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Warren Resources Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Mark Lear with Sidoti. Please proceed.

Mark Lear - Sidoti & Co.

Good morning.

Norman Swanton

Good morning, Mark.

Mark Lear - Sidoti & Co.

Just kind of curious what's taking the bank so long and what kind of gives you the confidence to say that you guys aren't looking for a borrowing base reduction here?

Timothy Larkin

Well, I think it's under the current environment. I think that it's taking all banks... it seems to be taking all banks just a little bit longer to make the final re-determination. And it's a little bit further complicated because one of our banks in the syndicate was acquired by Lloyd's, and there is additional due diligence or more eyes are needed for official sign-off. And to answer your second question Mark, it's based upon our meetings and our discussions with management does not believe the conforming borrowing base will be reduced.

Mark Lear - Sidoti & Co.

Got you. I guess switching to operations Ken, I don't know if you said how much you're producing currently out of Sun Dog? And I was just kind of wondering how much do you think that area is constrained given compression issues?

Kenneth Gobble

Right now, our gross gas productions at Sun Dog is about 16.5 million a day. We have considerable amount of pressure on the header there. I think once we get this compressor installed that was recently produced, we'll still probably be constraint to some degree. Our forecast has us constrained

on compressing capacity until that next expansion is completed. As long as we have adequate water injection, our in-house model has that unit put now in excess of 40 million a day by year-end.

Mark Lear - Sidoti & Co.

Got you. Thanks a lot.

Kenneth Gobble

Certainly.

Norman Swanton

Mark.

Operator

(Operator Instructions). Your next question comes from the line of Richard Rossi with Wunderlich Securities. Please proceed.

Richard Rossi - Wunderlich Securities

Good morning. Just one quick thing. Looking at the lack of any new wells in the Rim this year, but given the incline rates that you get on CBM, is it possible that as we look out into 2010 that you could see any additional production in 2010 over 2009, out of that part of those properties?

Timothy Larkin

Well, that would certainly be our expectation. Just the moving along lines of the discussion with the question from Mark, we had say production to grow close to a 100% at Sun Dog in 2009. And typically we're forecasting approximately 20, 24 month incline period on those wells.

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