
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **October 31, 2006**

Helix Energy Solutions Group, Inc.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of incorporation)

001-32936
(Commission File Number)

95-3409686
(IRS Employer Identification No.)

**400 N. Sam Houston Parkway E.,
Suite 400
Houston, Texas**
(Address of principal executive offices)

77060
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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-

Item 2.02 Results of Operations and Financial Condition.

Attached hereto as Exhibits 99.1 and 99.2, respectively, and incorporated by reference herein are the press release and Third Quarter 2006 Earnings Conference Call Presentation issued by the Registrant on October 31, 2006 regarding earnings for the third quarter of 2006. This information is not deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 and is not incorporated by reference into any Securities Act registration statements.

Item 9.01 Financial Statements and Exhibits.

(c) *Exhibits.*

<u>Number</u>	<u>Description</u>
99.1	Press Release of Helix Energy Solutions Group, Inc. dated October 31, 2006, reporting financial results for the third quarter of 2006.
99.2	Third Quarter 2006 Earnings Conference Call Presentation.

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 hereunto duly authorized.

Date: October 31, 2006

HELIX ENERGY SOLUTIONS GROUP, INC.

By: /s/ A. WADE PURSELL _____

A. Wade Pursell
Senior Vice President and
Chief Financial Officer

Index to Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Helix Energy Solutions Group, Inc. dated October 31, 2006, reporting financial results for the third quarter of 2006.
99.2	Third Quarter 2006 Earnings Conference Call Presentation.



PRESSRELEASE

Helix Energy Solutions Group, Inc. • 400 N. Sam Houston Parkway E., Suite 400 • Houston, TX 77060-3500 • 281-618-0400 • fax: 281-618-0505

For Immediate Release

06-029

Date: October 31, 2006

Contact: Wade Pursell
Title: Chief Financial Officer

Helix Reports Third Quarter Results

HOUSTON, TX —Helix Energy Solutions (NYSE: HLX) reported third quarter net income of \$57.0 million, or \$0.60 per diluted share.

Summary of Results
(in thousands, except per share amounts and percentages)

	Third Quarter		Second Quarter	Nine Months	
	2006	2005	2006	2006	2005
Revenues	\$ 374,424	\$ 209,338	\$ 305,013	\$ 971,085	\$ 535,444
Gross Profit	130,470 35%	82,928 40%	131,692 43%	364,428 38%	187,220 35%
Net Income	57,029 15%	42,671 20%	69,139 23%	181,557 19%	94,108 18%
Diluted Earnings Per Share	0.60	0.53	0.83	2.09	1.17

Martin Ferron, President and Chief Executive Officer of Helix, stated, "This was a rare quarter when we failed to meet our earnings expectations for the following main reasons:

- Our oil and gas sales averaged 35 mcf/d less than our projection, due primarily to pipeline shut-ins and production management issues following the acquisition of Remington.
- We had four major marine assets in the shipyard for longer than anticipated to complete maintenance or upgrade work.
- We incurred \$16 million of dry hole cost related to two deepshelf wells commenced by Remington in the second quarter before the acquisition was closed.
- We had around \$6 million of contracting profit elimination due to a focus on providing assets for production restoration.

- We expensed around \$6 million of facility repair work caused by the hurricanes of last year. Eventually insurance proceeds should cover much of this cost.
- We incurred around \$2 million of true one off integration costs linked to the acquisition of Remington.
- Spot natural gas prices were lower than expected, especially later in the quarter.

“All of these factors contributed to around \$0.40 of earnings shortfall. The better news is that in Q4: we are gradually improving our production as we get access to previously shut-in pipelines; all four of the major marine assets will achieve much improved utilization; we have a new production management team in place; we have reprioritized the deep shelf drilling program; spot natural gas are higher; and we should not incur any further one time acquisition related costs.

“Due to the improved situation in Q4 we maintain the full year 2006 earnings guidance of \$2.80 - \$3.20/share as provided on October 2nd. We anticipate providing updated guidance for 2007 following Board approval of our budget in mid-December.”

Financial Highlights

- **Revenues:** The \$165.1 million increase in year-over-year third quarter revenues was driven primarily by significant improvements in contracting services revenues due to the introduction of newly acquired assets and much better market conditions. In addition, Oil and Gas sales increased \$69.6 million due primarily to the production added from the Remington acquisition.
- **Margins:** 35% is five points less than the year ago quarter due primarily to the aforementioned dry hole costs and facility repair costs. Without these charges, gross margin for the third quarter 2006 would have been 41%.
- **SG&A:** \$30.3 million increased \$14.4 million from the same period a year ago due primarily to increased overhead to support the Company’s growth. This level of SG&A was 8% of third quarter revenues, same as the year ago quarter.
- **Equity in Earnings:** \$1.9 million reflects primarily our share of Deepwater Gateway, L.L.C.’s earnings for the quarter relating to the *Marco Polo* facility offset by a loss on our investment in OTSL (our Trinidadian investment) due primarily to mechanical issues experienced on the *Witch Queen*.
- **Income Tax Provision:** The Company’s effective tax rate for the quarter was 35% which is less than the 37% rate in last year’s third quarter due primarily to the Company’s ability to realize foreign tax credits due to improved profitability both domestically and in foreign jurisdictions.
- **Shares Outstanding:** On July 1, 2006, Helix acquired Remington Oil & Gas for approximately \$1.4 billion paying approximately 60% with cash and 40% with Helix stock. The additional shares were the primary cause of total diluted shares outstanding increasing to 96.9 million for the third quarter 2006 from 82.2 million in the third quarter 2005. In addition, the Board of Directors authorized the Company to buy back up to \$50 million of its stock in the open market. During October approximately 1.1 million shares were purchased at a weighted average price of \$29.22 per share.
- **Balance Sheet:** To fund the cash portion of the Remington acquisition the Company entered into an \$835 million Term B facility increasing total debt to \$1,277 million as of September 30, 2006. This represents 47% debt to book capitalization and with \$593 million of EBITDAX during the last twelve months, this represents 2.2 times trailing twelve month EBITDAX.

Further details are provided in the presentation for Helix’s quarterly conference call (see the Investor Relations page of www.HelixESG.com). In addition, reconciliations of non-GAAP measures are included on the Investor Relations page of our website. The call, scheduled for 9:00 a.m. Central

Standard Time on Wednesday, November 1, 2006, will be webcast live. A replay will be available from the Audio Archives page.

Helix Energy Solutions, headquartered in Houston, Texas, is an energy services company that provides innovative solutions to the oil and gas industry worldwide for marginal field development, alternative development plans, field life extension and abandonment, with service lines including diving services, shelf and deepwater construction, robotics, well operations, well engineering and subsurface consulting services, platform ownership and oil and gas production.

FORWARD-LOOKING STATEMENTS

This press release and attached presentation contain forward-looking statements that involve risks, uncertainties and assumptions that could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements, other than statements of historical fact, are statements that could be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, any projections of revenue, gross margin, expenses, earnings or losses from operations, or other financial items; future production volumes, results of exploration, exploitation, development, acquisition and operations expenditures, and prospective reserve levels of property or wells; any statements of the plans, strategies and objectives of management for future operations; any statement concerning developments, performance or industry rankings relating to services; any statements regarding future economic conditions or performance; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include the performance of contracts by suppliers, customers and partners; employee management issues; complexities of global political and economic developments, geologic risks and other risks described from time to time in our reports filed with the Securities and Exchange Commission ("SEC"), including the Company's Annual Report on Form 10-K for the year ending December 31, 2005 and subsequent quarterly reports on Form 10-Q. We assume no obligation and do not intend to update these forward-looking statements.

HELIX ENERGY SOLUTIONS GROUP, INC.

Comparative Condensed Consolidated Statements of Operations

(in thousands, except per share data)	Three Months Ended Sep. 30,		Nine Months Ended Sep. 30,	
	2006	2005	2006	2005
	(Unaudited)			
Net revenues	\$ 374,424	\$ 209,338	\$ 971,085	\$ 535,444
Cost of sales	243,954	126,410	606,657	348,224
Gross profit	130,470	82,928	364,428	187,220
Gain on sale of assets, net	2,287	329	2,570	1,254
Selling and administrative	30,309	15,892	78,751	41,588
Income from operations	102,448	67,365	288,247	146,886
Equity in earnings of investments	1,897	3,721	12,653	8,158
Net interest expense and other	15,103	2,766	20,543	4,868
Income before income taxes	89,242	68,320	280,357	150,176
Income tax provision	31,409	25,099	96,387	54,418
Net income	57,833	43,221	183,970	95,758
Preferred stock dividends	804	550	2,413	1,650
Net income applicable to common shareholders	\$ 57,029	\$ 42,671	\$ 181,557	\$ 94,108
Other Financial Data:				
Net income applicable to common shareholders	\$ 57,029	\$ 42,671	\$ 181,557	\$ 94,108
Preferred stock dividends	804	550	2,413	1,650
Income tax provision	31,409	25,099	96,387	54,418
Net Interest expense and other	15,103	2,766	20,543	4,868
Non-cash stock compensation expense	1,910	311	5,726	708
Depreciation and amortization	63,879	28,746	131,451	83,925
Non-cash impairment	—	—	—	790
Dry hole expense	16,869	—	37,615	—
Exploration expense	2,651	928	3,680	5,950
Share of equity investments:				
Depreciation	1,238	1,200	3,720	3,207
Interest expense, net	79	143	253	1,562
EBITDAX(1)	\$ 190,971	\$ 102,414	\$ 483,345	\$ 251,186
Weighted Avg. Shares Outstanding:				
Basic	91,531	77,526	82,706	77,372
Diluted	96,918	82,160	88,209	81,962
Earnings Per Share:				
Basic	\$ 0.62	\$ 0.55	\$ 2.20	\$ 1.22
Diluted	\$ 0.60	\$ 0.53	\$ 2.09	\$ 1.17

(1) The Company calculates EBITDAX as earnings before net interest expense, taxes, depreciation and amortization, dry hole and non-cash impairments, exploration expense, non-cash stock compensation expense and the Company's share of depreciation, net interest expense and taxes from its equity investments. EBITDAX and EBITDAX margin (defined as EBITDAX divided by net revenues) are supplemental non-GAAP financial measurements used by the Company and investors in the energy industry in the evaluation of its business due to the measurements being similar to income from operations.

Comparative Condensed Consolidated Balance Sheets

ASSETS (000's omitted)	LIABILITIES & SHAREHOLDERS' EQUITY			
	Sep. 30, 2006 (unaudited)	Dec. 31, 2005	Sep. 30, 2006 (unaudited)	Dec. 31, 2005
Current Assets:			Current Liabilities:	
Cash and equivalents	\$ 127,785	\$ 91,080	Accounts payable	\$ 208,398
Accounts receivable	299,980	228,058	Accrued liabilities	177,192
Other current assets	102,143	52,915	Current mat of L-T debt(2)	14,727
Total Current Assets	529,908	372,053	Total Current Liabilities	400,317
Net Property & Equipment:			Long-term debt(2)	1,262,098
Marine Contracting	693,563	524,890	Deferred income taxes	441,359
Oil and Gas Production	1,352,931	391,472	Decommissioning liabilities	138,713
Equity Investments	210,457	179,844	Other long-term liabilities	4,582
Goodwill	805,706	101,731	Convertible preferred stock (2)	55,000
Other assets, net	117,382	90,874	Shareholders' equity (2)	1,407,878
Total Assets	\$3,709,947	\$1,660,864	Total Liabilities & Equity	\$3,709,947

(2) Debt to book capitalization — 47% at September 30, 2006. Calculated as total debt (\$1,276,825) divided by sum of total debt, convertible preferred stock and shareholders' equity (\$2,739,703).



**Third Quarter 2006
Earnings Conference Call
November 1, 2006**

Owen Kratz –Executive Chairman

Martin Ferron – President & Chief Executive Officer

Wade Pursell – Chief Financial Officer



Forward-Looking Statements

This presentation contains forward-looking statements that involve risks, uncertainties and assumptions that could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements, other than statements of historical fact, are statements that could be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, any projections of revenue, gross margin, expenses, earnings or losses from operations, or other financial items; future production volumes, results of exploration, exploitation, development, acquisition and operations expenditures, and prospective reserve levels of property or wells; any statements of the plans, strategies and objectives of management for future operations; any statement concerning developments, performance or industry rankings relating to services; and any statements of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include the performance of contracts by suppliers, customers and partners; employee management issues; complexities of global political and economic developments, geologic risks and other risks described from time to time in our reports filed with the Securities and Exchange Commission ("SEC"), including the Company's Annual Report on Form 10-K for the year ending December 31, 2005 and subsequent quarterly reports on Form 10-Q. We assume no obligation and do not intend to update these forward-looking statements.

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. Statements of proved reserves are only estimates and may be imprecise. Any reserve estimates provided in this presentation that are not specifically designated as being estimates of proved reserves may include not only proved reserves but also other categories of reserves that the SEC's guidelines strictly prohibit the Company from including in filings with the SEC. Investors are urged to consider closely the disclosure in the Company's Annual Report on Form 10-K for the year ending December 31, 2005.

As previously announced, Cal Dive has filed with the Securities and Exchange Commission a Form S-1 for its planned initial public offering (IPO) of a minority interest in Cal Dive's common stock.

The offering will be made only by means of a prospectus. Once available, preliminary prospectuses may be obtained from Cal Dive International, Inc., 400 North Sam Houston Parkway E., Houston, Texas 77060 or by calling (281) 618-0400.

A registration statement relating to the IPO of Cal Dive stock has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of Cal Dive common stock in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state. There can be no assurance of if or when this offering will be completed.



Presentation Outline

- I. Summary of Results**

- II. Operational Highlights by Segment**
 - A. Contracting Services**
 - B. Oil & Gas**

- III. Strategic Overview**

- IV. Questions & Answers**



Summary of Results

(all amounts in thousands, except per share amounts and percentages)

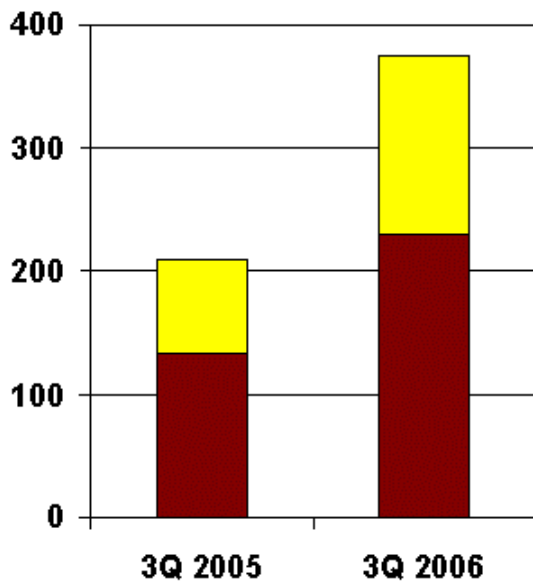
	Third Quarter		Second Quarter
	2006	2005	2006
Revenues	\$374,424	\$209,338	\$305,013
Gross Profit	130,470 35%	82,928 40%	131,692 43%
Net Income	57,029 15%	42,671 20%	69,139 23%
Diluted Earning Per Share	0.60	0.53	0.83
EBITDAX (see reconciliation in the attached financial summary)	190,971 51%	102,414 49%	147,757 48%

HELIX ENERGY SOLUTIONS

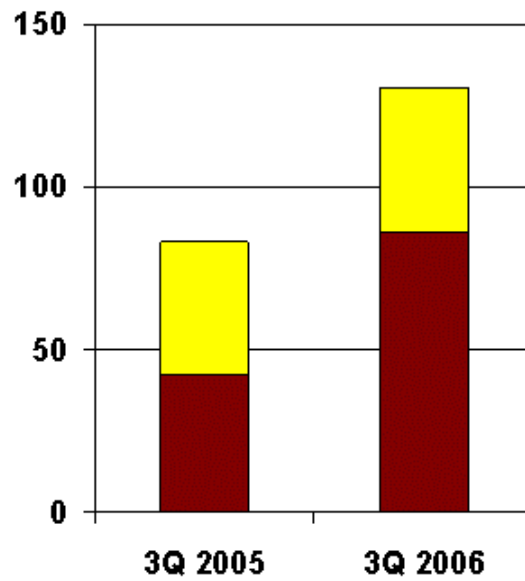


Revenues and Gross Profit by Segment

Revenues in Millions



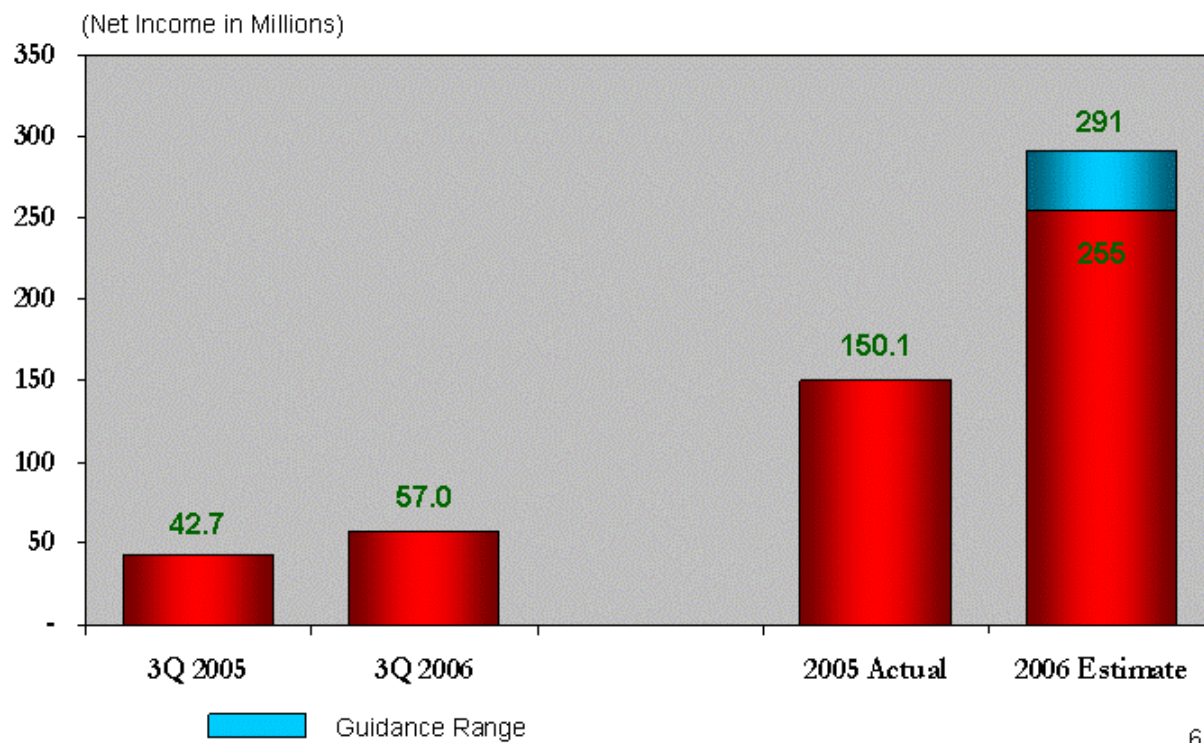
Gross Profit in Millions



 Contracting Services  Oil & Gas



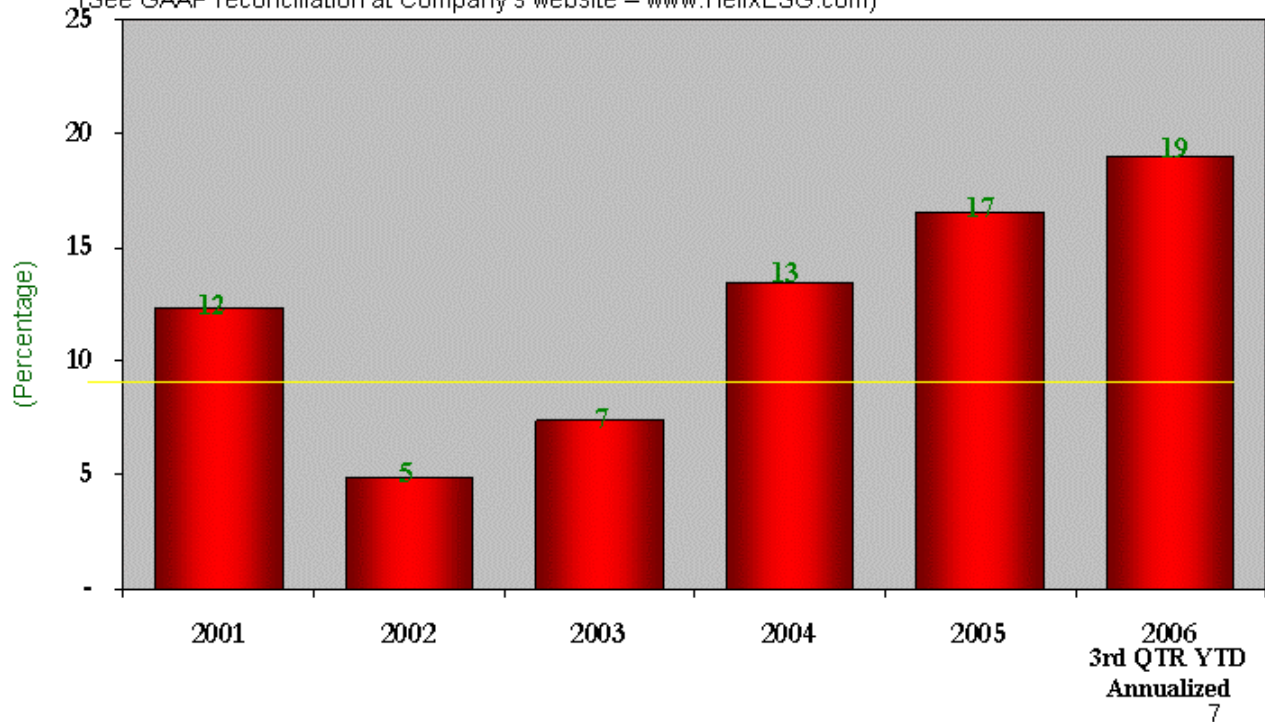
Earnings Growth





Return on Capital Invested

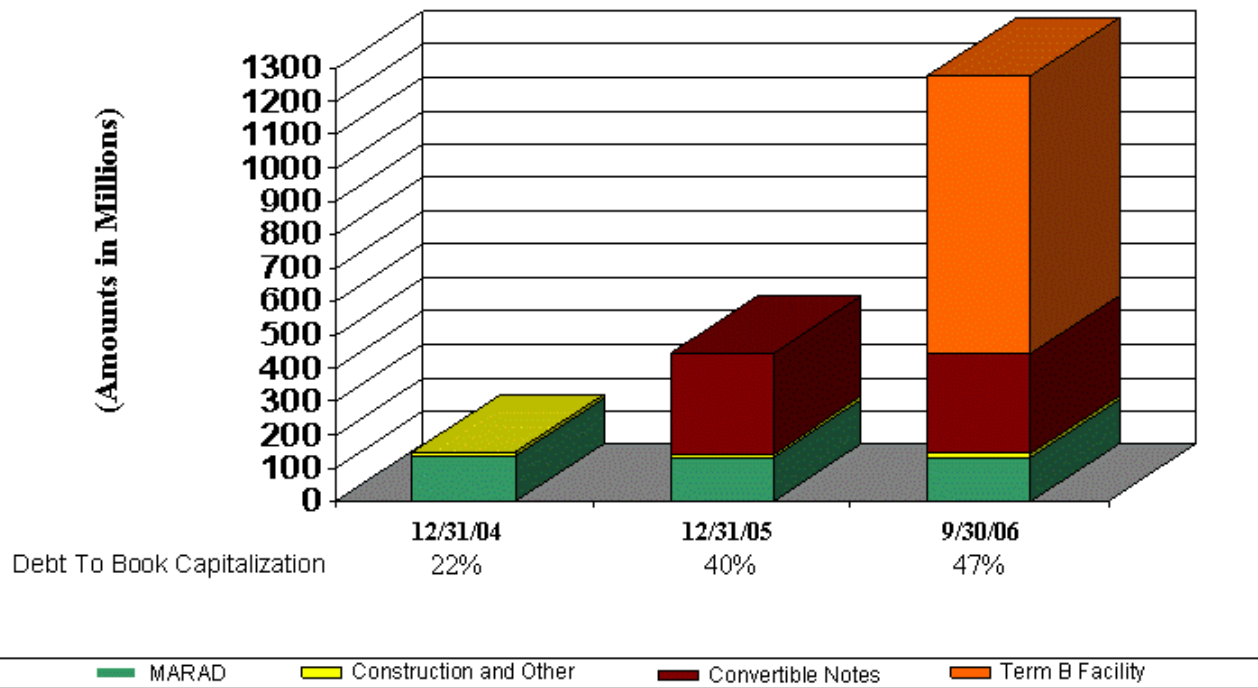
(See GAAP reconciliation at Company's website – www.HelixESG.com)



HELIX ENERGY SOLUTIONS



Long Term Debt





Elements of Q3 Earnings Shortfall

<u>Factor</u>	<u>Earnings Impact</u> <u>\$/Share</u>
1. Lower Oil & Gas Sales Due to Pipeline Shut ins and Production Management Issues.	\$0.10
2. Additional Marine Asset Maintenance/Upgrade Time:	
• Expensed Costs	0.03
• Opportunity Cost	0.05
3. Dry Hole Cost of Two Remington Deep Shelf Wells Commenced Before Deal Closure	0.11
4. Marine Contracting Profit Elimination on Internal Work	0.04
5. One Off Integration Costs Linked to the Acquisition of Remington	0.02
6. Incremental Hurricane Repair Costs on Facilities	0.03
7. Lower Spot Natural Gas Prices in September	<u>0.02</u>
	\$0.40



Contracting Services (CS)

(Amounts reflected are in thousands, except percentages, and are before intercompany eliminations)

	<u>Third Quarter</u>		<u>Second Quarter</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Revenues	\$251,206	\$144,398	\$237,354
Gross Profit	91,882 37%	42,051 29%	91,190 38%

Q3/06 Review:

Overall revenues increased by 6% sequentially despite a much higher level of vessel maintenance and upgrade activity in Q3. The revenue uplift was driven by improved pricing especially in the deepwater and well operations segments. Gross profit margins showed an eight point improvement year over year and were essentially flat sequentially despite the higher cost and downtime related to the vessel maintenance and upgrade work.



Contracting Services continued



Q4/06 and Outlook:

We expect better financial performance in Q4 due to both gradually improved pricing and significantly less vessel maintenance activity.

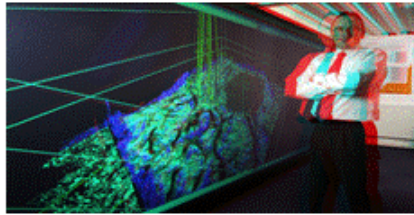
It is particularly noteworthy that we have recently secured a \$250 million term contract for the *Seawell* and a \$150 million project LOI for the *Express* and *Eclipse*, all at > 40% gross profit margins, which bodes well for the spot pricing environment in the medium term.





CS – Well and Subsurface Consulting

(Amounts in thousands, except percentages)



	<u>Third Quarter</u>	<u>Second Quarter</u>
	<u>2006</u>	<u>2006</u>
Revenues	\$9,494	\$10,263
Gross Profit	\$3,026	3,320
	32%	32%

Q3/06 Review

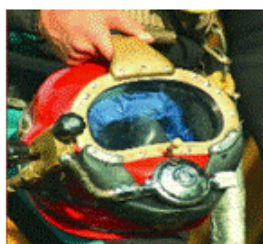
Revenue was down marginally from Q2 levels due to seasonal effects; however, gross profit margins remained at six points ahead of our expectations for this third quarter since the acquisition of Helix RDS. This was achieved as a result of being able to obtain higher professional fees than those originally anticipated.

Q4/06 Outlook:

Although staff recruitment and retention remain our key challenges in today's very competitive market place, revenue and gross profit are expected to remain in line with our projection for the remainder of 2006.



CS – Shelf Construction



(Amounts in thousands, except percentages and are before intercompany eliminations)

	<u>Third Quarter</u>		<u>Second Quarter</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Revenues	\$128,363	\$49,246	\$124,765
Gross Profit	57,738	17,667	60,944
	45%	36%	49%
Utilization	83%	65%	87%



CS – Shelf Construction Continued

Q3/06 Review:

Utilization levels dropped by four points as we caught up on vessel maintenance and completed the upgrade to the *Kestrel* three weeks later than expected.

Revenues increased by 3% sequentially due to better pricing, but gross profit margins fell by four points due to a higher level of vessel downtime cost.

Q4/06 and Outlook:

We expect similar to better financial results in Q4 with the contribution from the *Kestrel* compensating for a seasonal slowdown in surface diving activity.

Potential IPO Update

We have completed preparation for the potential IPO of a minority stake in Cal Dive and continue to monitor the valuation environment.



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CS – Deepwater Construction



Pipelay
Robotics

Utilization

	<u>Third Quarter</u>		<u>Second Quarter</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Pipelay	66%	100%	85%
Robotics	82%	67%	67%

Q3/06 Review:

- Of our two deepwater pipelay assets, the *Intrepid* had an excellent quarter of utilization and performance while the *Express* upgrade program was delayed mainly due to a minor switchboard fire during sea trials. She returned to active service in early October.
- Our robotics division (Canyon) had a record quarter due to strong ROV utilization and pricing in all geographic regions and a seasonal pick up in pipe burial work in the North Sea.



HELIX ENERGY SOLUTIONS



CS – Deepwater Construction



Q4 and Outlook:

Both the *Intrepid* and the *Express* have strong backlogs and the recent significant award for the *Express*, in the emerging East India deepwater area, demonstrates our ability to participate well in the fast growing deepwater pipelay segment.

We expect the robotics group to have a strong Q4 although there will be a seasonal slowdown in pipe burial work late in the quarter.

Our Board of Directors also recently approved a \$30 million investment program in new robotic assets to further boost our strong position in the deepwater construction support and pipe burial niches.



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CS – Well Operations



Utilization

<u>Third Quarter</u>		<u>Second Quarter</u>
<u>2006</u>	<u>2005</u>	<u>2006</u>
86%	94%	83%

Q3/06 Review:

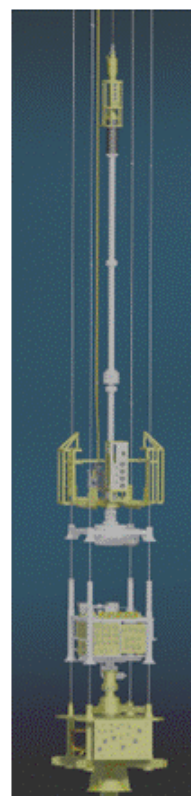
The *Seawell* had a record quarter of financial performance due to an anticipated improvement in spot market pricing in the North Sea. However, the Q4000 thruster problems continued such that she had a thruster removed for rebuilding. This caused around twelve days of downtime and limited her to mainly low margin fill in work.



CS – Well Operations Continued

Q4/06 and Outlook

- The *Seawell* has an exceptionally strong backlog, especially following the recently announced \$250 million contract with Shell in the North Sea. The first phase of that contract will commence in January 2007. During Q4 the vessel will work almost exclusively for the same operator on old contract terms.
- As also announced during Q3 we have kicked off the build of a second asset for the North Sea region. That vessel should enter the region in late 2008.
- The Q4000 should have a much better Q4, especially once the rebuilt thruster is re-installed. Following that she has a backlog of high margin well operations work stretching out several months.





CS – Well Operations Continued

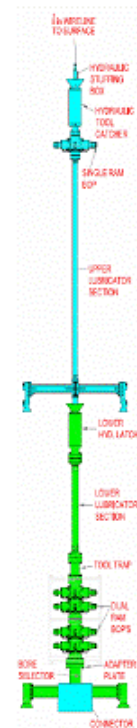
In October we completed the acquisition of a majority stake in SEATRAC, a Perth- based subsea engineering and service provider, specializing in project engineering and subsea well operation in the Asia/Pacific region. We paid around \$12 million for 58% of the company and will likely acquire the rest of the business depending on the achievement of performance targets. We intend to use SEATRAC as the foundation on which to build our operating presence in this exciting emerging marketplace for subsea well operations. SEATRAC will change its name to Well Ops SEA Pty Ltd.

SEATRAC's Main Assets:

- Subsea intervention device (SID) for riser-less well intervention on live subsea wells
- Cement Injection tools (CIT) for installing cement plugs between the innermost casing strings whilst performing subsea well abandonment
- High performance multi-casing subsea wellhead severance device (AXE) with low environmental impact
- A modular system for the deployment of the SID, the CIT and the AXE from vessels of opportunity. The system can also be used for recovering subsea trees, wellheads and other subsea hardware up to 35 ton

SEATRAC's services

- Well intervention and abandonment tooling design
- Engineering design and support services for clients
- Service technicians for offshore campaigns
- Service technicians for equipment preparation, repair and maintenance
- Subsea well engineering based in the client office





CS - Production Facilities

(Amounts in thousands)	<u>Third Quarter</u>		<u>Second Quarter</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Equity in Earnings	\$5,095	\$3,049	\$4,629
Production throughput (MBOe)	3,148	1,093	2,951

Q3/06 Review:

Continued well problems, related to the *K2* and *K2N* field developments, as well as construction shut-ins related to *Genghis Khan* risers, curtailed production flowing to the *Marco Polo* platform. The third *K2* well started producing in September. By late in the quarter, combined production from the *Marco Polo* and five *K2/K2 North* wells was about 43,000 BOED.

Q4/06 and Outlook:

- *Marco Polo*: The field Operator is planning well work during late Q4 which is expected to add 2,000 to 5,000 BOEPD. Operator has also placed the *Genghis Khan* PUD up for sale and a buyer is expected to close the deal during the quarter, complete the two wells and initiate production in 2007. Equity income for the full year is now expected to fall in the range of \$18 to \$22 million as per our recently updated guidance
- The *Independence Hub* hull and topsides were integrated at Kiewit Offshore yard in Ingleside, Texas, where carryover work and continuing integration work are being performed. Installation is still planned by the end of the year although activities on the BP Atlantis project could cause some slight delays. Mechanical Completion is expected late in Q1 2007 and production is expected to commence by the third quarter of 2007



Oil & Gas – Financial Highlights

(Amounts in thousands, except percentages and production data)

	<u>Third Quarter</u>		<u>Second Quarter</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>
Revenues	\$145,032	\$75,463	\$81,110
Gross Profit	44,595	40,877	41,499
	31%	54%	51%
Production (BCFe):			
Shelf	13.3	6.1	6.0
Gunnison	2.3	2.3	2.5
Average Commodity Prices (net of hedging impact):			
Oil/Bbl	\$62.55	\$54.30	\$64.98
Gas/Mcf	7.61	8.66	7.42



Oil & Gas - Commentary

Q3/06 Review:

- Shelf: Production was 7.3 BCFe higher sequentially, but was around 3.2 BCFe lower than our expectation due to pipeline shut-ins and some production management issues following the pick-up of the Remington production. Natural gas made up 54% of the overall Q3 production.
- *Gunnison*: Production was off 0.2 BCFe sequentially, again mainly due to a period of pipeline downtime

Q4/06 Outlook:

- We have hired two Senior personnel to head up our Shelf production management effort from the Houston office.
- We are still suffering from the impact of pipeline shut-ins, but expect the problem to diminish during the quarter based on repair schedules.
- We should bring on production from the deepwater Tiger field and three new Shelf discoveries during the quarter.
- Our overall production estimate for Q4 is 16.0 – 19.0 BCFe.
- The following three slides provide detail of: wells where drilling was completed during Q3, near term drilling activity and ongoing development projects.

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Oil & Gas - Q3 Drilling Update

Well Name	Working Interest	Result	Potential*1 Reserves	Estimated Initial Rate	1 st Production
	%		(Net BCFE)	(Net MMCFE/D)	Est.
West Cameron 342 #1	100	Discovery	4	4	Q1 2007
Vermilion 162 #1	60	Discovery	2	3	Q1 2007
S. Marsh Island 80 A-2	60	Discovery	5	5	Q4 2006
Eugene Island 302 #3	60	Discovery	4	3	Q4 2006
Garden Banks 346 #1 "Huey"	40	Suspended -New Sidetrack Planned	-	-	-
East Cameron 73 B-4*2	47	P&A	-	-	-
East Cameron 269 #1*2	60	P&A	-	-	-
			15	15	

*1Total Potential Project Reserves-unaudited

*2 Deepshelf wells commenced before closing of Remington acquisition.



Oil & Gas – Drilling Activity

Well Name	Working Interest %	Operator	Net Risked Project Potential (BCFE)*	Status
S. Marsh Island 80 A-3	60	ERT	8	Drilling
S. Timbalier 145 #1	75	ERT	22	Drilling
East Cameron 339 #1	60	ERT	9	Q4/06 Spud
Garden Banks 506 #1 "NOONAN"	100	ERT	170	Drilling
Green Canyon 250 "Bishop"	100	ERT	180	Q1/07 Spud

* Total potential project Reserves - Unaudited



Oil & Gas – Development Projects

Project Name	Working Interest	Activity	Potential* Reserves	Estimated Initial Rate	1 st Production
	%		(Net BCFE)	(Net MMCFE/D)	Est.
S. Marsh Island 116	60	Subsea Tie Back Completed	2	6	Q4 2006
Green Canyon 195 "TIGER"	40	Subsea Tie Back Completed	14	15	Q4 2006
Eugene Island 391	60	Subsea Tieback Q4 2006	3	5	Q1 2007
Garden Banks 344 "Devils Island"	85	To Be Sidetracked	24	40	Q4 2007
Atwater Valley 426 "Bass Lite"	18	Commence Drilling Q4 2006	25	20	Q4 2007
Green Canyon 236/237 "Phoenix"	100	Acquired Vessel for FPS, Ordered Long Lead Items	60	175	Q3 2008

*Total Potential Project Reserves-unaudited



Helix Hedges - As Of October 31, 2006

Production Period	Instrument Type	Average Monthly Volumes	Weighted Average Price
Crude Oil			
November 2006 - December 2006	Collars	125 MBbl	\$44.00 - \$70.48
January 2007 - December 2007	Collars	50 MBbl	40.00 - 62.15
November 2006 - June 2007	Forward Sale	50.7 MBbl	70.48
Natural Gas			
November 2006 - December 2006	Collars	600,000 MMBtu	\$7.25 - \$13.40
January 2007 - June 2007	Collars	550,000 MMBtu	8.00 - 13.69
July 2007 - December 2007	Collars	333,333 MMBtu	7.50 - 11.23
November 2006 - June 2007	Forward Sale	733,000 MMBtu	9.31