

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 09/09/09 for the Period Ending 09/09/09

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
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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): September 9, 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. 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: September 9, 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.

Barclays CEO Energy/Power Conference
September 10, 2009



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

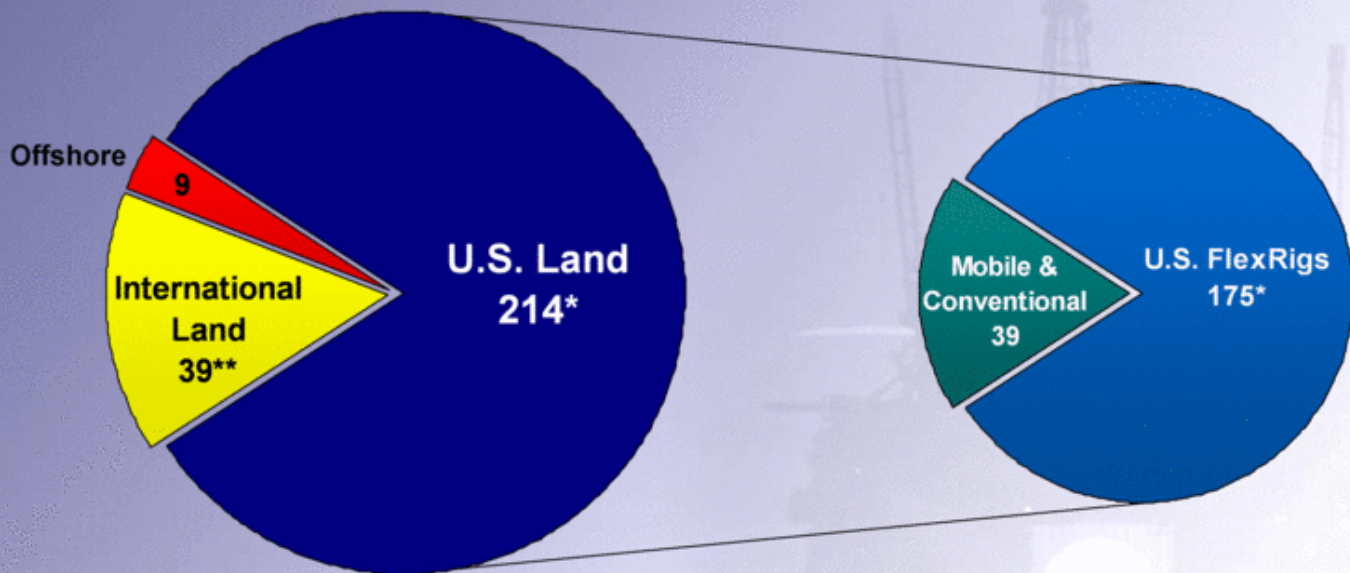


The information contained within this presentation is forward looking and involves risks and uncertainties that could significantly impact expected results. A discussion of these risks and uncertainties is contained in the “Risk Factors” and “Management’s Discussion & Analysis of Results of Operations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

262 Total Rigs (Includes New Build Commitments)

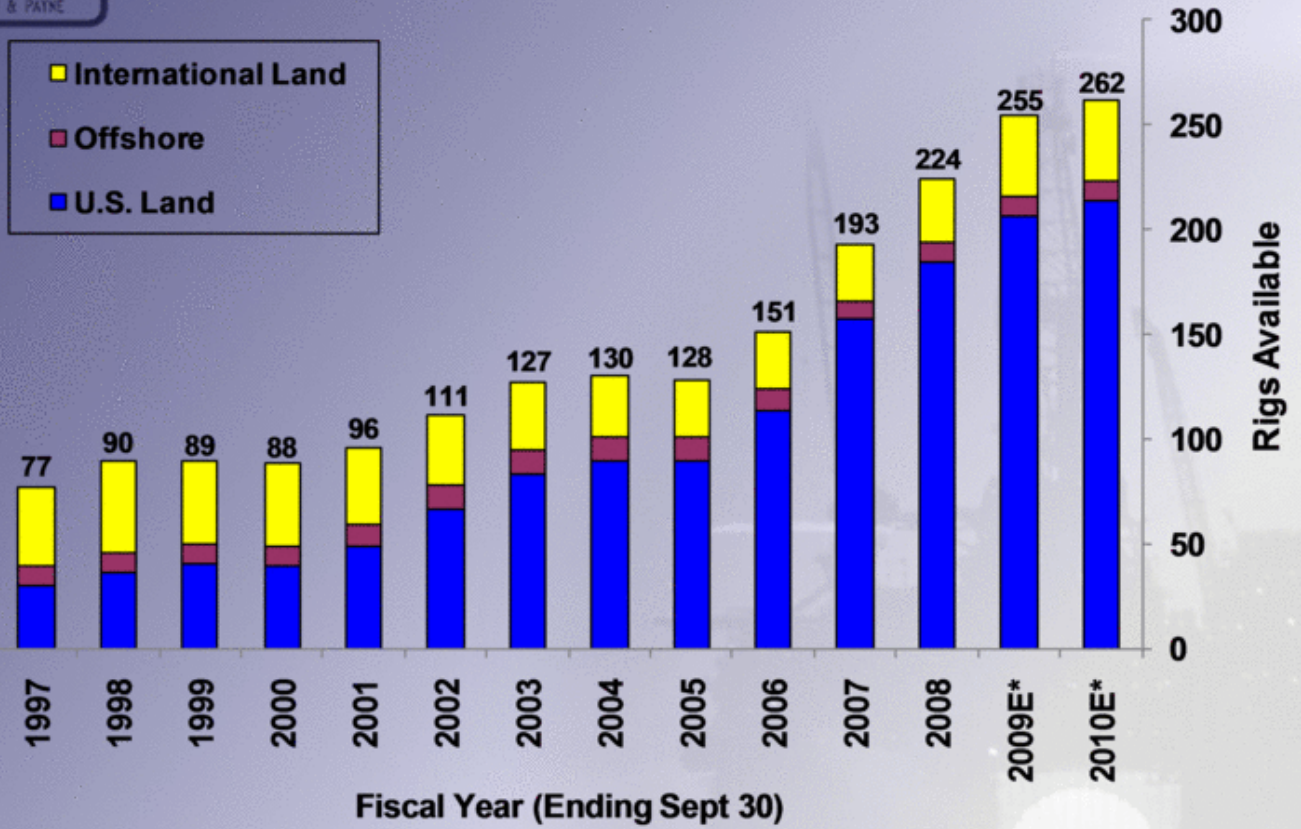


* Includes 7 rigs under construction and scheduled for completion by the end of the third quarter of fiscal 2010.

** Includes 15 FlexRigs (13 have long-term contracts, 1 is idle and 1 is being deployed to Africa for a short-term project).



H&P's Global Rig Fleet



* Estimates include existing rigs and announced new build commitments.



Encouraging Signs...

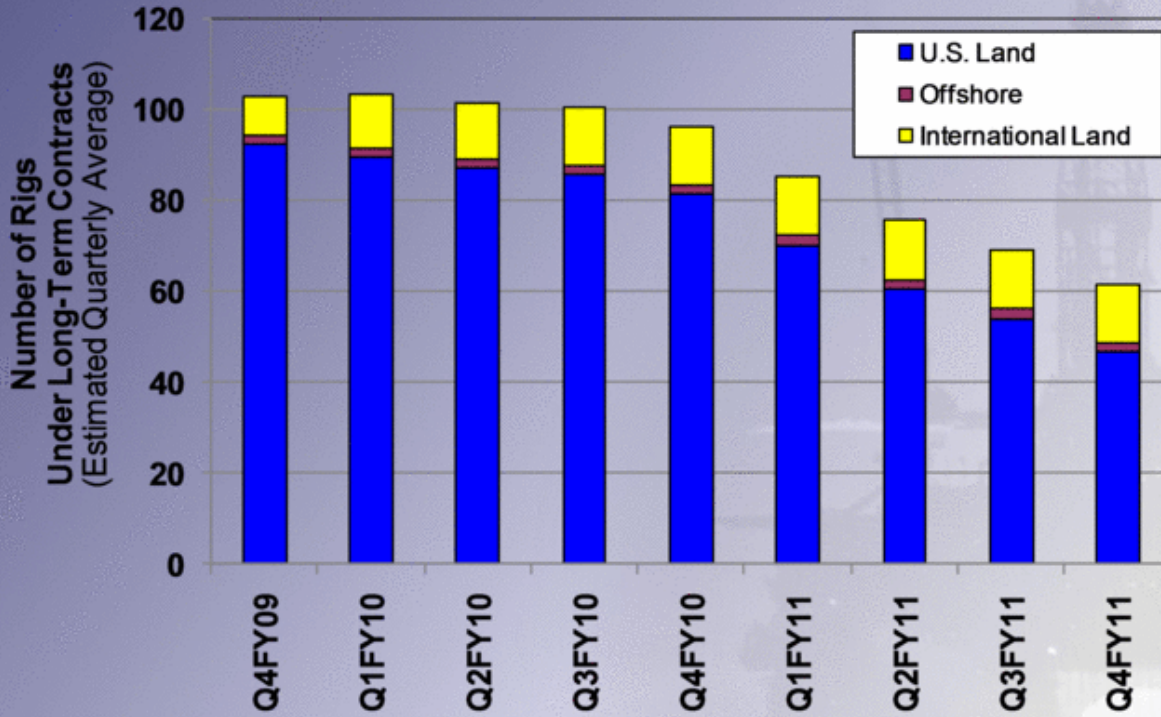
- **Our fleet utilization seems to have stabilized and is now slowly improving**
- **Declining U.S. natural gas production levels are fostering encouraging prospects for a 2010 U.S. land rig count recovery**
- **FlexRigs are attracting new customers**
- **We are seeing additional opportunities in international markets**
- **Progress with receivable collections in Venezuela**



H&P's Global Fleet Under Term Contracts

(as of September 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.

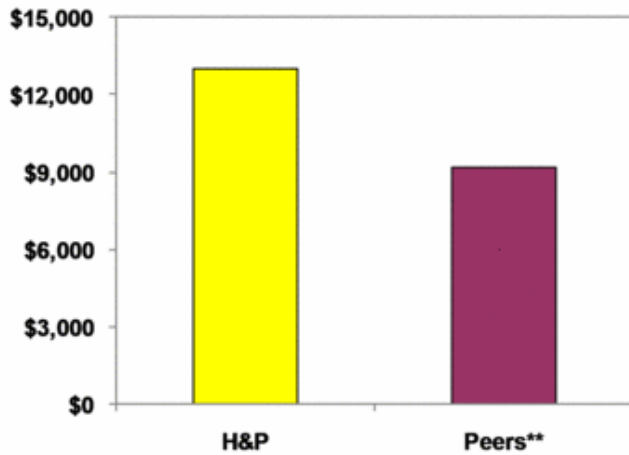
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Technology and Quality Service Make a Difference

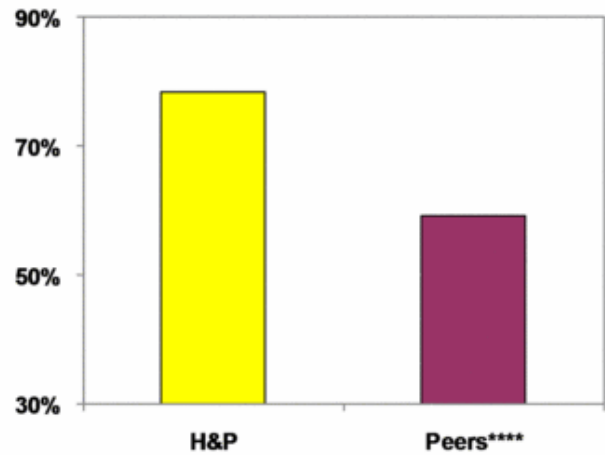
Rig Margin Premium

Average U.S. Land Rig Margin per Day*
(12 Months Ended June 30, 2009)



Utilization Premium

Estimated U.S. Land Rig Utilization***
(12 Months Ended June 30, 2009)



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

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

*** Utilization is herein calculated to be average active rigs divided by estimated available marketable rigs during the period.

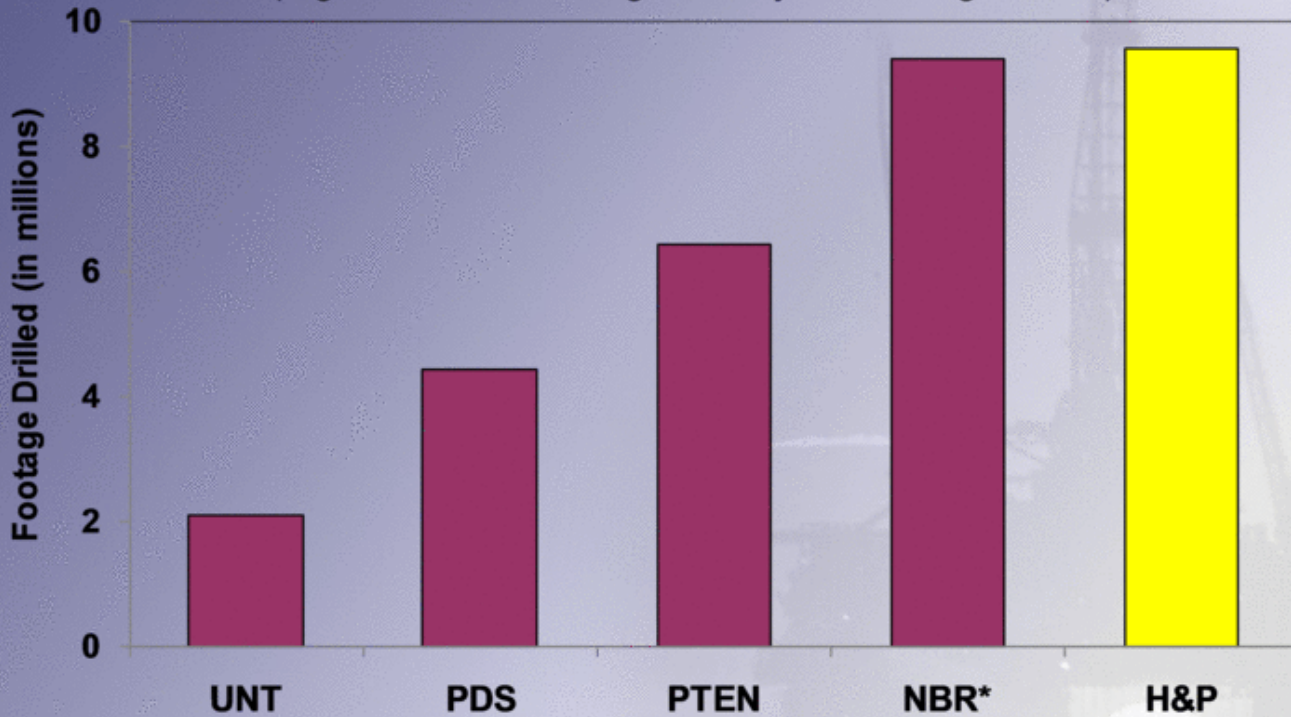
**** Represents estimated average combined utilization for PTEN, NBR and UNT in the Lower 48.



U.S. Land Footage Drilled

U.S. Land Footage Drilled

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



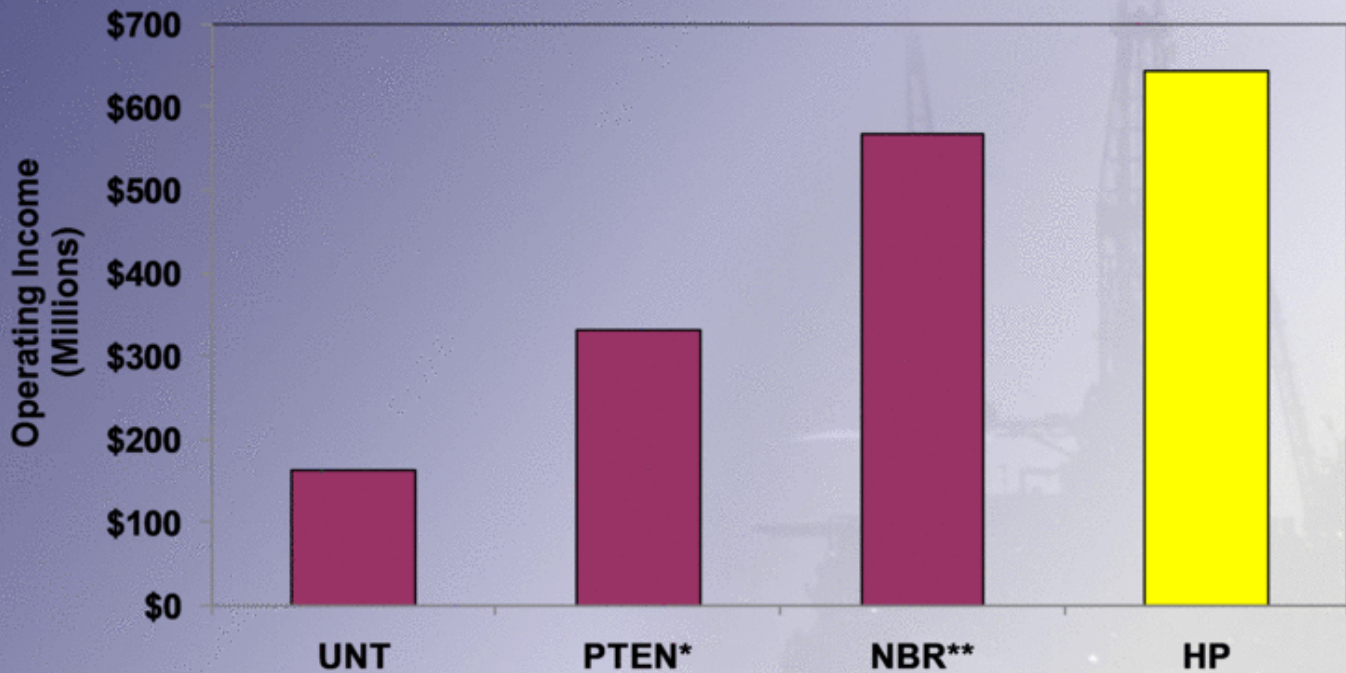
* NBR's footage drilled corresponds to Nabors Drilling USA, LP.

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Most Profitable Driller in U.S. Land Business

U.S. Land Drilling Operating Income 12 Months Ended June 30, 2009



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

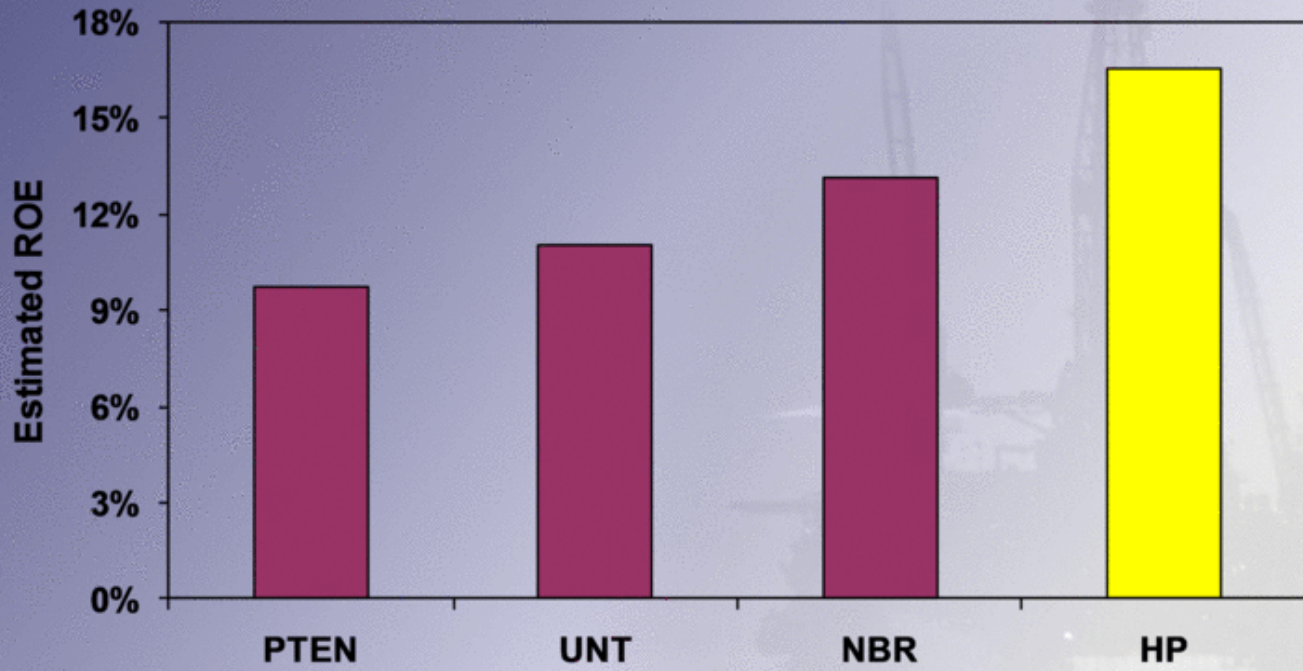
** NBR's operating income corresponds to its U.S. Lower 48 Land Drilling segment.

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Peer Group Return on Equity

Return on Equity* 12 Months Ended June 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.



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**



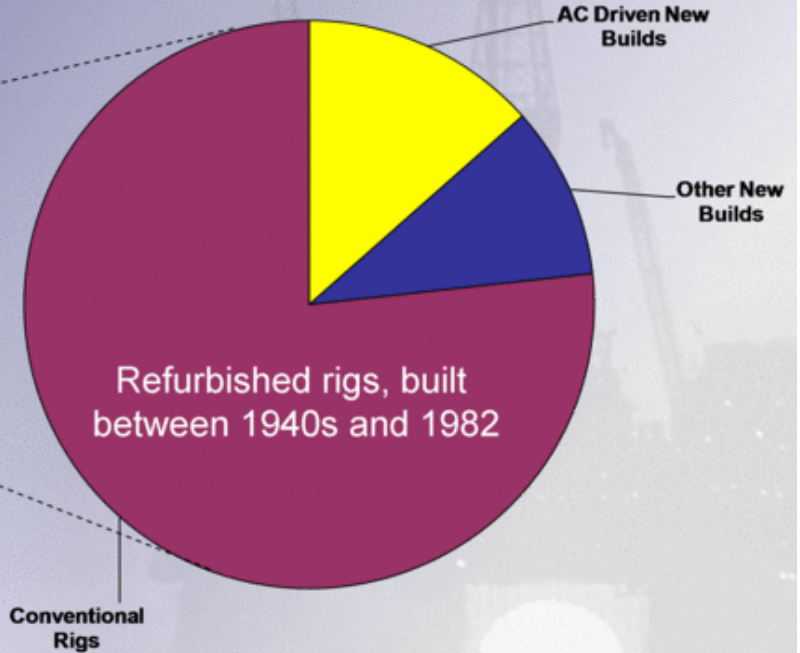
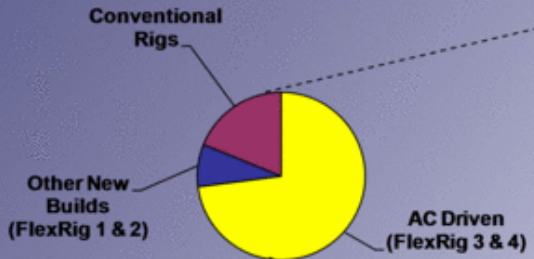
H&P is Leading the U.S. Land Retooling Effort

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

(207 Rigs as of 9/1/09)

Total Available U.S. Land Fleet (Estimates)

(~2,450 Rigs)





Going Forward

- **How does the “80% rule” work?**
- **The land drilling rig market is segmented into the haves and the have-nots.**
- **In this bifurcated market, demand for high performance rigs should eventually lead to better spot dayrates.**





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**



Value Proposition Example (2008) – H&P vs. Competitors

	Estimated Field Competitor Average	H&P FlexRig3 2008
1. Drilling days	13	7.8
Completion days	2	2
Moving days	5	3
Total rig revenue days per well	20	12.8
2. Drilling contractor dayrate	\$19,500	\$26,500
Operator's other intangible cost per day estimate	\$15,000	\$15,000
Total daily cost estimate	\$34,500	\$41,500
Total cost per well (daily services)	\$690,000	\$531,200
3. Total well savings with H&P – per well per year		\$158,800 \$4.5MM



This Value Proposition Example Remains Valid

	Estimated Field Competitor Average (Spot)	H&P FlexRig3 Summer 2009 (Term Contract)
1. Drilling days	13	7.8
Completion days	2	2
Moving days	<u>5</u>	<u>3</u>
Total rig revenue days per well	20	12.8
2. Drilling contractor dayrate	\$14,000	\$26,500
Operator's other intangible cost per day estimate	<u>\$12,000</u>	<u>\$12,000</u>
Total daily cost estimate	\$26,000	\$38,500
Total cost per well (daily services)	\$520,000	\$492,800
3. Total well savings with H&P – per well per year		\$27,200 \$0.8MM



Spot Market Value Proposition Example

	Estimated Field Competitor Average (Spot)	H&P FlexRig3 Summer 2009 (Spot)
1. Drilling days	13	7.8
Completion days	2	2
Moving days	<u>5</u>	<u>3</u>
Total rig revenue days per well	20	12.8
2. Drilling contractor dayrate	\$14,000	\$20,000
Operator's other intangible cost per day estimate	<u>\$12,000</u>	<u>\$12,000</u>
Total daily cost estimate	\$26,000	\$32,000
Total cost per well (daily services)	\$520,000	\$409,600
3. Total well savings with H&P – per well per year		\$110,400 \$3.1MM



Value Proposition Example – H&P vs. Competitors

Value added from FlexRig 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



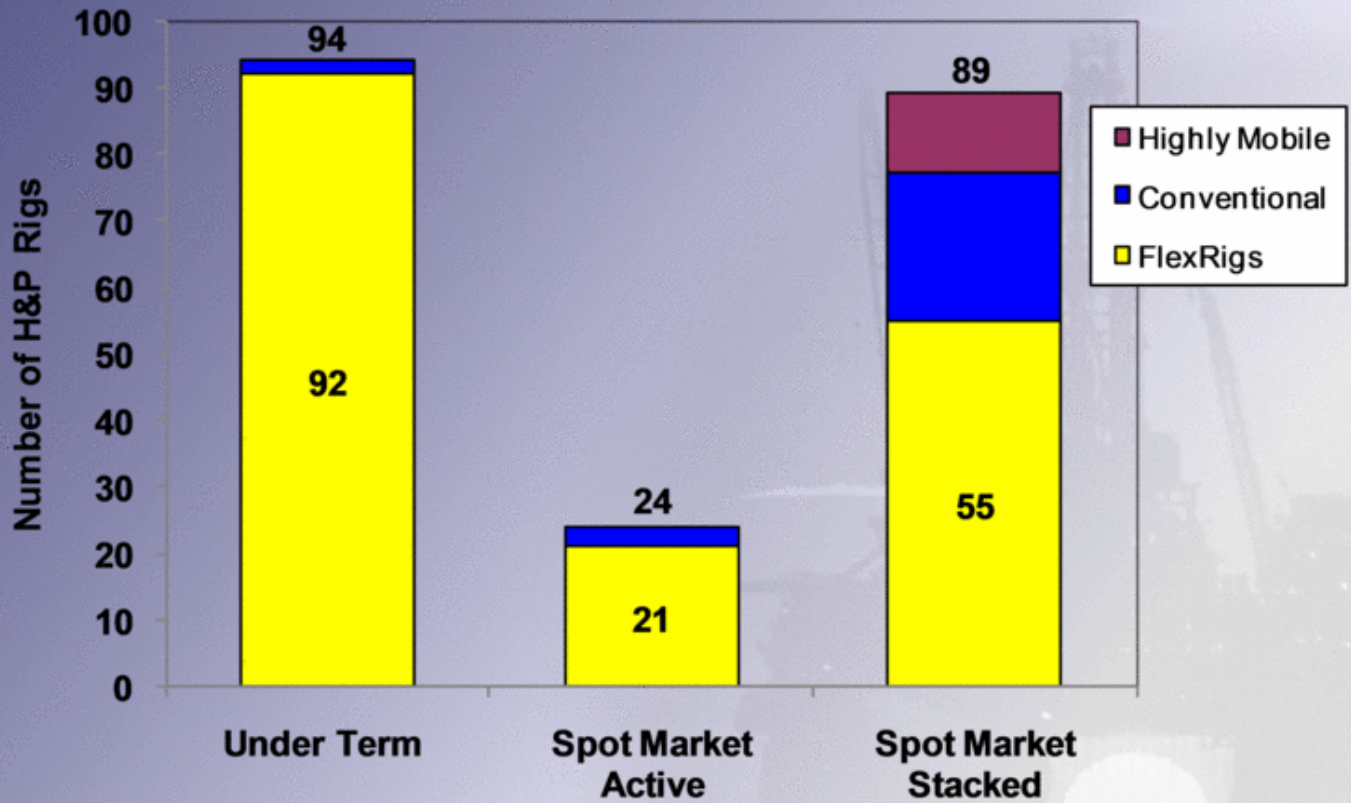
A Strong Field Organization

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



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

(as of September 1, 2009)





H&P's U.S. Land Operations

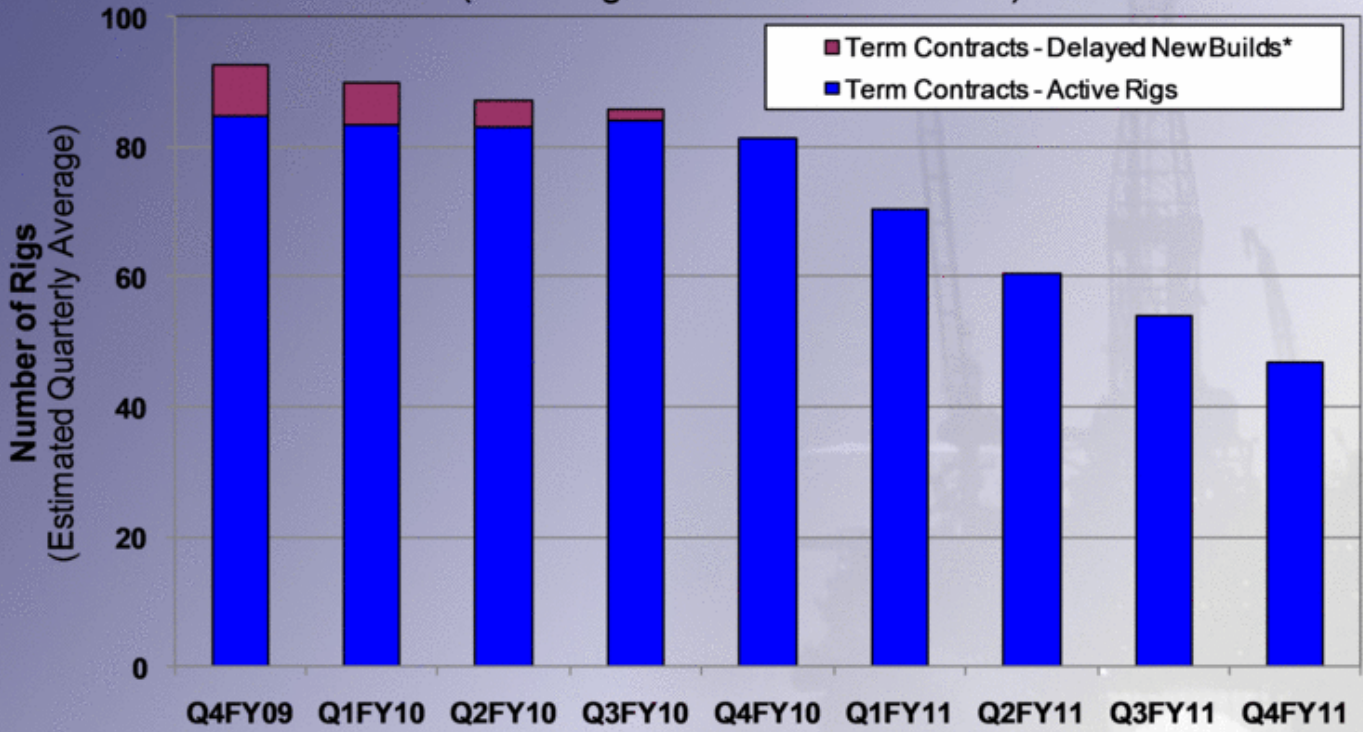
- **Large E&P operators that are gas-focused remain on the sidelines**
- **H&P's spot market activity continues to improve**
- **Spot dayrates continue to slightly decline**
- **Two more FlexRigs have been contracted for work in the Marcellus Shale**
- **In addition, the Company recently entered into two one-year term contracts, one each in the Bakken Shale and the Barnett Shale**



H&P's U.S. Land Fleet Under Term Contracts

(as of September 1, 2009)

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

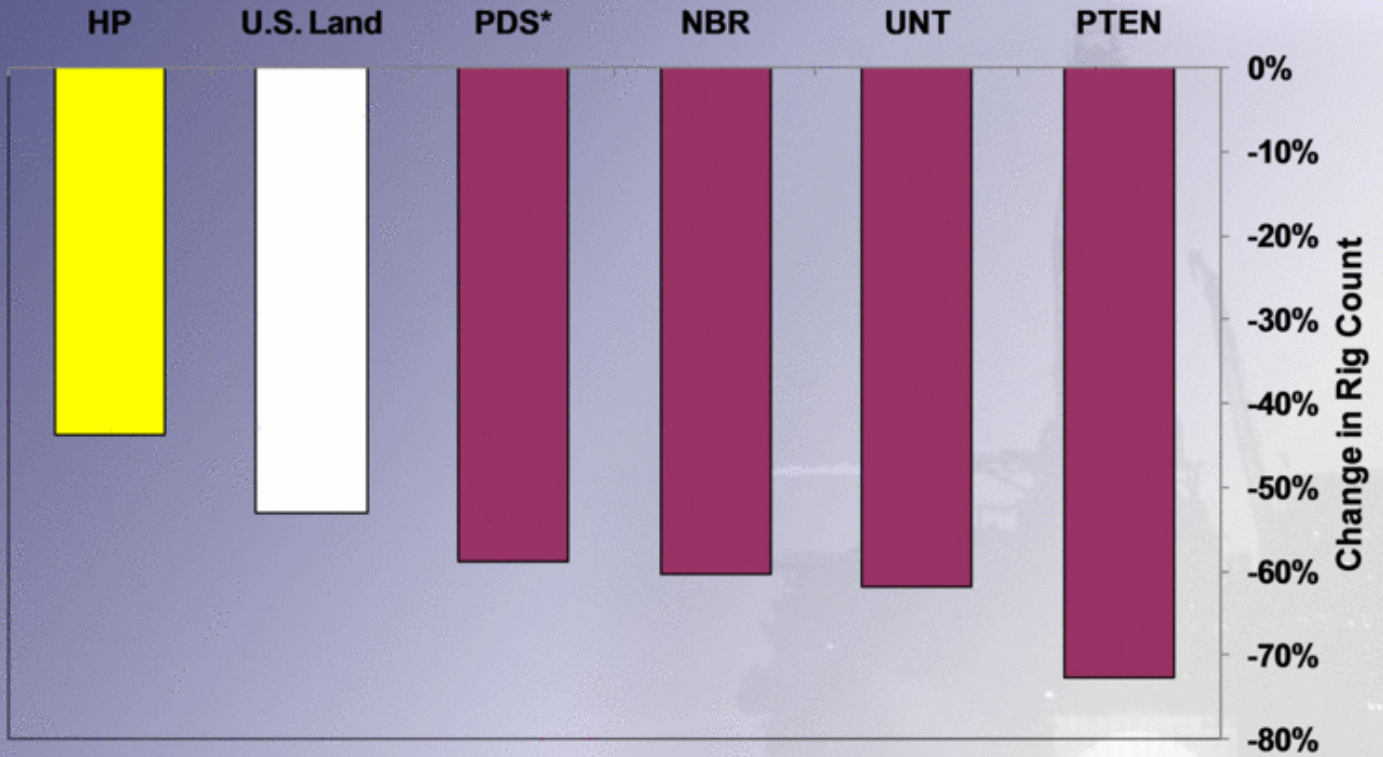


* Delayed new builds (in maroon) are expected to generate revenue but not revenue days.



Changes in U.S. Land Rig Count

Estimated Change Since Peak in Active U.S. Land Rigs
(Smith Bits Weekly Rig Count - October 17, 2008 to September 4, 2009)



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



H&P's International Land Operations

Rig Fleet Status (as of September 2, 2009)

	Active	In-transit	Idle	Total	Long-term Contracts
Argentina	3	2 ⁽¹⁾	4	9	4
Colombia	5		1	6	2
Ecuador	4			4	
Mexico	2	4 ⁽²⁾		6	6
Tunisia			1	1	
Venezuela	1		10	11	
Other		2 ⁽³⁾		2	1
Total	15	8	16	39	13⁽⁴⁾

1) Ready on location and waiting for the operator to commence operations.

2) Includes recent agreement for two additional FlexRigs.

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

4) 13 of 15 FlexRigs (included in the international fleet of 39 rigs) are under long-term contracts.



H&P's Venezuelan Operations

(as of September 2, 2009)

- Since the last quarterly conference call on July 30, 2009, approximately \$30 million has been collected from PDVSA, about 90% of which was in U.S. dollars and the remainder in local currency.
- Total unpaid invoices approximate \$70 million, about 85% of which is expected to be booked as revenue as cash is collected. The remainder corresponds to invoices that were recorded as revenue and remain pending.
- Ten of the eleven H&P rigs that formerly worked for PDVSA and that have completed their contract obligations are currently idle. The eleventh rig is scheduled to complete its contract obligations in September 2009.
- The Company will continue to pursue future drilling opportunities in Venezuela, but it does not expect to commit to new contracts until additional progress is made on pending receivable collections and on conversion of local currency to U.S. dollars.



H&P's Offshore Operations

(as of September 2, 2009)

- **Seven of the Company's offshore platform rigs are active and two are idle**
- **The two rigs that are currently idle have good work prospects for fiscal 2010**
- **Of the seven active rigs, one is expected to be released and become idle in the current fiscal quarter**
- **Two of the six remaining 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 by the second fiscal quarter of 2010**



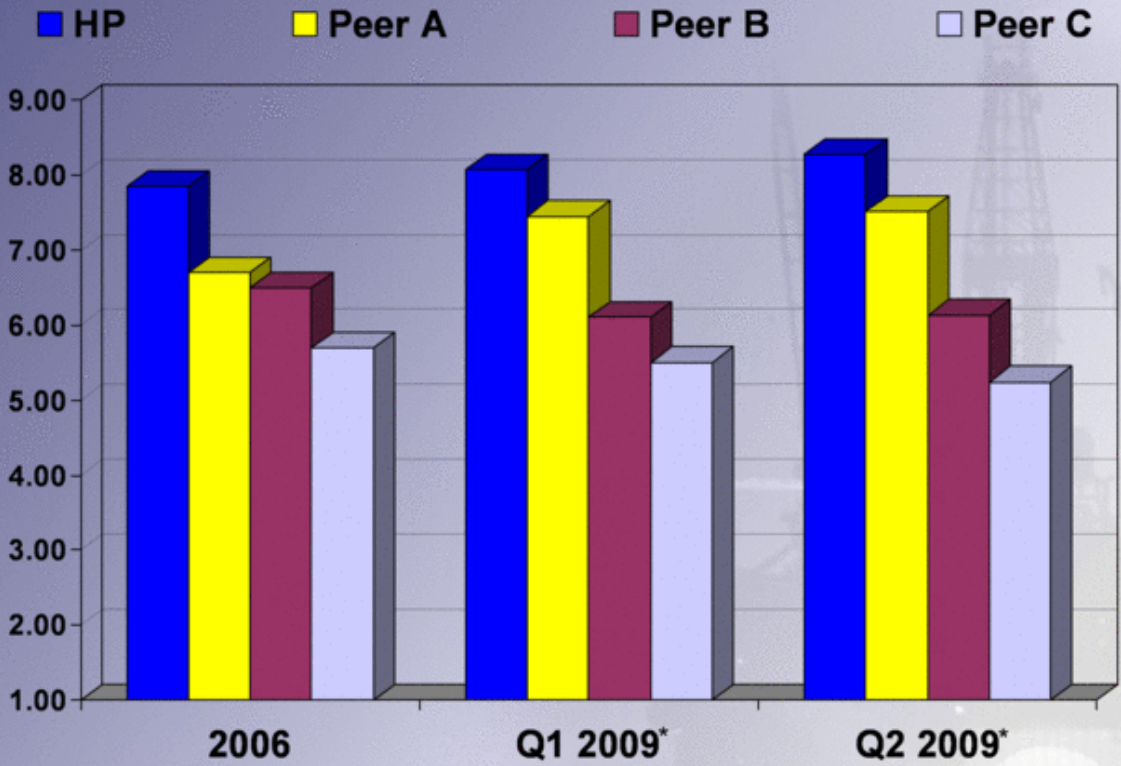
Taking Advantage in a Soft Market

- **High-grading our work force**
- **Controlling our costs**
- **Improving our field support**
- **Targeting new markets – Marcellus, Mexico, others**
- **Selling the value proposition to new customers**
- **Maintaining Safety Excellence**
- **Continue our remarkable level of field performance**



Customer Satisfaction Index

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



Source: EnergyPoint Research, Inc.

* Trailing four quarters averages

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End of Presentation

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