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Unit Corp. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Yes, sir. [Operator Instructions]. Your first question comes from the line of John Fitzgerald, Raymond James.

John Fitzgerald - Raymond James

Good morning guys.

Larry D. Pinkston - President and Chief Executive Officer

Hi John.

John Fitzgerald - Raymond James

On the contract drilling side, are you guys ... are the pricing increasing offsetting the cost inflation you understand do you margins to go up next quarter?

Larry D. Pinkston - President and Chief Executive Officer

Yes. I mean our increasing... we are seeing on a process is exceeding the inflation on our cost without question, yes.

John Fitzgerald - Raymond James

Okay. And, I guess out of your 131 rigs you have now, how many of that are stacked, if any?

Larry D. Pinkston - President and Chief Executive Officer

Permanently, stacked all we have two or three that we would consider into that category, maybe three or four. The rest of them are very marketable that there might be three or four that we would consider that we are not gainfully trying to market everyday, the smaller end of the rig fleet.

John Fitzgerald - Raymond James

Those are the ones that wouldn't be going back to the smaller horsepower ones like below 750?

Larry D. Pinkston - President and Chief Executive Officer

Those are the ones that are going to be the hardest to work, the 400 horsepower type rigs.

John Fitzgerald - Raymond James

Okay. And then on your new builds, what type of customers are you seeing or demanding these new build rigs you depend on contracts. So these independent private guys are and are any of those going to Unit or so?

Larry D. Pinkston - President and Chief Executive Officer

One of them right now is 11 we've got kind of satisfied for our own operations. The other TN, it varies all the way from large independents Sam to guys who will just keep one or two rigs running year in, year out. No majors.

John Fitzgerald - Raymond James

Okay. Those from me. Thanks.

Operator

Your next question comes from the line of Pierre Connor, Capital One.

Pierre Connor - Capital One

Good morning gentlemen.

Larry D. Pinkston - President and Chief Executive Officer

Hello Pierre.

Pierre Connor - Capital One

Larry, first on the drilling side, what is your current number of top drives that you had, you mentioned that being a primary driver of demand from your customers? How many top drives do you have on rigs with top drives, I guess?

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