

Supplemental Earnings Information



Fourth Quarter 2017



OPERATING RESULTS

Reported Net Income (Loss), Items Affecting Comparability & Adjusted Net Income (Loss) by Operating Activity



\$ In Millions, Except Per Share Data

	4Q 2017	4Q 2016	3Q 2017
<u>Net Income (Loss) Attributable to Hess Corporation (U.S. GAAP)</u>			
Exploration and Production	\$ (2,592)	\$ (3,949)	\$ (474)
Midstream	20	2	(12)
Corporate and Other	(33)	(895)	(66)
Interest	(72)	(50)	(72)
Net income (loss) attributable to Hess Corporation	\$ (2,677)	\$ (4,892)	\$ (624)
Net income (loss) per common share (diluted)*	\$ (8.57)	\$ (15.65)	\$ (2.02)
<u>Items Affecting Comparability of Earnings - Income (Expense)</u>			
Exploration and Production	\$ (2,373)	\$ (3,693)	\$ (236)
Midstream	-	(21)	(34)
Corporate and Other	-	(873)	(30)
Total items affecting comparability of earnings between periods	\$ (2,373)	\$ (4,587)	\$ (300)

* Calculated as net income (loss) attributable to Hess Corporation less preferred stock dividends, divided by weighted average number of diluted shares.

Reported Net Income (Loss), Items Affecting Comparability & Adjusted Net Income (Loss) by Operating Activity (Cont'd)



\$ In Millions, Except Per Share Data

	4Q 2017	4Q 2016	3Q 2017
<u>Adjusted Net Income (Loss)*</u>			
Exploration and Production	\$ (219)	\$ (256)	\$ (238)
Midstream	20	23	22
Corporate and Other	(33)	(22)	(36)
Interest	(72)	(50)	(72)
Adjusted net income (loss) attributable to Hess Corporation	\$ (304)	\$ (305)	\$ (324)
Adjusted net income (loss) per common share (diluted)**	\$ (1.01)	\$ (1.01)	\$ (1.07)
Weighted average number of common shares outstanding (diluted) [in millions]	313.6	313.3	314.5

* The Corporation has used a non-GAAP financial measure in this supplemental earnings information. "Adjusted Net Income (Loss)" presented throughout this supplemental information is defined as reported net income (loss) attributable to Hess Corporation excluding items identified as affecting comparability of earnings between periods. Management uses adjusted net income (loss) to evaluate the Corporation's operating performance and believes that investors' understanding of our performance is enhanced by disclosing this measure, which excludes certain items that management believes are not directly related to ongoing operations and are not indicative of future business trends and operations. This measure is not, and should not be viewed as, a substitute for U.S. GAAP net income (loss).

** Calculated as adjusted net income (loss) attributable to Hess Corporation less preferred stock dividends, divided by weighted average number of diluted shares.

Items Affecting Comparability of Earnings Between Periods



(Amounts, After Income Taxes)

4Q 2017

- **Exploration and Production** – Results include:
 - A gain of \$486 million from the sale of the Corporation's interests in Equatorial Guinea in November.
 - A loss of \$857 million from the sale of the Corporation's interests in Norway in December. The loss from the transaction includes the recognition of \$900 million for cumulative translation adjustments that were previously reflected within accumulated other comprehensive income (loss) in stockholders' equity.
 - Impairment charges totaling \$1,700 million to reduce the carrying value of the Corporation's interests in the Stampede and Tubular Bells Fields in the Gulf of Mexico, primarily as a result of an updated long-term crude oil price outlook used in the fourth quarter impairment analysis.
 - A charge of \$280 million to fully impair the carrying value of the Corporation's interest at the Hess operated offshore Deepwater Tano/Cape Three Points license, offshore Ghana (Hess 50 percent license interest) based on management's decision to not develop the discoveries.
 - A noncash charge of \$22 million related to de-designated crude oil hedging contracts as a result of a fire at the third-party operated Enchilada platform in the Gulf of Mexico.

- **Midstream** – None.

- **Corporate and Other** – None.

Items Affecting Comparability of Earnings Between Periods



(Amounts, After Income Taxes)

4Q 2016

- **Exploration and Production** – Results include:
 - A noncash charge of \$2,920 million to establish valuation allowances against net deferred tax assets as of December 31, 2016, as required under accounting standards following a three-year cumulative loss.
 - A charge of \$693 million to fully impair the carrying value of the Corporation's interests in blocks WA-390-P and WA-474-P (Hess 100%) offshore the North West Shelf of Australia.
 - Charges of \$80 million for exit costs for an offshore drilling rig, severance, and surplus materials and supplies inventory.
- **Midstream** – A charge of \$21 million, net of noncontrolling interest, for impairment of older specification rail cars.
- **Corporate and Other** – Results include:
 - A noncash charge of \$829 million to establish valuation allowances against net deferred tax assets as of December 31, 2016, as required under accounting standards following a three-year cumulative loss.
 - Charges of \$44 million related to a loss on the repurchase and redemption of notes to complete a debt refinancing initiated in the third quarter of 2016, and severance.

Items Affecting Comparability of Earnings Between Periods



(Amounts, After Income Taxes)

3Q 2017

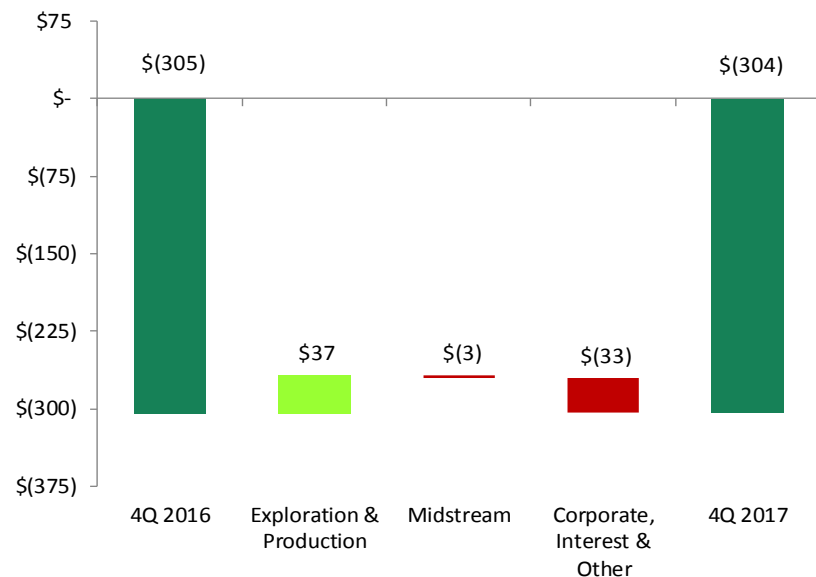
- **Exploration and Production** – Results include:
 - A gain of \$314 million related to the sale of enhanced oil recovery assets in the Permian Basin.
 - A noncash after-tax charge of \$550 million to impair the carrying value of the Corporation's assets in Norway as a result of the sale.
- **Midstream** – A loss of \$34 million related to the sale of Permian Midstream assets that were wholly-owned by the Corporation.
- **Corporate and Other** – A charge of \$30 million in connection with vacated office space.

Consolidated Adjusted Net Income (Loss)

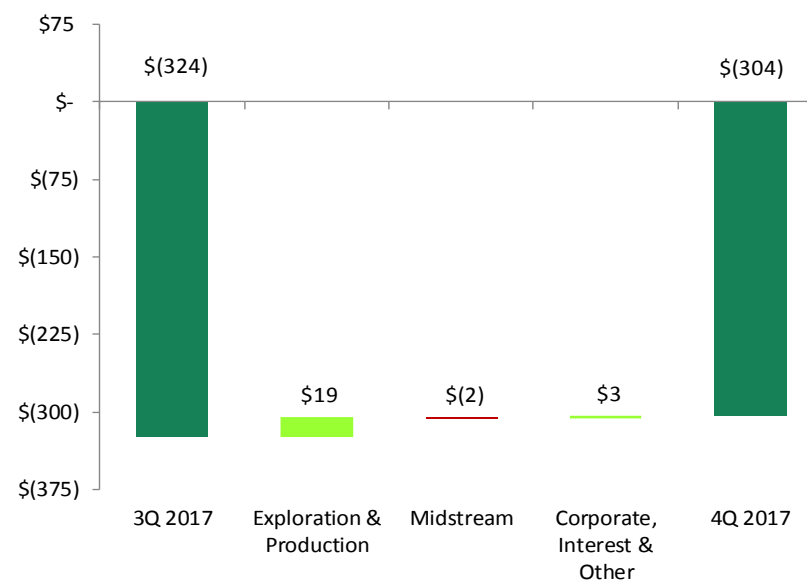


\$ In Millions

4Q 2017 vs. 4Q 2016



4Q 2017 vs. 3Q 2017



	4Q 2017	4Q 2016	Incr. / (Decr.)
Exploration and Production	\$ (219)	\$ (256)	\$ 37
Midstream	20	23	(3)
Corporate, Interest and Other	(105)	(72)	(33)
Adjusted net income (loss) attributable to Hess Corporation	<u>\$ (304)</u>	<u>\$ (305)</u>	<u>\$ 1</u>

	4Q 2017	3Q 2017	Incr. / (Decr.)
Exploration and Production	\$ (219)	\$ (238)	\$ 19
Midstream	20	22	(2)
Corporate, Interest and Other	(105)	(108)	3
Adjusted net income (loss) attributable to Hess Corporation	<u>\$ (304)</u>	<u>\$ (324)</u>	<u>\$ 20</u>

Analysis of Consolidated Adjusted Net Income (Loss)



4Q 2017 vs. 4Q 2016

- **Exploration and Production** – The improved results reflect higher realized crude oil selling prices and lower operating costs, and depreciation, depletion and amortization. Fourth quarter 2017 results were adversely impacted by lower deferred tax benefits, primarily in the United States, compared to the prior-year quarter following a required change in deferred tax accounting.
- **Midstream** – The decrease in earnings primarily reflects the recognition of an entire year of shortfall fees in the fourth quarter of 2016, as a result of changes in commercial agreements at the end of 2016, versus one quarter of shortfall fees recognized in the fourth quarter of 2017, and higher income allocated to noncontrolling interests following the Hess Midstream Partners LP initial public offering in April 2017.
- **Corporate, Interest and Other** – The increase in corporate and other costs was primarily the result of lower fourth quarter 2017 effective tax rate benefit of 14% compared to the 36% benefit in 2016 due to the required change in deferred tax accounting.

4Q 2017 vs. 3Q 2017

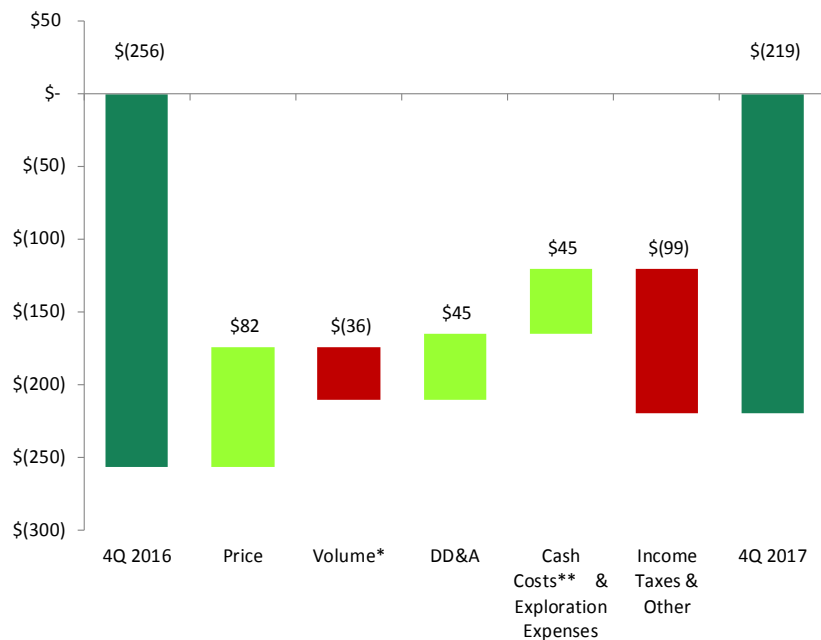
- **Exploration and Production** – The improved results reflect higher realized crude oil selling prices and lower depreciation, depletion and amortization, partially offset by higher operating costs and exploration expenses.
- **Midstream** – The decrease in earnings was primarily due to higher interest expense associated with the refinancing of debt at Hess Infrastructure Partners.
- **Corporate, Interest and Other** – The decrease in corporate and other costs was primarily due to higher pension settlement charges in the third quarter of 2017 compared to the fourth quarter.

Exploration and Production – Adjusted Net Income (Loss)

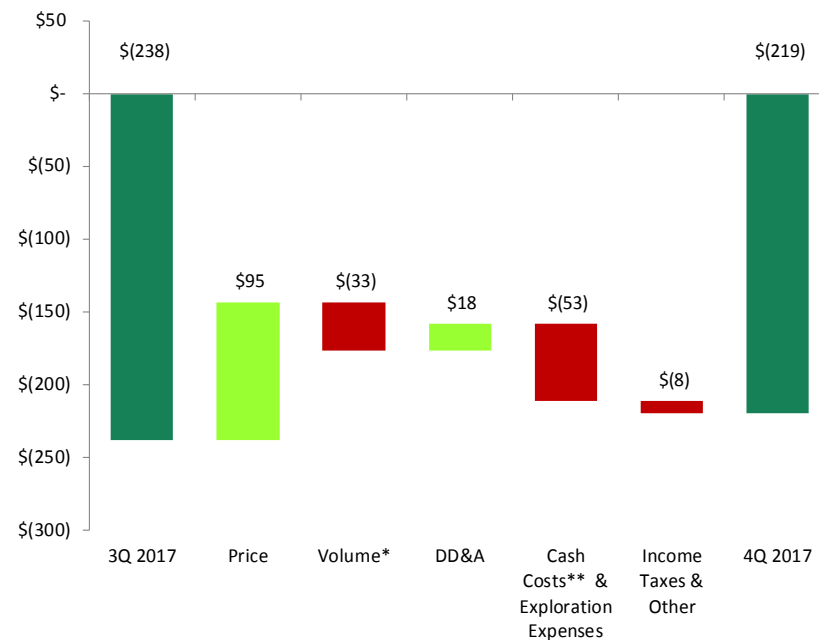


\$ In Millions

4Q 2017 vs. 4Q 2016



4Q 2017 vs. 3Q 2017



	4Q 2017	4Q 2016	Incr. / (Decr.)
United States	\$ (265)	\$ (233)	\$ (32)
International	46	(23)	69
Total	\$ (219)	\$ (256)	\$ 37

	4Q 2017	3Q 2017	Incr. / (Decr.)
United States	\$ (265)	\$ (249)	\$ (16)
International	46	11	35
Total	\$ (219)	\$ (238)	\$ 19

* Includes associated Marketing, including purchased oil and gas.

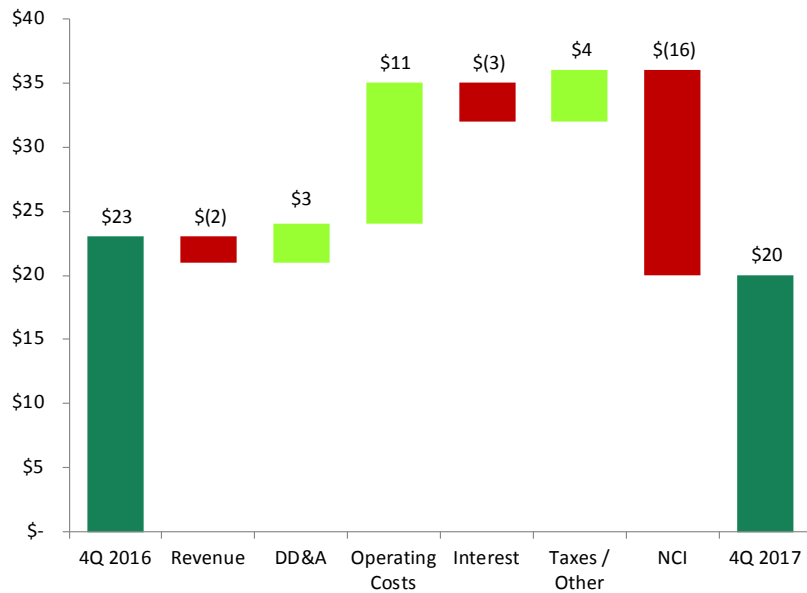
** Cash costs include Operating costs and expenses, Production and severance taxes, E&P general and administrative expenses, and Midstream tariffs.

Midstream – Adjusted Net Income

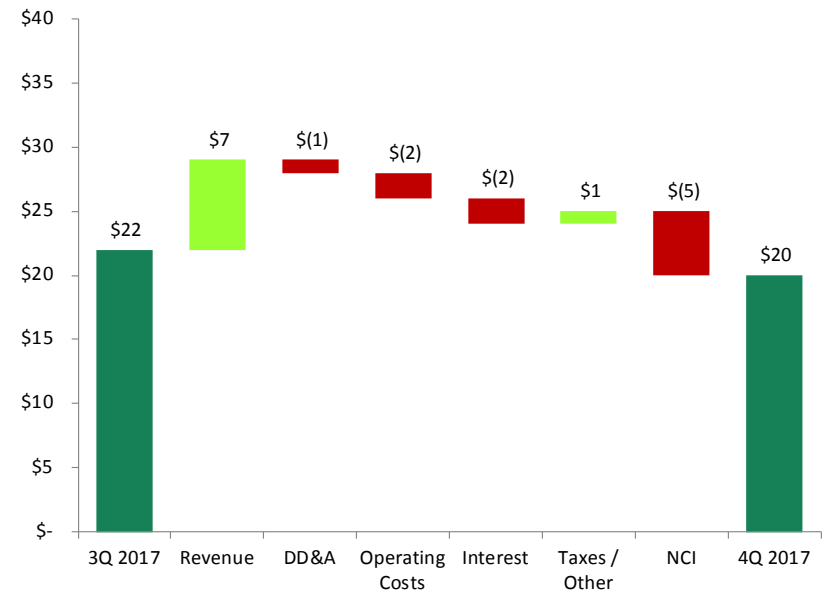


\$ In Millions

4Q 2017 vs. 4Q 2016



4Q 2017 vs. 3Q 2017

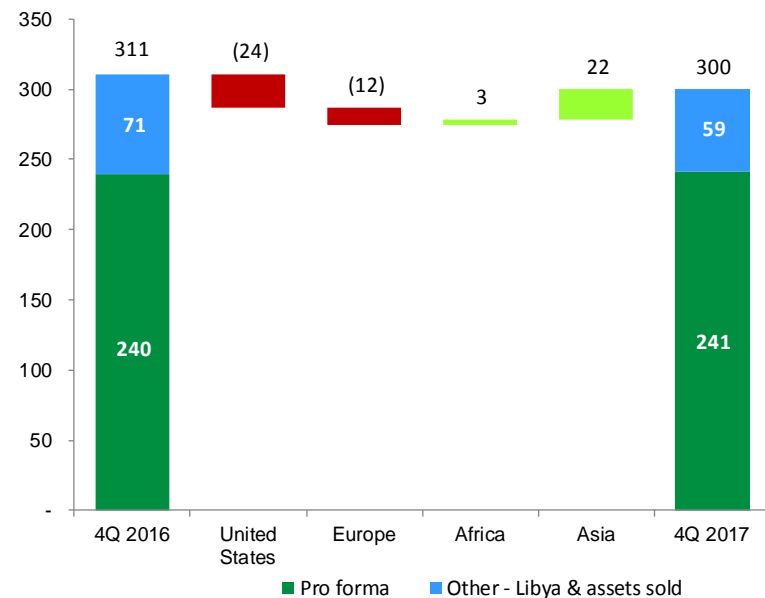


Worldwide Oil & Gas Production

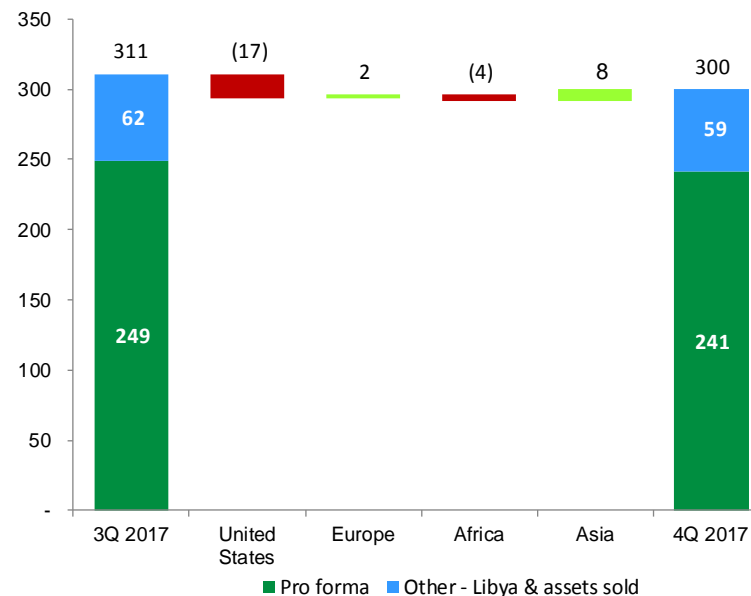


In MBOEPD

4Q 2017 vs. 4Q 2016



4Q 2017 vs. 3Q 2017



	4Q 2017	4Q 2016	Incr. / (Decr.)
United States			
Bakken	110	95	15
Other Onshore	21	39	(18)
Total Onshore	131	134	(3)
Offshore	40	61	(21)
Total United States	171	195	(24)
Europe	33	45	(12)
Africa	35	32	3
Asia	61	39	22
Total	300	311	(11)

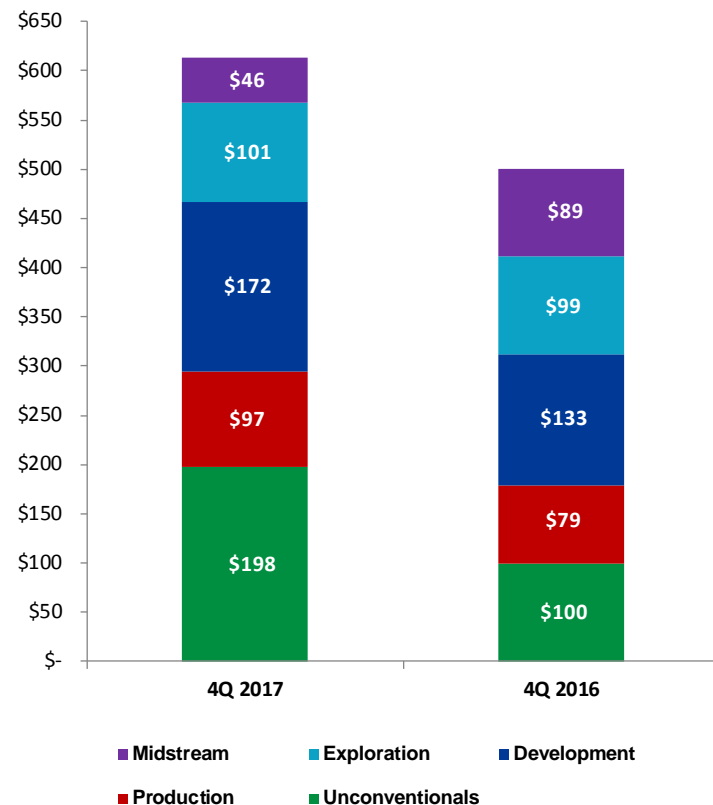
	4Q 2017	3Q 2017	Incr. / (Decr.)
United States			
Bakken	110	103	7
Other Onshore	21	26	(5)
Total Onshore	131	129	2
Offshore	40	59	(19)
Total United States	171	188	(17)
Europe	33	31	2
Africa	35	39	(4)
Asia	61	53	8
Total	300	311	(11)

Capital and Exploratory Expenditures



\$ In Millions

4Q 2017 vs. 4Q 2016



E&P Capital and Exploratory Expenditures

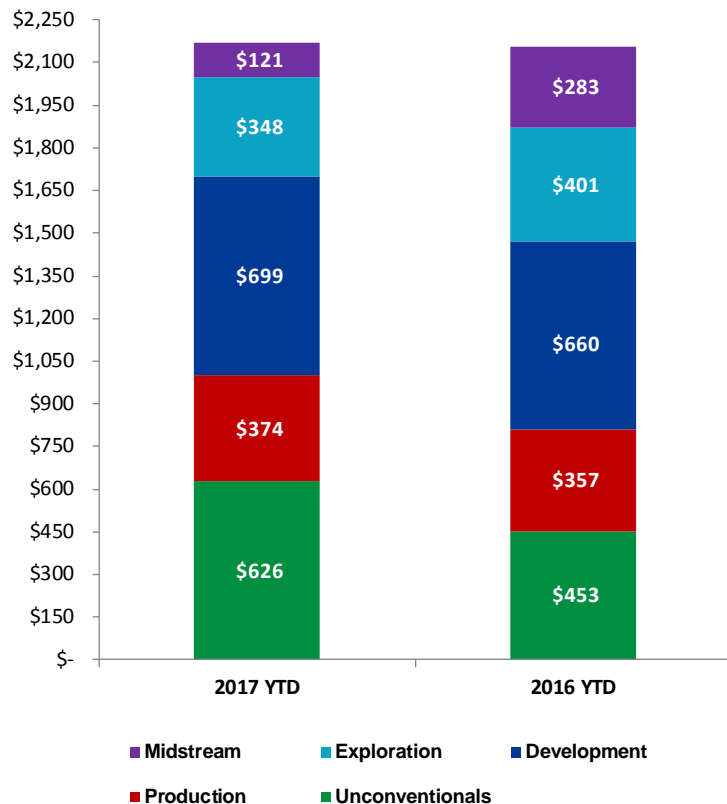
	Three Months Ended December 31,	
	2017	2016
United States		
Bakken	\$ 200	\$ 99
Other Onshore	5	2
Total Onshore	205	101
Offshore	162	171
Total United States	367	272
Europe	51	2
Africa	-	3
Asia and Other	150	134
E&P Capital and Exploratory Expenditures	\$ 568	\$ 411
Total exploration expenses charged to income included above	\$ 67	\$ 91
Midstream Capital Expenditures	\$ 46	\$ 89

Capital and Exploratory Expenditures (Cont'd)



\$ In Millions

4Q 2017 YTD vs. 4Q 2016 YTD



E&P Capital and Exploratory Expenditures

United States

Bakken

Other Onshore

Total Onshore

Offshore

Total United States

Europe

Africa

Asia and Other

E&P Capital and Exploratory Expenditures

Total exploration expenses charged to income included above

Midstream Capital Expenditures

	Year Ended December 31,	
	2017	2016
E&P Capital and Exploratory Expenditures		
United States		
Bakken	\$ 624	\$ 429
Other Onshore	30	46
Total Onshore	654	475
Offshore	702	735
Total United States	1,356	1,210
Europe	142	65
Africa	30	10
Asia and Other	519	586
E&P Capital and Exploratory Expenditures	<u>\$ 2,047</u>	<u>\$ 1,871</u>
Total exploration expenses charged to income included above	<u>\$ 195</u>	<u>\$ 233</u>
Midstream Capital Expenditures	<u>\$ 121</u>	<u>\$ 283</u>



FINANCIAL INFORMATION

Consolidating Income Statement- 4Q 2017



\$ In Millions, Except Unit Costs Data

	Three Months Ended December 31, 2017				
	Exploration & Production	Midstream	Corporate, Interest & Other	Eliminations	Consolidated Total
	A	B	C	D	A + B + C + D
Revenue and Non-Operating Income					
Sales and other operating revenues	\$ 1,685	\$ 157	\$ -	\$ (157)	\$ 1,685
Gains (losses) on asset sales, net	2	6	1	-	9
Other, net	(14)	-	9	-	(5)
Total revenues and non-operating income	1,673	163	10	(157)	1,689
Costs and Expenses					
Marketing, including purchased oil and gas	489	-	-	(13)	476
Operating costs and expenses	314	45	-	-	359
Production and severance taxes	31	-	-	-	31
Midstream tariffs	144	-	-	(144)	-
Exploration expenses, including dry holes and lease impairment	76	-	-	-	76
General and administrative expenses	61	5	59	-	125
Interest expense	-	8	72	-	80
Depreciation, depletion and amortization	616	30	-	-	646
Total costs and expenses	1,731	88	131	(157)	1,793
Adjusted Income (Loss) Before Income Taxes	(58)	75	(121)	-	(104)
Provision (benefit) for income taxes	161	13	(16)	-	158
Adjusted Net Income (Loss)	(219)	62	(105)	-	(262)
Less: Net income (loss) attributable to noncontrolling interests	-	42	-	-	42
Adjusted Net Income (Loss) Attributable to Hess Corporation⁽¹⁾	\$ (219)	\$ 20	\$ (105)	\$ -	\$ (304)
Items affecting comparability of earnings (after tax)⁽¹⁾	(2,373)	-	-	-	(2,373)
Net Income (Loss) Attributable to Hess Corporation⁽¹⁾	\$ (2,592)	\$ 20	\$ (105)	\$ -	\$ (2,677)
Exploration & Production Unit Costs (\$/boe)⁽²⁾					
Cash Costs ⁽³⁾	\$ 14.72				
DD&A Costs	22.32				
Production Costs	\$ 37.04				
Production Volumes (mmboe) ⁽⁴⁾	27.6				
Midstream					
EBITDA ⁽⁵⁾	\$ 113				

(1) - See footnote on page 3 regarding non-GAAP financial measures.

(2) - Unit costs exclude items affecting comparability of earnings.

(3) - Cash costs include Operating costs and expenses, Production and severance taxes, and General and administrative expenses.

(4) - mmboe represents millions of barrels of oil equivalent.

(5) - EBITDA is calculated as net income before income taxes plus interest expense and depreciation, depletion and amortization. Excludes items affecting comparability of earnings.

Consolidating Income Statement- 4Q 2016



\$ In Millions, Except Unit Costs Data

	Three Months Ended December 31, 2016				
	Exploration & Production	Midstream	Corporate, Interest & Other	Eliminations	Consolidated Total
	A	B	C	D	A + B + C + D
Revenue and Non-Operating Income					
Sales and other operating revenues	\$ 1,387	\$ 165	\$ -	\$ (164)	\$ 1,388
Other, net	(11)	-	9	-	(2)
Total revenues and non-operating income	1,376	165	9	(164)	1,386
Costs and Expenses					
Marketing, including purchased oil and gas	391	-	-	(16)	375
Operating costs and expenses	382	58	-	-	440
Production and severance taxes	27	-	-	-	27
Midstream tariffs	148	-	-	(148)	-
Exploration expenses, including dry holes and lease impairment	87	-	-	-	87
General and administrative expenses	59	5	40	-	104
Interest expense	-	5	79	-	84
Depreciation, depletion and amortization	732	33	3	-	768
Total costs and expenses	1,826	101	122	(164)	1,885
Adjusted Income (Loss) Before Income Taxes	(450)	64	(113)	-	(499)
Provision (benefit) for income taxes	(194)	14	(41)	-	(221)
Adjusted Net Income (Loss)	(256)	50	(72)	-	(278)
Less: Net income (loss) attributable to noncontrolling interests	-	27	-	-	27
Adjusted Net Income (Loss) Attributable to Hess Corporation⁽¹⁾	\$ (256)	\$ 23	\$ (72)	\$ -	\$ (305)
Items affecting comparability of earnings (after tax)⁽¹⁾	(3,693)	(21)	(873)	-	(4,587)
Net Income (Loss) Attributable to Hess Corporation⁽¹⁾	\$ (3,949)	\$ 2	\$ (945)	\$ -	\$ (4,892)
Exploration & Production Unit Costs (\$/boe)⁽²⁾					
Cash Costs ⁽³⁾	\$ 16.35				
DD&A Costs	25.53				
Production Costs	41.88				
Production Volumes (mmboe) ⁽⁴⁾	28.7				
Midstream					
EBITDA ⁽⁵⁾	\$ 102				

(1) - See footnote on page 3 regarding non-GAAP financial measures.

(2) - Unit costs exclude items affecting comparability of earnings.

(3) - Cash costs include Operating costs and expenses, Production and severance taxes, and General and administrative expenses.

(4) - mmboe represents millions of barrels of oil equivalent.

(5) - EBITDA is calculated as net income before income taxes plus interest expense and depreciation, depletion and amortization. Excludes items affecting comparability of earnings.

Consolidating Income Statement- 4Q 2017 YTD



\$ In Millions, Except Unit Costs Data

	Year Ended December 31, 2017				
	Exploration & Production	Midstream	Corporate, Interest & Other	Eliminations	Consolidated Total
	A	B	C	D	A + B + C + D
Revenue and Non-Operating Income					
Sales and other operating revenues	\$ 5,482	\$ 617	\$ -	\$ (611)	\$ 5,488
Gains (losses) on asset sales, net	2	6	4	-	12
Other, net	2	-	23	-	25
Total revenues and non-operating income	5,486	623	27	(611)	5,525
Costs and Expenses					
Marketing, including purchased oil and gas	1,335	-	-	(68)	1,267
Operating costs and expenses	1,250	195	-	-	1,445
Production and severance taxes	119	-	-	-	119
Midstream tariffs	543	-	-	(543)	-
Exploration expenses, including dry holes and lease impairment	227	-	-	-	227
General and administrative expenses	225	16	182	-	423
Interest expense	-	26	299	-	325
Depreciation, depletion and amortization	2,736	123	5	-	2,864
Total costs and expenses	6,435	360	486	(611)	6,670
Adjusted Income (Loss) Before Income Taxes	(949)	263	(459)	-	(1,145)
Provision (benefit) for income taxes	95	47	(26)	-	116
Adjusted Net Income (Loss)	(1,044)	216	(433)	-	(1,261)
Less: Net income (loss) attributable to noncontrolling interests	-	140	-	-	140
Adjusted Net Income (Loss) Attributable to Hess Corporation⁽¹⁾	\$ (1,044)	\$ 76	\$ (433)	\$ -	\$ (1,401)
Items affecting comparability of earnings (after tax)⁽¹⁾	(2,609)	(34)	(30)	-	(2,673)
Net Income (Loss) Attributable to Hess Corporation⁽¹⁾	\$ (3,653)	\$ 42	\$ (463)	\$ -	\$ (4,074)
Exploration & Production Unit Costs (\$/boe)⁽²⁾					
Cash Costs ⁽³⁾	\$ 14.30				
DD&A Costs	24.53				
Production Costs	\$ 38.83				
Production Volumes (mmboe) ⁽⁴⁾	111.5				
Midstream					
EBITDA ⁽⁵⁾	\$ 412				

(1) - See footnote on page 3 regarding non-GAAP financial measures.

(2) - Unit costs exclude items affecting comparability of earnings.

(3) - Cash costs include Operating costs and expenses, Production and severance taxes, and General and administrative expenses.

(4) - mmboe represents millions of barrels of oil equivalent.

(5) - EBITDA is calculated as net income before income taxes plus interest expense and depreciation, depletion and amortization. Excludes items affecting comparability of earnings.

Consolidating Income Statement- 4Q 2016 YTD



\$ In Millions, Except Unit Costs Data

	Year Ended December 31, 2016				
	Exploration & Production	Midstream	Corporate, Interest & Other	Eliminations	Consolidated Total
	A	B	C	D	A + B + C + D
Revenue and Non-Operating Income					
Sales and other operating revenues	\$ 4,755	\$ 569	\$ -	\$ (562)	\$ 4,762
Other, net	16	-	39	-	55
Total revenues and non-operating income	4,771	569	39	(562)	4,817
Costs and Expenses					
Marketing, including purchased oil and gas	1,128	-	-	(65)	1,063
Operating costs and expenses	1,498	218	-	-	1,716
Production and severance taxes	101	-	-	-	101
Midstream tariffs	497	-	-	(497)	-
Exploration expenses, including dry holes and lease impairment	413	-	-	-	413
General and administrative expenses	234	20	160	-	414
Interest expense	-	19	319	-	338
Depreciation, depletion and amortization	3,113	121	10	-	3,244
Total costs and expenses	6,984	378	489	(562)	7,289
Adjusted Income (Loss) Before Income Taxes	(2,213)	191	(450)	-	(2,472)
Provision (benefit) for income taxes	(948)	39	(163)	-	(1,072)
Adjusted Net Income (Loss)	(1,265)	152	(287)	-	(1,400)
Less: Net income (loss) attributable to noncontrolling interests	-	89	-	-	89
Adjusted Net Income (Loss) Attributable to Hess Corporation⁽¹⁾	\$ (1,265)	\$ 63	\$ (287)	\$ -	\$ (1,489)
Items affecting comparability of earnings (after tax)⁽¹⁾	(3,699)	(21)	(923)	-	(4,643)
Net Income (Loss) Attributable to Hess Corporation⁽¹⁾	\$ (4,964)	\$ 42	\$ (1,210)	\$ -	\$ (6,132)
Exploration & Production Unit Costs (\$/boe)⁽²⁾					
Cash Costs ⁽³⁾	\$ 15.56				
DD&A Costs	26.40				
Production Costs	\$ 41.96				
Production Volumes (mmboe) ⁽⁴⁾	117.9				
Midstream					
EBITDA ⁽⁵⁾	\$ 331				

(1) - See footnote on page 3 regarding non-GAAP financial measures.

(2) - Unit costs exclude items affecting comparability of earnings.

(3) - Cash costs include Operating costs and expenses, Production and severance taxes, and General and administrative expenses.

(4) - mmboe represents millions of barrels of oil equivalent.

(5) - EBITDA is calculated as net income before income taxes plus interest expense and depreciation, depletion and amortization. Excludes items affecting comparability of earnings.



OTHER INFORMATION

2018 Guidance to Investors



	GUIDANCE ⁽¹⁾	
	Full Year	1Q
<u>Production - Thousand Barrels of Oil Equivalent Per Day (MBOEPD)</u>		
Total - excluding Libya	245 - 255	220 - 225
Bakken	115 - 120	~105
<u>Unit Cost - \$ Per Barrel of Oil Equivalent (\$/BOE)</u>		
Cash Costs	\$13.00 - \$14.00	\$15.00 - \$16.00
DD&A	\$18.00 - \$19.00	\$18.00 - \$19.00
Total Production Costs	\$31.00 - \$33.00	\$33.00 - \$35.00
Exploration Expenses, Excluding Dry Hole Costs (\$ Millions)	\$190 - \$210	\$45 - \$55
Midstream Tariff (\$ Millions)	\$625 - \$650	~\$150
Exploration and Production Effective Tax Rate Benefit (Expense), excluding Libya⁽²⁾	0% - 4%	0% - 4%
Exploration and Production Capital and Exploratory Expenditures (\$ Millions)	\$2,100	\$475
<u>Other (\$ Millions)</u>		
Corporate Expenses	\$105 - \$115	\$25 - \$30
Interest Expenses	\$345 - \$355	\$85 - \$90
Midstream Net Income Attributable to Hess Corporation	\$105 - \$115	~\$25

(1) All guidance excludes "items affecting comparability".

(2) The Corporation does not recognize deferred taxes in the United States, Denmark (hydrocarbon tax only), & Malaysia, which causes a lower effective tax rate.

Bakken: Unlocking Midstream Value



- **Material cash proceeds from midstream JV formation and IPO**

- Value accretive JV and HESM IPO
- Cash proceeds of \$2.85 B at premium valuation >16x EBITDA¹

\$2.85 B

- Cash proceeds received to date for HESM IPO and HIP joint venture transactions

~16-18x

- Implied EBITDA multiple from cash proceeds received in HESM and HIP transactions¹

- **Significant retained Midstream value²**

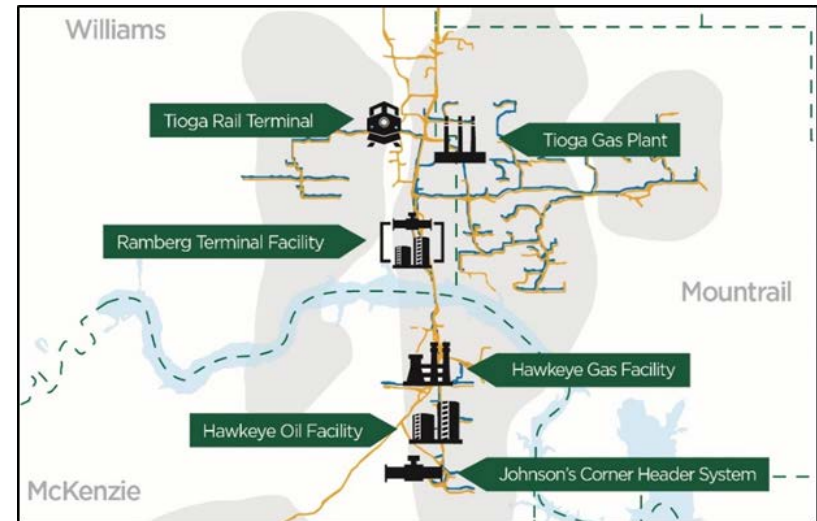
- Visible market valuation at attractive EBITDA multiple
- Expect retained value to continue to grow with our Midstream business

>\$2 B

- Combined equity value of HESM LP units and retained EBITDA (excluding GP interest)²

- **Continued value creation**

- Accelerating cash flows through HIP independent capital structure
- Additional Hess assets available for potential sale to HIP / HESM



Leading Bakken infrastructure JV and MLP creates low cost of capital funding vehicle for Hess

1) Represents aggregate Enterprise Value implied at announcement of the Hess Infrastructure Partners joint venture as well as Enterprise Value implied at pricing of the HESM IPO, divided by estimated forward EBITDA at the time of each announcement, respectively. 2) Based on HESM market cap on 12/29/17 and reflects (i) market value of Hess ownership of HESM LP common units (~35%), and (ii) implied value of Hess ownership of HIP (50%), which retained 80% economic interest in joint interest assets post-IPO, net of HIP debt.

4Q 2017: Net Hess Cash Outflow



<u>Bakken Net Production</u>	<u>Q4 2017</u>		
Bakken Net Production (MBOEPD)	110		
Bakken Net Production (MMBOE)	10.1		
<u>Midstream Tariffs on Hess Net Production</u>	<u>\$ Millions</u>	<u>\$/BOE</u>	<u>Description:</u>
Midstream Segment Revenue ⁽¹⁾	157		(Source: HES Supplemental Earnings Information)
Less: MVCs	(13)		MVC shortfall fees not part of long term production costs as production expected to grow beyond MVC levels (Source: HESM Earnings Release)
Less: Revenue to Wholly-owned Hess Assets ⁽²⁾	(6)		Midstream 100% consolidated revenues such as Bakken Water Mgmt. (Source: HES / HESM Earnings Release)
Less: Third Party Rail Transportation	(4)		Third party rail transportation costs included in realized price netback (Source: HESM 10Q)
Less: Revenue Recovery from Partners and 3rd parties	(50)		Tariffs recovered from 3 rd Party shippers and Royalty/Working Interest owners of Hess-operated acreage
Total Tariffs related to Hess Net Production	84	8.32	Share of tariff payments attributable to Hess net production
Less: Hess-owned share of Hess tariff payments	(39)		Revenue attributable to Hess ~47% ownership of HESM (~35%) and HIP (50%) that remains within Hess; does not affect Bakken well economics ⁽³⁾
Net Hess cash outflow for tariffs	45	4.46	Net outflow of tariff payments attributable to Hess net production
Memo: HESM consolidated cash operating expense	44		HESM consolidated operating expenses funded by HIP and HESM cashflows and capital structure (Source: HESM Earnings Release)

- Tariff structure has generated \$2.85B cash proceeds⁴ and facilitated cash distributions to Hess
- Net Hess cash outflow for tariffs of \$45mm or \$4.46/BOE in Q4 2017
 - Comparable to \$44mm cash operating expense as reported in HESM consolidated financial statements
 - Tariff structure transfers ongoing midstream capital expenditure to HESM/HIP

-\$2.85 B cash proceeds with cash outflow comparable to midstream operating expense

1) Reflects "Sales and other operating revenues" for the Midstream segment for the quarter ended 12/31/17. 2) Revenue at Hess Midstream Segment less HESM Consolidated Revenue.

3) Reflects Hess ownership of i) ~35% of HESM LP units and ii) 50% of HIP's retained 80% economic interest in joint interest assets post-IPO. 4) Cash proceeds received to date for HESM IPO and HIP joint venture transactions.



BAKKEN OPERATIONAL DATA

Bakken Production - 2017



Net Production by Product

		2017				
		YTD Avg	4Q	3Q	2Q	1Q
Oil	MBBLPD	67	69	63	68	67
NGL	MBBLPD	28	30	29	29	23
Gas	MMCFPD	62	66	63	66	53
Total	MBOEPD ⁽¹⁾	105	110	103	108	99

Net Production by Operatorship

		2017				
		YTD Avg	4Q	3Q	2Q	1Q
Operated	MBOEPD	96	99	95	100	91
Outside Operated	MBOEPD	9	11	8	8	8
Total	MBOEPD	105	110	103	108	99
% Outside Operated		9%	10%	8%	7%	8%

⁽¹⁾ Includes natural gas production converted on the basis of relative energy content (six mcf equals one barrel of oil equivalent).

Bakken Production - 2016



Net Production by Product

		2016				
		YTD Avg	4Q	3Q	2Q	1Q
Oil	MBBLPD	68	62	67	69	73
NGL	MBBLPD	27	24	29	27	27
Gas	MMCFPD	61	52	66	59	67
Total	MBOEPD ⁽¹⁾	105	95	107	106	111

Net Production by Operatorship

		2016				
		YTD Avg	4Q	3Q	2Q	1Q
Operated	MBOEPD	95	87	97	97	100
Outside Operated	MBOEPD	10	8	10	9	11
Total	MBOEPD	105	95	107	106	111
% Outside Operated		10%	8%	9%	8%	10%

⁽¹⁾ Includes natural gas production converted on the basis of relative energy content (six mcf equals one barrel of oil equivalent).

Bakken Operational Well Statistics - 2017



Hess Operated Wells						
		2017				
		YTD Avg	4Q	3Q	2Q	1Q
Rig Count						
Drilling	No. Rigs	4	4	4	4	2
Drilling Days	Spud-to-Spud	15	15	16	15	15
		2017				
		YTD	4Q	3Q	2Q	1Q
No. of Wells						
Drilled	by Qtr	85	27	24	23	11
Completion	by Qtr	68	24	20	14	10
On Production	by Qtr	68	34	13	13	8
On Production - Other	by Qtr ⁽¹⁾	(25)	(7)	—	(18)	—
On Production	Cum. to date	1,315	1,315	1,288	1,275	1,280
Well Performance						
Average Frac Stage	by Qtr ⁽²⁾	55	57	60	54	50
Average 90-day IPs	Gross BOPD ⁽³⁾	858	889	840	1,025	793
Outside Operated Wells						
		2017				
		YTD	4Q	3Q	2Q	1Q
No. of Wells						
On Production	by Qtr	45	35	7	3	—
On Production - Other	Cum. to date adj. ⁽¹⁾	21	12	8	1	—
On Production	Cum. to date	1,170	1,170	1,123	1,108	1,104

⁽¹⁾ Reflects changes arising from the impact of swaps, acquisitions, divestitures and other adjustments.

⁽²⁾ Includes higher stage count wells.

⁽³⁾ Based on weighted average of total number of wells.

Bakken Operational Well Statistics - 2016



Hess Operated Wells						
		2016				
		YTD Avg	4Q	3Q	2Q	1Q
Rig Count						
Drilling	No. Rigs	3	2	3	3	4
Drilling Days	Spud-to-Spud	17	17	16	16	18
		2016				
		YTD	4Q	3Q	2Q	1Q
No. of Wells						
Drilled	by Qtr	71	11	21	20	19
Completion	by Qtr	92	15	26	23	28
On Production	by Qtr	100	21	22	26	31
On Production - Other	by Qtr ⁽¹⁾	—	1	(1)	—	—
On Production	Cum. to date	1,272	1,272	1,250	1,229	1,203
Well Performance						
Average Frac Stage	by Qtr	47	50	51	47	41
Average 90-day IPs	Gross BOPD ⁽²⁾	620	811	573	555	618
Outside Operated Wells						
		2016				
		YTD	4Q	3Q	2Q	1Q
No. of Wells						
On Production	by Qtr	7	—	—	7	—
On Production - Other	Cum. to date adj. ⁽¹⁾	48	3	5	15	25
On Production	Cum. to date	1,104	1,104	1,101	1,096	1,074

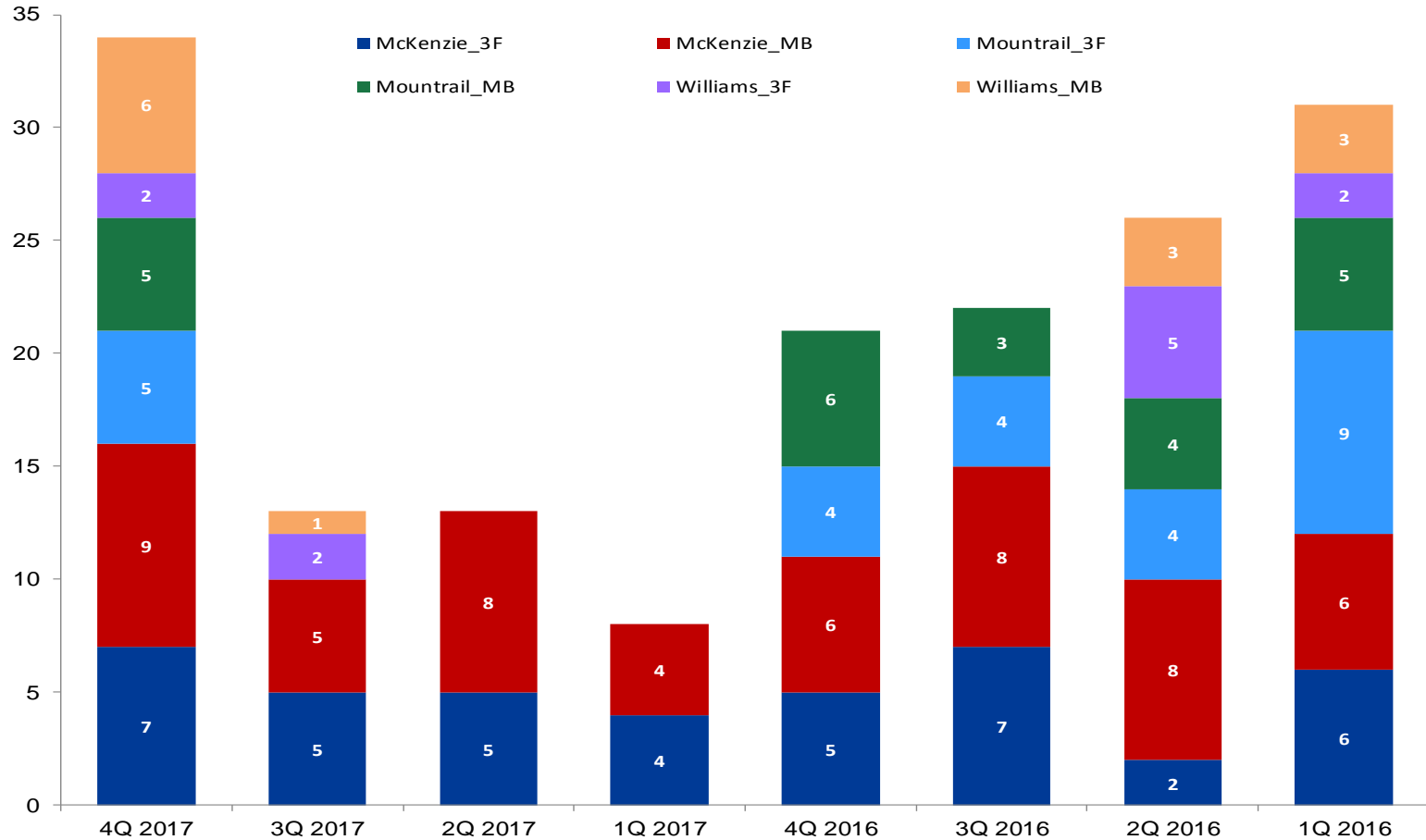
⁽¹⁾ Reflects changes arising from the impact of swaps, acquisitions, divestitures and other adjustments.

⁽²⁾ Based on weighted average of total number of wells.

Hess Operated Bakken Wells Brought on Production by County and Formation



Bakken Wells



Middle Bakken	20	6	8	4	12	11	15	14
Three Forks	14	7	5	4	9	11	11	17
Total	34	13	13	8	21	22	26	31

Bakken Well Costs, Working Interest and Acreage - 2017



Average Well Cost - Hess Operated

		2017				
		YTD Avg	4Q	3Q	2Q	1Q
Drilling	\$MM/Well	\$ 2.7	\$ 2.8	\$ 2.7	\$ 2.7	\$ 2.7
Completion	\$MM/Well	2.9	3.2	3.1	1.8	1.8
Total ⁽¹⁾	\$MM/Well	\$ 5.6	\$ 6.0	\$ 5.8	\$ 4.5	\$ 4.5

Average Working Interest of New Wells Spud Each Quarter

		2017				
		YTD Avg	4Q	3Q	2Q	1Q
Hess Operated	%	79%	81%	74%	77%	83%
Outside Operated	%	10%	10%	10%	10%	10%

Net Acreage Position

		2017			
		4Q	3Q	2Q	1Q
Total Acreage	'000 acres	554	554	556	556

⁽¹⁾ Q1-Q2 reflect average cost for standard design (50 stages/70k lbs of proppant per stage) and exclude cost of completion pilots. Q3 reflects average cost of standard design and completion pilots. Average cost of high proppant completions only is \$6.0MM/well. Q4 reflects average cost of high proppant completions and excludes cost of completion pilots.

Bakken Well Costs, Working Interest and Acreage - 2016



Average Well Cost - Hess Operated

		2016				
		YTD Avg	4Q	3Q	2Q	1Q
Drilling	\$MM/Well	\$ 2.9	\$ 2.7	\$ 2.8	\$ 2.9	\$ 3.1
Completion	\$MM/Well	1.9	1.9	1.9	1.9	2.0
Total ⁽¹⁾	\$MM/Well	\$ 4.8	\$ 4.6	\$ 4.7	\$ 4.8	\$ 5.1

Average Working Interest of New Wells Spud Each Quarter

		2016				
		YTD Avg	4Q	3Q	2Q	1Q
Hess Operated	%	73%	90%	73%	63%	75%
Outside Operated	%	10%	10%	10%	10%	10%

Net Acreage Position

		2016			
		4Q	3Q	2Q	1Q
Total Acreage	'000 acres	577	577	577	578

⁽¹⁾ Average cost for 2016 standard design; excludes average cost of completion pilots.