

HELIX ENERGY SOLUTIONS GROUP INC

Form 425

May 02, 2006

Filed by Remington Oil and Gas Corporation  
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Subject Company: Helix Energy Solutions Group, Inc.  
(f/k/a Cal Dive International, Inc.)  
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**PRESS RELEASE**  
**FOR IMMEDIATE RELEASE**

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**REMINGTON OIL AND GAS CORPORATION ANNOUNCES**  
**FIRST QUARTER 2006 EARNINGS**

Dallas, TX, May 2, 2006, Remington Oil and Gas Corporation (NYSE: REM) announced the following first quarter financial information:

	Three Months Ended March 31,	
	2006	2005
	(In thousands, except per share data)	
Oil and gas revenues	\$ 59,996	\$ 59,471
Other income	\$ 18,102	\$ 315
Net income	\$ 26,383	\$ 16,035
Cash flow provided by operations	\$ 50,345	\$ 45,355
Basic income per share	\$ 0.92	\$ 0.57
Diluted income per share	\$ 0.90	\$ 0.56
Production Bcfe	7.4	8.6
Average gas price	\$ 7.66	\$ 6.54
Average oil price	\$ 60.07	\$ 47.11

Oil and gas revenues for the three months ended March 31, 2006, increased \$525,000, or 0.9%, compared to the same period in 2005. Gas revenues increased \$4.2 million, or 10.5%, for the first quarter of 2006 compared to the first quarter of 2005 primarily due to the increase in average gas prices offset slightly by a decrease in production. Average gas prices for the first quarter of 2006 were \$1.12 per Mcf, or 17.1% higher compared to the first quarter of 2005. Oil revenues decreased \$3.7 million, or 19.4%, for the first quarter of 2006 compared to the first quarter of 2005 primarily due to the decrease in oil production partially offset by the increase in average oil prices. Oil prices increased \$12.96 per barrel, or 27.5% during the first quarter of 2006 compared to 2005.

Other income for the three months ended March 31, 2006, includes \$17.3 million related to the partial accrual of lost production insurance payments.

Net income for the three months ended March 31, 2006, increased \$10.3 million, or 64.5%, compared to the same period of 2005. Cash flow from operations increased \$5.0 million, or 11.0%, compared to the same period of 2005. Income taxes for the three months ended March 31, 2006, increased \$5.2 million, or 59.0%, compared to the same period of 2005 due to the increase in income before taxes. Current taxes accounted for \$10.3 million of total tax expense for the three months ended March 31, 2006.

Dry hole expense for the first quarter of 2006 was \$5.2 million. We utilize the successful-efforts method of accounting, which requires dry holes to be reported as an expense in the quarter they are determined to be dry. It is very difficult to predict when dry holes will occur and thus dry hole expense is subject to dramatic fluctuation each quarter.

As of March 31, 2006, we have \$38.9 million accrued as insurance receivables on the Balance Sheet. Of this amount, \$18.3 million represents insurance receivables for hurricane related expenditures associated with physical damage, lost equipment and a control of well claim. The remaining \$20.6 million represents an insurance receivable for partial claim for lost production through March 31, 2006, from shut-ins caused by Hurricane Rita, of which \$17.3 million is related to the current period and is included in Other income on the Income Statement. Additional claims associated with lost production as a result of Hurricane Katrina have been made and will be recorded when finalized.

#### **2006 Production Guidance**

Production volumes for the first quarter averaged 82 Mmcfe/day, versus guidance of 75 to 80 Mmcfe/day. Production volumes for the second quarter 2006 are expected to range between 90 and 100 Mmcfe/day (8.2 to 9.1 Bcfe). This increase in production over first quarter 2006 is anticipated as several fields shut-in as a result of damage from Hurricanes Katrina and Rita re-commence production during the second quarter. Repairs to the company's largest producing field, East Cameron 346, are nearing completion and expected to be finalized this month. Additionally, repairs to other third party pipelines servicing other Remington properties are expected to be completed by the end of the second quarter.

Remington Oil and Gas Corporation is an independent oil and gas exploration and production company headquartered in Dallas, Texas, with operations concentrating in the onshore and offshore regions of the Gulf Coast.

*Statements concerning future revenues and expenses, production volumes, results of exploration, exploitation, development, acquisition and operations expenditures, and prospective reserve levels of prospects or wells are forward-looking statements. Prospect size and reserve levels are often referred to as potential or un-risked reserves and are based on the Company's internal estimates from the volumetric calculations or analogous production. Other forward-looking statements are based on assumptions concerning commodity prices, drilling results, recovery factors for wells, production rates, and operating, administrative and interest costs that management believes are reasonable based on currently available information; however, management's assumptions and the Company's future performance are subject to a wide range of business, mechanical, political, environmental and geologic risks. There is no assurance that these goals, projections, costs, expenses, reserve levels, and production volumes can or will be met. Further information is available in*

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*the Company's filings with the Securities and Exchange Commission, which are herein incorporated by this reference. Information in this document should be reviewed in combination with the Company's filings with the Securities and Exchange Commission and information available on the Company's website at [www.remoil.net](http://www.remoil.net).*

**ADDITIONAL INFORMATION:**

*The Company and Helix Energy Solutions Group, Inc. ( Helix ESG ) have filed a proxy statement/prospectus and other relevant documents concerning the proposed merger transaction between the Company and Helix ESG with the Securities and Exchange Commission ( SEC ). Investors are urged to read the proxy statement/prospectus and any other relevant documents filed with the SEC because they contain important information. You may obtain the documents free of charge at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, you may obtain documents filed with the SEC by the Company free of charge by requesting them in writing from the Company or by telephone at (214) 210-2650. You may obtain documents filed with the SEC by Helix ESG free of charge by requesting them in writing from Helix ESG or by telephone at (281) 618-0400.*

*The Company and Helix ESG, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies from the stockholders of the Company in connection with the merger. Information about the directors and executive officers of the Company and their ownership of stock of the Company is set forth in the proxy statement for the Company's 2005 Annual Meeting of Stockholders. Information about the directors and executive officers of Helix ESG and their ownership of Helix ESG stock is set forth in the proxy statement for Helix ESG's 2005 Annual Meeting of Shareholders. Investors may obtain additional information regarding the interests of such participants by reading the proxy statement/prospectus.*

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**Remington Oil and Gas Corporation**  
**Condensed Consolidated Balance Sheets**  
(In thousands, except share data)

	March 31, 2006 (Unaudited)	December 31, 2005
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 47,887	\$ 38,860
Accounts receivable	62,704	66,887
Insurance receivable	38,932	23,308
Income taxes receivable		5,767
Prepaid expenses and other current assets	12,942	5,466
<b>Total current assets</b>	<b>162,465</b>	<b>140,288</b>
<b>Properties</b>		
Oil and gas properties (successful-efforts method)	937,791	908,437
Other properties	3,876	3,758
Accumulated depreciation, depletion and amortization	(485,804)	(468,290)
<b>Total properties</b>	<b>455,863</b>	<b>443,905</b>
<b>Other assets</b>	<b>1,874</b>	<b>1,872</b>
<b>Total assets</b>	<b>\$ 620,202</b>	<b>\$ 586,065</b>
<b>Liabilities and stockholders equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 72,474	\$ 76,561
Income taxes payable	3,521	
Current deferred income taxes	1,094	1,094
<b>Total current liabilities</b>	<b>77,089</b>	<b>77,655</b>
<b>Long-term liabilities</b>		
Asset retirement obligation	23,498	21,375
Deferred income taxes	86,612	82,876
<b>Total long-term liabilities</b>	<b>110,110</b>	<b>104,251</b>
<b>Total liabilities</b>	<b>187,199</b>	<b>181,906</b>
Commitments and contingencies		
<b>Stockholders equity</b>		
Preferred stock, \$.01 par value, 25,000,000 shares authorized, no shares		

Outstanding

Common stock, \$.01 par value, 100,000,000 shares authorized, 28,886,443 shares issued and 28,852,084 shares outstanding in 2006, 28,790,997 shares issued and 28,756,638 shares outstanding in 2005	289	288
Additional paid-in capital	155,573	149,234
Restricted common stock		24,264
Unearned compensation		(20,385)
Retained earnings	277,141	250,758
<b>Total stockholders equity</b>	<b>433,003</b>	<b>404,159</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 620,202</b>	<b>\$ 586,065</b>

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**Remington Oil and Gas Corporation**  
**Condensed Consolidated Statements of Income**

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2006	2005
<b>Revenues</b>		
Gas sales	\$ 44,619	\$ 40,390
Oil sales	15,377	19,081
Interest income	458	252
Other income	17,644	63
<b>Total revenues</b>	<b>78,098</b>	<b>59,786</b>
<b>Costs and expenses</b>		
Operating	7,228	5,912
Exploration	7,004	10,385
Depreciation, depletion and amortization	17,858	16,011
Impairment expense	274	297
General and administrative	5,186	2,121
Interest and financing	127	198
<b>Total costs and expenses</b>	<b>37,677</b>	<b>34,924</b>
<b>Income before income taxes</b>	<b>40,421</b>	<b>24,862</b>
Income tax expense	14,038	8,827
<b>Net income</b>	<b>\$ 26,383</b>	<b>\$ 16,035</b>
<b>Basic income per share</b>	<b>\$ 0.92</b>	<b>\$ 0.57</b>
<b>Diluted income per share</b>	<b>\$ 0.90</b>	<b>\$ 0.56</b>
<b>Weighted average shares outstanding (Basic)</b>	<b>28,822</b>	<b>28,045</b>
<b>Weighted average shares outstanding (Diluted)</b>	<b>29,414</b>	<b>28,838</b>
<b>Production</b>		
Oil (MBbls)	256	405
Gas (MMcf)	5,826	6,176
Mcf	7,362	8,606
<b>Average Prices</b>		
Oil	\$ 60.07	\$ 47.11

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Gas	\$	7.66	\$	6.54
Per Mcfe	\$	8.15	\$	6.91

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**Remington Oil and Gas Corporation**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited)  
(In thousands)

	Three Months Ended March 31,	
	2006	2005
<b>Cash flow provided by operations</b>		
<b>Net income</b>	<b>\$ 26,383</b>	<b>\$ 16,035</b>
Adjustments to reconcile net income		
Depreciation, depletion and amortization	17,858	16,011
Deferred income taxes	3,736	5,451
Amortization of deferred charges	25	46
Dry hole costs	5,227	9,049
Impairment costs	274	297
Cash paid for dismantlement	(10)	(243)
Stock based compensation	1,241	512
Tax benefit from exercise of stock options	(1,013)	3,376
Gain on sale of properties	(59)	
<b>Changes in working capital</b>		
(Increase) decrease in accounts receivable	3,968	(5,646)
(Increase) in insurance receivable	(15,624)	
Decrease in income taxes	10,301	
(Increase) decrease in prepaid expenses and other current assets	(7,501)	49
Increase in accounts payable and accrued expenses	5,539	418
<b>Net cash flow provided by operations</b>	<b>50,345</b>	<b>45,355</b>
<b>Cash from investing activities</b>		
Capital expenditures	(42,668)	(47,600)
Proceeds from sale of properties	130	
<b>Net cash (used in) investing activities</b>	<b>(42,538)</b>	<b>(47,600)</b>
<b>Cash from financing activities</b>		
Tax benefit from exercise of stock options	1,013	
Common stock issued	665	6,833
Purchase of treasury stock	(458)	(336)
<b>Net cash provided by financing activities</b>	<b>1,220</b>	<b>6,497</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,027</b>	<b>4,252</b>
Cash and cash equivalents at beginning of period	38,860	58,659
<b>Cash and cash equivalents at end of period</b>	<b>\$ 47,887</b>	<b>\$ 62,911</b>

