HELMERICH & PAYNE INC
Form 10-Q/A
June 17, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended: March 31, 2015

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-4221

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**73-0679879** (I.R.S. Employer I.D. Number)

1437 South Boulder Avenue, Tulsa, Oklahoma, 74119

(Address of principal executive office)(Zip Code)

(918) 742-5531

(Registrant s telephone number, including area code)

N/A

(Former name, former address and former fiscal year,

if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of large accelerated filer, accelerated filer and small reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

CLASS	**OUTSTANDING AT April 30, 2015**
Common Stock, $0.10 par value	107,654,499

DOCUMENTS INCORPORATED BY REFERENCE

No documents are incorporated in this Form 10-Q/A (Amendment No. 1).

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A (this Form 10-Q/A) to the Quarterly Report on Form 10-Q of Helmerich & Payne, Inc. (Company) for the second fiscal quarter of 2015, filed with the Securities and Exchange Commission (the SEC) on May 1, 2015 (the Original 10-Q) is being filed solely to correct certain average rig revenue per day information disclosed in the second narrative paragraph under the tables for U.S. Land Operations for the three and six months ended March 31, 2015 and 2014 (see Results of Operations in Part I Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations). Specifically, in the Original 10-Q the first sentence of the second paragraph under the table U.S. Land Operations Three Months Ended March 31, 2015 and 2014 states: Excluding early termination revenue of $3,413, average rig revenue per day for the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014 decreased by $462 to $2,951. This sentence has been corrected to read: Excluding early termination per day revenue of $3,413, average rig revenue per day for the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014 decreased by $462 to $27,575. Also, in the Original 10-Q the first sentence of the second paragraph under the table U.S. Land Operations Six Months Ended March 31, 2015 and 2014 states: Excluding early termination revenue of $1,960, average rig revenue per day for the first six months of fiscal 2015 compared to the same period of fiscal 2014 decreased by $91 to $1,869. This sentence has been corrected to read: Excluding early termination per day revenue of $1,960 and $208 for the first six months of fiscal 2015 and 2014, respectively, average rig revenue per day in the first six months of fiscal 2015 compared to the first six months of fiscal 2014 increased by $117 to $28,158.

Except as described above, this Form 10-Q/A does not modify or update disclosure in, or exhibits to, the Original 10-Q. Furthermore, this Form 10-Q/A does not change any previously reported financial results, nor does it reflect events occurring after the date of the Original 10-Q. Information not affected by this Form 10-Q/A remains unchanged and reflects the disclosures made at the time the Original 10-Q was filed.

PART 1

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

March 31, 2015

RISK FACTORS AND FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the Consolidated Condensed Financial Statements and related notes included elsewhere herein and the Consolidated Financial Statements and notes thereto included in our 2014 Annual Report on Form 10-K. Our future operating results may be affected by various trends and factors which are beyond our control. These include, among other factors, fluctuations in natural gas and crude oil prices, the loss of one or a number of our largest customers, early termination of drilling contracts and failure to realize backlog drilling revenue, forfeiture of early termination payments under fixed term contracts due to sustained unacceptable performance, unsuccessful collection of receivables, inability to procure key rig components, failure to timely deliver rigs within applicable grace periods, disruption to or cessation of the business of our limited source vendors or fabricators, currency exchange losses, expropriation of assets and other international uncertainties, loss of well control, pollution of offshore waters and reservoir damage, operational risks that are not fully insured against or covered by adequate contractual indemnities, passage of laws or regulations including those limiting hydraulic fracturing, litigation and governmental investigations, failure to comply with the terms of our plea agreement with the United States Department of Justice, failure to comply with the United States Foreign Corrupt Practices Act, foreign anti-bribery laws and other governmental laws and regulations, a sluggish global economy, changes in general economic and political conditions, adverse weather conditions including hurricanes, rapid or unexpected changes in drilling or other technologies and uncertain business conditions that affect our businesses. Accordingly, past results and trends should not be used by investors to anticipate future results or trends. Our risk factors are more fully described in our 2014 Annual Report on Form 10-K and elsewhere in this Form 10-Q.

With the exception of historical information, the matters discussed in Management s Discussion & Analysis of Financial Condition and Results of Operations include forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may , will , expect , intend , estimate , anticipate , believe , or continue or the negative thereof or similar terminolog forward-looking statements are based on various assumptions. We caution that, while we believe such assumptions to be reasonable and make them in good faith, assumptions about future events and conditions almost always vary from actual results. The differences between assumed facts and actual results can be material. We are including this cautionary statement to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by us or persons acting on our behalf. The factors identified in this cautionary statement are important factors (but not necessarily all important factors) that could cause actual results to differ materially from those expressed in any forward-looking statement made by us or persons acting on our behalf. Except as required by law, we undertake no duty to update or revise our forward-looking statements based on changes of internal estimates on expectations or otherwise.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2015 vs. Three Months Ended March 31, 2014

We reported net income of $149.5 million ($1.37 per diluted share) from operating revenues of $883.1 million for the second quarter ended March 31, 2015, compared with net income from continuing operations of $174.6 million ($1.59 per diluted share) from operating revenues of $893.4 million for the second quarter of fiscal year 2014. Net income for the second quarter of fiscal 2015 includes approximately $1.9 million ($0.02 per diluted share) of after-tax gains from the sale of assets. Net income for the second quarter of fiscal 2014 includes approximately $12.9 million ($0.12 per diluted share) of after-tax gains from the sale of investment securities and approximately $2.7 million ($0.02 per diluted share) of after-tax gains from the sale of assets.

The following tables summarize operations by reportable operating segment for the three months ended March 31, 2015 and 2014. Operating statistics in the tables exclude the effects of offshore platform and international management contracts, and do not include reimbursements of "out-of-pocket" expenses in revenue, expense and margin per day calculations. Per day calculations for international operations also exclude gains and losses from translation of foreign currency transactions. Segment operating income is described in detail in Note 11 to the Consolidated Condensed Financial Statements.

	Three Months Ended March 31, 2015		2014	
	(in thousands, except days and per day amounts)			
U.S. LAND OPERATIONS				
Revenues	$	718,463	$	741,791
Direct operating expenses		352,489		378,347
General and administrative expense		12,605		10,656
Depreciation		128,503		107,726
Segment operating income	$	224,866	$	245,062
Revenue days		20,802		24,300
Average rig revenue per day	$	30,988	$	28,037
Average rig expense per day	$	13,395	$	13,080
Average rig margin per day	$	17,593	$	14,957
Rig utilization		68%		86%

U.S. Land segment operating income decreased to $224.9 million for the second quarter of fiscal 2015 compared to $245.1 million in the same period of fiscal 2014. Revenues were $718.5 million and $741.8 million in the second quarter of fiscal 2015 and 2014, respectively. Included in U.S. land revenues for the three months ended March 31, 2015 and 2014 are reimbursements for out-of-pocket expenses of $73.9 million and $60.5 million, respectively. Also included in revenue for the three months ended March 31, 2015 is early termination revenue of $71.0 million. We had no early termination fees during the same period of fiscal 2014.

Excluding early termination per day revenue of $3,413, average rig revenue per day for the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014 decreased by $462 to $27,575. The decline in oil prices continues to have a negative effect on customer spending. As a result, some operators are not renewing contracts or are terminating their contracts early. Fixed-term contracts customarily provide for termination at the election of the customer, with an early termination payment to be paid to us if a contract is terminated prior to the expiration of the fixed term (except in limited circumstances including sustained unacceptable performance by us).

Depreciation increased $20.8 million in the second quarter of fiscal 2015 compared to the second quarter of fiscal 2014. Included in depreciation are abandonments of $9.9 million and $1.5 million, respectively, for the three months ended March 31, 2015 and 2014. Included in abandonments for the three months ended March 31, 2015 is the decommissioning of all 17 of our SCR powered FlexRigs including 6 idle FlexRig1 rigs and 11 idle FlexRig2 rigs. With the continued downturn in the oil and gas industry, we believe when the demand for drilling rigs returns, our SCR powered FlexRigs will not meet the needs of our customers. Excluding abandonments, depreciation increased in the comparative periods due to the increase in available rigs as new FlexRigs were added to the segment in 2014 and 2015.

U.S. land rig utilization decreased to 68 percent for the second quarter of 2015 compared to 86 percent for the second quarter of fiscal 2014. U.S. land rig revenue days for the second quarter of fiscal 2015 were 20,802 compared with 24,300 for the same period of fiscal 2014, with an average of 231.1 and 270.0 rigs working during the second quarter of fiscal 2015 and 2014, respectively. We expect rig utilization to decrease in the third quarter of fiscal 2015 as customers continue to reduce their drilling activity and rigs are idled. Given the current trend, we could have less than 150 rigs contracted and generating revenue by June 30, 2015.

At March 31, 2015, 179 out of 332 existing rigs in the U.S. Land segment were contracted. Of the 179 contracted rigs, 145 were under fixed term contracts and 34 were working in the spot market. As of April 23, 2015, 165 rigs remain contracted in the segment excluding rigs that are in the process of stacking. Based on the early termination notices received since March 31, 2015, early termination revenue could exceed $75 million during the third fiscal quarter of 2015.

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	Three Months Ended March 31, 2015	2014
	(in thousands, except days and per day amounts)	
OFFSHORE OPERATIONS		
Revenues	$ 62,626	$ 63,276
Direct operating expenses	39,433	38,479
General and administrative expense	954	2,528
Depreciation	3,170	2,926
Segment operating income	$ 19,069	$ 19,343
Revenue days	794	720
Average rig revenue per day	$ 49,783	$ 64,242
Average rig expense per day	$ 31,112	$ 36,577
Average rig margin per day	$ 18,671	$ 27,665
Rig utilization	98%	89%

Offshore revenues include reimbursements for out-of-pocket expenses of $5.3 million and $4.9 million for the three months ended March 31, 2015 and 2014, respectively.

Average revenue per day and average rig margin per day decreased in the first quarter of fiscal 2015 compared to the first quarter of fiscal 2014 primarily due to a contractual decrease in the dayrate for one rig.

At the end of March 31, 2015 and March 31, 2014, eight platform rigs were active.

	Three Months Ended March 31, 2015	2014
	(in thousands, except days and per day amounts)	
INTERNATIONAL LAND OPERATIONS		
Revenues	$ 98,222	$ 85,533
Direct operating expenses	77,452	63,688
General and administrative expense	1,019	964
Depreciation	13,423	9,713
Segment operating income	$ 6,328	$ 11,168
Revenue days	1,842	2,032
Average rig revenue per day	$ 47,063	$ 37,095
Average rig expense per day	$ 36,166	$ 26,177
Average rig margin per day	$ 10,897	$ 10,918
Rig utilization	52%	78%

International Land segment operating income for the second quarter of fiscal 2015 was $6.3 million compared to $11.2 million in the same period of fiscal 2014. Included in International land revenues for the three months ended March 31, 2015 and 2014 are reimbursements for out-of-pocket expenses of $11.5 million and $10.2 million, respectively. Also included in revenue for the three months ended March 31, 2015 is early termination revenue of $0.7 million.

Rigs transferred into the segment in previous quarters that have begun operations favorably impacted revenue and average rig revenue per day during the second quarter of fiscal 2015. Average rig expense per day increased due to those same rigs incurring startup costs and idle rigs incurring fixed costs while stacked. During the current quarter, an average of 20.5 rigs worked compared to an average of 22.6 rigs in the second quarter of fiscal 2014. Four of the rigs transferred into the segment during the first quarter of fiscal 2015 had not commenced operations by the end of the second quarter of fiscal 2015 which reduced the quarterly rig utilization. All four rigs are expected to begin work by the end of the third fiscal quarter.

RESEARCH AND DEVELOPMENT

For the three months ended March 31, 2015 and 2014, we incurred $4.9 million and $3.6 million, respectively, of research and development expenses related to ongoing development of a rotary steerable system.

OTHER

General and administrative expenses were $34.9 million in the second quarter of fiscal 2015 compared to $34.4 million in the second quarter of fiscal 2014.

Income tax expense decreased to $77.8 million in the second quarter of fiscal 2015 from $100.8 in the second quarter of fiscal 2014 and the effective tax rate decreased to 34.2 percent from 36.6 percent. We expect the effective tax rate for the remaining two quarters of fiscal 2015 to be between 34 and 35 percent.

Six Months Ended March 31, 2015 vs. Six Months Ended March 31, 2014

We reported net income of $352.6 million ($3.23 per diluted share) from operating revenues of $1.9 billion for the six months ended March 31, 2015, compared with net income from continuing operations of $347.8 million ($3.17 per diluted share) from operating revenues of $1.8 billion for the first six months of fiscal year 2014. Net income for the first six months of fiscal 2015 includes approximately $4.4 million ($0.04 per diluted share) of after-tax gains from the sale of assets. Net income for the first six months of fiscal 2014 includes approximately $12.9 million ($0.12 per diluted share) of after-tax gains from the sale of investment securities and approximately $6.4 million ($0.06 per diluted share) of after-tax gains from the sale of assets.

The following tables summarize operations by reportable operating segment for the six months ended March 31, 2015 and 2014. Operating statistics in the tables exclude the effects of offshore platform and international management contracts, and do not include reimbursements of out-of-pocket expenses in revenue, expense and margin per day calculations. Per day calculations for international operations also exclude gains and losses from translation of foreign currency transactions. Segment operating income is described in detail in Note 11 to the Consolidated Condensed Financial Statements.

	Six Months Ended March 31, 2015	2014
	(in thousands, except days and per day amounts)	
U.S. LAND OPERATIONS		
Revenues	$ 1,608,510	$ 1,473,465
Direct operating expenses	793,615	745,533
General and administrative expense	24,320	20,613
Depreciation	247,587	211,305
Segment operating income	$ 542,988	$ 496,014
Revenue days	48,157	47,764
Average rig revenue per day	$ 30,118	$ 28,249
Average rig expense per day	$ 13,196	$ 13,009
Average rig margin per day	$ 16,922	$ 15,240
Rig utilization	78%	85%

U.S. Land segment operating income increased to $543.0 million for the first six months of fiscal 2015 compared to $496.0 million in the same period of fiscal 2014. Revenues were $1.6 billion and $1.5 billion for the first six months of fiscal 2015 and 2014, respectively. Included in U.S. land revenues for the six months ended March 31, 2015 and 2014 are reimbursements for out-of-pocket expenses of $158.1 million and

$124.2 million, respectively. Also included in revenue for the six months ended March 31, 2015 and 2014 are early termination fees of $94.4 million and $9.9 million, respectively.

Excluding early termination per day revenue of $1,960 and $208 for the first six months of fiscal 2015 and 2014, respectively, average rig revenue per day in the first six months of fiscal 2015 compared to the first six months of fiscal 2014 increased by $117 to $28,158. The decline in oil prices continues to have a negative effect on customer spending. As a result, some operators are not renewing contracts or are terminating their contracts early. Fixed-term contracts customarily provide for termination at the election of the customer, with an early termination payment to be paid to us if a contract is terminated prior to the expiration of the fixed term (except in limited circumstances including sustained unacceptable performance by us).

Depreciation increased $36.3 million in the first six months of fiscal 2015 compared to the first six months of fiscal 2014. Included in depreciation are abandonments of $11.9 million and $3.2 million, respectively, for the six months ended March 31, 2015 and 2014. Included in abandonments for the six months ended March 31, 2015 is the decommissioning of all 17 of our SCR powered FlexRigs including 6 idle FlexRig1 rigs and 11 idle FlexRig2 rigs. With the continued downturn in the oil and gas industry, we believe when the demand for drilling rigs returns, our SCR powered FlexRigs will not meet the needs of our customers. Excluding abandonments, depreciation increased in the comparative periods due to the increase in available rigs as new FlexRigs were added to the segment in 2014 and 2015.

U.S. land rig utilization decreased to 78 percent for the first six months of fiscal 2015 compared to 85 percent for the first six months of fiscal 2014. U.S. land rig revenue days for the first six months of fiscal 2015 were 48,157 compared with 47,764 for the same period of fiscal 2014, with an average of 264.6 and 262.4 rigs working during the first six months of fiscal 2015 and 2014, respectively. We expect rig utilization to decrease in the third quarter of fiscal 2015 as customers continue to reduce their drilling activity and rigs are idled. Given the current trend, we could have less than 150 rigs contracted and generating revenue by June 30, 2015.

At March 31, 2015, 179 out of 332 existing rigs in the U.S. Land segment were contracted. Of the 179 contracted rigs, 145 were under fixed term contracts and 34 were working in the spot market. As of April 23, 2015, 165 rigs remain contracted in the segment excluding rigs that are in the process of stacking. Based on the early termination notices received since March 31, 2015, early termination revenue could exceed $75 million during the third fiscal quarter of 2015.

	Six Months Ended March 31, 2015		2014	
	(in thousands, except days and per day amounts)			
OFFSHORE OPERATIONS				
Revenues	$	132,099	$	122,330
Direct operating expenses		83,672		73,355
General and administrative expense		1,780		4,858
Depreciation		6,094		6,276
Segment operating income	$	40,553	$	37,841
Revenue days		1,603		1,456
Average rig revenue per day	$	52,588	$	63,263
Average rig expense per day	$	32,877	$	35,707
Average rig margin per day	$	19,711	$	27,556
Rig utilization		98%		89%

Offshore revenues include reimbursements for out-of-pocket expenses of $10.8 million and $7.7 million for the first six months ended March 31, 2015 and 2014, respectively.

Total revenue and segment operating income in our Offshore segment increased in the first six months of fiscal 2015 compared to the same period of fiscal 2014 primarily due to an increase in the number of offshore management contracts. Average revenue per day and average rig margin per day decreased in the first six months of fiscal 2015 compared to the same period of fiscal 2014 primarily due to a contractual decrease in a dayrate for one rig.

At the end of March 31, 2015 and March 31, 2014, eight platform rigs were active.

	Six Months Ended March 31, 2015		2014	
	(in thousands, except days and per day amounts)			
INTERNATIONAL LAND OPERATIONS				
Revenues	$	191,107	$	180,874
Direct operating expenses		146,389		135,618
General and administrative expense		1,706		1,964
Depreciation		24,470		19,373
Segment operating income	$	18,542	$	23,919

Revenue days		3,922		4,188
Average rig revenue per day	$	43,310	$	37,784
Average rig expense per day	$	32,481	$	27,163
Average rig margin per day	$	10,829	$	10,621
Rig utilization		57%		80%

International Land segment operating income for the first six months of fiscal 2015 was $18.5 million compared to $23.9 million in the same period of fiscal 2014. Included in International land revenues for the six months ended March 31, 2015 and 2014 are reimbursements for out-of-pocket expenses of $21.2 million and $22.6 million, respectively. Also included in revenue for the six months ended March 31, 2015 is early termination revenue of $0.7 million.

Rigs transferred into the segment in previous quarters that started work favorably impacted revenue and revenue per day. During the first six months of fiscal 2015, an average of 21.7 rigs worked compared to an average of 23.1 rigs in the first six months of fiscal 2014. During the first six months of fiscal 2015, five FlexRigs were transferred from the U.S. Land segment and one conventional rig was transferred to the U.S. Land segment. Four of the rigs transferred into the segment had not commenced operations by the end of the second quarter of fiscal 2015 which reduced the quarterly rig utilization. All four rigs are expected to begin work by the end of the third fiscal quarter.

RESEARCH AND DEVELOPMENT

For the six months ended March 31, 2015 and 2014, we incurred $9.0 million and $7.9 million, respectively, of research and development expenses related to ongoing development of a rotary steerable system.

OTHER

General and administrative expenses were $67.8 million in the first six months of fiscal 2015 compared to $66.7 million in the first six months of fiscal 2014.

Interest expense is expected to increase due to the issuance of $500 million unsecured senior notes in March 2015. Total interest expense for fiscal 2015 is expected to be approximately $15 million.

Income tax expense increased to $206.6 million in the first six months of fiscal 2015 from $190.6 in the first six months of fiscal 2014 and the effective tax rate increased to 36.9 percent from 35.4 percent. Effective tax rates differ from the U.S. federal statutory rate of 35.0 percent primarily due to state and foreign income taxes and the tax benefit from the Internal Revenue Code Section 199 deduction for domestic production activities. The effective tax rate for the six months ended March 31, 2015 was also impacted by a December 2014 tax law change which resulted in a reduction of the fiscal 2014 Internal Revenue Code Section 199 deduction for domestic production activities.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Cash and cash equivalents increased to $719.1 million at March 31, 2015 from $360.9 million at September 30, 2014. The following table provides a summary of cash flows:

	Six Months Ended March 31,

	2015	2014
	(in thousands)	
Net cash provided (used) by:		
Operating activities	$ 812,584	$ 540,011
Investing activities	(748,151)	(320,094)
Financing activities	293,785	(82,806)
Increase (decrease) in cash and cash equivalents	$ 358,218	$ 137,111

Operating activities

Cash flows from operating activities were approximately $812.6 million for the six months ended March 31, 2015 compared to approximately $540.0 million for the same period ended March 31, 2014. Multiple items contributed to the change, including a decrease in income taxes payable during the comparative six months primarily the result of legislation passed in December 2014 extending the 50 percent special allowance for depreciation (bonus depreciation) for qualified property placed in service during 2014.

Investing activities

Capital expenditures during the six months ended March 31, 2015 were $763.4 million compared to $356.8 million during the six months ended March 31, 2014 due to the execution of additional fixed-term contracts during calendar 2014 for the operation of new FlexRigs.

Financing activities

During the second quarter of fiscal 2015, we received proceeds from senior notes net of discount and debt issuance costs of $492.8 million. Dividends paid during the first six months of fiscal 2015 were $1.3750 per share or $149.3 million compared to $1.250 per share or $121.5 million paid during the first six months of fiscal 2014. Also during fiscal 2015, we purchased 810,097 common shares at an aggregate cost of $59.7 million.

Other Liquidity

Our operating cash requirements, scheduled debt repayments, interest payments, any stock repurchases and estimated capital expenditures, including our rig construction program, for fiscal 2015 are expected to be funded through current cash and cash provided from operating activities. Given current market conditions, there can be no assurance that we will continue to generate cash flows at current levels or obtain additional financing. Our indebtedness totaled $572.1 million at March 31, 2015, of which a $40.0 million principal payment is due later in fiscal 2015. For additional information regarding debt agreements, refer to Note 8 of the Consolidated Condensed Financial Statements.

Backlog

Our contract drilling backlog, being the expected future revenue from executed contracts with original terms in excess of one year, as of March 31, 2015 and September 30, 2014 was $3.9 billion and $5.0 billion, respectively. The decrease in backlog at March 31, 2015 from September 30, 2014 is primarily due to the revenue earned since September 30, 2014 and the expiration and termination of long-term contracts. Approximately 79.5 percent of the March 31, 2015 backlog is not reasonably expected to be filled in fiscal 2015. Term contracts customarily provide for termination at the election of the customer with an early termination payment to be paid to us if a contract is terminated prior to the expiration of the fixed term. However, under certain limited circumstances, such as destruction of a drilling rig, bankruptcy, sustained unacceptable performance by us, or delivery of a rig beyond certain grace and/or liquidated damage periods, no early termination payment would be paid to us. In addition, a portion of the backlog represents term contracts for new rigs that will be constructed in the future. We obtain certain key rig components from a single or limited number of vendors or fabricators. Certain of these vendors or fabricators are thinly capitalized independent companies located on the Texas Gulf Coast. Therefore, disruptions in rig component deliveries may occur resulting in construction delays and possibly termination of long-term contracts. Accordingly, the actual amount of revenue earned may vary from the backlog reported. See the risk factors under Item 1A. Risk Factors of our 2014 Annual Report on Form 10-K filed with the Securities and Exchange Commission, regarding fixed term contract risk, operational risks, including weather, and vendors that are limited in number and thinly capitalized.

The following table sets forth the total backlog by reportable segment as of March 31, 2015 and September 30, 2014, and the percentage of the March 31, 2015 backlog not reasonably expected to be filled in fiscal 2015:

Reportable Segment	**Three Months Ended March 31, 2015**	**Three Months Ended September 30, 2014**	**Percentage Not Reasonably Expected to be Filled in Fiscal 2015**
	(in billions)		
U.S. Land	$ 2.9	$ 3.8	77.7%
Offshore	0.1	0.1	82.1%

International Land		0.9		1.1	84.6%
	$	3.9	$	5.0	

Capital Resources

Since September 30, 2014, we have announced that we had secured multi-year term contracts to build and operate six new FlexRigs with two customers in the U.S. During the six months ended March 31, 2015, we completed 24 new FlexRigs. Four additional new FlexRigs under fixed-term contract were completed by April 23, 2015. Like those completed and placed into service in prior fiscal periods, each of the new FlexRigs is committed to work for an exploration and production company under a fixed-term contract, performing drilling services on a daywork contract basis.

Our capital spending estimate for fiscal 2015 is expected to total approximately $1.3 billion. The monthly cadence of the new FlexRig construction program is expected to decline from four to two rigs per month beginning in June 2015 through the end of September 2015, and then decline from two to one rig per month beginning October 2015 through March 2016. However, the actual spending level may vary depending primarily on actual maintenance capital requirements and on the timing of procurement related to our ongoing newbuild efforts. All new FlexRigs scheduled for delivery during calendar 2015 and 2016 are supported with multi-year contracts. Capital expenditures were $763.4 million and $356.8 million for the first six months of fiscal 2015 and 2014, respectively.

There were no other significant changes in our financial position since September 30, 2014.

MATERIAL COMMITMENTS

In March 2015, we issued $500 million unsecured senior notes. The debt and estimated interest increases the material commitments reported in our 2014 Annual Report on Form 10-K by approximately $732 million which has annual interest of approximately $23.2 million through March 2025.

CRITICAL ACCOUNTING POLICIES

Our accounting policies that are critical or the most important to understand our financial condition and results of operations and that require management to make the most difficult judgments are described in our 2014 Annual Report on Form 10-K. There have been no material changes in these critical accounting policies.

RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes virtually all existing revenue recognition guidance. The new standard requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. This update also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The provisions of ASU 2014-09 are effective for interim and annual periods beginning after December 15, 2016, and we have the option of using either a full retrospective or a modified retrospective approach when adopting this new standard. We are currently evaluating the alternative transition methods and the potential effects of the adoption of this update on our financial statements.

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03 *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* . ASU No. 2015-03 amends the FASB Accounting Standards Codification (ASC) to require that debt issuance cost be presented in the balance sheet as a direct deduction from the carrying amount of the related liability. Prior to the amendment, debt issuance costs were reported in the balance sheet as an asset. The amended guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, however, we have elected to early adopt effective January 1, 2015. The election requires retrospective application and represents a change in accounting principle. The ASU provides that debt issuance costs are similar to debt discounts and in effect reduce the proceeds of borrowing, thereby increasing the effective interest rate. As a result of the adoption, the September 30, 2014 Consolidated Condensed Balance Sheet is restated as shown in Note 1 to the Consolidated Condensed Financial Statements.

ITEM 6. EXHIBITS.

The following documents are included as exhibits to this Form 10-Q/A (Amendment No. 1).

Exhibit Number	**Description**
31.1	Certification of Chief Executive Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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.

By:	/s/ Juan Pablo Tardio Juan Pablo Tardio Vice President and Chief Financial Officer

Date June 17, 2015

EXHIBIT INDEX