

The Seeking Alpha logo, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Parallel Petroleum Corporation Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question will come from the line of David Heikkinen - Tudor Pickering.

David Heikkinen - Tudor Pickering

About the areas of operations and regional F&D costs, can you walk us through your decisions around allocating capital between Barnett, West Texas properties, and the Wolfcamp?

Donald Tiffin

As you are well aware, we don't really have a lot of control over the Barnett Chesapeake is the operator there. That's a very dynamic project. So, there is a lot of activity and a lot of expenditure and leasehold and infrastructure and so it's important to develop that project as quickly as we can. And of course we are at Chesapeake's mercy or at their leisure anyway on how quickly they want to develop that.

As we pointed out, four-rig program pretty well continuously through the year. And in addition, we still have one area of mutual interest that's operated by Dale Resources and we expect to drill five wells there. So, 48 wells with Chesapeake, five wells with Dale, neither of which operator do we have a lot of control over. With the economics that we are generating there though we are very happy with the pace and if things were to accelerate, we'd be okay with that too.

In regard to New Mexico, we have been pretty clear on the Southern end, we weren't happy with the variability in the well results. We have some poor wells on one end of the spectrum and again we have the Music Box on the other end of the spectrum. And so we made the decision last year to shoot a 3-D survey on the Southern end, looking for natural fracture system and this was after we had shot some 2-D test lines that we felt very comfortable with.

We have just finished up that survey. We will spend the rest of the year processing that data and hopefully third, fourth quarter we will be ready to go test some of those assumptions. So in regard to the two gas plays that's how we ended up where we did, and as we pointed out, at the Northern end we have a much, much tighter statistical band on well performance. We are truly into the development mode up there or as we like to call it cookie counter.

David Heikkinen - Tudor Pickering

Don, when you think about that, what will your F&D cost will be in the Wolfcamp this year, what's your expectation?

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.