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Pride International, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Thank you. (Operator Instructions). We'll take the first question from Geoff Kieburtz with Citigroup.

Geoff Kieburtz - Citigroup

Thanks. Good morning.

Louis A. Raspino - President and Chief Executive Officer

Hi, Geoff.

Geoff Kieburtz - Citigroup

I'm going to test the boundaries here a little bit Louis. Could you share with us your thoughts in regards to the critical elements that would make a good spit between drilling companies in a consolidation environment?

Louis A. Raspino - President and Chief Executive Officer

Geoff, I am sorry but I am going to define the boundaries quickly also. We are not going to answer any further questions about this matter at this time.

Geoff Kieburtz - Citigroup

Okay. Could you perhaps elaborate somewhat on the comments regards to the mat jack-ups, the -- what are the various options that you are considering now that you are so clearly defying the boundaries around that and facilitated it, I think, a guys who phrased it, but the optionality associated with that business?

Louis A. Raspino - President and Chief Executive Officer

Sure, Geoff as I have mentioned many times in the past, those rigs are not rigs that we would buy today. They do not fit into our long-term growth strategy, that's not the case, we own those rigs today. I've always said that long-term, those rigs probably won't be part of our portfolio. How we get from now to the long-term is yet to be determined. Whether something happens in two weeks, two months, two years from now or even longer, I really can't discuss that. That's all I can tell you is that, in the meantime these rigs do provide critical mass, cash flow, return on capital, and most importantly, an excellent training ground as we try to crew our deepwater assets that are coming into our portfolio, not just the assets we have already contracted but for those that we may acquire in the future. I'm telling you that's one of the most significant challenges facing our industry today.

That being said, we understand that to get from here to long-term, some steps may needed to be taken in order to improve our optionality. We [prepared, carved out] audits on these assets were near complete and those carve out audits would position them under one operating management team to allow for smooth transition to something that might happen in the future. I mean philosophically and conceptually anything can happen here, from continuing to hold the assets for quite sometime to disposing of several of them, to moving some of them to different parts of the world, to spinning all of them to our shareholders, to appealing them to doing substantial engineering around the ownership and operation of those assets.

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