

OCEANEERING INTERNATIONAL INC

Form 8-K

September 13, 2010

**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): September 13, 2010

**OCEANEERING INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction

of incorporation)

**1-10945**  
(Commission

File Number)

**95-2628227**  
(IRS Employer

Identification No.)

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**11911 FM 529**

**Houston, TX**  
(Address of principal executive offices)

**Registrant's telephone number, including area code: (713) 329-4500**

**77041**  
(Zip Code)

**N/A**

**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ..  Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ..  Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ..  Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ..  Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01 Regulation FD Disclosure.**

On September 15, 2010, T. Jay Collins, our President and Chief Executive Officer, will deliver a presentation at the CEO Energy/Power Conference hosted by Barclays Capital in New York, NY. Interested parties may view the handouts for the meetings by using the Investor Relations link at Oceaneering's website, [www.oceaneering.com](http://www.oceaneering.com), beginning on Monday, September 13, 2010 at 1:00 p.m. Eastern Time.

The information furnished pursuant to this Item 7.01 shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Please note that certain information contained in the presentation are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995 and are subject to the Safe Harbor provisions of those statutes. Forward-looking statements are generally accompanied by words such as estimate, project, predict, believe, expect, anticipate, plan, forecast, budget, goal or other words that convey the uncertainty of future events. Among other items, the forward-looking statements in the presentation include statements about:

Our belief that deepwater activity is primarily undertaken by well capitalized customers and that their investment decisions are predicated on long-term commodity price assumptions;

Our near-term deepwater market outlook, assessing the impact of pending U.S. Department of Interior regulatory changes stemming from the Macondo well site incident in April 2010, of lower activity in the U.S. Gulf of Mexico and higher demand for ROV tooling and BOP Control Systems;

Our expectation that our 2010 earnings per share will be \$3.20 to \$3.40, of which approximately \$0.25 is attributable to work we have and expect to perform for BP at the Macondo well site; Our near-term outlook of lower activity in the U.S. Gulf of Mexico;

Our expectation that our 2010 3rd quarter earnings per share will be \$0.90 to \$1.00;

Our segment operating income guidance for 2010 compared to 2009, with projections that Subsea Products will be up, ROVs will be flat and Subsea Projects will be down;

Our expectation that ROVs, Subsea Products and Subsea Projects will total more than 85% of our 2010 operating income;

Our segment operating income guidance for the second half of 2010 compared to the first half of 2010, with projections that Subsea Products and Subsea Projects will be up, and ROVs will be down. We expect Subsea Products improvement on the strength of higher ROV tooling, IWOCs and subsea field development hardware sales, higher Subsea Projects profit on additional deepwater vessel services to be performed for BP at Macondo, and lower ROV profit performance due to reduced drilling activity in the U.S. Gulf of Mexico, caused by the U.S. Department of Interior drilling moratorium;

Our projection of strong cash flow of over \$310 million for 2010;

Our belief that we will have ample resources to invest in growth;

Anticipated worldwide deepwater discoveries to be evaluated and developed;

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Our expectation that 30 expected new floating rigs will be to be placed in service during 2010;

Our expectations that 2010 ROV revenue per day-on-hire and fleet utilization will be slightly less than 2009 due to the drilling moratorium in the Gulf of Mexico;

Our expectation of adding at least 18 new ROV systems in 2010, with 10 of those in the second half of 2010;

Our expectation of adding additional ROV systems to our fleet in the future to satisfy rising demand requirements for both drill support and construction service;

Our expectation that 2010 ROV operating income and operating margin will be approximately equal to those of 2009;

Expected increase of 45% in subsea completions in the decade commencing 2010;

Subsea tree orders forecast to be up approximately 28% in the period 2010 - 2014 compared to the period 2005 - 2009;

Subsea tree orders forecast for 2010 to be about the same as in 2009 and expectation that tree orders in 2011 will increase to the 2008 level on higher demand in Africa and Asia;

Our belief there will be additional Subsea Product opportunities arising from regulatory changes after the Macondo incident, specifically for:

### ROV tooling:

Hot stabs with higher flow rates

Hot stab receptacles and valves

ROV accumulator reservoir bottle skids

Backup accumulator bottle skids

BOP Control Systems:

Acoustically actuated

Dean Man controls;

Our expectation that 2010 Subsea Products operating income and operating margin will be higher than that of 2009, due to manufacturing process improvements and cost reductions, anticipated increased umbilical plant throughput, and higher subsea field development hardware sales and ROV tooling rentals;

Projected cumulative subsea completions in the Gulf of Mexico through 2014;

Our belief that demand for deepwater inspection, maintenance and repair services tracks with growth in deepwater infrastructure;

Our expectation that our vessel *Ocean Intervention II* will be out of service until the end of the 3rd quarter of 2010;

Our expectation that the new, purpose-built U.S.-flagged diving service vessel that we have under construction should be available in 2011;

Our expectations that the acquired vessel *DMT Sapphire*, which we have renamed *Ocean Patriot*, will be used for saturation diving service and will be accretive to our 2011 earnings;

Our expectation that 2010 Subsea Projects operating income and margin will be lower than 2009, due to:

lower profit contributions from the *Ocean Producer*, *The Performer* and *Ocean Intervention II*;

continued decline in demand for diving and shallow water vessel services; and

higher vessel drydock expenses; and

Subsea production control umbilicals orders forecast to be up approximately 47% in the period 2010 - 2014 compared to the period 2005 - 2009 in the Supplemental Financial Information.

These forward-looking statements are based on our current information and expectations that involve a number of risks, uncertainties, and assumptions. Among the factors that could cause the actual results to differ materially from those indicated in the forward-looking statements are:

worldwide demand and prices for oil and gas;

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general economic and business conditions and industry trends;

delays in deliveries of deepwater drilling rigs;

the ability of the Organization of Petroleum Exporting Countries, or OPEC, to set and maintain production levels and pricing;

the level of production by non-OPEC countries;

uncertainties in the level of this spending and the timing of approved projects, particularly the timing and order flow rate of subsea field development (construction) activities. These uncertainties have been exacerbated by the Deepwater Horizon drilling rig tragedy at the Macondo well in the U.S. Gulf of Mexico in April 2010, the resulting environmental impacts, and the U.S. Department of Interior drilling moratorium;

domestic and foreign tax policy;

laws and governmental regulations that restrict exploration and development of oil and gas in various offshore jurisdictions;

rapid technological changes;

the political environment of oil-producing regions;

the price and availability of alternative fuels;

changes in competitive factors;

changes in project designs or schedules;

contract cancellations, change orders and other modifications;

difficulties executing on projects; and

overall economic conditions.

Should one or more of these risks or uncertainties materialize, or should the assumptions underlying the forward-looking statements prove incorrect, actual outcomes could vary materially from those indicated. For additional information regarding these and other factors that could cause our actual results to differ materially from those expressed in our forward-looking statements, see our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2009 and our subsequent Quarterly Reports on Form 10-Q.

Except as required by applicable law, we do not undertake any obligation to update or revise any of our forward-looking statements, whether as a result of new information, future events or otherwise.

**SIGNATURES**

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.

OCEANEERING INTERNATIONAL, INC.

By: /s/ ROBERT P. MINGOIA  
Robert P. Mingoia  
Vice President and Treasurer

Date: September 13, 2010