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Stone Energy Corp. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instruction)

Your first question comes from Dave Kessler with Simmons & Company.

Dave Kessler - Simmons & Company

Good morning, guys.

David Welch

Good morning Dave.

Dave Kessler - Simmons & Company

Thinking about the Netherland Sewell on risk probables and possibles, can you discuss what this is from a risk perspective, maybe touching on are these direct offsets, can you get at the probable from existing infrastructure, just trying to think about how we model this out?

David Welch

Right. We really can't discuss that in any detail at all. As you know, it's not a topic that is yet endorsed by the SEC. So we do want to give you an indication of what our on risks are. I would just refer you to the definitions that third parties typically would use for probables and possibles. The one thing I would point out on this, though, is it doesn't include any of the potential resources from our deepwater or anything that we have on our Appalachian acreage.

Dave Kessler - Simmons & Company

Okay. That's helpful. And then, looking at kind of the proved, developed, non-producing reserves that were stranded a while back due to the storms and third-party, can you give us any additional color on those, what's come back, if it hasn't already come back, how much capital has to be spent to move those back from proved, developed, non-producing to proved, developed, producing?

David Welch

I think those are pretty minor at this point. Jerry, there are not any large PDNPs that still stranded from the storm?

Jerry Wenzel

No. It is typical recompletions and workovers that we'll be doing throughout the year.

David Welch

Basically the lion share, the vast majority of our proved, developed, non-producing are just behind pipe reserves and producing wells.

Dave Kessler - Simmons & Company

Okay. Great. Last question, on your reserve additions in 2007, it appeared to be driven by drilling a PUD and then booking a PUD right next to it, do we expect to see more of that going forward, just trying to get a handle on what inventory really looks like?

David Welch

Yeah. In 2007 we didn't drill any PUDs. All the wells we drilled were for new reserves. We did have some reserves that were added as a result of making improvements in our field operations where, for example, we could lower the pressure in reservoirs and get more gas or oil out of existing reservoirs that sort of thing.

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