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Pride International, Inc. Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. [Operator Instructions]. And for our first question, we will go to Mike Urban with Deutsche Bank.

Michael Urban - Deutsche Bank

Thanks, good morning.

Louis A. Raspino - President and Chief Executive Officer

Good morning, Mike.

Michael Urban - Deutsche Bank

Louis, I was wondering if you could? I just wanted to clarify the strategy on the two new builds here a little bit and kind of the rationale behind it. I completely get it on the first one in terms of going for the long-term contract, that is generally what we have seen as kind of being the market standard. On the second one and kind of potentially holding that one back, on signing up a contract, is that? clearly, you've got a fundamentally bullish view, is that solely the reason you think over time, given the demand picture, you just should be able to get a higher rate or just customers not willing at this point for 2010 startups to pay that kind of rate?

Louis A. Raspino - President and Chief Executive Officer

Well, Mike it is really a combination of all of the above. We thought with having with having two uncontracted new builds it would be prudent to participate in tender processes now at the fairway rate that Kevin talked about in an effort to get one of them under contract, so that we can then catch our breath and assess what is going on in the market. As Kevin went over, we were seeing some pretty confusing signals in the market with very low rates and high rates, and we know on we are own negotiations that there is a lot of economic value that's being negotiated with customers that you don't see in headline day rate, whether it is cost indemnities or whether it is other factors that generate real economic value. So, it is hard for us to conclude what's happening right now in the market, but we do generally sense that the shorter the delivery the more valuable the contract, and we are not anxious to get the second one contracted, if we even get the first one contracted. That's all we are saying, is that we are not going to be in a rush. We will still be in the market, we will still participate in tenders, but we will feel a lot more comfortable with one of these rigs contracted as we move forward.

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