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Bill Barrett Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And your first question comes from the line of Michael Hall from Stifel Nicolaus, please proceed.

Michael Hall – Stifel Nicolaus

Thank you, good morning.

Fred Barrett

Good morning.

Jennifer Martin

Good morning.

Michael Hall – Stifel Nicolaus

First off, congrats on a solid 2008, and good luck as we head into 2009 here. Certainly set things up quite well though. Looking at the 2009 budget, can you talk about what exactly changed over the last month in terms of where that \$50 million came out of?

Joe Jagers

Michael, this is Joe Jagers. Principally, that came from delaying the pace of completions throughout the year. The drilling rig activity stayed relatively constant in that exercise, of course, it had an impact on production as we described in the press release.

Michael Hall – Stifel Nicolaus

Okay. And then care to make any comments as to, in what sort of environment you might consider just producing down to your hedged volumes and what CAPEX might look like in that sort of environment? Have you looked at that or

Fred Barrett

Yes. I'll just make a few comments and hand it over to Bob or Joe. I understand that this is a very volatile and dynamic market. I'm sure, as you're well aware, I will just say that we've been watching this week to week literally for the past five months. Like many companies, we've adjusted our budget

accordingly and we believe as per our company and the future valued capture on our asset as it relates to the environment. And we'll continue to do that week to week as we move to the first and end of the second quarter.

We are – have – looked at scenarios in the future where – into the near future where prices are radically different from where they are now. And we're prepared to make additional adjustments if we have to. And to that end right now, we're still playing reasonable economics even with the \$3 strip in price in '09, and call it the \$4 dollar strip price in 2010. With that, Joe, you got anything else you want to add to that?

Joe Jagers

No. That captures it, Bob.

Fred Barrett

Michael, we certainly watch the prices and the economics. Most of our operating costs, these operating cost are fixed costs, and we have a tremendous resource base that I think I – especially as we get started earlier in the year, prices would have to, basically, probably almost go to zero in order for us to say we're going to shut-in and expect that we'll get better prices down the road. We do have a long term asset that we want to continue to evaluate.

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