

# HELMERICH & PAYNE, INC.

## **FORM 8-K** (Current report filing)

Filed 11/16/06 for the Period Ending 11/16/06

|             |   |
|-------------|---|
| Address     | 1437 S. BOULDER AVE. SUITE 1400<br>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   |

# HELMERICH & PAYNE INC

## FORM 8-K (Current report filing)

Filed 11/16/2006 For Period Ending 11/16/2006

|             |   |
|-------------|---|
| Address     | UTICA AT 21ST ST<br>TULSA, Oklahoma 74114 |
| Telephone   | 918-742-5531                              |
| CIK         | 0000046765                                |
| Industry    | Oil Well Services & Equipment             |
| Sector      | Energy                                    |
| Fiscal Year | 09/30                                     |

Powered By **EDGAR**Online

<http://www.edgar-online.com/>

© Copyright 2006. All Rights Reserved.

Distribution and use of this document restricted under EDGAR Onlines Terms of Use.

---

---

**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: November 16, 2006**

**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 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

On November 16, 2006, Helmerich & Payne, Inc. (“Registrant”) issued a press release announcing its financial results for its fiscal year ended September 30, 2006. A copy of the press release is attached as Exhibit 99 to this Report on Form 8-K. This information is being furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 99                 | Helmerich & Payne, Inc. earnings press release dated November 16, 2006 |

**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  
Vice President

DATE: November 16, 2006

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 99                 | Helmerich & Payne, Inc. earnings press release dated November 16, 2006 |

November 16, 2006

**HELMERICH & PAYNE, INC. ANNOUNCES EARNINGS AND NEW CONTRACTS**

Tulsa, OK — Helmerich & Payne, Inc. announced net income of \$293,858,000 (\$2.77 per diluted share) from operating revenues of \$1,224,813,000 for its fiscal year ended September 30, 2006, compared with net income of \$127,606,000 (\$1.23 per diluted share) from operating revenues of \$800,726,000 for the previous fiscal year. Included in net income were gains from the sale of portfolio securities of \$0.12 per share during fiscal 2006, and \$0.16 per share during fiscal 2005.

Net income for the fourth quarter of fiscal 2006 was \$98,496,000 (\$0.93 per diluted share) from operating revenues of \$358,799,000, compared with net income of \$36,121,000 (\$0.34 per diluted share) from operating revenues of \$233,210,000 during last year's fourth quarter. Included in net income were gains from the sale of portfolio securities of \$0.05 per share during the fourth quarter of 2006, and less than \$0.01 per share during the fourth quarter of 2005. This year's fourth quarter benefited from a lower effective tax rate of 27.2%, compared to 37.8% during the previous quarter, primarily due to adjustments made to certain international deferred tax accounts.

Helmerich & Payne, Inc. also announced today that it had signed separate three-year term agreements with three exploration and production companies to operate a total of seven new FlexRigs®\*. Other terms and customer names were not disclosed. This brings to 73, the total number of new FlexRigs to be built by H&P with at least three-year commitments that have been announced by the Company since March, 2005. To date, 28 of the new builds have been completed, with the remaining 45 scheduled for completion by the end of calendar 2007.

Company President and C.E.O., Hans Helmerich commented, "The Company posted another record year in 2006. Our earnings for the current year more than doubled our previous all-time high of one year ago. We are also pleased to announce seven additional FlexRig orders, bringing our newbuild book to 73. Significantly, these orders were secured during a time of market uncertainty and natural gas price volatility. We believe it is an indication of the customers' strong preference for the FlexRig as a solution over conventional rigs even if overall rig availability becomes less of an issue. Our contention is that customer demand for drilling rigs that provide improved efficiencies, safety, and reliability will continue to push opportunities for the Company and provide us with attractive growth prospects."

(Over)

---

### Operations Summary

Segment operating income in the Company's U.S. land rig operations increased to \$103,679,000 for the fourth quarter of fiscal 2006, from \$56,028,000 for the same period last year, and from \$93,708,000 for this year's third quarter. Average revenue per rig day rose to \$24,343 and cash margins per rig day to \$13,288 for this year's fourth quarter, compared with \$23,503 revenue per rig day and \$12,938 cash margins per rig day for the previous quarter. During the fourth quarter of 2006, rig utilization averaged 99% (including one rig recently returned from an international location and not currently marketed) compared with 95% during last year's fourth quarter, and 100% during this year's third quarter. Total U.S. land rig revenue days increased by 861. The Company anticipates similar increases in activity days in the coming quarters as additional new builds come on line at the rate of approximately three to four per month. Slightly over 50% of the segment's potential activity days are already contracted for fiscal 2007.

The Company's offshore platform rig business reported segment operating income of \$6,892,000 for the fourth quarter of fiscal 2006, compared with \$4,720,000 for the fourth quarter 2005 and \$7,635,000 for the third quarter of 2006. Rig utilization was 69% during this year's fourth quarter, compared with 65% during last year's fourth quarter, and 73% during this year's third quarter. Of the Company's 11 platform rigs, six are currently active, one is contracted and waiting on location, and two of the four idle rigs are currently held for sale pursuant to a purchase option agreement. If the purchase option is exercised, the transaction will close in the second quarter of fiscal 2007.

International segment operating income during the fourth quarter of 2006 was \$17,077,000, compared with \$3,910,000 for last year's fourth quarter, and \$17,685,000 for this year's third quarter. Rig utilization for international operations rose to 95% for the quarter, up from 85% during last year's fourth quarter, and 93% during this year's third quarter. For comparative purposes, third quarter international segment operating income was positively impacted by \$2.1 million resulting from billings to the Company's major customer in Venezuela, PDVSA, for retroactive increases in dayrates attributable to work performed during the second quarter of 2006.

The Company also announced that during the fourth quarter of fiscal 2006, it had purchased over 1.3 million shares of Helmerich & Payne stock. To date during the first quarter of fiscal 2007, the Company purchased an additional 682,000 shares of the Company's stock, for a total of approximately 2.0 million shares. To partially fund the purchases, the Company sold 150,000 shares of Schlumberger during September, and 500,000 additional shares to date since October 1. In total, the sale of 650,000 shares of Schlumberger has generated pre-tax proceeds of approximately \$39.1 million.

Helmerich & Payne, Inc. is a contract drilling company that owns 117 U.S. land rigs, 11 U.S. platform rigs located in the Gulf of Mexico, and 27 international rigs, for a total of 155 rigs. Included in the total fleet of 155 rigs are 78 H&P-designed and operated FlexRigs. The Company has reached contractual agreements with customers that will result in the construction of 45 additional FlexRigs.

(more)

---

Helmerich & Payne, Inc.'s conference call/webcast is scheduled for this morning and can be accessed at <http://www.hpinc.com> under Investors and will begin at 11:00 a.m. Eastern Time (10:00 a.m. Central Time). If you are unable to participate during the live webcast, the call will be archived for a year on H&P's website indicated above.

Statements in this release and information disclosed in the conference call and webcast that are "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934 are based on current expectations and assumptions that are subject to risks and uncertainties. For information regarding risks and uncertainties associated with the Company's business, please refer to "Risk Factors" and "Management's Discussion & Analysis of Results of Operations and Financial Condition" 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.

\*FlexRig® is a registered trademark of Helmerich & Payne, Inc.

Contacts:                    Doug Fears  
   (918) 588-5208  
   Juan Pablo Tardio  
   (918) 588-5383

(more)

---

HELMERICH & PAYNE, INC.  
Unaudited  
(in thousands, except per share data)

| CONSOLIDATED STATEMENTS OF INCOME                             | Three Months Ended |                      |                      | Fiscal Year Ended    |                      |
|---|--------------------|----------------------|----------------------|----------------------|----------------------|
|   | June 30<br>2006    | September 30<br>2006 | September 30<br>2005 | September 30<br>2006 | September 30<br>2005 |
| <b>Operating Revenues:</b>                                    |                    |                      |                      |                      |                      |
| Drilling — U.S. Land  | \$ 214,864         | \$ 247,776           | \$ 157,335           | \$ 829,062           | \$ 527,637           |
| Drilling — U.S. Offshore                                      | 34,568             | 34,789               | 26,011               | 132,580              | 84,921               |
| Drilling — International                                      | 67,831             | 73,587               | 47,180               | 252,792              | 177,480              |
| Real Estate   | 2,533              | 2,647                | 2,684                | 10,379               | 10,688               |
|   | <u>319,796</u>     | <u>358,799</u>       | <u>233,210</u>       | <u>1,224,813</u>     | <u>800,726</u>       |
| <b>Operating costs and other:</b>                             |                    |                      |                      |                      |                      |
| Operating costs, excluding depreciation                       | 169,429            | 194,738              | 137,188              | 661,563              | 484,231              |
| Depreciation  | 25,076             | 30,199               | 25,643               | 101,583              | 96,274               |
| General and administrative                                    | 13,049             | 12,929               | 10,496               | 51,873               | 41,015               |
| Income from asset sales                                       | (1,895)            | (1,061)              | (1,160)              | (7,492)              | (13,550)             |
|   | <u>205,659</u>     | <u>236,805</u>       | <u>172,167</u>       | <u>807,527</u>       | <u>607,970</u>       |
| <b>Operating income</b>                                       | 114,137            | 121,994              | 61,043               | 417,286              | 192,756              |
| <b>Other income (expense):</b>                                |                    |                      |                      |                      |                      |
| Interest and dividend income                                  | 2,633              | 2,215                | 1,984                | 9,834                | 5,809                |
| Interest expense  | (1,281)            | (837)                | (2,960)              | (6,644)              | (12,642)             |
| Gain on sale of investment securities                         | 9,390              | 7,756                | 656                  | 19,866               | 26,969               |
| Other   | 1,085              | 40                   | (610)                | 639                  | (235)                |
|   | <u>11,827</u>      | <u>9,174</u>         | <u>(930)</u>         | <u>23,695</u>        | <u>19,901</u>        |
| Income before income taxes and equity in income of affiliates | 125,964            | 131,168              | 60,113               | 440,981              | 212,657              |
| Income tax provision  | 47,636             | 35,713               | 24,553               | 154,391              | 87,463               |
| Equity in income of affiliates net of income taxes            | 1,647              | 3,041                | 561                  | 7,268                | 2,412                |
| <b>NET INCOME</b>   | <u>\$ 79,975</u>   | <u>\$ 98,496</u>     | <u>\$ 36,121</u>     | <u>\$ 293,858</u>    | <u>\$ 127,606</u>    |
| <b>Earnings per common share:</b>                             |                    |                      |                      |                      |                      |
| Basic   | \$ 0.76            | \$ 0.94              | \$ 0.35              | \$ 2.81              | \$ 1.25              |
| Diluted   | \$ 0.75            | \$ 0.93              | \$ 0.34              | \$ 2.77              | \$ 1.23              |
| <b>Average common shares outstanding:</b>                     |                    |                      |                      |                      |                      |
| Basic   | 105,019            | 105,003              | 103,231              | 104,658              | 102,174              |
| Diluted   | 106,419            | 106,176              | 105,495              | 106,091              | 104,066              |

A reclassification has been made to prior period amounts to conform to the current period presentation of including income from asset sales in operating income.

(more)



HELMERICH & PAYNE, INC.  
Unaudited  
(in thousands)

| <b>CONSOLIDATED CONDENSED BALANCE SHEETS</b>      | <b>9/30/06</b>             | <b>9/30/05</b>             |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>                                     |                            |                            |
| Cash and cash equivalents                         | \$ 33,853                  | \$ 288,752                 |
| Short-term investments                            | 48,673                     | 388                        |
| Other current assets                              | 346,165                    | 210,657                    |
| Total current assets                              | <u>428,691</u>             | <u>499,797</u>             |
| Investments                                       | 218,309                    | 178,452                    |
| Net property, plant, and equipment                | 1,483,134                  | 981,965                    |
| Other assets                                      | 4,578                      | 3,136                      |
| <b>TOTAL ASSETS</b>                               | <b><u>\$ 2,134,712</u></b> | <b><u>\$ 1,663,350</u></b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                            |                            |
| Total current liabilities                         | \$ 264,548                 | \$ 89,481                  |
| Total noncurrent liabilities                      | 313,272                    | 294,631                    |
| Long-term notes payable                           | 175,000                    | 200,000                    |
| Total shareholders' equity                        | <u>1,381,892</u>           | <u>1,079,238</u>           |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b><u>\$ 2,134,712</u></b> | <b><u>\$ 1,663,350</u></b> |

(more)

---

HELMERICH & PAYNE, INC.  
 Unaudited  
 (in thousands)

| CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS             | Years Ended<br>September 30 |                   |
|---|-----------------------------|-------------------|
|   | 2006                        | 2005              |
| <b>OPERATING ACTIVITIES:</b>                                |                             |                   |
| Net income  | \$ 293,858                  | \$ 127,606        |
| Depreciation  | 101,583                     | 96,274            |
| Changes in assets and liabilities                           | (48,167)                    | 33,091            |
| Gain on sale of assets and investment securities            | (27,222)                    | (40,519)          |
| Other   | (2,708)                     | (4,214)           |
| <b>Net cash provided by operating activities</b>            | <b>317,344</b>              | <b>212,238</b>    |
| <b>INVESTING ACTIVITIES:</b>                                |                             |                   |
| Capital expenditures  | (528,905)                   | (86,805)          |
| Purchase of investments                                     | (148,440)                   | (5,000)           |
| Proceeds from sale of assets & investment securities        | 128,463                     | 94,531            |
| <b>Net cash provided by (used in) investing activities</b>  | <b>(548,882)</b>            | <b>2,726</b>      |
| <b>FINANCING ACTIVITIES:</b>                                |                             |                   |
| Dividends paid  | (17,712)                    | (16,866)          |
| Repurchase of common stock                                  | (31,931)                    | —                 |
| Proceeds from exercise of stock options                     | 12,372                      | 25,358            |
| Net proceeds from short-term notes                          | 3,721                       | —                 |
| Excess tax benefit from stock-based compensation            | 10,189                      | —                 |
| <b>Net cash provided by (used in) financing activities</b>  | <b>(23,361)</b>             | <b>8,492</b>      |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>(254,899)</b>            | <b>223,456</b>    |
| <b>Cash and cash equivalents, beginning of period</b>       | <b>288,752</b>              | <b>65,296</b>     |
| <b>Cash and cash equivalents, end of period</b>             | <b>\$ 33,853</b>            | <b>\$ 288,752</b> |

(more)

| SEGMENT REPORTING                               | Three Months Ended |              |            | Fiscal Year Ended |            |
|---|--------------------|--------------|------------|-------------------|------------|
|   | June 30            | September 30 |            | September 30      |            |
|   | 2006               | 2006         | 2005       | 2006              | 2005       |
| (in thousands, except days and per day amounts) |                    |              |            |                   |            |
| <b>US LAND OPERATIONS</b>                       |                    |              |            |                   |            |
| Revenues  | \$ 214,864         | \$ 247,776   | \$ 157,335 | \$ 829,062        | \$ 527,637 |
| Direct operating expenses                       | 102,094            | 120,513      | 82,852     | 398,873           | 294,164    |
| General and administrative expense              | 2,903              | 2,914        | 2,543      | 12,807            | 8,594      |
| Depreciation                                    | 16,159             | 20,670       | 15,912     | 66,127            | 60,222     |
| Segment operating income                        | \$ 93,708          | \$ 103,679   | \$ 56,028  | \$ 351,255        | \$ 164,657 |
| Activity days                                   | 8,716              | 9,577        | 7,994      | 34,414            | 30,968     |
| Average rig revenue per day                     | \$ 23,503          | \$ 24,343    | \$ 18,563  | \$ 22,751         | \$ 15,941  |
| Average rig expense per day                     | \$ 10,565          | \$ 11,055    | \$ 9,246   | \$ 10,250         | \$ 8,403   |
| Average rig margin per day                      | \$ 12,938          | \$ 13,288    | \$ 9,317   | \$ 12,501         | \$ 7,538   |
| Rig utilization                                 | 100%               | 99%          | 95%        | 99%               | 94%        |
| <b>US OFFSHORE OPERATIONS</b>                   |                    |              |            |                   |            |
| Revenues  | \$ 34,568          | \$ 34,789    | \$ 26,011  | \$ 132,580        | \$ 84,921  |
| Direct operating expenses                       | 22,726             | 23,439       | 17,443     | 88,293            | 52,786     |
| General and administrative expense              | 1,319              | 1,336        | 1,103      | 5,920             | 3,825      |
| Depreciation                                    | 2,888              | 3,122        | 2,745      | 11,360            | 10,602     |
| Segment operating income                        | \$ 7,635           | \$ 6,892     | \$ 4,720   | \$ 27,007         | \$ 17,708  |
| Activity days                                   | 728                | 672          | 654        | 2,743             | 2,122      |
| Average rig revenue per day                     | \$ 39,931          | \$ 38,695    | \$ 29,782  | \$ 38,728         | \$ 29,228  |
| Average rig expense per day                     | \$ 25,210          | \$ 24,198    | \$ 17,838  | \$ 24,041         | \$ 15,967  |
| Average rig margin per day                      | \$ 14,721          | \$ 14,497    | \$ 11,944  | \$ 14,687         | \$ 13,261  |
| Rig utilization                                 | 73%                | 69%          | 65%        | 69%               | 53%        |

(more)

| SEGMENT REPORTING                               | Three Months Ended |              |           | Fiscal Year Ended |            |
|---|--------------------|--------------|-----------|-------------------|------------|
|   | June 30            | September 30 |           | September 30      |            |
|   | 2006               | 2006         | 2005      | 2006              | 2005       |
| (in thousands, except days and per day amounts) |                    |              |           |                   |            |
| <b>INTERNATIONAL OPERATIONS</b>                 |                    |              |           |                   |            |
| Revenues  | \$ 67,831          | \$ 73,587    | \$ 47,180 | \$ 252,792        | \$ 177,480 |
| Direct operating expenses                       | 44,258             | 50,257       | 36,870    | 172,606           | 135,837    |
| General and administrative expense              | 1,028              | 992          | 794       | 3,498             | 2,563      |
| Depreciation                                    | 4,860              | 5,261        | 5,606     | 19,512            | 20,107     |
| Segment operating income                        | \$ 17,685          | \$ 17,077    | \$ 3,910  | \$ 57,176         | \$ 18,973  |
| Activity days                                   | 2,300              | 2,324        | 2,024     | 8,812             | 7,491      |
| Average rig revenue per day                     | \$ 24,698          | \$ 25,242    | \$ 19,168 | \$ 23,404         | \$ 19,332  |
| Average rig expense per day                     | \$ 15,096          | \$ 15,465    | \$ 14,416 | \$ 14,806         | \$ 14,039  |
| Average rig margin per day                      | \$ 9,602           | \$ 9,777     | \$ 4,752  | \$ 8,598          | \$ 5,293   |
| Rig utilization                                 | 93%                | 95%          | 85%       | 90%               | 77%        |

Per day calculations for international operations exclude gains and losses from translation of foreign currency transactions.

Operating statistics exclude the effects of offshore platform and international management contracts, and do not include reimbursements of "out-of-pocket" expenses in revenue per day, expense per day and margin calculations.

Reimbursed amounts were as follows:

|                          |           |           |          |           |           |
|--------------------------|-----------|-----------|----------|-----------|-----------|
| US Land Operations       | \$ 10,012 | \$ 14,645 | \$ 8,943 | \$ 46,098 | \$ 33,989 |
| US Offshore Operations   | \$ 2,657  | 4,034     | \$ 4,213 | 13,933    | \$ 9,506  |
| International Operations | \$ 6,575  | 10,487    | \$ 4,207 | 28,983    | \$ 15,215 |

**REAL ESTATE**

|                           |          |          |          |           |           |
|---------------------------|----------|----------|----------|-----------|-----------|
| Revenues                  | \$ 2,533 | \$ 2,647 | \$ 2,684 | \$ 10,379 | \$ 10,688 |
| Direct operating expenses | 836      | 877      | 583      | 3,524     | 3,622     |
| Depreciation              | 605      | 630      | 589      | 2,444     | 2,352     |
| Segment operating income  | \$ 1,092 | \$ 1,140 | \$ 1,512 | \$ 4,411  | \$ 4,714  |

(more)

Segment operating income is a non-GAAP financial measure of the Company's performance, as it excludes general and administrative expenses, corporate depreciation, income from asset sales and other corporate income and expense. The Company considers segment operating income to be an important supplemental measure of operating performance for presenting trends in the Company's core businesses. This measure is used by the Company for planning and budgeting purposes and to facilitate period-to-period comparisons in operating performance of the Company's reportable segments in the aggregate by eliminating items that affect comparability between periods. The Company believes that segment operating income is useful to investors because it provides a means to evaluate the operating performance of the segments and the Company on an ongoing basis using criteria that are used by our internal decision makers. Additionally, it highlights operating trends and aids analytical comparisons. However, segment operating income has limitations and should not be used as an alternative to operating income or loss, a performance measure determined in accordance with GAAP, as it excludes certain costs that may affect the Company's operating performance in future periods.

The following table reconciles segment operating income per the information above to income before income taxes and equity in income of affiliate as reported on the Consolidated Statements of Income (in thousands).

| SEGMENT REPORTING   | Three Months Ended |                   |                  | Fiscal Year Ended |                   |
|---|--------------------|-------------------|------------------|-------------------|-------------------|
|   | June 30            | September 30      |                  | September 30      |                   |
|   | 2006               | 2006              | 2005             | 2006              | 2005              |
| <b>Segment Operating income</b>                                     |                    |                   |                  |                   |                   |
| US Land   | \$ 93,708          | \$ 103,679        | \$ 56,028        | \$ 351,255        | \$ 164,657        |
| US Offshore   | 7,635              | 6,892             | 4,720            | 27,007            | 17,708            |
| International   | 17,685             | 17,077            | 3,910            | 57,176            | 18,973            |
| Real Estate   | 1,092              | 1,140             | 1,512            | 4,411             | 4,714             |
| <b>Segment operating income</b>                                     | <b>\$ 120,120</b>  | <b>\$ 128,788</b> | <b>\$ 66,170</b> | <b>\$ 439,849</b> | <b>\$ 206,052</b> |
| Corporate general and administrative                                | (7,799)            | (7,687)           | (6,056)          | (29,648)          | (26,033)          |
| Other depreciation  | (564)              | (516)             | (791)            | (2,140)           | (2,991)           |
| Inter-segment elimination   | 485                | 348               | 560              | 1,733             | 2,178             |
| Income from asset sales   | 1,895              | 1,061             | 1,160            | 7,492             | 13,550            |
| <b>Operating income</b>   | <b>\$ 114,137</b>  | <b>\$ 121,994</b> | <b>\$ 61,043</b> | <b>\$ 417,286</b> | <b>\$ 192,756</b> |
| Other income (expense):   |                    |                   |                  |                   |                   |
| Interest and dividend income  | 2,633              | 2,215             | 1,984            | 9,834             | 5,809             |
| Interest expense  | (1,281)            | (837)             | (2,960)          | (6,644)           | (12,642)          |
| Gain on sale of investment securities                               | 9,390              | 7,756             | 656              | 19,866            | 26,969            |
| Other   | 1,085              | 40                | (610)            | 639               | (235)             |
| Total other income (expense)  | 11,827             | 9,174             | (930)            | 23,695            | 19,901            |
| <b>Income before income taxes and equity in income of affiliate</b> | <b>\$ 125,964</b>  | <b>\$ 131,168</b> | <b>\$ 60,113</b> | <b>\$ 440,981</b> | <b>\$ 212,657</b> |

###