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Petroleum Development Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions).

Our first question comes from the line of Michael Hall with Stifel Nicolaus. Please proceed with your question.

Michael Hall - Stifel Nicolaus

Thanks. Rick you, understanding you don't want to pin down on any guidance yet, but looking at the 2009 outlook and the comment about the 20% production growth. I mean, is that in the ballpark, where you're thinking, maybe just directional comments, higher, lower, any color there?

Rick McCullough

Michael, I would say that, as you said, we have not finalized our CapEx budgets. We are looking at those presently even as we speak, but I think, the intent of the slide showing the organic growth that we have experienced at different capital levels is that, I think with where we are exiting 2008 and particularly because of some of the later half of 2008 capital expenditures, if you remember we revised our budget twice during the year in 2008. And we have not seen that production in line as yet and won't see that until 2009. So, I think even with decline in CapEx, we still expect to post pretty good growth numbers in 2009.

Michael Hall - Stifel Nicolaus

Okay. And then in the Piceance with the curtailments, any expectations for those to be alleviated by the end of the year, is that really just line pressures coming down with the winter. Is that a thought there as to why it becomes an alleviator or is there some infrastructure coming on?

Bart Brookman

It's actually a lack of compression, so it's additional pressure in the infrastructure and expanded capacity on the discharge line of this compressor station that we are waiting on. Again, the delays were not anticipated. There were some delays in the compression delivery, but also a series of rock formations they got into on the right way for the pipeline and blasting that had to occur that pushed the project back by three to four months.

Michael Hall - Stifel Nicolaus

And then on Piceance, any impact from the recent changes in the Colorado rules in your Piceance operations?

Rick McCullough

The answer is yes. From a headache paperwork and I would call it modest costs standpoint we're being proactive in our permitting, because there is additional requirements with notifications and such. We do have some pit requirements that have come to be, which are more costly, but overall regulations and particularly the wild life rigs we feel they are going to have or we anticipate minimal impacts.

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