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Mariner Energy Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. And the first question comes from the line of Michael Jacobs with Tudor, Pickering. Please proceed.

Michael Jacobs - Tudor, Pickering, Holt & Co., LLC

Hi, good afternoon everybody.

Scott D. Josey - Chairman, Chief Executive Officer and President

Good afternoon.

Michael Jacobs - Tudor, Pickering, Holt & Co., LLC

Scott, why don't you start off with some onshore questions. Working under the assumption that you want to increase your onshore presence, how do you think about accelerating the onshore program versus adding additional resold and are you seriously looking at other areas outside of the Permian currently?

Scott D. Josey - Chairman, Chief Executive Officer and President

Mike, just to be clear, I mean you say adding other leasehold, are you... do you mean at onshore or are you comparing that to offshore?

Michael Jacobs - Tudor, Pickering, Holt & Co., LLC

Just onshore specifically.

Scott D. Josey - Chairman, Chief Executive Officer and President

Well, I think as you... first off, we like onshore. We like our position in the Permian. We are starting to expand not just in West Texas but also into Mexico. As we stated on prior calls, we have a very strong team of people working the Permian from engineers, geologists, geophysicists and operations personnel. So... and we've gone from 12,000 net acres to over a 100,000 net acres and continue to see what we think are good rate of return opportunities in that area. So Mike, we are committed to onshore particularly in the Permian. We will continue to expand in that area. Very pleased with what we've seen thus far and again we'll just... we'll continue to look for opportunities. Today we've been primarily a Spraberry player and about half of our acreage position is in the Spraberry. We still like it and we'll continue to try to build positions there.

But we've also significantly diversified that into numerous other plays including the client, Detrital, Devonian/Fusselman some other plays and the... this Deadwood prospect that we mentioned earlier is kind of our first step and to enter something we think is going to... is potentially pretty exciting.

Michael Jacobs - Tudor, Pickering, Holt & Co., LLC

Okay. Just building off that a little bit. A large Permian operator announced that the plans laid on rigs and take rigs termination charges. Can you update us on your onshore rig contracts kind of over the next year, what you have contracted, what's not and whether you are considering laying down rigs-near term to take advantage of a lower service cost environment?

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