

HELMERICH & PAYNE EXPLORATION & PRODUCTION CO

Form 425

February 26, 2002

Filed by Helmerich & Payne Exploration and Production Co.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Helmerich & Payne Exploration and Production Co.

Commission File No.: 132-02238

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[H&P LOGO  
OMITTED]

[KEY PRODUCTION COMPANY,  
INC. LOGO omitted]

CIMAREX ENERGY COMPANY

THE MERGER ANNOUNCEMENT OF  
HELMERICH & PAYNE'S E&P DIVISION  
AND  
KEY PRODUCTION COMPANY

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FORWARD-LOOKING STATEMENTS

This presentation contains certain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, without limitation, statements regarding the consummation of the proposed distribution and merger, its effect on future earnings, cash flow or other operating results, any other effect or benefit of the proposed distribution and merger, market prospects, and any other statements that are not historical facts. H&P and Key strongly encourage readers to note that some or all of the assumptions upon which such forward-looking statements are based are beyond their ability to control or estimate precisely, and may in some cases be subject to rapid and material changes. More detailed information about the factors that could cause actual results to differ materially from those described in the forward-looking statements is set forth in H&P and Key's filings with the Securities and Exchange Commission, which are available free of charge on the SEC's website at [www.sec.gov](http://www.sec.gov). H&P and Key undertake no obligation to publicly update any forward-looking statements discussed in this presentation, whether as a result of new information, future events or otherwise.

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ADDITIONAL INFORMATION

In connection with the proposed spin-off and merger, Key and Cimarex will file a proxy statement/prospectus with the SEC. Investors and security holders are urged to carefully read the proxy statement/prospectus regarding the proposed transaction when it becomes available, because it will contain important information. Investors and security holders may

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obtain a free copy of the proxy statement/prospectus (when it is available) and other documents containing information about Key and H&P's oil and gas division, without charge, at the SEC's web site at [www.sec.gov](http://www.sec.gov). Copies of the proxy statement/prospectus and the SEC filings that will be incorporated by reference in the proxy statement/prospectus may also be obtained for free by directing a request to either: Key Production Company, Inc., 707 Seventeenth Street, Suite 3300, Denver, Colorado 80202, Attention: Sharon M. Pope, Assistant Corporate Secretary; telephone 303-295-3995, fax: 303-295-3494, or Helmerich & Payne, Inc., Utica at Twenty-First Street, Tulsa, Oklahoma 74114, Attention: Steven R. Mackey, Corporate Secretary; telephone 918-742-5531, fax: 918-743-2671.

### Participants in Solicitation

H&P, Cimarex, Key and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from Key's shareholders in connection with the proposed merger. Information concerning Key's participants in the solicitation is set forth in Key's proxy statement dated April 26, 2001, which is filed with the SEC. Hans Helmerich, Douglas E. Fears and Steven R. Mackey are currently directors of Cimarex, and each of them and Steven R. Shaw are currently officers of Cimarex (the "Cimarex Participants"). None of the Cimarex Participants beneficially owns any shares of Cimarex common stock. The Cimarex Participants are all executive officers of H&P. Information concerning H&P's participants in the solicitation is set forth in H&P's proxy statement dated January 25, 2002, which is filed with the SEC. Key's shareholders may obtain additional information about the interests of all such participants in the proposed merger by reading the proxy statement/prospectus when it becomes available. Investors should read the proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions.

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#### ORIGINAL GOALS

- > Increase focus and visibility
- > Use financial strength to enhance shareholder value
- > Strengthen E&P division's position
- > Capture tax efficiency
- > Create a combination where the whole is greater than the sum of its parts

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#### TRANSACTION SUMMARY

- > Merger of H&P oil and gas division with Key to create Cimarex Energy Company
- > H&P shareholders will own 65.25% of a new and scaled up independent producer
- > Structured as a tax-free spinoff
- > Closing targeted for 3rd quarter 2002

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CIMAREX ENERGY AT A GLANCE

- > Proved reserves: 392 Bcfe (78% gas)
- > Production: 190 MMcfe per day
  - Creates 20th largest U.S.-based independent natural gas producer
- > Enterprise value: ~\$640MM
- > Debt: \$34MM
- > 245 total employees
- > Experienced management team with proven track record

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WHY KEY PRODUCTION?

- > Impressive people and organization
- > Complementary and overlapping asset base
- > Strong balance sheet
- > Similar philosophies and cultures

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CIMAREX ENERGY MANAGEMENT

F. H. Merelli - Chairman & CEO

Steve Shaw - Executive VP

Paul Korus - Vice President & CFO

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OVERVIEW OF KEY PRODUCTION

- > Founded in 1988 as the successor to Apache Petroleum Company, LP
- > Passive to active asset management in 1992
- > Objective: Consistent, profitable growth
- > Approach: Focus on drilling, measure progress on a per share basis

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KEY PRODUCTION - THEN AND NOW

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(\$ in millions)	1992 ----	2001 ----
Market Cap	\$ 25	\$ 240
Debt	\$ 3	\$ 34
Stock price (\$/share)	\$ 3	\$ 17
Reserves (Bcfe)	38	147
Reserves (Mcfe/share)	3.6	10.5
Production (Bcfe)	8.3	26.0
Gross Wells Drilled	--	107

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### WHY H&P?

- > High-quality asset base
- > High-margin, gas-oriented production
- > Good people
- > Production operations capacity
- > No debt
- > Similar drill bit strategies

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### CIMAREX ENERGY CHARACTERISTICS

- > Objective: Consistent, profitable growth
- > Strategies: Exploration, acquisitions and exploitation
- > Strong balance sheet
- > Diversified base of high-quality production
- > Attractive drilling opportunities
- > Focused on adding value and per share results

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### BASE PROPERTIES

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Helmerich & Payne, Inc.

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	Proved reserves (Bcfe)	245
	% Natural gas	87%
	Production (MMcfe/d)	116
[MAP GRAPHIC OMITTED]	Net undeveloped acres	150,401
	----- Key Production Company -----	
Denver		
Tulsa		
District Operating Offices	Proved reserves (Bcfe)	147
	% Natural gas	62%
	Production (MMcfe/d)	74
	Net undeveloped acres	119,251
	----- Cimarex Energy Company -----	
	Proved reserves (Bcfe)	392
	% Natural gas	78%
	Production (MMcfe/d)	190
	Net undeveloped acres	269,652

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PROVED RESERVES

By Region

----- Kansas -----	----- Gulf Coast -----
21%	13%

[PIE CHART GRAPHIC OMITTED]

----- Western -----	----- Mid-Continent -----
23%	43%

By Type

[PIE CHART GRAPHIC OMITTED]

----- Gas -----	----- Oil -----
78%	22%

By Category

[PIE CHART GRAPHIC OMITTED]

----- PUD -----	----- PDNP -----	----- PDP -----
2%	6%	92%

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MID-CONTINENT OPERATIONS

\

169 Bcfe

[MAP GRAPHIC OMITTED]

Gas	Oil
---	---
85%	15%

[PIE CHART GRAPHICS OMITTED]

Denver  
Tulsa

H&P	Key
---	---
53%	47%

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KANSAS OPERATIONS

80 Bcfe

[MAP GRAPHIC OMITTED]

Gas	Oil
---	---
86%	14%

[PIE CHART GRAPHICS OMITTED]

Denver  
Tulsa

H&P
---
100%

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MID-CONTINENT / KS OVERLAP

OK / KS Acreage

H&P Gross: 283,414

H&P Net: 153,144

Key Gross: 237,057

Key Net: 78,669

[GRAPHIC OMITTED]

Location of Properties  
Helmerich & Payne  
Key Production  
Common Counties

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GULF COAST OPERATIONS

		51 Bcfe	
		Gas	Oil
	[MAP GRAPHIC OMITTED]	---	---
		66%	34%
		[PIE CHART GRAPHICS OMITTED]	
		H&P	Key
	Denver	---	---
	Tulsa	37%	63%
	District Operating Offices		

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PERMIAN / WESTERN OPERATIONS

		92 Bcfe	
		Gas	Oil
	[MAP GRAPHIC OMITTED]	---	---
		65%	35%
		[PIE CHART GRAPHICS OMITTED]	
		H&P	Key
	Denver	---	---
	Tulsa	61%	39%
	District Operating Offices		

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CIMAREX ENERGY GROWTH STRATEGIES

	_____ \ Focused Exploration Program > ----- /	
Cimarex Strategy	_____ \ Exploitation of Base Properties > ----- /	Grow Production, Reserves and Asset Value
	_____ \ Acquisitions > ----- /	

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EXPLORATION

Cimarex Strategy	_____ \ Focused Exploration Program > ----- /	Grow Production, Reserves and Asset Value
------------------	---	---

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- o Strategy is to concentrate on moderate risk plays:
  - 480 Bcfe net unrisks reserve potential
  - 2002 / 2003 plans are being high-graded and prioritized
  - Mid-Continent and onshore Gulf Coast focus

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2002 CAPITAL BUDGET

(\$ in millions)	H&P ---	Key ---	Total -----
Mid-Continent / Kansas	\$ 10	\$ 34	\$ 44
Gulf Coast	39	16	55
Permian / Western	6	8	14
	-----	-----	-----
Total	\$ 55	\$ 58	\$ 113

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GULF COAST EXPLORATION

<p>Allen Parish ----- 50% WI ~ \$3 MM</p>	[GRAPHIC OMITTED]	<p>MS Salt Basin ----- 40% WI ~ \$6 MM</p>
<p>Jefferson County ----- 30% -66% WI ~ \$14 MM</p>		<p>Cameron Prairie ----- 13%-30% WI ~ \$9 MM</p>
<p>Cook Mountain ----- 50% WI ~ \$4 MM</p>		<p>Lobo ----- 33% WI ~ \$2 MM</p>

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MID-CONTINENT / KANSAS

<p>Kansas ----- 50% WI ~ \$1 MM</p>	[GRAPHIC OMITTED]	<p>Ellis County ----- 75% WI ~ \$2 MM</p>
<p>Hardeman -----</p>		<p>Red Fork / Atoka -----</p>



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100% WI  
~ \$9 MM

50% WI  
~ \$15 MM

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EXPLOITATION

Cimarex Strategy Exploitation of Base Properties > Grow Production, Reserves and Asset Value

- o Strategy is to optimize production rates and rates of return
  - Re Completions / Workovers
  - Field studies
  - Selective divestitures
- o Core business
- o Good exploitation makes for good acquisitions

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TARGET ACQUISITIONS

Cimarex Strategy Acquisitions > Grow Production, Reserves and Asset Value

- o Strategy: seeking quality proved reserves with upside drilling and exploitation potential
- o Substantial acquisition "dry-powder"
- o New core business

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CIMAREX ENERGY  
FINANCIAL INFORMATION

(\$ in millions)	Key ---	H&P -----	Combined -----
YE01 Proved reserves, Bcfe	147	245	392
2002E Production, MMcfe/d	74	116	190
% Gas Production	65%	90%	80%
2001E EBITDAX	\$ 80	\$ 146	\$ 226

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Debt at 12/31/01	\$ 34	--	\$ 34
Shares outstanding (millions)	14.0		40.6

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ACCOUNTING

- o Acquisition of Key by Cimarex Energy Company
- o Purchase accounting treatment
- o H&P: Successful efforts
  - Key: Full cost
  - Cimarex: Seek full cost treatment
- o Fiscal year: 12/31

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BALANCE SHEET

(\$ in millions, unaudited)	As Of 12/31/01	
	H&P E&P	Key (estimated)
Current Assets	\$ 39.2	\$ 20.5
PP&E (Net)	162.1	194.0
Other	.2	1.5
<b>Total Assets</b>	<b>\$ 201.5</b>	<b>\$ 216.0</b>
Current Liabilities	\$ 40.2	\$ 19.0
Long-Term Debt (incl. current mat.)	-	34.0
Deferred Taxes / Other	21.8	29.0
Shareholders' Equity	139.5	134.0
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 201.5</b>	<b>\$ 216.0</b>

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EQUITY MARKET CAP

[BAR GRAPH graphic omitted]

(\$ in millions)

KP NEV MHR PRZ KWK DNR ROIL EAC POG MARY Cimarex COG

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222	242	257	271	336	355	359	396	559	566	600	631

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CIMAREX ENERGY RECAP

- o New independent with critical mass of people and assets
- o \$600MM equity market cap
- o Limited debt and substantial financial capacity
- o Predominantly Mid-Continent production base
- o Gulf Coast and Mid-Continent oriented exploration programs

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TRANSACTION STRUCTURE



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TRANSACTION STRUCTURE



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HELMERICH & PAYNE, INC.

Balance Sheet as of 12/31/01

	H&P E&P	H&P, Inc.	Consolidated
Current Assets	\$ 39.2	\$ 228.9	\$ 268.1
Investments	0	230.1	230.1
PP&E (net)	162.1	698.6	860.7
Other	.2	13.2	13.4
<b>Total Assets</b>	<b>\$ 201.5</b>	<b>\$1,170.8</b>	<b>\$1,372.3</b>
Current Liabilities	\$ 40.2	\$ 39.6	\$ 79.8
Long-Term Debt	0	50.0	50.0
Deferred Taxes / Other	21.8	164.6	186.4
Shareholders' Equity	139.5	916.6	1,056.1
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 201.5</b>	<b>\$1,170.8</b>	<b>\$1,372.3</b>

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HELMERICH & PAYNE, INC.

What makes H&P attractive as a "pure play" contract drilling company?

- o The premier drilling contractor with U.S. land, international and platform rigs
- o Opportunities for increased cash flow and earnings as rig fleet expands and drilling environment improves
- o Strong balance sheet
- o Expanded analyst coverage and ownership interest

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HELMERICH & PAYNE, INC.  
(pre-transaction)

[PIE CHART GRAPHIC OMITTED]

Contract Drilling	E&P	Portfolio
-----	-----	-----
101 rigs	245 Bcfe	\$275MM

- > \$1.6 billion market cap
- > ~ 50 million shares outstanding

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HELMERICH & PAYNE, INC.

E&P  
---

[PIE CHART GRAPHIC OMITTED]

- > 26.6 million shares distributed to H&P shareholders
- > Implied value of E&P division in excess of \$400 million, based on recent KP stock price
- > ~ \$8.00 per HP share

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HELMERICH & PAYNE, INC.

Portfolio  
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[PIE CHART GRAPHIC OMITTED]

- > \$276 million pre-tax value at 2/15/02
- > ~ \$5.50 per HP share

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HELMERICH & PAYNE, INC.

Contract Drilling  
-----

[PIE CHART GRAPHIC OMITTED]

- > 101 total rigs
  - 58 U.S. land
  - 10 U.S. offshore
  - 33 International land
- > 10 FlexRigs(R) to spud in 2002
- > 15 FlexRigs(R) to spud in 2003

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HELMERICH & PAYNE, INC.

Contract Drilling EBITDA

[LINE GRAPH GRAPHIC OMITTED]

(\$ per share)

	2000A	2001A	2002E	2003E	2004E	2005E
	-----	-----	-----	-----	-----	-----
High Case			\$2.26	\$3.5	\$4.7	\$4.9
Low Case			2.21	3.02	3.13	3.09
Actual	\$2.93	\$3.7				
U.S. land rig rates	-----					
High Case					\$14,000/d*	
Low Case					\$11,000/d*	
Actual		\$14,200/d*				

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HELMERICH & PAYNE, INC.

[BAR GRAPH GRAPHIC OMITTED]

U.S. Land Rigs

	1998	1999	2000	2001	2002E	2003E
	-----	-----	-----	-----	-----	-----
	36	36	38	49	68	83

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HELMERICH & PAYNE, INC.

[BAR GRAPH GRAPHIC OMITTED]

Total Rigs

	1998	1999	2000	2001	2002E	2003E
	-----	-----	-----	-----	-----	-----
	90	90	88	96	113	128

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H&P RIG LOCATIONS

[NORTH AMERICA/SOUTH AMERICA MAP GRAPHICS OMITTED]

> 68 U.S. rigs

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	U.S.	58
	Gulf of Mexico	10
>	33 International rigs	
	Offshore Colombia	3
	Ecuador	8
	Gulf of Mexico	10
	Venezuela	14
	Bolivia	6
	Argentina	2
		---
>	101 Total rigs	101

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CIMAREX ENERGY COMPANY  
THE MERGER ANNOUNCEMENT OF  
HELMERICH & PAYNE'S E&P DIVISION  
AND  
KEY PRODUCTION COMPANY