

REMINGTON OIL & GAS CORP

Form 10-Q

July 28, 2004

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington DC 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2004

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-11516

Remington Oil and Gas Corporation

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

75-2369148
*(IRS employer
identification no.)*

8201 Preston Road, Suite 600,

Dallas, Texas 75225-6211
*(Address of principal executive offices)
(Zip code)*

(214) 210-2650

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 27,529,891 outstanding shares of Common Stock, \$0.01 par value, on July 27, 2004.

REMINGTON OIL AND GAS CORPORATION

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PART I, FINANCIAL INFORMATION

Item 1. *Financial Statements*

REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2004	December 31, 2003
	(Unaudited)	
	(In thousands, except share data)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 38,051	\$ 31,408
Accounts receivable	53,643	43,004
Prepaid expenses and other current assets	2,579	2,846
	<u> </u>	<u> </u>
Total current assets	94,273	77,258
	<u> </u>	<u> </u>
Properties		
Oil and natural gas properties (successful-efforts method)	664,662	609,599
Other properties	2,999	3,450
Accumulated depreciation, depletion and amortization	(364,827)	(333,011)
	<u> </u>	<u> </u>
Total properties	302,834	280,038
	<u> </u>	<u> </u>
Other assets	1,681	2,089
	<u> </u>	<u> </u>
Total assets	\$ 398,788	\$ 359,385
	<u> </u>	<u> </u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 60,829	\$ 58,266
Short-term notes payable	45	45
	<u> </u>	<u> </u>
Total current liabilities	60,874	58,311
	<u> </u>	<u> </u>
Long-term liabilities		
Notes payable	10,000	18,000
Asset retirement obligation	13,656	12,446
Deferred income tax liability	40,689	28,751
	<u> </u>	<u> </u>
Total long-term liabilities	64,345	59,197
	<u> </u>	<u> </u>
Total liabilities	125,219	117,508
	<u> </u>	<u> </u>
Commitments and contingencies (Note 6)		

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Stockholders equity

Preferred stock, \$.01 par value, 25,000,000 shares authorized, no shares outstanding		
Common stock, \$.01 par value, 100,000,000 shares authorized, 27,550,250 shares issued and 27,515,891 shares outstanding in 2004, 26,946,768 shares issued and 26,912,409 shares outstanding in 2003	275	269
Additional paid-in capital	127,552	120,925
Restricted common stock	1,573	3,156
Unearned compensation	(1,013)	(1,668)
Retained earnings	145,182	119,195
	<u> </u>	<u> </u>
Total stockholders equity	273,569	241,877
	<u> </u>	<u> </u>
Total liabilities and stockholders equity	\$ 398,788	\$ 359,385
	<u> </u>	<u> </u>

See accompanying Notes to Condensed Consolidated Financial Statements.

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REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
(Unaudited)				
(In thousands, except per-share amounts)				
Revenues				
Gas sales	\$42,713	\$33,196	\$ 74,826	\$61,847
Oil sales	15,552	12,584	29,494	26,237
Other income	119	223	225	256
Total revenues	58,384	46,003	104,545	88,340
Costs and expenses				
Operating	6,028	5,277	12,076	9,669
Exploration	4,878	6,115	10,406	13,017
Depreciation, depletion and amortization	17,617	12,792	32,763	23,549
Impairment	4,750	251	4,986	447
General and administrative	1,625	2,214	3,547	3,924
Interest and financing	250	485	478	885
Total costs and expenses	35,148	27,134	64,256	51,491
Income before income taxes	23,236	18,869	40,289	36,849
Income tax expense	8,248	6,605	14,302	12,898
Net income	\$ 14,988	\$ 12,264	\$ 25,987	\$ 23,951
Basic income per share	\$ 0.55	\$ 0.46	\$ 0.96	\$ 0.91
Diluted income per share	\$ 0.53	\$ 0.44	\$ 0.92	\$ 0.86
Weighted average shares outstanding (Basic)	27,287	26,536	27,131	26,436
Weighted average shares outstanding (Diluted)	28,218	27,844	28,190	27,910

See accompanying Notes to Condensed Consolidated Financial Statements.

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REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2004	2003
	(Unaudited) (In thousands)	
Cash flow provided by operations		
Net income	\$ 25,987	\$ 23,951
Adjustments to reconcile net income		
Depreciation, depletion and amortization	32,763	23,549
Deferred income taxes	14,152	12,898
Amortization of deferred charges	91	116
Dry hole costs	6,753	12,312
Impairment costs	4,986	447
Cash paid for asset retirements	(377)	(614)
Stock based compensation	732	792
Changes in working capital		
(Increase) in accounts receivable	(10,630)	(6,223)
Decrease (increase) in prepaid expenses and other current assets	575	(2,739)
Increase (decrease) in accounts payable and accrued liabilities	2,563	(1,273)
Net cash flow provided by operations	<u>77,595</u>	<u>63,216</u>
Cash from investing activities		
Payments for capital expenditures	(65,711)	(63,460)
Net cash (used in) investing activities	<u>(65,711)</u>	<u>(63,460)</u>
Cash from financing activities		
Loan origination costs		(293)
Payments on notes payable and other long-term payables	(8,000)	(679)
Common stock issued	3,404	1,770
Treasury stock acquired and retired	(645)	(654)
Net cash (used in) provided by financing activities	<u>(5,241)</u>	<u>144</u>
Net increase (decrease) in cash and cash equivalents	6,643	(100)
Cash and cash equivalents at beginning of period	31,408	14,929
Cash and cash equivalents at end of period	<u>\$ 38,051</u>	<u>\$ 14,829</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

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(Unaudited)****Note 1. Accounting Policies and Basis of Presentation**

Remington Oil and Gas Corporation is an independent oil and gas exploration and production company incorporated in Delaware. Our oil and gas properties are located in the offshore Gulf of Mexico and the onshore Gulf Coast.

We prepared these financial statements according to the instructions for Form 10-Q. Therefore, the financial statements do not include all disclosures required by generally accepted accounting principles. However, we have recorded all transactions and adjustments necessary to fairly present the financial statements included in this Form 10-Q. The adjustments made are normal and recurring. The following notes describe only the material changes in accounting policies, account details or financial statement notes during the first six months of 2004. Therefore, please read these financial statements and notes to the financial statements together with the audited financial statements and notes to financial statements in our 2003 Form 10-K. The income statements for the three and six months ended June 30, 2004, cannot necessarily be used to project results for the full year. We have made certain reclassifications to prior year financial statements in order to conform to current year presentations.

Note 2. Net Income per Share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	(In thousands, except per-share amounts)			
Net income for basic and diluted income per share	\$ 14,988	\$ 12,264	\$ 25,987	\$ 23,951
Basic income per share	\$ 0.55	\$ 0.46	\$ 0.96	\$ 0.91
Diluted income per share	\$ 0.53	\$ 0.44	\$ 0.92	\$ 0.86
Weighted average common stock				
Total shares for basic income per share	27,287	26,536	27,131	26,436
Dilutive stock options outstanding (treasury stock method)	802	1,019	896	1,144
Restricted stock grant	129	289	163	330
Total common shares for diluted income per share	28,218	27,844	28,190	27,910
Non-dilutive stock options outstanding	1,033	1,149	939	1,024

Note 3. Stock Based Compensation

Included in our general and administrative costs is pre-tax stock based compensation expense (accounted for under Accounting Principles Board Opinion 25) as follows:

Three Months Ended	Six Months Ended
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	<u>June 30,</u>		<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	(In thousands)			
Stock based compensation	\$371	\$372	\$732	\$792

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REMINGTON OIL AND GAS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes relevant information as to the reported results under our intrinsic value method of accounting for stock awards, with supplemental information as if the fair value recognition provision of SFAS No. 123 had been applied:

Three Months Ended June 30,		Six Months Ended June 30,	
2004	2003	2004	2003

(In thousands, except per-share amounts)

As reported: