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Canco Petroleum, Inc. F3Q09 (Qtr End 03/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Derrick Whitfield – Canaccord Adams.

Derrick Whitfield – Canaccord Adams

Thinking about your Cato project, at year end you guys booked about 13 million of proved reserves, with the performance you're seeing now with this north of P50 case, any chance you guys could see any upward revisions there?

S. Jeffrey Johnson

We're not going to really take a look at that real hard until June 30th. That's when we're going to rack it up. But, to your point we have been pleasantly surprised with parts of the Cato flood, well actually all of it so far and some of the wells have outperformed what we have booked as PUDs but again, we want to reiterate, it's early we want to really watch the production, monitor it and when we do get to June 30 we'll definitely be taking a look at not only conversion of PUD but obviously taking a look at any other conversions that we might be able to get due to the response rate.

Derrick Whitfield – Canaccord Adams

That would carry over to your offsetting patterns correct?

S. Jeffrey Johnson

Well, I mean it's going to depend. I'll let Pat talk about it a little bit but, as you go through the reservoir you would think, it's pretty consistent, you would think you'd continue to see the same type of response we'd get up there. Pat, do you want to talk about that?

Patrick McKinney

When we go in and look at the PUDs out there, we were pretty conservative. Obviously, if we're able to take up reserves from our current exposure out there, obviously the entire field would get some lift potentially in converting probably barrels over. So, we just view this as a very positive sign right now and we'll get with our third party engineers in June and take a look at it but we're really pleased with where we're at right now.

Derrick Whitfield – Canaccord Adams

A question for you on the Harvey unit, I saw in your Q that you guys mentioned an injection profile of 2,500 barrels of water per day. Where do you think that final injection profile might land? And, if I were doing a back down look calculation for production could I assume full production at about 50% of injection and say [inaudible] in the 1% to 5% range?

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