

# HELMERICH & PAYNE, INC.

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

Filed 02/16/05 for the Period Ending 02/16/05

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

## Table of Contents

**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): February 16, 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**

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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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**TABLE OF CONTENTS**

ITEM 7.01 REGULATION FD DISCLOSURE

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

SIGNATURES

EXHIBIT INDEX

Slides

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**Table of Contents**

**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: February 16, 2005

**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.



**EnerCom and NASDAQ Oilservice Conference III**

**February 2005**



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, 2004.

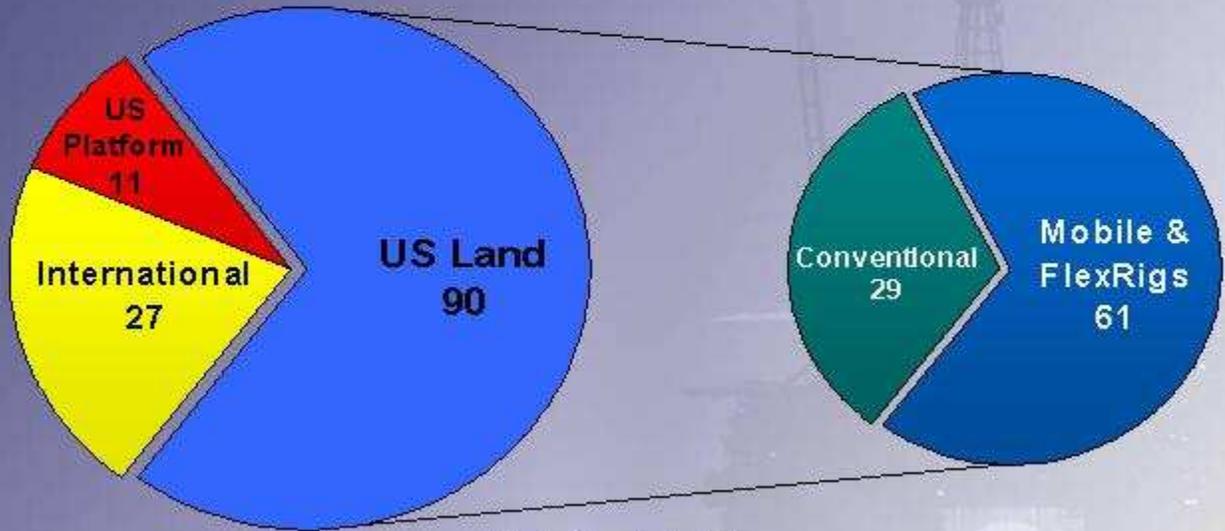


## What Is Different About This Cycle

- 1<sup>st</sup> time since 1920, H&P is a pure play driller.
- Increased our rig fleet by 45%.
- 50 new FlexRigs have established the new performance standard for the industry.
- Potential for an up cycle that is prolonged and less volatile.
- We remain financially strong and well positioned.



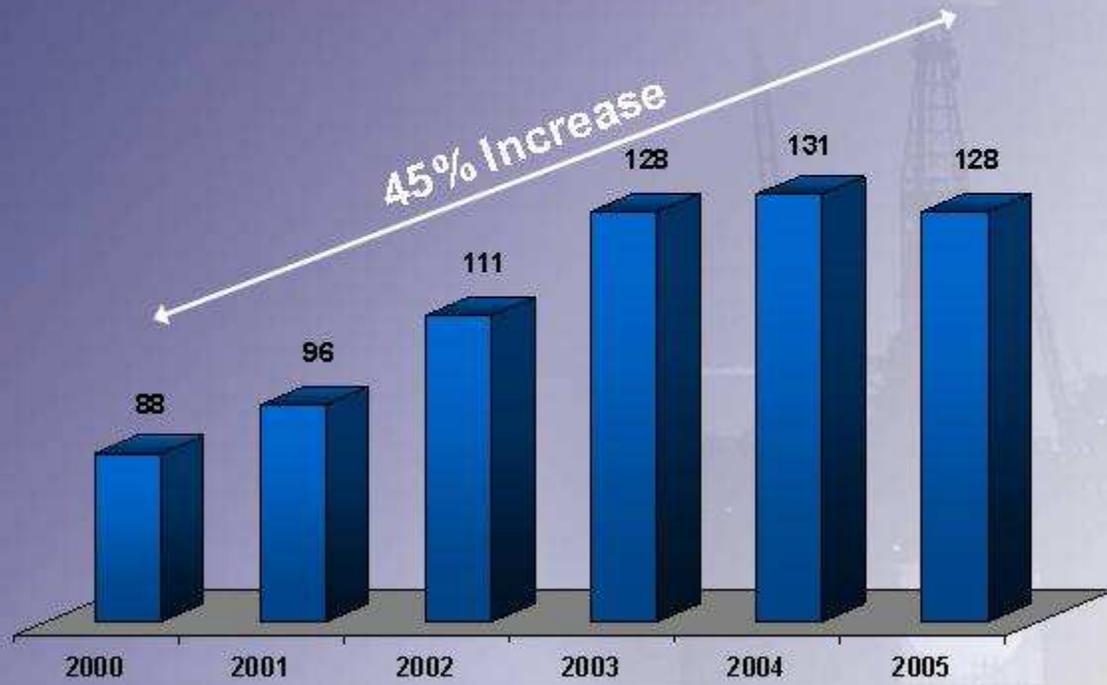
### The Three Distinct Markets Of H&P's Rig Fleet



**128 Total Rigs  
February 2005**



## Rig Fleet Increase Of 45% Since 2000





# U.S. Land Cash Margin Per Rig Day





# Common Stock Total Return Index

10/20/2004 – 2/14/2005

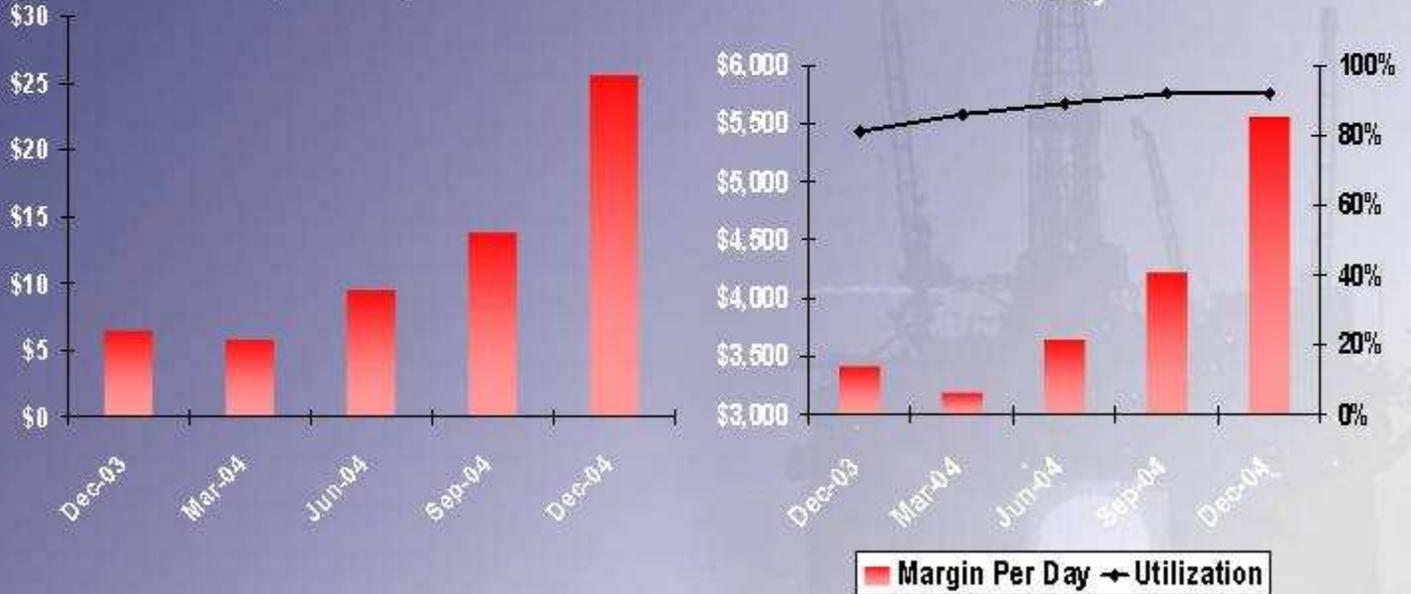




# U.S. Land Operations

Operating Profit  
(in millions)

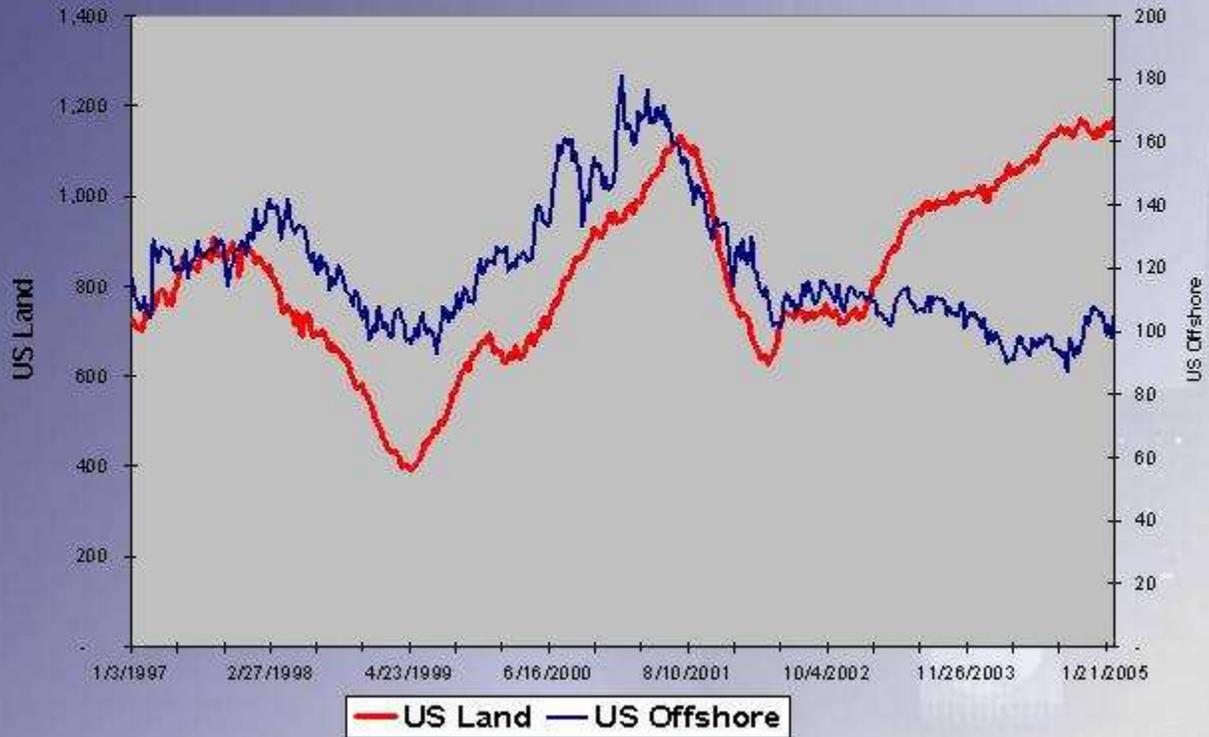
Average Rig Margin  
Per Day





# Baker Hughes U.S. Rig Count

January 3, 1997 – February 11, 2005



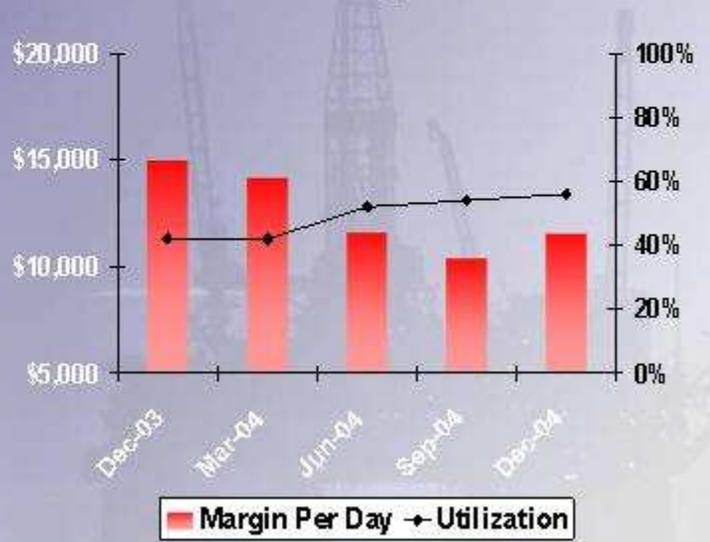


# U.S. Offshore Operations

Operating Profit  
(in millions)



Average Rig Margin  
Per Day





# Baker Hughes – International Rig Count

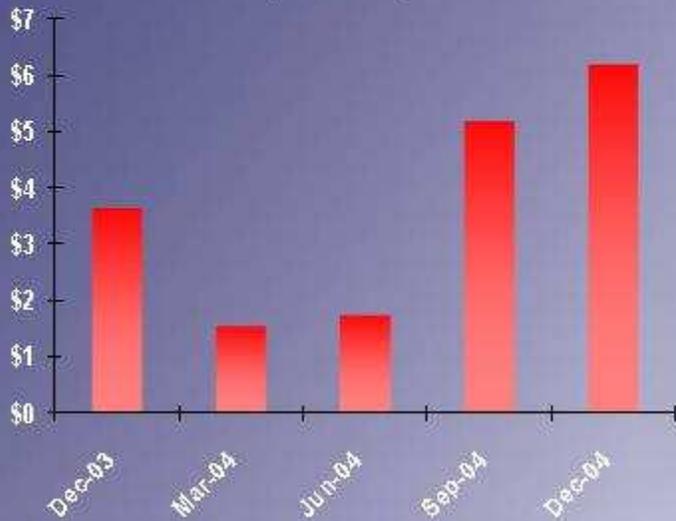
January 1997 – January 2005



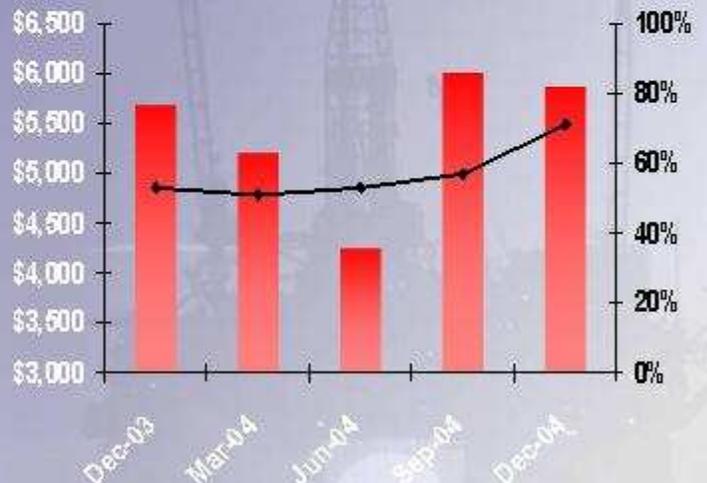


# International Operations

Operating Profit  
(in millions)



Average Rig Margin  
Per Day



■ Margin Per Day ← Utilization



# HELMERICH & PAYNE, INC. NET INCOME \*



\* Net income excluding impairment charge, equity income, gains from sale of portfolio, and (in 2005) the sale of two land rigs.



# EPS Sensitivity \*

## US Land

## Annual EPS Increases

**\$1000 Average Revenue & Margin Per Day Increase**



**.37**

## US Platform

**1 Additional Rig Working A Full Year**



**.07**

## International

**Utilization Increasing By 5 Percentage Points**

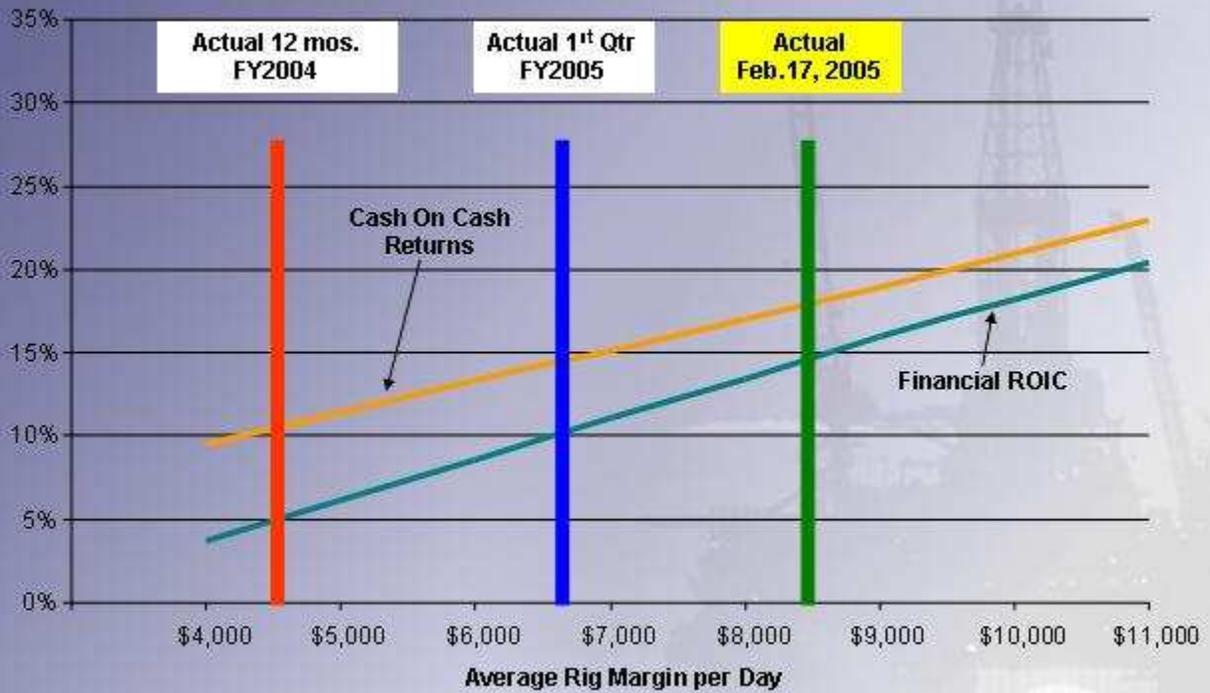


**.03**

**\* Using 1Q05 Earning & Statistics As Baseline  
See Forward Looking Statement Disclaimer – Page 2**



# FlexRig3 Project Return Estimates





## What's Next For H&P?

- Focus on improving the Company's total return on invested capital.
- Leverage our experience in rig design, construction, and field execution into additional opportunities.
- Look for international market expansion where operators place greater value on improved drilling efficiencies and overall performance.



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# Rig Locations

**101** U.S. Rigs  
**27** International Rigs  
**128** Total H&P Rigs  
**7** Management Contracts





## Rig Status as of 17 February 2005

	<u>Rigs Available</u>	<u>Rigs Working/ Contracted</u>	<u>% Activity</u>
U.S. Land, FlexRig & Mobile	61	61	100%
U.S. Land, Conventional	29	23	79%
U.S. Platform	11	5	45%
International Land	<u>27</u>	<u>22</u>	<u>81%</u>
<b>Total</b>	<b>128</b>	<b>111</b>	<b>87%</b>
<b>Management Contracts:</b>			
U.S. GOM & CA		2	
Equatorial Guinea		1	
Russia		<u>4</u>	
<b>Total Rigs Working/Contracted</b>		<b>118</b>	



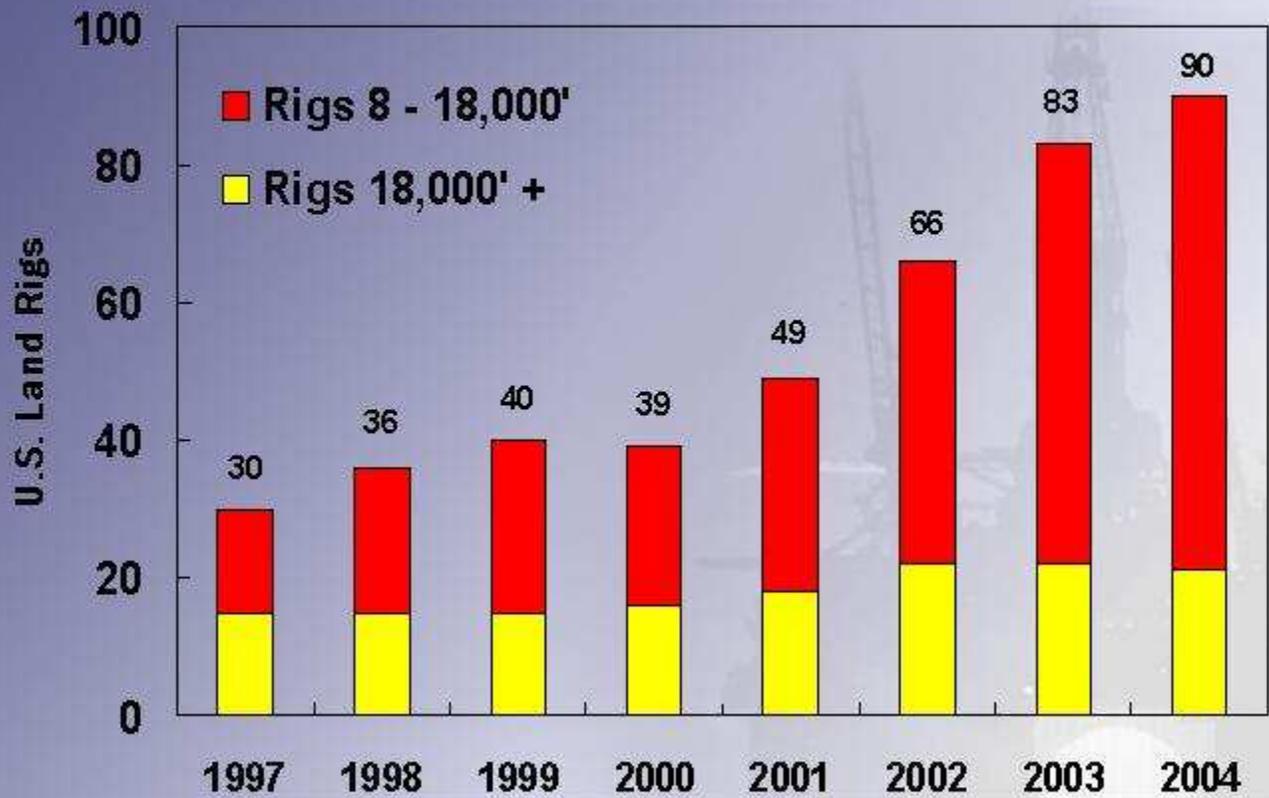
## Segment Outlook – U.S. Land

**Strong and Improving!**

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



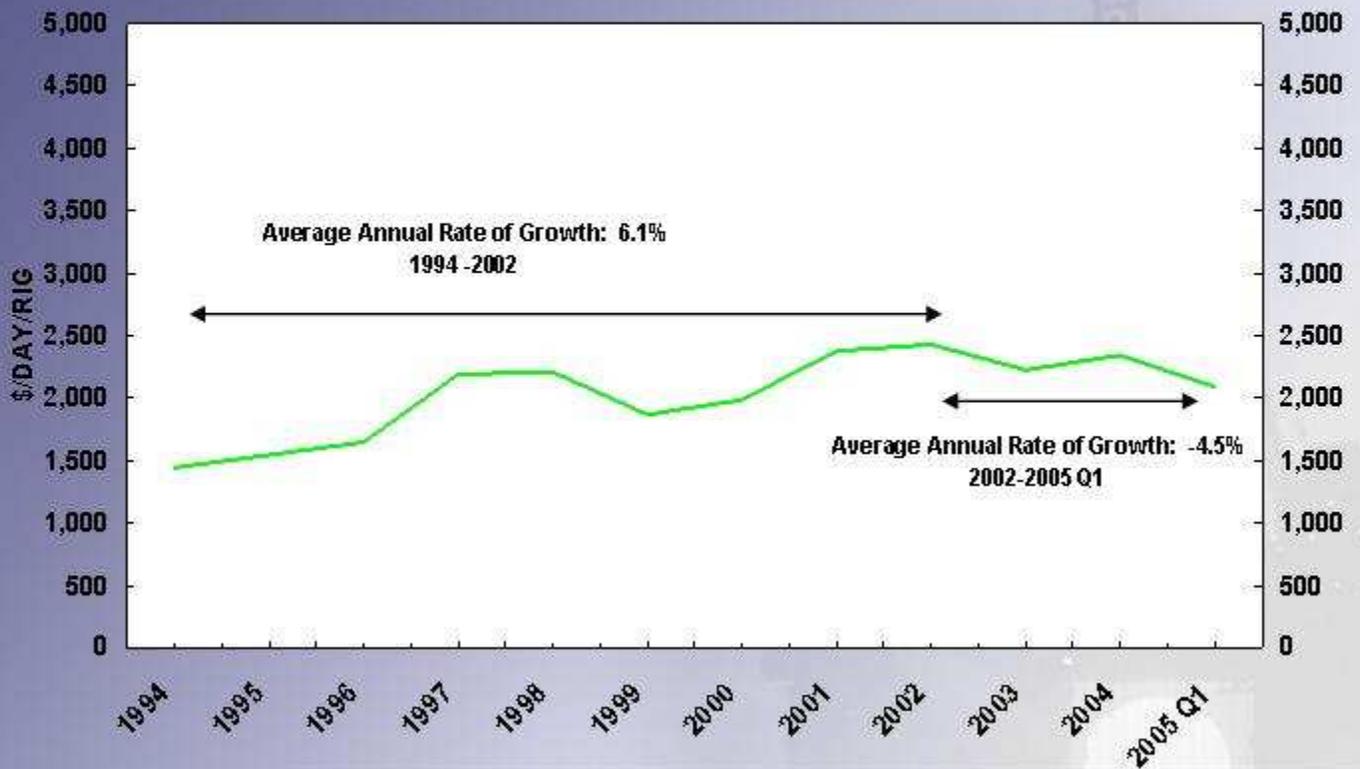
# Move from Deep to Mid-Depth Land Rigs



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# Total M&S – U.S. Land





## 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 rigs are working. Tenth rig has LOI.**
- **Colombia – Two rigs working. Should continue for FY05.**
- **Ecuador – Eight rigs working.**
- **Hungary – As forecast, R168 completed work December 04. Returning to U.S.**
- **Bolivia/Argentina – One rig working. One rig has LOI. Two stacked rigs likely to resume work by 1 July 05.**



# Russia

## High Potential

1. **H&P now six 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 concepts offer meaningful possibilities.**
3. **Growing interest in application of new drilling rig technology.**



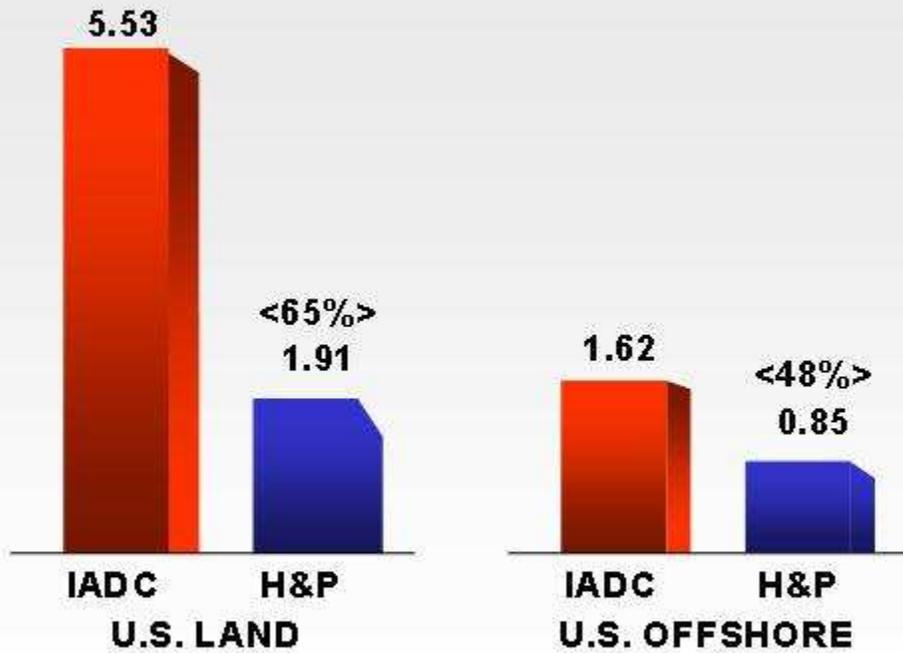
## Why Do Operators Select H&P Rigs?

**H&P is the leader in:**

- **Well and personnel safety**
- **Field performance**
- **Best value**



# 2004 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**

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# Apply New Ideas & Technology

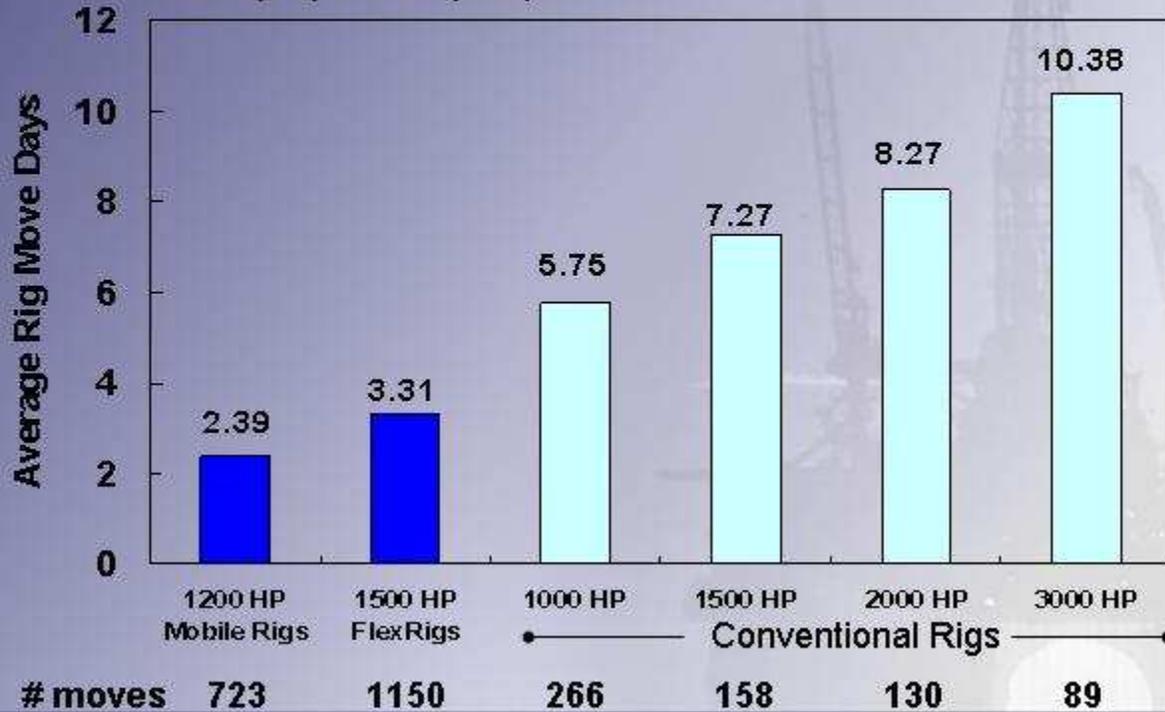


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# H&P Land Rig Moves 1998 to 2004

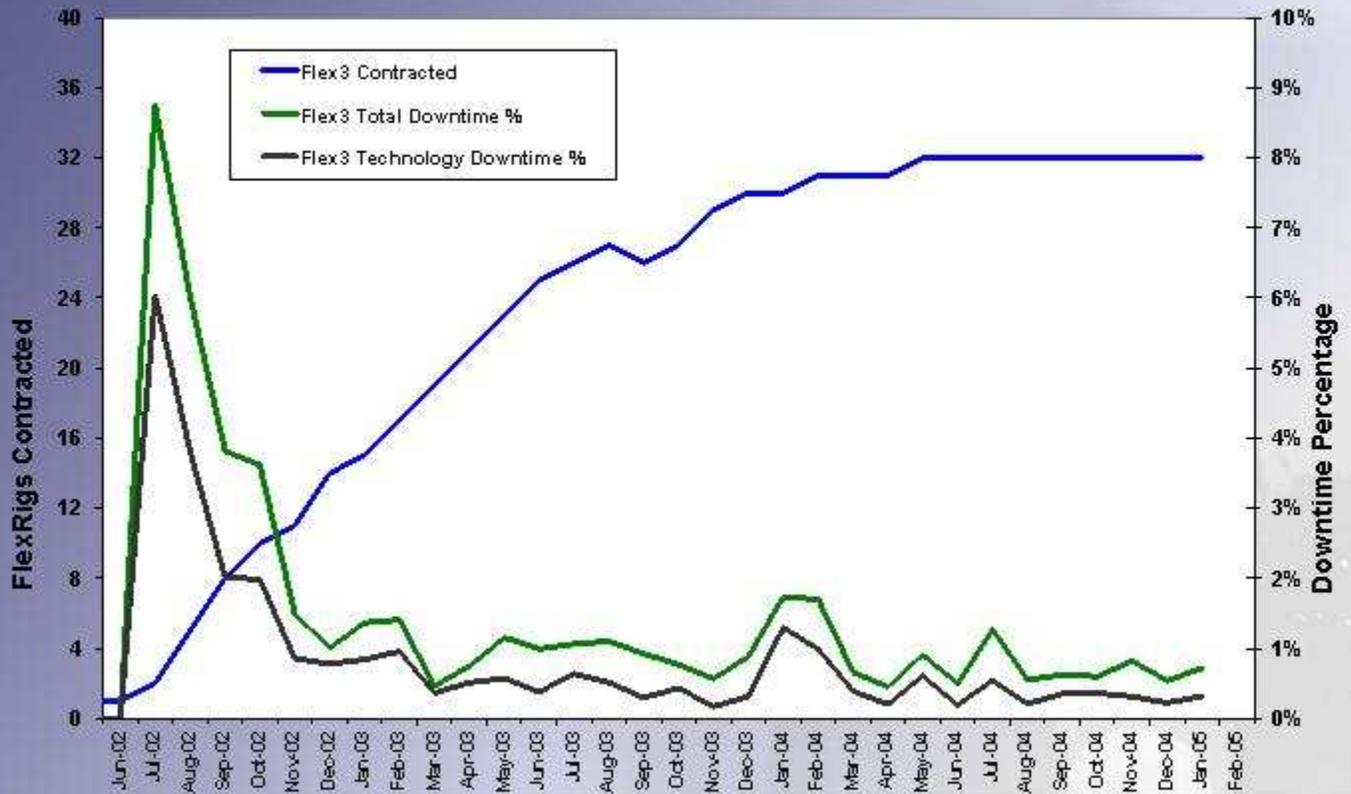
(Rig move time: Time from rig release on last well to spud of next well including time to rig down, transport, rig up and prepare to spud.)





# H&P FlexRig3 Downtime Performance

June 2002 – January 2005



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## FlexRig3

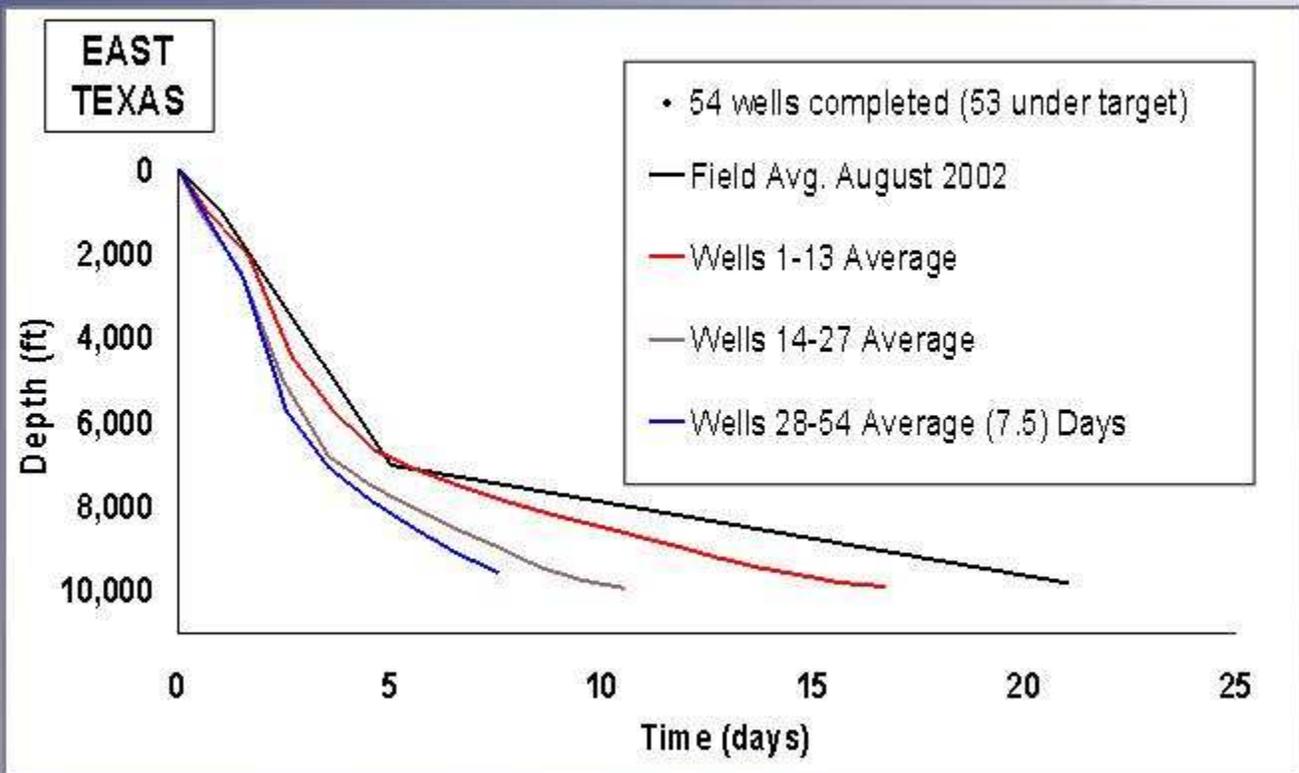


### Highlights of Rigs 210 – 241

1. **Field Performance vs. customer's planned drill curves**
  - 578 complete wells to date
  - 381 wells (66%) under
  - 26 wells (5%) on
  - 171 wells (29%) over
2. **40% of FlexRig3s are currently drilling directional, more technically difficult wells.**



# Example of Best Value: H&P 213 FlexRig3





# Best Value - Reduced Well Cycle Time

	Average of best in field to Aug 02	Best of Competition Dec 04	H&P R213 Jan 05
1.			
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%

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## Best Value Reduced Well Cycle Time

### 3. Added value from FlexRig3 operations

- **Lowest total well cost**
- **Increased wells per rig per year:**
  - **1<sup>st</sup> Year: 18 wells vs. 12.5 wells**
  - **Wells 28 – 54: 29 wells vs. 12.5 wells**
- **Early production: Incremental wells on production**
  - **1<sup>st</sup> Year: 5.5 wells / yr**
  - **Wells 28 – 54: 16.5 wells / yr**
- **Improved efficiency of operator's organization**



## 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