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RPC Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

Your first question comes from Jeff Tillery of Tudor Pickering Holt

Jeff Tillery – Tudor, Pickering, Holt & Co., LLC

Hi, good morning. I know in the past you've been a little bit hesitant to give specifics on utilization across the business lines, but could you talk qualitatively about what utilization did on a sequential basis and kind of the Pressure Pumping, Coil and Snubbing businesses?

Jim Landers

Jeff, it's Jim. Utilization was fine in a lot of areas. You know, Snubbing might have been off a little bit. Some of the others were, you know, up a little bit to flat, I think.

Jeff Tillery - Tudor, Pickering, Holt & Co., LLC

Okay. And just to move on to the cost side—I just have a couple of questions regarding that. From the sound of things customers are not willing to absorb fuel costs and increased sand costs and whatnot. So my thinking would be you're not expecting the cost situation to improve in the second quarter; is that fair?

Richard A. Hubbell

One thing that will improve, I think we were caught sort of in a situation where local supplies became unavailable rather suddenly so we had to go to some quite extreme measures to get sand and some other provenances and we believe we've addressed that as much as possible. So we do see some improvement in the second quarter but we do believe it will be somewhat of a challenge, but there were some highly significant and unusual significant costs that we did incur to be able to complete some of the jobs that we were committed to.

Jeff Tillery - Tudor, Pickering, Holt & Co., LLC

And it was primarily on the sand side?

Richard A. Hubbell

Yes.

Ben M. Palmer

Yes, that's correct.

Jeff Tillery - Tudor, Pickering, Holt & Co., LLC

I guess I—the CapEx number—Ben gave \$140 million. I thought the plan for [inaudible] was \$100 million. Are my numbers mixed up? If there was a change, can you talk about that change, what drives that change?

Richard A. Hubbell

Yes. We did indicate to have \$100 million but we kind of re-looked at things. It's nothing in particular, just reassessing, you know, various things and taking some things and added a few things in some other areas. You know, maintenance CapEx may be a little bit higher than we thought but it's nothing significant, really.

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