

HELMERICH & PAYNE, INC.

FORM 8-K (Current report filing)

Filed 12/15/04 for the Period Ending 12/15/04

| | |
|-------------|---|
| 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**

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 15, 2004

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 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

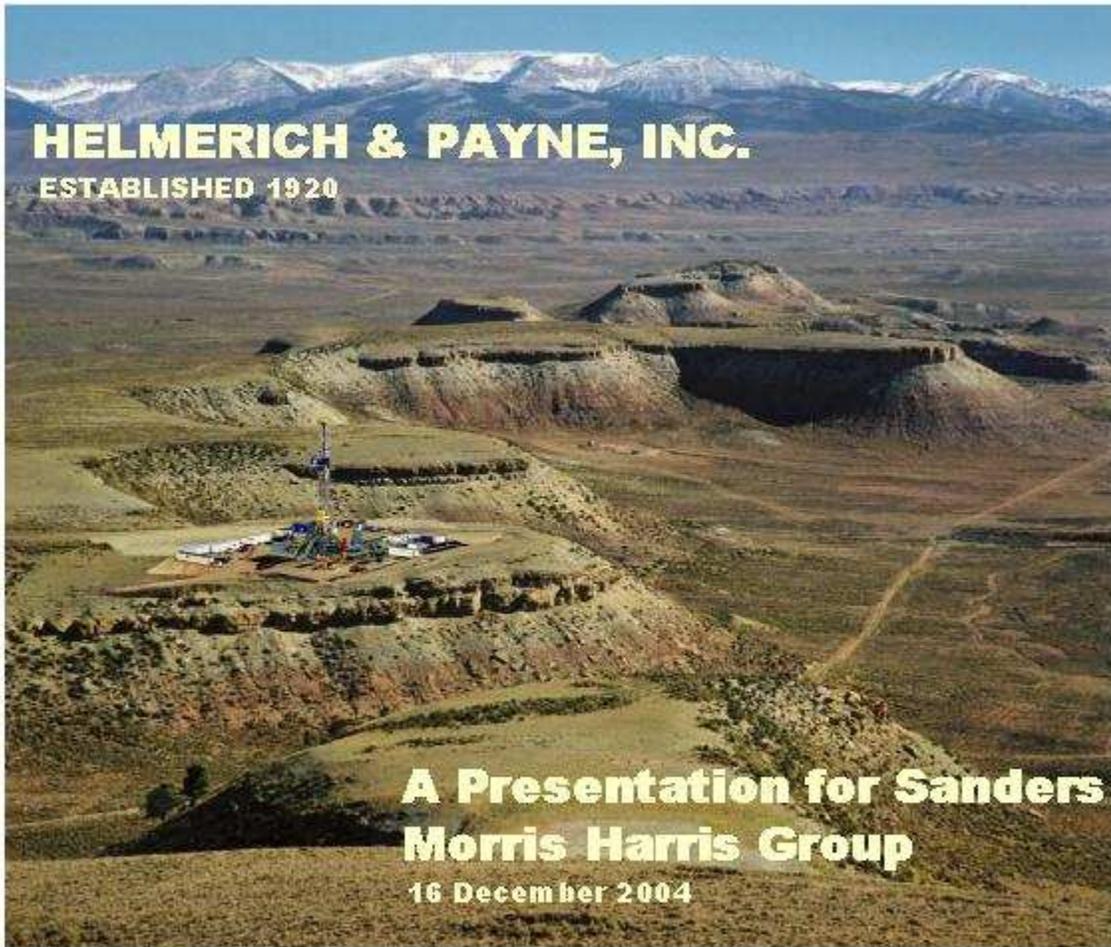
Steven R. Mackey

Vice President

DATE: December 15, 2004

EXHIBIT INDEX

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

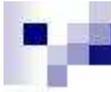


HELMERICH & PAYNE, INC.

ESTABLISHED 1920

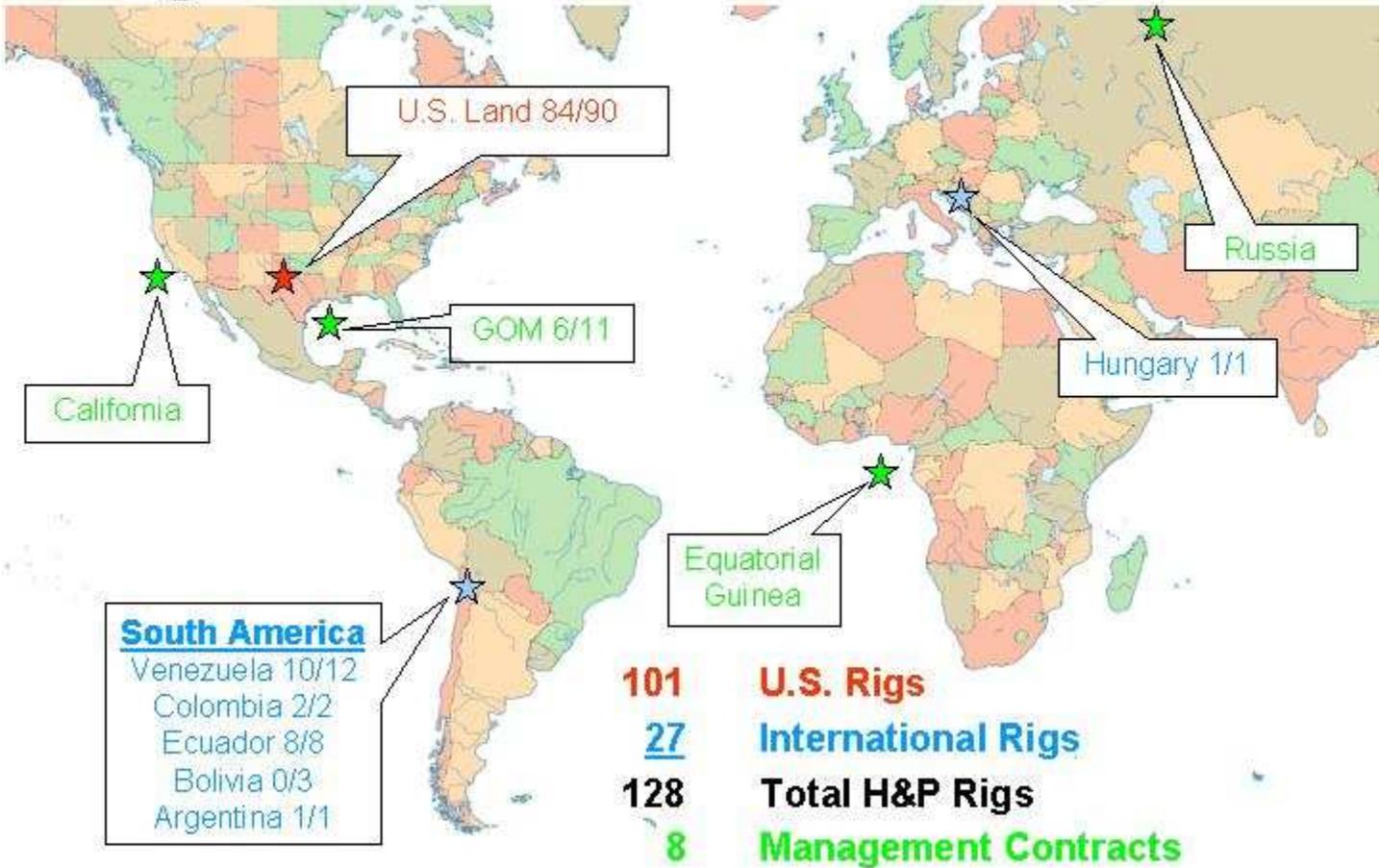
**A Presentation for Sanders
Morris Harris Group**

16 December 2004

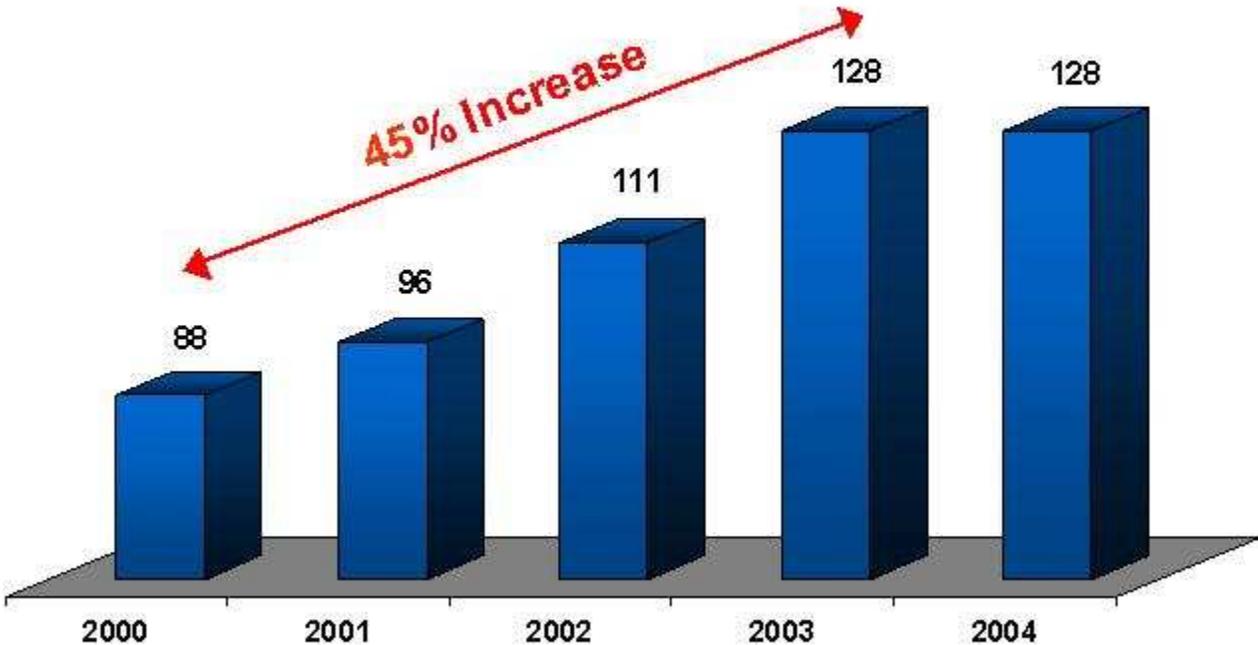


The information contained within this presentation is forward looking and involves risks and uncertainties that could significantly impact expected results. A discussion of these risks and uncertainties is contained in the Company's Form 10-Q filed with the Securities and Exchange Commission on August 13, 2004.

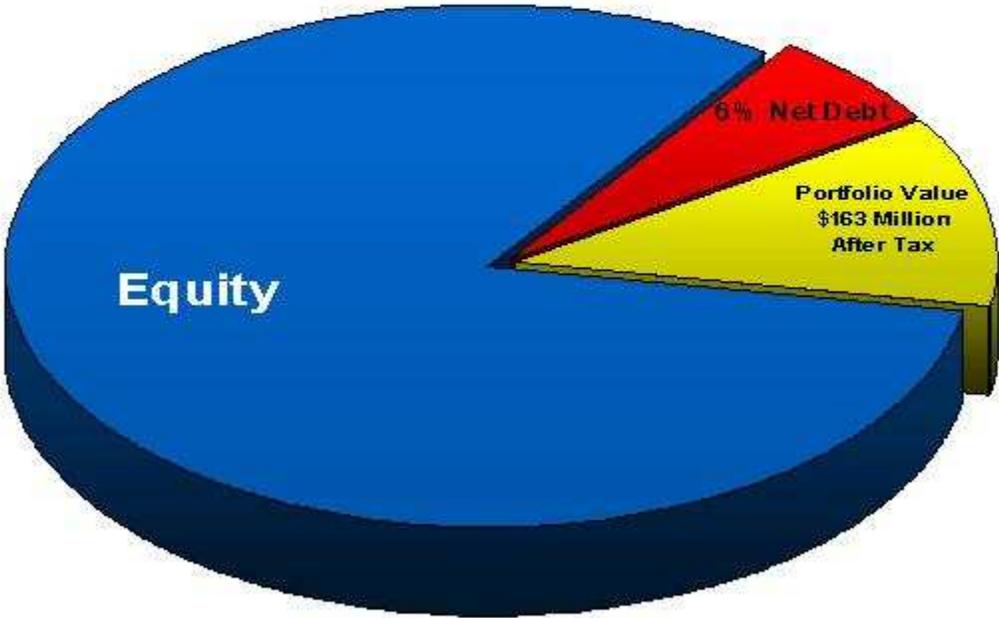
Rig Locations



Has Increased Its Total Rig Fleet by 45% Since 2000

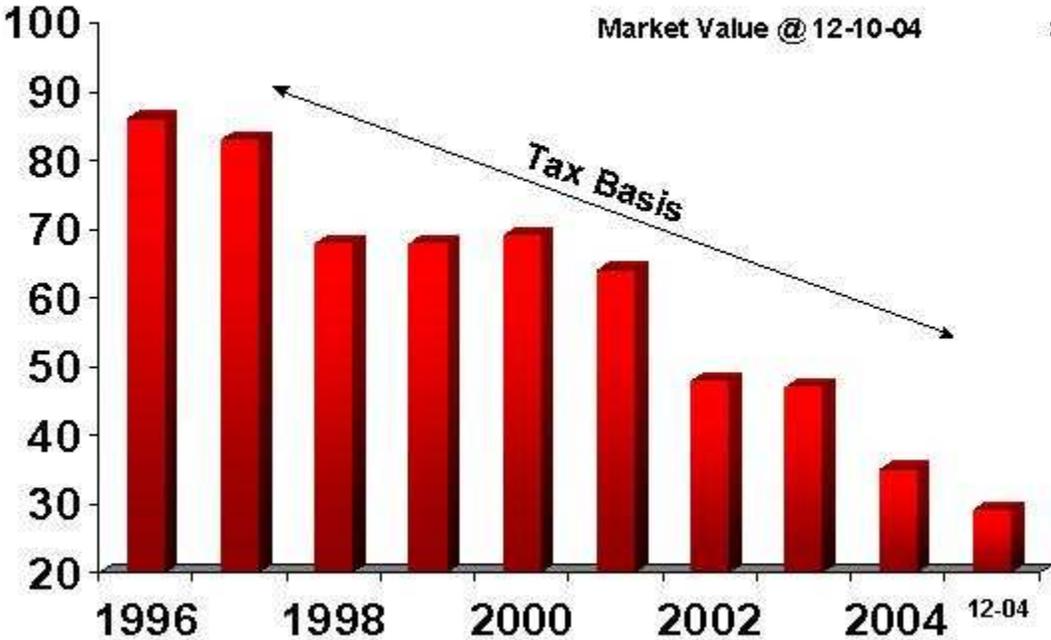


Net Debt To Total Capitalization September 30, 2004

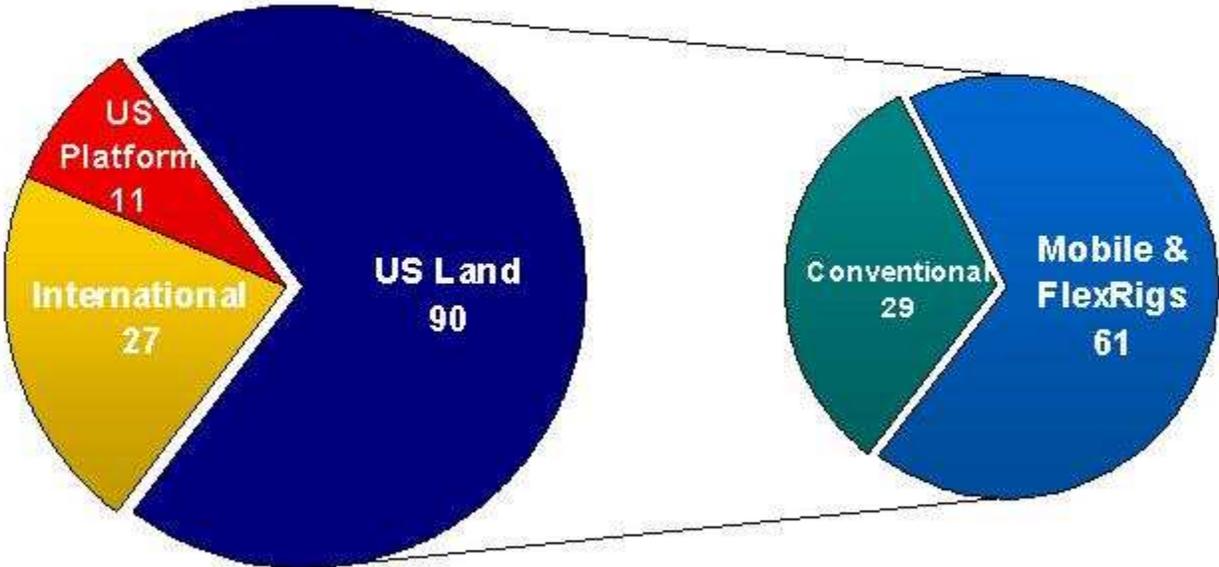


Portfolio Liquidation

Market Value @ 9-30-95 \$158 million
Net Proceeds FY 1996 – Present \$178 million
Market Value @ 12-10-04 \$193 million

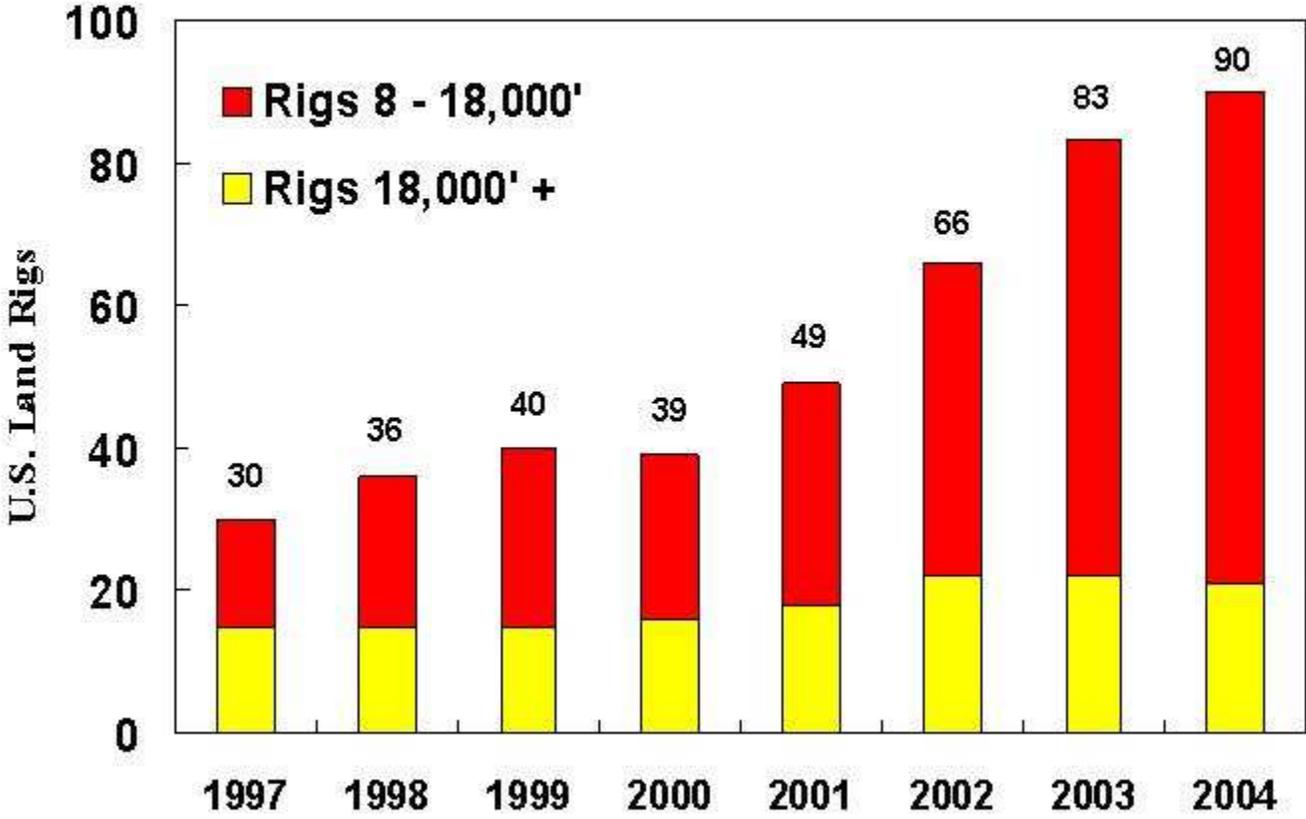


Three Distinct Markets



**128 Total Rigs
December 2004**

Move from Deep to Mid-Depth Land Rigs



Newest Fleet In Industry

| <u>Built or Upgraded</u> | <u>December 2004</u> | <u>% of Fleet</u> |
|-----------------------------|----------------------|-------------------|
| 1980 – 1989 | 16 | 12% |
| 1990 – 1994 | 23 | 18% |
| 1995 – 1999 | 38 | 30% |
| 2000 – 2003 | 51 | 40% |
| <hr/> | | |
| Total Rigs | 128 | 100% |
| | | |
| Electric Rigs (SCR & AC) | 93% | |
| | | |
| Varco Top Drives | 109 | |

Rig Status as of 15 December 2004

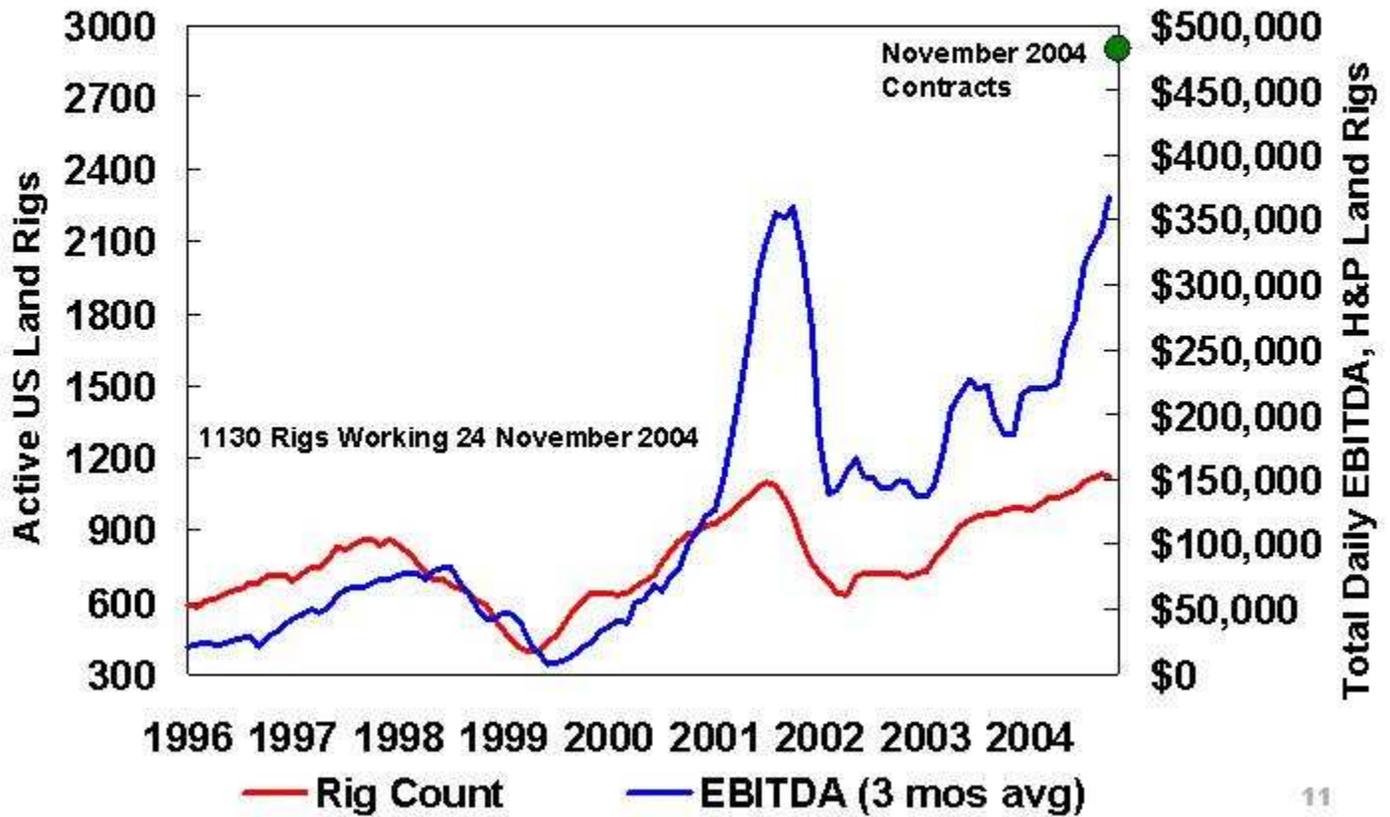
| | <u>Rigs Available</u> | <u>Rigs Working/ Contracted</u> | <u>% Activity</u> |
|--------------------------------------|-----------------------|-------------------------------------|-------------------|
| U.S. Land, FlexRig & Mobile | 61 | 61 | 100% |
| U.S. Land, Conventional | 26 | 23 | 88% |
| U.S. Platform | 11 | 6 | 55% |
| International Land | 27 | 22 | 81% |
| In transit to the U.S. | <u>3</u> | <u>0</u> | <u>0%</u> |
| Total | 128 | 112 | 88% |
| Management Contracts: | | | |
| U.S. GOM & CA | | 3 | |
| Equatorial Guinea | | 1 | |
| Russia | | <u>4</u> | |
| Total Rigs Working/Contracted | | 120 | |

Segment Outlook – U.S. Land

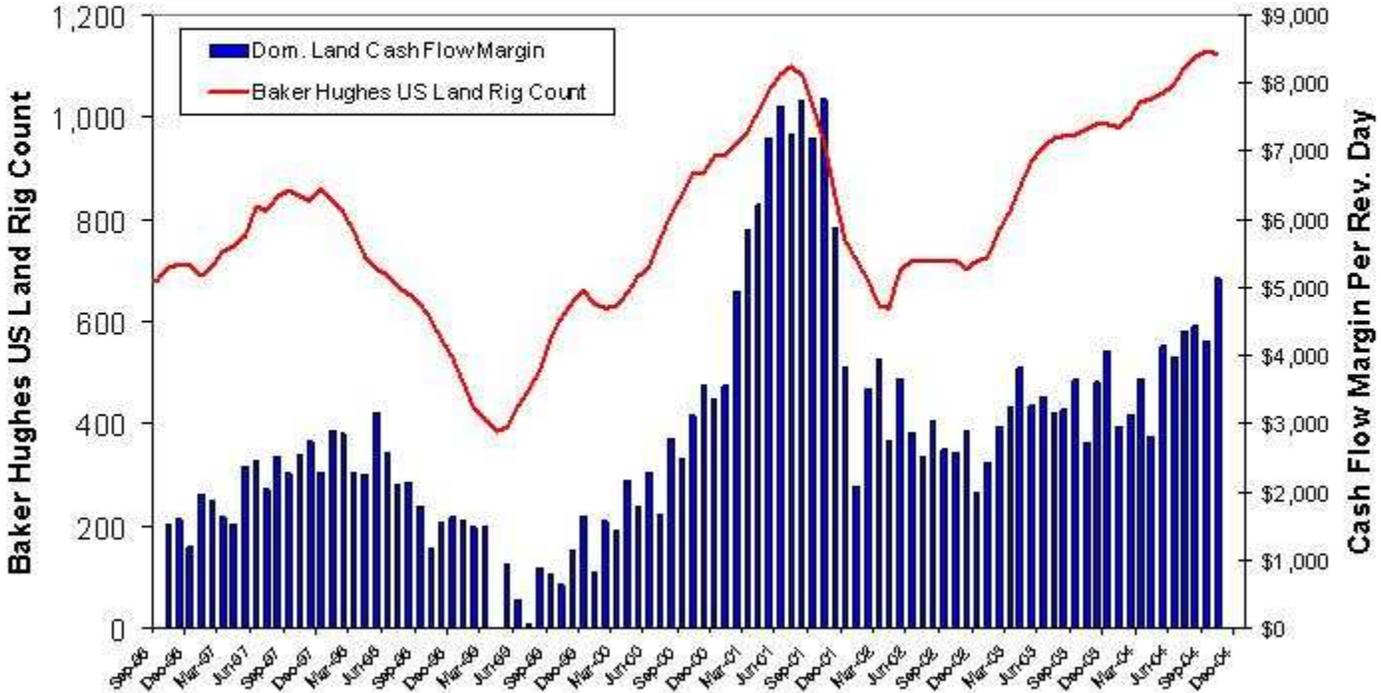
Strong and Improving!

- **Sustained rig demand**
- **Potential for continuing dayrate increases**
- **Growing customer focus on safety and performance**
- **Exploit H&P's competitive advantages**

Baker Hughes U.S. Land Rig Count



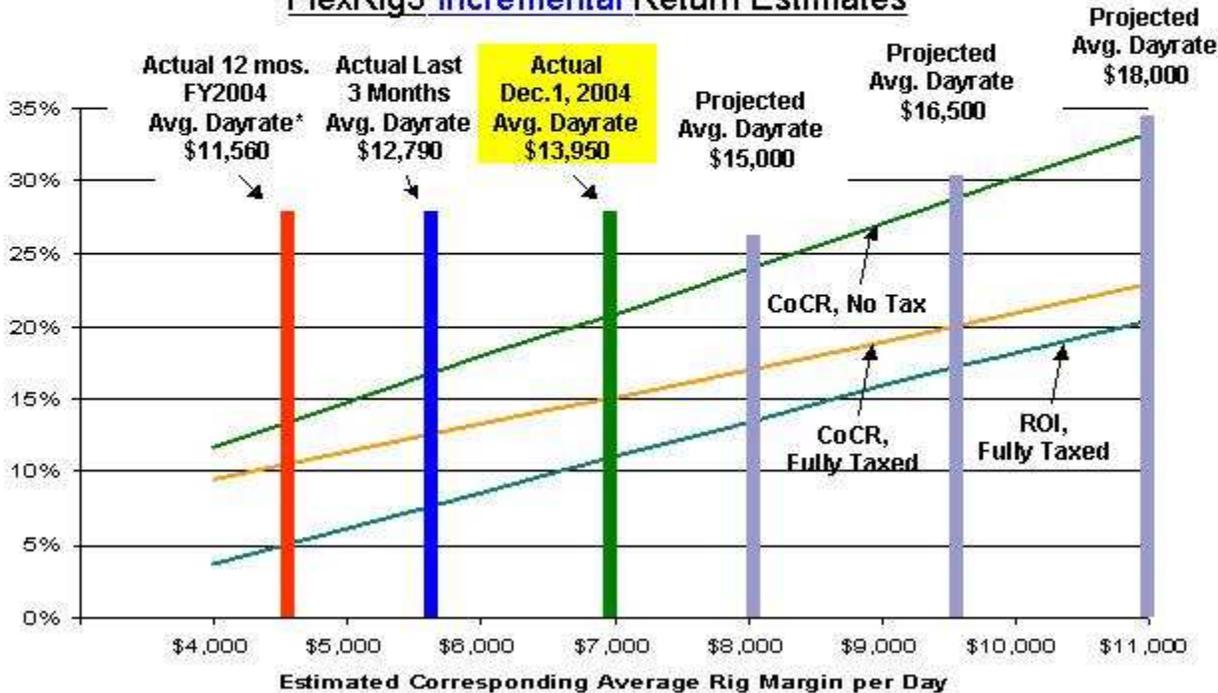
U.S. Land Cash Flow Margin



FlexRig3

- 32 rigs
- 29 months in field
- 20 months average rig age
- 19,400 operating days
- 99% activity
- 32nd rig spud on May 2004

FlexRig3 Incremental Return Estimates



* Note: Average Dayrate values are different and usually lower than the corresponding Average Rig Revenue per Day values.

Segment Outlook – Offshore, U.S. GOM

Steady, Good Potential

- **Steady platform rig demand and supply**
- **Continues to be a rewarding business
(Outstanding performance, reasonable ROI)**
- **Operating leverage available for potential recovery**
- **Rig management contract opportunities**

Segment Outlook – International

Recovering! Highest Activity in S.America since 1998

- **Venezuela** – Nine deep rigs are working.
Tenth large rig has LOI.
- **Colombia** – One rig working. Second rig has LOI for December start.
- **Ecuador** – Eight rigs working.
Possibility of one year firm contract for additional 2000 HP rig with Ecuadorian operator.
- **Hungary** – As forecast, R168 will complete work December 04.
Return to U.S., Ecuador or Trinidad.
- **Bolivia/**
Argentina – One rig working, three rigs stacked. Several opportunities pending.

Russia – High Potential

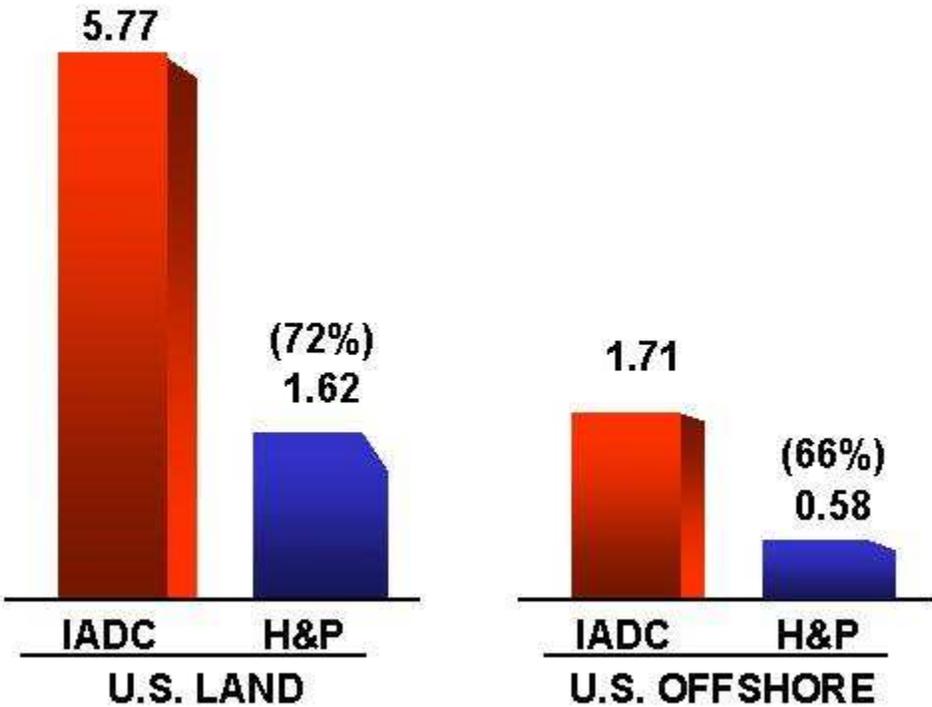
1. **H&P now four months into assistance contract for four Russia rigs.**
2. **Early Results of Assistance Team:**
 - **Good relationship with customer.**
 - **Steep learning curve for Russian & arctic environment.**
 - **Improving field performance.**
 - **FlexRig design offers a clear advantage over Russian rigs.**
3. **Growing interest in application of new drilling rig technology.**

Why Do Operators Select H&P Rigs?

H&P is the leader in:

- Well and personnel safety
- Field performance
- Best value

2003 Safety Performance*

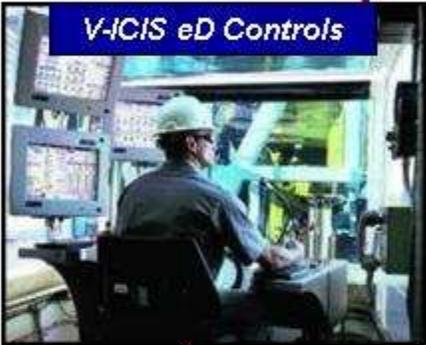


* OSHA Recordable Injuries Per 200,000 Manhours Worked

H&P is the Leader in Field Performance

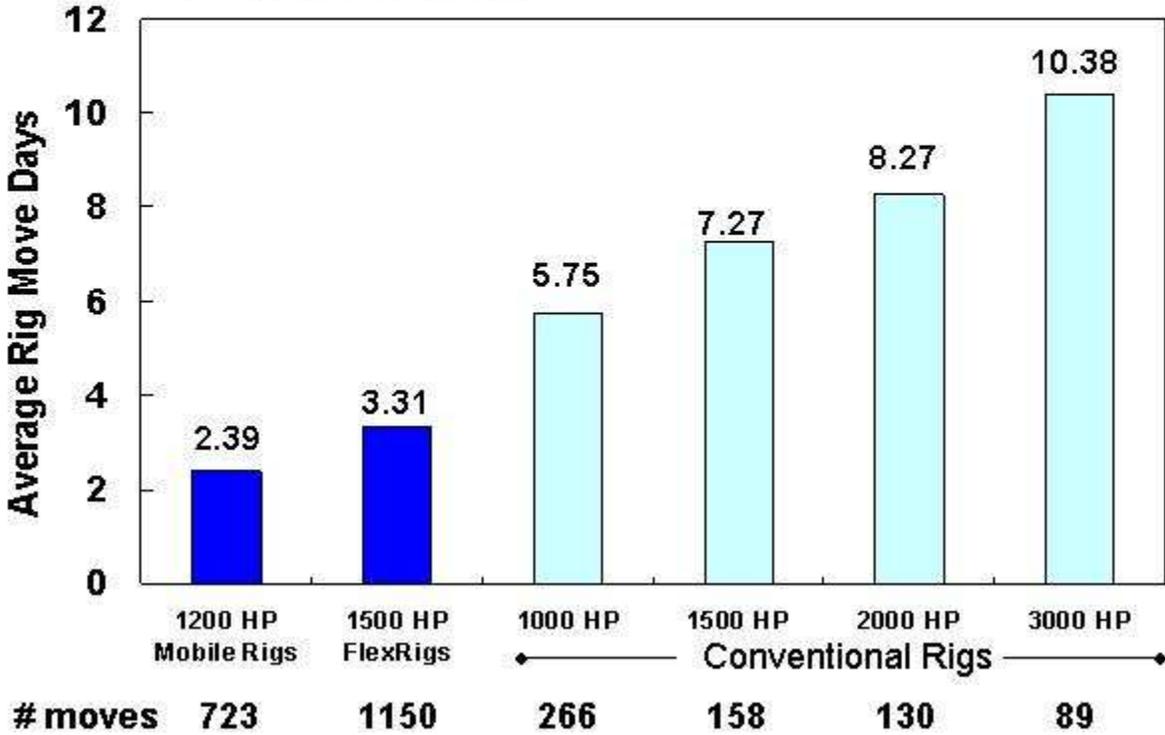
- **Innovative technology**
- **Reduced move times**
- **Reliability**
- **Drilling performance**

Apply New Ideas & Technology



H&P Land Rig Moves 1998 to 2004

(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

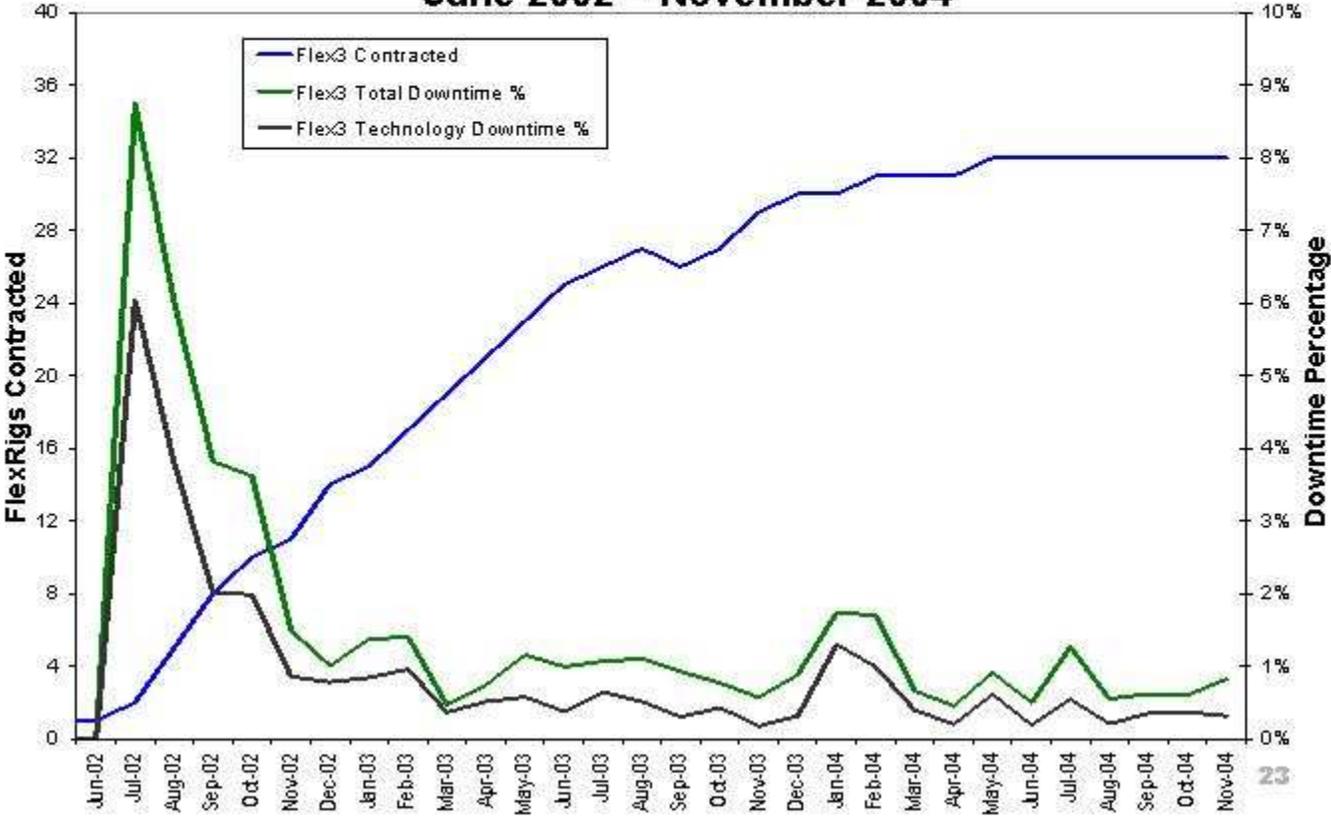


Highlights of Rigs 210 – 241

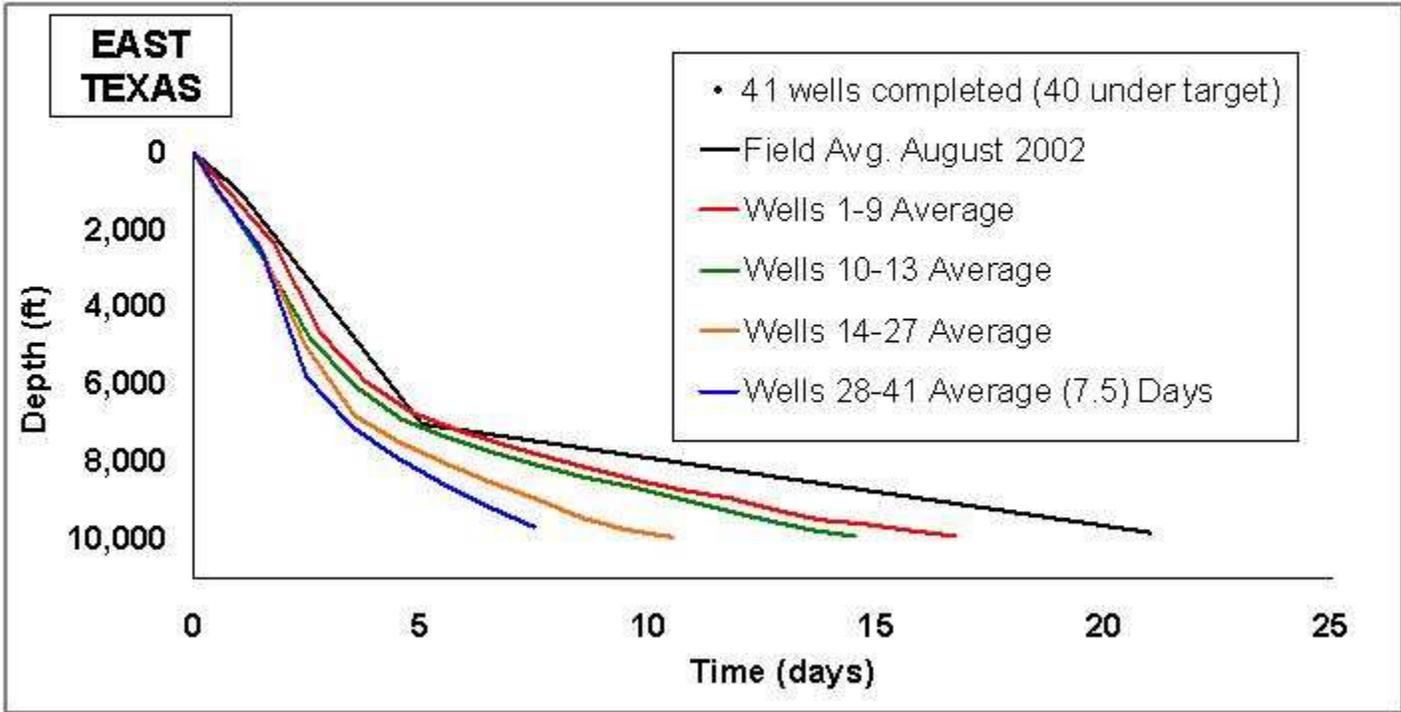
- 1. Field performance vs. customer's planned drill curves**
 - 474 complete wells to date
 - 323 wells (68%) under
 - 22 wells (5%) on
 - 129 wells (27%) over
- 2. 50% of FlexRig3s are currently drilling directional, more technically difficult wells, compared to 26% for the industry.**

H&P FlexRig3 Downtime Performance

June 2002 – November 2004



Example of Best Value: H&P 213 FlexRig3



Best Value - Reduced Well Cycle Time

| 1. | Average of best in field to Aug 02 | Best of Competition Dec 04 | H&P R213 Jan 05 |
|--|---------------------------------------|-------------------------------|-----------------------|
| Drilling days | 21 | 9.5 | 7.5 |
| Completion days | 2 | 2 | 2 |
| Moving days | 6 | 5 | 3 |
| Well cycle in days | <u>29</u> | <u>16.5</u> | <u>12.5</u> |
| 2. Contractor rate/day | \$8,000 | \$12,000 | \$15,500 |
| Operator's other intangible cost per day estimate | \$7,000 | \$7,000 | \$7,000 |
| Operator's daily "spread" cost estimate | <u>\$15,000</u> | <u>\$19,000</u> | <u>\$22,500</u> |
| Intangible cost per well | \$435,000 | \$313,500 | \$281,250 |
| 3. Total Value Added – per well per year | | \$187,500 ~\$4.1MM | \$247,500 ~\$7.1MM |
| 4. Captured by drilling contractor – per year | | ~\$1.4MM 34% | ~\$2.7MM 38% |

Best Value

Reduced Well Cycle Time

3. Added value from FlexRig3 operations

- **Lowest total well cost**

- **Increased wells per rig per year:**

- **1st Year: 18 wells vs. 12.5 wells**

- **Wells 28 – 41: 29 wells vs. 12.5 wells**

- **Early production: Incremental wells on production**

- **1st Year: 5.5 wells / yr**

- **Wells 28 – 41: 16.5 wells / yr**

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

SALE OF RIGS 191 & 192

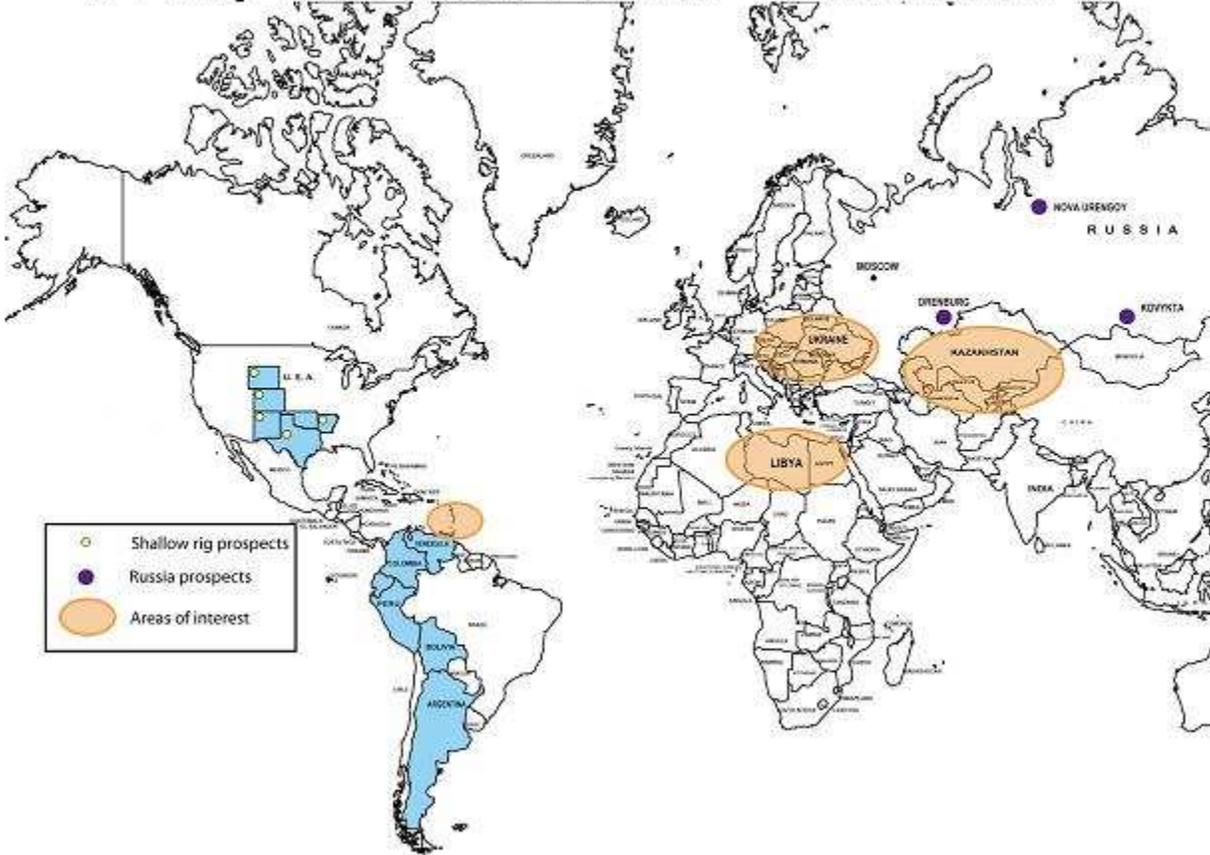
1. Projected Potential Average Financial Returns on Investment

| | |
|---|-------------|
| U.S. Land | 7% |
| S. America | 5% |
| Saudi A. / Indonesia | 8% |
| New construction or reactivation | ≥16% |

2. Supporting considerations

- **Avoid investing \$4.5 – 11.3 per rig in older rigs to capture low rates of return.**
- **Use a special situation to sell older equipment at premium prices.**
- **Move \$20MM from older equipment to possible reinvestment in new technology at higher returns.**
- **Emphasizes “Raising returns” to investors.**

Prospects and Areas of Interest



Why We Are Optimistic About The Future?

- **Expanded rig fleet provides greater leverage**
- **Returning idle international and offshore rigs to work provides upside**
- **Achieve historic advantage of higher utilization rates and margins**
- **Value proposition becomes more compelling in an improving market**



FlexRig3
H&P Rig 241 - Wyoming