UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended March 31, 1999

[ ] 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: 0-22739

Cal Dive International, Inc.
(Exact Name of Registrant as Specified in its Charter)

Minnesota	95-3409686
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)

400 N. Sam Houston Parkway E.
Suite 400
Houston, Texas 77060
(Address of Principal Executive Offices)

(281) 618-0400
(Registrant's telephone number,
Including area code)

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13(b) or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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 [X] No [ ]

At May 14, 1999 there were 14,696,681 shares of common stock, no par value outstanding.

CAL DIVE INTERNATIONAL, INC.
INDEX

PART I. FINANCIAL STATEMENTS

Item 1. Financial Statements

CAL DIVE INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	March 31, 1999	Dec. 31, 1998
ASSETS	(unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 39,584	$ 32,843
Accounts receivable --		
Trade, net of revenue allowance on gross amounts billed of $3,132 and $1,335	21,540	20,350
Unbilled	4,897	10,703
Other current assets	12,932	9,190
Total current assets	78,953	73,086
PROPERTY AND EQUIPMENT	119,396	107,421
Less - Accumulated depreciation	(30,527)	(28,262)
	88,869	79,159
OTHER ASSETS:		
Cash deposits restricted for salvage operations	2,475	2,408
Investment in Aquatica, Inc.	7,756	7,656
Other assets, net	3,430	1,926
	$ 181,483	$ 164,235
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 18,285	$ 15,949
Accrued liabilities	6,805	10,020
Income taxes payable	1,971	1,201
Total current liabilities	27,061	27,170
LONG-TERM DEBT	0	0
DEFERRED INCOME TAXES	13,539	13,539
DECOMMISSIONING LIABILITIES	24,637	9,883
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock, no par, 60,000 shares authorized, 21,454 and 21,402 shares issued and outstanding	53,443	52,981
Retained earnings	66,554	64,413
Treasury stock, 6,820 shares, at cost	(3,751)	(3,751)
Total shareholders' equity	116,246	113,643
	$ 181,483	$ 164,235

The accompanying notes are an integral part of these consolidated financial statements.

CAL DIVE INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended March 31, 1999	1998
	(unaudited)	
NET REVENUES:		
Subsea and salvage	$ 23,255	$ 29,342
Natural gas and oil production	2,751	3,815
	26,006	33,157
COST OF SALES:		
Subsea and salvage	18,655	20,394
Natural gas and oil production	2,094	2,200
Gross profit	5,257	10,563
SELLING AND ADMINISTRATIVE EXPENSES:		
Selling expenses	369	317
Administrative expenses	2,204	2,523
Total selling and administrative expenses	2,573	2,840
INCOME FROM OPERATIONS	2,684	7,723
OTHER INCOME AND EXPENSE:		
Equity in earnings of Aquatica, Inc.	100	133
Net interest (income) and other	(448)	(209)
INCOME BEFORE INCOME TAXES	3,232	8,065
Provision for income taxes	1,145	2,822
NET INCOME	$ 2,087	$ 5,243
EARNINGS PER COMMON SHARE:		
Basic	$ 0.14	$ 0.36
Diluted	$ 0.14	$ 0.35
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	14,617	14,535
Diluted	14,995	14,999

The accompanying notes are an integral part of these consolidated financial statements.

CAL DIVE INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Three Months Ended March 31, 1999	1998
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		

Net income	$2,087	$5,243
Adjustments to reconcile net income to net cash provided by operating activities --		
Depreciation and amortization	2,748	1,996
Deferred income taxes	0	1,200
Equity in earnings of Aquatica, Inc.	(100)	(133)
Changes in operating assets and liabilities:		
Accounts receivable, net	4,616	1,605
Other current assets	(3,743)	(3,176)
Accounts payable and accrued liabilities	(879)	3,460
Income taxes payable/receivable	1,001	914
Other non-current, net	(1,811)	(1,140)
Net cash provided by operating activities	3,919	9,969
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(5,243)	(6,789)
Prepayment of deferred lease abandonement cost	7,750	0
Acquisition of Investment in Aquatica, Inc.	0	(5,000)
Purchase of deposits restricted for salvage operations	(67)	(79)
Proceeds from sale of property	150	0
Net cash provided by (used in) investing activities	2,590	(11,868)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Exercise of stock options	232	45
Net cash provided by financing activities	232	45
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,741	(1,854)
CASH AND CASH EQUIVALENTS:		
Balance, beginning of period	32,843	13,025
Balance, end of period	$39,584	$11,171

The accompanying notes are an integral part of these consolidated financial statements.

CAL DIVE INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements include the accounts of Cal Dive International, Inc. (Cal Dive or the Company) and its wholly owned subsidiaries, Energy Resource Technology, Inc. (ERT) and Cal Dive Offshore, Ltd. All significant intercompany accounts and transactions have been eliminated. These financial statements are unaudited and have been prepared pursuant to instructions for the Quarterly Report on Form 10-Q required to be filed with the Securities and Exchange Commission and do not include all information and footnotes normally included in financial statements prepared in accordance with generally accepted accounting principles.

Management has reflected all adjustments (which were normal recurring adjustments) which it believes are necessary for a fair presentation of the consolidated balance sheets, results of operations, and cash flows, as applicable. Operating results for the periods ended March 31, 1999, are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K.

NOTE 2 - ACQUISITION OF OFFSHORE BLOCKS

During the first quarter, ERT acquired interests in ten blocks involving seven separate fields from Sonat Exploration Company, five offshore blocks from Shell Offshore, Inc. and two blocks from Vastar Resources, Inc. in exchange for cash consideration, as well as assumption of the pro rata share of the related decommissioning liabilities. Subsequent to quarter end, in April 1999, ERT acquired interests in two fields from Spirit Energy and one from Newfield, along with the acquisition of additional interest in a currently owned ERT property from Samedan, in exchange for cash consideration, as well as assumption of the seller's pro rata share of the related decommissioning liability. The decommissioning obligations of $19.5 million assumed in these six transactions were such that a cash outlay was not required in conjunction with the property acquisitions.

NOTE 3 - BUSINESS SEGMENT INFORMATION (IN THOUSANDS)

	MARCH 31, 1999 (unaudited)	DECEMBER 31, 1998
Identifiable Assets --		
Subsea and Salvage	$151,750	$142,629
Natural Gas and Oil Production	29,733	21,606
Total	$181,483	$164,235

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

FORWARD LOOKING STATEMENTS AND ASSUMPTIONS

This Quarterly Report on Form 10-Q may contain or incorporate by reference certain forward-looking statements, including by way of illustration and not of limitation, statements relating to liquidity, margins, the Company's business strategy, plans for future operations, and the industry conditions. The Company strongly encourages readers to note that some or all of the assumptions, upon which such forward-looking statements are based, are beyond the Company's ability to control or estimate precisely, and may in some cases be subject to rapid and material changes. Accordingly, evaluation of future prospects of the Company must be made with caution when relying on forward-looking information.

RESULTS OF OPERATIONS

COMPARISON OF THREE MONTHS ENDED MARCH 31, 1999 AND 1998

REVENUES. During the three months ended March 31, 1999, the Company's revenues declined 22% to $26.0 million compared to $33.2 million for the three months ended March 31, 1998 with the Subsea and Salvage segment contributing 85% of the decline. Included in 1998 revenues was $4 million contributed by chartering the MARIANOS, a Coflexip vessel. The Company's traditional subsea DSV's that work the Outer Continental Shelf (i.e., the CAL DIVERS I through V) reported revenues $3.5 million lower than the first quarter of 1998 as the CAL DIVERS I & III were in drydock for a combined eight weeks and the CAL DIVER IV was sold (the replacement vessel is expected to be in the market in the second half of 1999).

Natural gas and oil production revenue for the three months ended March 31, 1999 declined 28% to $2.7 million from $3.8 million during the comparable prior year period due mainly to a decrease in average gas prices from $2.26/mcf realized in the first quarter of 1998 compared to $1.71/mcf realized in the first quarter of 1999.

GROSS PROFIT. Gross profit of $5.3 million for the first quarter of 1999 is half of the $10.6 million gross profit recorded in the comparable prior year period due to the revenue decline coupled with a 12 point decline in margins (from 32% to 20%). The decrease in gross profit margins is due primarily to the more competitive market conditions and to setting aside of reserves due to a few isolated customer bankruptcies (i.e., the allowance for doubtful accounts increased from $1.3 million at yearend 1998 to $3.1 million at March 31, 1999). In addition, the DP DSV BALMORAL SEA was warmstacked throughout February and March further contributing to the margin decline.

Natural gas and oil production gross profit decreased $950,000 from $1.6 million in the first quarter of 1998 to $650,000 for the three months ended March 31, 1999, due to the aforementioned decrease in average gas prices.

SELLING & ADMINISTRATIVE EXPENSES. Selling and administrative expenses were $2.6 million in the first quarter of 1999, which is 9% less than the $2.8 million incurred in the first quarter of 1998 due mainly to personnel layoffs implemented early in the first quarter of 1999.

NET INTEREST. The Company reported net interest income and other of $448,000 for the three months ended March 31, 1999 in contrast to $209,000 for the three months ended March 31, 1998 due to an approximately $20 million increase in average cash balances during the first quarter of 1999 as compared to the first quarter of 1998.

INCOME TAXES. Income taxes decreased to $1.1 million for the three months ended March 31, 1999, compared to $2.8 million in the comparable prior year period due to decreased profitability.

NET INCOME. Net income of $2.1 million for the three months ended March 31, 1999 was $3.2 million, or 60%, less than the comparable period in 1998 as a result of factors described above.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically funded its operating activities principally from internally generated cash flow, even during industry-depressed years such as 1992 and 1998. The Company completed an initial public offering of common stock on July 7, 1997, with the sale of 2,875,000 shares generating net proceeds to the Company of approximately $39.5 million, net of underwriting discounts and issuance costs. The proceeds were used to fund capital expenditures during 1997 and to repay all outstanding long-term indebtedness. As of March 31, 1999, the Company had $51.9 million of working capital (including $39.6 million of cash on hand) and no debt outstanding. Additionally, CDI has approximately $40.0 million available under a Revolving Credit Agreement. The Company has had, and anticipates having additional discussions with third parties regarding possible asset acquisitions (including natural gas and oil properties and vessels). However, the Company can give no assurance that any such transaction can be completed.

OPERATING ACTIVITIES. Net cash provided by operating activities was $3.9 million in the three months ended March 31, 1999, as compared to $10.0 million in the first quarter of 1998. This reduction was due mainly to decreased profitability during the first quarter of 1999 and a $3.5 million increase in accounts payable and accrued liabilities during the first quarter of 1998 compared to a $900,000 decrease in the first quarter of 1999. The first quarter 1998 increase was due mainly to significant accruals during March 1998 for various capital projects (including an upgrade of the SEA SORCERESS in preparation for the Terra Nova project and costs associated with placing the MERLIN in service). These reductions in operating cash flows were offset somewhat by increased collections of accounts receivable during the first quarter of 1999.

INVESTING ACTIVITIES. The Company incurred $5.2 million of capital expenditures during the first quarter of 1999 compared to $6.8 million during the comparable prior year period. Included in the $5.2 million of capital expenditures in the first quarter of 1999 is $1.9 million related to well recompletion work on the ERT properties acquired in the first quarter. The remaining balance includes $1.3 million for the acquisition of thrusters for the future upgrade of the SEA SORCERESS and new steel associated with the CAL DIVERS I AND III US Coast Guard

drydocks. In connection with the aforementioned ERT property acquisitions the seller prepaid $7.8 million of the decommissioning liability.

In January 1998, ERT acquired interests in six blocks involving two separate fields from Sonat Exploration Company for $1.0 million and assumption of Sonat's pro rata share of the related decommissioning liability. The remaining balance relates to costs associated with placing the MERLIN in service and additions to the SEA SORCERESS in preparation for the Terra Nova project. In February 1998, the Company purchased a significant minority equity investment in Aquatica, Inc. (a surface diving company) for $5.0 million, in addition to a commitment to lend additional funds of $5.0 million to allow Aquatica to purchase vessels and fund other growth opportunities. Dependent upon various preconditions, as defined, the shareholders of Aquatica, Inc. have the right to convert their shares into Cal Dive shares at a ratio based on a formula which, among other things, values their interest in Aquatica, Inc. and must be accretive to Cal Dive shareholders.

FINANCING ACTIVITIES. The only financing activity during the first quarters 1999 and 1998 represents exercise of employee stock options.

CAPITAL COMMITMENTS. The Company is considering the construction of a new build multiservice vessel, the Q4000 and conversion of the SEA Sorceress. Funding for these projects, if approved by the Board of Directors, is expected to come from cash balances on hand, long-term borrowings and perhaps the issuance of additional equity. In addition, as discussed previously, in connection with its business strategy, management expects the Company to acquire additional vessels as well as buy additional natural gas and oil properties.

IMPACT OF YEAR 2000 ISSUE

The Company has assessed what computer software and hardware will require modification or replacement so that its computer systems will properly utilize dates beyond December 31, 1999. The Company has purchased, and has implemented, a new project management accounting system which is Year 2000 compliant. This system, which fully integrates all of its modules, provides project managers and accounting personnel with up-to-date information enabling them to better control jobs in addition to providing benefits in inventory control and planned vessel maintenance. CDI's vessel computer DP systems are partially dependent on government satellites and the government has not yet confirmed that they have solved Year 2000 data problems. If necessary, the vessels could operate for sometime safely on redundant systems other than satellite information. Accordingly, the Company believes that the Year 2000 issue will be resolved in a timely manner and presently does not believe that the cost to become Year 2000 compliant will have a material adverse effect on the Company's consolidated financial statements. The foregoing statements are intended to be and are hereby designated "Year 2000 Readiness Disclosure" within the meaning of the Year 2000 Information Readiness and Disclosure Act.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various routine legal proceedings primarily involving claims for personal injury under the General Maritime Laws of the United States and Jones Act as a result of alleged negligence. In addition, the Company from time to time incurs other claims, such as contract disputes, in the normal course of business. The Company believes that the outcome of all such proceedings would not have a material adverse effect on its consolidated financial position, results of operations or net cash flows.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits -

Exhibit 27 - Financial Data Schedule. (Exhibit 27 is being submitted as an exhibit only in the electronic format of this Quarterly Report on Form 10-Q being submitted to the Securities and Exchange Commission.)

(b) Reports on Form 8-K - None.

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.

CAL DIVE INTERNATIONAL, INC.

Date: May 14, 1999 By: S. James Nelson, Executive Vice President and Chief Financial Officer

Date: May 14, 1999 By: A. Wade Pursell, Vice President-Finance and Chief Accounting Officer

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