

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

REMINGTON OIL & GAS CORP
Form 10-Q
November 07, 2003

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 SEPTEMBER 30, 2003

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
(Address of principal executive offices)

75225-6211
(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

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

There were 26,882,758 outstanding shares of Common Stock, \$0.01 par value,
on November 5, 2003.

REMINGTON OIL AND GAS CORPORATION

TABLE OF CONTENTS

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.....	8
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.....	11
ITEM 4. CONTROLS AND PROCEDURES.....	11
PART II, OTHER INFORMATION.....	12
ITEM 1. LEGAL PROCEEDINGS.....	12
ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.....	12
ITEM 3. DEFAULTS UPON SENIOR SECURITIES.....	12
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.....	12
ITEM 5. OTHER INFORMATION.....	12
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.....	12

1

PART I, FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	-----	-----
	(UNAUDITED)	
	(IN THOUSANDS, EXCEPT SHARE DATA)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents.....	\$ 14,573	\$ 14,929
Accounts receivable.....	44,042	32,555
Prepaid expenses and other current assets.....	5,045	4,978
	-----	-----
TOTAL CURRENT ASSETS.....	63,660	52,462

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

PROPERTIES		
Oil and natural gas properties (successful-efforts method).....	589,956	510,921
Other properties.....	3,341	3,182
Accumulated depreciation, depletion and amortization.....	(313,896)	(279,722)
TOTAL PROPERTIES.....	279,401	234,381
OTHER ASSETS.....	2,361	2,150
TOTAL ASSETS.....	\$ 345,422	\$ 288,993
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities.....	\$ 35,784	\$ 47,523
Short-term notes payable and current portion of other long-term payables.....	1,811	1,715
TOTAL CURRENT LIABILITIES.....	37,595	49,238
LONG-TERM LIABILITIES		
Notes payable.....	37,400	37,400
Other long-term payables.....	168	1,503
Asset retirement obligation.....	14,631	--
Deferred income tax liability.....	24,085	7,192
TOTAL LONG-TERM LIABILITIES.....	76,284	46,095
TOTAL LIABILITIES.....	113,879	95,333
Commitments and contingencies (Note 6)		
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, 26,880,758 shares issued and 26,846,399 shares outstanding in 2003, 26,327,195 shares issued and 26,236,459 shares outstanding in 2002.....	270	263
Additional paid-in capital.....	119,822	115,827
Restricted common stock.....	3,156	5,468
Unearned compensation.....	(1,996)	(3,192)
Retained earnings.....	110,291	76,271
Treasury stock.....	--	(977)
TOTAL STOCKHOLDERS' EQUITY.....	231,543	193,660
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....	\$ 345,422	\$ 288,993
	=====	=====

See accompanying Notes to Condensed Consolidated Financial Statements.

2

REMINGTON OIL AND GAS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED NINE MONTHS ENDED

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

	SEPTEMBER 30,		SEPTEMBER 30,	
	2003	2002	2003	2002
(UNAUDITED)				
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
REVENUES				
Oil sales.....	\$12,287	\$12,802	\$ 38,524	\$31,227
Gas sales.....	34,580	13,135	96,428	41,491
Gain on sale of assets.....	--	--	--	4,095
Other income.....	98	113	354	355
TOTAL REVENUES.....	46,965	26,050	135,306	77,168
COSTS AND EXPENSES				
Operating.....	5,322	4,477	14,991	12,199
Exploration.....	8,961	3,976	22,425	12,598
Depreciation, depletion and amortization....	15,050	9,384	38,599	29,201
General and administrative.....	1,710	1,697	5,634	5,347
Interest and financing.....	433	413	1,318	1,706
TOTAL COSTS AND EXPENSES.....	31,476	19,947	82,967	61,051
INCOME BEFORE TAXES.....	15,489	6,103	52,339	16,117
Income tax expense.....	5,421	2,136	18,319	5,641
NET INCOME.....	\$10,068	\$ 3,967	\$ 34,020	\$10,476
BASIC INCOME PER SHARE.....	\$ 0.38	\$ 0.15	\$ 1.28	\$ 0.42
DILUTED INCOME PER SHARE.....	\$ 0.36	\$ 0.14	\$ 1.22	\$ 0.39
WEIGHTED AVERAGE SHARES OUTSTANDING (BASIC)...	26,771	26,140	26,548	24,990
WEIGHTED AVERAGE SHARES OUTSTANDING (DILUTED).....	28,046	27,775	27,953	26,887

See accompanying Notes to Condensed Consolidated Financial Statements.

3

REMINGTON OIL AND GAS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002
(UNAUDITED)		
(IN THOUSANDS)		
CASH FLOW PROVIDED BY OPERATIONS		
NET INCOME.....	\$ 34,020	\$ 10,476
Adjustments to reconcile net income		

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

Depreciation, depletion and amortization.....	38,599	29,201
Deferred income taxes.....	18,244	5,641
Amortization of deferred charges.....	161	164
Dry hole and impairment costs.....	21,443	11,993
Cash paid for dismantlement costs.....	(1,284)	(86)
Stock based compensation.....	1,171	1,246
(Gain) on sale of properties.....	--	(4,095)
Changes in working capital		
(Increase) in accounts receivable.....	(11,494)	(3,674)
(Increase) in prepaid expenses and other current assets.....	(139)	(4,436)
(Decrease) increase in accounts payable and accrued liabilities.....	(11,739)	6,414
	-----	-----
NET CASH FLOW PROVIDED BY OPERATIONS.....	88,982	52,844
	-----	-----
CASH FROM INVESTING ACTIVITIES		
Payments for capital expenditures.....	(89,147)	(76,650)
Proceeds from property sales.....	--	7,738
	-----	-----
NET CASH (USED IN) INVESTING ACTIVITIES.....	(89,147)	(68,912)
	-----	-----
CASH FROM FINANCING ACTIVITIES		
Proceeds from note payable.....	--	6,600
Loan origination costs.....	(293)	--
Payments on notes payable and other long-term payables.....	(1,239)	(53,997)
Common stock issued.....	2,150	54,379
Treasury stock acquired.....	(809)	(977)
	-----	-----
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES.....	(191)	6,005
	-----	-----
NET (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(356)	(10,063)
Cash and cash equivalents at beginning of period.....	14,929	19,377
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD.....	\$ 14,573	\$ 9,314
	=====	=====

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 shallow water 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 nine

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

months of 2003. 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 2002 Form 10-K. The income statements for the three and nine months ended September 30, 2003, 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. NEW ACCOUNTING POLICIES

We adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations," effective January 1, 2003. The statement requires that we estimate the fair value for our asset retirement obligations (dismantlement and abandonment of oil and gas wells and offshore platforms) in the periods the assets are first placed in service. We then adjust the current estimated obligation for estimated inflation and market risk contingencies to the projected settlement date of the liability. The result is then discounted to a present value from the projected settlement date to the date the asset was first placed in service. We recorded the present value of the asset retirement obligation as an additional property cost and as an asset retirement liability. A combination of the amortization of the additional property cost (using the unit of production method) and the accretion of the discounted liability is recorded as a periodic expense in our income statement.

Prior to this adoption, we accrued an estimated dismantlement, restoration and abandonment liability using the unit of production method over the life of a property and included the accrued amount in depreciation, depletion and amortization expense. The total accrued liability (\$5.5 million) was reflected as additional accumulated depreciation, depletion and amortization of oil and gas properties on our balance sheet.

In conformity with the new statement we recorded the cumulative effect of this accounting change as of January 1, 2003 as if we had used this method in the prior years. At January 1, 2003, we increased our oil and gas properties by \$9.0 million, recorded \$11.8 million as an Asset Retirement Obligation liability and reduced our accumulated depreciation by \$2.8 million (\$5.5 million accrued dismantlement in prior years less accumulated depreciation, depletion and amortization of \$2.7 million on the increased property costs). The

5

REMINGTON OIL AND GAS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

adoption of the new standard had no material effect on our net income. The following table reflects the reconciliation of the asset retirement obligations during the first nine months of 2003.

	CAPITALIZED ASSET RETIREMENT COST	ACCUMULATED DEPRECIATION DEPLETION AND AMORTIZATION	ASSET RETIREMENT OBLIGATION LIABILITY
	-----	-----	-----
	(IN THOUSANDS)		
Balance January 1, 2003.....	\$ 8,985	\$2,692	\$11,807
Property additions.....	3,458	--	3,458
Settlement of liabilities.....	--	--	(1,284)
Asset retirement expense.....	--	1,132	650

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

Balance September 30, 2003.....	----- \$12,443 =====	----- \$3,824 =====	----- \$14,631 =====
---------------------------------	----------------------------	---------------------------	----------------------------

On our balance sheets we have included the costs of contract-based drilling rights and mineral rights as part of oil and gas properties. Depending on how accounting and disclosures interpretations relating to Statement of Financial Accounting Standards No. 141, "Business Combinations" and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangibles" are clarified, these costs may be classified separately as intangible assets on our balance sheet. At September 30, 2003, we had such costs in the net amount of \$37.2 million on our balance sheet.

NOTE 3. NET 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,	
	2003	2002	2003	2002

	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
Net income available for basic income per share.....	\$10,068	\$3,967	\$34,020	\$10,476
Basic income per share.....	\$ 0.38	\$ 0.15	\$ 1.28	\$ 0.42
	=====	=====	=====	=====
Diluted income per share.....	\$ 0.36	\$ 0.14	\$ 1.22	\$ 0.39
	=====	=====	=====	=====
Weighted average common stock				
Total common shares for basic income per share.....	26,771	26,140	26,548	24,990
Dilutive stock options outstanding (treasury stock method).....	1,015	1,185	1,145	1,447
Restricted common stock grant.....	260	450	260	450
	-----	-----	-----	-----
Total common shares for diluted income per share.....	28,046	27,775	27,953	26,887
	=====	=====	=====	=====

REMINGTON OIL AND GAS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 4. STOCK BASED COMPENSATION

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 provisions of SFAS No. 123 had been applied:

THREE MONTHS ENDED NINE MONTHS ENDED

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

	SEPTEMBER 30,		SEPTEMBER 30,	
	2003	2002	2003	2002
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
As reported:				
Net income.....	\$10,068	\$3,967	\$34,020	\$10,476
Basic income per share.....	\$ 0.38	\$ 0.15	\$ 1.28	\$ 0.42
Diluted income per share.....	\$ 0.36	\$ 0.14	\$ 1.22	\$ 0.39
Stock based compensation (net of tax at statutory rate of 35%) included in net income as reported.....	\$ 246	\$ 256	\$ 761	\$ 810
Stock based compensation (net of tax at statutory rate of 35%) if using the fair value method applied to all awards.....	\$ 733	\$ 626	\$ 2,203	\$ 1,897
Proforma (if using the fair value method applied to all awards):				
Net income.....	\$ 9,581	\$3,597	\$32,578	\$ 9,389
Basic income per share.....	\$ 0.36	\$ 0.14	\$ 1.23	\$ 0.38
Diluted income per share.....	\$ 0.34	\$ 0.13	\$ 1.17	\$ 0.35
Weighted average shares used in computation				
Basic.....	26,771	26,140	26,548	24,990
Diluted.....	28,046	27,775	27,953	26,887

NOTE 5. NOTES PAYABLE

Effective May 1, 2003, we agreed with our lenders to increase our borrowing base from \$75.0 million to \$100.0 million and to extend the maturity date of the loan facility from May 3, 2004, to May 3, 2006. As of September 30, 2003, we had \$37.4 million borrowed under the facility. The banks review the borrowing base semi-annually and may decrease or propose an increase to the borrowing base relative to a redetermined 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.

NOTE 6. COMMITMENTS AND CONTINGENCIES

For the period July 1, 2003, through December 31, 2003, we have physical delivery contracts in place to sell 21,500 MMBtu of gas per day and 1,200 barrels of oil per day at the following prices:

PERIOD	PRICE PER	
	BARREL	MMBTU
July 1, 2003 through September 30, 2003.....	28.70	4.89
October 1, 2003 through December 31, 2003.....	27.41	4.95

We have no material pending legal proceedings.

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

The following discussion will assist in the understanding of our financial position and results of operations. 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.

This discussion is primarily an update to the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2002 Form 10-K. We recommend that you read the information below in conjunction with the financial statements, the related notes to financial statements, and our Form 10-K for the year ended December 31, 2002.

Our long-term strategy is to increase our oil and gas production and reserves while keeping our operating costs and our finding and development costs competitive with our industry peers.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes certain contractual obligations and commercial commitments as of September 30, 2003.

	TOTAL	PAYMENTS DUE BY PERIOD			
		LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	AFTER
	-----	-----	-----	-----	-----
		(IN THOUSANDS)			
Contractual obligations					
Bank debt.....	\$37,400	\$ --	\$37,400	\$ --	\$ --
Other payables.....	1,934	1,766	168	--	--
Office lease.....	2,137	441	958	738	--
	-----	-----	-----	-----	-----
Total.....	\$41,471	\$2,207	\$38,526	\$738	\$ --
	=====	=====	=====	=====	=====

On September 30, 2003, our current assets exceeded our current liabilities by \$26.1 million. Our current ratio was 1.69 to 1.

Net cash flow provided by operations increased by \$36.1 million, or 68%, primarily because of higher oil and gas revenues during the nine months of 2003 compared to 2002. Gas sales increased by \$54.9 million, or 132% because production increased by 27% and average prices increased by 83%. In addition, oil sales increased by \$7.3 million, or 23%, primarily because oil prices increased by 24%.

During the first nine months of 2003, our capital expenditures totaled \$89.1 million of which \$82.7 million, or 93%, was spent in the Gulf of Mexico where we incurred costs to drill and complete wells and upgrade and complete platforms and facilities. We anticipate total capital expenditures for 2003 to be approximately \$110.0 million, which is a 14% increase over the original capital and exploration budget of \$96.1 million. The increase is due to additional development costs anticipated as a result of successful exploration

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

drilling. We expect that our cash, estimated future cash flow from operations, and available bank line of credit will be adequate to fund these expenditures for the remainder of 2003.

If our exploratory drilling results in significant new discoveries, we will have to expend additional capital for the completion and development, of the opportunities generated by our success. We believe that, because of the additional reserves resulting from the exploratory success and our record of reserve growth in recent years, we will be able to acquire sufficient additional capital through additional bank financing and/or offerings of debt or equity securities.

8

Effective May 1, 2003, we agreed with our lenders to increase our borrowing base from \$75.0 million to \$100.0 million and to extend the maturity date of the loan facility from May 3, 2004, to May 3, 2006. As of September 30, 2003, we had \$37.4 million borrowed under the facility. The banks review the borrowing base semi-annually and may decrease or propose an increase to the borrowing base relative to a redetermined 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.

On June 19, 2003, we filed a shelf registration statement to issue up to \$200 million of common stock, debt securities, preferred stock, and/or warrants. We expect the registration statement to become effective during the fourth quarter of this year.

RESULTS OF OPERATIONS

We recorded net income for the three months ended September 30, 2003, of \$10.1 million or \$0.38 basic income per share and \$0.36 diluted income per share compared to \$4.0 million or \$0.15 basic income per share and \$0.14 diluted income per share for the three months ended September 30, 2002. For the first nine months of 2003 we recorded net income of \$34.0 million or \$1.28 basic income per share and \$1.22 diluted income per share compared to \$10.5 million or \$0.42 basic income per share and \$0.39 diluted income per share for the first nine months of 2002. Net income for the three and nine months ended September 30, 2003, was higher than in the prior year primarily because of increased oil and gas revenues, partially offset by higher exploration expenses and a \$4.1 million gain from the sale of certain South Texas properties in 2002. 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,	
	2003	2002	2003	2002
	-----	-----	-----	-----
	(IN THOUSANDS, EXCEPT PRICES)			
Oil production volume (Bbls).....	436	494	1,308	1,318
Oil sales revenue.....	\$12,287	\$12,802	\$38,524	\$31,227
Price per barrel.....	\$ 28.18	\$ 25.91	\$ 29.45	\$ 23.69
Increase (decrease) in oil sales revenue due to:				
Change in prices.....	\$ 1,121		\$ 7,592	
Change in production volume.....	(1,636)		(295)	
	-----		-----	

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

Total increase (decrease) in oil sales revenue.....	\$ (515)		\$ 7,297	
	=====		=====	
Gas production volume (Mcf).....	6,918	4,030	17,278	13,630
Gas sales revenue.....	\$34,580	\$13,135	\$96,428	\$41,491
Price per Mcf.....	\$ 5.00	\$ 3.26	\$ 5.58	\$ 3.04
Increase in gas sales revenue due to:				
Change in prices.....	\$ 7,012		\$34,620	
Change in production volume.....	14,433		20,317	
	-----		-----	
Total increase in gas sales revenue.....	\$21,445		\$54,937	
	=====		=====	
Total production Mcfe.....	9,534	6,994	25,126	21,538
Price per Mcfe.....	\$ 4.92	\$ 3.71	\$ 5.37	\$ 3.38

Oil sales revenue for the third quarter of 2003 compared to the same period in 2002 decreased by \$515,000, or 4%, primarily because of lower oil production partially offset by higher average prices. Oil production from new properties added 70,000 barrels of production during the third quarter of 2003 which was more than offset by natural depletion from existing properties. Average prices increased from \$25.91 during the third quarter of 2002 to \$28.18 during the third quarter of 2003.

Oil sales revenue for the first nine months of 2003 increased by \$7.3 million, or 23%, compared to the same period in 2002 primarily because average oil prices increased by \$5.77, or 24%, partially offset by slightly

9

lower production. Total oil production decreased by a net 10,000 barrels, or 1%. Production from new wells totaling 135,000 barrels partially offset the overall decreased from natural depletion of existing producing properties and the sale of certain properties in South Texas in 2002. Average prices increased from \$23.69 during the first nine months of 2002 to \$29.45 during the first nine months of 2003, which increased oil revenues by \$7.6 million.

Gas sales revenue for the three months ended September 30, 2003, compared to the same period in 2002 increased by \$21.4 million, or 163% because of increases in both total production and average prices. During the three months ended September 30, 2003, production from new wells totaled 3.8 Bcf, partially offset by natural depletion from producing properties and the sale of certain South Texas properties in 2002. Average prices increased from \$3.26 during the three months ended September 30, 2002 to \$5.00 during the same three months of 2003, which increased gas revenues by \$7.0 million.

Gas sales revenue for the first nine of 2003 increased by \$54.9 million, or 132%, compared to the first nine months of 2002 because of increases in both total production and average prices. During 2003, production from new wells totaled 7.2 Bcf, partially offset by natural depletion from producing properties and the sale of certain South Texas properties in 2002. Average prices increased from \$3.04 during the first nine months of 2002 to \$5.58 during the first nine months of 2003, which increased gas revenues by \$34.6 million.

Other income decreased primarily because we realized a \$4.1 million gain from the sale of properties in South Texas in April 2002.

The following table presents certain expense items per Mcf equivalent (Mcfe) of production. (Barrels of oil are converted to Mcfe at a ratio of one barrel equals six Mcf.)

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2003	2002
Operating costs and expenses.....	\$0.56	\$0.64	\$0.60	\$0.57
Depreciation, depletion and amortization.....	1.58	1.34	1.54	1.36
General and administrative expense*.....	0.18	0.24	0.22	0.25
Interest and financing expense.....	0.05	0.06	0.05	0.08
* Stock based compensation included in general and administrative expense.....	0.04	0.06	0.05	0.06

Operating costs and expenses for the third quarter of 2003 compared to the third quarter of 2002 increased by \$845,000, or 19%, and for the first nine months of 2003 compared to 2002 increased by \$2.8 million, or 23% primarily because of new operated properties in the Gulf of Mexico. In addition, increases in delay rental expense for unproved properties, insurance rates, and repairs expense on existing properties also increased operating costs and expenses. The primary reason for the decrease in the rate per Mcfe occurred because of the 36% increase in total Mcfe production.

Exploration expense, including dry hole costs and property impairment costs, increased by \$5.0 million during the third quarter of 2003 and by \$9.8 million during the first nine months of 2003. The expense increased primarily because of increased dry hole expense. Dry hole expense for 2003 includes 8 wells in the Gulf of Mexico, one well in Mississippi and one well in South Texas for a total cost of \$19.7 million compared to \$9.8 million dry hole expense in 2002.

Depreciation, depletion, and amortization expense increased by \$5.7 million during the third quarter of 2003 and by \$9.4 million during the first nine months of 2003 compared to the same period in the prior year primarily because of an increase in the number of producing properties.

General and administrative expenses have increased slightly due to employee related expense. Included in general and administrative expenses is stock based compensation expense which includes the amortized compensation cost related to the contingent stock grant and the directors fees paid in common stock.

10

Interest and financing expenses increased slightly during the third quarter of 2003 compared to the third quarter of 2002 because of higher bank debt during the quarter partially offset by lower rates. During the first nine months of 2003 interest and financing expenses decreased by 23% because of lower average bank debt and lower interest rates as compared to the nine month period of 2002. In March 2002, we issued 3.0 million shares of common stock at \$18.50 per share. We used \$44.0 million of the net proceeds to reduce outstanding bank debt from \$71.0 million to \$27.0 million.

Income tax expense increased for the three and nine months ended September 30, 2003 because of the increase in income before taxes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

INTEREST RATE RISK

Our revolving bank line of credit is sensitive to changes in interest rates. At September 30, 2003, the unpaid principal balance under the line was \$37.4 million which approximates its fair value. The interest rate on this debt is based on a premium of 150 to 225 basis points over the London Interbank Offered Rate ("Libor"). The rate is reset periodically, usually every three months. If on September 30, 2003, Libor changed by one full percentage point (100 basis points) the fair value of our revolving debt would change by approximately \$93,000. We have not entered into any interest rate hedging contracts.

COMMODITY PRICE RISK

A vast majority of our production is sold on the spot markets. Accordingly, we are at risk for the volatility in the commodity prices inherent in the oil and gas industry.

Occasionally we sell forward portions of our production under physical delivery contracts that by their terms cannot be settled in cash or other financial instruments. Such contracts are not subject to the provisions of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." Accordingly, we do not provide sensitivity analysis for such contracts. For the period July 1, 2003, through December 31, 2003, we have physical delivery contracts in place to sell 21,500 MMBtu of gas per day and 1,200 barrels of oil per day at the following prices:

PERIOD	PRICE PER	
	BARREL	MMBTU
July 1, 2003 through September 30, 2003.....	28.70	4.89
October 1, 2003 through December 31, 2003.....	27.41	4.95

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our management, including our Chief Executive Officer and our Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on that evaluation, our management, including the Chief Executive Officer and the Principal Financial Officer, concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. Further, during the period covered by this report, there was no significant change in internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

11

PART II, OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We have no material pending legal proceedings.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

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

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:

3.1#	Certificate of Amendment of Certificate of Incorporation of Remington Oil and Gas Corporation.
3.3+++	By-Laws as amended.
10.1++	Pension Plan of Remington Oil and Gas Corporation, as Amended and Restated effective January 1, 2000.
10.2++	Amendment Number One to the Pension Plan of Remington Oil and Gas Corporation.
10.3***	Amendment Number Two to the Pension Plan of Remington Oil and Gas Corporation.
10.4***	Amendment Number Three to the Pension Plan of Remington Oil and Gas Corporation.
10.5*	Box Energy Corporation Severance Plan.
10.6##	Box Energy Corporation 1997 Stock Option Plan (as amended June 17, 1999 and May 23, 2001).
10.7*	Box Energy Corporation Non-Employee Director Stock Purchase Plan.
10.8+	Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and two executive officers.
10.9+	Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and an executive officer.
10.10**	Employment Agreement effective January 31, 2000, by and between Remington Oil and Gas Corporation and James A. Watt.
10.11***	Form of Employment Agreement effective April 30, 2002, by and between Remington Oil and Gas Corporation and an executive officer.
10.12**	Form of Contingent Stock Grant Agreement -- Directors.
10.13**	Form of Contingent Stock Grant Agreement -- Employees.
10.14**	Form of Amendment to Contingent Stock Grant Agreement -- Directors.
10.15**	Form of Amendment to Contingent Stock Grant Agreement -- Employees.
14.1+++	Code of Business Conduct and Ethics.
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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

- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- (b) On August 1, 2003, we filed a form 8-K reporting our second quarter earnings press release under Item 12. Results of Operations and Financial Condition.

- * 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 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-Q (file number 1-11516) for the fiscal quarter ended September 30, 1999, filed with the Commission 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, 2000, filed with the Commission on or about March 16, 2001.
- ## Incorporated by reference to the Company's Form 10-Q (file number 1-11516) for the fiscal quarter ended September 30, 2001, filed with the Commission on or about November 9, 2001.
- ++ Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 2001, filed with the Commission on or about March 21, 2002.
- *** Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 2002, filed with the Commission on or about March 31, 2003.
- +++ Incorporated by reference to the Company's Form 10-Q (file number 1-1156) for the fiscal quarter ended June 30, 2003, filed with the Commission on or about August 11, 2003.

13

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

By: /s/ JAMES A. WATT

James A. Watt
President and Chief Executive
Officer

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

Date: November 6, 2003

By: /s/ J. BURKE ASHER

J. Burke Asher
Vice President/Finance

Date: November 6, 2003

14

INDEX TO EXHIBITS

EXHIBIT NUMBER

3.1#	Certificate of Amendment of Certificate of Incorporation of Remington Oil and Gas Corporation.
3.3+++	By-Laws as amended.
10.1++	Pension Plan of Remington Oil and Gas Corporation, as Amended and Restated effective January 1, 2000.
10.2++	Amendment Number One to the Pension Plan of Remington Oil and Gas Corporation.
10.3***	Amendment Number Two to the Pension Plan of Remington Oil and Gas Corporation.
10.4***	Amendment Number Three to the Pension Plan of Remington Oil and Gas Corporation.
10.5*	Box Energy Corporation Severance Plan.
10.6##	Box Energy Corporation 1997 Stock Option Plan (as amended June 17, 1999 and May 23, 2001).
10.7*	Box Energy Corporation Non-Employee Director Stock Purchase Plan.
10.8+	Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and two executive officers.
10.9+	Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and an executive officer.
10.10**	Employment Agreement effective January 31, 2000, by and between Remington Oil and Gas Corporation and James A. Watt.
10.11***	Form of Employment Agreement effective April 30, 2002, by and between Remington Oil and Gas Corporation and an executive officer.
10.12**	Form of Contingent Stock Grant Agreement -- Directors.
10.13**	Form of Contingent Stock Grant Agreement -- Employees.
10.14**	Form of Amendment to Contingent Stock Grant Agreement -- Directors.
10.15**	Form of Amendment to Contingent Stock Grant Agreement -- Employees.
14.1+++	Code of Business Conduct and Ethics.
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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

-
- * 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 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-Q (file number 1-11516) for the fiscal quarter ended September 30, 1999, filed with the Commission 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, 2000, filed with the Commission on or about March 16, 2001.
 - ## Incorporated by reference to the Company's Form 10-Q (file number 1-11516) for the fiscal quarter ended September 30, 2001, filed with the Commission on or about November 9, 2001.
 - ++ Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 2001, filed with the Commission on or about March 21, 2002.
 - *** Incorporated by reference to the Company's Form 10-K (file number 1-11516) for the fiscal year ended December 31, 2002, filed with the Commission on or about March 31, 2003.
 - +++ Incorporated by reference to the Company's Form 10-Q (file number 1-1156) for the fiscal quarter ended June 30, 2003, filed with the Commission on or about August 11, 2003.