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Unit Corp. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Thank you. [Operator Instructions]. Your first question comes from Marshall Adkins with Raymond James.

Marshall Adkins - Raymond James

Good morning. Couple of quick questions. First, Larry, it sounded like on the day rate and margin side for the rigs, that you are looking for day rates to bottom kind of in the second quarter and start moving up again in the third. Likewise I guess maybe on a margin basis, you may have already bottomed in the first quarter just because of the costs were a little bit higher maybe the margins have already bottomed. Is that accurate reading of what you are saying?

Larry D. Pinkston - President and Chief Executive Officer

Yes, I think it is very probable, Marshall.

Marshall Adkins - Raymond James

Okay. And obviously it seems like the strength in those rigs is in the higher horsepower 1000 to 1500 horsepower as well, is that correct?

Larry D. Pinkston - President and Chief Executive Officer

Yes, very correct.

Marshall Adkins - Raymond James

Okay. On the production side, you mentioned in the press release you had some downtime associated with I guess a processing unit. Was that kind of a one-time deal or is that going to happen all the time?

Larry D. Pinkston - President and Chief Executive Officer

Well, you say one time, I mean it is good news bad news kind of scenario, Marshall. As we keep adding production down there they keep having that capacity. So the good news would be if they have the same problem this time next year to handle our additional capacity, but we are not expecting any more shutdowns like this in the near future. They should be able to handle our production for quite some time down there.

Marshall Adkins - Raymond James

As you all know, I am certainly expert on the E&P side you guys gave pretty good overview where you are active. Seems like E&P company has a shale play or three in their portfolio. You mentioned you are moving some assets towards the Marcellus, but are you all looking at any of these shale areas in detail?

Bradford J. Guidry - Senior Vice President of Exploration for Unit Petroleum

Hi Marshall, this is Brad. Yes we are. We are definitely looking at the Marcellus. We have a pretty decent position in the Woodford and we'll actually be drilling... operating our first Woodford well starting in about a month. We are constantly looking at shale plays and we are looking to add that to our mix and I'm confident certainly that will have probably this year.

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