

HELMERICH & PAYNE, INC.

FORM 10-K/A (Amended Annual Report)

Filed 12/10/13 for the Period Ending 09/30/13

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
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Sector	Energy
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4221

HELMERICH & PAYNE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

73-0679879

(I.R.S. Employer Identification No.)

1437 S. Boulder Ave., Suite 1400, Tulsa, Oklahoma

(Address of Principal Executive Offices)

74119-3623

(Zip Code)

(918) 742-5531

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock (\$0.10 par value)	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At March 28, 2013, the aggregate market value of the voting stock held by non-affiliates was \$6,260,548,651.

Number of shares of common stock outstanding at November 15, 2013: 107,142,985.

DOCUMENTS INCORPORATED BY REFERENCE

No documents are incorporated in this Form 10-K/A (Amendment No. 1).

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this “Form 10-K/A”) to the Annual Report on Form 10-K of the Helmerich & Payne, Inc. (“Company”) for fiscal 2013, filed with the Securities and Exchange Commission (the “SEC”) on November 27, 2013 (the “Original 10-K”) is being filed solely to correct the stated percentage of backlog revenue at September 30, 2013 that is not reasonably expected to be filled in fiscal 2014 (see “Backlog” in Part I — Item 1. Business).

Except as described above, this Form 10-K/A does not modify or update disclosure in, or exhibits to, the Original 10-K. Furthermore, this Form 10-K/A does not change any previously reported financial results, nor does it reflect events occurring after the date of the Original 10-K. Information not affected by this Form 10-K/A remains unchanged and reflects the disclosures made at the time the Original 10-K was filed.

PART I

Item 1. BUSINESS

Helmerich & Payne, Inc. (hereafter referred to as the “Company”, “we”, “us” or “our”), was incorporated under the laws of the State of Delaware on February 3, 1940, and is successor to a business originally organized in 1920. We are primarily engaged in contract drilling of oil and gas wells for others and this business accounts for almost all of our operating revenues.

Our contract drilling business is composed of three reportable business segments: U.S. Land, Offshore and International Land. During fiscal 2013, our U.S. Land operations drilled primarily in Oklahoma, California, Texas, Wyoming, Colorado, Louisiana, Pennsylvania, Ohio, Utah, Arkansas, New Mexico, Montana, North Dakota, West Virginia and Nevada. Offshore operations were conducted in the Gulf of Mexico, and offshore of California and Equatorial Guinea. Our International Land segment operated in six international locations during fiscal 2013: Ecuador, Colombia, Argentina, Tunisia, Bahrain and United Arab Emirates (“UAE”).

We are also engaged in the ownership, development and operation of commercial real estate and the research and development of rotary steerable technology. Each of the businesses operates independently of the others through wholly-owned subsidiaries. This operating decentralization is balanced by centralized finance and legal organizations.

Our real estate investments located exclusively within Tulsa, Oklahoma, include a shopping center containing approximately 441,000 leasable square feet, multi-tenant industrial warehouse properties containing approximately one million leasable square feet and approximately 210 acres of undeveloped real estate.

Our subsidiary, TerraVici Drilling Solutions, Inc. (“TerraVici”), is developing patented rotary steerable technology to enhance horizontal and directional drilling operations. We acquired TerraVici to primarily complement our existing drilling rig technology as well as to potentially offer directional drilling services to third parties. By combining this new technology with our existing capabilities, we expect to improve drilling productivity and reduce total well cost to the customer.

On June 30, 2010, the Venezuelan government seized 11 rigs owned by our Venezuelan subsidiary and associated real and personal property. We have sued the Bolivarian Republic of Venezuela and related governmental entities for damages sustained as a result of the seizure of our Venezuelan drilling business. (For further information, see Item 3 — “Legal Proceedings”). Our financial statements have been prepared with the net assets, results of operations, and cash flows of the Venezuelan operations presented as discontinued operations. The operations from our Venezuelan subsidiary were previously an operating segment within our International Land segment.

CONTRACT DRILLING

General

We believe that we are one of the major land and offshore platform drilling contractors in the western hemisphere. Operating principally in North and South America, we specialize in shallow to deep drilling in oil and gas producing basins of the United States and in drilling for oil and gas in international locations. In the United States, we draw our customers primarily from the major oil companies and the larger independent oil companies. In South America, our current customers include major international oil companies.

In fiscal 2013, we received approximately 61 percent of our consolidated operating revenues from our ten largest contract drilling customers. BHP Billiton, Devon Energy Production Co. LP and Occidental Oil and Gas Corporation (respectively, “BHP”, “Devon” and “Oxy”), including their affiliates, are our three largest contract drilling customers. We perform drilling services for BHP and Devon in U.S. land operations and Oxy on a world-wide basis. Revenues from drilling services performed for BHP, Devon and Oxy in fiscal 2013 accounted for approximately 11 percent, 10 percent and 10 percent, respectively, of our consolidated operating revenues for the same period.

Rigs, Equipment and Facilities

We provide drilling rigs, equipment, personnel and camps on a contract basis. These services are provided so that our customers may explore for and develop oil and gas from onshore areas and from fixed platforms, tension-leg platforms and spars in offshore areas. Each of the drilling rigs consists of engines, drawworks, a mast, pumps, blowout preventers, a drill string and related equipment. The intended well depth and the drilling site conditions are the principal factors that determine the size and type of rig most suitable for a particular drilling job. A land drilling rig may be moved from location to location without modification to the rig. A platform rig is specifically designed to perform drilling operations upon a particular platform. While a platform rig may be moved from its original platform, significant expense is incurred to modify a platform rig for operation on each subsequent platform. In addition to traditional platform rigs, we operate self-moving platform drilling rigs and drilling rigs to be used on tension-leg platforms and spars. The self-moving rig is designed to be moved without the use of expensive derrick barges. The tension-leg platforms and spars allow drilling operations to be conducted in much deeper water than traditional fixed platforms.

Mechanical rigs rely on belts, pulleys and other mechanical devices to control drilling speed and other rig processes. As such, mechanical rigs are not highly efficient or precise in their operation. In contrast to mechanical rigs, SCR rigs rely on direct current for power. This enables motor speed to be controlled by changing electrical voltage. Compared to mechanical rigs, SCR rigs operate with greater efficiency, more power and better control. AC rigs provide for even greater efficiency and flexibility than what can be achieved with mechanical or SCR rigs. AC rigs use a variable frequency drive that allows motor speed to be manipulated via changes to electrical frequency. The variable frequency drive permits greater control of motor speed for more precision. Among other attributes, AC rigs are electrically more efficient, produce more torque, utilize regenerative braking, have digital controls and AC motors require less maintenance.

During the mid-1990’s, we undertook an initiative to use our land and offshore platform drilling experience to develop a new generation of drilling rigs that would be safer, faster-moving and more capable than mechanical rigs. In 1998, we put to work a new generation of highly mobile/depth flexible land drilling rigs (individually the “FlexRig®”). Since the introduction of our FlexRigs, we have focused on designing and building high-performance, high-efficiency rigs to be used exclusively in our contract drilling business. We

believed that over time FlexRigs would displace older less capable rigs. With the advent of unconventional shale plays, our AC drive FlexRigs have proven to be particularly well suited for more complex horizontal drilling requirements. The FlexRig has been able to significantly reduce average rig move and drilling times compared to similar depth-rated traditional land rigs. In addition, the FlexRig allows greater depth flexibility and provides greater operating efficiency. The original rigs were designated as FlexRig1 and FlexRig2 rigs and were designed to drill wells with a depth of between 8,000 and 18,000 feet. In 2001, we announced that we would build the next generation of FlexRigs, known as "FlexRig3", which incorporated new drilling technology and new environmental and safety design. This new design included integrated top drive, AC electric drive, hydraulic BOP handling system, hydraulic tubular make-up and break-out system, split crown and traveling blocks and an enlarged drill floor that enables simultaneous crew activities. FlexRig3s were designed to target well depths of between 8,000 and 22,000 feet.

In 2006, we placed into service our first FlexRig4. While FlexRig4s are similar to our FlexRig3s, the FlexRig4s are designed to efficiently drill more shallow depth wells of between 4,000 and 18,000 feet. The FlexRig4 design includes a trailerized version and a skidding version, which incorporate additional environmental and safety design. This design permits the installation of a pipe handling system which allows the rig to be more efficiently operated and eliminates the need for a casing stabber in the mast. While the FlexRig4 trailerized version provides for more efficient well site to well site rig moves, the skidding version allows for drilling of up to 22 wells from a single pad which results in reduced environmental impact. In 2011, we announced the introduction of the FlexRig5 design. The FlexRig5 is suited for long lateral drilling of multiple wells from a single location, which is well suited for unconventional shale reservoirs. The new design preserves the key performance features of FlexRig3 combined with a bi-directional pad drilling system and equipment capacities suitable for wells in excess of 25,000 feet of measured depth.

Industry trends toward more complex drilling have accelerated the retirement of less capable mechanical rigs. Over the past few years our mechanical rigs have been sold as we added new AC drive rigs to our fleet. The retirement of our remaining seven mechanical rigs in fiscal 2011 marked the end of a multi-year evolution in the high-grading of our fleet from mechanical rigs to high-efficiency, high-performance rigs.

Since 1998, we have built and delivered 300 FlexRigs, including 178 FlexRig3s, 88 FlexRig4s, and 17 FlexRig5s. Of the total FlexRigs built through September 30, 2013, 149 have been built in the last five years. As of November 15, 2013, an additional nine new FlexRigs remained under construction.

The effective use of technology is important to the maintenance of our competitive position within the drilling industry. We expect to continue to refine our existing technology and develop new technology in the future.

We assemble new FlexRigs at our gulf coast facility near Houston, Texas. We also have a 123,000 square foot fabrication facility located on approximately 11 acres near Tulsa, Oklahoma. Additionally, we lease a 150,000 square foot industrial facility near Tulsa, Oklahoma, for the purpose of overhauling/repairing rig equipment and associated component parts.

Drilling Contracts

Our drilling contracts are obtained through competitive bidding or as a result of negotiations with customers, and often cover multi-well and multi-year projects. Each drilling rig operates under a separate drilling contract. During fiscal 2013, all drilling services were performed on a "daywork" contract basis, under which

we charge a fixed rate per day, with the price determined by the location, depth and complexity of the well to be drilled, operating conditions, the duration of the contract, and the competitive forces of the market. We have previously performed contracts on a combination “footage” and “daywork” basis, under which we charged a fixed rate per foot of hole drilled to a stated depth, usually no deeper than 15,000 feet, and a fixed rate per day for the remainder of the hole. Contracts performed on a “footage” basis involve a greater element of risk to the contractor than do contracts performed on a “daywork” basis. Also, we have previously accepted “turnkey” contracts under which we charge a fixed sum to deliver a hole to a stated depth and agree to furnish services such as testing, coring and casing the hole which are not normally done on a “footage” basis. “Turnkey” contracts entail varying degrees of risk greater than the usual “footage” contract. We have not accepted any “footage” or “turnkey” contracts in over fifteen years. We believe that under current market conditions, “footage” and “turnkey” contract rates do not adequately compensate us for the added risks. The duration of our drilling contracts are “well-to-well” or for a fixed term. “Well-to-well” contracts are cancelable at the option of either party upon the completion of drilling at any one site. Fixed-term contracts generally have a minimum term of at least six months but customarily provide for termination at the election of the customer, with an “early termination payment” to be paid to us if a contract is terminated prior to the expiration of the fixed term. However, under certain limited circumstances such as destruction of a drilling rig, our bankruptcy, sustained unacceptable performance by us or delivery of a rig beyond certain grace and/or liquidated damage periods, no early termination payment would be paid to us.

Contracts generally contain renewal or extension provisions exercisable at the option of the customer at prices mutually agreeable to us and the customer. In most instances contracts provide for additional payments for mobilization and demobilization.

As of September 30, 2013, we had 176 rigs under fixed-term contracts. While the original duration for these current fixed-term contracts are for six-month to seven-year periods, some fixed-term and well-to-well contracts are expected to be extended for longer periods than the original terms. However, the contracting parties have no legal obligation to extend these contracts.

Backlog

Our contract drilling backlog, being the expected future revenue from executed contracts with original terms in excess of one year, as of September 30, 2013 and 2012 was \$2.9 billion and \$3.6 billion, respectively. The decrease in backlog at September 30, 2013 from September 30, 2012, is primarily due to expiration of long-term contracts. Approximately 49.3 percent of the total September 30, 2013 backlog is not reasonably expected to be filled in fiscal 2014. A portion of the backlog represents term contracts for new rigs that will be constructed in the future.

The following table sets forth the total backlog by reportable segment as of September 30, 2013 and 2012, and the percentage of the September 30, 2013 backlog not reasonably expected to be filled in fiscal 2014:

Reportable Segment	Total Backlog Revenue		Percentage Not Reasonably Expected to be Filled in Fiscal 2014
	9/30/2013	9/30/2012	
	(in billions)		
U.S. Land	\$ 2.4	\$ 3.0	49.3%
Offshore	0.1	0.1	55.6%
International	0.4	0.5	46.9%
	<u>\$ 2.9</u>	<u>\$ 3.6</u>	

We obtain certain key rig components from a single or limited number of vendors or fabricators. Certain of these vendors or fabricators are thinly capitalized independent companies located on the Texas gulf coast. Therefore, disruptions in rig component deliveries may occur. Accordingly, the actual amount of revenue earned may vary from the backlog reported. For further information, see Item 1A — “Risk Factors”.

U.S. Land Drilling

At the end of September 2013, 2012, and 2011, we had 302, 282 and 248, respectively, of our land rigs available for work in the United States. The total number of rigs at the end of fiscal 2013 increased by a net of 20 rigs from the end of fiscal 2012. The increase is due to 20 new FlexRigs being completed and placed into service, two new FlexRigs being completed and ready for delivery and two older conventional rigs being removed from service. Our U.S. Land operations contributed approximately 82 percent (\$2.8 billion) of our consolidated operating revenues during fiscal 2013, compared with approximately 85 percent (\$2.7 billion) of consolidated operating revenues during fiscal 2012 and approximately 83 percent (\$2.1 billion) of consolidated operating revenues during fiscal 2011. Rig utilization was approximately 82 percent in fiscal 2013, approximately 89 percent in fiscal 2012 and approximately 86 percent in fiscal 2011. Our fleet of FlexRigs had an average utilization of approximately 87 percent during fiscal 2013, while our conventional rigs had an average utilization of approximately 2 percent. A rig is considered to be utilized when it is operated or being mobilized or demobilized under contract. At the close of fiscal 2013, 246 out of an available 302 land rigs were working.

Offshore Drilling

Our Offshore operations contributed approximately 7 percent in fiscal year 2013 (\$221.9 million) of our consolidated operating revenues compared to approximately 6 percent (\$189.1 million) of consolidated operating revenues during fiscal 2012 and 8 percent (\$201.4 million) of consolidated operating revenues during fiscal 2011. Rig utilization in fiscal 2013 was approximately 89 percent compared to approximately 79 percent in fiscal 2012 and approximately 77 percent in fiscal 2011. At the end of fiscal 2013, we had eight of our nine offshore platform rigs under contract and continued to work under management contracts for two customer-owned rigs. Revenues from drilling services performed for our largest offshore drilling customer totaled approximately 54 percent of offshore revenues during fiscal 2013.

International Land Drilling

General

Our International Land operations contributed approximately 11 percent (\$366.8 million) of our consolidated operating revenues during fiscal 2013, compared with approximately 9 percent (\$270.0 million) of consolidated operating revenues during fiscal 2012 and 9 percent (\$226.8 million) in fiscal 2011. Rig utilization in fiscal 2013 was 82 percent, 77 percent in fiscal 2012 and 70 percent in fiscal 2011.

Argentina

At the end of fiscal 2013, we had nine rigs in Argentina. Our utilization rate was approximately 62 percent during fiscal 2013, approximately 52 percent during fiscal 2012 and approximately 49 percent during

fiscal 2011. Revenues generated by Argentine drilling operations contributed approximately 2 percent in the three fiscal years 2013, 2012 and 2011 of our consolidated operating revenues (\$73.2 million, \$54.3 million and \$44.2 million, respectively). Revenues from drilling services performed for our two largest customers in Argentina totaled approximately 2 percent of consolidated operating revenues and approximately 16 percent of international operating revenues during fiscal 2013. The Argentine drilling contracts are primarily with large international or national oil companies.

Colombia

At the end of fiscal 2013, we had seven rigs in Colombia. Our utilization rate was approximately 82 percent during fiscal 2013, approximately 79 percent during fiscal 2012 and approximately 83 percent during fiscal 2011. Revenues generated by Colombian drilling operations contributed approximately 3 percent in the three fiscal years 2013, 2012 and 2011 of our consolidated operating revenues (\$100.1 million, \$82.2 million and \$74.5 million, respectively). Revenues from drilling services performed for our two largest customers in Colombia totaled approximately 2 percent of consolidated operating revenues and approximately 19 percent of international operating revenues during fiscal 2013. The Colombian drilling contracts are primarily with large international or national oil companies.

Ecuador

At the end of fiscal 2013, we had six rigs in Ecuador. The utilization rate in Ecuador was 95 percent in fiscal 2013, compared to 97 percent in fiscal 2012 and 85 percent in fiscal 2011. Revenues generated by Ecuadorian drilling operations contributed approximately two percent in the three fiscal years 2013, 2012 and 2011 of our consolidated operating revenues (\$67.9 million, \$56.4 million and \$42.6 million, respectively). Revenues from drilling services performed for the largest customer in Ecuador totaled approximately 1 percent of consolidated operating revenues and approximately 10 percent of international operating revenues during fiscal 2013. The Ecuadorian drilling contracts are primarily with large international or national oil companies.

Other Locations

In addition to our operations discussed above, at the end of fiscal 2013 we had two rigs in Tunisia, three rigs in Bahrain and two rigs in the UAE.

FINANCIAL

Information relating to revenues, total assets and operating income by reportable operating segments may be found on, and is incorporated by reference to, Note 14 — “Segment Information” included in Item 8 — “Financial Statements and Supplementary Data” of this Form 10-K.

EMPLOYEES

We had 8,715 employees within the United States (15 of which were part-time employees) and 1,618 employees in international operations as of September 30, 2013.

AVAILABLE INFORMATION

Our website is located at www.hpinc.com. Annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, earnings releases, and financial

statements are made available free of charge on the investor relations section of our website as soon as reasonably practicable after we electronically file such materials with, or furnish it to, the SEC. The information contained on our website, or available by hyperlink from our website, is not incorporated into this Form 10-K or other documents we file with, or furnish to, the SEC. Annual reports, quarterly reports, current reports, amendments to those reports, earnings releases, financial statements and our various corporate governance documents are also available free of charge upon written request.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(3) The following documents are included as exhibits to this Form 10-K/A (Amendment No. 1):

<u>Exhibit No.</u>	<u>Description</u>
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

HELMERICH & PAYNE, INC.

By: /s/ Steven R. Mackey
Steven R. Mackey
Executive Vice President

Date: December 10, 2013

Exhibit Index

The following documents are included as exhibits to this Form 10-K/A (Amendment No. 1).

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31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

CERTIFICATION

I, Hans Helmerich, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of Helmerich & Payne, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: December 10, 2013

/s/ Hans Helmerich

Hans Helmerich
Chief Executive Officer

CERTIFICATION

I, Juan Pablo Tardio, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of Helmerich & Payne, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: December 10, 2013

/s/ Juan Pablo Tardio

Juan Pablo Tardio

Vice President and Chief Financial Officer
