

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

REMINGTON OIL & GAS CORP
Form 10-Q
November 09, 2001

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 SEPTEMBER 30, 2001

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

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

requirements for the past 90 days. Yes [X] No []

There were 22,438,475 outstanding shares of Common Stock, \$0.01 par value, on November 6, 2001.

REMINGTON OIL AND GAS CORPORATION

TABLE OF CONTENTS

	PAGE

PART I, FINANCIAL INFORMATION.....	2
ITEM 1. FINANCIAL STATEMENTS.....	2
Condensed Consolidated Balance Sheets.....	2
Condensed Consolidated Statements of Income.....	3
Condensed Consolidated Statements of Cash Flows.....	4
Notes to Condensed Consolidated Financial Statements...	5
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	7
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.....	9
PART II, OTHER INFORMATION.....	10
ITEM 1. LEGAL PROCEEDINGS.....	10
ITEM 2. CHANGES IN SECURITIES.....	10
ITEM 3. DEFAULTS UPON SENIOR SECURITIES.....	10
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.....	10
ITEM 5. OTHER INFORMATION.....	10
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.....	10

1

PART I, FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

(IN THOUSANDS, EXCEPT SHARE DATA)

	SEPTEMBER 30, 2001	DECEMBER 31, 2000
	-----	-----
	(UNAUDITED)	
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 8,553	\$ 18,131
Restricted cash and cash equivalents.....	--	2,592
Accounts receivable.....	19,162	21,142
Prepaid expenses and other current assets.....	3,058	2,375
	-----	-----
Total current assets.....	30,773	44,240
	-----	-----
Properties		
Oil and natural gas properties (successful-efforts method).....	412,515	336,558
Other properties.....	2,873	2,701
Accumulated depreciation, depletion and amortization.....	(218,002)	(201,506)
	-----	-----
Total properties.....	197,386	137,753
	-----	-----
Other assets		
Cash collateral for Phillips judgment.....	--	9,000
Other assets.....	866	1,481
	-----	-----
Total other assets.....	866	10,481
	-----	-----
Total assets.....	\$ 229,025	\$ 192,474
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities.....	\$ 46,191	\$ 25,273
Short-term notes payable and current portion of long-term notes payable.....	3,563	7,229
	-----	-----
Total current liabilities.....	49,754	32,502
	-----	-----
Long-term liabilities		
Phillips judgment.....	--	19,733
Notes payable.....	37,000	24,685
8 1/4% Convertible subordinated notes payable due in 2002.....	1,454	5,880
Other long-term payables.....	4,585	6,966
Deferred income tax liability.....	7,094	--
	-----	-----
Total long-term liabilities.....	50,133	57,264
	-----	-----
Total liabilities.....	99,887	89,766
	-----	-----
Commitments and contingencies (Note 2)		
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, 22,302,287 shares issued and 22,267,928 shares outstanding in 2001, 21,598,605 shares issued and 21,564,246 outstanding in 2000.....	223	216

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

Additional paid-in capital.....	52,914	45,897
Restricted common stock.....	8,055	--
Unearned compensation.....	(4,929)	--
Retained earnings.....	72,875	56,595
	-----	-----
Total stockholders' equity.....	129,138	102,708
	-----	-----
Total liabilities and stockholders' equity.....	\$ 229,025	\$ 192,474
	=====	=====

See accompanying Notes to Condensed Consolidated Financial Statements.

2

REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2001	2000	2001	2000
	-----	-----	-----	-----
Revenues				
Oil sales.....	\$ 6,848	\$ 8,657	\$22,481	\$24,348
Gas sales.....	15,559	13,355	72,543	32,355
Other income.....	350	13,497	1,902	14,863
	-----	-----	-----	-----
Total revenues.....	22,757	35,509	96,926	71,566
	-----	-----	-----	-----
Costs and expenses				
Operating costs and expenses.....	4,815	2,143	10,798	7,118
Net Profits interest expense.....	--	213	751	1,271
Exploration expenses.....	6,089	344	10,260	1,553
Depreciation, depletion and amortization.....	9,370	5,465	27,619	14,664
General and administrative.....	757	1,156	3,563	3,766
Stock based compensation.....	366	34	3,281	122
Settlements.....	--	2,200	13,524	5,416
Interest and financing expense.....	770	1,250	2,963	3,413
	-----	-----	-----	-----
Total costs and expenses.....	22,167	12,805	72,759	37,323
	-----	-----	-----	-----
Income before taxes and minority interest.....	590	22,704	24,167	34,243
	-----	-----	-----	-----
Income tax expense.....	207	--	7,887	--
Minority interest in income of subsidiaries.....	--	--	--	(5)
	-----	-----	-----	-----
Net income.....	\$ 383	\$22,704	\$16,280	\$34,248
	=====	=====	=====	=====
Basic income per share.....	\$ 0.02	\$ 1.06	\$ 0.75	\$ 1.60
	=====	=====	=====	=====
Diluted income per share.....	\$ 0.02	\$ 0.99	\$ 0.68	\$ 1.53
	=====	=====	=====	=====
Weighted average shares outstanding (Basic).....	22,103	21,477	21,827	21,417
	=====	=====	=====	=====
Weighted average shares outstanding (Diluted).....	24,589	23,084	24,354	22,516
	=====	=====	=====	=====

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

See accompanying Notes to Condensed Consolidated Financial Statements.

3

REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2001	2000
Cash flow provided by operations		
Net income (loss).....	\$ 16,280	\$ 34,248
Adjustments to reconcile net income		
Depreciation, depletion and amortization.....	27,619	14,664
Deferred income taxes.....	7,887	--
Amortization of deferred charges.....	132	210
Deferred net profits expense.....	1,270	--
Dry hole costs.....	7,052	736
Minority interest in income of subsidiaries.....	--	(5)
Royalty settlement.....	--	3,216
Stock based compensation.....	3,281	122
(Gain) on sale of properties.....	--	(12,632)
Changes in working capital		
Decrease (increase) in accounts receivable.....	1,972	(4,475)
(Increase) decrease in prepaid expenses and other current assets.....	(1,208)	412
Increase in accounts payable and accrued liabilities...	20,727	10,846
Decrease (increase) in restricted cash.....	11,592	(550)
Net cash flow provided by operations.....	96,604	46,792
Cash from investing activities		
Payments for capital expenditures.....	(94,304)	(36,583)
Proceeds from property sales.....	--	15,212
Net cash (used in) investing activities.....	(94,304)	(21,371)
Cash from financing activities		
Proceeds from note payable.....	17,500	1,790
Loan origination costs.....	(307)	--
Payments on notes payable and long-term accounts payable.....	(11,232)	(6,489)
Common stock issued.....	1,018	15
Reduction in temporary equity.....	(18,857)	--
Dividends paid to minority stockholders of subsidiaries.....	--	(18)
Net cash (used in) financing activities.....	(11,878)	(4,702)
Net (decrease) increase in cash and cash equivalents.....	(9,578)	20,719
Cash and cash equivalents at beginning of period.....	18,131	4,356

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

Cash and cash equivalents at end of period.....	\$ 8,553	\$ 25,075
	=====	=====

See accompanying Notes to Condensed Consolidated Financial Statements.

4

REMINGTON OIL AND GAS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (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 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 accounting principles generally accepted in the United States. 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. We have reclassified certain items in the prior year periods to conform with current year presentation. The following notes describe only the material changes in accounting policies, account details or financial statement notes during the first nine months of 2001. 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 2000 Form 10-K. The income statements for the three and nine months ended September 30, 2001, cannot necessarily be used to project results for the full year.

NEW ACCOUNTING STANDARDS

On January 1, 2001, we adopted Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities." As amended, the statement is effective for all fiscal years beginning after June 15, 2000. Currently we do not utilize any derivative instruments that fall under the criteria defined in the accounting standard. Accordingly, the adoption of SFAS No. 133 did not have a material effect on our financial statements or disclosures.

NOTE 2. CONTINGENCIES

PHILLIPS PETROLEUM LITIGATION

On May 22, 2001, we settled the litigation with Phillips Petroleum Company and acquired Phillips' Net Profits interest in South Pass block 89, offshore Louisiana. We paid \$21.25 million cash and issued 1,189,344 shares of our common stock as consideration for the settlement and assignment of the Net Profits interest.

Of the total \$42.5 million settlement, we had previously recorded \$20.2 million as an accrued liability. We recorded \$12.3 million of the remaining \$22.3 million as additional settlement expense and capitalized \$10.0 million as the cost for our purchase of the Net Profits interest. In addition, we charged the remaining \$1.2 million deferred net profits expense related to a royalty settlement in 2000 to the settlement expense.

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

We agreed to purchase up to 100,000 shares per week from Phillips at \$17.867 per share in the event that Phillips was unable to sell the shares at or above that price. Subsequently, Phillips sold 33,900 shares on the open market, and we purchased the remaining 1,155,444 shares at a total cost of \$20.6 million.

NOTE 3. STOCK BASED COMPENSATION AND RESTRICTED COMMON STOCK

In June 1999, the Board of Directors approved a contingent stock grant to our employees and directors. The number of shares granted is relative to the employee's salary (or base number in the case of directors) and the closing stock price on June 17, 1999. In order for the grant to become effective, the price of our stock had to increase from \$4.19 per share to a trigger price of \$10.42 per share and close at or above \$10.42 per share for 20 consecutive trading days. The required increase in the stock price represented the equivalent of a compounded annual rate of return of 20% for five years. This trigger was achieved on January 24, 2001. When the stock grant became effective, we recorded \$8.1 million as restricted common stock, \$5.7 million as unearned compensation reported as a separate reduction in stockholders' equity on the balance sheet, and

5

REMINGTON OIL AND GAS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

\$2.4 million as stock based compensation expense. The \$5.7 million unearned compensation expense will be amortized quarterly over the next five years as the shares vest. We amortized \$695,000 during the second and third quarters of this year and recorded it as part of our stock based compensation expense. The shares will be issued only if the employees and directors remain with the company through the vesting dates.

NOTE 4. 8 1/4% CONVERTIBLE SUBORDINATED NOTES

During the nine months ended September 30, 2001, holders of \$4.4 million face amount of the 8 1/4% convertible subordinated notes due December 1, 2002, converted their notes into common stock at the prescribed conversion ratio of one share of common stock for each \$11.00 of principal amount of notes. Subsequent to September 30, 2001, holders converted an additional \$1.4 million of the notes into common stock, and we redeemed the remaining \$95,000 of the notes for cash at a call price of 101.65%.

NOTE 5. INCOME PER SHARE

The following table presents our calculation of basic and diluted income per share.

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2001	2000	2001	2000
Net income available for basic income per share.....	\$ 383	\$22,704	\$16,280	\$34,248
Interest expense on the notes (net of tax)...	40	80	184	240
Net income available for diluted income per				

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

share.....	\$ 423	\$22,784	\$16,464	\$34,488
	=====	=====	=====	=====
Basic income per share.....	\$ 0.02	\$ 1.06	\$ 0.75	\$ 1.60
	=====	=====	=====	=====
Diluted income per share.....	\$ 0.02	\$ 0.99	\$ 0.68	\$ 1.53
	=====	=====	=====	=====
Weighted average				
Total common shares for basic income per				
share.....	22,103	21,477	21,827	21,417
Dilutive stock options outstanding (treasury				
stock method).....	1,486	1,066	1,486	558
Common stock grant.....	663	--	663	--
Warrant issued.....	66	--	66	--
Shares assumed issued by conversion of the				
notes.....	271	541	312	541
	-----	-----	-----	-----
Total common shares for diluted income per				
share.....	24,589	23,084	24,354	22,516
	=====	=====	=====	=====
Potential issues of common stock for diluted				
income per share				
Weighted average warrant outstanding.....	--	200	--	200

6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion will assist in the understanding of our financial position and results of operations. The information below should be read in conjunction with the financial statements, the related notes to financial statements, and our Form 10-K for the year ended December 31, 2000.

Our discussion contains both historical and forward-looking information. We assess the risks and uncertainties about our business, long-term strategy, and financial condition before we make any forward-looking statements, but we cannot guarantee that our assessment is accurate or that our goals and projections can or will be met. Statements concerning results of future exploration, exploitation, development, and acquisition expenditures as well as revenue, expense, and reserve levels are forward-looking statements. We make assumptions about commodity prices, drilling results, production costs, administrative expenses, and interest costs that we believe are reasonable based on currently available information of known facts and trends.

This discussion is primarily an update to the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2000 Form 10-K. We recommend that you read this discussion in conjunction with the Form 10-K.

Our long-term strategy is to increase shareholder value by economically increasing reserves, production, and cash flow on an annual basis. At the same time, we believe it is important to maintain a strong balance sheet by keeping our total debt at a manageable level. We will balance our capital expenditures, financed primarily by operating cash flow and bank debt, among exploration, development, and acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

On September 30, 2001, our current liabilities exceeded our current assets by \$19.0 million. Our current ratio is .62 to 1. The current ratio decreased

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

from December 31, 2000 because of the decrease in cash and cash equivalents and increase in current liabilities. Our cash and cash equivalents decreased because we used cash for a portion of the Phillips Petroleum settlement in May 2001, and the third quarter purchase of 1,155,444 shares issued to Phillips in the settlement. As of September 30, 2001, our current liabilities increased because of accrued capital expenditures for the ongoing construction of three platforms and the drilling of three wells. We expect that our current ratio will improve by year end as we use the available cash flow from operations and long-term bank line of credit to reduce current liabilities and fund our capital expenditures for the fourth quarter.

For the nine months ended September 30, 2001, net cash flow provided by operations, before changes in working capital, increased by \$23.0 million as compared to the same period in the prior year primarily because of increased gas revenues. Gas revenue increased by \$40.2 million, or 124%. Gas production increased by 6.6 Bcf, or 70%, which added \$29.8 million to revenue and average gas prices increased by \$1.09, or 32%, which added \$10.4 million to revenue.

During the first nine months of 2001, we incurred capital expenditures totaling \$94.3 million for drilling and completion activities, construction and installation of platform facilities, and lease acquisitions and the purchase of the Net Profits interest from Phillips Petroleum. During the remainder of 2001, we expect to incur costs of approximately \$25.0 million for our exploration and development activities. We expect that our cash flow from operations and available bank line of credit will be adequate to fund the capital budget for the remainder of this year.

On May 22, 2001, we settled the litigation with Phillips Petroleum Company and acquired Phillips' Net Profits interest in South Pass block 89, offshore Louisiana. We paid \$21.25 million cash and issued 1,189,344 shares of our common stock as consideration for the settlement and assignment of the Net Profits interest. Subsequently, Phillips sold 33,900 shares on the open market, and we purchased the remaining 1,155,444 shares at a total cost of \$20.6 million.

During the nine months ended September 30, 2001, holders of \$4.4 million face amount of the 8 1/4% convertible subordinated notes due December 1, 2002, converted their notes into common stock at the prescribed conversion ratio of one share of common stock for each \$11.00 of principal amount of notes.

7

Subsequent to September 30, 2001, holders converted an additional \$1.4 million of the notes into common stock, and we redeemed the remaining \$95,000 of the notes for cash at a call price of 101.65%.

As of June 15, 2001, our amended credit facility has a borrowing base of \$75.0 million. As of November 6, 2001, we had \$57.0 million borrowed under the facility. The banks review the borrowing base semi-annually and may increase or decrease the borrowing base relative to the new estimate of proved oil and gas reserves. Our oil and gas properties are pledged as collateral for the line of credit. Additionally, we have agreed not to pay dividends. The line of credit expires on May 3, 2004, when all principal becomes due.

RESULTS OF OPERATIONS

We recorded net income for the first nine months of 2001 of \$16.3 million or \$0.75 per share basic and \$0.68 per share diluted compared to net income for the first nine months of 2000 of \$34.2 million or \$1.60 per share basic and \$1.53 per share diluted. For the three months ended September 30, 2001, we recorded net income of \$383,000 or \$0.02 per share, basic and diluted, compared to \$22.7 million or \$1.06 per share basic and \$0.99 per share diluted for the three months ended September 30, 2000. Net income decreased during the three and

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

nine months of 2001 compared to 2000 because of lower oil and gas prices, and increased exploration expenses including dry hole costs. Further, in 2000 we sold certain South Texas properties and recognized a non-recurring gain of \$12.5 million. In addition, net income for the first nine months of 2001 is lower because of a one time pre-tax charge of \$13.5 million in connection with the settlement of the Phillips litigation recorded in May 2001. The following table reflects the increase or decrease in oil and gas sales revenue due to the changes in prices and volumes.

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30,		SEPTEMBER 30,	
	2001	2000	2001	2000

(IN THOUSANDS, EXCEPT PRICES)				
Oil production volume (Bbls).....	292	311	905	924
Oil sales revenue.....	\$ 6,848	\$ 8,657	\$22,481	\$24,348
Price per barrel.....	\$ 23.45	\$ 27.84	\$ 24.84	\$ 26.35
(Decrease) in oil sales revenue due to:				
Change in prices.....	\$ (1,365)		\$ (1,395)	
Change in production volume.....	(444)		(472)	
	-----		-----	
Total (decrease) in oil sales revenue.....	\$ (1,809)		\$ (1,867)	
	=====		=====	
Gas production volume (Mcf).....	5,442	3,192	16,140	9,522
Gas sales revenue.....	\$15,559	\$13,355	\$72,543	\$32,355
Price per Mcf.....	\$ 2.86	\$ 4.18	\$ 4.49	\$ 3.40
Increase (decrease) in gas sales revenue due to:				
Change in prices.....	\$ (4,213)		\$10,379	
Change in production volume.....	6,417		29,809	
	-----		-----	
Total increase in gas sales revenue.....	\$ 2,204		\$40,188	
	=====		=====	

Oil revenue during the third quarter and first nine months of 2001 decreased when compared to 2000. Gulf of Mexico oil production increased by 73,000 barrels and 43,000 barrels during the three and nine months of 2001 compared to the same periods in the prior year. These increases were more than offset by decreased production from Mississippi and South Texas. In addition, the average oil prices decreased which caused oil revenues to decrease by \$444,000 for the three months ended September 30, 2001, and by \$472,000 for the nine months ended September 30, 2001, when compared to the same periods in the prior year.

Gas revenues for the first nine months of 2001 increased \$40.2 million or 124% compared to the prior year because of the 70% increase in production and the 32% increase in the average price per Mcf. Offshore Gulf of Mexico gas production increased by 7.0 Bcf, or 94%. However, gas production from the onshore gulf coast

decreased by 0.4 Bcf, or 18% because of the sale of certain South Texas Properties in August 2000. Gas revenues during the third quarter of 2001 increased \$2.2 million or 16% compared to the third quarter of 2000 because of the 70% increase in production partially offset by a 32% decrease in the average

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

price per Mcf. Offshore Gulf of Mexico gas production increased by 2.2 Bcf, or 84%. In addition, gas production from the onshore gulf coast increased slightly during the third quarter of 2001.

Operating expenses including net profits expense increased during the three and nine months ended September 30, 2001, compared to the same period in 2000 primarily because of an increase in the number of producing properties.

Exploration expense increased by \$5.7 million during the third quarter of 2001 and by \$8.7 million during the first nine months of 2001 primarily because of increased dry hole costs and increased seismic expenditures in Mississippi and the Gulf of Mexico. During the first three quarters we drilled two non-commercial wells and impaired another property in the Gulf of Mexico for a total charge of \$6.1 million. We also drilled five non-commercial wells in the onshore gulf coast area. Depreciation, depletion, and amortization expense increased by \$3.9 million during the third quarter of 2001 and by \$13.0 million during the first nine months of 2001 compared to the same periods in the prior year because of increased production and an increase in the number of producing properties.

When the stock grant approved by the Board of Directors in June 1999 became effective on January 24, 2001, we recorded \$8.1 million as restricted common stock, \$5.7 million as unearned compensation reported as a separate reduction in stockholders' equity on the balance sheet, and \$2.4 million as stock based compensation expense. During the second and third quarters of 2001, we amortized an additional \$695,000 of the unearned compensation and included it in stock based compensation expense. The shares will be issued only if the employees or directors remain with the company through the vesting dates.

On May 22, 2001, we settled the litigation with Phillips Petroleum Company. Of the total \$42.5 million settlement, we had previously recorded \$20.2 million as an accrued liability. We recorded \$12.3 million of the remaining \$22.3 million as additional settlement expense and capitalized \$10.0 million as the cost for our purchase of the net profits interest. In addition, we charged the remaining \$1.2 million deferred net profits expense related to a royalty settlement in 2000 to the settlement expense. During 2000, we reached two separate agreements with the Minerals Management Service concerning the royalties due on offshore Gulf of Mexico properties. Because of the agreements, we recorded an expense of \$2.2 million during the third quarter of 2000 and \$5.4 million during the first nine months of 2000.

Interest and financing expense decreased by 38% during the third quarter of 2001 and by 13% during the first nine months of 2001 because of lower interest rates applicable to our outstanding debt and because we are no longer accruing interest on the Phillips judgment.

During the first nine months of 2001, we recorded income tax expense totaling \$7.9 million, all of which we estimate is deferred. We fully utilized our net deferred income tax benefit during 2000 and the first quarter of 2001.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risk sensitive instrument at September 30, 2001, is a revolving line of credit from a bank. At September 30, 2001, the unpaid principal balance under the line was \$37.0 million. The interest rate on this debt is sensitive to market fluctuations, however, we do not believe that significant fluctuations in the market rate of interest have a material effect on our consolidated financial position, results of operations, or cash flow from operations.

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

PART II, OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Incorporated herein by reference is the discussion of litigation set forth in Part I, Item 1, Notes to Condensed Consolidated Financial Statements -- Note 2. Contingencies of this Form 10-Q.

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

2.0##	--	Agreement and Plan of Merger dated as of June 22, 1998, by and between Remington Oil and Gas Corporation and S-Sixteen Holding Company.
3.1*	--	Certificate of Incorporation, as amended.
3.2#	--	Certificate of Amendment of Certificate of Incorporation of Box Energy Corporation.
3.2.1##	--	Certificate of Amendment of Certificate of Incorporation of Remington Oil and Gas Corporation.
3.3###	--	By-Laws as amended.
4.1*	--	Form of Indenture Box Energy Corporation to United States Trust Company of New York, Trustee, dated December 1, 1992, 8 1/4% Convertible Subordinated Notes due December 1, 2002.
10.1*	--	Farmout Agreement with Aminoil USA, Inc., effective May 1, 1977, dated May 9, 1977.
10.2*	--	Transportation Agreement with CKB Petroleum, Inc. dated March 1, 1985, as amended on April 19, 1989.
10.3*	--	Agreement of Compromise and Amendment to Farmout Agreement, dated July 3, 1989.
10.4**	--	Pension Plan of Box Energy Corporation, effective April 16, 1992.
10.5***	--	First Amendment to the Pension Plan of Box Energy Corporation dated December 16, 1993.
10.6+	--	Second Amendment to the Pension Plan of Box Energy Corporation dated December 31, 1994.
10.7+++	--	Agreement by and between Box Energy Corporation and James A. Watt.
10.8#	--	Box Energy Corporation Severance Plan.
10.9	--	Box Energy Corporation 1997 Stock Option Plan (as amended June 17, 1999 and May 23, 2001).
10.10#	--	Box Energy Corporation Non-Employee Director Stock Purchase

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

Plan
10.11++ -- Form of Employment Agreement effective September 30, 1999,
by and between Remington Oil and Gas Corporation and two
executive officers.
10.12++ -- Form of Employment Agreement effective September 30, 1999,
by and between Remington Oil and Gas Corporation and an
executive officer.

10

10.13++++ -- Employment Agreement effective January 31, 2000, by and between Remington Oil and Gas Corporation and James A. Watt.
10.14+++++ -- Form of Contingent Stock Grant Agreement -- Directors.
10.15+++++ -- Form of Contingent Stock Grant Agreement -- Employees.
10.16+++++ -- Form of Amendment to Contingent Stock Grant Agreement -- Directors.
10.17+++++ -- Form of Amendment to Contingent Stock Grant Agreement -- Employees.
10.18- -- Compromise and Settlement Agreement between Remington Oil and Gas Corporation and Phillips Petroleum Company dated May 22, 2001.

(b) No Forms 8-K were filed during the quarter ended September 30, 2001.

* Incorporated by reference to the Company's Registration Statement on Form S-2 (file number 33-52156) filed with the Commission and effective on December 1, 1992.
** Incorporated by reference to the Company's Form 10-K (file number 0-19967) for the fiscal year ended December 31, 1992, filed with the Commission and effective on or about March 30, 1993.
*** Incorporated by reference to the Company's Form 10-K (file number 0-19967) for the fiscal year ended December 31, 1993, filed with the Commission and effective on or about March 30, 1994.
+ Incorporated by reference to the Company's Form 10-K (file number 0-19967) for the fiscal year ended December 31, 1994, filed with the Commission and effective on or about March 30, 1995.
+++ Incorporated by reference to the Company's Form 10-Q (file number 1-11516) for the fiscal quarter ended June 30, 1997, filed with the Commission and effective on or about August 12, 1997.
Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 1997, filed with the Commission and effective on or about March 30, 1998.
Incorporated by reference to the Company's Registration Statement on Form S-4 (file number 333-61513) filed with the Commission and effective on November 27, 1998.
Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 1998, filed with the Commission and effective on or about March 30, 1999.
++ Incorporated by reference to the Company's Form 10-Q (file number 1-11516) for the fiscal quarter ended September 30, 1999, filed with the Commission

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

and effective on or about November 12, 1999.

++++ Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 1999, filed with the Commission and effective on or about March 30, 2000.

+++++ Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 2000, filed with the Commission and effective on or about March 16, 2001.

- Incorporated by reference to the Company's Form 8-K (file number 1-11516) filed with the Commission on or about May 31, 2001.

11

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REMINGTON OIL AND GAS CORPORATION

Date: November 9, 2001

By: /s/ JAMES A. WATT

James A. Watt
President and Chief Executive Officer

Date: November 9, 2001

By: /s/ J. BURKE ASHER

J. Burke Asher
Vice President/Finance

12

INDEX TO EXHIBITS

2.0##	--	Agreement and Plan of Merger dated as of June 22, 1998, by and between Remington Oil and Gas Corporation and S-Sixteen Holding Company.
3.1*	--	Certificate of Incorporation, as amended.
3.2#	--	Certificate of Amendment of Certificate of Incorporation of Box Energy Corporation.
3.2.1##	--	Certificate of Amendment of Certificate of Incorporation of Remington Oil and Gas Corporation.
3.3###	--	By-Laws as amended.
4.1*	--	Form of Indenture Box Energy Corporation to United States Trust Company of New York, Trustee, dated December 1, 1992, 8 1/4% Convertible Subordinated Notes due December 1, 2002.
10.1*	--	Farmout Agreement with Aminoil USA, Inc., effective May 1, 1977, dated May 9, 1977.
10.2*	--	Transportation Agreement with CKB Petroleum, Inc. dated

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

- March 1, 1985, as amended on April 19, 1989.
- 10.3* -- Agreement of Compromise and Amendment to Farmout Agreement, dated July 3, 1989.
 - 10.4** -- Pension Plan of Box Energy Corporation, effective April 16, 1992.
 - 10.5*** -- First Amendment to the Pension Plan of Box Energy Corporation dated December 16, 1993.
 - 10.6+ -- Second Amendment to the Pension Plan of Box Energy Corporation dated December 31, 1994.
 - 10.7+++ -- Agreement by and between Box Energy Corporation and James A. Watt.
 - 10.8# -- Box Energy Corporation Severance Plan.
 - 10.9 -- Box Energy Corporation 1997 Stock Option Plan (as amended June 17, 1999 and May 23, 2001).
 - 10.10# -- Box Energy Corporation Non-Employee Director Stock Purchase Plan
 - 10.11++ -- Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and two executive officers.
 - 10.12++ -- Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and an executive officer.
 - 10.13++++ -- Employment Agreement effective January 31, 2000, by and between Remington Oil and Gas Corporation and James A. Watt.
 - 10.14+++++ -- Form of Contingent Stock Grant Agreement -- Directors.
 - 10.15+++++ -- Form of Contingent Stock Grant Agreement -- Employees.
 - 10.16+++++ -- Form of Amendment to Contingent Stock Grant Agreement -- Directors.
 - 10.17+++++ -- Form of Amendment to Contingent Stock Grant Agreement -- Employees.
 - 10.18- -- Compromise and Settlement Agreement between Remington Oil and Gas Corporation and Phillips Petroleum Company dated May 22, 2001.

- * Incorporated by reference to the Company's Registration Statement on Form S-2 (file number 33-52156) filed with the Commission and effective on December 1, 1992.
- ** Incorporated by reference to the Company's Form 10-K (file number 0-19967) for the fiscal year ended December 31, 1992, filed with the Commission and effective on or about March 30, 1993.
- *** Incorporated by reference to the Company's Form 10-K (file number 0-19967) for the fiscal year ended December 31, 1993, filed with the Commission and effective on or about March 30, 1994.
- + Incorporated by reference to the Company's Form 10-K (file number 0-19967) for the fiscal year ended December 31, 1994, filed with the Commission and effective on or about March 30, 1995.
- +++ Incorporated by reference to the Company's Form 10-Q (file number 1-11516) for the fiscal quarter ended June 30, 1997, filed with the Commission and effective on or about August 12, 1997.
- # Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 1997, filed with the Commission and effective on or about March 30, 1998.

Edgar Filing: REMINGTON OIL & GAS CORP - Form 10-Q

- ## Incorporated by reference to the Company's Registration Statement on Form S-4 (file number 333-61513) filed with the Commission and effective on November 27, 1998.
- ### Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 1998, filed with the Commission and effective on or about March 30, 1999.
- ++ Incorporated by reference to the Company's Form 10-Q (file number 1-11516) for the fiscal quarter ended September 30, 1999, filed with the Commission and effective on or about November 12, 1999.
- +++ Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 1999, filed with the Commission and effective on or about March 30, 2000.
- +++++ Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 2000, filed with the Commission and effective on or about March 16, 2001.
- Incorporated by reference to the Company's Form 8-K (file number 1-11516) filed with the Commission on or about May 31, 2001.