operations in Canada.

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



Leader in New Ideas & Applied Technology

Computerized Controls



Driller's Cabin



AC Driven Systems & Integrated Top Drive



Satellite Communications



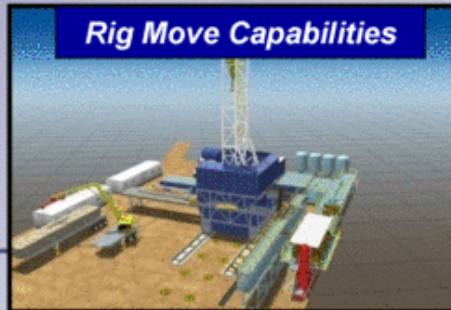
BOP Handling



Mechanized Tubular Handling



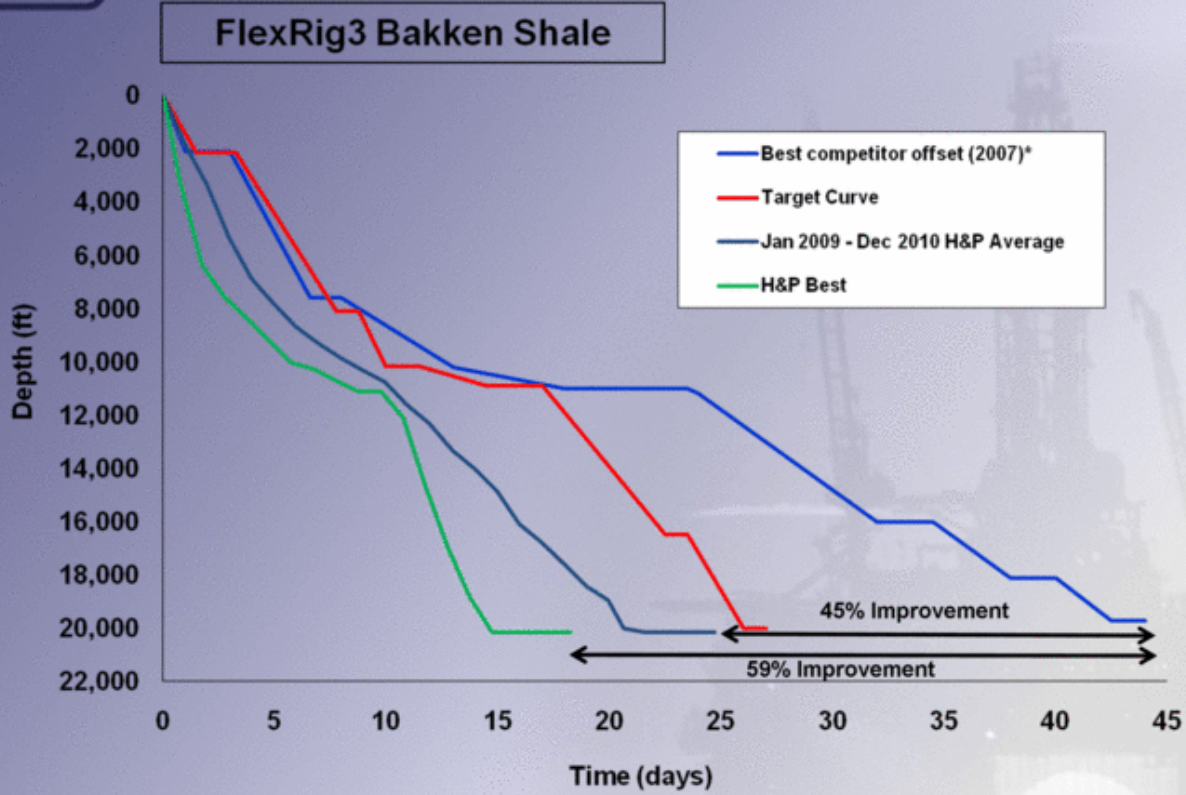
Rig Move Capabilities



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FlexRig3 – Performance Sample

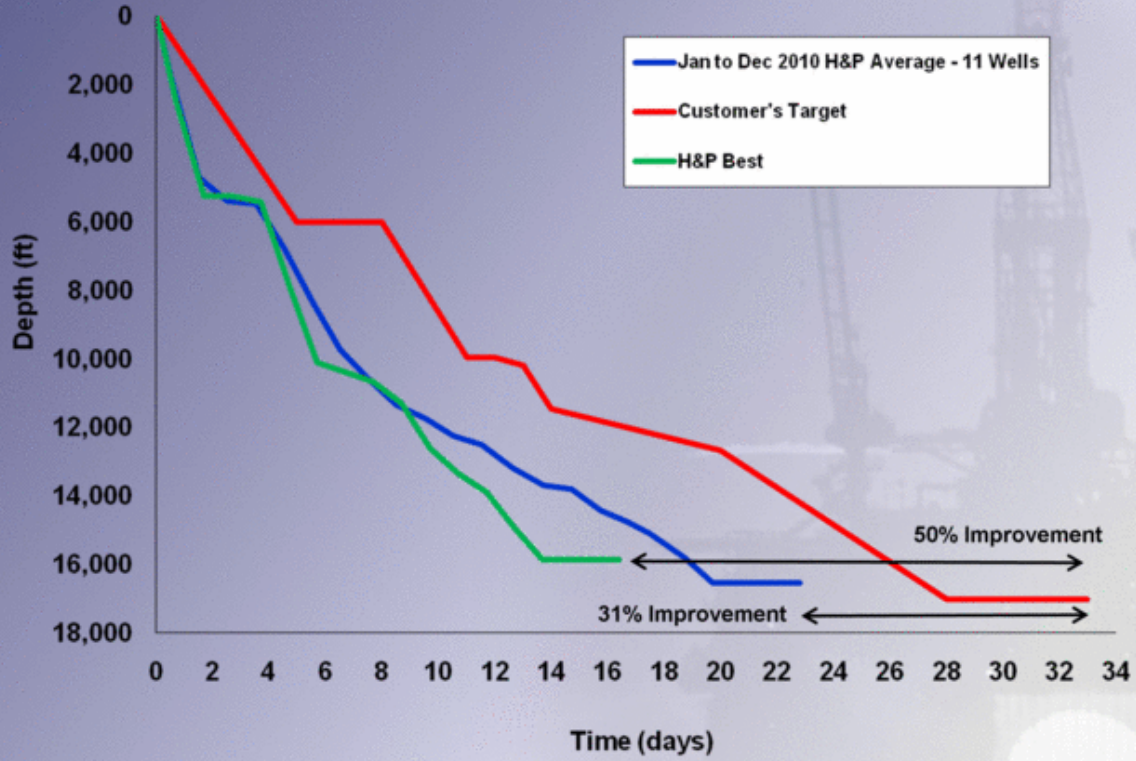


* Represents the customer's fastest reported Bakken Shale well before deploying a H&P FlexRig.



FlexRig3 – Performance Sample

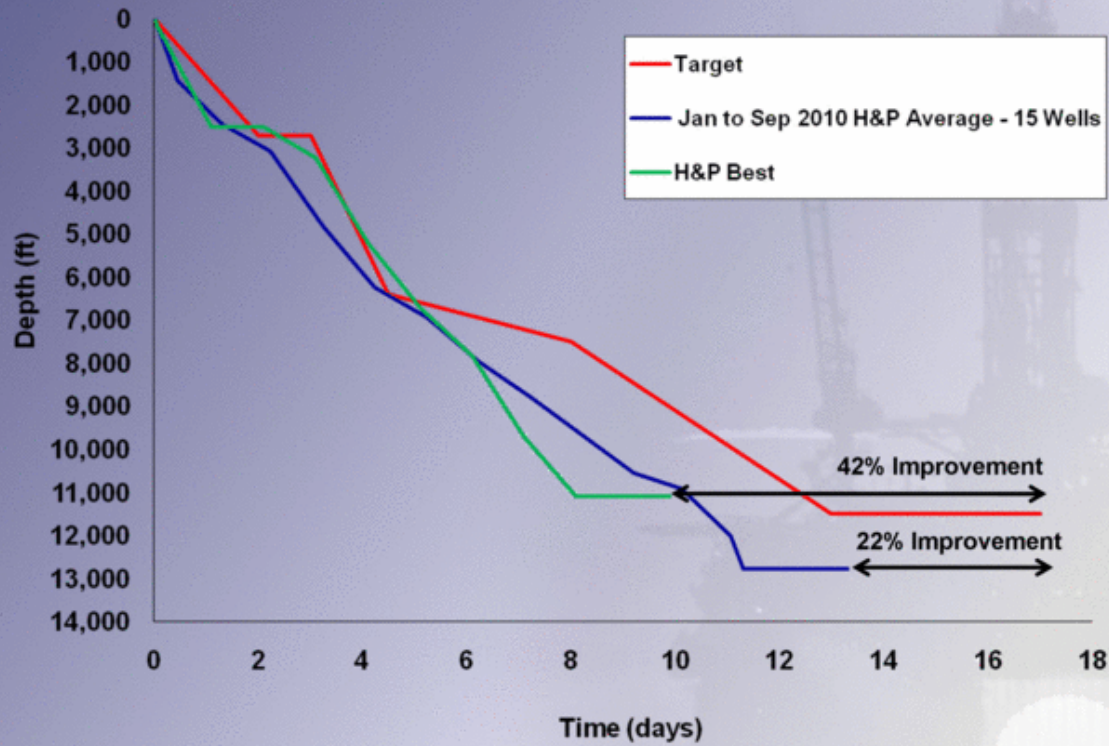
FlexRig3 Eagle Ford Shale





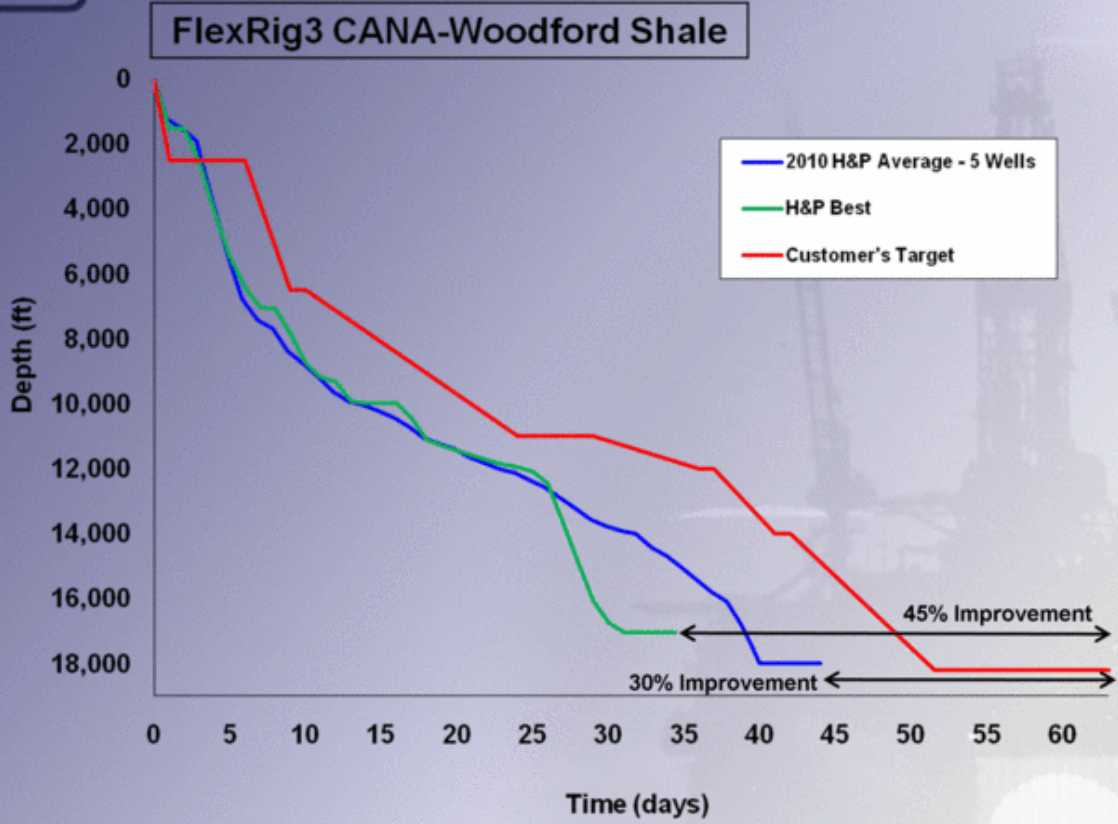
FlexRig4 – Performance Sample

FlexRig4 Eagle Ford Shale





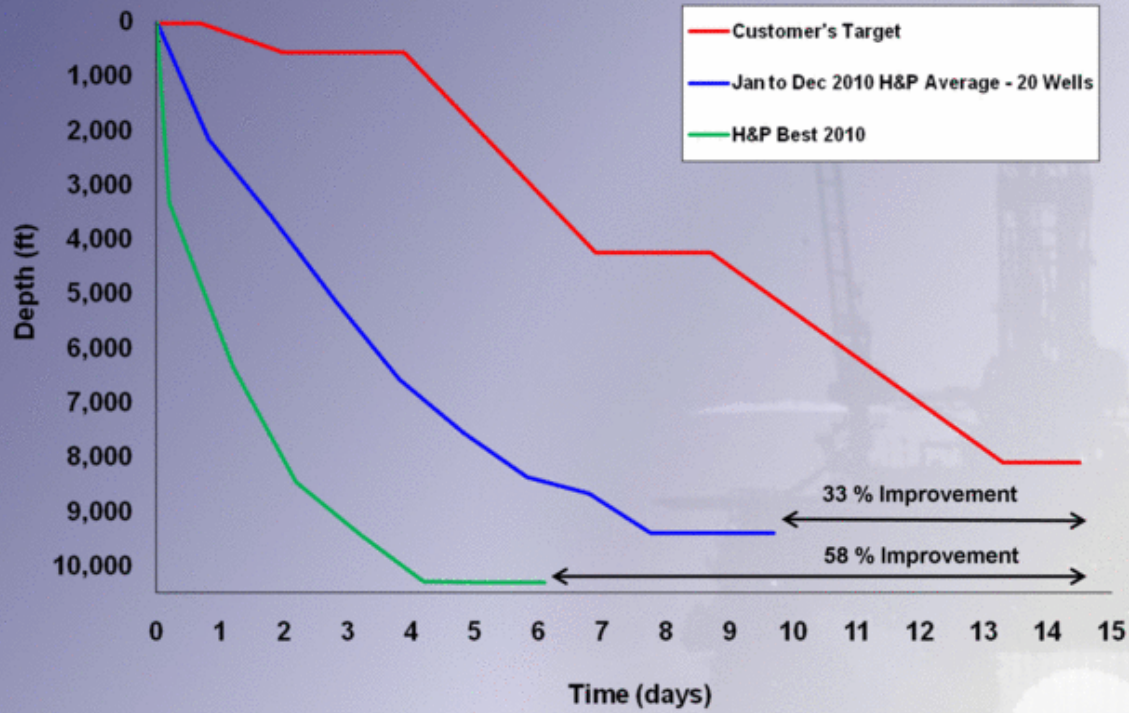
FlexRig3 – Performance Sample





FlexRig4M – Performance Sample

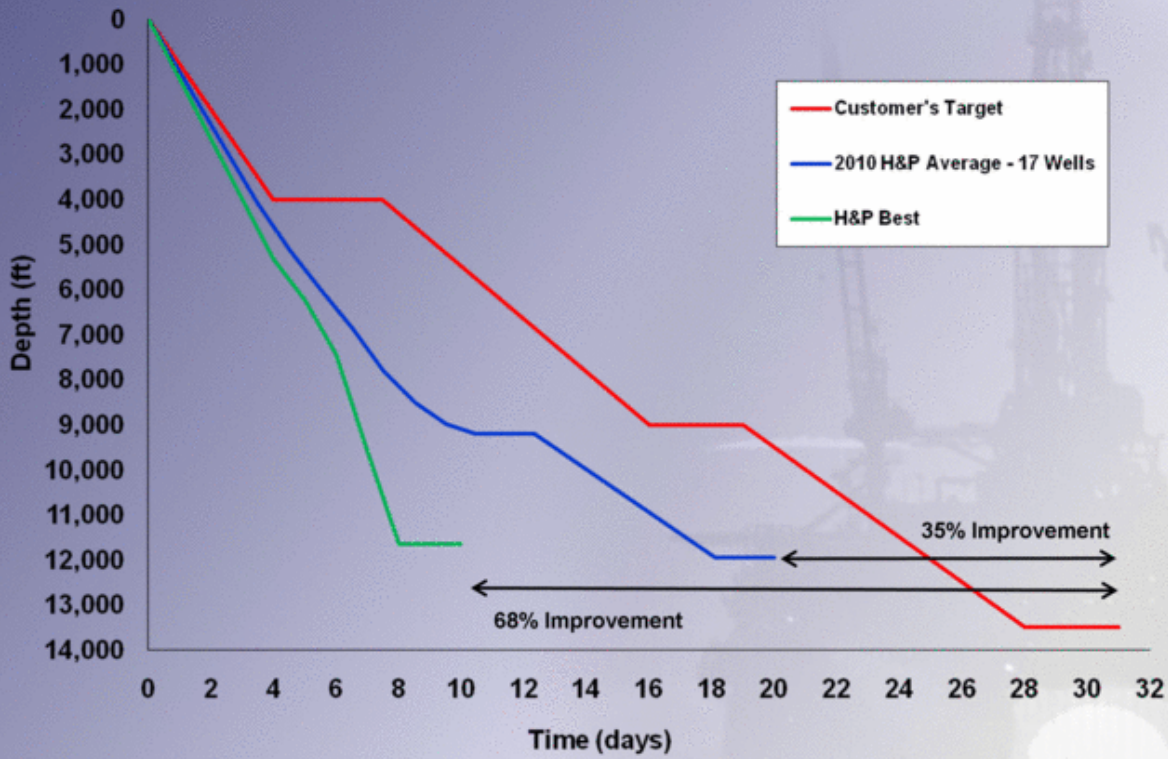
FlexRig4M West Texas





FlexRig4S – Performance Sample

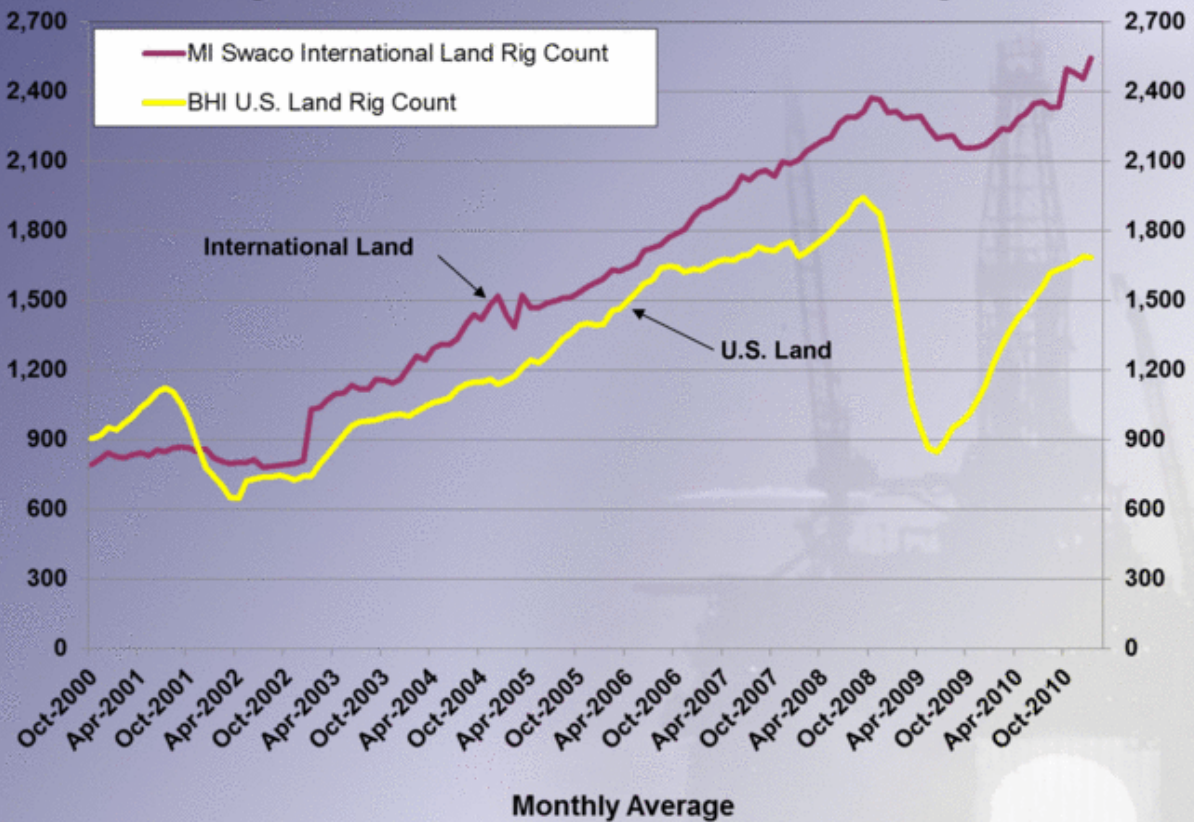
FlexRig4S Marcellus Shale





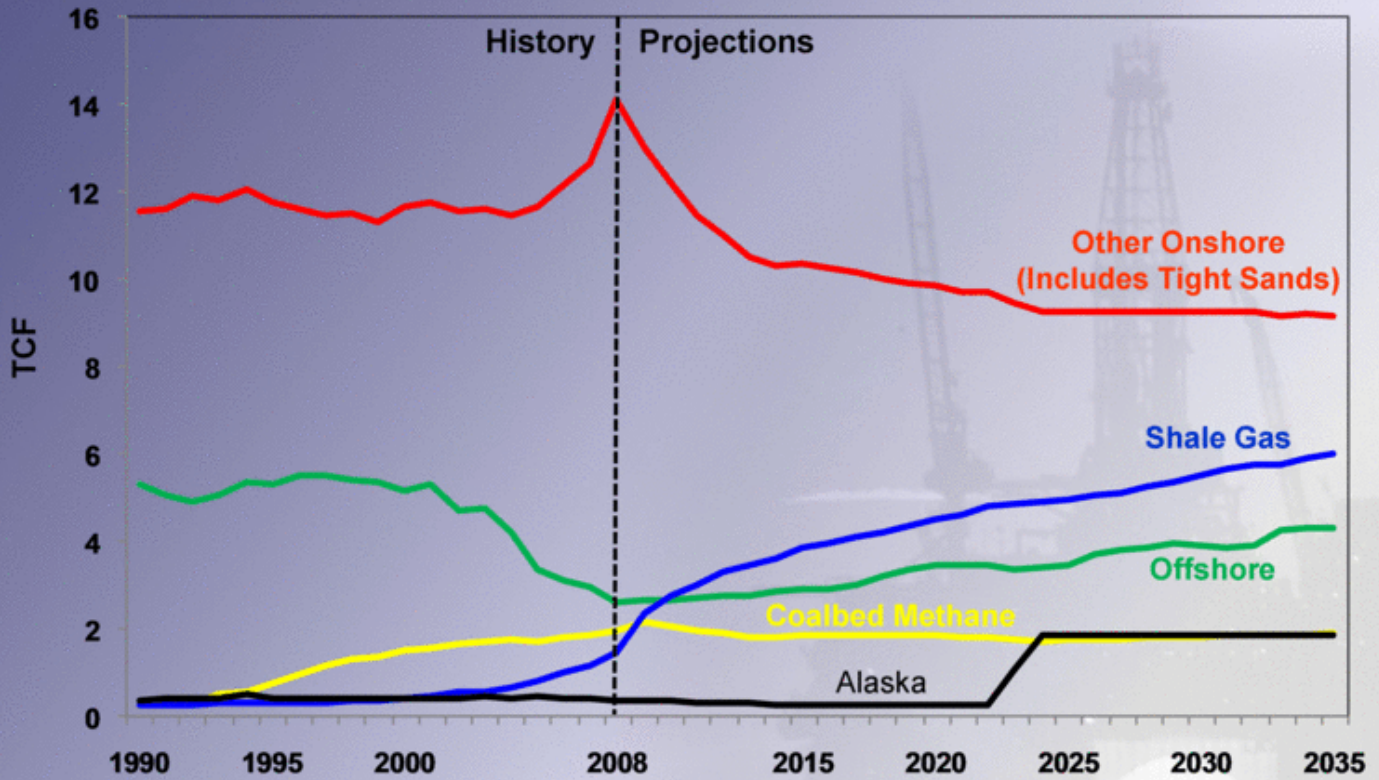
Improving Rig Counts

Baker Hughes U.S. Land and MI Swaco International Land Rig Counts





Unconventional Natural Gas Production Growing

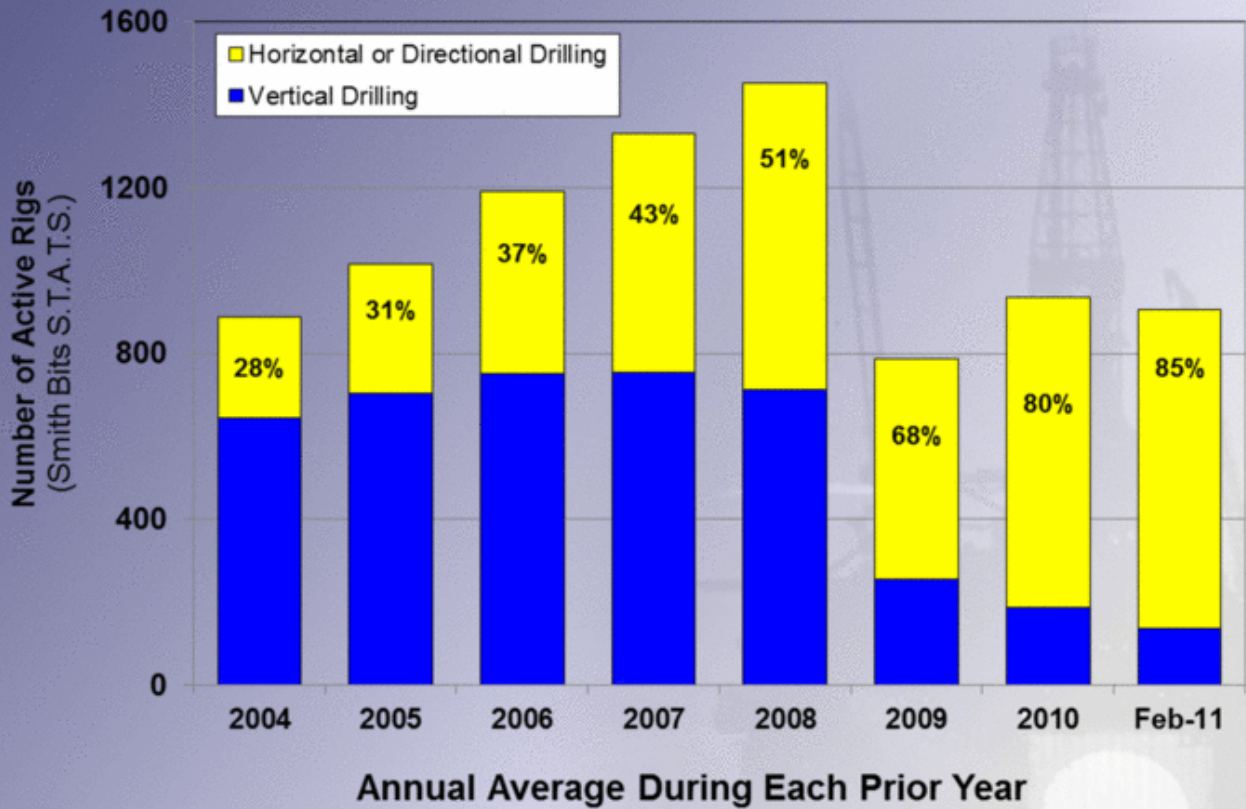


Source: Energy Information Administration Annual Energy Outlook 2010 with projections to 2035.



Increasing Focus on More Difficult Drilling

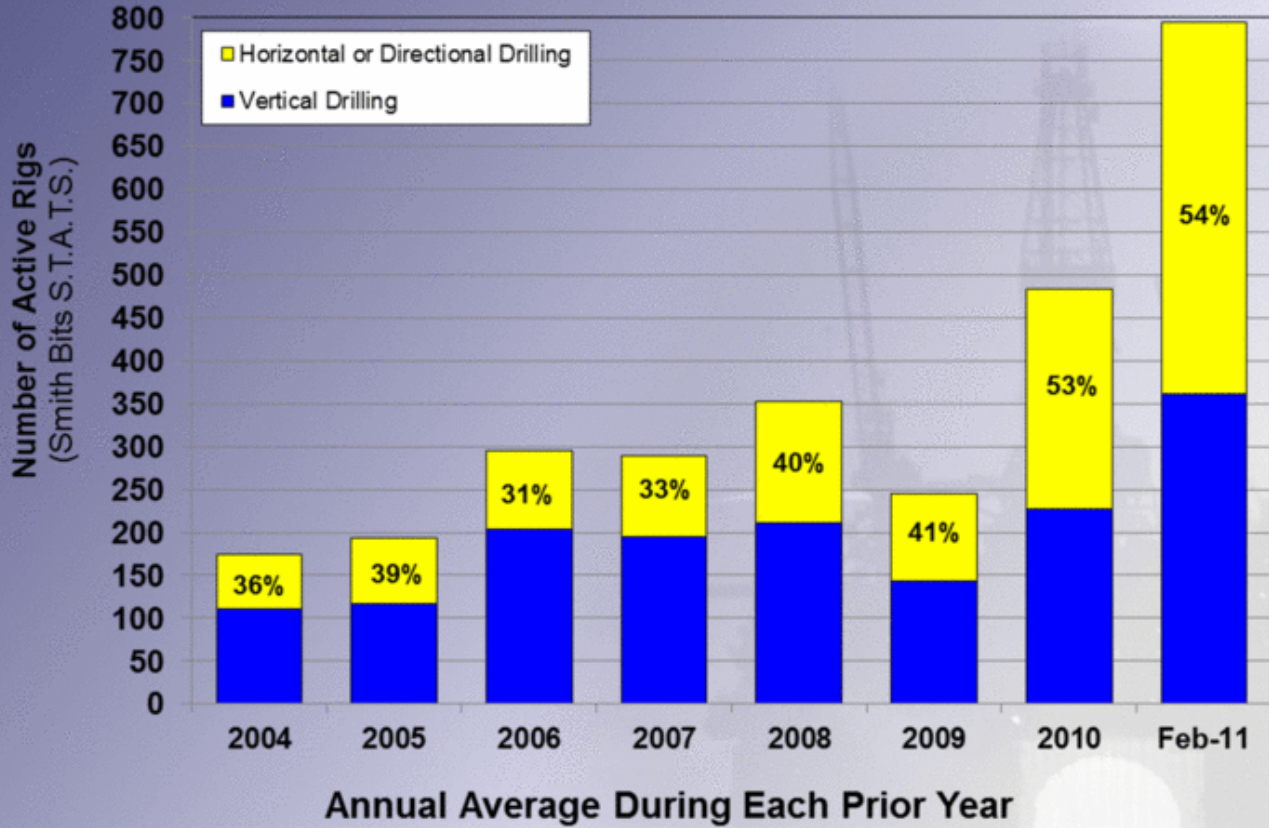
Active Rigs in U.S. Land Drilling for **Natural Gas**





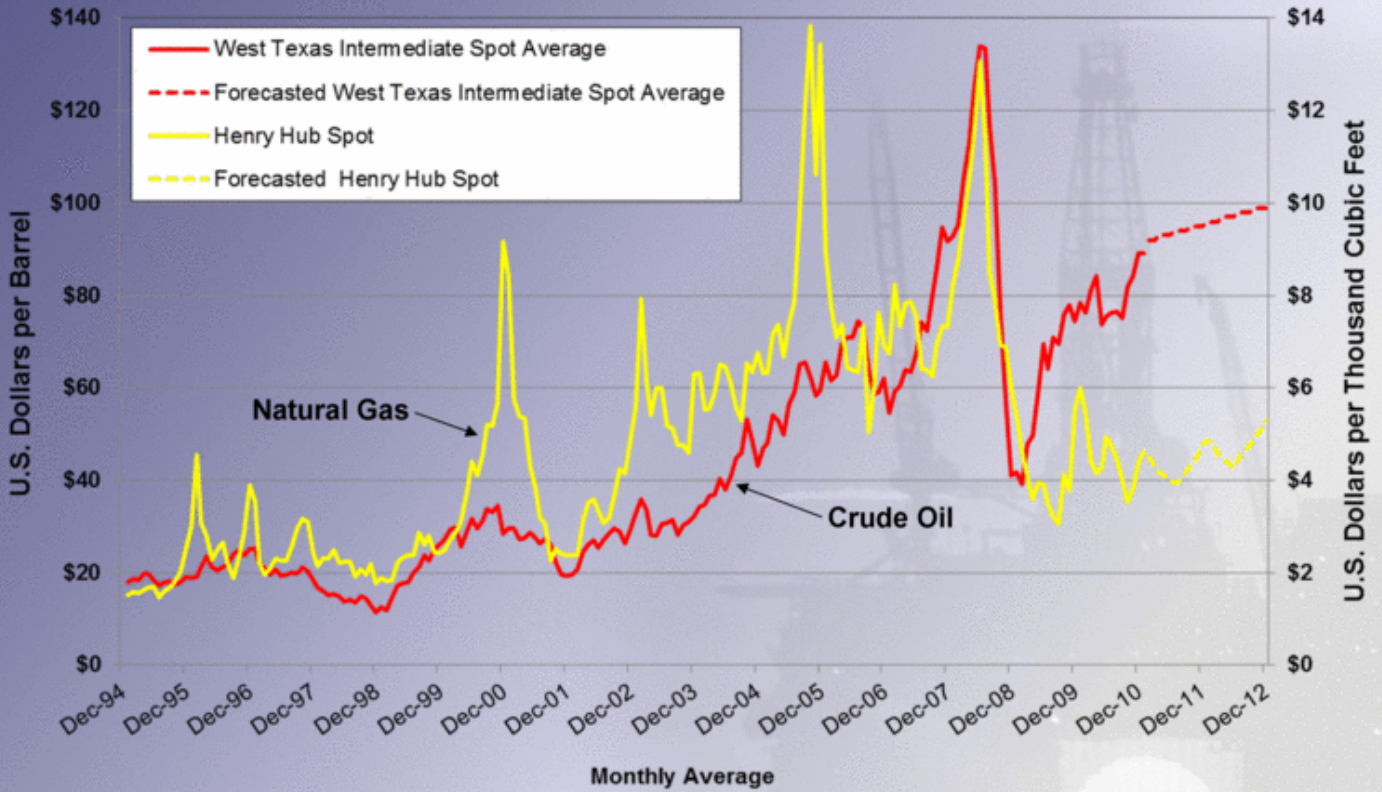
Oil Related Drilling Increasingly Complex

Active Rigs in U.S. Land Drilling for Oil





Crude Oil & Natural Gas Prices



Source: Energy Information Administration, Short-term Energy Outlook as of 2/8/11.



End of Document

HELMERICH & PAYNE, INC.