

# HELMERICH & PAYNE, INC.

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

Filed 10/01/08 for the Period Ending 10/01/08

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 1, 2008**

**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 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: October 1, 2008

**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.

Merrill Lynch Global Energy Mid and Small Cap Conference  
October 1, 2008



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 November 28, 2007.**



## H&P Basics

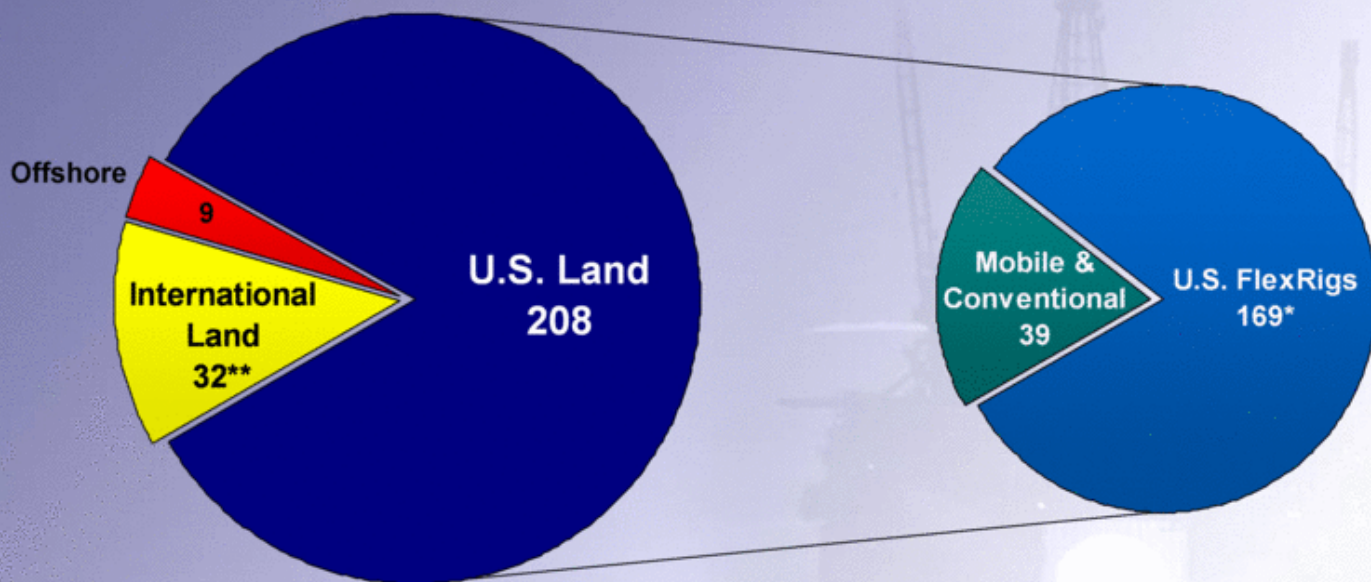
<b>Activity:</b>	<b>Contract Drilling for Oil and Gas</b>	
<b>Symbol:</b>	<b>HP</b>	<b>(NYSE, Since 1963)</b>
<b>Market Cap:</b>	<b>\$5.1</b>	<b>(In Billions, September 24, 2008)</b>
<b>Assets:</b>	<b>\$3.4</b>	<b>(In Billions, June 30, 2008)</b>
<b>EBITDA:</b>	<b>\$849</b>	<b>(In Millions, 12 months ended June 30, 2008)</b>
<b>Debt:</b>	<b>\$455</b>	<b>(In Millions, June 30, 2008)</b>





## H&P's Global Rig Fleet

**249 Total Rigs** (Includes New Build Commitments)

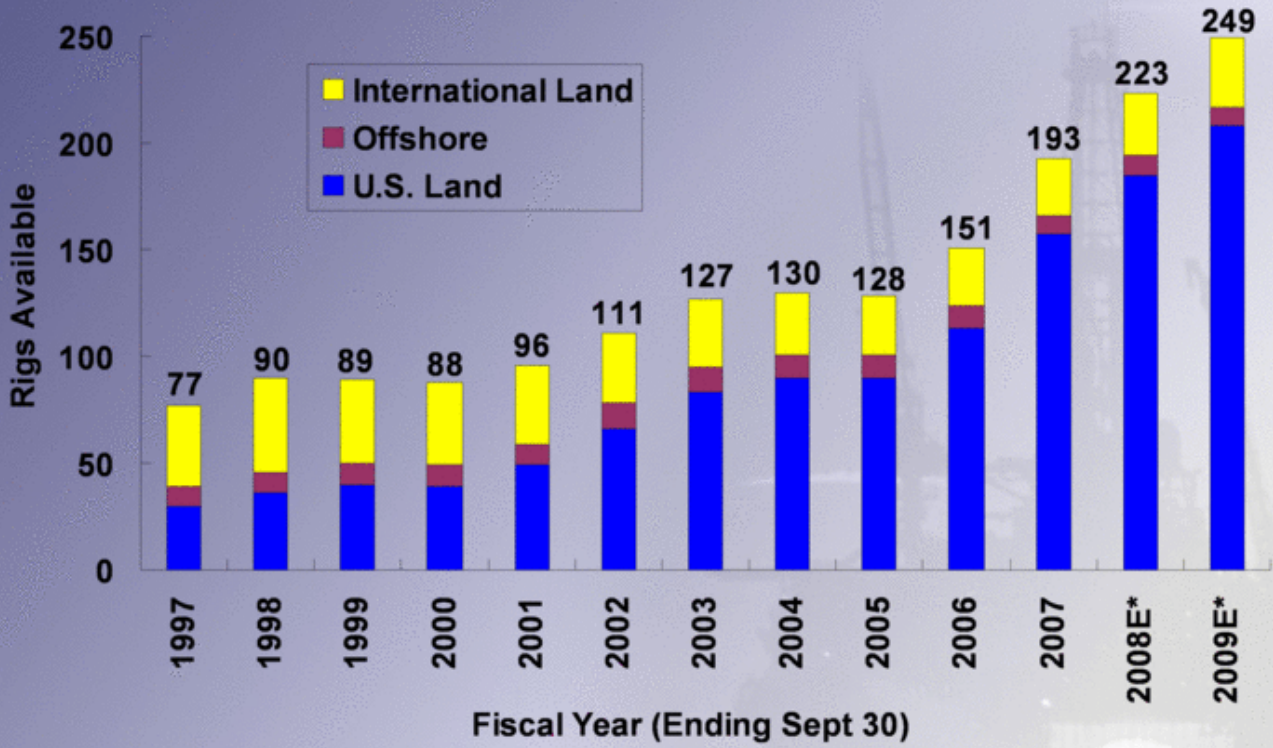


\* Includes 23 rigs scheduled for delivery by the end of the fourth quarter of fiscal 2009.

\*\* Includes 1 FlexRig operating in Tunisia and 7 FlexRigs scheduled for delivery in fiscal 2009.



# H&P's Global Rig Fleet



\* Includes existing rigs and announced new build commitments.





## The Market Today

- **The world has become more “drilling-centric”**
- **Today’s drilling is increasingly more challenging**
- **A customer mindset shift in favor of efficiency versus pricing**





## 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 Strong Field Organization

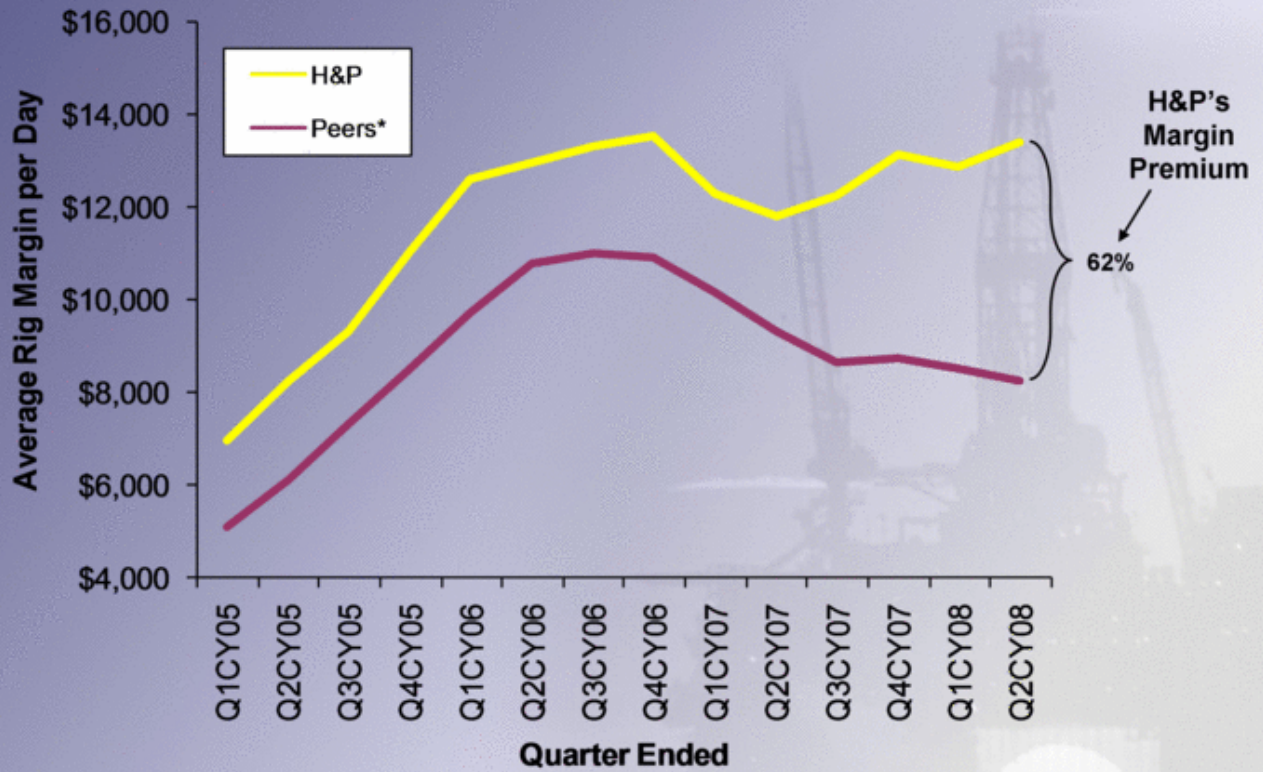
- Performance is not only about better rigs
- It's also about:
  - People
  - Safety
  - Experience
  - Training
  - Culture
  - Supply chain
  - Maintenance
  - Processes
  - Organizational network
  - Support structure





# Technology and Quality Service Make a Difference

## U.S. Land Average Daywork Margins



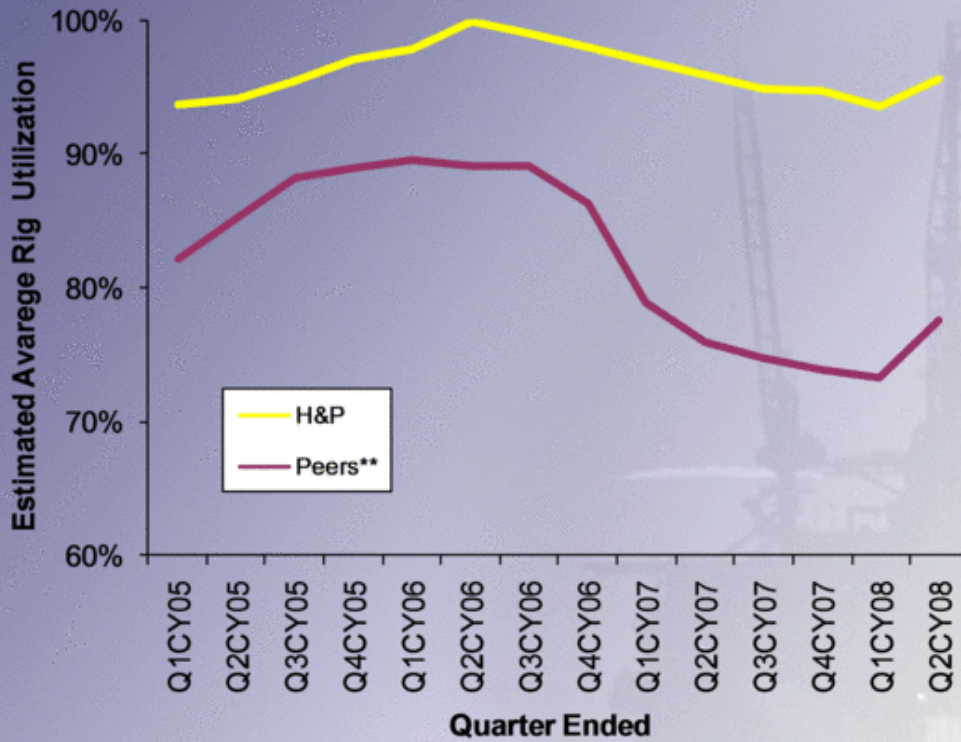
\*Represents weighted-average rig margin per day for PTEN, NBR, UNT and GW.

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# 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 quarter.

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

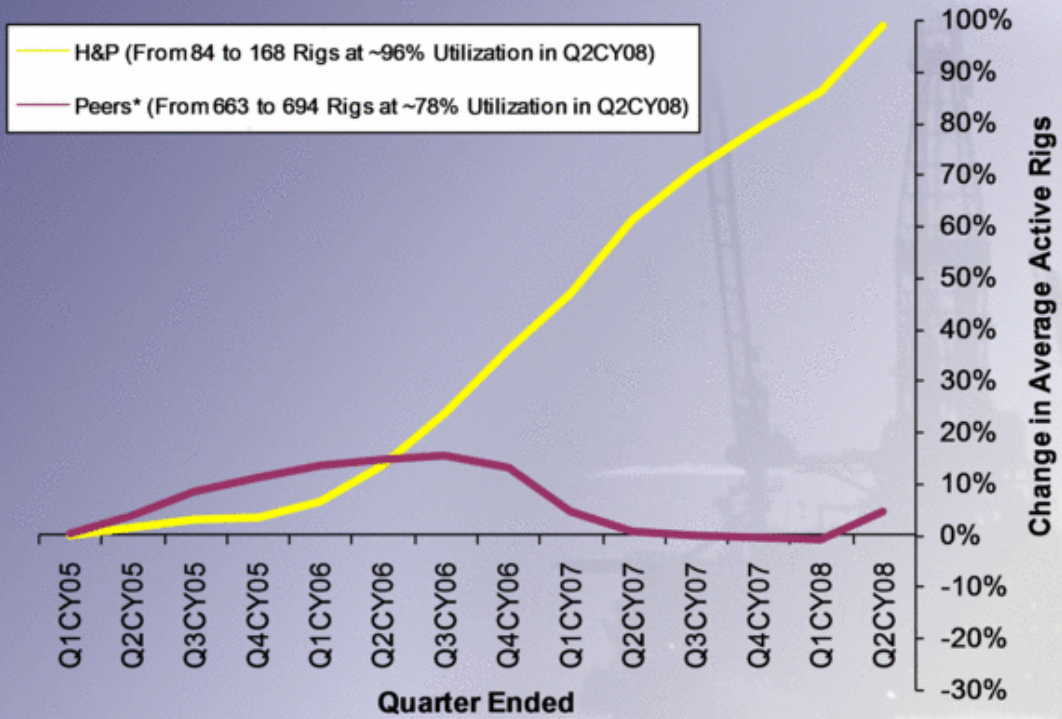
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# H&P Rapidly Gaining Market Share

## Growth / Decline in U.S. Land Average Rig Activity



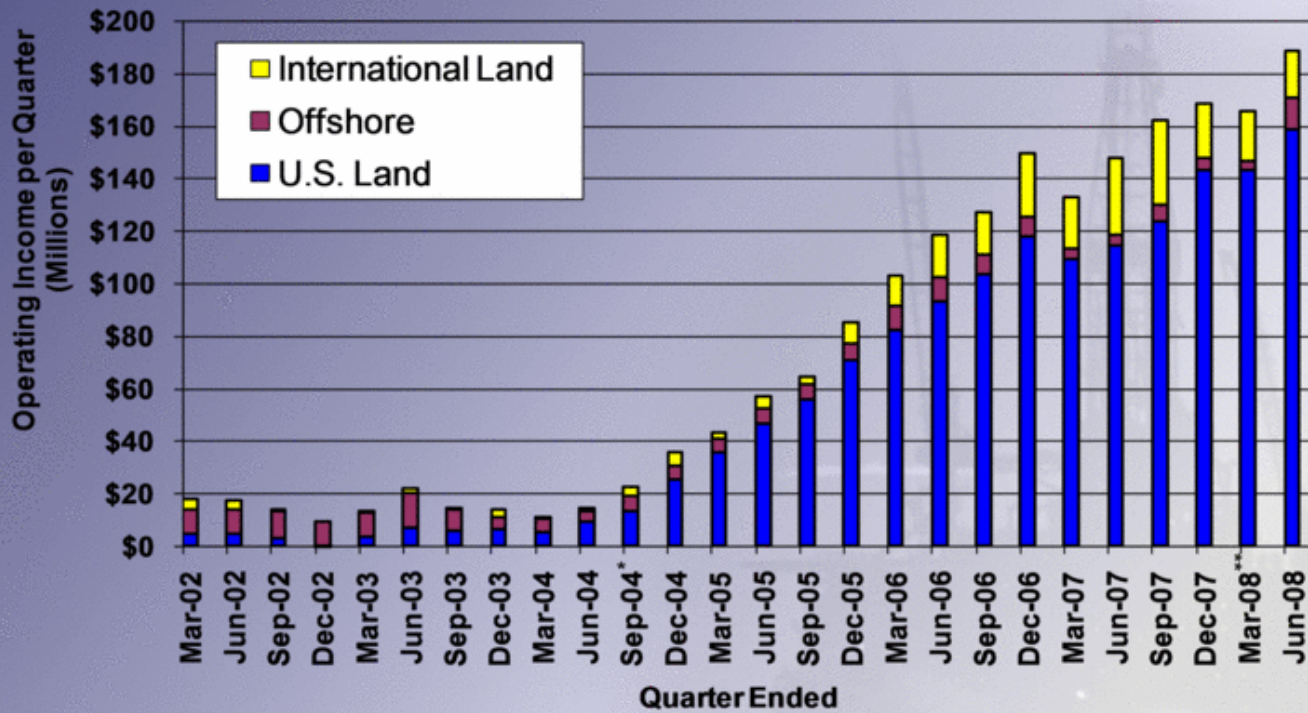
\*Represents average active rigs for PTEN, NBR, UNT and GW.





# H&P's Growth in Operating Income

## H&P Segment Operating Income



\* Excludes asset impairment charge in the Offshore segment.

\*\* Excludes effect of one time depreciation adjustment corresponding to prior years in the International Land segment.

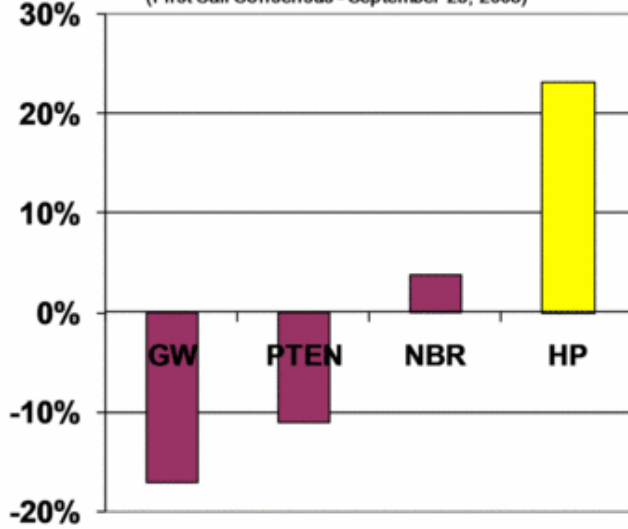


# Delivering EPS & CPS Growth to Shareholders

## Estimated Growth from 2007 to 2008 (Calendar Years)

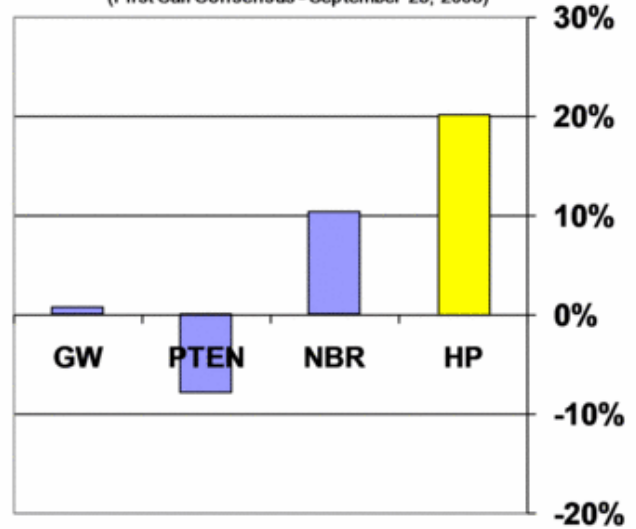
### Earnings per Share Growth Analyst Estimates CY2007-CY2008

(First Call Consensus - September 25, 2008)



### Cash Flow per Share Growth Analyst Estimates CY2007-CY2008

(First Call Consensus - September 25, 2008)

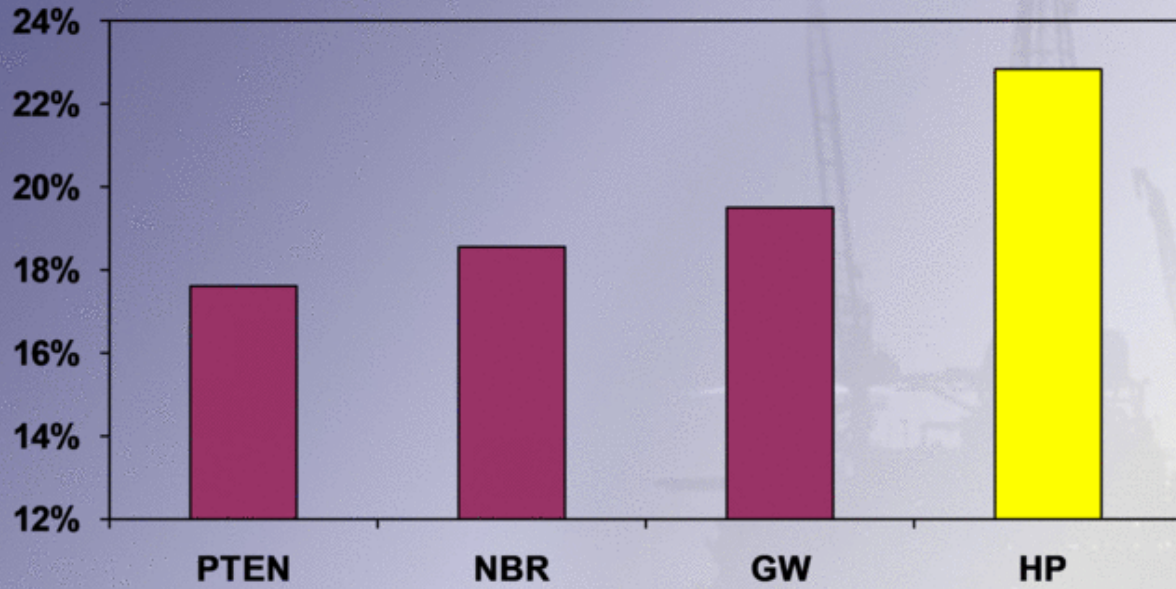




# Returns are Ultimately Driven by Performance

## Return on Equity

12 Months Ended June 30, 2008

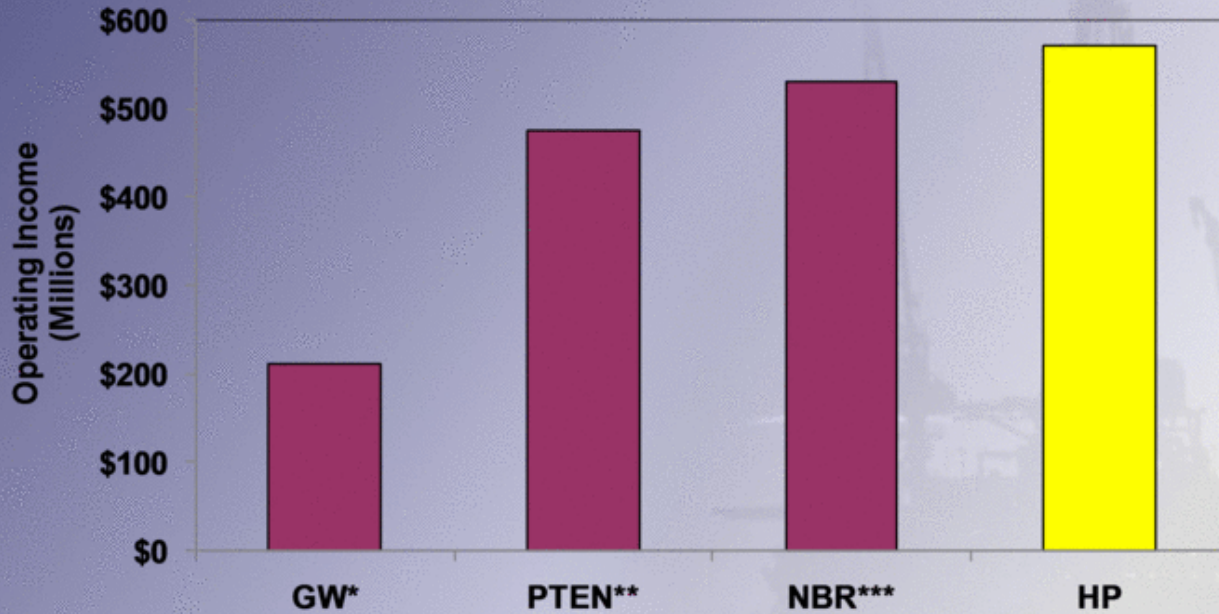






# Most Profitable Driller in U.S. Land Business

## U.S. Land Drilling Operating Income 12 Months Ended June 30, 2008



\* GW's operating income includes drilling operations in Mexico.

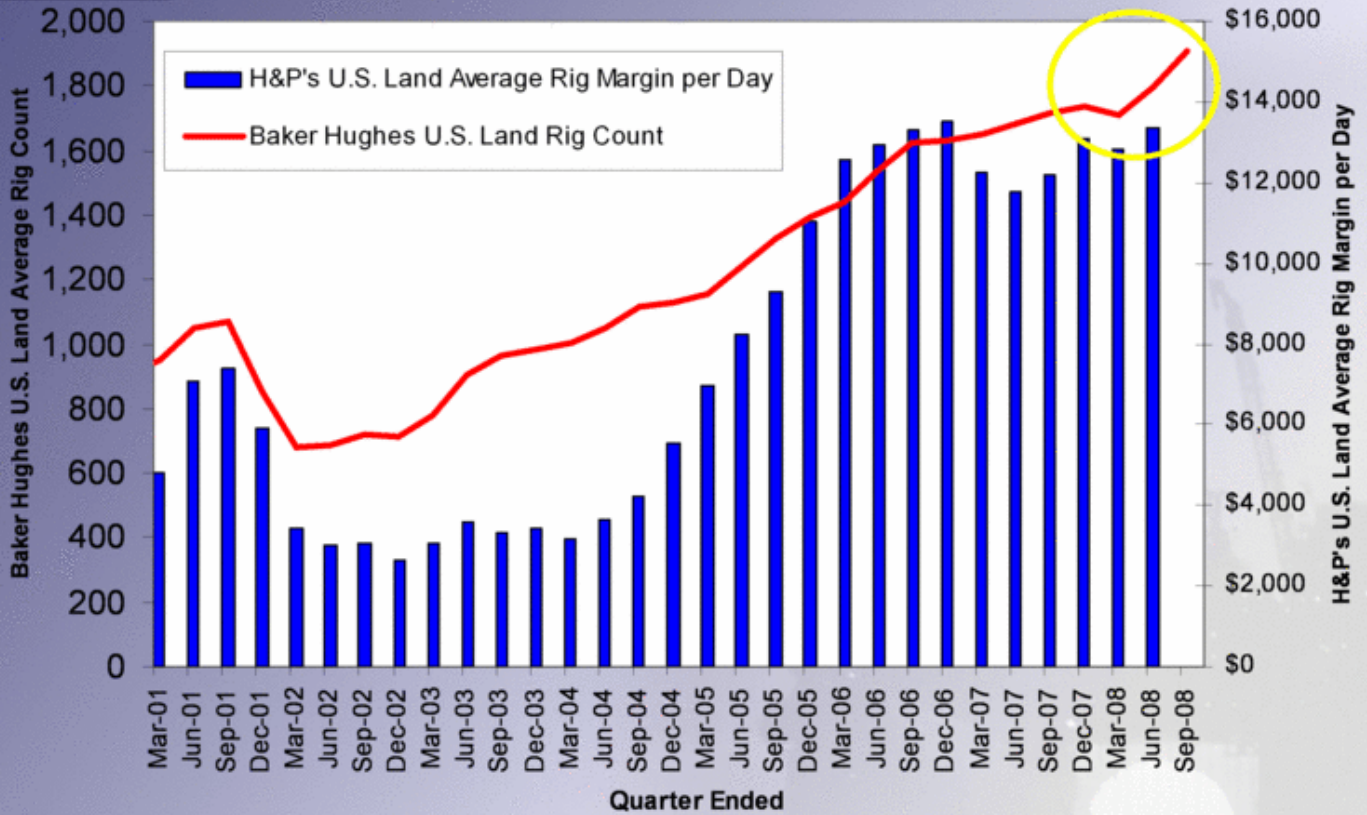
\*\* PTEN's operating income includes drilling operations in Canada.

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

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# The BH U.S. Land Rig Count Continues to Grow







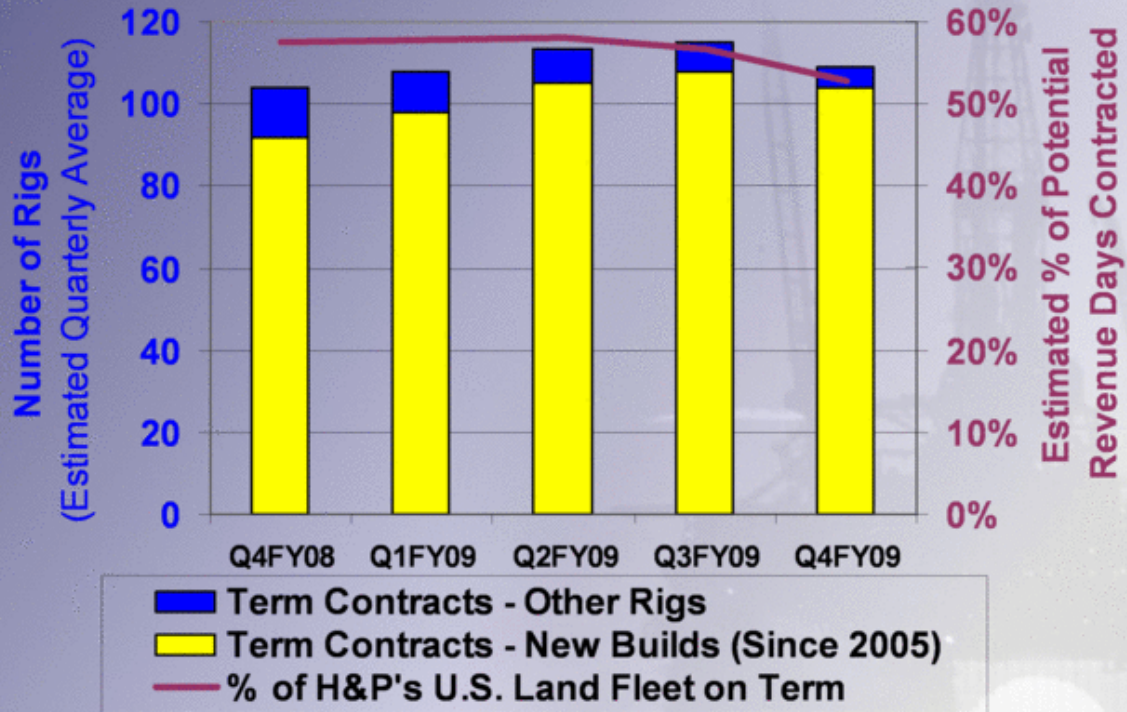
## H&P's U.S. Land Operations

- **Market conditions remain strong**
- **Expansion continues**
- **182 of 185 rigs currently active, including 108 under term contracts**
- **FlexRigs continue to deliver outstanding field performance at 100% utilization**
- **More than half of the segment's potential revenue days for fiscal 2009 are already contracted**



# H&P U.S. Land Term Contracts

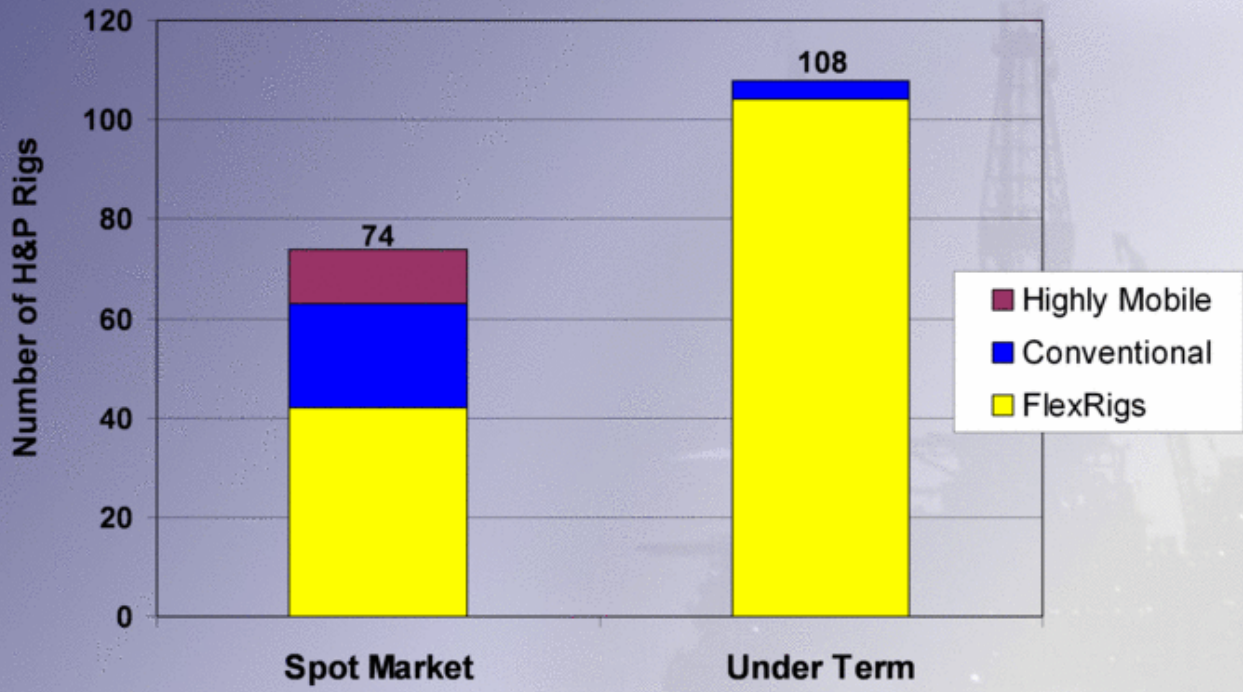
## Term Contract Status - H&P U.S. Land (Including Committed New Builds)







# Currently Active H&P U.S. Land Rigs





## Well Positioned to Cope with Market Volatility

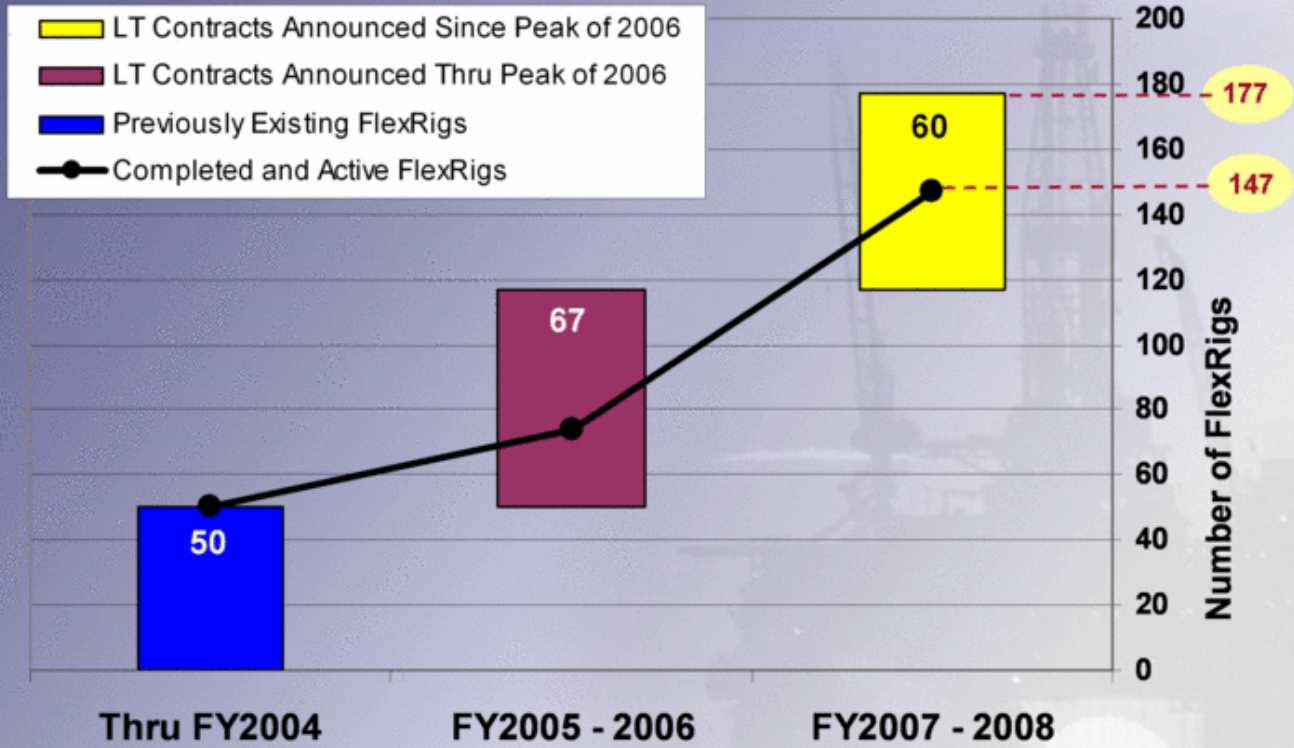
- **Long-term contracts – Over half of our fiscal 2009 potential U.S. land revenue days are already contracted at attractive dayrates**
- **Customer base – About 80% of our U.S. land fleet is operated by majors and very large independents**
- **Over half of H&P's rigs in the U.S. land spot market are FlexRigs**
- **Strong Balance Sheet – Current debt-to-cap ratio under 20%**





# The Remarkable Success of the H&P FlexRig

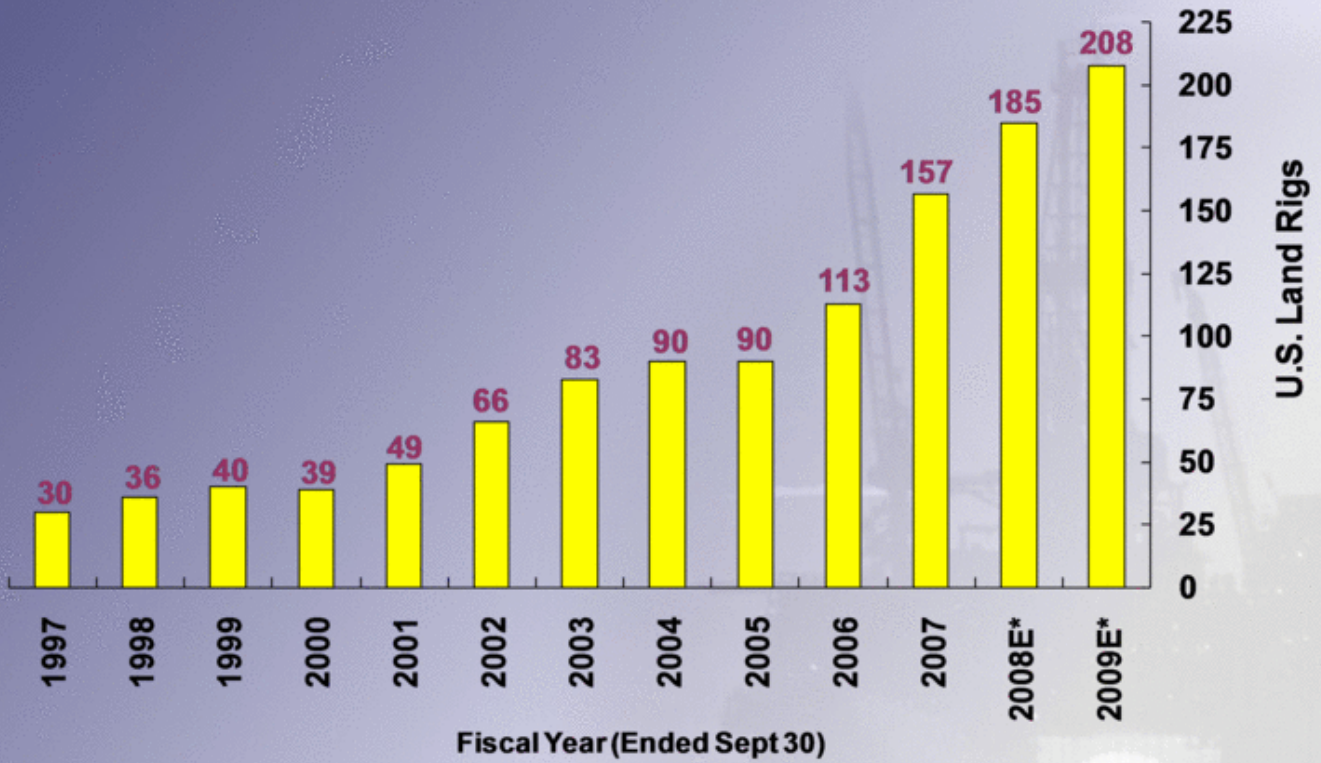
## FlexRig Announcements and Completions







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



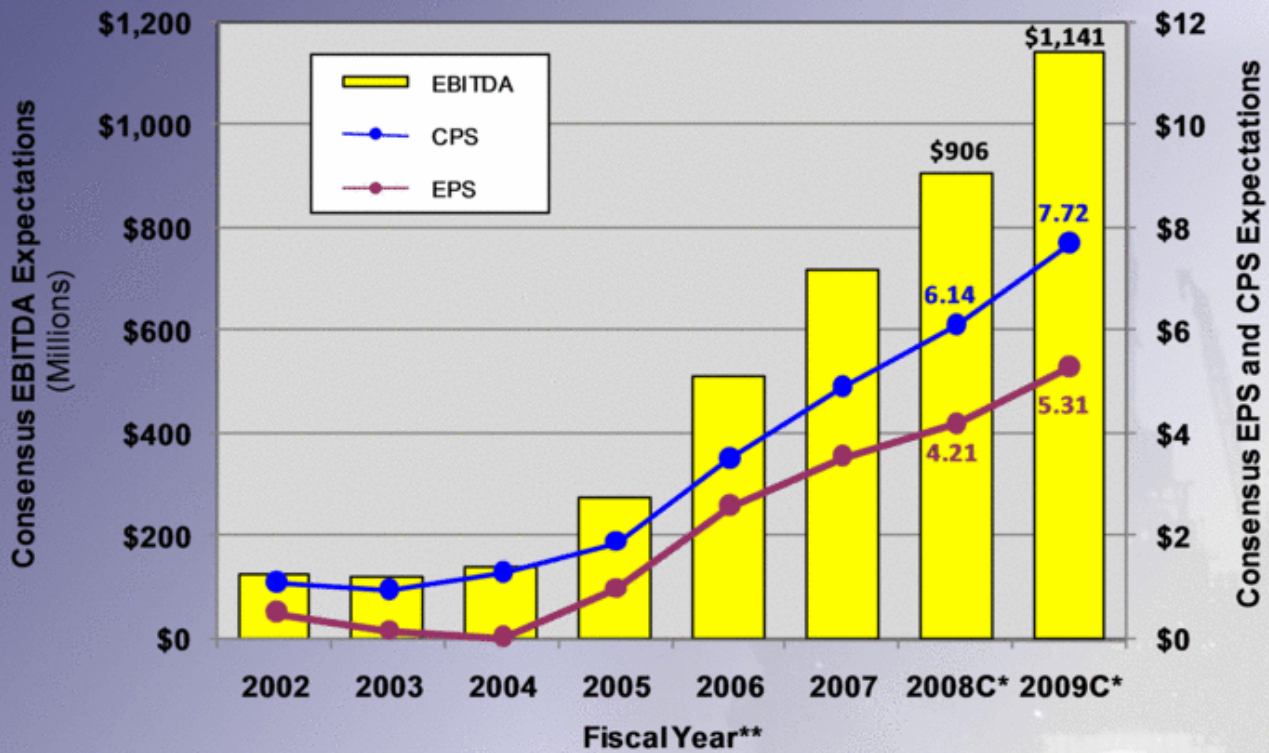
\* Includes existing rigs and announced new build commitments.

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# Delivering Growth to Shareholders

## Actual and Consensus EPS, CPS and EBITDA



\* Represents Thomson First Call consensus expectations as of September 25, 2008.

\*\* Actuals exclude proceeds from the sale of portfolio securities, sale of drilling equipment and insurance settlements.

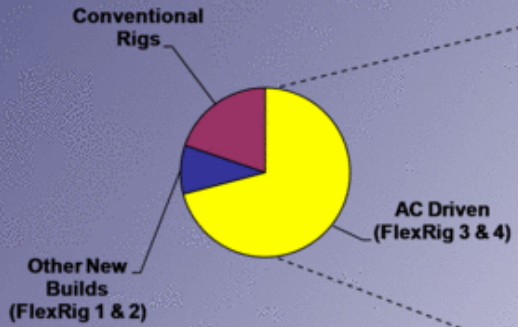
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# H&P is Leading the U.S. Land Retooling Effort

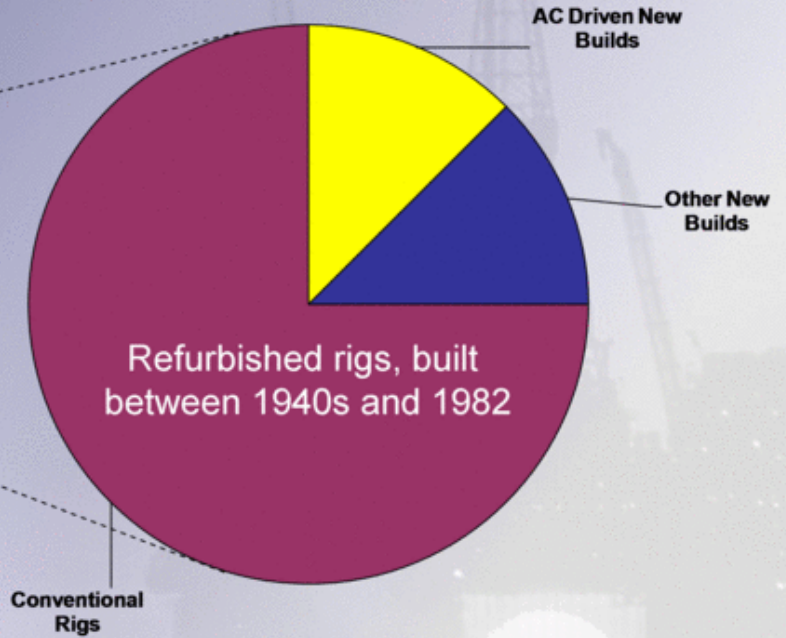
## Active H&P U.S. Land Fleet

(182 Rigs as of 9/26/08)



## Total Active U.S. Land Fleet (Estimates)

(~2,200 Rigs)



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## In Conclusion...

- **H&P has proven its ability to execute and deliver**
- **Our strengths continue to be aligned with market trends**
- **We are very well positioned to cope with market volatility**
- **The U.S. land retooling effort will continue**
- **We expect to continue to lead that effort**
- **We will continue to focus on delivering incremental value to our customers and shareholders**



End of Presentation







Additional References:







## H&P's Differentiated Approach

- **Create value through efficiency and safety**
  - Provide the most innovative and advanced drilling 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**



## Value Proposition Example – 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
<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





## Value Proposition Example – H&P vs. Competitors

### Value added from FlexRig operations

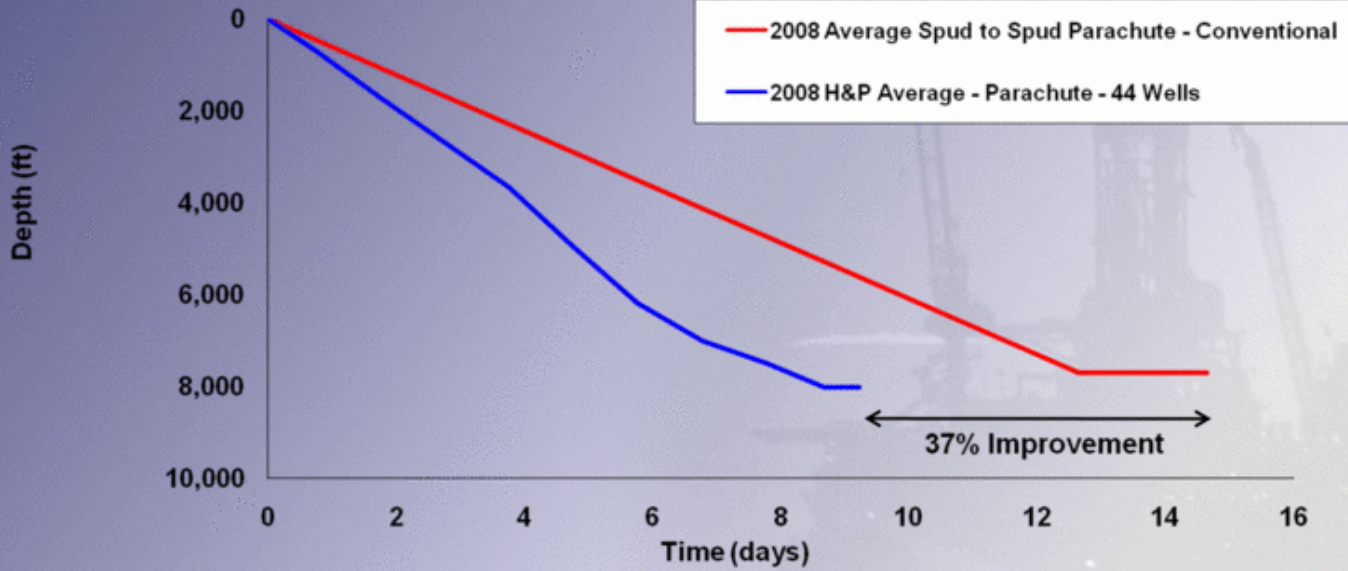
- Significant H&P dayrate premium
- Increased wells per rig per year: 10.3 wells
- Early production: Incremental wells on production
- Lowest total well cost





# FlexRig4 – Performance Sample

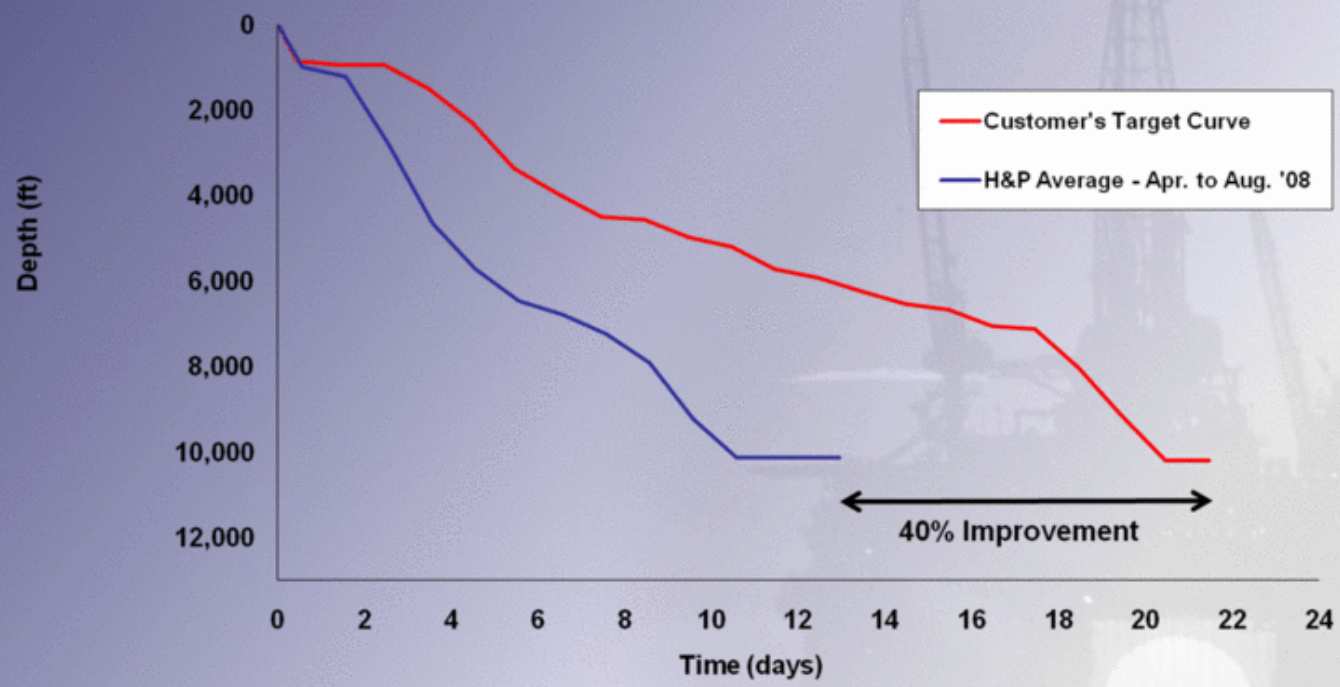
## ROCKY MOUNTAINS





# FlexRig4 – Performance Sample

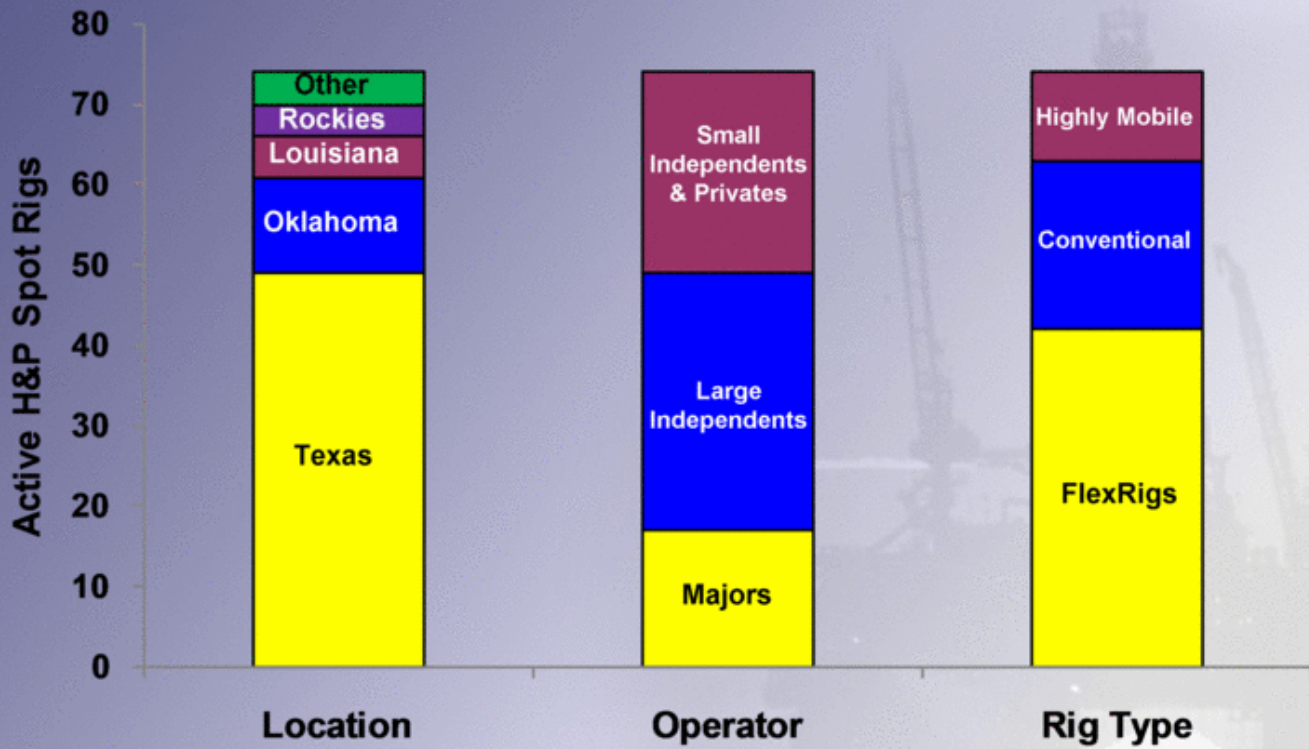
**FlexRig4S  
Barnett Shale**





# H&P's Fleet in the U.S. Land Spot Market

74 Active H&P Rigs in the U.S. Land Spot Market (As of September 25, 2008)







## H&P's Offshore Operations

- **Strong market conditions and daily margins**
- **Eight of nine rigs are currently active**
- **The ninth rig is contracted and expected to begin operations in early to mid 2009**



## H&P's International Land Operations

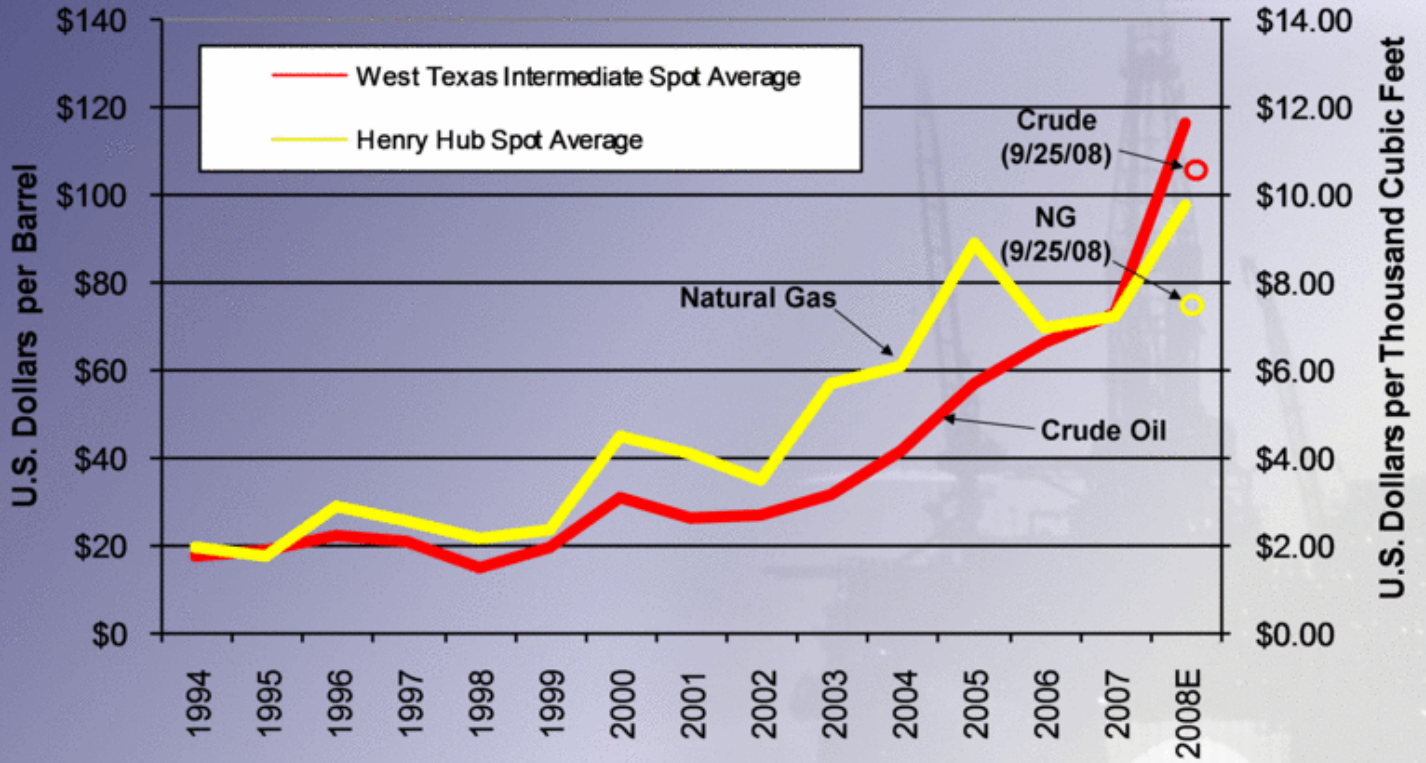
- **International industry rig count is increasing**
- **H&P international land rigs currently 100% utilized**
- **Seven new FlexRigs expected to be delivered in Latin America beginning in early fiscal 2009**
- **Actively seeking additional growth opportunities around the world**





# Crude Oil & Natural Gas Prices

## Crude Oil & Natural Gas Prices

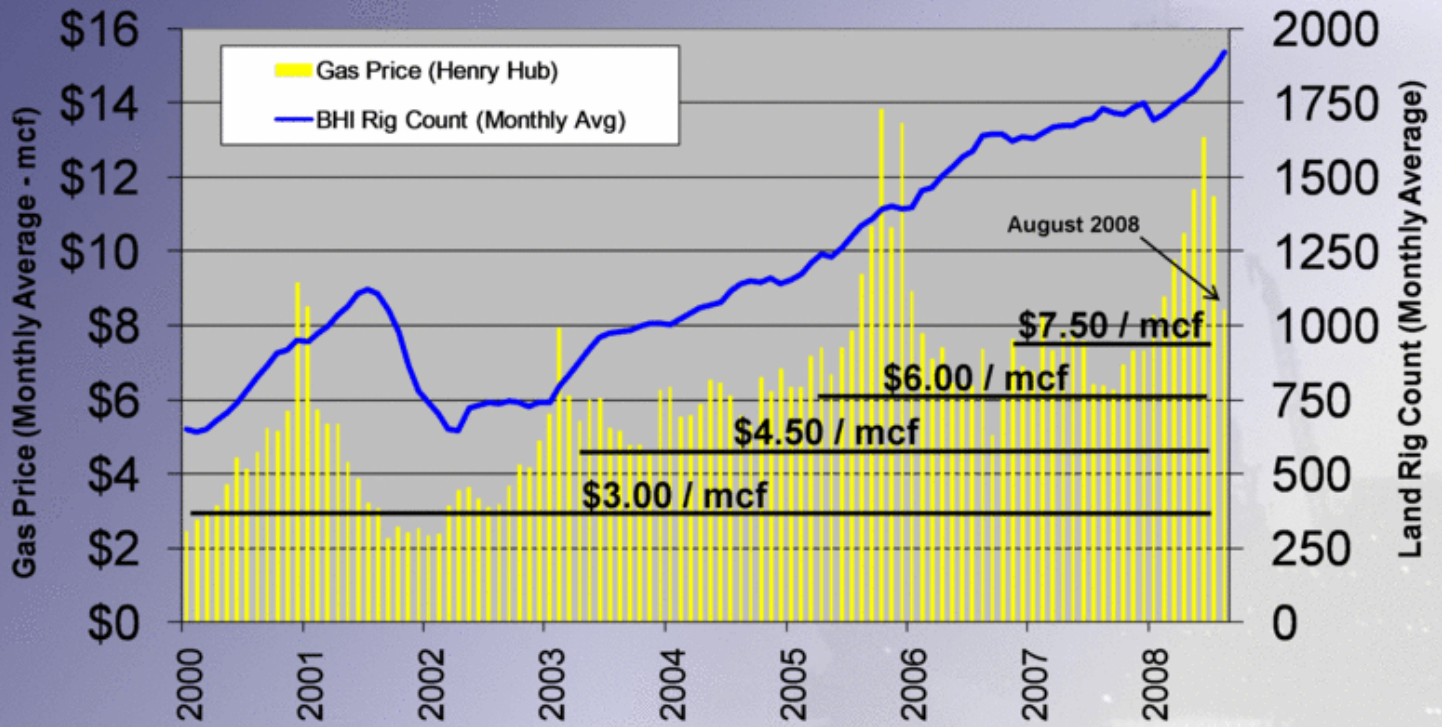


Source: Energy Information Administration

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# U.S. Land Rig Count vs. Commodity Prices



Source: Energy Information Administration

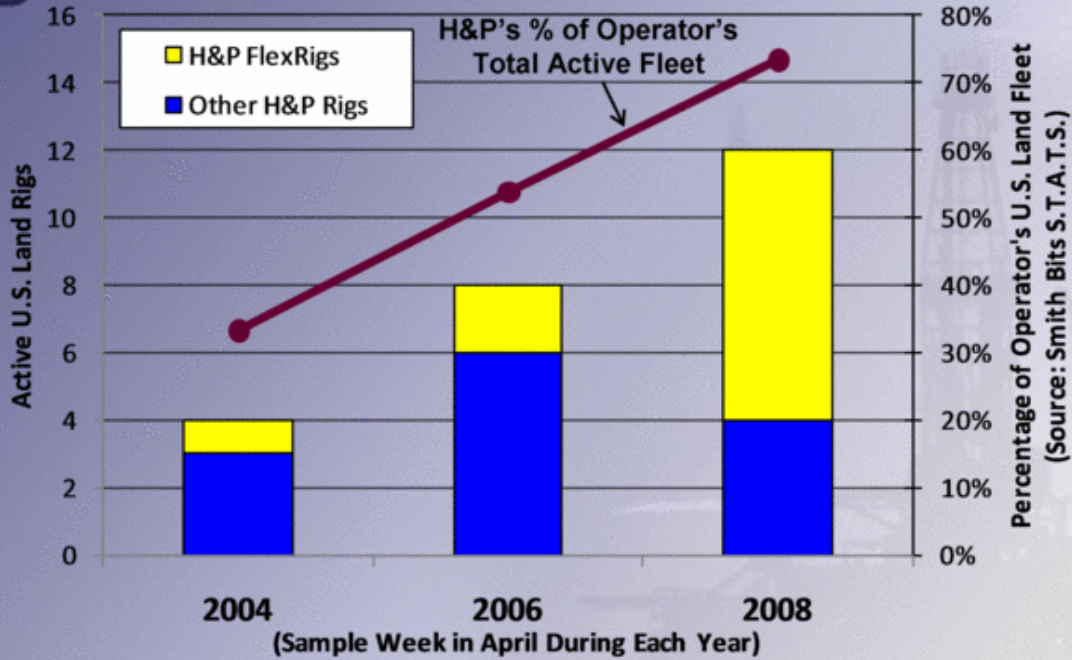
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# A FlexRig Success Story

## An Operator's Active U.S. Land Fleet (Major)



“State-of-the-art automated rigs reduce well costs and cycle times, while providing safer, more energy-efficient performance.”

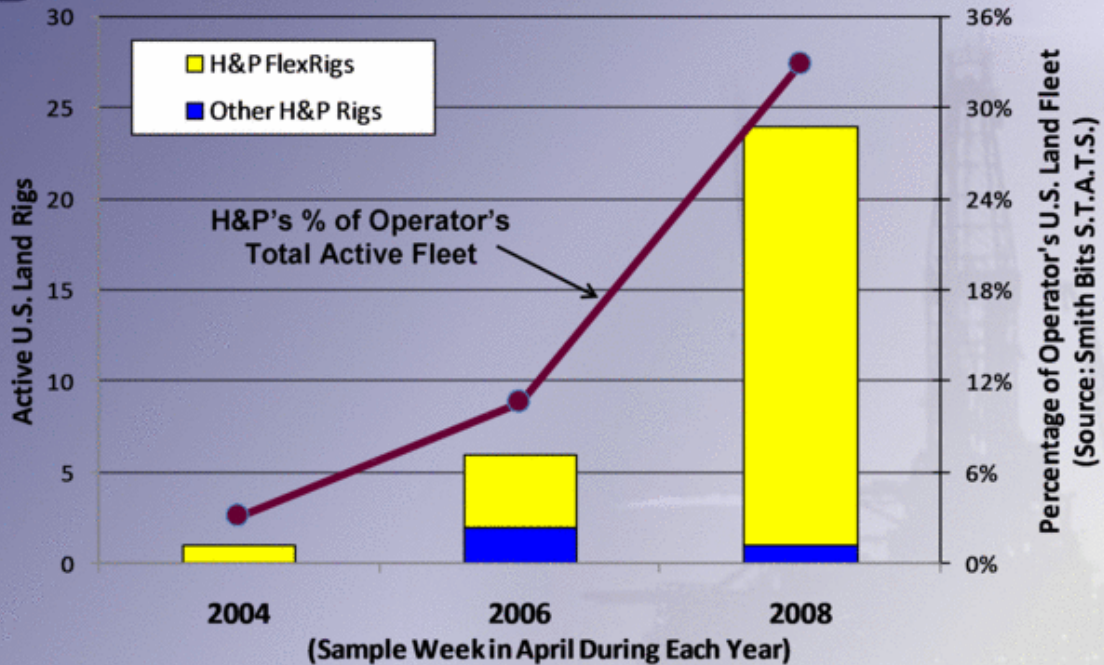
“The Company has consistently leveraged evolutionary exploration, drilling and production technologies to find deep, tight natural gas reserves and enable production to be brought on quickly.”

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# Another FlexRig Success Story

## An Operator's Active U.S. Land Fleet (Large Independent)



“Our goal is to continue to drive efficiency with the drilling and completions that we are seeing across the business.”

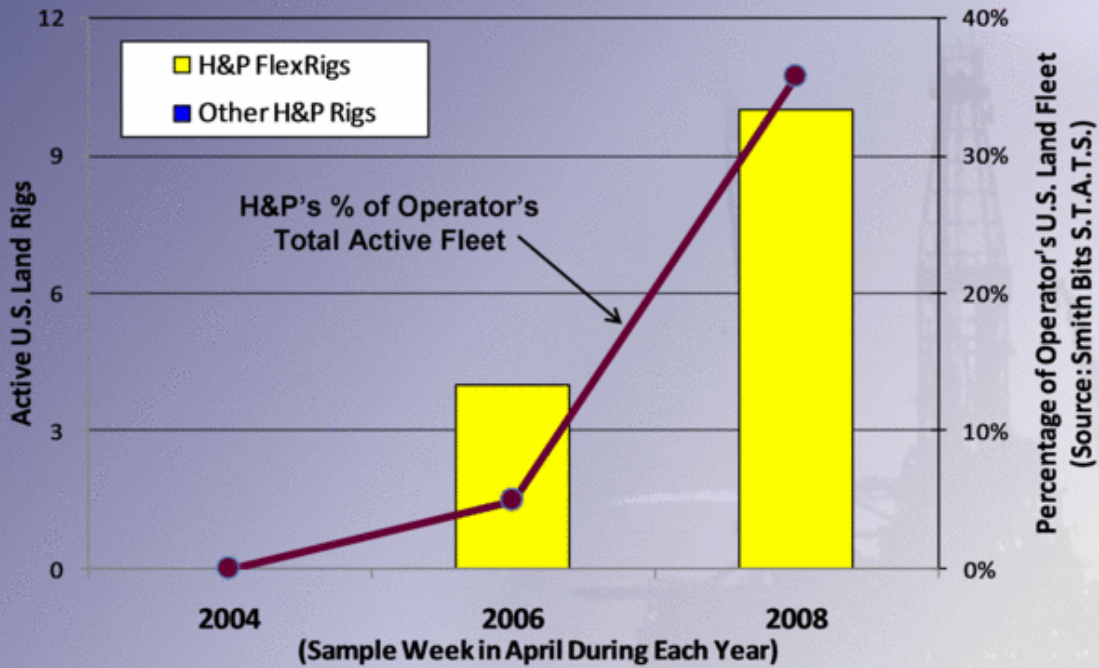
“20 of these operated rigs are the newer, high-efficiency models...production growth for the field continued to exceed our expectations...”





# Another FlexRig Success Story

## An Operator's Active U.S. Land Fleet (Large Independent)

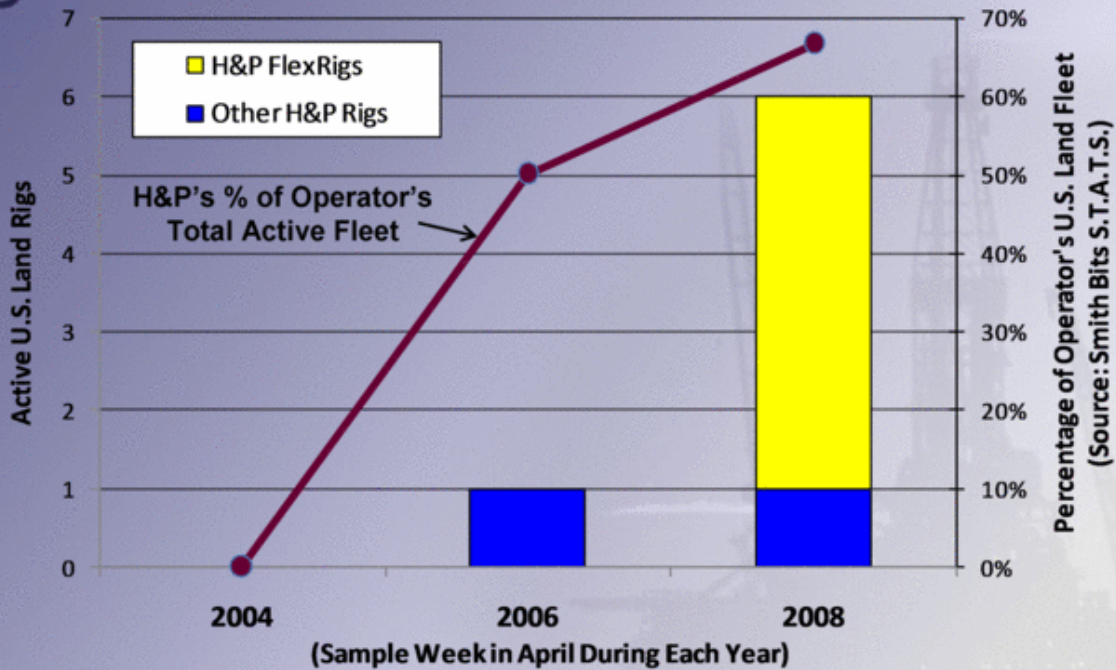


“It allows us to go to federal acreage and get in there with these new purpose-built rigs and basically finish it up in a quicker and more efficient method, less pads built and also less disturbance and ultimately reclaim the land much quicker.”



# Another FlexRig Success Story

## An Operator's Active U.S. Land Fleet (Small Independent)



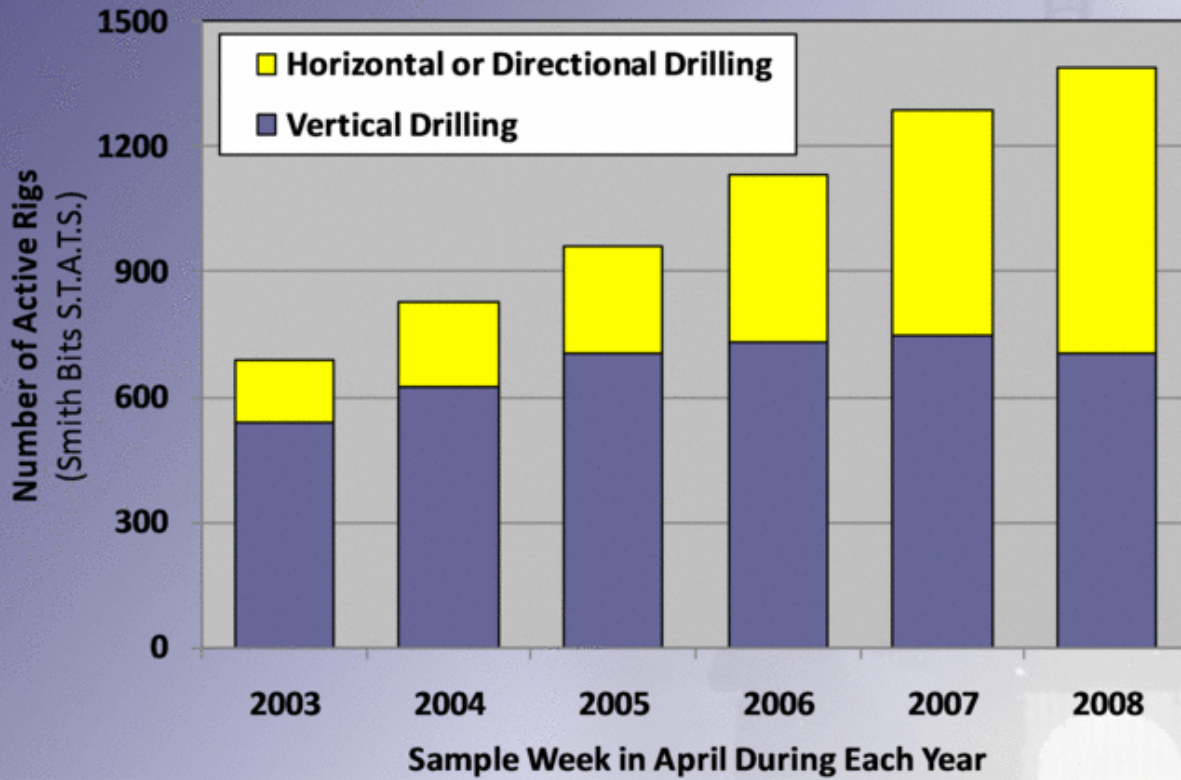
“One thing we have planned is continued improvements in drilling efficiencies... what once took 15 days or 20 days...now we're down in the single digits.”





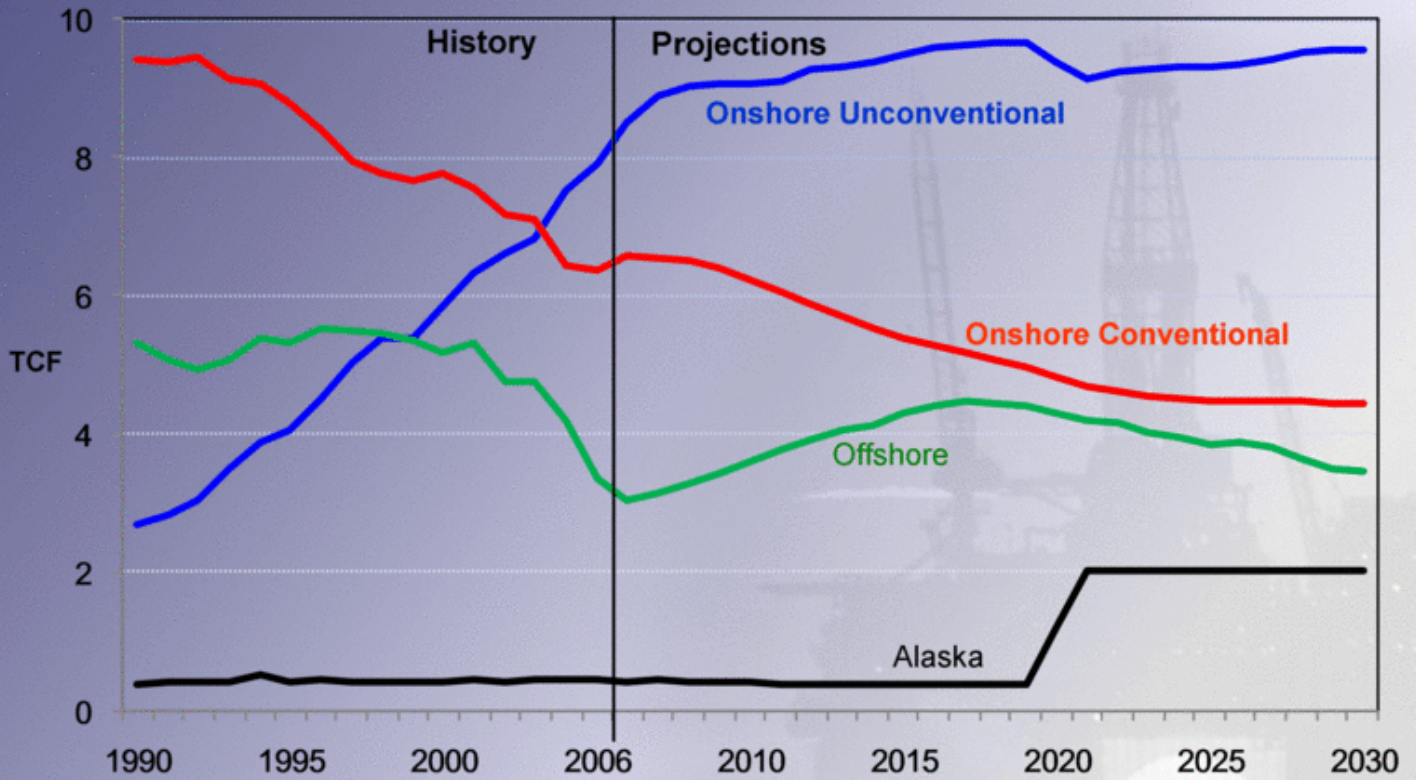
# Increased Demand for More Difficult Drilling

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





# Unconventional Natural Gas Production Growing



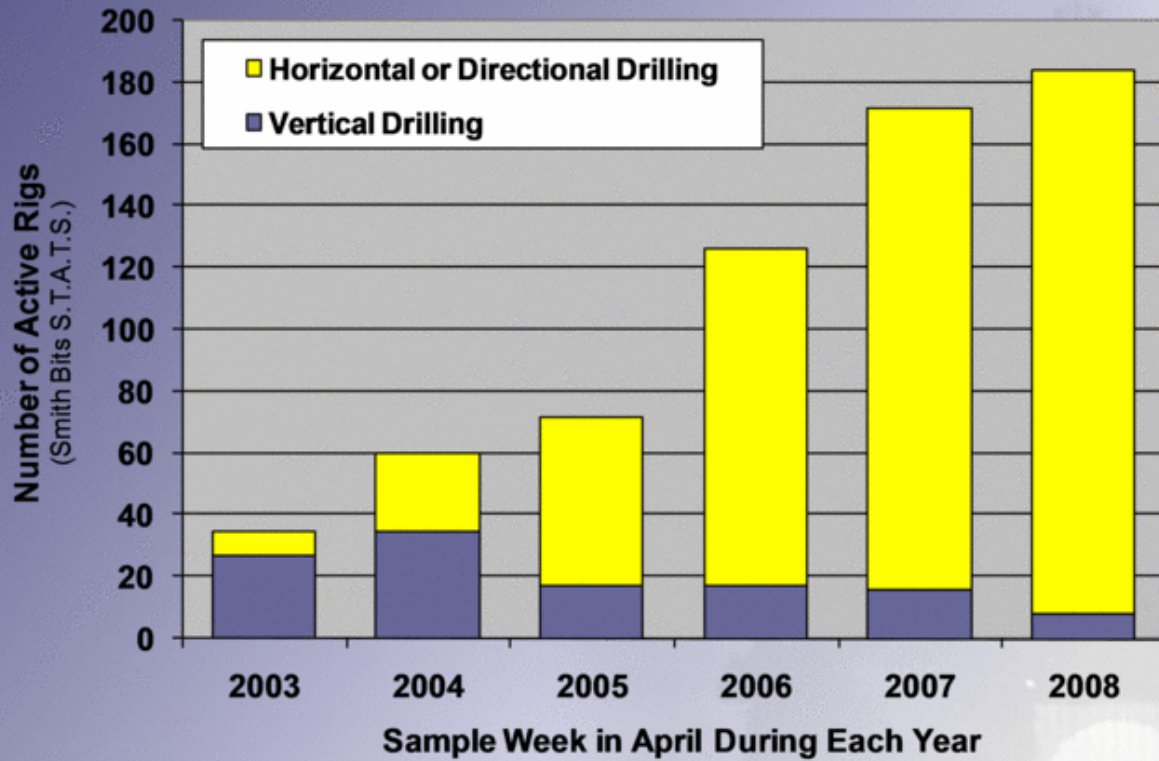
Source: Energy Information Administration Annual Energy Outlook 2008 with projections to 2030 (June 2008)





# Increased Demand for More Difficult Drilling

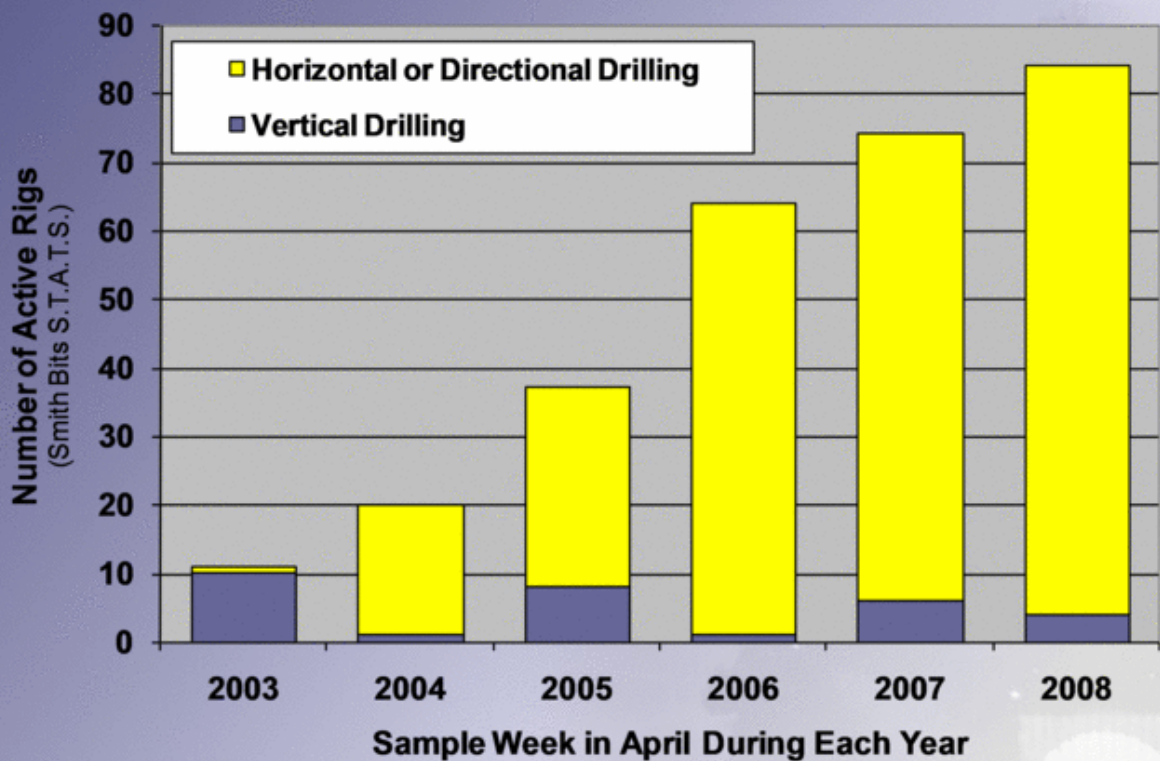
## Active Rigs in Barnett Shale





# Increased Demand for More Difficult Drilling

## Active Rigs in Piceance Basin



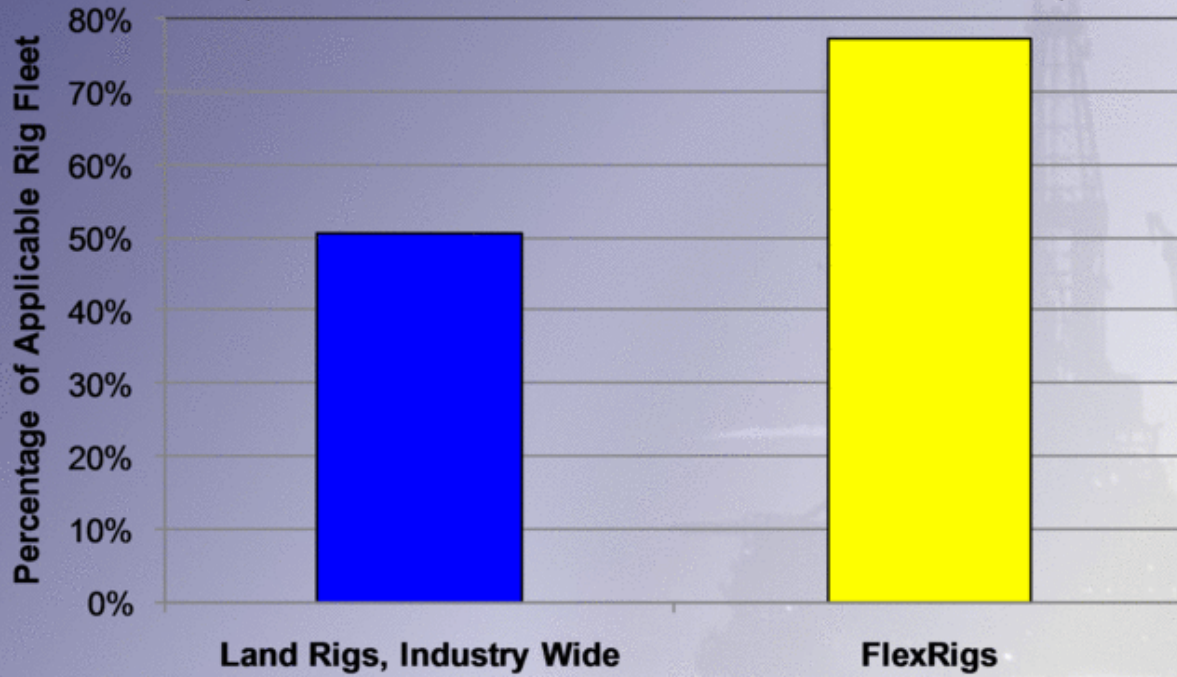




# FlexRigs in Demand for More Difficult Wells

## Active Land Rigs Drilling Horizontal or Directional Wells

(Data Source: Smith International, Inc. - S.T.A.T.S. - 9/19/08)





# Leader in New Ideas & Applied Technology

**Driller's Cabin**



**Computerized Controls**



**AC Driven Systems & Integrated Top Drive**



**Satellite Communications**



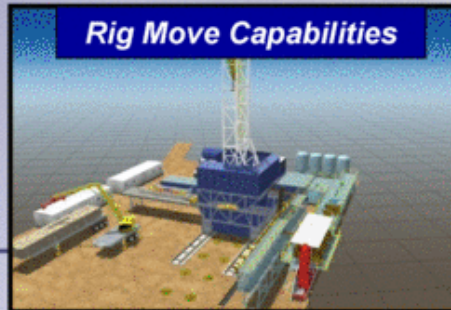
**BOP Handling**



**Mechanized Tubular Handling**



**Rig Move Capabilities**



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# Driller on a Conventional Rig vs. FlexRig



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# Roughnecks on a Conventional Rig vs. FlexRig

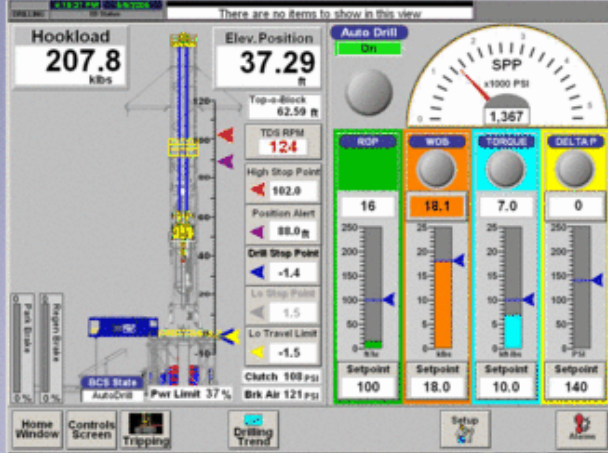


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# H&P's Organizational Support Structure



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# FlexRig3 Performance



## Highlights of FlexRig3s

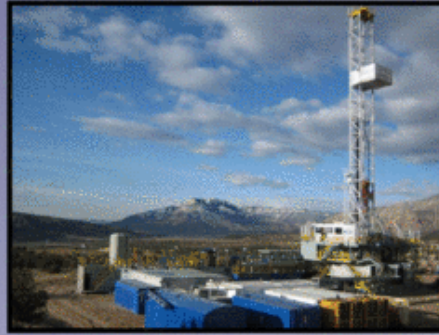
1. **Field Performance vs. customer's planned drill curves**
  - 2219 complete wells as of August 18, 2008
  - 1381 wells (62%) under or on
  - 713 wells (32%) over

\*6% of wells had no planned curves
2. **82% of FlexRig3s are currently drilling directional, more technically difficult wells.**





# FlexRig4 Performance



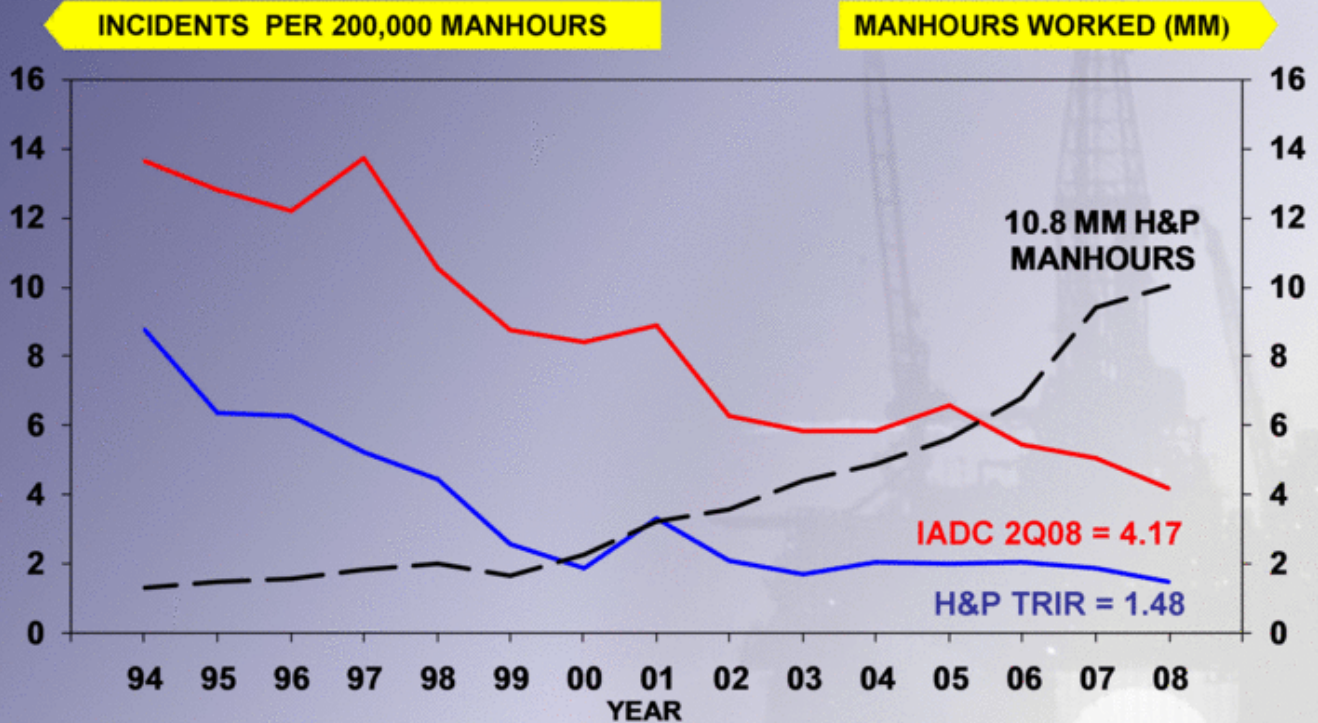
## Highlights of FlexRig4s

1. **Field Performance vs. customer's planned drill curves**
  - 2024 complete wells as of August 18, 2008
  - 1353 wells (67%) under or on
  - 620 wells (30%) over
    - \*3% of wells had no planned curves
2. **88% of FlexRig4s are currently drilling directional, more technically difficult wells.**



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

## U.S. Land Safety Performance (1994 – 2008) 12-Month Rolling Average Incidence Rates



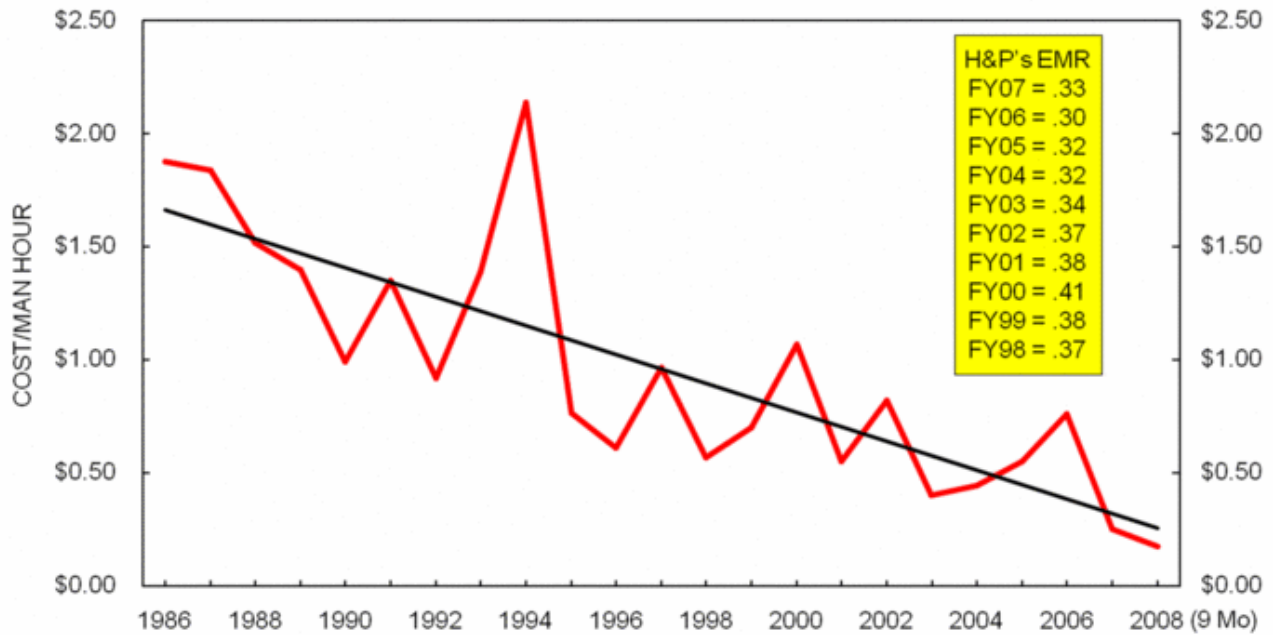




# Safety Excellence Also Generates Savings

## 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)

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