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PATTERSON UTI ENERGY INC

Form 8-K

July 23, 2001

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

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 8, 2001

PATTERSON-UTI ENERGY, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation)	0-22664 (Commission File Number)	75-2504748 (I.R.S. Employer Identification No.)
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4510 LAMESA HIGHWAY, SNYDER, TEXAS (Address of principal executive offices)	79549 Zip Code
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915-573-1104
(Registrant's telephone number, including area code)

NO CHANGE
(Former name or former address, if changed since last report.)

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

a. Financial statements of business acquired.

The required financial statements of the business acquired are

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incorporated by reference from the Registrant's Joint Proxy Statement/Prospectus dated March 14, 2001.

b. Pro forma financial information.

The required pro forma financial information as of and for the year ended December 31, 2000 is incorporated by reference from the Registrant's Joint Proxy Statement/Prospectus dated March 14, 2001.

Included herein are selected unaudited pro forma combined financial statements as of and for the three month period ended March 31, 2001, to give effect to the merger of Patterson Energy, Inc. ("Patterson") and UTI Energy Corp. ("UTI") using the pooling of interests method of accounting at the exchange ratio of one share of Patterson common stock for each share of UTI common stock. The unaudited pro forma balance sheet data included in the tables below are presented as though the merger was effective as of March 31, 2001. The unaudited pro forma statements of income data included in the tables below are presented as though the merger was effective as of January 1, 2000. The unaudited pro forma combined statements of income exclude charges directly attributable to the merger (estimated at \$10 million), substantially all of which were charged to operations in the quarter ended June 30, 2001.

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PATTERSON-UTI ENERGY, INC.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET March 31, 2001 (Unaudited, in thousands)

	Patterson Energy, Inc. -----	UTI Energy Corp. -----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,514	\$ 5,885
Accounts receivable:		
Trade	96,066	68,582
Oil and natural gas sales	1,482	--
Inventory	11,861	783
Deferred income taxes	6,346	2,142
Other	3,930	4,875
	-----	-----
Total current assets	180,199	82,267
Property and equipment, at cost, net	256,878	269,728
Intangible assets, net	37,995	17,351
Other	4,432	1,446
	-----	-----
Total assets	\$ 479,504	\$ 370,792

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	=====	=====
	LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:		
Current maturities of notes payable	\$ 5,697	\$ --
Accounts payable:		
Trade	34,264	47,883
Revenue distribution	3,624	--
Other	8,720	--
Accrued federal income taxes payable	4,514	--
Accrued expenses	14,931	21,829
	-----	-----
Total current liabilities	71,750	69,712
Deferred income taxes, net	42,258	41,672
Other	735	438
Notes payable, net of current maturities	17,499	64,000
	-----	-----
Total liabilities	132,242	175,822
	-----	-----
Stockholders' equity:		
Preferred stock	--	--
Common stock	384	38
Additional paid-in capital	269,365	153,931
Retained earnings	79,163	52,598
Equity adjustments from foreign currency translation	--	(1,592)
Treasury stock	(1,650)	(10,005)
	-----	-----
Total stockholders' equity	347,262	194,970
	-----	-----
Total liabilities & stockholders' equity	\$ 479,504	\$ 370,792
	=====	=====

(See accompanying notes to unaudited pro forma combined financial statements.)

PATTERSON-UTI ENERGY, INC.
 UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
 For the Quarter Ended March 31, 2001
 (Unaudited, in thousands except per share data)

PATTERSON	UTI	-----
ENERGY, INC.	ENERGY CORP.	ADJUS
-----	-----	-----

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Operating revenues:			
Drilling	\$ 104,803	\$ 100,996	\$
Drilling and completion fluids	19,670	--	
Pressure pumping	--	7,337	
Oil and gas sales	4,910	--	
Well operation fees	553	--	
Other	--	57	
	-----	-----	-----
	129,936	108,390	
	-----	-----	-----
Operating costs and expenses:			
Direct operating expenses	80,848	70,892	
Exploration cost, dry holes and abandonments	212	--	
Depreciation, depletion and amortization	11,341	7,979	
General and administrative	4,846	3,205	
	-----	-----	-----
	97,247	82,076	
	-----	-----	-----
Operating income	32,689	26,314	
	-----	-----	-----
Other income (expense):			
Net gain on sale of assets	13	117	
Interest income	796	55	
Interest expense	(567)	(963)	
Other	35	33	
	-----	-----	-----
	277	(758)	
	-----	-----	-----
Income before income taxes	32,966	25,556	
Income tax expense	12,422	9,506	
	-----	-----	-----
Net income	\$ 20,544	\$ 16,050	\$
	=====	=====	=====
Net income per common share:			
Basic	\$ 0.54	\$ 0.43	
	=====	=====	
Diluted	\$ 0.52	\$ 0.41	
	=====	=====	
Weighted average number of common shares outstanding:			
Basic	38,295	37,599	
	=====	=====	
Diluted	39,514	39,520	
	=====	=====	

(See accompanying notes to unaudited pro forma combined financial statements.)

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PATTERSON-UTI ENERGY, INC.
 UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
 For the Quarter Ended March 31, 2000
 (Unaudited, in thousands except per share data)

	PATTERSON ENERGY, INC.	UTI ENERGY CORP.	----- ADJUST
	-----	-----	-----
Operating revenues:			
Drilling	\$ 51,157	\$ 50,044	\$
Drilling and completion fluids	4,365	--	
Pressure pumping	--	4,180	
Oil and gas sales	2,484	--	
Well operation fees	560	--	
Other	--	49	
	-----	-----	
	58,566	54,273	
	-----	-----	
Operating costs and expenses:			
Direct operating expenses	46,014	43,439	
Exploration cost, dry holes and abandonments	168	--	
Depreciation, depletion and amortization	7,717	6,631	
General and administrative	2,196	2,781	
	-----	-----	
	56,095	52,851	
	-----	-----	
Operating income	2,471	1,422	
	-----	-----	
Other income (expense):			
Net gain on sale of assets	43	95	
Interest income	113	145	
Interest expense	(1,193)	(1,208)	
Other	(20)	36	
	-----	-----	
	(1,057)	(932)	
	-----	-----	
Income before income taxes	1,414	490	
Income tax expense (benefit)	503	186	
	-----	-----	
Net income	\$ 911	\$ 304	\$
	=====	=====	=====
Net income per common share:			
Basic	\$ 0.03	\$ 0.01	
	=====	=====	
Diluted	\$ 0.03	\$ 0.01	
	=====	=====	
Weighted average number of common shares outstanding:			
Basic	32,553	36,116	
	=====	=====	
Diluted	33,972	38,434	
	=====	=====	

(See accompanying notes to unaudited pro forma combined financial statements.)

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PATTERSON-UTI ENERGY, INC

NOTES TO UNAUDITED PRO FORMA
COMBINED FINANCIAL STATEMENTS

1. UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The accompanying unaudited pro forma combined financial statements have been prepared using the pooling-of-interests method of accounting to present the merger between Patterson and UTI. The basis of the unaudited pro forma combined balance sheet reflects the conversion of each outstanding share of UTI common stock into one share of Patterson common stock (an exchange ratio of 1:1). The unaudited pro forma combined statements of income reflect the conversion of the historical number of shares of UTI common stock outstanding used in computing earnings per share into Patterson common stock using the exchange ratio of 1:1. The merger agreement obligates Patterson to assume UTI stock options outstanding under UTI stock option plans in effect on the date of the merger agreement and also to assume UTI warrants outstanding at that time. Common stock equivalents have been considered in the net income per common share calculation for the three months ended March 31, 2001.

2. PERIODS PRESENTED

The unaudited pro forma combined financial statements were prepared using the consolidated financial statements of both Patterson and UTI. The unaudited pro forma combined balance sheet assumes the merger had been consummated on March 31, 2001. The unaudited pro forma combined statements of income for the three month period ended March 31, 2001 and 2000 assumes that the merger had been consummated on January 1, 2000.

3. PRO FORMA ADJUSTMENTS

The following adjustments were made to conform the accounting methods of Patterson and UTI.

a. To adjust for certain differences between the two companies' relative methods of accounting for the recognition of revenue under turnkey drilling contract arrangements. Patterson applies the completed contract method to turnkey drilling contracts which requires revenue and costs associated with drilling the well to be deferred until drilling is complete. UTI accounts for its turnkey arrangements using the percentage-of-completion method in which revenue is recognized as costs are incurred relative to the expected total cost of drilling the well.

b. To adjust for the difference in the par value per share for the common stock issued upon consummation of the merger. Patterson's par value of common stock is \$0.01 per share and UTI's par value is \$0.001 per share.

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c. To adjust diluted shares outstanding using Patterson's average market price for the respective three months ended March 31, 2001 and 2000.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PATTERSON-UTI ENERGY, INC.

Date: July 23, 2001

By: /s/ Jonathan D. Nelson

Jonathan D. Nelson
Vice President-Finance,
Chief Financial Officer

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