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

FORM 10-Q

/x/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended September 30, 1998

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)

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

At September 30, 1998, 90,364,705 shares of Common Stock were outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED INCOME
(in thousands, except per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	1998	1997	1998	1997
REVENUES				
Sales (excluding excise taxes) and other operating revenues	$ 1,530,941	$ 1,884,578	$ 4,973,984	$ 6,115,368
Non-operating revenues				
Asset sales	--	--	80,321	16,463
Other	19,783	16,719	63,731	64,388
Total revenues	1,550,724	1,901,297	5,118,036	6,196,219
COSTS AND EXPENSES				
Cost of products sold and operating expenses	1,133,185	1,378,358	3,742,669	4,612,195
Exploration expenses, including dry holes and lease impairment	59,677	123,980	257,003	276,925
Selling, general and administrative expenses	164,639	164,404	523,951	464,784
Interest expense	41,709	33,819	109,026	101,226
Depreciation, depletion and amortization	158,380	163,784	480,197	513,138
Provision (benefit) for income taxes	(547)	14,273	45,822	159,027
Total costs and expenses	1,557,043	1,878,618	5,158,668	6,127,295
NET INCOME (LOSS)	$ (6,319)	$ 22,679	$ (40,632)	$ 68,924
NET INCOME (LOSS) PER SHARE - BASIC AND DILUTED	$ (.07)	$ .25	$ (.45)	$ .75
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	89,268	91,311	89,732	91,943
COMMON STOCK DIVIDENDS PER SHARE	$ .15	$ .15	$ .45	$ .45

See accompanying notes to consolidated financial statements.

PART I - FINANCIAL INFORMATION (CONT'D.)

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in thousands of dollars)

ASSETS

	September 30, 1998	December 31, 1997
CURRENT ASSETS		
Cash and cash equivalents	$ 67,181	$ 91,154
Accounts receivable	1,083,820	993,098
Inventories	925,285	937,949
Other current assets	277,270	181,431
Total current assets	2,353,556	2,203,632
INVESTMENTS AND ADVANCES	266,079	250,458
PROPERTY, PLANT AND EQUIPMENT		
Total - at cost	13,621,549	12,621,635
Less reserves for depreciation, depletion, amortization and lease impairment	7,914,207	7,430,841
Property, plant and equipment - net	5,707,342	5,190,794
DEFERRED INCOME TAXES AND OTHER ASSETS	318,192	289,735
TOTAL ASSETS	$ 8,645,169	$ 7,934,619

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 1998	December 31, 1997
CURRENT LIABILITIES		
Accounts payable - trade	$ 965,390	$ 752,576
Accrued liabilities	414,351	513,389
Deferred revenue	177,023	175,684
Taxes payable	254,095	195,692
Notes payable	37,000	17,825
Current maturities of long-term debt	139,685	84,685
Total current liabilities	1,987,544	1,739,851
LONG-TERM DEBT	2,488,309	1,975,281
CAPITALIZED LEASE OBLIGATIONS	24,489	27,752
DEFERRED LIABILITIES AND CREDITS		
Deferred income taxes	581,877	562,371
Other	456,384	413,665
Total deferred liabilities and credits	1,038,261	976,036
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 - 90,364,705 shares at September 30, 1998; 91,451,205 shares at December 31, 1997	90,365	91,451
Capital in excess of par value	764,844	774,631
Retained earnings	2,335,861	2,463,005
Equity adjustment from foreign currency translation	(84,504)	(113,388)
Total stockholders' equity	3,106,566	3,215,699
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,645,169	$ 7,934,619

See accompanying notes to consolidated financial statements.

PART I - FINANCIAL INFORMATION (CONT'D.)

AMERADA HESS CORPORATION AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS
Nine Months Ended September 30
(in thousands)

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (40,632)	$ 68,924
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation, depletion and amortization	480,197	513,138
Exploratory dry hole costs and lease impairment	160,978	179,328
Pre-tax gain on asset sales	(80,321)	(16,463)
Changes in operating assets and liabilities	26,846	225,107
Deferred income taxes and other items	(30,397)	(48,967)
Net cash provided by operating activities	516,671	921,067
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,120,360)	(934,289)
Proceeds from asset sales and other	119,288	56,994
Net cash used in investing activities	(1,001,072)	(877,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in notes payable	19,158	38,712
Long-term borrowings	644,000	236,000
Repayment of long-term debt and capitalized lease obligations	(86,228)	(156,310)
Cash dividends paid	(54,668)	(55,386)
Common stock acquired	(58,667)	(86,240)
Net cash provided by (used in) financing activities	463,595	(23,224)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(3,167)	(2,500)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,973)	18,048
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	91,154	112,522
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 67,181	$ 130,570

See accompanying notes to consolidated financial statements.

PART I - FINANCIAL INFORMATION (CONT'D.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands)

Note 1 - The financial statements included in this report reflect all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the Company's consolidated financial position at September 30, 1998 and December 31, 1997, and the consolidated results of operations for the three and nine-month periods ended September 30, 1998 and 1997 and the consolidated cash flows for the nine-month periods ended September 30, 1998 and 1997. The unaudited results of operations for the interim periods reported are not necessarily indicative of results to be expected for the full year.

Certain notes and other information have been condensed or omitted from these interim financial statements. These statements, therefore, should be read in conjunction with the consolidated financial statements and related notes included in the 1997 Annual Report to Stockholders, which have been incorporated by reference in the Corporation's Form 10-K for the year ended December 31, 1997.

Note 2 - On January 1, 1998, the Corporation began capitalizing the costs of internal use software in accordance with AICPA Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. This accounting change increased net income for the nine months ended September 30, 1998 by $9,888 ($.11 per share).

Note 3 - Inventories consist of the following:

	September 30, 1998	December 31, 1997
Crude oil and other charge stocks	$313,921	$269,783
Refined and other finished products	497,059	564,973
Materials and supplies	114,305	103,193
Total inventories	$925,285	$937,949

Note 4 - In the third quarter of 1998, the Corporation issued $225,000 of notes to insurance companies, due through 2008. The weighted average interest rate of these notes is 6.6% and the weighted average maturity is 7.4 years. In addition, the Corporation entered into a 364-day revolving credit agreement with an available borrowing capacity of $300,000. The Corporation also completed a $120,000 sale and leaseback of its interest in a Gulf of Mexico oil and gas production platform. This transaction is being accounted for as a financing, and accordingly, is reflected in long-term debt at quarter end. The Corporation sold forward a portion of its 1999 crude oil production for $155,000, which is included in deferred revenue on the balance sheet.

PART I - FINANCIAL INFORMATION (CONT'D.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands)

Note 5 - The provision (benefit) for income taxes consisted of the following:

	Three months ended September 30		Nine months ended September 30	
	1998	1997	1998	1997
Current	$ 8,694	$ 30,281	$ 55,660	$ 175,687
Deferred	(9,241)	(16,008)	(9,838)	(16,660)
Total	$ (547)	$ 14,273	$ 45,822	$ 159,027

Note 6 - Foreign currency exchange transactions are reflected in selling, general and administrative expenses. The net effect, after applicable income taxes, amounted to gains of $1,357 and $1,672, respectively, for the three and nine-month periods ended September 30, 1998 compared to gains of $1,045 and $596 for the corresponding periods of 1997.

Note 7 - The weighted average number of common shares used in the basic and diluted earnings per share computations are as follows:

	Three months ended September 30		Nine months ended September 30	
	1998	1997	1998	1997
Common shares - basic	89,268	90,810	89,732	91,508
Effect of dilutive securities (equivalent shares)				
Nonvested common stock	--	447	--	392
Stock options	--	54	--	43
Common shares - diluted	89,268	91,311	89,732	91,943

The antidilutive effects of 695 nonvested common shares and 40 stock options and 648 common shares and 90 stock options are excluded in the three months and nine months ended September 30, 1998, respectively.

Note 8 - The Corporation uses futures, forwards, options and swaps to reduce the impact of fluctuations in the prices of crude oil, natural gas and refined products. These contracts correlate to movements in the value of inventory and the prices of crude oil and natural gas, and as hedges, any resulting gains or losses are recorded as part of the hedged transaction. Net deferred gains resulting from the Corporation's petroleum hedging activities were approximately $7,103 at September 30, 1998, including $834 of unrealized losses.

PART I - FINANCIAL INFORMATION (CONT'D.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands)

Note 9 - Interest costs related to certain long-term construction projects have been capitalized in accordance with FAS No. 34. During the three and nine-month periods ended September 30, 1998, interest costs of $5,897 and $19,093, respectively, were capitalized compared to $2,402 and $5,689 for the corresponding periods of 1997.

Note 10 - Comprehensive income, which includes net income and the effects of foreign currency translation recorded directly in stockholders' equity, is as follows:

	Three months ended September 30		Nine months ended September 30	
	1998	1997	1998	1997
Comprehensive income (loss)	$ 18,399	$ 1,492	$(11,748)	$19,476

Note 11 - In October 1998, the Corporation completed a refinery joint venture transaction with Petroleos de Venezuela, S.A. (PDVSA). The equally owned joint venture company, HOVENSA L.L.C., will own and operate the refinery in St. Croix, United States Virgin Islands, previously owned by Amerada Hess.

At closing, the Corporation received from PDVSA $62,500 in cash and a 10-year interest-bearing note in the principal amount of $562,500. The Corporation also received $307,000 (subject to final adjustment) from HOVENSA as payment for the refinery's net working capital. In connection with the closing, in October the Corporation recorded a loss of $106,000 resulting from the sale of the 50% interest in the refinery to PDVSA and an additional non-cash, after-tax charge of $44,000 representing a reduction of the book value of related refining and marketing assets. The investment in the joint venture will be accounted for on the equity method.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

RESULTS OF OPERATIONS

The results of operations for the third quarter of 1998 amounted to a net loss of $6 million compared with net income of $23 million in the third quarter of 1997. The net loss for the first nine months of 1998 amounted to $41 million compared with net income of $69 million in the first nine months of 1997. Excluding gains on asset sales, the loss in the first nine months of 1998 was $97 million compared with income of $58 million in the first nine months of 1997.

The after-tax results by major operating activity for the three and nine-month periods ended September 30, 1998 and 1997 were as follows (in millions, except per share data):

	Three months ended September 30		Nine months ended September 30	
	1998	1997	1998	1997
Exploration and production	$ 6	$ 29	$ 8	$ 190
Refining, marketing and shipping	33	32	18	(21)
Corporate	(12)	(9)	(33)	(23)
Interest expense	(33)	(29)	(90)	(88)
Income (loss) excluding asset sales	(6)	23	(97)	58
Gains on asset sales	--	--	56	11
Net income (loss)	$ (6)	$ 23	$ (41)	$ 69
Net income (loss) per share (diluted)	$(.07)	$ .25	$(.45)	$ .75

The net gain on asset sales in 1998 of $56 million reflects the sale of three oil and gas properties in the United States and Norway. The 1997 asset sale represents the sale of a United States natural gas property.

Exploration and Production

Excluding gains on asset sales, earnings from exploration and production activities decreased by $23 million in the third quarter of 1998 and $182 million in the first nine months of 1998, compared with the corresponding periods of 1997. The decreases were primarily due to lower worldwide crude oil selling prices and lower United Kingdom crude oil sales volumes. Natural gas selling prices in the United States were also lower. Partially offsetting these factors were lower exploration expenses, particularly in the third quarter of 1998.

RESULTS OF OPERATIONS (CONTINUED)

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

	Three months ended September 30		Nine months ended September 30	
	1998	1997	1998	1997
Crude oil and natural gas liquids (per barrel)				
United States	$ 11.26	$ 17.89	$ 12.33	$ 18.81
Foreign	12.55	18.61	13.64	19.29
Natural gas (per Mcf)				
United States	1.93	2.18	2.08	2.38
Foreign	2.07	2.06	2.21	2.28

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

	Three months ended September 30		Nine months ended September 30	
	1998	1997	1998	1997
Crude oil and natural gas liquids (barrels per day)				
United States	43,404	44,442	44,141	43,497
Foreign	148,384	172,958	157,246	176,496
Total	191,788	217,400	201,387	219,993
Natural gas (Mcf per day)				
United States	280,807	303,485	288,979	314,254
Foreign	250,891	160,388	285,540	244,238
Total	531,698	463,873	574,519	558,492

The decrease in foreign crude oil production reflects the effects of natural decline, maintenance activities and temporary interruptions in production from several United Kingdom fields. The decrease in United States natural gas production was due to natural decline and the effect of asset sales in the first quarter of 1998. The increase in foreign natural gas production principally reflects higher demand in the United Kingdom. Limited production commenced from the Schiehallion Field in the United Kingdom and the Baldpate Field in the United States in the third quarter of 1998. These and other developments will add to crude oil production in the fourth quarter of 1998 and in 1999.

RESULTS OF OPERATIONS (CONTINUED)

Depreciation, depletion and amortization charges were lower in the third quarter and first nine months of 1998, principally reflecting lower foreign crude oil production. The Corporation also had positive oil and gas reserve revisions at the end of 1997, which reduced depreciation and related charges in 1998. Exploration expenses were substantially lower in the third quarter of 1998, due to reduced drilling in the United States and United Kingdom. Exploration expenses were also lower on a year-to-date basis reflecting reduced activity as a result of lower oil prices. In the first nine months of 1998, selling, general and administrative expenses were higher, principally due to the expansion of natural gas marketing activities in the United Kingdom.

The effective income tax rate on exploration and production earnings was higher in 1998 than in 1997. United Kingdom income taxes in the third quarter of 1997 included a benefit of $11 million from adjustment of deferred tax liabilities for a reduction in the statutory income tax rate. The 1998 United Kingdom effective income tax rate was also impacted by the increased effect of non-deductible items at the current low income levels. In addition, income tax benefits for exploration expenses have not been recorded in certain international areas outside of the North Sea.

The Corporation's exploration and production earnings are very sensitive to crude oil selling prices and the Corporation cannot predict how long prices will remain at current low levels.

Refining, Marketing and Shipping

Refining, marketing and shipping operations had income of $33 million in the third quarter of 1998 compared with $32 million in the third quarter of 1997. Income for the first nine months of 1998 amounted to $18 million compared with a loss of $21 million in the first nine months of 1997. Refined product margins were comparable in the third quarter of each year in spite of continued low selling prices for gasoline and other refined products. The results in the third quarter of 1998 improved from the first half of the year when earnings were negatively impacted by relatively mild weather which depressed margins for distillates and residual fuel oils.

Refined product sales volumes amounted to 138 million barrels in the first nine months of each year. Selling, general and administrative expenses relating to Marketing activities were higher in 1998, reflecting in part an emphasis on expanding retail activity including the costs of operating the chain of 66 retail marketing properties in Florida, which was acquired in June 1997. There was also an increase in selling, general and administrative expenses attributable to energy marketing activities. In 1998 and 1997, income taxes or benefits were not recorded on the results of the Corporation's Virgin Islands subsidiary due to available loss carryforwards. The absence of income tax provisions increases the volatility of reported refining and marketing results.

RESULTS OF OPERATIONS (CONTINUED)

On October 30, 1998, the Corporation completed a joint venture transaction with Petroleos de Venezuela, S.A. (PDVSA). Pursuant to this transaction, PDVSA, V.I., Inc. (PDVSA V.I.), a wholly-owned subsidiary of PDVSA, purchased a 50% interest in the refinery fixed assets for $62.5 million in cash, a $562.5 million, 10-year note from PDVSA V.I., bearing interest at 8.46% per annum and requiring principal payments over its term, and a $125 million, 10-year, contingent note from PDVSA V.I., also bearing interest at 8.46% per annum. PDVSA V.I.'s payment obligation under both the note and the contingent note are guaranteed by PDVSA and secured by a pledge of PDVSA V.I.'s membership interest in the joint venture. HOVIC and PDVSA V.I. each contributed their 50% interest in the refinery fixed assets to HOVENSA, L.L.C. (HOVENSA). HOVENSA is 50% owned by HOVIC and 50% owned by PDVSA V.I. and will operate the Virgin Islands refinery.

At closing, the Corporation also received $307 million (subject to final adjustment) from HOVENSA as payment for the net working capital of the refinery. The Corporation recorded a loss of $106 million resulting from this transaction and an additional noncash, after-tax charge of $44 million representing a reduction of the book value of related refining and marketing assets.

Pursuant to a long-term supply contract, HOVENSA will immediately begin purchasing approximately 155,000 barrels per day of Venezuelan Mesa crude oil. A delayed coking unit will be constructed at the refinery. Upon completion of construction, PDVSA will sell an additional 115,000 barrels per day of Venezuelan Merey crude oil to HOVENSA. The investment in the joint venture will be accounted for on the equity method. For financial reporting purposes, HOVENSA has elected the last-in, first-out (LIFO) method of accounting for inventory.

Corporate and Interest

Net corporate expenses increased by $3 million and $10 million in the third quarter and first nine months of 1998 compared with the corresponding periods of 1997. The changes principally reflect the effect of foreign source earnings on the provision for United States income taxes.

After-tax interest expense increased by $4 million in the third quarter of 1998 and $2 million in the first nine months of 1998 compared with the same periods in 1997. The increases were due to higher outstanding borrowings to fund capital expenditures for oil and gas field developments, offset by lower interest rates and increased interest capitalization. Interest expense over the remainder of the year is anticipated to be somewhat higher than the 1997 level.

RESULTS OF OPERATIONS (CONTINUED)

Consolidated Revenues

Sales and other operating revenues decreased by approximately 19% in the third quarter and first nine months of 1998 compared with the comparable periods of 1997. The decreases were primarily due to lower crude oil and refined product selling prices. Crude oil sales volumes were also lower in 1998. Refined product sales volumes increased slightly in the third quarter of 1998 and were comparable with 1997 sales volumes on a year-to-date basis.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities, including changes in operating assets and liabilities, amounted to $517 million in the first nine months of 1998 compared with $921 million in the first nine months of 1997. The decrease was primarily due to changes in working capital items, including inventories. Cash flow, excluding special items and changes in working capital components, amounted to $490 million in 1998 and $696 million in 1997. The difference largely resulted from lower operating earnings. The sale of three oil and gas properties in the United States and Norway generated proceeds of $98 million in 1998.

Total debt was $2,714 million at September 30, 1998 compared with $2,127 million at December 31, 1997, resulting in debt to total capitalization ratios of 46.6% and 39.8%, respectively. At September 30, 1998, floating rate debt amounted to 35% of total debt, including the effect of interest rate conversion (swap) agreements. At September 30, 1998, the Corporation had $733 million of additional borrowing capacity available under its long-term revolving credit agreement, $300 million under a 364-day revolving credit line and additional unused lines of credit under uncommitted arrangements with banks of $362 million. Upon finalization of the refining joint venture in October, the Corporation received approximately $370 million which will be used to fund capital expenditures in the fourth quarter.

In the third quarter, the Corporation completed private placements of $225 million of fixed rate debt with three insurance companies. The weighted average maturity of the three notes is 7.4 years. In addition, the Corporation entered into a 364-day revolving credit facility of $300 million. Also in the third quarter, the Corporation sold 1999 crude oil production for $155 million which reduced debt and is recorded as deferred revenue in the balance sheet. The Corporation also completed the $120 million sale and leaseback of its interest in a Gulf of Mexico oil and gas production platform. This transaction has been accounted for as a financing. The Corporation anticipates completing a similar $65 million sale and leaseback arrangement in the fourth quarter.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

In August 1998, the Corporation's Board of Directors extended the term of the Corporation's $250 million stock repurchase program to March 31, 1999. As of September 30, 1998, 3,594,300 shares had been purchased under the program at a cost of approximately $190 million.

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 September 30, 1998, the Corporation had open hedge positions equal to 1% of its estimated worldwide crude oil production over the next twelve months. The Corporation also had open contracts equal to 6% of its estimated United States natural gas production over the next twelve months. 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.

Capital expenditures in the first nine months of 1998 amounted to $1,120 million compared with $934 million in the first nine months of 1997. Capital expenditures for exploration and production activities were $1,034 million in the first nine months of 1998 compared with $794 million in the first nine months of 1997. Capital expenditures in 1998 included $109 million for exploration and production interests in Azerbaijan and $50 million for an increased interest in a consolidated subsidiary with proved crude oil reserves and exploration licenses in Gabon. Capital expenditures also included approximately $500 million in 1998 and $300 million in 1997 for major oil and gas development projects.

Capital expenditures for the remainder of 1998 are expected to be approximately $300 million and will be financed primarily by internally generated funds.

YEAR 2000

Some older computer software and embedded computer systems use two digits rather than four to reflect dates used in performing calculations. Because these computer programs and embedded systems may not properly recognize the year 2000, errors may result causing potentially serious disruptions. In addition, third parties with which the Corporation does business face the same problems. The

YEAR 2000 (CONTINUED)

Corporation has instituted a worldwide program to identify software and hardware that is not year 2000 compliant. The Corporation is also determining the year 2000 status of major vendors and customers. In addition, the Corporation has begun contingency planning.

Status of year 2000 project: Since 1995, the Corporation has been installing new financial and business systems as part of its reengineering project. Although the primary purpose of the project is to increase efficiency and effectiveness, the new software is year 2000 compliant. These new systems have replaced, or will replace, approximately 70% of noncompliant software. The reengineering project is scheduled for completion in the second quarter of 1999.

The Corporation has assessed its remaining software. Remediation and testing of changes is expected to be complete by the end of the second quarter of 1999. The Corporation has used internal resources and external consultants on this project.

There are embedded computer systems used throughout the Corporation's operations. The Corporation has hired consultants to evaluate embedded systems. The assessment phase should be complete by the end of 1998. Remediation, where required, should finish in the third quarter of 1999.

The Corporation has also undertaken a supplier and customer analysis of year 2000 readiness. This project is currently in progress and will be completed by the end of the second quarter of 1999.

Costs: The Corporation expenses year 2000 project costs as incurred. The Corporation expects to spend approximately $15 million on this project. To date, the Corporation has expended approximately $5 million of the expected total. This does not include the costs of the reengineering project. Internally generated funds and external borrowings will finance year 2000 project expenditures.

The Corporation has not deferred ongoing information technology projects because of year 2000 efforts.

Risks: There are uncertainties inherent in the year 2000 problem, partially resulting from the readiness of third party customers and suppliers. The failure to correct material year 2000 problems could interrupt business and operations. Uncorrected, these interruptions could have a material effect on the Corporation's financial position and results of operations. Consequently, the Corporation cannot determine whether year 2000 failures will materially affect financial position or results of operations. However, the objective of the Corporation's year 2000 project is to reduce these risks.

YEAR 2000 (CONTINUED)

Contingency planning: Contingency plans are necessary to ensure that risks associated with year 2000 are mitigated. In the normal course of business, the Corporation has developed contingency plans to ensure that it has alternate suppliers for critical materials and equipment and that production of crude oil, natural gas and refined products can be sold. The Corporation is in the preliminary phase of contingency planning for year 2000 and expects to use existing contingency plans in this process. Contingency planning will be finished by the middle of 1999.

In addition, the Corporation has engaged external consultants to review and benchmark the progress of its year 2000 project.

Safe Harbor: Certain information in this section on year 2000 is forward looking. This includes projected costs, time tables for completion of projects and possible effects. These disclosures are based on the Corporation's current understanding and assessment of the year 2000 problem. Assumptions used, such as availability of resources, and the status of its year 2000 assessment and remediation projects may change. In addition, suppliers and customers may fail to be ready for year 2000. Consequently, actual results may differ from these disclosures.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

None

(b) Reports on Form 8-K

The Registrant filed no report on Form 8-K during the three months ended September 30, 1998. In November 1998, the Registrant will file a report on Form 8-K, dated October 30, 1998. The report covers Item 2 - Acquisition or Disposition of Assets and deals with the sale of 50% of the Registrant's Virgin Islands refinery and subsequent formation of a refining joint venture, 50% owned by the Registrant.

SIGNATURES

Pursuant to the requirements 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.

AMERADA HESS CORPORATION
(REGISTRANT)

By /s/ John B. Hess

JOHN B. HESS
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER

By /s/ John Y. Schreyer

JOHN Y. SCHREYER
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

Date: November 10, 1998

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JAN-01-1998
SEP-30-1998
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