

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 02/05/13 for the Period Ending 02/05/13

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
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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: **February 5, 2013**

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))
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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: February 5, 2013

EXHIBIT INDEX

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99.1	Slides to be distributed at an investor and securities analyst conference.



Helmerich & Payne, Inc.

Credit Suisse 2013 Energy Summit

February 6-7, 2013

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 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.



H&P Basics

339 Drilling Rigs*

~\$6 Billion in Assets

~9,700 Employees

~6% Debt/Cap

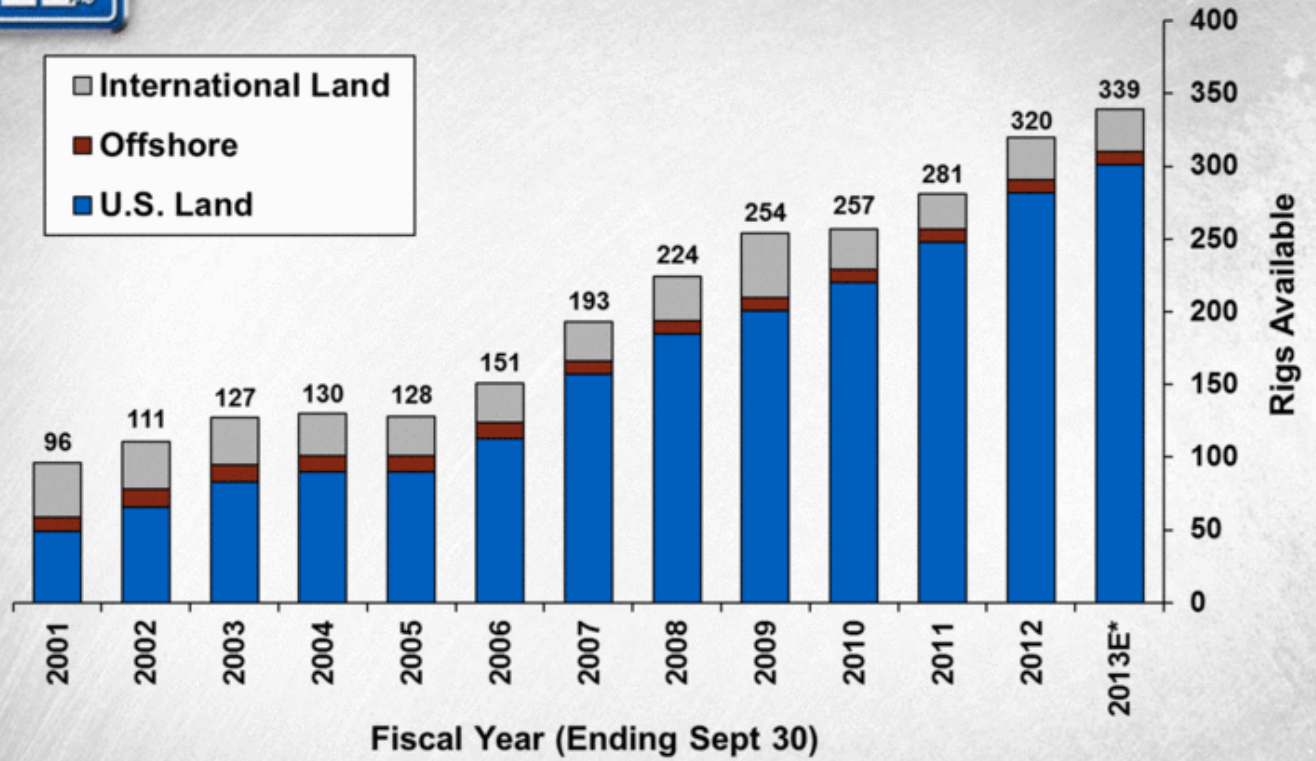


* As of January 31, 2013, includes 5 announced new FlexRigs with customer commitments and pending to be delivered during fiscal 2013.

HELMERICH & PAYNE, INC.



H&P's Global Rig Fleet



* Estimates include existing rigs and announced new build commitments.





The U.S. Land Market Today

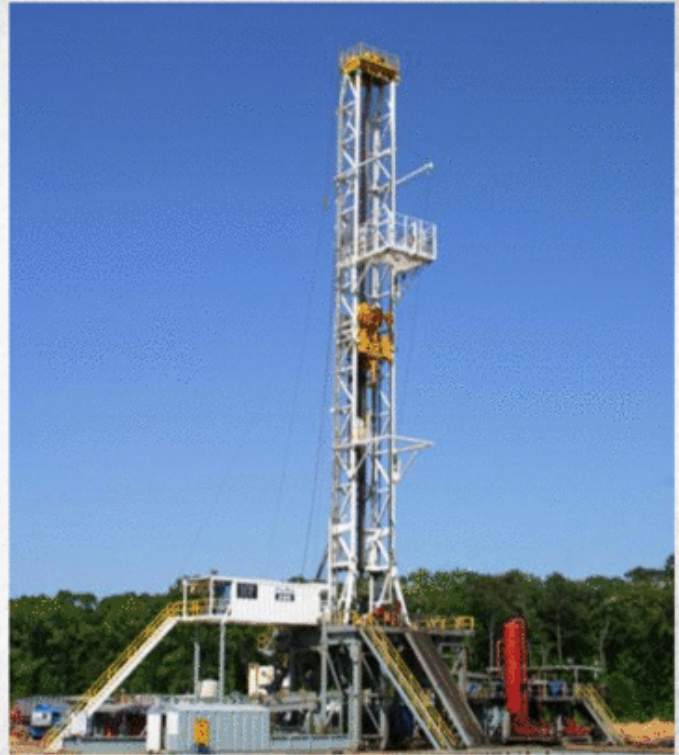
- There is a growing sense within the industry that the rig count has bottomed and that it will increase by one hundred rigs or so during 2013.
- Customers remain deliberate with their capital spending and discriminating with the service providers they engage.
- In a world where the growing expectation is to drill more wells with fewer rigs, an improving cycle will not treat all drilling contractors equally. There remains an opportunity for H&P to capture additional market share.





H&P New Builds

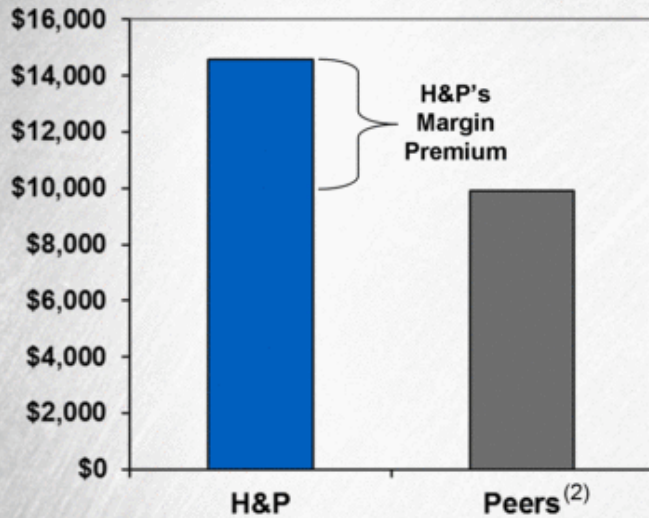
- Delivered 48 new FlexRigs during calendar 2012.
- Announced orders for three additional FlexRigs on January 31, 2013.
- Five announced new builds pending delivery in fiscal 2013.
- Now delivering new FlexRigs at the rate of approximately two per month.
- Some conversations with customers continue regarding additional new build commitments.



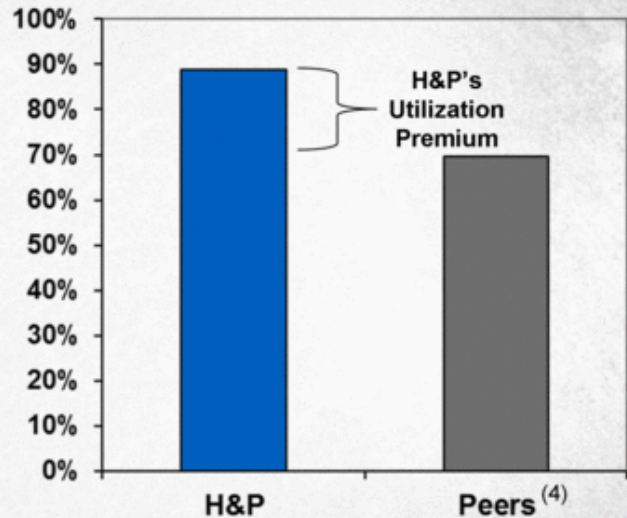


Technology & Quality Service Make a Difference

Average U.S. Land Rig Margin per Day⁽¹⁾
(12 Months Ended September 30, 2012)



Estimated U.S. Land Rig Utilization⁽³⁾
(12 Months Ended September 30, 2012)



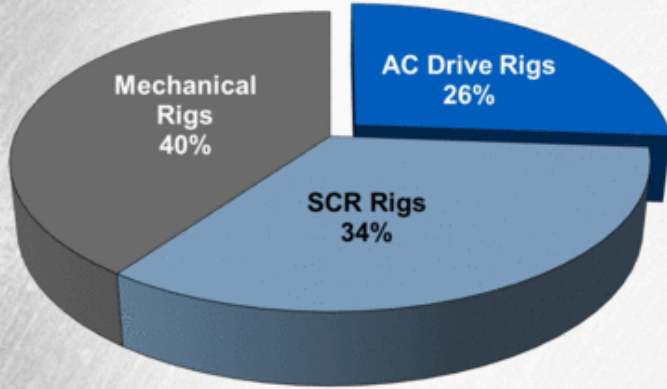
- (1) Does not include the impact of early contract termination revenue.
- (2) Represents weighted-average rig margin per day for PTEN, NBR and UNT.
- (3) Utilization is herein calculated to be average active rigs divided by estimated available marketable rigs.
- (4) Represents estimated average combined utilization for PTEN, NBR, and UNT in the Lower 48 land market.



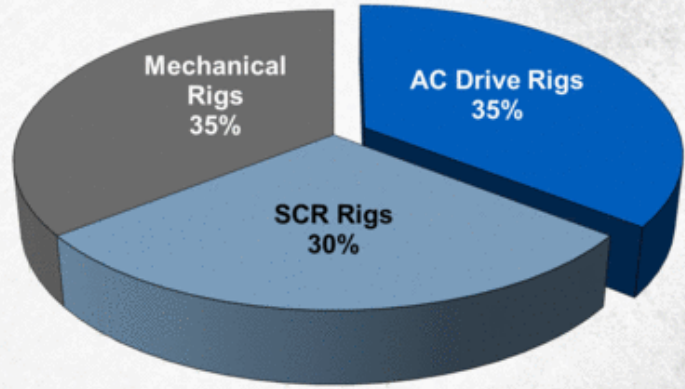


What a Difference a Year Makes

As of January 2012
(~1,900 Active Rigs in the U.S.
By Power Type)



As of January 2013
(~1,600 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. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 5% of the active rigs that were not readily identified.

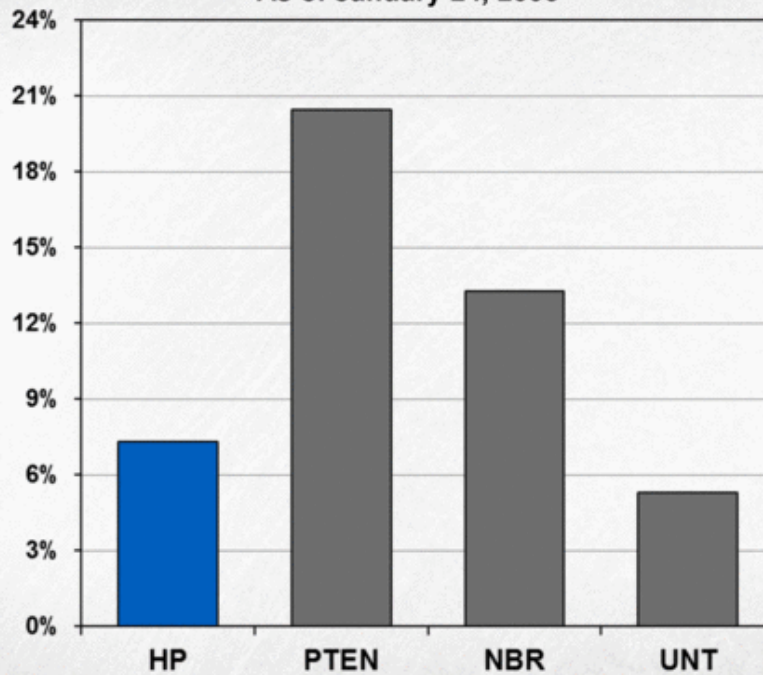




Active Rig Market Share – Ten Years Ago

Lower 48 U.S. Land Market Share

As of January 24, 2003



Note: The above estimates corresponding to U.S. land rig market share are derived from Smith Bits S.T.A.T.S.

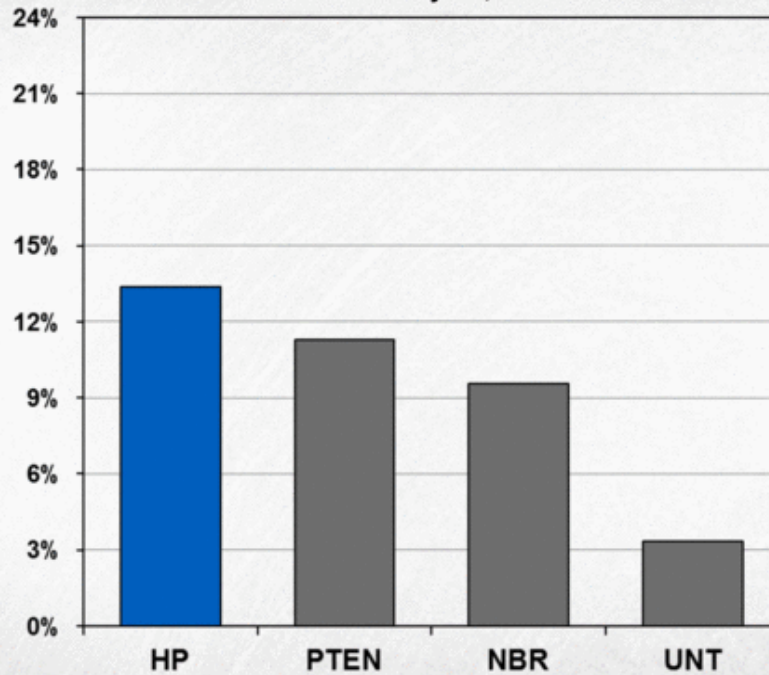




Organically Growing Active Rig Market Share

Lower 48 U.S. Land Market Share

As of January 25, 2013



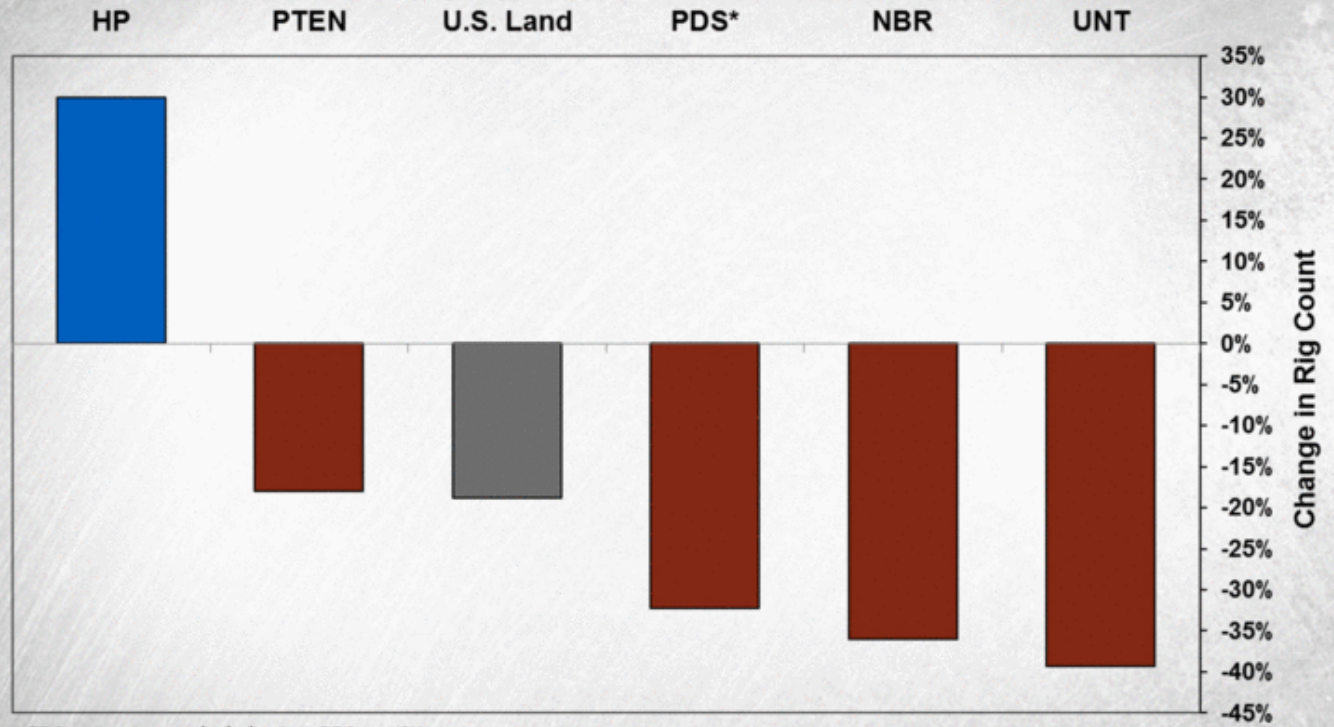
Note: The above estimates corresponding to U.S. land rig market share are derived from Smith Bits S.T.A.T.S.





Changes in Lower 48 U.S. Land Rig Count

Estimated Change Since 2008 Peak in Active U.S. Land Rigs
(Smith Bits Weekly Rig Count - October 17, 2008 to January 25, 2013)



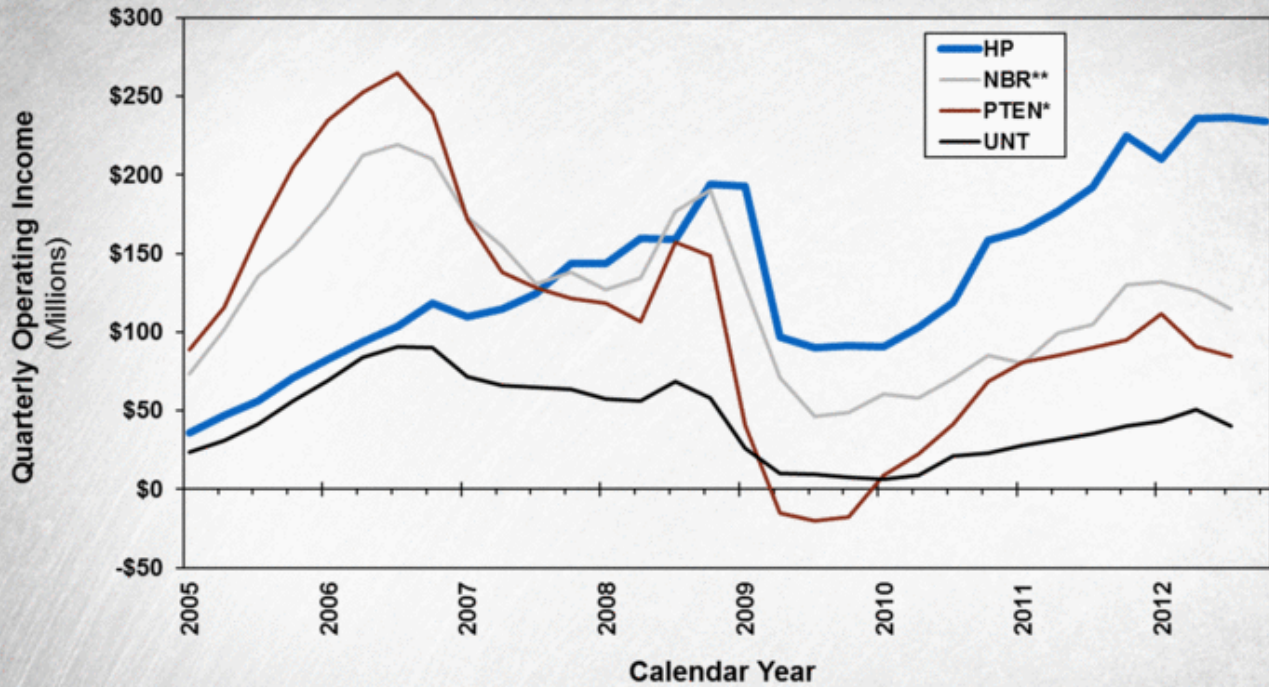
* PDS' active rig count includes both PDS and GW rigs.





Record Profits During Industry Slowdown

U.S. Land Drilling Operating Income



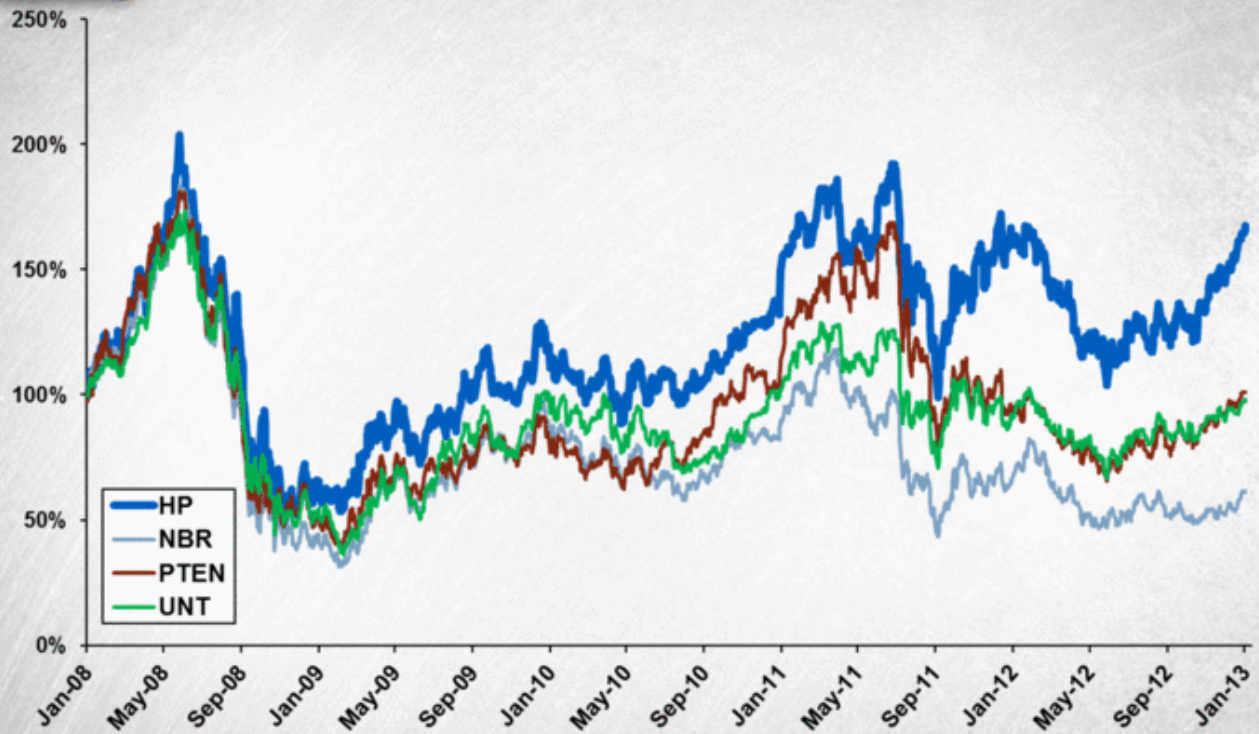
* PTEN's operating income includes drilling operations in Canada.

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





Five-Year Relative Shareholder Return



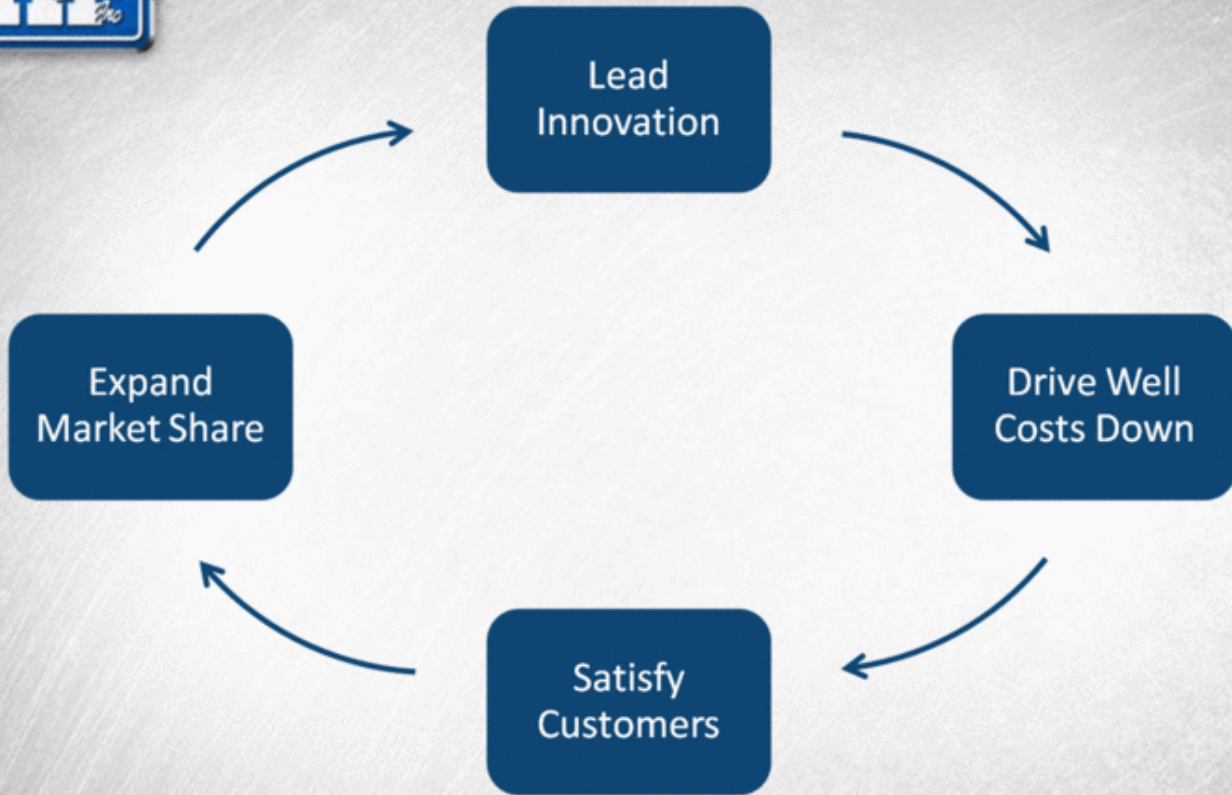
Source: Thomson Financial as of January 30, 2013







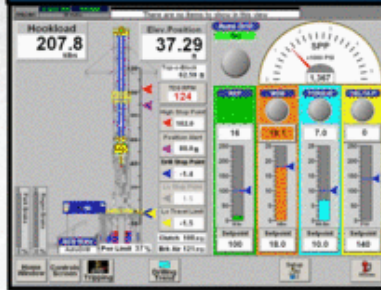
Growing Shareholder Value





Innovation & Applied Technology

Computerized Controls



Driller's Cabin



AC Driven Systems & Integrated Top Drive



Satellite Communications



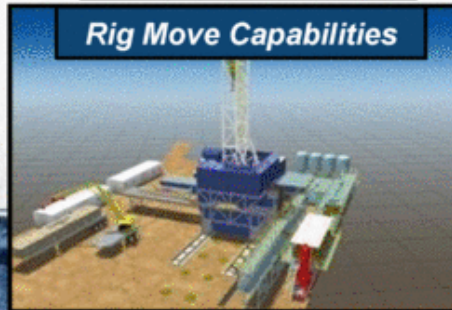
BOP Handling



Mechanized Tubular Handling



Rig Move Capabilities





FlexRigs Delivering Drilling Efficiencies

- **We have over 1,000 rig years of AC FlexRig drilling experience.**
 - Drilled over 53 million feet in 2012
 - Improved our footage per day by 23% between 2011 and 2012
 - While adding 48 new FlexRigs in 2012, we were able to deliver our best safety performance which already leads the industry by a significant margin

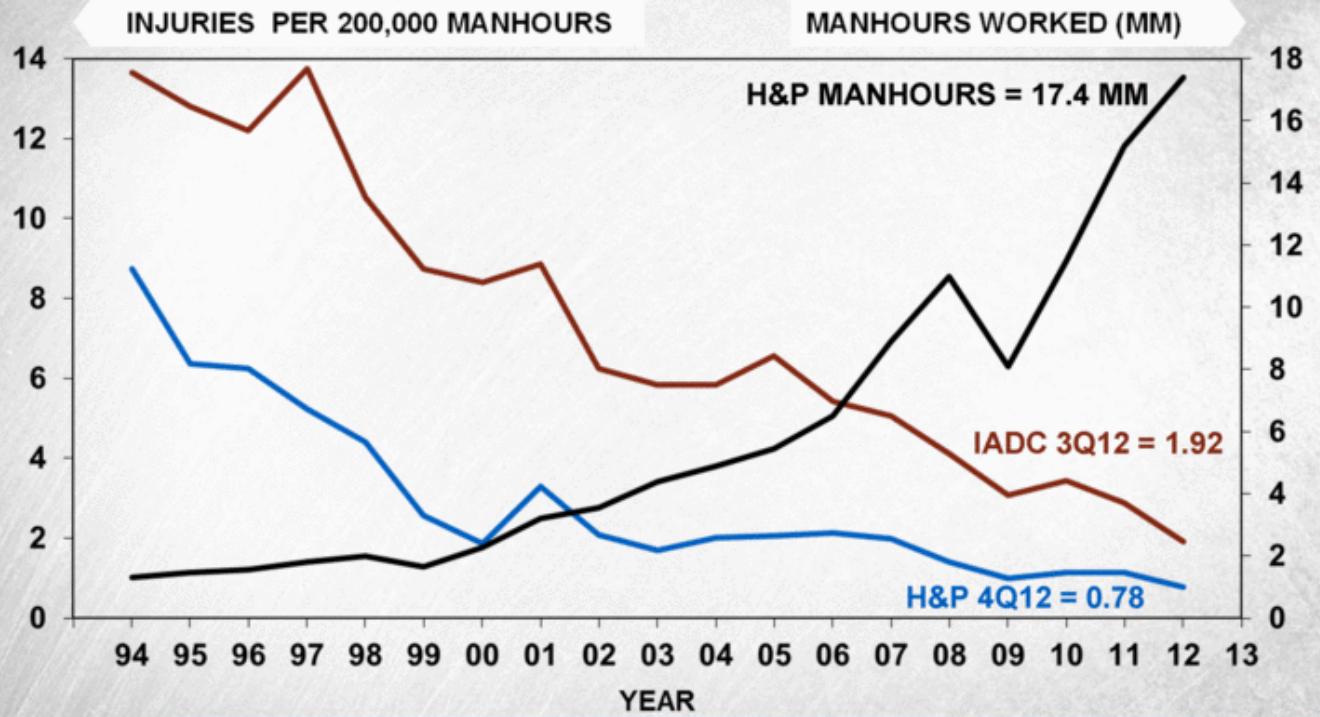
- **FlexRigs lead in pad drilling efforts in U.S. land.**
 - FlexRig4 was the first bi-directional land drilling application design
 - FlexRig5 is the latest generation of bi-directional, long lateral pad drilling rig
 - We have drilled over 5,000 wells on approximately 1,000 pads





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

U.S. Land Safety Performance (1994 – 2012)
OSHA Recordable Injury Incidence Rates

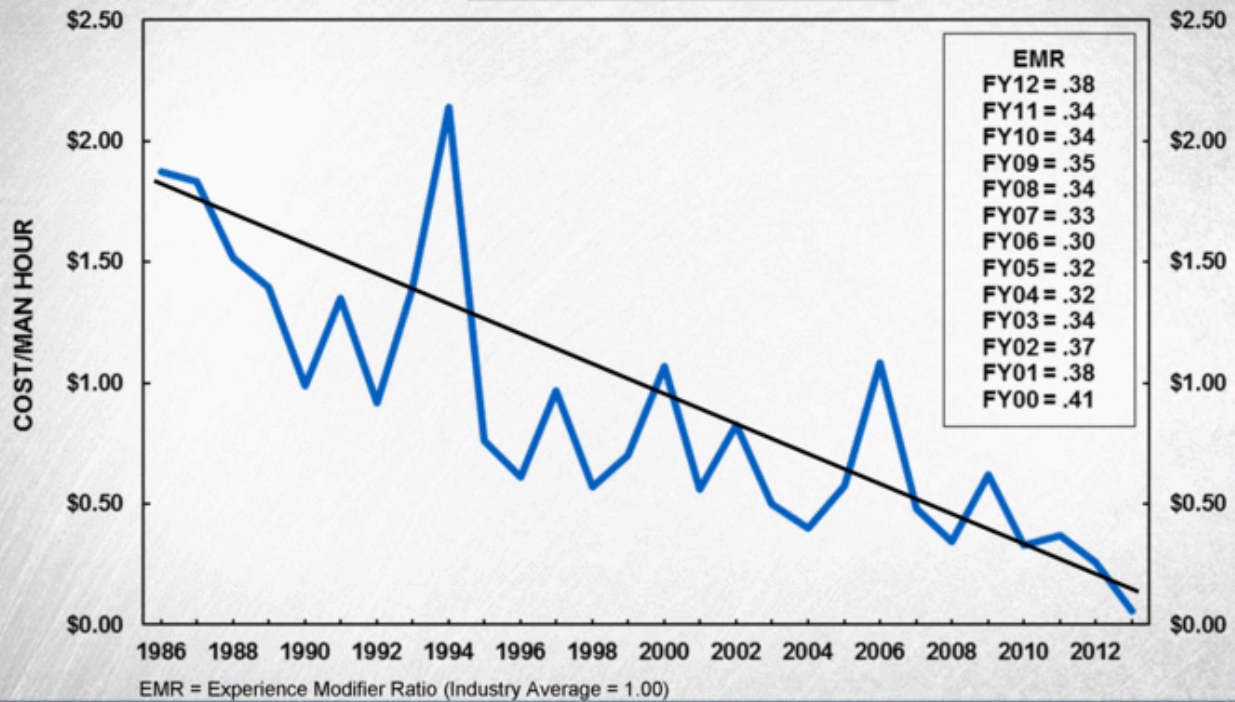




Safety Excellence Also Generates Savings

Reduced Workers Comp and General Liability Losses per Man Hour

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





Unconventional Plays Shaping Landscape

Well Complexity is increasing:

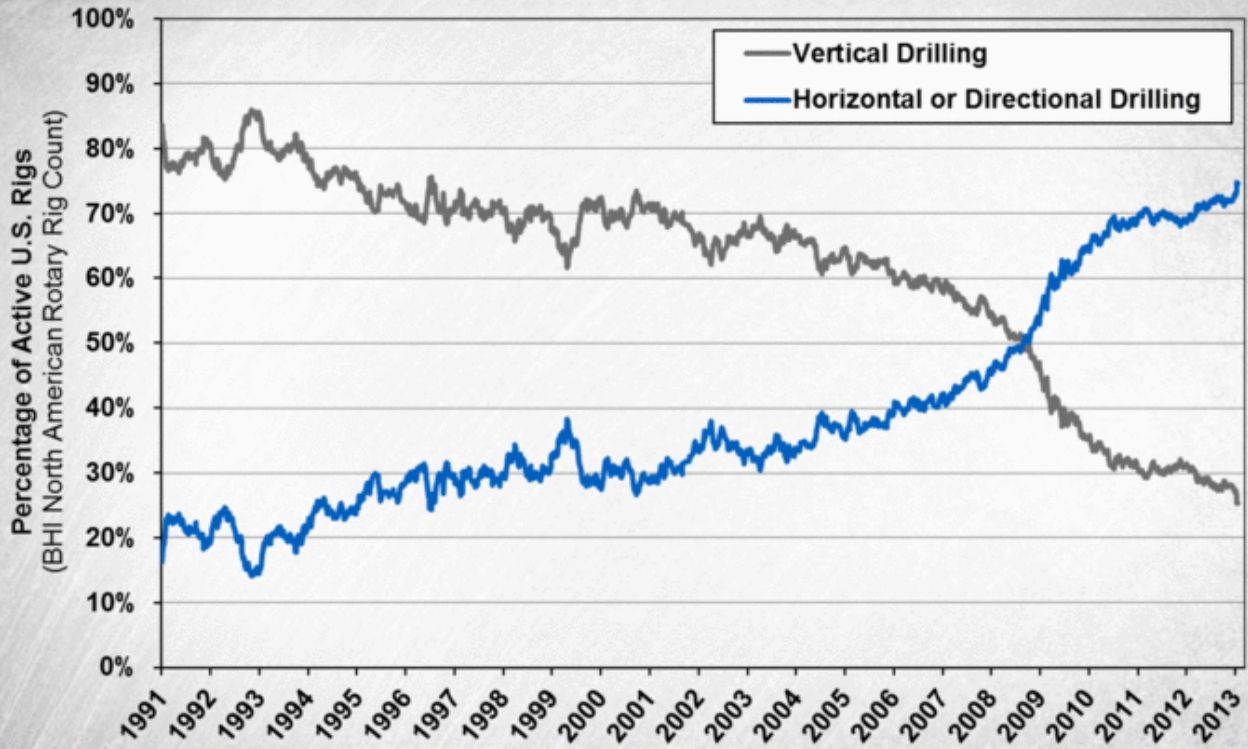
- Technology solutions that provide safe, environmentally sound and efficient operations are required by contractors to be competitive
- Extended reach laterals progressively longer
- Multi-well pad drilling gaining acceptance in more areas
- A factory approach to drilling wells is required
- This all creates an expanding level of demand for FlexRigs





Increasing Focus on More Difficult Drilling

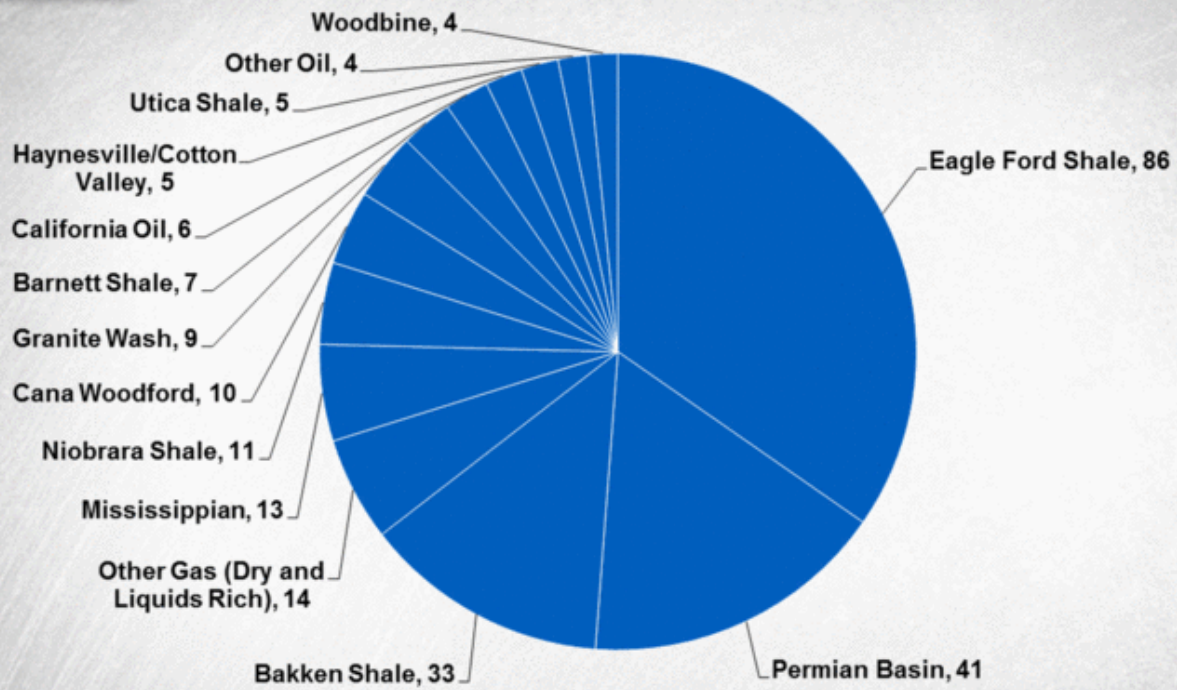
U.S. Rig Activity by Drilling Type





Leading U.S. Unconventional Driller

(248 H&P Contracted Land Rigs as of 1/31/13*)



* Includes announced new FlexRigs with customer commitments scheduled for delivery in fiscal 2013.





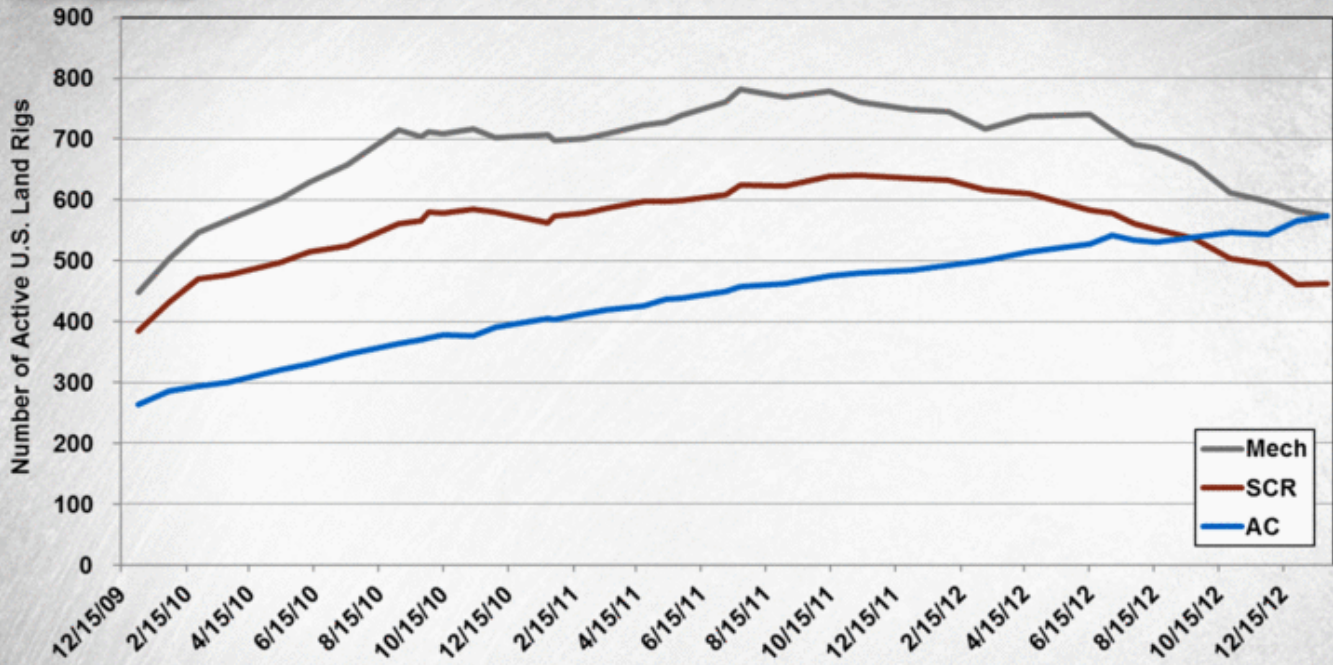
The Replacement Cycle Continues

- AC drive rigs are best positioned to make the transition.
- Older, underperforming rigs are more likely to be sidelined.
- High efficiency rigs continue to displace mechanical and SCR rigs.
- 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.
- A more measured roll-out of new builds is a positive, as it reflects where we are in the cycle and limits exuberance for the industry to over-extend.





AC Rigs Continue to Gain Market Share

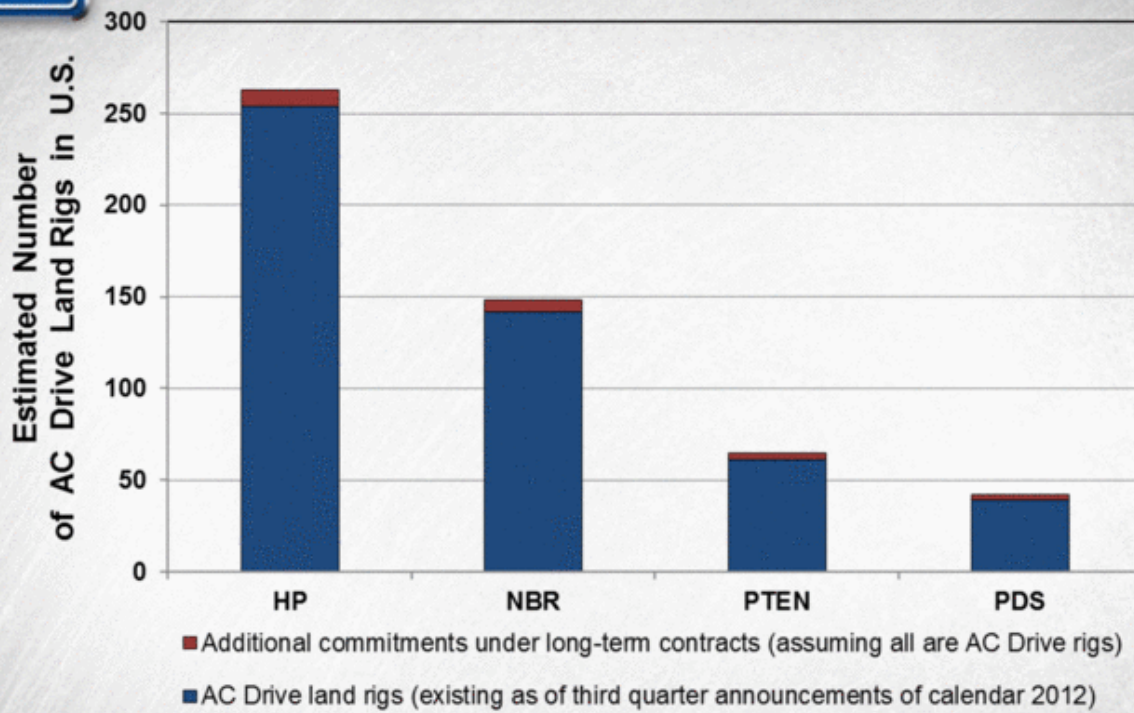


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 5% of the active rigs that were not readily identified.





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



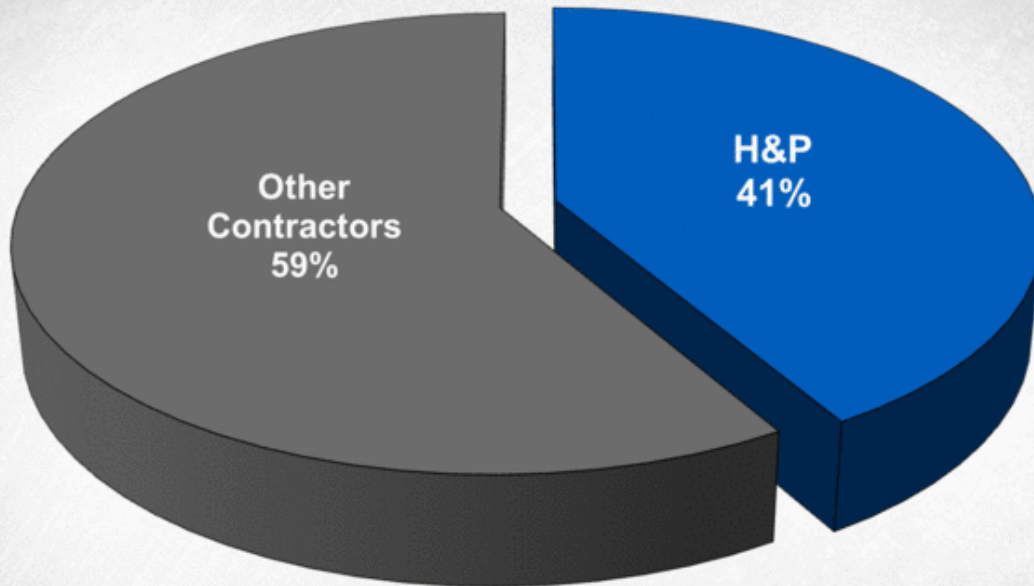
Note: The above estimates corresponding to U.S. lower 48 AC Drive fleets and new build commitments are derived from Rig Data and corporate filings.





Active AC Drive U.S. Rig Market Share

(~575 Rigs as of January 2013)



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





H&P Activity as of January 31, 2013

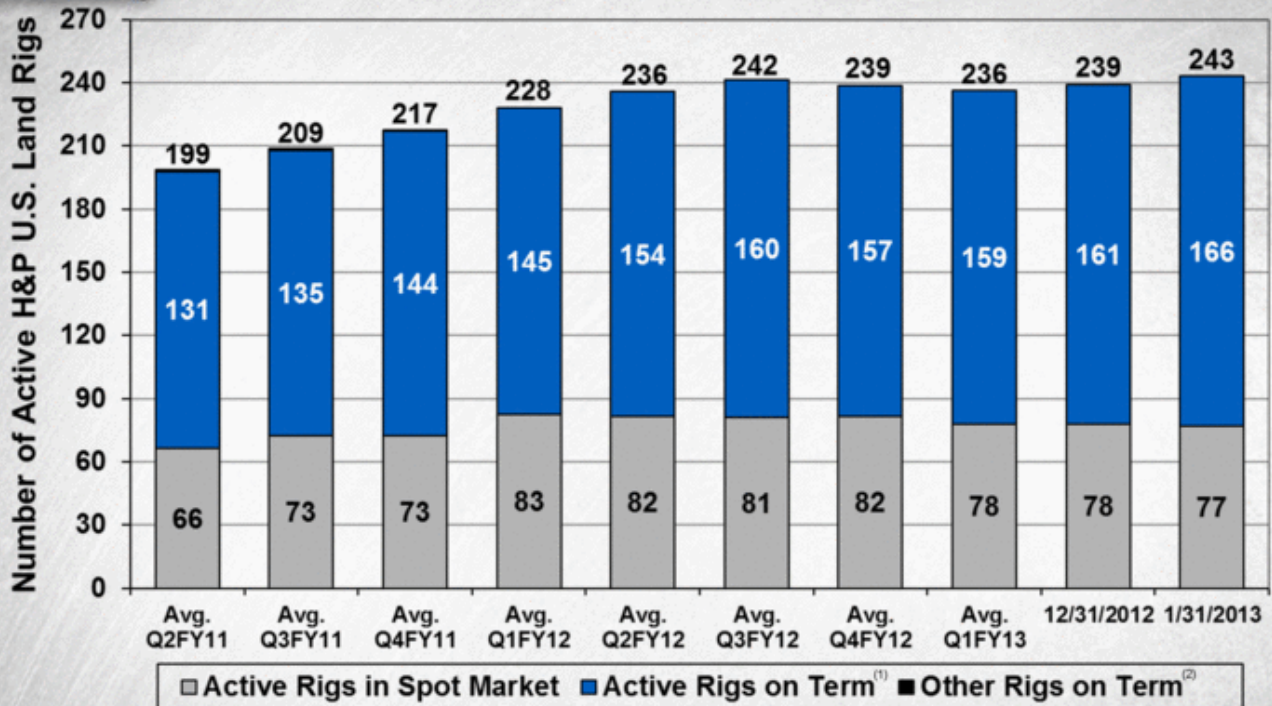
	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	296	243	82%
AC Drive FlexRigs	261	243	93%
SCR Fleet	35	0	0%
Offshore	9	8	89%
International Land	<u>29</u>	<u>22</u>	<u>76%</u>
Total	334	273	82%
FlexRig Construction ⁽¹⁾	5	5	
Total Fleet	339	278	

(1) Includes announced new build commitments.





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 pending delivery and not generating revenue days.





H&P's New Build Advantages

- We have been improving and honing the process for over 10 years, prompting our assertion that we build a better rig for less
- Safety is our first priority, followed by a relentless focus on strong execution and performance in the field
- Exceptional fleet uniformity
- Extensive collaboration with customers and suppliers
- A strong organizational orientation to consistent, repeatable, field execution





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 2012 (Spot Market)
1. Drilling days	20	13	9
Other days	3	3	3
Moving days	7	4	3
<i>Total rig revenue days per well</i>	<i>30</i>	<i>20</i>	<i>15</i>
2. Drilling contractor dayrate	\$17,500	\$23,000	\$28,000
Operator's other intangible cost per day estimate	\$25,000	\$25,000	\$25,000
Total daily cost estimate	\$42,500	\$48,000	\$53,000
<i>Total cost per well (daily services)</i>	<i>\$1,275,000</i>	<i>\$960,000</i>	<i>\$795,000</i>
3. Total well savings with H&P – per well per year	\$480,000 \$11.7MM	\$165,000 \$4.0MM	

Increased wells per rig per year versus conventional average: 12 wells

Increased wells per rig per year versus peer fit-for-purpose: 6 wells





Performance is Not Only About Better Rigs

It's also about:

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





End of Presentation





Additional References





H&P's U.S. Land Operations

(As of January 31, 2013)

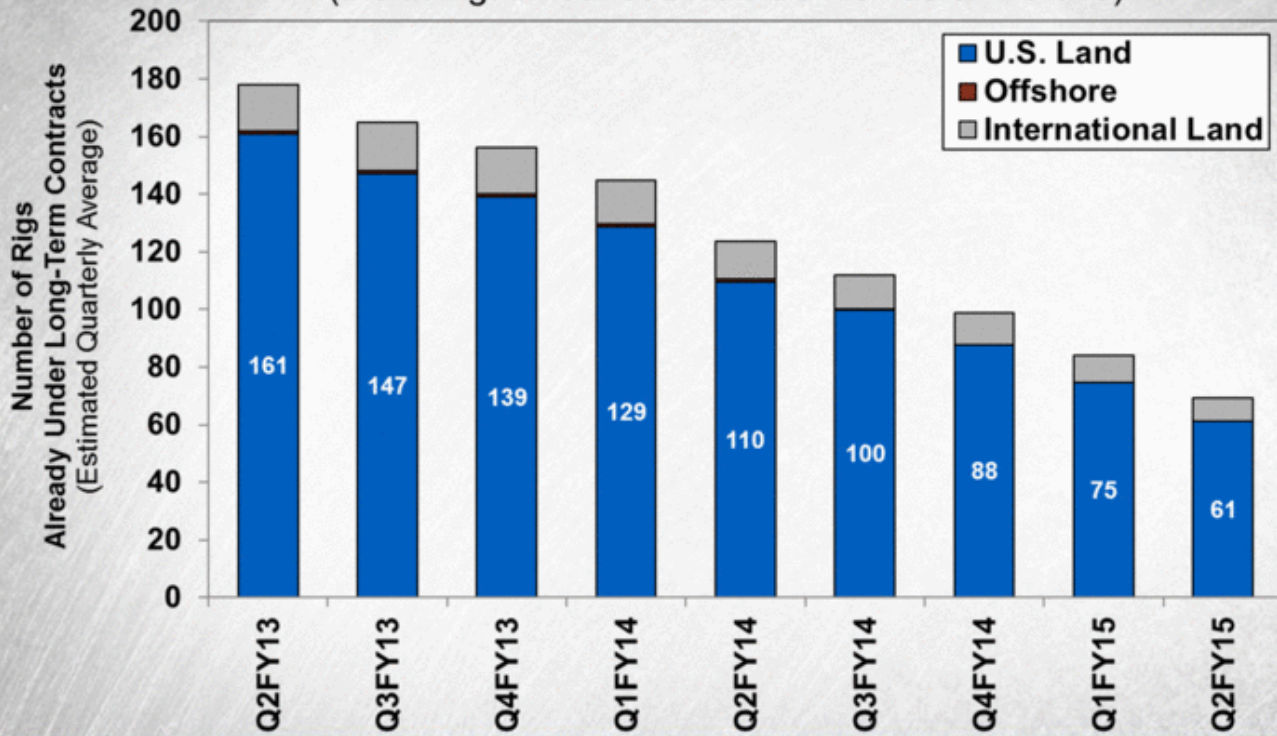
- We expect total revenue days in the U.S. land segment to be relatively flat between the first and second fiscal quarter of 2013.
- Quarterly average rig revenue per day is expected to decline slightly, by less than 1%, from the first to the second fiscal quarter of 2013.
- In the second fiscal quarter of 2013, we expect average rig expense per day to be roughly \$12,900 (plus or minus a few percentage points).
- Revenues from early terminations are expected to be under \$1 million during the second fiscal quarter of 2013.





H&P Global Fleet Under Term Contract

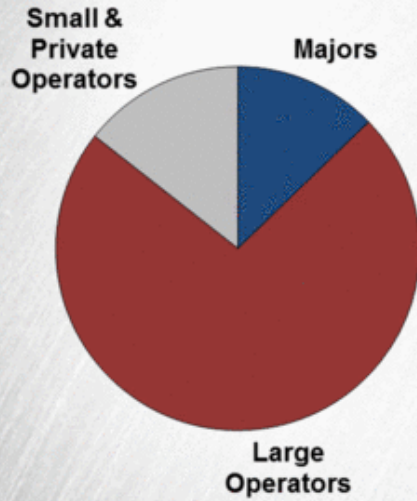
Term Contract Status - H&P Global Fleet
(Including Announced New Builds - as of 1/31/13)



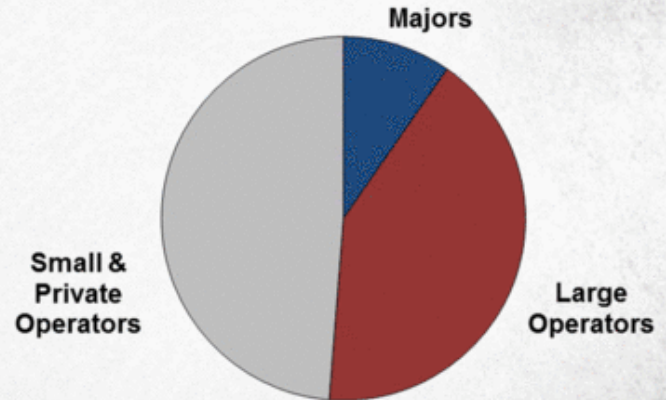


H&P vs. Industry U.S. Land Customer Base

H&P
U.S. Land Activity
Estimated Customer Distribution
(January 2013)



Industry
U.S. Land Activity
Estimated Customer Distribution
(January 2013)



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.





H&P's Offshore Operations

(As of January 31, 2013)

- Eight of the Company's nine offshore platform rigs are expected to remain active throughout the second fiscal quarter of 2013.
- The number of revenue days during the second fiscal quarter of 2013 is expected to decrease by approximately two percent as compared to the first fiscal quarter of 2013.
- Average rig margin per day is expected to decrease by approximately five percent during the second fiscal quarter of 2013 as compared to the first fiscal quarter.





H&P's International Land Operations

(As of January 31, 2013)

- Of the 29 rigs assigned to international operations, 22 are active and two rigs are expected to resume operations soon.
- Total revenue days during the second fiscal quarter are expected to be down by approximately ten percent from the first fiscal quarter of 2013.
- Average rig margin per day is expected to decrease by ten to 15 percent during the second fiscal quarter of 2013 as compared to the first fiscal quarter.





H&P's International Land Operations

Rig Fleet Status (as of January 31, 2013)

	Active	Idle	Total	Long-term Contracts
Argentina	5	4	9	5
Bahrain	3	1	4	3
Colombia	5	2	7	2
Ecuador	5		5	1
Tunisia	2		2	2
U.A.E.	2		2	2
Total	22	7	29	15⁽¹⁾

(1) 14 of 16 FlexRigs, included in the international fleet of 29 rigs, are under long-term contracts.





Favorable Market Trends for FlexRigs

- AC drive rigs replacing SCR and mechanical rigs
- More customers high-grading their fleets
- Increasing well complexity
- Expectation to drill more wells with fewer rigs
- Focus on drilling efficiency, technology and safety

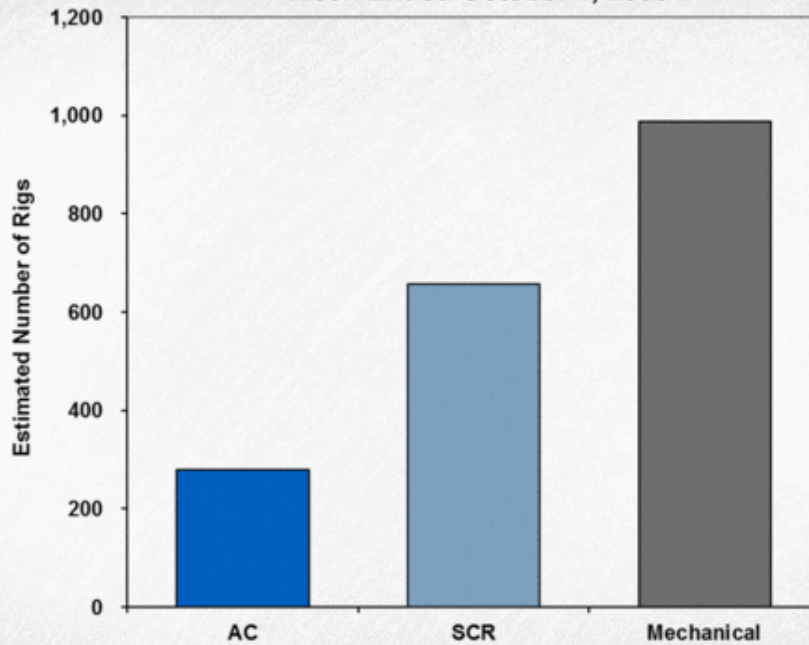




2008 Peak Rig Count (~1,925) - U.S. Land

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, the drawworks capacity of 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.

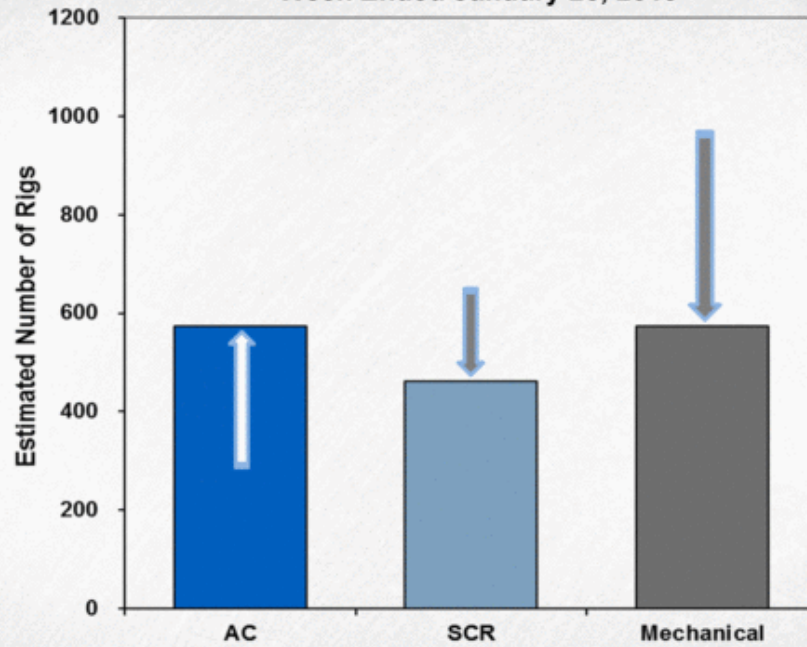




Current Rig Count (~1,600) - U.S. Land

By Power Type

Week Ended January 25, 2013

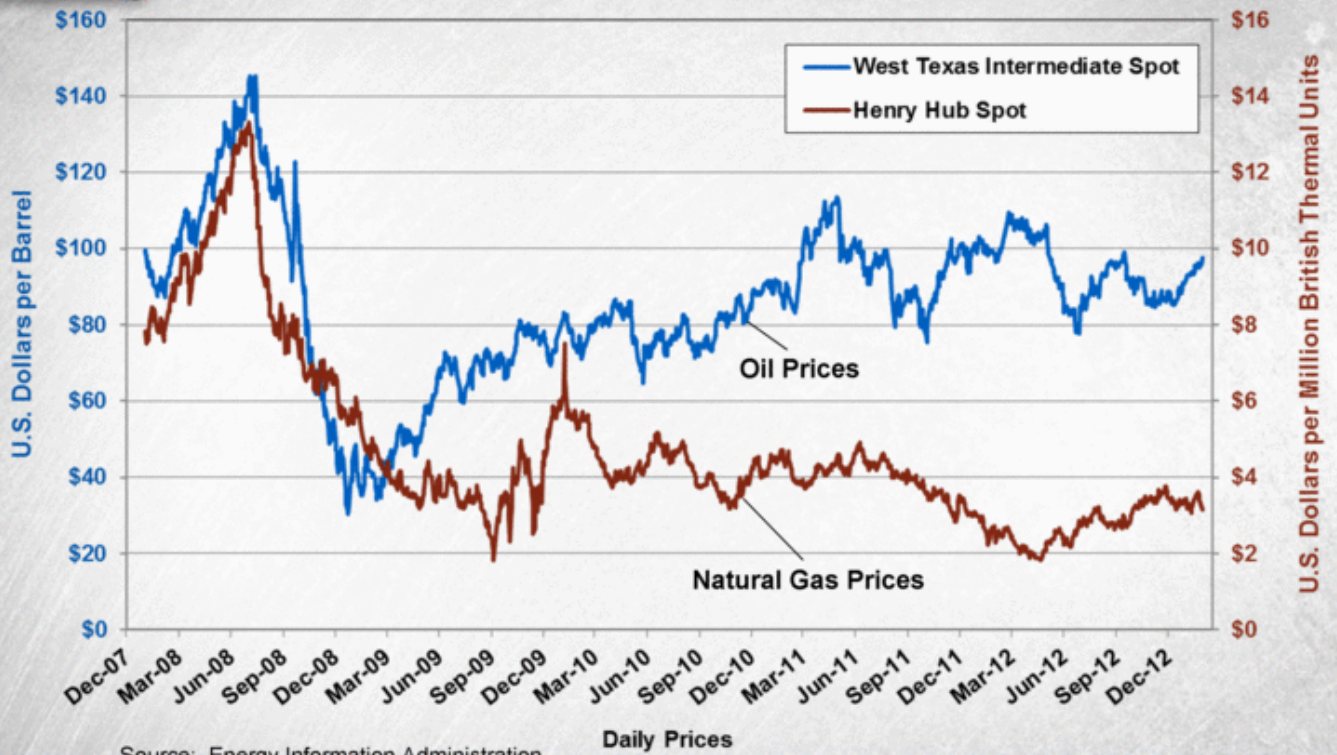


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 5% of the active rigs that were not readily identified.





Oil and Natural Gas Prices



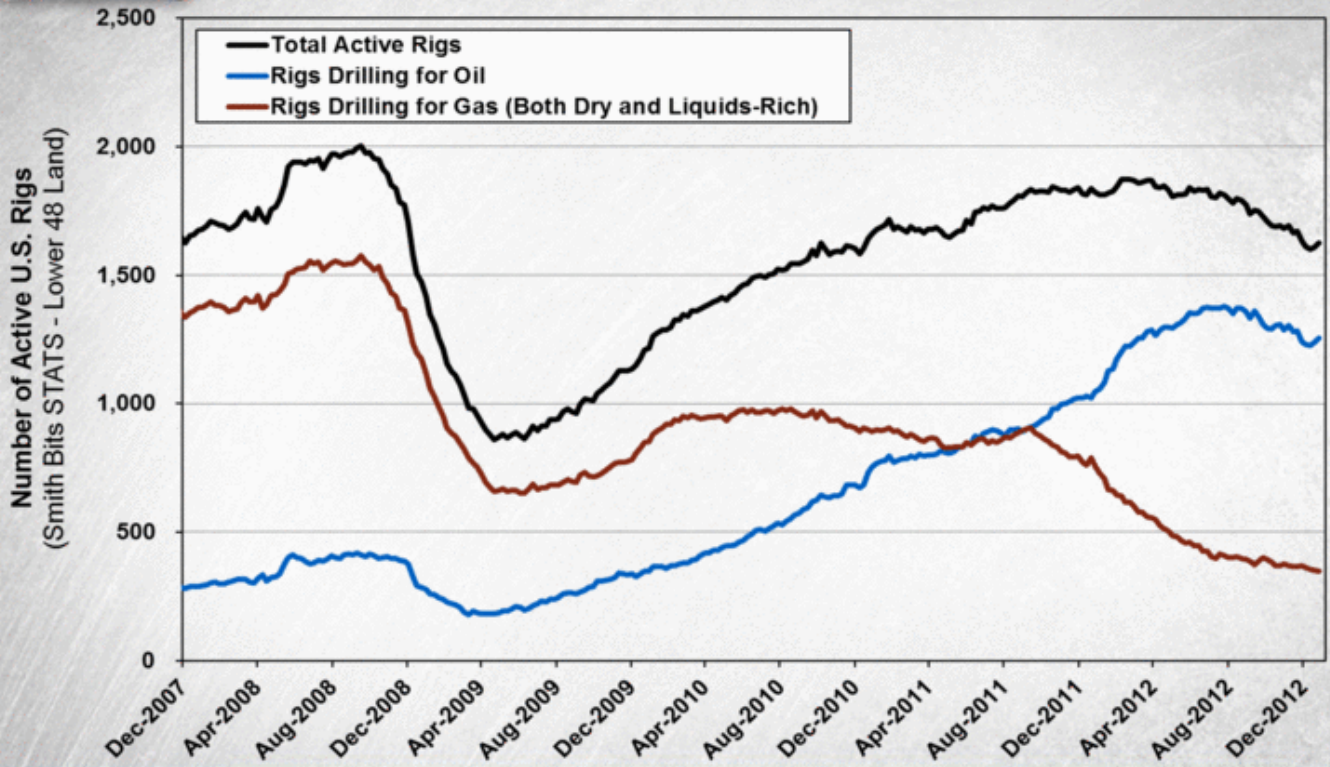
Source: Energy Information Administration

Daily Prices





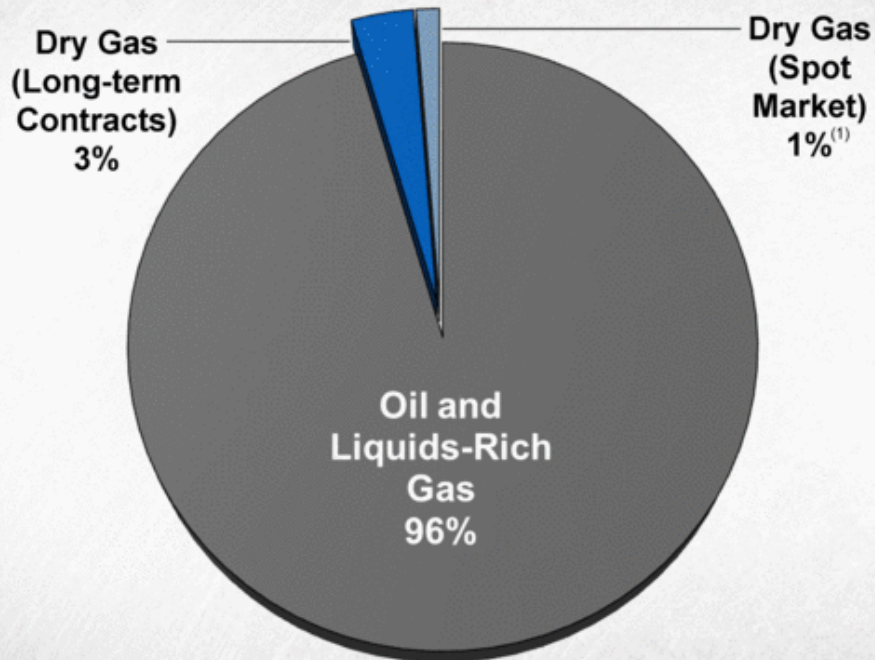
U.S. Rig Activity by Hydrocarbon Target





H&P's Exposure to Oil & Liquids

Estimated proportion of H&P's active U.S. Land rigs by primary hydrocarbon target as of 1/31/13



(1) Includes 2 rigs with term contracts expiring in the quarter ending 3/31/13.





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**
- **A significantly enhanced and safer workplace**
- **Minimized impact to the environment**
- **Total well cost savings even at premium dayrates**





Building a New FlexRig

Lean Manufacturing



Processing Raw Materials



Fabricating New Structures



Commissioning / Delivery



Test Assembly and Outfitting



Unitizing Packages



New Electrical Systems





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