

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 03/18/13 for the Period Ending 03/18/13

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 EARLIEST EVENT REPORTED: **March 18, 2013**

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
(Address of Principal Executive Offices)

(918)742-5531

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed since Last Report)

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 7.01 REGULATION FD DISCLOSURE

Helmerich & Payne, Inc. (the “Company”) will discuss information to be distributed in an investor and securities analyst conference 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

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slides to be distributed at an investor and securities analyst conference.

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 18, 2013

EXHIBIT INDEX

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99.1	Slides to be distributed at an investor and securities analyst conference.



Helmerich & Payne, Inc.
Howard Weil 41st Annual Energy Conference
March 18-19, 2013

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.



Evolution of H&P's Global Rig Fleet

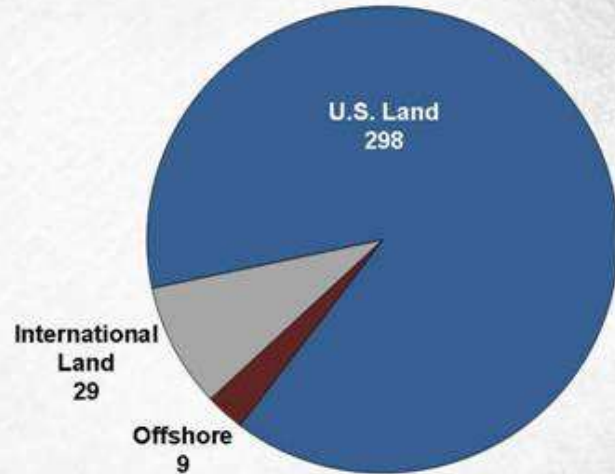
96 Rigs

(Before AC Drive Rigs)



2001

336 Rigs



Today





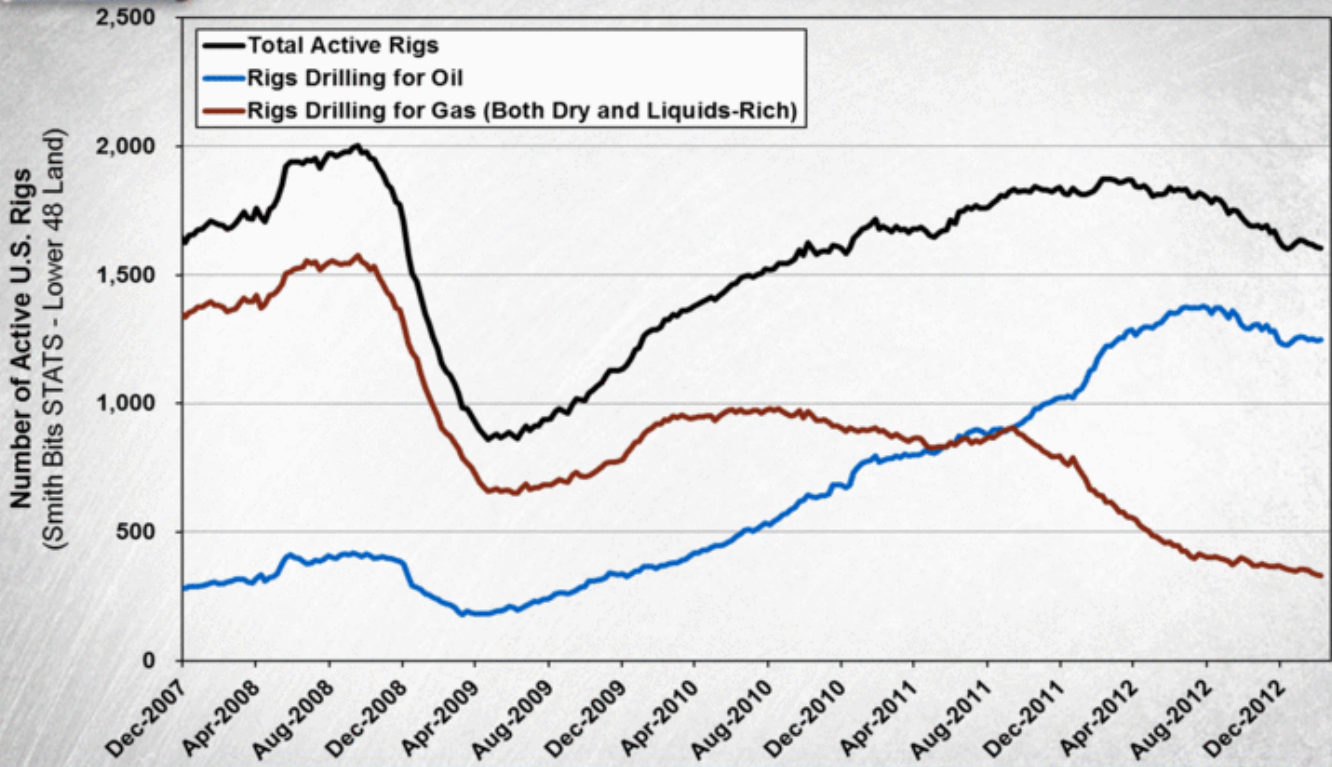
Market Conditions

- Our operational outlook for the second fiscal quarter remains unchanged.
- Our active rig count remains flat.
- Competitors are aggressively pricing rigs to recapture U.S. Land market share.
- U.S. Land pricing for H&P in the spot market remains strong, but is under downward pressure.
- We continue to have some discussions with customers regarding additional new builds.





U.S. Rig Activity by Hydrocarbon Target





H&P Activity as of March 15, 2013

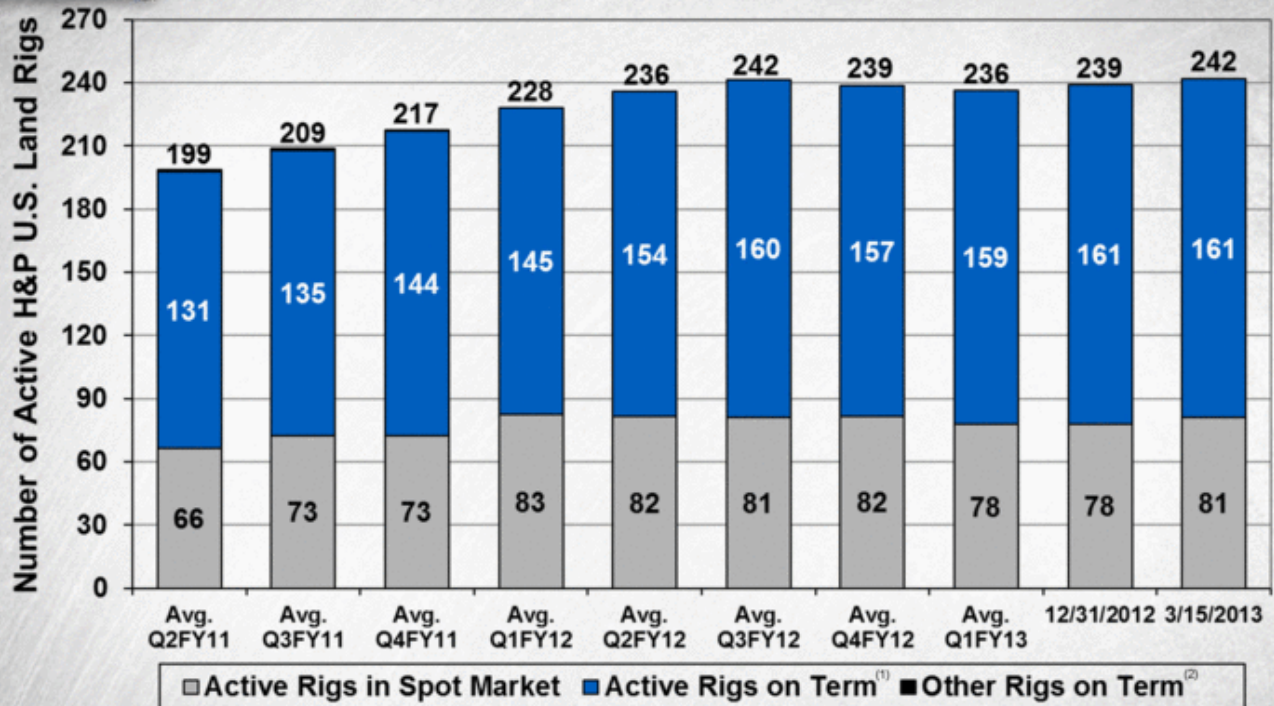
	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	298	242	81%
AC Drive FlexRigs	263	242	92%
SCR Fleet	35	0	0%
Offshore	9	8	89%
International Land	<u>29</u>	<u>23</u>	<u>79%</u>
Total	336	273	81%
FlexRig Construction ⁽¹⁾	3		
Total Fleet	339		

(1) Includes announced new build commitments.





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



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

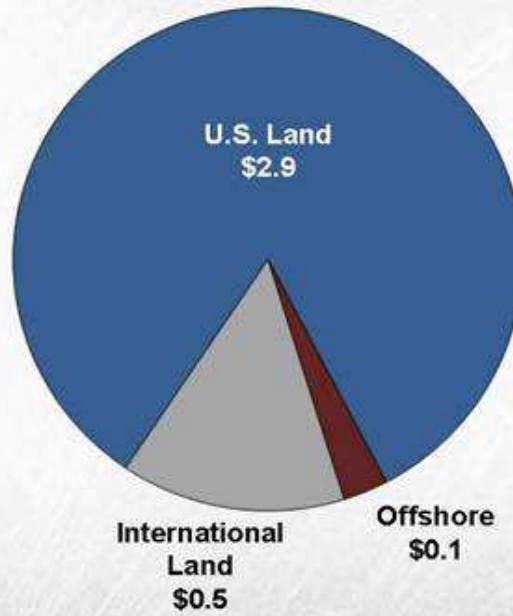
(2) Includes completed new builds pending delivery and not generating revenue days.





H&P's Term Contract Coverage

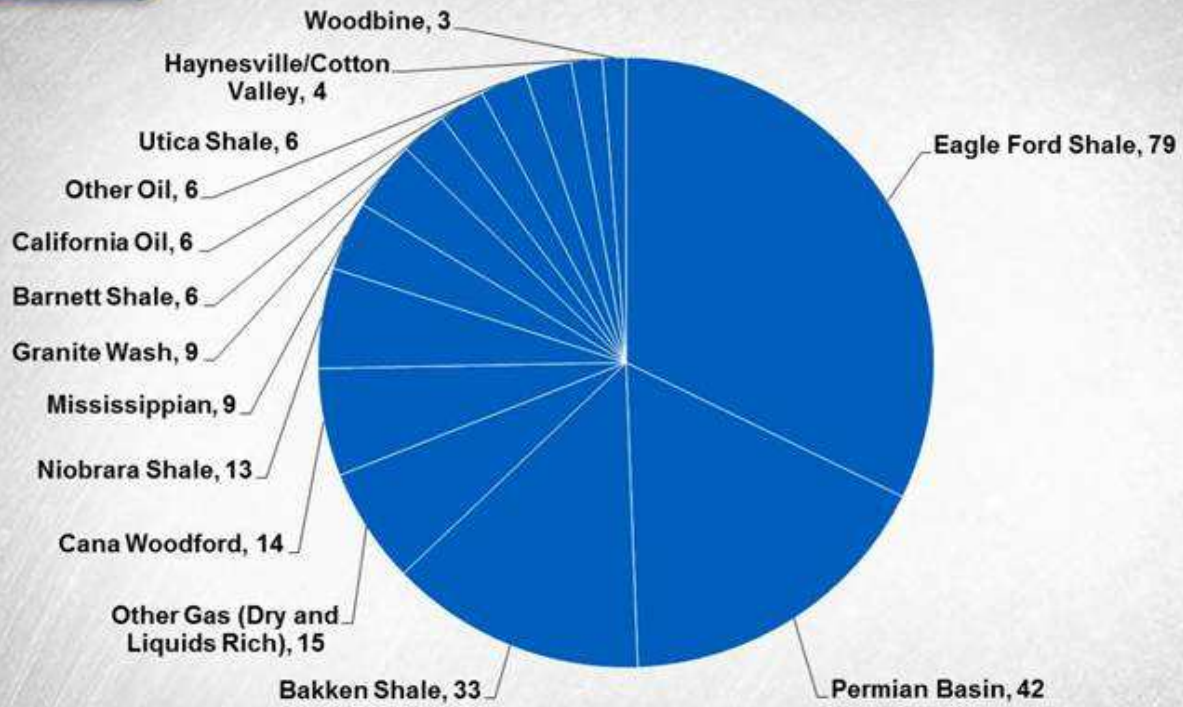
\$3.5 Billion Backlog
As of 12/31/12
(In Billions by Segment)





Leading U.S. Unconventional Driller

(H&P Contracted Land Rigs as of 3/15/13*)



* Includes announced new FlexRigs with customer commitments scheduled for delivery in fiscal 2013.





H&P's Pad Capable Fleet

- Total of 107 pad capable FlexRigs as of 3/15/13, all of which are AC drive rigs
- In addition, we continue to add new pad capable FlexRigs and have customer interest in additional pad drilling system upgrades for existing FlexRigs
- We have drilled over 5,000 wells on approximately 1,000 pads since 2005





H&P's International Land Operations

Rig Fleet Status (as of March 15, 2013)

	Active	Idle	In-transit	Total	Long-term Contracts
Argentina	6	3		9	6
Bahrain	3			3	3
Colombia	5	1	1	7	2
Ecuador	5		1	6	1
Tunisia	2			2	2
U.A.E.	2			2	2
Total	23	4	2	29	16⁽¹⁾

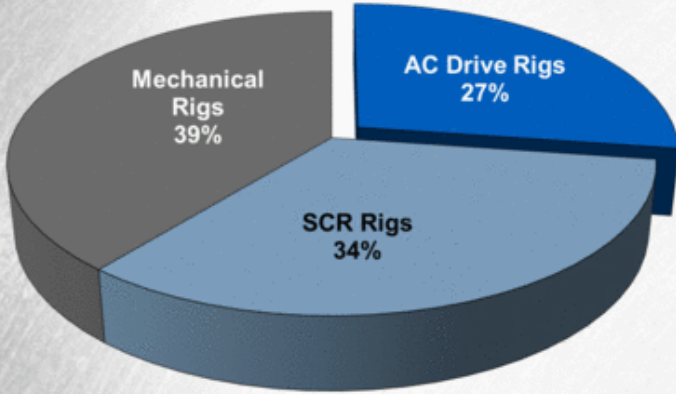
(1) 14 of 16 FlexRigs, included in the international fleet of 29 rigs, are under long-term contracts.



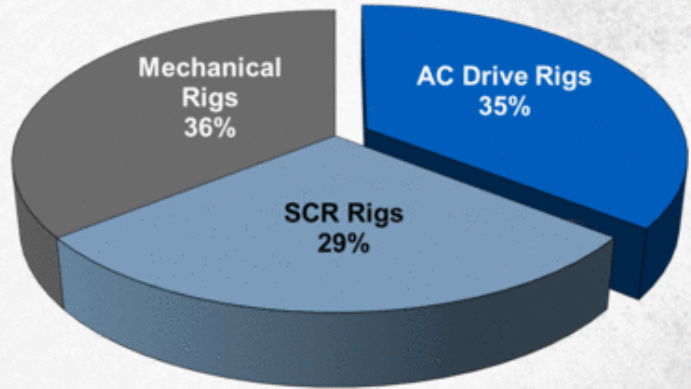


What a Difference a Year Makes

As of March 2012
(~1,800 Active Rigs in the U.S.)
By Power Type



As of March 2013
(~1,600 Active Rigs in the U.S.)
By Power Type



Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 5% of the active rigs that were not readily identified.





Unconventional Plays Shaping Landscape

Well Complexity is increasing:

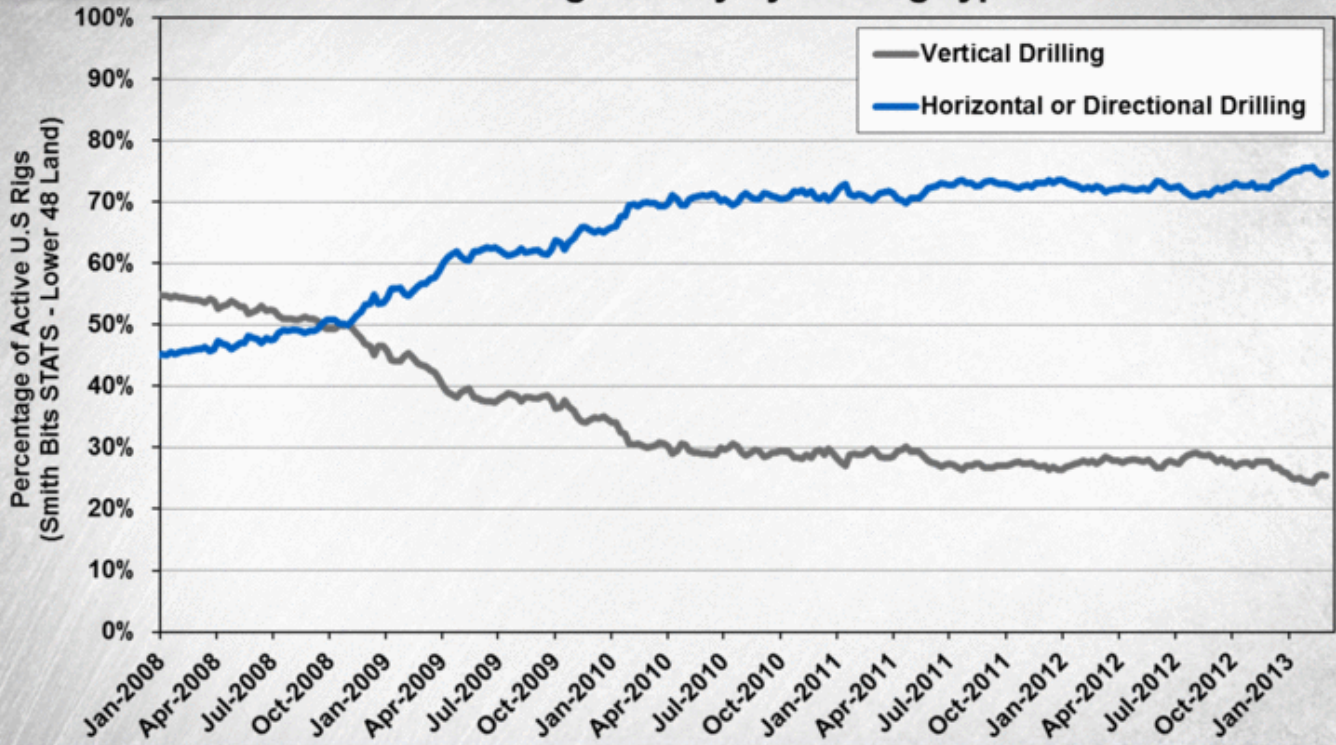
- Technology solutions that provide safe, environmentally sound and efficient operations are required by contractors to be competitive
- Extended reach laterals progressively longer
- Multi-well pad drilling gaining acceptance in more areas
- A factory approach to drilling wells is required
- This all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





Increasing Focus on More Difficult Drilling

U.S. Rig Activity by Drilling Type

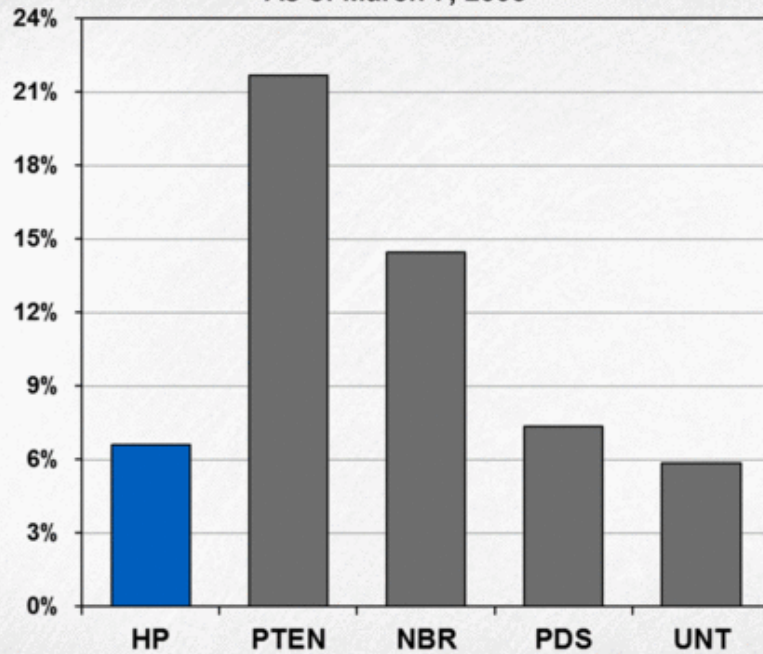




Active Rig Market Share – Ten Years Ago

Lower 48 U.S. Land Market Share

As of March 7, 2003



Note: The above estimates corresponding to U.S. land rig market share are derived from Smith Bits. Precision's historical values correspond to Grey Wolf (acquired in December 2008).

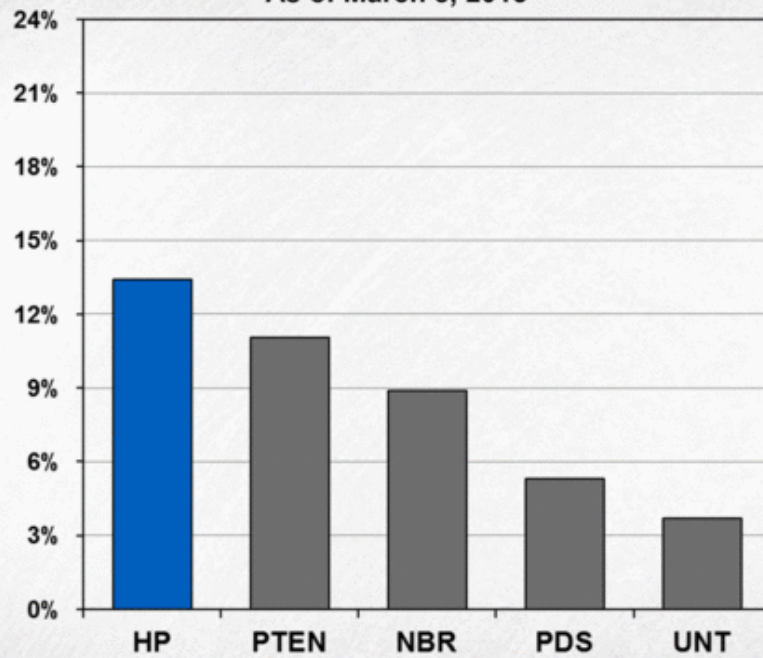




Organically Growing Active Rig Market Share

Lower 48 U.S. Land Market Share

As of March 8, 2013



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

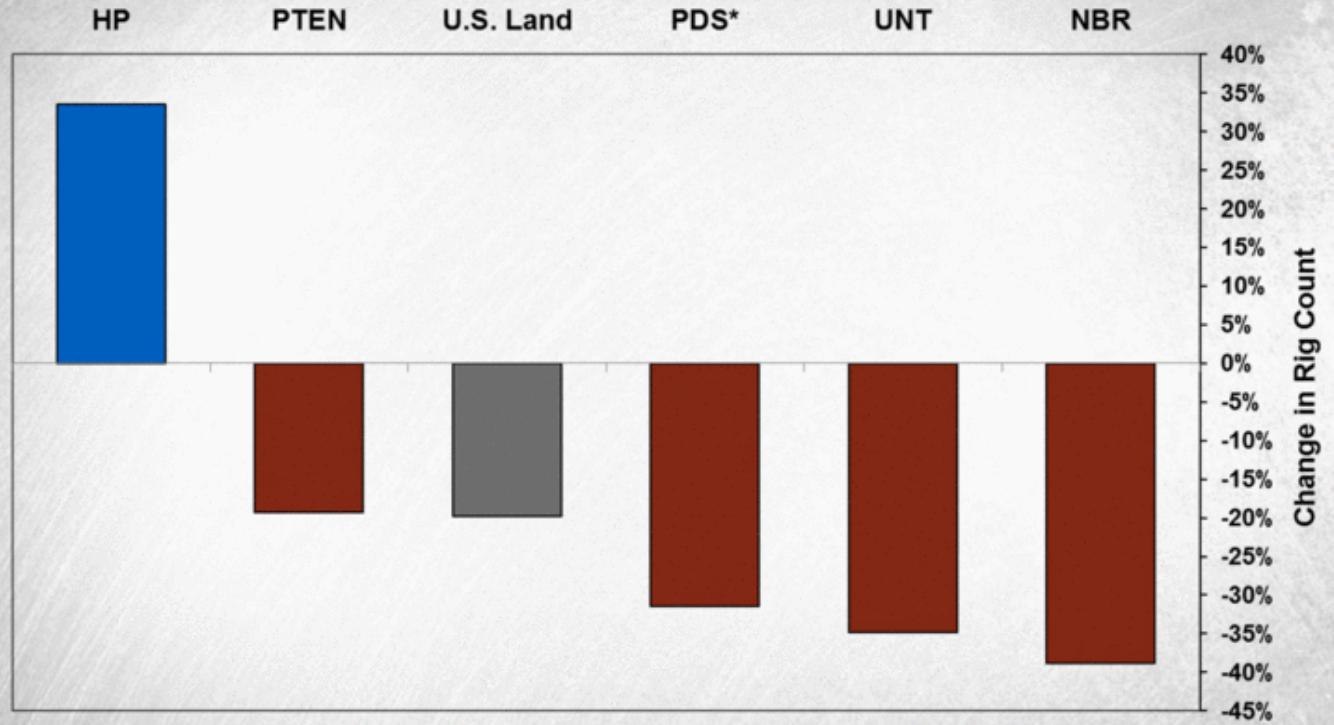




Changes in Lower 48 U.S. Land Rig Count

Estimated Change Since 2008 Peak in Active U.S. Land Rigs

(Smith Bits Weekly Rig Count - October 17, 2008 to March 8, 2013)

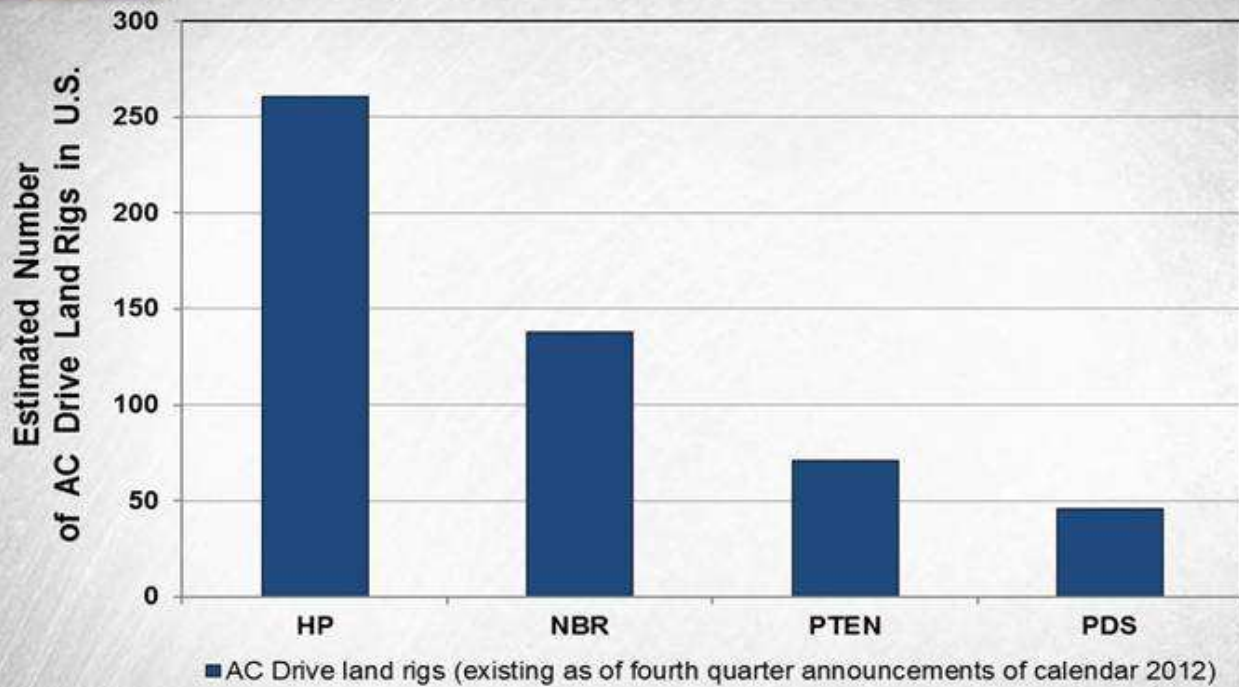


* PDS's active rig count includes both PDS and GW rigs.





H&P's Lead in U.S. Land AC Drive Rigs



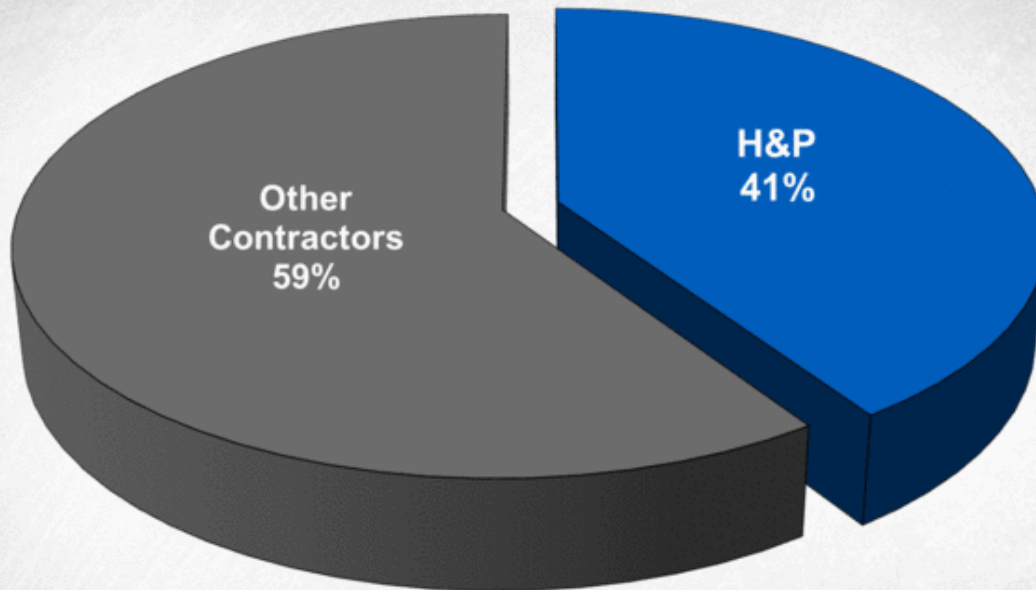
Note: The above estimates corresponding to U.S. lower 48 AC Drive fleets are derived from Rig Data and corporate filings.





Active AC Drive U.S. Rig Market Share

(~580 Rigs as of March 2013)



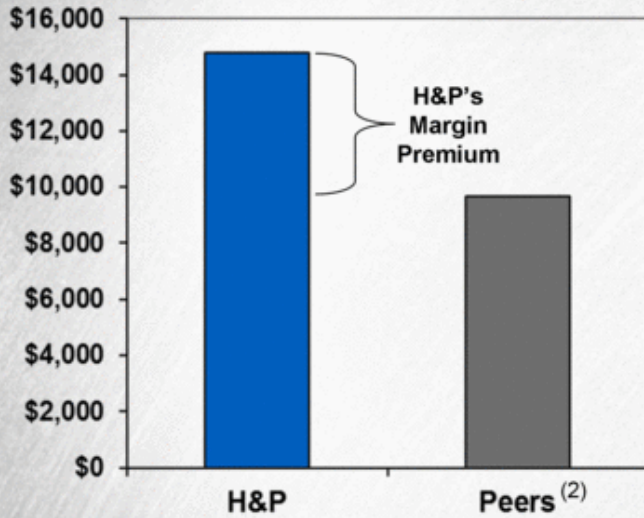
Note: The above estimates corresponding to market share are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.



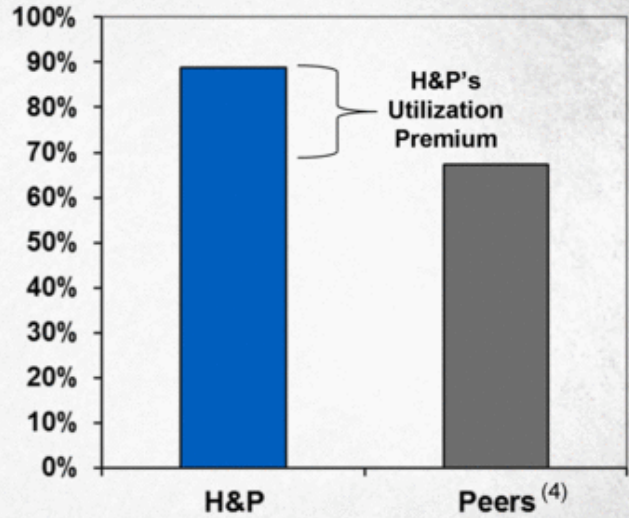


Technology & Quality Service Make a Difference

Average U.S. Land Rig Margin per Day ⁽¹⁾
(12 Months Ended December 31, 2012)



Estimated U.S. Land Rig Utilization ⁽³⁾
(12 Months Ended December 31, 2012)



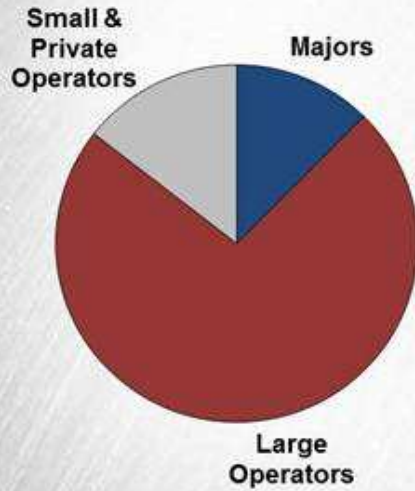
- (1) Does not include the impact of early contract termination revenue.
- (2) Represents weighted-average rig margin per day for PTEN, NBR, PDS and UNT.
- (3) Utilization is herein calculated to be average active rigs divided by estimated available marketable rigs.
- (4) Represents estimated average combined utilization for PTEN, NBR, PDS and UNT in the Lower 48 land market.



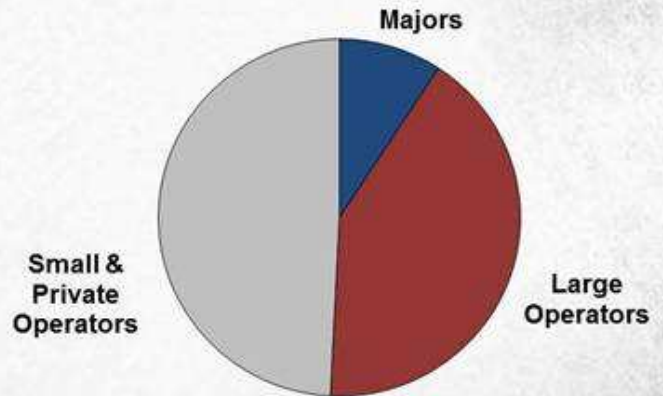


H&P vs. Industry U.S. Land Customer Base

H&P
U.S. Land Activity
Estimated Customer Distribution
(March 2013)



Industry
U.S. Land Activity
Estimated Customer Distribution
(March 2013)

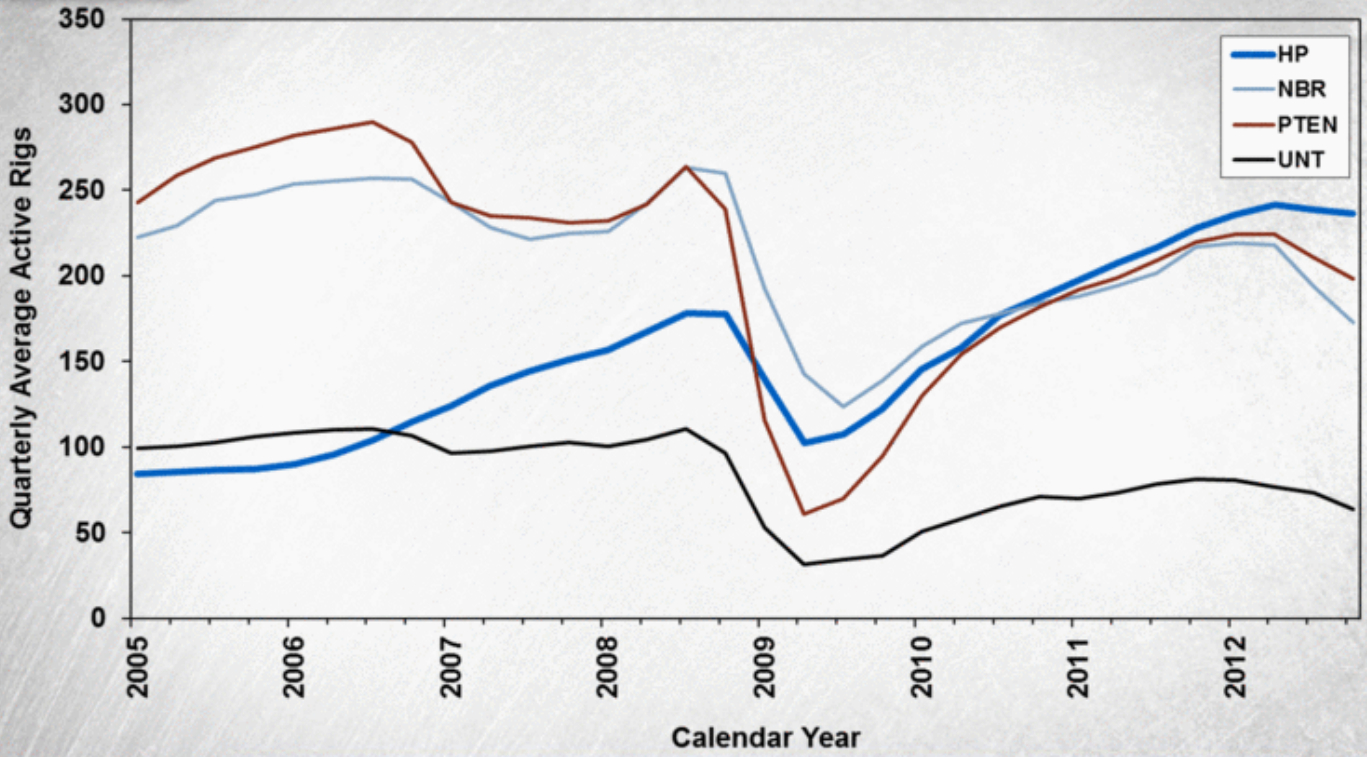


Note: The above estimates corresponding to the active rig fleet in the U.S. are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.



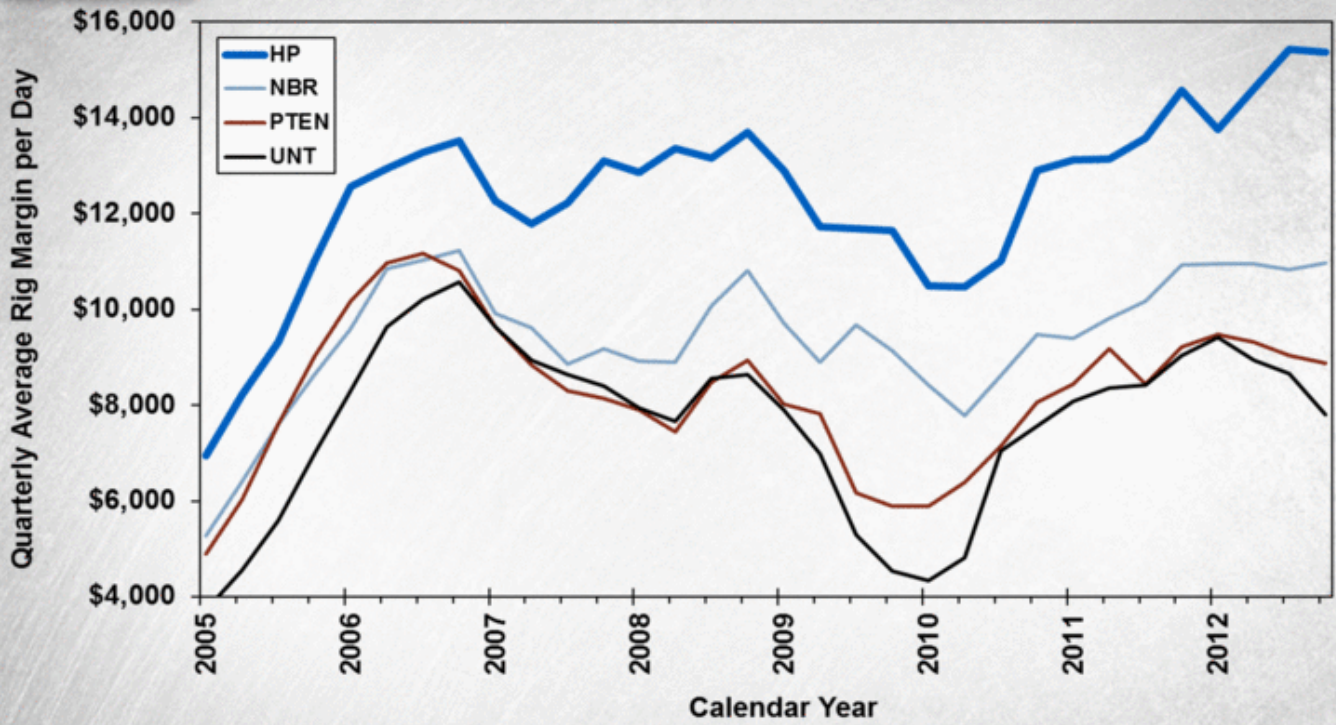


U.S. Land Active Rig Count





U.S. Land Average Daywork Margins⁽¹⁾

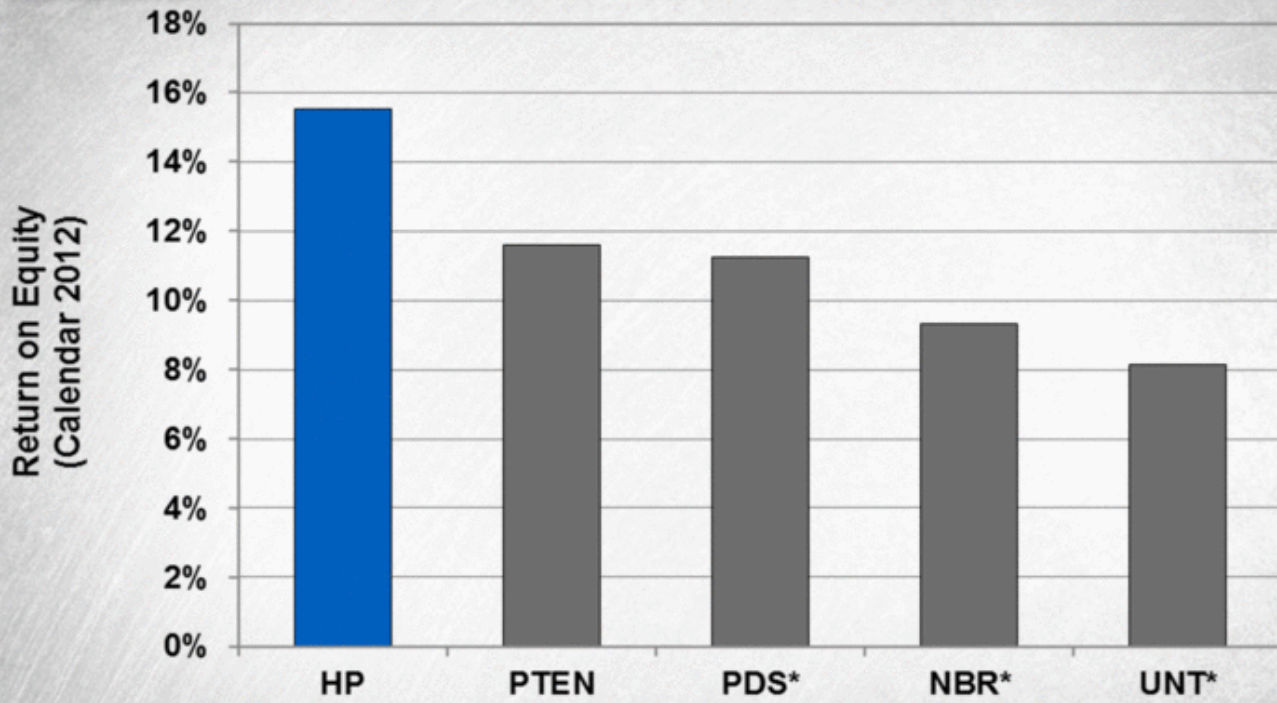


(1) Does not include the impact of early contract termination revenue.





Return on Equity

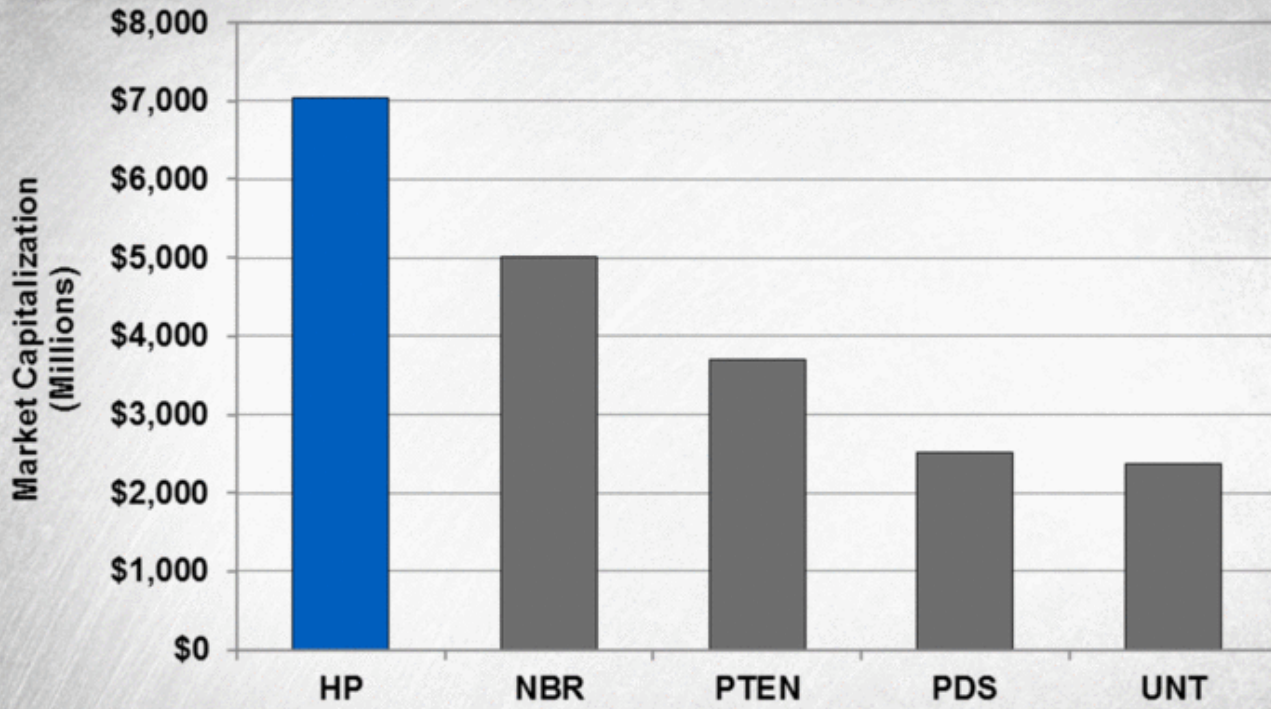


* The corresponding ROE values for the selected companies exclude certain extraordinary, non-recurring charges.





Land Drilling Market Valuations



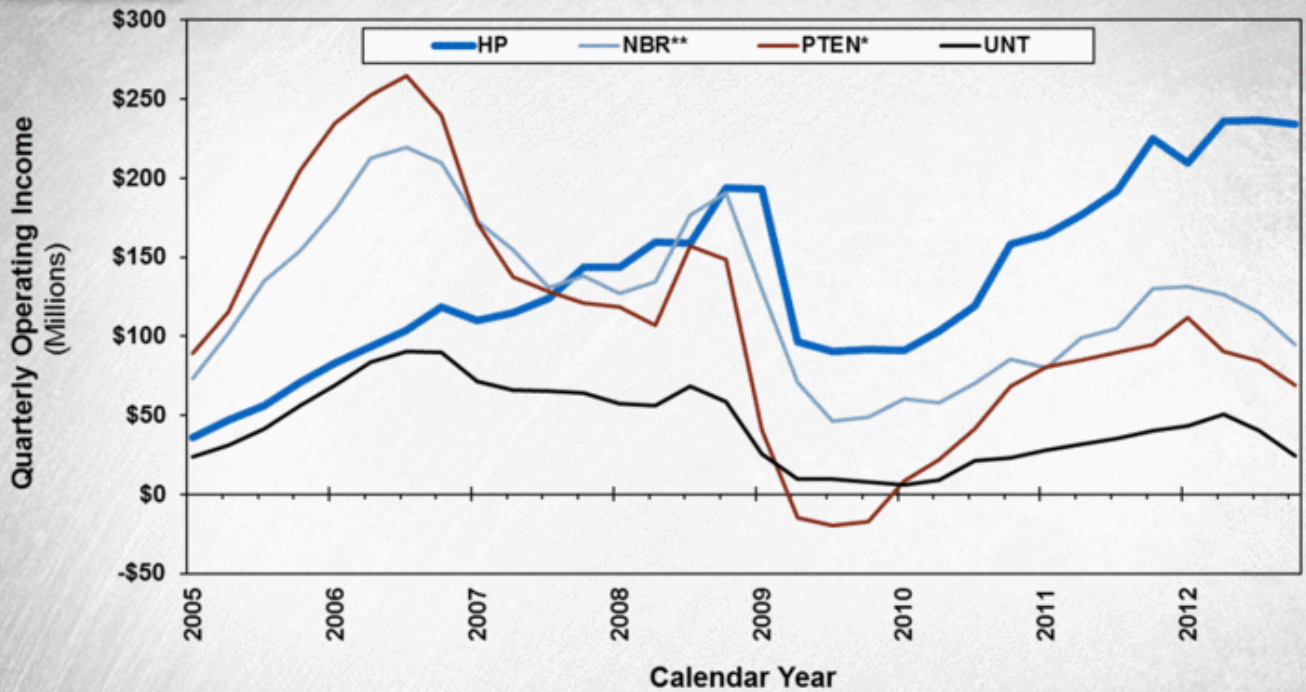
Source: Thomson Financial as of March 15, 2013.





Record Profits During Industry Slowdown

U.S. Land Drilling Operating Income



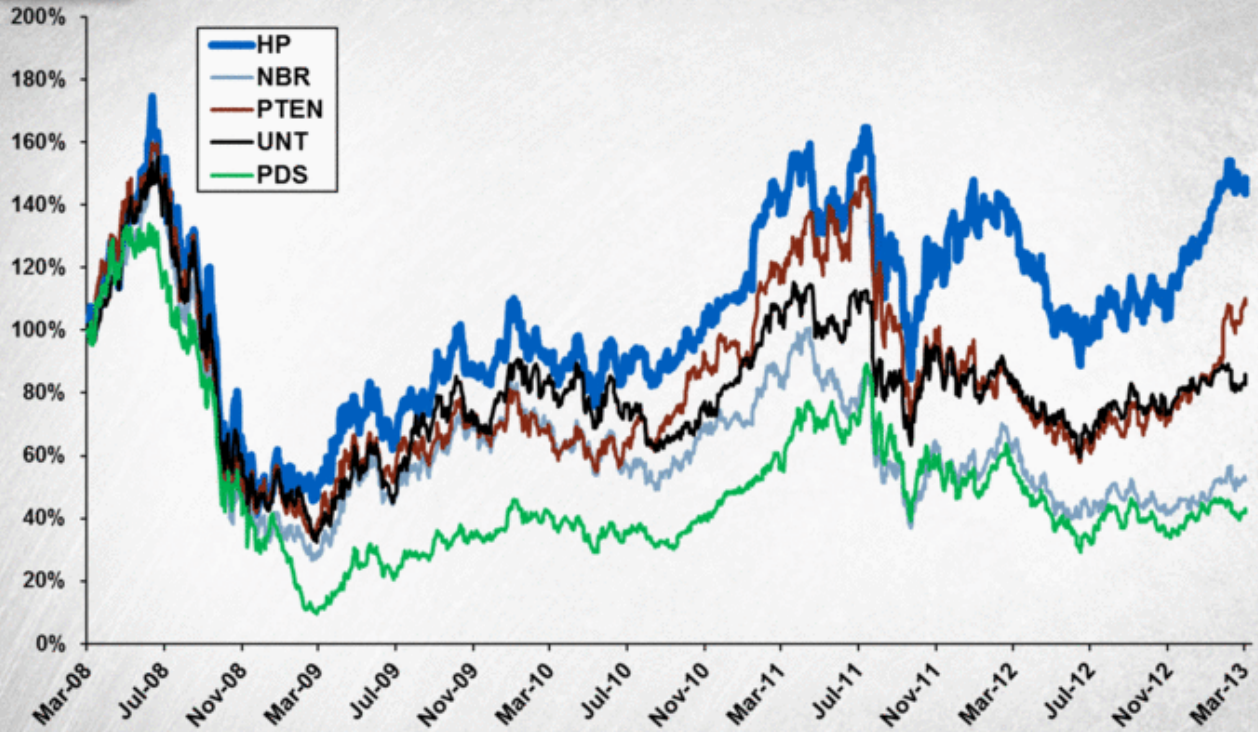
* PTEN's operating income includes drilling operations in Canada.

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





Five-Year Relative Shareholder Return



Source: Thomson Financial as of March 14, 2013





Favorable Market Trends for FlexRigs

- AC drive rigs replacing SCR and mechanical rigs
- More customers high-grading their fleets
- Increasing well complexity
- Expectation to drill more wells with fewer rigs
- Focus on drilling efficiency, technology and safety





Additional References





H&P Global Fleet Under Term Contract

Number of Rigs Already Under Long-Term Contracts

(Estimated Quarterly Average, Including Announced New Builds - as of 3/15/13)

Segment	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14	Q3 FY14	Q4 FY14
U.S. Land	163.8	152.1	142.3	129.8	110.4	99.8	87.9
International Land	15.6	16.0	15.1	14.2	12.0	10.7	10.0
Offshore	2.0	2.0	2.0	2.0	2.0	1.5	0.9
Total	181.4	170.1	159.4	146.0	124.4	112.0	98.8

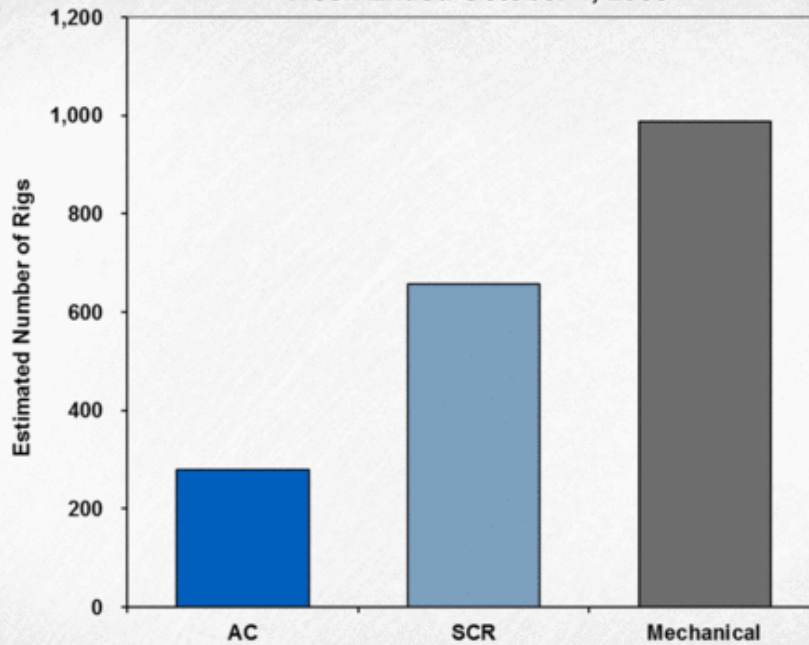




2008 Peak Rig Count (~1,925) - U.S. Land

By Power Type

Week Ended October 4, 2008



Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 10% of the active rigs that were not readily identified.

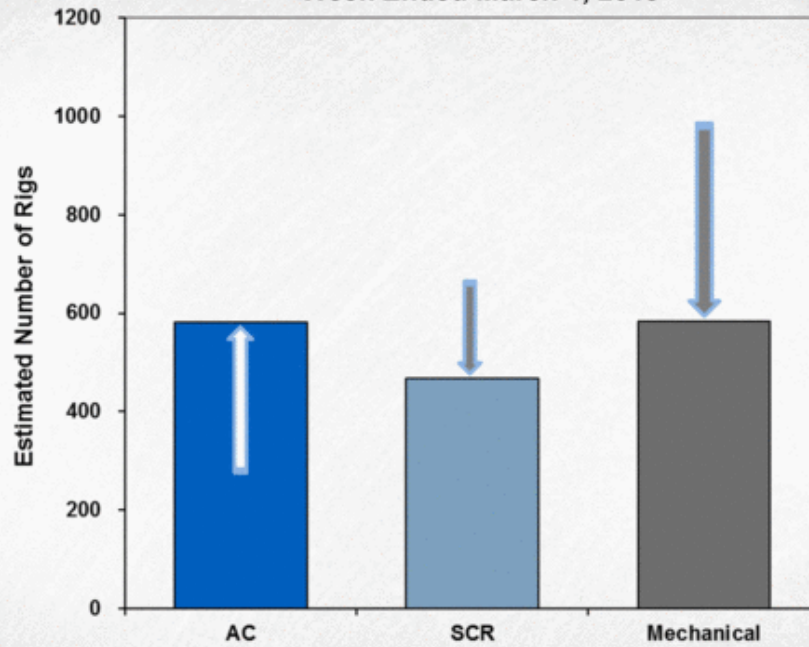




Current Rig Count (~1,600) - U.S. Land

By Power Type

Week Ended March 1, 2013



Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 5% of the active rigs that were not readily identified.





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**





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 2012 (Spot Market)
1. Drilling days	20	13	9
Other days	3	3	3
Moving days	7	4	3
Total rig revenue days per well	30	20	15
2. Drilling contractor dayrate	\$17,500	\$23,000	\$28,000
Operator's other intangible cost per day estimate	\$25,000	\$25,000	\$25,000
Total daily cost estimate	\$42,500	\$48,000	\$53,000
Total cost per well (daily services)	\$1,275,000	\$960,000	\$795,000
3. Total well savings with H&P – per well per year	\$480,000 \$11.7MM	\$165,000 \$4.0MM	

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

Increased wells per rig per year versus peer fit-for-purpose: 6 wells





Performance is Not Only About Better Rigs

It's also about:

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





FlexRigs Delivering Drilling Efficiencies

- **We have over 1,000 rig years of AC FlexRig drilling experience.**
 - Drilled over 53 million feet in 2012
 - Improved our footage per day by 23% between 2011 and 2012
 - While adding 48 new FlexRigs in 2012, we were able to deliver our best safety performance which already leads the industry by a significant margin

- **FlexRigs lead in pad drilling efforts in U.S. land.**
 - FlexRig4 was the first bi-directional land drilling application design
 - FlexRig5 is the latest generation of bi-directional, long lateral pad drilling rig
 - We have drilled over 5,000 wells on approximately 1,000 pads





End of Document

