# Forcenergy

NEWS RELEASE

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FORCENERGY ANNOUNCES 1998 YEAR-END RESULTS

20% Year-Over-Year Production Gain
Outweighed by Commodity Price Downturn

MIAMI, FL (April 16,1999) ... Forcenergy announced that on April 15, 1999 it filed a Report on Form 8-K announcing its results of operations for the calendar year ended December 31, 1998.

Contents of the Report on Form 8-K can be found on the internet at http://www.SEC.gov/edaux/formlynx.htm or can be furnished upon request by the Company by contacting Investor Relations at (305) 856-8500.

Forcenergy Inc reported a net loss of $39.5 million, or $1.59 per share for the year ended December 31, 1990, exclusive of a non-cash impairment of oil and gas assets, compared with net income of $28.0 million, or $1.21 per share for the 1997 year, also exclusive of a non-cash impairment of oil and gas assets. Also exclusive of the impairment provision for each period, the net loss for the fourth quarter of 1998 was $19.7 million, or $.80 per share, compared to income of $9.1 million, or $.37 per share for the 1997 quarter. Recognized in the fourth quarter of 1998 and 1997 were $275.0 million and $162.8 million, respectively in non-cash (after-tax) impairments of oil and gas assets under the full cost accounting rules mandated by the Securities and Exchange Commission. The net losses for the years 1998 and 1997, inclusive of the impairment provisions, were $314.5 million and $134.8 million, or $12.65 and $5.83 per share respectively. Inclusive of the impairment provision the net losses recorded in the fourth quarter of 1998 and 1997 were $294.7 million and $153.7 million, or $11.92 and $6.25 per share, respectively.



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Revenues for the year 1998 were $273.5 million compared to $284.2 million in 1997. Revenues for the fourth quarter of 1998 were $62.9 million compared to $85.5 million in the 1997 quarter. Discretionary cash flow for 1998 was $103.9 million compared to $155.5 million in 1997, or $4.11 and $6.36 per share-diluted, respectively. In the 1998 fourth quarter, discretionary cash flow was $18.8 million, or $.76 per share, compared to $46.6 million, or $1.79 per share-diluted, for the 1997 fourth quarter. The decreases in revenue and discretionary cash flow for the quarter and year periods were attributable to precipitous declines in the realized prices for oil and natural gas that were only partially offset by production increases. Average realized prices per barrel equivalent (inclusive of hedging results) declined 19% (to $12.79 per BOE) for the year and 26% (to $12.32 per BOE) for the 1998 fourth quarter.

Included in the fourth quarter 1998 and 1997 results, and results for both years, were $275 million and $162.8 million ($200 million pre-tax) in non-cash after-tax impairments of oil and gas assets under the "ceiling test" provisions of the full cost accounting rules for oil and gas companies. Under these rules mandated by the Securities and Exchange Commission, to the extent the carrying cost of the Company's oil and gas assets associated with its proved reserve base exceeds the discounted present value of its proved reserves (as of the valuation date, held constant), that difference must be recognized as an additional charge to depletion/depreciation expense in that quarter. Because of the steep decline in oil and gas prices from year-end 1996 to year-end 1997, and further from year-end 1997 to year-end 1998, the Company's capitalized cost exceeded the discounted present value of its proven reserves resulting in the impairments.

## OPERATING RESULTS

On an equivalent barrel basis, production for the year increased 20% to 21,313 thousand barrels of oil equivalent ("MBOE") (58.4 MBOE per day), while fourth quarter 1998 production remained relatively flat at 5,099 MBOE (55.5 MBOE per day). The production increase for the year resulted from new production associated with the 1998 and 1997 drilling programs, the West McArthur River (Cook Inlet, Alaska) and the Convest/Edisto acquisitions in June and October 1997, respectively, and a series of smaller acquisitions in 1998. Production for the 1998 fourth quarter was flat with the 1997 quarter primarily because of normal field decline in the Gulf of



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Mexico wells that was not replaced because of the severely restricted drilling programs in the last half of 1998. Lease operating expenses per BOE increased 8% to $4.66 and $5.07 per BOE for the year and fourth quarter of 1998, respectively. This increase was attributable to slightly higher lease operating expenses associated with new properties acquired in late 1997 and early 1998 and to higher 1998 workover expenses.

Forcenergy Inc is an independent oil and gas company engaged in the exploration, acquisition, development, exploitation and production of oil and natural gas. Forcenergy's primary areas of operations are the Gulf of Mexico and Cook Inlet, Alaska.

Certain statements in this news release regarding future expectations and plans for future activities may be regarded as "forward looking statements" within the meaning of the Securities Litigation Reform Act. They are subject to various risks, such as financial market conditions, operating hazards, drilling risks, and the inherent uncertainties in interpreting engineering data relating to underground accumulations of oil and natural gas, as well as other risks discussed in detail in the Company's SEC filings, including the Annual Report and Form 1O-K for the year ended December 31, 1997. Actual results and outcomes may vary materially.



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