

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 12/05/12 for the Period Ending 12/04/12

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
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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: **December 4, 2012**

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: December 4, 2012

EXHIBIT INDEX

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



Helmerich & Payne, Inc.

Capital One Southcoast 7th Annual Energy Conference

December 4-6, 2012

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, rig performance 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.





H&P Basics

336 Drilling Rigs*

~\$6 Billion in Assets

~9,500 Employees

~6% Debt/Cap

* Includes eight announced new FlexRigs under construction with customer commitments as of December 4, 2012, that are scheduled for completion during fiscal 2013.



HELMERICH & PAYNE, INC.



Increasing Quarterly Dividend by 114%

- Delivered increasing dividend levels every year for over 40 years
- Now significantly increasing quarterly dividend from \$0.07 to \$0.15 per share (~114%)





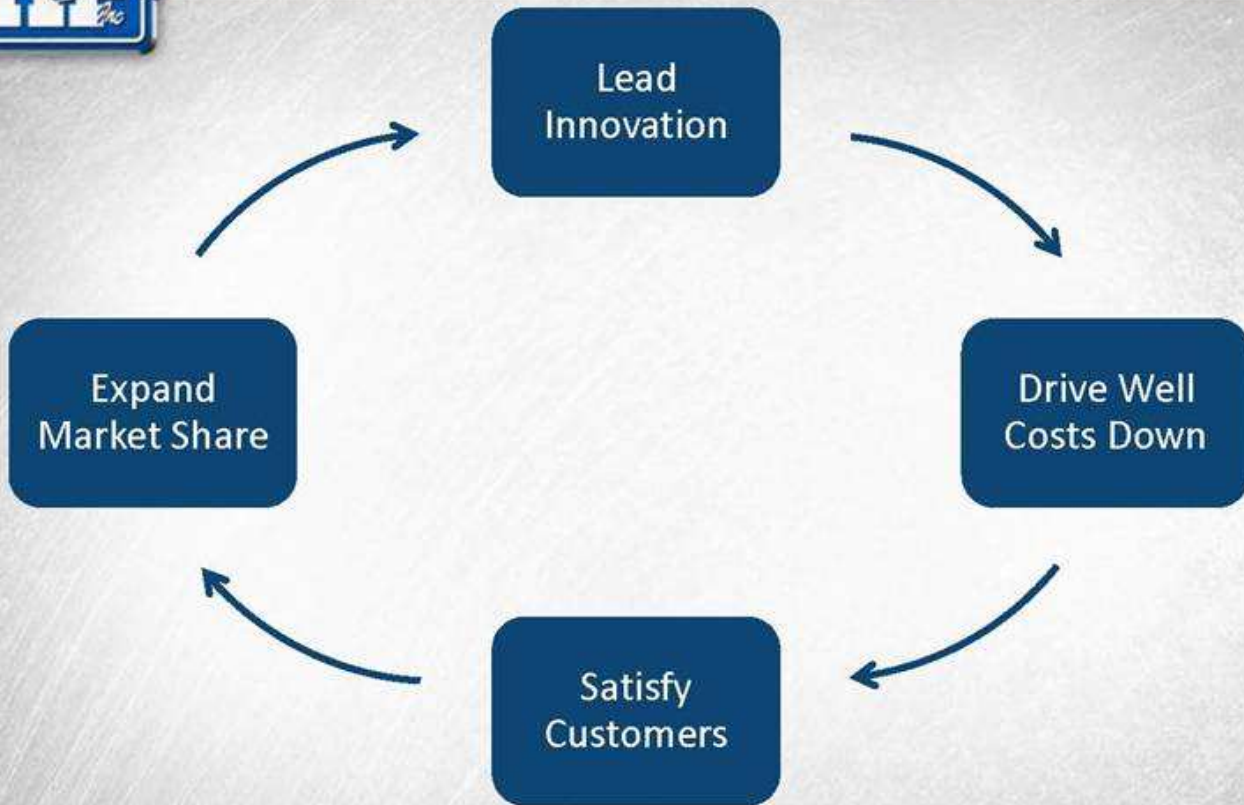
Discussion Outline

- H&P strategy and results
- Fleet activity update
- Favorable market trends for FlexRigs
- H&P new build advantages





Growing Shareholder Value





Changes in Lower 48 U.S. Land Rig Count

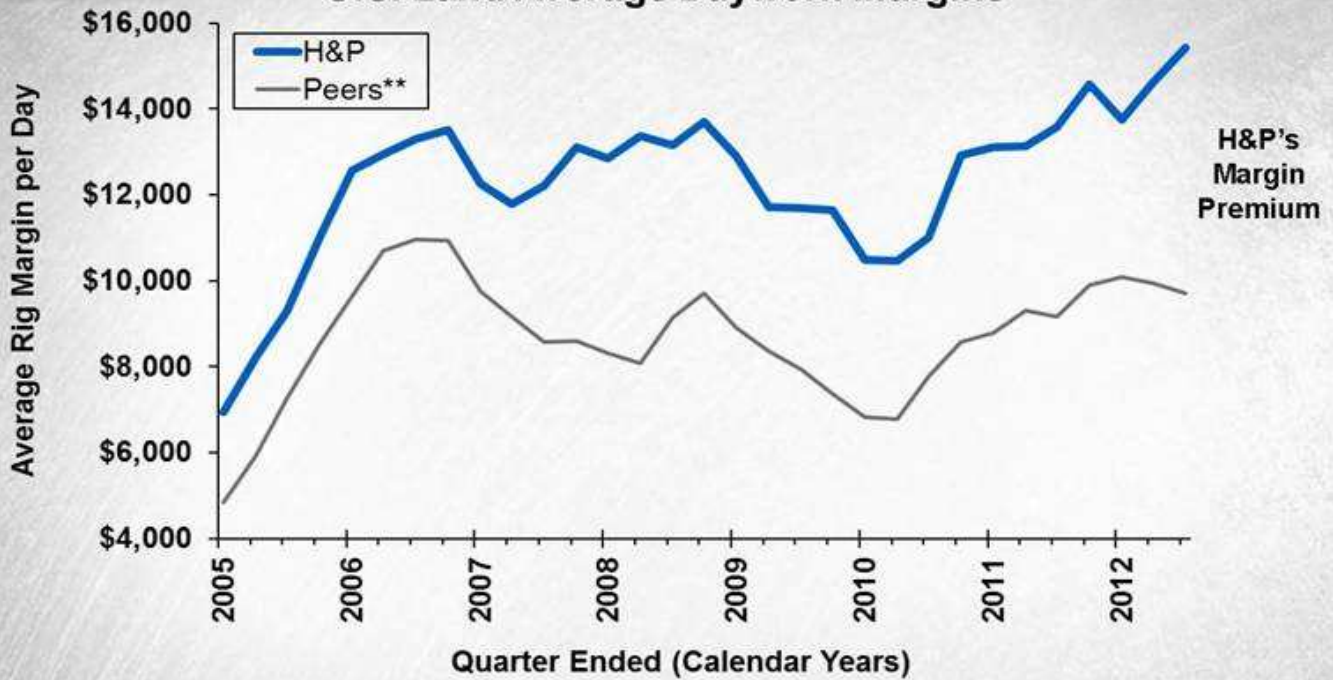
Estimated Change Since 2008 Peak in Active U.S. Land Rigs
(Smith Bits Weekly Rig Count - October 17, 2008 to November 23, 2012)





Technology & Quality Service Make a Difference

U.S. Land Average Daywork Margins*



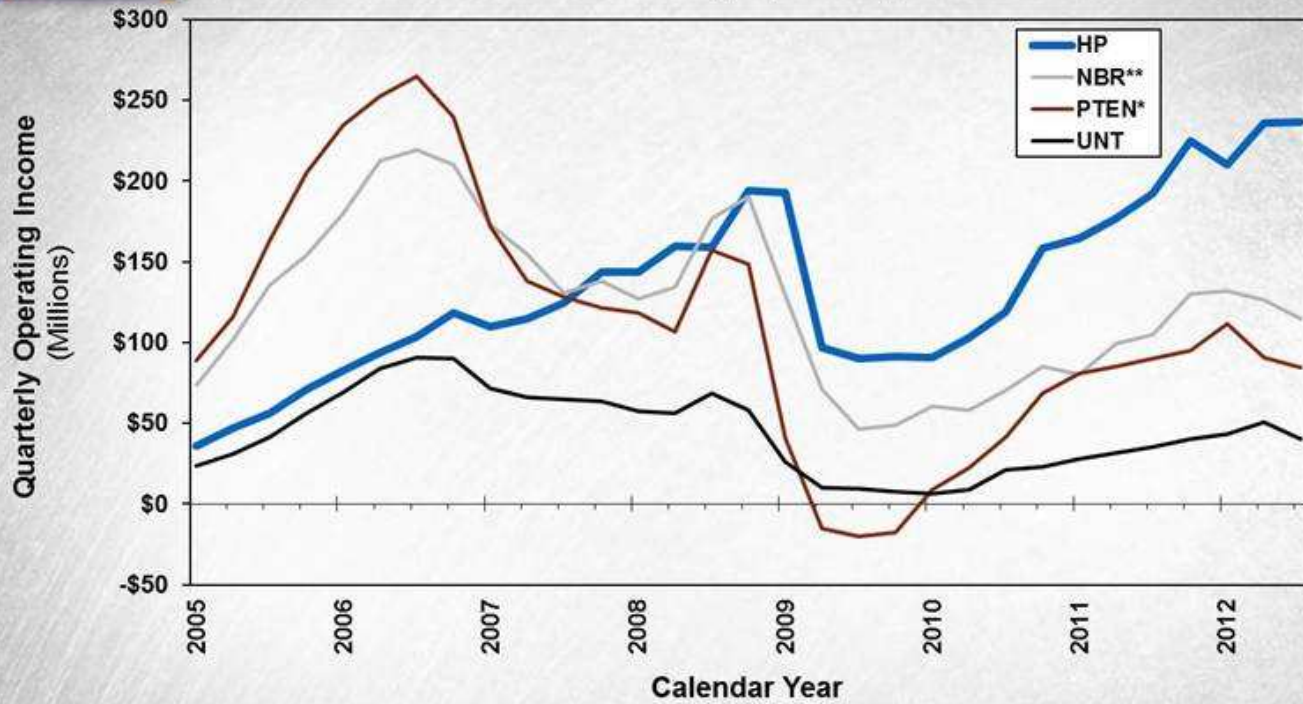
* Does not include the impact of early contract termination revenue.
** Represents weighted-average rig margin per day for PTEN, NBR and UNT through Q3CY12.





Most Profitable Driller in U.S. Land Business

U.S. Land Drilling Operating Income



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

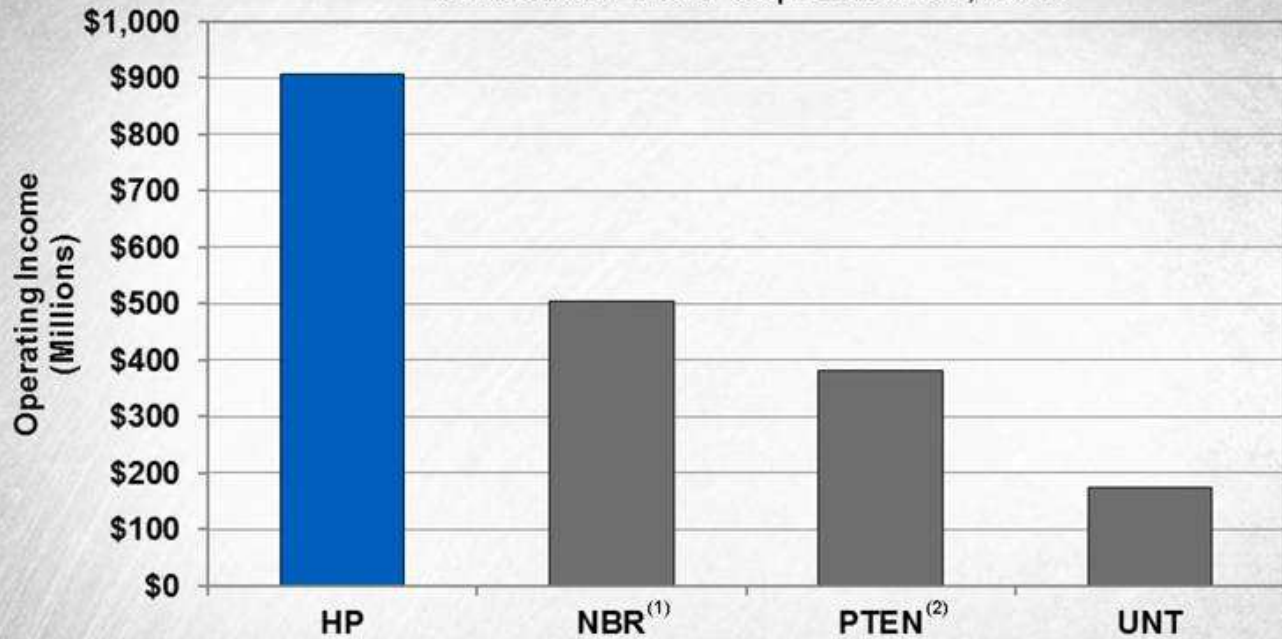
** NBR's operating income corresponds to its U.S. Lower 48 Land Drilling segment.





Record Profits During Industry Slowdown

U.S. Land Drilling Operating Income 12 Months Ended September 30, 2012



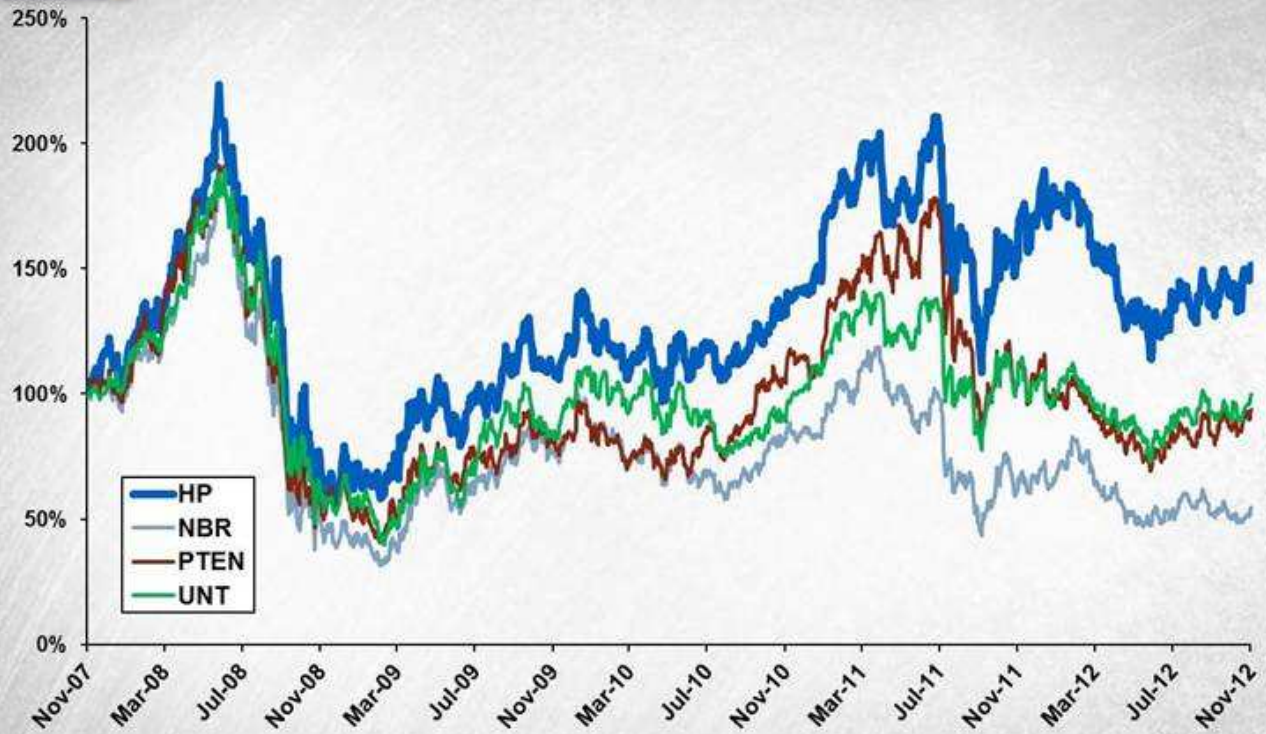
(1) NBR's operating income corresponds to its U.S. Lower 48 Land Drilling segment.

(2) PTEN's operating income includes drilling operations in Canada.





Five-Year Relative Shareholder Return



Source: Thomson Financial as of November 30, 2012





H&P's Global Rig Fleet



* Estimates include existing rigs and announced new build commitments.





H&P Activity as of December 4, 2012

	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	290	240	83%
AC Drive FlexRigs	255	237	93%
SCR Fleet	35	3	9%
Offshore	9	8	89%
International Land	<u>29</u>	<u>26</u>	<u>90%</u>
Total	328	274	84%
FlexRig Construction⁽¹⁾	8	8	
Total Fleet	336	282	

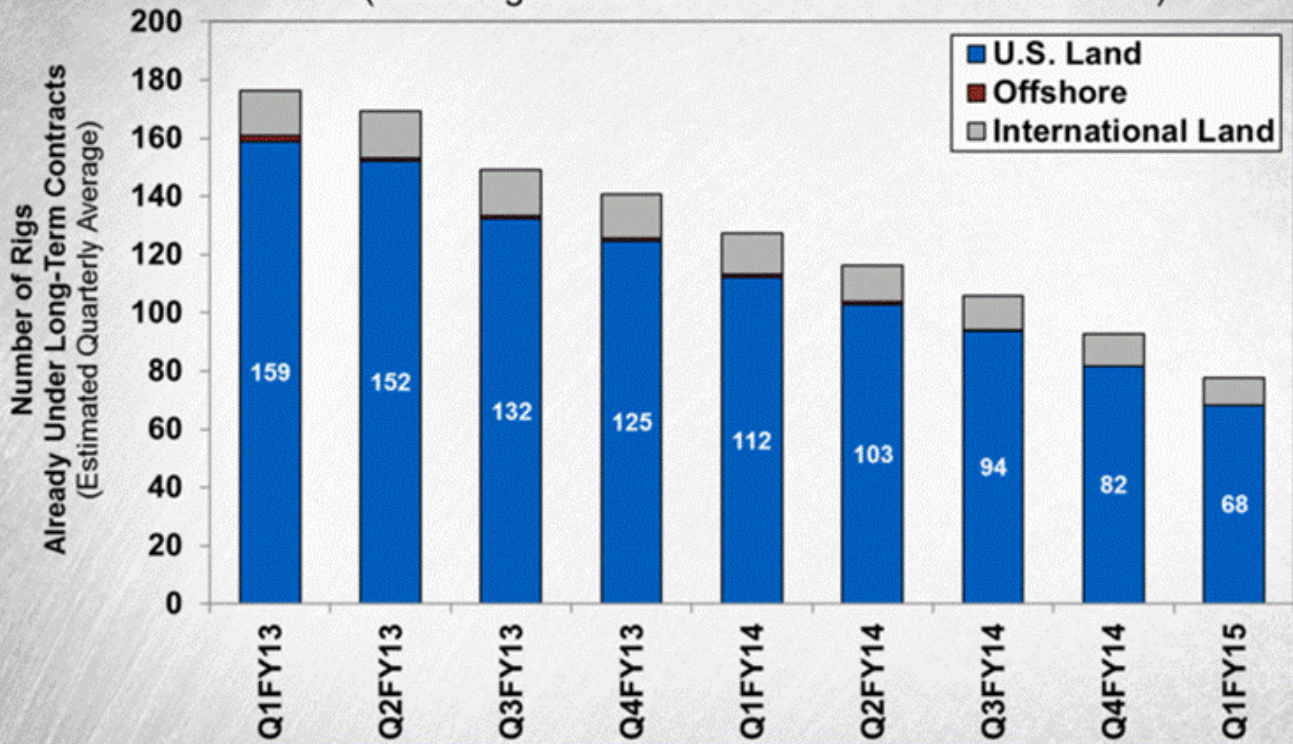
(1) Includes announced new build commitments.





H&P Global Fleet Under Term Contract

Term Contract Status - H&P Global Fleet
(Including Announced New Builds - as of 12/4/12)





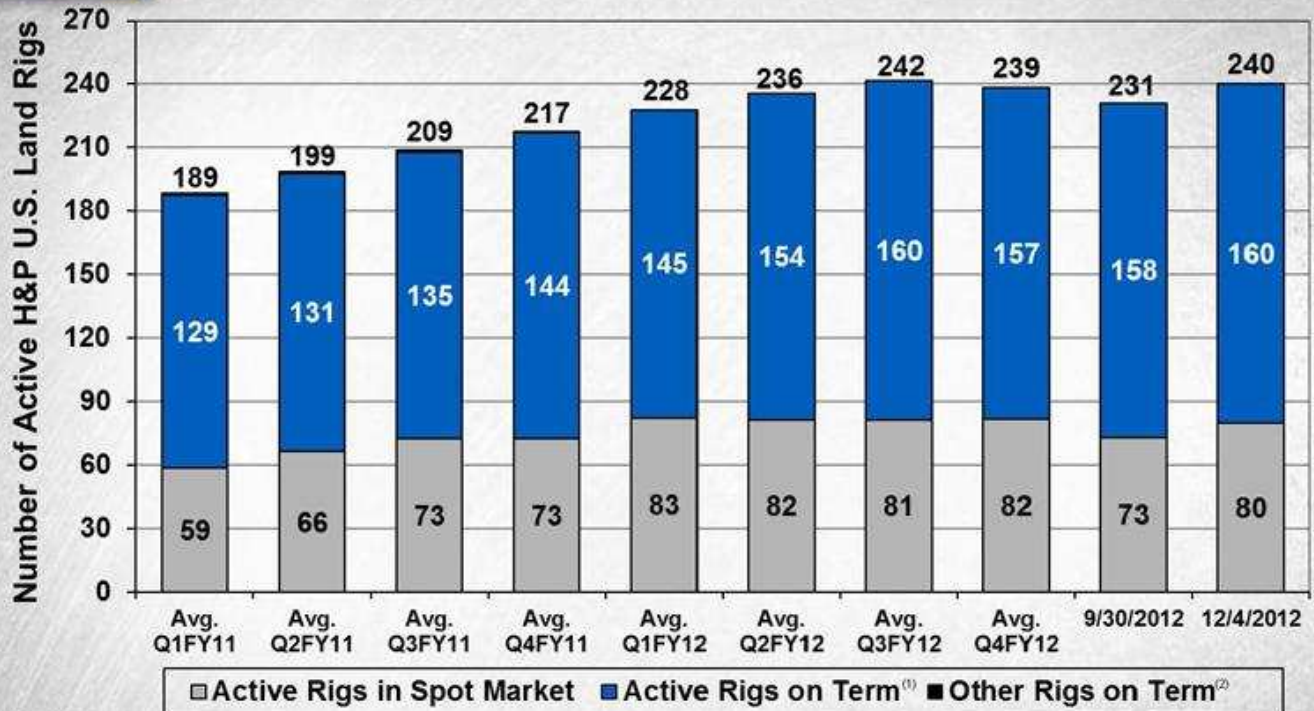
U.S. Land Market Conditions

- Since our last webcast, pricing in the spot market remains firm and our active rig count has increased from 237 to 240 active rigs.
- Our U.S. Land operational outlook for the first fiscal quarter remains unchanged.
 - Excluding the impact of early termination revenues, we still expect average rig revenue per day to be roughly flat quarter to quarter and average rig expense per day in the \$13,200 range.
 - Early termination revenues are still expected to be less than \$1 million during the first fiscal quarter of 2013.
 - Revenue days are still expected to be down approximately 2% as compared to the prior quarter.
- Conversations with customers regarding new build orders continue, but the scale of newbuilds during calendar 2013 is expected to be significantly lower as compared to 2012.





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



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

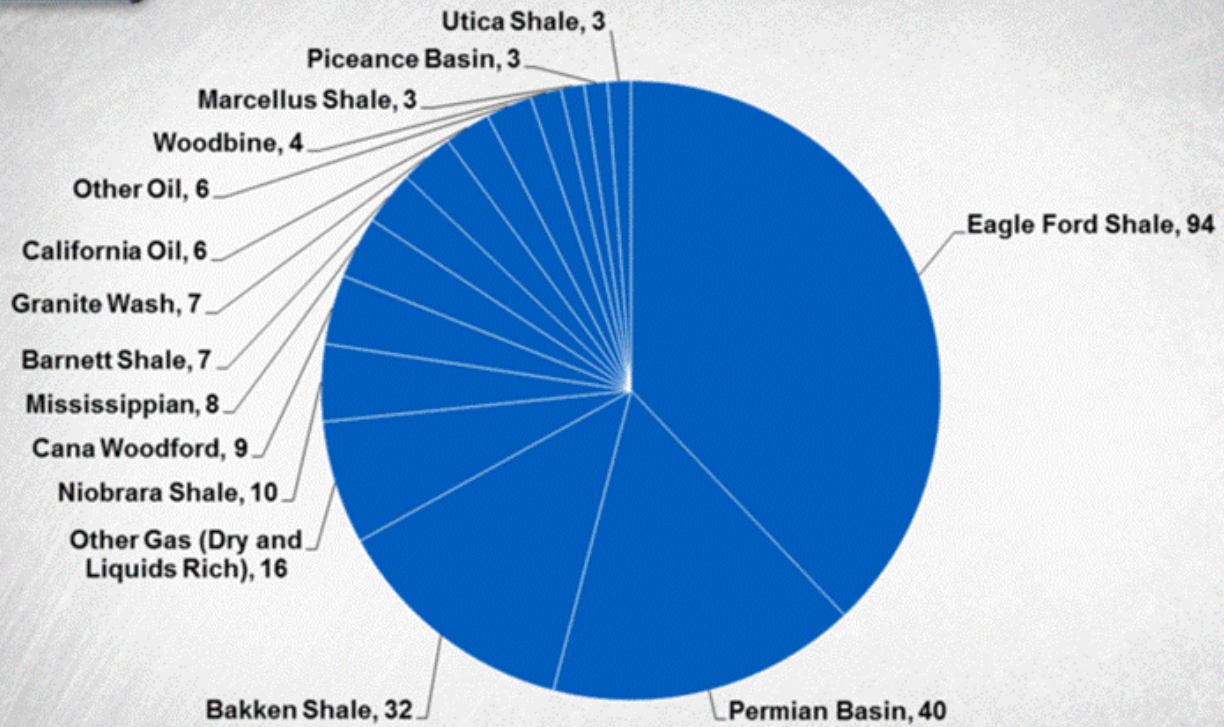
2) Includes completed new builds that were waiting on operators and which generated revenue but did not generate revenue days.





Leading U.S. Unconventional Driller

(248 H&P Contracted Land Rigs as of 12/4/12*)



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





Favorable Market Trends for FlexRigs

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

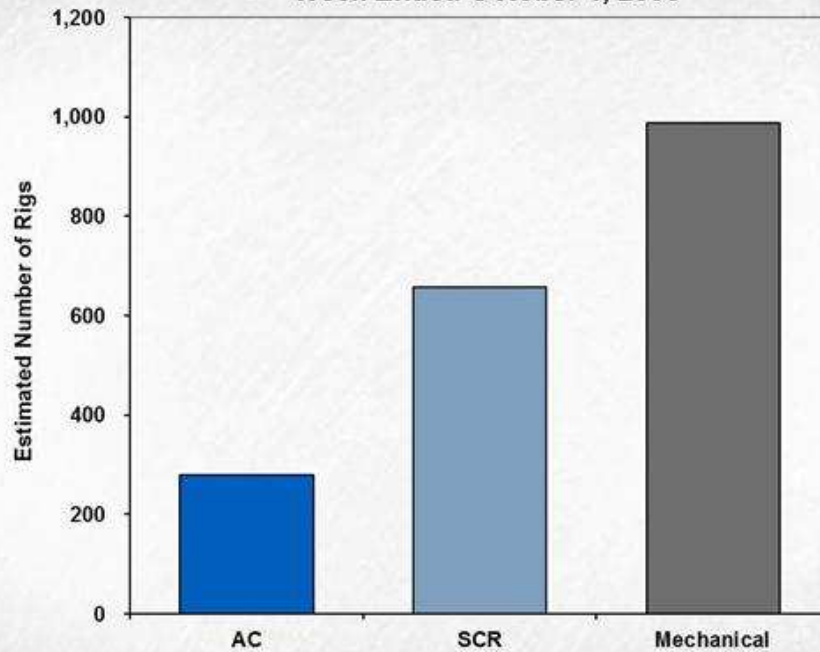




2008 Peak Rig Count (~1,925) - U.S. Land

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, 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.

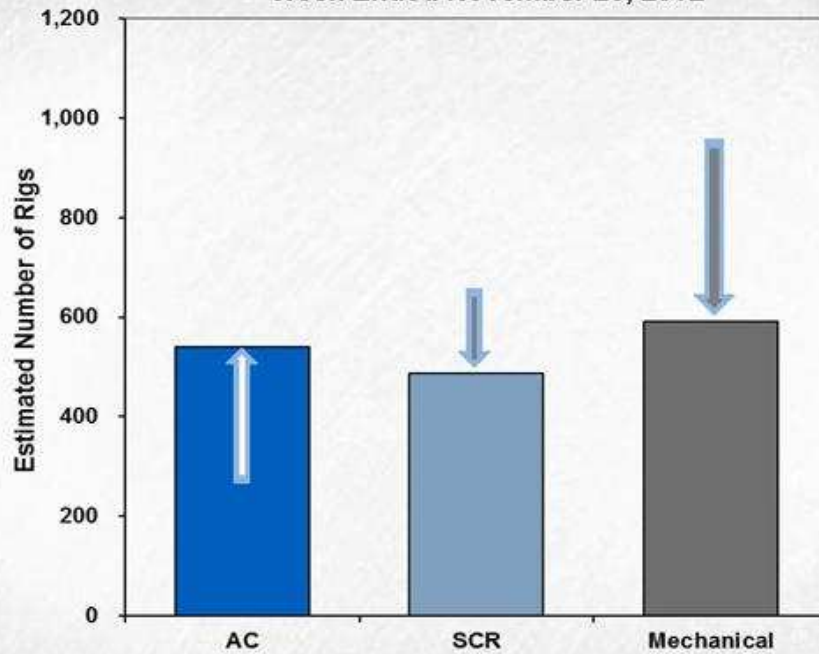




Current Rig Count (~1,600) - U.S. Land

By Power Type

Week Ended November 23, 2012



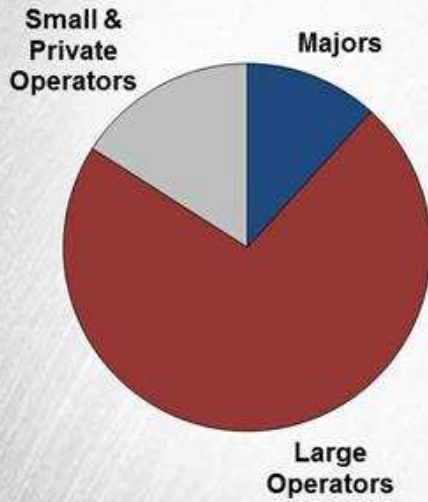
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 8% of the active rigs that were not readily identified.



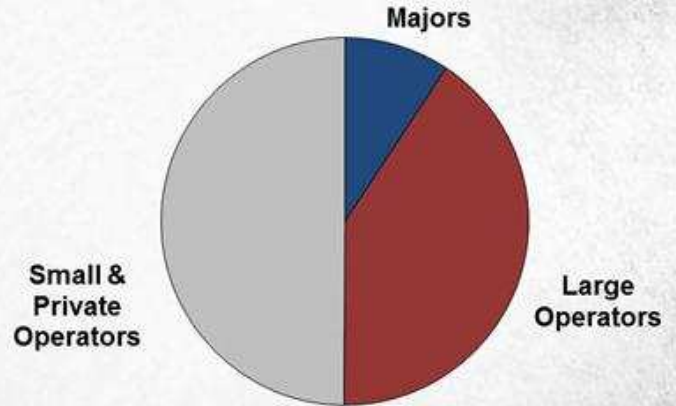


H&P vs. Industry U.S. Land Customer Base

H&P
U.S. Land Activity
Estimated Customer Distribution
(November 2012)



Industry
U.S. Land Activity
Estimated Customer Distribution
(November 2012)



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.





Unconventional Plays Shaping Landscape

Well complexity is increasing:

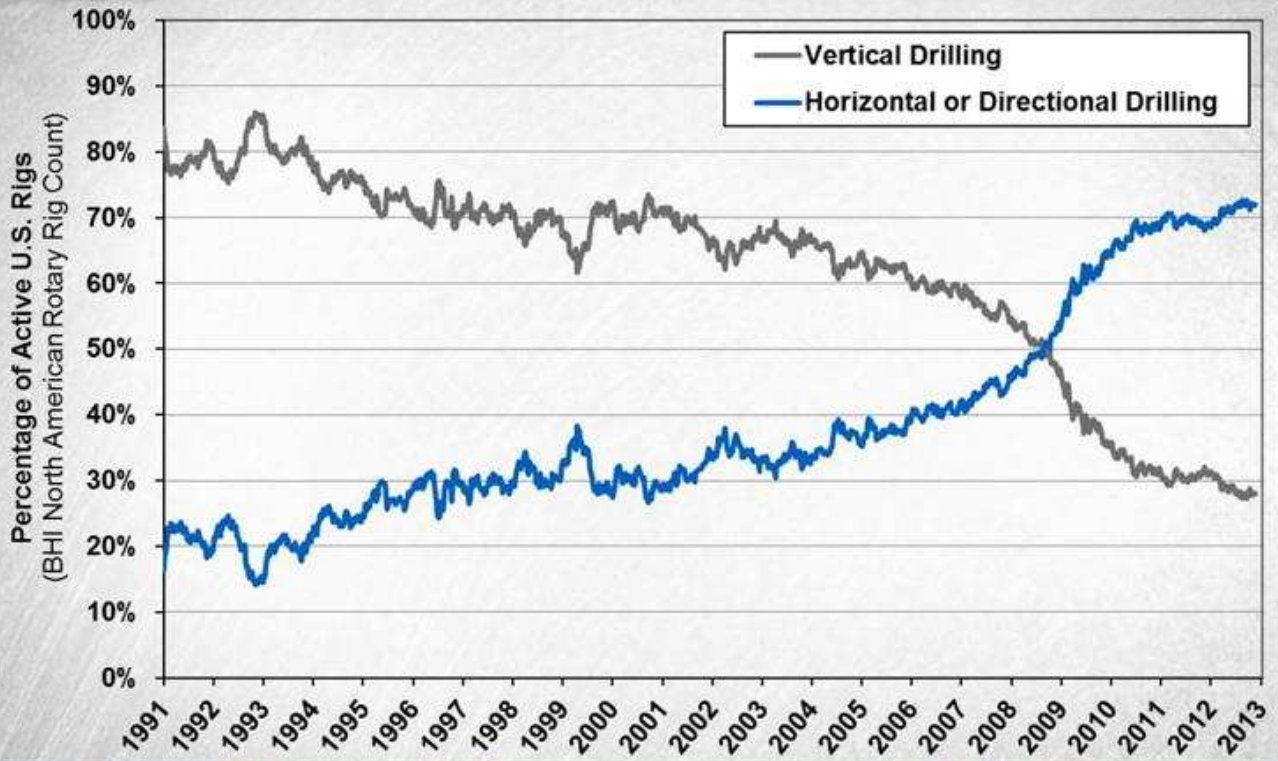
- Technology solutions that provide safe, environmentally sound and efficient operations are required by contractors to be competitive
- Extended reach laterals progressively longer
- Multi-well pad drilling gaining acceptance in more areas
- A factory approach to drilling wells is required
- This all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





Increasing Focus on More Difficult Drilling

U.S. Rig Activity by Drilling Type





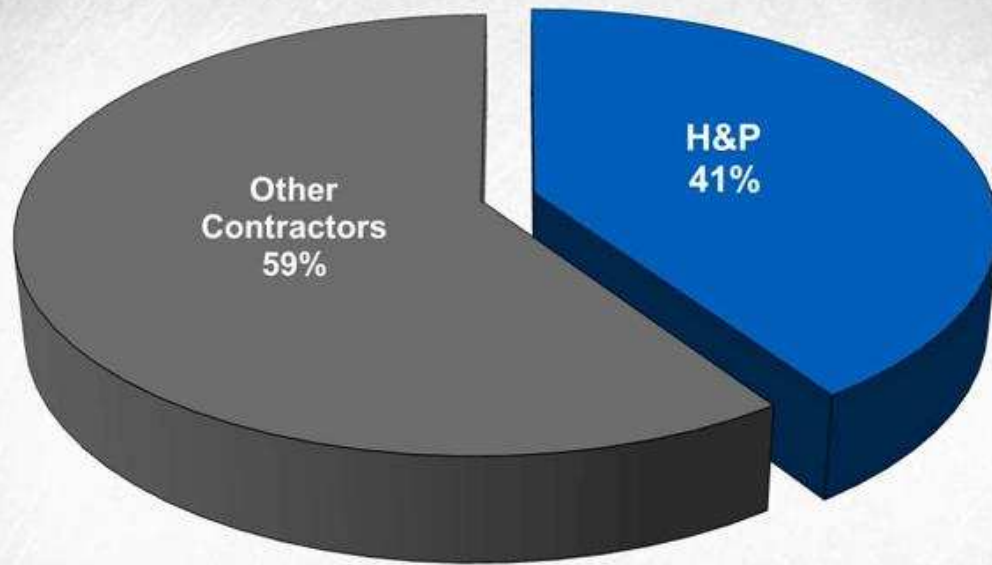
The Replacement Cycle Continues

- We are not only the most active driller in the U.S. land market, but also continue to have a very significant lead in the growing segment of advanced technology AC drive rigs.
- We continue to make new build deliveries on time and on budget, including one new FlexRig since our last webcast. We will keep our supply chain ready for incremental new build orders.
- Older, underperforming rigs are more likely to be sidelined. Approximately 300 rigs permanently stacked during the 2008-2009 downturn, and about 70% of these were mechanical rigs.
- Since November of 2011, an additional 300 SCR and mechanical rigs have become idle while new AC rigs continue to be delivered.





AC Drive U.S. Rig Market Share (~625 Rigs)

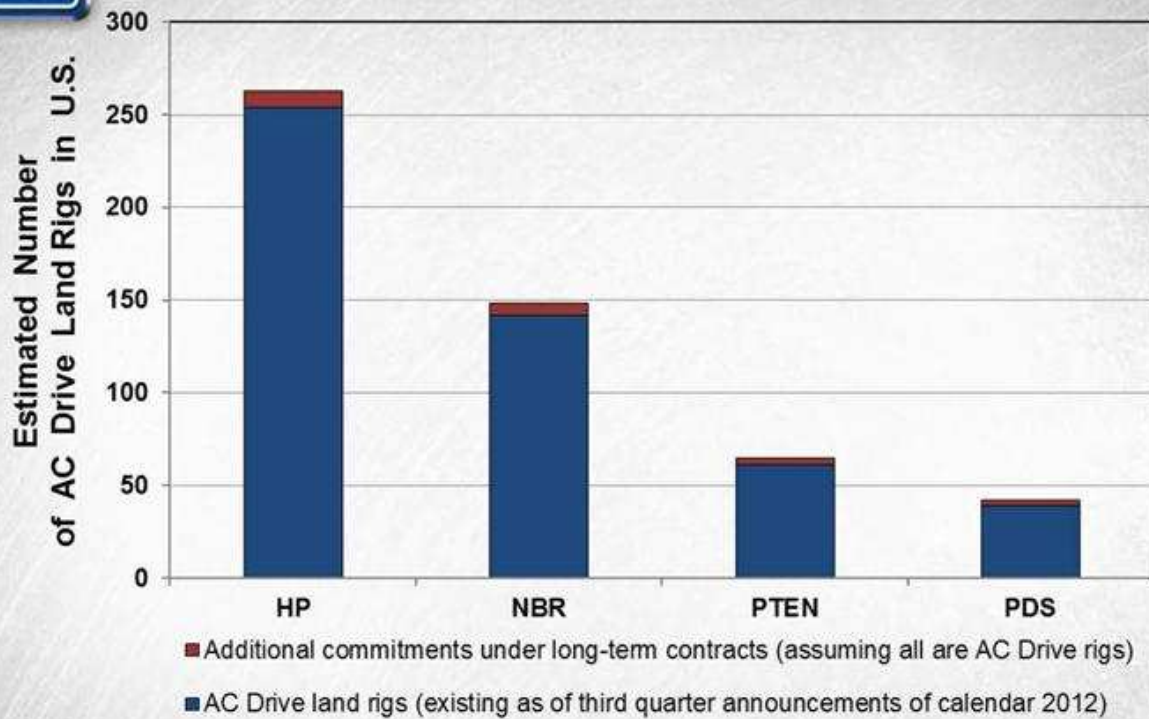


Note: The above estimates corresponding to market share are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





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



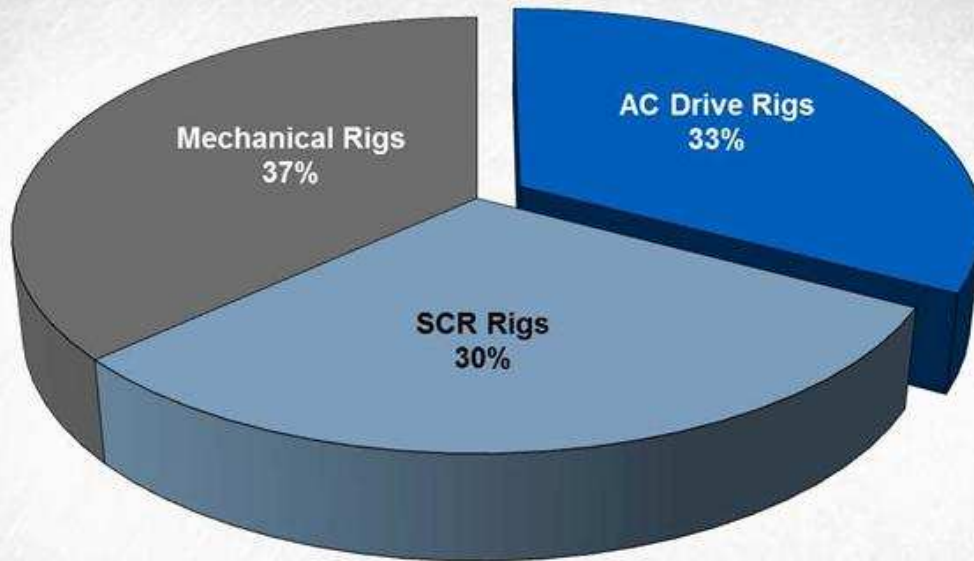
Note: The above estimates corresponding to U.S. lower 48 AC Drive fleets and new build commitments are derived from Rig Data and corporate filings.





An Undersupply of AC Drive Rigs

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



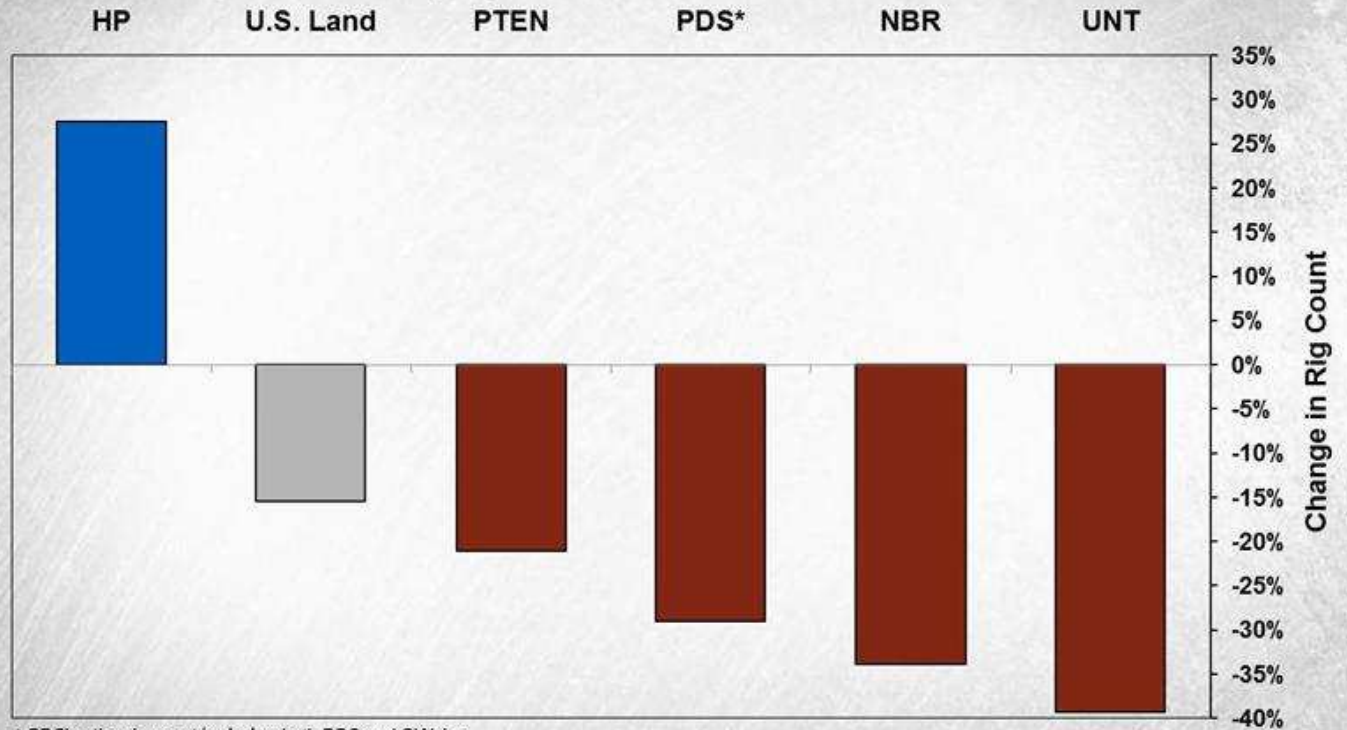
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately 8% of the active rigs that were not readily identified.





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 November 23, 2012)



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





H&P's New Build Advantages

- We have been improving and honing the process for over 10 years, prompting our assertion that we build a better rig for less
- Safety is our first priority, followed by a relentless focus on strong execution and performance in the field
- Exceptional fleet uniformity
- Extensive collaboration with customers and suppliers
- A strong organizational orientation to consistent, repeatable, field execution





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**
- **An enhanced and significantly 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	\$480,000	\$165,000	
per year	\$11.7MM	\$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

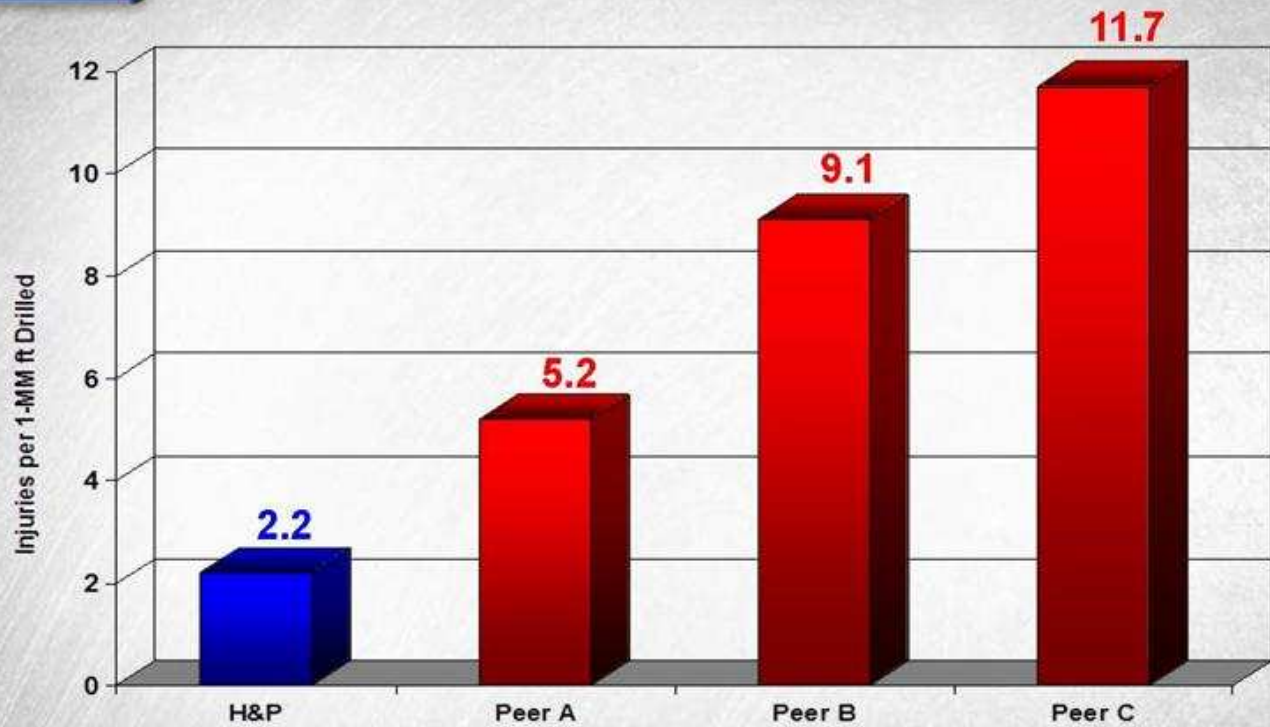
It's also about:

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





Recordable Injuries per 1-MM Feet Drilled in 2011 by the Largest U.S. Land Drilling Contractors



Note: Injury data taken from IADC ASP Program. Footage data taken from Land Rig Newsletter.





H&P Competitive Advantages

- Our people, processes and FlexRig technology create a very important competitive advantage for the Company.
- Our value proposition will continue to be directed toward delivering compelling performance for our customers and shareholders.
- The shift to drilling more complex unconventional resource plays that require the drilling of horizontal and directional wells only magnifies our competitive advantage.





End of Presentation





Additional References





H&P's Offshore Operations

- Our offshore operational outlook for the first fiscal quarter remains unchanged.
- Eight of the Company's nine offshore platform rigs remain active.
- As compared to the prior quarter, we still expect revenue days to increase by approximately five percent.
- Margin per day is still expected to remain roughly flat quarter to quarter.





H&P's International Land Operations

- Our international land operational outlook for the first fiscal quarter remains unchanged.
- Of the 29 rigs assigned to international operations, 26 remain active.
- Total revenue days during the first fiscal quarter are still expected to increase by about fifteen percent from the fourth fiscal quarter of 2012.
- Average rig margin per day is still expected to decrease by approximately ten percent during the first fiscal quarter of 2013 as compared to the previous quarter.





H&P's International Land Operations

Rig Fleet Status (as of December 4, 2012)

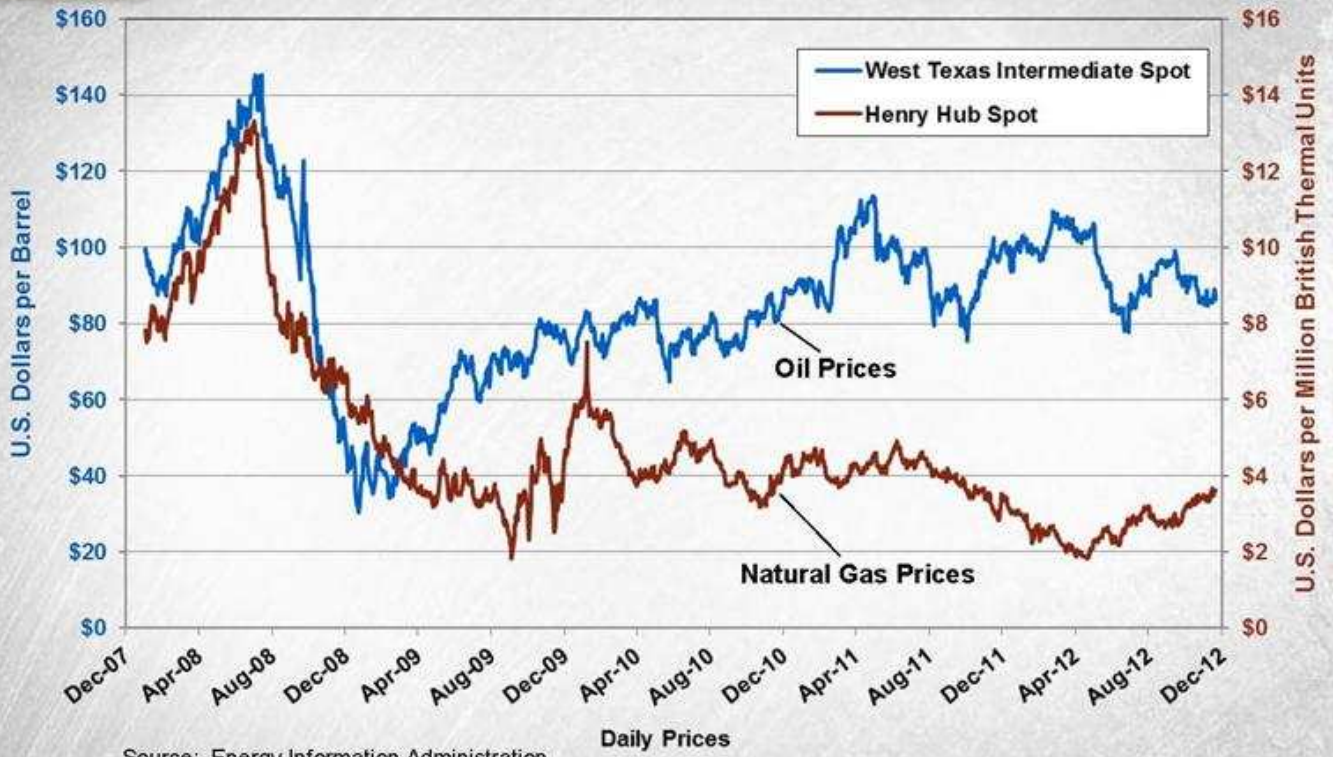
	Active	Idle	Total	Long-term Contracts
Argentina	6	3	9	5
Bahrain	4		4	4
Colombia	7		7	2
Ecuador	5		5	1
Tunisia	2		2	2
U.A.E.	2		2	2
Total	26	3	29	16⁽¹⁾

(1) 15 of 16 FlexRigs, included in the international fleet of 29 rigs, are under long-term contracts.





Oil and Natural Gas Prices



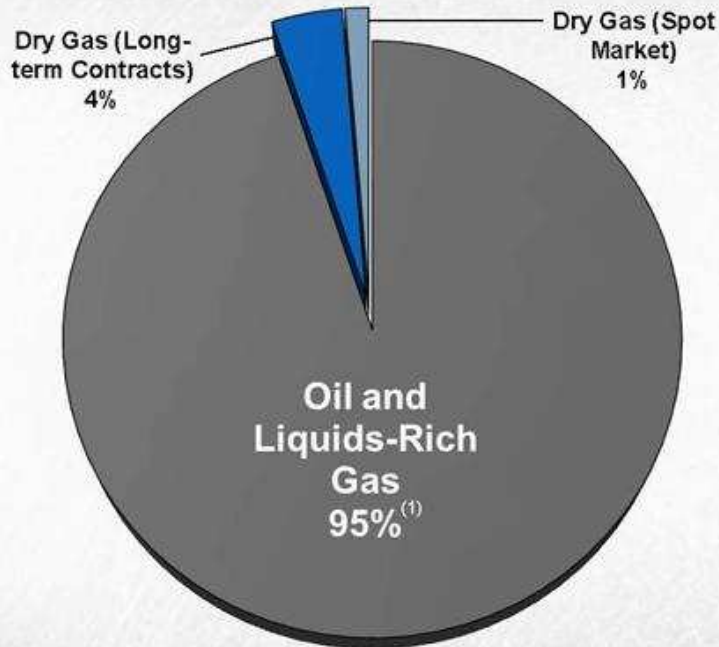
Source: Energy Information Administration





H&P's Exposure to Oil & Liquids

Estimated proportion of H&P's active U.S. Land rigs by primary hydrocarbon target as of 9/4/12

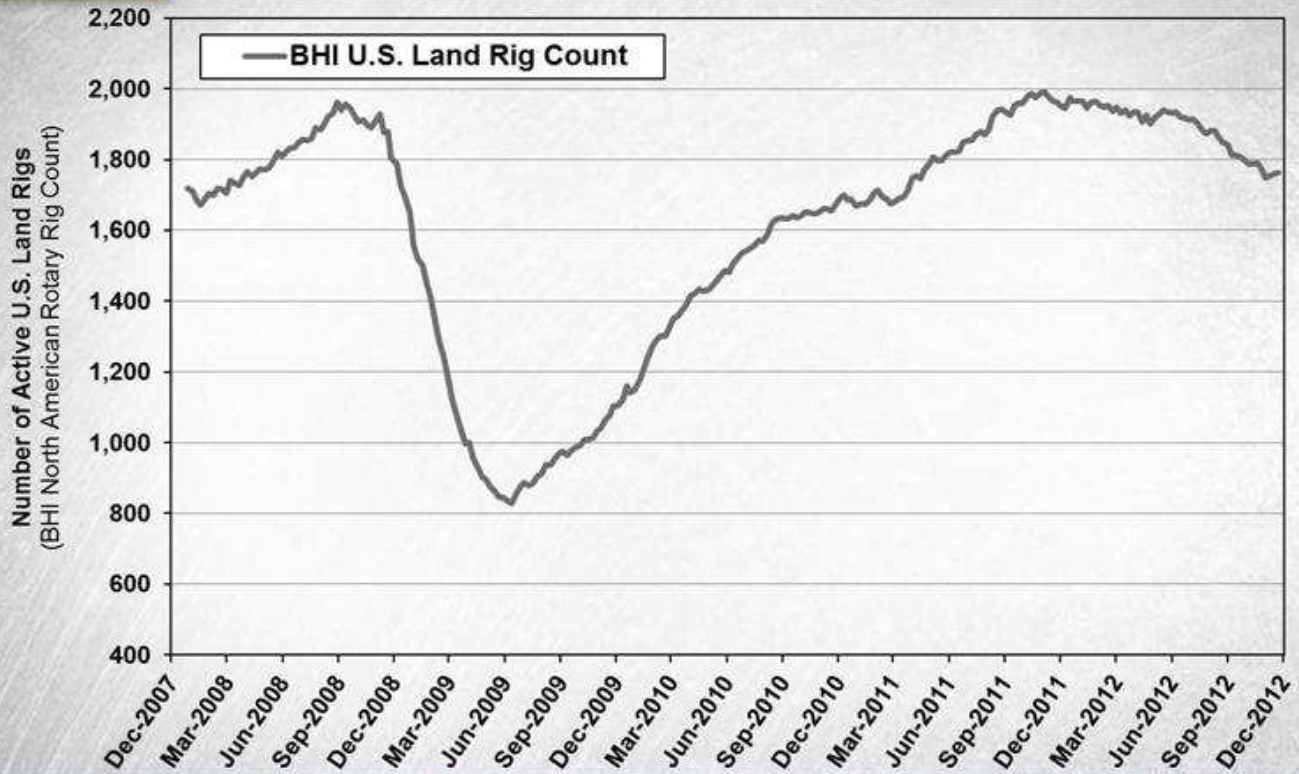


(1) Approximately one-fourth of rigs in this category are primarily drilling for liquids-rich gas.



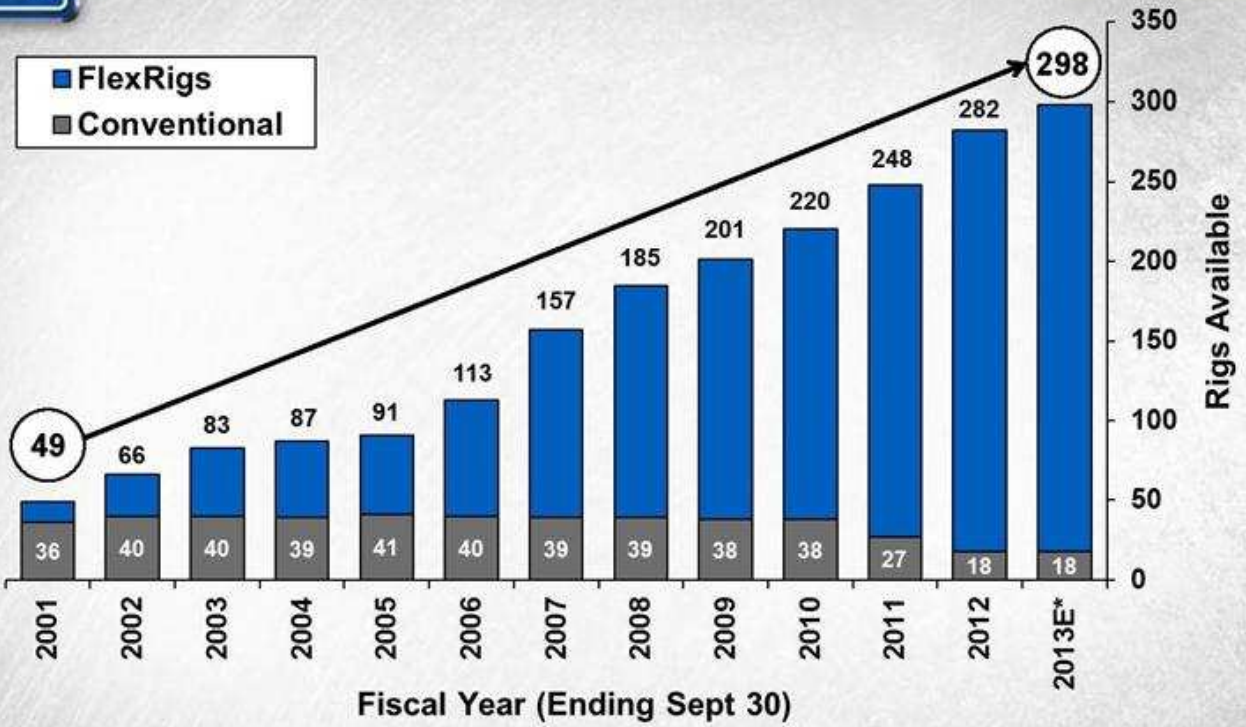


U.S. Land Industry Rig Count





Organic U.S. Land Fleet Growth



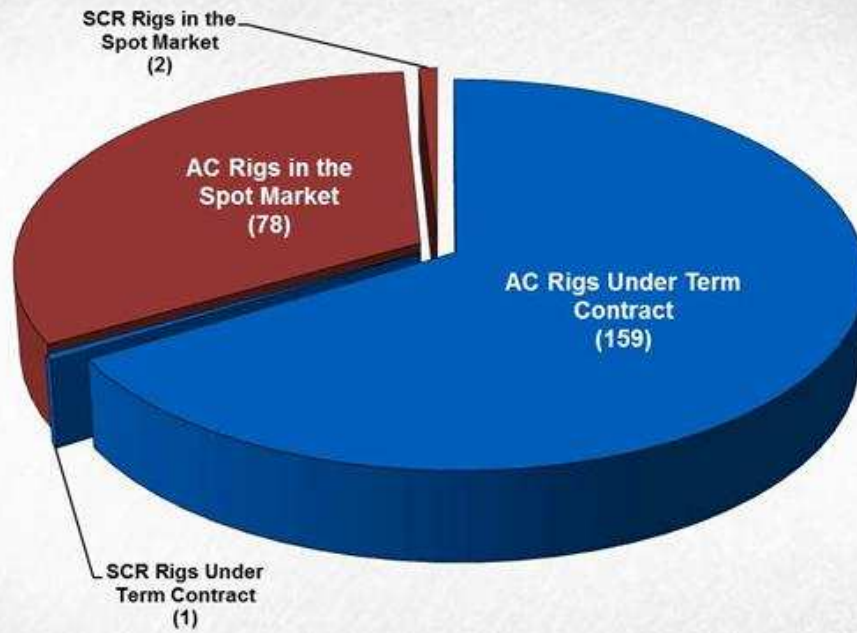
* Estimates include existing rigs and announced new build commitments.





H&P's Advanced Technology Footprint

(240 Active Rigs in the U.S. By Power Type)





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