Louis Dreyfus Natural Gas

14000 Quail Springs Parkway
Suite 600
Oklahoma City, Oklahoma
73134-2600

Telephone 405 749-1300
Fax 405 749-9385
www.ldng.com

News Release

Contact Kevin R. White or Shawn Abernathy
Telephone: 405 749-1300
Thursday, February 4, 1999

For Immediate Release

Louis Dreyfus Natural Gas Announces 1998 Financial Results and Year-end Reserves

NET LOSS OF $53 MILLION RESULTING FROM WEAK OIL AND GAS PRICES; RECORD REVENUES, OPERATING CASH FLOWS AND PRODUCTION
Oklahoma City, Oklahoma -- Louis Dreyfus Natural Gas Corp. (NYSE: LD) today announced its results for the year ended December 31, 1998. The Company reported a net loss of $52.6 million, or $1.31 per share, on total revenue of $278.5 million for 1998. This compares to a net loss of $16.1 million, or $.53 per share, on total revenue of $232.9 million for 1997. The significant downturn in oil and gas prices during 1998 was the principal contributor to the decline in earnings between the two periods. Cash flows from operating activities (before working capital changes) for the year ended December 31, 1998 grew 14% to $144.9 million compared to $127.1 million for 1997. Significant production growth was the principal driver behind the increase in operating cash flows for 1998, more than offsetting the effects of lower oil and gas prices. Earnings for both years were adversely affected by non-cash impairment charges. For 1998, the Company recognized impairment charges totaling $52.5 million ($34.1 million after tax, or $.85 per share), resulting primarily from significantly lower oil and gas prices. In 1997, a $75.2 million ($47.1 million after tax, or $1.56 per share) impairment charge was recorded in connection with the acquisition of American Exploration Company.

FOURTH QUARTER 1998 RESULTS
For the quarter ended December 31, 1998, the Company reported a net loss of $34.7 million, or $.87 per share, on total revenue of $69.7 million. This compares with a net loss of $38.7 million, or $1.03 per share, on total revenue of $80.1 million for the quarter ended December 31, 1997. The improvement in earnings for the 1998 fourth quarter is primarily attributable to a smaller impairment charge recorded in the 1998 fourth quarter compared to the fourth quarter of 1997. Cash flows from operating activities (before working capital changes) for the 1998 fourth quarter declined to $36.7 million compared to $46.8 million for the fourth quarter of 1997, a decrease of 22%. The significant decline in oil and gas prices was the principal factor behind the reduction in operating cash flows for the 1998 quarter.

SIGNIFICANT PRODUCTION GROWTH; DECLINE IN OIL AND GAS PRICES
The Company's average daily oil and gas production for the year ended December 31, 1998 reflected a significant increase, improving 44% to 333 MMcfe per day compared to 231 MMcfe per day for 1997. Approximately 83% of the Company's total production for 1998

- more -

was natural gas. Gas production averaged 277 MMcf per day, representing a 41% increase over the 197 MMcf of natural gas produced per day for 1997. Daily oil production for 1998 increased 64% to 9,400 barrels, compared to 5,700 barrels per day for 1997. These increases in production are primarily attributable to the acquisition of American Exploration Company in the fourth quarter of 1997 and the results of the Company's oil and gas drilling program.

Oil prices for 1998 averaged $13.05 per barrel, a decline of 34% compared to $19.86 per barrel for the prior year. The Company's 1998 gas production averaged $2.24 per Mcf, an 11% decrease compared to $2.52 per Mcf in 1997. During 1998, gas revenues increased $21.0 million ($.21 per Mcf) and oil revenues increased $2.2 million ($.63 per Bbl) as a result of the Company's hedging activities.

RECORD DRILLING PROGRAM RESULTS AND PROVED RESERVES

The 1998 drilling program proved to be the most successful in the Company's history. The program resulted in the drilling of 324 development wells and 27 exploratory wells in 1998. Of these wells, 297 development wells and 14 exploratory wells were successfully completed as producers, for a completion success rate of 92% and 52%, respectively. As a result of its drilling program, the Company added 258 Bcfe of proved reserves at an all-in drilling and development cost of $.86 per Mcfe. Reserve additions from the Company's drilling program replaced 212% of production, representing the strongest production replacement performance from drilling activities in the Company's history. These reserve additions are distributed as follows among the Company's core operating regions: 68 Bcfe - Mid-Continent; 82 Bcfe - Gulf Coast; and 108 Bcfe - Permian. For the year ended December 31, 1998, the Company invested $222 million in its exploration and development drilling program. Of this amount, $139 million was directed to development drilling, and $83 million was associated with exploration projects including $23 million of unproved leasehold and seismic costs expected to benefit future periods.

The Company ended 1998 with 1.3 Tcfe of proved reserves, an increase of 11% over 1997's year-end reserve position. Proved reserves at December 31, 1998 are comprised of 24.4 million barrels of oil and 1.2 Tcfe of natural gas reserves. In addition to the results of its drilling program, the Company added 7.3 Bcfe through acquisitions at a cost of $.56 per Mcfe, resulting in an all-in finding, development and acquisition cost of $.85 per Mcfe. Total reserve additions for 1998 replaced 218% of production.

ADOPTION OF DERIVATIVES ACCOUNTING STANDARD

In the fourth quarter of 1998, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." Pursuant to this new standard, all of the Company's derivative instruments, including its fixed-price commodity contracts, are recognized as assets or liabilities on its balance sheet, measured at fair value. Adoption resulted in an increase to stockholders' equity of approximately $103 million as the result of recording the estimated fair value of the Company's derivatives and the reclassification of deferred hedging gains, both adjusted for related deferred income tax effects.

MANAGEMENT COMMENT

Mark Monroe, President and Chief Executive Officer, stated, "The collapse of oil and gas prices dramatically lowered revenues and cash flows for most exploration and production companies last year. While we certainly were not immune to the effects of lower oil and gas prices, in many respects 1998 was our most successful year ever. Our revenues, cash flows,

more

production and year-end reserves each reached record levels. Exploration and development drilling added a record 258 Bcfe of proved reserves at a cost of $.86 per Mcfe. This level of reserve additions replaced 212% of production and is larger than the total proved reserves acquired in the American Exploration merger last year. Our 1998 operating margin (oil and gas sales less operating and overhead costs) of $1.47 per Mcfe will also rank among the best in the industry. These results are in part attributable to the Company's strong geographic concentration in the Mid-Continent, Gulf Coast and Permian.

Due to low product prices, many companies are taking a charge against earnings associated with a write-down of the book value of oil and gas properties at year-end. For the year, we recorded a $52 million write-down ($34 million after-tax) as a result of reviewing each of our fields for impairment. Although lower oil and gas prices, the write-down and $35 million in exploration costs combined to result in a loss for the year, the Company remains healthy financially with its lowest debt-to-equity ratio in several years."

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.

# # #

Louis Dreyfus Natural Gas is an independent energy company engaged in the acquisition, development, exploration, production and marketing of natural gas and crude oil. Internet address: *http://www.ldng.com*

Presented below are selected financial and operating results for the quarters and years ended December 31, 1998 and 1997 (in thousands, except per share data and as noted):

	Three Months Ended December 31, 1998	Three Months Ended December 31, 1997	Years Ended December 31, 1998	Years Ended December 31, 1997
	(unaudited)		(unaudited)	
SELECTED FINANCIAL RESULTS:				
REVENUES				
Oil and gas sales	$ 66,708	$ 79,823	$ 271,575	$ 222,016
Interest and other	3,002	299	6,916	10,901
	69,710	80,122	278,491	232,917
EXPENSES				
Operating costs	15,735	16,680	66,295	49,169
General and administrative	6,993	6,956	25,971	18,855
Exploration costs	7,896	3,656	34,543	8,956
Depreciation, depletion and amortization	30,399	30,084	131,408	79,325
Impairment	42,658	75,198	52,522	75,198
Interest	10,358	9,706	40,908	28,737
	114,039	142,280	351,647	260,240
Loss before income taxes	(44,329)	(62,158)	(73,156)	(27,323)
Income taxes	(8,651)	(23,454)	(19,605)	(11,261)
	(35,678)	(38,704)	(53,551)	(16,062)
Cumulative effect of change in accounting principle, net of tax	964	—	964	—
Net loss	$ (34,714)	$ (38,704)	$ (52,587)	$ (16,062)
Net loss per share	$ (.87)	$ (1.03)	$ (1.31)	$ (.53)
Weighted average common shares outstanding	40,110	37,436	40,107	30,233
Cash flows from operating activities (before working capital changes)	$ 36,692	$ 46,786	$ 144,919	$ 127,074
SELECTED OPERATING RESULTS:				
PRODUCTION				
Oil production (MBbls)	815	849	3,430	2,088
Natural gas production (MMcf)	25,844	23,352	101,066	71,731
Equivalent production (MMcfe)	30,733	28,443	121,647	84,262
PRICES				
Average oil price (per Bbl)	$ 13.26	$ 19.15	$ 13.05	$ 19.86
Average gas price (per Mcf)	2.16	2.72	2.24	2.52
Average equivalent price (per Mcfe)	2.17	2.81	2.23	2.63

	Dec. 31, 1998	Dec. 31, 1997
SELECTED BALANCE SHEET INFORMATION:		
Net working capital	$ 24,605	$ 3,231
Oil and gas properties, net	1,064,206	1,077,091
Total assets	1,283,808	1,210,954
Long-term debt	596,103	563,344
Stockholders' equity	519,920	469,204
PROVED RESERVES INFORMATION:		
Oil (MBbls)	24,416	29,109
Gas (MMcf)	1,193,666	1,028,752
Total (MMcfe)	1,340,161	1,203,405
Future net revenues(1)	$ 1,844,770	$ 2,169,917
Present value of future net revenues(1)	936,602	1,135,970

(1) — Includes the effects of fixed price contracts.