

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 03/24/14 for the Period Ending 03/24/14

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: **March 24, 2014**

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

State of Incorporation: **Delaware**

COMMISSION FILE NUMBER **1-4221**

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

1437 South Boulder Avenue, Suite 1400, Tulsa, Oklahoma 74119

(Address of Principal Executive Offices)

(918)742-5531

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed since Last Report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 7.01 REGULATION FD DISCLOSURE

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

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

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slides to be shown during an investor and securities analyst presentation.

SIGNATURES

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

HELMERICH & PAYNE, INC.
(Registrant)

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

DATE: March 24, 2014

EXHIBIT INDEX

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Forward-looking Statements

Statements within this presentation are “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and are based on current expectations and assumptions that are subject to risks and uncertainties. All statements other than statements of historical facts included in this release, including, without limitation, statements regarding the registrant’s future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward looking statements. For information regarding risks and uncertainties associated with the Company’s business, please refer to the “Risk Factors” and “Management’s Discussion & Analysis of Financial Condition and Results of Operations” sections of the Company’s SEC filings, including but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q. As a result of these factors, Helmerich & Payne, Inc.’s actual results may differ materially from those indicated or implied by such forward-looking statements. We undertake no duty to update or revise our forward-looking statements based on changes in internal estimates, expectations or otherwise, except as required by law.



HELMERICH & PAYNE, INC.



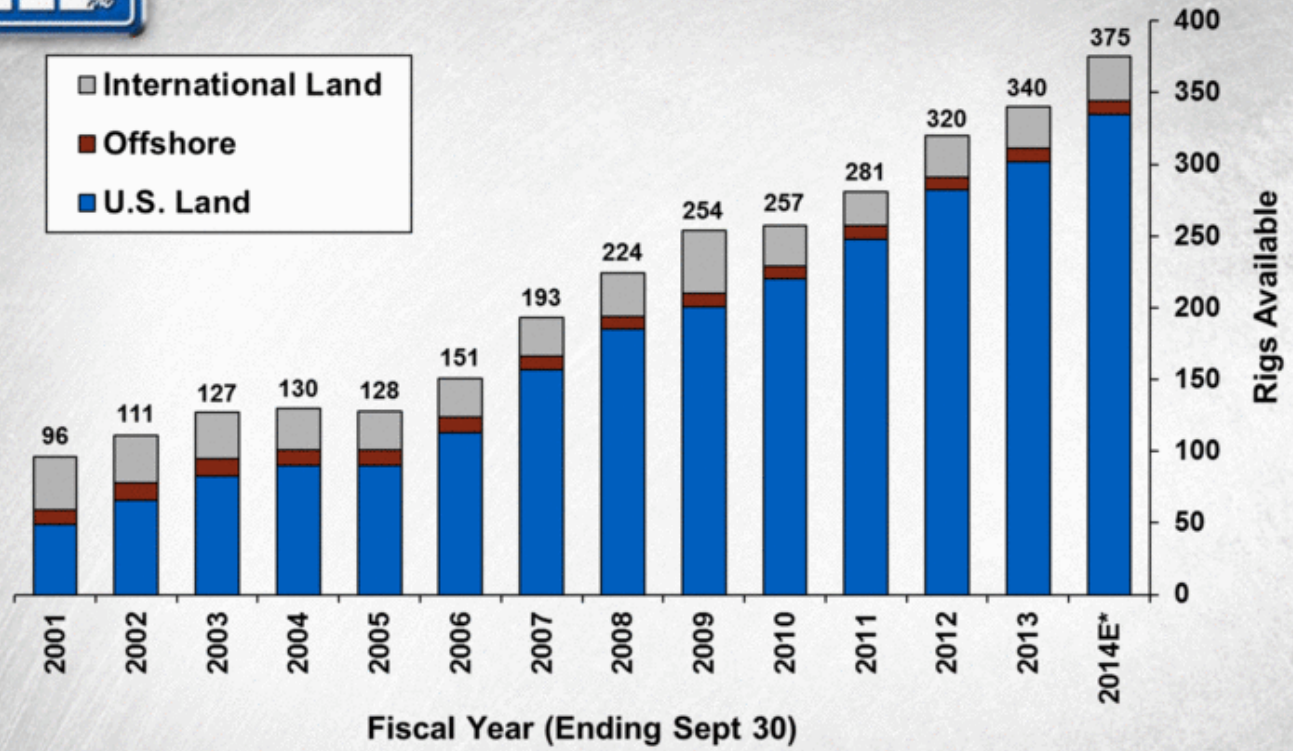
A Quick Primer on Helmerich & Payne

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





Evolution of H&P's Global Rig Fleet



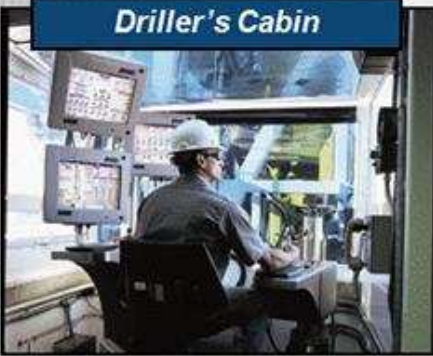
* Estimates include existing rigs and announced new build commitments





Innovation & Applied Technology – FlexRig®

Driller's Cabin



Computerized Controls



AC Driven Systems & Integrated Top Drive



Satellite Communications



BOP Handling



Mechanized Tubular Handling



Rig Move Capabilities





H&P's FlexRig Advantage

The FlexRig Difference: Key Advantages

- **Increased drilling productivity and reliability**
 - Variable frequency (AC) drives with increased precision and measurability
 - Computerized electronic driller that more precisely controls weight on bit, rotation and pressure
 - Designed to move quickly from well to well
- **Accelerated well programs and NPV gains**
- **A significantly enhanced and safer workplace**
- **Minimized impact to the environment**
- **Total well cost savings even at premium dayrates**





H&P Activity as of March 24, 2014

	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	320	279	87%
AC Drive FlexRigs ⁽¹⁾	287	279	97%
SCR Fleet	33	0	0%
Offshore	9	8	89%
International Land	<u>29</u>	<u>22</u>	<u>76%</u>
Total	358	309	86%
FlexRig Construction⁽²⁾	16		
Other AC Construction⁽³⁾	1		
Total Fleet	375		

(1) 10 of the 287 AC Drive FlexRigs are expected to be transferred to Argentina.

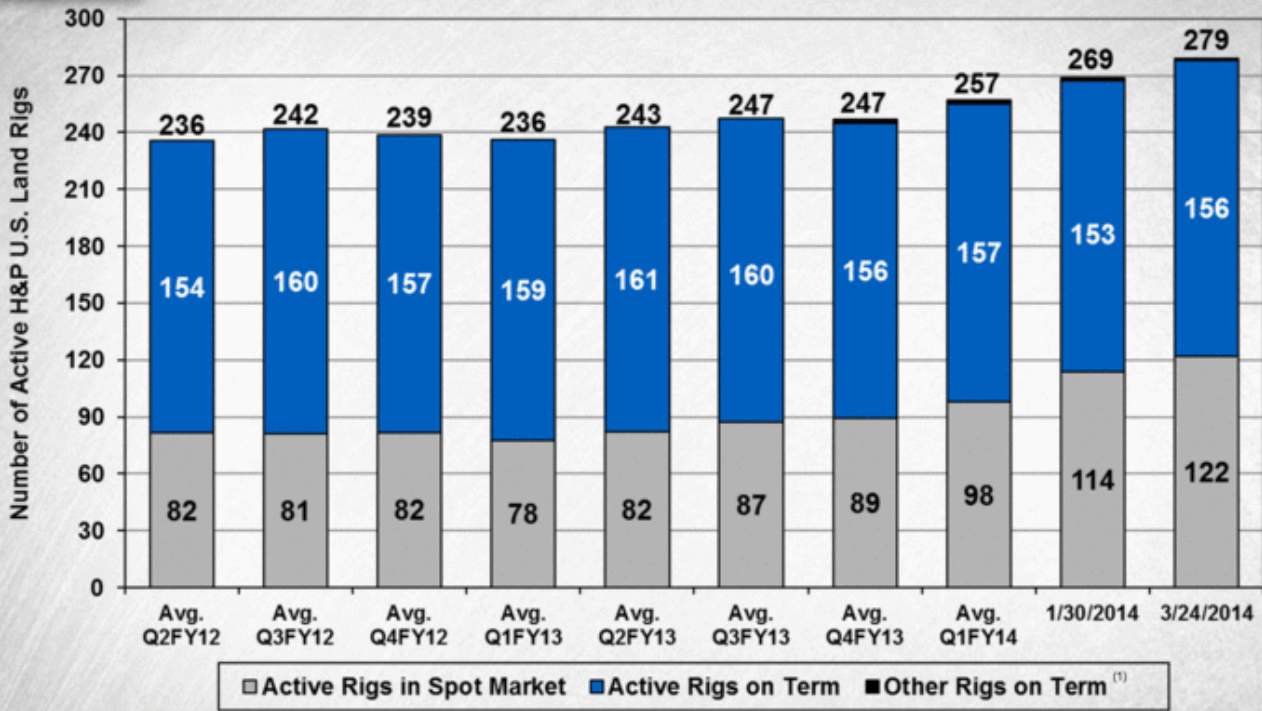
(2) Includes announced new build commitments under term contracts.

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





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

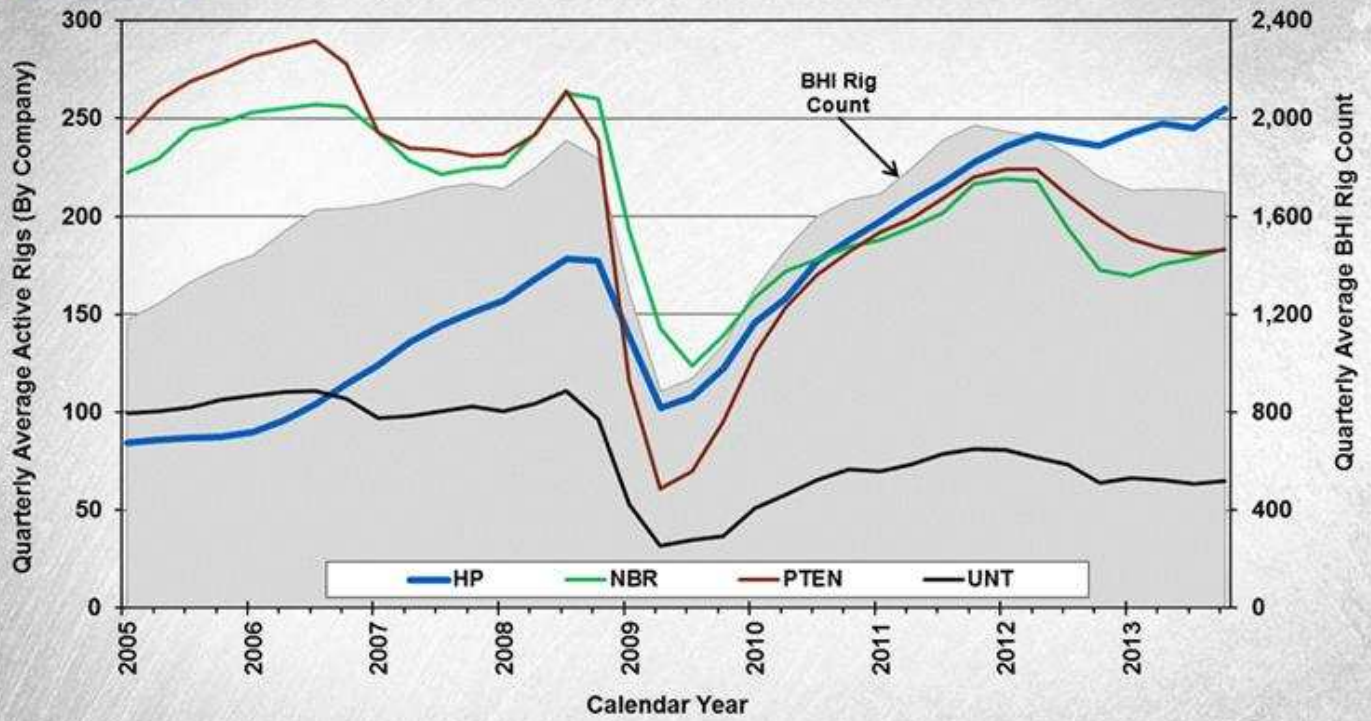


(1) Includes completed new builds pending delivery and not generating revenue days.





U.S. Land Active Rig Count





FlexRigs Delivering Drilling Efficiencies

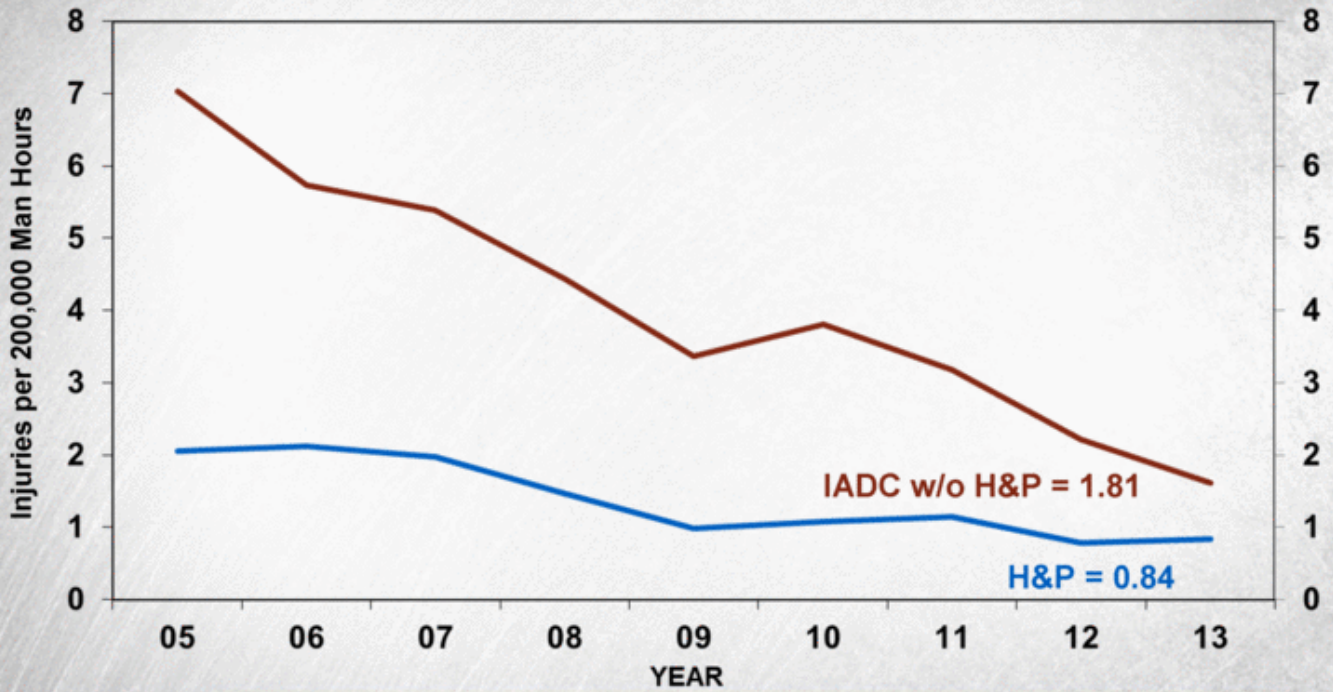
- We have over 1,300 rig years of AC Drive FlexRig drilling experience.
 - Drilled over 52 million feet in 2012
 - Drilled in excess of 61 million feet in 2013
 - Improved our footage per day by 23% in 2012
 - Footage per day increased approximately 14% in 2013





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

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

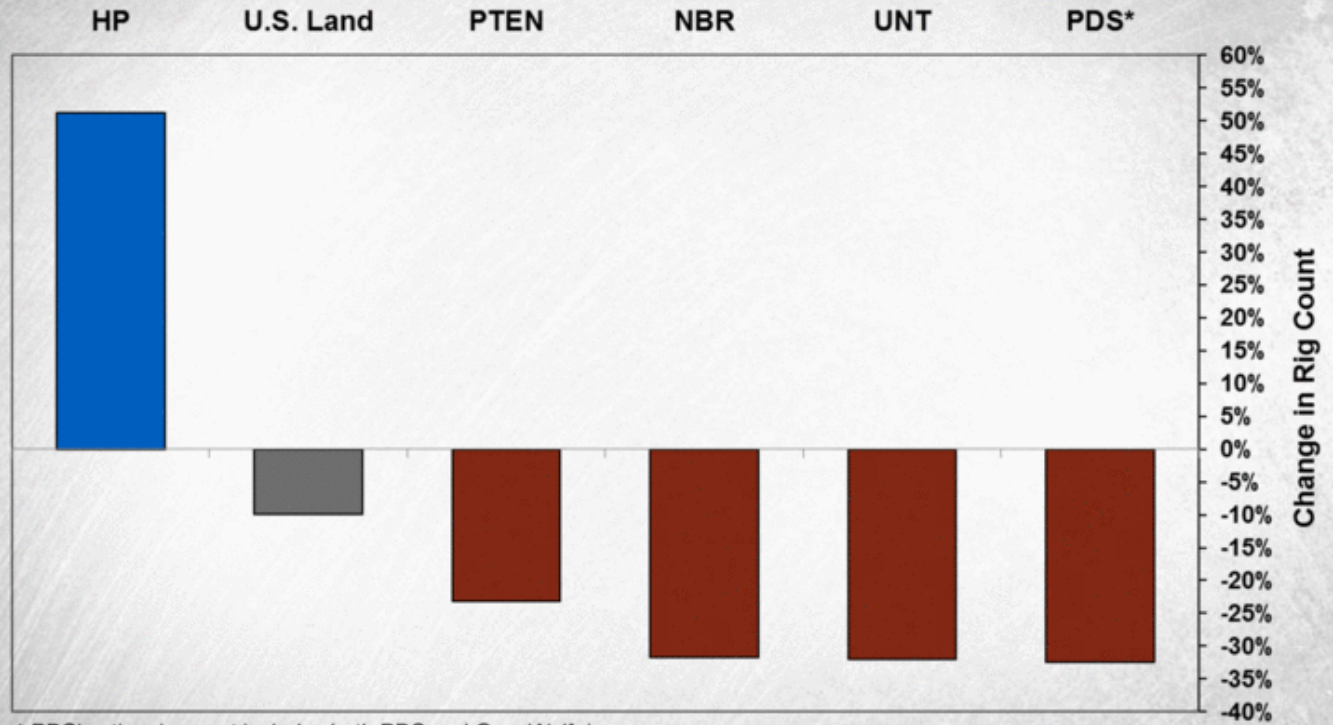




Changes in Lower 48 U.S. Land Rig Count

Estimated Change Since 2008 Peak in Active U.S. Land Rigs

(Rig Data Weekly Rig Count - October 2008 to February 2014)



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





Drilling Operations Outlook

For the Second Quarter of Fiscal 2014

- We now expect total quarterly revenue days in the U.S. land segment to increase by approximately 3 to 4% sequentially (up from our prior estimate of approximately 2%).
- Even though dayrate pricing in the spot market continues to slightly increase, we now expect our total average rig revenue per day in the U.S. land segment to be in the range of flat to down 1% as compared to the previous quarter.
- Our expectation for the average rig expense per day in the U.S. land segment remains unchanged.
- For both the offshore and international land segments, our operations outlook remains unchanged.





Increasing International FlexRig Presence

- Deploying ten existing FlexRig3s from the U.S. to Argentina
- Five-year term contracts with YPF to work in the Vaca Muerta play in the Neuquén Province
- All ten rigs expected to be operating by the second quarter of fiscal 2015
- Expecting a total of 19 H&P land rigs in Argentina by this time next year, including 15 FlexRigs





U.S. Land Market Trends Today

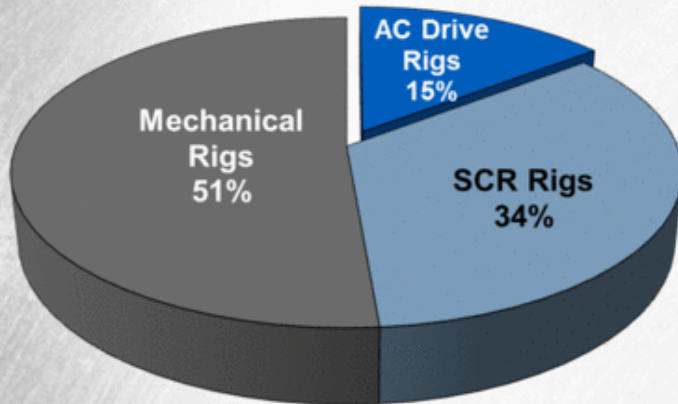
- Increasing market demand for AC drive rigs
- Slightly improving spot market pricing
- Continued customer focus on drilling efficiency, technology and safety
- Conversations with customers for additional new build orders continue



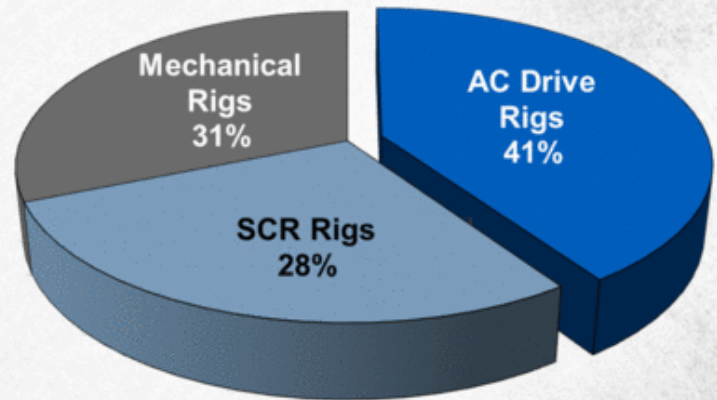


The Replacement Cycle Continues

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



As of March 2014
(~1,730 Active Rigs in U.S. Land
By Power Type)

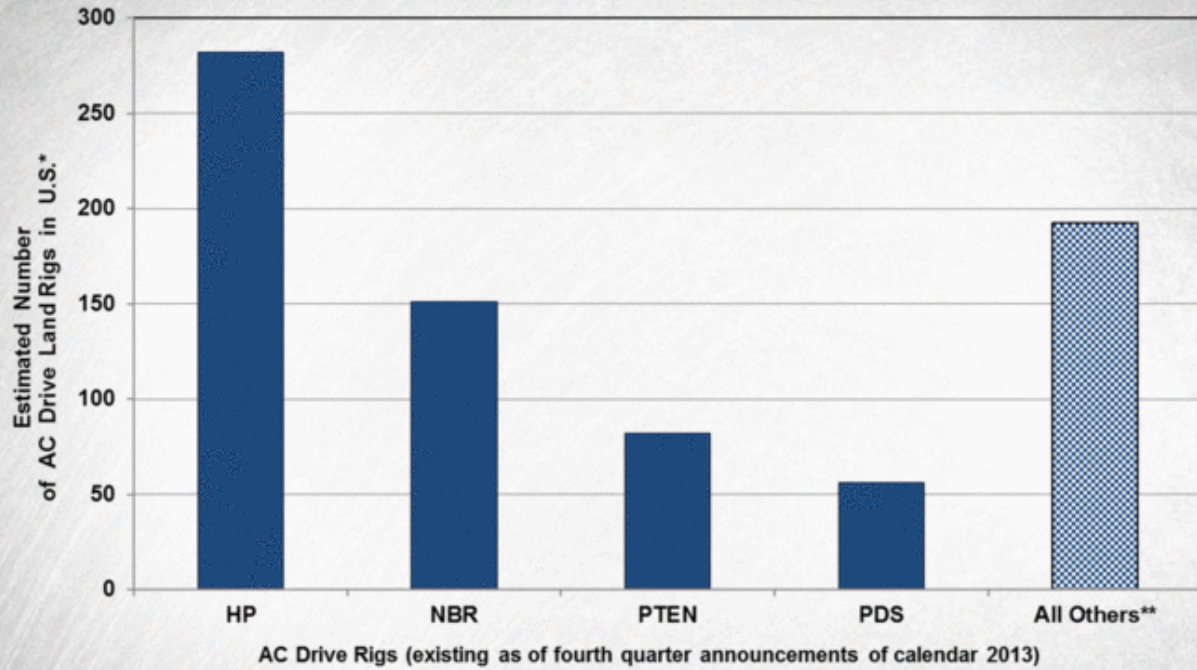


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately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





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



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

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





Unconventional Plays Shaping Landscape

Well Complexity is increasing:

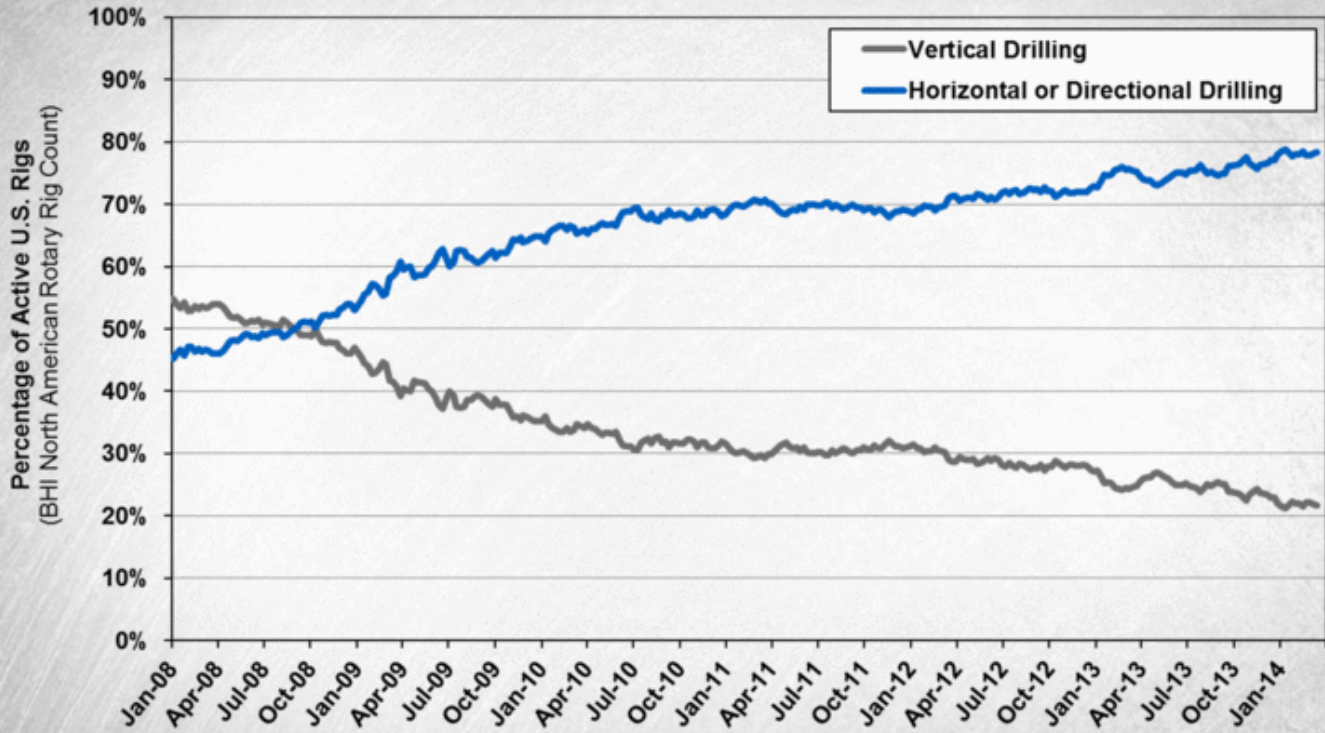
- Horizontal and directional wells make up over 75% of wells drilled in the U.S.
- Extended reach laterals progressively longer
- Multi-well pad drilling gaining acceptance in more areas
- This all creates an expanding level of demand for FlexRigs





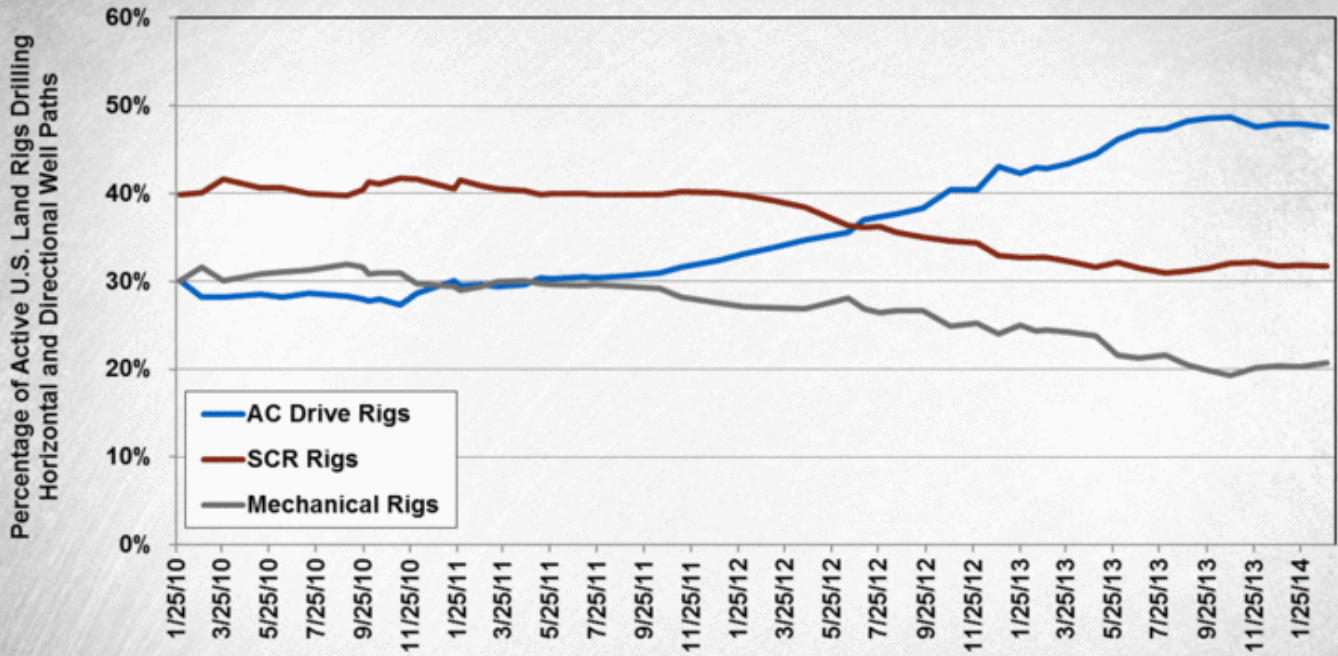
Increasing Focus on More Difficult Drilling

U.S. Rig Activity by Drilling Type





U.S. Land Horizontal and Directional Activity



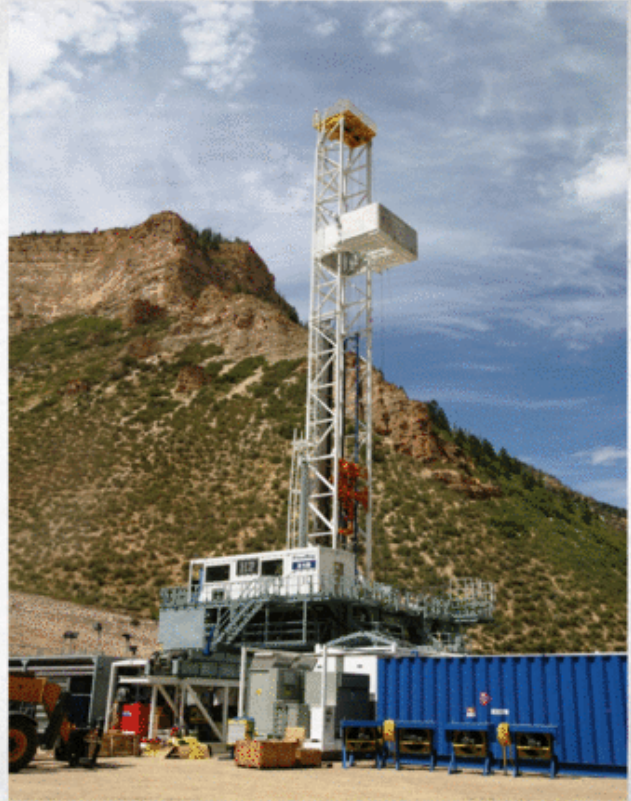
Note: The above estimates corresponding to horizontal and directional rig activity by power type are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower.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





H&P's Pad Capable Fleet

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

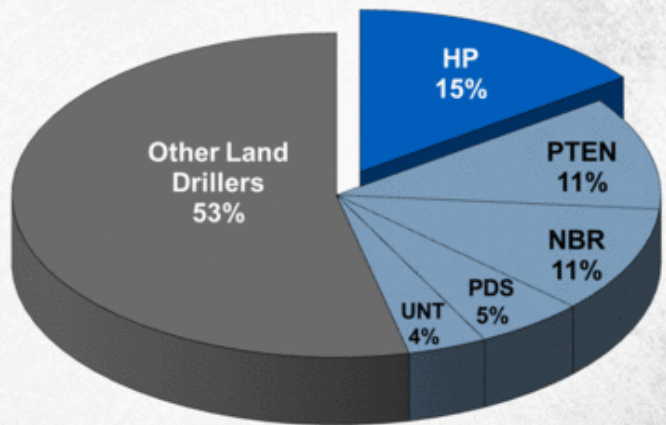
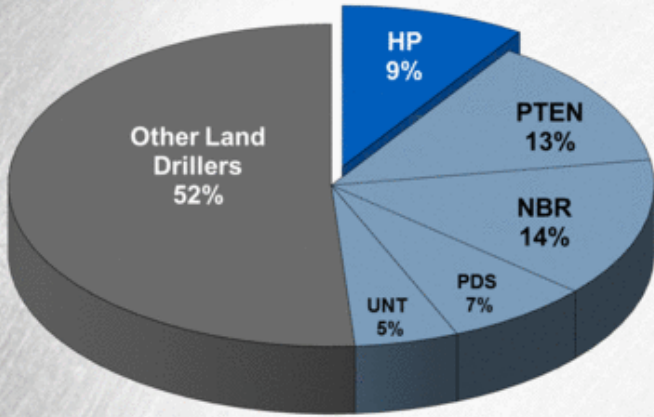




H&P Continues to Capture Market Share

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

As of March 2014
(~1,730 Active Rigs in U.S. Land)

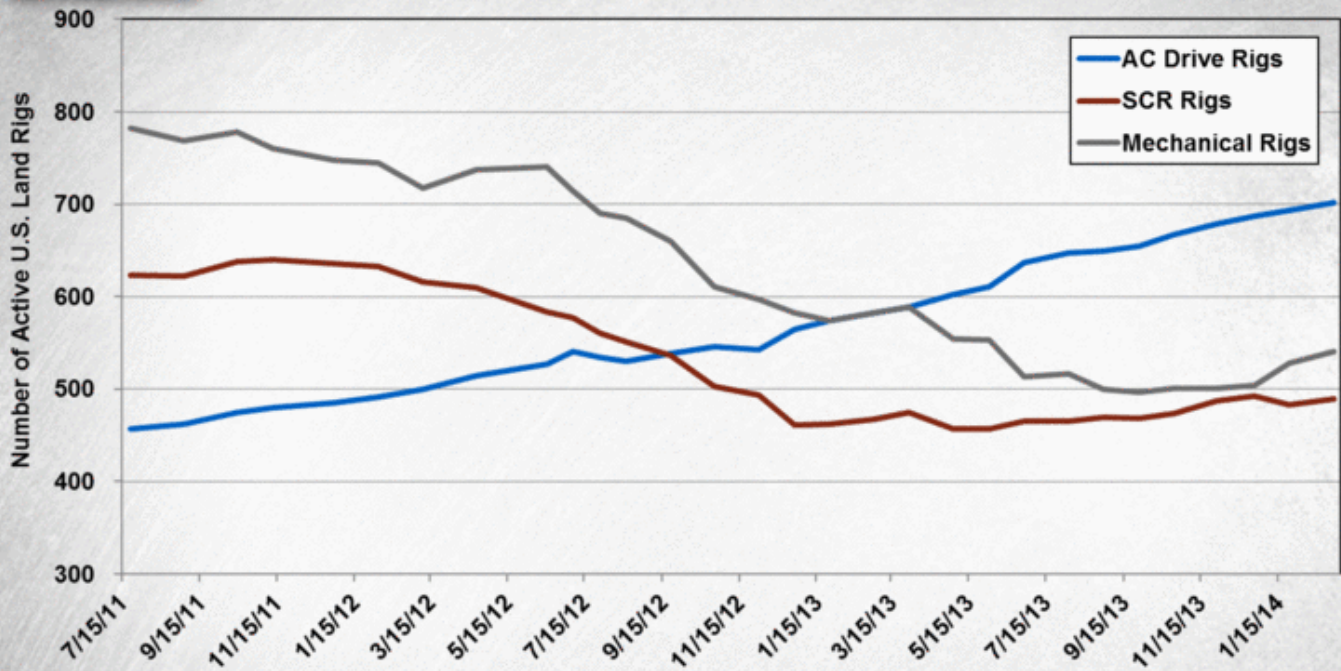


Note: The above estimates corresponding to market share are derived from Rig Data. PDS' market share includes both PDS and Grey Wolf rigs. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower.





AC Rigs Continue to Gain Market Share



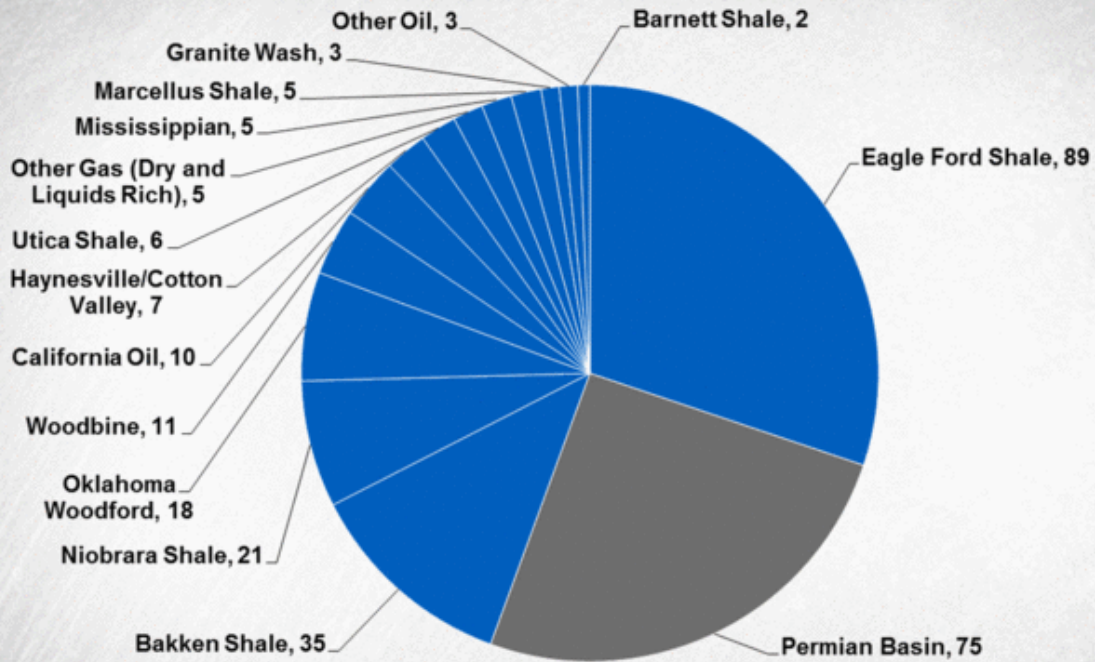
Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately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





Leading U.S. Unconventional Driller

(295 H&P Contracted Land Rigs as of 3/24/2014*)

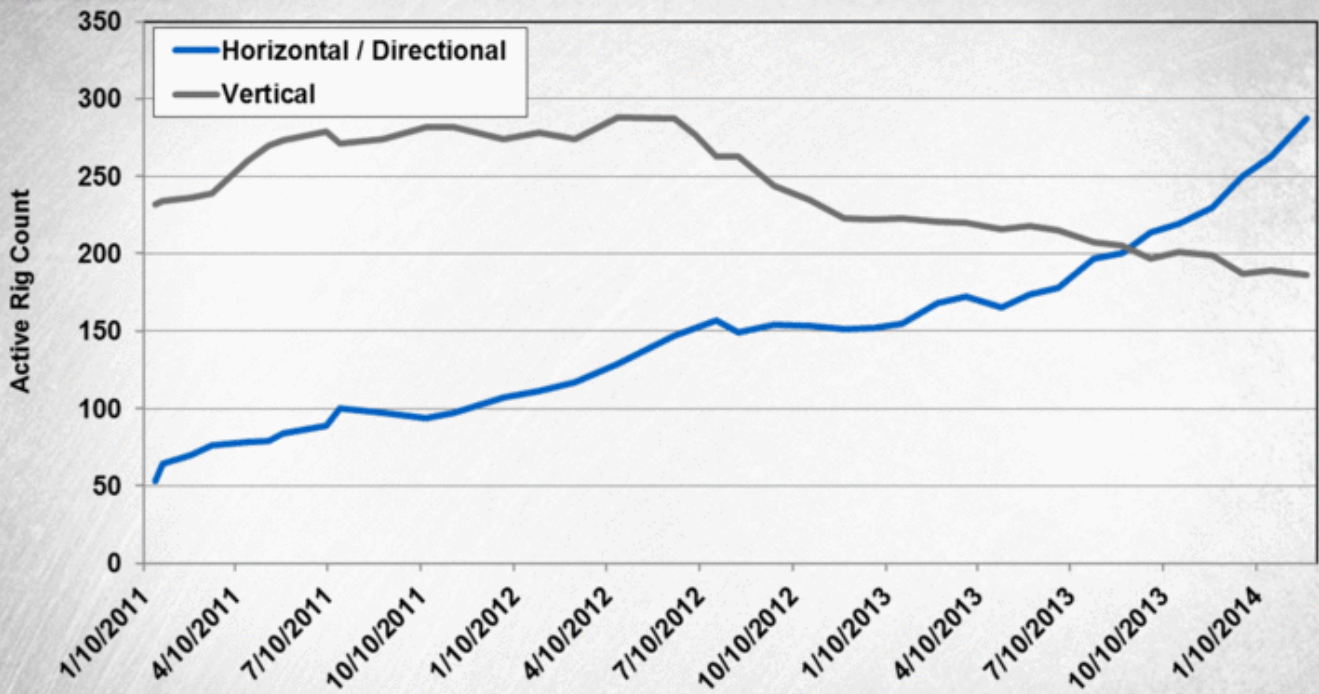


* Includes 16 announced new FlexRigs with customer commitments scheduled for delivery in calendar 2014.





Unconventional Drilling Growth in Permian



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

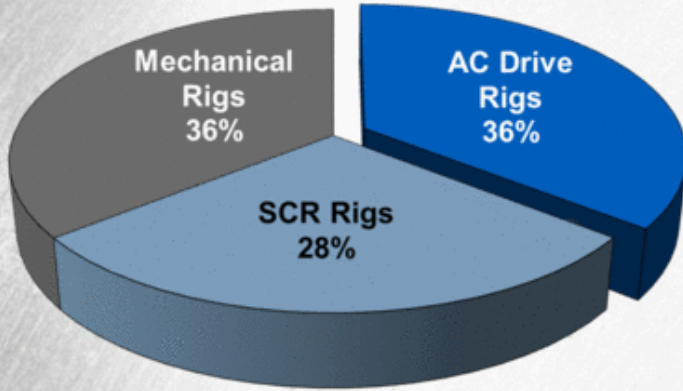




High-Grading Continues

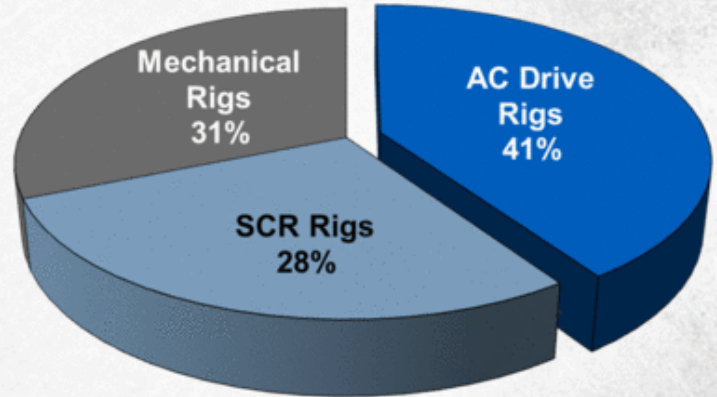
As of March 2013

(~1,630 Active Rigs in U.S. Land
By Power Type)



As of March 2014

(~1,730 Active Rigs in U.S. Land
By Power Type)

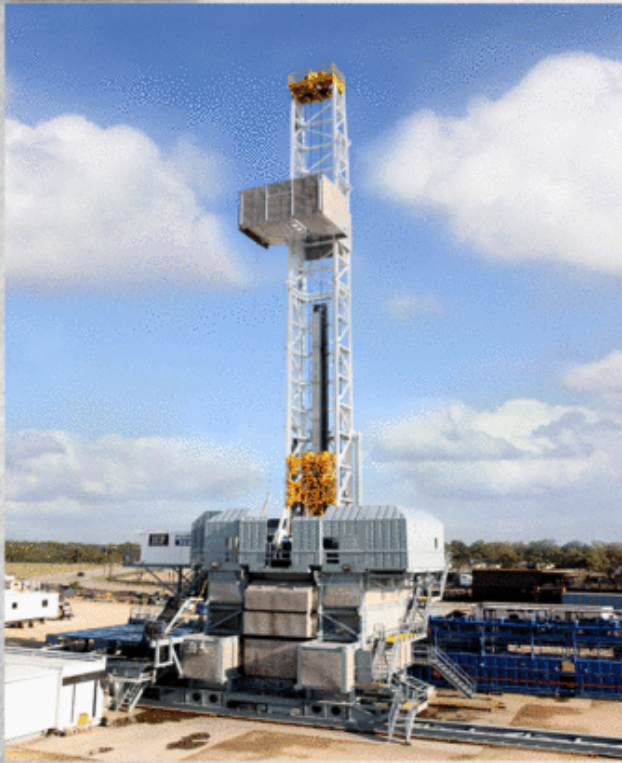


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings. Additionally, the drawworks capacity of each land rig included in the above analysis was greater than 600 horsepower. Certain assumptions were made on approximately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





H&P's New Build Program Continues



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





Performance is Not Only About Better Rigs

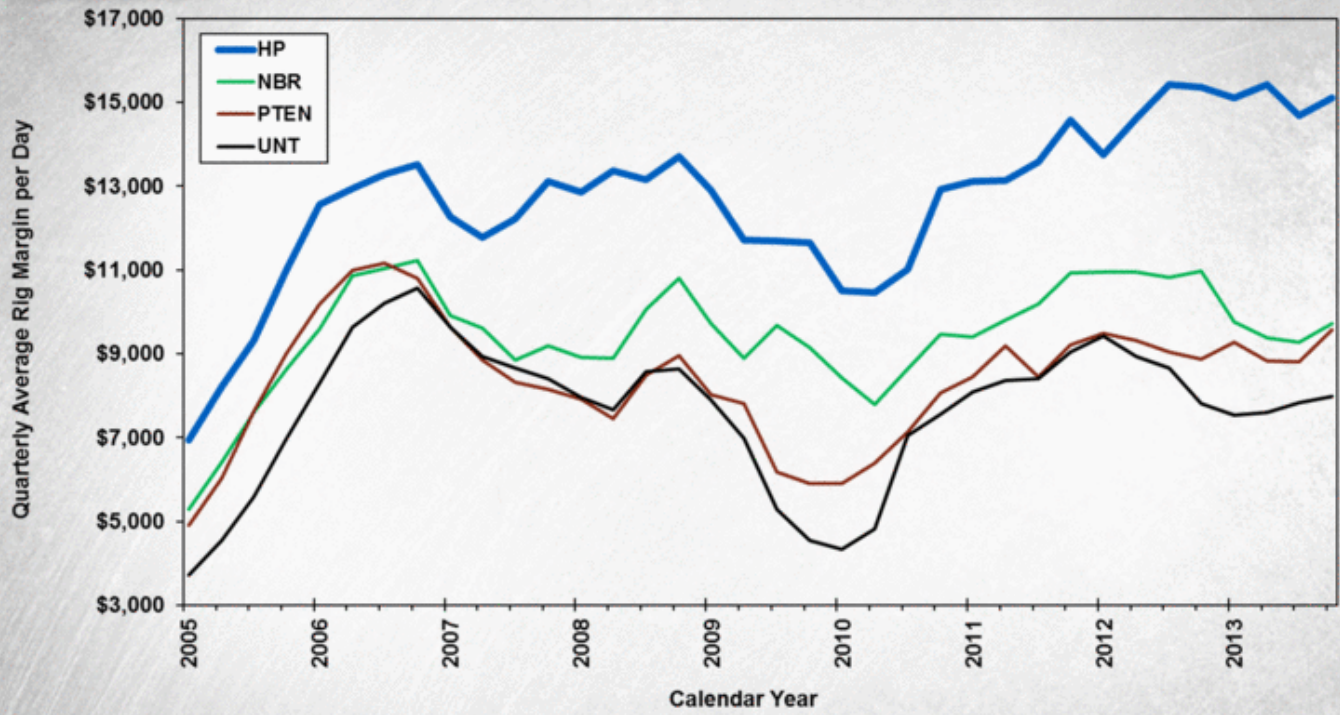
Our competitive advantage is also about:

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





U.S. Land Average Daywork Margins⁽¹⁾



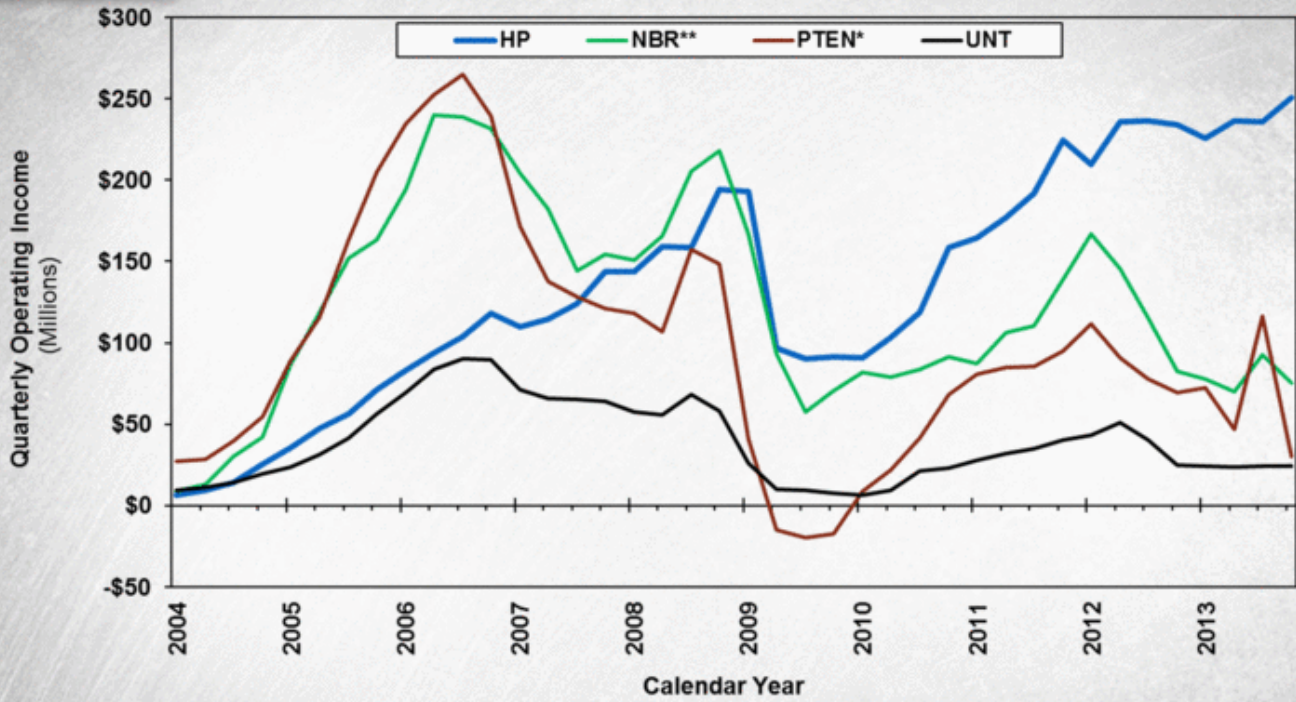
(1) Does not include the impact of early contract termination revenue.





Ten Year Profit Comparison

U.S. Land Drilling Operating Income



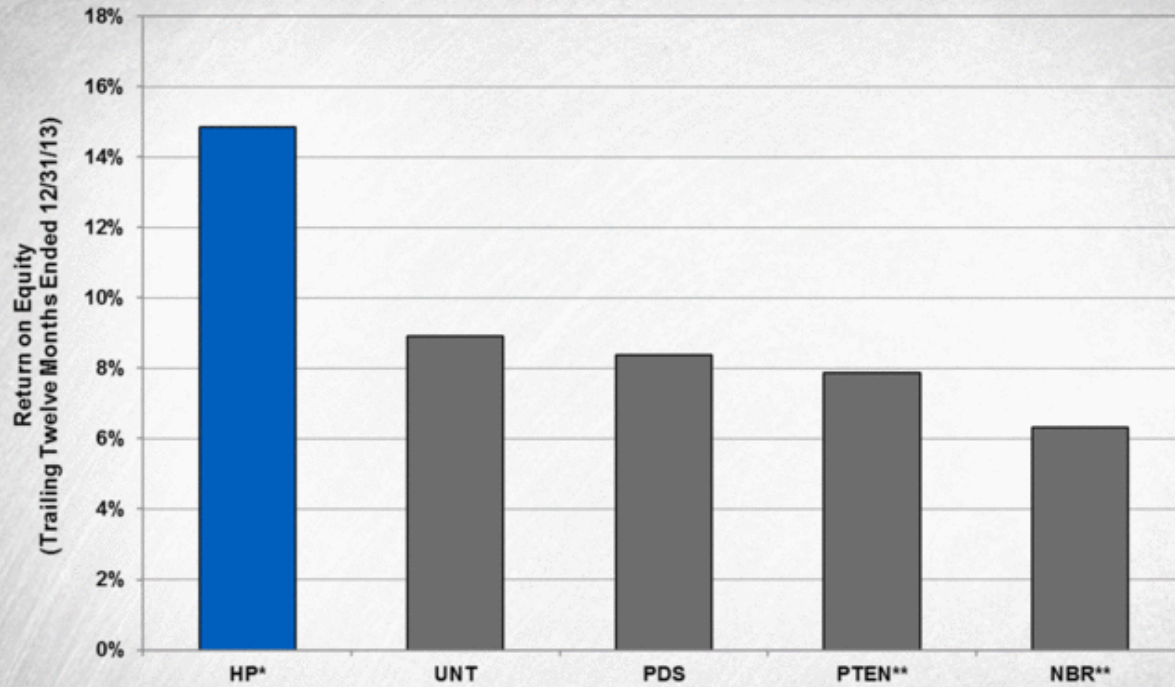
* PTEN's operating income includes drilling operations in Canada.

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





Return on Equity

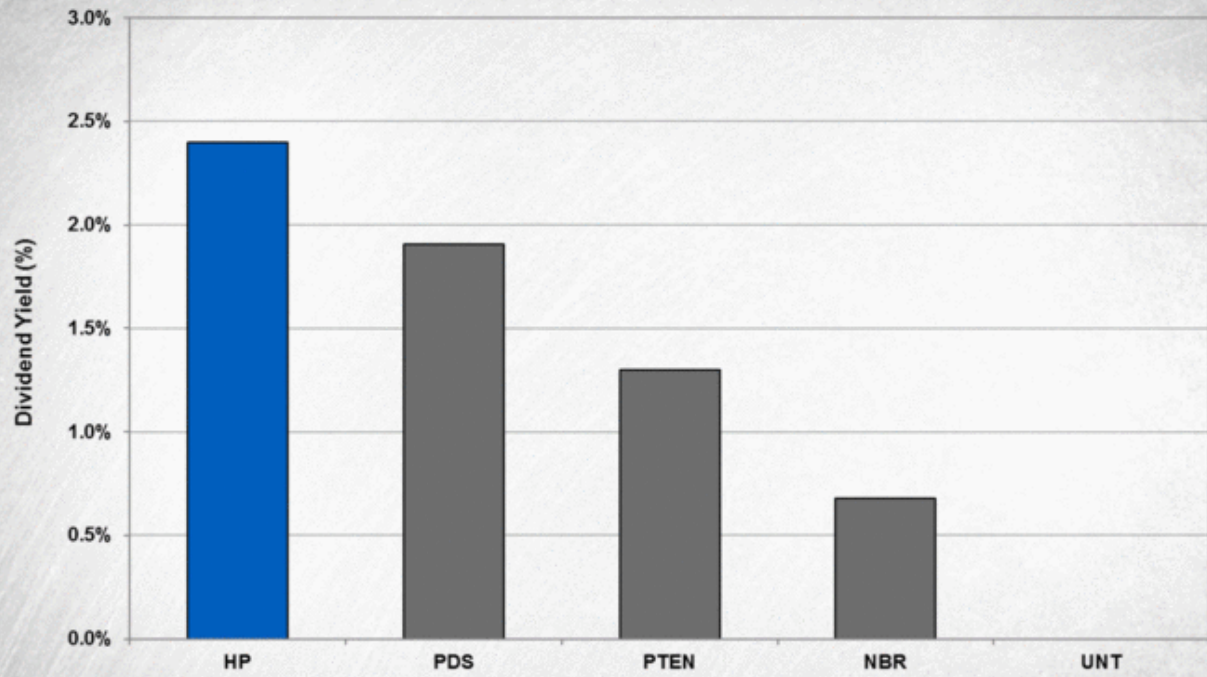


* Including gains from the sale of investment securities and discontinued operations, H&P's corresponding ROE resulted in 17.5%.
** The corresponding ROE values for the selected companies exclude certain extraordinary, non-recurring charges.





Current Dividend Yields

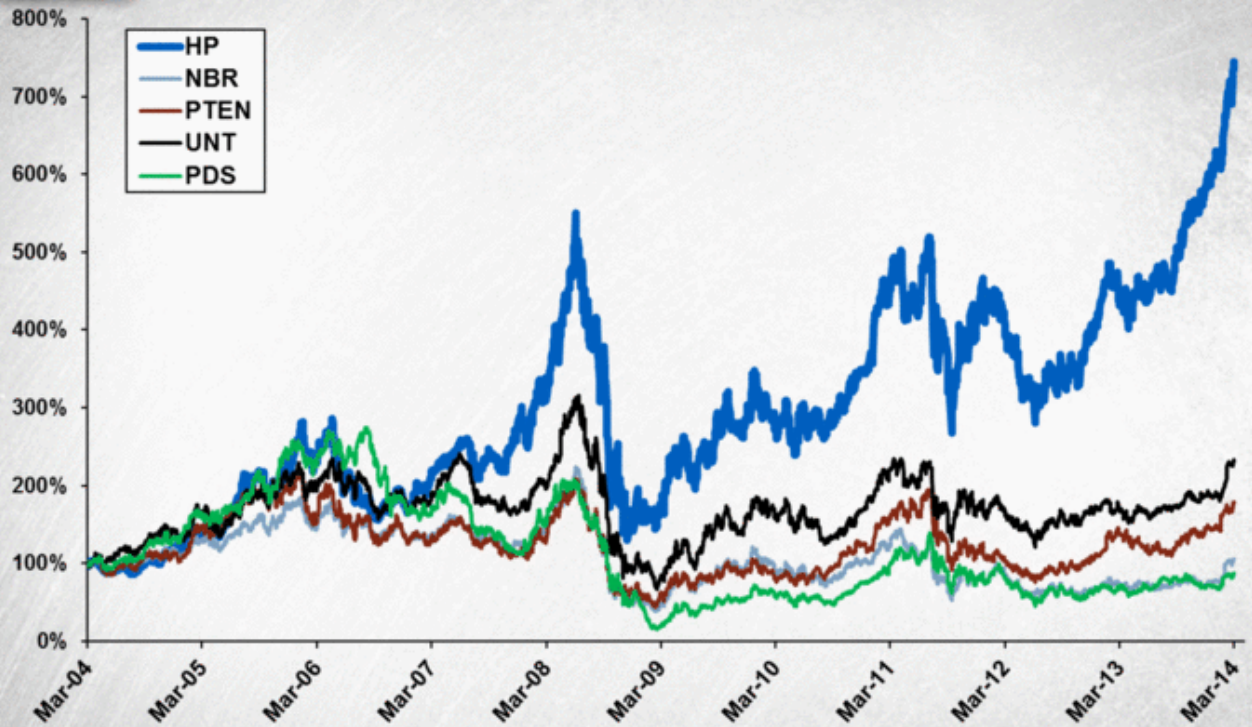


Source: Thomson Reuters. Yields calculated as of market close on March 20, 2014.





Ten-Year Relative Shareholder Return



Source: Thomson Reuters as of March 20, 2014





In Summary:

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

- Innovation
- Technology
- Safety and operational excellence
- Customer satisfaction



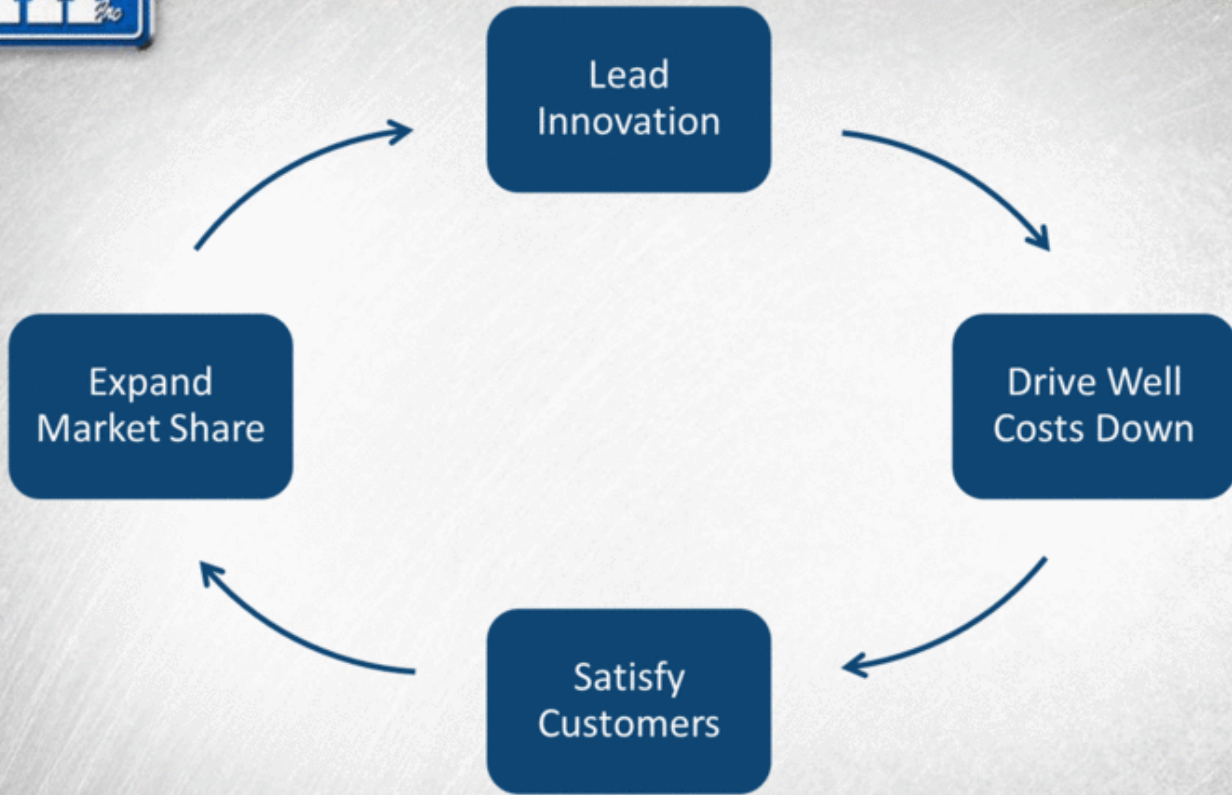


Additional References





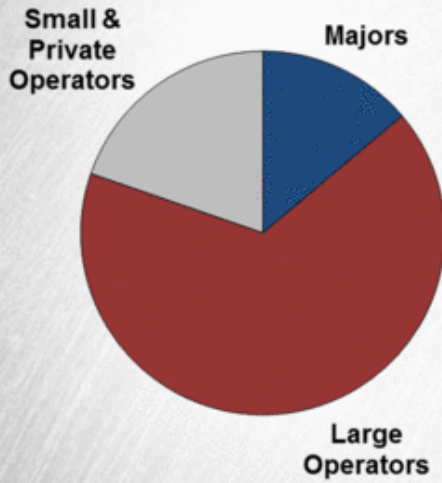
Growing Shareholder Value



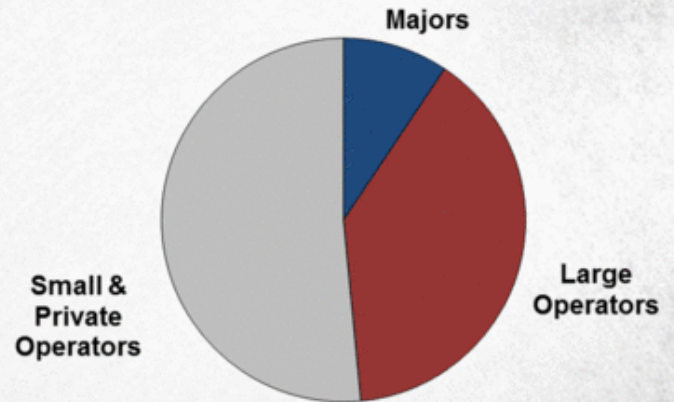


H&P vs. Industry U.S. Land Customer Base

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



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



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





H&P Global Fleet Under Term Contract

Number of Rigs Already Under Long-Term Contracts

(Estimated Quarterly Average, Including Announced New Builds - as of 3/24/14)

Segment	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15
U.S. Land	153.4	149.2	144.2	126.4	108.7	87.6	71.5
International Land	13.8	13.1	14.5	16.5	17.9	17.8	16.3
Offshore	3.0	2.5	1.9	1.0	1.0	1.0	1.0
Total	170.2	164.8	160.6	143.9	127.6	106.4	88.8





H&P's International Land Operations

Rig Fleet Status (as of March 24, 2014)

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

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

(2) 10 FlexRigs are expected to be transferred into Argentina by the end of the second fiscal quarter of 2015.





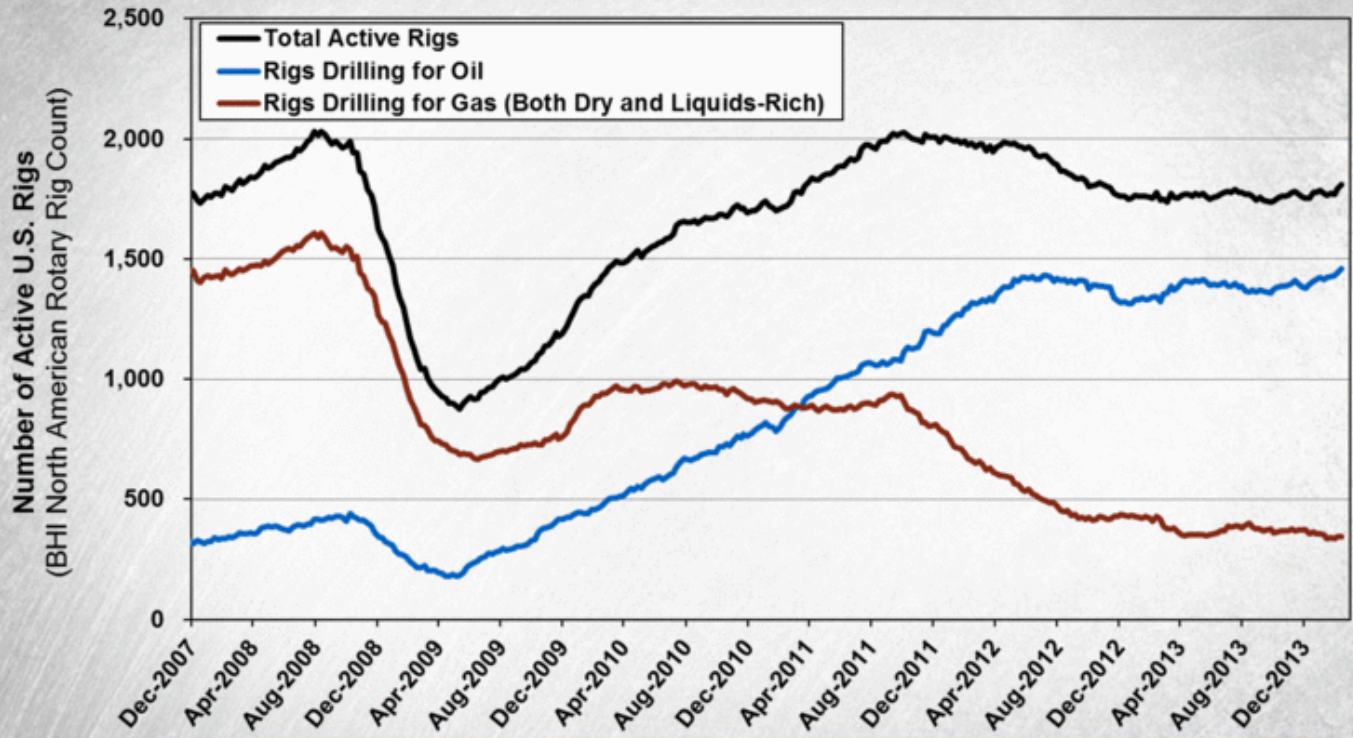
FlexRigs Leading in Pad Drilling Efforts

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



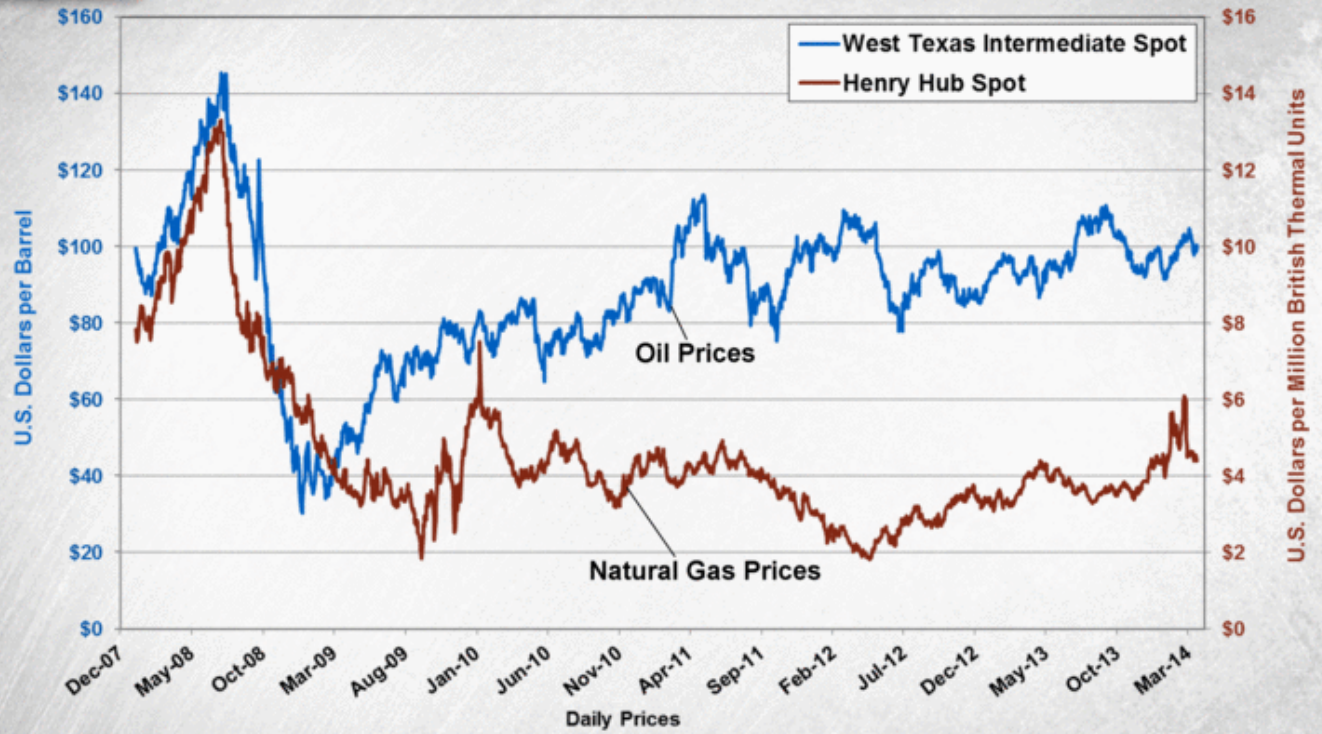


Oil vs. Natural Gas Directed Rig Count





Oil and Natural Gas Prices



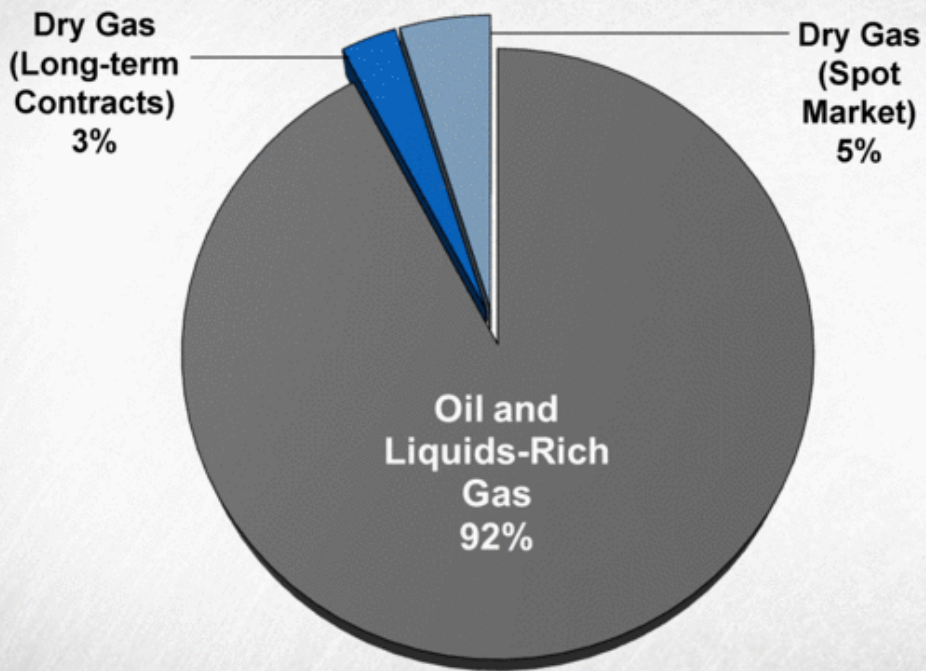
Source: Energy Information Administration and CME





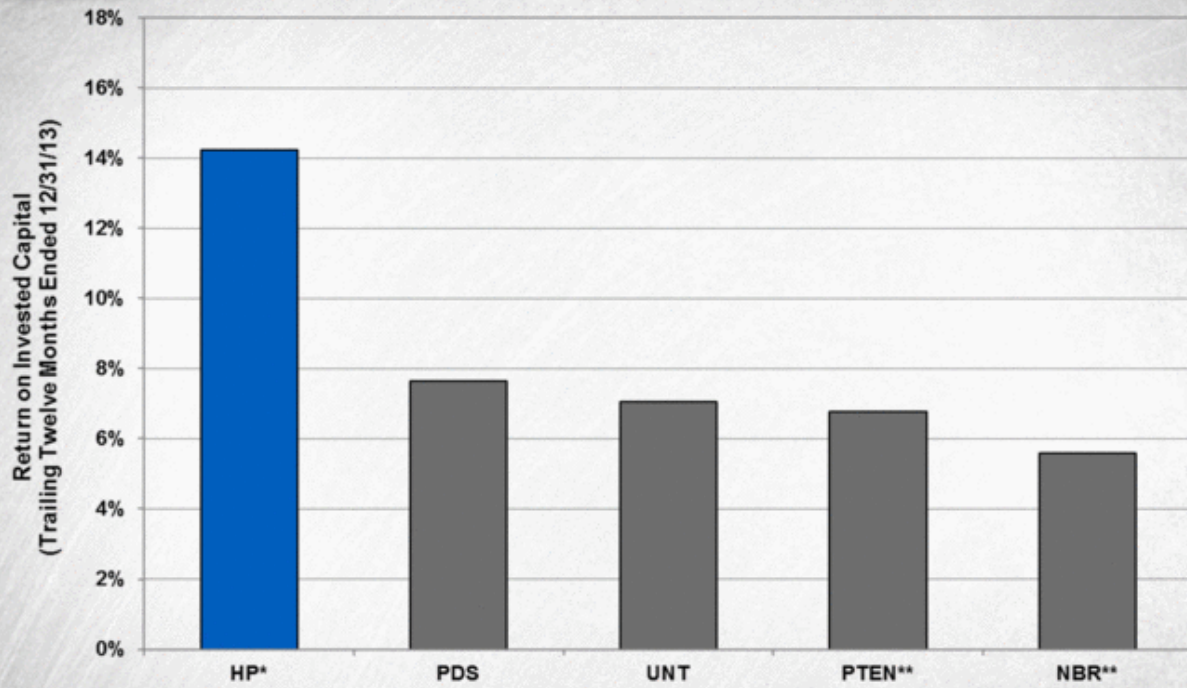
H&P's Exposure to Oil & Liquids

Estimated proportion of H&P's active U.S. Land rigs by primary hydrocarbon target as of 3/24/14





Return on Invested Capital (ROIC)



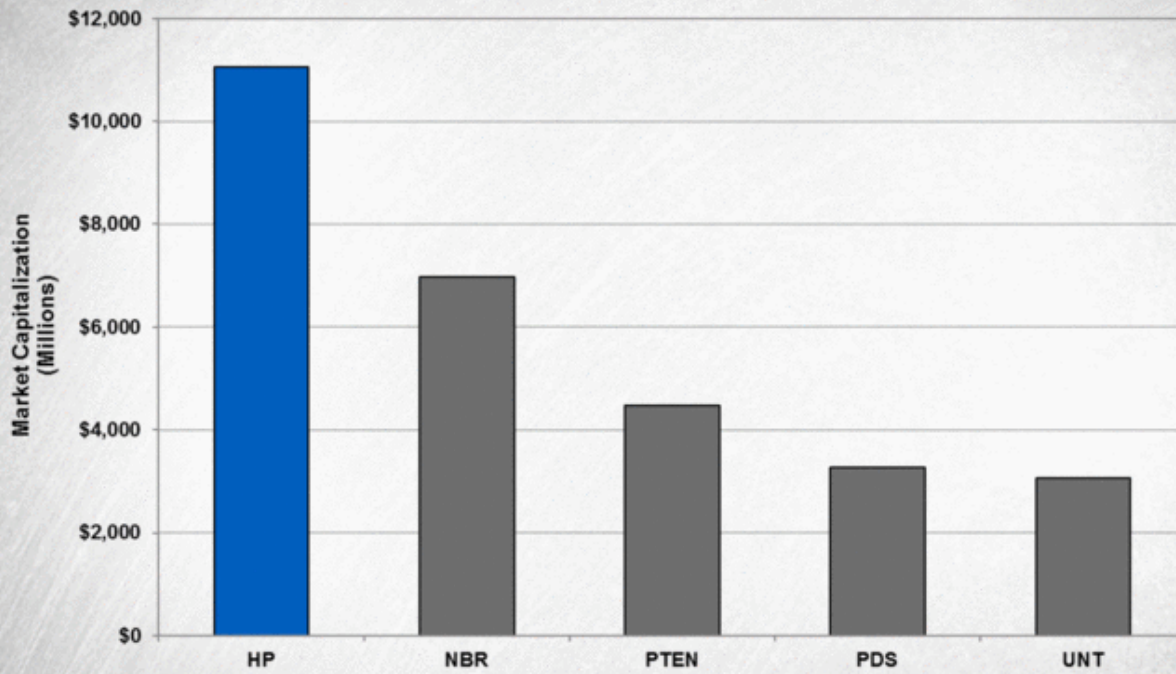
* Excludes gains from the sale of investment securities and discontinued operations. H&P's unadjusted ROIC resulted in 16.8%.

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





Land Drilling Market Valuations



Source: Thomson Reuters as of March 20, 2014.





End of Document

