

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 11/29/11 for the Period Ending 11/29/11

| | |
|-------------|---|
| 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): **November 29, 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))
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-
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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: November 29, 2011

EXHIBIT INDEX

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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

331 Drilling Rigs*

~\$5 Billion in Assets

~8,700 Employees

~10% Debt/Cap

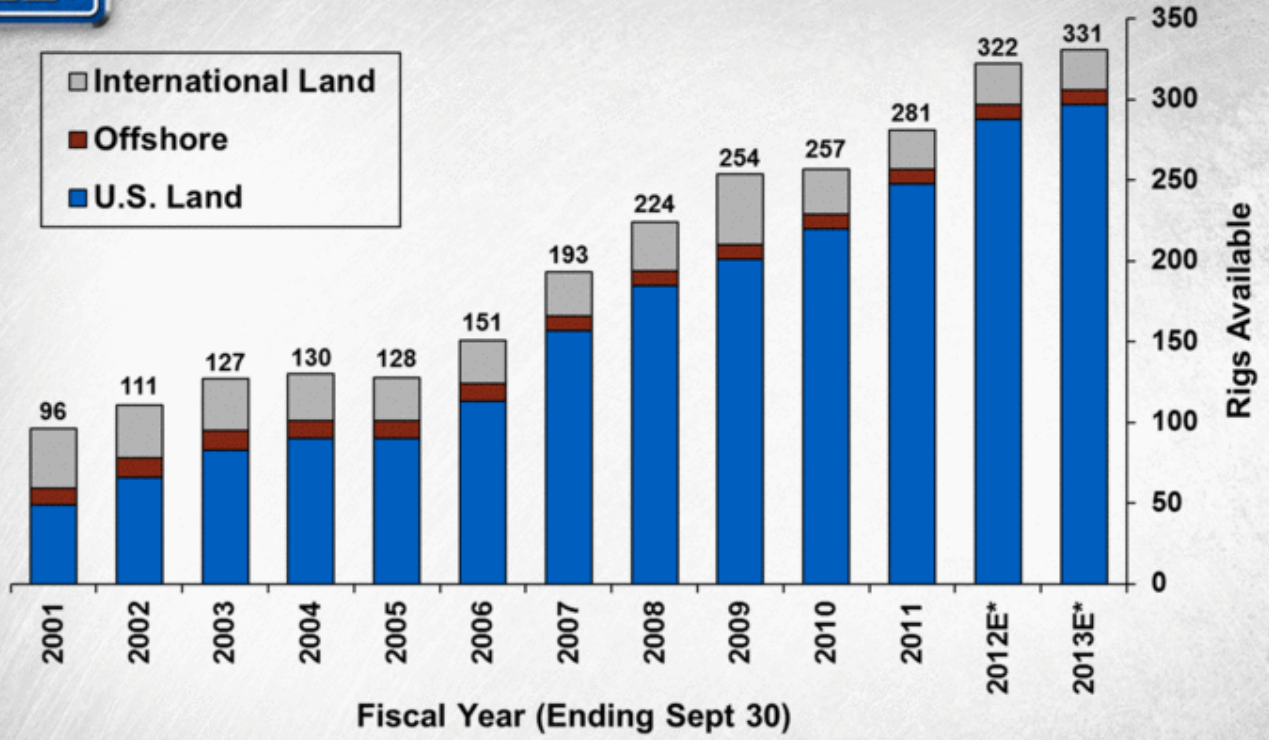


* Includes 47 new FlexRigs under construction with customer commitments and scheduled for completion during fiscal 2012 and fiscal 2013.

HELMERICH & PAYNE, INC.



H&P's Global Rig Fleet

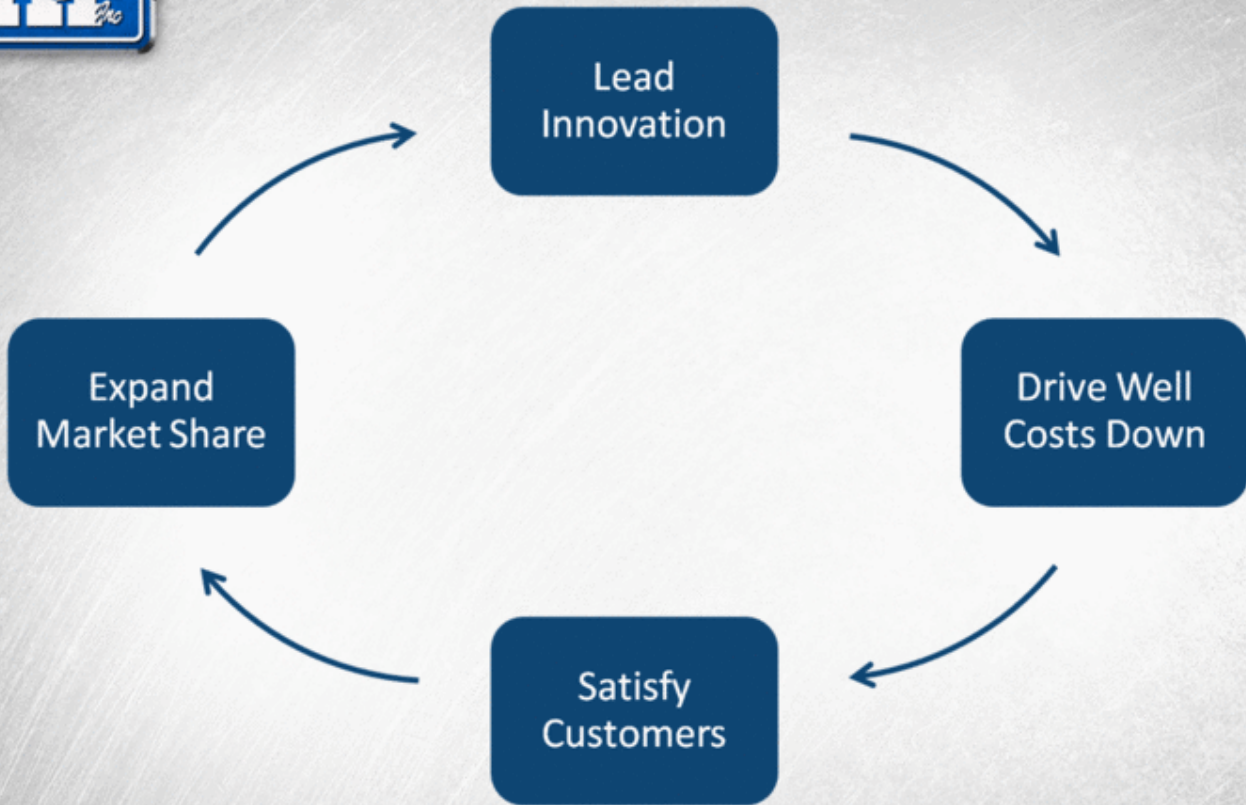


* Estimates include existing rigs and announced new build commitments.



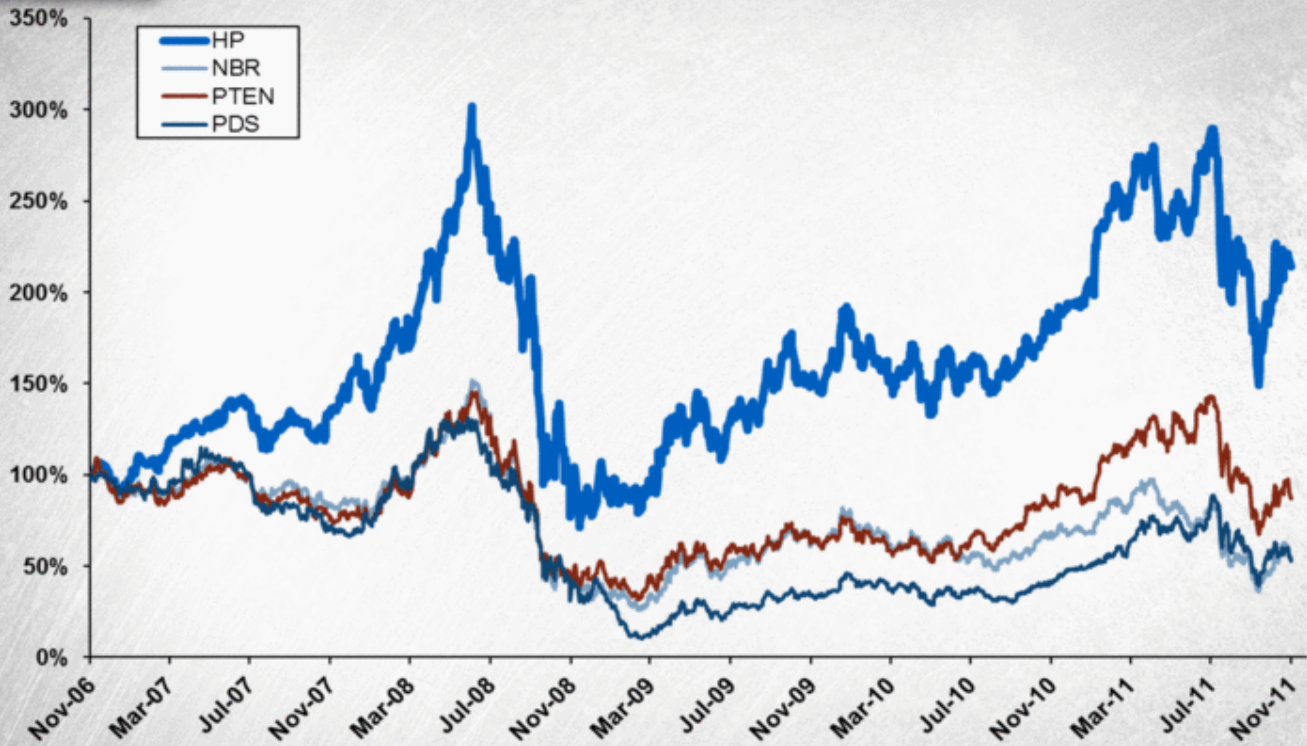


Growing Shareholder Value





Five-Year Relative Shareholder Return



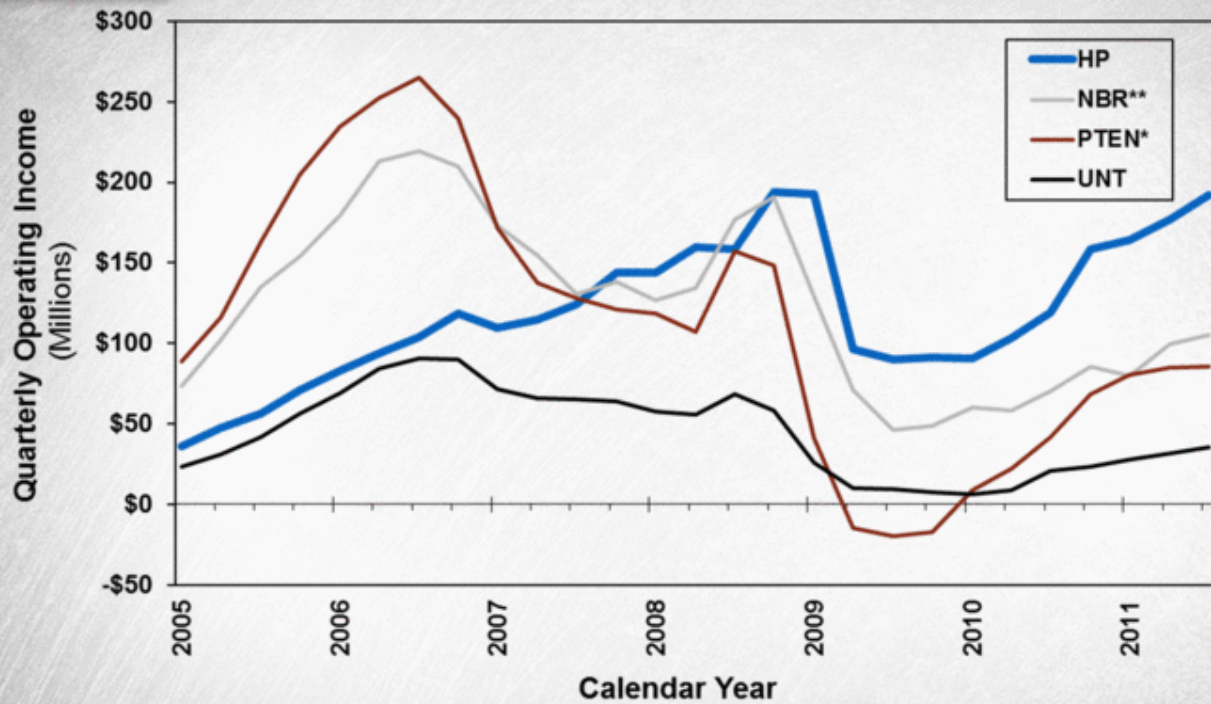
Source: Yahoo! Finance as of November 21, 2011





Most Profitable Driller in U.S. Land Business

U.S. Land Drilling Operating Income



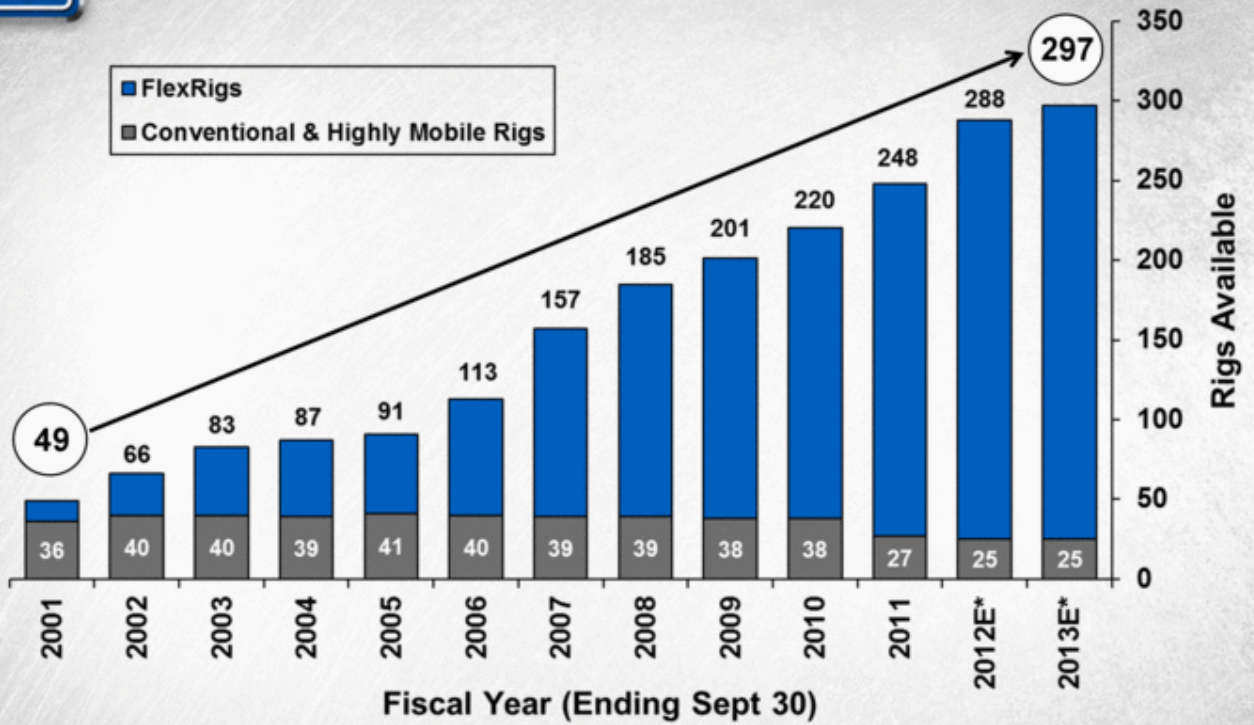
* PTEN's operating income includes drilling operations in Canada.

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





Organic U.S. Land Fleet Growth



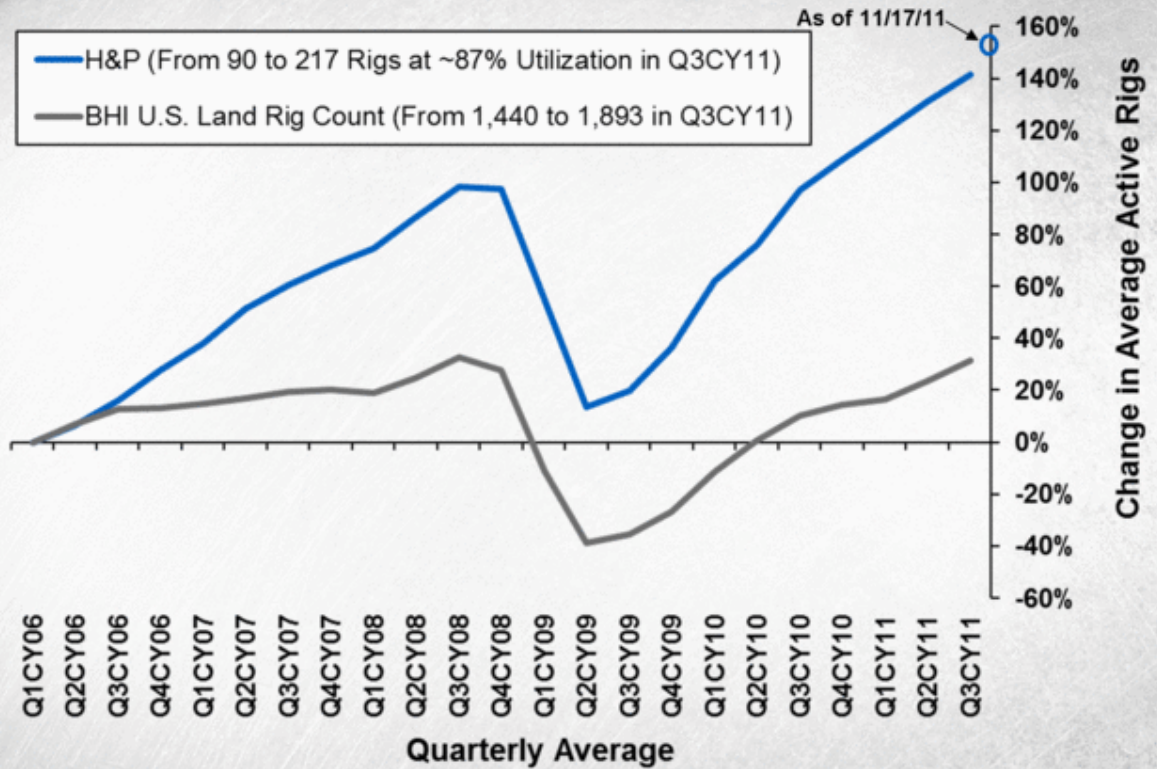
* Estimates include existing rigs and announced new build commitments.





Highest U.S. Activity Level in Company History

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

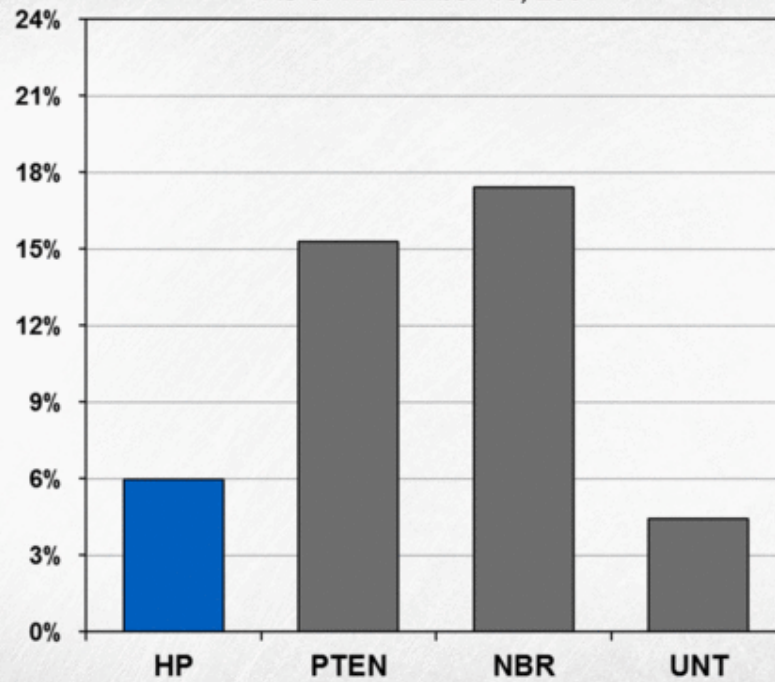




Active Rig Market Share – Ten Years Ago

Lower 48 U.S. Land Market Share

As of November 16, 2001



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

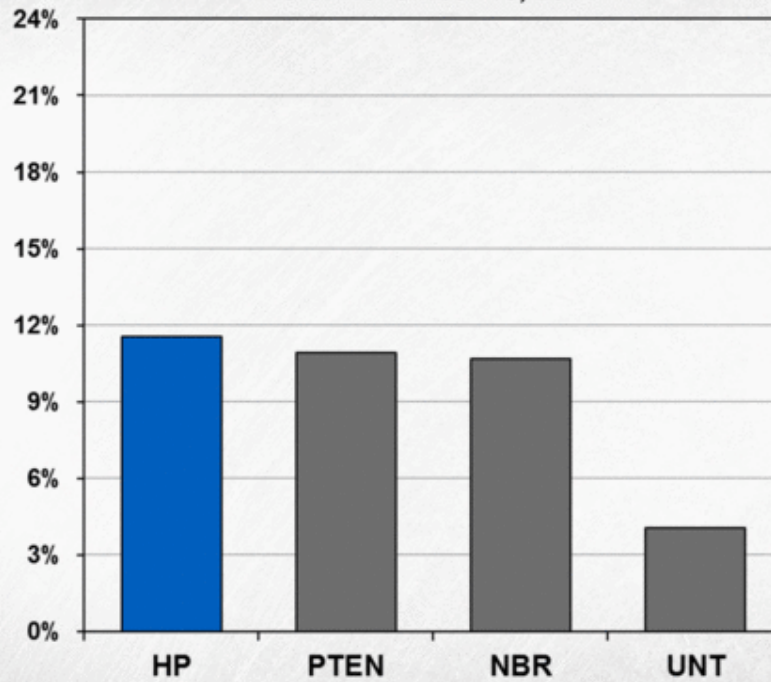




Organically Growing Active Rig Market Share

Lower 48 U.S. Land Market Share

As of November 18, 2011



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





Market Trends Favor H&P

- Drilling today involves more complex well designs directed at oil and liquid rich plays.
- Customers continue to focus on efficiency and technology to achieve lower total well costs.
- Major customers are increasingly proactive in terms of safety and environmental protection.
- The U.S. new build replacement cycle continues...





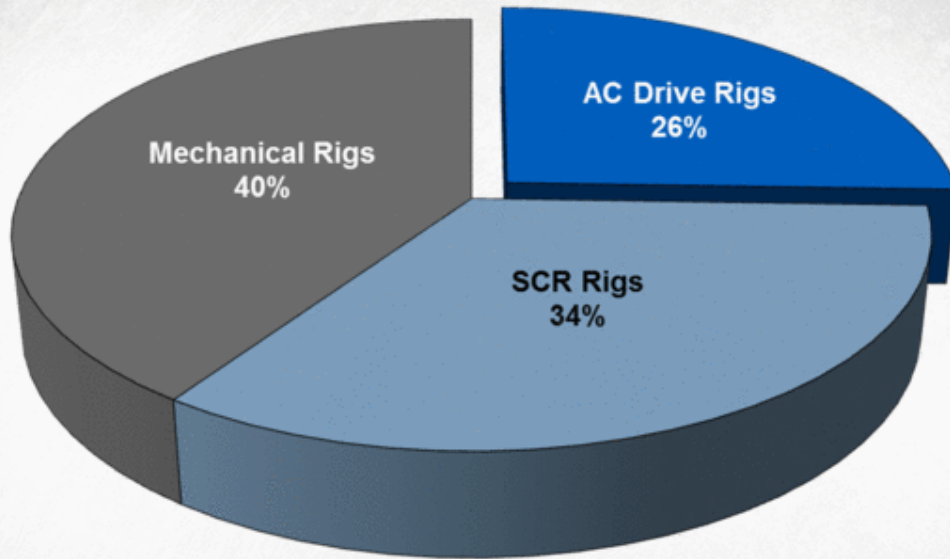
The New Build Replacement Cycle Continues

- Industry is undersupplied with high performance AC drive rigs
- With reportedly over 150 mechanical rigs retired in 2011, it is increasingly clear that older rigs are not well suited for this more complex drilling environment
- High-efficiency AC drive new builds continue to replace old rigs
- With 71 new build contracts announced since January 2011, H&P continues to lead the replacement effort





Rigs Active (~1,900) in the U.S. Land Market (By Power Type)

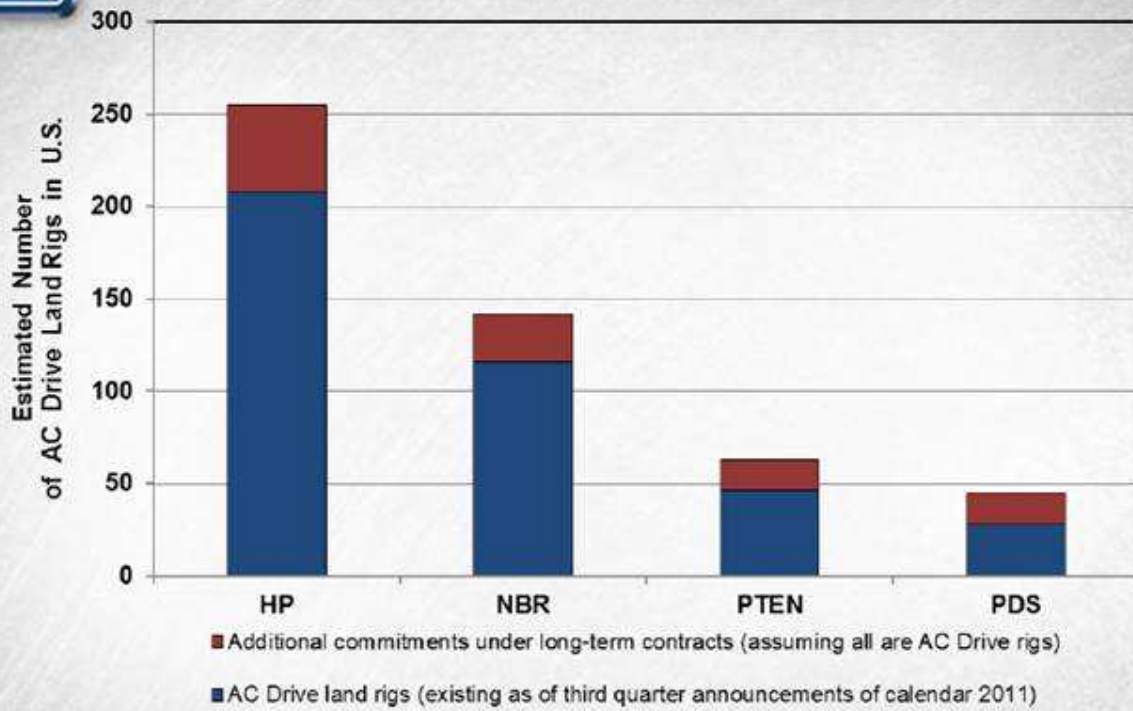


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





H&P's Lead in U.S. High-Efficiency Rig Offering



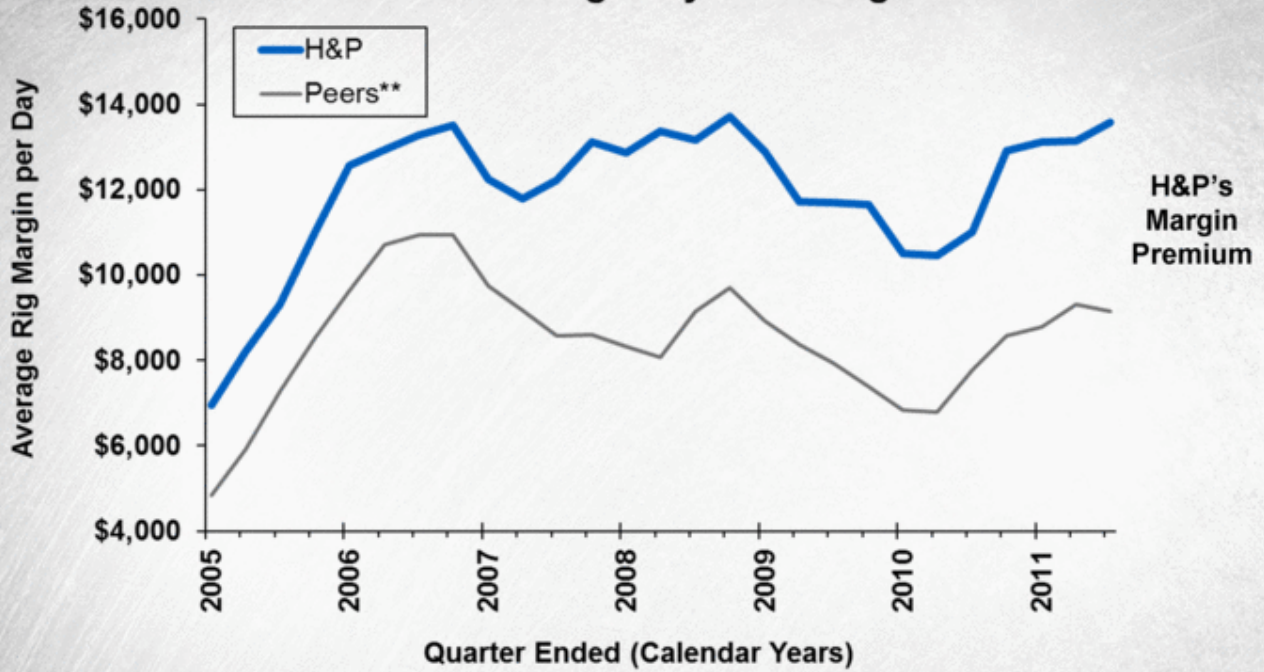
Note: The above estimates corresponding to U.S. lower 48 AC Drive fleets and new build commitments are derived from Rig Data and corporate filings.





Technology & Quality Service Make a Difference

U.S. Land Average Daywork Margins*



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

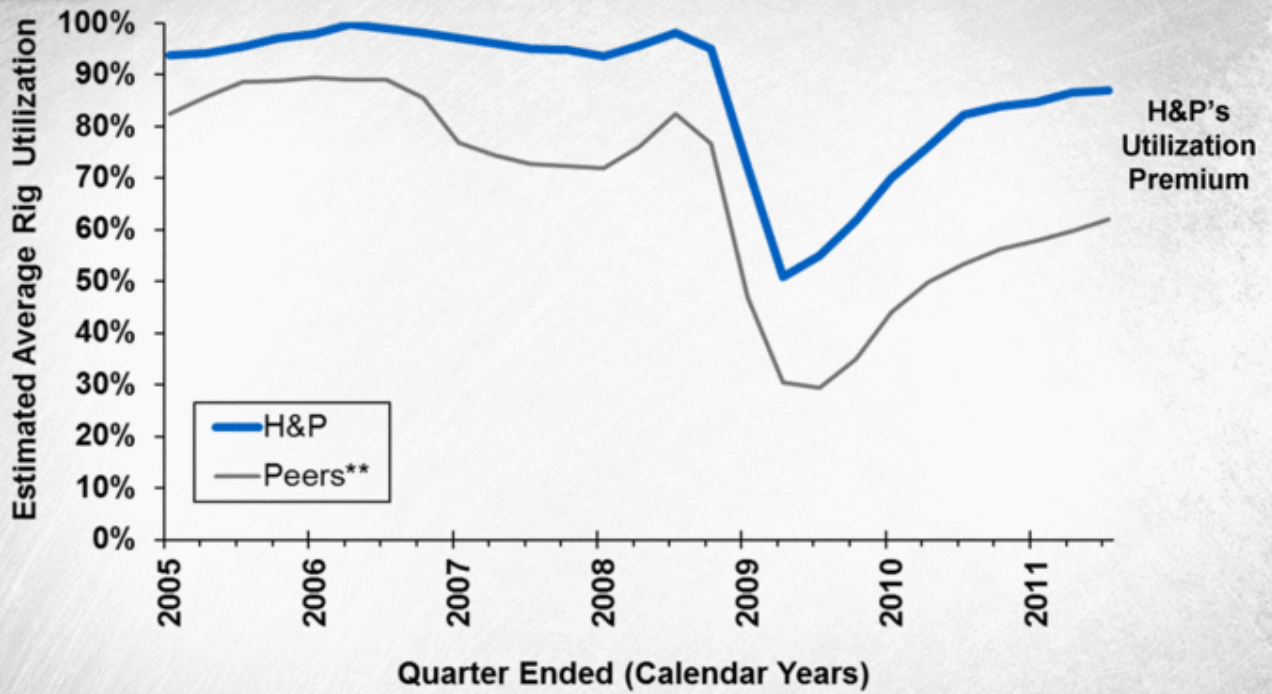
** Represents weighted-average rig margin per day for PTEN, NBR and UNT through Q3CY11.





Technology & Quality Service Make a Difference

U.S. Land Estimated Average Rig Utilization*



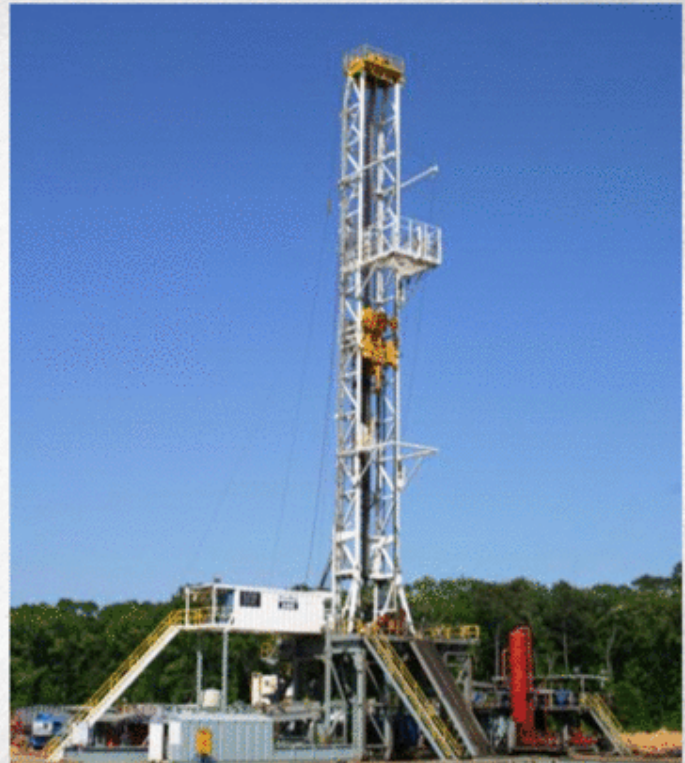
* Utilization is herein calculated to be average active rigs divided by estimated available marketable rigs during the period.
** Represents estimated average combined utilization for PTEN, NBR and UNT in the Lower 48 through Q3CY11.





H&P New Builds

- Total of 71 new builds announced since January 2011
- Delivering new FlexRigs at the rate of four per month
- As of November 17, 2011, 47 new builds left to deliver in fiscal 2012 and 2013
- 10 delivery slots remain open in calendar 2012
- Encouraging conversations with customers continue regarding additional new build commitments





Additional References:



Activity as of November 17, 2011

| | <u>Rigs Available</u> | <u>Rigs Working/ Contracted</u> | <u>% Contracted</u> |
|----------------------|-----------------------|-------------------------------------|-------------------------|
| U.S. Land | 250 | 228 | 91% |
| Offshore | 9 | 7 | 78% |
| International Land | <u>25</u> | <u>20</u> | <u>80%</u> |
| Total | 284 | 255 | 90% |
| FlexRig Construction | 47 | 47 | |
| Total Fleet | 331 | 302 | |





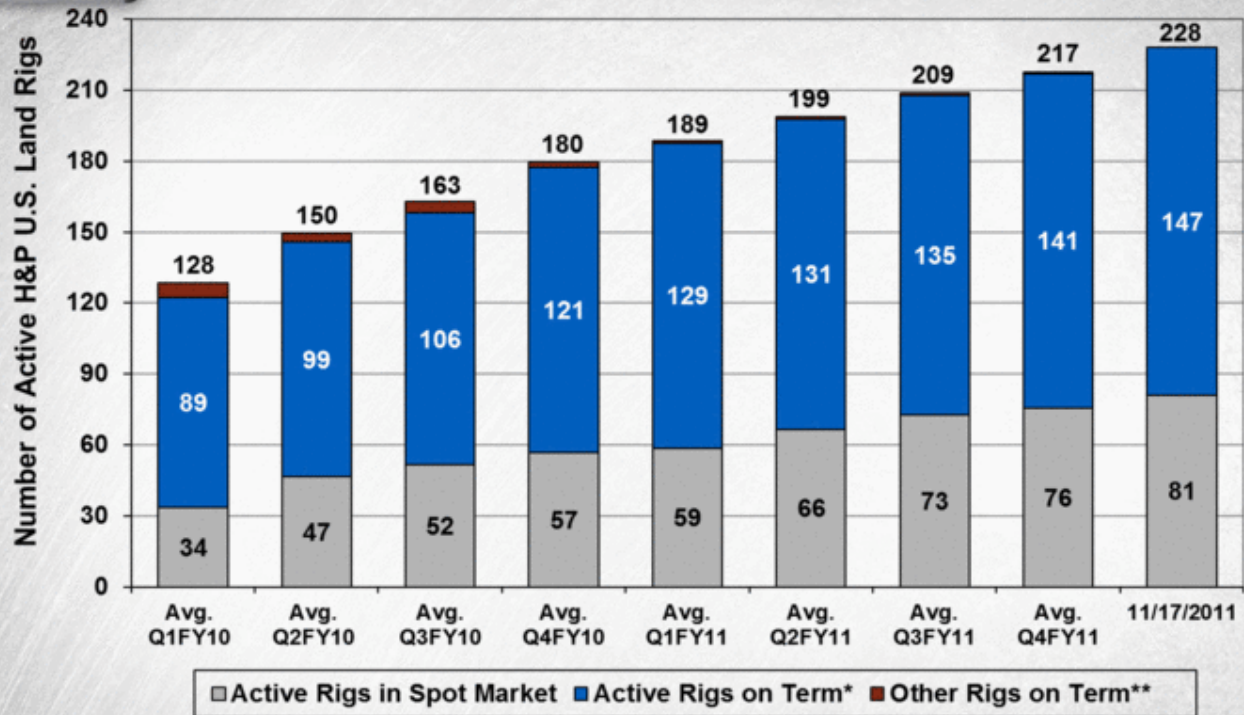
H&P's U.S. Land Operations

- Industry rig counts and spot pricing remain strong.
- Driven primarily by incremental new builds, we expect total revenue days in the U.S. land segment to increase by approximately five percent from the fourth fiscal quarter of 2011 to the first fiscal quarter of 2012.
- Quarterly average rig revenue per day is expected to increase between \$200 and \$300 per day from the fourth fiscal quarter of 2011 to the first fiscal quarter of 2012.





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



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

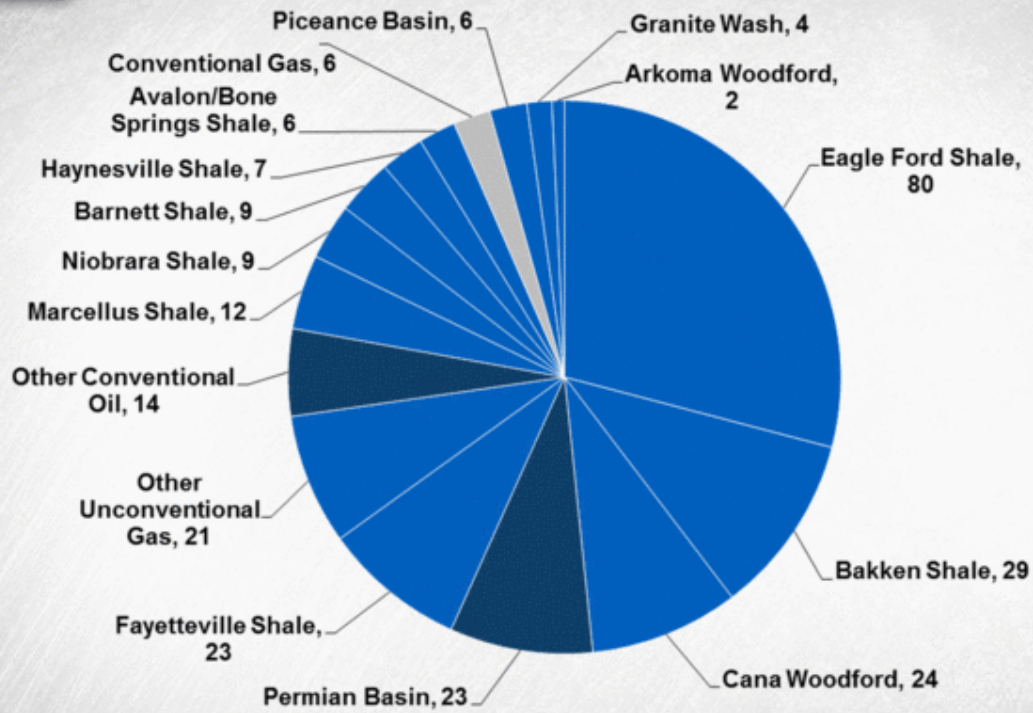
** Includes completed new builds that were waiting on customers and which generated revenue but did not generate revenue days.





Leading U.S. Unconventional Driller

(275 H&P Contracted Land Rigs as of 11/17/11*)



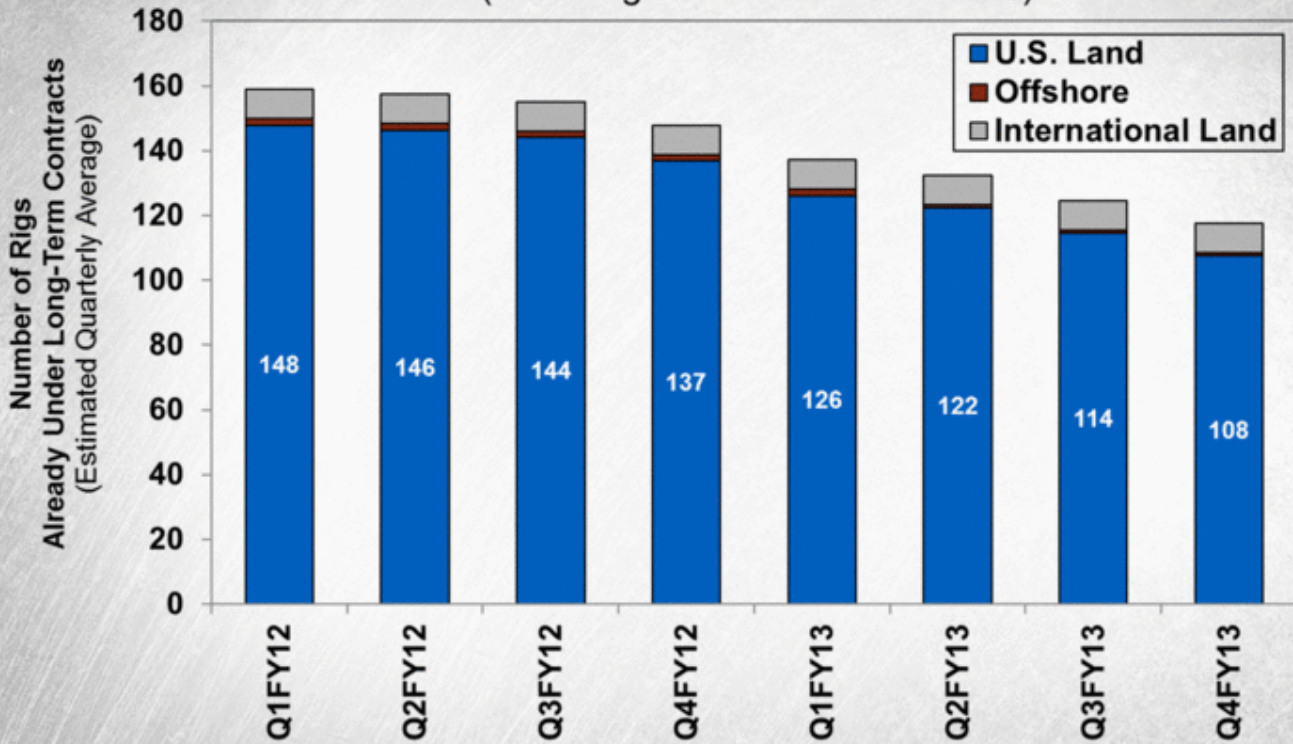
* Includes new FlexRigs with customer commitments scheduled for completion by the first fiscal quarter of 2013.





H&P Global Fleet Under Term Contract

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





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 first fiscal quarter of 2012 is expected to decrease by approximately five percent as compared to the fourth fiscal quarter of 2011.
- Average rig margin per day is expected to be roughly flat during the first fiscal quarter of 2012 as compared to the fourth fiscal quarter of 2011.





H&P's International Land Operations

- Of the 25 rigs assigned to international operations, 19 are currently active including nine under long-term contracts. Additionally, a fourth FlexRig on a term contract is in transit to Bahrain with the rig scheduled to begin operations during the second fiscal quarter of 2012.
- Total revenue days during the first fiscal quarter of 2012 are expected to increase by approximately six percent sequentially from the fourth fiscal quarter of 2011.
- Average rig margin per day is expected to decrease by approximately ten percent in the first fiscal quarter of 2012 as compared to the fourth fiscal quarter of 2011.





H&P's International Land Operations

Rig Fleet Status (as of November 17, 2011)

| | Active | Contracted | Idle | Total | Long-term Contracts |
|------------------------|-----------|------------|----------|-----------|-------------------------|
| Argentina | 5 | | 4 | 9 | 4 |
| Bahrain ⁽¹⁾ | 3 | 1 | | 4 | 4 |
| Colombia | 5 | | 1 | 6 | 2 |
| Ecuador | 4 | | | 4 | |
| Tunisia | 2 | | | 2 | |
| Total | 19 | 1 | 5 | 25 | 10⁽²⁾ |

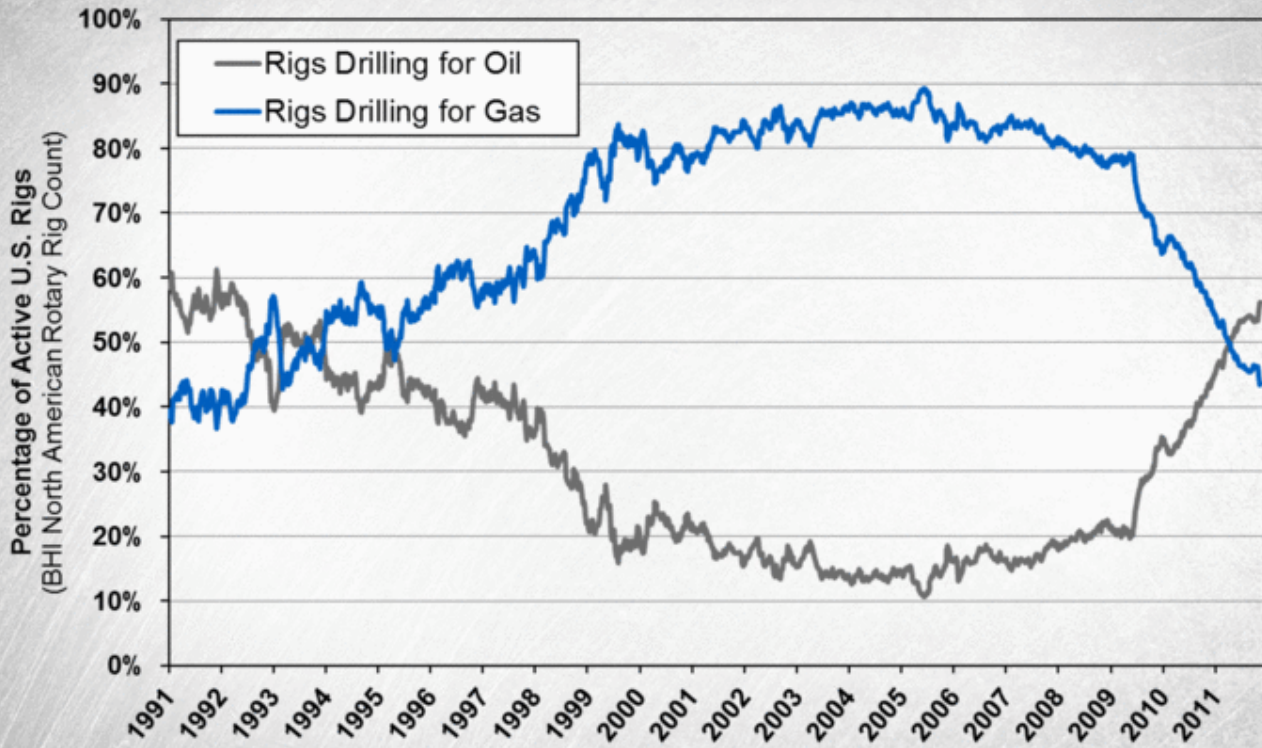
- 1) An additional FlexRig is in transit to Bahrain and expected to commence drilling operations in the second fiscal quarter of 2012.
- 2) 10 of 12 FlexRigs, included in the international fleet of 25 rigs, are under long-term contracts.





Economics Shift Activity Towards Oil Drilling

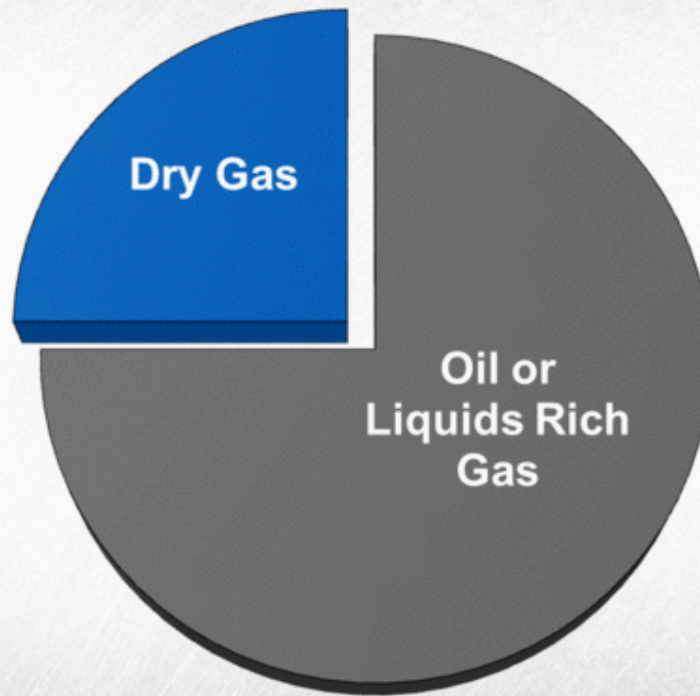
U.S. Rig Activity by Hydrocarbon Target





H&P's Growing Exposure to Oil & Liquids

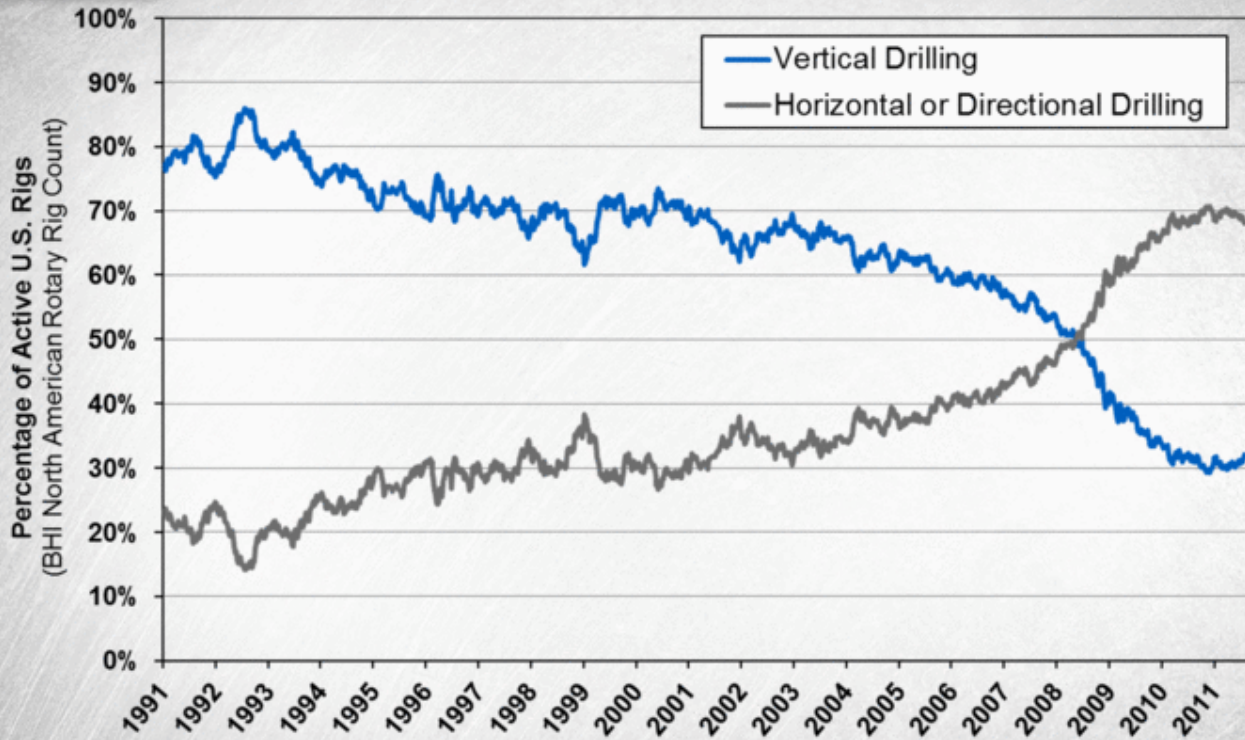
Estimated proportion of H&P's active U.S. Land rigs by primary hydrocarbon target.





Increasing Focus on More Difficult Drilling

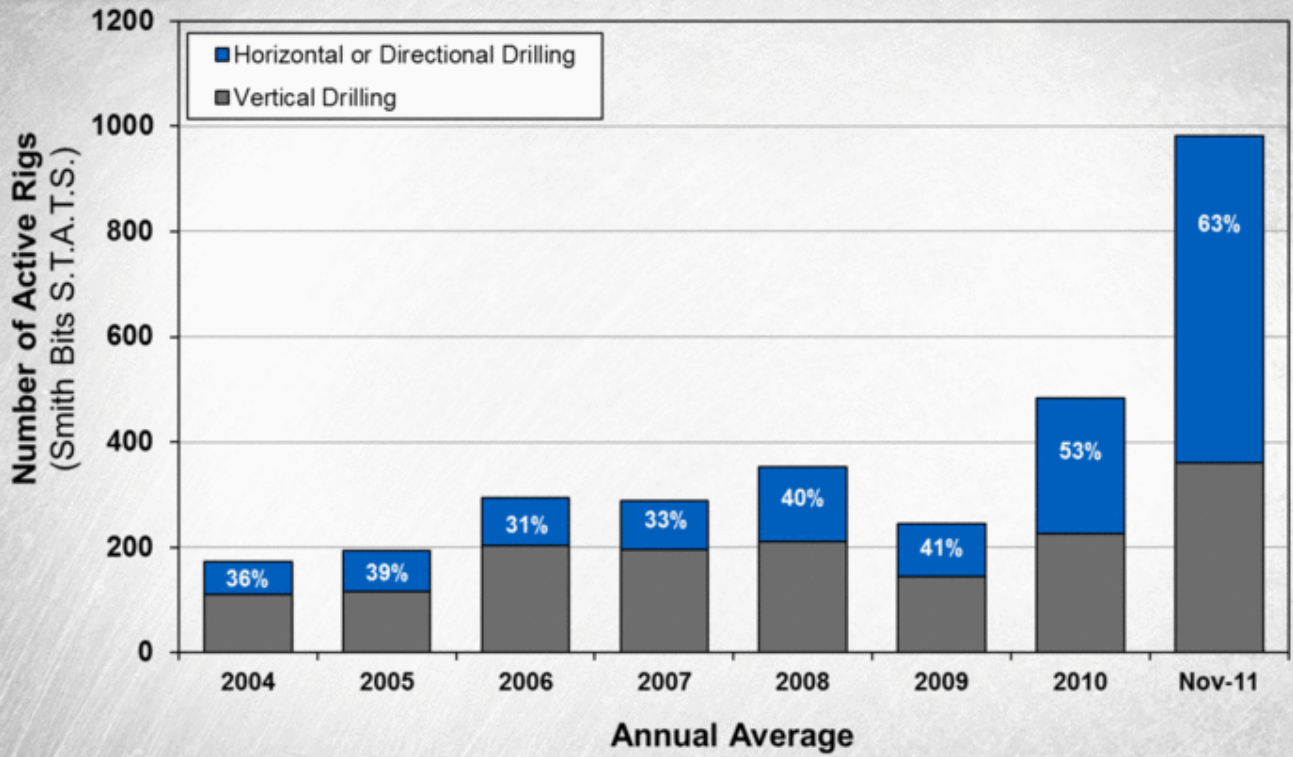
U.S. Rig Activity by Drilling Type





Oil Related Drilling Increasingly Complex

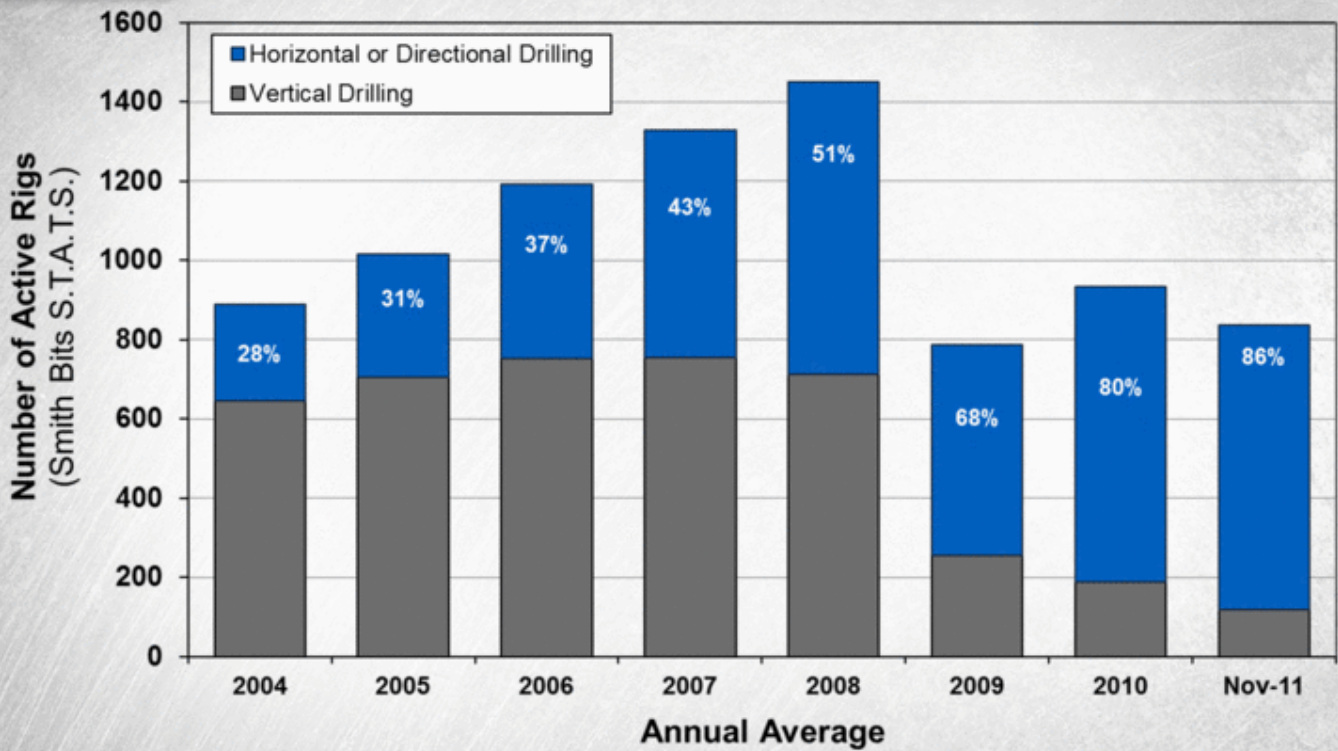
Active Rigs in U.S. Land Drilling for Oil





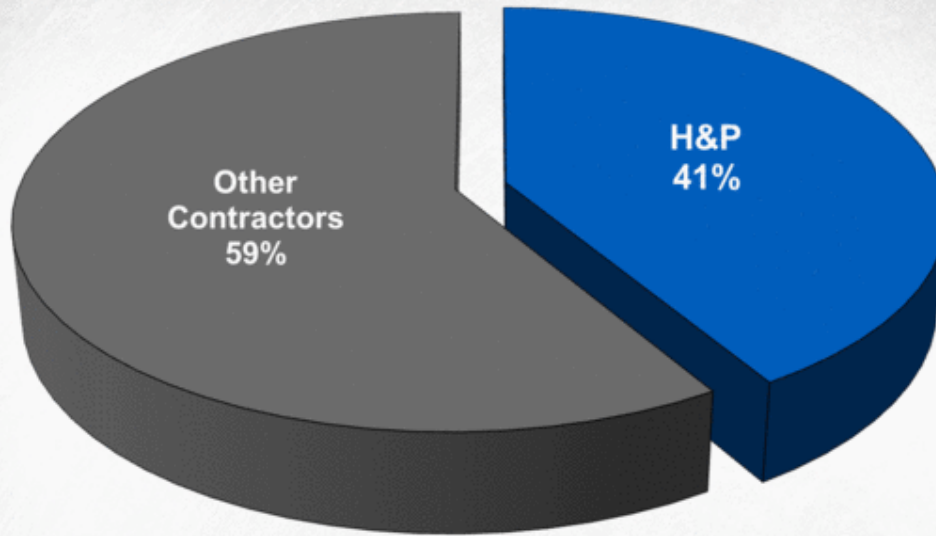
Increasing Focus on More Difficult Drilling

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





AC Drive U.S. Rig Market Share (~500 Rigs)

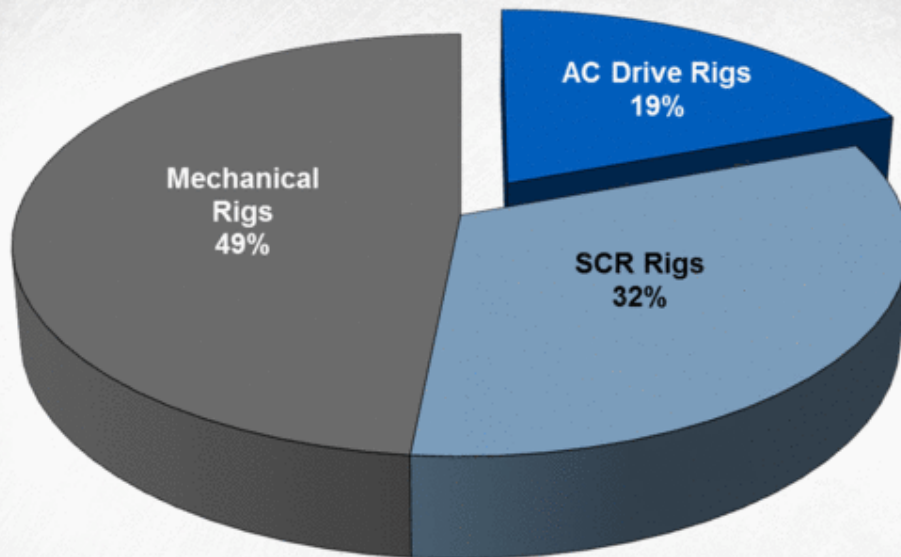


Note: The above estimates corresponding to market share are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





Total Industry Available U.S. Land Fleet (by Power Type)

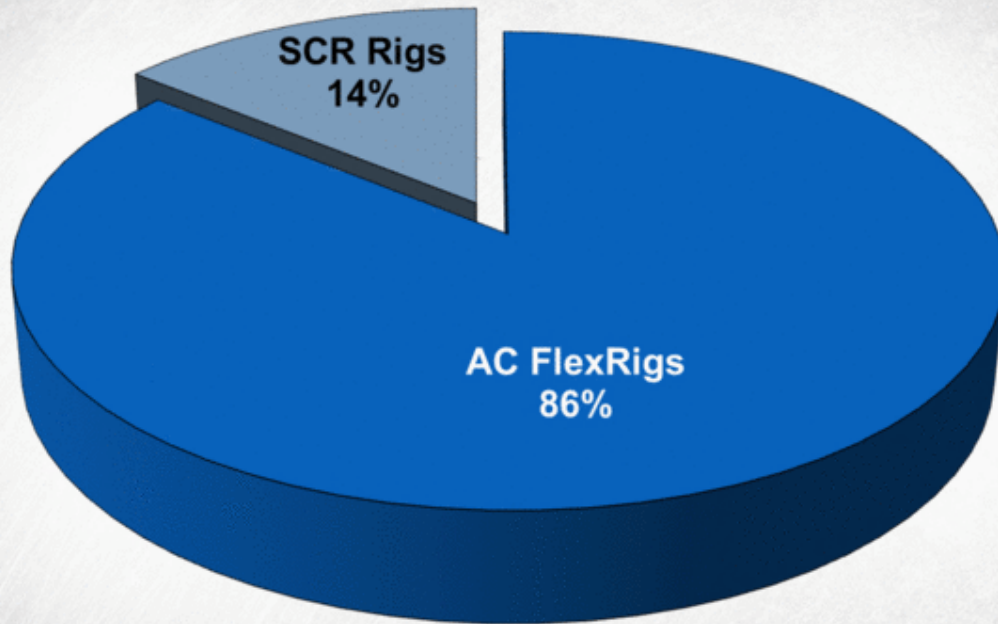


Note: The above estimates corresponding to the available rig fleet in the U.S. are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





H&P U.S. Land Fleet by Power Type*



* Includes New Build Commitments.





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





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**





Performance is Not Only About Better Rigs

It's also about:

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





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 2011 (Spot Market) |
|---|--|--|---|
| 1. Drilling days | 20 | 11 | 9 |
| Completion days | 3 | 3 | 3 |
| Moving days | 7 | 5 | 3.5 |
| <i>Total rig revenue days per well</i> | <i>30</i> | <i>19</i> | <i>15.5</i> |
| 2. Drilling contractor dayrate | \$17,500 | \$23,000 | \$26,000 |
| Operator's other intangible cost per day estimate | \$25,000 | \$25,000 | \$25,000 |
| Total daily cost estimate | \$42,500 | \$48,000 | \$51,000 |
| <i>Total cost per well (daily services)</i> | <i>\$1,275,000</i> | <i>\$912,000</i> | <i>\$790,500</i> |
| 3. Total well savings with H&P – per well | \$484,500 | \$121,500 | |
| per year | \$11.4MM | \$2.9MM | |

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

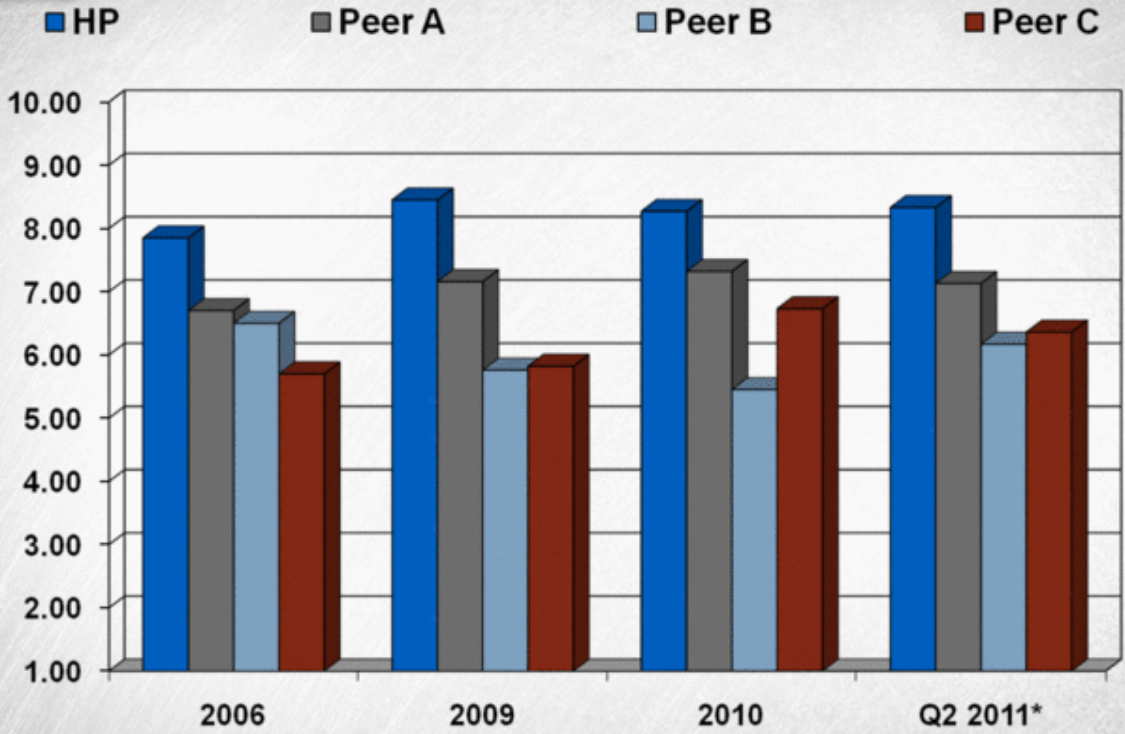
Increased wells per rig per year versus peer fit-for-purpose: 4 wells





Customer Satisfaction Index

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



Source: EnergyPoint Research, Inc.

* Trailing four quarters average





End of Document

