

# HELMERICH & PAYNE, INC.

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

Filed 12/05/08 for the Period Ending 12/05/08

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

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

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**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): December 5, 2008**

**HELMERICH & PAYNE, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or Other Jurisdiction of Incorporation)

**1-4221**

(Commission File Number)

**73-0679879**

(IRS Employer Identification No.)

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

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(918) 742-5531**

**N/A**

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

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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. 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	Helmerich & Payne, Inc. Presentation to Investors.

**SIGNATURES**

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

HELMERICH & PAYNE, INC.  
(Registrant)

/S/ Steven R. Mackey

Steven R. Mackey  
Executive Vice President

DATE: December 5, 2008

**EXHIBIT INDEX**

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99.1	Helmerich & Payne, Inc. Presentation to Investors.

# Helmerich & Payne, Inc.

December 5, 2008



Investor Relations Contact: Juan Pablo Tardio – (918) 588-5383 – [juanpablo.tardio@hpinc.com](mailto:juanpablo.tardio@hpinc.com)



**The information contained within this presentation is forward looking and involves risks and uncertainties that could significantly impact expected results. A discussion of these risks and uncertainties is contained in the Company's Form 10-K filed with the Securities and Exchange Commission on November 26, 2008.**





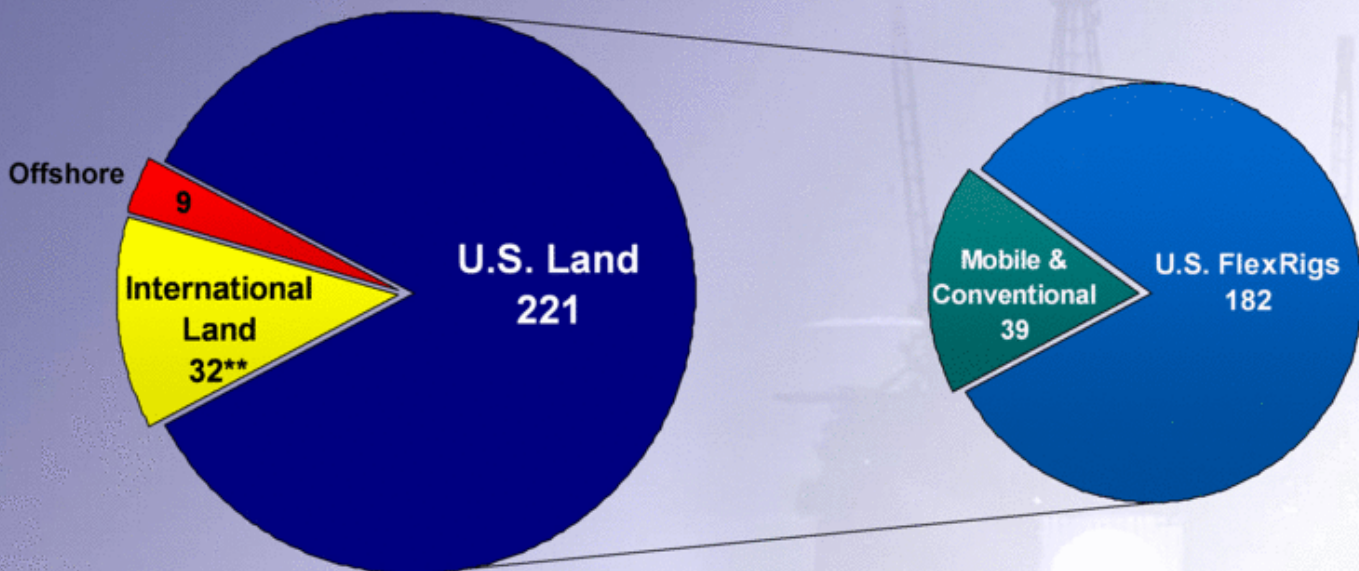
## H&P Basics

<b>Founded:</b>	<b>1920</b>
<b>Activity:</b>	<b>Contract Drilling for Oil and Gas</b>
<b>Symbol:</b>	<b>HP (NYSE, Since 1963)</b>
<b>Employees:</b>	<b>7,400 (Worldwide)</b>
<b>Assets:</b>	<b>\$3.6 (In Billions, September 30, 2008)</b>
<b>Debt:</b>	<b>\$0.5 (In Billions, September 30, 2008)</b>



## H&P's Global Rig Fleet

**262 Total Rigs** (Includes New Build Commitments)



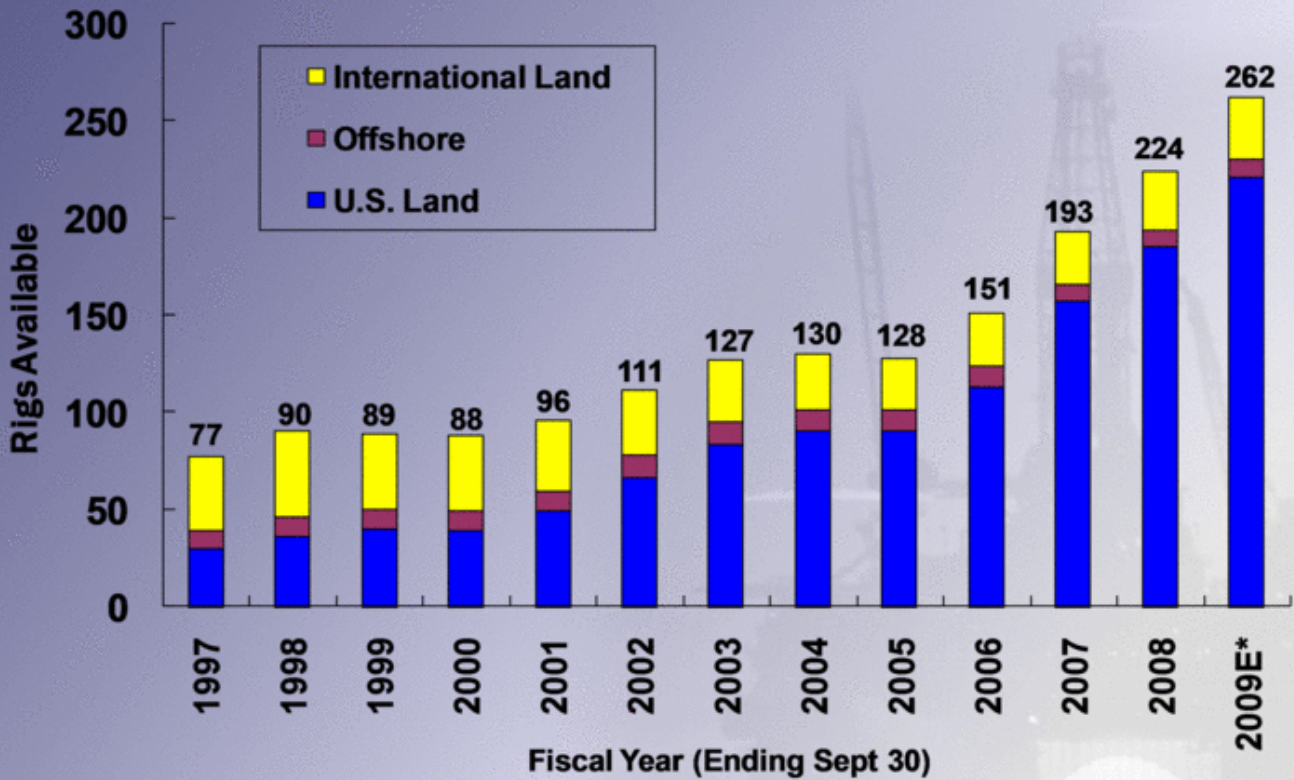
\* Includes 32 rigs under construction as of November 20, 2008, scheduled for delivery by the end of calendar 2009.

\*\* Includes 1 FlexRig operating in Tunisia, 3 FlexRigs operating in South America and 4 FlexRigs pending delivery in FY2009.





# H&P's Global Rig Fleet



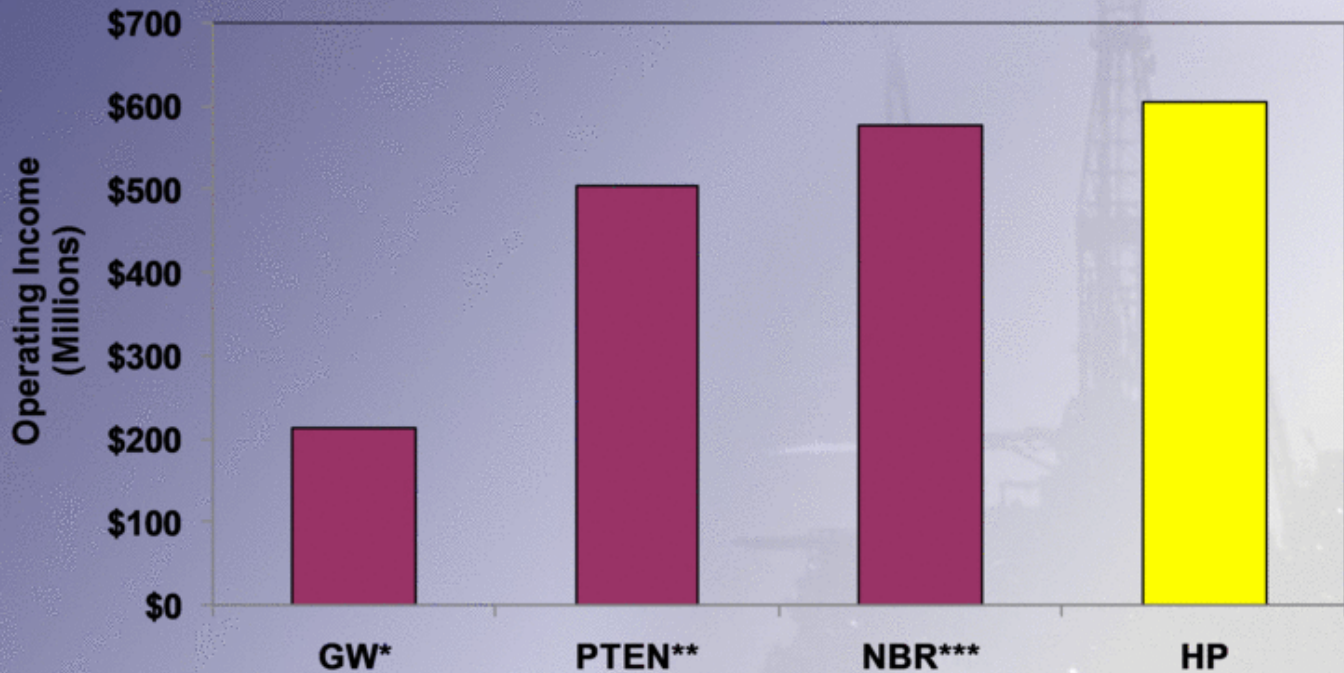
\* Includes existing rigs and announced new build commitments.





# Most Profitable Driller in U.S. Land Business

## U.S. Land Drilling Operating Income 12 Months Ended September 30, 2008



\* GW's operating income includes drilling operations in Mexico and excludes \$18.3MM related to merger activities.

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

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

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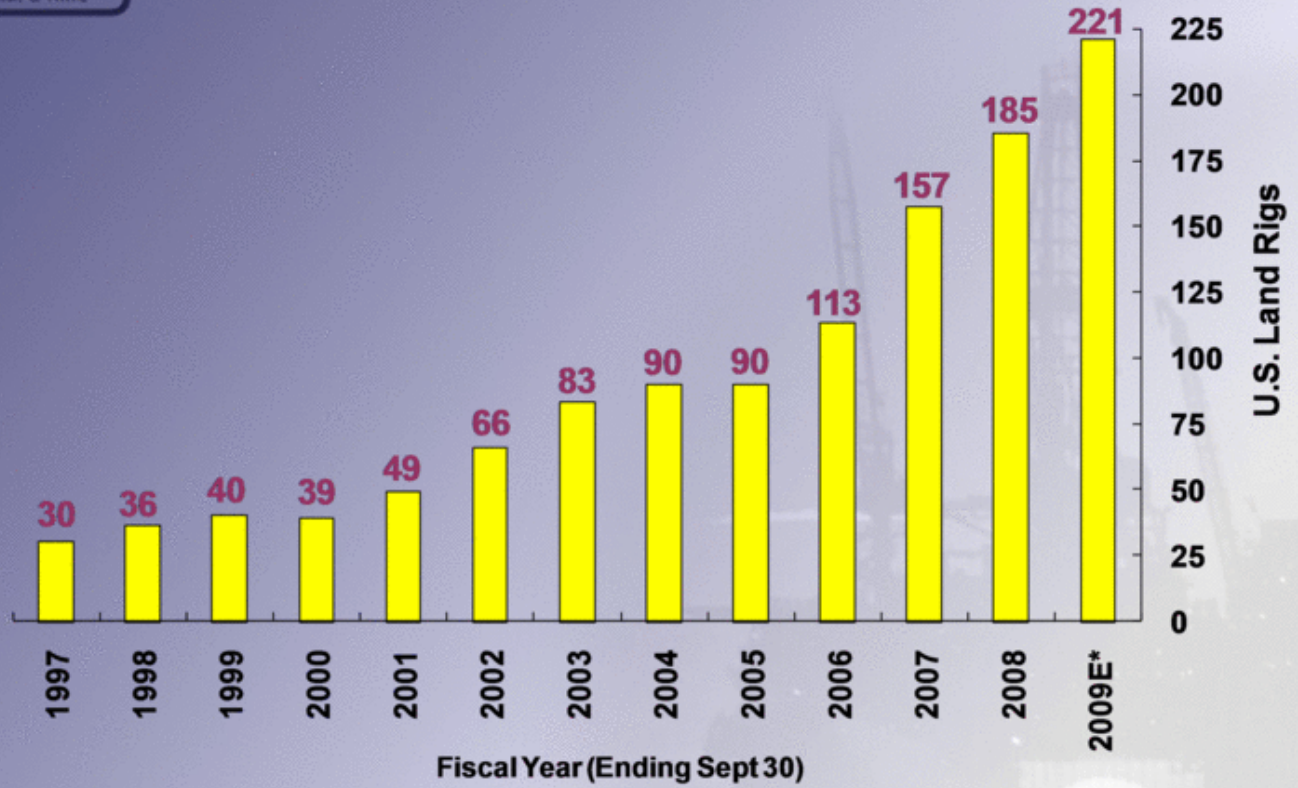
## H&P's Differentiated Approach

- **Create value through efficiency and safety**
  - Provide the most innovative and advanced drilling rigs
  - Structure the organization required to support them
- **Drive customers' total well costs down**
- **Seize opportunities to expand market share**
- **Deliver premium margins and sustainable growth to shareholders**





# Growth in H&P's U.S. Land Fleet



\* Includes existing rigs and announced new build commitments.

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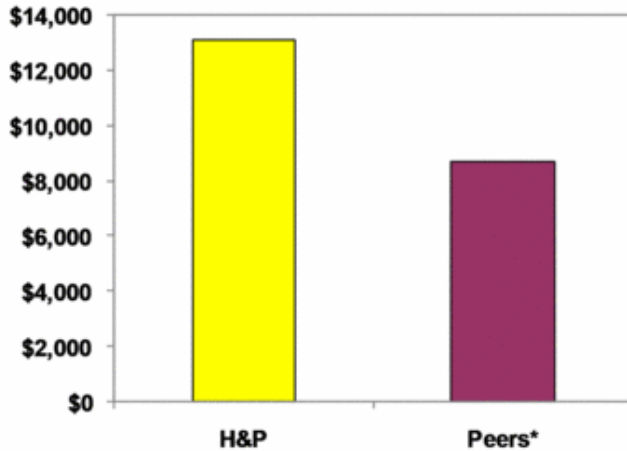




# Technology and Quality Service Make a Difference

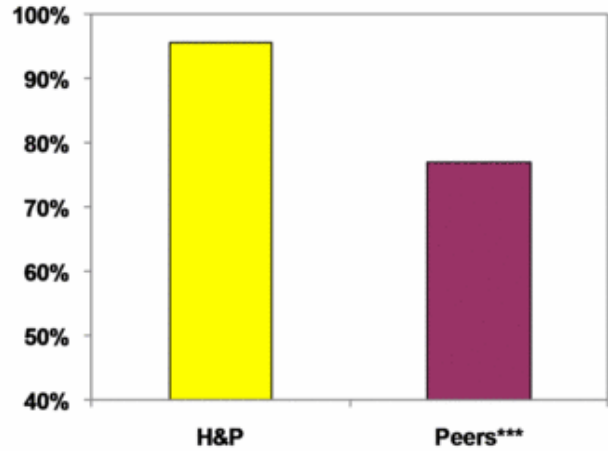
## Rig Margin Premium

**Average U.S. Land Rig Margin per Day**  
(12 Months Ended September 30, 2008)



## Utilization Premium

**Estimated U.S. Land Rig Utilization\*\***  
(12 Months Ended September 30, 2008)



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

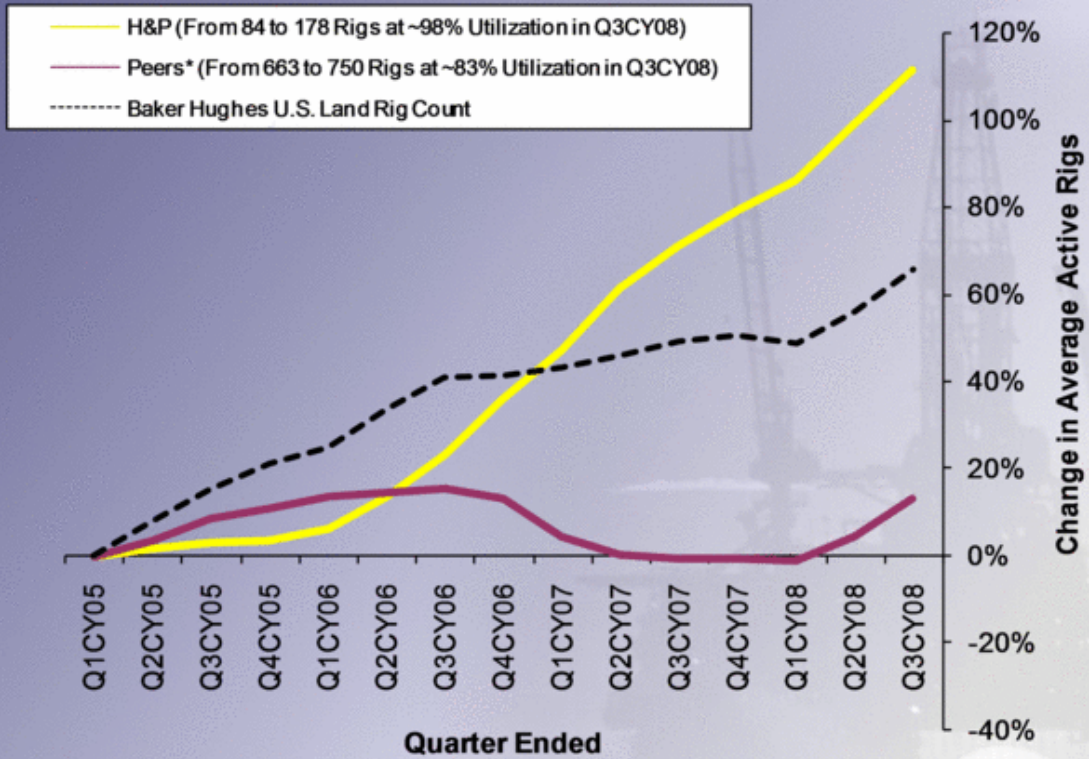
\*\* Utilization is herein calculated to be average active rigs divided by estimated available marketable rigs during the quarter.

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



# H&P Rapidly Gaining Market Share

## Growth / Decline in U.S. Land Average Rig Activity



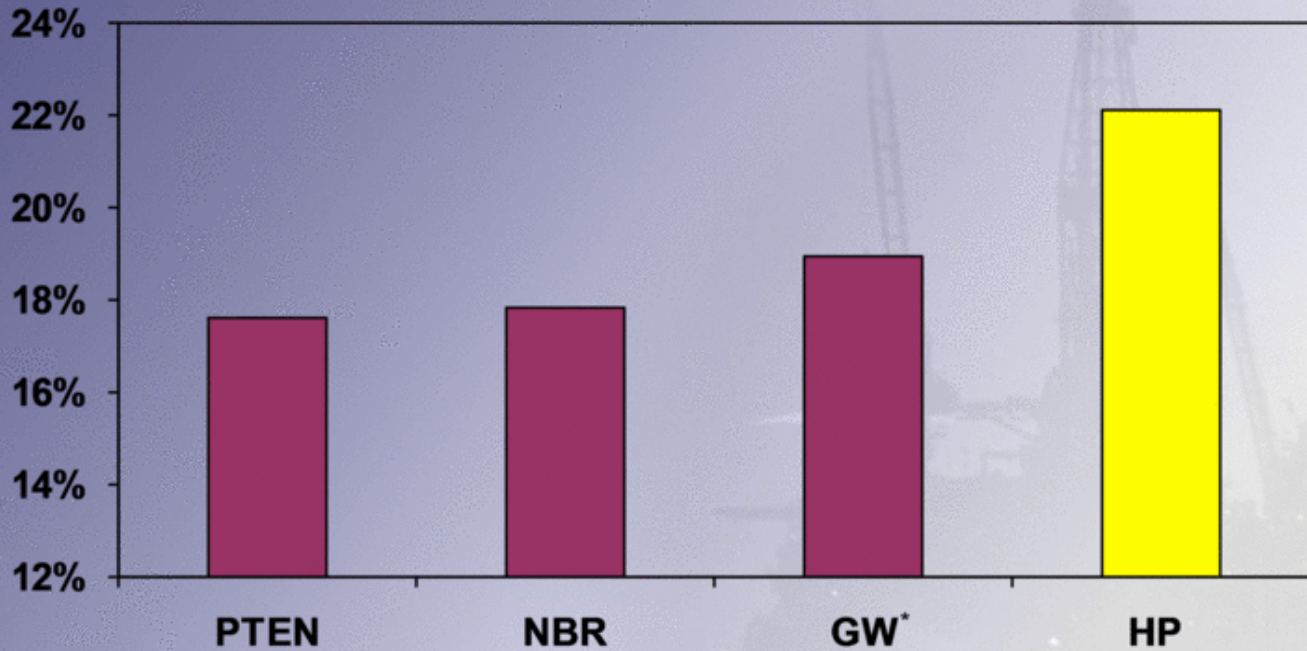
\*Represents average active rigs for PTEN, NBR, UNT and GW.



# Returns are Ultimately Driven by Performance

## Return on Equity

12 Months Ended September 30, 2008



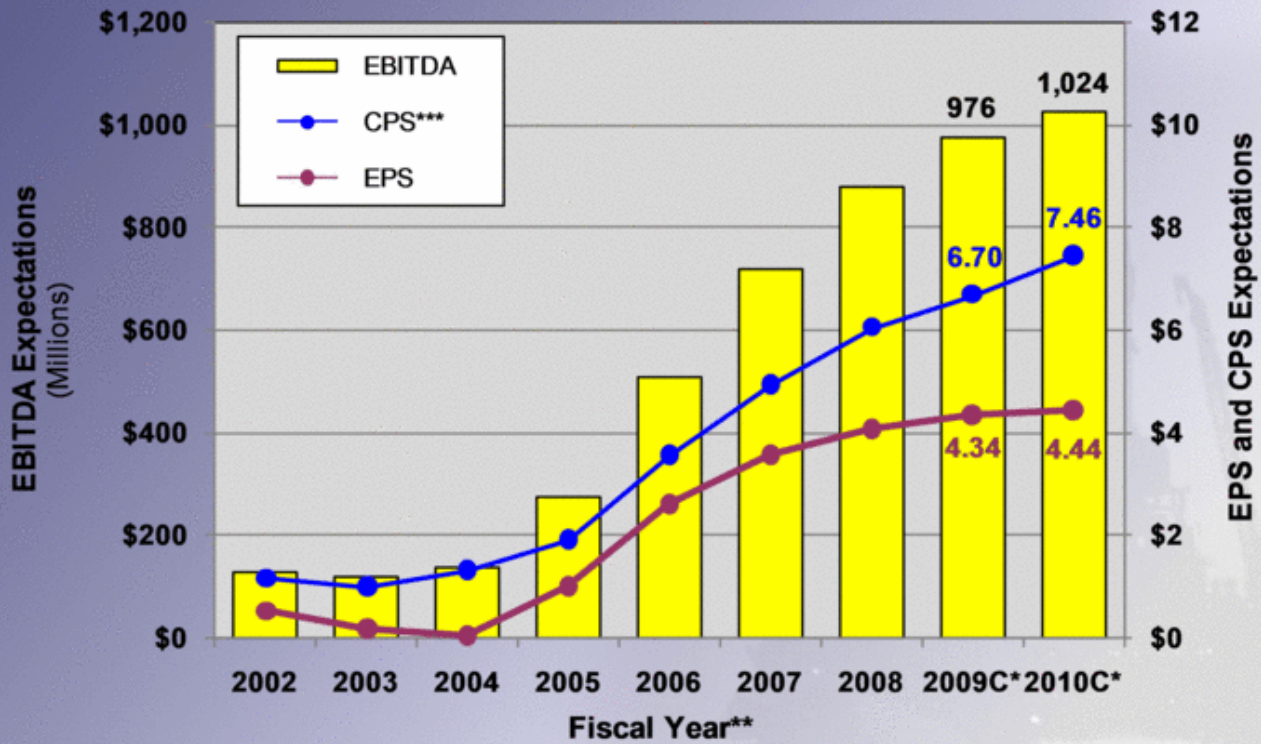
\* GW's net income does not include \$18.3MM related to merger activities.





# Delivering Growth to Shareholders

## Actual\*\* and Consensus EPS, CPS and EBITDA



\* Represents Thomson First Call consensus expectations for fiscal 2009 and 2010, as of November 26, 2008.

\*\* Actuals exclude proceeds from the sale of portfolio securities, sale of drilling equipment and insurance settlements.

\*\*\* Actual cash flow per share (CPS) is herein simply calculated to be earnings per share plus depreciation per share.

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## 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 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**





## A Strong Field Organization

- Performance is not only about better rigs
- It's also about:
  - People
  - Safety
  - Experience
  - Training
  - Culture
  - Supply chain
  - Maintenance
  - Processes
  - Organizational network
  - Support structure





## Value Proposition Example – H&P vs. Competitors

	Estimated Field Competitor Average	H&P FlexRig3 2008
1. Drilling days	13	7.8
Completion days	2	2
Moving days	5	3
<b>Total rig revenue days per well</b>	<b>20</b>	<b>12.8</b>
2. Drilling contractor dayrate	\$19,500	\$26,500
Operator's other intangible cost per day estimate	\$15,000	\$15,000
<b>Total daily cost estimate</b>	<b>\$34,500</b>	<b>\$41,500</b>
<b>Total cost per well (daily services)</b>	<b>\$690,000</b>	<b>\$531,200</b>
3. Total well savings with H&P – per well per year		\$158,800 \$4.5MM




## Value Proposition Example – H&P vs. Competitors

### Value added from FlexRig operations

- Significant H&P dayrate premium
- Increased wells per rig per year: 10.3 wells
- Early production: Incremental wells on production
- Lowest total well cost



A background image showing an oil rig in the foreground and a group of workers in hard hats and safety gear in the background. The image is slightly faded and serves as a backdrop for the title.

## H&P's U.S. Land Operations

- **U.S. land industry rig counts continue to decline**
- **About 175 out of 189 H&P rigs are expected to be active in early December, including 112 rigs under term contracts**
- **The number of idle rigs may increase to 24 by 1/1/09**
- **Over half of the segment's potential revenue days for fiscal 2009 are already contracted**





## H&P's International Land Operations

- **26 of 28 international land rigs are currently active, including four FlexRigs**
- **An additional four new FlexRigs with long-term contracts are expected to be deployed in fiscal 2009**
- **Actively seeking additional growth opportunities around the world**



## H&P's Offshore Operations

- **Strong daily margins**
- **Eight of nine rigs are currently active**
- **The ninth rig is contracted and expected to begin operations in early to mid 2009**





## Well Positioned to Cope with Market Volatility

- **Long-term contracts – Over half of our fiscal 2009 potential U.S. land revenue days are already contracted at attractive dayrates**
- **Customer base – About 80% of our U.S. land fleet is operated by majors and very large independents**
- **Over half of H&P's rigs in the U.S. land spot market are FlexRigs**
- **Strong Balance Sheet – Debt-to-cap ratio under 20%**





End of Presentation





Additional References:

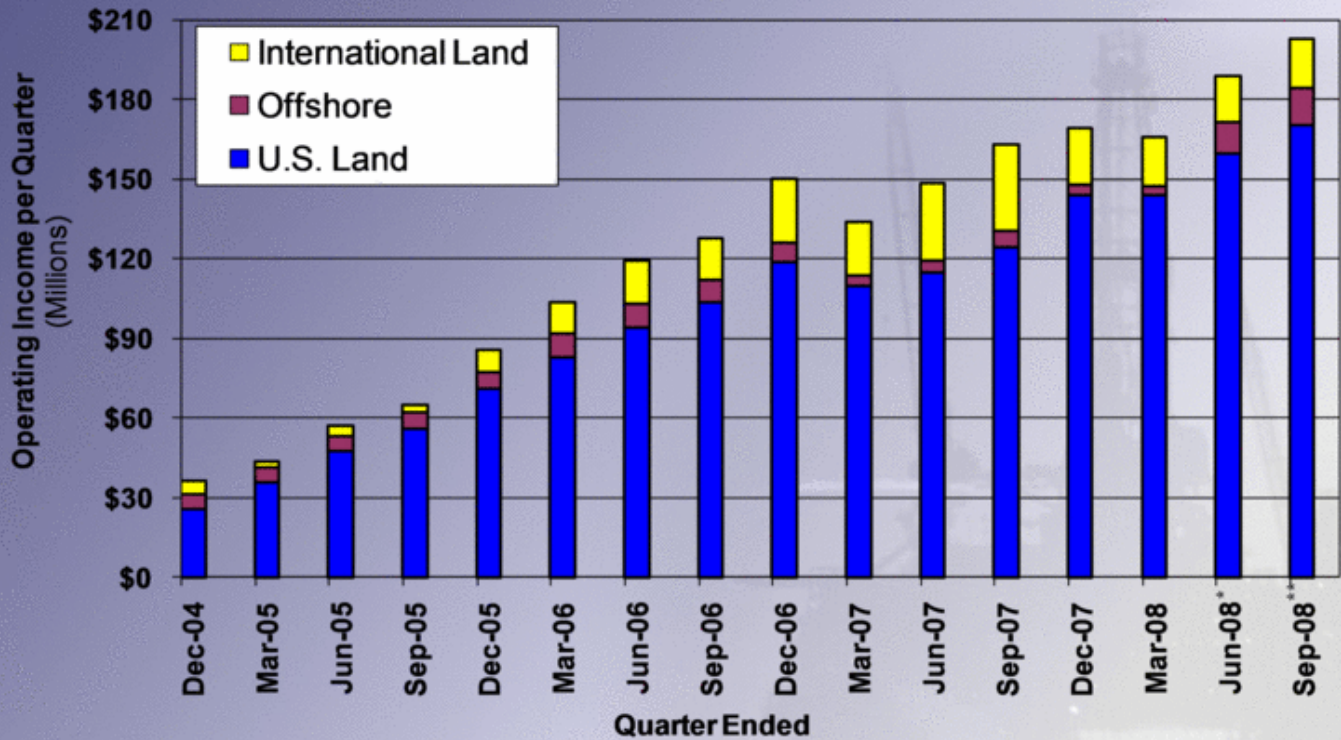






# H&P's Growth in Operating Income

## H&P Segment Operating Income



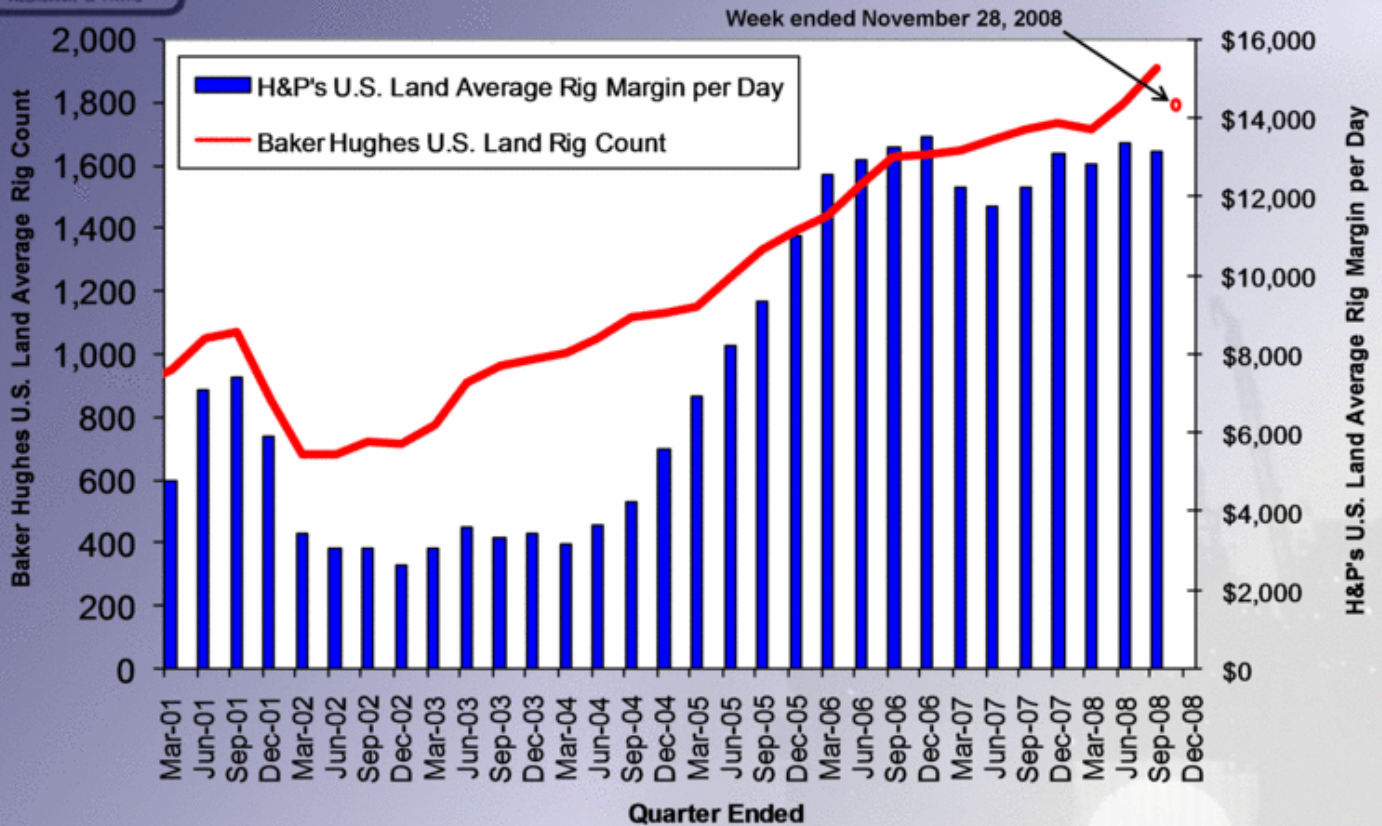
\* Excludes effect of one time depreciation adjustment corresponding to prior years in the International Land segment.

\*\* Excludes effect of one time abandonment charges in the U.S. Land segment.





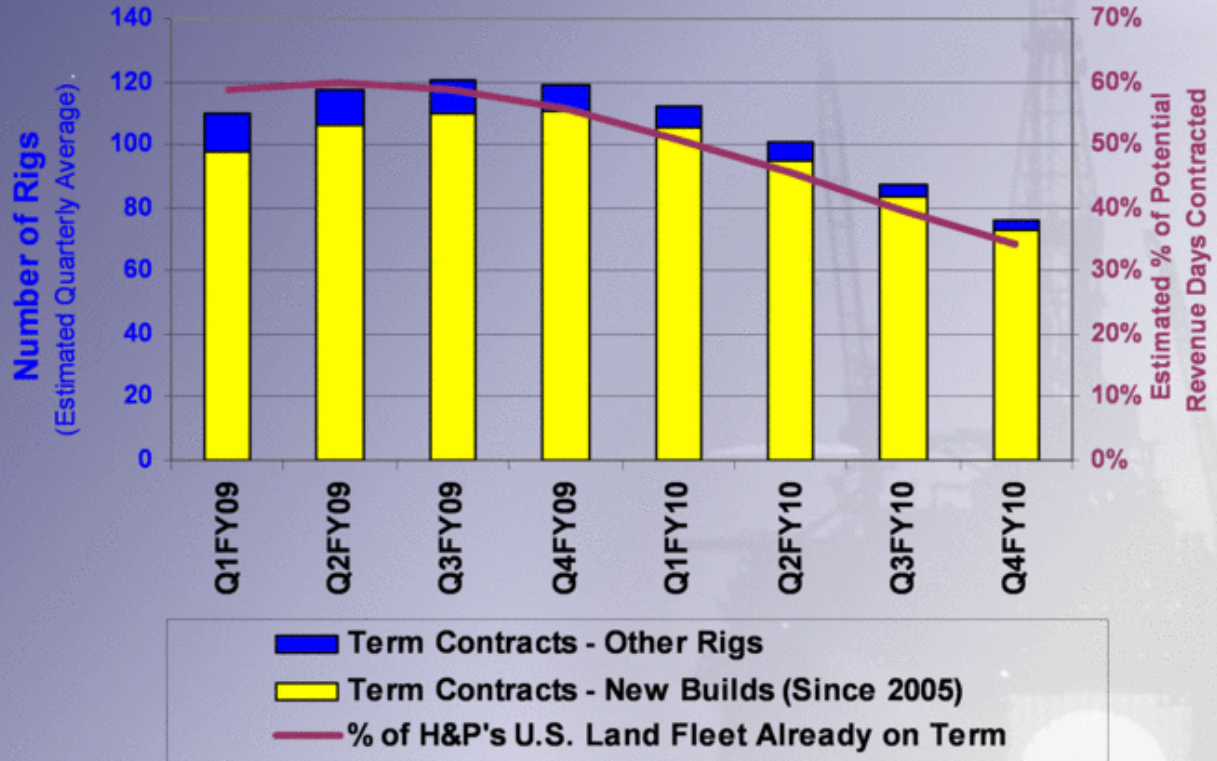
# U.S. Land Rig Activity





# H&P U.S. Land Term Contracts

## Term Contract Status - H&P U.S. Land (Including Committed New Builds)







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