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Grey Wolf, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions). And our first question comes from the line of Jim M. Rollyson at Raymond James. Please proceed.

Jim M. Rollyson – Raymond James

Hey, good morning guys. Tommy, you talked a little bit about, I guess expecting things to maybe slow down here as you go into 2009, is that at this point just something you're kind of expecting by reading the currents or you actually seeing that happen yet?

Thomas P. Richards

I don't think we're seeing that happening. I mean, we're actually predicting a healthy recount for us, I think 108 to 112 average in the fourth quarter, but, you and I have been around long enough to know Jim that if there's a decline in the commodity prices there's less cash flow for our customers and that usually translates into a lower level of rig activity. So, we're basing that not so much on what we're seeing on what's today, but we anticipate for commodity prices in the near term.

I might had, however, that none others at this time, probably that almost call the day expected U.S. prices to be as robust for most of this year and I don't think there's anybody that has any really good visibility that they're going to be in the tank for all of 2009 either.

Jim M. Rollyson – Raymond James

Sure. Are you still seeing people willing to commit to term contracts or even new builds at this stage?

Thomas P. Richards

Well, we have an interest in that. We see that and I think as David mentioned earlier, we have 18 renewals up in the fourth quarter and two of those have already been renewed.

Jim M. Rollyson – Raymond James

Okay. It's not all that bad so far. When you –

Thomas P. Richards

I've seen it, you know, in relative terms \$7.00 gas and \$7.00 oil, I'd say that in the 40 to something years I've been in this business, I'm—I'm—that's a pretty good scenario to work under.

Jim M. Rollyson – Raymond James

Are you guys still pursuing opportunities outside the U.S. such as Mexico or you kind of unhold doing too much there until you complete the Precision merger?

David J. Crowley

No Jim, we're continuing to pursue particularly in Mexico, the Chicontepec bids as you're aware, let's say over with for the time being. We do expect in the next four quarters, at least three more tranches of Chicontepec bids and two Borgo tranches, which should be about six to eight rigs per tranche.

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