

# HELMERICH & PAYNE, INC.

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

Filed 09/07/11 for the Period Ending 09/07/11

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

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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): **September 7, 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**

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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))
- 
-

**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: September 7, 2011

**EXHIBIT INDEX**

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**Helmerich & Payne, Inc.**  
Barclays Capital CEO Energy-Power Conference  
September 8, 2011

# 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

324 Drilling Rigs\*

~\$6 Billion Market Cap

~7,600 Employees

~10% Debt/Cap



\* Includes 38 new FlexRigs under construction with customer commitments and scheduled for completion during fiscal 2012.

HELMERICH & PAYNE, INC.



## Market Trends Favor H&P

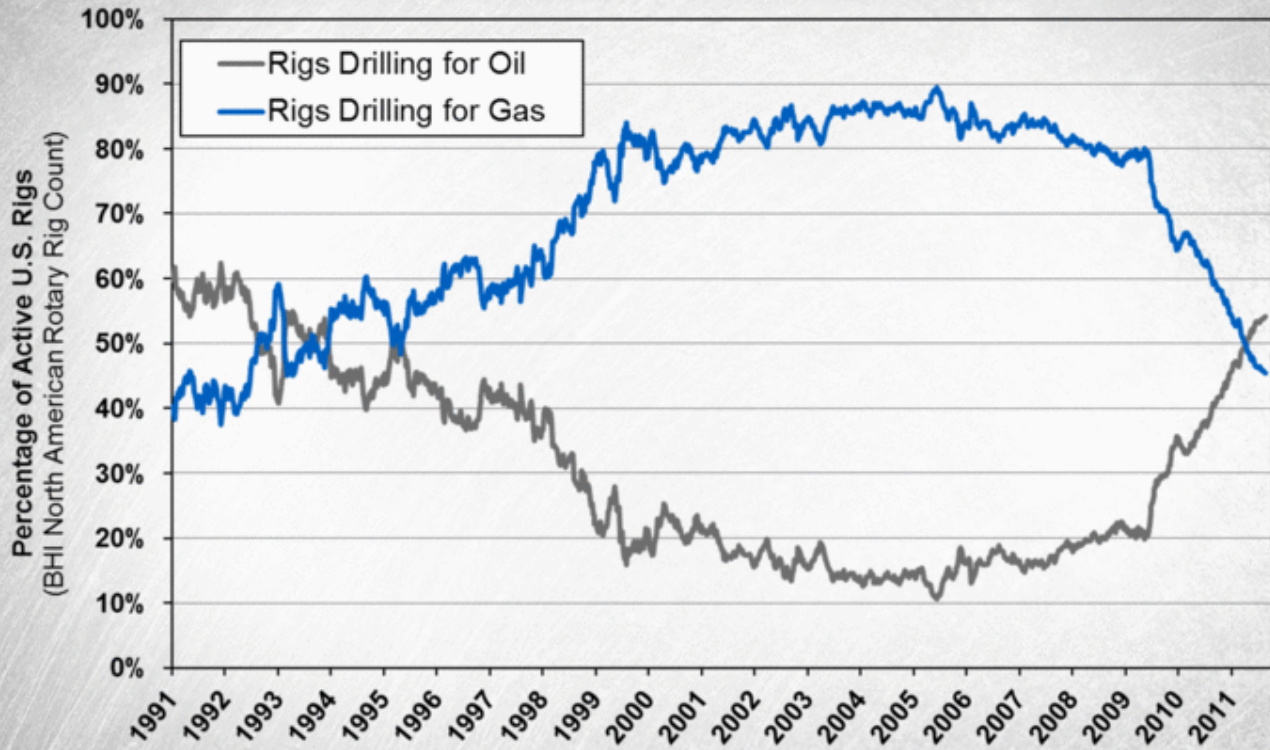
- Drilling today involves more complex well designs directed at oil and liquid rich plays.
- Customers continue to focus on efficiency and technology to achieve lower total well costs.
- Major customers are increasingly proactive in terms of safety and environmental protection.
- The U.S. new build replacement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





# Economics Shift Activity Towards Oil Drilling

## U.S. Rig Activity by Hydrocarbon Target

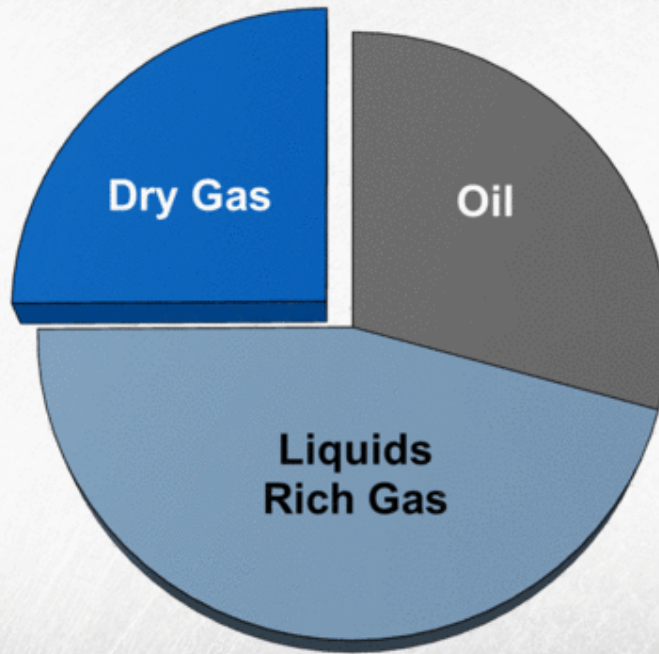






# H&P's Growing Exposure to Oil & Liquids

Estimated proportion of H&P's active U.S. Land rigs in markets primarily associated with oil, liquids rich gas, and dry gas.





## The New Build Replacement Cycle Continues

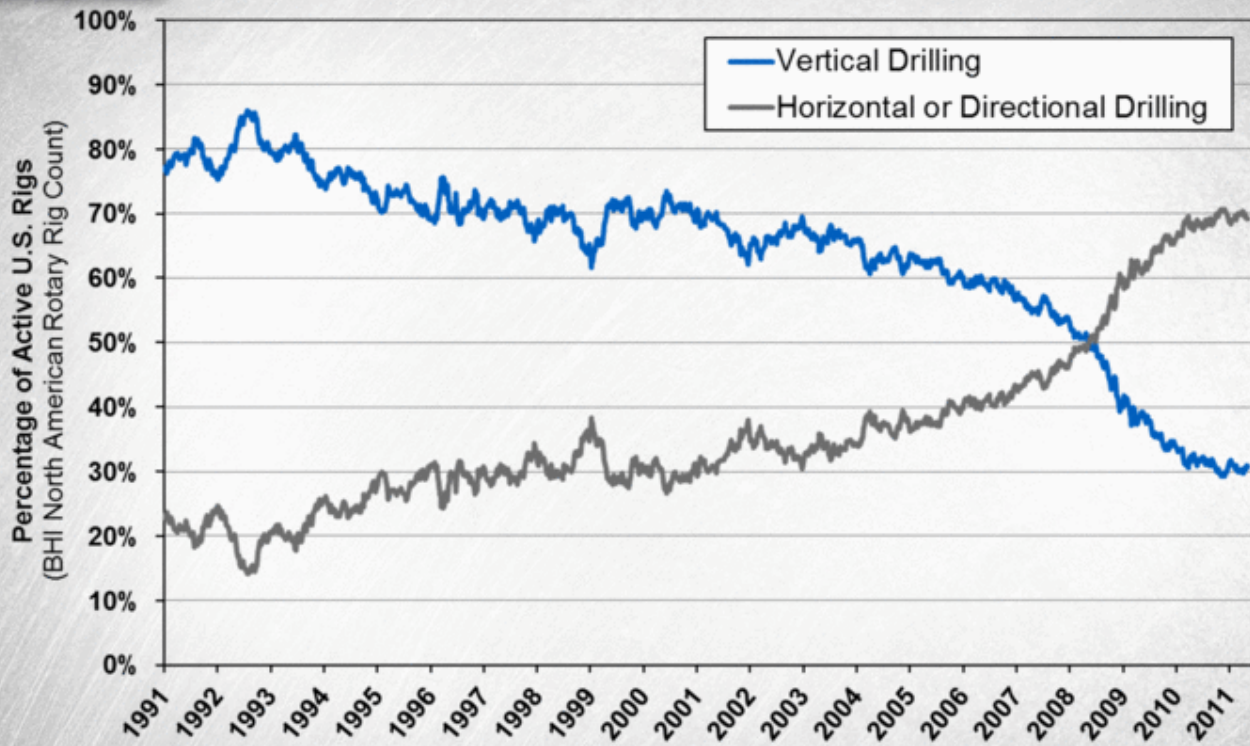
- Industry is undersupplied with high performance AC drive rigs
- Older rigs are not well suited for more complex drilling
- High-efficiency AC drive new builds continue to replace old rigs
- H&P continues to lead the replacement effort





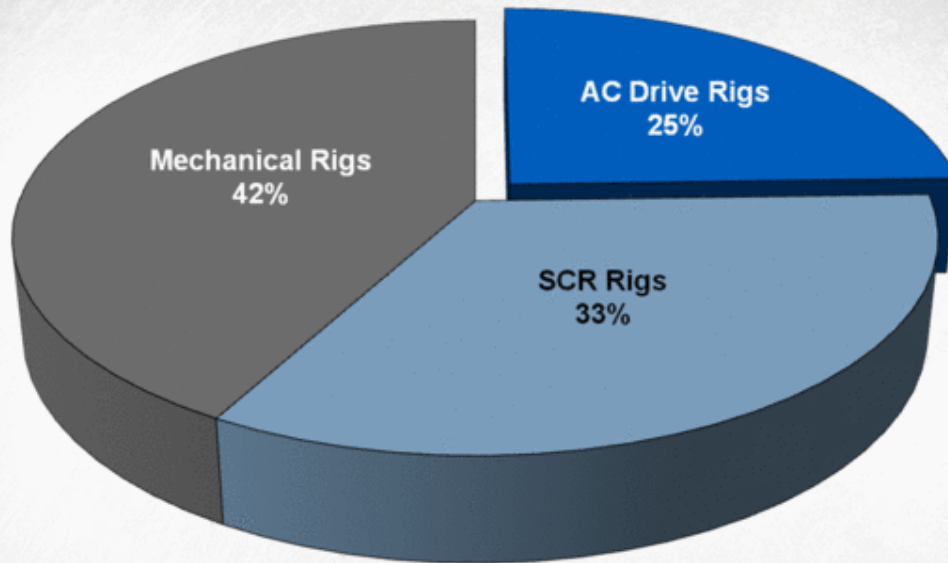
# Increasing Focus on More Difficult Drilling

## U.S. Rig Activity by Drilling Type





## Rigs Active (~1,850) in the U.S. Land Market (By Power Type)

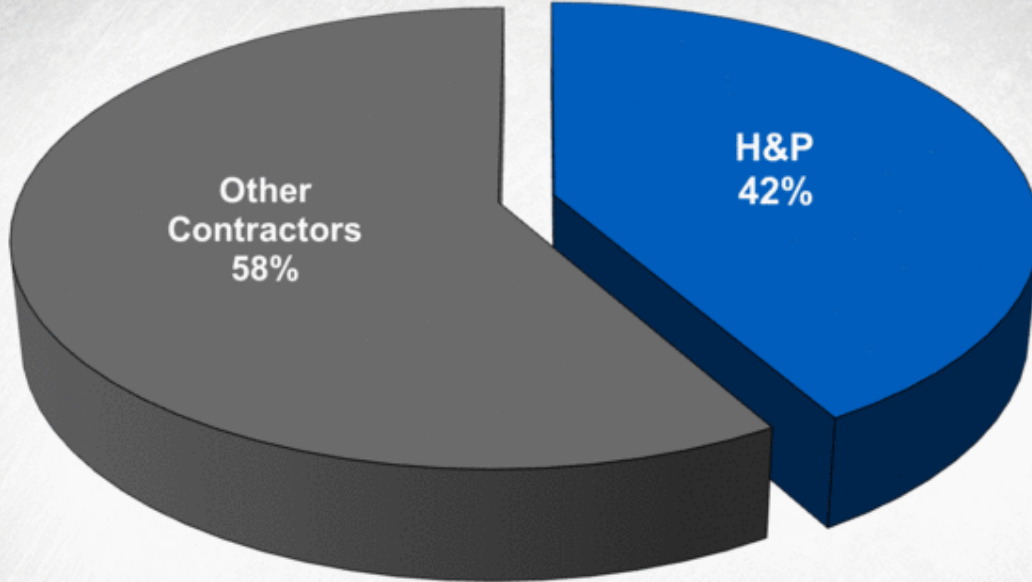


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





## AC Drive U.S. Rig Market Share (~450 Rigs)



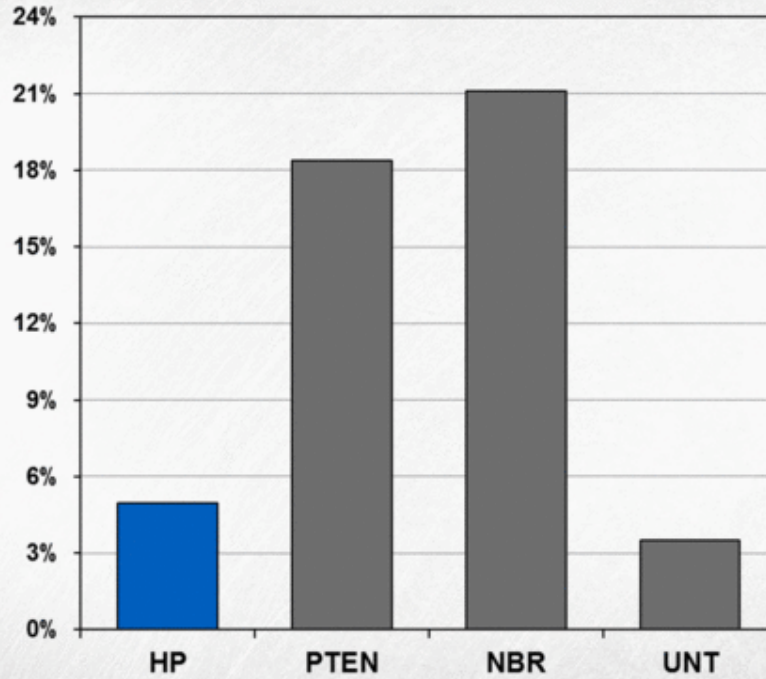
Note: The above estimates corresponding to market share are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





# Active Rig Market Share – Ten Years Ago

Lower 48 U.S. Land Market Share  
As of August 24, 2001



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

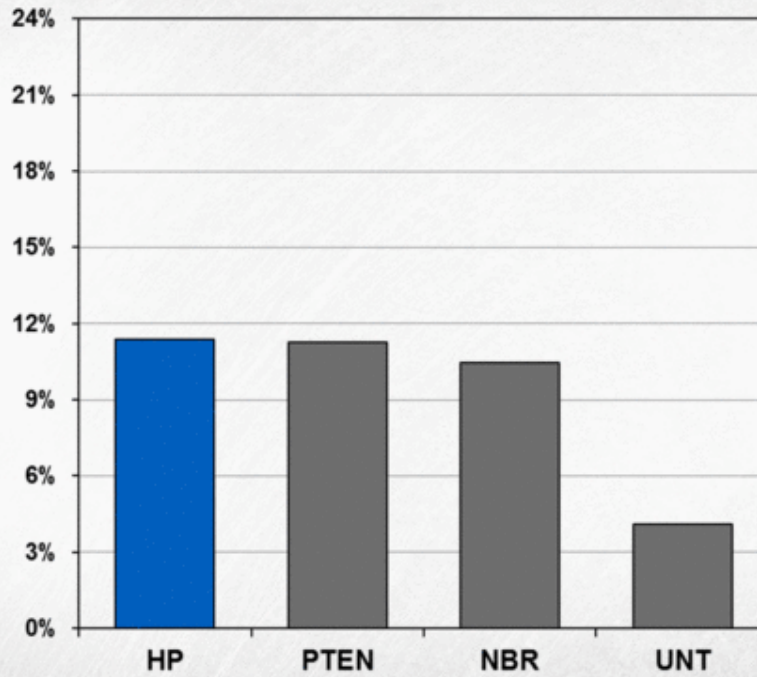




# Organically Growing Active Rig Market Share

## Lower 48 U.S. Land Market Share

As of August 26, 2011

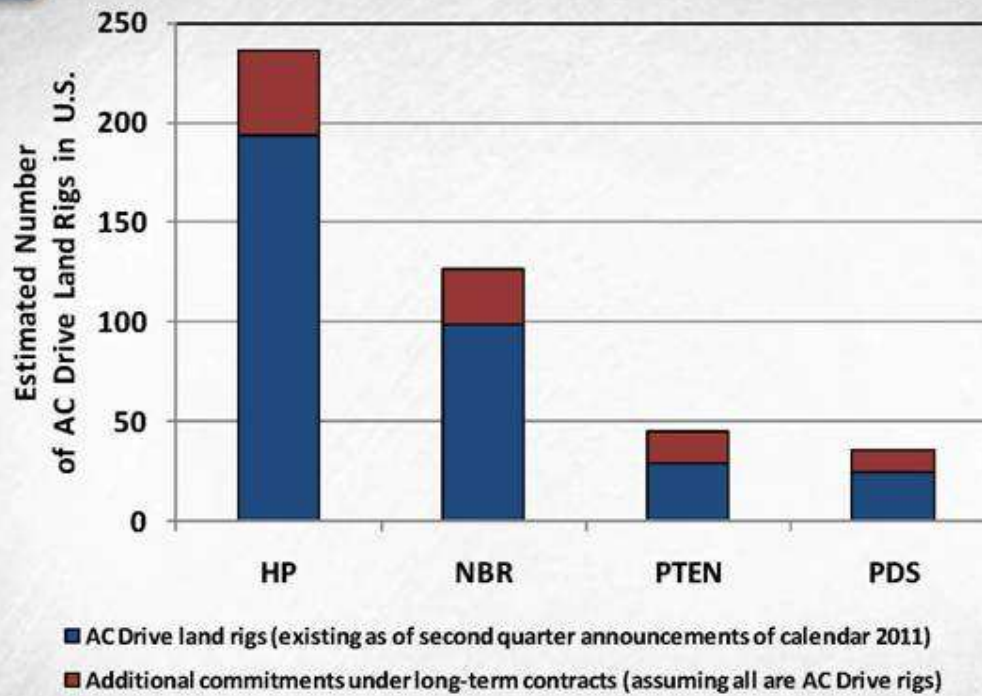


Note: The above estimates corresponding to U.S. land rig market share are derived from Smith Bits S.T.A.T.S..





## 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.

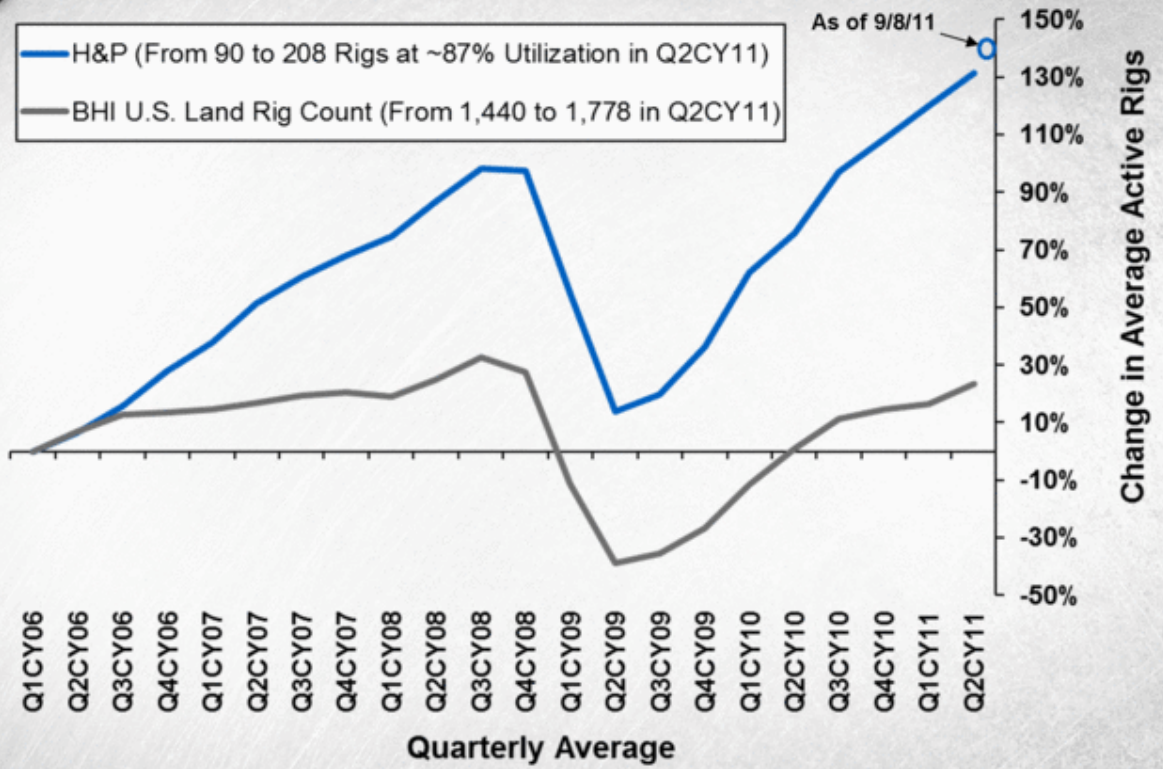






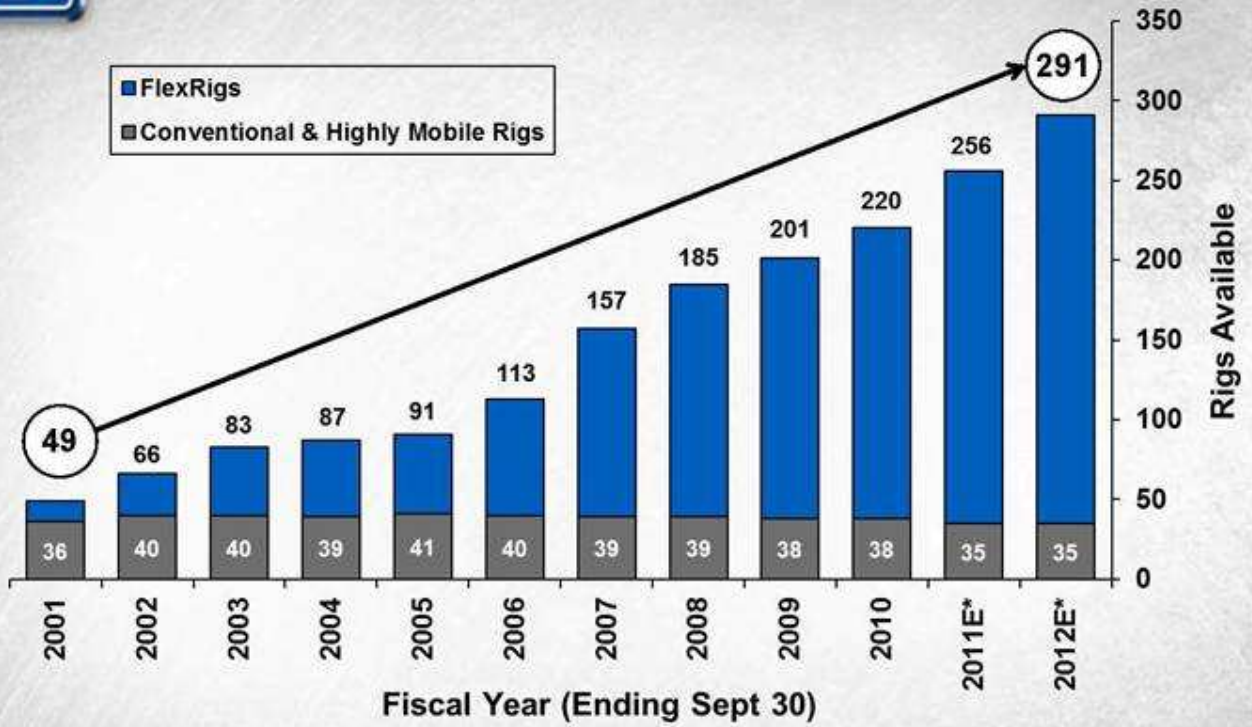
# Highest U.S. Activity Level in Company History

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





# Organic U.S. Land Fleet Growth



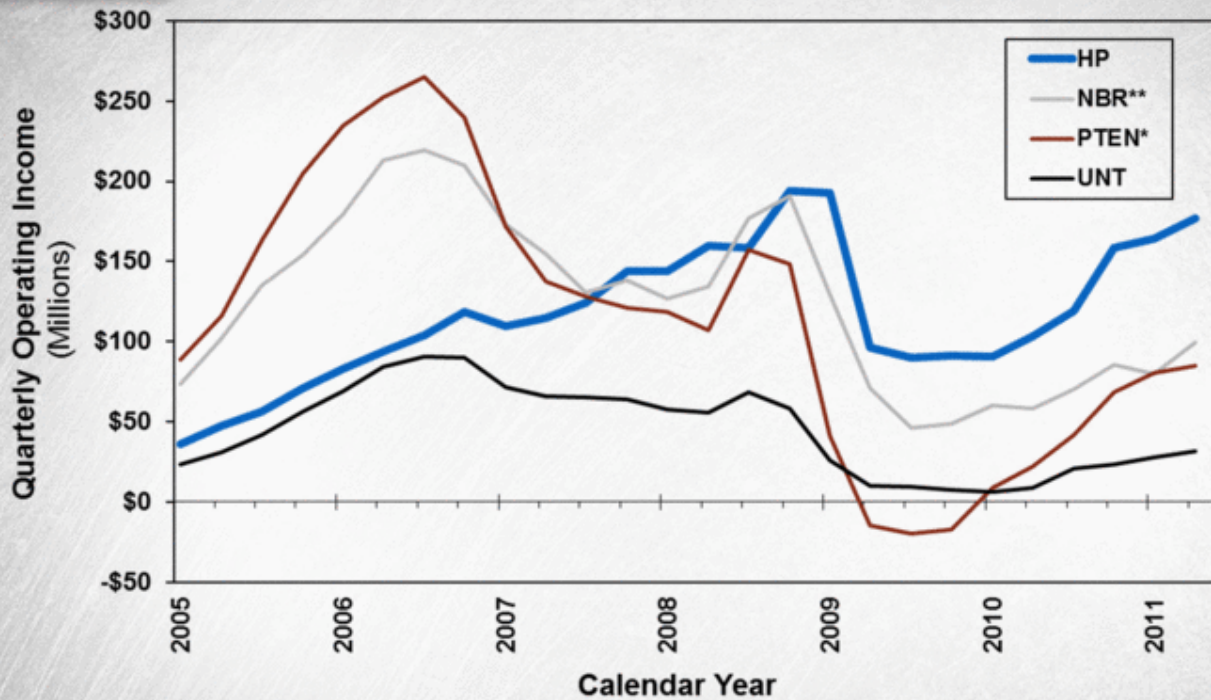
\* Estimates include existing rigs and announced new build commitments.





# 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.





# Five-Year Relative Shareholder Return



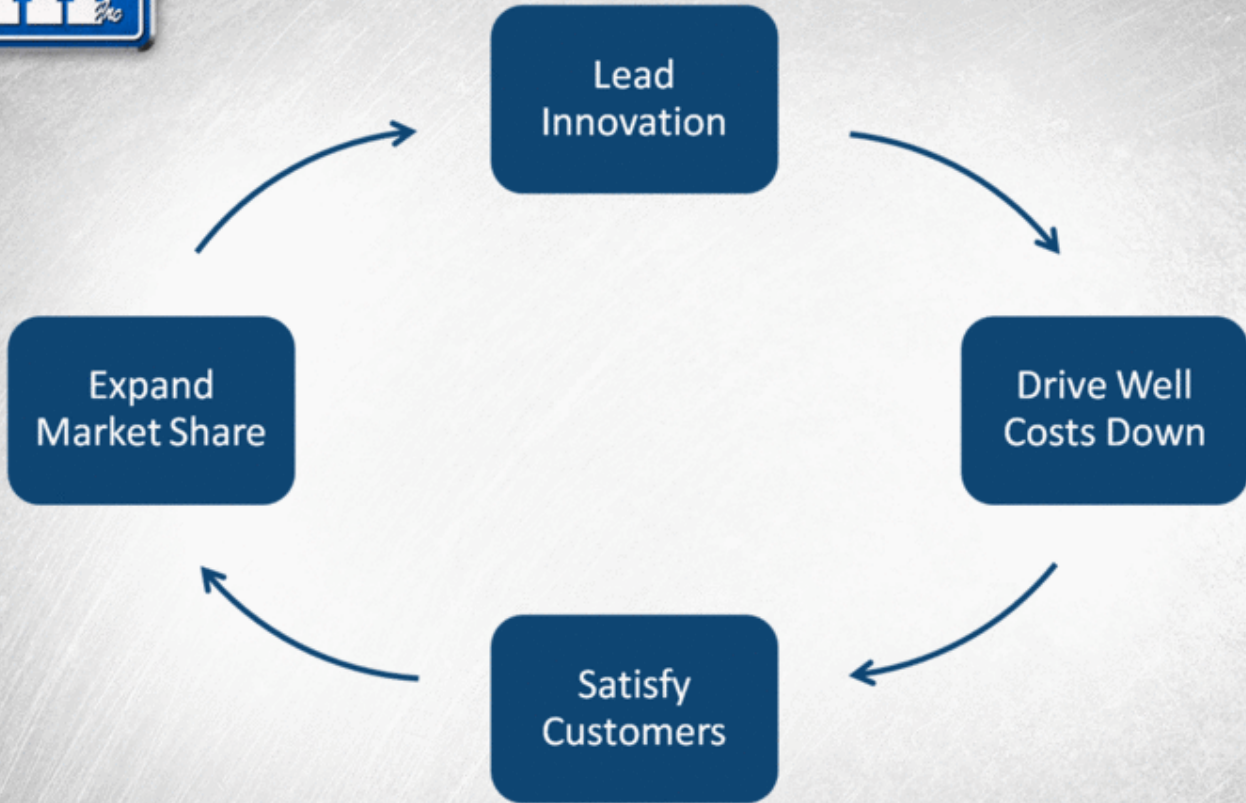
Source: Yahoo! Finance as of August 26, 2011







# Growing Shareholder Value





# 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**



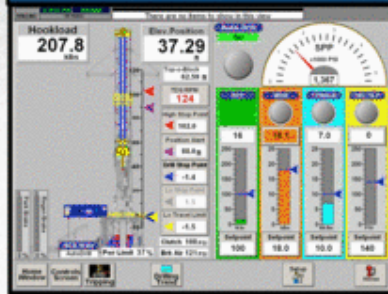


# Innovation & Applied Technology

**Driller's Cabin**



**Computerized Controls**



**AC Driven Systems & Integrated Top Drive**



**Satellite Communications**



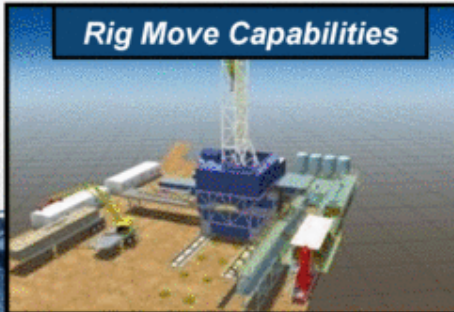
**BOP Handling**



**Mechanized Tubular Handling**



**Rig Move Capabilities**

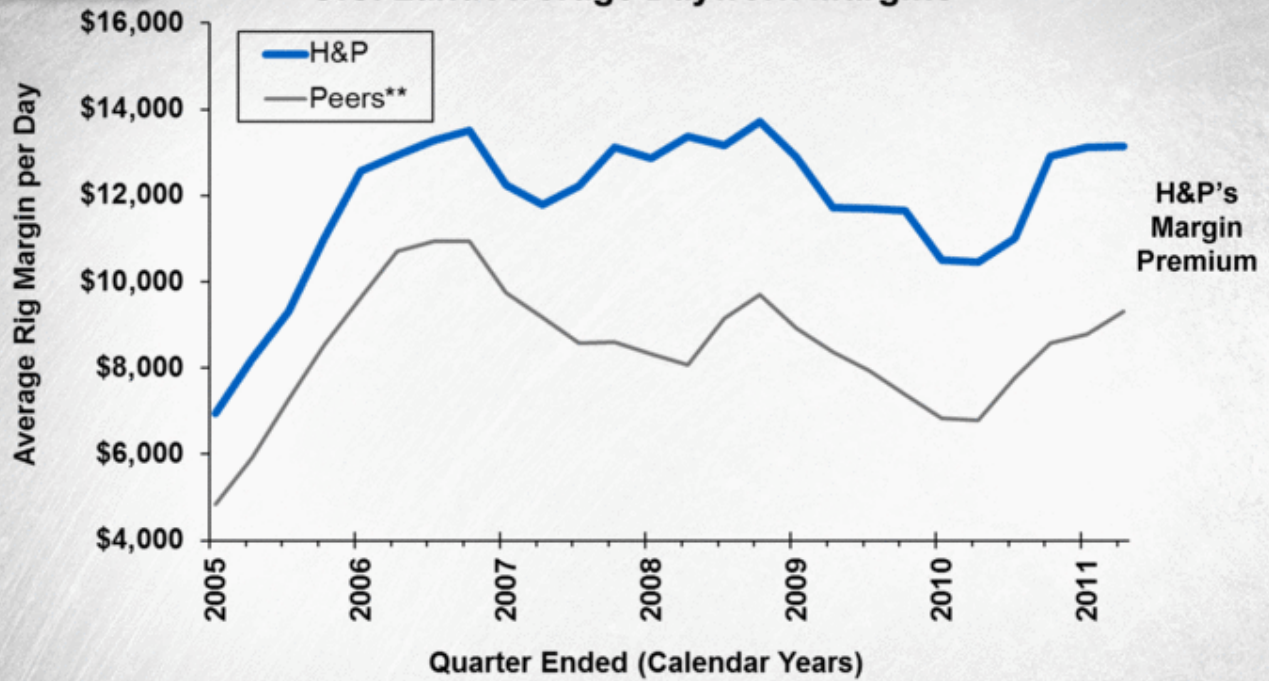






# Technology & Quality Service Make a Difference

## U.S. Land Average Daywork Margins\*



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

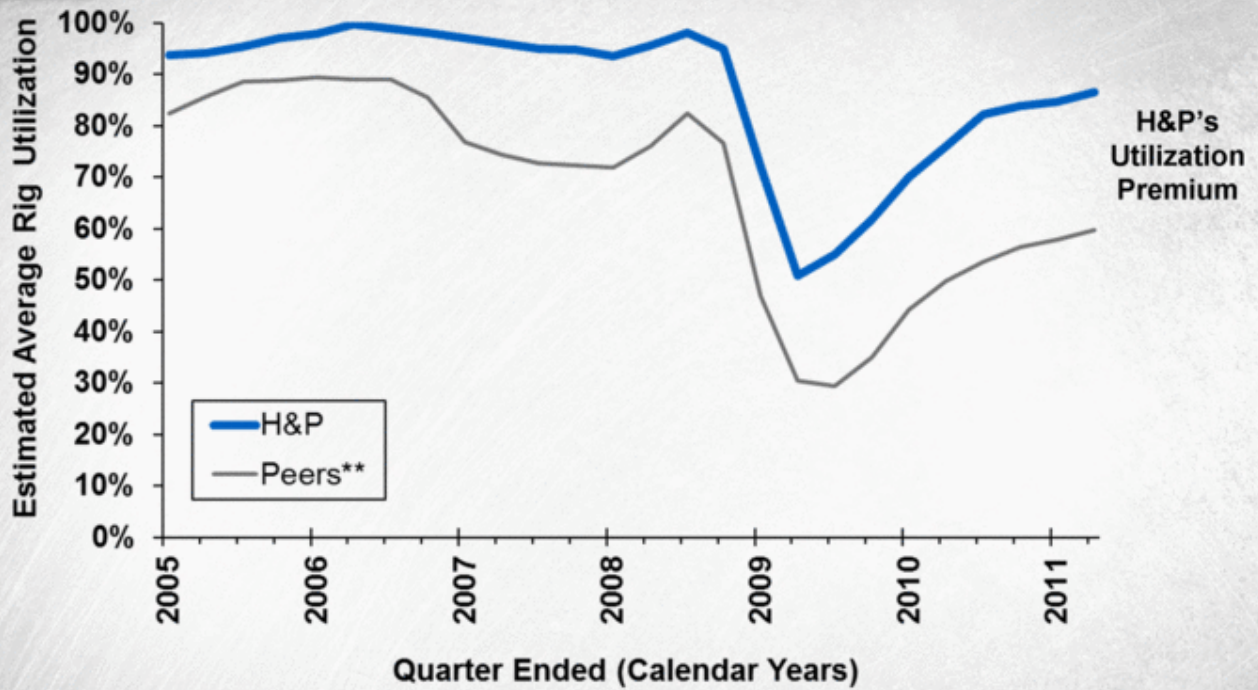
\*\* Represents weighted-average rig margin per day for PTEN, NBR and UNT through Q2CY11.





# 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 Q2CY11.





## Activity as of September 8, 2011

	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	253	221	87%
Offshore	9	7	78%
International Land	<u>24</u>	<u>18</u>	<u>75%</u>
Total	286	246	86%
FlexRig Construction	38	38	
Total Fleet	324	284	





## Key Considerations in a Volatile Environment

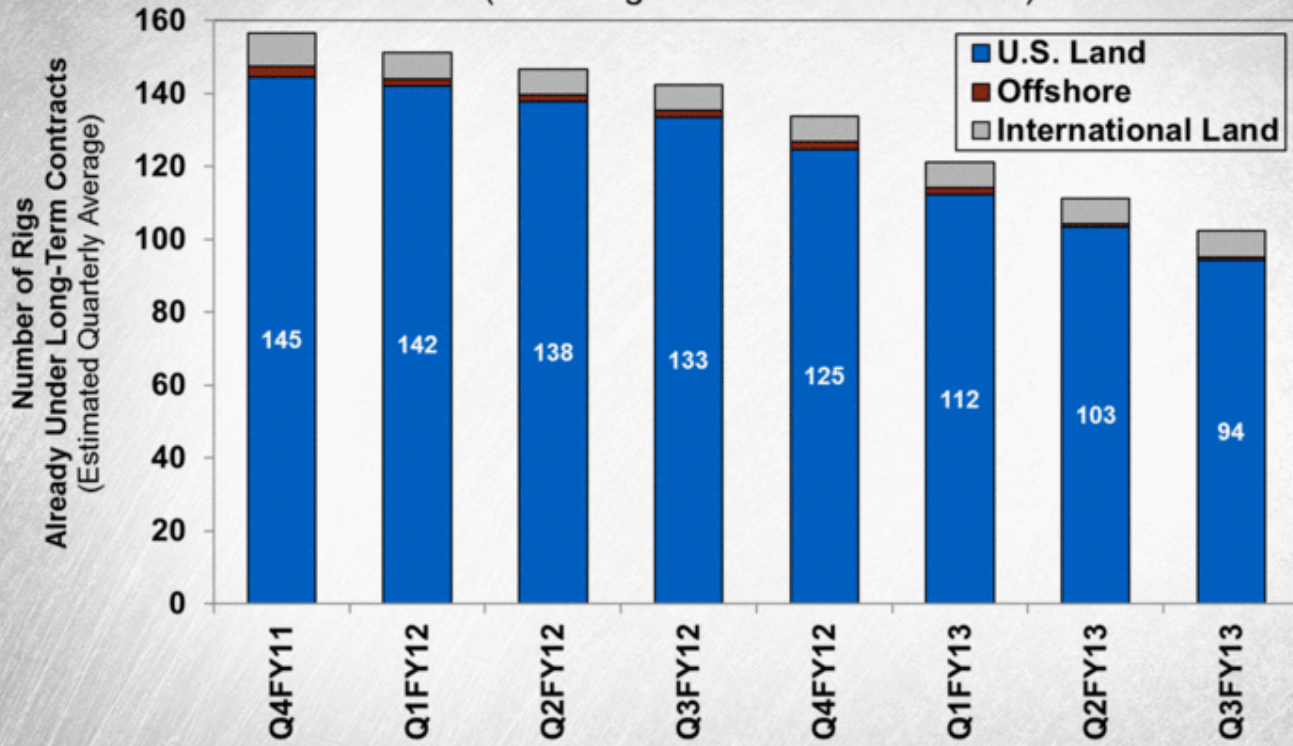
- Term contract coverage
- Additional growth potential through new builds with long-term contracts
- Quality of active fleet that is exposed to the spot market
- Customer base





# H&P Global Fleet Under Term Contract

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

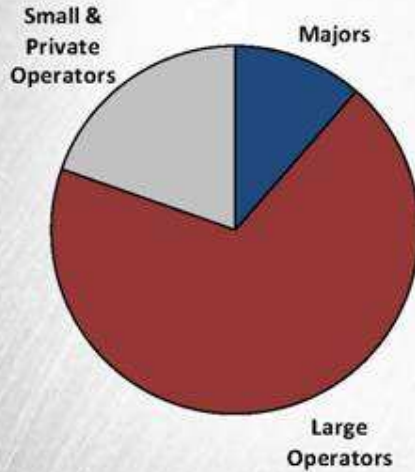




# H&P vs. Industry U.S. Land Customer Base

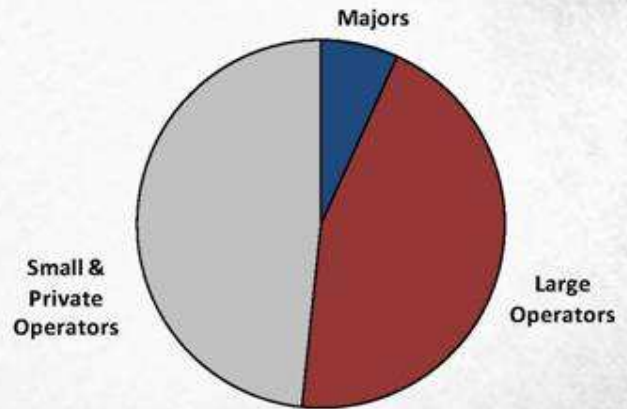
## H&P

U.S. Land Activity  
Estimated Customer Distribution  
(Late August 2011)



## Industry

U.S. Land Activity  
Estimated Customer Distribution  
(Late August 2011)



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





## Unconventional Plays Shaping Landscape

Well Complexity is increasing:

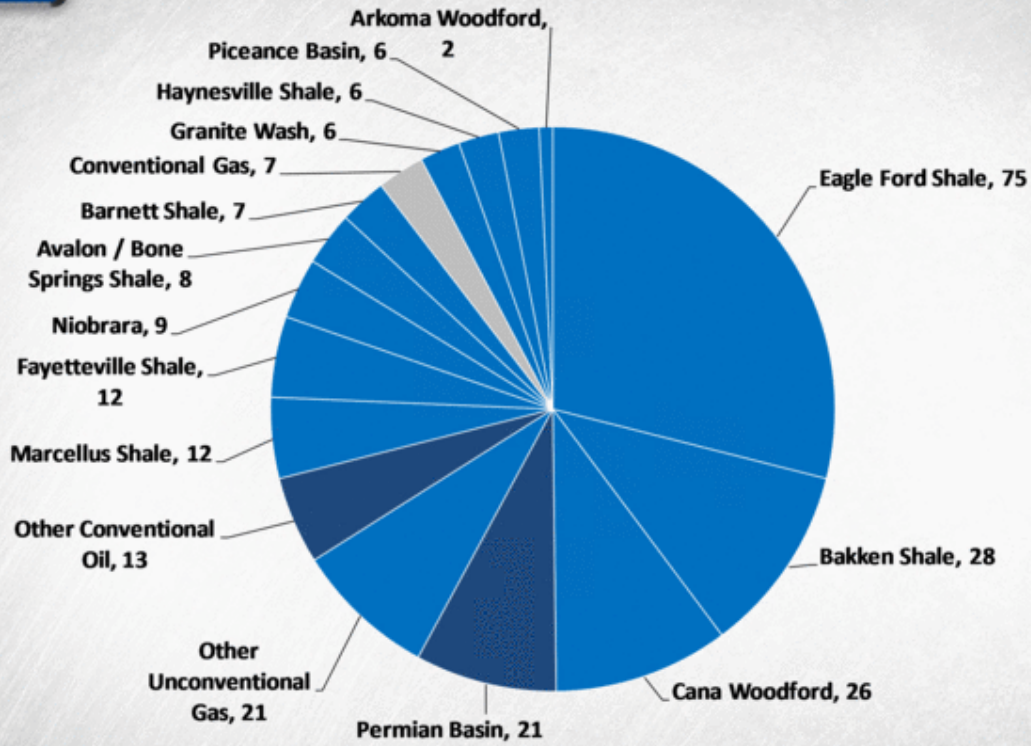
- Technology solutions that provide safe, environmentally sound and efficient operations are required by contractors to be competitive
- Extended reach laterals progressively longer
- Multi-well pad drilling gaining acceptance in more areas
- A factory approach to drilling wells is required
- This all creates an expanding level of demand for FlexRigs





# Leading U.S. Unconventional Driller

(259 H&P Contracted Land Rigs as of 9/8/11\*)



\* Includes 38 new FlexRigs with customer commitments scheduled for completion during fiscal 2012.







## H&P's New Build Advantages

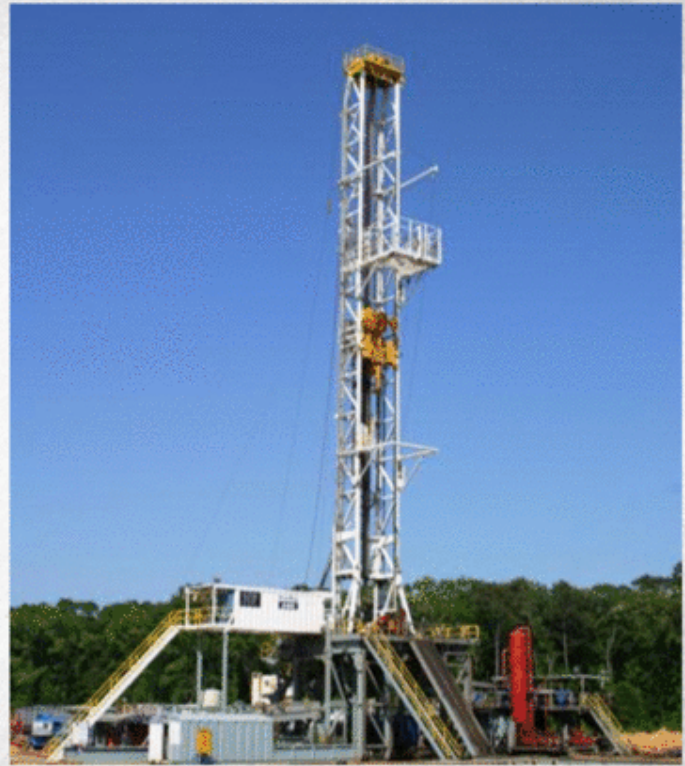
- We have been improving and honing the process for over 10 years, prompting our assertion that we build a better rig for less
- Safety is our first priority, followed by a relentless focus on strong execution and performance in the field
- Exceptional fleet uniformity
- Extensive collaboration with customers and suppliers
- A strong organizational orientation to consistent, repeatable, field execution





## H&P New Builds

- Total of 58 new builds announced during fiscal 2011
- Delivering new FlexRigs at the rate of three per month through September 2011
- Two new builds left to deliver in fiscal 2011 and 36 in fiscal 2012
- Begin cadence of four new builds per month in October 2011
- 12 delivery slots remain open in fiscal 2012
- Encouraging conversations continue...





## Introducing the FlexRig5

- Aimed at market segment of extended reach, long lateral shale plays for multi-well pad drilling
- Preserved the key performance drilling features of our flagship FlexRig3, combined with:
  - Bi-directional pad drilling system
  - Depth capacity greater than 24,000 feet of measured depth





## Performance is Not Only About Better Rigs

### It's also about:

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





End of Presentation





## Additional References





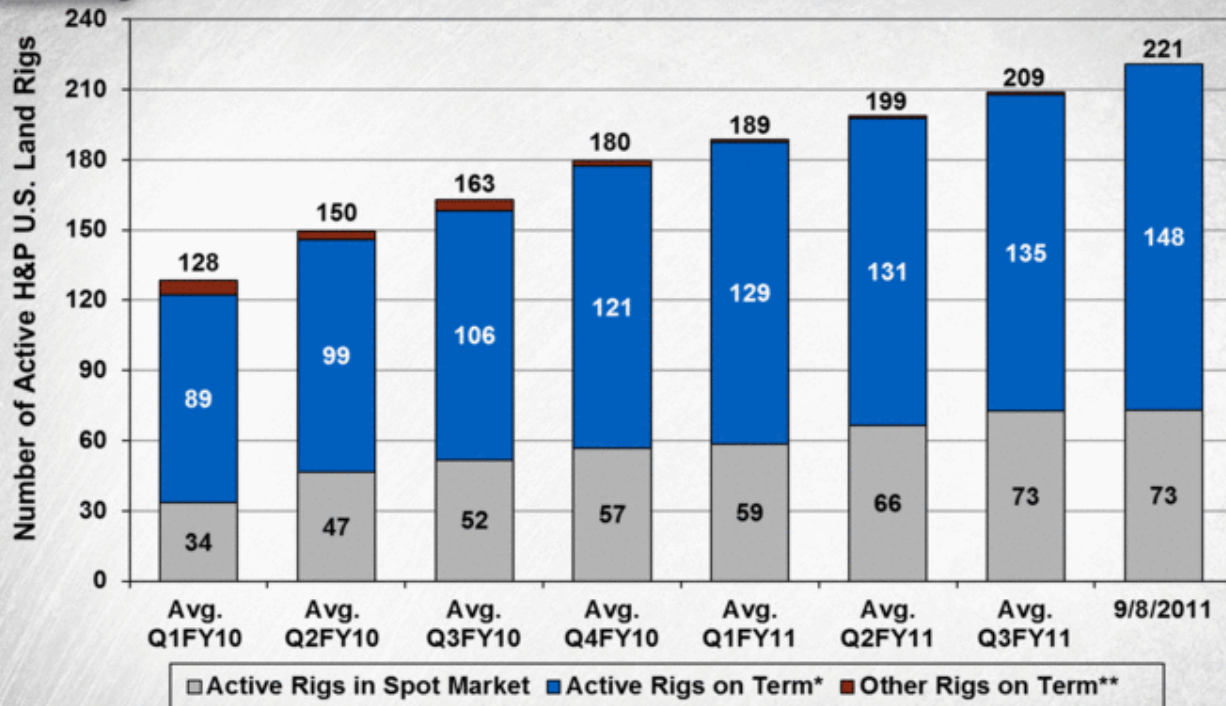
## H&P's U.S. Land Operations

- The major shift across the industry towards oil and liquids rich plays is increasingly employing unconventional drilling techniques to conventional reservoirs. Basins that were historically characterized by shallow, vertical well paths are now seeing a greater number of drilling efforts apply horizontal well paths and longer lateral sections.
- Driven by incremental new builds, we expect total revenue days in the U.S. land segment to increase between four and five percent from the third to the fourth fiscal quarter of 2011.
- Quarterly average rig revenue per day is expected to increase between \$200 and \$300 per day from the third to the fourth fiscal quarter of 2011.
- Including only rigs that are already under fixed commitments, we expect to have an average of 145 rigs under term contract in the fourth fiscal quarter of 2011 and an average of 135 in fiscal 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.







## 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 fourth fiscal quarter of 2011 is expected to be roughly flat as compared to the third fiscal quarter of 2011.
- Average rig margin per day is expected to decrease by ten to 15 percent during the fourth fiscal quarter of 2011 as compared to the third fiscal quarter.





## H&P's International Land Operations

- Of the 24 rigs assigned to international operations, 18 are currently active including nine under long-term contracts. Additionally, we have received a contract for a fourth FlexRig in Bahrain with the rig scheduled to begin operations during the second fiscal quarter of 2012.
- Total revenue days during the fourth fiscal quarter are expected to increase by ten to 15 percent sequentially from the third fiscal quarter of 2011.
- Average rig margin per day is expected to increase by about 20 to 25 percent in the fourth fiscal quarter as compared to the third fiscal quarter of 2011.





# H&P's International Land Operations

## Rig Fleet Status (as of September 8, 2011)

	Active	Contracted	Idle	Total	Long-term Contracts
Argentina	4		5	9	4
Bahrain	3			3	3
Colombia	5		1	6	2
Ecuador	4			4	
Tunisia	2			2	
<b>Total</b>	<b>18</b>		<b>6</b>	<b>24</b>	<b>9<sup>(1)</sup></b>

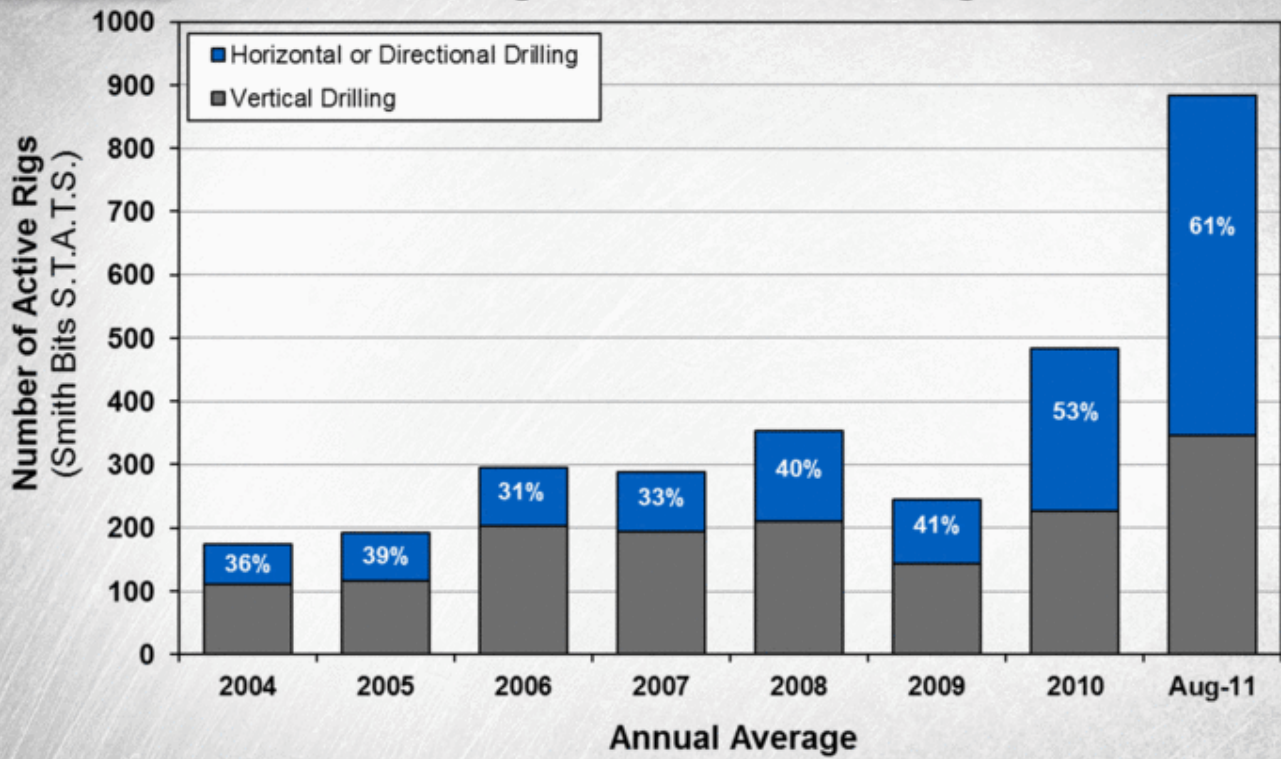
1) 9 of 11 FlexRigs, included in the international fleet of 24 rigs, are under long-term contracts.





# Oil Related Drilling Increasingly Complex

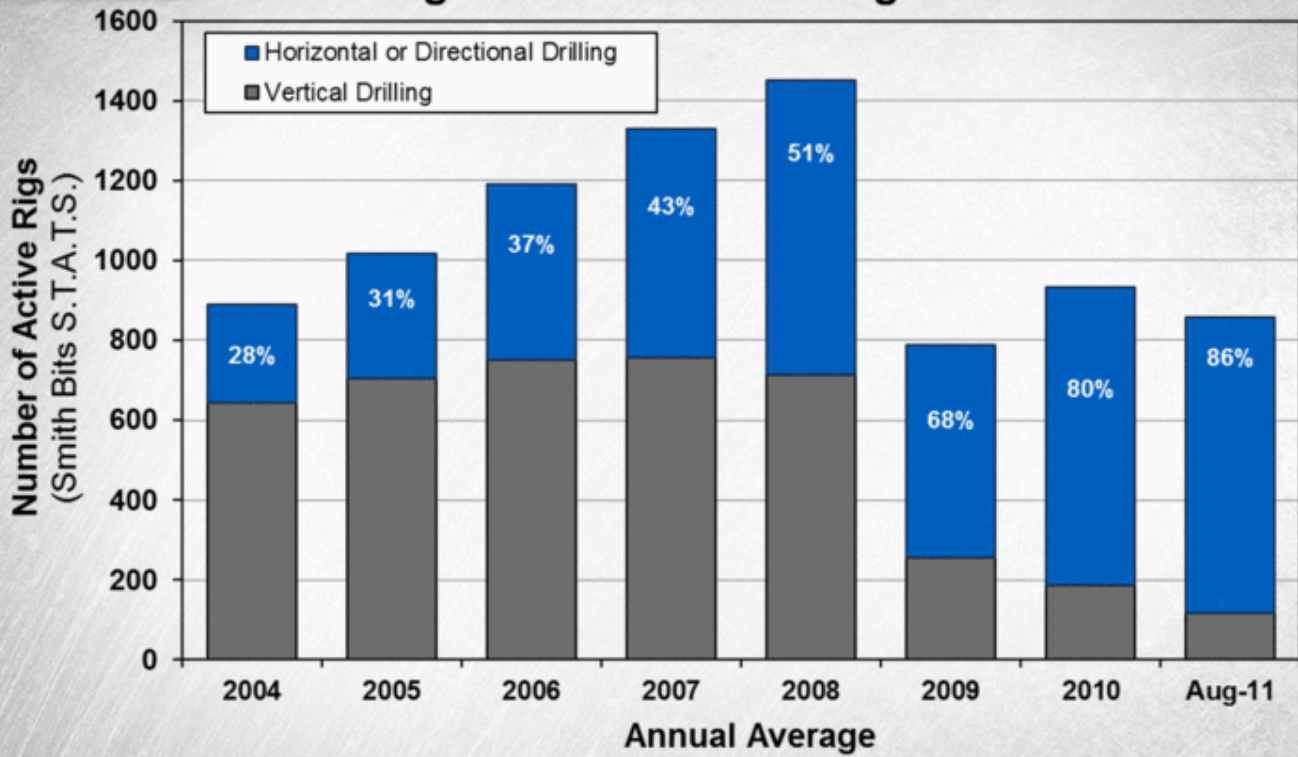
## Active Rigs in U.S. Land Drilling for Oil





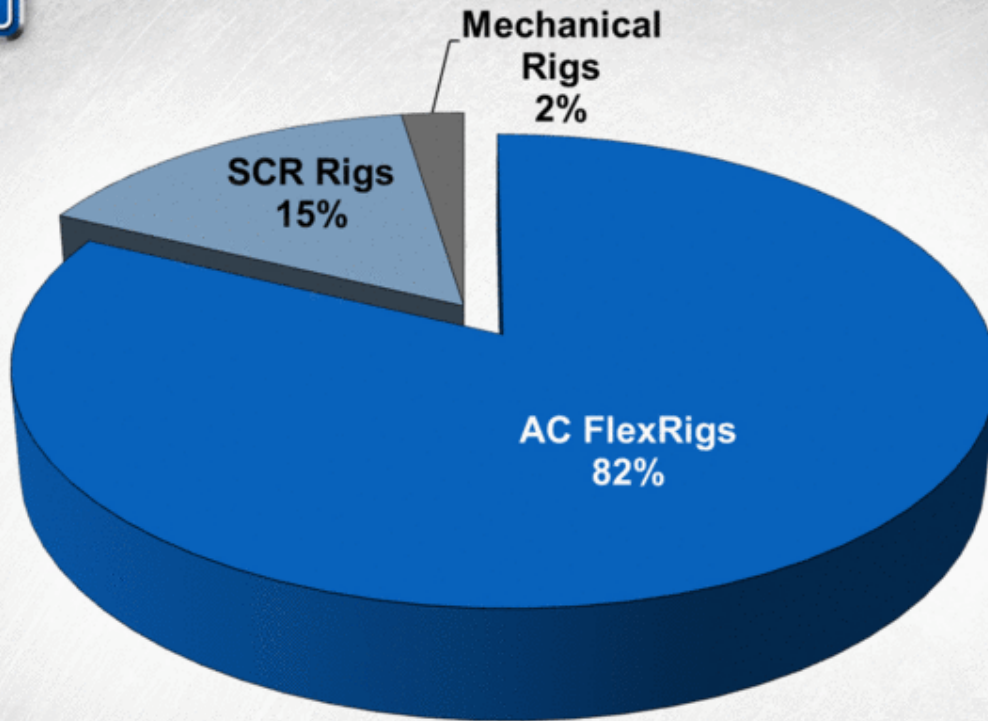
# Increasing Focus on More Difficult Drilling

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





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

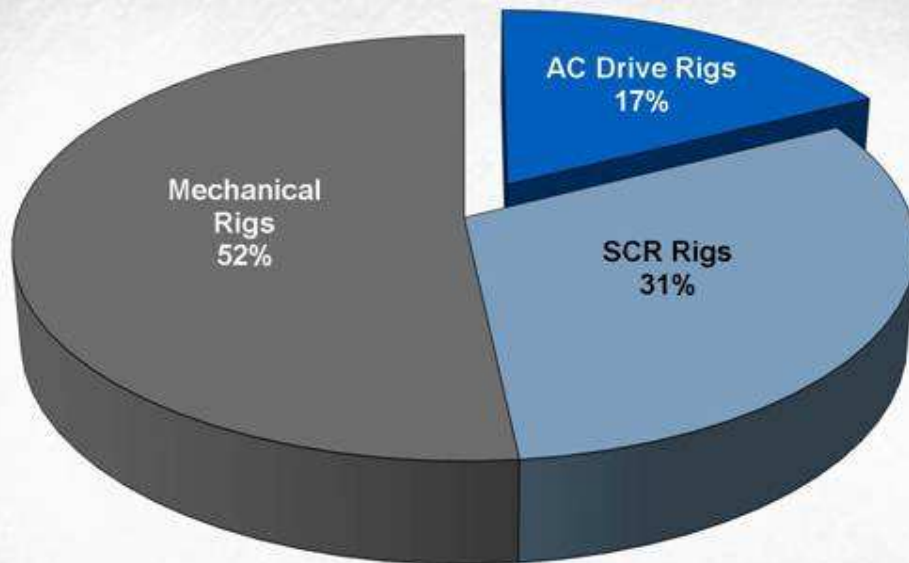


\* Includes New Build Commitments.





## 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.





# Customer Satisfaction Index

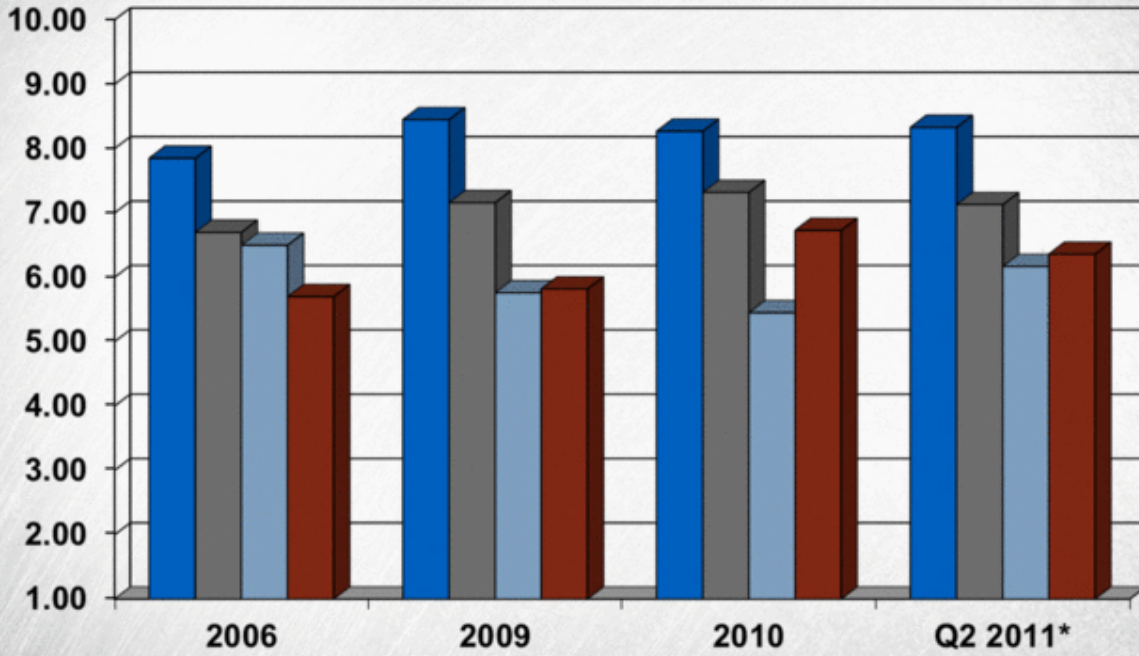
10 = "Highly Satisfied", 1 = "Highly Dissatisfied"

■ HP

■ Peer A

■ Peer B

■ Peer C



Source: EnergyPoint Research, Inc.

\* Trailing four quarters average







## How Does H&P Define a “New Build” Land Rig?

A new build rig consists of all new structures and equipment for the purpose of:

- Eliminating legacy issues
- Achieving Safety-by-Design
- Maximizing drilling efficiency
- Improvement of ergonomics for rig site personnel
- Packaging of components for enhanced mobility





# Building a New FlexRig

**Lean Manufacturing**



**Processing Raw Materials**



**Fabricating New Structures**



**Commissioning / Delivery**



**Test Assembly and Outfitting**



**Unitizing Packages**



**New Electrical Systems**





# Driller on a Conventional Rig vs. FlexRig™





# Roughnecks on a Conventional Rig vs. FlexRig™





## 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
<b>Total daily cost estimate</b>	<b>\$42,500</b>	<b>\$48,000</b>	<b>\$51,000</b>
<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 per year	<b>\$484,500</b> <b>\$11.4MM</b>	<b>\$121,500</b> <b>\$2.9MM</b>	

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

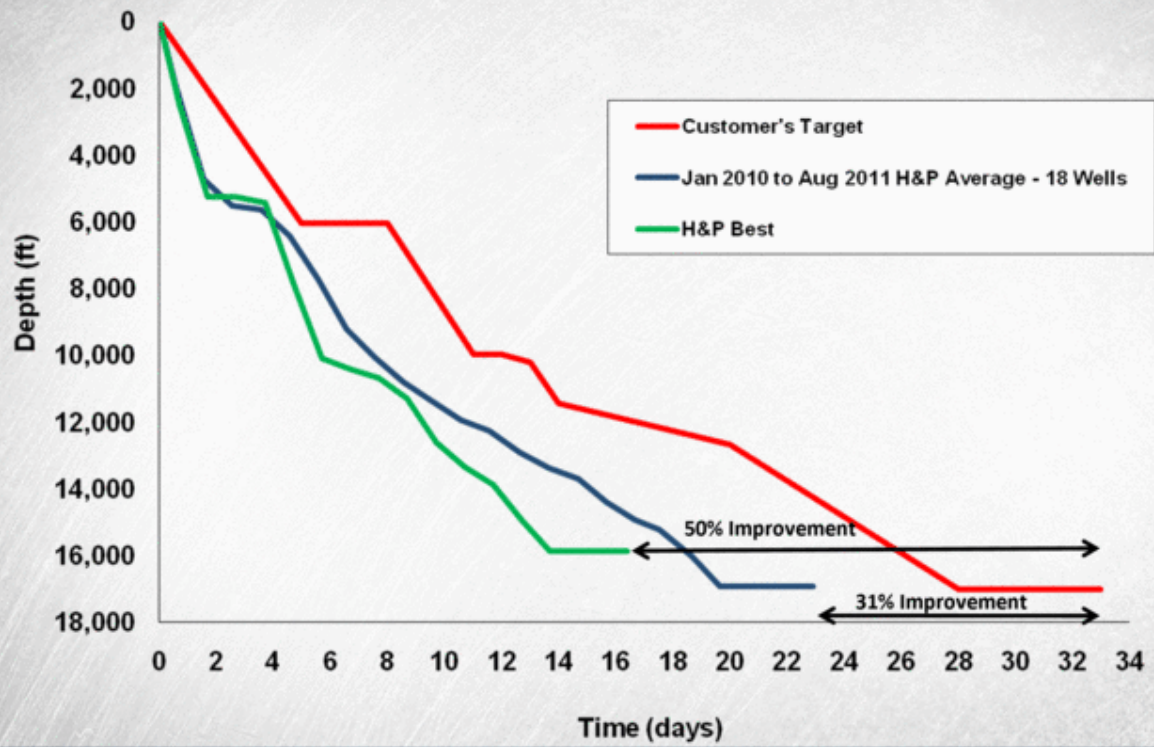
Increased wells per rig per year versus peer fit-for-purpose: 4 wells





# FlexRig3 Performance Sample

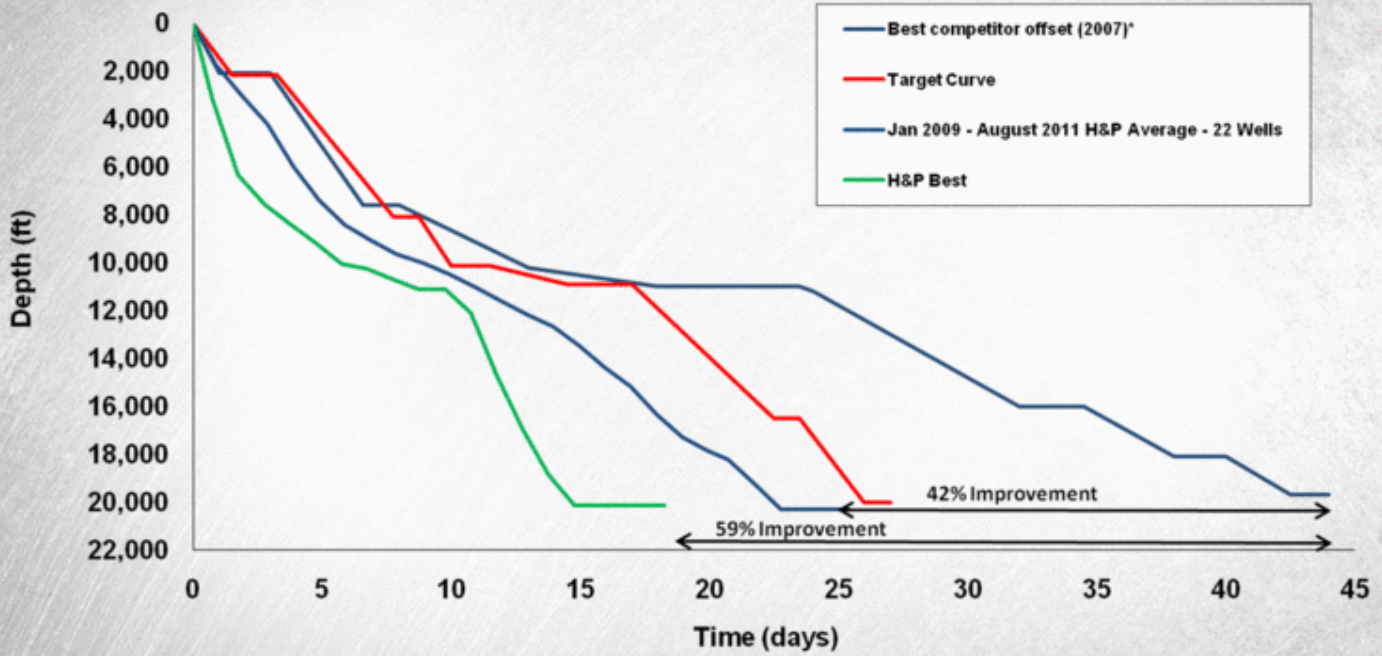
FlexRig3 Eagle Ford Shale





# FlexRig3 – Performance Sample

## FlexRig3 Bakken Shale



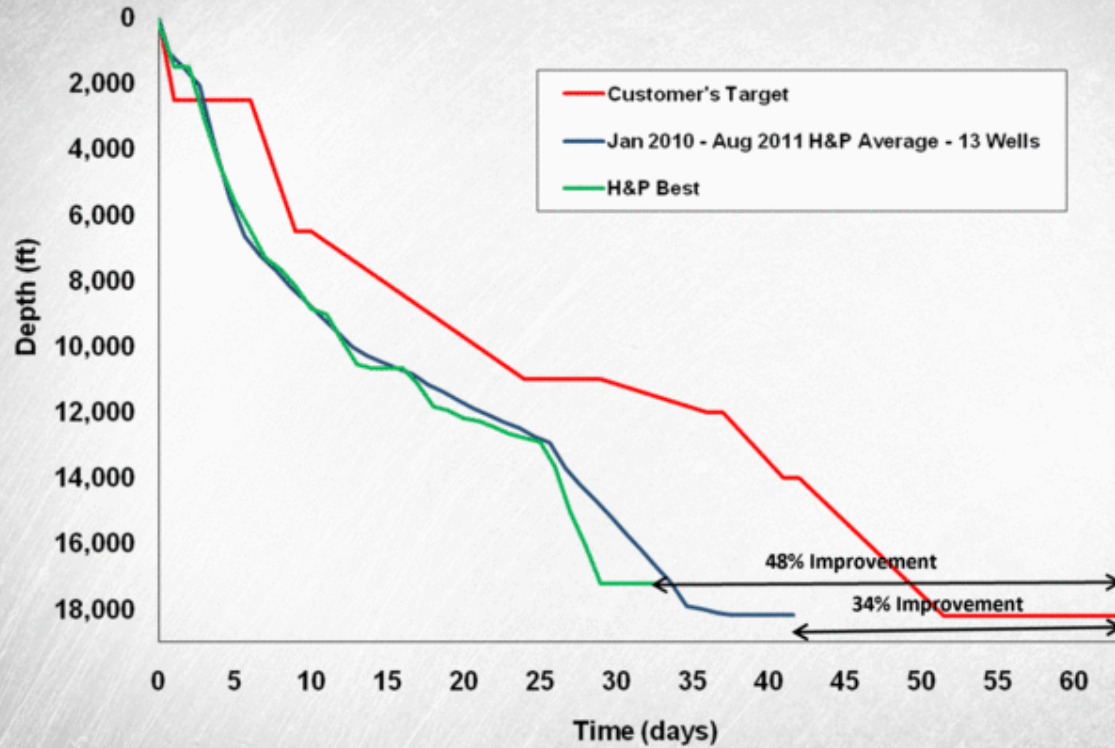
\* Represents the customer's fastest reported Bakken Shale well before deploying a H&P FlexRig.





# FlexRig3 – Performance Sample

FlexRig3 CANA-Woodford Shale

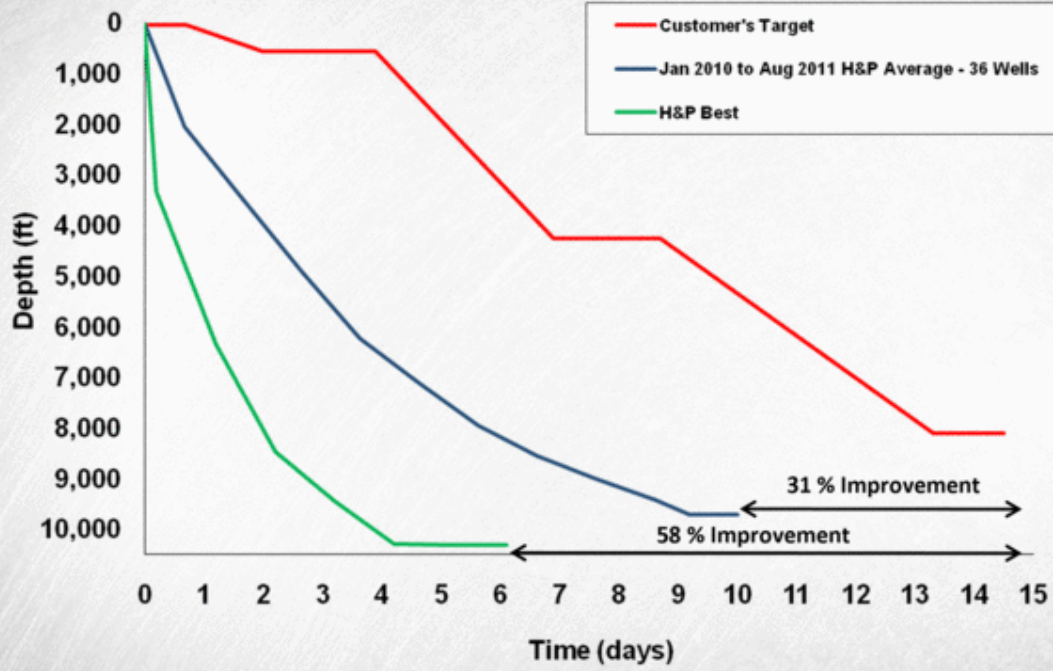






# FlexRig4M – Performance Sample

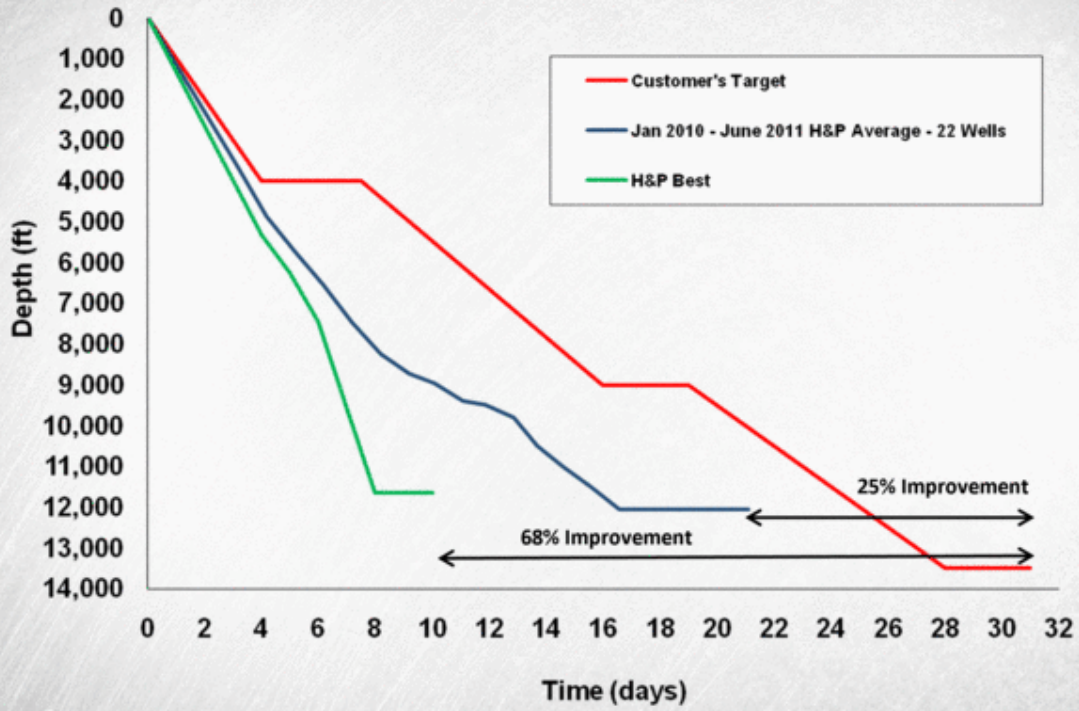
## FlexRig4M West TX





# FlexRig4 – Performance Sample

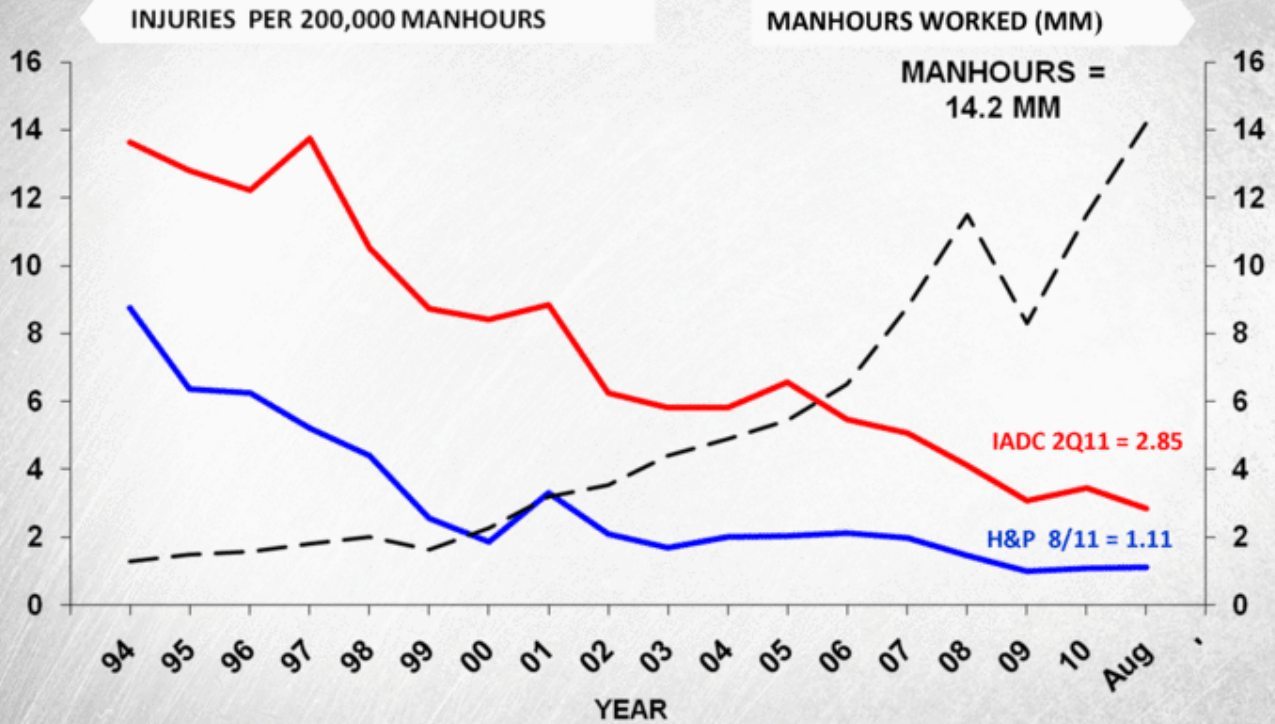
FlexRig4S Marcellus Shale





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

## U.S. Land Safety Performance (1994 – 2011) OSHA Recordable Injury Incidence Rates

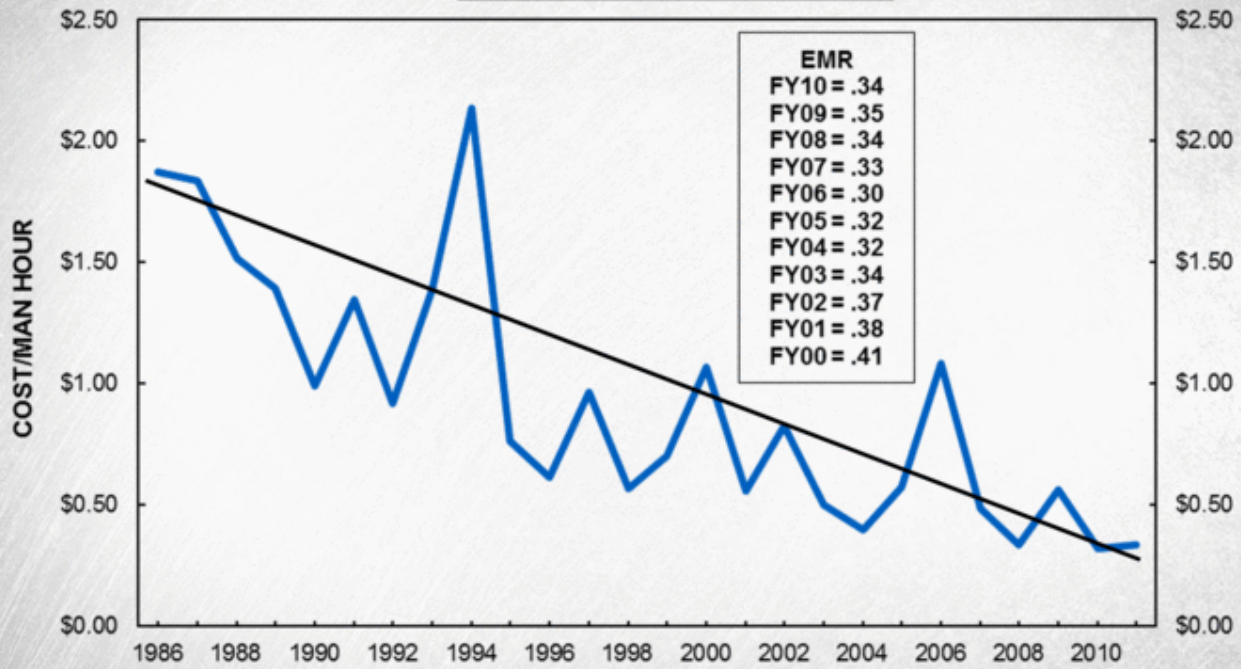




# Safety Excellence Also Generates Savings

## 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)





End of Document

