

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 03/23/09 for the Period Ending 03/23/09

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): March 23, 2009

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. 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: March 23, 2009

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slides to be shown during an investor and securities analyst presentation.

Helmerich & Payne, Inc.

Howard Weil Energy Conference

March 23, 2009



Investor Relations Contact: Juan Pablo Tardio – (918) 588-5383 – juanpablo.tardio@hpinc.com

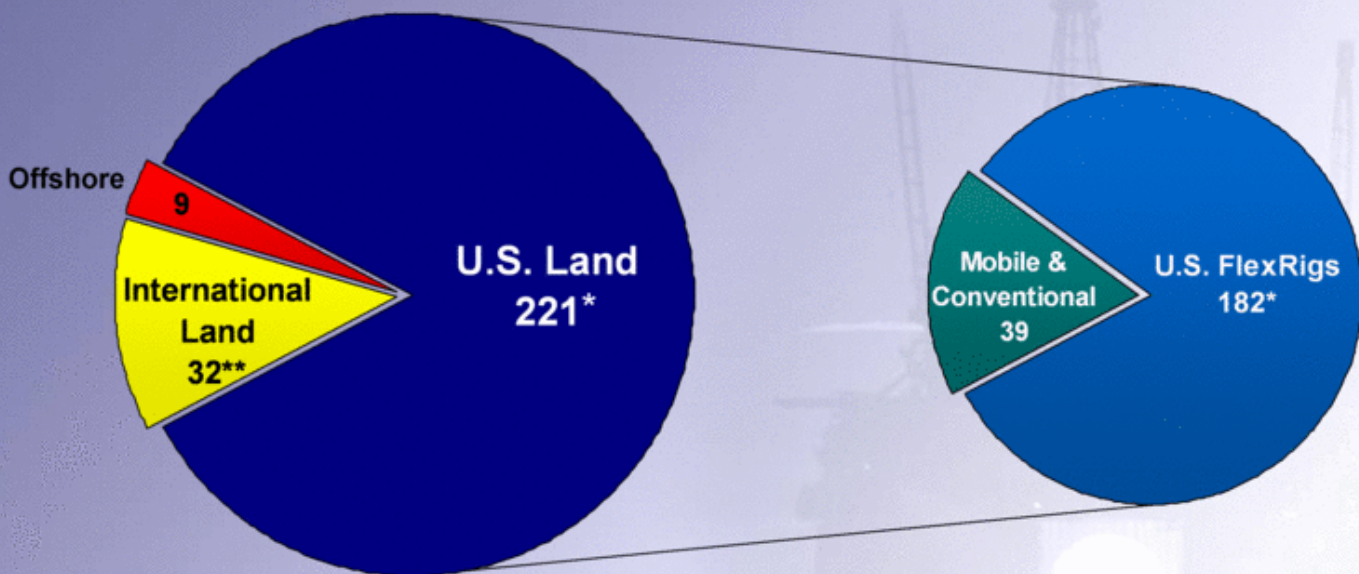


The information contained within this presentation is forward looking and involves risks and uncertainties that could significantly impact expected results. A discussion of these risks and uncertainties is contained in the Company's Form 10-K filed with the Securities and Exchange Commission on November 26, 2008.



H&P's Global Rig Fleet

262 Total Rigs (Includes New Build Commitments)

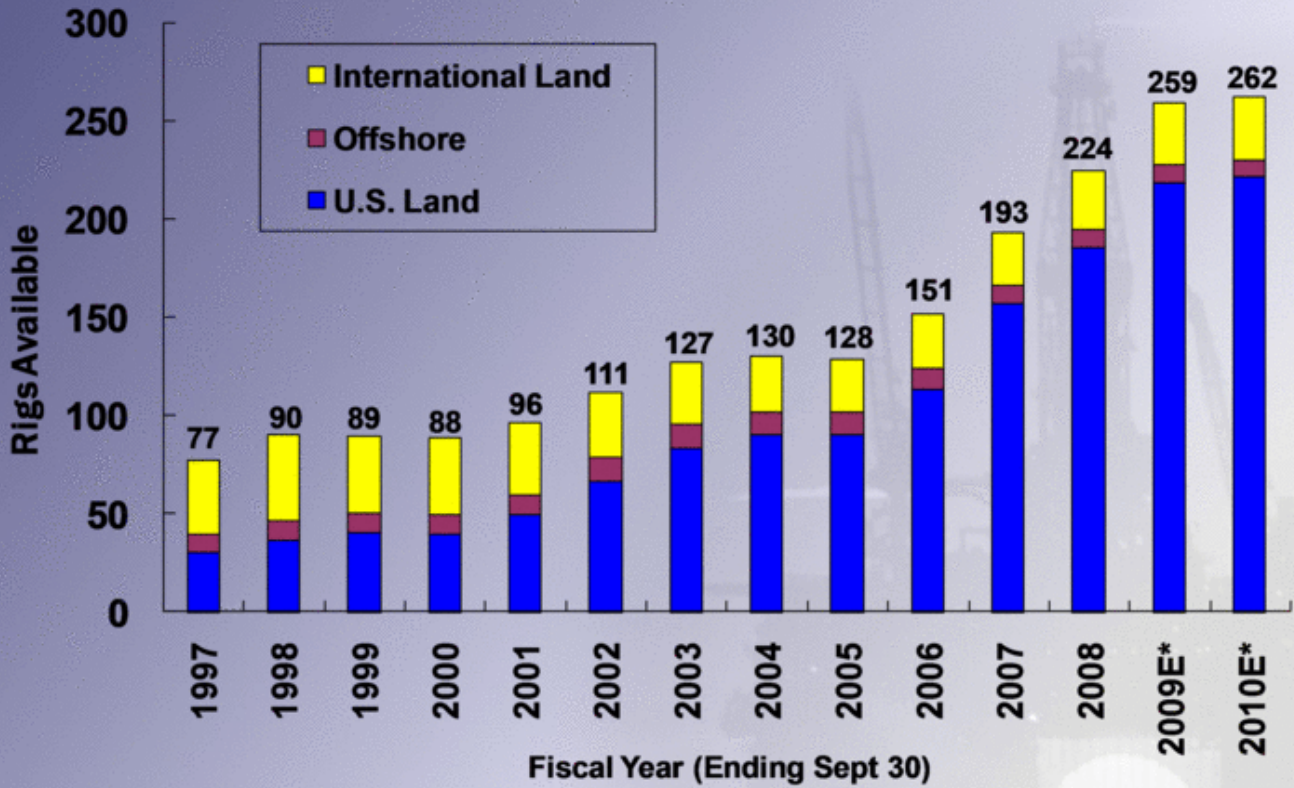


* Includes 18 rigs under construction and scheduled for completion during calendar 2009.

** Includes 1 FlexRig active in Tunisia, 3 FlexRigs operating in South America and 4 FlexRigs pending delivery in FY2009.



H&P's Global Rig Fleet



* Estimates include existing rigs and announced new build commitments.



The Market Today

- **The downturn has been marked by its speed and fury**
- **“Return to GO, collect \$200” ***

* Monopoly board game reference.

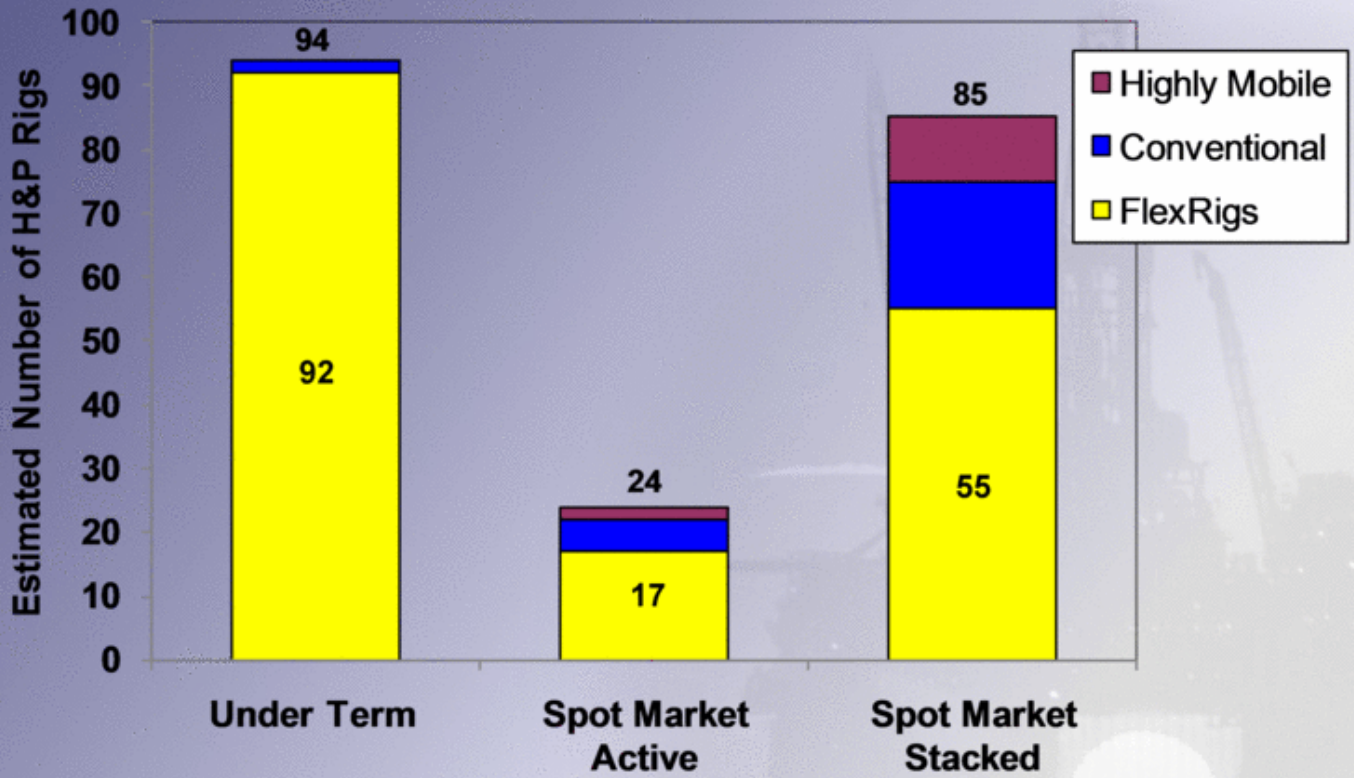


H&P's U.S. Land Operations

- The rig count continues to decline.
- 118 of 203 rigs are expected to be contracted as of 3/31/09, 94 of which are expected to be under long-term contracts.
- A total of 31 new build FlexRigs with long-term contracts have received early termination notices. 29 of these 31 early terminated FlexRigs are expected to be idle by 3/31/09. All 31 rigs had been deployed to the field before fiscal 2008.
- The remaining early termination fees for these 31 rigs approximate \$120 million. At this point, we expect about 75% of this amount to favorably impact the Company's second fiscal quarter revenues. Another 15%, approximately, is expected during the remainder of fiscal 2009, and the rest during fiscal 2010.
- In addition to the 29 new builds expected to be stacked by 3/31/09, 56 H&P rigs are expected to be idle by quarter-end (including 26 FlexRigs).
- Hence, the total number of idle rigs is expected to be at least 85 by 3/31/09.



H&P's Estimated 3/31/2009 U.S. Land Fleet Status

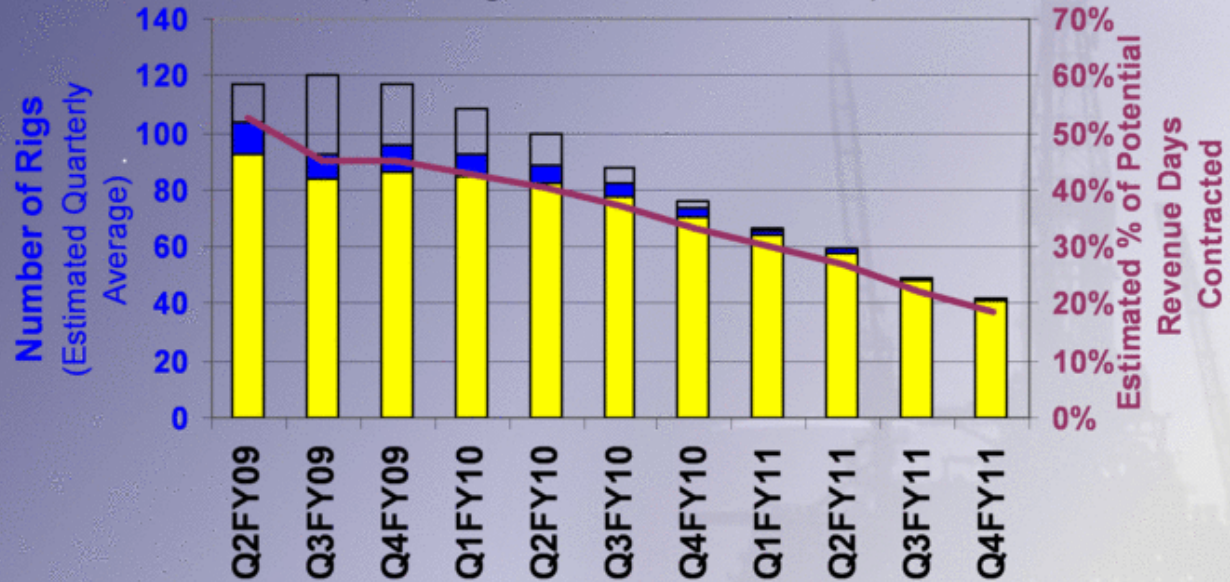




H&P's U.S. Land Fleet Under Term Contracts

(as of March 23, 2009)

Term Contract Status - H&P U.S. Land (Including Committed New Builds)



- Represents Impact of Early Terminated Term Contracts, Including 31 New Builds
- Term Contracts - Other Rigs
- Term Contracts - New Builds (Since 2005)
- % of H&P's U.S. Land Fleet Under Term Contracts (After Early Terminations)



H&P's International Land Operations (as of 3/23/09)

- **Little progress (under 1%) in terms of receivable collections from PDVSA**
- **Will continue with previously stated approach as rig contracts expire in Venezuela**
- **International market conditions are softening – nine H&P rigs are now idle**
- **Nine of 32 total rigs are on term contracts (including eight FlexRigs), and another fourteen are active in the spot market**
- **Four of the nine rigs under long-term contracts are new FlexRigs that have been completed and are expected to begin operations in 2009**



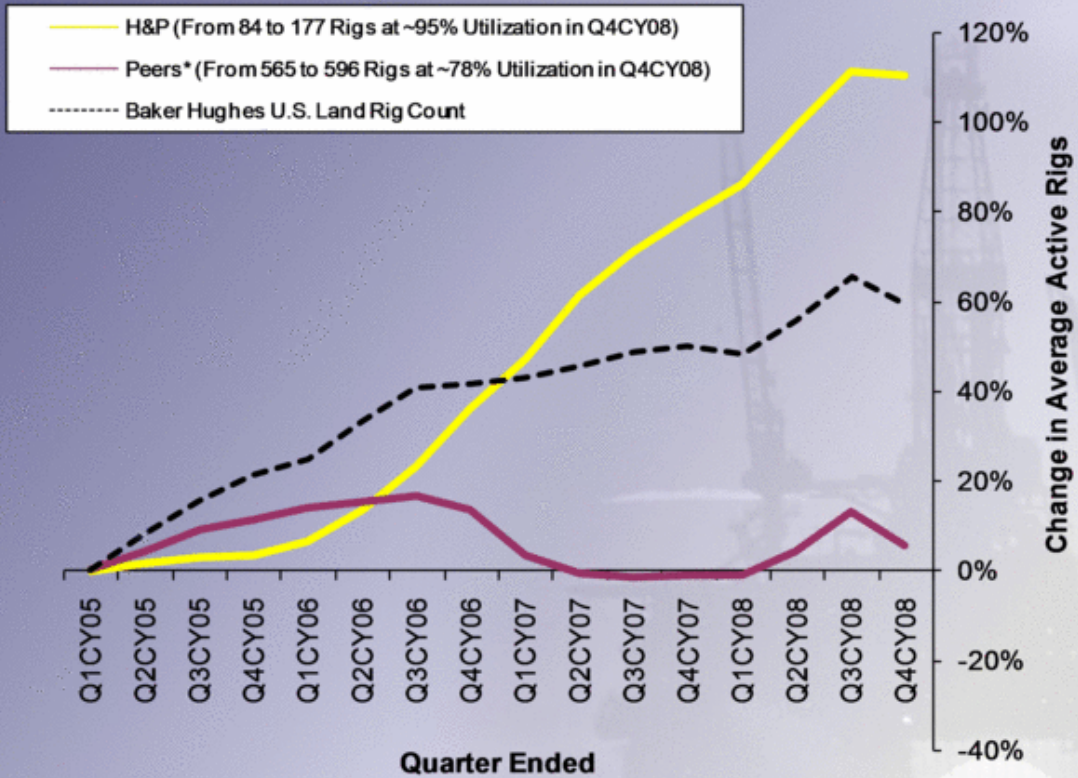
H&P's Offshore Operations (as of 3/23/09)

- **100% utilization today**
- **Strong margins**
- **Possible softening in second half of fiscal 2009**
- **Three of nine rigs are currently under long-term contracts**
- **Expect three of the six rigs that are currently active without long-term contracts to be released during the third fiscal quarter of 2009**



H&P Rapidly Gaining Market Share

Growth / Decline in U.S. Land Average Rig Activity

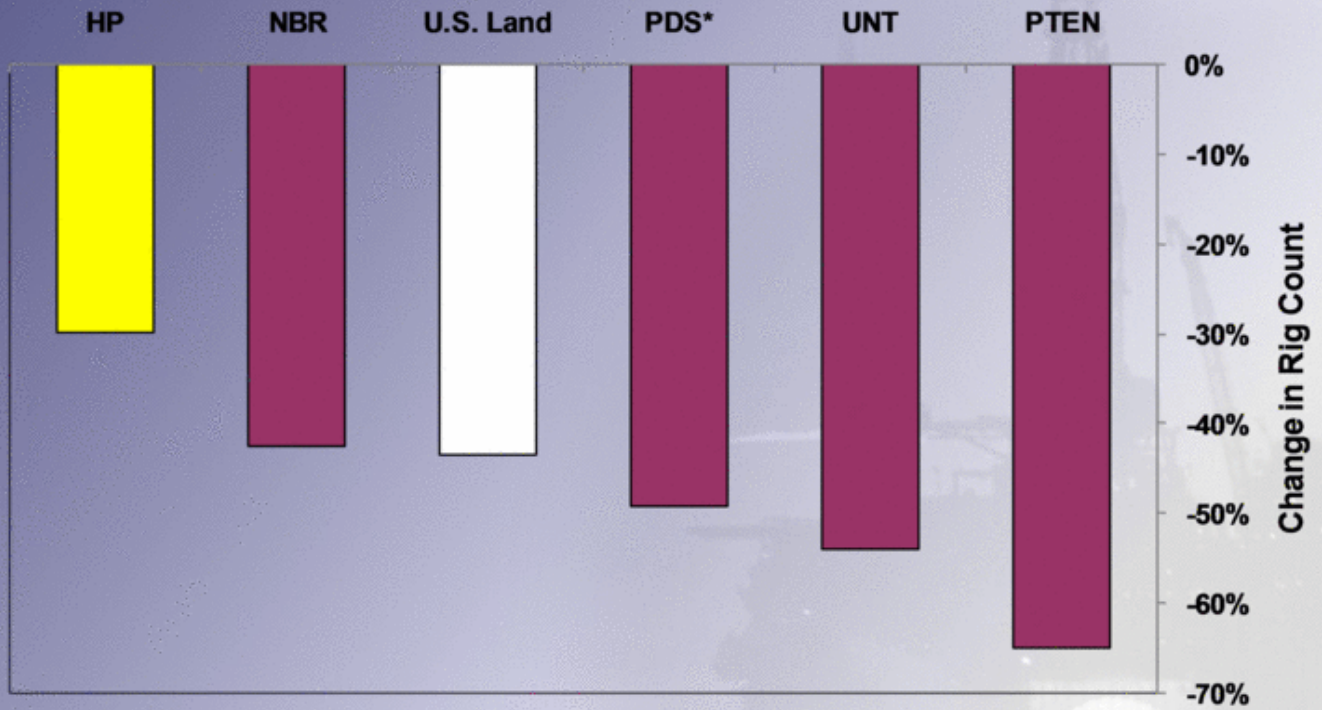


*Represents average active rigs for PTEN, NBR and UNT.



Changes in U.S. Land Rig Count

Estimated Change Since Peak in Active U.S. Land Rigs
(Smith Bits Weekly Rig Count - October 17, 2008 to March 13, 2009)



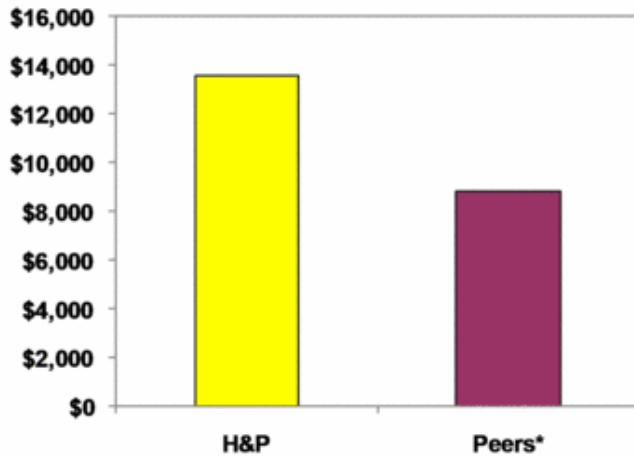
* PDS's active rig count includes both PDS and GW rigs.



Technology and Quality Service Make a Difference

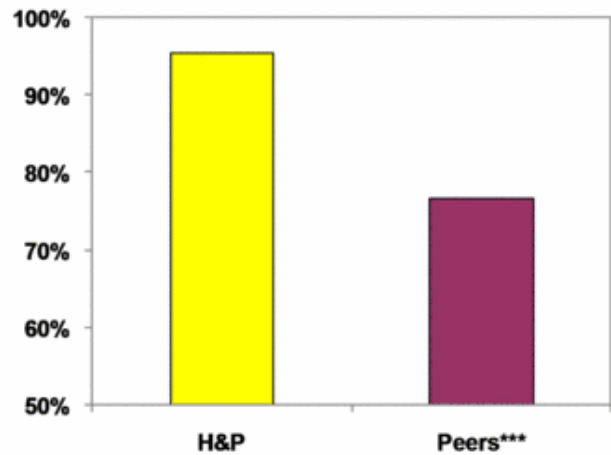
Rig Margin Premium

Average U.S. Land Rig Margin per Day
(12 Months Ended December 31, 2008)



Utilization Premium

Estimated U.S. Land Rig Utilization**
(12 Months Ended December 31, 2008)



* 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.

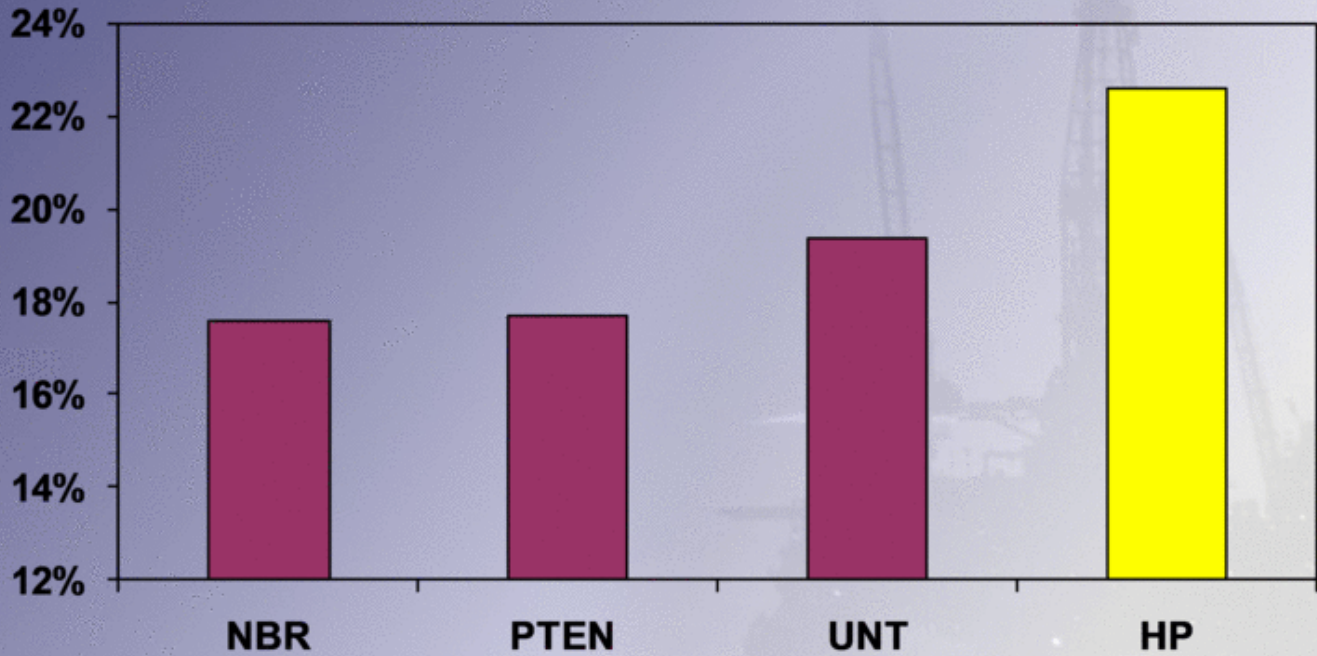
HELMERICH & PAYNE, INC.



Returns are Ultimately Driven by Performance

Return on Equity*

12 Months Ended December 31, 2008

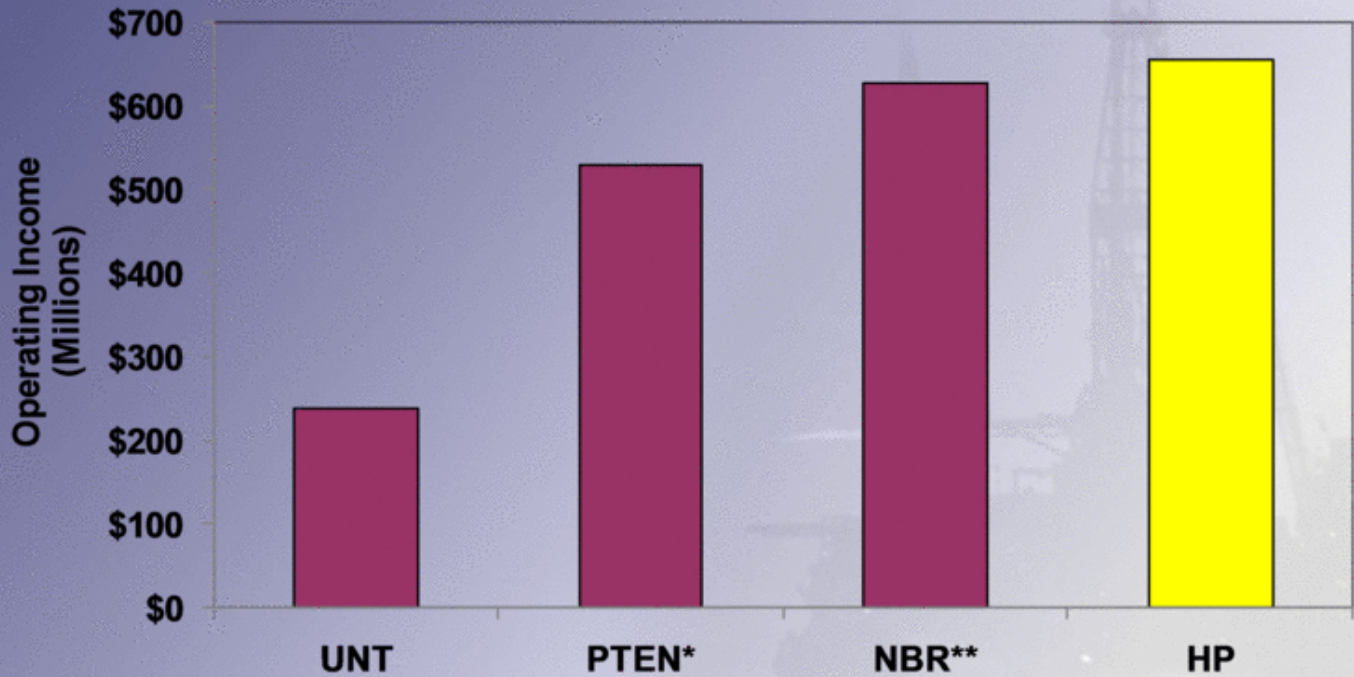


* NBR's, PTEN's and UNT's calculations exclude Q4CY08 charges that were a result of impairments, including ceiling test write-downs.



Most Profitable Driller in U.S. Land Business

U.S. Land Drilling Operating Income 12 Months Ended December 31, 2008



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

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

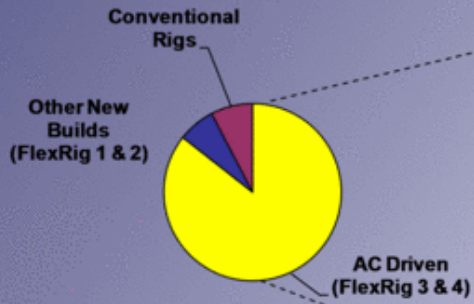
HELMERICH & PAYNE, INC.



H&P is Leading the U.S. Land Retooling Effort

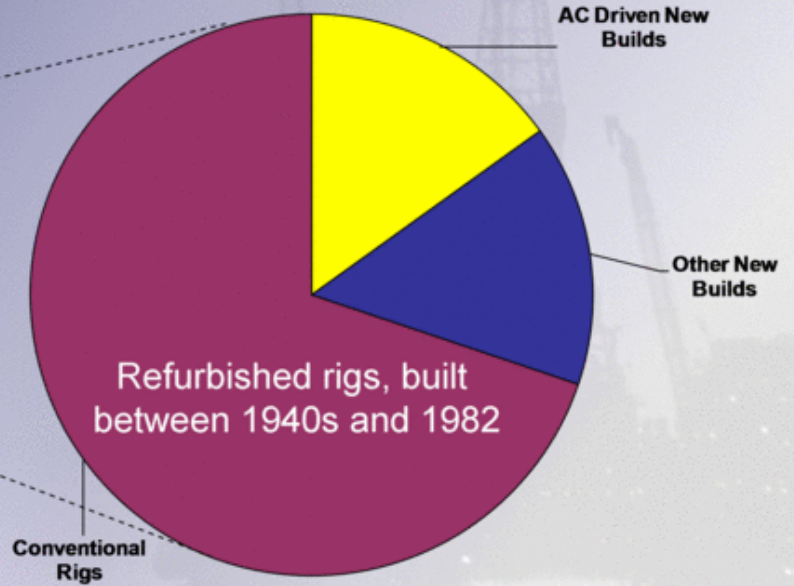
Contracted H&P U.S. Land Fleet

(118 Rigs as of 3/31/09 - Estimates)



Total Active U.S. Land Fleet (Estimates)

(~1,260 Rigs)





How is H&P Positioned?

- **Our fleet profile is the newest and most advanced**
- **High level of contracted revenue day protection**
- **Strong position to wait out the storm**



End of Presentation





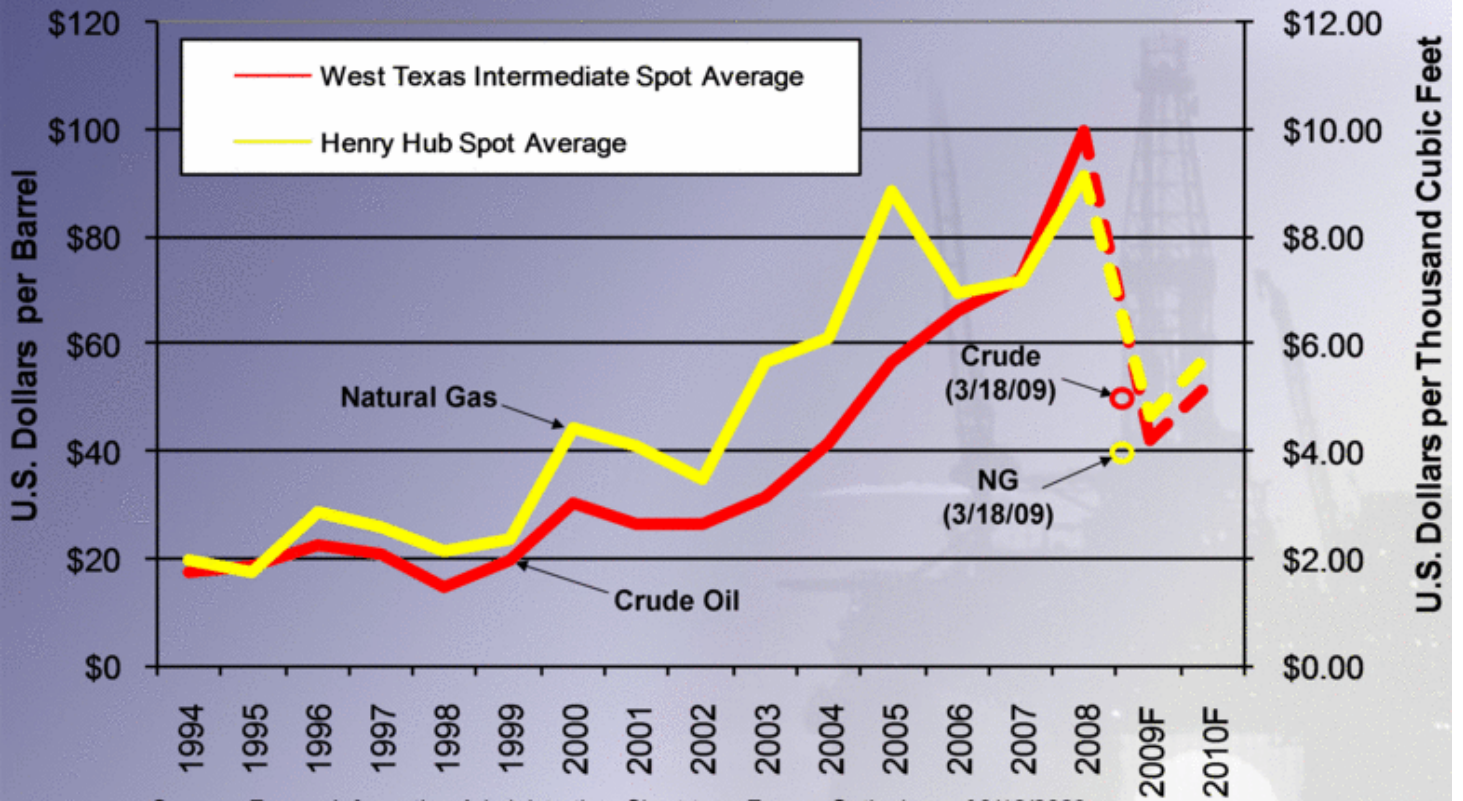
Additional References:





Crude Oil & Natural Gas Prices

Crude Oil & Natural Gas Prices

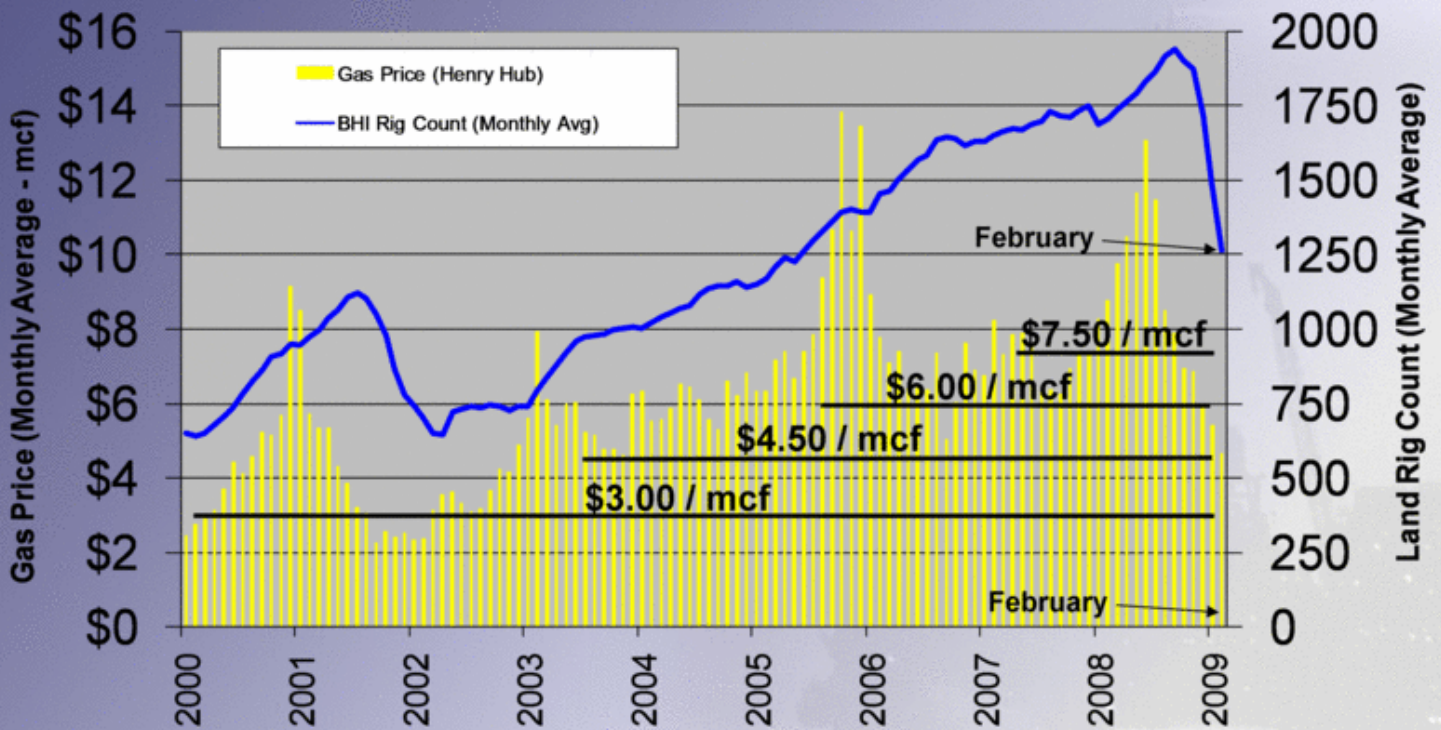


Source: Energy Information Administration, Short-term Energy Outlook as of 3/18/2009.

HELMERICH & PAYNE, INC.



U.S. Land Rig Count vs. Commodity Prices

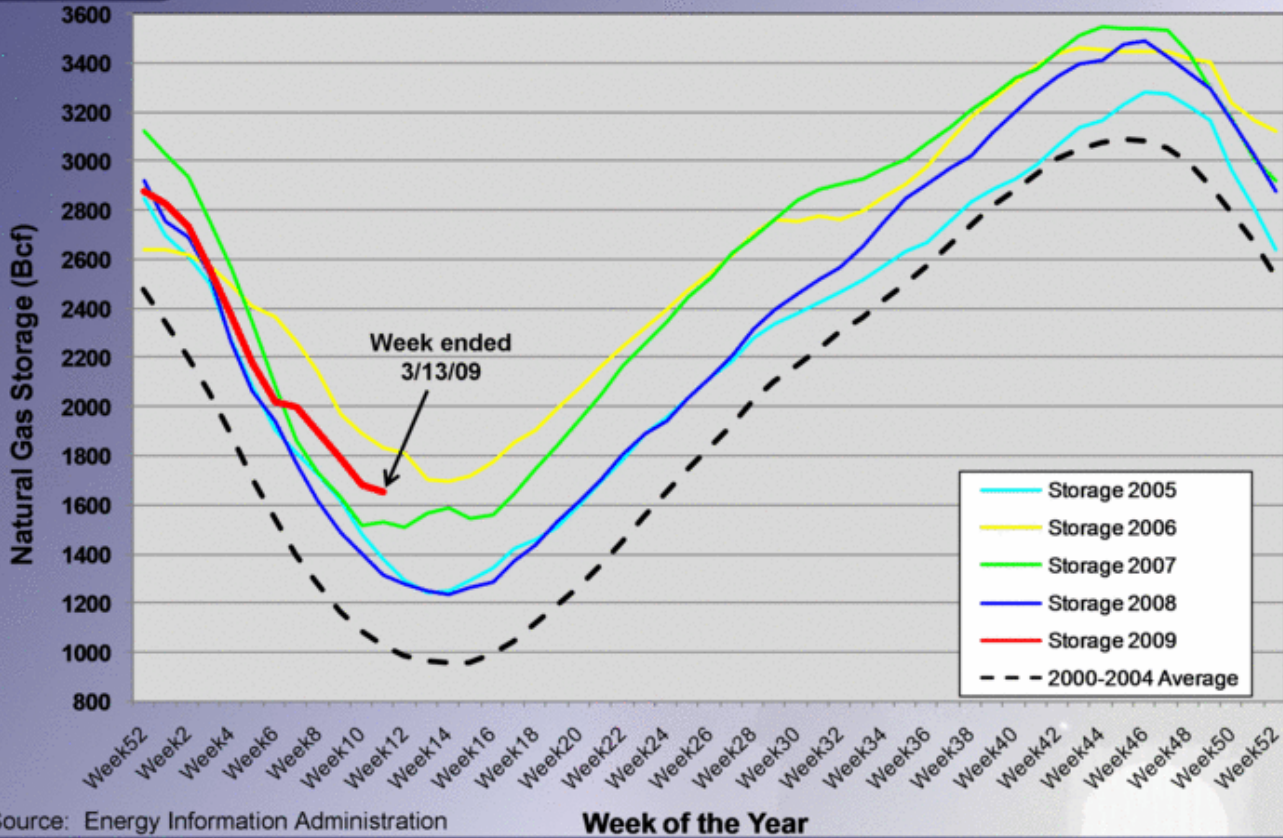


Source: Energy Information Administration, Short-term Energy Outlook as of 3/18/2009.

HELMERICH & PAYNE, INC.



U.S. Natural Gas Storage Level



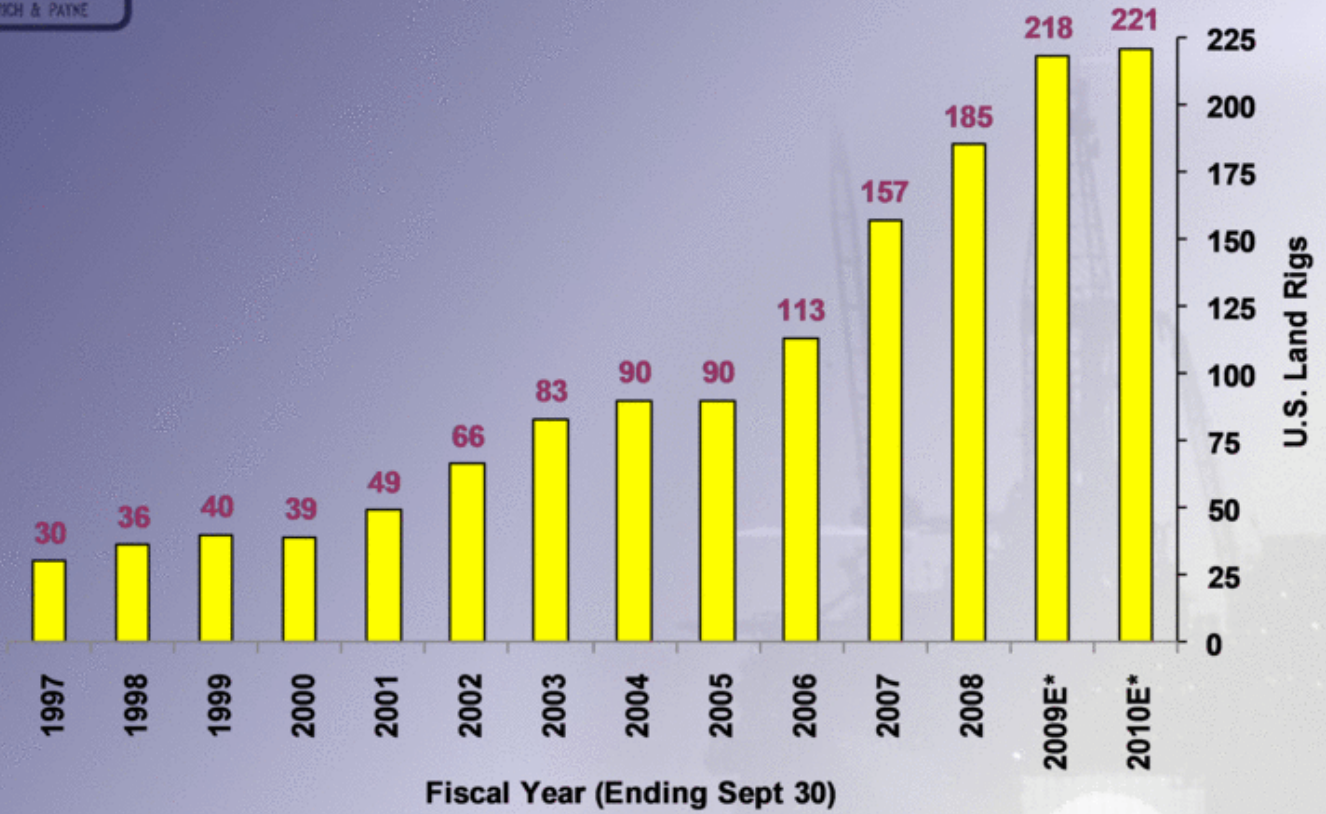
Source: Energy Information Administration

Week of the Year

HELMERICH & PAYNE, INC.



H&P's U.S. Land Fleet



* Estimates include existing rigs and announced new build commitments.

HELMERICH & PAYNE, INC.



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 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



Value Proposition Example – H&P vs. Competitors

	Estimated Field Competitor Average	H&P FlexRig3 2008
1. Drilling days	13	7.8
Completion days	2	2
Moving days	5	3
Total rig revenue days per well	20	12.8
2. Drilling contractor dayrate	\$19,500	\$26,500
Operator's other intangible cost per day estimate	\$15,000	\$15,000
Total daily cost estimate	\$34,500	\$41,500
Total cost per well (daily services)	\$690,000	\$531,200
3. Total well savings with H&P – per well per year		\$158,800 \$4.5MM



This Value Proposition Example Remains Valid

	Estimated Field Competitor Average (Spot)	H&P FlexRig3 Early 2009 (Term Contract)
1. Drilling days	13	7.8
Completion days	2	2
Moving days	<u>5</u>	<u>3</u>
Total rig revenue days per well	20	12.8
2. Drilling contractor dayrate	\$15,000	\$26,500
Operator's other intangible cost per day estimate	<u>\$12,000</u>	<u>\$12,000</u>
Total daily cost estimate	\$27,000	\$38,500
Total cost per well (daily services)	\$540,000	\$492,800
3. Total well savings with H&P – per well per year		\$47,200 \$1.3MM



Value Proposition Example – H&P vs. Competitors

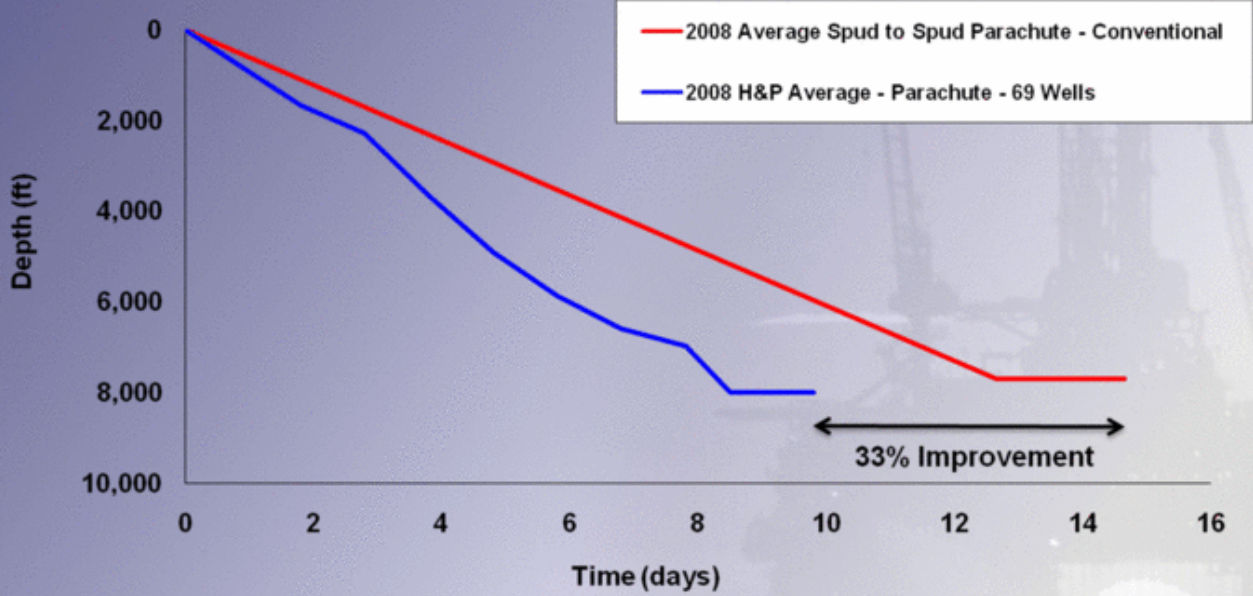
Value added from FlexRig operations

- Significant H&P dayrate premium
- Increased wells per rig per year: 10.3 wells
- Early production: Incremental wells on production
- Lowest total well cost



FlexRig4 – Performance Sample

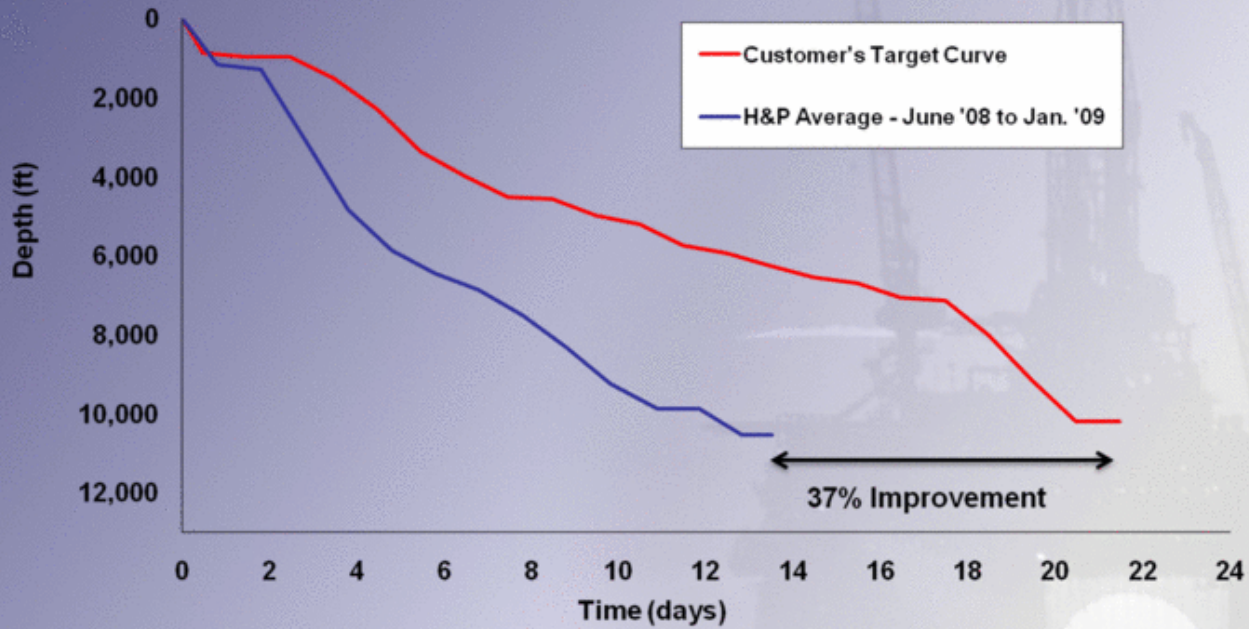
ROCKY MOUNTAINS





FlexRig4 – Performance Sample

Flex4S Barnett Shale



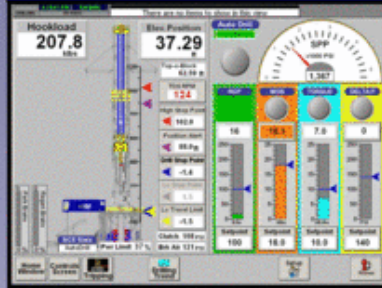


Leader in New Ideas & Applied Technology

Driller's Cabin



Computerized Controls



AC Driven Systems & Integrated Top Drive



Satellite Communications



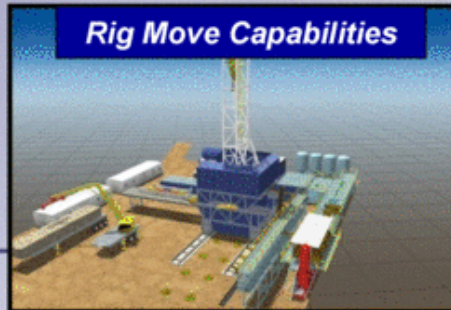
BOP Handling



Mechanized Tubular Handling



Rig Move Capabilities



HELMERICH & PAYNE, INC.



Driller on a Conventional Rig vs. FlexRig



HELMERICH & PAYNE, INC.



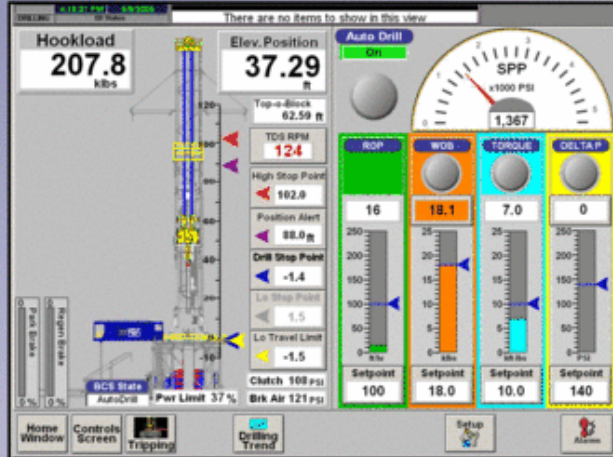
Roughnecks on a Conventional Rig vs. FlexRig



HELMERICH & PAYNE, INC.



H&P's Organizational Support Structure

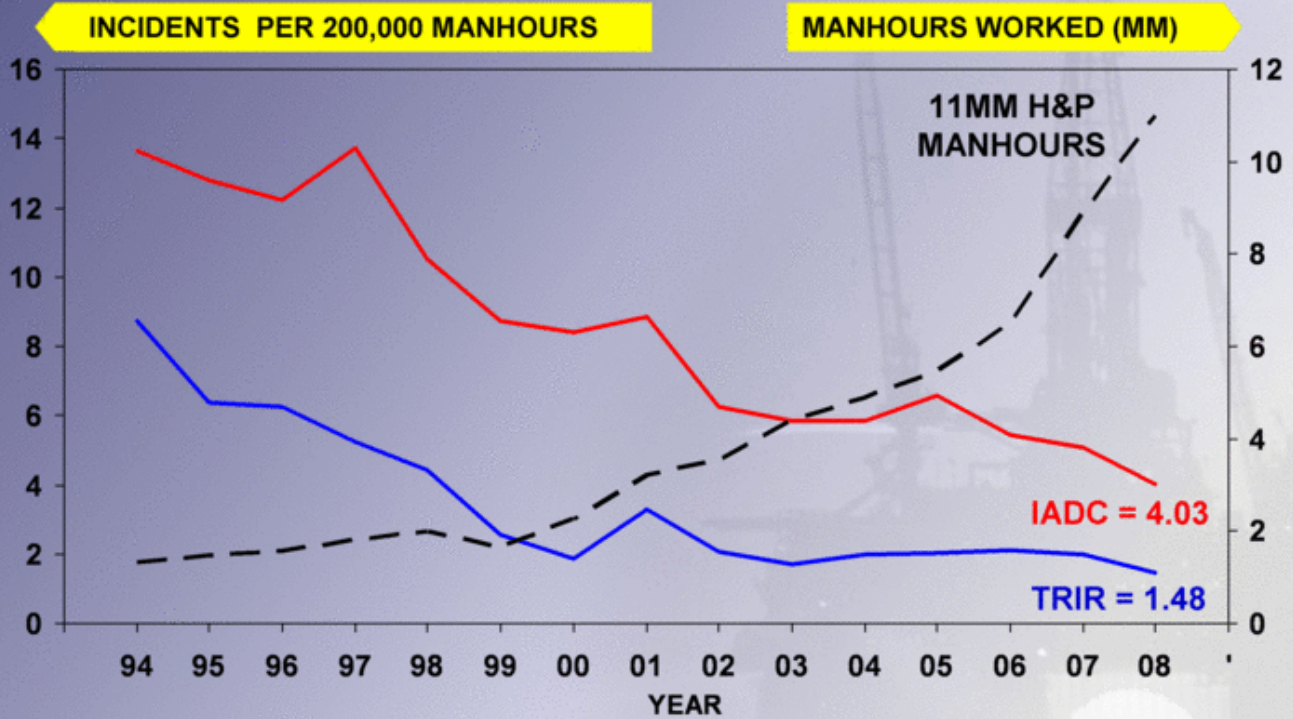


HELMERICH & PAYNE, INC.



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

U.S. Land Safety Performance (1994 – 2008) OSHA Recordable Injury Incidence Rates

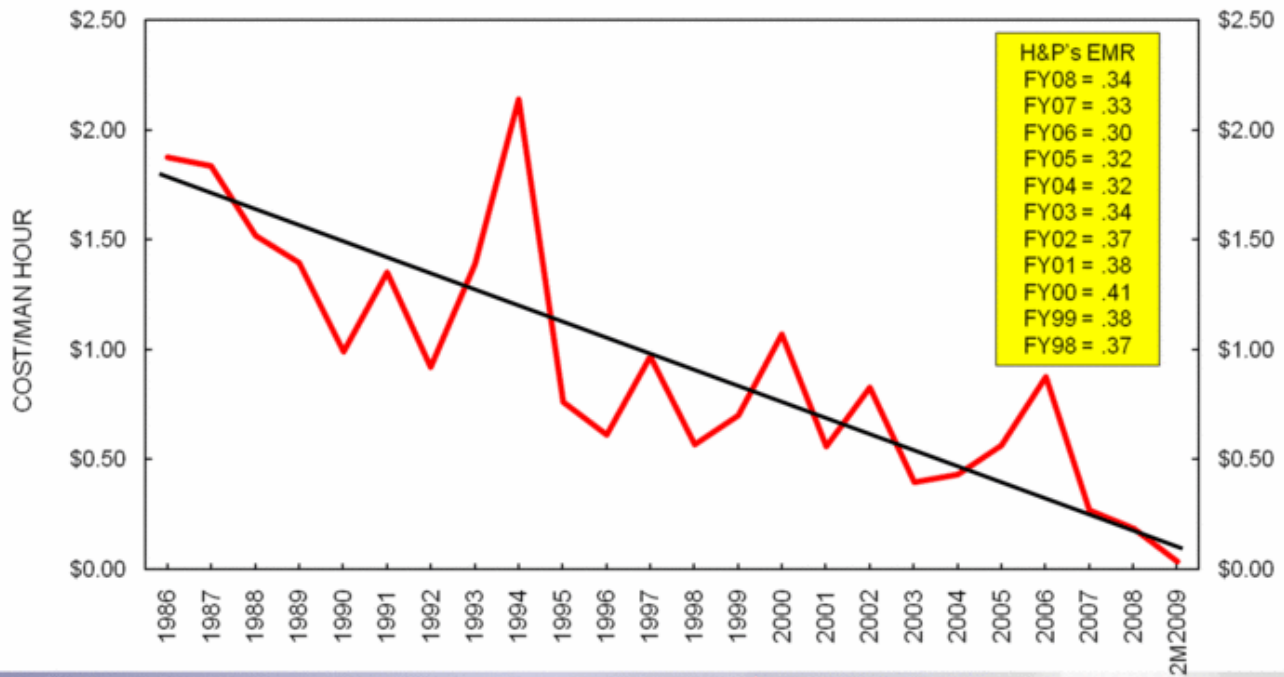




Safety Excellence Also Generates Savings

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)

HELMERICH & PAYNE, INC.



End of Document

HELMERICH & PAYNE, INC.