

REMINGTON OIL & GAS CORP

Form 10-Q

November 12, 2002

Table of Contents

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, 2002

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

There were 26,234,491 outstanding shares of Common Stock, \$0.01 par value, on November 11, 2002.

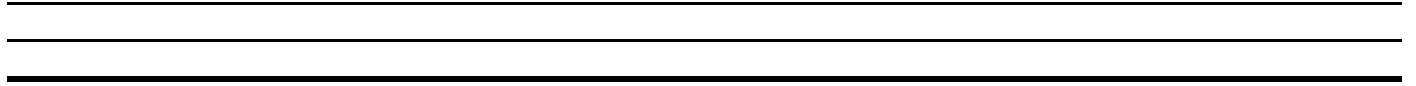


TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Item 4. Controls and Procedures

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Changes in Securities

Item 3. Defaults upon Senior Securities

Item 4. Submission of Matters to a Vote of Security Holders

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K

SIGNATURES

CERTIFICATIONS

INDEX TO EXHIBITS

EX-99.1 Certification Pursuant to 18 USC Sec. 1350

EX-99.2 Certification Pursuant to 18 USC Sec. 1350

Table of Contents

REMINGTON OIL AND GAS CORPORATION

TABLE OF CONTENTS

| | |
|--|-----------|
| PART I, FINANCIAL INFORMATION | 2 |
| ITEM 1. FINANCIAL STATEMENTS | 2 |
| <i>Condensed Consolidated Balance Sheets</i> | 2 |
| <i>Condensed Consolidated Statements of Income</i> | 3 |
| <i>Condensed Consolidated Statements of Cash Flows</i> | 4 |
| <i>Notes to Condensed Consolidated Financial Statements</i> | 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 |
| ITEM 4. CONTROLS AND PROCEDURES | 10 |
| PART II, OTHER INFORMATION | 11 |
| ITEM 1. LEGAL PROCEEDINGS | 11 |
| ITEM 2. CHANGES IN SECURITIES | 11 |
| ITEM 3. DEFAULTS UPON SENIOR SECURITIES | 11 |
| ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS | 11 |
| ITEM 5. OTHER INFORMATION | 11 |
| ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K | 11 |
| SIGNATURES | 13 |
| CERTIFICATIONS | 14 |

Table of Contents

PART I, FINANCIAL INFORMATION

Item 1. *Financial Statements*

REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

| | September 30, 2002 | December 31, 2001 |
|--|--------------------------------------|----------------------|
| | (Unaudited) | |
| | (In thousands, except share data) | |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 9,314 | \$ 19,377 |
| Accounts receivable | 23,099 | 19,445 |
| Prepaid expenses and other current assets | 5,113 | 1,487 |
| | <u> </u> | <u> </u> |
| Total current assets | 37,526 | 40,309 |
| | <u> </u> | <u> </u> |
| Properties | | |
| Oil and natural gas properties (successful-efforts method) | 492,640 | 433,988 |
| Other properties | 3,149 | 3,023 |
| Accumulated depreciation, depletion and amortization | (264,540) | (237,661) |
| | <u> </u> | <u> </u> |
| Total properties | 231,249 | 199,350 |
| | <u> </u> | <u> </u> |
| Other assets | 1,415 | 773 |
| | <u> </u> | <u> </u> |
| Total assets | \$ 270,190 | \$ 240,432 |
| | <u> </u> | <u> </u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 40,691 | \$ 34,232 |
| Short-term notes payable and current portion of other long-term payables | 1,669 | 3,253 |
| | <u> </u> | <u> </u> |
| Total current liabilities | 42,360 | 37,485 |
| | <u> </u> | <u> </u> |
| Long-term liabilities | | |
| Notes payable | 27,000 | 71,000 |
| Other long-term payables | 1,945 | 3,758 |
| Deferred income tax liability | 7,304 | 2,851 |
| | <u> </u> | <u> </u> |
| Total long-term liabilities | 36,249 | 77,609 |
| | <u> </u> | <u> </u> |
| Total liabilities | 78,609 | 115,094 |
| | <u> </u> | <u> </u> |
| Commitments and contingencies (Note 5) | | |

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

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, 26,287,868 shares issued and 26,197,132 shares outstanding in 2002, 22,685,240 shares issued and 22,650,881 outstanding in 2001 | 263 | 227 |
| Additional paid-in capital | 114,952 | 56,698 |
| Restricted common stock | 5,468 | 8,055 |
| Unearned compensation | (3,540) | (4,581) |
| Retained earnings | 75,415 | 64,939 |
| Treasury stock | (977) | |
| | <u> </u> | <u> </u> |
| Total stockholders equity | 191,581 | 125,338 |
| | <u> </u> | <u> </u> |
| Total liabilities and stockholders equity | \$ 270,190 | \$ 240,432 |
| | <u> </u> | <u> </u> |

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|----------------|------------------------------------|------------------|
| | 2002 | 2001 | 2002 | 2001 |
| (Unaudited) | | | | |
| (In thousands, except per share amounts) | | | | |
| Revenues | | | | |
| Oil sales | \$ 12,732 | \$ 6,848 | \$ 31,024 | \$ 22,481 |
| Gas sales | 13,072 | 15,559 | 41,278 | 72,543 |
| Other income | 113 | 350 | 4,450 | 1,902 |
| Total revenues | 25,917 | 22,757 | 76,752 | 96,926 |
| Costs and expenses | | | | |
| Operating costs and expenses | 4,344 | 4,815 | 11,783 | 11,549 |
| Exploration expenses | 3,976 | 6,089 | 12,598 | 10,260 |
| Depreciation, depletion and amortization | 9,384 | 9,370 | 29,201 | 27,619 |
| General and administrative | 1,304 | 757 | 4,101 | 3,563 |
| Stock based compensation | 393 | 366 | 1,246 | 3,281 |
| Settlements | | | | 13,524 |
| Interest and financing expense | 413 | 770 | 1,706 | 2,963 |
| Total costs and expenses | 19,814 | 22,167 | 60,635 | 72,759 |
| Income before taxes | 6,103 | 590 | 16,117 | 24,167 |
| Income tax expense | 2,136 | 207 | 5,641 | 7,887 |
| Net income | \$ 3,967 | \$ 383 | \$ 10,476 | \$ 16,280 |
| Basic income per share | \$ 0.15 | \$ 0.02 | \$ 0.42 | \$ 0.75 |
| Diluted income per share | \$ 0.14 | \$ 0.02 | \$ 0.39 | \$ 0.68 |
| Weighted average shares outstanding (Basic) | 26,140 | 22,103 | 24,990 | 21,827 |
| Weighted average shares outstanding (Diluted) | 27,775 | 24,589 | 26,887 | 24,354 |

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

REMINGTON OIL AND GAS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Nine Months Ended September 30, | |
|--|------------------------------------|-----------------|
| | 2002 | 2001 |
| | (Unaudited) (In thousands) | |
| Cash flow provided by operations | | |
| Net income | \$ 10,476 | \$ 16,280 |
| Adjustments to reconcile net income | | |
| Depreciation, depletion and amortization | 29,201 | 27,619 |
| Deferred income taxes | 5,641 | 7,887 |
| Amortization of deferred charges | 164 | 132 |
| Deferred net profits expense | | 1,270 |
| Dry hole and impairment costs | 11,993 | 7,052 |
| Cash paid for dismantlement costs | (86) | |
| Stock based compensation | 1,246 | 3,281 |
| (Gain) on sale of properties | (4,095) | |
| Changes in working capital | | |
| (Increase) decrease in accounts receivable | (3,674) | 1,972 |
| (Increase) in prepaid expenses and other current assets | (4,436) | (1,208) |
| Increase in accounts payable and accrued liabilities | 6,414 | 20,727 |
| Decrease in restricted cash | | 11,592 |
| | <u>52,844</u> | <u>96,604</u> |
| Net cash flow provided by operations | | |
| Cash from investing activities | | |
| Capital expenditures | (76,650) | (94,304) |
| Proceeds from property sales | 7,738 | |
| | <u>(68,912)</u> | <u>(94,304)</u> |
| Net cash (used in) investing activities | | |
| Cash from financing activities | | |
| Proceeds from note payable | 6,600 | 17,500 |
| Loan origination costs for line of credit | | (307) |
| Payments on notes payable and other long-term payables | (53,997) | (11,232) |
| Common stock issued | 54,379 | 1,018 |
| Treasury stock acquired | (977) | |
| Reduction in temporary equity | | (18,857) |
| | <u>6,005</u> | <u>(11,878)</u> |
| Net cash provided by (used in) financing activities | | |
| Net (decrease) in cash and cash equivalents | (10,063) | (9,578) |
| Cash and cash equivalents at beginning of period | 19,377 | 18,131 |
| | <u>\$ 9,314</u> | <u>\$ 8,553</u> |
| Cash and cash equivalents at end of period | | |

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

REMINGTON OIL AND GAS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 months of 2002. 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 2001 Form 10-K. The income statements for the three and nine months ended September 30, 2002, 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

Statement of Financial Accounting Standards No. 144

During the first quarter of 2002, we adopted Statement of Financial Accounting Standards No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets which supersedes Statement of Financial Accounting Standards No. 121 Accounting for Impairment of Long-Lived Assets. The Statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Adoption of this statement did not have a material effect on our balance sheet or income statement.

Unproved properties

Through December 31, 2001, we assessed the capitalized costs of unproved properties periodically to determine whether their value has been impaired below the capitalized costs, recognizing a loss to the extent such impairment was indicated. In making these assessments, we considered factors such as exploratory drilling results, future drilling plans and lease expiration terms. Effective January 1, 2002, we implemented a policy whereby we amortize the balance of our individually immaterial unproved property costs (adjusted by an anticipated rate of future successful development) over an average lease term. Individually significant properties (those with a net cost of \$500,000 or more) will continue to be evaluated periodically on a separate basis for impairment. We will transfer the original cost of an unproved property to proved properties if and when we find commercial oil and gas reserves sufficient to justify development of the property. The effect of this change was not material to our results of operations.

Note 3. Common Stock and Notes Payable

In March 2002, we issued 3.0 million shares of common stock at \$18.50 per share. Net proceeds from the offering totaled approximately \$52.8 million. We used \$44.0 million of the net proceeds to reduce outstanding bank debt from \$71.0 million to \$27.0 million. We used the remainder of the net proceeds for working capital.

As of September 30, 2002, our amended credit facility of \$150.0 million has a borrowing base of \$75.0 million. Interest only is payable quarterly through May 3, 2004, at which time the line expires and all principal becomes due, unless the line is extended or renegotiated.

Table of Contents**REMINGTON OIL AND GAS CORPORATION****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 4. 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, | |
|--|-------------------------------------|---------|------------------------------------|-----------|
| | 2002 | 2001 | 2002 | 2001 |
| Net income available for basic income per share | \$ 3,967 | \$ 383 | \$ 10,476 | \$ 16,280 |
| Interest expense on Convertible Notes (net of tax) | | 40 | | 184 |
| Net income available for diluted income per share | \$ 3,967 | \$ 423 | \$ 10,476 | \$ 16,464 |
| Basic income per share | \$ 0.15 | \$ 0.02 | \$ 0.42 | \$ 0.75 |
| Diluted income per share | \$ 0.14 | \$ 0.02 | \$ 0.39 | \$ 0.68 |
| Weighted average common stock | | | | |
| Total common shares for basic income per share | 26,140 | 22,103 | 24,990 | 21,827 |
| Dilutive stock options outstanding (treasury stock method) | 1,185 | 1,486 | 1,447 | 1,486 |
| Restricted common stock grant | 450 | 663 | 450 | 663 |
| Warrants | | 66 | | 66 |
| Shares assumed issued upon conversion of Notes | | 271 | | 312 |
| Total common shares for diluted income per share | 27,775 | 24,589 | 26,887 | 24,354 |

Note 5. Contingencies

We have no material pending legal proceedings.

Table of Contents**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion will assist in understanding 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, 2001.

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 2001 Form 10-K. We recommend that you read this discussion in conjunction with the Form 10-K.

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.

Results of Operations

Our net income for the third quarter of 2002 increased by \$3.6 million compared to the third quarter of 2001 primarily because of increased oil sales revenue and lower dry hole costs partially offset by lower gas sales revenue. Our net income for the first nine months of 2002 decreased by 36% because of lower gas sales revenue partially offset by increased oil sales revenue and no settlement expenses relating to litigation issues. During the second quarter of 2001 we incurred a settlement expense when we settled the Philips Petroleum litigation. 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 September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-----------|------------------------------------|-----------|
| | 2002 | 2001 | 2002 | 2001 |
| | (In thousands, except prices) | | | |
| Oil production volume (Bbls) | 494 | 292 | 1,319 | 905 |
| Oil sales revenue | \$ 12,732 | \$ 6,848 | \$ 31,024 | \$ 22,481 |
| Price per barrel | \$ 25.77 | \$ 23.45 | \$ 23.52 | \$ 24.84 |
| Increase (decrease) in oil sales revenue due to: | | | | |
| Change in prices | \$ 677 | | \$ (1,195) | |
| Change in production volume | 5,207 | | 9,738 | |
| Total increase in oil sales revenue | \$ 5,884 | | \$ 8,543 | |
| Gas production volume (Mcf) | 4,043 | 5,442 | 13,630 | 16,140 |
| Gas sales revenue | \$ 13,072 | \$ 15,559 | \$ 41,278 | \$ 72,543 |
| Price per Mcf | \$ 3.23 | \$ 2.86 | \$ 3.03 | \$ 4.49 |
| Increase (decrease) in gas sales revenue due to: | | | | |
| Change in prices | \$ 2,014 | | \$ (23,564) | |
| Change in production volume | (4,501) | | (7,701) | |
| Total (decrease) in gas sales revenue | \$ (2,487) | | \$ (31,265) | |

Our oil production increased by 202,000 barrels, or 69%, in the quarter and by 414,000 barrels, or 46%, for the nine-month period. Increased oil production was primarily the result of several new oil producing facilities being brought on line, partially offset by natural declines.

Table of Contents

Our gas production was 4.0 Bcf, or 1.4 Bcf lower than the third quarter of 2001 primarily because of natural depletion and the sale of certain South Texas properties. In addition, our offshore Gulf of Mexico oil and gas production was curtailed during the last nine days of September as a result of Tropical Storm Isidore and was further curtailed on two additional new properties because of pipeline rerouting. We estimate that these curtailments caused us to lose production of approximately 1.0 Bcfe during the third quarter of 2002.

Other income during the nine months ended September 30, 2002, increased primarily because of a \$4.1 million gain from the sale of properties in South Texas in April 2002.

As part of our long-term strategy, we believe that by controlling our core operating costs (listed in the table below), we can generate sufficient cash flow during most crude oil and natural gas price cycles to reinvest in exploration and development activities and thereby pursue growth in our oil and gas production and reserves. The following table presents the core operating costs per Mcf equivalent (Mcf) of production. (Barrels of oil are converted to Mcfe at a ratio of one barrel equals six Mcf.)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|---------------|------------------------------------|---------------|
| | 2002 | 2001 | 2002 | 2001 |
| Operating costs and expenses | \$0.62 | \$0.67 | \$0.55 | \$0.54 |
| Depreciation, depletion and amortization | \$1.34 | \$1.30 | \$1.36 | \$1.28 |
| General and administrative (excluding stock-based compensation) | \$0.19 | \$0.11 | \$0.19 | \$0.17 |
| Interest and financing expense | \$0.06 | \$0.11 | \$0.08 | \$0.14 |
| Total core operating costs | \$2.21 | \$2.19 | \$2.18 | \$2.13 |

Operating costs and expenses for the third quarter of 2002 compared to the third quarter of 2001 decreased by \$471,000, or 10% because of lower workover expenditures in 2002. Operating costs and expenses on a per Mcfe basis for the third quarter of 2002 compared to the first nine months of 2002 increased primarily because of the production curtailments during the third quarter and slightly higher start-up costs for certain new offshore properties. The increase during the third quarter of 2001 compared to the first nine months of 2001 is the result of workover expenses during the third quarter of 2001.

Exploration expense in the third quarter of 2002 was \$2.1 million lower than in the third quarter of 2001 primarily because of lower dry hole costs for the quarter, while year-to-date exploration expense increased by \$2.3 million because of increased dry hole expense and impairments for unproved properties for the first nine months of 2002. Dry hole expense for 2002 includes four wells in the Gulf of Mexico and three wells in South Texas totaling \$12.0 million compared to \$7.1 million dry hole expense in 2001.

Depreciation, depletion and amortization per Mcfe increased by 3% during the third quarter of 2002 and by 6% during the first nine months of 2002 compared to the same periods in 2001. The increase reflects the slightly higher cost per unit of the prior year discoveries compared to earlier years.

General and administrative expenses increased because of an increase in the number of employees and because of generally higher personnel costs including salaries, bonuses, and pension expense. Stock based compensation expense includes the directors fees paid in common stock and the amortization of compensation cost related to the contingent stock grant. During the first quarter of 2001 we recorded a catch up amortization of approximately \$2.1 million from the date of the grant in June 1999 to the measurement date in January 2001.

Table of Contents

During the second quarter of 2001 we settled litigation with Phillips Petroleum concerning a net profits interest on one of our Gulf of Mexico blocks. In connection with the settlement we charged \$13.5 million to expense during the second quarter of 2001.

Interest and financing expenses decreased by 46% during the third quarter of 2002 and by 42% during the nine months ended September 30, 2002, compared to the same periods in the prior year because of lower interest rates and lower average debt balances.

Liquidity and Capital Resources

Cash flow from operations before changes in working capital decreased by \$9.0 million, or 14%, primarily because of lower gas revenues during the first three quarters of 2002 compared to 2001, partially offset by higher oil revenues. Gas sales decreased by \$31.3 million, or 43% because average gas prices decreased by 33% and production decreased by 16%. However, oil sales increased by \$8.5 million, or 38%, because oil production increased by 46%, partially offset by lower average oil prices.

During the first nine months of 2002, our capital expenditures totaled \$76.7 million of which \$70.8 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 have increased our 2002 capital and exploration budget from \$75.0 million to \$93.0 million. This updated capital and exploration budget includes \$46.0 million for exploratory wells, \$43.0 million for offshore platforms and development drilling, and \$4.0 million for leasing and seismic and property acquisitions. If our exploratory wells are successful we may incur additional development costs for well completions, platforms and facilities. 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 2002.

In March 2002 we issued 3.0 million shares of common stock at \$18.50 per share. Net proceeds from the offering totaled approximately \$52.8 million. We used \$44.0 million of the net proceeds to reduce outstanding bank debt from \$71.0 million to \$27.0 million, and we used the remainder for working capital.

As of September 30, 2002, our credit facility of \$150.0 million had a borrowing base of \$75.0 million. Interest only is payable quarterly through May 3, 2004, at which time the line expires and all principal becomes due, unless the line is extended or renegotiated. As of September 30, 2002, we had \$27.0 million borrowed under the facility. The banks review the borrowing base semi-annually and may increase or decrease 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.

The following table summarizes certain contractual obligations and commercial commitments as of September 30, 2002.

| | Payments Due by Period (from September 30, 2002) | | | | |
|-------------------------|--|---------------------|-----------------|--------------|---------------|
| | Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
| | (In thousands) | | | | |
| Contractual obligations | | | | | |
| Bank debt | \$27,000 | \$ | \$27,000 | \$ | \$ |
| Other payables | 3,614 | 1,669 | 1,945 | | |
| Office lease | 2,579 | 441 | 908 | 984 | 246 |
| Total | \$33,193 | \$2,110 | \$29,853 | \$984 | \$246 |

Item 3. Quantitative and Qualitative Disclosures about Market Risk*Interest Rate Risk*

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

Our market sensitive instrument at September 30, 2002, is a revolving bank line of credit. At September 30, 2002, the unpaid principal balance under the line was \$27.0 million which approximates its fair

Table of Contents

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, 2002, Libor changed by one full percentage point (100 basis points) the fair value of our revolving debt would change by approximately \$67,500. We have not entered into any interest rate hedging contracts.

Commodity Price Risk

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. During the period January 1, 2002, through June 30, 2002, we had physical delivery contracts in place to sell 20,000 MMBtu of gas per day (approximately 1/3 of our gas production for that 6-month period) at a price of approximately \$2.77 per MMBtu. Currently we are selling all of our production at market prices. A vast majority of our production is sold on the spot markets. Accordingly, we are at risk for the volatility in commodity prices inherent in the oil and gas industry.

Item 4. *Controls and Procedures*

Our management, including our Chief Executive Officer and our Principal Financial Officer, has evaluated our disclosure controls and procedures. 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 November 4, 2002, the date that the evaluation was concluded. Further, there were no significant changes in internal controls, or in other factors that could significantly affect internal controls, subsequent to November 4, 2002.

Table of Contents

PART II, OTHER INFORMATION

Item 1. *Legal Proceedings*

We have no material pending legal proceedings.

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:*

| | |
|----------|---|
| 3.2.1*** | 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** | Box Energy Corporation Severance Plan. |
| 10.4# | Box Energy Corporation 1997 Stock Option Plan (as amended June 17, 1999 and May 23, 2001). |
| 10.5** | Box Energy Corporation Non-Employee Director Stock Purchase Plan. |
| 10.6++ | Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and two executive officers. |
| 10.7++ | Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and an executive officer. |
| 10.8+++ | Employment Agreement effective January 31, 2000, by and between Remington Oil and Gas Corporation and James A. Watt. |
| 10.9+++ | Form of Contingent Stock Grant Agreement Directors. |
| 10.10+++ | Form of Contingent Stock Grant Agreement Employees. |
| 10.11+++ | Form of Amendment to Contingent Stock Grant Agreement Directors. |
| 10.12+++ | Form of Amendment to Contingent Stock Grant Agreement Employees. |
| 99.1 | Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 99.2 | |

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

Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) We did not file any reports on Form 8-K during the three months ended September 30, 2002.

Table of Contents

- ** 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 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, 2000, filed with the Commission and effective 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 and effective 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 and effective on or about March 21, 2002.

Table of Contents

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

Date: November 12, 2002

By: */s/ J. BURKE ASHER*

J. Burke Asher
Vice President/ Finance

Date: November 12, 2002

Table of Contents

CERTIFICATIONS

I, James A. Watt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Remington Oil and Gas Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and

(c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By /s/ JAMES A. WATT

James A. Watt
President and Chief Executive Officer

Date November 12, 2002

Table of Contents

I, J. Burke Asher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Remington Oil and Gas Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date); and

(c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By

/s/ J. BURKE ASHER

J. Burke Asher
Vice President/ Finance
(Principal Financial Officer)

Date November 12, 2002

Table of Contents

INDEX TO EXHIBITS

| | |
|----------|---|
| 3.2.1*** | 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** | Box Energy Corporation Severance Plan. |
| 10.4# | Box Energy Corporation 1997 Stock Option Plan (as amended June 17, 1999 and May 23, 2001). |
| 10.5** | Box Energy Corporation Non-Employee Director Stock Purchase Plan. |
| 10.6++ | Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and two executive officers. |
| 10.7++ | Form of Employment Agreement effective September 30, 1999, by and between Remington Oil and Gas Corporation and an executive officer. |
| 10.8+++ | Employment Agreement effective January 31, 2000, by and between Remington Oil and Gas Corporation and James A. Watt. |
| 10.9+++ | Form of Contingent Stock Grant Agreement Directors. |
| 10.10+++ | Form of Contingent Stock Grant Agreement Employees. |
| 10.11+++ | Form of Amendment to Contingent Stock Grant Agreement Directors. |
| 10.12+++ | Form of Amendment to Contingent Stock Grant Agreement Employees. |
| 99.1 | Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 99.2 | Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

-
- ** 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 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, 2000, filed with the Commission and effective 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 and effective 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 and effective on or about March 21, 2002.