

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 10/01/12 for the Period Ending 10/01/12

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
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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: **October 1, 2012**

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))
-
-

ITEM 7.01 REGULATION FD DISCLOSURE

Helmerich & Payne, Inc. (the “Company”) will discuss information to be distributed in an investor and securities analyst conference 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 distributed at an investor and securities analyst conference.

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: October 1, 2012

EXHIBIT INDEX

Exhibit Number	Description
99.1	Slides to be distributed at an investor and securities analyst conference.



Helmerich & Payne, Inc.
4th Annual Johnson Rice Energy Conference
October 2-3, 2012

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, rig performance 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.

H&P Basics

342 Drilling Rigs*

~\$5 Billion in Assets

~10,000 Employees

~6% Debt/Cap

* Includes 16 announced new FlexRigs under construction with customer commitments as of September 28, 2012 that are scheduled for completion during fiscal 2012 and fiscal 2013.



HELMERICH & PAYNE, INC.



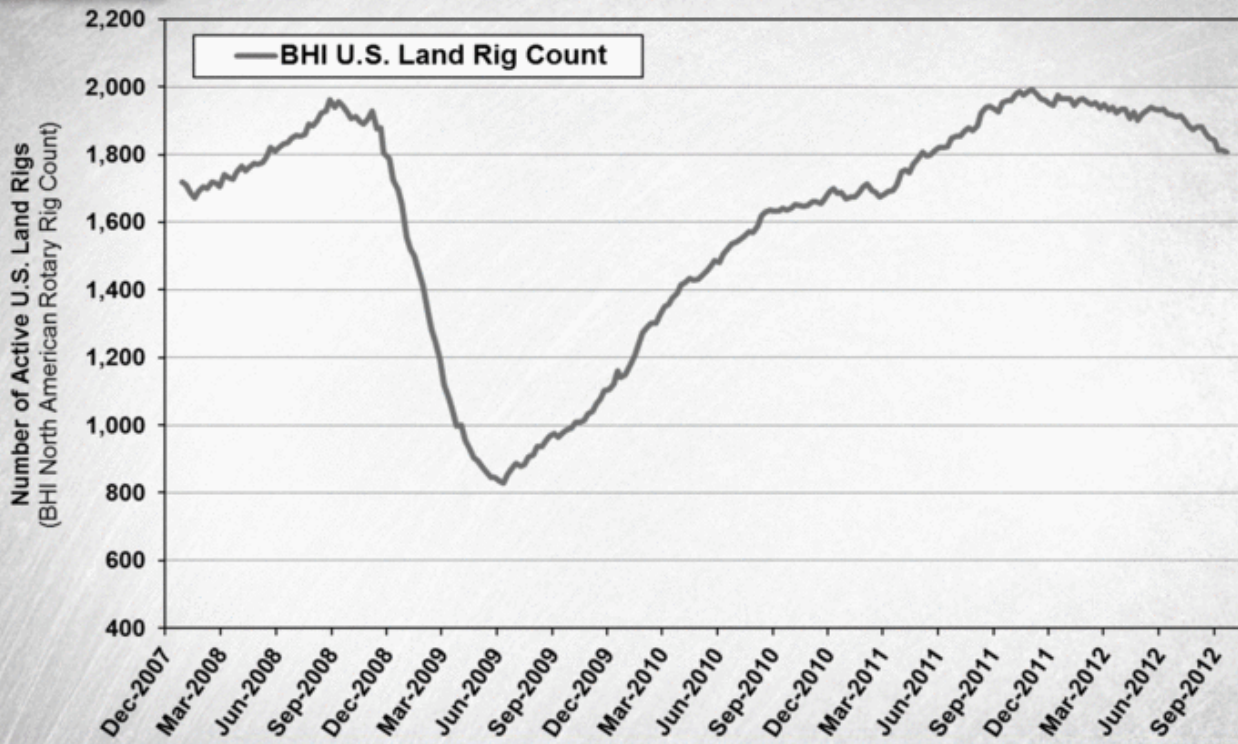
Topics Today

- Comments on U.S. land market conditions
- Growing shareholder value through FlexRig[®] innovation
- Market share leader in AC drive rigs and active rigs
- Unconventional plays shape the drilling landscape
- The rig replacement cycle continues





U.S. Land Industry Rig Count





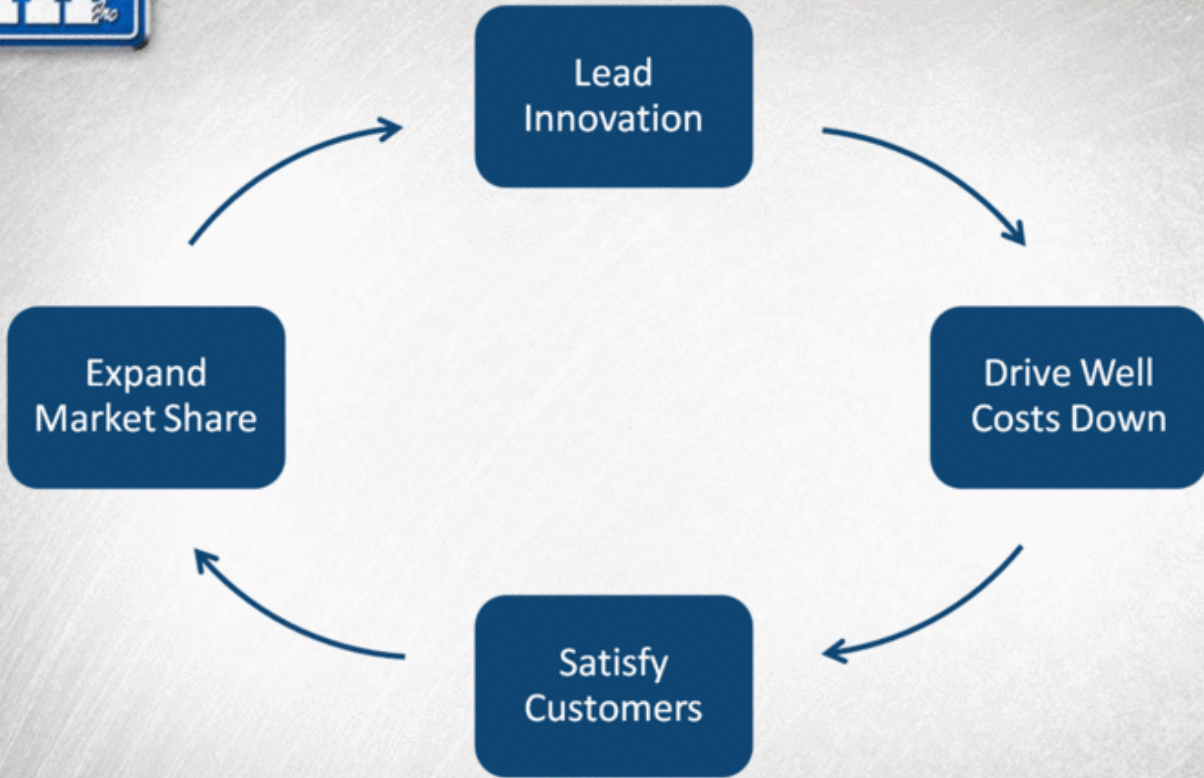
Comments on Today's U.S. Land Market

- AC drive rigs are still experiencing strong utilization levels
- 98% of H&P's active rigs are AC drive rigs
- H&P's rig count and spot pricing continue to slightly soften
- Our position is strengthened by:
 - Long-term contract coverage
 - Spot rigs are high quality and liquids oriented
- Our operational outlook for the fourth fiscal quarter remains unchanged (not only for U.S. Land, but also for Offshore and International Land)





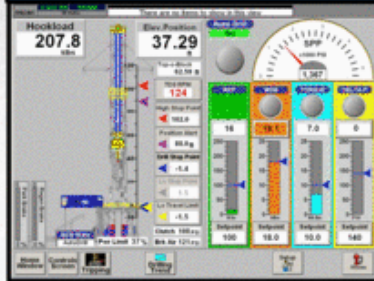
Growing Shareholder Value





Innovation & Applied Technology

Computerized Controls



Driller's Cabin



AC Driven Systems & Integrated Top Drive



Satellite Communications



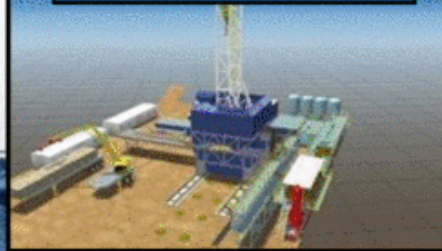
BOP Handling



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**
- **An enhanced and significantly safer workplace**
- **Minimized impact to the environment**
- **Total well cost savings even at premium dayrates**





A Value Proposition Example – H&P vs. Competitors

	Estimated Conventional Average (Spot Market)	Estimated Peer Fit-for-purpose Average (Spot Market)	H&P FlexRig3 Average 2012 (Spot Market)
1. Drilling days	20	13	9
Other days	3	3	3
Moving days	7	4	3
Total rig revenue days per well	30	20	15
2. Drilling contractor dayrate	\$17,500	\$23,000	\$28,000
Operator's other intangible cost per day estimate	\$25,000	\$25,000	\$25,000
Total daily cost estimate	\$42,500	\$48,000	\$53,000
Total cost per well (daily services)	\$1,275,000	\$960,000	\$795,000
3. Total well savings with H&P – per well per year	\$480,000 \$11.7MM	\$165,000 \$4.0MM	

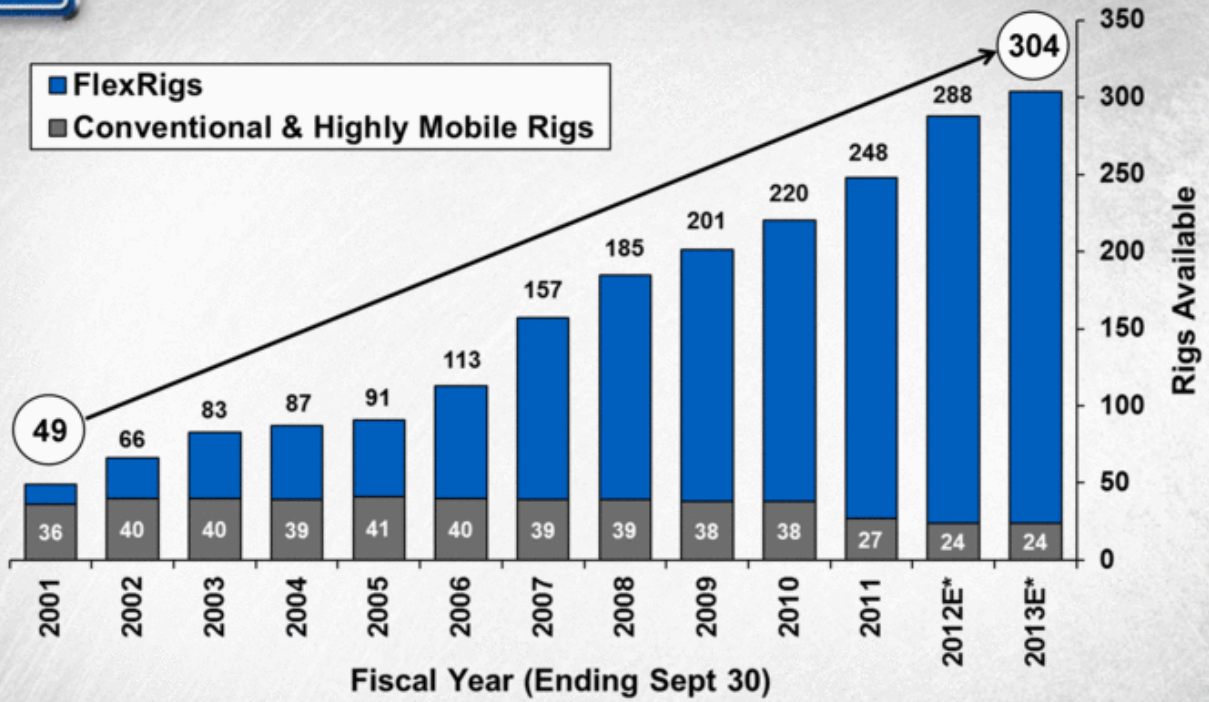
Increased wells per rig per year versus conventional average: 12 wells

Increased wells per rig per year versus peer fit-for-purpose: 6 wells





Organic U.S. Land Fleet Growth



* Estimates include existing rigs and announced new build commitments.





H&P's New Build Advantages

- We have been improving and honing the process for over 10 years, prompting our assertion that we build a better rig for less
- Safety is our first priority, followed by a relentless focus on strong execution and performance in the field
- Exceptional fleet uniformity
- Extensive collaboration with customers and suppliers
- A strong organizational orientation to consistent, repeatable, field execution





Building a New FlexRig[®]

Processing Raw Materials



Fabricating New Structures



Lean Manufacturing



Commissioning / Delivery



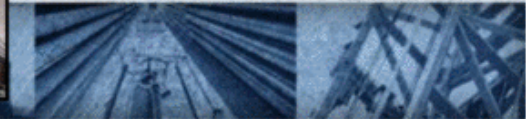
Unitizing Packages



Test Assembly and Outfitting



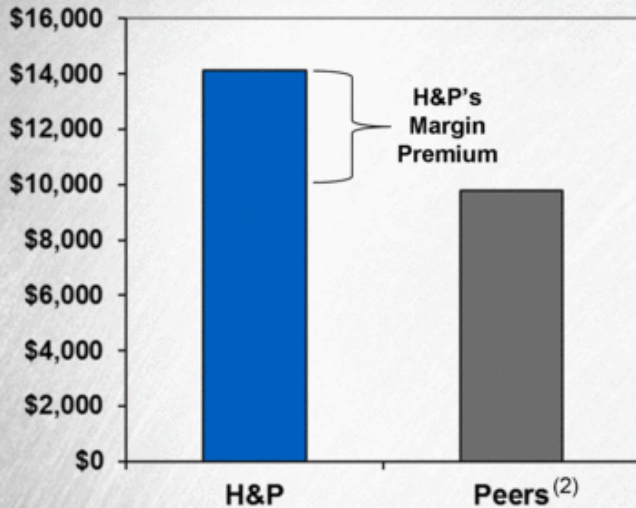
New Electrical Systems



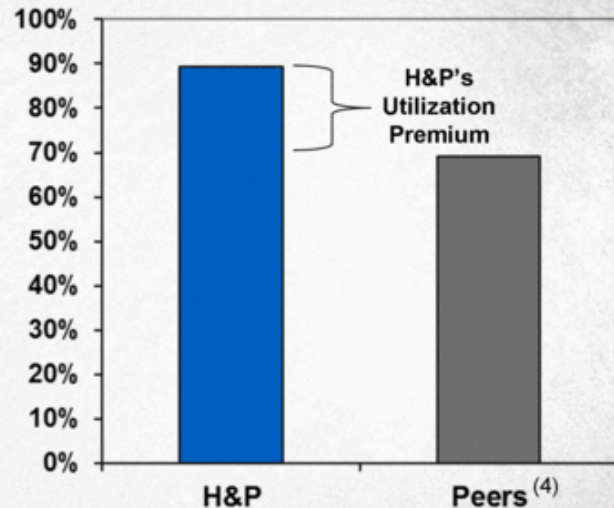


Technology & Quality Service Make a Difference

Average U.S. Land Rig Margin per Day⁽¹⁾
(12 Months Ended June 30, 2012)



Estimated U.S. Land Rig Utilization⁽³⁾
(12 Months Ended June 30, 2012)



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

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

(3) Utilization is herein calculated to be average active rigs divided by estimated available marketable rigs.

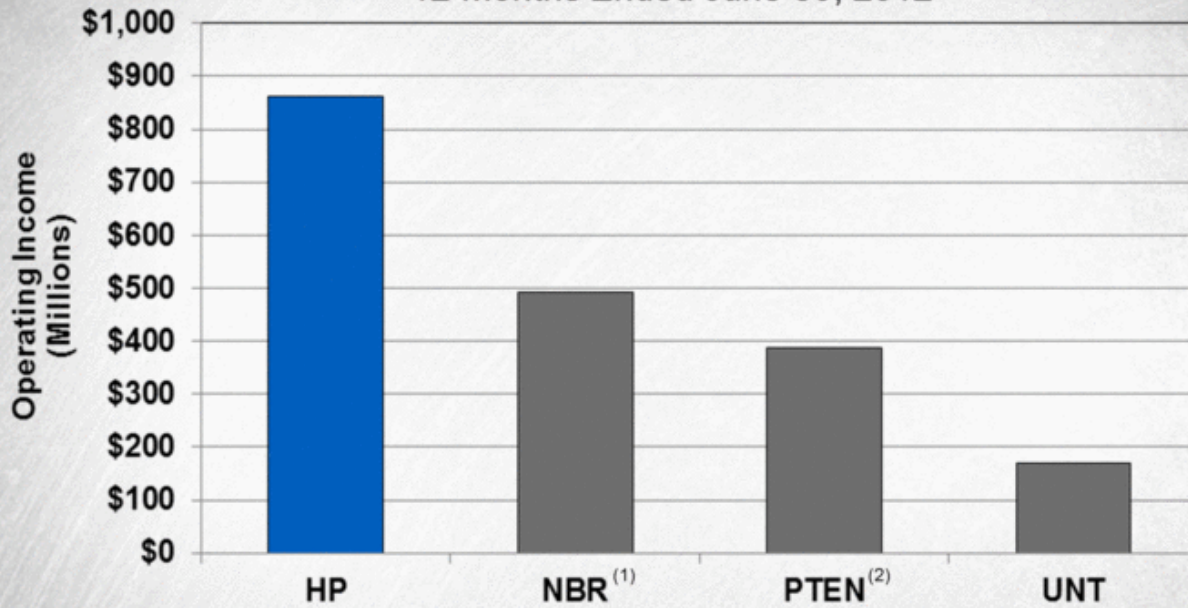
(4) Represents estimated average combined utilization for PTEN, NBR, and UNT in the Lower 48 land market.





Most Profitable Driller in U.S. Land Business

U.S. Land Drilling Operating Income 12 Months Ended June 30, 2012



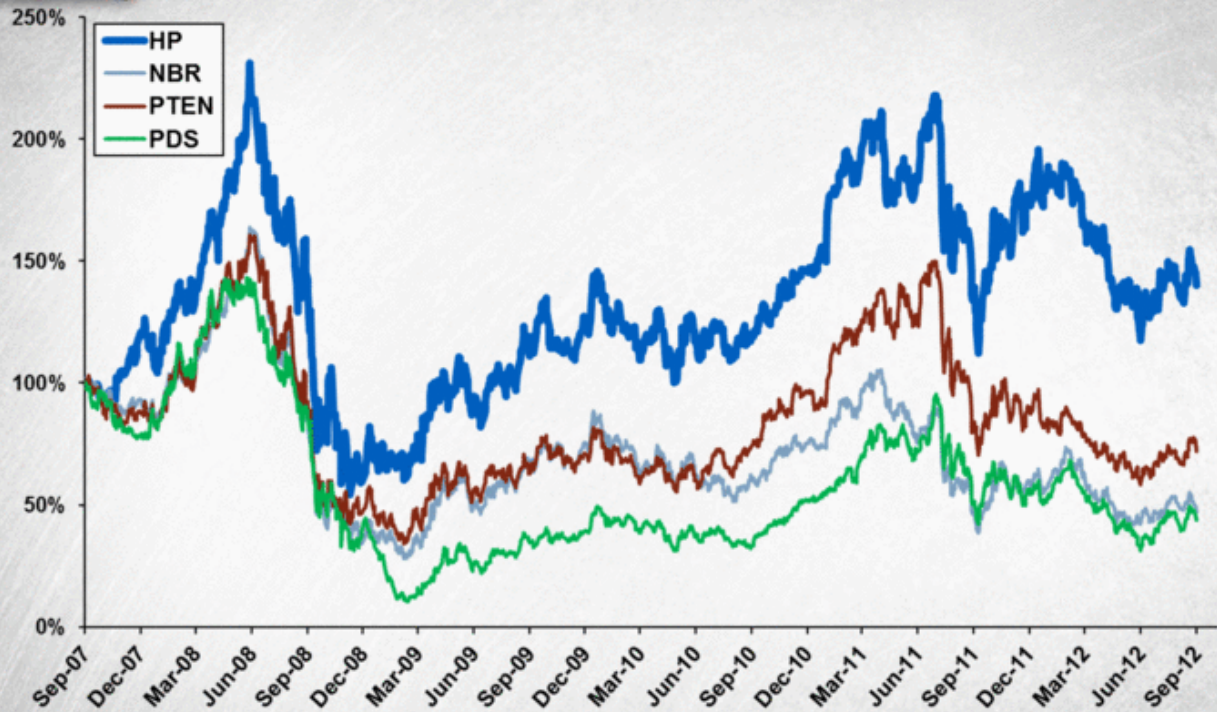
(1) NBR's operating income corresponds to its U.S. Lower 48 Land Drilling segment.

(2) PTEN's operating income includes drilling operations in Canada.





Five-Year Relative Shareholder Return

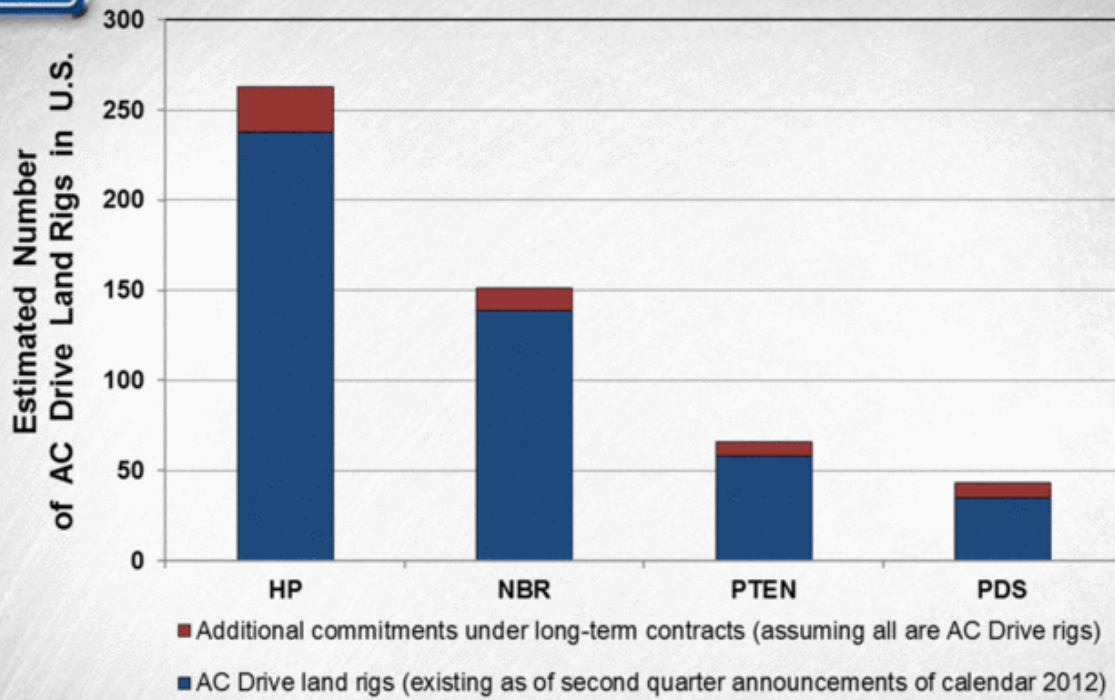


Source: Thomson Financial as of September 25, 2012





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

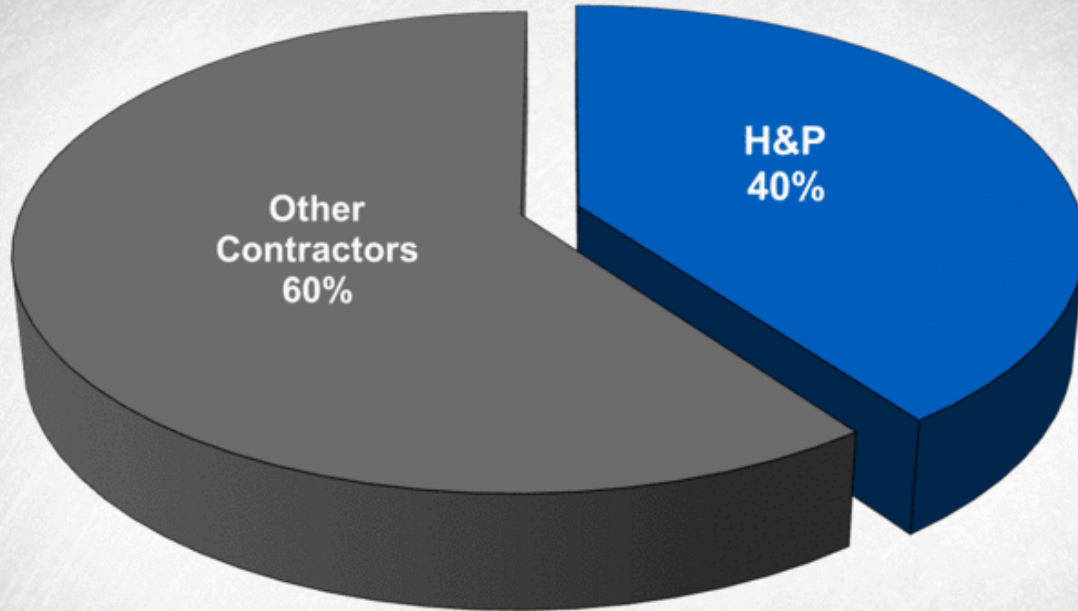


Note: The above estimates corresponding to U.S. lower 48 AC Drive fleets and new build commitments are derived from Rig Data and corporate filings.





AC Drive U.S. Rig Market Share (~600 Rigs)



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





Our FlexRig New Build Efforts

- We are the most active driller in the U.S. land market as a result of our very significant lead in the growing segment of advanced technology AC drive rigs.
- We have continued to make new build deliveries on time and on budget, including nine new FlexRigs since our last webcast.
- We have 16 FlexRigs under construction with long-term contracts that are scheduled to continue to deploy at the rate of four per month through early calendar 2013.





H&P Activity as of September 28, 2012

	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Contracted</u>
U.S. Land	288	230	80%
Offshore	9	8	89%
International Land	<u>29</u>	<u>26</u>	<u>90%</u>
Total	326	264	81%
FlexRig Construction ⁽¹⁾	16	16	
Total Fleet	342	280	

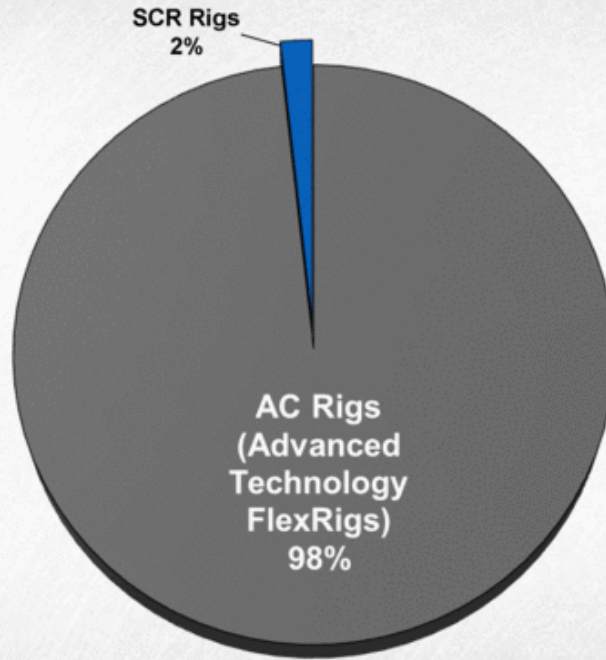
(1) Includes announced new build commitments.





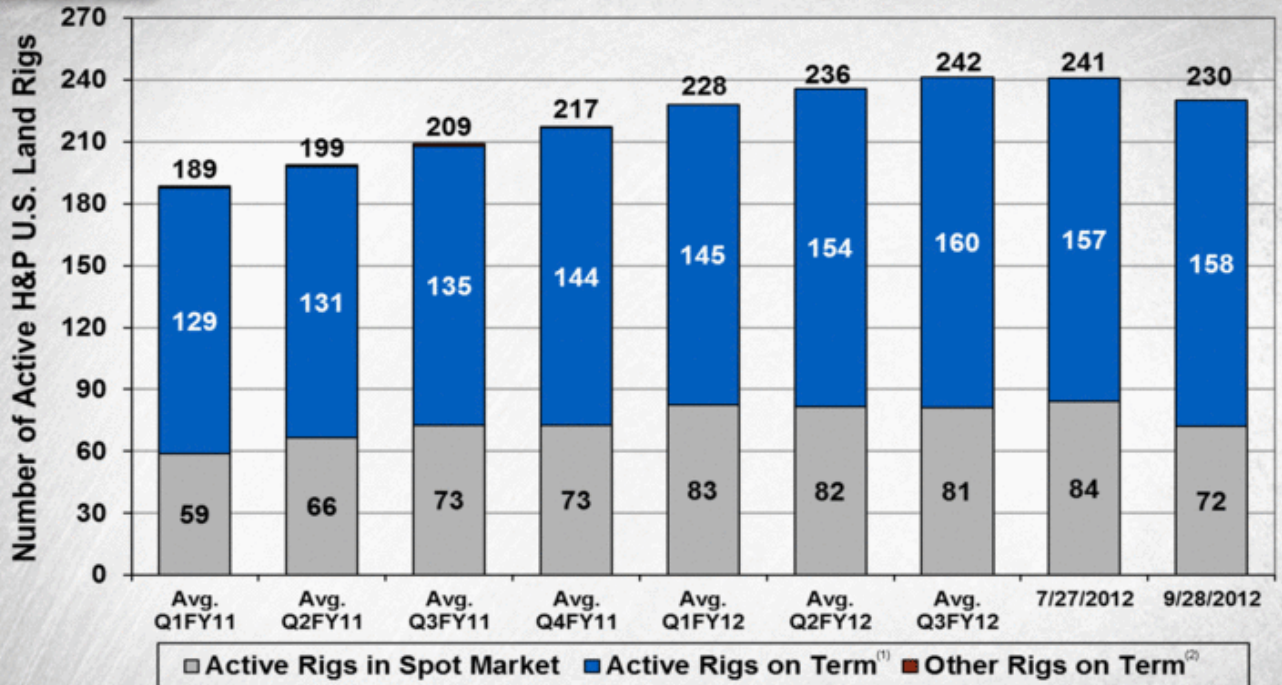
H&P U.S. Land Fleet by Power Type

(230 Active Rigs in the U.S. By Power Type)





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



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

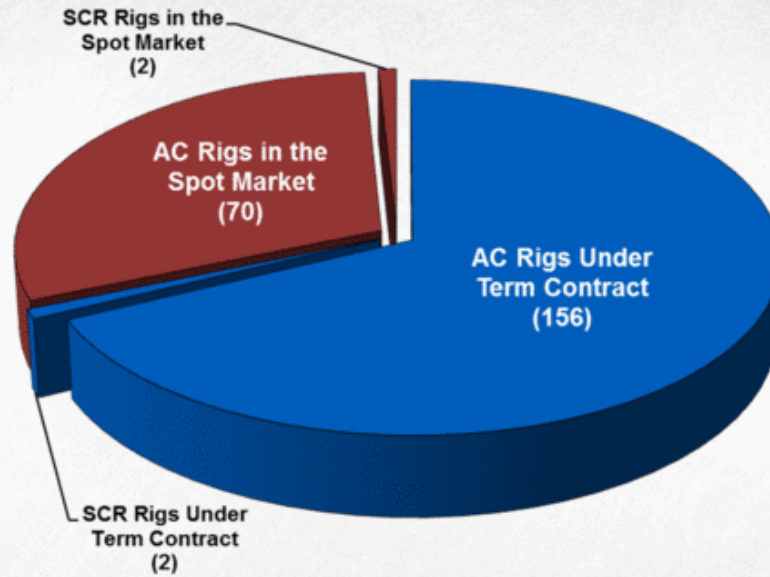
2) Includes completed new builds that were waiting on operators and which generated revenue but did not generate revenue days.





H&P's Advanced Technology Footprint

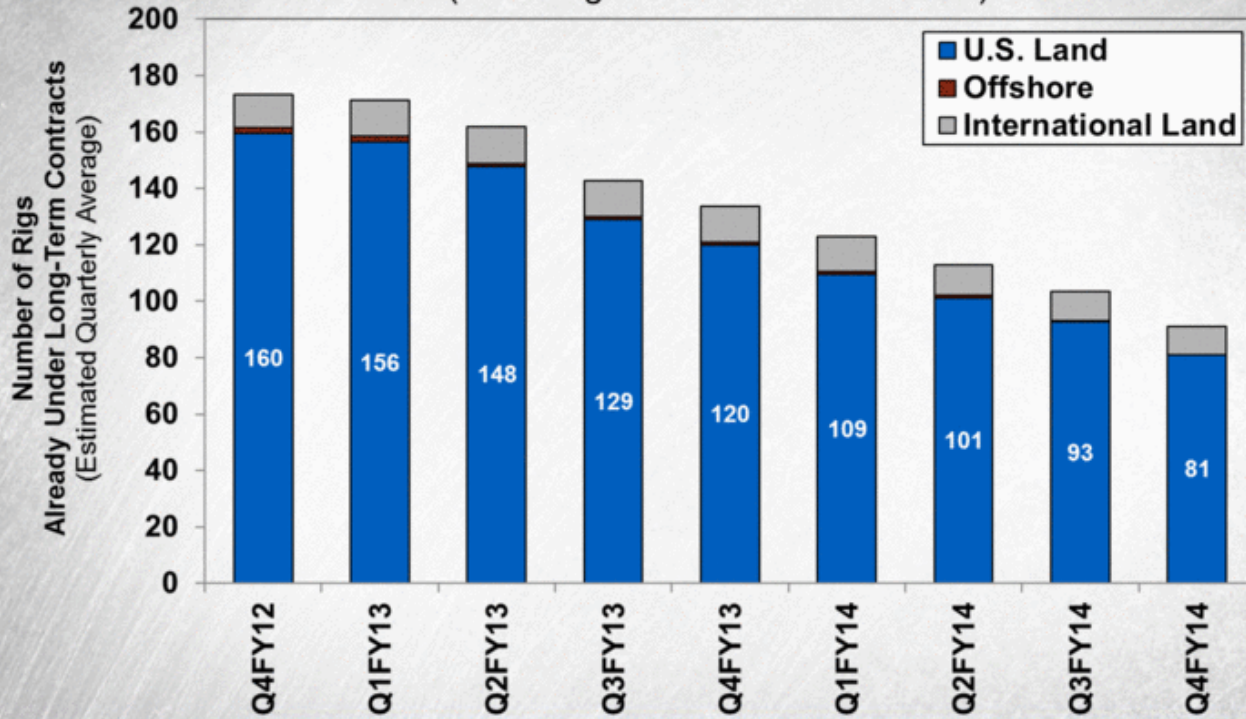
(230 Active Rigs in the U.S. By Power Type)





H&P Global Fleet Under Term Contract

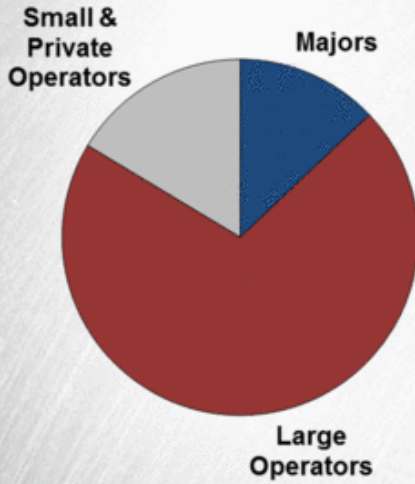
Term Contract Status - H&P Global Fleet
(Including Announced New Builds)



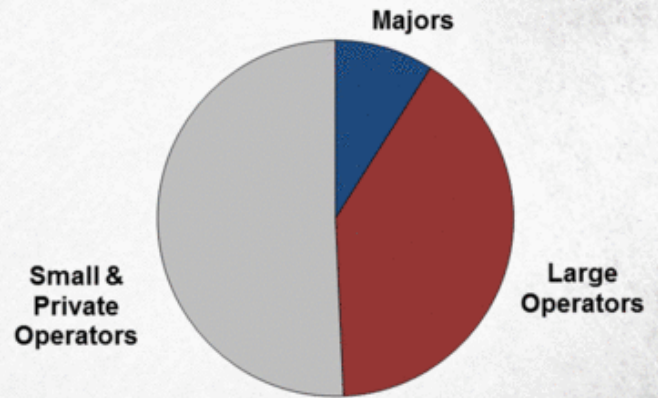


H&P vs. Industry U.S. Land Customer Base

H&P
U.S. Land Activity
Estimated Customer Distribution
(September 2012)



Industry
U.S. Land Activity
Estimated Customer Distribution
(September 2012)



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

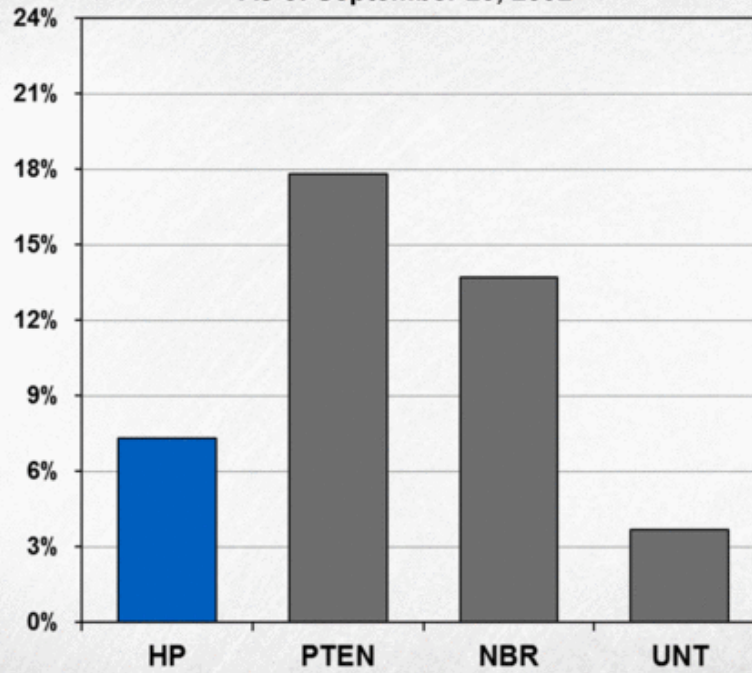




Active Rig Market Share - Ten Years Ago

Lower 48 U.S. Land Market Share

As of September 20, 2002



Note: The above estimates are derived from Smith Bits

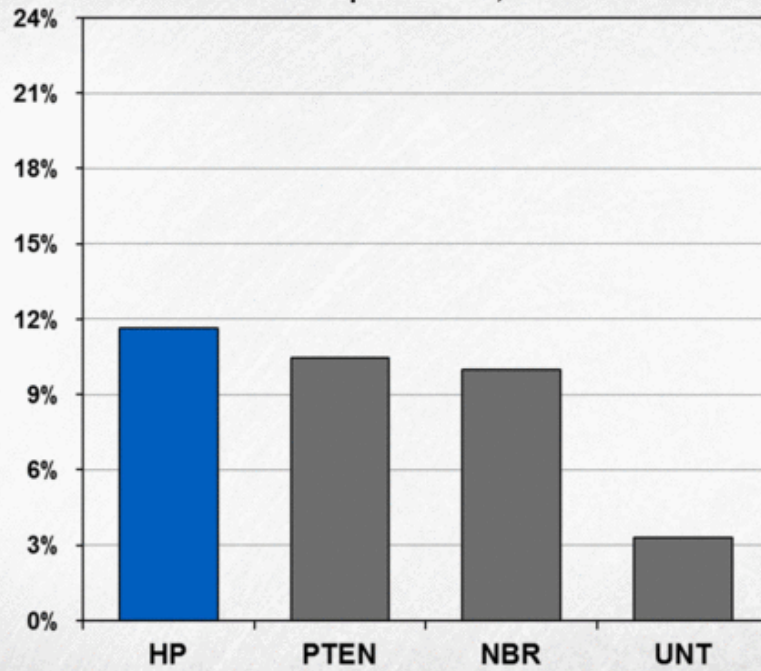




Organically Growing Active Rig Market Share

Lower 48 U.S. Land Market Share

As of September 21, 2012



Note: The above estimates are derived from Smith Bits





Unconventional Plays Shaping Landscape

Well complexity is increasing:

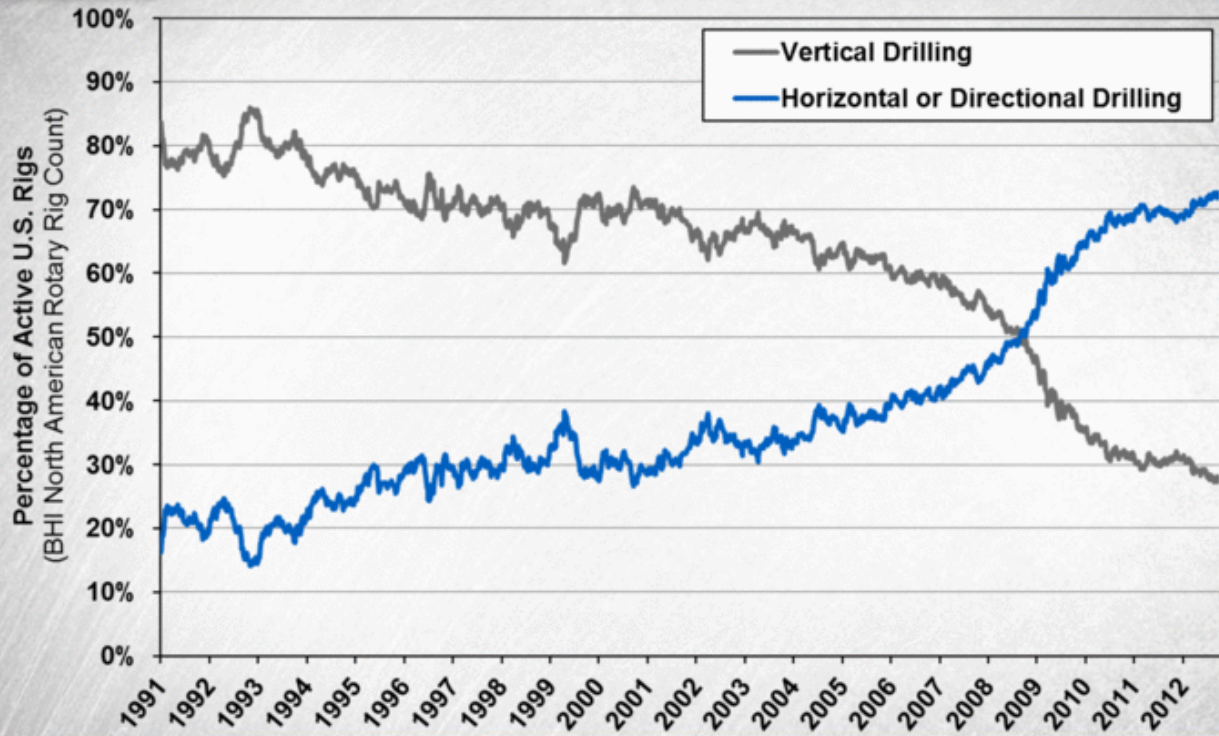
- Technology solutions that provide safe, environmentally sound and efficient operations are required by contractors to be competitive
- Extended reach laterals progressively longer
- Multi-well pad drilling gaining acceptance in more areas
- A factory approach to drilling wells is required
- This all creates an expanding level of demand for FlexRigs





Increasing Focus on More Difficult Drilling

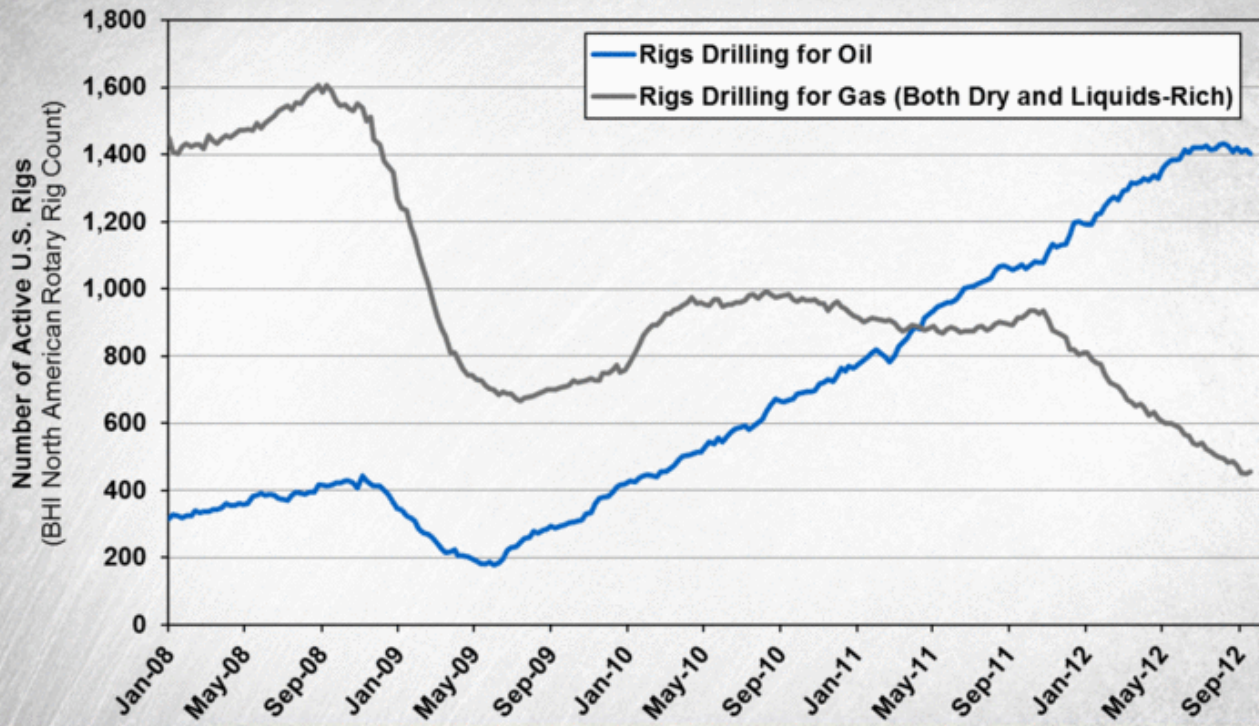
U.S. Rig Activity by Drilling Type





The Ongoing Gas to Oil Transition...

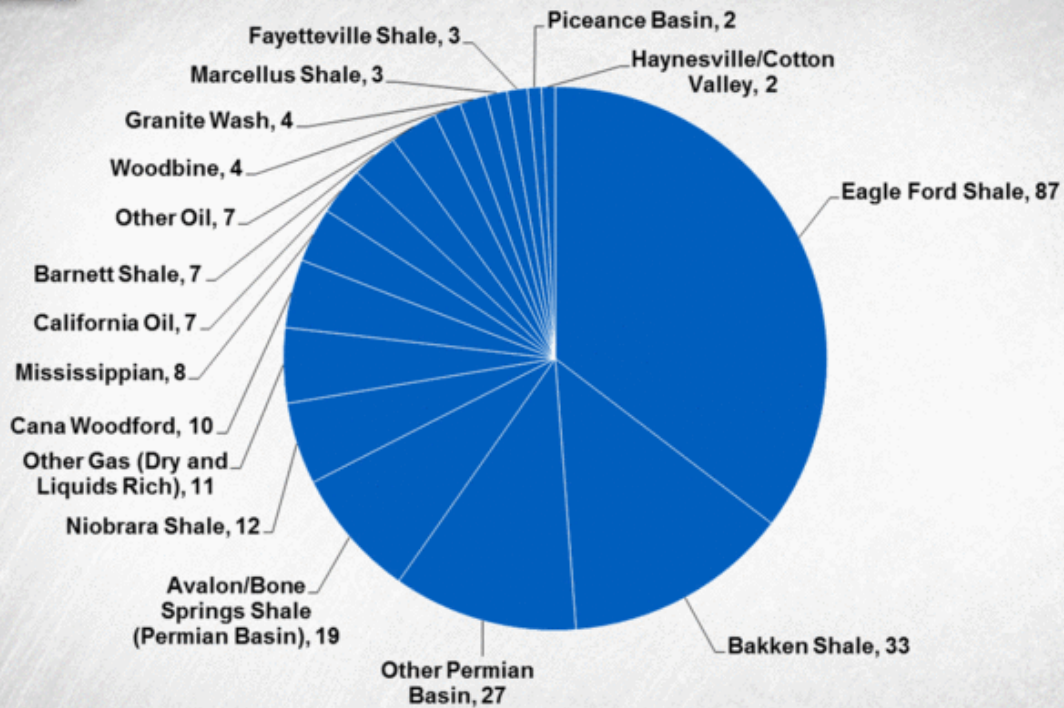
U.S. Rig Activity by Hydrocarbon Target





Leading U.S. Unconventional Driller

(246 H&P Contracted Land Rigs as of 9/28/12*)



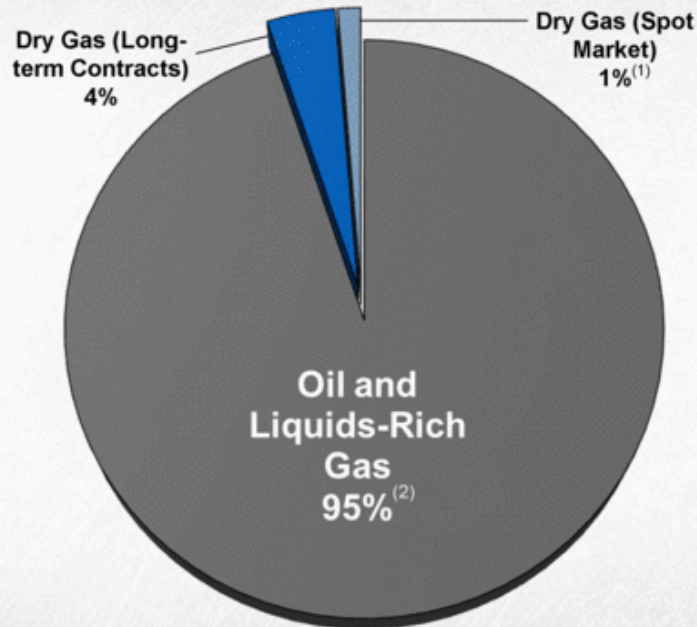
* Includes announced new FlexRigs with customer commitments scheduled for completion in fiscal 2012 and fiscal 2013.





H&P's Growing Exposure to Oil & Liquids

Estimated proportion of H&P's active U.S. Land rigs by primary hydrocarbon target as of 9/28/12



(1) Includes one rig with a contract expiring during the quarter ending 12/31/12.

(2) Approximately one-fourth of rigs in this category are primarily drilling for liquids-rich gas.





The Replacement Cycle Continues

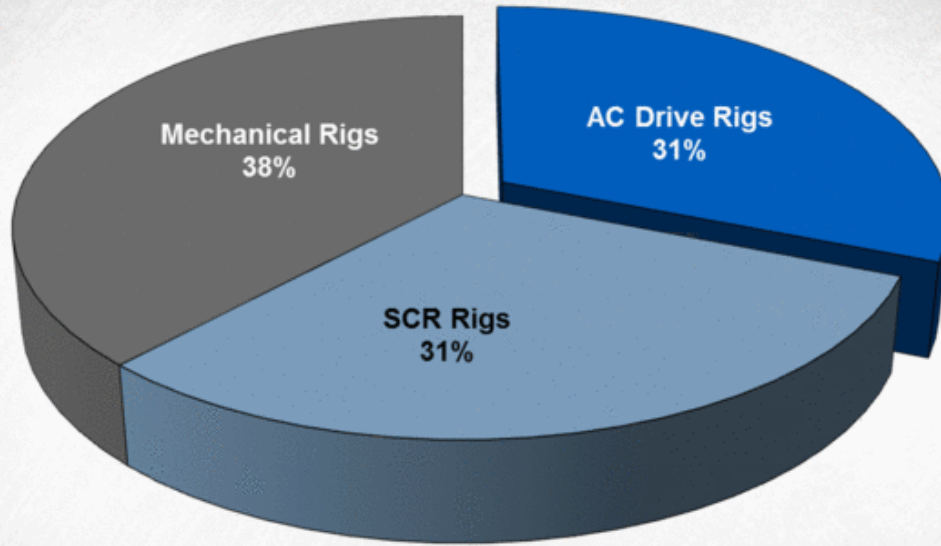
- AC drive rigs are best positioned to make the transition.
- Older, underperforming rigs are more likely to be sidelined. Since the 2008-2009 downturn, approximately 300 rigs have permanently stacked, and about 70% of these were mechanical rigs.
- Advanced technology AC drive rigs continue to displace mechanical and SCR rigs.





An Undersupply of AC Drive Rigs

(~1,750 Active Rigs in the U.S. 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 8% of the active rigs that were not readily identified.

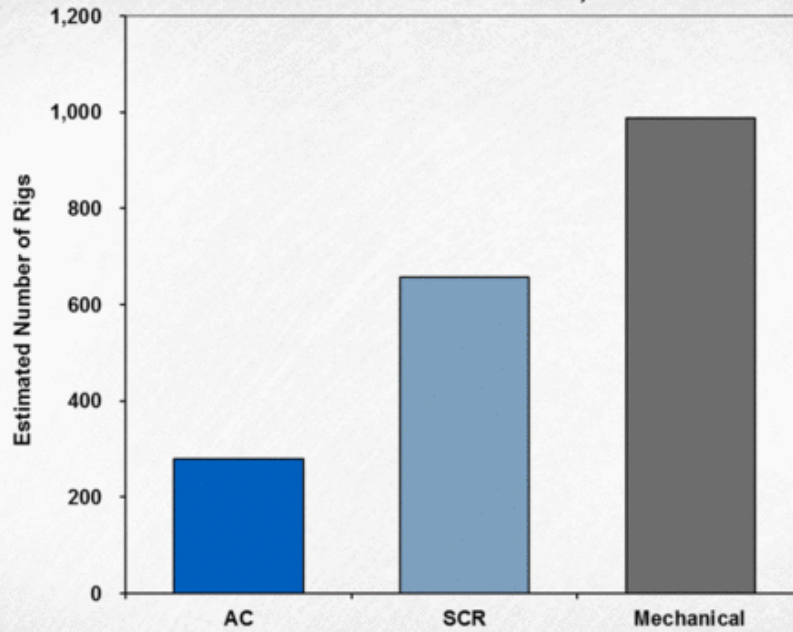




2008 Peak Rig Count (~1,925) - U.S. Land

By Power Type

Week Ended October 4, 2008



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 10% of the active rigs that were not readily identified.

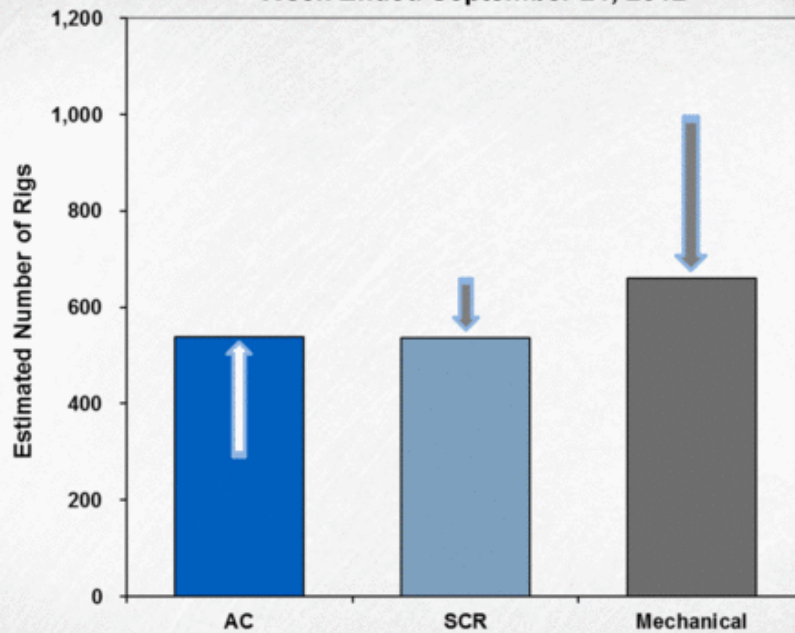




Current Rig Count (~1,750) - U.S. Land

By Power Type

Week Ended September 21, 2012



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 8% of the active rigs that were not readily identified.





Our New Build Opportunities

- We do not believe that the replacement cycle is over, and our approach will be to make sure that our supply chain is ready to respond to incremental demand on a timely basis.
- Commodity price volatility and our customers' desire to stay within 2012 budgets has resulted in fewer conversations regarding new build orders.
- Our integrated FlexRig manufacturing effort affords us an important flexibility that should serve us well.





Performance is Not Only About Better Rigs

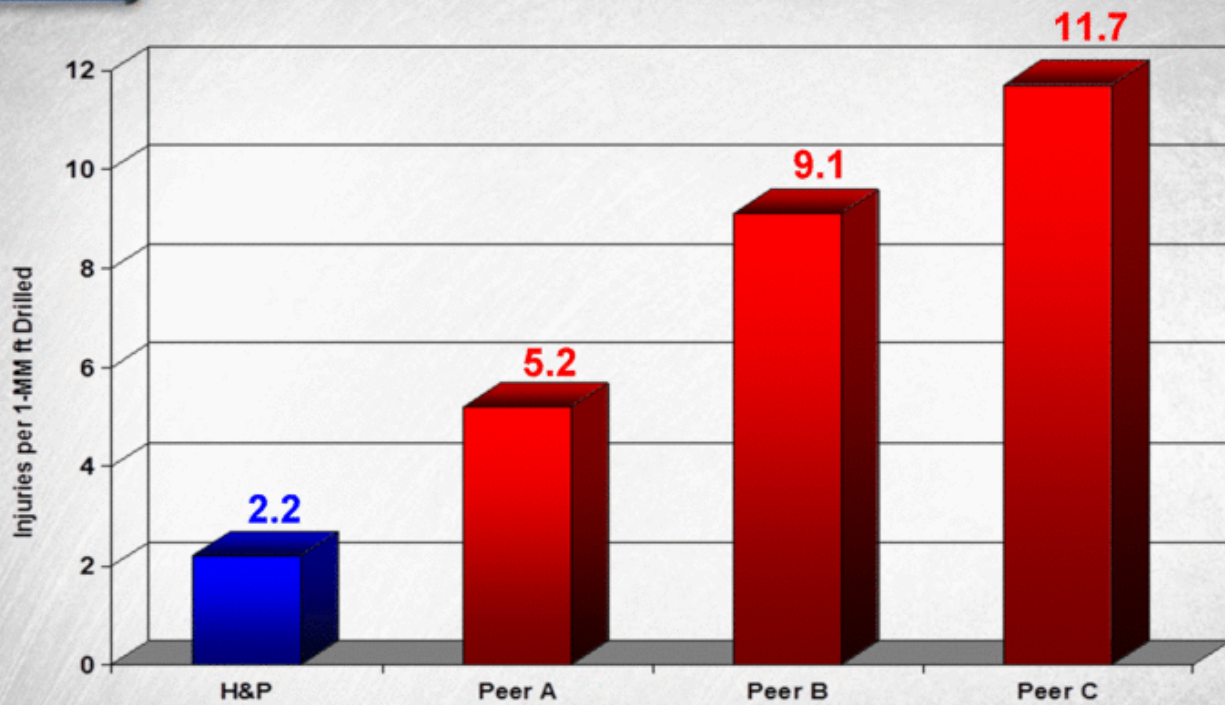
It's also about:

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





Recordable Injuries per 1-MM Feet Drilled in 2011 by the Largest U.S. Land Drilling Contractors



Note: Injury data taken from IADC ASP Program. Footage data taken from Land Rig Newsletter.





Performance is Not Only About Better Rigs

It's also about:

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





H&P Competitive Advantages

- Our people, processes and FlexRig technology create a very important competitive advantage for the Company.
- Our value proposition will continue to be directed toward delivering compelling performance for our customers and shareholders.
- The shift to drilling more complex unconventional resource plays that require the drilling of horizontal and directional wells only magnifies our competitive advantage.





End of Presentation





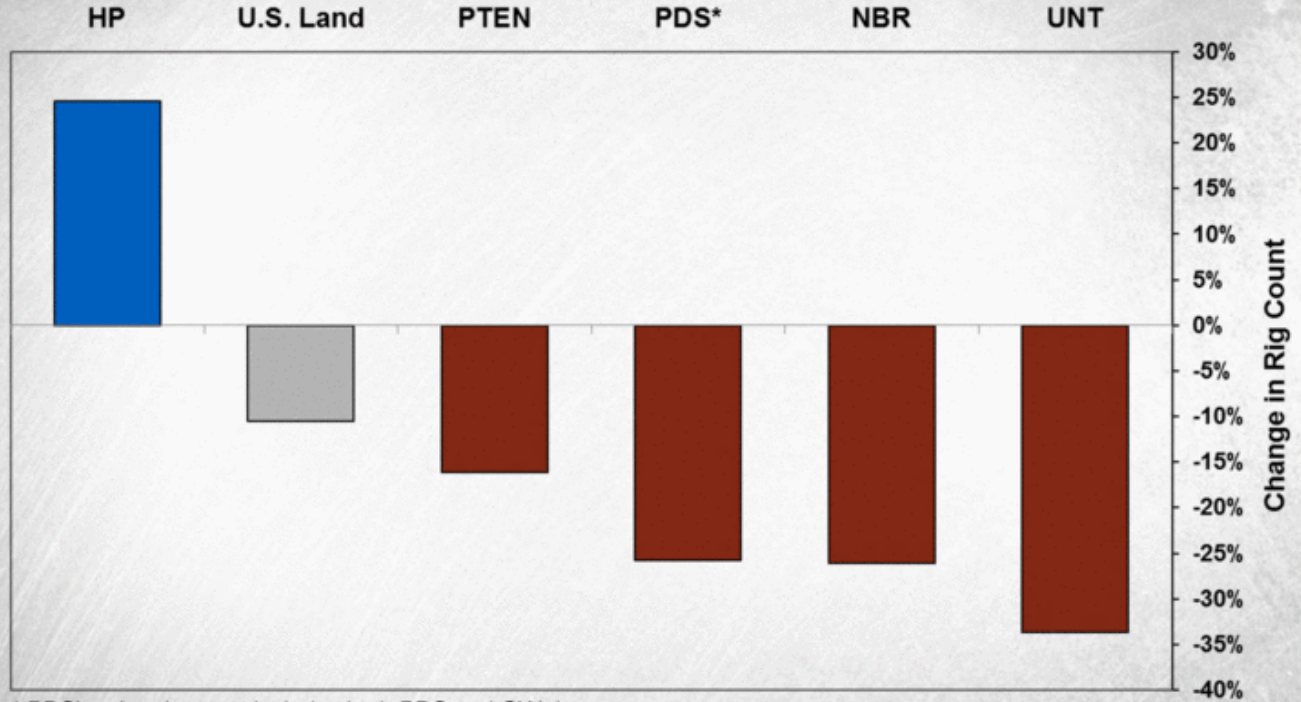
Additional References





Changes in Lower 48 U.S. Land Rig Count

Estimated Change Since 2008 Peak in Active U.S. Land Rigs
(Smith Bits Weekly Rig Count - October 17, 2008 to September 21, 2012)

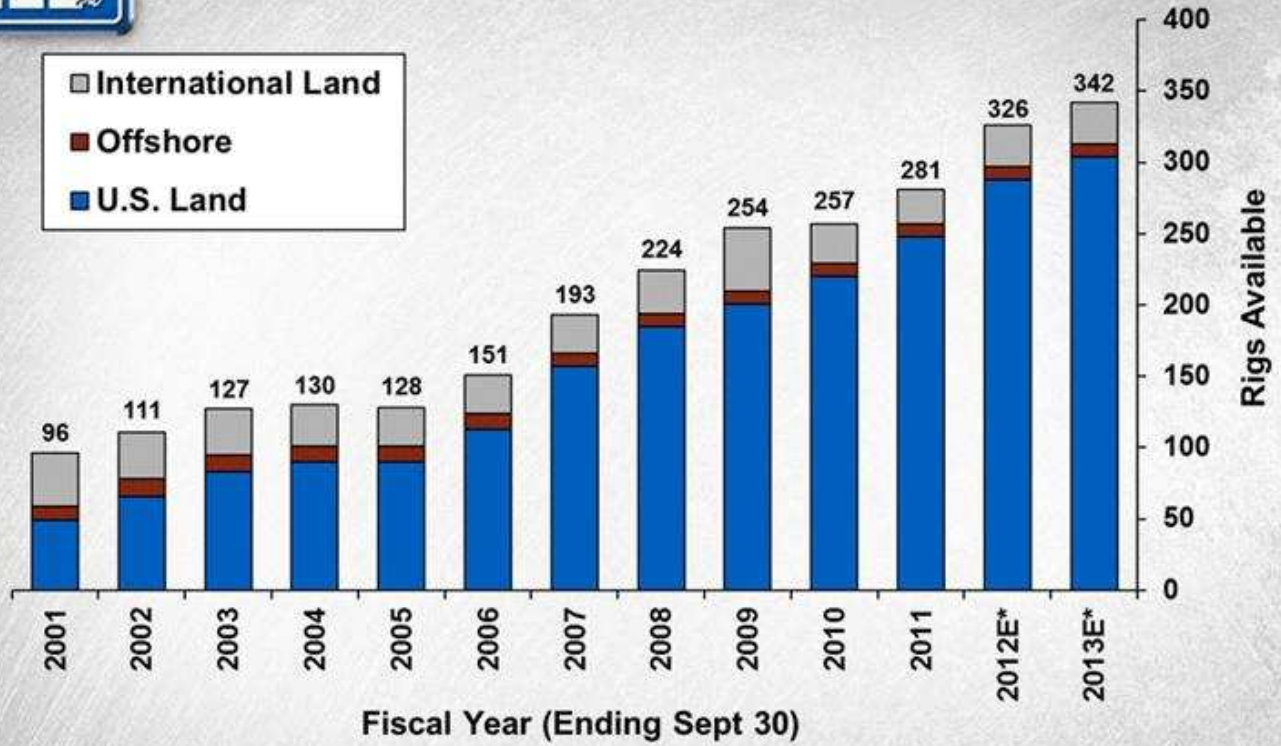


* PDS' active rig count includes both PDS and GW rigs.





H&P's Global Rig Fleet



* Estimates include existing rigs and announced new build commitments.





H&P's International Land Operations

Rig Fleet Status (as of September 28, 2012)

	Active	Contracted	Idle	Total	Long-term Contracts
Argentina	6		3	9	5
Bahrain	4			4	4
Colombia	7			7	2
Ecuador	5			5	
Tunisia	2			2	
U.A.E.	2			2	2
Total	26		3	29	13⁽¹⁾

(1) 13 of 16 FlexRigs, included in the international fleet of 29 rigs, are under long-term contracts.





End of Document

