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Stone Energy Corp. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). Your first question comes from Dave Kistler from Simmons.

Dave Kistler - Simmons & Company

Quick question for you, under the new capital spending program of \$250 million, which looks like a lot of its going to workovers and what not. Can you talk a little bit about thoughts on what that might do to reserves, reserve potential and then I guess under the new reserve rules you'll be working with an average price, which may be above where current prices are. But any kind of discussions and color you can give us on how that looks under the current spending program would be great?

David Welch

Well, let me just comment on the production side of it. We think that we will be able to continue growing production throughout this year, even given that curtailed 250 target. Truthfully, we haven't made the final decision yet on whether we are going to spend only 250 to 300. So as the year evolves, we'd just maintain the flexibility to only spend the 250. On the reserve side, you know that's something that we really just go through once a year and I'd be allowed to predict, where we are going to end up this year.

Ken, anything you want to add on that?

Ken Beer

Yes, again, Dave, as you're aware, also within that capital budget we do have dollars being spent in what we call risk mitigation, dollars to be spent on kind of proactively doing plug and abandonment work. Obviously, that's not going to add reserves. You know the delta between 250 and 300 to a certain extent between even the 200 and 250, that's where you'd find at least a good portion of the exploration side of our capital budget you've mentioned earlier.

We really are focused more on the production side, which would be more exploitation drilling, which took place more in the first quarter and then re-completions and workovers during the course of the year to keep production relatively flat.

Dave Kistler - Simmons & Company

One more question on reserves and I realize way too early to be asking these things, but this is actually backward looking. With the 40 to 50 million a day that are awaiting potential production in terms of an inventory that's out there being connected either through pipe or what not.

With those offline as you were doing your reserves last year, was that accounted for in one way or another in that reserve calculation and is that something that we could look at as an immediate up tick?

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