

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 02/11/14 for the Period Ending 02/11/14

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
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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: **February 11, 2014**

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 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

(d) Exhibits.

<u>Exhibit Number</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: February 11, 2014

EXHIBIT INDEX

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Helmerich & Payne, Inc.

Credit Suisse 2014 Energy Summit

February 11-12, 2014

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.



A Quick Primer on Helmerich & Payne

- U.S. land drilling market share leader
- Focused on innovation and returns on capital
- Leader in ongoing industry land rig replacement cycle
- Most modern and capable land drilling fleet
- Strong balance sheet

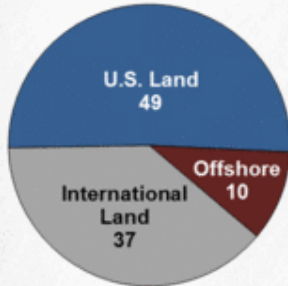




Evolution of H&P's Global Rig Fleet

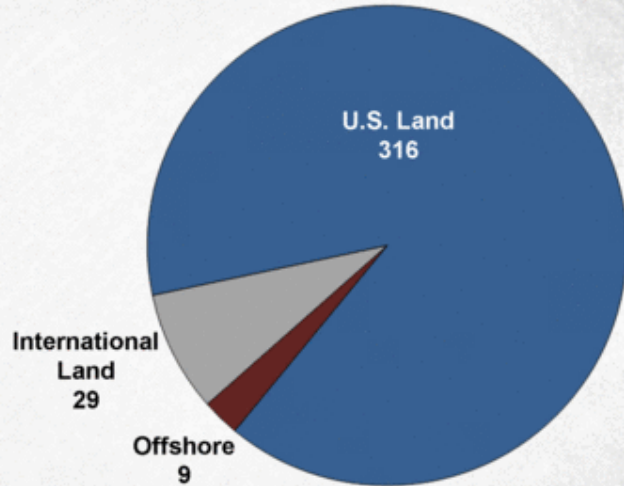
96 Rigs

(Before AC Drive Rigs)



September 2001

354 Rigs



February 2014





Overall U.S. Land Market Trends

- Increasing market demand for AC drive rigs
- Firm and slightly improving spot market pricing
- Continued customer focus on drilling efficiency, technology and safety
- Conversations with customers for additional new build orders continue





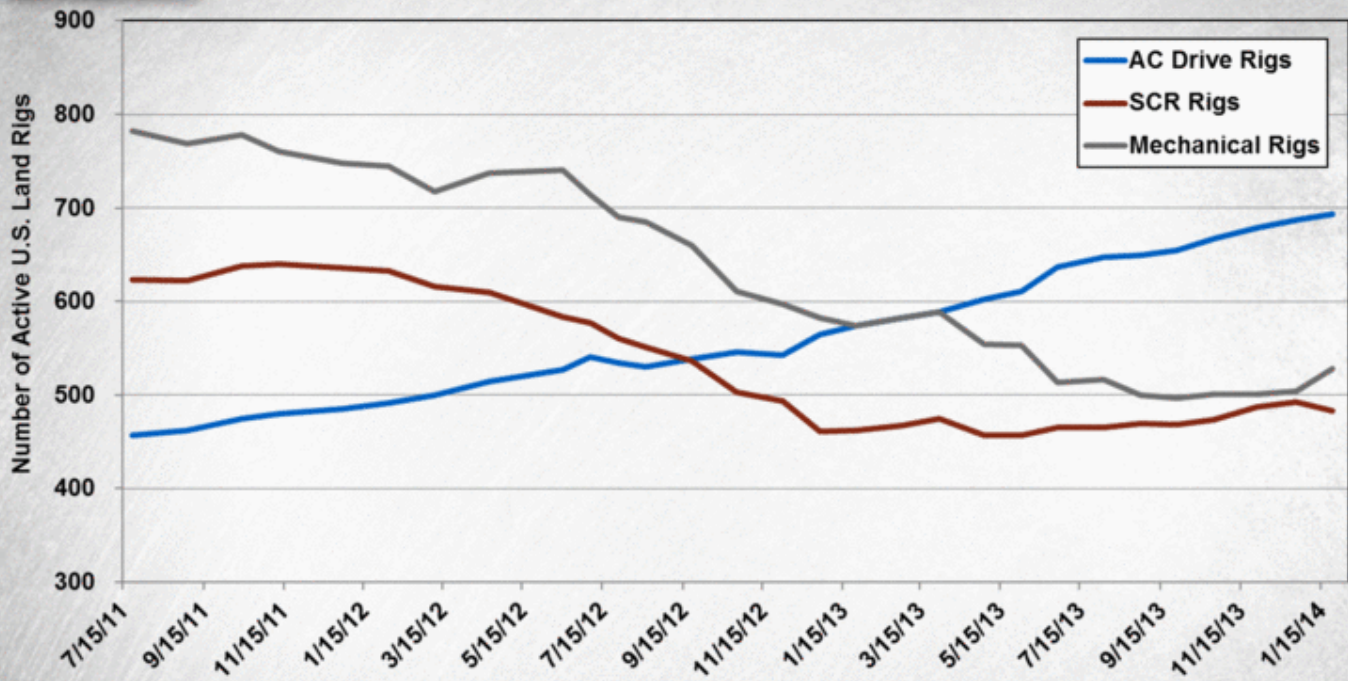
H&P New Builds

- Delivered 22 new builds in fiscal 2013, all under long-term contracts.
- Since the beginning of fiscal 2014, we have announced long-term contracts for 35 new FlexRigs with nine customers in the U.S.
- As of February 10, 2014, 15 of the 35 announced FlexRigs have already been delivered.
- Once the remaining rigs are completed, the Company's global fleet is expected to include 336 FlexRigs.





AC Rigs Continue to Gain Market Share



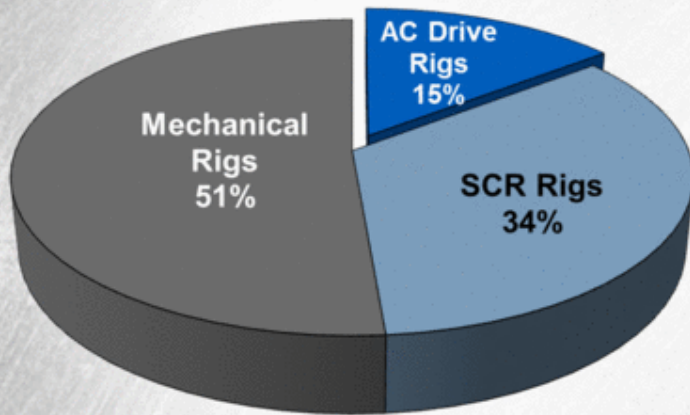
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately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



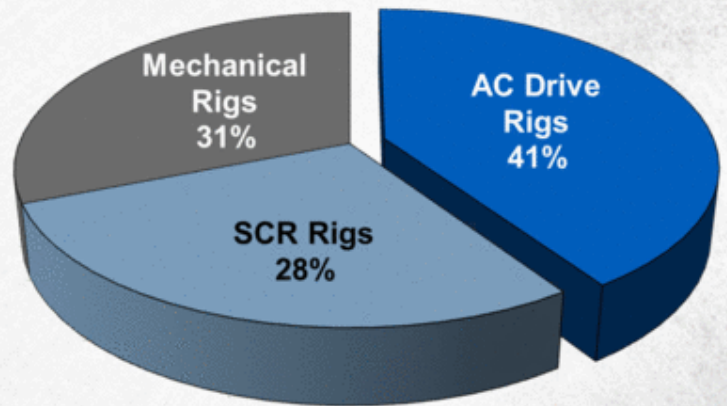


The Replacement Cycle Continues

As of October 2008 (Peak)
(~1,900 Active Rigs in U.S. Land
By Power Type)



As of January 2014
(~1,700 Active Rigs in U.S. Land
By Power Type)

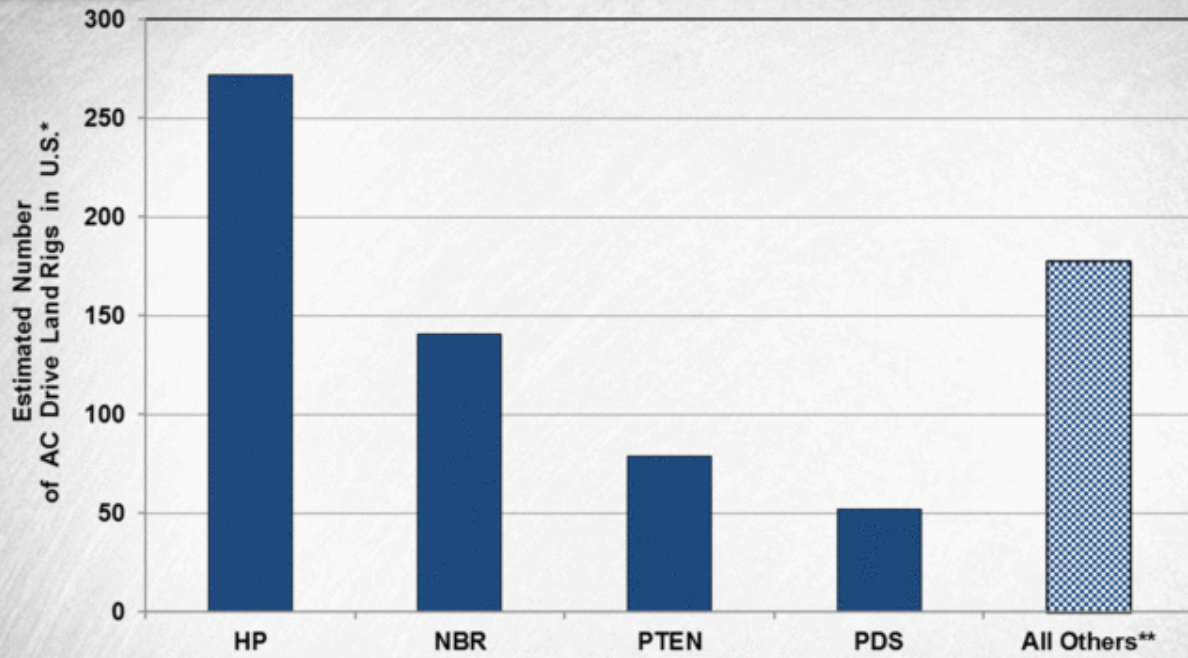


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately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





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



AC Drive Rigs (existing as of third quarter announcement of calendar 2013)

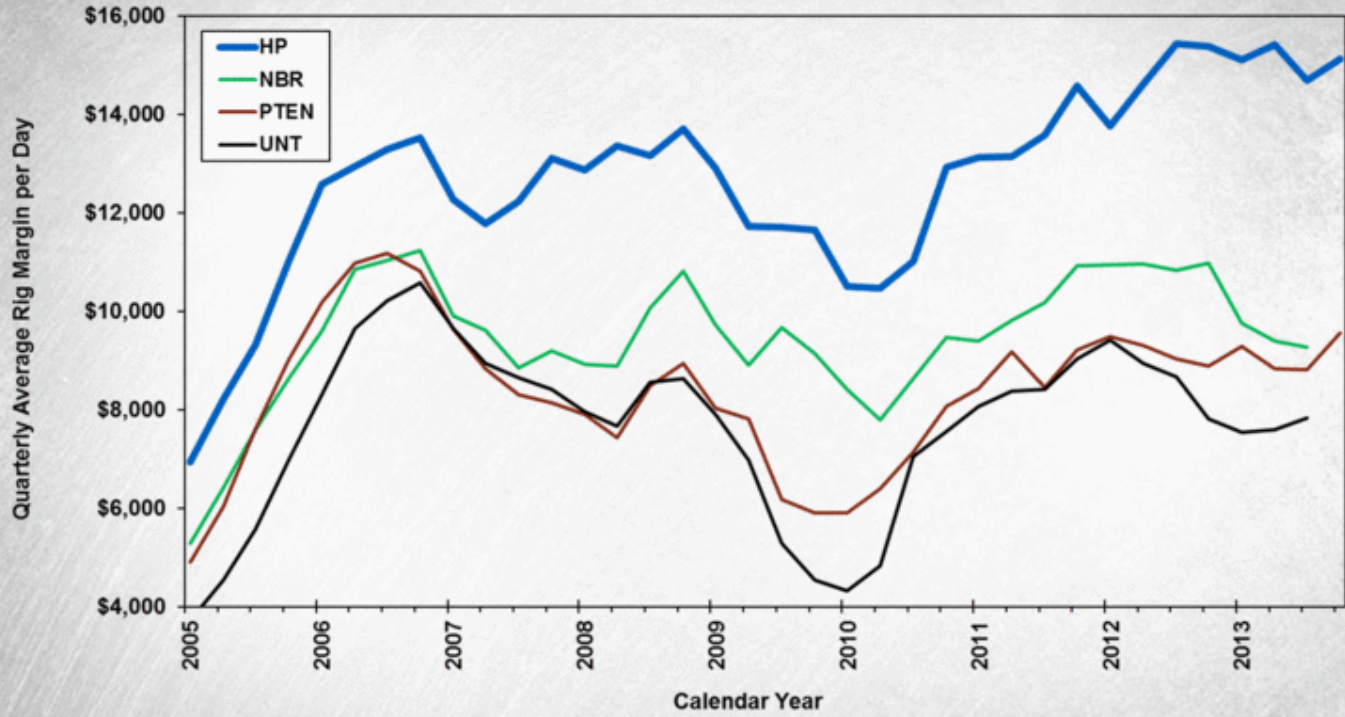
* The above estimates corresponding to U.S. lower 48 AC Drive fleets are derived from Rig Data and corporate filings.

**Estimated number of all other available AC Drive rigs not including those owned by HP, NBR, PTEN and PDS.





U.S. Land Average Daywork Margins⁽¹⁾



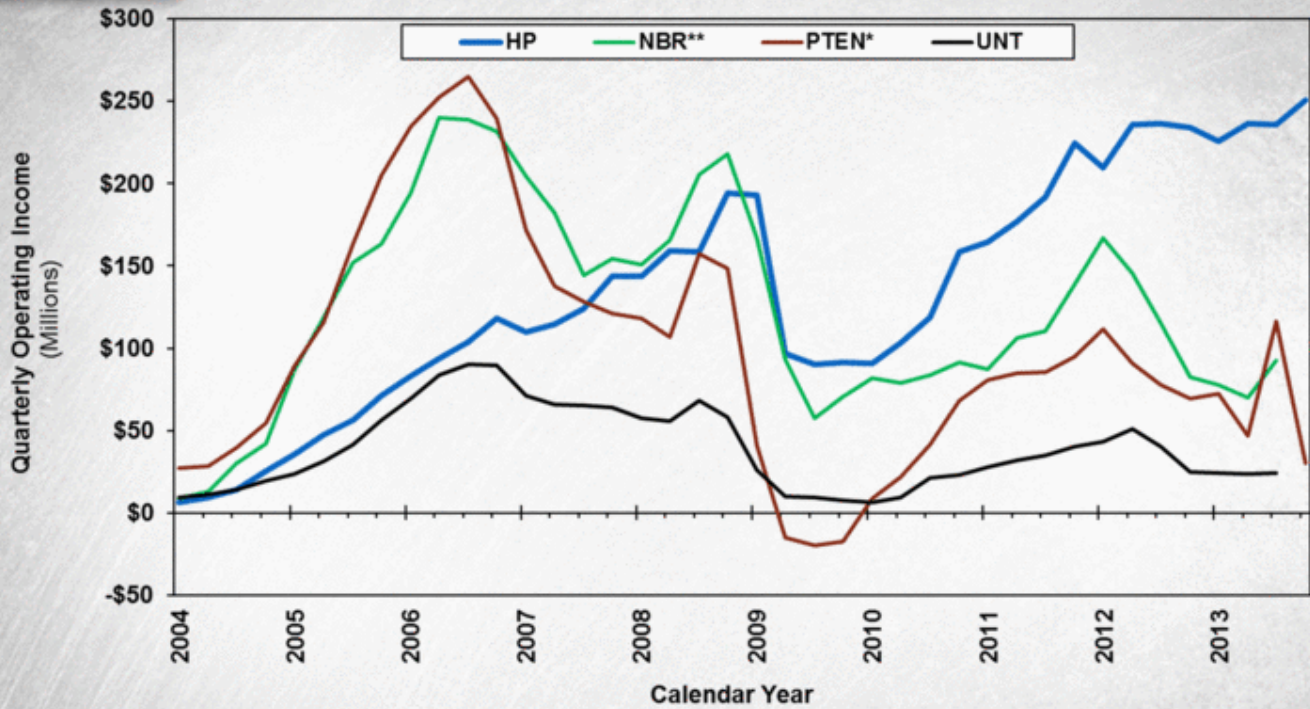
(1) Does not include the impact of early contract termination revenue.





Ten Year Profit Comparison

U.S. Land Drilling Operating Income



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

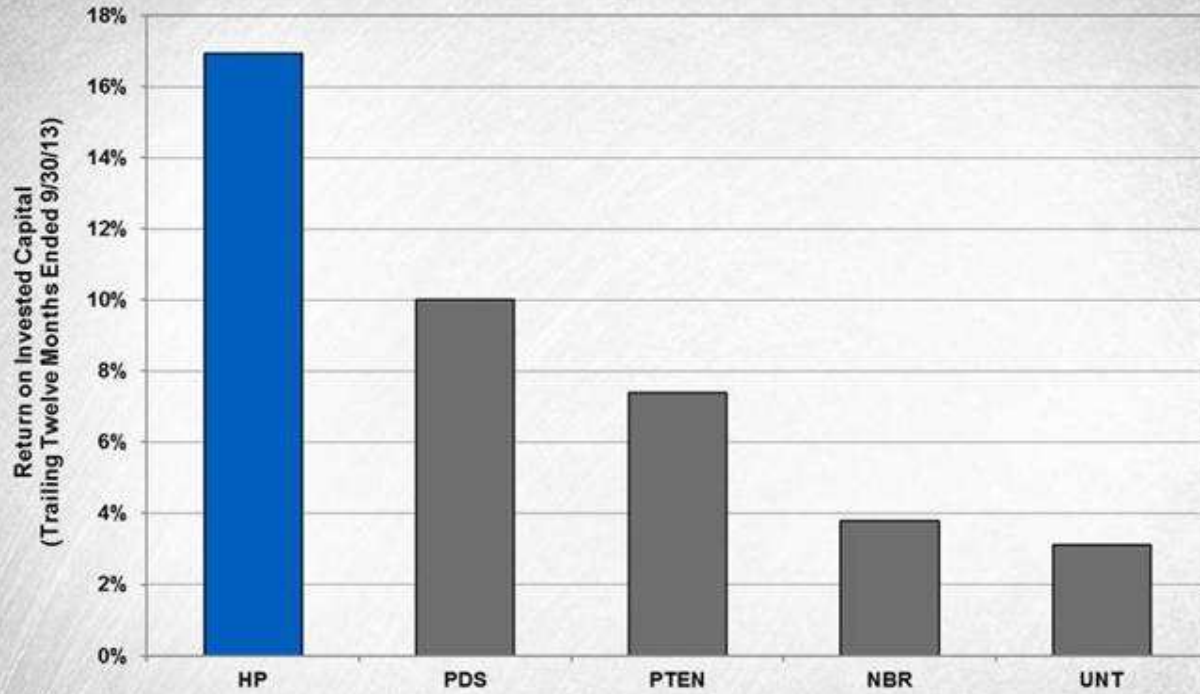
** NBR's operating income corresponds to its U.S. Lower 48, U.S. Offshore, and Alaska business units.





Return on Invested Capital (ROIC)

(Source: Thomson Reuters)



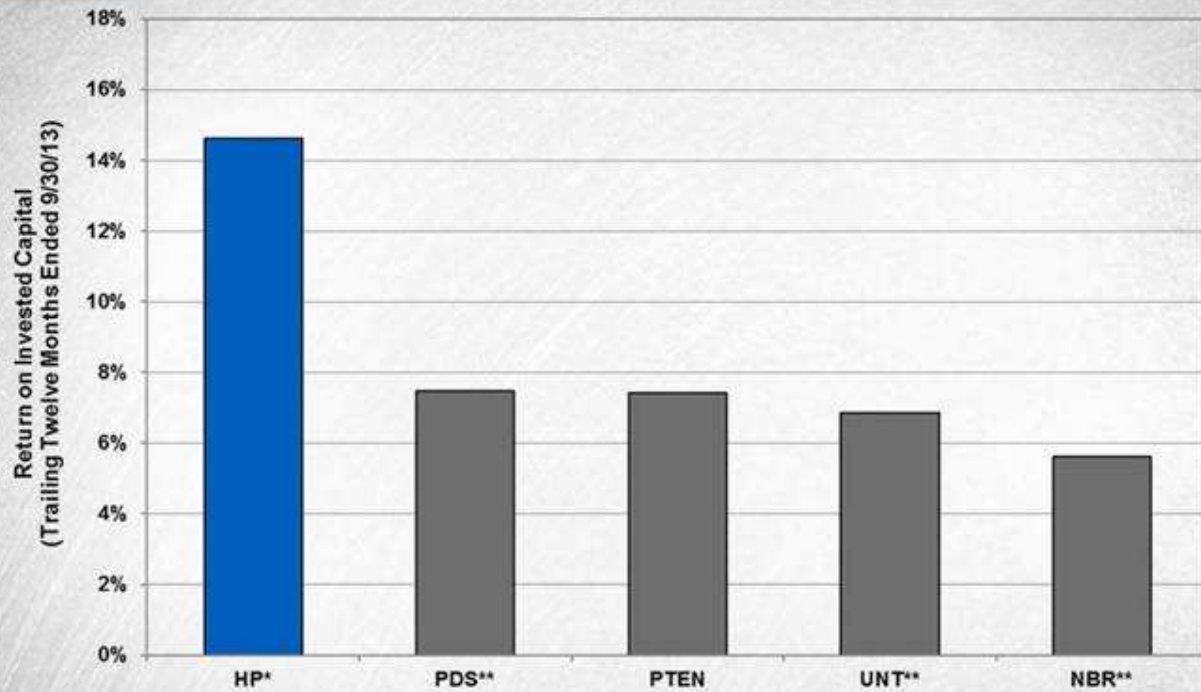
Source: Thomson Reuters as of February 11, 2014.





Return on Invested Capital (ROIC)

(Excluding Extraordinary Items)



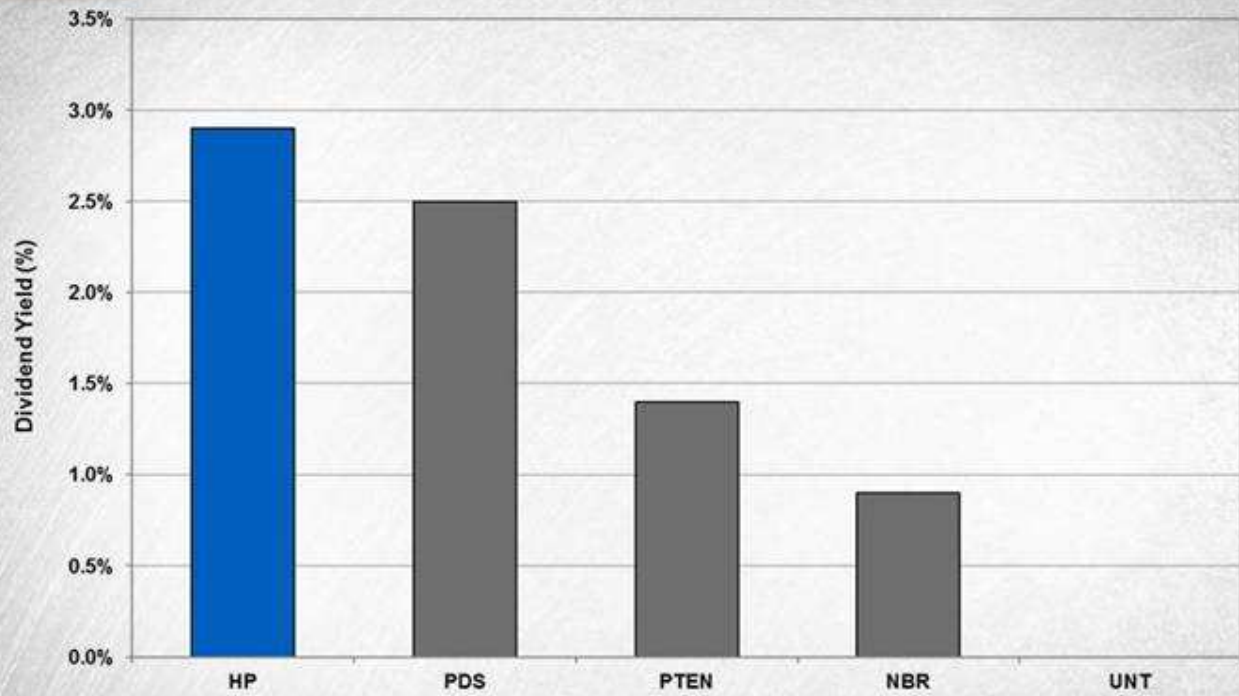
* Excludes gains from the sale of investment securities and discontinued operations. H&P's unadjusted ROIC resulted in 17.0%.

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





Current Dividend Yields

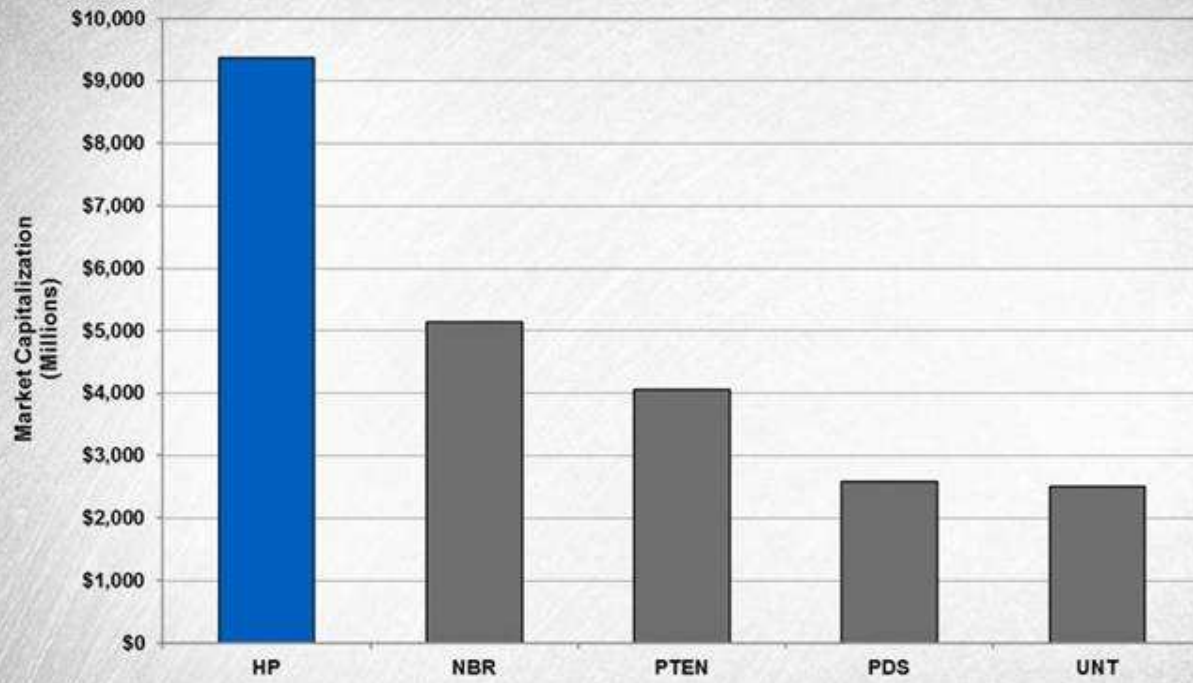


Source: Thomson Reuters. Yields calculated as of market close on February 7, 2014.





Land Drilling Market Valuations

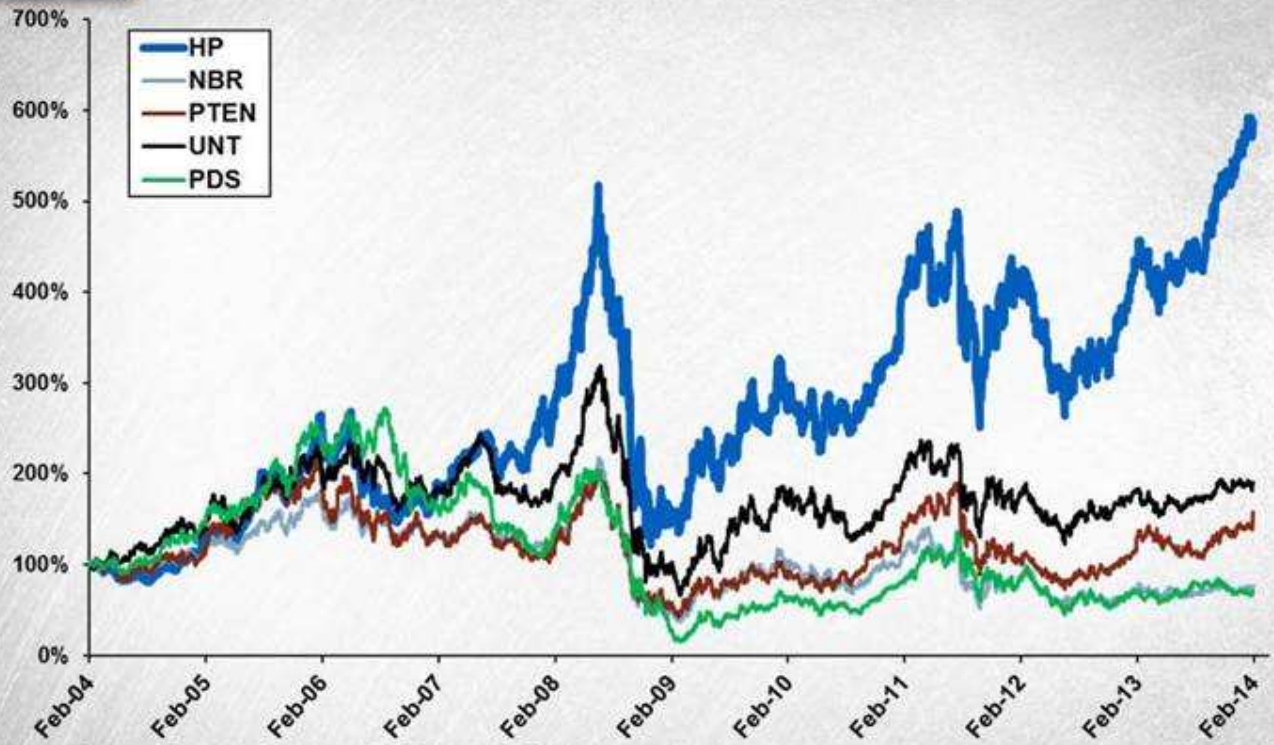


Source: Thomson Reuters as of February 7, 2014.





Ten-Year Relative Shareholder Return



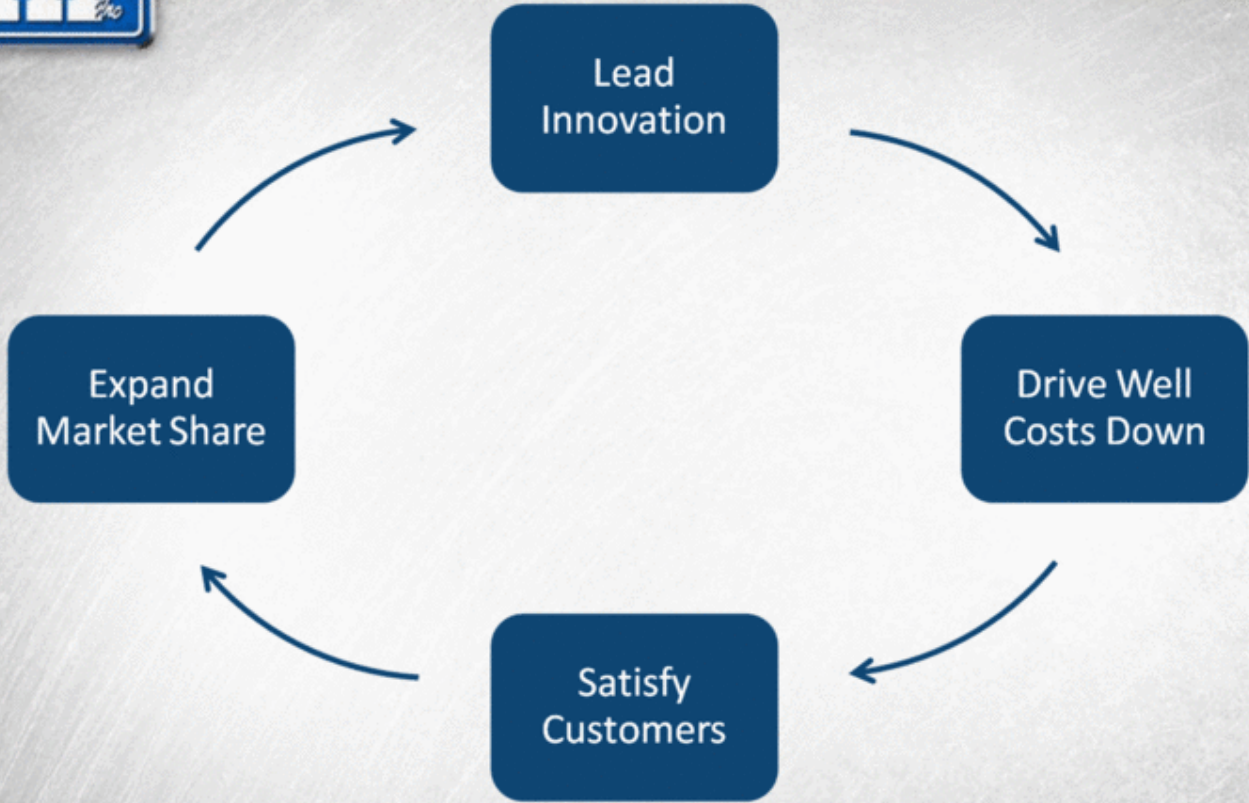
Source: Thomson Reuters as of February 7, 2014







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



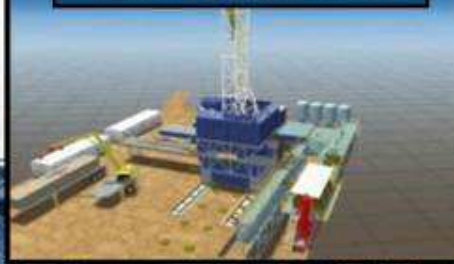
BOP Handling



Mechanized Tubular Handling



Rig Move Capabilities





FlexRigs Delivering Drilling Efficiencies

- We have over 1,300 rig years of AC Drive FlexRig drilling experience.
 - Drilled over 52 million feet in 2012
 - Drilled in excess of 61 million feet in 2013
 - Improved our footage per day by 23% in 2012
 - Footage per day increased approximately 14% in 2013





Performance is Not Only About Better Rigs

Our competitive advantage is also about:

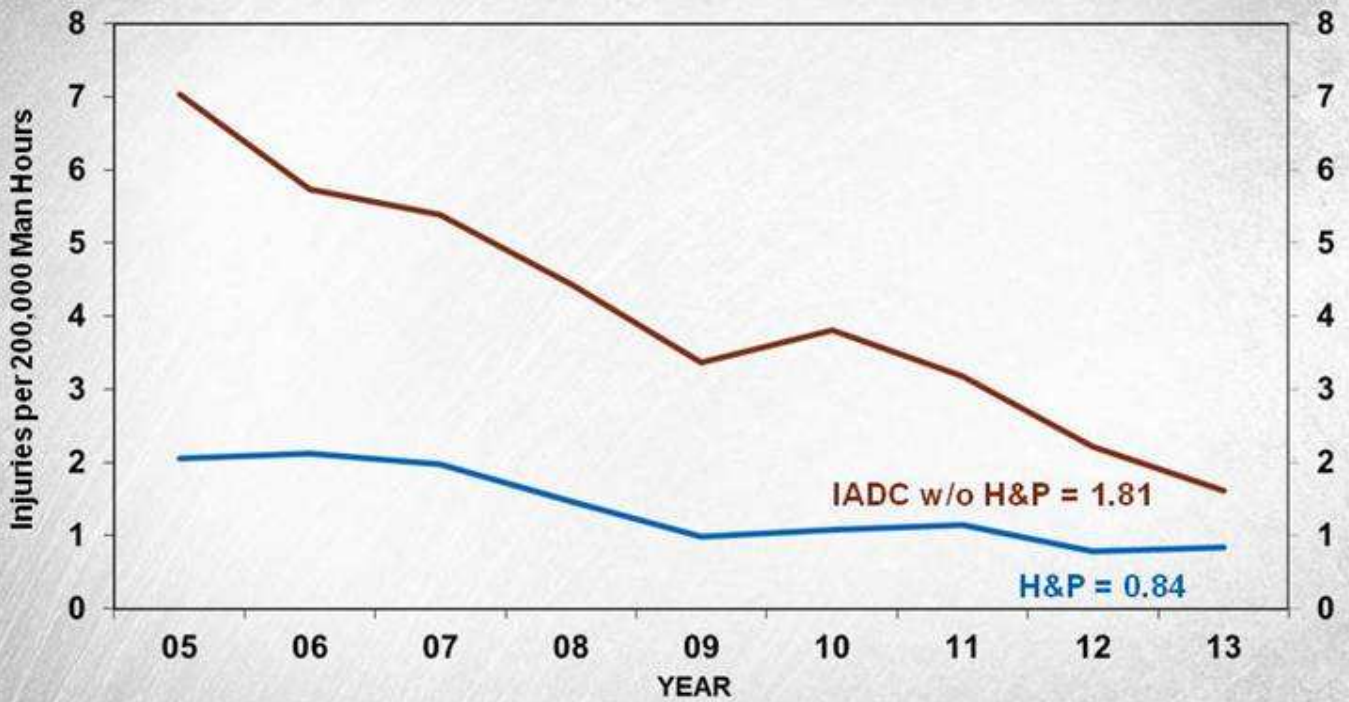
- **People**
- **Safety**
- **Experience**
- **Training**
- **Culture**
- **Support Structure**
- **Processes**
- **Organizational Network**
- **Maintenance**
- **Supply Chain**





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

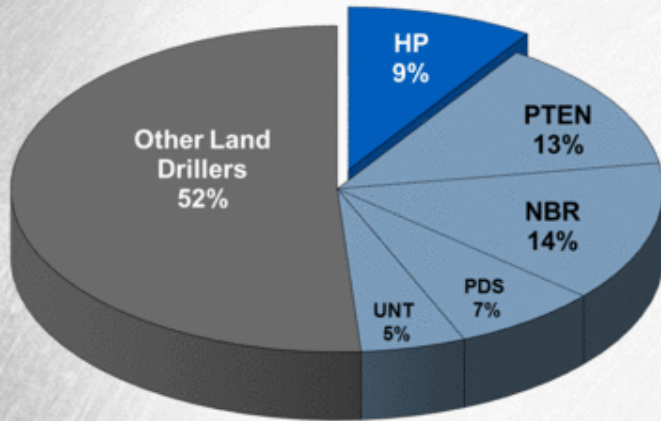
U.S. Land Safety Performance (2005 – 2013)
OSHA Recordable Injury Incidence Rates



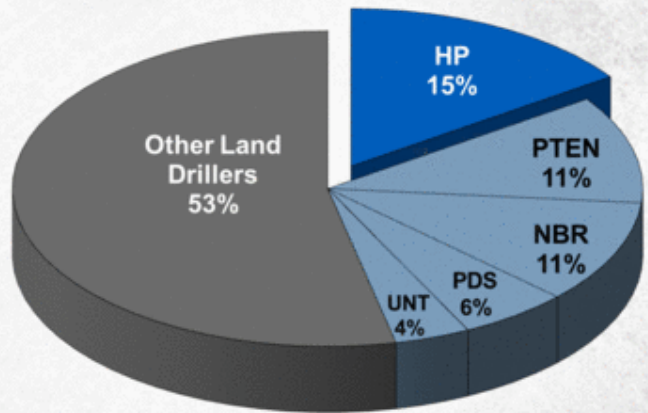


H&P Continues to Capture Market Share

As of October 2008 (Peak)
(~1,900 Active Rigs in U.S. Land)



As of January 2013
(~1,700 Active Rigs in U.S. Land)



Note: The above estimates corresponding to market share are derived from Rig Data. PDS's market share includes both PDS and Grey Wolf rigs. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower.





Favorable Market Trends for FlexRigs

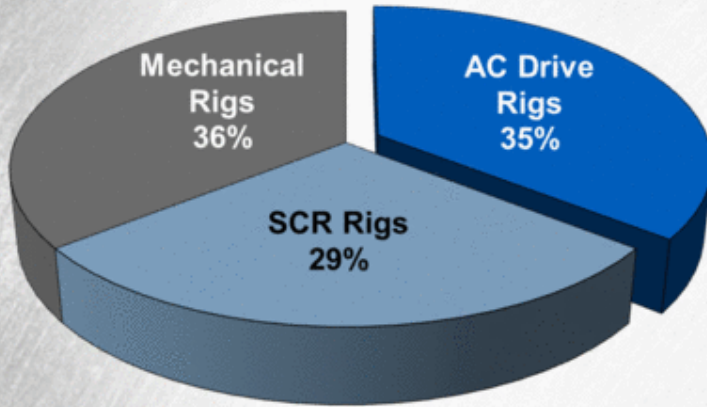
- Customer focus on drilling efficiency, technology and safety
- Increasing well complexity
- AC drive rigs replacing SCR and mechanical rigs
- More customers high-grading their fleets



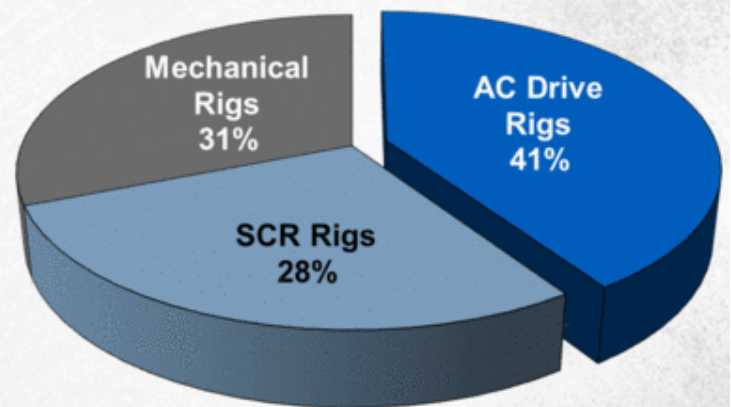


High-Grading Continues

As of January 2013
(~1,610 Active Rigs in U.S. Land
By Power Type)



As of January 2014
(~1,700 Active Rigs in U.S. Land
By Power Type)



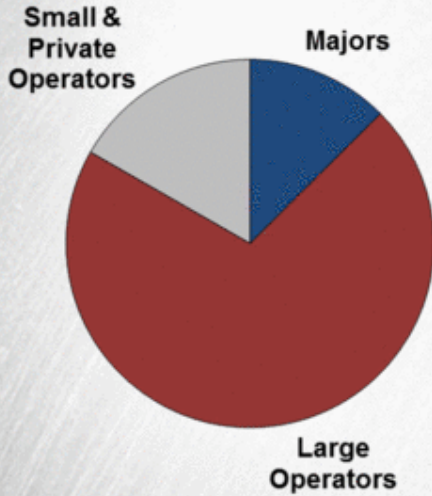
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately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



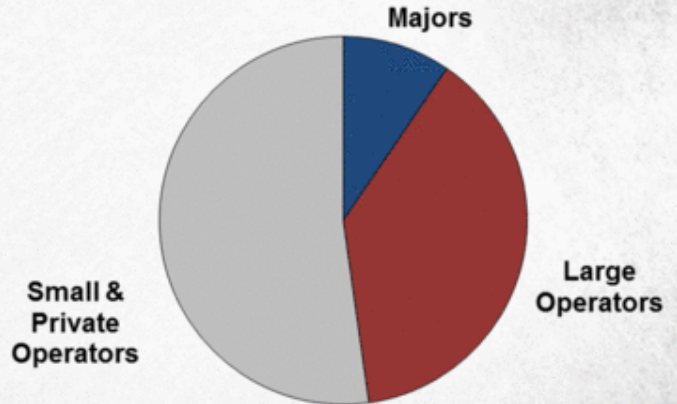


H&P vs. Industry U.S. Land Customer Base

H&P
U.S. Land Activity
Estimated Customer Distribution
(January 2014)



Industry
U.S. Land Activity
Estimated Customer Distribution
(January 2014)



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





Unconventional Plays Shaping Landscape

Well Complexity is increasing:

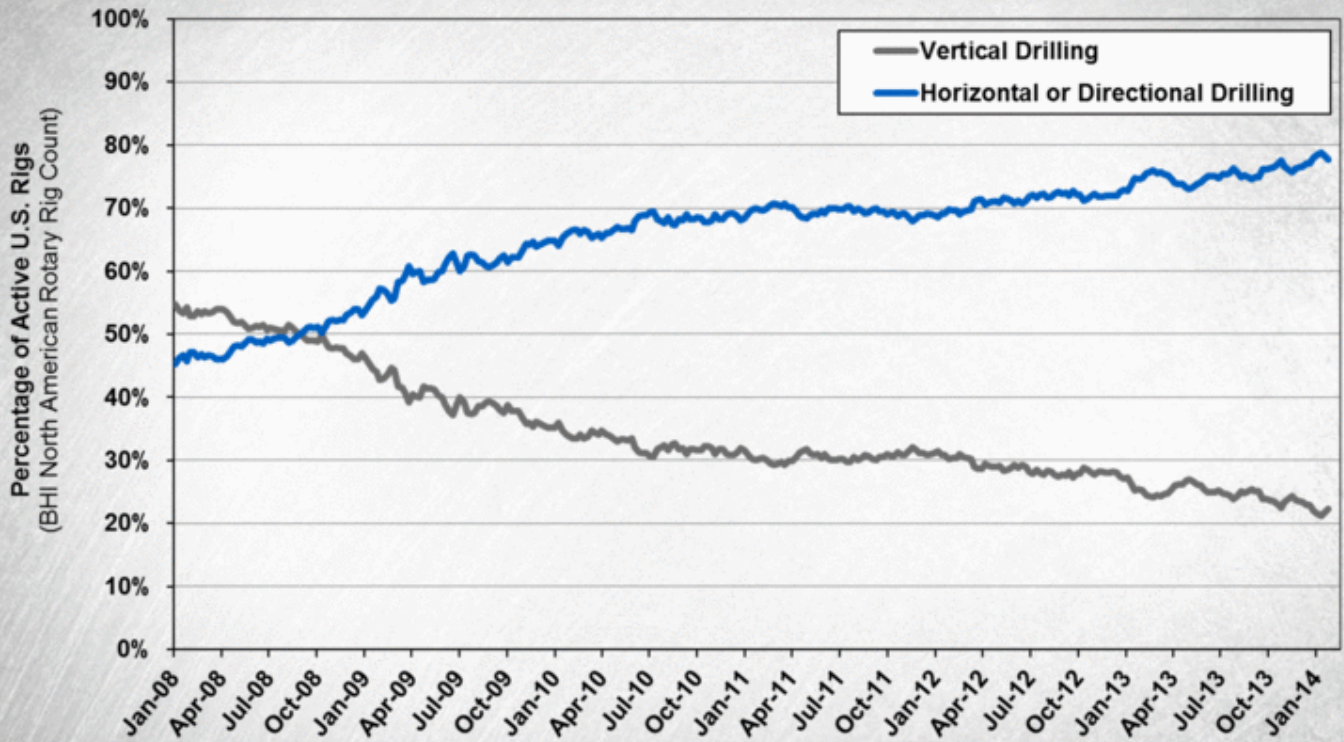
- Horizontal and directional wells make up over 75% of wells drilled in the U.S.
- Extended reach laterals progressively longer
- Multi-well pad drilling gaining acceptance in more areas
- This all creates an expanding level of demand for FlexRigs





Increasing Focus on More Difficult Drilling

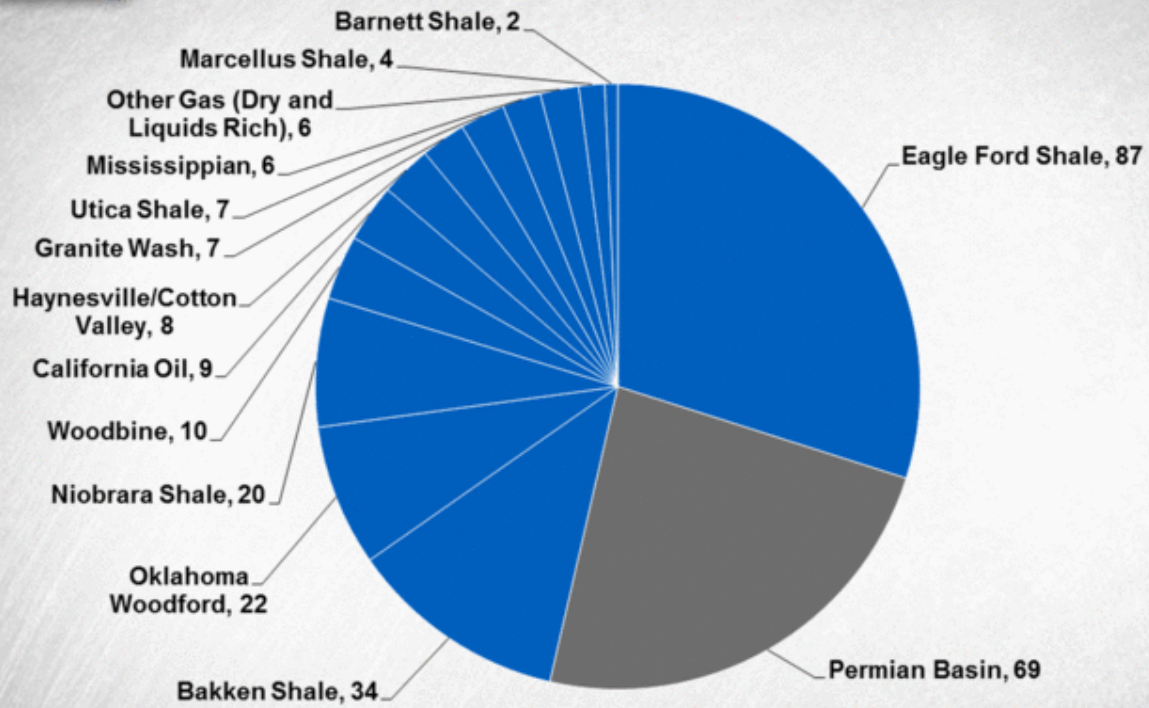
U.S. Rig Activity by Drilling Type





Leading U.S. Unconventional Driller

(291 H&P Contracted Land Rigs as of 2/10/14*)

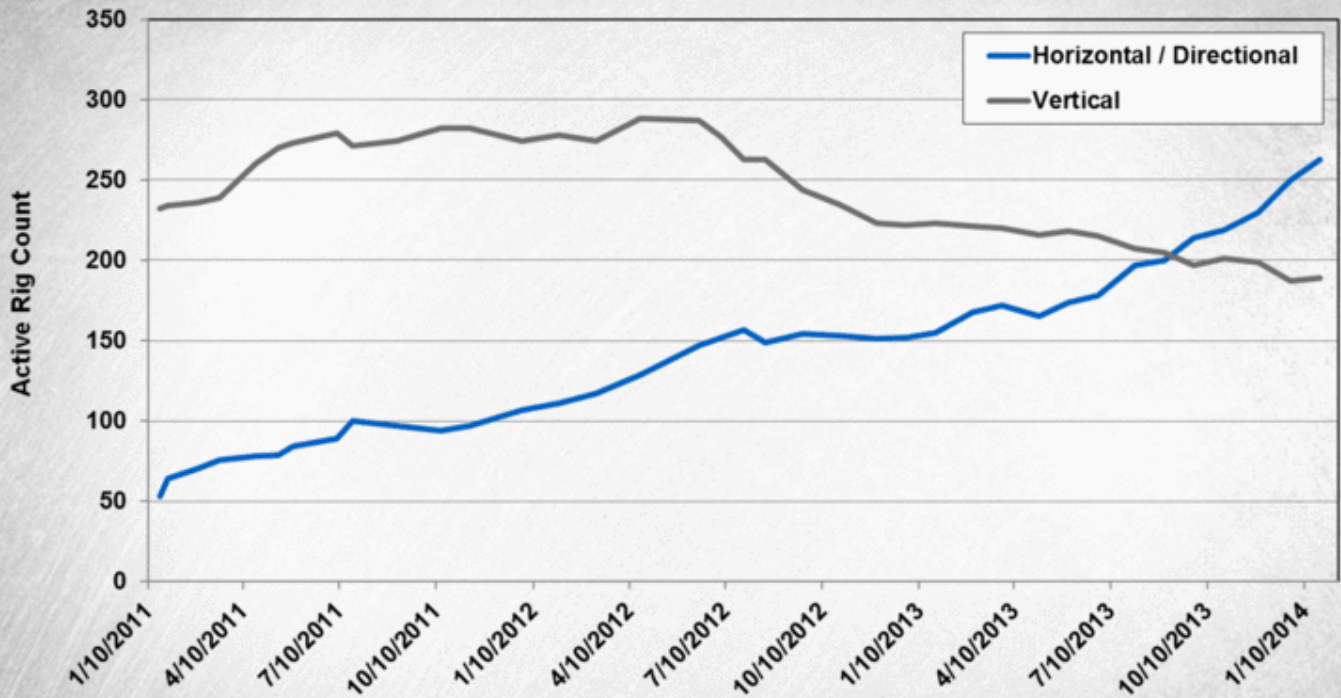


* Includes 20 announced new FlexRigs with customer commitments scheduled for delivery in calendar 2014.





Unconventional Drilling Growth in Permian



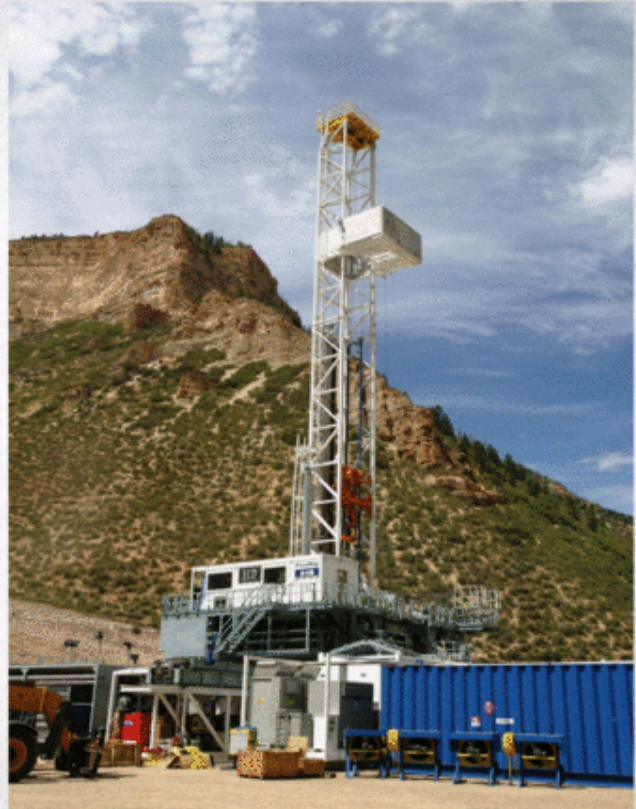
Note: The above estimates are derived from Rig Data. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower.





H&P's Pad Capable Fleet

- Approximately 50% of H&P's U.S. Land active fleet, all of which are AC drive rigs, are equipped with hydraulic skid systems.
- Our pad capable fleet is fully utilized.
- Customers continue to contract/add skid systems to existing FlexRigs.





FlexRigs Leading in Pad Drilling Efforts

- AC Drive FlexRigs lead in pad drilling efforts in U.S. Land
 - FlexRig3 first pad application in 2004
 - FlexRig4 was the first bi-directional land drilling design
 - FlexRig5 is the latest generation of bi-directional, long lateral pad drilling rig
 - We have drilled over 8,000 wells on approximately 1,600 pads





H&P Activity as of February 10, 2014

	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	316	271	86%
AC Drive FlexRigs	283	271	96%
SCR Fleet	33	0	0%
Offshore	9	8	89%
International Land	<u>29</u>	<u>23</u>	<u>79%</u>
Total	354	302	85%
FlexRig Construction ⁽¹⁾	20		
Other AC Construction ⁽²⁾	1		
Total Fleet	375		

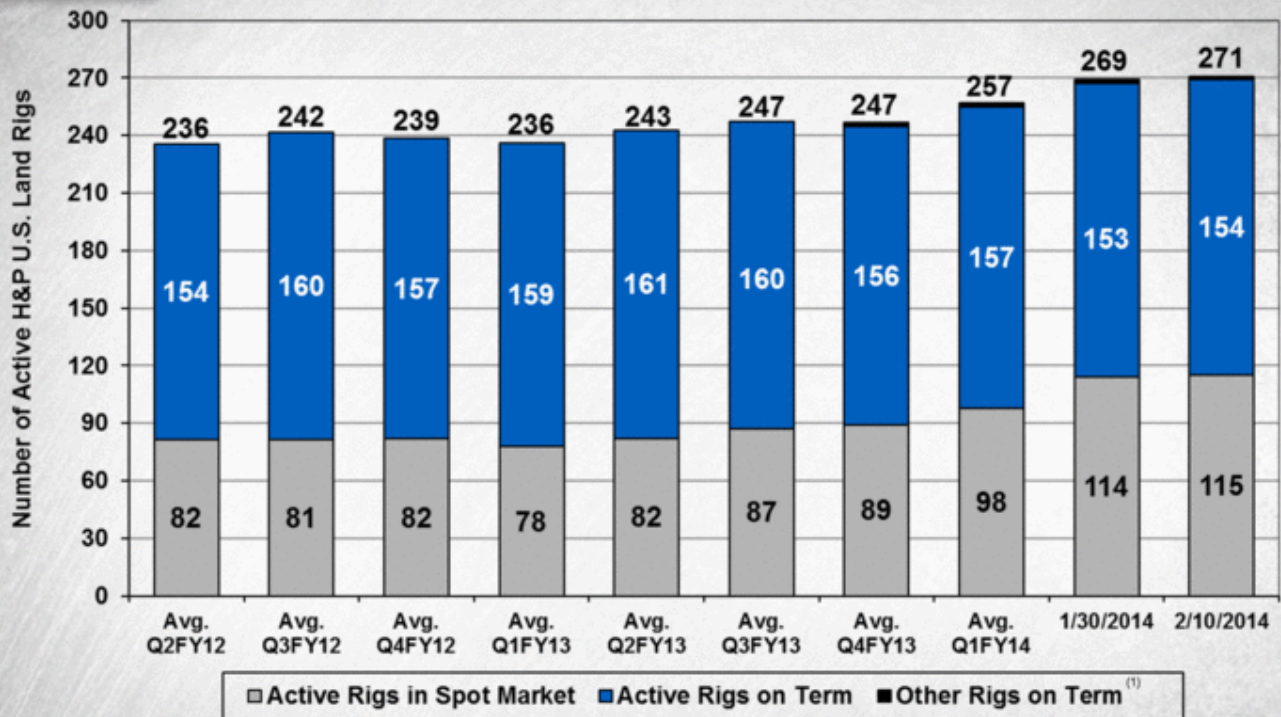
(1) Includes announced new build commitments under term contracts.

(2) Includes an announced 3,000 horsepower AC new build under term contract with international delivery expected in Spring 2014.





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



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





H&P's New Build Program Continues



- H&P plans to continue a build cadence of two rigs per month through March and then increase to three rigs per month through the rest of the fiscal year.
- We have the flexibility to modify our production cadence and our capital spares capacity.
- This approach has allowed us to quickly respond to the recent uptick in FlexRig demand.





In Summary:

H&P's long term strategy for growing shareholder value:

- Innovation
- Technology
- Safety, operational excellence and best people
- Customer satisfaction



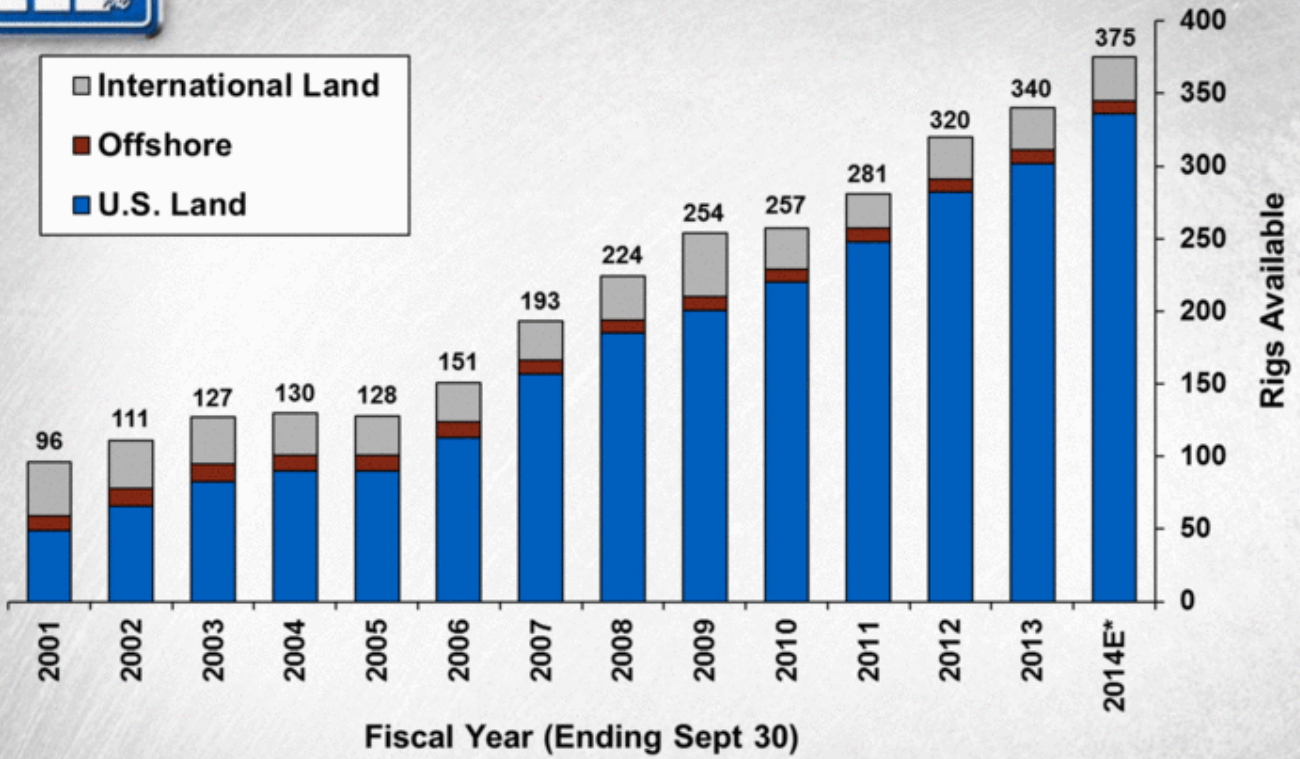


Additional References





H&P's Global Rig Fleet



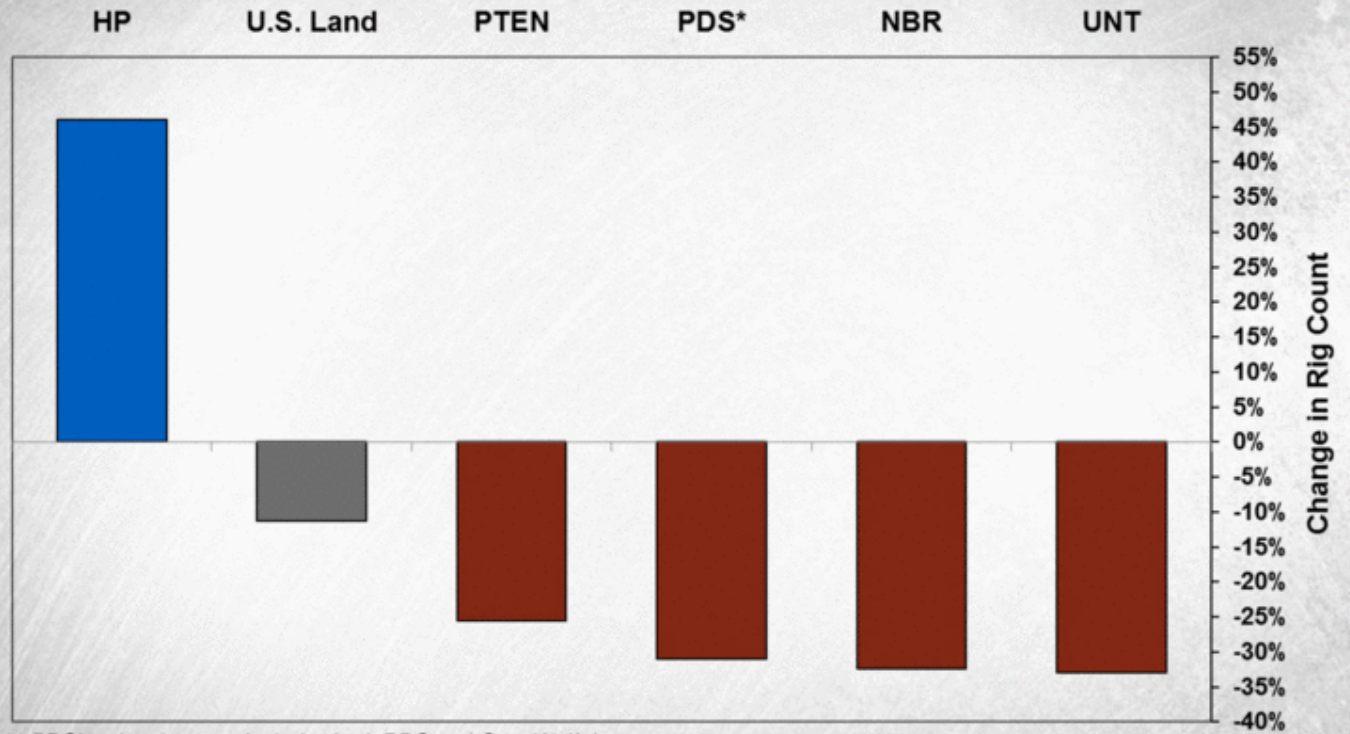
* Estimates include existing rigs and announced new build commitments





Changes in Lower 48 U.S. Land Rig Count

Estimated Change Since 2008 Peak in Active U.S. Land Rigs
(Rig Data Weekly Rig Count - October 2008 to January 2014)



* PDS' active rig count includes both PDS and Grey Wolf rigs.





H&P Global Fleet Under Term Contract

Number of Rigs Already Under Long-Term Contracts

(Estimated Quarterly Average, Including Announced New Builds - as of 2/10/14)

Segment	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15
U.S. Land	150.7	144.2	139.6	122.4	106.3	85.6	70.2
International Land	13.8	13.1	13.0	11.3	9.2	7.8	6.3
Offshore	3.0	2.5	1.9	1.0	1.0	1.0	1.0
Total	167.5	159.8	154.5	134.7	116.5	94.4	77.4





H&P's International Land Operations

Rig Fleet Status (as of February 10, 2014)

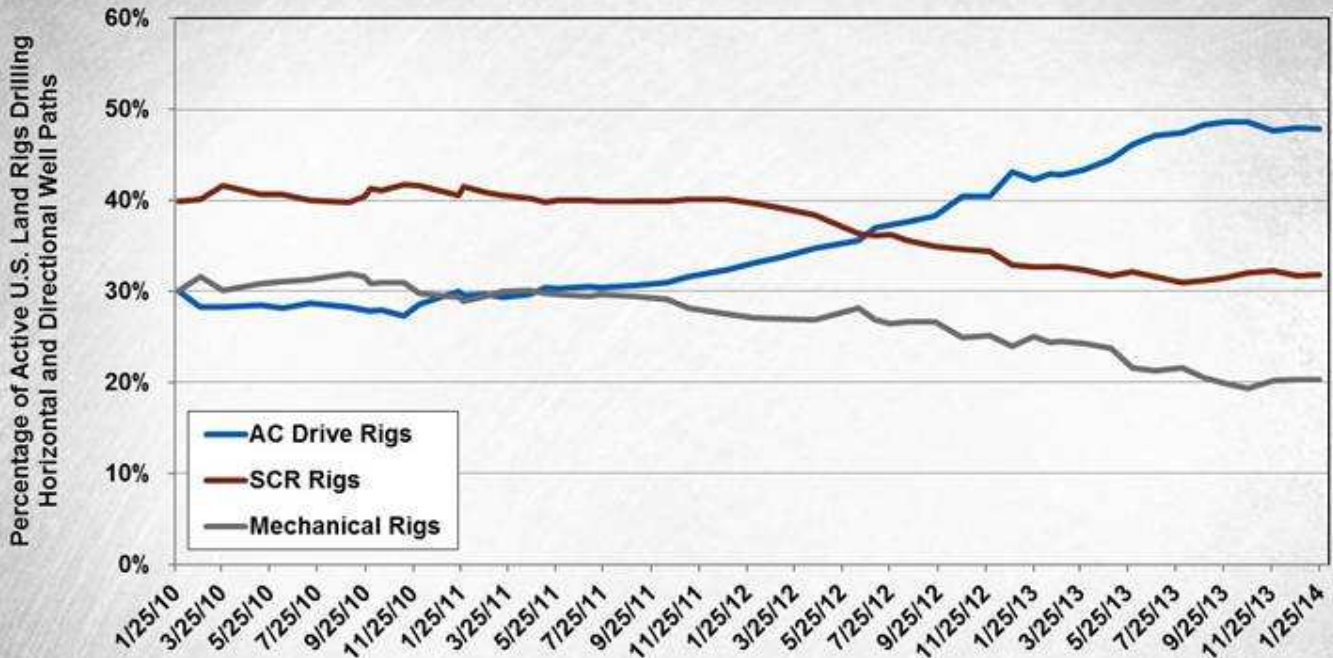
	Active	Idle	Total	Long-term Contracts
Argentina	8	1	9	4
Bahrain	3		3	3
Colombia	4	3	7	2
Ecuador	5	1	6	1
Tunisia		2	2	
U.A.E.	2		2	2
Total	22	7	29	12⁽¹⁾

(1) 11 of 16 FlexRigs, included in the international fleet of 29 rigs, are under long-term contracts.





U.S. Land Horizontal and Directional Activity



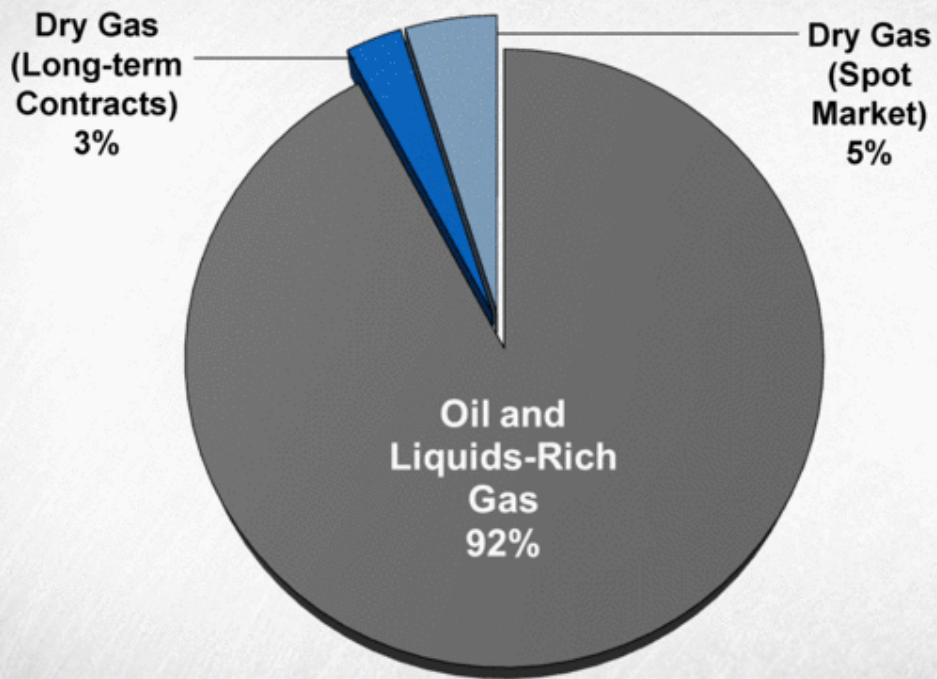
Note: The above estimates corresponding to horizontal and directional rig activity by power type are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower.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





H&P's Exposure to Oil & Liquids

Estimated proportion of H&P's active U.S. Land rigs by primary hydrocarbon target as of 2/10/14





End of Document

