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TETRA Technologies, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) Our first question comes from the line of James West with Barclays Capital.

James West – Barclays Capital

Hi, good morning, guys.

Geoff Hertel

Good morning, James.

James West – Barclays Capital

Geoff or Stu, I think after the hurricanes in 2005, pretty quickly you had several of your larger customers come to you and say, look, we want TETRA do the vast majority of our platform removal work given the extent of the damage. Has this occurred yet this time? Are we still in more of a wait and see how much the extent of the damages before we let our contracts?

Stu Brightman

It's somewhere in between, James. There is a lot of discussion going on with several customers that are evaluating and looking at alternatives. So we've spent a lot of time laying out some suggestions and alternatives. I would expect some of those decisions will come pretty quickly and then a lot of them will come in the springtime. And again, as Geoff said earlier, already some of the initial stages with the inspection and cutting, we've done very well with that, but in our cutting business and in our barges going out and doing some debris removal. So I think it's a little bit of both scenarios.

Geoff Hertel

Yes, I might add a little bit to that. There is a big difference between the storms of '05 and '08 as it relates to the perception of what's going on. As you remember, in '05, that was such an unprecedented damage that really nobody knew what was happening. I mean, that's both from the service provider and the oil companies. And while they all wanted to go and get work done quickly, because that's how they had historically done it, they found that that was not something that could be done easily and it was going to cost inordinately more than they thought it was going to cost. And as you've seen, a lot of this has been stretched out with business in some cases starting last summer. There are still projects that haven't been let from '05. So I would characterize a big difference that

in '05 everybody was naïve as to what needed to be done. In the '08 storms, people have already understood because of the '05 storms what is entailed in the process and I actually think we are further along today in looking at new projects than we were in '05. However, in '05, we didn't know we weren't far along because it was such a new event. So I think it's going to happen quicker. I think we're seeing that with our customers that are talking to us. They know what the costs are going to be. They know what's entailed with it. And I think we'll probably move pretty fast on some of this.

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