

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

Warren Resources Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Leo Moriani – RBC.

Leo Moriani – RBC Capital Markets

What was your debt balance at year end 2008?

Norman F. Swanton

It was \$112.4 million.

Leo Moriani – RBC Capital Markets

Okay. And remind me, what's the borrowing base on that?

Timothy A. Larkin

The borrowing base, Leo, is \$120 million and the over allotment option is \$15 million for a total availability of \$135 million.

Leo Moriani – RBC Capital Markets

And your re-determination's coming up on April 1 you guys said?

Timothy A. Larkin

That's correct.

Leo Moriani – RBC Capital Markets

I imagine you've been in discussions with your lender at this point in time.

Timothy A. Larkin

Yes. We've been talking to them Leo, sure.

Leo Moriani – RBC Capital Markets

Looking at your production costs in the fourth quarter, I guess they were kind of up a fair bit from the prior quarter, just looking to get some color around that increase.

Kenneth A. Gobble

There's quite a bit of plugging activity going on and several areas where we had some non-recurring costs. Also we had some very large tax payments from the California properties on previously determined values, Leo, at significantly higher oil prices. We would expect tax payments to decrease considerably second half of '09.

I would like to point out just a few things there when we start talking about operating expenses. Historically, the company has had some relatively high OpEx numbers compared to our peers, and a lot of that was driven by where we're at in the Atlantic Rim development.

Even our core areas weren't producing gas at peak rates yet, and we were also operating several dewatering pilots there. As you saw in our press release, Leo, we trimmed that way back and we expect our '09 OpEx numbers to come more in line with our competitors.

Leo Moriani – RBC Capital Markets

Okay. You guys talked about some non-recurring items in the fourth quarter in your op expense. Do you guys have any kind of quantification on that?

Kenneth A. Gobble

Conservatively we peeled probably close to \$900,000 out of the NWU. And the WTU, we really didn't dig into it that hard since our OpEx for the year there was only about \$12 a barrel. But we've made some improvements out there in the way we're operating, personnel wise and other matters where we can improve efficiencies.

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