

# HELMERICH & PAYNE, INC.

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

Filed 06/17/13 for the Period Ending 06/17/13

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 EARLIEST EVENT REPORTED: **June 17, 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)

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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. (the “Company”) will discuss information to be distributed in investor meetings 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 in investor meetings.

**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: June 17, 2013

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
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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.



## The U.S. Land Drilling Market Today

- Our operational outlook for the third fiscal quarter remains unchanged.
- Oil price resiliency will probably accommodate gradual growth in activity as we move through 2013.
- Customers are deliberate with their budget dollars and increasingly discriminating with the service providers they engage.
- Customers continue to shift into a developmental phase of their drilling projects where consistency, performance, safety and additional efficiency capture all become important differentiators.





## H&P Activity as of June 14, 2013

	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
<b>U.S. Land</b>	<b>302</b>	<b>246</b>	<b>81%</b>
AC Drive FlexRigs	267	246	92%
SCR Fleet	35	0	0%
<b>Offshore</b>	<b>9</b>	<b>8</b>	<b>89%</b>
<b>International Land</b>	<b><u>29</u></b>	<b><u>24</u></b>	<b><u>83%</u></b>
<b>Total</b>	<b>340</b>	<b>278</b>	<b>82%</b>
<b>FlexRig Construction <sup>(1)</sup></b>	<b>1</b>		
<b>Other AC Construction <sup>(2)</sup></b>	<b>1</b>		
<b>Total Fleet</b>	<b>342</b>		

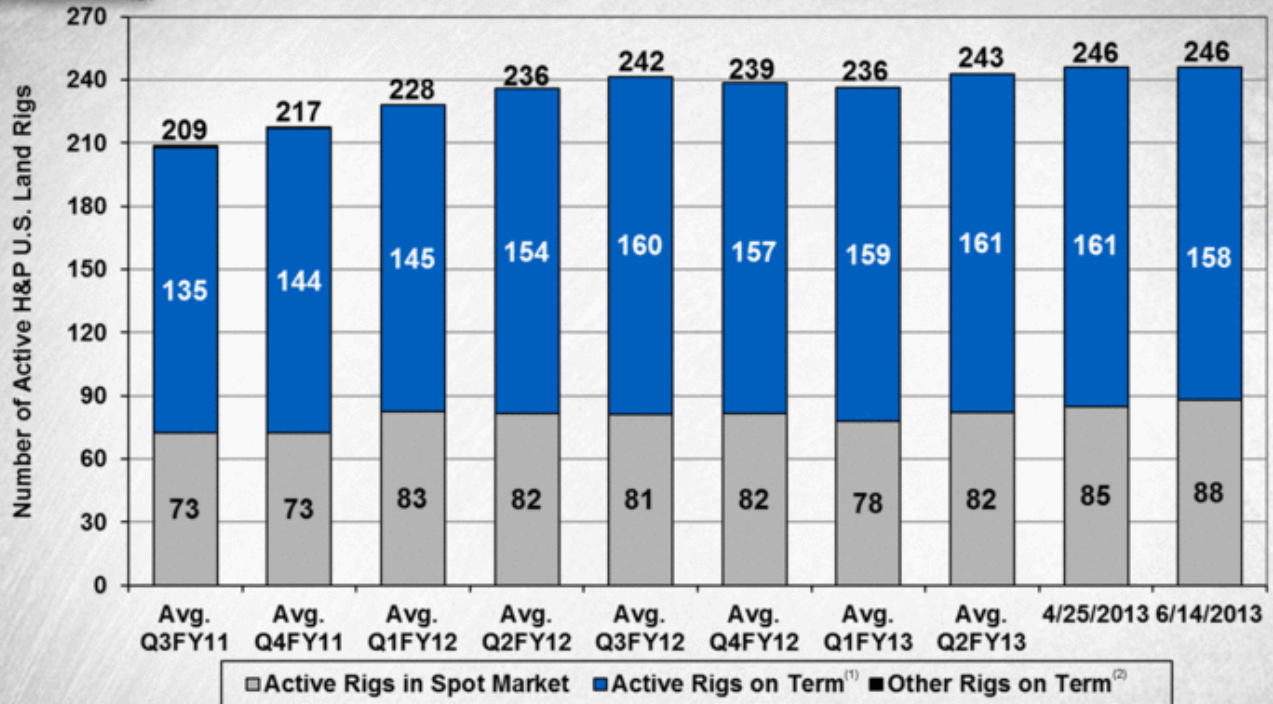
(1) Includes announced new build commitment under term contract.

(2) Includes an announced 3,000 horsepower AC new build under term contract for a customer in Colombia with delivery expected in Spring 2014.





# 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.

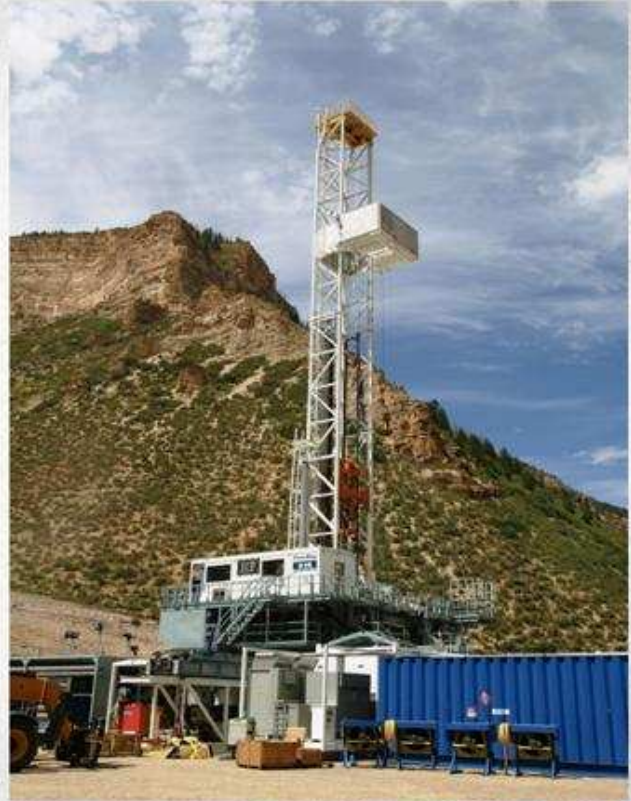






## H&P's Pad Capable Fleet

- As of 6/14/13, H&P had a total of 113 pad capable FlexRigs, all of which are AC drive rigs.
- In addition, we continue to add new pad capable FlexRigs and have customer interest in additional pad drilling system upgrades for existing FlexRigs.
- We have drilled over 5,000 wells on approximately 1,000 pads since 2005.





## H&P's New Build Program Continues



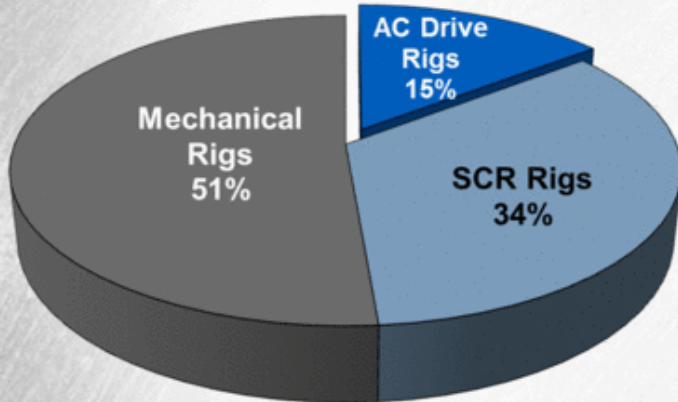
- We believe that the rig replacement cycle will continue for several years.
- H&P plans to continue a build cadence of two rigs per month through the rest of the calendar year, increasing our fiscal 2013 capex estimate to \$890 million.
- We have the flexibility to build required capital spares or convert those into new FlexRigs.



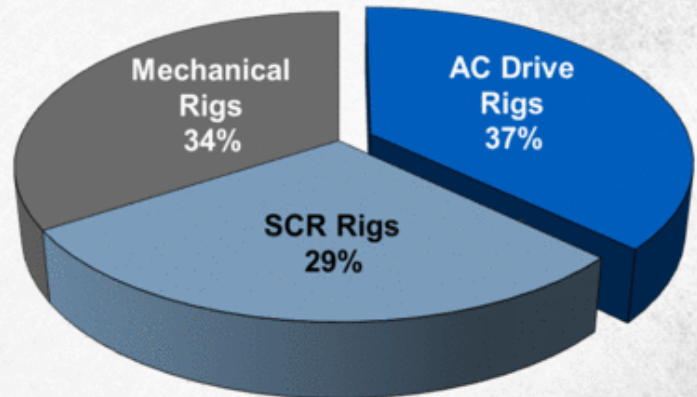


# The Replacement Cycle Continues

**As of October 2008 (Peak)**  
**(~1,900 Active Rigs in the U.S.)**  
**By Power Type)**



**As of May 2013**  
**(~1,600 Active Rigs in the U.S.)**  
**By Power Type)**



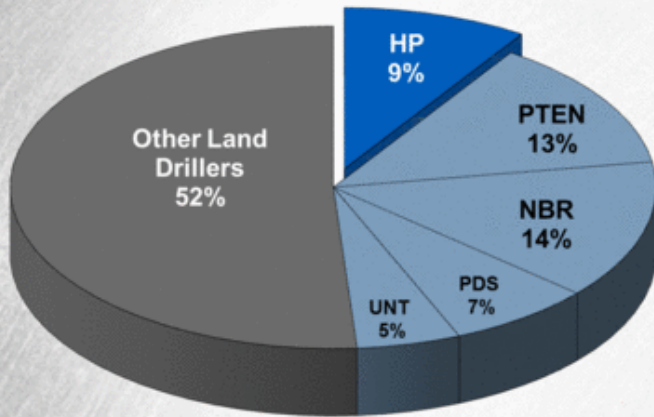
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately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



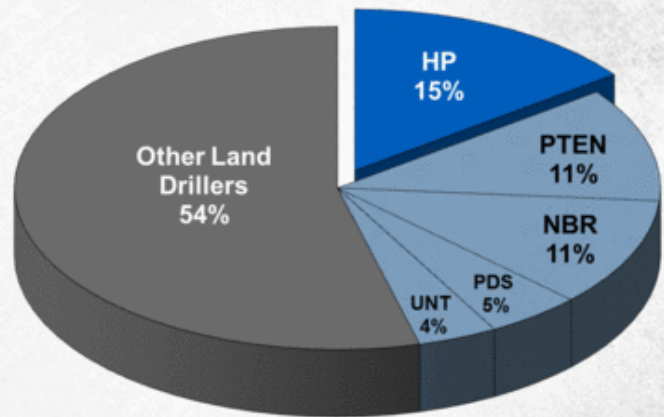


# H&P Continues to Capture Market Share

As of October 2008 (Peak)  
(~1,900 Active Rigs in the U.S.)



As of May 2013  
(~1,600 Active Rigs in the U.S.)



Note: The above estimates corresponding to market share are derived from Rig Data. PDS' market share includes both PDS and Grey Wolf rigs. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower.

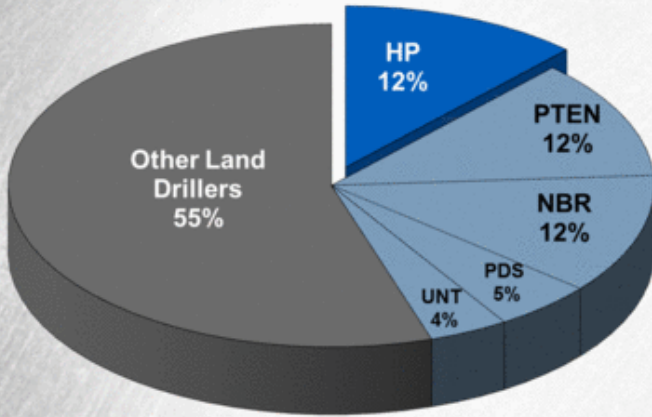




# H&P Continues to Capture Market Share

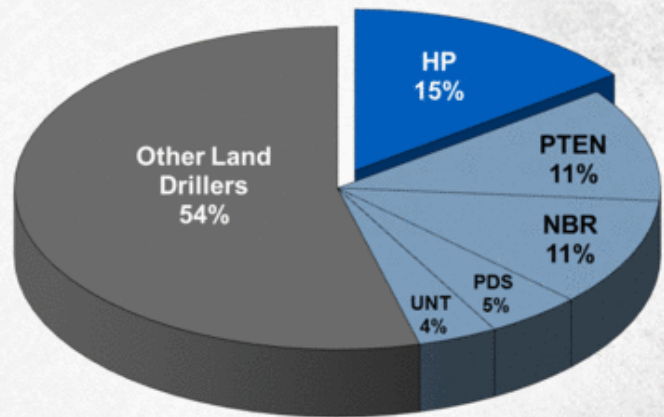
As of May 2012

(~1,850 Active Rigs in the U.S.)



As of May 2013

(~1,600 Active Rigs in the U.S.)



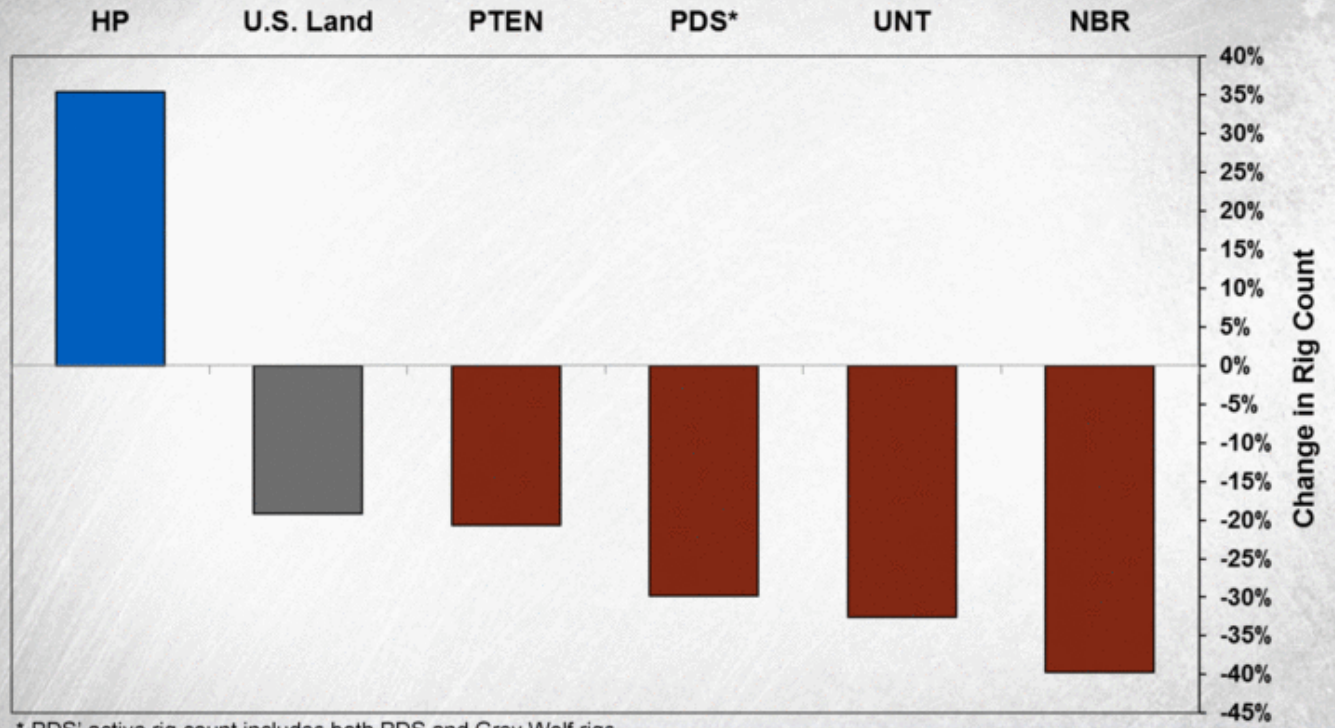
Note: The above estimates corresponding to market share are derived from Rig Data. PDS' market share includes both PDS and Grey Wolf rigs. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower.





# 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 April 19, 2013)

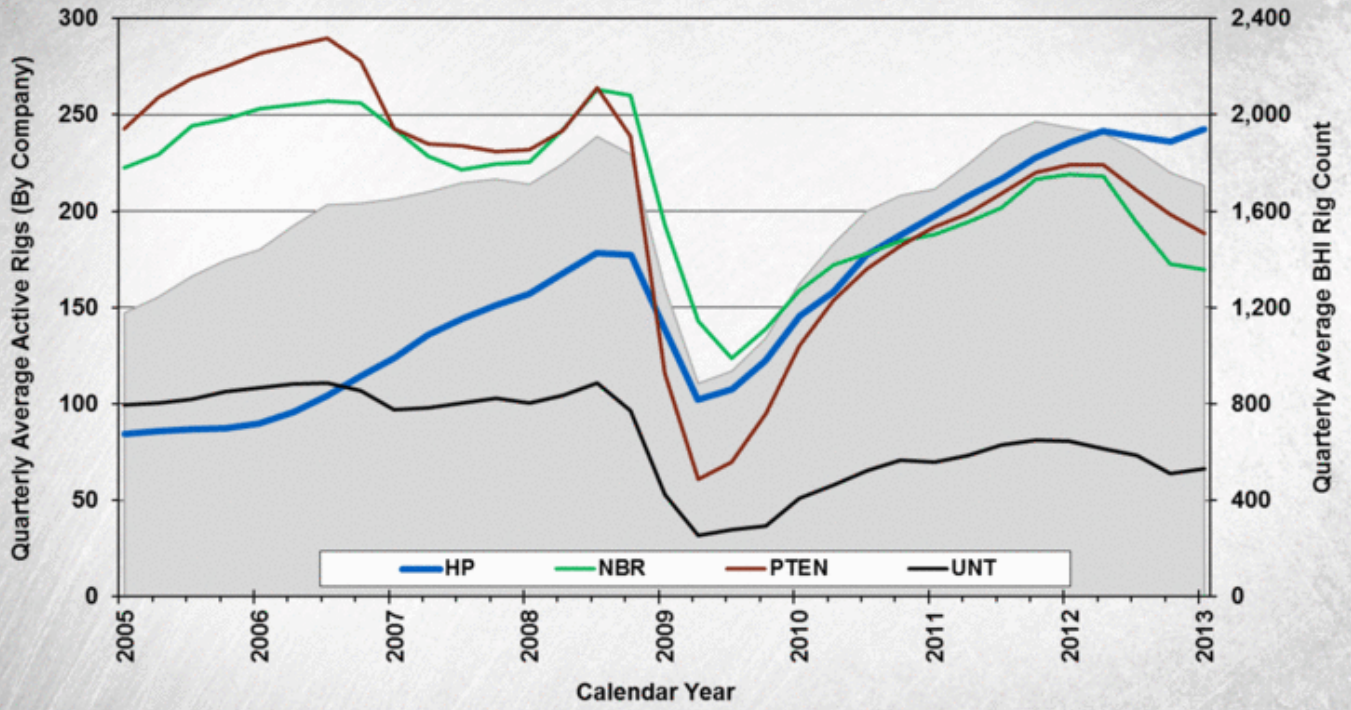


\* PDS' active rig count includes both PDS and Grey Wolf rigs.



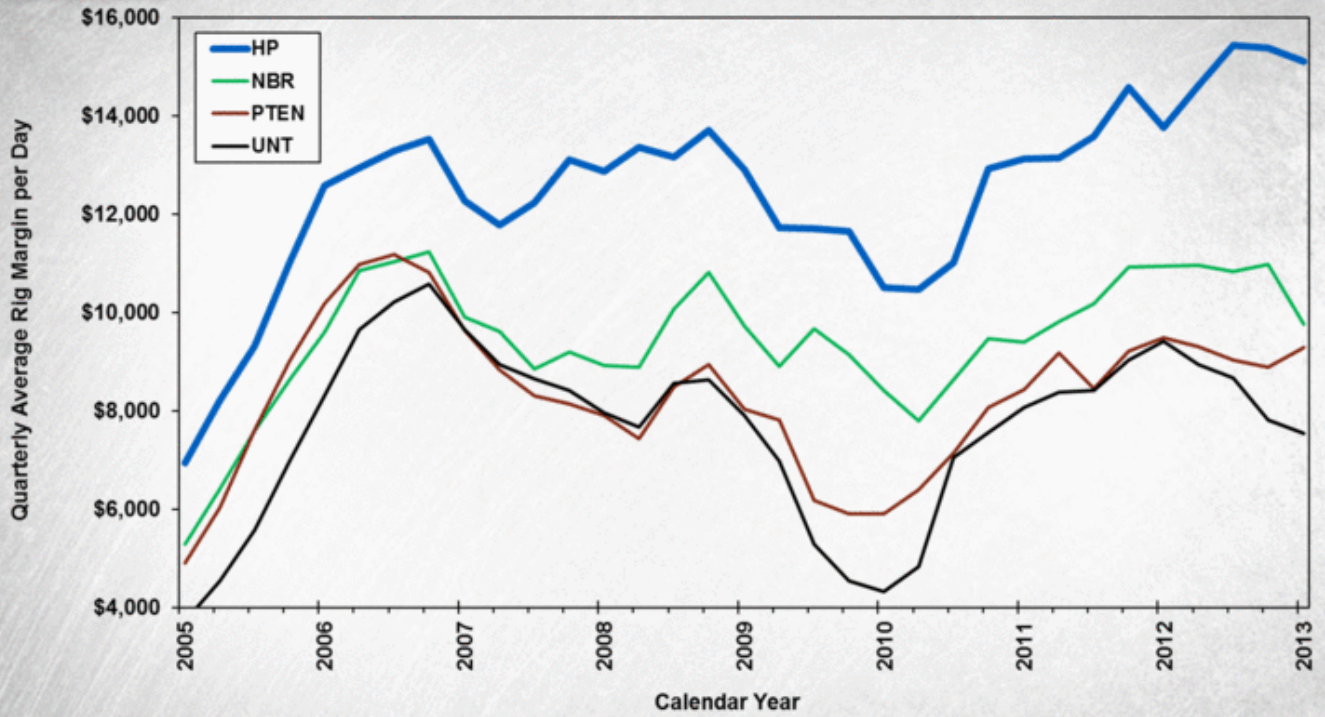


# U.S. Land Active Rig Count





# U.S. Land Average Daywork Margins<sup>(1)</sup>



(1) Does not include the impact of early contract termination revenue.

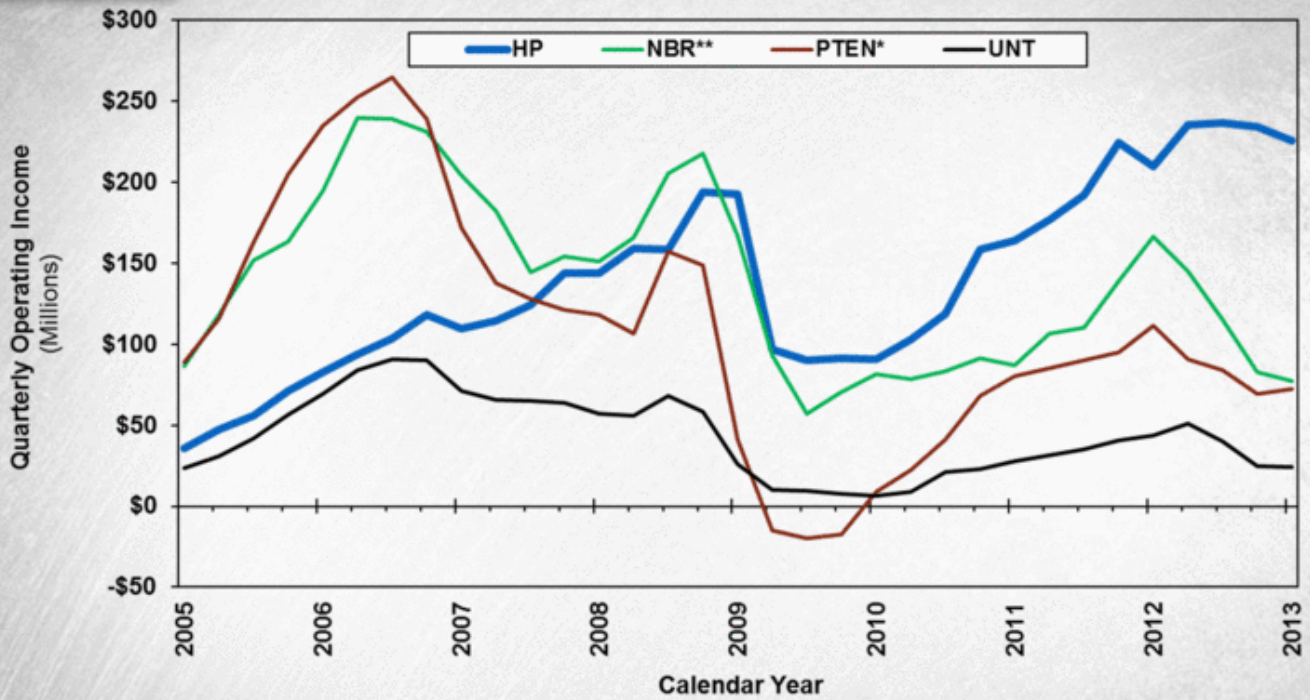






# Record Profits During Industry Slowdown

U.S. Land Drilling Operating Income



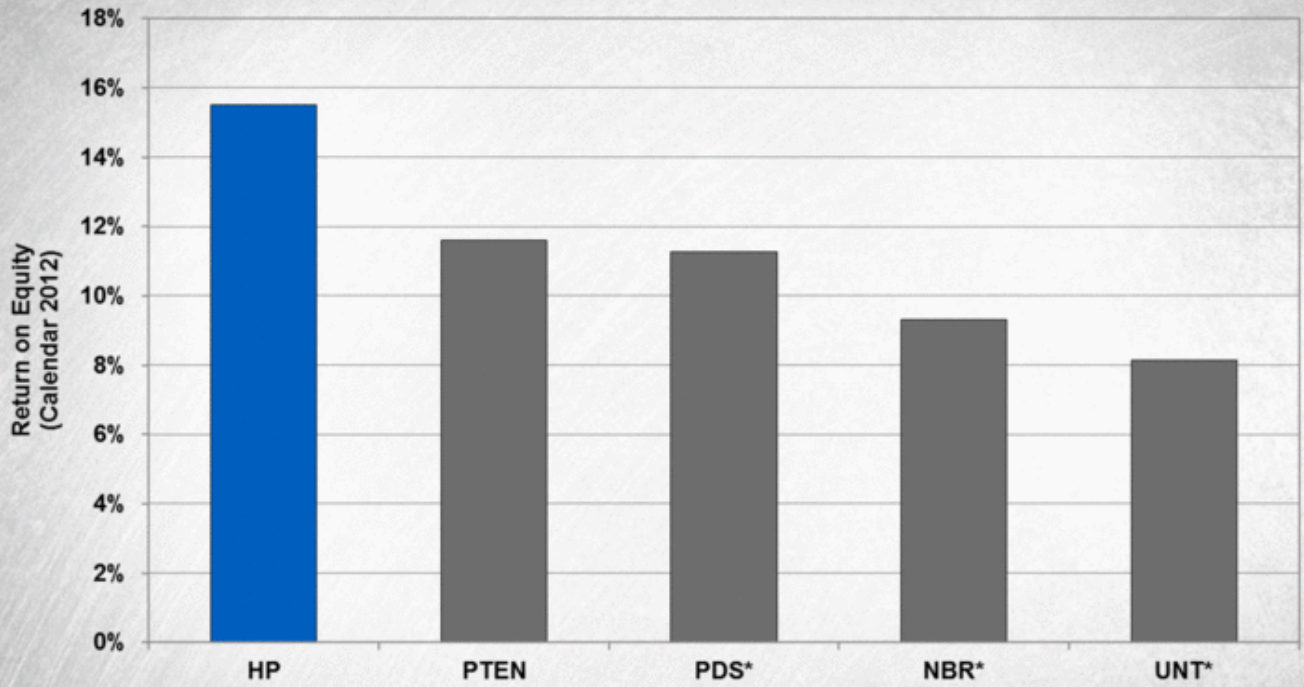
\* PTEN's operating income includes drilling operations in Canada.

\*\* NBR's operating income corresponds to its U.S. Drilling and Rig Services segment.





# Return on Equity

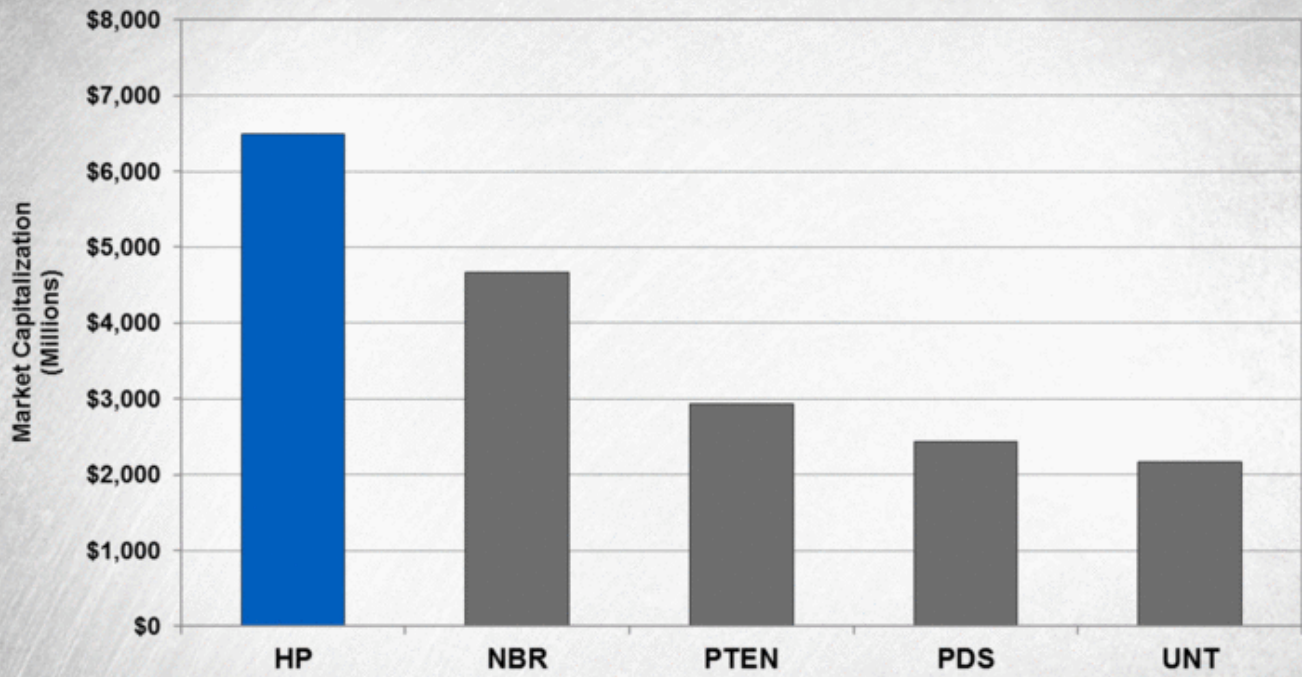


\* The corresponding ROE values for the selected companies exclude certain extraordinary, non-recurring charges.





# Land Drilling Market Valuations



Source: Thomson Financial as of June 13, 2013.





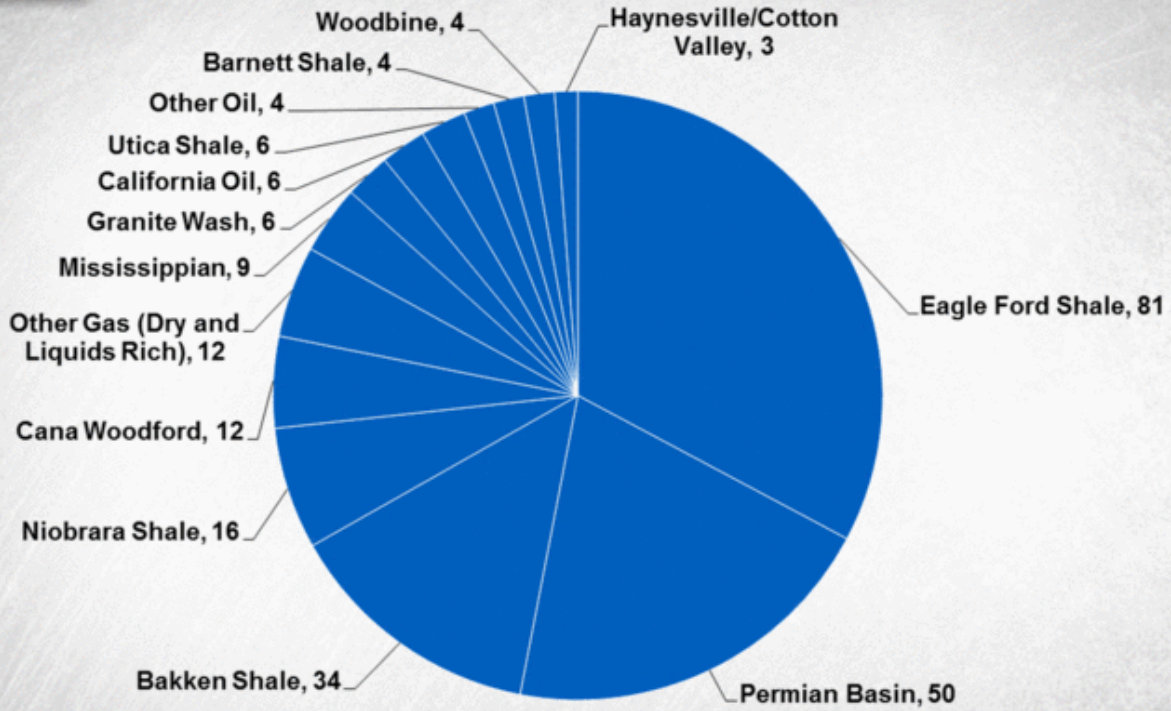
## Additional References





# Leading U.S. Unconventional Driller

(247 H&P Contracted Land Rigs as of 6/14/13\*)



\* Includes one announced new FlexRig with a customer commitment.





# H&P Global Fleet Under Term Contract

## Number of Rigs Already Under Long-Term Contracts

(Estimated Quarterly Average, Including Announced New Builds - as of 6/14/13)

Segment	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15
U.S. Land	159.6	149.4	135.8	115.7	102.9	90.5	80.0
International Land	16.2	16.1	14.6	12.0	11.0	11.0	9.3
Offshore	2.0	2.0	2.0	2.0	1.5	0.9	0.0
<b>Total</b>	<b>177.8</b>	<b>167.5</b>	<b>152.4</b>	<b>129.7</b>	<b>115.4</b>	<b>102.4</b>	<b>89.3</b>





# H&P's International Land Operations

## Rig Fleet Status (as of June 14, 2013)

	Active	Idle	Total	Long-term Contracts
Argentina	6	3	9	6
Bahrain	3		3	3
Colombia	6	1	7	3
Ecuador	5	1	6	
Tunisia	2		2	1
U.A.E.	2		2	2
<b>Total</b>	<b>24</b>	<b>5</b>	<b>29</b>	<b>15<sup>(1)</sup></b>

(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

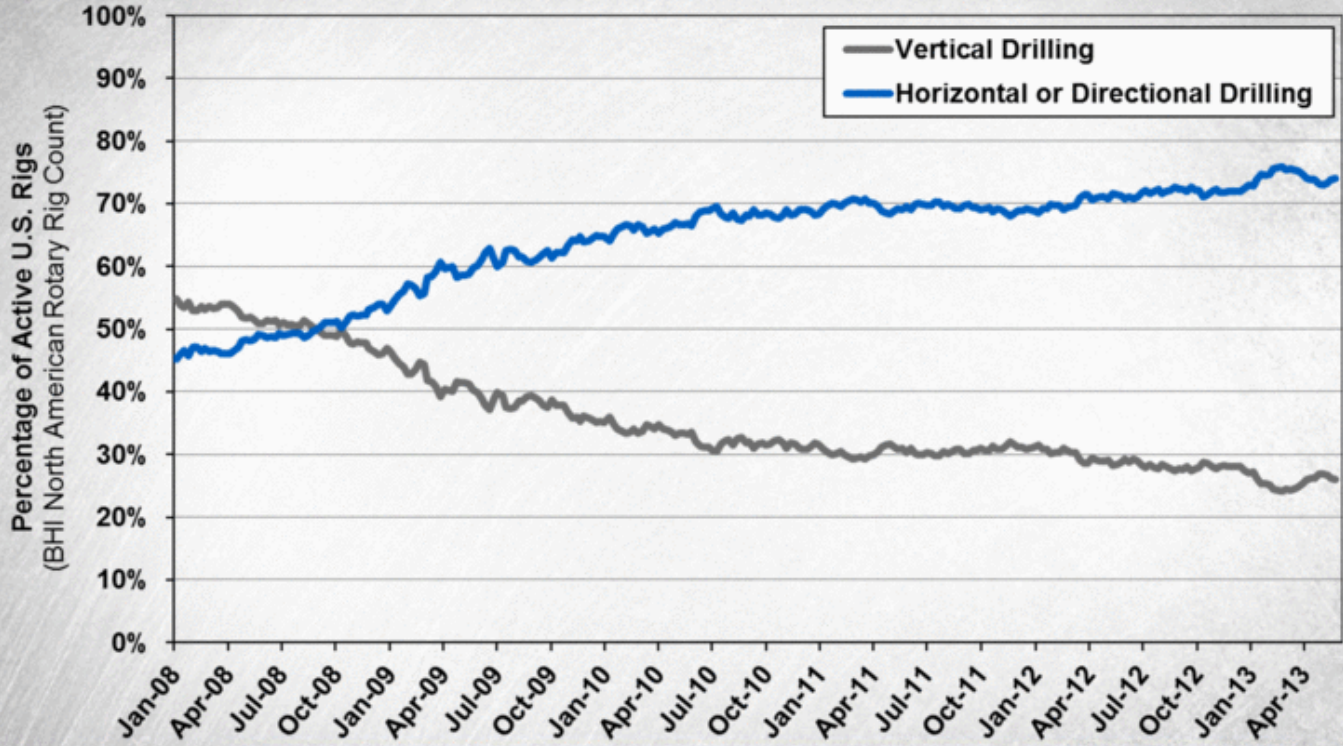






# Increasing Focus on More Difficult Drilling

## U.S. Rig Activity by Drilling Type





## 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





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