UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1997
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

COMMISSION FILE NUMBER 1-1204

AMERADA HESS CORPORATION

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

13-4921002
(I.R.S. Employer Identification Number)

1185 AVENUE OF THE AMERICAS, NEW YORK, N.Y.
(Address of principal executive offices)

10036
(Zip Code)

(Registrant's telephone number, including area code, is (212) 997-8500)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock (par value $1.00)	New York Stock Exchange
	Toronto Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

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 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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of voting stock held by non-affiliates of the Registrant amounted to $4,595,000,000 as of February 28, 1998.

At February 28, 1998, 91,415,205 shares of Common Stock were outstanding.

Certain items in Parts I and II incorporate information by reference from the 1997 Annual Report to Stockholders and Part III is incorporated by reference from the Proxy Statement for the annual meeting of stockholders to be held on May 6, 1998.

PART I

ITEM 1. BUSINESS

Amerada Hess Corporation (the "Registrant") was incorporated in 1920 in the State of Delaware. The Registrant and its subsidiaries (collectively referred to herein as the "Corporation") engage in the exploration for and the production, purchase, transportation and sale of crude oil and natural gas. The Corporation also manufactures, purchases, transports and markets refined petroleum products.

EXPLORATION AND PRODUCTION

The Corporation's exploration and production activities are located primarily in the United States, United Kingdom, Norway and Gabon. The Corporation also conducts exploration and/or production activities in Denmark, Indonesia, Thailand and other parts of the world. Of the Company's proved reserves (on a barrel of oil equivalent basis), 34% are located in the United States, 60% are located in the United Kingdom, Norwegian and Danish sectors of the North Sea and the remainder are located in Gabon, Indonesia and Thailand. Worldwide crude oil and natural gas liquids production amounted to 218,572 barrels per day in 1997 compared with 236,797 barrels per day in 1996. Worldwide natural gas production was 569,254 Mcf per day in 1997 compared with 684,666 Mcf per day in 1996.

At December 31, 1997, the Corporation had 595 million barrels of proved crude oil and natural gas liquids reserves compared with 578 million barrels at the end of 1996. Proved natural gas reserves were 1,935 million Mcf at December 31, 1997 compared with 1,866 million Mcf at December 31, 1996. The Corporation has a number of oil and gas developments underway in the United States, United Kingdom and in other international areas. It also has an inventory of domestic and foreign drillable prospects. In 1996, the Corporation sold its Canadian and Abu Dhabi operations and certain non-core United States and United Kingdom producing properties.

UNITED STATES. The Corporation operates principally offshore in the Gulf of Mexico and onshore in the states of Texas, Louisiana and North Dakota. During 1997, 20% of the Corporation's crude oil and natural gas liquids production and 55% of its natural gas production were from United States operations.

The table below sets forth the Corporation's average daily net production by area in the United States:

	1997	1996
CRUDE OIL, INCLUDING CONDENSATE AND NATURAL GAS LIQUIDS (BARRELS PER DAY)		
Texas	16,136	19,204
North Dakota	12,077	12,366
Gulf of Mexico	10,295	10,642
Louisiana	1,700	2,155
Other	3,742	5,758
Total	43,950	50,125
NATURAL GAS (MCF PER DAY)		
Gulf of Mexico	104,803	133,878
North Dakota	59,576	46,934
Texas	52,402	30,632
Louisiana	43,668	46,713
California	17,779	16,870
New Mexico	17,467	22,253
Mississippi	14,972	17,341
Other	1,248	23,032
Total	311,915	337,653

The Corporation is developing the Baldpate Field in the Gulf of Mexico and is participating in other developments and evaluating additional discoveries, principally in the Garden Banks area.

UNITED KINGDOM. The Corporation's activities in the United Kingdom are conducted by its wholly-owned subsidiary, Amerada Hess Limited. During 1997, 61% of the Corporation's crude oil and natural gas liquids production and 40% of its natural gas production were from United Kingdom operations.

The table below sets forth the Corporation's average daily net production in the United Kingdom by field and the Corporation's interest in each at December 31, 1997:

PRODUCING FIELD	INTEREST	1997	1996
CRUDE OIL, INCLUDING CONDENSATE AND NATURAL GAS LIQUIDS (BARRELS PER DAY)			
Scott	34.95%	41,040	51,877
Fife/Fergus	85.00/65.00	25,981	31,430
Beryl/Ness	22.22	17,697	19,037
Telford	31.42	10,548	626
Arbroath/Montrose/Arkwright	28.21	9,617	9,320
Ivanhoe/Rob Roy/Hamish	42.08	8,795	14,163
Hudson	28.00	8,456	8,343
Nevis	37.34	5,359	869
Other	Various	5,298	5,689
Total		132,791	141,354
NATURAL GAS (MCF PER DAY)			
Everest/Lomond	18.67/16.67%	50,732	44,591
Davy/Bessemer	27.78/23.08	41,292	40,551
Beryl/Ness	22.22	37,076	45,581
Indefatigable	23.08	27,360	32,736
Leman	21.74	21,454	37,967
Scott	34.95	18,811	22,760
Other	Various	29,079	29,797
Total		225,804	253,983

The Corporation is developing several oil and gas fields in the United Kingdom North Sea and is evaluating other discoveries. Production from the Schiehallion and Flora Fields is expected to commence in 1998.

NORWAY. The Corporation's activities in Norway are conducted through its wholly-owned Norwegian subsidiary, Amerada Hess Norge A/S. The Corporation's Norwegian operations accounted for crude oil and natural gas liquids production of 31,173 and 29,188 net barrels per day in 1997 and 1996, respectively. Approximately 70% of the 1997 production is from the Corporation's 28.09% interest in the Valhall Field.

GABON. The Corporation has a 5.5% interest in the Rabi Kounga oil field onshore Gabon. The Corporation's share of production from Gabon averaged 10,127 and 9,725 net barrels of crude oil per day in 1997 and 1996, respectively.

OTHER INTERNATIONAL. Production from one of the Corporation's interests in Indonesia commenced in 1997 and is averaging approximately 2,000 barrels of crude oil per day. Additional developments are underway in Indonesia and Thailand. The Corporation is also developing the South Arne Field in Denmark with production scheduled to commence in 1999. The Corporation is continuing its active international exploration program.

REFINING AND MARKETING

The Corporation's refining facilities are located in St. Croix, United States Virgin Islands and Port Reading, New Jersey. Total crude runs averaged 411,000 barrels per day in 1997 and 396,000 barrels per day in 1996. The Corporation's Virgin Islands refinery was supplied principally under contracts of one year or less with third parties and through spot purchases on the open market. In 1997, the Corporation's production supplied less than 5% of its crude runs. Approximately 80% of the refined products marketed in 1997 was obtained from the Corporation's refineries. The Corporation purchased the balance from others under short-term supply contracts and by spot purchases from various sources. Sales of refined products averaged 509,000 barrels per day in 1997 and 495,000 barrels per day in 1996.

HESS OIL VIRGIN ISLANDS REFINERY. The Corporation owns and operates a petroleum refinery in St. Croix, United States Virgin Islands through its wholly-owned subsidiary, Hess Oil Virgin Islands Corp. ("HOVIC"). In 1997, refined products produced were approximately 72% gasoline and distillates, 7% refinery feedstocks and the remainder principally residual fuel oil. In addition to crude distillation capacity, the refinery has a fluid catalytic cracking unit, which is currently operating at a rate of approximately 135,000 barrels per day. The refinery also has catalytic reforming units, vacuum distillation capacity, visbreakers, a sulfolane unit, a penex unit, distillate desulfurizers, vacuum gas oil desulfurizers and sulfur recovery facilities. HOVIC has approximately 31 million barrels of storage capacity.

The refinery has the capability to process a variety of crude oils, including high-sulfur crudes. The refinery has a 60-foot-deep harbor and docking facilities for ten ocean-going tankers. The refinery's harbor accommodates very large crude carriers after a portion of their crude oil cargo is lightered at the Corporation's storage and transshipment facility in Saint Lucia, which has a 90-foot-deep harbor. The Saint Lucia facility has approximately 9 million barrels of storage capacity.

On February 3, 1998, the Corporation announced an agreement in principle with Petroleos de Venezuela, S.A. ("PDVSA") to create a joint venture, 50% owned by each party, to own and operate the Corporation's Virgin Islands refinery.

Under the proposed terms of the transaction, PDVSA will acquire a 50% interest in the refinery for $625 million, consisting of $62.5 million in cash and an interest-bearing note payable over ten years. The Corporation will also receive an additional note for $125 million, which is contingently payable over ten years based on the joint venture's future cash flows. This note will not be included in the purchase price for accounting purposes.

At closing, the joint venture will purchase the crude oil and refined product inventories and other working capital of the refinery. The joint venture will also enter into a long-term supply contract to purchase Venezuelan crude oil. In addition, the joint venture will finance and construct a coker and related facilities, which will enable the refinery to process lower-cost, heavy crude oil from Venezuela to be purchased under a separate long-term supply contract. These long-term supply contracts cover more than 50% of the refinery's crude oil requirements at its current operating rate.

The transaction is subject to the preparation of definitive contracts, Virgin Islands governmental authorizations and corporate board approvals.

PORT READING FACILITY. The Corporation owns and operates a fluid catalytic cracking facility in Port Reading, New Jersey, which processes vacuum gas oil and residual fuel oil and currently operates at a rate of approximately 60,000 barrels per day. The Port Reading facility primarily produces gasoline and heating oil.

MARKETING. The Corporation markets refined petroleum products principally on the East Coast of the United States to the motoring public, wholesale distributors, industrial and commercial users, other petroleum companies, commercial airlines, governmental agencies and public utilities. The Corporation also markets natural gas to utilities and other industrial and commercial customers.

At December 31, 1997, the Corporation had 638 HESS(R) gasoline stations of which approximately 80% were operated by the Corporation. Most of the Corporation's stations are concentrated in relatively densely populated areas, principally in New York, New Jersey and Florida. Of the Corporation's stations, 288 have convenience stores. The Corporation owns in fee approximately 70% of the properties on which its stations are located. The Corporation also has 41 terminals located throughout its marketing area, with aggregate storage capacity of approximately 45 million barrels.

COMPETITION AND MARKET CONDITIONS

The petroleum industry is highly competitive. The Corporation encounters competition from numerous companies in each of its activities, particularly in acquiring rights to explore for crude oil and natural gas and in the purchasing and marketing of refined products. Many competitors are larger and have substantially greater resources than the Corporation. The Corporation is also in competition with producers and marketers of other forms of energy.

The petroleum business involves large-scale capital expenditures and risk-taking. In the search for new oil and gas reserves, long lead times are often required from successful exploration to subsequent production. Operations in the petroleum industry depend on a depleting natural resource. The number of areas where it can be expected that hydrocarbons will be discovered in commercial quantities is constantly diminishing and exploration risks are high. Areas where hydrocarbons may be found are often in remote locations or offshore where exploration and development activities are capital intensive and operating costs are high.

The major foreign oil producing countries, including members of the Organization of Petroleum Exporting Countries ("OPEC"), exert considerable influence over the supply and price of crude oil and refined petroleum products. Their ability or inability to agree on a common policy on rates of production, oil prices, and other matters has a significant impact on oil markets and the Corporation. The derivatives markets are also important in influencing the prices of crude oil, natural gas and refined products. The Corporation cannot predict the extent to which future market conditions may be affected by OPEC, the derivatives markets or other external influences.

A substantial decline in crude oil and refined product selling prices occurred in late 1997 and is continuing in the first quarter of 1998, as world supply has increased more than demand. The Corporation's results of operations from exploration and production and refining and marketing operations are extremely sensitive to these selling prices and earnings are being negatively affected. The Corporation cannot predict how long these conditions will continue.

OTHER ITEMS

The Corporation's operations may be affected by federal, state, local, territorial and foreign laws and regulations relating to tax increases and retroactive tax claims, expropriation of property, cancellation of contract rights, and changes in import regulations, as well as other political developments. The Corporation has been affected by certain of these events in various countries in which it operates. The Corporation markets motor fuels through lessee-dealers and wholesalers in certain states where legislation prohibits producers or refiners of crude oil from directly engaging in retail marketing of motor fuels. Similar legislation has been periodically proposed in the U.S. Congress and in various other states. The Corporation, at this time, cannot predict the effect of any of the foregoing on its future operations.

Compliance with various environmental and pollution control regulations imposed by federal, state and local governments is not expected to have a materially adverse effect on the Corporation's earnings and competitive position within the industry. Capital expenditures for facilities, primarily to comply with federal, state and local environmental standards, were $5 million in 1997 and the Corporation anticipates comparable capital expenditures in 1998. In addition, the Corporation expended $12 million in 1997 for environmental remediation, with a comparable amount anticipated for 1998.

The number of persons employed by the Corporation averaged 9,216 in 1997 and 9,085 in 1996.

Additional operating and financial information relating to the business and properties of the Corporation appears in the text on pages 6 through 13 under the heading "Exploration and Production," on pages 14 through 18 under the heading "Refining and Marketing," on pages 20 through 26 under the heading "Financial Review" and on pages 27 through 53 of the accompanying 1997 Annual Report to Stockholders, which information is incorporated herein by reference.*

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* Except as to information specifically incorporated herein by reference under Items 1, 2, 5, 6, 7, 7A and 8, no other information or data appearing in the 1997 Annual Report to Stockholders is deemed to be filed with the Securities and Exchange Commission (SEC) as part of this Annual Report on Form 10-K, or otherwise subject to the SEC's regulations or the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

ITEM 2. PROPERTIES

Reference is made to Item 1 and the operating and financial information relating to the business and properties of the Corporation, which is incorporated in Item 1 by reference.

Additional information relating to the Corporation's oil and gas operations follows.

1. OIL AND GAS RESERVES

The Corporation's net proved oil and gas reserves at the end of 1997, 1996 and 1995 are presented under Supplementary Oil and Gas Data in the accompanying 1997 Annual Report to Stockholders, which has been incorporated herein by reference.

During 1997, the Corporation provided oil and gas reserve estimates for 1996 to the Department of Energy. Such estimates are compatible with the information furnished to the SEC on Form 10-K, although not necessarily directly comparable due to the requirements of the individual requests. There were no differences in excess of 5%.

The Corporation has no contracts or agreements in excess of one year's duration to sell fixed quantities of its crude oil production. Approximately 50% of the Corporation's 1997 natural gas sales was made under long-term contracts to various purchasers. Contractual commitments in 1998 (which are expected to be comparable to 1997) will be filled from the Corporation's production and from contractual purchases.

2. AVERAGE SELLING PRICES AND AVERAGE PRODUCTION COSTS

	1997	1996	1995
Average selling prices (Note A)			
Crude oil, including condensate and natural gas liquids (per barrel)			
United States	$18.43	$16.49	$15.82
Europe	19.20	20.23	17.05
Africa and Asia	18.48	20.95	17.06
Canada and Abu Dhabi	-	17.91	16.02
Average	19.01	19.41	16.68
Natural gas (per Mcf)			
United States (Note B)	$ 2.47	$ 2.43	$ 1.70
Europe	2.36	2.05	2.05
Africa and Asia	1.05	-	-
Canada	-	1.35	1.02
Average	2.45	2.31	1.67

Note A: Includes inter-company transfers valued at approximate market prices and the effect of the Corporation's hedging activities. The increase in the United States crude oil selling price in 1997 reflects improved hedging results.

Note B: Includes sales of purchased gas.

	1997	1996	1995
Average production (lifting) costs per barrel of production (Note C)			
United States	$4.39	$4.56	$4.29
Europe	5.62	5.30	4.34
Africa and Asia	2.55	2.02	1.99
Canada and Abu Dhabi	-	3.21	3.00
Average	5.13	4.88	4.09

Note C: Production (lifting) costs consist of amounts incurred to operate and maintain the Corporation's producing oil and gas wells, related equipment and facilities (including lease costs of floating production and storage facilities) and production and severance taxes. The average production costs per barrel reflect the crude oil equivalent of natural gas production converted on the basis of relative energy content (6 Mcf equals one barrel).

The foregoing tabulation does not include substantial costs and charges applicable to finding and developing proved oil and gas reserves, nor does it reflect significant outlays for related general and administrative expenses, interest expense and income taxes.

3. GROSS AND NET DEVELOPED ACREAGE AND PRODUCTIVE WELLS AT DECEMBER 31, 1997

	DEVELOPED ACREAGE APPLICABLE TO PRODUCTIVE WELLS (IN THOUSANDS)		PRODUCTIVE WELLS (NOTE A)			
			OIL		GAS	
	GROSS	NET	GROSS	NET	GROSS	NET
United States	1,882	525	2,829	791	837	417
Europe	613	138	371	58	138	28
Africa and Asia	65	12	139	11	4	2
Total	2,560	675	3,339	860	979	447

Note A: Includes multiple completion wells (wells producing from different formations in the same bore hole) totaling 83 gross wells and 43 net wells.

4. GROSS AND NET UNDEVELOPED ACREAGE AT DECEMBER 31, 1997

	UNDEVELOPED ACREAGE (IN THOUSANDS)	
	GROSS	NET
United States	1,428	915
Europe	9,601	3,478
Africa, Asia and other	21,375	6,300
Total	32,404	10,693

5. NUMBER OF NET EXPLORATORY AND DEVELOPMENT WELLS DRILLED

	NET EXPLORATORY WELLS			NET DEVELOPMENT WELLS		
	1997	1996	1995	1997	1996	1995
Productive wells						
United States	5	8	20	27	22	25
Europe	5	6	3	8	12	10
Africa, Asia and other	2	-	-	6	1	1
Canada and Abu Dhabi	-	7	3	-	8	12
Total	12	21	26	41	43	48
Dry holes						
United States	11	22	24	3	-	3
Europe	8	8	6	1	2	-
Africa, Asia and other	1	2	1	-	-	-
Canada and Abu Dhabi	-	5	14	-	1	2
Total	20	37	45	4	3	5
Total	32	58	71	45	46	53

6. NUMBER OF WELLS IN PROCESS OF DRILLING AT DECEMBER 31, 1997

	GROSS WELLS	NET WELLS
United States	6	3
Europe	7	2
Africa, Asia and other	2	1
Total	15	6

7. NUMBER OF WATERFLOODS AND PRESSURE MAINTENANCE PROJECTS IN PROCESS OF INSTALLATION AT DECEMBER 31, 1997 -- None

ITEM 3. LEGAL PROCEEDINGS

On April 27, 1993, the Texas Natural Resource Conservation Commission ("TNRCC", then known as the Texas Water Commission) notified the Registrant of alleged violations of the Texas Water Code as a result of alleged discharges of hydrocarbon compounds into the groundwater in the vicinity of the Registrant's terminal in Corpus Christi, Texas. Penalties provided for these violations include administrative penalties not to exceed $10,000 per day. Although there are many potential sources for hydrocarbon discharge in this vicinity, the Registrant is continuing a groundwater assessment, corrective measures program and other appropriate responses to these groundwater conditions. On December 9, 1994, the Executive Director of the TNRCC forwarded a Notice of Executive Director's Preliminary Report and Petition for a TNRCC Order Assessing Administrative Penalties and Requiring Certain Actions of Registrant. This Notice recommended a $542,400 penalty be assessed and the Registrant be ordered to undertake remedial actions at the Corpus Christi terminal. The Registrant is engaging in settlement discussions with the TNRCC regarding this matter.

The Corporation periodically receives notices from the U.S. Environmental Protection Agency (the "EPA") that the Corporation is a "potentially responsible party" under the Superfund legislation with respect to various waste disposal sites. Under this legislation, all potentially responsible parties are jointly and severally liable. For certain sites, EPA's claims or assertions of liability against the Corporation relating to these sites have not been fully developed. With respect to the remaining sites, EPA's claims have been settled, or a proposed settlement is under consideration, in all cases for amounts which are not material. The ultimate impact of these proceedings, and of any related proceedings by private parties, on the business or accounts of the Corporation cannot be predicted at this time due to the large number of other potentially responsible parties and the speculative nature of clean-up cost estimates, but is not expected to be material.

The Corporation is from time to time involved in other judicial and administrative proceedings, including proceedings relating to other environmental matters. Although the ultimate outcome of these proceedings cannot be ascertained at this time and some of them may be resolved adversely to the Corporation, no such proceeding is required to be disclosed under applicable rules of the Securities and Exchange Commission. In management's opinion, based upon currently known facts and circumstances, such proceedings in the aggregate will not have a material adverse effect on the financial condition of the Corporation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter of 1997, no matter was submitted to a vote of security holders through the solicitation of proxies or otherwise.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table presents information as of February 1, 1998 regarding executive officers of the Registrant:

NAME	AGE	OFFICE HELD*	YEAR INDIVIDUAL BECAME AN EXECUTIVE OFFICER
John B. Hess............	43	Chairman of the Board, Chief Executive Officer and Director	1983
W. S. H. Laidlaw........	42	President, Chief Operating Officer and Director	1986
Leon Hess...............	83	Chairman of the Executive Committee and Director	1969
J. Barclay Collins II...	53	Executive Vice President, General Counsel and Director	1986
John Y. Schreyer........	58	Executive Vice President, Chief Financial Officer and Director	1990
Alan A. Bernstein.......	53	Senior Vice President	1987
F. Lamar Clark..........	64	Senior Vice President	1990
John A. Gartman.........	50	Senior Vice President	1997
Neal Gelfand............	53	Senior Vice President	1980
Daniel F. McCarthy......	53	Senior Vice President	1995
Lawrence H. Ornstein....	46	Senior Vice President	1995
Rene L. Sagebien........	57	Senior Vice President	1990
F. Borden Walker........	44	Senior Vice President	1996
Gerald A. Jamin.........	56	Treasurer	1985

* All officers referred to herein hold office in accordance with the By-Laws until the first meeting of the Directors following the annual meeting of stockholders of the Registrant, and until their successors shall have been duly chosen and qualified. Each of said officers was elected to the office set forth opposite his name on May 7, 1997, except that Mr. Gartman was elected to his present office by the Board of Directors at its regular meeting on October 1, 1997. The first meeting of Directors following the next annual meeting of stockholders of the Registrant is scheduled to be held May 6, 1998.

Except for Messrs. Walker and Gartman, each of the above officers has been employed by the Registrant in various managerial and executive capacities for more than five years. Prior to his employment with the Registrant in August 1996, Mr. Walker had been a general manager in the areas of gasoline marketing, convenience store development and advertising at Mobil Corporation. Mr. Gartman had been a vice president of Public Service Electric and Gas Company in the area of energy marketing prior to his employment with the Registrant in October 1997.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Information pertaining to the market for the Registrant's Common Stock, high and low sales prices of the Common Stock in 1997 and 1996, dividend payments and restrictions thereon and the number of holders of Common Stock is presented on page 26 (Financial Review), page 34 (Long-Term Debt) and on page 50 (Ten-Year Summary of Financial Data) of the accompanying 1997 Annual Report to Stockholders, which has been incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

A Ten-Year Summary of Financial Data is presented on pages 48 through 51 of the accompanying 1997 Annual Report to Stockholders, which has been incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is presented on pages 20 through 26 of the accompanying 1997 Annual Report to Stockholders, which has been incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is presented under "Derivative Financial Instruments" on pages 24 and 25 and in Footnote 12 on pages 37 to 39 of the accompanying 1997 Annual Report to Stockholders, which has been incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements, including the Report of Ernst & Young LLP, Independent Auditors, the Supplementary Oil and Gas Data (unaudited) and the Quarterly Financial Data (unaudited) are presented on pages 26 through 47 of the accompanying 1997 Annual Report to Stockholders, which has been incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information relating to Directors is incorporated herein by reference to "Election of Directors" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 6, 1998.

Information regarding executive officers is included in Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to executive compensation is incorporated herein by reference to "Election of Directors-Executive Compensation and Other Information," other than information under "Compensation Committee Report on Executive Compensation" and "Performance Graph" included therein, from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 6, 1998.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information pertaining to security ownership of certain beneficial owners and management is incorporated herein by reference to "Election of Directors-Ownership of Voting Securities by Certain Beneficial Owners" and "Election of Directors-Ownership of Equity Securities by Management" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 6, 1998.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information relating to this item is incorporated herein by reference to "Election of Directors" from the Registrant's definitive proxy statement for the annual meeting of stockholders to be held on May 6, 1998.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. AND 2. FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The financial statements filed as part of this Annual Report on Form 10-K are listed in the accompanying index to financial statements and schedules.

3. EXHIBITS

3(1)	-Restated Certificate of Incorporation of Registrant incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1988.
3(2)	-By-Laws of Registrant incorporated by reference to Exhibit 3(2) of Form 10-K of Registrant for the fiscal year ended December 31, 1985.
4(1)	-Note and Warrant Purchase Agreement, dated June 27, 1991 (including the form of the Common Stock Purchase Warrant expiring June 27, 2001, included as Exhibit B thereof) incorporated by reference to Exhibit 4 of Form 10-Q of Registrant for the three months ended June 30, 1991.
4(2)	-Amendment, dated as of May 15, 1992 to the Note and Warrant Purchase Agreement, dated June 27, 1991 (including the form of the common stock purchase warrant expiring June 27, 2001, included as Exhibit B thereof), incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended June 30, 1992.
4(3)	-Credit Agreement dated as of May 20, 1997 among Registrant, the Subsidiary Borrowers thereunder, The Chase Manhattan Bank as Administrative Agent and the Lenders party thereto, incorporated by reference to Exhibit 4 of Form 10-Q of Registrant for the three months ended June 30, 1997.
	-Other instruments defining the rights of holders of long-term debt of Registrant and its consolidated subsidiaries are not being filed since the total amount of securities authorized under each such instrument does not exceed 10 percent of the total assets of Registrant and its subsidiaries on a consolidated basis. Registrant agrees to furnish to the Commission a copy of any instruments defining the rights of holders of long-term debt of Registrant and its subsidiaries upon request.
10(1)	-Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(4) of Form 10-Q of Registrant for the three months ended June 30, 1981.
10(2)	-Restated Second Extension and Amendment Agreement dated July 27, 1990 between Hess Oil Virgin Islands Corp. and the Government of the Virgin Islands incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1990.
10(3)	-Technical Clarifying Amendment dated as of November 17, 1993 to Restated Second Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1993.
10(4)*	-Incentive Compensation Award Plan for Key Employees of Amerada Hess Corporation and its subsidiaries incorporated by reference to Exhibit 10(2) of Form 10-K of Registrant for the fiscal year ended December 31, 1980.
10(5)*	-Financial Counseling Program description incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1980.

3. EXHIBITS (continued)

10(6)*	-Executive Long-Term Incentive Compensation and Stock Ownership Plan of Registrant dated June 3, 1981 incorporated by reference to Exhibit 10(5) of Form 10-Q of Registrant for the three months ended June 30, 1981.
10(7)*	-Amendment dated as of December 5, 1990 to the Executive Long-Term Incentive Compensation and Stock Ownership Plan of Registrant incorporated by reference to Exhibit 10(9) of Form 10-K of Registrant for the fiscal year ended December 31, 1990.
10(8)*	-Amerada Hess Corporation Pension Restoration Plan dated January 19, 1990 incorporated by reference to Exhibit 10(9) of Form 10-K of Registrant for the fiscal year ended December 31, 1989.
10(9)*	-Letter Agreement dated August 8, 1990 between Registrant and Mr. John Y. Schreyer relating to Mr. Schreyer's participation in the Amerada Hess Corporation Pension Restoration Plan incorporated by reference to Exhibit 10(11) of Form 10-K of Registrant for the fiscal year ended December 31, 1991.
10(10)*	-1995 Long-Term Incentive Plan, as amended, incorporated by reference to Appendix A of Registrant's definitive proxy statement dated March 28, 1996 for the Annual Meeting of Stockholders held on May 1, 1996.
10(11)*	-Stock Award Program for non-employee directors dated August 6, 1997.
13	-1997 Annual Report to Stockholders of Registrant.
21	-Subsidiaries of Registrant.
23	-Consent of Ernst & Young LLP, Independent Auditors, dated March 20, 1998, to the incorporation by reference in Registrant's Registration Statements on Form S-8 (Nos. 333-43569, 333-43571 and 33-65115) of its report relating to Registrant's financial statements, which consent appears on page F-2 herein.
27	-Financial Data Schedule (for electronic filing only).

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* These exhibits relate to executive compensation plans and arrangements.

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the last quarter of Registrant's fiscal year ended December 31, 1997.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) 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, ON THE 20TH DAY OF MARCH 1998.

AMERADA HESS CORPORATION
(REGISTRANT)

By /s/ JOHN Y. SCHREYER
....
(JOHN Y. SCHREYER)
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
/s/ JOHN B. HESS (JOHN B. HESS)	Director, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 20, 1998
/s/ W.S.H. LAIDLAW (W.S.H. LAIDLAW)	Director, President and Chief Operating Officer	March 20, 1998
/s/ NICHOLAS F. BRADY (NICHOLAS F. BRADY)	Director	March 20, 1998
/s/ J. BARCLAY COLLINS II (J. BARCLAY COLLINS II)	Director	March 20, 1998
/s/ PETER S. HADLEY (PETER S. HADLEY)	Director	March 20, 1998
/s/ LEON HESS (LEON HESS)	Director	March 20, 1998
(EDITH E. HOLIDAY)	Director	March 20, 1998
(WILLIAM R. JOHNSON)	Director	March 20, 1998
/s/ THOMAS H. KEAN (THOMAS H. KEAN)	Director	March 20, 1998
/s/ FRANK A. OLSON (FRANK A. OLSON)	Director	March 20, 1998
/s/ H. W. MCCOLLUM (H. W. MCCOLLUM)	Director	March 20, 1998
(ROGER B. ORESMAN)	Director	March 20, 1998

SIGNATURE	TITLE	DATE
/s/ JOHN Y. SCHREYER (JOHN Y. SCHREYER)	Director, Executive Vice President and Chief Financial Officer (Principal Accounting and Financial Officer)	March 20, 1998
(WILLIAM I. SPENCER)	Director	March 20, 1998
/s/ ROBERT N. WILSON (ROBERT N. WILSON)	Director	March 20, 1998
/s/ ROBERT F. WRIGHT (ROBERT F. WRIGHT)	Director	March 20, 1998

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

* The financial statements and notes thereto together with the Report of Ernst & Young LLP, Independent Auditors, on pages 27 through 42, the Quarterly Financial Data (unaudited) on page 26, and the Supplementary Oil and Gas Data (unaudited) on pages 43 through 47 of the accompanying 1997 Annual Report to Stockholders are incorporated herein by reference.

** All schedules have been omitted because of the absence of the conditions under which they are required or because the required information is presented in the financial statements or the notes thereto.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Amerada Hess Corporation of our report dated February 19, 1998, included in the 1997 Annual Report to Stockholders of Amerada Hess Corporation.

We also consent to the incorporation by reference in the Registration Statements (Form S-8, Nos. 333-43569, 333-43571 and 33-65115) pertaining to the Amerada Hess Corporation Employees' Savings and Stock Bonus Plan, Amerada Hess Corporation Savings and Stock Bonus Plan for Retail Operations Employees and the 1995 Long-Term Incentive Plan, of our report dated February 19, 1998, with respect to the consolidated financial statements incorporated herein by reference.

/s/ ERNST & YOUNG LLP
ERNST & YOUNG LLP

New York, N.Y.
March 20, 1998

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION
3(1)	--	Restated Certificate of Incorporation of Registrant incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1988.
3(2)	--	By-Laws of Registrant incorporated by reference to Exhibit 3(2) of Form 10-K of Registrant for the fiscal year ended December 31, 1985.
4(1)	--	Note and Warrant Purchase Agreement, dated June 27, 1991 (including the form of the Common Stock Purchase Warrant expiring June 27, 2001, included as Exhibit B thereof) incorporated by reference to Exhibit 4 of Form 10-Q of Registrant for the three months ended June 30, 1991.
4(2)	--	Amendment, dated as of May 15, 1992 to the Note and Warrant Purchase Agreement, dated June 27, 1991 (including the form of the common stock purchase warrant expiring June 27, 2001, included as Exhibit B thereof), incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended June 30, 1992.
4(3)*	--	Credit Agreement dated as of May 20, 1997 among Registrant, the Subsidiary Borrowers thereunder, The Chase Manhattan Bank as Administrative Agent and the Lenders party thereto, incorporated by reference to Exhibit 4 of Form 10-Q of Registrant for the three months ended June 30, 1997.
	--	Other instruments defining the rights of holders of long-term debt of Registrant and its consolidated subsidiaries are not being filed since the total amount of securities authorized under each such instrument does not exceed 10 percent of the total assets of Registrant and its subsidiaries on a consolidated basis. Registrant agrees to furnish to the Commission a copy of any instruments defining the rights of holders of long-term debt of Registrant and its subsidiaries upon request.
10(1)	--	Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(4) of Form 10-Q of Registrant for the three months ended June 30, 1981.
10(2)	--	Restated Second Extension and Amendment Agreement dated July 27, 1990 between Hess Oil Virgin Islands Corp. and the Government of the Virgin Islands incorporated by reference to Exhibit 19 of Form 10-Q of Registrant for the three months ended September 30, 1990.
10(3)	--	Technical Clarifying Amendment dated as of November 17, 1993 to Restated Second Extension and Amendment Agreement between the Government of the Virgin Islands and Hess Oil Virgin Islands Corp. incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1993.
10(4)*	--	Incentive Compensation Award Plan for Key Employees of Amerada Hess Corporation and its subsidiaries incorporated by reference to Exhibit 10(2) of Form 10-K of Registrant for the fiscal year ended December 31, 1980.
10(5)*	--	Financial Counseling Program description incorporated by reference to Exhibit 10(3) of Form 10-K of Registrant for the fiscal year ended December 31, 1980.
10(6)*	--	Executive Long-Term Incentive Compensation and Stock Ownership Plan of Registrant dated June 3, 1981 incorporated by reference to Exhibit 10(5) of Form 10-Q of Registrant for the three months ended June 30, 1981.

EXHIBIT NUMBER	DESCRIPTION
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10(10)* --	1995 Long-Term Incentive Plan, as amended, incorporated by reference to Appendix A of Registrant's definitive proxy statement dated March 28, 1996 for the Annual Meeting of Stockholders held on May 1, 1996.
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13 --	1997 Annual Report to Stockholders of Registrant.
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27 --	Financial Data Schedule (for electronic filing only).

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* These exhibits relate to executive compensation plans and arrangements.

EXHIBIT 10(11)

Stock Award Program for Non-Employee Directors
August 6, 1997

On August 6, 1997, in an effort to increase the commonality of interest of non-employee directors and stockholders, the Board of Directors approved a plan to award each non-employee director of the Corporation 200 shares of Common Stock of the Corporation on the first business day of each year commencing in 1998. Such awards shall be made from treasury shares purchased from time to time by the Corporation in the open market.

AMERADA HESS
1997 Annual Report

Exploration
& Production

Baldpate Project

Amerada Hess is constructing a compliant tower taller than the world's tallest building for the Baldpate Field.

[Graphic Omitted]

3

[Graphic Omitted]

7

Significant discoveries made
in Garden Banks area

United States

Amerada Hess repositioned its exploration program in 1997 to reflect its commitment to deeper water prospects in the Gulf of Mexico and continued sharpening the focus of its onshore efforts. The Corporation acquired 50 new offshore leases in deeper water covering more than 150,000 net acres at a total cost of $28.1 million.

Development of the Baldpate Field on Garden Banks Block 260 proceeded in 1997. Pre-drilling of the production wells is substantially complete. The compliant tower, being constructed as part of the production facilities, is scheduled to be towed to location late in the first quarter of 1998.

Production from the Baldpate Field is scheduled to begin in the third quarter of 1998 with peak gross production of about 40,000 barrels of oil per day and 150,000 Mcf of natural gas per day expected to be reached late in 1998. The Corporation has a 50% interest in the Baldpate Field and is the operator.

Northeast of the Baldpate Field, Amerada Hess, as operator, drilled two successful wells on Garden Banks Block 216 (AHC 50%). The Corporation will develop the shallower discovery on Block 216 by subsea tieback to the Baldpate production facilities and is evaluating the deeper discovery.

Northwest of Baldpate, the Corporation has made two discoveries on the north half of Garden Banks Block 215, which it operates with a 37.50% interest. The first well, drilled in February 1997, encountered 170 feet of net hydrocarbon bearing sands and the second well, drilled early in 1998, encountered 300 feet of net pay. Development options are being studied.

Production from the A Platform (AHC 25%) on the Enchilada Field has begun while development drilling continues. The platform will produce from Garden Banks Blocks 83, 84, 127 and 128. First production from the B Platform on Garden Banks Block 172 (AHC 60%) is expected by July 1998.

In the Seminole San Andres Unit in West Texas, which Amerada Hess operates with a 34% interest, a pilot project is underway to determine the technical and economic feasibility of recovering residual oil from the aquifer underlying the main San Andres Field using carbon dioxide. Gross production from the Seminole San Andres Unit, which came on stream in 1934, currently is averaging about 31,500 barrels of oil per day, primarily due to the successful tertiary recovery project initiated by the Corporation in 1983.

Exploration successes in North Sea
lead to additional developments

United Kingdom

Initial production from the Schiehallion Field is expected in mid-1998. Amerada Hess Limited, the Corporation's British subsidiary, has a 15.67% interest in the Schiehallion Field and expects its share of production to peak at about 19,000 barrels of oil per day late in 1998.

Amerada Hess Limited discovered the Flora Field on Block 31/26a (AHL 85%) in 1997. The discovery well tested at 6,500 barrels of oil per day and an appraisal well was successful. Amerada Hess Limited will tieback the Flora Field to the Fife Field, which it operates with an 85% interest. First production is anticipated in the second half of 1998 with peak net production estimated at 17,000 barrels of oil per day late in 1998.

Agreement was reached in 1997 to develop the Bittern Field (AHL 29.12%) on Blocks 29/1a and 29/1b. Amerada Hess Limited will be manager of the joint team that will develop and operate the facilities on the Bittern Field and expects its share of production to reach 17,000 barrels of oil per day late in 1999.

Development of the Renee and Rubie Fields has begun. The fields will be produced through the Amerada Hess Limited operated Ivanhoe/Rob Roy production facilities on Block 15/21. Production will begin late in 1998 with a peak level of 4,000 barrels of oil per day expected for Amerada Hess Limited in 1999.

Three other significant discoveries in the United Kingdom North Sea are likely to lead to additional developments. The Appleton Beta (AHL 48.46%) discovery on Block 30/11b flowed at a rate of 6,329 barrels of oil per day and 13,400 Mcf of natural gas per day. An appraisal well is being drilled.

A crude oil discovery on Block 13/24b (AHL 30%) tested at 2,600 barrels per day. An appraisal well early in 1998 was successful. Development plans are being formulated.

A discovery made by Amerada Hess Limited on Block 20/4b (AHL 40%) delineated a discovery on Block 14/29a known as Goldeneye. The well tested at 41,500 Mcf of natural gas per day and 2,055 barrels of condensate per day. Development options are being studied.

Amerada Hess Limited acquired additional interests in the northern United Kingdom North Sea. In addition to obtaining increased interests in the Beryl, Nevis and Ness Fields and in Katrine, a satellite of Beryl, the acquisitions also included interests in the Buckland, Sorby and Maclure developments. These developments should be completed by 2000 with net total production for Amerada Hess Limited forecast at 7,000 barrels of oil per day and 8,000 Mcf of natural gas per day. In 1997, Amerada Hess Limited also increased its interests in attractive exploration acreage that includes the Halley and Appleton Fields to 48.46% from 28.46%.

First production from
Denmark expected in 1999

Amerada Hess Limited has a 27.68% interest in natural gas fields in the southern United Kingdom North Sea referred to as the ECA (Easington Catchment Area). These fields are being developed and will come on stream in 1999. In 2000, Amerada Hess Limited will receive production of 70,000 Mcf of natural gas per day from these fields.

Norway

Amerada Hess Norge A/S, the Corporation's Norwegian subsidiary, replaced 175% of its production in 1997. The reserve increase was the result of extensions and revisions in the Valhall Field (AHN 28.09%). Studies are continuing for implementation of a waterflood enhanced recovery program in the Valhall Field.

Amerada Hess Norge is evaluating development options for the Mjolner Field (AHN 50%), from which production for Amerada Hess Norge will peak at a rate of 7,000 barrels of oil per day.

Denmark

Amerada Hess A/S, the Corporation's Danish subsidiary, is proceeding with the development of the South Arne Field, which it operates with a 57.48% interest. The South Arne Field is scheduled to commence production in 1999 and currently is expected to provide Amerada Hess A/S with 26,000 barrels of oil per day and 35,000 Mcf of natural gas per day in 2000. A very prolific development well completed in 1998 could lead to significantly upgraded reserves and production rates from this field.

Gabon

The Corporation's production in Gabon averaged 10,000 barrels of oil per day in 1997, the same level as 1996. The production comes from the Rabi Kounga Field in which the Corporation has a net interest of 5.5%.

A well drilled on the Atora Prospect on RGA Block 11 onshore Gabon discovered oil. Early in 1998 the discovery was declared commercial. Amerada Hess will have an interest in this development.

Thailand

Development of the Pailin Field (AHC 15%) offshore Thailand is proceeding with first production expected in 1999. The Corporation's share of production is expected to peak at 50,000 Mcf of natural gas per day in 2000.

Two appraisal wells in the Moragot Field offshore Thailand were successful in 1997. The first well tested at daily rates of 11,000 Mcf of natural gas and 200 barrels of condensate; the second tested at a cumulative rate of 12,800 Mcf of natural gas per day and 400 barrels of oil per day. Development options for the Moragot Field are being studied.

Amerada Hess, as operator, is drilling the Phu Wiang-1 exploration well on Block 5440/38 onshore Thailand. The Corporation has a 31.50% interest in this well.

[Graphic Omitted]

Flora Well, North Sea

- --

Phu-Wiang Well, Northern Thailand
- ---

[Graphic Omitted]

New fields being developed in
Gabon, Thailand and Indonesia

Indonesia

Production has begun from the North Geragai Field. The Corporation's share of production is averaging about 2,000 barrels of oil per day.

The second Makmur exploration well tested at 2,950 barrels of oil per day. The original discovery well tested at 2,960 barrels of oil per day in one zone and 770 barrels per day from two other zones. Amerada Hess has a 30% interest in the Makmur discovery and its share of production is expected to peak at 3,000 barrels of oil per day late in 1998.

A well drilled on the Lematang production sharing contract in southern Sumatra tested at 30,700 Mcf of natural gas per day. The Corporation is operator on this prospect with a 50% interest and is formulating a development plan.

Malaysia

In Malaysia, the Corporation signed production sharing contracts under which it became the operator with a 70% interest in Block PM304 in the Malay Basin and became the operator with an 80% interest in Block SK306, offshore Sarawak. Seismic data will be obtained and analyzed in 1998.

Kazakstan

Amerada Hess has interests as operator in four exploration blocks covering 4,300 net square miles in Kazakstan. Exploration drilling will begin in 1998.

Falkland Islands

The Corporation will drill the first exploration well ever drilled in Falkland Islands' waters in the second quarter of 1998. The well will be drilled in the Tranche A license area which comprises approximately 625 square miles. The Corporation is operator with a 25% interest.

Refining
& Marketing

[Graphic Omitted]

[Graphic Omitted]

Refinery in St. Croix, Virgin Islands

The HESS Refinery in St. Croix is one of the largest, most flexible in the world.

Virgin Islands catcracker
operating at 135,000 barrels per day

Refining

Hess Oil Virgin Islands Corp., the Corporation's Virgin Islands subsidiary, continues to implement initiatives designed to maximize the manufacture of high value products with minimal capital investment and reduce costs at its Virgin Islands refinery.

The fluid catalytic cracking unit's operating rates reached a level of 130,000 barrels per day in 1997 and recently the unit has been running at a rate of 135,000 barrels per day. The fluid catalytic cracking unit manufactures gasoline from feedstocks of heavy gas oil and residual fuel oil. The increased operating rate allows a greater percentage of the refinery's yield to be sold as high-value gasoline.

Refinery runs at the Virgin Islands refinery averaged 411,000 barrels per day in 1997 compared with 396,000 barrels per day in 1996.

In 1996, HOVIC initiated a program to increase the use of advanced computer controls for maximizing the operational performance of processing units at the refinery. An advanced computer control system was installed on the fluid catalytic cracking unit in 1996. By the middle of 1998, advanced computer controls will be operating throughout most of the refinery.

Following receipt of a modified air permit from the New Jersey Environmental Protection Agency, the Corporation operated its fluid catalytic cracking unit at Port Reading, New Jersey at rates up to 62,000 barrels per day in 1997. The Port Reading facility upgrades residual fuel oil and other feedstocks into gasoline and distillates.

Marketing

In 1997, Amerada Hess continued to implement a strategy designed to make the Corporation the leading independent retail gasoline marketer in its market areas. The program includes the development and rollout of new, large-scale, high-volume gasoline and HESS EXPRESS convenience store retail sites, upgrades to existing gasoline stations and convenience stores, acquisitions in key geographic areas and continued growth in the number of independent HESS branded retailers.

The HESS EXPRESS retail outlets are high-volume facilities that generally include 3,400 square foot convenience stores with two fast food offerings, a proprietary gourmet coffee, an enlarged beverage fountain program and enhanced color graphics. The Corporation opened seven HESS EXPRESS outlets in 1997 and will continue the growth of these new, high-volume outlets through new builds as well as rebuilds on appropriate existing sites throughout its network.

[Graphic Omitted]

HESS Express, Venice, Florida

HESS acquires 66 retail sites
on west coast of Florida

The most significant event in 1997 was the purchase of the 66 "Pick Kwik" retail sites on the west coast of Florida, primarily in the Tampa/St. Petersburg market. Pick Kwik was a leading independent gasoline and convenience store retail marketer on Florida's west coast. The acquisition significantly increases the HESS presence in this rapidly growing market.

The Corporation also continues to increase the number of independent branded retailers in order to increase gasoline sales under the HESS brand name without significant additional capital outlay. By year end, there were 60 HESS brand independent retailers in key geographic markets with plans to continue growth through this marketing channel.

In terminal operations, the Corporation has entered into a number of thruput agreements with other oil companies under which products will be stored at HESS terminals in certain locations on the east coast of the United States. The Corporation also has entered into a joint venture agreement for the operation of its terminal in Syracuse, New York. These initiatives will increase operating efficiencies and reduce terminal operating costs.

The Corporation has established an energy marketing unit. For over forty years, HESS refined petroleum products have been marketed to utilities, industrial customers, hospitals, large commercial buildings and large residential users. More recently, the Corporation has been marketing natural gas to many local distribution companies, primarily on the east coast of the United States. With the deregulation of natural gas and local distribution companies, the Corporation is building an energy marketing business that capitalizes on its marketing experience.

Product sales increased to 509,000 barrels per day in 1997, compared with 495,000 barrels per day in 1996. Sales of gasoline increased to 214,000 barrels per day in 1997, compared with 191,000 barrels per day in 1996.

Financial
Review

Amerada Hess Corporation and Consolidated Subsidiaries

Management's Discussion and Analysis of Results of Operations and Financial Condition

Consolidated Results of Operations

Income excluding special items for 1997 amounted to $14 million compared with $236 million in 1996 and a loss of $65 million in 1995.

The after-tax results by major operating activity for 1997, 1996 and 1995 are summarized below (in millions):

	1997	1996	1995
Exploration and production	$ 258	$ 210	$ 129
Refining, marketing and shipping	(110)	181	9
Corporate	(16)	(19)	(10)
Interest	(118)	(136)	(193)
Income (loss) excluding special items	14	236	(65)
Special items	(6)	424	(329)
Net income (loss)	$ 8	$ 660	$(394)
Net income (loss) per share (diluted)	$ .08	$7.09	$(4.26)

Comparison of Results

Exploration and Production: Excluding special items, exploration and production earnings increased by $48 million in 1997, due to improved earnings in the United States and United Kingdom. The increase in the United States reflects higher average crude oil and natural gas selling prices, including the effects of hedging, and lower exploration expenses. The United Kingdom increase was primarily due to higher natural gas prices and a lower effective income tax rate, partially offset by lower crude oil sales volumes and selling prices and increased exploration expenses.

The $81 million increase in exploration and production earnings in 1996 resulted primarily from higher average worldwide crude oil selling prices and increased United States natural gas prices.

The Corporation's average selling prices, including the effects of hedging, were as follows:

	1997	1996	1995
Crude oil and natural gas liquids (per barrel)			
United States	$18.43	$16.49	$15.82
Foreign	19.16	20.18	16.95
Natural gas (per Mcf)			
United States(*)	2.47	2.43	1.70
Foreign	2.36	1.93	1.60

(*) Includes sales of purchased gas.

The increase in the United States crude oil selling price in 1997 reflects improved hedging results. The average spot price of crude oil in 1997 was lower than in 1996. The increase in the average foreign natural gas selling price in 1997 principally reflects improved market prices in the United Kingdom.

The Corporation's net daily worldwide production was as follows:

	1997	1996	1995
Crude oil and natural gas liquids (barrels per day)			
United States	43,950	50,125	63,006
Foreign	174,622	186,672	197,454

Total	218,572	236,797	260,460
Natural gas (Mcf per day)			
United States	311,915	337,653	401,581
Foreign	257,339	347,013	482,550
Total	569,254	684,666	884,131

In the United States, both crude oil and natural gas production are lower in 1997 and 1996 principally reflecting the effect of asset sales in mid-1996. Lower foreign crude oil production also reflects asset sales in 1996, as well as production interruptions and natural decline in certain United Kingdom fields in 1997. The decrease in foreign natural gas production principally reflects the sale of the Corporation's Canadian operations in 1996.

Depreciation, depletion and amortization charges were lower in 1997 and 1996, largely reflecting lower production volumes, primarily due to asset sales. Exploration expenses were higher in 1997 as a result of increased activity in the United Kingdom and other international areas. Selling, general and administrative expenses also increased in 1997, reflecting the increased scope of international activities. Exploration expenses were lower in 1996 than in 1995, largely due to reduced activity in the United Kingdom and Denmark.

The effective income tax rate on United Kingdom earnings decreased to approximately 35% in 1997 from 55% in 1996, reflecting lower Petroleum Revenue Taxes ("PRT") and a reduction in the statutory Corporate income tax rate. The lower PRT is partially due to reduced production volumes from PRT paying fields. Also, PRT deductible allowances increased, resulting in income tax benefits of more than $20 million. An additional income tax benefit of $11 million was recorded in 1997 from the adjustment of deferred tax liabilities for the reduction in the statutory Corporate rate. Increased income taxes on another foreign subsidiary, which has utilized its net operating loss carryforward, partially offset the lower United Kingdom taxes. The overall effective income tax rate on exploration and production earnings in 1996 was lower than in 1995.

The market prices of crude oil declined significantly in late 1997 and early 1998 and will impact the Corporation's exploration and production earnings, which are sensitive to changes in the selling prices of crude oil and natural gas. Future earnings may also be negatively impacted by changes in foreign tax laws.

Refining, Marketing and Shipping: The results of refining, marketing and shipping operations amounted to a loss of $110 million in 1997, compared with income of $181 million in 1996 and $9 million in 1995 (excluding special items). During 1997, refined product selling prices fell by approximately $7.00 per barrel from the beginning to the end of the year and averaged below 1996 prices for the year. The lower selling prices in relation to the Corporation's cost of crude oil and refined product inventories resulted in lower margins on the sales of refined products and a reduction in inventory values at year-end. Relatively mild winters at both the beginning and end of the year lowered distillate and residual fuel oil prices contributing to the lower margins. The Corporation's costs of crude oil and refined product inventories are accounted for on the first-in, first-out and average cost methods, generally resulting in lower earnings during periods of falling refined product prices and higher earnings during periods of rising prices.

In 1996, average refined product selling prices increased by approximately $4.00 per barrel over 1995, resulting in higher margins throughout the year.

Total refined product sales volumes amounted to 186 million barrels in 1997, 181 million barrels in 1996 and 178 million barrels in 1995. The majority of this increase is in sales of gasoline resulting from expansion of the fluid catalytic cracking unit in the Virgin Islands, which is currently operating at approximately 130,000 barrels per day.

In 1997 and 1996, a substantial portion of the refining and marketing results were recorded by the Corporation's Virgin Islands subsidiary for which income taxes or benefits are not recorded due to available loss carryforwards. The absence of income tax provisions increases the volatility of reported refining and marketing results.

The Corporation's refining and marketing results will continue to be volatile reflecting competitive industry conditions and supply and demand factors, including the effects of weather.

On February 3, 1998, the Corporation announced an agreement in principle with Petroleos de Venezuela, S.A. ("PDVSA") to create a joint venture, 50% owned by each party, to own and operate the Corporation's Virgin Islands refinery.

Under the proposed terms of the transaction, PDVSA will acquire a 50% interest in the refinery for $625 million, consisting of $62.5 million in cash and an interest-bearing note payable over ten years. The Corporation will also receive an additional note for $125 million, which is contingently payable based on the joint venture's future cash flow over ten years. This note will not be included in the purchase price for accounting purposes.

At closing, the joint venture will purchase the crude oil and refined product inventories and other working capital of the refinery. The joint venture will also enter into a long-term supply contract to purchase Venezuelan crude oil. In addition, the joint venture will finance and construct a coker and related facilities, which will enable the refinery to process lower-cost, heavy crude oil from Venezuela, which will be purchased under a separate long-term supply contract.

Upon completion of the transaction, the Corporation presently estimates that it will record a loss for financial statement purposes of approximately $125 million. The transaction is subject to the preparation of definitive contracts, Virgin Islands governmental authorizations and corporate board approvals. The Corporation plans to account for its investment in the joint venture on the equity method.

Corporate: Net corporate expenses amounted to $16 million in 1997, $19 million in 1996 and $10 million in 1995 (excluding special items). The variances in each period are primarily due to Corporate income tax adjustments, including the effect of foreign source earnings on the provision for United States income taxes.

Interest: After-tax interest expense decreased by 13% in 1997 and 30% in 1996, primarily reflecting lower average outstanding debt. Assuming interest rates comparable to 1997, interest expense in 1998 is anticipated to be somewhat higher than 1997, as average debt balances are expected to increase reflecting 1998 capital requirements.

Special Items

After-tax special items in 1997, 1996 and 1995 are summarized below (in millions):

	Total	Exploration and Production	Refining, Marketing and Shipping	Corporate
1997				
Asset write-downs	$ (55)	$ (55)	$ --	$ --
Foreign tax refund	38	38	--	--
Gain on asset sale	11	11	--	--
Total	$ (6)	$ (6)	$ --	$ --
1996				
Gain on asset sales	$ 421	$ 421	$ --	$ --
Litigation settlement	25	25	--	--
Asset write-downs	(22)	(22)	--	--
Total	$ 424	$ 424	$ --	$ --
1995				
FAS No. 121 asset impairment	$(416)	$ (69)	$(347)	$ --
Gain on asset sales	68	40	3	25
Windfall profits tax refund	44	44	--	--
Insurance recovery	8	8	--	--
Hurricane costs	(19)	--	(19)	--
Staff-reduction costs	(14)	--	--	(14)
Total	$(329)	$ 23	$(363)	$ 11

The 1997 special items include an after-tax charge of $55 million ($.60 per share) for the reduction in carrying values and provision for future costs of the Durward and Dauntless Fields in the United Kingdom North Sea and income of $38 million ($.42 per share) from a refund of United Kingdom Petroleum Revenue Taxes. The Corporation also sold a small United States natural gas field in 1997. Asset impairments and asset sales are more fully described in Note 3 to the financial statements.

The net gain on asset sales in 1996 of $421 million ($4.52 per share) reflected the sale of the Corporation's Canadian operations, certain United States and United Kingdom producing properties and Abu Dhabi assets. The other 1996 special items included income from the settlement of litigation on the right to drill certain South Atlantic leases and a charge principally to reduce the carrying values of certain United States undeveloped leases.

Special items in 1995 included an after-tax charge of $416 million ($4.47 per share) resulting from the adoption of Financial Accounting Standard (FAS) No. 121 on asset impairment. The 1995 results also included net gains from asset sales, principally United States pipeline and gathering assets and an interest in an undeveloped United Kingdom natural gas field.

Gains on asset sales, the litigation settlement and windfall profits tax refund were reflected in non-operating revenues. The 1997 income tax refund was recorded as a reduction of income tax expense.

The Corporation is reengineering its financial functions in the United States and installing new financial systems. The costs of these projects in 1997 and 1996 for exploration and production and refining and marketing operations aggregated approximately $27 million and $22 million, respectively, and are included in selling, general and administrative expenses. The Corporation expects to benefit from these projects in 1998 and future years.

Consolidated Operating Revenues

Sales and other operating revenues amounted to $8,234 million in 1997, a decrease of $38 million from 1996. Sales revenues from refined products were lower, reflecting lower average selling prices, particularly for distillates and residual fuel oils, partially offset by increased sales volumes of gasoline. Revenues from sales of crude oil were lower, partially offset by increased natural gas revenues, including sales of purchased natural gas.

Sales and other operating revenues amounted to $8,272 million in 1996, an increase of $970 million, or 13%, from 1995. The increase was primarily due to the higher selling prices of refined products. Also contributing to the increase were higher average crude oil and natural gas selling prices and higher sales volumes of purchased gas.

Liquidity and Capital Resources

Net cash provided by operating activities, including changes in operating assets and liabilities, amounted to $1,250 million in 1997, $808 million in 1996 and $1,241 million in 1995. The change in each year was primarily due to changes in working capital items, particularly inventories. Cash flow, excluding special items and changes in working capital components, amounted to $798 million in 1997, $1,040 million in 1996 and $987 million in 1995, largely reflecting changes in operating income. In 1996, the Corporation generated proceeds from asset sales of approximately $1 billion. The Corporation also generated $22 million in proceeds from the sale of a small natural gas field in 1997 and has two additional asset sales pending, with estimated proceeds of $70 million, that are expected to be completed in the first half of 1998. The Corporation continuously reviews the financial performance of its assets.

Total debt was $2,127 million at December 31, 1997 compared with $1,939 million at December 31, 1996. The debt to capitalization ratio increased to 39.8% from 36.4% at year-end 1996. At December 31, 1997, floating rate debt amounted to 35% of total debt, including the effect of interest rate conversion (swap) agreements.

During 1997, the Corporation refinanced its revolving credit agreements in the United States and United Kingdom with a $2 billion, five-year, unsecured global revolving credit facility. At December 31, 1997, the Corporation had additional borrowing capacity under its revolving credit agreement of $1,032 million and additional unused lines of credit under uncommitted arrangements with banks of $464 million. The existing borrowing arrangements, including restrictive covenants, are more fully described in Note 6 to the financial statements.

In 1997 and 1996, the Corporation sold following year crude oil production for $174 million and $101 million, respectively, which is recorded in current liabilities and reduced debt at the end of each year.

During 1997, the Corporation purchased 2,368,100 shares of common stock for $125 million under its stock repurchase program. Since the inception of the program in August 1996 through December 1997, $134 million has been spent on stock purchases. The Corporation expects to purchase additional shares in 1998.

The Corporation conducts foreign exploration and production activities, principally in the United Kingdom, Norway, Denmark, Gabon, Indonesia and Thailand, and intends to increase its exploration activities in other international areas. Therefore, the Corporation is subject to business risks associated with foreign operations. These risks include the effects of changes in values of currencies on the financial statements. However, the effect of foreign currency translation on the Corporation's earnings and stockholders' equity has not been material and has not affected the Corporation's liquidity or ability to raise capital. The financial problems in certain Asian countries have not had a material adverse effect on the value of the Corporation's Asian investments.

Capital Expenditures

The following table summarizes the Corporation's capital expenditures in 1997, 1996 and 1995 (in millions):

	1997	1996	1995
Exploration and production			
Exploration	$ 286	$ 236	$ 245
Development	679	512	377
Oil and gas acquisitions	193	40	4
	1,158	788	626
Refining, marketing and other	188	73	66
Total	$1,346	$ 861	$ 692

Development expenditures in 1997 and 1996 include approximately $460 million and $280 million, respectively, for major new oil and gas field developments. Expenditures for major developments are expected to increase in 1998. Oil and gas acquisitions in 1997 represent purchases of developed and undeveloped oil and gas properties and exploration acreage in the United Kingdom. Refining and marketing expenditures include the purchase of a chain of retail marketing properties in Florida. Excluding possible acquisitions, capital expenditures in 1998 are expected to be approximately $1.3 billion and will be financed by internally generated funds and external borrowings.

Derivative Financial Instruments

The Corporation is exposed to market risks related to volatility in the selling prices of crude oil, natural gas and refined products, as well as to changes in interest rates and foreign currency values. Derivative instruments are used to reduce the risks of these price and rate fluctuations. The Corporation has guidelines for, and controls over, the use of derivative instruments.

Futures, forwards, options and swaps are used to reduce the effects of changes in the selling prices of crude oil, natural gas and refined products. These instruments are used to set the selling prices of the Corporation's products and the related gains or losses are an integral part of the Corporation's selling prices. At December 31, 1997, the Corporation had open hedge positions equal to 10% of its estimated 1998 worldwide crude oil production. The Corporation also had open contracts equal to 8% of its estimated 1998 United States natural gas production. In addition, the Corporation had hedges covering 11% of its refining and marketing inventories. As market conditions change, the Corporation will adjust its hedge positions.

The Corporation owns an interest in a partnership which trades energy commodities and energy derivatives. The accounts of the partnership are consolidated with those of the Corporation. The Corporation also engages in limited trading for its own account.

The Corporation uses value at risk to estimate the potential effect of changes in fair values of derivatives and other instruments used in hedging activities and derivatives and commodities used in trading activities. This method determines the potential one-day change in fair value with 95% confidence. The analysis is based on historical volatility, variance/covariance modeling and other assumptions. The Corporation estimates that at December 31, 1997, the value at risk related to hedging activities, excluding the physical inventory hedged, was $5 million and the value at risk on trading activities, predominantly partnership trading, was $2 million.

The Corporation also uses interest rate conversion agreements to reduce exposure to rising interest rates. At December 31, 1997, the Corporation has $300 million of notional value interest rate conversion agreements which effectively reduce its percentage of floating rate debt from 49% to 35%. These agreements relate to the Corporation's outstanding debt of $2,127 million, which together with the interest rate swaps, has a fair value of $2,234 million at December 31. A 10% change in interest rates would change the fair values of debt and related swaps by $48 million.

The Corporation also hedges a portion of its exposure to fluctuating foreign exchange rates, principally the Pound Sterling. Generally, the Corporation uses forward contracts to fix the exchange rate on a portion of the currency used in its North Sea operations. The possible change in fair value of those contracts from a 10% change in the exchange rate is estimated to be $18 million at December 31.

Year 2000

Some older computer programs use two digits rather than four to reflect dates used in performing calculations. As a result, these programs may not properly recognize the year 2000 and errors may result. The Corporation has instituted a program to identify these computer programs and modify or replace its systems so that they will function properly in the year 2000. Since 1995, the Corporation has been installing new financial systems in its United States operations as part of its financial reengineering project. While the primary purpose of this project is to increase efficiency and effectiveness, the software being installed is year 2000 compliant.

The Corporation is also taking actions, using internal and external resources, to modify or replace the remaining United States and foreign computer applications that are not year 2000 compliant. The Corporation is expensing these costs as incurred and expects that the total future costs of this program will be approximately $15 million, a portion of which is included in its normal information technology budget. The Corporation does not presently expect that its operations will be materially affected by problems with its computer systems or those of third parties with whom it deals.

Environment, Health and Safety

The Corporation's awareness of its environmental responsibilities and environmental regulations at the federal, state and local levels have led to programs requiring higher operating costs and capital investments by the Corporation. The Corporation believes that it has made the necessary expenditures to comply with current laws and that it is well positioned to meet currently proposed regulations.

The Corporation continues to focus on energy conservation, pollution control and waste minimization and treatment. There are also programs for compliance evaluation, facility auditing and employee training to monitor operational activities and to prevent conditions that might threaten the environment.

The Corporation produces gasolines that meet the current requirements for oxygenated and reformulated gasolines of the Clean Air Act of 1990. Reformulated gasolines decrease emissions of volatile and toxic organic compounds. The Corporation's production of reformulated gasolines from the Virgin Islands and Port Reading facilities meets its marketing requirements. The Corporation's Virgin Islands refinery can also produce gasolines that comply with the requirements for reformulated gasolines that begin in 2000. This refinery also has desulfurization capabilities enabling it to produce low-sulfur diesel fuel that meets the requirements of the Clean Air Act. The Corporation can also produce gasoline and diesel fuel that meet the requirements of the California Air Resources Board.

The Corporation expects continuing expenditures for environmental assessment and remediation. Sites where corrective action may be necessary include gasoline stations, terminals, refineries (including solid waste management units under permits issued pursuant to the Resource Conservation and Recovery Act) and, although not significant, Superfund sites where the Corporation has been named a potentially responsible party under the Superfund legislation. The Corporation expects that existing reserves for environmental liabilities will adequately cover costs of assessing and remediating known sites.

The Corporation expended $12 million in 1997, $13 million in 1996 and $15 million in 1995 for remediation. In addition, capital expenditures for facilities, primarily to comply with federal, state and local environmental standards, were $5 million in 1997, $7 million in 1996 and $15 million in 1995.

Forward Looking Information

Certain sections of the Financial Review, including references to the Corporation's future results of operations and financial position, capital expenditures, the proposed refining joint venture, derivative disclosures and year 2000 and environmental sections, represent forward looking information. The disclosures are based on the Corporation's current understanding and assessment of these activities and reasonable assumptions about the future. Actual results may differ from these disclosures because of changes in market conditions, governmental actions and other factors.

Dividends

Cash dividends on common stock totaled $.60 per share ($.15 per quarter) during 1997 and 1996.

Stock Market Information

The common stock of Amerada Hess Corporation is traded principally on the New York Stock Exchange (ticker symbol: AHC). High and low sales prices in 1997 and 1996 were as follows:

	1997		1996	
Quarter Ended	High	Low	High	Low
March 31	62	52 3/8	55 3/4	50 3/4
June 30	56 3/8	47 3/8	59 7/8	52 1/8
September 30	62 3/4	54 3/16	54 5/8	47 1/2
December 31	64 1/2	49 5/16	60 1/2	52 1/2

Quarterly Financial Data

Quarterly results of operations for the years ended December 31, 1997 and 1996 follow (millions of dollars, except per share data):

Quarter	Sales and other operating revenues	Gross profit(a)	Income (loss) excluding special items	Special items	Net income (loss)	Net income (loss) per share (diluted)
1997						
First	$2,397	$ 336	$ 4	$ --	$ 4	$ .05
Second	1,834	312	31	11(b)	42	.45
Third	1,885	342	23	--	23	.25
Fourth	2,118	270	(44)	(17)(c)	(61)	(.67)
Total	$8,234	$1,260	$ 14	$ (6)	$ 8	$ .08
1996						
First	$2,215	$ 376	$ 66	$ --	$ 66	$ .71
Second	2,095	320	26	350(b)	376	4.04
Third	1,746	300	27	71(b)	98	1.05
Fourth	2,216	471	117	3(d)	120	1.29
Total	$8,272	$1,467	$ 236	$ 424	$ 660	$ 7.09

(a) Gross profit represents sales and other operating revenues less cost of products sold and operating expenses and depreciation, depletion and amortization.

(b) Represents net gains on asset sales.

(c) Reflects an after-tax charge of $55 million for the impairment of the Durward and Dauntless Fields in the United Kingdom North Sea and income of $38 million from a refund of United Kingdom taxes.

(d) Includes income of $25 million from the settlement of litigation on the right to drill certain South Atlantic leases and a charge of $22 million principally to reduce the carrying values of certain undeveloped leases.

The results of operations for the periods reported herein should not be considered as indicative of future operating results.

Statement of Consolidated Income

Amerada Hess Corporation and Consolidated Subsidiaries

Thousands of dollars, except per share data	For the Years Ended December 31 1997	1996	1995
Revenues			
Sales (excluding excise taxes) and other operating revenues	$ 8,233,723	$ 8,272,186	$ 7,302,307
Non-operating revenues			
Asset sales	16,463	529,271	96,010
Other	89,860	128,254	126,472
Total revenues	8,340,046	8,929,711	7,524,789
Costs and Expenses			
Cost of products sold and operating expenses	6,301,046	6,074,695	5,226,157
Exploration expenses, including dry holes and lease impairment	373,180	342,860	350,378
Selling, general and administrative expenses	649,815	602,329	617,871
Interest expense	136,149	165,501	247,465
Depreciation, depletion and amortization	672,669	730,382	851,406
Asset impairment	80,602	--	584,161
Provision for income taxes	119,085	353,845	41,764
Total costs and expenses	8,332,546	8,269,612	7,919,202
Net Income (Loss)	$ 7,500	$ 660,099	$ (394,413)
Net Income (Loss) Per Share			
Basic	$ .08	$ 7.13	$ (4.26)
Diluted	$ .08	$ 7.09	$ (4.26)

Statement of Consolidated Retained Earnings

Thousands of dollars, except per share data	For the Years Ended December 31 1997	1996	1995
Balance at Beginning of Year	$2,613,920	$2,017,064	$2,467,267
Net income (loss)	7,500	660,099	(394,413)
Dividends declared--common stock ($.60 per share in 1997, 1996 and 1995)	(55,090)	(55,761)	(55,790)
Common stock acquired and retired	(103,325)	(7,482)	--
Balance at End of Year	$2,463,005	$2,613,920	$2,017,064

See accompanying notes to consolidated financial statements.

Consolidated
Balance Sheet

Amerada Hess Corporation and Consolidated Subsidiaries

Thousands of dollars	At December 31 1997	1996
Assets		
Current Assets		
Cash and cash equivalents	$ 91,154	$ 112,522
Accounts receivable		
Trade	951,796	812,175
Other	41,302	35,954
Inventories	937,949	1,272,312
Other current assets	181,431	193,881
Total current assets	2,203,632	2,426,844
Investments and Advances	250,458	218,573
Property, Plant and Equipment		
Exploration and production	8,779,807	8,233,445
Refining	2,688,403	2,650,486
Marketing	1,025,178	883,555
Shipping	128,247	134,933
Total--at cost	12,621,635	11,902,419
Less reserves for depreciation, depletion, amortization and lease impairment	7,430,841	6,995,136
Property, plant and equipment--net	5,190,794	4,907,283
Deferred Income Taxes and Other Assets	289,735	231,781
Total Assets	$ 7,934,619	$ 7,784,481

	At December 31 1997	At December 31 1996
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable--trade	$ 752,576	$ 666,172
Accrued liabilities	513,389	501,369
Deferred revenue	175,684	103,031
Taxes payable	195,692	258,723
Notes payable	17,825	18,000
Current maturities of long-term debt	84,685	189,685
Total current liabilities	1,739,851	1,736,980
Long-Term Debt	1,975,281	1,660,998
Capitalized Lease Obligations	27,752	50,818
Deferred Liabilities and Credits		
Deferred income taxes	562,371	616,900
Other	413,665	335,154
Total deferred liabilities and credits	976,036	952,054
Stockholders' Equity		
Preferred stock, par value $1.00		
Authorized--20,000,000 shares for issuance in series	--	--
Common stock, par value $1.00		
Authorized--200,000,000 shares		
Issued--91,451,205 shares in 1997; 93,073,305 shares in 1996	91,451	93,073
Capital in excess of par value	774,631	754,559
Retained earnings	2,463,005	2,613,920
Equity adjustment from foreign currency translation	(113,388)	(77,921)
Total stockholders' equity	3,215,699	3,383,631
Total Liabilities and Stockholders' Equity	$ 7,934,619	$ 7,784,481

The consolidated financial statements reflect the successful efforts method of accounting for oil and gas exploration and producing activities.

See accompanying notes to consolidated financial statements.

Statement of
Consolidated Cash Flows

Amerada Hess Corporation and Consolidated Subsidiaries

	For the Years Ended December 31		
Thousands of dollars	1997	1996	1995
Cash Flows From Operating Activities			
Net income (loss)	$ 7,500	$ 660,099	$ (394,413)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	672,669	730,382	851,406
Asset impairment	80,602	--	584,161
Exploratory dry hole costs and lease impairment	228,536	217,426	220,544
Pre-tax gain on asset sales	(16,463)	(529,271)	(96,010)
Increase in accounts receivable	(148,488)	(66,452)	(226,790)
(Increase) decrease in inventories	333,477	(434,206)	106,357
Increase in accounts payable, accrued liabilities and deferred revenue	198,596	110,736	328,457
Increase (decrease) in taxes payable	(46,626)	32,623	67,229
Changes in deferred income taxes and other	(59,796)	86,384	(199,934)
Net cash provided by operating activities	1,250,007	807,721	1,241,007
Cash Flows From Investing Activities			
Capital expenditures			
Exploration and production	(1,157,938)	(788,286)	(626,518)
Refining, marketing and other	(187,652)	(72,339)	(65,593)
Total capital expenditures	(1,345,590)	(860,625)	(692,111)
Proceeds from asset sales and other	63,017	1,037,073	177,344
Investment in affiliate	--	--	(31,552)
Net cash provided by (used in) investing activities	(1,282,573)	176,448	(546,319)
Cash Flows From Financing Activities			
Issuance (repayment) of notes	1,982	(72,046)	26,247
Long-term borrowings	398,391	--	25,000
Repayment of long-term debt and capitalized lease obligations	(209,000)	(794,527)	(689,355)
Cash dividends paid	(55,373)	(55,746)	(55,788)
Common stock acquired	(122,283)	(8,236)	--
Net cash provided by (used in) financing activities	13,717	(930,555)	(693,896)
Effect of Exchange Rate Changes on Cash	(2,519)	2,837	2,144
Net Increase (Decrease) in Cash and Cash Equivalents	(21,368)	56,451	2,936
Cash and Cash Equivalents at Beginning of Year	112,522	56,071	53,135
Cash and Cash Equivalents at End of Year	$ 91,154	$ 112,522	$ 56,071

See accompanying notes to consolidated financial statements.

Statement of Consolidated Changes in Common Stock and Capital in Excess of Par Value

Amerada Hess Corporation and Consolidated Subsidiaries

Thousands of dollars	Common stock Number of shares	Common stock Amount	Capital in excess of par value
Balance at January 1, 1995	92,995,755	$ 92,996	$ 743,537
Distribution to trustee under executive incentive compensation and stock ownership plan (net)	15,500	15	715
Balance at December 31, 1995	93,011,255	93,011	744,252
Distribution to trustee under executive incentive compensation and stock ownership plans (net)	211,750	212	11,300
Common stock acquired and retired	(154,700)	(155)	(1,247)
Employee stock options exercised	5,000	5	254
Balance at December 31, 1996	93,073,305	93,073	754,559
Distribution to trustee under executive incentive compensation and stock ownership plans (net)	719,000	719	38,145
Common stock acquired and retired	(2,368,100)	(2,368)	(19,419)
Employee stock options exercised	27,000	27	1,346
Balance at December 31, 1997	91,451,205	$ 91,451	$ 774,631

See accompanying notes to consolidated financial statements.

Notes to
Consolidated Financial Statements

Amerada Hess Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting Policies

Nature of Business: Amerada Hess Corporation and subsidiaries (the "Corporation") engage in the exploration for and the production, purchase, transportation and sale of crude oil and natural gas. These activities are conducted primarily in the United States, United Kingdom, Norway and Gabon. The Corporation also has oil and gas activities in Denmark, Indonesia, Thailand and other parts of the world. In addition, the Corporation manufactures, purchases, transports and markets refined petroleum products. The Corporation's major refining facility is in the United States Virgin Islands. Terminals and retail outlets are located principally on the East Coast of the United States.

In preparing financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenues and expenses in the income statement. Actual results could differ from those estimates. Among the estimates made by management are: oil and gas reserves, inventory valuations, pension liabilities, environmental obligations, depreciation, depletion and amortization, dismantlement costs and income taxes.

Principles of Consolidation: The consolidated financial statements include the accounts of Amerada Hess Corporation and subsidiaries. The Corporation's interests in oil and gas exploration and production ventures are proportionately consolidated.

Investments in affiliated companies, owned 20% to 50% inclusive, are stated at cost of acquisition plus the Corporation's equity in undistributed net income since acquisition. The change in the equity in net income of these companies is included in non-operating revenues in the income statement.

Intercompany transactions and accounts are eliminated in consolidation.

Certain amounts in prior years' financial statements have been reclassified to conform with current year presentation, principally the inclusion of lease impairment as exploration expense.

Cash and Cash Equivalents: Cash equivalents consist of highly liquid investments, which are readily convertible into cash and have maturities of three months or less.

Inventories: Crude oil and refined product inventories are valued at the lower of cost or market value. Cost is determined on the first-in, first-out method for approximately 60% of the inventories and the average cost method for the remainder.

Inventories of materials and supplies are valued at or below cost.

Exploration and Development Costs: Oil and gas exploration and production activities are accounted for on the successful efforts method. Costs of acquiring undeveloped oil and gas leasehold acreage, including lease bonuses, brokers' fees and other related costs, are capitalized. Provisions for impairment of undeveloped oil and gas leases are based on periodic evaluations and other factors.

Annual lease rentals and exploration expenses, including geological and geophysical expenses and exploratory dry hole costs, are charged against income as incurred.

Costs of drilling and equipping productive wells, including development dry holes, and related production facilities are capitalized.

Depreciation, Depletion and Amortization: Depreciation, depletion and amortization of oil and gas production equipment, properties and wells are determined on the unit-of-production method based on estimated recoverable oil and gas reserves. Depreciation of refinery facilities is determined on the unit-of-production method based on estimated throughput volumes. Depreciation of all other plant and equipment is determined on the straight-line method based on estimated useful lives.

The estimated costs of dismantlement, restoration and abandonment, less estimated salvage values, of offshore oil and gas production platforms and certain other facilities are taken into account in determining depreciation.

Retirement of Property, Plant and Equipment: Costs of property, plant and equipment retired or otherwise disposed of, less accumulated reserves, are reflected in net income.

Maintenance and Repairs: The estimated costs of major maintenance, including turnarounds at refineries, are accrued. Other expenditures for maintenance and repairs are charged against income as incurred. Renewals and improvements are treated as additions to property, plant and equipment, and items replaced are treated as retirements.

Environmental Expenditures: The Corporation capitalizes environmental expenditures that increase the life or efficiency of property or that reduce or prevent environmental contamination. The Corporation accrues for environmental expenses resulting from existing conditions related to past operations when the costs are probable and reasonably estimable.

Employee Stock Options and Nonvested Common Stock Awards: The Corporation uses the intrinsic value method to account for employee stock options. Because the exercise prices of employee stock options equal or exceed the market price of the stock on the date of grant, the Corporation does not recognize compensation expense. The Corporation records compensation expense for nonvested common stock awards ratably over the vesting period.

Foreign Currency Translation: The local currency is the functional currency (primary currency in which business is conducted) for the Corporation's North Sea operations. The U.S. dollar is the functional currency for other foreign operations. Adjustments resulting from translating foreign functional currency assets and liabilities into U.S. dollars are recorded in a separate component of stockholders' equity entitled "Equity adjustment from foreign currency translation." Gains or losses resulting from transactions in other than the functional currency are reflected in net income.

Hedging: The Corporation uses futures, forwards, options and swaps to hedge the effects of fluctuations in the prices of crude oil, natural gas and refined products and changes in interest rates and foreign currency values. These transactions meet the requirements for hedge accounting, including designation and correlation. The resulting gains or losses, measured by quoted market prices, termination values or other methods, are accounted for as part of the transactions being hedged, except that losses not expected to be recovered upon the completion of hedged transactions are expensed. On the balance sheet, deferred gains and losses are included in current assets and liabilities.

Trading: The results of commodity trading activities are marked to market, with gains and losses recorded in operating revenue.

Income Taxes: Deferred income taxes are determined on the liability method. No provision is made for U.S. income taxes applicable to undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations.

2. Refining Joint Venture

In February 1998, the Corporation and Petroleos de Venezuela, S.A. ("PDVSA") signed an agreement in principle to create a joint venture to own and operate the Corporation's Virgin Islands refinery. PDVSA will acquire a 50% interest in the refinery for $625,000,000, consisting of $62,500,000 in cash and an interest-bearing note payable over ten years. The Corporation will also receive an additional note for $125,000,000, which is contingently payable based on the joint venture's future cash flow over ten years. This note will not be included in the purchase price for accounting purposes. Upon completion of the transaction, the Corporation presently estimates that it will record a loss of approximately $125,000,000.

The transaction is subject to the preparation of definitive contracts, Virgin Islands governmental authorizations and corporate board approvals. The Corporation plans to account for its investment in the joint venture on the equity method.

3. Asset Impairment and Asset Sales

1997: The Corporation recorded a charge of $80,602,000 (approximately $55,000,000 after income taxes) for impairment of long-lived assets and a long-term operating lease, as a result of reserve revisions on its Durward and Dauntless Fields in the United Kingdom North Sea. The amount of the charge was determined by estimating the fair values of these facilities based on future net cash flows.

In 1997, the Corporation also sold its interest in a small United States natural gas field resulting in an after-tax gain of $10,700,000.

1996: The Corporation sold exploration and production assets in 1996 resulting in a net gain of $421,150,000. These sales included the Corporation's Canadian operations, certain United States and United Kingdom producing properties and Abu Dhabi assets.

1995: Upon adoption of FAS No. 121, the Corporation recorded an impairment charge for long-lived assets and a long-term operating lease of $584,161,000 ($415,542,000 after income taxes). Of the after-tax amount, $346,396,000 related to refining, marketing and shipping operations, principally a refining facility and ocean going vessels. The remainder related to oil and gas producing properties.

In 1995 the Corporation also sold a crude oil pipeline and gathering system in the southeastern United States, an interest in an undeveloped United Kingdom natural gas field and various other assets. The net gain from these asset sales was $68,100,000.

4. Inventories

Inventories at December 31 are as follows:

Thousands of dollars	1997	1996
Crude oil and other charge stocks	$ 269,783	$ 441,071
Refined and other finished products	564,973	734,141
	834,756	1,175,212
Materials and supplies	103,193	97,100
Total	$ 937,949	$1,272,312

5. Short-Term Notes Payable and Related Lines of Credit

Short-term notes payable to banks totaled $17,825,000 and $18,000,000 at December 31, 1997 and 1996, respectively. The weighted average interest rates on these borrowings were 7.0% and 7.5%. At December 31, 1997, the Corporation has unused lines of credit under uncommitted arrangements with banks aggregating approximately $464,000,000. No compensating balances or fees are required for these lines of credit.

6. Long-Term Debt

Long-term debt at December 31 consists of the following:

Thousands of dollars	1997	1996
6.1% Marine Terminal Revenue Bonds--Series 1994--City of Valdez, Alaska, due 2024	$ 20,000	$ 20,000
Pollution Control Revenue Bonds, weighted average rate 6.6%, due through 2022	52,590	52,574
Fixed rate notes, payable principally to insurance companies, weighted average rate 8.5%, due through 2014	1,013,376	1,202,100
Global Revolving Credit Facility with banks, weighted average rate 6.1%*, due 2002	968,000	--
Revolving Credit Agreements with banks	--	571,609
Other loans, weighted average rate 8.2%, due through 2007	6,000	4,400
	2,059,966	1,850,683
Less amount included in current maturities	84,685	189,685
Total	$1,975,281	$1,660,998

* Includes effect of interest rate conversion agreements.

The aggregate long-term debt maturing during the next five years is as follows (in thousands): 1998--$84,685 (included in current liabilities); 1999--$141,686; 2000--$400; 2001--$20,400 and 2002--$1,163,400.

The Corporation's long-term debt agreements contain various restrictions and conditions, including working capital requirements and limitations on total borrowings and cash dividends. At December 31, 1997, the ratio of current assets to current liabilities of 1.3 to 1 exceeds the required working capital ratio of 1 to 1. The Corporation has additional borrowing capacity of $1,032,000,000 for the construction or acquisition of assets and $678,000,000 of retained earnings free of dividend restrictions.

During 1997, the Corporation refinanced its revolving credit agreements in the United States and United Kingdom with a $2,000,000,000 Global Revolving Credit Facility (the "Facility"), of which $968,000,000 is outstanding at December 31. Outstanding amounts are due to be repaid in 2002, but may be extended for an additional two years with the consent of the lenders. Borrowings bear interest at a margin above the London Interbank Offered Rate ("LIBOR") based on the Corporation's capitalization ratio. The current borrowing rate is .165% above LIBOR. Facility fees of .11% per annum are payable on the amount of the credit line.

The Corporation sold a portion of its following year crude oil production in 1997 and 1996 and used the proceeds to repay revolving credit debt. Accordingly, at December 31, 1997 and 1996, $173,681,000 and $101,028,000, respectively, are included in deferred revenue on the balance sheet.

At December 31, 1997, the Corporation has interest rate conversion agreements, accounted for by the accrual method, that effectively convert floating rate debt to fixed rate debt, reducing the percentage of its floating rate debt from 49% to 35%.

In 1997, the Corporation capitalized interest of $10,284,000 on major development projects. No interest was capitalized in 1996 or 1995.

The total amount of interest paid, principally on short-term and long-term debt, in 1997, 1996 and 1995 was $146,795,000, $176,033,000 and $254,760,000, respectively.

7. Stockholders' Equity

The Corporation has outstanding stock options and nonvested common stock under its Executive Long-Term Incentive Compensation and Stock Ownership Plan (which expired in 1997) and its 1995 Long-Term Incentive Plan. Generally, stock options vest one year from the date of grant and the exercise price equals or exceeds the market price on the date of grant. Nonvested common stock vests three or five years from the date of grant, depending on the terms of the award.

The Corporation's stock option activity in 1997 and 1996 consisted of the following:

	Options (thousands)	Weighted-average exercise price per share
Granted in 1995, approved in 1996	863	$56.39
Granted in 1996	629	62.22
Exercised	(5)	51.75
Forfeited	(66)	56.39
Outstanding at December 31, 1996	1,421	58.99
Granted	873	54.75
Exercised	(27)	50.86
Forfeited	(19)	59.52
Outstanding at December 31, 1997	2,248	$57.43
Exercisable at December 31, 1997	1,376	$59.14

Exercise prices for employee stock options at December 31, 1997 ranged from $49.00 to $64.75 per share. The weighted-average remaining contractual life of employee stock options is 9 years.

In complying with FAS No. 123, Accounting for Stock-Based Compensation, the Corporation used the Black-Scholes model to estimate the fair value of employee stock options for pro forma disclosure of the effects on net income and earnings per share. The Corporation used the following weighted-average assumptions in the Black-Scholes model for 1997 and 1996, respectively: risk-free interest rates of 5.9% and 5.8%; expected stock price volatility of .220 and .213; a dividend yield of 1.1%; and an expected life of seven years. The Corporation's net income would have been reduced by approximately $7,600,000 in 1997 and $7,700,000 in 1996 ($.08 per share, diluted, in both years) if option expense were recorded using the fair value method.

The weighted-average fair values of options granted for which the exercise price equaled the market price on the date of grant were $18.69 in 1997 and $18.91 in 1996. In 1996, the fair value of options granted for which the exercise price exceeded the market price on the date of grant was $15.47.

Total compensation expense for nonvested common stock was $11,553,000 in 1997 and $5,915,000 in 1996. Awards of nonvested common stock were as follows:

	Shares of nonvested common stock awarded (thousands)	Weighted-average price on date of grant
Granted in 1995, approved in 1996	203	$49.81
Granted in 1996	95	57.30
Granted in 1997	746	53.94

At December 31, 1997, the number of common shares reserved for issuance is as follows:

1995 Long-Term Incentive Plan	
Future distributions	1,452,500
Stock options outstanding	2,248,000
Stock appreciation rights	52,000
Warrants*	1,051,584
Total	4,804,084

*   Issued in connection with an insurance company financing, exercisable

through June 27, 2001 at $64.66 per share.

In January 1998, the Corporation issued an additional 862,500 options under the 1995 Long-Term Incentive Plan.

8. Foreign Currency Translation

Foreign currency exchange transactions reflected in net income (after income tax effect) amounted to gains of $5,073,000 in 1997, $1,813,000 in 1996 and $1,475,000 in 1995.

The equity adjustment from foreign currency translation, reflected in the balance sheet as a reduction of stockholders' equity, increased by $35,467,000 in 1997. The change was due to the stronger U.S. dollar at year-end, which resulted in lower translated values for net foreign assets recorded in local currencies. In 1996, the equity account decreased by $116,010,000 as a result of a weaker dollar than in 1995 and the sale of the Corporation's Canadian operations, which had a cumulative translation adjustment of $33,541,000.

9. Pension Plans

The Corporation has noncontributory, defined benefit pension plans covering substantially all employees, except those covered by union pension plans. Retirement benefits are based on credited service and final average compensation. The Corporation's policy is to fund pension costs accrued, except where funding limitations are imposed under income tax regulations.

Pension expense consisted of:

Thousands of dollars	1997	1996	1995
Cost of benefits earned	$ 19,109	$ 17,915	$ 27,270
Accrued interest on projected benefit obligation	33,162	29,961	26,149
Return on plan assets	(63,598)	(40,960)	(67,063)
Net amortization and deferral	27,744	8,558	39,707
Total pension expense	$ 16,417	$ 15,474	$ 26,063

Plan assets include fixed income and equity securities, including investments in commingled funds. A summary of the funded status of the Corporation's pension plans at December 31 follows:

Thousands of dollars	1997	1996
Market value of plan assets	$ 427,912	$ 381,532
Book reserves	53,688	47,517
Total assets and reserves	481,600	429,049
Actuarial present value of benefit obligation		
Vested	375,697	339,442
Non-vested	12,071	13,355
Total	387,768	352,797
Effects of projected future salary increases	76,960	67,001
Projected benefit obligation	464,728	419,798
Total assets and reserves in excess of projected benefit obligation	$ 16,872	$ 9,251
Components of assets and reserves in excess of projected benefit obligation		
Unrecognized prior service costs	$ (10,321)	$ (11,601)
Unrecognized net experience gains	27,193	20,852
Total	$ 16,872	$ 9,251

The discount rate and assumed rate of future salary increases used in determining the actuarial present value of the projected benefit obligation were 7% and 5%, respectively, in 1997 and 7.5% and 5.5%, respectively, in 1996. The assumed long-term rate of return on plan assets was 8.5% in 1997 and 1996.

The Corporation has a nonqualified supplemental pension plan covering certain employees, which provides for incremental pension payments from the Corporation's funds so that total pension payments equal amounts that would have been payable from the Corporation's principal pension plan if it were not for limitations imposed by income tax regulations. The projected benefit obligation related to this unfunded plan totaled $35,606,000 at December 31, 1997 and $29,562,000 at December 31, 1996. Pension expense for the plan was $5,098,000 in 1997, $3,970,000 in 1996 and $3,706,000 in 1995. At December 31, 1997, the Corporation has accrued $20,138,000 for this plan. The Corporation has established a trust for use in funding the supplemental pension plan.

10. Provision for Income Taxes

The provision for income taxes consisted of:

Thousands of dollars	1997	1996	1995
United States Federal			
Current	$ 16,210	$ 20,156	$ 4,411
Deferred	(27,254)	6,528	(190,512)
State	1,418	4,904	2,796

	(9,626)	31,588	(183,305)
Foreign			
Current	181,665(a)	285,302	190,609
Deferred	(41,599)	36,955	34,460
	140,066	322,257	225,069
Adjustment of deferred tax liability for foreign income tax rate change	(11,355)	--	--
Total	$ 119,085	$ 353,845	$ 41,764

(a) Includes income tax refund of $38,180.

Income (loss) before income taxes consisted of the following:

Thousands of dollars	1997	1996	1995
United States	$ 3,533	$ 55,678	$ (656,190)
Foreign*	123,052	958,266	303,541
Total	$ 126,585	$1,013,944	$ (352,649)

*Foreign income includes the Corporation's Virgin Islands, shipping and other operations located outside of the United States.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. A summary of the components of deferred tax liabilities and assets at December 31 follows:

Thousands of dollars	1997	1996
Deferred tax liabilities		
Fixed assets	$ 390,214	$ 405,617
Foreign petroleum taxes	294,004	316,942
Other	51,778	50,823
Total deferred tax liabilities	735,996	773,382
Deferred tax assets		
Accrued liabilities	170,730	152,323
Net operating and capital loss carryforwards	471,583	396,872
Tax credit carryforwards	132,014	124,455
Other	41,826	18,390
Total deferred tax assets	816,153	692,040
Valuation allowance	(330,119)	(271,213)
Net deferred tax assets	486,034	420,827
Net deferred tax liabilities	$ 249,962	$ 352,555

The difference between the Corporation's effective income tax rate and the United States statutory rate is reconciled below:

	1997	1996	1995
United States statutory rate	35.0%	35.0%	(35.0)%
Effect of foreign operations, including foreign tax credits			
--Virgin Islands subsidiary	60.9	(2.6)	9.4
--Other	11.4	2.0	37.3
Effect of capital loss carryforward	(8.3)	.5	1.1
State income taxes, net of Federal income tax benefit	.7	.3	.5
Prior year adjustments	(3.5)	(.1)	(.7)
Tax credits	(.8)	(.1)	(.6)
Other	(1.3)	(.1)	(.2)
Total	94.1%	34.9%	11.8%

The Corporation has not recorded deferred income taxes applicable to undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations. Undistributed earnings amounted to approximately $1.1 billion at December 31, 1997, excluding amounts which, if remitted, generally would not result in any additional U.S. income taxes because of available foreign tax credits. If the earnings of such foreign subsidiaries were not indefinitely reinvested, a deferred tax liability of approximately $200 million would have been required.

For income tax reporting at December 31, 1997, the Corporation has general business credit carryforwards of approximately $25 million, principally expiring in 1999 through 2001. In addition, the Corporation has alternative minimum tax credit carryforwards of approximately $95 million, which can be carried forward indefinitely. The Corporation's Virgin Islands refining subsidiary, which is the subject of an agreement in principle to form a 50% joint venture, has a net operating loss carryforward of approximately $1.2 billion, expiring through 2012.

Income taxes paid (net of refunds) in 1997, 1996 and 1995 amounted to $259,767,000, $294,905,000 and $101,066,000, respectively.

11. Net Income Per Share

The weighted average number of common shares used in the basic and diluted earnings per share computations are summarized below:

Thousands of shares	1997	1996	1995
Common shares--basic	91,254	92,552	92,509
Effect of dilutive securities			

Nonvested common stock	858	539	--
Stock options	51	19	--
Common shares--diluted	92,163	93,110	92,509

Diluted common shares include shares that would be outstanding assuming the fulfillment of restrictions on nonvested shares and the exercise of stock options. The above table excludes the effect of out-of-the-money options on 867,000 shares and 337,000 shares in 1997 and 1996, respectively. In 1995, the table excludes the antidilutive effect of 493,000 nonvested common shares.

12. Financial Instruments, Hedging and Trading Activities

The Corporation uses futures, forwards, options and swaps, individually or in combination, to reduce the effects of fluctuations in crude oil, natural gas and refined product prices. In addition, the Corporation uses interest rate conversion agreements to fix the interest rates on a portion of its long-term, floating-rate debt. Foreign currency contracts are used to protect the Corporation from changes in exchange rates.

Commodity Hedging: At December 31, 1997, the Corporation's hedging activities included commodity and financial contracts maturing mainly in 1998, covering 11,800,000 barrels of crude oil and refined products (17,200,000 barrels in 1996) and 9,300,000 Mcf of natural gas (24,300,000 Mcf in 1996). Of the crude oil and refined product hedges, 7,300,000 barrels related to exploration and production activities (6,900,000 barrels in 1996), and the remainder related to refining and marketing operations.

The Corporation produced 80,000,000 barrels of crude oil and natural gas liquids and 207,000,000 Mcf of natural gas in 1997, and had approximately 41,000,000 barrels of crude oil and refined products in its refining and marketing inventories at December 31, 1997. Since the contracts described above are designated as hedges and correlate to price movements of crude oil, natural gas and refined products, any gains or losses resulting from market changes will be offset by losses or gains on the Corporation's hedged inventory or production. Net deferred gains from the Corporation's hedging activities were approximately $22,000,000 at December 31, 1997, including $17,000,000 of unrealized gains.

Financial Instruments: At December 31, 1997, the Corporation has $300,000,000 in interest rate conversion agreements outstanding (none at December 31, 1996). The Corporation has $179,150,000 of notional value foreign currency forward and purchased option contracts maturing generally in 1998 ($270,300,000 at December 31, 1996) and $38,800,000 in letters of credit outstanding ($37,000,000 at December 31, 1996). Notional amounts do not quantify risk or represent assets or liabilities of the Corporation, but are used in the calculation of cash settlements under the contracts.

Fair Value Disclosure: The carrying amounts of cash and cash equivalents, short-term debt and long-term, variable-rate debt approximate fair value. The Corporation estimates the fair value of its long-term, fixed-rate debt generally using discounted cash flow analysis based on the Corporation's current borrowing rates for debt with similar maturities. Interest rate conversion agreements and foreign currency exchange contracts are valued based on current termination values or quoted market prices of comparable contracts. The Corporation's valuation of commodity contracts considers quoted market prices, time value, volatility of the underlying commodities and other factors.

The carrying amounts of the Corporation's financial instruments and commodity contracts, including those used in the Corporation's hedging activities, generally approximate their fair values at December 31, except as follows:

	1997		1996	
Millions of dollars, asset (liability)	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Long-term, fixed-rate debt	$(1,091)	$(1,194)	$(1,279)	$(1,379)
Interest rate conversion agreements	--	(4)	--	--
Foreign currency exchange agreements and options	--	4	--	18

Market and Credit Risks: The Corporation's financial instruments expose it to market and credit risks and may at times be concentrated with certain counterparties or groups of counterparties. Counterparties to the Corporation's financial instruments are major financial institutions and their credit worthiness is subject to continuing review, however, full performance is anticipated.

Commodity Trading: The Corporation, principally through a consolidated partnership formed in 1997, trades energy commodities, including futures, forwards, options and swaps, based on expectations of future market conditions. The Corporation's 1997 net income from trading activities, including its share of the results of the trading partnership, was approximately $4,000,000.

The following table presents the year-end fair values of energy commodities and derivative instruments used in trading activities and the average aggregate fair values during the year.

	Fair Value	
Millions of dollars, asset (liability)	At December 31, 1997	Average for 1997
Commodities	$ 33	$ 21
Futures and forwards		
Assets	20	13
Liabilities	(14)	(9)
Options		
Held	(4)	(2)

Written	6	1
Swaps		
Assets	3	4
Liabilities	(1)	(1)

Notional amounts of commodities and derivatives relating to trading activities follow:

Millions of barrels of oil equivalent	At December 31, 1997
Commodities	2
Futures and forwards--Long	26
--Short	(28)
Options--Held	8
--Written	(10)
Swaps*--Long	7
--Short	(9)

* Includes 4 million barrels long and 6 million barrels short related to basis swaps.

13. Leased Assets

The Corporation and certain of its subsidiaries lease floating production systems, drilling rigs, tankers, gasoline stations, office space and other assets for varying periods. At December 31, 1997, the Corporation had net capital lease assets of $74,912,000, representing natural gas production and transportation facilities in the United Kingdom, which are included in property, plant and equipment in the balance sheet.

At December 31, 1997, future minimum rental payments applicable to capital and noncancelable operating leases with remaining terms of one year or more (other than oil and gas leases) are as follows:

Thousands of dollars	Operating Leases	Capital Leases
1998	$ 296,772	$ 24,018
1999	276,036	27,966
2000	254,983	--
2001	94,391	--
2002	70,889	--
Remaining years	398,726	--
Total minimum lease payments	1,391,797	51,984
Less: Imputed interest	--	2,487
Income from subleases	50,324	--
Net minimum lease payments	$1,341,473	$ 49,497
Capitalized lease obligations--		
Current		$ 21,745
Long-term		27,752
Total		$ 49,497

Rental expense for all operating leases, other than rentals applicable to oil and gas leases, was as follows:

Thousands of dollars	1997	1996	1995
Total rental expense	$195,246	$185,669	$179,255
Less income from subleases	11,792	5,264	1,748
Net rental expense	$183,454	$180,405	$177,507

14. Information on Major Operating Activities

Financial data by major geographic area for each of the three years ended December 31, 1997 follow:

Millions of dollars	United States(a)	Europe	Other	Consol-idated(b)
1997				

Operating revenues				
Unaffiliated customers	$ 6,557	$ 1,619	$ 58	$ 8,234
Intergeographic transfers	--	--	77	
Operating profit (loss)(c)	(93)	321	19	247
Gain on asset sales	16	--	--	16
Identifiable assets	5,115	2,573	247	7,935
Net assets	2,041	936	239	3,216
1996				
Operating revenues				
Unaffiliated customers	$ 6,589	$ 1,568	$ 115	$ 8,272
Intergeographic transfers	--	--	104	
Operating profit(c)	123	451	77	651
Gain on asset sales	196	56	277	529
Identifiable assets	5,046	2,502	236	7,784
Net assets	2,054	1,038	292	3,384
1995				
Operating revenues				
Unaffiliated customers	$ 5,750	$ 1,320	$ 232	$ 7,302
Intergeographic transfers	--	71	96	
Operating profit (loss)(c)	(611)	286	124	(201)
Gain (loss) on asset sales	75	23	(2)	96
Identifiable assets	4,804	2,308	644	7,756
Net assets	1,236	869	555	2,660

(a) Includes U.S. Virgin Islands and shipping operations.

(b) After elimination of transactions between affiliates, which are valued at approximate market prices.

(c) Excludes asset sales.

14. Information on Major Operating Activities (Continued)

The following table presents financial data by major operating activity for each of the three years ended December 31, 1997:

Millions of dollars	Exploration and Production	Refining, Marketing and Shipping	Corporate	Consolidated(a)
1997				
Operating revenues				
Total operating revenues	$ 3,091	$ 5,285	$ 1	
Less: Transfers between affiliates	142	1	--	
Operating revenues from unaffiliated customers	$ 2,949	$ 5,284	$ 1	$ 8,234
Operating profit (loss)(b)	$ 400	$ (110)	$ (43)	$ 247
Gain on asset sales	16	--	--	16
Interest expense	--	--	(136)	(136)
(Provision) benefit for income taxes	(164)	--	45	(119)
Net income (loss)	$ 252	$ (110)	$ (134)	$ 8
Depreciation, depletion and amortization	$ 553	$ 118	$ 2	$ 673
Asset impairment	81	--	--	81
Identifiable assets	3,727	3,713	495	7,935
Capital expenditures	1,158	183	5	1,346
1996				
Operating revenues				
Total operating revenues	$ 3,166	$ 5,283	$ 2	
Less: Transfers between affiliates	177	1	1	
Operating revenues from unaffiliated customers	$ 2,989	$ 5,282	$ 1	$ 8,272
Operating profit (loss)(b)	$ 523	$ 174	$ (46)	$ 651
Gain on asset sales	529	--	--	529
Interest expense	--	--	(166)	(166)
(Provision) benefit for income taxes	(418)	7	57	(354)
Net income (loss)	$ 634	$ 181	$ (155)	$ 660
Depreciation, depletion and amortization	$ 603	$ 125	$ 2	$ 730
Identifiable assets	3,600	3,802	382	7,784
Capital expenditures	788	68	5	861
1995				
Operating revenues				
Total operating revenues	$ 2,888	$ 4,528	$ 197	
Less: Transfers between affiliates	245	2	64	
Operating revenues from unaffiliated customers	$ 2,643	$ 4,526	$ 133	$ 7,302
Operating profit (loss)(b)	$ 351	$ (514)	$ (38)	$ (201)
Gain on asset sales	51	7	38	96
Interest expense	--	--	(247)	(247)
(Provision) benefit for income taxes	(250)	153	55	(42)
Net income (loss)	$ 152	$ (354)	$ (192)	$ (394)
Depreciation, depletion and amortization	$ 682	$ 164	$ 5	$ 851
Asset impairment	106	478	--	584
Identifiable assets	3,920	3,476	360	7,756
Capital expenditures	626	63	3	692

(a) After elimination of transactions between affiliates, which are valued at approximate market prices.

(b) Excludes asset sales.

Report of Management

Amerada Hess Corporation and Consolidated Subsidiaries

The consolidated financial statements of Amerada Hess Corporation and consolidated subsidiaries were prepared by and are the responsibility of management. These financial statements conform with generally accepted accounting principles and are, in part, based on estimates and judgements of management. Other information included in this Annual Report is consistent with that in the consolidated financial statements.

The Corporation maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that transactions are properly executed and recorded. Judgements are required to balance the relative costs and benefits of this system of internal controls.

The Corporation's consolidated financial statements have been audited by Ernst & Young LLP, independent auditors, who have been selected by the Audit Committee of the Board of Directors and approved by the stockholders. Ernst & Young LLP assesses the Corporation's system of internal controls and performs tests and procedures that they consider necessary to arrive at an opinion on the fairness of the consolidated financial statements.

The Audit Committee of the Board of Directors, which consists solely of nonemployee directors, meets periodically with the independent auditors, internal auditors and management to review and discuss the Corporation's financial information, the system of internal controls and the results of internal and external audits. Ernst & Young LLP and the Corporation's internal auditors have unrestricted access to the Audit Committee to discuss audit findings and other financial matters.

/s/ John B. Hess

John B. Hess
Chairman of the Board and Chief Executive Officer

/s/ John Y. Schreyer

John Y. Schreyer
Executive Vice President and Chief Financial Officer

Report of Ernst & Young LLP, Independent Auditors

The Board of Directors and Stockholders
Amerada Hess Corporation

We have audited the accompanying consolidated balance sheet of Amerada Hess Corporation and consolidated subsidiaries as of December 31, 1997 and 1996 and the related consolidated statements of income, retained earnings, changes in common stock and capital in excess of par value and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amerada Hess Corporation and consolidated subsidiaries at December 31, 1997 and 1996 and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

As discussed in Note 3 to the consolidated financial statements, in 1995 the Corporation adopted Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.

/s/ Ernst & Young LLP

Ernst & Young LLP

New York, NY
February 19, 1998

Supplementary
Oil and Gas Data

Amerada Hess Corporation and Consolidated Subsidiaries

The supplementary oil and gas data that follows is presented in accordance with Statement of Financial Accounting Standards (FAS) No. 69, Disclosures about Oil and Gas Producing Activities, and includes (1) costs incurred, capitalized costs and results of operations relating to oil and gas producing activities, (2) net proved oil and gas reserves, and (3) a standardized measure of discounted future net cash flows relating to proved oil and gas reserves, including a reconciliation of changes therein.

During 1996, the Corporation sold its Canadian and Abu Dhabi operations and certain United States and United Kingdom producing properties. In the geographic data which follows, information on Canada and Abu Dhabi has been combined for disclosure purposes.

Costs Incurred in Oil and Gas Producing Activities

For the Years Ended December 31 (Millions of dollars)	Total	United States	Europe	Africa, Asia and other	Canada and Abu Dhabi
1997					
Property acquisitions	$237	$ 39	$193	$ 5	$--
Exploration	383	131	215	37	--
Development	679	231	408	40	--
1996					
Property acquisitions	$ 70	$ 32	$ 1	$37	$--
Exploration	332	135	160	22	15
Development	512	152	337	12	11
1995					
Property acquisitions	$ 48	$ 36	$ 2	$ 2	$ 8
Exploration	331	148	145	8	30
Development	377	107	242	5	23

Capitalized Costs Relating to Oil and Gas Producing Activities

At December 31 (Millions of dollars)	1997	1996
Unproved properties	$ 449	$ 279
Proved properties	1,425	1,437
Wells, equipment and related facilities	6,906	6,517
Total costs	8,780	8,233
Less: Reserve for depreciation, depletion, amortization and lease impairment	5,687	5,364
Net capitalized costs	$3,093	$2,869

The results of operations for oil and gas producing activities shown below exclude sales of purchased crude oil and natural gas, non-operating revenues (including gains on sales of oil and gas properties), interest expense and gains and losses resulting from foreign currency exchange transactions. Therefore, these results differ from the net income from exploration and production operations in Note 14 to the financial statements.

Results of Operations for Oil and Gas Producing Activities

For the Years Ended December 31 (Millions of dollars)	Total	United States	Europe	Africa, Asia and other	Canada and Abu Dhabi
1997					
Sales and other operating revenues					
Unaffiliated customers	$1,991	$496	$1,462	$ 33	$ --
Inter-company	134	76	--	58	--
Total revenues	2,125	572	1,462	91	--
Costs and expenses					
Production expenses, including related taxes	567	159	403	5	--
Exploration expenses, including dry holes and lease impairment	373	145	187	41	--
Other operating expenses	184	56	89	39	--
Depreciation, depletion and amortization	552	126	408	18	--
Asset impairment	81	--	81	--	--
Provision for income taxes	143	30	107	6	--
Total costs and expenses	1,900	516	1,275	109	--
Results of operations	$ 225	$ 56	$ 187	$(18)	$ --
1996					
Sales and other operating revenues					
Unaffiliated customers	$2,061	$474	$1,500	$ 11	$ 76
Inter-company	184	102	--	78	4
Total revenues	2,245	576	1,500	89	80
Costs and expenses					
Production expenses, including related taxes	651	182	438	9	22
Exploration expenses, including dry holes and lease impairment	343	183	124	27	9
Other operating expenses	209	66	115	21	7
Depreciation, depletion and amortization	603	165	405	16	17
Provision for income taxes	262	(6)	272	(4)	--
Total costs and expenses	2,068	590	1,354	69	55
Results of operations	$ 177	$(14)	$ 146	$ 20	$ 25
1995					
Sales and other operating revenues					
Unaffiliated customers	$1,988	$540	$1,247	$ 15	$186
Inter-company	241	102	67	64	8
Total revenues	2,229	642	1,314	79	194
Costs and expenses					
Production expenses, including related taxes	638	219	350	12	57
Exploration expenses, including dry holes and lease impairment	350	151	156	11	32
Other operating expenses	208	52	126	10	20
Depreciation, depletion and amortization	682	201	410	24	47
Asset impairment	106	106	--	--	--
Provision for income taxes	197	(30)	207	1	19
Total costs and expenses	2,181	699	1,249	58	175
Results of operations	$ 48	$(57)	$ 65	$ 21	$ 19

The Corporation's net oil and gas reserves have been estimated by DeGolyer and MacNaughton, independent consultants. The reserves in the tabulation below include proved undeveloped crude oil and natural gas reserves that will require substantial future development expenditures. The estimates of the Corporation's proved reserves of crude oil and natural gas (after deducting royalties and operating interests owned by others) follow:

Oil and Gas Reserves

	Total	United States	Europe	Africa, Asia and other	Canada and Abu Dhabi
Net Proved Developed and Undeveloped Reserves					
Crude Oil, Including Condensate and Natural Gas Liquids (Millions of barrels)					
At January 1, 1995	644	198	373	14	59
Revisions of previous estimates	68	11	44	6	7
Extensions, discoveries and other additions	95	30	61	1	3
Sales of minerals in-place	(17)	(11)	(4)	--	(2)
Production	(95)	(23)	(62)	(3)	(7)
At December 31, 1995	695	205	412	18	60
Revisions of previous estimates	13	6	2	5	--
Improved recovery	6	6	--	--	--
Extensions, discoveries and other additions	45	5	40	--	--
Purchases of minerals in-place	4	--	--	4	--
Sales of minerals in-place	(98)	(33)	(8)	--	(57)
Production	(87)	(18)	(63)	(3)	(3)
At December 31, 1996	578	171	383	24	--
Revisions of previous estimates	47	7	40	--	--
Extensions, discoveries and other additions	39	12	21	6	--
Purchases of minerals in-place	14	1	13	--	--
Sales of minerals in-place	(3)	(1)	(2)	--	--
Production	(80)	(16)	(60)	(4)	--
At December 31, 1997	595	174	395	26	--
Natural Gas (Millions of Mcf)					
At January 1, 1995	2,581	1,002	998	--	581
Revisions of previous estimates	53	6	57	--	(10)
Extensions, discoveries and other additions	270	200	7	53	10
Sales of minerals in-place	(100)	(23)	(38)	--	(39)
Production	(323)	(147)	(97)	--	(79)
At December 31, 1995	2,481	1,038	927	53	463
Revisions of previous estimates	108	34	74	--	--
Improved recovery	3	3	--	--	--
Extensions, discoveries and other additions	84	50	34	--	--
Purchases of minerals in-place	39	4	--	35	--
Sales of minerals in-place	(598)	(158)	--	--	(440)
Production	(251)	(124)	(104)	--	(23)
At December 31, 1996	1,866	847	931	88	--
Revisions of previous estimates	78	16	54	8	--
Extensions, discoveries and other additions	195	68	48	79	--
Purchases of minerals in-place	44	--	44	--	--
Sales of minerals in-place	(41)	(8)	(33)	--	--
Production	(207)	(114)	(93)	--	--
At December 31, 1997	1,935	809*	951	175	--
Net Proved Developed Reserves					
Crude Oil, Including Condensate and Natural Gas Liquids (Millions of barrels)					
At January 1, 1995	505	171	263	11	60
At December 31, 1995	540	157	310	13	60
At December 31, 1996	412	121	280	11	--
At December 31, 1997	420	123	280	17	--
Natural Gas (Millions of Mcf)					
At January 1, 1995	2,210	838	814	--	558
At December 31, 1995	2,036	755	823	--	458
At December 31, 1996	1,368	553	815	--	--
At December 31, 1997	1,342	497	796	49	--

* Excludes 481 million Mcf of carbon dioxide gas for sale or use in company operations.

The standardized measure of discounted future net cash flows relating to proved oil and gas reserves required to be disclosed by FAS No. 69 is based on assumptions and judgements. As a result, the future net cash flow estimates are highly subjective and could be materially different if other assumptions were used. Therefore, caution should be exercised in the use of the data presented below.

Future net cash flows are calculated by applying year-end oil and gas selling prices (adjusted for price changes provided by contractual arrangements, including hedges) to estimated future production of proved oil and gas reserves, less estimated future development and production costs and future income tax expenses. Future net cash flows are discounted at the prescribed rate of 10%. No recognition is given in the discounted future net cash flow estimates to depreciation, depletion, amortization and lease impairment, exploration expenses, interest expense, general and administrative expenses and changes in future prices and costs. The selling prices of crude oil and natural gas are highly volatile.

Standardized Measure of Discounted Future Net Cash Flows
Relating to Proved Oil and Gas Reserves

At December 31 (Millions of dollars)	Total	United States	Europe	Africa, Asia and other	Canada and Abu Dhabi
1997					
Future revenues	$13,001	$4,078	$ 8,207	$716	$ --
Less:					
Future development and production costs	6,033	1,533	4,243	257	--
Future income tax expenses	3,127	831	2,073	223	--
	9,160	2,364	6,316	480	--
Future net cash flows	3,841	1,714	1,891	236	--
Less: Discount at 10% annual rate	1,424	692	648	84	--
Standardized measure of discounted future net cash flows	$ 2,417	$1,022	$ 1,243	$152	$ --
1996					
Future revenues	$18,479	$5,936	$11,630	$913	$ --
Less:					
Future development and production costs	6,551	1,906	4,382	263	--
Future income tax expenses	5,297	1,319	3,632	346	--
	11,848	3,225	8,014	609	--
Future net cash flows	6,631	2,711	3,616	304	--
Less: Discount at 10% annual rate	2,447	1,160	1,213	74	--
Standardized measure of discounted future net cash flows	$ 4,184	$1,551	$ 2,403	$230	$ --
1995					
Future revenues	$17,201	$5,343	$ 9,857	$423	$1,578
Less:					
Future development and production costs	7,352	2,289	4,273	46	744
Future income tax expenses	4,034	921	2,631	90	392
	11,386	3,210	6,904	136	1,136
Future net cash flows	5,815	2,133	2,953	287	442
Less: Discount at 10% annual rate	2,057	899	952	40	166
Standardized measure of discounted future net cash flows	$ 3,758	$1,234	$ 2,001	$247	$ 276

Changes in Standardized Measure of Discounted Future Net
Cash Flows Relating to Proved Oil and Gas Reserves

For the years ended December 31 (Millions of dollars)	1997	1996	1995
Standardized measure of discounted future net cash flows at beginning of year	$4,184	$3,758	$3,260
Changes during the year			
Sales and transfers of oil and gas produced during year, net of production costs	(1,558)	(1,603)	(1,574)
Development costs incurred during year	679	512	377
Net changes in prices and production costs applicable to future production	(3,304)	2,577	1,195
Net change in estimated future development costs	(392)	(168)	(118)
Extensions and discoveries (including improved recovery) of oil and gas reserves, less related costs	140	315	451
Revisions of previous oil and gas reserve estimates	271	311	277
Purchases (sales) of minerals in-place, net	90	(983)	(165)
Accretion of discount	769	600	498
Net change in income taxes	1,355	(814)	(758)
Revision in rate or timing of future production and other changes	183	(321)	315
Total	(1,767)	426	498
Standardized measure of discounted future net cash flows at end of year	$2,417	$4,184	$3,758

Ten-Year Summary of Financial Data

Amerada Hess Corporation and Consolidated Subsidiaries

Thousands of dollars, except per share data	1997	1996	1995
Statement of Consolidated Income			
Revenues			
Sales (excluding excise taxes) and other operating revenues			
Crude oil (including sales of purchased oil)	$1,435,848	$1,528,692	$1,565,310
Natural gas (including sales of purchased gas)	1,414,314	1,364,833	1,120,450
Petroleum products	4,960,986	5,080,790	4,311,082
Other operating revenues	422,575	297,871	305,465
Total	8,233,723	8,272,186	7,302,307
Non-operating revenues (including asset sales)	106,323	657,525(a)	222,482
Total revenues	8,340,046	8,929,711	7,524,789
Costs and expenses			
Cost of products sold and operating expenses	6,301,046	6,074,695	5,226,157
Exploration expenses, including dry holes and lease impairment	373,180	342,860	350,378
Selling, general and administrative expenses	649,815	602,329	617,871
Interest expense	136,149	165,501	247,465
Depreciation, depletion and amortization	672,669	730,382	851,406
Asset impairment	80,602	--	584,161(b)
Provision for income taxes	119,085	353,845	41,764
Total costs and expenses	8,332,546	8,269,612	7,919,202
Net income (loss)	$ 7,500	$ 660,099	$ (394,413)
Net income (loss) per share			
Basic	$.08	$7.13	$(4.26)
Diluted	.08	7.09	(4.26)
Dividends Per Share of Common Stock	$.60	$ .60	$ .60
Weighted Average Number of Shares Outstanding (diluted)-- in thousands	92,163	93,110	92,509

(a) Includes a pre-tax gain on asset sales of $529,271. The net gain, after applicable income taxes, was $421,150 ($4.52 per share).

(b) Reflects a charge for impairment of long-lived assets on adoption of FAS No. 121. The net effect, after income taxes, was $415,542 ($4.47 per share).

(c) Includes a benefit of $29,459 ($.32 per share) from the cumulative effect of the change in accounting for income taxes required by FAS No. 109.

See accompanying notes to consolidated financial statements.

1994	1993	1992	1991	1990	1989	1988
$1,228,045	$1,219,750	$1,362,118	$1,448,793	$1,248,193	$ 904,233	$ 872,757
1,063,560	1,020,563	787,996	574,004	458,615	315,578	288,915
3,980,563	3,348,900	3,428,702	3,897,748	4,587,646	4,107,770	2,864,342
329,816	290,308	279,541	346,300	653,051	261,373	179,997
6,601,984	5,879,521	5,858,357	6,266,845	6,947,505	5,588,954	4,206,011
96,809	21,153	95,352	149,496	133,593	90,373	57,533
6,698,793	5,900,674	5,953,709	6,416,341	7,081,098	5,679,327	4,263,544
4,454,219	4,291,539	4,043,880	4,414,332	4,712,125	3,840,300	2,966,534
306,687	323,187	298,596	373,171	339,103	223,549	253,958
577,247	583,419	567,142	568,949	503,105	414,791	374,169
245,149	156,615	147,099	177,850	224,200	187,811	145,439
879,679	769,390	773,507	765,877	687,064	492,510	373,661
--	--	--	--	--	--	--
162,098	44,727(c)	115,940	31,854	132,788	44,017	25,566
6,625,079	6,168,877	5,946,164	6,332,033	6,598,385	5,202,978	4,139,327
$ 73,714	$ (268,203)	$ 7,545	$ 84,308	$ 482,713	$ 476,349	$ 124,217
$.80	$(2.91)	$.09	$1.05	$5.99	$5.89	$1.52
.79	(2.91)	.09	1.04	5.96	5.87	1.51
$.60	$ .60	$.60	$ .60	$ .60	$ .60	$ .60
92,968	92,213	87,286	81,087	81,023	81,176	82,034

Ten-Year Summary
of Financial Data

Amerada Hess Corporation and Consolidated Subsidiaries

Thousands of dollars, except per share data	1997	1996	1995
Selected Balance Sheet Data at Year-End			
Cash and cash equivalents	$ 91,154	$ 112,522	$ 56,071
Working capital	463,781	689,864	357,964
Property, plant and equipment			
Exploration and production	$ 8,779,807	$ 8,233,445	$ 9,392,184
Refining, marketing and other	3,841,828	3,668,974	3,672,028
Total--at cost	12,621,635	11,902,419	13,064,212
Less reserves	7,430,841	6,995,136	7,694,496
Property, plant and equipment--net	$ 5,190,794	$ 4,907,283	$ 5,369,716
Total assets	$ 7,934,619	$ 7,784,481	$ 7,756,370
Total debt	2,127,288	1,939,288	2,717,866
Stockholders' equity	3,215,699	3,383,631	2,660,396
Stockholders' equity per share	$35.16	$36.35	$28.60
Summarized Statement of Cash Flows			
Net cash provided by operating activities	$ 1,250,007	$ 807,721	$ 1,241,007
Cash flows from investing activities			
Capital expenditures			
Exploration and production	(1,157,938)	(788,286)	(626,518)
Refining, marketing and other	(187,652)	(72,339)	(65,593)
Total capital expenditures	(1,345,590)	(860,625)	(692,111)
Proceeds from sales of property, plant and equipment and other	63,017	1,037,073	145,792
Net cash provided by (used in) investing activities	(1,282,573)	176,448	(546,319)
Cash flows from financing activities			
Issuance (repayment) of notes	1,982	(72,046)	26,247
Long-term borrowings	398,391	--	25,000
Repayment of long-term debt and capitalized lease obligations	(209,000)	(794,527)	(689,355)
Issuance of common stock	--	--	--
Cash dividends paid	(55,373)	(55,746)	(55,788)
Common stock retired	(122,283)	(8,236)	--
Net cash provided by (used in) financing activities	13,717	(930,555)	(693,896)
Effect of exchange rate changes on cash	(2,519)	2,837	2,144
Net increase (decrease) in cash and cash equivalents	$ (21,368)	$ 56,451	$ 2,936
Stockholder Data at Year-End			
Number of common shares outstanding (in thousands)	91,451	93,073	93,011
Number of stockholders (based on number of holders of record)	9,591	10,153	11,294
Market price of common stock	$54.88	$57.88	$53.00

1994	1993	1992	1991	1990	1989	1988
$ 53,135	$ 79,635	$ 141,014	$ 120,170	$ 129,914	$ 120,300	$ 213,184
520,247	245,026	551,459	625,370	603,244	493,168	285,074
$ 9,790,468	$ 9,360,871	$ 9,203,951	$ 9,306,435	$ 8,340,951	$ 6,531,956	$5,488,339
4,514,358	4,426,369	3,886,814	3,223,397	2,817,032	2,635,300	2,550,122
14,304,826	13,787,240	13,090,765	12,529,832	11,157,983	9,167,256	8,038,461
7,938,824	7,052,328	6,646,801	6,339,232	5,594,399	4,688,142	4,358,765
$ 6,366,002	$ 6,734,912	$ 6,443,964	$ 6,190,600	$ 5,563,584	$ 4,479,114	$3,679,696
$ 8,337,940	$ 8,641,546	$ 8,721,756	$ 8,841,435	$ 9,056,636	$ 6,867,411	$5,371,979
3,339,788	3,687,922	3,186,199	3,266,195	2,925,285	2,697,184	1,672,329
3,099,629	3,028,911	3,387,599	3,131,982	3,106,029	2,560,628	2,215,154
$33.33	$32.71	$36.59	$38.63	$38.34	$31.69	$27.02
$ 957,018	$ 819,423	$ 1,137,707	$ 1,364,268	$ 1,326,444	$ 805,848	$ 747,393
(532,189)	(755,419)	(916,536)	(1,295,039)	(1,267,506)	(1,730,072)	(652,859)
(64,095)	(592,622)	(641,258)	(417,276)	(193,921)	(98,597)	(77,070)
(596,284)	(1,348,041)	(1,557,794)	(1,712,315)	(1,461,427)	(1,828,669)	(729,929)
72,804	12,436	25,423	37,788	(12,012)	6,644	16,401
(523,480)	(1,335,605)	(1,532,371)	(1,674,527)	(1,473,439)	(1,822,025)	(713,528)
(54,153)	117,791	(159,756)	(183,351)	46,744	13,823	(205,414)
289,843	547,704	675,016	786,280	461,413	1,203,994	416,161
(642,112)	(167,769)	(524,384)	(269,414)	(287,531)	(194,870)	(191,159)
--	--	497,360	--	--	--	--
(55,711)	(41,603)	(64,194)	(36,468)	(60,681)	(48,785)	(49,248)
--	--	--	--	(6,213)	(43,632)	(7,420)
(462,133)	456,123	424,042	297,047	153,732	930,530	(37,080)
2,095	(1,320)	(8,534)	3,468	2,877	(7,237)	(10,114)
$ (26,500)	$ (61,379)	$ 20,844	$ (9,744)	$ 9,614	$ (92,884)	$ (13,329)
92,996	92,587	92,584	81,068	81,019	80,804	81,979
11,506	12,000	13,088	13,732	14,669	16,638	18,031
$45.63	$45.13	$46.00	$47.50	$46.38	$48.75	$31.50

Ten-Year Summary
of Operating Data

Amerada Hess Corporation and Consolidated Subsidiaries

	1997	1996	1995
Production Per Day (net)(a)			
Crude oil (barrels)			
United States	35,707	41,020	52,284
United Kingdom	126,427	134,726	135,429
Norway	29,516	27,603	25,576
Africa	10,127	9,725	9,512
Indonesia	531	--	--
Canada	--	3,145	9,749
Abu Dhabi	--	2,784	7,227
Total	202,308	219,003	239,777
Natural gas liquids (barrels)			
United States	8,243	9,105	10,722
United Kingdom	6,364	6,628	6,900
Norway	1,657	1,585	1,414
Canada	--	476	1,647
Total	16,264	17,794	20,683
Natural gas (Mcf)			
United States	311,915	337,653	401,581
United Kingdom	225,804	253,983	239,307
Norway	30,312	30,445	27,743
Indonesia	1,223	--	--
Canada	--	62,585	215,500
Total	569,254	684,666	884,131
Well Completions (net)			
Oil wells	42	39	33
Gas wells	11	25	41
Dry holes	24	40	50
Productive Wells at Year-End (net)			
Oil wells	860	854	2,154
Gas wells	447	455	1,160
Total	1,307	1,309	3,314
Undeveloped Net Acreage (held at end of year)			
United States	915,000	891,000	1,440,000
Canada	--	--	799,000
Other international	9,778,000	7,455,000	5,072,000
Total	10,693,000	8,346,000	7,311,000
Shipping			
Vessels owned or under charter at year-end	14	13	16
Total deadweight tons	1,602,000	1,236,000	2,010,000
Refining (barrels daily)			
Refinery crude runs	411,000	396,000	377,000
Petroleum Products Sold (barrels daily)			
Gasoline, distillates and other light products	436,000	412,000	401,000
Residual fuel oils	73,000	83,000	86,000
Total	509,000	495,000	487,000
Storage Capacity at Year-End (barrels)	87,000,000	86,986,000	89,165,000
Number of Employees (average)	9,216	9,085	9,574

(a) In 1996, the Corporation sold its Canadian and Abu Dhabi operations and certain United States and United Kingdom producing properties.

1994	1993	1992	1991	1990	1989	1988
55,638	60,173	62,517	66,063	62,434	60,992	60,782
122,043	80,019	86,265	59,979	56,027	38,707	32,223
24,279	26,388	29,598	28,619	24,351	24,135	21,782
8,857	8,301	6,910	8,952	--	--	--
--	--	--	--	--	--	--
10,581	11,536	11,528	11,966	9,494	9,178	9,251
7,273	10,004	11,150	9,866	8,475	7,230	9,374
228,671	196,421	207,968	185,445	160,781	140,242	133,412
11,964	11,798	11,063	10,047	9,436	9,986	7,183
6,756	3,783	1,468	766	805	466	295
1,320	1,432	1,707	1,752	2,004	2,016	1,884
1,809	1,956	1,981	1,997	1,704	1,732	1,529
21,849	18,969	16,219	14,562	13,949	14,200	10,891
427,103	502,459	601,824	583,740	457,042	335,112	283,114
208,742	188,024	153,599	128,014	145,921	126,643	141,139
24,417	28,987	31,858	26,947	25,656	24,371	20,389
--	--	--	--	--	--	--
185,856	167,839	137,680	104,151	76,768	72,855	61,653
846,118	887,309	924,961	842,852	705,387	558,981	506,295
28	48	33	45	17	19	39
44	49	20	41	33	19	8
24	37	22	36	38	31	35
2,160	2,189	2,082	2,103	2,111	2,048	2,014
1,146	1,115	966	927	905	714	612
3,306	3,304	3,048	3,030	3,016	2,762	2,626
1,685,000	1,854,000	1,819,000	1,802,000	1,716,000	1,589,000	1,556,000
743,000	788,000	840,000	842,000	835,000	582,000	786,000
3,827,000	3,522,000	2,328,000	2,638,000	2,494,000	2,501,000	3,936,000
6,255,000	6,164,000	4,987,000	5,282,000	5,045,000	4,672,000	6,278,000
17	15	21	21	23	22	21
2,265,000	2,398,000	3,223,000	2,825,000	3,012,000	3,081,000	2,719,000
388,000	351,000	335,000	320,000	383,000	397,000	296,000
375,000	291,000	275,000	285,000	296,000	299,000	222,000
93,000	95,000	102,000	128,000	132,000	171,000	157,000
468,000	386,000	377,000	413,000	428,000	470,000	379,000
94,597,000	94,380,000	95,199,000	94,879,000	93,867,000	91,794,000	90,798,000
9,858	10,173	10,263	10,317	9,645	8,740	8,151

EXHIBIT 21

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	Organized under the laws of
A.H. Shipping Guaranty Corporation	Delaware
Amerada Hess (Denmark) A/S	Denmark
Amerada Hess Limited	United Kingdom
Amerada Hess Norge A/S	Norway
Amerada Hess (Port Reading) Corporation	Delaware
Amerada Hess Production Gabon	Gabon
Amerada Hess Shipping Corporation	Liberia
Hess Energy Trading Company, LLC	Delaware
Hess Oil Virgin Islands Corp.	U.S. Virgin Islands
Jamestown Insurance Company Limited	Bermuda
Tioga Gas Plant, Inc.	Delaware
Tug New York Company	Delaware

Other subsidiaries (names omitted because such unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary)

Each of the foregoing subsidiaries conducts business under the name listed, and is 100% owned by the Registrant, except for Amerada Hess Production Gabon, which is 55% owned by the Registrant, and Hess Energy Trading Company, LLC, which is a trading company that is a joint venture between the Registrant and unrelated parties.

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

5
1,000

12-MOS	9-MOS	6-MOS	3-MOS
DEC-31-1997	DEC-31-1997	DEC-31-1997	DEC-31-1997
JAN-01-1997	JAN-01-1997	JAN-01-1997	JAN-01-1997
DEC-31-1997	SEP-30-1997	JUN-30-1997	MAR-31-1997
91,154	130,570	186,957	299,727
0	0	0	0
993,098	636,840	520,339	673,636
0	0	0	0
937,949	1,108,311	993,253	996,254
2,203,632	2,073,667	1,841,999	2,081,255
12,621,635	12,224,761	12,090,972	11,847,685
7,430,841	7,215,181	7,114,764	7,023,692
7,934,619	7,637,904	7,347,805	7,378,855
1,739,851	1,570,805	1,572,379	1,571,453
1,975,281	1,780,468	1,493,771	1,504,665
0	0	0	0
0	0	0	0
91,451	91,675	91,739	92,806
3,124,248	3,198,176	3,214,263	3,226,163
7,934,619	7,637,904	7,347,805	7,378,855
8,233,723	6,115,368	4,230,790	2,396,830
8,340,046	6,196,219	4,294,922	2,416,098
6,301,046	4,612,195	3,233,837	1,872,074
6,301,046	4,612,195	3,233,837	1,872,074
0	0	0	0
0	0	0	0
136,149	101,226	67,407	33,652
126,585	227,951	190,999	114,798
119,085	159,027	144,754	110,210
7,500	68,924	46,245	4,588
0	0	0	0
0	0	0	0
0	0	0	0
7,500	68,924	46,245	4,588
.08	.75	.50	.05
.08	.75	.50	.05

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

5
1,000

12-MOS	9-MOS	6-MOS	3-MOS
DEC-31-1996	DEC-31-1996	DEC-31-1996	DEC-31-1996
JAN-01-1996	JAN-01-1996	JAN-01-1996	JAN-01-1996
DEC-31-1996	SEP-30-1996	JUN-30-1996	MAR-31-1996
112,522	84,764	34,150	71,692
0	0	0	0
848,129	601,931	690,481	769,077
0	0	0	0
1,272,312	1,132,299	910,401	898,632
2,426,844	1,987,571	1,819,709	2,007,998
11,902,419	11,443,360	11,819,850	13,080,365
6,995,136	6,599,591	7,055,371	7,817,892
7,784,481	7,304,756	7,036,773	7,731,284
1,736,980	1,522,735	1,482,480	1,478,104
1,660,998	1,636,256	1,523,569	2,576,230
0	0	0	0
0	0	0	0
93,073	93,139	93,136	92,989
3,290,558	3,109,469	3,018,280	2,607,097
7,784,481	7,304,756	7,036,773	7,731,284
8,272,186	6,055,951	4,309,377	2,214,537
8,929,711	6,646,200	4,776,304	2,232,548
6,074,695	4,530,986	3,245,091	1,646,221
6,074,695	4,530,986	3,245,091	1,646,221
0	0	0	0
0	0	0	0
165,501	128,301	94,707	52,805
1,013,944	799,957	629,221	121,505
353,845	259,706	186,797	55,528
660,099	540,251	442,424	65,977
0	0	0	0
0	0	0	0
0	0	0	0
660,099	540,251	442,424	65,977
7.13	5.84	4.78	.71
7.09	5.80	4.75	.71

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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1,000

12-MOS
DEC-31-1995
JAN-01-1995
DEC-31-1995
56,071
0
798,331
0
838,770
1,962,544
13,064,212
7,694,496
7,756,370
1,604,580
2,523,181
0
0
93,011
2,567,385
7,756,370
7,302,307
7,524,789
5,226,157
5,226,157
0
0
247,465
(352,649)
41,764
(394,413)
0
0
0
(394,413)
(4.26)
(4.26)