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HELMERICH & PAYNE INC
Form 8-K
January 22, 2003

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: January 22, 2003

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

Delaware	1-4221	73-0679879
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

Utica at Twenty-first Street, Tulsa, Oklahoma	74114
-----	-----
(Address of principal executive offices)	(Zip Code)

(918) 742-5531

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

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Item 9. Regulation FD Disclosure.

On January 22, 2003, Helmerich & Payne, Inc. issued the following press release:

"TULSA, OK., -- Helmerich & Payne, Inc. reported net income of \$607,000 (\$0.01 per share, on a diluted basis) from revenues of \$107,327,000 for its first fiscal quarter ended December 31, 2002, compared with net income from continuing operations of \$18,127,000 (\$0.36 per share, on a diluted basis) from revenues of \$134,992,000 during its first fiscal

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quarter of 2002.

First quarter contract drilling operating profit declined to \$8,034,000, from \$31,693,000 recorded during last year's first quarter and from \$14,760,000 recorded for last year's fourth fiscal quarter ended September 30, 2002. Operating profits were lower for both domestic and international operations as rig activity and profit margins declined. Operating profit for the Company's domestic operations was \$8,626,000 during the first quarter, compared with \$27,816,000 and \$13,472,000 during last year's first and fourth quarters, respectively. Total land rig utilizations fell to 79%, from 89% and 85% for last year's first and fourth quarters. Average land rig revenue per day for the first quarter was \$11,316, compared with \$14,192 for last year's first quarter and down slightly from \$11,602 for last year's fourth quarter. U.S. land rig direct costs were \$8,481 per day, down from \$8,549 per day the previous quarter. However, costs were higher than forecasted for the quarter for FlexRig3 training and other associated start-up costs. Direct land rig costs were impacted by an above average number of rig days lost to weather and other delays. Utilization for the Company's 12 offshore platform rigs fell to 52% for the first quarter this year, from 100% and 65% for last year's first and fourth quarters.

The Company's international contract drilling operations reported an operating loss of \$592,000 for this year's first quarter, compared with operating profits of \$3,877,000 and \$1,288,000 for last year's first and fourth quarters. International rig utilization fell to 33% for the first quarter, compared with 55% and 43% for last year's first and fourth quarters. International revenue and profit margins declined during the quarter due to reduced rig activity in all South American locations except Ecuador where rig utilization averaged 98% for the 8 rigs located there.

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In Venezuela, where 14 of the Company's 33 international land rigs are located, an average of two rigs worked during the quarter. Presently, there are five rigs working for the Venezuelan government-owned oil company (PDVSA), with two additional rigs contracted and waiting for drilling location preparations to be completed. The location completions have been delayed due to material shortages caused by Venezuela's well-publicized workers' strike.

The Company's general and administrative costs were higher due primarily to increased pension and hospitalization expenses. Interest expense also increased as a result of the \$200,000,000 privately placed term notes issued in August (\$100,000,000) and October (\$100,000,000).

Company President and CEO, Hans Helmerich commented, 'We are surprised by the current softness in demand for contract drilling services worldwide. Significantly higher commodity prices and improved industry fundamentals, particularly for natural gas, signal better drilling economics that should soon translate into higher rig activity in the U.S.'

Although the Company expects rig activity and profitability to improve in the future, it is difficult to predict if, when, and to what extent a possible improvement would be reflected in Company earnings. As a baseline for guidance, the Company believes that, should no changes

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occur relating to U.S. land and offshore platform rig utilizations, and with the current rig activity in South America, second quarter net income could be \$0.05 per share. Third and fourth quarter net income could be \$0.07 and \$0.09 per share, respectively, as more FlexRigs commence operations in the field. This estimate of additional earnings assumes no material improvement in other variables such as dayrates, margins and utilizations except in Colombia where one rig is expected to begin work next month, and in Venezuela where the two contracted, but currently idle rigs are assumed to be operating by early to mid third quarter. These estimates assume no other financial impact from possible disruption in the Company's Venezuelan operations.

The Company owns a portfolio of publicly held stocks with a total market value of approximately \$180,000,000 with a financial cost basis of \$105,000,000. The Company owns 286,528 shares of Transocean, Inc., obtained as a result of the spin-off of Schlumberger's offshore drilling company and its simultaneous merger with Transocean in 1999. Currently, the market value of the stock is approximately \$21.00 per

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share with a financial basis of \$33.19 per share. Should its value remain below the cost basis during the fiscal year, the Company will likely be required to record a non-cash impairment charge to its income statement prior to year end.

Helmerich & Payne, Inc. (HP/NYSE) is a contract drilling company that owns 72 U.S. land rigs, 12 U.S. platform rigs located in the Gulf of Mexico, and 33 rigs located in South America, or a total of 117 rigs. Of the 72 U.S. land rigs currently available, 32 are the H&P-designed FlexRig(TM)*. The Company is scheduled to complete the construction of an additional 11 FlexRigs to be put in service over the next six months.

Helmerich & Payne, Inc.'s conference call/webcast is scheduled for this afternoon at 3:00 ET (2:00 CT). Go to <http://www.firstcallevents.com/service/ajwz371442681gfl2.html>. If you are unable to participate during the live webcast, the call will be archived for 60 days on the website listed above as well as on H&P's website at www.hpinc.com.

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 from time to time in its filings with the Securities and Exchange Commission. 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(TM) hereinafter referred to as FlexRig

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HELMERICH & PAYNE, INC.
UNAUDITED

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(IN THOUSANDS, EXCEPT PER SHARE DATA)

	12/31/02 -----	09/30/02 -----
CONSOLIDATED CONDENSED BALANCE SHEETS		
ASSETS		
Total current assets	\$ 238,220	\$ 178,751
Investments	156,887	146,855
Net property, plant, and equipment	948,133	897,445
Other assets	4,061	4,262
	-----	-----
TOTAL ASSETS	\$1,347,301	\$1,227,313
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total current liabilities	\$ 76,426	\$ 72,899
Total noncurrent liabilities	172,781	159,244
Long-term debt	200,000	100,000
Total Shareholders' Equity	898,094	895,170
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,347,301	\$1,227,313
	=====	=====

	THREE MONTHS ENDED DECEMBER 31	
	2002 -----	2001 -----
CONSOLIDATED STATEMENTS OF INCOME		
REVENUES		
Operating revenues	\$ 106,537	\$ 133,685
Income from investments	790	1,307
	-----	-----
	107,327	134,992
	-----	-----
COST AND EXPENSES		
Operating costs	79,864	87,281
Depreciation	18,236	13,833
General and administrative	6,186	4,483
Interest	2,770	392
	-----	-----
	107,056	105,989
	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN INCOME OF AFFILIATES		
	271	29,003
PROVISION FOR INCOME TAXES		
	117	11,968
EQUITY IN INCOME OF AFFILIATES, net of income taxes		
	453	1,092
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INCOME FROM CONTINUING OPERATIONS	607	18,127
INCOME FROM DISCONTINUED OPERATIONS	--	(2,523)
	-----	-----
NET INCOME	\$ 607	\$ 15,604
	=====	=====
BASIC EARNINGS PER COMMON SHARE:		
INCOME FROM CONTINUING OPERATIONS	\$ 0.01	\$ 0.36
INCOME FROM DISCONTINUED OPERATIONS	--	(0.05)
	-----	-----
NET INCOME	\$ 0.01	\$ 0.31
	=====	=====
DILUTED EARNINGS PER COMMON SHARE:		
INCOME FROM CONTINUING OPERATIONS	\$ 0.01	\$ 0.36
INCOME FROM DISCONTINUED OPERATIONS	--	(0.05)
	-----	-----
NET INCOME	\$ 0.01	\$ 0.31
	=====	=====
Average common shares outstanding:		
Basic	49,979	49,736
Diluted	50,467	50,078

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HELMERICH & PAYNE, INC. UNAUDITED (IN THOUSANDS)

	FY 2003 FIRST QTR. ENDED 12/31/02 -----	FY 2002 FIRST QTR. ENDED 12/31/01 -----
FINANCIAL RESULTS - LINES OF BUSINESS		
SALES AND OTHER REVENUES:		
Contract Drilling - Domestic	\$ 82,483	\$ 92,123
Contract Drilling - International	21,804	39,053
	-----	-----
Total Contract Drilling Division	104,287	131,176
	-----	-----
Real Estate Division	2,231	2,495
Investments and Other Income	809	1,321
	-----	-----
Total Revenues	\$ 107,327	\$ 134,992
	=====	=====

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OPERATING PROFIT (LOSS):

Contract Drilling - Domestic	\$ 8,626	\$ 27,816
Contract Drilling - International	(592)	3,877
	-----	-----
Total Contract Drilling Division	8,034	31,693
	-----	-----
Real Estate Division	1,166	1,397
	-----	-----
Total Operating Profit	9,200	33,090
	-----	-----
OTHER	(8,929)	(4,087)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY	-----	-----
IN INCOME OF AFFILIATES	\$ 271	\$ 29,003
	=====	=====

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HELMERICH & PAYNE, INC.
(Registrant)

By: /s/ Steven R. Mackey

Name: Steven R. Mackey
Title: Vice President

Dated: January 22, 2003

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