

ENERGY XXI GULF COAST, INC.

FORM 8-K (Current report filing)

Filed 04/27/17 for the Period Ending 04/27/17

Address	1021 MAIN STREET SUITE 2626 HOUSTON, TX 77002
Telephone	713-351-3000
CIK	0001404973
Symbol	EXXI
SIC Code	1311 - Crude Petroleum and Natural Gas
Fiscal Year	12/31

**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): **April 27, 2017**

Energy XXI Gulf Coast, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

001-38019
(Commission File Number)

20-4278595
(IRS Employer
Identification No.)

1021 Main Street, Suite 2626
Houston, Texas 77002
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(713) 351-3000**

(Former name or former address, if changed since last report.)

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:

- 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 7.01 Regulation FD Disclosure.

On April 27, 2017, Energy XXI Gulf Coast, Inc. (the “Company”) issued a press release announcing the preliminary results of its third-party independent reserve engineer report as of March 31, 2017 that is being prepared by Netherland Sewell and Associates, Inc. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K (this “Form 8-K”).

The information in Item 7.01 of this Form 8-K, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed subject to the requirements of amended Item 10 of Regulation S-K, nor shall it be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing. The furnishing of this information hereby shall not be deemed an admission as to the materiality of any such information.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The exhibits listed in the following Exhibit Index are filed as part of this Form 8-K.

Exhibit Number	Description
99.1*	Press Release issued by Energy XXI Gulf Coast, Inc. on April 27, 2017

* Filed herewith.

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: April 27, 2017

By: /s/ Hugh Menown

Hugh Menown

Chief Financial Officer, Executive Vice President and
Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1*	Press Release issued by Energy XXI Gulf Coast, Inc. on April 27, 2017

* Filed herewith.

**ENERGY XXI GULF COAST PROVIDES PRELIMINARY RESULTS OF MARCH 31, 2017 INDEPENDENT RESERVE ENGINEER REPORT**

HOUSTON – April 27, 2017 – Energy XXI Gulf Coast, Inc. (“EGC” or the “Company”) (NASDAQ:EXXI) today provided preliminary results of its third-party independent reserve engineer report as of March 31, 2017 that is being prepared by Netherland Sewell and Associates, Inc. (NSAI). The final report is expected to be delivered during the week of May 8, 2017. In recent years, the Company had utilized third-party engineers to audit its internal calculations of reserves, but has not had a fully-engineered third-party report prepared since 2012. The Company previously disclosed that under the terms of its First Lien Exit Credit Agreement, a third party engineer report would be required annually, with the first report due by May 31, 2017. The last internally-prepared report was done as of December 31, 2016.

Total SEC proved reserves as of March 31, 2017 in the report being prepared by NSAI are expected to be in the range of 100 to 115 million barrels of oil equivalent. This preliminary estimate of total SEC proved reserves as of March 31, 2017 compared with the reserves reported as of year-end 2016 reflects the impact of production during the first quarter of 2017, changes in commodity pricing since year-end 2016, and the Company’s expectations with respect to higher capital costs, increased lease operating expenses, repairs, maintenance and workover costs. Proved reserves as of March 31, 2017 based on forward strip commodity pricing on that date is estimated to be in the range of 105 to 125 million barrels of oil equivalent.

The present value of the preliminary March 31, 2017 proved reserves discounted at 10% (“PV-10 Value”) is estimated to be in the range of zero PV-10 to \$100 million of PV-10 utilizing SEC 12-month average pricing of \$47.62 per barrel of oil and \$2.73 per thousand cubic feet of natural gas, before differentials. The same factors that affected the change in reserves compared with year-end 2016 also impacted their PV-10 value. Utilizing forward strip commodity prices as of March 31, 2017 of \$51.55 per barrel of oil and \$3.31 per thousand cubic feet, before differentials, the PV-10 value is estimated to be in the range of \$250 to \$450 million.



The Company intends to disclose the final NSAI reserve report in a public filing after it is received by the Company.

Douglas E. Brooks, Chief Executive Officer and President remarked, “The transition to a fully-engineered reserve report from a reserve volume audit is a very rigorous process. Our staff and management have been deeply involved in that process and will continue to engage with our independent reserve engineers in active dialogue as is typical in such annual third-party reserve compilations. We believe this transition was a necessary and key step as we move forward with our long-term strategic plan. We remain excited about our future growth capacity that is possible from the combination of our portfolio of core Gulf of Mexico properties and our strong balance sheet. Our management team believes there is significant upside value in the Company’s non-proved resource base, especially at higher commodity prices, that will not be reflected in that engineering report.”

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, including those relating to the intent, beliefs, plans, or expectations of EGC are based upon current expectations and are subject to a number of risks, uncertainties, and assumptions. It is not possible to predict or identify all such factors and the following list should not be considered a complete statement of all potential risks and uncertainties relating to emergence from Chapter 11, the recent change in EGC’s senior management team, or EGC’s oil and gas reserves, including, but not limited to: (i) the PV-10 and reserve volumes reported in the final NSAI reserve report, (ii) the level of potential upside actually realized by EGC from its non-proved resource base, (iii) the effects of the departure of EGC’s senior leaders on the Company’s employees, suppliers, regulators and business counterparties, (iv) the increased advisory costs incurred in connection with executing the reorganization, (v) the impact of restrictions in the exit financing on EGC’s ability to make capital investments and pursue strategic growth opportunities and (vi) other risks and uncertainties. These risks and uncertainties could cause actual results, including project plans and related expenditures and resource recoveries, to differ materially from those described in the forward-looking statements. For a more detailed discussion of risk factors, please see Part I, Item 1A, “Risk Factors” of the Transition Report on Form 10-K for the transition period ended December 31, 2016 filed by EGC for more information. EGC will file reports and other information with the SEC going forward. EGC assumes no obligation and expressly disclaims any duty to update the information contained herein except as required by law.

About the Company

Energy XXI Gulf Coast, Inc. is an independent oil and natural gas development and production company whose assets are primarily located in the U.S. Gulf of Mexico waters offshore Louisiana and Texas. The Company’s near-term strategy emphasizes exploitation of key assets, enhanced by its focus on financial discipline and operational excellence. To learn more, visit EGC’s website at www.EnergyXXI.com.



Investor Relations Contact

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