

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 05/24/11 for the Period Ending 05/24/11

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
CIK	0000046765
Symbol	HP
SIC Code	1381 - Drilling Oil and Gas Wells
Industry	Oil & Gas Drilling
Sector	Energy
Fiscal Year	09/30

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of Earliest Event Reported): **May 24, 2011**

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

State of Incorporation: **Delaware**

COMMISSION FILE NUMBER **1-4221**

Internal Revenue Service — Employer Identification No. **73-0679879**

**1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma 74119
(918)742-5531**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

ITEM 7.01 REGULATION FD DISCLOSURE

Helmerich & Payne, Inc. (“H&P”) will deliver an investor and securities analyst presentation that includes the slides attached as Exhibit 99.1 to this Current Report on Form 8-K, which are incorporated herein by reference.

This information is not “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing made pursuant to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended. The furnishing of these slides is not intended to constitute a representation that such information is required by Regulation FD or that the materials they contain include material information that is not otherwise publicly available.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly authorized the undersigned to sign this report on its behalf.

HELMERICH & PAYNE, INC.
(Registrant)

/S/ Steven R. Mackey
Steven R. Mackey
Executive Vice President

DATE: May 24, 2011

EXHIBIT INDEX

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



Helmerich & Payne, Inc.

Meetings with Investors

May 24, 2011



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. 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.



HELMERICH & PAYNE, INC.



H&P Basics

292 Drilling Rigs*

~\$6 Billion Market Cap

~7,500 Employees

~10% Debt/Cap

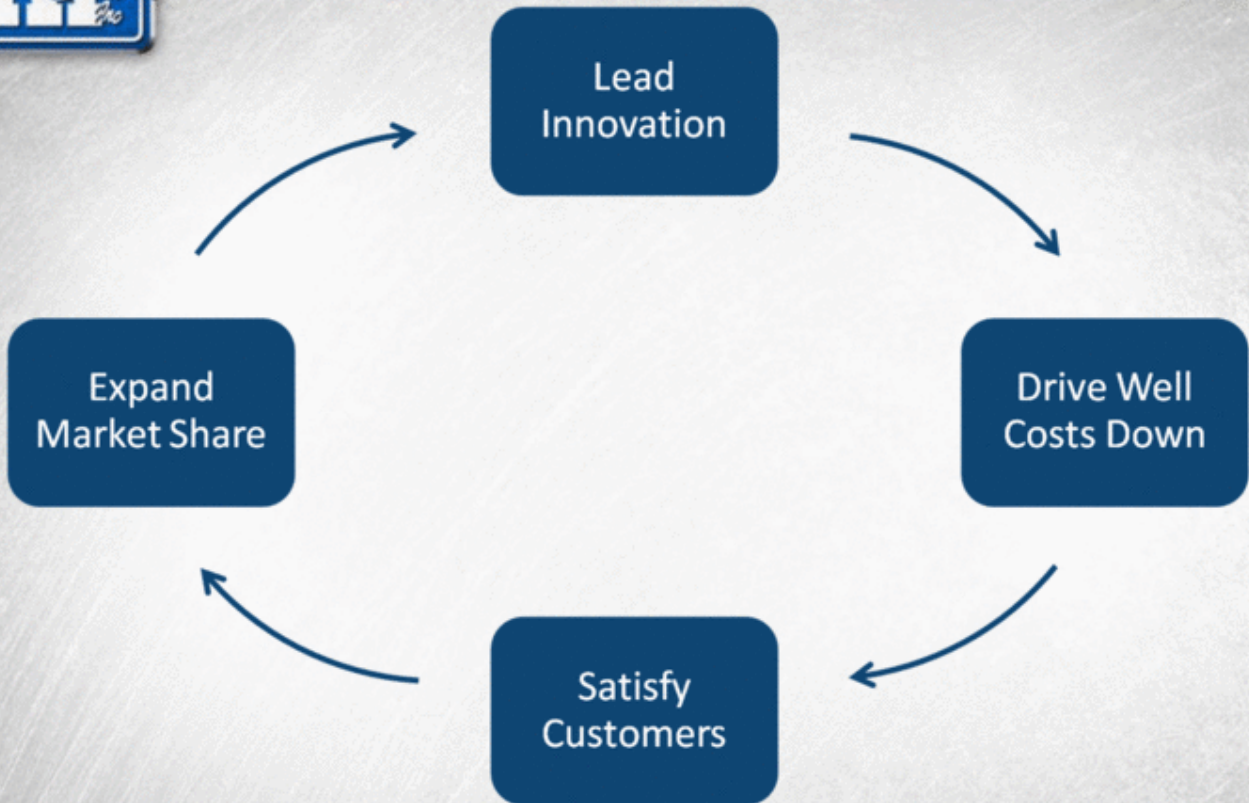


* Includes 17 new FlexRigs under construction with customer commitments and scheduled for completion during calendar 2011.

HELMERICH & PAYNE, INC.



Growing Shareholder Value





Activity as of May 24, 2011

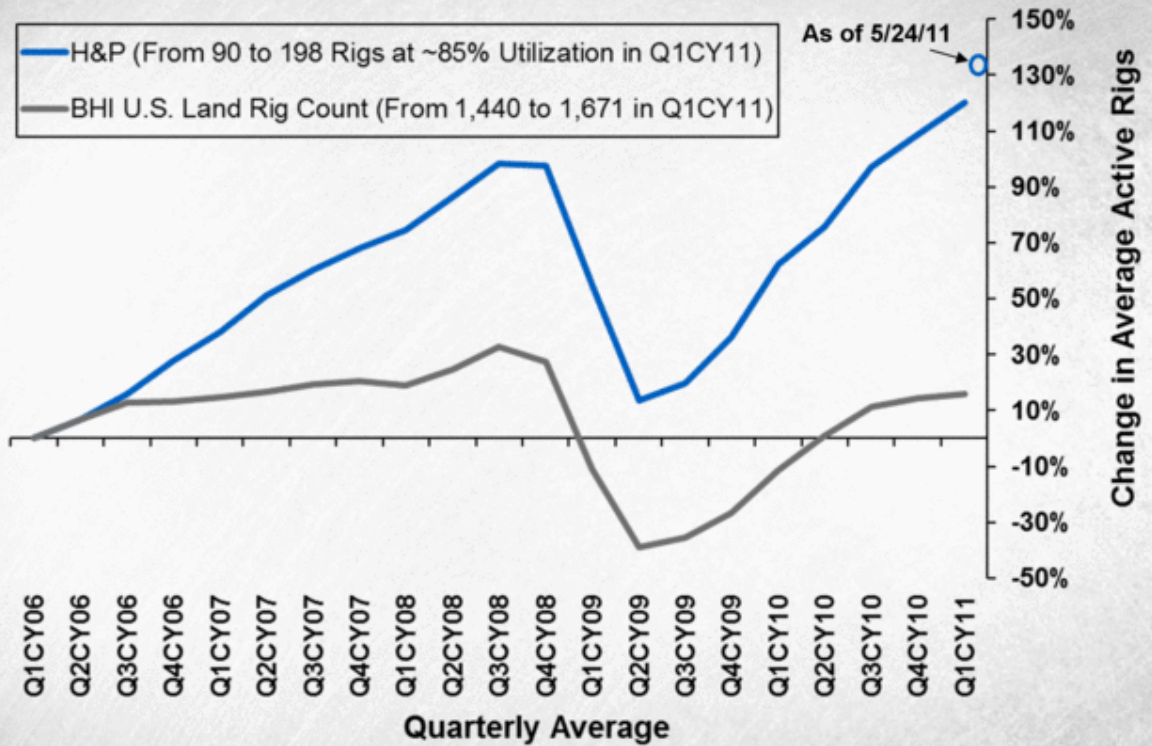
	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	242	210	87%
Offshore	9	7	78%
International Land	<u>24</u>	<u>17</u>	<u>71%</u>
Total	275	234	85%
FlexRig Construction	17	17	
Total Fleet	292	251	





Highest U.S. Activity Level in Company History

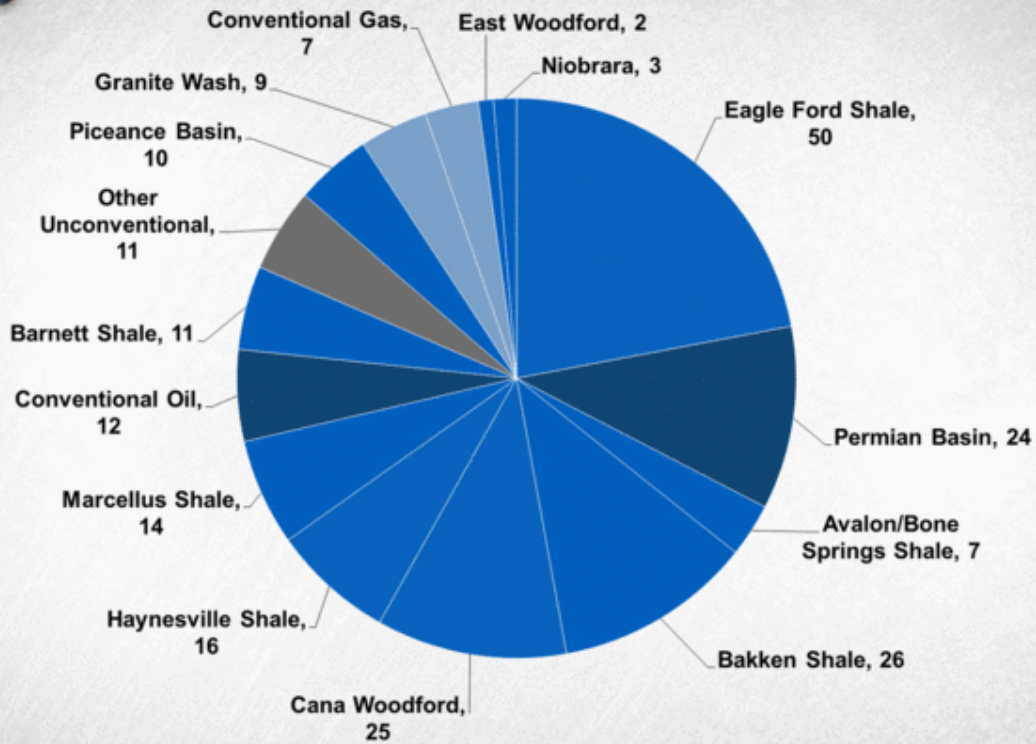
Growth / Decline in U.S. Lower 48 Average Rig Activity





Leading U.S. Unconventional Driller

(227 H&P Contracted Land Rigs as of 5/24/11*)



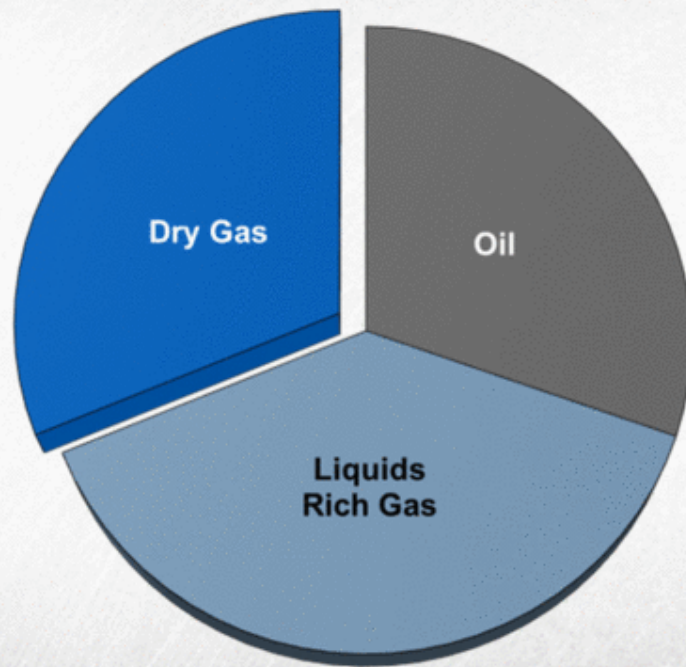
* Includes 17 new FlexRigs with customer commitments scheduled for completion during calendar 2011.





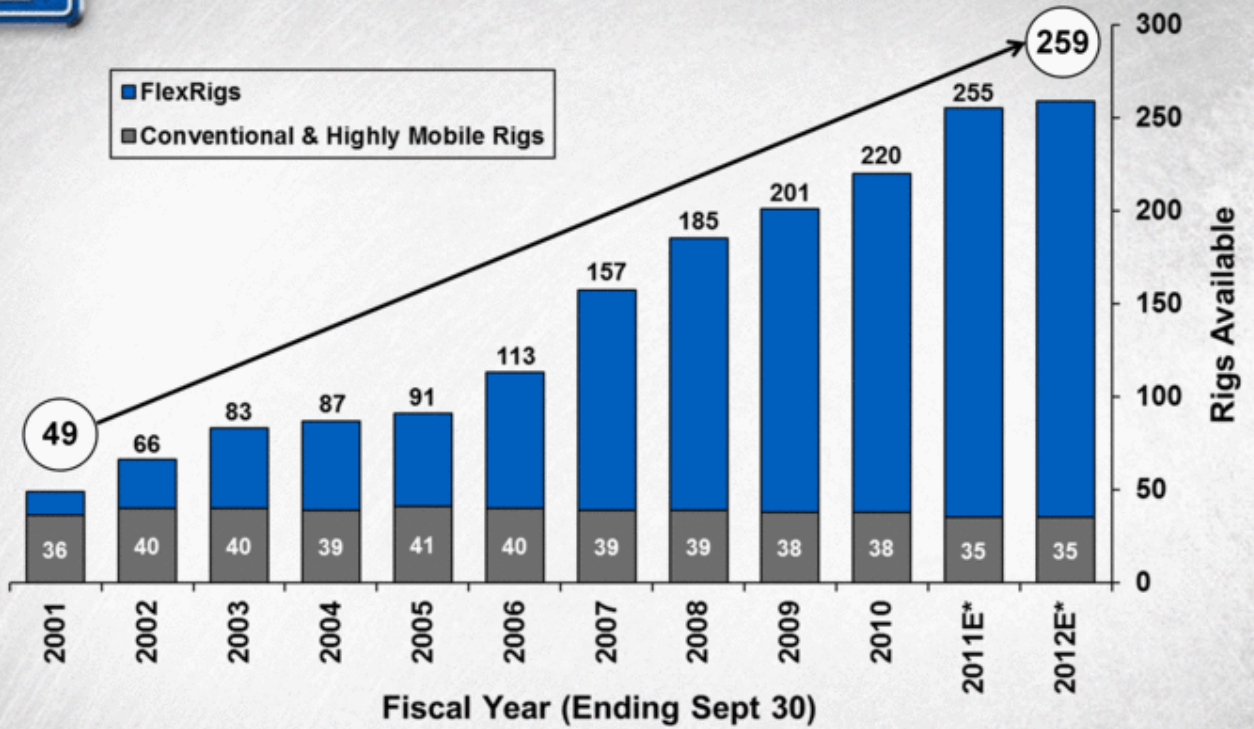
H&P's Growing Exposure to Oil & Liquids

Estimated proportion of H&P's active U.S. Land rigs in markets primarily associated with oil, liquids rich gas, and dry gas.





Organic U.S. Land Fleet Growth

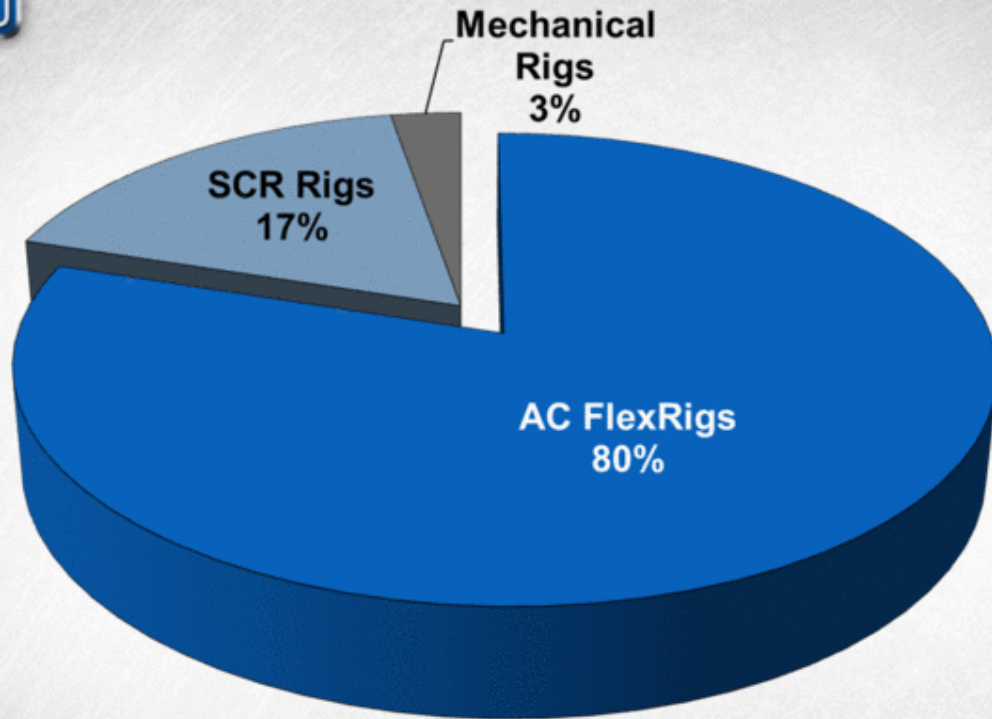


* Estimates include existing rigs and announced new build commitments.





H&P U.S. Land Fleet by Power Type*



* Includes New Build Commitments.

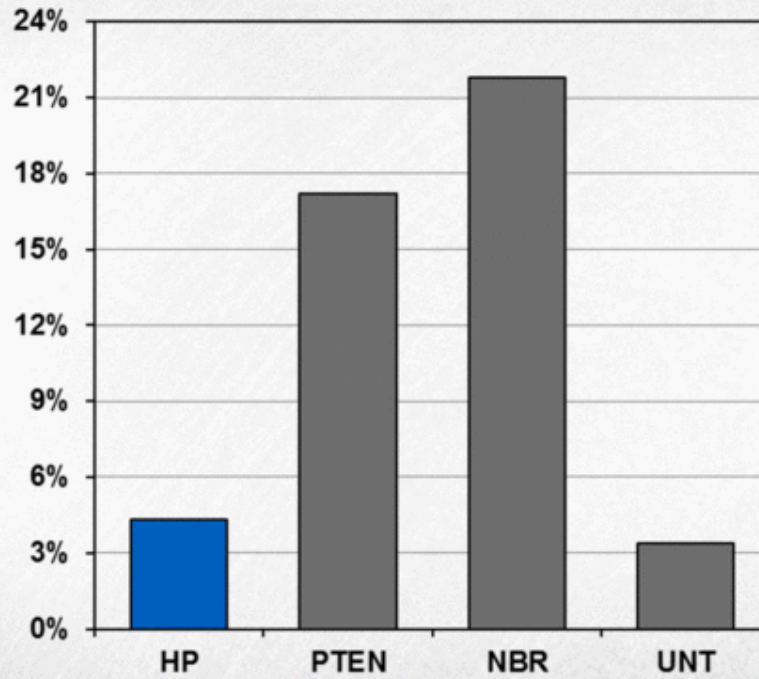




Active Rig Market Share – Ten Years Ago

Lower 48 U.S. Land Market Share

As of May 11, 2001



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

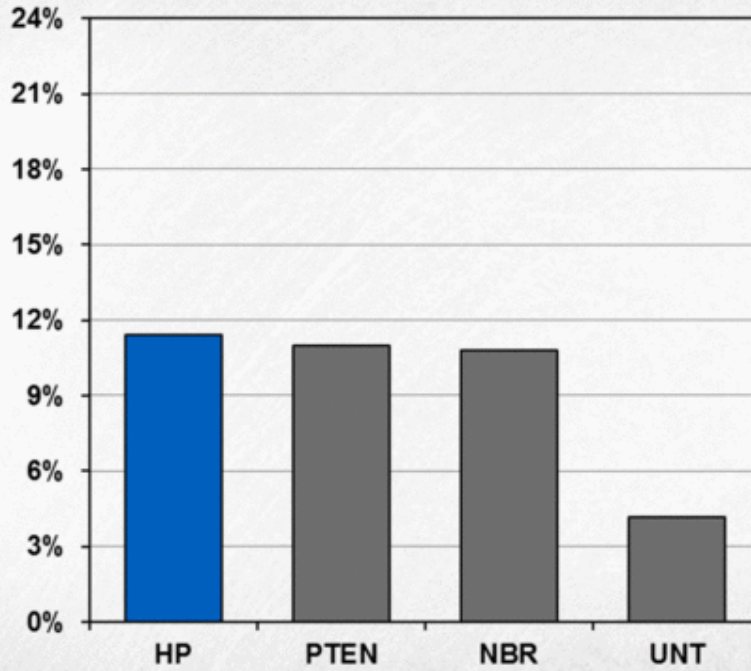




Organically Growing Active Rig Market Share

Lower 48 U.S. Land Market Share

As of May 13, 2011

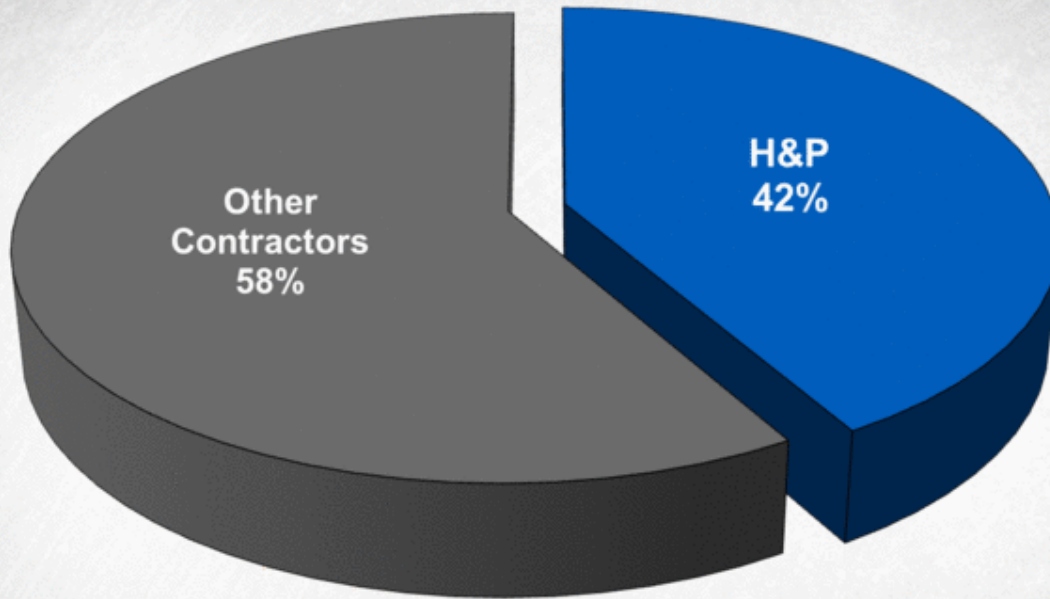


Note: The above estimates corresponding to U.S. land rig market share are derived from Smith Bits S.T.A.T.S..





AC Drive U.S. Rig Market Share (~450 Rigs)



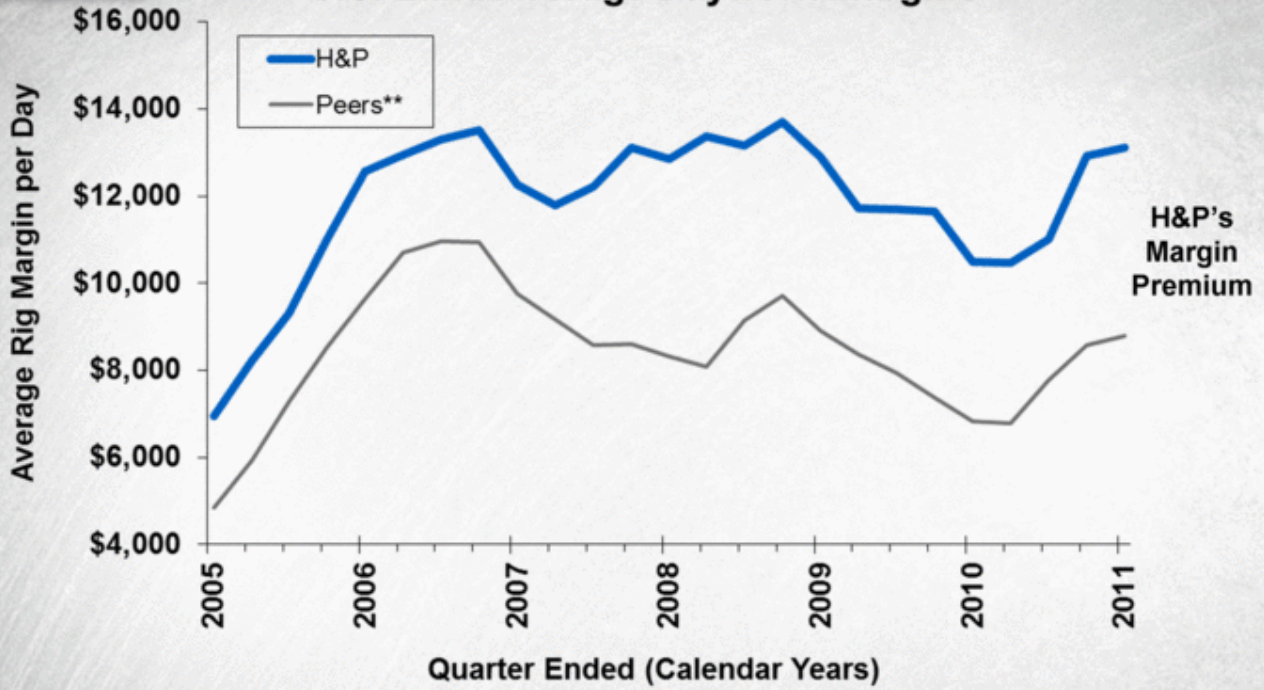
Note: The above estimates corresponding to market share are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





Technology & Quality Service Make a Difference

U.S. Land Average Daywork Margins*



* Does not include the impact of early contract termination revenue.

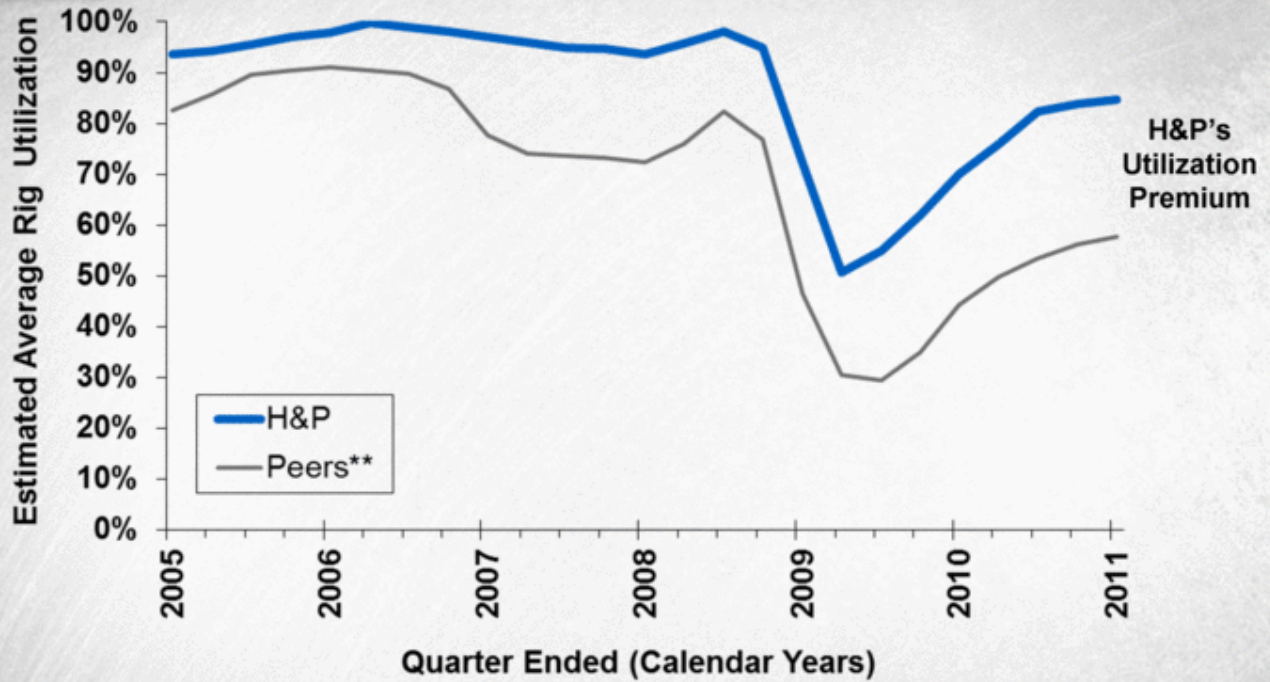
** Represents weighted-average rig margin per day for PTEN, NBR and UNT through Q1CY11.





Technology & Quality Service Make a Difference

U.S. Land Estimated Average Rig Utilization*



* Utilization is herein calculated to be average active rigs divided by estimated available marketable rigs during the period.

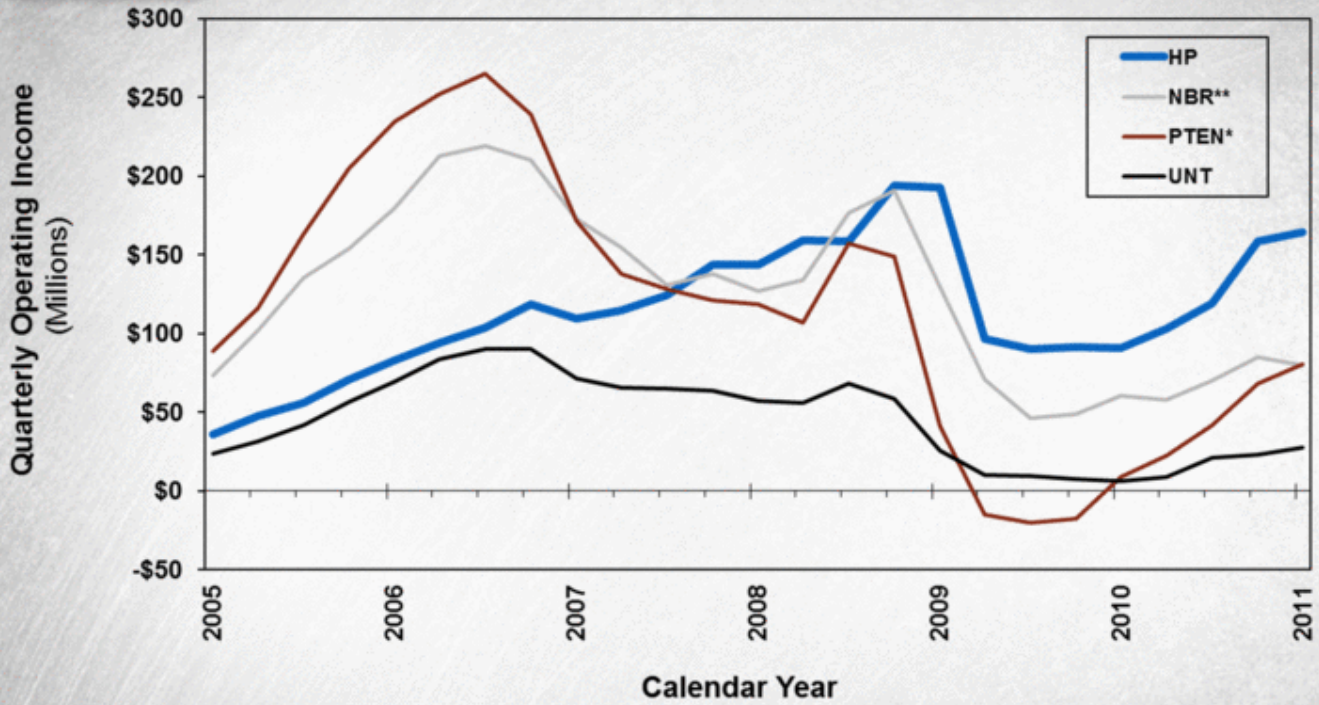
** Represents estimated average combined utilization for PTEN, NBR and UNT in the Lower 48 through Q1CY11.





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.





H&P New Builds

- **Total of 45 new builds announced during last twelve months**
- **Delivering new FlexRigs at the rate of three per month since January 2011**
- **Encouraging conversations continue...**





What is a “New Build” Land Rig?

New – having recently come into existence, of dissimilar origin (as compared to old or existing), and of **superior quality**.

Merriam-Webster Dictionary





How Does H&P Define a “New Build” Land Rig?

A new build rig consists of all new structures and equipment for the purpose of:

- Eliminating legacy issues
- Achieving Safety-by-Design
- Maximizing drilling efficiency
- Improvement of ergonomics for rig site personnel
- Packaging of components for enhanced mobility





Building a New FlexRig

Lean Manufacturing



Processing Raw Materials



Fabricating New Structures



Commissioning / Delivery



Test Assembly and Outfitting



Unitizing Packages



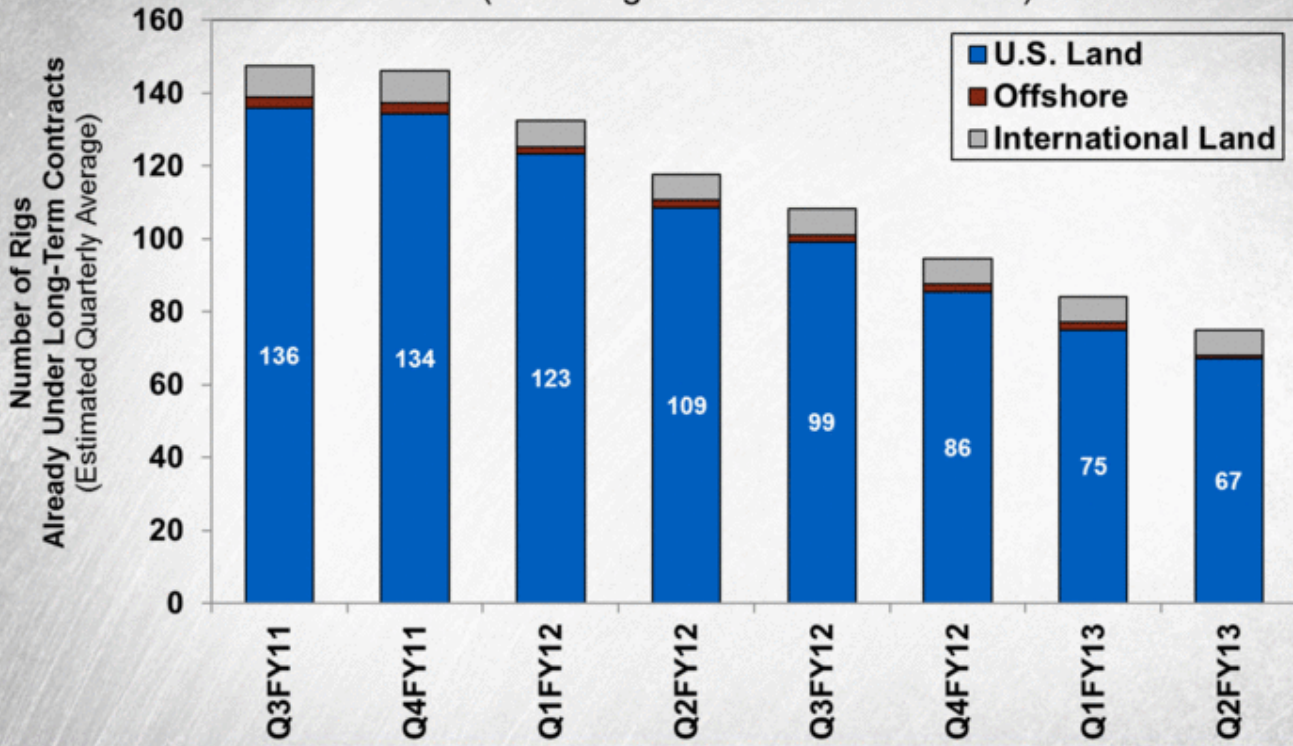
New Electrical Systems





H&P Global Fleet Under Term Contract

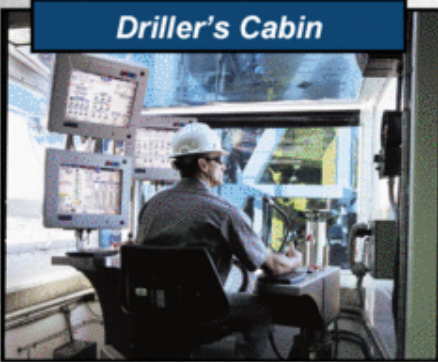
Term Contract Status - H&P Global Fleet
(Including Committed New Builds)



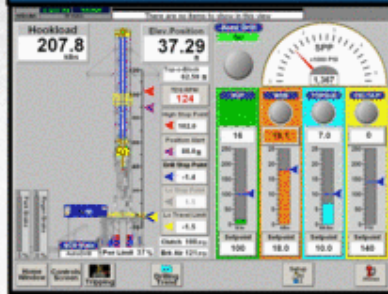


Innovation & Applied Technology

Driller's Cabin



Computerized Controls



AC Driven Systems & Integrated Top Drive



Satellite Communications



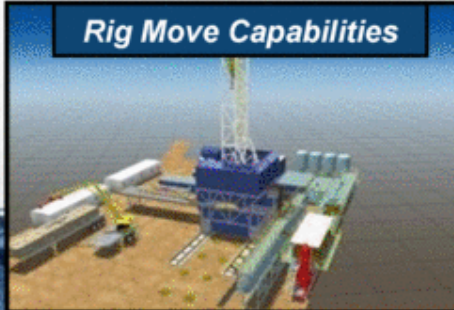
BOP Handling



Mechanized Tubular Handling



Rig Move Capabilities





Driller on a Conventional Rig vs. FlexRig™





Roughnecks on a Conventional Rig vs. FlexRig™





New Builds – H&P's FlexRig Program

The FlexRig Difference: Key Advantages

- **Increased drilling productivity and reliability**
 - Variable frequency (AC) drives with increased precision and measurability
 - Computerized electronic driller that 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**





Performance Is Not Only About Better Rigs

➤ It's also about:

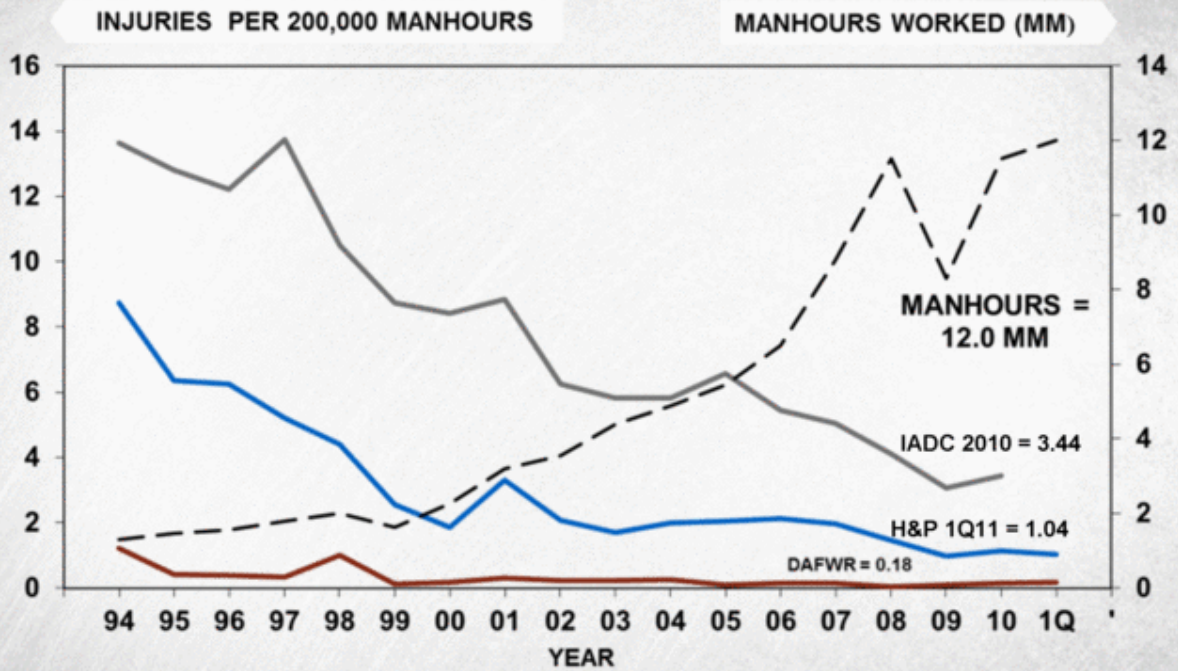
- People
- Safety
- Experience
- Training
- Culture
- Maintenance
- Processes
- Supply Chain
- Organizational Network
- Support Structure





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

U.S. Land Safety Performance (1994 – 1Q11)
OSHA Recordable Injury Incidence Rates



DAFWR = Days Away From Work Rate (Industry 1QCY11 Average = 0.76)

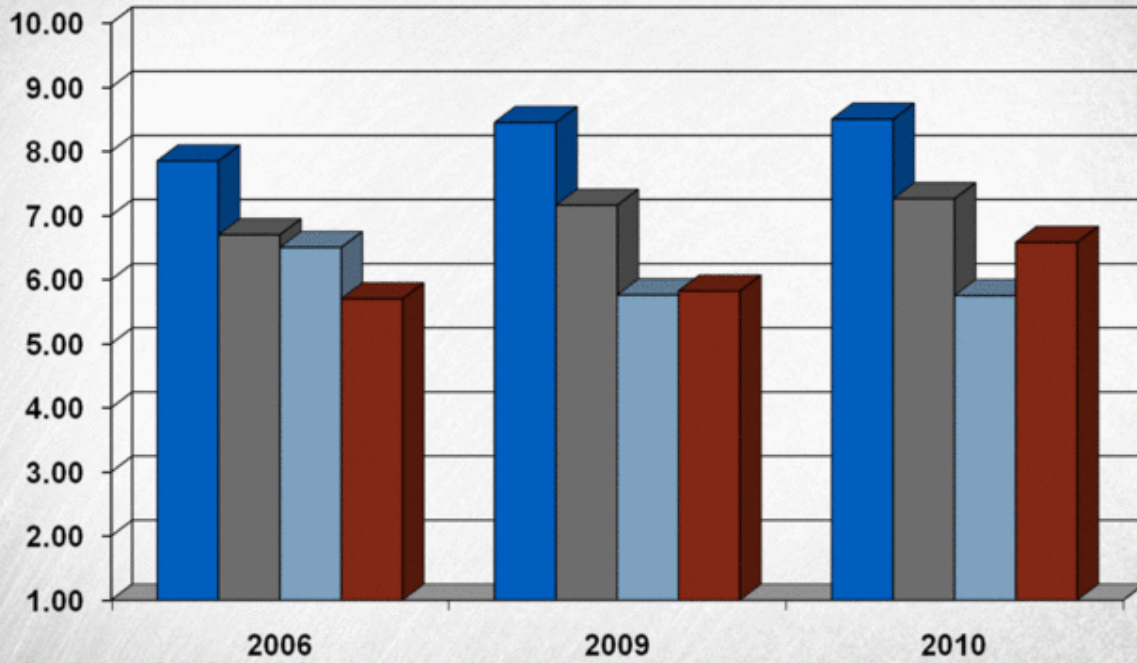




Customer Satisfaction Index

10 = "Highly Satisfied", 1 = "Highly Dissatisfied"

■ HP ■ Peer A ■ Peer B ■ Peer C



Source: EnergyPoint Research, Inc.





Market Trends Favor H&P

- **Drilling today involves more complex well designs.**
- **Customers continue to focus on efficiency and technology to achieve lower total well costs.**
- **Customers are increasingly sensitive in terms of safety and environmental protection.**





Additional References





Five-Year Relative Shareholder Return



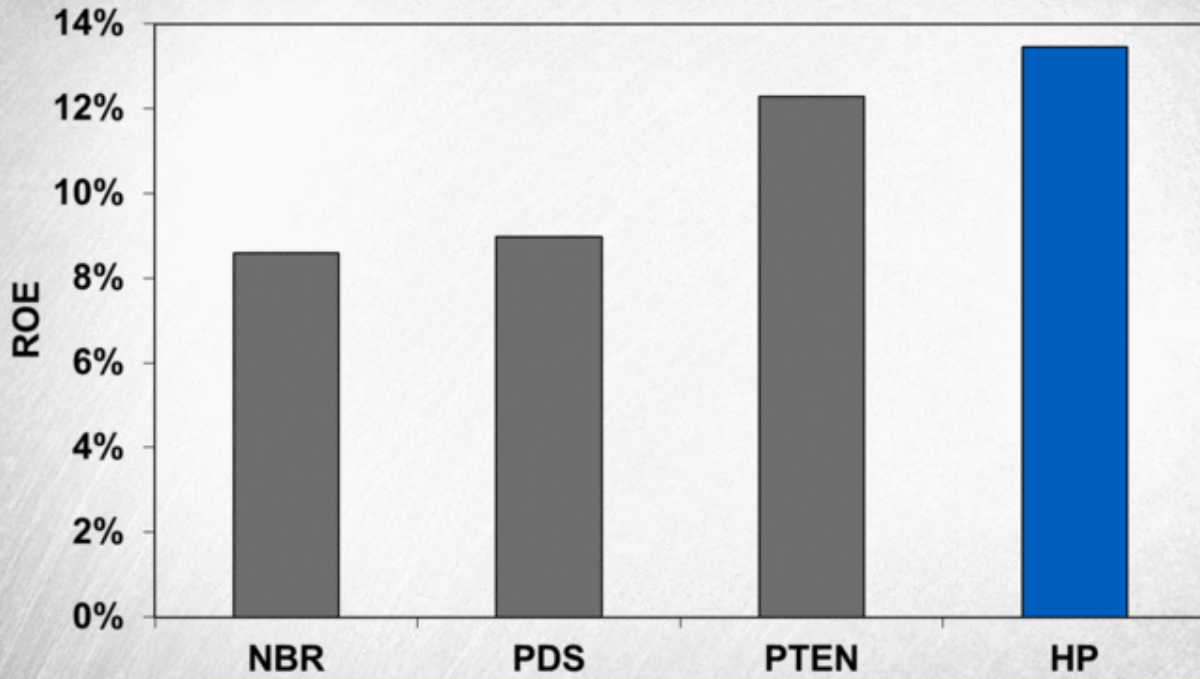
Source: Yahoo! Finance as of May 19, 2011





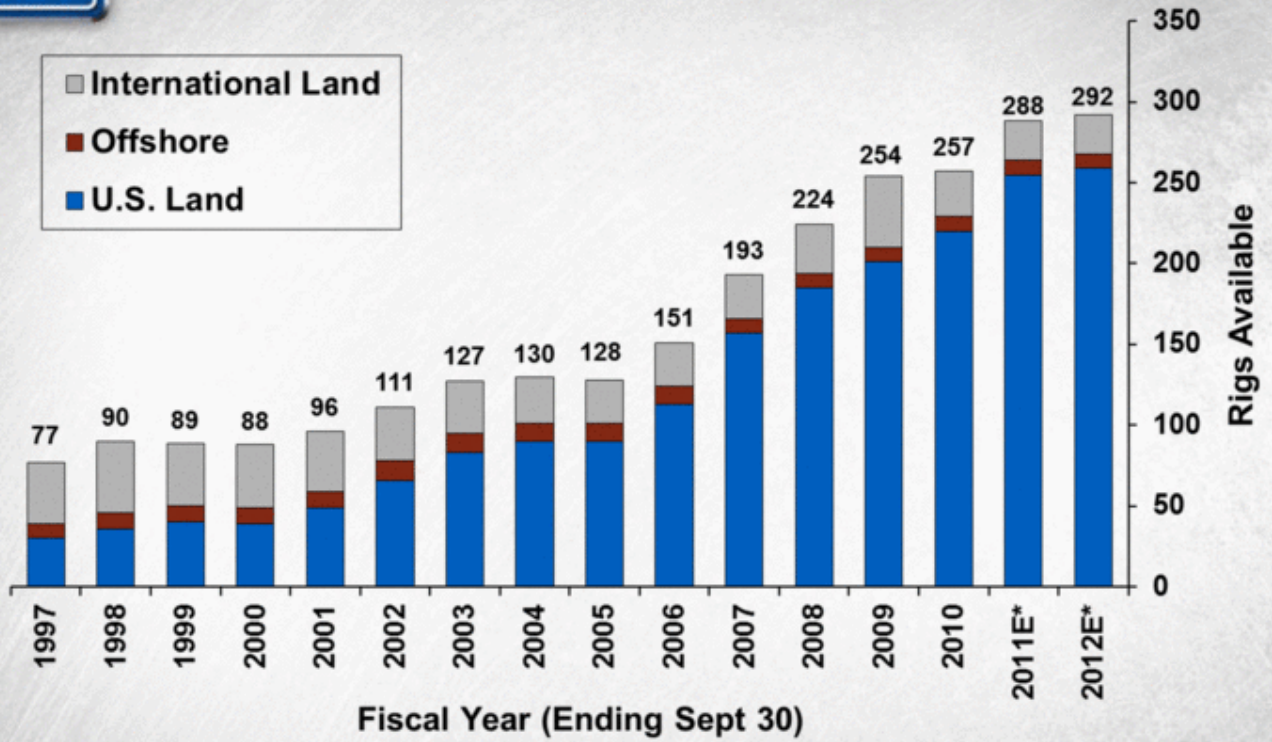
Peer Group Estimated Return on Equity

Analyst Estimates
Fiscal Year 2011 Return on Equity
(Source: First Call Consensus May 20, 2011)





H&P's Global Rig Fleet



* Estimates include existing rigs and announced new build commitments.





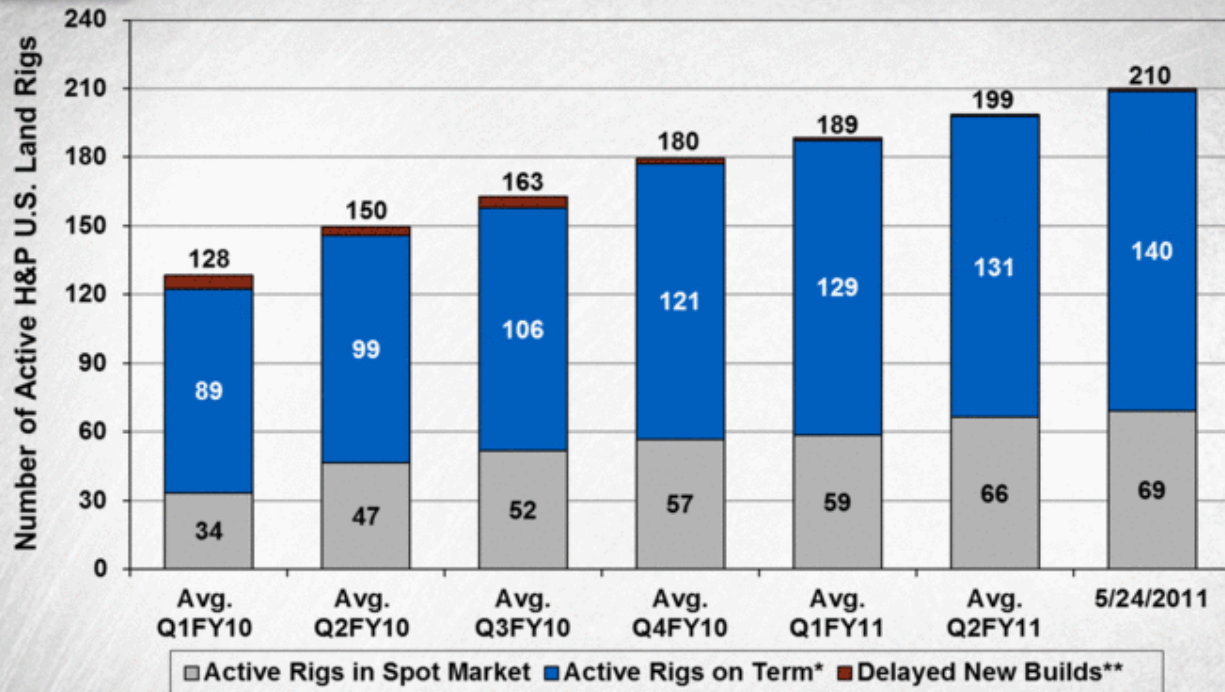
H&P's U.S. Land Operations

- The major shift across the industry towards oil and liquids rich plays is increasingly employing unconventional drilling techniques to conventional reservoirs. Basins that were historically characterized by shallow, vertical well paths are now seeing a greater number of drilling efforts apply horizontal well paths and longer lateral sections.
- Driven by incremental new builds, we expect total revenue days in the U.S. land segment to increase between five and seven percent from the second to the third fiscal quarter of 2011.
- Quarterly average rig revenue per day is expected to increase between \$300 and \$400 per day from the second to the third fiscal quarter of 2011.
- Including only rigs that are already under fixed commitments, we expect to have an average of 133 rigs under term contract in fiscal 2011 and 104 in fiscal 2012.





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



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

** Includes delayed new builds (in red) which generated revenue but did not generate revenue days.





H&P's Offshore Operations

- **Seven of the Company's nine offshore platform rigs remain active, including two under long-term contracts.**
- **The number of revenue days during the third fiscal quarter of 2011 is expected to decrease approximately two percent sequentially.**
- **Average rig margin per day is expected to decrease by three to four percent during the third fiscal quarter of 2011 as compared to the second fiscal quarter.**
- **Segment operating income during the third fiscal quarter of 2011 will be negatively impacted by approximately \$1 million (as compared to the prior quarter) associated with less management contract revenue.**





H&P's International Land Operations

- **Segment operating income for the international segment during the third fiscal quarter is expected to be negatively impacted by disruptions in Tunisia and Argentina.**
- **Total revenue days during the third fiscal quarter are expected to increase by two to three percent sequentially from the second fiscal quarter of 2011.**
- **Average rig margin per day is expected to decrease by about 25 percent in the third fiscal quarter as compared to the second fiscal quarter of 2011.**





H&P's International Land Operations

Rig Fleet Status (as of May 24, 2011)

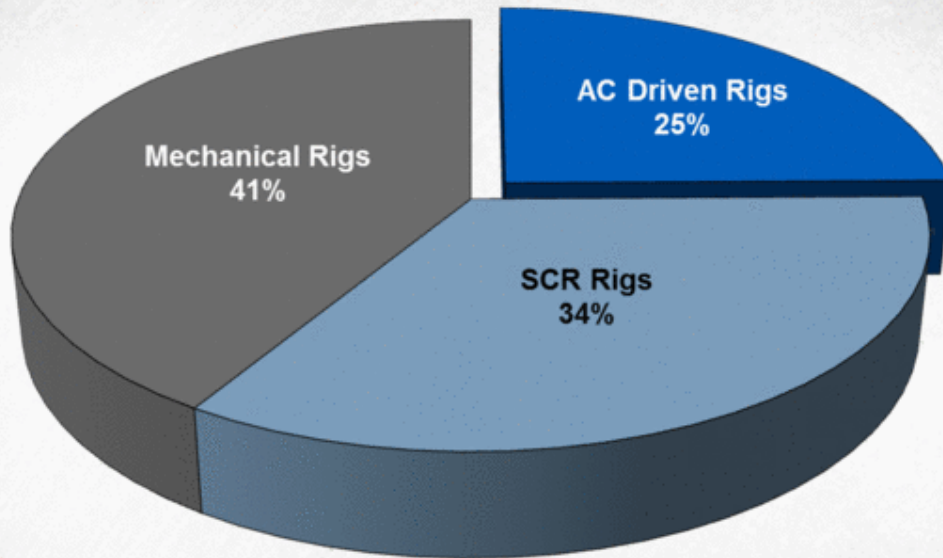
	Active	Contracted	Idle	Total	Long-term Contracts
Argentina	4		5	9	4
Bahrain	3			3	3
Colombia	5		1	6	2
Ecuador	4			4	
Tunisia	1		1	2	
Total	17		7	24	9⁽¹⁾

1) 9 of 11 FlexRigs, included in the international fleet of 24 rigs, are under long-term contracts.





Rigs Active (~1,700) in the U.S. Land Market (By Power Type)

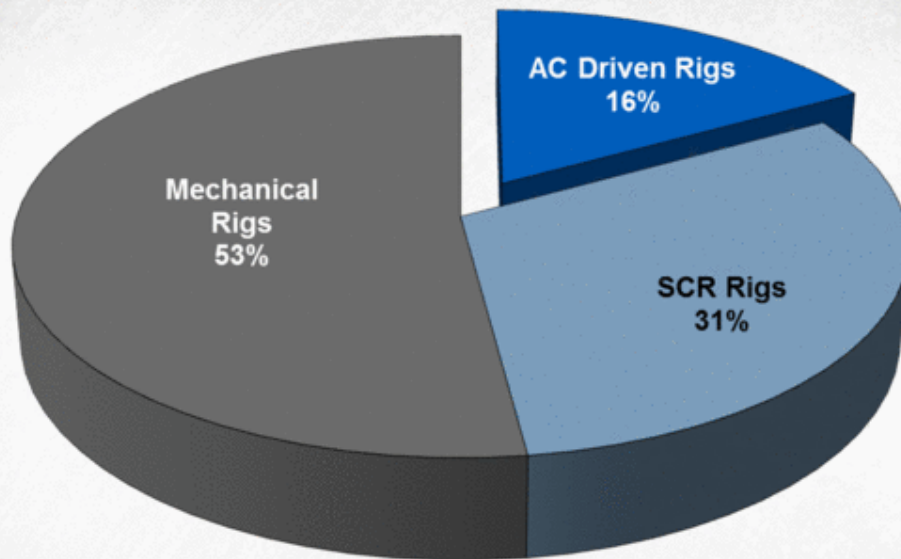


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





Total Industry Available U.S. Land Fleet (by Power Type)

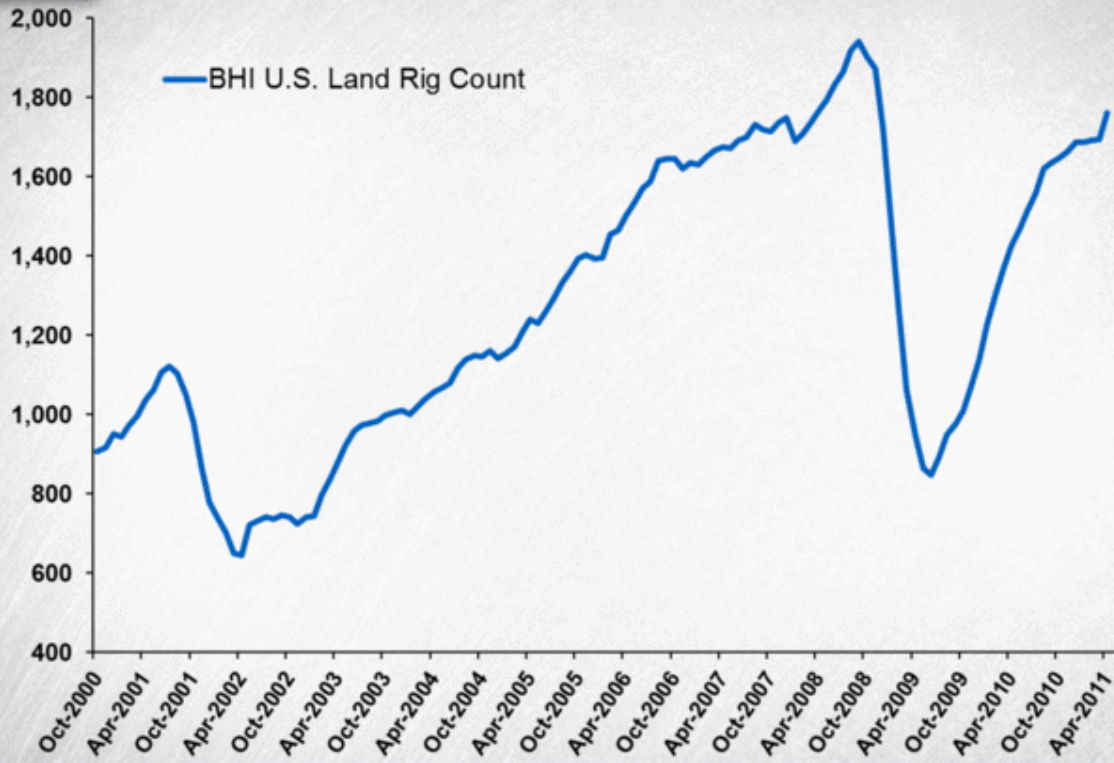


Note: The above estimates corresponding to the available rig fleet in the U.S. are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.



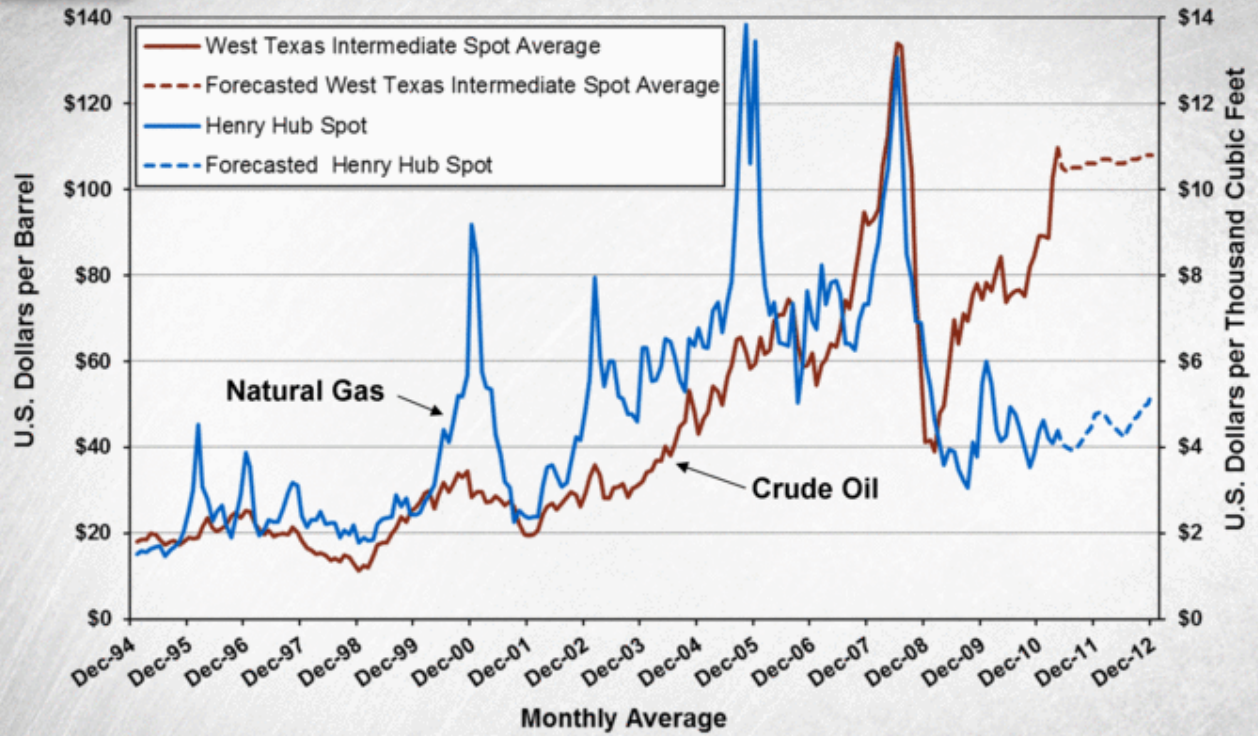


A Cyclical Business





Crude Oil & Natural Gas Prices



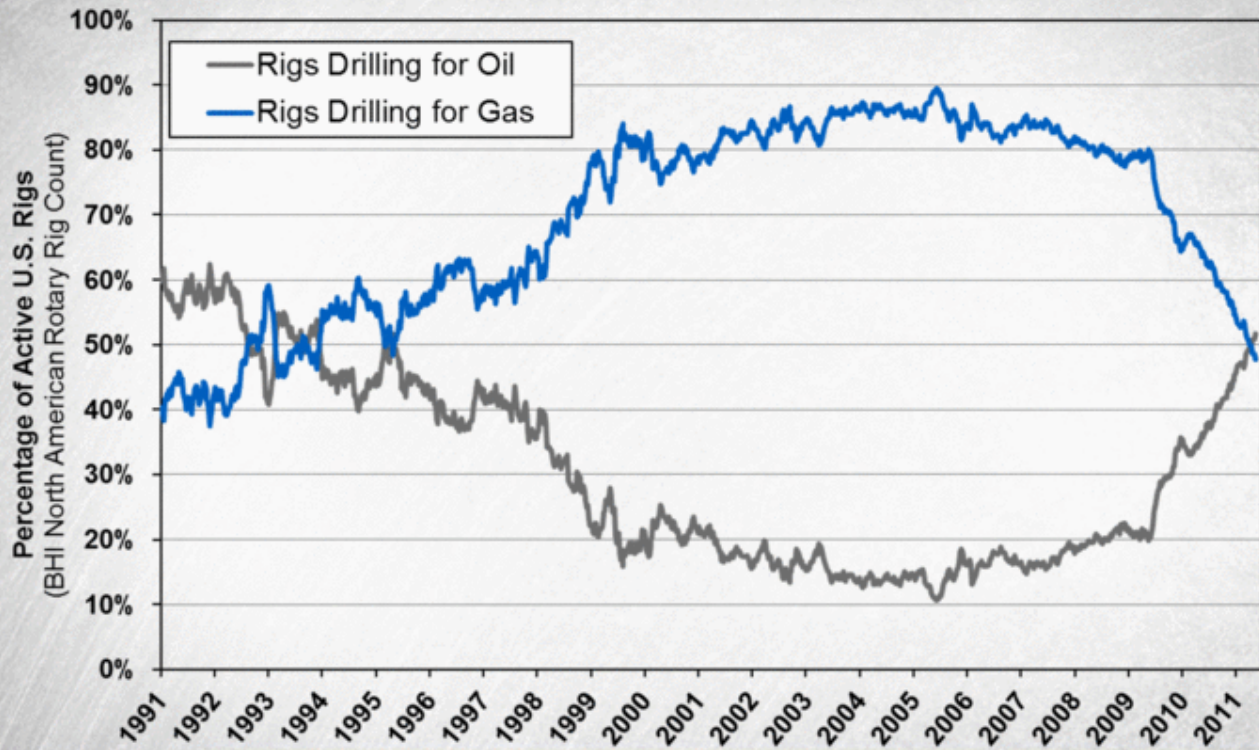
Source: Energy Information Administration, Short-term Energy Outlook as of 5/10/11.





Economics Shift Activity Towards Oil Drilling

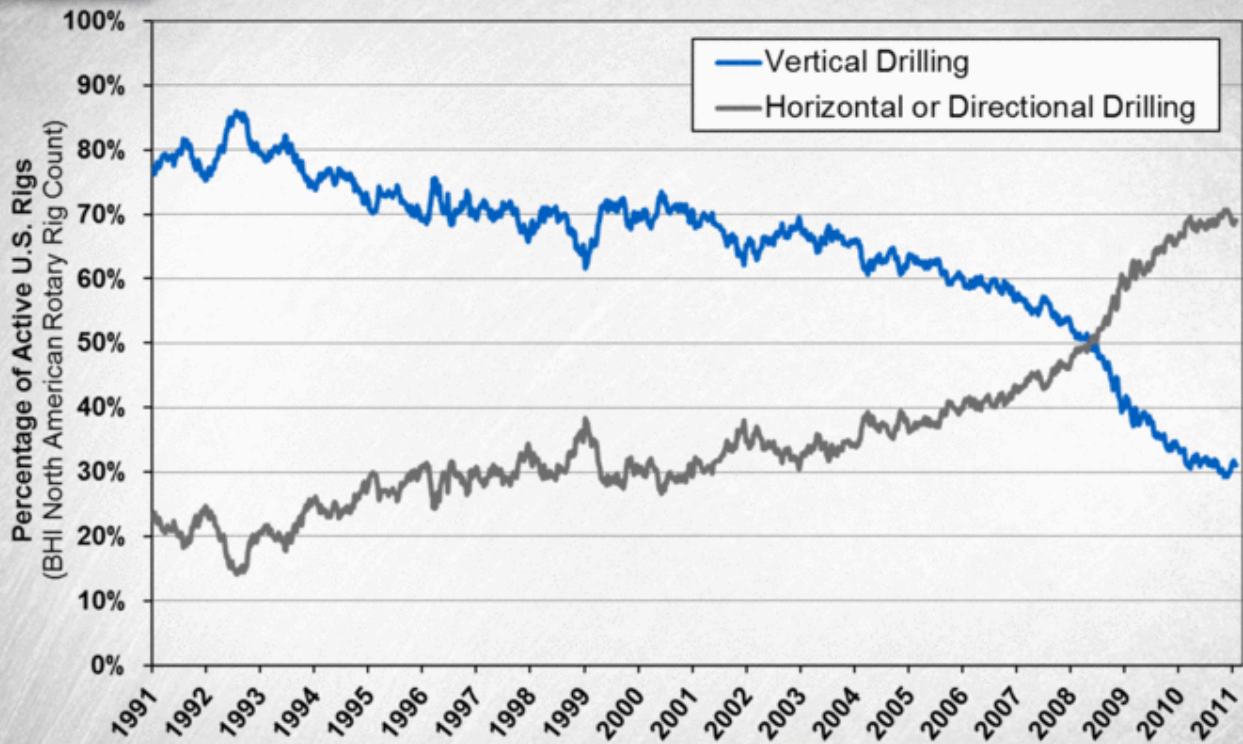
U.S. Rig Activity by Hydrocarbon Target





Increasing Focus on More Difficult Drilling

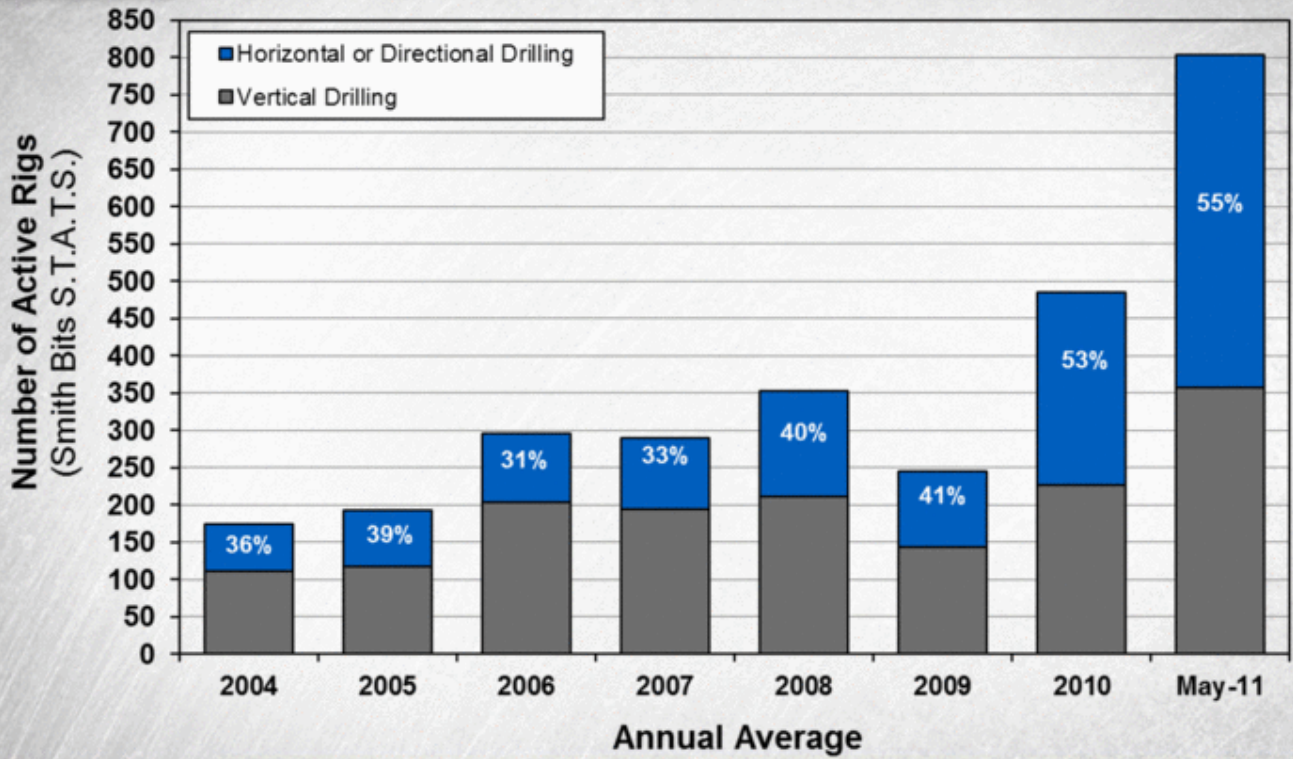
U.S. Rig Activity by Drilling Type





Oil Related Drilling Increasingly Complex

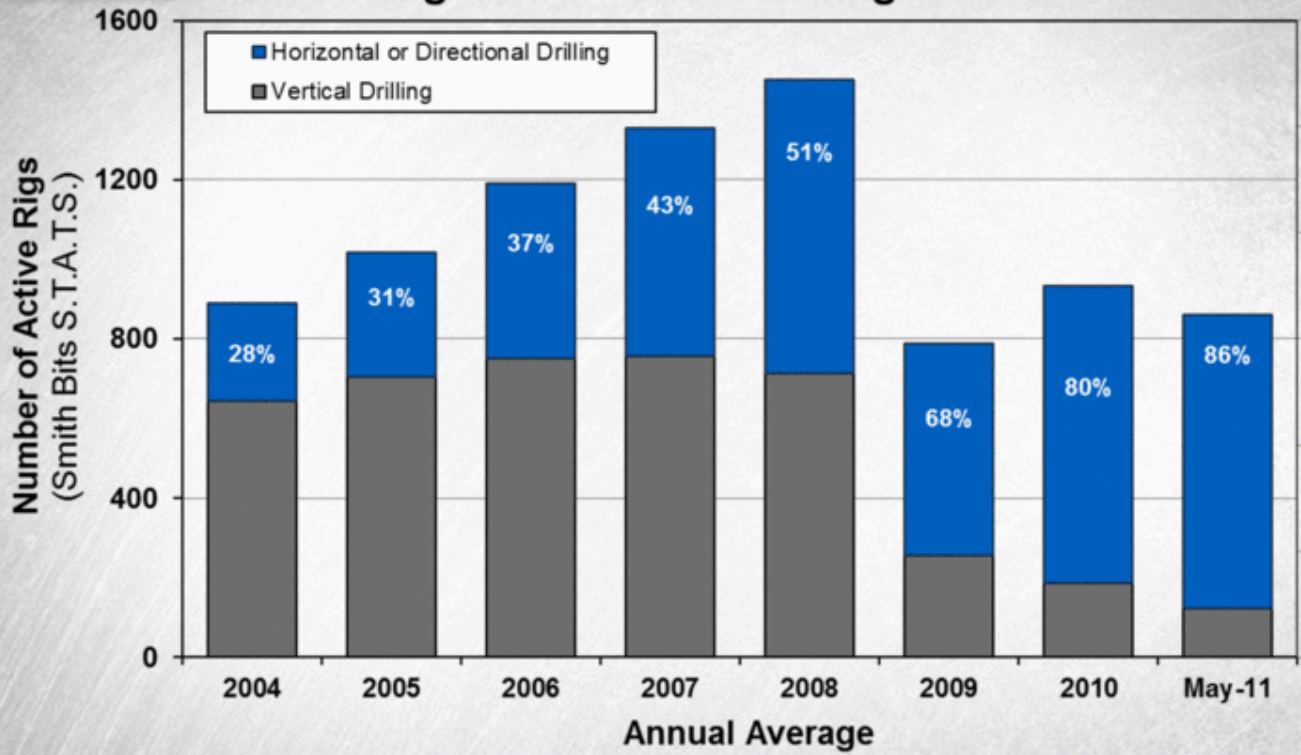
Active Rigs in U.S. Land Drilling for Oil





Increasing Focus on More Difficult Drilling

Active Rigs in U.S. Land Drilling for Natural Gas





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 2010 (Spot Market)
1. Drilling days	20	14	10
Completion days	3	3	3
Moving days	7	4	3
<i>Total rig revenue days per well</i>	<i>30</i>	<i>21</i>	<i>16</i>
2. Drilling contractor dayrate	\$17,500	\$23,000	\$25,000
Operator's other intangible cost per day estimate	\$25,000	\$25,000	\$25,000
<i>Total daily cost estimate</i>	<i>\$42,500</i>	<i>\$48,000</i>	<i>\$50,000</i>
<i>Total cost per well (daily services)</i>	<i>\$1,275,000</i>	<i>\$1,008,000</i>	<i>\$800,000</i>
3. Total well savings with H&P – per well	\$475,000	\$208,000	
per year	\$10.8MM	\$4.8MM	

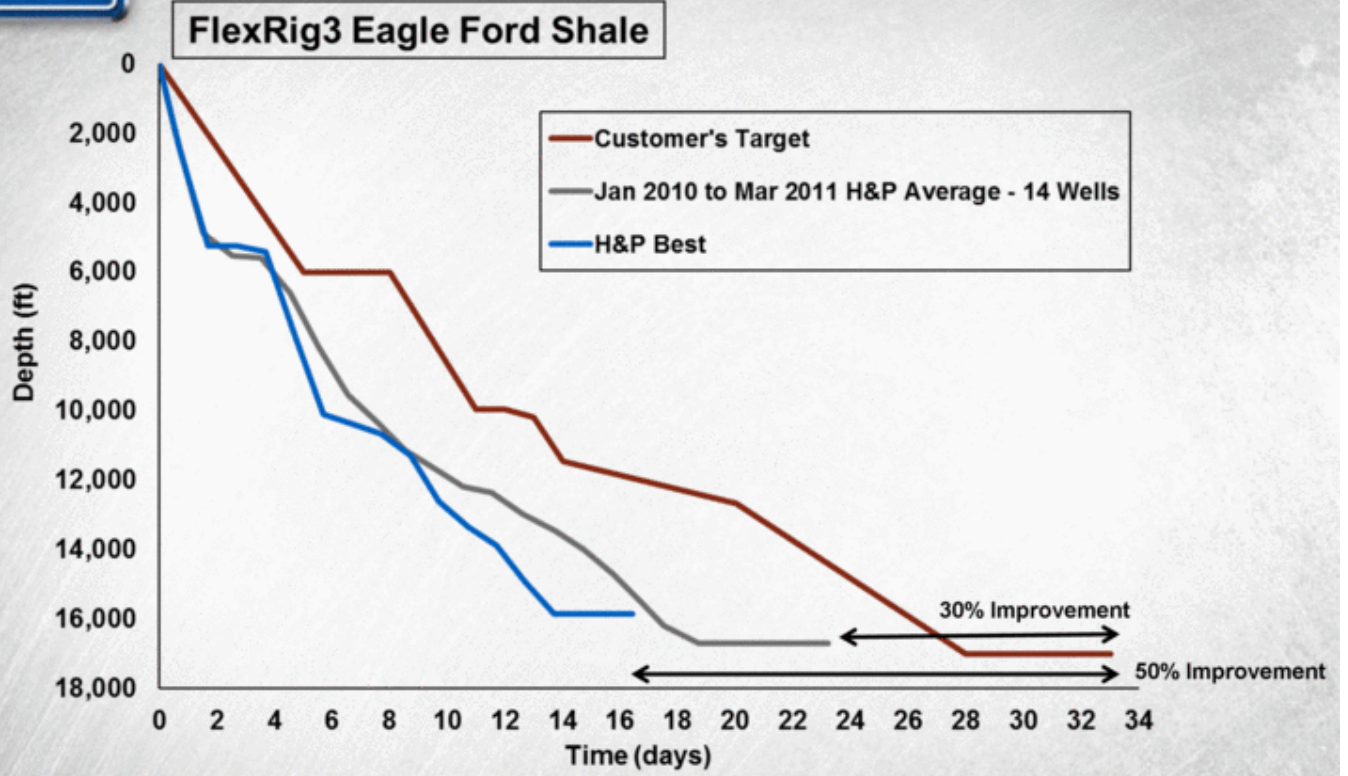
Increased wells per rig per year versus conventional average: 11 wells

Increased wells per rig per year versus peer fit-for-purpose: 5 wells





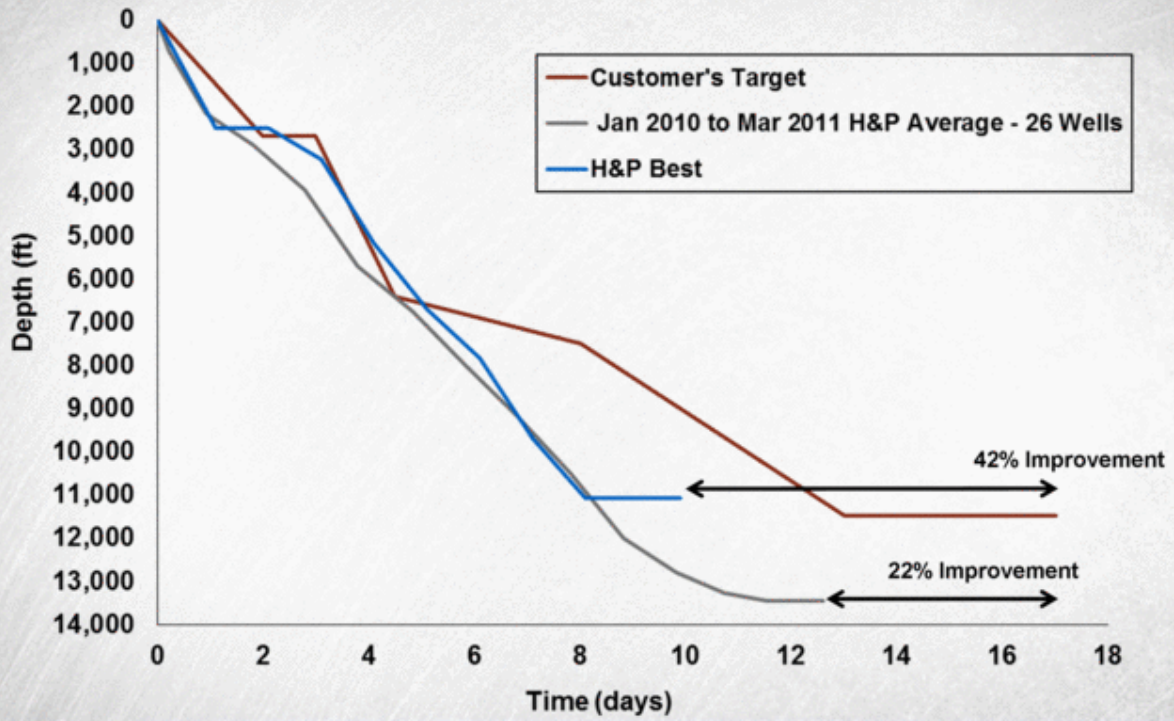
FlexRig3 – Performance Sample





FlexRig4 – Performance Sample

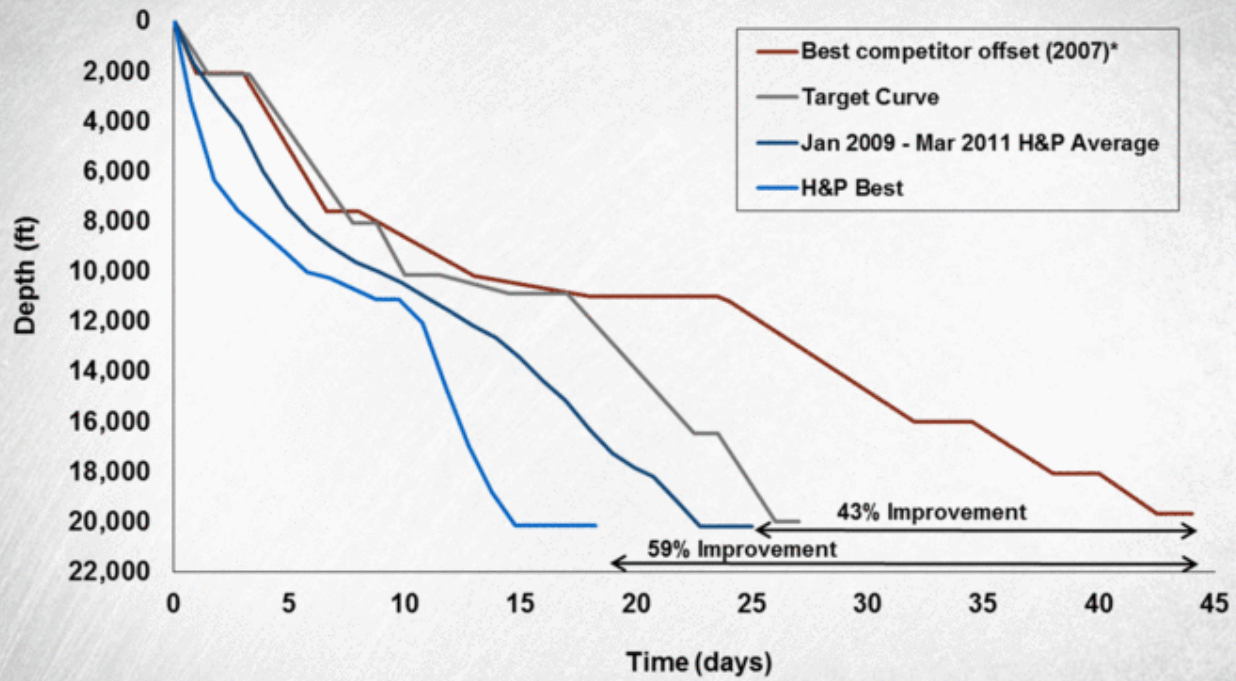
FlexRig4 Eagle Ford Shale





FlexRig3 – Performance Sample

FlexRig3 Bakken Shale

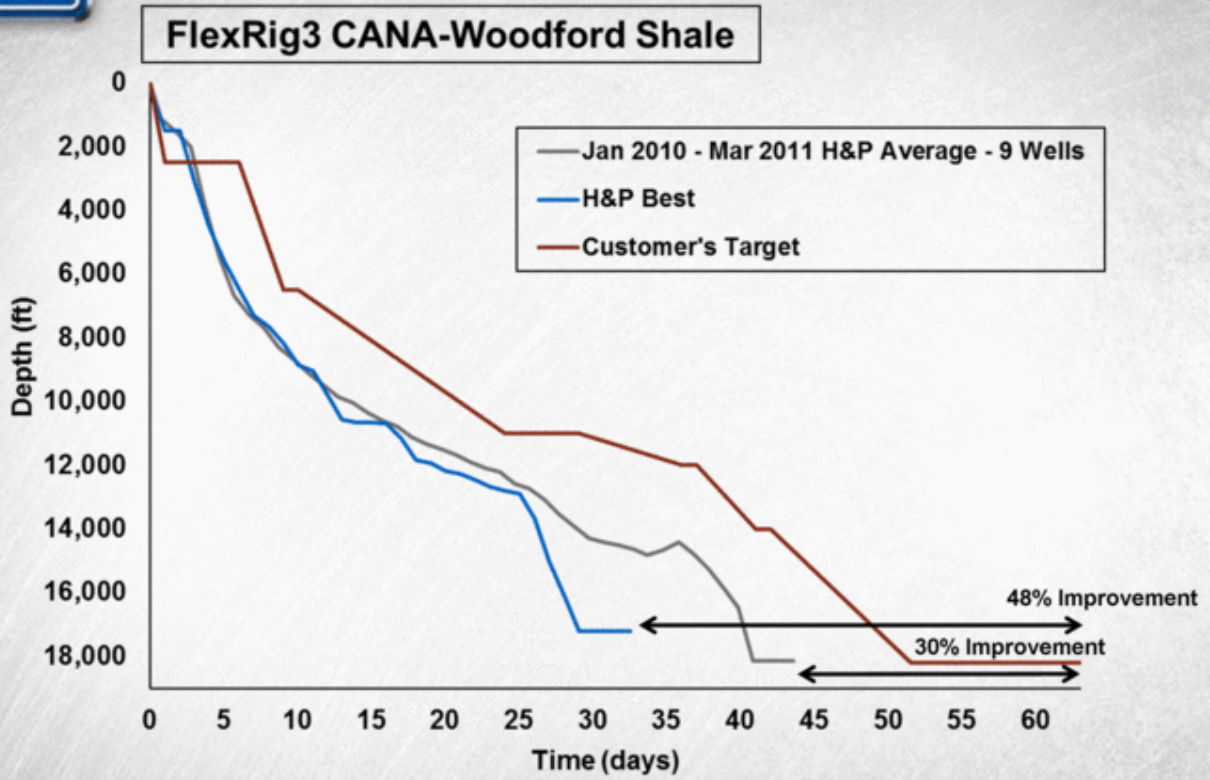


* Represents the customer's fastest reported Bakken Shale well before deploying a H&P FlexRig.





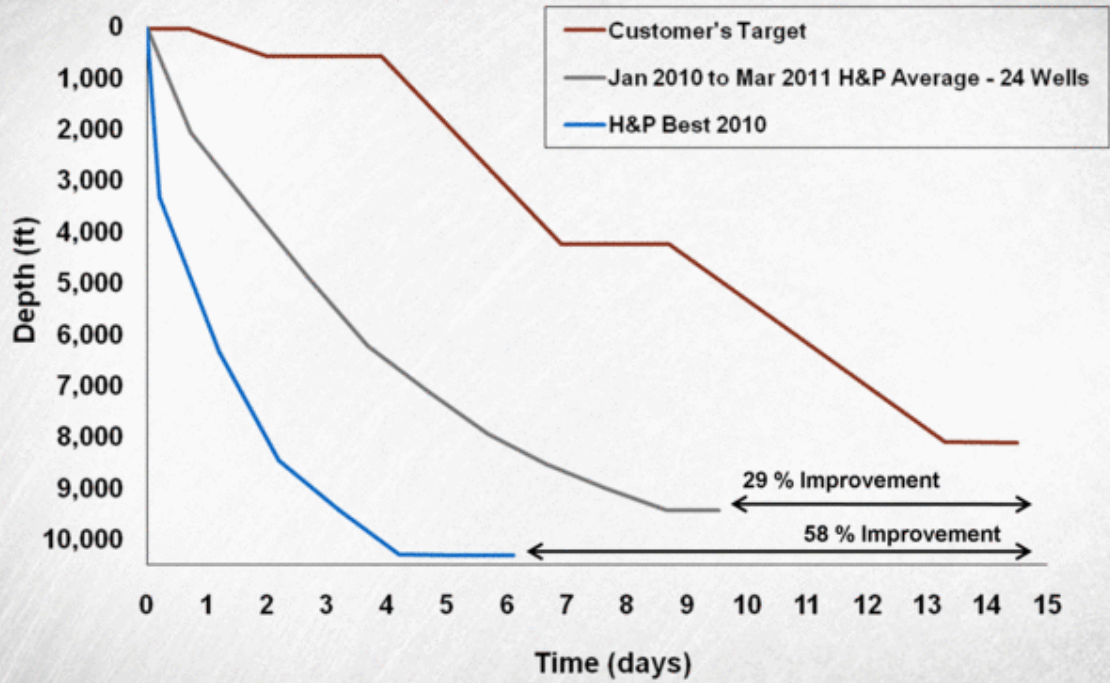
FlexRig3 – Performance Sample





FlexRig4M – Performance Sample

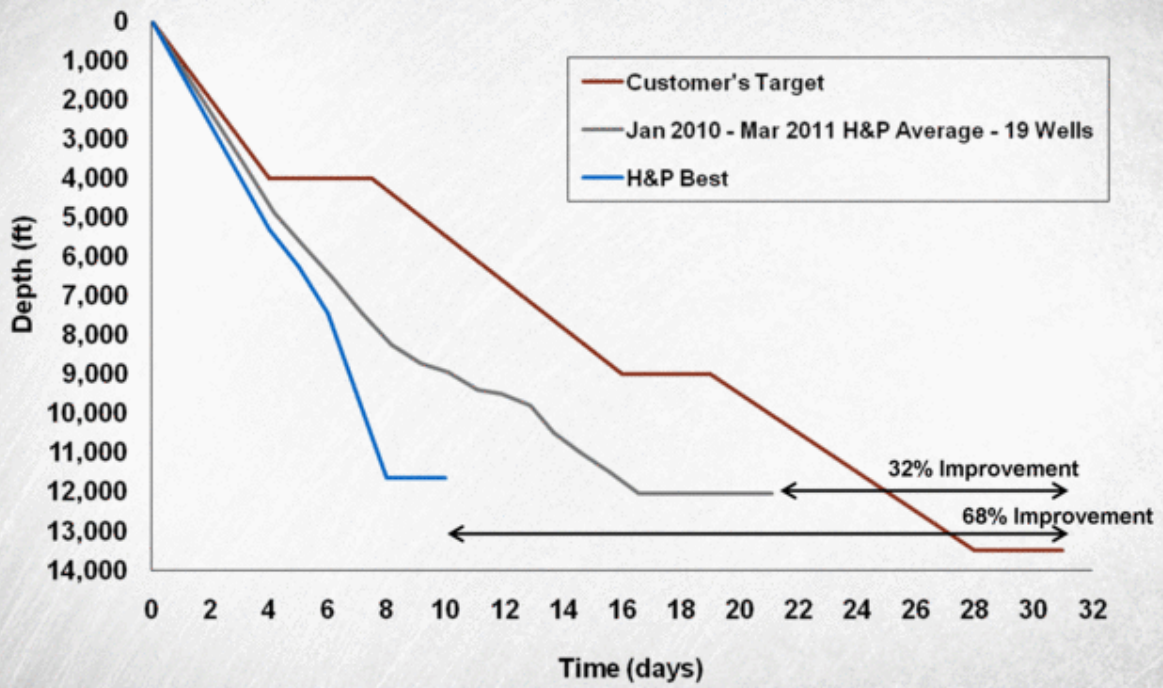
FlexRig4M West TX





FlexRig4S – Performance Sample

FlexRig4S Marcellus Shale

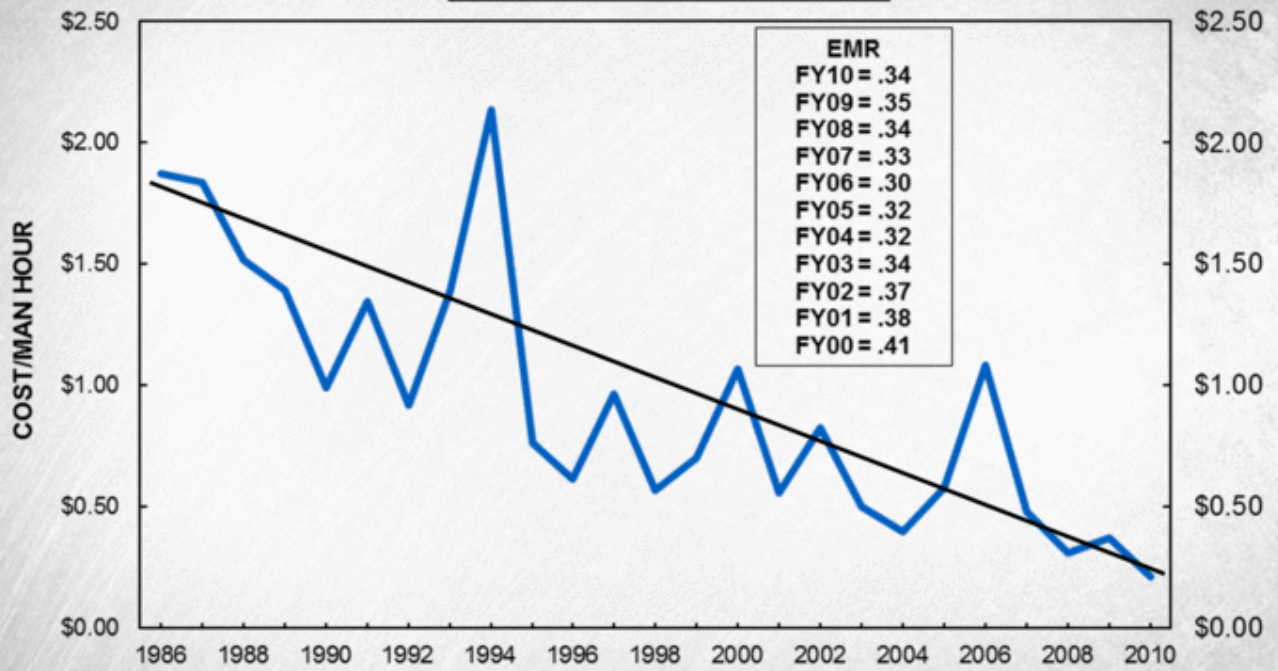




Safety Excellence Also Generates Savings

Reduced Workers Comp and General Liability Losses per Man Hour

Actual Cost Per Man Hour Worked
U.S. Land & Offshore Operations



EMR = Experience Modifier Ratio (Industry Average = 1.00)





End of Document

