



## Hess Announces 2019 E&P Capital and Exploratory Budget

December 10, 2018

### Focus on High Return Investments to Deliver Capital Efficient Production Growth and Significant Future Free Cash Flow

NEW YORK--(BUSINESS WIRE)--Dec. 10, 2018-- Hess Corporation (NYSE:HES) today announced a 2019 E&P capital and exploratory budget of \$2.9 billion. Of this, approximately 75 percent will be allocated to high return growth assets in the Bakken and Guyana.

Net production is forecast to average between 270,000 and 280,000 barrels of oil equivalent per day in 2019, excluding Libya, compared to approximately 245,000 barrels of oil equivalent per day in 2018 proforma for the sale of the company's joint venture interests in the Utica shale play. Bakken net production is forecast to average between 135,000 and 145,000 barrels of oil equivalent per day in 2019.

"Our capital and exploratory expenditure program is designed to deliver strong returns, production growth and significant future free cash flow," CEO John Hess said. "As we focus spending on our high return investment opportunities, we will continue to reduce our unit costs to drive margin expansion and improve profitability."

Greg Hill, Chief Operating Officer, said: "In 2019, in the Bakken we plan to operate a 6 rig program, up from a 4.8 rig average in 2018; drill 170 wells, up 42 percent from 2018; and complete the transition to higher intensity plug and perf completions, which is expected to generate a significant uplift in net present value and initial production rates while also increasing the estimated ultimate recovery of oil and natural gas."

"In Guyana, 2019 will be the peak spend year for the Liza phase 1 development, which is on track for first oil by early 2020," Hill said. "We also will begin Liza phase 2 development spending, complete the plan of development for Payara, and advance front end engineering and design work for future development phases."

The company will review its long term capital program at its [Investor Day](#) in Houston on December 12.

The \$2.9 billion capital and exploratory budget is allocated as follows: \$1,890 million (65 percent) for production, \$570 million (20 percent) for offshore developments and \$440 million (15 percent) for exploration and appraisal activities.

### **Production**

- \$1.425 billion to fund an increase to six rigs, from an average of 4.8 rigs in 2018, and the shift to higher intensity plug and perf wells in the Bakken. The company expects to drill approximately 170 new wells and to bring online approximately 160 new wells in 2019. Funds are also included for investment in non-operated wells.
- \$290 million for production operations in the deepwater Gulf of Mexico, including continued development of the Stampede Field (Hess 25 percent and operator) and tieback opportunities at the Llano Field (Hess 50 percent) and Tubular Bells Field (Hess 57 percent and operator).
- \$150 million for production activities in the Gulf of Thailand at North Malay Basin (Hess 50 percent and operator) and the Malaysia/Thailand Joint Development Area (Hess 50 percent).

### **Developments**

- \$260 million associated with the Liza Phase 1 development offshore Guyana (Hess 30 percent), where first production is expected by 2020.
- \$310 million includes spend for Liza Phase 2 development, completing the plan of development for Payara, and front end engineering and design work for future development phases.

### **Exploration and Appraisal**

- \$440 million to drill exploration and appraisal wells on the Stabroek Block offshore Guyana (Hess 30 percent). Funds are also included for seismic acquisition and processing in Guyana, Suriname and the deepwater Gulf of Mexico, and for license acquisitions.

### **2019 Estimated Capital and Exploratory Expenditures (\$ Millions)**

**By Segment:**

**By Region:**

Exploration and Production		Exploration and Production	
		United States	\$ 1,870
Production	\$ 1,890	South America	835
Developments	570	Asia	150
Exploration and Appraisal	440	Other	45
<b>Total</b>	<b>\$ 2,900</b>		<b>\$ 2,900</b>

*Note: This budget excludes expenditures associated with the Midstream segment. The Other category includes: Denmark and Libya.*

Hess Corporation is a leading global independent energy company engaged in the exploration and production of crude oil and natural gas. More information on Hess Corporation is available at <http://www.hess.com>.

#### Cautionary Statements

*This news release contains projections and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These projections and statements reflect the company's current views with respect to future events and financial performance. No assurances can be given, however, that these events will occur or that these projections will be achieved, and actual results could differ materially from those projected as a result of certain risk factors. A discussion of these risk factors is included in the company's periodic reports filed with the Securities and Exchange Commission.*

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