

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

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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 EARLIEST EVENT REPORTED: October 18, 2004

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

State of Incorporation: Delaware

COMMISSION FILE NUMBER 1-4221

Internal Revenue Service — Employer Identification No. 73-0679879

1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma 74119
(918)742-5531

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.06 MATERIAL IMPAIRMENTS

On October 18, 2004, Helmerich & Payne, Inc. (the "Company") concluded that a non-cash charge for impairment of nine of its 12 offshore platform rigs, located in the Gulf of Mexico, will be recorded in its fourth quarter which ended September 30, 2004. Estimates of the impairment charge range from \$48 million to \$53 million on a pre-tax basis. In evaluating the Company's offshore platform business, impairment indicators were present, including declines in revenue and margin per day, industry and Company platform rig utilization, and bid activity. The Company noted that these declines had not been positively affected by the significant increase in oil and gas prices. As a result of the declining financial trends and the generally unfavorable market conditions in the Gulf of Mexico, the Company completed its analysis of the prospective market demand, utilization, and probability-weighted cash flow forecasts for each of the 12 offshore rigs owned by the Company. Based on this analysis, the Company determined that an impairment charge was required.

ITEM 8.01 OTHER EVENTS

On October 19, 2004, the Company issued a press release announcing the impairment of certain of its Gulf of Mexico offshore platform rigs and the sale of certain portfolio securities. A copy of the press release is attached to this report as Exhibit 99.1.

ITEM 9.01 FINANCIAL STATEMENT AND EXHIBITS

(c) 99.1 Press Release dated October 19, 2004

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HELMERICH & PAYNE, INC.
(Registrant)

/s/ Steven R. Mackey

Steven R. Mackey
Vice President

DATE: October 19, 2004

October 19, 2004

**H&P ANNOUNCES IMPAIRMENT OF OFFSHORE DRILLING ASSETS AND
PORTFOLIO SALES**

Helmerich & Payne, Inc. announced today that a non-cash charge for impairment of certain of its Gulf of Mexico offshore platform rigs will be recorded in its fourth quarter of fiscal 2004 ended September 30. The impairment charge is expected to be in the \$48-\$53 million range, on a pre-tax basis. The Company's year-end analysis of the industry conditions and prospective market demand for certain of its offshore platform rigs indicated that the carrying value of the assets would not be recoverable from future estimated cash flows. The offshore rig impairment charge will result in a \$0.58 to \$0.65 per share reduction in net income. As a result of the impairment charge, the Company will record a financial loss for its fourth quarter, but expects that total net income for the fiscal year 2004 will be slightly positive.

Helmerich & Payne, Inc.'s President and C.E.O., Hans Helmerich commented: "Although a steady performer since the early '80s, our offshore platform rig business has experienced reductions in rig utilization and profitability which reflect the industry-wide downturn in Gulf of Mexico rig activity levels. High commodity prices have not stimulated improved rig activity, resulting in a reevaluation of our asset base in the offshore platform rig market. In conjunction with the impairment charge, the Company retired Rig 108, which brings the number of available platform rigs to eleven. In contrast, Company land rig operations in both the U.S. and international segments, which combined make up 91% of the Company's rig fleet, have experienced improvement in rig utilizations and margins during the fourth quarter."

The Company also announced two separate transactions involving sales of portfolio securities, one recorded during the fourth quarter ended September 30, and one during the first quarter of fiscal 2005. Last month the Company sold 250,000 shares of Schlumberger at \$67.42 per share which generated approximately \$7,890,000 (\$0.16 per share) of net income for the fourth fiscal quarter of 2004 ended September 30. A separate transaction was closed earlier today involving the successful public offering of a portion of the Company's investment in Atwood Oceanics, Inc. (Atwood). The 2,175,000 share offering of Atwood included 1,175,000 shares of common stock sold by Atwood and 1,000,000 shares of common stock sold by Helmerich & Payne International Drilling Co., as selling stockholder. The final selling price was \$48.50 per share, less underwriter's discount of \$2.67 per share, and will generate approximately \$16,050,000 (\$0.32 per share) of net income for H&P's first quarter of fiscal 2005 ending December 31, 2004. H&P now owns 2,000,000 shares of Atwood and 1,230,000 shares of Schlumberger, which have a combined market value of approximately \$175,000,000.

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Helmerich & Payne, Inc. (HP/NYSE) is a contract drilling company that owns 88 U.S. land rigs, 11 U.S. platform rigs located in the Gulf of Mexico, 26 rigs located in South America, one rig in Hungary and 4 rigs in transit to the U.S. from international operations, for a total of 130 rigs. Included in the total fleet of 130 rigs are 50 H&P-designed and operated FlexRigs.

The information disclosed herein includes forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks and uncertainties, as disclosed by H&P from time to time in its filings with the Securities and Exchange Commission. As a result of these factors, H&P's actual results may differ materially from those indicated or implied by such forward-looking statements.

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