

PATTERSON UTI ENERGY INC  
Form 10-Q  
July 27, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2015

or

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 0-22664

Patterson-UTI Energy, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

75-2504748  
(I.R.S. Employer  
Identification No.)

450 GEARS ROAD, SUITE 500

HOUSTON, TEXAS  
(Address of principal executive offices)

77067  
(Zip Code)

(281) 765-7100

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(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 R No "

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 (section 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 R No "

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

Large accelerated filer R Accelerated filer "

Non-accelerated filer " Smaller reporting company "

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

147,198,469 shares of common stock, \$0.01 par value, as of July 22, 2015

PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES

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## PART I — FINANCIAL INFORMATION

## ITEM 1. Financial Statements

The following unaudited condensed consolidated financial statements include all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented.

## PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands, except share data)

|   | June 30,<br>2015 | December<br>31,<br>2014 |
|---|------------------|-------------------------|
| <b>ASSETS</b>   |                  |                         |
| Current assets:   |                  |                         |
| Cash and cash equivalents   | \$76,506         | \$43,012                |
| Accounts receivable, net of allowance for doubtful accounts of \$3,537 and \$3,546 at June 30, 2015 and December 31, 2014, respectively | 331,922          | 663,404                 |
| Federal and state income taxes receivable   | —                | 81,726                  |
| Inventory   | 22,672           | 32,251                  |
| Deferred tax assets, net  | 33,879           | 37,075                  |
| Other   | 50,815           | 51,624                  |
| Total current assets  | 515,794          | 909,092                 |
| Property and equipment, net   | 4,246,147        | 4,131,071               |
| Goodwill and intangible assets  | 218,992          | 220,813                 |
| Deposits on equipment purchases   | 47,741           | 112,379                 |
| Other   | 20,854           | 20,656                  |
| Total assets  | \$5,049,528      | \$5,394,011             |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                  |                         |
| Current liabilities:  |                  |                         |
| Accounts payable  | \$223,001        | \$382,438               |
| Federal and state income taxes payable  | 11,153           | —                       |
| Accrued expenses  | 171,453          | 173,466                 |
| Current portion of long-term debt   | 42,500           | 12,500                  |
| Total current liabilities   | 448,107          | 568,404                 |
| Borrowings under revolving credit facility  | —                | 303,000                 |
| Other long-term debt  | 830,000          | 670,000                 |
| Deferred tax liabilities, net   | 892,239          | 935,660                 |
| Other   | 11,170           | 11,137                  |
| Total liabilities   | 2,181,516        | 2,488,201               |
| Commitments and contingencies (see Note 9)  |                  |                         |
| Stockholders' equity:   |                  |                         |
| Preferred stock, par value \$.01; authorized 1,000,000 shares,  | —                | —                       |

no shares issued

|   |             |             |
|---|-------------|-------------|
| Common stock, par value \$.01; authorized 300,000,000 shares with 190,406,843 and 189,262,876 issued and 147,199,603 and 146,444,291 outstanding at June 30, 2015 and December 31, 2014, respectively | 1,904       | 1,893       |
| Additional paid-in capital  | 999,622     | 984,674     |
| Retained earnings   | 2,772,613   | 2,811,815   |
| Accumulated other comprehensive income  | 918         | 6,463       |
| Treasury stock, at cost, 43,207,240 shares and 42,818,585 shares at June 30, 2015 and December 31, 2014, respectively   | (907,045 )  | (899,035 )  |
| Total stockholders' equity  | 2,868,012   | 2,905,810   |
| Total liabilities and stockholders' equity  | \$5,049,528 | \$5,394,011 |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

## PATTERSON-UTI ENERGY, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in thousands, except per share data)

|  | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|--|--------------------------------|-----------|------------------------------|-----------|
|  | 2015                           | 2014      | 2015                         | 2014      |
| Operating revenues:                                  |                                |           |                              |           |
| Contract drilling                                    | \$288,321                      | \$438,583 | \$689,799                    | \$864,486 |
| Pressure pumping                                     | 176,624                        | 306,577   | 426,345                      | 546,838   |
| Oil and natural gas                                  | 7,816                          | 12,116    | 14,316                       | 24,120    |
| Total operating revenues                             | 472,761                        | 757,276   | 1,130,460                    | 1,435,444 |
| Operating costs and expenses:                        |                                |           |                              |           |
| Contract drilling                                    | 153,848                        | 255,318   | 366,658                      | 506,377   |
| Pressure pumping                                     | 142,756                        | 241,977   | 355,481                      | 441,785   |
| Oil and natural gas                                  | 2,779                          | 2,872     | 5,577                        | 6,146     |
| Depreciation, depletion, amortization and impairment | 181,924                        | 153,426   | 357,306                      | 300,748   |
| Selling, general and administrative                  | 19,216                         | 19,548    | 52,013                       | 39,221    |
| Net gain on asset disposals                          | (2,998 )                       | (3,091 )  | (5,914 )                     | (4,835 )  |
| Total operating costs and expenses                   | 497,525                        | 670,050   | 1,131,121                    | 1,289,    |