



COURTESY

A FlexRig from Helmerich & Payne Inc. operates at a Williams Cos. Inc. site in the Piceance Basin of western Colorado.

Companies face high investor expectations

By JASON WOMACK World Staff Writer
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Tulsa-based, publicly traded energy companies fared well in the second quarter, with most showing marked improvements over the same period last year.

But local money managers say higher profits present challenges for companies like Williams Cos. Inc., Helmerich & Payne Inc., Oneok Inc. and Magellan Midstream Partners, who have to battle rising expectations and the short memories of shareholders.

"Investors have been spoiled by robust, unprecedented earnings," said Fredric E. Russell, CEO of Fredric E. Russell Investment Co. in Tulsa.

Russell said companies that can make wise capital expenditures and continue to make effective use of capacity during periods of prosperity will remain safe bets for investors.

Helmerich & Payne, a contract services drilling company, reported earnings growth of more than 40 percent for its fiscal third quarter, which ended June 30.

The company also announced a pair of contracts for its FlexRig, an advanced drilling unit that allows the

operator to drill wells faster. H&P has plans to increase the size of its FlexRig fleet to 127.

Russell said the company has taken a conservative approach with the expansion by increasing the size of the fleet without taking on debt and by maintaining a strong cash flow.

"The only thing that gets an oil driller more excited than dating a woman half his age is building a new rig," he said.