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Pride International, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Thank you. The question and answer session will be conducted electronically. [Operator Instructions]. And we'll go first to Roger Read with Natixis Bleichroeder.

Roger Read - Natixis Bleichroeder

Good morning gentleman.

Louis A. Raspino - President and Chief Executive Officer

Hey Roger.

Roger Read - Natixis Bleichroeder

Sorry if you have a little echo there. The Colorado had been originally talked about as a rig that would be coal stacked, part of that due to an STS required. If you are getting a contract extension in Mexico, what does that mean in terms of future CapEx on that rig?

Unidentified Company Representative

The extensions we are getting, Roger, are taking us out to the maximum amount of time that we can leave the rig in country before we have to demobilize it to yard for a special survey. So those are short-term extensions. And then just like with the Alabama, when the rig gets back here, we'll evaluate the market opportunities and make a decision on whether or not we feel it's justified to invest the capital and keep the rig working. So right now, our plan would still be as it was a couple of months ago is to bring it back and coal stack it unless we feel the market justifies putting the money into the rig.

Roger Read - Natixis Bleichroeder

Okay. So no real change, just a little better extension on it?

Unidentified Company Representative

Correct.

Roger Read - Natixis Bleichroeder

Okay. And then Brian, on the OpEx, 2.5% to 3% per quarter. Could you breakdown for us a little bit maybe some of the components there? And with an eye towards, yesterday we heard commentary about a lot more shipyard downside. I'm under the impression you'll have had the majority of our

shipyard downside over the next say 12 to 18 months. Just wondering how you maybe think about '09 at this point?

Brian C. Voegele - Senior Vice President and Chief Financial Officer

Yes, I think from... Roger, let me address your second question on shipyard downside first and then I'll talk a little bit about the operating cost expectations and the inflation, what kind of the underlying drivers. But in terms of shipyard, for the remainder of the year, we've only got one more project to complete and finish executing, and that's on our contract status report. Then as we look into 2009, we're still in the processes of evaluating our project portfolio. And right now from what we can see, we don't think that the projects will be greater than in terms of the number of days out of service. We'll have a greater number of days out of service next year than this year. In other words, we'll have less days out of service. But again, we're still in the very early stages of putting our budget together. And so I hate to put too firm a stake in the ground at this point in time about what our 2009 project portfolio looks like. But I do think it's going to be, just from what we've seen so far, lower in terms of the number days.

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