

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a yellow Greek letter alpha symbol to the right, all on a dark red background.

Brigham Exploration Company Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Gentlemen, your first question comes to you from the line of David Snow of Energy Equities Inc. Please proceed.

David Snow – Energy Equities Inc

Good morning, I am starting to see how the change in lateral length affects the resource and the resource potential, the total is still on your latest presentation 460 million barrels but it seems to me that you lost a little bit on at least some of the plays that you mentioned, you increased the amount of the expected barrels of oil per well a little less than double and yet you cut your locations in half, can you help me on how that all works?

Bud Brigham

Yes, I am going to hand it over to Lance and let me just tell you in summary I know it is a little confusing because there are a number of operational changes that have been made and that we are making going forward and one is going to more frac stages in the short lateral up from 7 to 12 and now we are going to a long lateral with 20 stages. So let me turn it over to Lance.

Lance Langford

Thanks, this is Lance. Basically what is happening is if we made an assumption of a multiplier of a short lateral of 1.7 and we know it is somewhere below 2 multiplier, common sense kind of leads you to say that you drilled twice as much section you get twice as much reserve if you effectively stimulate the entire interval, and we believe we will be able to effectively stimulate the entire interval but there are things that – the ability for the wells to flow that 2 miles of lateral are going to reduced a little bit so we feel like the ultimate recoveries will be somewhere below 2. We don't have any real good analogs for that right now so right now what we are assuming is a 1.7 multiplier so we are trying to put a conservative multiplier in there for any economics until we have better results, hard results to use the proper data.

David Snow – Energy Equities Inc

So then I would take 85% of the 460 million barrels if I were to assume that rather blankly?

Bud Brigham

No, we may have confused you on that too, we previously for the Ross area we are using 200,000 to 400,000 barrels per well and we have given our recent well results and other operators around us including whiting we have updated the range of reserves that we think most of our wells that we are currently drilling to fall in 300,000 to 700,000. So the midpoint of that would be 500,000 barrels per well and again that is for the short lateral with the 12 stages. For now the next step we are taking is to drill the long laterals with 20 stages and that is where Lance was talking about based on doing a lot of research on Elm Coulee and the long laterals relative to the short laterals that when we look at those wells it came out 1.9 or closer to 2, it came out approaching the theoretical number of 2 to 1 but we are assuming 1.7 to 1 given that you have doubled the reservoir we are not assuming 100% improvement in the reserves and production, we are assuming 70% improvement but of course we will find out soon with our first couple of wells.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.