

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Petroleum Development Corporation Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Our first question comes from Leo Mariani – RBC Capital Markets.

Leo Mariani – RBC Capital Markets

Quick question on the Barnett there. Just curious to see if you have had any acreage there recently and just give us an update on your position over there.

Steven Williams

Yes, Leo, at this point in time, we have the 8,900 acres in that area, although we're continuing to do some looking around there.

Leo Mariani – RBC Capital Markets

Okay. Next quick question here for you. Just trying to get a sense if you are trying to increase your oil and liquids production in light of the high prices and perhaps you could elaborate a little bit more on the slight production increase you have in your guidance for this year and how you think that spills over into 2009 as well?

Steven Williams

From the standpoint of increasing oil production, the principal way that we would have to do that would be to accelerate either the drilling or rig completions in Wattenberg Field. We are certainly pressing forward with that program as aggressively as we can. We already had a pretty aggressive program in our model because even in February this year it was pretty clear that it was attractive to do as much work there as possible given the pricing situation.

I think the incremental budget or the addition of the budget in the Piceance Basin and the Grand Valley Field will basically generate additional gas volumes. There is very little oil production at all associated with that.

In either case, the economics are attractive at the current pricing levels. They are certainly even below the current pricing levels. We did feel like given the pricing environment, the incremental cash flows and our strong liquidity position that it was a good idea to retain the third rig and go ahead and push forward with increasing production above the levels we originally projected.

Leo Mariani – RBC Capital Markets

Okay. Thanks.

Operator

Our next question comes from Mark Lear - Sidoti & Co.

Mark Lear - Sidoti & Co

Good afternoon. I just would like a little clarity on the upped production guidance for 2008 and 2009 and just trying to get a feel for the activity in terms of increasing what you had previously stated in the Piceance and what the activity was looking back maybe to 2007 and get a feel for the kind of production growth associated with that activity?

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.