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Edge Petroleum Corp. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question today comes from Ron Mills with Johnson Rice.

Ron Mills - Johnson Rice

Good afternoon.

Michael Long

Good afternoon, Ron.

Ron Mills - Johnson Rice

Question Mike, just one clarification on the operating expenses, you'd said from an operating expense standpoint you expect second quarter absolute level to remain flat or slightly below the \$4.5 million you reported in the first quarter?

Michael Long

Yeah, I think a number between \$4 million and \$4.5 million is where we would expect the actual lease operating expense to run.

Ron Mills - Johnson Rice

And then on the production taxes you would expect another accruals that we should have another quarter of lower production/ad valorem taxes than previously modeled?

Michael Long

Yeah, I mean production taxes of course are related pretty directly to receive commodity prices. But I think we had about \$2.6 million in production taxes in the first quarter and think that's probably a reasonable number for the second quarter. Ad valorem will again be a little lower than a normal run rate probably in the \$1 million range and then holding steady at about typical \$1.3 million to \$1.4 million range per quarter.

Ron Mills - Johnson Rice

Okay. And from a current production standpoint, I think John you said you were running \$52 million to \$54 million a day. You provided the second quarter range. And if you look through the rest of the

years, the interim budget in your mind design to try to maintain that somewhere in the low \$50 million a day range over the remainder of the year or we just expect continued decline just from your more legacy properties?

John Tugwell

Ron, I think our programs at least through the third quarter, right now we're expecting this to be relatively flat to the second quarter based on the interim plan and then it becomes a little more up in the air just given process that we're going through, if you go beyond that.

Michael Long

But Ron in that regard, we're really focused on trying to maintain this balance program to the full year with the inventory of opportunities to expand and grow from that base, but we're spending so much time and energy on this strategic process that we feel that interim program has balanced and as flat as it can be through the full year.

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