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Anadarko Petroleum Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). Your first question comes from the line of Tom Gardner of Simmons and Company. Please proceed.

Tom Gardner – Simmons and Company

Hey, Jim, some operators have been touting multi TCF potential in the Pearsall and Eagle Ford shales in the Maverick Basin. I just wanted to see if this was consistent with Anadarko's view. I know it's early but could you give us a view on your economics in these emerging plays?

Jim Hackett

Tom, I appreciate the question. I might ask Bob Daniels to give us his thoughts on that.

Bob Daniels

Sure. Tom, I think that clearly the multi TCF number from a gas and place number is there without a doubt. I think the key question we're trying to answer is the economics out there. Our drill costs need to come down from where they are, but we're making good progress on that. And then we need to monitor how the wells are going to perform. We've got a couple of Eagle Ford wells online right now and we're bringing on 10 million a day Pearsall well here shortly. And then we'll watch and see how those perform. Meanwhile, we're out there moving a rig in to drill some more wells and some get more data because we do like what we're seeing and we recognize there is a huge resource potential there. Now, it's making it all work.

Jim Hackett

Tom, I think the fact that you got gas prices where they're at kind of foreshadows why Bob is making a comment about drilling costs. I think where you're in a Eagle Ford with little higher liquid content, there is obviously an advantage there today and that revenue stream.

Tom Gardner – Simmons and Company

Thanks for that. Just thinking about your onshore hedging strategy going forward, given the volatility we're seeing in the domestic markets, particularly, the gas market, are you considering becoming more aggressive with respect to you're your hedging strategy when gas prices climb above marginal costs?

AI Walker

Tom, this is AI Walker. I think you'll continue to see us take a cautious view of natural gas market. I think we're going to take a pessimistic view and hope for the best. I believe that maybe better things are out there. But I wouldn't be surprised to see us continue to take some of the risks we see in natural gas price discovery off the table.

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