FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
SEC Accession No. 0000775483-95-000003

FILER

ATLANTIC RICHFIELD CO /DE

CIK:**775483**| IRS No.: **230371610** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-01196** | Film No.: **95535922**
SIC: **2911** Petroleum refining

Business Address
515 S FLOWER ST
LOS ANGELES CA 90071
2134863511

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1995
Commission file number 1-1196

ATLANTIC RICHFIELD COMPANY
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	23-0371610 (I.R.S. Employer Identification No.)
515 South Flower Street Los Angeles, California (Address of principal executive offices)	90071 (Zip code)

(213) 486-3511
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Number of shares of Common Stock, $2.50 par value, outstanding as of March 31, 1995: 160,799,714.

PART I. FINANCIAL INFORMATION

ATLANTIC RICHFIELD COMPANY AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENT OF INCOME

(Millions except per share amounts)	Three Months Ended March 31, 1995	1994
<S>	<C>	<C>
Revenues		
Sales and other operating revenues, including excise taxes	$4,244	$3,800
Income from equity investments	74	17
Interest	59	39
Other revenues	80	69

	4,457	3,925
Expenses		
Trade purchases	1,568	1,303
Operating expenses	704	719
Selling, general and administrative expenses	402	395
Depreciation, depletion and amortization	412	421
Exploration expenses (including undeveloped leasehold amortization)	90	104
Excise taxes	350	360
Taxes other than excise and income taxes	194	184
Interest	203	184
	3,923	3,670
Income before income taxes and minority interest	534	255
Provision for taxes on income	185	97
Minority interest in earnings of subsidiaries	27	9
Net Income	$ 322	$ 149
Earned per Share	$ 1.97	$ .92
Cash Dividends Paid per Share of Common Stock	$1.375	$1.375

</TABLE>

The accompanying notes are an integral part of these statements.

<TABLE>
<CAPTION>

ATLANTIC RICHFIELD COMPANY
CONSOLIDATED BALANCE SHEET

<S>	March 31, 1995 <C>	December 31, 1994 <C>
	(Millions)	
Assets		
Current assets:		
Cash and cash equivalents	$ 1,164	$ 1,394
Short-term investments	2,336	2,991
Accounts receivable	1,457	1,446
Inventories	794	797
Prepaid expenses and other current assets	304	185
Total current assets	6,055	6,813
Investments and long-term receivables:		
Investments accounted for on the equity method	400	348
Other investments and long-term receivables	299	297
	699	645
Fixed assets:		
Property, plant and equipment	32,234	32,248
Less accumulated depreciation, depletion and amortization	16,493	16,526
	15,741	15,722
Deferred charges and other assets	1,462	1,383
Total assets	$23,957	$24,563

</TABLE>

The accompanying notes are an integral part of these statements.

<TABLE>
<CAPTION>

ATLANTIC RICHFIELD COMPANY
CONSOLIDATED BALANCE SHEET

<S> <C> <C>

	March 31, 1995	December 31, 1994
	(Millions)	
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable	$ 1,180	$ 1,478
Accounts payable	904	986
Long-term debt due within one year	564	630
Taxes payable, including excise taxes	439	253
Accrued interest	151	183
Other	852	958
Total current liabilities	4,090	4,488
Long-term debt	6,969	7,198
Deferred income taxes	2,654	2,721
Other deferred liabilities and credits	3,388	3,471
Minority interest	426	407
Stockholders' equity:		
Preference stocks	1	1
Common stock	402	402
Capital in excess of par value of stock	647	647
Retained earnings	5,442	5,342
Pension liability adjustment	(20)	(20)
Net unrealized loss on investments	(22)	(38)
Foreign currency translation	(11)	(51)
Treasury stock, at cost	(9)	(5)
Total stockholders' equity	6,430	6,278
Total liabilities and stockholders' equity	$23,957	$24,563

</TABLE>

The accompanying notes are an integral part of these statements.

<TABLE>
<CAPTION>

ATLANTIC RICHFIELD COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS

<S> <C> <C>

	Three Months Ended March 31, 1995	1994
	(Millions)	
Cash flows from operating activities:		
Net income	$ 322	$ 149
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	412	421
Dry hole expense and undeveloped leasehold amortization	36	50
Net gain on asset sales	(8)	--
Income from equity investments	(74)	(17)
Dividends from equity investments	21	14
Cash payments greater than noncash provisions	(210)	(13)
Deferred income taxes	(4)	(9)

Changes in accounts receivable, inventories and accounts payable	(89)	(188)
Changes in other working capital accounts	16	(109)
Other	(41)	(23)
Net cash provided by operating activities	381	275
Cash flows from investing activities:		
Additions to fixed assets (including dry hole costs)	(353)	(392)
Net cash provided (used) by short-term investments	677	(316)
Proceeds from asset sales	45	9
Payments received on notes from sale of assets	--	37
Other	(103)	28
Net cash provided (used) by investing activities	266	(634)
Cash flows from financing activities:		
Repayments of long-term debt	(470)	(97)
Proceeds from issuance of long-term debt	149	--
Net cash provided (used) by notes payable	(324)	219
Dividends paid	(222)	(221)
Treasury stock purchases	(11)	--
Treasury stock contributed to benefit plans	--	29
Other	(4)	(7)
Net cash used by financing activities	(882)	(77)
Effect of exchange rate changes on cash	5	5
Net decrease in cash and cash equivalents	(230)	(431)
Cash and cash equivalents at beginning of period	1,394	1,458
Cash and cash equivalents at end of period	$1,164	$1,027

</TABLE>

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE A. Inventories.

Inventories at March 31, 1995 and December 31, 1994 comprised the following:

<TABLE>
<CAPTION>

	March 31, 1995	December 31, 1994
	(Millions)	
<S>	<C>	<C>
Crude oil and petroleum products	$ 176	$ 172
Chemical products	354	351
Other products	35	46
Materials and supplies	229	228
Total	$ 794	$ 797

</TABLE>

NOTE B. Restructuring Program.

During 1994, ARCO announced a restructuring program under which approximately 2,400 positions were eliminated. The program covered all operating units, excluding Lower 48 oil and gas operations, along with the corporate headquarters. The Company accrued $347 million before tax consisting primarily of personnel costs (pension enhancements, severance and other ancillary costs) associated with the terminations. Approximately $155 million of the $347 million related to severance and other ancillary costs will be paid from Company funds over the next two years.

In 1993, ARCO announced a reorganization of its Lower 48 oil and gas operations under which approximately 1,300 positions were eliminated. The Company accrued $65 million related to severance and other ancillary costs.

Through March 31, 1995, approximately 1,600 employees have been terminated under the 1994 program, and approximately $78 million of severance and ancillary benefits have been paid and charged against the accrual. Nearly 1,300 employees have been terminated under the 1993 program, and approximately $53 million of severance and ancillary benefits have been paid and charged against the accrual. Payments made do not necessarily correlate to the number of terminations due to the ability of terminees to defer receipt of certain payments.

NOTE C. Investments.

At March 31, 1995, investments were composed principally of U.S. Treasury securities, corporate debt instruments, and municipal securities and were principally included in cash equivalents or short-term investments depending on their maturities, which generally ranged from one day to one year. Investments in debt securities classified as held-to-maturity were recorded at amortized cost while investments in debt securities classified as available-for-sale are reported at fair value, with unrealized holding gains and losses, net of tax, reported in a separate component of stockholders' equity.

NOTE C. Investments (Continued).

The following summarizes investments in securities, principally debt securities, at March 31, 1995:

Millions	Available-for-Sale	Held-to-Maturity
Aggregate fair value	$1,769	$ 910
Gross unrealized holding losses. . . .	35	-
Amortized cost	1,804	910
Gross purchases.	698	1,293
Gross sales.	854	-
Gross maturities	36	1,624

For the period ended March 31, 1995, gross realized gains and losses on sales of securities were insignificant.

NOTE D. Capital Stock.

Detail of the Company's capital stock was as follows:

	March 31, 1995	December 31, 1994
	(Thousands)	
$3.00 Cumulative convertible preference stock, par $1	$ 72	$ 74
$2.80 Cumulative convertible preference stock, par $1	777	795
Common stock, par $2.50.	402,200	402,000
Total.	$403,049	$402,869

NOTE E. Capitalization of Interest.

Interest expense excludes capitalized interest of $12 million and $7 million for the three-month periods ended March 31, 1995 and 1994, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE F. Income Taxes.

Provision for taxes on income:

<TABLE>
<CAPTION>

	Three Months Ended March 31, 1995	Three Months Ended March 31, 1994
	(Millions)	
<S>	<C>	<C>
Federal:		
Current	$ 140	$ 71
Deferred.	(2)	(15)
	138	56
Foreign:		
Current	22	25
Deferred.	1	6
	23	31
State:		
Current	27	10
Deferred.	(3)	--
	24	10
Total.	$ 185	$ 97

</TABLE>

Reconciliation of provision for taxes on income with tax at federal statutory rate:

<TABLE>
<CAPTION>

	1995 Amount	1995 Percent of Pretax Income	1994 Amount	1994 Percent of Pretax Income
	Three Months Ended March 31, (Millions)			
<S>	<C>	<C>	<C>	<C>
Income before income taxes and minority interest	$ 534	100.0	$ 255	100.0
Tax at federal statutory rate.	$ 187	35.0	$ 89	35.0
Increase (reduction) in taxes resulting from:				
Dividend exclusion	(18)	(3.4)	(2)	(.8)
Taxes on foreign income in excess of statutory rate	16	3.0	25	9.8
State income taxes (net of federal effect).	16	3.0	7	2.7
Tax credits	(18)	(3.4)	(13)	(5.1)

Other	2	.4	(9)	(3.6)
Provision for taxes on income	$ 185	34.6	$ 97	38.0

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE G. Earned Per Share.

Earned per share is based on the average number of common shares outstanding during each period, including common stock equivalents that consist of certain outstanding options and all outstanding convertible securities.

The information necessary for the calculation of earned per share is as follows:

<TABLE>
<CAPTION>

	Three Months Ended March 31, 1995	1994
	(Millions of shares)	
<S>	<C>	<C>
Average number of common shares outstanding	160.8	160.1
Common stock equivalents	2.6	2.8
Total	163.4	162.9

</TABLE>

NOTE H. Supplemental Income Statement Information.

Taxes other than excise and income taxes comprised the following:

<TABLE>
<CAPTION>

	Three Months Ended March 31, 1995	1994
	(Millions)	
<S>	<C>	<C>
Production/severance	$ 83	$ 66
Property	48	50
Other	63	68
Total	$194	$184

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE I. Supplemental Cash Flow Information.

Following is supplemental cash flow information for the three months ended March 31, 1995 and 1994:

<TABLE>
<CAPTION>

	Three Months Ended March 31, 1995	1994

	1995	1994
	(Millions)	
Gross maturities of short-term investments	$ 1,567	$ 2,421
Gross purchases of short-term investments.	(890)	(2,737)
Net cash provided (used) by short-term investments . .	$ 677	$ (316)
Gross proceeds from issuance of notes payable.	$ 1,892	$ 2,491
Gross repayments of notes payable.	(2,216)	(2,272)
Net cash provided (used) by notes payable.	$ (324)	$ 219
Gross noncash provisions charged to income	$ 108	$ 111
Cash payments of previously accrued items.	(318)	(124)
Cash payments greater than noncash provisions.	$ (210)	$ (13)

Interest paid during the three-month periods ended March 31, 1995 and 1994 was $235 million and $227 million, respectively.

Income taxes paid during the three-month periods ended March 31, 1995 and 1994 were $129 million and $37 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE J. Summarized Financial Information.

Summarized financial information for Lyondell Petrochemical Company ("Lyondell"), a company in which Atlantic Richfield owned a 49.9 percent interest at March 31, 1995, was as follows:

	Three Months Ended March 31, 1995	Three Months Ended March 31, 1994
	(Millions)	
Revenues (including sales to ARCO and ARCO Chemical Company).	$1,174	$ 824
Sales to ARCO and ARCO Chemical Company	90	69
Operating income.	222	54
Net income.	127	22
ARCO's equity in net income of Lyondell	$ 64	$ 11
Cash dividends received from Lyondell	9	9

	March 31, 1995	December 31, 1994
	(Millions)	
Current assets.	$ 830	$ 697
Noncurrent assets	1,051	966
Current liabilities	466	433
Long-term debt.	707	707
Other liabilities	191	192
Minority interest	345	268

Stockholders' equity.	172	63

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE K. Other Commitments and Contingencies.

ARCO has commitments, including those related to the acquisition, construction and development of facilities, all made in the normal course of business.

At March 31, 1995 and December 31, 1994, there were contingent liabilities primarily with respect to guarantees of securities of other issuers of approximately $55 million and $75 million, respectively.

Following the March 1989 EXXON VALDEZ oil spill, Alyeska Pipeline Service Company ("Alyeska") and Alyeska's owner companies were the subject of numerous lawsuits by the State of Alaska, the United States and private plaintiffs. ARCO Transportation Alaska, Inc. ("ATA") owns approximately 21 percent of Alyeska. Alyeska and its owner companies have settled the federal and state claims and the lawsuits by private plaintiffs. Certain issues relating to the liability for the spill remain unresolved between the Exxon companies and Alyeska and its owner companies.

ARCO and former producers of lead pigments have been named as defendants in cases filed by a municipal housing authority, a purported class and several individuals seeking damages and injunctive relief as a consequence of the presence of lead-based paint in certain housing units. ARCO is also the subject or party to a number of other pending or threatened legal actions.

In January 1995, the State of Montana presented to ARCO a revised demand for damages of $635 million based on alleged injuries to natural resources resulting from ARCO's mining and mineral processing businesses formerly operated by Anaconda, ARCO's predecessor, in Montana. ARCO is contesting the amount of this demand.

ARCO is subject to other loss contingencies pursuant to federal, state and local environmental laws and regulations. These include possible obligations to remove or mitigate the effects on the environment of the disposal or release of certain chemical, mineral and petroleum substances at various sites, including the restoration of natural resources located at these sites and damages for loss of use and non-use values. ARCO is currently participating in environmental assessments and cleanups under these laws at federal Superfund and state-managed sites, as well as other clean-up sites, including service stations, refineries, terminals, chemical facilities, third-party landfills, former nuclear processing facilities, sites associated with discontinued operations and sites formerly owned by ARCO. ARCO may in the future be involved in additional environmental assessments and cleanups, including the restoration of natural resources and damages for loss of use and non-use values. The amount of such future costs will depend on such factors as the unknown nature and extent of contamination at many sites, the unknown timing, extent and method of the remedial actions which may be required and the determination of ARCO's liability in proportion to other responsible parties. In addition, environmental loss contingencies include claims for personal injuries allegedly caused by exposure to toxic materials manufactured or used by ARCO.

ARCO continues to estimate the amount of these costs in periodically establishing reserves based on progress made in determining the magnitude of remediation costs, experience gained from sites on which remediation has been completed, the timing and extent of remedial actions required by the applicable governmental authorities and an evaluation of the amount of ARCO's liability considered in light of the liability and financial wherewithal of the other responsible parties. At March 31, 1995, the environmental remediation reserve was $658 million. As the scope of ARCO's obligations becomes more clearly defined, there may be changes in these estimated costs, which might result in future charges against ARCO's earnings.

ARCO's environmental remediation accrual covers federal Superfund and state-managed sites as well as other clean-up sites, including service stations, refineries, terminals, chemical facilities, third-party landfills, former nuclear processing facilities, sites associated with discontinued operations and sites formerly owned by ARCO. ARCO has been named a potentially responsible party (PRP) for 126 sites. The number of PRP sites in and of itself does not represent a relevant measure of liability, because the nature and extent of environmental concerns varies from site to site and ARCO's share of responsibility varies from sole responsibility to very little responsibility. ARCO reviews all of the PRP sites, along with other sites as to which no claims have been asserted, in estimating the amount of the accrual. ARCO's future costs at these sites could exceed the amount accrued by as much as $1 billion.

Approximately half of the accrual related to sites associated with ARCO's discontinued operations, primarily mining activities in the states of Montana, Utah and New Mexico. Another significant component of the accrual related to currently and formerly owned chemical, nuclear processing, and refining and marketing facilities, and other sites which received wastes from these facilities. The remainder related to other sites with reserves ranging from $1 million to $10 million per site. No one site represents more than 15 percent of the total accrual. Substantially all amounts accrued are expected to be paid out over the next five to six years.

Claims for recovery of remediation costs already incurred and to be incurred in the future have been filed against various insurance companies and other third parties. These claims have not been resolved. Due to the uncertainty as to ultimate recovery from these parties, ARCO has neither recorded any asset nor reduced any liability in anticipation of such recovery.

Although any ultimate liability arising from any of the matters described herein could result in significant expenses or judgments that, if aggregated and assumed to occur within a single fiscal period, would be material to ARCO's results of operations, the likelihood of such occurrence is considered remote. On the basis of management's best assessment of the ultimate amount and timing of these events, such expenses or judgments are not expected to have a material adverse effect on ARCO's consolidated financial statements.

The operations and consolidated financial position of ARCO continue to be affected from time to time in varying degrees by domestic and foreign political developments as well as legislation, regulations and litigation pertaining to restrictions on production, imports and exports, tax increases, environmental regulations, cancellation of contract rights and expropriation of property. Both the likelihood of such occurrences and their overall effect on ARCO vary greatly and are not predictable.

These uncertainties are part of a number of items that ARCO has taken and will continue to take into account in periodically establishing reserves.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

First Quarter 1995 vs. First Quarter 1994

Consolidated Earnings

The earnings increase in 1995 primarily reflected improved margins in ARCO's chemical businesses, higher crude oil prices and the benefits of companywide cost reductions partially offset by lower refining and marketing margins and U.S. natural gas prices.

Revenues

The increase in 1995 sales and other operating revenues resulted primarily from higher crude oil, chemical and refined products prices and higher chemical products volumes, partially offset by decreased crude oil trading activity and lower U.S. natural gas prices.

The increase in 1995 income from equity investments primarily reflected higher earnings from ARCO's 49.9 percent equity interest in Lyondell Petrochemical Company ("Lyondell").

Expenses

Trade purchases were higher primarily as a result of higher crude oil prices and increased trade purchases of chemical feedstocks and products, partially offset by decreased crude oil trading activity and lower U.S. natural gas prices.

Upstream Earnings

Millions (after tax)	1995	1994
Oil and Gas	$ 195	$ 82
Coal	$ 16	$ 19

ARCO's earnings from worldwide oil and gas exploration and production operations benefited from higher crude oil prices and lower operating and exploration costs, partially offset by lower U.S. natural gas prices.

Average Oil and Gas Prices

	1995	1994
U.S.		
Crude oil per bbl	$11.87	$ 7.83
Natural gas per mcf	$ 1.33	$ 2.09
International		
Crude oil per bbl	$16.32	$13.64
Natural gas per mcf	$ 2.57	$ 2.57

Petroleum Liquids and Natural Gas Production

Net Production	1995	1994
U.S.		
Petroleum liquids bbld	603,000	624,700
Natural gas mmcfd.	1,031	915
Barrels of oil equivalent (BOE)	774,900	777,200
International		
Petroleum liquids bbld	60,600	69,500
Natural gas mmcfd.	640	567
BOE	167,300	164,000

The reduction in petroleum liquids production primarily resulted from natural field declines, the impact of prices and costs on production sharing contracts, and volume prorations resulting from inclement weather conditions in Alaska.

The increase in U.S. natural gas production primarily resulted from the Mustang Island and South Marsh Island fields which are owned and produced by Vastar Resources, Inc. ("Vastar"). ARCO holds an 82.3 percent interest in Vastar.

The higher international natural gas volumes in 1995 reflected increased production in Indonesia, particularly in the Pagerungan field.

Coal Operations

The reduced earnings in 1995 resulted from lower Australian coal prices and an unfavorable exchange rate, partially offset by higher sales volumes and reduced overhead expenses, which resulted from cost reduction actions.

Downstream Earnings

Millions (after tax)	1995	1994
Refining and marketing	$ 22	$ 95
Transportation	$ 50	$ 45
Intermediate chemicals and specialty products	$115	$ 48

The refining and marketing results were down compared to 1994 as a result of weaker West Coast refined product margins, partially offset by ARCO's cost reduction efforts.

The 1994 transportation results included net after-tax expenses of $9 million related to the January 17, 1994 earthquake in Southern California.

For the intermediate chemicals and specialty products segment, reflecting ARCO's 83.2 percent interest in ARCO Chemical Company, the 1995 improvement primarily reflected strong worldwide styrene monomer ("SM") demand, resulting in higher margins and sales volumes for SM, as well as higher demand for methyl tertiary butyl ether ("MTBE"), resulting in higher overall MTBE margins and volumes.

Equity Affiliate

ARCO earned $64 million from its 49.9 percent equity interest in Lyondell in the first quarter of 1995, as compared to $11 million in the first quarter of 1994. The improvement resulted primarily from the strong performance of Lyondell's chemical operations reflecting higher ethylene and methanol margins, while its refinery performance also improved.

Financial Position and Liquidity

Millions	1995	1994
Cash flow provided (used) by:		
Operations	$ 381	$ 275
Investing activities	$ 266	$ (634)
Financing activities	$ (882)	$ (77)

The net cash provided by investing activities in the first quarter 1995 included a decrease in short-term investments of $677 million partially offset by expenditures for additions to fixed assets of $353 million.

The net cash used in financing activities in the first quarter of 1995 included repayments of long-term debt of $470 million, a decrease of $324 million in the Company's short-term debt position and dividend payments of $222 million.

Cash and cash equivalents and short-term investments totaled $3.5 billion, and short-term borrowings were $1.2 billion at the end of the first quarter of 1995.

During the first quarter of 1995, ARCO purchased 100,000 shares of its common stock and contributed them to treasury in order to satisfy ARCO's obligations upon conversion of the $3.00 and $2.80 Preference Stocks and upon exercise of stock options.

It is expected that future cash requirements for capital expenditures, dividends and debt repayments will come from cash generated from operating activities, existing cash balances, and future financings.

Statements of Financial Accounting Standards Not Yet Adopted

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The Company will have to implement SFAS No. 121 by the fiscal year ended December 31, 1996. The provisions will require the Company to review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined that an impairment loss has occurred based on expected future cash flows, then the loss should be recognized in the income statement and certain disclosures regarding the impairment should be made in the financial statements. The Company has not yet had sufficient time to evaluate the impact, if any, of the provisions of SFAS No. 121.

Management cautions against projecting any future results based on present earnings levels because of economic uncertainties, the extent and form of existing or future governmental regulations and other possible actions by governments.

The foregoing financial information is unaudited and has been prepared from the books and records of the Company. Certain previously reported amounts have been restated to conform with classifications adopted in 1995. In the opinion of the Company, the financial information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations in conformity with generally accepted accounting principles.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

1. Reference is made to the disclosure on page 18 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (hereinafter, the "1994 Form 10-K Report") regarding a Notice of Deficiency from the Internal Revenue Service. ARCO has paid the amount of tax (and interest) that it believes is due and filed a petition in the U.S. Tax Court in March 1995 challenging the balance of the additional federal income tax set forth in the Notice.

2. Reference is made to the Company's 1994 Form 10-K Report for information on other legal proceeding matters reported therein.

Item 4. Submission of Matters to a Vote of Security Holders.

The Company's annual meeting of stockholders was held on May 1, 1995. The stock-holders elected all the Company's nominees for director and approved the appointment of Coopers & Lybrand L.L.P. as the Company's independent auditors for 1995. The votes were as follows:

1. Election of Directors.

	For	Withheld
Ronald J. Arnault	136,180,710	3,467,687
Mike R. Bowlin	137,087,962	2,560,435
Richard H. Deihl	137,103,864	2,544,533
David T. McLaughlin	137,085,250	2,563,147
Hicks B. Waldron	136,943,277	2,705,120

2. Approval of appointment of Coopers & Lybrand L.L.P.

For	137,703,007
Against	1,255,074
Abstain	690,316

In addition, the stockholders voted on the following proposal:

Stockholders' proposal with respect to public environmental reporting.

For	10,586,321
Against	107,872,228
Abstain	9,093,395
Broker Non-Votes	12,096,453

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

27 Financial Data Schedule.

(b) Reports on Form 8-K.

The following Current Report on Form 8-K was filed during the quarter ended March 31, 1995 and through the date hereof.

Date of Report	Item No.	Financial Statements
March 27, 1995	5	None

SIGNATURE

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.

ATLANTIC RICHFIELD COMPANY
(Registrant)

/s/ALLAN L. COMSTOCK

Dated: May 9, 1995

____
(signature)
Allan L. Comstock
Vice President and Controller

(Duly Authorized Officer and
Principal Accounting Officer)

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>
This schedule contains summary financial information extracted from the Consolidated Statement of Income and the Consolidated Balance Sheet and is qualified in its entirety by reference to such financial statements.
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<EPS-DILUTED> $1.97

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