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## News Release

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Tuesday, August 1, 2000

For Immediate Release

# Louis Dreyfus Natural Gas Announces Financial Results for the Second Quarter of 2000

Oklahoma City, Oklahoma -- Louis Dreyfus Natural Gas Corp. (NYSE: LD) today announced its results for the quarter ended June 30, 2000. The Company reported net income of \$9.1 million, or \$.22 per share, on total revenue of \$88.0 million for the second quarter of 2000. This compares to a net loss of \$.5 million, or \$.01 per share, on total revenue of \$62.4 million for the second quarter of 1999. Earnings results for the second quarter of 2000 were bolstered by higher natural gas production and sharply higher prices, but were negatively impacted by an \$11.9 million non-cash loss attributable to SFAS 133 derivative accounting rules. Net income excluding the non-cash impact of SFAS 133 derivative accounting was \$16.5 million, or \$.39 per share, for the second quarter of 2000 and \$4.4 million, or \$.11 per share, for the second quarter of 1999. The third quarter of 2000 will benefit from the reversal of \$14.0 million of previously recorded losses in change in derivative fair value as the underlying contracts settle. Also affecting earnings results for the second quarter was a \$4.6 million nonrecurring, noncash impairment charge (\$2.8 million after tax, or \$.07 per share) relating to downward reserve revisions for two small offshore fields.

Cash flows from operating activities (before working capital changes) for the second quarter of 2000 grew 69% to a record \$64.9 million compared to \$38.5 million for the second quarter of 1999. EBITDAX for the quarter ended June 30, 2000 improved 53% to \$74.9 million, also a record for the Company. This compares to EBITDAX of \$48.9 million for the prior year quarter.

For the six-month period ended June 30, 2000, the Company reported net income of \$17.9 million, or \$.43 per share, on total revenue of \$168.5 million. This compares with a net loss of \$4.3 million, or \$.11 per share, on total revenue of \$119.5 million for the six months ended June 30, 1999. Cash flows from operating activities (before working capital changes) for the first six months of 2000 were \$120.0 million, compared to \$67.1 million for the first six months of 1999, an increase of 79%. EBITDAX for the first six months of 2000 was \$140.3 million, compared to \$87.6 million for the comparable period of 1999, an increase of 60%.

#### HIGHER PRODUCTION AND OIL AND GAS PRICES

Total average daily production for the second quarter of 2000 increased 4% to 357 MMcfe compared to 343 MMcfe for the prior year quarter. Natural gas production for the 2000 second quarter increased to 312 MMcf per day, an increase of 7% compared to 293 MMcf per day for the second quarter of 1999. Natural gas production represented 87% of total production for the period. Daily oil production for the second quarter of 2000 was 7,582 barrels, a decrease of 9% compared to 8,349 barrels per day for the second quarter of 1999.

Second quarter 2000 gas prices averaged \$2.92 per Mcf, an increase of 33% compared to \$2.20 per Mcf for the prior year second quarter. Oil prices for the Company's second quarter production averaged \$23.67 per barrel, a 52% increase compared to \$15.53 per barrel for the second quarter of 1999. These prices include the results of the Company's hedging activities.

#### MANAGEMENT COMMENT

Mark Monroe, President and Chief Executive Officer, stated, "At the end of June, our daily production level reached 390 MMcfed, almost 10 percent greater than the 357 MMcfed average for the second quarter of 2000. Based upon the increased production rates and current oil and gas prices, we are expecting significantly higher earnings and cash flows for the balance of the year. We also expect to report significant proved reserve additions this year. For the first half of 2000, we estimate that over 400 percent of production has been replaced by proved reserves added through drilling and acquisitions."

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*This press release includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including drilling of wells, reserve estimates, future production of oil and gas, future cash flows and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.*

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Louis Dreyfus Natural Gas is one of the largest independent natural gas companies engaged in the acquisition, development, exploration, production and marketing of natural gas and crude oil in the United States. Internet address: <http://www.ldng.com>

Presented below are selected financial and operating results for the three-month and six-month periods ended June 30, 2000 and 1999 (in thousands, except per share data and as noted):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	<i>(unaudited)</i>		<i>(unaudited)</i>	
<b>SELECTED FINANCIAL RESULTS</b>				
<b>REVENUES</b>				
Oil and gas sales .....	\$ 99,121	\$ 70,306	\$ 186,484	\$ 128,461
Change in derivative fair value .....	(11,945)	(8,135)	(20,108)	(11,110)
Other income .....	828	251	2,082	2,194
	<u>88,004</u>	<u>62,422</u>	<u>168,458</u>	<u>119,545</u>
<b>EXPENSES</b>				
Operating costs .....	19,457	15,860	36,611	31,453
General and administrative .....	5,609	5,803	11,701	11,618
Exploration costs .....	4,028	2,213	7,271	6,152
Depreciation, depletion and amortization .....	29,827	29,070	60,085	57,200
Impairment .....	4,569	-	4,569	-
Interest .....	9,882	10,233	19,308	20,247
	<u>73,372</u>	<u>63,179</u>	<u>139,545</u>	<u>126,670</u>
Income (loss) before income taxes .....	14,632	(757)	28,913	(7,125)
Income tax provision (benefit) .....	5,560	(303)	10,986	(2,850)
Net income (loss) .....	<u>\$ 9,072</u>	<u>\$ (454)</u>	<u>\$ 17,927</u>	<u>\$ (4,275)</u>
Net income (loss) per share:				
Basic .....	\$ .22	\$ (.01)	\$ .44	\$ (.11)
Diluted .....	\$ .22	\$ (.01)	\$ .43	\$ (.11)
Weighted average number of common shares outstanding:				
Basic .....	40,649	40,123	40,442	40,116
Diluted .....	41,906	40,123	41,355	40,116
Cash flows from operating activities before working capital changes	<u>\$ 64,918</u>	<u>\$ 38,463</u>	<u>\$ 120,003</u>	<u>\$ 67,086</u>
<b>SELECTED OPERATING RESULTS</b>				
<b>TOTAL PRODUCTION</b>				
Oil production (MBbls) .....	690	760	1,389	1,502
Natural gas production (MMcf) .....	28,373	26,625	55,961	52,093
Equivalent production (MMcfe) .....	32,513	31,183	64,295	61,105
<b>AVERAGE DAILY PRODUCTION</b>				
Oil production (Bbls) .....	7,582	8,349	7,632	8,298
Natural gas production (Mcf) .....	311,796	292,581	307,479	287,808
Equivalent production (Mcf) .....	357,287	342,675	353,269	337,596
<b>PRICES</b>				
Average oil price (per Bbl) .....	\$ 23.67	\$ 15.53	\$ 23.48	\$ 13.33
Average gas price (per Mcf) .....	2.92	2.20	2.75	2.08
Average equivalent price (per Mcfe) .....	3.05	2.25	2.90	2.10
	<u>June 30,</u>	<u>Dec. 31,</u>		
	<u>2000</u>	<u>1999</u>		
<b>SELECTED BALANCE SHEET INFORMATION (1)</b>				
Net working capital .....	\$ (64,583)	\$ 1,782		
Oil and gas properties, net .....	1,283,607	1,104,804		
Total assets .....	1,418,115	1,227,087		
Long-term debt .....	681,686	555,222		
Stockholders' equity .....	471,947	498,782		

(1) – Amounts for June 30, 2000 do not reflect the effects of the common stock offering closed on July 5, 2000.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
	<i>(unaudited)</i>		<i>(unaudited)</i>	
<b>REVENUES</b>				
<b>OIL REVENUE</b>				
Wellhead sales.....	\$ 18,947	\$ 11,800	\$ 37,890	\$ 20,028
Effect of fixed price contracts.....	(2,616)	0	(5,280)	0
Total.....	<u>\$ 16,331</u>	<u>\$ 11,800</u>	<u>\$ 32,610</u>	<u>\$ 20,028</u>
<b>GAS REVENUE</b>				
Wellhead sales.....	\$ 96,775	\$ 55,801	\$ 166,294	\$ 98,317
Effect of fixed price contracts.....	(13,985)	2,705	(12,420)	10,116
Total.....	<u>\$ 82,790</u>	<u>\$ 58,506</u>	<u>\$ 153,874</u>	<u>\$ 108,433</u>
<b>PRICES</b>				
Oil (per Bbl):				
Wellhead production.....	\$ 27.46	\$ 15.53	\$ 27.28	\$ 13.33
Effect of Fixed Price Contracts.....	(3.79)	0.00	(3.80)	0.00
Total	<u>\$ 23.67</u>	<u>\$ 15.53</u>	<u>\$ 23.48</u>	<u>\$ 13.33</u>
Average fixed price provided by Fixed Price Contracts.....	23.40	n/a	23.40	\$ n/a
Net effective realization for hedged production (*).....	94%	n/a	94%	n/a
Natural gas (per Mcf):				
Wellhead production.....	\$ 3.41	\$ 2.10	\$ 2.97	\$ 1.89
Effect of Fixed Price Contracts.....	(0.49)	0.10	(0.22)	0.19
Total.....	<u>\$ 2.92</u>	<u>\$ 2.20</u>	<u>\$ 2.75</u>	<u>\$ 2.08</u>
Average fixed price provided by Fixed Price Contracts.....	\$ 2.73	\$ 2.38	\$ 2.74	\$ 2.49
Net effective realization for hedged production (*).....	98%	95%	98%	94%
<b>EXPENSES (per Mcfe):</b>				
Operating costs:				
Lease operating.....	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.41
Production taxes.....	0.20	0.11	0.17	0.10
Total.....	<u>\$ 0.60</u>	<u>\$ 0.51</u>	<u>\$ 0.57</u>	<u>\$ 0.51</u>
General and administrative.....	\$ 0.17	\$ 0.19	\$ 0.18	\$ 0.19
Depreciation, depletion and amortization - oil and gas.....	\$ 0.88	\$ 0.89	\$ 0.90	\$ 0.89
Interest.....	\$ 0.30	\$ 0.33	\$ 0.30	\$ 0.33
<b>OTHER STATISTICS</b>				
EBITDAX.....	\$ 74,883	\$ 48,894	\$ 140,254	\$ 87,584
EBITDAX to interest.....	7.6	4.8	7.3	4.3
EBITDAX per share - basic.....	\$ 1.84	\$ 1.22	\$ 3.47	\$ 2.18
Cash flow margin per Mcfe.....	\$ 2.00	\$ 1.23	\$ 1.87	\$ 1.23
Revenue to general and administrative expense.....	\$ 15.69	\$ 10.76	\$ 14.40	\$ 10.29

(\*) - Net of basis results.

	<b>Pro forma</b>		<b>December 31,</b>
	<b>June 30,</b>	<b>June 30,</b>	<b>1999</b>
	<b>2000 (1)</b>	<b>2000</b>	
	<i>(unaudited)</i>	<i>(unaudited)</i>	
<b>BALANCE SHEET</b>			
Cash.....	\$ 4,856	\$ 4,856	\$ 9,660
Other current assets.....	92,832	92,832	64,837
	97,688	97,688	74,497
Property, net.....	1,301,640	1,301,640	1,123,139
Long-term derivatives and other.....	18,787	18,787	29,451
	<u>\$ 1,418,115</u>	<u>\$ 1,418,115</u>	<u>\$ 1,227,087</u>
Current liabilities.....	\$ 162,271	\$ 162,271	\$ 72,715
Long-term debt.....	610,814	681,686	555,222
Deferred credits & other.....	102,211	102,211	100,368
	875,296	946,168	728,305
Stockholders' equity.....	542,819	471,947	498,782
	<u>\$ 1,418,115</u>	<u>\$ 1,418,115</u>	<u>\$ 1,227,087</u>
Debt to capitalization.....	0.53	0.59	0.53
Current ratio.....	0.6	0.6	1.0

(1) June 30, 2000 as adjusted for the effects of the common stock offering closed July 5, 2000.

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<i>(unaudited)</i>		<i>(unaudited)</i>	
<b>CAPITAL EXPENDITURES</b>				
<b>DRILLING PROGRAM</b>				
Development costs.....	\$ 57,545	\$ 24,140	\$ 100,558	\$ 49,294
Exploration costs.....	7,156	1,549	11,848	5,834
	<u>64,701</u>	<u>25,689</u>	<u>112,406</u>	<u>55,128</u>
<b>ACQUISITIONS</b>				
Unproved leasehold.....	10,124	2,109	13,292	4,329
Proved reserves.....	120,109	8,426	132,417	32,506
	<u>130,233</u>	<u>10,535</u>	<u>145,709</u>	<u>36,835</u>
TOTAL OIL & GAS.....	<u>194,934</u>	<u>36,224</u>	<u>258,115</u>	<u>91,963</u>
OTHER PP&E.....	747	535	1,581	976
	<u>\$ 195,681</u>	<u>\$ 36,759</u>	<u>\$ 259,696</u>	<u>\$ 92,939</u>
Proceeds from sale of oil & gas properties.....	\$ 9,690	\$ 6,961	\$ 10,708	\$ 6,863