ENRON OIL & GAS COMPANY REPORTS FIRST QUARTER 1999 NET INCOME OF $5.1 MILLION OR $.03 PER SHARE; VOLUMES UP 11 PERCENT OVER YEAR AGO QUARTER

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HOUSTON - Enron Oil & Gas Company (EOG) announced today first quarter 1999 net income of $5.1 million, or $.03 per share, compared to net income of $27.0 million, or $.17 per share, for the comparable period a year ago. The first quarter of 1999 included non-recurring income of $18.2 million after tax ($0.12 per share) while the first quarter of 1998 included sale of assets, net, and non-recurring tax benefits of $16.8 million after tax ($0.11 per share). First quarter 1999 volumes increased to 1.2 billion cubic feet equivalent per day (Bcfe/d), up 11 percent over first quarter 1998 volumes of 1.1 Bcfe/d.

For the third consecutive quarter, average natural gas deliveries exceeded 1.0 billion cubic feet per day (Bcf/d), versus 1998 first quarter natural gas deliveries of 901 million cubic feet per day (MMcf/d). Crude oil, condensate and natural gas liquids deliveries averaged 28.7 thousand barrels per day (MBD) in the first quarter 1999, compared to 26.1 MBD for the comparable quarter a year ago.

“Given the recent exploration and production environment, we are very pleased with EOG’s first quarter results,” said Mark G. Papa, EOG president and chief executive officer. “EOG was successful in increasing total volumes on a natural gas equivalent basis by 12 percent per share from the comparable period in 1998 and by 5 percent per share in North America.”

Total North America wellhead natural gas production averaged 781 MMcf/d in the first quarter of 1999, a 5 percent increase over first quarter 1998 volumes of 745 MMcf/d. North America wellhead crude oil and condensate volumes averaged 15.8 MBD in the first quarter of 1999, compared to 15.3 MBD a year ago.

First quarter 1999 North America wellhead natural gas prices averaged $1.58 per thousand cubic feet (Mcf), down 18 percent versus an average of $1.93 per Mcf in the first quarter of 1998. North America crude oil and condensate prices received by EOG were $11.39 per barrel for the first quarter of 1999, down 22 percent compared to $14.55 per barrel a year ago.

EOG continued to achieve strong natural gas production growth in India where volumes averaged 71 MMcf/d in the first quarter of 1999 versus 47 MMcf/d a year ago. Crude oil and condensate volumes in the first quarter of 1999 averaged 7.1 MBD, a 69 percent increase over first quarter 1998 volumes of 4.2 MBD.

The first quarter of 1999 included a $28.0 million pre-tax ($18.2 million after tax) gain in other income from the sale of 1.6 million Enron Corp. common stock options held by EOG. First quarter 1998 results included gains on sales of reserves and related assets and other, net, of $13.0 million pre-tax ($8.5 million after tax) and $8.8 million of tax benefits associated with the resolution of certain domestic and international issues.

Discretionary cash flow decreased from $124.0 million in the first quarter of 1998 to $74.1 million for the first quarter of 1999 (excluding the option gain). Net operating revenues decreased to $159.0 million in the first quarter of 1999 compared to $199.8 million a year ago, largely due to the approximate 20 percent lower prices in the first quarter of 1999.

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., and Canada, and offshore India and Trinidad. EOG is listed on the New York Stock Exchange and is traded under the ticker symbol, “EOG”.

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Please see attached tables for additional financial information.