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## Warren Resources, Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Irene Haas - Canaccord Adams.

#### Irene Haas - Canaccord Adams

Did I hear you say that the Southern Coast Air Quality Management District is essentially in agreement with Warren's approach, which is you already have the turbines going, micro turbines and then this hi-tech flare plus injection? So, I just want to confirm that's what I heard.

Then, secondarily, with all the new trucking and such I noticed your oil price differential has gone down. So, can you, Tim, can you give me a little guidance as to going forward what would be the deduct from WTI for your oil in California additionally, and any color on natural gas realization as well from Wyoming?

#### Timothy Larkin

Irene, just to address the pricing in California, we are budgeting a \$12 differential from NYMEX.

#### Kenneth Gobble

CIG, Colorado Interstate Gas that we are selling into on the Atlantic Rim projects has been running around \$1.50, \$1.70 to NYMEX recently.

#### Timothy Larkin

The question on the AQMD, I think yes. The regulatory agency is in agreement in principle with our plan. Now, we are to the process of just working through their permitting requirements.

#### Irene Haas - Canaccord Adams

Now the permitting requirement is really between you and the agency, right? There will be no additional public hearing involved?

#### Kenneth Gobble

That's not necessarily correct. Really, just to kind of outline the process, we are looking to inventory our emissions, included in our long-term plan and then a CEQA analysis process and then submit that to the AQMD and at that point, there could possibly be a public hearing.

**Operator**

Your next question comes from Mark Lear - Sidoti & Company.

**Mark Lear - Sidoti & Company**

I just want to get a feel for, with your production guidance, what you are assuming with any sort of resolution with the curtailment issues you are having in California. When you think those are -- what's embedded in that guidance there?

**Timothy Larkin**

We are currently producing in the WTU approximately 3,000 barrels a day and we are projecting that we still have some running room with the gas flare because we have an existing permit where we are allowed to flare 93 million cubic feet a day and we are currently under that. So, we feel like we have some running room of approximately an additional 200 to 500 barrels a day that we can produce before we reach that level where the gas flare would result in curtailing production and so, what's incorporated at the guidance is that we are going to be able to continue to drill in the WTU, specifically Tar wells and that we are going to resolve the issue with the AQMD prior to having to curtail production.

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