SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

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

For fiscal year ended December 31, 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 1-4601

Schlumberger N.V. (Schlumberger Limited)
(Exact name of registrant as specified in its charter)

Netherlands Antilles	52-0684746
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
277 Park Avenue New York, New York, U.S.A.	10172-0266
42, rue Saint-Dominique Paris, France	75007
Parkstraat 83, The Hague, The Netherlands	2514 JG
(Addresses of principal executive offices)	(Zip Codes)

Registrant's telephone number in the United States, including area code, is: (212) 350-9400.

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 $0.01	New York Stock Exchange Paris Stock Exchange The London Stock Exchange Amsterdam Stock Exchange Swiss Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether 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.

[X]

As of February 24, 1999, the aggregate market value of the voting stock held by non-affiliates, calculated on the basis of the closing price on the NYSE Composite Tape, was $26,259,648,203.

As of February 24, 1999, Number of Shares of Common Stock Outstanding: 546,364,592.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents have been incorporated herein by reference into the Parts indicated:

Definitive Proxy Statement for the Annual General Meeting of Stockholders to be held April 14, 1999 ("Proxy Statement"), Part III.

PART I

Item 1 Business

All references herein to "Registrant" and "Company" refer to Schlumberger Limited and its consolidated subsidiaries. Registrant operates four businesses: (l) Oilfield Services, (2) Resource Management Services, (3) Test & Transactions, and (4) Cable & Wireless Omnes. Due to immateriality, Cable & Wireless Omnes is not a reportable segment for financial reporting purposes.

Oilfield Services

Oilfield Services provides exploration and production services required during the life of an oil and gas reservoir: seismic data acquisition, processing and interpretation; drilling rigs; completion services, directional drilling and real-time drilling analysis; drill bits; cementing and stimulation of wells; completion service and equipment; wireline logging; well evaluation, testing and production; gas compression systems; integrated data services and software, and project management. Services comprise formation evaluation, well testing and production services for oil and gas wells: borehole measurements of petrophysical, geological and seismic properties; cement and corrosion evaluation; perforating; modular production systems; permanent monitoring and control systems; production logging, and light remedial and abandonment services, and engineering and pumping services for cementing, drilling fluids, fracturing, acidizing, sand control, water control applications; gas lift equipment, subsurface safety systems, packers and completion accessories, slickline tools and service, coiled tubing and nitrogen service, PDC and natural diamond drill bits, roller cone bits, steerable rotary drilling systems, electric submersible pumping systems, ESP completion accessories, ESP power cable, contract gas compression systems and maintenance, seismic data acquisition, processing and interpretation services for marine, land and transition zone; seismic reservoir monitoring and characterization services; fully integrated project management including survey evaluation and design services; acquisition, processing and sales of non-exclusive surveys; contract drilling services, offshore and on land, with dynamically positioned drillships, semisubmersibles, jackup rigs, drilling tenders, swamp barges and land rigs; real-time drilling services: directional drilling, measurements-while-drilling and logging-while-drilling; exploration and production solutions for optimizing the value of oil and gas reservoirs: integrated software systems, data management solutions and processing and interpretive services; and project management and well engineering services: selection of optimum oilfield technology; implementation of safety and quality management systems; coordination and management of operations for well construction, production and field development projects.

As of February 1, 1998, the business was organized in two groups, Solutions and Products. The Solutions Group is now organized into four geographic areas to develop, sell and implement all oilfield services as well as customized and integrated solutions to meet specific client needs. The Products Group is responsible for product development across the organization as well as training and technical support for each type of service in the field to ensure the highest standards of service to clients.

Registrant's oilfield services are marketed by its own personnel. The customer base, business risks, and opportunities for growth are essentially uniform across all services. There is a sharing of production facilities and research centers; labor force is interchangeable. Technological innovation, quality of service, and price are the principal methods of competition. Competition varies geographically with respect to the different services offered. While there are numerous competitors, both large and small, Registrant believes that it is an industry leader in providing contract drilling services, seismic services, measurements-while-drilling and logging-while-drilling services, and fully computerized wireline logging and geoscience software and computing services.

Resource Management Services
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Resource Management Services (RMS) is a global solutions provider to electricity, gas and water resource industry clients worldwide, helping them to manage resources and enhance transactions. The RMS group delivers innovative solutions through strategic consulting services combined with smart measurement products, systems and services for creating and sharing value with all clients. It designs systems for management of electricity distribution and usage (residential metering and energy management systems; utility revenue collection systems; commercial, industrial, transmission and distribution measurement and billing products and systems; and load management systems); systems for management of gas usage (residential, commercial and industrial gas meters; regulators, governors, safety valves, stations and systems; gas treatment including filtration, odorization and heating; network management; and prepayment systems); meters and systems for management of residential, commercial and industrial water usage covering the range of effective water distribution management and diverse heat distribution and industrial applications; meter communication systems, including remote metering and wireless communication systems for utility markets; distributed measurement solutions, systems integration and data services; and services, providing software and turnkey installation, repair and maintenance solutions to add value in fully managed projects.

Test & Transactions
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Test & Transactions supplies technology, products, services, and systems to the semiconductor, banking, telecommunications, and transportation industries. Test & Transactions designs and implements broad-based, customized solutions to help clients improve time to market, optimize their business opportunities and improve their productivity. It designs and manufactures smart and magnetic stripe cards, terminals, equipment and management systems for transactions in a wide range of sectors, including telecommunications, retail and banking, network access and security, parking and mass transit, and campus communities. It also designs and manufactures back-end manufacturing equipment for testing semiconductor devices, including diagnostic systems, automated handling systems and test equipment. It provides metrology solutions for the front-end semiconductor fabrication equipment market and equipment for testing complete electronic assemblies for the telecommunications and automotive industries.

Products of the Resource Management Services and the Test & Transactions industry segments are primarily sold through Registrant's own sales force, augmented through distributors and representatives. The nature of the product range and customer profile allow for transferability of sales personnel and cross-product sales forces in key geographic areas. Such teams operate in Asia, Russia, South America and Central America. Product demand and pricing are affected by global and national economic conditions. The price of products in this industry segment varies from less than one hundred dollars to more than a million dollars. There are numerous competitors with regard to these products, and the principal methods of competition are price, performance, and service.

Cable & Wireless Omnes
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Cable & Wireless Omnes provides information technology and communications services to oil and gas companies and to companies with operations in remote regions. It offers solutions for wide- and local-area networks, including satellite-based networks, network security, Internet, intranet and messaging.

Year 2000 Issue
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For information describing the Company's estimate of the effects of the Year 2000 Issue on its businesses, refer to pages 24, 25 and 26 of this 10-K Report for information within Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and headed "Year 2000 Readiness Disclosure".

Acquisitions
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Information on acquisitions made by the Registrant or its subsidiaries appears under the heading "Acquisitions" on commencing page 35 of this 10-K Report.

GENERAL
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Research & Development
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Research to support the engineering and development efforts of Registrant's activities is conducted at Schlumberger Austin Product Center, Austin, Texas; Schlumberger Doll Research, Ridgefield, Connecticut; Schlumberger Cambridge Research, Cambridge, England, and at Fuchinobe, Japan, and Montrouge, France.

Patents
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While Registrant seeks and holds numerous patents, no particular patent or group of patents is considered material to Registrant's business.

Seasonality
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Although weather and natural phenomena can temporarily affect delivery of oilfield services, the widespread geographic location of such services precludes the overall business from being characterized as seasonal. However, because oilfield services are provided in the Northern Hemisphere, severe winter weather can temporarily affect the delivery of such services and products in the winter months.

Customers and Backlog of orders
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No single customer exceeded 10% of consolidated revenue. Oilfield Services has no backlog since it is primarily service rather than product related. Resource Management Services and Test & Transactions had respective backlogs of orders, believed to be firm, of $520 million and $254 million at December 31, 1998, and $446 million and $419 million at December 31, 1997. There is no assurance that any of the current backlog will actually result in sales. About 51% of revenue of Cable & Wireless Omnes comes from data communications and networking services provided to a number of Schlumberger companies. It has no backlog since it is primarily service, rather than product, related.

Government Contracts
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No material portion of Registrant's business is subject to renegotiation of profits or termination of contracts by the US Government.

Employees
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As of December 31, 1998, Registrant had approximately 64,000 employees.

Non-US Operations
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Registrant's non-US operations are subject to the usual risks which may affect such operations. Such risks include unsettled political conditions in certain areas, exposure to possible expropriation or other governmental actions, exchange controls, and currency fluctuations. Although it is impossible to predict such occurrences or their effect on the Registrant, management believes these risks to be acceptable.

Environmental Protection
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Compliance with governmental provisions relating to the protection of the environment does not materially affect Registrant's capital expenditures, earnings or competitive position.

Financial Information
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Financial information by segment for the years ended December 31, 1998, 1997 and 1996 is given on pages 42 and 43 of this 10-K report, within the "Notes to Consolidated Financial Statements".

Item 2   Properties
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Registrant owns or leases manufacturing facilities, administrative offices, service centers, research centers, sales offices and warehouses in North America, Latin America, Europe, Africa, Australia, New Zealand, and Asia. Most facilities are owned in fee although a few are held through long-term leases. No significant lease is scheduled to terminate in the near future, and Registrant believes comparable space is readily obtainable should any lease expire without renewal. Registrant believes all of its properties are generally well maintained and adequate for the intended use.

The principal manufacturing facilities related to Oilfield Services are owned in fee. Outside of the United States, they are located at Stonehouse, England; Clamart, France; Fuchinobe, Japan; Belfast, Northern Ireland; Horten and Bergen, Norway; Inverurie, Scotland; and in Singapore.

Within the United States, the principal manufacturing facilities of the Oilfield Services are located in Lawrence, Kansas; Bartlesville, Oklahoma; Austin, Houston, La Marque, Rosharon, and Sugar Land, Texas.

Outside of the United States, the principal owned or leased facilities related to Resource Management Services are located at Adelaide, Australia; Schwechat, Austria; Brussels, Belgium; Americana and Campinas, Brazil; Trois Rivieres, Quebec, Canada; Santiago, Chile; Chongguing, China; Bagnolet, Chasseneuil, Colombes, Hagenau, Macon, Massy, and Reims, France; Berlin, Ettlingen, Hameln, Karlsruhe, and Oldenburg, Germany; Dordrecht, Holland; Godollo, Hungary; Asti, Frosinone, Naples, and Vicenza, Italy; Famalicao, Portugal; Atlantis, South Africa; Leon, Spain; Taipei County, Taiwan; Kiev, Ukraine; Basingstoke, Great Harwood, Port Glasgow, Stretford, and Warrington in the United Kingdom, and Montevideo, Uruguay.

Within the United States, Resource Management Services facilities are located in Tallassee, and Montgomery, Alabama; Norcross, Georgia; Owenton, Kentucky, and Oconee, South Carolina.

Outside of the United States, the principal owned or leased facilities of Test & Transactions are located in Changsha, Hong Kong and Shenyang, China; Besancon, Orleans, Pont Audemer, and Chambray-les-Tours, France; Frankfurt, Germany; Fuchinobe, Japan;

Barcelona, Spain; Hsinchu, Taiwan; Felixstowe, Ferndown and Reading in the United Kingdom.

Within the United States, facilities of Test & Transactions are located in Mobile, Alabama; San Jose and Simi Valley, California; Owings Mill, Maryland; Concord, Massachusetts; Moorestown, New Jersey, and Columbus, Ohio.

The following locations serve both Resource Management Services and Test & Transactions: Mulgrave, Australia; Montrouge, France; Milan, Italy; New Delhi, India; Jakarta, Indonesia; Kuala Lumpur, Malaysia; St. Petersburg, Russia, and Felixstowe in the United Kingdom.

Outside of the United States the principal facilities (all leased) related to Cable & Wireless Omnes are located in London, England; Caracas, Venezuela; Montrouge, France; and Jakarta, Indonesia. Within the United States, its principal facilities are located in Houston, Texas.

See also "Research & Development", on page 3 for a description of research facilities.

Item 3 Legal Proceedings

The information with respect to Item 3 is set forth under the heading "Contingencies" (page 41 of this 10-K report) within the "Notes to Consolidated Financial Statements" as part of Item 8, "Financial Statements and Supplementary Data".

Item 4 Submission of matters to a vote of security holders

No matters were submitted to a vote of Registrant's security holders during the fourth quarter of the fiscal year covered by this report.

Executive Officers of the Registrant

The executive officers of the Registrant, their ages as of March 1, 1999, and their five-year business histories are as follows:

Name	Age	Present Position and Five-Year Business Experience
D. Euan Baird	61	Chairman, President and Chief Executive Officer since prior to 1992.
Victor E. Grijalva	60	Vice Chairman since April 1998; Executive Vice President - Oilfield Services 1994 to April 1998; Executive Vice President for Wireline, Testing & Anadrill 1992 to 1994.
Jack Liu	49	Executive Vice President , Chief Financial Officer, and Chief Accounting Officer since January 1999; Controller July 1998 to December 31, 1998; President - Measurement & Systems Asia October 1993 - June 1998.

Name	Age	Present Position and Five-Year Business Experience
Clermont A. Matton	57	Executive Vice President - Resource Management Services since June 1997; Executive Vice President - Measurement & Systems 1993 to June 1997; Executive Vice President - Technologies 1992 and prior.
Irwin Pfister	53	Executive Vice President - Test & Transactions since June 1997; General Manager - Automated Test Equipment June 1997 and prior.
Chadwick Deaton	46	Executive Vice President - OFS Products since January 1999; Executive Vice President - OFS Solutions February 1998 to January 1999; President - Dowell August 1995 to February 1998; Director of Personnel - Wireline & Testing November 1994 to August 1995; Vice President - Drilling Fluids (Dowell) November 1994 and prior.
Andrew Gould	52	Executive Vice President - Oilfield Services since January 1999; Executive Vice President - OFS Products February 1998 to January 1999; President - Wireline & Testing October 1993 to February 1998; President - Sedco Forex September 1993 and prior.
Jean-Paul Bize	56	Vice President - Business Development since June 1997; President, Electronic Transactions November 1994 to June 1997; General Manager - Electricity Management November 1994 and prior.
Pierre E. Bismuth	54	Vice President - Personnel since 1994; Personnel Director - Oilfield Services October 1993 to January 1994; Personnel Director - Wireline, Testing & Anadrill 1993 and prior.
Jean Chevallier	51	Vice President - Information Technology since February 1999; President - Omnes April 1995 to February 1999; Vice President - GeoQuest March 1994 to April 1995; Vice President - Research and Engineering and General Manager - Sedco Forex Drilling Services 1983 to March 1994.

Name	Age	Present Position and Five-Year Business Experience
Mark Danton	42	Vice President - Director of Taxes since January 1, 1999; Deputy Director of Taxes January 1995 to January 1999; Tax Manager - Atlantic Asia Oilfield Services June 1991 to January 1995
J-D. Percevault	53	Vice President since January 1996; Vice President - European Affairs May 1994 to January 1996; President Geco-Prakla May 1994 and prior.
James L. Gunderson	43	Secretary and General Counsel since January 1999; Deputy General Counsel October 1994 to January 1999.
Jean-Marc Perraud	51	Treasurer since January 1, 1999; Vice President - Director of Taxes 1993 through December 1998; Group Controller - Schlumberger Industries 1991 to 1993.

PART II

Item 5 Market for the Registrant's Common Stock and Related Stockholder Matters

As of December 31, 1998, there were 546,133,876 shares of the Common Stock of the Registrant outstanding, exclusive of 119,567,982 shares held in Treasury, and held by approximately 24,500 stockholders of record. The principal United States market for Registrant's Common Stock is the New York Stock Exchange.

Registrant's Common Stock is also traded on the Amsterdam, London, Paris, and Swiss stock exchanges.

Common Stock, Market Prices and Dividends Declared per Share

The information with respect to this portion of Item 5 is set forth under the heading "Common Stock, Market Prices and Dividends Declared per Share" on page 23 of this 10-K Report.

Item 6 Selected Financial Data

FIVE-YEAR SUMMARY

(Stated in millions except per share amounts)

Year Ended December 31,	1998	1997	1996	1995	1994
SUMMARY OF OPERATIONS					
Operating revenue:					
Oilfield Services	$ 8,895	$ 8,559	$ 6,875	$ 5,514	$ 5,001
Resource Management Services	1,465	1,569	1,765	1,771	1,590
Test & Transactions	1,226	1,066	741	684	493
Eliminations and other/1/	230	349	321	299	248
Total operating revenue	$ 11,816	$ 11,543	$ 9,702	$ 8,268	$ 7,332
% increase over prior year	2%	19%	17%	13%	-%
Operating income:					
Oilfield Services	$ 1,766	$ 1,765	$ 1,138	$ 752	$ 594
Resource Management Services	50	71	111	121	104
Test & Transactions	74	103	35	48	44
Eliminations	(151)	(143)	(124)	(90)	
Total operating income	$ 1,739	$ 1,796	$ 1,160	$ 831	$ 659
% (decrease)increase over prior year	(3%)	55%	40%	26%	(4%)
Interest expense	139	89	74	91	69
Third quarter charge	444	--	--	--	--
Taxes on income/2/	309	420	(141)	144	99
Net income	$ 1,014	$ 1,385	$ 919	$ 692	$ 577
% (decrease)increase over prior year	(27%)	51%	33%	20%	(6%)
Basic earnings per share	$ 1.87	$ 2.57	$ 1.72	$ 1.31	$ 1.09
Diluted earnings per share	$ 1.81	$ 2.47	$ 1.69	$ 1.30	$ 1.08
Cash dividends declared per share	$ 0.75	$ 0.75	$ 0.75	$ 0.7125	$ 0.60

(Stated in millions except per share amounts)

Year Ended December 31,	1998	1997	1996	1995	1994
SUMMARY OF FINANCIAL DATA					
Income as % of operating revenue/3/	12%	12%	9%	8%	8%
Return on average stockholders' equity/3/	18%	21%	16%	13%	11%
Fixed asset additions	$ 1,887	$ 1,592	$ 1,220	$ 1,028	$ 849
Depreciation expense	$ 1,060	$ 959	$ 868	$ 800	$ 762
Avg. number of shares outstanding:					
Basic	544	539	534	529	532
Assuming dilution	562	560	546	532	534
AT DECEMBER 31,					
Liquidity	$ 731	$ 527	$ 171	$ 91	$ 341
Working capital	$ 4,887	$ 2,690	$ 1,767	$ 1,456	$ 1,222
Total assets	$16,078	$13,186	$11,272	$ 9,770	$ 9,109
Long-term debt	$ 3,285	$ 1,179	$ 731	$ 731	$ 486
Stockholders' equity	$ 8,119	$ 7,381	$ 6,221	$ 5,501	$ 5,081
Number of employees	64,000	69,000	62,000	56,000	53,000

/1/ Includes the Retail Petroleum Systems business sold on October 1, 1998.

/2/ In 1998, the normal recurring provision for income taxes, before the tax benefit on the third quarter charge, was $373 million. In 1996, the normal recurring provision for income taxes, before recognition of the US tax loss carryforward benefit and the tax effect of the unusual items, was $206 million.

/3/ In 1998, excluding the third quarter charge.

Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company operates four businesses: Oilfield Services, Resource Management Services, Test & Transactions and Cable & Wireless Omnes. Cable & Wireless Omnes is not a reportable segment.

(Stated in millions)

	OILFIELD SERVICE			RESOURCE MANAGEMENT SERVICES			TEST & TRANSACTIONS/2/		
	1998	1997	% Change	1998	1997	% Change	1998	1997	% Change
Operating Revenue	$ 8,895	$ 8,559	4%	$ 1,465	$ 1,569	(7)%	$ 1,226	$ 1,066	15%
Pretax Operating Income/1/	$ 1,766	$ 1,765	-%	$ 50	$ 71	(30)%	$ 74	$ 103	(29)%

/1/ Pretax operating income is before the 1998 third quarter charge.

/2/ Excluding the Retail Petroleum Systems business sold on October 1, 1998.

Oilfield Services

1998 Results

After continued strong growth in the first half of the year, Oilfield Services activity slowed in the third quarter and reversed direction in the fourth quarter as oil companies reduced spending or cancelled projects.

Oilfield Services revenue grew 4%, matching the 4% increase in exploration and production expenditures despite a decline in the average rig count of 13%. The growth resulted from continued deployment of new technologies and the impact of the new geographic organization, which focused on providing customized solutions for our customers.

North America

North American revenue was 5% below last year despite a 17% decline in average rig count. The slowdown was particularly significant in the second half of the year, with the average rig count down by 38% in the fourth quarter compared with the same period last year. Wireline, testing, directional drilling and seismic services ended the year with lower revenue than in 1997, while contract drilling benefited from the transfer of the semisubmersible Omega to the Gulf of Mexico from West Africa. Pretax operating income dropped 35%.

Latin America

A revenue gain of 12% in Latin America resulted from strong contract drilling, data services, wireline and testing services, despite the 12% fall in the average rig count. Revenue from Mexico increased by 25% compared with last year, with a large contribution from the Burgos gas fields. Contract drilling benefited from increased activity in Brazil with the arrival of the semisubmersible Sedco 707 and a full year of activity on the Burgos project. Pretax operating income was 10% lower, mainly due to the reduction in activity in Venezuela.

Europe/CIS/West Africa

Revenue was up 4% in the Europe/CIS/West Africa region, due to increased contract drilling, directional drilling and data management services, despite an 11% fall in average rig count (excluding CIS rigs). Revenue from the CIS increased 62%, due to the start-up of new projects in Kazakhstan and Azerbaijan. Revenue from Algeria and Tunisia was up 22%, with all five land rigs working for the entire year in Algeria. Nigeria increased 4%, reflecting strong activity from directional drilling services and increased dayrates for contract drilling. UK activity was up 4%, with strong contract drilling activity. In South Africa, revenue decreased 39%, mostly due to the reduced drilling fluids, wireline and testing revenues. Pretax operating income increased 5%.

Other Eastern Hemisphere

Revenue grew by 8% compared with 1997, while the average rig count increased 1%. Pretax operating income increased 13%. Asia was 10% above 1997, mainly due to East Asia and Indonesia with strong increases in all service lines, except seismic services, which was flat with last year. Revenue in the Middle East was up 5%, with the overall growth slowing in the second half of the year. In the Middle East, growth was strong in contract drilling and seismic services.

Camco

Camco achieved record revenue in 1998 of $948 million, 4% higher than the prior year, despite an overall decline in drilling and completion activity. Pretax operating income grew 17%. Strong sales growth was recorded for Reda electrical submersible pumps and Production Operators gas compression systems. Production Operators commenced operations on the El Furrial project, a 20-year service operating contract in Venezuela. In spite of the declining rig market, Hycalog, the market leader in polycrystalline diamond compact (PDC) bits, showed a slight increase in revenue due primarily to expansion in the Middle East and Africa. Sales were also up in Latin America despite lower drilling activity levels. Continued efforts at Reed to expand its international business with a broader product offering helped offset the 17% decline in the North American average rig count in 1998. Revenue from completion products and services was down as completion activity declined, particularly in the second half of the year.

An Advanced Completion Group was established to accelerate the development of innovative completion solutions. The Group is initially focused on multilateral completions and services, advanced instrumented completion systems and sandface completions and service support. Other complementary areas of service enhancement include drilling performance improvement and rotary steerable systems, and additional competencies for production maximization.

Highlights

New rigs on order as contract drilling activity contributed significantly to results

Contract drilling revenue for 1998 was 22% higher than in 1997, reflecting higher average dayrates for semisubmersibles and jackups , together with improved levels of the combined land and offshore rig utilization and higher activity worldwide. The average rig utilization rate increased from 92.1% in 1997 to 92.5% in 1998.

Average offshore rig utilization in 1998 dropped from 94.1% to 93%. This decrease in utilization compared with 1997 reflects the slowdown in activity which began in the second half of the year and which caused utilization rates for semisubmersibles and jackups to fall respectively from 97.1% to 95%, and from 100% to 98.5% between year-end 1997 and year-end 1998. The average land rig utilization rate, however, increased from 89.9% in 1997 to 91.9% in 1998. At year-end, the Schlumberger rig count consisted of 83 units, comprising 49 offshore units and 34 land rigs. The fleet includes four offshore units under bareboat charter and five offshore units under management contract.

In June, Schlumberger was awarded a third long-term contract for the construction and operation of a new Sedco Express* semisubmersible rig for Marathon Oil. The rig is expected to be mobilized to the Gulf of Mexico in the third quarter of 2000 for work in water depths of up to 8500 feet (2.6 km). In December, the first of three MPSV* multipurpose service vessels under construction, the Prisa 101,was delivered from its shipyard in Texas to Lake Maracaibo, Venezuela, for a multiyear contract. The MPSV concept uses small, purpose-built vessels, each equipped with an integrated package of Schlumberger services for well intervention, such as wireline logging, CTD* coiled tubing drilling service and tubing replacement. An MPSV unit can perform a well intervention faster, and at a considerably lower cost, than a full-size drilling unit.

Expansion of integrated services creates growth opportunities

The range of Schlumberger integrated services has expanded to include project engineering and project management for well construction, CTD service, MPSV units, IRO* Integrated Reservoir Optimization service and engineering and construction alliances.
During the year, Schlumberger commenced more than 40 new integrated project contracts.

Maximizing productivity with MAXPRO* services

Launched in five major locations in Asia, Europe and North America, the MAXPRO initiative builds on our new organization and latest technology and offers solutions spanning an entire range of production services, including perforating, cement evaluation, reservoir monitoring, completion services, corrosion monitoring, well repair, production monitoring and diagnosis.

In the third quarter, Schlumberger launched the breakthrough PS PLATFORM* wireline production logging tool as one in a series of MAXPRO applications. The PS PLATFORM service provides monitoring and diagnosis of fluid flow in producing wells and enables oil and gas companies to benefit from more accurate measurements and greatly enhanced operational efficiency through real-time answers, faster operating speed and smaller, lighter and more rugged tools. PS PLATFORM technology is one of the vehicles for future developments critical to optimal management of the reservoir.

During the fourth quarter, an innovative MAXPRO production services application saved 72 hours of rig time for a major customer in the North Sea by eliminating a separate, stand-alone production logging run. The Schlumberger team successfully recorded the subsurface production of wellbore fluids while perforating a horizontal well--the first measurement of its kind in these specific conditions.

Record-Setting Advances in Technology Application

In 1998, record-breaking advances were the hallmark of our continuing leadership in oilfield services technology deployment. Schlumberger set several world records in deepwater marine seismic, drilling and coiled tubing services.

The first horizontal well in the Gulf of Mexico drilled with coiled tubing was achieved by an integrated services team implementing an array of new Schlumberger technologies, including the VIPER* coiled tubing drilling system, STARDRILL* fluids and SLIMACCESS* logging tools.

A new seismic coverage record was set by Geco Orion, equipped with the new proprietary

MK2 Monowing* multistreamer towing technology, towing 6 streamers, each 8 km long in a 1-km spread [5 mi by 0.625 mi]. In addition, Geco Orion also successfully used the MK2 Monowing technology to achieve a spread of 1400 m [4592 ft], the widest ever towed by a single vessel unassisted by tugboats.

Schlumberger seismic services achieved the first three-dimensional, time-lapse (called 4D seismic) volume map designed to show reservoir changes over the lifetime of an offshore oil field in the North Sea. Hydrophones were installed in the seabed over the reservoir in 1995, and both seabed and surface seismic surveys were run. Repeating the surveys in 1998 using the already embedded hydrophones provided two pairs of time-lapse 3D data sets to be evaluated by the oil company.

Technology to enhance productivity and efficiency
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Revenue from nuclear magnetic resonance wireline logging increased substantially during the year, demonstrating the success of the new CMR-200* service introduced in 1998. Nuclear magnetic resonance technology allows customers to measure the volume of retrievable oil and gas in subsurface reservoirs, thereby improving the estimation of economic potential of a reservoir without costly tests.

Schlumberger further advanced the use of high-performance 3D data visualization in the oil and gas industry through the introduction of GeoViz* software and the Alternate Realities Corporation's VisionDome+ system, for which Schlumberger is the exclusive licensed reseller to the industry. This combination provides geoscientists and engineers with the first fully immersive, portable, virtual-reality environment for constructing 3D models of subsurface reservoirs, selecting drilling targets and designing well trajectories to maximize oil and gas recovery.

The Drilling Office* suite of applications helps engineers create the optimum drilling plan by reducing costs and managing uncertainty. In November, Schlumberger acquired the TDAS* Tubular Design and Analysis System and WEST* Wellbore Simulated Temperatures software from Oil Technology Services. The addition of these two applications increases drilling engineers' efficiency and effectiveness by providing them with the most advanced tools for critical well design.

Two fluid technologies for maximizing drilling and production efficiencies were introduced. The DeepCRETE* cementing system, designed to address the challenges associated with well construction in deep water, helped customers improve performance and reduce overall costs in Norway, Gabon, Congo and Nigeria. The new STARDRILL drill-in fluid, used while drilling through the reservoir, improved hydrocarbon production rates by limiting damage to the reservoir from the drilling process in wells in Equatorial Guinea, Norway and Gabon.

With the aim of improving hydrocarbon production, the revolutionary SCALE BLASTER* application has recently been tested, and proved successful at removing scale on downhole piping. In oil and gas wells, the buildup of inorganic scale can restrict, and even prevent, the flow of hydrocarbons to the surface. SCALE BLASTER technology, deployed on coiled tubing, has provided clients with a highly effective and valuable way of improving production without a rig intervention. Furthermore, to better measure multiphase production, Schlumberger and FRAMO Engineering A.S. of Norway signed a joint venture agreement to provide surface and subsea flow meters to measure oil, gas and water flow in producing wells. A joint technology center called 3-Phase Measurement A.S., to be located in Bergen, Norway, will design and manufacture products and provide marketing and technical support.

The continuing worldwide introduction of the VISION475* MWD/LWD (measurements-while-drilling/logging-while-drilling) system for small-diameter wells has been highly successful, resulting in 50% growth compared with the fourth quarter of 1997. This application gives clients improved confidence in evaluating the growing number of horizontal and highly deviated wells and reentry wells. The use of key acoustic velocity information during drilling has significantly increased following the introduction of the slimmer 6.75-inch ISONIC* LWD tool.

1997 Results

Oilfield Services pretax operating income grew 55% over 1996, reaching $1.77 billion, with strong contributions from all activities. Operating revenue increased 24% to $8.56 billion. Worldwide oil demand increased by a strong 2.7%, fueled mainly by China, up 11%, Asia excluding China, up 6%, Latin America, up 5%, and by a recovering Russia, up 5%. Oil companies worldwide increased their exploration and production expenditures by 18% over 1996 levels to meet the increase in demand. The average rig count rose 15%.

North America

North American revenue and pretax operating income grew 32% and 81%, respectively, compared with 1996. All services posted exceptional gains, with seismic services up 54%, data management up 50%, directional drilling up 38%, pressure pumping up 27%, and wireline and testing up 25%. The average rig count rose 26%.

Latin America

Latin America experienced a revenue increase of 34%, while pretax operating income grew 13%. The main contributors were seismic services, up 88%, contract drilling, up 65%, integrated services, up 139%, and pressure pumping, up 32%. All other businesses posted gains above 15%. The average rig count declined 2%.

Europe/CIS/West Africa

Revenue and pretax operating income were 17% and 42% higher in the Europe, CIS & West Africa region than in 1996, largely due to higher contract drilling activity, up 31%, directional drilling, up 40% and wireline and testing services, up 13%. All other businesses posted gains above 13%, except for seismic services, which declined 8%. The average rig count fell 3%.

Other Eastern Hemisphere

Other Eastern Hemisphere revenue climbed 24% versus 1996, mainly on increased contract drilling revenue, up 59%, directional drilling revenue, up 40%, and wireline and testing revenue, up 17%. All other businesses posted gains above 12%, except for data management services, which were not active in 1997. Pretax operating income was 57% higher than in 1996. The average rig count grew 9%.

Camco

Revenue was a record $914 million in 1997, a 20% increase from the prior year, primarily due to increased market activity, improved pricing in selected markets and the year-over-year impact of acquisitions. Geographically, sales were up in all regions, with the exception of the CIS. Production Operators, acquired in June 1997, contributed $115 million in sales, a 25% increase over 1996.

Highlights

In 1997, the Oilfield Services research and engineering investment of $354 million produced technologies for operating in harsher environments and reducing finding and development costs. Oilfield Services capital expenditure was $1.45 billion and allowed rapid deployment of these technologies.

In the fall of 1997, Schlumberger introduced the IRO service, which combines new-generation reservoir characterization and flow simulation tools with a team approach to evaluate various field development and production strategies. Working closely with the client, an experienced multidisciplinary team selects and implements the optimal development plan. Reservoir monitoring and control processes are included to head off future production problems. The IRO concept offers numerous benefits because it is proactive and closely links development decisions with a thorough understanding of reservoir architecture, flow dynamics and response to various well interventions with the ultimate aim of achieving near real-time, interactive reservoir management.

Construction, operating and intervention costs in oil fields were reduced in 1997 through the proliferation and improved placement of highly deviated and horizontal wells, and multilaterals drilled from a common trunk. New VISION475 technology is a slim 4.75-inch MWD/LWD service that reduces total well costs while maximizing hydrocarbon production. This is possible by allowing a reduced wellbore diameter without giving up the real-time formation evaluation measurements needed for optimum geosteering and analysis. The VISION475 application possesses unique logging sensors that allow operators to steer to the most productive zones in a formation. Worldwide deployment of this technology has significantly improved field development returns on investment for clients.

Throughout 1997, drilling activity and pricing continued to increase. The average offshore rig utilization of 94% was in line with the previous year. Jackup utilization remained at 100%, and semisubmersible utilization was 97%. The average onshore rig utilization for the year increased from 57% to 90%. At year-end, the fleet consisted of 84 units: 52 offshore and 32 onshore. The fleet includes 13 offshore units under bareboat charter or management contract. Schlumberger has eight deepwater drilling units capable of drilling in water depths of more than 3000 feet [approximately 1 km].

In July 1997, Oilfield Services received a ten-year integrated management contract in Venezuela to build and operate, on Lake Maracaibo, three new MPSV drilling barges and three new MPSV lift boats.

In August, the Maersk Victory jackup was acquired and renamed Trident 19. In September, the Schlumberger semisubmersibles Drillstar and Sedco Explorer were sold to a newly formed venture in which Schlumberger has a 25% interest. Schlumberger is operating the rigs under bareboat charters. The gain on the sale was deferred and is being amortized over a six-year period.

In December, Schlumberger received multiyear contracts for two new-build Sedco Express semisubmersible drilling rigs. The units will be delivered in the fourth quarter of 1999. The Sedco Express rigs represent the next generation of deepwater moderate-environment drilling units. They have been designed to optimize the entire well construction process, and are expected to drill and complete a well approximately 30% faster than a conventional fourth-generation rig. The rigs will be able to operate in water depths up to 7500 feet [2.3 km].

1996 Results

Oilfield Services pretax operating income increased $386 million, or 51%, to $1.14 billion. Growth was due to strong demand and the price increases of oil and gas. Other factors included the success of new and existing services such as PLATFORM EXPRESS and LWD technologies. In addition, the strong contribution of seismic services had a significant impact. The average rig count rose 8%.

Highlights
- ----------

In response to favorable market conditions, Schlumberger boosted capital expenditures for Oilfield Services by 21% in 1996.

As CTD technology provides an effective alternative to conventional drilling in reentry drilling markets, Schlumberger pressure pumping and contract drilling service businesses combined efforts to develop CTD technology, while the directional drilling business created the new VIPER slimhole directional bottomhole assembly for coiled tubing service.

The GeoSteering* tool, which enables the driller to make course corrections while drilling, made substantial gains in markets in the Far East. The SIMPLER* 101 drilling rig, a new modular land rig, was introduced in Gabon, where it began a five-year integrated services contract in April. Several drilling fluids products, including QUADRILL*, VISPLEX* and ULTIDRILL* fluids, gained increased acceptance in 1996, in recognition of their contributions to drilling efficiency and well productivity. Marine seismic efficiency continued to improve due to aggressive deployment of the TRILOGY* onboard data management system and the Monowing multistreamer towing technology. The introduction of the fourth-generation Nessie* marine streamer, with only 54-mm [2.1-inch] outside diameter, further extended the towing capacity and efficiency of Schlumberger seismic vessels. With the ECLIPSE* reservoir simulation software, the GeoFrame* integrated reservoir characterization system and the Finder* line of data management products, Schlumberger was able to offer the oil industry the most comprehensive range of integrated software systems, data management solutions and processing and interpretation services. Tracking the flow of different fluids in horizontal and high-angle wells became possible with the newly introduced production logging technology, PL Flagship* advanced well flow diagnosis service. Building on a solid track record in well testing, the Early Production Systems group expanded significantly. Early Production Systems saw activity in the North Sea and Africa.

Average offshore rig utilization grew to 94% from 89%, aided by jackup utilization of 100% and semisubmersible utilization of 96%. At year-end, the fleet consisted of 83 rigs.

Resource Management Services
- ----------------------------

1998 Results

Ongoing deregulation, privatization and globalization have created uncertainty which continued to hamper the ability of most utilities to invest in new products and services. The exceptions in 1998 were the utilities facing competition in the US and the UK, where data collection and interpretation are competitive tools.

Revenue for Resource Management Services (RMS) decreased 7% in 1998, compared with the prior year. The decrease was compounded by the difficult financial environment in developing countries. Pretax operating income declined 30%, reflecting margin deterioration due to lower sales in North and South America, France and Germany. Favorable contributions came from South and Central Europe and from savings as a result of the restructuring which was initiated in late 1996.

North American revenue was down 4%, reflecting market uncertainty caused by ongoing electricity deregulation in the US, which led to investment cutbacks and order delays by customers. South American revenue also dropped as a result of lower public utility purchase requirements and further price deterioration.

Partly compensating for the declines was stronger demand in water metering associated with higher sales of Automatic Meter Reading (AMR) systems. North American orders saw significant improvement, reflecting a major system and equipment installation order recorded in the first quarter as part of the 15-year Illinois Power contract, which more than compensated for weaknesses in the residential and commercial electricity markets.

European revenue fell 7%. Depressed sales in France, the UK and Germany resulted from lower demand for electricity and gas products caused by industrial overcapacity and price competition. Revenue from South and Central Europe also fell as higher electricity sales to EDP, the Portuguese electric company, partly offset the reduced procurement from ENEL, Italy's national electric utility. In September, Schlumberger and Itron signed business agreements in Europe and North America for the mutual licensing and distribution of AMR technology.

Revenue from Africa and the Middle East rose 29%, driven by stronger gas and water meter shipments to North Africa and Turkey. Revenue from Asia and the CIS fell due to shrinkage of local markets caused by continuing financial turbulence.

Product orders were flat versus 1997. In Europe, bookings declined in France, Germany and the UK due to the soft metering markets and reduced prices. South and Central Europe was even with last year as lower orders in Spain, the Netherlands and Belgium were offset by stronger demand from the electricity utilities in Italy and Portugal. Declines in Asia, South America and the CIS stemmed from the poor economic environment, especially in the second half of the year.

A series of new activities exemplify the repositioning of the RMS business to provide solutions for resource management. Among these successes is a Swedish utility on the island of Gotland, where Schlumberger is currently installing a two-way customer communication and network monitoring system. This solution will enable the utility to offer its customers hourly meter readings, real-time consumption billing and a wide range of value-added services.

The town of Smolensk in Russia selected the Schlumberger smart card prepayment system for gas customers in order to secure revenue and reduce waste. In South Africa, RMS was contracted to operate a revenue management system for the region of Qwa Qwa, where, in a matter of months, revenue losses as high as 50% have been greatly reduced.

During the year, several innovative products were introduced: The Flodis* water meter, the first C-class, single-jet meter with super-dry register and communication capability; the DC3 electricity meter, a full four-quadrant, polyphase, solid-state commercial and industrial meter offering a large combination of tariff structures with integrated communication capabilities; and the high-end, high-accuracy QUANTUM* Q1000 meter, which was shipped to Electricite de France. The Q1000 meter addresses the generation and transport market segment and allows the utility to provide new services to its customers, such as power quality measurement, system loss compensation and real-time communication. In November, at the Distributech trade show in London, RMS also launched the TaleXus* Vendor* system, which is the world's first prepayment system capable of selling tokens and providing account management for electricity, gas, and water resource suppliers.

1997 Results

Revenue for RMS fell 11% compared with 1996, as poor business conditions severely impacted European electricity and gas metering activity. Orders fell 8%.

The revenue decline was highest in Italy and in the UK. South American revenue grew significantly on high demand for water meters and the newly introduced single-phase electromechanical meter. North America experienced strong water and gas meter sales.

Pretax operating income fell 36% as the deregulation and privatization of the world's utilities continued accompanied by restricted procurements.

1996 Results

Resource Management Services revenue was flat compared with 1995. The sluggish demand for electricity meters in Europe, especially in the UK and Germany, was offset by sales of gas meters led by a strong CIS market. Orders were down 2%, and pretax operating income decreased 8%, mostly from the deterioration of the European market.

Test & Transactions
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1998 Results

Compared with 1997, revenue for Test & Transactions rose 15%. Smart Cards & Terminals, including the smart card-based solutions businesses, grew 31%, while Automated Test Equipment (ATE), including SABER (Schlumberger Advanced Business and Engineering Resources) services and the system service activities, was flat. Though both business segments coped with volatile business cycles, they outpaced their respective markets. In 1998, smart card volume increased more than 40% compared with the industry's growth rate of 32%. Despite an industry downturn, ATE increased market share for mixed signal and logic test systems.

This year, Test & Transactions benefited from its new organization, structured into three groups: Solutions, Products and Manufacturing. Products and Manufacturing provide product core expertise, while regional Solutions groups deliver integrated solutions and services. Each group has aligned its roles and responsibilities to put the customer at the center of everything it does. The transition to the new organization moved quickly and has enhanced quality, customer focus and integrated systems offerings.

Also during the year, the Retail Petroleum Services business was sold to Tokheim Corporation.

In 1998, Smart Cards & Terminals concentrated on growing its share of key smart card markets-mobile phones, finance and banking, municipalities (parking and mass transit) and health care. These markets are significant in both size and geographic presence, and provide substantial opportunities for the smart card-based solutions and systems integration businesses. An example of the system integration business is the successful launch of the Cyberflex* Mobile Solution. This integrated product and service offering includes a Cyberflex Simera* smart card, a software developer's kit with an easy-to-use SIMnario* graphical interface for rapid prototyping, the Aremis* subscriber identity module (SIM) based service management system and the Aremis marketing platform. To assist the successful deployment of these systems, Schlumberger offers a wide range of consulting, engineering and turnkey project management services. This secure and flexible smart card-based solution provides new information and e-commerce services and allows mobile phone subscribers to customize application portfolios for their individual business and personal needs.

The mobile phone SIM card market exploded worldwide, as revenue grew 56% during the year. Revenue for financial and banking cards also rose 56%. The Municipalities Solutions business, which comprises smart card-based parking, pay phone and mass transit systems, grew 31% during 1998. The successful introduction of the Stelio* parking system contributed significantly to this growth. For health care, the year ended with the delivery of five million smart cards to the French health administration. This program will continue in 1999.

For ATE, the focus was on semiconductor test equipment and the launch of the SABER services business. Strong orders in the first half of 1998 were offset by the second-half decline. Activity at ATE system services was up 15% year over year.

During the year, ATE introduced DDRAM, SDRAM and RDRAM memory test systems. The RDX2200* series of RDRAM test systems is expected to set the market standard for test accuracy, throughput and cost. The RDX2200 series of test systems developed its accuracy and performance advantage from ATE test technology in high-end logic design and test methodology. Based on the high level of interest in the RDX2200 series, ATE expects volume shipments beginning in the second quarter of 1999.

Also successfully introduced in 1998 was the IDS2000* test system. This laser-based system, focused on the emerging flip chip market, provides the same diagnostic capabilities as high-end e-beam tools. Several IDS2000 systems were installed during the year.

In 1998, the SABER services group was formed and was profitable in its first year of operation. The SABER model, which emanates from the Schlumberger service culture, is an innovative concept that provides consulting and turnkey engineering services for the semiconductor industry.

To reflect the downturn in the semiconductor business, a cost reduction plan was implemented in ATE. Investments for critical new product developments, however, were maintained and should ensure continued broadening of ATE's competitive advantage upon the industry's recovery.

1997 Results

Test & Transactions revenue was 44% higher than in 1996. The main drivers of growth were significantly greater ATE activity, increased demand for smart cards and terminals and previously announced acquisitions. Pretax operating income and orders grew 194% and 55%, respectively.

Smart Cards & Terminals revenue outpaced the 1996 level by 48%. Smart card sales rose 107%, including a 16% contribution from the Solaic activity acquired in December 1996. As demand for both microprocessor and memory cards used in cellular mobile communications, banking and pay phone applications continued to gain momentum, additional smart card production operations were established in Hong Kong and Mexico. As a result of this expansion, telecom equipment sales improved 7%.

Revenue for ATE grew 37%, compared with the year earlier. High demand for 200-MHz and 400-MHz logic testers sparked an increase of 59% in semiconductor test systems sales. Market share of ATE increased in all semiconductor test market segments. Higher automated handling systems activity resulted from deliveries of burn-in board loaders and unloaders and assembly systems. Orders increased, due largely to stronger demand for the ITS9000* family of products at Test Systems and sales of the P2X* semiconductor analysis system. In October 1997, ATE acquired Interactive Video Systems, Inc., a metrology solutions provider for the front-end semiconductor fabrication equipment market.

1996 Results

Test & Transactions revenue was 8% higher than in 1995, mostly on gains at Smart Cards & Terminals. Orders rose 10%. Pretax operating income declined 27%, as demand for semiconductor test equipment declined.

Smart Cards & Terminals activity grew 26%, including the acquisitions of Printer and Germann, on increased demand for memory and microprocessor cards for pay phones and cellular phones in China, Italy and the US. Schlumberger was the primary supplier of smart cards for the 1996 Olympic Games in Atlanta. Solaic, a French smart card manufacturer, was acquired on December 31, 1996. Revenue for ATE was flat as higher sales of IDS10000* diagnostic systems offset reduced demand for other products.

Net Income

(Stated in millions except per share amounts)

	Net Income	Earnings per share Basic	Earnings per share Diluted
1998/1/	$1,014	$1.87	$1.81
1997	$1,385	$2.57	$2.47
1996	$ 919	$1.72	$1.69

/1/ Includes an after-tax charge of $380 million ($0.68 per share-diluted). For details, see "Third Quarter 1998 Charge" below.

In 1998, operating income of Oilfield Services of $1.37 billion was flat, despite a 13% decrease in average rig count. The decrease in North American activity, which was impacted by strong pricing pressure and a slowdown in activity in the second half of the year, was offset by improvements in most other areas, notably Asia and Africa. Resource Management Services operating income decreased $15 million, or 32%, largely due to market weakness as a result of industry consolidation and privatization, compounded by the financial crisis in the emerging countries. Test & Transactions operating income of $55 million was down 28% as growth in the smart cards and terminals activities was offset by a severe market decline for automated test equipment, due to curtailment of capital expenditures by the semiconductor industry in the latter half of the year.

In 1997, operating income of Oilfield Services increased $466 million, or 51%, to $1.39 billion. The growth reflected the strong increase in exploration and production spending by oil companies. These underlying factors, combined with new technology, greater efficiencies and higher dayrates, resulted in stronger pricing and higher market share. The Asian and North American markets were significant growth areas. Resource Management Services operating income decreased $41 million, or 47%, due to the adverse exchange rate effects and to a decline in the European metering activities, which were impacted by increased competition and severe price erosion. Operating income at Test & Transactions increased $38 million, or 109%, reflecting significantly increased demand for automated test equipment, smart cards and terminals, as well as higher activity in Asia.

In 1996, operating income of Oilfield Services increased $298 million, or 48%, to $920 million. Growth was due to underlying economic factors, strong demand and the price increases of oil and gas. Other factors included the success of new and existing services such as PLATFORM EXPRESS and LWD technologies. In addition, the strong contribution of seismic services had a significant impact. Resource Management Services operating income declined 6%, to $88 million, reflecting turbulence in the European electricity metering markets caused by pricing pressure and deregulation. Test & Transactions operating income was down 13%, to $35 million, mainly due to a temporary weakness in the semiconductor industry, which was affected by soft market conditions and reduced customer spending leading to postponement of product deliveries.

Currency Risks

Refer to page 32, "Translation of Non-US Currencies," in the "Notes to Consolidated Financial Statements" for a description of the Company's policy on currency hedging. There are no material unhedged assets, liabilities or commitments which are denominated in other than a business's functional currency.

While changes in exchange rates do affect revenue, especially in the Resource Management Services and Test & Transactions segments, they also affect costs. Generally speaking, the Company is currency neutral. For example, a 5% change in average exchange rates of OECD currencies would have had no material effect on consolidated revenue and net income.

In general, when the US dollar weakens against other currencies, consolidated revenue increases, usually with no material effect on net income. This is principally because the fall-through incremental margin in the Resource Management Services and Test & Transactions segments offsets the higher Oilfield Services non-US dollar denominated expenses.

The Company's businesses operate principally in US dollars, most European currencies and most South American currencies.

Income Tax Expense

In 1996, with increasing profitability and a strong outlook in the US, the Company recognized 50% of the US income tax benefit related to its US subsidiary's tax loss carryforward and all temporary differences. This resulted in a credit of $360 million. Refer to page 40 in the "Notes to Consolidated Financial Statements" under "Income Tax Expense" for more information.

In 1997, the Company recognized the remaining 50% of its US income tax benefit, which resulted in no significant reduction of income tax expense.

Research & Engineering

Expenditures were as follows:

(Stated in millions)

	1998	1997	1996
Oilfield Services	$382	$354	$321
Resource Management Services	57	61	63
Test & Transactions	115	89	80
Other/1/	14	15	15
	$568	$519	$479

/1/ Primarily comprises the Retail Petroleum Systems business sold on October 1, 1998.

Interest Expense

Interest expense increased $55 million in 1998, following a $15-million increase in 1997. The increase in 1998 was mainly due to significantly higher debt balances incurred by the Company's principal US subsidiary resulting from the financing of the Camco acquisition.

The increase in 1997 was due to significantly higher debt balances, only partially offset by lower average borrowing rates.

Third Quarter 1998 Charge

Strong results in the first half of 1998 were sharply reversed when Asia's economic problems began to depress the region's demand for oil, gas and semiconductors. By midyear, the Company began consolidating resources and locations and making significant cuts in personnel. The third quarter after-tax charge of $380 million reflected the estimated costs of these actions. For details of the charge, see page 35 of this 10-K report.

Liquidity

A measure of financial position is liquidity, defined as cash plus short-term and long-term investments, less debt. The following table summarizes the Company's change in consolidated liquidity for each of the past three years:

	(Stated in millions)		
	1998	1997	1996
Net income	$ 1,014	$ 1,385	$ 919
Third quarter charge	380	-	-
Depreciation & amortization	1,136	1,035	940
Increase in working capital requirements	(149)	(505)	(243)
Fixed asset additions	(1,887)	(1,592)	(1,220)
Dividends paid	(388)	(378)	(375)
Proceeds from employee stock plans	139	148	182
Businesses sold (acquired)	61	(31)	(185)
Net proceeds on sale of drilling rigs/1/	-	174	-
Other	(102)	121	61
Net increase in liquidity	$ 204	$ 357	$ 79
Liquidity - end of period	$ 731	$ 527	$ 170

/1/ In September 1997, the Schlumberger semisubmersibles Drillstar and Sedco Explorer were sold to a newly formed venture in which Schlumberger has a 25% interest. The rigs are being operated by Schlumberger under bareboat charters. The gain on the sale has been deferred and is being amortized over a six-year period. This transaction had no significant effect on 1998 and 1997 results and has no significant impact on future results of operations.

In 1997 and 1996, the increase in working capital requirements followed the higher business activity. The major increases were in the working capital components of receivables and inventory. In 1998, 1997 and 1996, higher fixed asset additions reflected the increase in Oilfield Services activities.

The current consolidated liquidity level, combined with liquidity expected from operations, should satisfy future business requirements.

Common Stock, Market Prices and Dividends Declared per Share

Quarterly high and low prices for the Company's common stock as reported by the New York Stock Exchange (composite transactions), together with dividends declared per share in each quarter of 1998 and 1997, were:

	Price Range High	Price Range Low	Dividends Declared
1998			
QUARTERS			
First	$ 81 1/2	$ 65 7/8	$ 0.1875
Second	86 3/4	66	0.1875
Third	69 15/16	43 7/16	0.1875
Fourth	58 1/4	40 1/16	0.1875
1997			
QUARTERS			
First	$ 58 3/16	$ 49	$ 0.1875
Second	63 1/4	51 1/8	0.1875
Third	84 5/8	62 3/8	0.1875
Fourth	94 7/16	72 3/8	0.1875

The number of holders of record of the common stock of the Company at December 31, 1998, was approximately 24,500. There are no legal restrictions on the payment of dividends or ownership or voting of such shares, except as to shares held in the Company's Treasury. US stockholders are not subject to any Netherlands Antilles withholding or other Netherlands Antilles taxes attributable to ownership of such shares.

Environmental Matters

The Company and its subsidiaries comply with government laws and regulations and responsible management practices for the protection of the environment. The Consolidated Balance Sheet includes accruals for the estimated future costs associated with certain environmental remediation activities related to the past use or disposal of hazardous materials. Substantially all such costs relate to divested operations and to facilities or locations that are no longer in operation. Due to a number of uncertainties, including uncertainty of timing, the scope of remediation, future technology, regulatory changes and other factors, it is possible that the ultimate remediation costs may exceed the amounts estimated. However, in the opinion of management, such additional costs are not expected to be material relative to consolidated liquidity, financial position or future results of operations. Consistent with the Company's commitment to protection of the environment, safety and employee health, additional costs, including capital expenditures, are incurred related to current operations.

New Accounting Standards

In 1998, the Company adopted SFAS 131, "Disclosures about Segments of an Enterprise and Related Information." All prior periods have been restated. For details, see "Segment Information" in the "Notes to Consolidated Financial Statements" on pages 42 and 43 of this 10-K report.

In June 1998, the Financial Accounting Standards Board (FASB) issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which requires that the Company recognize all derivative instruments as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The standard is effective in the year 2000 for the Company. Occasionally, the Company uses derivative instruments such as interest rate swaps, currency swaps, forward currency contracts and foreign currency options. Forward currency contracts provide a hedge against currency fluctuations on assets/liabilities denominated in other than a functional currency. Options are usually entered into to hedge against currency variations on firm commitments generally involving the construction of long-lived assets such as seismic vessels and drilling rigs. The Company does not anticipate that the implementation of the new standard in 2000 will have a material effect on the consolidated financial position and results of operations.

Year 2000 Readiness Disclosure

Overview

The "Year 2000 issue" is the inability of computers and computing technology to correctly process the Year 2000 date change.

The Company recognizes that the Year 2000 issue creates a significant uncertainty to its business, and has a proactive, Company-wide Year 2000 Readiness Program (the "Program").

As part of the Program, most non ready systems are being replaced or upgraded with new systems that will provide certain competitive benefits, as well as ensure Year 2000 readiness to minimize customer and shareholder business disruptions caused by this issue. A Company-wide task force was formed in late 1997 to provide guidance to the Company's business units and monitor progress of the Program. The Company has also consulted with and engaged various third parties, including outside consultants and service providers, to assist the Company in its Program efforts.

Overall, the Program is proceeding on schedule. In 1994, the Company decided to upgrade its main internal business systems with Year 2000-ready programs. This is expected to be completed in 1999. Those aspects of the Company's internal business systems that are not scheduled to be covered by this upgrade effort are being separately addressed through an upgrade of existing legacy systems to Year 2000-ready status.

Due to the Company's centralized engineering/manufacturing profile, more than 80% of Year 2000 efforts affecting products and services have been concentrated in our major engineering and manufacturing sites. The Company's key products and services are on schedule to be Year 2000 ready by March 1999. As part of the Program, all of the Company's engineering/manufacturing business units have active Year 2000 efforts underway to meet this schedule. A Year 2000 Quality Assurance Program also is in place to maintain strong project discipline and to monitor and report Program issues and progress to management.

Also under the Program is a project to have the Company's field operating units Year 2000 ready by June 1999 on all key business applications, products and services not covered by the engineering/manufacturing efforts.

Program

The Program uses a business risk assessment and prioritization approach, and is intended to produce Year 2000-ready products/services and to minimize disruptions in business operations. The Program is divided into three major readiness categories: Assets, Information Technology (IT), and Commercial. Within each category, there are two Program stages.

Stage I: Assessment and Preparation-this stage focuses on up-front planning, data gathering and correction planning. This includes raising Year 2000 awareness; carrying out a detailed business unit asset inventory; assessing the scope of the Year 2000 problem;

determining appropriate corrections, testing/validation, acceptance and deployment approaches; and preparing project plans and budgets.

Stage II: Repairs, Testing, and Deployment-this stage focuses on "fixing" Year 2000 problems (and testing these fixes), followed by user-acceptance, redeployment and operational validation of the fixed (i.e., repaired, replaced, etc.) systems.

Assets. This category consists of (1) products and services the Company either sells or uses to provide services to our customers, and (2) hardware and software associated with embedded computer chips that are used in the operation of our products and facilities. Program progress under this category is on schedule with the majority of Stage I activities completed; most business units are now implementing Stage II activities. The Company expects activities associated with Year 2000 readiness of assets to be completed by March 1999.

Information Technology. This category deals with traditional IT infrastructure, such as business applications, computer hardware/software, IT networks and communication equipment. The implementation of the MFG/PRO++ system is on schedule and should be fully operational in all assigned areas by March 1999. Implementation of the SAP+/- system is scheduled to be completed in the United States and Canada by October 1999. The Company intends to repair associated legacy systems outside the United States and Canada. This plan uses independent contractors, legacy system vendors and Company employees to rewrite and test certain software modules. This program is on schedule and expected to conclude by August 1999. The activities associated with other systems in this IT category (computer hardware/software, IT networks and communications equipment) also are on schedule. Stage I activities have been completed and the majority of the business units are implementing their Stage II activities. The Company expects activities associated with this category to be completed by mid-1999.

Commercial. This category deals with the Company's efforts to avoid being adversely affected by Year 2000 issues from external entities (suppliers, financial institutions, service providers, etc.) not affiliated with the Company. Stage I of the Program includes a process for mitigating the Year 2000 issues associated with key suppliers. The Company is communicating with its key suppliers, business partners and customers seeking their assurances that they will be Year 2000 ready. Based on responses, the Company will develop contingency plans for those areas that pose significant risk from the Year 2000 issue; however the Company could potentially experience disruptions to some aspects of its operations from non-compliant systems utilized by unrelated third-party entities. Work in this category is on schedule. The majority of the business units have completed their Stage I activities and are implementing their Stage II efforts which are expected to be completed by April 1999.

Contingency Planning

The Company is reviewing the activities associated with each category and is determining those activities at risk of not being completed in time to prevent a Year 2000 disruption. Appropriate contingency plans are being designed for each of the "at risk" activities to provide an alternative means of functioning which minimizes the effect of the potential Year 2000 disruption, both internally and on the Company's customers. These contingency-planning activities began in December 1998 and are expected to be completed in July 1999.

Costs

Year 2000 Program funding requirements have been incorporated into the Company's capital and operating plans and are not expected to have an adverse material impact on the Company's financial condition, results of operations or liquidity. The Company estimates the cost of the Program to be around $60 million (approximately $41 million spent to date) with a breakdown of costs estimated at 30% for employee resources (approximately 120 man-years), 27% for IT-related upgrades and repair and 43% for non-IT embedded chip technology. It should be noted that these costs do not include the normal upgrading of business and financial systems that would be Year 2000 ready, such as SAP and MFG/PRO, or rationalization costs of Year 2000-ready technology already defined by our business plans.

Risks

Dates and schedules for the Company's Year 2000 Program are based on management's best estimates, which involve numerous assumptions, including, but not limited to, : the results of Stage I assessments; the continued availability of certain resources; third-parties' Year 2000 status and plans; and other factors. There can be no guarantee that these estimates will be achieved, or that there will not be delays in, or increased costs associated with, implementation of the Year 2000 Program. Specific factors that might cause differences between present estimates and actual results include, but are not limited to, the availability and cost of skilled personnel, consultants, and independent contractors; the ability to locate and correct all relevant computer code; timely and effective action by third-parties and suppliers; the ability to implement interfaces between Year 2000-ready systems and those systems not being replaced; and similar uncertainties. Because of the general uncertainty inherent in the Year 2000 issues (partially attributable to the interconnection of global businesses), the Company cannot confidently predict its ability to resolve appropriately all Year 2000 issues that may affect its operations and business or expose it to third party liability. The failure to correct a Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect the Company's operations and financial condition. Because of the uncertainties described above, the Company presently is unable to determine whether the consequences of such Year 2000 failures will have a material impact on the Company's results of operations, liquidity or financial condition.

Euro Disclosures

On January 1, 1999, the euro became the official single currency of the European Economic and Monetary Union. As of this date, the conversion rates of the national currencies of the eleven member states adopting the euro were fixed irrevocably. The national currencies will initially remain in circulation as nondecimal subunits of the euro and will be replaced by euro bills and coins by July 2002. During the transition period between January 1999 and January 2002, public and private parties may pay for goods and services using either the euro or the national currency on a "no compulsion, no prohibition" basis.

A Euro Readiness Program has been established throughout Schlumberger to ensure that all business segments meet the euro requirements. To this effect, a Euro Steering Committee has been established and, to maintain focus on the Schlumberger euro implementation program, project teams have been set up throughout the Company. Euro implementation plans cover both phases of the euro implementation. Initially these plans will ensure that, progressively through 1999, all business units of Schlumberger will be able to transact in the euro. Thereafter, ensuring that during the transitional period all corporate, financial, commercial, employment and other documentation that refer to the participating currencies are converted to the euro in accordance with the regulatory requirements.

During the transition period conversion rates can no longer be computed directly from one participating currency to another. Instead, a triangulation algorithm will be applied, which requires that national currency amounts be converted first to the euro according to the fixed conversion rates before being converted into the second national currency. This requires specific conversion modules to be included in business information systems. Furthermore, such programs will be required to provide the additional functionality needed to convert all participating currency-denominated financial data to the euro. A review of all financial information systems has commenced and their functionality for processing euro transactions is being tested.

Schlumberger recognizes that the euro will affect its various businesses differently. Oilfield Services operates in an essentially US dollar-denominated environment in which the introduction of the euro is expected to have limited consequences. Test & Transactions will be affected in terms of the ability of products, such as smart cards and terminals, to process euro transactions. Resource Management Systems, which has now set up a pan-European manufacturing structure covering all European Union markets, expects to participate in the general growth generated by the euro. The increased price transparency created by the euro accompanied with deregulation and increased competition among our customers, the utilities, should also contribute to providing new Solutions opportunities in these businesses. The full assessment of the effects the euro will have on each business segment is incomplete and, hence, the Company cannot as yet make a final conclusion on the anticipated business impact the introduction of the single currency will have.

Based upon results to date, the Company believes that the implementation of the euro can be performed according to the time frame defined by the European Union. The Company does not expect the total cost of addressing this issue to be material to financial condition, results of operations and liquidity. This cost estimate does not include the normal upgrading of business and financial systems that would be euro ready.

Forward-looking Statements

The Company cautions that, except for the historical information and discussions contained herein, statements in this annual report and elsewhere may constitute forward-looking statements. These statements include statements as to expectations, beliefs and future financial performance, such as statements regarding business prospects in the key industries in which the Company operates and growth opportunities for the Company in those industries. These statements involve a number of risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from those in the forward-looking statements. While it is not possible to identify all such factors, such factors include: severity and duration of the downturn in the oil and gas and semiconductor industries, general economic and business conditions in key regions of the world, and changes in business strategy or development plans relating to the Company's targeted growth opportunities.

Item 7A - Quantitative and Qualitative Disclosure About Market Risk

The Company does not believe it has a material exposure to market risk. The Company manages the exposure to interest rate changes by using a mix of debt maturities and variable- and fixed-rate debt together with interest rate swaps, where appropriate, to fix or lower borrowing costs. With regard to foreign currency fluctuations, the Company enters into various contracts, which change in value as foreign exchange rates change, to protect the value of external and intercompany transactions in foreign currencies. The Company does not enter into foreign currency or interest rate transactions for speculative purposes.

Item 8 Financial Statements and Supplementary Data

CONSOLIDATED STATEMENT OF INCOME

(Stated in thousands except per share amounts)

Year Ended December 31,	1998	1997	1996
Revenue			
Operating	$11,815,553	$11,543,431	$ 9,701,685
Interest and other income	181,756	111,334	72,818
	11,997,309	11,654,765	9,774,503
Expenses			
Cost of goods sold and services	9,034,409	8,372,714	7,282,010
Research & engineering	568,225	519,365	478,875
Marketing	467,592	433,911	399,808
General	454,049	428,505	422,327
Interest	150,161	95,316	79,862
Unusual items	--	--	333,091
	10,674,436	9,849,811	8,995,973
Income before taxes	1,322,873	1,804,954	778,530
Taxes on income	308,674	420,405	(140,957)
Net Income	$ 1,014,199	$ 1,384,549	$ 919,487
Basic earnings per share	$ 1.87	$ 2.57	$ 1.72
Diluted earnings per share	$ 1.81	$ 2.47	$ 1.69
Average shares outstanding	544,338	539,330	534,298
Average shares outstanding assuming dilution	561,855	559,653	545,609

See Notes to Consolidated Financial Statements
Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies.

CONSOLIDATED BALANCE SHEET

December 31,	1998	(Stated in thousands) 1997
ASSETS		
Current Assets		
Cash and short-term investments	$ 3,956,694	$ 1,818,332
Receivables less allowance for doubtful accounts (1998-$89,556; 1997-$76,818)	2,968,070	2,997,010
Inventories	1,333,131	1,300,541
Deferred taxes on income	295,974	220,015
Other current assets	251,355	241,823
	8,805,224	6,577,721
Long-term Investments, held to maturity	855,172	742,751
Fixed Assets less accumulated depreciation	4,694,465	4,121,951
Excess of Investment Over Net Assets of Companies Purchased less amortization	1,302,678	1,379,412
Deferred Taxes on Income	202,630	174,084
Other Assets	217,760	189,962
	$16,077,929	$ 13,185,881
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 2,539,954	$ 2,514,220
Estimated liability for taxes on income	480,123	425,318
Bank loans	708,978	750,303
Dividend payable	102,891	93,821
Long-term debt due within one year	86,722	104,357
	3,918,668	3,888,019
Long-term Debt	3,285,444	1,179,356
Postretirement Benefits	432,791	414,432
Other Liabilities	321,951	322,905
	7,958,854	5,804,712
Stockholders' Equity		
Common stock	1,539,408	1,428,624
Income retained for use in the business	8,882,455	8,265,642
Treasury stock at cost	(2,221,308)	(2,249,765)
Translation adjustment	(81,480)	(63,332)
	8,119,075	7,381,169
	$ 16,077,929	$13,185,881

See Notes to Consolidated Financial Statements
Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Stated in thousands)

Year Ended December 31,	1998	1997	1996
Cash flows from operating activities:			
Net income	$1,014,199	$ 1,384,549	$ 919,487
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,136,290	1,035,003	940,582
Earnings of companies carried at equity, less dividends received (1998-$4,996; 1997-$4,934; 1996-$2,948)	(9,576)	(1,270)	4,408
Provision for losses on accounts receivable	36,861	27,871	29,797
Third quarter charge	380,000	-	-
Other adjustments	(58)	(2,278)	(9,291)
Change in operating assets and liabilities:			
Increase in receivables	(20,507)	(647,470)	(321,980)
Increase in inventories	(122,622)	(220,813)	(151,340)
(Increase) decrease in deferred taxes	(75,959)	32,140	(31,210)
(Decrease) increase in accounts payable and accrued liabilities	(72,940)	175,664	188,274
Increase in estimated liability for taxes on income	79,677	51,215	45,192
Other-net	(42,218)	25,916	(73,350)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,303,147	1,860,527	1,540,569
Cash flows from investing activities:			
Purchases of fixed assets	(1,887,369)	(1,591,734)	(1,219,805)
Sales/retirements of fixed assets & other	36,693	97,390	113,518
Sale (purchase) of businesses	61,662	(28,233)	(161,635)
Net proceeds on sale of drilling rigs	-	174,000	-
Increase in investments	(2,292,163)	(867,894)	(218,914)
Decrease in other assets	4,660	19,453	(537)
NET CASH USED IN INVESTING ACTIVITIES	(4,076,517)	(2,197,018)	(1,487,373)
Cash flows from financing activities:			
Dividends paid	(388,379)	(377,636)	(374,489)
Proceeds from employee stock purchase plan	70,461	50,055	38,807
Proceeds from exercise of stock options	68,780	97,899	143,660
Purchase of shares for Treasury	-	-	(13,413)
Proceeds from issuance of long-term debt	2,909,156	925,579	205,009
Payments of principal on long-term debt	(863,966)	(419,962)	(202,026)
Net (decrease) increase in short-term debt	(64,756)	50,831	212,523
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,731,296	326,766	10,071
Net (decrease) increase in cash	(42,074)	(9,725)	63,267
Cash, beginning of year	147,395	157,120	93,853
CASH, END OF YEAR	$ 105,321	$ 147,395	$ 157,120

See Notes to Consolidated Financial Statements
Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Dollar amounts in thousands)

	Common Stock						
	Issued		In Treasury			Income Retained for	
	Shares	Amount	Shares	Amount	Translation Adjustment	Use in the Business	Comprehensive Income
Balance, January 1, 1996	660,746,700	$1,235,146	129,976,320	$ 2,414,577	$(31,382)	$6,711,298	$ -
Translation adjustment					5,756		5,756
Sales to optionees less shares exchanged	16,527	47,177	(5,314,696)	(98,631)		43	
Purchases for Treasury	(404,268)	(13,413)					
Employee stock purchase plan	1,483,494	38,807				(211)	
Net income						919,487	919,487
Dividends declared ($0.75 per share)						(375,509)	
Balance, December 31, 1996	661,842,453	1,307,717	124,661,624	2,315,946	(25,626)	7,255,108	$ 925,243
Translation adjustment					(37,706)		(37,706)
Sales to optionees less shares exchanged	395,950	37,316	(3,323,223)	(61,743)			
Employee stock purchase plan	1,399,623	50,055					
Net income						1,384,549	1,384,549
IVS acquisition		16,324	(238,812)	(4,438)			
Tax benefit on stock options		16,600					
Change in subsidiary year end		612				4,560	
Dividends declared ($0.75 per share)						(378,575)	
Balance, December 31, 1997	663,638,026	1,428,624	121,099,589	2,249,765	(63,332)	8,265,642	$1,346,843
Translation adjustment					(18,148)		(18,148)
Sales to optionees less shares exchanged	796,992	40,323	(1,531,607)	(28,457)			
Employee stock purchase plan	1,266,840	70,461					
Net income						1,014,199	1,014,199
Dividends declared ($0.75 per share)						(397,386)	
Balance, December 31, 1998	665,701,858	$1,539,408	119,567,982	$ 2,221,308	$(81,480)	$8,882,455	$ 996,051

See Notes to Consolidated Financial Statements
Schlumberger Limited (Schlumberger N.V., Incorporated in the Netherlands Antilles) and Subsidiary Companies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Summary of Accounting Policies

The Consolidated Financial Statements of Schlumberger Limited and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States.

On August 31, 1998, Schlumberger completed the merger of Schlumberger Technology Corporation, a wholly owned subsidiary of Schlumberger, and Camco International Inc. The business combination was accounted for using the pooling-of-interests method of accounting. Accordingly, the financial statements have been prepared as if Schlumberger and Camco were combined at the beginning of the earliest period presented.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of majority-owned subsidiaries. Significant 20%-50% owned companies are carried on the equity method and classified in Other Assets. The Company's pro rata share of after-tax earnings is included in Interest and other income. Equity in undistributed earnings of all 50%-owned companies at December 31, 1998 was not material.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. While actual results could differ from these estimates, management believes that the estimates are reasonable.

Revenue Recognition

Generally, revenue is recognized after services are rendered and products are shipped.

Translation of Non-US Currencies

All assets and liabilities recorded in functional currencies other than US dollars are translated at current exchange rates. The resulting adjustments are charged or credited directly to the Stockholders' Equity section of the Consolidated Balance Sheet. Revenue and expenses are translated at the weighted-average exchange rates for the period. All realized and unrealized transaction gains and losses are included in income in the period in which they occur. The Company policy is to hedge against unrealized gains and losses on a monthly basis. Included in the 1998 results were transaction losses of $5 million, compared with a loss of $5 million in 1997 and a gain of $5 million in 1996.

Currency exchange contracts are entered into as a hedge against the effect of future settlement of assets and liabilities denominated in other than the functional currency of the individual businesses. Gains or losses on the contracts are recognized when the currency exchange rates fluctuate, and the resulting charge or credit offsets the unrealized currency gains or losses on those assets and liabilities. At December 31, 1998, contracts and options were outstanding for the US dollar equivalent of $276 million in various foreign currencies. These contracts mature on various dates in 1999 and 2000.

Investments

Both short-term and long-term investments held to maturity are stated at cost plus accrued interest, which approximates market, and comprise primarily Eurodollar time deposits, certificates of deposit and commercial paper, Canada treasury bills, Euronotes and Eurobonds, substantially all denominated in US dollars. Substantially all the investments designated as held to maturity that were purchased and sold during the year had original maturities of less than three months. Short-term investments that are designated as trading are stated at market. The unrealized gain on such securities at December 31, 1998 was not significant.

For purposes of the Consolidated Statement of Cash Flows, the Company does not consider short-term investments to be cash equivalents as they generally have original maturities in excess of three months. Short-term investments at December 31, 1998 and 1997, were $3.9 billion and $1.7 billion, respectively.

Inventories

Inventories are stated principally at average or standard cost, which approximates average cost, or at market, if lower. Inventory consists primarily of materials and supplies.

Excess of Investment Over Net Assets of Companies Purchased

Cost in excess of net assets of purchased companies (goodwill) is amortized on a straight-line basis over periods ranging from 5 to 40 years. Accumulated amortization was $434 million and $389 million at December 31, 1998 and 1997, respectively. Of the goodwill at December 31, 1998, 53% is being amortized over 40 years, 21% is being amortized over 25 years and 26% is being amortized over periods of up to 25 years.

Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation, which is provided for by charges to income over the estimated useful lives of the assets by the straight-line method. Fixed assets include the manufacturing cost (average cost) of oilfield technical equipment manufactured by subsidiaries of the Company. Expenditures for renewals, replacements and improvements are capitalized. Maintenance and repairs are charged to operating expenses as incurred. Upon sale or other disposition, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to income.

Capitalized Interest

The Company capitalizes interest expense during the new construction or upgrade of qualifying assets. Interest expense capitalized in 1998 was $15 million. No interest expense was capitalized in 1997 and 1996.

Impairment of Long-lived Assets

The Company reviews the appropriateness of the carrying value of its long-lived assets, including goodwill, whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of the asset by estimating the future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value.

Taxes on Income

The Company and its subsidiaries compute taxes on income in accordance with the tax rules and regulations of the many taxing authorities where the income is earned. The income tax rates imposed by these taxing authorities vary substantially. Taxable income may differ from pretax income for financial accounting purposes. To the extent that differences are due to revenue or expense items reported in one period for tax purposes and in another period for financial accounting purposes, an appropriate provision for deferred income taxes is made.

Approximately $4.5 billion of consolidated income retained for use in the business at December 31, 1998 represented undistributed earnings of consolidated subsidiaries and the Company's pro rata share of 20%-50% owned companies. No provision is made for deferred income taxes on those earnings considered to be indefinitely reinvested or earnings that would not be taxed when remitted.

Tax credits and other allowances are credited to current income tax expense on the flow-through method of accounting.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing net income by the average number of common shares outstanding assuming dilution, the calculation of which assumes that all stock options and warrants are exercised at the beginning of the period and the proceeds used, by the Company, to purchase shares at the average market price for the period. The following is a reconciliation from basic earnings per share to diluted earnings per share for each of the last three years:

(Stated in thousands except per share amounts)

	Net Income	Average Shares Outstanding	Earnings per share
1998			
Basic	$ 1,014,199	544,338	$ 1.87
Effect of dilution:			
Options		9,723	
Warrants		7,794	
Diluted	$ 1,014,199	561,855	$ 1.81
1997			
Basic	$ 1,384,549	539,330	$ 2.57
Effect of dilution:			
Options		12,185	
Warrants		8,138	
Diluted	$ 1,384,549	559,653	$ 2.47
1996			
Basic	$ 919,487	534,298	$ 1.72
Effect of dilution:			
Options		6,996	
Warrants		4,315	
Diluted	$ 919,487	545,609	$ 1.69

Research & Engineering

All research and engineering expenditures are expensed as incurred, including costs relating to patents or rights that may result from such expenditures.

Third Quarter Charge
In September 1998, the Company recorded an after-tax charge of $380 million ($0.68 per share-diluted), consisting of the following:

- A charge of $268 million related to Oilfield Services, including severance costs of $64 million (5600 employees); facility closure/relocation costs of $40 million; operating asset write-offs of $114 million; and $39 million of customer receivable reserves where collection was considered doubtful due to the customers' financial condition and/or country risk. This charge resulted from the slowdown in business.

- A charge of $63 million for merger-related costs in connection with the acquisition of Camco International Inc.

- A charge of $43 million related to Resource Management Services and Test & Transactions, consisting primarily of employee severance, facility rationalizations, and environmental costs resulting from a reassessment of ongoing future monitoring and maintenance requirements at locations no longer in operation.

The pretax charge of $444 million is classified in Cost of goods sold and services.

At December 31, 1998, $35 million of the Oilfield Services severance costs had been incurred and the majority of the terminations had been completed. Complex social/legal issues in certain European countries have caused delays in completing the headcount reduction.
The reduction should be completed by June 30, 1999, and the remaining costs incurred.

In 1996, the Company announced a charge of $300 million after tax in the third quarter related primarily to the electricity, gas and seismic land and transition zone businesses. The after-tax charge of $300 million included pretax charges of $112 million for severance costs, other facilitiy closure costs of $39 million, goodwill write-offs of $122 million and other asset impairments/charges of $60 million.

The severance costs related to less than 5% of the worldwide work force, primarily in Europe, and pertained to both manufacturing and operating personnel in about 30 locations. Most of the other facility closure costs related to the write-down of buildings, equipment and other assets to net realizable value.

In addition, the Company recorded a charge of $58 million after tax, including a loss on the divestiture of the remaining defense-related activity, certain asset impairments and other charges. The amount is classified in Cost of goods sold and services ($47 million) and Taxes on income ($11 million).

At December 31, 1998, virtually all of the severance costs had been incurred.

Acquisitions
- ------------
On August 31, 1998, Schlumberger announced that the merger of Schlumberger Technology Corporation, a wholly owned subsidiary of Schlumberger, and Camco International Inc. had been completed. Under the terms of the merger agreement, approximately 38.2 million shares of Camco common stock were exchanged for 45.1 million shares of Schlumberger common stock at the exchange rate of 1.18 shares of Schlumberger stock for each share of Camco. Based on the Schlumberger average price of $47 7/8 on August 28, the transaction was valued at $2.2 billion. The business combination was accounted for using the pooling-of-interests method of accounting.

During 1997, subsidiaries of the Company acquired Interactive Video Systems, Inc. (IVS), a metrology solutions provider for the front-end semiconductor fabrication equipment market, and S.A. Holditch and Associates, Inc., a petroleum and geoscience consulting services company. These acquisitions were accounted for as purchases. Costs in excess of net assets acquired were $38 million, which are being amortized on a straight-line basis over periods of 5 and 15 years, respectively.

During 1996, subsidiaries of the Company acquired Solaic, SA, a magnetic and smart card manufacturer; an 80% interest in Printer, a magnetic stripe card manufacturer; Oilphase Sampling Services Ltd., a reservoir fluid sampling company; The Production Analyst* and OilField Manager* software products from OGCI Software, Inc.; Germann, a turnkey gasoline station provider; Gueant, a gas dispenser service company; and a 33% equity interest in DAP Technologies Limited, a developer and manufacturer of rugged handheld computer products. The purchase prices were $75 million, $9 million, $7 million, $8 million, $8 million, $7 million and $4 million, respectively. These acquisitions were accounted for as purchases. Costs in excess of net assets acquired were $91 million, which are being amortized on a straight-line basis over periods between 7 and 25 years.

Investments

The Consolidated Balance Sheet reflects the Company's investment portfolio separated between current and long term, based on maturity. Except for $125 million of investments which are considered trading at December 31, 1998 ($117 million in 1997), it is the Company's intent to hold the investments until maturity.

Long-term investments mature as follows: $255 million in 2000, $143 million in 2001 and $457 million thereafter.

At December 31, 1998, there were no interest rate swap arrangements outstanding related to investments. Interest rate swap arrangements had no material effect on consolidated interest income.

Fixed Assets

A summary of fixed assets follows:

(Stated in millions)

December 31,	1998	1997
Land	$ 78	$ 80
Buildings & Improvements	1,108	1,086
Machinery & Equipment	10,472	9,759
Total cost	11,658	10,925
Less accumulated depreciation	6,964	6,803
	$ 4,694	$ 4,122

Estimated useful lives of Buildings & Improvements range from 5 to 50 years and of Machinery & Equipment from 2 to 25 years. Nearly all of the Buildings & Improvements are depreciated between 30 and 40 years. For Machinery & Equipment, 27% is being depreciated over periods between 16 to 25 years, 11% over periods between 11 to 15 years and 62% over periods between 2 to 10 years.

Long-term Debt

A summary of long-term debt by currency follows:

December 31,	1998	1997
	(Stated in millions)	
US dollar	$ 2,284	$ 433
UK pound	270	122
French franc	201	186
German mark	160	118
Japanese yen	125	111
Italian lira	91	93
Canadian dollar	80	68
Other	74	48
	$ 3,285	$ 1,179

Long-term debt is at variable interest rates; the weighted-average interest rate of the debt outstanding at December 31, 1998 was 5.6%. Such rates are reset every six months or sooner. Long-term debt at December 31, 1998 approximates fair value.

Long-term debt at December 31, 1998, is due as follows: $486 million in 2000, $122 million in 2001, $254 million in 2002, $2,243 million in 2003 and $180 million thereafter.

At December 31, 1998, there were interest rate swap arrangements outstanding related to debt having a total principal amount of $37 million. Interest rate swap arrangements had no material impact on consolidated interest expense in 1998 and 1997. The exposure, in the event of nonperformance by the other parties to the arrangements, would not be significant.

Lines of Credit

At December 31, 1998, the Company's principal US subsidiary has an available unused Revolving Credit Agreement with a syndicate of banks. The Agreement provides that the subsidiary may borrow up to $1 billion until August 2003 at money market-based rates. Additionally, the Company's principal US subsidiary has available an unused five-year syndicated capital lease facility whereby it can finance up to $550 million for the construction and subsequent capital lease of two drilling rigs at money market-based rates. At December 31, 1998, the Company and its subsidiaries also had available unused lines of credit of approximately $630 million.

Capital Stock

The Company is authorized to issue 1,000,000,000 shares of common stock, par value $0.01 per share, of which 546,133,876 and 542,538,437 shares were outstanding on December 31, 1998 and 1997, respectively. The Company is also authorized to issue 200,000,000 shares of cumulative preferred stock, par value $0.01 per share, which may be issued in series with terms and conditions determined by the Board of Directors. No shares of preferred stock have been issued. Holders of common stock and preferred stock are entitled to one vote for each share of stock held.

In January 1993, Schlumberger acquired the remaining 50% interest in the Dowell Schlumberger group of companies. The purchase price included a warrant, expiring in 7.5 years and valued at $100 million, to purchase 15,153,018 shares of Schlumberger Limited common stock at an exercise price of $29.672 per share. The warrant is fully vested and nontransferable.

Stock Compensation Plans

As of December 31, 1998, the Company has two types of stock-based compensation plans, which are described below. The Company applies APB Opinion 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for its stock option plans and its stock purchase plan. Had compensation cost for the Company's stock-based plans been determined based on the fair value at the grant dates for awards under those plans, consistent with the method of SFAS 123, the Company's net income and earnings per share would have been the pro forma amounts indicated below:

	(Stated in millions except per share amounts)		
	1998	1997	1996
Net income			
As reported	$1,014	$1,385	$ 919
Pro forma	$ 882	$1,315	$ 872
Basic earnings per share			
As reported	$1.87	$2.57	$1.72
Pro forma	$1.62	$2.44	$1.63
Diluted earnings per share			
As reported	$1.81	$2.47	$1.69
Pro forma	$1.57	$2.35	$1.60

As required by SFAS 123, the above pro forma data reflect the effect of stock option grants and the employee stock purchase plan during 1998, 1997 and 1996.

Stock Options Plans

During 1998, 1997, 1996 and in prior years, officers and key employees were granted stock options under the Company's stock option plans. For substantially all of the stock options granted, the exercise price of each option equals the market price of the Company's stock on the date of grant; an option's maximum term is ten years, and options generally vest in 20% increments over five years.

As required by SFAS 123, the fair value of each grant is estimated on the date of grant using the multiple option Black-Scholes option-pricing model with the following weighted-average assumptions used for 1998, 1997 and 1996: Dividend of $0.75; expected volatility of 21%-25% for 1998 grants, 21% for 1997 grants and 20% for 1996 grants; risk-free interest rates for the 1998 grants of 5.59%-5.68% for officers and 4.35%-5.62% for the 1998 grants to all other employees; risk-free interest rates for the 1997 grant to officers of 6.19% and 5.80%-6.77% for the 1997 grants to all other employees; risk-free interest rates for the 1996 grants of 5.38%-6.36% for officers and 5.09%-6.01% for the 1996 grants to all other employees; and expected option lives of 6.98 years for officers and 5.02 years for other employees for 1998 grants, 7.27 years for officers and 5.09 years for other employees for 1997 grants and 8.4 years for officers and 5.39 years for other employees for 1996 grants.

A summary of the status of the Company's stock option plans as of December 31, 1998, 1997 and 1996, and changes during the years ending on those dates is presented below:

FIXED OPTIONS	1998 SHARES	1998 WEIGHTED AVERAGE EXERCISE PRICE	1997 SHARES	1997 WEIGHTED AVERAGE EXERCISE PRICE	1996 SHARES	1996 WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	28,701,327	$43.75	26,300,825	$31.40	23,607,281	$28.03
Granted	1,845,143	$68.76	6,822,049	$80.33	8,914,443	$38.40
Exercised	(2,299,709)	$26.54	(3,856,684)	$27.22	(5,725,467)	$26.46
Forfeited	(666,616)	$52.32	(564,863)	$35.77	(495,432)	$31.80
Outstanding at year-end	27,580,145	$46.71	28,701,327	$43.75	26,300,825	$31.40
Options exercisable at year-end	14,480,837		11,605,965		10,292,993	
Weighted-average fair value of options granted during the year	$24.44		$25.30		$11.14	

The following table summarizes information concerning currently outstanding and exercisable options by three ranges of exercise prices at December 31, 1998:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
Range of exercise prices	Number outstanding as of 12/31/98	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable as of 12/31/98	Weighted-average exercise price
$ 4.21 - $32.250	11,067,118	4.56	$28.916	9,308,792	$28.201
$32.407 - $51.536	9,100,558	7.10	$39.262	3,989,682	$37.157
$52.688 - $90.500	7,412,469	8.83	$82.423	1,182,363	$84.964
	27,580,145	6.55	$46.67	14,480,837	$36.153

Employee Stock Purchase Plan
Under the Schlumberger Discounted Stock Purchase Plan, the Company is authorized to issue up to 22,012,245 shares of common stock to its employees. Under the terms of the Plan, employees can choose each year to have up to 10% of their annual earnings withheld to purchase the Company's common stock. The purchase price of the stock is 85% of the lower of its beginning or end of the Plan year market price. Under the Plan, the Company sold 1,266,840, 1,399,623 and 1,483,494 shares to employees in 1998, 1997 and 1996, respectively. Compensation cost has been computed for the fair value of the employees' purchase rights, which was estimated using the Black-Scholes model with the following assumptions for 1998, 1997 and 1996: Dividend of $0.75; expected life of one year; expected volatility of 34% for 1998, 28% for 1997 and 20% for 1996; and risk-free interest rates of 4.44% for 1998, 5.64% for 1997 and 5.71% for 1996. The weighted-average fair value of those purchase rights granted in 1998, 1997 and 1996, was $19.817, $17.845 and $9.73, respectively.

Income Tax Expense

The Company and its subsidiaries operate in over 100 taxing jurisdictions where statutory tax rates generally vary from 0% - 50%.

Pretax book income subject to US and foreign income taxes for each of the three years ending December 31, was as follows:

(Stated in millions)	1998	1997	1996
United States	$ 29	$ 485	$ 201
Foreign	1,294	1,320	578
Pretax income	$ 1,323	$ 1,805	$ 779

The Company had net deductible temporary differences of $1.2 billion at December 31, 1998 and $977 million at December 31, 1997. Significant temporary differences pertain to postretirement medical benefits, fixed assets, employee benefits and inventory.

The components of consolidated income tax expense were as follows:

(Stated in millions)	1998	1997	1996
Current:			
United States--Federal	$ 126	$ 93	$ 49
United States--State	15	19	10
Foreign	272	275	221
	$ 413	$ 387	$ 280
Deferred:			
United States--Federal	$ (69)	$ 18	$ (347)
United States--State	(7)	(2)	(34)
Foreign	(28)	17	(40)
	$ (104)	$ 33	$ (421)
Consolidated taxes on income	$ 309	$ 420	$ (141)
Effective tax rate	23%	23%	- %

For the three years, the variations from the US statutory federal tax rate (35%) and the Company's effective tax rates were due to several factors, including the effect of the US operating loss carryforward in prior years and a substantial proportion of operations in countries where taxation on income is lower than in the US.

In the third quarter of 1996, with increasing profitability and a strong outlook in the US, the Company recognized 50% of the US income tax benefit related to its US subsidiary's tax loss carryforward and all temporary differences. This resulted in a credit of $360 million.

In the second quarter of 1997, the Company released the remaining valuation allowance related to its US subsidiary's tax loss carryforward and all temporary differences. The resulting reduction in income tax expense was not significant.

Leases and Lease Commitments

Total rental expense was $360 million in 1998, $295 million in 1997 and $242 million in 1996. Future minimum rental commitments under noncancelable leases for years ending December 31 are: $157 million in 1999; $117 million in 2000; $99 million in 2001; $83 million in 2002; and $72 million in 2003. For the ensuing three five-year periods, these commitments decrease from $105 million to $5 million. The minimum rentals over the remaining terms of the leases aggregate to $55 million.

Included in the rental expenses and future minimum rental commitments above are the Schlumberger semisubmersibles Drillstar and Sedco Explorer. In September 1997, these rigs were sold to a newly formed venture in which the Company has a 25% interest. The rigs are being operated by Schlumberger under bareboat charters.

Contingencies

The Company and its subsidiaries comply with government laws and regulations and responsible management practices for the protection of the environment. The Consolidated Balance Sheet includes accruals for the estimated future costs associated with certain environmental remediation activities related to the past use or disposal of hazardous materials. Substantially all such costs relate to divested operations and to facilities or locations that are no longer in operation. Due to a number of uncertainties, including uncertainty of timing, the scope of remediation, future technology, regulatory changes and other factors, it is possible that the ultimate remediation costs may exceed the amounts estimated. However, in the opinion of management, such additional costs are not expected to be material relative to consolidated liquidity, financial position or future results of operations.

In addition, the Company and its subsidiaries are party to various other legal proceedings. Although the ultimate disposition of these proceedings is not currently determinable, in the opinion of the Company any liability that might ensue would not be material in relation to consolidated liquidity, financial position or future results of operations.

Segment Information

The Company operates four businesses: Oilfield Services (OFS), Resource Management Services (RMS), Test & Transactions (T&T) and Cable & Wireless Omnes. OFS, RMS and T&T are reportable business segments; Cable & Wireless Omnes is not a reportable segment.

The Company's OFS business falls into four clearly defined economic and geographical areas and is evaluated on the following basis: First, North America (NAM) is a major self-contained market. Second, Latin America (LAM) is composed of regional markets which share a common dependence on the United States. Third, Europe is another major self-contained market where we include the CIS, whose economy is increasingly linked to that of Europe, and West Africa. Fourth, Other Eastern includes the remainder of the Eastern Hemisphere, which consists of many countries at different stages of economic development that share a common dependence on the oil and gas industry. Camco is managed as a separate segment within OFS.

The OFS group provides exploration and production services required during the life of an oil and gas reservoir. The Company believes that all the products/services are interrelated and expect similar performance from each. The RMS group is a global provider of measurement solutions, products and systems for electricity, gas and water utilities worldwide. The T&T group supplies technology products, services and systems solutions to the semiconductor, banking, telecommunications, transportation and health care industries. The group consists of two businesses, Automated Test Equipment and Smart Cards & Terminals. Services and products are described in more detail on pages 1 and 2 of this 10-K report.

Financial information for the years ended December 31, 1998, 1997 and 1996, by segment, is as follows:

1998	NAM	LAM	Europe/ CIS / W. Afr.	Other Eastern	Camco
Revenue	$ 2,027	$ 1,190	$ 2,511	$ 2,218	$ 948
Operating Income	$ 160	$ 131	$ 460	$ 549	$ 123
Income Tax Expense (1)	84	45	74	124	66
Pretax Operating Income	$ 244	$ 176	$ 534	$ 673	$ 189
Interest Income					
Interest Expense		$ (10)			
Third Quarter Charge					
Pretax Income					
Segment Assets	$ 1,321	$ 1,037	$ 2,154	$ 1,758	$ 1,089
Corporate Assets					
Total Assets					
Depreciation/Amortization	$ 204	$ 131	$ 271	$ 243	$ 74
Capital Expenditures	$ 288	$ 272	$ 540	$ 325	$ 131

(Stated in millions)

1998	Elims/ Other	Total OFS	RMS	T&T	Elims/ Other	Consolidated
Revenue	$ 1	$ 8,895	$ 1,465	$ 1,226	$ 230	$ 11,816
Operating Income	$ (57)	$ 1,366	$ 32	$ 55	$ (86)	$ 1,367
Income Tax Expense (1)	7	400	18	19	(65)	372
Pretax Operating Income	$ (50)	$ 1,766	$ 50	$ 74	$ (151)	$ 1,739
Interest Income						167
Interest Expense				$ (1)		(139)
Third Quarter Charge						(444)
Pretax Income						$ 1,323
Segment Assets	$ 972	$ 8,331	$ 1,184	$ 1,069	$ -	$ 10,584
Corporate Assets						5,493
Total Assets						$ 16,077
Depreciation/Amortization	$ 66	$ 989	$ 87	$ 48	$ 12	$ 1,136
Capital Expenditures	$ 189	$ 1,745	$ 61	$ 53	$ 28	$ 1,887

(1) 1998 income tax expense excludes a credit of $63 million related to the Third Quarter Charge.

1997	NAM	LAM	Europe/ CIS / W. Afr.	Other Eastern	Camco
Revenue	$ 2,129	$ 1,060	$ 2,412	$ 2,055	$ 914
Operating Income	$ 263	$ 151	$ 454	$ 493	$ 104
Income Tax Expense	111	45	57	104	57
Pretax Operating Income	$ 374	$ 196	$ 511	$ 597	$ 161
Interest Income					
Interest Expense		$ (5)			
Pretax Income					
Segment Assets	$ 1,502	$ 988	$ 1,856	$ 1,592	$ 1,042
Corporate Assets					
Total Assets					
Depreciation/Amortization	$ 187	$ 100	$ 255	$ 213	$ 62
Capital Expenditures	$ 297	$ 281	$ 386	$ 337	$ 96

(Stated in millions)

1997	Elims/ Other	Total OFS	RMS	T&T	Elims/ Other	Consolidated
Revenue	$ (11)	$8,559	$ 1,569	$ 1,066	$ 349	$ 11,543
Operating Income	$ (79)	$1,386	$ 47	$ 73	$ (130)	$ 1,376
Income Tax Expense	5	379	24	30	(13)	420
Pretax Operating Income	$ (74)	$1,765	$ 71	$ 103	$ (143)	$ 1,796
Interest Income						98
Interest Expense				$ (1)		(89)
Pretax Income						$ 1,805
Segment Assets	$844	$7,824	$ 1,219	$ 1,088	$ -	$ 10,131
Corporate Assets						3,055
Total Assets						$ 13,186
Depreciation/Amortization	$ 68	$ 885	$ 93	$ 44	$ 13	$ 1,035
Capital Expenditures	$ 52	$1,449	$ 67	$ 63	$ 13	$ 1,592

1996	NAM	LAM	Europe/ CIS / W. Afr.	Other Eastern	Camco
Revenue	$ 1,613	$ 791	$ 2,066	$ 1,660	$ 765
Operating Income	$ 178	$ 138	$ 319	$ 311	$ 70
Income Tax Expense (2)	29	35	42	69	38
Pretax Operating Income	$ 207	$ 173	$ 361	$ 380	$ 108
Interest Income					
Interest Expense		$ (5)			
Unusual Items					
Pretax Income					
Segment Assets	$ 1,059	$ 690	$ 1,780	$ 1,392	$ 917
Corporate Assets					
Total Assets					
Depreciation/Amortization	$ 178	$ 71	$ 246	$ 198	$ 55
Capital Expenditures	$ 210	$ 171	$ 284	$ 326	$ 62

(Stated in millions)

1996	Elims/ Other	Total OFS	RMS	T&T	Elins/ Other	Consolidated

Revenue	$ (20)	$6,875	$ 1,765	$ 741	$ 321	$ 9,702
Operating Income	$ (96)	$ 920	$ 88	$ 35	$ (124)	$ 919
Income Tax Expense (2)	5	218	23	-	-	241
Pretax Operating Income	$ (91)	$1,138	$ 111	$ 35	$ (124)	$ 1,160
Interest Income						73
Interest Expense				$ (1)		(74)
Unusual Items						(380)
Pretax Income						$ 779
Segment Assets	$798	$6,636	$ 1,389	$ 970	$ -	$ 8,995
Corporate Assets						2,277
Total Assets						$ 11,272
Depreciation/Amortization	$ 48	$ 796	$ 102	$ 31	$ 12	$ 941
Capital Expenditures	$ 35	$1,088	$ 78	$ 39	$ 15	$ 1,220

(2) 1996 income tax expense excludes (i) a credit of $22 million related to the Unusual Items and (ii) a credit of $360 million related to the US tax loss carryforward recognition.

Corporate assets largely comprise short-term and long-term investments.

During the three years ended December 31, 1998, no single customer accounted for more than 10% of consolidated revenue.

The accounting policies of the segments are the same as those described in the summary of accounting policies.

Oilfield Services' net income eliminations include certain headquarters administrative costs which are not allocated geographically, goodwill amortization, and certain costs maintained at the OFS level.

Nonoperating expenses, such as certain intersegment charges and interest expense (except as shown above), are not included in segment operating income.

The Company did not have revenue from third-party customers in its country of domicile during the last three years. In each of the three years, only revenue in the US exceeded 10% of Consolidated revenue. Revenue in the US in 1998, 1997 and 1996 was $3.4 billion, $3.5 billion and $2.8 billion, respectively.

Pension and Other Benefit Plans

US Pension Plans

The Company and its US subsidiary sponsor several defined benefit pension plans that cover substantially all employees. The benefits are based on years of service and compensation on a career-average pay basis. These plans are substantially fully funded with a trustee in respect to past and current service. Charges to expense are based upon costs computed by independent actuaries. The funding policy is to contribute annually amounts that are allowable for federal income tax purposes. These contributions are intended to provide for benefits earned to date and those expected to be earned in the future.

The assumed discount rate, rate of compensation increases and return on plan assets used to determine pension expense in 1998 were 7.5%, 4.5% and 9%, respectively. In 1997, the assumptions were 8%, 4.5% and 8.5%, respectively. In 1996, the assumptions were 7.5%, 4.5% and 8.5%, respectively.

Net pension cost in the US for 1998, 1997 and 1996, included the following components:

		(Stated in millions)	
	1998	1997	1996
Service cost-benefits earned during the period	$39	$33	$31
Interest cost on projected benefit obligation	68	61	55
Expected return on plan assets (actual return: 1998-$167; 1997-$165; 1996-$99)	(77)	(63)	(57)
Amortization of transition asset	(2)	(2)	(2)
Amortization of prior service cost/other	3	4	5
Net pension cost	$31	$33	$32

Effective January 1, 1998, the Company and its subsidiaries amended their pension plans to improve retirement benefits for retired employees. The funded status at December 31, 1997, reflects the amendment.

The change in the projected benefit obligation, plan assets and funded status of the plans at December 31, 1998 and 1997, was as follows:

	(Stated in millions)	
	1998	1997
Projected benefit obligation at beginning of the year	$ 906	$ 776
Service cost	39	33
Interest cost	68	61
Actuarial losses	86	54
Benefits paid	(46)	(41)
Amendments	2	27
Special termination benefits	9	-
Other	(4)	(4)
Projected benefit obligation at end of the year	$ 1,060	$ 906
Plan assets at market value at beginning of the year	$ 978	$ 835
Actual return on plan assets	167	165
Employer contribution	20	19
Benefits paid	(46)	(41)
Plan assets at market value at end of the year	$ 1,119	$ 978
Excess of assets over projected benefit obligation	59	72
Unrecognized net gain	(198)	(203)
Unrecognized prior service cost	50	59
Unrecognized net asset at transition date	(4)	(5)
Pension liability	$ (93)	$ (77)

Assumed discount rate, rate of compensation increases and the expected long-term rate of return on plan assets used to determine the projected benefit obligations were 7%, 4.5%, and 9%, respectively, in 1998, and 7.5%, 4.5%, and 8.5% respectively, in 1997. Plan assets at December 31, 1998, consisted of common stocks ($722 million), cash or cash equivalents ($90 million), fixed income investments ($227 million) and other investments ($80 million). Less than 1% of the plan assets at December 31, 1998 were represented by Schlumberger Limited common stock.

Non-US Pension Plans

Outside the US, subsidiaries of the Company sponsor several defined benefit and defined contribution plans that cover substantially all employees who are not covered by statutory plans. For defined benefit plans, charges to expense are based upon costs computed by independent actuaries. These plans are substantially fully funded with trustees in respect to past and current service. For all defined benefit plans, pension expense was $17 million, $15 million and $16 million in 1998, 1997 and 1996, respectively. The only significant defined benefit plan is in the UK.

The assumed discount rate, rate of compensation increases and return on plan assets used to determine pension expense in 1998 were 7.5%, 5% and 9%, respectively. In 1997, the assumptions were 8.0%, 5%, and 8.5%, respectively. In 1996, the assumptions were 7.5%, 5% and 8.5%, respectively.

Net pension cost in the UK plan for 1998, 1997 and 1996 (translated into US dollars at the average exchange rate for the periods), included the following components:

(Stated in millions)	1998	1997	1996
Service cost-benefits earned during the period	$ 18	$16	$13
Interest cost on projected benefit obligation	18	15	9
Expected return on plan assets (actual return: 1998-$22; 1997-$28; 1996-$37)	(30)	(25)	(18)
Amortization of transition asset and other	(6)	(5)	(3)
Net pension cost	$ -	$ 1	$ 1

The change in the projected benefit obligation, plan assets and funded status of the plan (translated into US dollars at year-end exchange rates) was as follows:

(Stated in millions)	1998	1997
Projected benefit obligation at beginning of the year	$ 239	$ 157
Service cost	18	16
Interest cost	18	15
Actuarial (gains) / losses	(37)	23
Benefits paid	(9)	(7)
Acquisition	-	35
Projected benefit obligation at end of the year	$ 229	$ 239
Plan assets at market value at beginning of the year	$ 350	$ 283
Actual return on plan assets	22	28
Employer contribution	3	5
Benefits paid	(9)	(7)
Acquisition	-	41
Plan assets at market value at end of the year	$ 366	$ 350
Excess of assets over projected benefit obligation	137	111
Unrecognized net gain	(114)	(91)
Unrecognized prior service cost	3	3
Unrecognized net asset at transition date	(4)	(4)
Pension asset	$ 22	$ 19

The assumed discount rate and rate of compensation increases used to determine the projected benefit obligation were 7% and 4%, respectively, in 1998, and 7.5% and 5%, respectively, in 1997; the expected long-term rate of return on plan assets was 9% in 1998 and 8.5% in 1997, respectively. Plan assets consisted of common stocks ($283 million), cash or cash equivalents ($9 million) and fixed income investments ($74 million). None of the plan assets represented Schlumberger Limited common stock.

For defined contribution plans, funding and cost are generally based upon a predetermined percentage of employee compensation. Charges to expense in 1998, 1997 and 1996, were $25 million, $25 million and $16 million, respectively.

Other Deferred Benefits

In addition to providing pension benefits, the Company and its subsidiaries have other deferred benefit programs. Expenses for these programs were $128 million, $127 million and $96 million in 1998, 1997 and 1996, respectively.

Health Care Benefits

The Company and its US subsidiary provide health care benefits for certain active employees. The cost of providing these benefits is recognized as expense when incurred and aggregated $54 million, $46 million and $42 million in 1998, 1997 and 1996, respectively. Outside the US, such benefits are mostly provided through government-sponsored programs.

Postretirement Benefits Other Than Pensions

The Company and its US subsidiary provide certain health care benefits to former employees who have retired under the US pension plans.

The principal actuarial assumptions used to measure costs were a discount rate of 7.5% in 1998 and 8% in 1997 and 1996. The overall medical cost trend rate assumption beginning December 31, 1996 was 9% graded to 5% over the next six years and 5% thereafter. Previously the overall assumption had been 10% graded to 6% over the next six years and 6% thereafter.

Net periodic postretirement benefit cost in the US for 1998, 1997 and 1996 included the following components:

(Stated in millions)

	1998	1997	1996
Service cost-benefits earned during the period	$ 11	$ 9	$ 13
Interest cost on accumulated postretirement benefit obligation	22	22	27
Amortization of unrecognized net gain and other	(6)	(6)	-
	$ 27	$ 25	$ 40

The change in accumulated postretirement benefit obligation and funded status at December 31, 1998 and 1997 was as follows:

	(Stated in millions) 1998	1997
Accumulated postretirement benefit obligation at beginning of the year	$ 313	$ 298
Service cost	11	9
Interest cost	22	22
Actuarial losses/(gains)	18	(5)
Benefits paid	(11)	(11)
Acquisition	1	-
Accumulated postretirement benefit obligation at end of the year	354	313
Unrecognized net gain	74	97
Unrecognized prior service cost	5	5
Postretirement benefit liability at December 31	$ 433	$ 415

The components of the accumulated postretirement benefit obligation at December 31, 1998 and 1997 were as follows:

	(Stated in millions) 1998	1997
Retirees	$ 165	$ 154
Fully eligible	48	51
Actives	141	108
	$ 354	$ 313

The assumed discount rate used to determine the accumulated postretirement benefit obligation was 7.0% for 1998 and 7.5% for 1997.

If the assumed medical cost trend rate was increased by one percentage point, health care cost in 1998 would have been $33 million, and the accumulated postretirement benefit obligation would have been $416 million at December 31, 1998.

If the assumed medical cost trend rate was decreased by one percentage point, health care cost in 1998 would have been $22 million, and the accumulated postretirement benefit obligation would have been $305 million at December 31, 1998.

Supplementary Information

Operating revenue and related cost of goods sold and services comprised the following:

Year ended December 31,	1998	1997	1996
			(Stated in millions)
Operating revenue			
Sales	$ 3,224	$ 3,273	$ 2,931
Services	8,592	8,270	6,771
	$ 11,816	$ 11,543	$ 9,702
Direct operating costs			
Goods sold	$ 2,083	$ 2,136	$ 1,975
Services	6,951	6,237	5,307
	$ 9,034	$ 8,373	$ 7,282

Cash paid for interest and income taxes was as follows:

Year ended December 31,	1998	1997	1996
			(Stated in millions)
Interest	$ 151	$ 93	$ 78
Income taxes	$ 342	$ 323	$ 213

Accounts payable and accrued liabilities are summarized as follows:

December 31,	1998	1997
		(Stated in millions)
Payroll, vacation and employee benefits	$ 582	$ 586
Trade	820	928
Taxes, other than income	176	185
Other	962	815
	$ 2,540	$2,514

Interest and other income includes interest income, principally from short-term and long-term investments, of $171 million, $102 million and $76 million for 1998, 1997 and 1996, respectively.

* Mark of Schlumberger.
\+ Trademark of Alternate Realities Corporation.
++ MFG/PRO is a registered trademark of QAD.
+/- SAP is a registered trademark of SAP AG.

To the Board of Directors and Stockholders
of Schlumberger Limited

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Schlumberger Limited and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP
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PricewaterhouseCoopers LLP
New York, New York
January 20, 1999

QUARTERLY RESULTS (UNAUDITED)

The following table summarizes results for each of the four quarters for the years ended December 31, 1998 and 1997. Gross profit equals operating revenue less cost of goods sold and services.

(Stated in millions except per share amounts)

	Operating			Earnings per share	
	Revenue	Gross Profit	Net Income	Basic	Diluted
Quarters-1998					
First	$ 3,024	$ 862	$ 378	$ 0.70	$ 0.67
Second	3,084	871	387	0.71	0.69
Third 1	2,932	351	(29)	(0.05)	(0.05)
Fourth	2,776	698	278	0.51	0.50
	$ 11,816	$ 2,782	$ 1,014	$ 1.87	$ 1.81
Quarters-1997					
First	$ 2,593	$ 700	$ 280	$ 0.52	$ 0.50
Second	2,824	753	322	0.60	0.58
Third	2,971	833	384	0.71	0.68
Fourth	3,155	886	399	0.74	0.71
	$ 11,543	$ 3,172	$ 1,385	$ 2.57	$ 2.47

/1/ Includes an after-tax charge of $380 million ($0.68 per share--diluted).

Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

NONE

PART III

Item 10 Directors and Executive Officers of the Registrant

See Part I (commencing on page 5 and continuing to page 7) for Item 10 information regarding Executive Officers of the Registrant. The information with respect to the remaining portion of Item 10 is set forth in the first section under the caption, "Election of Directors", in the Company's Proxy Statement dated March 10, 1999 for the April 14, 1999 Annual General Meeting, and is incorporated by reference.

Item 11 Executive Compensation

The information set forth under "Executive Compensation" (other than that set forth under the subcaptions "Corporate Performance Graph" and "Compensation Committee Report on Executive Compensation") in the Company's Proxy Statement dated March 10, 1999 is incorporated by reference.

Item 12 Security Ownership of Certain Beneficial Owners and Management

The information with respect to Item 12 is set forth in the Company's Proxy Statement Statement dated March 10, 1999 under the caption, "Security Ownership of Certain Beneficial Owners and Management," and such information is incorporated herein by reference.

Item 13 Certain Relationships and Related Transactions

NONE

PART IV

Item 14 Exhibits, Financial Statement Schedules and Reports on Form 8-K

The following documents are filed as part of this report:

		Page(s)
(1)	Financial Statements	
	Consolidated Statement of Income for the three years ended December 31, 1998	28
	Consolidated Balance Sheet at December 31, 1998 and 1997	29
	Consolidated Statement of Cash Flows for the three years ended December 31, 1998	30
	Consolidated Statement of Stockholders' Equity for the three years ended December 31, 1998	31
	Notes to Consolidated Financial Statements	32 - 49
	Report of Independent Accountants	50
	Selected Quarterly Financial Data (Unaudited)	51

Financial statements of 20% - 50% owned companies accounted for under the equity method and unconsolidated subsidiaries have been omitted because they do not meet the materiality tests for assets or income.

(2) Financial Statement Schedules
Not required.

(3) The following Exhibits are filed:

Deed of Incorporation as last amended on April 29, 1997	Exhibit 3
By-Laws as last amended on October 20, 1993	Exhibit 3
Schlumberger 1994 Stock Option Plan, as amended on January 5, 1995*	Exhibit 10(a)
Schlumberger Limited Supplementary Benefit Plan, as amended on January 1, 1995*	Exhibit 10(b)

*Compensatory plan required to be filed as an exhibit.

Schlumberger 1989 Stock Incentive Plan, as amended*	Exhibit 10(c)
Schlumberger 1979 Stock Incentive Plan, as amended*	Exhibit 10(d)
Schlumberger 1979 Incentive Stock Option Plan, as amended*	Exhibit 10(e)
Schlumberger Restoration Savings Plan*	Exhibit 10(f)
Schlumberger 1998 Stock Option Plan*	Exhibit 10(g)
1997 Long-Term Incentive Plan of Camco International Inc.; Long-Term Incentive Plan of Camco International Inc.; Production Operators Corp. 1992 Long-Term Incentive Plan; Camco 1996 Savings Related Share Option Scheme; Camco International Inc. Amended and Restated Stock Option Plan for Nonemployee Directors	Exhibit 10(h)
Subsidiaries	Exhibit 21
Consent of Independent Accountants	Exhibit 23
Powers of Attorney	Exhibit 24

(a) Don E. Ackerman - dated January 20, 1999
(b) D. Euan Baird - dated January 20, 1999
(c) John Deutch - dated January 20, 1999
(d) Victor E. Grijalva - dated January 26, 1999
(e) Denys Henderson - dated January 20, 1999
(f) Andre Levy-Lang - dated January 20, 1999
(g) William T. McCormick, Jr. - dated January 20, 1999
(h) Didier Primat - dated January 20, 1999
(i) Nicolas Seydoux - dated January 20, 1999
(j) Linda G. Stuntz - dated January 20, 1999
(k) Sven Ullring - dated January 20, 1999
(l) Yoshihiko Wakumoto - dated January 20, 1999

Financial Data Schedule	Exhibit 27
Additional Exhibit: Form S-8 Undertakings	Exhibit 99

No reports on Form 8-K were filed during the last quarter of the period covered by this report.

*Compensatory plan required to be filed as an exhibit.

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.

SCHLUMBERGER LIMITED

Date: March 30, 1999

By : /s/ Jack Liu
Jack Liu
Executive Vice President - Finance;
Chief Financial Officer and Chief
Accounting 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.
dede

Name	Title
* D. Euan Baird	Director, Chairman, President and Chief Executive Officer
* Victor E. Grijalva	Director, Vice Chairman
/s/ Jack Liu Jack Liu	Executive Vice President Finance; Chief Financial Officer and Chief Accounting Officer
* Don E. Ackerman	Director
* John Deutch	Director
* Denys Henderson	Director
* Andre Levy-Lang	Director
* William T. McCormick, Jr.	Director
* Didier Primat	Director

SIGNATURES (continued)

Name	Title
* ------------------------ Nicolas Seydoux	Director
* ------------------------ Linda G. Stuntz	Director
* ------------------------ Sven Ullring	Director
* ------------------------ Yoshihiko Wakumoto	Director
/s/ James L. Gunderson ------------------------	March 30, 1999

* By James L. Gunderson   Attorney-in-Fact

INDEX TO EXHIBITS

	Exhibit	Page
Deed of Incorporation as last amended on April 28, 1997 incorporated by reference to Form 10-Q for the perod ended March 31, 1997.	3	-
By-Laws as last amended on October 20, 1993, incorporated by reference to Exhibit 3 to Form 10-K for 1993	3	-
Schlumberger 1994 Stock Option Plan, as amended, incorporated by reference to Exhibit 10(a) to Form 10-K for year 1995	10(a)	-
Schlumberger Limited Supplementary Benefit Plan, as amended, on January 1, 1995, incorporated by reference to Exhibit 10(b) to Form 10K for 1996	10(b)	-
Schlumberger 1989 Stock Incentive Plan, as amended, incorporated by reference to Exhibit 10(c) to Form 10-K for year 1995	10(c)	-
Schlumberger 1979 Stock Incentive Plan, as amended, incorporated by reference to Exhibit 10(c) to Annual Report 10-K filed for year 1992	10(d)	-
Schlumberger 1979 Incentive Stock Option Plan, as amended, incorporated by reference to Exhibit 10(d) to Annual Report 10-K filed for year 1992	10(e)	-
Schlumberger Restoration Savings Plan, incorporated by reference to Exhibit 10(f) to Form 10-K for year 1995	10(f)	-
Schlumberger 1998 Stock Option Plan, incorporated by reference to Exhibit 10(g) to Form 10-K for year 1997	10(g)	-
1997 Long-Term Incentive Plan of Camco International Inc.; Long-Term Incentive Plan of Camco International Inc.; Production Operators Corp. 1992 Long-Term Incentive Plan; Camco 1996 Savings Related Share Option Scheme; Camco International Inc. Amended and Restated Stock Option Plan for Nonemployee Directors; incorporated by reference to Exhibit 10 to Form S-8 of August 31, 1998	10(h)	
Subsidiaries	21	59
Consent of Independent Accountants	23	60
Powers of Attorney dated:	24	-
Don E. Ackerman — January 20, 1999 (a)		61
D. Euan Baird — January 20, 1999 (b)		62
John Deutch — January 20, 1999 (c)		63

INDEX TO EXHIBITS (Continued)

Significant Subsidiaries

Listed below are the significant first tier subsidiaries of the Registrant, along with the total number of active subsidiaries directly or indirectly owned by each as of January 31, 1999. Certain second and third tier subsidiaries, though included in the numbers, are also shown by name. Ownership is 100% unless otherwise indicated. The business activities of the subsidiaries have been keyed as follows: (a) Oilfield Services, (b) Resource Management Services, (c) Test & Transactions, (d) Cable & Wireless Omnes, (e) Other.

	US	Non-US
SCHLUMBERGER B.V., Netherlands (e)		25(a)* 56(b)** 12(c)*** 5(d)**** 16(e)
SERVICES PETROLIERS SCHLUMBERGER, France (a)		
SCHLUMBERGER INDUSTRIES, France (c)		
SCHLUMBERGER CANADA LIMITED, Ontario (e)		
SCHLUMBERGER PLC, U.K. (e)		
SCHLUMBERGER GmbH, Germany (e)		
SCHLUMBERGER AEG ZAHLER GmbH (c)		
OMNES B.V., Netherlands (d)		
OMNES S.A., France (d)		
SCHLUMBERGER ANTILLES N.V., Netherlands Antilles (a)		8(a)
SEDCO FOREX OFFSHORE INTERNATIONAL N.V. (LIMITED), Netherlands Antilles (a)		
SCHLUMBERGER OFFSHORE SERVICES N.V. (LIMITED), Netherlands Antilles (a)		
SCHLUMBERGER OILFIELD HOLDINGS LIMITED, B.V.I. (a)		133(a)***** 3(e)
DOWELL SCHLUMBERGER CORPORATION, B.V.I. (a)		
SCHLUMBERGER HOLDINGS LIMITED, B.V.I. (e)		
SCHLUMBERGER OVERSEAS, S.A., Panama (a)		
SCHLUMBERGER SURENCO, S.A., Panama (a)		
ANADRILL HOLDINGS LIMITED, B.V.I. (a)		
SCHLUMBERGER SEISMIC HOLDINGS LIMITED, B.V.I. (a)		
SEDCO FOREX HOLDINGS LIMITED, B.V.I. (a)		
SCHLUMBERGER TECHNOLOGY CORPORATION, Texas (a)	12(a) 2(b) 6(c) 2(d)*******	36(a)****** 1(c) 3(e)
CAMCO INTERNATIONAL INC., Delaware (a)		
SCHLUMBERGER TECHNOLOGIES, INC., Delaware (b)		
SCHLUMBERGER MALCO, INC.(b)		
SCHLUMBERGER RESOURCE MANAGEMENT SERVICES, INC., Delaware (c)		
SCHLUMBERGER COMMUNICATIONS, INC., Delaware (d)		
OMNES, Delaware, (d)		
GECO A.S., Norway (a)		2(a)

- ---------------------

* Includes three less-than-100% owned subsidiaries which are not named.
** Includes three 50% owned subsidiaries and seven other less-than-100% owned subsidiaries which are not named.
*** Includes one 50% owned subsidiary and one other less-than-100% owned subsidiary which are not named.
**** Includes two 50% owned subsidiaries, one of which is named.
***** Includes thirteen less-than-100% owned subsidiaries which are not named.
****** Includes three 50% owned subsidiaries and five other less-than-100% owned subsidiaries which are not named.
******* Includes one 50% owned subsidiary which is named.

Exhibit 23

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 2-64089 as ammended; 33-21355; 33-35606; 33-47592; 33-86424; 333-40227; 333-62545) of Schlumberger Limited of our report dated January 20, 1999 appearing on page 50 of this Form 10-K.

/s/
- ----------------------------
PricewaterhouseCoopers LLP
New York, New York
March 26, 1999

Power of Attorney

Each of the undersigned, in the capacity or capacities set forth below his or her signature as a member of the Board of Directors and/or an officer of Schlumberger Limited ("the "Corporation"), a Netherlands Antilles corporation, hereby appoints James L. Gunderson, Jack Liu and Ellen S. Summer, and each of them, the attorney or attorneys of the undersigned, with full power of substitution and revocation, for an in the name, place and stead of the undersigned to execute and file with the Securities and Exchange Commission the Form 10-K Annual Report under the Securities Exchange Act of 1934 for the year ending 1998, and any amendment or amendments to any such Form 10-K Annual Report, and any agreements, consents or waivers relative thereto, and to take any and all such other action for and in the name and place and stead of the undersigned as may be necessary or desirable in connection with any such Form 10-K Annual Report.

- -- D. Euan Baird Director Chairman, President and Chief- Executive Officer	-- William T. McCormick, Jr. Director
- -- Victor E. Grijalva Director Vice Chairman	-- Didier Primat Director
/s/ - -- Don E. Ackerman Director	-- Nicolas Seydoux Director
- -- John Deutch Director	-- Linda G. Stuntz Director
- -- Denys Henderson Director	-- Sven Ullring Director
- -- Andre Levy-Lang Director	-- Yoshihiko Wakumoto Director

Date: January 20, 1999

Power of Attorney

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/s/ D. Euan Baird Director Chairman, President and Chief- Executive Officer	William T. McCormick, Jr. Director
Victor E. Grijalva Director Vice Chairman	Didier Primat Director
Don E. Ackerman Director	Nicolas Seydoux Director
John Deutch Director	Linda G. Stuntz Director
Denys Henderson Director	Sven Ullring Director
Andre Levy-Lang Director	Yoshihiko Wakumoto Director

Date: January 20, 1999

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Denys Henderson Director	Sven Ullring Director
/s/ Andre Levy-Lang --	--
Director	Yoshihiko Wakumoto Director

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Denys Henderson Director	Sven Ullring Director
Andre Levy-Lang Director	/s/ Yoshihiko Wakumoto Director

Date: January 20, 1999

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-K
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

12-MOS
DEC-31-1998
JAN-01-1998
DEC-31-1998
3,956,694
0
3,057,626
(89,556)
1,333,131
8,805,224
11,658,743
(6,964,278)
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0
0
0
1,014,199
1.87
1.81

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, the undersigned registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into Registrant's Registration Statements on Form S-8 Nos. 2-64089, as amended; 33-21355; 33-35606; 33-47592; 33-86424; 333-40227 and 333-62545.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.