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Devon Energy Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) your first question comes from the line of David Heikkinen with Tudor Pickering Holt. Please proceed with your question.

David Heikkinen – Tudor Pickering Holt

Good morning just a question on your leasing both in the Haynesville and Horn River Basin. Can you talk about the royalty that you are paying or using?

Steve Hadden

Yes, this is Steve. I will talk to you about in the Haynesville, with the 100,000 acres the royalty runs about a quarter on averages for the 100,000 that we are adding.

David Heikkinen – Tudor Pickering Holt

Okay.

Steve Hadden

We are adding net to that 483,000 were probably average is closer to 2/8.

David Heikkinen – Tudor Pickering Holt

Okay, and then Horn River?

Steve Hadden

Horn River has a sliding scale based on the Canadian royalty which is based on both the price and the well.

John Richels

Yes, David that was all crown acreage.

David Heikkinen – Tudor Pickering Holt

Okay.

John Richels

So, there is nothing not a negotiated royalty on that.

David Heikkinen – Tudor Pickering Holt

Perfect, and then looking at your financial position and that it was \$1.4 billion of acquisitions in the quarter, is that was a great number just wanted to clarify that in fourth quarter?

John Richels

I think that was \$1.4 billion included some of the acquisitions in the third quarter and the acquisitions that we plan to close in the fourth quarter

David Heikkinen – Tudor Pickering Holt

Okay, so that included.

Steve Hadden

That includes both.

David Heikkinen – Tudor Pickering Holt

That's the total second half of the year.

John Richels

400 in the third quarter and the balance we think.

Steve Hadden

And what we really talking about David is what we had done over and above our mid year capital forecast that we gave out in the last quarter.

David Heikkinen – Tudor Pickering Holt

Okay, helpful. And then looking at kind of operation results at each one of the areas, I mean delivering pretty high rate wells. When you think about a horizontal well in the Haynesville Lime, how much better results would you expect from that?

Darryl Smette

That's a great question David. Right now we are drilling vertical wells in, we would expect to see improvement with the horizontal wells, but we just haven't drilled one yet and don't have any benchmark to set on the Lime. So, we're really taking a wait and see. We are very up of course with those results when you see those kinds of wells with only \$5.5 million of capital.

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