

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 10/12/10 for the Period Ending 10/12/10

| | |
|-------------|---|
| 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): **October 12, 2010**

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))
-
-

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

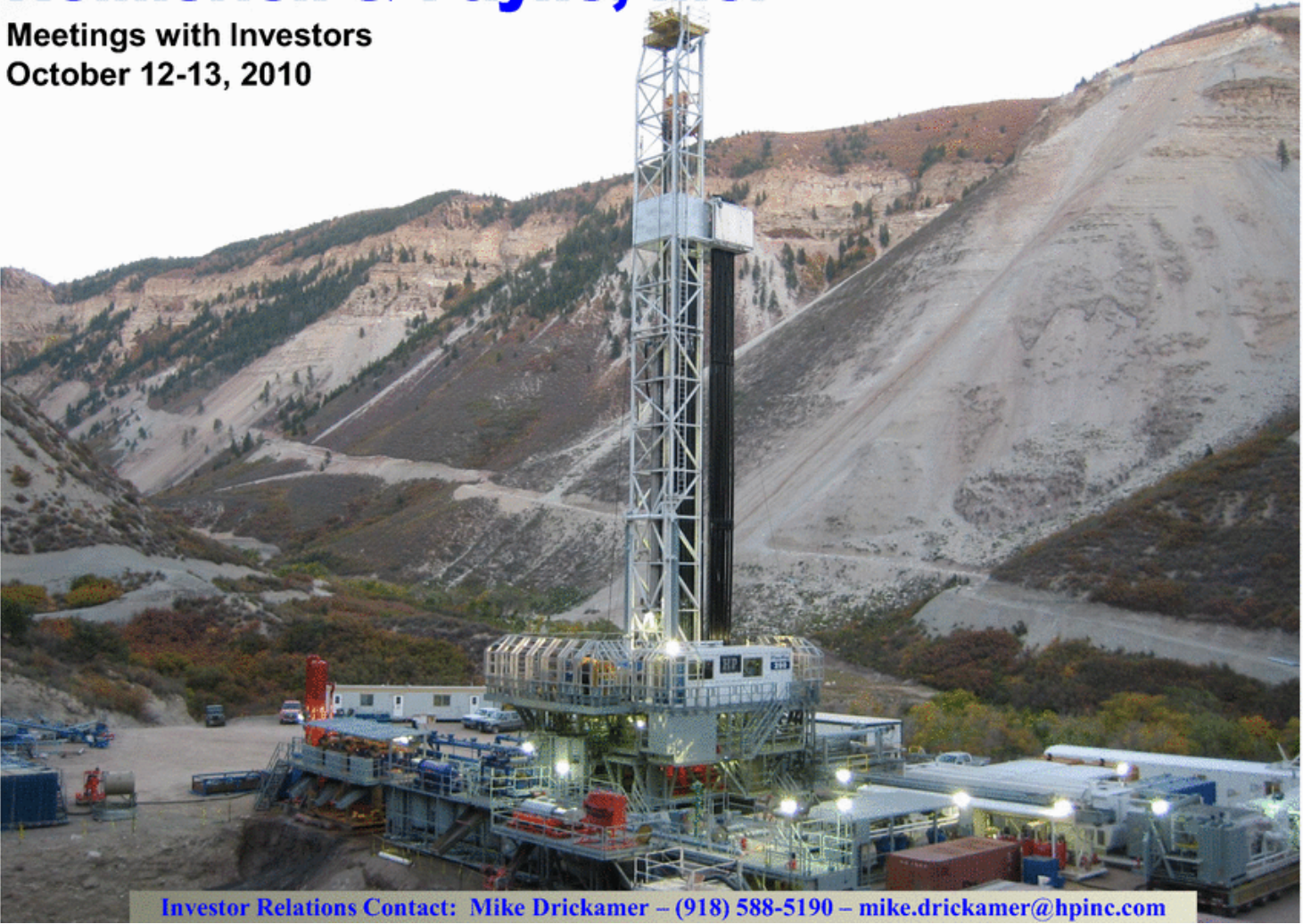
DATE: October 12, 2010

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
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Helmerich & Payne, Inc.

Meetings with Investors
October 12-13, 2010



Investor Relations Contact: Mike Drickamer – (918) 588-5190 – mike.drickamer@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 “Risk Factors” and “Management’s Discussion & Analysis of Results of Operations and Financial Condition” 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.



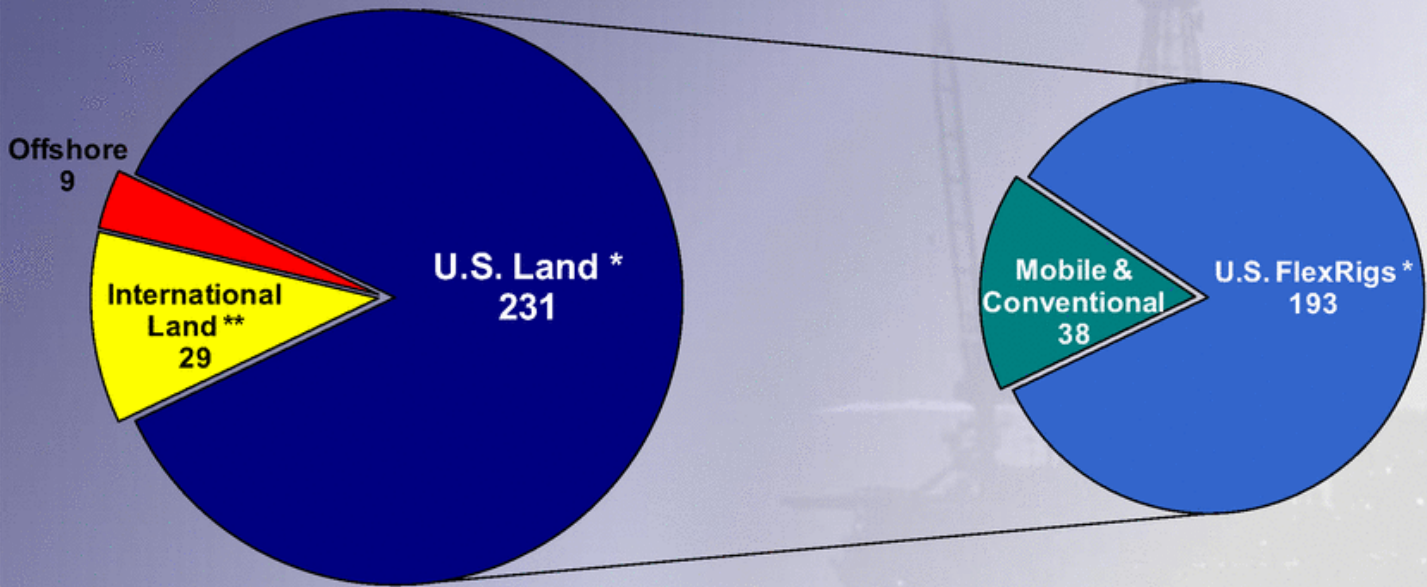
Market Observations

- **Realities of a segmented market will shape the land drilling landscape.**
- **Customers will continue to rely on drilling efficiencies to offset cost pressures and weak natural gas prices.**
- **The Company's industry leading manufacturing effort reflects our customers' future drilling intentions.**



H&P's Global Rig Fleet

269 Total Rigs (Includes New Build Commitments)

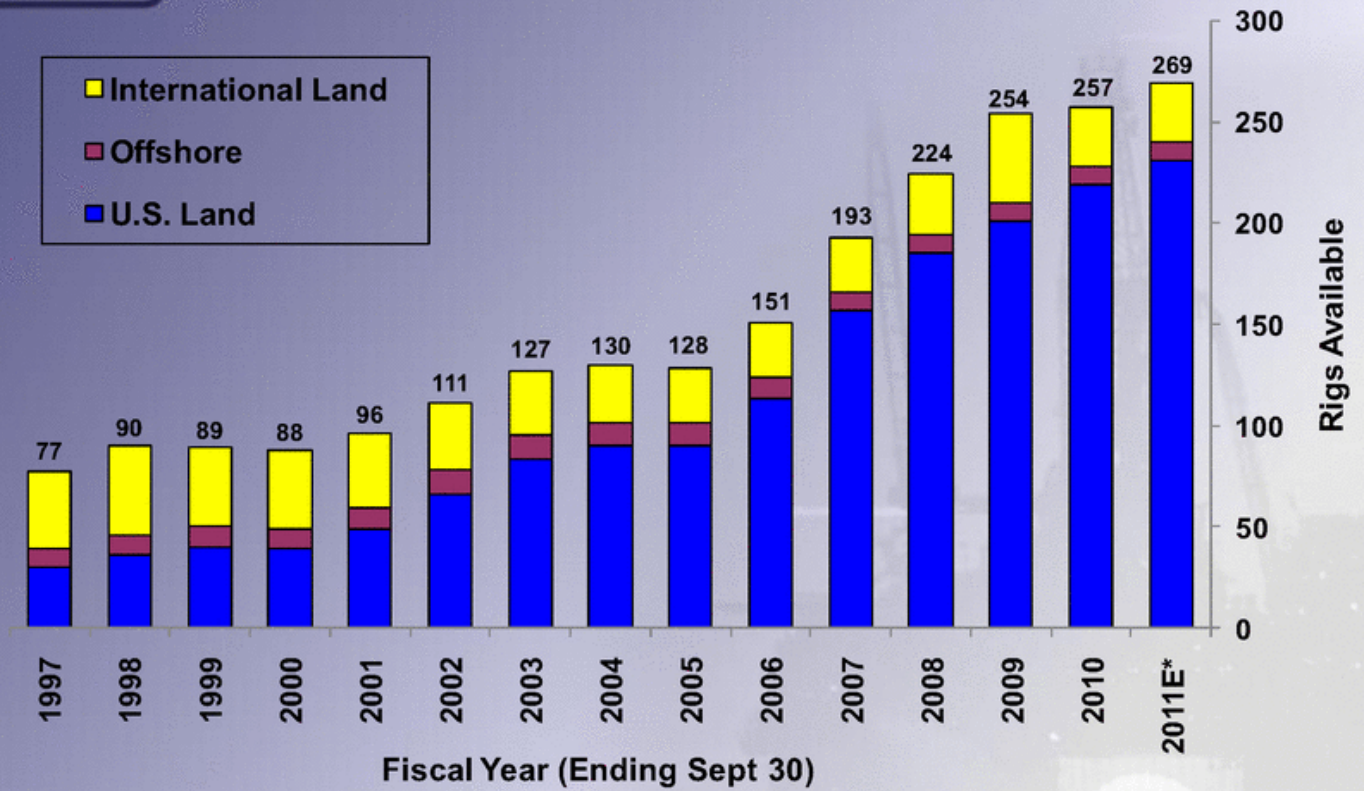


* Includes 12 new rigs with customer commitments scheduled for completion by early to mid calendar 2011.

** Includes 16 FlexRigs, one of which will be deployed from the U.S. to Bahrain during the first fiscal quarter of 2011. Also includes six rigs assigned to the Company's operations in Mexico, some of which are returning to the U.S.



H&P's Global Rig Fleet



* Estimates include existing rigs and announced new build commitments.

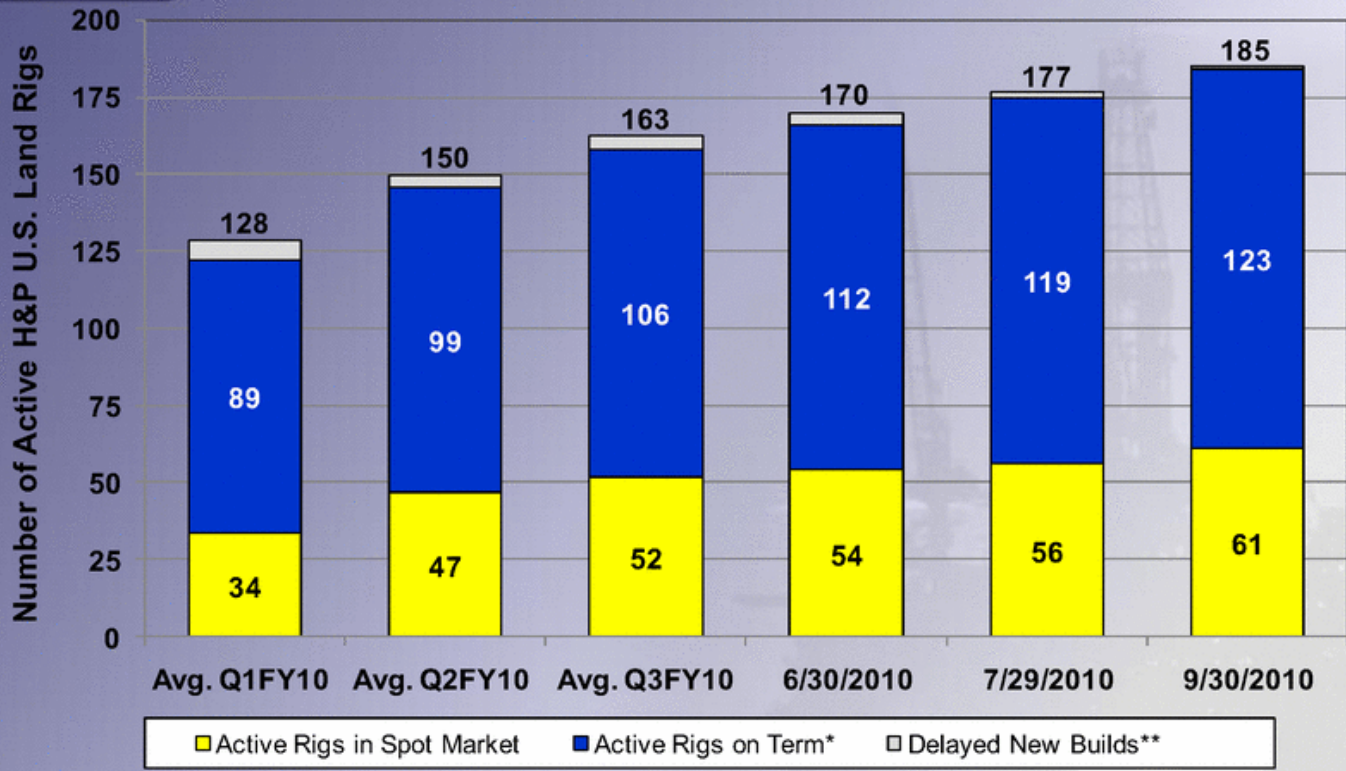


H&P's U.S. Land Operations

- **Dayrates continue to improve as FlexRig utilization currently stands at 100%.**
- **We continue to expect an increase of ten percent or more in average rig activity, or total quarterly revenue days, from the third to the fourth fiscal quarter of 2010.**
- **Quarterly average rig revenue per day (excluding the impact of early termination and new build delivery delay revenues) is still expected to increase by several hundred dollars per day from the third to the fourth fiscal quarter of 2010.**
- **Given the incremental demand for term contracts, the Company now expects an average of approximately 124 rigs to remain under term contracts during the fourth fiscal quarter of 2010. The corresponding estimated annual averages for rigs already under term contracts for fiscal 2011 and fiscal 2012 are now 102 and 61 rigs, respectively.**



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

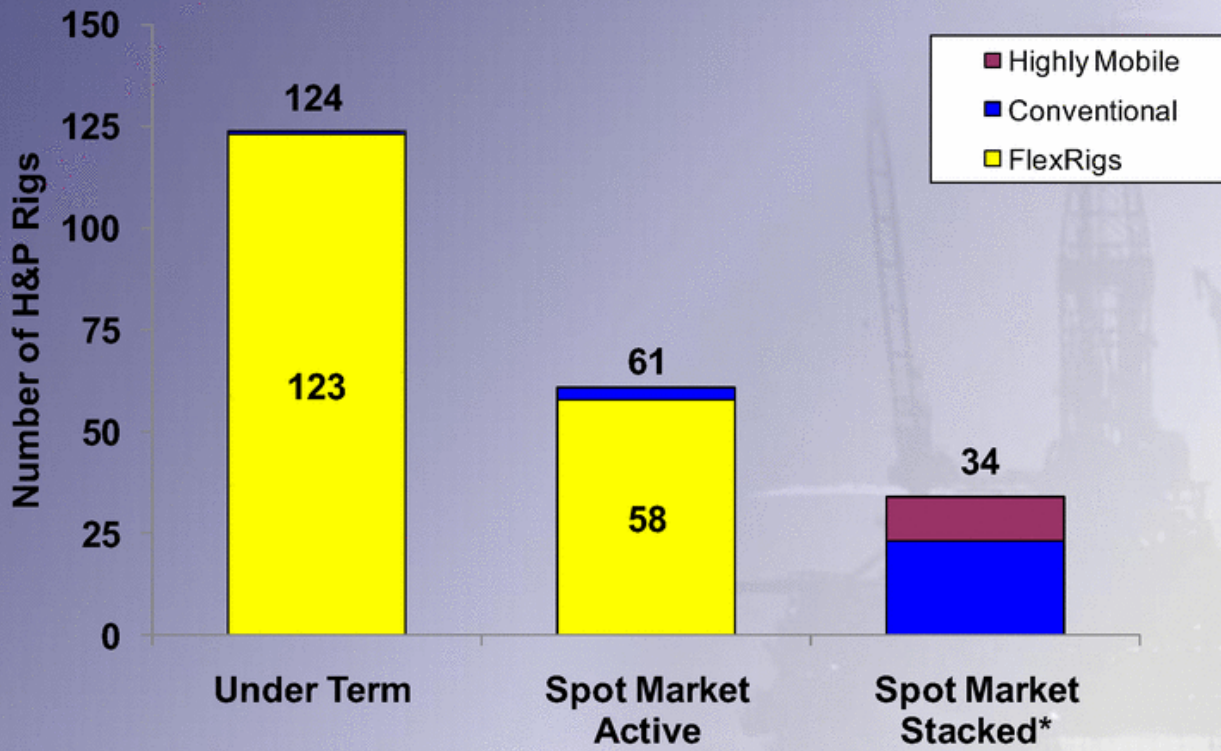


* Active rigs on term (in blue) generated both revenue and revenue days.

** Includes delayed new builds (in gray) which generated revenue but did not generate revenue days.



H&P's U.S. Land Fleet Status (as of 9/30/10)

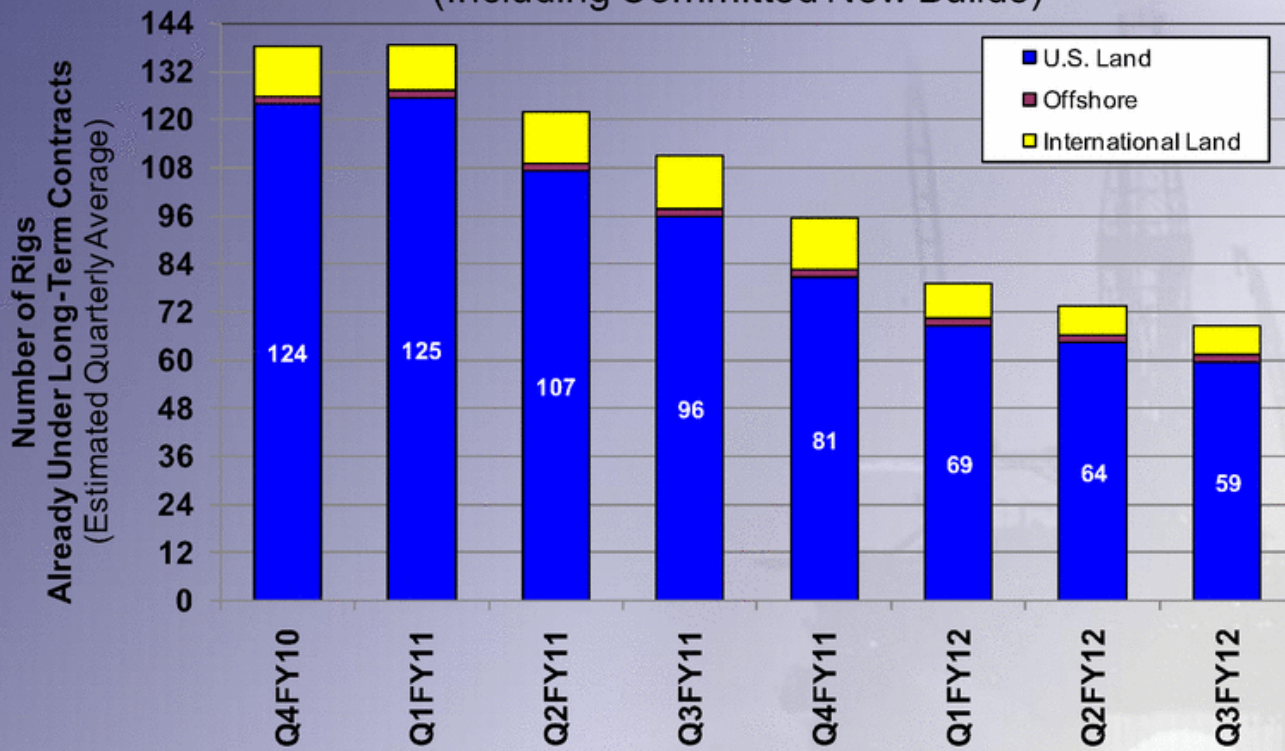


* Excludes rigs assigned to the Company's operations in Mexico that are returning to the U.S.



H&P's Global Fleet Under Term Contracts

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



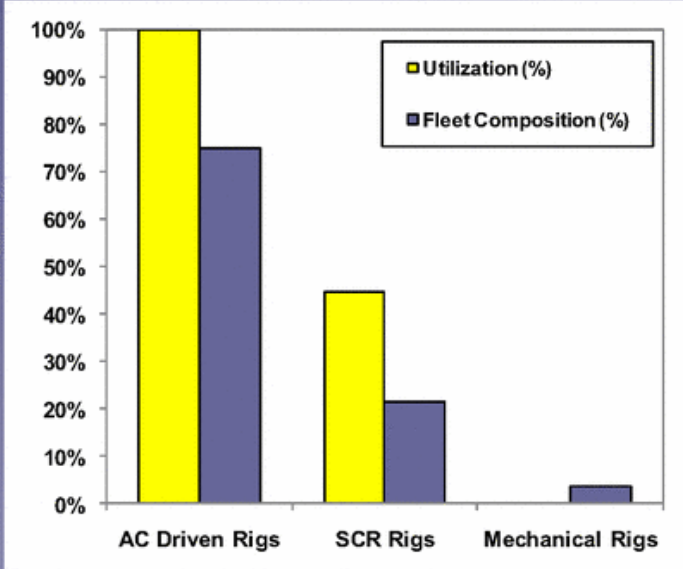
* Includes delayed new builds which are expected to generate revenue but not revenue days.



Estimated U.S. Land Activity by Rig Type

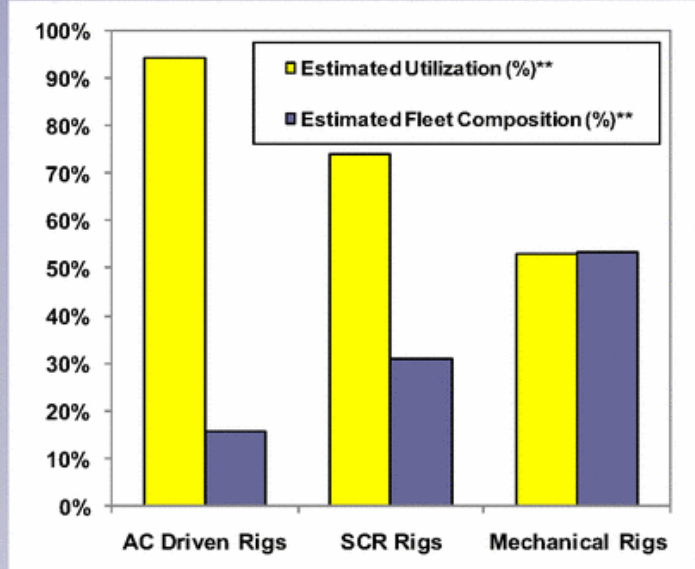
H&P's U.S. Land Fleet (as of 9/30/10)*

Composition & Utilization (by Rig Type)



Industry's Estimated U.S. Land Fleet**

Composition & Utilization (by Rig Type)

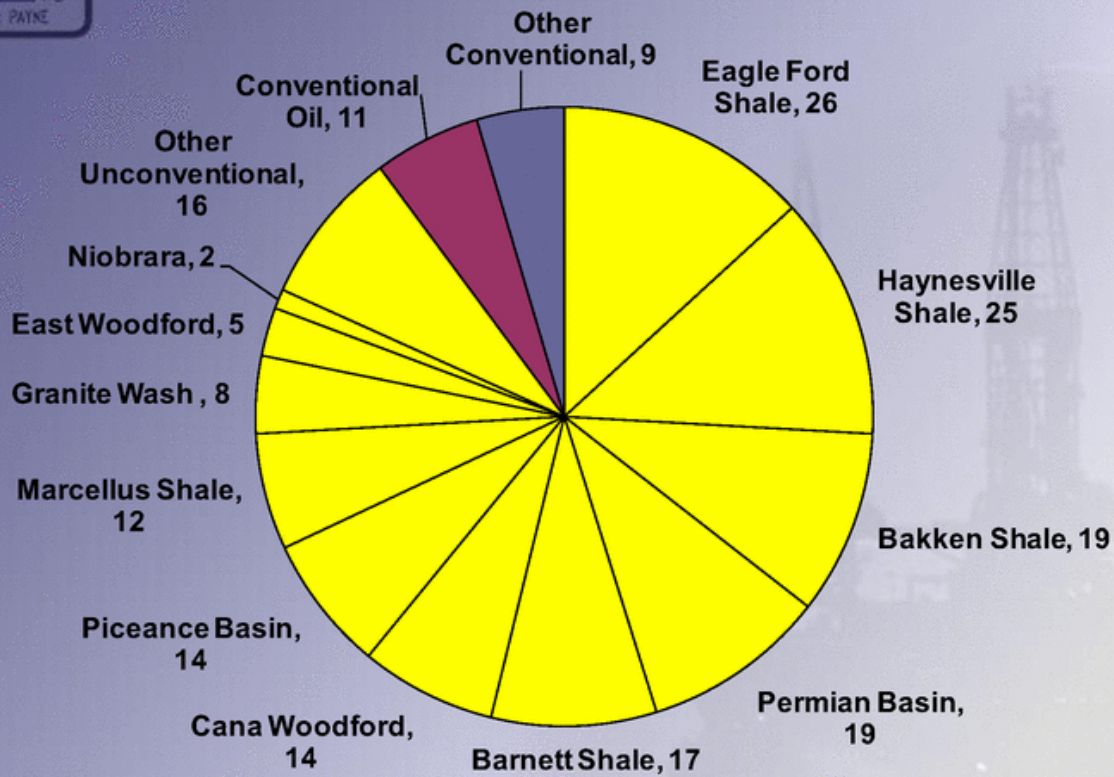


* Includes operator requested new build delivery delays, which generate revenue but not revenue days.

** The above estimates corresponding to the total available U.S. land fleet are derived from multiple sources including Rig Data, Smith Bits and corporate filings. Only rigs with equal to or greater than 600 horsepower drawworks ratings are considered.



H&P's Contracted U.S. Land Fleet (as of 9/30/10)



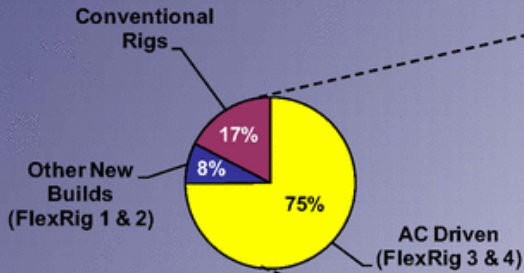
Note: The above numbers corresponding to H&P's contracted U.S. land fleet include one delayed new build which generates revenue but does not generate revenue days and 12 pending new build FlexRigs.



H&P is Leading the U.S. Land New Build Effort

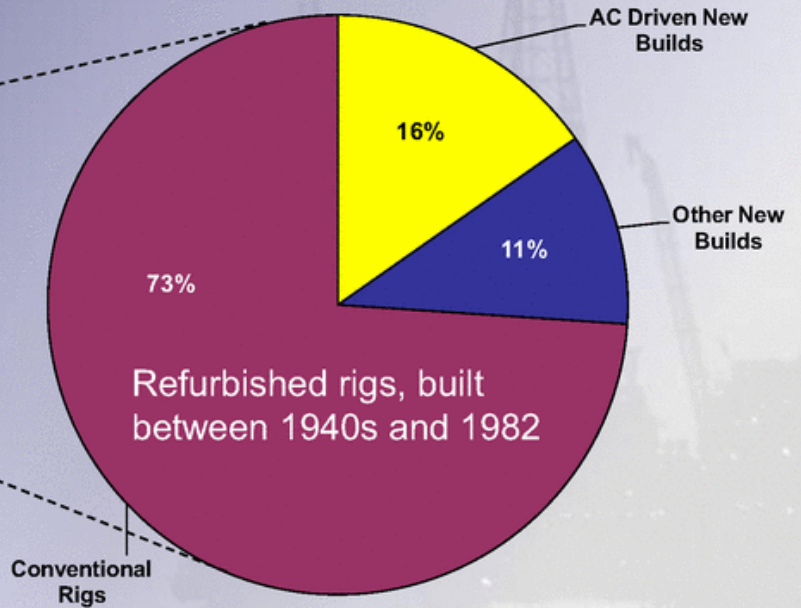
H&P's Available U.S. Land Fleet

(219 Rigs as of 9/30/10)



Total Available U.S. Land Fleet (Estimates)

(~2,500 Rigs)



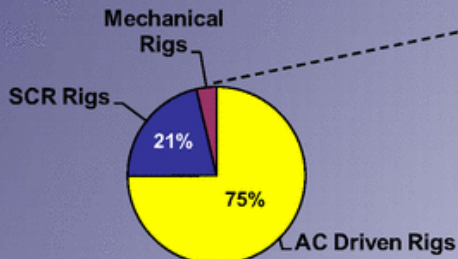
Note: The above estimates corresponding to the total available U.S. fleet are derived from multiple sources including Rig Data, Smith Bits and corporate filings. Only rigs with equal to or greater than 600 horsepower drawworks ratings are considered.



H&P and U.S. Land Fleet (by Rig Type)

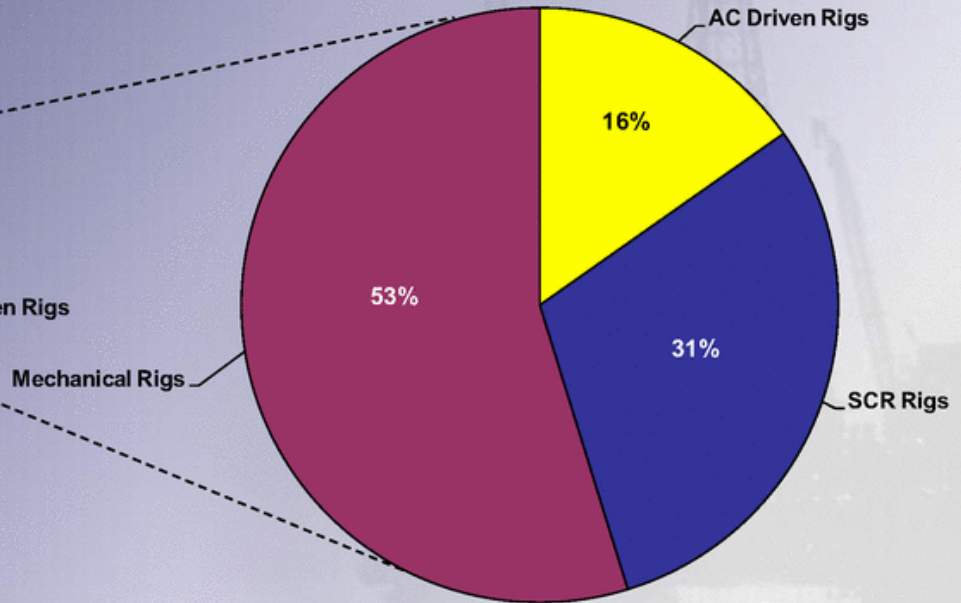
H&P's Available U.S. Land Fleet

(219 Rigs as of 9/30/10)



Total Available U.S. Land Fleet (Estimates)

(~2,500 Rigs)

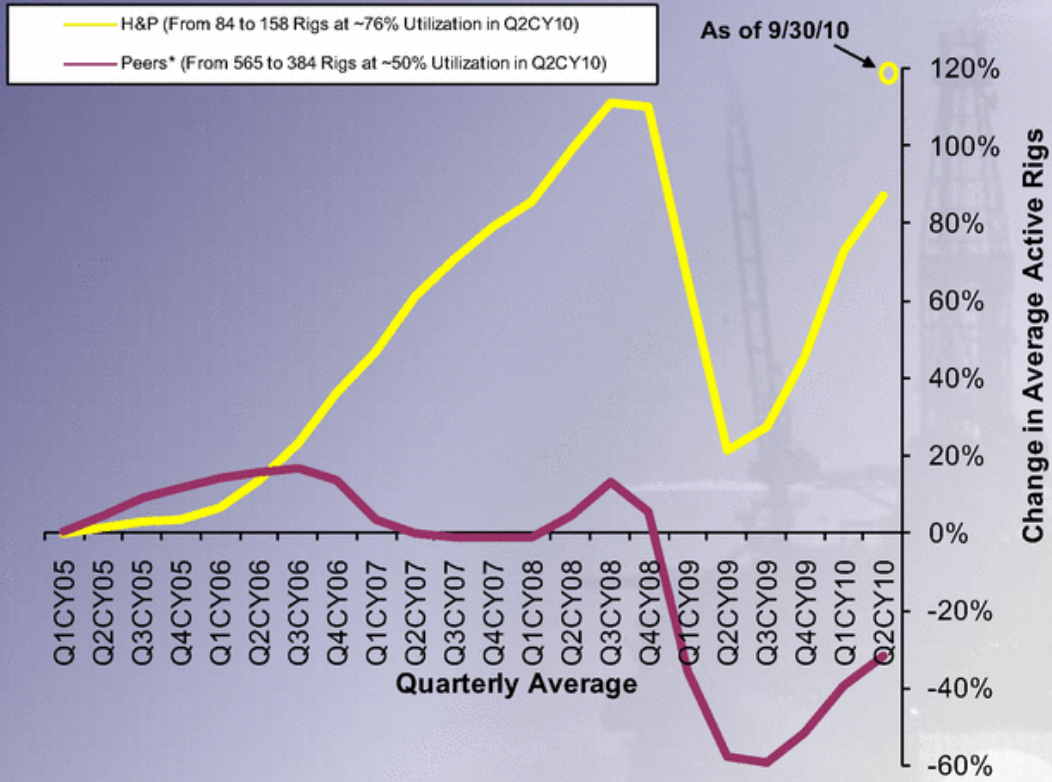


Note: The above estimates corresponding to the total available U.S. land fleet are derived from multiple sources including Rig Data, Smith Bits and corporate filings. Only rigs with equal to or greater than 600 horsepower drawworks ratings are considered.



H&P Taking Market Share

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



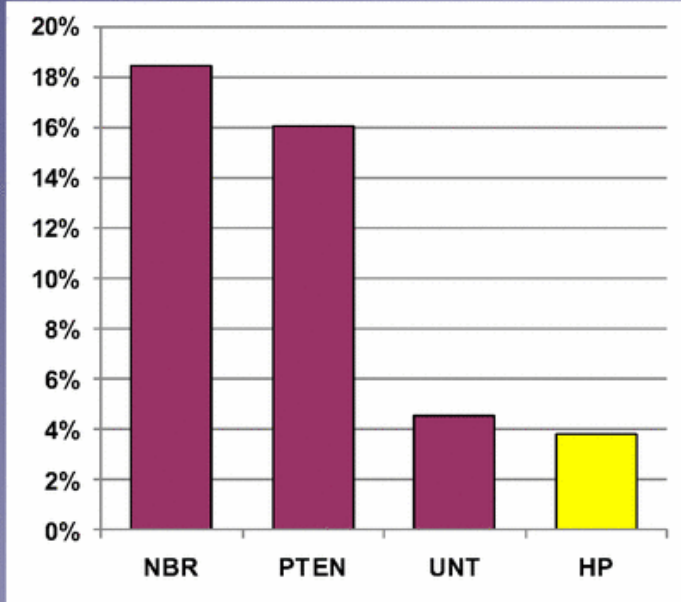
*Represents average active rigs for PTEN, NBR and UNT.



Organically Growing Active Rig Market Share

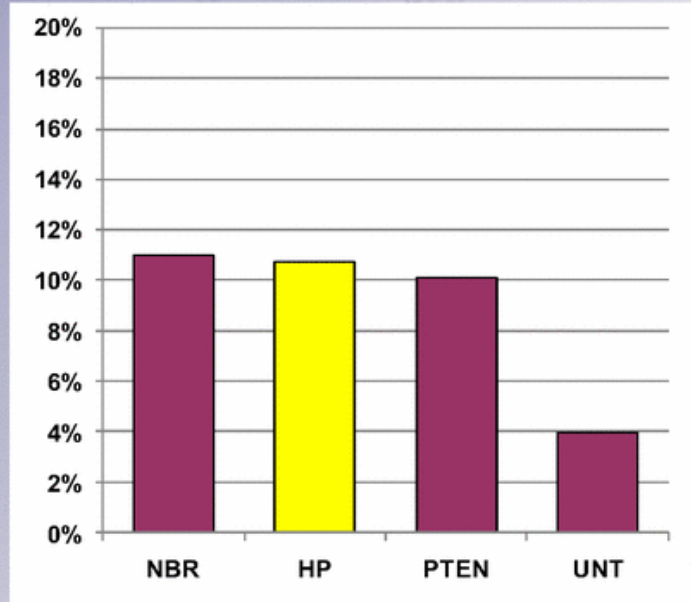
Lower 48 U.S. Land Market Share

As of October 13, 2000



Lower 48 U.S. Land Market Share

As of October 1, 2010



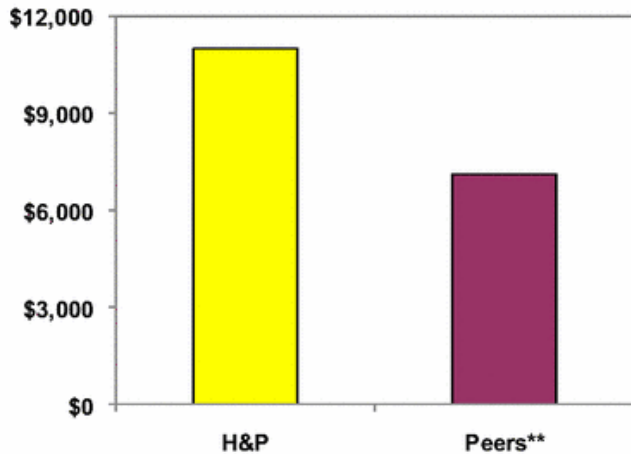
Note: The above estimates corresponding to the total available U.S. land fleet are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.



Technology and Quality Service Make a Difference

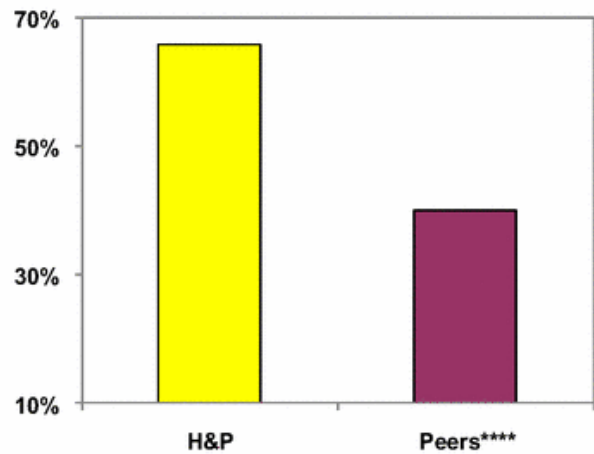
Rig Margin Premium

Average U.S. Land Rig Margin per Day*
(12 Months Ended June 30, 2010)



Utilization Premium

Estimated U.S. Land Rig Utilization***
(12 Months Ended June 30, 2010)



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

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

*** 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.

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H&P's International Land Operations

- **We continue to expect quarterly activity (or revenue days) for the segment to sequentially increase by about five percent from the third to the fourth fiscal quarter of 2010.**
- **Our first FlexRig in the Middle East is currently working under a long-term contract. We expect to mobilize a second FlexRig to the region in the first fiscal quarter of 2011.**
- **Some of the rigs assigned to the Company's operations in Mexico are returning to the U.S.**
- **Excluding any favorable impact corresponding to early termination revenue, we continue to expect average daily rig margins for the International Land segment to decrease by five to ten percent from the third to the fourth fiscal quarter of 2010.**



H&P's International Land Operations

Rig Fleet Status (as of September 30, 2010)

| | Active | Contracted | Idle | Total | Long-term Contracts |
|--------------|------------------|------------------------|----------|-----------|------------------------------|
| Argentina | 5 | | 4 | 9 | 4 |
| Bahrain | 1 | 1 ⁽²⁾ | | 2 | 2 |
| Colombia | 5 | | 1 | 6 | 2 |
| Ecuador | 4 | | | 4 | |
| Mexico | 6 ⁽¹⁾ | | | 6 | 6 |
| Tunisia | 2 | | | 2 | |
| Total | 23 | 1⁽²⁾ | 5 | 29 | 14^{(2), (3)} |

1) Some of the six rigs assigned to the Company's operations in Mexico are returning to the U.S.

2) Includes one rig under a long-term contract still in the U.S. expected to deploy to Bahrain during the first fiscal quarter of 2011.

3) 14 of 16 FlexRigs (included in the international fleet of 29 rigs) are under long-term contracts.



H&P's Offshore Operations

- **Seven of the Company's nine offshore platform rigs remain active, including two under long-term contracts.**
- **Currently, one of the Company's seven active platform rigs is being impacted by the deepwater moratorium by way of a reduced standby rate.**
- **As we transition from the third to the fourth fiscal quarter of 2010, we continue to expect a decline in average daily rig margins in the range of fifteen to twenty percent.**



H&P New Builds

- **Since March 2010, we have announced the construction of 19 new FlexRigs, all of which are contracted under multi-year term agreements.**
- **Having completed the construction of seven of these 19 rigs, we currently have 12 left to be completed through early to mid calendar 2011.**
- **New build rigs will be deploying primarily to oil and liquids rich markets including six in the Eagle Ford Shale, three in the Woodford Shale, and two in the Bakken Shale.**
- **We continue to have encouraging conversations with customers regarding new build commitments for incremental FlexRigs.**



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 Value Proposition Example – H&P vs. Competitors

| | Estimated Conventional Average (Spot Market) | Estimated Peer Fit-for-purpose Average (Spot Market) | H&P FlexRig3 Average Mid 2010 (Spot Market) |
|---|--|--|---|
| 1. Drilling days | 26 | 14 | 11 |
| Completion days | 2 | 2 | 2 |
| Moving days | 5 | 4 | 3 |
| Total rig revenue days per well | 33 | 20 | 16 |
| 2. Drilling contractor dayrate | \$15,500 | \$21,500 | \$24,500 |
| Operator's other intangible cost per day estimate | \$22,500 | \$22,500 | \$22,500 |
| Total daily cost estimate | \$38,000 | \$44,000 | \$47,000 |
| Total cost per well (daily services) | \$1,254,000 | \$880,000 | \$752,000 |
| 3. Total well savings with H&P – per well | \$502,000 | \$128,000 | |
| per year | \$11.5MM | \$2.9MM | |

Increased wells per rig per year versus conventional average: 12 wells

Increased wells per rig per year versus peer fit-for-purpose: 5 wells



A Strong Field Organization

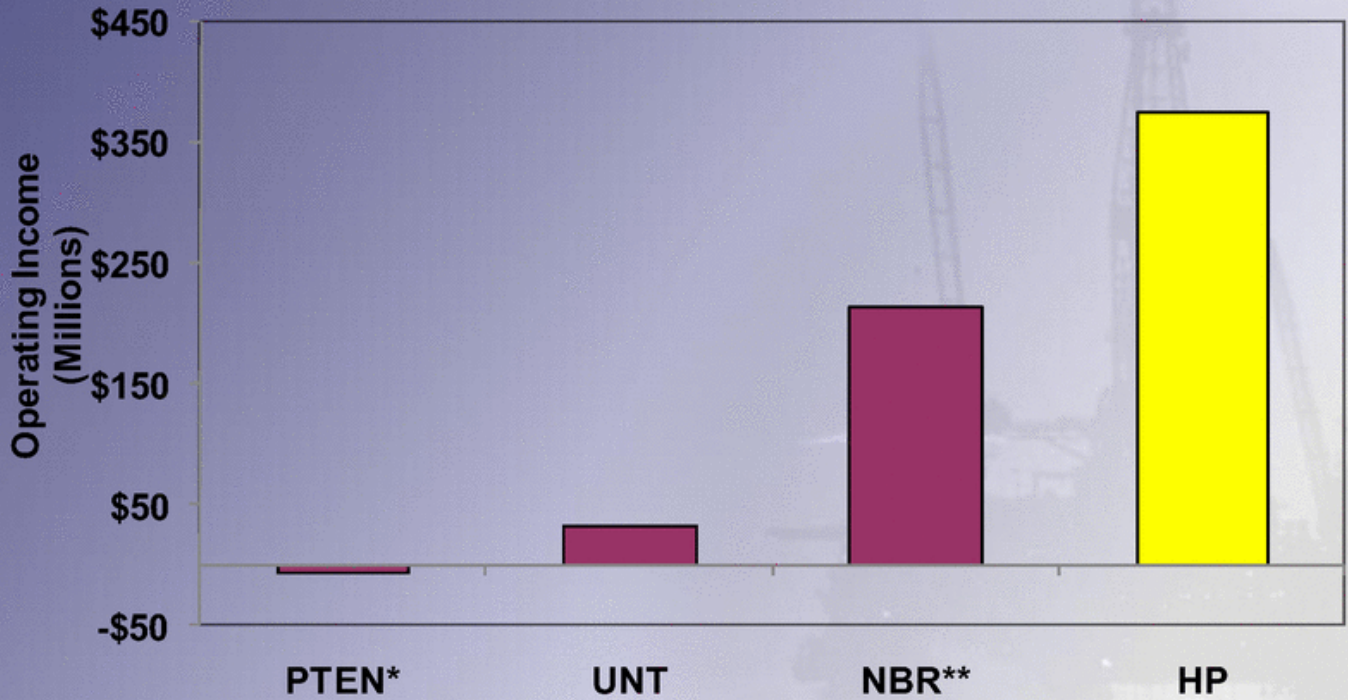
- Performance is not only about better rigs
- It's also about:
 - People
 - Safety
 - Experience
 - Training
 - Culture
 - Supply chain
 - Maintenance
 - Processes
 - Organizational network
 - Support structure



Most Profitable Driller in U.S. Land Business

U.S. Land Drilling Operating Income

12 Months Ended June 30, 2010



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

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

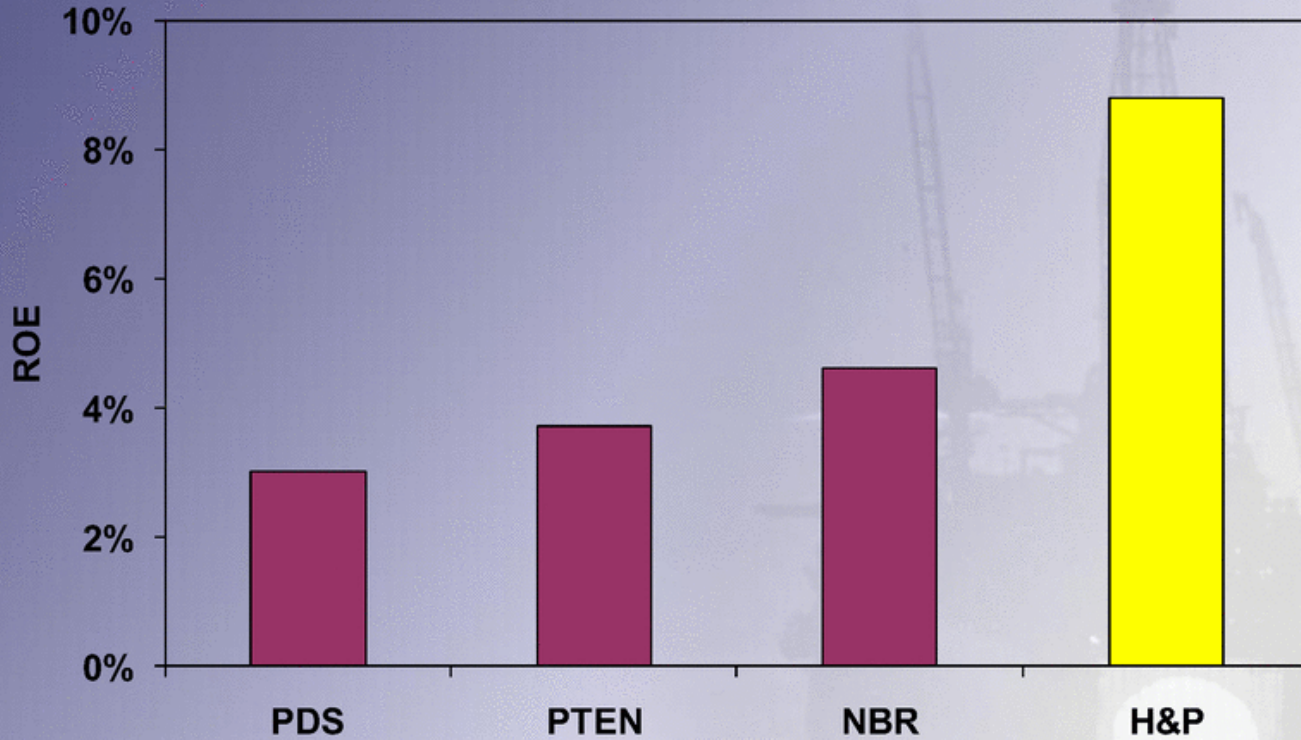
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Peer Group Estimated Return on Equity

Analyst Estimates Fiscal Year 2010 Return on Equity

(Source: First Call Consensus October 8, 2010)





Market Trends Favor H&P

- **Growing focus on technology-based solutions that enable lower total well costs**
- **Unconventional plays are the most economically viable and tend to require highly-capable rigs**
- **Drilling is becoming more challenging and highly-capable rigs are expected to be in short supply**
- **Increasing safety and environmental sensitivity**



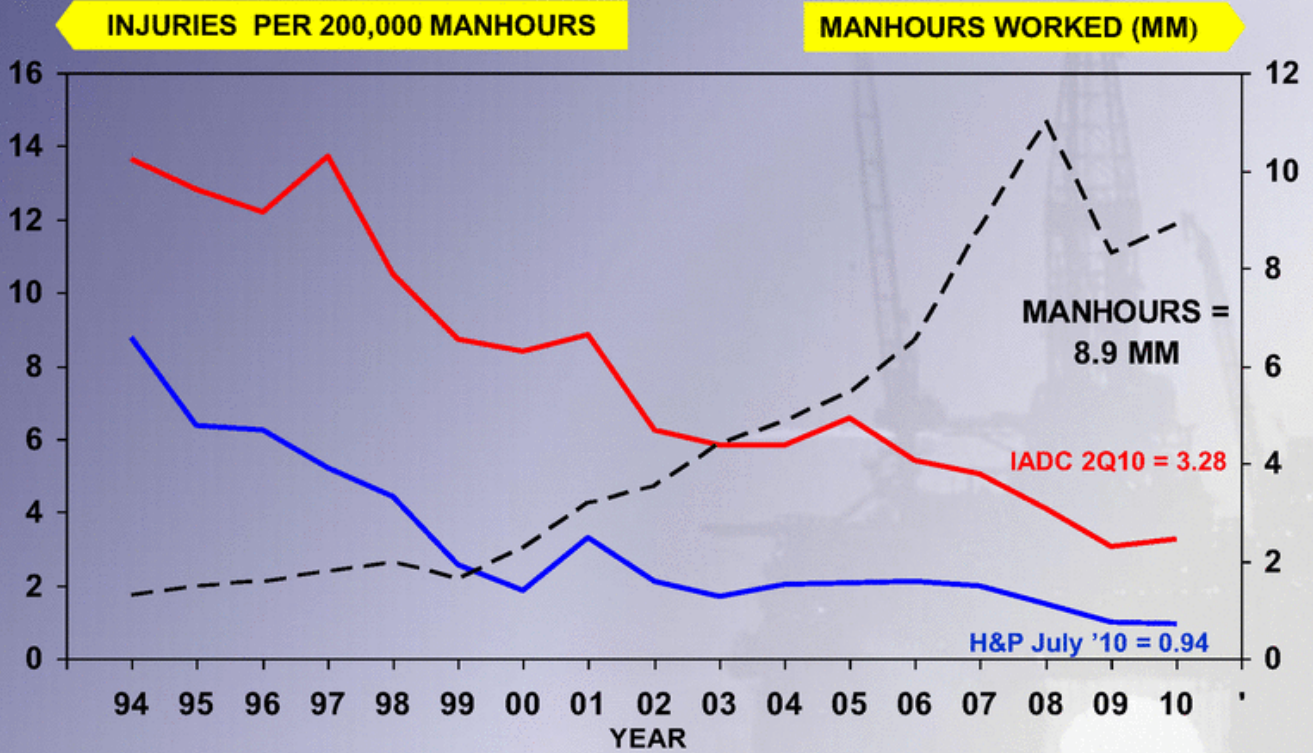
Additional References:

HELMERICH & PAYNE, INC.



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

U.S. Land Safety Performance (1994 – 2Q10) OSHA Recordable Injury Incidence Rates

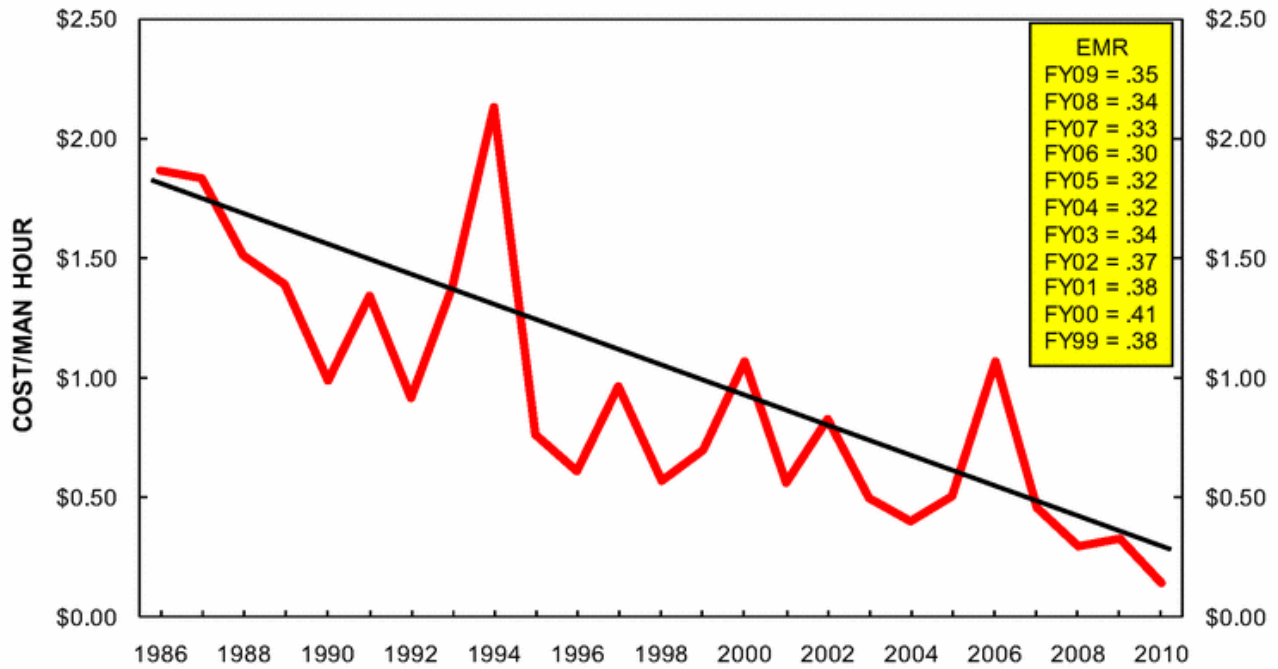




Safety Excellence Also Generates Savings

Reduced Workers Comp and General Liability Losses per Man Hour

Actual Cost Per Man Hour Worked
U.S. Land & Offshore Operations



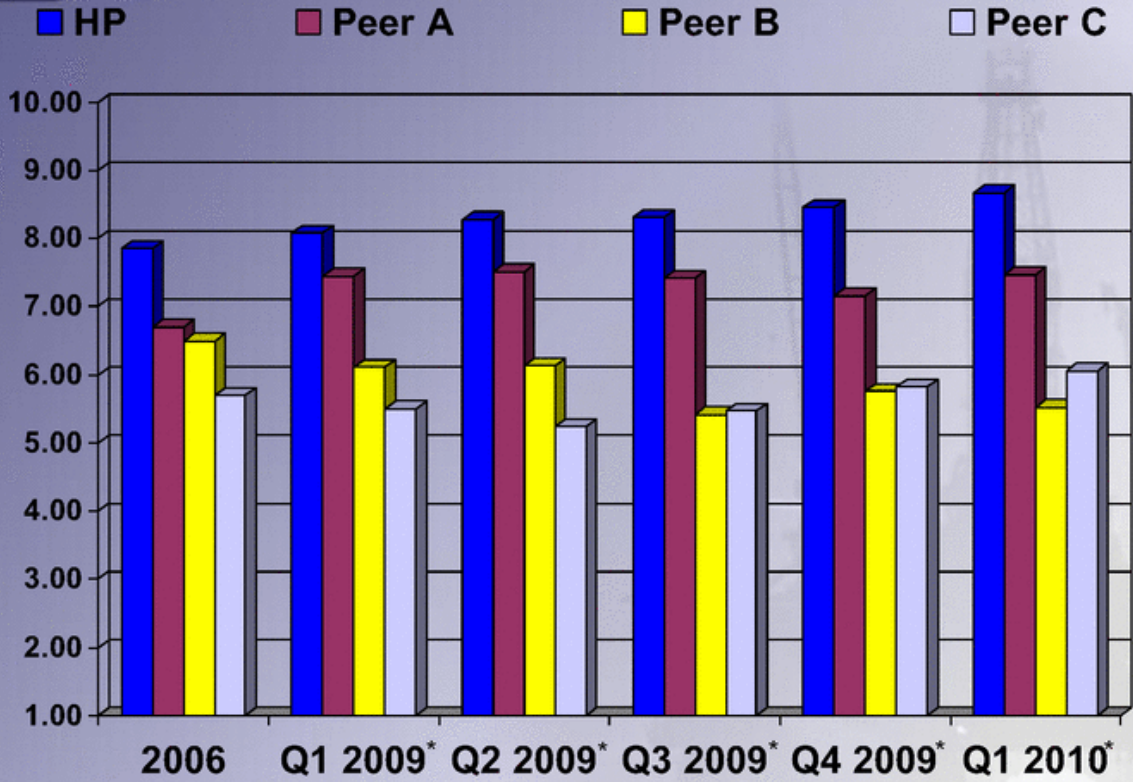
EMR = Experience Modifier Ratio (Industry Average = 1.00)

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Customer Satisfaction Index

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



Source: EnergyPoint Research, Inc.

* Trailing four quarters average

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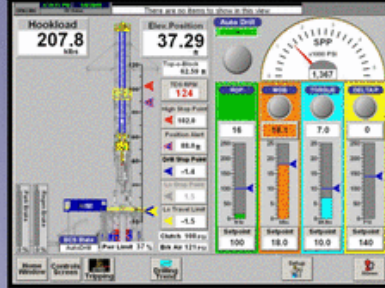


Leader in New Ideas & Applied Technology

Driller's Cabin



Computerized Controls



AC Driven Systems & Integrated Top Drive



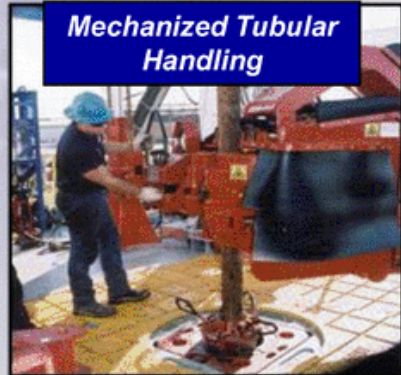
Satellite Communications



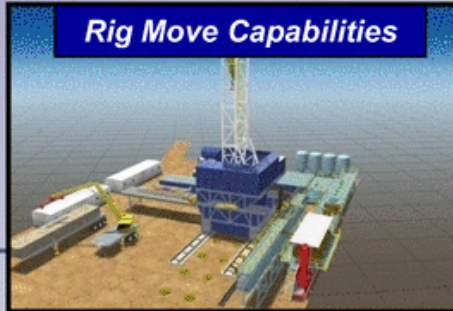
BOP Handling



Mechanized Tubular Handling



Rig Move Capabilities



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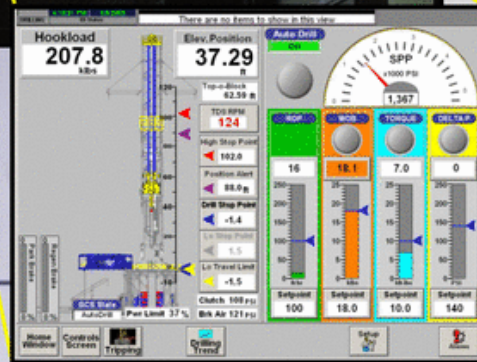
Driller on a Conventional Rig vs. FlexRig™



Drawworks
Brake
Handle



Drawworks
Joystick
Control



NE, INC.



Roughnecks on a Conventional Rig vs. FlexRig

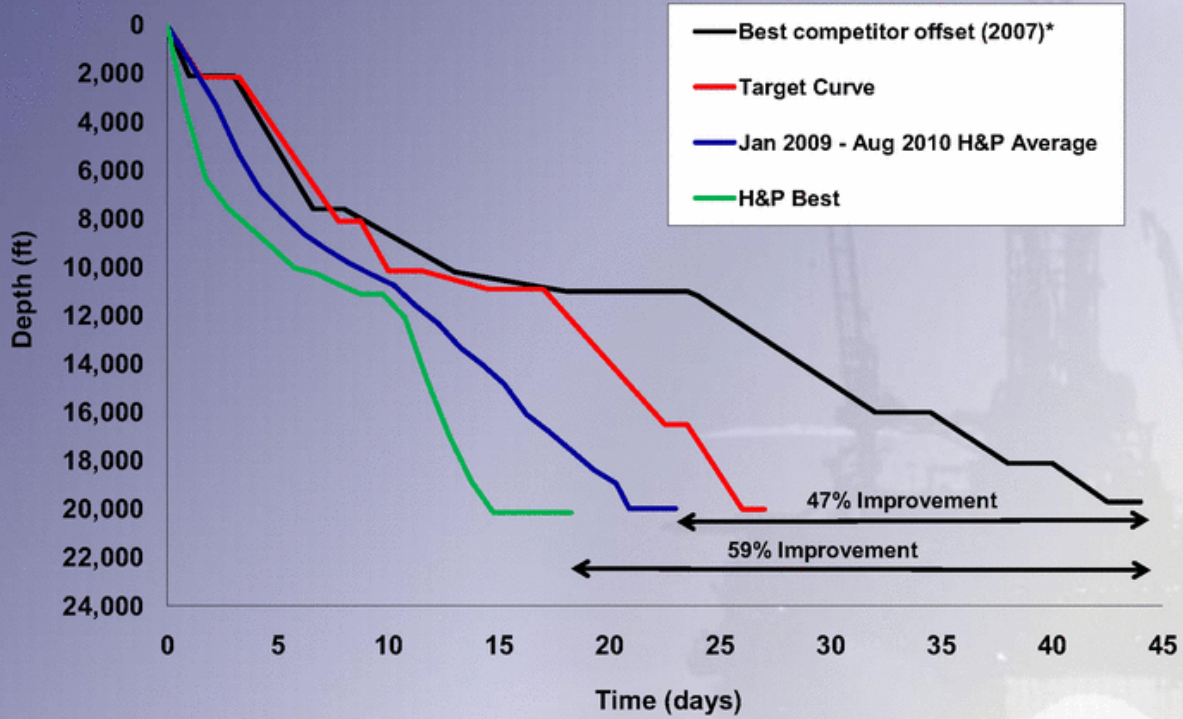


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FlexRig3 – Performance Sample

FlexRig3 Bakken Shale

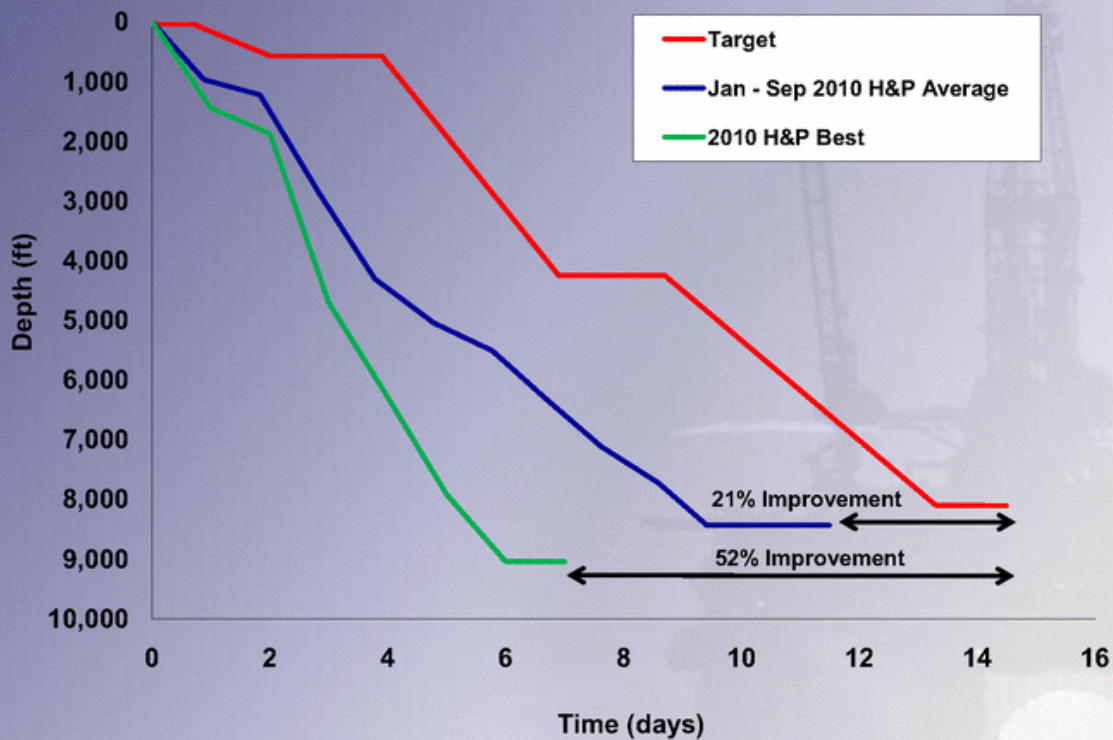


* Represents the customer's fastest reported Bakken Shale well before deploying a H&P FlexRig.



FlexRig4M – Performance Sample

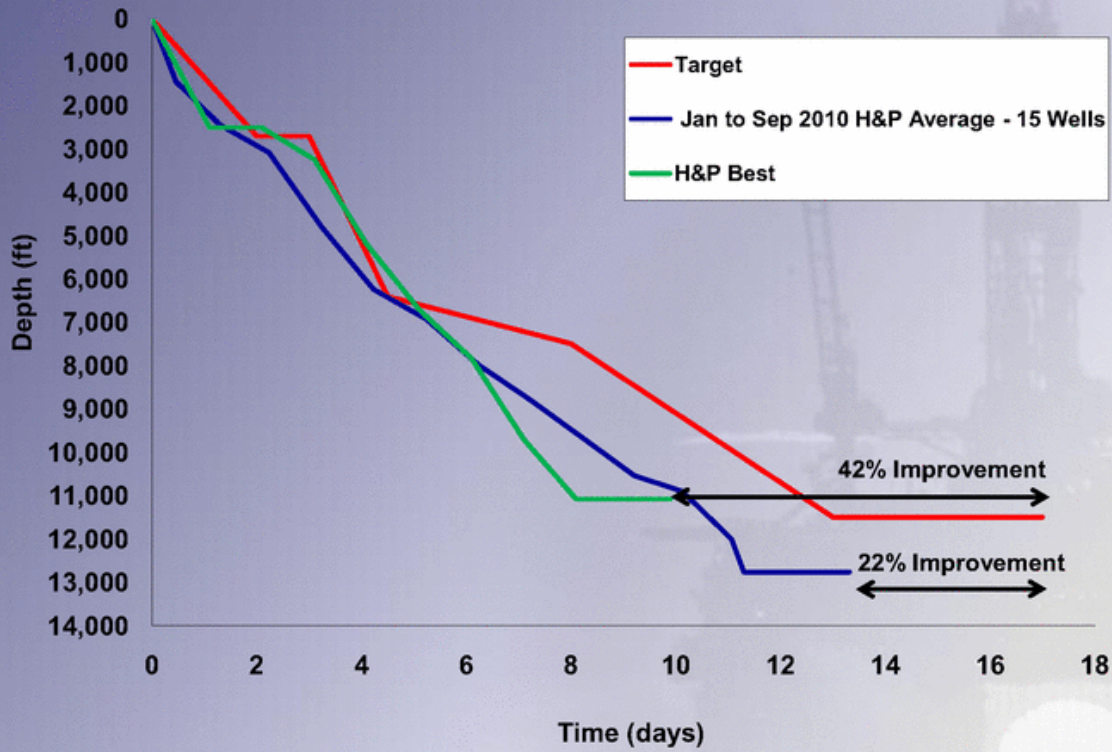
FlexRig4M West Texas





FlexRig4 – Performance Sample

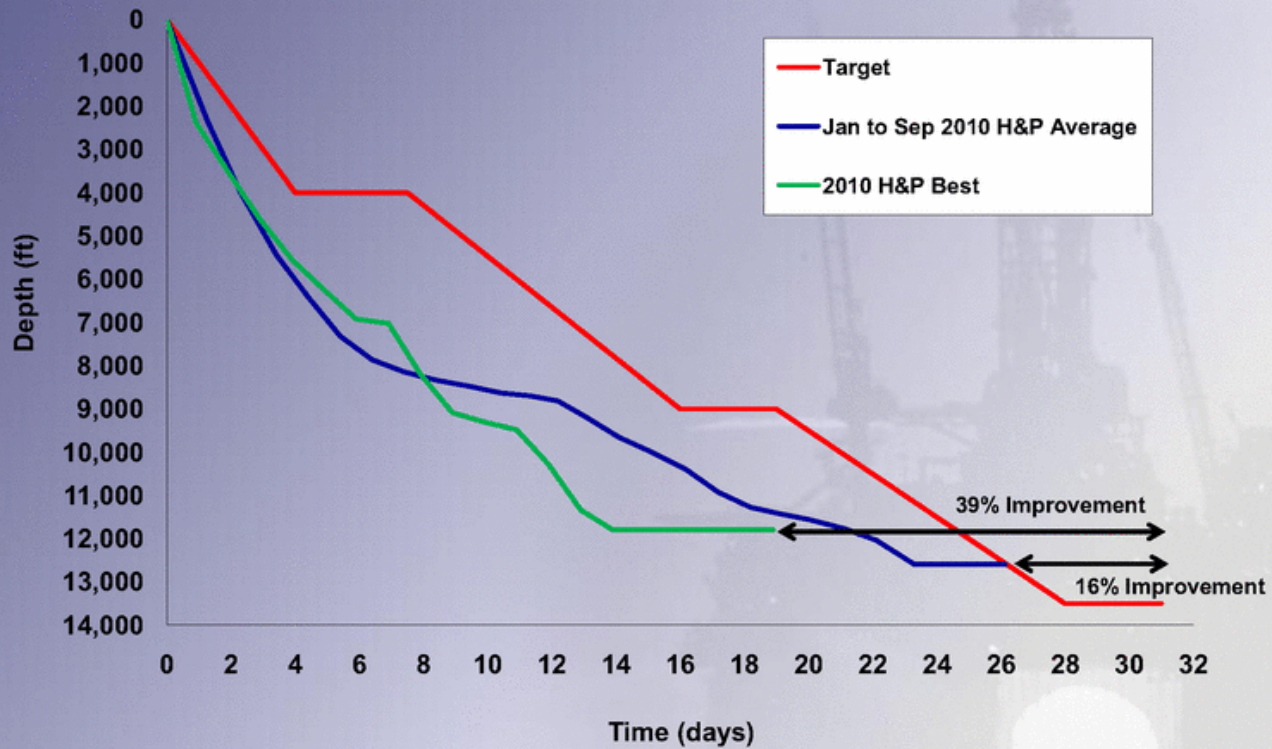
FlexRig EagleFord Shale





FlexRig4S – Performance Sample

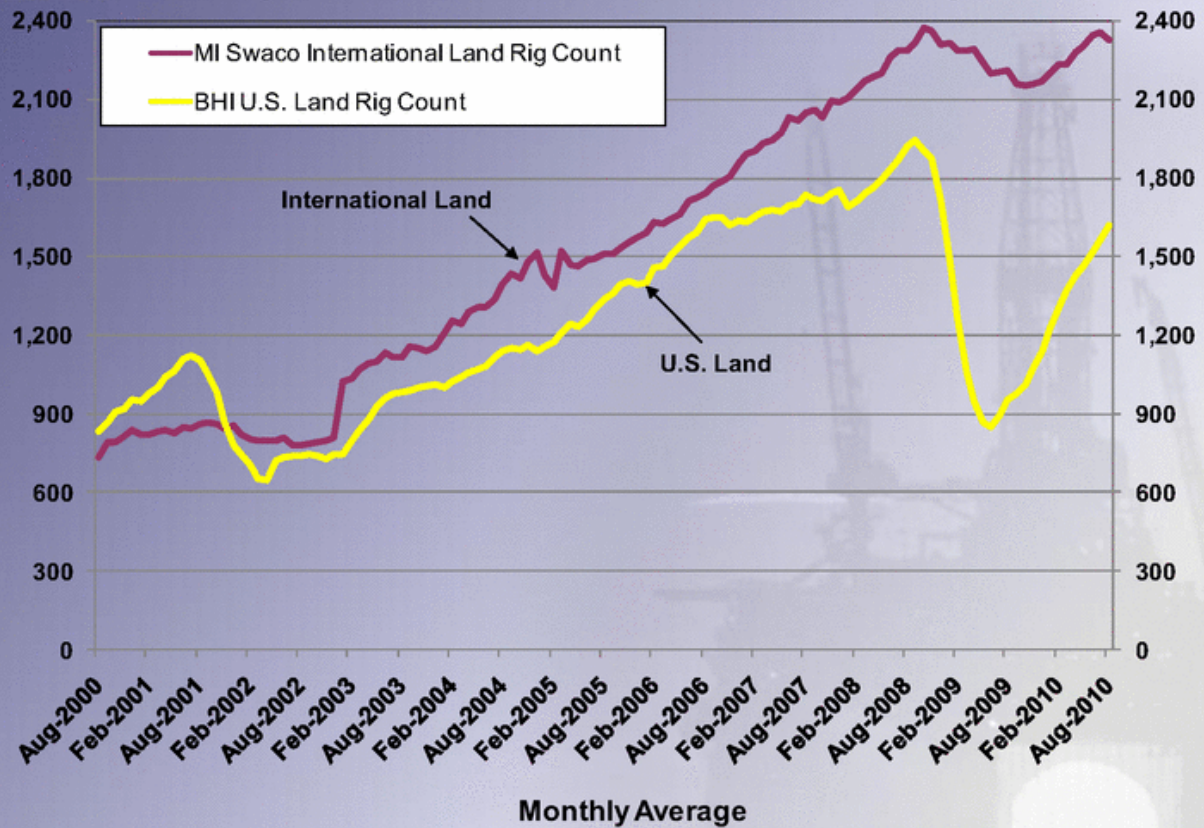
FlexRig4S Marcellus Shale





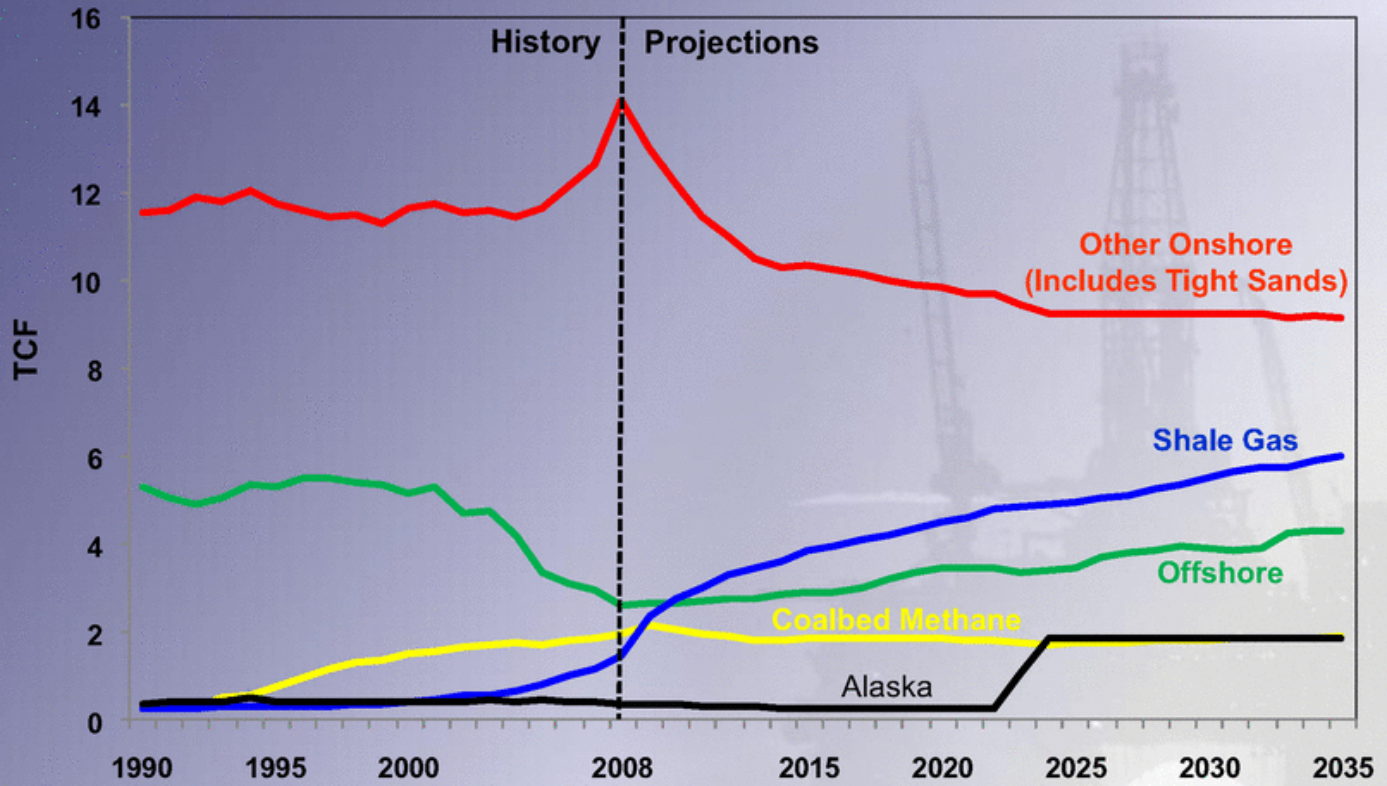
Improving Rig Counts

Baker Hughes U.S. Land and MI Swaco International Land Rig Counts





Unconventional Natural Gas Production Growing

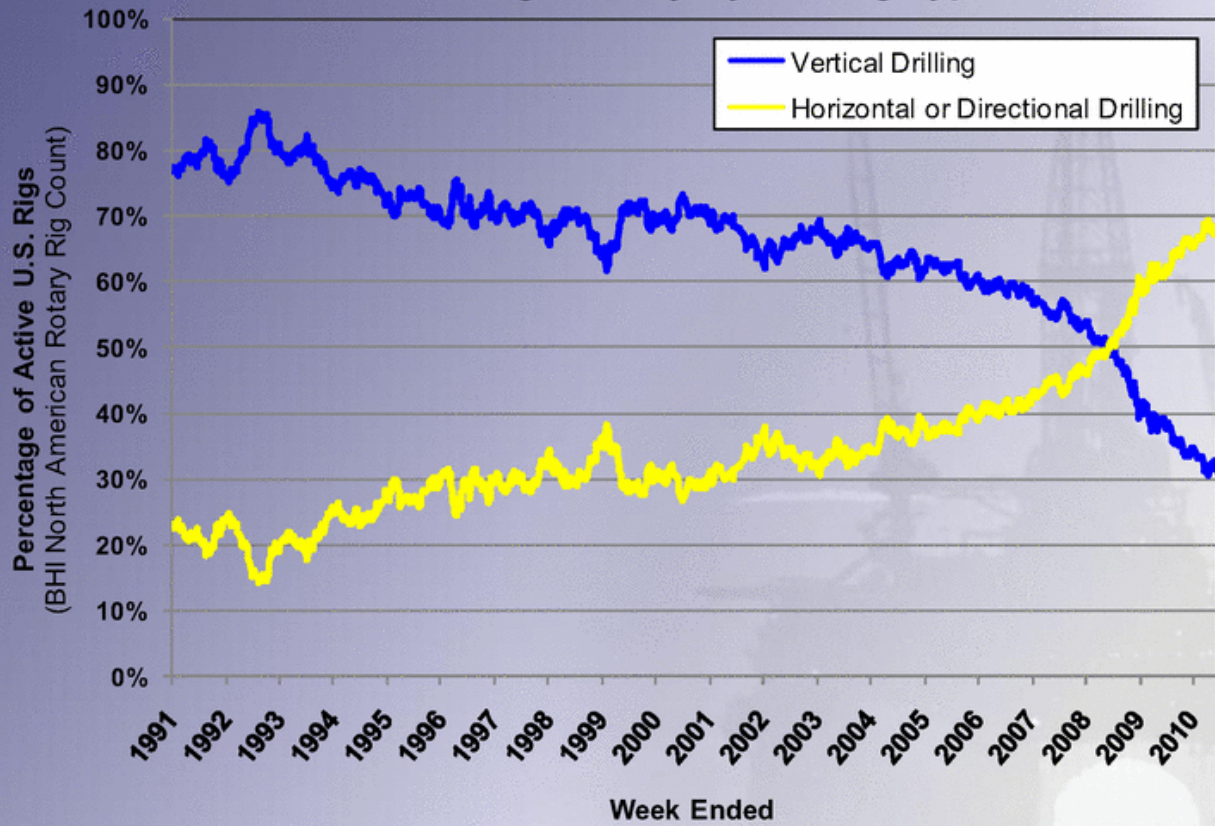


Source: Energy Information Administration Annual Energy Outlook 2010 with projections to 2035 (May 2010).



Increasing Focus on More Difficult Drilling

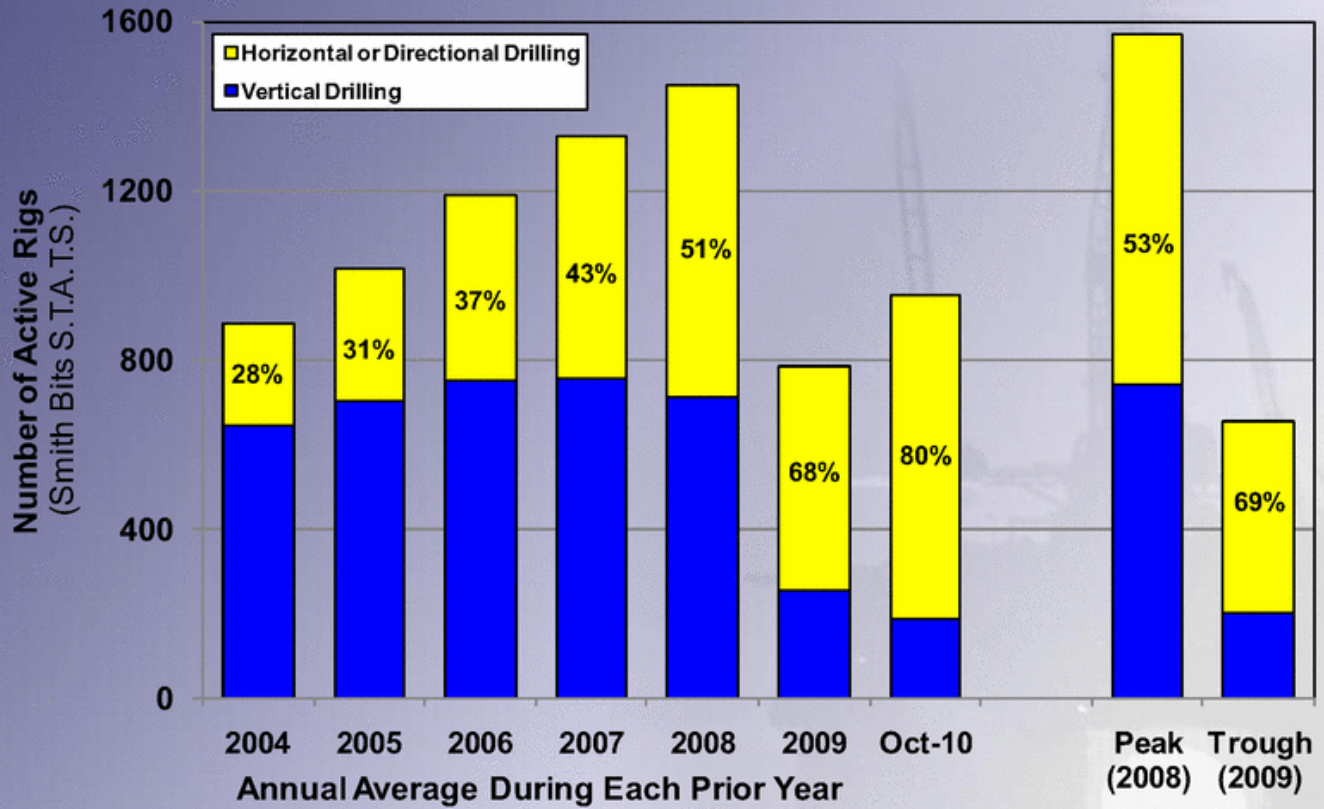
U.S. Rig Activity by Drilling Type





Increasing Focus on More Difficult Drilling

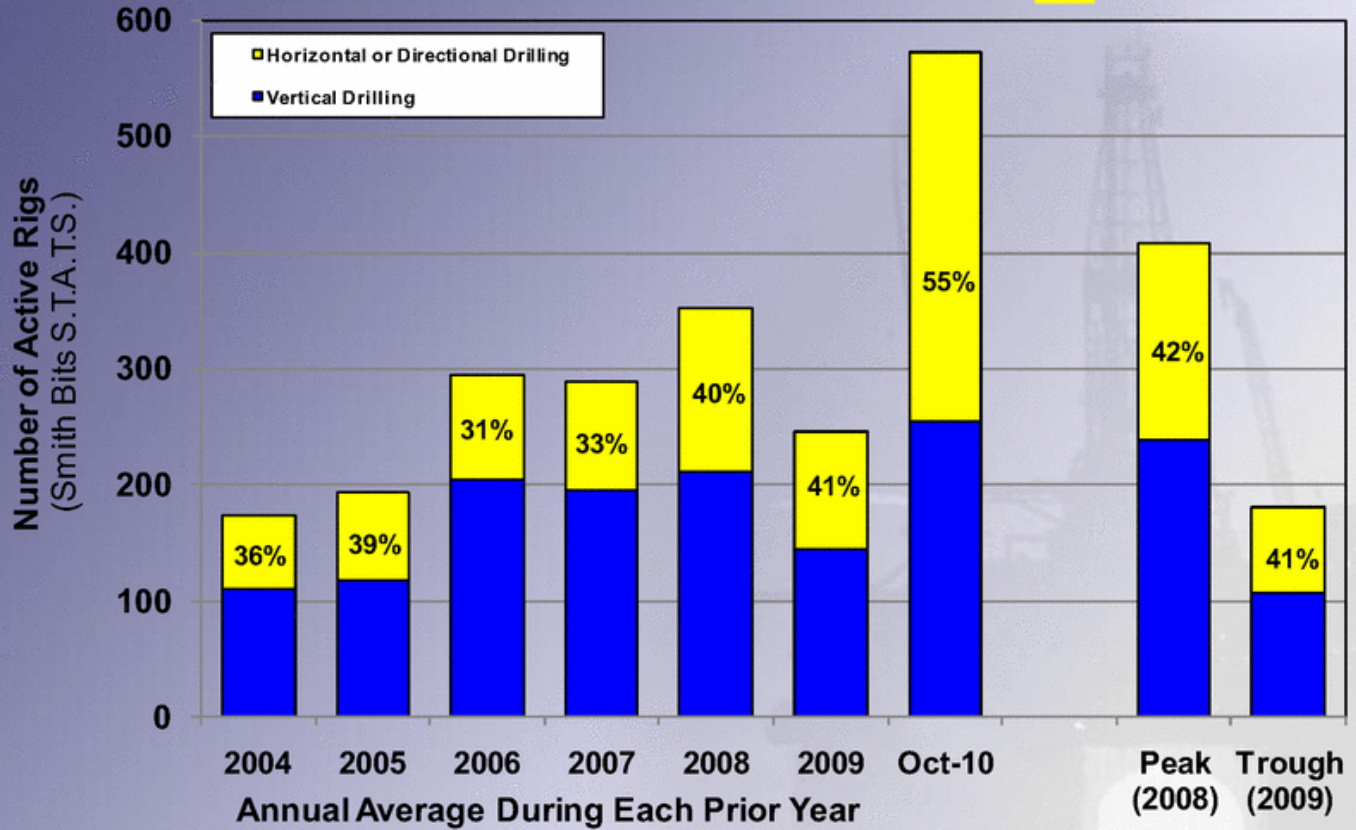
Active Rigs in U.S. Land Drilling for Natural Gas





Oil Related Drilling Also Increasingly Complex

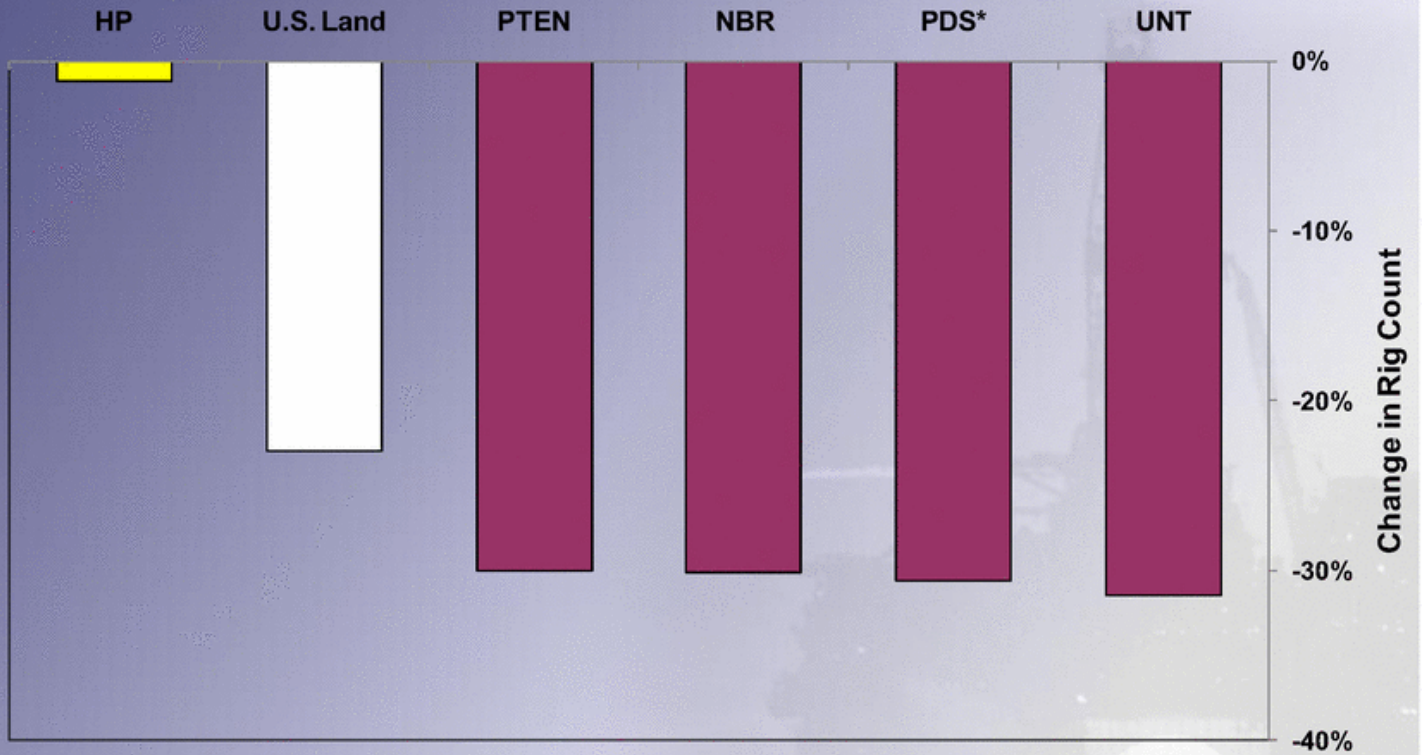
Active Rigs in U.S. Land Drilling for Oil





Changes in Lower 48 U.S. Land Rig Count

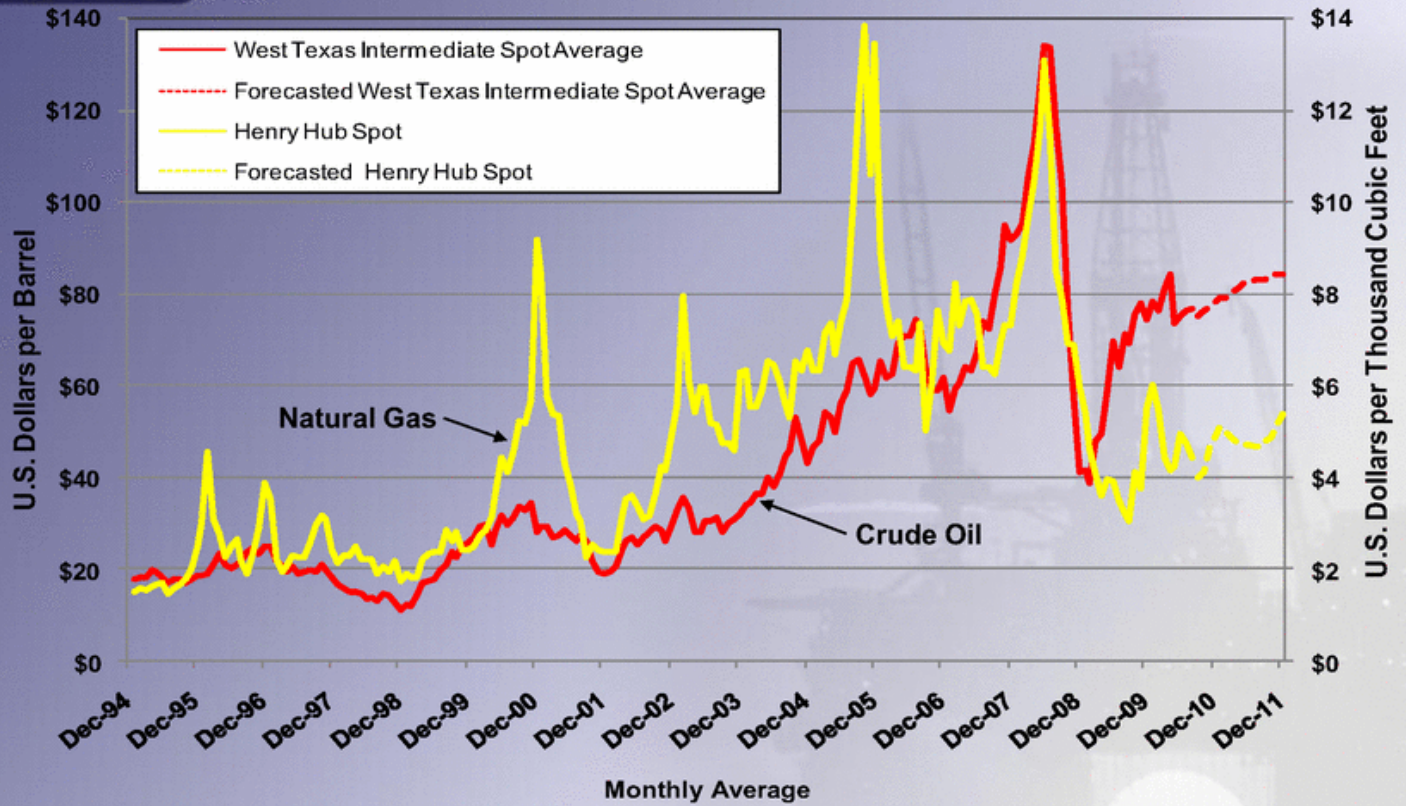
Estimated Change Since Peak in Active U.S. Land Rigs
(Smith Bits Weekly Rig Count - October 17, 2008 to October 1, 2010)



* PDS's active rig count includes both PDS and GW rigs.



Crude Oil & Natural Gas Prices



Source: Energy Information Administration, Short-term Energy Outlook as of 9/8/2010.



End of Document

HELMERICH & PAYNE, INC.