

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha (α) in orange, all on a dark red background.

Western Refining Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). And the first question will come from the line of Jeff Dietert from Simmons, please proceed.

Jeff Dietert - Simmons & Company International

Good morning,

Paul Foster

Good morning

Jeff Stevens

Good morning Jeff.

Jeff Dietert - Simmons & Company International

You guys have been quite successful really across all three refineries at improving margin capture rate relative to the crack spreads that are available on those markets and stock has performed well this year. I was wondering if you can comment on the possibility of issuing some additional equity just to stabilize your balance sheet and really put the debt covenant concerns behind you.

Paul Foster

Yeah, thank you Jeff. As you know and as we talked about a number of times, we are absolutely committed to improving our balance sheet and I can tell you that we're studying this issue very, very closely. And we're always looking at the various options available to us. I can't get into any specifics, but I can tell you that we're studying that very closely.

Operator

Your next question will come from the line of Jacques Rousseau from Back Bay Research.

Jacques Rousseau - Soleil - Back Bay Research

Good morning gentlemen.

Paul Foster

Good morning, Jacques.

Jacques Rousseau - Soleil - Back Bay Research

Two questions for you. One, I just wanted to get a little more color on the inventory gain that you had in the quarter. And two, just wanted to see what you could say about the Phoenix market now? I noticed that the prices seem to be under some pressure there relative to El Paso which is not usually a typical thing, especially for this time of year?

Paul Foster

All right. I'll ask Gary to address the inventory gain question.

Gary Dalke

Yes, we're on -- LIFO inventory and as a result some of the inventory that we've put on related to the Legacy Giant assets are at a higher level than what we historically put on with El Paso.

So at March 31, we have a deal -- an assessment of what our LIFO cost was relative to realized more market values. We had a non-cash LCM write-down of our inventories of 50 million at March 31. We have went through the same exercise; at the end of December we had about \$61 million.

LCM reserve theirs, so the -- we had a net change to the LCM reserve of \$11 million and tax effective that's 7.2.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.