
News Release

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For Immediate Release

Louis Dreyfus Natural Gas Announces Record Financial Results for the Second Quarter of 2001

Oklahoma City, Oklahoma -- Louis Dreyfus Natural Gas Corp. (NYSE: LD) today announced record financial results for the quarter ended June 30, 2001. The Company reported net income of \$47.8 million, or \$1.07 per share, on revenues of \$157.4 million for the second quarter of 2001. This compares to net income of \$9.1 million, or \$.22 per share, on revenues of \$88.0 million for the second quarter of 2000. Net income excluding the non-cash impact of SFAS 133 derivative accounting was \$47.9 million, or \$1.07 per share, for the second quarter of 2001 and \$16.5 million, or \$.39 per share, for the second quarter of 2000.

Cash flows from operating activities (before working capital changes) for the second quarter of 2001 grew 72% to \$111.9 million compared to \$64.9 million for the second quarter of 2000. EBITDAX for the quarter ended June 30, 2001 improved 66% to \$124.6 million compared to EBITDAX of \$74.9 million for the prior year quarter.

The improvement in earnings and operating cash flows for the second quarter of 2001, which was record performance relative to any previous second quarter in the Company's history, was primarily the result of higher natural gas and crude oil prices and higher production compared to the second quarter of 2000.

Higher Oil And Gas Prices; Production Growth

Total average daily production for the second quarter of 2001 increased 5% to 376 MMcfe compared to 357 MMcfe for the prior year quarter. Natural gas production for the second quarter of 2001 increased 4% to 325 MMcf per day, compared to 312 MMcf per day for the second quarter of 2000. Natural gas production represented 87% of total oil and gas production for both periods. Daily oil production for the second quarter of 2001 was 8,378 barrels, an increase of 10% compared to 7,582 barrels for the second quarter of 2000.

Second quarter 2001 natural gas prices averaged \$4.62 per Mcf, an increase of 58% compared to \$2.92 per Mcf for the prior year second quarter. Oil prices for the Company's second quarter production averaged \$25.80 per barrel, a 9% increase compared to \$23.67 per barrel for the second quarter of 2000. These prices include the results of the Company's realized hedging activities.

Results for the Six Months Ended June 30, 2001

For the six months ended June 30, 2001, Louis Dreyfus Natural Gas reported net income of \$121.2 million, or \$2.71 per share, on revenues of \$369.4 million. This compares to net income of \$17.9 million, or \$.43 per share, on revenues of \$168.5 million for the first six months of 2000. Net income excluding the non-cash impact of SFAS 133 derivative accounting was \$119.3 million, or \$2.67 per share, for the six months ended June 30, 2001, and \$30.4 million, or \$.73 per share, for the six months ended June 30, 2000.

Cash flows from operating activities (before working capital changes) for the first six months of 2001 grew 109% to \$250.3 million compared to \$120.0 million for the first six months of 2000. EBITDAX for the first six months of 2001 improved 111% to \$296.2 million, compared to EBITDAX of \$140.3 million for the prior year quarter.

Management Comment

Mark Monroe, President and Chief Executive Officer, stated, "Compared to last year, net income for both the second quarter and first half of 2001 increased more than five-fold. The Company's balance sheet is also stronger than ever. During the past six months, stockholder's equity increased \$257 million and long-term debt decreased \$84 million. As a result, debt-to-book capitalization has fallen to 40 percent compared to 53 percent at year end."

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 made in this press release other than purely historical information are forward-looking statements. These statements reflect our current expectations and are based on our historical operating trends, proved reserve and fixed-price contract positions and other currently available information. Forward-looking statements include statements about our future drilling plans and objectives and related exploration and development budgets and number and location of planned wells and statements regarding the quality of our properties and potential reserve and production levels. These statements may be preceded by or followed by or otherwise include the words "believes", "expects", "anticipates", "intends", "plans", "estimates", "projects", or similar expressions or statements that certain events "will" or "may" occur. These statements assume that no significant changes will occur in the operating environment for our oil and gas properties and that there will be no material acquisitions or divestitures except as otherwise described. The forward-looking statements are subject to all the risks and uncertainties incident to the acquisition, exploration, development and marketing of oil and natural gas reserves, including the risks described in this release and in our Annual Report filed on Form 10-K for the year ended December 31, 2000. These risks include, but are not limited to, commodity price, counterparty, environmental, drilling, reserves, operations and production rates. We may also make material acquisitions or divestitures, modify our fixed-price contract positions or enter into financing transactions. None of these events can be predicted with certainty and are not taken into consideration in the forward-looking statements. Statements concerning fixed-price contract, interest rate

swap and other financial instrument fair values and their estimated contribution to our future results of operations are based upon market information as of a specific date. This market information is often a function of significant judgment and estimation. Further, market prices for oil and gas and market interest rates are subject to significant volatility. For all of these reasons, our actual results may vary materially from the forward-looking statements and there is no assurance that the assumptions we have used are necessarily the most likely. We will not update any forward-looking statements to reflect events or circumstances occurring after the date the statement is made. 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, 2001 and 2000 (in thousands, except per share data and as noted):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
SELECTED FINANCIAL RESULTS				
REVENUES				
Oil sales	\$ 19,671	\$ 16,331	\$ 39,974	\$ 32,610
Gas sales	136,915	82,790	325,106	153,874
	156,586	99,121	365,080	186,484
Change in derivative fair value	(112)	(11,945)	3,038	(20,108)
Other income	936	828	1,278	2,082
	<u>157,410</u>	<u>88,004</u>	<u>369,396</u>	<u>168,458</u>
EXPENSES				
Lease operating expense	17,055	13,084	34,065	25,778
Production taxes	9,103	6,373	22,511	10,833
	26,158	19,457	56,576	36,611
General and administrative	6,793	5,609	13,604	11,701
Exploration costs	4,290	4,028	18,606	7,271
Depreciation, depletion and amortization	32,288	29,827	65,094	60,085
Impairment	2,606	4,569	2,606	4,569
Interest	7,850	9,882	16,778	19,308
	<u>79,985</u>	<u>73,372</u>	<u>173,264</u>	<u>139,545</u>
Income before income taxes	<u>77,425</u>	<u>14,632</u>	<u>196,132</u>	<u>28,913</u>
Income tax provision:				
Current	5,525	452	29,989	578
Deferred	24,089	5,108	44,929	10,408
	<u>29,614</u>	<u>5,560</u>	<u>74,918</u>	<u>10,986</u>
Net income	<u>\$ 47,811</u>	<u>\$ 9,072</u>	<u>\$ 121,214</u>	<u>\$ 17,927</u>
Net income per share:				
Basic	\$ 1.09	\$.22	\$ 2.76	\$.44
Diluted	\$ 1.07	\$.22	\$ 2.71	\$.43
Weighted average number of common shares outstanding:				
Basic	43,990	40,649	43,915	40,442
Diluted	44,751	41,827	44,718	41,827
Cash flows from operating activities before working capital changes	\$ 111,905	\$ 64,918	\$ 250,270	\$ 120,003
EBITDAX	124,571	74,883	296,178	140,254
SELECTED OPERATING RESULTS				
TOTAL PRODUCTION				
Oil production (MBbls)	762	690	1,513	1,389
Natural gas production (MMcf)	29,606	28,373	59,596	55,961
Equivalent production (MMcfe)	34,180	32,513	68,677	64,295
AVERAGE DAILY PRODUCTION				
Oil production (Bbls)	8,378	7,582	8,362	7,632
Natural gas production (Mcf)	325,339	311,796	329,260	307,479
Equivalent production (Mcfe)	375,606	357,287	379,431	353,269
PRICES				
Average oil price (per Bbl)	\$ 25.80	\$ 23.67	\$ 26.41	\$ 23.48
Average gas price (per Mcf)	4.62	2.92	5.46	2.75
Average equivalent price (per Mcfe)	4.58	3.05	5.32	2.90

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2001	2000	2001	2000
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Oil and Gas Sales: (M\$)				
Wellhead oil sales	\$ 19,671	\$ 18,947	\$ 39,974	\$ 37,890
Effect of fixed-price contract settlements	--	(2,616)	--	(5,280)
Total oil sales	<u>\$ 19,671</u>	<u>\$ 16,331</u>	<u>\$ 39,974</u>	<u>\$ 32,610</u>
Wellhead gas sales	\$ 136,048	\$ 96,775	\$ 345,505	\$ 166,294
Effect of fixed-price contract settlements	867	(13,985)	(20,399)	(12,420)
Total natural gas sales	<u>\$ 136,915</u>	<u>\$ 82,790</u>	<u>\$ 325,106</u>	<u>\$ 153,874</u>
Percent of oil production hedged by fixed-price contracts	--	73%	--	72%
Percent of gas production hedged by fixed-price contracts	88%	68%	68%	49%
Average Sales Price:				
Oil price (per Bbl):				
Wellhead price	\$ 25.80	\$ 27.46	\$ 26.41	\$ 27.28
Effect of fixed-price contract settlements	--	(3.79)	--	(3.80)
Total	<u>\$ 25.80</u>	<u>\$ 23.67</u>	<u>\$ 26.41</u>	<u>\$ 23.48</u>
Natural gas price (per Mcf):				
Wellhead price	\$ 4.59	\$ 3.41	\$ 5.80	\$ 2.97
Effect of fixed-price contract settlements	.03	(.49)	(.34)	(.22)
Total	<u>\$ 4.62</u>	<u>\$ 2.92</u>	<u>\$ 5.46</u>	<u>\$ 2.75</u>
Average sales price (per Mcfe)	\$ 4.58	\$ 3.05	\$ 5.32	\$ 2.90
Operating and Overhead Costs: (per Mcfe)				
Lease operating expense	\$.50	\$.40	\$.50	\$.40
Production taxes	.27	.20	.33	.17
General and administrative	.20	.17	.20	.18
Total	<u>\$.97</u>	<u>\$.77</u>	<u>\$ 1.03</u>	<u>\$.75</u>
Cash operating margin (per Mcfe)	\$ 3.61	\$ 2.28	\$ 4.29	\$ 2.15
Depreciation, depletion and amortization (per Mcfe)	\$.94	\$.91	\$.95	\$.93
CAPITAL EXPENDITURES (M\$)				
DRILLING PROGRAM				
Development costs	\$ 85,098	\$ 57,545	\$ 156,612	\$ 100,558
Exploration costs	4,517	7,156	9,768	11,848
	<u>89,615</u>	<u>64,701</u>	<u>166,380</u>	<u>112,406</u>
ACQUISITIONS				
Unproved leasehold	3,942	10,124	7,551	13,292
Proved reserves	5,603	120,109	5,611	132,417
	<u>9,545</u>	<u>130,233</u>	<u>13,162</u>	<u>145,709</u>
Total oil and gas property additions	<u>99,160</u>	<u>194,934</u>	<u>179,542</u>	<u>258,115</u>
Other property, plant and equipment	867	747	2,218	1,581
	<u>\$ 100,027</u>	<u>\$ 195,681</u>	<u>\$ 181,760</u>	<u>\$ 259,696</u>
Proceeds from sale of oil and gas properties	\$ 950	\$ 9,690	\$ 1,063	\$ 10,708

	June 30, 2001	Dec. 31, 2000
SELECTED BALANCE SHEET INFORMATION		
ASSETS		
Cash	\$ 1,730	\$ 2,799
Other current assets	<u>175,016</u>	<u>133,489</u>
	176,746	136,288
Oil and gas properties, net	1,435,069	1,340,493
Other property, plant and equipment, net	20,004	19,722
Other assets	<u>64,252</u>	<u>5,462</u>
	<u>\$ 1,696,071</u>	<u>\$ 1,501,965</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 141,561	\$ 207,098
Long-term debt	523,032	606,909
Deferred income taxes and other long-term liabilities	241,211	155,139
Stockholders' equity	<u>790,267</u>	<u>532,819</u>
	<u>\$ 1,696,071</u>	<u>\$ 1,501,965</u>
Debt to capitalization	40%	53%