

STONE ENERGY CORPORATION

Announces Fourth Quarter and Year-End 2005 Results

LAFAYETTE, LA, March 9, 2006

Stone Energy Corporation (NYSE: SGY) today announced record 2005 net income of \$136.8 million or \$5.02 per share on revenue of \$636.2 million compared to restated net income of \$119.7 million or \$4.45 per share on revenue of \$544.2 million for restated 2004. For the fourth quarter of 2005, net income totaled \$26.4 million or \$0.96 per share on oil and gas revenue of \$135.6 million, compared to net income of \$34.5 million or \$1.28 per share on oil and gas revenue of \$140.1 million for the restated fourth quarter of 2004. All per share amounts are on a diluted basis.

Stone has completed restatements of its previously filed financial statements for each of the years ended December 31, 2001, 2002, 2003, and 2004, and quarterly financial information for the periods ended March 31, 2005 and June 30, 2005. All comparisons to prior period financial information in this release refer to these restated financial statements.

Net daily production volumes for 2005 averaged 228 million cubic feet of gas equivalent (MMcfe), or 5% less than the 241 MMcfe per day produced during 2004. Net daily production volumes during the fourth quarter of 2005 averaged 157 MMcfe, or 26% lower than the average daily production of 211 MMcfe produced during both the third quarter of 2005 and the fourth quarter of 2004. The decline in fourth quarter and full year 2005 production volumes was due to the impact of extended shut-ins caused by hurricanes Katrina and Rita. Stone estimates the hurricanes' impact on production volumes was approximately 10 billion cubic feet of gas equivalent (Bcfe) in the fourth quarter of 2005 and approximately 16 Bcfe for the year 2005.

Prices realized during the year ended December 31, 2005 averaged \$50.53 per barrel (Bbl) of oil and \$7.24 per thousand cubic feet (Mcf) of natural gas representing a 24% increase on a Mcfe basis compared to \$39.38 per Bbl of oil and \$5.94 per Mcf of natural gas realized during the year of 2004. Prices realized during the fourth quarter of 2005 averaged \$53.42 per Bbl of oil and \$9.63 per Mcf of natural gas, which represents a 31% increase, on a Mcfe basis, over fourth quarter 2004 average realized prices of \$47.36 per Bbl of oil and \$6.90 per Mcf of natural gas. All unit pricing amounts include the cash settlement of effective hedging contracts.

For the year 2005, discretionary cash flow totaled \$465.7 million compared to \$406.2 million during 2004. Net cash flow provided by operating activities totaled \$461.2 million and \$369.7 million during the years ended December 31, 2005 and 2004, respectively. During the fourth quarter of 2005, discretionary cash flow decreased 12% to \$93.3 million compared to \$105.6 million generated during the fourth quarter of 2004. Net cash flow provided by operating activities, as defined by generally accepted accounting principles (GAAP), totaled \$59.2 million and \$70.2 million during the three months ended December 31, 2005 and 2004, respectively. (See "Non-GAAP Financial Measure" below.)

Lease operating expenses, including maintenance costs, incurred during 2005 totaled \$114.7 million compared to \$100.0 million incurred during 2004. For the three months ended December 31, 2005 and 2004, lease operating expenses were \$26.2 million and \$26.5 million, respectively. The increase in lease operating expenses during 2005 is the combined result of an increase in overall service costs and the additional costs associated with hurricanes Katrina and Rita.

Depreciation, depletion and amortization (DD&A) expense on oil and gas properties totaled \$238.3 million during 2005, compared to \$208.0 million during 2004. DD&A expense on oil and gas properties for the three months ended December 31, 2005 totaled \$48.8 million compared to \$49.0 million during the comparable period of 2004. The increase in DD&A on a unit basis during 2005 is attributable to the unit cost of current year net reserve additions (including future development costs) exceeding the per unit amortizable base as of the beginning of the year.

Salaries, general and administrative (SG&A) expenses (excluding incentive compensation expense) totaled \$22.7 million during 2005, compared to \$14.3 million during 2004. SG&A expenses for the three months ended December 31, 2005 totaled \$8.0 million compared to \$3.6 million during the comparable quarter of 2004. The increase in SG&A expenses in 2005 was a result of an increase in the number of employees, an upward adjustment in salaries, and higher legal and consulting expenses.

2006 Guidance

Estimates for Stone's future production volumes are based on assumptions of capital expenditure levels and the assumption that market demand and prices for oil and gas will continue at levels that allow for economic production of these products. The production, transportation and marketing of oil and gas are subject to disruption due to transportation and processing availability, mechanical failure, human error, hurricanes, and numerous other factors. Our estimates are based on certain other assumptions, such as well performance, which may vary significantly from those assumed. Lease operating expenses, which include major maintenance costs, vary in response to changes in prices of services and materials used in the operation of our properties and the amount of maintenance activity required. Estimates of DD&A rates can vary according to reserve additions, capital expenditures, future development costs and other factors. Therefore, we can give no assurance that our future production volumes, lease operating expenses or DD&A rate will be as estimated.

Production. For the first quarter of 2006, Stone expects net daily production to average between 195-200 MMcfe, which is on the lower end of the previous guidance due to the timing of production restoration of certain fields shut-in since the hurricanes. Stone expects full year 2006 average daily production to be in the range of 200-230 MMcfe per day.

Lease Operating Expenses. Stone expects lease operating costs, excluding production taxes, to range between \$125-\$150 million for 2006 based upon current operating conditions and budgeted maintenance activities.

Depreciation, Depletion & Amortization. Stone expects its DD&A rate to range between \$3.50-\$3.75 per Mcfe during 2006.

Salaries, General & Administrative Expenses. Stone expects its SG&A expenses (excluding incentive compensation expense) to range between \$29-\$32 million during 2006. The estimated increase from 2005 is due to anticipated higher legal and consulting costs, and stock-based compensation expense in accordance with the adoption of Statement of Financial Accounting Standards No. 123(R).

Corporate Tax Rate. For 2006, Stone expects its corporate tax rate to remain between 35%-36%, with substantially all of the taxes deferred.

Hedge Position

The following table illustrates Stone's current hedge positions for 2006 and 2007. All contracts are 12 month contracts.

| | Zero-Premium Collars | | | | | |
|-----------|-------------------------------|----------------|------------------|-----------------------------|----------------|------------------|
| | Natural Gas | | | Oil | | |
| | Daily Volume (MMBtus/d) | Floor Price | Ceiling Price | Daily Volume (Bbls/d) | Floor Price | Ceiling Price |
| 2006..... | 10,000 | \$8.00 | \$14.28 | 3,000 | \$55.00 | \$76.40 |
| 2006..... | 20,000 | 9.00 | 16.55 | 2,000 | 60.00 | 78.20 |
| 2006..... | 20,000 | 10.00 | 16.40 | -- | -- | -- |
| 2007..... | -- | -- | -- | 3,000 | 60.00 | 78.35 |

Proved Reserves

As reported in its February 8, 2006 press release, 2005 year-end reserves totaled 593 Bcfe. Approximately 76% of Stone's reserves were located in the Gulf Coast Basin, while the remaining reserves were located in the Rocky Mountain Region, which includes several basins of the Rocky Mountains and the Williston Basin. Approximately 73% of the reserves were proved developed. Natural gas represented 58% of the reserves, with the remaining 42% being oil. The present value (10% discount rate) of future net cash flows before taxes totaled approximately \$2.6 billion with year-end prices of \$57.17 per Bbl for oil and \$9.86 per Mcf for gas.

Operations

Capital expenditures during 2005 totaled \$520.1 million, which included \$138.1 million of acquisition costs. In addition, Stone capitalized \$20.5 million of SG&A costs (inclusive of incentive compensation) and \$14.9 million of interest during 2005. During the fourth quarter of 2005, capital expenditures totaled \$150.2 million, which included \$7.7 million of acquisition costs. In addition, Stone capitalized \$5.3 million of SG&A costs (inclusive of incentive compensation) and \$4.1 million of interest during the fourth quarter. The board of directors has approved a capital spending budget for 2006 of \$360 million before acquisitions, capitalized interest and capitalized SG&A costs.

Stone currently has three deep shelf wells drilling with results expected early in the second quarter. In the Rocky Mountain Region, Stone currently operates one drilling rig at Pinedale and another three drilling rigs in the Williston Basin.

Non-GAAP Financial Measure

In this press release, we refer to a non-GAAP financial measure we call "discretionary cash flow." Management believes this measure is a financial indicator of our company's ability to internally fund capital expenditures and service debt. Management also believes this non-GAAP financial measure of cash flow is useful information to investors because it is widely used by professional research analysts in the valuation, comparison, rating and investment recommendations of companies within the oil and gas exploration and production industry. Many investors use the published research of these analysts in making their investment decisions. Discretionary cash flow should not be considered an alternative to net cash provided by operating activities or net income, as defined by GAAP. (See reconciliation of discretionary cash flow to cash flow provided by operating activities in the Consolidated Statement of Operations and Net Cash Flow Information.)

Other Information

Stone Energy has scheduled a conference call for 10:00 a.m. C.S.T. Friday, March 10, 2006 to discuss the operational results from our release on March 9, 2006 and financial results for the fourth quarter and year of 2005. Anyone wishing to participate should visit our Web site at www.StoneEnergy.com for a live web cast or dial 1-877-228-3598 and request the "Stone Energy Call." If you are unable to participate in the original conference call, a recording will be available at 12:00 p.m. C.S.T. for approximately 48 hours after the call and can be accessed by dialing (800) 642-1687 (ID No. 5554991). A Web-based replay will also be available approximately 24 hours following the completion of the call on Stone Energy's Web site at www.StoneEnergy.com and will remain available for approximately one week.

Stone Energy is an independent oil and gas company headquartered in Lafayette, Louisiana, and is engaged in the acquisition and subsequent exploitation, development, operation and production of oil and gas properties located in the conventional shelf of the Gulf of Mexico (GOM), the deep shelf of the GOM, the deep water of the GOM, several basins of the Rocky Mountains, and the Williston Basin. For additional information, contact Kenneth H. Beer, chief financial officer at 337-237-0410-phone, 337-237-0426-fax or via e-mail at CFO@StoneEnergy.com.

Certain statements in this press release are forward-looking and are based upon Stone's current belief as to the outcome and timing of future events. All statements, other than statements of historical facts, that address activities that Stone plans, expects, believes, projects, estimates or anticipates will, should or may occur in the future, including future production of oil and gas, future capital expenditures and drilling of wells and future financial or operating results are forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include the timing and extent of changes in commodity prices for oil and gas, operating risks and other risk factors as described in Stone's Annual Report on Form 10-K as filed with the Securities and Exchange Commission. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, Stone's actual results and plans could differ materially from those expressed in the forward-looking statements.

STONE ENERGY CORPORATION
SUMMARY STATISTICS

(In thousands, except per share/unit amounts)
(Unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|---------------|----------------------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| FINANCIAL RESULTS | | | | |
| Net income | \$26,395 | \$34,519 | \$136,764 | \$119,668 |
| Net income per share..... | \$0.96 | \$1.28 | \$5.02 | \$4.45 |
| PRODUCTION QUANTITIES | | | | |
| Oil (MBbls)..... | 758 | 984 | 4,838 | 5,438 |
| Gas (MMcf)..... | 9,869 | 13,544 | 54,129 | 55,544 |
| Oil and gas (MMcfe)..... | 14,417 | 19,448 | 83,158 | 88,172 |
| AVERAGE DAILY PRODUCTION | | | | |
| Oil (MBbls)..... | 8 | 11 | 13 | 15 |
| Gas (MMcf)..... | 107 | 147 | 148 | 152 |
| Oil and gas (MMcfe)..... | 157 | 211 | 228 | 241 |
| REVENUE DATA (2) | | | | |
| Oil revenue | \$40,490 | \$46,605 | \$244,469 | \$214,153 |
| Gas revenue..... | <u>95,084</u> | <u>93,486</u> | <u>391,771</u> | <u>330,048</u> |
| Total oil and gas revenue | \$135,574 | \$140,091 | \$636,240 | \$544,201 |
| AVERAGE PRICES (2) | | | | |
| Oil (per Bbl)..... | \$53.42 | \$47.36 | \$50.53 | \$39.38 |
| Gas (per Mcf)..... | 9.63 | 6.90 | 7.24 | 5.94 |
| Per Mcfe..... | 9.40 | 7.20 | 7.65 | 6.17 |
| COST DATA | | | | |
| Lease operating expenses..... | \$26,161 | \$26,539 | \$114,664 | \$100,045 |
| Salaries, general and administrative expenses | 8,007 | 3,643 | 22,705 | 14,311 |
| DD&A expense on oil and gas properties..... | 48,761 | 49,017 | 238,269 | 208,043 |
| AVERAGE COSTS (per Mcfe) | | | | |
| Lease operating expenses..... | \$1.81 | \$1.36 | \$1.38 | \$1.13 |
| Salaries, general and administrative expenses | 0.56 | 0.19 | 0.27 | 0.16 |
| DD&A expense on oil and gas properties..... | 3.38 | 2.52 | 2.87 | 2.36 |
| AVERAGE SHARES OUTSTANDING – Diluted | 27,392 | 26,934 | 27,244 | 26,901 |

(1) 2004 periods and first six months of 2005 represent restated numbers.

(2) Includes the cash settlement of effective hedging contracts.

STONE ENERGY CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
AND NET CASH FLOW INFORMATION

(In thousands)

(Unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|-----------------|----------------------------|------------------|
| | 2005 | 2004 | 2005 | 2004 |
| STATEMENT OF OPERATIONS | | | | |
| Operating revenue: | | | | |
| Oil production | \$40,490 | \$46,605 | \$244,469 | \$214,153 |
| Gas production | 95,084 | 93,486 | 391,771 | 330,048 |
| Total operating revenue | <u>135,574</u> | <u>140,091</u> | <u>636,240</u> | <u>544,201</u> |
| Operating expenses: | | | | |
| Lease operating expenses | 26,161 | 26,539 | 114,664 | 100,045 |
| Production taxes | 3,481 | 1,516 | 13,179 | 7,408 |
| Depreciation, depletion and amortization | 49,661 | 49,810 | 241,426 | 210,861 |
| Accretion expense | 1,790 | 1,463 | 7,159 | 5,852 |
| Salaries, general and administrative expenses | 8,007 | 3,643 | 22,705 | 14,311 |
| Incentive compensation expense | (7) | 613 | 1,252 | 2,318 |
| Derivative expenses | (1,443) | 1,070 | 3,388 | 4,099 |
| Total operating expenses | <u>87,650</u> | <u>84,654</u> | <u>403,773</u> | <u>344,894</u> |
| Income from operations | <u>47,924</u> | <u>55,437</u> | <u>232,467</u> | <u>199,307</u> |
| Other (income) expenses: | | | | |
| Interest | 5,605 | 4,353 | 23,151 | 16,835 |
| Other income | (1,236) | (2,022) | (3,894) | (4,018) |
| Other expense | - | - | - | 1,541 |
| Early extinguishment of debt | - | - | - | 845 |
| Total other expenses | <u>4,369</u> | <u>2,331</u> | <u>19,257</u> | <u>15,203</u> |
| Income before taxes | <u>43,555</u> | <u>53,106</u> | <u>213,210</u> | <u>184,104</u> |
| Provision for income taxes: | | | | |
| Current | - | - | - | - |
| Deferred | 17,160 | 18,587 | 76,446 | 64,436 |
| Total income taxes | <u>17,160</u> | <u>18,587</u> | <u>76,446</u> | <u>64,436</u> |
| Net income | <u>\$26,395</u> | <u>\$34,519</u> | <u>\$136,764</u> | <u>\$119,668</u> |
| NET CASH FLOW INFORMATION | | | | |
| Reconciliation of non-GAAP financial measure: | | | | |
| Discretionary cash flow | \$93,334 | \$105,627 | \$465,668 | \$406,249 |
| Net working capital changes and other | (31,161) | (31,219) | (714) | (30,739) |
| Settlement of asset retirement obligations | (2,953) | (4,159) | (3,741) | (4,159) |
| Investment in put contracts | - | - | - | (1,683) |
| Net cash flow provided by operating activities | <u>\$59,220</u> | <u>\$70,249</u> | <u>\$461,213</u> | <u>\$369,668</u> |

(1) 2004 periods and first six months of 2005 represent restated numbers.

STONE ENERGY CORPORATION
CONSOLIDATED BALANCE SHEET

(In thousands)

(Unaudited)

| <u>Assets</u> | December 31, | |
|--|--------------|-------------|
| | 2005 | 2004 (1) |
| Current assets: | | |
| Cash and cash equivalents..... | \$79,708 | \$24,257 |
| Accounts receivable | 211,685 | 111,398 |
| Fair value of hedging contracts | 7,471 | 58 |
| Other current assets | 2,795 | 9,310 |
| Total current assets | 301,659 | 145,023 |
| Oil and gas properties: | | |
| Proved, net..... | 1,564,312 | 1,376,151 |
| Unevaluated..... | 246,647 | 141,157 |
| Building and land, net | 5,521 | 5,416 |
| Fixed assets, net | 9,331 | 4,761 |
| Other assets, net | 12,847 | 23,156 |
| Total assets | \$2,140,317 | \$1,695,664 |
| <u>Liabilities and Stockholders' Equity</u> | | |
| Current liabilities: | | |
| Accounts payable to vendors..... | \$160,682 | \$110,845 |
| Undistributed oil and gas proceeds | 59,187 | 36,457 |
| Asset retirement obligation | 53,894 | 2,912 |
| Fair value of hedging contracts | - | 14,346 |
| Other current liabilities..... | 11,390 | 9,061 |
| Total current liabilities | 285,153 | 173,621 |
| Bank debt | 163,000 | 82,000 |
| 8¼% Senior Subordinated Notes due 2011..... | 200,000 | 200,000 |
| 6¾% Senior Subordinated Notes due 2014..... | 200,000 | 200,000 |
| Deferred taxes | 231,961 | 161,500 |
| Asset retirement obligations..... | 113,043 | 103,179 |
| Other long-term liabilities | 3,037 | 2,430 |
| Total liabilities | 1,196,194 | 922,730 |
| Common stock | 272 | 267 |
| Additional paid-in capital..... | 500,228 | 466,478 |
| Unearned compensation | (15,068) | (1,486) |
| Retained earnings..... | 455,183 | 318,425 |
| Treasury stock..... | (1,348) | (1,462) |
| Accumulated other comprehensive loss..... | 4,856 | (9,288) |
| Total stockholders' equity | 944,123 | 772,934 |
| Total liabilities and stockholders' equity | \$2,140,317 | \$1,695,664 |

(1) 2004 period represents restated numbers.