



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

May 13, 2015

Mr. Brian V. Breheny
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, NW
Washington, DC 20005

Re: United States of America v. Helmerich & Payne International Drilling Co.
**Helmerich & Payne, Inc. – Waiver Request of Ineligible Issuer Status under Rule 405 of
the Securities Act**

Dear Mr. Breheny:

This is in response to your letter dated September 30, 2014, including the addendum received April 16, 2015, written on behalf of Helmerich & Payne, Inc. (Company) and constituting an application for relief from the Company being considered an “ineligible issuer” under Rule 405(1)(v) of the Securities Act of 1933 (Securities Act). The Company requests relief from being considered an “ineligible issuer” under Rule 405, due to the entry on November 8, 2013, of a Judgment against Helmerich & Payne International Drilling Co. (H&PIDC). The Judgment finds H&PIDC guilty of a misdemeanor violation of Title 18, United States Code, Section 1018 for knowingly making and delivering false writings.

Based on the facts and representations in your letter, and assuming H&PIDC complies with the Judgment, the Division of Corporation Finance, acting for the Commission pursuant to delegated authority, has determined that the Company has made a showing of good cause that it will not be considered an ineligible issuer by reason of the entry of the Judgment. Accordingly, the relief requested in the Waiver Letter regarding the Company being an ineligible issuer under Rule 405 by reason of the entry of the Judgment is granted, on the condition that H&PIDC fully complies with the terms of the Judgment. Any different facts from those represented or failure to comply with the terms of the Judgment would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waiver. The Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

Sincerely,

/s/

Mary Kosterlitz
Chief, Office of Enforcement Liaison
Division of Corporation Finance

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

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April 16, 2015

VIA FIRST CLASS MAIL AND EMAIL

Mary J. Kosterlitz, Esq.
Chief, Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

RE: United States v. Helmerich & Payne International Drilling Co.

Dear Ms. Kosterlitz:

We submit this letter on behalf of our client, Helmerich & Payne, Inc. (the "Company"), a reporting company registered under Section 12 of the Securities Exchange Act of 1934 and the parent company of Helmerich & Payne International Drilling Co. ("H&PIDC"), a wholly owned subsidiary and the defendant entity in the above-captioned proceeding.

This letter serves as an addendum to our previous letter to you, dated September 30, 2014 (the "Original Waiver Request," attached as Annex A hereto), in which we requested a determination by the Division of Corporation Finance (the "Division") of the U.S. Securities and Exchange Commission (the "Commission"), acting pursuant to the authority delegated by the Commission, that the Company would not be an "ineligible issuer" as defined under Rule 405 promulgated under the Securities Act of 1933 (the "Securities Act") as a result of the entry of the judgment against H&PIDC related to certain choke manifold testing irregularities that occurred in 2010 at one of H&PIDC's offshore platform rigs in the Gulf of Mexico (the "Judgment"). The Company remains very interested in obtaining a determination by the Division that it is not an ineligible issuer. The Company appreciates your continued attention to this matter.

The Company would also like to provide additional information regarding the impact on the Company if the waiver request is denied. This additional information updates the disclosures contained in Section II, Subsection C of the Original Waiver Request.

As an ineligible issuer, the Company is unable to register securities on a shelf registration statement on Form S-3 that is automatically effective (“WKSI Shelf”) and does not have the flexibility (i) to offer additional securities of the classes covered by a WKSI Shelf without filing a new registration statement, (ii) to register additional classes of securities not covered by a WKSI Shelf by filing a post-effective amendment, which becomes immediately effective, (iii) to omit certain information from the prospectus, (iv) to take advantage of the pay-as-you-go fees, or (v) to use a free writing prospectus other than one that contains only a description of the terms of the securities in the offering or the offering itself.

As a direct result, depending on the timing and market conditions the Company may be forced to restrict its capital raising efforts from securities sales to private offerings. For example, in March 2015, the Company relied on Rule 144A of the Securities Act for its latest private offering of \$500 million aggregate principal amount of the Company's senior unsecured notes. As its capital needs continue to increase, the lack of flexibility that is afforded to a WKSI could further limit the Company's ability to raise capital and have negative consequences on the Company and its shareholders. The Company's current estimated capital expenditures for fiscal 2015 is \$1.3 billion, a significant increase from \$952.9 million incurred in fiscal 2014. The Company expects to fund these capital expenditures and other capital requirements through its current cash on hand, cash provided by its operating activities, and borrowed funds. The Company may also need to sell additional securities to fund further capital expenditures or operations. The potential need to sell additional Company securities has recently become more of a possibility because many of the Company's customers are oil companies that have announced reductions in their 2015 capital spending budgets due to significant declines in oil prices. This development could result in decreased demand for the Company's services and a related impact on the Company's cash flows from operations. Given the nature of the Company's business and volatile market conditions, the procedural and financial flexibility of a WKSI Shelf would allow the Company to gain access to the widest possible investor base, in the most efficient manner.

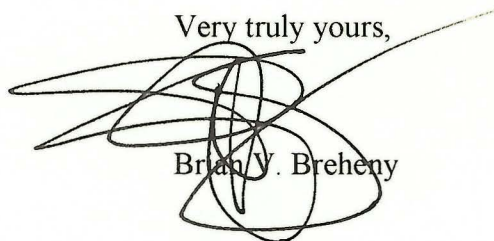
Furthermore, the Company has already paid a significant price in the form of a \$6.4 million monetary penalty levied against H&PIDC. Both the character and circumstances of the violation and the institution of the resulting Environmental Compliance Plan (as defined in the Original Waiver Request) also make it extremely unlikely that any similar violation will recur in the future. Any continuing regulatory burdens unduly penalize the Company and its shareholders for the actions of its subsidiary by hindering the Company's access to capital markets.

The Company believes that denial of the waiver in this case is unnecessary for the protection of investors, is not in the public interest and would constitute a disproportionate hardship in light of the nature of the misconduct. Such misconduct does not pertain to activities undertaken by the Company or its subsidiaries in connection with their role as issuers of securities (or any disclosure related thereto) or any of their filings with the Commission.

Mary J. Kosterlitz, Esq.
U.S. Securities and Exchange Commission
April 16, 2015
Page 3

For the reasons set forth above, we respectfully request that the Division, on behalf of the Commission, find that it is not necessary under the circumstances that the Company be considered an “ineligible issuer” under Rule 405 as a result of the Judgment. Should the Division disagree with our conclusions, or should any additional information be desired in support of our position, we would appreciate the opportunity to confer with the Division concerning these matters prior to the issuance of the Division’s response. Please do not hesitate to contact the undersigned at (202) 371-7180.

Very truly yours,

A handwritten signature in black ink, appearing to read "Brian V. Breheny", is written over the typed name. The signature is highly stylized and somewhat illegible due to overlapping loops and lines.

Brian V. Breheny

Attachment

Copy to: Cara M. Hair, Esq.
Jonathan M. Cinocca, Esq.
Helmerich & Payne, Inc.

Pankaj K. Sinha
Skadden, Arps, Slate, Meagher & Flom LLP

Annex A

Original Waiver Request

DIRECT DIAL
(202) 371-7344
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(202) 681-9164
EMAIL ADDRESS
ANDREW.BRADY@SKADDEN.COM

September 30, 2014

VIA FIRST CLASS MAIL AND EMAIL

Mary J. Kosterlitz, Esq.
Chief, Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

RE: United States v. Helmerich & Payne International Drilling Co.

Dear Ms. Kosterlitz:

We submit this letter on behalf of our client, Helmerich & Payne, Inc. (the "Company"), a reporting company registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act") and the parent company of Helmerich & Payne International Drilling Co. ("H&PIDC"), a wholly owned subsidiary and the defendant entity in the above-captioned proceeding.

We respectfully request a determination by the Division of Corporation Finance (the "Division") of the Securities and Exchange Commission (the "Commission"), acting pursuant to the authority delegated by the Commission, that the Company would not be an "ineligible issuer" as defined under Rule 405 promulgated under the Securities Act of 1933 (the "Securities Act") as a result of the entry of the Judgment against H&PIDC (described below).

I. BACKGROUND

H&PIDC is primarily a U.S. land-based drilling contractor. H&PIDC's existing drilling rig fleet as of April 24, 2014 includes 324 land rigs in the U.S., 31 international land rigs and 9 offshore platform rigs. The Company and H&PIDC employ over 10,000 employees worldwide. H&PIDC is widely recognized as an industry leader in health, safety and environmental performance ("HSE"). H&PIDC's leadership in the oil and gas industry on HSE performance is (i) reflected in industry surveys and numerous national and regional safety awards and accolades,

including those from the offshore oil and gas industry regulator, the MMS (defined below), and (ii) is the product of a conscious commitment of the management of the Company and H&PIDC to make HSE and legal compliance a top corporate priority. H&PIDC demonstrates its commitment to safety and legal compliance, in part, through (i) robust policies (the Company's policy handbook implements a number of policies designed (a) to communicate the importance of lawful and ethical conduct, (b) to prevent and detect violations of law and company policy, and (c) to encourage employees to report misconduct), and (ii) annual, mandatory in-person training of management and employees.

H&PIDC owns and operates platform rigs in the Gulf of Mexico, including Rig 206. Entities holding federal mineral leases in the Gulf of Mexico are subject to regulation and oversight of their drilling and production operations by the U.S. Department of the Interior. The Bureau of Safety and Environmental Enforcement, formerly known as the Bureau of Ocean Energy Management Regulation and Enforcement and Minerals Management Service ("MMS"), is delegated with overseeing and regulating drilling operations in the Gulf of Mexico. Rig 206 was contracted by the lessee of a federal mineral lease to conduct drilling operations in the Gulf of Mexico. Rig 206 is equipped with a safety device known as a blowout preventer. The blowout preventer system consists of multiple components, including a choke manifold designed to direct flow and control pressure from the well. As required by federal regulation, the blowout preventer must be routinely pressure tested, including testing of the choke manifold valves.

On six occasions during the period of January 1, 2010 to May 27, 2010,¹ five Rig 206 employees, working the same shift, deliberately chose to not test a number of manifold valves and created false blowout preventer test charts and pressure charts. Falsified test charts were provided to MMS inspectors when inspections were conducted at Rig 206 on March 5, 2010, April 2, 2010 and May 19, 2010. On May 25, 2010, one of the five employees alerted a more senior employee on an outgoing shift of the falsified tests. Within 24 hours of that notification, management at both the Company and H&PIDC were alerted to the allegations, and the Company and H&PIDC, led by the Company's General Counsel and later assisted by outside counsel which conducted an additional investigation, diligently investigated the allegations, determined the extent of employee actions, and caused their unlawful behavior to be reported to the MMS. After an internal investigation, H&PIDC terminated four of the involved employees and demoted the one employee involved in the falsification who reported the conduct. The misconduct did not result in any environmental release, damage or personal injury.

The conduct of the five employees in the events described above belies the fact that H&PIDC is the standard-bearer in the oil and gas industry in terms of safety and compliance. The events described above involved five employees out of 10,000, and those employees were part of one crew, on one hitch, at one drilling rig, and the events occurred over a short period of time. The five employees involved included a rig manager and four subordinates (two

¹ This date range was mutually agreed to by the parties in the Plea Agreement, discussed below.

toolpushers and two drillers). Each of the five employees acknowledged receiving the Company's policy handbook and certified that he "read and understood" the handbook section "Ethics and Standards" only months before their conduct came to light. The misconduct was the product of pressure and intimidation brought to bear on members of the rig manager's shift by the rig manager alone. The "rig manager" was not, and is not considered, a member of management of the Company or H&PIDC. Company and H&PIDC management consists of the corporate officers who work from the Company's headquarters in Tulsa, Oklahoma. Rig managers occupy a significantly lower position in H&PIDC's organizational structure. A rig manager reports to a drilling superintendent, who in turn reports to a district manager, who in turn reports to a Vice President of Operations. Rig managers prepare reports for managerial review and generally have no power to unilaterally hire or fire others. As of April, 2010, there were 375 employees of H&PIDC with the title of "rig manager". Today there are over 600. In short, a rig manager has supervisory responsibility, but he is the equivalent of a squad leader in the military.

On October 30, 2013, H&PIDC entered into a plea agreement (the "Plea Agreement") with the United States Department of Justice, United States Attorney's Office for the Eastern District of Louisiana ("DOJ"), in connection with a DOJ investigation into the choke manifold testing irregularities described above. The Plea Agreement resolved a one-count Bill of Information (the "Information") charging H&PIDC with a misdemeanor violation of Title 18, United States Code, Section 1018 for knowingly making and delivering false writings. On November 8, 2013, the United States District Court for the Eastern District of Louisiana approved the Plea Agreement and entered a judgment against H&PIDC (the "Judgment") ordering the remedies set forth in the Plea Agreement.

In accordance with the Plea Agreement, H&PIDC consented to pay a criminal monetary penalty of \$6.4 million, of which \$1 million was paid as an organizational community service payment to the National Academy of Sciences to assist in strengthening offshore industry safety culture. H&PIDC further agreed to put in place an Environmental Compliance Plan (the "ECP"), discussed in detail below, designed to increase and improve inspections, reviews and audits of its offshore rigs, increase training of personnel and develop management and maintenance controls to better manage, detect and prevent environmental violations. The government recognized H&PIDC's response efforts and cooperation by including the following in the Plea Agreement: (i) within 24 hours of receiving notice of the falsified testing, H&PIDC executives initiated an investigation and reported the matter to regulatory authorities, (ii) H&PIDC provided timely, full and complete cooperation to both regulatory and prosecuting authorities and H&PIDC accepted responsibility for its employees' misconduct, (iii) H&PIDC took immediate remedial measures, and (iv) H&PIDC's efforts since commission of the offense to promote well control testing improvements.

None of the Information, the Plea Agreement or the Judgment alleges any scienter-based or non-scienter-based violations of the Securities Act or the Exchange Act.

II. DISCUSSION

Effective on December 1, 2005, the Commission revised the registration, communications and offering processes under the Securities Act.² As part of this offering reform, the Commission revised Securities Act Rule 405 to create a new category of issuer, the well-known seasoned issuer (“WKSI”), and a new category of offering communication, the “free writing prospectus.” A WKSI is eligible under the new rules, among other things, to register securities for offer and sale under automatically effective “shelf registration statements.” A WKSI is also eligible for the benefits of a streamlined registration process, including the use of free writing prospectuses in registered offerings pursuant to Rules 164 and 433 under the Securities Act.

The Commission also created another category of issuer under Rule 405, the “ineligible issuer.” “Ineligible issuers” are excluded from the category of WSIs and are not eligible to make communications by way of free writing prospectuses, except in limited circumstances.³ An issuer is an “ineligible issuer,” as defined under Rule 405, if, among other things, “[w]ithin the past three years, the issuer or any entity that at the time was a subsidiary of the issuer was convicted of any felony or misdemeanor described in paragraphs (i) through (iv) of section 15(b)(4)(B) of the Securities Exchange Act of 1934.” Rule 405(1)(v). Notwithstanding the foregoing, paragraph (2) of the definition of “ineligible issuer” provides that an issuer “shall not be an ineligible issuer if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.” The Commission has delegated authority to the Division of Corporation Finance to make such a determination pursuant to 17 C.F.R. § 200.30-1(a)(10).

The offenses listed in paragraph (iv) of section 15(b)(4)(B) of the Exchange Act include, *inter alia*, violations of Chapter 47 of Title 18 of the United States Code. Therefore, H&PIDC’s plea to a misdemeanor violation of 18 U.S.C. § 1018 renders the Company an ineligible issuer for a period of three years following the date of the Judgment. The misdemeanor violation is the sole reason that the Company does not qualify as a WKSI.

As set forth above, Rule 405 authorizes the Commission to determine for good cause that an issuer shall not be an “ineligible issuer,” notwithstanding that the issuer or a subsidiary thereof becomes subject to an otherwise disqualifying order. We believe that there is good cause for the Commission to make such a determination in this case based on precedent as well as the

² Securities Offering Reform, Securities Act Release No. 8591, Exchange Act Release No. 52,065, Investment Company Act Release No. 26,993, 70 Fed. Reg. 44,722, 44,790 (Aug. 3, 2005).

³ See Securities Act Rules 164(e), 405 & 433, 17 C.F.R. §§ 230.164(e), 230.405 & 230.433.

Division's Revised Statement⁴ relating to the granting of such waivers, and that a review of all of the facts and circumstances will lead the Commission to conclude, as set forth in the Division's Revised Statement, "that granting the waiver would be consistent with the public interest and the protection of investors."

None of the conduct described in the Information, the Plea Agreement or the Judgment pertains to activities undertaken by the Company or its subsidiaries in connection with the Company's or its subsidiaries' roles as issuers of securities (or any disclosure related thereto) or any of their filings with the Commission (the "Company Disclosures"). The falsification of test reports described in the Plea Agreement, which occurred on a single offshore rig without the knowledge of any officer of the Company, did not involve misstatements or omissions in the Company Disclosures and is unlikely to cast doubt on the ability of the Company to produce reliable disclosure currently and in the future.

The DOJ noted in the Plea Agreement that it believed the agreed-upon penalty was appropriate in light of several important mitigating factors. Specifically, that H&PIDC, on learning of the suspected violations, immediately initiated an internal investigation and promptly reported to regulatory authorities, that it provided timely, full and complete cooperation to both regulatory and prosecuting authorities, that it accepted responsibility for its employees' misconduct, that it took immediate remedial measures and that it has made significant efforts since the date of commission of the offense to promote well control testing improvements.

Accordingly, based on the three factors set forth in the Division's Revised Statement (responsibility for and duration of misconduct, remedial steps taken and impact if the waiver request is denied), we believe that a waiver is warranted in this case.

A. Who Was Responsible for and What Was the Duration of the Misconduct?

The misconduct detailed in the Plea Agreement involved only five employees out of the more than 10,000 employed by the Company and H&PIDC. As discussed above, these employees occupied low-level positions (two toolpushers, two drillers and one rig manager) with significantly limited responsibilities and authority. H&PIDC promptly terminated four of the responsible employees and demoted a fifth employee who participated in the offense but ultimately caused it to be disclosed to H&PIDC executives. No member of either H&PIDC's or the Company's senior management was implicated in any wrongdoing. More importantly, no employee of the Company was involved in the misconduct and the misconduct did not have any effect on the Company Disclosures. As the Division's Revised Statement notes, in considering the potential impact on the issuer's ability to file reliable reports with the Commission, the Division considers whether the individuals responsible for or involved in the misconduct were

⁴ Division of Corporation Finance, Revised Statement on Well-Known Seasoned Issuer Waivers (April 24, 2014), available at <http://www.sec.gov/divisions/corpfm/guidance/wksi-waivers-interp-031214.htm> (the "Division's Revised Statement").

officers or directors of the WKSI parent or, as in this case, “lower level employees in the operation of a subsidiary.” Moreover, nothing in the Plea Agreement or the internal investigation conducted by both the Company and H&PIDC suggests that any employee of the Company was aware of the misconduct at any time prior to H&PIDC’s senior management report of the incident to the Company’s General Counsel, or that any warning signs or red flags were present but disregarded. There are no facts that would indicate a leadership culture that would be susceptible to or accepting of such conduct in the future.

As to duration and scope, the misconduct at issue was neither sustained nor pervasive. The misconduct involved only one rig out of the hundreds operated by H&PIDC, and took place over a period of approximately five months in 2010. As soon as the violations were brought to light, the Company and H&PIDC took swift corrective action to ensure that they would not continue: within 24 hours of receiving notice of falsification of test reports, Company and H&PIDC executives, led by the Company’s General Counsel, initiated an internal investigation and promptly reported the offences to regulatory authorities.

In sum, none of the facts and circumstances relating to the violation should in any way call into question the reliability of the Company’s future disclosures. As the Division’s Revised Statement explains, this factor will be likely to weigh in favor of granting a waiver in cases in which “the conduct was an isolated instance conducted at the subsidiary level and not known or disregarded by the WKSI parent.”

B. What Remedial Steps Did the Issuer Take?

H&PIDC has been primarily responsible for, and has taken and will continue to take, significant remedial actions to correct the violation set forth in the Plea Agreement, as well as its underlying causes. The Company also has been continually involved in overseeing the remedial action through the General Counsel’s office.⁵ In accordance with the Plea Agreement, H&PIDC has agreed to institute a wide-ranging ECP, which will be effective for the three years of H&PIDC’s probation. The ECP is designed to ensure that H&PIDC personnel comply with all applicable environmental statutes, regulations and permits under applicable federal and state law, and augments the requirements of existing law by mandating additional training, oversight and management and maintenance controls. A complete copy of the ECP is attached hereto as “Exhibit A”. Pursuant to the ECP, H&PIDC has agreed, among other things, to:

- i. designate a senior officer as Offshore Compliance Manager (“OCM”), responsible for coordinating, developing and implementing the procedures required by the ECP, establishing and implementing training and safety culture programs, ensuring that reviews, audits and surveys are carried out as required and ensuring that all documents are properly maintained and all reports to the DOJ are made on a timely basis;

⁵ The Company’s General Counsel is also an Executive Vice President of H&PIDC.

- ii. establish a procedure and reporting system that requires all managers and employees involved in the operation of offshore rigs to notify the OCM of all violations of the requirements of the ECP and to cooperate fully with the United States Bureau of Safety and Environmental Enforcement in carrying out its reviewing, auditing and oversight functions, and to make any failure to do so grounds for dismissal; and
- iii. develop and implement training and safety culture programs focusing on improving safety culture, including employees' responsibility to refuse any order to approve any test or report that does not fully comply with applicable regulations, permits and environmental laws.

Moreover, as noted above, H&PIDC took timely action to address the misconduct that ultimately resulted in the Judgment, instituting an investigation and terminating or disciplining the responsible employees.

C. Impact If the Waiver Request Is Denied


The Company has already paid a significant price in the form of a \$6.4 million monetary penalty levied against H&PIDC. Moreover, both the character and circumstances of the violation and the institution of the ECP make it extremely unlikely that any similar violation will recur in the future. Any further regulatory burden would unduly penalize the Company and its shareholders for the actions of its subsidiary by hindering the Company's access to capital markets. While the Company has not availed itself of the benefits of WKSI status during the last three years, it may wish to do so in the future, and should retain the flexibility to file shelf registration statements and/or make use of free writing prospectuses if strategic and market considerations warrant. We therefore submit that a loss of WKSI status in this case is unnecessary for the protection of investors, is not in the public interest and would constitute a disproportionate hardship in light of the nature of the misconduct.

Mary J. Kosterlitz, Esq.
Securities and Exchange Commission
September 30, 2014
Page 8

II. CONCLUSION

For the reasons set forth above, we respectfully request that the Division, on behalf of the Commission, find that it is not necessary under the circumstances that the Company be considered an "ineligible issuer" under Rule 405 as a result of the Judgment. Should the Division disagree with our conclusions, or should any additional information be desired in support of our position, we would appreciate the opportunity to confer with the Division concerning these matters prior to the issuance of the Division's response. Please do not hesitate to contact the undersigned at (202) 371-7344.

Very truly yours,



Andrew J. Brady

attachment

cc: Steven Mackey, Esq.
Jonathan Cinocca, Esq.
Helmerich & Payne, Inc.

Pankaj K. Sinha
Skadden, Arps, Slate, Meagher & Flom LLP

Exhibit A

Environmental Compliance Plan

ATTACHMENT A
Environmental Compliance Plan

PURSUANT TO PLEA AGREEMENT

United States v. Helmerich & Payne International Drilling Co.

The following standards and requirements for an ENVIRONMENTAL COMPLIANCE PROGRAM (ECP) have been prepared pursuant to the Plea Agreement between Helmerich & Payne International Drilling Co., (hereinafter "H&PIDC") and the United States (hereinafter "Government") filed in the United States District Court for the Eastern District of Louisiana. Compliance with all of the standards and requirements of the ECP is an essential term of the Plea Agreement.

The ECP includes various provisions to ensure that H&PIDC personnel comply with all applicable environmental statutes, regulations, and permits under applicable federal and state law, including but not limited to, the Clean Water Act (CWA), the Oil Pollution Act (OPA), Outer Continental Shelf Lands Act (OCSLA), NPDES permits, and with the requirements of this agreement itself. The ECP shall be effective for every year of H&PIDC's three years of probation and apply to all drilling rigs operated by H&PIDC in offshore waters of the Gulf of Mexico within a 200 mile contiguous zone of the United States as of the date of sentencing or at any time during the period of probation ("Offshore Rigs"). As more fully set forth below, this ECP and its requirements will also apply to Offshore Rigs that H&P acquires or assumes management or operation of during the period of probation.

A. APPLICABILITY/PURPOSE

- 1) This ECP shall cover and apply to H&PIDC, its operating entities, subsidiaries, agents and affiliated business entities, controlled by H&PIDC and involved in the operation of its Offshore Rigs (collectively hereafter "H&PIDC"). It shall also include all H&PIDC employees and employees of its subsidiaries, affiliated business entities, agents controlled by H&PIDC and involved in operation of its Offshore Rigs.
- 2) The ECP is not intended to replace H&PIDC's obligations under any permits or regulatory requirements or any other applicable legal requirement or United States statute and regulation. The purpose of this ECP is to augment the requirements of existing law by increasing and improving inspections, reviews, and audits of the Offshore Rigs, increase training of all of H&PIDC personnel involved with the operation of Offshore Rigs, develop and implement management and maintenance controls to better manage, detect and prevent environmental violations; and require periodic reports to the United States Probation Office for the Eastern District of Louisiana and the United States Attorney's Office for the Eastern District of Louisiana ("Reports").

B. OFFSHORE COMPLIANCE MANAGER

- 1) Within sixty (60) days of entry of the Plea Agreement, H&PIDC shall designate a senior corporate officer as Offshore Compliance Manager (hereinafter "OCM") who shall report directly to the President, or most senior operating officer of H&PIDC. H&PIDC shall provide the name of the OCM to the United States Attorney's Office for the Eastern District of Louisiana. The OCM shall be responsible for coordinating, developing and implementing all of the procedures and systems required herein, establishing and implementing training and safety culture programs for the managers and employees of the Offshore Rigs, ensuring that reviews, audits and surveys are carried out as required, if any, by the Bureau of Safety and Environmental Enforcement ("BSEE"), and ensuring that all documents are properly maintained and that Reports are made on a timely basis. Any Reports required under this ECP shall be reviewed by the OCM and signed under the penalty of perjury.

1

- 2) H&PIDC shall establish a procedure and reporting system that requires and enables all managers and employees involved in the operation of Offshore Rigs to notify the OCM of all violations of any applicable requirements of this ECP and to cooperate fully with the Bureau of Safety and Environmental Enforcement and the United States in carrying out their reviewing, auditing and oversight functions required by applicable law and this ECP. H&PIDC agrees to establish a procedure that makes failure to notify the OCM of any known violations of any applicable well control testing requirements and failure to cooperate fully with regulatory authorities and the United States in carrying out their auditing and oversight functions required by applicable law and this ECP, grounds for dismissal. H&PIDC agrees not to retaliate against any manager or employee involved in the operation of Offshore Rigs for making any such report, except that H&PIDC is permitted to take reasonable and proportionate employment action against any such reporting manager or employee who is determined to be involved in violations of company policy.
- 3) The OCM shall be authorized to access all records and personnel subject to the ECP for the purpose of ensuring compliance with the ECP. The OCM shall be authorized to implement all requirements of the ECP on Offshore Rigs. The OCM shall ensure that audits and surveys are carried out as required, that all documents are properly maintained and that Reports are made on a timely basis to the U.S. Probation Office and United States Attorney's Office for the Eastern District of Louisiana.
- 4) The OCM shall also either personally or through delegates responsible to the OCM:
 - a) Develop and implement training and safety culture programs, similar to a Safety and Environmental Management Systems ("SEMS") program set forth under 30 CFR Part 250 Subparts O and S, only as applicable to platform drilling contractor operations

for all H&PIDC employees, managers, and superintendents involved in the operation of Offshore Rigs. The H&PIDC programs shall focus on the following:

- i. improvement of the safety culture on Offshore Rigs specifically regarding each employee's responsibility to exercise stop work authority and refuse any order from a well site leader (a/k/a Company Man), third-party contractor or H&PIDC employee, manager, or superintendent to approve any test or report of well control pollution prevention and safety equipment on Offshore Rigs which does not fully comply with applicable OSHA regulations, permits, or other applicable environmental laws.
- ii. training rig-based drilling crew of Offshore Rigs, as appropriate, in well control techniques, equipment, and regulations. Derrick Hands and Floor Hands should receive T1 well control training. Well control training for Rig Managers, Tool Pusher, Drillers, and Assistant Drillers should comply with 30 CFR 250.1503 and IADC WellCAP accreditation standards and should include all aspects of well control including calculating the various pressures, drillers method of well control, volumetric method of well control, methods for killing a well and calculations of mud weight. Training shall include discussions of H&PIDC's obligations under the ECP and H&PIDC's safety culture program and the consequences to H&PIDC and its personnel for failure to comply with the requirements of this ECP and all applicable federal regulatory requirements. All training records, well control certifications, and offshore skills verifications shall be retained by H&PIDC for 3 years.
- iii. Ensuring that H&PIDC rig-based drilling crews on Offshore Rigs, Offshore Rig Superintendents, Offshore District Manager, and the Vice President of Offshore Operations are aware of their well operators' oil spill response

2

plans and emergency procedures, including emergency evacuation procedures. The training program shall also require that H&PIDC Offshore Rig employees are aware of all circumstances under which they are required to report sheens to the National Response Center.

- b) Have responsibility for maintaining an adequate inventory of replacement parts and tools for proper maintenance of well control pollution prevention and safety equipment. The OCM shall develop a system that promotes a culture of safety on Offshore Rigs and promotes employees exercising stop work authority for situations in which rig well control, pollution prevention, or safety equipment is lacking or deficient.
- c) Review H&PIDC's offshore drilling contracts as they relate to downtime and the costs associated with downtime. The OCM shall, through the trainings programs described in paragraph B.4.a, communicate to drilling crews on Offshore Rigs that H&PIDC shall not forego well control pollution prevention and safety testing and reporting to avoid downtime or the cost of downtime.
- d) Continue to implement the well control equipment testing improvement solutions ("Well Control Equipment Testing Solutions") adopted by H&PIDC, which include the following:
 - i. Employing a Well Control Test Superintendent, who is experienced in well control equipment and testing, and who shall be responsible for, among other things, training of Offshore Rig employees involved in well control safety testing and well control operations; conducting Offshore Rig visits, as described in paragraph B.4.d.iii; and coordinating third-party inspector rig visits, as described in paragraph B.4.d.iv.
 - ii. Requiring all Offshore Rig employees involved in well control equipment testing to certify by signature the complete and accurate completion of each step of well control equipment testing;
 - iii. Visits to Offshore Rigs, at least twice per year, by H&PIDC's Well Control Test Superintendent (weather and logistics permitting), for the purpose of witnessing well control safety testing, assessing the knowledge and abilities of Offshore Rig employees in performing well control testing operations, and evaluating compliance with applicable laws and H&PIDC's policies with respect to well control testing operations.
 - iv. Random Offshore Rig visits by a third-party inspector(s), [currently Det Norske Veritas], two times every three months (weather and logistics permitting), for the purpose of witnessing well control testing operations, assessing the knowledge and abilities of Offshore Rig employees in performing well control testing operations, and evaluating compliance with applicable laws and H&PIDC's policies with respect to well control testing operations.

C. PERFORMANCE REVIEW

- (1) Within sixty (60) days of the entry of the plea agreement, H&PIDC's OCM shall request a meeting with BSEE's Office of Safety Management-Field Operations for BSEE's review of the training and safety programs referred to in paragraph B(4)(a) and (d) above.
- (2) H&PIDC shall submit to BSEE for review and evaluation its training and safety programs referred in paragraph B(4)(a) and (d). H&PIDC will submit a plan for BSEE approval to improve any areas of deficiency in its training and safety programs identified by BSEE as not meeting best industry practice

3

("Performance Improvement Plan"). BSEE may audit H&PIDC to determine compliance with the Performance Improvement Plan and may remove H&PIDC from performance review prior to the end of the three year probationary term should BSEE be satisfied with H&PIDC's performance and improvements. Otherwise, the Performance Improvement Plan requirement of this ECP will expire upon the end of H&PIDC's three-year term of probation.

D. NON-COMPLIANCE

- (1) This ECP does not in any way release H&PIDC from complying with any applicable permit requirements, environmental statutes or regulations, and does not limit imposition of any sanctions, penalties, or any other actions, available under those permits, State or Federal statutes and regulations.
- (2) The ECP shall be part of the Plea Agreement and adherence to it will be a condition of probation. Failure to comply with any part of this ECP may be a violation of the Plea Agreement and may be grounds for the revocation or modification of H&PIDC's probation.

E. BOARD OF DIRECTORS

H&PIDC shall ensure that at least yearly the Helmerich & Payne, Inc. Board of Directors or equivalent governing structure receive and review reports from the OCM and any applicable report from BSEE concerning the implementation of this ECP, including environmental compliance, safety and training program implementation, and applicable employee training. Copies of those portions of the meeting agendas and internal company reports concerning these items shall be included in the Reports to the United States.

F. CHANGES IN OWNERSHIP/MANAGEMENT

The parties recognize that during the term of probation, the number and identity of the Offshore Rigs may increase or decrease and any such increase in Offshore Rigs shall be subject to the terms and conditions of this ECP. Any Offshore Rigs removed from active operation by H&PIDC or sold or transferred to third parties shall be excluded from the scope of the ECP.

H&PIDC agrees that it will immediately (but in no event later than 21 days following a change) notify the U.S. Probation Office and the U.S. Attorney's Office for the Eastern District of Louisiana of any change in name or ownership of the Offshore Rigs.

G. SELF-ENFORCEMENT

H&PIDC further agrees that it will undertake and implement the necessary procedures to ensure that this ECP is diligently complied with by the supervisors and crew of each Offshore Rig, as well as by all other employees of H&PIDC engaged wholly or partially in operation of the Offshore Rigs on the date of sentencing or at any time during the period of probation.

H. REVISIONS/MODIFICATIONS

The requirements of this ECP, including the dates and time periods mentioned herein, shall be strictly complied with. Should H&PIDC be unable to comply with any of the deadlines, H&PIDC shall immediately notify the United States in writing of the reason(s) for non-compliance, and propose a revised timetable. The United States shall then determine as to whether the revised timetable should be accepted.

I. REPORTS

All reports, documents and correspondence required under this ECP to be sent to the United States shall be sent to the following offices:

- a) U.S. Attorney's Office
Eastern District of Louisiana
Attn: Emily K. Greenfield
650 Poydras St., Ste 1600
New Orleans, LA 70130
emily.greenfield@usdoj.gov
- b) U.S. Probation Department
Eastern District of Louisiana
Hale Boggs Federal Building
500 Poydras Street
New Orleans, LA 70130
- c) Bureau of Safety and Environmental Enforcement
SEMS Branch
381 Eldon Street
MS 11E 3314
Hamden, VA 20170

Defendant has read this ECP carefully and understands it thoroughly. Defendant enters into this ECP knowingly and voluntarily, and therefore agrees to abide by its terms. By its signature below, the corporate representative agrees that he/she is duly authorized by the corporation's Board of Directors or equivalent governing structure pursuant to the same notarized legal document filed in United States v. II&PIDC certifying that the Defendant is authorized to enter into and comply with all of the provisions of this Plea Agreement.

DATED:
October 30, 2013

/s/ Steven R. Mackey
STEVEN R. MACKAY, EXECUTIVE VICE PRESIDENT
REPRESENTATIVE FOR II&PIDC

As counsel for Defendant, we represent that we have discussed with our corporate client and its duly authorized representative(s) the terms of this ECP and have fully explained its requirements. We have no reason to doubt that our client is knowingly and voluntarily entering into this ECP.

DATED:

/s/ William W. Taylor
WILLIAM W. TAYLOR

On behalf of the United States, the following agree to the terms of the ECP:

DATED:

/s/ Emily K. Greenfield
EMILY K. GREENFIELD
Assistant United States Attorney
