

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 04/27/05 for the Period Ending 04/27/05

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

HELMERICH & PAYNE INC

FORM 8-K (Unscheduled Material Events)

Filed 4/27/2005 For Period Ending 4/27/2005

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

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**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: April 27, 2005

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))
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ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 27, 2005, Helmerich & Payne, Inc. (“Registrant”) issued a press release announcing its financial results for its second quarter ended March 31, 2005. A copy of the press release is attached as Exhibit 99 to this Report on Form 8-K. This information is being furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURES

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

HELMERICH & PAYNE, INC.

(Registrant)

/s/ Steven R. Mackey

Steven R. Mackey
Vice President

DATE: April 27, 2005

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99	Helmerich & Payne, Inc. earnings press release dated April 27, 2005

April 27, 2005

**HELMERICH & PAYNE, INC. ANNOUNCES SECOND QUARTER RESULTS
AND NEW RIG CONSTRUCTION FOR CONOCOPHILLIPS**

Helmerich & Payne, Inc. reported net income of \$22,350,000 (\$0.43 per diluted share) from operating revenues of \$185,450,000 for its second fiscal quarter ended March 31, 2005, compared with net income of \$6,048,000 (\$0.12 per diluted share) from operating revenues of \$143,024,000 during last year's second fiscal quarter ended March 31, 2004. Included in net income were gains from the sale of portfolio securities and drilling equipment of \$0.01 per share for this year's second quarter and \$0.09 per share for last year's second quarter.

For the six months ended March 31, 2005, the Company reported net income of \$61,660,000 (\$1.20 per diluted share) from operating revenues of \$360,129,000, compared with net income of \$12,636,000 (\$0.25 per diluted share) from operating revenues of \$277,297,000 during the first six months ended March 31, 2004. Included in net income were gains from the sale of portfolio securities and drilling equipment of \$0.45 per share for the first six months of fiscal 2005 and \$0.16 per share for the first six months of fiscal 2004.

Company President and CEO, Hans Helmerich commented, "The U.S. land business continues to improve, fueled by strong energy prices. Customers are paying more for rigs across the board and are particularly attracted to the consistent performance and added drilling efficiency that our fleet offers. During the second quarter, cash margins for our U.S. land fleet increased by \$1,381 over the previous quarter, driving operating income up by 40% during that same period.

As expected, our U.S. platform business was steady during the second quarter, while our international segment results were hampered by a \$1,555,000 Venezuelan currency revaluation expense, reduction in operating income in Bolivia and Equatorial Guinea, and expenses associated with terminating operations in Chad and Hungary."

As previously announced on March 23rd, the Company has been contracted by Williams Production RMT Company to operate 10 new FlexRig4s®, each under three-year term contracts at a fixed dayrate plus certain conditional incentive payments based upon savings realized by Williams. The first rig is scheduled for completion by November 2005, with the remaining nine expected to be delivered to the field at the rate of one per month thereafter.

The Company announced today that it had received a letter of intent from ConocoPhillips to operate three new FlexRig4 drilling rigs. ConocoPhillips will contract the new FlexRig4s on three-year term contracts for work in the San Juan Basin in northwestern New Mexico. The Company expects to deliver one new rig per month starting November 2005. The new rigs and transportation equipment are expected to cost the Company approximately \$9.5 million each.

Mr. Helmerich added, "We are pleased to be awarded the contract resulting in the construction of three new FlexRig4 rigs for ConocoPhillips. This work represents further validation of the FlexRig's superior field performance and drilling efficiencies. Building on strong customer satisfaction with our existing 50 FlexRigs, these new FlexRig4s will provide enhanced project economics for the customer and allow us to secure term contracts with attractive financial returns for our shareholders."

(over)

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April 27, 2005
News Release

Helmerich & Payne, Inc. (HP/NYSE) is a contract drilling company that owns 91 U.S. land rigs, 11 U.S. platform rigs located in the Gulf of Mexico, 26 rigs located in South America, for a total of 128 rigs. Included in the total fleet of 128 rigs are 50 H&P-designed and operated FlexRigs.

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

The information to be disclosed in the conference call and webcast shall include forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks and uncertainties, as disclosed by H&P in its Form 10-K filed with the Securities and Exchange Commission on December 13, 2004. As a result of these factors, H&P's actual results may differ materially from those indicated or implied by such forward-looking statements.

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

Contact: Doug Fears
(918) 588-5208

(more)

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

CONSOLIDATED STATEMENTS OF INCOME	Three Months Ended			Six Months Ended	
	Dec. 31	March 31		March 31	
	2004	2005	2004	2005	2004
Operating Revenues:					
Drilling – U.S. Land	\$ 109,188	\$ 122,394	\$ 82,477	\$ 231,582	\$ 157,410
Drilling – U.S. Offshore	20,356	18,649	18,675	39,005	39,377
Drilling – International	42,471	41,799	39,311	84,270	75,272
Real Estate	2,664	2,608	2,561	5,272	5,238
	<u>174,679</u>	<u>185,450</u>	<u>143,024</u>	<u>360,129</u>	<u>277,297</u>
Operating costs and expenses:					
Operating costs	111,252	114,321	104,950	225,573	198,731
Depreciation	23,262	23,950	23,402	47,212	45,670
General and administrative	9,246	9,593	9,789	18,839	18,891
	<u>143,760</u>	<u>147,864</u>	<u>138,141</u>	<u>291,624</u>	<u>263,292</u>
Operating income	30,919	37,586	4,883	68,505	14,005
Other income (expense):					
Interest and dividend income	961	1,193	516	2,154	1,161
Interest expense	(3,309)	(3,246)	(3,112)	(6,555)	(6,334)
Gain on sale of investment securities	26,349	(36)	7,072	26,313	11,976
Income from asset sales	10,816	971	755	11,787	1,636
Other	(2)	348	109	346	118
	<u>34,815</u>	<u>(770)</u>	<u>5,340</u>	<u>34,045</u>	<u>8,557</u>
Income before income taxes and equity in income					
(loss) of affiliates	65,734	36,816	10,223	102,550	22,562
Income tax provision	27,130	15,153	4,484	42,283	9,615
Equity in income (loss) of affiliates net of income taxes	706	687	309	1,393	(311)
NET INCOME	\$ 39,310	\$ 22,350	\$ 6,048	\$ 61,660	\$ 12,636
Earnings (loss) per common share:					
Basic	\$ 0.78	\$ 0.44	\$ 0.12	\$ 1.22	\$ 0.25
Diluted	\$ 0.77	\$ 0.43	\$ 0.12	\$ 1.20	\$ 0.25
Average common shares outstanding:					
Basic	50,543	50,955	50,263	50,747	50,209
Diluted	51,256	51,891	50,903	51,571	50,784

(more)

HELMERICH & PAYNE, INC.
Unaudited
(in thousands)

CONSOLIDATED CONDENSED BALANCE SHEETS	3/31/05	9/30/04
ASSETS		
Cash and cash equivalents	\$ 208,453	\$ 65,296
Other current assets	184,479	180,590
Total current assets	<u>392,932</u>	<u>245,886</u>
Investments	157,076	161,532
Net property, plant, and equipment	959,487	998,674
Other assets	662	752
TOTAL ASSETS	<u>\$ 1,510,157</u>	<u>\$ 1,406,844</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total current liabilities	\$ 55,721	\$ 59,903
Total noncurrent liabilities	264,736	232,831
Long-term notes payable	200,000	200,000
Total shareholders' equity	<u>989,700</u>	<u>914,110</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 1,510,157</u>	<u>\$ 1,406,844</u>

(more)

HELMERICH & PAYNE, INC.
Unaudited
(in thousands)

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS	Six Months Ended March 31	
	2005	2004
OPERATING ACTIVITIES:		
Net Income	\$ 61,660	\$ 12,636
Depreciation	47,212	45,670
Changes in assets and liabilities	9,901	(8,067)
Gain on sale of assets and investment securities	(38,100)	(11,666)
Non-monetary investment gain	—	(1,946)
Other	(2,584)	546
Net cash provided by operating activities	78,089	37,173
INVESTING ACTIVITIES:		
Capital expenditures	(22,693)	(52,657)
Purchase of investments	(5,000)	—
Proceeds from sale of assets and investment securities	89,298	16,940
Net cash provided by (used in) investing activities	61,605	(35,717)
FINANCING ACTIVITIES:		
Payments of short-term notes	—	(5,000)
Dividends paid	(8,380)	(8,050)
Proceeds from exercise of stock options	11,843	3,963
Net cash provided by (used in) financing activities	3,463	(9,087)
Net increase (decrease) in cash and cash equivalents	143,157	(7,631)
Cash and cash equivalents, beginning of period	65,296	38,189
Cash and cash equivalents, end of period	\$ 208,453	\$ 30,558

(more)

SEGMENT REPORTING

	Three Months Ended			Six Months Ended	
	Dec. 31	March 31		March 31	
	2004	2005	2004	2005	2004
(in thousands, except days and per day amounts)					
US LAND OPERATIONS					
Revenues	\$ 109,188	\$ 122,394	\$ 82,477	\$ 231,582	\$ 157,410
Direct operating expenses	66,978	69,695	60,943	136,673	114,433
General and administrative expense	1,866	1,839	1,867	3,705	3,792
Depreciation	14,756	15,063	13,920	29,819	26,983
Operating income	\$ 25,588	\$ 35,797	\$ 5,747	\$ 61,385	\$ 12,202
Activity days	7,588	7,589	6,758	15,177	13,038
Average rig revenue per day	\$ 13,363	\$ 15,018	\$ 11,218	\$ 14,191	\$ 11,236
Average rig expense per day	\$ 7,800	\$ 8,074	\$ 8,032	\$ 7,938	\$ 7,940
Average rig margin per day	\$ 5,563	\$ 6,944	\$ 3,186	\$ 6,253	\$ 3,296
Rig utilization	92%	94%	86%	93%	83%
US OFFSHORE OPERATIONS					
Revenues	\$ 20,356	\$ 18,649	\$ 18,675	\$ 39,005	\$ 39,377
Direct operating expenses	12,847	10,992	10,997	23,839	23,719
General and administrative expense	834	817	767	1,651	1,496
Depreciation	2,507	2,668	3,031	5,175	6,070
Operating income	\$ 4,168	\$ 4,172	\$ 3,880	\$ 8,340	\$ 8,092
Activity days	563	450	455	1,013	915
Average rig revenue per day	\$ 25,793	\$ 29,297	\$ 28,644	\$ 27,350	\$ 30,617
Average rig expense per day	\$ 14,251	\$ 14,928	\$ 14,481	\$ 14,552	\$ 16,041
Average rig margin per day	\$ 11,542	\$ 14,369	\$ 14,163	\$ 12,798	\$ 14,576
Rig utilization	56%	45%	42%	51%	42%

(more)

SEGMENT REPORTING

	Three Months Ended			Six Months Ended	
	Dec. 31	March 31		March 31	
	2004	2005	2004	2005	2004
(in thousands, except days and per day amounts)					
INTERNATIONAL OPERATIONS					
Revenues	\$ 42,471	\$ 41,799	\$ 39,311	\$ 84,270	\$ 75,272
Direct operating expenses	30,855	32,920	32,056	63,775	58,728
General and administrative expense	653	497	561	1,150	1,189
Depreciation	4,766	4,800	5,139	9,566	10,160
Operating income	\$ 6,197	\$ 3,582	\$ 1,555	\$ 9,779	\$ 5,195
Activity days	1,823	1,728	1,473	3,551	3,007
Average rig revenue per day	\$ 19,208	\$ 19,430	\$ 21,849	\$ 19,316	\$ 20,441
Average rig expense per day	\$ 13,346	\$ 13,672	\$ 16,645	\$ 13,504	\$ 14,988
Average rig margin per day	\$ 5,862	\$ 5,758	\$ 5,204	\$ 5,812	\$ 5,453
Rig utilization	71%	71%	51%	71%	52%

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

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

Reimbursed amounts were as follows:

US Land Operations	\$ 7,789	\$ 8,419	\$ 6,666	\$ 16,208	\$ 10,918
US Offshore Operations	\$ 1,471	\$ 1,410	\$ 1,551	\$ 2,881	\$ 3,152
International Operations	\$ 3,099	\$ 3,794	\$ 3,510	\$ 6,893	\$ 6,771

REAL ESTATE

Revenues	\$ 2,664	\$ 2,608	\$ 2,561	\$ 5,272	\$ 5,238
Direct operating expenses	1,027	1,174	954	2,201	1,851
Depreciation	562	573	561	1,135	1,085
Operating income	\$ 1,075	\$ 861	\$ 1,046	\$ 1,936	\$ 2,302

(more)

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

SEGMENT REPORTING	Three Months Ended			Six Months Ended	
	Dec. 31	March 31		March 31	
	2004	2005	2004	2005	2004
Operating income					
US Land	\$ 25,588	\$ 35,797	\$ 5,747	\$ 61,385	\$ 12,202
US Offshore	4,168	4,172	3,880	8,340	8,092
International	6,197	3,582	1,555	9,779	5,195
Real Estate	1,075	861	1,046	1,936	2,302
Segment operating income	\$ 37,028	\$ 44,412	\$ 12,228	\$ 81,440	\$ 27,791
Corporate general and administrative	(5,893)	(6,440)	(6,594)	(12,333)	(12,414)
Other depreciation	(671)	(846)	(751)	(1,517)	(1,372)
Inter-segment elimination	455	460	—	915	—
Operating income	\$ 30,919	\$ 37,586	\$ 4,883	\$ 68,505	\$ 14,005
Other income (expense):					
Interest and dividend income	961	1,193	516	2,154	1,161
Interest expense	(3,309)	(3,246)	(3,112)	(6,555)	(6,334)
Gain on sale of investment securities	26,349	(36)	7,072	26,313	11,976
Income from asset sales	10,816	971	755	11,787	1,636
Other	(2)	348	109	346	118
Total other income (expense)	34,815	(770)	5,340	34,045	8,557
Income before income taxes and equity in income (loss) of affiliates	\$ 65,734	\$ 36,816	\$ 10,223	\$ 102,550	\$ 22,562

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