Enron Oil & Gas Company

P. O. Box 1188
Houston, TX 7725101188

May 15, 1995

Securities and Exchange Commission

Washington, D.C.

Gentlemen:

Pursuant to the requirements of the Securities and Exchange Act of 1934, we are transmitting herewith the attached Form 10-Q.

Sincerely,

/S/BEN B. BOYD
Ben B. Boyd
Vice President and
Controller

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

(X) Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the quarterly period ended March 31, 1995

( )Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-9743
ENRON OIL & GAS COMPANY
(Exact name of registrant as specified in its charter)

Delaware	47-0684736
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1400 Smith Street, P.O. Box 4362
Houston, Texas 77210-4362
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (713) 853-6161

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange

Powered By EDGAR Online 2002. EDGAR Online, Inc.

Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X . No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 30, 1995.

Common Stock, $.01 Par Value 159,971,837 shares Class Number of Shares

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ENRON OIL & GAS COMPANY

TABLE OF CONTENTS

	Page No.
PART I. FINANCIAL INFORMATION	
ITEM 1. Financial Statements	
Consolidated Statements of Income - Three Months Ended March 31, 1995 and 1994	3
Consolidated Balance Sheets - March 31, 1995 and December 31, 1994	4
Consolidated Statements of Cash Flows - Three Months Ended March 31, 1995 and 1994	5
Notes to Consolidated Financial Statements	6
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	10
PART II. OTHER INFORMATION	
ITEM 6. Exhibits and Reports on Form 8-K	14

Powered By EDGAR Online 2002. EDGAR Online, Inc.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
ENRON OIL & GAS COMPANY

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands Except Per Share Amounts)
(Unaudited)

	Three Months Ended March 31, 1995	1994
NET OPERATING REVENUES		
Natural Gas		
Associated Companies	$ 69,597	$ 75,008
Trade	46,602	62,278
Crude Oil, Condensate and Natural Gas Liquids		
Associated Companies	15,596	7,525
Trade	14,086	5,955
Gains on Sales of Reserves and Related Assets	5,605	6,001
Other	3,876	1,441
Total	155,362	158,208
OPERATING EXPENSES		
Lease and Well	16,702	14,999
Exploration	11,277	9,231
Dry Hole	1,769	2,623
Impairment of Unproved Oil and Gas Properties	7,079	4,196
Depreciation, Depletion and Amortization	53,118	64,840
General and Administrative	12,773	13,417
Taxes Other Than Income	9,815	9,964
Total	112,533	119,270
OPERATING INCOME	42,829	38,938
OTHER INCOME (EXPENSE)	(591)	2,303
INCOME BEFORE INTEREST EXPENSE AND INCOME TAXES	42,238	41,241
INTEREST EXPENSE		
Incurred		
Affiliate	389	-
Other	4,061	3,646
Capitalized	(1,712)	(1,493)
Net Interest Expense	2,738	2,153
INCOME BEFORE INCOME TAXES	39,500	39,088
INCOME TAX PROVISION	9,875	8,830
NET INCOME	$ 29,625	$ 30,258
EARNINGS PER SHARE OF COMMON STOCK	$ .19	$ .19
AVERAGE NUMBER OF COMMON SHARES	159,972	159,840

The accompanying notes are an integral part of these consolidated financial statements.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 1. FINANCIAL STATEMENTS - (Continued)
ENRON OIL & GAS COMPANY

CONSOLIDATED BALANCE SHEETS
(In Thousands)

	March 31, 1995 (Unaudited)	December 31, 1994
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 15,305	$ 5,810
Accounts Receivable		
Associated Companies	70,610	57,352
Trade	75,642	68,781
Inventories	16,054	15,731
Other	10,396	8,744
Total	188,007	156,418
OIL AND GAS PROPERTIES(Successful Efforts Method)	3,181,921	3,015,435
Less:Accumulated Depreciation, Depletion and Amortization	(1,454,072)	(1,330,624)
Net Oil and Gas Properties	1,727,849	1,684,811
OTHER ASSETS	75,542	20,638
TOTAL ASSETS	$1,991,398	$1,861,867
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable		
Associated Companies	$ 12,045	$ 13,353
Trade	98,393	117,791
Accrued Taxes Payable	17,074	17,631
Dividends Payable	4,798	4,800
Current Maturities of Long-Term Debt	1,753	1,718
Other	8,978	9,308
Total	143,041	164,601
LONG-TERM DEBT		
Affiliate	25,000	25,000
Other	173,207	165,337
OTHER LIABILITIES	15,157	10,035
REDEEMABLE PREFERRED STOCK	19,000	-
DEFERRED INCOME TAXES	285,028	269,292
DEFERRED REVENUE	263,896	184,183
COMMITMENTS AND CONTINGENCIES (Note 8)		
SHAREHOLDERS' EQUITY		
Common Stock, $.01 Par,160,000,000 Shares Authorized and Issued	201,600	201,600
Additional Paid In Capital	402,032	403,488
Cumulative Foreign Currency Translation Adjustment	(14,861)	(15,298)
Retained Earnings	478,637	453,810
Common Stock Held in Treasury, 14,873 shares at March 31, 1995 and 9,173 shares at December 31, 1994	(339)	(181)
Total Shareholders' Equity	1,067,069	1,043,419
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,991,398	$1,861,867

Powered By EDGAR Online 2002. EDGAR Online, Inc.

The accompanying notes are an integral part of these consolidated financial statements.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 1. FINANCIAL STATEMENTS - (Continued)
ENRON OIL & GAS COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

Powered By EDGAR Online 2002. EDGAR Online, Inc.

	Three Months Ended March 31, 1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES		
Reconciliation of Net Income to Net Operating Cash Inflows:		
Net Income	$ 29,625	$ 30,258
Items Not Requiring (Providing) Cash		
Depreciation, Depletion and Amortization	53,118	64,840
Impairment of Unproved Oil and Gas Properties	7,079	4,196
Deferred Income Taxes	4,801	3,714
Other, Net	322	(803)
Exploration Expenses	11,277	9,231
Dry Hole Expenses	1,769	2,623
Gains on Sales of Reserves and Related Assets	(5,605)	(6,001)
Other, Net	(364)	(150)
Changes in Components of Working Capital and Other Liabilities		
Accounts Receivable	15,975	8,137
Inventories	(323)	(649)
Accounts Payable	(20,706)	(16,675)
Accrued Taxes Payable	(557)	365
Other Liabilities	5,108	1,598
Other, Net	(1,982)	(5,680)
Changes in Components of Working Capital Associated with Investing and Financing Activities	(2,973)	8,835
NET OPERATING CASH INFLOWS	96,564	103,839
INVESTING CASH FLOWS (Note 7)		
Additions to Oil and Gas Properties	(93,912)	(88,527)
Exploration Expenses	(11,277)	(9,231)
Dry Hole Expenses	(1,769)	(2,623)
Proceeds from Sales of Reserves and Related Assets	26,504	6,713
Amortization of Deferred Revenue	(10,687)	(10,688)
Changes in Components of Working Capital Associated with Investing Activities	7,197	(8,835)
Other, Net	(502)	(1,362)
NET INVESTING CASH OUTFLOWS	(84,446)	(114,553)
FINANCING CASH FLOWS (Note 7)		
Long-Term Debt, Other	8,300	(30,000)
Dividends Paid	(4,800)	(4,795)
Treasury Stock Purchased	(3,726)	(891)
Proceeds from Sales of Treasury Stock	1,827	480
Changes in Components of Working Capital Associated with Financing Activities	(4,224)	-
NET FINANCING CASH OUTFLOWS	(2,623)	(35,206)
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	9,495	(45,920)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,810	103,129
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 15,305	$ 57,209

Powered By EDGAR Online 2002. EDGAR Online, Inc.

The accompanying notes are an integral part of these consolidated financial statements.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 1. FINANCIAL STATEMENTS - (Continued) ENRON OIL & GAS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated financial statements of Enron Oil & Gas Company and subsidiaries (the "Company") included herein have been prepared by management without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the financial results for the interim periods. Certain information and notes normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. However, management believes that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1994.

Certain reclassifications have been made to the consolidated financial statements for 1994 to conform with the current presentation.

2. Cash and Cash Equivalents at March 31, 1995 includes $4.7 million advanced to Enron Corp. under a promissory note, dated January 1, 1993, at a fixed interest rate of 7%, which note provides for the investment of funds temporarily surplus to the Company. There were no advances outstanding at December 31, 1994.

3. Income Tax Provision for the three-month periods ended March 31, 1995 and 1994 includes a tax benefit of $5.1 million and $8.1 million, respectively, related to tight gas sand federal income tax credit utilization.

4. Natural Gas and Crude Oil, Condensate and Natural Gas Liquids

Net Operating Revenues

Natural Gas Net Operating Revenues are comprised of the following (in millions):

	Three Months Ended March 31, 1995	1994
Wellhead Natural Gas Revenues		
Associated Companies (1)(2)	$ 44.6	$ 89.4
Trade	35.1	48.2
Total	$ 79.7	$137.6
Other Natural Gas Marketing Activities		
Gross Revenues from:		
Associated Companies	$ 27.3	$ 44.6
Trade (3)	27.6	33.0
Total	54.9	77.6
Associated Costs from:		
Associated Companies (1)(4)(5)	$ 27.9	$ 53.0
Trade	16.4	18.9
Total	44.3	71.9
Net	10.6	5.7
Commodity Price Swap Gain(Loss)		
Trading (6)	$ 11.3	$ -
Non-Trading (7)	14.6	(6.0)
Total	25.9	(6.0)
Total	$ 36.5	$ (.3)

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 1. FINANCIAL STATEMENTS - (Continued) ENRON OIL & GAS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Crude Oil, Condensate and Natural Gas Liquids, Net Operating Revenues are comprised of the following (in millions):

	Three Months Ended March 31, 1995	1994
Wellhead Crude Oil, Condensate and Natural Gas Liquid Revenues		
Associated Companies	$ 15.2	$ 7.1
Trade	14.1	6.0
Total	$ 29.3	$ 13.1
Other Crude Oil and Condensate Marketing Activities		
Commodity Price Hedging Gain(7)	$ .4	$ .4

(1) Wellhead Natural Gas Revenues include $18.9 million and $39.5 million for the three-month periods ended March 31, 1995 and 1994, respectively, associated with deliveries by Enron Oil & Gas Company to Enron Oil & Gas Marketing, Inc., a wholly-owned subsidiary, reflected as a cost in Other Natural Gas Marketing Activities - Associated Costs.
(2) Includes $3.8 million and $7.0 million for the three-month periods ended March 31, 1995 and 1994, respectively, associated with the equivalent wellhead value of volumes delivered under the terms of a volumetric production payment agreement effective October 1, 1992, as amended, net of transportation.
(3) Includes $10.7 million for the three-month periods ended March 31, 1995 and 1994 associated with the amortization of deferred revenues under the terms of volumetric production payment and exchange agreements effective October 1, 1992, as amended.
(4) Includes the effect of a price swap agreement with a third party which in effect fixes the price of certain purchases.
(5) Includes $6.7 million and $9.9 million for the three-month periods ended March 31, 1995 and 1994, respectively, for volumes delivered under volumetric production payment and exchange agreements effective October 1, 1992, as amended, including equivalent wellhead value, any applicable transportation costs and exchange differentials.
(6) Represents gain associated with commodity price swap transactions with an Enron Corp. affiliated company designated for trading purposes. The Company has no open trading positions at March 31, 1995.
(7) Represents gain or loss associated with commodity price swap transactions primarily with Enron Corp. affiliated companies based on NYMEX-related commodity prices in effect on dates of execution, less customary transaction fees. These transactions serve as price hedges for a portion of wellhead sales.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 1. FINANCIAL STATEMENTS - (Continued) ENRON OIL & GAS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. In March 1995, in a series of transactions with Enron Corp. and an affiliate of Enron Corp., the Company exchanged all of its fuel supply and purchase contracts and related price swap agreements associated with a cogeneration facility (the "Cogen Contracts") for certain natural gas price swap agreements of equivalent value issued by the affiliate that are designated as hedges (the "Swap Agreements"). Such Swap Agreements were closed on March 31, 1995. As a result of the transactions, the Company has been relieved of all performance obligations associated with the Cogen Contracts. The Company will realize net operating revenues and receive corresponding cash payments of approximately $91 million during the period extending through December 31, 1999 under the terms of the Swap Agreements. The estimated fair value of the Swap Agreements was approximately $81 million at March 31, 1995. The net effect of this series of transactions will result in increases in net operating revenues and cash receipts for the Company during 1995 and 1996 of approximately $13 million and $7 million, respectively, with offsetting decreases in 1998 and 1999 versus those anticipated under the Cogen Contracts. The total cash payments receivable under the terms of the Swap Agreements, approximately $91 million at March 31, 1995, are presented in the accompanying balance sheet as Accounts Receivable - Associated Companies for the $36 million current portion and as Other Assets for the $55 million noncurrent portion. The corresponding total future revenue is classified as Deferred Revenue.

6. In March 1995, a subsidiary of the Company issued to an unrelated third party 19,000 shares of the subsidiary's non- voting redeemable preferred stock, with a liquidation/redemption value of $1,000 per share and dividends payable quarterly at an annual rate of $70.00 per share, in exchange for certain oil and gas properties. The mandatory redemption date of the preferred stock is March 31, 2005; however, both parties have an option to require the stock to be redeemed at any time on or subsequent to March 31, 1997 for 633,333 shares of Enron Corp. common stock. In the event of a tax deconsolidation between Enron Corp. and the Company, the third party has the option to redeem the redeemable preferred stock for 950,000 shares of the common stock of the Company rather than for the Enron Corp. common stock. In December 1994, the Company acquired 349,387 shares of Enron Corp. common stock at a cost of approximately $10 million to be held in anticipation of the possible future exchange. The cost of the Enron Corp. common stock is included in Other Assets in the accompanying balance sheet.

7. Gains on sales of certain oil and gas reserves and related assets in the amount of $5.6 million and $6.0 million for the three-month periods ended March 31, 1995 and 1994, respectively, are required by current accounting guidelines to be removed from Net Income in connection with determining Net Operating Cash Inflows while the related proceeds are classified as Investing Cash Flows. The Company believes the proceeds from the sales of reserves and related assets should be considered in analyzing the elements of operating cash flows. The current federal income tax impact of these sales transactions was calculated by the Company to be $6.0 million and $1.3 million for the three-month periods ended March 31, 1995 and 1994, respectively, which entered into the overall calculation of current federal income tax. The Company believes that this current federal income tax impact should also be considered in analyzing the elements of the cash flow statement.

Noncash investing and financing activities for the three- month period ended March 31, 1995 include the issuance by a subsidiary of the Company of redeemable preferred stock with a liquidation/redemption value of $19 million in exchange for certain oil and gas properties (see Note 6). An approximate $7 million step-up in property basis was made relating to deferred taxes associated with the difference between the tax and book bases of the acquired properties as required by Statement of Financial Accounting Standards No. 109 - "Accounting for Income Taxes" for a nontaxable business combination.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 1. FINANCIAL STATEMENTS - (Concluded) ENRON OIL & GAS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. As reported in the Company's Annual Report on Form 10-K for the year ended December 31, 1994, TransAmerican Natural Gas Corporation ("TransAmerican") has filed a petition against the Company and Enron Corp. alleging breach of contract, tortious interference with contract, misappropriation of trade secrets and violation of state antitrust laws. The petition, as amended, seeks actual damages of $100 million plus exemplary damages of $300 million. The Company has answered the petition and is actively defending the matter; in addition, the Company has filed counterclaims against TransAmerican and its sole shareholder, John R. Stanley, alleging fraud, negligent misrepresentation and breach of state antitrust laws. On April 6, 1994, Enron Corp. was granted summary judgment, wherein the court ordered that TransAmerican can take nothing on its claims against Enron Corp. The trial, which was most recently set for September 12, 1994, has been continued, and there is no current setting. Although no assurances can be given, the Company believes that the claims made by TransAmerican are totally without merit, that the ultimate resolution of the matter will not have a materially adverse effect on its financial condition or results of operations, and that such ultimate resolution could result in a recovery to the Company.

9. In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121 - "Accounting for the Impairment of Long-Lived Assets and for Long- Lived Assets to be Disposed Of" (the "Standard"). The Standard requires, among other things, that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company is required to adopt the Standard no later than the first quarter of 1996. While the Company has not completed an evaluation of its total portfolio of assets and cannot predict with certainty the effect of the adoption of the Standard, based upon a preliminary evaluation it does not anticipate that adoption of the Standard will have a materially adverse effect on the financial condition or results of operations of the Company.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
ENRON OIL & GAS COMPANY

The following review of operations for the three-month period ended March 31, 1995 should be read in conjunction with the consolidated financial statements of the Company and Notes thereto.

Results of Operations

Three Months Ended March 31, 1995
vs. Three Months Ended March 31, 1994

In the first quarter of 1995, Enron Oil & Gas Company (the "Company") realized net income of $29.6 million compared to net income of $30.3 million for the same period in 1994. Net operating revenues for the first quarter of 1995 were $155.4 million as compared to $158.2 million for the same period a year ago.

Volume and price statistics are as follows:

	1995	1994
Wellhead Volumes		
Natural Gas (MMcf/d) (1) (3)	716	799
Crude Oil and Condensate (MBbl/d) (1)	18.1	10.8
Natural Gas Liquids (Mbbl/d)	2.5	0.7
Wellhead Average Prices		
Natural Gas ($/Mcf) (2) (4)	$ 1.24	$ 1.91
Crude Oil and Condensate ($/Bbl)(2)	16.40	12.83
Natural Gas Liquids ($/Bbl)	11.79	8.37

(1) Million cubic feet per day or thousand barrels per day, as applicable.
(2) Dollars per thousand cubic feet or per barrel, as applicable.

(3) Includes 48 MMcf per day for the three-month periods ended March 31, 1995 and 1994 delivered under the terms of volumetric production payment and exchange agreements effective October 1, 1992, as amended.
(4) Includes an average equivalent wellhead value of $.87/Mcf and $1.61/Mcf for the three-month periods ended March 31, 1995 and 1994, respectively, for the volumes described in note (3), net of transportation costs.

First quarter 1995 average wellhead natural gas prices were down approximately 35% from the same period in 1994 reducing net operating revenues by approximately $44 million. A decrease of 10% in wellhead natural gas volumes from the first quarter of 1994 reduced net operating revenues by approximately $14 million. The Company voluntarily curtailed its United States wellhead natural gas delivered volumes by an average of approximately 150 MMcf per day during February and March of 1995 due to significantly lower United States wellhead natural gas prices. First quarter 1995 wellhead crude oil and condensate average prices increased 28% adding approximately $6 million to net operating revenues over the first quarter of 1994. Crude oil and condensate wellhead volumes increased 68% adding approximately $8 million to net operating revenues compared to the same period a year ago primarily reflecting new volumes on stream in India, higher volumes in Trinidad and a 35% increase in United States volumes.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)

ENRON OIL & GAS COMPANY

Other marketing activities associated with sales and purchases of natural gas, natural gas price swap transactions, other commodity price hedging of natural gas and crude oil and condensate prices utilizing NYMEX-related commodity market transactions, and margins relating to the volumetric production payment added approximately $37 million to net operating revenues during the first quarter of 1995, an increase of approximately $37 million from the same period in 1994. This increase primarily results from a gain of $15 million on natural gas commodity price hedging activities utilizing NYMEX-related commodity market transactions in the first quarter of 1995 versus a $6 million loss during 1994 and increased margins associated with other natural gas marketing activities. The average associated costs of natural gas marketing, price swap and volumetric production payment transactions, including, where appropriate, average wellhead value, transportation costs and exchange differentials, decreased $.69 per Mcf. The average price received for these transactions decreased $.47 per Mcf. Related other natural gas marketing volumes decreased 13%. The Company realized an $11 million gain in the first quarter of 1995 related to certain NYMEX-related commodity market transactions with an Enron Corp. affiliated company that were designated for trading purposes in late 1994. All trading positions were closed during the first quarter of 1995.

The impact of these other marketing activities, a substantial portion of which serve as hedges of commodity price risks for a portion of wellhead deliveries, were more than offset by reductions in revenues associated with market responsive prices for wellhead deliveries. (See Note 4 to Consolidated Financial Statements).

In the first quarter of 1995, the Company exchanged existing fuel supply and purchase contracts and related price swap agreements associated with a cogeneration facility for certain natural gas price swap agreements of equivalent value issued by an Enron Corp. affiliated company. As a result of these transactions, the Company will realize increases in net operating revenues of approximately $13 million and $7 million in 1995 and 1996, respectively, with offsetting decreases in 1998 and 1999 versus that anticipated under the original contracts and agreements. The Company did not realize any additional net operating revenues in the first quarter of 1995 resulting from such exchange.

During the first quarter of 1995, operating expenses of $113 million were $6 million lower than the $119 million incurred in the first quarter of 1994. Lease and well expenses increased approximately $2 million to $17 million primarily due to expanded international operations. Exploration expenses increased $2 million to $11 million due to increased domestic and internationl exploration activities. Lease impairments of $7 million in the first quarter of 1995 were $3 million higher than the same period in 1994 primarily due to impairments associated with certain offshore leases. Depreciation, depletion and amortization ("DD&A") expense decreased $12 million to $53 million reflecting a decrease in production volumes and a decrease in the average DD&A rate from $.83 per thousand cubic feet equivalent ("Mcfe") in the first quarter of 1994 to $.70 per Mcfe in the first quarter of 1995. A portion of the DD&A rate decrease is attributable to increased production from international operations, with lower than average DD&A rates, versus that for North American operations. The remainder of the decrease is primarily due to an increase in the proportion of North American production coming from lower cost fields, the disposition of higher cost properties and increases in reserve estimates resulting primariy from evolving production histories.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Continued)

ENRON OIL & GAS COMPANY

The Company reduced its total per unit operating costs for lease and well expense, DD&A, general and administrative expense, interest expense, and taxes other than income by $.09 per Mcfe, averaging $1.26 per Mcfe during the first quarter of 1995 compared to $1.35 per Mcfe during the same period in 1994. This decrease is primarily attributable to the reduction in the average DD&A rate as noted above.

Income tax provision increased $1 million for first quarter of 1995 as compared to the same period in 1994 primarily resulting from a reduction in the federal income tax benefits associated with tight gas sand federal income tax credits utilized in the first quarter of 1995 as compared to the first quarter of 1994.

Federal income taxes accrued in interim periods are calculated using the estimated annual effective income tax rate method.

Capital Resources and Liquidity

The Company's primary sources of cash during the three months ended March 31, 1995 included funds generated from operations, proceeds from the sale of selected oil and gas reserves and related assets and commercial paper borrowings. Primary cash outflows included funds used in operations, exploration and development expenditures, dividends paid to the Company's shareholders and repayment of commercial paper maturities.

Discretionary cash flow, a frequently used measure of performance for exploration and production companies, is derived by adjusting net income to eliminate the effects of depreciation, depletion and amortization, impairment of unproved oil and gas properties, deferred income taxes, gains on sales of reserves and related assets, certain other miscellaneous non-cash amounts, except for amortization of deferred revenue, and exploration and dry hole expenses and to include proceeds from sales of reserves and related assets. The Company generated discretionary cash flow of $129 million during the first three months of 1995, a 12% increase over the $115 million generated for the same period in 1994, primarily reflecting an increase in proceeds from sales of reserves and related assets partially offset by lower net operating revenues.

Net operating cash flows of $97 million for the first three months of 1995 decreased $7 million as compared to the same period in 1994 primarily due to lower net operating revenues. Based upon existing economic and market conditions, management believes net operating cash flow and available financing alternatives in 1995 will be sufficient to fund net investing and other cash requirements of the Company for the remainder of the year.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - (Concluded)

ENRON OIL & GAS COMPANY

Exploration and development expenditures totaled $126 million for the first three months of 1995 which was $26 million higher than the amount expended during the same period in 1994, reflecting an increasing emphasis on certain international development drilling opportunities and a $19 million acquisition of certain properties in the United States, which property acquisition was for noncash consideration of redeemable preferred stock of a subsidiary of the Company. An approximate $7 million noncash step-up in property basis was made relating to deferred taxes associated with the difference between the tax and book bases of the acquired properties. (See Note 6 to Consolidated Financial Statements).

The level of exploration and development expenditures will vary in future periods depending on energy market conditions and other related economic factors. The Company has significant flexibility with respect to financing alternatives and the ability to adjust its exploration and development expenditure budget as circumstances warrant. There are no material continuing commitments associated with expenditure plans.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

PART II. OTHER INFORMATION
ENRON OIL & GAS COMPANY

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K - There were no reports on Form 8-K filed for the quarterly period ended March 31, 1995.

Powered By EDGAR Online 2002. EDGAR Online, Inc.

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 thereunto duly authorized.

ENRON OIL & GAS COMPANY
(Registrant)

Date: May 12, 1995

By /S/ W. C. WILSON
W. C. Wilson
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: May 12, 1995

By /S/ BEN B. BOYD
Ben B. Boyd
Vice President and Controller
(Principal Accounting Officer)

Powered By EDGAR Online 2002. EDGAR Online, Inc.

ARTICLE 5

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1995
PERIOD END	MAR 31 1995
CASH	15,305
SECURITIES	0
RECEIVABLES	146,252
ALLOWANCES	0
INVENTORY	16,054
CURRENT ASSETS	188,007
PP&E	3,181,921
DEPRECIATION	(1,454,072)
TOTAL ASSETS	1,991,398
CURRENT LIABILITIES	143,041
BONDS	0
COMMON	201,600
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	865,469
TOTAL LIABILITY AND EQUITY	1,991,398
SALES	145,881
TOTAL REVENUES	155,362
CGS	0
TOTAL COSTS	112,533
OTHER EXPENSES	591
LOSS PROVISION	0
INTEREST EXPENSE	2,738
INCOME PRETAX	39,500
INCOME TAX	9,875
INCOME CONTINUING	29,625
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	29,625
EPS PRIMARY	.19
EPS DILUTED	0

Powered By EDGAR Online 2002. EDGAR Online, Inc.

End of Filing

Powered By EDGAR Online 2002. EDGAR Online, Inc.