



U.S. Department of Justice

Criminal Division

July 29, 2009

Kimberly A. Parker, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
1875 Pennsylvania Avenue, NW
Washington, DC 20006

Re: Helmerich & Payne, Inc.

Dear Ms. Parker:

On the understandings specified below, the United States Department of Justice, Criminal Division, Fraud Section ("this Office") will not criminally prosecute Helmerich & Payne, Inc. and its subsidiaries and affiliates (collectively, "H&P") for any crimes (except for criminal tax violations, as to which this Office cannot and does not make any agreement) related to the making of, and agreement to make, improper payments, by H&P employees and agents to officials and representatives of the Governments of Argentina and Venezuela in connection with H&P's efforts to secure business, namely, to secure the improper importation and exportation of equipment and materials into these countries, from November 2003 to July 2008, and H&P's accounting and record-keeping associated with these improper payments, as described in Appendix A hereto, which is incorporated by reference herein. This Office enters into this non-prosecution agreement based, in part, on the following factors: (a) H&P's discovery of the violations through its own internal controls processes; (b) timely, voluntary, and complete disclosure of the facts described in Appendix A; (c) H&P's thorough, real-time cooperation with this Office and the Securities and Exchange Commission; and (d) the extensive remedial efforts already undertaken and to be undertaken by H&P.

It is understood that H&P admits, accepts, and acknowledges responsibility for the conduct set forth in Appendix A and agrees not to make any public statement contradicting Appendix A.

If H&P fully complies with the understandings specified in this non-prosecution agreement, including all appendices hereto (collectively referred to as the "Agreement"), no information given by or on behalf of H&P voluntarily as of the date of this Agreement or at the request of this Office (or any other information directly or indirectly derived therefrom) will be used against H&P in any criminal prosecution. This Agreement does not provide any protection against prosecution for any crimes except as set forth above, and applies only to H&P and not to any other entities except as set forth in this Agreement or to any individuals. H&P expressly understands that the protections provided to H&P under this Agreement shall not apply to any

acquirer or successor entities unless and until such acquirer or successor formally adopts and executes this Agreement.

This Agreement shall have a term of two years from the date of this Agreement, except as specifically provided in the following paragraph. It is understood that for the two-year term of this Agreement, H&P shall: (a) commit no crimes whatsoever; (b) truthfully and completely disclose information non-privileged with respect to the activities of H&P, its officers and employees, and others concerning all matters about which this Office inquires of it, which information can be used for any purpose, except as otherwise limited in this Agreement; and (c) bring to this Office's attention all criminal conduct by, or criminal investigations of, H&P or any of its senior managerial employees, that comes to the attention of H&P or its senior management, as well as any administrative proceeding or civil action brought by any governmental authority that alleges fraud by or against H&P.

Until the date upon which all investigations and prosecutions arising out of the conduct described in this Agreement are concluded, whether or not they are concluded within the two-year term specified in the preceding paragraph, H&P shall: (a) cooperate fully with this Office, the Federal Bureau of Investigation, the Securities and Exchange Commission, and any other law enforcement agency designated by this Office; (b) assist this Office in any investigation or prosecution arising out of the conduct described in this Agreement by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (c) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent, or employee at any meeting or interview or before the grand jury or at any trial or other court proceeding; and (d) provide this Office, upon request, all non-privileged information, documents, records, or other tangible evidence about which this Office or any designated law enforcement agency inquires.

It is understood that H&P agrees to pay a monetary penalty of \$1,000,000. H&P must pay this sum to the United States Treasury within ten days of executing this Agreement. H&P acknowledges that no tax deduction may be sought in connection with this payment.

It is understood that H&P will strengthen its compliance, bookkeeping, and internal controls standards and procedures, as set forth in Appendix B. It is further understood that H&P will report periodically to this Office regarding its compliance with this Agreement, as set forth in Appendix C.

It is understood that, if this Office determines that H&P has committed any crimes subsequent to the date of signing of this Agreement, or should it be determined that H&P has given false, incomplete, or misleading testimony or information at any time, or should H&P otherwise violate any provision of this Agreement, H&P shall thereafter be subject to prosecution for any federal violation of which this Office has knowledge, including perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against H&P, notwithstanding the

expiration of the statute of limitations between the signing of this Agreement and the expiration of the term of this agreement plus one year. Thus, by signing this Agreement, H&P agrees that the statute of limitations with respect to any prosecution that is not time-barred on the date that this Agreement is signed shall be tolled for the term of this Agreement plus one year.

It is understood that, if this Office determines that H&P has committed any crime after signing this Agreement, or that H&P has given false, incomplete, or misleading testimony or information, or has otherwise violated any provision of this Agreement: (a) all statements made by H&P to this Office or other designated law enforcement agents, including Appendix A hereto, and any testimony given by H&P before a grand jury or other tribunal, whether prior or subsequent to the signing of this Agreement, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against H&P; and (b) H&P shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. By signing this Agreement, H&P waives all rights in the foregoing respects.

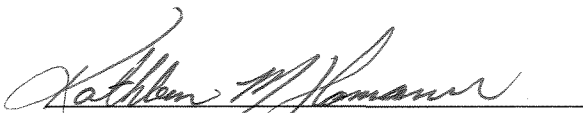
It is further understood that this Agreement does not bind any federal, state, local, or foreign prosecuting authority other than this Office. This Office will, however, bring the cooperation of H&P to the attention of other prosecuting and investigative offices, if requested by H&P.

It is further understood that H&P and this Office may disclose this Agreement to the public.

With respect to this matter, from the date of execution of this Agreement forward, this Agreement supersedes all prior, if any, understandings, promises, and/or conditions between this Office and H&P. No additional promises, agreements, or conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

Sincerely,

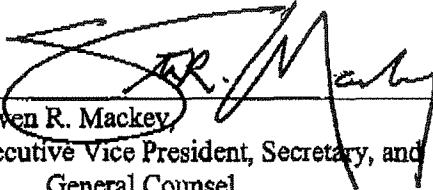
STEVEN A. TYRRELL
Chief, Fraud Section

By: 
Kathleen M. Hamann
Trial Attorney, Fraud Section

AGREED AND CONSENTED TO:

Helmerich & Payne, Inc.

By:

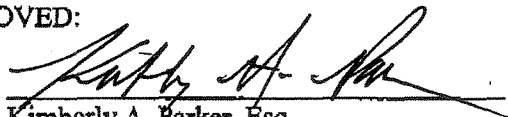

Steven R. Mackey
Executive Vice President, Secretary, and
General Counsel

Date

July 29, 2009

APPROVED:

By:


Kimberly A. Parker, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
Attorney for Helmerich & Payne, Inc.

Date

July 29, 2009

APPENDIX A

STATEMENT OF FACTS

This Statement of Facts is incorporated by reference as part of the non-prosecution agreement, dated July 29, 2009, between the United States Department of Justice, Criminal Division, Fraud Section (“this Office”), and Helmerich & Payne, Inc. and its subsidiaries and affiliates (“H&P”). The United States and H&P agree that the following facts are true and correct:

I. Background

1. H&P, a Delaware corporation headquartered in Tulsa, Oklahoma, was registered pursuant to Section 12(g) of the Securities Exchange Act of 1934 (“Exchange Act”) and was listed on the New York Stock Exchange. H&P filed periodic reports with the Securities and Exchange Commission (“SEC”) pursuant to Section 13 of the Exchange Act. Accordingly, H&P was an “issuer” within the meaning of 15 U.S.C. § 78m(b)(2). H&P provided oil drilling rigs, equipment, and personnel on a contract basis to international and national oil companies, primarily in the United States and South America.

2. Helmerich & Payne (Argentina) Drilling Company (“H&P Argentina”), a wholly-owned second-tier subsidiary of H&P, was incorporated in Oklahoma and had its principal administrative offices in Buenos Aires, Argentina. H&P Argentina operated drilling rigs in Argentina.

3. Helmerich & Payne de Venezuela, C.A. (“H&P Venezuela”), a wholly-owned second-tier subsidiary of H&P, was incorporated in Venezuela and had its principal administrative offices in Anaco, Venezuela. H&P Venezuela operated drilling rigs in Venezuela.

II. The Improper Payments

4. From at least 2003 through 2008, H&P Argentina and H&P Venezuela employees and agents made corrupt payments to various officials and representatives of the Argentine and Venezuelan customs services in connection with the importation and exportation of goods and equipment related to H&P's business operations in those countries. H&P Argentina and H&P Venezuela employees also falsely recorded the nature and purpose of these improper payments, as well as other payments, in their respective books and records, ultimately causing false entries in H&P's books and records when the books and records were consolidated.

Argentina Payments

5. In connection with the operation of its oil rigs in Argentina, H&P imported and exported equipment and materials related to the operation of its rigs. Such equipment and materials were inspected by the Argentine customs service and were subject to duties owed under the laws of Argentina.

6. From at least 2004 through 2008, H&P Argentina paid Argentine customs officials approximately \$166,000 to improperly secure customs clearance for equipment and materials. In return for the improper payments, the Argentine customs officials permitted the importation and exportation of equipment and materials without required certifications, permitted the importation of such equipment and materials at a lower duty rate than was properly applicable, and allowed the importation of materials that could not be imported under Argentine law.

7. The majority of these payments were less than \$5,000 each and were made on an infrequent basis.

8. H&P Argentina made the corrupt payments either directly or through customs brokers, who subsequently invoiced H&P Argentina for the cost of the payments. Employees of H&P in the United States and Argentina were aware of and approved the payments.

9. As a result of making these payments, H&P Argentina avoided more than \$186,000 in expenses associated with, among other things, storage, local purchase of goods, and customs duties, that it would have otherwise incurred if it had properly imported and exported the equipment and materials.

Venezuela Payments

10. In connection with the operation of its oil rigs in Venezuela, H&P imported and exported equipment and materials related to the operation of its rigs and support of its personnel. Such equipment and materials were inspected by the Venezuelan customs service and were subject to duties owed under the laws of Venezuela.

11. From at least 2003 through 2008, H&P Venezuela paid Venezuelan customs officials approximately \$7,000 to either permit the importation and exportation of equipment and materials that were not in compliance with Venezuelan importation and exportation regulations or to secure a partial inspection, rather than a full inspection, of the goods being imported.

12. H&P Venezuela made the corrupt payments through customs brokers, who subsequently invoiced H&P Venezuela for the cost of the payments. Employees of H&P Venezuela were aware of and approved the payments.

13. As a result of making these payments, H&P Venezuela avoided more than approximately \$18,000 in expenses associated with, among other things, storage and downtime

of rig operations, it would have otherwise incurred if it had properly imported and exported the equipment and materials.

14. All of these payments were less than \$2,000 each and were made on an infrequent basis.

Books and Records

15. H&P Argentina recorded the improper payments made directly and through the customs brokers as “extra” or “extraordinary” expenses. H&P Venezuela recorded the improper payments made through the customs brokers as “urgent processing,” “urgent dispatch,” “customs processing,” or “customs facilitation.” These designations concealed the fact that the true purpose for the invoices was to generate cash to make improper payments.

16. In addition to the corrupt payments, H&P Argentina and H&P Venezuela made payments to Argentine and Venezuelan customs officials to facilitate the performance of routine governmental action by those customs officials. Between 2003 and 2008, such facilitation payments totaled more than \$10,000. Those facilitation payments were also improperly recorded on each company’s books and records, concealing the true nature and purpose of the payments.

17. As an issuer, H&P was and is required, among other things, to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. H&P Argentina and H&P Venezuela failed to properly account for the payments described above in their respective books, records, and accounts. Those books, records, and accounts were, at the end of each fiscal year, consolidated into the books, records, and accounts of H&P. Therefore, H&P’s books, records,

and accounts also failed to reflect the true nature and purpose of both the improper payments and the facilitation payments.

APPENDIX B

CORPORATE COMPLIANCE PROGRAM

In order to address deficiencies in its internal controls, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. §§ 78dd-1, *et seq.*, including its anti-bribery, books and records, and internal controls provisions, and other applicable anti-corruption laws (collectively, the “anti-corruption laws”), Helmerich & Payne, Inc. and its subsidiaries and affiliates (collectively, “H&P”) agree to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

H&P agrees to adopt new or to modify existing internal controls, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that H&P makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the anti-corruption laws. At a minimum, this should include, but ought not be limited to, the following minimum elements:

1. A compliance code with a clearly articulated corporate policy against violations of the anti-corruption laws.
2. A system of financial and accounting procedures, including a system of internal accounting controls, designed to ensure the maintenance of fair and accurate books, records, and accounts.
3. Promulgation of compliance standards and procedures designed to reduce the prospect of violations of the anti-corruption laws and H&P’s compliance code. These standards and procedures shall apply to all directors, officers, and employees and, where necessary and

appropriate, outside parties acting on behalf of H&P in a foreign jurisdiction, including agents, consultants, representatives, distributors, teaming partners, and joint venture partners (collectively referred to as “agents and business partners”).

4. The assignment of responsibility to one or more senior corporate officials of H&P for the implementation and oversight of compliance with policies, standards, and procedures regarding the anti-corruption laws. Such corporate official(s) shall have the authority to report matters directly to the Audit Committee of the Board of Directors of H&P.

5. Mechanisms designed to ensure that H&P’s policies, standards, and procedures regarding the anti-corruption laws are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers and, where necessary and appropriate, employees, agents, and business partners; and (b) annual certifications with regard to this training by all directors, officers, and, where necessary and appropriate, employees, agents, and business partners.

6. An effective system for reporting suspected criminal conduct and/or violations of the compliance policies, standards, and procedures regarding the anti-corruption laws for directors, officers, employees, and, where necessary and appropriate, agents and business partners.

7. Appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws, and H&P’s compliance code, standards, and procedures by H&P’s directors, officers, and employees.

8. Appropriate due diligence requirements pertaining to the retention and oversight of agents and business partners.

9. Where necessary and appropriate, standard provisions in agreements, contracts, and renewals thereof with agents and business partners which are designed to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any violation of anti-corruption laws or breach of representations and undertakings related to such matters.

10. Periodic testing of the compliance system, policies, and procedures designed to evaluate their effectiveness in detecting and reducing violations of anti-corruption laws and H&P's compliance code, policies, and procedures.

APPENDIX C

CORPORATE COMPLIANCE REPORTING

1. Helmerich & Payne, Inc. (“H&P”) agrees that it will report periodically, at no less than six-month intervals, in accordance with the schedule described in Paragraph 3 below, during the two-year term of this Agreement, to the Fraud Section of the Department of Justice (“this Office”) regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Appendix B.

2. Should H&P discover credible evidence, not already reported to this Office, that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any H&P entity or person, or any entity or person working directly for H&P, or that related false books and records have been maintained, H&P shall promptly report such conduct to the Department.

3. During the two-year term of this Agreement, H&P shall: (1) conduct an initial review and prepare an initial report, and (2) conduct and prepare two follow-up reviews and reports, as described below:

a. H&P shall issue a written report within 180 calendar days of the signing of this Agreement setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve the policies and procedures of H&P for ensuring compliance with the FCPA and other applicable anticorruption laws, and the parameters of the subsequent reviews. The report shall be transmitted to Mark F. Mendelsohn (or his successor), Deputy Chief, Fraud Section, Criminal Division, U.S. Department of Justice, 10th and Constitution Ave., N.W., Bond Building, Fourth Floor, Washington, D.C., 20530. H&P may extend the time period for issuance of the report with prior written approval of this Office.

b. H&P shall undertake two follow-up reviews, incorporating any comments provided by this Office on its initial review and report, to further monitor and assess whether the policies and procedures of H&P are reasonably designed to detect and prevent violations of the FCPA and other applicable anticorruption laws.

c. The first follow-up review and report shall be completed by 180 days after the initial review. The second follow-up review and report shall be completed by 180 days after the completion of the first follow-up review.

d. H&P may extend the time period for submission of the follow-up reports with prior written approval of this Office.