

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 02/07/18 for the Period Ending 02/07/18

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

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

FORM 8-K

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

DATE OF EARLIEST EVENT REPORTED: **February 7, 2018**

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 7.01 REGULATION FD DISCLOSURE

Helmerich & Payne, Inc. (the “Company”) will discuss information to be distributed in investor meetings that includes the slides attached as Exhibit 99.1 to this Current Report on Form 8-K, which are incorporated herein by reference. In addition to other information, the attached slides provide revised expectations for the second fiscal quarter as it pertains to the U.S. Land Operations segment, capital expenditures, as well as other recently updated Company and industry drilling activity and market conditions.

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 in investor meetings.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned hereunto duly authorized.

HELMERICH & PAYNE, INC.
(Registrant)

By: /s/ Jonathan M. Cinocca
Name: Jonathan M. Cinocca
Title: Corporate Secretary

DATE: February 7, 2018



Helmerich & Payne, Inc.
Meetings with Investors
February 7-8, 2018

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 presentation, including, without limitation, statements regarding the Company’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.



U.S. Land Drilling Market Conditions



- Higher oil prices boding well for increasing drilling demand and continuing dayrate improvement
- Customer level of interest in putting additional rigs to work has increased since our most recent conference call (January 25, 2018)
- Continue to experience additional demand for super-spec rigs as replacement cycle persists and well complexity increases
- Increasing our capital expenditures estimate to a range of \$350 to \$400 million (from ~\$350 million) for fiscal 2018 as a result of recent improvement in market conditions
- Average FlexRig spot pricing still in high-teens, while leading-edge super-spec FlexRig pricing is in the low-to-mid \$20k/day range





Second Fiscal Quarter H&P Outlook

(As of February 7, 2018)

Drilling Operations Outlook for 2Q of Fiscal 2018 Compared to 1Q of Fiscal 2018

- U.S. Land Segment
 - Revenue days now expected to increase by approximately 2% (representing a 4% increase in the average number of active rigs given the lower number of calendar days during the second fiscal quarter)
 - Average rig revenue per day still expected to be roughly flat to slightly up (excluding any impact from early termination revenue)
 - Average rig expense per day now expected to be roughly \$14,000
- Offshore Segment
 - Revenue days still expected to decrease by approximately 2% (as a result of the lower number of calendar days during the second fiscal quarter)
 - Average rig margin per day still expected to be approximately \$11,500
 - Management contracts still expected to generate approximately \$4 million in operating income
- International Land Segment
 - Revenue days still expected to decrease by approximately 4% (representing a 2% decline in the average number of active rigs given the lower number of calendar days during the second fiscal quarter)
 - Average rig margin per day still expected to be roughly \$8,000

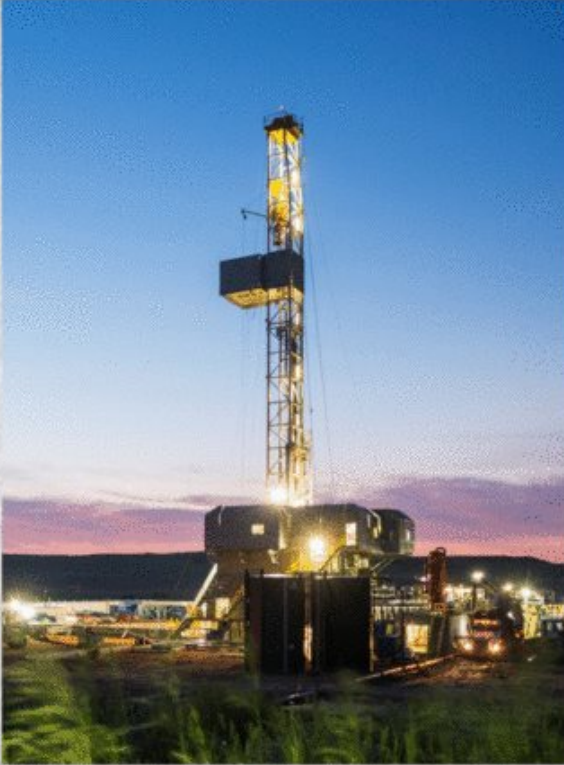
Other Estimates for Fiscal 2018

- Capital expenditures are now expected to be in the range of approximately \$350 to \$400 million
- The estimate for general and administrative expenses is still expected at approximately \$180 million





About Helmerich & Payne (H&P)



- Very strong balance sheet
- Most capable land drilling fleet
- Market share leader in the U.S.
- Robust term contract backlog
- Operational strategy focused on continued innovation, safety, performance excellence, reliability and customer satisfaction

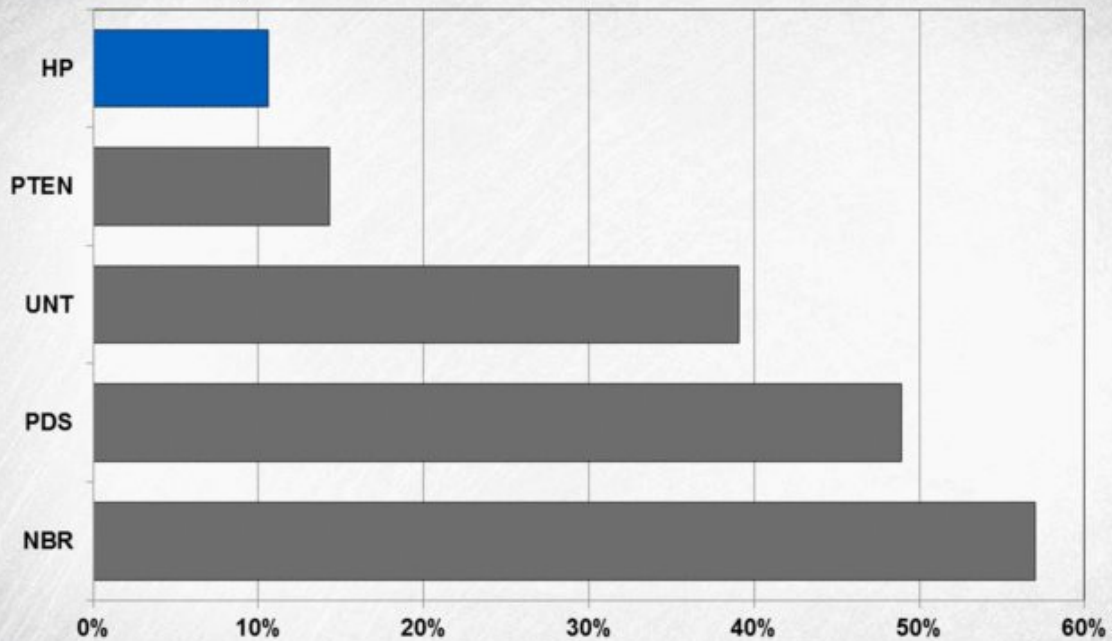




H&P's Strong Balance Sheet

(As of September 30, 2017)

Total-Debt-to-Total-Capitalization Ratio¹



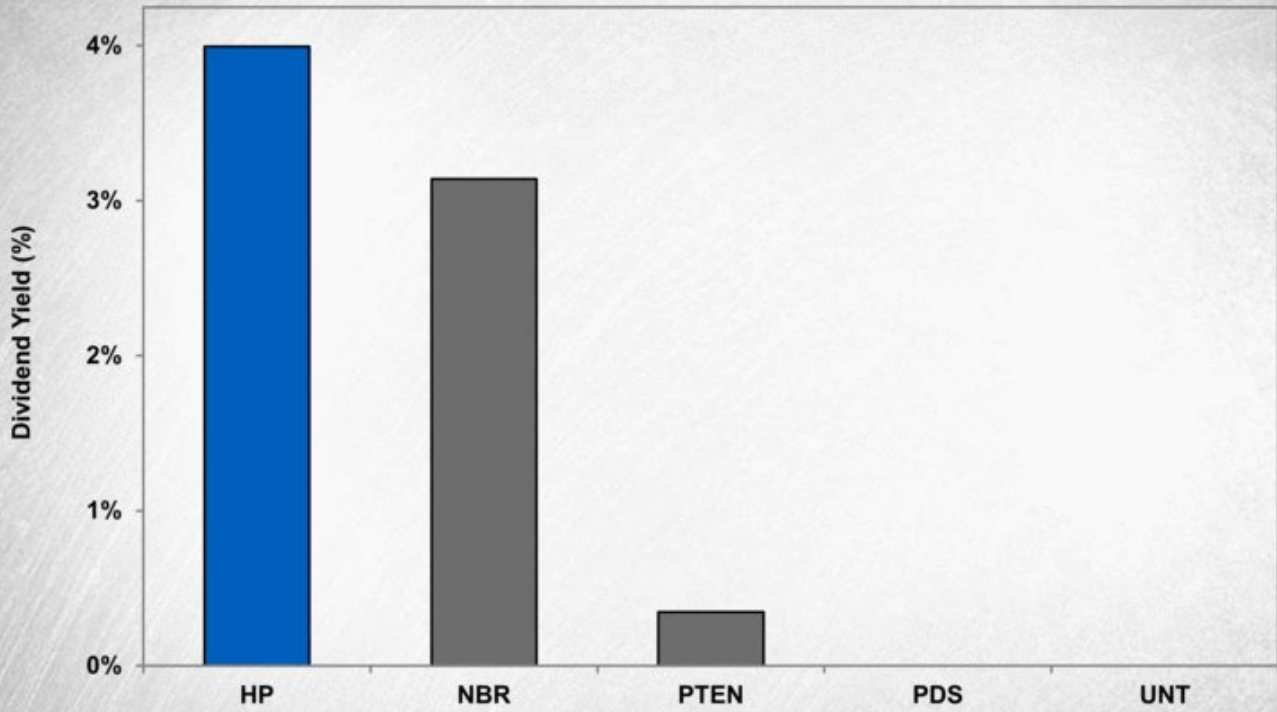
1. Total Capitalization is defined as Total Debt plus Shareholders' Equity.

Source: Company Filings.





Current Dividend Yields

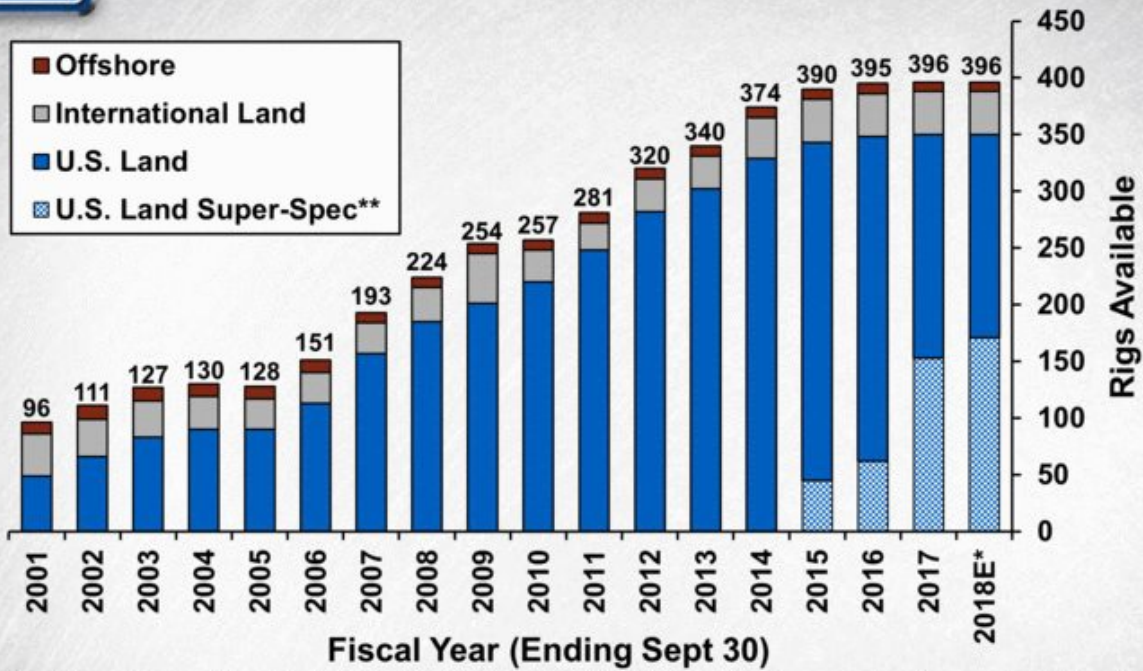


Source: Nasdaq IR Insight (FactSet). Yields calculated as of market close on February 2, 2018.





H&P's Global Rig Fleet



* The U.S. Land Super-Spec portion of the 2018E global rig fleet is as of 1/25/2018. The Company plans to upgrade additional rigs to super-spec status throughout 2018.

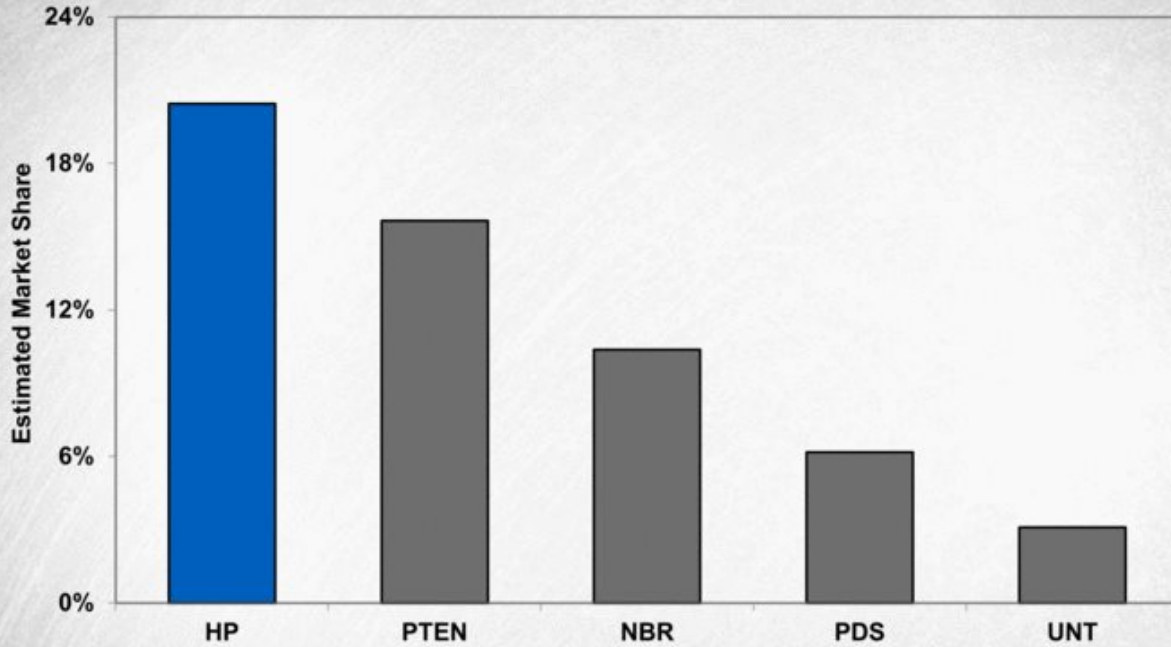
** The combined rig specifications of AC drive with 1,500 hp drawworks, 750,000# hookload ratings, 7,500 psi mud circulating systems and multiple-well pad drilling systems fit the description of what some industry followers refer to as "super-spec" rigs (or "Super-Spec"). Additional capabilities, including third mud pumps, 25,000' setback, increased mud volume, etc., may also be included to meet customer requirements.





U.S. Land Market Share Leader

As of January 2018
(~1,000 Active Rigs in U.S. Land)



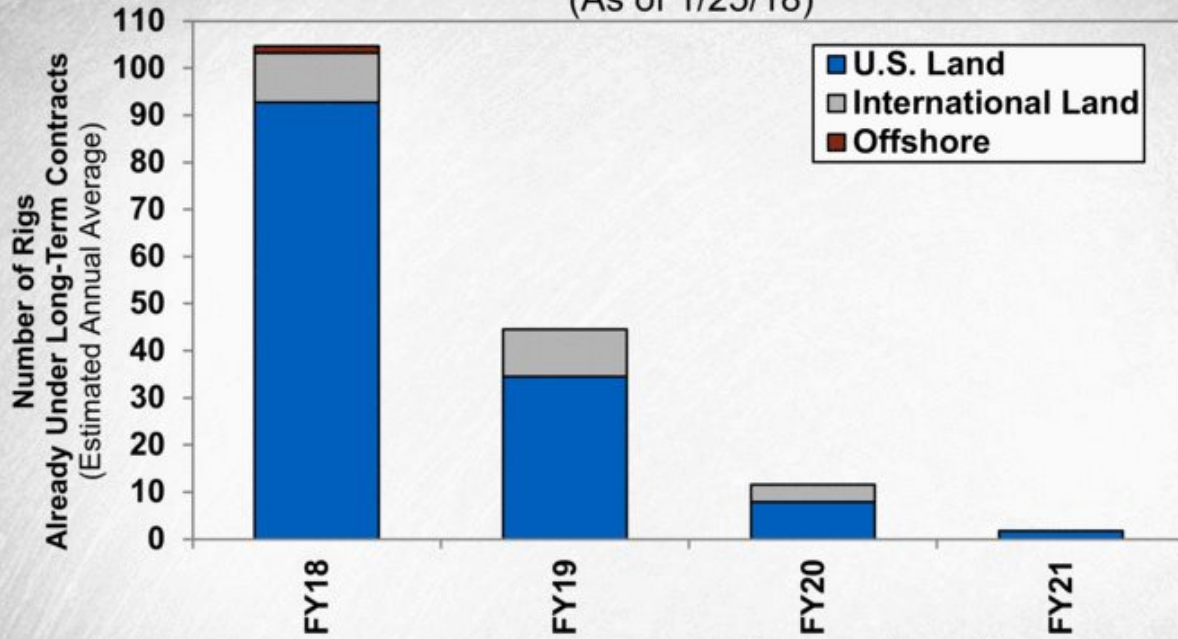
Note: The above estimates corresponding to market share are derived from Rig Data. Additionally, the drawworks capacity of each land rig included in the above analysis was equal to or greater than 600 horsepower. Values for PTEN include active rigs acquired from Seventy Seven Energy (SVNT).





H&P Global Fleet Under Term Contract

Term Contract Status - H&P Global Fleet*
(As of 1/25/18)

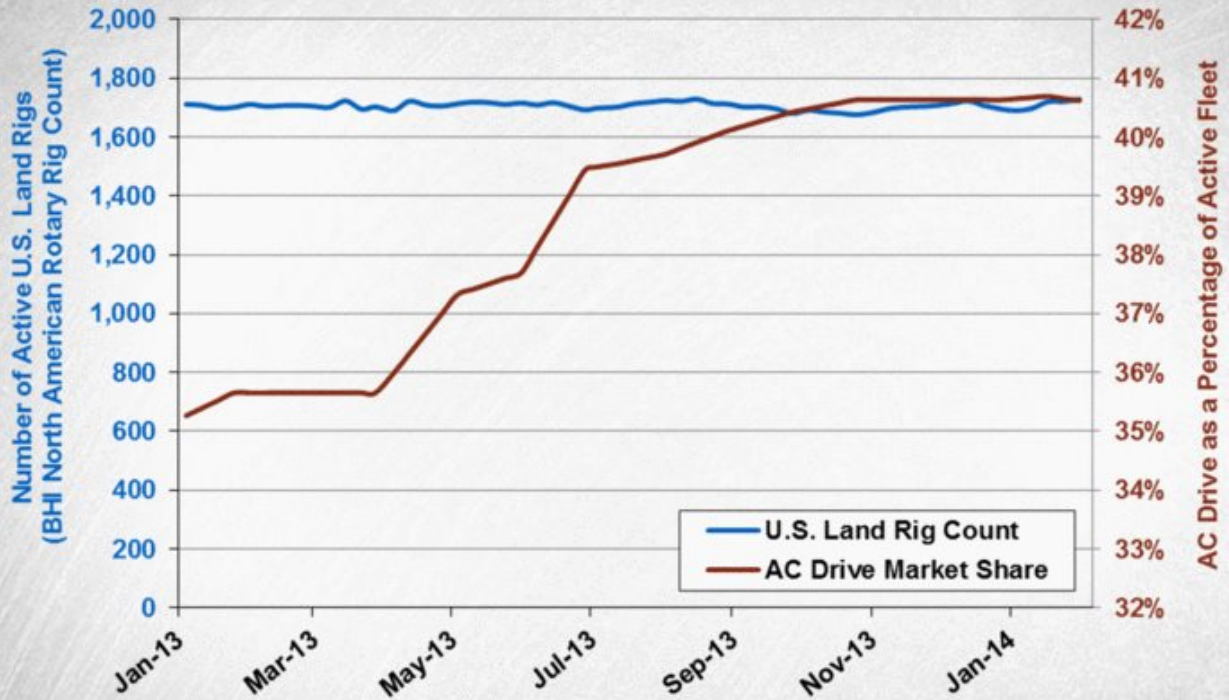


* The above term contract coverage excludes long-term contracts for which the Company received early contract termination notifications as of 1/25/18. Given notifications as of 1/25/18, the Company expects to generate approximately \$4 million in the second fiscal quarter of 2018 and approximately \$6 million over the next 9 months from early terminations corresponding to long-term contracts and related to its U.S. Land segment. All of the above rig contracts have original terms equal to or in excess of six months and include provisions for early termination fees.





AC Drive Gains Share with Relatively Flat Rig Count (Historical Example: January 2013 – January 2014)

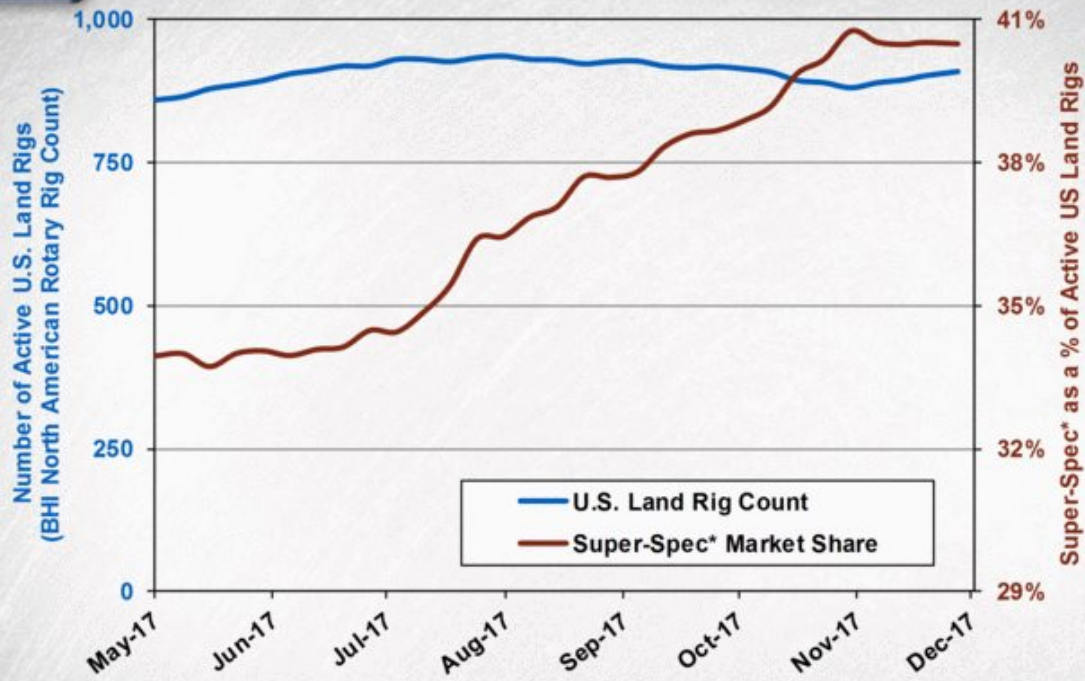


Source: The above estimates corresponding to AC Drive market share are derived from Rig Data.





“Super-Spec*” Rigs Rapidly Gain Market Share



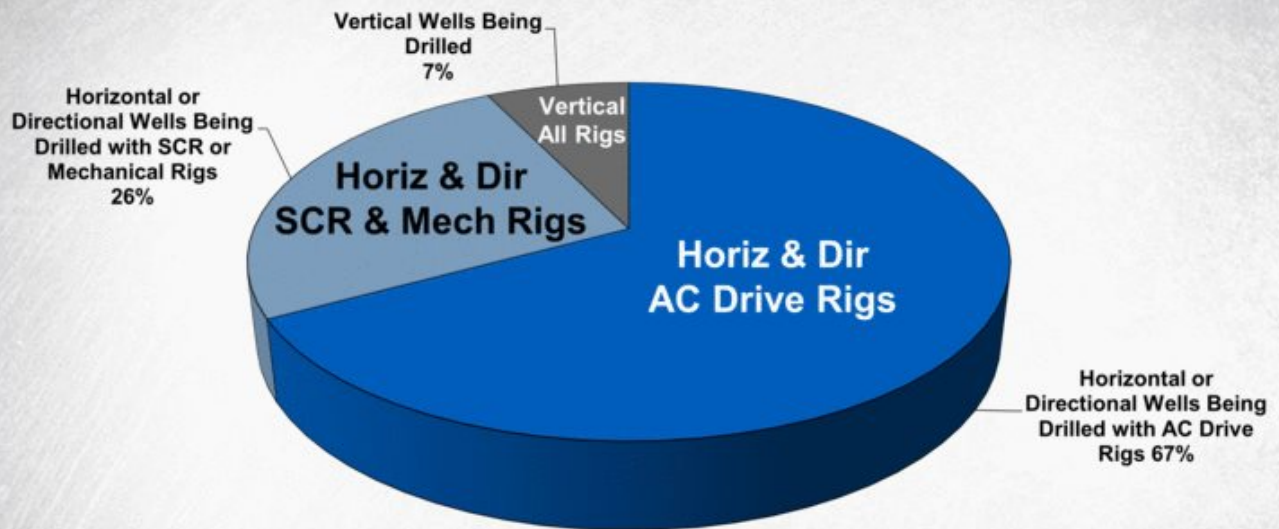
* The combined rig specifications of AC drive with 1,500 hp drawworks, 750,000# hookload ratings, 7,500 psi mud circulating systems and multiple-well pad drilling systems fit the description of what some industry followers refer to as “super-spec” rigs (or “Super-Spec”). Additional capabilities, including third mud pumps, 25,000’ setback, increased mud volume, etc., may also be included to meet customer requirements. Source: The above estimates corresponding to “Super-Spec* Market Share” are derived from multiple sources including Rig Data.





U.S. Activity by Well and Rig Type

~1,000 Active U.S. Land Rigs (January 2018)



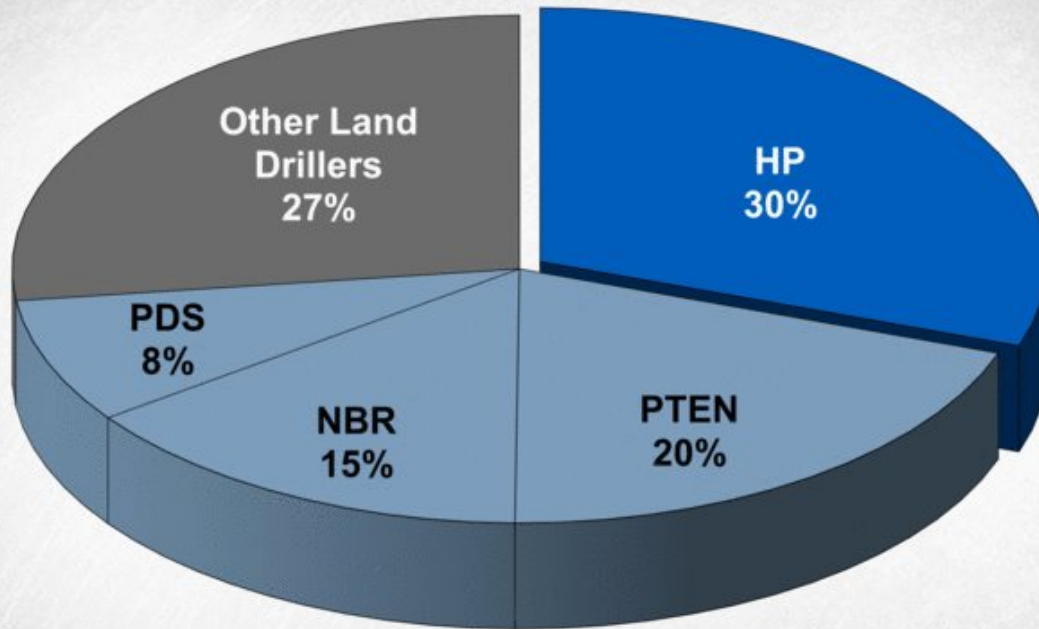
Note: The above estimates corresponding to rig activity and rig type are derived from multiple sources including Rig Data and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was equal to or greater than 600 horsepower.





Active AC Drive U.S. Rig Market Share

(~680 Rigs as of January 2018)



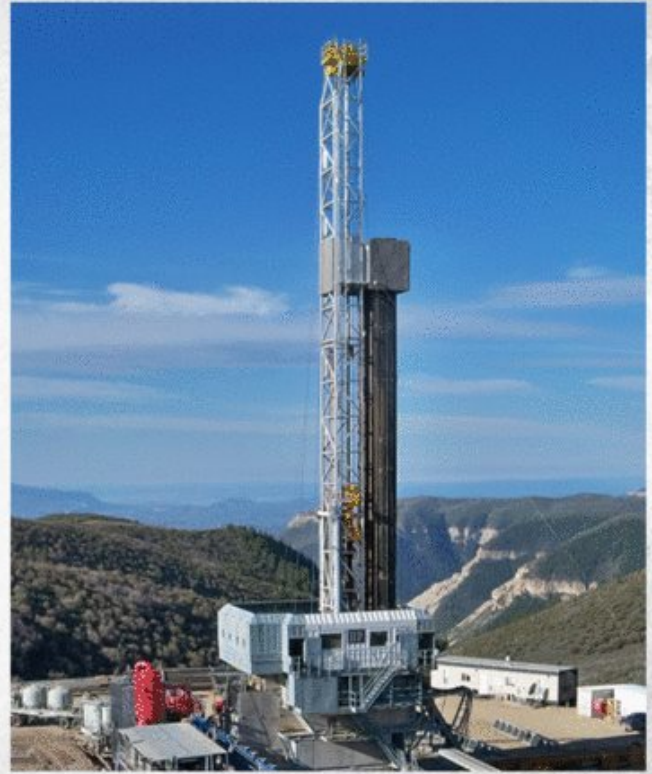
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than or equal to 600 horsepower. Values for PTEN include active AC drive rigs recently acquired from Seventy Seven Energy (SVNT).





H&P Uniquely Positioned – Family of Solutions™

- Positioned to take market share in a strong or moderate market recovery
- Uniquely leveraged to provide E&P companies the rig of choice
- Design of FlexRig fleet allows for broad range of rig upgrades





CapEx Upgrade Opportunities



- 7,500 psi mud circulating systems
- Investing in multi-well pad drilling capability
 - FlexRig3 skid systems
 - FlexRig3 walking systems
- Third mud pump
- 25,000+ ft setback capability
- Increased mud volume capability
- Other customer specific upgrades



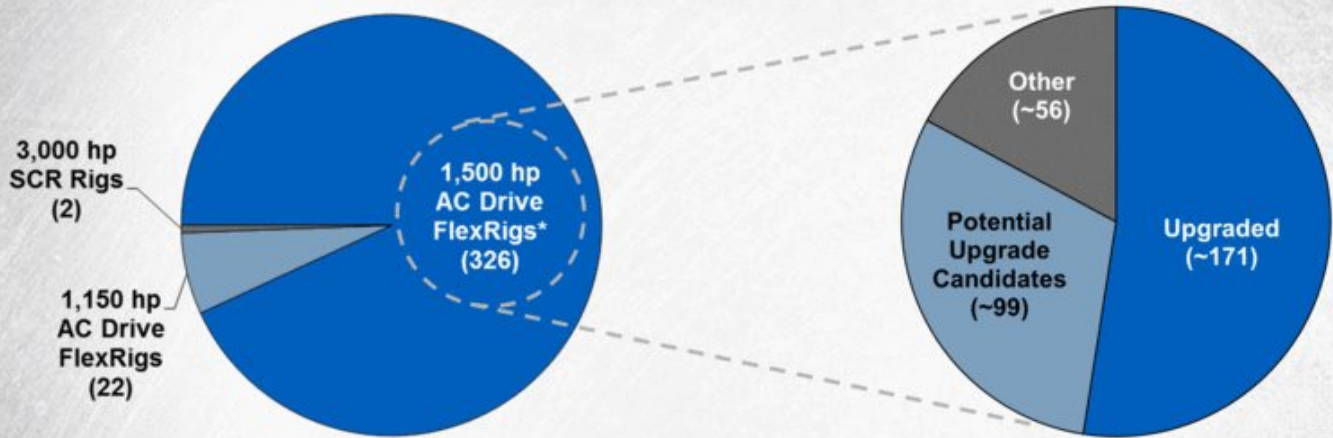


H&P U.S. Land Fleet – Family of Solutions™

(As of January 25, 2018)

**1,500 hp AC Drive FlexRigs*, including
270 Upgraded or Upgradeable to
Rig Specifications in High Demand****

350 Available H&P U.S. Land Rigs



* ~72% are optimal for multiple-well pad drilling applications.

** AC drive FlexRigs with 1,500 hp drawworks and 750,000# hookload ratings (270) that do not already have 7,500 psi mud circulating systems and multiple-well pad drilling systems can be upgraded to include these two capabilities. These five combined rig specifications are in high demand and fit the description of what some industry followers refer to as "super-spec" rigs ("Upgraded"). Additional capabilities, including third mud pumps, 25,000' setback, increased mud volume, etc., may also be included to meet customer requirements.





AC Fleet Size Creates Opportunity

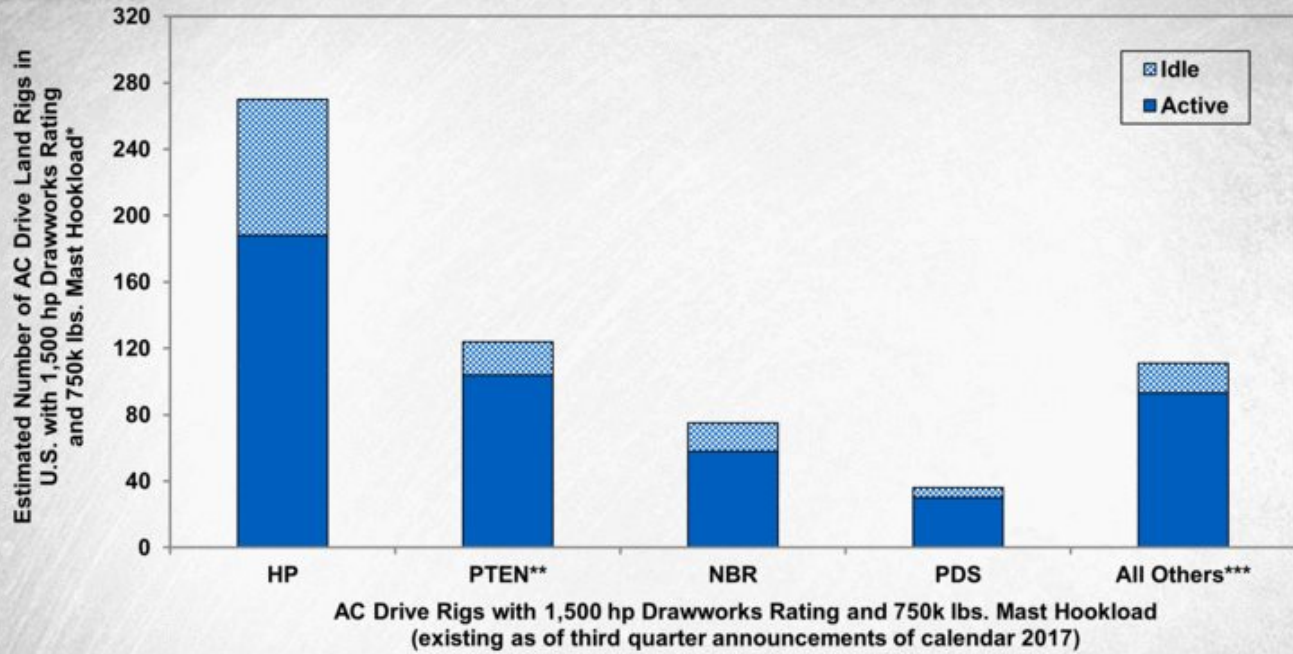
(As of January 25, 2018)

- Greater scale than any competitor; ability to upgrade and deploy a total of 270 FlexRigs in U.S. Land segment to rig specifications in highest demand without investing in new builds
- Approximately 40% market share of the active rigs in highest demand (super-spec) in U.S. Land
- 99 upgradeable FlexRigs remaining in U.S. Land segment (30 already contracted); attractive leverage to our bottom line
- Higher specification rigs provided in a capital-efficient way without the need to over invest (compared to building new rigs)
- Integrated Model, with proven ability to deliver the best rigs and the best returns in sector creates opportunity





H&P's Lead in U.S. Land AC Drive Rigs with 1,500hp Drawworks Rating and 750,000 lbs. Mast Hookload



* The above estimates corresponding to U.S. lower 48 1,500 hp AC Drive fleets with a 750,000 lbs. mast hookload are derived from Rig Data and corporate filings.

** Values for PTEN include active AC drive rigs recently acquired from Seventy Seven Energy (SVNT).

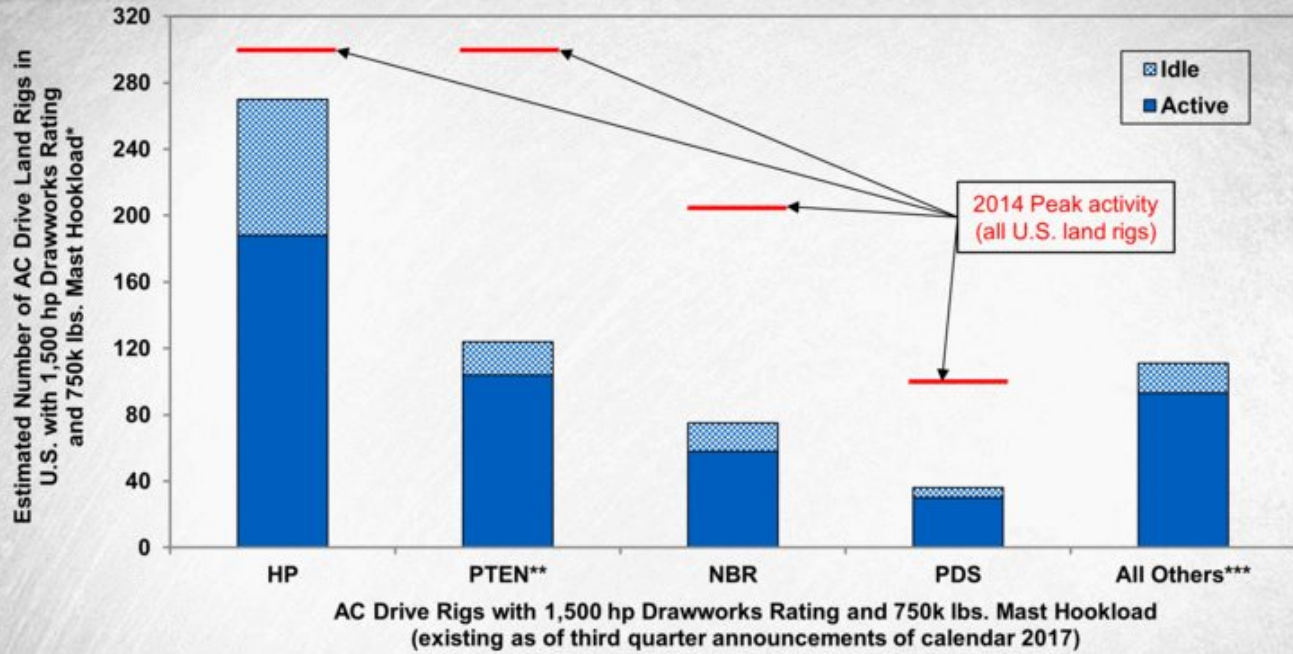
*** Estimated number of all other available AC Drive rigs not including those owned by HP, PTEN, NBR, and PDS.





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

with 1,500hp Drawworks Rating and 750,000 lbs. Mast Hookload



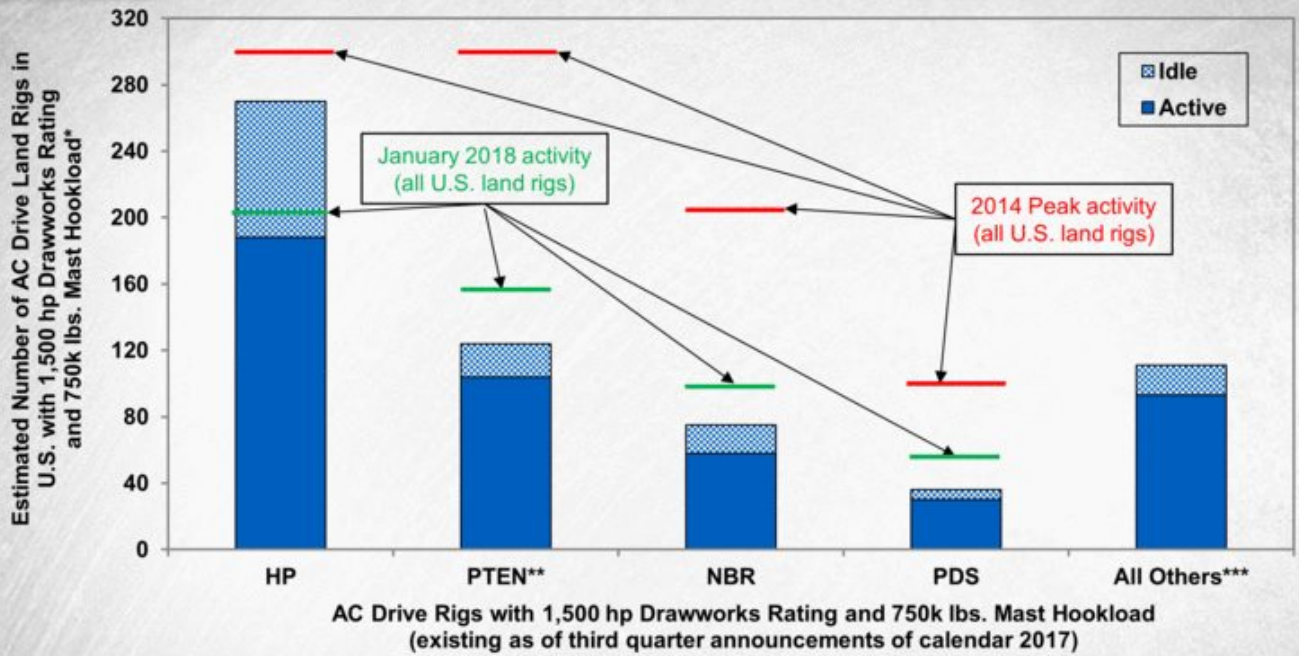
* The above estimates corresponding to U.S. lower 48 1,500 hp AC Drive fleets with a 750,000 lbs. mast hookload are derived from Rig Data and corporate filings.
** Values for PTEN include active AC drive rigs recently acquired from Seventy Seven Energy (SVNT).
*** Estimated number of all other available AC Drive rigs not including those owned by HP, PTEN, NBR, and PDS.





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

with 1,500hp Drawworks Rating and 750,000 lbs. Mast Hookload

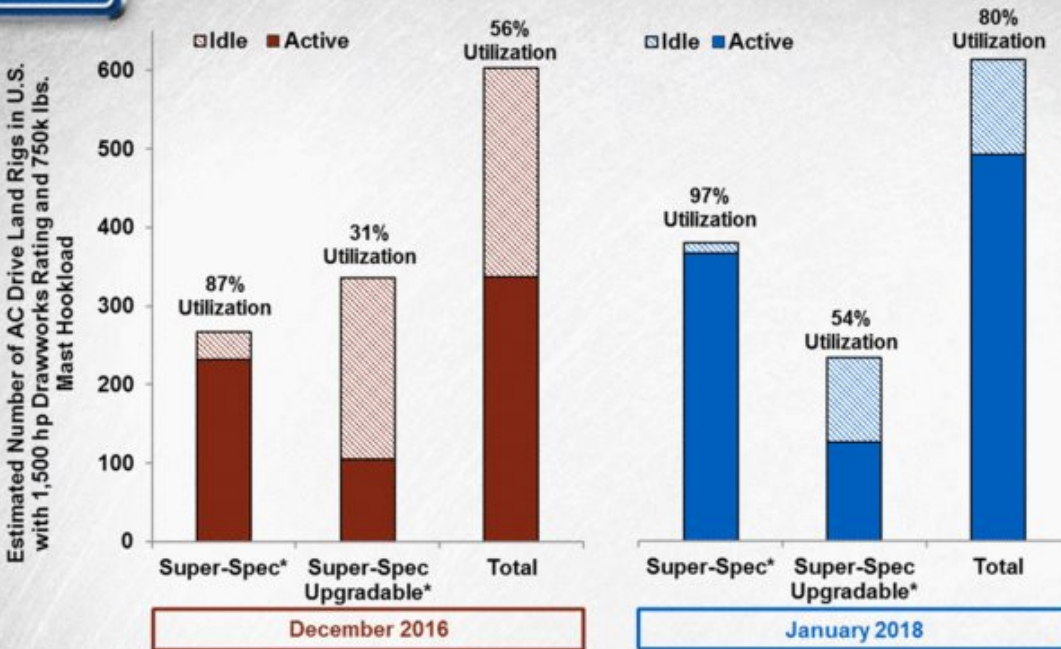


* The above estimates corresponding to U.S. lower 48 1,500 hp AC Drive fleets with a 750,000 lbs. mast hookload are derived from Rig Data and corporate filings.
 ** Values for PTEN include active AC drive rigs recently acquired from Seventy Seven Energy (SVNT).
 *** Estimated number of all other available AC Drive rigs not including those owned by HP, PTEN, NBR, and PDS.





Industry's "Super-Spec*" and Upgradable Utilization



* AC drive FlexRigs with 1,500 hp drawworks and 750,000# hookload ratings that do not already have 7,500 psi mud circulating systems and multiple-well pad drilling systems (herein referred to as "Super-Spec Upgradable") can be upgraded to include these two capabilities. These five combined rig specifications are in high demand and fit the description of what some industry followers refer to as "super-spec" rigs (herein referred to as "Super-Spec"). Additional capabilities, including third mud pumps, 25,000' setback, increased mud volume, etc., may also be included to meet customer requirements.

Source: The above estimates corresponding to "Super-Spec" rig count are derived from multiple sources including Rig Data.

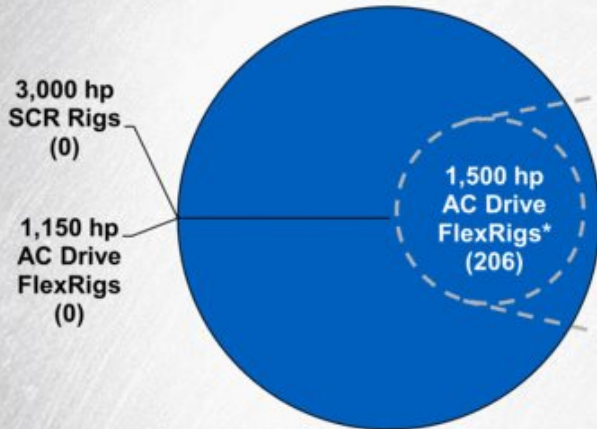




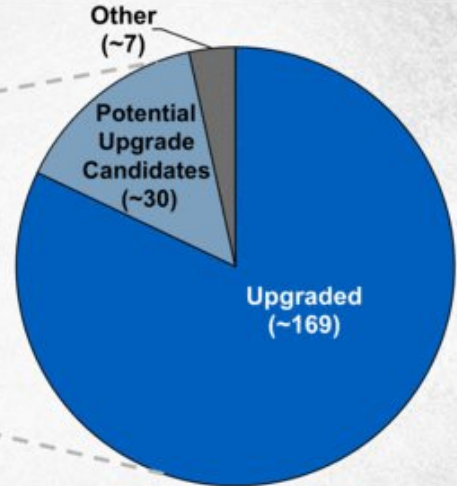
H&P U.S. Land Fleet – Family of Solutions™

(As of January 25, 2018)

206 Contracted H&P U.S. Land Rigs



1,500 hp AC Drive FlexRigs*, including 199 Upgraded or Upgradeable to Rig Specifications in High Demand**



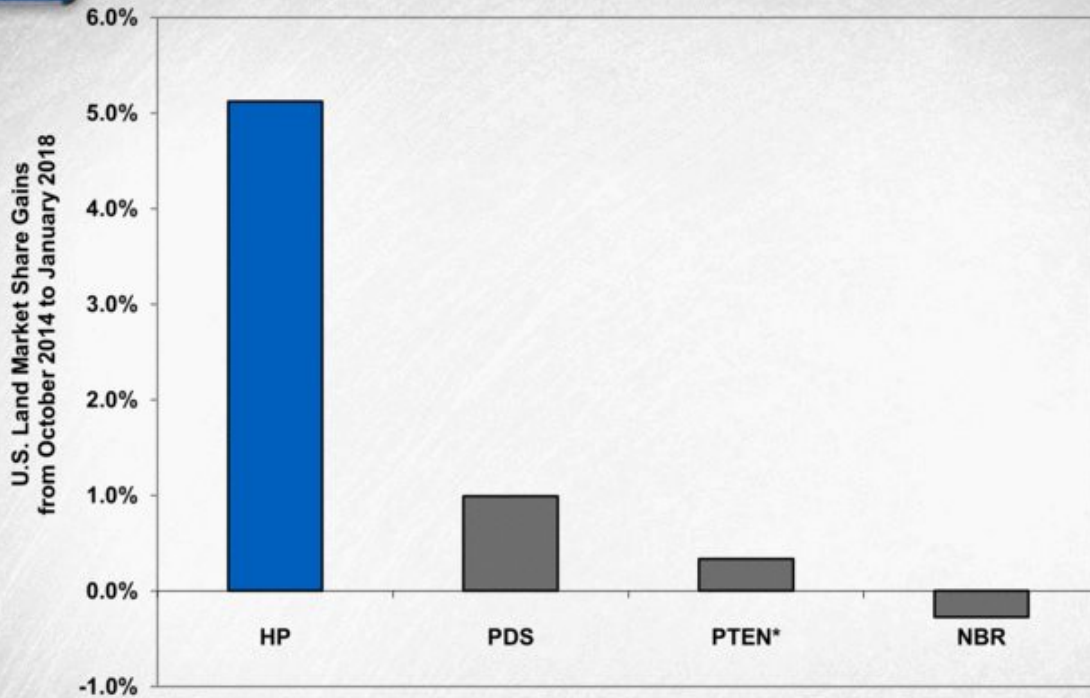
* ~92% are optimal for multiple-well pad drilling applications.

** AC drive FlexRigs with 1,500 hp drawworks and 750,000# hookload ratings (199) that do not already have 7,500 psi mud circulating systems and multiple-well pad drilling systems can be upgraded to include these two capabilities. These five combined rig specifications are in high demand and fit the description of what some industry followers refer to as "super-spec" rigs ("Upgraded"). Additional capabilities, including third mud pumps, 25,000' setback, increased mud volume, etc., may also be included to meet customer requirements.





U.S. Land Market Share Gains Since 2014 Peak



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

* Values for PTEN include active rigs recently acquired from Seventy Seven Energy (SVNT).





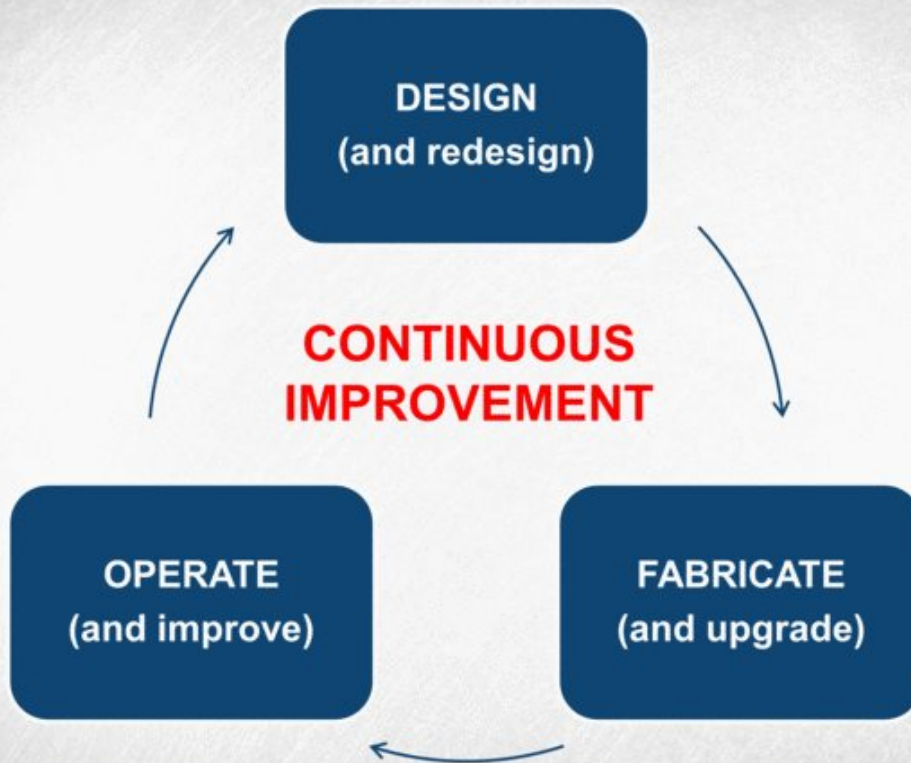
H&P's Experience and Expertise

- People, systems and the operational support structures in place to drive high performance and reliability
- 2,000+ rig years of AC drive operational experience
- Expertise within an integrated business model (designing, building and upgrading fleet) provides the best value solution for customers



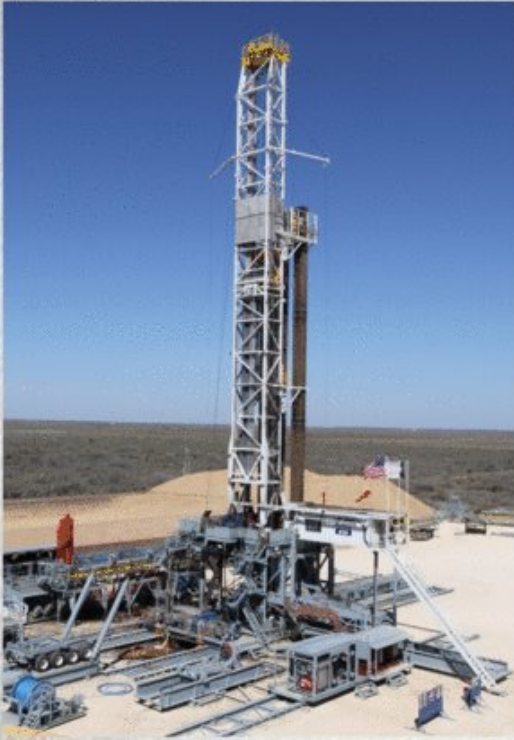


Benefits of an Integrated Model





FlexRig Family of Solutions™ - Pad Design

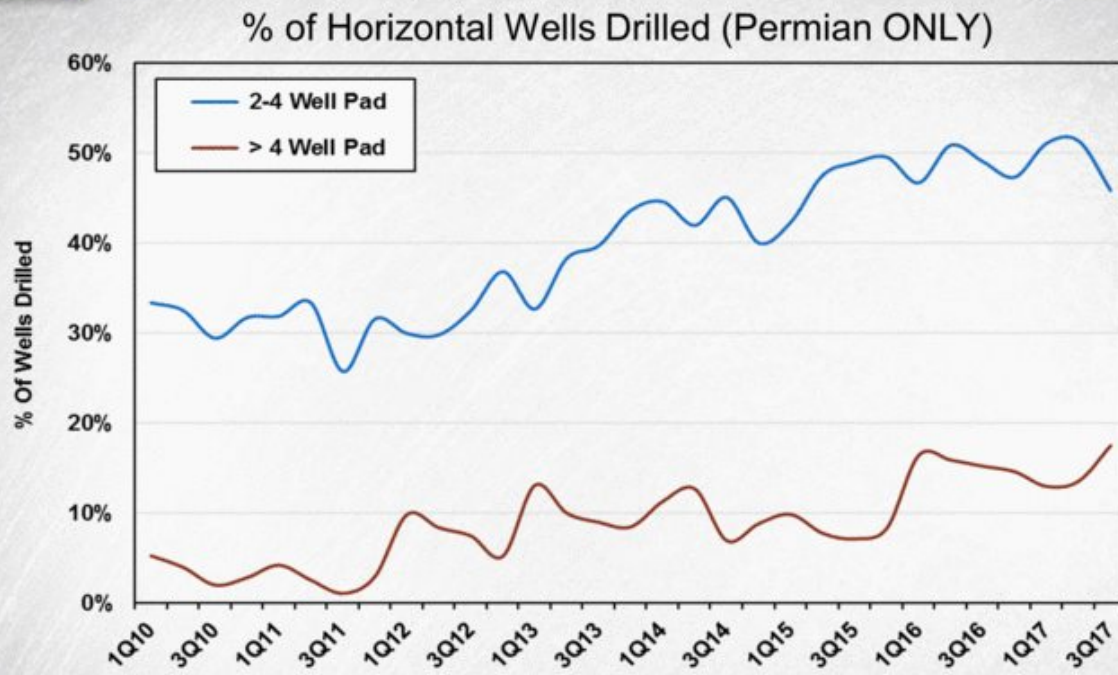


- FlexRig3 skid system is designed to meet the requirements for standard pad drilling. Typically customers drill 2-4 wells per pad.
- FlexRig5 skid system is a bi-directional design, with the typical pad having 2-4 wells, and in some cases range from 6-8 wells.
- The “walking” option for the FlexRig3 will enable us to capture additional market share and will enhance our Family of Solutions™ offering.
- As a result of customer demand, we continue to upgrade standard FlexRig3s with skid and walking systems.





H&P's Family of Solutions™ Matches Pad Drilling Trends



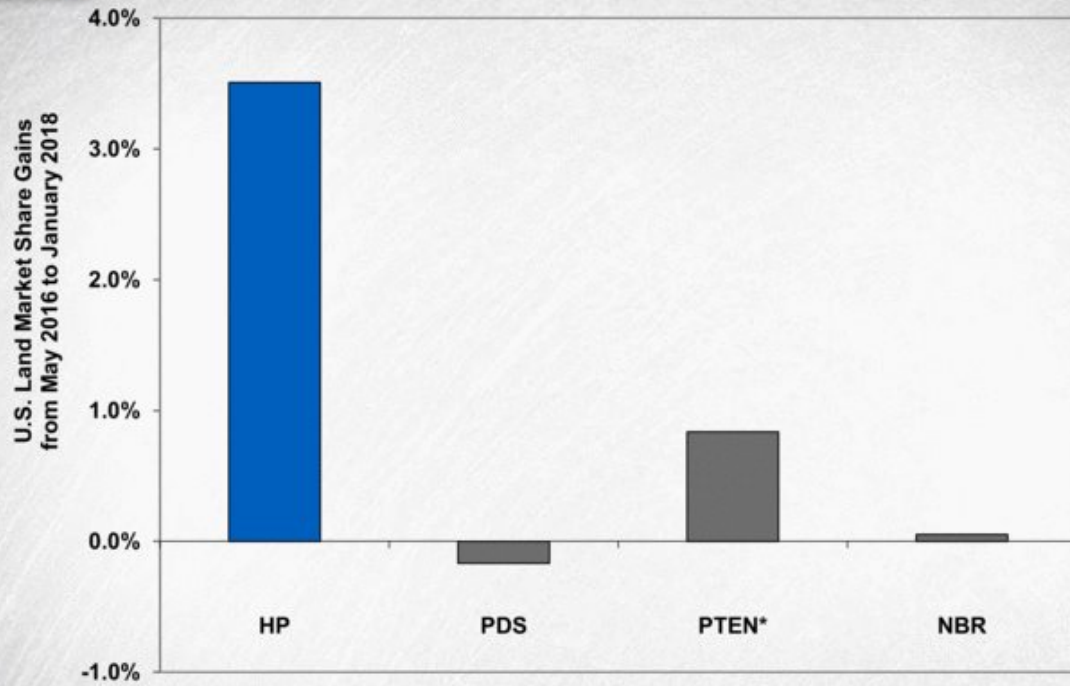
Source: Coras Research, LLC.

The H&P Family of Solutions™ provides options that clearly match pad drilling trends.





U.S. Land Market Share Gains Since 2016 Trough (As Every Contractor's Best Rigs Competed for Work)



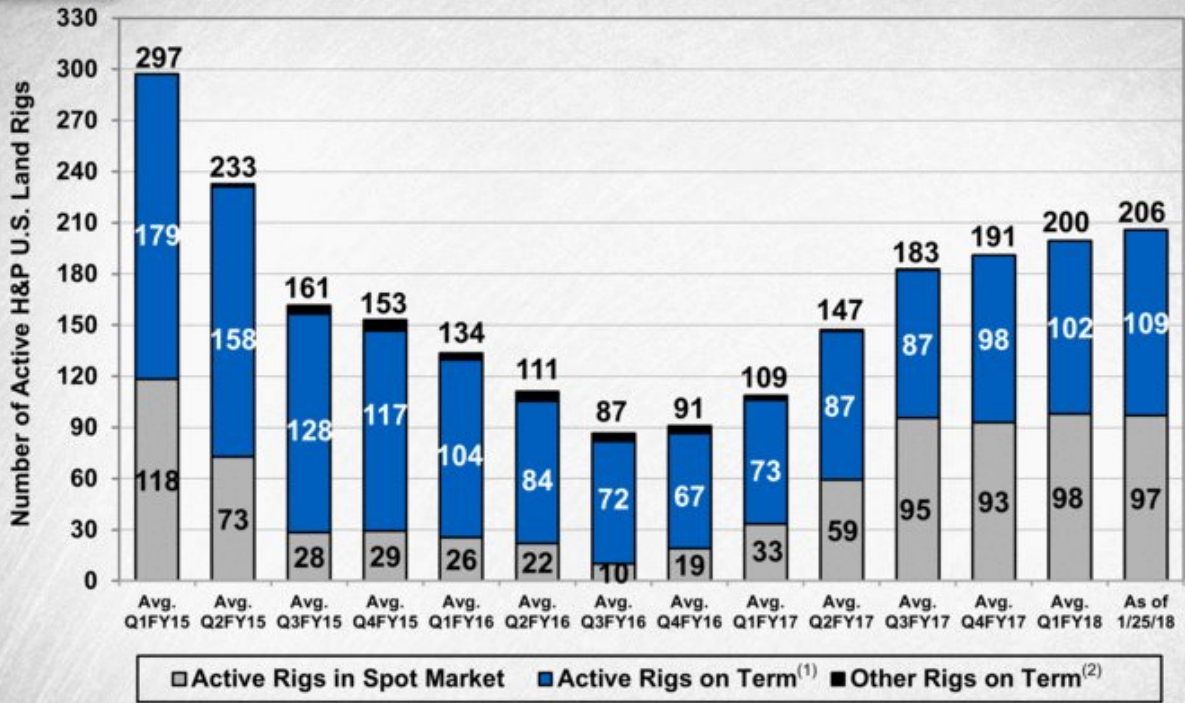
Note: The above estimates corresponding to market share are derived from Rig Data. Additionally, the drawworks capacity of each land rig included in the above analysis was equal to or greater than 600 horsepower.

* Values for PTEN include active rigs acquired from Seventy Seven Energy (SVNT).





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



Active Rigs in Spot Market
 Active Rigs on Term⁽¹⁾
 Other Rigs on Term⁽²⁾

(1) Includes rigs on standby dayrates.

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





Ongoing U.S. Land Market Trends

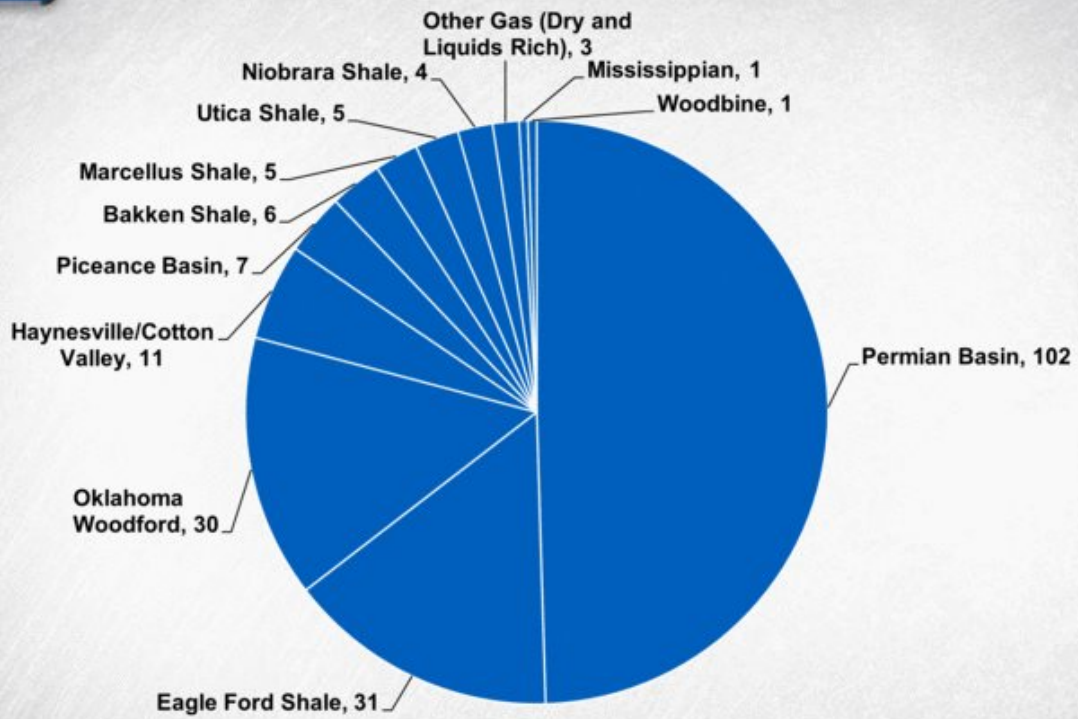
- Unconventional plays continue to shape the landscape
- Increasingly complex well designs, including longer laterals and more challenging drilling requirements
- Ongoing trend toward more complex wells also results in need to enhance control of wellbore quality and placement
- Customers continue to focus on safety, efficiency, technology, and reliable drilling performance
- AC drive rigs considered best suited and continue to be upgraded for more demanding drilling requirements
- Replacement cycle expected to continue





Leading U.S. Unconventional Driller

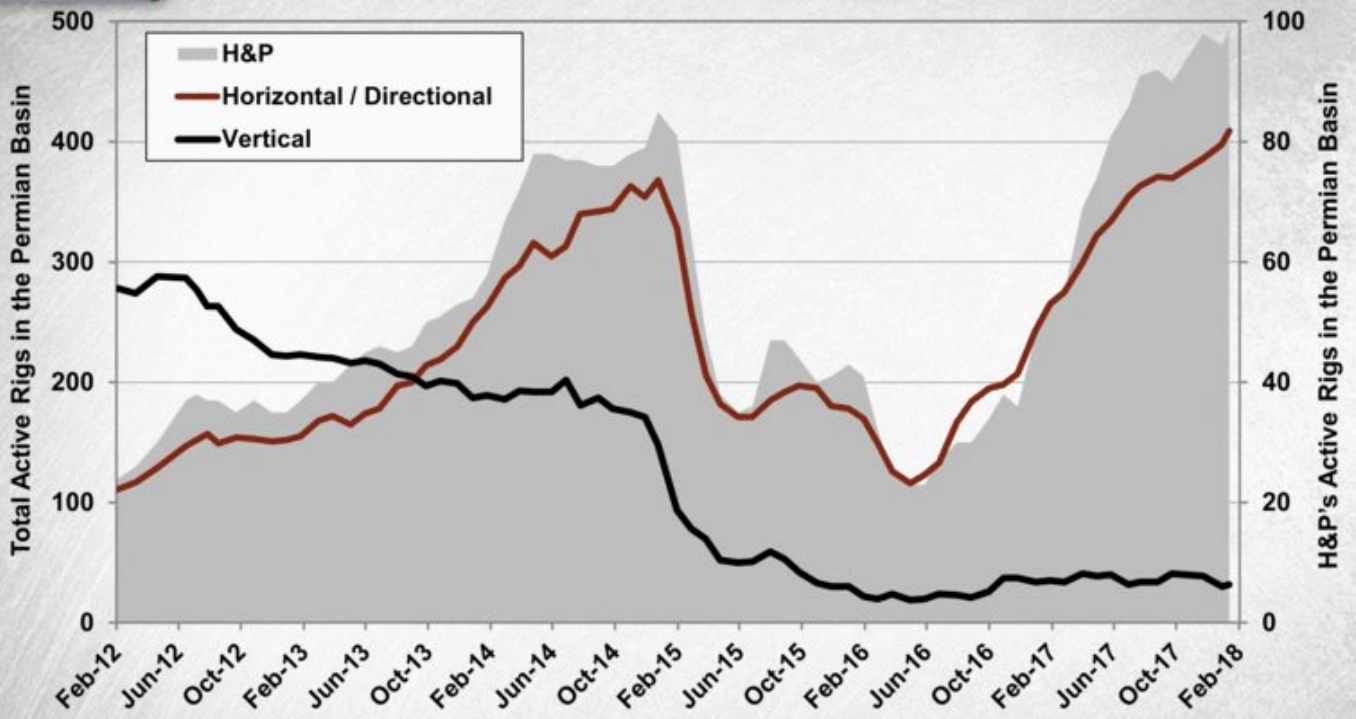
(206 H&P Contracted Land Rigs as of 1/25/18)





Unconventional Drilling in the Permian

(As of January 2018)



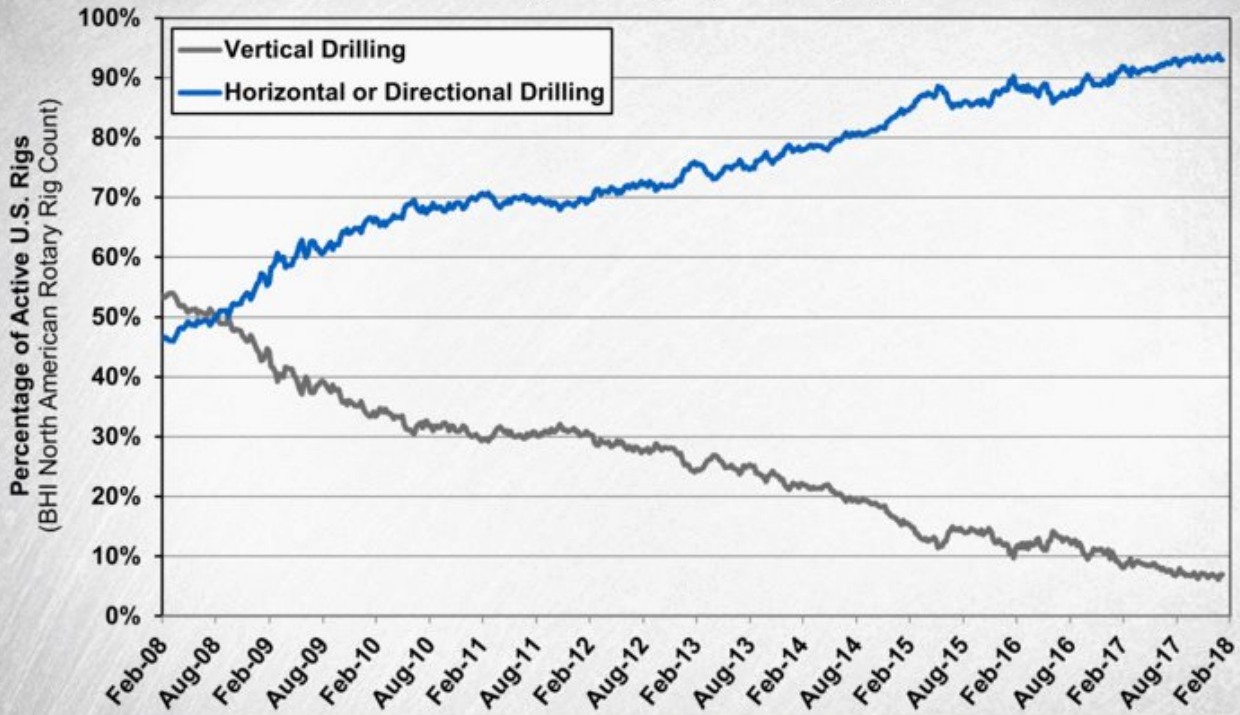
Note: The above estimates are derived from Rig Data. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than or equal to 600 horsepower.





Increasing Focus on More Difficult Drilling

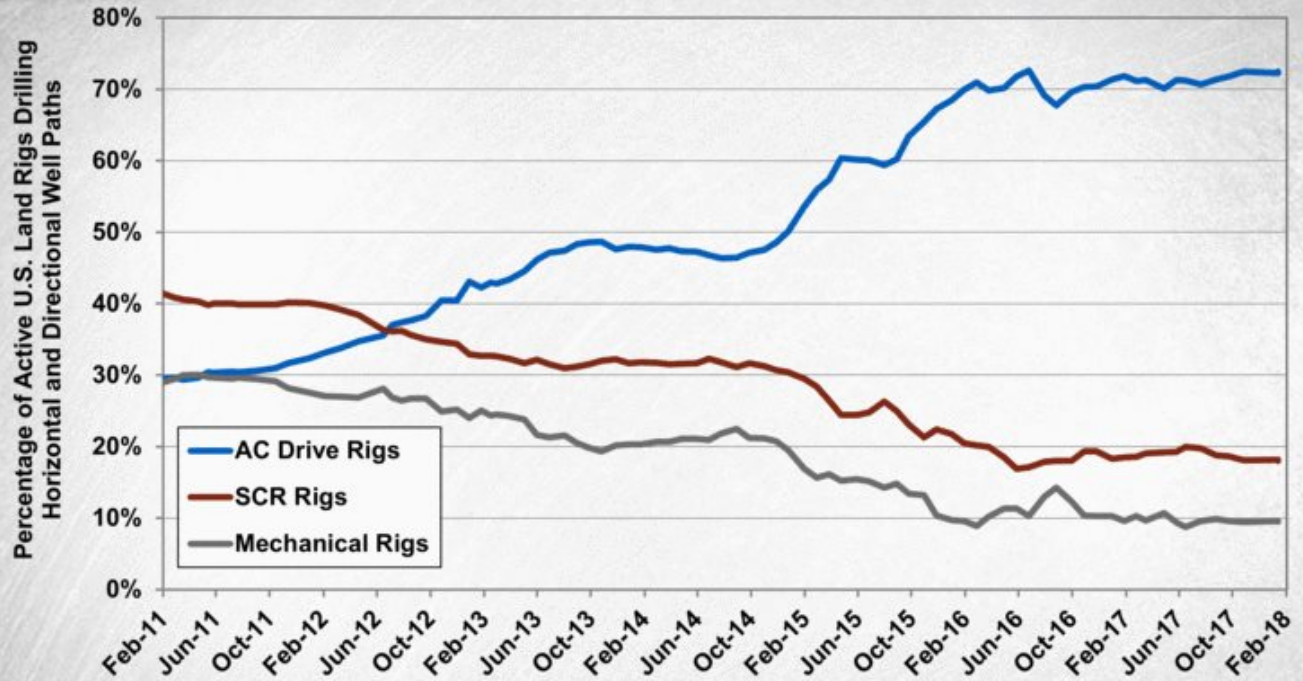
U.S. Rig Activity by Drilling Type





U.S. Land Horizontal and Directional Activity

(As of January 2018)



Note: The above estimates corresponding to horizontal and directional rig activity by power type are derived from multiple sources including Rig Data and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than or equal to 600 horsepower. Certain assumptions were made in relation to the power systems on certain unidentified rigs.



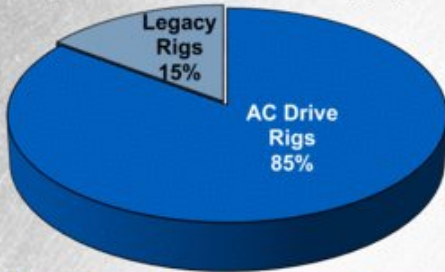


The Replacement Cycle: Customer Adoption

U.S. Land Market (as of January 2018)

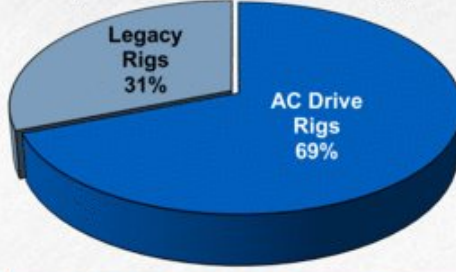
Top 10 E&P Operators

(~230 Active Rigs by Power Type)



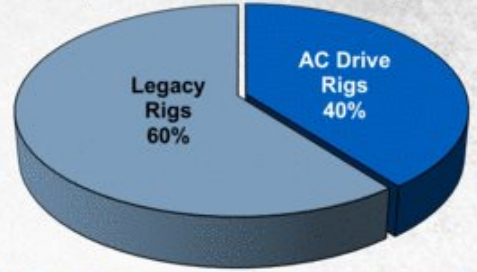
Next ~130 E&P Operators

(~600 Active Rigs by Power Type)



Remaining E&P Operators

(~170 Active Rigs by Power Type)



Top 10 E&P Operators	Next ~130 E&P Operators	Remaining E&P Operators
They represent the 10 most active E&P operators and employ ~23% of the industry's active drilling rigs.	They represent the next ~130 most active operators and employ ~60% of the industry's active drilling rigs.	They represent all other remaining active operators and employ ~17% of the industry's active drilling rigs.
~99% of their rigs are drilling horizontal or directional wells.	~96% of their rigs are drilling horizontal or directional wells.	~71% of their rigs are drilling horizontal or directional wells.
~14% of their rigs are drilling horizontal or directional wells with SCR or Mechanical rigs.	~27% of their rigs are drilling horizontal or directional wells with SCR or Mechanical rigs.	~33% of their rigs are drilling horizontal or directional wells with SCR or Mechanical rigs.

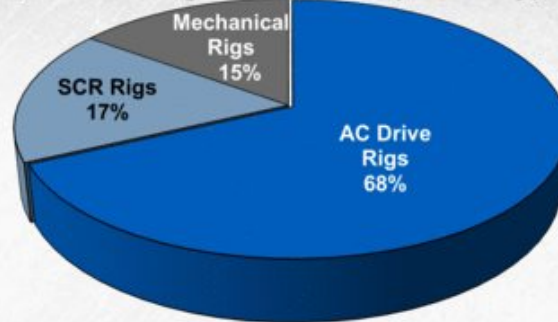
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than or equal to 600 horsepower. Certain assumptions were made in relation to the power systems on certain unidentified rigs.



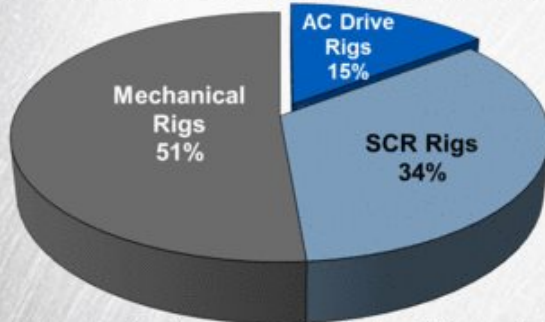


The Replacement Cycle Continues

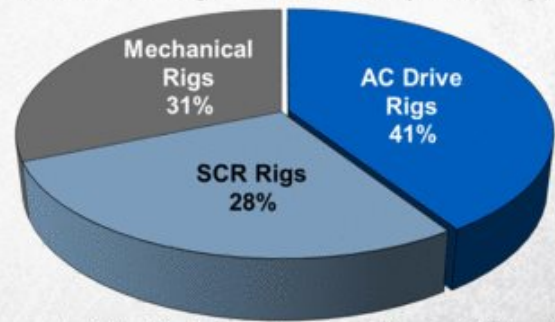
As of January 2018
(~1,000 Active Rigs in U.S. Land By Power Type)



As of October 2008 (Peak)
(~1,925 Active Rigs in U.S. Land By Power Type)



As of October 2014 (Peak)
(~1,930 Active Rigs in U.S. Land By Power Type)



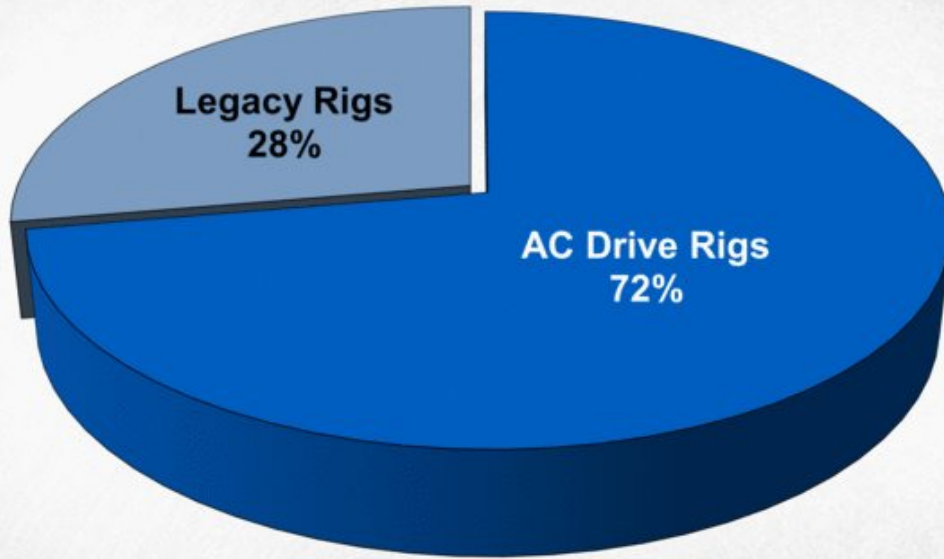
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than or equal to 600 horsepower. Certain assumptions were made in relation to the power systems on certain unidentified rigs.





U.S. Land Horizontal and Directional Activity

(~925 Rigs as of January 2018)



Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than or equal to 600 horsepower.





Performance Is Not Only About Better Rigs

Our competitive advantage is also about:

- **People**
- **Safety**
- **Experience**
- **Training**
- **Culture**
- **Uniform Fleet Size & Scale**
- **Operational Support Network**
- **Processes/Data**
- **Maintenance**
- **Supply Chain**





Center of Excellence – Tulsa, OK

24/7 Technical and Performance Solutions:



- **Support Structure**
- **Data Analysis**
- **Best Practices**





H&P Adding to the Family of Solutions™

- Recent MOTIVE and MagVAR acquisitions create a powerful software platform and compelling value opportunity for E&P companies
 - Offers flexibility to select best technology regardless of drilling contractor
 - Brings new level of accuracy to directional drilling
- MOTIVE-guided wells significantly outperform non-MOTIVE wells
- MagVAR services reduce surveying uncertainty by 50-60%, increases horizontal well economics while reducing risk





MOTIVE Drilling Technologies, Inc.

- MOTIVE's proprietary Bit Guidance System is a unique directional drilling technology.
 - Industry leader in the use of cognitive computing to guide the directional drilling process
 - Algorithm-driven system
 - More than 350 horizontal wells to date and over 4.5 million feet drilled across all of the major U.S. shale plays and Canada

- MOTIVE has the ability to provide decision automation.
 - More accurate well placement
 - Smoother, better quality wellbores
 - More efficient drilling (faster and with better accuracy)
 - Consistently lower drilling costs
 - Potential for increased hydrocarbon production

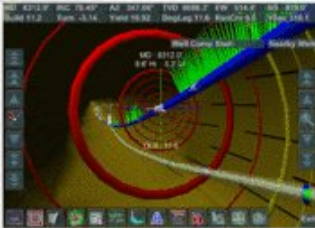
- MOTIVE will remain available to all E&P operators and directional drilling service providers regardless of which drilling rig contractor is used.





MOTIVE Case Study

- **Industry Problem:** Higher than expected drilling and lifting costs due to the inability to consistently follow a prescribed well path and to hit and stay within the targets identified collectively by the operator's geologists, geophysicists, and reservoir engineers.
- **H&P Solution: MOTIVE™ Bit Guidance System.** Goes beyond traditional directional drilling by providing task automation, forward modeling, real-time learning, and automated decision-making to guide the steering of the bit while considering the economic consequences of all decisions.
- **Case Study Evidence (Eagle Ford):** two sets of four wells drilled (one guided by MOTIVE and one without it), with nearly identical lithologies, well path geometries, drill bits, BHAs, and other associated rig equipment, and at approximately the same time.



Results: 30% lower effective directional drilling cost with nearly twice the accuracy and zero non-productive time (NPT).

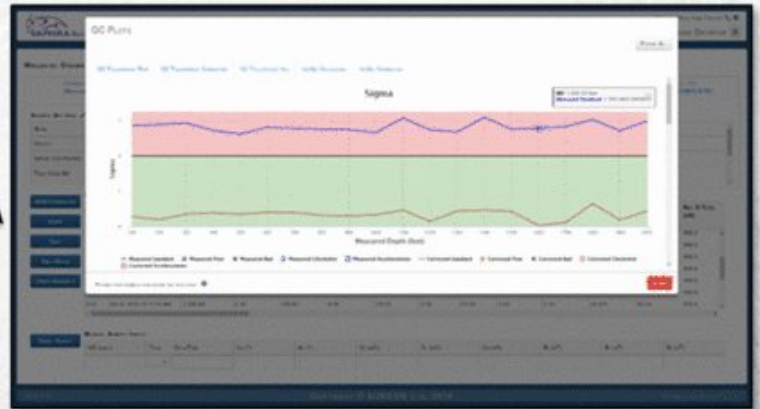
Conclusion: The MOTIVE-guided wells significantly outperformed the non-MOTIVE wells in each of the sections drilled.





MagVAR

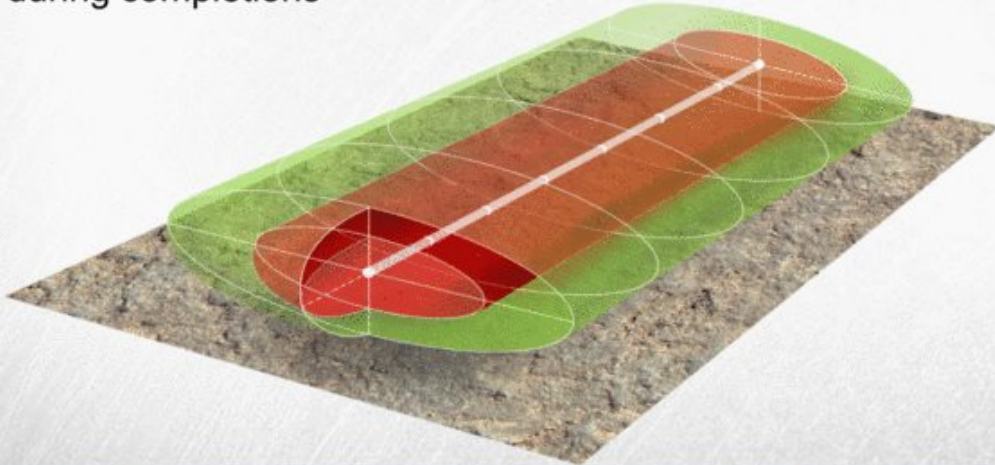
- MagVAR is a leading provider of MWD geomagnetic referencing and survey quality management
- Real-time center serving active horizontal rigs drilling in North America
- Utilized for over 40 E&P companies
- 3,000+ wells analyzed and corrected





Well Placement is Critical

- MagVAR services reduce standard surveying uncertainty by 50-60%, increasing horizontal well economics while reducing risk.
 - Precise well placement enables maximum reservoir drainage
 - More accurate positional data leads to better geological models
 - Less positional uncertainty reduces risk of well on well collision
 - Maintaining accurate well spacing reduces occurrences of frac hits during completions





Customer Satisfaction Matters

- Value creation for the customer is not only driven by having the right rig.
- It is also driven by service; the ability of an organization to deliver top performance with that rig.
- Better service drives value, customer satisfaction, market share and pricing.
- H&P has been rated 1st in total customer satisfaction for nine years in a row.*
- When combined with capital discipline, customer satisfaction also drives shareholder value.

* Please refer to EnergyPoint Research.





H&P's Long Term Strategy

- Innovation
- Technology
- Safety, operational excellence and reliability
- Customer satisfaction
- Financial strength





Additional References





H&P Activity as of January 25, 2018

	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	350	206	59%
AC Drive FlexRigs	348 ⁽¹⁾	206	59%
SCR Fleet	2 ⁽²⁾	0	0%
Offshore	8	5	63%
International Land	<u>38</u>	<u>17</u>	<u>45%</u>
Total Fleet	396	228	58%

(1) ~235 rigs are optimal for multiple-well pad drilling (97% of which are equipped with skidding systems and the remainder with walking systems).
(2) The remaining SCR rigs in the U.S. Land segment have a 3,000 hp drawworks rating.





H&P Global Fleet Under Term Contract

Number of Rigs Already Under Long-Term Contracts* (Estimated Quarterly Average - as of 1/25/18)

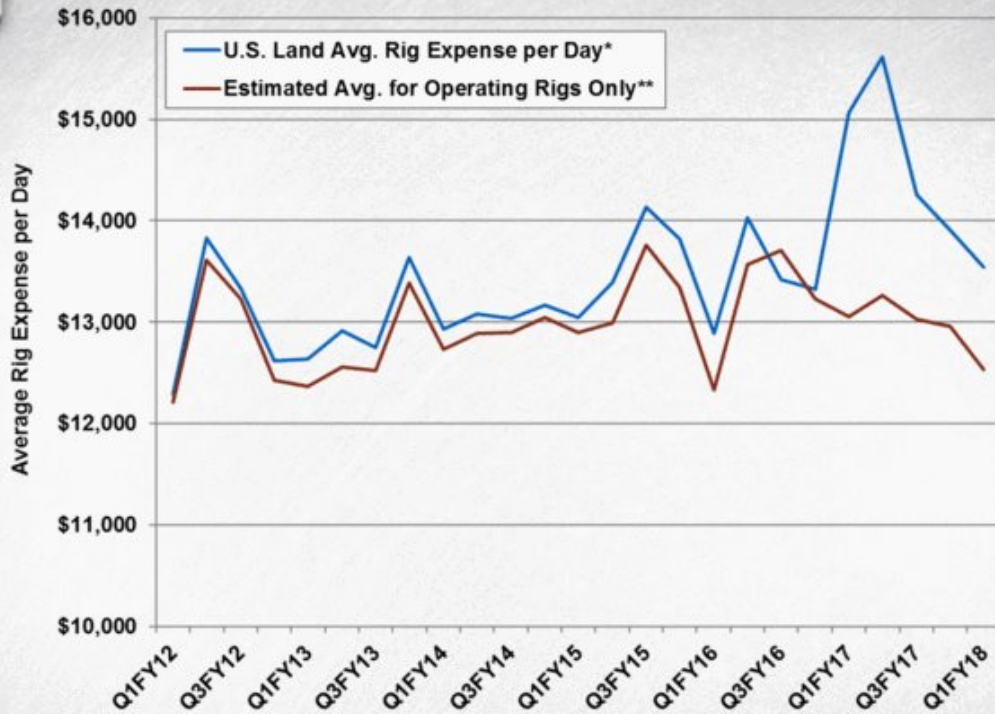
Segment	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19
U.S. Land	104.1	91.4	74.1	63.7	29.1	24.5	20.9
International Land	10.8	10.0	10.0	10.0	10.0	10.0	10.0
Offshore	2.0	1.9	0.3	0.0	0.0	0.0	0.0
Total	116.9	103.3	84.4	73.7	39.1	34.5	30.9

* The above term contract coverage excludes long-term contracts for which the Company received early contract termination notifications as of 1/25/18. Given notifications as of 1/25/18, the Company expects to generate approximately \$4 million in the second fiscal quarter of 2018 and approximately \$6 million over the next 9 months from early terminations corresponding to long-term contracts and related to its U.S. Land segment. All of the above rig contracts have original terms equal to or in excess of six months and include provisions for early termination fees.





U.S. Land Average Rig Expense per Day



* Excludes extraordinary items mentioned in a particular quarter's press release (e.g. lawsuit settlement charges).

** Estimated average rig expense per day for operating rigs only excludes estimated expenses associated with transitory and idle rig costs (e.g. rig idling expenses, ongoing idle rig costs like property taxes and insurance, the start-up expenses related to the reactivation of idle rigs, and the estimated effect of idle rigs on standby).





H&P's International Land Operations

Rig Fleet Status (as of January 25, 2018)

	Contracted	Idle	Total	Long-term Contracts ⁽¹⁾
Argentina	16 ⁽³⁾	3	19	10
Bahrain	1	2	3	
Colombia		8	8	
Ecuador		6	6	
U.A.E.		2	2	
Total	17	21	38	10⁽²⁾

(1) Rigs on term contract that have greater than or equal to 180 days remaining.

(2) 10 of 25 FlexRigs, included in the international fleet of 38 rigs, are under long-term contracts.

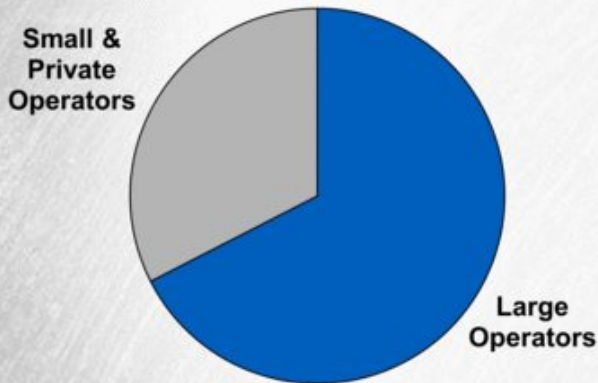
(3) Four of the 16 active rigs are being leased (i.e. H&P is not crewing and managing the rigs), and as such the average rig margin per day for those four rigs is lower than our average rig margin per day in the segment.



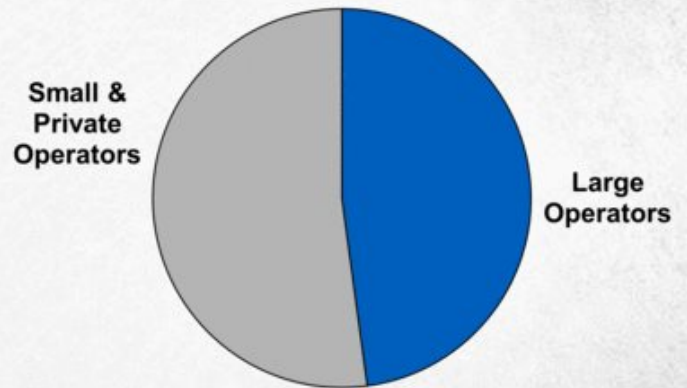


H&P vs. Industry U.S. Land Customer Base

H&P
U.S. Land Activity
Estimated Customer Distribution
(January 2018)



Industry
U.S. Land Activity
Estimated Customer Distribution
(January 2018)



Note: The above estimates corresponding to the active rig fleet in the U.S. are derived from multiple sources including Rig Data. The category "Large Operators" includes majors and large independent E&P operators.





H&P's FlexRig Advantage

The FlexRig Difference: Key Advantages

- **Increased drilling productivity and reliability**
 - Variable frequency AC technology providing precise control and increased capability
 - Computerized electronic driller more precisely controls down-hole parameters
 - FlexRig designs are suited for both efficient well to well moves and multiple-well pad applications
- **Accelerated well programs and NPV gains**
- **A safer and more environmentally friendly workplace**
- **Fleet size and uniformity**
- **Total well cost savings even at premium dayrates**





The Value Proposition: The Power of Efficiency

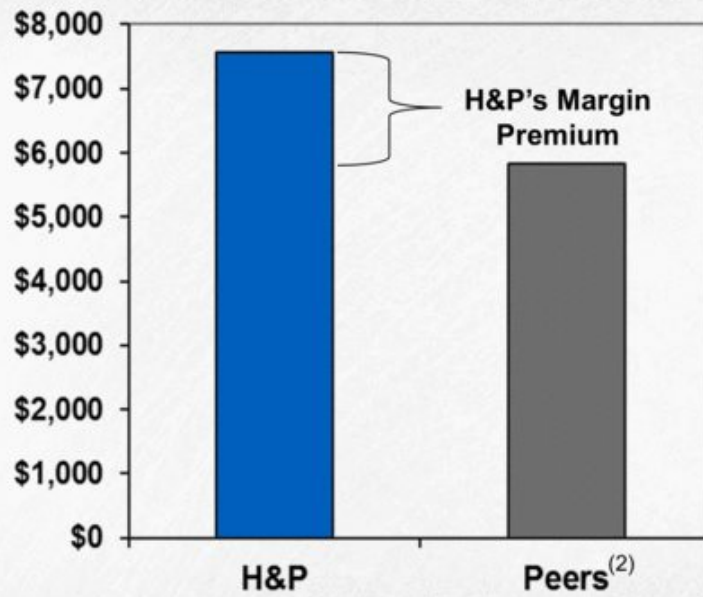
	Theoretical Base Case	20% Efficiency Improvement	40% Efficiency Improvement
1. Drilling days average	13.5	10.8	8.1
Other days average	5.0	4.0	3.0
Moving days average (several multi-well pads)	1.5	1.2	0.9
Total rig days per well	20.0	16.0	12.0
Efficiency (Reduced Well Cycle Time)	-	20%	40%
2. Drilling contractor dayrate	\$15,000	\$20,000	\$25,000
Operator's other intangible (services) cost per day estimate	\$35,000	\$35,000	\$35,000
Total daily cost estimate	\$50,000	\$55,000	\$60,000
Total cost per well (daily services)	\$1,000,000	\$880,000	\$720,000
3. Total well savings for customer – per well		\$120,000	\$280,000
per year		(12% Savings) \$2.74 MM	(28% Savings) \$8.52 MM
4. Incremental number of wells per rig per year		4.6 wells	12.2 wells





Technology & Quality Service Make a Difference

Average U.S. Land Rig Margin per Day⁽¹⁾
(12 Months Ended September 30, 2017)



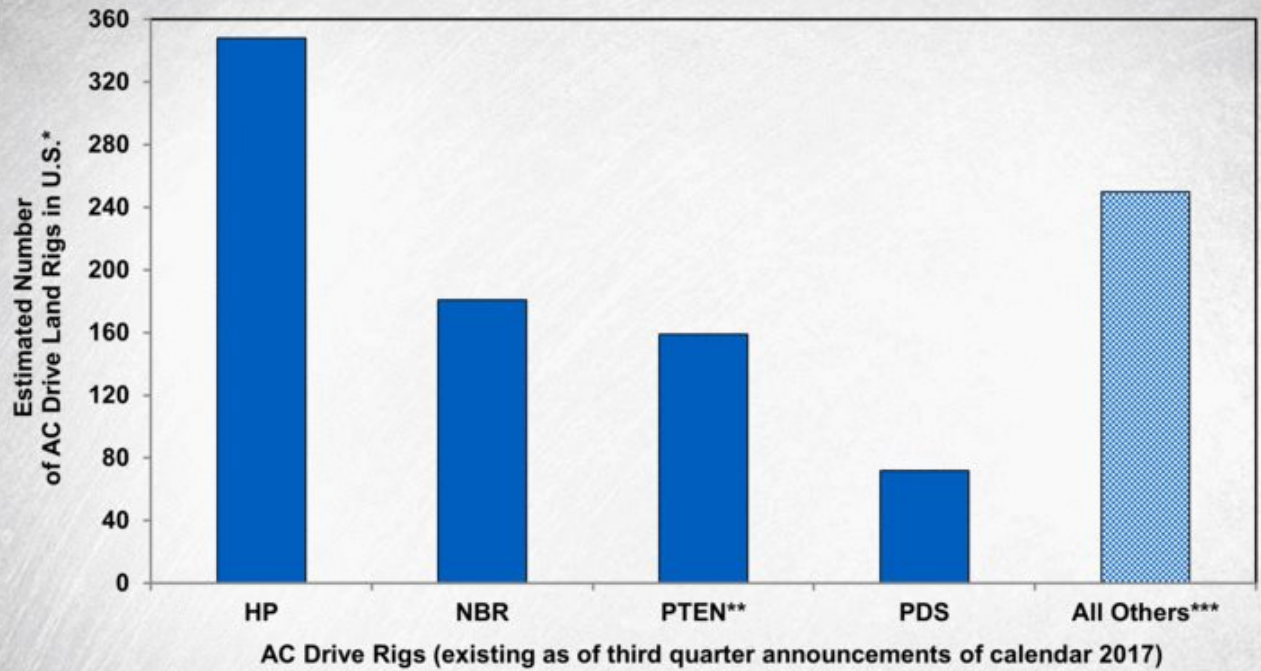
(1) Does not include the impact of early contract termination revenue.

(2) Represents weighted-average rig margin per day for PTEN, NBR, PDS, and UNT.





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



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

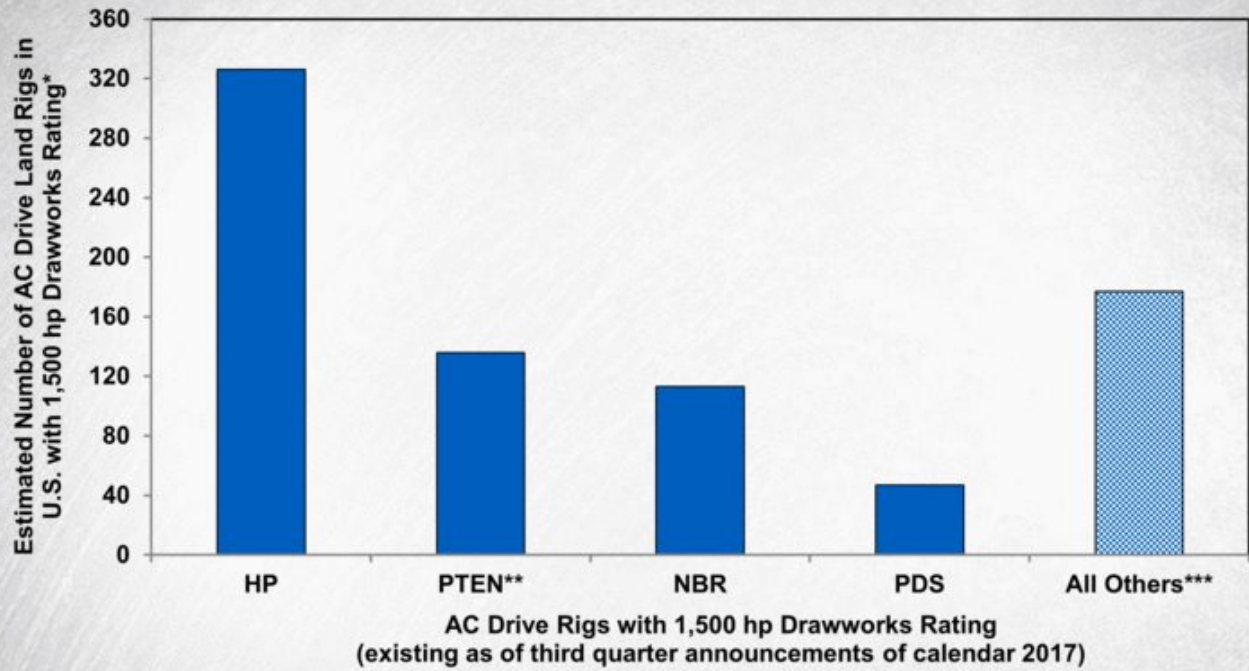
** Values for PTEN include AC drive rigs recently acquired from Seventy Seven Energy (SVNT).

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





H&P's Lead in U.S. Land AC Drive Rigs with 1,500hp Drawworks Rating



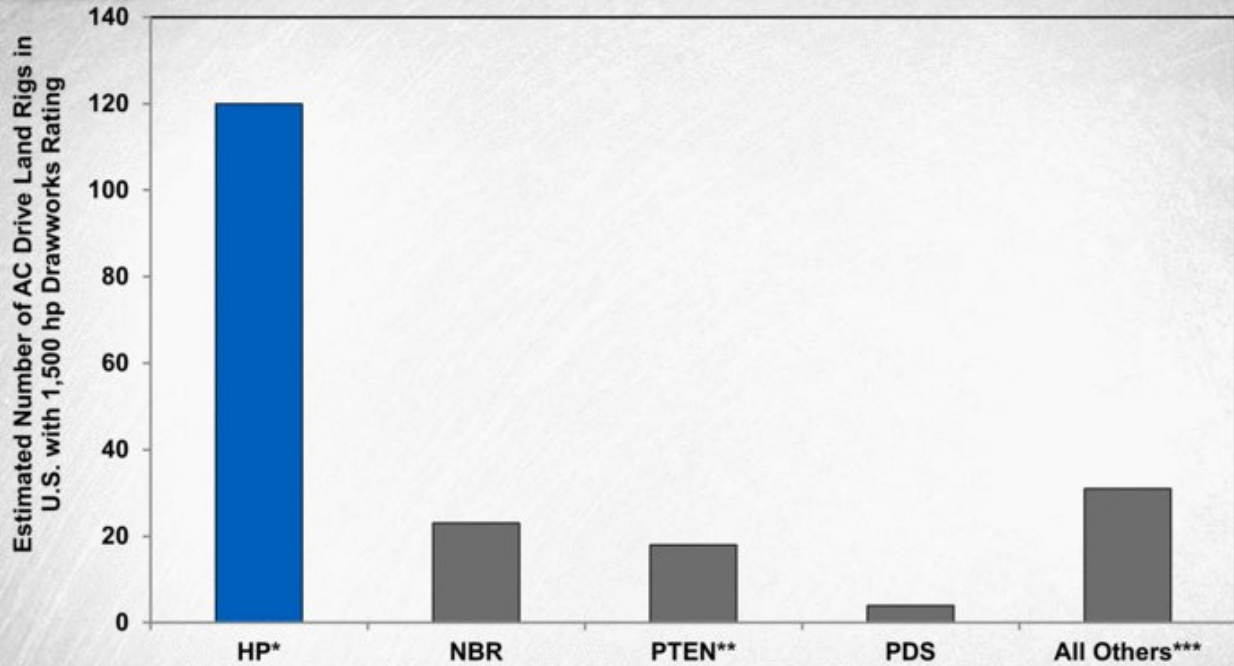
* The above estimates corresponding to U.S. lower 48 AC Drive fleets are derived from Rig Data and corporate filings.
** Values for PTEN include AC drive rigs recently acquired from Seventy Seven Energy (SVNT).
*** Estimated number of all other available AC Drive rigs not including those owned by HP, NBR, PTEN, and PDS.





H&P Very Well Positioned to Gain Share

Idle 1,500 hp AC Drive Land Rigs (as of January 2018)



Note: The above estimates are derived from multiple sources including Rig Data and corporate filings.

* Includes ~70 FlexRigs that have been or can be upgraded to what some industry followers refer to as "super-spec" rigs.

** Values for PTEN include AC drive rigs recently acquired from Seventy Seven Energy (SVNT).

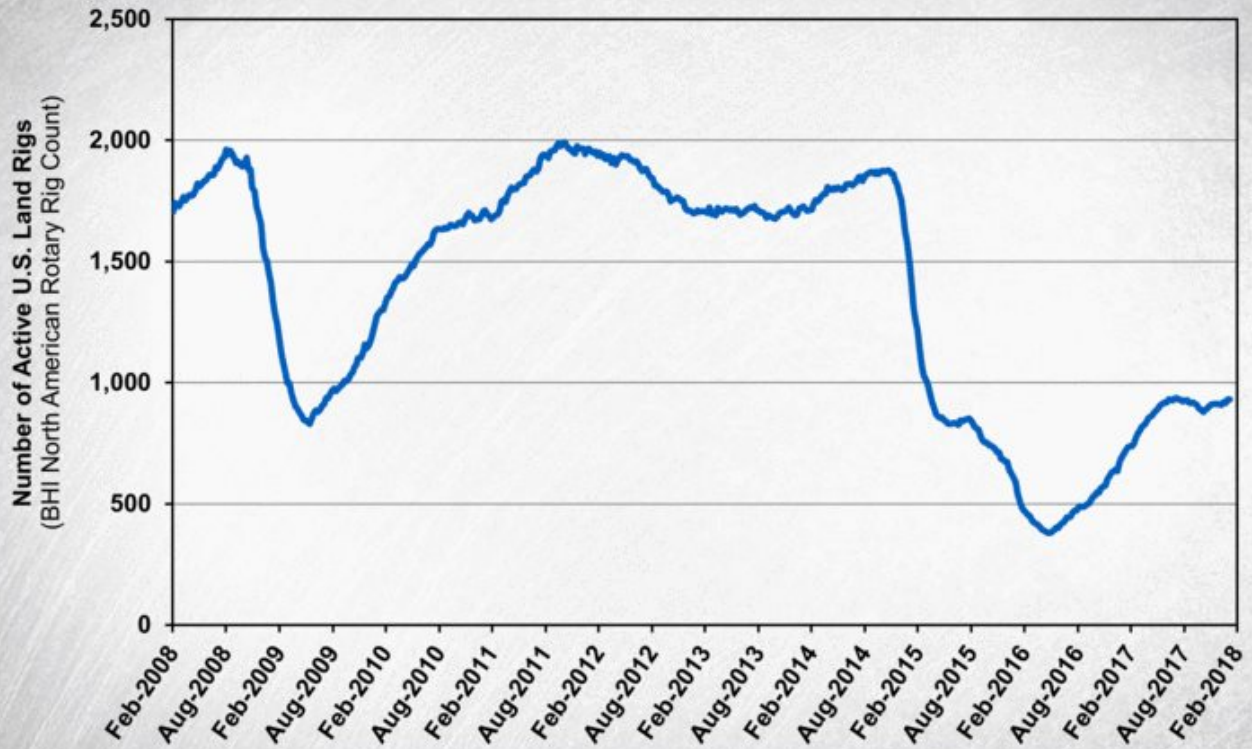
*** Estimated number of idle 1,500 hp AC Drive Land rigs not including those owned by HP, NBR, PTEN, and PDS.





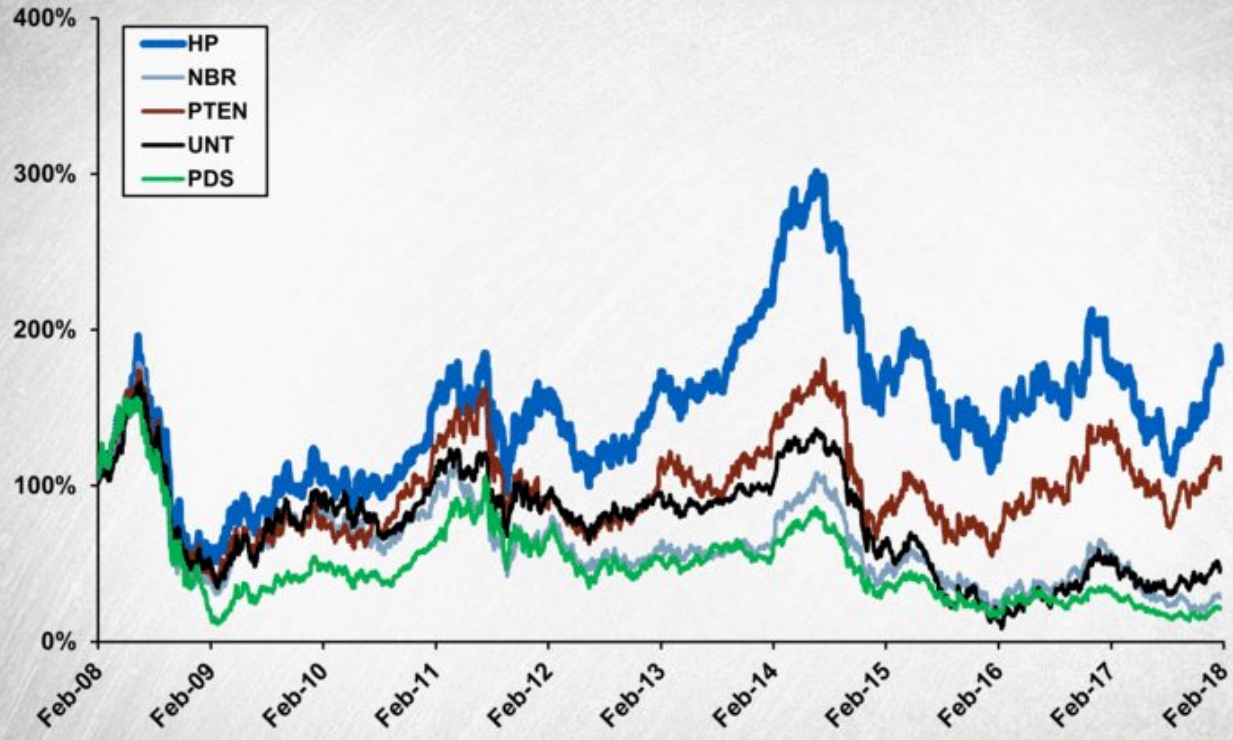
Drilling Activity in the U.S.

BHI U.S. Land Rig Count





Ten-Year Relative Shareholder Return

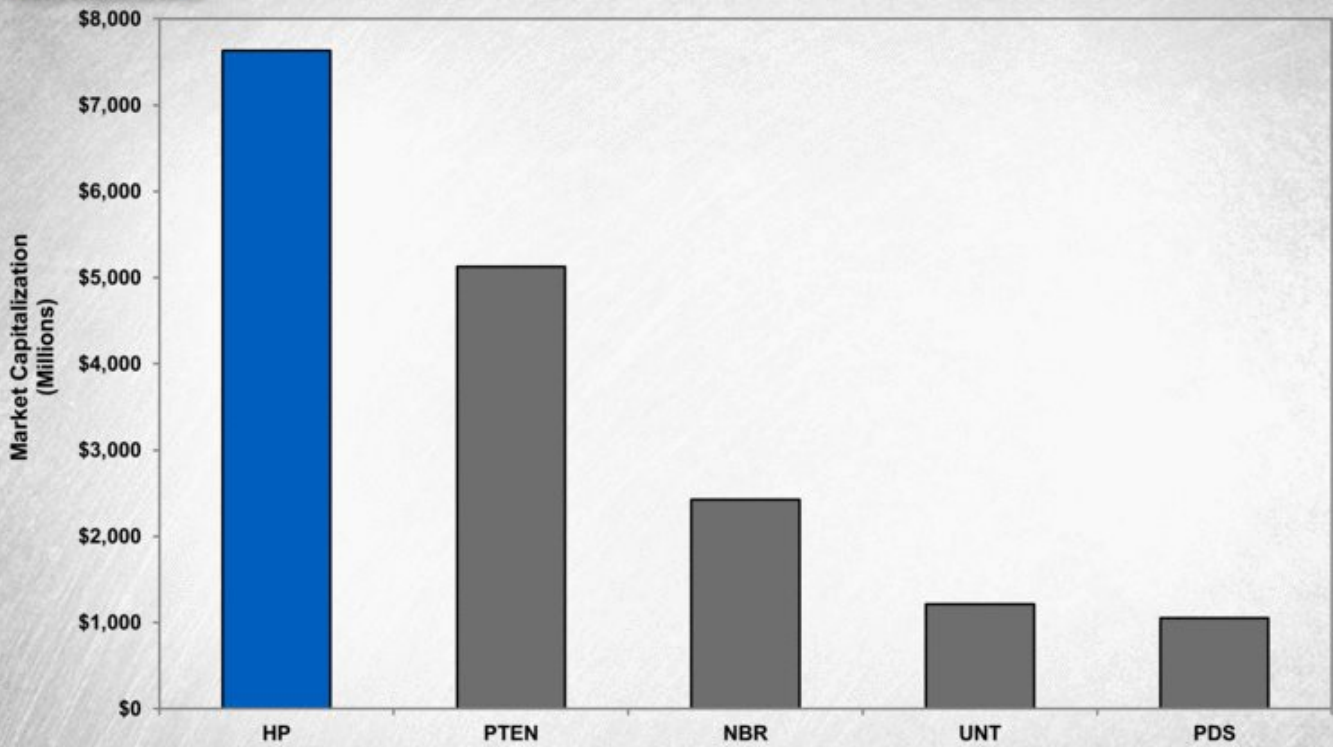


Source: Nasdaq IR Insight (FactSet) as of February 2, 2018.





Land Drilling Market Valuations

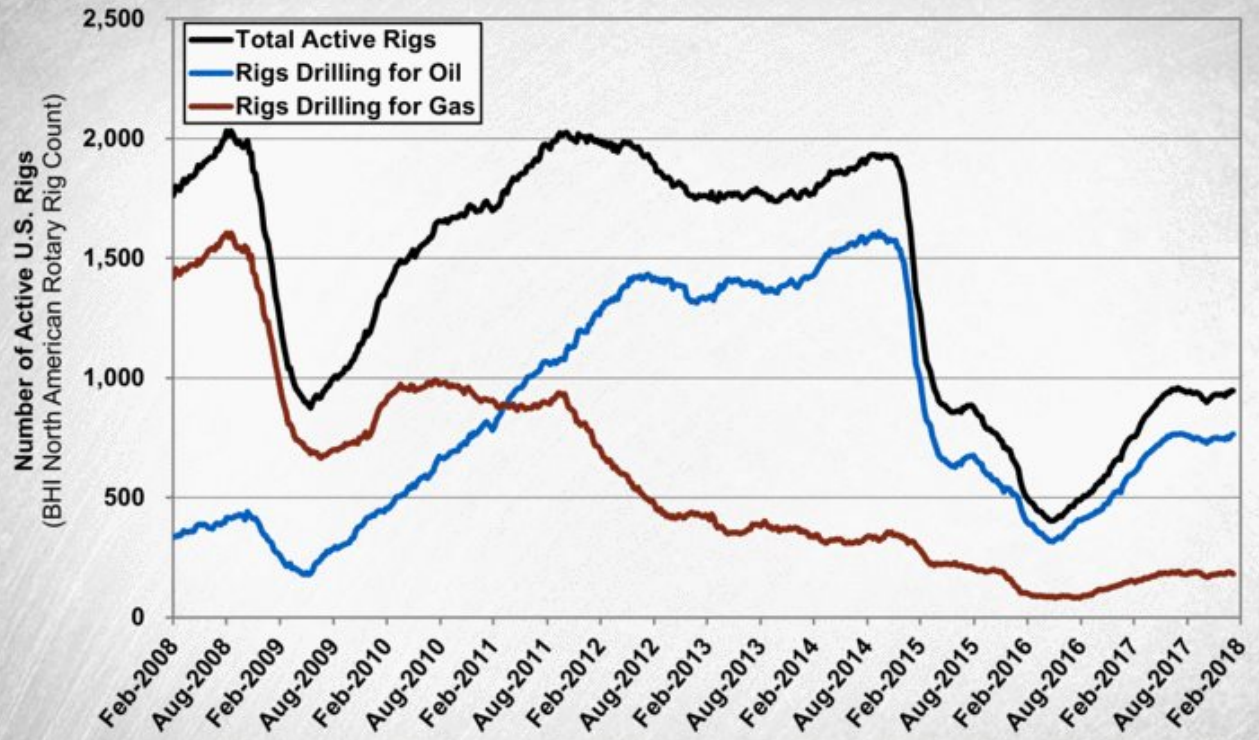


Source: Nasdaq IR Insight (FactSet) as of February 2, 2018.



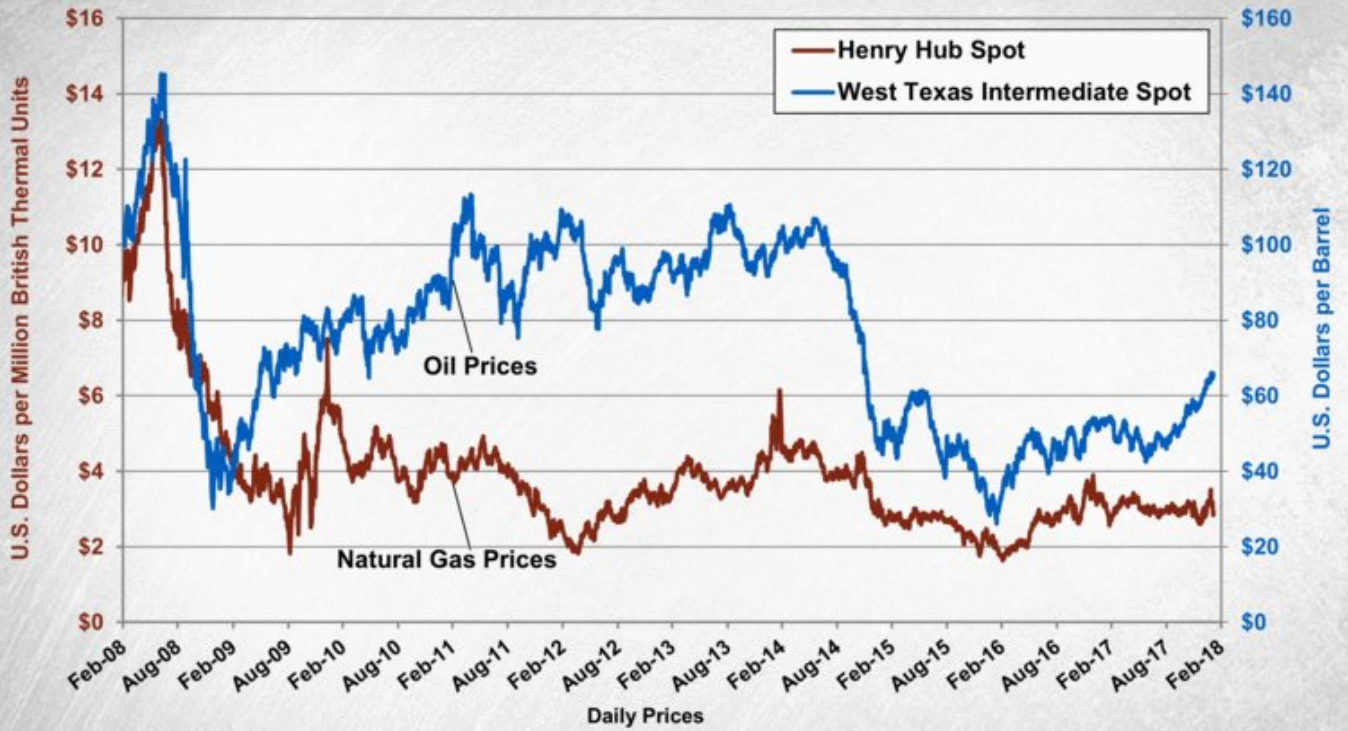


Oil vs. Natural Gas Directed Rig Count





Oil and Natural Gas Prices



Source: Energy Information Administration and Nasdaq IR Insight (FactSet).

