eog resources

ENRON OIL & GAS COMPANY REPORTS SECOND QUARTER 1999 NET INCOME OF $20.6 MILLION OR $.13 PER SHARE; WORLDWIDE DELIVERIES UP SIX PERCENT

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HOUSTON - Enron Oil & Gas Company (EOG) today reported second quarter 1999 net income of $20.6 million, or $.13 per share, compared to net income of $13.3 million, or $.09 per share, for the comparable period a year ago. Net of non-recurring items, 1999 second quarter net income was $12.9 million, or $.08 per share.

Natural gas deliveries in the second quarter increased six percent to 959 million cubic feet per day (MMcf/d), versus 1998 second quarter deliveries of 907 MMcf/d. Crude oil and condensate deliveries totaled 24.5 thousand barrels per day (MBD) in the second quarter, an increase of nine percent from deliveries of 22.4 MBD for the comparable quarter a year ago.

“We are pleased with our second quarter operating results,” said Mark G. Papa, EOG president and chief executive officer. “EOG was able to increase total volumes on a natural gas equivalent basis by seven percent per common share from the comparable period in 1998, while maintaining a focus on low production costs and a commitment to high rates of return”.

Total North America wellhead natural gas deliveries averaged 754 MMcf/d in the second quarter of 1999, a four percent increase over 1998 second quarter volumes of 722 MMcf/d. North America wellhead crude oil and condensate deliveries averaged 15.8 MBD in the second quarter of 1999, up seven percent compared to 14.7 MBD during the second quarter of 1998.

Second quarter 1999 North America wellhead natural gas prices averaged $1.93 per thousand cubic feet (Mcf), down slightly from an average of $1.96 per Mcf in the second quarter of 1998. North America crude oil and condensate prices received by EOG were $16.10 per barrel for the second quarter of 1999, an increase of 26 percent compared to $12.82 per barrel a year ago.

“EOG was the second most active driller in the U.S. for the first half of 1999,” Papa said. “This aggressive drilling activity, coupled with the increase in North America production demonstrates EOG’s ability to stay focused and return a strong performance even while the Company’s ownership status was uncertain during most of the first half of the year.”

EOG continued strong natural gas deliveries in India where volumes averaged 75 MMcf/d in the second quarter of 1999 versus 53 MMcf/d a year ago. Crude oil and condensate volumes in the second quarter of 1999 averaged 6.4 MBD, a 33 percent increase over second quarter 1998 volumes of 4.8 MBD.

The second quarter of 1999 included a $31.7 million pre-tax gain in other income on the sale of the remaining 1.6 million Enron Corp. options held by EOG. Other non-recurring pre-tax items in the quarter were general and administrative expenses related to the potential sale of EOG of $4.8 million, personnel expenses of $4.1 million, an offshore property impairment of $7.8 million included in depreciation, depletion and amortization and a loss on an anticipated international concession disposition of $6.4 million ($2.2 million after tax).

Discretionary cash flow decreased from $119.1 million in the second quarter of 1998 to $115.5 million for the second quarter of 1999 (excluding the non-recurring items). Net operating revenues increased slightly to $187.2 million in the second quarter of 1999 compared to $183.3 million a year ago, reflecting approximately $0.6 million of price increases, $11.4 million of volume increases less $8.1 million decrease in property gains and other. Natural gas equivalent volumes of 1.13 billion cubic feet equivalent per day (Bcfe/d) were up six percent over second quarter 1998 volumes of 1.06 Bcfe/d.

Enron Oil & Gas Company, majority owned by Enron Corp., is one of the largest independent (non-integrated) oil and gas companies in the United States and is the operator of substantial proved reserves in the U.S., Canada, offshore India and Trinidad. EOG is listed on the New York Stock Exchange and is traded under the ticker symbol, “EOG”.

This press release includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although EOG believes that its expectations are based on reasonable assumptions, it can give no assurance that such expectations will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include, but are not limited to, the timing and extent of changes in commodity prices for crude oil, natural gas and related products and interest rates, the extent of EOG’s success in discovering, developing, producing and marketing reserves and in acquiring oil and gas properties, political developments around the world and conditions of the capital and equity markets during the periods covered by the forward looking statements.

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Please see attached tables for additional financial information.