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## Unit Corp. Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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[Operator Instructions]. Your first quarter comes from the line of Marshall Adkins with Raymond James.

**Marshall Adkins - Raymond James**

Good morning Larry. You mentioned... well first of all your drilling activity is held up remarkably well for the last several quarters; obviously still seems to be going strong today. You mentioned the \$300 decrease in margins for the first quarter and are now projecting beyond that's pretty tough. What's your best guess as we go through the rest of the year? Is it 300 a quarter for the rest of the year or are we going to see that stabilize or flatten third and fourth quarter?

**Larry D. Pinkston - Chief Executive Officer, President and Chief Operating Officer**

Well, we thought we are seeing right now Marshall, I think; it could be minimized some in the second quarter. It may not be down as much, it will be down in the second quarter over first quarter. Then what happens in the second half of the year is going to almost totally depend on what gas prices be during the year. I am pretty optimistic right now about it, because we've had some pretty high prices that some operators have been able to lock in some pretty good futures prices on, and whether the... if the actual price during the summer takes a dip. They've had the opportunity to lock in some pretty nice gas prices for the rest of the year. So second half of the year, it's going to be somewhat determined on gas prices of course. But second quarter will be down also as the first quarter will be.

**Marshall Adkins - Raymond James**

Okay. Along those lines, in January you'd kind of have given us a update in your hedging, if I recall like 40% of your natural gas was hedged for '08 and nearly 80% of your oil. Any updates on that, is that changed at all in the last month or so?

**David T. Merrill - Chief Financial Officer and Treasurer**

Marshall, this is David. Now on our natural gas and crude side for'08, that hasn't changed at all. We do have a little bit... we have about 16% of our current daily production hedged for calendar '09 at this point, and in all cases on the natural gas side we have done it at our delivery points. So we've taken the basic risk out of it as well.

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