

# HELMERICH & PAYNE, INC.

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

Filed 01/09/06 for the Period Ending 01/09/06

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): January 9, 2006**

**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**

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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 filed 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	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  
Vice President

DATE: January 9, 2006

### EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slides to be shown during an investor and securities analyst presentation.



# Helmerich & Payne, Inc.

January 9-10, 2006



NYSE Stock Symbol: HP  
Common Dividend: \$0.33  
Average Basic Shares Outstanding: 52 Million  
Internet Address: [www.hpinc.com](http://www.hpinc.com)

Investor Relations Contacts:  
Doug Fears, CFO  
918.588.5208  
[doug.fears@hpinc.com](mailto:doug.fears@hpinc.com)  
Juan Pablo Tardio, Manager, Investor Relations  
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 December 13, 2005.





## Where Are We Today?

- 2005 performance all-time high in our 85-year history
  - Reached important milestone with announcement of 50th new-build order for FlexRigs® in November 2005
  - New build long-term commitments now at 53
  - New orders more than double rig fleet from 2000 to 2007
  - Well positioned for an up cycle that is prolonged and less volatile
  - Financial strength and ample liquidity enable us to fund organic growth going forward
-



**True or False?**

- **“A rig is just a rig...”**
- **“New ideas will never pay”**
- **“The last thing we need is more capacity”**

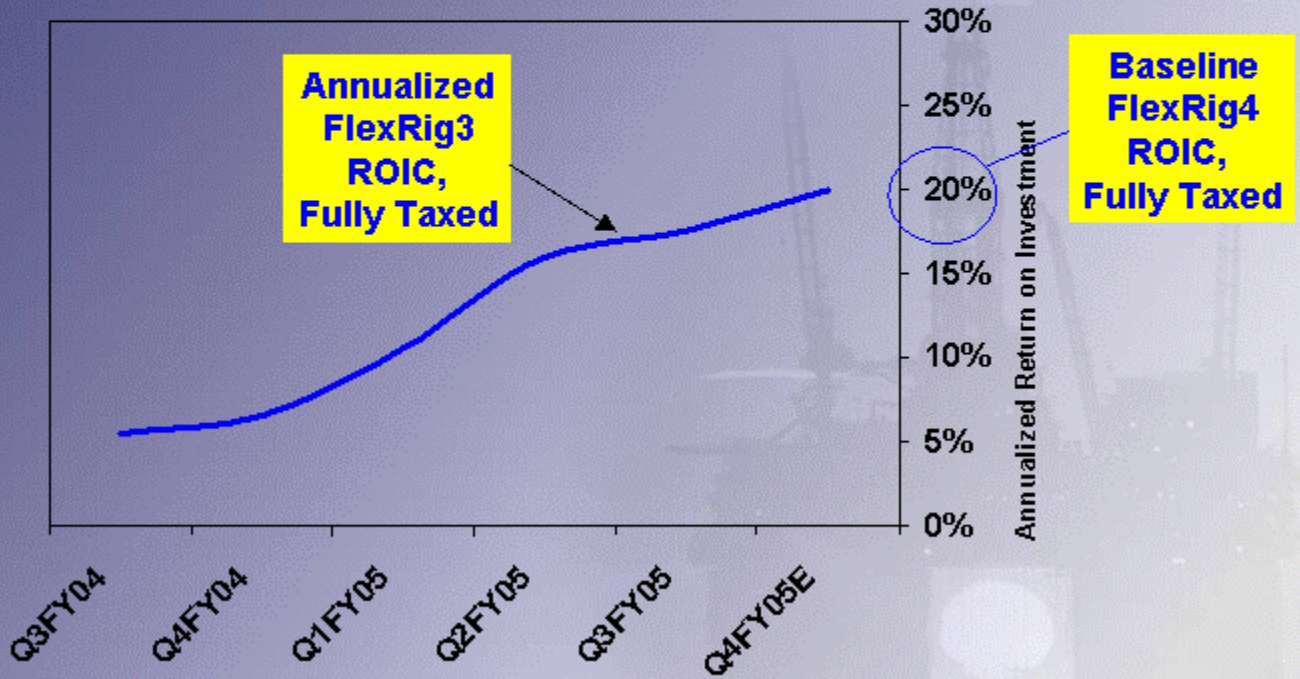
A black and white photograph showing a group of about ten workers in hard hats and work clothes standing on an oil rig. In the background, the complex machinery of the rig is visible, including derrick structures and pipes.

## Building Brand Value and New Rigs

- **Building brand value is different than building new rigs**
  - **The difference matters:**
    - **It provides customers with the lowest total well cost**
    - **It provides shareholders with attractive long-term value creation**
-



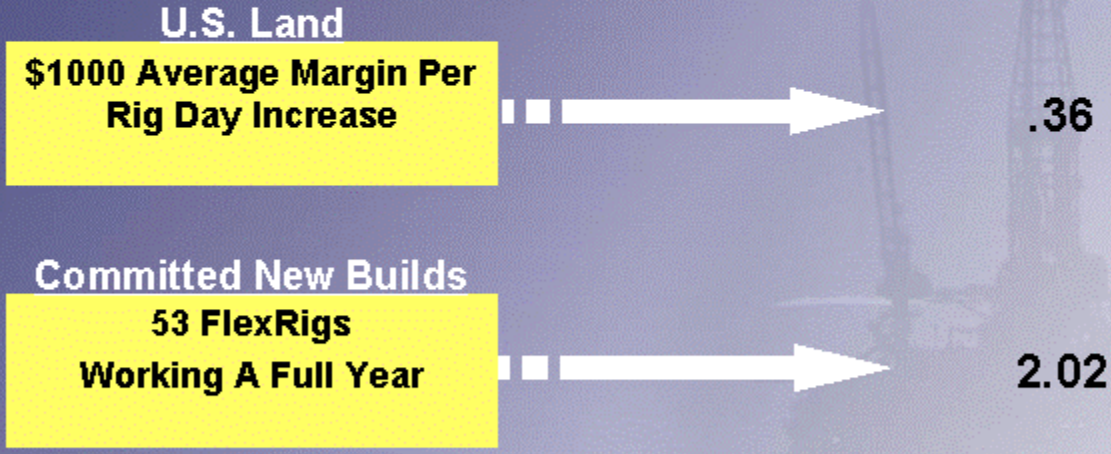
# FlexRig3 Project Return Estimates





# EPS Sensitivity \*

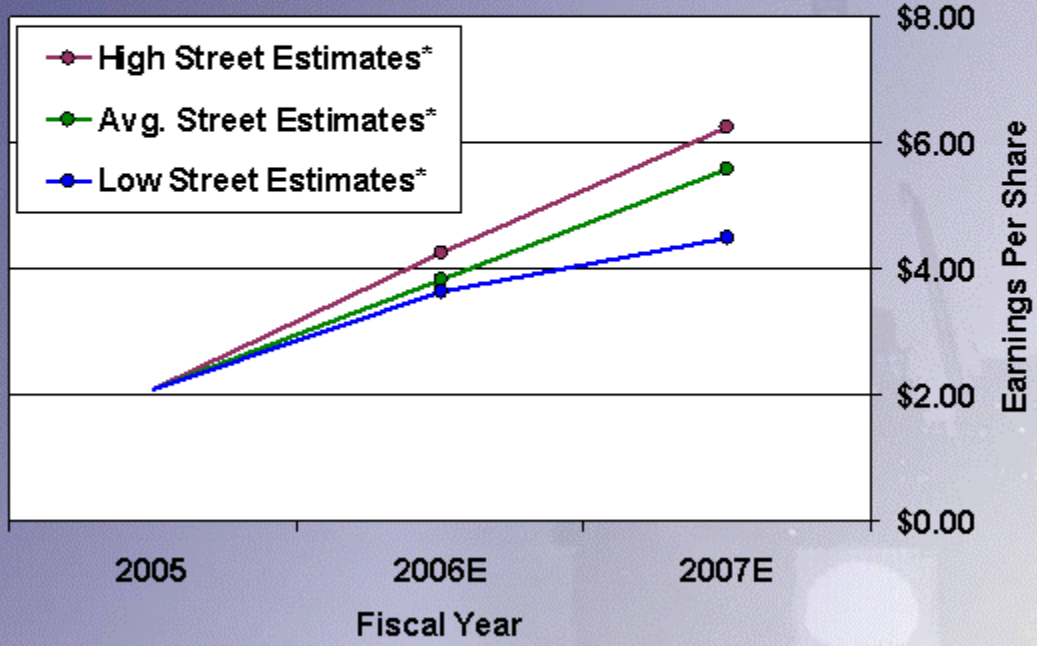
## Annual EPS Increases



\* Using 4Q05 Earnings & Statistics As Baseline  
See Forward Looking Statement Disclaimer



# H&P EPS – Street Estimates

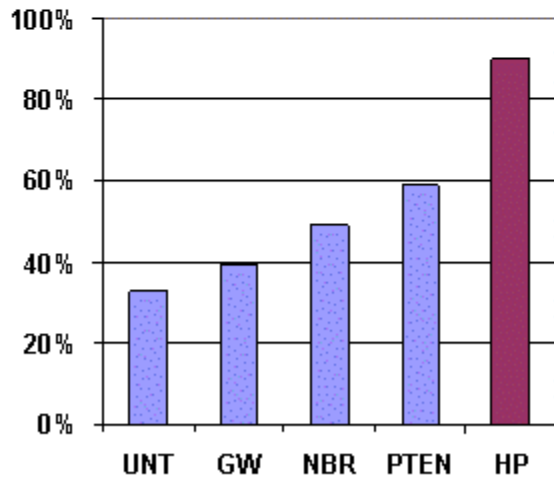


\* Yahoo! Finance – Analyst Earnings Estimates, January 4, 2006.

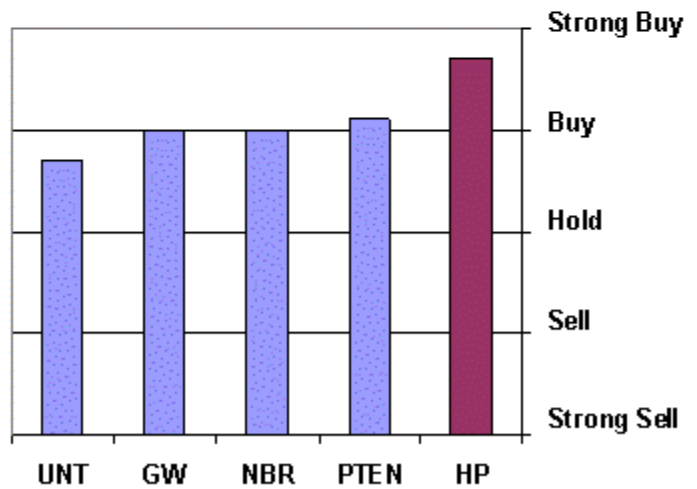


# EPS & Ratings – Street Estimates

**Analyst Estimates**  
**FY2005-FY2006 EPS Growth**  
(Earnings Estimates, Yahoo! Finance, 3 Jan 06)

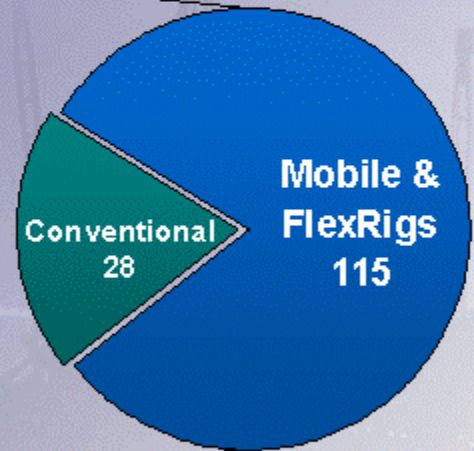
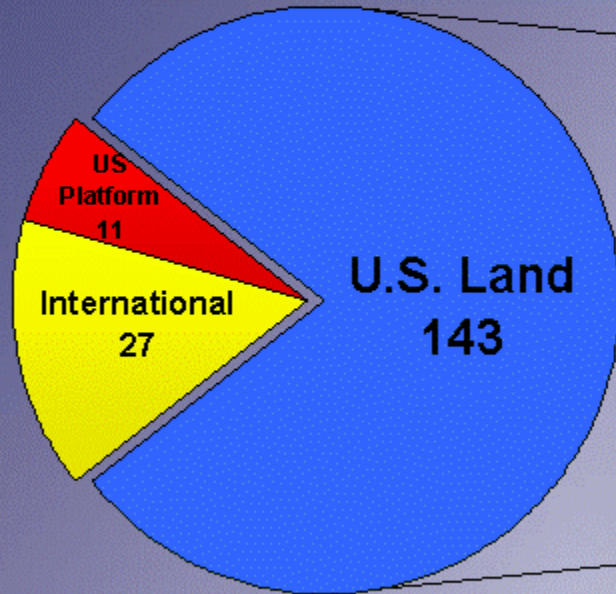


**Analyst Ratings**  
(Earnings Estimates, Yahoo! Finance, 3 Jan 06)





### The Three Distinct Markets Of H&P's Rig Fleet



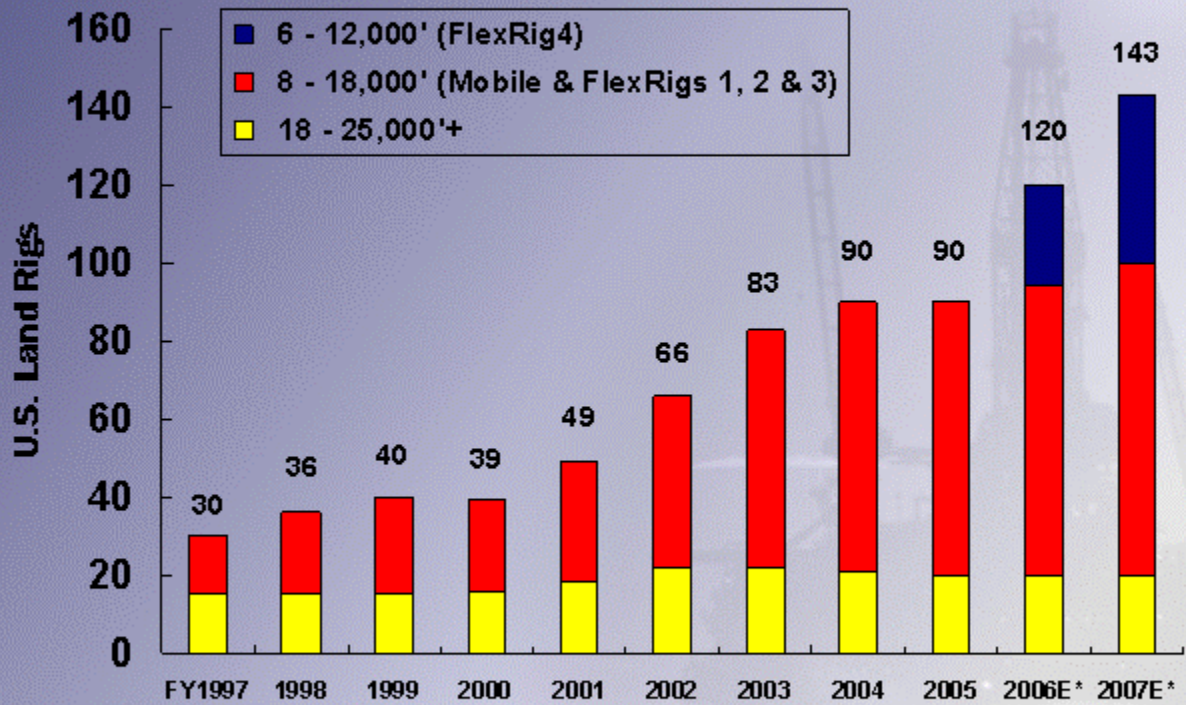
**181 Total Rigs**

(Includes 53 new build rig commitments)





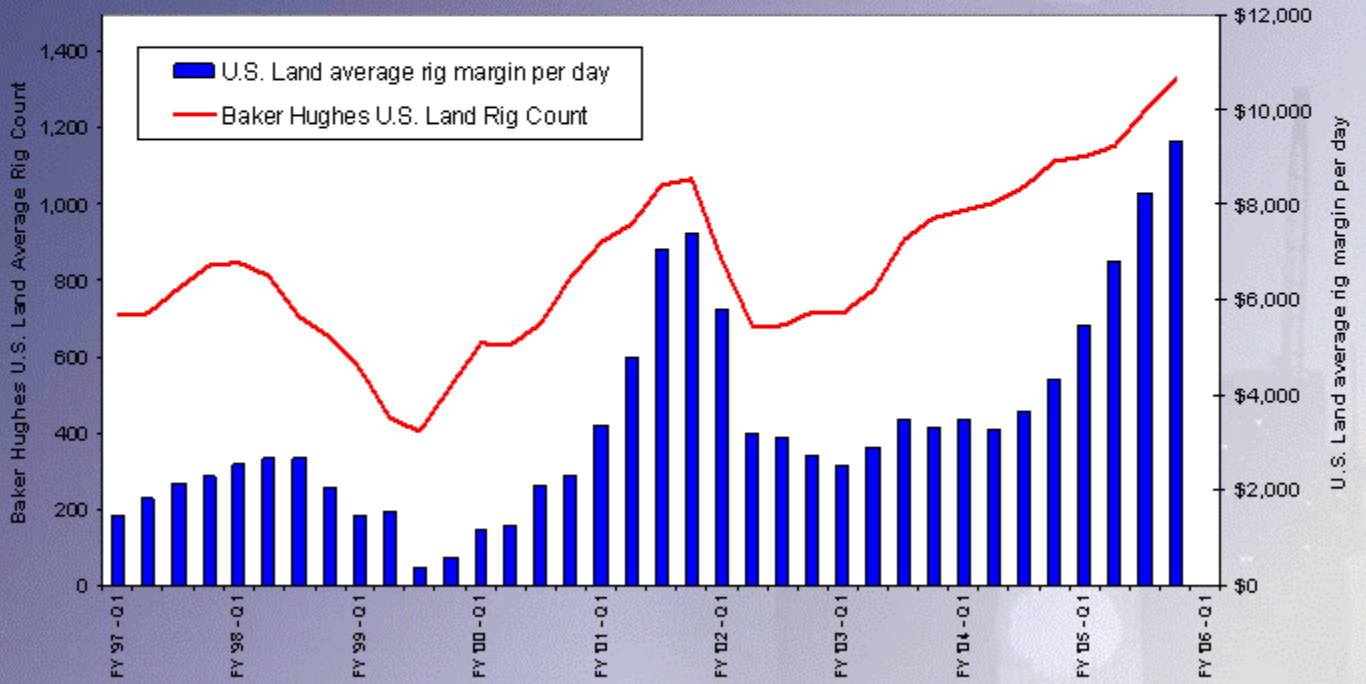
# Growth in H&P's U.S. Land Fleet



\* Includes commitments for 53 new builds.



# H&P's U.S. Land Cash Flow Margin

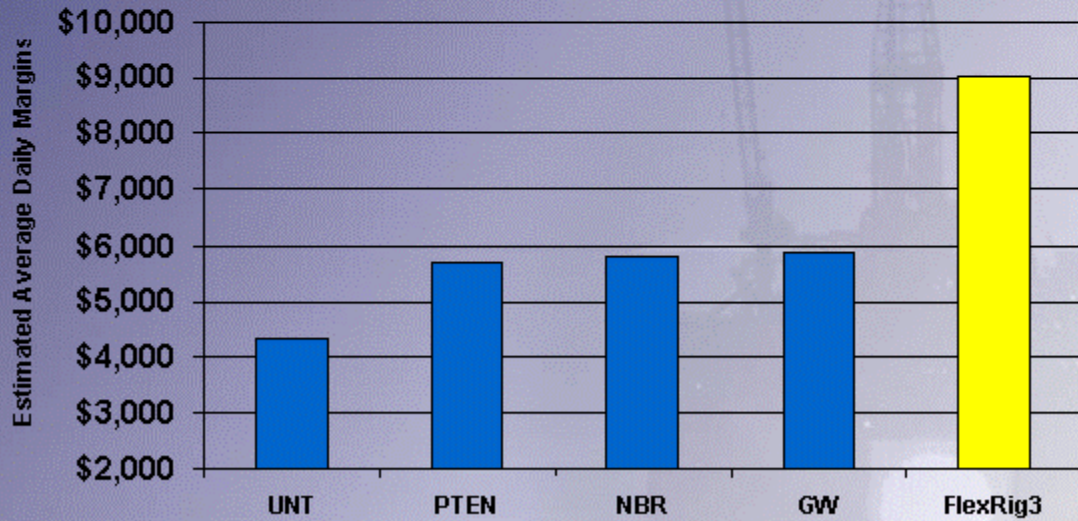




**Technology and Quality Service Make a Difference**

### U.S. Land Daywork Drilling Margins

(Twelve Months through September 2005)

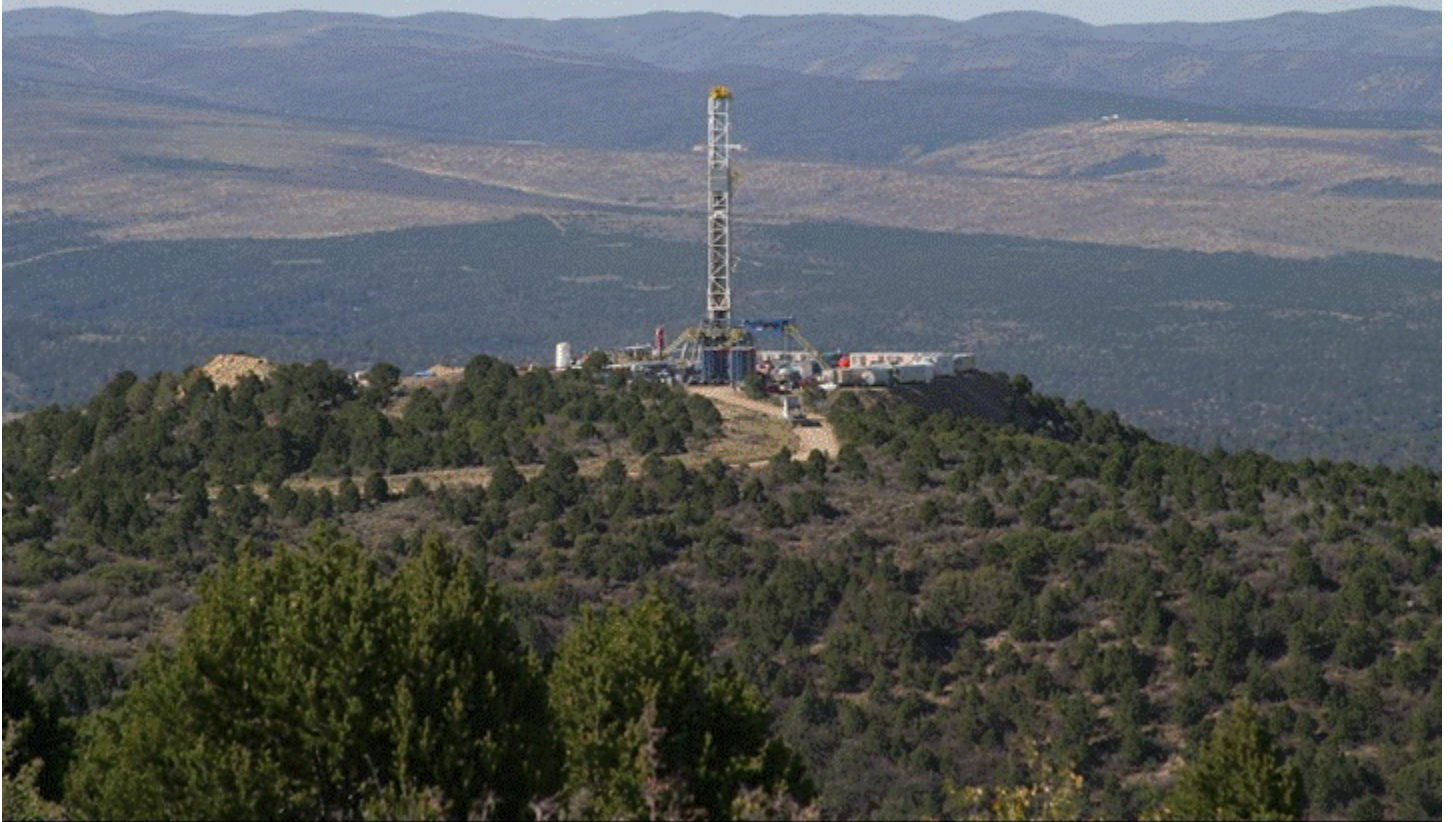




**Going Forward...**

- **Clear visibility for increasing earnings**
  - **\$500 million FY06 CAPEX projection**
  - **Capable of internally funding extended new build program without dilution**
-

## H&P Rig 239 (FlexRig3) in Colorado





## Rig Status as of 6 January 2006

	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Activity</u>
U.S. Land, FlexRig™ & Mobile	63	63	100%
U.S. Land, Conventional	28	27	96%
U.S. Platform	11	9	82%
International Land	<u>27</u>	<u>25</u>	<u>93%</u>
Total	<b>129</b>	<b>124</b>	<b>96%</b>
FlexRig™ Construction	<b>52</b>	<b>52</b>	
Management Contracts:			
U.S. GOM & CA		2	
Equatorial Guinea		<u>1</u>	
Total Rigs Working/Contracted		179	



## Segment Outlook – U.S. Land

### Strong and Improving

- **Sustained rig demand**
- **Potential for continuing dayrate increases**
- **New rig construction and deployment**
- **Growing customer focus on safety and performance**



## Why do Operators Select FlexRigs?

- **Competent and well trained personnel**
- **Most modern fleet in the industry**
- **Significant total drilling costs savings**
- **Accelerated well delivery and production**
- **Enhanced safety and environmental sensitivity**





# Personnel Development Center



1. Health, Safety and Environmental (HSE)
2. People Skills and Leadership
3. Technical (Equipment Support)
4. Administration (Payroll, Supply Chain)



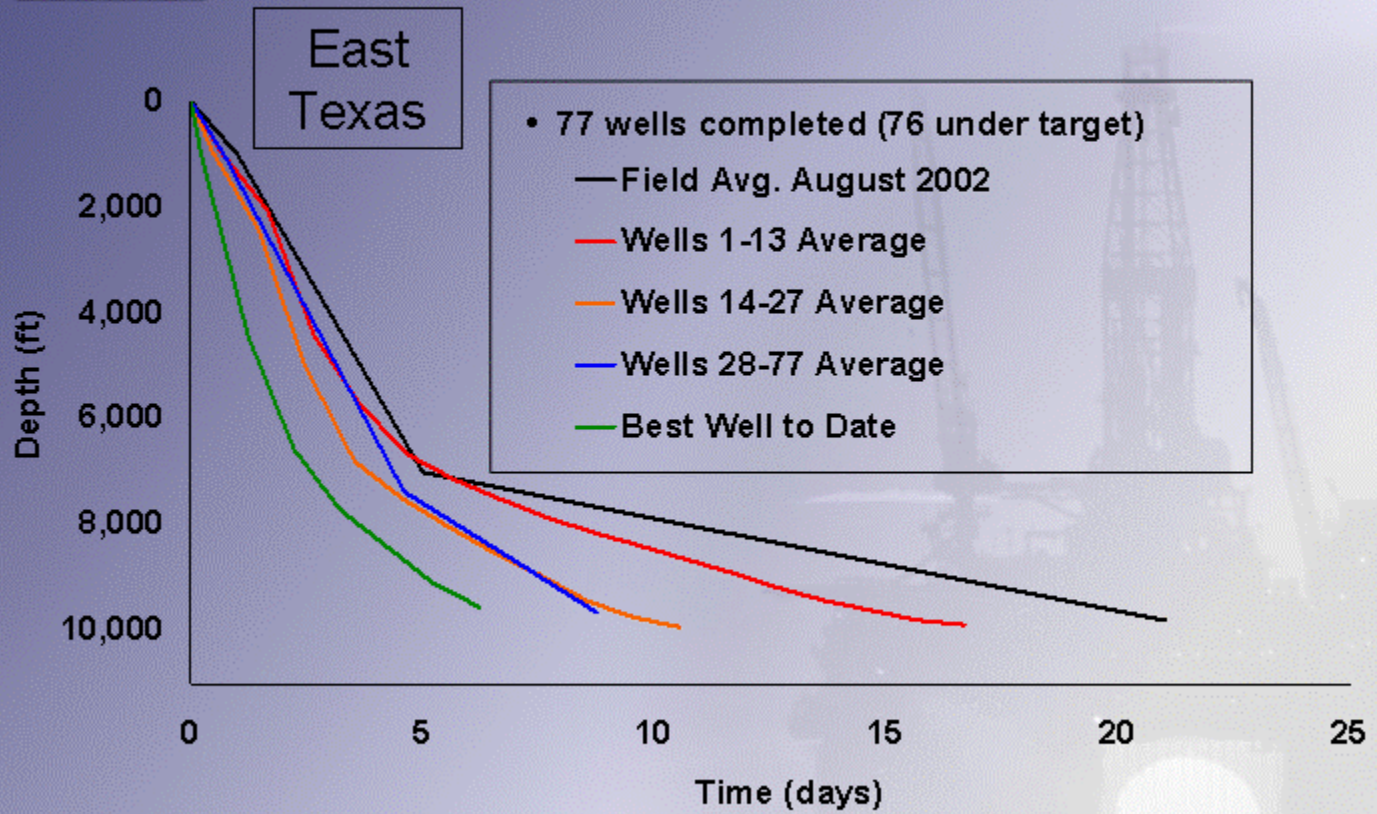
## Most Modern Fleet In Industry

<u>Built or Upgraded</u>	<u>January 2006</u>	<u>% of Fleet</u>
1980 – 1989	14	8%
1990 – 1994	21	11%
<b>1995 – 1999</b>	<b>38</b>	<b>21%</b>
<b>2000 – 2005</b>	<b>56</b>	<b>31%</b>
<b>2006 – 2007</b>	<b>52</b>	<b>29%</b>
<hr/>		
Total Rigs	181	100%
Electric Rigs (SCR & AC)	173	96%
Top Drives	162	90%

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# Example of Best Value: H&P 213 FlexRig3





# Best Value - Reduced Well Cycle Time

	<b>Estimated Field Average</b>	<b>H&amp;P R213 Jan 06</b>
<b>1.</b>		
<b>Drilling days</b>	13	7.7
<b>Completion days</b>	2	2
<b>Moving days</b>	5	3
<b>Well cycle in days</b>	<u>20</u>	<u>12.7</u>
<b>2. Contractor rate/day</b>	\$19,500	\$26,500
<b>Operator's other intangible     cost per day estimate</b>	\$10,000	\$10,000
<b>Operator's daily "spread"     cost estimate</b>	<u>\$29,500</u>	<u>\$36,500</u>
<b>Intangible cost per well</b>	\$590,000	\$463,550
<b>3. Total Well Savings – per well   per year</b>		<b>\$126,450 \$3.6MM</b>
<b>4. Additional value captured by H&amp;P – per year</b>		<b>\$2.6MM</b>



# Best Value Reduced Well Cycle Time

## 3. Added value from FlexRig3 operations

- **Lowest total well cost**

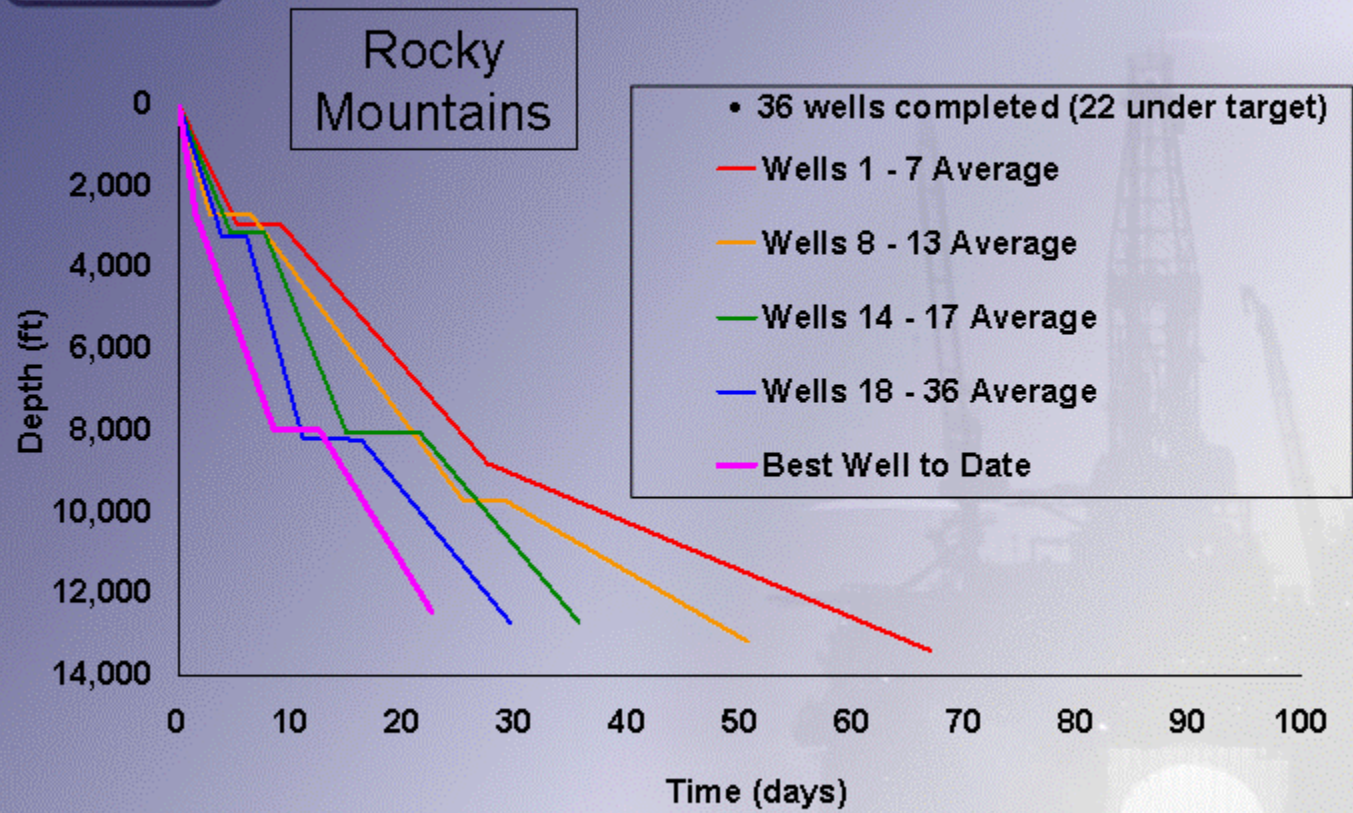
- **Increased wells per rig per year:**
  - **28.7 wells vs. 18.3 wells**

- **Early production: Incremental wells on production**
  - **10.4 wells / yr**

- **Improved efficiency of operator's organization**



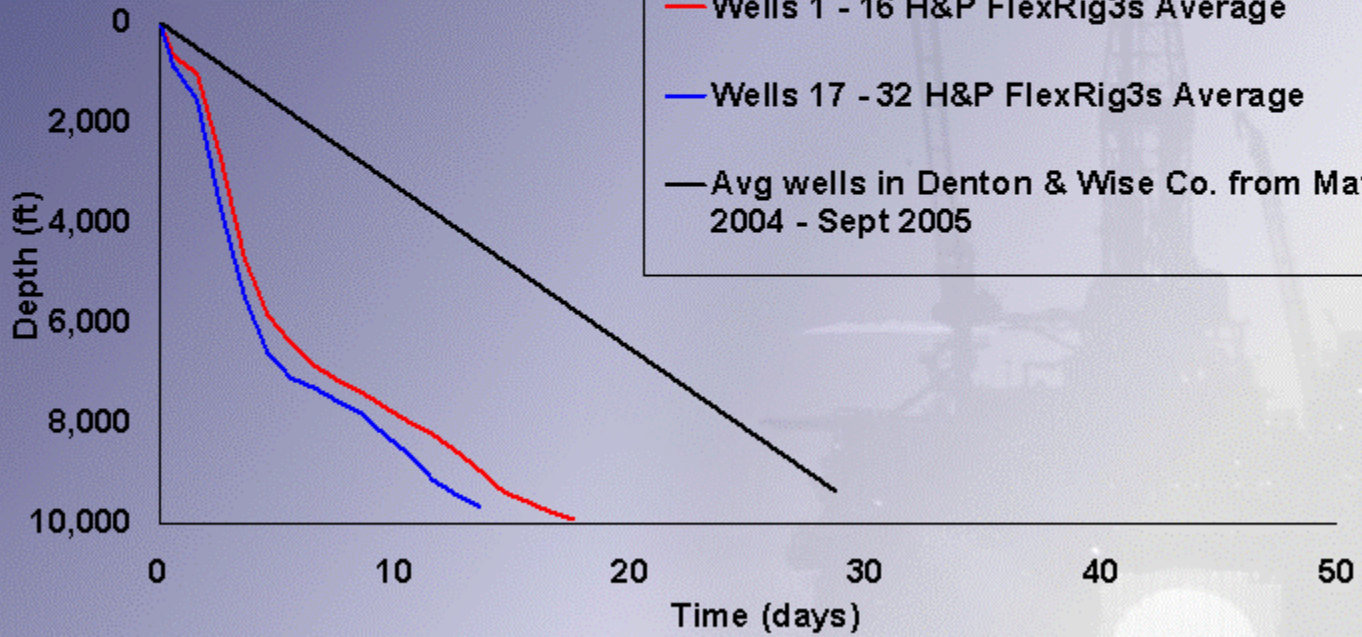
# Example of Best Value: H&P FlexRig3s





# Example of Best Value: H&P FlexRig3s

**CENTRAL TEXAS  
BARNETT SHALE**

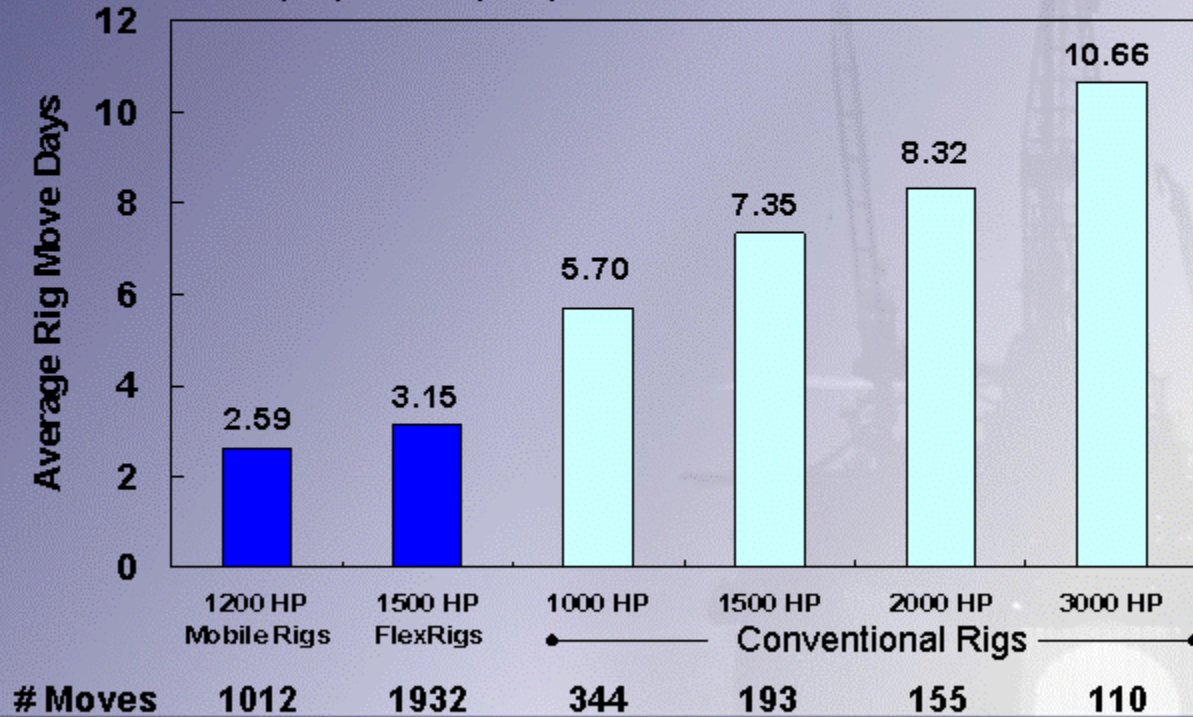


- 32 wells completed (25 under target)
- Wells 1 - 16 H&P FlexRig3s Average
- Wells 17 - 32 H&P FlexRig3s Average
- Avg wells in Denton & Wise Co. from May 2004 - Sept 2005



# H&P Land Rig Moves 1998 to 2005

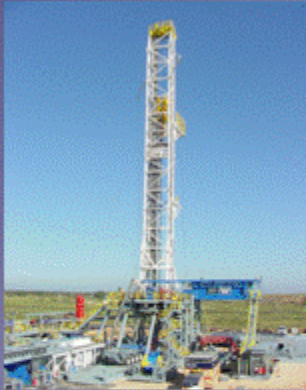
(Rig move time: Time from rig release on last well to spud of next well including time to rig down, transport, rig up and prepare to spud.)







# FlexRig3

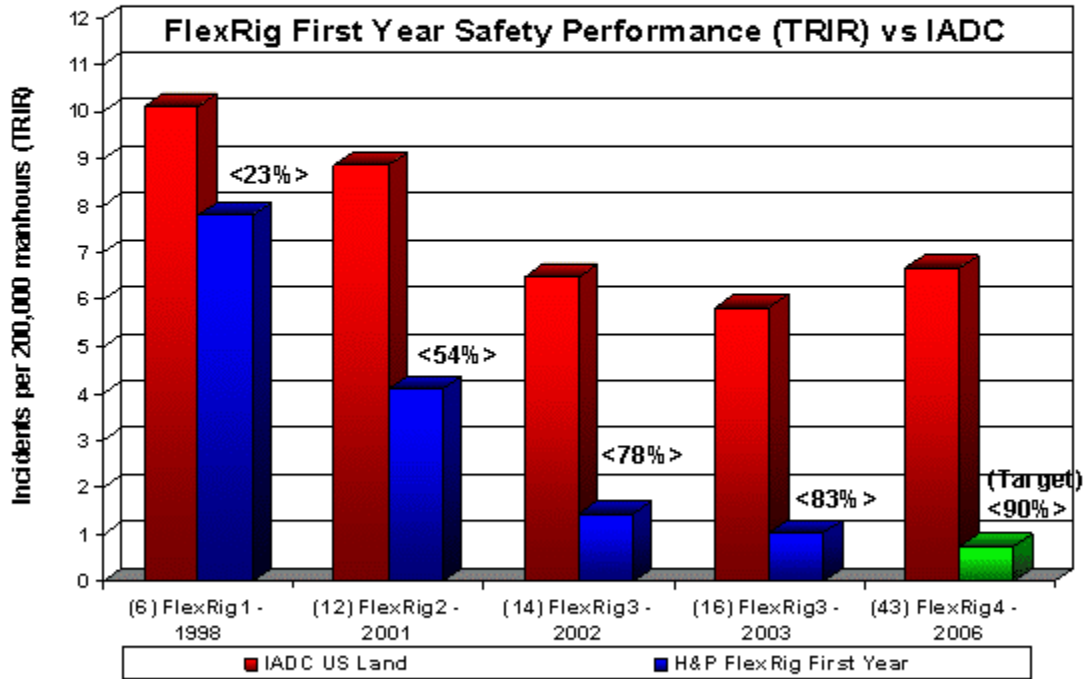


## FlexRig3 Drilling Performance

1. **Field Performance vs. customer's planned drill curves**
  - 941 complete wells as of 04 January 2006
    - 67% under
    - 5% on
    - 28% over
2. **64% of FlexRig3s are currently drilling directional, more technically difficult wells. Industry average is 36%.**



# Delivering New Technology Safely





## New Build Program

- **Three additional new builds committed in 1QFY06**
- **Total of 43 FlexRig4 and 10 FlexRig3 new-builds**
- **Expect outstanding financial returns**
- **Strong validation for FlexRig value proposition**



## Segment Outlook – Offshore, U.S. GOM

### Growing Interest

- Increasing platform rig demand
- Seven rigs at full dayrate
- Rig 201 undergoing repairs from Katrina
- Rig 105 has an LOI - should spud during 2<sup>nd</sup> Qtr
- Two idle rigs have been bid for future work
- Rig management contract opportunities



## Segment Outlook – International

**25 of 27 International Rigs Contracted**

- **Venezuela – Ten rigs working. Two rigs available with prospects.**
- **Colombia – Both rigs working.**
- **Ecuador – All eight rigs working. Strong market.**
- **Argentina – Two rigs working. Mobilizing third rig to spud 3<sup>rd</sup> Qtr.**
- **Bolivia – One rig working.**
- **Chile – One rig working.**



## H&P is the Leader in Field Performance

- **Innovative technology**
- **Reduced move times**
- **Reliability**
- **Drilling performance**

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# Engineering and Development



**H&P Rig 271**

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## H&P FlexRigs

**What is distinctive about the FlexRig?  
Why do our customers prefer FlexRigs?**

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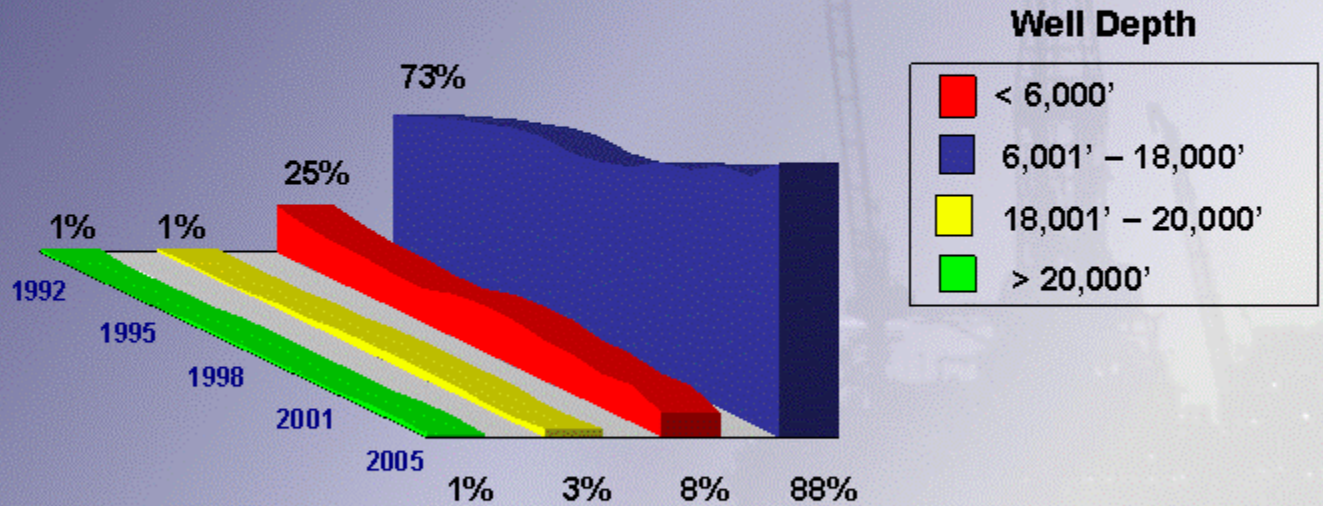
## Why do our customers prefer FlexRigs?

- Innovative technology
- Reduced move times
- Reliability
- Drilling performance
- **Bottom line: Lowest total well cost**



# FlexRigs Strategically Positioned

## Active U.S. Land Drilling Rigs



Source: Smith International, Inc.  
May 1992 through May 2005



# Leader in New Ideas & Applied Technology

**V-ICIS eD Controls**



**Round Mud Tanks**



**Integrated Top Drive**



**Communications**



**BOP Handling**



**VFD AC Drawworks**



**Mechanized Tubular Handling**



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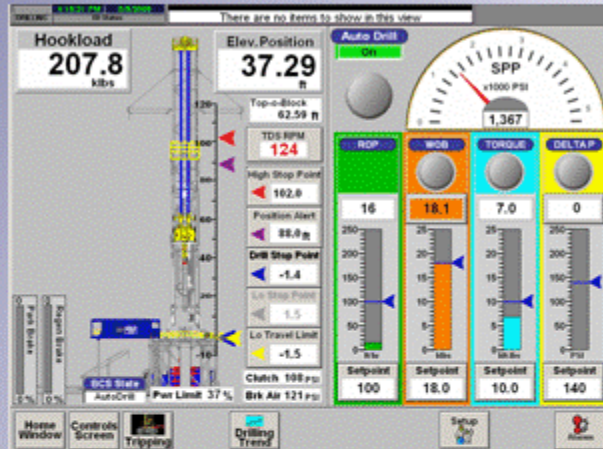


## H&P FlexRig Experience

	<u># of rigs</u>	<u>Rig-years Operation</u>
FlexRig1	6	~ 56
FlexRig2	12	~ 66
FlexRig3	32	<u>~ 82</u>
Total		204



# H&P's Organizational Support Structure

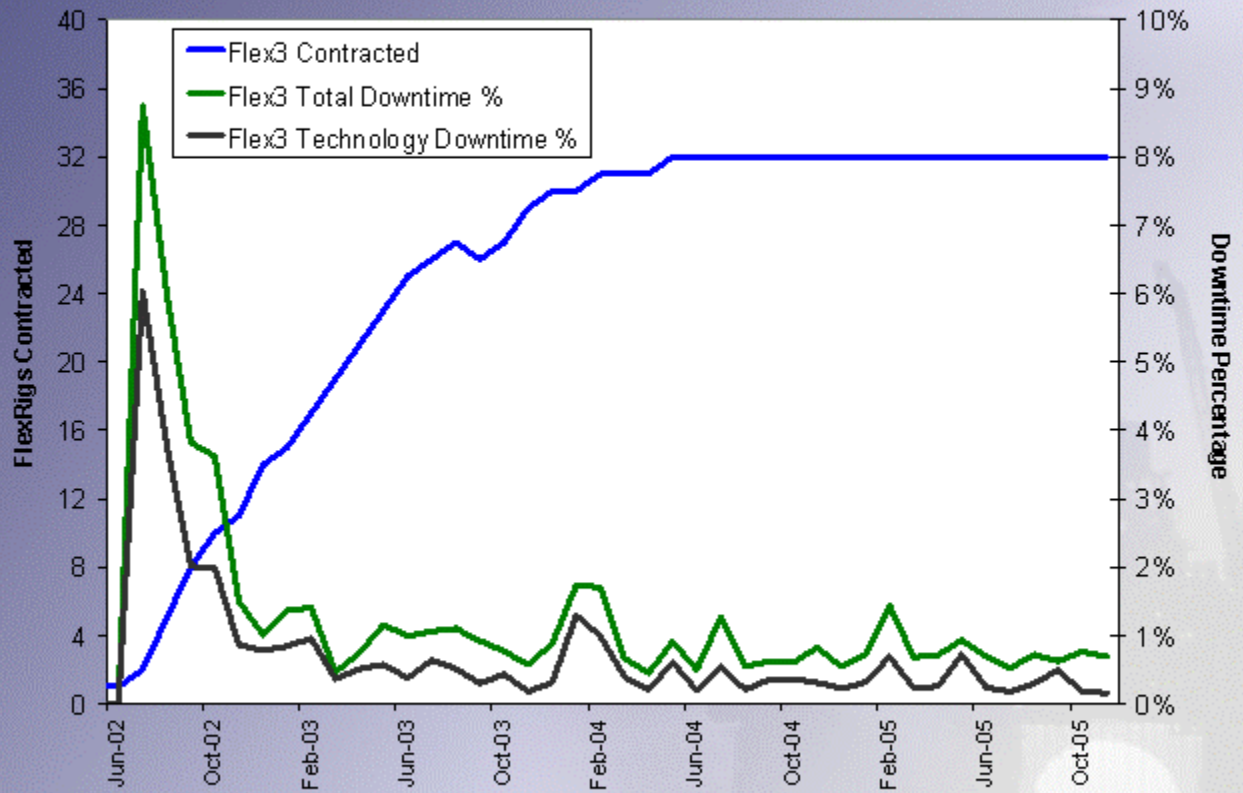


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# H&P FlexRig3 Downtime Performance

June 2002 – November 2005





## Flex4-ward Innovations

- A new generation simplified control system
- H&P designed FlexHoist
- VFD / AC powered PLC controlled air drilling packages
- Bi-directional skidding system
- H&P designed “no touch” tubular handling
- A simplified more robust top drive
- Smaller, lighter, lower cost triplex pumps
- Tesco casing running/drilling tool



## Conventional diesel powered air drilling package







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## Existing Satellite System

Rig manager currently has to manually setup the dish, find the satellite, peak in the signal and adjusts signal polarity.



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# Roof Mounted Automatic Satellite

**This new system automatically finds the correct satellite, peaks in the signal and adjusts signal polarity. Rig manager pushes one button to automatically deploy or stow the satellite dish.**





## Why Do We Favor a New Build Strategy?

- **Safety**
- **The future is about applying better ideas**
- **Efficiency**
- **Continued development of H&P's value proposition**
- **Growth with financial returns**



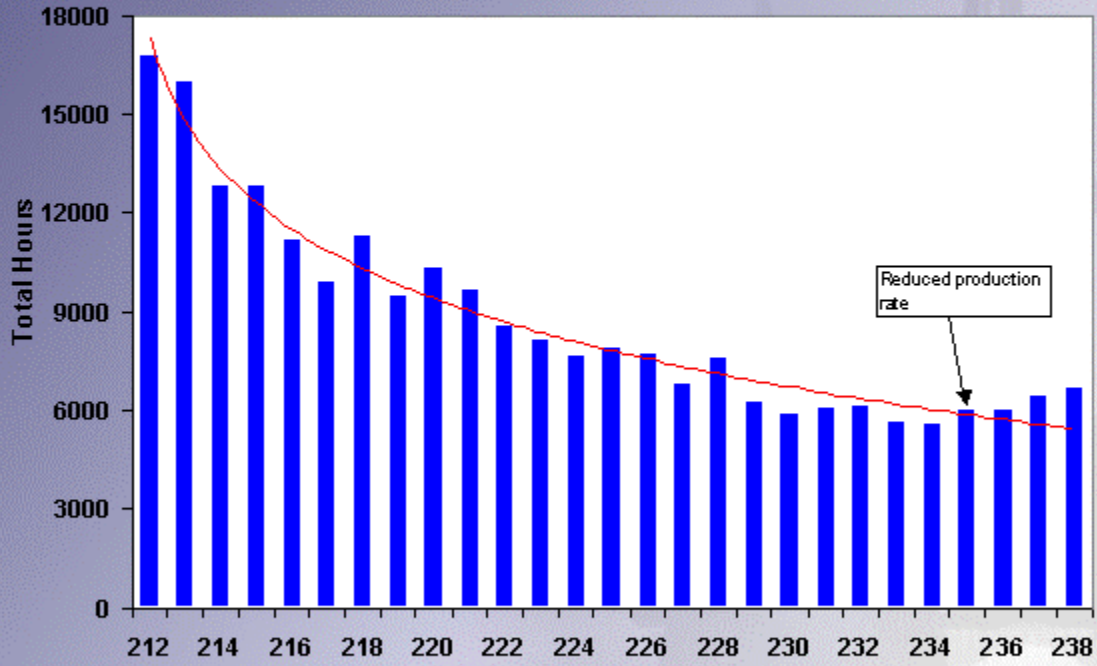
## New Build Schedule

- **First new FlexRig4 is rigging-up on its first location**
- **Expect ~30 new builds to be completed by Sep 2006**
- **Production schedule estimates remain at:**
  - **Two FlexRigs per month through Spring of 2006**
  - **Three FlexRigs per month from Spring to Summer of 2006**
  - **Four FlexRigs per month beginning in the Summer of 2006**



# FlexRig3 Assembly Facility & RU Yard

## Total Manufacturing Hours Per Rig





# H&P Assembly Facility Houston



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End of Presentation

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