

**EDP Camelot Limited
(now known as ERT Camelot Limited)**

Report and Financial Statements

31 December 2009

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COMPANIES HOUSE

EDP Camelot Limited
(now known as ERT Camelot Limited)

Registered No: SC301741

Directors

K G McHattie (resigned 3 February 2010)
L W Kinch (resigned 3 February 2010)
I P Roche (resigned 3 February 2010)
M E F Stoddart (resigned 3 February 2010)
O Kratz (appointed 3 February 2010)
A Johnson (appointed 3 February 2010)
L Hajdik (appointed 3 February 2010)
R P Murphy (appointed 3 February 2010, resigned 7 March 2010)
J E Edwards (appointed 8 March 2010)

Secretary

MD Secretaries Limited
Pacific House
70 Wellington Street
Glasgow G2 6SB

Auditors

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen AB15 4DT

Bankers

Bank of Scotland
39 Albyn Place
Aberdeen AB10 1YN

Solicitors and Registered Office

McGrigors LLP
Johnstone House
52-54 Rose Street
Aberdeen AB10 1HA

Directors' report

Registered No: SC301741

The directors present their report and the financial statements for the year ended 31 December 2009.

Results and dividends

The retained loss for the year was £5,176,000 (2008: loss of £746,000).

Principal activity and review of the business

The principal activity of the company during the period was the development and production of oil and gas from interests acquired in the UK North Sea. The focus of the company is in older fields nearing final decommissioning and undeveloped discoveries that others find uneconomic.

During the year the company held a 50% share of the Camelot field equity in partnership with ERT UK Limited who held the other 50%. In the first six months the platform delivered 194 million Standard Cubic Feet (SCF) of sales gas net to the company. In July production was suspended due to equipment problems on the platform. Subsequent investigation found that there was a fault with the Down Hole Safety Valve (DHSV) in well A3 along with reliability problems with the emergency control system. The reliability issues were not easy to trace and this kept gas deliveries from the platform off line for the remainder of the year.

Future developments

The plan is to progress the potential sale of the asset, which currently has a number of options available. In late 2011, the asset will commence with decommissioning if it continues to remain part of EDP Camelot Limited.

Principal risks and uncertainties

The company is subject to all of the risks and uncertainties normally associated with the development and production of oil and natural gas, including uncertainties as to the presence, size and recoverability of hydrocarbons. We may not encounter commercially productive oil and natural gas reservoirs. We may not recover all or any portion of our investment in new wells. The presence of unanticipated pressures or irregularities in formations, miscalculations or accidents may cause our drilling activities to be unsuccessful and result in a total loss of our investment, which could have a material adverse effect on our financial condition, results of operations and cash flows. In addition, we often are uncertain as to the future cost or timing of drilling, completing and operating wells. Projecting future natural gas and oil production is imprecise. Producing oil and gas reservoirs eventually have declining production rates. Projections of production rates rely on certain assumptions regarding historical production patterns in the area or formation tests for a particular producing horizon. Actual production rates could differ materially from such projections. Production rates depend on a number of additional factors, including commodity prices, market demand and the political, economic and regulatory climate.

Further, our drilling operations may be curtailed, delayed or cancelled as a result of a variety of factors, including unexpected drilling conditions; pressure or irregularities in formations; equipment availability, failures or accidents; adverse weather conditions; and compliance with environmental and other governmental requirements, which may increase our costs or restrict our activities.

Our financial condition and results of operations depend in part on the prices we receive for the oil and gas we produce. The market prices for oil and gas are subject to fluctuation in response to events beyond our control, such as supply of and demand for oil and gas; market uncertainty; worldwide political and economic instability; and government regulations.

Oil and gas prices have historically been volatile, and such volatility is likely to continue. Our ability to estimate the value of producing properties for acquisition and to budget and project the financial returns of development projects is made more difficult by this volatility. In addition, to the extent we do not forward sell or enter into costless collars in order to hedge our exposure to price volatility, a dramatic decline in such prices could have a substantial and material effect on: our revenues; our financial condition; results

Directors' report

Registered No: SC301741

of our operations; our ability to increase production and grow reserves in an economically efficient manner; and our access to capital.

Events since the balance sheet date

In February 2010 EDP Camelot Limited was acquired by ERT UK Limited who became 100% owner of the Camelot field and block 53/1a (rest of block). On 11 February 2010, the company changed its name to ERT Camelot Limited. At 31 December 2009, the Camelot asset was impaired and the asset value written down to zero. The letter of credit issued in favour of counter parties under agreements for the decommissioning of the Camelot field was revoked in May 2010. A new letter of credit was issued to Helix Energy Solutions Group for \$30,000,000 on behalf of both ERT UK Limited and ERT Camelot Limited.

The funds in the bank accounts were transferred to Helix Energy Solutions Group in May 2010. ERT Camelot Limited is funded through intercompany funding.

Directors

The directors who held office during the year and to the date of this report are set out on page 1.

Going concern

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board - LLOYD HAJDIK



Director

13 September 2010

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

**to the members of EDP Camelot Limited
(now known as ERT Camelot Limited)**

We have audited the financial statements of EDP Camelot Limited (now known as ERT Camelot Limited) for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of EDP Camelot Limited
(now known as ERT Camelot Limited) (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst + Young LLP

Moira Ann Lawrence (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen

13 September 2010

Profit and loss account

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover	3	585	1,937
Cost of sales		(5,915)	(1,338)
Gross (loss)/profit		(5,330)	599
Administrative expenses		(175)	(371)
Operating (loss)/profit	4	(5,505)	228
Interest receivable and similar income	5	329	238
Interest payable and similar charges	6	-	(1,212)
Loss on ordinary activities before taxation		(5,176)	(746)
Taxation on loss on ordinary activities	7	-	-
Loss for the financial year	14	(5,176)	(746)

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than as included within the profit and loss account shown above.

Balance sheet

at 31 December 2009

	Note	2009 £000	2008 £000
Fixed assets			
Intangible assets	8	-	69
Tangible assets	9	-	3,450
		<u>-</u>	<u>3,519</u>
Current assets			
Debtors – amounts falling due within one year	10	52	27
Cash at bank and in hand		6,339	7,994
		<u>6,391</u>	<u>8,021</u>
Creditors: amounts falling due within one year	11	(446)	(318)
Net current assets		<u>5,945</u>	<u>7,703</u>
Total assets less current liabilities			
Creditors: amounts falling due after one year	11	-	(10,156)
Provision for liabilities	12	(3,652)	(2,722)
Net assets/(liabilities)		<u>2,293</u>	<u>(1,656)</u>
Capital and Reserves			
Called up share capital	13	9,125	-
Profit and loss account	14	(6,832)	(1,656)
Shareholders' funds/(deficit)	15	<u>2,293</u>	<u>(1,656)</u>

These financial statements were approved by the Board of Directors on 13 September 2010 and were signed on its behalf by:

LLOYD HAJDIK



Director

Notes to the financial statements

at 31 December 2009

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

The company is dependent on continuing finance being made available by its parent company to enable it to continue operating and to meet its liabilities as they fall due. The parent company has agreed to provide sufficient funds to the company for these purposes. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result should continuing finance cease to be made available.

In addition to the requirements of accounting standards, the accounting for exploration and production activities is governed by the Statement of Recommended Practice (SORP) 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2001.

These accounts have been prepared in accordance with the provisions of the SORP except that the SORP recommends that oil and gas reserve quantities be disclosed. The company is a wholly owned subsidiary of Helix Energy Solutions Group, Inc. and, as such, the oil and gas reserve quantities of the company are included in the consolidated oil and gas reserve quantities disclosed in the Annual Report and Accounts of Helix Energy Solutions Group, Inc. Consequently the directors have elected not to publish this information for the Company.

Statement of cash flows

The company is a wholly owned subsidiary of Helix Energy Solutions Group, Inc and as a result it has taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised) to not publish a statement of cash flows. A consolidated cash flow statement is included in the Annual Report and Financial Statements of Helix Energy Solutions Group, Inc.

Revenue recognition

Revenues associated with the sale of oil, natural gas liquids, liquefied natural gas, petroleum and chemical products and all other items are recognised when title passes to the customer. Generally, revenues from the production of natural gas and oil properties in which the company has an interest with other producers are recognised on the basis of the company's working interest in those properties (the entitlement method). Differences between the production sold and the company's share of production (under/over lifts) are included as an adjustment to cost of sales.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Oil and natural gas exploration and development expenditure

Oil and natural gas exploration and development expenditure is accounted for using the successful efforts method of accounting.

Licence and property acquisition costs

Acquisitions of producing properties are recorded at the value exchanged at completion together with an estimate of our proportionate share of the discounted decommissioning liability assumed in the purchase based upon the working interest ownership percentage. Exploration licence and property leasehold acquisition costs are initially capitalised within intangible fixed assets. Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves') the costs are aggregated with exploration expenditure and held on a field-by-field basis within intangible fixed assets. When development is sanctioned, the relevant expenditure is transferred to tangible production assets.

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

Exploration expenditure

Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dryhole. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to regular technical, commercial and management review to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets.

Development expenditure

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalised within tangible assets.

Decommissioning

Provision for decommissioning is recognised in full on the installation of oil and natural gas production facilities. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the production and transportation facilities. Any change in estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Depreciation and depletion

Oil and gas production assets are depreciated using a unit-of-production method. All oil and gas assets are depreciated over proved developed reserves, this includes licence acquisition and decommissioning field costs. The field development costs subject to depreciation are expenditures incurred to date to access the total proved reserves. Other tangible assets, with the exception of freehold land, are depreciated on the straight line method over their estimated useful lives.

Intangible assets are not depreciated. The company undertakes a review for impairment of a fixed asset or goodwill if events or changes in circumstances indicate that the carrying amount of the fixed asset or goodwill may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is, the higher of net realisable value and value in use, the fixed asset or goodwill is written down to its recoverable amount. The value in use is determined from estimated discounted future net cash flows.

Maintenance expenditure

Expenditure on major maintenance, refits or repairs is capitalised where it: enhances the performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and is then written off; or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is expensed as incurred.

Changes in unit-of-production factors

Changes in factors which affect unit-of-production calculations are dealt with prospectively, not by immediate adjustment of prior years' amounts.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, in the future:

Notes to the financial statements

at 31 December 2009

1. Accounting policies (continued)

Deferred taxation (continued)

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Discounting

The unwinding of the discount on provisions is included within interest expense. Any change in the amount recognised for environmental and other provisions arising through changes in discount rates is included within interest expense.

Discounting is applied when the company believes that the present value of the expenditures is expected to be materially different from the undiscounted amount.

2. Information regarding directors and employees

There were no employees other than the directors in 2009 and 2008. No remuneration was paid during the current or prior year. All directors' contracts of employment are held within and paid by another group company.

3. Turnover

Turnover represents the sales value of the company's production of gas and condensate during the year, on a receivable basis, stated net of value added tax. No significant difference arises between the company's share of production and its sale entitlement based on equity ownership of its interests.

The turnover and operating profit are principally attributable to the production of hydrocarbons in the United Kingdom. No further segmental analysis of turnover and operating profit is provided as the directors believe that this could be seriously prejudicial to the best interests of the company.

4. Operating (loss)/profit

This is stated after charging:

	2009 £000	2008 £000
Depreciation, depletion and amortisation and impairment	4,449	223
Auditors' remuneration:		
Fee for the audit of the company	9	3

5. Interest receivable and similar income

	2009 £000	2008 £000
Bank interest	77	238
Exchange gain	252	-
	329	238

Notes to the financial statements

at 31 December 2009

6. Interest payable and similar charges

	2009 £000	2008 £000
Unwinding of discount (note 12)	-	166
Exchange loss on foreign currency borrowings less deposits (net)	-	1,046
	-	1,212

7. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2009 £000	2008 £000
<i>Current tax:</i>		
UK corporation tax at 50% (2008 – 50%)	-	-
Total current tax (note 7(b))	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	-	-

(b) Factors affecting tax charge for the year

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective to the effective current tax rate of the company on its loss before tax.

	2009 £000	2008 £000
Loss on ordinary activities before tax	(5,176)	(746)
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 50% (2008 – 50%)	(2,588)	(373)
<i>Effects of:</i>		
Other timing differences	1,751	83
Expenses not deductible for tax purpose	3	26
Capital allowances in excess of depreciation	473	112
Unrelieved tax losses carried forward	361	152
Current tax for the year (note 7(a))	-	-

Notes to the financial statements

at 31 December 2009

7. Tax (continued)

The UK tax rate shown above of 50% includes the supplementary charge to corporation tax on UK North Sea profits and the standard UK corporation tax charge of 30%.

	2009 £000	2008 £000
Accelerated capital allowances	-	1,433
Other timing differences	(1,576)	(1,054)
Tax losses	(1,265)	(831)
Deferred tax not provided	2,841	452
Provision for deferred tax	-	-

8. Intangible fixed assets

	<i>Exploration and appraisal expenditure</i> £000
At 1 January 2009	69
Impairment	(69)
At 31 December 2009	-

9. Tangible fixed assets

	<i>Oil and Gas properties</i> £000
Cost:	
At 1 January 2009	4,504
Additions	930
At 31 December 2009	5,434
Depreciation, depletion and amortisation:	
At 1 January 2009	1,054
Charge and impairment for the year	4,380
At 31 December 2009	5,434
Net book value:	
At 1 January 2009	3,450
At 31 December 2009	-

At 31 December 2009 the Camelot asset was impaired and the asset value written down to zero.

Notes to the financial statements

at 31 December 2009

10. Debtors

	2009 £000	2008 £000
Trade receivables	12	-
Prepayments	40	27
	<u>52</u>	<u>27</u>

11. Creditors

	2009		2008	
	<i>Within 1 year £000</i>	<i>After 1 year £000</i>	<i>Within 1 year £000</i>	<i>After 1 year £000</i>
Trade creditors	93	-	-	-
Accruals	353	-	190	-
Amounts due to related parties (note 16)	-	-	128	-
Loan from parent	-	-	-	10,156
	<u>446</u>	<u>-</u>	<u>318</u>	<u>10,156</u>

12. Provisions for liabilities

	£000
Decommissioning provision:	
Balance at 1 January 2009	2,722
Change in cost estimate	930
Balance at 31 December 2009	<u>3,652</u>

At 31 December 2009 the provision for the future costs of decommissioning natural gas production and related facilities was £3.7 million (2008 – £2.7 million). The provision has been estimated using existing technology, at current prices.

A study was undertaken in February 2010 and the estimate for the abandonment provision was increased by £0.9 million.

These costs are currently expected to be incurred in 2011.

13. Issued share capital

	No.	2009 £000	No.	2008 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	9,125	9,125	1	-

On 31 December 2009, 9,124,999 ordinary shares with aggregate nominal value of £9,124,999 were issued at £1 each as capitalisation of the sum of \$14,599,998 representing a loan made by Energy Development Partners 1 LP.

Notes to the financial statements

at 31 December 2009

14. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 2008	-	(910)	(910)
Loss for the year	-	(746)	(746)
At 1 January 2009	-	(1,656)	(1,656)
Loss for the financial year	-	(5,176)	(5,176)
Shares issued	9,125	-	9,125
At 31 December 2009	9,125	(6,832)	2,293

15. Related party transactions

During the year the company was recharged costs of £240,621 (2008 – £350,833) from Energy Development Partners Limited. At the year end, £Nil (2008 – £128,000) was due to Energy Development Partners Limited (note 11). Energy Development Partners Limited was 100% owner of EDP GP Limited, the general partner of Energy Development Partners LLP.

On 3 February 2010 EDP Camelot was acquired by ERT UK and after the change in ownership it became part of the Helix Energy Solutions Group.

16. Contingent liabilities

An irrevocable letter of credit was issued on 1 January 2009 on behalf of the company totalling \$10,000,000 and was revoked in May 2010. A new letter of credit was issued to Helix Energy Solutions Group for \$30,000,000 on behalf of ERT Camelot Limited and ERT UK Limited.

The letters of credit are issued in favour of counterparties under agreements for the decommissioning of the Camelot Field.

17. Ultimate parent undertaking and controlling party

For the years ended 31 December 2009 and 2008 the company was controlled by Energy Development Partners 1 LP, a limited partnership.

On 3 February 2010 the company was acquired by Energy Resource Technology (UK) Limited and is now part of the Helix Energy Solutions group.

The company's current ultimate parent undertaking is Helix Energy Solutions Group, Inc. The consolidated accounts of this group may be obtained from 400 North Sam Houston Parkway, East Houston, Texas 77060.