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Occidental Petroleum Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Michael LaMotte with JPMorgan.

Michael LaMotte - JPMorgan

Thanks. Good morning.

Steve Chazen

Good morning.

Michael LaMotte - JPMorgan

Steve, if I could ask about the CapEx a little further, you mentioned that in '09 you don't expect it to be any greater than '08. I'm really trying to get a sense as to what the mix could look like, though. I know you have a good bit of discretionary spend in there, particularly with respect to workovers and that workover was a big portion of your volume guidance last quarter for '09 and 2010.

Can you talk about how that might change and what impact that might have on volumes next year?

Steve Chazen

Well, most of the workover was started late this year in the back half of this year.

Michael LaMotte - JPMorgan

Okay.

Steve Chazen

I don't think you'll see much change in 2009 from this change.

Michael LaMotte - JPMorgan

From the --.

Steve Chazen

From the workovers that may have worked at \$90 obviously have been stopped, because some of it was intended to just generate a quick hit. So, at this point, we probably wouldn't fool with the guidance for next year.

Michael LaMotte - JPMorgan

Either on CapEx or volumes?

Steve Chazen

For the volumes.

Michael LaMotte - JPMorgan

Yeah.

Steve Chazen

CapEx, we're still working on the CapEx. We expect that the costs will decline this coming year, as demand for oil field services declines, certainly in the United States. So it's pretty hard for us to guess what the impact will be, but right now we're working on a program that is somewhat less than the current run rate.

Michael LaMotte - JPMorgan

Okay.

Steve Chazen

We would be more specific if we know.

Michael LaMotte - JPMorgan

Sure, I understand. That's good color. On the \$1 billion debt issuance, that price is around 7%, is that right?

Steve Chazen

7%, right.

Michael LaMotte - JPMorgan

Okay. If I think about priorities for use of cash, you mentioned the 714 due in '09. 7% is not bad, particularly in this market. I mean, how would you think about sort of reloading again to take up the 714 in order to keep powder dry for acquisitions or other opportunities?

Steve Chazen

I don't know. I just don't know. Just depends on where we are then. So, I just really don't know.

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